

**AUDIT REPORT**

**1965**



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## PREFATORY REMARKS

This Audit Report relates to matters arising from the Appropriation Accounts and Finance Accounts for the period from the 1st July, 1963 to the 31st March, 1964 and other points arising from the audit of financial transactions of the Union Territory.

The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the period from the 1st July, 1963 to 31st March, 1964 as well as those which had come to notice earlier but could not be included in earlier Audit Reports. Matters relating to the period subsequent to 1963-64 have also been included, wherever considered necessary.

The first of these is the fact that the  
 Government has not been able to  
 secure the necessary funds to  
 carry out its policy of  
 maintaining the value of the  
 pound sterling. This has led to  
 a situation where the Government  
 has had to resort to printing  
 money to meet its obligations.  
 This has resulted in a high  
 rate of inflation and a  
 consequent loss of confidence  
 in the pound sterling. The  
 Government has also had to  
 raise taxes and cut spending  
 in order to reduce the  
 budget deficit. This has  
 led to a general decline in  
 living standards and a  
 loss of faith in the  
 Government's ability to  
 manage the economy.

THE SECOND FACTOR



## CHAPTER I

### General

*Introductory*—A Consolidated Fund for the Union Territory of Himachal Pradesh was set up with effect from the 1st July, 1963 under Section 47(1) of the Government of Union Territories Act, 1963. The cash balance of the Consolidated Fund of the Union Territory is merged in the general cash balance of the Central Government.

A Contingency Fund for the Union Territory was set up by an Act of the Legislative Assembly on the 17th January, 1964; there were no transactions relating to the Contingency Fund during the period under report.

The transactions of the Union Territory of Himachal Pradesh pertaining to the Public Account [*viz.*, those relating to (a) Debt other than debt transactions included in the Consolidated Fund, (b) Deposits and (c) Remittances] are included in the Public Account of the Central Government, there being no Public Account of the Union Territory.

Under the prescribed budgetary and accounting procedure, the revenue deficit of the Union Territory is met by a grant-in-aid from the Government of India and the deficit on capital account by a loan from the Government of India.

The grants received during the period from 1st July, 1963 to 31st March, 1964 amounted to Rs. 4.87 crores; the period closed with a revenue surplus of Rs. 0.67 crore.

The expenditure outside the Revenue Account, which includes besides capital expenditure, amounts disbursed by Government as loans and advances, during the period was Rs. 3.99 crores; the loans received from the Government of India amounted to Rs. 3.76 crores.

2. *Budget and Actuals*—The budget estimates and the actuals in respect of revenue receipts and expenditure met from revenue for the period from 1st July, 1963 to the 31st March, 1964 are given below:—

	Budget	Actuals	Variation	
			Amount	Percentage
	(In lakhs of rupees)			
Revenue receipts ..	9,18.31	10,41.64	+1,23.33	13.43
Expenditure met from revenue ...	9,18.31	9,74.97	+56.66	6.17

The budget did not anticipate any surplus or deficit on revenue account; the year, however, ended with a revenue surplus of over Rs. 66 lakhs.

3. *Revenue receipts*—(a) The revenue receipts of Rs. 10.42 crores are



analysed below:—

	Budget estimates (In lakhs of rupees)	Actuals
<i>(i) Revenue raised by the State Government—</i>		
(a) Taxes, duties and other principal heads of revenue .. .. .	48.32	58.06
(b) Other receipts, such as fares and freight of passengers and goods traffic, sale proceeds of forest timber and other produce, etc. ..	4,23.20	4,96.97
<i>(ii) Receipts from Central Government—</i>		
Grants-in-aid .. .. .	4,46.79	4,85.61
Total ..	9,18.31	10,41.64

Grants-in-aid from the Government of India accounted for 46.72 per cent of the total revenue receipts. The revenue raised by the State Government from Taxes, Duties and other Principal Heads of Revenue accounted for 5.57 per cent of the total receipts.

No new taxes were levied during the year 1963-64.

*(b) Arrears in the collection of revenue—*According to the information furnished by certain departments, the arrears in collection of some of the more important items of revenue amounted to Rs. 1,07.86 lakhs as on 31st March, 1964 as shown below:—

Department	Amount outstanding (Rs. lakhs)	Earliest year to which outstanding amount relates	Remarks
Forest ..	99.44	1946-47	A sum of Rs. 1.26 lakhs was reported to be irrecoverable and is to be written off
Multi-Purpose Projects and Power .. .. .	3.89	Information not furnished	
Public Works .. .. .	3.60	1950-51	
Industries .. .. .	0.93	1954-55	

4. *Expenditure on Revenue Account—*The major categories of the expenditure of Rs. 9.75 crores on Revenue Account during the period 1st July, 1963 to the 31st March, 1964 are indicated below:—

	Amount (In lakhs of rupees)
Land Revenue .. .. .	18.48
<i>Administrative Services—</i>	
General Administration .. .. .	41.70
Police .. .. .	78.53

*Social and Developmental Services—*

Education .. .. .	1,28.33
Community Development Projects, National Extension Service and Local Development Works .. .. .	83.69
Agriculture .. .. .	61.18
Medical .. .. .	60.56
<i>Multi-Purpose River Schemes, Irrigation and Electricity Schemes</i> .. .. .	28.86
<i>Public Works (including roads) and Schemes of miscellaneous public improvements</i> .. .. .	42.48
<i>Transport and Communications</i> .. .. .	1,10.00
<i>Miscellaneous—</i>	
Forest	1,48.56

The expenditure on Administrative Services constituted 13.44 per cent of the total expenditure on the revenue account; the percentage of expenditure on Social and Developmental Services to the total expenditure on Revenue Account was 44.79.

5. *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.

(a) The expenditure outside the Revenue Account as compared with the budget estimates is shown below:—

	Budget	Actuals	Variation	
			Increase +	Decrease—
	(Rs. in lakhs)		Amount	Percentage
Capital expenditure ..	3,13.10	3,67.57	+54.47	17.39
Loans and Advances by the Union Territory Government—				
Disbursements ..	44.15	37.25	—6.90	15.62
Recoveries ..	6.39	5.90	—0.49	7.66
Net ..	37.76	31.35	—6.41	16.97

(b) An analysis of the expenditure outside the Revenue Account is given below:—

1963-64  
(In lakhs of rupees)

*I—Capital expenditure on—*

(i) Social and Developmental Services—	
(a) Improvement of Public Health ..	10.99
(b) Agricultural Improvement and Research ..	6.65
(c) Miscellaneous .. .. .	1.93
(ii) Electricity Schemes .. .. .	46.01
(iii) Public Works (including roads) and Schemes of Miscellaneous Public Improvement—	
(a) Public Works .. .. .	2,41.52
(b) Rail-Road Co-ordination Scheme ..	2.00
(c) Schemes of Government Trading ..	10.72



(iv) Transport and Communications, Road and Water Transport Schemes .. .. .	29.03
(v) Miscellaneous .. .. .	18.72
<i>II—Net disbursement under Loans and Advances, i.e. after taking into account recoveries of loans and advances .. .. .</i>	
	31.35
Total .. .. .	3,98.92

Of the total expenditure of Rs. 3,98.92 lakhs outside the Revenue Account, an amount of Rs. 3,76.47 lakhs was met from loans granted by the Government of India and the balance (Rs. 22.45 lakhs) out of the revenue surplus.

6. *Loans and Advances by the Union Territory Government*—(a) The outstanding balances of the loans advanced prior to the 1st July, 1963, by the Central Government to the employees of the Union Territory Government, local bodies and other institutions in the Territory, which were transferred to the accounts of the Union Territory Government amounted to Rs. 1,48.68 lakhs. The disbursements and recoveries during the period 1st July, 1963 to 31st March, 1964 were Rs. 37.25 lakhs and Rs. 5.90 lakhs respectively.

(b) The balance of the loans outstanding on 31st March, 1964 amounted to Rs. 1.80 crores, as indicated below:—

Category of loans and advances	(In lakhs of rupees)
(i) Loans to Land holders and other Notabilities	0.28
(ii) Advances to Cultivators .. .. .	56.36
(iii) Loans and Advances to displaced persons .. .. .	1.77
(iv) Loans and Advances under Community Development Programme .. .. .	7.06
(v) Miscellaneous Loans and Advances .. .. .	1,10.37
(vi) Loans to Government servants, etc. .. .. .	4.19
Total	1,80.03

A sum of Rs. 1.92 lakhs was received by the Union Territory Government during the period from the 1st July, 1963 to the 31st March, 1964 as interest on loans and advances.

(c) The outstanding balances of loans and advances are communicated to the officers concerned every year for acceptances thereof. In large number of cases, such acceptances have not been received; 1295 acceptances, involving loans amounting to Rs. 1,18 lakhs were awaited (March, 1965) for periods ranging from 1 to 9 years.

The details are given in para (3) of the explanatory note below statement No. 7 of the Finance Accounts of the Union Territory for the period from 1st July, 1963 to 31st March, 1964.

7. *Debt position*—The total debt outstanding at the end of 31st March, 1964 was Rs. 3.76 crores; this amount represented loans from the Central Government received during the period from the 1st July, 1963 to the 31st March, 1964.

8. *Guarantees*—Prior to the formation of Union Territory of Himachal Pradesh with effect from 1st July, 1963, the Central Government had guaranteed with effect from 1st October, 1962 repayment of paid-up capital, payment of minimum dividend thereon and payment of redeemable bonds together with interest thereon issued by the Punjab Financial Corporation.

The guarantees are in the nature of contingent liabilities. Brief particulars of the maximum amounts of contingent liabilities are given below. Further details are given in the Statement No. 6 of the State Finance Accounts, for 1963-64:—

	Maximum amount guaranteed	Amount guaranteed outstanding on 31st March, 1964
	(In lakhs of rupees)	
1. Guarantee for share capital (and minimum dividend) raised by the Punjab State Financial Corporation ..	11.77	11.77
2. Guarantee for repayment of redeemable bonds with interest thereon issued by the Punjab State Financial Corporation ..	6.30 (including interest)	6.30 (including interest)

9. *Grants-in-aid*—During 1963-64, grants-in-aid amounting to Rs. 24.17 lakhs were paid by 9 departments.

According to rules, a certificate of proper utilisation of grants is required to be furnished by departmental officers to Audit within a reasonable time. The utilisation certificates for grants amounting to Rs. 27.39 lakhs were awaited (March, 1965), as indicated below:—

Year	No. of cases, in which cer- tificates were due	Amount in lakhs of rupees
1958-59 .. .. .	9	0.73
1959-60 .. .. .	17	3.15
1960-61 .. .. .	20	5.44
1961-62 .. .. .	37	4.59
1962-63 .. .. .	74	11.17
1963-64 .. .. .	15	2.31
Total ..	172	27.39

The outstandings related mainly to Panchayat Department (Rs. 12.14 lakhs), Local Self Government Department (Rs. 6.92 lakhs) and Welfare Department (Rs. 5.69 lakhs).

10. *Delay in finalisation of Provident Fund claims*—Under the Provident Fund Rules, the amount at the credit of a subscriber in his Fund account becomes payable to him on his quitting service. The rules require that as soon



as a subscriber quits service, the head of the office should furnish, on his own, to the Accountant General, the necessary particulars for payment of the Provident Fund moneys.

Out of 142 claims received during the period from 1st October, 1963 to 31st August, 1964 in 31 cases the requisite particulars or applications were received after 6 months, of the dates of retirement/death of the subscribers. Of these 31 cases, the delay was more than 3 years in 5 cases and between 1 and 3 years in 15 cases.



## CHAPTER II

### Appropriation Audit and Control over Expenditure

11. *Summary*—The following table compares the total expenditure during the period 1st July, 1963 to 31st March, 1964 with the total of voted grants and charged appropriations for that period:—

	Total grants/ appropriations	Actual Expenditure	Saving— Excess +	Percentage of the saving/ excess	
	(Rs. lakhs)				
Voted—					
Original	16,55.36	18,59.25	18,13.54	—45.71	2.45
Supplementary	2,03.89				
Charged—					
Original	13.00	13.85	2.87	—10.98	79.28
Supplementary	00.85				
Total					
Original	16,68.36	18,73.10	18,16.41	—56.69	3.02
Supplementary	2,04.74				

The total saving of Rs. 56.69 lakhs represented 3.02 per cent of the total amount of the voted grants and charged appropriations; it was the net result of savings in 37 grants/appropriations amounting to Rs. 72.22 lakhs and excess in 10 grants/appropriations amounting to Rs. 15.53 lakhs.

12. *Supplementary grants/appropriations*—During the period under report supplementary provision totalling Rs. 2,04.74 lakhs was obtained under 24 grants and 3 appropriations. The details given in Appendix I indicate the following points:—

- (i) The supplementary provision amounting to Rs. 1.38 lakhs obtained in two cases proved entirely unnecessary, as the expenditure did not come even upto the original grant.
- (ii) In the case of five grants the supplementary provision proved excessive. Against the total supplementary provision of Rs. 36.35 lakhs in these cases, the amount actually utilised was Rs. 24.75 lakhs.
- (iii) The supplementary provision obtained proved inadequate in four cases. In these cases while the additional provision was Rs. 51.40 lakhs, the actual expenditure exceeded the total grants including supplementary provision by Rs. 5.48 lakhs.

13. *Excesses over grants*—The excesses over voted grants in the following 10 cases require to be regularised under Section 30 of the Government of Union Territories Act, 1963.

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

Serial No.	Particulars of grant	Total grant	Expenditure	Excess	
				Amount	Percentage
		Rs.	Rs.	Rs.	
1.	1—Land Revenue—				
	O 16,20,000	18,13,300	18,47,651	34,351	1.89
	S 1,93,300				
2.	10—Administration of Justice—				
	O 4,11,500	4,56,500	4,58,828	2,328	0.51
	S 45,000				
3.	15—Education—				
	O 1,24,12,000	1,24,12,000	1,29,07,793	4,95,793	3.99
	S				
Reasons for the excess are awaited.					
4.	18—Agriculture—				
	O 53,59,000	59,54,100	61,22,132	1,68,032	2.82
	S 5,95,100				
The excess was explained as mainly due to inadequate provision in the original budget.					
5.	19—Animal Husbandry—				
	O 24,72,700	28,83,600	29,15,756	32,156	1.12
	S 4,10,900				
6.	22—Community Development Projects, National Extension Service and Local Development Works—				
	O 40,77,000	82,53,000	83,69,125	1,16,125	1.41
	S 41,76,000				
The excess was attributed mainly to adjustment of unanticipated debits pertaining to the period prior to 1st July, 1963, execution of special development programme in Kinnaur District and inadequate provision in the original budget.					
7.	27—Public Works (Communications)—				
	O 32,12,000	32,76,100	34,03,550	1,27,450	3.89
	S 64,100				
The excess was explained as mainly due to more expenditure on repairs.					
8.	39—Capital Outlay on Electricity Schemes—				
	O 1,56,75,000	1,64,83,000	1,66,94,096	2,11,096	1.28
	S 8,08,000				
The excess was attributed mainly to accelerated progress of works, and electrification of more areas.					



9.	40—Capital Outlay on Public Works (Communications)—					
	O	1,50,39,000	}	1,51,31,200	1,52,25,423	94,223
	S	92,200				

The excess was explained as mainly due to accelerated progress of works.

10.	46—Capital Outlay on Schemes of Government Trading—					
	O	22,40,000	}	22,40,000	25,11,540	2,71,540
	S	..				

Reasons for the excess are awaited.

14. *Savings in grants/appropriations*—(a) The details given in Appendix II bring out that among voted grants/appropriations there were twelve cases, in which the savings exceeded 10 per cent of the total provision; in eight of these cases the savings exceeded 20 per cent (ranging between 20.61 to 100 per cent).

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

Serial No.	Grant number and group head	Name of the Scheme or group head	Provision	Saving and (percentage)	Remarks
			(In lakhs of rupees)		
1.	<i>Interest on debt and other obligations (All Charged)</i> B-1	<i>Interest on loans taken from Central Government.</i>	3.94	3.94 (Cent per cent).	The provision was made to make payment of interest charges to the Government of India on the balances of loans and advances as on 30th June, 1963, taken over <i>pro forma</i> by the Union Territory Government on 1st July, 1963. The State Government sought clarification from the Government of India whether the interest charges on this account were actually payable by them. The amount could not be utilised as the clarification from the Government of India that interest charges were not payable by the Union Territory Government was received in the next year in May, 1964.
2.	15—Education E-4(8)	National Cadet Corps	5.56	2.57 (46.23)	Mainly due to late raising of troops and less expenditure on holding of camps.

3.	16—Medical (i)D-2	Medical College	3.58	3.30 (92.2)	Mainly due to non-establishment of Medical College.
4.	17—Public Health (i)E-4	Water Supply Schemes	7.34	2.94 (40.00)	Mainly due to shortage of pipes and fitting materials.
5.	28—Other Public Works (i) B	Repairs	12.63	5.68 (44.9)	Mainly due to non-completion of certain repair works due to the shortage of labour.
6.	44—Capital Outlay on Forests-B	Live Stock, Stores, Tools and Plant	2.00	2.00 (Cent per cent)	Mainly due to non-purchase of stores and machinery.
7.	47—Loans and Advances by State and Union Territories Governments A-1	Loans to Municipalities and other Local Funds	2.14	2.14 (Cent per cent)	Mainly due to non-disbursement of loans as the Water Supply Schemes, Nahan, Mandi and Sunder Nagar had not been completed.
8.	Charges on account of repayment of Debt (All Charged) A-1	Discharge of loans from the Central Government (Charged)	6.39	6.39 (Cent per cent)	The provision was made for repayment of loans and advances paid by the Government of India to third parties and outstanding on the date of formation of the Union Territory and taken over <i>pro forma</i> by the Union Territory Government on 1st July, 1963. The Department was under a mis-apprehension that these amounts, as and when received from the third parties, would have to be repaid to Central Government. The clarification from the Government of India that repayment of such loans to the Government of India was not to be made, was received after the close of the year, in May, 1964. The provision, therefore, remained unutilised.

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

(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/appropriation where there is need for provision of additional funds,

(ii) by obtaining supplementary grants or appropriations, wherever necessary and

(iii) by effecting surrender of surplus funds under any sub-head as soon as the savings can be foreseen.

As will be seen from paragraph 13 above, excesses amounting to Rs. 15.53 lakhs remained uncovered by supplementary provision or by an advance from the Contingency Fund in 10 voted grants.

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

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

(i) Although the rules require that the unutilised amounts should be surrendered as soon as the possibility of savings is envisaged, the surrenders were made in all cases only in the last month of the year; the surrenders amounted to Rs. 54.03 lakhs.

(ii) In the case of 2 appropriations, savings of Rs. 10.33 lakhs remained unsurrendered.

(iii) In the case of 4 grants a total amount of Rs. 4.96 lakhs was surrendered, but the savings ultimately found to be available, were less than the amounts surrendered. The details are indicated below:—

Serial No.	Name and number of grant	Total grant	Saving	Amount surrendered
				(In lakhs of rupees)
1.	9—General Administration .. ..	41.42	1.66	1.97
2.	21—Industries .. ..	29.90	1.62	1.93
3.	23—Labour and Employment .. ..	9.09	0.33	0.70
4.	25—Irrigation, Navigation, Embankment and Drainage Works (Non-commercial) ..	4.68	0.07	0.36

(d) Important instances of defective control over expenditure in respect of individual group heads within the grants/appropriations have been indicated in the Appropriation Accounts.



## CHAPTER III

### Civil Departments

#### AGRICULTURE

16. *Seed farms*—As at the end of 1962-63, 26 seed farms were functioning in the Union Territory. *Pro forma* accounts for ascertaining the financial results of the working of the farms for 1962-63 were prepared by the department in respect of 24 of these farms; all these farms incurred losses except two farms, which showed nominal profits in certain years. The aggregate loss for 1962-63 was Rs. 2.25 lakhs. The working results for the year 1963-64 have not yet (September, 1964) been determined.

Most of the farms have been incurring losses in the past also; the information for the period 1955-56 to 1962-63 in respect of the farms for which *pro forma* accounts were prepared by the department is given below. The percentage of loss to the expenditure incurred varied from 42 to 89.

Year	Total No. of Farms	No. for which <i>pro forma</i> accounts were prepared	Total income	Total expenditure	Total losses	Percentage of loss to expenditure
			Rs.	Rs.	Rs.	
1955-56	11	5	5,392	47,103	41,711	89
1956-57	13	5	10,524	59,352	48,828	82
1957-58	14	5	13,276	36,080	22,804	63
1958-59	17	7	33,214	60,375	27,161	45
1959-60	21	9	43,159	74,077	30,918	42
1960-61	24	11	22,206	69,199	46,993	68
1961-62	25	17	44,261	2,27,514	1,83,253	81
1962-63	26	24	95,938	3,21,364	2,25,426	70

The losses were attributed by the department mainly to the following reasons:—

- (a) Small size of most of the farms due to the hilly terrain coupled with small holdings; 13 out of the 26 farms were not of even the minimum prescribed standard size (20 acres per farm).
- (b) Selection of marginal and sub-marginal lands for the farms due to dearth of land.
- (c) Lack of irrigation facilities; 11 out of the 26 farms had an acreage between 1 and 15 only under irrigation and 9 did not have any irrigation facilities.
- (d) High cost of reclamation of land of seed farms.
- (e) Non-availability of labour at the proper time.
- (f) Want of experienced technical staff.

Some cases have been mentioned in Appendix III in which the farms are reported to be incurring losses owing to poor quality of soil of the lands on which the farms were set up. Evidently, the lands were purchased/acquired without adequate investigation in regard to their suitability for the purpose of the farms.

17. *Misappropriation of funds*—A sum of Rs. 13,188 was reported to have been misappropriated in the office of the Assistant Agronomist, Dhaula Kuan, during December, 1957 to June, 1962. The *modus operandi* of this misappropriation is briefly given below:—

- (i) In 10 cases, involving a sum of Rs. 11,000 the total amounts of the bills were alleged to have been altered.
- (ii) Entries regarding the payment of Rs. 2,637 and regarding remittance into treasury of Rs. 256 were made in the Cash Book although the payments had not been made or the amounts were not deposited in the treasury.

The official suspected of misappropriation was suspended in January, 1963 and was prosecuted in a Court of Law. Government stated in January, 1965 that the official had been convicted by Law Court and that departmental action against defaulting officer/supervisory staff would be taken on receipt of a copy of judgement of the Court.

### PUBLIC RELATIONS AND TOURISM

18. *Community Listening Scheme*—The Community Listening Scheme was introduced in the Himachal Pradesh during 1955-56. It envisaged installation of Community Listening Sets in rural areas. The radio sets are purchased by the State Government and distributed to village Panchayats, etc. at not less than 25 per cent of their cost; 50 per cent of the cost (subject to a ceiling of Rs. 150 per set upto 1955-56 and Rs. 125 per set thereafter) is met by subsidies from the Government of India and the balance from the revenues of the Union Territory of Himachal Pradesh. Upto the end of 1963-64, 1856 sets were purchased at a cost of about Rs. 5.29 lakhs.

*A—Distribution and utilisation of sets*—(i) A test check of the distribution of 1592 sets (1334 battery sets and 258 electric sets) received by four District Public Relations Officers during 1955-56 to 1962-63 showed that 1073 sets (1005 battery sets and 68 electric sets costing about Rs. 3.03 lakhs) were distributed after six months of their receipt; delay in the case of 420 sets (410 battery sets and 10 electric sets costing about Rs. 1.17 lakhs) ranged between 1 and 5 years. The delay in the distribution was attributed mainly to delay in selecting places of installation, difficult means of communication in the State, reluctance of beneficiaries to deposit their share, absence of electric connections, etc.

In the following cases, which have come to notice, the sets were lying unutilised:—

- (a) 35 electric sets (costing about Rs. 10,500) purchased during 1961-62 and 1962-63, were not installed (July, 1964) for want of electricity connections/supply in the villages concerned.
- (b) 39 dry battery radio sets (costing about Rs. 10,140 excluding cost of battery packs), replaced by electric sets, had been lying idle (July, 1964) in three districts for periods ranging from 3 to 30 months for want of alternative installation proposals.

(ii) According to the advice of the manufacturers, the dry battery packs should be put to use within 6 months of their receipt. However, 1358 battery packs (costing about Rs. 50,785) were distributed/installed by the District Public Relations Officers after six months of their receipt; delay in the distribution of 364 packs (costing about Rs. 12,985) ranged between 1 and 2 years.



(iii) Under the scheme, the sets are to be installed in rural areas on the recommendations of Village Panchayats, Zilla Parishads, etc; the installation of these sets in clubs, residences, etc., is not permissible. According to the information available in the departmental records 39 sets (costing about Rs. 10,725) had, however, been installed at places like clubs (18), factory (1), workshops (2), temple (1), institutions (15), and residences of officers (2).

(iv) According to a sample survey conducted by the department in 1962-63, 207 sets (costing about Rs. 62,100), out of 323 sets installed in the Panchayat Ghars were not serving the desired purpose, as most of the Panchayat Ghars were situated outside the villages and remained closed for most of the time.

*B—Non-maintenance of the records for watching the recoveries, etc.—*

(i) Records to show that the share of the cost of the sets had been recovered from the beneficiaries were not maintained properly in Chamba and Mahasu districts. It could not be verified whether recovery in full had been effected in all cases. In two other districts no recovery (Rs. 3,700) had been effected in 37 cases (July, 1964).

(ii) The department had been effecting recovery from the beneficiaries of the cost of the sets at the rate of Rs. 69 per radio set distributed during the years 1956-57 and 1957-58 and at Rs. 75 per set, there after, as against Rs. 81 and Rs. 100 per set recoverable for these years. The short recovery on this account would amount to Rs. 19,125 in respect of 908 sets distributed during April, 1956 to June, 1964.

## INDUSTRIES

19. *Raw Materials Depots at Solan and Mandi*—To overcome the difficulties experienced by small scale industrialists in the matter of procurement of raw materials and controlled commodities, two raw materials depots, one at Solan and the other at Mandi, were established in September/October, 1961. The raw material stored at the depots was to be issued to the industrialists registered with the depots, against the allotments made by the Director of Industries.

The expenditure on running the depots (including pay and allowances of the staff), the value of raw material procured and sold by the depots upto March, 1964 are indicated below:—

Depot	Expenditure on running the depots	Value of raw material procured	Value of raw material sold	Value of raw material in stock on 31-3-1964
(In lakhs of rupees)				
Solan	0.13	2.70	0.33	2.37
Mandi	0.14	0.25	0.12	0.13
Total	0.27	2.95	0.45	2.50

It will be seen that the value of raw material sold at the two depots was only 15.25 per cent of the total value of raw material procured.

The raw material held in stock on the 31st March, 1964 included raw material costing Rs. 0.41 lakh purchased in May, 1962.

To cover the administrative expenses of the depots, an addition of 2 per cent is made to the value of material sold. The actual expenditure on the pay and allowances of the staff was, however, 60 per cent of the value of the material sold.

The department stated that the raw materials could not be sold to the intending industrial units as it was not satisfied with the arrangements by these Units for their utilisation.

The following other points were noticed:—

- (i) Physical verification of the stock (value Rs. 2.37 lakhs in March, 1964) in Solan Depot was not done since its establishment in September, 1961.
- (ii) No security deposits were obtained from the officials handling cash/stores in both the depots, as required under the rules.
- (iii) Amounts realised as sale proceeds in Solan Depot and credited into the treasury as per departmental records (Rs. 33,923 upto March, 1964) were not reconciled with the treasury.

20. *Utensil Making Centre, Jogindernagar*—A utensil making centre was established during 1957-58 at Jogindernagar to serve as a model centre for the manufacture of brass utensils. The centre was to train 10 persons in utensil making every year. After the Second Plan period, the centre with its equipment and fixtures, was to be transferred on hire purchase basis to the persons trained by organising them into a co-operative society. A total expenditure of Rs. 2.02 lakhs was incurred from November, 1957 to March, 1964 on the centre, as indicated below:—

	(Rs. lakhs)
Pay and allowances .. .. .	0.63
Stipends .. .. .	0.07
Raw materials, machinery and equipment .. .. .	1.32
	2.02

According to the information furnished by the department 29 persons were trained at the centre between May, 1959 and June, 1962; none of the trained personnel took to utensil making. It was stated that none of the trainees could take up utensil making trade independently unless they attained more knowledge by training in some bigger centre. The centre could not, therefore, be transferred on hire purchase basis to the trained persons by organising them into a co-operative society as envisaged and was converted into a peripatetic Demonstration Unit in June, 1964.

The expenditure incurred on the centre did not evidently serve the purpose for which the centre had been established.

The following other points were noticed:—

- (i) Out of the raw material costing Rs. 79,935 purchased during March, 1959 to April, 1963, raw material costing Rs. 70,659 (88 per cent) was lying in stock (May, 1964). It included,
  - (a) material costing Rs. 32,344 purchased during February, 1961 to March, 1962, no portion of which had been utilised and
  - (b) material costing Rs. 30,087 purchased during September, 1962 to March, 1963, although no training classes were held after June, 1962.



The department stated (May/August, 1964) that due to fewer trainees the consumption of raw material was low and excessive purchases were made of the scarce material for which quotas had been obtained by the Centre.

(ii) (a) The first training session was started in May, 1959; two experts, one demonstrator and one peon had, however, been engaged during November, 1957 to August, 1958. The expenditure on pay and allowances of the staff upto April 1959 was Rs. 8,893. The services of the staff were stated to have been utilised in the preparation of estimates, purchase and erection of machinery, procurement of raw materials, etc.

(b) No training was held after June, 1962, but some of the staff continued to be employed for periods ranging from 5 to 20 months. The expenditure on pay and allowances of the staff during the period July, 1962 to March, 1964 was Rs. 15,708.

It was stated that the staff was retained pending their absorption in other offices; one demonstrator was continued to be employed for looking after machinery and stores till June, 1964, when the centre was converted into a peripatetic Demonstration Unit where his services were required.

(iii) *Finished goods*—Out of the utensils costing Rs. 11,239 manufactured by the trainees, utensils costing Rs. 5,784 only had been sold (December, 1964).

21. *Industrial estate at Solan*—For encouraging small scale industries, an industrial estate comprising ten sheds was set up at an outlay of Rs. 3.85 lakhs at Solan in January, 1961.

Nine sheds were allotted to eleven private parties during 1961-62; only one had executed the lease deed till March, 1964. According to the information furnished by the department six allottees had not started any work in the sheds (April, 1964) though they had been in occupation for 3 to 36 months; in the case of another 5 allottees, they functioned intermittently and there was no industrial activity for periods ranging from 5 to 21 months out of the total period of their occupancy ranging from 15 to 35 months.

Out of the total of ten sheds in the estate, a maximum of six sheds were working at any time since the estate was set up including the one allotted to Government Blacksmithy Centre.

The following points were noticed in this connection:—

(1) *Loss of revenue*—(a) During the first five years of occupation, the lessees were to be charged 25% of the economic rent. It was noticed during the course of local audit that economic rent of the sheds had been assessed at 16.73 paise per sq. ft. on the basis of incorrect capital cost and covered area of the buildings. The correct rate worked out to 17.33 paise per sq. ft. with reference to the capital cost intimated by the Public Works Department in February, 1962. Consequently, the monthly rent realised was Rs. 62.70 as against Rs. 77.33 for 'A' type and Rs. 41.80 as against Rs. 54.56 for 'B' type sheds; the total amount on account of short recovery of rent was Rs. 4,272 upto the end of February, 1964. In December, 1964, Government intimated that the matter was being referred to the Public Works Department and after the correct rent had been calculated, necessary action for the recovery of the amount would be taken.



(b) The canteen building in the Industrial estate remained in the possession of a contractor from 1st July, 1961 to 7th July, 1962. No rent was charged. With reference to the rent assessed by the Public Works Department, a sum of Rs. 1,698 is recoverable from the contractor. The District Industries Officer reported in December, 1962 that the building was under unauthorised occupation of an official of the department since 15th July, 1962, and no rent was being recovered from him. In November, 1962, the Small Scale Industries Institute of the Government of India had asked for the allotment of the canteen building. But this could not be allotted. The rent for the period from 1st December, 1962 to 29th February, 1964 works out to Rs. 2,073.

(2) *Outstanding recoveries*—As on 1st March, 1964 the arrears in recovery of rent since February, 1961 (from 14 industrialists) amounted to Rs. 10,449, as shown below:—

Year	Balance due
	Rs.
1960-61 .. .. .	73
1961-62 .. .. .	4,014
1962-63 .. .. .	2,327
1963-64 .. .. .	4,035
Total .. .. .	10,449

This included an amount of Rs. 3,351 due from 4 allottees who had vacated the sheds during the period June, 1961 to December, 1962. In 8 of these 14 cases, no lease deeds have been executed.

(3) Amount credited into treasury as per departmental records had not been reconciled with the treasury records. The credits into treasury from April, 1961 to February, 1964 as per departmental records amounted to Rs. 7,879. In the absence of reconciliation it could not be ascertained that the moneys shown as credited into the treasury had actually been credited.

22. *Infructuous expenditure*—A design artist was appointed in April, 1961 for the proposed Nagal-Ware Training Centre in Kinnaur district. The Centre was, however, actually started in July, 1962. Meanwhile, on the report of the District Industries Officer of August, 1961, that a whole-time artist for the Centre was not justified, the artist was appointed with effect from 28th March, 1962 as incharge of the Design Development Cell at Kalpa without a sanctioned post. The expenditure incurred on the pay and allowances of the artist for the period from April, 1961 to 27th March, 1962 amounted to Rs. 3,786.

The Design Development Cell at Kalpa was closed from 1st March, 1964. From 29th March, 1962 to 29th February, 1964, when the artist worked in the Cell, he prepared only 2 new designs and in addition made 29 copies of 62 traditional local designs. An expenditure of Rs. 8,175 was incurred on the pay and allowances of the artist while he was working in the Cell.

23. *Blacksmithy and Weaving Centres*—A Blacksmithy Centre and a Weaving Centre started functioning at Sarahan in Sirmur district in November, 1960 for imparting training to local artisans under the Community Development Programme. Each of these centres was meant to provide training to 15 artisans at a time for a period of one year.



During the period from November, 1960 to March, 1963, the number of trainees in each of these centres ranged between 2 and 4 at a time; however, the full sanctioned staff with the exception of two posts of Spinning Organisers was continued to be employed. During 1960-61 to 1963-64, only 33 persons (17 in Blacksmithy and 16 in Weaving) were trained at these two centres as against 120 envisaged in the scheme. The expenditure incurred on these centres till 31st March, 1964, by way of pay and allowances of the staff, etc., amounts to Rs. 41,607 and Rs. 35,968 respectively. The Blacksmithy Centre was shifted from Sarahan to Shambhuwala in July, 1963 as no progress in training could be achieved in the former place.

24. *Irregularities in the purchase, etc., of timber*—The purchase of timber scantlings at a cost of Rs. 4,050 in March, 1959 for the Carpentry Centre, Banikhet was investigated by an Enquiry Officer, who reported in April, 1960 the following irregularities:—

(i) Defective supply of timber. The loss on this account was estimated at Rs. 1,167.

(ii) Lowest quotation accepted on the basis of unsealed quotations.

(iii) The timber was shown to have been received in the stock register on 31st March, 1959 although its supply was actually completed by September, 1959.

(iv) The amount of Rs. 4,050 was drawn from the treasury on 31st March, 1959, i.e. before the receipt of timber, and was shown as disbursed to the supplier in the cash book on the same date though actually disbursed later (exact date was not indicated in the payee's receipt).

The services of the District Industries Officer were terminated with effect from 23rd July, 1960. It was stated by the Industries Department in December, 1964 that the question of recovery of the loss involved and also of taking disciplinary action against the officer(s) responsible for the above irregularities was still under examination in consultation with the Law Department. The relevant papers connected with the invitation of quotations, etc., are reported to be missing.

## FOREST

25. *Avoidable Loss*—7,316 quintals of resin were extracted departmentally in Bilaspur Forest Division for supply to the Rosin and Turpentine Factory, Nahan, during the season from April to November, 1960. Of these, 6,573 quintals of resin were transported to the Nahan Factory from April to December, 1961. Due to delay in transportation, 140 quintals of resin (actual loss 250 quintals minus 110 quintals representing permissible limit of loss due to leakage on 7,316 quintals at 1.5 per cent) of the value of Rs. 13,300 was found short owing to the leakage from the containers; another 1,013 quintals of resin deteriorated in quality due to exposure on road side and had to be auctioned in March, 1962 at Rs. 90/82 per quintal. The auction resulted in a loss of Rs. 12,217 computed with reference to the sale price of Rs. 95 per quintal realised on the balance of quantity of resin.

The department stated in June, 1963 that the resin could not be transported in time due to non-availability of trucks of Government Transport Department and of Rosin and Turpentine Factory, Nahan, roads having been mostly blocked for traffic from 7th July to 12th September, 1960 owing to



landslides and due to delay in settlement of the freight rates with the transport department.

The total loss to Government amounted to Rs. 25,517 (Rs. 13,300 due to wastage and Rs. 12,217 in the auction of deteriorated resin). Government held in March, 1964, that the circumstances under which the resin could not be transported promptly by the Divisional Forest Officer were beyond his control.

It has been observed, however, that action to arrange trucks for transportation was initiated only in June, 1960. The Chief Conservator of Forests ordered in March, 1961 that in future timely action for arrangement of trucks should be initiated in advance in December each year.

### ANIMAL HUSBANDRY

26. *Purchase of land and buildings*—43 bighas and 7 biswas of agricultural land, 10 bighas and 19 biswas of land under buildings together with buildings and trees thereon situated in Kamlahi estate, District Mahasu was purchased by the Government of India in May, 1962 from an individual for a price of Rs. 1.04 lakhs (value of land Rs. 0.65 lakh, value of buildings Rs. 0.27 lakh and value of trees Rs. 0.12 lakh). The price had been determined on the basis of average market price indicated in the reports obtained from the Revenue authorities.

In the course of audit it was noticed that the file pertaining to 'Purchase of land of Kamlahi estate' was missing in the office of the Deputy Commissioner, Mahasu district and that the file had been reconstructed later on. From the papers available, the following points were noticed:—

(a) As it was reported that there had been no transactions in the village Bihar (in which Kamlahi estate was situated), the market value of land and buildings was assessed in two neighbouring villages; this was as follows:—

	Agricultural land (43 bighas 7 biswas)	Land under buildings (10 bighas 19 biswas)
<i>Village Dhar</i> (This was geographically adjacent to Kamlahi estate)	Rs. 206.77 per bigha	Rs. 8,471.70 per bigha
<i>Village Barahi</i>	Rs. 370.41 per bigha.	Rs. 4,476.60 per bigha.

It is noticed in this connection that in Barahi village the value of "land under buildings" had been assessed as 12\* times the value of "agricultural land", but in Dhar village value of "land under buildings" which was stated to have been assessed on the basis of market value was 41 times the value of agricultural land. The actual payment was made on the basis of the market value of land in Barahi village.

\*It was stated in a communication dated the 26th July, 1961 from the Deputy Commissioner to the Executive Engineer, Central Public Works Department that the "proportion between the land revenue assessment of agricultural land and land under buildings according to settlement is 1-12".



Government stated in February, 1965, that the estate of Kamlahi was suitably situated for the purpose of starting a Poultry farm and "under the circumstances the vendor could demand and the vendee could pay the higher price of Rs. 370.41 per bigha". Moreover, on the basis of average market value of agricultural land and land under buildings the assessment made on the basis of the average price of land in village Barahi was comparatively cheaper by about Rs. 37,000. The position would, however, have been reversed if the value of the "land under buildings" in Dhar village had been assessed on the same basis as that in Barahi village; the rate for "land under buildings" would have been only Rs. 2,481.24 per bigha and purchase at that rate would have been more advantageous.

(b) Out of the land purchased, an area of 9 bighas and 9 biswas of land had been transferred to the owner by Government in April, 1956 as *Nautor* (waste land owned by Government outside the town and outside the reserve forest, etc.) for a nominal *Nazrana* of Rs. 47.25. No application had been received from the party for the allotment of *Nautor*. Government have stated, however, (February, 1965) that there was no bar to the grant of proprietary rights in an encroached land *suo moto* in the absence of application for the grant of *Nautor*. Government have also stated that the *Nautor* grant was not made for any specified purpose and that in the present case, "it is not the question of grant of *Nautor* for any particular purpose but only for giving the proprietary rights in respect of land which was in illicit possession of the encroacher for 7/8 years prior to 1952".

### Loans and Advances

#### DEVELOPMENT DEPARTMENT

27. *Loans under the Low Income Group Housing Scheme*—Under the Scheme, loans upto Rs. 8,000 each are given for the construction of houses to persons having an annual income not exceeding Rs. 6,000. These are repayable in 30 annual equated instalments. The amount of loans disbursed from 1956-57 to end of March, 1964 was Rs. 64.02 lakhs. The total amount outstanding on 31st March, 1964 was Rs. 61.31 lakhs.

The following points were noticed during test check (April, 1962 to March, 1964) of the loan accounts maintained by the Deputy Commissioners in six districts:—

(a) *Disbursements*—(i) During the years 1962-63 and 1963-64 in 5 cases (two districts) amounts aggregating Rs. 6,000 were paid in excess of the loans admissible on the basis of the declared income of the borrowers.

In 13 cases in one district loans amounting to Rs. 24,500 were paid even though the loanees had declared in their applications that the scale of construction would be more than that permissible under the rules for the grant of loans. According to the rules, no loans were admissible in these cases.

(ii) In 10 cases (3 districts) loans amounting to Rs. 36,800 were paid during 1963-64 for repair of houses (2 cases), construction of shop-cum-residences (5 cases) and to persons already owning a house (3 cases); no loans were admissible under the rules in these cases.

(b) *Utilisation*—(i) In 447 cases (2 districts), the utilisation of loans amounting to Rs. 8.90 lakhs paid during 1955-56 to 1962-63 had not been verified by the department.



(ii) In two cases of Mahasu district, reports of departmental officers regarding proper utilisation of loans amounting to Rs. 5,000 paid during 1955-56 and 1956-57 were found to be incorrect on subsequent (September, 1958) inspections by departmental officers. No intimation regarding the recovery of the amount has been received; the department has intimated in April, 1965 that the matter was under correspondence with the Deputy Commissioners Mahasu and Kalpa districts.

(iii) In 8 cases (2 districts), the loanees were reported not to have turned up to receive the second/third instalments of the loans sanctioned to them. Earlier instalments amounting to Rs. 10,850 had been paid to them during 1955-56 to 1961-62. The loanees had also not furnished certificates of completion of houses upto plinth area or roof level as required under the rules. It was thus not clear whether the loans had been properly utilised.

(c) *Repayment*—In Mahasu District, 33 persons did not repay three or more annual instalments of loans. The amount due for recovery in these cases amounted to Rs. 16,951 upto March, 1964.

(d) *State of loan records*—(i) Loan ledgers were not maintained properly in two districts; 211 cases involving loans amounting to Rs. 3.63 lakhs disbursed during 1962-63 and 1963-64 had not been entered in the ledgers; entries in 447 cases involving loans amounting to Rs. 8.90 lakhs had not been attested.

(ii) Loan agreements were not executed in 64 cases (2 districts) involving loans amounting to Rs. 81,220; in 658 other cases (2 districts) involving loans amounting to Rs. 12.52 lakhs, the agreement bonds executed with the loanees were incomplete in certain respects such as the bonds were not stamped, the description of the plots on which the houses were to be constructed was not given and the bonds were not registered.

(iii) In 566 cases involving loans amounting to about Rs. 10.80 lakhs (2 districts) paid during 1955-56 to 1962-63 the houses constructed with the loans had not been insured, as required under the rules.

## GENERAL ADMINISTRATION

### VIDHAN SABHA SECRETARIAT

28. *Furnishing of the residences of the Ministers and Speaker*—Under the Salaries and Allowances of Ministers (Himachal Pradesh) Act, 1963/ Salaries and Allowances of the Speaker (Himachal Pradesh) Act, 1963 each Minister/Speaker is entitled to a free furnished residence during the term of his office or a compensatory allowance of Rs. 100 per month as long as such a residence is not provided to him. No scale or monetary limit for furnishing the residences has so far been prescribed as has been done in the Centre and some other States. The actual expenditure incurred on furnishing the residence is given below:—

	Amount
	Rs.
Chief Minister .. .. .	32,805
Revenue Minister .. .. .	11,599
Development Minister .. .. .	8,164
Speaker .. .. .	11,293



## CHAPTER IV

### Works Expenditure

29. *Non-observance of rules in respect of works expenditure*—The financial rules of Government prescribe that before a new work is taken up for execution, a detailed estimate should be prepared for the sanction of the competent authority. The extent to which expenditure has been incurred on works without sanction of estimates or in excess of sanctioned estimates as on 31st March, 1964 is indicated below:—

	Number of works	Amount (Rs. crores)
(a) Expenditure incurred without sanctioned estimates .. .. .	304	0.14
(b) Excess over sanctioned estimates .. .. .	433	2.36

Particulars of the works costing over Rs. 5 lakhs executed without sanctioned estimates and of those costing over Rs. 5 lakhs each on which the expenditure exceeded by more than 10 per cent of the sanctioned estimates are given in Appendix IV.

### Infuctuous Expenditure

30. (i) In Nahan Division realignment of a part of the Nahan-Dadahu-Rajban Road (estimated cost Rs. 3,21,200) was undertaken in March, 1954. After an expenditure of Rs. 28,822 had been incurred the work was suspended in May, 1956; it was ordered to be abandoned in December, 1958 on the following considerations:—

- (a) the new alignment would pass through unstable formation of hills, and might cost large sums of money to construct and maintain it;
- (b) in the new alignment there was no suitable bridge site for crossing the Jala river; and
- (c) the existing road would have to be unnecessarily abandoned.

The Chief Engineer stated in February, 1965 that geological survey of the hill side was not carried out before undertaking the work, for want of technical personnel.

(ii) The construction of Chowaria *kuhl* was sanctioned in 1955 at an estimated cost of Rs. 3,667. The *kuhl* was intended to irrigate 40 acres of land throughout the year. An expenditure of Rs. 8,476 was, however, incurred by the defunct Irrigation Division, Simla on this *kuhl* to the end of September, 1956. A revised estimate for Rs. 24,500 was submitted by the Sub-Divisional Officer, Irrigation to the Executive Engineer in August/September, 1956, but this has not been sanctioned so far. The Executive Engineer in November, 1958 and the Assistant Engineer in June, 1962 advised abandonment of *kuhl* for the following reasons:—



1. The *kuhl* was seasonal, running from July/August to January/February.
2. The fall between the *kuhl* and the fields to be irrigated was only 7 feet and as such, this would not give the required flow of water to the fields.
3. The total area available for cultivation as per revenue records was 14 acres and only one farmer was likely to benefit from this *kuhl*.
4. Capital cost for irrigating one acre land worked out to Rs. 1,500 to Rs. 1,700 per acre as against the normal yard-stick of Rs. 300 per acre.

In February, 1965, the Chief Engineer stated that the number of beneficiaries from the *kuhl* was 4-5 and not 1 and, that fresh survey of the *kuhl* conducted in December, 1964 showed that the fall of the *patra* was actually 64.64 feet and not 7 feet, as reported by the Assistant Engineer; the question whether the *kuhl* should be constructed or abandoned was still under consideration.

The matter was reported to the Government in October, 1962; responsibility for the expenditure which has remained infructuous so far has not been fixed (February, 1965).

(iii) In Simla Division No. II, cement concrete was laid over the top of the second floor roof of the Snowdon Hospital at an expenditure of Rs. 9,266 in August and October, 1960, without any sanctioned estimate. In November, 1961 the Chief Engineer during his inspection held that the slabs were not designed to take this dead load. Accordingly, the concrete was dismantled at an expenditure of Rs. 2,250. The total infructuous expenditure on the work thus amounted to Rs. 11,516. Intimation regarding fixation of responsibility in the matter is awaited (July, 1964).

31. *Infructuous expenditure and short-fall in area irrigated*—In Solan Division, 22 *kuhls* (intended to irrigate 2,253 acres of land assessed by the department on *ad hoc* basis) were completed during 1955-56 to 1960-61 at a total cost of Rs. 1.48 lakhs.

Out of six *kuhls* constructed in 1956-57 and 1957-58 at a cost of Rs. 0.33 lakh, 4 *kuhls* had not irrigated any land till May, 1961 because the water available at the sources of these *kuhls* was either very little or the water level had gone down. Two had irrigated 9 acres upto 1960. These two *kuhls* did not irrigate any land in subsequent years as they were damaged due to land slides and ceased to function.

Of the remaining 16 *kuhls* completed during 1955-56 and 1960-61, 15 irrigated 200 to 300 acres of land every year from 1958 to 1964 against the actual commanded culturable area of 861 acres. One *kuhl* was damaged and ceased to function.

It was stated by the department in March, 1962/May, 1965 that the short-fall of area to be irrigated would be gradually reduced when (i) the *kuhls* get stabilised and (ii) the villagers get used to irrigation and prepare their land for irrigation by terracing and constructing water courses which was expected to take several years due to insufficient man power available for cultivation in the Himachal Pradesh. A sum of Rs. 0.29 lakh was also spent on the maintenance of these *kuhls* upto 1960-61. No water rates have been levied so far.



### Extra Expenditure

32. (i) The alignment of Chhatru *kuhl* (estimated cost of the *kuhl* Rs. 23,610) was changed in July, 1957 with a view to increasing the estimated area under its command from 400 acres to 717 acres; and the length of the *kuhl* was also increased from 15,000 feet to 17,000 feet. The actual expenditure incurred on the construction of *kuhl* was Rs. 75,000 (upto March, 1959). A revised estimate for Rs. 1,50,900 prepared in 1961 is awaiting sanction (February, 1965).

As the area actually irrigated fell short of what was provided in the estimates, the Chief Engineer constituted a Committee of Officers to investigate the reasons for short-falls and to suggest remedies. The Committee came to the conclusion in 1963 that there could be no adequate supply of water for the *kuhl* as it was fed by the Kansa *khud* from which two Government *kuhls* Jaidevi and Kansa and other private *kuhls* took off above the head of Chhatru *kuhl* leaving little water to feed the latter in lean period. Orders have not been passed so far on the report of the Committee; the expenditure of Rs. 51,390 on the enlargement of the scheme to increase the commanded area remains unfruitful.

(ii) A sum of Rs. 10,855 was paid as demurrage and wharfage charges in Chamba Division during the years 1954 to 1958. The circumstances in which the payment of a part of this amount (Rs. 3,300) was made are still reported to be under investigation (April, 1965). Payments in respect of the remaining amount of Rs. 7,555 were stated to have been necessitated by late despatch of Railway Receipts by the consigners.

In April, 1965, the Chief Engineer stated that action would be initiated to effect recovery of the amount from respective firms and to fix responsibility on delinquent officials at all levels, for failure if any, to pursue the matter with the firms at the appropriate time.

33. *Payments, for defective and substandard work*—In Mandi Division No. II, the work of construction of a cow shed at Kamand was taken up in September, 1961. During his inspection of the work, the Executive Engineer noticed certain defects in cement concrete and boulder filling work, payments for ordinary cement plaster work at the rates for  $\frac{3}{4}$ " thick-skirting with 1 : 3 cement mortar finished with neat cement and wrong measurements.

A sum of Rs. 17,165 had been paid to the contractor upto September, 1962. According to the terms of the contract the cost of cement not actually used by the contractor was recoverable from him at the penal rate of Rs. 17 per bag. The amount overpaid for defective work and the amount recoverable from the contractor for cement at penal rates was worked out by the department to Rs. 20,077 after giving credit for the substandard work acceptable at reduced rates.

In March, 1965 the Chief Engineer stated that proceedings against the two Section Officers and one Assistant Engineer had been started and one Section Officer had since been removed from service.

34. *Loss*—A potato shed (estimated cost Rs. 11,548) the construction of which was taken up by a contractor in Chamba Division in March, 1960, collapsed in the snowfall of February, 1961 while it was under construction. Payments amounting to Rs. 10,941 had been made to the contractor for this work upto March, 1961.



The department attributed the collapse of the shed to the use of defective trusses in the shed, poor quality of timber used and heavy snowfall. The contractor, however, repudiated his liability for the damage on the following grounds:—

- (i) the shed had been constructed according to the specifications provided in the detailed estimates;
- (ii) the work had been measured by the Section Officer after verification;
- (iii) the work had also been inspected by the superior officers and that the alleged structural defect in trusses was never pointed out at any stage.

In March, 1965 the Chief Engineer stated that a sum of Rs. 9,360, representing anticipated expenditure on the reconstruction work, taken up through other agency, would be recovered from the contractor and that action was being initiated to fix responsibility on the supervisory staff for not detecting the defects in workmanship during the progress of the work and for allowing full rates for substandard work.

35. *Purchase of a building at Solan*—For accommodating the Basic Training School, Solan, the Education Department purchased in December, 1960 an evacuee building at Solan from the Regional Settlement Commissioner for a sum of Rs. 28,000. The Chief Engineer had advised in November, 1960 that the building was in a very dilapidated condition and would entail a large amount of expenditure for repairs. In May, 1961, the Public Works Department declared the building unsafe and beyond repairs.

The case was reported to Government in July, 1961; responsibility in the matter has not been fixed so far (October, 1964).

36. *Non-recovery of outstanding dues from a contractor*—The final bill of a contractor for the work “Construction of R.C.C. Arch Bridge on Chamba-Banikhet Road” was prepared in September, 1963 after a period of more than 5 years from the completion of work; it showed over-payments aggregating Rs. 33,415 which occurred due to short recovery of the cost of materials issued to the contractor, arithmetical mistakes in calculation and payments for extra items at rates higher than those sanctioned by the Superintending Engineer.

An amount of Rs. 11,121 out of the total security deposit of Rs. 14,827 had been refunded to the contractor in January/May, 1961. After adjusting the balance amount of security (Rs. 3,706) an amount of Rs. 29,709 is still recoverable from him.

The matter was reported to the department in December, 1963; intimation regarding recovery and fixation of responsibility for the overpayment has not been received so far (October, 1964).

37. *Purchase of land from an ex-Ruler*—In a demi-official communication to the Deputy Commissioner, District Mandi in July, 1959 the Chief Secretary indicated that an *ex-Ruler* would like to dispose of certain land belonging to him in Sundernagar; the Deputy Commissioner was requested to ascertain (and inform Government) in consultation with the *ex-Ruler* “whether any of such land could be used for public purposes”.

The Deputy Commissioner after consultation with the *ex-Ruler* furnished the following information to Government in August, 1959:—

(a) The land offered for sale "can be used for the construction of the building for Polytechnic or the construction of the School building. The Committee who visited the land in connection with Polytechnic had already mentioned this land in its report".

(b) The *ex-Ruler* would not accept the price of his land less than Rs. 3,000 per bigha.

(c) The average sale price in Sundernagar during the previous 3 years was Rs. 63.34 per bigha and during the previous 5 years Rs. 66.55 per bigha.

The value of land (148-14 bighas) assessed by Magistrate First Class, Sundernagar on the basis of land revenue was Rs. 20,665; the Deputy Commissioner intimated this to the Director of Education in February, 1960 indicating that the price of land as demanded by the Ruler, namely, Rs. 3,000 per bigha was "very high and cannot be accepted".

Negotiations were conducted with the owner and the purchase of 84 bighas and 2 biswas of land was approved by Government in May, 1961 at a price of Rs. 2,500 per bigha.

In November, 1961, a sum of Rs. 60,000 was paid to the owner though the possession of the land was not taken over until June, 1963. The total amount payable to the owner at the negotiated rate amounted to Rs. 2.10 lakhs against which a sum of Rs. 1.29 lakhs had been paid to the end of June, 1963. The balance amount, Rs. 81,000, remains to be paid.

The circumstances in which a part of the amount of compensation (Rs. 60,000) was paid two years before the possession of the land was taken and the compensation was fixed by private negotiation at Rs. 2,500 per bigha, substantially in excess of the maximum average price of land, *viz.*, Rs. 66.55 per bigha, have not been intimated by Government.



## CHAPTER V

### Stores and Stock Accounts

38. *Synopsis of important accounts*—A synopsis of the important stores and stock accounts (other than those relating to Government commercial and quasi-commercial departments/undertakings), for 1963-64 is given below:—

Serial No.	Department and nature of Stores	(In lakhs of rupees)			Closing Balance
		Opening Balance	Receipts	Issues	
1.	Revenue (Stamps)	23.92	6.65	6.99	23.58
2.	Printing and Stationery—				
	(a) Paper and binding material	2.22	1.80	2.09	1.93
	(b) Miscellaneous stores and spare parts	3.37	0.26	0.36	3.27
3.	Forest—				
	(a) Timber and other produce collected departmentally	31.04	21.12	19.73	32.43
	(b) Live stock	0.78	0.19	0.05	0.92
	(c) Other stores	2.88	3.34	3.28	2.94
4.	Public Works Department—				
	(a) (Electricity Branch) Iron, steel, electrical equipment, poles, etc...	101.07	78.81	80.47	99.41
	(b) (Buildings and Roads Branch) Iron, cement, pipes, bricks, timber, etc.	69.53	180.44	190.05	59.92

39. *Non-completion of half yearly stock registers*—The rules require that the stock registers in the Public Works Divisions should be closed at the end of each half year and be reviewed by the Divisional Officer to see that the stocks consist only of serviceable and necessary articles and that the stores are priced at the prevailing market rates. The registers have, however, not been closed in 14 out of 21 Buildings and Roads Divisions. The total number of half yearly registers in arrears was 126 for the period September, 1954 to March, 1964.

40. *Physical verification of stores*—The stores held in the offices/divisions are required to be physically verified periodically by officers independent of the stock holders, with reference to the book balances. The results of physical verification of stores during 1963-64 were not intimated to Audit in respect of all the 21 divisions of Buildings and Roads and Electricity Branches of Public Works Department.

## PUBLIC WORKS DEPARTMENT

## Shortages of Stores

41. (i) In March, 1958 materials of the value of Rs. 20,043 (inclusive of storage and supervision charges) were found short in the New Bilaspur Township Division; the materials had been issued to this Division in March, 1957 by the Bilaspur Division. The shortage was rendered possible largely due to improper maintenance of accounts, fictitious entries in the material at site account, absence of physical verification of stores, etc.

In March, 1965, the Chief Engineer stated that responsibility for the shortage had been provisionally fixed on two Sectional Officers and one Sub-Divisional Officer (retired) and disciplinary action had been initiated against them.

(ii) In Chenab Valley Division, formed in February, 1957, physical verification of stores was conducted for the first time in March, 1959 which showed a shortage of stores valued at Rs. 7,061 (exclusive of storage and supervision charges). These shortages were not reported to Audit nor placed (till January, 1963) under suspense head (Miscellaneous Public Works Advances) pending recovery/adjustment as required under the rules.

The next physical verification of the stores after March, 1959 was conducted in September, 1963 although the rules require this to be done annually.

In February, 1965, the department intimated that the total shortage had been reduced to Rs. 5,305 (inclusive of storage and supervision charges) and that four officials and one carriage contractor had been held responsible for the shortage.

(iii) Stores valued at Rs. 10,597 were found short in Bilaspur Division on physical verification in March, 1958. In February, 1964 the Superintending Engineer informed that responsibility for shortages to the extent of Rs. 2,310 had been fixed on a Sectional Officer and stores valued at Rs. 239 had been located. The responsibility for the remaining shortages has yet to be fixed.

A test check of Stock Returns conducted in September, 1964 indicated that the Returns were incomplete; the department intimated that the shortages were being worked out *de novo*. In December, 1964, the Superintending Engineer stated, "It has been pointed out by the Executive Engineer that the stock papers on the basis of which the excesses/shortages have been worked out contain numerous cuttings, over-writings and interpolations, etc., with the result that these shortages/excesses cannot be considered final".

42. *Loss of stores*—One consignment of Gelatine costing Rs. 12,500 received by departmental representatives at Pathankot rail-head in May, 1960 was not accounted for in the books of Banikhet Division. The amount was placed under the suspense head "Miscellaneous Public Works Advances" against officials concerned, about 3 years later in May, 1963.

In April, 1965, the Chief Engineer stated that the investigations in this case were still in progress and that final action against the defaulting officials would be initiated within two months.

43. *Loss due to short supply of wood*—In Chamba Division standing Deodar and Fir trees purchased from the Forest Department for Rs. 19,353



were handed over to a contractor in 1961-62 for felling, conversion into sleepers of standard sizes and their carriage to Public Works Department Stores. It had been assessed by the Forest Department that 3,392.50 cft. wood could be extracted from these trees. As against this, the contractor supplied only 1,963.91 cft. wood.

The value of wood short supplied at the rate of Rs. 5.61 per cft. worked out to Rs. 8,011. A sum of Rs. 2,011 was reported by the Department to be due to the contractor.

The Executive Engineer attributed the loss to lack of supervision by the officials of the Department.

The case was reported to Government in September, 1963; the responsibility for the loss has not been fixed so far (October, 1964).

44. *Non-accountal of stores*—A departmental check of the numerical accounts of receipt and issue of cement in the Banikhet Division conducted in May/June, 1963, as a result of certain observations of Audit, showed that 2,293 bags of cement valued at Rs. 26,484 (inclusive of storage and supervision charges) had not been accounted for. Out of this, 742 bags were stated to have been issued from January, 1962 to April, 1963 to 15 works for which material at site accounts were to be rendered by the Sectional Officer (April, 1965); 155 bags of cement were reported not to have been received from the suppliers.

Pending finalisation of the case, recovery at the rate of  $\frac{1}{3}$ rd of the pay of the Sectional Officer was ordered in October, 1963. Intimation regarding the final decision taken in the matter is awaited (April, 1965).

45. *Excessive purchase*—The Public Works Department purchased 61,715 cft. of Kail wood for Rs. 4.41 lakhs from the Forest Department during December, 1957 to January, 1959 for use in the buildings to be constructed in the New Township at Bilaspur.

Only 41,271 cft. of wood was utilised on works upto November, 1962 and 610 cft. was sold to the "oustees" from the Old Township, Bilaspur. 19,834 cft. of unused wood costing Rs. 1.42 lakhs which deteriorated due to prolonged storage, was auctioned in lots during June, 1961 to May, 1963 for Rs. 33,902; the loss amounted to Rs. 1.08 lakhs.

In March, 1965, the Chief Engineer intimated that reasons for delay in prompt consumption or disposal of wood and consequent losses were under investigation with a view to fix responsibility.

## INDUSTRIES DEPARTMENT

46. *Idle Machinery*—A finishing plant was purchased by the Industries Department in March, 1956, at a cost of Rs. 33,000 for installation at Mandi. The building in which it was to be installed was constructed only in August, 1962. The plant was installed but has not been commissioned so far for want of a boiler.

The delay in the construction of the building was reported to be due to the site originally selected having had to be transferred to the Electricity Department in March, 1960.



The delay in the procurement of the boiler was reported to be due to delay in availability of foreign exchange. In July, 1964 the department intimated that the boiler was expected shortly; it has not been received so far.

While in storage, parts of the estimated value of Rs. 1,800 were damaged/broken. The damage was attributed to long storage and shifting of the machinery from one premises to another.

## CHAPTER VI

### Government Commercial and Trading Activities

#### SECTION—A

##### (GENERAL)

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

- (i) Government Companies,
- (ii) Government Commercial/Quasi-Commercial Departmental Undertakings, and
- (iii) Investments by State Government.

#### SECTION—B

48. *Government Companies*—Government investment in Kulu Valley Transport Ltd., Simla stood at Rs. 3.08 lakhs at the close of 1963-64. The Company had gone into voluntary liquidation on the 14th May, 1963. The liquidation proceedings have not so far been finalised (March, 1965).

#### SECTION—C

##### (GOVERNMENT COMMERCIAL/QUASI-COMMERCIAL DEPARTMENTAL UNDERTAKINGS)

49. Two Commercial Departmental Undertakings of Government earned a profit of Rs. 26.84 lakhs which worked out to 13.82 per cent on the aggregate capital of Rs. 1,94.28 lakhs.

Besides, two other schemes viz., the two Ayurvedic Pharmacies and Fertilizer Scheme were undertaken by Government on 'no profit no loss' basis.

The table given below shows the summarised financial results of the working of commercial/quasi-commercial departmental undertakings. The financial results of the two schemes run on 'no profit no loss' basis are not known as the accounts had not been prepared on commercial lines.

Sl. No.	Name of Commercial/Quasi-Commercial concern	Capital as on 31st March, 1964	Block Assets (Net)	Depreciation	Income outturn	Profit+ Loss—	Percentage of profit on mean capital
(Rs. in lakhs)							
1.	(i) Himachal Government Transport.	1,50.98	1,42.20	55.64	1,65.60	+22.96	17.36
	(ii) Central Stores (Transport)	14.60	6.06	0.32	2.28	+0.53	2.09
	(iii) Central Workshop (Transport).	7.48	6.01	2.37	13.07	+1.20	16.69
2.	Rosin and Turpentine Factory.	21.22	3.89	3.81	38.30	+2.15	9.78



### ROSIN AND TURPENTINE FACTORY, NAHAN

50. (A) *Introductory*—The factory which started production in January, 1949 is being run departmentally by the Forest Department with effect from April, 1959. It was decided in the 33rd meeting held on 19th and 20th September, 1961 by the Rosin Board that the factory should run as a limited company. The matter is under correspondence with the Government of India (September, 1964).

(B) *Working Results*—(a) The working results of the factory for the last three years are compared as under:—

	1961-62	1962-63	1963-64
	Rs.	Rs.	Rs.
1. Capital at the close of the year ..	13,54,790	22,69,160	21,21,540
2. Sales during the year ..	29,21,420	30,13,730	38,30,122
3. Profit during the year ..	*4,32,440	2,45,832	2,14,793
	*(without adjusting loss due to fire Rs. 3,57,699)		
4. Percentage of profit on mean capital	47.56	13.56	9.78
5. Cost of production during the year (Rosin) per maund	46.68	46.84	47.17
6. Quantity of Rosin manufactured during the year in quintals ..	17,487	25,874	25,522
7. Quantity of Turpentine manufac- tured during the year in litres ..	4,94,338	6,25,863	6,64,210
8. Quantity of subsidiary products ma- nufactured during the year in litres	21,699	93,976	1,00,929

(b) The following table indicates the percentages of various varieties of rosin manufactured since 1959-60 to 1963-64:—

Type	Grades	1959-60	1960-61	1961-62	1962-63	1963-64
		(Per cent)	(Per cent)	(Per cent)	(Per cent)	(Per cent)
Pale	X to N	79.2	76.19	69.12	65.47	56.22
Medium	M to H	6.6	9.73	21.48	14.42	24.43
Dark	G to B	14.0	13.84	9.40	20.08	19.35
Loose		0.2	0.24	..	0.03	..

The decrease in the percentage of pale type of rosin was attributed to the grading of finished products in conformity with the Indian Standards Institutions' specifications since 1962-63. Sharp decline in the percentage of superior varieties of rosin manufactured at the factory is likely to have far reaching effects on its profit earning capacity.

The fall in profits during 1962-63 and 1963-64 notwithstanding increased production was attributed to a slump in rosin market as soap manufacturers, the main users of rosin, had started using imported oils which were cheaper than rosin.

Moreover, during 1963-64 sales of medium and dark type of rosin wherein the margin of profit was comparatively low increased from those of the previous year.

(C) *Sundry Debtors*—The sundry debtors (Rs. 9.52 lakhs) include Rs. 2.70 lakhs recoverable from 5 parties to whom goods were sent on



consignment basis prior to 1957 when the factory was being run by Managing Agents. Two of these cases were under Arbitration; in respect of the remaining two cases, suits had been filed for the recovery of dues. A provision of Rs. 2.98 lakhs had been made for bad debts.

(D) *Other points of interest—*

(a) *Recovery of house rent—*No rent has been recovered from the officers/officials who are occupying factory quarters. The total rent recoverable upto 28th February, 1965 was Rs. 15,213. The question of providing rent free accommodation to the General Manager and employees constituting essential services is stated to have been taken up with the Government of India in November, 1962. Meanwhile, rent is not being recovered (February, 1965).

(b) *Supplies to Director General, Supplies and Disposals—*Two rate contracts for supply of 3,87,718 litres of turpentine oil to various offices were entered into with Director General of Supplies and Disposals during 1960-61 to 1963-64 (15th December, 1963). Inspection Notes for 66,410 litres valued at Rs. 41,986 were awaited (December, 1964), though the supplies were completed by December, 1963 or earlier. 9,707 litres valuing Rs. 5,513 of turpentine oil had leaked in transit. The management stated in February 1965 that the leakage occurred due to loose shunting of Railway Wagon and transshipment at various stations for which Railways did not entertain any claim. The loss is proposed to be written off.

In February, 1965 a sum of Rs. 0.76 lakh was recoverable in respect of supplies made since 1958 against Director General of Supplies and Disposals' rate contracts.

(c) *Buildings—*The value of buildings as per balance sheet and the buildings register as on 31st March, 1963 and 31st March, 1964 was as under:—

	Balance Sheet	Buildings Register
	Rs.	Rs.
31st March, 1963 .. .. .	3,20,006	2,66,240
31st March, 1964 .. .. .	3,88,790	2,79,844

The difference in value which was attributed to non-availability of details of buildings prior to 1st April, 1959, was stated to be under reconciliation (September, 1964).

(d) *Loss in the disposal of Rosin—*During 1963-64, 613.77 and 804.32 quintals of D&B Grades of rosin were sold for Rs. 78,861 resulting in a loss of Rs. 61,339 with reference to the book value of the rosin. This was attributed to the stocks having remained unsold for two to three years. The loss had not been written off so far (September, 1964).

(e) *Accounting System—*There was no system of costing in vogue and the cost of production of various products manufactured was not known from month to month. There was thus no reliable data to correlate the sale price to the actual cost of production. The percentage of loss in processing varied from month to month and ranged between 4.98 per cent to 12.07 per cent and 5.55 per cent to 9.73 per cent during 1962-63 and 1963-64 respectively, but the wide variation in the process loss had not been investigated. Percentage for normal losses has also not been fixed. Simplified *pro forma* accounts of the concern are appended in Appendix VI.



## HIMACHAL GOVERNMENT TRANSPORT

51. *Introductory*—The Himachal Government Transport, established during 1949, is vested with monopoly to operate goods and passenger services in Himachal Pradesh, except on Mandi-Jogindernagar and Mandi-Jhiri routes. It is divided into five Operational Units located at Dhalli, Chamba, Nahan, Mandi and Bilaspur, each under the control of a Regional Manager.

In addition, there is a Central Stores and Workshop at Taradevi for the supply of stores and for repairs and maintenance of vehicles.

(2) *Working Results*— The working results of the undertaking separately for Operational Units, Central Stores and Workshop for the last two years are compared below:—

Particulars	Operational Units		Central Workshop		Central Stores	
	1962-63	1963-64	1962-63	1963-64	1962-63	1963-64
	(Rs. lakhs)					
1. Capital on 31st March	90.59	150.98	6.86	7.48	35.99	14.60
2. Block assets	91.70	142.20	5.26	6.01	27.47	6.06
3. Receipts	*129.52	165.60	10.97	13.07	1.77	2.28
	*(including income of Rs. 44.15 lakhs on attached trucks)					
4. Expenditure	114.77	142.64	*9.61	11.87	2.24	1.75
	*(excluding work in progress)					
5. Profit (+) Loss (—)	‡(+14.75	(+)22.96	(+)1.36	(+)1.20	(—)0.47	(+)0.53
	‡(including profit on attached trucks of Rs. 5.29 lakhs)					
6. Fleet strength (inclusive of trucks and cabs).	469	553				
7. Mileage	44.73 lakhs	48.57 lakhs				
8. Receipt per mile from departmental vehicles.	Rs. 1.91	Rs. 2.09				
9. Expenditure per mile in respect of departmental vehicles.	Rs. 1.70	Rs. 1.85				
10. Profit per mile (8-9)	Re. 0.21	Re. 0.24				
11. Percentage of profit on Capital as at 5 above.	16.28	15.21	19.83	16.04	(—)1.31	3.63
12. Average mileage per vehicle per day	26	24				
13. Average mileage obtained per litre of fuel consumed (M.P.L.).	2.30	2.01				
	(Diesel vehicles)	(Diesel vehicles)				
	1.97	1.71				
	(Petrol vehicles)	(Petrol vehicles)				
14. Average mileage given by a tyre—						
(a) New tyre	13,692 miles	13,213 miles				
(b) Retreaded tyre	7,825 miles	7,969 miles				



(3) *Fleet Strength*—The authorised fleet including vehicles required as reserve for breakdowns, emergencies, seasonal traffic etc., has not been fixed so far. In the absence of the authorised fleet strength, the department cannot ensure that the actual fleet is not in excess of traffic requirements and that the additions on capital account are made only with reference to the increased volume of traffic or for the operation of extra route or for carriage of goods over longer routes.

24 Bedford Chassis purchased in March, 1964 were allotted to the Nahan region and put on road in April/May, 1964. 8 existing Dodge vehicles in that region were transferred to other regions upto June, 1964. The basis on which the net addition of 16 vehicles in the Nahan region to the then existing fleet of 44 vehicles was made and of 8 vehicles in other regions is not known.

In Nahan region, however, 8 to 38 vehicles during April to May, 1964, 4 to 16 vehicles in June, 1964 and 12 to 18 vehicles from July to September, 1964, remained idle.

(4) *Utilisation of departmental trucks*—The statistics below show the low utilisation of the departmental trucks during the three years ending with March, 1964:—

	1961-62	1962-63	1963-64
1. Average strength of trucks ..	165	185	214
2. Average number of trucks on the road ..	95	118	121
3. Average mileage done by a truck in a day ..	24 miles	27 miles	30 miles

(5) *Losses in the operation of routes*—During the year 1962-63 and 1963-64, a number of routes sustained heavy operational losses as detailed below:—

Region	1962-63			1963-64		
	Total No. of routes	No. of routes running at a loss	Net Loss	Total No. of routes	No. of routes running at a loss	Net Loss
			Rs.			Rs.
1. Dhalli	23	21	1,21,110 (upto 1/63)	24	13	23,822 (4/63 to 9/63)
2. Mandi	18	18	79,012	20	5	7,404 (8/63 to 1/64)
3. Chamba	7	4	4,365 (6/62 to 3/63)	..	..	..
4. Nahan	11	7	20,673 (6/62 to 2/63)	15	7	32,409
5. Bilaspur	22	15	70,164	17	8	24,279 (4/63 to 12/63)

It was stated by the department in October, 1964 that losses were mainly due to high operational cost with lean traffic in rainy and snowy seasons and that remedial measures to make the routes remunerative were being taken.

(6) (a) *Attachment of trucks*—To meet seasonal or occasional extra demands for goods traffic private trucks have been hired in addition to the departmental fleet of trucks mainly in two regions, viz., Dhalli and Mandi. 75 per cent of the freight is paid to the owners of the trucks as hire for the trucks and 25 per cent (10 per cent to cover the departmental overheads and 15 per cent as profit) is retained by the department.

Though the potato season is from October to December, the department continued to hire private trucks throughout the year in two regions as would be seen from the table given below resulting in departmental trucks remaining idle:—

Region	Average No. of trucks attached	Average strength of departmental trucks	Average number of departmental trucks available excluding those under repairs	Average number of departmental trucks on road
		<i>April, 1961 to September, 1961</i>		
Dhalli	35	46	32	20
Mandi	22	15	12	6
		<i>October, 1961 to December, 1961</i>		
Dhalli	116	41	35	18
Mandi	26	14	14	10
		<i>January, 1962 to September, 1962</i>		
Dhalli	28	52	38	22
Mandi	20	15	13	10
		<i>October, 1962 to December, 1962</i>		
Dhalli	118	52	36	35
		<i>January, 1963 to September, 1963</i>		
Dhalli	58	84	47	45
		<i>October, 1963 to December, 1963</i>		
Dhalli	258	102	48	40

In some cases the private trucks were attached even though departmental trucks were available, but not employed.

(b) *Payment of excessive hire for attached trucks*—(i) On 23rd January, 1963, the rate of hire of trucks by the Public Works Department for their local use was reduced from Rs. 135 to Rs. 100 per truck per day. In two units, Mandi and Bilaspur, payments, however, were continued to be made on the previous rate resulting in payment of extra hire of Rs. 8,364 to the owners of the hired trucks (February, 1964).

(ii) Again, in January, 1963, Government notified revised rates for 'smalls' and for 'truck loads' with effect from 1st February, 1963, the latter being lower than the former. In three units of the Government (Mandi, Bilaspur and Chamba), however, the freight continued to be charged for 'truck loads' on the basis of rates applicable to 'smalls' traffic resulting in an extra benefit of Rs. 8,746 by way of hire to the owners of the attached trucks (March, 1964).

(7) *Avoidable expenditure*—(a) In June, 1961, a private firm at Hyderabad offered to supply all metal bodies on T.M.B. chassis inclusive of fabrication charges, at Rs. 11,500 per body. The department, however, decided to



assemble the bodies departmentally. 14 bus bodies were completed by March, 1963 at a total cost of Rs. 2.01 lakhs (Rs. 1.29 lakhs as cost of material and the balance labour and overhead charges) involving an avoidable expenditure of Rs. 39,628.

(b) The total cost per bus body built departmentally varied from Rs. 12,476 to Rs. 18,130 although the specifications were identical.

(c) A vehicle of Dhalli Region was shown under repairs since April, 1962. It was sent to workshop at Taradevi in December, 1962 and was returned in February, 1963 after repairs at a cost of Rs. 5,470. The vehicle was again shown under repairs without the vehicle having been put on road for a single day.

The case was reported to the department during October, 1963 but its comments/reply were awaited (November, 1964).

(8) *Purchase of Chassis*—It was decided in December, 1963, not to purchase Bedford Chassis, as diversification of makes would necessitate purchase and storage of additional spare parts and would create problems of maintenance, upkeep and repairs of vehicles of different makes. The Perkin engines fitted in these chassis were also considered unsuitable for hilly roads.

In February, 1964, however, orders for 24 Bedford Chassis were placed after cancelling the order for 20 Leyland Chassis, remaining to be supplied, as it was apprehended that the suppliers would not be able to complete the supply of Leyland Chassis by 31st March, 1964 in spite of their assurance that they would be able to do so and in spite of the earlier advice of the Government of India to defer their purchase till the next financial year, in case the manufacturers of Leyland could not supply them during 1963-64.

(9) *Tyres*—

(a) *Cordatic Tyres*—200 imported Cordatic tyres of 8.25 × 20 size 12 P.R. with tubes and flaps were purchased during August to October, 1962 at a total cost of Rs. 70,508 from a firm against rate contract entered into with Director General, Supplies and Disposals. 98 tyres had been replaced upto February, 1964 after they had rendered on an average, 7,520 miles service against 14,540 miles obtained from indigenous tyres. In respect of 51 tyres, compensation of Rs. 10,376 was claimed from the firm in May, 1963. The total claim in respect of 98 tyres would work out to Rs. 16,680 (approx.). Claim for the balance amount had not been lodged so far (August, 1964).

(b) *Tyre Retreading Plant*—A tyre retreading plant was purchased in October, 1958 through Director General, Supplies and Disposals at the cost of Rs. 25,159. As the plant was received without certain essential equipments, such as, Buffing Machine, Boiler, etc., the plant has not been installed so far (November, 1964). Meanwhile, the tyres are being got retreaded from outside firms.

(10) *Other Topics of Interest*—

(a) *Loss on account of fire*—A fire broke out in the booking office at Nahan on the 15th April, 1963. Loss of out agency goods lying in the premises of the Booking Office was estimated at Rs. 19,993 by the Railway Authorities. The loss of goods booked by the transport department amounted to Rs. 8,031. A sum of Rs. 11,345 was spent by the department on renovating and repairing the building.



(b) *Non-accountal of cash collections*—A sum of Rs. 4,656 collected by a clerk of the department in August, 1963 has not been accounted for till now (December, 1964). The matter is reported to be under investigation. Simplified *pro forma* accounts of the concern are appended in Appendix VI.

## SECTION—D

### INVESTMENTS BY THE UNION TERRITORY GOVERNMENT

52. *Investments*—The Union Territory of Himachal Pradesh had invested a sum of Rs. 4.90 lakhs in the share capital of the Punjab Financial Corporation to the end of 1963-64 and a sum of Rs. 18.25 lakhs in the Mandi-Kulu Road Transport Corporation. The Punjab Financial Corporation declared dividend for the year 1962-63 and a sum of Rs. 7,644 was credited to the account of the Himachal Pradesh Government. Besides, an amount of Rs. 7,059 was transferred to the Special Reserve Fund. The Mandi-Kulu Road Transport Corporation incurred a loss of Rs. 9.99 lakhs during 1963-64.

The investment made by the State Government in the share capital of Kulu Valley Transport Limited upto 1963-64 amounted to Rs. 3.08 lakhs; the Company went into voluntary liquidation with effect from May, 1963.

The investments made by the State Government in the share capital of Co-operative Banks/Other Societies at the end of March, 1964 amounted to Rs. 18.37 lakhs. No dividend had been received on investments during the year, except for a sum of Rs. 2,450 from Multipurpose Societies wherein the investment of Government was Rs. 1.87 lakhs.

Liquidation proceedings in respect of 56 societies were pending at the end of 1962-63. The details of such societies were awaited from the department.

#### *Investments in Co-operative Institutions*

##### (a) *Co-operative Banks*—

*Himachal Pradesh State Co-operative Bank Limited, Dhalli*—Out of the total paid-up capital of Rs. 10.99 lakhs, the investment of Government was Rs. 8 lakhs on 30th June, 1963. The up-to-date profit not distributed as on that date was Rs. 1.31 lakhs.

A scrutiny of the latest audit reports of the auditors revealed the following:—

(i) As on 30th June, 1963, Rs. 11.63 lakhs (principal Rs. 11.08 lakhs and interest Rs. 0.55 lakh) were over due for recovery.

(ii) Rs. 1.82 lakhs and Rs. 0.50 lakh on account of principal and interest respectively, as on 30th June, 1963 were due from 15 societies which were under liquidation.

(iii) Against Bad and Doubtful Debts of Rs. 4.13 lakhs assessed by the auditors, a sum of Rs. 1.14 lakhs had been provided under "Reserve for Bad and Doubtful Debts" as on 30th June, 1963.

(iv) Cash amounting to Rs. 5,627 was reported to have been destroyed by a fire at Kotkhai Branch in January, 1963; results of the inquiry instituted to fix responsibility for the loss are not known (March, 1965).

(v) A sum of Rs. 3 lakhs repayable to Government by 30th June, 1963, out of a long term loan obtained from Government, was not paid by the



Bank, although it had surplus fluid resources to the extent of Rs. 21.51 lakhs and a sum of Rs. 34.50 lakhs was invested in call and fixed deposits with Banks. The rate of interest payable to Government on the loan was 4½ per cent as compared to the interest ranging from 3 to 4 per cent earned by the Bank on its investment.

(vi) Verification of stocks in shops and godowns, on the security of which large amounts of loans had been given, was not done.

(b) *Tehsil Co-operative Marketing and Supply Unions—*

Out of the total paid-up capital of Rs. 1.89 lakhs of seven Unions, the investment of Government was Rs. 1.01 lakhs on 30th June, 1963. Net loss upto 30th June, 1963 sustained by the seven Unions amounted to Rs. 17,513.

Against the paid-up capital of Rs. 1.89 lakhs of seven Unions, a sum of Rs. 2.38 lakhs was recoverable from debtors as on 30th June, 1963. The auditors had pointed out that there were many old debts and confirmation of balances had not been obtained in a majority of the cases.

In Tehsil Co-operative Marketing and Supply Union, Rohru, shortage of stores valued at Rs. 5,577 were noticed as on 30th June, 1963; action taken to fix responsibility for the misappropriation of stores is not known (March, 1965).

(c) *District Wholesale Co-operative Marketing/Supply Federations—*

Out of the total paid-up capital of Rs. 2.20 lakhs, the investment of Government as on 30th June, 1963 was Rs. 0.71 lakh. The net up-to-date profit as on 30th June, 1963 amounted to Rs. 1.33 lakhs.

Against the paid-up capital of Rs. 2.20 lakhs, a sum of Rs. 3.39 lakhs was recoverable from the various debtors on 30th June, 1963; confirmation of the debts had not been obtained from the parties in a majority of the cases.

Godown shortages of Rs. 27,710 noticed upto 1962-63 had not been investigated to fix responsibility for the shortages. Out of this amount, a sum of Rs. 17,331 had not been adjusted in the accounts so far (March, 1965).

(d) *Co-operative Marketing and Development Federation Limited, Dhalli—*

Out of the total paid-up capital of Rs. 1.06 lakhs of the Federation, the investment of the State Government as on 30th June, 1964 was Rs. 80,000. Net loss sustained by the Federation upto 30th June, 1964 was Rs. 1.06 lakhs. A sum of Rs. 1.94 lakhs was recoverable from various debtors on that date.

## CHAPTER VII

### Outstanding Audit Objections and Inspection Reports

53. *Outstanding Audit Objections*—The amount of objections (excluding certain categories of objections relating to works expenditure, viz., want of sanctioned estimates and excess over sanctioned estimates, which are dealt with in paragraph 29) raised in Central Audit upto 31st March, 1964 and not settled to the end of March, 1965 was Rs. 1,73.55 lakhs involving about 5, 490 items.

The year-wise analysis of the outstanding objections is given below:—

Year of issue	Number of objections	Amount (in lakhs of rupees)
1958-59 and earlier years .. .. .	397	8.69
1959-60 .. .. .	77	1.48
1960-61 .. .. .	275	12.24
1961-62 .. .. .	638	15.44
1962-63 .. .. .	1,414	40.02
1963-64 .. .. .	2,689	95.68

749 items of objections involving Rs. 22.41 lakhs are over three years old. An analysis of the outstanding objections under the main categories is given below:—

Serial No.	Department	Non-submission to Audit of detailed contingent bills	Non-production to Audit of payees' stamped receipts and/or vouchers	Other items	Total
(In lakhs of rupees)					
1.	Transport .. .. .	—	1.19	36.22	37.41
2.	Forest .. .. .	—	3.12	20.24	23.36
3.	Planning and Development .. .. .	—	2.84	26.40	29.24
4.	Agriculture .. .. .	—	17.57	2.42	19.99
5.	Industries .. .. .	—	10.15	1.18	11.33
6.	Education .. .. .	6.08	2.19	1.53	9.80
7.	Others .. .. .	1.14	28.12	13.16	42.42
Total .. .. .		7.22	65.18	1,01.15	1,73.55

*Detailed Contingent bills*—The amount held under objection for want of detailed contingent bills represents expenditure incurred from advances for contingent expenditure in respect of which detailed accounts, duly countersigned by the controlling authority, have not been furnished; of the



outstanding amount of Rs. 7.22 lakhs drawn during the years 1960-61 to 1963-64, Rs. 0.72 lakh had been drawn upto 1962-63. Inordinate delay in furnishing the detailed accounts to Audit results in the entire expenditure in question escaping audit for long periods.

*Want of vouchers and/or payees' stamped receipts*—The objections pertain to expenditure which could not be admitted in Audit owing to non-submission by the disbursing officers of vouchers and/or payees' receipts for payments made to suppliers and others for supplies or services provided by them to Government. It will be seen that about 37.56 per cent of the total amount of outstanding objections is for want of vouchers and payees' receipts (Rs. 65.18 lakhs). The delay in the submission of these documents to Audit may conceal fraud, un-authorised expenditure, etc.

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

1. Want of sanctions of the competent authority for the expenditure incurred;
2. Advances pending adjustments; and
3. Excess payments, short recoveries, etc.

54. *Outstanding Inspection Reports*—(a) Important irregularities and defects in accounts noticed during local audit and inspections are included in the Inspection Reports which are sent to the departmental officers for necessary action. The points mentioned therein are required to be settled expeditiously so that irregularities may not persist or recur. That adequate action was not taken by the departmental officers on these Inspection Reports, is indicated by the fact that as many as 969 Inspection Reports containing 4,830 paragraphs issued upto 1963-64 (some of which date back to 1949-50) remained undisposed of at the end of March, 1965.

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

Department	Number of reports	Outstanding items/ paragraphs	Year of issue of the earliest outstanding Reports
Agriculture	124	636	1951-52
Public Works (Buildings and Roads Branch)	118	1,031	1952-53
Forest	102	513	1949-50
Industries	98	352	1951-52
Transport	88	444	1949-50
Education	63	319	1950-51
Revenue	63	294	1956-57

Although Government have prescribed a time limit of four weeks for submission of the first replies to the Inspection Reports, these were considerably delayed. The total number of Inspection Reports to which the first replies were not received was 135 as on 31st March, 1965, the first replies to 24 reports had not been furnished for 2 years and over and to 111 reports for over one year. The position has not shown any improvement despite the fact that the details of such Inspection Reports were reported monthly to Government and the Heads of Departments; some of the departments in which there has been

considerable delay in sending the first replies to the Inspection Reports are shown below:—

Department	No. of Inspection Reports to which the first replies were awaited for			Total
	1 year	2 years	3 years	
Industries .. .. .	5	1	—	6
Education .. .. .	7	1	—	8
Development .. .. .	3	—	—	3
Revenue (Loans) .. .. .	8	2	—	10
General Administration .. .. .	6	1	1	8
Agriculture .. .. .	1	1	—	2
Animal Husbandry .. .. .	2	—	1	3
Administration of Justice .. .. .	1	—	1	2
Public Works (Buildings and Roads Branch) .. .. .	66	15	—	81

(b) The more important types of irregularities noticed during local audit and inspection are mentioned in Appendix V.

SIMLA;  
The

2 JUN 1965

Y. KRISHAN,  
*Accountant General, Punjab.*

Countersigned

NEW DELHI;  
The

- 4 JUN 1965

A. K. ROY,  
*Comptroller and Auditor General of India.*



## APPENDIX I

(Referred to in paragraph 12 page 7)

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

Serial No.	Number and name of grant/appropriation	Original grant/appropriation	Supplementary grant/appropriation	Final grant/appropriation	(Rs. lakhs)		Percentage of saving
					Expenditure	Saving	

*I—Cases in which supplementary grants proved entirely unnecessary*

*Social and Developmental Services*

1.	24—Miscellaneous Social and Developmental Organisations	7.70	0.17	7.87	7.52	0.35	4.45
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*Capital—Miscellaneous*

2.	37—Capital Outlay on improvement of Public Health	13.38	1.21	14.59	10.99	3.60	24.67
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*II—Cases in which supplementary grants/appropriations proved to be substantially excessive*

*Other Services*

1.	9—General Administration Voted	38.09	3.33	41.42	39.76	1.66	4.01
2.	13—Miscellaneous Departments	1.81	0.58	2.39	2.05	0.34	14.23
3.	34—Miscellaneous	44.96	10.74	55.70	51.75	3.95	7.09

*Capital—Miscellaneous*

4.	41—Capital Outlay on Public Works—Buildings	74.81	17.19	92.00	88.50	3.50	3.80
5.	43—Capital Outlay on Roads and Water Transport Schemes	26.67	4.51	31.18	29.03	2.15	6.89

*III—Cases in which supplementary grants/appropriations proved to be substantially inadequate*

Serial No.	Number and name of grant/appropriation	Original grant/appropriation	Supplementary grant/appropriation	Final grant/appropriation	(Rs. lakhs)		Percentage of excess
					Expenditure	Excess	

*Other Services*

1.	22—Community Development Projects, National Extension Service and Local Development Works	40.77	41.76	82.53	83.69	1.16	1.40
2.	27—Public Works—Communications	32.12	0.64	32.76	34.03	1.27	3.88

*Capital—Miscellaneous*

3.	39—Capital Outlay on Electricity Schemes	1,56.75	8.08	1,64.83	1,66.94	2.11	1.28
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*Capital Works*

4.	40—Capital Outlay on Public Works—Communications	1,50.39	0.92	1,51.31	1,52.25	0.94	0.62
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## APPENDIX II

(Referred to in paragraph 14 page 9)

### STATEMENT SHOWING SAVINGS UNDER GRANTS AND APPROPRIATIONS

Serial No.	Number and name of grant/appropriation	Original/Supplementary	(Rs. lakhs)		Saving	Percentage of saving	
			Total grant/appropriation	Expenditure			
<i>I—Cases where the saving amounted to 20 per cent or more of the total grant/appropriation</i>							
<i>Administrative Services</i>							
1.	8—Parliament and State and Union Territory Legislatures						
	Voted	O	3.83	3.83	2.55	33.42	
	Charged	O	0.48	0.48	0.48	100.00	
<i>Other Services</i>							
2.	2—State Excise Duties	O	1.65	1.65	1.31	20.61	
3.	Interest on Debt and Other Obligations						
	Charged	O	3.94	3.94	3.94	100.00	
4.	32—Stationery and Printing	O	4.58	4.58	2.72	40.61	
5.	Charges on Account of Repayment of Debt						
	Charged	O	6.39	6.39	6.39	100.00	
6.	45—Payment of commuted value of Pensions						
	Voted	O	0.10	0.10	0.10	100.00	
<i>Capital—Miscellaneous</i>							
7.	37—Capital Outlay on Improvement of Public Health	O	13.38	14.59	10.99	3.60	24.67
		S	1.21				
8.	39—Capital Outlay on Electricity Schemes						
	Charged	O	0.05	0.05	0.05	100.00	
<i>II—Cases where the savings were 10 per cent but not exceeding 20 per cent of the total grant/appropriation</i>							
<i>Social and Developmental Services</i>							
1.	13—Miscellaneous Departments	O	1.81	2.39	2.05	0.34	14.23
		S	0.58				
2.	14—Scientific Departments	O	0.27	0.27	0.24	0.03	11.11
<i>Other Services</i>							
3.	31—Privy Purses and Allowances of Indian Rulers	O	1.51	1.51	1.29	0.22	14.57
4.	47—Loans and Advances by the State and Union Territories Governments	O	44.15	44.15	37.25	6.90	15.65



### APPENDIX III

(Referred to in sub-para (ii) of paragraph 16 page 12)

#### PARTICULARS OF SEED FARMS WHERE THE LAND PURCHASED/ACQUIRED WERE UNSUITABLE, ETC.

Name of the farm, acreage of the area purchased/acquired and cost	Remarks
<b>DISTRICT BILASPUR</b>	
1. Deoth (16.5 acres—Rs. 16,920) The land was purchased in 1956-57 and the farm was set up in 1958. In August, 1963, the Deputy Director Agriculture observed that the land was very steep and the irrigation facilities were limited. The sub-soil was reported to be full of stones.	The farm sustained losses of Rs. 7,352 and Rs. 5,713 during 1961-62 and 1962-63, respectively; the figures for the earlier years were not available.
<b>DISTRICT MANDI</b>	
2. Binog (28 acres—Rs. 30,172) The land was purchased in March, 1960, and the farm was established in April, 1960. It was reported by the Deputy Director Agriculture in August, 1963 that the whole area was unirrigated, the soil was of low fertility and the top soils were being washed off every year during rains.	The farm suffered a loss of Rs. 7,500 in 1962-63; the figures for earlier years were not available. A sum of Rs. 27,000 was spent on reclaiming the land.
3. Bhanota (19.80 acres—Rs. 18,817) The farm was originally started in 1949 on evacuee land taken on lease, which was subsequently purchased in May, 1958 and April, 1961. According to the chemical analysis report of the Department of August, 1960, the soil was reported to be of poor quality. Only about 5 acres of the farm were irrigated by a seasonal <i>kuhl</i> . Further, according to the District Agriculture Officer's report of August, 1961, the farm had inherent defects like scattered holdings, existence of stone boulders, etc.	The farm sustained a total loss of Rs. 35,245 from 1955-56 to 1962-63; the figures for the earlier years were not available.
4. Rajpura (18.5 acres) This farm was established in December, 1955 on Government land, of which 15 acres were brought under cultivation. According to chemical analysis report of August, 1960, the soil was of poor quality.	As the farm yielded very poor crops, it was converted into a Progeny Orchard in January, 1959. The Department incurred an expenditure of Rs. 4,760 in 1955-56 on the reclamation of land. The farm suffered a total loss of Rs. 37,783 during 1955-56 to 1958-59.
<b>DISTRICT SIRMUR</b>	
5. Bubi (21.5 acres) This farm was established in 1956 on forest land situated on the bank of Jalal stream. Only 16 acres could be brought under cultivation. It was reported by the Director of Agriculture in January/February, 1961 that the stream had washed away a part of 16 acres of land under cultivation and that it was eroding the soil during the rainy seasons; the farm had also no irrigation facilities.	The farm suffered a total loss of Rs. 19,226 during 1955-56 to 1960-61. The farm was abandoned and the land was brought under Crop Research Scheme (Ginger) in June, 1962.

## 6. Bagthan

(22.71 acres)

The farm was started in 1956 on an area of 55 acres belonging to the Forest Department. Of this, only 16 acres could be brought under cultivation, 18 acres of steep land were transferred to the Horticulture Section. The soil analysis done in December, 1963, showed that it was a medium type of soil requiring heavy manuring for crop production. The farm had also no irrigation facilities.

The farm suffered a total loss of Rs. 53,468 during 1955-56 to 1962-63.

## DISTRICT MAHASU

## 7. Suni

(40 acres Government land acquired in September, 1955 from the Revenue Department and 1 acre purchased for Rs. 4,565 in March, 1961).

According to the findings of the Departmental Officers in February, 1957, May, 1961 and January, 1963, the soil of the farm was unsuitable for cereal crop production; the farm had very little irrigation facilities.

The land being unsuitable for cereal crop production, a part of the area of the farm measuring about 12.5 acres was converted into an Orchard in June, 1961 and the rest was made a seed multiplication-cum-soil conservation-cum-demonstration farm.

The total expenditure incurred on reclamation of land during 1955-56 to 1962-63 was Rs. 47,160. This includes proportionate expenditure of about Rs. 16,282 on 15 acres of land which had to be surrendered for common grazing, (in exchange for another piece of land which also involved heavy reclamation work); the villagers had represented that the establishment of the farm had left them with insufficient land for grazing their cattle.

The farm suffered a total loss of Rs. 90,768 during the same period.



## APPENDIX IV

(Referred to in paragraph 29 page 22)

### STATEMENT OF WORKS COSTING OVER RS. 5 LAKHS EXECUTED WITHOUT ESTIMATES AND WHERE EXPENDITURE EXCEEDED THE ESTIMATES

Serial number and name of work	San- tioned estimate	Actual expendi- ture	Percentage of excess over sanctioned estimate	Year in which the excess first occurred/ expenditure incurred without sanctioned estimate
1	2	3	4	5
(In lakhs of rupees)				
<i>A. Work executed without sanctioned estimate—</i>				
1. Construction of 4 feet to 9 feet wide track Karcham-Sangla Chitkal Road mile 14/0 to 27/0. . . . .		3.73		1963-64
<i>B. Works costing over Rs. 5 lakhs where expenditure exceeded sanctioned estimates by over 10 per cent—</i>				
1. Widening Simla-Mandi Road Mile 0-7. . . . .	2.82	5.39	91.13	1961-62 or earlier
2. Widening Simla-Mandi Road Mile 16-24. . . . .	5.79	9.16	58.20	1961-62 or earlier
3. Widening Simla-Mandi Road Mile 25-32. . . . .	3.58	7.85	1,19.27	1961-62 or earlier
4. Construction of R.C. Bridge over river Sutlej Alikhad-Ghuman-Loddur Road. . .	13.00	24.68	89.85	1961-62 or earlier
5. Construction of 16 feet wide Theog-Kotkhai-Hatkoti Road. Mile 51/0 to 61/4. . . . .	6.80	12.76	87.65	1961-62 or earlier
6. Construction of Bilaspur side left approach Road to Slapper Bridge RD. 28/4300 to 30/1000. . . . .	3.49	5.34	53.01	1962-63

## APPENDIX V

(Referred to in sub-para (b) of paragraph 54 page 43)

Important types of irregularities noticed during local audit and inspection

Number of offices  
in which the  
irregularity  
was noticed

### I—TREASURIES AND OTHER CIVIL OFFICES—

(i) Defective maintenance of cash book including non-checking of totals, non-verification of totals carried from subsidiary registers, etc. . . . .	5
(ii) Defective maintenance of Stock Registers . . . . .	6
(iii) Non-realisation of security deposits from officials handling cash, stores, etc. . . . .	3

### II—PUBLIC WORKS OFFICES—

(i) Losses/shortages of stores . . . . .	16
(ii) Non-recovery of dues from the beneficiaries . . . . .	10
(iii) Non-accountal of stores . . . . .	14
(iv) Fictitious adjustment of stock . . . . .	6
(v) Wasteful and infructuous expenditure due to defective plan, designs and abandonment of work . . . . .	6
(vi) Unauthorised financial aid to contractors . . . . .	6
(vii) Delay in effecting recoveries due from contractors . . . . .	6
(viii) Excess payment due to non-observance of conditions of contract or non-provision of the requisite conditions in Contract/Agreement . . . . .	3
(ix) Excess payment due to inflated measurements/payments at higher rates . . . . .	2



## APPENDIX VI

(Referred to in paragraphs 50 and 51 at pages 33 and 39)

### PRO FORMA ACCOUNTS OF GOVERNMENT COMMERCIAL DEPARTMENT

HIMACHAL PRADESH GOVERNMENT ROSIN AND TURPENTINE FACTORY, NAHAN

*Balance Sheet as on 31st March, 1964*

As on 31st March, 1963 Rs.	Capital and Liabilities	As on 31st March, 1964 Rs.	As on 31st March, 1963 Rs.	Property and Assets	As on 31st March, 1964 Rs.
22,69,160	Capital	21,21,540	2,65,493	<i>Fixed Assets—</i>	3,25,417
2,51,360	Liabilities for expenses and supplies	4,50,370	..	Buildings	14,650
6,803	Security of staff	7,563	..	Machinery	5,232
			2,620	Vehicles	7,318
			1,987	Electric Lines and Fittings	1,468
			272	Furniture	139
			..	Books	5,206
			..	Laboratory Apparatus and Fittings	1,372
			753	Tools and Workshop	14,623
			24,041	Barrels	12,961
			14,023	Jeep	312
			467	Barrels for Subsidiary	
				<i>Bhatties</i>	
				<i>Closing Stocks—</i>	
			2,51,127	Raw Material (Resin)	1,89,552

				11,82,257	Finished Products	12,35,190
				54,899	Stores	74,440
				434	Postage, Stamp and Stationery	521
				7,11,396	Sundry Debtors	6,77,249
				8,303	Securities	9,063
				8,760	Uncashed Cheques	4,269
				491	Cash and Bank Balance	491
<u>25,27,323</u>	GRAND TOTAL	..	<u>25,79,473</u>	<u>25,27,323</u>	GRAND TOTAL	<u>25,79,473</u>

*Trading and Profit and Loss Account for the year ending 31st March, 1964*

As on 31st March, 1963	Particulars	As on 31st March, 1964	As on 31st March, 1963	Particulars	As on 31st March, 1964
	<i>To</i>			<i>By</i>	
2,97,376	Opening stocks of finished goods	11,75,765	30,13,730	Sale effected during the year	38,30,122
34,77,111	Finished goods transferred from Manufacturing Accounts	34,70,739	11,75,765	Stock of finished goods	12,31,895
55,161	Depreciation value of barrels sold and rejected tins transferred from Manufacturing Accounts	25,723		Loss on account of auction sale of 'D' and 'B' grade rosin	61,339
3,59,847	Gross profit carried down	4,51,129			
<u>41,89,495</u>	Total	<u>51,23,356</u>	<u>41,89,495</u>	Total	<u>51,23,356</u>
71,878	Salaries and other expenses	88,724	3,59,847	Trading gross profit brought down	4,51,129
16,038	Depreciation	16,955	48,258	Miscellaneous receipt	28,211
60,871	Interest on Capital Outlay	76,857			



3,777	Audit Fee	5,115	..	By amount on account of excess depreciation on machinery for 1962-63 written back	10,257
9,709	Miscellaneous	25,814			
..	Loss on account of auction sale of low grade rosin as per contra	61,339			
2,45,832	Net profit carried down to Balance Sheets	2,14,793			
<u>4,08,105</u>	Total	<u>4,89,597</u>	<u>4,08,105</u>	Total	<u>4,89,597</u>

*Store Account for the year ending 31st March, 1964*

Sl. No.	Particulars	Raw Material	Stores	Finished Products	Total
		Rs.	Rs.	Rs.	Rs.
1.	Value of opening balance of stores on 1st April, 1963	2,51,127	54,899	11,46,771	14,52,797
2.	Value of stores received during the year	29,91,000	3,51,313	34,28,046	67,70,359
	Total	32,42,127	4,06,212	45,74,817	82,23,156
3.	Value of goods sold during the year	..	..	33,49,657	33,49,657
4.	Value of goods utilised during the year	30,52,575	3,31,772	..	33,84,347
	Total	30,52,575	3,31,772	33,49,657	67,34,004
5.	Value of closing balance of stores on 31st March, 1964	1,89,552	74,440	12,25,160	14,89,152



HIMACHAL GOVERNMENT TRANSPORT

*Balance Sheet of Operational Units as on 31st March, 1964*

As on 31st March, 1963	Capital and Liabilities	As on 31st March, 1964	As on 31st March, 1963	Property and Assets	As on 31st March, 1964
Rs.		Rs.	Rs.		Rs.
90,59,190	Government Capital Account	1,50,97,905	8,21,128	Land and Building	8,06,443
1,99,832	Motor Transport Reserve Fund	1,99,832	36,438	Furniture and Fixtures	49,994
1,40,526	Securities from staff	1,48,532			
99,273	Securities from private trucks	1,01,313			
7,703	Deposit of earnest money	11,498			
23,15,248	Outstanding liabilities	32,32,783	82,51,205	Vehicles	1,33,07,558
			2,799	Typewriters etc.	1,549
2,20,958	Contributory Provident Fund	2,20,659	58,379	Tools and Plants	54,014
2,55,990	Provision for loss on condemned vehicles	2,55,990	13,41,314	Closing Balance of stocks	15,63,661
4,57,882	Stores Obsolescence Fund	5,49,950	20,75,756	Sundry Debtors	36,07,091
9,30,807	Rolling Stock Price Equalisation Fund	11,98,946	3,24,142	Unadjusted credit notes	3,63,963
			57,045	Northern Railway	76,378
			3,47,242	Mandi-Kulu Road Transport Corporation	3,47,242
			2,21,298	Securities with Post Offices	2,35,202
			30	Securities with Electric Supply Co.	10
			700	Securities with Mails	700
			13,264	Securities deposited into treasury	13,214
			7,453	Deposit of earnest money	11,248
			558	Prepayment and Advances	..
			3,000	Securities with Railways	3,000
			..	Cheques for collection	10

			37,062	Dues for Passenger and Goods Income	5,05,710
			13,812	Cash in Imprest	12,125
			69,796	Cash in hand	37,289
			4,993	Prepaid Expenses	5,485
			..	Advances recoverable	9,487
			..	Shortage of Revenue	6,035
<u>1,36,87,409</u>	Total	<u>2,10,17,408</u>	<u>1,36,87,409</u>	Total	<u>2,10,17,408</u>

*Balance Sheet of Central Stores, Taradevi, as on 31st March, 1964*

As on 31st March, 1963	Capital and Liabilities	As on 31st March, 1964	As on 31st March, 1963	Property and Assets	As on 31st March, 1964
Rs.		Rs.	Rs.		Rs.
35,98,890	Government Capital Account	14,60,016	31,283	Furniture and Fixture	28,928
2,711	Security deposit from staff	3,436	22,642	Tools and Plants	20,126
10,01,364	Sundry Creditors	13,51,487			
53,180	Outstanding liabilities	53,291			
62,769	Obsolescence Fund	65,546	26,92,634	Vehicles	5,55,538
			..	Typewriters	1,160
			14,381	Sundry Debtors	13,967
			19,40,734	Stores in hand	23,07,411
			63	Books	63
			2,711	Securities with Post Offices	3,376
			3,630	Advances recoverable	2,568



				314	Cheques for collection	314
				603	Cash in hand	325
				9,919	Stores in Transit	..
<u>47,18,914</u>	Total	<u>29,33,776</u>	<u>47,18,914</u>	Total		<u>29,33,776</u>

*Balance Sheet of the Central Workshop, Taradevi, as on 31st March, 1964*

As on 31st March, 1963	Capital and Liabilities	As on 31st March, 1964	As on 31st March, 1963	Property and Assets	As on 31st March, 1964
Rs.		Rs.	Rs.		Rs.
6,85,856	Government Capital Account	7,47,844	4,04,165	Land and Building	4,80,925
880	Security Deposit from staff	910	81,579	Plant and Machinery	78,269
37,629	Other Liabilities	47,043			
			5,991	Vehicles	5,518
			3,472	Furniture and Fixture	3,777
344	Passenger Tax	344	..	Typewriters	1,295
3,094	Rolling stock price	3,494			
			31,137	Training School Equipment	31,137
146	Obsolescence fund	292	109	Books and Publications	124
168	Motor Transport Reserve Fund	168	77,278	Stores in hand	66,325
11,755	Contributory Provident Fund	11,755			
			1,28,668	Sundry Debtors	1,38,104
			880	Securities in Post Offices	910
			4,333	Prepayment and Advances	4,292
			1,616	Cheques for collection	87
			644	Cash in hand	1,087
<u>7,39,872</u>	Total	<u>8,11,850</u>	<u>7,39,872</u>	Total	<u>8,11,850</u>

*Profit and Loss Account of Operational Units ending 31st March, 1964*

As on 31st March, 1963 Rs.	Particulars	As on 31st March, 1964 Rs.	As on 31st March, 1963 Rs.	Particulars	As on 31st March, 1964 Rs.
	<i>To</i>			<i>By</i>	
26,331	Officers Salaries	38,942	47,40,185	Sale of Tickets	56,56,524
15,61,354	Establishment Salaries	18,62,094			
25,542	Travelling Allowance	37,172			
17,58,977	Petrol, Oil and Lubricants	23,48,526			
17,64,659	Stores and Accessories	23,23,297	78,65,318	Goods Income	96,54,607
30,891	Printing and Stationery	35,047	1,98,510	Miscellaneous Income	10,70,339
68,431	Uniforms	72,130	72,930	Out Agency Income	1,03,083
5,257	Postage and Telegrams	6,615	75,079	Mail Income	75,681
22,078	Telephones	22,816			
70,636	Rent, Rates and Taxes	1,11,455			
19,167	Water and Electricity charges	19,640			
2,00,459	Miscellaneous charges	3,25,338			
2,18,890	Outside Central Workshop, Re- pairs, and adjustments	1,79,058			
3,471	Value of stores found short	..			
16,604	Octroi charges	13,914			
179	Law charges	37			
24,573	Permit Fee	25,741			
765	Registration charges	5,490			
77,016	Token Tax	77,725			
35,06,669	Hire of Vehicles	41,41,234			
4,700	Hot and Cold Weather charges	7,273			
22,762	Audit Fee	28,859			
1,78,616	Direction charges	1,86,204			
2,48,410	Interest on Capital	4,02,343			



..	Provision for Motor Transport Reserve Fund	4,340			
10,44,339	Provision for Depreciation Reserve Fund	11,89,661			
2,43,680	Provision for Rolling Stock Price Equalisation Fund	2,68,139			
63,468	Provision for Obsolescence Fund	92,068			
1,09,978	Provision for doubtful debts	1,39,500			
1,14,242	Provision for Pension Contribution	1,32,504			
44,722	Provision for loss on condemned vehicles	7,656			
..	Minor Works and Repairs	4,473			
..	Compound H.P. Goods Tax	1,41,224			
..	Compensation for loss on jeep	13,267			
14,75,156	Net Profit	22,96,452			
<u>1,29,52,022</u>	Total	<u>1,65,60,234</u>	<u>1,29,52,022</u>	Total	<u>1,65,60,234</u>

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*Profit and Loss Account of Central Stores, Taradevi ending 31st March, 1964*

As on 31st March, 1963 Rs.	Particulars	As on 31st March, 1964 Rs.	As on 31st March, 1963 Rs.	Particulars	As on 31st March, 1964 Rs.
	<i>To</i>			<i>By</i>	
6,934	Pay of Officers	330			
44,247	Pay of Establishment	43,401	1,76,686	Handling charges	2,27,880
1,657	Travelling Allowance	1,395	404	Miscellaneous	546
525	Petrol, Oil and Lubricants	918	47,126	Net loss transferred to Government Capital account	..

986	Stores and Accessories	360			
1,329	Printing and Stationery	719			
2,001	Postage and Telegrams	2,626			
405	Uniforms	365			
..	Outside repairs	1,769			
1,931	Telephone	3,786			
2,250	Miscellaneous	2,495			
3,272	Audit Fee	3,500			
7,256	Direction charges	8,567			
5,805	Provision for depreciation on assets	5,931			
13,463	Provision for Obsolescence Fund	2,777			
5,271	Provision for Pension contribution	4,173			
1,26,884	Interest on capital	92,135			
..	Hot and Cold Weather charges	275			
..	Net Profit/Loss	52,904			
<u>2,24,216</u>	Total	<u>2,28,426</u>	<u>2,24,216</u>	Total	<u>2,28,426</u>

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*Profit and Loss Account of Central Workshop, Taradevi ending 31st March, 1964*

As on 31st March, 1963 Rs.	Particulars	As on 31st March, 1964 Rs.	As on 31st March, 1963 Rs.	Particulars	As on 31st March, 1964 Rs.
10,031	<i>To</i> Pay of Officers	14,097	10,88,382	<i>By</i> Job Income (Cost of stores issued, labour and departmental charges)	13,02,188
2,22,880	Pay of Establishment	2,56,630			
20,879	Wages	25,122			



2,925	Travelling Allowance	6,563	5,935	Rent of Buildings	3,089
6,58,016	Stores consumed	8,16,996	2,478	Miscellaneous Income	1,100
7,413	Petrol, Oil and Lubricants	7,634	77,258	Works in Progress	65,345
4,173	Postage, Telegrams and Tele- phones	3,274			
..	Outside Repair charges	2,010			
3,383	Uniforms	3,733			
1,759	Printing and Stationery	689			
301	Hot and Cold Weather charges	1,217			
10,562	Electric and Water charges	17,212			
1,959	Registration and Miscellaneous charges	723			
15,508	Minor Works and Repairs	6,332			
2,696	Audit Fee	3,000			
360	Token Tax	360			
20,393	Interest on Capital	24,185			
7,257	Direction charges	8,800			
12,592	Pension Contribution	15,028			
2,500	Provision for bad and doubtful debts	2,500			
32,344	Provision for depreciation on assets	35,436			
316	Provision for Rolling Stock Price Equalisation Fund	400			
146	Provision for Obsolescence Fund	146			
1,35,660	Net Profit transferred to Capital Account	1,19,635			
<u>11,74,053</u>	Total	<u>13,71,722</u>	<u>11,74,053</u>	Total	<u>13,71,722</u>

HIMACHAL GOVERNMENT TRANSPORT  
Stores Account ending 31st March, 1964

Particulars	Petrol, Oil and	Stores and	Total
	Lubricants	Accessories	
	Rs.	Rs.	Rs.
Opening balance as on 1st April, 1963	1,68,714	11,25,700	12,94,414
Receipts during the year	45,87,354	27,03,312	72,90,666
Total	47,56,068	38,29,012	85,85,080
Value of stores utilised during the year	24,30,969	2,12,366	26,43,335
Value of stores found short and written off	..	..	..
Value of stores sold and transferred to other units	20,97,467	23,23,297	44,20,764
Total	45,28,436	25,35,663	70,64,099
Value of closing balance of stores in hand as on 31st March, 1964	2,27,632	12,93,349	15,20,981



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FOR THE YEAR 1918

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FOR THE YEAR 1918

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