



GOVERNMENT OF MADHYA PRADESH

AUDIT REPORT
1969

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PREFATORY REMARKS

This Audit Report has been prepared both in Hindi and English for submission to the Governor under Article 151 of the Constitution. It mainly relates to matters arising from the Appropriation Accounts for 1967-68 together with other points arising from audit of the financial transactions of the Government of Madhya Pradesh. It also includes—

- (i) certain points of interest arising from the Finance Accounts for the year 1967-68, and
- (ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

The financial irregularities, losses, *etc.*, commented upon in the Report relate to cases which came to the notice of Audit during the year 1967-68 as well as those which had come to notice in the earlier years but could not be dealt with in the previous Audit Reports; matters relating to the period subsequent to 1967-68 have also been included, wherever considered necessary.

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

CHAPTER I GENERAL

REVENUE RECEIPTS AND EXPENDITURE MET FROM REVENUE

Budget and Actuals.— The following table shows the revenue realised and the expenditure met from revenue in each of the three years ending 1967-68, compared with the budget estimates therefor:—

Year	Budget estimates	Actuals	Variation		Year	Budget estimates	Actuals
			Amount	Percentage			
<i>(In crores of rupees)</i>							
Revenue Receipts							
1965-66	1,20.46	1,23.06	+2.60	+ 2.2			
1966-67	1,37.19	1,37.87	+0.68	+ 0.5			
1967-68	1,57.78	1,67.46	+9.68	+ 6.1			
Revenue Deficit							
<i>(In crores of rupees)</i>							
Expenditure met from Revenue							
					1965-66	— 0.73	—2.61
1965-66	1,21.19	1,25.67	+ 4.48	+ 3.7	1966-67	— 1.84	—17.74
1966-67	1,39.03	1,55.61	+16.58	+11.9	1967-68	—24.11	— 9.47
1967-68	1,81.89	1,76.93	— 4.96	— 2.7			

In all the three years there was deficit on revenue account; the actual deficit during 1967-68 was Rs. 9.47 crores against Rs. 24.11 crores anticipated in the budget estimates. The decrease in revenue deficit was due to larger realisation of revenue and less expenditure than budgeted for.

2. (a) *Revenue receipts.*—During 1967-68 revenue receipts showed an increase of Rs. 29.59 crores (21 per cent) over that in 1966-67 and Rs. 44.40 crores (36 per cent) over that in 1965-66.

The increase is analysed below :—

	1965-66	1966-67	1967-68	Increase + Decrease— since 1965-66
<i>(In crores of rupees)</i>				
Revenue raised by the State Government—				
<i>Tax Revenue—</i>				
(a) Taxes duties and other principal heads of revenue.	48.96	53.48	63.54	+14.58
<i>Non-tax Revenue—</i>				
(b) Receipts under Administrative, Social and Developmental Services, Irrigation, Public Works, Forests, etc.	29.18	31.63	35.34	[+6.16
(c) Interest	6.13	8.51	9.16	+3.03
Receipts from Central Government—				
(a) State's share of divisible Central taxes	19.28	25.07	27.59	+8.31
(b) Grants-in-aid—				
(i) Statutory grants	5.41	5.13	4.97	—0.44
(ii) Other grants-in-aid	14.10	14.05	26.86	+12.76
Total	1,23.06	1,37.87	1,67.46	44.40

The receipts from the Central Government during 1967-68 (Rs. 59.42 crores) were 35.5 per cent of the total revenue receipts.

The increase of Rs. 14.58 crores in the revenues from 'Taxes, Duties and Other Principal Heads of Revenue' since 1965-66 occurred mainly under the following heads :—

Head of revenue	1965-66	1967-68	Increase
	(In crores of rupees)		
State Excise Duties	8.94	11.83	2.89
	The increase is mainly due to withdrawal of prohibition.		
Sales Tax	20.00	28.24	8.24
	The increase is mainly due to enhancement of the rates of State and Central sales tax and recovery of arrears.		
Other Taxes and Duties	6.98	8.71	1.73
	The increase is mainly due to more collection of entertainment tax, electricity duty and taxes on profession, trade, callings and employment.		
Stamps	2.72	3.76	1.04
	The increase is mainly due to sale of more stamps (Rs. 0.75 crore) and realisation of larger amount of court fees due to enhancement in the rates of stamp duty (Rs. 0.25 crore).		

The increase of Rs. 9.19 crores in non-tax revenue occurred mainly under the following heads:—

Head of revenue	1965-66	1967-68	Increase
	(In crores of rupees)		
Interest	6.13	9.16	3.03
	The increase is mainly due to more interest received on loans and advances by the State Government		
Miscellaneous Social and Developmental Organisations	2.33	3.68	1.35
	The increase is mainly due to larger realisation of mineral concession fees and royalties and enhancement of the rates of royalty on certain minerals.		
Forests	17.20	20.65	3.45
	The increase is mainly due to more receipts from timber and other forest produce due to better prices of timber, <i>tendu</i> leaves, etc.		

(b) *Taxation changes during the year.*—The following changes in taxation, etc., were made during 1967-68 :—

	Date from which implemented	Estimated yield during 1967-68
	(In crores of rupees)	
(i) Increase in the rates of State and Central sales tax.	1st September 1967	0.44
(ii) Increase in the issue price of country spirit	10th September 1967	0.57
(iii) Increase in the rates of stamp duty	1st September 1967	0.30

In addition, withdrawal of prohibition from 7th July 1967 was expected to increase the yield from excise duties by Rs. 1.50 crores.

(c) *Cost of collection of revenue.*—Expenditure incurred during 1967-68 in collecting the principal items of revenue together with the corresponding figures for 1965-66 is shown below :—

Head of revenue	1965-66			1967-68		
	Gross collection	Expenditure on collection	Percentage of expenditure on the revenue collected	Gross collection	Expenditure on collection	Percentage of expenditure on the revenue collected
	(In lakhs of rupees)			(In lakhs of rupees)		
Land Revenue	6,99.40	3,38.69	48.4	7,26.35	4,30.88	59.3
State Excise Duties	8,93.99	48.88	5.5	11,82.93	61.68	5.2
Taxes on Vehicles	2,85.19	12.47	4.4	3,13.86	13.23	4.2
Sale Tax	20,00.21	43.67	2.2	28,24.28	58.75	2.1
Other Taxes and Duties	6,97.99	7.26	1.1	8,70.85	8.88	1.2
Stamps	2,72.37	7.61	2.8	3,75.52	9.30	2.5
Registration Fees	46.71	7.83	16.8	60.39	10.24	17.0

(d) *Arrears of revenue.*—According to information furnished by ten departments, arrears in collection of revenue as on 31st March 1968 were Rs. 18,95.83 lakhs as shown below:—

Nature of revenue	Amount outstanding	Remarks
	(In lakhs of rupees)	
Royalties from minerals, etc.	4,26.89	Does not include arrears of four districts.
Sales Tax	2,93.46	Arrears relate to 1947-48 and onwards and do not include arrears of eight offices.
Land Revenue	4,28.36	Does not include information for six out of forty three districts.
State Excise	1,71.99	Arrears relate to 1913-14 onwards. Of this, Rs. 3.13 lakhs are considered as irrecoverable and Rs. 1.62 lakhs as doubtful.
Forest	2,91.83	Arrears relate to 1911-12 and onwards and do not include arrears in three out of eleven circles.
Irrigation	1,55.12	
Dividends, etc.	37.55	
Electricity Duty	34.31	
Taxes on vehicles	28.24	
Receipts from Printing and Stationery	28.08	
Total	18,95.83	

3. *Expenditure on revenue account.*—Expenditure on revenue account during 1967-68 (Rs. 1,76.93 crores) was 13.6 per cent more than that in 1966-67 (Rs. 1,55.61 crores). The increase was mainly due to larger expenditure on (a) servicing of debt (Rs. 3.57 crores) due to increase in borrowing of the State, (b) social and developmental schemes relating to Education (Rs. 8.53 crores) and Agriculture (Rs. 1.89 crores) and (c) Public Works (Rs. 2.21 crores).

EXPENDITURE OUTSIDE THE REVENUE ACCOUNT

4. (a) Expenditure outside the revenue account includes, besides capital expenditure, the amount disbursed by Government as loans and advances.

Expenditure on capital account during 1967-68 and the preceding two years was higher than the budget estimates as shown below :—

Year	Budget estimate	Actuals	Variation	
			Amount	Percentage
(In crores of rupees)				
1965-66	29.32	44.50	+15.18	+51.8
1966-67	11.99	16.74	+4.75	+39.6
1967-68	15.40	23.69	+8.29	+53.8

The increase of Rs. 8.29 crores (53.8 per cent) over budget estimates during 1967-68 was mainly under 'Schemes of Government Trading'.

(b) An analysis of the expenditure outside the revenue account during and to end of 1967-68 is given below :—

	Expenditure during 1967-68	Progressive expenditure to end of 1967-68
(In crores of rupees)		
(a) Capital Outlay on—		
(1) Compensation to land holders, etc., on the abolition of Zamindari system.	..	14.09
(2) Social and Developmental Services—		
(i) Improvement of Public Health	0.90	7.94
(ii) Agricultural Improvement and Research	1.52	14.47
(iii) Industrial and Economic Development	6.67	31.34
(3) Multipurpose River Schemes, Irrigation and Electricity Schemes—		
(i) Multipurpose River Schemes	5.33	69.13
(ii) Irrigation Works (commercial and non-commercial)	7.12	70.40
(4) Public Works (including roads) and Schemes of Miscellaneous Public Improvements.	4.79	85.21
(5) Madhya Bharat Roadways	..	-0.19
(6) Schemes of Government Trading	-2.76	9.21
(7) Forests	0.11	0.56
(8) Miscellaneous	0.01	2.98
(b) Appropriation to Contingency Fund	..	2.00
(c) Net expenditure under loans and advances, i.e. after taking into account recoveries of loans and advances.	19.50	1,98.01
Total	43.19	5,05.15

Further particulars of capital and other expenditure outside the revenue account and the principal sources from which funds were provided for meeting that expenditure are given in statement nos. 13 and 15 of Finance Accounts 1967-68.

5. *Loans and advances by State Government.*—(a) The disbursement of loans and advances by Government and recoveries thereof during the three years ending 1967-68 are compared below with budget estimates:—

Year	Budget estimates	Actuals	Variation as compared with budget estimates					
			Amount	Percentage				
(In crores of rupees)								
Loans advanced								
1965-66	29.47	36.12	+6.65	+22.5				
1966-67	20.60	24.73	+4.13	+20.0				
1967-68	34.16	31.77*	—2.39	—7.0				
Recoveries								
(In crores of rupees)								
1965-66	9.80	6.88	—2.92	—29.8	1965-66	19.67	29.24	+9.57
1966-67	18.53	11.76	—6.77	—36.5	1966-67	2.07	12.97	+10.90
1967-68	23.18	12.27	—10.91	—47.0	1967-68	10.98	19.50	+8.52

(b) The balance of loans outstanding on 31st March 1968 was more by Rs. 19.50 crores than that outstanding at the beginning of the financial year. The increase was mainly in the following loans :—

Particulars of loans	Balance on 31st March 1967	Balance on 31st March 1968	Increase
Loans to-State Electricity Board	1,22.10	1,32.37	10.27
Advances to cultivators	27.43	36.62	9.19

Loans to Madhya Pradesh Electricity Board shown above do not include capital expenditure incurred by Government on Gandhi Sagar Power Station taken over by the Board on 1st April 1961. The amount is yet to be determined and will be treated as loan to the Board.

Further details of outstanding loans and advances are given in statements nos. 5 and 18 of Finance Accounts 1967-68.

(c) *Recoveries in arrears.*— The detailed accounts of loans and advances paid to municipal committees, janpad sabhas, etc., are maintained by the Audit Office. At the end of 1967-68 Rs. 47.00 lakhs (principal Rs. 17.70 lakhs and interest Rs. 29.30 lakhs) were overdue for recovery. Complete information about recovery in arrears of other loans and advances the detailed accounts of which are maintained by departmental officers has not been furnished to Audit. According to information received (December 1968) Rs. 73.60 lakhs were in arrears for over three years; the details are given in statement no. 5 of Finance Accounts 1967-68 at page 32.

*Excludes Rs. 0.16 crore advanced from Contingency Fund during 1967-68 not recouped to the Fund till the close of the year.

DEBT POSITION OF GOVERNMENT

6. The debt and other obligations of Government at the end of March 1968 compared with the corresponding amounts at the end of each of the two preceding years are given below :—

	Total debt at the end of		
	1965-66	1966-67	1967-68
	(In crores of rupees)		
Public Debt	3,61.75	4,06.83	4,46.55
Other debt and obligations	32.08	40.08	50.20
Total	3,93.83	4,46.91	4,96.75

7. *Public debt.*—(a) An analysis of the public debt outstanding at the end of 1967-68 compared with the corresponding amounts at the end of the preceding two years is given below:—

	1965-66	At the end of	
		1966-67	1967-68
	(In crores of rupees)		
(i) Long-term borrowings—			
Loans raised by Government in the open market.	36.03	41.09	45.96
Loans from the Central Government	2,92.32	3,42.65	3,76.86
Loans from autonomous bodies	18.68	15.87	14.10
(ii) Purely temporary borrowings—			
Ways and means advances and overdrafts to meet shortfalls in cash balance.	14.72	7.22	9.63
Total	3,61.75	4,06.83	4,46.55

The increase in the liability of Government on account of public debt (Rs. 39.72 crores) during 1967-68 is analysed below :—

	Loans raised during 1967-68	Loans discharged during 1967-68	Net increase + or decrease— during 1967-68
	(In crores of rupees)		
(1) Loans raised in the open market	5.63*	0.76	+4.87
(2) Loans from the Central Government	67.14	32.93	+34.21
(3) Loans from autonomous bodies	2.00	3.77	—1.77
(4) (a) Ways and means advances taken from the Reserve Bank of India.	8.89	8.89	..
(b) Overdrafts from the Reserve Bank of India to meet shortfall in the minimum cash balance with the Bank.	99.31	96.90	+2.41

(b) *Open market loans.*—During the year Government raised a loan of Rs. 5.50 crores from the open market at a discount of 3 per cent. The loan bears interest at $5\frac{3}{4}$ per cent and is redeemable at par in 1979. The total subscription received was Rs. 5.54 crores.

*Includes Rs. 0.09 crore relating to loans raised in previous years kept in deposit under "Civil Deposits" pending issue of scrips by Reserve Bank. This was brought under "Public Debt" during 1967-68 on issue of scrips.

One loan fell due for repayment during 1967-68. Rs. 1.36 crores were repaid leaving a balance of Rs. 0.27 crore at the end of the year.

(c) *Loans from the Central Government.*—Loans received from the Central Government and outstanding on 31st March 1968 (Rs. 3,76.86 crores) formed 84 per cent of the total public debt of the State. There was a net addition of Rs. 34.21 crores in 1967-68 in the loans received from the Central Government.

(d) *Ways and means advances and overdrafts from the Reserve Bank of India.*—Under an agreement with the Reserve Bank of India, Government of Madhya Pradesh has to maintain with the Bank a minimum balance of Rs. 40 lakhs on each day. The Bank informs Government by telegram the daily balance with the Bank at the close of each working day. If this balance falls below the agreed minimum, the deficiency is made good by taking ways and means advances (ordinary and special) from the Reserve Bank according to the limits fixed by it from time to time or by selling Treasury Bills. On occasions, when deficiency in cash balance cannot be made good even after taking the maximum ways and means advances, the shortfall is treated as an overdraft. The Bank charges interest on these advances and overdrafts at the rate of 5 to 6 per cent per annum.

How far the State Government was able to maintain the minimum balance with the Reserve Bank in 1965-66, 1966-67 and 1967-68 is shown below:—

	1965-66	1966-67	1967-68
(1) Number of days on which the minimum balance was maintained without taking any advance from Reserve Bank of India.	3	47	3
(2) Number of days on which the minimum balance was maintained by taking ordinary and special ways and means advances.	42	50	29
(3) Number of days on which there were overdrafts as the minimum balance could not be maintained even after taking ordinary and special ways and means advances to the full extent.	320	268	334

The ordinary and special ways and means advances obtained by Government during 1967-68 were Rs. 8.89 crores as against Rs. 13.85 crores during 1966-67. The maximum amount of overdraft and ways and means advances from the Bank on any single day of 1967-68 was Rs. 24.91 crores (on 4th December 1967) against Rs. 31.02 crores (on 18th April 1966) during 1966-67.

Interest paid to the Reserve Bank on ways and means advances and overdrafts during the three years ending with 1967-68 is shown below:—

Year	Interest paid (In lakhs of rupees)
1965-66	59.91
1966-67	74.31
1967-68	71.01

The cash balance with the Reserve Bank on 31st March 1968 was *minus* Rs. 9.91 crores. This balance has been arrived at after including therein Rs. 9.63 crores which on 31st March 1968 were outstanding as ways and means advances and overdrafts taken from the Reserve Bank. The cash balance, ways and means advances and overdrafts at the close of each of the preceding two years were:—

Balance on 31st March	Cash balance	Ways and means advances outstanding	Overdraft
	(In crores of rupees)		
1966	—12.19	3.90	10.82
1967	—9.22	4.00	3.22

The balance at the close of 1967-68 continued to be *minus* till 4th June 1968, when it was converted into a *plus* (credit) balance of Rs. 0.84 lakh. To tide over the ways and means difficulty of the State, Rs. 16.20 crores were paid as loan (of which Rs. 3.00 crores were repaid) during 1967-68 by the Government of India to the State Government.

8. *Other debt and obligations.*—In addition to public debt, unfunded debt (comprising mainly general provident fund balances of Government servants), balances at the credit of earmarked and other funds as also certain deposits which have not been invested but are merged in the general cash balance of Government constitute contingent liability of Government. The amount of such liability at the end of 1967-68 was Rs. 50.20 crores against Rs. 40.08 crores at the end of 1966-67 as shown below:—

	Total debt outstanding at the end of	
	1966-67	1967-68
	(In crores of rupees)	
<i>Interest bearing—</i>		
(i) Unfunded debt—mainly provident fund balances	13.54	19.03
(ii) Deposits of State Electricity Board and security deposits from consumers—State Electricity schemes.	7.22	7.22
<i>Non-interest bearing—</i>		
(i) Civil deposits	8.76	8.38
(ii) Deposits of local funds	0.76	0.97
(iii) Earmarked funds	9.80	14.60
Total	40.08	50.20

9. *Arrangements for amortisation.*—The following arrangements have been made for amortisation of various loans:—

(1) Open market loans

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

(ii) *Depreciation funds.*—A sum equal to 1½ per cent of the total nominal amount of the loan is set apart from revenue to form a depreciation fund for purchasing securities of loans for cancellation. No securities were purchased for cancellation during the year.

The balances in these funds at the commencement and end of 1967-68 are shown below:—

	Balance on 1st April 1967	Additions during the year	Withdrawals during the year	Balance on 31st March 1968
	(In lakhs of rupees)			
Sinking Funds	6,01.60	3,81.97	38.68	9,44.89
Depreciation Funds	2,91.75	69.37	26.91	3,34.21
Total	8,93.35	4,51.34	65.59	12,79.10

Of the balance in these funds, Rs. 3,82.24 lakhs were invested in the securities of the Government of India (Rs. 1,17.07 lakhs), other Governments (Rs. 1,79.59 lakhs) and in the State Government's own securities (Rs. 85.58 lakhs). The balance of Rs. 3,93.83 lakhs remained merged in the general cash balance of the State.

(2) Other loans

Government have made amortisation arrangements for repayment of certain loans taken from the Central Government as follows:—

	Contribution to sinking funds during the year	Balance in sinking funds on 31st March 1968
	(In lakhs of rupees)	
(i) Industrial Housing Loan	0.12	1.43
(ii) Loan to Madhya Pradesh Government allocated out of Government of India's consolidated borrowings, viz. 4½ per cent Loan, 1973.	47.97	1,26.48

Government have also made amortisation arrangement for repayment of loans received from the Life Insurance Corporation of India (balance outstanding on 31st March 1968 : Rs. 1,58.50 lakhs). The contribution made from revenue during the year was Rs. 6.34 lakhs and the balance in the fund at the end of 1967-68 was Rs. 9.28 lakhs.

Besides Rs. 2.90 lakhs were appropriated from revenue for discharge of the consolidated debt taken over by the former Government of Central Provinces and Berar on the introduction of provincial autonomy from 1st April 1937.

Government do not consider it necessary to earmark funds for amortisation of the remaining loans (balance on 31st March 1968 : Rs. 3,83.78 crores) received from the Central Government and autonomous bodies which form 86 per cent of the total public debt.

10. *Service of debt and other obligations.*—Interest charges on public debt and other obligations for 1967-68 together with the corresponding amounts for the preceding two years are given below:—

	1965-66	1966-67	1967-68
	(In crores of rupees)		
(1) Interest paid on public debt and other obligations	14.14	17.39	20.51
(2) Less—			
(i) Interest received on loans and advances by Government.	3.87	6.03	6.26
(ii) Interest realised on investment of cash balance.	0.10	0.12	0.08
(iii) Interest transferred to the accounts of multipurpose river schemes and treated as capital expenditure.	1.86	2.19	2.48
(iv) Recovery from the Government of Maharashtra as their share of interest paid on loans taken prior to re-organisation of States	0.05	0.05	0.03
(3) Net burden of interest charge on revenue	8.26	9.00	11.66
(4) Percentage of gross interest to total revenue receipts.	11.49	12.61	12.25
(5) Percentage of net interest to total revenue receipts.	6.71	6.53	6.96

If certain other receipts and adjustments, such as interest portion of equated payments on account of commuted value of pensions, interest on arrears of revenue, etc., totalling Rs. 34.45 lakhs, are also taken into account, the net burden of interest on revenue during 1967-68 would be Rs. 11.31 crores (6.76 per cent of the total revenue).

INVESTMENTS OF GOVERNMENT

11. Government had investments of Rs. 28.92 crores in shares/debentures of statutory corporations, Government companies, joint stock companies, co-operative societies and banks at the end of 1967-68 against Rs. 23.02 crores at the end of the previous year. Rs. 1,03.32 lakhs were received therefrom as dividend/interest during the year.

Details of investments and the return received therefrom are given in statement no. 14 of the Finance Accounts 1967-68. Certain points of interest about the working of statutory corporations, Government companies, etc., are given in Chapter VIII.

GUARANTEES GIVEN BY GOVERNMENT

12. Government have given guarantees to third parties on behalf of statutory corporations, joint stock companies and co-operative institutions, etc. as shown below:—

	Maximum amount guaranteed	Sums guaranteed outstanding on 31st March 1968
	(In crores of rupees)	
Statutory corporations and boards	5.96	5.07*
Joint stock companies	2.08	1.01*
Co-operative banks and societies	1,12.18	**
Municipal committees	1.26	0.78*
Total	1,21.48	6.86

Payment of a minimum dividend of 3½ per cent on the working capital of Madhya Pradesh Financial Corporation has also been guaranteed.

In addition, Government have given guarantees with unlimited liability on behalf of the Madhya Pradesh State Road Transport Corporation and Madhya Pradesh Electricity Board for payment of cost of stores purchased by them through the Director General of Supplies and Disposals, Government of India, and for payment of freight and other dues to the Railway Board. Rs. 39.09 lakhs were outstanding on 31st March 1968 against these guarantees.

The guarantees are in the nature of contingent liabilities of Government. Further details of guarantees are contained in statement no. 6 of Finance Accounts 1967-68.

Payment in fulfilment of guarantees.—During 1967-68 Government paid Rs. 3.00 lakhs to the State Bank of Indore in fulfilment of a guarantee given for repayment of the loan advanced by the Bank to Swadeshi Cotton and Flour Mills, Ltd. Indore. The amount is yet to be recovered from the company (November 1968).

*Information about the amount outstanding against some of the guarantees is awaited from the department.

**Information is awaited from Government.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

13. *Summary.*—(a) The following table compares the total expenditure during 1967-68 and the preceding two years with the total (*i. e.*, original *plus* supplementary) grants/appropriations therefor:—

Year	Total provision	Actual expenditure	Unutilised provision Amount	Percentage
	<i>(In crores of rupees)</i>			
1965-66	3,94.54	3,70.03	24.51	6.2
1966-67	4,51.06	4,19.40	31.66	7.0
1967-68	4,93.21	4,42.18	51.03	10.3

The amount as also the percentage of unutilised provision have been increasing.

(b) In 1967-68 the expenditure compared with the total voted grants and *charged appropriations* was as follows:—

	Total grants/ appropriations	Actual expenditure	Saving	
	<i>(In crores of rupees)</i>			
			Amount	Percentage
Voted—				
Original	2,92.39	2,98.90	26.71	8.9
Supplementary	6.51			
<i>Charged—</i>				
Original	1,67.41	1,94.31	24.32	12.5
Supplementary	26.90			
Total—				
Original	4,59.80	4,93.21	51.03	10.3
Supplementary	33.41			

The saving of Rs. 51.03 crores was the net result of (i) saving of Rs. 34.41 crores in forty grants and excess of Rs. 7.70 crores in fifteen grants and (ii) saving of Rs. 24.42 crores in twenty seven appropriations and excess of Rs. 0.10 crore in seven appropriations.

14. *Supplementary grants/appropriations.*—Supplementary provision of Rs. 33.41 crores was obtained in March 1968 in twenty three grants and twelve appropriations.

In fifteen grants/appropriations, supplementary provision exceeding Rs. 1 lakh in each case was obtained; out of these:—

(i) supplementary provision of Rs. 1,86.52 lakhs in four grants remained wholly unutilised and the expenditure did not even come up to the original provision. The supplementary provision in these cases could have been restricted to token amounts where necessary.

In the following two grants funds were surrendered in March 1968 substantially in excess of the supplementary provision obtained in that very month:—

Grant	Provision		Actual expenditure	Amount surrendered
	Original	Supplementary		
(In lakhs of rupees)				
38—Capital Expenditure pertaining to Agriculture Department.	18,25.23	1,50.67	12,77.84	6,64.83
49—Loans and Advances pertaining to Revenue Department.	3,78.45	25.00	3,59.69	43.89

(ii) In the following case the supplementary provision (obtained in March 1968) proved excessive:—

Appropriation	Provision		Actual expenditure	Saving	Percentage of saving to supplementary provision
	Original	Supplementary			
(In lakhs of rupees)					
Public Debt	1,40,91.42	26,87.00	1,43,84.83	23,93.59	89.1

15. *Excess over grants/appropriations.*—The details of fifteen grants and seven appropriations where the expenditure exceeded the budget provision by Rs. 7.70 crores and Rs. 0.10 crore respectively are given below; these excesses require regularisation under Article 205 of the Constitution.

Excesses over voted grants

Grant	Total grant Rs.	Expenditure Rs.	Excess	
			Amount Rs.	Percentage
(i) 3-Police	13,94,01,000	14,20,50,662	26,49,662	1.9
The excess occurred mainly under (i) 'District Establishment' (expenditure was Rs. 10,61.60 lakhs against total provision of Rs. 10,27.52 lakhs) largely due to (a) inadequate provision of funds for maintenance of vehicles (Rs. 21.43 lakhs), (b) adjustment of heavy debits for arms and ammunitions and railway warrants and (ii) "Home Guards" (expenditure was Rs. 82.81 lakhs against total provision of Rs. 76.06 lakhs) due to more expenditure on Home Guards called out for maintenance of law and order.				
(ii) 5-Jails	1,15,84,000	1,17,40,759	1,56,759	1.4
The excess was attributed to unexpected increase in the number of prisoners.				
(iii) 9-Other Revenue Expenditure pertaining to the Revenue and Land Reforms Departments.	19,47,80,000	20,20,21,530	72,41,530	3.7
The excess occurred mainly under group-head "Gratuitous Relief". Reasons for the excess are awaited.				
(iv) 17-Medical and Public Health	16,00,24,700	16,05,19,159	4,94,459	0.3
The excess occurred mainly under "Suspense". Reasons for the excess are awaited.				

Grant	Total grant Rs.	Expenditure Rs.	Excess	
			Amount Rs.	Percentage
(v) 20-Irrigation Works	3,45,21,000	3,74,84,648	29,63,648	8.6
	The excess occurred mainly under 'Suspense' (expenditure was Rs. 2,47.91 lakhs while the provision was Rs. 2,26.00 lakhs). Rs. 4.47 lakhs were also spent under "Maintenance and Repairs", without provision. Reasons for the excess are awaited (December 1968).			
(vi) 21-Irrigation Works Establishment and Tools and Plant.	1,90,29,200	2,12,74,981	22,45,781	11.8
	Reasons for the excess which occurred mainly under group-head "Establishment (iv) Executive" (Rs. 14.60 lakhs) and "Tools and Plant" (Rs. 7.20 lakhs) are awaited.			
(vii) 22-Public Works	14,43,86,500	17,55,81,263	3,11,94,763	21.6
	The excess occurred mainly under 'Suspense' (Non-Plan) (expenditure was Rs. 8,99.58 lakhs while provision was Rs. 6,00.00 lakhs) and 'Original Works-Communication-Financed from ordinary revenues' (expenditure Rs. 58.88 lakhs while provision was Rs. 44.30 lakhs). Reasons for the excess are awaited.			
(viii) 23-Public Works Establishment and Tools and Plant.	2,46,80,000	2,62,00,742	15,20,742	6.2
	The excess occurred mainly under 'Executive' (Rs. 9.14 lakhs) and 'Tools and Plant' (Rs. 11.53 lakhs). Reasons for the excess are awaited. During 1966-67 also, there was excess in this grant.			
(ix) 26-Administration of Justice	1,51,40,000	1,55,40,618	4,00,618	2.6
	Reasons for the excess which occurred mainly under 'Law Officers—Mofussil Establishment' (expenditure was Rs. 11.29 lakhs while the provision was Rs. 7.96 lakhs) are awaited.			
(x) 30-Tribal and Harijan Welfare	6,36,22,000	6,53,49,629	17,27,629	2.7
	The excess was mainly due to— (i) incorrect estimation by Collectors, and (ii) award of larger number of scholarships to students belonging to scheduled castes and tribes than anticipated.			
(xi) 40-Capital Expenditure pertaining to Public Health Department.	81,99,000	87,49,094	5,50,094	6.7
	The excess occurred mainly under 'Improvement in Bairagarh Water Works' (Rs. 3.65 lakhs) and 'Ujjain drainage scheme for Sinhastha fair' (Rs. 1.36 lakhs). Reasons for the excess are awaited.			
(xii) 42-Capital Outlay on Multi-purpose River Schemes and Irrigation.	12,32,03,100	12,67,36,611	35,33,511	2.9
	The excess occurred mainly under "Chambal Project—Interest on Capital" (expenditure Rs. 2,47.91 lakhs while the provision was Rs. 2,29.58 lakhs) and "IL-Tawa Project-(iv)-Suspense" (expenditure Rs. 51.92 lakhs while the provision was Rs. 35.00 lakhs). Reasons for the excess are awaited. The excess under 'Interest on Capital' was stated to have remained uncovered due to erroneous issue of re-appropriation order under 'Suspense' (Plan).			
	During 1966-67 also, there was an excess of Rs. 1,27.34 lakhs in this grant.			

Grant	Total grant Rs.	Expenditure Rs.	Excess	
			Amount Rs.	Percentage
(xiii) 45-Capital Expenditure pertaining to Planning and Development Department.	69,02,000	83,43,486	14,41,486	20.9

The excess occurred mainly under "Cost of materials and equipment received under Technical Co-operation Aid Programme—Malaria Control" (expenditure was Rs. 79.73 lakhs while the provision was Rs. 50.00 lakhs). Reasons for the excess are awaited.

(xiv) 51-Loans and Advances pertaining to Electricity Department.	8,33,00,000	10,13,49,902	1,80,49,902	21.7
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The excess of Rs. 50.00 lakhs was due to grant of a temporary ways and means advance to the Madhya Pradesh Electricity Board for which budget provision had not been made. Finance Department stated that the advance was expected to be repaid during 1967-68 itself and adjusted as reduction of expenditure. Repayments of advances are to be taken as credits and not as reduction of expenditure.

The remaining excess of Rs. 1,30.50 lakhs occurred due to adjustment of two loans received from the Government of India towards State's share of expenditure on the Chambal Project. The amount was paid directly to the Government of Rajasthan on behalf of the Government of Madhya Pradesh and intimation was received by the State Government in March 1968. According to the instructions of the Government of India, the amount was to be adjusted in the year itself as loan received from the Central Government and equivalent amount treated as loan to the Madhya Pradesh Electricity Board. No provision for the debit in this grant relating to payment of loans to the Electricity Board could be made due to late receipt of intimation from the Government of India.

(xv) 53-Loans and Advances pertaining to Co-operation Department.	65,95,000	94,31,850	28,36,850	43.0
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The excess occurred mainly under "Loans to Madhya Pradesh State Co-operative Bank for strengthening Agricultural Credit (Stabilisation) Fund" (expenditure was Rs. 77 lakhs while the provision was Rs. 20 lakhs) and was attributed to defective budgeting; the provision was made erroneously under grant no. "15—Co-operation"

Excesses over charged appropriations

Particulars of appropriation	Total appropriation Rs.	Expenditure Rs.	Excess	
			Amount Rs.	Percentage
(xvi) 1-General Administration	10,21,700	11,35,666	1,13,966	11.2

Reasons for the excess which occurred mainly under 'Works—2 Repairs' (expenditure was Rs. 1.67 lakhs while the appropriation was Rs. 0.50 lakh) are awaited.

Particulars of appropriation	Total	Expenditure	Excess	
	Appropriation Rs.	Rs.	Amount Rs.	Percentage
(xvii) 2-Other Revenue Expenditure pertaining to General Administration Department.	14,000	20,638	6,638	47.4

The excess occurred under "Privy purses and allowances of rulers of integrated States and allowances to their relatives and servants (i) Integrated States".

(xviii) 19-Revenue Expenditure pertaining to Local Government (Urban) Department.	20,00,000	28,46,285	8,46,285	42.3
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The excess occurred under "Grants to local bodies on account of loss of income due to crediting to Government of fees, fines and other receipts assigned to them under various Acts". Reasons for the excess are awaited.

(xix) 24-Education	22,600	22,837	237	1.1
(xx) 30-Tribal and Harijan Welfare.	4,000	4,024	24	0.6
(xxi) 35-Miscellaneous Capital Expenditure.	23,000	29,941	6,941	30.2

The excess occurred under "Payments of commuted value of pensions—payments in India" and was due to more payments of commuted value of pensions under the States Re-organisation Act, 1956.

(xxii) 37-Capital Expenditure pertaining to Commerce and Industry and Natural Resources Departments.	71,000	79,276	8,276	11.7
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The excess occurred under 'State Plan Schemes—Development of Industrial area near Bhilai' and was due to additional compensation for the land acquired for the industrial area.

16. *Savings in grants/appropriations.*—(a) Rs. 58,82.72 lakhs remained unutilised in forty grants and twenty seven appropriations. This was 15.2 per cent of the total provision under these grants/appropriations. In nine grants the savings exceeded 20 per cent of the total provision. Details of these cases are shown in Appendix I (page 69).

(b) A brief analysis of savings under different heads of Government activities is given below:—

Head of activity	Total	Actual	Saving	
	provision	expenditure	Amount	Percentage
	(In lakhs of rupees)			
(i) Collection of taxes, duties and other principal revenues.	6,63.17	5,92.96	70.21	10.6
(ii) Debt services	25,83.25	25,39.36	43.89	1.7
(iii) Social and developmental services.	89,45.93	81,80.42	7,65.51	8.6
(iv) State trading	59,59.79	43,04.55	16,55.24	27.8
(v) Public Debt	1,67,78.42	1,43,84.83	23,93.59	14.3
(vi) Loans and advances by State Government.	34,45.73	31,77.27	2,68.46	7.8

(c) Details of grants/appropriations where the saving was more than Rs. 50 lakhs are given below:—

Grant	Total grant	Expenditure	Saving	
			Amount	Percentage
			(In lakhs of rupees)	
(1) 8-Land Revenue and District Administration.	9,37.09	8,32.39	1,04.70	11.2
			The saving was mainly due to:—	
			(i) less expenditure on land revenue collection due to suspension of collection/less collection due to scarcity conditions (Rs. 11.49 lakhs),	
			(ii) reduction in plan ceiling on account of cut in Central Plan outlay (Rs. 25.68 lakhs),	
			(iii) reduction in Central assistance consequent on reduction in the number of families to be settled under the scheme for re-settlement of landless agricultural workers (Rs. 26.80 lakhs), and	
			(iv) discontinuance of the scheme for reclamation etc. of cultivable waste land (Rs. 4.19 lakhs) and non-payment of compensation to land-holders due to non-finalisation of compensation cases (Rs. 8.66 lakhs).	
(2) 13-Agriculture	7,31.53	6,59.93	71.60	9.8
			The saving was due to:—	
			(i) vacancies and curtailment of expenditure to conform to less allocation sanctioned by the Government of India (Rs. 16.86 lakhs),	
			(ii) vacancies in posts and abolition of posts of peon in Blocks and economy in expenditure (Rs. 36.20 lakhs), and	
			(iii) non-sanctioning, non-commencement and discontinuance or delay in execution of schemes (Rs. 9.84 lakhs).	
(3) 15-Co-operation	2,30.49	1,57.80	72.69	31.5
			The saving was due to (i) defective budgeting [(Rs. 57.00 lakhs) — the provision made for assistance to the Madhya Pradesh State Co-operative Bank for strengthening Agricultural Credit (Stabilisation) Fund as grant remained un-utilised as the assistance was to be provided as loan and booked under grant no. 53—c.f. item (xv) in paragraph 15 above] and (ii) measures of economy (Rs. 2.44 lakhs). Reasons for the remaining saving are awaited (December 1968).	
(4) 18-Panchayats	2,33.95	1,60.21	73.74	31.5
			Substantial savings occurred in the provision made for charges in connection with the Village Panchayats Act (Rs. 62.62 lakhs) and subsidy for panchayat secretaries (Rs. 4.67 lakhs).	
			Reasons for the saving are awaited (December 1968)	
(5) 24-Education	43,75.33	39,73.75	4,01.58	9.2
			The saving was due to:—	
			(i) vacant posts and ban on purchase of furniture as a measure of economy (Rs. 77.05 lakhs).	
			(ii) non-payment/less payment of grants-in-aid to universities and other educational institutions (Rs. 46.65 lakhs),	

Grant	Total grant	Expenditure	Saving	
			Amount	Percentage
		(In lakhs of rupees)		
		(iii) closure of Basic Training Institutions (Rs. 77.16 lakhs),		
		(iv) non-opening of new middle schools (Rs. 7.73 lakhs),		
		(v) less expenditure on the National Cadet Corps due to reduction in number of annual camps for Senior Division cadets consequent on revised policy of Government, and poor attendance of cadets in camps (Rs. 20.17 lakhs),		
		(vi) curtailment of expenditure under 'Programme for improvement of secondary education' mainly due to non-allotment of funds by the Government of India (Rs. 12.14 lakhs), and		
		(vii) provision of more funds than required under "B-1-2-Middle Schools (Non-Plan)" and for dearness allowance on <i>ad hoc</i> basis.		
(6) 27-Community Development Projects, National Extension Service and Local Development Works.	5,83.92	3,75.64	2,08.28	35.7

This is the eighth year in succession in which there has been substantial saving in this grant. Government attributed the savings to the following:—

- (a) non-execution of certain works for want of people's contribution,
- (b) reduction in the number of Block Officers consequent on re-organisation of the blocks,
- (c) curtailment in the activities of the blocks due to drought and shifting of priority to agriculture, irrigation and drinking water supply schemes, and
- (d) non-utilisation of funds allotted to various heads of departments for implementation (in the blocks) of schemes relating to their departments. (Reasons for non-utilisation of the allotted funds have not been intimated).

(7) 33-Capital Expenditure pertaining to Agriculture Department.	19,75.95	12,77.84	6,98.11	35.3
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The saving was due to:—

- (i) less purchase of stores, seeds, manures and equipment (Rs. 1,06.32 lakhs),
- (ii) less expenditure than anticipated due to receipt of less quantity of pooled fertilisers from the Government of India and receipt of less claims for commission and other charges from the Apex Co-operative Marketing Federation (Rs. 2,55.26 lakhs), and
- (iii) less expenditure due to less withdrawals of advance for operating the personal deposit account by the Registrar of Co-operative Societies, as the work of purchase and distribution of fertilisers was entrusted to the Apex Co-operative Marketing Federation from 1st April 1967 (Rs. 3,69.82 lakhs).

Grant/Appropriation	Total grant/ appropriation	Expenditure	Saving	
			Amount	Percentage
(In lakhs of rupees)				
(8) 43-Capital Outlay on Public Works	4,58.71	3,72.73	85.98	18.7
	The saving of Rs. 13.80 lakhs was attributed to non-execution, non-commencement and slow progress of certain works. The reasons for the remaining saving are awaited.			
(9) 47-Capital Expenditure pertaining to Food Department.	40,57.02	30,45.60	10,11.42	24.9
	Due to less procurement of indigenous foodgrains owing to failure of crops and less allotment of imported foodgrains by the Government of India (Rs. 9,99.72 lakhs) and measures of economy (Rs. 10.11 lakhs).			
(10) 52-Loans and Advances pertaining to Agriculture Department.	17,49.80	13,90.01	3,59.79	20.6
	Less payment of <i>taccavi</i> loans to cultivators due to non-completion of formalities and non-finalisation of <i>taccavi</i> cases for supply of seeds, manures, etc. (Rs. 1,56.21 lakhs) and less demand for loans (Rs. 2,36.85 lakhs).			
(11) Public Debt	1,67,78.42	1,43,84.83	23,93.59	14.3
	The saving was mainly due to:—			
	(i) non-repayment to the extent anticipated of ways and means advances obtained from the Reserve Bank, due to unfavourable ways and means position (Rs. 9,11.00 lakhs),			
	(ii) less repayment of temporary advances obtained from the Reserve Bank than anticipated (Rs. 9,96.81 lakhs),			
	(iii) non-repayment to the Government of India of one-third of the <i>ad hoc</i> loan of Rs. 12,90.00 lakhs due to late receipt of terms and conditions of repayment (Rs. 4,30.00 lakhs), and			
	(iv) non-utilisation of provision made for repayment of loans to be taken from State Bank of India under the cash credit system, as no loan was taken from the Bank (Rs. 2,00.00 lakhs).			

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

- (i) sanctioning re-appropriations for transfer of funds from sub-heads where a saving is anticipated to other sub-heads within the grant/appropriation where there is need for additional provision of funds,
- (ii) obtaining supplementary grants/appropriations wherever necessary,
- (iii) surrender of surplus funds under a sub-head as soon as saving can be foreseen, and

(iv) taking advances from Contingency Fund for meeting unforeseen requirement of additional funds during the year or for meeting expenditure on a "new service" or "new instrument of service".

If the control is effective, actual expenditure should approximate closely to the final modified provision, *i. e.*, the original provision as modified by supplementary provision, re-appropriation and surrender.

(b) Cases where additional funds provided by supplementary grant or appropriation proved unnecessary or excessive or inadequate have been mentioned in paragraph 14.

(c) Cases where the total expenditure against a grant or appropriation as a whole exceeded the sanctioned amount and which require regularisation by the legislature have been mentioned in paragraph 15.

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

(i) In twentyseven cases (twentythree voted grants and four *charged appropriations*) amount surrendered was either not available for surrender (there being an excess over the grant as a whole) or was in excess of saving actually available for surrender. In one case (grant no. 47—Capital Expenditure pertaining to Food Department) the department surrendered Rs. 14,09.60 lakhs in January 1968 (Rs. 1.42 lakhs) and March 1968 (Rs. 14,08.18 lakhs) whereas the eventual saving under the grant was Rs. 10,11.42 lakhs only, *i. e.*, Rs. 3,98.18 lakhs less than the amount surrendered.

(ii) The rules require that unutilised amounts should be surrendered as soon as the possibility of saving is envisaged. Nevertheless, out of Rs. 49.67 crores surrendered during 1967-68, Rs. 33.40 crores (67 per cent of the total amount surrendered) were surrendered only on 30th March 1968.

(iii) In seven grants/appropriations, more than Rs. 10 lakhs in each case remained unsurrendered (total savings unsurrendered: Rs. 14, 74.68 lakhs). Details of these cases are given in Appendix II (page 70).

In the case of grants no. 15—Co-operation and no. 43—Capital Outlay on Public Works, the unsurrendered savings were in excess of 10 per cent of the total provision.

(e) Important instances of defective control over expenditure under individual group-heads have been mentioned in the Appropriation Accounts.

CHAPTER III

CIVIL DEPARTMENTS

TRIBAL WELFARE DEPARTMENT

Execution of works in tribal areas

18. Rs. 57,500 drawn from the treasury in March 1961 (Rs. 34,000) and March 1962 (Rs. 23,500) by the Collector, Bastar, for execution of seven works (*viz.*, construction of a road, a well and five houses) in Bairamgarh zone in Bastar district were paid to the Area Organiser, Bairamgarh. The road was to be constructed departmentally while the other six works were to be executed through panchayats.

The following irregularities in execution of the works were noticed:—

- (i) Contrary to the above the Area Organiser entrusted all the seven works to a petty contractor. He did so without calling competitive tenders.
- (ii) No agreements with the contractor were executed for two works.
- (iii) Agreements executed with the contractor for five works were incomplete and defective inasmuch as—
 - (a) they were either unsigned or not witnessed,
 - (b) either the terms and conditions were vague or certain essential conditions like levy of penalty in the event of delay in completion of works were not included, and
 - (c) the agreements did not state the specifications of the works to be executed.
- (iv) No security deposit was obtained from the contractor.
- (v) Between March 1961 and January 1963 Rs. 49,800 were paid to the contractor as advances. The works executed were not measured nor the value of work done assessed, eventhough, as per the terms of agreement, advance was required to be paid according to the progress of work executed. Even second instalments of advances were paid in January 1963 without assessing the progress of work.

According to the evaluation made by Sub-divisional Officer (Public Works Department), Dantewada, in June 1964 the value of work executed was Rs. 19,700 as against Rs. 49,800 paid to the contractor (as advance).

- (vi) Five of those works remain incomplete (August 1968). One work for which an advance of Rs. 1,500 had been paid to the contractor has not been taken up at all. The seventh work (estimated to cost Rs. 7,000) which was left incomplete by the contractor was stated to have been completed departmentally by spending Rs. 4,900 (in addition to the advance of Rs. 5,500 paid to the contractor).

The Collector intimated to Audit in May 1968 that, as proper agreements had not been drawn up with the contractor, recourse to law was not possible. No departmental action had been initiated (August 1968) against the officers

and staff responsible for the above irregularities. No amount has been recovered from the contractor.

The case was reported to Government in October 1967; they intimated in August 1968 that the works were still incomplete.

19. Rs. 1.01 lakhs were advanced by the Collector, Surguja, to the Block Development Officer, Kusmi, in 1960-61 for construction of two hostel buildings, two teacher's quarters and two primary school buildings.

Although more than seven years have passed, four of these six works remain incomplete. The Collector, Surguja, had no information (May 1968) about utilisation of the two completed buildings.

The works were entrusted to contractors for execution, and Rs. 0.99 lakh had been paid as advances to them. No agreements had been entered into with the contractors. Detailed accounts showing measurements, contractors' bills, etc. on the basis of which payments were made to the contractors had not been maintained.

The work executed in two buildings (incomplete) was valued at Rs. 19,900. However, Rs. 38,300 had been advanced to the contractor for those two buildings. The balance of Rs. 18,400 remaining with the contractor has not been recovered from him so far (November 1968).

The matter was reported to Government in September 1968; their comments are awaited (January 1969).

20. For construction of three primary schools and three teacher's quarters in Kota Block (Bilaspur district), Rs. 40,500 were paid by the District Organiser (Tribal Welfare), Bilaspur, to the Divisional Forest Officer, North Bilaspur, in December 1961. The Divisional Forest Officer paid the entire amount to a Forest Range Officer who was entrusted with construction work. That Range Officer retired from service in May 1963 and he rendered account for Rs. 20,860 only. He did not refund the balance of Rs. 19,640. The amount remaining unaccounted came to notice of Audit during local audit of the office of the District Organiser, Bilaspur conducted in May 1968.

The works when inspected by the Sub-divisional Officer (Public Works Department) in January 1964 were found to be incomplete and defective; he reported that sub-standard and inferior quality materials had been used and that the buildings were unfit for occupation. According to him the value of work done was only Rs. 24,900.

The District Organiser intimated in May 1968 that the case had been reported to police in June 1966 for investigation and that investigation had not been completed. He had no information whether the buildings had been completed and what their present condition was.

The matter was reported to Government in September 1968; reply is awaited (January 1969).

21. Rs. 67,700 drawn in March 1962 for construction of buildings for seven primary schools, two teachers' quarters, three roads, three wells, one godown and one grain gola were disbursed to the Circle Organiser, Tribal Welfare, Koilibeda (Rs. 44,200) and Antagarh (Rs. 23,500) for getting the works executed. They deposited the amounts with Multipurpose Co-operative Societies, Koilibeda and Antagarh, of which they were the *ex-officio* secretaries, eventhough there was no sanction for depositing the amounts with the societies.

Till May 1968 only three works (value: Rs. 23,200) were stated to have been completed; ten works were incomplete while four works had not even been started. The value of the works completed and those in different stages of construction had not been assessed (May 1968). According to the Deputy Director, Rs. 41,800 only had been spent on those works; the balance of Rs. 25,900 remained (April 1967) to be accounted for; the unspent amount remaining with the co-operative societies was required to be recovered and refunded to Government. The details of Rs. 41,800 stated to have been spent were not made available for audit (September 1967); the Deputy Director, Tribal Welfare, Bastar stated that the detailed accounts were awaited from the Circle Organisers.

The Regional Deputy Director, Tribal Welfare, Bilaspur, who conducted a preliminary investigation into the irregularities in these works reported in April 1967 to the Director that no proper account of the amounts paid to the Circle Organisers existed. No action had been taken (May 1968) for fixing responsibility in this connection.

The matter was reported to Government in October 1967; reply is awaited (January 1969).

22. *Contract for transport of foodgrains and milk powder in Bastar district.*— After negotiations contracts for transport of wheat and milk powder by road from Raipur rail-head to various places in Bastar district were awarded on 9th May 1966 by the District Organiser (Tribal Welfare), Bastar to five firms at the following rates:—

Rate per quintal per kilometre	No. of firms to which contract was awarded
1.69 paise	2
2.00 paise	2
2.25 paise	1

One of the two contractors whose rate was 1.69 paise per quintal per kilometre transported foodgrains at that rate up to 20th May 1966 but on the ground that the rates in other districts had increased that contractor asked for an increase and from 21st May 1966 his rate was increased to 2.25 paise per kilometre.

In this connection, the following points were noticed:—

- (i) Open tenders were not invited and the reasons for not inviting open tenders were not recorded.
- (ii) Reasons for accepting rates higher than the lowest negotiated rate (1.69 paise) were not placed on record.
- (iii) It had also not been indicated whether the Department negotiated with the three firms to lower their rates to the lowest rate of 1.69 paise per quintal per kilometre and, if those firms were not agreeable, why at all work was awarded to them at higher rates when two (other) firms had offered to undertake the work at a lower rate.

The wheat and milk powder were transported between May and August 1966. Had the contract been awarded at the lowest accepted rate of 1.69 paise per quintal per kilometre Rs. 0.16 lakh would have been saved.

It was also noticed that there were at least four contracts (subsisting at that time) for transport of foodgrains at the rate (approved by the Collector) of 2 paise per quintal per kilometre which, from 13th May 1966 was further

reduced to 1.75 paise per quintal per kilometre. The above rates of 2 paise and 2.25 paise were, thus, even higher than the rate approved by the Collector.

Government intimated in September 1968 that for arranging expeditious transport to various centres in the interior before the rains various transport agencies (at a rate higher than that approved by the Collector) were engaged by the District Organiser. Audit considers that had timely action been taken to enter into the contracts, the extra expenditure could have been avoided.

FOREST DEPARTMENT

23. *Fodder Bank at Sheopur.*—In October 1966 the State Government sanctioned establishment of a fodder bank in Sheopur (Morena district). Grass was to be collected and sold to *goshalas*, cattle farms, etc., or to the adjoining States where there was scarcity of fodder.

Collection of 20,000 quintals of grass during 1966-67 at an estimated cost of Rs. 1.13 lakhs (Rs. 0.87 lakh recurring and Rs. 0.26 lakh non-recurring) was envisaged. Against this, 9,325 quintals of grass were actually collected between October 1966 and February 1967 after which the operations were discontinued. Rs. 1.13 lakhs (Rs. 0.99 lakh recurring and Rs. 0.14 lakh non-recurring) were spent. In the absence of orders fixing the sale price there were no sales up to March 1967. Between April 1967 and August 1967 3,814 quintals of fodder were sold for Rs. 38,000 mainly to a military farm at Gwalior. Thereafter till November 1967 there were no sales. Out of the unsold 5,511 quintals, 1,289 quintals were lost in fire (211 quintals), given to another range free of cost (28 quintals) and utilised departmentally for thatching the fodder in the bank (1,050 quintals). The remaining 4,222 quintals were disposed of for Rs. 0.28 lakh between November 1967 and March 1968.

The scheme was expected to yield an annual income of 33 per cent of the recurring expenses. There has actually been a loss of Rs. 0.33 lakh from the working of the fodder bank for about one year.

In November 1967 Government ordered that the fodder bank should be closed. The bank was actually closed down in March 1968. Rs. 0.07 lakh were spent during November 1967 to March 1968 on watch and ward and protection of the grass.

24. *Collection and sale of grass.*—With a view to meet shortage of fodder caused by scanty rainfall during 1965, in August 1965 Forest Department decided to collect the grass which grew in forest areas and to sell it to the public. The grass collected was required to be disposed of at such rates as would fully cover the cost of collection and departmental expenses on supervision, etc. In Sheopur Forest Division 22,000 quintals of grass were to be collected till March 1966. 23,901 quintals were actually collected during October 1965 to February 1966 at a cost of Rs. 2.27 lakhs. Till March 1966 the grass collected remained undisposed of as there was no demand. Between April 1966 and April 1968 20,149 quintals were sold or sent to fodder depots, etc., as shown below :—

	Quintals of grass	Amount (In lakhs of rupees)
Sold to public and military farm	13,015	0.89
Supplied to fodder depots	1,891	0.18
Sold in Jhabua Division	5,243	0.63
Total	20,149	1.70

The balance 3,752 quintals have been accounted for as follows:—

	Quantity Approximate cost	
	(In quintals)	(In lakhs of rupees)
Used in thatching for protecting the grass from rains	1,733	0.17
Loss on account of driage	1,017	0.10
Shortages not accounted for (includes 622 quintals found short out of 5,870 quintals sent to Jhabua).	1,002	0.10

With reference to the expenditure of Rs. 2.27 lakhs the Department sustained a loss of Rs. 0.57 lakh.

The matter was reported to Government in August 1968. Reply is awaited (January 1969).

FISHERIES DEPARTMENT

25. *Fish-rearing ponds at Hoshangabad.*—Rs. 0.22 lakh were spent on construction of 35 fish-rearing ponds at Hoshangabad between April 1962 and July 1967. The ponds, however, were found incapable of retaining water as the soil was loamy. The Department expects that the ponds would retain water if their bottoms are improved by laying a thin layer of black soil.

Rs. 0.17 lakh were also spent on purchase of stones, bricks and other construction materials in March 1966 for laying pipe lines and construction of nurseries; materials valued at Rs. 0.08 lakh only were reported to have been utilised till March 1968.

Arrangements made to construct a tube-well for providing water supply to the fish ponds and nurseries did not prove successful as perennial water strata could not be struck. The actual expenditure incurred in this connection has not yet been intimated.

The matter was reported to the Director of Fisheries in May 1966 and to Government in July 1968. Government stated in September 1968 that as the second bore also did not prove fruitful the idea of digging the tube well had to be dropped. For pumping river water an electric pump is proposed to be installed. Meanwhile, except use of a few ponds on experimental basis during 1964-65 and 1965-66, the ponds remain unutilised.

26. *Fish Farm, Palod.*—Eight nurseries and eight rearing ponds in the fish farm at Palod (Raipur district), were constructed in March 1962 at a cost of Rs. 0.10 lakh. Approach road for linking the rearing ponds and nurseries and the fish farm was also constructed in March 1966 at a cost of Rs. 0.27 lakh. Construction was undertaken departmentally by the Director of Fisheries, under the supervision of a Sub-divisional Officer, Public Works Department (Irrigation). Eventhough the ponds were constructed in March 1962, the Fisheries Department could not take them over and commence operations because of the delay in verification of measurement and in certification of completion of the work by the Sub-divisional Officer. The ponds were taken over in March 1964 but they have remained unutilised even afterwards on account of drought (1964-65), delay in de-silting and repairs (1965-66), inadequate rains (1966-67) and failure to complete (1967-68) the preliminary works like manuring, oil treatment, etc., which were necessary for eradication of insects and other predators before undertaking spawn-rearing operations.

Government informed Audit in August 1968 that the preliminary operations could not be undertaken during 1967-68 because of the setting of monsoons earlier than expected.

FOOD DEPARTMENT

Transport of Foodgrains

27. (i) After calling for tenders the Collector, Durg fixed the following rates (effective from 17th November 1966 for one year) for transport of foodgrains in Durg district:—

Transport from railway station to godowns 16 paise per bag for transport and 14 paise per bag for loading and unloading. 30

Transport between different places in the district. 2.5 paise per quintal per mile for transport and 14 paise per quintal for loading and unloading.

The Sub-divisional Officers were instructed (25th November 1966) that payments to all (contractors) transport agencies should be made only at the above rates. Nevertheless, payments at higher rates were made, resulting in excess payment of Rs. 0.15 lakh (till 31st December 1967). Of this, Rs. 1,700 were reported (July 1968) to have been recovered.

Prior to 17th November 1966 competitive tenders were not invited before fixing the rates and entering into contracts for transport of foodgrains. Compared to the rates approved in November 1966, the rates at which the payments were made during the preceding eight months (April to November 1966) were as follows:—

Item	Rates paid in excess	
	Transport	Loading and unloading
(a) Transport from railway station to godowns	7 to 15 paise (per bag)	..
(b) Transport between different places in the district	2.5 paise (per quintal)	6 paise (perbag)

With reference to the rates prevalent (for one year) from 17th November 1966, there was extra expenditure of Rs. 0.63 lakh in transport of foodgrains in the district during April to 16th November 1966.

The matter was reported to Government in May 1968; they stated in July 1968 that the district authorities had acted in the best interests of Government and people.

(ii) In May 1967 the Collector, Surguja, fixed 8 paise per quintal per mile as the rate for the transport of foodgrains by *kuchha* road, and 4 paise per quintal per mile for transport by *pucca* road.

It was noticed during local audit conducted in December 1967 that payments for transport of foodgrains were not regulated according to the nature of the road actually traversed (*viz.* *pucca* or *kuchha*) and that entire distances were treated as *kuchha* and payments at the higher rate made. A test check of the payments made for transport of foodgrains between (i) Ambikapur and Ramanujganj, and (ii) Ambikapur and Kusmi during May to September 1967 showed that the entire distance was treated as *kuchha* eventhough, according to the Executive Engineer, Ambikapur Division, 64 miles in the Ambikapur-Ramanujganj road and 29 miles in the Ambikapur-Kusmi road are *pucca*. The excess payment made for transport by these two roads was Rs. 0.17 lakh.

The Department was requested by Audit in May 1968 to—

- (i) review the payments made for transport of foodgrains on other roads and ascertain the total overpayment made,

- (ii) recover the excess payments from the transport contractors, and
 (iii) fix responsibility for the excess payments.

The Director of Food and Civil Supplies stated in July 1968 that in view of "the need for quick transport of foodgrains to the farflung inaccessible areas of the district involving engagement of a large fleet of trucks and the non-availability of trucks at the approved rates" the action was justified.

(iii) During local audit of the accounts of Food section in the Collectorate, East Nimar, Khandwa, in May 1968, extra expenditure of Rs. 0.42 lakh on transport and handling of foodgrains was noticed. Details are given below:—

	Extra expenditure (and period)	Comments
(1) Transport (including other incidental services) of foodgrains between railway stations and godowns at Khandwa and Burhanpur towns.	Rs. 0.17 lakh (1967-68)	The accepted rates were 65/60 paise per bag of 95 kgs. at Khandwa/Burhanpur. The agreement envisaged weighment at both ends. Payment at this rate was, however, made with reference to the actual number of bags transported; a large proportion of the bags transported weighed less than 95 kgs. each. Thus Rs. 17,100 were overpaid.
(2) Transport (including other incidental services) of foodgrains from Khandwa to Burhanpur.	Rs. 0.16 lakh (1967-68)	24,344 quintals of foodgrains were transported from Khandwa to Burhanpur by rail. Total expenditure on the transport was Rs. 0.50 lakh. Had this been transported by road from the godowns at Khandwa to the godowns at Burhanpur (for which a rate of 95 paise per quintal had been accepted by the Collector, Khandwa), the expenditure would have been Rs. 0.34 lakh only including expenditure on weighing, loading, stacking, etc. Reasons for adopting a costlier mode of transport were not kept on record. Government intimated in August 1968 that in view of "very bad food conditions in the district, it was not possible to lose time in calling further tenders". It has, however, not been explained why the work was not entrusted to the transport operator whose rate of 95 paise per quintal had already been accepted by the department.
(3) Issue of foodgrains from the godowns at Khandwa to fair price shops at Napanagar.	Rs. 0.09 lakh (9th July 1965 to 23rd February 1967)	Fair price shops situated at places where there were no issue godowns were entitled to deduct from the cost of the foodgrains, transport charges from the issue godown to fair price shop at the rate fixed by the Collector. The Collector had in 1965 fixed the rate of Re. 1 per quintal for transport from Khandwa to Napanagar. This rate was increased to Rs. 1.40 paise per quintal on the representation of a co-operative society and deductions at that rate were allowed till 23rd February 1967. Thereafter, rate for transport of foodgrains on Government account was determined afresh as a result of competitive tenders and it was reduced to Re. 1 per quintal. When compared to the rates tendered by transport contractors

Extra expenditure (and period)

Comments

during this period, which were not more than Re. 1 per quintal for comparable distance (from Khandwa to Burhanpur), the allowance at the rate of Rs. 1.40 was excessive by 40 paise, resulting in extra expenditure of Rs. 0.09 lakh. Government stated in August 1968 that transport charges were increased on the basis of the 'local prevailing market rates' and with a view to encourage the co-operative movement so that the society might not be put to loss.

Other Topics

28. *Misappropriation of Government money.*—The cases of alleged misappropriation of Government money reported to Audit upto 31st March 1968 but which remained unfinalised at the end of September 1968 were as follows:—

	Number of cases	Amount (In lakhs of rupees)
Cases (reported upto March 1967) outstanding at the end of September 1967.	399	25.16
Cases reported during April 1967 to March 1968	75	4.99
Cases closed during October 1967 to September 1968	81	4.61
Cases outstanding at the end of September 1968	393	25.54

According to rules, the cases of misappropriation should be dealt with expeditiously and finalised within six months of their detection and cases in which departmental enquiries have been ordered are to be finalised within a year. Nevertheless, there had been considerable delay as shown below:—

131 cases (amount: Rs. 8.67 lakhs) have been outstanding for over five years;

92 cases (amount: Rs. 8.62 lakhs) have been outstanding for over three years but for not more than five years;

115 cases (amount: Rs. 6.77 lakhs) have been outstanding for over one year but for not more than three years.

The reasons for which those 393 cases were outstanding are stated below:—

	Number	Amount (In lakhs of rupees)
Awaiting investigation	181	9.70
Awaiting action against officials for laxity of supervision	33	1.10
Pending for want of recovery/information about recovery	101	5.85
Awaiting orders for write-off	39	3.70
Cases which are <i>sub judice</i>	39	5.19

The departmentwise analysis of those cases is given in Appendix III (page 71).

In the cases closed during October 1967 to September 1968, Rs. 0.74 lakh were recovered in 40 cases, while in 36 others, losses of Rs. 0.73 lakh were written off.

29 *Miscellaneous irregularities*.—Six cases of miscellaneous irregularities are given in Appendix IV (pages 72-73),

30. *Writes-off of losses, waiver of recovery, etc.*—In 430 cases losses due to shortages, theft, etc., were written off or recovery waived during 1967-68 by competent authorities. The total amount was Rs. 4.92 lakhs. The details are given in Appendix V (page 74).

CHAPTER IV

WORKS EXPENDITURE

IRRIGATION DEPARTMENT

Review of Irrigation Works

31. *Kulgarhi Project*.— Construction of an earthen dam across Durha *nullah* in Satna Irrigation Division was taken up in September 1959. The headworks were completed in June 1966. But on account of delay in deciding the design, construction of the canals which should have been synchronised with that of headworks, is expected to be completed only by 1970.

Some particulars about the project are given below:—

	<i>(In lakhs of rupees)</i>
(a) <i>Cost of construction</i> —	
Original estimate (January 1959)	21.52
Revised estimate (yet to be sanctioned)	59.86
Actual expenditure (up to August 1968)	55.30
(b) <i>Target of irrigation</i> —	<i>(In acres)</i>
Original estimate	7,000
Revised estimate	5,500

It was found after detailed investigation that with shorter length of distributary canal system 5,500 acres could be irrigated. Further, the project which was originally a reservoir-*cum*-diversion scheme designed to utilise the surplus water for kharif irrigation, was later decided to be utilised only as a storage scheme resulting in reduction of the target of irrigation.

	<i>(In acres)</i>
Area irrigated (1966-67)	Nil
(1967-68)	447
(c) <i>Anticipated return on the capital invested</i> —	<i>(Percentage)</i>
Original estimate	8.50
Revised estimate	0.69

The increase in the estimated cost was attributed mainly to:—

- (i) changes in designs, execution of additional masonry work and increase in the height of bund (Rs. 30.58 lakhs), and
- (ii) increased cost of land, revised alignment of canals and general increase in the cost of material and labour (Rs. 3.91 lakhs).

In 1966 there was heavy seepage through the foundation of the dam and this resulted in subsidence of the dam by about 2.51 feet. The Government Geologist had reported in 1965 that the area was permeable and allowed water seepage. Remedial steps to arrest the seepage are still under consideration of the department (November 1968).

The estimated cost of irrigation per acre has increased from Rs. 307 to Rs. 1,033 in the revised estimate; the cost will go up still further when remedial measures are taken for arresting the seepage.

32. *Dukrikheda tank*.— This project in Narsinghpur Irrigation Division was completed in 1960 at a cost of Rs. 35.75 lakhs. Some particulars about it are given below:—

	Original estimate (1953)	Revised estimate (1958)
Cost of construction (In lakhs of rupees)	24.83	39.09
Irrigation potential envisaged (In acres)	6,600	6,600

The increase in the estimated cost was mainly due to:—

(i) provision for indirect charges	(Rs. 7.31 lakhs)
(ii) increase in the quantity and cost of earthwork due to widening of top width of bund and provision of boulder toe and construction of temporary bunds not included in the original estimate.	(Rs. 3.62 lakhs)
(iii) increase in cost of buildings, and	(Rs. 1.19 lakhs)
(iv) change of site of spill channel	(Rs. 1.47 lakhs)

The actual area irrigated in each of the years 1960-61 to 1967-68 was as follows:—

Year	Irrigation done in acres
1960-61	2,050
1961-62	2,090
1962-63	1,870
1963-64	1,870
1964-65	2,380
1965-66	810
1966-67	1,930
1967-68	2,800

1965-66 and 1966-67 were years of drought. The actual irrigation in 1967-68 (which was seven years after the project was completed) was only 40 per cent more than in the first year of irrigation (1960-61) and only 42 per cent of the envisaged irrigation potential. The shortfall in irrigation was attributed by the Executive Engineer and the Superintending Engineer to the following:

- (i) Less inflow into the tank due to peculiar situation of the catchment area on the lee-side of Pachmarhi mountains.
- (ii) There is less demand for water. Field channels have also not been constructed by the cultivators.
- (iii) Heavy seepage in canals in certain reaches.

The Superintending Engineer reported to the Deputy Chief Engineer in July 1967 that the tank was not storing adequate water for the last 10 years, and that even if rainfall was average the tank could not irrigate more than 4,000 acres. For creating an additional potential of 1,500 acres, he recommended construction of a feeder tank at a cost of Rs. 9.19 lakhs. The proposal is still under consideration (November 1968). If the proposed feeder tank is constructed, the cost of irrigation per acre would be Rs. 877 whereas according to the original estimate it was Rs. 376.

On account of shortfall in irrigation, the average annual revenue during 1960-61 to 1967-68 was only Rs. 10,600.

The matter was reported by Audit to Government in September 1968; reply is awaited (January 1969).

33. *Minor irrigation works.*—The following four minor irrigation works in Irrigation Division, Betul were completed during 1961-64 at a cost of Rs. 2.68 lakhs which expenditure has been largely unfruitful as very little irrigation has been done:—

Name of work and year of completion	Expenditure (In lakhs of rupees)	Area irrigated		Remarks and reasons for shortfall as stated by the Executive Engineer.	
		Anticipated (Acres per annum)	Actual Period Total area irrigated (Acres)		
(i) Bhaiyawadi Regulator 1961	0.49	200	1961-64 1964-68	185 Nil	Construction of the regulator was undertaken on the basis of the data of heavy rainfall in a single year, viz. 1959; in subsequent years the post-monsoon flow was negligible and the regulator could not fill up. This regulator had been considered unsuccessful.
(ii) Khajri Tank 1962	1.22	85	1962-68	Nil	Due to leakage through the base the tank did not retain water. The defect has not so far (August 1968) been remedied. According to the Superintending Engineer, the crops grown in the area under command did not require irrigation and no rectification of the defect would be possible at reasonable cost.
(iii) Boregaon Regulator 1962	0.53	150	1962-63 1963-64 1964-68	Nil 4 Nil	These two regulators are intended to irrigate <i>Khavif</i> crop. It was presumed that the cultivators would change to paddy and utilise the irrigation facilities; but this did not happen.
(iv) Chircutta Gondi Regulator 1964	0.44	150	1964-65 1965-68	4 Nil	

The matter was reported by Audit to Government in August 1968; their remarks are awaited (January 1969).

34. *Barodia tank.*—The tank completed in 1966 at a cost of Rs. 18.31 lakhs was expected to irrigate 2,535 acres. During 1966-67 and 1967-68 no irrigation was done as on account of heavy seepage in the basin, water storage was less than anticipated. In August 1968 the Executive Engineer, Shajapur Division, stated that "the sub-strata in the basin was porous and large quantity of water finds its way underground." The Chief Engineer stated that porosity of the basin had increased because of indiscriminate excavation of borrow-pits in the basin for earthwork of the dam constructed for the tank.

A proposal to provide a puddle trench (estimated cost: Rs. 6.03 lakhs) for checking seepage is stated to be under consideration.

The matter was reported by Audit to Government in September 1968; reply is awaited (January 1969).

35. *Andhara tank*.— Construction of this tank (estimated cost: Rs. 2.19 lakhs) in Nowgong Irrigation Division (intended to irrigate 475 acres) was taken up in January 1962. The head-works were completed, as scheduled, in June 1965 but only 20 out of 100 chains of canals were completed by November 1963 after which the remaining work has been held up as necessary land has not been acquired and also because the tank basin was found to be porous. Rs. 4.80 lakhs have been spent so far (August 1968).

Eventhough there had been sufficient rainfall in each of the four years ending 1968, water impounded in the tank was between 0.8 mcft. and 1.70 mcft. against the storage capacity of 13.24 mcft., and 7.85 mcft. to 12.3 mcft. that should have been stored according to the actual rainfall. For ascertaining the causes for the loss of water, the behaviour of the tank was stated to be under observation since 1965. The causes have not so far been established nor has the leakage of water been stopped. No irrigation has been possible so far.

The matter was reported by Audit to Government and Chief Engineer in June 1968. Their replies are awaited (January 1969).

36. *Kanharpani tank*.— Construction of Kanharpani tank (in Narsimhapur Irrigation Division) intended to irrigate 200 acres was administratively sanctioned in April 1960 for Rs. 0.87 lakh. Due to delay in acquisition of land the work was taken up only in 1963. In March 1963 (expenditure incurred till then being Rs. 6,000) the Superintending Engineer, Irrigation Circle, Hoshangabad ordered stoppage of the work for the following reasons:—

- (i) The work was "started without verification of important levels and without detailed survey and investigation of the command and channel system".
- (ii) No investigation had been made for the final disposal of water drained into a nistar tank from the spill channel.
- (iii) The provisions made in the original estimate were inadequate and substantial excess over the estimate was anticipated.

He instructed that the work should not be proceeded with till "realistic estimate" was sanctioned.

The work which was stopped in August 1963 was, however, resumed in February 1965 by the Executive Engineer who, according to the Superintending Engineer's report of October 1965, re-started the work 'without proper study of the case and without complying with the instructions of the Superintending Engineer' issued in March 1963. The work was again stopped in March 1966 by when Rs. 0.79 lakh had been spent.

The work has not yet been resumed (September 1968); a revised estimate for Rs. 2.31 lakhs (without any increase in the scope of the project) has, it was stated, been sent to Government for approval.

The expenditure of Rs. 0.79 lakh incurred so far remains unfruitful.

The matter was reported to Government in June 1966. Reply is awaited (January 1969).

37. *Parari Irrigation Dam, Nowgong*.— For irrigation of 3,900 acres the dam was taken up for execution in December 1962 at an estimated cost of Rs. 30.73 lakhs. It was scheduled to be completed by June 1967.

Due to non-acquisition of land (for which proposals were mooted in January 1964; notification issued in July 1965) and paucity of funds, the work was

slowed down from November 1965 and there has been no progress since then. Rs. 0.61 lakh spent up to March 1968 on the work (Rs. 0.21 lakh till March 1965, Rs. 0.30 lakh during 1965-66 and Rs. 0.10 lakh between April 1966 and March 1968), therefore, remain unfruitful.

Government informed Audit in November 1968 that the work has not been resumed, as an alternative scheme was under consideration.

38. *A weir across a nalla in Khargone district.*—Construction of a pick-up weir across a *nalla* near Jalgaon village in Khargone district was taken up departmentally in March 1960. Rs. 42,900 were spent till July 1962 when the Superintending Engineer ordered stoppage of the work as it had been taken up without administrative approval and technical sanction.

The administrative approval (for Rs. 77,500) was accorded in December 1965 but the technical sanction has not yet been accorded (July 1968). The work has not been resumed.

The Superintending Engineer intimated in April 1968 that fresh proposals for constructing a solid weir had been called for from the Executive Engineer, and when that was received technical sanction would be accorded.

39. *Irrigation tanks.*—(a) Restoration of Jamunia Bujaria tank (in Shivpuri Irrigation Division) estimated to cost Rs. 0.93 lakh was taken up in May 1957. As leakage through the tank's dam was apprehended the work was stopped by the Executive Engineer in 1959, when Rs. 0.46 lakh had been spent. The work has not been resumed so far (November 1968).

The matter was reported to Government in June 1967; Government informed Audit in November 1968 that a proposal for re-starting the work was under consideration.

(b) Construction of Thakurpura and Makrani tanks (in Datia district) intended to irrigate 80 and 110 acres of land respectively, was taken up by Irrigation Division, Gwalior in February 1963 without administrative approval. The works were to be completed in March 1963 and May 1963 respectively.

After Rs. 0.29 lakh were spent, the works were stopped in July 1963 as the railway authorities objected to construction of the tanks, on the ground that they were affecting the railway embankments. The Railways had not been consulted before starting these works which have not been resumed so far (January 1969).

The unfruitful outlay was brought to the notice of Government in September 1967; their reply is still awaited (January 1969).

(c) Rs. 25,000 were spent on construction of a tank at Dewari in Seoni Irrigation Division. Water from the tank has not been utilised ever since its construction in 1963. In August 1968 the Executive Engineer informed Audit that sufficient water was not reaching the tank as cultivators had put up bunds for blocking the water and using it in their paddy fields. He intimated that efforts were being made to persuade the cultivators not to take the water to their fields at least during the first two months of monsoon.

The matter was reported to Government in November 1968; reply is awaited (January 1969).

Extra Expenditure

Public Health (Engineering) Department

40. *Civil works for water treatment plant, Jabalpur.*—A notice inviting tenders issued in June 1965, for execution of civil works (estimated cost: Rs. 9.37 lakhs) for installation of a water treatment plant at Jabalpur, stipulated that the rates should be inclusive of the cost of bailing out water. The tender of contractor 'A' who had offered to execute the work at 12½ per cent above

the schedule of rates, was accepted by Government in October 1965. While communicating (November 1965) acceptance to the contractor, the Executive Engineer, Public Health (Construction) Division, Jabalpur, informed him that no payment for de-watering would be made in addition. The contractor declined to sign the agreement on the ground that his tender was subject to the condition that payment for dewatering would be made extra. According to the Public Health Engineer (February 1966), this condition had been "missed at all levels".

While the matter was in dispute, the Executive Engineer issued the work order to the contractor in March 1966 agreeing to undertake de-watering departmentally. After execution of about 1 lakh cft. of earth-work, the contractor stopped the work in April 1966, and withdrew his offer as the department had not made adequate arrangements for de-watering which was hampering the progress of his work and had also not taken any firm decision about his contract.

In May 1966 Government agreed to pay for de-watering in addition to the contracted amount and intimated that the tender of the contractor had been "accepted *in toto*".

On the ground that the rates of labour and materials had increased the contractor, however, did not resume the work. Government thereupon agreed (in October 1966) after negotiation to payment at 21 per cent above the schedule of rates *plus* Rs. 30,000 for de-watering.

To an enquiry from Audit why fresh tenders were not invited, Government intimated in January 1967 that this was not done as the rates would have been more and would have resulted "in delay in completing this top priority work".

Had the condition stipulated by the contractor been noticed at the time of scrutiny of tenders, it might have been possible to resolve the dispute at less extra cost or, in the alternative, the second lowest tender of firm 'B', who had offered to execute the work at 21 per cent above the schedule of rates without any extra cost for de-watering, could have been accepted. According to the departmental estimate (February 1966), the additional expenditure on de-watering was Rs. 10,000 only. Compared to the terms offered by the contractor in June 1965, acceptance of higher percentage and in addition de-watering charges meant extra expenditure of Rs. 1.00 lakh as indicated below:—

	(Rupees in lakh)
(i) Extra expenditure due to higher percentage	0.80
(ii) Expenditure on de-watering	0.30
(iii) Less—expenditure on de-watering according to departmental estimate	0.10
Total	1.00

Government informed Audit in September 1968 that action to fix responsibility for the failure to notice the condition stipulated by the contractor in June 1965 was being taken.

IRRIGATION DEPARTMENT

41. *Transport of cement.*—The rate in the rate-contracts of the Director General of Supplies and Disposals with cement companies is f.o.r. destination railhead. The purchase orders placed by two Irrigation Divisions (Lower Mahanadi and Kanker) for supply of 2,722 tonnes of cement indicated delivery at Raipur railway station instead of the nearest railheads which were Bhatapara, Tilda, Bagbahera and Dhamtari. Consequently, the cement had to be transported at departmental cost to the respective destinations over a longer distance.

This resulted in extra expenditure of Rs. 0.45 lakh.

The matter was reported to Government in July 1968; reply is awaited (January 1969).

BUILDINGS AND ROADS DEPARTMENT

42. *Construction of dairy at Indore.*—The contract for construction of a dairy building at Indore, entered into in 1964 provided that steel required for the work would be supplied by the department to the extent available and the balance was to be arranged by the contractor himself. According to the agreement, the contractor was not entitled to any compensation if the Department could not supply any steel. For the work executed with steel supplied departmentally, the contractor was to be paid only for labour at the rate (Rs. 8.40 per cwt.) prescribed in the current schedule of rates and for the remaining work done with steel procured by himself he was to be paid at rate applicable for completed items (iron work for reinforcement fixed in position, etc. : Rs. 52.40 per cwt.) as stipulated in the schedule of rates, both subject to abatement of 13.37 per cent, as the contractor had been awarded the work at 13.37 per cent below the current schedule of rates.

During execution of the work, the contractor requested (March 1965) the department, either to supply steel departmentally or, due to increase in the market prices of steel after entering into agreement pay him at increased rates. The Executive Engineer, Buildings and Roads Division No. II, Indore, did not agree to the request of the contractor who was asked to make his own arrangement for procuring steel as per provision of the contract. However, in order that the work might not be held up the Superintending Engineer, ordered that steel might be procured by the division either from other divisions or purchased through controlled stockists for issue to the contractor.

The division purchased 92.48 tonnes of steel for Rs. 0.88 lakh from the open market and issued the steel to the contractor. Payment (of Rs. 0.13 lakh) for the work done with this steel was, therefore, made according to the rate applicable for labour.

If the department had insisted on the contractor purchasing the steel without itself purchasing and issuing it to the contractor, there would have been a saving of Rs. 0.18 lakh inasmuch as in that event payment would have been made at rates applicable for completed items and total payment would have been Rs. 0.83 lakh as against Rs. 1.01 lakhs spent on purchase of steel and payment at labour rates. The ground on which the Superintending Engineer ordered departmental procurement of steel and supply to the contractor was hardly valid as under the contract, the contractor was under the obligation to complete the work within the time specified in the contract.

The extra expenditure in the case was reported to Government and the Chief Engineer in August 1967. Their replies are awaited (January 1969).

Other Topics

43. *Miscellaneous irregularities.*—Two cases of miscellaneous irregularities are mentioned in Appendix IV (pages 72-73).

44. *Writes-off of losses.*—In 86 cases losses of Rs. 2.07 lakhs were written off by Government during 1967-68 as shown below:—

Department	No. of cases	Amount Rs.
Buildings and Roads	66	1,65,200
Irrigation	19	36,000
Public Health Engineering	1	5,400
Total	86	2,06,600

CHAPTER V

STORES AND STOCK ACCOUNTS

45. *Synopsis of important stores accounts.*—A synopsis of the important stores and stock accounts for 1967-68 (excluding those relating to Government commercial and quasi-commercial departments/undertakings) which were received upto January 1969 is given in Appendix VI (page 75-76).

46. According to the orders of Government, annual consolidated accounts of stores and stock are to be furnished to Audit by July every year; the annual consolidated accounts of the following departments for the year shown against each have not been received so far (January 1969):—

(i) Public Health	(1966-67 and 1967-68)
(ii) Medical	(1966-67 and 1967-68)
(iii) Agriculture	(General—1967-68) (Grow More Food Scheme 1967-68).
(iv) Food	(1966-67 and 1967-68)
(v) Forest	(1967-68), and
(vi) Jails	(1967-68)

Purchase of Stores

PUBLIC WORKS DEPARTMENT

47. According to rules, the requirements of stores should be consolidated and as far as possible the purchases made through Director General, Supplies and Disposals, Government of India, so that 'most economic rates' can be had. Non-compliance with the above resulted in extra expenditure in the following two cases :—

(a) *Purchase of pipes.*—During April 1964 to June 1966, about 15,000 rft. of galvanised iron pipes were purchased for Rs. 0.46 lakh by five Sub-divisional Officers in Dhar (Buildings and Roads) Division, mainly from a local firm of Indore, instead of through the Director General, Supplies and Disposals. Tenders were not invited before purchasing the pipes, nor was the sanction of the competent authority obtained. Had the requirement of the pipes for the division been consolidated and purchased through the Director General, Supplies and Disposals, the cost would have been less by Rs. 0.22 lakh.

The matter was reported by Audit to Government and the Chief Engineer in July 1966 and February 1967. Reply from Government is awaited (January 1969). The Executive Engineer, Dhar Division and the Superintending Engineer, Indore Circle, in their report (September 1966) to the Chief Engineer intimated that the Sub-divisional Officers have been asked "to explain why they had purchased such huge quantity of pipes without inviting quotations and also before getting the rate approved."

(b) *Purchase of synthetic enamel.*—In Buildings and Roads Division, Raipur 4,212 litres of synthetic enamel were purchased locally at the rate of Rs. 13.12 per litre. Instead, had the enamel been purchased directly from the manufacturers (or through the Director General, Supplies and Disposals), the rate (including incidental charges) would have been Rs. 8.69 per litre. Local purchase of the enamel resulted in extra expenditure of Rs. 0.19 lakh.

The matter was reported to Government and the Chief Engineer in July 1968; their replies are awaited (January 1969).

HOME DEPARTMENT

48. *Purchases of clothing and kit.*—In 1966-67, the Inspector General of Police purchased 58,066 metres of water repellent cloth (of the same quality and specifications and manufactured by the same mills), from seven different suppliers at rates ranging from Rs. 3.70 to Rs. 4.25 per metre. The reasons for not purchasing the cloth directly from the manufacturer or from the lowest tenderer had not been kept on record. In April 1968, the Inspector General stated that 'in response to the open tenders invited by the Department, the manufacturer also could have tendered and it was not for the Department to ascertain the rate from the manufacturers'. For securing economy in purchase the rate of the manufacturer (the manufacturer's rate during that period was between Rs. 3.08 and Rs. 3.31 per metre) for a bulk order should have been ascertained.

Even if the cloth had been purchased at the lowest of the tendered rates (*viz.* Rs. 3.70 per metre), extra expenditure of Rs. 0.22 lakh could have been avoided.

The matter was reported to the Inspector General of Police and to Government in August 1968. Their reply is awaited (January 1969).

49. *Purchase of food for jails in Indore.*—In response to the notice inviting tenders for supply of food articles to the Central and District Jails in Indore during 1967-68, two tenders were received by the Superintendent, Central Jail. He recommended (20th March 1967) the lower tender of Contractor 'A' to the Inspector General of Prisons who without specifically stating that the tender had been accepted wrote (5th April 1967) to the Superintendent, Central Jail that the agreement deed duly signed by the lower tenderer should, in accordance with the instructions issued in February 1967 be sent to him.

Contractor 'A', however, refused to sign the agreement on the ground that acceptance of his tender had not been communicated to him and declined to supply the articles at the tendered rates as the prices had risen since he had made his offer.

Fresh tenders were thereupon invited in July 1967 and contracts were awarded to two contractors (of whom one was tenderer A) at rates generally higher than the rates offered in March 1967. Rs. 0.43 lakh were thus spent extra on purchase of food articles in 1967-68.

AGRICULTURE DEPARTMENT

50. *Delay in placing order.*—In response to quotations invited by the Deputy Director of Agriculture, Jhabua, in January 1967 for supply of 2,000 quintals of *Sumeri* (seed) maize at Central Stores, Jhabua, six offers were received. Of them the offer of firm 'A', whose sample was found to be of the required quality, was accepted. This firm had offered to supply the maize at Central Depot, Jhabua at the rate of Rs. 87 per quintal (including *bardana*) provided the order for supply was placed within a week. The order for supply of 1,500 quintals of maize was, however, placed two months later, on 18th March 1967. Due to increase in prices the firm declined to supply at the rate offered by it. It eventually agreed to supply maize at the rate originally offered subject to the condition that *bardana* would be charged extra and that delivery was to be taken by the department at the various centres in Mandsaur district. These terms were accepted by the Deputy Director of Agriculture. The firm supplied only 1,000 quintals of maize during March 1967. The department had to incur additional expenditure

of Rs. 10,000 on account of the cost of *bardana*, transport of the maize from various centres to the Central Stores, Jhabua, and losses in transit. 733 more quintals of maize were purchased from other dealers during June and July 1967 at rates higher than the rate of firm 'A' by Rs. 20 to Rs. 31 per quintal, resulting in extra expenditure of Rs. 18,300.

The total extra expenditure of Rs. 28,300 could have been avoided had the order been placed on firm 'A' within the time stipulated by it. The Deputy Director of Agriculture, Jhabua, stated that this was not done "in the hope that rates might go down after the peak season for sale of maize was over". Audit considers this not to be tenable as this being seed maize, good quality at reasonable rates could have been obtained only during, and not after, the maize season which is January.

The case was reported to Government in July 1968; they stated in September 1968 that on the whole, there had not been any financial loss to Government in this transaction as the total cost of seed would be recovered from the cultivators to whom the seed was distributed as *taccavi* loan and that the lapse on the part of the Deputy Director of Agriculture, Jhabua, was being brought to his notice and he was being advised to be more careful in future.

Other Topics

51. *Idle investment of Government money.*—Six cases of non-utilisation of machinery, equipment, etc. (value Rs. 5.20 lakhs) for over two and a half years have been noticed; these are mentioned in Appendix VII (pages 77-78). A departmentwise analysis is given below:—

Name of department	Number of cases	Amount (In lakhs of rupees)
1. Rehabilitation	1	3.47
2. Agriculture	3	1.30
3. Transport	1	0.34
4. Forest	1	0.09
Total	6	5.20

The Public Accounts Committee, in their Eleventh Report (March 1967) recommended that heads of departments should keep a special watch over stores, machinery, equipment, etc., remaining unutilised for more than 6 months so as to ensure effective action for their disposal, transfer, etc. Non-utilisation of stores, etc., still persists.

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES, CO-OPERATIVE INSTITUTIONS AND OTHERS

Financial Assistance to Local Bodies

52. *Results of audit by Examiner, Local Fund Accounts.*—The expenditure from grants paid to local bodies is audited by the Examiner, Local Fund Accounts, who is under the State Government. Some important points reported by him to Government during 1967-68 are mentioned below:—

Out of the grants paid upto March 1966, Rs. 1,09.38 lakhs remained unutilised at the end of March 1967 as indicated below:—

Year of payment of grants	Grants which remained unutilised till March 1967 (In lakhs of rupees)
1952-53 to 1962-63	44.11
1963-64	43.01
1964-65	9.68
1965-66	12.58

The unspent balances (Rs. 81.06 lakhs) exceeded Rs. 1 lakh each in the case of 22 local bodies; yearwise analysis of these cases is given below:—

Year of payment of grants	Number of local bodies	Amount (In lakhs of rupees)
1959-60 to 1962-63	8	33.10
1963-64	9	38.01
1964-65	2	3.15
1965-66	3	6.80

53. *Grant-in-aid to Vikram University.*—The Examiner, Local Fund Accounts reported in August 1964 (and also in subsequent annual reports) to Government that a grant of Rs. 1.00 lakh paid in March 1960 to Vikram University for meeting one-third of the expenditure on construction of a building remained unutilised. The grant was required to be utilised by 31st May 1961.

Till March 1963 the University spent Rs. 55,900 of which Government share would be Rs. 18,600. The balance of Rs. 81,400 remains unutilised. According to information received from the Registrar of the University in September 1968 no further expenditure appears to have been incurred after March 1963.

The matter was reported by Audit to Government in January 1968; reply is awaited (January 1969).

Financial Assistance to other Non-Government Bodies and Co-operative Institutions

COMMERCE AND INDUSTRIES DEPARTMENT

54. *Rural Industries Project*.—In March 1966 Rs. 11.18 lakhs were paid as grants-in-aid to the Madhya Pradesh Laghu Udyog Nigam for—

- (i) establishing and running pilot production centres at Bhind, Khandwa, Surguja and Bhilai (Rs. 10.53 lakhs), and
- (ii) development of *tussar* silk industry in Surguja district (Rs. 0.65 lakh).

The grants have not been utilised so far (September 1968) nor has any progress in the direction for which the grants were meant, been made.

The Nigam informed Audit in September 1968 that these production centres were not economically viable and that "there were no prospects of implementing the scheme in Surguja district". In October 1967 the Nigam had also sent a report to Government to this effect suggesting *inter alia* that, instead of establishing four pilot production centres, only two might be set up as that would reduce over-heads and make the centres viable to some extent. Decision on the proposal is awaited (January 1969).

Development of *tussar* silk industry in Surguja district has not even been taken up because, according to the Nigam, they do not possess any technical know-how and experience. Government, who were apprised of this by the Nigam in October 1967, have not communicated their decision about the future course of action (January 1969).

55. *Loan for obtaining machines on hire-purchase*.—In order that small scale industrial units could obtain machines (needed by them) on hire-purchase, in March 1965 Government paid Rs. 8.00 lakhs as loan to Madhya Pradesh Laghu Udyog Nigam for being re-lent to selected applicants. The loan to the Nigam was subject to the following conditions (intimated by Government in August 1966):—

- (i) The loan should be utilised by the Nigam within one year from the date of disbursement.
- (ii) The Nigam should repay the loan in seven equal annual instalments together with interest at the rate of six per cent.

The loan has not so far (January 1969) been utilised, nor has the amount been refunded by the Nigam. The Nigam has not also repaid so far (January 1969) any instalment of the principal (Rs. 3.43 lakhs already due by March 1968) or paid any interest (Rs. 1.44 lakhs already due by March 1968). Non-utilisation of the loan for the purpose has been attributed (September 1968) by the Nigam to the following:—

- (i) Though the loan was received in March 1965, the terms and conditions for disbursement of loan were intimated by Government only in August 1966.
- (ii) Although in September 1966 the Nigam sought clarification from the Director of Industries whether loans could be paid to applicants in non-rural industries projects area, the department so far has not furnished any reply (September 1968).

56. *Establishment of co-operative spinning mills.*—For setting up three spinning mills in the co-operative sector, Government paid Rs. 30.60 lakhs (at Rs. 10.20 lakhs per mill) in 1965 towards share capital contribution. According to the sanction, each of the co-operative mills was required to raise Rs. 9.80 lakhs from the apex and primary weavers' co-operative societies. The contribution received from these societies, however, ranged between Rs. 1.08 lakhs and Rs. 1.29 lakhs only. None of the three mills has been set up so far. Bulk of the funds contributed by Government have been invested by the mills in fixed deposits. Out of Rs. 0.95* lakh spent by these mills during 1964-65 to 1967-68, Rs. 0.65 lakh were on establishment alone. Further particulars are given below :—

S. No.	Name of the mill and (date of registration of the society)	Government contribution towards share capital	Amount (In lakhs of rupees)	Date of payment	Total contribution collected from other sources till July 1968 against the requirement of Rs. 9.80 lakhs	Reasons for delay in establishment of the mills and present position intimated by the Department
1.	The Ratlam Co-operative Jawahar Memorial Spinning Mills Ltd., Ratlam (6th March 1965)	10.20	1964-65	1.29	} (1) Inadequacy of share capital contribution. (2) Land has not been allotted (April 1968). (3) Licence from the Government of India has not so far been obtained (August 1968).	
2.	The Shramik Sahakari Suti Karkhana Maryadit, Ujjain (12th March 1965)	10.20	March 1965	1.08		
3.	The Co-operative Spinning Mills Ltd., Burhanpur (8th October 1964)	5.00 5.20	March 1965 July 1965	1.11	Mill is still under construction (February 1968).	
TOTAL		30.60		3.48		

The Registrar, Co-operative Societies, stated in August 1968 that Government contribution towards share capital of the mills was paid in full "to enable them to secure adequate loans from Madhya Pradesh Finance Corporation and Industrial Finance Corporation and also to be in a position to bear initial expenses of establishment."

General

57. *Non-receipt of utilisation certificates.*—The financial rules of Government require that a certificate of proper utilisation of grants should be furnished by departmental officers to the Accountant General within a reasonable time. Delay in furnishing these certificates, however, persists despite the fact that the Public Accounts Committee† have been commenting on the unsatisfactory posi-

*These figures do not include the expenditure incurred in the mills at Ujjain (for 1967-68) and Burhanpur (for 1965-66 to 1967-68) for which information is awaited.

†Reference: Paragraph 13 of Tenth Report (April 1966) and paragraphs 73 and 83 of Twelfth Report (March 1968).