



सत्यमेव जयते

**GOVERNMENT OF WEST BENGAL**

**AUDIT REPORT**  
**1964**

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**Comptroller and Auditor General of India**

**1964**

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## **Prefatory Remarks**

This volume mainly relates to matters arising from the Appropriation Accounts for 1962-63 together with other points arising from audit of the financial transactions of the Government of West Bengal. It also includes:

- (i) certain points of interest arising from the Finance Accounts for the year 1962-63, and
- (ii) matters relating to certain statutory bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

2. The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1962-63 as well as those which had come to notice in earlier years but could not be dealt with in previous Audit Reports; matters relating to the period subsequent to 1962-63 have also been included wherever considered necessary.



# CHAPTER I

## General

**Budget and actuals:** The Budget Estimates and actuals in respect of revenue receipts and expenditure met from revenue, for the year 1962-63, are given below along with the corresponding figures for 1958-59 to 1961-62:

Year.	Budget Estimates.	Actuals.	Variation.	
			Amount.	Percentage.
(In crores of rupees)				
<i>Revenue Receipts</i>				
1958-59	68.87	80.39	+11.52	+16.7
1959-60	79.04	91.64	+12.60	+15.9
1960-61	88.17	96.04	+7.87	+8.9
1961-62	95.48	101.70	+6.22	+6.5
1962-63	107.18	107.51	+0.33	+0.3
<i>Expenditure met from Revenue</i>				
1958-59	72.69	79.35	+6.66	+9.1
1959-60	82.67	85.88	+3.21	+3.8
1960-61	89.23	93.04	+3.81	+2.3
1961-62	98.68	102.48	+3.80	+3.8
1962-63	111.23	113.53	+2.30	+2.1

*Revenue Surplus (+)/Deficit(-)*

Year	Budget Estimates.	Actuals.
(In crores of rupees).		
1958-59	-3.82	+1.04
1959-60	-3.63	+5.78
1960-61	-1.06	+3.00
1961-62	-3.20	-0.78
1962-63	-4.05	-6.02

During the four years preceding 1962-63, the actual revenue receipts substantially exceeded Budget Estimates; in 1962-63, there was only a small excess over the Budget Estimates (0.3 per cent.).

A similar improvement in budgeting occurred in regard to expenditure on Revenue Account. The excess in 1962-63 was only 2.1 per cent.—the percentage of variation was the smallest during the five-year period.

The Budget Estimates envisaged revenue deficits in all the five years. The actuals, however, showed an improvement over the budget of the order of Rs. 4 to Rs. 8 crores during the four years ending with 1961-62, while in the year 1962-63 there was deterioration to the extent of about Rs. 2 crores as compared with the budgeted deficit.

2. With a view to rationalising the classification of transactions in the accounts, certain changes, as explained in paragraph 5 (page 3) of the State Finance Accounts for 1962-63 were introduced from the 1st April, 1962.

Two of the major changes are indicated below:

- (i) Recoveries of interest from Commercial Departments, etc., were previously taken in reduction of interest payments made by Government and the net figure was shown as expenditure; such receipts are now shown separately under "Receipts" and the gross expenditure on interest payments is shown on the expenditure side.
- (ii) Working expenses of Commercial Departments and Undertakings, such as, Irrigation, Electricity, etc., were being taken in reduction of receipts of the respective Department or Undertaking and the net amount was shown in the accounts under "Receipts"; the working expenses are now shown on the expenditure side and the gross revenue is exhibited separately on the "Receipts" side.

The figures for 1961-62 and earlier years as given in the Accounts for these years have been recast to correspond to the revised classification and shown in the following paragraphs for purposes of comparison with those of 1962-63.

3. **Revenue receipts:** The revenue receipts for 1962-63 showed an increase of Rs. 4.53 crores (4.4 per cent) compared with those in 1961-62 and Rs. 26.11 crores (32.1 per cent) compared with those in 1958-59.

The increase is analysed below:

	1958-59.	1961-62.	1962-63.	Increase over 1958-59.	
				Amount.	Percentage.
(In crores of rupees)					
(i) Receipts from the Central Government—					
(a) State's share of divisible Central Taxes.	13.89*	16.20	19.78	5.89	42.4
(b) Grants-in-aid under Article 275 of the Constitution.	4.97	4.75	..	-4.97	..
(c) Other grants-in-aid ..	5.81*	13.53*	9.83	4.02	69.2
ii) Revenue raised by the State Government—					
(a) From taxes, duties and other principal sources of revenues.	42.47	52.70	60.85	18.38	43.3
(b) From other receipts, such as water rates, betterment levy, rents from buildings, etc.	14.28*	15.80*	17.05	2.79	19.6
Total ..	81.40*	102.98*	107.51	26.11	32.1

\*The figures for 1958-59 and 1961-62 have been recast in accordance with the revised classification adopted in 1962-63, as indicated in paragraph 2.



The receipts from the Government of India during 1962-63 amounted to Rs. 29.61 crores (27.5 per cent of the total revenue receipts) as against Rs. 34.48 crores during 1961-62 (33.5 per cent of the revenues of that year).

The increase amounting to Rs. 18.38 crores in the revenues raised by the State Government from taxes, duties and other principal revenues since 1958-59 occurred mainly under the following heads:

Head of Account.	1958-59.	1961-62.	1962-63.	Increase over the five-year period.	
				Amount.	Percent- age.
(In crores of rupees)					
Land Revenue .. ..	5.74	6.20	7.84	2.10	36.6
State Excise Duties .. ..	5.46	6.96	7.69	2.23	40.8
Taxes on Vehicles .. ..	1.53	2.35	2.70	1.17	76.5
Sales Tax .. ..	16.65	21.45	24.68	8.03	48.2
Stamps .. ..	3.42	4.20	4.88	1.46	42.7
Other Taxes and Duties .. ..	8.16	9.89	11.28	3.12	38.2

The increase of Rs. 3.12 crores under Other Taxes and Duties is mainly attributable to increased receipts under Entertainment Tax (Rs. 0.98 crore) and Receipts from Electricity Duties (Rs. 1.71 crores).

No new tax was levied during 1962-63, nor was any change made in the rates of levy of the existing taxes.

4. **Arrears of revenue:** According to the figures furnished by two Departments, the arrears in the collection of revenue were as shown below (April, 1963):

	Arrears as in April, 1963.	Average annual revenue during 1960-61 to 1962-63.	Percent- age of arrears to the total average annual revenue.	Remarks.
[In crores of rupees]				
Land Revenue .. ..	4.51	6.79	66.4	
Forest .. ..	0.10	1.75	5.7	Arrears accumulated since 1946-47.

5. **Expenditure on Revenue Account:** The expenditure during the year 1962-63 (Rs. 113.53 crores) showed an increase of 9.4 per cent. over that of 1961-62 and 41.3 per cent over that of 1958-59.

The increase is analysed below:

	1958-59	1961-62	1962-63	Increase over 1958-59	
				Amount.	Percent- age.
(In crores of rupees)					
(i) Collection of Taxes, Duties and other Principal Revenues.	5.24	5.22	5.78	0.54	10.3
(ii) Administrative Services—					
Police .. .. .	7.85	8.96	10.23	2.38	30.3
Other Administrative Services	6.66	7.56	9.39	2.73	41.0
(iii) Social and Developmental Services—					
Education .. .. .	12.93	21.30	23.36	10.43	80.7
Medical and Public Health	6.24	10.22	11.52	5.28	84.6
Agriculture .. .. .	4.09	4.98	5.32	1.23	30.1
Community Development Project, etc.	1.72	2.53	2.69	0.97	56.4
Miscellaneous Departments such as Labour Welfare of Scheduled Tribes, etc.	0.36	1.58	2.16	1.80	500.0
Other Departments ..	3.14	4.54	4.80	1.66	52.9
(iv) Other services—					
Interest Charges .. .. .	*3.74	*7.08	8.31	4.57	122.2
Forest .. .. .	0.94	1.26	1.44	0.50	53.2
Public Works .. .. .	3.80	5.16	4.58	0.78	20.5
Irrigation .. .. .	*2.07	*2.54	2.97	0.90	43.5
Other heads .. .. .	21.58	20.83	20.98	(- )0.60	..
Total ..	*80.36	*1,03.76	1,13.53	33.17	41.3

The reasons for the main items of increase are indicated below:

Head of Account	Reasons
Administrative Services Police.	Revision of scales of pay and replacement of a large number of Police Vehicles.

**6. Expenditure outside the Revenue Account:** The expenditure recorded outside the Revenue Account includes, besides capital expenditure, the amount disbursed by Government as "Loans and Advances".

\*The figures for 1958-59 and 1961-62 have been recast in accordance with the revised classification adopted in 1962-63, as indicated in paragraph 2.

The expenditure on Capital Account during the five years ending with 1962-63 as compared with the Budget Estimates for these years is shown below ("Loans and Advances" are dealt with in paragraph 9):

Year.	Budget	Actuals.	Variation	
			Amount.	Percent- age.
(In crores of rupees)				
1958-59 .. .. .	21·80	23·92	+2·12	9·7
1959-60 .. .. .	26·77	22·29	-4·48	16·7
1960-61 .. .. .	33·96	22·75	-11·21	33·0
1961-62 .. .. .	42·13	26·97	-15·16	35·9
1962-63 .. .. .	45·43	34·45	-10·98	24·2

Substantial savings in the Budget provision have been a regular feature during the last four years. This was stated to be due to slow progress of work on certain Development Schemes, viz., Greater Calcutta Milk Supply Scheme, Slum-Clearance Scheme, Deep Tubewell Irrigation Scheme and Electric Power, Development of State Roads, etc.

7. A further analysis of the expenditure outside the Revenue Account is given below:

	During 1962-63.	During 1958-59 to 1962-63.	Progres- sive total up to 1962-63.
[In crores of rupees]			
<b>I. Capital Expenditure on—</b>			
(i) Irrigation and Multipurpose River Valley Schemes	7·98	37·44	124·85
(ii) Other Commercial Departments/Undertakings, Schemes of Government Trading, Industrial Development, Road and Water Transport and Agricultural Schemes.	2·37	3·99	9·13
(iii) Other items—			
Compensation to Landholders, etc., on the abolition of the Zamindari System.	2·15	8·88	10·20
Outlay on Civil and other works .. .. .	21·89	79·73	129·22
Miscellaneous Capital Outlay on other works and payment of commuted value of pensions.	0·06	0·34	0·50
Electricity Schemes .. .. .	..	..	1·28
<b>Total—Capital Expenditure ..</b>	<b>34·45</b>	<b>130·38</b>	<b>275·18</b>
<b>II. Net Outgo under "Loans and Advances by the State Government", i.e., after taking into account repayment of loans.</b>	<b>6·56</b>	<b>31·91</b>	<b>82·77</b>
<b>Total—Expenditure outside the Revenue Account</b>	<b>41·01</b>	<b>162·29</b>	<b>357·95</b>

Further details of capital expenditure are given in statement Nos. 2 and 13 of the State Finance Accounts, 1962-63.

8. The sources from which expenditure outside the Revenue Account including that on "Loans and Advances" during 1962-63 and during the five-year period ending with 1962-63 was met are indicated below:

	1962-63	1958-59 to 1962-63
(In crores of rupees)		
Net additions to—		
I. (i) Permanent Debt .. .. .	5.28	32.44
(ii) Loans from the Central Government .. .. .	21.54	114.64
(iii) Loans from other sources and Unfunded Debt .. .. .	1.66	9.24
II. Miscellaneous (mainly excess of deposits, etc., received by Government over repayment on that account).	7.43	22.73
III. Decrease in cash balance and Investments .. .. .	11.12	..
IV. Revenue Surplus .. .. .	..	2.90
Total .. .. .	47.03	182.04
Deduct—Revenue Deficit .. .. .	6.02	..
Net resources available for expenditure outside the Revenue Account .. .. .	41.01	182.04

It will appear from the statements above that during the five years 1958-59 to 1962-63, the resources available were Rs. 182.04 crores, whereas the expenditure was only Rs. 162.29 crores; the available funds, viz., Rs. 19.75 crores, therefore, increased the cash balance and investments.

9. **Loans and Advances by the State Government:** (a) The disbursements of the loans and advances and the recoveries thereof during the years 1961-62 and 1962-63 as compared with Budget Estimates are given below:

	Disbursements.			Recoveries.		
	Budget.	Actuals.	Variation (percent- age).	Budget.	Actuals.	Variation (percent- age).
	(In crores of rupees)			(In crores of rupees)		
1961-62 .. .. .	12.22	10.76	-11.9	5.36	2.31	-56.9
1962-63 .. .. .	15.27	10.30	-32.5	4.45	3.74	-15.9

(b) The total loans and advances given by the State Government and outstanding on the 31st March, 1963, amounted to Rs. 82.77 crores, the principal classes of which are shown below:

		(In crores of rupees)
(1)	Loans to Corporation, Municipalities, District and other Local Fund Committees, Port Trust and other Port Funds.	2.91
(2)	Advances to cultivators .. .. .	4.63
(3)	Loans and advances to displaced persons .. .. .	42.10
(4)	Loans under Community Development Project .. .. .	2.72
(5)	Miscellaneous Loans and Advances—	
(i) (a)	Loans to West Bengal State Electricity Board .. .. .	15.01
(b)	Loans to West Bengal State Electricity Board under Railway Electrification Scheme.	2.91
(ii)	Loans to West Bengal Development Corporation .. .. .	1.52
(iii)	Loans under the Low Income Group Housing Scheme .. .. .	1.42
(iv)	Loans to State Transport Corporation .. .. .	0.83
(v)	Other miscellaneous loans .. .. .	8.08

The overdue amount of loans and interest, the detailed accounts of which are kept in Audit Office [Items 1, 5(i)(a), 5(i)(b), 5(ii) and 5(iv)] as on the 31st March, 1963, was Rs. 32.01 lakhs, as indicated below:

	Principal	Interest.
	(In lakhs of rupees)	
Corporation, Municipalities, District and other Local Fund Committees, Port Trust and other Port Funds.	15.09	16.92

The detailed accounts in respect of item 3 are maintained partly by the Audit Office and partly by departmental officers. The overdue amount of loans in respect of which the detailed accounts are kept by the Audit Office was Rs. 41.75 lakhs (principal Rs. 19.67 lakhs and interest Rs. 22.08 lakhs) at the close of 1962-63.

As regards items 5(i)(a), 5(i)(b), 5(ii) and 5(iv), the terms and conditions for the repayment of loans and the rate of interest payable thereon have not yet been settled (August, 1963), though the matter was taken up with the Government from time to time since June, 1958. As a result, no recovery of principal and interest has been made so far (August, 1963) from the loanees concerned.

The departmental officers, who keep the detailed accounts for other loans, are responsible for watching recovery of principal and interest. The total amount of overdue instalments of principal and interest for all those loans has not been intimated by the departmental officers.

(c) In order to ascertain whether the balances of loans and advances outstanding in the books of the Audit Office represent the position correctly, these are communicated at the end of each year to the departmental authorities for verification and acceptance. The acceptance of balances by the departmental officers is awaited in 134 cases out of 275 (January, 1964).

The certificates for acceptance of balances in respect of items the detailed accounts of which are maintained by Departmental Officers are awaited for 136 cases out of 158 (January, 1964).

A statement showing instances where acceptance of balances has been considerably delayed is given below paragraph 3 of statement No. 8 of the State Finance Accounts for 1962-63.

(Further points relating to loans and advances are given in Chapter VII).

**10. Debt position:** The total debt outstanding at the end of each of the five years ending with 1962-63 is indicated below:

	1958-59.	1959-60.	1960-61.	1961-62.	1962-63.
	(In crores of rupees)				
1. Market loans .. ..	27.13	34.86	41.91	49.22	54.50
2. Loans from the Central Government—					
For Development purposes ..	36.15	36.96	38.65	47.96	54.23
For other purposes ..	181.28	199.16	217.33	234.96	250.18
3. Other loans .. ..	1.29	1.09	3.63	3.99	4.51
4. Unfunded debt .. ..	8.43	9.26	10.19	11.22	12.35
<b>Total ..</b>	<b>254.28</b>	<b>282.23</b>	<b>311.71</b>	<b>347.35</b>	<b>375.82</b>

The total amount of rehabilitation loans received by the State Government from the Centre up to 1962-63 amounted to about Rs. 58.52 crores; the amount outstanding as on the 31st March, 1963, was Rs. 56.36 crores.

The details of the debt transactions for the year 1962-63 are given below:

Particulars.	Receipts during the year.	Repayments during the year.	Net increase during the year.
	(In crores of rupees)		
(i) Market loans .. ..	7.03	1.75	5.28
(ii) Loans from the Central Government ..	31.93	10.30	21.54
(iii) Other loans .. ..	0.66	0.14	0.52
(iv) Unfunded Debt .. ..	2.47	1.34	1.13
	<b>42.09</b>	<b>13.62</b>	<b>28.47</b>

Market loans amounting to Rs. 1.75 crores were repaid out of the balances in the Sinking Fund while other categories of the loans were repaid out of the cash balance of the State which had accumulated largely on account of unutilised borrowings of earlier years.

**11. Loans from the Central Government:** (a) The amount of loans received from the Central Government, outstanding at the end of the year 1962-63, was Rs. 304 crores which formed 80.9 per cent. of the total debt.

The following amounts which fell due for payment on account of principal and interest up to 1962-63 remained outstanding as on the 30th September, 1963:

	Principal.	Interest.	Remarks.
(In lakhs of rupees)			
Grow More Food Scheme ..	90.20	..	The outstandings relate to the years 1959-60 and 1960-61.
Loans for Educational Development	0.21	0.10	The outstandings relate to the period from 1957-58 to 1962-63.
Cottage and Small Scale Industries (other than Handloom).	3.10	2.01	The outstandings relate to the years 1956-57 and 1962-63.
Handloom Industry .. ..	0.22	0.64	The outstandings relate to the period from 1960-61 to 1962-63.

In addition, a sum of Rs. 23.52 lakhs on account of principal and Rs. 10.68 lakhs on account of interest in respect of Rehabilitation loans remained outstanding towards repayment on the 31st March, 1963 according to the original terms and conditions of repayment. The revised terms and conditions of the repayment, as recommended by the Finance Commission have not been accepted by the State Government. They pay to the Government of India whatever amount they collect (including arrears, if any) from the loanees. During the period from 1959-60 to 1962-63 a sum of Rs. 115.42 lakhs on account of principal and Rs. 32.15 lakhs on account of interest in respect of Rehabilitation loans were paid to the Government of India.

Besides the loans mentioned above, the terms and conditions of repayment in respect of the following six loans amounting to Rs. 18.35 lakhs have not yet been settled and consequently no repayment has been made:

Particulars.	Amount	Year of receipt.
(In lakhs of rupees)		
(1) Silk Industry .. ..	4.84	1959-60
(2) Handicraft Industry .. ..	2.00	
(3) Handicraft Industry .. ..	4.79	1960-61
(4) Silk Industry .. ..	5.78	
(5) Coir Industry .. ..	0.71	
(6) Coir Industry .. ..	0.23	1959-60
Total ..	18.35	

(b) **Utilisation of Central Loans: (i) Plan Schemes:** According to the procedure prescribed, Central assistance is paid to the State Government on the basis of estimated expenditure relating to each "Head of Development" consisting of a number of schemes and the State Government is authorised to adjust the assistance on different schemes as they deem proper, provided the total does not exceed the amount sanctioned for each "Head of Development". During the year 1961-62 and 1962-63, the State Government received Rs. 24.95 crores and Rs. 22.91 crores respectively as loans for implementation of Plan programmes.

Since the details of all the schemes financed out of Central loans were not distinguishable in the State Budget and accounts, the State Government were requested in August, 1962 to furnish to Audit the scheme-wise distribution of the loans and the expenditure incurred therefrom. Government stated that the figures of actual expenditure incurred on various schemes were susceptible of verification from the Statement of Accounts furnished by them to the Planning Commission. This statement, however, does not contain the requisite and complete details in all cases, and therefore, it has not been possible to verify in audit in the case of 22 loans amounting to Rs. 6.65 crores (out of 38 loans sanctioned during 1961-62 and 1962-63) that the amount of assistance was applied to the purpose for which it was sanctioned and that the expenditure on each 'Head of Development' was in conformity with the approved pattern.

(ii) **Non-Plan Schemes:** A total sum of Rs. 43.73 crores was received by the Government of West Bengal from the Government of India as loan for non-Plan Schemes during the period from 1958-59 to 1962-63, as indicated below:

Year in which granted.				No. of loans.	Amount.
(In crores of rupees)					
1958-59	..	..	..	5	8.28
1959-60	..	..	..	5	7.49
1960-61	..	..	..	5	8.60
1961-62	..	..	..	6	10.37
1962-63	..	..	..	7	9.01
Total				28	43.73

In order to verify how far the loans were utilised for the purposes for which they had been sanctioned the Government of West Bengal were requested in August, 1962 and in May, 1963 to furnish the details of the distribution of the loan funds among the different schemes. These details are still awaited (January, 1964).

12. **Interest charges:** Interest payments on account of debt are analysed below:

		1961-62.	1962-63.
(In crores of rupees.)			
(i) Interest paid by the State Government	..	10.03	11.47
(ii) Deduct—			
(a) Interest received on loans and advances	.. ..	0.86	1.40
(b) Interest received on investment of cash balance	..	0.46	0.53
(c) Interest received on capital advanced to the Damodar Valley Corporation.		2.95	3.16
(iii) Net burden of interest on Revenues—			
(i) minus (ii)	.. ..	5.76	6.38
(iv) Not interest as percentage of revenue	.. ..	5.66	5.93



**13. Amortisation of debt:** (a) The following arrangements have been made for the amortisation of the loans raised in the open market:

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

During 1962-63, a sum of Rs. 4.14 crores was credited to the Funds. Since the Revenue Account of the State closed with a deficit of about Rs. 6 crores, the contributions to the Funds were made, in effect, from borrowed funds.

The total balance in the Funds as at 31st March, 1963, was Rs. 16.89 crores out of which Rs. 9.44 crores stood invested in the securities of the West Bengal Government. A sum of Rs. 35.84 lakhs was received during the year as interest on the investment.

(b) Government did not consider it necessary to have any amortisation arrangements in respect of loans taken from the Central Government.

**14. Guarantees given by the State Government:** Government have given guarantees for repayment of loans, etc., raised by Statutory Corporations, Companies, Co-operative Societies, etc. The maximum amount of such guarantees as on the 31st March, 1963, was Rs. 14.29 crores of which guarantees amounting to Rs. 5.65 crores (12 cases), were issued during 1962-63. The amount of loans, etc., raised by the different institutions, against the guarantees of the Government was Rs. 11.44 crores at the end of March, 1963.

In fulfilment of a guarantee (for payment of the cost of plant and machinery by a company from abroad) referred to in paragraph 57 of Audit Report, 1963 the Government paid a sum of Rs. 15.78 lakhs during 1963-64.

A detailed statement of guarantees given by the State Government will be found in Statement No. 6 of the State Finance Accounts for 1962-63.

**15. Investments of Government:** Investments of Government in the Statutory Corporations, Joint Stock Companies, Co-operative Banks and Institutions amounted to Rs. 23.97 crores on the 31st March, 1963 as indicated below:

- (i) 5 Statutory Corporations (Rs. 6.63 crores),
- (ii) 4 Government Companies (Rs. 16.63 crores),
- (iii) 1 Joint Stock Company (Rs. 1.70 lakhs),
- (iv) 19 Co-operative Banks (Rs. 48 lakhs), and
- (v) 342 Co-operative Societies (Rs. 20.81 lakhs).

The detailed particulars of the investments have been given in statement No. 14 of the State Finance Accounts, 1962-63.

The West Bengal State Warehousing Corporation has been sustaining losses since 1959-60, while another Statutory Corporation—West Bengal Financial Corporation—earned profit (after providing for taxation and reserves) of Rs. 3.50 lakhs during the years 1961-62 and 1962-63. The financial results of the Statutory Corporations will be found at paragraph 76 of Chapter VIII of this Report.

Of the four Government Companies, three earned a profit of Rs. 19.13 lakhs, while the other sustained a loss of Rs. 39 lakhs during the year 1962-63. Further details regarding financial results of these Government Companies are given in paragraph 82 of Chapter VIII of this Report.

**16. Financial results of Irrigation and Multipurpose River Schemes:** On the 31st March, 1963, Government's investment on Irrigation and Multipurpose River Schemes (for which capital and revenue accounts are maintained) amounted to Rs. 30 crores. After making provision for interest on capital, there was a net loss of 3.13 per cent. in 1962-63 on the capital investment as against a net loss of 5.2 per cent. during the previous year.

(Further details regarding two of the projects, viz., the Mayurakshi Reservoir Project and Kangsabati Project, are given in Chapter IV).

**17. Grants-in-aid:** A total amount of Rs. 22.37 crores was paid during 1962-63 as grants-in-aid to Local Bodies and private institutions/individuals. The financial rules of Government require the Departmental Officers to furnish to Audit certificates that the grants-in-aid had been properly utilised by the grantees. The certificates were not furnished (November, 1963) by Departmental Officers in as many as 3,325 cases involving an amount of Rs. 4.70 crores. Certificates of utilization of grants-in-aid paid during 1960-61 and 1961-62 were also awaited in 2,113 cases involving Rs. 2.76 crores and 2,237 cases involving Rs. 4.10 crores respectively (November, 1963).

**18. Non-receipt of Government replies to draft paragraphs:** The paragraphs included in this Report were sent to Government for verification of facts and comments, if any. Government replies to 45 of the paragraphs (out of a total number of 91) have not been received so far (January, 1964). 11 of these paragraphs were sent between 6 months and a year ago and 18 between 3 and 6 months. Some of the departments from which replies are awaited are indicated below:

Name of the Department	No. of paragraphs.
Finance Department	.. 6
Public Works Department	.. 6
Land & Land Revenue	.. 4
Relief and Rehabilitation	.. 3
Development	.. 3

## CHAPTER II

### Appropriation Audit and Control over Expenditure

#### APPROPRIATION AUDIT

##### Summary

19. The following table compares the expenditure during the year (1962-63) with the total of voted grants and charged appropriations:

	Grants/Appropriations.			Actual Expenditure.	Savings.	Percentage of Savings.	
	(In crores of rupees)						
<b>Voted—</b>							
Original	..	..	161.52	} 167.90	145.44	22.46	13.4
Supplementary	..	..	6.38				
<b>Charged—</b>							
Original	..	..	27.46	} 27.81	25.12	2.69	9.7
Supplementary	..	..	0.35				
Total	..			195.71	170.56	25.15	12.9

The total amount of savings (Rs. 25.15 crores) represented 12.9 per cent. of the total amount of voted grants and charged appropriations; in the preceding two years, the savings amounted to 15.3 and 18.9 per cent. respectively.

20. **Supplementary grants and appropriations:** During the year, supplementary provision amounting to Rs. 6.73 crores was obtained under 16 voted grants and 19 charged appropriations. The details given in Appendix I bring out the following points:

- (i) The supplementary provision amounting to Rs. 23.74 lakhs obtained on the 30th March, 1963, proved entirely unnecessary in 3 cases (two voted grants and one charged appropriation) as the expenditure did not even come up to the original grant/appropriation.
- (ii) In 3 cases (2 voted grants and 1 charged appropriation), the supplementary provision proved comparatively excessive; as against the total amount of Rs. 272.82 lakhs obtained in these cases on the 30th March, 1963 the amount utilized was only Rs. 234.93 lakhs.
- (iii) In 8 cases (6 voted grants and 2 charged appropriations), the supplementary grant/appropriation proved inadequate; the expenditure exceeded the total provision by Rs. 303.21 lakhs being 227.72 per cent. of the supplementary provision which had been obtained as late as on the 30th March, 1963.

21. **Savings in grants/appropriations:** (i) The details given in Appendix II show that among voted grants, there were 20 cases where the savings exceeded 10 per cent. of the total provision and in 14 of these the savings exceeded 20 per cent. as against 17 and 14 cases respectively in the preceding year.

(ii) Large savings occurred mainly in the following grants; against the total provision of Rs. 56.31 crores in these cases the expenditure came up to Rs. 36.70 crores.

Number and name of grant.	Total provision.	Amount of savings.	Reasons for the savings.
(In crores of rupees)			
2—Land Revenue .. .. .	8.55	2.14	Less expenditure in connection with ex-Zamindary Estates on account of small requirement for payment of final compensation owing to delay in obtaining verified statements from ex-intermediaries and inadequacy of the number of disbursing officers.
9—Interest on Debt and Other Obligations.	0.50	0.44	Less interest paid on compensation payable to land-holders under the Estate Acquisition Act owing to non-completion of necessary preliminaries by a large number of intermediaries.
22—Agriculture—Agriculture .. .. .	9.55	3.56	} Slow progress of works or non-implementation of a number of schemes under the Third Five-Year Plan.
24—Animal Husbandry .. .. .	2.07	0.62	
27—Industries—Cottage Industries	2.37	0.88	
47—Capital Outlay on Public Works	10.46	2.84	
51—Loans and Advances by State Government.	13.94	4.81	
46—Capital Outlay on Multipurpose River Schemes—Damodar Valley Project.	7.37	2.84	Less share of expenditure being allocated to the State Government on the basis of the annual report of the Corporation.
49—Capital Outlay on Schemes of Government Trading.	1.50	1.48	Unanticipated larger receipts from the sale of food grains, etc., which, under the net system of budgeting followed in this State, was taken in reduction of expenditure booked under the grant.

(iii) Some of the major schemes, items, etc., for which the provision made during the year remained wholly or substantially unutilised are indicated below; some others are mentioned in Appendix III:

Name of grant.	Description of Schemes, items, etc.	Provision.	Amount (and percentage) of savings.	Reasons for the savings.
(In lakhs of rupees)				
Land Revenue	Payment of final compensation to land-holders on the abolition of the Zamindary System.	3,30.00	3,00.72 (91.13%)	Non-payment of final compensation owing to delay in obtaining verified statements from ex-intermediaries and inadequacy of the number of disbursing officers.

Name of grant.	Description of Schemes, items, etc.	Provision.	Amount (and percentage) of savings.	Reasons for the savings. (In lakhs of rupees)
Agriculture ..	Seed Storage for every twenty villages.	11.84	11.84 (100%)	Non-implementation of the schemes owing to non-completion of preliminaries.
	Soil conservation extension work on waste land and agricultural land.	18.08	18.04 (99.78%)	
	Intensive District Agricultural Programme (Package Programme).	27.39	19.23 (70.21%)	Partial implementation of the schemes owing to non-completion of preliminaries.
	Tank Irrigation and Lift Irrigation Schemes from Rivers and Beels.	64.00	50.96 (79.63%)	
Animal Husbandry.	Schemes of Government Trading—Greater Calcutta Milk Supply Scheme.	1,28.00	72.85 (56.91%)	Delay in acquisition of land and slow progress of construction work owing to delay in according administrative approval and issue of financial sanction and also to late implementation of the work programme by the Executive Department.
Cottage Industries.	Establishment of 11 New Estates.	23.00	20.31 (88.30%)	Non-availability of land and non-receipt of Government sanction.
Miscellaneous —Other Miscellaneous Expenditure.	Housing—Slum Clearance Scheme.	82.30	26.04 (31.64%)	Non-implementation of the work on Calcutta Corporation's Project for housing the Harijan Workers owing to non-finalisation of the detailed estimate.
Ditto ..	Land Acquisition and Development Project at Behala and Patipukur.	58.00	58.00 (100.00%)	Non-finalisation of land acquisition proceedings.
Capital outlay on Public Works.	Expansion of Craftsman Training Scheme.	24.93	22.58 (90.57%)	Non-finalisation of the Schemes.
Ditto	Development of State Roads.	4,71.50	1,31.35 (27.86%)	Less execution of works consequent on non-receipt of road-rollers.
Loans and Advances by State Government.	Loans under the Scheme for distribution of chemical fertilisers.	40.00	21.46 (53.65%)	Less demand for loans from cultivators.
	Loans under Slum Clearance Scheme.	36.53	28.86 (79.00%)	Non-execution of the Calcutta Corporation's Project for their Harijan Workers under the scheme due to non-finalisation of detailed estimate.
	Loans under Urban and National Water Supply and Sanitation Scheme.	35.00	27.41 (78.31%)	Smaller payment of loans to Municipalities due to non-completion of formalities required under the Sanitary Project Rules.
	Loans to State Electricity Board.	8,22.56	3,36.45 (40.90%)	Reasons not furnished by the Controlling Authority.

22. **Excesses over voted grants:** The following 12 cases of excesses over voted grants require to be regularised under Article 205 of the Constitution:

Sl. No.	Number and name of grant.	Total grant.	Expenditure.	Excess.	Percentage of excess.
1	2	3	4	5	6
	Rs.	Rs.	Rs.	Rs.	
1.	7—Stamps—				
	Original .. 11,82,000	12,77,000	13,79,212	1,02,212	8.00
	Supplementary 95,000				
2.	11—Parliament and State Legislatures.	33,63,000	37,71,355	4,08,355	12.14
<p>The Budget Estimates anticipated a recovery of Rs. 12.03 lakhs from the Government of India on account of their share of extra expenditure on election charges. Only a sum of Rs. 6.70 lakhs could be received as the State Government did not reconcile certain discrepancies between the figures of expenditure (since 1959-60) according to the departmental records and as in the books of the Audit Office.</p>					
3.	12—General Administration—				
	Original .. 3,80,47,000	3,93,74,000	3,95,73,269	1,99,269	0.50
	Supplementary 13,27,000				
4.	13—Administration of Justice ..	1,06,49,000	1,06,61,221	12,221	0.11
5.	16—Miscellaneous Departments— Fire Services.—				
	Original .. 43,75,000	49,33,950	49,38,480	4,530	0.09
	Supplementary 5,58,950				
6.	17—Miscellaneous Departments— Excluding Fire Service ..	1,89,17,000	1,89,28,870	11,870	0.06
7.	19—Education—				
	Original .. 21,38,13,000	21,67,23,000	23,35,97,363	1,68,74,363	7.78
	Supplementary 29,10,000				

The excess was due to more expenditure mainly on the following items :—

Items.	Amount
	(In lakhs of rupees)
(i) Improvement of the conditions of service of teachers in Secondary Schools.	61.63
(ii) Multipurpose Schools .. .. .	97.27
(iii) Basic Training institutions and expansion of basic education.	15.21
(iv) Improvement of teaching facilities (including accommodation in Arts, Science, Geography, Crafts, etc.)— Higher Secondary.	3.05
(v) Improvement of Government Colleges (equipment, salary, etc.)	4.99
(vi) Development of University education .. .. .	3.63

The excess was partly counterbalanced by savings under certain other items.

Sl. No.	Number and name of grant.	Total grant.	Expenditure.	Excess.	Percentage of excess.	
1	2	3	4	5	6	
	Rs.	Rs.	Rs.	Rs.		
8.	20—Medical—					
	Original ..	7,28,55,000	7,56,47,400	8,15,75,471	59,28,071	7.83
	Supplementary	27,92,400				

An excess of Rs. 31.73 lakhs was due to adjustments in the accounts of March, 1963 of the outstanding departmental bills of the Central Medical Stores; the other main items of excesses are :—

Primary Health Units and Family Planning ..	Rs. 10.00 lakhs.
Establishment and Improvement of Hospitals ..	Rs. 20.73 lakhs.

9.	29—Community Development Projects.	3,45,61,000	3,54,17,182	8,56,182	2.47
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Larger expenditure necessitated for completion of the final phased programme of development of a number of blocks; less amount had been provided due to restricted Plan allocation.

10.	37—Pensions and other retirement benefits.	1,82,97,000	1,92,64,516	9,67,516	5.28
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Larger adjustment towards the close of the year, of unanticipated debits received from other Government for payments made on behalf of the State.

11.	43—Miscellaneous Expenditure on Displaced Persons—					
	Original ..	3,27,91,000	3,37,77,000	3,68,42,532	30,65,532	9.08
	Supplementary	9,86,000				

The excess was due to the following reasons :—

Reasons.	Amount.
	(In lakhs of rupees).
(i) Smaller adjustment of recovery from the Union Government owing to non-receipt and late receipt of Government of India's sanctions for reimbursements of expenditure incurred on rehabilitation of displaced persons.	1,33.17
(ii) Larger payment of compensation for lands acquired under the scheme for colonisation of displaced persons.	19.69

The excess was partly offset by saving under other items of expenditure.

12.	45A—Expenditure connected with the National Emergency, 1962—					
	Original ..	Nil	33,03,000	40,16,286	7,13,286	21.59
	Supplementary	33,03,000				

Smaller recovery from the Government of India of their share cost of various Civil Defence measures adopted by the State Government on account of the National Emergency.

23. **Excesses over charged appropriations:** The charged appropriations were exceeded in the following four cases which require regularisation.

Sl. No.	No. and name of the appropriation.	Total ap- propriation.	Expendi- diture.	Excess.	Percentage of excess.	
		Rs.	Rs.	Rs.		
1.	2—Land Revenue—					
	Original ..	3,000	9,000	10,364	1,364	15·15
	Supplementary	6,000				
2.	9—Interest on Debt and other obligations—					
	Original ..	7,49,99,000	7,66,63,000	8,00,27,712	33,64,712	4·38
	Supplementary	16,64,000				

Mainly larger payment of interest charges consequent on increased receipt of loan from the Government of India during 1961-62 under the scheme for sharing Small Saving Collections and for financing intensive Food Production Schemes, as detailed below :—

	Estimated Receipt during 1961-62.	Actual Receipt during 1961-62.
	(In lakhs of rupees)	
(i) Loans under the scheme for sharing Small Saving Collections.	7,50·00	9,54·00
(ii) Loans for Intensive Food Production Scheme ..	40·00	1,57·13
3. 12—General Administration—		
Original ..	11,31,000	11,48,000
Supplementary	17,000	
4. 13—Administration of Justice—		
Original ..	34,24,000	36,62,000
Supplementary	2,38,000	

More expenditure on payment of arrear claims of the High Court staff due to revision of pay scales.

24. **Control over Expenditure:** (a) The object of control over expenditure is to secure as close an approximation as possible between the actual expenditure and final grant|appropriation under each sub-head of grant|appropriation; this is done—

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

(b) Cases where the total expenditure against a grant or appropriation as a whole has exceeded the sanctioned amount and requires regularisation by Legislature have been brought out in paragraphs 22 and 23 ante.



(c) Cases where the additional funds provided in the course of the year by supplementary grant or appropriation proved unnecessary or excessive or inadequate have been indicated in paragraph 20.

(d) (i) In the following cases, the total amount of the funds surrendered at the end of the year under different sub-heads within the specified grants, was substantially in excess of the savings actually available for surrender:—

Number and name of grant appropriation.	Savings.	Amount. surrendered.
	(In lakhs of rupees)	
15—Police (voted) .. .. .	11 77	15·33
26—Industries—Industries .. .. .	34·31	47·38
29—Community Development Projects (charged) .. .. .	0 48	3·78
30—Labour and Employment .. .. .	1·37	2·20
32—Miscellaneous Social and Developmental Organisations—Excluding Welfare of Scheduled Tribes and Castes and other Backward Classes.	1 53	13·42
Public Debt (charged) .. .. .	2,96·37	5,11·95

(ii) Savings occurring within a grant appropriation are required to be surrendered as soon as the possibility of such savings is envisaged without waiting till the end of the year. Against the savings in grants and appropriation amounting to Rs. 25.15 crores, a sum of Rs. 23.89 crores was surrendered by the Controlling Officers concerned. Surrenders were, however, made in all cases at the fag end of the year.

(iii) After taking into account surrenders made during the year, there remained unsurrendered savings to the extent of more than 10 per cent. of the modified provision in the case of 6 grants and 2 appropriations and in 5 of the grants the unsurrendered saving exceeded Rs. 10 lakhs in each case. The details are given in Appendix IV. The unsurrendered saving in Grant No. 51—Loans and Advances by State Government was as high as Rs. 3.30 crores; the unsurrendered amounts were also large in the case of Grant No. 22—Agriculture (Rs. 90.33 lakhs) and Grant No. 34—Public Works (Rs. 64.16 lakhs).

(iv) Important instances where the provision required for expenditure under individual group heads within a grant or appropriation was not properly regulated during the year by re-appropriations or surrenders of funds, are indicated in the notes and comments below the concerned grants in the Appropriation Accounts.

**25. Delay in submission of materials for Appropriation Accounts:** The information required for framing the explanations for variations in the case of 35 group heads in the Appropriation Accounts was not received from the Controlling Officers in time or was incomplete.

These heads formed 15.9 per cent. of the number of group heads in respect of which variations were to be explained. Although such delays have been mentioned in successive Audit Reports and were also brought to the notice of Government, the position continues to be unsatisfactory. Comments on the variations in respect of these heads have, however, been included to the extent possible on the basis of materials available in the Audit Office.

26. **Reconciliation of departmental figures:** The accuracy of the departmental accounts is required to be ensured by periodical reconciliation of the departmental figures with those of the Accounts Office in order to enable the drawing and controlling officers to exercise effective control over expenditure *vis-a-vis* grants and appropriations. The departmental accounts for the year 1962-63 maintained by 4 controlling officers were not reconciled for all the 12 months; 35 controlling officers did not effect reconciliation for periods ranging up to 10 months. Of these 39 controlling officers, 19 completed the reconciliation after the close of the accounts for the year.

During the previous year (1961-62) also 2 officers did not reconcile the accounts for the whole year and 5 for periods varying up to 10 months.

The unsatisfactory position in this respect was mentioned in the earlier Audit Reports and viewed with concern by the Public Accounts Committee. The position has further deteriorated during 1962-63 inspite of instructions issued by Government in 1957 and 1961.

27. **Unnecessary or irregular withdrawal of funds at the close of the year:** Amounts totalling Rs. 2.84 lakhs, as indicated below, were withdrawn from the Treasury at the close of the financial years 1960-61 and 1961-62 for making certain payments. The amounts withdrawn were not utilised before the close of the years.

The withdrawals were in contravention of the financial rules according to which no money should be drawn from the Treasury unless it is required for immediate disbursement. Such a practice not only defeats parliamentary control over finance but may also be attendant with the risk of loss to Government.

#### (a) EDUCATION DEPARTMENT

##### Director of Public Instruction, West Bengal

Item No.	Amount drawn and date of drawal.	Remarks.
1.	Rs. 17,550 (March, 1961).	The amount represented 50 per cent of the total approved expenditure for the construction of buildings and teachers' quarters of Baroda Sundari Senior Basic School (Bankura). Government stated (April, 1964) that the amount was disbursed in November, 1962, to the Ad-hoc Committee of the school on receipt of local contribution of Rs. 7,501.

#### (b) GENERAL ADMINISTRATION

##### Hooghly Collectorate

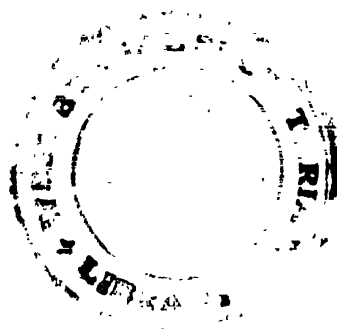
2.	Rs. 68,800 (31st March, 1962.)	The amount was withdrawn and kept with the Treasury in a sealed bag. Of this sum, Rs. 16,300 represented grants-in-aid to rural dispensaries and the balance related to Tribal Welfare Works. The information regarding the actual disbursement is awaited.
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#### (c) CO-OPERATION DEPARTMENT

##### Registrar of Co-operative Societies, West Bengal

3.	(i) Rs. 23,900 (31st March, 1962.)	The amount was withdrawn by the Assistant Registrar of Co-operative Societies, West Dinajpur and was kept deposited with the Balurghat Central Co-operative Bank Ltd., in his official designation. The amount is stated to have been disbursed on the 5th July, 1962.
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Item No.	Amount withdrawn and date of drawal.	Remarks.
(ii)	Rs. 1,15,275 (March, 1962.)	The amount representing grants, loans and subsidies sanctioned in the year 1961-62 was drawn by the Assistant Registrar of Co-operative Societies, Bankura on different dates in March, 1962, and was deposited with the Central Co-operative Bank, Bankura.  The amounts were partly disbursed in the subsequent year, the amount of loans and grants remaining undischursed was stated to be Rs. 81,610 and Rs. 4,500 on the 31st May, 1962 and the 31st March, 1963 respectively. The sum of Rs. 4,500 is, however, stated to have been disbursed in full by the 7th May, 1963.
(iii)	Rs. 14,220 (March, 1962.)	The amount was drawn by the Assistant Registrar of Co-operative Societies, Cooch Behar for disbursement as loans and grants-in-aid to Co-operative Societies for implementation of schemes sponsored by Government.  The amount was kept in an unauthorised Suspense Account with the Cooch Behar Central Co-operative Bank Ltd., opened on the 2nd April, 1962 in the official designation of the Assistant Registrar. The amount was withdrawn from the bank in two instalments on the 24th April, 1962 and the 24th May, 1962 and disbursed on the same dates.
(iv)	Rs. 44,723 (March, 1962.)	The amount representing loans and grants-in-aid for disbursement to Co-operative Societies drawn by the Assistant Registrar of Co-operative Societies, Birbhum, was kept in an unauthorised temporary deposit account, with the Birbhum Central Co-operative Bank. The amount is stated (January, 1963) to have since been disbursed.



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## CHAPTER III

### Civil Departments

#### AGRICULTURE DEPARTMENT

28. **Re-excavation of derelict irrigation tanks:** A scheme for the improvement of derelict irrigation tanks was undertaken by the Government of West Bengal under the Bengal Tank Improvement Act, 1939, for providing storage of water for irrigation and incidentally for pisciculture in 11 districts of West Bengal in areas where water had not been provided by the Major Irrigation Schemes of the State.

While an expenditure of Rs. 53.00 lakhs was incurred during the five years ending with 1960-61 against the provision of Rs. 57.00 lakhs, the area benefited was 30,594 acres against the target area of 48,000 acres. Thus, while the actual expenditure fell short of the estimated outlay by 7%, the physical achievement fell short of the target by 36%.

Under Section 17(4) of the said Act "all costs incurred or likely to be incurred in carrying out the required improvements in the tank and in carrying out the purposes of this Act in respect of the tank" were to be recovered with interest thereon along with maintenance charges of the improved tanks by levying water rate at rates to be fixed for this purpose. The amount of revenue collected during the five years ending with 1960-61 was Rs. 9.60 lakhs which was only 23% of the forecast of Rs. 42.47 lakhs as intimated by Government. Government have further stated that the sums realised from the beneficiaries by the collecting agents paid on commission basis could not be credited in full into the Treasury during the financial year.

In order that certificate proceedings against the defaulters might be taken recourse to without any delay, the Tank Improvement Collectors were endowed with the powers of certificate officers. But even so the arrears on account of water rate and lease rent at the end of the Second Five-Year Plan period were as high as Rs. 32.87 lakhs. It has been stated by Government (February, 1964) that out of this, a sum of Rs. 13.54 lakhs has since been realised from the beneficiaries up to the end of November, 1963.

The staff of the Tank Improvement Collectors is mainly engaged for purposes of improvement of tanks, maintenance of tanks already improved, preparation of demand schedules on water rates, lease rents, etc., and part collection of dues. During the years 1959-60 and 1960-61 the expenditure on such staff amounted to Rs. 7.25 lakhs and Rs. 7.36 lakhs respectively, while during the same period the works expenditure amounted only to Rs. 2.89 lakhs and Rs. 2.61 lakhs and revenue collected was of the order of Rs. 4.00 lakhs and Rs. 1.21 lakhs.

#### DEPARTMENT OF ANIMAL HUSBANDRY AND VETERINARY SERVICES

29. **The Greater Calcutta Milk Supply Scheme:** The Greater Calcutta Milk Supply Scheme was started in the year 1955. The total expenditure on the scheme up to the 31st March, 1963, amounted to Rs. 496.61 lakhs.

The following points have been noticed in audit:

- (a) Against the estimated cost of Rs. 18.61 lakhs and Rs. 69.67 lakhs for phases I and II respectively the actual expenditure amounted to Rs. 23.79 lakhs and Rs. 75.55 lakhs respectively. Government

stated (December, 1963) that the extra cost (Rs. 11 lakhs) was attributable mainly to abnormal rise in the cost of building materials and labour charges. The increase in cost appears to be partly due to delay in execution; phase I was completed in 1956-57, one year after the time schedule and phase II in 1958-59, three years after the scheduled time. Phase III of the Scheme, scheduled to be completed in 1960-61, is still in progress (March, 1964). Government have stated that the delays were due to procedural bottlenecks, lack of planning, co-ordination and proper execution.

- (b) An integral part of the scheme was removal of khatala (cattle-sheds) from Calcutta. As against a target of 40,000 animals, to be removed from Calcutta, only 7,000 milch animals, however, could be removed. As a result, two out of the eight colony units stated to have been constructed at a cost of about Rs. 26 lakhs each in 1960-61, at Haringhata, to house the milch animals with their calves and owners remained vacant (March, 1964). It has been stated by Government (December, 1963) that there are constitutional difficulties in removing khatala from Calcutta.
- (c) The distribution of milk up to April, 1963 was 2,000 maunds per day against the target of 6,000 maunds per day. The production was low mainly because the target of removal of milch animals from Calcutta was not achieved.
- (d) No *pro forma* accounts have yet been furnished to Audit since the inception (1955-56) of the scheme. But the provisional *pro forma* accounts made available at the time of local audit indicated a total loss of Rs. 29.93 lakhs up to 1960-61. The year wise break-up of this loss is given below:

Year				Net Loss
				[In lakhs of rupees]
1955-56	..	..	..	0.18
1956-57	..	..	..	0.54
1957-58	..	..	..	5.26
1958-59	..	..	..	3.99
1959-60	..	..	..	8.54
1960-61	..	..	..	11.42
				29.93

According to Government, the mounting loss was due to the increase in the depreciation charges on buildings, equipments, etc. and increase in the establishment charges and wages due to overall increase in the activities of the scheme.

Out of the total loss of Rs. 29.93 lakhs, that amounting to Rs. 16.40 lakhs was charged to the Development Account to be recovered from future profits.

## BOARD OF REVENUE

30. **Scheme for the abolition of the Zamindari system:** The State Government decided in May, 1962 that with effect from 1961-62 a *pro forma* account showing the financial results of the scheme should be prepared by the Board of Revenue at the end of each financial year and sent to the Accountant General by August following. The *pro forma* accounts for the years 1961-62 and 1962-63 have not, however, been received so far (January, 1964). A statement showing the gross receipts and the total expenditure on the scheme during 1962-63 and the preceding 7 years is given in Appendix V; a summary is given below:

	Receipts	Expenditure
	(In lakhs of rupees)	
1962-63	8,34.08	6,40.63
1955-56 to 1961-62	31,28.07	28,81.45

The total amount of compensation payable including annuities cannot be ascertained pending final publication of Compensation Rolls of all the intermediaries. The amounts tentatively assessed by the Board of Revenue for compensation payable are (i) in cash—Rs. 19.7 crores, (ii) in bonds—Rs. 39.41 crores, (iii) annuities to Sanja holders for 25 years—Rs. 55 lakhs per annum and (iv) perpetual annuities to religious and charitable units—Rs. 17 lakhs per annum.

## DEPARTMENT OF CO-OPERATION

31. **Scheme for the development of handloom industry:** Interest-free loans of Rs. 18 lakhs received by the State Government during 1953-54 and 1954-55 from the Government of India, were released to the State Handloom Organisation set up by Government in 1955. This Organisation comprised 90 Production Societies and a Central Marketing Organisation. The assets of Production Societies to which loans were ultimately given were not, however, hypothecated to Government, as required under the terms and conditions of the Central Government loans.

The scheme was put into operation in 1955 but it ceased to operate with effect from August, 1957, after having sustained a net loss of Rs. 3.69 lakhs. The following factors are stated to have contributed to the loss.

	(In lakhs of rupees)
(a) Burglary, theft and unauthorised lifting of stock from the godown of the Central Marketing Organisation on false personifications, etc. (Gross loss of Rs. 0.46 lakh less Rs. 0.16 lakh realised from Insurance Company).	0.30
(b) Sales at discount of sub-standard and damaged finished products.	1.67
(c) Short-measurements and short-supplies by Weaving Societies compared to figures shown in the chalang.	0.57
(d) Non-accountal of finished products received from the Weaving Societies, in its books by the Central Marketing Organisation.	0.28
(e) Losses from sale of stock at reduced rates on closure of the scheme.	0.87
	3.69

Out of the total sale proceeds of Rs. 17.47 lakhs realised by the Central Marketing Organisation, only Rs. 9.76 lakhs have so far been paid to the State Handloom Organisation (March, 1964). Government have stated in March, 1964, that in view of the financial difficulties of the successor Society, viz., the West Bengal State Handloom Weavers' Co-operative Society Ltd., the possibility of realising the balance (Rs. 7.71 lakhs) in instalments is under their consideration.

## DEPARTMENTS OF COTTAGE AND SMALL SCALE INDUSTRIES AND HOUSING

32. **Avoidable interest charges on loans:** Loans obtained from the Government of India in 1956-57 and 1957-58 for implementing the following two schemes remained unutilised as the schemes were not implemented; the loans were refunded after over 3 years in one case. The amount of interest paid amounted to Rs. 14,000. The particulars are indicated below:

Name of the Department receiving the loan.	Purpose of loan.	Amount of loan received.	Date of drawal of loan.	Month of refund of loan.	Amount of interest paid.
1	2	3	4	5	6
		(In lakhs of rupees)			Rs.
(1) Cottage and Small Scale Industries Department.	Establishment of Central shot blasting and electroplating and store enamelling station for rendering service to small scale cycle parts manufacturers at Belghoria.	0.80	1st November, 1957.	August, 1961.	7,000
(2) Department of Housing.	Construction of 160 houses at Rishra under Subsidised Industrial Housing Scheme.	1.08	27th March, 1958.	September, 1959.	7,000

## DEPARTMENT OF FISHERIES

33. **Scheme for deep-sea fishing with the help of 2 Danish Cutters and 3 Japanese Trawlers:** The scheme was started in 1950-51 with 2 Danish Trawlers purchased at a cost of Rs. 5.94 lakhs. In addition, 3 Japanese Trawlers were obtained in 1955-56 under T.C.M. Agreement. The objectives of the scheme were:

- (i) Locating the best sea-fishing ground;
- (ii) determining the proper fishing seasons;
- (iii) ascertaining the types of fish available;
- (iv) determining the types of gear suitable for use in different seasons; and
- (v) training of Indian personnel in mechanised fishing.

A total expenditure of Rs. 85.03 lakhs was incurred on the scheme up to 1961-62. The following points have been noticed in Audit:

- (a) As against 480 trips which should have been made by the vessels during the period from 1957-58 to 1962-63, according to the sanctioned scheme, the number of trips actually made was 168. Frequent breakdown was stated to be one of the reasons for less number of trips.

- (b) The two Danish Trawlers purchased in 1950 remained mostly idle since 1954-55 and ceased to operate altogether since 1960-61, except for two trips performed by one of them. The expenditure on the repairs of these trawlers up to 1961-62, however, amounted to Rs. 10.13 lakhs, which, in view of the trawlers having remained largely idle, should be regarded as excessive. The trawlers were ultimately sold in April, 1963 for Rs. 26,000.
- (c) For modernising Japanese Trawlers, three sets of engines and equipment costing Rs. 1.69 lakhs (excluding Rs. 28,000 paid as Customs duty) were received from the Technical Co-operation Mission in February and September, 1962. A further sum of Rs. 13.66 lakhs has so far (31st March, 1962) been spent on the repairs to the trawlers which, however, have not yet been received from the workshop in fit condition.
- (d) The Public Accounts Committee while considering paragraph 25 of the Audit Report, 1958, recommended in August, 1960, the preparation of *pro forma* accounts showing the financial results of the working of the scheme since its inception; no such accounts have so far (January, 1964) been prepared. It, however, appears that the actual expenditure has exceeded receipts by Rs. 75.97 lakhs up to 1962-63.
- (e) The Board of Economic Affairs, set up by Government in June, 1962, to review the working of the scheme, observed in its report (December, 1962) that "the scheme has failed to achieve the major purpose for which it was initiated and that there is no prospect of its succeeding in future in achieving the objectives. The scheme has not made any appreciable addition to the fish supply of the State. It has not been able to train a large number of workers in deep-sea fishing. It has not been able to locate really productive fishing shoals. It has not been able to gather adequate information about proper fishing seasons, types of fish available at different depths and the types of gear and crafts suitable for working at different depths. It has worked all along at a heavy financial loss to Government and there is no indication that the losses will not be heavier still in future".

The three T.C.M. Trawlers are stated to have been transferred to the Government of India on the 3rd January, 1964, as recommended by the Board, owing to the discontinuance of the Scheme.

The case was reported to Government in November, 1963; their reply is awaited (January, 1964).

#### DEPARTMENT OF HEALTH

34. **Loss:** The work of construction of an infiltration well (No. 2) 27 feet deep in the river bed of the Damodar under the Asansol Water Works Improvement Scheme was allotted to a contractor on the 21st March, 1959, at a cost of Rs. 0.45 lakh with the stipulation that the work was to be completed by the 20th May, 1959 and that the contractor would be responsible under all circumstances for the safety of the structure. The work was not completed by the stipulated date, but water was released in the last week of May, when the well had been constructed to a depth of 7 feet. The structure of the well was washed away early in June, 1959. The amount of the damage was assessed at Rs. 13,275 and written off by the Department in December, 1962, as irrecoverable.



## HOME (DEFENCE) DEPARTMENT

35. **Heavy outstanding dues:** The services of the personnel of the Bangiya Agragami Dal of the West Bengal National Volunteer Force are being utilised by the Durgapur Brick Board (now styled as the Brick and Tile Board) and also by the Durgapur Industries Board since October, 1956, for manufacture of bricks and other jobs. Out of Rs. 18.41 lakhs and Rs. 12.54 lakhs due up to October, 1962, for recovery from the Durgapur Brick Board and the Durgapur Industries Board respectively on account of the services rendered by the Dal, only Rs. 2.48 lakhs and Rs. 5.39 lakhs had been recovered up to that date.

The non-realisation of the balance (Rs. 15.92 lakhs and Rs. 7.15 lakhs respectively) was reported to Government from time to time since 1959 but their reply is awaited (January, 1964).

## HOME (POLICE) DEPARTMENT

36. **Avoidable expenditure:** In order to accommodate the non-thana officials (entitled to rent-free quarters) who were occupying the thana quarters as well as certain requisitioned buildings, seven blocks each consisting of 16 flats, were constructed by the Public Works Department at a cost of about Rs. 17.09 lakhs in Belghoria Police Housing Estate and handed over to the Police Department for occupation between September, 1961 and April, 1962. The officers concerned were also served with notice between August, 1961 and March, 1962 to vacate the requisitioned buildings and shift to the Housing Estate, but they did not do so with the result that six requisitioned buildings, the monthly rental of which was about Rs. 7,307, were derequisitioned between December, 1961 and May, 1962; a sum of about Rs. 47,000 was paid as rental of those buildings for the period during which the new quarters were not taken up by the Departmental Officers.

The matter was reported to Government in June, 1963; their reply is awaited (January, 1964).

37. **Infructuous expenditure:** The Police Service Depot, Calcutta, was brought within the purview of the Employees' State Insurance Act, 1948, with effect from the 14th August, 1955, but temporary exemptions were granted for three years from time to time up to the 13th August, 1958. The Employees' State Insurance Corporation decided on the 23rd March, 1959, that no further exemption would be granted and that the Depot would come within the purview of the Act retrospectively with effect from the 14th August, 1958.

The decision was not given effect to and after about three years Government made out a case for permanent exemption in January, 1962, but it was rejected by the Corporation in February, 1962, on the ground that the existing benefits enjoyed by the employees of the Depot were neither similar nor superior to the various kinds of benefits provided under the Employees' State Insurance Act. The case was thereafter referred to the Legal Remembrancer on the 24th April, 1962, who also agreed that the facts did not make out a case for permanent exemption.

Government had, therefore, to pay to the Employees' State Insurance Corporation the following sums:

- (a) Rs. 4,322 as their share up to May, 1962; and
- (b) Rs. 13,999 as employees' contribution up to August, 1963.

Since no benefit under the Scheme accrued to the employees, the total expenditure of Rs. 18,321 proved infructuous.

## HOME (PUBLICITY) DEPARTMENT

38. **Extension of Rural Broadcasting and School Programme:** It was mentioned in paragraph 19(v) of the Audit Report, 1959, that out of 4,550 radio sets and 10,351 batteries purchased under the programme up to the end of 1957-58, 2,671 radio sets of the value of Rs. 4.01 lakhs were lying in stock on the 1st April, 1958. The position at the end of January, 1963, was that 2,380 sets valued at Rs. 3.57 lakhs were still lying in stock. The number of unused batteries lying in stock could not be ascertained (November, 1963) as the relevant stock accounts were not produced to Audit. The slow distribution of the radio sets has been attributed to slow response from intending parties.

Under the programme, clubs, etc., receiving radio sets were required to pay one-third of the capital cost of installation and recurring maintenance cost. The schools were to pay the entire capital cost for installation and one-third of the recurring maintenance cost. In regard to the sets distributed after November, 1960, however, only the recurring expenditure was to be borne by the schools. A sum of Rs. 1.80 lakhs was outstanding for recovery (January, 1963) from 1,438 institutions on account of recurring maintenance charges. On the same date, a sum of Rs. 6,000 was outstanding from 57 institutions on account of capital cost for installation.

The matter was reported to Government in May, 1963; their reply is awaited (January, 1964).

39. **Infructuous expenditure:** A scheme for training a troupe of indigenous folk artistes was started by the State Government in February, 1960, with a view to participating in inter-State exchange of cultural troupes for promoting cultural integration. The scheme was, however, abandoned in April, 1961. The troupe gave only one performance in Uttar Pradesh in March, 1961. The expenditure of about Rs. 21,000 incurred on the scheme for organisation and training proved to be largely infructuous.

The matter was reported to Government in August, 1963; their reply is awaited (January, 1964).

## DEPARTMENT OF HOUSING

40. **Review of Low Income Group Housing Schemes:** (a) The Scheme which was introduced in 1955-56 provides for the grant of long-term loans for construction of residential houses to persons of low income and to co-operative societies, institutions, etc., and for the construction of houses by the State Government or their agencies for sale to persons in low income group. The State Government obtained loans amounting to Rs. 2,40.20 lakhs from the Central Government, at varying rates of interest ranging from 3 per cent. to 4½ per cent. per annum, up to the year 1961-62, as detailed below:

				(In lakhs of rupees)
1955-56	..	..	..	40.00
1956-57	..	..	..	18.80
1957-58	..	..	..	38.40
1959-60	..	..	..	81.70
1960-61	..	..	..	42.37
1961-62	..	..	..	18.93
				<hr/>
Total				240.20
				<hr/>

Loans amounting to Rs. 1,65.64 lakhs were disbursed by the State Government to the individual loanees, co-operative societies and institutions up to the end of December, 1962; the loans carry interest at the rates between 6 per cent and 6½ per cent. per annum. A sum of Rs. 64.15 lakhs was spent towards construction of houses by the State Government or their agencies and the balance of Rs. 10.41 lakhs has remained unutilised (April, 1963) for which the State Government had to pay interest to the Government of India.

The total number of houses sanctioned for construction by the State Government up to the 31st December, 1962, was 5,492 against which only 2,569 houses were reported to have been completed and 933 houses were under construction. The total number of houses sold has not been intimated to Audit.

(b) It has been reported by 14 out of 19 District Officers that

- (i) utilisation of loans in respect of 61 cases, involving an amount of Rs. 3.06 lakhs, could not be verified by them,
- (ii) there are about 200 cases of default in respect of repayment of loan instalments amounting to Rs. 1.48 lakhs as principal and Rs. 1.48 lakhs as interest. Legal action has been taken against 9 defaulters only. The reports from 5 other District Officers are awaited (September, 1963).

(c) The following defects in the maintenance of loan records and other points have been noticed during local audit of 4 offices:

(I) Loan Ledgers were not properly maintained.

- (i) Entries in the Loan Ledgers in respect of realisation of loans were not attested.
- (ii) Treasury challan numbers and date under which realisations were effected were not recorded in the Loan Ledgers.
- (iii) Amounts of loans which fell due for recovery were not worked out and recorded in the Loan Ledgers.

(II) In one office [office of the Administrative Officer, Housing (Development) Department] there were 56 loanees who were in arrears by 5 to 6 instalments (number of instalments 161 for Rs. 0.58 lakh as principal and Rs. 0.62 lakh as interest).

(III) A sum of Rs. 0.97 lakh was paid to a co-operative society (Naktola Sarbarthā Sadhak Samabaya Samity). The society was under liquidation and a sum of Rs. 3,100 as principal and Rs. 3,929 as interest only had been recovered so far. Government order in the matter of instituting certificate case against the society was awaited.

The matter was reported to Government in October, 1963. But no reply has so far been received (January, 1964).

## IRRIGATION AND WATERWAYS DEPARTMENT

41. **Purchase of a launch:** A second hand motor launch, built in 1951, was purchased from a private party, after the expiry of certificate of fitness issued by a competent Marine Surveyor, by the Irrigation and Waterways Department on the 10th December, 1959, at a cost of Rs. 30,000. Prior to the purchase, the launch was inspected by a departmental engineer on the 5th December, 1959, who recommended minor repairs for its running for about 500 hours and major repairs thereafter.

A total expenditure of Rs. 17,762 (Rs. 11,421 on repairs and Rs. 6,341 on maintenance) was incurred on the launch up to March, 1963, but it has not yet been commissioned for use (June, 1963). Meanwhile, the Haroa Irrigation Subdivision of the Basirhat Irrigation Division for which the launch was intended, hired a private launch and incurred expenditure in that connection amounting to Rs. 46,472 during the period from May, 1960 to March, 1963.

### JUDICIAL DEPARTMENT

42. **Grant of personal pay to an officer:** A Member of the Indian Civil Service who had opted to remain on the Judicial side was appointed on the 12th May, 1952, to a Selection Grade post in the West Bengal Higher Judicial Service on a pay of Rs. 3,000 per month. Subsequently, on his appointment to the post of Secretary, Law Department, and Superintendent and Remembrancer of Legal Affairs with effect from the 1st March, 1958, he was granted a special pay of Rs. 500 per month for increased work and responsibility.

A personal pay of Rs. 500 per month for the period from the 12th May, 1952 to the 28th February, 1958, was also subsequently sanctioned to him on the consideration that he would have been entitled to draw Rs. 3,500 per month from the 12th May, 1952, if his services had been spared for appointment as a Judge of the High Court. This sanction was issued in January, 1964, 2 months after the retirement of the officer.

The Government of India, to whom the case was referred have stated—

- (a) that they had no information to show that the non-appointment of the officer as High Court Judge in 1952 was due to the inability of the West Bengal Government to spare him, and
- (b) that in 1954-55 the officer himself did not wish to be appointed as a High Court Judge.

In regard to (a) above the State Government have stated that “for reasons known to the State Government the officer was not available for appointment to the High Court on the earlier occasion”. Referring to (b) above they have observed that no officer is consulted before he is recommended for appointment and since the State Government was not willing to release the officer for appointment there was no question of refusal of the appointment by the officer.

As the State Government have not made available their relevant files to Audit it has not been possible to verify the observations of the State Government and to ascertain the circumstances in which the officer could not be spared for appointment as a High Court Judge during the period May, 1952 to February, 1958 and why it became necessary to sanction the personal pay more than eleven and a half years after the date from which the sanction has been made applicable.

### LAND AND LAND REVENUE DEPARTMENT

43. **Khas lands vested in the State:** Government have up to January, 1963, taken possession of 2.96 lakh acres of agricultural land and 1.92 lakh acres of non-agricultural land in terms of the notification issued by them on the 9th April, 1956, under the West Bengal Estates Acquisition Act, 1953, according to which the rights of all intermediaries in respect of lands held in Khas beyond a prescribed limit would vest in the State Government.

Agricultural lands fit for growing paddy, etc., and those of inferior quality were to be licensed on an *ad hoc* basis under orders of the Board of Revenue, West Bengal, issued from time to time at a fee of Rs. 10 and Rs. 3 per acre

per annum respectively, while non-agricultural lands, sufficiently developed, were to be settled on long term basis on realisation of annual rent at 4 per cent. of the market value and *Selami* at 10 times the rent. Up to January, 1963, however, only 0.90 lakh acres of agricultural land and 0.13 lakh acres of non-agricultural land were so licensed. The non-settlement and non-licensing of the remaining land, namely, 2.06 lakh acres of agricultural land and 1.79 lakh acres of non-agricultural land, has apparently been causing loss of revenue to Government.

Government stated (April, 1963) that there was no information indicating how much land was fit for growing paddy or which area was unfit for cultivation and consequently it was not possible for them to assess the amount of realisable fees in respect of unsettled land.

Government further stated in December, 1963, that the areas still to be settled were mostly of inferior quality and that there was no demand for them.

## REFUGEE RELIEF AND REHABILITATION DEPARTMENT

**44. Irregularities in the maintenance of Cash Book:** The following types of major irregularities were noticed in the maintenance of the Cash Book in the Relief and Rehabilitation Directorate:

- (a) **Incorrect entries:** Payment was recorded short on one occasion (Rs. 300 in January, 1961) while receipt was recorded in excess on another occasion (Rs. 1,000 in February, 1961).
- (b) **Incorrect totalling:** (i) Mistakes in totalling were noticed on two occasions (Rs. 1,000 in August, 1961 and Rs. 500 in November, 1961). (ii) The cash balance in hand was struck incorrectly on the 11th December, 1961 resulting in a short total of Rs. 70,000. The mistake remained undetected for about six months.
- (c) **Retention of cash:** (i) Sale proceeds retained in hand varied from Rs. 25,000 to Rs. 31,000 during the period from September, 1961 to December, 1962, and on one occasion the figure went up to Rs. 87,000. (ii) During the period from October, 1962, the closing cash balance held at the end of each month ranged from Rs. 2.31 lakhs to Rs. 8.62 lakhs. No reasons have been given for retention of such heavy cash balances.

There was no recorded certificate of physical verification of cash balance by the head of the office; the physical verification carried out at the instance of Audit in February, 1963, disclosed an excess cash balance of Rs. 1,568. In view of the possibility of fraud, misappropriation, etc., having remained undetected owing to the non-maintenance of the cash book in the prescribed manner, Government were requested in August, 1963 to investigate into the matter. No reply has so far been received (January, 1964).

**45. Outstanding cash advances:** According to the prescribed procedure, the Directorate draws cash advances from the Accountant General, West Bengal, on the basis of certificates that the amount drawn in the previous bill had been disbursed and the unspent balance adjusted by short-drawal from the current bill. The amounts so drawn are advanced by the Directorate to the subordinate officials for disbursement to the refugee camps as doles, etc. Pending adjustment on the basis of detailed accounts supported by subsidiary documents to be furnished by these officials, the amount is treated by the Directorate as forming

part of their cash balances. In order to keep proper watch over the grant and timely adjustment of such advances, Advance Ledgers showing the accounts of individual camps|disbursing officers are required to be maintained by the Directorate.

It was, however, noticed during a test audit that, while a balance of Rs. 3.41 lakhs was outstanding at the end of August, 1962, in the books of the Audit Office, the corresponding figure in the Cash Book of the Directorate was Rs. 23.50 lakhs. The latter balance could not also be reconciled with the accounts in the Advance Ledgers which were incomplete in most of the cases and had not been reviewed either by the drawing officer or by any other officer.

The large difference between the balance according to the books of the Audit Office and that according to the Cash Book of the Directorate indicates *prima facie* that advances were drawn and paid by the Directorate to subordinate officials without proper adjustment of the previous advances and as such the certificates furnished to Audit at the time of drawal of bills were not apparently in order.

Government stated (December, 1963) that these outstanding balances were the accumulation of several years from 1953-54 onwards mainly because of the fact that the Advance Ledgers were not complete and maintained up to date and that the work of reconciliation of outstanding balance was in progress and would take sometime to be completed.

**46. Shortage and defective maintenance of accounts:** Petrol is supplied under agreement by an Oil Company to the Department in bulk and is stored in a tank installed at the office of the Relief and Rehabilitation Directorate in Calcutta. The following important irregularities have been noticed in Audit:

- (a) Prior to the 29th December, 1961, no account was kept of the quantities received from the Oil Company and issued for use in the departmental vehicles.
- (b) The physical verification conducted by the Department on the 30th August, 1962, showed only a quantity of 320 litres in the tank as against 1,13,757 litres, which should have been in stock as per stock register, after allowing for evaporation at the rate of 0.5 per cent. (prescribed by Government). The shortage of 1,13,437 litres of petrol valued at Rs. 0.72 lakh has not yet been accounted for.

The capacity of the tank was 9,100 litres (approximately) but the book balance as worked out by Audit from the stock register, paid vouchers and pending bills, etc., ranged between 10,060 and 12,750 litres on as many as 27 occasions.

- (c) 3,076 litres of petrol and 190 litres of mobile oil costing about Rs. 2,233 in all have been shown as issued to certain vehicles during the period from November, 1961 to February, 1962; these vehicles were actually under repairs during that period.

The matter was reported to Government in September, 1963. Their reply is awaited (January, 1964).

**47. Other Miscellaneous Irregularities, Losses, etc.:** Particulars of 4 cases of other miscellaneous irregularities, losses, etc., involving a total amount of Rs. 48,050 are given in Appendix VI.

**48. Misappropriation of Government Money:**

**LAND AND LAND REVENUE DEPARTMENT.**

Particulars.	Remarks.
(a) A sum of Rs. 41,193 representing collection money on account of rent, cess etc. collected and remitted by 2 Tahasildars and 8 officials during the period from May, 1957 to November, 1961 to the Branch Post Office, Khunia (West Dinajpur) was alleged to have been misappropriated by the Branch Post Master.	The misappropriation was detected by the Department in November, 1961, while checking the claim for commission proffered by one of the Tahsildars on account of revenue collected by him. A criminal case was instituted on the 20th November, 1961 against the Branch Post Master, the results of which are awaited. The Postal authorities have not yet (January, 1964) credited the amount to the State Government.
(b) An amount of Rs. 11,083 was misappropriated during the period from July, 1961 to April, 1962 in the Nazarat Department of the Cooch Behar Collectorate by not accounting for receipts and by manipulating entries in the Cash Book. The misappropriation came to light during local audit in December, 1962.	The misappropriation was facilitated by the non-observance of the prescribed checks by the Officer-in-charge (Nazarat Deputy Collector) over the cash transactions such as, checking the day's entries and totals and disallowing over-writings, etc.
	Physical verification of cash was not also conducted by the Head of the office (Deputy Commissioner) during the period from April, 1961 to June, 1962.
	The Nazir and two Assistant Nazirs are stated to have been placed under suspension and a clerk is reported to be in police custody. Responsibility for the misappropriation is yet to be fixed (November, 1963).
(c) Eighteen cases of misappropriation of Government money by Tahsildars totalling Rs. 37,628 were reported to Audit during 1962-63 from eight districts and ten such cases totalling Rs. 11,753 were detected by Audit during 1961-62 and 1962-63 in six districts.	In all the cases money collected was either not deposited with the Treasury or different amounts were noted in the original and counterfoil of the receipts issued by the Tahsildars. In most of the cases, the defalcation has been attributed to lack of proper supervision by the departmental officers.
	A sum of Rs. 5,755 was recovered from eight Tahsildars and Rs. 498 was realised from the Life Insurance Corporation against the surety bond on behalf of one Tahsildar. Rs. 617 are yet to be adjusted from the amounts due to three Tahsildars and claims for Rs. 2,892 to be settled with the Life Insurance Corporation in three cases.
	Four Tahsildars were convicted, eight were discharged, six were suspended, three died and one left the service. The remaining six cases have not yet been settled (October, 1963).
	Cases of misappropriation of Government money by Tahsildars were also mentioned in paragraph 43 of the Audit Report, 1963.

**49. Delay in finalisation of cases of Government servants under suspension:** Government servants who are placed under suspension are paid subsistence allowance pending finalisation of disciplinary proceedings against them. It is obviously desirable that the expenditure on payment of subsistence allowance should be minimised by having the disciplinary proceedings completed with expedition.

On the 1st April, 1963, 59 cases of officials under suspension were pending. The table below indicates that in 33 of these cases, the delay in finalising the disciplinary proceedings has exceeded 3 years:

Year of suspension	No. of officials suspended		
1957-58 and earlier years.	..	..	11
1958-59	..	..	8
1959-60	..	..	14
1960-61	..	..	26
		<b>Total</b>	<b>59</b>

A sum of Rs. 1.87 lakhs was paid as subsistence allowance up to the 31st March, 1963 in these cases.



## CHAPTER IV

### Works Expenditure

50. **Irrigation and Multi-purpose River Schemes:** (1) **Mayurakshi Reservoir Project:** The main works of the Project have been completed and further extensions and improvements which have been taken up since 1960-61 are scheduled to be completed by 1967-68. The total expenditure on the Project incurred up to March, 1963, was Rs. 15.52 crores. Against a return of 4.14 per cent. (before payment of interest charges on capital outlay) originally expected from 1962-63 onwards, a return of 1.93 per cent. was realised during 1962-63. The total deficit (after providing for interest charges on capital outlay) during 1962-63 and in the preceding two years is shown below:

Year,			Not revenue,	Interest on capital,	Total deficit,
			(In lakhs of rupees).		
1960-61	..	..	-11.07	64.69	-75.76
1961-62	..	..	-9.35	65.17	-74.52
1962-63	..	..	+30.03	65.73	-35.70

Against the revised targets of 5.60 lakh acres of Khariff area and 0.50 lakh acres of Rabi area only about 4.78 lakh acres of Khariff area was actually irrigated during 1962-63, while there was no irrigation for Rabi area during this period.

The shortfall in actual irrigation was attributed to non-completion of extension and improvement works as also to non-excavation of water courses and field channels by the Department.

(2) **Kangsabati Project:** The Project is estimated to cost Rs. 25.25 crores. The work was taken up in 1956-57 and is scheduled to be completed in the year 1969-70. The expenditure incurred to the end of the year 1962-63 is Rs. 9.15 crores which is 36.2 per cent. of the estimated expenditure.

The slow progress of work was attributed to—

- (1) Non-availability of funds during the initial stage.
- (2) Non-availability of land in the Reservoir area in the initial stage due to local resistance.
- (3) Delay in procurement of certain machinery due to non-availability of import license which could not be issued for want of administrative approval to the Project and the concurrence of the Planning Commission.
- (4) Difficulty experienced in obtaining adequate technical staff from the very beginning.
- (5) Meeting of hard rock at higher level than anticipated.

The scheme contemplated irrigation during construction. The targets of the area to be irrigated and the achievement made so far are given below: "

				Target (Progressive).	Achievement (Progressive).
				Acres.	Acres.
1960-61	..	..	..	10,000	1,600
1961-62	..	..	..	1,00,000	3,000
1962-63	..	..	..	1,50,000	Nil

No area was irrigated during 1962-63 as the cultivators did not execute necessary leases. No water rate has also been fixed by Government (October, 1963). In the financial forecast of the Project, revenue from irrigation up to 1962-63 was estimated at Rs. 37.87 lakhs (excluding collection charges), but no irrigation revenue has so far been realised.

The expenditure incurred on the maintenance up to the end of 1962-63 was Rs. 3.44 lakhs.

The matter was reported to Government in November, 1963; their reply is awaited (January, 1964).

51. **Works Expenditure: Detailed|Revised Estimates:** The amount of expenditure incurred on works without sanction of detailed estimates or in excess of sanctioned estimates as at the end of March, 1963 was as follows:

Department.	Want of sanctioned estimates.		Excess over sanctioned estimates.	
	No. of works.	Amount (Rs. in crores).	No. of works.	Amount (Rs. in crores).
Public Works .. .. .	4,878	16.55	265	0.91
Public Works (Roads) .. .. .	570	1.74	162	0.98
Public Works (Construction Board) .. .. .	1,751	4.68	193	0.56
Irrigation and Waterways .. .. .	1,857	8.47	146	0.61
Development (Development) .. .. .	185	0.79	6	0.05
Development (Special Roads) .. .. .	26	0.19	..	..
Public Health .. .. .	673	3.50	49	0.38
Housing .. .. .	16	0.06	..	-
Community Development and Extension Services.	378	0.46	67	0.12
Refugee Relief and Rehabilitation .. .. .	272	0.17	..	..
	10,606	36.61	888	3.61

These include 57 works, each costing more than Rs. 5 lakhs, the total expenditure on which amounted to Rs. 3,01.88 lakhs up to the 31st March, 1963, without sanctioned estimates. These cover:

- (i) Construction of roads (3 cases Rs. 22.62 lakhs),
- (ii) Construction of bridges (1 case Rs. 15.18 lakhs),
- (iii) Construction of buildings (40 cases Rs. 1,17.05 lakhs) and
- (iv) Irrigation and other works (13 cases Rs. 1,47.03 lakhs).

Some of these works were started prior to 1954-55.

Particulars of works, each costing over Rs. 5 lakhs, on which expenditure up to the 31st March, 1963, exceeded the sanctioned estimates by more than 10 per cent. are given below:

Serial No.	Department.	Name of work.	Sanctioned estimate.	Actual expenditure.	Percentage of excess.	Month in which the excess first occurred.
(In lakhs of rupees.)						
1.	Public Works Department.	Saptagram - Guptipara-Kalna - Dhatrigram-Samudragarh - Nabadwip - Purbasthali Road.	70.23	80.25	14.2	March, 1959.
2.	Development (Roads).	Suri Dubrajpur Illumbazar.	26.00	29.33	12.8	April, 1962.
3.	Development (Development).	Construction of Asansol Sub-Jail into a Special Jail.	7.56	9.50	25.7	March, 1962.

**Vouchers not furnished:** Vouchers in support of expenditure amounting to about Rs. 45.81 lakhs incurred up to the 31st March, 1963, have not been furnished to Audit as shown below:

Department.	No. of items.	Amount (Rupees in lakhs.)
Public Works .. ..	116	8.30
Public Works (Roads) ..	17	2.03
Public Works (Construction Board) ..	162	22.35
Irrigation and Waterways .. ..	129	5.44
Public Health .. ..	47	2.89
Housing .. ..	17	4.20
	488	45.81

## AGRICULTURE AND FOOD PRODUCTION DEPARTMENT

52. **Infructuous expenditure:** (a) During May, 1954 and August, 1958 an expenditure of Rs. 0.70 lakh was incurred in two phases, by the Tank Improvement Collector, Midnapur, under orders of the Commissioner, Burdwan Division on the improvement of the Rangamatia Khal Bundh in the upper catchment of the Delong River. When a proposal for further strengthening the existing spill-way at an estimated cost of Rs. 13,000 was made in February, 1959, in order to counteract the pressure of heavy flow of water, the Collector approached Government in March, 1959, to get the scheme examined by an expert.

The Irrigation and Waterways Department which were asked to examine the scheme stated in their report to Government in January, 1960 that

- (1) the scheme had not been prepared on the basis of the accepted principles of engineering,
- (2) the capacity of the spill-way was very inadequate,
- (3) the spill-way masonry wall was not stable,
- (4) the earthen section of the bundh could not be considered stable and
- (5) no head regulator was provided for controlling the discharge.

They further reported that execution of such random and faulty schemes would affect the Delong Irrigation Project drawn up by that Department and recommended complete abandonment of the scheme.

The bundh was severely damaged during September, 1959 and the Commissioner, Burdwan Division was advised by the Department not to incur any further expenditure on repairs to it.

Government stated (October, 1963) that the Subdivisional Officer, Irrigation, Jhargram, was consulted in the preparation of the plan and estimates for the second phase (Rs. 40,000) as well as about the technical aspect of the scheme and that the latter had also inspected the works. No responsibility has, however, so far been fixed in the matter.

(b) The work of the Karotowa Talma Irrigation Scheme which had been taken up by the State Government in October, 1957, without the approval of the Planning Commission, was suspended in January, 1958, by the Chief Engineer, Irrigation and Waterways Directorate. The work was, however, resumed in November, 1959, and the approval of the Planning Commission was received long afterwards in March, 1961.

The expenditure on the pay and allowances of the staff which had been employed exclusively for the work, for the period it remained suspended (January, 1958 to October, 1959), amounted to Rs. 0.68 lakh.. This was apparently infructuous.

The matter was reported to Government in November, 1963; their reply is awaited (January, 1964).

## IRRIGATION AND WATERWAYS DEPARTMENT

53. **Avoidable expenditure:** (a) The Government of West Bengal created one Public Works Division under the Irrigation and Waterways Directorate in February, 1960, for the operation and maintenance of the Damodar Valley Corporation Canal System proposed to be transferred to Government with effect from the 1st July, 1960. The transfer has not, however, as yet (October, 1963) materialised.

The total expenditure incurred in the newly created Division up to March, 1963, amounted to Rs. 4.82 lakhs, of which Rs. 4.25 lakhs was on establishment. As the work for which the Division was created, viz., maintenance of the Damodar Valley Canal System, has not yet been entrusted to it, the major portion of the expenditure of Rs. 4.25 lakhs on establishment has to be regarded as infructuous.

This was reported to Government in September, 1963; their reply is awaited (January, 1964).

(b) Consequent on the damage to the Kharia Aqueduct of the old Damodar Canal Project in 1956, arrangements were made with the Damodar Valley Corporation for the supply of water from the Panagarh Branch Canal to 33,300 acres of land, previously fed by the aqueduct. Since the Corporation expressed its inability to accept the arrangement on a permanent basis, the State Government proposed in 1958, to reconstruct the aqueduct at an estimated cost of Rs. 9.63 lakhs. The Superintending Engineer, Western Circle, conducted an investigation and stated in his report dated the 2nd January, 1959, that, as there should be surplus water available from the Panagarh Branch Canal which could be utilised for this area, there was no necessity to reconstruct the aqueduct. The Chief Engineer, however, issued orders on the 8th January, 1959, for the collection of the materials needed for the purpose and later accorded technical sanction to the scheme on the 27th May, 1959. After materials valued at about Rs. 3 lakhs had been collected for the scheme up to the end of 1960-61, the Chief Engineer decided to hold the scheme in abeyance for an indefinite period and issued orders for the disposal of the materials already collected.

The expenditure on the handling and storage of the stores amounted to Rs. 0.24 lakh up to 1961-62. Information regarding the disposal of materials is awaited (January, 1964).

The total loss can be ascertained only after the stores are disposed of but the delay of over three years in disposal has resulted in unnecessary backing up of funds.

**54. Shortfall in silt clearance:** In order to improve the drainage facility for the city of Calcutta and some rural areas, a scheme of "Silt Clearance and Completion of Calcutta Corporation Outfall System from Bantola to Kulti" estimated to cost Rs. 1.06 lakhs, was approved by Government in January, 1958. For this purpose, the Calcutta Drainage Outfall Division procured a dredger on the 2nd September, 1958, on hire. The work of silt clearance by the dredger between the 7th to 17th mile of the channel was estimated to cost Rs. 40 per % cft.

No work was, however, done during 1958-59 although a sum of Rs. 24,000 was spent on repairs and maintenance of the dredger. The non-execution of the work was stated to have been due to the dredger not having been able to reach the site on account of obstructions presented by bridges, etc.

The dredger, however, worked thereafter up to 1961-62 and executed 38.23 lakh cft. at a cost of Rs. 2.67 lakhs (excluding hire charges at the rate of Rs. 236 per day). On the basis of the expenditure including the hire charges (which are yet to be adjusted) the unit cost per % cft. comes to Rs. 137.44 nP. as against the estimated figure of Rs. 40. At this rate the increase in expenditure over the estimated amount would be of the order of Rs. 28 lakhs.

The increase has been stated to be due to less work done by the dredger as it had to remain idle for varying periods for the following reasons:

- (i) mechanical troubles due to its age;
- (ii) delay in repairs due to difficulties in the carriage of spare parts;
- (iii) unsatisfactory supervision for want of qualified engineers; and
- (iv) shallowness in the depth of waters in the channel at times.

The log books of the dredger produced to Audit did not, however, show the quantity of actual work done or the reasons for the slow progress of work.

In 1962-63 though an amount of Rs. 34,546 was spent on repairs and maintenance, no work was done for want of land for terminal bundh.

## IRRIGATION AND WATERWAYS AND PUBLIC WORKS DEPARTMENTS

### Irrigation and Waterways Department

55. **Extra expenditure:** Particulars of 6 cases involving a total extra expenditure of Rs. 3.22 lakhs are given below:

(a) In 1958-59 open tenders were invited for the excavation of a canal by machine under the Kangsabati Project estimated to cost Rs. 15 lakhs. The schedule of items contained an item "excavation of hard rock requiring blasting under Group 'D' to approximate canal sections and stacking on nearest available grounds". The lowest tender of Union Land and Buildings Society Ltd. was accepted (May, 1959) who, however, expressed their inability to stack the materials as required in the tender. The contractors excavated 32.99 lakh cft. against the originally stipulated quantity of 5 lakh cft. and were paid at the tendered rate, viz., Rs. 25 per % cft. with a reduction of Rs. 2.50 per % cft. for non-stacking.

The scheduled rate, for excavation by manual labour, was Rs. 19 per % cft. with one lead and lift and inclusive of stacking. For excavation by manual labour, the work would have required 7 extra lifts and 4 extra leads on an average. The factor of non-stacking being common to both kinds of excavation, viz., mechanical and manual, the extra expenditure incurred on executing the work of 32.99 lakh cft. by machine instead of by manual labour amounted to Rs. 0.74 lakh after making allowance for 4 extra leads and 7 extra lifts.

Government stated (August, 1963) that the manual labour contractor had to be paid at the rate of Rs. 27 per % cft. for the residual work left by Union Land and Buildings Society Ltd. against the accepted tendered rate of Rs. 22.50 per % cft. The contention is, however, not acceptable to Audit as the rate paid to the manual labour contractor was inclusive of higher number of extra leads (12) and lifts (8) against the average number of 4 and 7 respectively.

(b) In the Kangsabati Project an aerial ropeway was installed in October, 1959, at a cost of Rs. 9.19 lakhs, for carriage of stone from nearby quarries for use in the construction of dams. It was considered by the Department that carriage by ropeway would be much cheaper than carriage by other means. But for the purpose of arriving at the comparative rate, the interest accrued on the capital expenditure was not taken into consideration.

During the period from October, 1959, to March, 1962, the ropeway carried 38.15 lakh cft. (gross, after adding 3/7th for voids) of stone materials. The total expenditure incurred (including interest on its capital cost—Rs. 1.84 lakhs)

amounted to Rs. 5.69 lakhs as compared with Rs. 4.20 lakhs computed at the rate in the departmental schedule of rates (Rs. 11 per % cft.). The ropeway was declared surplus in February, 1962, and dismantled in March, 1962.

It has been stated by the Chief Project Engineer in September, 1962, that large quantities of stone materials subsequently became available from major excavations near the dam site and further quarrying for carriage by the ropeway was stopped.

### PUBLIC WORKS DEPARTMENT

(c) The B.E. College Construction Division invited tenders in February, 1961, for foundation work (estimated cost Rs. 4.57 lakhs) in connection with the "Reconstruction of the Diamond Harbour Road Bridge at Majerhat". Two tenders were received, but none of them was accepted on the ground that they were high being 11.8 per cent. and 20.3 per cent. respectively above the estimated cost.

After revising the estimate to Rs. 4.82 lakhs, due to increased quantities of some items, fresh tenders were called for in March, 1961. This time, only a single tender was received from the higher tenderer whose rates were even higher than those quoted earlier (21.4 per cent. higher than the estimated cost) and the tender was accepted.

The extra expenditure computed with reference to the lower of the two tenders originally received amounted to about Rs. 35,000.

(d) The 24-Parganas Division, Construction Board invited tenders on the 30th October, 1959, for the work "Construction of Basic Training College with hostel and staff quarters at Banipur" estimated to cost Rs. 2.94 lakhs. The lowest tenderer having been considered undependable second lowest tenderer (who quoted rates at 10.56 per cent. below the estimated cost) was requested to take up the work at the rate of the lowest tenderer (15.55 per cent. below the estimated cost). He, however, refused the offer and fresh tenders were called for on the 4th February, 1960. Ultimately, as a result of the third tender call (on the 11th March, 1960) a single tender received at 0.25 per cent. less than the estimated cost was accepted; the extra expenditure compared with the rates of the second lowest tender of the first tender call amounted to about Rs. 30,000.

The matter was reported to Government in August, 1963; their reply is awaited (January, 1964).

(e) The rates tendered and accepted by a contractor for two items in connection with a work "Construction of Workshop shed and Laboratory shed of the Regional Engineering College at Durgapur" were subsequently increased in the course of execution as indicated below, on the ground that these items had "special architectural features".

Item.	Original rate.	Revised rate.
5" monolithic brick work in cement mortar (4:1) on plain, curved and sloped surface as required with 1st class Kiln burnt bricks having H. B. notting at every alternate layer with supply of materials and labour.	Rs. 60 per % sft.	} In addition to original rates an extra rate of Rs. 77 per % sft.
¾" thick sand and cement plaster (6:1) in superstructure walls (inside) and also to louvers including finishing of joints and sills where necessary.	Rs. 13 per % sft.	

The original rates had been tendered after the contractor had seen the design of the work; nevertheless, the Construction Board allowed him an extra rate

of Rs. 77 per % sft. on the ground that extra labour was involved in the design but had not been mentioned in the two items of the tender.

The revision of the accepted rate was in contravention of Government orders. This resulted in an extra contractual payment of Rs. 24,000 to the contractor.

The matter was reported to Government in July, 1963; their reply is awaited (January, 1964).

(f) The Habra-Baigachi Division, Construction Board (now defunct) invited tenders in February, 1958, for "Construction of Hostel Buildings and twin teachers' quarters for the College of Physical Education at Banipur" estimated to cost Rs. 46,844. The Executive Engineer recommended rejection of the lowest offer (Rs. 35,725) on the ground of unworkability of quotations for three of the items of work and recommended acceptance of the next higher tender (Rs. 38,412), the difference between the two offers being only Rs. 461 in respect of those three items. The Construction Committee of the Board, however, ordered reinvitation of tenders; this was done in April, 1958 and the lowest tender (Rs. 45,784) received was again from the lowest tenderer of the first call; this time the difference between his present rates and those quoted earlier against those three items was Rs. 2,005, but the tender was accepted.

The extra expenditure with reference to the rates quoted in February, 1958, amounted to Rs. 10,000.

The matter was reported to Government in November, 1963. No reply has been received (January, 1964).

## PUBLIC WORKS DEPARTMENT

**56. Allotment of works without obtaining fully competitive rates:** Tenders for the construction of 20 six-roomed dormitories, estimated to cost about Rs. 2 lakhs, were invited on the 17th March, 1956, by the Executive Engineer, Nadia Division, Construction Board. A notice of only 6 days was given to intending tenderers on the ground of urgency as against the period of one month prescribed by Government for works costing over Rs. 1 lakh. The work was allotted to the lowest tenderer. Subsequently, in July, 1956, again on grounds of urgency, another work of construction of 147 six-roomed dormitories (in six groups) of the total estimated value of more than Rs. 15 lakhs was allotted by negotiation to a restricted group of contractors consisting of the working contractor and two others, at the same rate at which the tender for the first group of 20 buildings had been accepted. The rules require that "in cases of exceptional urgency, calling for special treatment, the Chief Engineer shall obtain special orders of Government" for treating the work as emergent for relaxing the prescribed period of notice for tenders but no such orders were obtained in either of these cases.

The construction work of 4 groups comprising 80 buildings commenced only in July, 1956, and of the remaining three groups later in February-March, 1957. Although the time stipulated for the completion of works was 4 to 6 months, the actual completion took 10 to 18 months. Further, these two sets of buildings were opened only in December, 1957 and July, 1958, respectively, several months after the completion of most of the buildings.

Thus, while the urgency was not borne out by the progress of work and subsequent use of the buildings, Government were deprived of the benefit of competitive tenders for these works costing more than Rs. 17 lakhs.



57. **Inadmissible payment:** The work of "Construction of 22 Nos. D.S. type quarters" for the Durgapur Engineering College at Durgapur was entrusted to a contractor in 1960-61 at 0.79 per cent. less than the departmental estimated cost.

In connection with the work an amount of Rs. 23,073 was allowed on a supplementary item of work, "providing Snowcem decorative paint to exterior wall surfaces, etc.", over an area of 1,29,768 sft. at Rs. 17.78 nP. per % sft., this rate having been arrived at on the basis of analysis of rates.

In terms of the conditions of the tender, however, the rate for such supplementary items is to be decided on the basis of the rate for such items of works in the schedule of rates of the Presidency Circle (Public Works Department) in force at the time of acceptance plus/minus the contractual percentage. Accordingly, the rate for this item of work should have been Rs. 7.94 nP. per % sft. (i.e., 0.79 per cent. less than the rate of Rs. 8 per % sft. in the concerned schedule of rates); the extra payment made to the contractor amounted to about Rs. 13,000.

The case was reported to Government in September, 1963; their reply is awaited (January, 1964).

#### PUBLIC WORKS (ROADS) DEPARTMENT

58. **Infructuous expenditure on the purchase of a launch:** A passenger launch was purchased in September, 1954, from a firm of Bombay at a cost of Rs. 1.18 lakhs for running a ferry service at Dhulian-Khejuriaghat on the National Highway; no guarantee was obtained from the supplier regarding its workability, carrying capacity, etc. The launch was not inspected by any competent authority although a test trial run was given on its receipt; loading test could not be carried out "due to inadequate arrangements".

When the launch was commissioned for use in November, 1954, certain defects were noticed, such as (i) failure to carry the stipulated load; (ii) inefficient working of the starboard Engine Gear Box at the astern; (iii) on-rush of water through the opening of the Hull and the loading Ram; (iv) lower placing of exhaust outlet. These defects were not, however, taken up with the supplier. A sum of Rs. 1.07 lakhs was spent to the end of March, 1962, on its repair and overhauling and also on the maintenance of staff during idle days. During the period of nine years up to October, 1962, the vessel performed ferry service only for 279 days.

In August, 1962, the Superintending Engineer advised the disposal of the launch and suggested that the engines might be used for other purposes. The engines were taken out in January, 1963. They have not been installed so far (August, 1963) and the launch has remained undisposed of.

The matter was reported to Government in November, 1963; their reply is awaited (January, 1964).

## CHAPTER V

### Stores and Stock Accounts

59. **Stores and Stock Accounts:** (a) A synopsis is given below of the important Stores Accounts (other than those of Government Commercial and quasi-Commercial Departments|Undertakings, etc.) for the latest year furnished to Audit:

Serial No.	Name of the Department.	Description.	Opening balance.	Receipts during the year.	Issues during the year.	Closing balance.
(In lakhs of rupees)						
1959-60.						
1.	Department of Health (Principal State Hospitals in West Bengal except Kanohrapara T. B. Hospital).	Instruments, medicines, drugs and dressings, bedding, clothing, crockery, etc.	21.27 (A)	47.53	47.44	21.36

(i) In the case of 4 out of 6 hospitals, the Stores Account does not include the value of stores held in different Sub-Stores. This was mentioned in paragraph 35 of the Audit Report, 1962, and Government stated in July, 1963, that the point was being examined.

(ii) The value of stores received as free gifts (from different sources, e.g., UNICEF, etc.), such as, photographic and electrical instruments, was not entered in the Stores Account although the necessity for its inclusion was pointed out in paragraph 35 of the Audit Report, 1962. Government have agreed (July, 1963) to assess the value of such stores and to include the same in the Stores Account.

(iii) In 2 out of 6 hospitals, the value of stores belonging to Venereal Diseases Department and Family Planning Department has been left out of the Stores Account.

(iv) Accounts for 1960-61 and 1961-62 furnished in January, 1964, contained several discrepancies. The Director of Health Services has been addressed for reconciliation thereof.

Accounts for 1962-63 are awaited (January, 1964).

1960-61.

1.	Home (Publicity) Department (Publicity Branch excluding Distribution Section).	Miscellaneous stores	15.12 (B)	10.55	8.79	16.88
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(i) The cost of unserviceable and condemned stores, awaiting disposal, has not been included in the Stores balances shown above, nor are separate accounts kept for such stores.

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(A) The difference of Rs. 1,000 between the previous year's closing balance and the opening balance shown above is due to certain corrections made in the Stores Ledgers of two hospitals.

(B) The opening balance has been increased by Rs. 3,140 representing the cost of film rolls, flash bulbs, etc.; these were not included in the previous year's account.

(ii) In the Folk Entertainment Section, issues are not supported by orders of the competent authority.

(iii) On the 'Issue' side, a sum of Rs. 3.76 lakhs representing the value of documentary films, instruments, make-up materials, etc., has been shown under 'Depreciation and Damage'. Orders of Government for the write off have not yet been received (January, 1964).

(iv) The Stores Account shows the position of stock of the photographic stores only from the 1st June, 1960. Records prior to that date were not produced for scrutiny. No Sub-Stock Account in support of details of consumption of photographic films, plates, etc., was maintained.

(v) In some cases of the Radio Repair Workshop Stores (Kalyani), the value of stores acquired has not been noted in the Stock Ledgers and as such not incorporated in the Stores Account.

(vi) In the case of Film Vault Section, receipts and issues are not supported by chalans and invoices respectively.

(vii) No certificate of physical verification of stores was recorded.

(viii) Accounts for the years 1961-62 and 1962-63 are awaited (January, 1964).

Serial No.	Name of the Department.	Description.	Opening balance.	Receipts during the year.	Issues during the year.	Closing balance.
(Figures in lakhs)						
1960-61.						
2.	Home (Publicity) Department (Publicity Branch-Distribution Section).	Miscellaneous stores	1.78 Nos.	39.07 Nos.	31.10 Nos.	9.75 Nos.

In the Distribution Section, only numerical accounts are kept.

(In lakhs of rupees)						
1961-62.						
1.	Agriculture Department (Intensive Food Production Scheme).	Seeds, manuros, implements, insecticides and miscellaneous.	30.59	37.05	32.88	34.76

(i) Value of a number of articles has not been included in the Stores Account as this is yet to be ascertained.

(ii) Unserviceable stores of the book value of Rs. 9,483 are lying in stock for a long time awaiting disposal.

(iii) Includes Rs. 1,09,871 representing loss due to sale of seeds, etc., at subsidised rates and Rs. 32,926 representing shortages (transit and godown) yet to be written off (January, 1964).

Serial No.	Name of the Department.	Description.	Opening balance.	Receipts during the year.	Issues during the year.	Closing balance.
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(In lakhs of rupees)

1961-62.

2.	Commerce and Industries Department (Director of Medicinal Plants).	Ipecac root, Coffee, Cardamom, Tung seed, Ipecac radix, Digitalis leaves, etc. and miscellaneous stores.	3.16 (C)	9.50	9.86 (D)	2.80
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The valuation of Ipecac radix, Coffee, Cardamom, Tung seeds and crude drugs has been made at sale price instead of at cost as the Scheme has not yet been declared as "Commercial" and the financial accounts are not maintained in such manner as to ascertain the cost of production.

1961-62.

3.	Commerce and Industries Department (Cinchona Plantations).	Cinchona bark, manures, implements, etc.	19.94	17.22 (E)	23.83 (F)	13.33
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(i) The value of tools and implements in the Divisional Offices has not been included in the Stores Account.

1961-62.

4.	Commerce and Industries Department (Government Quinine Factory, Mungpoo).	Cinchona bark, Quinine Sulphate, oil chemicals, etc.	39.47 (G)	44.73 (H)	43.16 (I)	41.04
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1961-62.

5.	Commerce and Industries Department (Government Quinine Sales Depot, Calcutta).	Ditto ..	7.02	20.74 (J)	24.15 (K)	3.61
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(C) Opening balance increased by Rs. 643 due to revaluation of "Digitalis leaves".

(D) Includes Rs. 2,216 representing shortages, depreciation, losses, etc., yet to be written off.

(E) Includes Rs. 26,915 representing cost of Cinchona bark found in excess.

(F) Includes Rs. 11,817 representing shortages, depreciation and losses of Cinchona bark. Orders for the write off are still awaited (January, 1964).

(G) The difference of Rs. 1,198 between the closing balance of the previous year and the opening balance of the current year is due to rectification of certain errors.

(H) Includes Rs. 415 representing cost of oil chemicals found in excess.

(I) Includes Rs. 2,514 representing shortages, loss, etc., of oil chemicals. Orders for the write off are awaited (January, 1964).

(J) Includes appreciation of Rs. 22,515 due to sale at rates higher than the minimum selling rate.

(K) Includes Rs. 7,931 representing shortage, depreciation, loss, etc., of Cinchona bark. Orders for the write off are awaited (January, 1964).

Serial No.	Name of the Department.	Description.	Opening balance.	Receipts during the year.	Issues during the year.	Closing balance.
(In lakhs of rupees)						
1962.						
6.	Home (Jails) Department (Consolidated Stores Account of the Manufactory Department of the Presidency and Central Jails in West Bengal).	Tools and Plant, raw materials and finished goods.	11.02	31.29 (L)	31.95 (M)	10.36
(The Account relates to the Calender year 1962).						
1962-63.						
1.	Department of Health (Central Medical Stores).	Instruments and appliances, medicines, drugs, dressings, bedding and clothing, etc.	29.71	1,99.05 (N)	1,94.33	34.43 (O)
1962-63.						
2.	Department of Animal Husbandry and Veterinary Services (Central Medical Stores under the Director of Veterinary Services).	Medicines, surgical instruments, etc.	3.16	4.64	2.36	5.44
The shortage of Rs. 2,640 noticed on physical verification and included under 'Issues' has yet to be written off/recovered.						
1962-63						
3.	Irrigation and Waterways Department.	Small stores, building material and metals, etc.	11.73	12.96	14.57	10.12
1962-63						
4.	Public Works Department.	Ditto ..	1,37.42	3,76.07	3,61.21	1,52.28
1962-63.						
5.	Public Works (Roads) Department.	Ditto ..	33.56	77.39	58.31	52.64

(L) Includes Rs. 3,038 due to revaluation of finished goods of the current year.

(M) Includes loss of Rs. 429 (written off) and depreciation of Rs. 8,130.

(N) Includes Rs. 11,234 representing the adjustment of the value of stock found in excess on physical verification.

(O) Includes stock of the value of Rs. 91,144 lying unutilised since 1958-59 although the same is stated to be apparently serviceable.

## (b) Non-submission of Stores Accounts:

The accounts of Stores and Stock indicated below have not yet been furnished by the Departments (January, 1964).

Serial No.	Description.	Year of Account.	Remarks.
1.	Stores Account of the Bengal Engineering College, Sibpore.	1961-62 & 1962-63.	
2.	Stores Account of the Jail Depot	.. From 1958 onwards.	Records are stated to be in the Police custody.
3.	Stores Account of the West Bengal Government Stationery Office.	} 1962-63.	
4.	Stores Account of the Alipur Central Jail Press.		
5.	Stores Accounts of the West Bengal Government Press, Secretary's Press and Duplicating Section.		

**60. Stock Registers and Stock Verification:** Register of Stock in each Public Works Division is required to be closed at the end of each year and reviewed by the Divisional Officer to ensure that the stocks consist only of necessary and serviceable articles and that the stores are priced within the rates at which they can be purchased at that time. The stock held by the Division is also required to be physically verified periodically by responsible officers independent of the Stock holders with reference to the book balances in order to ensure that there are no shortage, pilferage, etc.

In several Divisions as indicated below, the stock registers have not, however, been closed and reviewed in the prescribed manner (January, 1964):

Department.	Total number of Divisions which held stores.	Number of Divisions which have not closed the registers.	Remarks.
(i) Public Works Department.	28	13	Out of the 13 Divisions, stock registers of one Division have not been closed since 1947-48.
(ii) Irrigation and Waterways Department.	9	3	Out of the 3 Divisions, stock registers of one Division have not been closed since 1959-60.
(iii) Public Works (Roads) Department.	12	0	Stock registers of all the 9 Divisions have not been closed since 1956-57.

In the following cases, reports of physical verification of stock have not been received so far (January, 1964):

Name of the Departmental Branch.	Number of Divisions from which Stock verification reports have not been received.	Period for which the reports are due.
1	2	3
(i) Buildings Branch	.. 17 Divisions ..	.. 1 from 1947-48. 1 from 1957-58. 5 from 1959-60. 2 from 1960-61. 6 from 1961-62. 2 from 1962-63.
(ii) Roads Branch	.. 9 Divisions ..	.. 1 from 1956-57. 3 from 1959-60. 3 from 1960-61. 2 from 1961-62.
(iii) Irrigation Branch	.. 4 Divisions ..	.. 1 from 1959-60. 1 from 1960-61. 1 from 1961-62. 1 from 1962-63.

61. **Excessive Stocks:** The rules require that the value of stores held in stock by Public Works Divisions should not exceed the limit specified by Government for each Division. No ceiling limits have, however, been prescribed by Government in the case of 4 Divisions (3 Buildings and 1 Roads Division). In other Divisions where limits have been prescribed, the value of stock held on the 31st March, 1963, exceeded the prescribed ceiling limits in several cases, as shown below:—

Department.	Total number of Divisions in which stores were held.	Number of Divisions for which ceiling limits have been prescribed.	Number of Divisions in which stock held exceeded the prescribed limit.	Percentage of excess.
Public Works Department	.. 28	25	11	26 to 500.
Public Works (Roads) Department	12	11	1	109

The matter was reported to Government in November, 1963; their reply is awaited (January, 1964).

**DEPARTMENTS OF HEALTH, EDUCATION, IRRIGATION AND  
WATERWAYS**

62. **Locking up of Government funds:** In the following cases stores, articles, machines, equipments, etc., purchased by different Departments remained unutilised for considerable periods extending up to fourteen years (in some cases). The aggregate value of these articles was Rs. 2.08 lakhs. In such cases, apart from the locking up of Government money, there is risk of loss due to deterioration:

Serial No.	Name of the Department.	Number of cases.	Amount. Rs.
1.	Department of Health .. .. .	1	65,300
2.	Education Department .. .. .	4	1,27,281
3.	Irrigation and Waterways Department .. .. .	1	15,687
<b>Total</b> .. .. .		<b>6</b>	<b>2,08,268</b>

The detailed particulars of the cases are shown in the Appendix VII.

A report was made to Government in July, 1963; their reply is awaited (January, 1964).



## CHAPTER VI

### Revenue Receipts

#### BOARD OF REVENUE

63. **Non-realisation of water rates:** Arrears to the extent of Rs. 1.50 crores on account of water rates up to 1962-63 were outstanding (31st March, 1963) in respect of the Irrigation Schemes declared as commercial as detailed below:

Year.	Midnapore Canal.	Eden and Damodar Canals.	Bakreswar Irrigation Canal.	Mayurakshi Reservoir Project.	Total.
(In lakhs of rupees)					
Upto 1955-56 ..	0.02	3.44	0.02	5.90	9.38
1956-57 .. ..	..	1.14	..	6.12	7.26
1957-58 .. ..	..	2.02	..	13.88	15.90
1958-59 .. ..	..	7.92	..	17.67	25.59
1959-60 .. ..	..	7.75	0.01	24.12	31.88
1960-61 .. ..	0.03	Assessment not yet done.	0.04	30.03	30.10
1961-62 .. ..	..	Do.	0.08	29.22	29.30
1962-63 .. ..	0.53	Do.	0.19	Assessment not yet done.	0.72
Total ..	0.58	22.27	0.34	1.26.94	1,50.13

Assessment for the year 1960-61 and onwards in respect of Eden and Damodar Canals and for the year 1962-63 in respect of Mayurakshi Reservoir Project has not yet been completed.

The arrears have been reported in successive Audit Reports since 1958 and inspite of the assurance given by the Department that certificates were being filed for the realisation of arrear dues, there has been a continuous growth of the volume of outstandings as detailed below:

Year.	Total outstanding dues.				
	(In lakhs of rupees)				
1956-57 .. ..	..	..	..	..	16.54
1959-60 .. ..	..	..	..	..	32.99
1960-61 .. ..	..	..	..	..	1,16.06
1961-62 .. ..	..	..	..	..	1,36.38
1962-63 .. ..	..	..	..	..	1,50.13

Some of the dues relate to very old period, as far back as 1930-31.

The matter was reported to Government in October, 1963. Their comments are awaited (January, 1964).

## COMMERCE AND INDUSTRIES DEPARTMENT

64. **Outstanding recoveries of training charges:** Deserter trainees of the Vocational Training Institutes/Centres are required to refund training charges at the following rate for the period of training:

- (a) Scholarship holders at Rs. 35 per month,
- (b) Others at Rs. 25 per month.

In terms of the Bond executed by all such trainees, interest is also payable on all such sums due to Government.

It has, however, been noticed that out of a sum of Rs. 0.95 lakh due for recovery from 772 deserter trainees up to the 31st August, 1962, only an amount of Rs. 19,000 has been recovered, leaving a balance of Rs. 0.76 lakh on that date. No details regarding the yearwise break-up of the outstandings have been made available to Audit.

Government stated (October, 1963) that steps were taken for writing off a sum of Rs. 0.47 lakh and attempts were being made to recover the balance.

## COMMUNITY DEVELOPMENT AND EXTENSION SERVICES DEPARTMENT

65. **Outstanding rent:** The following cases of outstanding rents amounting to Rs. 1.67 lakhs have come to notice of Audit:

- (a) One hundred and twelve industrial quarters were constructed by the Construction Board between June, 1957 and April, 1958, at a cost of Rs. 7.43 lakhs (including cost of land) on behalf of the National Sugar Mills Ltd., Ahmedpur (Birbhum), to be taken over by them on hire-purchase system without, however, executing any deed or agreement defining the exact terms and conditions. Subsequently, it was agreed to defer the hire-purchase till May, 1959, and until then to let the quarters out on rent to the Company. Accordingly, the possession of the quarters was made over to the Company on the 1st May, 1958, on their agreeing to pay rent to be fixed by Government.

The terms and conditions of the hire-purchase system were not finalised, nor were the rates of rent finally fixed (February, 1963). Government had, however, fixed rent provisionally at Rs. 22 per month for Types II and III and at Rs. 25 per month for Twin Tenement quarters respectively. But the Company has not made any payment so far. The total dues outstanding against the Company up to November, 1962, amounted to Rs. 1.46 lakhs. Government stated (June, 1963) that the question of taking legal steps is under active consideration.

- (b) A sum of Rs. 14,000 and Rs. 7,000 on account of rent of Government buildings of Patelnagar Township, Mahammedbazar (Birbhum) and National Extension Service Block, Jhargram (Midnapore), are outstanding up to December, 1962, against forty-eight and thirty-eight parties respectively, including private persons, Government servants, Government Departments, Statutory Bodies, etc. Some of these outstandings relate to period as far back as 1954-55.

## DEVELOPMENT DEPARTMENT

66. **Inordinate delay in recovery of rent and other charges:** Mention was made in paragraph 54 of the Audit Report, 1961, about the outstanding rent and other charges amounting to Rs. 1.42 lakhs as they stood on the 31st March, 1960, in the Durgapur Project Division I (now under Durgapur Projects Ltd.) due from Government Departments, Autonomous Bodies, Government servants and private parties. It was stated in reply by Government that the defaulting Departments/parties were reminded for early payment of the dues and that the dues from Autonomous Bodies were also being adjusted.

It has, however, been noticed that the position has further deteriorated since then in as much as a sum of Rs. 3.43 lakhs was due from them at the end of March, 1963, as against Rs. 1.42 lakhs in March, 1960, as detailed below:

				Rent and other charges due	
				On the 31st March, 1960.	On the 31st March, 1963.
				Rs.	Rs.
1.	Government Departments	..	..	26,138	99,812
2.	Autonomous Bodies	..	..	74,040	80,552
3.	Private parties	..	..	41,285	1,62,737
4.	Government servants	..	..	105	..
Total				1,41,568	3,43,101

The matter was brought to the notice of Government in October, 1963 and their reply awaited (January, 1964).

## FINANCE DEPARTMENT

67. **Outstanding Agricultural Income Tax:** An amount of Rs. 1.14 crores (Approx.) represents arrears of unrealised Agricultural Income Tax up to the end of 1961-62. In the absence of yearwise break-up of the outstandings, it is not known whether any amount has since become time-barred under the Bengal Agricultural Income Tax Act, 1944.

Of this, Rs. 45.62 lakhs were un-encumbered, Rs. 16.94 lakhs had been stayed under orders of the competent authority, Rs. 2.94 lakhs were adjustable against compensation payable under the Estate Acquisition Act and Rs. 48.41 lakhs stood covered by certificate proceedings.

There had been a decrease in the receipt of the Tax by 21.8 % in 1961-62 compared to that of 1957-58, while cost of collection of the Tax has increased by 16.7 % during the corresponding period. The figures for the same, for different years, since 1957-58 are as follows:

		1957-58.	1958-59.	1959-60.	1960-61.	1961-62.
		(In lakhs of rupees)				
Actual receipts	.. ..	1,17.95	90.19	75.24	86.87	92.26
Cost of collection	.. ..	5.52	5.78	5.85	5.98	6.44

Government stated (August, 1963) that the decrease in the receipt was due to the abolition of Zamindari and intermediary rights and that the increase in the percentage of cost of collection was due to the fall in receipts as well as the normal rise in the cost of administration.

## HOME (TRANSPORT) DEPARTMENT

68. **Non-maintenance of Demand Register:** In terms of rule 26 of the West Bengal Motor Vehicles Tax Rules, 1957, the Taxing Officer is required to maintain a Demand Register which is to be reviewed in order to see whether tax is regularly paid and also for the purpose of taking prompt action against defaulters. No such Demand Register was, however, maintained prior to 1961. Because of the non-maintenance of the Register the amount of tax payable, actually realised, outstanding and lost was not susceptible of verification by Audit. Even the Demand Register which was brought into use by the Public Vehicles Department only in the latter part of 1961 is stated to have been written up on the basis of available tax papers for the year 1959 onwards although the necessity of maintaining the Register was brought to the notice of the Department in July, 1959. It has been stated by the local office that for the years subsequent to 1958, there were many cases where no tax papers were available.

Government stated (September, 1963) that the Demand Registers are expected to be up to date from 1964.

## LAND AND LAND REVENUE DEPARTMENT

69. **Arrears in collection of revenue:** Consequent on the abolition of the Zamindari System with effect from the 15th April, 1955, a sum of Rs. 13.04 crores became due to Government on account of land revenue and cesses, etc., up to the 14th April, 1963. Against this, a sum of Rs. 8.53 crores is stated to have been realised up to that date, leaving a balance of Rs. 4.51 crores, representing 34.58% of the total claim on that date.

The yearwise break-up of the total demand, realisations and outstanding land revenue, etc., has not been furnished to Audit by Government inspite of repeated requests since April, 1962.

## PUBLIC WORKS DEPARTMENT

70. **Heavy arrears of rent and other charges:** Under the rules, rent in respect of Government buildings in occupation of private parties is recoverable in advance and the rents due from Government servants|Departments are recoverable by deduction from monthly pay bills|by book adjustment at regular intervals. But a test check in a number of Public Works Divisions revealed that a sum of Rs. 11.85 lakhs on account of rent and other charges recoverable from private parties, Government servants|Departments was outstanding at the end of September, 1962, in five Divisions (Alipur, Governor's Estate, Midnapore, City and Bankura) while sums of Rs. 27,491 and Rs. 42,386 were outstanding in respect of two other Divisions (Suburban and Cooch Behar) at the end of June, 1961 and May, 1962, respectively. The arrears relate to periods as far back as 1948-49 in some cases.

The unsatisfactory position regarding realisation of rents, etc., in respect of a Public Works Division (Durgapur Project Division No. 1) was also mentioned in paragraph 54 of the Audit Report, 1961.

This was reported to Government in August, 1963; but their reply is awaited (January, 1964).

## REFUGEE RELIEF AND REHABILITATION DEPARTMENT

71. **Outstanding rents:** (a) The Ganguly Bagan Scheme was started in 1957 under which flats were allotted to displaced persons on rental basis. It was reported in paragraph 34(b) of the Audit Report, 1960, that the total outstanding rent was Rs. 0.70 lakh up to March, 1959. It was stated in reply that instructions had been issued for effecting recovery of the current as well as arrear rent from the monthly pay bills of the defaulting State Government servants and to file rent suits for realisation of arrear dues from the other defaulting tenants. It was further reported that the amount outstanding on the 1st January, 1961, was Rs. 1.45 lakhs.

The amount of outstanding rent, however, stood at Rs. 3.10 lakhs and Rs. 3.99 lakhs on the 1st February, 1962 and the 1st February, 1963, respectively.

(b) In the case of another Tenement Scheme, *viz.*, Poddar Park, the arrears of rent which stood at Rs. 6,000 at the end of January, 1962, had gone up to Rs. 15,000 at the end of January, 1963.

(c) The rent due for 3 hawkers' corners in Calcutta was Rs. 2.05 lakhs on the 1st February, 1963, against Rs. 1.86 lakhs outstanding as on the 1st February, 1962. An amount of Rs. 16,000 only had been realised during the period from the 1st February, 1962, to the 31st January, 1963, against the assessment of Rs. 35,000.

The matter was reported to Government in August, 1963. Their comments are awaited (January, 1964).

## CHAPTER VII

### Loans and Advavces, Suspense and other Transactions

#### DEPARTMENTS OF DEVELOPMENT (DEVELOPMENT), COMMUNITY DEVELOPMENT, COMMERCE AND INDUSTRIES (POWER) AND HOME (TRANSPORT)

72. **Non-settlement of terms and conditions of loans:** During the period from 1955-56 to 1962-63, Government paid loans amounting to Rs. 21,49 lakhs to five Statutory Bodies for different purposes, as shown below:

Name of Department of the State Government sanctioning the loans.	Statutory Body to which the loans were granted.	Purpose for which loans were given.	Amount of the loan paid (In lakhs of rupees).
1. Development (Development)	West Bengal State Electricity Board.	For meeting capital expenditure; expansion of power to urban and rural areas; expansion of electricity in Community Development Project Blocks; extension of Scheme for power supply to Eastern Railway and South Eastern Railway for track electrification.	12,63
2. Development (Community Development Project).	Ditto ..		96
3. Commerce and Industries (Power).	Ditto ..		5,50
4. Development (Development Branch).	West Bengal Development Corporation.	For meeting expenditure on staff and office contingencies.	1,52
5. Development (Durgapur Industries).	Durgapur Development authority.	Ditto ..	1
6. Home (Transport) ..	Calcutta State Transport Corporation.	For meeting capital expenditure.	83
7. Ditto ..	North Bengal State Transport Corporation.	Ditto ..	4

In all these cases the terms and conditions for the repayment of loans and the rate of interest payable thereon have not yet been settled (August, 1963), though the matter was taken up with Government from time to time since June, 1958. As a result no recovery of principal and interest has been made so far (August, 1963) from the loanees.

#### REFUGEE RELIEF AND REHABILITATION DEPARTMENT

73. **Loans to displaced persons:** A sum of Rs. 0.65 crore was advanced to displaced persons on account of different kinds of loans during 1962-63. The total amount of loans advanced up to the end of 1962-63 amounted to Rs. 43.75 crores, of which a sum of Rs. 42.10 crores was outstanding.

Particulars regarding the amount, the number of cases in which recoveries from the loances were overdue at the end of 1962-63, the yearwise break-up of the recoveries in arrears and the amounts written off have not been furnished by the State Government (March, 1964). The matter was reported to the State Government from time to time. The Department stated in August, 1961, that the figures of disbursement of loans as well as recoveries thereof were under compilation and that the information would be furnished as soon as the figures would be compiled. There has been no improvement in this regard, since then.

74. **Large unadjusted balances under "Suspense" and "Remittance" Heads:**  
 (a) Mention was made in paragraph 58 of the Audit Report, 1963, regarding the large balances lying unadjusted up to the end of 1961-62 under "Suspense" and "Remittance" Heads in the Public Works Accounts. The nature of the transactions and the outstanding amounts at the end of 1962-63 are indicated below. There has been a substantial increase in the amounts awaiting adjustment:

Nature of balances.	Departmentwise analysis of the outstanding amounts.		Remarks.
	On the 31st March, 1962.	On the 31st March, 1963.	
	(In lakhs of rupees)		
(i) Miscellaneous Public Works Advances (Dr.)	Public Works.	63.35 1,21.65	It is desirable that these debits should be adjusted early by making recoveries; the accumulation of old items may ultimately entail loss to Government. Yearwise analysis of the outstanding amount is given below :—
This account head is debited mainly with recoverable amounts.	Public Works (Roads).	19.76 37.96	
	Irrigation and Waterways.	1,93.84 2,61.25	
	Total ..	2,76.95 4,20.86	(In lakhs of rupees)
			1959-60 and earlier years. 1,53.62
			1960-61 .. 16.29
			1961-62 .. 48.55
			1962-63 .. 2,02.40
			Total .. 4,20.86
(ii) Purchases (Cr.) ..	The balances under this head outstanding from 1958-59/1959-60 and earlier years, but not adjusted even after a lapse of 3 years, i.e., by the end of 1961-62/1962-63 are shown below :—		It is necessary that the liabilities which these balances indicate, should be liquidated quickly to avoid complications in their settlement with the passage of time.
This account head is credited with the value of the stores received from the suppliers or other Divisions for which payments have not been made. The adjustments are made on payment of the cost in cash or by book transfer.	Public Works.	44.77 77.25	
	Public Works (Roads).	58.09 66.73	
	Irrigation and Waterways.	35.36 41.42	
	Total ..	1,38.22 1,85.40	

Nature of balances.	Yearwise analysis of the outstanding amounts (as on the 31st March 1963).				Remarks.
	(In lakhs of rupees)				
(iii) Remittances into Treasuries (Dr.).	1959-60 and earlier years.			1.09	According to rules, each Public Works Division is required every month to reconcile with the Treasury Officer concerned the amounts remitted into Treasuries and the amounts drawn by cheques for payment at those Treasuries so that there may be no irreconcilable differences at the close of the financial year.
	1960-61	..	..	0.25	
	1961-62	..	..	3.79	
	1962-63	..	..	53.61	
	Total	..	..	58.74	
(iv) Public Works Cheques (Cr.).	1959-60 and earlier years.			41.00	
	1960-61	..	..	47.95	
	1961-62	..	..	1,68.70	
	1962-63	..	..	4,53.67	
	Total	..	..	7,11.32	

The following are some of the Divisions against whom large amounts have remained unreconciled under Public Works Cheques for more than one year.

Name of the Division.	Amount				Remarks.
	(In lakhs of rupees)				
	Upto 1960-61	1961-62	1962-63	Total	
Alipur Division	14.44	18.40	53.30	86.14	Until the differences are settled, it cannot be certified that the amounts shown by the treasuries as disbursed on behalf of the Divisions had actually been authorised by cheques issued by the Divisional Officers. So long as the differences remain uncleared the possibility of frauds or embezzlements remaining undetected, cannot be ruled out.
Northern Electrical Division.	3.75	6.32	6.59	16.66	
Jalpaiguri Irrigation Division.	27.96	..	0.80	28.76	
Kanchrapara Development Area Division.	0.29	5.16	..	5.45	
Suburban Electrical Division.	..	10.52	10.74	21.26	



Nature of balances.	Amounts involved.	Remarks.				
(In lakhs of rupees)						
(v) Transfers between Public Works Officers.	6,20.00 (Net debit).	<p>According to rules, when a Public Works Division renders supplies and services to other Public Works Divisions or receives cash or stores on behalf of the other Divisions, the account head "Transfers between Public Works Officers" is debited or credited as the case may be. The debits and credits are settled when the transactions are finally adjusted in the accounts of the other Divisions concerned. A net debit of Rs. 6.20 crores (Dr. Rs. 8.51 crores and Cr. Rs. 2.31 crores) has, however, remained unadjusted mainly because the Divisions did not forward the necessary supporting documents and prompt action was not taken to rectify the deficiencies.</p> <p>Until the balances are adjusted, it cannot be said that the materials transferred from one Division to another have actually reached the destination and have been accounted for, and whether the services said to have been rendered to the other Divisions, had been duly acknowledged and brought to account.</p>				
(vi) Items adjustable by Public Works Department.	9,10.00 (Net Debit)	<p>Similarly, a number of debits and credits raised by other Governments and other Departments against the State Public Works Divisions as advised by the Audit Office have also not been adjusted by the Divisions in their accounts.</p> <p>In spite of the fact that the outstandings were being reported to Government every year, the position in 1962-63 has deteriorated as shown below:—</p>				
Transfers between Public Works Officers.		<table border="0"> <tr> <td style="text-align: center;">Position as on the 31st March, 1962.</td> <td style="text-align: center;">Position as on the 31st March, 1963.</td> </tr> <tr> <td style="text-align: center;">Rs. 4.01 crores.</td> <td style="text-align: center;">Rs. 6.20 crores.</td> </tr> </table>	Position as on the 31st March, 1962.	Position as on the 31st March, 1963.	Rs. 4.01 crores.	Rs. 6.20 crores.
Position as on the 31st March, 1962.	Position as on the 31st March, 1963.					
Rs. 4.01 crores.	Rs. 6.20 crores.					
Items adjustable by Public Works Department.		Rs. 7.89 crores. Rs. 9.10 crores.				

(b) Balances lying unadjusted up to the end of 1962-63 in respect of departments other than Public Works Departments are shown below:

Nature of balances.	Amount outstanding and period of transactions.		Remarks.
	(In lakhs of rupees)		
<b>Objection Book Suspense</b>	<b>Payments Receipts</b>		
Amounts paid or received which could not be finally booked against the appropriate heads of account mainly for want of sufficient details and vouchers from the Treasury Officers are initially booked under this head of account.	1959-60 and 1960-61.	0·32    0·42	The items remained unadjusted mainly due to non-receipt of :  (i) requisite vouchers,  (ii) receipt schedules and  (iii) information regarding proper classification of the charges from Education and Food and Supplies Departments.
	1961-62    ..	..    0·31	
	1962-63    ..	1·44    1·30	
		<hr style="width: 50%; margin: 0 auto;"/> 1·76    2·03 <hr style="width: 50%; margin: 0 auto;"/>	

There has been deterioration in respect of the position of outstanding balances during 1962-63; the position has been reported to Government every year since 1956-57 through the "Annual Review on the working of Public Works Divisions".

## CHAPTER VIII

### Government Commercial and Trading Activities

#### SECTION I—GENERAL

75. This Chapter deals with, (i) Statutory Corporations, (ii) Government Companies and (iii) Departmentally managed Government Undertakings.

#### SECTION II—STATUTORY CORPORATIONS|BOARD

76. There were four Statutory Corporations and one Board in the State on the 31st March, 1963:

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

A synoptic statement showing the financial results on the working of these Corporations|Board is given in the annexure.

In the case of Calcutta State Transport Corporation the accounts for the year 1961-62 submitted to Audit in August, 1963, were revised in the light of the audit observations and the revised accounts have been submitted in February, 1964, which are still under scrutiny (April, 1964). The Accounts of North Bengal State Transport Corporation for the period from 1959-60 onwards are still awaited (January, 1964). The accounts of West Bengal State Electricity Board for the year 1959-60 made available to Audit in October, 1963, are under examination.

77. **Calcutta State Transport Corporation:** (1) The Corporation was established on the 15th June, 1960. Prior to that the bus services in Calcutta and suburban areas were controlled and organised by the State Government.

(2) Initially the road transport services in Calcutta started with 25 petrol buses. The total number of routes operated during the year 1962-63 was 31 excluding Belur Service and the total fleet strength of route vehicles on the 31st March, 1963, was 867. The progress of operation at the end of the year 1962-63 as per their statistical returns may be seen from the following table:

Year.	At the end of the year.		During the year.		Cost per mile. Rs.	Average number of vehicles in service.
	Number of routes.	Gross mileage run.	Effective mileage run.			
1960-61 .. ..	28	2,71,56,825	2,55,45,126	1.52	507	
1961-62 .. ..	31	2,97,58,504	2,79,44,041	1.52	615	
1962-63 .. ..	31	3,19,28,331	2,98,84,333	1.57	666	

(3) The position of capital and loans as on the 31st March, 1963, is indicated below:

	Rs.	Rs.
Capital as per audited Balance Sheet for the period ending 31-3-61	5,96,95,670	
Capital drawn during 1961-62 .. .. .	5,00,000	
Capital drawn during 1962-63 .. .. .	2,50,000	
	<hr/>	6,04,45,670
Loan from the State Government .. .. .		83,33,000
Loan from the Central Government .. .. .		36,56,539
		<hr/>
		7,24,35,209

The terms and conditions of the loans taken from the State Government have not yet (March, 1964) been decided.

(4) The Annual Accounts of the Corporation for the period from the 15th June, 1960 to the 31st March, 1961, together with Audit Report thereon were forwarded to Government in May, 1963. Revised accounts for 1961-62 were received for audit in February, 1964.

The working results of the organisation during the years 1958-59 to 1960-61 were as under:

Year.	Revenue Receipts.	Revenue Expenditure.	Net Profit + Loss -
			(In lakhs of rupees)
1958-59 .. .. .	3,07.66	2,88.47	+19.19
1959-60 .. .. .	3,69.40	3,37.89	+31.51
1960-61 (Up to 14-6-60, Government period) ..	90.05	84.97	+5.08
(Corporation period 15-6-60 to 31-3-61) ..	3,55.35	3,43.81	+11.54

The Profit and Loss Account of the Corporation for the period from the 15th June, 1960 to the 31st March, 1961, disclosed a surplus of Rs. 11.54 lakhs. After providing Rs. 3.46 lakhs towards contribution to Price Equalisation Fund and Rs. 6.06 lakhs towards General Reserve Fund, the net surplus of Rs. 2.02 lakhs was transferred to the Balance Sheet. No provision for Income-Tax was, however, made in the accounts.

(5) **Financial Irregularities and Losses:** (i) Loss due to purchase of Survey Instruments by obtaining limited quotations: Quotations were invited from six firms for supply of one theodolite and one levelling instrument. Orders were ultimately placed with one of the firms at the rate of Rs. 8,500 plus sales tax for theodolite and Rs. 2,650 plus sales tax for levelling instrument. Quotations were not, however, invited from a Government Company in Calcutta who are the manufacturers of the instruments. It was ascertained that the required survey instruments were available from the Government Company at that time at the rate of Rs. 3,500 for theodolite and Rs. 855 for levelling instruments. The resultant loss was Rs. 6,795. The management have observed that they did not call for quotation from the Government Company as they decided to purchase these foreign goods because of their precision and quality.

(ii) Consumption of paper worth Rs. 31,200 not recorded: The total issues of papers to the Corporation press as per stock card maintained in the stores showed that there was a discrepancy of 36,804 pounds of printing paper. It

was stated by the Management that the above quantity of paper was unloaded in the press premises due to shortage of space in stores and no formal requisitions were placed due to oversight and hence this discrepancy. The Management could not, however, produce proper accounts to show whether this quantity of printing paper was consumed on the basis of production turned out.

(iii) Irregular use of non-route vehicles by the supervisory staff for journeys from residence to office and *vice versa*: Under Government order issued in January, 1961, the Supervisory staff of the Lake and Howrah Depot were not entitled to make free use of non-route vehicles for journeys from residence to office and back. The said staff, however, were found to use regularly non-route vehicles for the purpose of their journeys from residence to office during normal hours of duty inspite of repeated audit objections. The matter was referred to Government, who held in January, 1963, that the aforesaid journeys by the Supervisory staff were not permissible and called for recovery of the amount involved from the persons concerned. The total amount of Rs. 16,000 (approximately) recoverable on this account have not, however, been realised so far (March, 1964).

(iv) Irregularities in the Central Workshop: A total sum of Rs. 15,96,595 (Rs. 15,95,403 due from Government Departments and Rs. 1,192 due from other parties) on account of services rendered for the period from 1954-55 to 1962-63 remained unrealised on the 31st March, 1963. As a result of inordinate delay in preparation of bills ranging from 3 to 5 years, an amount of Rs. 1,71,855 remained unnecessarily locked up for corresponding periods.

**78. West Bengal State Electricity Board:** (1) Capital structure of the Board—Financing of the capital expenditure: The capital expenditure of the Board is being met out of the loans advanced by the State Government under Section 64 of the Electricity (Supply) Act, 1948. Altogether loans aggregating Rs. 24,39.54 lakhs have been sanctioned to the Board up to the 31st March, 1963. Although the loans have been drawn by the Board from time to time during the years 1955-56 to 1962-63 the terms and conditions relating thereto have not yet been finalised by the State Government (December, 1963).

It was pointed out in paragraph 51 of the Audit Report, 1962, that the expenditure incurred by the State Government on Capital Account prior to the constitution of the Board which for purposes of section 60(2) of the Act was to be deemed as loan advanced to the Board, was required to be declared before the 30th June, 1955. The State Government have, however, yet to make the necessary declaration in this regard (December, 1963).

(2) Accounts of the Board: The delay in the compilation of the Annual Accounts of the Board was reported in paragraph 62 of the Audit Report, 1963. The Board submitted its accounts for the year 1959-60 to Audit on the 22nd October, 1963, which are now under examination. The accounts for the subsequent years are still awaited (December, 1963).

(3) Inadequacy of internal check: The Divisions are not submitting the original vouchers along with the monthly accounts. The internal audit system prevailing in the Board is inadequate as no system of periodical local inspection of the Divisions or other units by the group is in existence.

(4) Tariff Policy of the Board: Though the Board has been incurring losses every year since its inception, it has not adjusted its grid tariff suitably as required under section 59 of the Electricity (Supply) Act, 1948. On the other hand, the general conditions of supply of power to bulk consumers were liberalised with effect from the 1st April, 1960, without the formal approval of the Board resulting in a fall of revenue to the extent of Rs. 40,000 approximately per annum.

As in the previous years, the diesel generating stations of the Board were not able to break-even and continued to operate at heavy losses. Government have stated that the Board has been operating at a loss due to high cost of generation at Gauripore Power Station, uneconomic purchase of power from Calcutta Electric Supply Corporation and Damodar Valley Corporation and also comparatively uneconomical cost of distribution. It has also been stated that the question of upward revision of the tariff will be taken up for consideration in 1964-65.

(5) The main contractor of a project, to whom certain civil works estimated to cost about Rs. 2,00 lakhs were entrusted in January, 1961, was given various advances aggregating Rs. 17.46 lakhs without the sanction of competent authority and before the finalisation of the contract documents. Out of the above, advances amounting to Rs. 6.05 lakhs were unsecured and were also not covered by any bank guarantee. The unadjusted advance outstanding against the contractor as on the 30th September, 1963, amounted to Rs. 10.90 lakhs.

(6) Financial losses: (i) A test audit of the accounts of the various units of the Board conducted since the last report revealed short realisations and under assessment of revenue amounting to Rs. 2.02 lakhs under the following heads:

1. Non-assessment and under-assessment of revenue	..	Rs. 1,84,700
2. Non-assessment and under-assessment of electricity duty		Rs. 17,181
		Total .. Rs. 2,01,881

(ii) Certain other losses under different categories mentioned below were also noticed during the local audit of the various units of the Board:

- (a) Loss of cash—Rs. 1,167.
- (b) Loss of stores due to theft—Rs. 51,136.  
Due to other reasons—Rs. 24,850.
- (c) Avoidable expenditure—Rs. 1,78,754.

The details of these cases were reported to the Management through the Inspection Reports from time to time but their comments are still awaited (January, 1964).

**79. Misappropriation:** A sum of Rs. 24,000 was alleged to have been fraudulently withdrawn on the 5th September, 1961, from the "State Electricity Fund" at Midnapore Treasury against a self cheque drawn in favour of the Divisional Engineer, Kharagpur Division of the West Bengal State Electricity Board. The misappropriation was detected by the Division only on the 30th March, 1962, during reconciliation of the Treasury Pass Book balance with that of the Cash Book balance. The drawal of the amount was entered in the Treasury Pass Book on the 25th October, 1961 and the Pass Book is stated to have been sent to the Divisional Engineer during the last week of November, 1961.

The modus operandi was that a cheque book was issued by the Midnapore Treasury on the 4th September, 1961, to a person stated to be not an employee of the Board on production of a duly receipted challan for the cost of one such book but without obtaining proper requisition slip therefor. A self cheque for Rs. 24,000 in favour of the Divisional Engineer, drawn from the above cheque book was honoured on the 5th September, 1961, and the payment was made to an employee of the Board.

The recipient of the money is stated to be absconding since the 7th September, 1961. The case reported to the Police on the 30th May, 1962, is stated to be still (February, 1964) under investigation.

**80. West Bengal Financial Corporation:** The Corporation was established on the 1st March, 1954, with the object of providing financial assistance to the industries in the State.

The financial results of the Corporation for the three years ending with the 31st March, 1963, are given as under:

	1960-61.	1961-62.	1962-63.
	(In lakhs of rupees)		
1. Authorised Capital. .. .. .	2,00·00	2,00·00	2,00·00
2. Paid up Capital—			
(i) Investment by State Government. ..	31·77	31·77	31·77
(ii) Others. .. .. .	68·23	68·23	68·23
3. Reserves and Reserve Fund. .. .. .	1·54	1·84	4·44
4. Bonds and Debentures. .. .. .	1,00·00	1,50·00	2,00·00
5. Total capital employed. .. .. .	2,01·54	2,51·84	3,04·44
6. Loans and Advances outstanding from loanees. ..	1,57·19	2,12·82	2,86·72
7. Net profit (before making provision for taxation and reserves).	5·98	6·94	7·49
8. Profit available for distribution after providing for taxation and reserves.	3·12	3·50	3·50

The Corporation could not make sufficient profit to meet the guaranteed dividend up to 1960-61 and the total amount of subvention drawn by the Corporation from the State Government in this respect stood at Rs. 11.87 lakhs. The net profit earned by the Corporation during 1961-62 and 1962-63 being just sufficient to meet the statutory requirement of guaranteed dividend, after making provision for the reserve fund, no portion of the subvention paid by the State Government during the previous years could be refunded. During 1961-62, the Corporation established a Special Reserve Fund of Rs. 1.40 lakhs out of dividends which were foregone by the State Government and the Reserve Bank of India (Rs. 70,000 each) on mutual agreement in terms of provision of the State Financial Corporation (Amendment) Act, 1962.

During 1962-63, the total amount of loans disbursed was only 45.7% of the loans sanctioned as against the previous year's record of 60.5%. Non-disbursement of the full amount of loan sanctioned during 1962-63 was attributed to delay in procedural and legal formalities in finalising payments thereof.

Shortfall of revenue due to investment of surplus funds in short term deposits: On an average Rs. 35.08 lakhs remained in short-term deposits throughout the year during 1962-63 fetching interest at the rate of 3½% per annum. Against this, the Corporation paid at 4½% on the same amount by way of interest on the debentures. The loss on this account amounted to Rs. 0.35 lakh (approximately).

**81. West Bengal State Warehousing Corporation:** The Corporation was established in March, 1958, under section 28(i) of the Agricultural Produce (Development and Warehousing) Corporations Act, 1956.

The following table gives the working results of the Corporation for two years ending 1962-63:

	1961-62.	1962-63.
(1) Authorised Capital. . . . .	Rs. 2,00·00 lakhs	Rs. 2,00·00 lakhs
(2) Paid up Capital. . . . .	Rs. 35·00 lakhs	Rs. 43·00 lakhs
(3) Number of warehouses hired. . . . .	22	23
(4) Storage capacity. . . . .	26,059 tonnes	23,734 tonnes
(5) (a) Storage capacity utilised. . . . .	7,244 tonnes	10,563 tonnes
(b) Percentage of utilisation. . . . .	27·8	44·5
(6) Earnings—		
(a) Warehousing charges. . . . .	Rs. 1·61 lakhs	Rs. 3·78 lakhs
(b) Fertiliser distribution. . . . .	Rs. 0·97 lakh	Rs. 0·74 lakh
(c) Miscellaneous (including interest on Security, etc.). . . . .	Rs. 0·80 lakh	Rs. 1·11 lakhs
(7) Expenditure. . . . .	Rs. 4·91 lakhs	Rs. 7·16 lakhs
(8) Net Loss. . . . .	Rs. 1·53 lakhs	Rs. 1·53 lakhs

The following points were noticed in course of audit of the accounts of the Corporation:

- A substantial portion of the funds (Rs. 18 lakhs during 1960-61, Rs. 10.63 lakhs during 1961-62 and Rs. 11 lakhs during 1962-63) continued to remain in short term deposits yielding interest at 3 to 3½% per annum and was not utilised for the main functions of the Corporation envisaged in the Act.
- The Corporation had not built any warehouse of its own till the 31st March, 1963, except the Cold Storage at Tarakeswar for the construction of which a sum of Rs. 12.75 lakhs (including cost of land and building) was spent till the end of March, 1963. During the year under review the Corporation sustained loss to the extent of Rs. 0.52 lakh in the operation of this storage plant.
- During the five years of its working, the Corporation has set up 23 warehouses (one only in 1962-63) in hired accommodation. During 1962-63, out of 23 warehouses as many as 19 warehouses could not earn sufficient revenue to cover their direct expenses. As many as fourteen warehouses have been running continuously at a loss since their inception.

Total number of warehouses run in hired accommodation during the period from 1959-60 to 1962-63 and the net deficits are as shown below:

Year.	Number of warehouses.	Net earnings : Surplus + Deficit —
(In lakhs of rupees)		
1959-60 . . . . .	10	— 0·49
1960-61 . . . . .	20	— 0·38
1961-62 . . . . .	22	— 1·28
1962-63 . . . . .	23	— 0·54
Total aggregate deficit		— 2·69



## ANNEXURE

(Referred to in paragraph 76)

**Government Commercial and Trading Activities—Statutory Corporations|Board**

The financial results of the Statutory Corporations|Board under the Government of West Bengal.

	Calcutta State Transport Corporation.	North Bengal State Transport Corporation.	West Bengal State Electricity Board.	West Bengal Financial Corporation.	West Bengal State Ware- housing Corporation.
	(In lakhs of rupees except against item 9)				
Period of accounts. ..	15-6-60 to 31-3-61	1958-59	1958-59	1962-63	1962-63
1. Date of incorporation.	15th June, 1960.	15th April, 1960.	1st May, 1955.	1st March, 1954.	31st March, 1958.
2. Paid up Capital—					
(i) Government share.	5,96.96	10.27	Nil	31.77	24.00
(ii) Other sources. ..	Nil	Nil	Nil	68.23	19.00
3. Loans received from—					
(i) Government.	49.23	Nil	7,19.47(a)	Nil	Nil
(ii) Other sources.	Nil	Nil	Nil	2,00.00	Nil
4. Free Reserve. ..	6.06	Nil	9.64	4.44(e)	Nil
5. Total Capital employed.	6,52.25	10.27	7,29.11	3,04.44	43.00
6. Block Assets. ..	4,83.76	10.45	622.75(b)	Nil	13.26
7. Depreciation. ..	35.98	2.44	20.96(c)	..	1.05
8. $\frac{\text{Not Profit} +}{\text{Net Loss} -}$ } ..	+11.54	+4.33	-20.62(d)	+7.49	-1.53
9. Percentage of return on Capital employed.	1.77	42.16	..	2.46	..

Notes : (a) Includes Rs. 2,07.00 lakhs representing the provisional value of assets taken over from the State Government on the 1st May, 1955.

(b) Represents original value of the assets.

(c) Represents total amount of depreciation up to the 31st March, 1959, credited to the Depreciation Reserve Fund.

(d) Total loss sustained by the Board up to 1958-59 was Rs. 80.29 lakhs.

(e) Includes Rs. 2.89 lakhs being the amount of Special Reserve as on the 31st March, 1963 and taken as part of the Working Capital.

## SECTION III—GOVERNMENT COMPANIES

82. There were four Government Companies in the State:

- (i) Durgapur Projects Ltd.
- (ii) Kalyani Spinning Mills Ltd.
- (iii) West Bengal Small Industries Corporation Ltd.
- (iv) Electro-Medical and Allied Industries Ltd.

The financial results of these Companies as shown in their accounts are summarised below:

Period of accounts.	Durgapur Projects Ltd.	Kalyani Spinning Mills Ltd.	West Bengal Small Industries Corporation Ltd.	Electro- Medical and Allied Industries Ltd.
	1962-63.	1962-63.	1962-63.	1-5-62 to 30-6-63.
(In lakhs of rupees except against item 9)				
1. Date of incorporation.	6-9-61	13-1-60	29-3-61	29-6-61
2. Paid up Capital—				
(i) Government share	15,00.00	1,40.00	10.00(a)	3.25(b)
(ii) Other sources	Nil	Nil	Nil	Nil
3. Loans received from—				
(i) Government	19,37.46	64.46	28.40	0.10
(ii) Other sources	Nil	Nil	1.15	Nil
4. Free Reserves	Nil	Nil	Nil	Nil
5. Total Capital employed.	34,37.46	2,04.46	39.55	3.35
6. Block Assets.	31,71.12	1,57.88	0.73	Nil
7. Depreciation.	64.24	21.19	0.17	Nil
8. $\frac{\text{Net Profit} +}{\text{Net Loss} -}$	-38.72	+18.87(c)	+0.25	+0.01
9. Percentage of return on Capital employed.	..	+9.2	+0.63	+0.30

(a) Includes 3 equity shares of Rs. 100 each purchased by three private individuals.

(b) In addition to this, 4 equity shares (called and paid up at Rs. 25 per share) were purchased by private individuals.

(c) Production fell below the estimated standard production capacity by 12.6 per cent. (actual produce being 9.62 lakh kilograms of yarns against the estimated standard production of 11 lakh kilograms).

83. **Durgapur Projects Ltd.—(A) Coke Oven and By-Product Plant:** (i) The Coke Oven and By-Product Plant started in 1959, as a State sponsored enterprise was managed by the Durgapur Industries Board up to the 14th September, 1961, on which date it was taken over by the Durgapur Projects Ltd.

(ii) The Plant consists of two batteries. According to the contract entered into for erecting the main plant and equipment including factory buildings and connected structures, the work was to be completed by the 30th September, 1958. Even the first battery could not be completed by that date; the actual date of completion being only the 25th February, 1959. The second battery was commissioned only in May, 1960.

(iii) The De-carbonization and Sulphuric Acid Plant (one of the components of By-Product Plant) to be built at a capital cost of about Rs. 10 lakhs has not yet been commissioned although the plant was ready for commissioning on the 30th October, 1958. It is stated that there is no market for 78 per cent. strength acid and that the plant would go into production only if an Alum Plant is set up in future in which case the acid could be used in that plant.

(iv) **Working results:** The total cost of production and working results are given below:

	As per Manufacturing and Profit & Loss Accounts, February, 1959 to March, 1960 (Pre-Company period).	As per Manufacturing and Profit & Loss Accounts, 1960-61 (Pre-Company period).	As per Final Accounts (15-9-61 to 31-3-62).	As per Final Accounts 1962-63.
	(In lakhs of rupees)			
Total cost of production of Coke and By-Product.	1,28.61 (including interest charges of Rs. 30.26 lakhs).	1,74.49 (including interest charges of Rs. 30.26 lakhs).	1,25.67 (including interest charges of Rs. 16.95 lakhs on capital cost).	2,72.77 (including interest charges of Rs. 53.19 lakhs on capital cost).
Sale proceeds, etc. ..	85.10	1,38.11	1,10.91	2,41.94
Loss ..	43.51 (without interest charges loss would be Rs. 13.25 lakhs).	36.38 (without interest charges loss would be Rs. 6.12 lakhs).	14.76	30.83

The accounts for 1959-60 and 1960-61 were not, however, susceptible of verification as no subsidiary books, *i.e.*, books of original entry, were maintained. Further, some of the recognised charges such as water charges, audit fee, leave salary and pensionary contribution, etc., were not taken into consideration.

(v) **Price of Coke and its cost of production:** The ceiling price of Grade I Hard Coke fixed by Government of India at Rs. 46.28 nP. per Metric Ton was raised as follows:

- with effect from the 1st July, 1962—Rs. 57.49 per Metric Ton,
- with effect from the 20th October, 1962—Rs. 57.62 per Metric Ton,
- with effect from the 1st March, 1963—Rs. 58.69 per Metric Ton.

The cost of such product at Durgapur Plant as worked out by the Management are as follows:

Production (M. Tons)	Monthly cost sheet.	Selling Price (Ceiling).	Cost per M. Ton including depreciation but excluding return on investment.	Cost per M. Ton including depreciation and return on investment at 5 per cent. on Capital Cost.
		Rs.	Rs.	Rs.
24,214	.. July, 1961 ..	46.28	52	65
24,638	.. July, 1962 ..	57.49	54	64
26,371	.. October, 1962	57.62	56	66
21,440	.. February, 1963	58.67	63	75
		(March, 1963)		

(vi) **Outstanding amounts of Bills:** The following amounts are outstanding from customers on account of sale of coke and by-products as on the 31st March, 1963:

	(In lakhs of rupees)
Coke .. .. .	42.67
By-products .. .. .	11.36
<b>Total .. .. .</b>	<b>54.03</b>

The Management stated that the supplies to the parties are adequately secured by Bank guarantee or letter of credit. They also stated that the outstanding amounts of Rs. 42.67 lakhs and Rs. 11.36 lakhs (as on the 31st March, 1963) had come down to Rs. 26.41 lakhs and to Rs. 5.51 lakhs respectively on the 31st December, 1963.

No interest is charged by the Company on account of delayed payments.

**(B) Durgapur Thermal Power Station:** (i) **Introductory:** The Durgapur Thermal Power Station with two generating sets of 30,000 KW each was under the Durgapur Industries Board up to the 14th September, 1961 when it was taken over by the Durgapur Projects Limited.

(ii) **Agreement with Customers:** Although the plant started supplying energy to various customers as early as in June, 1960, agreement fixing the rate of tariff embodying the several conditions of supply has not yet been entered into in many cases.

(iii) **Arrangement with Aluminium Corporation of India Limited:** In June, 1960, an agreement was entered into with the Aluminium Corporation of India Ltd. for the bulk supply of high pressure electric energy with a maximum permissible demand of 16,000 KW for a period of 8 years 9 months commencing from the 1st October, 1961.

On the basis of the estimated cost of generation worked out during 1962-63 (the first year of supply of energy to the Aluminium Corporation) the following costs would be incurred annually for the supply of energy:

	Rs.
(i) Cost of energy for 13,500 KW year at the rate of Rs. 406.46 np. per KW per year (Rs. 4.64 np. per KWH) ..	54,87,210
(ii) Rent of line .. .. .	72,000
(iii) Interest, depreciation, etc., on capital expenditure on transmission and distribution .. .. .	65,400
<b>Total .. .. .</b>	<b>56,24,610</b>

As against the above estimated cost, the expected revenue as per agreement will be only Rs. 38,58,030 per year (Rs. 150 per KW per year) resulting in an estimated loss of Rs. 17,66,580 in a year.

The decision to supply power to the Aluminium Industry at a subsidised rate was stated to have been on grounds of policy to fall in line with the practice followed by some other States.

**(C) Irregularities pointed out by Company Auditors:** The Auditors of the Company have reported the following special points:

- (i) There was no scientific system of procurement and inventory control in respect of both operation and construction stores. Minimum and maximum stock limits were not determined.
- (ii) The Asset Registers being incomplete, asset inventories were not prepared nor reconciled with the balances under each head of fixed assets as disclosed in the accounts.
- (iii) Operation Stores and Raw Materials aggregating Rs. 6.69 lakhs were charged to consumption without issue vouchers.
- (iv) The detailed inventories of small tools amounting to Rs. 3.22 lakhs were not prepared nor reconciled with financial book balances.
- (v) Various control accounts appearing in the General Ledger were not periodically reconciled with the subsidiary records.
- (vi) The accounting control over construction stores was practically non-existent as most of the stores were not subjected to physical verification, materials lying at site as on the 31st March, 1963, were not fully incorporated, nor the materials issued to contractors on loan had been accounted for.

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

84. **Non-submission of *Pro forma* Accounts:** (1) During the year 1962-63, there were 22 Commercial and Quasi-Commercial Schemes which were worked departmentally by Government. Even though the importance of completing and furnishing in time the *pro forma* Profit and Loss Accounts and Balance Sheet was stressed in the previous Audit Reports (last mentioned in paragraph 64 of the Audit Report, 1963) the *pro forma* accounts for the year 1962-63 have not yet (January, 1964) been completed and received in Audit excepting in two cases and in as many as twenty-two cases the *pro forma* accounts for earlier periods are still awaited with the result that the latest financial results of the schemes could not be ascertained. Cases where *pro forma* accounts are still awaited are indicated in Appendix VIII.

(2) In the case of the Government Sales Emporia, the *pro forma* accounts of which are due since inception (*i.e.*, from 1951-52) it was proposed by Government to prepare accounts from the year 1958-59 on the ground of non-availability of relevant records for the earlier periods. Formal orders of Government in this respect have not yet been issued. The accounts for the period from 1958-59 onwards are still awaited.

(3) Similarly, in the case of Fulia Township Scheme, the *pro forma* accounts of which are due from 1952-53 onwards, Government expressed their inability to prepare the accounts. The difficulties in the preparation of the accounts have not been intimated although the matter was mentioned in paragraph 64(d) of the Audit Report, 1963.

(4) The financial results of a few schemes in respect of which *pro forma* accounts have been received are summarised below:

Name of the concern.	Year of Account.	Turnover	Profit + Loss -
		(In lakhs of rupees)	
1. Band Saw Mills, Siliguri. .. ..	1961-62	10.49	+0.54
	1962-63	17.78	+2.90
2. Brooklyn Ice Plant and Cold Storage. ..	1960-61	3.96	-0.14
	1961-62	4.81	-Rs. 692 only.
3. Scheme for State Trading on Rice and Paddy. ..	1958-59	10,26.79	-69.06
	1959-60	24,08.00	-3.06
4. Scheme for State Trading on Wheat and Wheat Products.	1958-59	11,15.97	-48.85
	1959-60	13,08.42	-61.30
5. Scheme for production of Shark Liver Oil, etc. ..	1961-62	0.37	+0.07
	1962-63	0.35	+0.06

*Pro forma* accounts for the latest year in respect of these concerns are given in Appendix IX.

**85. Brooklyn Ice Plant and Cold Storage Scheme:** Loss in the sale of seed potatoes: Out of 21,854 maunds of seed potatoes purchased in 1959-60, for distribution during 1960-61, under the Brooklyn Ice Plant and Cold Storage Scheme, 5,990 maunds were withheld from sale on the expectation of better prices during 1961-62, as the selling price of the seeds fixed at Rs. 25 per maund was much higher than the prevailing market price (Rs. 19 to Rs. 20 per maund) during 1960-61. The cost of the quantity held over was Rs. 59,900 approximately. Out of this, 2,308 maunds were sold for Rs. 19,232 at prices ranging from Rs. 5 to Rs. 13 per maund between July and August, 1961. The balance of 3,682 maunds were treated as loss due to shrinkage and rottag. Both the sale at the reduced rate and the loss due to shrinkage were attributed to occasional fluctuation and failure of power supply in November, 1960 and July, 1961. The loss sustained was Rs. 49,000 (approximately) including cost of storage of Rs. 7,900.

**86. Integrated Scheme for Training-cum-Production for Wool Industries:** (1) Irregularities in Durgapur Centre: Machines lying unused: The following machines worth Rs. 19,784 have not been installed and are lying unutilised in the Centre up to October, 1963, since their acquisition.

Year of purchase. .	Particulars of the Machine.	Value. Rs.
1957-58 .. ..	Circular Saw 24" Width Bed Machine ..	4,078
1958-59 .. ..	42" Horizontal Band Saw Machine ..	9,550
1959-60 .. ..	Polish Universal Band Grinder Machine with electric motor.	6,156
		19,784

Government stated (December, 1963) that the machines were purchased in advance due to wrong assessment of the requirement by the officer concerned and that these were now under process of installation.

(2) Irregularities in Kalyani Centre: Finished goods lying undisposed of: Wooden furniture worth Rs. 11,896 were lying in stock to end of December, 1962 (year wise break-up is shown below). Steps taken for disposal of the old stock are not known to Audit.

				Rs.
1957-58	..	..	..	2,309
1958-59	..	..	..	1,021
1959-60	..	..	..	1,108
1960-61	..	..	..	5,056
1961-62	..	..	..	721
1962-63	..	..	..	1,681
(Up to December, 1962 )				11,896

87. **The Brick and Tile Board:** (i) In December, 1960, the Brick and Tile Board was constituted by amalgamating the former Durgapur Brick Board and the Rural Brick and Tile Board.

The functions of the Board (which were limited to the production of bricks only during the period, November, 1961 to February, 1963) are carried on through the Sub-Committees set up at Durgapur, Kalyani and Palta. The Board also runs kilns at Raigunj and Digha.

(ii) Targets and achievements: The Board did not start production of bricks till November, 1961. The target of production for the first brick-burning season from November, 1961 to July, 1962, was 5.35 crores against which actual production was 3.25 crores. The target of production for the second brick-burning season from November, 1962 to July, 1963, was 6.90 crores against which actual production up to July, 1963, was 4.32 crores and that up to September, 1963, 4.38 crores.

(iii) Financial Results: Except in the case of Durgapur Sub-Committee, no *pro forma* accounts were prepared by the Board. In the absence of such accounts of the Board as a whole the financial results of its workings could not be ascertained correctly. From the figures available the working results are, however, assessed as follows:

Units	Government Capital.		Profit + /Loss —	
	December, 1960 to March, 1962.	1962-63.	December, 1960 to March, 1962.	1962-63.
(In lakhs of rupees)				
(1) Central Office including Raigunj and Digha.	2.73	8.62	-0.56	-1.76
(2) Kalyani .. ..	1.30	3.75	+0.04	-0.15
(3) Palta .. ..	0.53	2.27	-0.18	-0.90
Total ..	4.56	14.64	-0.70	-2.81

(iv) The working results of the Durgapur Unit as per its *pro forma* accounts from the 1st October, 1956 to the 31st October, 1961 and from the 1st November, 1961, to the 31st October, 1962, as per figures available (*pro forma* accounts being not submitted) were as follows:

		Period.	
		1-10-56 to 31-10-61.	1-11-61 to 31-10-62.
(In lakhs of rupee.)			
Government Capital	.. ..	13.98	..
Turnover	.. ..	24.35	11.44
Income	.. ..	28.19	15.32
Expenditure	.. ..	27.28	14.53
<u>Profit +</u>	.. ..	+0.91	+0.79
<u>Loss -</u>	.. ..		

(v) Although all the units of the Board (except Durgapur) appear to have been sustaining losses during 1961-62 and 1962-63, the bricks produced in these units were sold far below their cost price, as indicated below:

Unit.	Year.	Cost per	Average
		1,000.	selling rates
		Rs.	per 1,000i.
Palta .. ..	1961-62	106.00	48.00
	1962-63	80.60	48.00
Kalyani .. ..	1961-62	..	..
	1962-63	86.00	47.00
Raigunj and Digha .. ..	1961-62	..	..
	1962-63	74.52	58.00

No cost accounts have been maintained by any of these units except at Durgapur where only a cost-statement has been prepared.

**88. Scheme for State Trading on Rice, Paddy, & Gram and Wheat & Wheat Products:** (1) The Scheme of State Trading on foodgrains started from the 1st April, 1946 and was continued during 1959-60 and subsequent years. The *pro forma* accounts of the Scheme for the year 1959-60 appear in Appendix IX. The accounts for 1960-61 in respect of rice, & paddy and wheat & wheat products received in November, 1963 and July, 1963, respectively were returned to Government for resubmission after corrections. The corrected accounts are still awaited (January, 1964). The accounts for the years 1961-62 and 1962-63 are in arrears (December, 1963).



(2) A broad analysis of the transactions relating to the year 1959-60 is given below:

	Rice and Paddy, etc.		Wheat and Wheat Products.	
	Quantity	Value	Quantity	Value
	(Quantity in lakh maunds and value in crores of rupees)			
Opening stock	21.57	3.43	7.47	1.04
Stock-in-transit.	0.24	0.04	0.12	0.02
Purchases (including freight, insurance and direct expenses).	1,69.60	22.82	90.13	13.20
Indirect expenses.	..	0.97	..	0.58
	1,91.41	27.26	97.72	14.84
Sales.	1,68.93	24.08	87.95	13.08
Miscellaneous receipts.	..	0.03	..	0.01
Closing stock.	19.34	3.12	8.07	1.14
Loss.	..	0.03	..	0.61
Godown and transit shortages.	3.14	..	1.70	..
	1,91.41	27.26	97.72	14.84

(3) The following points were noticed during a test check of the pro forma accounts for 1959-60 as also from a scrutiny of records for subsequent periods:

- (a) Loss: (i) The trading loss on wheat and wheat products during the year under review recorded an increase of Rs. 12.5 lakhs over that of the preceding year. This was due partly to increase in overhead and other charges. The loss on rice and paddy, etc., however, declined by Rs. 66 lakhs during the year in relation to the previous year.
- (ii) As pointed out in paragraph 67 of the Audit Report, 1963, interest on capital and depreciation on fixed assets have not been included in the Trading and Profit and Loss Account.
- (b) Transit and Godown Shortages: (i) During the year under report transit and godown shortages worked out to 3.14 lakh maunds of rice and 1.70 lakh maunds of wheat and wheat products valued at Rs. 46.39 lakhs and Rs. 24 lakhs respectively. In the absence of central records the Department worked out transit shortages by deducting the quantities sold, closing stock and godown shortages from the total receipts of the year including opening stock. As a result, losses on account of pilferage, theft and accidents, if any, could not be brought to light. Stocks omitted to be accounted for in the stock returns were also exhibited as transit shortage.

(ii) According to the information collected from 36 stock-holding offices (information from 19 such offices still awaited) in the State there had been a total transit shortage of foodgrains of 2.90 lakh maunds valued at Rs. 47.31 lakhs during the three years from 1959-60 to 1961-62. Of this, claims for shortage for 1.84 lakh maunds valued at Rs. 29.46 lakhs could not be preferred as they were sent in seals-in-tact wagons. Claims for the balance of shortage of 1.06 lakh maunds worth Rs. 17.85 lakhs have been preferred on the Railways. Information regarding final acceptance and settlement of the claims is wanting as yet (November, 1963).

(c) Non-linking of supplies and wanting invoices: (i) It was noticed that the stocks transferred from one stock-holding office to another was not duly verified and linked up. As a result, 12,318 maunds of wheat and 24,274 maunds of rice valued at Rs. 1.72 lakhs and Rs. 4.04 lakhs respectively were not duly brought to stock during 1958-59 and shown as "Transit shortage". On detection these stocks were, however, shown as "stock-in-transit" in the accounts of the year under review. Similarly 1.26 lakh maunds of wheat valued at Rs. 17.59 lakhs, transferred from various depots to different stock-holding offices during 1959-60 remains yet to be linked up and reconciled.

(ii) It was further noticed from the statements obtained from 33 stock holding offices that invoices in support of consignments were not received by them for 6.99 lakh maunds of foodgrains valued at Rs. 1,09.25 lakhs during the years from 1959-60 to 1961-62 and part of 1962-63. This obviously rendered the task of reconciliation of stocks despatched from Food Depots and those received by the consignees impossible.

In many cases the railway receipts were not even received by stock holding offices. In order to avoid demurrage charges they had to clear consignments on payment of railway freight although such freight had already been paid in all cases at the despatching end. This resulted in double payment of railway freight to the extent of Rs. 1.51 lakhs (approx.) by 33 stock-holding offices during the period mentioned above. Of this, 1.07 lakhs still remain to be recovered from the Railways (July, 1963).

(4) Other irregularities: (i) Records showing recovery against or adjustment of losses sustained were not maintained by the Department and, as such it could not be ascertained in audit how much of the transit and godown shortages had been recovered or written off.

(ii) A sum of Rs. 0.70 lakh representing the value of 4,379 maunds (approximately) of foodgrains lost in transit during the period from December, 1957, to April, 1960, between the Government Food Depots and different railway booking points was written off in October, 1960. Since the carrying contractors were stated to have delivered no loose or torn bags at the railway points they were exonerated from the responsibility for the loss.

## CHAPTER IX

### Grants-in-aid

89. **Grants-in-aid:** (a) The total amount of grants-in-aid paid by the State Government during 1962-63 was about Rs. 22.37 crores. The following are some of the important irregularities noticed during the course of audit of grants disbursed to institutions other than local bodies:

(i) The certificates of departmental authorities that the grants drawn and disbursed had been utilised by the grantees for the purpose for which they had been sanctioned have not been furnished in a large number of cases as mentioned in paragraph 17 of Chapter I of this Report.

(ii) In the following cases grants were paid in advance of requirements and some of these amounts have still not been utilised:

Name of the grantee institution and purpose of the grant.	Amount of grant. Rs.	Month/year of payment.	Remarks.
1	2	3	4
Sabal Singpur Junior Madrasah—for repair of the school buildings.	5,900	February, 1961.	The amount has neither been utilised nor refunded (January, 1964).
Bagasty Union Hari Charan Schedule Caste School, Nayaform Bani Bidyapith, Rana Rani Junior High School, Bigilpur Sardamoni Balika Vidyapith—for construction and expansion of hostels and school buildings.	45,000	1959-60 and 1960-61.	Information regarding utilisation of the grants is awaited (January, 1964).
Nirmal Hriday Ashram—Building grant Rs. 20,000 and Equipment grant Rs. 4,000.	24,000	1962-63.	The amounts were sanctioned without specifying any time limit for utilization. Information regarding utilisation is awaited (January, 1964).
Junior Technical School at Hooghly—Building grant.	1,00,000	November, 1960.	An amount of Rs. 45,000 could be spent out of the building grant up to January, 1962, while Rs. 13,000 could be spent out of the equipment grant. The information regarding the utilisation of the balance amount is awaited (January, 1964).
Equipment grant. . . . .	60,000	March, 1961.	
Junior Technical School at Hooghly— Building grant. Equipment grant. . . . .	2,50,000 1,00,000	} March, 1962.	These grants were released against a demand by the grantee for Rs. 1 lakh only as building grant. Information regarding utilisation of these grants is awaited (January, 1964).

Name of the grantee institution and purpose of the grant.	Amount of grant. Rs.	Month/year of payment.	Remarks.
1	2	3	4
Capital and maintenance grants paid to—			Amounts of grants remaining unutilised at the end of July, 1963, are shown against each institution :
Basanti Devi College, Calcutta. ..	95,875	1961-62. ..	Rs. 27,000.
Junior Technical School, Krishnagar.	5,61,000	..	Rs. 3,67,132.
Murshidabad Institute of Technology.	6,65,000	up to 1961-62.	Rs. 2,77,770.
J. C. Ghosh Polytechnic, Calcutta.	2,80,000	1960-61 and 1961-62.	Rs. 1,93,066.
Gopalnagar Haripada Institution, Bongaon.	73,124	1961-62. ..	Rs. 54, 944.
Helencha High School. ..	1,06,467	1961-62. ..	Rs. 73,215.
Chittaranjan Seva Sadan, Calcutta.	7,10,000	1958-59 to 1961-62. ..	Rs. 1,71,622.
Bipradas Pal Chowdhury Institute of Technology, Krishnagar.	3,19,000	1960-61 and 1961-62.	Rs. 1,83,970.
Kandi Raj High School, Murshidabad.	1,27,708	1960-61 and 1961-62.	Rs. 1,17,708.
Victoria Institution, Calcutta. ..	1,30,011	1961-62. ..	Rs. 27,000.

(b) Some of the irregularities reported by the Examiner, Local Audit Department, during 1962-63, in regard to the utilisation of grants-in-aid by local bodies which are under his audit are summarised below:

- (i) Subventions granted for raising the emoluments of the employees of municipalities were in excess of the admissible amounts. The total excess payments during 1961-62 in the case of 25 municipalities amounted to about Rs. 1.76 lakhs.
- (ii) A sum of Rs. 31,409 representing the unspent balance of a grant paid to a certain municipality during 1959-60 in respect of motor vehicles tax was utilised by the municipality during 1961-62 without fresh sanction of Government for such utilisation.
- (iii) Grants for construction of 3 junior and 6 part-Basic Schools under the District School Board, Nadia, paid during 1956-57, 1957-58 and 1959-60 were found to be in excess of the actual cost of construction by more than Rs. 12,000; the amount has not been refunded (January, 1964).
- (iv) Utilisation certificates in respect of improvement grants amounting to Rs. 2.19 lakhs paid to primary schools during 1961-62 under 6 District School Boards have not been furnished to the Examiner by the Departmental Officers (January, 1964).

## CHAPTER X

### Outstanding Objections and Inspection Reports

90. **Outstanding Audit Objections:** (a) The irregularities and defects noticed in Central Audit are brought to the notice of the authorities concerned through objection statements. Half-yearly reports of outstanding audit objections are also forwarded by Audit to the Heads of the Department for taking necessary steps to expedite their settlement. The delay in settlement of the objections has been mentioned in successive Audit Reports; there has not, however, been any improvement in the settlement of the objections during 1962-63.

The amount covered by audit objections relating to the period up to the 31st March, 1963, remaining outstanding up to the 30th September, 1963, was Rs. 28.11 crores involving 9,865 items, exclusive of objections relating to expenditure on works. These include Rs. 18.95 crores involving 5,732 items outstanding from 1948-49 to 1961-62.

The amount held under objection on account of (i) want of sanctioned estimates, (ii) excess over sanctioned estimates and (iii) unvouched outlay on works have been dealt with in paragraph 51 of Chapter IV.

The nature of other objections and the departments with heavy outstandings are shown below:

Name of the Department:	Non-submission of Detailed Con- tingent Bills.	Non-submission of vouchers and stamped receipts.	Other reasons.	Total.
1	2	3	4	5
			(In crores of rupees)	
Development .. ..	0.10	0.07	12.94	13.11
Relief .. ..	..	..	1.44	1.44
Medical .. ..	..	..	0.77	0.77
Refugee Relief and Rehabilitation ..	..	..	0.30	0.30
Commerce and Industries ..	0.04	0.64	0.12	0.80
General Administration ..	0.10	0.22	0.06	0.38
Education .. ..	0.24	0.24	0.03	0.51
Housing .. ..	..	..	0.44	0.44
Cottage and Small Scale Industries ..	..	..	0.25	0.25
Tribal Welfare .. ..	..	0.12	0.01	0.13
Co-operation .. ..	..	0.01	0.70	0.71
Animal Husbandry and Veterinary Service.	0.21	..	..	0.21
Food and Supplies .. ..	0.55	0.05	6.25	6.85
Agriculture .. ..	..	0.19	1.80	1.99
Total ..	<u>1.24</u>	<u>1.54</u>	<u>25.11</u>	<u>27.89</u>

The amounts under "Other reasons" mainly include objections relating to—

- (i) Non-receipt of sanctions to charges;
- (ii) Overdrawal of pay and allowances and
- (iii) Outstanding advances of pay and travelling allowance on transfer.

Some of the objections date back to 1951-52; with the lapse of time it becomes difficult for the Departments to settle the objections. Further, the delay in the disposal of objections is likely to result in the continuance of the same type of irregularities.

As a result of non-submission of detailed contingent bills, payees' receipts and other documents, Audit has been handicapped in discharging its function. Special measures are, therefore, required to be taken by Government to ensure expeditious settlement of the outstanding objections.

(b) (i) In one case (Cottage and Small-Scale Industries Department) detailed contingent bills for Rs. 23,538 in support of the abstract contingent bills drawn between March, 1956, to December, 1957, have not been furnished to Audit by the Director of Industries. The Department stated in May, 1963, that the relevant vouchers were not available; the details of expenditure had also not been recorded in the office records.

(ii) In another case (Education Department) detailed contingent bills for Rs. 1,15,086 in support of the abstract contingent bill drawn on the 18th April, 1957, could not be produced to Audit. It was reported in January, 1962, by the Departmental Officer that it would not be possible for him to furnish the detailed contingent bill as his predecessor who had drawn the amount "had not left any trace of any vouchers."

The matter was reported to Government in November, 1963; their reply is awaited (January, 1964).

**91. Outstanding Inspection Reports:** Important irregularities and defects in the accounts noticed during local inspections are included in the Inspection Reports which are sent to the Departmental Officers and also to the Heads of the Departments. It is necessary that the points raised in the reports should be settled as expeditiously as possible by the Departmental Officers/Heads of the Departments, if the object of the inspections is to be fully achieved. Unless such reports receive prompt attention, there is likelihood of the irregularities persisting.

There has, however, been considerable delay in the settlement of Inspection Reports. As on the 30th September, 1963, 4,251 Inspection Reports containing 17,657 paragraphs issued up to the end of March, 1963, remained undisposed of. The number of Inspection Reports and paragraphs thereof which have remained unsettled for considerably long periods are indicated below:

	No. of Reports outstanding.	No. of paragraphs outstanding.
(a) Issued up to the 31st March, 1958 (more than 5 years back).	867	2,220
(b) Issued between the 1st April, 1958 and the 31st March, 1961 (more than 2 years back but less than 5 years).	1,593	5,719

The Departments with comparatively heavy outstandings are shown below:

Name of the Department.	No. of Reports and paragraphs outstanding for more than 5 years.		No. of Reports and paragraphs outstanding for more than 2 years but less than 5 years.	
	Reports.	Para-graphs.	Reports.	Para-graphs.
	2	3	4	5
(1) Land and Land Revenue .. .. .	20	54	67	297
(2) Education .. .. .	44	131	100	280
(3) Medical .. .. .	21	42	109	446
4) Agriculture .. .. .	48	108	151	331
(5) Industries .. .. .	38	148	88	310
(6) Relief .. .. .	48	127	70	221
(7) Community Development and Extension Service.	13	40	58	136
(8) Irrigation and Waterways .. .. .	26	83	60	280
(9) Refugee Relief and Rehabilitation .. .. .	362	836	303	858
(10) Food .. .. .	64	114	78	321
(11) Public Works .. .. .	35	97	58	358

The outstanding paragraphs include 1,794 paragraphs on serious financial irregularities reported to Government during the period from 1951-52 to 1962-63 for their special attention. Of these, as many as 38 paragraphs are more than 10 years old and 332 paragraphs more than 5 years but less than 10 years old.

Under the Departmental orders a Head of Office is required to submit to the Head of Department his reply to the Inspection Report within 3 weeks of its receipt. The Head of the Department is to transmit in duplicate to the Audit Office, the explanation of the Head of the Office with his remarks within two months of the date of receipt of the explanation.

Sixteen Departments had not submitted (up to November, 1963) even the first replies to 571 paragraphs included in 112 Inspection Reports issued more than 3 years back.

Certain types of irregularities which were noticed in local audit and inspection during 1962-63 are mentioned below:

Nature of irregularities.	No. of Offices in which the irregularities noticed.
(i) Non-realisation of security deposits from subordinates handling cash and/or stores :	31
(ii) Defects in the maintenance of log books of vehicles : .. ..	4
(iii) Wasteful and infructuous expenditure due to defective plans and designs and abandonment of work :	12
(iv) Extra cost (Rupees 1.96 lakhs) to Government due to rejection of lowest tenders or due to delay in acceptance of tenders :	12
(v) Excess payments (Rupees 1.15 lakhs) due to non-observance of the conditions of contract and non-provision of requisite conditions in the agreement :	11
(vi) Overpayment (Rupees 0.11 lakh) due to inflated measurements :	6
(vii) Unauthorised financial aid to contractors : .. ..	18
(viii) Delay in effecting recoveries from the contractors (Rupees 0.89 lakh) :	11
(ix) Arrears in maintenance of initial accounts of road metals, material-at-site accounts :	11
(x) Accumulation of arrear rents (Rupees 1.18 lakhs) : .. ..	5
(xi) Arrears in Stock Accounts : .. .. .	31
(xii) Arrears in Works Accounts : .. .. .	23

Calcutta :

The 18 JUL 1964

R. N. CHATTERJI,

Accountant General, West Bengal.

Countersigned.

New Delhi :

The 22 JUL 1964

A. K. ROY,

Comptroller and Auditor-General of India.



# APPENDIX I

(Referred to in paragraph 20)

**Statement showing particulars of Grants/Appropriations in which supplementary provision was obtained and the extent to which it was utilised**

Particulars of Grant/Appropriation. Number and name.	Amount of Grant/Appropriation.		Actual expenditure.	Savings (Cols. 5-6).	Percentage of savings with the total Grant/Appropriation.		
	Whether Voted or Charged.	Total.					
	Original.	Supplementary.	(In lakhs of rupees)				
1	2	3	4	5	6	7	8
14—Jails .. .. .	.. Voted ..	1,12.60	2.62	1,15.22	1,11.41	3.81	3.31
34—Public Works .. .. .	.. Voted ..	4,99.36	20.00	5,19.36	4,43.22	76.14	14.66
42—Miscellaneous—Other Expenditure.	Miscellaneous Charged ..	2.03	1.12	3.15	0.35	2.80	88.88
(i) <i>Grants/Appropriations in which the supplementary provisions proved entirely unnecessary.</i>							
34—Public Works .. .. .	.. Charged	14.31	1.78	16.09	14.73	1.36	8.45
35—Ports and Pilotage .. .. .	.. Voted ..	12.79	6.95	19.74	15.13	4.61	23.35
36—Famine Relief .. .. .	.. Voted ..	2,55.62	2,64.09	5,19.71	4,87.79	31.92	6.14
(ii) <i>Grants/Appropriations in which the supplementary provision proved excessive and there was final saving of more than 5 per cent.</i>							

APPENDIX I—concl'd.

(iii) Cases where supplementary Grant/Appropriation proved inadequate.

Number and name.	Whether voted or charged.	Original.	Supplementary.	Total.	Actual expenditure.	Excess (cols. 6—5)	Percentage of excess with the total Grant/Appropriation.
1	2	3	4	5	6	7	8
7—Stamps .. .. .	Voted ..	11.82	0.95	12.77	13.79	1.02	7.99
9—Interest on Debt and Other Obligations	Charged ..	7,49.99	16.64	7,66.63	8,00.28	33.65	4.39
12—General Administration	Voted ..	3,80.47	13.27	3,93.74	3,95.73	1.99	Below 1 per cent.
13—Administration of Justice	Charged ..	34.24	2.38	36.62	37.36	0.74	2.02
19—Charges on account of Education	Voted ..	21,38.13	29.10	21,67.23	23,35.97	1,68.74	7.79
20—Medical .. .. .	Voted ..	7,28.55	27.92	7,56.47	8,15.75	59.28	7.84
43—Miscellaneous Expenditure on Displaced Persons.	Voted ..	3,27.91	9.86	3,37.77	3,68.43	30.66	9.08
45A—Expenditure connected with the National Emergency, 1962.	Voted ..	Nil	33.03	33.03	40.16	7.13	21.59

## APPENDIX II

(Referred to in paragraph 21)

## Statement showing savings under Voted Grants

Number and name of the Grant.	Total Grant.	Expenditure.	Savings.	Percentage of savings.
	(In lakhs of rupees)			
(1)	(2)	(3)	(4)	(5)
<b>I. Cases where the savings amounted to 20 per cent or more of the total Grant.</b>				
2—Land Revenue .. ..	8,55·44	6,40·93	2,14·51	25·07
9—Interest on Debt and Other Obligations.	50·00	6·25	43·75	87·50
22—Agriculture—Agriculture .. ..	9,55·36	5,99·49	3,55·87	37·25
23—Agriculture—Fisheries .. ..	48·27	26·87	21·40	44·33
24—Animal Husbandry .. ..	2,06·92	1,44·58	62·34	30·13
25—Co-operation .. ..	73·24	57·05	16·19	22·10
27—Industries—Cottage Industries .. ..	2,36·95	1,48·44	88·51	37·35
28—Industries—Cinchona .. ..	45·40	19·62	25·87	56·87
35—Ports and Pilotage .. ..	19·74	15·13	4·61	23·35
46—Multipurpose River Schemes .. ..	7,36·94	4,53·26	2,83·68	38·40
47—Capital Outlay on Public Works .. ..	10,46·37	7,61·82	2,84·55	27·19
48—Capital Outlay on Road and Water Transport Schemes.	29·00	12·97	16·03	58·28
49—Capital Outlay on Schemes of Government Trading.	1,50·00	1·90	1,48·10	98·73
51—Loans and Advances by State Government.	13,93·83	9,13·16	4,80·67	34·48
<b>II. Cases where the savings exceeded 10 per cent.</b>				
26—Industries—Industries .. ..	2,72·24	2,37·93	34·31	12·60
31—Miscellaneous Social and Developmental Organisation—Welfare of Scheduled Tribes and Castes and other backward classes.	1,31·16	1,06·24	24·92	19·00
34—Public Works .. ..	5,19·36	4,43·22	76·14	14·66
38—Privy Purses and Allowances of Indian Rulers.	1·70	1·50	0·20	11·76
40—Forest .. ..	1,70·21	1,43·85	26·36	15·48
42—Miscellaneous—Other Miscellaneous Expenditure.	16,92·79	14,99·52	1,93·27	11·41

## APPENDIX III

(Referred to in paragraph 21)

**Statement showing some major schemes, items, etc., where the provision remained wholly or substantially unutilised**

Name of Grant.	Description of schemes, items, etc.	Provision.	Amount of savings.	Percentage of savings.
(1)	(2)	(3)	(4)	(5)
		(In lakhs of rupees)		
Agriculture ..	Scheme for distribution of Chemical Fertilisers.	2,72.45	73.38	26.93
	Doop Tubewell Irrigation Scheme and Electric power.	1,35.00	38.98	28.87
Cottage Industries ..	Establishment of a 25,000 spindle cotton mill on Co-operative basis for spinning yarn.	6.00	6.00	100.00
Public Works ..	Development of State Roads	36.00	28.49	79.14
Miscellaneous—Other Miscellaneous Expenditure.	Co-operative and Community Development.	35.00	29.56	84.45
	Construction of Fertiliser Factory.	25.00	24.55	98.20
	Partition of the district of 24 Parganahs.	12.75	12.75	100.00
	Silt clearance and construction works of Calcutta Corporation's Outfall system from Bantola to Kulti.	15.00	11.58	77.20
	Construction of quarters at Kidderpore.	10.00	10.00	100.00
	Rental Housing Scheme ..	78.97	23.22	29.40
Capital Outlay on Public Works.	Development of Engineering Colleges (Degree) including Post-graduate Course and Research.	12.00	11.36	94.67
	Maternity Child Welfare and Family Planning Programme.	6.00	6.00	100.00
	Development of Small Scale Engineering Industries, Howrah.	5.75	5.75	100.00
	Integrated Scheme for Training-cum-Production Centre for Wood Industries.	4.00	4.00	100.00
Loans and Advances by State Government.	Loans under the Middle Income Group Housing Scheme.	30.00	13.00	43.33

## APPENDIX IV

(Referred to in paragraph 24)

Statement showing the names of the Grants/Appropriations where the un-surrendered savings were in excess of 10 per cent. of the modified provisions.

Number and Name of Grant/Appropriation.	Provision.	Savings.	Amount which remained un-surrendered.
(In lakhs of rupees)			
22—Agriculture-Agriculture (Voted) .. ..	9,55·36	3,55·87	90·33
24—Animal Husbandry (Voted) .. ..	2,06·92	62·34	16·93
27—Industries-Cottage Industries (Voted) ..	2,36·95	88·51	18·71
34—Public Works (Voted) .. ..	5,19·36	76·14	64·16
35—Ports and Pilotage (Voted) .. ..	19·74	4·61	4·61
42—Miscellaneous-Other Miscellaneous Expenditure (Charged)	3·15	2·80	2·76
47—Capital Outlay on Public Works (Charged) ..	1·87	0·20	0·20
51—Loans and Advances by State Government (Voted)	13,93·83	4,80·67	3,30·34

# APPENDIX V

(Referred to in paragraph 30)

## Statement showing the gross receipts and total expenditure on the scheme for the abolition of Zamindari System during 1962-63 and the preceding 7 years

Receipts.	1962-63.	1955-56 to 1961-62 (7 years).	Expenditure.	1962-63.	1955-56 to 1961-62 (7 years).
	(In lakhs of rupees)			(In lakhs of rupees)	
Land Revenue receipts from Ex-Zamindari Estates.	5,41.17	24,54.05	Cost of management of Ex-Zamindari Estates, collection of revenue and outlay on improvement.	1,69.15	8,93.07
Collection from Government Estates.	1,97.28	5,39.34	Temporary establishment and other charges for payment of compensation.	1,20.69	3,67.93
Rates and cesses of lands.	35.56	28.45	Payment of compensation to intermediaries including annuities for religious and charitable units.	2,30.81	8,85.84
Collection of payments for services rendered—Recoveries on account of Certificate Establishment.	..	0.45	Expenditure on major settlement operation in connection with the Estate Acquisition Scheme.	61.65	4,11.56
Rents, etc., of fisheries	0.43	..	Payment to Union Boards on account of resumed Chowkidari Chakran lands.	2.96	16.40
Forest—Receipts from vested forests managed by the Forest Department.	59.64	1,05.78	Charges of Administration—General Establishment and Certificate Establishment.	15.21	27.28
			Works.	0.21	3.38
			Grants to local bodies in lieu of landlord's and tenant's share of cesses.	33.73	75.62
			Construction of building in connection with Estates Acquisition Scheme.	..	0.04
			Interest on compensation money payable to land-holders, etc., on the abolition of Zamindari System.	6.22	0.33
Total	8,34.08	31,28.07	Total	6,40.63	26,81.45

## APPENDIX VI

(Referred to in paragraph 47)

## Statement of miscellaneous irregularities, losses, etc.

Serial No.	Particulars of irregularities, losses, etc.	Period and amount.
<b>DEPARTMENT OF HEALTH</b>		
1. <i>Outstanding recoveries :</i>		
	During the period from 1949-50 to 1954-55, the Central Medical Stores, Calcutta, supplied drugs, etc., costing Rs. 11,839 to the National Medical Institute, Calcutta (now known as Chittaranjan Hospital), a private Institution. Government stated (December, 1963) that of the above a sum of Rs. 10,638 might have to be treated as grant-in-aid in view of remote possibility of recovery.	1949-50 to Rs. 11,839 1954-55.
<b>PUBLIC WORKS (ROADS) DEPARTMENT</b>		
2. <i>Unnecessary acquisition of land :</i>		
	A contract for the manufacture and supply of bricks for Pursurah—Arambagh Road under Hooghly Construction Division was allotted to a firm in 1952-53. Though there was no stipulation in the contract that land would be arranged by Government, Government acted on the request of the contractor and temporarily requisitioned in January, 1954, a plot of land and subsequently acquired it permanently in October, 1954 for Rs. 14,219 for utilisation by the contractor. The work was completed in June, 1954 and the land has remained unutilised since then.	Rs. 14,219
	Government stated (March, 1962) that unnecessary permanent acquisition of the land was not warranted in the circumstances of the case.	
<b>REFUGEE RELIEF AND REHABILITATION DEPARTMENT</b>		
3. <i>Non-accountal of foodgrains :</i>		
	Two cases of non-accountal of foodgrains, as detailed below, in the Relief Stores have come to notice :—	
	(a) 17,235 kilograms of wheat valued at Rs. 6,635 issued in May and June, 1962 for delivery at Relief Stores, Cossipore from the godowns of the Food Department under the supervision of an Escorting Officer of the Relief Department were not received and accounted for there.	1962-63 Rs. 6,635
	(b) Under the supervision of the same officer 36,830 kilograms of rice (equivalent to 988 maunds 30 seers) were lifted from Food Department godown at Howrah in April, 1962 for delivery at the Cossipore Stores; the quantity entered in the stock account of Relief Store, Cossipore was only 749 mds. 10 srs. The balance quantity, 237.5 mds., valued at Rs. 4,760 thus remained unaccounted for.	1962-63 Rs. 4,760
	The matter is still under investigation by Government (January, 1964).	

APPENDIX VI—*concl.*

Serial No.	Particulars of irregularities, losses, etc.	Period and amount,
4. <i>Avoidable loss :</i>	<p>During February-March, 1958, 2,000 maunds of atta were supplied to Ranaghat Transit Camp for distribution among the inmates, of which 800 maunds were utilised for the purpose. The balance quantity was not taken back by the Food Department ; it got deteriorated and was declared unfit for human consumption by the Government Analyst in July, 1958.</p> <p>A further quantity of 741·5 maunds of atta became unfit for human consumption in other camps. Actual weighment of these stuff revealed a shortage of 39 maunds after allowing for a handling loss of 83·5 maunds.</p> <p>The entire stock was sold out at a reduced price of Rs. 10·50 per maund. The total loss worked out to Rs. 10,597. The amount was written off by Government in July, 1962.</p>	1962-63 Rs. 10,597



## APPENDIX VII

(Referred to in paragraph 62)

**Statement showing cases of non-utilisation or delay in utilisation of machinery and equipments.**

Serial No.	Name of Office.	Amount.	Particulars of machinery etc. lying unutilised and other comments.
1	2	3	4
		Rs.	
1.	Kanchrapura T. B. Hospital	65,300	An X-ray machine purchased in March, 1958 remained unutilised for about four years and a half pending consideration of the suitability of the building in which it was to be located and execution of necessary repairs to it. The machine was installed in August, 1962.
2.	Krishnagore Collegiate School, Krishnagore.	34,547	Machinery and equipments costing Rs. 30,490 purchased for a workshop of the Technical Branch of the Institute between March, 1955 and August, 1956 and one lathe machine purchased in February, 1958 for Rs. 4,057 have remained idle for want of electric installation and supply of current.
3.	Bankura Zilla School, Bankura	42,298	Machinery and equipments purchased (Rs. 35,090 during 1954-55, Rs. 4,116 in 1955-56 and Rs. 2,492 in 1959-60) for the Technical Section and Science Laboratory of the Institution have not been utilised for non-appointment of instructor and non-electrification of the new buildings where machines were to be installed.
4.	Government Girls' High School, Jalpaiguri.	10,714	Apparatus and equipments purchased during the period from 1956-57 to 1961-62 have remained un-utilised as the respective classes have not been opened. The Head of the Institution (Head Mistress) stated 'the money was with drawn from the Treasury to avoid lapse of budget grant'.
5.	Hooghly Collegiate School	33,722	Machinery and scientific appliances (purchased for Rs. 31,230 during 1955-58 and Rs. 2,492 in 1959-60) have remained un-utilised for want of electric installation.
6.	Damodar Canal Division	15,687	Three concrete mixers purchased in 1946 were transferred to Berhampur Irrigation Division in 1949. But none of the machines has either been utilised or let out on hire since then. A proposal for their disposal made by the Superintending Engineer in June, 1963 has not yet materialised (May, 1963).

## APPENDIX VIII

(Referred to in paragraph 84)

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

Serial No.	Description.	Period.	Remarks.
1.	Scheme for Deep Sea Fishing with the help of Danish Trawlers and Japanese Cutters.	1949-50 to 1962-63	....
2.	Schemes under the Director of Dairy Development and Animal Husbandry and Ex-officio Milk Commissioner, West Bengal :		
	(1) Scheme for distribution of toned and cows' milk.	1950-51 to 1962-63.	....
	(2) Scheme for manufacture of butter and ghee.		
	(3) Livestock Research-cum-Breeding Station at Harin-ghata.		
	(4) Greater Calcutta Milk Supply Scheme.	1955-56 to 1962-63.	....
3.	Kanchrapara Area Development (Kalyani Township) Schemes.	1949-50 to 1962-63.	....
4.	Durgapur Industries Board ..	1955-56 to 1961-62 (up to 14-9-61 i.e. pre-company period).	The function of the Board has been taken over by the Company styled "Durgapur Projects Ltd." with effect from 15-9-61.
5.	Brick and Tile Board. ..	27-12-60 to 31-3-61 and 1961-62 to 1962-63.	....
6.	Scheme for Production Centres under Refugee Relief and Rehabilitation Department.	1954-55 to 1962-63	....
7.	Integrated Wood Industries Scheme under the Director of Industries (Durgapur, Kalyani and Siliguri Centres).	1956-57 to 1962-63.	....
8.	Oriental Gas Co.'s undertaking ..	10-11-60 to 31-3-61 and 1961-62 to 1962-63.	....
9.	Dental Factory attached to Calcutta Dental College and Hospital.	1952-53 to 1962-63	....
10.	Government Sales Emporia ..	1951-52 to 1962-63	Accounts for the years 1952-53 and 1953-54 and only Profit and Loss Account from 1954-55 to 1957-58 of the Main Sales Emporia were received but were returned as they were not properly prepared.
11.	Silk Reelers Co-operative Organi-sation.	1955-56 to 1962-63	....

APPENDIX VIII—*concl'd.*

(b) In the following cases *Proforma* Accounts have not been prepared for the period noted against each :—

Serial No.	Description.	Period.	Remarks.
1.	State Transport Services, Cooch Behar.	1959-60 (from 1-4-59 to 14-4-60, i.e. pre-corporation period).	Accounts due for submission by the authorities of North Bengal State Transport Corporation (who have taken over the services) are still awaited (December, 1963.).
2.	Central Engineering Organisation, Dasnagar, Howrah.	1959-60 (revised) and 1960-61 to 1962-63.	....
3.	Schemes for Industrial Centres. ..	1956-57 to 1962-63	Accounts for 1956-57 and 1957-58 were prepared and submitted to Audit in April, 1961 but their scrutiny has been kept in abeyance as desired by Government pending their check by the Commercial Accountant of Government.
4.	Schemes under the Director of Dairy Development and Animal Husbandry and Ex-officio Milk Commissioner, West Bengal.		
	(i) Scheme for supply of fodders and concentrates to the Licensees of Milk Colony.	1961-62 to 1962-63.	....
	(ii) Schemes for controlled sale of Skim Milk Powder in West Bengal.	1961-62 to 1962-63.	Accounts submitted to Audit could not be checked for non-production of basic records.
5.	Brooklyn Ice Plant and Cold Storage.	1962-63 ..	....
6.	Consolidated <i>proforma</i> accounts of 'hats' under the management of the State Government.	1960-61 to 1962-63	....
7.	Stock, Trading, Profit and Loss Account on rice and paddy.	1960-61 to 1962-63	Accounts for 1960-61 returned by Audit for revision are still awaited.
8.	Stock, Trading, Profit and Loss Account on wheat and wheat products.	1960-61 to 1962-63	As above.
9.	Government Cinchona Plantations.	1962-63 ..	Declared by Government (November, 1962) as commercial undertaking.
10.	Government Quinine Factory at Mungpoo.	1962-63 ..	Ditto.
11.	Quinine Sales Depot at Calcutta. ..	1962-63 ..	Ditto.

# APPENDIX IX

(Referred to in paragraphs 84 and 88)

*Extraction, Manufacturing, Profit and Loss Account for the year ending with the 31st March, 1963.*

Dr.	1962-63. Rs.	1961-62. Rs.	By— Rs.	Cr. 1962-63. Rs.
			Sales	
Opening stock of logs and sawn timber	7,12,954	10,12,272		17,02,951
Royalty of logs and value of sawn timber	6,14,129	30,387	Miscellaneous Receipts	54,991
Extraction charges	1,45,104	2,027	Value of logs sold and used departmentally	5,081
Audit fees	5,160	4,222	Adjustment	15,254
Milling expenses	1,89,377	7,12,954	Closing stock	5,09,120
Administration and office expenses	88,730			
Selling and Distribution expenses	36,996			
Depreciation	1,68,695			
Provision for bad and doubtful debts	11,800			
Cost of logs and poles disposed of	3,318			
Miscellaneous adjustment	21,008			
Net profit	2,90,126			
<b>Total</b>	<b>22,87,397</b>	<b>17,61,862</b>	<b>Total</b>	<b>22,87,397</b>

*Balance Sheet as on the 31st March, 1963.*

As on the 31st March, 1962. Rs.	As on the 31st March, 1962. Rs.	As on the 31st March, 1963. Rs.	As on the 31st March, 1963. Rs.
Capital and Liabilities.			Assets and Properties.
Government Capital	16,76,872	15,38,514	Fixed Assets
Undischarged Liabilities	5,160	10,320	Current Assets
Advance Payable	20,131	21,404	Sundry Debtors and Loans and Advances.
Sundry Creditors	92,457	58,083	
<b>Total</b>	<b>17,94,620</b>	<b>17,94,620</b>	<b>Total</b>

APPENDIX IX—contd.

Brooklyn Ice Plant and Cold Storage

Trading and Profit and Loss Account for the year ending with the 31st March, 1962.

Dr.	Particulars.		Cr.	
	1960-61.	1961-62.	1960-61.	1961-62.
	Rs.	Rs.	Rs.	Rs.
	To—		By—	
2,78,114	Opening Stock	2,58,495	Sales	4,80,790
1,91,626	Purchases	2,35,213	Miscellaneous Receipts	5,326
56,816	Salary and wages	68,520	Closing Stock	2,34,389
1,20,075	Other Miscellaneous expenditure	1,23,299	Net loss	692
33,475	Interest on Government Capital	35,670		
..	Net Profit	..		
6,80,106	Total	7,21,197	Total	7,21,197

Balance Sheet as on the 31st March, 1962.

1960-61.	Capital and Liabilities.		Assets and Properties.	
	1961-62.	1960-61.	1961-62.	1960-61.
Rs.	Rs.	Rs.	Rs.	Rs.
8,36,689	Government Capital	8,91,999	Fixed Assets	65,631
..	Add—Profit during the year	..	Current Assets	2,50,136
14,406	Deduct—Loss during the year	692	Sundry Debtors	6,09,972
8,22,283	Sundry Creditors	8,91,307		
16,302	Undischarged Liabilities	30,605		
2,987	Total	3,827		
8,41,572	Total	9,25,739	Total	9,25,739

APPENDIX IX—*contd.*

Scheme of State Trading on Rice and Paddy

*Trading, Profit and Loss Account for the year ending with the 31st March, 1960.*

Dr.	1958-59.		1959-60.		Particulars.	1959-60.			
	Rs.	To	Rs.	By		Rs.	Cr.		
3,00,65,724	Opening Stock	..	..	3,43,07,672	19,26,79,189	..	..	24,08,00,432	
9,445	Stock-in-transit	..	..	4,04,410	3,85,683			Miscellaneous recoveries (including Railway claims recovered). 2,89,252	
18,71,03,786	Purchases	..	..	21,59,11,320	..				
81,44,892	✓ Incidental Charges	..	..	89,92,696	3,43,07,672	Closing Stock	..	..	3,11,70,768
..	Railway Freight charges	..	..	32,54,639	69,06,123	Net Loss	..	..	3,06,366
173	Sales Tax	..	..	1,035	..				
88,49,195	Overhead Charges	..	..	95,77,901	..				
1,05,452	Audit Charges	..	..	1,17,145	..				
<u>23,42,78,667</u>	Total	..	..	<u>27,25,66,818</u>	<u>23,42,78,667</u>	Total	..	<u>27,25,66,818</u>	

APPENDIX IX—*contd.*

Scheme of State Trading on Rice and Paddy

Balance Sheet as on the 31st March, 1960.

	1958-59.	1959-60.	1958-59.	1959-60.
	Rs.	Rs.	Rs.	Rs.
16,05,21,068	Liabilities.		Assets.	1959-60.
	Extraordinary Charges	17,00,98,969	Net Outlay (Gross Receipts minus Expenditure).	5,49,31,943
24,39,721	Interest Account	24,39,721	Procurement Bonus Account	64,862
24,12,470	Audit Charges	25,29,615	Suspense Account (Exchange and C. R. Account).	32,18,090
4,51,722	Suspense Account (A. R. C. P.'s P. L. Account and Cash Credit Account).	3,84,385	Advance Account	2,35,060
73,60,197	Sundry Creditors' Account :—		Undivided Bengal Suspense Account	12,77,640
	(a) Miscellaneous and other Purchase Account.	67,55,465	Sundry Debtors' Account :—	
5,77,94,960	(b) Government of India and other Government Accounts.	3,59,02,370	(a) Mills and Parties' Accounts	41,66,169
87,85,310	Reserve for Procurement Bonus Account	87,85,310	(b) Other Government Departments Accounts.	84,62,397
22,21,614	Excess of Assets over Liabilities Account	22,21,614	Advance from Government of India Account.	41,00,658
14,51,620	Refund due to Parties' Account	10,17,999	Stock-in-trade	3,11,70,768
3,112	Road Development Fund Account	3,112	Profit and Loss Account :—	
1,397	Liabilities for Sales Tax Account	2,432	Balance as per last account.	12,26,12,001
24,34,43,191	Total	23,01,40,992	Less adjustment	4,04,962
			Add this year's net loss.	12,22,07,039
			Total	12,25,13,405
			Total	23,01,40,992

APPENDIX IX—*contd.*

Scheme of State Trading on Wheat and Wheat Products

*Trading and Profit and Loss Account for the year ending with the 31st March, 1960.*

Dr.	Particulars.		Particulars.		Cr.
	Rs.	To	Rs.	By	
1,56,54,168	Rs.	Opening Stock ..	1,04,90,935	Sales ..	13,08,42,771
37,99,034	Rs.	Stock-in-transit ..	1,72,458	Claims realised from Railways ..	58,519
9,90,27,750	Rs.	Purchases ..	12,84,98,729	Miscellaneous receipts including interest.	26,120
84,36,437	Rs.	Incidental and other indirect charges ..	85,76,678	Closing Stock ..	1,14,40,029
	Rs.	Railway freight charges ..	6,89,259	Net Loss ..	61,30,474
56,149	Rs.	Audit charges ..	69,854		
<u>12,69,73,538</u>	Rs.	Total ..	<u>14,84,97,913</u>	Total ..	<u>14,84,97,913</u>



APPENDIX IX—*contd.*

Scheme of State Trading on Wheat and Wheat Products

Balance Sheet as on the 31st March, 1960.

1958-59.		1959-60.		1958-59.		1959-60.	
Rs.		Rs.		Rs.		Rs.	
	Liabilities.						Assets.
1,66,94,519	Net Outlay .. ..	2,36,48,105	3,42,67,386				Sundry Debtors .. ..
8,44,54,344	Extraordinary Charges .. ..	9,01,65,636	50,000				Investment and Deposits and Advances 50,000
11,83,776	Audit Charges .. ..	12,53,630	1,48,35,821				Undivided Bengal Suspense Account 1,48,35,821
13,77,031	Interest Account .. ..	13,77,031	1,67,451				Cheques in hand .. ..
	Sundry Creditors :—						
2,53,52,494	Government of India (Purchase and Incidentals and other Miscellaneous Liabilities).	3,53,34,014	184	1,04,90,935			Stock-in-trade .. ..
1,77,553	Refund due to parties .. ..	1,61,263			7,95,95,898		C. R.'s Suspense .. ..
50,000	Security Deposit (Flour Mills)	50,000					Profit and Loss Account :—
1,48,35,821	Undivided Bengal Suspense Account.	1,48,35,821					As per last Account .. 8,44,81,212
1,67,451	Cheques in hand .. ..	1,45,887					Less Stock-in-transit as on the 31-3-60. 1,72,458
							<u>8,43,08,754</u>
					48,85,314		Add Current Year's Loss 61,30,474
					<u>8,44,81,212</u>		<u>9,04,39,228</u>
14,42,92,989	Total .. ..	16,69,71,387	14,42,92,989				Total .. ..
							<u>16,69,71,387</u>

APPENDIX IX—*contd.*

Scheme for production of Shark Liver Oil, Fish Meal, etc.

*Trading and Profit and Loss Account for the year ending with the 31st March, 1963.*

Dr.		1961-62.		1962-63.		1961-62.		1962-63.		Cr.	
Rs.	To	Rs.	Rs.	Rs.	Rs.	By	Rs.	Rs.	Rs.	Rs.	Rs.
	Opening Stock :—										
21,826	Manufactured goods ..	16,759				Sales ..	..	..	34,011		
4,581	Raw materials ..	1,959				Other receipts ..	..	..	602		
26,407			18,718			Closing Stock :—					
3,883	Purchase of raw materials ..		6,682			Manufactured goods	16,759	15,144			
7,847	Carriage, freight and manufacturing expenses.		9,128			Raw materials ..	1,959	2,823			
303	Rent, Rates and Taxes ..		500								17,967
5,321	Salaries and allowances ..		5,568								
329	Administrative and office expenses ..		253								
1,157	Depreciation charges ..		1,323								
2,258	Interest on Capital ..		2,554								
300	Audit fee ..		400								
1,454	Selling and other miscellaneous expenses.		1,685								
6,559	Net Profit ..		5,769								
55,818			52,580								52,580
			Total ..								Total ..
			55,818								52,580

**APPENDIX IX—concl'd.**

**Scheme for production of Shark Liver Oil, Fish Meal, etc.**

*Balance Sheet as on the 31st March, 1963.*

As on the 31st March, 1962.	Capital and Liabilities.	As on the 31st March, 1963.	As on the 31st March, 1962.	Assets and Properties.	As on the 31st March, 1963.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
63,823	Government Capital	—	4,538	Fixed Assets	7,784
2,100	Undischarged Liabilities	—	336	Current Assets	1,930
385	Sundry Creditors	—	18,718	Stock-in-hand	17,967
			42,694	Sundry Debtors	39,807
			22	Cash Balances (including Permanent Advance.)	2,007
			<hr/>		<hr/>
			Total ..	Total ..	69,495
			69,495		69,495
			<hr/>		<hr/>

