



REPORT

OF THE

Comptroller and Auditor General of India
for the year 1975-76
(CIVIL)

Government of Himachal Pradesh

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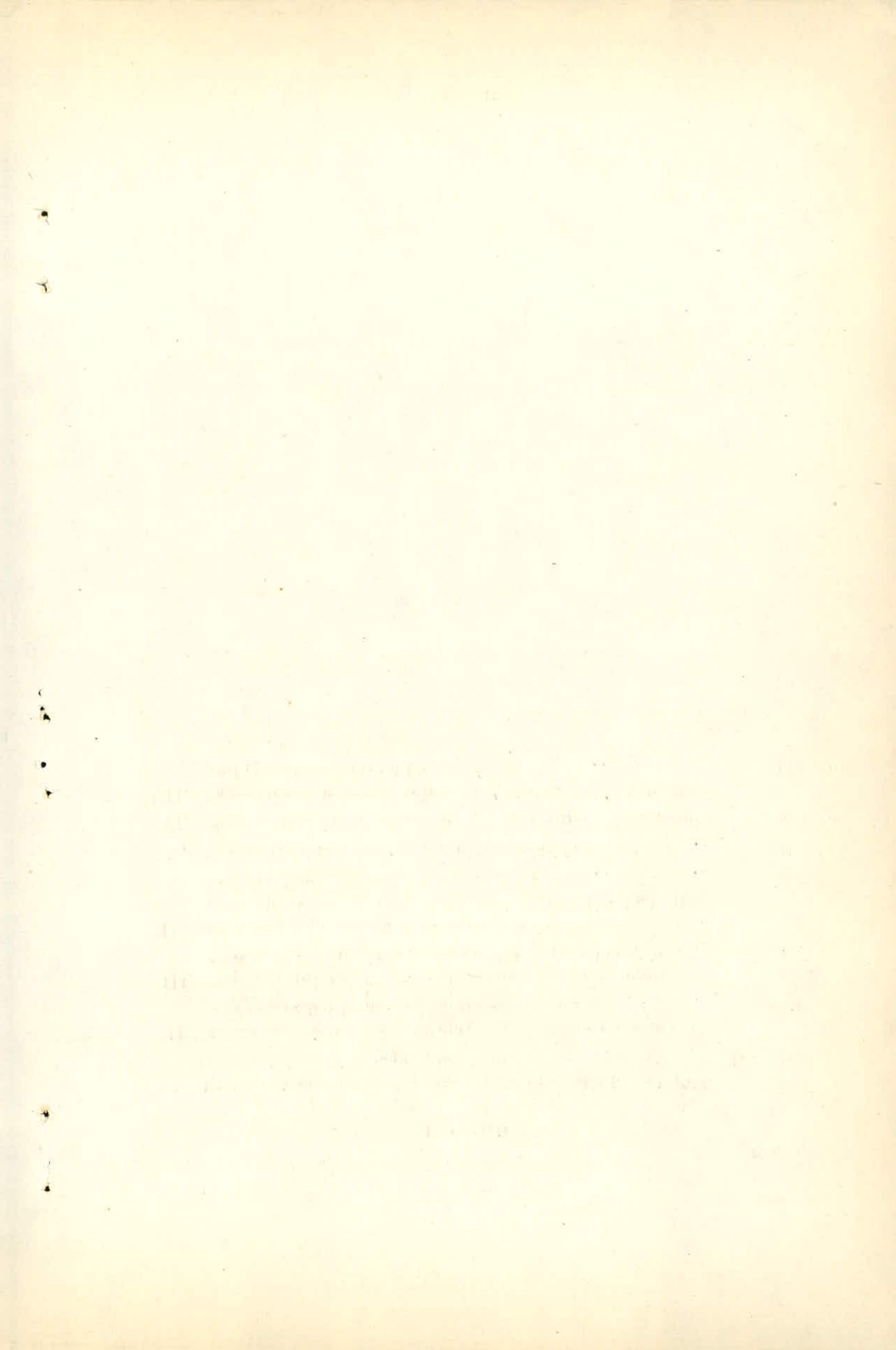
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PREFATORY REMARKS

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

2. The results of audit of revenue receipts are presented in a separate volume.

3. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during 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.

The first part of the paper is devoted to a general discussion of the problem of the origin of life. It is shown that the problem is one of the most important and interesting in the history of science.

The second part of the paper is devoted to a detailed study of the chemical evolution of life. It is shown that the chemical evolution of life is a process which has taken place in the history of the earth.

The third part of the paper is devoted to a study of the biological evolution of life. It is shown that the biological evolution of life is a process which has taken place in the history of the earth.

The fourth part of the paper is devoted to a study of the evolution of the human race. It is shown that the evolution of the human race is a process which has taken place in the history of the earth.

REFERENCES

CHAPTER I

GENERAL

1.1 Summary of transactions

The receipts and expenditure of the Government of Himachal Pradesh for 1975-76 are given below, with the corresponding figures for the two preceding years:—

	1973-74	1974-75	1975-76
	(Rupees in crores)		
<i>(i) Revenue—</i>			
Revenue receipts			
(a) Revenue raised by the State Government	30.93	31.23	31.40
(b) Receipts from the Government of India	35.52	49.91	55.41
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Total—Revenue receipts ..	66.45	81.14	86.81
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Revenue expenditure ..			
(a) Non-Plan	58.63	66.92	71.95
(b) Plan	15.72	13.30	14.74
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Total—Revenue expenditure ..	74.35	80.22	86.69
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Revenue Surplus (+)	-7.90	+0.92	+0.12
Deficit (-)			
<i>(ii) Public Debt—</i>			
Receipts	36.32	41.79	54.88
Repayments	12.08	22.39	41.37
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Increase (+)	+24.24	+19.40	+13.51
Decrease (-)			
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
<i>(iii) Loans and Advances by the State Government—</i>			
Recoveries	0.66	1.36	1.06
Disbursements	4.54	5.65	5.64
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Increase (-)	-3.88	-4.29	-4.58
Decrease (+)			
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>

(iv) <i>Public Account—</i>					
Receipts	..	..	1,42.50	1,42.63	1,57.55
Disbursements	..	..	1,35.85	1,37.27	1,54.14
			<hr/>	<hr/>	<hr/>
Increase (+)	..	..	+6.65	+5.36	+3.41
Decrease (—)			<hr/>	<hr/>	<hr/>
(v) <i>Capital Expenditure—</i>					
Non-Plan	..	..	2.20	4.30	—4.80*
Plan	..	..	10.83	15.16	17.94
			<hr/>	<hr/>	<hr/>
Increase (—)		..	—13.03	—19.46	—13.14
Decrease (+)			<hr/>	<hr/>	<hr/>
(vi) <i>Inter-State Settlement (net)—</i>					
Receipts (+)					
Payments (—)	..	..	—0.01	—0.24	—
			<hr/>	<hr/>	<hr/>
<i>Net</i> Surplus (+)					
Deficit (—)	..	..	+6.07	+1.69	—0.68
			<hr/>	<hr/>	<hr/>
Opening Cash Balance	..	..	—10.95	—4.88	—3.19
<i>Net</i> Surplus (+)					
Deficit (—) as above	..	..	+6.07	+1.69	—0.68
			<hr/>	<hr/>	<hr/>
Closing Cash Balance	..	..	—4.88	—3.19	—3.87@

*Minus expenditure is due to receipts from sale of wheat and rice being more than expenditure.

@There was a net difference of Rs. 2.60 crores (Debit) between the figures reflected in the accounts and those intimated by the Reserve Bank of India regarding "Deposits with Reserve Bank" included in the cash balance. The net difference still (March 1977) to be reconciled is Rs. 0.21 crore (Credit) as detailed below:—

	Debit (Rupees)	Credit in crores)	Net
Difference as on 31st March 1976 ..	34.88	32.28	2.60 (Debit)
Cleared in the accounts for April 1976 to January 1977	27.17	24.36	2.81 (Debit)
Difference after closing of January 1977 accounts	7.71	7.92	0.21 (Credit)

1.2 Revenue surplus/deficit

(a) *Revenue receipts*—The actuals of revenue receipts in 1975-76 as compared with the budget estimates along with the corresponding figures for the two preceding years are given below:—

Year	Budget	Actuals	Variation between columns (3) and (2)	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
(Rupees in crores)				
1973-74	63.18	66.45	+3.27	5
1974-75	82.88	81.14	-1.74	2
1975-76	82.41	86.81	+4.40	5

The receipts in 1975-76 exceeded the budget estimates mainly under Taxes on Income other than Corporation Tax (Rs. 1,10.42 lakhs), Sales Tax (Rs. 77.06 lakhs), Water and Power Development Services (Rs. 77.00 lakhs), State Excise (Rs. 67.20 lakhs), States' share of Union Excise Duties (Rs. 51.11 lakhs), Grants-in-aid from Central Government (Rs. 49.42 lakhs), Miscellaneous General Services (Rs. 45.72 lakhs), Taxes on Goods and Passengers (Rs. 28.79 lakhs) and Forests (Rs. 23.42 lakhs); these increases were partly counterbalanced by shortfall under interest (Rs. 71.59 lakhs), Food (Rs. 39.16 lakhs) and Taxes and Duties on Electricity (Rs. 27.19 lakhs).

(b) *Expenditure on revenue account*—The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary grants for the three years ended 1975-76 is indicated below:—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in crores)					
1973-74	73.37	74.73	74.35	-0.38	1
1974-75	82.37	85.34	80.22	-5.12	6
1975-76	85.60	88.01	86.69	-1.32	1

(c) The year ended with a revenue surplus of Rs. 0.12 crore as against the deficit of Rs. 3.19 crores anticipated in the budget.

1.3 Revenue receipts

(a) Two new taxes, *viz.*, electricity duty and toll tax, effective respectively from 1st April 1975 and 1st May 1975, were levied during the year. The estimated yield from these during the year was Rs. 40 lakhs (electricity duty: Rs. 35 lakhs, toll tax: Rs. 5 lakhs). Actual yield was reported to be Rs. 11.64 lakhs (electricity duty: Rs. 8.61 lakhs, toll tax: Rs. 3.03 lakhs).

(b) During 1975-76, revenue receipts (Rs. 86.81 crores) increased by 7 per cent over those in 1974-75 (Rs. 81.14 crores). The increase is analysed below:—

(1)	Receipts		Increase(+)
	1974-75	1975-76	Decrease(-)
	(2)	(3)	(4)
	(Rupees in lakhs)		
<i>(i) Revenue raised by the State Government—</i>			
Tax Revenue ..	13,76.48	15,74.92	+1,98.44
Non-tax Revenue ..	17,46.43	15,65.34	-1,81.09
<i>(ii) Receipts from the Government of India—</i>			
Taxes on Income other than Corporation Tax ..	3,07.39	4,40.46	+1,33.07
Estate Duty ..	6.72	5.69	-1.03
States' share of Union Excise Duties ..	4,31.28	5,31.60	+1,00.32
Grants under Article 275 of the Constitution ..	31,96.03	32,46.50	+50.47
Other grants ..	10,49.18	13,16.50	+2,67.32
Total ..	81,13.51	86,81.01	+5,67.50

The receipts from the Government of India during 1975-76 (Rs. 55.41 crores) formed 64 per cent of the total revenue receipts in the year.

The receipts increased mainly under the following heads and due to the following reasons:—

Serial number	Major head of account	Receipts		Increase	
		1974-75	1975-76	Amount	Percentage
(Rupees in lakhs)					
(i)	021—Taxes on Income other than Corporation Tax	3,07.39	4,40.46	1,33.07	43

The increase was attributed to larger divisible pool of income tax and consequent larger receipts from the Government of India.

(ii) 040—Sales Tax	3,68.04	4,71.96	1,03.92	28
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The increase was stated to be due mainly to tightening of tax administration and increase in the rates of Central Sales Tax.

(iii) 160—Grants-in-aid from Central Govern- ment	42,45.21	45,63.00	3,17.79	7
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The increase was stated to be due mainly to more grants for State and Central plan schemes.

(iv) 162—States' share of Union Excise Duties	4,31.28	5,31.60	1,00.32	23
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The increase was stated to be due to larger divisible pool of Basic Union Excise Duties and consequent larger receipts from the Government of India.

The decrease occurred mainly under:

	Receipts		Decrease	
	1974-75	1975-76	Amount	Percentage
	(Rupees in lakhs)			
138—Road and Water Transport Services	2,50.79	0.51	2,50.28	99.8

The decrease was stated to be due mainly to transfer of road transport operations to the Himachal Road Transport Corporation on its formation on 2nd October 1974.

(c) *Arrears in collection of revenue*—According to the information given by the Finance Department (November 1976), the arrears in collection of revenue as on 31st March 1976 were Rs. 5,65.78 lakhs, as detailed below:—

Department	Amount (Rupees in lakhs)	Details
Forest	4,19.18	Sale proceeds of forest produce due from (i) contractors (Rs. 3,88.30 lakhs) and (ii) Government departments (Rs. 30.88 lakhs).
Excise and Taxation	62.70	Sales Tax (Rs. 35.80 lakhs), State Excise (Rs. 13.61 lakhs), Passenger and Goods Tax (Rs. 10.75 lakhs), Property Tax (Rs. 1.42 lakhs), Profession Tax (Rs. 1.03 lakhs) and Entertainment Tax (Rs. 0.09 lakhs).

Public Works	32.33	Rent of residential/non-residential buildings and water charges.
Revenue	21.40	Land Revenue.
Industries	19.12	Rent of industrial estates and value of articles sold.
Police	5.40	Charges for services rendered.
Agriculture	1.71	Sale of farm produce.
Horticulture	1.47	Sale of fruit plants and products.
Co-operation	1.31	Dues from co-operative societies.
Printing and Stationery	1.16	Printing charges and sale of stationery articles to other Government departments, etc.

More information on the subject will be found in the Report of the Comptroller and Auditor General of India for the year 1975-76—Government of Himachal Pradesh—Revenue Receipts.

1.4 Expenditure on revenue account

The expenditure on revenue account in 1975-76 (Rs. 86.69 crores) increased by 8 per cent over that in 1974-75 (Rs. 80.22 crores).

The increase/decrease in expenditure on revenue account is analysed below:—

	Expenditure		Increase (+) Decrease (—)	
	1974-75	1975-76	Amount	Percentage
(Rupees in lakhs)				
<i>A—General Services—</i>				
(i) Organs of State ..	1,01.12	1,22.82	+21.70	21
(ii) Fiscal Services ..	1,67.36	1,68.74	+1.38	1
(iii) Interest Payment and Servicing of Debt ..				
(a) Appropriation for Reduction or Avoidance of Debt ..	20.70	30.00	+9.30	45
(b) Interest Payments ..	8,43.89	10,14.62	+1,70.73	22

The increase was stated to be mainly in interest charges on loans and advances from the Government of India.

(iv) Administrative Services	11,12.41	12,08.66	+96.25	9
(v) Pensions and Miscellaneous, General Services				
(a) Pensions and other Retirement Benefits ..	1,18.76	1,61.71	+42.95	36

The increase was due mainly to finalisation of a larger number of pension cases.

(b) Miscellaneous General Services ..	25.06	55.69	+30.63	122
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The increase was stated to be due mainly to payment to the Government of India of the accumulated amount of levies for the relief of refugees.

B—Social and Community Services—

(vi) Social and Community Services

(a) Education ..	19,29.85	21,54.91	+2,25.06	12
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The increase was stated to be due mainly to grant of additional dearness allowance and more dietary charges at the hostels in tribal areas.

(b) Medical ..	4,14.22	4,76.40	+62.18	15
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The increase was stated to be due mainly to payment of additional dearness allowance and supply of more medicines by the Government of India under the T.B. programme.

(c) Relief on account of Natural Calamities ..	10.12	97.48	+87.36	863
Reasons for the increase have not been intimated (March 1977).				

(d) Other heads ..	5,05.08	5,70.40	+65.32	13
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C—Economic Services—

(vii) General Economic Services ..	92.87	1,09.93	+17.06	18
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(viii) Agriculture and Allied Services ..

(a) Agriculture ..	4,67.09	4,88.66	+21.57	5
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The increase was stated to be due mainly to execution of more civil construction works by the Public Works Department.

(b) Animal Husbandry ..	1,40.02	1,79.24	+39.22	28
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The increase was stated to be due mainly to more expenditure on cattle development.

(c) Other heads ..	12,73.05	13,06.09	+33.04	3
(ix) Industry and Minerals ..	1,51.16	1,35.72	-15.44	10
(x) Water and Power Development ..	13.39	9.45	-3.94	29
(xi) Transport and Communications ..	6,25.26	3,67.28	-2,57.98	41

The decrease was stated to be due to the formation of the Himachal Road Transport Corporation on 2nd October 1974, which incurred the expenditure thereafter.

D—Grants-in-aid and Contributions—

(xii) Compensation and Assignments to Local Bodies and Panchayati Raj Institutions ..	10.51	11.27	+0.76	7
Total—Expenditure (Revenue Account) ..	80,21.92	86,69.07	+6,47.15	8

1.5 Capital expenditure

(a) Capital expenditure during the three years ended 1975-76 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary grants was as follows:—

Year	Budget	Budget <i>plus</i> supplementary grants	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
					(Rupees in lakhs)
1973-74	16,18.48	16,33.48	13,03.26	(—)3,30.22	20
1974-75	15,28.07	21,03.97	19,45.64	(—)1,58.33	8
1975-76	14,16.61	16,01.53	13,14.38	(—)2,87.15	18

(b) An analysis of the capital expenditure is given below:—

	Expenditure to the end of 1974-75	Expenditure during 1975-76	Progressive expenditure upto the end of 1975-76
(Rupees in lakhs)			
Capital expenditure on—			
(i) Roads and Bridges	91,01.21	10,88.14	1,01,89.35
(ii) Agriculture	5,96.60	93.89	6,90.49
(iii) Public Health, Sanitation and Water Supply	6,98.99	84.41	7,83.40
(iv) Minor Irrigation, Soil Con- servation and Area Develop- ment	76.34	73.64	1,49.98
(v) Road and Water Transport Services	5,89.16	63.17	6,52.33
(vi) Housing	66.03	51.79	1,17.82
(vii) Co-operation	1,43.16	51.72	1,94.88
(viii) Investments in Industrial Financial Institutions	86.07	49.00	1,35.07
(ix) Public Works	1,77.75	42.45	2,20.20
(x) Education	91.73	33.95	1,25.68
(xi) Medical	81.97	30.20	1,12.17
(xii) Other Transport and Com- munication Services	45.40	29.83	75.23
(xiii) Dairy Development	14.90	23.05	37.95
(xiv) Irrigation Works, etc.	84.14	18.02	1,02.16
(xv) Forests	2,19.93	17.81	2,37.74
(xvi) Village and Small Industries	49.12	17.50	66.62
(xvii) Other General Economic Services	31.82	11.09	42.91
(xviii) Metallurgical Industries	12.00	..	12.00
(xix) Social Security and Welfare	2.64	..	2.64
(xx) Investments in General Finan- cial and Trading Institutions	56.37	..	56.37
(xxi) Investments in Agricultural Financial Institutions	59.16	..	59.16
(xxii) Machinery and Engineering Industries	1,00.00	..	1,00.00
(xxiii) Water and Power Develop- ment Services	0.73	..	0.73
(xxiv) Power Projects	21,13.33	..	21,13.33
(xxv) Food	5,69.59	—4,90.36*	79.23
(xxvi) Other heads	82.37	25.08	1,07.45
Total	1,51,50.51	13,14.38	1,64,64.89

*Minus expenditure is due to receipts from sale of wheat and rice being more than expenditure.

Net outgo under loans and advances	@@	21,65.20	4,58.07	26,23.27
Total of capital expenditure and net outgo under loans and advances	@@	1,73,15.71	17,72.45	1,90,88.16

(c) The capital expenditure and the net outgo under loans and advances during 1975-76 were financed from the following sources:—

	1975-76
	(Rupees in lakhs)
I—Net addition to—	
(i) Loans from the Government of India	13,65.04
(ii) Internal Debt of the State Government	—13.79
(iii) Provident Funds	3,01.61
(iv) Reserve Funds and Sinking Funds	—37.75
(v) Deposits and Advances	6.11
(vi) Remittances, Suspense and Miscellaneous	71.00
II—Revenue Surplus(+)/Deficit(—)	+11.94
III—Increase(—)/Decrease(+) in Cash Balance	+68.29
Net amount available for expenditure	17,72.45

1.6 Loans and advances by the Government

(a) The position of loans and advances disbursed by the Government during 1975-76 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary grants along with the corresponding figures for 1973-74 and 1974-75 was as follows:—

Year	Budget	Budget plus supplemen- tary grants	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in lakhs)					
1973-74	4,49.86	4,49.86	4,53.60	+3.74	1
1974-75	5,82.00	5,99.54	5,64.81	—34.73	6
1975-76	5,60.72	6,28.05	5,64.13	—63.92	10

@@ Differs from the figure in the Finance Accounts 1974-75 due to *pro forma* dropping of Rs. 0.13 lakh.

(b) The budget and actuals of recoveries of loans and advances for the three years ended 1975-76 are given below:—

Year	Budget	Actuals	Variation between columns (3) and (2)	
			Amount	Percentage
(1)	(2)	(3)	(4)	(5)
	(Rupees in lakhs)			
1973-74	75.00	65.74	—9.26	12
1974-75	98.50	1,35.52	+37.02	38
1975-76	1,25.00	1,06.06	—18.94	15

More information on the subject is given in Chapter VIII of this Report.

1.7 Acceptances of balances

In order to ascertain whether the balances outstanding in the books of the Audit Office under loans and advances represent the position correctly, the balances are communicated at the end of each year to the authorities administering them for verification and acceptance.

The local bodies keep their cash balances in deposit accounts with Government treasuries. The balances in the deposit accounts of local bodies, as worked out in the books of the Audit Office, are also communicated to the administrators of the accounts annually. The administrators have to reconcile the balances in the Audit Office with those in their books and in the treasury accounts and furnish necessary certificates to the Audit Office.

Cases where the authorities administering loans and advances and the administrators of the deposit accounts have not communicated their acceptance of balances are given in Appendix 'D' to the Finance Accounts 1975-76. In the absence of such acceptance of balances, it cannot be ensured that all the transactions relating to such loans and advances and deposits are correctly reflected in the accounts.

1.8 Debt position

The total debt of the State comprised public debt (Rs. 1,76.67 crores), provident funds (Rs. 21.74 crores) and other obligations (Rs. 5.53 crores); the amount outstanding at the close of 1975-76 was thus Rs. 2,03.94 crores.

(a) *Public Debt*—This consists of (i) internal debt of the State Government and (ii) loans and advances from the Government of India. A comparative

analysis is given below:—

	Public debt as on 31st March		
	1974	1975	1976
	(Rupees in crores)		
Internal debt of the State Government	3.69	8.50	8.36
Loans and Advances from the Government of India	1,40.07	1,54.66	1,68.31
Total	1,43.76	1,63.16	1,76.67

The borrowings from the Government of India constituted 95 per cent of the State Government's public debt on 31st March 1975 as well as on 31st March 1976.

The transactions under public debt during 1975-76 are detailed below:—

Nature of debt (1)	Loans raised	Loans dischar- ged	Increase+ Decrease—
	(2)	(3)	(4)
	(Rupees in crores)		
(i) Internal debt of the State Government	33.93	34.07	—0.14
(ii) Loans and Advances from the Government of India	20.95	7.30	+13.65
Total	54.88	41.37	+13.51

During the year, a loan of Rs. 1.25 crores bearing interest at 6 per cent per annum was floated by the Government at Rs. 99 for every Rs. 100, against which Rs. 1.38 crores were realised in cash. It is redeemable at par in 1985.

The increase of Rs. 13.65 crores in the Loans and Advances from the Government of India during the year was due mainly to receipt of more block loans for Plan schemes and larger share in small savings collections. The increase was partly offset by repayment of other consolidated loans.

Under Section 54(1) of the Punjab Re-organisation Act, 1966, the public debt of the composite State of Punjab attributable to the loans raised by issue of Government securities and outstanding with the public immediately before 1st November 1966 became the debt of the State of Punjab and Himachal Pradesh is to pay to Punjab its share of the amount due from time to time for servicing and repayment of the debt. The liability of Himachal Pradesh has been provisionally estimated at Rs. 1.31 crores as on 1st November 1966. The payment on this account is recorded under "768—Inter-State Settlement" and is, therefore,

not included in the total debt. Rupees 73.27 lakhs representing proportionate share of Himachal Pradesh were paid upto the end of 1974-75. There was no payment during 1975-76.

(b) *Other debt and obligations*—In addition to the public debt, the provident funds and the balances at the credit of depreciation reserve funds and certain deposits (to the extent to which they have not been separately invested but are merged with the general cash balance of the Government) constitute a liability of the Government. The debt liability of the Government towards provident funds and other obligations was as follows:—

	On 31st March		
	1974	1975	1976
	(Rupees in crores)		
Provident funds	15.46	18.72	21.74
Reserve funds (interest bearing)	0.01	0.01	0.01
Deposits of local funds and civil deposits (non-interest bearing)	6.97	5.86	5.52
Total	22.44	24.59	27.27

(c) *Ways and means advances and overdrafts from the Reserve Bank of India*—Under an agreement with the Reserve Bank of India, the Government has to maintain with the Bank a minimum cash balance of Rs. 10 lakhs on all days. If the balance falls below the minimum level, the Government can take from the Bank ordinary ways and means advances upto the maximum limit of Rs. 1.20 crores and also special ways and means advances not exceeding Rs. 0.60 crore against Government of India securities, if any, held by the State Government. Both the ordinary and special ways and means advances carry interest at one per cent below the Bank Rate in force. If, even after taking the maximum advances of Rs. 1.80 crores, the Government is not able to maintain the minimum balance, the Bank permits shortfall in the minimum balance/ allows overdrafts for the minus balance upto a period not exceeding seven continuous days. Interest on the shortfalls is charged at one per cent below the Bank Rate and on overdrafts at the Bank Rate.

The extent to which the Government maintained the minimum balance with the Bank during 1975-76 is given below:—

(i) Number of days on which the minimum balance was maintained without obtaining any advance	272 days
(ii) Number of days on which the minimum balance was maintained by obtaining	
(a) ordinary ways and means advances	44 days
(b) special ways and means advances	10 days

- (iii) Number of days on which the Government had overdrafts, or the minimum balance could not be maintained, even after taking ordinary and special ways and means advances to the full extent

40 days

The maximum overdraft on any one occasion during 1975-76 was Rs. 4.40 crores.

At the beginning of the year (1975-76), Rs. 2.58 crores were outstanding on account of ways and means advances (Rs. 1.20 crores) and overdrafts (Rs. 1.38 crores). At the end of the year, Rs. 0.01 crore were outstanding on account of ways and means advances.

Rupees 3.95 lakhs were paid as interest to the Bank on ways and means advances, shortfalls and overdrafts during 1975-76. The amount paid as interest during the preceding two years was as under:—

Year	Amount (Rupees in lakhs)
1973-74	0.66
1974-75	1.70

(d) *Servicing of debt*—The table below shows the burden of interest charges on the revenues:—

	1973-74	1974-75	1975-76
	(Rupees in crores)		
Gross debt and other obligations outstanding at the end of year ..	1,66.20	1,87.75*	2,03.94
Interest paid by the Government—			
(a) On public debt and provident funds ..	6.97	8.44	10.15
(b) On other obligations ..	(a)	(b)	(c)
Total ..	6.97	8.44	10.15
<i>Deduct—</i>			
(a) Interest realised on loans and advances given by the Government ..	0.21	1.01	0.49
(b) Interest realised on investment of cash balance ..	0.36	0.52	0.48
Total ..	0.57	1.53	0.97

*Includes amount pertaining to 'Small Savings, Provident Funds, etc.' not included in the Audit Report for the year 1974-75.

(a) Rupees 8,111 only.

(b) Rupees 6,647 only.

(c) Rupees 6,413 only.

Net interest charges ..	6.40	6.91	9.18
Percentage of gross interest to total revenue receipts ..	10.49	10.40	11.69
Percentage of net interest to total revenue receipts ..	9.63	8.51	10.57

Taking into account the interest of Rs. 4.31 lakhs received from the commercial departments, the net burden of interest in 1975-76 on the revenues was Rs. 9.14 crores, being 10.53 per cent of the revenues.

1.9 Arrangements for amortisation

Sinking funds have been created for amortisation of open market loans (Rs. 5,83.00 lakhs). An annual contribution to the funds is made at such rates as Government may decide from time to time. The balances in the sinking funds at the commencement and end of 1975-76 are given below:—

Balance on 1st April 1975	Additions during the year (con- tribution from revenue)	Withdra- wals	Closing balance on 31st March 1976
29.95	30.00	..	59.95*

(Rupees in lakhs)

1.10 Investments by the Government

In 1975-76, the Government invested Rs. 2,95.36 lakhs in statutory corporations (Rs. 60.00 lakhs), Government companies (Rs. 1,79.34 lakhs) and co-operative banks and societies (Rs. 56.02 lakhs).

Details are given in Statement No. 13 of the Finance Accounts 1975-76.

** The total investment of Government in the share capital of different concerns at the end of 1973-74, 1974-75 and 1975-76 was Rs. 5,28.23 lakhs, Rs. 6,42.68 lakhs and Rs. 9,43.41 lakhs respectively. The dividend received during these years was Rs. 0.38 lakh, Rs. 0.52 lakh and Rs. 4.65 lakhs, respectively.

*Merged in the general cash balance of the Government.

**Excludes loan to the Himachal Pradesh State Electricity Board included in previous Audit Reports.

1.11 Guarantees given by the Government

Under Section 6 of the State Financial Corporations Act, 1951, the shares of the State Financial Corporation are to be guaranteed by the Government as to the repayment of principal and payment of annual dividend. Again, under Section 7 of the Act, the bonds and debentures of the State Financial Corporation are to be guaranteed by the Government as to the repayment of principal and payment of interest. The actual amounts covered by guarantees on behalf of the Himachal Pradesh Financial Corporation on 31st March 1976 under Sections 6 and 7 *ibid* were Rs. 61.00 lakhs and Rs. 1,64.14 lakhs respectively.

Under Section 66 of the Electricity (Supply) Act, 1948, the Government may guarantee in such manner as it thinks fit the payment of the principal of and/or interest on any loan proposed to be raised by the State Electricity Board. The actual amount covered by guarantees given on behalf of the Himachal Pradesh State Electricity Board under this section as on 31st March 1976 was Rs. 13,72.73* lakhs.

The Government had also guaranteed (to third parties) the repayment of loans and overdrafts and payment of interest thereon on behalf of two Government companies and a number of co-operative banks/co-operative societies/local bodies. The maximum amount guaranteed on their behalf at the end of 1975-76 was Rs. 6,44.77 lakhs against which the guarantees outstanding on 31st March 1976 were for Rs. 3,33.42 lakhs.

In consideration of the guarantees given, the Government charges guarantee fee at the rate of 0.5 per cent of the total amount of guarantee given. This guarantee fee is, however, not applicable in the case of co-operative concessional finance provided by the Reserve Bank of India. The total amount of guarantee fees received by the Government during the year was Rs. 0.82 lakh.

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

No guarantee was invoked during 1975-76. Further details of the guarantees are given in Statement No. 5 of the Finance Accounts 1975-76.

1.12 Utilisation certificates

In 1975-76, the Government paid Rs. 3,64.15 lakhs as grants to panchayats, municipalities, co-operative societies, educational institutions, etc., as detailed

* Includes Rs. 48.40 lakhs for cash credit.

below:—

Serial number	Department which paid the grants	Amount (Rupees in lakhs)
1.	Agriculture	1,40.01
2.	Education	1,09.15
3.	Local Self Government	23.93
4.	Industries	23.25
5.	Health and Family Planning	15.84
6.	Rural Integrated Development	13.87
7.	Welfare	13.38
8.	Forest	7.78
9.	Animal Husbandry	5.75
10.	Tourism	5.00
11.	Co-operation	3.29
12.	Public Works	2.56
13.	General Administration	0.32
14.	Panchayati Raj	0.02
Total		3,64.15

Under the rules, certificates to the effect that the grants had been utilised for the purposes for which they were paid are required to be furnished by the departmental officers to the Audit Office within one year of the disbursement of the grants unless specified otherwise. The Public Accounts Committee has repeatedly expressed dissatisfaction over slow progress of submission of utilisation certificates and has recommended that cases of unusual delays on the part of field officers should be investigated and responsibility fixed. The latest position is indicated below:—

Out of 3,390 certificates (Rs. 7,89.39 lakhs) to be received for the grants paid from 1958-59 to 1974-75, 730 certificates (Rs. 2,02.41 lakhs) were received, leaving

2,660 certificates (Rs. 5,86.98 lakhs) in arrears (September 1976). The department-wise break-up of outstanding certificates is as under:—

Serial number	Department	Number of certificates	Amount (Rupees in lakhs)
1.	Rural Integrated Development	1,977	213.72
2.	Education	51	86.22
3.	Agriculture	10	72.45
4.	Local Self Government	115	71.05
5.	Co-operation	234	49.29
6.	Industries	4	32.16
7.	Welfare	191	24.78
8.	Health and Family Planning	46	11.87
9.	Panchayati Raj	20	11.75
10.	Housing	1	10.00
11.	Forest	2	3.02
12.	General Administration	9	0.67
	Total	2,660	5,86.98

More details are given in Appendix I.

The utilisation certificates have not been received although considerable time has passed since the grants were paid. In the absence of the certificates it is not practicable even in a broad way to state to what extent the recipients spent the grants for the purpose(s) for which they were given and whether they fulfilled the other conditions governing the grants.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Summary

(a) The following table compares the total expenditure in 1975-76 with the total of grants and charged appropriations:—

		Total grants/ appropriations	Actual expendi- ture	Excess+ Saving—	Percentage
(Rupees in crores)					
<i>Voted—</i>					
Original	1,32.51	} 1,36.49	1,20.68	—15.81	12
Supplementary	3.98				
<i>Charged—</i>					
Original	33.08	} 42.05	52.10	+10.05	24
Supplementary	8.97				
<i>Total—</i>					
Original	1,65.59	} 1,78.54	1,72.78	—5.76	3
Supplementary	12.95				

The overall saving of Rs. 5.76 crores was the result of saving of Rs. 18.51 crores in twentyeight grants (Rs. 18.49 crores) and eleven appropriations (Rs. 0.02 crore) partly offset by excess of Rs. 12.75 crores in six grants (Rs. 2.68 crores) and two appropriations (Rs. 10.07 crores).

(b) Further details are given below:—

	Revenue	Capital	Loans and Advances	Public Debt	Total
(Rupees in crores)					
<i>Grants and charged appropriations—</i>					
Original	1,03.39	33.35	5.61	23.24	1,65.59
Supplementary	2.41	1.85	0.67	8.02	12.95
<hr/>					
Total	1,05.80	35.20	6.28	31.26	1,78.54
Actual expenditure	1,02.91	22.76	5.74	41.37	1,72.78
<hr/>					
Shortfall —/ Excess +	—2.89	—12.44	—0.54	+10.11	—5.76

2.2 Excess over grants/charged appropriations requiring regularisation

(a) *Grants*—The excess of Rs. 2,67.75 lakhs in the following six grants requires regularisation under Article 205 of the Constitution:—

('O' wherever it occurs stands for original grant and 'S' for supplementary grant)

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
1.	2—Governor and Council of Ministers			
	O	18,67,000	21,64,703	2,31,703
	S	66,000		
		19,33,000		

Excess was due mainly to more expenditure on tours.

2. 9—Medical and Family Planning

O	5,49,30,000	5,49,30,000	5,75,16,930	25,86,930
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Excess was stated to be due mainly to payment of arrears of additional dearness allowance, appointment of more doctors and ancillary staff in primary health centres, more payment of compensation for tubectomy and vasectomy operations and early completion of works-in-progress.

3. 12—Minor Irrigation

O	2,01,74,000	2,49,51,000	2,77,25,309	27,74,309
S	47,77,000			

Excess was stated to be due mainly to more purchase of stores for completion of works-in-progress.

4. 17—Roads and Bridges

O	12,99,84,000	13,26,75,000	15,25,81,862	1,99,06,862
S	26,91,000			

Excess occurred mainly on construction of strategic and border roads and on road works financed from World Bank assistance; reasons for the excess have not been intimated (March 1977).

5. 25—Irrigation, Navigation, Drainage and Flood control

O	34,00,000	34,00,000	43,18,620	9,18,620
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Reasons for the excess have not been intimated (March 1977).

6. 30—Housing

O	1,14,91,000	} 1,22,98,000	1,26,54,485	3,56,485
S	8,07,000			

Excess was due mainly to more loans to the Himachal Pradesh Housing Board for meeting expenditure on continuing housing works.

(b) *Charged appropriations*—The excess of **Rs. 10,07.63 lakhs** over the following charged appropriations also requires regularisation:—

(‘O’ wherever it occurs stands for original appropriation and ‘S’ for supplementary appropriation)

Serial number	Number and name of appropriation	Total appropriation Rs.	Expenditure Rs.	Excess Rs.
1.	30— <i>Housing</i>			
	O	..	660	20,618
	S	660		
				19,958

Reasons for the excess have not been intimated (March 1977).

2. 33—*Finance*

O	32,82,77,000	} 41,73,68,000	51,81,11,145	10,07,43,145
S	8,90,91,000			

Excess was due to repayment of balance of overdrafts and ways and means advances obtained from the Reserve Bank of India in the previous year and of those obtained during the year.

2.3 Supplementary grants/charged appropriations

Supplementary provision of Rs. 12.95 crores (8 per cent of the original provision) was obtained in March 1976 under fifteen grants (Rs. 3.98 crores) and eleven appropriations (Rs. 8.97 crores). The details of significant cases of unnecessary, excessive and inadequate supplementary grants/charged

appropriations are given below:—

(i) *Unnecessary supplementary grant*—In the following case, the supplementary provision of Rs. 20.16 lakhs remained wholly unutilised as the expenditure did not come upto even the original provision.

Number and name of grant	Original grant	Supplementary grant	Total grant	Expenditure	Saving
(Rupees in lakhs)					
11—Agriculture	8,89.24	20.16	9,09.40	8,03.42	1,05.98

The saving was stated to be due mainly to vacant posts and economy in expenditure.

(ii) *Supplementary grants which proved excessive*—In the following cases, the supplementary provision (exceeding Rs. 5 lakhs each) proved excessive:—

Serial number	Number and name of grant	Original grant	Supplementary grant	Total grant	Expenditure	Saving
(Rupees in lakhs)						
1.	24—Water and Power Development	3,97.00	64.00	4,61.00	4,28.85	32.15

The saving was due mainly to less loans given to the Himachal Pradesh State Electricity Board.

2.	27—Road Transport	16.09	99.49	1,15.58	69.35	46.23
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Reasons for the saving have not been intimated (March 1977).

(iii) *Inadequate supplementary grants/charged appropriations*—Supplementary provision of Rs. 9,73.66 lakhs (exceeding Rs. 5 lakhs in each case) in three grants and one charged appropriation proved inadequate. In these cases, the voted expenditure (Rs. 19,29.61 lakhs) exceeded the total provision (Rs. 16,99.24 lakhs) by Rs. 2,30.37 lakhs and the charged expenditure (**Rs. 51,81.11 lakhs**) exceeded the appropriation (**Rs. 41,73.68 lakhs**) by **Rs. 10,07.43 lakhs**. Reasons for the excesses to the extent received are given in paragraph 2.2 above.

Serial number	Number and name of grant/charged appropriation	Original grant/charged appropriation	Supplementary grant/appropriation	Total grant/appropriation	Expenditure	Excess
(Rupees in lakhs)						
1.	12—Minor Irrigation (Voted)	2,01.74	47.77	2,49.51	2,77.25	27.74

2.	17—Roads and Bridges (Voted)	12,99.84	26.91	13,26.75	15,25.82	1,99.07
3.	30—Housing (Voted)	1,14.91	8.07	1,22.98	1,26.54	3.56
4.	33—Finance (Charged)	32,82.77	8,90.91	41,73.68	51,81.11	10,07.43

2.4 Saving in grants/charged appropriations

(i) Rupees 18.51 crores remained unutilised in twentyeight grants (Rs. 18.49 crores) and eleven appropriations (**Rs. 0.02 crore**).

(ii) In the case of ten grants the savings (more than Rs. 2 lakhs in each case) were more than 10 per cent of the total provision; in four of the ten grants the saving ranged between 25 and 84 per cent.

The details of these grants are given in Appendix II to this Report.

2.5 Explanations for savings/excesses

After the close of the accounts of each financial year, the detailed Appropriation Accounts showing the final grants/appropriations, the actual expenditure and the resultant variations are sent to the controlling officers, requiring them to explain the variations in general and those in important heads in particular. It is, however, noticed every year that in regard to many important heads the reasons for variations are not furnished in time to Audit by the controlling officers. Such delay in submission of material for Appropriation Accounts results in the Report being incomplete in certain essential respects.

As regards Appropriation Accounts, 1975-76, explanations for variations were not received (March 1977) in the case of 45 heads out of 163 heads although the matter was reported to the concerned officers and also to the Government from time to time.

CHAPTER III

CIVIL DEPARTMENTS

DEPARTMENT OF AGRICULTURE

3.1 Incomplete soil conservation works

It was noticed during test check (December 1975) of the accounts of the Assistant Soil Conservation Officer, Mandi that in the case of the following works taken up during 1967-68 and 1968-69 for being completed in 2 to 3 years, the expenditure had exceeded the sanctioned amounts but none of the works had been completed (January 1977).

Description of the work	Estimated cost	Expenditure incurred	Reasons furnished, where available
	(Rupees in lakhs)		
1. Gravity Irrigation Scheme, Gagal (Mandi District)	0.50	0.77 (upto September 1975)	Not completed due to non-receipt of counter-part funds from the Intensive Agricultural District Programme.
2. Lift Irrigation Scheme, Chatrar (Mandi District)	0.23	0.36 (upto March 1975)	—
3. Lift Irrigation Scheme, Bhieura (Mandi District)	0.13	0.14 (upto January 1970)	Not completed due to delay in the development of water sources for which technical approval of the Public Works Department was awaited and non-availability of electricity for which funds were required to be received from the Intensive Agricultural District Programme.
4. Lift Irrigation Scheme, Nalsar (Mandi District)	0.10	0.11 (upto January 1970)	
Total ..	0.96	1.38	

The Government stated (August 1976) that efforts were being made to complete the works as early as possible and that the Director of Agriculture was being asked to take further action immediately as regards excess expenditure. Further developments were awaited (March 1977).

3.2 Non-refund of unutilised funds

The Government sanctioned (March 1974) Rs. 0.41 lakh for purchase of land for the establishment of a regulated market at Baijnath (District Kangra). The amount was drawn (March 1974) by the Deputy Director, Agriculture (Marketing), Simla and remitted to the Deputy Commissioner, Kangra for payment of compensation to the holders of the land. Consequent on the enforcement (August 1974) of the Village Common Land (Vesting and Transfer) Act, 1974, the Government became the owner of the land and no compensation was payable to the holders of the land. The Deputy Commissioner, therefore, returned the amount to the Director of Agriculture.

It was noticed during a test audit (December 1975) of the accounts of the Deputy Director, Agriculture (Marketing), Simla that the amount had not been deposited into the treasury. On Audit pointing this out (February 1976), the amount was deposited into the treasury in April 1976.

The Government stated (December 1976) that the Deputy Director, Agriculture (Marketing) had been warned for not depositing the unutilised amount into the treasury for about two years.

3.3 Establishment of a market at Kandrori (District Kangra)

In April 1967, the Government decided to establish a regulated model market at Kandrori (about 6 kilometres from Pathankot and adjacent to Chhaunch *Khad*) for wholesale/retail disposal of surplus agricultural, horticultural and forest produce and also for procurement of foodgrains.

In March 1970, 28 acres of private land were acquired by the Revenue Department for Rs. 1.95 lakhs. The amount was paid out of the funds of the Agriculture Department whose requirement was 5 acres only. Of the rest of the land (23 acres), the Revenue Department allotted (October 1970) 10 acres to the Industries Department and 8 acres to the Forest Farming and Environmental Conservation Department and the balance (5 acres) remained unallotted (May 1976). As the two departments did not undertake any activity at Kandrori, the Government decided (May 1976) to allot the entire land to the Agriculture Department, which had not (June 1976) determined the manner of its utilisation.

The land being adjacent to the bank of the Chhaunch *Khad*, an area of two *kanals* (about one-tenth of an acre) was eroded by the floods in 1971. The Government sanctioned an estimate of Rs. 2.00 lakhs for protecting the acquired land from erosion. Expenditure of Rs. 1.08 lakhs had been incurred upto March

1976. Another estimate for Rs. 4.90 lakhs was prepared for saving the acquired land from further damage. The estimate was awaiting sanction (June 1976).

Construction of roads, foot-paths, etc., on the land at an estimated cost of Rs. 13.27 lakhs was sanctioned by the Government in March 1972. Out of a total of 90 shops/booths and 50 godowns envisaged for the proposed market, construction of 10 shop-cum-flats and 6 godown-cum-flats was sanctioned in February 1974 (estimated cost: Rs. 12.24 lakhs). In February 1974, public utilities (estimated cost: Rs. 0.80 lakh) and construction of a link road to join the market with a railway siding (estimated cost : Rs. 0.46 lakh) were also sanctioned. All the works were under construction (December 1976). Expenditure of Rs. 17.36 lakhs had been incurred thereon upto March 1976.

The matter was referred to the Government in October 1976; reply was awaited (March 1977).

3.4 Reimbursement of loss on sale of potatoes

The Government fixed every year (upto 1975-76) a minimum support price for different varieties of potatoes in the State. Every grower marketing his potatoes through any of the State sponsored co-operatives was entitled to the uniform average price realised by the particular co-operative (calculated by pooling the sales of potatoes in the entire season) subject to the minimum support price declared by the Government. In the event of the uniform average price being less than the minimum support price, the difference was to be reimbursed by the Government to the society concerned. During 1974-75, the Government reimbursed Rs. 0.74 lakh to a co-operative society on this account in respect of its turnover in 1972-73. It was, however, noticed that the uniform average price realised by the co-operative society (Rs. 61.50 per bag of Kufri Chandramukhi and Rs. 78.96 per bag of Kufri Jyoti) was more than the minimum support price fixed for these varieties (Rs. 60 per bag for Kufri Chandramukhi and Rs. 65 per bag for Kufri Jyoti). The total amount realised by the co-operative society was Rs. 18.77 lakhs against Rs. 17.38 lakhs due on the basis of the minimum support price fixed by the Government.

The matter was referred to the Government in October 1976; reply was awaited (March 1977).

3.5 Ghee Grading Laboratory and Refinery, Chamba

To provide facilities for grading and testing of ghee for export outside the State and to assist the producers/dealers in getting better prices, a laboratory was set up at Chamba in September 1962. The laboratory was expected to handle 1,422 quintals of ghee for grading and testing every year. Its income was estimated at Rs. 0.20 lakh during the first two and a half years and at Rs. 0.15 lakh and Rs. 0.20 lakh during 1965-66 and 1966-67 respectively. From 1968-69 it was expected to become financially viable with estimated income and expenditure of Rs. 0.20 lakh and Rs. 0.16 lakh respectively.

A test check (June 1976) of the records of the laboratory showed that no ghee was graded nor any income derived upto 1967-68. During the next five years ended 1972-73, a total quantity of 29.60 quintals was received for grading. No ghee was offered for grading thereafter (March 1976).

From May 1968, the department undertook grading of honey at the laboratory. It was estimated by the department that by grading 45.40 quintals of honey annually, gross income of Rs. 2,600 could be derived which could be doubled 'with a little extra effort'. Upto 1975-76, 46.60 quintals of honey were offered for grading.

The laboratory earned Rs. 2,336 upto 1975-76 against expenditure of Rs. 2.56 lakhs (staff: Rs. 1.78 lakhs and contingencies: Rs. 0.78 lakh). These figures do not include expenditure during April to December 1969 and December 1970 to October 1971, details of which were not available (June 1976).

In July 1975, the Government of India withdrew the permission given to the laboratory to undertake grading and asked for return of Agmark labels. However, honey (5.50 quintals) belonging to the Himachal Pradesh State Handicraft and Handloom Corporation Limited was accepted for grading at the laboratory thereafter (August 1975).

The matter was referred to the Government in October 1976; reply was awaited (March 1977).

3.6 Potato Development Stations

A test check of the accounts and records of Potato Development Stations in the State disclosed the following points:—

- (i) Foundation seed produced at the stations is to be sold on cash basis to approved growers and others, directly as well as through extension agencies such as Block Development/District Agriculture Officers, at rates fixed by the department. The selling rate is fixed separately for approved growers/others and hill/valley areas.

Contrary to departmental instructions, seed worth Rs. 2.36 lakhs was sold on credit during 1969-70 to 1974-75 (out of total sales of Rs. 10.21 lakhs); of this, an amount of Rs. 1.67 lakhs, outstanding at the end of March 1975, as detailed below, was still recoverable (January 1977).

Period	Amount outstanding as on 31st March 1975 (Rupees in lakhs)
1969-70 and previous years	0.11
1970-71	0.09
1971-72	0.10
1972-73	0.48
1973-74	0.24
1974-75	0.65
Total ..	1.67

Some of the outstandings were more than 10 years old.

- (ii) Rupees 0.20 lakh were drawn (March 1967) from the treasury by a Potato Development Officer for purchase of Shamlat Land (village common land). Neither any land was purchased nor the amount refunded into the treasury. The Regional Potato Development Officer, Simla stated (August 1976) that the matter was being pursued with the Tehsildar, Rampur with whom the amount had been deposited.
- (iii) (a) Three hundred and fiftytwo quintals of potato seed were sold to a co-operative society of Lahaul and Spiti District by the Regional Potato Development Officer, Mandi in March 1975 at Rs. 125 per quintal. Of the quantity sold, 14 quintals worth Rs. 1,750 were found by the society (March 1975) to be rotten and the rest damaged, for which payment was refused. The Regional Potato Development Officer, Mandi thereupon reduced the rate from Rs. 125 to Rs. 100 per quintal. Approval of the Director of Agriculture (the competent authority) for this reduction had not been obtained (January 1977).
- (b) The sale rate of Kufri Chandramukhi variety was fixed at Rs. 100 per quintal during 1973-74 for Hamirpur, Kangra and Una districts. However, 465.5 quintals produced at the Seed Multiplication Farm, Pekhubella (Una District) were sold at Rs. 87.50 per quintal under the orders of the Project Officer (Palampur) who was not competent to approve the reduction in price.
- (iv) Sixtytwo quintals of potato seed (*Kharif* 1969) at the Phuladhar Station (Mandi District) which had not been disposed of were rendered useless resulting in loss of Rs. 0.04 lakh.
- (v) In some cases, the shortage in storage due to shrinkage, etc., was in excess of the permissible limit of 10 per cent. The shortage beyond the permissible limit amounted to Rs. 0.07 lakh during 1971-72 to 1974-75. The department stated (November 1976) that the loss had been neither made good nor written off.

The above observations were referred to the Government in November 1975; final reply was awaited (March 1977).

DEPARTMENT OF ANIMAL HUSBANDRY

3.7 Sheep Breeding and Development of Wool

Introductory

Sheep breeding is the second largest livestock industry in the State, next only to cattle breeding, providing a major source of livelihood to migratory sheep breeders and a supplementary source of income to farmers and orchardists with stationary flock which gives them much needed farm manure, mutton, hides and wool.

The average yearly wool production per sheep in the State was 1 kilogram of coarse quality as against 3.5 kilograms of superior quality from Merino and Rambouillet breeds. To step up wool production and improve its quality, the Government undertook (from 1956-57 onwards) import of exotic breeds of fine wool sheep for cross breeding trials at the sheep breeding farms. To meet the demand of the breeders for Merino rams, pure breeding was also started at these farms.

At present (January 1977), there are six sheep breeding farms and two wool analysis laboratories in the State, namely:

Sheep Breeding Farms

1. Chamba (Chamba District)
2. Jeori (Simla District)
3. Kothipura (Bilaspur District)
4. Karcham (Kinnaur District)
5. Tal (Hamirpur District)
6. Nagwain (Mandi District)

Wool Analysis Laboratories

1. Chamba (Chamba District)
2. Tal (Hamirpur District)

The Sheep Breeding Farm, Sainj (Kulu District) was closed during 1969-70. Reasons for the closure and expenditure on the farm were enquired of the department in April 1976; reply was awaited (March 1977).

Plan outlay, budget provision and expenditure

An outlay of Rs. 78.00 lakhs was approved for 'Sheep Breeding and Development of Wool' in the Fourth Plan (1969-74). Further outlay of Rs. 47.00 lakhs has been tentatively fixed for this purpose in the Fifth Plan (1974-79). The budget provisions and expenditure were as follows:—

	Plan		Non-Plan		Total	
	Budget provision	Expenditure	Budget provision	Expenditure	Budget provision	Expenditure
	(Rupees in lakhs)					
Fourth Plan (1969-74)	94.43	65.76	21.37	25.28	1,15.80	91.04
Fifth Plan (upto March 1976)	22.75	21.58	12.41	13.19	35.16	34.77

(Source: Departmental records)

The budget provisions (Plan) during the Fourth Plan period (Rs. 94.43 lakhs) were in excess of the approved plan outlay (Rs. 78 lakhs) by 21 per cent.

Actual expenditure (Rs. 65.76 lakhs), however, fell short of budget provisions by 30 per cent.

The budget provisions and expenditure (Plan) in respect of the following schemes were as under:—

Scheme	Fourth Plan (1969-74)	
	Budget provision	Expenditure
	(Rupees in lakhs)	
(a) Sheep breeding farms	88.75	46.99
(b) Sheep shearing, wool grading and disposal centres	2.34	0.89
(c) Sheep and wool extension centres	0.74	0.20
(d) Sheep and wool development	2.60	17.68

(Source: Departmental records)

Physical progress and evaluation

No physical targets were laid down either for sheep breeding operations or for wool production. However, according to the Live Stock Census conducted in 1972, the sheep population was 10.40 lakhs as compared to 10.49 lakhs in 1966. There was no evaluation unit/cell in the department which could help in making a systematic assessment of the progress made from time to time in relation to the expenditure incurred.

Improved breeds of sheep were sold to private sheep owners. Neither the Animal Husbandry Department nor the Rural Integrated Development Department had assessed the results achieved or improvements brought about in the breeds and the wool yield as a result of such distribution.

The department has a Disease Investigation Laboratory at the Jeori Farm. Information concerning performance of the laboratory was enquired of the department in June 1976; reply was awaited (March 1977).

Results of test check

The accounts of three of the six farms were test checked in May-June 1976. The points noticed are given in the succeeding paragraphs.

The budget provision and expenditure farm-wise were as follows:—

	Budget provision			Expenditure		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total
(Rupees in lakhs)						
<i>Fourth Plan</i>						
Chamba	2.54	2.94	5.48	2.66	2.84	5.50
Jeori	3.94	9.57	13.51	4.77	10.20	14.97
Karcham	0.90	4.72	5.62	1.06	5.58	6.64
Total ..	7.38	17.23	24.61	8.49	18.62	27.11
<i>1974-75 and 1975-76</i>						
Chamba	1.13	1.99	3.12	0.86	2.17	3.03
Jeori	2.23	6.53	8.76	2.04	5.73	7.77
Karcham	0.67	2.74	3.41	0.65	2.09	2.74
Total ..	4.03	11.26	15.29	3.55	9.99	13.54

(Source: Departmental records)

The farm-wise details of sheep maintained, income, expenditure and average annual maintenance expenses per head of sheep are given below:—

Farm/period	Average yearly number of sheep maintained	Income	Expenditure			Average annual maintenance expenses per head of sheep		
			Salaries/wages and allowances	Contingencies (feed, fodder, etc.)	Total	Establishment expenses	Maintenance expenses	Total
			(Rupees in lakhs)			(Rupees)		
<i>Chamba</i>								
1969-74 ..	406	0.95	2.36	3.14	5.50	116	155	271
1974-76 ..	413	0.35	1.48	1.56	3.04	179	189	368
<i>Jeori</i>								
1969-74 ..	1,195	3.33	8.16	6.80	14.96	137	114	251
1974-76 ..	988	2.37	4.58	3.17	7.75	232	160	392
<i>Karcham</i>								
1969-74 ..	507	0.70	3.97	2.68	6.65	157	105	262
1974-76 ..	467	0.53	1.70	1.05	2.75	182	112	294

(Source: Departmental records)

Income

The year-wise details of the income of the farms in relation to the sheep maintained were as follows:—

	Average number of sheep maintained			Average income per head of sheep		
	Chamba	Jeori	Karcham	Chamba	Jeori	Karcham
	(Rupees)					
1969-70	498	1,179	563	14	56	17
1970-71	350	1,291	734	94	50	32
1971-72	319	859	529	13	63	43
1972-73	346	1,199	322	81	57	29
1973-74	516	1,447	387	44	54	7
1974-75	429	1,144	500	66	121	70
1975-76	398	832	434	17	12	42

(Source: Departmental records)

The reasons for variations in annual income at the farms as compared with the sheep maintained in the various years were enquired of the department in May/June 1976; reply was awaited (March 1977).

Wool production

The annual average wool production per 10 heads of sheep during 1969-74 at the three farms was as follows:—

Year	Fine			Medium			Coarse		
	Chamba	Jeori	Karcham	Chamba	Jeori	Karcham	Chamba	Jeori	Karcham
	(In kilograms)								
1969-70 ..	19.00	21.00	9.00	26.00	25.00	7.00	3.00	7.00	—
1970-71 ..	16.00	31.00	12.00	5.00	32.00	7.00	—	24.00	—
1971-72 ..	18.00	23.00	18.00	—	30.00	7.00	—	—	—
1972-73 ..	17.00	27.00	25.00	—	35.00	14.00	—	—	—
1973-74 ..	22.00	34.00	27.00	—	30.00	—	—	—	—

(Figures for 1974-75 and 1975-76 not available)
(Source: Departmental records)

No norms for wool yield per sheep were fixed by the department (July 1976).

Wool analysis laboratories at Chamba and Jeori

The laboratories were set up for keeping a record of wool quality/characteristics of different breeds of sheep and studying the impact of the introduction of Merinos. Samples analysed at the laboratory at Chamba were as under:—

Year	Number of samples analysed		
	of farm	of private breeders	Total
1969-70	1,507	1,494	3,001
1970-71	938	2,266	3,204
1971-72	678	1,162	1,840
1972-73	1,737	4,694	6,431
1973-74	2,696	2,342	5,038
1974-75	4,893	1,321	6,214
1975-76	2,878	4,030	6,908

(Source: Departmental records)

Similar information about the laboratory at Jeori was not available (March 1977).

Utilisation of pastures

A pasture of six hundred and eightythree acres is attached to the Jeori farm. According to the Research Officer, Sheep Breeding Farm, Jeori, its annual hay production potential was 2,500 quintals. The production of hay was, however as under:—

Year	Quantity cut (Quintals)	Quantity consumed	Remarks
1969-70	500	500	
1970-71	581	581	
1971-72	550	550	
1972-73	669	669	
1973-74	1,085	1,085	Includes 210 quintals transferred to the Karcham farm.
1974-75	1,832	1,832	Includes 195.50 quintals transferred to the Karcham farm.
1975-76	1,400	1,350	

(Source: Departmental records)

Mortality

Norms for mortality in respect of adult sheep and lambs were fixed by the department, in September 1975, at 7 and 12 per cent respectively. The actual mortality percentages were as under (separate figures for adult sheep and lambs were not available):—

Year	Mortality percentage		
	Chamba	Jeori	Karcham
1969-70	5.10	4.71	4.01
1970-71	6.77	10.07	9.30
1971-72	21.70	7.58	17.71
1972-73	5.00	4.39	11.90
1973-74	7.07	7.95	20.46
1974-75	13.34	10.69	6.74
1975-76	9.55	10.30	9.31

Notes:—1. The mortality percentages in respect of youngs of Rambouillet sheep and Grozeney (Russian Merino) in 1971-72 and 1973-74 were 47.5 and 31.25 respectively at the Jeori farm.

2. Source: Departmental records.

Training in sheep husbandry

In 1974-75, a scheme for training of farmers in sheep husbandry was introduced. The training was to be arranged at the Chamba and Jeori farms to which Rs. 0.10 lakh each were allocated for training 28 and 22 sheep farmers respectively. The position in this regard was as under:—

Sheep breeding farms					
Chamba			Jeori		
Number of farmers trained	Allocation	Expenditure	Number of farmers trained	Allocation	Expenditure
		(Rupees)		(Rupees)	
19	10,000	5,013	3	10,000	848

The Research Officer, Sheep Breeding Farm, Jeori stated (June 1976) that there was less expenditure than the amount allocated as the District Animal Husbandry Officers could not sponsor persons for training.

Wool utilisation centre

The wool utilisation centre functioning at the Jeori farm is entrusted with the work of sheep shearing, scouring of wool, spinning, carding and weaving for demonstration purposes. The centre is also responsible for wool sales and weaving of shawls, pattus, pattis, etc., for sale. The price of finished goods is fixed by the Research Officer on 'no-profit-no-loss' basis.

The expenditure and income at the centre during 1969-70 to 1975-76 were as under:—

	(Rupees)
Salaries	44,824
Contingencies	12,538
Total ..	57,362
Income	2,716
Excess of expenditure over income	54,646

The physical achievements were as under:—

Year	Number of	
	shawls, pattus, pattis etc. sold	persons given demonstra- tion
1969-70	—	115
1970-71	17	127
1971-72	3	119
1972-73	9	150
1973-74	6	172
1974-75	2	106
1975-76	4	400

(Source: Departmental records)

Utilisation of tractor

At the Chamba farm, a tractor was purchased, in April 1972, mainly for ploughing. Two bullocks for ploughing were also available at the farm. According to departmental records, the farm had 19 acres of cultivable area in hilly terrain out of which 4 acres only were utilised. Between 1972-73 and 1975-76, the tractor worked for 305 hours a year for ploughing and for another 305 hours a year for other purposes.

Construction of tank under perfo-irrigation scheme

The department planned to construct a storage tank at Kanu (3 kilometres from the Jeori farm) for increasing irrigation facilities for the cultivable land attached to the farm. The Public Works Department estimated (December

1975) the construction cost at Rs. 0.14 lakh. The construction was started departmentally in May 1976 and was completed in June 1976 at a cost of Rs. 0.07 lakh. Perfo-irrigation equipment was purchased, in March 1974, at a cost of Rs. 0.20 lakh. In this connection the following observations are made:—

- (i) the source of water is located in privately owned land; no agreement with the owner of the land for the use of water by the department exists; and
- (ii) the perfo-irrigation equipment was awaiting installation (December 1976).

Lift Irrigation Scheme, Kotla Barog

Work on a lift irrigation scheme at Kotla Barog was started prior to April 1971. Its execution was first entrusted to the District Animal Husbandry Officer, Mahasu, and was later (April 1974) transferred to the Sheep Breeding Farm, Karcham. Stores, machinery, equipment, etc., worth Rs. 0.25 lakh were purchased from April 1971 onwards. The scheme was awaiting completion.

The matter was referred to the Government in October 1976; reply was awaited (March 1977).

DEPARTMENT OF HORTICULTURE

3.8 Fruit Canning Units

With the object of utilising the surplus first grade fruit and the entire low grade and cull fruit which did not give appreciable returns to growers, the following seven units for preservation and canning of fruit were set up by the department:—

Unit	District	Year in which established
1. Naubahar	Simla	1959-60
2. Dhaulakuan	Sirmur	1962-63
3. Bagthan*	Sirmur	1967-68
4. Rajpura	Chamba	1968-69
5. Rajgarh*	Sirmur	1968-69
6. Boktu	Kinnaur	1970-71
7. Panarsa	Mandi	1973-74

The units were originally under the Agriculture Department but were transferred to the control of the Horticulture Department on its creation in September 1970.

*Transferred to the Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited in June 1976.

Another unit was proposed to be set up at Bilaspur. Preliminary expenses amounting to Rs. 0.62 lakh were incurred by the District Horticultural Officer, Bilaspur (salaries: Rs. 0.25 lakh, furniture: Rs. 0.21 lakh, machinery: Rs. 0.09 lakh and remodelling of building/miscellaneous items: Rs. 0.07 lakh) during 1972-73 to 1975-76. The unit was, however, not set up and the machinery/equipment that had been bought was lying unused at Naubahar.

The results of test check (October 1975—July 1976) of the accounts and other records of the units are mentioned in the succeeding paragraphs.

Utilisation of installed capacity—The installed processing capacity per day of the Naubahar unit was 1,000 kilograms, of the Dhaulakuan, Bagthan and Rajgarh units 500 kilograms each and of the Rajpura and Panarsa units 100 kilograms each. According to the departmental records, the utilisation during the three years ending 1975-76 was as under:—

Unit	Capacity per day	Average utilisation per day			Average for
		1973-74	1974-75	1975-76	1973-74 to 1975-76
(In kilograms)					
1. Naubahar	1,000	457	244	190	297
2. Dhaulakuan	500	213	164	127	168
3. Bagthan	500	250	230	156	212
4. Rajpura	100	85	59	110	85
5. Rajgarh	500	—	297	294	295
6. Panarsa	100	88	65	74	76

Details of the working of the plants in various units are indicated below:—

Unit	1973-74			1974-75			1975-76		
	Production days	Maintenance days	Idle days*	Production days	Main- tenance days	Idle days*	Production days	Main- tenance days	Idle days*
1. Naubahar	240	24	47	237	26	48	242	25	45
2. Dhaulakuan	287	24	—	269	42	—	210	32	70
3. Bagthan	77	20	214	84	27	200	72	30	210
4. Rajpura	126	—	185	133	—	178	143	—	169
5. Rajgarh	—	—	—	49	1	261	108	—	204
6. Panarsa	105	25	181	110	22	179	181	20	111

The under-utilisation of the installed capacity was attributed by the Government (October 1976) to:—

- (i) non-availability/shortage of raw material (processing grade fruit);
- (ii) insufficient demand for fruit products; and
- (iii) lack of funds to boost the sale of products.

*Excluding 54 holidays.

Financial working of the units—During the four years ended 1975-76, products valuing Rs. 24.95 lakhs were processed, the sales were Rs. 15.60 lakhs and the expenditure aggregated Rs. 71.10 lakhs (recurring: Rs. 66.16 lakhs and non-recurring: Rs. 4.94 lakhs).

The details are given below:—

	1972-73	1973-74	1974-75	1975-76	Total
	(Rupees in lakhs)				
Non-recurring expenditure	2.00	0.14	1.93	0.87	4.94
Establishment expenditure (recurring)	2.12	2.57	3.00	3.17	10.86
Maintenance and operating expenditure (recurring)	14.92	16.36	11.90	12.12	55.30
Total ..	19.04	19.07	16.83	16.16	71.10
Value of finished products manufactured during the year	3.80	7.45	7.02	6.68	24.95
Sale proceeds	2.56	3.56	4.68	4.80	15.60

The Government stated (October 1976) that the losses were due to its decision (January 1973) to treat the activity as developmental rather than commercial, the expenditure mentioned above covering, *inter alia*, training of housewives in the preparation of fruit and vegetable products.

Unsold stocks—Products valuing Rs. 6.89 lakhs manufactured by the six units were lying unsold on 31st March 1976 with the units (Rs. 6.45 lakhs) and the District Horticultural Officers Rajpura and Panarsa (Rs. 0.44 lakh). The value of unsold stocks supplied on consignment basis to other District Horticultural Officers/Himachal Pradesh State Handicrafts Emporium, New Delhi was not available (December 1976).

To avoid loss due to expiry of shelf life, products valuing Rs. 0.97 lakh (Dhaulakuan: Rs. 0.71 lakh and Rajgarh: Rs. 0.26 lakh) were converted into vinegar during 1972-73 to 1975-76. Products valuing Rs. 1.15 lakhs (Naubahar: Rs. 0.73 lakh and Rajpura: Rs. 0.42 lakh) were spoiled but no action had been taken to convert them into vinegar or to otherwise dispose of them (July-October 1976).

The Government stated (October 1976) that the accumulation of stocks was due to centralisation of sales through the Procurement and Sales Officer, Simla. A committee consisting of officials and an economist of the Himachal Pradesh University was stated to have been formed, in August 1974, to look into the matter. The recommendations of the committee and decisions thereon were awaited (March 1977).

Pricing policy—Sale prices of products manufactured in the units are fixed by the Director of Horticulture reportedly after taking into account the cost of ingredients and the rates of competitive products in the market. While scrutinising the accounts of the Dhaulakuan and Bagthan units, it was noticed that the whole sale prices for jams fixed for 1973-74 and 1974-75 (first 6 months) either failed to cover or just covered the cost of raw material alone, as shown below:—

Period	Cost of raw material	Wholesale price fixed
	(Rupees per kilogram)	
1973-74	4.80	3.85
April to September 1974	5.70	5.76

It was also noticed that:—

- (i) there was no system for working out the cost of production of various items manufactured in the units; and
- (ii) no standards or norms had been laid down regarding consumption of material, utilisation of labour, rejection, wastage, etc.

The Government stated (October 1976) that, in future, the committee referred to above would examine and approve the sale/purchase prices fixed by the department.

Sales to the Army Purchase Organisation—In May 1973, the Army Purchase Organisation (Union Ministry of Agriculture and Irrigation, Department of Food) accepted the tender of the Assistant Fruit Technologist, Dhaulakuan for supply of 14 tonnes of jam at Rs. 4.15 per kilogram *f.o.r.* Nahan. The product manufactured (11.85 tonnes) specially for the Army Purchase Organisation was found by the Central Food Laboratory, Delhi to be not in conformity with the agreed specifications and was rejected (November 1973). The Army Purchase Organisation demanded (January 1974) compensation whereupon the department supplied 14 tonnes of newly manufactured product at the same rate.

The Assistant Fruit Technologist, Dhaulakuan stated (August 1976) that 1.89 tonnes of jam (value: Rs. 7,843), out of 11.85 tonnes manufactured for the Army Purchase Organisation, had been rendered unfit for consumption and would be converted into vinegar. Further developments were awaited (March 1977).

Sales in Delhi/New Delhi—The department decided (June 1974) to sell its products in Delhi/New Delhi through the Himachal Pradesh State Handicrafts Emporium, New Delhi, which is run by the Himachal Pradesh State Handicrafts and Handloom Corporation Limited. Products valuing Rs. 1.00 lakh were sent to the Emporium for sale on consignment basis from Bagthan, Dhaulakuan and Naubahar units during August 1974 to May 1976. Against this, Rs. 0.57 lakh were received on account of sale proceeds upto May 1976. The Emporium

was required to send to the supplying units the accounts of goods sold, along with remittance for their value, in the first week of the month following that in which the sales were made. No such account was received from the Emporium (July 1976).

Fruit canning-cum-dehydration plant, Boktu (Kinnaur District)—The plant (capacity: 250 kilograms of canned fruit per day, cost of machinery: Rs. 0.67 lakh) was installed and commissioned in July 1970 at Kalpa for utilisation of the available surplus fruit in Kinnaur District. According to the Fruit Technologist (November 1975), no study was conducted or project report prepared before setting up the plant. The department decided (October 1971) to shift it to the Horticulture Station at Boktu where a departmental building was available and which place was considered more suitable. For want of power supply at Boktu, however, the plant continued to be at Kalpa and was shifted to Boktu in July 1974, after electrification of the building.

The machinery and equipment of the plant remained idle (June 1976), except for manufacture of 2,829 kilograms of pulp during August 1974 to September 1975, due to the following reasons:—

- (i) the Union Ministry of Agriculture and Irrigation (Department of Food) had not granted (June 1976) a licence under the Fruit Preservation Order, as the arrangements made for installation of machinery and manufacture of fruit products were not considered proper and adequate; and
- (ii) the Public Analyst, Haryana had observed (November 1975) that purity of water supply was doubtful. No water treatment plant had been installed (June 1976).

Rupees 0.72 lakh were spent on pay and allowances of the staff during 1971-72 to 1975-76. Figures for 1970-71 were not available (December 1976).

Surplus machinery—Machines valuing Rs. 0.53 lakh, including those damaged (conveyors costing Rs. 0.17 lakh, mixing tank costing Rs. 0.09 lakh and processing machine costing Rs. 0.01 lakh), purchased by the Naubahar unit during 1968-69 and 1972-73 were lying (May 1976) surplus to requirements. The Fruit Technologist, Simla stated (May 1976) that efforts would be made to get the damaged machines repaired and to arrange transfer of surplus machines to other units.

Similarly, two machines (filter press and potato peeler) valuing Rs. 0.16 lakh purchased for improving the processing of clarified apple juice and ginger products, etc., were lying idle at Rajgarh since December 1970 and February 1971. The District Horticultural Officer, Rajgarh stated (October 1976) that the filter press installed in August 1975 could not be used earlier as its motor was damaged and the potato peeler was lying unused for want of work. The Government added (October 1976) that these machines could not be used for want of

bottles and ready availability of filter paper and that they would be used if there was adequate demand for such products.

Drawal of moneys in advance of requirement—According to rules, no money should be drawn from the treasury except when needed for immediate disbursement and all undisbursed amounts should be refunded into the treasury within three months. In the following cases, funds were drawn and shown as disbursed in the cash book without remitting money to suppliers or receiving supplies thereagainst.

Unit	Date of drawal from treasury/ disbursement as per cash book	Amount (Rupees in lakhs)	Remarks
1. Naubahar	31st March 1975	0.51	Drawal was for payment of cost of labels. A bank draft was obtained but had not been despatched to the supplier (May 1976). Out of 13.40 lakh labels, only 1.80 lakhs were received upto May 1976 and these were found defective.
2. Naubahar	31st March 1976	0.98	The cash was converted into bank drafts in the names of the suppliers but had not been despatched to them (October 1976). The Fruit Technologist stated (October 1976) that while the hydraulic press (cost: Rs. 0.59 lakh) and the fruit mill (cost: Rs. 0.11 lakh) were received in April 1976 and September 1976 respectively, payment would be made on receipt of other machinery (cost: Rs. 0.28 lakh) still awaited and after satisfactory trial run of the plant. Further developments were awaited (March 1977).
3. Dhaulakuan	31st March 1973	0.09	Supplies received in May 1975.
4. -do-	31st March 1973	0.07	Bank draft cancelled and amount refunded into the treasury in March 1974.
5. -do-	29th March 1974	0.02	Amount credited to the Government account in October 1974.

3.9 Drawal of money in advance of requirement

The Procurement and Sales Officer, Simla drew Rs. 3.26 lakhs (Rs. 2.15 lakhs on 31st March 1975 and Rs. 1.11 lakhs on 31st March 1976) for making payment to suppliers for machinery/equipment ordered in March 1975 and March 1976 and received during April-June 1976 (Rs. 1.11 lakhs) and January 1977 (Rs. 2.15 lakhs). The money so drawn was converted into bank drafts in the names of the suppliers and shown as disbursed in the cash book.

The department stated (February 1977) that the drafts were remitted to the suppliers after receipt of machinery/equipment.

The matter was referred to the Government in October 1976; reply was awaited (March 1977).

CO-OPERATION DEPARTMENT

3.10 Unnecessary drawal of funds

The co-operative societies in Chamba District had applied (September to November 1974 and August to December 1975) for Government investment in their share capital and for loans, managerial subsidy and grants for construction of godowns, etc. The Registrar, Co-operative Societies, sanctioned Rs. 3.03 lakhs (Rs. 1.36 lakhs in December 1974 and March 1975 and Rs. 1.67 lakhs in February and March 1976) for the purpose. Amounts totalling Rs. 3.03 lakhs were drawn by the District Co-operative and Supplies Officer, Chamba in January and March 1975 (Rs. 1.36 lakhs) and March 1976 (Rs. 1.67 lakhs) and were deposited on the very day they were drawn in the State Co-operative Bank, Chamba (Rs. 2.25 lakhs) and in the Post office, Chamba (Rs. 0.78 lakh). Of this, an amount of Rs. 1.26 lakhs was disbursed to the societies (Rs. 0.96 lakh during April to December 1975 and Rs. 0.30 lakh during April to June 1976). The balance amount of Rs. 1.77 lakhs (Rs. 0.40 lakh out of Rs. 1.36 lakhs drawn in 1974-75 and Rs. 1.37 lakhs out of Rs. 1.67 lakhs drawn in March 1976) remained undisbursed (June 1976).

The Government stated (February 1977) that the amount could not be disbursed as (i) the societies were situated in inaccessible places, and (ii) the societies had not complied with the terms and conditions for payment of share capital/loan/subsidy, etc.

DEPARTMENT OF FOREST FARMING AND ENVIRONMENTAL CONSERVATION

3.11 Allotment of works without inviting tenders

The Kinnaur Division at Nichar (Kinnaur District) is one of the three divisions (the other two being Timber Extraction Divisions at Kulu and Sawra) engaged in extraction of timber departmentally. According to the rules, whenever practicable and advantageous, contracts should be placed only after tenders

have been invited and in cases where the lowest tender is not accepted, reasons should be recorded and approval obtained in writing of the authority next higher to the officer competent to accept the tender.

For launching, floating, rafting and stacking timber at the Nangal Sales Depot, the division invites tenders before awarding the work to contractors. This procedure is, however, not followed for the work of felling, sawing and land and ropeway carriage which is awarded on the basis of schedule of rates. Between April 1975 and November 1975, payments on this account aggregated Rs. 4.49 lakhs. The Divisional Officer stated (November 1975) that this course had been resorted to in view of the peculiar conditions prevalent in the area, and that tendering might result in delays or dependence on the contractor causing disruption in the progress of work.

The Government added (October 1976) that allotment of work on the basis of schedule of rates was found to be more practicable and advantageous.

The other two divisions (Kulu and Sawra) had, however, invited tenders for the same jobs. Moreover, other works had been awarded to contractors by the Kinnaur Division on the basis of tenders.

3.12 Sale of Bobbin Blocks

The Wood Based Industries Division, Shamshi (Kulu) entered into (March 1974) an agreement with a local firm for supply to the latter of 500 cubic metres (cu.ms.) of maple wood bobbin blocks at the rate of Rs. 500 per cu.ms. By March 1975, the division could supply 46 cu. ms. only of bobbin blocks. While attributing this to short supply of required timber by the Timber Extraction Division, Kulu, the division recommended extension of the agreement upto May 1975 subject to the rate being increased to Rs. 700 per cu. m. owing to increased cost of production. The enhanced rate was agreed to by the firm. The Government, however, granted (September 1975) extension upto March 1976 at the old rate of Rs. 500 per cu. m. ignoring the fact that the firm had agreed to pay a higher rate. During 1975-76, the division supplied 107 cu. ms. of bobbin blocks to the firm at the old rate, resulting in loss of Rs. 21,371.

The matter was referred to the Government in September 1976; reply was awaited (March 1977).

3.13 Non-accountal of material

The rules provide that when material is received either by purchase or transfer it should be accounted for in the relevant account book after it has been duly checked with regard to quantity and quality according to the specifications indicated in the supply order. It is also provided that payment should not be made unless this procedure has been followed.

It was noticed during test check (April 1976) of the accounts of the Wild Life Warden, Simla that payment of Rs. 0.59 lakh for stores/stock articles like iron, poles and slacked lime purchased during May 1974 to March 1975 was made without verification of their receipt by accountal in the relevant stores/stock registers.

The matter was referred to the Government in August 1976; reply was awaited (March 1977).

DEPARTMENT OF HEALTH AND FAMILY PLANNING

3.14 X-ray plants

(a) The Chief Medical Officer, Kangra District, purchased in March 1974 an X-ray plant costing Rs. 0.27 lakh for use in the Primary Health Centre, Dada Siba. Ninety per cent of the cost amounting to Rs. 0.25 lakh was paid in April 1974, while the balance 10 per cent was to be paid on the installation of the plant. The plant had not been installed (July 1976).

The Government stated (December 1976) that the plant was purchased in March 1974 as the sanction was valid for 1973-74 but the plant could not be installed for want of electricity. Further, electricity had since been provided and the plant was expected to start functioning shortly. Instructions were also stated to have been issued that in future no proposal for purchase of X-ray plant would be considered unless accommodation and electricity were available.

(b) The Chief Medical Officer, Kulu District, purchased in March 1974 an X-ray plant costing Rs. 0.27 lakh for use in the Primary Health Centre, Nagggar. Ninety per cent of the cost amounting to Rs. 0.25 lakh was paid in June 1974 and the balance 10 per cent was to be paid on the installation of the plant. The plant had not been installed (July 1976).

The Government stated (July 1976) that since funds were available in 1973-74 and the sanction was valid for that year only, the plant was purchased before the close of that financial year. It was further stated that a room to house the plant had since been constructed and the firm had been asked to instal it immediately. Meanwhile, patients requiring X-ray examination were being referred to the District Hospital, Kulu at a distance of 18 kilometres.

(c) The Chief Medical Officer, Solan District, purchased in March 1974 an X-ray plant costing Rs. 0.27 lakh for use in the Primary Health Centre, Syri. Ninety per cent of the cost was paid to the supplier in March 1974. The balance 10 per cent was to be paid after the installation of the plant. A bank draft for this amount was with the Chief Medical Officer (December 1975), though the same had been shown in the cash book as paid in May 1974.

The plant was installed at the Civil Hospital, Solan, in October 1975, as the building at Syri, where the plant was to be installed, had no electric connection.

The Government stated (July 1976) that the plant was installed at Solan temporarily at the instance of the firm which advised that its tube was likely to go "foggy" if it was not installed immediately. It was added that the plant would be shifted to the Primary Health Centre, Syri, after the latter was given electric connection.

3.15 Recoverable dues

(i) *Uniform allowance to Lady Health Visitors*—The Government sanctioned (24th November 1974), retrospectively with effect from 20th May 1968, uniform allowance at the rate of Rs. 15 per month for Lady Health Visitors (excluding T.B. and V.D. Health Visitors) in the service of the Health Department. The entitlement was subject to the condition that the Lady Health Visitors should wear a uniform (during duty hours), which, however, was prescribed on 5th March 1975 only. On a reference (November 1975) made by the department about admissibility of the allowance, the Government clarified (December 1975) that since the Lady Health Visitors did not wear the uniform from 20th May 1968 they were not eligible for the allowance from that date and that it would be allowed from the date they wore the prescribed uniform. It was further clarified that the allowance was not admissible when the Lady Health Visitors were on earned, half-pay, medical or extra-ordinary leave.

However, all the Chief Medical Officers in the State paid during 1975-76 (before as well as after December 1975) Rs. 1.82 lakhs in all to about 150 Lady Health Visitors on account of uniform allowance, including arrears, for the period from 20th May 1968. This was not in conformity with the clarification given by the Government, in December 1975, according to which the allowance was not admissible until 5th March 1975 when the uniform was prescribed.

The Government stated (November 1976) that the department had been asked to recover the excess payment of uniform allowance for the period from 20th May 1968 to 4th March 1975 and to fix responsibility for the overpayments. Further developments were awaited (March 1977).

(ii) *Non-recovery of rent*—Prior to July 1959, Assistant Surgeons in Himachal Pradesh were drawing pay and allowances at the rates sanctioned by the Punjab Government for that Government's employees and those holding "resident appointments" were allowed rent-free accommodation as admissible in Punjab. On being allowed (August 1960) Central pay scales from July 1959, the Assistant Surgeons were no longer entitled to rent-free accommodation. The Government of India, in the Ministry of Health and Family Planning, did not agree (October 1966) to the proposal of the Himachal Pradesh Administration for the continuance of this benefit. No rent recoveries were, however, effected from 150 Assistant Surgeons even thereafter. Fifteen officers of higher rank in the department also did not pay rent for Government accommodation allotted to them during 1961 to March 1974.

The Government directed (June 1972) the Treasury Officers to keep the recoveries pending. The Government subsequently clarified (August 1973)

that this direction was applicable only to medical officers who had been given rent-free accommodation in lieu of off duty hours and directed recovery of rent from all others who had been allotted Government accommodation. No recoveries were, however, made.

The Government then decided (May 1974) to waive the recoveries due upto 19th March 1974. This decision was revoked in June 1976 when it was decided to enforce recovery of rent for the period from 2nd August 1960 to 23rd January 1974. The Government stated (December 1975) that Rs. 1.97 lakhs were recoverable from 150 doctors for the period upto March 1974. Overpayment thereafter was not known (March 1977).

The matter was referred to the Government in September 1976; reply was awaited (March 1977).

(iii) *Mess allowance to nursing staff*—The Director of Health Services issued orders, in May 1971, that only unmarried or widowed nurses or those separated from their husbands and who had no encumbrances, whether local or otherwise, and who were required to stay in hostels, wherever these existed, were eligible to draw the mess allowance. In case such nurses refused to stay in hostels, even where available, payment of mess allowance was not admissible.

A test check (May 1976) of the accounts of the Chief Medical Officer, Chamba disclosed that six unmarried members of the nursing staff not residing in hostel, as required, were allowed the mess allowance. The overpayment on this account during May 1971 to April 1976 worked out to Rs. 0.17 lakh.

The matter was referred to the Government in July 1976; reply was awaited (March 1977).

3.16 Medical College, Simla

A test check (June 1976) of the accounts of the College for the period January 1974 to April 1976 disclosed the following points:—

(i) *Advance payment for purchase of journals*—Advance payments (Rs. 0.25 lakh) were made to a firm from time to time in 1973 and 1974 while placing orders for foreign journals relating to those years. In the event of non-supply of journals within the year, the amounts so paid were to be refunded. Consequent on non-supply of journals in time, the firm offered (December 1975) to refund the amount of Rs. 0.25 lakh in monthly instalments of Rs. 0.01 lakh but this was not accepted by the College. The College asked the firm (January 1976) to refund the amount in lumpsum failing which criminal proceedings would be instituted. The College stated (December 1976) that Rs. 0.03 lakh in instalments of Rs. 0.01 lakh had been recovered.

(ii) *Mobile hospital*—A fifty bedded mobile hospital is attached to the College since 1972-73 for facilitating visits to rural areas from time to time for rendering

medical aid, specialist care and attention to ailing persons on the spot. During November 1973 to November 1975, four camps were organised in Kangra, Kinnaur, Lahaul and Spiti and Mandi districts.

Shortages of stores of the mobile hospital valuing Rs. 0.10 lakh came to notice (May 1975) and an enquiry against the concerned official was instituted (June 1976). The results of the enquiry were awaited (January 1977). In addition, short account of stores worth Rs. 0.04 lakh was noticed during audit (June 1976).

(iii) *Recoverable dues*—The lease of the College canteen for the period December 1974 to November 1975 was auctioned (22nd November 1974) for Rs. 0.15 lakh. The successful bidder was required to deposit 25 per cent of the bid money on the spot and the balance by 30th November 1974. In addition, he was also liable to pay rent, water and electricity charges. The successful bidder deposited Rs. 0.04 lakh on the spot, and occupied the premises, but as the balance of Rs. 0.11 lakh was not deposited, the premises were got vacated in December 1975. A case against the bidder was pending in the court (January 1977).

Rupees 0.13 lakh (balance of bid money: Rs. 0.11 lakh and rent and electricity charges: Rs. 0.02 lakh) were still to be recovered (January 1977).

(iv) *Research Laboratory*—The Faculty of Medicine of the College transferred (December 1975) 15 items of equipment valuing Rs. 2.20 lakhs to the Research Laboratory of the College. Of this, equipment valuing Rs. 0.20 lakh was being utilised (August 1976) for conducting routine laboratory investigations. The College stated that the remaining equipment valuing Rs. 2 lakhs was lying unused for want of technical/research staff in the laboratory.

(v) *Outstanding contingent advances*—Advances aggregating Rs. 5.99 lakhs paid during November 1973 to June 1976 for meeting day-to-day expenses were awaiting adjustment (June 1976), as detailed below:—

Year/Payees	Amount	Purposes for which granted
(Rupees in lakhs)		
1973-74		
Employees of the College	0.25	Petrol and diesel for mobile hospital camps.
1974-75		
(i) Private parties/firms	0.30	Stores articles, import of instruments, etc.
(ii) Employees of the College	3.18	Purchase of steel furniture, medical equipment, stores articles and materials for mobile hospital camps, etc.

1975-76		
Employees of the College	2.25	Expenditure on mobile hospital camps, purchase of equipment, stores articles, etc.
April to June 1976		
Private parties/firms	0.01	Purchase of books and miscellaneous expenditure, etc.
Total ..	5.99	

The College stated (January 1977) that Rs. 1.26 lakhs were being adjusted in 1976-77.

The matter was referred to the Government in September 1976; reply was awaited (March 1977).

3.17 Irregular purchases

The financial rules and orders (October 1972) of Government require that all purchases of medicines should be routed through the Medical Stores Depot, Karnal and of general stores through the Controller of Stores. The Heads of offices could, however, make local purchases of (i) medicines, after obtaining non-availability certificate from the Medical Stores Depot, Karnal, and (ii) general stores, upto Rs. 50 per item, where a rate contract had not been entered into by the Controller of Stores.

It was noticed during test check (March 1976) of the accounts of the Chief Medical Officer, Simla that the District Family Planning Bureau, Simla purchased (November 1973 to June 1974) medicines, equipment and instruments costing Rs. 2.03 lakhs (medicines: Rs. 0.14 lakh; equipment/instruments: Rs. 1.89 lakhs),

- (i) without referring the demand for medicines to the Medical Stores Depot, Karnal and for equipment/instruments to the Controller of Stores;
- (ii) without calling for quotations/tenders as required under the rules; and
- (iii) without sanction of the competent authority.

The matter was referred to the Government in August 1976; reply was awaited (March 1977).

HOUSING DEPARTMENT

3.18 Drawal of funds for Village Housing Scheme

The rules require that no money should be drawn from the treasury unless it is required for immediate disbursement and any amount remaining undisbursed should be refunded into the treasury within three months.

The Government sanctioned (27th March 1973) an amount of Rs. 0.35 lakh (Rs. 0.30 lakh as loan and Rs. 0.05 lakh as subsidy) to be paid to economically weaker persons for constructing houses under the village housing scheme in Kandaghat Block (Solan District). The amount was to be utilised in the same year after completion of codal formalities. The Deputy Commissioner, Solan placed (29th March 1973) the amount at the disposal of the Block Development Officer, Kandaghat, who drew it in the same month.

The land selected for the scheme had on it trees the felling of which required permission of the Forest Department; further, mutations of the land for house sites had to be attested by the Revenue Department. The amount of Rs. 0.35 lakh drawn could not, therefore, be utilised immediately and the Block Development Officer deposited it in a personal ledger account with the Government treasury. On 17th November 1973, the amount was withdrawn from the treasury and deposited in a Post Office Savings Bank account under the orders of the Sub-Divisional Magistrate, Kandaghat. On 31st March 1975, the Government instructed the Deputy Commissioner that the amount should be utilised by that date itself. The Block Development Officer disbursed Rs. 0.04 lakh in June 1975 to six persons.

The Government stated (May 1976) that a serious view had been taken of the grave financial irregularity.

Rupees 0.14 lakh out of the unutilised balance together with interest of Rs. 0.02 lakh which accrued on the Post Office Savings Bank account were deposited into the Government treasury in June 1976. Information about utilisation/ refund of the balance (Rs. 0.17 lakh) was awaited (March 1977).

3.19 Special Employment Programme

A special employment programme was introduced in the State in October 1972 to provide job opportunities to skilled and unskilled labour in selected villages. Under the programme, Rs. 8 lakhs were paid to 200 panchayats at the rate of Rs. 2,000 per panchayat in 1972-73 (Rs. 4 lakhs) and 1973-74 (Rs. 4 lakhs) for paving village streets. The panchayats utilised Rs. 6.99 lakhs (Rs. 3.72 lakhs during 1972-73 and Rs. 3.27 lakhs during 1973-74).

A test check (March 1976) of the accounts of the Director of Panchayats

showed that the physical targets fixed and achieved were as follows:—

Year	Targets fixed		
	Employment opportunities to be provided to		Area to be paved
	Skilled labour (Numbers)	Unskilled labour (Numbers)	(Lakh square metres)
1972-73	31,375	37,731	0.86
1973-74	31,375	37,731	0.86

	Achievement		
	Employment opportunities provided to		Area paved (Lakh square metres)
	Skilled labour (Numbers)	Unskilled labour (Numbers)	
1972-73	3,404	14,265	0.75
1973-74	3,009	9,463	0.35

Out of Rs. 1.01 lakhs remaining unspent at the end of 1973-74, Rs. 0.12 lakh were refunded (December 1975: Rs. 0.02 lakh and January 1976: Rs. 0.10 lakh) by six panchayats and the balance of Rs. 0.89 lakh was still with the panchayats (March 1976).

The Government stated (July 1976) that further details of expenditure/refund would be sent to Audit in due course. These were awaited (March 1977).

RURAL INTEGRATED DEVELOPMENT DEPARTMENT

3.20 Damaged, incomplete and abandoned works

(i) *Sarkaghat-Pingla road*—The Government approved (January 1961) the construction of the Sarkaghat-Pingla road (length: 19 kilometres) in Gopalpur Block (Mandi District) at an estimated cost of Rs. 0.55 lakh (Government share : Rs. 0.41 lakh and public contribution: Rs. 0.14 lakh). The work was entrusted to three different panchayats each of which was made responsible for that portion of the road which fell in its area. An amount of Rs. 0.37 lakh was paid to the panchayats during 1960-61. Out of the total length of

19 kilometres, a length of 14.7 kilometres was constructed in discontinuous stretches due to hard rock in the intervening portions and further work was suspended in 1961-62. In December 1964, the Public Works Department was requested to take over the incomplete road but the proposal was not agreed to (January 1965) as it was found that 8 kilometres of the road would have to be abandoned due to defective alignment and steep gradient. In February 1972, the Government sanctioned Rs. 0.45 lakh for widening of the road against which an amount of Rs. 0.38 lakh was spent upto February 1974. Due, however, to non-availability of funds to complete the work, the work was given up. After incurring expenditure of Rs. 0.75 lakh (Rs. 0.37 lakh in 1960-61 and Rs. 0.38 lakh in 1972-73 and 1973-74), the road remained incomplete.

The Government stated (October 1976) that the local people were deriving benefit from eight kilometres of abandoned stretches by using them as mule track and common path. The question of handing over the road to the Public Works Department was also stated to be under examination. Further developments were awaited (March 1977).

(ii) *Kotla Bari road*—The Assistant Development Commissioner sanctioned (March 1973) Rs. 0.44 lakh for the construction of a 1.22 metres wide and 16 kilometres long road from Kotla to Bari in Pragpur Block (Kangra District). Public contribution in cash to the extent of 12.5 per cent of the cost (Rs. 0.50 lakh) was also to be collected from beneficiaries/panchayats. The Block Development Officer drew (March 1973) Rs. 0.44 lakh from the treasury and started the work by employing departmental labour. After completing 3.34 kilometres in two different stretches and spending Rs. 0.08 lakh, the work was abandoned (July 1973) as public contribution was not forthcoming. The Block Development Officer stated (April 1976) that the balance of Rs. 0.36 lakh was refunded into the treasury in March 1974. The Government added (September 1976) that the road constructed (3.34 kilometres) in two different stretches was being used by local people as a mule track.

3.21 Irregular drawal of money

The rules provide that no money should be drawn from the treasury unless it is required for immediate disbursement and all undisbursed amounts should be refunded into the treasury within three months. They also provide that for every work to be undertaken a properly detailed design and estimate should be prepared and administrative approval and technical sanction of the competent authority obtained.

During test check (January—March 1976) the following points were noticed:—

(i) *Panchrukhi Block (Kangra District)*—Out of Rs. 0.89 lakh drawn from the treasury in March 1975 for being utilised on various schemes/works during 1974-75, Rs. 0.38 lakh were lying in the cash chest undisbursed (February 1976).

The Block Development Officer drew (during 1973-74) Rs. 0.18 lakh from the treasury for construction of a Gram Sewak Hut at Bundla without obtaining administrative approval/technical sanction of the competent authority. The amount was transferred to the personal ledger account of a gram samiti and was lying unutilised (March 1976).

The Government stated (February 1977) that as it was not possible to utilise Rs. 0.38 lakh during 1974-75, the period of utilisation had since been extended till March 1977. The Gram Sewak Hut for which ex-post-facto sanction was since accorded (February 1976), was stated to have been completed but the Block Development Officer had been warned for operating a personal ledger account.

(ii) *Rohru Block (Simla District)*—The Block Development Officer, Rohru, drew Rs. 15,290 from the treasury in March 1973 (Rs. 828) and March 1974 (Rs. 14,462). This comprised Rs. 13,335 for meeting expenditure on development works and Rs. 1,955 for anticipated refund of security deposits of contractors.

The Government stated (June 1976) that Rs. 155 were paid (January 1976) to a gram panchayat for expenditure on a road, that Rs. 13,180 were refunded into the treasury in January 1976 and that the balance of Rs. 1,955 would be refunded to the contractors in due course. Further developments were awaited (March 1977).

(iii) *Dehra Block (Kangra District)*—The Block Development Officer, Dehra drew Rs. 0.19 lakh from the treasury in March 1975 on an advance contingent bill and placed an order with a firm for supply of galvanised iron pipes (to be supplied free of cost to the people for development works in the block). Payee's receipts in support of the payments to the supplier were not produced during audit (February 1976). The Block Development Officer stated (August 1976) that as the supplies were not according to specifications, were received piecemeal and were yet to be completed, it had not been possible to utilise the funds in time and furnish payee's receipts to Audit.

The Government stated (February 1977) that the period of utilisation had since been extended till March 1977.

(iv) *Pragpur Block (Kangra District)*—The Government sanctioned, in March 1975, Rs. 0.33 lakh for the construction of two drinking water wells in villages Aloh (Rs. 0.16 lakh) and Tikka Sard Bami (Rs. 0.17 lakh) in the Pragpur Block. The Block Development Officer drew the amount from the treasury in the same month. The said officer stated (September 1976) that the amount drawn would be utilised as soon as the tenders for the works were accepted by the Government.

The matter was referred to the Government in October 1976; reply was awaited (March 1977).

(v) *Dhundla Block (Una District)*—The Government sanctioned, in March 1975, Rs. 0.20 lakh for drinking water supply schemes at Behi-Lalsa (Rs. 0.12 lakh) and Dohak (Rs. 0.08 lakh) in Dhundla Block. The Block Development Officer drew the amount from the treasury in the same month. In September 1976, he stated that :—

(a) the water supply scheme at Behi-Lalsa was dropped due to inadequate availability of water and the amount drawn (Rs. 0.12 lakh) would be refunded into the treasury if an alternative scheme under investigation was not found feasible; and

(b) the work on the water supply scheme at Dohak was in progress and Rs. 0.04 lakh had been paid to the contractor.

The matter was referred to the Government in October 1976; reply was awaited (March 1977).

3.22 Rural development works

A test check (December 1975) of the accounts of the Block Development Office, Paonta (Sirmur District) disclosed that the following works to be executed by panchayats with Government assistance (Rs. 0.15 lakh) had been halted/abandoned as detailed below:—

Description of the work	Date of sanction/start of work	Government share paid to the panchayat	Expenditure incurred by the panchayat and date on which last payment made	Remarks
(Rupees in thousands)				
1. Drinking Water Supply Scheme, Payee	August 1964/ September 1964	4.1	3.6 (February 1970)	The village was at a higher altitude than the source of water.
2. Pipe-line Scheme, Kanti	January 1964/ September 1964	4.1	4.3 (February 1970)	Dispute about ownership of the source of water was decided against the Government.
3. Construction of Well, Village Mehrowala	September 1974	7.3	6.4 (June 1969)	The scheme was not technically feasible.

The Government stated (June 1976) as under :—

(i) pipes for 'Drinking Water Supply Scheme, Payee' and unspent balance of Rs. 487 were lying with the panchayat pending execution of the scheme; the design and estimates were proposed to be revised after spot inspection;

(ii) the villagers of 'Mashwa' village, whose rights over the source of water for 'Pipe-line Scheme, Kanti' were confirmed by the Court, were reported to have agreed (May 1976) to allow the use of the water source subject to some modifications in the scheme; and

(iii) the panchayat at Mehrowala had spent Rs. 6,400 for the construction of a well but water was not struck; recommendation for writing off the expenditure was awaited by the department.

In addition, Rs. 0.11 lakh were drawn in March 1974 (Rs. 0.06 lakh) and March 1975 (Rs. 0.05 lakh) and paid to gram panchayats for three development works. The works had not been started/ completed though these were required to be completed within three to six months.

The Government stated (July 1976) that :—

(a) one work sanctioned during 1974-75 had to be abandoned as the land offered by the gram panchayat was not suitable;

(b) the second work scheduled to be completed by June 1974 was expected to be completed by March 1977; and

(c) the third work (a water supply scheme) would be started after the concerned gram panchayat and the farmers of the village to be benefited had reached agreement on the use of the source.

Further developments were awaited (March 1977).

WELFARE DEPARTMENT

3.23 Scheme of pre-matric scholarships/stipends to students of Scheduled Castes, Scheduled Tribes, other Backward Classes and Vimukt Jatis

Under the scheme, students studying in primary, middle and high/higher secondary classes and belonging to Scheduled Castes/Tribes, other Backward Classes and Vimukt Jatis recognised by the State Government are eligible for the award of scholarships/stipends at monthly rates of Rs. 2 (Rs. 3 from 1974-75) per primary class student, Rs. 4 (Rs. 6 from 1974-75) per middle class student, and Rs. 10 per high/higher secondary class student during an academic year.

During 1969-70 to 1974-75, Rs. 22.94 lakhs were drawn by the Director of Welfare/District Welfare Officers in Simla/Mahasu (Rs. 10.51 lakhs), Kinnaur (Rs. 4.73 lakhs), Bilaspur (Rs. 3.94 lakhs) and Kulu (Rs. 3.76 lakhs) districts for disbursement of such scholarships/stipends.

A test check by Audit (June 1976) of the accounts and other records relating to scholarships/stipends in the offices of the Welfare Department in the four districts mentioned above brought out the following points:—

(i) *Late drawal from treasuries, remittance of funds and disbursement of scholarships/stipends*—Out of Rs. 23.28 lakhs sanctioned during 1969-70 to 1974-75, Rs. 16.15 lakhs were drawn during the last quarter of those years (January: Rs. 1.52 lakhs, February: Rs. 9.36 lakhs and March: Rs. 5.27 lakhs). Moreover, funds were drawn in March even in cases where the sanctions were issued much before the last quarter of the year. A few cases are mentioned below:—

Year	Month and year of issue of sanction	Amount sanctioned	Month and year of drawal from the treasury
(Rupees in lakhs)			
1971-72	December 1971	3.07	March 1972
1972-73	July 1972	2.23	March 1973

Out of Rs. 0.92 lakh sanctioned (August 1969: Rs. 0.33 lakh and March 1970: Rs. 0.59 lakh) for Simla District in 1969-70, Rs. 0.69 lakh were received by the District Welfare Officer from the Director of Welfare in June 1971 (Rs. 0.66 lakh) and July 1971 (Rs. 0.03 lakh) with consequential delay of 16 to 24 months in the disbursement of the amounts to the beneficiary schools. Similarly, out of Rs. 0.19 lakh sanctioned for Bilaspur District in 1969-70, Rs. 0.13 lakh were received by the District Welfare Officer from the Director of Welfare in August 1970, and the amounts remitted by that officer to the District Education Officer in 1970-71 continued to be paid by the schools till 1971-72 (1970-71: Rs. 0.11 lakh; 1971-72: Rs. 0.04 lakh).

The District Welfare Officer, Kulu remitted to the District Education Officer, Kulu in November 1970 and April 1971 a sum of Rs 0.10 lakh, meant for disbursement to students during 1970-71, by two bank drafts payable at the State Bank of India, Mandi, instead of at Kulu where a branch of the bank existed. The drafts were ultimately encashed in January 1972 resulting in consequential delay in disbursement to the students.

The amounts remaining undisbursed with District Welfare Officers at the close of each financial year were as under:—

Year	Undisbursed amount (Rupees in lakhs)
1969-70	1.38
1970-71	1.99
1971-72	4.27
1972-73	5.33
1973-74	4.80
1974-75	4.74

(ii) *Disbursements of scholarships/stipends*—Against the total disbursements of Rs. 22.33 lakhs during 1969-70 to 1974-75 (total drawal of Rs. 22.94 lakhs less undisbursed balance of Rs. 0.05 lakh and Rs. 0.56 lakh refunded into treasuries), payees' receipts for Rs. 7.65 lakhs (detailed below) were not produced during audit (July 1976). It could not, therefore, be verified whether scholarships/stipends to that extent had actually been paid.

Year	Amount of wanting payees' receipts (Rupees in lakhs)
1969-70	0.67
1970-71	0.43
1971-72	1.56
1972-73	1.22
1973-74	1.82
1974-75	1.95
Total	<hr style="width: 100%; border: 0.5px solid black;"/> 7.65 <hr style="width: 100%; border: 0.5px solid black;"/>

(a) Neither payees' receipts nor forwarding letters with which cheques/drafts for Rs. 0.63 lakh were sent to the beneficiary schools in Simla including Mahasu (Rs. 0.57 lakh) and Kulu (Rs. 0.06 lakh) districts during 1969-70 to 1974-75 were available;

(b) In all the four districts of Simla/Mahasu, Kinnaur, Kulu and Bilaspur, no acknowledgements from the heads of institutions/Block Education Officers to whom the amounts were remitted by post by cheques/drafts were on record; and

(c) Rupees 0.41 lakh were remitted to the Block Education Officer, Kalpa by cheques (May 1974: Rs. 0.18 lakh and June 1974: Rs. 0.23 lakh) for disbursement to the beneficiary schools in Kinnaur District. The Block Education Officer, Kalpa stated (May 1976) that payees' receipts for Rs. 0.41 lakh were burnt in a fire in the Block Office.

(iii) *Unaccounted for transactions*—The following unaccounted for cash transactions were noticed during test check (July 1976) of the accounts of scholarships/stipends in Simla District:—

- (a) Rupees 0.14 lakh drawn on 6th July 1972 for disbursement to eleven schools were not accounted for in the cash book. The same amount (Rs. 0.14 lakh) was again drawn and paid to the schools on 14th July 1972.
- (b) Against Rs. 43,345 drawn on 11th July 1972 for preparation of drafts to be sent to the beneficiary schools, drafts for Rs. 42,985 were sent (July 1972) and the balance of Rs. 360 was not accounted for in the cash book. Similarly, unutilised balances of Rs. 204 for 1973-74 and

1974-75 in respect of four schools were not accounted for in the cash book. Again, on 29th May 1975, one draft for Rs. 1,584 was sent to a school but the payment was exhibited twice against the same draft.

- (c) Rupees 2,280 (Rs. 984+1,296) were drawn, in March 1974, for payment to a school for disbursement to students. Whereas Rs. 1,296 out of Rs. 2,280 were accounted for in the cash book as unspent balance, the payees' receipts in support of the payment of Rs. 984 were for Rs. 2,064 (Rs. 984+1,080).

(iv) *Inadmissible payments*—Under the rules, failure in the annual test for promotion disqualifies a student from receiving scholarship/stipend in the same class for another year. According to the departmental records, scholarships amounting to Rs. 0.05 lakh (Simla: Rs. 0.02 lakh; Kinnaur: Rs. 0.01 lakh; Bilaspur: Rs. 0.01 lakh and Kulu: Rs. 0.01 lakh) were paid to failed students during 1974-75.

In Kinnaur District, payees' receipts for Rs. 0.10 lakh were not authenticated by the school authorities.

The matter was referred to the Government in September 1976; reply was awaited (March 1977).

3.24 Special Nutrition Programme

Introductory

The Special Nutrition Programme was implemented in the State from 1970-71 onwards in seven tribal development blocks, namely, Kalpa, Nichar and Pooh blocks of Kinnaur District, Kaza and Keylong blocks of Lahaul and Spiti District and Bharmaur and Pangī blocks of Chamba District. During the Fifth Plan (1974-79) the programme was extended to urban slums and scarcity/backward areas in the State.

The aim of the programme is to provide high protein and nutritive diet to under-nourished children below six years of age and to expectant and nursing mothers from low income families.

A test check (July 1976) of the accounts of three tribal development blocks of Kinnaur District as also in Kangra, Mandi and Simla districts (expenditure: Rs. 28.27 lakhs during 1971-72 to 1975-76) brought out the following:—

- (a) During 1972-73 and 1975-76, expenditure of Rs. 0.72 lakh (Simla: Rs. 0.67 lakh and Kangra: Rs. 0.05 lakh) was incurred on the distribution of food-stuff among children above six years of age, who were not covered by the programme.

The Government stated (November 1976) that the District Welfare Officers had been instructed to enquire into the matter. Further developments were awaited (March 1977).

(b) *Non-accountal/short accountal of foodstuff*—The District Welfare Officers/Block Development Officers purchased foodstuff and supplied it, either directly or through village level workers, to feeding centres in urban slums, scarcity/backward areas and tribal development blocks. It was noticed (July 1976) that foodstuff worth Rs. 0.68 lakh, as detailed below, was not/short accounted for:—

District/block	Value of foodstuff short/not accounted for in the central stock registers of the blocks	Value of foodstuff not/short accounted for by village level workers/feeding centres in their stock registers
	(Rupees in lakhs)	
Nichar	—	0.26
Pooh	—	0.21
Kalpa	0.03	0.07
Simla	—	0.09
Mandi	—	0.02
	Total	0.65

The Government stated (November 1976) that the matter would be enquired into. Further progress of the enquiry was awaited (March 1977).

(c) *Non-accountal of empty gunny bags/tins*—No account of empty gunny bags/tins was maintained since the inception of the programme. Based on the consumption of foodstuff, etc., till March 1976, the stock of empty bags and tins should have been as under:—

Block	Number of bags	Number of tins other than milk tins	Number of milk tins
Pooh	3,144	790	—
Nichar	2,166	411	3,282
Kalpa	2,367	630	—
	Total	1,831	3,282

The Government stated (November 1976) that steps were being taken to auction the gunny bags/tins. Final action was awaited (March 1977).

(d) *Miscellaneous*—(i) Under the rules, physical verification of stores in the blocks was to be undertaken annually. This was not done since the inception of the programme (1970-71).

The Government stated (November 1976) that instructions had since been issued for conducting physical verification regularly.

(ii) During 1974-75 and 1975-76, stores valuing Rs. 0.13 lakh (Nurpur: Rs. 0.08 lakh and Palampur: Rs. 0.05 lakh) were purchased from the open market for the feeding centres without inviting quotations.

The Government stated (November 1976) that the matter was being enquired into. Further report was awaited (March 1977).

3.25 Chispan bridge over Baspa river

The Chispan bridge over the Baspa river at Batseri (Kinnaur District) was constructed under the tribal development programme through the Gram Panchayat, Sangla, at a cost of Rs. 0.22 lakh in 1973 (date of construction not known). The Sub-Divisional Officer (Civil), Kalpa (Kinnaur District) reported (September 1974) to the Director of Welfare that the bridge had been washed away on the night of 12th June 1973 due to heavy floods in the river Baspa and recommended that the expenditure incurred be written off. Subsequent investigation (January 1976) by the Assistant Engineer, Karcham Sub-Division, Public Works Department indicated that it was a case of faulty construction and that the damage was caused because (i) the span of the bridge was not sufficient and (ii) the foundations were shallow and not based on available hydraulic data. The Director of Welfare wanted the matter to be investigated by the Executive Engineer whose findings were awaited (July 1976).

The matter was referred to the Government in August 1976; reply was awaited (March 1977).

GENERAL

3.26 Misappropriations, defalcations, etc.

The position of cases of alleged misappropriation, defalcation, etc., of Government money, reported to Audit upto the end of March 1976, final action on which was pending till the end of September 1976, was as follows:—

	Number of cases	Amount involved (Rupees in lakhs)
Cases reported upto 31st March 1975 and outstanding on 30th September 1975 ..	157	45.18
Cases reported during 1975-76 ..	11	1.05
	168	46.23
Cases disposed of till September 1976 ..	39	6.40
Cases outstanding on 30th September 1976 ..	129	39.83

Of these, 95 cases for Rs. 36.21 lakhs pertained to the Public Works Department.

It would be seen from Appendix III showing department-wise and year-wise analysis of outstanding cases that 107 cases (amount: Rs. 36.56 lakhs) were pending since 1972-73 or earlier years. Appendix IV indicates the stage at which 129 cases outstanding at the end of September 1976 were pending. A few cases are mentioned below:—

(a) *Department of Panchayati Raj*—A Panchayat Inspector in the Block Development Office, Kasumpti (District Simla) allegedly misappropriated during May 1965 to July 1969 amounts totalling Rs. 0.36 lakh. In December 1971, the District Panchayat Officer, Mahasu District (now Simla District) informed the Director, Panchayati Raj that the case had been reported to the Vigilance Department. Further developments were awaited (March 1977).

(b) *Department of Agriculture*—An enquiry conducted (June 1974) by the Vigilance Committee disclosed that an Agricultural Inspector in the office of Deputy Director, Agriculture (Soil Conservation), Bilaspur had misappropriated Rs. 0.36 lakh during March and April 1972 by making fictitious entries in measurement books in respect of soil conservation works. According to the Committee, the misappropriation was facilitated by the failure of departmental officers to test check the measurements recorded.

Further, several loanees complained, in December 1972, that the said Inspector, while disbursing loans in Markand Section (Soil Conservation Division, Bilaspur), had made short payments to them though he had obtained acknowledgements for the full amounts payable. The amount of short payments was worked out by the department as Rs. 0.10 lakh. Action against the Inspector was initiated in August 1974; further developments were awaited (March 1977).

(c) *Department of Education*—(i) The Headmistress, Government Girls High School, Santokhgarh (District Una) reported (May 1976) to the Audit Office that the clerk of the school was suspected to have embezzled Rs. 0.20 lakh during February 1973 to May 1976. A test check by Audit (July 1976) for the period January 1971 to May 1976 disclosed that a sum of Rs. 0.24 lakh had been embezzled by altering the figures in bills and treasury schedules and by forging signatures of the Treasury Officer on treasury challans.

The embezzlement was facilitated by non-observance of the procedure relating to periodical reconciliation between the departmental and treasury accounts.

The case was reported by the department to the Police in May 1976. The Government stated (January 1977) that the results of police investigations were awaited:

(ii) A bill for Rs. 8,272 in respect of the pay of establishment of the Government High School, Darang (District Kangra) for May 1975 was presented at the

Sub-treasury, Palampur in the last week of May 1975. As the bill was reported to be not traceable at the sub-treasury and to have been not passed by it, a duplicate bill was preferred in the first week of June 1975. After recording a non-payment certificate, the Assistant Treasury Officer, Palampur passed the duplicate bill for payment. However, while reconciling the departmental and treasury accounts it was found that two drawals, one for Rs. 8,272 and the other for Rs. 8,372, had been made from the treasury on account of pay of the establishment of the school for May 1975. While both drawals were recorded in the sub-treasury books, one drawal of Rs. 8,272 only was accounted for in the cash book of the school. The matter was stated to be under police investigation (October 1976). Further developments were awaited (March 1977).

(iii) On the basis of a joint representation by the staff of the Government Middle School, Branj (Kangra District) that the Headmaster had not paid their salary amounting to Rs. 2,212 for August-September 1973 and January 1974, the matter was got investigated by the Block Education Officer, Rait (Kangra District) in May 1974. The enquiry disclosed that the pay and allowances of the staff, the recoveries effected from them and different funds of the school, aggregating Rs. 4,686, had been misappropriated during 1972-73 and 1973-74. Neither the payees' receipts were available nor the recoveries made from the staff had been accounted.

The case was stated to be under investigation by the Director of Vigilance (July 1976). Further developments were awaited (March 1977).

(d) *Finance Department*—A contingent paid voucher for Rs. 5,000, shown in the second list of payments of the Simla Treasury for March 1976 as having been preferred by the Horticultural Economist, Naubahar, Simla was not received in the Audit Office. On the voucher being called for from the Treasury Officer in May 1976, it was noticed that no such amount of Rs. 5,000 had been drawn by the Horticultural Economist.

The Government stated (June/August 1976) that payment had been fraudulently claimed from the State Bank of Patiala at Simla on 22nd March 1976 by someone impersonating for the Horticultural Economist. The case registered with the Police (June 1976) was under investigation (March 1977).

3.27 Writes off of losses, remission of revenue, etc.

During 1975-76, Rs. 9.82 lakhs (45 cases) representing mainly losses due to irrecoverable revenue, advances, etc., were written off/waived as detailed below:—

Department	Number of cases	Amount involved (Rupees in lakhs)
1. Forest Farming and Environmental Conservation	7	3.81
2. Local Self Government	2	3.21

3. Health and Family Planning	..	16	1.48
4. Revenue	..	2	0.56
5. Police	..	5	0.33
6. Industries	..	2	0.26
7. Housing	..	6	0.13
8. Public Works	..	2	0.03
9. Jails	..	1	0.01
10. Rural Integrated Development	..	1	*
11. Education	..	1	£
		<hr/>	<hr/>
	Total	45	9.82
		<hr/>	<hr/>

* Rupees 213 only.

£Rupees 13 only.

CHAPTER IV

WORKS EXPENDITURE

PUBLIC WORKS DEPARTMENT

4.1 Drinking water supply schemes

The Public Works Department is responsible for the execution of all drinking water supply schemes except those costing upto Rs. 0.25 lakh each (which are the responsibility of the Rural Integrated Development Department).

The Plan outlays and expenditure on water supply schemes under the Public Works Department from the First Five Year Plan to the Annual Plan 1975-76 are summarised below:—

Plan	Outlay	Budget	Expenditure	Variation from		
				provision	Outlay	Budget
	(A)	(B)				
(Rupees in lakhs)						
I (1951-56)	26.70		20.97	(—)5.73	..	
II (1956-61)	89.45	Not avail- ble	68.64	(—)20.81	..	
III (1961-66)	42.00		114.62	(+)72.62	..	
Annual 1966-67	23.00		30.53	(+)7.53	..	
Annual 1967-68	44.00	35.00	43.43	(—)0.57	(+)8.43	
Annual 1968-69	43.00	32.00	35.87	(—)7.13	(+)3.87	
IV (1969-74)	235.00	362.69	421.59	(+)186.59	(+)58.90	
Annual 1974-75	130.00	41.07	138.12	(+)8.12	(+)97.05	
Annual 1975-76	145.00	115.06	164.16	(+)19.16	(+)49.10	

Sources of information

- (A) Five Year/Annual Plans. Includes outlay on Centrally sponsored schemes.
- (B) Appropriation and Finance Accounts of the Government of Himachal Pradesh.

The yearly flow of funds against the plan outlays during the Fourth Plan period and onwards was as follows:—

Year	Budget provision	Expenditure	Excess (+) Saving (—)
(Rupees in lakhs)			
1969-70	27.97	31.64	(+)3.67
1970-71	44.88	37.41	(—)7.47
1971-72	46.74	46.80	(+)0.06
1972-73	127.71	171.75	(+)44.04
1973-74	115.39	133.99	(+)18.60
Total ..	362.69	421.59	(+)58.90
1974-75	41.07	138.12	(+)97.05
1975-76	115.06	164.16	(+)49.10

Source of information

Appropriation and Finance Accounts of
the Government of Himachal Pradesh.

Physical progress

On 1st April 1969 there was a spill over from previous Plans of 60 sanctioned water supply schemes (estimated cost : Rs. 238.72 lakhs). Of these, 53 schemes (estimated cost: Rs. 216.94 lakhs) were under execution on that date and expenditure of Rs. 123.97 lakhs had been incurred on them. The remaining 7 schemes (estimated cost: Rs. 21.78 lakhs) had not been taken up for execution till March 1969.

During the Fourth Plan period (April 1969-March 1974), 988 schemes (estimated cost: Rs. 1,344.36 lakhs) were sanctioned. By 31st March 1974, work on 778 (estimated cost: Rs. 1,127.79 lakhs) out of the above 988 schemes and on 2 (estimated cost: Rs 9.84 lakhs) out of 7 sanctioned upto March 1969 was started. Another 148 schemes (estimated cost: Rs 261.54 lakhs) were sanctioned during 1974-75 and work on 93 of them (estimated cost: Rs. 228.27 lakhs) was started by March 1975. At the end of March 1975, 843 schemes (all rural) were completed; 83 were under execution and work on 270 had not commenced.

II. The sixteen water supply schemes discussed below were sanctioned (except one not sanctioned) during August 1961 to September 1974. These were generally scheduled to be completed between 4 months to 4 years of the start of work on them. There was delay of 6 months to 2 years in starting the works after they were sanctioned. Against their estimated cost of Rs. 47.36 lakhs, the aggregate expenditure incurred upto March 1975 was Rs. 22.63 lakhs, out of which

Rs. 13.91 lakhs were spent on material not used, the remaining expenditure of Rs. 8.72 lakhs being on incomplete works, pipe line laid but not put to use, etc. The department attributed this, generally, to inadequate availability of water at the source, disputes about sources of water (though the sanctions had emphasised that it should be ensured before commencing the works that the sources of water were free from all encumbrances/disputes), revisions in the scope and design of the schemes and lack/insufficiency of funds.

I—Inadequate availability of water at the source

Date of sanction	Stipulated period of completion	Reasons for delays	Total expenditure	Expenditure on material	Remarks
<i>(Rupees in lakhs)</i>					
<i>Water Supply Scheme, Tikkar Kanor (Kangra District)</i>					
<i>(estimated cost: Rs. 2.15 lakhs)</i>					
March 1969	2 years	Water at the source was inadequate to meet the requirement of the scheme	0.81 (upto March 1976)	0.81 (during 1970-71 to 1975-76)	The Government stated (December 1976) that efforts were being made to tap another source. Material valuing Rs. 0.69 lakh was stated to have been written back/transferred to other works.

Water Supply Schemes, Manjholi, Charol, Beola and Bareon (Simla District)
(estimated cost: Rs. 0.38 lakh and Rs. 1.04 lakhs)

August 1972 March 1973	4 months	Water at the source was inadequate to meet the requirement of the scheme.	0.62 (upto June 1974)	0.54 (during February 1973 to June 1974)	The Government stated (August 1976) that the availability of water was reduced
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as a result of the drought in 1974. The water requirement was proposed to be met from a combined lift irrigation scheme to be taken up in 1976-77 (budget provision: Rs. 0.55 lakh).

II—Disputes

Water Supply Scheme, Nahwana Talehar (Mandi District) (estimated cost: Rs. 0.41 lakh)

August 1961	6 months	According to the Government (September 1976), people were reluctant to allow the use of the water source for the scheme.	0.29 (upto March 1975)	0.29 (during 1972-73 to 1974-75)	The charge for material was written back (December 1973-March 1976).
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Water Supply Scheme, Gohach-Kalbog (Simla District) (estimated cost: Rs. 1.43 lakhs)

June 1970	16 months	The work started in December 1970 was suspended (November 1974) on the representation of the residents	1.42 (upto October 1974)	The expenditure includes cost of material and laying of pipe line in a length of 1,500 metres (separate figures	The Government stated (January 1977) that water had been supplied so far to 8 out of 11 villages and
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of another village, Nohra, for extension of the scheme to their village.

not known) pipe line had been laid in the remaining 3 villages.

Water Supply Scheme, Jharet Rajoon (Palampur Tehsil, Kangra District)
(estimated cost: Rs. 11.16 lakhs)

September 1970	—	A dispute about the source of water was reportedly raised by the people after initial willingness.	5.09 (upto 1975-76 including Rs.0.11 lakh after 1972-73)	5.09	The Government stated (December 1976) that alternative source had not been located.
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Water Supply Scheme, Jaisinghpur (Palampur Tehsil, Kangra District)
(estimated cost: Rs. 3.39 lakhs revised to Rs. 7.53 lakhs)

Original: January 1971; revised: February 1976	—	Initial proposal was given up due to the water available being insufficient. Alternative sources were also dropped (April 1972 and October 1972) due to objection by the people.	2.36 (upto May 1976)	1.98	The Government stated (June 1976) that another source had been developed at a cost of Rs. 1.46 lakhs including cost of pipes (Rs. 1.08 lakhs) and the work would be executed departmentally.
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Water Supply Scheme, Faishree Devi village (Bilaspur District)
(estimated cost: 0.36 lakh)

January 1971	—	The people of the adjoining village (Bachretoo) objected to the use of the source of water.	0.35 (during 1972-73)	0.35	The villagers had dismantled the pipe line laid by the department. The Government stated (January 1977) that the case was pending in the court.
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Water Supply Scheme, Dudar and Bharoun villages (Mandi District)
(estimated cost: Rs. 1.53 lakhs revised to Rs. 4.29 lakhs)

Original: March 1973; revised: February 1976	3 Years	The villagers raised a dispute about the ownership of the source and did not permit tapping of water	1.15	1.15	The Government stated (December 1976) that the Revenue Authorities were asked to resolve the dispute but had not succeeded. No alternative source was available in the area.
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Water Supply Scheme, Simus, Nehla and Jol Shohar (Mandi District)
(estimated cost: Rs. 4.20 lakhs)

September 1974	2 years	The people of the adjoining villages, who were also	0.30	0.30	The Government stated (December 1976) that in the event
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interested in the source of water, filed (February 1975) a suit in the court that water being inadequate execution of the scheme would affect them adversely.

of non-settlement of the legal dispute at an early date, the pipes purchased for the scheme would be put to alternative use.

III—Non-finalisation of design

Water Supply Scheme, Shallaghat, Kitli and Ghumru group of villages (Arki Tehsil, Solan District)

(estimated cost: Rs. 1.85 lakhs)

July 1972	—	The Executive Engineer, Solan Division stated (December 1975) that the scope of the scheme was changed in September 1974, but that further work could not be taken up as its design had not been approved by the competent authority.	0.96	0.96	The Government stated (August 1976) that material was purchased in advance on the basis of availability of funds, that construction of quarters for the watch and ward staff was in progress and that the revised design was being finalised.
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Lift Water Supply Scheme, Diarighat and Bainji group of villages (Solon District)

(estimated cost: Rs. 1.14 lakhs)

September 1974	—	The scope of the scheme was being enlarged to cover 1,061 persons in 32 villages instead of 275 persons in 10 villages. The Executive Engineer, Solan Division stated (December 1975) that further work could not be undertaken as the design had not been approved by the Chief Engineer.	0.92 (including Rs.0.33 lakh on the original scheme)	0.92	The Government stated (June 1976) that the scheme (estimated cost: Rs. 15.95 lakhs) would be taken up after finalisation of revised design and availability of funds.
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IV—Schemes incomplete for other reasons

Water Supply Scheme, Thira, Pandian and Duber group of villages (Bhatyat Tehsil, Chamba District)

(estimated cost: Rs. 7.18 lakhs)

December 1969	1 year	The work, started in 1970-71, was incomplete because of non-completion of sedimentation	5.73 (upto October 1975)	—	The matter was referred to the Government in April 1976; reply was awaited (March 1977).
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tank (estimated cost: Rs. 0.60 lakh), other civil works (estimated cost: Rs. 0.20 lakh) and chlorination plant (estimated cost: Rs. 0.02 lakh) and non-acquisition of 7,200 metres of special type of galvanised mild steel pipes (estimated cost: Rs. 1.30 lakhs).

Water Supply Scheme, Shermanon Dhang (Solan District)

(estimated cost: Rs. 0.70 lakh)

February 6 months
1972

The work stipulated to be completed in 6 months after commencement was started departmentally in March 1971 in anticipation of sanction and Rs. 0.65 lakh were spent upto March 1974

0.65— —

The Government stated (August 1976) that the remaining work would be completed subject to availability of funds. Unfiltered water was, however, stated to have been supplied to

on laying of pipe line. Work on intake, filtration and storage tanks (cost: Rs. 0.16 lakh included in the estimated cost of Rs. 0.70 lakh) had not been started (August 1976).

the villagers through the pipe line laid.

Water Supply Scheme, Kuria-Karang (Solan District)
(estimated cost: Rs. 0.44 lakh revised to Rs. 0.66 lakh)

Original : 6 months March 1973; revised : July 1973	The scope of the scheme was enlarged to cover larger population. Storage tank was completed and pipe line was laid; balance work in respect of two out of three villages was in progress.	0.85	—	The Government stated (September 1976) that water was being supplied to one village; non-completion was due mainly to non-availability of skilled labour and funds.
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Augmentation of Water Supply Scheme, new Bilaspur township
(estimated cost: Rs. 1.77 lakhs)

February 1974	9 months The work has not been executed; material was purchased as	0.60 (upto March 1976)	0.60	The Government stated (January 1977) that expenditure was
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and when funds became available.

being incurred subject to availability of funds.

Improvement of Water Supply Scheme for the warehouse at Parwanoo and Marketing Centre at Taksal (Solan District)

(estimated cost: Rs. 1.11 lakhs)

Not sanctioned
(October 1976)

— The original scheme commissioned in 1972-73 was to be improved by constructing intake works at source and catch-pit and installation of pressure filters. Intake works were completed by March 1975 (expenditure: Rs. 0.26 lakh) but pressure filters acquired (Rs.0.27 lakh) in February 1974 had not been installed.

0.53 —

The matter was referred to the Government in August 1976; reply was awaited (March 1977).

4.2 Maintenance charges of water supply schemes

Under the rules, contribution in respect of a deposit work is required to be received before incurring any liability in connection with it.

The water supply schemes for Kangra and Palampur towns are under the control of the respective municipal committees. At their request and on their behalf, these schemes are being maintained by the Public Health Division,

Dharamsala as deposit works for which maintenance charges are required to be recovered from the committees in advance. A total amount of Rs. 0.22 lakh was, however, outstanding (March 1976) against the municipal committees, as detailed below:—

Year	Kangra Municipal Committee		Palampur Municipal Committee		Total	
	Amount recoverable	Amount recovered	Amount recoverable	Amount recovered	Amount recoverable	Amount recovered
(Rupees in lakhs)						
1974-75	0.21	0.04	0.03	0.06	0.24	0.10
1975-76	0.25	0.23	0.06	—	0.31	0.23
Total ..	0.46	0.27	0.09	0.06	0.55	0.33

The Government stated (June 1976) that the Kangra Municipal Committee was paying the arrears of Rs. 0.19 lakh in monthly instalments of Rs. 0.02 lakh but the department was pressing the Committee for full payment. It was also stated that the Palampur Municipal Committee had been asked to deposit its arrears of Rs. 0.03 lakh. Further developments were awaited (March 1977).

4.3 Lift Irrigation Scheme, Kunihar (Solon District)

A scheme to provide drinking water to Kunihar and surrounding villages with a daily availability of 4.5 lakh gallons of water was completed in June 1962. The requirement of water for drinking was, however, only 1.75 lakh gallons per day and pumps of that capacity were installed. To utilise the surplus water for irrigation, a lift irrigation scheme covering construction of three steel tanks, other allied works and installation of additional two pumps at an estimated cost of Rs. one lakh for irrigating 150 acres of land was approved in December 1964. The work was to be completed within 6 months.

The Solon Division started the work in 1965-66. By June 1968, Rs. 0.63 lakh were spent on the construction of three masonry (instead of steel) storage tanks and distribution lines. The additional two pumps (estimated cost: Rs. 0.26 lakh) provided in the estimate of the lift irrigation scheme had not been installed (October 1976). Water could not, therefore, be supplied for irrigation purposes as the extant pumping system was capable of lifting water sufficient for drinking purposes only.

The Government stated (February 1977) that the work was suspended due to refusal of beneficiaries to pay water charges and that the masonry storage tanks were proposed to be utilised on an alternative scheme.

4.4 Roads under the crash scheme for rural employment

The Government of India introduced (April 1971) the crash scheme for rural employment with the twin objectives of generating employment for rural unemployed labour and creating assets of durable nature. Construction of rural roads to provide communication between villages was one of the items of the scheme. Originally the roads under the scheme were executed by the Rural Integrated Development Department. Subsequently, in August 1972, the works were transferred to the Public Works Department which executed them during 1972-73 and 1973-74 with funds made available by the Rural Integrated Development Department. The scheme ceased to operate from April 1974 as a Centrally sponsored scheme.

Mention of some of such roads was made in paragraph 15 of the Audit Report for the year 1972-73 and paragraph 4.6 of the Audit Report for the year 1974-75.

In its Fifteenth Report (February 1976) on paragraph 15 of the Audit Report for the year 1972-73, the Public Accounts Committee observed that:—

- (a) the scheme had failed totally in achieving its twin objectives of generating employment and creating durable assets;
- (b) the works were selected un-realistically and without proper planning, and their implementation was defective; and
- (c) in many cases the works were lying incomplete with every likelihood of the completed portions being washed away.

The succeeding paragraphs contain the results of test check (October 1975-March 1976) of the records of 162 such roads entrusted to 18 divisions of the Public Works Department.

Physical progress—

These 162 roads involved construction/improvement of a total length of 1,192.6 kilometres out of which work was done in a total length of 688.7 kilometres (motorable: 345.5 kilometres, jeepable: 157.8 kilometres and track: 185.4 kilometres) upto March 1974 at an aggregate expenditure of Rs. 146.46 lakhs,

as detailed in the table below:—

Public Works Division	Num-ber of roads	Stipu-lated length	Length completed upto March 1974				Expenditure incurred upto March 1974		
			Motor-able	Jeep-able	Tra-ck	Total	By Rur-al In-tegra-ted develop-ment Department	By Public Works Depart-ment	Total
			(Kilometres)				(Rupees in lakhs)		
1. Bharwain	14	82.0	19.5	—	2.7	22.2	1.42	3.50	4.92
2. Dalhousie	6	42.0	8.4	8.9	—	17.3	3.87	6.32	10.19
3. Hamirpur	12	79.3	24.0	0.7	36.5	61.2	0.75	7.24	7.99
4. Jubbal	9	72.1	13.1	1.3	8.0	22.4	2.68	7.94	10.62
5. Karsog	6	72.4	8.1	—	—	8.1	1.91	2.92	4.83
6. Kasauli	14	129.3	42.0	30.0	14.4	86.4	5.83	8.61	14.44
7. Kulu-I	10	101.5	3.0	12.0	35.0	50.0	5.42	3.72	9.14
8. Kulu-II	4	36.1	3.0	25.1	4.1	32.2	3.59	3.36	6.95
9. Mandi-I	12	92.2	27.7	24.6	14.3	66.6	3.49	4.65	8.14
10. Mandi-II	12	81.6	38.1	5.5	17.3	60.9	N.A.	6.25	6.25
11. Nahan	8	48.2	24.3	1.3	19.7	45.3	3.72	5.89	9.61
12. Nurpur	5	28.4	21.2	—	—	21.2	1.93	1.83	3.76
13. Bridge Construc-tion, Paonta	10	56.1	24.5	—	4.1	28.6	5.62	4.27	9.89
14. Rajgarh	9	56.4	20.1	15.8	5.7	41.6	4.62	8.20	12.82
15. Simla-I	1	6.2	4.0	—	—	4.0	1.15	1.04	2.19
16. National High-way, Simla	4	28.0	7.1	2.7	2.1	11.9	1.97	3.21	5.18
17. Theog	8	53.6	3.1	29.9	20.6	53.6	3.73	4.96	8.69
18. Una	18	127.2	54.3	—	0.9	55.2	1.47	9.38	10.85
Total	162	1,192.6	345.5	157.8	185.4	688.7	53.17	93.29	146.46

The roads completed to motorable and jeepable standards could not be put to full use as in the majority of cases discontinuous stretches of road had been constructed or they were not fit otherwise. A few cases are mentioned below:—

Dalhousie Division

None of the six roads was completed.

Hamirpur Division

One road (length: 2.7 kilometres) was completed at a cost of Rs. 0.74 lakh; the remaining eleven roads were incomplete.

Jubbal Division

Out of a total length of 13.1 kilometres (7 roads) constructed/improved to motorable standard, 10.1 kilometres in respect of six roads were in discontinuous stretches. One road was made jeepable in a length of 1.3 kilometres out of a total length of 12 kilometres. Track cutting was done in 8 kilometres out of 16 kilometres envisaged. No work was done on a road with a total length of 4.5 kilometres.

Kasauli Division

Of the five roads completed upto March 1974 at a cost of Rs. 4.10 lakhs, three were stated (July 1976) to be used by buses and two by trucks. Of the remaining nine incomplete roads, two were jeepable and another three constructed in parts were being used by trucks (length: 10 kilometres) and jeeps (length: 7 kilometres).

Kulu Division No. I

Of the portions constructed/improved, lengths of 3 kilometres motorable and 2.7 kilometres jeepable were being utilised for vehicular traffic.

Kulu Division No. II

One road was made motorable in its entire length of 3 kilometres and two roads were constructed/improved to jeepable standard in the stipulated length of 25.14 kilometres.

Mandi Division No. I

Of the six roads partly completed to motorable standard, one was declared fit for motor traffic in a length of 3 kilometres out of a total of 11 kilometres, three were made jeepable and one was only a track.

Mandi Division No. II

Of the five roads constructed/improved to motorable standard in a length of 21.4 kilometres (four in stipulated length of 13.6 kilometres except improvement to be done in three stretches and one in 7.8 kilometres out of a length of

9.4 kilometres) at a cost of Rs. 3.63 lakhs, three roads (2 complete and 1 incomplete) were being used, except in rainy season, by buses.

Nahan Division

Three roads constructed/improved to motorable standard in a length of 14.5 kilometres at a cost of Rs. 1.24 lakhs were stated (August 1976) to be used by the public of the area.

Nurpur Division

Two roads were constructed/improved to motorable standard (without metalling and tarring) in a total length of 6 kilometres at a cost of Rs. 1.12 lakhs. On the other three roads, earthwork had been done in a total length of 15.17 kilometres at a cost of Rs. 2.64 lakhs.

Bridge Construction Division, Paonta

Five roads were made motorable (without metalling and tarring) but had not been declared fit by the Roads Fitness Committee. The other five roads had been completed in a length of 10.46 kilometres in isolated reaches.

Rajgarh Division

Two roads were constructed/improved to motorable standard (length: 13 kilometres), two were made partly motorable (length: 7.1 kilometres) and five jeepable in discontinuous stretches in a length of 15.82 kilometres (expenditure: Rs. 8.44 lakhs).

Simla Division No. I

The road was constructed at the two ends but the middle portion was yet to be constructed.

Una Division

Four roads with a total length of 15 kilometres were constructed/improved to motorable standard. The remaining fourteen roads were incomplete.

Further requirement of funds—

(a) *to connect nearest villages*—According to the department, in respect of 55 roads in 7 divisions, Rs. 147.12 lakhs would be required to connect even the nearest villages with the roads already constructed/improved in a length of 224.2 kilometres (motorable: 80.9 kilometres, jeepable: 60.3 kilometres and track: 83.0 kilometres) against the stipulated length of 451.2 kilometres,

as detailed below:—

Division	Number of roads	Stipulated length	Length completed				Total expenditure incurred	Further funds required
			Motor-able	Jeep-able	Track	Total		
			(Kilometres)				(Rupees in lakhs)	
1. Dalhousie	6	42.0	8.4	8.9	—	17.3	10.19	7.71
2. Jubbal	9	72.1	13.1	1.3	8.0	22.4	10.62	8.50
3. Karsog	6	72.4	8.1	—	—	8.1	4.83	17.00
4. Kulu-I	10	101.5	3.0	12.0	35.0	50.0	9.14	34.10
5. Mandi-II	12	81.6	38.1	5.5	17.3	60.9	6.25	40.66
6. National Highway, Simla	4	28.0	7.1	2.7	2.1	11.9	5.18	4.15
7. Theog	8	53.6	3.1	29.9	20.6	53.6	8.69	35.00
Total ..	55	451.2	80.9	60.3	83.0	224.2	54.90	147.12

(b) to complete the incomplete works—According to the department, an aggregate amount of Rs. 194.08 lakhs would be required by 5 divisions in respect of 45 roads in which construction/improvement (expenditure incurred till 31st March 1974: Rs. 37.48 lakhs) had been done in a total length of 149.4 kilometres (motorable: 98.4 kilometres and jeepable: 51.0 kilometres) out of the stipulated length of 345.7 kilometres, as detailed below:—

Division	Number of roads	Stipulated length	Length completed				Total expenditure incurred	Further funds required
			Motor-able	Jeep-able	Track	Total		
			(Kilometres)				(Rupees in lakhs)	
1. Dalhousie	6	42.0	8.4	8.9	—	17.3	10.19	14.95
2. Kulu-I	10	101.5	3.0	12.0	35.0	50.0	9.14	50.25
3. Mandi -I	12	92.2	27.7	24.6	14.3	66.6	8.14	65.30
4. Mandi-II	12	81.6	38.1	5.5	17.3	60.9	6.25	53.38
5. Nurpur	5	28.4	21.2	—	—	21.2	3.76	10.20
Total	45	345.7	98.4	51.0	66.6	216.0	37.48	194.08

Rupees 1.33 lakhs were provided for 20 roads in 1975-76 and another Rs. 5.90 lakhs were provided for 27 roads (including 19 for which funds had been provided in 1975-76) in 1976-77.

The above cases were referred to the Government in February-August 1976. The Government stated (May 1976-March 1977) that (i) the constructed portions of the roads were generally being used by the people of the area; (ii) some of the roads had been included in the regular construction programme of the department; and (iii) further work would be completed subject to availability of funds.

4.5 Other roads

4.5.1 Suspended works

To provide inter-village communication facilities, the Government approved the construction of 5 roads (details in table below) during December 1970 to January 1973 (estimated cost: Rs. 3.47 lakhs). The roads (4 with total length of 69.8 kilometres; length of fifth road not known) were to be completed in 1 to 1½ years. The work on the roads was, however, suspended 1¼ to 5 years after it was started due to non-acquisition of land along the alignment of the roads (August 1976). By then, expenditure of Rs. 2.05 lakhs had been incurred and roads completed in a total length of 34.9 kilometres leaving missing links of 3.8 kilometres in three roads (length of missing links in the rest not known).

Name of the road	Nature of work	Date of sanction	Scheduled date of completion	Date of suspension	Work done till it was suspended	Estimated cost	Expenditure incurred
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(Rupees in lakhs)

Link road from village Kund (Sundla-Girijindoo road) (Chamba District)	Cutting of 1.22 metres wide track in 19.2 kilometres length	December 1971-January 1972	June 1973	March 1973	12.8 kilometres with 9 missing links in all 2 kilometres long	0.64	0.65
Gehra-Brehi road (Chamba District)	Cutting of 1.22 metres wide track in 9.6 kilometres length	November 1971	December 1972	March 1973	2.24 kilometres	0.87	0.51

Luna-Ra- nakothi- Ulansa road (Chamba District)	Survey and cutting of 1.22 metres wide track	Decem- ber 1970	Not available	March 1974	2.4 kilo- metres in isolated reaches	0.40	0.35
Karsog- Parlog road (Mandi District)	Survey and cutting of 1.22 metres wide track in 28 kilo- metres length	Janu- ary 1973	Within one year	Decem- ber 1975	9.5 kilo- metres with 3 missing links in all 1.11 kilometres long	1.13	0.31
Kheel- Pangna road (Mandi District)	Survey and cutt- ing of 1.22 metres wide track in 13 kilo- metres length	Decem- ber 1970	Within one year	March 1973	8 kilome- tres with 4 missing links in all 0.07 kilometres long	0.43	0.23

The Government stated (August 1976) as regards the first road that the Land Acquisition Officer, Chamba was being urged to take an early decision on the land acquisition cases and as regards the second road that proceedings for the acquisition of land had since been initiated. About the fourth and fifth roads it was stated (January 1977) that action was being taken to acquire the land and work would be done according to availability of funds. Further developments were awaited (March 1977).

4.5.2 Sujanpur-Bhagera-Sandhol road (Hamirpur District)

The Government approved the widening of the road (20 kilometres) to motorable width in two reaches. The approval for work in the first five kilometres (estimated cost: Rs. 4.17 lakhs) was accorded in January 1972 and for the next

ten kilometres (estimated cost: Rs. 9.27 lakhs) in August 1972. The work was scheduled to be completed by March 1974.

The work was taken up in the first ten kilometres and executed in a total length of three kilometres in seven discontinuous stretches. By March 1976, total expenditure of Rs. 2.74 lakhs (against the sanctioned estimates for Rs. 13.44 lakhs) had been incurred, as detailed below:—

Year	Budget provision		Expenditure
	Original	Final	
	(Rupees in lakhs)		
1972-73	..	—	0.68
1973-74	..	1.50	1.27
1974-75	..	0.61	0.35
1975-76	..	0.25	0.44
	Total	..	2.74

The Government stated (June 1976) that:—

- (i) the work was done according to availability of funds;
- (ii) the work completed had provided a fair weather road to the public of the area; and
- (iii) the road beyond 10 kilometres had also been made motorable for 7 to 8 months in a year by spending Rs. 0.68 lakh (included in the aggregate expenditure of Rs. 2.74 lakhs) during 1972-73 and 1973-74 out of funds for the crash scheme for rural employment.

4.5.3 Chandesh-Sarkaghat road (Mandi District)

The Government approved (November 1971) the survey and cutting of a 1.22 metres wide track for the 12 kilometres long Chandesh-Sarkaghat (via Baloh and Ropri) road (estimated cost: Rs. 0.61 lakh). The technical sanction was accorded by the Superintending Engineer, First Circle, Mandi in January 1972. The work was to be completed within 6 months.

The work was started by the Mandi Division No. II in 1971-72. By March 1974, Rs. 0.23 lakh were spent (Rs. 0.10 lakh during 1971-72; Rs. 0.11 lakh during 1972-73 and Rs. 0.02 lakh during 1973-74). The expenditure during 1973-74 was mainly for clearance of past liabilities. While the cutting of track was done from kilometres 0/0 to 7/0 and 8/0 to 12/0, no work was done between kilometres 7/0 and 8/0. Further execution was abandoned in March 1973. No reasons were stated for executing the work in discontinuous stretches and then abandoning it (March 1976).

The matter was referred to the Government in August 1976; reply was awaited (March 1977).

4.6 Bridges

4.6.1 Missing bridges on completed roads

In the following two cases, the roads, though completed, could not be opened to traffic as the bridges on these roads had not been completed.

(i) *Ranital-Kotla road and bridge on Baner Khad (Kangra District)*- The Government approved (August 1969 to January 1974) the construction of different stretches of an all-weather 45 kilometres long road from Kotla to Ranital at a cost of Rs. 38.60 lakhs. The work on the road was started in October 1969 by the Kangra Division. By October 1975, formation work in kilometres 0/0 to 16/5 and 22/0 to 28/5 was completed at a cost of Rs. 10.98 lakhs.

The portion of the road in kilometres 0/0 to 16/5 had been completed to motorable width in 1971-72 and was declared fit for vehicular traffic in January 1973. It could not, however, be opened to traffic as the bridge on the Baner Khad at kilometre 1.29 from Ranital side had not been completed (December 1976).

The construction of the bridge had been approved in November 1969 at an estimated cost of Rs. 12.41 lakhs, revised to Rs. 15.74 lakhs in November 1971. The work was awarded to a contractor in May 1971 for Rs. 11.54 lakhs, the stipulated completion time being 21 months excluding rainy season from July to September.

The contractor started the work in July 1971 and expenditure of Rs. 13.05 lakhs was incurred upto November 1975 including Rs. 6.13 lakhs in November 1975 on wire ropes.

As the contractor had failed to proceed according to the time schedule, he was asked (July 1975) by the department to speed up the work. He, however, attributed the delay, *inter alia*, to late supply of steel, change in the design of the bridge and non-supply of revised design in time.

The Assistant Engineer, Kangra Sub-Division, stated (December 1974) that as the rock on the Ranital side of the anchorage bridge was not of reliable strength, the design had to be changed in consultation with the State Geologist.

The circumstances in which the State Geologist was not consulted before starting the work and also in which steel was not issued in time were not known (December 1976).

The Government stated (February 1977) that the work was now in an advanced stage of construction and was expected to be completed shortly subject to availability of funds.

(ii) *Waknaghat-Subathu road and bridge on Bhalini Khad (Solan District)*— Construction of a motorable road from Kaithlighat to Subathu (34.05 kilometres) was approved in August 1963 by the Punjab Government at an estimated cost of Rs. 20.66 lakhs. A revised estimate of Rs. 14.23 lakhs for construction of a section of that road, from Waknaghat to Dalgi (19.9 kilometres), was prepared (June 1968) in pursuance of the decision (May 1967) of the Chief Engineer, Himachal Pradesh Public Works Department. Revised administrative approval/technical sanction had not, however, been accorded (January 1977). The road formation work from Waknaghat to Dalgi was completed (1970) by the Simla Division No. III at a cost of Rs. 17.04 lakhs. The road from Waknaghat to Chhausa (12.6 kilometres) only has, however, been opened to vehicular traffic. The portion of the road from Chhausa to Dalgi (7.3 kilometres) on which Rs. 6.25 lakhs were spent could not be opened to vehicular traffic due to absence of a bridge on the Bhalini Khad between kilometres 16 and 17.

The construction of a steel truss bridge (25.6 metres) on the *khad* was approved (February 1968) for Rs. 2.39 lakhs with one year as the stipulated period of completion. The work of sub-structure (abutments) and wing walls on both abutments for approaches was completed in November 1970 at a cost of Rs. 1.10 lakhs. Construction of the super-structure was entrusted (December 1972) after third call of tenders to a contractor at negotiated rates (164.55 per cent above the schedule of rates) for completion within six months. The civil works were to be done by the department. The contractor was paid secured advance of Rs. 0.38 lakh (Rs. 0.16 lakh in April 1974 and Rs. 0.22 lakh in November 1974). The department also spent Rs. 0.44 lakh on material brought to site for civil works which had not been started (June 1976). As no work was done by the contractor, compensation of Rs. 0.06 lakh was levied in September 1975 and the amount was recovered in March 1976.

When the contractor failed to complete the work within the agreed time the department did not take action (January 1976) to get the work completed at the risk and cost of the contractor in terms of the agreement with him.

Due to delay in the construction of the bridge, the expenditure of Rs. 8.17 lakhs, comprising Rs. 6.25 lakhs on construction of road from Chhausa to Dalgi, Rs. 1.10 lakhs on construction of the sub-structure of the bridge, Rs. 0.44 lakh

on material-at-site for the civil works of the super-structure not started and Rs. 0.38 lakh on account of advance payments to contractor for the material brought to site, had not fully served the intended purpose.

The Government stated (June 1976) that the portion of road from Chhausa to Dalgi would be opened to traffic after the completion of the bridge on the Bhalini *Khad*. It was further stated (January 1977) that the secured advance of Rs. 0.38 lakh was recovered in August 1976 and the work of super-structure had since been completed by the contractor. The position of completion of civil works by the department was, however, not intimated.

4.6.2 Bridge over the river Yamuna at Paonta

Passengers and goods have to be transported across the river Yamuna at Paonta on the Nahar-Dehradun inter-State highway by ferries except during the monsoon season. To provide all-weather movement of men and material, the Government approved in November 1963 the construction of a 10 span bridge for double lane traffic at a cost of Rs. 48.97 lakhs (revised to Rs. 102.12 lakhs in September 1974).

The work was entrusted by the Bridge Construction Division, Paonta to a contractor at his lumpsum offer of Rs. 30.05 lakhs but he did not execute the work. The work was thereafter entrusted (November 1968) to another contractor for a lumpsum amount of Rs. 41.55 lakhs with April 1971 as the stipulated date of completion. He executed about 20 per cent of the work valuing Rs. 8.55 lakhs and then abandoned it (June 1971). Payment was made to the contractor in terms of the agreement after retaining the security deposit and the contract was rescinded in May 1972. Tenders were invited again (September 1972) and the remaining work was awarded (April 1973) to a third contractor for a lumpsum amount of Rs. 80.57 lakhs at the risk and cost of the second contractor. The target date of completion was later extended from April 1975 to June 1976.

By December 1975, five out of ten wells had been completed, work was in progress on three wells and five out of thirty beams had been cast. The work on the abutment on Paonta side had not been started and that on the remaining two wells had been held up due to hard rock strata.

Both contractors attributed (May 1972/January 1975) the slow progress to (a) delays in (i) according approval to detailed designs and drawings submitted by them, (ii) communicating decisions on technical problems referred to the department, (iii) securing land on river bank on Uttar Pradesh side, (b) difficulty in procuring material, and (c) constant interruptions in supply of power. The Superintending Engineer, Third Circle, Solan, however, informed the Chief Engineer (May 1972-March 1974) that the slow progress was due to lack of interest on the part of the contractors, their limited financial resources and cracks in four wells dug by the second contractor.

Cracks in three wells were stated to have been noticed by the department before handing over the work to the third contractor and these had to be filled

with cement concrete at a cost of Rs. 1.67 lakhs. Cracks in the fourth well were reported by the contractor to the department before commencing the work and were also required to be filled at the department's cost (not known). According to the agreement with the contractors, compensation upto a maximum of 10 per cent of the amount tendered (second contractor)/value of works left un-executed (third contractor) could be recovered from them for abandoning the contract/non-completion of work within the scheduled period.

A compensation of Rs. 2.97 lakhs was levied on the second contractor but was pending recovery as the contractor had filed a suit for damages in the court. No compensation was levied on the third contractor (September 1976). Expenditure of Rs. 110.77 lakhs had been incurred but the bridge was yet incomplete (September 1976).

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

4.6.3 Construction of bridges (Simla District)

The Government accorded (August and October 1967) approval to the construction of bridges over three *khads* on Jagadhari-Paonta-Rajban-Rohru road (State Highway No. I) and one *khad* on Rohru-Sungri road, together estimated to cost Rs. 4.85 lakhs. Technical sanctions were issued (February, April and July 1968) for a total amount of Rs. 2.69 lakhs. The bridges were scheduled to be completed within one year by the Rohru Sub-Division of the Theog Division.

During 1968-69 to 1972-73, material valuing Rs. 0.26 lakh was booked against these works but no work was executed. Thereafter no expenditure was incurred (August 1976) except writing back of material valuing Rs. 0.05 lakh during 1973-74. The budget provisions (Rs. 0.36 lakh) for these bridges during 1975-76 were utilised on other works. The expenditure of Rs. 0.21 lakh had thus not served the intended purpose (December 1976).

The Government stated (August 1976) that material was procured according to allotment of funds from year to year and would be utilised when work on the bridges commenced as and when adequate funds became available.

4.7 Buildings

4.7.1. Construction of additional accommodation for the Himachal Pradesh High Court

The Government approved in February 1972 the construction, at an estimated cost of Rs. 2.70 lakhs, of additional accommodation for the High Court comprising a three-storeyed building. The Chief Engineer accorded (April 1972) technical sanction to the detailed estimate for Rs. 2.62 lakhs. The work was scheduled to be completed in one year.

The development of the site was undertaken departmentally (Simla Division III) in May 1972. Percentage rate tenders for the building portion (estimated cost: Rs. 2.15 lakhs) were called in June 1973. After negotiations, the work was awarded (October 1973) to a contractor at 64 per cent above the estimated cost. The contractor was required to complete the work by April 1975. The Government decided in February 1976 to close the contract (without levy of compensation) at the stage it was left by the contractor. The remaining work was taken up by the department in March 1976. Seventy per cent work comprising reinforced cement concrete work upto roof level had been completed till March 1976, when partition work and wooden flooring in ground floor were in progress. The following observations are made:—

(i) *Short recovery of hire charges of trucks*—According to the agreement with the contractor, for the departmental trucks supplied to the contractor, hire charges at the minimum rate of Rs. 100 per day were to be recovered. During November 1973 to November 1975, Rs. 4,100 became due but only Rs. 1,661 were recovered.

(ii) *Recovery for supply of material*—The department issued material worth Rs. 0.08 lakh (at store issue rate) to the contractor during November 1973 to August 1975. Supply of this material had not been stipulated in the agreement. The departmental regulations require that issue of such material should be made at market rate if that be higher and that the rate so recoverable should be settled before actual issue. The department had not ascertained (March 1976) the market rate of the material.

(iii) *Secured advance*—The work of internal water supply and sanitary installations in the building was awarded (March 1975) to another contractor. Secured advance of Rs. 0.12 lakh was paid (March 1975) to him against the material brought to the site of work. The material could not be utilised (March 1976) on the work due to non-completion of the building.

The matter was referred to the Government in May 1976; reply was awaited (March 1977).

4.7.2 Construction of the Panchayat Bhavan, Simla

The Government approved (August 1973) the construction of the Panchayat Bhavan at Simla at an estimated cost of Rs. 33.37 lakhs.

Due to change in design from reinforced cement concrete structure to load bearing walls, detailed estimates for Rs. 7.54 lakhs were sanctioned in August 1975.

The position of expenditure incurred *vis-a-vis* budget provisions was as under:—

Year	Budget provision	Expendi- ture
	(Rupees in lakhs)	
1974-75	.. 5.00	4.00
1975-76 (upto December 1975)	.. 2.75	(—)1.34

The expenditure incurred represented the cost of material debited to the work. Out of Rs. 2.39 lakhs debited to the work on 31st March 1975 on account of cost of material, Rs. 0.42 lakh were transferred to other works in 1975-76. Similarly, material valuing Rs. 1.01 lakhs was transferred back to stock in that year. The circumstances in which these transfers/adjustments were made were not known (January 1977).

The Government stated (January 1977) that material was arranged according to initial requirements and kept in stores situated near the construction site and that the completion of the work depended on availability of funds, material and labour.

4.7.3 Additional accommodation for the Middle School, Sainj Bagra (Mandi District)

The Government approved (September 1974) the work of providing additional accommodation for the Middle School, Sainj Bagra at an estimated cost of Rs. 0.48 lakh. The Superintending Engineer, First Circle, Mandi technically sanctioned (August 1974) the work for Rs. 0.33 lakh. According to the estimate, the work was to be completed within three months. By March 1975, expenditure of Rs. 0.18 lakh had been incurred on development of site and collection of material for laying the foundation. Further work was stopped as the Forest Department objected to the use of the site which fell within reserve forest area.

The Government stated (January 1977) that a proposal for transferring the land from the Forest Department to the Education Department had since been sent by the former to the latter department and further work would be executed when land and funds were available.

4.7.4 Suspended work and expenditure—Industrial Training Institute, Nahan

The Government approved (March 1973) the construction of a hostel, a dining block, etc., for the Industrial Training Institute, Nahan at a cost of Rs. 5.56 lakhs. The Nahan Division started development of the site in February 1974. After spending Rs. 0.41 lakh (cost of material: Rs. 0.30 lakh, development of site: Rs. 0.06 lakh and departmental charges: Rs. 0.05 lakh), the work was stopped (March 1974) as the land on which the construction was taken up belonged to a private individual and had not been acquired.

The Government stated (August 1976) that acquisition of the land was under consideration of the Industries Department and that further work would be resumed by the Public Works Department as soon as the land and funds were made available by the former department. Further developments were awaited (March 1977).

4.7.5 Purchase of land

The department acquired in October 1973 a piece of private land in village Mahili, District Simla, for the construction of a residential colony for Government employees. Payment of Rs. 2.14 lakhs (cost of land: Rs. 0.93 lakh, cost of

two buildings: 0.33 lakh and cost of trees: Rs. 0.88 lakh) was made by the Simla Division No. IV in November 1973 in anticipation of expenditure sanction which was issued in March 1974. It was observed during audit (January 1976) that:—

- (a) construction of residential colony for which the land was acquired had not been sanctioned by the Government; and
- (b) the buildings and the trees had not been taken on the department's records.

The Government stated (June 1976) that the contemplated residential colony would be constructed as and when funds required for the purpose became available.

4.8 Waterfall at Parwanoo (Solan District)

With a view to beautifying Parwanoo (near Kalka), considered to be the gateway of Himachal Pradesh, the Government approved (February 1974) the development of a waterfall in the Parwanoo township at an estimated cost of Rs. 1.90 lakhs. The waterfall was to be commissioned within one year. The work was taken up departmentally in May 1974 by the National Highway Division, Solan. After spending Rs. 0.66 lakh on earthwork, pump house operator's quarters, etc., the project was abandoned (October 1975) on the ground that the proposed waterfall did not fit into the master plan of the township drawn up by the Himachal Pradesh Housing Board, work on which was undertaken from 1973.

The Government stated (September 1976) that the developed area had been utilised for a nursery for ornamental trees and other plants which, besides improving the surroundings, would add to the scenic beauty of the area. It was added that the pump house operator's quarters were being used for the office of the Assistant Engineer, Public Health Sub-Division, Parwanoo.

4.9 Landscaping for Kalka-Simla road tourist infra-structure enroute

The work of preparation of landscape design for Kalka-Simla road (National Highway No. 22) tourist infra-structure enroute was entrusted (March 1972) for a lumpsum consideration of Rs. 0.70 lakh to a private architect. The job was to be completed in nine months, *i.e.*, by December 1972. Payment for the services rendered was to be made by the National Highway Division, Solan in five instalments (20 per cent each on signing the agreement, survey analysis, approval of sketch designs, completion of working drawings and completion of the remaining items of work). The Town and Country Planner was to be the authority to approve the designs, etc.

The architect was paid (March 1972) Rs. 0.14 lakh (being 20 per cent of the contract value) on signing the agreement. Two further payments of Rs. 0.14 lakh each were made in March and December 1973, without ascertaining from

the Town and Country Planner whether the architect had submitted the survey analysis and whether or not the sketch designs submitted, if any, had been approved.

In October 1973, the architect informed the division that the preparation of plans for planting of trees, etc., was in progress and that copies thereof would be sent soon. In May 1974, the division requested the architect to expedite the plans as the planting season was fast approaching and preparations for planting maximum number of trees and shrubs during the monsoon season of 1974 had to be made. Since the architect was not responding, the division enquired (July 1975) from the Chief Engineer (South), the Town and Country Planner and the Executive Engineer, National Highway Division, Simla, the particulars of the plans, if any, submitted to them by the architect. The National Highway Division, Solan had not received any reply (September 1976).

4.10 Master plan for Solan town

The Government approved (February 1973) the preparation of a master development plan for Solan town at an estimated cost of Rs. 0.40 lakh. The job was assigned (March 1972) to a private architect with the stipulation that it should be completed within nine months, *i.e.*, by December 1972. According to the agreement executed with the architect he was to be paid as under for the services rendered:—

- (i) twenty per cent on signing the agreement;
- (ii) forty per cent after submission and approval of the preliminary plan; and
- (iii) the balance 40 per cent after submission and approval of the final plan.

On signing the agreement, the architect was paid Rs. 0.05 lakh in March 1972. Rupees 0.07 lakh were paid in September 1973 and Rs. 0.08 lakh in February 1974 without ascertaining from the Town and Country Planner whether or not the preliminary plan had been submitted and approved.

In March 1975, the architect submitted a socio-economic report which according to him was a master plan. The Town and Country Planner, to whom it was referred for opinion, observed (July 1975) in a communication to the Chief Engineer that it did not contain the basic elements of a master plan, *viz.*, planning objectives and strategies/policies (space standards, zoning regulations, implementation policies/programmes/cost analysis, etc.).

The Government stated (September 1976) that the socio-economic report submitted (March 1975) by the private architect was under detailed examination by the Town and Country Planner and that further payment had not been made to the architect. The Government added (January 1977) that after strengthening its organisation, the department was now in a position to examine the work of the consultant.

4.11 Arbitration cases

Mention was made in paragraph 4.2 of the Audit Report for 1974-75 of the disputes with contractors referred for arbitration and pending decision on 1st April 1975. Further details collected from the department brought out the following position of pending arbitration cases:—

Pending on 1st April 1975	..	92*
Added during 1975-76	..	51
		<hr/>
		143
Decided during 1975-76	..	56
		<hr/>
Pending on 1st April 1976	..	87

In 49 out of 56 cases decided during 1975-76, amounts of Rs. 3.26 lakhs and Rs. 0.61 lakh were awarded to contractors and Government respectively. The remaining 7 cases were closed by the arbitrators as the contractors failed to file claims. An analysis of the cases indicated that the disputes, by and large, originated from (i) defective agreements, (ii) increase in the cost of material and wages of labour (iii) subsequent changes in the original scope of work and designs/drawings, (iv) variations between agreed and executed quantities due to substituted/additional items and (v) levy of compensation for delayed completion of works.

Brief description of some of the cases decided during the year is given below:—

(i) The Bharwain Division invited (July 1969) tenders on item-rate basis for construction of Gagret-Daulatpur road-bridge and culverts in kilometres 4.82 to 6.44. The estimated cost of Rs. 0.35 lakh put to tender was based on the Common Schedule of Rates applicable to the areas transferred from Punjab after re-organisation in November 1966. In the notice inviting tenders the bidders were required to quote their own rates for different items shown in the schedule of quantities. The successful bidder quoted his rate as 1.5 per cent above the estimated rates. The letter for award of work issued (October 1969) to the contractor, however, allowed rates on the basis of the Himachal Pradesh Schedule of Rates, 1968, instead of the Common Schedule of Rates.

As the contractor did not complete the work by the stipulated date, namely, July 1970, his first and final bill for Rs. (-)0.04 lakh (work done: Rs. 0.07 lakh less compensation and security deposit forfeited: Rs. 0.11 lakh) was prepared on the basis of the Common Schedule of Rates applicable to the transferred areas. The contractor went in for arbitration (September 1974) and claimed Rs. 0.90 lakh on the plea that he should be paid on the basis of the Himachal Pradesh Schedule of Rates, 1968.

*Differs from the figure mentioned in the Audit Report for the year 1974-75 due to inclusion of cases referred to arbitrators by the Courts.

The arbitrator appointed in September 1974 awarded (July 1975) Rs. 0.13 lakh to the contractor for payment with reference to the Himachal Pradesh Schedule of Rates (Rs. 0.07 lakh) and as refund of penalty and security deposit (Rs. 0.06 lakh).

The Superintending Engineer, Eighth Circle, Hamirpur reported (May 1976) to the Chief Engineer that there was lapse on the part of the Divisional Officer in issuing a defective letter for award of work and that the matter was under investigation. Further developments were awaited (March 1977).

(ii) In the Hamirpur Division, the work "Construction of Hamirpur-Sujanpur road kilometres 14.48 to 27.35: collection of soling stone and wearing in kilometres 14.48 to 16.09" was awarded to a contractor in March 1972. The work (originally scheduled to be completed within 6 months) was completed in April 1973. An amount of Rs. 0.86 lakh was paid (June 1973) to the contractor in full and final settlement for his work. The contractor disputed (March 1974) the measurements recorded in the final bill on the ground that the provision in the agreement that the contractor or his representative would be given an opportunity to be present during measurements of the material supplied by him had not been observed by the department.

At the request (December 1974) of the contractor an arbitrator was appointed (April 1975). He awarded (October 1975) Rs. 0.12 lakh to the contractor (material supplied: Rs. 0.11 lakh and refund of security deposit : Rs. 0.01 lakh).

The department accepted the award and made the payment (March 1976).

(iii) In the Bilaspur Division, the work "Construction of bridge over Majhasu Khad on Alikhad-Ghumarwin-Lador road: Super-structure including fabrication and launching trusses" was awarded to a contractor in March 1968 and was completed by him in February 1970. The revised drawing approved in July 1969 provided for the use of splicing plates involving increased number of rivets and bigger sized plates. The final bill prepared (March 1974) did not, however, include payment for cutting of rivets, re-rivetting and splicing plates of bigger sizes. The contractor went in (April 1974) for arbitration claiming Rs. 1.41 lakhs.

The arbitrator appointed in July 1974 awarded (December 1975) Rs. 0.11 lakh to the contractor for cutting old rivets, re-rivetting and drilling new holes (Rs. 0.07 lakh), additional consumption of material (Rs. 0.02 lakh) and refund of recovery of charges for machinery on idle days and material supplied at excessive rates (Rs. 0.02 lakh).

On the recommendation of the Executive Engineer, Bilaspur Division No. I (January 1976), the Chief Engineer accepted (May 1976) the award which was made (September 1976) a rule of the court.

(iv) In the following case, however, the arbitrator's award had been challenged by the department:—

In the Dalhousie Division, the work "metalling and tarring in Chamba-Banikhet road kilometres 12.87 to 27.35: soling, wearing coat and surface painting kilometres 13.35 to 16.57" was awarded to a contractor in December 1963. The work was initially required to be completed by June 1964 but was allowed to be completed by June 1965 due to weather conditions and non-availability of road-roller.

The contractor started the work in December 1963 but left it incomplete (October 1965). After giving notice (June 1966) to the contractor to resume the work, the incomplete work was got completed departmentally (October 1967) at his risk and cost (extra cost: Rs. 0.23 lakh). The contract, was, however, rescinded in July 1969. The contractor disputed the final bill prepared (April 1971) for Rs. (—) 0.42 lakh and sought (April 1972) arbitration. He alleged that his work had not been measured and the needed material was not issued to him.

The arbitrator appointed in February 1974 awarded (July 1975) Rs. 0.41 lakh to the contractor on account of refund of extra cost of work got done departmentally (Rs. 0.23 lakh), refund of cost of bitumen at penal rates (Rs. 0.09 lakh), compensation levied (Rs. 0.06 lakh) and security deposit forfeited (Rs. 0.03 lakh).

The department stated (August 1976) that the award had been contested and was pending in court of law. Further developments were awaited (March 1977).

4.12 Unauthorised expenditure

The rules require that no work should be commenced or any liability in connection with it incurred unless it has been administratively approved and technically sanctioned by the competent authority.

In the following cases, expenditure was incurred but administrative approval and expenditure sanction had not been accorded (October 1976).

Division	Works	Amount spent and period (Rupees in lakhs)	Remarks
Bilaspur-I	(i) Lift Water Supply Scheme for Berthin Sargalgaon and Tihri Bhatoli group of villages	1.00 (during 1972-73 to October 1976)	The expenditure represented cost of material. The Divisional Officer informed (December 1975) the Circle Officer that actual execution would be taken up after administrative approval and technical sanction were accorded.
	(ii) Water Supply Scheme, Dhakhmi-Patta Kot Danger, and Hatwar Kot and Dehar villages	0.19 (during 1973-74 to October 1976)	The expenditure was on procurement of material.

(iii) Widening of Jhenduta Nehralghat road	0.44 (Upto October 1976)	The work was in progress.
(iv) Widening of Bethinghat Dabhir road	0.25 (during 1974-75 to October 1976)	The work was in progress.
Bilaspur-II Improvement of Swarghat-Zagat-Khana-Jeori road in kilometres	1.04 (during 1972-73 to October 1976)	The work was completed but sanction was awaited.
	2.54 to 8.76	

The matter was referred to the Government in August 1976; reply was awaited (March 1977).

4.13 Issue of material to works

The rules provide that no material should be issued to a work unless it is actually required for the execution of the work; debiting a work with the cost of material not required for immediate use just to utilise the budget provision is strictly prohibited.

(i) In the Irrigation-cum- Public Health Division, Mandi, material (galvanised iron pipes, cement and mild steel rounds) valuing Rs. 1.25 lakhs was shown as issued to various water supply schemes on 31st March 1974 (Rs. 0.11 lakh) and 31st March 1975 (Rs. 1.14 lakhs). Except for material valuing Rs. 0.10 lakh, the balance material (Rs. 1.15 lakhs) had not been used on the works (December 1976).

The Government stated (December 1976) that the funds available being meagre were utilised for purchase of material without undertaking any other work on the schemes.

(ii) In the Nurpur Division, material valuing Rs. 0.46 lakh was debited to the work "construction of booking office at Chakki" in March 1974 and shown in the material-at-site account of the work. The work had not, however, been taken up (January 1976) due to non-finalisation of its design. Neither administrative approval nor technical and expenditure sanctions of the competent authority had been obtained (November 1976).

The Government stated (September 1976) that the material (worth Rs. 0.46 lakh) was not transferred to the site but was shown in the material-at-site account as budget provision of Rs. 0.50 lakh existed for this purpose.

Meanwhile, the Transport Department was stated to have commenced construction of a shed and the Superintending Engineer, Seventh Circle, Dalhousie had been advised (July 1976) either to pass on the material to the Transport Department or to some other work or to transfer it to stock.

(iii) In the Mandi Division No. II, stores (cement, bitumen and mild steel bars) valuing Rs. 0.88 lakh were debited to various works in March 1975. Of these, stores valuing Rs. 0.43 lakh were transferred back to stock in July, August and December 1975. The rest of the material worth Rs. 0.45 lakh remained unutilised and was being shown in the material-at-site accounts of the works concerned (March 1976).

The Government stated (December 1976) that bitumen (value Rs.0.20 lakh) was later used (May-June 1976) in surfacing Jogindernagar-Ghumarwin-Sarkaghat road and the rest of the material which was required for a bridge could not be used due to cancellation of tenders for want of adequate funds.

4.14 Erroneous exhibition of expenditure

In the Rajgarh Division, expenditure of Rs. 0.55 lakh incurred in March 1976 on various works under execution was debited to the head "Miscellaneous Works Advances" due to, as stated (April 1976) by the Executive Engineer, Rajgarh Division, non-availability of budget provision in that year (1975-76). This was contrary to the rule that no charges should be debited to "Miscellaneous Works Advances" on the ground of absence or insufficiency of sanction or appropriation. The expenditure was adjusted to the correct head of account in the subsequent year.

The matter was referred to the Government in September 1976; reply was awaited (March 1977).

CHAPTER V
STORES AND STOCK

5.1 Synopsis of important stores accounts

A synopsis of stores accounts for 1975-76 (other than those relating to Government commercial and quasi-commercial departmental undertakings) received in the Audit Office (March 1977) is given below:—

Department	Nature of stores	Opening balance on 1st April 1975	Receipts	Issues	Closing balance on 31st March 1976
(Rupees in lakhs)					
1. Printing and Stationery	(a) Plant, machines and spare parts	11.20	1.02	1.57	10.65
	(b) Paper and binding material	6.82	15.74	10.13	12.43
	(c) Stationery	6.31	20.98	23.19	4.10
	(d) Publications and gazettes	1.68	0.94	0.53	2.09
	Total		26.01	38.68	35.42
2. Public Works					
Buildings and Roads Branch	Iron and steel, pipes, cement, bricks, etc.	6,14.02	9,38.88	8,59.48	6,93.42
Public Health Branch	Iron, pipes, cement, etc.	18.82(A)	1,09.00	64.97	62.85
Irrigation Branch	Iron and steel, cement, etc.	39.76	87.71	57.55	69.92
	Total . .	6,72.60	11,35.59	9,82.00	8,26.19

(A) Rupees 18.82 lakhs shown against Public Health Branch were included against Buildings and Roads Branch in the Audit Report for the year 1974-75.

Stores accounts of the following departments for the years indicated against each were awaited (March 1977) :—

Department	Year(s) for which stores accounts awaited
1. Agriculture	1970-71 to 1975-76
2. Animal Husbandry	1975-76
3. Forest	1973-74 to 1975-76
4. Industries	1971-72 to 1975-76
5. Health and Family Planning	1972-73 to 1975-76
6. Medical	1972-73 to 1975-76
7. Revenue (Stamps)	1974-75 and 1975-76

The stores accounts received from the Animal Husbandry Department for 1970-71 to 1974-75 and for Stamps for 1971-72 to 1973-74 were under correspondence (March 1977).

5.2 Physical verification of stores in the Public Works Department

According to the rules, physical verification of stores is required to be done by the sub-divisional officers at least once within a period of one year and the results reported to the Divisional Officer.

Out of 50 divisions holding stock in the three branches (Buildings and Roads: 42 including 19 executing Public Health Works also, Irrigation: 7, Public Health : 1) physical verification of stores was not done during 1975-76 in 22 divisions (Buildings and Roads: 18, Irrigation : 4). These include 10 divisions (Buildings and Roads: 7, Irrigation: 3) where physical verification was not done even in respect of 1974-75.

In Simla Division No. III, stores valuing Rs. 0.10 lakh were found short on physical verification conducted during 1974-75. These shortages had not been placed under 'Miscellaneous Works Advances' pending recovery/adjustment, as required under the rules.

In the same division, as a result of physical verification in August 1975, stores, mainly mild steel rounds and mild steel plates, valuing Rs. 0.89 lakh were found surplus.

The Divisional Officer stated (January 1977) that the surplus represented material indented (March 1974—October 1975) by another division but not shifted to the site of work, which was situated near the stores.

The Government stated (February 1977) that the shortages were under investigation.

5.3 Shortages of stores, losses, etc.

(a) *Bilaspur Division No. I*—Rupees 0.26 lakh on account of cost of material found short were placed under 'Miscellaneous Works Advances' against a Sectional Officer during 1957 and 1967. The Sectional Officer had retired from service in August 1965. The amount had not been recovered (February 1977).

Rupees 0.19 lakh on account of shortages noticed during the last 3 to 14 years were due from various other officials/ parties like the railways. These had been neither reconciled nor recovered (February 1977).

The matter was referred to the Government in August 1976; reply was awaited (March 1977).

(b) *Churah Division*—On his transfer in February 1973, a Sectional Officer of the Killar Sub-Division of the Churah Division did not hand over complete charge of stores to his successor. The charge list submitted (February 1973) to the division by the Assistant Engineer concerned indicated shortages of stores valuing Rs. 10,227. The shortages had not been reconciled nor had action been taken to recover them (November 1975).

The Government stated (October 1976) that shortages of Rs. 626 had been reconciled and for the balance of Rs. 9,601 the Divisional Officer had served (May 1976) a final notice on the concerned official either to reconcile the shortages or to make good the loss. Further developments were awaited (March 1977).

(c) *Nurpur Division*—(i) On his transfer in September 1970, a Sectional Officer in the division did not hand over complete charge to his successor. The Assistant Engineer concerned reported (September 1970) to the division that two indents of September 1969 and April 1970 against which stores valuing Rs. 0.21 lakh were shown to have been issued to works were not accounted for in the material-at-site accounts nor were the stores handed over by the Sectional Officer to his successor. The Assistant Engineer recommended (September 1970) that the cost of stores be recovered from the Sectional Officer. The shortages had not been reconciled or recovered from the official (January 1976).

Similarly, steel material valuing Rs. 0.09 lakh was not handed over to his successor by another Sectional Officer in June 1972.

The above cases were referred to the Government in April 1976; reply was awaited (March 1977).

(ii) The Superintending Engineer, Fifth Circle, Dharamsala, placed (July 1971) an order for supply of galvanised iron pipes (3,541 metres) for the Nurpur Division on a Calcutta firm borne on rate contract with the Director General of Supplies and Disposals. The firm was stated to have despatched (February 1972) 3,541 metres of pipes by rail and ninetyeight per cent of the cost amounting to Rs. 0.28 lakh was released by the Director General of Supplies

and Disposals in February 1972. When Audit pointed out (June 1972) that the material against railway receipt had not been received till then at the destination, the division lodged (September 1972) a claim with the railways/firm. While the claim was still under correspondence with the railways/firm, the Assistant Engineer, Indora Sub-Division, informed (April 1974) the Executive Engineer that the material had been received in April 1973 and the case should be closed. Information about receipt of material was accordingly sent to the firm (June 1974) and the railways (November 1974).

In October 1975, the same Assistant Engineer informed the Divisional Officer that the material had not, in fact, been received.

The matter was thereupon taken up (December 1975) again with the firm and the railways after obtaining a non-delivery certificate from the Station Master, Kandrori Railway Station. Further developments were awaited (March 1977).

The Government stated (August 1976) that the Assistant Engineer had inadvertently informed the division in April 1974 that the material had been received in April 1973.

(d) *Mandi Division No. II*—Against orders for supply of 7,900 drums of bitumen placed by the Mandi Division No. II on a Bombay firm in June 1973 (2,500 drums) and January 1974 (5,400 drums), 7,802 drums were received in August 1974. Apart from short receipt of 98 drums valuing Rs. 0.13 lakh, 144 drums were received in leaking condition (approximate loss: Rs. 0.02 lakh). The claim for Rs. 0.15 lakh (October 1974) was rejected (March 1975) by the railways on the ground that the leakage was from the joints of the drums. The railways had not dealt with the short receipt of drums but the division took it up with the railways only in May 1976. The Government stated (December 1976) that the matter was being pursued with the railways.

5.4 Repairs to a compressor

The Executive Engineer, Dharamsala Irrigation Division, purchased (September 1967) one air compressor costing Rs. 0.61 lakh. It went out of order in July 1971 and while awaiting repairs in the Mechanical Division, Dharamsala was transferred (January 1973) to the control of the Irrigation Division, Una. It was repaired at a cost of Rs. 0.32 lakh in May 1974, after which it could work upto January 1975 when again it developed defects and had not been repaired (July 1976). Spare parts purchased at a cost of Rs. 0.13 lakh could not also be used (July 1976) as these were of different mark/size and the matter was under correspondence with the suppliers (July 1976).

The matter was referred to the Government in September 1976; reply was awaited (March 1977).

5.5 Unused stores

A test check (December 1975) of the accounts of the District Industries Officer, Sericulture Division, Mandi disclosed that stores valuing Rs. 1.08 lakhs were lying in stock unutilised, as detailed below :—

- (i) out of 60 tonnes of angle iron valuing Rs. 0.85 lakh procured in March 1973 (35 tonnes: Rs. 0.48 lakh) and February 1974 (25 tonnes: Rs. 0.37 lakh), 9 tonnes were issued (April 1974) to various centres/sub-centres and the balance quantity of 51 tonnes valuing Rs. 0.72 lakh was in stock;
- (ii) out of 7 tonnes of galvanised corrugated iron sheets procured in March 1973 for Rs. 0.19 lakh, 2.6 tonnes were issued upto December 1975 leaving the balance 4.4 tonnes valuing Rs. 0.13 lakh in stock;
- (iii) six tonnes of barbed wire purchased in March 1973 for Rs. 0.16 lakh were lying in stock unused. Even at the time of purchase (March 1973), 2.87 tonnes of barbed wire valuing Rs. 0.07 lakh were already in stock which also had not been put to any use (December 1975).

The Government stated (August 1976) that for establishing a number of mulberry blocks in the State during the Fourth Plan period (1969-74), fencing material, which was reportedly in short supply, was purchased when funds were available. The delay in utilisation was attributed to lengthy formalities for acquisition of land and late finalisation of rules governing the allotment of land to the landless.

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 Introductory

Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, provides 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 or loans were given. Important points noticed as a result of the scrutiny conducted in accordance with the provisions of the above section, as also in relation to sanction/ utilisation of grants/loans, are given in this chapter.

6.2 Local Self Government Department

Grants to urban local bodies—Payment of grants to urban local bodies for certain specified objects is regulated under the rules framed by the Government in 1964, as amended from time to time. These rules, *inter alia*, stipulate that :—

- (a) application for grant should be submitted to the Government, through the Deputy Commissioner concerned, by 30th June every year ;
- (b) administrative approval and technical sanction of the competent authority, as prescribed under the Municipal Works Rules, 1973, in respect of the work must be obtained before an application for grant for any work is submitted ;
- (c) the work or service for which the grant is paid must be commenced within one year and completed within a period of two years from the date of receipt of the grant ;
- (d) necessary completion certificate should be furnished by the local body concerned to the Government/Audit within three months from the date of completion of the work failing which no further grant would be paid unless the delay is satisfactorily explained by the local body ; and
- (e) the local body should create a depreciation fund in respect of the construction work to facilitate large scale repairs or replacements of the work, as and when required. The grantee should also make a declaration to the effect that the work would be maintained properly after its completion.

The financial rules further enjoin that grants should be released only to the extent these are likely to be utilised before the close of the financial year.

Test check of the records of the department showed the following :—

- (i) During 1975-76, grants totalling Rs. 33.38 lakhs were paid to 31 urban local bodies for 271 works, including Rs. 13.69 lakhs to the Municipal Corporation, Simla for 25 works. Out of 90 sanctions for Rs. 33.38 lakhs, 73 sanctions for Rs. 28.97 lakhs were accorded in the last week of March 1976 on the basis of applications for grants received in the same month.
- (ii) In four cases relating to the Municipal Corporation, Simla, grants totalling Rs. 3.11 lakhs were paid (1975-76) for works estimated to cost over Rs. 0.50 lakh each. These were required to be technically sanctioned by the Superintending Engineer, Public Works Department, but had been sanctioned by the Municipal Engineer (of the rank of Executive Engineer).

In six cases involving works, each costing Rs. 0.50 lakh or less (grants paid Rs. 1.75 lakhs), pertaining to the Municipal Committees, Sundernagar (2 works each costing Rs. 0.25 lakh), Nahan (one work costing Rs. 0.40 lakh) and Bilaspur (one work costing Rs. 0.25 lakh), and the Notified Area Committee, Dhalli (2 works each costing Rs. 0.30 lakh), the works had been technically sanctioned by their Municipal Engineers who were not competent to do so being not of the rank of Executive Engineer.

The department stated (July 1976), that action to amend the rules was under consideration. Progress in the matter was awaited (March 1977).

- (iii) During 1971-72 and 1972-73, grants totalling Rs. 20.62 lakhs were paid to the Municipal Corporation, Simla, for electrical works. Utilisation certificates for Rs. 0.84 lakh only were sent to Audit. In January 1974, the electricity wing of the Corporation was taken over by the Himachal Pradesh State Electricity Board. The department stated (December 1976) that utilisation certificates for Rs. 19.78 lakhs were pending with the Corporation which was being asked to complete the works and furnish the utilisation certificates or refund the unutilised amount. Further developments were awaited (March 1977).
- (iv) Octroi duty in Simla was abolished by the Municipal Corporation from September 1961 at the instance of Government (Punjab) and in lieu thereof the Corporation was sanctioned an annual grant of Rs. 6.04 lakhs. This was reduced by 10 per cent in 1965 after which Rs. 5.44 lakhs were paid every year to the Corporation. Octroi duty was reimposed from November 1970, by which time the grant for 1970-71 had already been paid to the Corporation. The Government, therefore, claimed refund of a proportionate amount of the grant paid. The Corporation, however, contended (January 1971) that actual realisation of octroi duty, had it not been abolished in September 1961,

would have been not less than Rs. 15 lakhs in any year and that refund of the amount claimed should not be insisted upon. Final decision in the matter had not been taken (March 1977).

- (v) No procedure had been evolved to ascertain that a work for which a grant was given had been commenced within one year of the receipt of the grant by the grantee as no periodical progress reports were prescribed or received. According to the department (July 1976), all grants paid during 1975-76 were in relaxation of the requirement about submission of completion certificates for grants paid in earlier years.
- (vi) According to the department (June 1976), out of 840 works for which grants totalling Rs. 137.98 lakhs were given to the Municipal Corporation, Simla and other local bodies, during 1971-72 to 1973-74, 574 works valuing Rs. 70.72 lakhs had been completed. In terms of the prescribed schedule all the works should have been completed as under :—

Works relating to	Total number of works	Amount of grants	Stipulated last date of completion	Works completed (June 1976)
(Rupees in lakhs)				
1971-72	409	67.75	March 1974	315
1972-73	237	34.97	March 1975	169
1973-74	194	35.26	March 1976	90
Total	840	137.98		574

- (vii) A grant of Rs. 0.24 lakh was paid to the Municipal Corporation, Simla, in November 1975, to enable it to pay interest on loans received by it.
- (viii) Except for the Municipal Corporation, Simla, which had created a depreciation fund for its water works, no other urban local body had created such a fund. The department stated (July 1976) that instructions had been issued to all local bodies to create such a fund. The Government added (December 1976) that the financial position of the urban local bodies being unsatisfactory they could hardly provide for a depreciation fund.

6.3 Department of Co-operation

Subsidies, grants and loans—According to the department (May 1976), subsidies/grants and loans were sanctioned to co-operative institutions

for various purposes during 1971-72 to 1974-75 as shown below:—

Year	Number of institutions	Subsidies/ grants sanctioned	Loans sanctioned (Rupees in lakhs)	Total
1971-72	903	13.63	4.69	18.32
1972-73	1,359	16.97	8.56	25.53
1973-74	1,684	18.24	13.68	31.92
1974-75	1,217	30.88	31.63	62.51
Total		79.72	58.56	138.28

The category-wise break-up of subsidies/grants and loans sanctioned is given hereunder:—

(a) *Subsidies/grants*

Year	Managerial subsidy	Subsidy for marketing and rural godowns	Rehabilitation grant to the apex bank	Other grants	Total					
	Num-ber of insti-tutions	Amo-unt	Num-ber of insti-tutions	Amo-unt	Num-ber of insti-tutions	Amo-unt				
	(Amounts in lakhs of rupees)									
1971-72	808	4.04	41	1.31	—	—	12	8.28	861	13.63
1972-73	1,196	6.17	77	4.84	—	—	8	5.96	1,281	16.97
1973-74	1,520	7.60	78	4.98	—	—	4	5.66	1,602	18.24
1974-75	1,012	6.58	96	7.27	1	8.00	9	9.03	1,118	30.88
Total	..	24.39		18.40		8.00		28.93		79.72

(b) *Laans*

Year	Loans for construction of godowns		Loans for construction of cold storages		Loans for setting up fruit processing units		
	Number of institutions	Amount	Number of institutions	Amount	Number of institutions	Amount	
1	2	3	4	5	6	7	
	(Amounts in lakhs of rupees)						
1971-72	..	41	3.94	—	—	—	
1972-73	..	77	8.06	—	—	—	
1973-74	..	78	4.15	1	2.00	—	
1974-75	..	96	8.49	1	2.00	1	21.04
Total	..		24.64		4.00		21.04
	Loans to Land Mortgage Bank		Other loans		Total		
	Number of institutions	Amount	Number of institutions	Amount	Number of institutions	Amount	
	8	9	10	11	12	13	
	(Amounts in lakhs of rupees)						
1971-72	—	—	1	0.75	42	4.69	
1972-73	—	—	1	0.50	78	8.56	
1973-74	1	6.75	2	0.78	82	13.68	
1974-75	—	—	1	0.10	99	31.63	
		6.75		2.13		58.56	

Subsidies—Rupees 43.04 lakhs (loans: Rs. 24.64 lakhs and subsidies: Rs. 18.40 lakhs) were paid during 1971-72 to 1974-75 to 292 societies for construction of one marketing/rural godown each by September 1976. Of these, 190 godowns were constructed and 78 were under construction. Construction of 10 godowns was not taken up but the loans and subsidies paid were not refunded. Loans and subsidies paid for construction of 14 godowns were refunded.

Subsidies for godowns were to be sanctioned subject to the conditions, *inter alia*, that the working of the co-operative society was satisfactory, that storage space was needed for business and that sites for the godowns were available. The following points were noticed:—

- (i) A subsidy of Rs. 6,375 was paid in December 1974 to a co-operative multipurpose society in Bilaspur District for construction of a godown to be completed by 31st December 1975. The first instalment (Rs. 5,312) of the loan for the same purpose was released in March 1975. According to the departmental audit report on the accounts of the society for the period ended December 1975, the society had not even acquired land for the purpose. The department stated in November 1976 that construction upto roof level had since been completed and the remaining work would be completed with in a short time. Further progress of work was awaited (March 1977).
- (ii) According to the departmental audit report received in the office of the Registrar, Co-operative Societies, in August 1976, the godown constructed by a service co-operative society in Bilaspur District with the subsidy (Rs. 2,500) and loan (Rs. 7,500) paid to it in March 1962 was not in its possession; the land on which it was reported to have been constructed was stated to be under dispute. The department stated (November 1976) that action was being taken to recover the amount involved from the society. Further intimation about the recovery was awaited (March 1977).
- (iii) A sum of Rs. 15,000 (loan: Rs. 9,375, subsidy: Rs. 5,625) was paid in March 1973 to a service co-operative society in Mandi District for construction of a godown. According to the departmental audit report (December 1975), the amount had not been utilised as construction of the godown could not be started due to a dispute about the land on which it was to be built. The department stated (November 1976) that the society had since repaid the entire amount of loan and subsidy along with interest.

Rehabilitation grant—As a measure of relief to weak central co-operative banks, the Government of India formulated a scheme in January 1972, in terms of which assistance was to be provided by the Central and State Governments to cover a part of the banks' bad debts. According to the scheme, not more than 50 per cent of the amount of bad debts,

losses and overdues, as on 30th June 1971, were to be written off after taking adequate safeguards against "indiscriminate, motivated and other light hearted write off". Detailed criteria were to be prescribed by State Governments for determining the cases for write-off. Investigation of the overdues of the primary societies affiliated to the banks was also to be undertaken. Depending on the financial position of the banks and the affiliated societies, the amounts of write-off were to be shared, according to certain percentages, by the societies, the central banks, the apex bank and the Central and the State Governments. The contribution of the Central Government was to be given directly to the apex bank and the State Government's share was to be made available only after the bad debts had been sifted in the light of criteria laid down.

A rehabilitation grant of Rs. 8 lakhs was paid by the department to the Himachal Pradesh State Co-operative Bank Limited, Simla in March 1975. The contemplated criteria for purposes of sifting bad debts and determining the share of loss to be borne by each party had not, however, been laid down (March 1977).

The department stated (November 1976) that a committee consisting of Government officials and representatives of the Reserve Bank of India and the Himachal Pradesh State Co-operative Bank Limited had been constituted by the Registrar, Co-operative Societies, in July 1975, to make a proper check over the utilisation of the grant, that the committee was seized of the surveys at the level of primary co-operative societies and that the number of cases and the amounts to be written off would be worked out on the basis of the survey reports. Further progress in the matter was awaited; meanwhile the grant continued to remain unutilised (March 1977).

Loans—A scrutiny of the detailed accounts of loans to co-operative institutions maintained in the office of the Registrar, Co-operative Societies, which is responsible for keeping a watch over the recoveries, disclosed that the individual ledger accounts of the loanee societies were neither authenticated by the officials compiling them nor checked/counter-checked by any other official. Acceptances of the outstanding balances of loans at the end of the financial year were reported to have been obtained from the loanee institutions but these were not produced during audit (May 1976).

The Registrar's office did not have also with it information about the financial position of 637 societies in liquidation, as on 30th June 1976, as also of dormant societies and those running in losses. Outstanding Government loans against the societies in liquidation were Rs. 0.71 lakh (15 societies).

6.4 Department of Education

Grants to privately managed colleges and schools—The grants paid during 1971-72 to 1974-75 to the colleges were as under:—

1971-72		1972-73		1973-74		1974-75	
Number of colleges	Amount of grant	Number of colleges	Amount of grant	Number of colleges	Amount of grant	Number of colleges	Amount of grant
1	0.36	3	1.53	4	3.02	5	2.84

(Amounts in lakhs of rupees)

The Government had stated in December 1975 that it had been decided not to frame any rules to regulate grants to colleges for the present. Rules on the subject had not been framed (March 1977).

According to the practice followed, the deficit qualifying for grant to a college was worked out on the basis of its accounts as certified by the Chartered Accountants. The extent of Government assistance in a year varied from 60 to 95 per cent of the deficit of the college. The form in which the accounts were furnished varied from college to college. While some colleges submitted income and expenditure or receipt and payment accounts, others furnished deficit statements only.

The table below gives year-wise details of maintenance grants paid during 1971-72 to 1974-75:—

Year in which College paid	College	Year of account showing the deficit	Deficit as certified by the Chartered Accountants	Deficit as worked out by the department	Maintenance grant sanctioned/paid	Percentage of deficit met (actual)	Remarks
			(Rupees in lakhs)				
1971-72	A	1970-71	(a) 0.82	0.40	0.36	90	(a) Science fee (Rs. 0.42 lakh) was not taken into account in certifying the deficit.
1972-73	A	1971-72	Not available	Not available	0.36	—	
1972-73	B	1971-72	0.13	0.13	(b) 0.12	90	(b) Net amount of Rs. 0.02 lakh was paid after adjusting advance payment of Rs. 0.10 lakh made in the previous year.
1973-74	A	1972-73	(c) 0.86	0.32	0.25	78	(c) Income of Rs. 0.54 lakh from various sources such as grant from Municipal Corporation and rent from the property owned by the college had not been disclosed in the certified accounts.
1973-74	B	1972-73	0.26	0.26	0.17	65	
1973-74	C	1973-74	0.34	0.34	0.20	60	
1973-74	D	1972-73	0.06	0.06	0.05	89	
1974-75	A	1973-74	Not available	No available	0.90	—	
1974-75	B	1973-74	0.24	0.24	0.23	94	Not disbursed; was refunded into the treasury in March 1976 (Refer item (ii) below).

Year in which paid	College	Year of account showing the deficit	Deficit as certified by the Chartered Accountants	Deficit as worked out by the department	Maintenance grant sanctioned/paid	Percentage of deficit met (actual)	Remarks
1974-75	C	1973-74	0.64	(d) 0.18	0.16	90	(d) According to the department (March 1975), the expenditure indicated by the college was not reasonable.
1974-75	D	1973-74	0.14	0.14	0.13	95	

(i) *College A*—(a) According to the prospectus of the college, Rs. 6 per year per student are chargeable on account of Building Fund. The annual accretions to the Fund (amount not known) were not taken into account while working out the deficit for 1970-71 and 1972-73 on the basis of which maintenance grants of Rs. 0.36 lakh and Rs. 0.25 lakh were released in 1971-72 and 1973-74 respectively. On the other hand, expenditure on repairs to buildings amounting to Rs. 0.14 lakh and Rs. 0.25 lakh was treated as admissible expenditure for 1970-71 and 1972-73 respectively. It was also noticed that college D had accounted for the receipts on account of Building Fund in reckoning the yearly deficit and grant to it was regulated accordingly. Incidentally, the Educational Institutions Building Fund Utilisation Rules, 1968, framed by the Government, stipulate that expenditure on ordinary and special repairs to college buildings should be met from the Building Fund.

The procedure followed in the case of college A for 1970-71 and 1972-73 resulted in inflating the deficit. The position in regard to 1971-72 and 1974-75 could not be verified as the relevant papers were not available (March 1976).

(b) Receipts on account of medical, magazine and examination fees of Rs. 19 per student per year charged by college A were not taken into account while calculating the deficit. Similar fees, when charged, were deducted in determining the deficit of college C. The department stated (March 1976) that in the absence of rules it was not possible to adopt a uniform procedure for computation of deficit.

(ii) *College B*—According to the balance sheet of the college as at 31st March 1973, loans amounting to Rs. 0.15 lakh and Rs. 0.10 lakh were outstanding against the Management Committee of the college at the beginning and close of the year respectively. The department stated (March 1976) that reasons for granting loans to the Management Committee had been enquired (March 1976) of the college. Further developments were awaited (March 1977).

A grant of Rs. 0.23 lakh was sanctioned in 1974-75 on the basis of the deficit of Rs. 0.24 lakh in 1973-74. The amount was drawn by the department on 31st March 1975 but was not disbursed to the college because of dispute among the

members of the Management Committee. The amount was refunded into the treasury on 24th March 1976.

(iii) *College C*—(a) Expenditure of Rs. 0.10 lakh on rent was allowed in determining the deficit of Rs. 0.34 lakh for 1972-73 on the basis of which a grant of Rs. 0.20 lakh was released in 1973-74. Similar expenditure of Rs. 0.07 lakh claimed by the college for 1973-74 was, however, disallowed. Contingent expenditure of Rs. 0.59 lakh for 1972-73 was allowed in full. Similar expenditure of Rs. 0.55 lakh claimed by the college for 1973-74 was, however, restricted to Rs. 0.16 lakh on the analogy of a provision to that effect in the grant-in-aid rules of the Punjab Government.

Lack of uniformity in the treatment of similar items of expenditure in different years was attributed (March 1976) by the department to the absence of rules.

(iv) Orders were issued by the Government in May 1972 undertaking to compensate, in full, the privately managed colleges for the additional expenditure incurred by them due to revision of pay scales of their teachers with retrospective effect from November 1966 on the pattern of the pay structure of the corresponding categories of staff in Government colleges. The orders, *inter alia*, stipulated as under:—

- (a) the Government undertaking was restricted to the extra expenditure as a result of the revision of pay of the staff in position in each college on 1st November 1966 and did not cover any expansion in staff either as a result of revision of staffing pattern or due to normal expansion after 1st April 1966;
- (b) eleven per cent of the posts of Senior Lecturers were to be in the pay scale of Rs. 700—1100, and 25 per cent in the pay scale of Rs. 400-800. The remaining 64 per cent of posts were to be of Junior Lecturers in the pay scale of Rs. 300—600. The entitlement to the higher scale was to be based on length of service of each teacher; and
- (c) certain number of advance increments was to be allowed, depending upon the length of service of each teacher, and pay was to be fixed according to the formula laid down by the Government.

According to the department (March 1976), the following grants were paid to compensate for the additional expenditure.

College	1972-73	1973-74	1974-75	Total
		(Rupees in lakhs)		
A ..	0.80	0.55	0.70	4.20
		1.75	0.40	
D ..	0.25	0.10	0.06	0.50
			0.09	
Total ..	1.05	2.40	1.25	4.70

Of the above amount, Rs. 2.55 lakhs were paid to college A and Rs. 0.25 lakh to college D on account of arrears that had accrued upto July 1972; the balance payment was towards the additional expenditure from August 1972 onwards.

The department stated (March 1976) that all payments were made provisionally, without prior check, to avoid hardship to the teachers and that Rs. 0.54 lakh on account of arrears had been withheld pending settlement of disputes concerning *inter se* seniority of teachers and verification of claims. Verification of claims paid since 1972-73 had not been done (March 1977).

According to the department (March 1976), Rs. 0.11 lakh out of Rs. 0.80 lakh paid to college A in 1972-73 on account of arrears had not been disbursed by the college (January 1977) due to non-availability of address of payees who had since left the college. Rupees 0.06 lakh were stated to have been paid to a Junior Lecturer of that college on account of arrears even though the liability in respect thereof was that of the college management.

The above two amounts (Rs. 0.17 lakh) had neither been refunded by the college nor adjusted against subsequent releases. The department stated (March 1976) that necessary adjustment would be made at the time of releasing the amount withheld (Rs. 0.17 lakh out of Rs. 0.54 lakh mentioned above). Further developments were awaited (March 1977).

Grants to Schools—One of the conditions subject to which maintenance grants are given to schools is that the fees levied and concessions allowed by them should be in accordance with the rules laid down by the Government. The Deputy District Education Officer concerned had, in his report of 1973-74, stated that the fees charged by school F were higher than those prescribed by the Government. The school was accordingly not eligible for any grant, but grant of Rs. 0.10 lakh (the maximum limit admissible in the case of eligible schools) was paid to the school in 1974-75.

The above observations were referred to the Government in September 1976; reply was awaited (March 1977).

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION A—GENERAL

7.1 This chapter deals with the results of audit of:—

- (i) Statutory Corporations;
- (ii) Government Companies; and
- (iii) Departmentally managed Government commercial and *quasi-commercial* undertakings.

SECTION B—STATUTORY CORPORATIONS

7.2 As on 31st March 1976, there were three Statutory Corporations, *viz.*, Himachal Pradesh State Electricity Board, Himachal Pradesh Financial Corporation and Himachal Road Transport Corporation.

The Board was constituted in April 1971 but started functioning from September 1971. The certified accounts of the Board for 1974-75 together with the audit certificate and report thereon were forwarded to the State Government in April 1976 for being placed before the State Legislature in terms of Section 69 (5) of Electricity (Supply) Act, 1948. The accounts for 1975-76 were received on 5th November 1976 and are under audit (March 1977).

The accounts for 1974-75 and 1975-76 of Himachal Road Transport Corporation have not been finalised (March 1977). The accounts for 1974-75 (1st April 1974 to 1st October 1974) of the erstwhile Mandi-Kulu Road Transport Corporation had also not been finalised (March 1977).

A statement showing the summarised financial results of working of these Corporations on the basis of latest available accounts is given in Appendix V.

7.3 Himachal Pradesh State Electricity Board

7.3.1 Capital structure

The Board's capital comprises loans obtained from the State Government and borrowings from other sources. The following table indicates the balance

of loans outstanding at the end of 1975-76:—

<i>Source</i>	<i>Amount</i>
	(Rupees in lakhs)
1. State Government	
(a) Initial loan under Section 60 (2) of the Act for assets taken over by the Board	.. 30,00.00
(b) Loans under Section 64 of the Act	.. 14,29.55(A)
2. Public borrowings	
Issue of bonds	.. 5,97.00
3. Life Insurance Corporation of India	.. 2,22.16
4. Rural Electrification Corporation of India Limited	.. 7,27.33
Total	.. <u>59,76.04</u>

A loan of Rs. 30,00.00 lakhs was sanctioned by Government, in consideration of the provisional value of the assets transferred to the Board. The final amount of the loan on this account has not been determined as complete details of the assets transferred have not been finalised (February 1977).

The State Government has guaranteed repayment of loans taken by the Board from other sources to the extent of Rs. 20,57.98 lakhs out of which the amount guaranteed and outstanding, as on 31st March 1976, was Rs. 13,72.73 lakhs.

7.3.2 Working results and profitability

Working results—The revenue realised by the Board, the operation and maintenance charges, appropriations and the net deficit since its inception up to

- (A) The figure of Rs. 14,29.55 lakhs in respect of 'Loans under Section 64 of the Act' is based on the audited annual accounts for 1975-76 of the Board. In Finance Accounts 1975-76 (page 150) and paragraph 8.2 at page 155 of this Report, figure of Rs. 14,63.57 lakhs is mentioned. The difference of Rs. 34.02 lakhs is due to:—

	(Rupees in lakhs)
(i) Loan redeemed to the State Government during 1975-76	.. 1,31.18 (Debit)
(ii) Difference in opening balance as on 1st April 1975	.. 97.16 (Credit)
Net	.. <u>34.02 (Debit)</u>

The difference is under reconciliation in consultation with the State Government and the Board.

March 1976 are given in the following table:—

		(Rupees in lakhs)
(i) Revenue		
(a) by sale of power	..	19,10.23
(b) other operating income	..	1,53.02
(c) subvention from Government	..	10.00
	Total	20,73.25
(ii) Operation and maintenance expenses	..	14,98.82
(iii) Cost of power purchased	..	5,84.06
Total expenses	..	20,82.88
(iv) Deficit	..	9.63
(v) Interest on loans guaranteed under Section 66 of the Act	..	1,81.40
(vi) Interest on loans from Government	..	1,00.00
Net deficit (iv) + (v) + (vi)	..	2,91.03

Undischarged interest on Government loans (Rs. 8,43.66 lakhs) and depreciation (Rs. 1,42.98 lakhs) up to the end of 1975-76 amounted to Rs. 9,86.64 lakhs; the amount is shown as contingent liability in the Board's balance sheet.

The following table indicates the working results of the Board under the broad heads for the three years ended 1975-76:—

	1973-74	1974-75	1975-76
	(Rupees in lakhs)		
A—Revenue			
(i) Sale of power	.. 3,03.07	4,55.20	6,87.33
(ii) Miscellaneous income	.. 37.95	39.85	34.73
Total (A)	.. 3,41.02	4,95.05	7,22.06
B—Expenses			
(i) Operation and maintenance including cost of power	.. 3,60.65	4,50.99	6,16.75
(ii) Depreciation provided in accounts	.. —	44.06	1,05.31
Total (B)	.. 3,60.65	4,95.05	7,22.06
C—Subvention from Government	.. —	—	—
D—Deficit (—)			
Surplus (+)	(—)19.63	—	—

E—Appropriations/interest payments

(i) Interest on bonds ..	12.13	21.16	38.28
(ii) Interest on loans from Life Insurance Corporation of India ..	4.60	10.18	32.82
(iii) Interest on loans from Rural Electrification Corporation of India Limited ..	9.34	17.82	26.62
(iv) Interest on loans from Government ..	—	50.00	—
Total (E) ..	26.07	99.16	97.72

F—Contingent liabilities

(i) Depreciation not provided for in the accounts ..	71.77	34.97	9.32
(ii) Interest on Government loans not provided for ..	1,97.88	1,67.78	2,46.03
Total (F) ..	2,69.65	2,02.75	2,55.35

The financial position at the end of each of the three years up to 1975-76 was as follows:—

	1973-74	1974-75	1975-76
	(Rupees in lakhs)		
Liabilities			
Loans from Government ..	37,87.72	41,31.88	44,29.55
Long-term borrowings ..	7,01.64	11,89.66	15,46.50
Reserve and surplus (excluding consumers' contribution for service lines) ..	2.34	20.61	3.27
Grants-in-aid (unspent) ..	2.51	3.09	1,68.27
Capital receipts ..	—	—	20.20
Current liabilities			
(a) Employees Provident Fund, Pension Reserve and Benevolent Fund ..	73.25	93.73	1,49.02
(b) Other liabilities ..	12,74.17	15,24.07	16,20.10
Total liabilities ..	58,41.63	69,63.04	79,36.91
Assets			
Gross fixed assets ..	28,56.35	28,59.57	28,96.31
Less consumers' contribution for service lines ..	2.99	4.86	8.40
Less depreciation ..	1,74.38	2,18.44	3,23.75
Net fixed assets ..	26,78.98	26,36.27	25,64.16
Intangible assets ..	8.95	15.65	20.08
Works-in-progress ..	17,91.49	27,17.38	35,91.91

Note: The figures for 1975-76 are provisional.

Current assets				
Stores	..	4,57.68	5,84.11	5,87.39
Sundry debtors for energy supplied	..	41.34	1,16.41	1,74.20
Other receivables	..	5,14.64	5,77.23	5,15.36
Investment including fixed deposits	..	2,14.74	46.58	71.52
Deferred revenue	..	1.87	4.08	7.23
Cash and bank balances	..	37.45	24.99	67.01
Pre-Board settlement account	..	0.33	47.02	47.02
Total current assets	..	12,68.05	14,00.42	14,69.73
Net deficit accumulated	..	94.16	1,93.32	2,91.03
Total assets				
..	..	58,41.63	69,63.04	79,36.91
Other particulars				
Working capital	..	(—) 79.37	(—) 2,17.38	(—) 2,99.39
Net worth	..	43,88.59	51,33.18	56,68.01

7.3.3 Generation and sale of power

The position of installed capacity for power generation, the power actually generated, the power available for sale, the power actually sold and lost in transmission and distribution during the three years up to 1975-76 is tabulated below:—

		1973-74	1974-75	1975-76
		(In MkwH)		
Installed capacity				
Hydro electric	..	413.65	437.74	437.74
Diesel	..	12.72	22.01	22.01
Power generated				
Hydro electric	..	161.87	169.18	182.16
Diesel	..	0.03	0.18	0.08
Percentage of power generated to installed capacity				
Hydro electric	..	39.2	38.6	41.6
Diesel	..	0.0023	0.82	0.04
Power purchased from other States/ Union Territory	..	201.40	191.84	225.10
Power sold to other States	..	114.45	94.68	107.70
Power available for sale within the State	..	248.85	266.52	299.64
Units sold within the State (including auxiliaries)	..	196.22	210.01	220.52
Loss in transmission and distribution	..	52.63	56.51	79.12
Percentage of transmission losses to power available	..	21.15	21.20	26.40

Note: The figures for 1975-76 are provisional.

Percentage of power sold to other States				
to generation	..	70.7	55.9	59.1
Average cost of energy sold (in paise per unit)	..	21.14	26.09	32.84
Average revenue earned (in paise per unit)	..	10.98	16.28	22.05

The all India average of line losses was 20 *per cent* during 1973-74 and 1974-75.

The Committee on Evaluation of Energy Losses appointed by the Government of India held (April 1968) that transmission losses upto 15 *per cent* in the system as a whole could be accepted as normal taking into account the operational conditions in the country but observed that efforts should be made at a later stage to reduce line losses to less than 10 *per cent* and where total losses exceeded 15 *per cent*, special study should be made to evaluate the losses with a view to taking steps for improvement. In November 1975, the Board fixed norms for losses on sales of energy to consumers with 11 K. V. metering and for sales to low voltage consumers to the extent of 20 and 25 *per cent* respectively.

7.3.4 Rukti Micro Hydel Scheme

In December 1963, project report of the above scheme (100 KW) was prepared at estimated cost of Rs. 4.14 lakhs which was accepted in June 1964, for implementation in the Third Plan (1961-66). During 1967 to March 1974, there were, however, many changes in the scope of the scheme, the capacity of which was successively revised from 100 to 1,500 KW. According to the latest estimates, the scheme is now expected to cost Rs. 91.36 lakhs. The revised project report has not yet been finalised (February 1977).

The Stores Purchase Division of the Board placed (September 1964) a supply order for purchase of two generating sets of 50 KW each and connected machinery costing Rs. 0.16 lakh and Rs. 0.66 lakh respectively. The equipment was received in May 1965 and May 1966. Owing to change in the head from 120 to 260 feet, the equipment already received has not been put to use (January 1977). Supply orders for four generating sets (Rs. 22.52 lakhs) of 375 KW each were placed in June 1974 against which equipment costing Rs. 5.27 lakhs has been received upto January 1977.

The expenditure incurred against the original (100 KW) and the revised (1,500 KW) estimates up to October 1976 in respect of items of work taken up

Note: The figures for 1975-76 are provisional.

for execution was as under :—

	Estimates under		Expenditure on the original scheme up to March 1974	Expenditure on the revised scheme from May 1974 to October 1976
	Original scheme (100 KW)	Revised scheme (1,500 KW)		
(i) Power channel RD 4,724	1.31	1.62	1.64	2.07
(ii) Forebay tank ..	0.24	1.64	0.39	1.90
(iii) Penstock fabrication, erection and making of penstock profiles ..	0.22	0.63	0.52	4.32
(iv) Power house building ..	0.37	0.20	0.26	2.98

(Rupees in lakhs)

The power channel executed up to March 1974 was utilised in the revised scheme. However, besides the expenditure of Rs. 0.82 lakh on the equipment found surplus (generating sets and connected machinery), expenditure of Rs. 1.17 lakhs incurred on penstock (Rs. 0.52 lakh), on forebay tank (Rs. 0.39 lakh) and power house building (Rs. 0.26 lakh) was rendered largely infructuous owing to the changed design. Work on the revised scheme is in progress (February 1977).

The Board stated (August 1976) that action to dispose of the generating sets was being taken and the fabricated penstock pipes of old scheme had been utilised in the new design for drainage system.

7.3.5 Investigation of projects

Planning of the various projects undertaken is done by the Chief Engineer (Project). Mention was made in paragraph 7.3 (viii) of the Report of the Comptroller and Auditor General of India for the year 1974-75, of the time schedule for the various projects undertaken by the Board. Of the 23 schemes taken up for investigation, 11 investigation reports had been submitted and 5 had been cleared technically by the Central Electricity Authority but none had been taken up for execution. On all these investigation schemes, the Board spent Rs. 4,58.31 lakhs during the period from 1972-73 to 1975-76. The points noticed during test audit of some project divisions are mentioned below:—

(a) *Construction of roads*—After incurring expenditure of Rs. 35.47 lakhs on roads (under construction) for the projects listed below, works were stopped

in September 1974 owing to paucity of funds. These works have not been resumed (January 1977):

Project	Date of commencement of road works	Length of roads		Estimated cost	Expenditure (upto January 1976)
		Planned	Completed		
		(Kilometres)		(Rupees in lakhs)	
Parbati	July 1969	139.7	78.7	9.19	14.39
Malana	December 1972	12.0	7.0	6.37	3.68
Bhaba	August 1973	19.4	19.4 (A)	11.53	12.85
Baner	November 1973	6.8	4.1	3.49	4.55
	Total ..			30.58	35.47

The Board took up the construction of roads for Parbati, Malana and Baner projects at investigation stage even though these projects had not been technically cleared by the Central Electricity Authority.

Construction of the road for Bhaba project was taken up though the Board had not cleared the project for execution (February 1977).

In January 1975, the Bhaba road was damaged due to earthquake/land-slips. The Divisional Officer estimated (April 1975) the loss at Rs. 3.14 lakhs. The road has not yet been repaired (February 1977).

The Board stated (August 1976) that the road, after its completion, would be used as and when geological survey (drift and drilling) works and the project were taken up.

Since October 1974 nine compressors costing Rs. 4.24 lakhs purchased for road works were lying unused (January 1977) and Rs. 0.14 lakh had been spent on watch and ward of these compressors up to March 1976. The Divisional Officer stated (March 1976) that the compressors were lying in an inaccessible place.

The work on Baner road was started in November 1973 without acquiring land at take off point from Chamout to Jia (1/2 kilometre portion) and the road was constructed at different points in separate patches. Some portion was damaged by rain. An estimate for Rs. 0.19 lakh for repairs was prepared in October 1974. Repair work has not been undertaken for want of sanction (February 1977).

(A) The road was to be completed with width of 24'-36'. It had, however, been completed with width of 9'-14'.

(b) *Construction of buildings*—Pending completion of investigation of 14 schemes, expenditure aggregating Rs. 38.81 lakhs was incurred on construction of 85 buildings up to March 1976. The buildings constructed for two of the investigation projects are discussed below:—

(i) *Bhaba investigation project*—Expenditure of Rs. 3.72 lakhs was incurred up to January 1976 against an estimated cost of Rs. 2.70 lakhs on construction of an office building (Rs. 0.71 lakh) for the Bhaba Investigation Division and residential quarters (Rs. 3.01 lakhs) at Jeori (District Simla). The construction work was taken up in March/ May 1974. Work on the office building was stopped in January 1975 for want of funds and has not been resumed so far (February 1977). The work on the residential quarters was also stopped in February 1975, and was re-started in September 1975 but has not yet been completed (January 1977). The Bhaba Investigation Division was closed in May 1975 after finalisation of the project report and was merged with another division.

(ii) *Kol dam investigation project*—Expenditure of Rs. 0.77 lakh incurred on construction of four office and residential buildings at Aina (District Bilaspur) had not been put to any use, as shown below:—

Particulars of buildings	Date of completion of building	Cost of construction
		(Rupees in lakhs)
Sub-divisional Officer's residence	.. 1968	0.18
Sub-divisional Officer's office	1968	0.14
Class III quarters	1968	0.29
Class IV quarters	.. 1968	0.16

The Divisional Officer stated (May 1976) that consequent on shifting of the dam axis in April 1968, the buildings were not allocated to any one, as the quarters came within the area of the location of the dam. The Executive Engineer, Investigation Division, Simla, informed (July 1975) the Superintending Engineer that due to completion of investigation work of Kol dam and transfer of Bilaspur Sub-Division to Bhuntar (District Kulu) in July 1976, the utility of these buildings had become doubtful. These buildings have not been utilised so far (January 1977).

(c) *Purchase of land*—Land at various places mentioned below was purchased for Rs. 4.50 lakhs during the period September 1971 to May 1974 for construction of residential and non-residential buildings. No construction work has been

taken up and no estimate/scheme prepared for utilisation of the land (January 1977):—

Place	Area of land (Bighas)	Date of purchase	Cost of land (Rupees in lakhs)
Sungra	85	May 1974	1.65
Sholtu	44	May 1974	1.29
Jhakri	89	September 1971	0.75
Bhuntar	184	March 1973	0.81
Total ..			4.50

The matter was referred to the Board in February/June 1976 and to Government in November 1976; replies are awaited (March 1977).

(d) *Under-utilisation of machinery*—The table below indicates the details of utilisation of machinery (air compressors, milling machinery, etc.) costing Rs. 31.06 lakhs.

Investigation Project/division	Particulars of machinery	Number of machines	Year of purchase	Total cost (Rupees in lakhs)	Number of hours worked up to March 1976	Remarks
Parbati	Air Compressors	21	1969-75	8.74	15,246	
Nathpa-Jhakri/ Bhaba-Baspa	-do-	19	1972-74	9.65	6,642	
Medium Hydel Schemes in Kan- gra District	-do-	6	1975-76	3.25	369	
Simla Investiga- tion Division	-do-	5	1966-75	2.03	4,197	
Transmission and Construction	-do-	2	1970-71	0.29	Nil	
Division, Kangra	-do-	2	1965-68	2.03	2,012	
Chamba						
Chamba, Jeori and Bhuntar	Milling mach- ines	3 in each division	July 1971 to April 1974	2.41	21	
Parbati	Drilling machines	2	1969-70 1970-71	1.08	3,865	
	Radial drill- ing machines	1	1973-74	0.45	100	
	Welding sets	2	1972-73	0.41	Nil	One set trans- ferred to Giri in October 1975 but data about extent of utili- zation there was not availa- ble (February 1977).
	Shapper machine	1	1972-73	0.19	20	

Chamba	Welding sets (Gas, diesel and electric)	3	1968-69 1970-71 1974-75	0.37	590	Workshop set up in June 1972. Proj- ect has not been taken up for execution (January 1977).
	Pillar drill and power hacksaw	2	1970-71	0.16	43	

The under mentioned reasons were given for under-utilisation of the air compressors and the milling machines (January/March 1976):—

(i) Out of 21 air compressors (cost: Rs. 8.74 lakhs) purchased during 1969-75, six compressors (cost: Rs. 2.74 lakhs) in Parbati Investigation Division had not worked (March 1976) owing to slowing down of investigation work on account of paucity of funds. Four compressors (cost: Rs. 2.14 lakhs) received in Bhaba-Baspa Division, in December 1972, remained idle (December 1976) as these were purchased in excess of requirement. Two compressors (cost: Rs. 1.83 lakhs) received in Nagrota Division in February 1975, for medium hydel schemes in Kangra District remained idle (May 1976) as tunnelling work had not been undertaken. One compressor was transferred to Giri-Bata Project Division in February 1976. In Simla Investigation Division, four out of five compressors acquired during July 1973 to December 1975 had worked for less than 150 hours up to January 1977. Two compressors remained idle from September 1974 and October 1975 respectively, for want of repairs. The remaining three compressors were idle (up to January 1977) from October 1975, December 1975 and January 1976 respectively, owing to stoppage of works of Andhra Hydel Project for which the compressors were procured. Two air compressors were transferred by the Resident Engineer, Bassi (Jogindernagar) to the Transmission and Construction Division, Kangra, in March 1971. One air compressor was intended for blasting and rock cutting at 132 K. V. Sub-station, Hamirpur, and the other one was for spray painting. The air compressors remained idle since March 1971. The Kangra Division declared these air compressors surplus in February 1976. The Board stated (August 1976) that the compressors could not be put to use as there was no rocky portion in the work of 132 K. V. Sub-station and that action was being taken to transfer these compressors to other needy divisions.

(ii) Three milling machines were received for the workshops at Chamba (July 1971), Bhuntar and Jeori (April 1974). The machines at Bhuntar and Jeori had not been put to use while the machine at Chamba had worked for 21 hours since July 1971. The Divisional Officer stated (March 1976) that the machines could not be utilised for want of electric connection and also because no gear cutting work had been taken up at the workshop. The Board stated (August 1976) that the machines would be commissioned as soon as the Andhra/Bhaba projects were approved and taken up.

(e) *Bedford trucks*—The Chief Purchase Officer placed (December 1972) an indent for purchase of two Bedford trucks for the Bhaba-Baspa Investigation project. The vehicles were received in March 1974, after building of truck bodies

at total cost of Rs. 1.38 lakhs. Both the trucks went out of order in March 1974 and July 1974, one immediately after delivery and the other after running 1,178 kilometres. The details of the performance of both the trucks are given below:—

Number of truck	Period of breakdown up to March 1976	Distance covered (Kilometres)		Estimated cost of operation per kilometre	Actual cost per kilometre
		1974-75	1975-76		
HPS-7574	20 months	11,059	4,962	2.90	3.90
HPS-7577	8 months	5,043	769	2.90	4.30

Rupees 0.37 lakh and Rs. 0.29 lakh were spent on running and maintenance of both the trucks during 1974-75 and 1975-76.

The Chief Purchase Officer took up (December 1975) the matter with the supplier firm pointing out that the defects were due to poor workmanship. In April 1976 the Divisional Officer sought orders of the Superintending Engineer for disposal of the trucks. Further information is awaited (March 1977).

(f) *Dumpers*—Mention was made in paragraph 7.4 of the Report of the Comptroller and Auditor General of India for the year 1974-75 of some aspects of execution of the Giri Hydel Project. Eight Mogrut dumpers, borne on the machinery register of Giri Hydel Project Division No. II, were purchased, in March 1967, for Rs. 8.23 lakhs. The average utilisation of these dumpers on construction of tail race channel of the project was one hour daily up to 1973-74 and these remained idle during 1974-75. The dumpers worked for 408 hours in 1975-76. Establishment expenditure up to March 1976 was, however, Rs. 2.96 lakhs.

The Board stated (July 1976) that as construction of the project had been entrusted to a contractor, use of the dumpers was restricted to departmental works and that their performance was not up to the mark owing to the strata conditions encountered and also due to mechanical defects causing frequent breakdowns. The Board approved a proposal for their disposal in February 1976. Action to dispose of them was stated to be under process (September 1976). Further developments are awaited (March 1977).

7.3.6 Store control

Mention was made in paragraph 7.3 (XVII) of the Report of the Comptroller and Auditor General of India for the year 1974-75 regarding purchases and the stores organisation of the Board. Further points in this regard are

contained in the succeeding paragraphs:—

(i) *Purchases*—The value of opening balances, purchases, utilisation and closing balances of stores for the three years up to 1975-76 were as follows:—

Year	1973-74	1974-75	1975-76*
	(Rupees in lakhs)		
(1) Capital stores for specific projects			
(i) Opening balance ..	1,39.71	1,10.32	2,42.27
(ii) Purchases ..	6,10.56	8,96.34	7,39.27
(iii) Stores issued to works ..	6,39.95	7,64.39	7,84.07
(iv) Closing stock ..	1,10.32	2,42.27	1,97.47
(v) Average issue per month ..	53.33	63.70	65.34
(2) Other operational stores (including stores required for capital works)			
(i) Opening balance ..	3,89.22	3,47.35	3,41.77
(ii) Purchases ..	41.10	98.08	58.79
(iii) Stores issued to works ..	82.97	1,03.66	55.39
(iv) Closing stock ..	3,47.35	3,41.77	3,45.17
(v) Average issue per month ..	6.92	8.64	4.62

(ii) *Surplus and unserviceable stores*—Mention was made in paragraph 7.3 (XVII) of the Report of the Comptroller and Auditor General of India for the year 1974-75 regarding surplus, unserviceable and obsolete stores. Further stores worth Rs. 44.08 lakhs which were declared (July 1975 to February 1976) surplus by eight divisions, were awaiting disposal. The Board stated (December 1976) that the stores could not be utilised on account of curtailment of activities owing to non-availability of funds.

In Dehra Electrical Division, materials costing Rs. 0.34 lakh were lying unserviceable for periods ranging from one to four years. Action had been initiated in August 1976 for disposal of the unserviceable material. Further developments are awaited (March 1977).

A test check (July 1976) of the accounts of sub-divisional stores at Baspa, Chamba, Kandaghat, Nagrota, Parbati, Simla (Electrical) and Simla (Hydel) under the investigation divisions showed that during the period from April 1972 to December 1975, purchases were made in anticipation of clearance of different

*The figures for 1975-76 are provisional.

projects for execution and stores worth Rs. 23.95 lakhs were lying idle, as detailed below:—

Material	Stock al- ready available	Purchases	Utilisation	Balance on 31st March 1976	
				Quantity (Rupees in lakhs)	Value (lakhs)
Steel(mild steel bars, plates, rounds etc.) (tonnes)	105.20	730.30	187.13	648.37	14.57
Corrugated galva- nised iron sheets (tonnes)	105.00	3,555.90	142.50	3,518.40	5.23
(numbers)	Nil	386	221	165	
Drilling equipment (Drill rods and assorted items) (numbers)	118	542	23	637	1.69
Galvanised iron pipes (metres)	2,561	13,264	2,313	13,512	1.64
Cement (bags)	50	4,900	3,035	1,915	0.48
Bitumen (tonnes)	Nil	32	Nil	32	0.34
				Total	23.95

(iii) *Shortage of stores*—(I) In Chamba and Dalhousie Sub-divisions (Electrical), stores valuing Rs. 0.49 lakh (Chamba :Rs. 0.30 lakh and Dalhousie: Rs. 0.19 lakh) were handed over short by Junior Engineers/Assistant Storekeepers to their successors in September 1974 and April 1975. These amounts were awaiting recovery/adjustment. The Board stated (July 1976) that the Divisional Officer was investigating into the shortages. Further developments are awaited (March 1977).

(II) In Jawalamukhi sub-office of Dehra Electrical Division, out of stores valuing Rs. 0.27 lakh not handed over by a Sectional Officer in January 1974, materials worth Rs. 0.16 lakh were adjusted in March 1974. The balance amount of Rs. 0.11 lakh was awaiting recovery/adjustment (February 1977).

Similarly, materials valuing Rs. 0.07 lakh were not handed over by another Sectional Officer to his successor in September 1973, in respect of which neither recovery nor adjustment had been made.

The Board stated (June 1976) that action had been initiated to prepare material-at-site accounts for works valuing Rs. 0.27 lakh and final position would be known in due course. Shortages of value of Rs. 0.07 lakh were reported to have been adjusted in the accounts for November 1974 pending recovery from the officials concerned. Further progress was awaited (March 1977).

(iv) *Physical verification*—During 1975-76, out of 109 sub-divisional stores, physical verification of 36 sub-divisional stores (fully in 20 stores and partly in 16 stores) was conducted. Shortages and excesses to the extent of Rs. 1.45 lakhs and Rs. 1.20 lakhs respectively were noticed, out of which shortages of Rs. 0.19 lakh and excesses of Rs. 0.12 lakh were adjusted during 1975-76; the balance is awaiting regularisation/adjustment (March 1977).

(v) *Purchase of wood preservative*—The Superintending Engineers, Hydell Circles, Mandi and Dharamsala, indented supply of 45 tonnes and 20 tonnes of wood preservative on 21st March 1974 and 4th April 1974 respectively. An offer of firm 'A' for supply of material at Rs. 9,400 per tonne *f.o.r.* Calcutta/Nagpur (valid upto 15th April 1974) received by the Superintending Engineer, Mandi, on 25th February 1974 was also forwarded to the Chief Purchase Officer.

The Chief Purchase Officer, after obtaining clearance from the Superintending Engineers about the availability of funds, placed orders on the same firm on 12th June 1974 at the rate of Rs. 10,500 per tonne. This resulted in extra expenditure of Rs. 0.65 lakh as compared to the rates quoted by the firm in February 1974.

The Chief Purchase Officer stated (June 1976) that the earlier offer of the firm could not be availed of as certain clarifications regarding availability of funds were asked for from the Superintending Engineers.

(vi) *Purchase of accessories of wood preservation plants*—Against an indent of Electrical Division, Bilaspur, the Chief Purchase Officer placed an order (April 1974) for purchase of two sets of accessories for renovation of wood preservation plants (one for Bijni and other for Jabli). Both the sets of accessories costing Rs. 0.68 lakh were received in Bilaspur Central Stores in October 1974. These were, however, lying idle since then (February 1977). It was stated (July 1976) that renovation work could not be done owing to paucity of funds.

(vii) *Purchase of transformer oil*—In October 1974, 74,340 litres of transformer oil valuing Rs. 5.97 lakhs were purchased from a firm which had quoted the lowest rate. Advance payment of Rs. 5.67 lakhs (95 per cent) was made to the firm in November 1974. The consignee units of the Board made several complaints that the supply was not according to the I.S.I. specifications. The Chief Purchase Officer thereupon took up (February and July 1975) with the firm for replacement of the entire quantity. The oil samples were sent for testing to the National Test House, Bombay, and Shri Ram Test House, Delhi, in November 1975 and April 1976 respectively. The test reports (May 1976) confirmed that the samples were below the I.S.I. specifications.

The Chief Purchase Officer stated (June 1976) "the firm is being requested to replace the defective transformer oil or we will take such legal action against the firm which may be necessary as per advice of our law department."

The oil has not been replaced by the firm and no legal action has been taken so far (February 1977).

(viii) *Purchase of bitumen*—The Chief Purchase Officer placed an order for purchase of bitumen on firm 'A' in December 1974; the purchase order was amended in January 1975. The terms and conditions of the supply order provided that the material would be packed in new drums of 230/250 kg. capacity each and the difference in the cost of new and old drums at Rs. 100 per drum would be borne by the purchaser and that the bank charges, demurrage and wharfage resulting from late presentation of the documents would be borne by the firm.

In February 1975, 544 drums of bitumen were supplied by the firm and bank intimation regarding release of documents was received on 20th February 1975. On delivery, the material was found to have been packed in 156.5 kg. old drums instead of 230/250 kg. new drums. The delivery of the material was taken on 4th March 1975 after the Chief Purchase Officer had advised that the firm had agreed to adjust the excess payment on this account. The total amount recoverable from the firm worked out to Rs. 0.58 lakh, being the cost of 544 new drums already paid for and demurrage/wharfage charges (Rs. 0.04 lakh). The firm was asked (March 1975) to refund the excess payment, which had not been received (February 1977).

The matter was referred to the Board in September 1975 and to Government in November 1976; replies are awaited (March 1977).

(ix) *Purchase of concrete mixers*—The Chief Purchase Officer placed an order (April 1975) for purchase of two diesel driven and one electric driven concrete mixers against a Director General, Supplies and Disposals rate contract at a total cost of Rs. 0.60 lakh. These were received in June 1975. The Baspa Investigation Division, Jeori, intimated certain defects in the mixers to the firm and the Chief Purchase Officer in August 1975.

These mixers are lying (January 1977) idle since their receipt. The firm has not replaced/repared the defective mixers as per the rate contract of Director General, Supplies and Disposals nor has the Board reported the matter to the Director General, Supplies and Disposals.

The matter was referred to the Board in June 1976 and to Government in November 1976; replies are awaited (March 1977).

7.3.7 Measurement of completed electrical works

Measurements in respect of 82 electrical works worth Rs. 18.88 lakhs completed in 1974-75 by two divisions had not been recorded in electrical measurement books by the engineers incharge as the measurement books had not been supplied by the Board. Materials valuing Rs. 16.02 lakhs were reported to have

been issued to these works. However, it had not been verified by the sub-divisional officers in charge of the works that the materials had been utilised on the works.

In 18 other electrical divisions also, neither measurements were being taken nor verification of materials used was being done since September 1971.

The matter was referred to the Board/Government in March 1976. The Board stated (August 1976) that two divisions had since started recording the measurements. The position in respect of the remaining divisions is awaited (March 1977).

7.3.8 Adjustment of assets/liabilities

The electricity undertakings and the Electricity Department of the Municipal Corporation, Simla, were taken over by the Board from 1st January 1974. The terms and conditions of transfer of assets, liabilities, etc., have not yet been settled between the Board and the Municipal Corporation (January 1977).

The matter was referred to the Board/Government in March 1976; reply is awaited (March 1977).

7.3.9 Under-billing

During the course of test audit conducted in 1976-77, under-billings aggregating Rs. 0.65 lakh relating to the period April 1973 to March 1976 were noticed. The matter was reported to the Board in April-August 1976; reply is awaited (March 1977).

7.3.10 Losses, Misappropriations, etc.

Seventy nine cases of losses, misappropriations, etc., involving total sum of Rs. 8.03 lakhs were outstanding on 31st March 1976. Action on these cases is pending (March 1977).

7.3.11 Internal audit

The arrears in internal audit as on 31st March 1976 were as under:—

- (i) Consumer's accounts for the years 1974-75 and 1975-76; and
- (ii) Works accounts of 20 (1972-73), 24 (1973-74), 40 (1974-75) and 35 (1975-76) divisions.

7.3.12 Settlement of audit observations

At the end of September 1976, 246 inspection reports containing 1,589 paragraphs issued up to March 1976 were outstanding, even the first replies in regard to 8 inspection reports issued up to March 1976, are awaited (March 1977).

7.4 Other Statutory Corporations

7.4.1 The total investment of the State Government in the other two Statutory Corporations, as on 31st March 1976, was as under:—

	Share capital	Loan	Total capital
(Rupees in lakhs)			
Himachal Pradesh Financial Corporation	54.25	27.21	81.46
	@		@
Himachal Road Transport Corporation	476.10	—	476.10

Government has also guaranteed the repayment of loans, etc., raised by Himachal Pradesh Financial Corporation to the extent of Rs. 216.43 lakhs. The amount guaranteed and outstanding, as on 31st March 1976, was Rs. 225.14 lakhs. The amount outstanding as on 31st March 1976, exceeded the total amount guaranteed as, in some cases, Government permitted the Corporation to raise loans up to 10 per cent in excess of the guaranteed amount.

7.4.2 Profits and dividends

The Himachal Pradesh Financial Corporation earned net profit of Rs. 18.02 lakhs during 1975-76 which represented 29.5 per cent of its paid-up capital. A dividend of Rs. 1.63 lakhs representing 3 per cent of the capital contributed by Government was transferred to Special Reserve Fund created under the State Financial Corporations Act.

7.5 Himachal Road Transport Corporation

7.5.1 Refund of token tax

Under the Himachal Pradesh Motor Vehicles Taxation Act, 1972, if a registered owner or a person having possession or control of a motor vehicle has given previous intimation in writing to the taxation authorities that the vehicle would

(A) The figure of Rs. 27.21 lakhs is based on the audited annual accounts for 1975-76 of Himachal Pradesh Financial Corporation. The figure of Rs. 8 lakhs mentioned in paragraph 8.2 at page 155 of this Report does not, however, include Rs. 19.21 lakhs provided by the State Government to the Corporation for implementation of the scheme of assistance to educated unemployed;

@ This includes mean capital of Himachal Government Transport amounting to Rs. 372.20 lakhs for 1973-74 and Rs. 43.90 lakhs as on 1st October 1974, in respect of erstwhile Mandi-Kulu Road Transport Corporation and Rs. 60 lakhs as investment by Government in the Corporation during 1975-76.

not be used in a public place for a particular period being not less than one month and deposits the certificate of registration of such vehicle with such authority and obtains acknowledgement therefor from that authority, he is exempted from payment of token tax for that period.

It was observed during test check (March 1976) of the accounts of the Regional offices of Himachal Road Transport Corporation at Chamba, Mandi and Una that 109 vehicles of the Corporation remained off the road for the total period of 318 months during 1974-75 and 1975-76. Though refund of token tax deposited in advance was admissible, the Corporation did not apply for it in time and failed to get refund on this account totalling Rs. 0.62 lakh (Una: Rs. 0.35 lakh, Mandi: Rs. 0.18 lakh and Chamba: Rs. 0.09 lakh).

The Government stated (September 1976) that owing to certain constraints like non-availability of spare parts it was not possible to anticipate the exact period in which the vehicles sent to the workshops would be made roadworthy. It may, however, be stated that the vehicles were detained in the workshop for repairs or for condemnation. In case of vehicles for repairs, non-availability of spare parts was known.

7.5.2 Loss of revenue

As prescribed by the Government of India, the Cantonment Board, Dalhousie, imposed from 15th October 1949 toll at 50 paise per passenger carried in vehicles and conveyances entering Dalhousie Cantonment from Naini *Khad* side. Since the formation of the Corporation (2nd October 1974) its Chamba Region had been paying the toll to the Cantonment Board out of its own revenue without recovering it from the passengers. In September 1975, the matter was referred by the Chamba Region to the Corporation which directed (December 1975) that the toll should be recovered from the passengers. The regional unit had not, however, started recovery of the toll from the passengers (March 1976).

The delay resulted in loss of revenue of Rs. 1.08 lakhs from October 1974 to March 1976.

The Government stated (March 1977) that it had been decided to examine the matter jointly with private transporters.

7.6 SECTION C—GOVERNMENT COMPANIES

7.6.1 On 31st March 1976, there were eleven Government Companies, including four subsidiaries. The following table shows the total paid-up capital, as

on that date, and the amounts contributed by the State Government and the Government of India:—

Company	Paid-up capital	Investment by	
		State Government	Government of India
(Rupees in lakhs)			
(i) Himachal Pradesh Mineral and Industrial Development Corporation Limited ..	145.20	145.20(*)	—
(ii) Nahan Foundry Limited ..	100.00	100.00	—
(iii) Himachal Pradesh Tourism Development Corporation Limited ..	58.63	58.63(**)	—
(iv) Himachal Pradesh State Forest Corporation Limited ..	64.00	64.00(***)	—
(v) Himachal Pradesh State Small Industries and Export Corporation Limited ..	45.62	45.62	—
(vi) Himachal Pradesh Agro-Industries Corporation Limited ..	225.50	127.50	98.00
(vii) Himachal Pradesh State Handicrafts and Handloom Corporation Limited ..	22.00	22.00(@)	—
Total ..	660.95	562.95	98.00

Two Companies *viz.*, Nahan Foundry Limited and Himachal Pradesh State Small Industries and Export Corporation Limited also obtained loans from the State Government. The balance of these loans outstanding, as on 31st March 1976, was Rs. 33.90 lakhs.

(*) There is a difference of Rs. 1.95 lakhs as compared to the corresponding figure shown in Finance Accounts 1975-76, which is under reconciliation.

(**) Does not include Rs. 100.04 lakhs being the value of movable and immovable property transferred by the State Government to the Corporation, which is to be converted into share capital.

(***) Includes Rs. 38 lakhs as provisional value of capital assets of Rosin and Turpentine Factories, Nahan and Bilaspur, transferred to the Corporation from 1st April 1974.

(@) Includes Rs. 0.75 lakh as advance calls.

Government also guaranteed repayment of cash credit facilities availed by the following Companies to the extent indicated against each:—

Company	Maximum amount guaranteed	Amount guaranteed outstanding as on 31st March 1976
	(Rupees in lakhs)	
Nahan Foundry Limited ..	30.00	32.81*
Himachal Pradesh Handicrafts and Handloom Corporation Limited ..	25.00	25.00

7.6.2 Delay in preparation of annual accounts

The accounts of the following Government Companies were in arrears (December 1976):—

Name of the Company	Year of accounts
(i) Himachal Pradesh State Forest Corporation Limited	1975-76
(ii) Himachal Pradesh State Handicrafts and Handloom Corporation Limited ..	1974-75 and 1975-76
(iii) Himachal Pradesh Tourism Development Corporation Limited ..	1974-75 and 1975-76
(iv) Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited ..	1975-76

A statement showing the financial results of Government Companies on the basis of the latest available accounts is given in Appendix VI.

7.7 Himachal Pradesh Agro-Industries Corporation Limited

7.7.1 Introductory

The Company was incorporated in September 1970 with the following objects:—

- (i) to accelerate and increase agricultural and horticultural production;
- (ii) to contribute to production of subsidiary and supplementary foods;

*Includes Rs. 2.81 lakhs as outstanding interest on loans guaranteed.

- (iii) to increase the availability of supplies of food stuff in Himachal Pradesh; and
- (iv) to contribute to the development of agro-industries in Himachal Pradesh.

7.7.2 Organisational set-up

The affairs of the Company are managed by a Board of Directors. Besides the Chairman and the Deputy Chairman, there are twelve directors nominated by Government, including the Managing Director, who is the Chief Executive. The Company has been functioning without a Financial Adviser and Chief Accounts Officer since inception. In March 1976, it had one sub-office at Parwanoo (District Solan) and four agro service-cum-custom hiring centres at Jachh (District Kangra), Nalagarh (District Solan), Paonta (District Sirmur) and Amb (District Una).

7.7.3 Capital structure

The Company's initial authorised capital of Rs. 1.00 crore was raised to Rs. 2.00 crores in August 1971, and to Rs. 3.00 crores in March 1976. The total paid-up capital was Rs. 225.5 lakhs at the end of 1975-76. The Government of India and the State Government held shares worth Rs. 98 lakhs and Rs. 127.5 lakhs respectively. The Company's Articles of Association, however, provide for their holdings in the ratio of 49 *per cent* and 51 *per cent* respectively.

7.7.4 Financial position

The financial position of the Company for the three years ended 1975-76 is summarised in the following table:—

Liabilities		1973-74	1974-75	1975-76
		(Rupees in lakhs)		
(a) Paid-up capital	..	116.00	156.00	225.50
(b) Reserve and surplus	..	5.96	6.18	6.40
(c) Trade dues and other liabilities (including provisions)	..	14.33	16.27	21.82
	Total ..	136.29	178.45	253.72
Assets				
(a) Gross block	..	34.48	43.99	14.13
(b) Less depreciation	..	5.14	7.76	3.68
(c) Net fixed assets	..	29.34	36.23	10.45
(d) Capital-works-in-progress	..	0.25	9.85	32.13
(e) Current assets, loans and advances	..	106.70	132.37	211.14
	Total assets ..	136.29	178.45	253.72
Capital employed	..	121.71	152.33	199.77
Net worth	..	121.96	162.18	231.90

1. Capital employed represents net fixed assets (excluding capital works-in-progress) *plus* working capital.

2. Net worth represents paid-up capital *plus* reserves *less* intangible assets.

7.7.5 Working results

The working results of the Company for the three years ended 1975-76 are tabulated below:—

	1973-74	1974-75	1975-76
	(Rupees in lakhs)		
(a) Profit before tax and development rebate reserve ..	5.50	3.64	2.44
(b) Tax provision ..	4.22	2.25	2.09
(c) Profit after tax ..	1.28	1.39	0.35
(d) Percentage of profit after tax to:—			
1. Capital employed ..	1.05	0.91	0.18
2. Net worth ..	1.05	0.86	0.15
3. Equity capital ..	1.10	0.89	0.16

7.7.6. Trading activities

The details of the Company's sales for the five years up to 1975-76 are given below:—

Sales of	1971-72	1972-73	1973-74	1974-75	1975-76
	(Rupees in lakhs)				
Tractors, power tillers and discs	35.41	28.91	22.07	20.97	21.51
Spare parts, tyres, tubes and implements	0.01	2.16	1.25	2.68	3.40
Iron and steel material	—	63.51	102.41	66.66	41.03
Tree spray oil	4.42	2.31	6.22	3.60	0.04
Packing material	—	0.48	1.53	2.45	0.40
Cattle and poultry feed	—	—	—	—	2.29
Cement	—	—	—	—	40.34
Miscellaneous	—	—	—	0.03	0.23
Total ..	39.84	97.37	133.48	96.39	109.24

7.7.7 Procurement and distribution of tractors

(i) Procurement and distribution of tractors, other agricultural implements and spare parts has been one of the main activities of the Corporation. During the period from 1971-72 to 1975-76, 557 tractors were purchased/procured at the

aggregate cost of Rs. 125.53 lakhs, and 536 tractors were sold/distributed for a total amount of Rs. 125.97 lakhs, as detailed below:—

Year	Purchases		Sales	
	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
1971-72	233	38.07	196	34.15
1972-73	120	22.35	126	28.52
1973-74	70	21.05	85	20.82
1974-75	65	19.85	68	20.97
1975-76	69	24.21	61	21.51
Total	557	125.53	536	125.97

The decline in the sales of tractors was stated by the Management (August 1976) to be due to price increase and saturation point having been reached in the demand for tractors in the State.

The tractors are required to be sold at prices fixed by the Government of India from time to time. The price so fixed included dealer's commission. No other charges were admissible as the tractors were to be delivered by the manufacturers at destination. However, in the case of 'Zetor' tractors of 25 H.P. manufactured by the Hindustan Machine Tools Limited, Pinjore, deliveries were being taken by the Company *ex-works*. The transportation cost up to destination and other charges were being included in the selling price of the tractors. In addition, finance charges at 5 per cent of the price were being included while determining the selling prices. The total amount thus included in the selling price worked out to Rs. 3.16 lakhs during the three years 1973-74 to 1975-76, as shown below:—

Year	Total number of tractors sold	Price chargeable	Price charged	Difference
1973-74	75	18.90	20.82	1.92
1974-75	66	20.25	20.97	0.72
1975-76	61	20.99	21.51	0.52
Total	202	60.14	63.30	3.16

(ii) In pursuance of a decision taken by the Board of Directors on 31st March 1975, the Company acquired, in May 1975, dealership of 'Hindustan' 50 H.P. tractors for the State, from a manufacturing firm of Baroda. It deposited Rs. 0.60

lakh (interest-free) as security with Gujarat Agro-Industries Corporation Limited, *viz.* the authorised controller of the firm. The agency terms provided that the Company would procure a minimum of two tractors along with accessories and spares each month from the firm. The Company, however, purchased four tractors from the firm, in December 1975, at an aggregate cost of Rs. 2.13 lakhs. One tractor was sold for Rs. 0.59 lakh, in January 1976, and two tractors were transferred for cultivation to agro service sub-centres at Barotiwala and Kunihar in April 1976. The fourth tractor costing Rs. 0.53 lakh had not been disposed of (November 1976). The Company, however, revoked its contract with the firm, in February 1976 and got the refund of security deposit of Rs. 0.60 lakh in March 1976.

7.7.8 Procurement and distribution of iron and steel materials

The Company undertook this business in 1972-73. It makes arrangements for procurement of iron and steel materials from different producers for meeting the requirements of agro-industrial units, agriculturists and horticulturists, co-operative societies, Government departments and public sector undertakings. The requirements of the material were assessed on the basis of the capacity of the various agro-industrial units and the anticipated demand of the various consumers in the State. The Company had not, however, maintained any record of the quantities indented and the material actually received there against. The following table indicates the position of procurement and sales of iron and steel materials for the four years ended 1975-76:—

		1972-73	1973-74	1974-75	1975-76	Total
Receipts	(Quintals)	36,157	5,154	10,823	2,048	54,182
	(Sheets)	N.A.	1,21,212	81,086	37,178	2,39,476
Sales to Government departments/public undertakings	(Quintals)	9,653	3,193	5,530	1,963	20,339
	(Sheets)	N.A.	23,034	11,946	9,814	44,794
Sales to co-operative societies and individuals	(Quintals)	9,118	1,823	1,074	2,683	14,698
	(Sheets)	N.A.	31,199	56,311	27,538	1,15,048
Sales to agro-industrial units	(Quintals)	9,431	6,839	1,809	544	18,623
	(Sheets)	N.A.	66,775	260	1,986	69,021
Shortages	(Quintals)	56	102	—	—	158
	(Sheets)	N.A.	119*	—	—	—
Excess	(Quintals)	20	—	—	—	20
	(Sheets)	—	—	—	—	—
Balance as on 31st March 1976	(Quintals)	7,919	1,116	3,526	384	384
	(Sheets)	N.A.	85	12,773	10,613	10,613
Value (Rupees in lakhs)		10.23	1.60	16.76	7.09	7.09

N.A.—Not available.

*The shortage of 119 sheets in 1973-74 was adjusted in 1974-75.

The figures are based on the initial records maintained by the agro-service centres and Parwanoo sub-office.

The materials, as and when considered in excess of the requirements of the agro-industrial units, agriculturists and horticulturists, were sold to various Government departments and public sector undertakings. During the four years, sales to the Government departments were 37.9 and 19.6 *per cent* of the total sales of iron and steel material and sheets respectively and 34.7 and 30.1 *per cent* respectively to the agro-industrial units.

7.7.9 Distribution of tree spray oil

The Board of Directors decided, in June 1971, that distribution of tree spray oil in Himachal Pradesh might be undertaken by the Company and that it might negotiate for this purpose with the producing firms and dealers. However, the Company did not take any follow-up action to obtain sole distribution rights of tree spray oil. Reasons thereof were not on record.

The Company asked (August 1971) a Simla firm and an outside firm to quote the rate and terms and conditions for supply of approximately 1,000 drums of 205 litres each of tree spray oil during the 1971-72 season. The rate of Rs. 3.50 per litre *ex godown* Simla *plus* local taxes was settled with the Simla firm. Other manufacturers of tree spray oil were not contacted nor were any tenders called before settlement of the rate with the firm. During 1971-72, the Company procured from this firm 1,21,810 litres of tree spray oil valuing Rs. 4.34 lakhs.

The rate of Rs. 3.50 per litre was continued for 1972-73 also. A manufacturing firm of Bombay intimated (October 1972) the Company the rate of Rs. 3.30 per litre *f.o.r.* Simla *plus* transit insurance at 1 *per cent*. After taking into account the element of octroi at Simla, the rate came to Rs. 3.34 per litre as against Rs. 3.50 per litre charged by the local firm. In spite of the difference of 16 paise per litre the Company decided (October 1972) to make purchases from the local firm. Extra expenditure of Rs. 0.10 lakh was incurred on procurement of 63,755 litres during 1972-73. Reasons for ignoring the lower offer were not on record.

Similarly, during 1973-74, 1,38,680 litres costing Rs. 5.90 lakhs were purchased from the same local firm at Rs. 4.24 per litre without negotiating with other manufacturers. Here again, benefit of competitive rates was not derived by the Company for reasons not on record.

7.7.10 Sale proceeds of empty drums

During 1974-75, tree spray oil manufactured in the Company's plant installed at Parwanoo was supplied in 465 drums to fruit growers through the Horticulture Department. The latter was to pay Rs. 120 per drum in case the containers were not returned. Up to June 1976, 386 empty drums costing Rs. 0.47 lakh were not returned by the Department and their cost at Rs. 120 per drum was also not recovered. Account in regard to sales of drums during 1974-75 to various parties had also not been obtained.

7.7.11 Sales of packing material

Packing material is supplied to fruit growers on credit basis by the Parwanoo branch office according to allocation made by the Company's head office. The cost of packing materials was to be realised at the close of the apple season. The value of sales during the four years up to 1975-76 aggregated Rs. 9.01 lakhs, as detailed below:—

Year		Amount (Rupees in lakhs)
1972-73	..	0.48
1973-74	..	1.53
1974-75	..	2.45
1975-76	..	4.55
Total	..	9.01

Against this, amounts totalling Rs. 3.56 lakhs (including Rs. 1.36 lakhs up to 1974-75) were recoverable (June 1976), out of which an amount of Rs. 0.18 lakh only had been recovered up to December 1976. The circumstances under which the sale proceeds were not realised at the close of each apple season (October-November) have not been intimated (March 1977).

7.7.12 Procurement and distribution of cement

The Company took up this function in October 1975, when a special allotment of 2,000 tonnes of cement was obtained in its favour. The Company was also declared as stockist of two cement manufacturing companies at eight different places in Himachal Pradesh for ensuring regular supply of the free sale quota.

During 1975-76, allotment of 16,872 tonnes of cement was made to the Company for its own works, distribution to Government departments and for sale to general public. The Company, however, lifted 10,166 tonnes. Reasons for lifting less quantity have not been furnished by the Company (March 1977). The position of allotment and distribution of cement is indicated below:—

		Allotment (Tonnes)	Distribution (Tonnes)
Company's own works	..	2,696	301
Government departments/public undertakings		2,812	3,309
Free sales	..	11,364	6,407
Total	..	16,872	10,017

According to a notification issued by the State Food and Supplies Department in March 1975, the maximum margin, including incidental charges (exclusive of all taxes, octroi, etc.), which a dealer could charge in the selling price of cement throughout Himachal Pradesh, was fixed at Rs. 1.60 per bag as under:—

	(Rupees)
(I) Unloading/loading at railway station including handling charges	0.15
(II) Transport charges from railway station to godown up to 8 kilometres including loading/unloading charges in the godown	.. 0.45
(III) Godown rent	.. 0.20
(IV) Profit margin	.. 0.80
Total	1.60

The supplies of cement were made by the suppliers on *f.o.r.* destination basis. However, supplies were not being arranged through railways but through road transport, for which additional expenditure had to be incurred and added to the selling price.

The Management stated (December 1976) that this was due to non-availability of wagons.

The Company had made arrangements with a Kalka firm for carriage of cement from the Surajpur (Haryana) factory to various places in Himachal Pradesh at different rates without specifying the period of the arrangement. During 1975-76 (November 1975 to March 1976), Rs. 3.72 lakhs were paid to the contractor for carriage of 6,105 tonnes of cement (excluding payments made by the agro service centres to transport contractors). Open tenders/quotations were not called to derive the benefit of competitive rates. The arrangement with the firm is still continuing (January 1977).

Two supply orders for 1,000 tonnes of cement (500 tonnes each) were placed on a New Delhi firm during August-November 1974. An advance of Rs. 3.00 lakhs was paid to the firm in five instalments in September 1974 and March 1975. The firm, however, supplied 495.65 tonnes valuing Rs. 1.47 lakhs during 1974-75. The balance amount of Rs. 1.53 lakhs remained to be recovered from the firm (February 1977).

The Management stated (August 1976) that the factory had been closed and the advances could not be recovered.

7.7.13 Marketing of apples

During the 1972 season, marketing in Bombay of apples procured from the growers on consignment basis was undertaken by the Company in collaboration

with MAFCO Limited, a Maharashtra Government Company. The growers were paid advances against the produce received by the Company at the transit station at Parwanoo at the following rates:—

		Royal	Red	Golden
		(Rupees per box)		
Large	..	40.00	35.00	25.00
Medium	..	35.00	30.00	20.00
Small	..	30.00	25.00	15.00

On the basis of a market study and the retail marketing facilities promised by MAFCO Limited, it was anticipated that the ultimate selling prices in the Bombay market would cover the advances already given and that the Company would also be in a position to make additional payments estimated to be Rs. 10 to 15 per box. It expected to earn commission of 3 *per cent* on the sales.

During 1972 season, the Company procured 12,406 boxes of apples from the growers for marketing in Bombay. The growers were paid a total amount of Rs. 3.87 lakhs and the apples were sold for Rs. 3.80 lakhs. The Company also paid commission of Rs. 0.08 lakh to the forwarding agent and incurred administrative expenditure of Rs. 0.18 lakh. Further, it did not earn from the growers the stipulated commission of 3 *per cent* on the sales.

At the close of the apple season of 1972, various organisations of the growers demanded payment of additional price of Rs. 10 to 15 per box on the authority of a leaflet issued earlier by the Company. On the anticipation that the ultimate selling prices in the Bombay market would cover the advances already given to the growers, it was mentioned in the leaflet that the Company would be in a position to pay estimated additional amount of Rs. 10 to 15 per box. The State Law Department advised that the Company had no legal liability to pay to the growers Rs. 10 to 15 per box on the basis of the leaflet as it expected profit of Rs. 10 to 15 only per case over and above the advances already made. It was further advised that no grower could legally enforce his claim against the Company as no commitment was made to the growers which was legally binding on the Company.

The question of additional payment to the growers was, however, again considered in August 1973, when it was decided to disburse in final settlement, additional amount of 25 *per cent* of the advance already made to the growers who had consigned their fruit for sale in Bombay through the Company. Accordingly, additional payments aggregating Rs. 0.88 lakh were made to the growers. The total loss sustained by the Company was thus Rs. 1.21 lakhs, apart from the loss of commission.

The Management stated (August 1976) that since the Company was to stay in business it was considered essential to bear the loss in the initial year as an investment for its future business. The Company did not, however, make profits in subsequent years in marketing of apples.

7.7.14 Custom hiring and workshop facilities

Hiring activities—The Company had established three agro service-cum-custom hiring centres at Amb, Nalagarh and Paonta during 1972-73 and one at Gaggal during 1973-74 (which was shifted to Jachh in July 1973) for assisting the farmers on custom hiring basis in operations like ploughing, sowing, thrashing and transportation of manurés, fertilizers and agricultural produce. Sub-centres at Arki and Barotiwala (Solan District) were also established under the Nalagarh Centre in 1976-77. However, arrangements for supply of small tractors, tillers and other suitable agricultural equipments to the farmers have not been made by the Company (February 1977).

At the close of 1973-74, 1974-75 and 1975-76, the Company had a fleet of 10, 10 and 12 tractors respectively in all the four centres. No hiring business was reportedly done during 1972-73. Hourly hire charges for tractors were fixed in February 1973 and were revised in August 1974 and again in June 1975 on the basis of the prescribed annual utilisation of each tractor for 1,000 hours (inclusive of departmental hours). A comparison of planned and actual utilisation of tractors during the three years up to 1975-76 is given in the following table:—

Year	Centre	Number of tractors	Planned utilisation (Hours)	Actual utilisation (Hours)		
				Hiring	Departmental operation	Total
1973-74	Amb	3	2,333	1,356	224	1,580
	Jachh	3	2,166	780	414	1,194
	Nalagarh	.. 2	2,000	1,106	66	1,172
	Paonta	2	2,000	727	82	809
	Total	.. 10	8,499	3,969	786	4,755
<i>Note.</i> —Actual utilisation shown above does not include departmental working in respect of one tractor.						
1974-75	Amb	3	3,000	2,292	233	2,525
	Jachh	3	3,000	1,716	264	1,980
	Nalagarh	.. 2	2,000	1,128	139	1,267
	Paonta	.. 2	2,000	1,580	256	1,836
	Total	.. 10	10,000	6,716	892	7,608
1975-76	Amb	4	3,900	2,356	428	2,784
	Jachh	4	3,834	1,766	400	2,166
	Nalagarh	2	2,000	1,182	150	1,332
	Paonta	.. 2	2,000	738	196	934
	Total	.. 12	11,734	6,042	1,174	7,216

Reasons for the under-utilisation had not been investigated (August 1976). Separate accounts had not been maintained for the tractors used for ploughing, thrashing and haulage.

7.7.15 Workshop facilities

A workshop is maintained in every centre for servicing and repairing of tractors and implements of the centre concerned and of other parties. Repairs of the Company's own tractors and of other parties were also got carried out from outside agencies during the three years up to 1975-76 at total expenditure of Rs. 0.23 lakh.

The Management stated (December 1976) that the Company's workshops were not fully equipped to undertake all types of repairs.

Income from repairs and servicing facilities provided in the four centres during the last three years was Rs. 0.38 lakh and out of this Rs. 0.20 lakh was collected from Government departments.

7.7.16 Agro service centres/warehouses

All the four centres are functioning in private hired accommodation. It was decided to construct the Company's own accommodation at Nalagarh and Amb with a workshop, show-room, stores of seeds, fertilizers and pesticides, etc. The construction work was, however, in progress as shown below:—

Agro service centre	Estimated cost of the work (Rupees in lakhs)	Date of commencement of work	Due date of completion	Expenditure up to March 1976 (Rupees in lakhs)
Nalagarh ..	10.69	1st April 1974	31st December 1974	9.99
Amb ..	10.47	1st June 1974	28th February 1975	9.52

7.7.17 Cold storages

Delhi cold storage was got constructed by the State Horticultural Department during 1972-73 at a capital cost of Rs. 50 lakhs. Its management was entrusted to the Company in 1972-73 at annual rent of 7 *per cent* of the capital investment. The management was again transferred to a Subsidiary Company (Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited) from April 1975.

Responsibility for maintenance of the building rests with Government and that of plant and machinery with the Company. The capacity of the cold storage has been determined as 4,250 tonnes (26,200 cubic metres), out of which three chambers with a capacity of 1,500 tonnes, which had not been refrigerated and insulated, were being utilised as godowns. The cold storage capacity was thus 2,750 tonnes only.

A cold storage at Bombay was constructed by the Company during 1974-75 with capacity of 2,000 tonnes at capital cost of Rs. 32 lakhs.

The expenditure on and the income from the two cold storages during the three years up to 1975-76 were as under:—

Year	Total expenditure	Expenditure on electricity	Total income	Expenditure on electricity per 100 tonnes of installed capacity
	(Rupees in lakhs)			(In Rupees)
<i>Cold Storage, Delhi</i>				
1973-74 ..	7.50	1.54	5.60	5,600
1974-75 ..	10.14	2.29	9.19	8,329
1975-76 ..	12.57	2.85	14.54	10,364
<i>Cold Storage, Bombay</i>				
1973-74 ..	1.69	0.42	1.64	2,100
1974-75 ..	3.65	0.86	2.79	4,300
1975-76 ..	Not available			

The expenditure on electricity per 100 tonnes capacity in Delhi cold storage was almost double that of Bombay cold storage. Unlike the Bombay cold storage, ammonia is not directly passed to the chambers in Delhi cold storage but after conversion into brine which involves excessive consumption of electricity.

7.7.18 Sundry debtors

The following table compares the sales with total amount due from debtors at the close of each of the three years upto 1975-76:—

Year	Sales during the year	Total amount due from debtors at the end of the year	Percentage of amount due from debtors to sales
	(Rupees in lakhs)		
1973-74 ..	139.71	3.93	2.8
1974-75 ..	106.58	9.11	8.5
1975-76 ..	109.24	5.78	5.3

The Management stated (December 1976) that more sales on credit were made to Government departments mostly at the end of 1974-75 and recoveries thereagainst could not be effected in time.

7.7.19 Accounting manual

The Company has not drawn up a manual laying down the detailed accounting procedure specifying the financial duties and responsibilities (February 1977).

7.7.20 Internal audit

Internal audit was introduced in 1974. No internal audit manual has, however, been prepared (February 1977) and a proper system of internal audit has not been evolved.

7.8 Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (Subsidiary of Himachal Pradesh Agro-Industries Corporation Limited)

7.8.1 Non-recovery of sale proceeds

In July 1974, an auctioneer was appointed to auction apples and other fruit at Azadpur market, Delhi, for the period from July 1974 to April 1975, on a consolidated monthly salary of Rs. 1,000 *plus* 0.5 per cent commission on gross realisation as a result of auction of fruit by him. It was stipulated in the offer of appointment that he would furnish personal surety of Rs. 1.00 lakh to the satisfaction of the Subsidiary Company and that he would be responsible for auctioning of fruit and recovery of auction money from the buyers. The term of the auctioneer was extended for one year from July 1975 on monthly salary of Rs. 2,000 *plus* scooter allowance of Rs. 100 per month. It was again stipulated that he would furnish personal surety of Rs. 1.00 lakh and would be responsible for auctioning of fruit and recovery of the auction money from the buyers.

The auctioneer was paid Rs. 0.19 lakh by the Company and Rs. 0.08 lakh by the Subsidiary Company as commission and Rs. 500 as conveyance allowance, without obtaining the surety. Further, Rs. 6.40 lakhs were outstanding (July 1976) on account of sale proceeds as a result of auctions conducted by him during 1974-75 and 1975-76. The considerations which weighed with the Subsidiary Company in re-appointing him for the apple season of 1975-76, when no personal surety had been furnished by him for the earlier period (1974-75), were not on record.

The Management stated (December 1976) that the Company's staff deployed had not gained sufficient experience to undertake this business independently.

7.8.2 Cash advances to apple growers

The Board of Directors of the Subsidiary Company authorised its Managing Director, in April 1975, to make cash advances to the prospective fruit growers/suppliers after obtaining necessary undertaking that specified number of boxes of apples would be marketed through the Company.

Under this scheme, amounts aggregating Rs. 7.02 lakhs were advanced to the growers during June and July 1975 against their personal surety and hypothecation of their apple crop. However, some of the growers sold their apple crop direct in the market without the knowledge of the Company though the crop was hypothecated against the cash advance made by the Company. This resulted in non-recovery of cash advances totalling Rs. 1.57 lakhs after the 1975 apple season

(November 1975). The Management stated (December 1976) that Rs. 1.27 lakhs were still outstanding from 12 parties. Legal action had been taken against three parties and the others were being persuaded to clear the advances.

7.8.3 Sale of apples

The Subsidiary Company undertook purchase and sale of apples. During 1975-76, 5,522 boxes were purchased for Rs. 1.96 lakhs and, in all, 4,137 boxes were sold at outstations through various commission agents for Rs. 1.11 lakhs; 1,385 boxes remained unsold at the end of the year. Expenditure of Rs. 0.09 lakh on repacking, cold storage and transportation charges was incurred on the unsold stock during April and May 1976. In May 1976, these 1,385 boxes were sold for Rs. 0.44 lakh resulting in overall loss of Rs. 0.50 lakh.

The Management stated (September 1976) that apple boxes were purchased in pursuance of the decision of the Board of Directors to undertake off-season marketing of cold stored apples. It was further stated (December 1976) that post harvest prices were abnormally low as compared to the running market prices.

7.8.4 Fruit processing plant Jarol (District Mandi)

The management of the plant, installed with foreign collaboration in December 1974, was transferred by Government to the Subsidiary Company from April 1975 at nominal annual rent of Re. one. The capital cost of the plant, when transferred, was as under:—

		Cost (Rupees in lakhs)
(i) Machinery	..	57.60
(ii) Buildings	..	13.05
(iii) Land	..	1.50
		<hr/>
Total	..	72.15

The Company had also paid Rs. 20 lakhs as duty on imported machinery during 1974-75. The amount was to be adjusted as the contribution of the Company towards share capital of the Subsidiary Company.

The crushing capacity of the plant is 1.5 tonnes of fruit per hour for production of apple juice and apple juice concentrate. It has been designed to work for 100 days in a year to crush 3,600 tonnes of apples provided fruit juice press and evaporators to match the crushing capacity were installed. Till then the crushing capacity of the plant has been assessed as 1,720 tonnes.

During 1975-76 season, the plant was run from 18th August 1975 to 31st January 1976, when 2,108 tonnes of fruit were crushed and 441 tonnes of apple juice and 10,230 kg. of apple juice concentrate were manufactured. The manner in which the services of the staff employed (annual salaries and wages: Rs. 1.80 lakhs)

are to be utilised throughout the year has not been intimated (March 1977).

The quantity of apple juice concentrate lying in the storage tank as at the end of July 1976 was 1,00,990 kg. The Company's sole selling agent started lifting the accumulated stock of apple juice concentrate with effect from February 1977. In the meantime the production for the year 1976-77 season also commenced in September 1976 and upto November 1976, further quantity of 1,14,863 kg. of apple juice concentrate was manufactured. The quantity of apple juice concentrate lying in the storage tank at the end of November 1976 was 1,00,008 kg.

7.8.5 Costing system

A costing system has not been introduced in the plant (January 1977). The process cost of the products manufactured has not been worked out. The Company, however, worked out an estimate of cost on *ad hoc* basis before entering into an agreement with a sole selling agent in July 1975.

The cost price of the goods so worked out did not include the following elements of expenses:—

- (i) depreciation of buildings, plant and machinery (Rs. 8.41 lakhs) as these assets were received as gift from the State Government;
- (ii) administrative and head office overheads; and
- (iii) interest on working capital was taken into account for a period of $3\frac{1}{2}$ months.

The Management stated (August 1976) that, 1975-76 being the first year of the working of the plant, the element of interest was estimated for $3\frac{1}{2}$ months keeping in view that the stocks would be lifted as scheduled.

The cost of the two products manufactured after taking into account depreciation, interest on working capital for six months (instead of $3\frac{1}{2}$ months) and other charges worked out to be more than the price at which these were being sold to the sole selling agent as shown below:—

	Apple juice concentrate	Apple juice cans 850 ml.	165 ml.
	(Rupees per kg.)	(Rupees per can)	

(i) Cost at which the products were being sold to the sole selling agent..	15.00	4.33	1.25
(ii) Actual cost ..	18.62	4.71	1.18
(iii) Difference ..	(—)3.62	(—)0.38	(+)0.07
Loss(—)/profit (+) on production ..	(—)3,70,507	(—)1,23,434	(+)66,389

7.8.6 Unlifted stocks of products

Agreement with the sole selling agent on 31st July 1975 provided that he would be responsible for lifting the entire quantity of the products manufactured by the plant within the warranty period, *i.e.*, one year from the date of manufacture. The price for the products not lifted within the warranty period was payable by the sole selling agent before the expiry of the warranty period. Regular production in the plant started on 18th August 1975. The following table indicates the total production, the quantity lifted and the balance at the plant in July 1976:—

Product	Production			Quantity lifted	Balance	Value (Rupees in lakhs)
	1974-75	1975-76	Total			
Apple Juice (cans)						
(i) 165 ml. cans	37,500	9,48,420	9,85,920	6,32,931	8,52,989	4.41
(ii) 850 ml. cans	3,100	3,24,828	3,27,928	1,61,951	1,65,977	7.18
Apple Juice Concentrate (kg.)	4,300	1,02,350	1,06,650	5,660	1,00,990	15.14

7.8.7 Finished products

(a) *Short accountal of concentrate*—Monthly production of concentrate as per the production register did not agree with the quantities shown in the finished products register. From August 1975 to April 1976, against 1,02,350 kg. of concentrate shown as having been manufactured in the production register, 98,700 kg. had been accounted for in the finished products register, resulting in short accountal of 3,650 kg. of concentrate costing Rs. 0.55 lakh.

The Management stated (August 1976) that this difference in quantity was not accounted for in order to cover losses in storage due to sedimentation.

(b) *Excess accountal of juice cans*—The production register showed 3,24,828 cans of 850 ml. size as against 3,28,891 cans accounted for in the finished products register resulting in excess accountal of 4,063 cans costing Rs. 0.18 lakh. The difference in the two sets of records has not been reconciled (January 1977).

7.9 SECTION D—DEPARTMENTALLY MANAGED GOVERNMENT COMMERCIAL AND QUASI-COMMERCIAL UNDERTAKINGS

As on 31st March 1976, there were six departmentally managed commercial and quasi-commercial undertakings *viz.*, (i) Fertilizer Distribution Scheme, (ii) Seeds Distribution Scheme, (iii) Scheme of Government Trading in Food-grains, (iv) Ayurvedic Pharmacy, Jogindernagar, (v) Ayurvedic Pharmacy, Majra and (vi) Departmental Extraction of Timber.

A synoptic statement showing the financial results of the Himachal Government Transport for 1973-74 and Rosin and Turpentine Factory, Bilaspur for 1973-74 (which ceased to be run departmentally and came under the control of Himachal Pradesh State Forest Corporation Limited from 1st April 1974) is given in Appendix VII. The *pro forma* accounts of the following undertakings were in arrears (March 1977), as indicated below:—

(i) Himachal Government Transport	..	1974-75 (from 1st April to 1st October 1974)
(ii) Seeds Distribution Scheme	..	1964-65 to 1975-76
(iii) Fertilizer Distribution Scheme	..	1966-67 to 1975-76
(iv) Scheme of Government Trading in Food-grains	..	1966-67 to 1975-76
(v) Ayurvedic Pharmacy, Jogindernagar	..	1961-62 to 1975-76 (except for 1973-74)
(vi) Ayurvedic Pharmacy, Majra	..	1961-62 to 1975-76 (except for 1973-74)
(vii) Departmental Tapping of Resin	..	1969-70 to 1974-75
(viii) Departmental Extraction of Timber	..	1969-70 to 1975-76

Notes

1. Himachal Government Transport was merged with Himachal Road Transport Corporation on 2nd October 1974.
2. Departmental Tapping of Resin ceased to be departmental undertaking from 1st April 1975. The work was transferred to Himachal Pradesh State Forest Corporation Limited in May 1975.

DEPARTMENT OF AGRICULTURE

7.10 Fertilizer Distribution Scheme

7.10.1 Introductory

Procurement and distribution of chemical fertilizers was started in the State in 1954. Prior to 1957-58, this function was being performed by the Himachal Pradesh State Co-operative and Marketing Federation. Consequent on promulgation of Fertilizer Control Order, 1957, the function was taken over by the Agriculture Department. Procurement and distribution of chemical fertilizers in respect of Simla and Solan districts was transferred to Himachal Pradesh State Co-operative and Marketing Federation (HIMFED) in March 1972. It was further decided (August 1975) to transfer the function in respect of Chamba, Kangra, Hamirpur and Una districts also to HIMFED from 1st October 1975, so that there would be one agency for these districts in the co-operative sector to popularise progressive utilisation of fertilizers. The stocks existing with the Agriculture Department were also to be transferred to HIMFED after physical verification. The stocks available with the Department had, however, not been transferred to HIMFED and the Department continued to distribute them (June 1976). No agreement had been executed by Government with HIMFED to cover various aspects of procurement and distribution of fertilizers.

The scheme was to run on 'no-profit no-loss' basis. As mentioned earlier in this Report, *pro forma* accounts of the scheme as a whole from 1966-67 to 1975-76 are in arrears (March 1977). In their Sixteenth Report (December 1971) the Public Accounts Committee recommended that *pro forma* accounts of the scheme should be brought up to date without any further delay. In their Thirteenth Report (February 1976) the Public Accounts Committee again advised the Department to make strenuous efforts to prepare the *pro forma* accounts.

Mention of some aspects of the working of the scheme was made in paragraph 54 of the Report of the Comptroller and Auditor General of India for the year 1972-73. The results of further test check (June 1976) of operation of the scheme for the period 1973-74 to 1975-76 are dealt with in the succeeding paragraphs:—

7.10.2 Sales of fertilizers

(a) *Outstanding dues*—Up to November 1969, fertilizers were supplied to the depot holders and the apex society on consignment basis and the stocks remained the property of Government till final disposal. The depot holders and the apex society were to credit the sale proceeds to Government account immediately on realisation and render proper accounts thereafter. This procedure was replaced, in November 1969, by a "cash and carry" system under which fertilizers could be lifted by the depot holders and the apex society against cash payments or on *taccavi* in kind. Subordinate offices were instructed by the Department to ensure prompt recovery of outstanding dues from the depot holders. The position of outstanding amounts is indicated in the following table:—

District	Amount outstanding as on 31st March		
	1974	1975	1976
	(Rupees in lakhs)		
Bilaspur	2.34	2.84	2.31
Chamba	0.51	0.36	0.25
Hamirpur	0.90	N.A.	0.49
Kinnaur	0.16	N.A.	N.A.
Kangra	91.03	35.60	N.A.
Mandi	28.80	N.A.	N.A.
Sirmur	2.61	5.67	7.90
Solan	2.73	3.00	N.A.
Simla	18.69	17.99	17.23
Kulu	6.88	N.A.	N.A.
Una	1.16	1.10	N.A.

N.A.—Not available

Year-wise break-up of the outstanding amounts was not furnished. Arrears in respect of Hamirpur, Kangra and Sirmur districts pertained to the period from 1957-58 onwards.

(b) Fertilizers are required to be sold departmentally to the cultivators by the Agriculture Inspectors/Sub-Inspectors in charge of stores in the blocks. It was noticed during test check of the records of Bhawarna Block (Kangra District) that fertilizers were being sold to cultivators through the Village Level Workers of the Rural Integrated Development Department. The Village Level Workers did not deposit the sale proceeds in full immediately on realisation and heavy amounts were outstanding against them. The test check showed the following position with regard to outstanding dues:—

- (i) In Bhawarna Block, Rs. 0.72 lakh were outstanding in June 1976;
- (ii) Rupees 0.11 lakh were outstanding (April 1976) in Kangra and Nurpur blocks ; and
- (iii) In Simla District, Rs. 0.23 lakh were outstanding (June 1976) against Village Level Workers and *Gram Sewaks* in Jubbal Block (out of eight blocks).

In March 1976, the Director of Agriculture called for lists of officials against whom amounts were outstanding along with the amounts outstanding against them to initiate departmental proceedings. Further developments are awaited (March 1977).

7.10.3 Arbitration cases

To ensure recovery of outstanding dues pertaining to the period when the system of supplies on consignment basis was in vogue, it was decided to refer the cases against the depot holders for arbitration under the agreement. The position in respect of four districts up to June 1976, as made available by the Department, is indicated below:—

	Kangra		Simla		Sirmur		Solan		Total	
	Num-ber	Amo-unt	Num-ber	Amo-unt	Num-ber	Amo-unt	Num-ber	Amo-unt	Num-ber	Amo-unt
	(Amounts in lakhs of rupees)									
Cases to be referred for arbitration	1	74.70	204	18.62	137	2.25	63	2.47	405	98.04
Cases referred up to 31st March 1976	—	—	95	9.30	16	0.42	—	—	111	9.72
Cases settled up to 31st March 1976	—	—	72	8.11	5	0.03	—	—	77	8.14

Cases pending with arbitrators as on 31st March

1976	—	—	23	1.19	11	0.39	—	—	34	1.58
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Cases not sent for arbitration up to 31st March 1976

1	74.70	109	9.32	121	1.83	63	2.47	294	88.32
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7.10.4 Non-recovery of sale proceeds

In November 1966, the entire procurement and distribution of fertilizers was entrusted to the District Wholesale Society. Fertilizers were supplied by the Department on consignment basis; the sale proceeds were to be credited to Government account by the Society by the 30th of the succeeding month. In the event of failure to deposit in time, interest at 10 per cent per annum was to be charged on belated payments. The agreement with the society expired on 31st October 1970.

(i) In some cases, the Society and its subsidiaries did not credit the sale proceeds to Government account immediately on realisation. No action had, however, been taken by the Department to work out the amount of interest due on belated credits.

(ii) Rupees 34.37 lakhs were outstanding as on 31st March 1975. The accounts up to 31st March 1976 had not been reconciled and the latest position was not known. In their Thirteenth Report (January 1976), the Public Accounts Committee recommended that a senior officer of the Agriculture Department should be made responsible for liquidating the outstanding amount within six months. The work was accordingly entrusted to the Project Officer, Palampur. Further progress of recoveries is awaited (March 1977).

(iii) Reconciliation in respect of Hamirpur and Una districts (which formed part of Kangra District up to August 1972) had not been completed (February 1977), with the result that the amount recoverable from the Society in respect of these areas was not known to the Department.

(iv) Though the agreement with the Society expired on 31st October 1970, the following quantities of fertilizers were supplied to the Society on consignment basis even thereafter :—

Year	Fertilizer	Quantity (Tonnes)	Value (Rupees in lakhs)
1970-71	CAN 25 per cent	1,196.00	6.61
1971-72	CAN 26 per cent	710.74	4.22
1972-73	CAN 25 per cent	324.50	1.81
Total		2,231.24	12.64

These supplies were stated to have been made on the basis of another agreement entered into between the District Agricultural Officer, Kangra, and the Society in January 1972. The District Agricultural Officer had not, however, been authorised by Government to enter into such an agreement. According to this new agreement, supplies of fertilizers were to be made against cash payments only but these were actually made on consignment basis. The matter was stated to be under investigation (June 1976). Further report is awaited (March 1977).

7.10.5 Taccavi loans

Rupees 38.47 lakhs (principal: Rs. 36.96 lakhs and interest: Rs. 1.51 lakhs) were outstanding on 30th September 1976 against cultivators on account of supply of fertilizers from 1957-58 onwards. Although treated as *taccavi* loans, these loans were recoverable in one instalment at the time of harvest. The Department stated (December 1976) that necessary instructions had been issued by Government to the Revenue Department authorities in May and July 1976 to effect recoveries.

7.10.6 Non-disposal of old and deteriorated stocks

In June 1976, 69 tonnes of sub-standard fertilizers were reported to be lying in stock. The period to which these stocks related and their book value was, however, not known (January 1977).

7.10.7 Stock position

The position of distribution and closing stocks of three main types of fertilizers for the three years upto 1975-76 is given below:—

Fertilizer		1973-74	1974-75	1975-76
		(Tonnes)		
CAN 25 per cent	A	8,042	11,339	13,937
	B	2,258	10,278	2,412
German mixture 15:15:15	A	7,977	7,891	5,518
	B	4,781	5,110	9,606
Urea 46 per cent	A	1,267	1,648	898
	B	140	782	5,296

A=Distribution during the year

B=Closing stock

Distribution of German mixture declined during the three years and the closing stocks increased. The closing stocks represented seven months', eight months' and 21 months' sales at the end of 1973-74, 1974-75 and 1975-76 respectively. The closing stock of urea represented six months' sales at the close of

1974-75 and 71 months' sales at the close of 1975-76. Reasons for accumulation of stocks of German mixture and urea are awaited (March 1977).

7.10.8 Physical verification

In 1974-75, no physical verification was made in 17 out of 18 stores of the Kangra District; it was done in the case of three stores in 1975-76. No such verification was done in Solan District. In respect of stores under the Project Officer, Palampur during 1975-76 and in Una District during 1974-75, no physical verification was done. In Hamirpur and Sirmur districts, it was done in one/two stores in 1974-75 and 1975-76.

7.10.9 Shortages in transit

Claims aggregating Rs. 2.77 lakhs on account of shortages in transit during the period 1972-73 to 1974-75 were pending with an insurance company (March 1976). Further progress is awaited (March 1977).

7.10.10 Shortages of German mixture/urea

In May 1975, a consignment of German mixture and urea was received from Federal Republic of Germany. There were shortages aggregating Rs.4.34 lakhs (German mixture: Rs. 3.50 lakhs and urea: Rs. 0.84 lakh) during transit and re-bagging. A claim for the shortages was lodged in November 1975 with the Leader of German Team, Indo-German Project, Palampur. It has not been accepted so far (February 1977).

Similarly, in June 1975, 20,000 bags of German mixture were received. A claim for shortages of bags worth Rs. 0.21 lakh was lodged (November 1975) with the Leader of German Team, Indo-German Project, Palampur. The claim has not been accepted (February 1977).

7.10.11 Extra expenditure

The pool issue price of fertilizers includes railway freight up to the nearest rail head. The District Agricultural Officer, Kulu, received 629.48 tonnes (1972-73: 492.16 tonnes and 1973-74: 137.32 tonnes) of fertilizers at Pathankot railway station for sale to the cultivators in Kulu District. For Kulu, the nearest narrow gauge railway station is Jogindernagar (at a distance of 127 km.) but owing to re-alignment of the Kangra valley railway as a result of construction of Pong Dam, booking was not available for Jogindernagar. According to the despatch instructions issued by the Director of Agriculture, the consignments were to be booked to Kulu out-agency and in the case of non-availability of booking on the narrow gauge line, the consignments were to be booked to the alternate nearest railway station. The alternate nearest railway station for Kulu is Kiratpur (212 km.) and not Pathankot (285 km.).

Supplies of fertilizers received at Pathankot railway station were transported by road to Kulu at 7 paise per quintal per km. *plus* one-sixth as goods tax. As

the distance between Kulu and Kiratpur was shorter by 73 km. than that between Kulu and Pathankot, transportation charges to the extent of Rs.0.32 lakh could have been saved had the supplies of fertilizers been booked for Kiratpur railway station as was being done for Bilaspur and Mandi districts. The Department stated (October 1975) that the supplier had started booking the fertilizers to Kiratpur railway station from 1974-75 onwards.

7.10.12 Shortages in handling and in godowns

The value of shortages in handling (loading and unloading) and in godowns in seven districts (including Hamirpur District mentioned below) aggregated Rs. 0.70 lakh during the period from 1970-71 and up to June 1976.

In Hamirpur District, delivery of 143.73 tonnes of urea was taken at Nangal in November 1974. Owing to lack of storage facilities there, the urea was kept in the store at Una from where 54.56 tonnes were lifted in June 1975 and 40.42 tonnes in February 1976. Against the total quantity of 94.98 tonnes lifted, 86.97 tonnes were accounted for as receipt in Hamirpur District resulting in shortage of 8.01 tonnes worth Rs. 0.15 lakh. The balance quantity of 48.75 tonnes remained to be lifted (March 1976). Investigation of the shortages has not been finalised (February 1977).

7.10.13 Sales at pre-revised rates

Sale prices of different kinds of fertilizers were revised upwards with effect from 10th October 1973. It was noticed during test check (June 1976) of records in six districts that in some cases fertilizers were sold at the pre-revised rates up to June 1974 resulting in loss of Rs. 0.13 lakh. This was attributed to delay in the receipt of orders of revision of rates in sub-offices. The question of write-off was stated to be under consideration (June 1976). Further developments are awaited (March 1977).

CHAPTER VIII

LOANS AND ADVANCES

8.1 Disbursements and recoveries

The position of disbursement of loans and advances and recoveries during 1975-76 and the two preceding years compared to the budget estimates for the respective years was as under:—

Year	Loans and advances		Recoveries	
	Budget plus supplementary grants	Actuals	Budget	Actuals
	(Rupees in lakhs)			
1973-74	4,49.86	4,53.60	75.00	65.74
1974-75	5,99.54	5,64.81	98.50	1,35.52
1975-76	6,28.05	5,64.13	1,25.00	1,06.06

Category-wise break-up of the loans and advances made in 1975-76 was as follows:—

	(Rupees in lakhs)			
1. Water and Power Development Services	4,28.85
2. Loans to Government Servants	53.96
3. Housing	37.74
4. Soil Conservation, Minor Irrigation and Area Development	18.98
5. Co-operatives	16.20
6. Agriculture	2.95
7. Industries	1.00
8. Others	4.45
			Total	5,64.13

8.2 Outstanding loans and advances

Loans and advances outstanding on 31st March 1976 aggregated

Rs. 26,23.27* lakhs, as detailed below:—

(Rupees in lakhs)

(i) Statutory Corporations, Government Companies and Electricity Board			
(a)	Himachal Pradesh State Electricity Board	14,63.57	
(b)	Himachal Pradesh Housing Board	1,18.51	
(c)	Nahan Foundry Limited	14.00	
(d)	Himachal Pradesh Financial Corporation	8.00	
(e)	Himachal Pradesh Mineral and Industrial Development Corporation Limited	6.00	
(f)	Mandi-Kulu Road Transport Corporation @	4.13	
(ii) Co-operative Institutions/Societies			
(iii)	Soil Conservation Schemes	68.55	
(iv)	Fire and Flood Sufferers	48.33	
(v)	Advances to Cultivators	41.59	
(vi)	Power Development	32.16	
(vii)	Simla Municipal Corporation and other municipalities	15.38	
(viii)	Loans and advances under Community Development Programmes	14.89	
(ix)	Social Security and Welfare	10.61	
(x)	Urban Development	8.71	
(xi) Miscellaneous loans			
(a)	Low Income Group Housing Scheme	2,19.70	
(b)	Middle Income Group Housing Scheme	6.19	
(c)	Village Housing Scheme	7.97	
(d)	Village and Small Scale Industries	1,05.05	
(e)	State Aid to Industries Act	94.68	
(f)	Private Individuals and bodies	8.79	
(g)	Other loans	1,58.72	
(xii)	Loans to Government Servants, etc.	83.80	
Total		26,23.27	

*Excludes Rs. 0.13 lakh dropped *pro forma*.

@Merged with the Himachal Road Transport Corporation with effect from 2nd October 1974.

8.3 Recoveries of loans in arrears

(a) Full particulars of recoveries in arrears at the end of 1975-76 in respect of loans of which detailed accounts are kept by the departments were awaited (March 1977).

(b) Recoveries aggregating Rs. 6.10 lakhs were in arrears at the end of 1975-76 (Rs. 5.82 lakhs at the end of 1974-75) in respect of loans of which detailed accounts are maintained by the Audit Office..

8.4 Results of test check

The following *taccavi* loans were granted to landowners:—

- (i) Land improvement loans (repayable in 20 years)
- (ii) Loans to agriculturists in distress (repayable in 10 years)
- (iii) Loans to flood and fire sufferers (repayable in 10 years)
- (iv) Loans for purchase of fertilizers and seeds (repayable at next harvest) (discontinued from 1974-75)

While the first three types of loans were controlled by the Revenue Department, the last one was controlled by the Agriculture Department.

The Horticulture Department granted loans for planting new orchards and for rejuvenation as well as maintenance of old orchards. These loans were repayable with interest within 15 years, including the period of moratorium, in equated instalments.

A test check (January—July 1976) of the accounts maintained by the departmental authorities disclosed the following general defects:—

- (i) Annual acceptances of balances were not obtained by the departments from the loanees.
- (ii) Regular inspections of the works undertaken with the aid of loans, required to be undertaken by officials of the departments, were not done.
- (iii) Recoveries were not being made regularly from the loanees and the delay was attributed by the departments mainly to heavy work load.

Some of the irregularities noticed are mentioned below:—

A—Revenue Department

A test check (June 1976) of the accounts in Bilaspur, Chamba, Mandi, Simla and Sirmur-districts disclosed that out of Rs. 54.08 lakhs which fell due for recovery upto 31st March 1976 in respect of loans granted from 1957-58, Rs. 19.33 lakhs (principal: Rs. 14.85 lakhs and interest: Rs. 4.48 lakhs) were recovered leaving an overdue amount of Rs. 34.75 lakhs (principal : Rs. 26.43 lakhs and interest: Rs. 8.32 lakhs).

A few of the individual irregularities in the payment of these loans with reference to the executive instructions issued from time to time are mentioned below:—

- (a) Contrary to the instructions that loans should be paid in instalments to avoid their misutilisation, Rs. 4.07 lakhs were paid (1971-76) to 326 persons in lump-sum in the districts test-checked.
- (b) District Collectors were competent to sanction loans for improvement of land upto Rs. 3,000 in each case. In Simla District, loans aggregating Rs. 0.40 lakh were advanced (1973-74) to 8 parties in excess of the prescribed limit.
- (c) Loans to agriculturists in distress for general improvement of land and to flood and fire sufferers were admissible to persons whose annual income did not exceed Rs. 10,000 and Rs. 6,000 respectively. However, loans totalling Rs. 0.25 lakh were paid to 3 persons (Simla: 2 and Chamba: 1) during 1972-73 to 1974-75 though their incomes were in excess of the prescribed limits.

B—Horticulture Department

Mention was made in paragraph 8.5 of the Audit Report for the year 1974-75 of the horticultural loans advanced in Mandi and Simla districts. The accounts and records of such loans advanced in Bilaspur, Chamba, Kangra, Sirmur and Solan districts were test-checked in June 1976.

The position of recoveries, as on 31st March 1976, in respect of loans disbursed in Bilaspur, Chamba, Kangra and Solan districts* from 1960-61 to 1975-76 was as follows:—

		Principal	Interest	Total
		(Rupees in lakhs)		
Total amount due for recovery	..	5.05	3.11	8.16*
Amount recovered	..	1.52	0.95	2.47*
Overdues	..	3.53	2.16	5.69*

The district-wise details of overdues, as on 31st March 1976, are given below:—

		Number of loanees	Principal	Interest	Total
			(Rupees in lakhs)		
Bilaspur	..	478	0.67	0.35	1.02
Chamba	..	1,031	1.95	1.12	3.07
Kangra	..	39	0.06	0.06	0.12
Solan	..	450	0.85	0.63	1.48
Total	..	1,998	3.53	2.16	5.69

*Source: Departmental records.

*Full information for Sirmur District was not available.

In the following cases even the first instalment in respect of loans advanced during 1957-58 to 1970-71 had not been recovered (July 1976) :—

District	Number of loances	Total amount of loans (Rupees in lakhs)
Bilaspur	.. 26	0.30
Chamba	.. 298	2.42
		<hr/>
Total	.. 324	2.72

A sum of Rs. 1.46 lakhs was outstanding, as on 31st March 1976, in Sirmur District. The year-wise details as well as the break-up of the amount into principal and interest was not available with the District Horticultural Officer, Rajgarh (June 1976).

CHAPTER IX

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

9.1 Outstanding audit observations

Audit observations on financial transactions of the departments are reported to departmental authorities 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 at the end of September 1976 as compared with the corresponding position indicated in two preceding reports:—

	As at the end of September 1974	As at the end of September 1975	As at the end of September 1976
Number of observations	.. 29,074	23,864	15,404
Amount involved (Rupees in crores)	.. 23.90	21.58	6.48

The improvement in the position as at the end of September 1976 was due mainly to reduction in the outstandings of the Public Works Department (Buildings and Roads branch) and was the result of a drive for the purpose undertaken by Audit and the Administration.

The following departments have comparatively heavy outstanding audit observations:—

Serial number	Department	Number	Amount involved (Rupees in lakhs)
1.	Public Works		
	(a) Buildings and Roads branch	.. 4,660	323.17
	(b) Irrigation branch	.. 373	50.90
2.	Food and Supplies	.. 90	47.64
3.	Forest	1,534	46.61
4.	Education	.. 2,794	22.75
5.	Agriculture	.. 1,447	20.04
6.	Rural Integrated Development	.. 206	18.28
	Total	.. 11,104	5,29.39

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

Serial number	Nature of observation	Number	Amount involved (Rupees in lakhs)
1.	Payees' receipts not received ..	4,464	389.41
2.	Agreements with contractors/suppliers not received	67	57.98
3.	Advances paid to Government servants not recovered ..	8,904	40.78
4.	Sanctions for contingent and miscellaneous expenditure not received ..	466	34.00
5.	Disbursement certificates not received ..	346	28.77
	Total ..	14,247	550.94

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

Serial number	Department	Amount involved (Rupees in lakhs)
1.	Public Works	
	(a) Buildings and Roads branch ..	204.23
	(b) Irrigation branch ..	26.76
2.	Food and Supplies ..	47.54
3.	Education ..	9.39
4.	Forest ..	9.37
5.	Rural Integrated Development ..	7.02
6.	Health and Family Planning ..	6.31
7.	Industries ..	4.82
8.	Agriculture ..	4.16
	Total ..	319.60

9.2 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 the 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 has prescribed that first replies to audit inspection reports should be sent within four weeks.

At the end of September 1976, 3,788 inspection reports issued upto the end of March 1976 were not settled as shown below with corresponding figures for the earlier two years:—

	As at the end of September 1974	As at the end of September 1975	As at the end of September 1976
Number of inspection reports ..	3,698	3,716	3,788
Number of paragraphs outstanding ..	16,725	17,646	18,422

Of the reports outstanding at the end of September 1976, 2,917 reports relate to civil departments, 585 to revenue receipts and 286 to commercial departments. These include 139 inspection reports (81 civil, 55 revenue receipts and 3 commercial) to which even first replies had not been received.

M. M. Mehta

(M. M. MEHTA)
Accountant General,
Himachal Pradesh and Chandigarh

SIMLA,
The 17 May 1977

Countersigned

A. Bakshi

NEW DELHI,
The 21 May 1977

(A. BAKSI)
Comptroller and Auditor General of India

APPENDICES

APPENDIX I

(Reference: Paragraph 1.12 page 18)

**UTILISATION CERTIFICATES FOR GRANTS PAID UPTO 31ST MARCH 1975
OUTSTANDING ON 30TH SEPTEMBER 1976**

Department	Year in which grants were paid	Certificates					
		Due		Received		Outstanding	
		Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
1	2	3	4	5	6	7	8
1. Rural Integrated Development	1970-71 and earlier years	546	78.92	35	2.99	511	75.93
	1971-72	406	44.64	28	5.57	378	39.07
	1972-73	361	31.27	26	2.12	335	29.15
	1973-74	574	48.11	66	4.62	508	43.49
	1974-75	351	46.52	106	20.44	245	26.08
	Total	..	2,238	249.46	261	35.74	1,977
2. Education	1971-72	2	0.04	2	0.04	—	—
	1972-73	2	1.02	2	1.02	—	—
	1973-74	5	0.65	3	0.29	2	0.36
	1974-75	103	105.52	54	19.66	49	85.86
Total	..	112	107.23	61	21.01	51	86.22
3. Agriculture	1972-73	1	14.00	1	14.00	—	—
	1973-74	2	0.10	2	0.10	—	—
	1974-75	10	72.45	—	—	10	72.45
Total	..	13	86.55	3	14.10	10	72.45
4. Local Self Government	1970-71 and earlier years	34	15.23	23	12.01	11	3.22
	1971-72	57	40.47	35	10.26	22	30.21
	1972-73	40	32.65	15	18.60	25	14.05
	1973-74	66	24.97	23	6.06	43	18.91
	1974-75	119	46.24	105	41.58	14	4.66
	Total	..	316	159.56	201	88.51	115	71.05
5. Co-operation	1970-71 and earlier years	100	14.84	—	0.13	100	14.71
	1971-72	39	8.06	—	0.42	39	7.64
	1972-73	50	9.66	6	1.41	44	8.25
	1973-74	49	8.27	9	1.85	40	6.42
	1974-75	11	12.27	—	—	11	12.27
	Total	..	249	53.10	15	3.81	234	49.29
6. Industries	1973-74	2	8.16	—	—	2	8.16
	1974-75	2	24.00	—	—	2	24.00
Total	..	4	32.16	—	—	4	32.16

1	2	3	4	5	6	7	8
7. Welfare	.. 1970-71 and earlier years	240	22.65	98	11.30	142	11.35
	1971-72	33	2.67	26	2.32	7	0.35
	1972-73	20	2.84	15	1.56	5	1.28
	1973-74	24	6.43	9	1.26	15	5.17
	1974-75	22	6.63	—	—	22	6.63
Total	..	339	41.22	148	16.44	191	24.78
8. Health and Family Planning	.. 1970-71 and earlier years	6	0.11	—	—	6	0.11
	1971-72	6	0.19	6	0.19	—	—
	1972-73	13	0.64	8	0.38	5	0.26
	1973-74	10	5.66	6	5.51	4	0.15
	1974-75	40	12.77	9	1.42	31	11.35
Total	..	75	19.37	29	7.50	46	11.87
9. Panchayati Raj	.. 1970-71 and earlier years	4	1.53	—	0.54	4	0.99
	1971-72	7	3.53	—	0.13	7	3.40
	1972-73	4	5.70	—	0.61	4	5.09
	1973-74	5	2.28	—	0.01	5	2.27
Total	..	20	13.04	—	1.29	20	11.75
10. Housing	.. 1971-72	1	10.00	—	—	1	10.00
Total	..	1	10.00	—	—	1	10.00
11. Forest	.. 1972-73	2	3.02	—	—	2	3.02
	1973-74	2	1.98	2	1.98	—	—
	1974-75	2	6.71	2	6.71	—	—
Total	..	6	11.71	4	8.69	2	3.02
12. General Administration	1972-73	6	1.28	3	1.08	3	0.20
	1973-74	2	0.10	—	0.03	2	0.07
	1974-75	6	0.71	2	0.31	4	0.40
Total	..	14	2.09	5	1.42	9	0.67
13. Animal Husbandry	.. 1974-75	3	3.90	3	3.90	—	—
Total	..	3	3.90	3	3.90	—	—
Grand total	..	3,390	789.39	730	202.41	2,660	586.98

APPENDIX II

(Reference: Paragraph 2.4 page 23)

CASES IN WHICH SAVINGS (RUPEES TWO LAKHS OR MORE IN EACH CASE) EXCEEDED 10 PER CENT OF THE TOTAL GRANT

Number and name of grant	Original grant	Supplementary grant	Total grant	Expenditure	Saving	Percentage
1	2	3	4	5	6	7
(Rupees in lakhs)						
I—CASES IN WHICH SAVINGS WERE MORE THAN 20 PER CENT OF THE TOTAL GRANT						
23—Food and Nutrition (Voted) ..	16,58.57	..	16,58.57	2,58.39	14,00.18	84
27—Road Transport (Voted) ..	16.09	99.49	1,15.58	69.35	46.23	40
28—Tourism (Voted) ..	50.72	..	50.72	36.58	14.14	28
34—Loans to Government Servants (Voted) ..	71.50	..	71.50	53.96	17.54	25
II—CASES IN WHICH SAVINGS WERE MORE THAN 10 PER CENT BUT LESS THAN 20 PER CENT OF THE TOTAL GRANT						
1—Vidhan Sabha and Elections (Voted) ..	43.57	..	43.57	38.09	5.48	12
11—Agriculture (Voted) ..	8,89.24	20.16	9,09.40	8,03.42	1,05.98	12
15—Fisheries (Voted) ..	19.11	..	19.11	15.94	3.17	17
16—Forest (Voted) ..	7,46.25	..	7,46.25	6,60.02	86.23	12
18—Supplies, Industries and Minerals (Voted)	2,40.65	0.01	2,40.66	2,12.16	28.50	12
26—Stationery and Printing (Voted) ..	56.63	..	56.63	49.69	6.94	12

APPENDIX III

(Reference: Paragraph 3.26 page 60)

**MISAPPROPRIATIONS AND DEFALCATIONS REPORTED UPTO 31ST MARCH
1976 AND OUTSTANDING ON 30TH SEPTEMBER 1976**

(Amount in lakhs of rupees)

Sr. No.	Department	Cases reported									
		Upto 1972-73		During 1973-74		During 1974-75		During 1975-76		Total	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7	8	9	10	11	12
1.	Public Works ..	79	33.28	5	1.28	4	0.75	7	0.90	95	36.21
2.	Forest ..	4	1.02	—	—	—	—	2	0.14	6	1.16
3.	Food and Supplies ..	1	0.51	—	—	—	—	—	—	1	0.51
4.	Health and Family Planning ..	6	0.37	—	—	—	—	—	—	6	0.37
5.	Education ..	4	0.29	—	—	—	—	1	***	5	0.29
6.	Governor's Secretariat	1	0.26	—	—	—	—	—	—	1	0.26
7.	Welfare ..	3	0.08	2	0.17	—	—	—	—	5	0.25
8.	Finance (Treasury and Accounts Organisation) ..	2	0.25	—	—	—	—	—	—	2	0.25
9.	Rural Integrated Development ..	1	0.18	—	—	—	—	—	—	1	0.18
10.	Revenue ..	1	0.12	—	—	—	—	—	—	1	0.12
11.	Home Guards ..	1	0.09	—	—	—	—	—	—	1	0.09
12.	Labour and Emp- loyment ..	1	0.07	—	—	—	—	—	—	1	0.07
13.	Animal Husbandry	1	0.04	—	—	—	—	—	—	1	0.04
14.	Public Relations ..	—	—	—	—	1	0.03	—	—	1	0.03
15.	Police ..	1	*	—	—	—	—	—	—	1	*
16.	General Admini- stration ..	1	**	—	—	—	—	—	—	1	**
Total ..		107	36.56	7	1.45	5	0.78	10	1.04	129	39.83

*Rupees fifty only.

**Rupees fifty only.

***Rupees 326,90 only.

APPENDIX IV

(Reference: Paragraph 3.26 page 60)

OUTSTANDING CASES (30TH SEPTEMBER 1976) OF MISAPPROPRIATION, DEFALCATION, ETC. AND THE STAGE AT WHICH THEY ARE PENDING

(Amount in lakhs of rupees)

Sr. No.	Department	Awaiting completion of criminal investigation		Awaiting completion of departmental investigation		Pending in Courts of Law		Investigation completed but orders of write off/recovery pending		Orders of recovery issued but recovery pending		Other reasons		Total	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1.	Public Works ..	5	12.26	60	12.78	—	—	23	3.85	4	0.20	3	7.12	95	36.21
2.	Forest ..	1	0.08	1	0.06	1	0.13	2	0.71	—	—	1	0.18	6	1.16
3.	Food and Supplies ..	1	0.51	—	—	—	—	—	—	—	—	—	—	1	0.51
4.	Health and Family Planning	1	0.08	3	0.14	1	0.05	—	—	1	0.10	—	—	6	0.37
5.	Education ..	—	—	—	—	4	0.21	—	—	—	—	1	0.08	5	0.29
6.	Governor's Secretariat ..	—	—	—	—	1	0.26	—	—	—	—	—	—	1	0.26
7.	Welfare ..	—	—	3	0.18	2	0.07	—	—	—	—	—	—	5	0.25
8.	Finance (Treasury and Accounts Organisation)	—	—	—	—	2	0.25	—	—	—	—	—	—	2	0.25
9.	Rural Integrated Development	—	—	—	—	—	—	—	—	—	—	1	0.18	1	0.18
10.	Revenue ..	1	0.12	—	—	—	—	—	—	—	—	—	—	1	0.12
11.	Home Guards ..	—	—	—	—	—	—	—	—	1	0.09	—	—	1	0.09
12.	Labour and Employment	—	—	—	—	1	0.07	—	—	—	—	—	—	1	0.07
13.	Animal Husbandry ..	—	—	—	—	1	0.04	—	—	—	—	—	—	1	0.04
14.	Public Relations ..	—	—	—	—	—	—	1	0.03	—	—	—	—	1	0.03
15.	Police ..	—	—	—	—	—	—	—	—	1	*	—	—	1	*
16.	General Administration	—	—	—	—	1	**	—	—	—	—	—	—	1	**
Total ..		9	13.05	67	13.16	14	1.08	26	4.59	7	0.39	6	7.56	129	39.83

*Rupees fifty only.

**Rupees fifty only.

APPENDIX VI
(Reference: Paragraph 7.6.2 page 131)
SUMMARISED FINANCIAL RESULTS OF GOVERNMENT COMPANIES

Sr. No.	Name of the Company	Department	Date of incorporation	Period of accounts	Total capital invested	Profit (+) Loss (-)	Total interest charged to profit and loss account	Interest on long term loans	Total return on capital invested (7+9)	Percentage of return on capital invested	Capital employed	Total return on capital employed (7+8)	Percentage of total return on capital employed	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1.	Nahan Foundry Limited	Industries	20th October 1952	1975-76	116.64	(-)7.54	(Rupees in lakhs) 5.02	0.96	(-)6.58	—	131.11	(-)2.52	—	
2.	Himachal Pradesh Agro-Industries Corporation Limited	Industries	24th September 1970	1975-76	231.90	(+)2.44	—	—	2.44	1.05	199.77	2.44	1.2	
3.	Himalaya Fertilizers Limited	Industries	23rd November 1972	1975-76	53.18	(-)10.32	1.28	—	(-)10.32	—	53.57	(-)9.04	—	
4.	Himachal Wool Processors Limited	Industries	11th October 1974	1975-76	64.27	The Company is under construction								
5.	Himachal Pradesh State Small Industries and Export Corporation Limited	Industries	20th October 1966	1975-76	74.65	(+)0.01	2.88	0.69	0.70	0.9	89.95	2.89	3.2	
6.	Himachal Pradesh Mineral and Industrial Development Corporation Limited	Industries	25th November 1966	1975-76	178.83	(+)4.40	3.22	0.89	5.29	3.0	191.92	7.62	4.0	
7.	Himachal Worsteds Mills Limited	Industries	10th October 1974	1975-76	5.00	The Company is under construction								
8.	Himachal Pradesh State Forest Corporation Limited	Forest	25th March 1974	1974-75	58.01	+0.01	—	—	0.01	—	57.95	0.01	—	
9.	Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited	Horticulture	10th June 1974	1974-75	25.50	(-)2.66	—	—	(-)2.66	—	21.76	(-)2.66	—	
10.	Himachal Pradesh Tourism Development Corporation Limited	Tourism	1st September 1972	1973-74	22.00	(-)9.65	—	—	(-)9.65	—	3.29	(-)9.65	—	

Note :— (i) Capital invested represents paid-up capital plus long-term loans plus free reserves.
(ii) Capital employed represents net fixed assets (excluding capital works-in-progress) plus working capital.

APPENDIX VII

(Reference: Paragraph 7.9 page 147)

SUMMARISED FINANCIAL RESULTS OF GOVERNMENT COMMERCIAL AND QUASI-COMMERCIAL UNDERTAKINGS

Name of the undertaking	Year of accounts	Government capital (mean)	Net block	Cumulative depreciation	Net profit (+) Net loss (-)	Interest on capital	Total return	Percentage of total return to mean capital
1	2	3	4	5	6	7	8	9
<i>(Rupees in lakhs)</i>								
Himachal Government Transport	1973-74	372.20	299.26	267.33	(-)43.17	24.19	(-)18.98	—
Rosin and Turpentine Factory, Bilaspur	1973-74	158.71	28.58	13.52	(-)27.44	10.32	(-)17.12	—



