



GOVERNMENT OF MADHYA PRADESH

AUDIT REPORT  
ON THE ACCOUNTS  
FOR  
1966-67



AUDIT REPORT

ON BANK ACCOUNTS

FOR

1900

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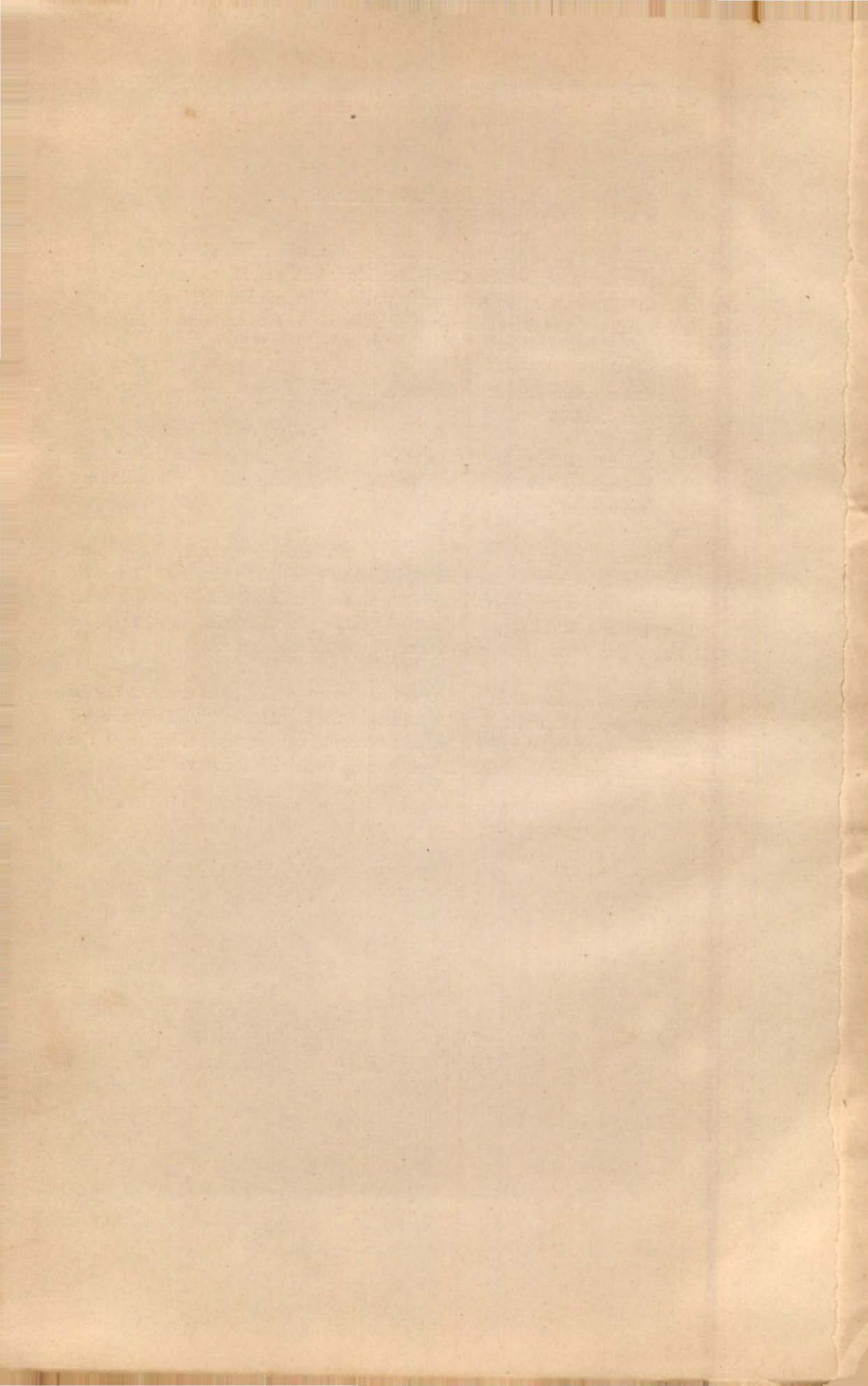
## PREFATORY REMARKS

This Audit Report has been prepared both in Hindi and English for submission to the Governor under Article 151 of the Constitution. It relates to matters arising from the Appropriation Accounts for 1966-67 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 1966-67; 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 1966-67 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 1966-67 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 four years ending 1966-67, compared with the budget estimates therefor :—

| Year                                | Budget estimate | Actuals | Variations |            |                              |        |
|-------------------------------------|-----------------|---------|------------|------------|------------------------------|--------|
|                                     |                 |         | Amount     | Percentage |                              |        |
| <i>(In crores of rupees)</i>        |                 |         |            |            |                              |        |
| <b>Revenue Receipts</b>             |                 |         |            |            |                              |        |
| 1963-64                             | 94.70           | 1,04.94 | +10.24     | +10.8      |                              |        |
| 1964-65                             | 1,07.73         | 1,10.69 | +2.96      | +2.8       |                              |        |
| 1965-66                             | 1,20.46         | 1,23.06 | +2.60      | +2.2       |                              |        |
| 1966-67                             | 1,37.19         | 1,37.87 | +0.68      | +0.5       |                              |        |
| <b>Expenditure met from Revenue</b> |                 |         |            |            |                              |        |
| 1963-64                             | 95.19           | 97.66   | +2.47      | +2.6       |                              |        |
| 1964-65                             | 1,08.41         | 1,06.24 | -2.17      | -2.0       |                              |        |
| 1965-66                             | 1,21.19         | 1,25.67 | +4.48      | +3.7       |                              |        |
| 1966-67                             | 1,39.03         | 1,55.61 | +16.58     | +11.9      |                              |        |
| <b>Revenue Surplus +/Deficit—</b>   |                 |         |            |            |                              |        |
|                                     |                 |         |            |            | Year                         |        |
|                                     |                 |         |            |            | Budget estimate              |        |
|                                     |                 |         |            |            | Actuals                      |        |
|                                     |                 |         |            |            | <i>(In crores of rupees)</i> |        |
|                                     |                 |         |            |            | 1963-64                      | -0.49  |
|                                     |                 |         |            |            | 1964-65                      | -0.68  |
|                                     |                 |         |            |            | 1965-66                      | -0.73  |
|                                     |                 |         |            |            | 1966-67                      | -1.84  |
|                                     |                 |         |            |            |                              | +7.28  |
|                                     |                 |         |            |            |                              | +4.45  |
|                                     |                 |         |            |            |                              | -2.61  |
|                                     |                 |         |            |            |                              | -17.74 |

During 1966-67 there was no appreciable difference between the revenue estimated and that actually realised, but there was substantial increase in the expenditure on revenue account over the estimates, with the result that the year closed with a revenue deficit of Rs. 17.74 crores against an anticipated deficit of Rs. 1.84 crores.

The increase in expenditure on revenue account was mainly due to more expenditure on Famine Relief (Rs. 21.05 crores) than anticipated in the budget estimates (Rs. 2.30 crores).

2. *Revenue Receipts.*—(a) During the year 1966-67, revenue realised showed an increase of Rs. 14.81 crores (12 per cent) over that of the previous year and Rs. 27.18 crores (24.6 per cent) over that in 1964-65.

The increase is analysed below:—

|   | 1964-65 | 1965-66 | 1966-67 | Increase +<br>Decrease -<br>since<br>1964-65 |
|---|---------|---------|---------|--|
| <i>(In crores of rupees)</i>  |         |         |         |  |
| Revenue raised<br>by the State Government—  |         |         |         |  |
| <i>Tax Revenue—</i>   |         |         |         |  |
| Taxes, Duties and other principal heads<br>of revenue   | 47.06   | 51.38   | 55.63   | +8.57  |
| <i>Non-tax Revenue—</i>   |         |         |         |  |
| Receipts under Administrative, Social<br>and Developmental Services, Irrigation,<br>Public Works, Forests, etc. | 23.46   | 29.18   | 31.63   | +8.17  |
| Interest  | 5.61    | 6.13    | 8.51    | +2.90  |
| Receipts from<br>Central Government—  |         |         |         |  |
| State's share of divisible central taxes  | 16.74   | 17.89   | 24.52   | +7.78  |
| Grants-in-aid—  |         |         |         |  |
| (i) Statutory grants  | 3.00    | 5.41    | 5.13    | +2.13  |
| (ii) Other grants-in-aid  | 14.82   | 13.07   | 12.45   | -2.37  |
| Total   | 1,10.69 | 1,23.06 | 1,37.87 | +27.18                                       |

The receipts from the Central Government during 1966-67 were 30.5 per cent of the total receipts of the State for the year. The corresponding percentage for the year 1964-65 was 31.2.

The increase of Rs. 8.57 crores in the revenues from 'Taxes, Duties and Other Principal Heads of Revenue' since 1964-65 occurred mainly under the following heads:—

| Heads of revenue       | 1964-65  | 1966-67 | Increase |
|------------------------|--|---------|----------|
|                        | <i>(In crores of rupees)</i>   |         |          |
| State Excise Duties    | 7.99   | 10.13   | 2.14     |
|                        | The increase is mainly due to more collection of excise duty from 'Malt liquors' and 'Wines and Spirits (foreign liquor other than beer, medicated wines and commercial spirits)'. |         |          |
| Sales Tax              | 16.86  | 23.56   | 6.70     |
|                        | The increase is mainly due to enhancement of the rates of State and Central Sales Tax, recovery of arrears and normal growth.  |         |          |
| Other Taxes and Duties | 5.82   | 7.85    | 2.03     |
|                        | The increase was mainly under receipts from 'Entertainment Taxes,' 'Taxes and Duties on Electricity,' and 'Taxes on Goods and Passengers carried by Road or on Inland Water Ways'. |         |          |

The increase was partly offset by shortfall in Land Revenue (Rs. 5.42 crores); this was due to large scale suspension of collection of land revenue in scarcity affected areas in the State.



The increase of Rs. 11.07 crores in the non-tax revenue raised by State was due to more receipts under the following heads:—

| Heads of revenue | 1964-65   | 1966-67 | Increase |
|------------------|---|---------|----------|
|                  | (In crores of rupees)   |         |          |
| Forests          | 13.37   | 19.41   | 6.04     |
|                  | State trading in <i>tendu</i> leaves was introduced in November 1964. The increase is due to more receipts during 1966-67 on account of increased sale of <i>tendu</i> leaves and also due to higher prices obtained for timber and other forest produce. |         |          |
| Interest         | 5.61  | 8.51    | 2.90     |
|                  | The increase is mainly due to more interest received on loans and advances by the State Government (Rs. 1.58 crores).   |         |          |

The following measures of taxation were undertaken by Government during 1966-67 to raise additional revenue:—

|  | Date from which implemented | Estimated yield       |
|--|-----------------------------|-----------------------|
|  |                             | (In crores of rupees) |
| (i) Increase in the rates of Central and State Sales Tax and State Excise Duties | Different dates             | 1.48                  |
| (ii) Tax on land growing commercial crops  | 16th July, 1966             | 0.30                  |
| (iii) Other measures   | Different dates             | 0.56                  |

(b) *Cost of collection of revenue.*—The expenditure incurred during 1966-67 in collecting the principal items of revenue together with the corresponding figures for 1965-66 is shown below:—

| Heads of revenue       | 1965-66              |                           |  | 1966-67              |                           |  |
|------------------------|----------------------|---------------------------|--|----------------------|---------------------------|--|
|                        | 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   | 5,49.52              | 3,82.15                   | 69.5   |
| State Excise Duties    | 8,93.99              | 48.88                     | 5.5  | 10,13.43             | 51.34                     | 5.6  |
| Taxes on Vehicles      | 2,85.19              | 12.47                     | 4.4  | 2,92.88              | 11.33                     | 3.9  |
| Sales Tax              | 20,00.21             | 43.67                     | 2.2  | 23,55.61             | 45.96                     | 2.0  |
| Other Taxes and Duties | 6,97.99              | 7.26                      | 1.1  | 7,85.32              | 6.20                      | 0.8  |
| Stamps                 | 2,72.37              | 7.61                      | 2.8  | 3,03.66              | 7.53                      | 2.5  |
| Registration Fees      | 46.71                | 7.83                      | 16.8   | 47.96                | 8.35                      | 17.4   |

The increase in percentage in respect of cost of collection of land revenue from 48.4 to 69.5 was mainly due to fall in revenue consequent upon large scale

suspension of collection of land revenue in the scarcity affected areas and exemption of land revenue on holdings up to  $7\frac{1}{2}$  acres.

D.P.216, (c) *Arrears of revenue.*—According to the information furnished by some of the departmental officers, the arrears in the collection of revenue as on 31st March, 1967 amounted to Rs. 7.28 crores, as shown below:—

| Heads of revenue                                  | Amount outstanding   | Remarks   |
|---|----------------------|---|
|   | (In lakhs of rupees) |   |
| Sales Tax   | 2,29.78              | The oldest arrears relate to the year 1947-48.  |
| Land Revenue                                      | 2,73.35              | Information received in respect of 35 districts only.   |
| Transport   | 28.72                |   |
| Royalty from minerals                             | 12.24                | Represents outstanding revenue in 18 districts only.  |
| Audit fees realisable from Co-operative Societies | 6.00                 |   |
| State Excise                                      | 66.95                | Excludes Mandla and Chhindwara districts for which information is awaited.  |
| Irrigation  | 1,11.00              | Represents the outstandings in 30 Irrigation divisions out of 44 Irrigation divisions; in 21 divisions, the arrears exceeded Rs. 1 lakh each. |
| Total   | 7,28.04              |   |

3. *Expenditure on Revenue Account.*—The expenditure on Revenue Account during 1966-67 (Rs. 1,55.61 crores) registered an increase of 23.7 per cent over that in 1965-66 (Rs. 1,25.80 crores). Reasons for increase in respect of two heads involving substantial amounts are indicated below:—

|                                  | Amount of expenditure   |         | Increase |            |
|----------------------------------|---|---------|----------|------------|
|                                  | 1965-66   | 1966-67 | Amount   | Percentage |
|                                  | (In crores of rupees)   |         |          |            |
| (i) Debt Services                | 15.22   | 21.77   | 6.55     | 43.0       |
|                                  | The increase was mainly due to more interest paid by Government on borrowings (Rs. 3.25 crores) and increase in rates of contribution by Government to the Sinking Funds for amortisation of open market loans (Rs. 3.30 crores). |         |          |            |
| (ii) Miscellaneous—Famine Relief | 3.53  | 21.05   | 17.52    | 496.3      |
|                                  | The increase was due to taking up of relief works by Government on a large scale in scarcity affected areas.  |         |          |            |

#### EXPENDITURE OUTSIDE THE REVENUE ACCOUNT

4. The expenditure recorded outside the Revenue Account includes, besides capital expenditure, the amount disbursed by Government as 'Loans and Advances'.

(a) *Expenditure on Capital Account.*—The expenditure on Capital Account in each of the four years ended March 1967 was higher than the budget estimates as shown below (Loans and Advances are dealt with in para 5):—

| Year                  | Budget estimate | Actuals | Variations |            |
|-----------------------|-----------------|---------|------------|------------|
|                       |                 |         | Amount     | Percentage |
| (In crores of rupees) |                 |         |            |            |
| 1963-64               | 20.87           | 27.04   | +6.17      | +29.6      |
| 1964-65               | 26.16           | 29.14   | +2.98      | +11.4      |
| 1965-66               | 29.32           | 44.50   | +15.18     | +51.8      |
| 1966-67               | 11.99           | 16.74   | +4.75      | +39.6      |

The increase of Rs. 4.75 crores (39.6 per cent) over budget estimates during 1966-67 was mainly due to less recoveries on capital account (Rs. 8.24 crores against the estimate of Rs. 14.83 crores) under 'Schemes of Government Trading'.

(b) The progressive capital outlay to end of 1966-67 was Rs. 2,83.34 crores and accounted for 63.4 per cent of the debt and other obligations (Rs. 4,46.91 crores).

The following table shows an analysis of capital expenditure incurred during 1963-64 and 1966-67 and progressive expenditure to end of 1966-67:—

| Capital outlay on—  | Capital expenditure incurred during |         | Progressive expenditure to end of 1966-67 |
|---|-------------------------------------|---------|---|
|   | 1963-64                             | 1966-67 |   |
| (In crores of rupees)   |                                     |         |   |
| (i) Compensation to Landholders, etc. on the abolition of Zamindari system.           | 0.25                                | (A)     | 14.09                                     |
| (ii) Social and Developmental Services—   |                                     |         |   |
| (a) Improvement of Public Health  | 0.86                                | 0.28    | 7.04                                      |
| (b) Agricultural Improvement and Research   | 1.24                                | 1.34    | 12.84                                     |
| (c) Industrial and Economic Development   | 1.25                                | 5.72    | 24.67                                     |
| (iii) Multipurpose River Schemes, Irrigation and Electricity Schemes—                 |                                     |         |   |
| (a) Multipurpose River Schemes  | 8.85                                | 5.32    | 63.80                                     |
| (b) Irrigation Works (Commercial and non-commercial)                                  | 6.91                                | 7.92    | 63.28                                     |
| (iv) Public Works (including roads) and Schemes of Miscellaneous Public Improvements. | 8.66                                | 5.60    | 80.42                                     |
| (v) Madhya Bharat Roadways  | ..                                  | * -1.35 | * -0.19                                   |
| (vi) Schemes of Government Trading  | -1.24                               | -8.24   | 11.97                                     |
| (vii) Forests   | 0.03                                | 0.05    | 0.45                                      |
| (viii) Miscellaneous  | 0.23                                | 0.10    | 4.97                                      |
| Total   | 27.04                               | 16.74   | 2,83.34                                   |

(A) Government have decided to debit the expenditure on compensation to landholders, etc. under the Major Head '76—Other Miscellaneous Compensations and Assignments, within the Revenue Account with effect from 1966-67.

\*The amount of Rs. 1.35 crores represents adjustment of the value of Government assets transferred to the Madhya Pradesh State Road Transport Corporation on the basis of the report of the Joint Evaluation Committee. This together with the amount of Rs. 0.25 crore written back to revenue in previous years, has resulted in minus figure of Rs. 0.19 crore.

(c) *Resources.*—The sources from which the expenditure outside the Revenue Account including that on 'Loans and Advances' was met during 1966-67 are indicated below together with the corresponding figures of the preceding year:—

|  | 1965-66                      | 1966-67 |
|--|------------------------------|---------|
|  | <i>(In crores of rupees)</i> |         |
| (1) Total expenditure outside Revenue Account—               |                              |         |
| (i) Capital Outlay [ <i>c.f.</i> Sub-para (a) above]         | 44.50                        | 16.74   |
| (ii) Net outgo on loans and advances by Government (Para 5)  | 29.24                        | 12.97   |
| Total  | 73.74                        | 29.71   |
| (2) Funds available for expenditure outside Revenue Account— |                              |         |
| I Net additions to—  |                              |         |
| (i) Open Market Loans  | 4.90                         | 5.06    |
| (ii) Loans from Central Government                           | 46.41                        | 50.33   |
| (iii) Loans from other sources and Unfunded Debt             | 12.27                        | 0.16    |
| (iv) Floating Debt   | 6.26                         | -7.50   |
| II Miscellaneous   | -0.73                        | 2.06    |
| III Increase/Decrease in cash balance and investments        | 7.24                         | -2.66   |
| IV Revenue Deficit   | -2.61                        | -17.74  |
| Total  | 73.74                        | 29.71   |

5. *Loans and Advances given by State Government.*—(a) The comparative figures of budget and actuals of loans advanced and recoveries effected during 1963-67 and the preceding three years are given below:—

| Year                         | Budget estimate | Actuals | Variation as compared with budget |            | Year    | Budget estimate | Actuals | Variations |
|------------------------------|-----------------|---------|-----------------------------------|------------|---------|-----------------|---------|------------|
|                              |                 |         | Amount                            | Percentage |         |                 |         |            |
| <i>(In crores of rupees)</i> |                 |         |                                   |            |         |                 |         |            |
| <b>Loans advanced</b>        |                 |         |                                   |            |         |                 |         |            |
| 1963-64                      | 20.33           | 33.40   | +13.07                            | +64.3      |         |                 |         |            |
| 1964-65                      | 32.56           | 33.04   | +0.48                             | +1.5       |         |                 |         |            |
| 1965-66                      | 29.47           | 36.12   | +6.65                             | +22.5      |         |                 |         |            |
| 1966-67                      | 20.60           | 24.73*  | +4.13                             | +20.0      | 1963-64 | 14.79           | 27.61   | +12.82     |
|                              |                 |         |                                   |            | 1964-65 | 27.93           | 25.41   | -2.52      |
| <b>Recoveries</b>            |                 |         |                                   |            |         |                 |         |            |
| 1963-64                      | 5.54            | 5.79    | +0.25                             | +4.6       | 1965-66 | 19.67           | 29.24   | +9.57      |
| 1964-65                      | 4.63            | 7.63    | +3.00                             | +64.8      | 1966-67 | 2.07            | 12.97   | +10.90     |
| 1965-66                      | 9.80            | 6.88    | -2.92                             | -29.8      |         |                 |         |            |
| 1966-67                      | 18.53           | 11.76   | -6.77                             | -36.5      |         |                 |         |            |

\*Excludes an amount of Rs. 0.40 crore advanced from Contingency Fund during 1966-67.

The excess of loans advanced over the estimates (Rs. 4.13 crores) and short-fall in recoveries (Rs. 6.77 crores) have resulted in a net additional outgo of Rs. 10.90 crores under loans and advances over that anticipated. The shortfall in recoveries is partly due to postponement of recoveries amounting to Rs. 2.01 crores from cultivators on account of the failure of crops during the year.

The balance of loans outstanding on 31st March, 1967 aggregated to Rs. 1,78.50\* crores and represented 40 per cent of the debt and other obligations (Rs. 4,46.91 crores).

(b) The increase in outstanding balances under 'Loans and Advances' is analysed below:—

| Particulars of loans                           | As on the 31st March, |         | Increase +<br>Decrease— |
|--|-----------------------|---------|-------------------------|
|  | 1966                  | 1967    |                         |
|  | (In crores of rupees) |         |                         |
| Loans to State Electricity Board               | 1,12.21               | 1,22.10 | +9.89                   |
| Advances to Cultivators                        | 22.57                 | 27.43   | +4.86                   |
| Loans for Housing Schemes                      | 6.16                  | 6.89    | +0.73                   |
| Loans to Municipalities and other local bodies | 4.91                  | 5.35    | +0.44                   |
| Loans under Community Development Programmes   | 3.23                  | 3.52    | +0.29                   |
| Loans to Co-operative Societies                | 10.51                 | 6.41    | —4.10                   |
| Loans under State Aid to Industries Act        | 1.19                  | 1.39    | +0.20                   |
| Other Loans                                    | 4.76                  | 5.42    | +0.66                   |
| Total  | 1,65.54               | 1,78.51 | +12.97                  |

Loans to Madhya Pradesh Electricity Board (Rs. 1,22.10 crores) constitute the largest single component and account for nearly 68 per cent of the total loans outstanding on 31st March, 1967.

The loans to Madhya Pradesh Electricity Board do not include the amount of loan (yet to be determined) in respect of capital expenditure incurred by Government on Gandhi Sagar Power Station taken over by the Board on 1st April, 1961.

(c) *Recoveries in arrears.*—In respect of loans and advances paid to municipal committees and janpad sabhas, etc., the detailed accounts of which are maintained by the Audit Office, the amount overdue at the end of 1966-67 was Rs. 38.19 lakhs (principal Rs. 13.55 lakhs and interest Rs. 24.64 lakhs). As regards loans and advances the detailed accounts of which are maintained by the departmental officers, complete information regarding recovery in arrears has not been furnished to Audit. According to the information received so far (October 1967), an amount of Rs. 95.37 lakhs has been in arrears for over three years; the details are given in page 36 of Finance Accounts, 1966-67.

\*Excludes an amount of Rs. 0.40 crore advanced from Contingency Fund during 1966-67.

Government intimated that recovery in respect of advances to cultivators amounting to Rs. 2,00.50 lakhs (short term loans Rs. 1,21.43 lakhs and long term loans Rs. 79.07 lakhs) up to June 1967 was postponed during 1966-67 due to failure of crops.

#### DEBT POSITION OF GOVERNMENT

6. The table given below shows the indebtedness of the Government at the end of the last 4 years; the total debt and other obligations on 31st March, 1967 amounted to Rs. 4,46.91 crores.

|                            | Total debt at the end of |         |         |         |
|----------------------------|--------------------------|---------|---------|---------|
|                            | 1963-64                  | 1964-65 | 1965-66 | 1966-67 |
|                            | (In crores of rupees)    |         |         |         |
| Public debt                | 2,39.30                  | 2,94.17 | 3,61.75 | 4,06.83 |
| Other debt and obligations | 27.76                    | 29.63   | 32.08   | 40.08   |
| Total                      | 2,67.06                  | 3,23.80 | 3,93.83 | 4,46.91 |

*Public Debt—(a)* An analysis of the public debt outstanding at the end of 1966-67 compared with the corresponding figures at the end of the preceding three years is given below:—

|   | At the end of         |         |         |         |
|---|-----------------------|---------|---------|---------|
|   | 1963-64               | 1964-65 | 1965-66 | 1966-67 |
|   | (In crores of rupees) |         |         |         |
| (i) Long term borrowings—   |                       |         |         |         |
| Loans from Central Government   | 2,05.50               | 2,45.91 | 2,92.32 | 3,42.65 |
| Open market loans   | 27.36                 | 31.13   | 36.03   | 41.09   |
| Loans from autonomous bodies  | 6.23                  | 8.67    | 18.68   | 15.87   |
| (ii) Temporary borrowings—  |                       |         |         |         |
| Ways and Means Advances and Advances to meet shortfalls in cash balance | 0.21                  | 8.46    | 14.72   | 7.22    |
| Total   | 2,39.30               | 2,94.17 | 3,61.75 | 4,06.83 |

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

The net addition of Rs. 45.08 crores to the public debt during 1966-67 is analysed below according to the sources of borrowing:—

|  | Loans raised during 1966-67 | Loans discharged during 1966-67 | Net Increase + or Decrease — during 1966-67 |
|--|-----------------------------|---------------------------------|---|
|  | (In crores of rupees)       |                                 |   |
| (1) Open market loans  | 5.06                        | ..                              | +5.06                                       |
| (2) Temporary Loans—   |                             |                                 |   |
| (a) Ways and Means Advances taken from the Reserve Bank of India.  | 13.85                       | 13.75                           | +0.10                                       |
| (b) Advances from the Reserve Bank of India to meet the shortfall in the minimum cash balance with the Bank. | 91.23                       | 98.83                           | —7.60                                       |
| (3) Loans from the Central Government  | 76.90                       | 26.57                           | +50.33                                      |
| (4) Loans from autonomous bodies   | 3.75                        | 6.56                            | —2.81                                       |
| Total  | 1,90.79                     | 1,45.71                         | +45.08                                      |

(b) *Open market loans.*—During the year, Government raised a loan of Rs. 5 crores from the open market with the caption “5½ per cent Madhya Pradesh State Development Loan, 1978” at a discount of 2 per cent. The loan is redeemable at par in 1978. The total subscription received was Rs. 5.03 crores.

No loan fell due for repayment during the year.

(c) *Ways and Means Advances and overdrafts from the Reserve Bank of India.*—Under an agreement with the Reserve Bank of India, the Government of Madhya Pradesh had to maintain with the Bank, a minimum balance of Rs. 40 lakhs on Fridays and Rs. 35 lakhs on other days upto 28th February, 1967 and Rs. 40 lakhs on all days thereafter. The Bank informs Government by telegram of their daily balance with the Bank at the close of each working day. If this balance falls on weekly settling days below the agreed minimum, the deficiency is made good by taking Ways and Means Advances (ordinary and special) from the Reserve Bank of India 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.

The position in respect of the maintenance of the agreed minimum cash balance with the Reserve Bank of India during the year 1966-67 with corresponding figures for the preceding two years, is shown below :—

|  | 1964-65 | 1965-66 | 1966-67 |
|--|---------|---------|---------|
| (1) Number of days on which the minimum balance was maintained without taking any advance from the Reserve Bank of India   | 50      | 3       | 47      |
| (2) Number of days on which the minimum balance was maintained by taking ordinary and special Ways and Means Advances  | 43      | 42      | 50      |
| (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 | 272     | 320     | 268     |

The total amount of ordinary and special Ways and Means Advances obtained by Government during 1966-67 was Rs. 13.85 crores as against Rs. 8.91 crores during 1965-66. The maximum amount of borrowing from the Reserve Bank of India on any single day of the year 1966-67 was Rs. 31.02 crores (on 18th April, 1966) against Rs. 24.99 crores during 1965-66 (on 16th March, 1966).

The total amount of interest paid by Government to the Reserve Bank of India on the Ways and Means Advances and overdrafts during the four years ending with 1966-67 is indicated below. The amount of interest paid has been continuously increasing during these four years :—

| Year    | Total interest paid<br>(In lakhs of rupees) |
|---------|---|
| 1963-64 | 21.58                                       |
| 1964-65 | 27.15                                       |
| 1965-66 | 59.91                                       |
| 1966-67 | 74.31                                       |

The cash balance with the Reserve Bank of India on 31st March, 1967 was *minus* Rs. 9.22 crores (debit balance). The position of cash balance at the close of each of the preceding three years is also indicated below :—

| Balance as on 31st March, | Amount<br>(In crores of rupees) |
|---------------------------|---------------------------------|
| 1964                      | —11.15                          |
| 1965                      | —5.07                           |
| 1966                      | —12.19                          |

The *minus* balance at the close of 1966-67 continued to be a *minus* (debit) figure till 29th June, 1967, when it was converted into a *plus* (credit) balance of Rs. 0.43 lakh mainly as a result of the receipt of an advance of Rs. 2.64 crores from the Central Government.

(d) *Loans from the Central Government.*—The amount of loans taken from the Central Government and outstanding on 31st March, 1967 was Rs. 3,42.65 crores and formed 84 per cent of the total public debt of the State. There was a net addition of Rs. 50.33 crores in 1966-67 in the loans received from Central Government.

Details of the loans outstanding at the end of 1965-66 and 1966-67 are given below:—

| Purpose of the loan  | Outstanding on        |                  |
|--|-----------------------|------------------|
|  | 31st March, 1966      | 31st March, 1967 |
|  | (In crores of rupees) |                  |
| Share of Small Saving Collection   | 22.93                 | 24.56            |
| Agricultural Production and Allied Schemes                                 | 35.26                 | 38.93            |
| Industrial Development   | 3.75                  | 3.58             |
| Community Development, Co-operation and National Extension Service Schemes | 8.29                  | 9.24             |
| Miscellaneous Development Schemes  | 1,29.97               | 1,43.42          |
| Major Irrigation and Multipurpose River Projects                           | 54.95                 | 61.75            |
| Housing Schemes  | 5.41                  | 5.42             |
| Rehabilitation of Displaced Persons  | 2.04                  | 2.10             |
| Water Supply and Drainage Schemes  | 6.53                  | 7.50             |
| Loans for other purposes   | 23.19                 | 46.15            |
| Total  | 2,92.32               | 3,42.65          |

*Delay in repayment.*—Of the loans granted for rehabilitation of displaced persons from East Pakistan (old migrants), an amount of Rs. 0.63 crore (principal Rs. 0.33 crore and interest Rs. 0.27 crore) is in arrears according to the original terms and conditions prescribed by the Government of India.

In January 1965, the State Government represented to the Government of India that as in the case of loans for rehabilitation of displaced persons from West Pakistan, the concession of restricting the repayments to the extent of amount actually realised from the displaced persons in the form of principal and interest, should be extended to the loans for rehabilitation of displaced persons from East



Pakistan also. The decision of the Government of India is awaited (November 1967). The State Government, in the meantime, is making repayments only to the extent of actual realisations of principal and interest.

(e) *Other debt and obligations.*—The following table shows a broad analysis of the balances at the credit of earmarked and other funds, unfunded debt as also certain deposits which have not been invested but are merged in the general cash balance of Government. The amount of such liability at the end of 1966-67 stood at Rs. 40.08 crores as against Rs. 32.08 crores at the end of 1965-66.

|  | Balance at the end of |         |
|--|-----------------------|---------|
|  | 1965-66               | 1966-67 |
|  | (In crores of rupees) |         |
| <b>INTEREST BEARING—</b>   |                       |         |
| (i) Deposits of State Electricity Board and security deposits from consumers—State Electricity Schemes | 7.22                  | 7.22    |
| (ii) Provident fund balances, etc., (Unfunded Debt)  | 10.57                 | 13.54   |
| <b>NON-INTEREST BEARING—</b>   |                       |         |
| (i) Civil Deposits   | 7.70                  | 8.76    |
| (ii) Deposits of Local Funds   | 0.99                  | 0.76    |
| (iii) Earmarked Funds  | 5.60                  | 9.80    |
| Total  | 32.08                 | 40.08   |

7. *Arrangements for amortisation.*—(a) The following arrangements have been made for the amortisation of various loans :—

#### (1) Open market loans

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

(ii) *Depreciation Funds.*—A sum equal to  $1\frac{1}{2}$  per cent of the total nominal amount of the loan is set apart from revenues to form a depreciation fund for purchasing securities of the loans for cancellation. No securities were purchased for cancellation during the year.

The balances in these Funds at the commencement and end of 1966-67 are shown below:—

|                    | Amount<br>on the<br>1st April,<br>1966 | Additions<br>during the<br>year | Withdra-<br>wals dur-<br>ing the<br>year | Amount<br>as on<br>31st March,<br>1967 |
|--------------------|--|---------------------------------|--|--|
|                    | (In lakhs of rupees)                   |                                 |  |  |
| Sinking Funds      | 2,58.11                                | 3,43.49                         | ..                                       | 6,01.60                                |
| Depreciation Funds | 2,28.26                                | 63.49                           | ..                                       | 2,91.75                                |
| Total              | 4,86.37                                | 4,06.98                         | ..                                       | 8,93.35                                |

Out of the balance in these Funds, a sum of Rs. 3,08.14 lakhs stood invested in the securities of the Government of India and other Governments and the remaining balance of Rs. 5,85.21 lakhs was merged in the general cash balance of the State.

## (2) Other Loans

Government have made arrangements for amortisation of the following loans taken from the Central Government; the position of Sinking Funds relating to them is indicated below :—

|   | Contribution to the Sinking Funds during the year | Balance of the Sinking Funds on 31st March, 1967 |
|---|---|--|
|   | (In lakhs of rupees)                              |  |
| (i) Industrial Housing Loan   | 0.12  | 1.31   |
| (ii) Loan granted to Madhya Pradesh Government as share of Government of India's 4½ per cent Loan, 1973 | 47.00   | 78.51  |

Besides the above, an amount of Rs. 2.78 lakhs was appropriated from revenue towards the 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 received from Central Government and autonomous bodies which totalled Rs. 3,52.90 crores and accounted for 87 per cent of the total public debt.

The total amount appropriated from revenue during the last four years towards repayment of debt is shown below :—

|                      | 1964                 | Year ended 31st March, |         | 1967    |
|----------------------|----------------------|------------------------|---------|---------|
|                      |                      | 1965                   | 1966    |         |
|                      | (In lakhs of rupees) |                        |         |         |
| Sinking Funds        | 87.47                | 96.37                  | 1,12.09 | 4,41.72 |
| Other Appropriations | 0.83                 | 0.88                   | 0.92    | 0.97    |
| Total                | 88.30                | 97.25                  | 1,13.01 | 4,42.69 |

Increase in the amount appropriated towards Sinking Funds is on account of Government's decision to increase the rates of contribution in order to make adequate provision in these funds according to the period of maturity of loans.

8. *Service of debt and other obligations.*—The details of interest charges together with the corresponding figures of the preceding two years are given below:—

|   | 1964-65               | 1965-66 | 1966-67 |
|---|-----------------------|---------|---------|
|   | (In crores of rupees) |         |         |
| (1) Interest paid on public debt and other obligations    | 10.71                 | 14.14   | 17.39   |
| (2) Less—   |                       |         |         |
| (i) Interest received on loans and advances by Government | 4.45                  | 3.87    | 6.03    |

|   | 1964-65                      | 1965-66 | 1966-67 |
|---|------------------------------|---------|---------|
|   | <i>(In crores of rupees)</i> |         |         |
| (ii) Interest realised on investment of cash balances   | 0.13                         | 0.10    | 0.12    |
| (iii) Interest transferred to the accounts of Multipurpose River Schemes and treated as capital expenditure                           | 1.70                         | 1.86    | 2.19    |
| (iv) Recovery from the Government of Maharashtra as their share of interest paid on the loans taken prior to reorganisation of States | 0.05                         | 0.05    | 0.05    |
| (3) Net amount of interest charges  | 4.38                         | 8.26    | 9.00    |
| (4) Percentage of gross interest to total revenue receipts  | 9.71                         | 11.49   | 12.61   |
| (5) Percentage of net interest to total revenue receipts  | 3.97                         | 6.71    | 6.53    |

The net interest charges on debt and other obligations amounted to 6.53 per cent of total revenue receipts during 1966-67 as against 6.71 per cent during 1965-66. The increase in the net amount of interest charges is mainly due to increase (Rs. 3,24.84 lakhs) in gross interest charges paid by Government on account of enhanced indebtedness partly offset by more interest realised on loans and advances (Rs. 2,15.57 lakhs) and more capitalisation of interest on loans received from Government of India for financing Chambal Project (Rs. 32.48 lakhs).

There were in addition certain other receipts and adjustments totalling Rs. 17.12 lakhs such as interest portion of equated payments on account of commuted value of pensions, interest on arrears of revenue, etc. If these are also taken into account, the net burden of interest on the revenues will be Rs. 8,83.13 lakhs working out to 6.41 per cent of the total revenue.

#### INVESTMENTS OF GOVERNMENT

9. Government had a total investment of Rs. 23.02 crores in the shares/debentures of Statutory Corporations, Government Companies, Joint Stock Companies, Co-operative Societies and Banks at the end of 1966-67 as against Rs. 17.17 crores at the end of the previous year. The increase in investments during the year amounted to Rs. 5.85 crores (34 per cent).

The following table shows the extent of Government's investments and return therefrom at the end of 1966-67 together with the corresponding figures of 1964-65 and 1965-66:—

| Investments in                   | Total investments at the end of |          |          | Dividends received during 1966-67 |
|----------------------------------|---------------------------------|----------|----------|-----------------------------------|
|                                  | 1964-65                         | 1965-66  | 1966-67  |                                   |
|                                  | <i>(In lakhs of rupees)</i>     |          |          |                                   |
| Statutory Corporations           | 1,92.35                         | 3,62.35  | 6,67.30  | 10.59                             |
| Government Companies             | 4,82.47                         | 4,95.47  | 5,94.00  | 17.32                             |
| Joint Stock Companies            | 1,03.18                         | 1,02.89  | 1,02.89  | 6.07                              |
| Co-operative Banks and Societies | 5,83.28                         | 7,56.73  | 9,38.07  | 10.64                             |
| Total                            | 13,61.28                        | 17,17.44 | 23,02.26 | 44.62                             |

The percentages of investment in Statutory Corporations, Government Companies and Co-operative Banks and Societies to the total investments of the Government as on 31st March, 1967 work out to 29, 26 and 41 respectively.

Seven concerns in which Government investments amounted to Rs. 5.24 lakhs are under liquidation.

#### GUARANTEES GIVEN BY GOVERNMENT

10. Government have given guarantees to third parties on behalf of Statutory Corporations, Joint Stock Companies and Co-operative institutions. The payment of a minimum dividend of 3½ per cent on the working capital of the Madhya Pradesh Financial Corporation has also been guaranteed. These constitute contingent liabilities of Government and are in addition to the liabilities mentioned in para 6 above.

Brief particulars of these liabilities in terms of guarantees are given below:—

|                                   | Total of<br>maximum<br>amounts<br>guaranteed | Sums<br>guaranteed<br>outstand-<br>ing as on<br>31st March,<br>1967 |
|-----------------------------------|--|---|
|                                   | <i>(In crores of rupees)</i>                 |   |
| Statutory Corporations and Boards | 6.37   | 4.04  |
| Joint Stock Companies             | 2.06   | 1.15  |
| Co-operative Banks and Societies  | 1,11.52                                      | 22.14   |
| Municipal Committees              | 1.27   | 0.90  |
| Total                             | 1.21.22                                      | 28.23   |

In addition, Government have given guarantees with unlimited liability on behalf of the Madhya Pradesh State Road Transport Corporation for payment of cost of stores purchased by the Corporation through the Director General of Supplies and Disposals and of the Madhya Pradesh Electricity Board for payment of freight and other dues to the Railway Board in the event of default. The amount outstanding against these guarantees on 31st March, 1967 was Rs. 6.20 lakhs.

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

*Payment in fulfilment of Government guarantees.*—In four cases, guarantees given by Government to the Life Insurance Corporation of India for repayment of loans advanced to municipal committees for execution of their water supply schemes were invoked during the year. The Government had to pay a sum of Rs. 1.67 lakhs to the Corporation in fulfilment of guarantees as the municipalities failed to pay the dues. The amount paid by Government is recoverable from the respective municipalities.

Government also paid during 1966-67 a sum of Rs. 1.50 lakhs to the Madhya Pradesh Financial Corporation in fulfilment of their guarantee for payment of minimum dividend at the rate of  $3\frac{1}{2}$  per cent per annum on the paid up capital. The payment was in respect of the year 1965-66; the total of such subventions paid to the Corporation since inception to the end of 1966-67 amounted to Rs. 18.53 lakhs.

## CHAPTER II

### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

11. Upto the year 1965-66, demands for grants were presented to the Legislature by major heads of account. The demands, which comprised provision of funds relating to more than one department were controlled by a number of controlling officers. In order to eliminate this system of divided control, Government decided, in consultation with the Accountant General, Madhya Pradesh to present the demands for grants/appropriations department-wise. This revised arrangement took effect from 1966-67.

12. *Summary.*—(a) The following table compares the total expenditure during 1966-67 and the preceding 2 years with the total (*i. e.* original *plus* supplementary) grants/appropriations therefor\* :—

| Year    | Total provision       | Actual expenditure | Unutilised provision |            |
|---------|-----------------------|--------------------|----------------------|------------|
|         |                       |                    | Amount               | Percentage |
|         | (In crores of rupees) |                    |                      |            |
| 1964-65 | 3,04.22               | 2,89.76            | 14.46                | 4.8        |
| 1965-66 | 3,94.54               | 3,70.03            | 24.51                | 6.2        |
| 1966-67 | 4,51.06               | 4,19.40            | 31.66                | 7.0        |

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

(b) In the following table, the total expenditure during 1966-67 has been compared with the total of the voted grants and charged appropriations for that year :—

|               | Total grants/<br>appropriations | Actual expenditure | Saving  |            |     |
|---------------|---------------------------------|--------------------|---------|------------|-----|
|               |                                 |                    | Amount  | Percentage |     |
|               | (In crores of rupees)           |                    |         |            |     |
| Voted—        |                                 |                    |         |            |     |
| Original      | 2,42.18                         | 2,73.68            | 2,51.23 | 22.45      | 8.2 |
| Supplementary | 31.50                           |                    |         |            |     |
| Charged—      |                                 |                    |         |            |     |
| Original      | 1,38.51                         | 1,77.38            | 1,68.17 | 9.21       | 5.2 |
| Supplementary | 38.87                           |                    |         |            |     |
| Total—        |                                 |                    |         |            |     |
| Original      | 3,80.69                         | 4,51.06            | 4,19.40 | 31.66      | 7.0 |
| Supplementary | 70.37                           |                    |         |            |     |

\* The figures in the Appropriation Accounts represent gross expenditure and exclude recoveries (from other Governments, reserve funds, etc.) which are taken in reduction of expenditure in Government Accounts.

The saving of Rs. 31.66 crores was the net result of (i) a saving of Rs. 33.58 crores in 42 grants and excess of Rs. 11.13 crores in 15 grants; and (ii) saving of Rs. 9.25 crores in 29 appropriations and excess of Rs. 0.04 crore in 4 appropriations.

13. *Supplementary grants/appropriations.*—During the year 1966-67, supplementary provision totalling Rs. 70.37 crores (Rs. 16.16 crores in September 1966 and Rs. 54.21 crores in March 1967) was obtained in 45 grants and 18 appropriations. The details given in Appendix 1 (pages 84 to 86) bring out the following points:—

(a) In 30 grants/appropriations, supplementary provisions exceeding Rs. 1 lakh in each case were obtained; out of these :—

(i) supplementary provision amounting to Rs. 2,62.61 lakhs in 8 grants and 1 appropriation could have been avoided or restricted to token amounts as the expenditure did not come even up to the original grant/appropriation.

In all these grants/appropriation except Grant No. 38—Capital Expenditure pertaining to Agriculture Department, the funds surrendered by the Department as surplus to requirements were substantially in excess of the total supplementary provision obtained in September 1966 and March 1967.

(ii) In the case of 11 grants and 2 appropriations, the supplementary provision proved to be substantially excessive; against a total supplementary provision of Rs. 49,33.58 lakhs, the amount actually utilised was Rs. 31,58.09 lakhs only.

(b) In 8 grants and 1 appropriation (excluding cases where only token supplementary grants were taken), the supplementary provision proved to be substantially inadequate; in these cases, the actual expenditure exceeded the total grants/appropriation (including supplementary provision amounting to Rs. 15,38.36 lakhs) by Rs. 7,00.46 lakhs.

14. *Excess over grants/appropriations.*—In the case of 15 grants and 4 appropriations, the expenditure exceeded the budget provision by Rs. 11.13 crores and Rs. 0.04 crore respectively; these excesses require regularisation under the provisions of Article 205 of the Constitution.

The details of excesses are given below :—

#### Excesses in voted grants

| Particulars of Grant | Total Grant  | Expenditure  | Excess    |            |
|----------------------|--------------|--------------|-----------|------------|
|                      |              |              | Amount    | Percentage |
|                      |              |              | Rs.       | Rs.        |
| (i) 3-Police         | 12,41,09,427 | 12,93,26,910 | 52,17,483 | 4.2        |

The excess occurred mainly under the group-heads (i) 'B. 1 (1)-District Establishment' (Rs. 37.16 lakhs; for the sixth successive year) mainly due to (a) more expenditure on travelling allowance due to frequent movement of police force to maintain law and order during







| Particulars of Grant   | Total Grant | Expenditure | Excess   |            |
|--|-------------|-------------|--|------------|
|  | Rs.         | Rs.         | Amount   | Percentage |
| (xiv) 51-Loans and Advances pertaining to Electricity Department | 8,50,00,000 | 9,85,00,000 | 1,35,00,000  | 15.9       |
|  |             |             | Government of India sanctioned (20th March, 1967) a loan of Rs. 2.70 crores to the Rajasthan Government directly towards expenditure on Chambal Project, 50 per cent of which was to be shared by the Madhya Pradesh State. Adjustment in respect of this was made under the orders of State Government, treating the payment as loan to the Madhya Pradesh Electricity Board. As necessary funds were not provided either by a supplementary grant or by an advance from the Contingency Fund, this has resulted in the excess. |            |
| (xv) 52-Loans and Advances pertaining to Agriculture Department  | 7,02,05,000 | 7,44,49,384 | 42,44,384  | 6.0        |

Excess occurred mainly under the group-head 'A-4(i) Loans to cultivators by Departmental Agency' (Rs. 1,66.03 lakhs) and was attributed to larger adjustments due to finalisation of a larger number of *taccavi* cases in respect of the expenditure incurred on the schemes of contour bunding and soil conservation in River Valley Projects, treating more amount than anticipated as *taccavi* loans. Excesses were partly counter-balanced by saving under 'Non-Plan' group-heads.

### Excesses under Charged appropriations

| Particulars of Appropriation   | Total Appropriation | Expenditure | Excess   |            |
|--|---------------------|-------------|--|------------|
|  | Rs.                 | Rs.         | Amount   | Percentage |
| 15-Co-operation  | 3,549               | 3,553       | 4  | 0.1        |
| 19-Revenue Expenditure pertaining to Local Government (Urban) Department                   | 20,00,000           | 23,65,000   | 3,65,000   | 18.2       |
|  |                     |             | Excess occurred under the group-head '76-Other Miscellaneous Compensations and Assignments-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 are awaited. |            |
| 27-Community Development Projects, National Extension Service and Local Development Works, | 1,000               | 1,684       | 684  | 68.4       |
| 35-Commuted value of Pensions  | 36,000              | 58,826      | 22,826   | 63.4       |

In addition to the above excesses, an expenditure of Rs. 330 was also incurred under the Major Head '77-Extraordinary Charges' for which no provision of funds had been voted by the Legislature; this also requires regularisation.

15. *Savings in grants/appropriations.*—(a) It has been indicated in paragraph 12 (b) that there were savings in 42 grants and 29 appropriations. The total saving in these grants/appropriations amounted to Rs. 42,83.12 lakhs which was 12.6 per cent of the total provision under these grants/appropriations. The details given in Appendix 2 (pages 87-88) indicate that in 35 cases, the savings exceeded 10 per cent of the total provision; in 22 of these cases, the savings ranged between 20 and 100 per cent and in the remaining 13 cases between 10 and 20 per cent.

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

| Head of activity   | Total provision | Actual expenditure | Saving   |            |
|--|-----------------|--------------------|----------|------------|
|  |                 |                    | Amount   | Percentage |
| (In lakhs of rupees)   |                 |                    |          |            |
| (i) Collection of Taxes, Duties and Other Principal Revenues | 5,92.96         | 5,12.86            | 80.10    | 13.5       |
| (ii) Social and Developmental Services                       | 74,09.21        | 69,04.57           | 5,04.64  | 6.8        |
| (iii) State Trading  | 60,56.41        | 46,47.50           | 14,08.91 | 23.2       |
| (iv) Public Debt   | 1,54,28.17      | 1,45,71.41         | 8,56.76  | 5.6        |
| (v) Loans and Advances by State Government                   | 31,94.36        | 24,73.42           | 7,20.94  | 22.6       |

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

- (i) sanctioning re-appropriations for the transfer of funds from the sub-heads where a saving is anticipated to other sub-heads in the same grants/appropriations where there is need for additional provision of funds,
- (ii) obtaining supplementary grants/appropriations wherever necessary,
- (iii) effecting surrender of surplus funds under a sub-head as soon as the saving can be foreseen, and
- (iv) taking suitable advances from the 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, the 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 the additional funds provided in the course of the year by supplementary grant or appropriation proved unnecessary or excessive or inadequate have been indicated in paragraph 13.

(c) Cases where the total expenditure against a grant or appropriation as a whole has exceeded the sanctioned amount and requires regularisation by the Legislature have been mentioned in paragraph 14.

(d) The following points were noticed in connection with the surrender of unutilised amounts;

- (i) In 24 cases (23 voted grants and 1 charged appropriation) the total amount surrendered in each case during the year was in excess of the saving actually available for surrender. In one case (47-Capital Expenditure pertaining to Food Department) the department surrendered in March 1967 an amount of Rs. 16 crores as surplus to requirement; eventually, the saving under the grant amounted to Rs. 11.86 crores only.
- (ii) Although the rules require that unutilised amounts should be surrendered as soon as the possibility of saving is envisaged, surrenders amounting to Rs. 35.71 crores were made only on the 31st March, 1967.
- (iii) After taking into account the surrenders made during the year, there remained unsurrendered savings totalling Rs. 82.13 lakhs in 6 grants which were more than Rs. 1 lakh in each case and were also in excess of 10 per cent of the grant (details given in Appendix 3, page 89). In the following 5 cases, the amounts of unsurrendered savings were very high though they were less than 10 per cent of the total provision:—

| Grant/Appropriation                                    | Unsurrendered<br>saving |
|--|-------------------------|
|  | (In lakhs of rupees)    |
| <b>Grants:</b>   |                         |
| 8—Land Revenue and District Administration             | 35.23                   |
| 24—Education   | 56.40                   |
| 36—Capital Expenditure pertaining to Forest Department | 21.98                   |
| <b>Appropriations:</b>                                 |                         |
| Interest on Debt and other Obligations                 | 17.05                   |
| 0—Public Debt  | 3,46.95                 |

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

## CHAPTER III

### CIVIL DEPARTMENTS

#### Agriculture Department

17. *Failure of the programme for production of hybrid variety of jowar.*—In accordance with the decision of Government to undertake a programme for production of hybrid variety of *jowar* in the agricultural farms at Bajatta Khurd (West Nimar District) and Manawar (Dhar District), 125 Kgs. and 100 Kgs. of hybrid *jowar* foundation seeds were sown in 1966-67 in 25 and 20 acres of these farms respectively, with a view to multiply these seeds and supply the produce as 'certified seeds' to the cultivators for raising crops of improved variety. An expenditure of Rs.10,384 was incurred on fertilisers and labour charges. The object was, however, not achieved, as 92.05 quintals of produce (45 quintals in Bajatta Khurd and 47.05 quintals in Manawar farms) were rejected by the National Seeds Corporation as being unfit to be used as seed. They directed that the produce should be disposed of for purposes other than sowing. It was ultimately sold for Rs.18,195, against Rs.53,158 that would have been realised had the produce been sold as certified seeds, resulting in a loss of Rs.34,963. This financial loss is apart from the larger loss to the agricultural programme of the state as a whole caused by the shortfall in the quantity of certified seeds available for further sowing. D.P.70  
D.P./139

According to the Director of Agriculture, "the programme has tailed in some farms, particularly Manawar, on account of the staff having not taken necessary interest in removing the pollen shedders and rogues at the proper time. This carelessness and negligence would lead to heavy loss to department." The Superintendents in charge of the farms, through whose negligence the loss is reported to have occurred, have been placed under suspension since November 1966 (Bajatta Khurd) and May 1967 (Manawar) and departmental enquiries have been instituted against them; results of the enquiries are awaited (October 1967).

18. *Cashewnut Development Scheme.*—This scheme, sanctioned by Government in April 1961, envisaged raising of cashewnut plantation in Jhabua district over an area of 1,000 acres and payment of loans to cultivators at Rs.150 per acre to induce them to undertake cashewnut plantations on a large scale. The scheme was discontinued in March 1966 after nearly 5 years of working. The expenditure incurred on it till March 1966 was Rs. 0.62 lakh (recurring Rs. 0.44 lakh and non-recurring Rs. 0.18 lakh) which was nearly 60 per cent of the estimate (Rs. 1.03 lakhs). The achievement (*viz.* raising of cashewnut plantations over 100 acres) was only 10 per cent of the estimate (1,000 acres). The disconti- D.P.86

nance of the scheme was attributed by the department to the following reasons :—

(i) The agro-climatic conditions in the State were not found favourable for intensive cultivation of cashewnuts.

At the time of selecting Jhabua district for implementing this scheme, the department had, however, held that 'in the State, the soil and climatic conditions of the Jhabua district are suitable for the growing of cashewnuts'.

(ii) The tribal people showed 'great apathy' for growing cashewnuts, for they 'preferred to grow other hardy trees like *mahua*, mango and palm trees which could be grown easily and more economically'.

(iii) Want of technical facilities for processing raw cashewnuts.

Even in the 100 acres brought under plantation, no survey was conducted to evaluate the extent of survival of the saplings. In Kattiwada Block, 75 per cent of the plants in a plantation of 25 acres perished; this was attributed to the paucity of rains.

Loans totalling Rs. 15,400 were advanced under the scheme to the cultivators (till March 1966). In December 1965, the Deputy Director of Agriculture, Jhabua reported to the Director that 'the loans distributed for *kaju* plantations through blocks are not utilised properly for planting *kaju* trees'. The misutilised amounts have not, however, been ordered to be recovered so far (October 1967), though under the terms and conditions governing the loans, the misutilised amounts should have been recovered in one instalment.

#### Industries Department

DP.95  
19. *Government Pottery Centre, Mandasaur*.—This centre was established in January 1955 with the object of training 20 potters per annum in modern glazed pottery-craft. Manufacture of pottery wares is also undertaken, as incidental to training. No training was, however, imparted till 1958-59; the expenditure on establishment and recurring contingencies till then amounted to Rs. 1.63 lakhs. During 1959-60 to 1961-62, only 14 persons were trained as against the target of 60 to be trained. The shortfall in training programme was attributed to 'non-availability of trainees locally'. No training has been imparted after 1961-62, for want of trainees.

The centre was to achieve the target of annual production of the value of Rs.30,000 fixed by the Superintendent, Industries, Ratlam. The annual production during 1956-57 to 1966-67 ranged between Rs.8,383 (in 1964-65) and Rs. 23,124 (in 1966-67).

The *pro forma* accounts for assessing the financial results of the centre required to be prepared according to the departmental instructions have not been prepared so far (October 1967). However, the excess of expenditure over receipts during the period 1961-62 to 1966-67 amounted to Rs. 1.87 lakhs.

The shortfall in the production was attributed to insufficient covered space, non-availability of skilled workers at the present wage rate, non-provision of regular skilled staff in the scheme, and vacant technical posts.

285 tonnes of coal purchased during 1962-63 for Rs. 20,120 are lying in stock (October 1967), as they could not be used in the centre, being 'not useful for raising high temperature'.

D.P. 108 20. *Model Pottery Centre, Jabalpur.*—The construction of the kiln was completed in April 1964; the electric fittings have, however, not been completed by the Public Works Department and appointment of technical personnel (ceramic expert, supervisors and semi-skilled workers) has also not yet been made. Consequently, the centre has not started functioning (September 1967). Till March 1967, an expenditure of Rs. 0.42 lakh has been incurred on pay and allowances the of staff (consisting of 2 instructors and 1 peon) which has to be regarded as unproductive.

The Supervisor of the Pottery Centre, Mandasaur, who was deputed to conduct technical inspection of this centre (at Jabalpur) reported in October 1966 certain defects in the construction of the kiln. According to his report, some of these defects were not pointed out by the Industries Department at the time of giving the blue print to the Public Works Department, while in some cases, the Public Works Department did not carry out the instructions given by Industries Department. These defects have not so far (September 1967) been set right. Some of the defects which the Public Works Department stated as beyond repair are the following:—

| Particulars of the defects in the construction of kiln, reported to be beyond repair | Effect of these defects on the plant, as stated by the Supervisor, Pottery Centre, Mandasaur |
|--|--|
| (a) Fire bricks not intermixed with red bricks                                       | Possibility of cracks occurring in the kiln  |
| (b) Thick use of fire clay   | Shrinkage resulting in making the fire brick-masonry loose                                   |
| (c) Non-fixing of key-stones below the dome work                                     | Difficulty in sustaining the load of the dome  |
| (d) Insufficient thickness of the masonry work                                       | The wall cannot withstand high temperatures up to 1250 °C                                    |

Machinery of the value of Rs. 0.62 lakh purchased during 1957-58 to 1961-62 is still lying idle (September 1967).

21. *Mat Weaving Centre, Bablai.*—This centre was started at Bablai (Khargone district) in June 1961 with the object of training 40 persons each year in improved techniques of grass mat-weaving. An expenditure of Rs. 37,175 was incurred till March 1967, the bulk of which (Rs. 28,408) was on establishment (one supervisor and one peon). During the 6 years of its working, there was no trainee during two years (1964-65 and 1966-67) and the total number of persons trained during the remaining 4 years was only 79 against the target of 160. The shortfall was attributed by the department to non-availability of trainees due to meagre population (375 only) of the village and low rate of

stipend (Rs.15 per mensem). The supervisor in charge of the centre in his report (September 1963) to the Assistant Director of Industries, Khargone, stated that none remained to be trained at Bablai and the special type of grass required for mat-weaving was not also available there. These reasons for shortfall are such that the department could have foreseen them before selecting Bablai to locate the Centre. The Collector also recommended to Government in June 1964 the shifting of the centre from this place. However, Government sanctioned increased rate of stipend (Rs. 25) and ordered the continuance of the centre. During the period 1964-67, notwithstanding the increase in the rate of stipend, only 26 persons were trained in 1965-66 and in the remaining 2 years, there were no trainees at all.

The unfruitful expenditure on the centre was reported to the Director of Industries and Government in October 1966 and November 1966 respectively. Government have since ordered (in March 1967) the closure of the centre. Further report is awaited (October 1967).

### Veterinary Department

D.P.189  
22. *Intensive poultry production-cum-marketing centres.*—Under the scheme 'Establishment of Intensive Poultry Production-cum-Marketing Centres', sponsored by the Government of India, 4 centres were set up at Bhopal (November 1963), Raipur (December 1964), Indore (March 1965) and Jabalpur (March 1966). The scheme aimed at popularising commercial poultry farming by providing improved poultry stock, balanced poultry feed, equipment and technical guidance so that, 10,000 eggs and 300 table birds per day could be produced at each centre through poultry farmers and supplied to consumers at reasonable prices. Facilities for provision of credit to the poultry farmers for production of chicks, and for collection and marketing of the produce were also envisaged under the scheme. The expenditure incurred on these centres till March 1967 amounted to Rs. 12.86 lakhs (recurring Rs.8.42 lakhs and non-recurring Rs. 4.44 lakhs).

The following points were noticed in audit :—

(i) As against the target of production of 10,000 eggs and 300 table birds per day, the achievement even in 1966-67 was low, as indicated below; during the earlier years the achievements were still lower.

| Location of the centre | Average daily production during 1966-67 |             | Percentage of short-fall |             |
|------------------------|---|-------------|--------------------------|-------------|
|                        | Eggs                                    | Table birds | Eggs                     | Table birds |
| Bhopal                 | 540                                     | 5           | 95                       | 98          |
| Raipur                 | 3,103                                   | 8           | 69                       | 97          |
| Indore                 | 139                                     | 2           | 99                       | 99          |
| Jabalpur               | 954                                     | ..          | 90                       | 100         |



The short-fall in achievement was attributed by the poultry project officers to :—

- (a) exorbitant cost of chicken feed (Bhopal),
  - (b) delay in appointment of poultry project officer and other staff (Indore, Bhopal),
  - (c) non-construction of building (Jabalpur) (The scheme envisaged that pending construction of building, the project should be started in a hired building), and
  - (d) lack of demand for eggs and chicks for consumption due to limiting economic factors (Bhopal).
- (ii) Equipment like feed mixers, feather pickers, incubators, etc., purchased at a cost of Rs. 0.28 lakh in March 1965 (Rs. 0.19 lakh) and March 1966 (Rs. 0.09 lakh) still (October 1967) remain idle at Jabalpur and Raipur for want of accommodation.
- (iii) The centres were expected to run on commercial lines on self-supporting basis. The *pro forma* accounts showing the financial results of the working of the centres at Raipur, Indore and Jabalpur have not been prepared so far (October 1967); the Director of Veterinary Services intimated in February 1967 that the concerned controlling officers were being directed to maintain the same. D.P. 24

The centre at Bhopal, set up in November 1963, is continuously running at a loss; the cumulative loss till March 1967 being Rs. 86,619 as indicated below:—

| Year    | Amount of loss |
|---------|----------------|
|         | Rs.            |
| 1963-64 | 5,749          |
| 1964-65 | 16,150         |
| 1965-66 | 27,727         |
| 1966-67 | 36,993         |

The reasons for the loss have not been furnished.

- (iv) The scheme envisaged granting interest-free loans upto Rs.1,000 in the form of one day old chicks, feed equipment and medicine, recoverable through sale of eggs and table birds within a period of 18 months. During 1964-65 to 1966-67, the total amount of such loans disbursed was Rs. 1.55 lakhs. Out of these loans, Rs. 33,059 were due to be recovered before March 1967; but even at the end of June 1967 an amount of Rs.18,861 was outstanding in the Raipur and Jabalpur centres. At Raipur where Rs.18,295 were overdue for recovery from five poultry farmers, action to effect recovery through the revenue authorities was stated to have been taken only in one case.

These points were reported to Government in September 1967; their reply is awaited (October 1967).

### Forest Department

D.P.142 23. *Working of Saw Mills.*—Three saw mills are run departmentally by the Forest Department in Balaghat (Mukki) and South Raipur (Sankra and Dugli) Divisions. Inferior timber is sawn in these saw mills.

The working results of the saw mills for the period 1962-63 to 1966-67 indicated below, show that the working of these mills has not been economical because of (i) the large gap between the installed capacity of the mills and the actual intake; and (ii) the high percentage of wastage in the process of sawing:—

|                                       | Mukki                    | Sankra   | Dugli    |
|---------------------------------------|--------------------------|----------|----------|
|                                       | (In lakhs of rupees)     |          |          |
| Establishment charges                 | 0.41                     | 0.53     | 0.52     |
| Working expenses                      | 0.32                     | 0.61     | 0.56     |
| Cost of in-put (round logs)           | 8.92                     | 7.19     | 5.51     |
| Total                                 | 9.65                     | 8.33     | 6.59     |
| Sale proceeds from sawn timber, etc.  | 2.70                     | 4.07     | 4.83     |
|                                       | (In lakhs of cubic feet) |          |          |
| Total in-put during 1962-67           | 1.98                     | 4.32     | 4.82     |
| Total out-turn during the same period | 0.87                     | 1.88     | 1.83     |
| Cost per cft. of logs                 | Rs. 4.50                 | Rs. 1.66 | Rs. 1.14 |
|                                       | (Percentage)             |          |          |
| Average percentage of wastage         | 56.1                     | 56.5     | 62.0     |

The cost per cft. is the highest in Mukki, reasons for which are awaited (October 1967).

The installed capacity of the mills is 300 cft. of round logs per day at Mukki, and 450 cft. each at Sankra and Dugli. The average daily intake (based on 300 working days per year) has been far less than the installed capacity, as shown below :—

| Year                      | Mukki           | Sankra | Dugli |
|---------------------------|-----------------|--------|-------|
|                           | (In cubic feet) |        |       |
| <i>Installed capacity</i> | 300             | 450    | 450   |
| 1962-63                   | 168             | 213    | 213   |
| 1963-64                   | 156             | 311    | 330   |
| 1964-65                   | 110             | 336    | 301   |
| 1965-66                   | 58              | 366    | 430   |
| 1966-67                   | 169             | 216    | 332   |

As on 1st April, 1967, the saw mills at Sankra and Dugli had a stock of 0.61 lakh cft. of sawn timber and 0.54 lakh cft. of waste timber, valued at Rs. 2.85 lakhs. This stock has been remaining undisposed or since 1964-65 for want of demand.

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

### Co-operation Department

24. *Training-cum-Production Centre, Chanderi.*—This centre, which has been in existence since the time of the erstwhile Gwalior State, produces handloom fabrics and also imparts training to weavers in modern methods, provides technical guidance in improved techniques to them, makes available improved equipment and new designs and affords facilities for quality marking. The centre has been running continuously at a loss, the accumulated loss being Rs. 2.16 lakhs during 1963-64 to 1965-66 as indicated below :—

D.P.143

|                         | 1963-64              | 1964-65 | 1965-66 |
|-------------------------|----------------------|---------|---------|
|                         | (In lakhs of rupees) |         |         |
| Receipts                | 0.65                 | 0.28    | 0.18    |
| Production expenditure  | 0.44                 | 0.14    | 0.15    |
| Maintenance expenditure | 0.47                 | 0.57    | 0.58    |
| Actual loss             | 0.64                 | 0.73    | 0.79    |

The decline in income from sales is due to the curtailment of production by about 80 per cent from 1964-65 in accordance with the instructions issued by Registrar, Co-operative Societies in May 1964, without corresponding reduction in the maintenance expenditure; expenditure on a part of the staff utilised elsewhere was also borne by the centre.

Accounts for finished goods costing Rs.3.54 lakhs sent on consignment basis to the various arts and crafts emporia and central godowns during 1951-52 to 1961-62 have not been settled so far (October 1967). The Manager of the centre stated in May 1967 that the detailed accounts had been sent to the parties for settlement; further report is awaited (October 1967).

The uneconomical working of this centre was reported to Government in July 1967. Reply is awaited (October 1967).

### Information and Publicity Department

25. *Pilot Song and Drama Team.*—A Pilot Song and Drama Team was sanctioned by Government in January 1962 with a view to giving adequate publicity to the Five Year Plans through the medium of folk songs and dramas. One Music Director, one Stage Assistant and 16 Artistes were sanctioned for the unit. By November 1962, all the posts except those of 10 artistes were filled in. The number of shows to be put up by the team was not, however, prescribed.

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The Team did not stage any show till March 1966, when the unit was disbanded. By this time, an expenditure of Rs.0.89 lakh (recurring expenditure on establishment Rs.0.37 lakh and contingent expenditure on make-up materials, stage equipment, etc., Rs.0.52 lakh) was incurred. According to the Joint Director of Information and Publicity, the unit was wound up because of "the difficulty experienced in the recruitment of artistes for the dramatic troupes on the meagre scales fixed".

During the period of more than 3½ years when the staff was retained, their services were stated (by the Director of Information and Publicity) to have been utilised "according to the necessity, to the best of their ability and limitations", "in arranging cultural shows of different departments in Bhopal". The expenditure incurred on the pay and allowances and on the purchase of stage equipment, etc., during March 1962—July 1963 has to be regarded as nugatory.

### Public Health Department

D.P.187 26. *Nugatory expenditure.*—For setting up a Regional Family Planning Training Centre at Bilaspur, a building was hired on a monthly rental of Rs. 600 from April 1966. Staff consisting of 9 members (3 ministerial, 4 non-ministerial and 2 class IV officials) were appointed between April and July 1966. The Centre which was to function from November 1965 has not started functioning so far (April 1967) due to non-appointment of the Medical Officer-in-charge, lecturers and instructors. Expenditure of Rs.27,770 (Rs.20,150 on pay and allowances of staff and Rs.7,620 on rent) was incurred on the centre till April 1967 although no training had been imparted during this period. The department stated (August 1967) that the staff has been utilised on publicity work and maintenance of statistical records, etc.

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

D.P.60  
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111 } → 27. *Miscellaneous irregularities.*—Certain cases of miscellaneous irregularities are given in Appendix 4 (pages 90-91).

D.P.171 28. *Writes-off of losses, etc.*—In 479 cases, amounts aggregating Rs.6.49 lakhs representing mainly losses due to shortages, theft, etc., irrecoverable revenue, remissions of revenue and abandonment of claims to revenue were written off/waived during the year 1966-67 by competent authorities; the details are given in Appendix 5 (pages 92-93).

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## CHAPTER IV

### MISAPPROPRIATION OF GOVERNMENT MONEY

29. The position in regard to cases of alleged misappropriation of Government money reported upto 31st March, 1967 which were pending finalisation on 30th September, 1967 is indicated below :—

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|   | Number<br>of<br>cases | Amount<br>(In lakhs of<br>rupees) |
|---|-----------------------|-----------------------------------|
| Cases outstanding as on 30th September, 1966 (cases reported upto 31st March, 1966) | 359                   | 21.42                             |
| Cases reported during the period from 1st April, 1966 to 31st March, 1967           | 81                    | 4.75                              |
| Cases closed during the period 1st October, 1966 to 30th September, 1967            | 41                    | 1.01                              |
| Cases outstanding as on 30th September, 1967 (cases reported upto 31st March, 1967) | 399                   | 25.16                             |

According to rules, the cases of misappropriation are required to be dealt with expeditiously and finalised within 6 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 indicated below:

- 128 cases involving Rs. 9.75 lakhs have been outstanding for over 5 years;
- 87 cases involving Rs. 5.82 lakhs have been outstanding for over 3 years but not more than 5 years;
- 134 cases involving Rs. 6.01 lakhs have been outstanding for over 1 year but not more than 3 years.

The present position of the outstanding cases is indicated below:—

|   | Number<br>of<br>cases | Amount<br>(In lakhs of<br>rupees) |
|---|-----------------------|-----------------------------------|
| Awaiting investigation                                      | 196                   | 14.06                             |
| Awaiting action against officials for laxity of supervision | 30                    | 1.10                              |
| Pending for want of recovery/information regarding recovery | 98                    | 2.78                              |
| Awaiting orders for write-off                               | 29                    | 2.26                              |
| Cases which are <i>sub judice</i>                           | 46                    | 4.96                              |

The department-wise analysis of these 399 cases outstanding on 30th September, 1967 is given in Appendix 6 (page 94).

Of the 41 cases closed during October 1966 to September 1967, 23 were held to be due to laxity of supervision. The officers involved in 19 cases were punished; in 4 of these cases, officials involved were dismissed or removed from service.

No action could be taken against the officers involved in the remaining 4 cases as they had retired/expired before finalisation of the departmental proceedings.

Criminal proceedings were instituted in 7 cases and the delinquents involved in all these cases were punished.

The position in regard to recovery/write-off of the amounts involved in the cases finalised is indicated below:—

(In lakhs of rupees)

|                    |      |
|--------------------|------|
| Amount recovered   | 0.11 |
| Amount written off | 0.57 |

Particulars of 3 cases of misappropriation are given in paragraphs 30, 31 and 32.

### Agriculture Department

D.P.202 30. *Alleged fraudulent drawals.*—Four contingent bills aggregating Rs. 1,96,022 were alleged to have been fraudulently encashed at Bhopal Treasury—the first on 24th February, 1967, the second and third on 18th March, 1967 and the fourth on 20th March, 1967.

On enquiry on 20th March, 1967, the drawing officers of the Agriculture Department, purporting to have drawn these bills denied having drawn them. The matter was reported on the same day to the Police who have seized some cash and other records and have also arrested some suspects. Police investigation has revealed that the suspects in the case were also responsible for 5 other fraudulent drawals amounting to Rs. 92,596 made during the period October 1963 to June 1965 (c.f. paragraphs 49\* and 50\* of the Audit Report on the accounts for 1965-66).

The Director of Treasuries and Accounts, Madhya Pradesh reported in June 1967 that the signatures of the drawing officer and the Treasury Officer appeared to be forged. He held that the treasury staff were negligent to the extent that they allowed the forged bills to be entered in the "Register of orders for payment" and transmitted the same to the Bank.

Further developments are awaited.

### Revenue Department

D.P.200 31. *Loss of Government money.*—An abstract contingent bill for Rs. 30,000 purported to have been drawn by the Co-ordinator of Basna Block (a non-gazetted official)\*\* in connection with expenditure on famine relief was encashed at Maha-

\*Refers to 4 of these 5 drawals for Rs. 77,560.

\*\* In January 1966 Government had declared Co-ordinators of Raipur district as drawing and disbursing officers. Their drawing and disbursing powers were subsequently withdrawn from 1st November, 1966.

samund sub-treasury on 17th June, 1966. Enquiries by the Collector regarding the delay in submission of detailed contingent bills not received till October 1966, revealed that this bill was not accounted for in the books of the Block and that the amount had fraudulently been withdrawn from the treasury.

This alleged fraudulent withdrawal was, however, not pointed out even during reconciliation of expenditure.

The Collector, Raipur intimated (March 1967) that the case is under Police investigation.

Results of the investigation are awaited (October 1967).

### **Information and Publicity Department**

32. Departmental inspection of the accounts of the District Publicity Office, Balaghat, conducted in July 1966 revealed that payments amounting to Rs. 7,201 were shown as made though the amounts were not actually paid, fictitious entries were made in the accounts, and payments were made on the basis of false bills and of receipts prepared in the name of non-existing parties.

The District Publicity Officer has been placed under suspension from 1st December, 1966 and a departmental enquiry has been instituted. The case was reported to the Police only in August 1967 and is under investigation.

D.P.  
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## CHAPTER V

### WORKS EXPENDITURE

D.P.45 33. *Kedar Nalla Project*.—The *Kedar Nalla* Project in Raigarh District is a medium irrigation work and was taken up for construction in 1956. Some particulars of its cost of construction, target of irrigation, etc., are given below:—

|   | <i>(In lakhs of rupees)</i> |
|---|-----------------------------|
| <i>(a) Cost of construction:</i>                        |                             |
| Original estimate (September 1956)                      | 27.88                       |
| Revised estimate (February 1963)                        | 53.78                       |
| Actual expenditure :                                    |                             |
| upto June 1964 (till a breach occurred)                 | 40.53                       |
| upto March 1967   | 55.23                       |
| <i>(b) Target of irrigation</i>                         | 11,500<br>acres             |
| <i>(c) Anticipated return on the capital invested :</i> |                             |
| Original estimate                                       | 5.92%                       |
| Revised estimate  | 1.34%                       |

The two-fold increase in the estimated cost has been attributed mainly to :

|  | <i>(In lakhs of rupees)</i> |
|--|-----------------------------|
| <i>(i)</i> Increase in the quantity and rates for earthwork and pitching   | 12.03                       |
| <i>(ii)</i> Provision for grouting, etc., due to fissured rock in puddle trench, boulder toe, filter blanket (which were not provided in the original estimate) and increase in cost of labour and materials | 3.46                        |
| <i>(iii)</i> Increase in the amount of compensation and provision for indirect charges   | 5.16                        |

Work on the scheme was started in December 1956. The *nalla* closure, taken up in December 1963 was completed in June 1964, when water was impounded. On 6th July, 1964, a length of 270 feet of the bund was washed away, resulting in a loss estimated at Rs. 9.99 lakhs.

A Committee was appointed by Government in August 1964 to enquire into the circumstances and causes leading to the breach. In its report submitted to Government in November 1965, the Committee held that the breach was due to 'piping action' caused by :

- (i)* seepage through a diversion drain which got filled up by flood wash and debris and was not cleared and refilled with suitable impervious and compacted material before the earthwork on the embankment was started. (The Committee also pointed out that 'there were no instructions from any superior officer as to what was to be done with



this drain when its purpose was served' and 'the engineers in charge of the works did not do anything to refill the drain. Thus a sort of blind drain remained hidden at the base through sheer carelessness and negligence);

- (ii) seepage on account of differential subsidence of foundation or differential settlement of the earth on the embankment or both, and
- (iii) sudden filling of the reservoir caused by abnormal rainfall. (The Committee held that this could not possibly have been the sole cause of the failure).

Government intimated in August 1967 that they had accepted the findings of the Enquiry Committee and that necessary action was being taken accordingly. The action taken by Government to fix responsibility on the officers for the various administrative and technical lapses brought out in the report of the Committee, has, however, not yet been intimated by Government (October 1967).

Work on the re-construction of the breached portion of the dam (estimated cost Rs. 13.79 lakhs) was taken up in December 1965 and is in progress. The work is expected to be completed by June 1968. Upto March 1967, an amount of Rs. 0.37 lakh was spent on the maintenance of canals which were not ready for irrigation.

34. *Sampna dam—slips due to defective design.*—The dam across the Kasur and Sampna nallas which was completed in June 1956 at a cost of Rs. 20.66 lakhs, suffered two major slips, in April 1961 and June 1964. The first major slip caused damage to the dam which was repaired at a cost of Rs. 4.89 lakhs. A Committee appointed by Government to enquire into the circumstances and causes leading to the slip *inter alia* recommended\* in October 1961 "provision of adequate and proper filters and a rock toe" with a view to "maintaining to some extent the stability of the slopes which have not been designed on the basis of the soil data". No remedial action was, however, taken. In June 1964, the second slip occurred washing away material estimated to cost Rs. 1.30 lakhs. Special repairs were executed at a cost of Rs. 5.43 lakhs. Government appointed (August 1964) a Committee to enquire into the causes leading to the second slip. The Committee reported (December 1966) that the main circumstances or causes leading to this slip were the same as those which led to the slip in April 1961, namely adoption of a design which was inadequate for the soils used in the construction and commented that no remedial action of any kind had been taken for nearly 3 years after the adverse conditions operating in the dam were known.

The Committee also stated that the department was 'organisationally ill-equipped, had no design office, no research laboratory and no arrangements for setting up field laboratories at dam sites', and that 'the absence of the laboratory

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\* Government accepted the Committee's report in April 1962.

facilities in the State did not wholly explain the default, for the services of the institutions outside the State could have been utilised more purposefully before the earth work of the dam was started'.

Government accepted the recommendations of the Committee in July 1967. Action taken by Government to fix responsibility on the officials concerned and the remedial action taken in the light of the Committee's recommendations have not yet been intimated (October 1967).

D.P.181  
35. *Chillar river project.*—The construction of an earthen dam across the Chillar river in Shajapur District was taken up in October 1960. The head-works and canals were scheduled to be completed by June 1963 and June 1964 respectively. Subsequently, certain modifications were made in the design of the dam and the date of completion of the project was revised to June 1965. The Chief Engineer issued instructions in September 1963 that the construction of head-works and canals should be synchronised. But only the head-works were completed in June 1966 while the construction of the canals which is still in progress is expected to be completed by June 1968. The delay in the construction of the canals was attributed by the Executive Engineer mainly to undertaking of extensive survey and investigation of the canal system which was not done originally, and delay on the part of railway authorities in constructing railway crossings across the canals.

Some particulars relating to this scheme are given below :—

| Description                  | Original estimate<br>(1960) | Revised estimate<br>(1967) |
|------------------------------|-----------------------------|----------------------------|
| (i) Cost of construction     | Rs. 62.80 lakhs             | Rs. 1,39.88 lakhs          |
| (ii) Irrigation target       | 13,000 acres                | 13,000 acres               |
| (iii) Return on capital      | 1.73 per cent               | 0.18 per cent              |
| (iv) Length of canal system: |                             |                            |
| Main canal                   | 30 miles                    | 30 miles                   |
| Distributaries               | 42 miles                    | 42 miles                   |

The revised estimate has not yet been sanctioned but actual expenditure which has already exceeded the original estimate was Rs. 90.22 lakhs till May 1967. The increase in the cost of construction has been attributed to :

- (i) Changes in the designs and specifications of waste-weir, spill channel and sluices and other ancillary works.
- (ii) Provision of filter blanket and cut-off trench in place of seepage drains and puddle trench originally proposed.

- (iii) Increase in the total volume of earthwork and masonry work on dam as per changed profile of bund and inadequate provision for land compensation in the original estimate.

Though the estimated cost of work has gone up from Rs. 62.80 lakhs to Rs. 1,39.88 lakhs, there has been no increase in the target of irrigation. The estimated cost per acre in this case has increased from Rs. 483 to Rs. 1,076. According to the criteria laid down by the Chief Engineer for undertaking irrigation works, the cost per acre should be reasonable and should not exceed Rs. 600.

The delay in completion of the work and non-realisation of the irrigation benefits was reported to Government and Chief Engineer in March 1966. Their replies are awaited (October 1967).

36. *Utaoli river project.*—The Utaoli river project, a minor irrigation scheme intended to irrigate 2,000 acres of land, was administratively approved in January 1964 for Rs. 4.75 lakhs. The work on the project was started in February 1964 without approved design and without technical sanction. According to rules, approval of Government is required for commencing a work without technical sanction, but this was not obtained. D.P.91

After incurring an expenditure of Rs. 3.23 lakhs the work was stopped in August 1965 under orders of the Deputy Chief Engineer, who instructed that the work should be resumed only after the approval of the design. The work has not been resumed so far (October 1967).

The Superintending Engineer, Irrigation Circle, Hoshangabad, informed the Chief Engineer in December 1966 that the earlier "discharge observations of '64 had not been gauged accurately....and hence could not be relied upon with certainty...." On the basis of fresh discharge observations carried out during 1965 and 1966, he estimated that only 1,200 acres could be irrigated and the cost of the project would also go up by Rs. 5.79 lakhs. The cost per acre, according to the proposed revised estimate, would be Rs. 878, as against the original estimated cost of Rs. 237 per acre. According to the departmental instructions issued in February 1962 the cost of an irrigation work should not ordinarily go beyond Rs. 600 per acre and for undertaking a scheme costing Rs. 600 to 800 per acre, there should be special reasons. The revised estimate has also not been approved so far (October 1967).

37. *Minor irrigation works.*—An expenditure of Rs. 2.42 lakhs incurred on the construction of the following 6 minor irrigation works in Irrigation Divisions, Nowgong and Shahdol, remained largely unfruitful as they have provided practically no irrigation facilities so far; the works at items (i) and (ii) constructed at a cost of Rs. 0.38 lakh were reported to be 'defective'. D.P.116  
D.P.167

| Name of the work with year of completion and the area intended to be irrigated | Cost of construction<br>(In lakhs of rupees)                                 | Area irrigated<br>(In acres) | Reasons for shortfall attributed by the Executive Engineer and other points |
|--|--|------------------------------|---|
|  | <u>Expenditure on maintenance up to the end of March 1967</u><br>(In rupees) |                              |   |

## IRRIGATION DIVISION, NOWGONG

D.P. 116

|  |                     |  |   |
|--|---------------------|--|---|
| (i) Tironi Regulator<br>(1962)<br>200 acres      | 0.26<br><hr/> 1,958 | 1961-62<br>to Nil<br>1964-65<br>1965-66 8<br>1966-67 Nil     | The Sub-Divisional Officer, Panna, reported (June 1967) to the Executive Engineer that the work was 'certainly defective', due to inadequate opening for flood water, absence of proper drainage works resulting in breaches and insufficient discharge in the <i>nalla</i> .   |
| (ii) Panchkuiya Weir<br>(1962)<br>100 acres      | 0.12<br><hr/> 86    | Till<br>1966-67 Nil  | The Executive Engineer stated (October 1966) that the construction of the weir itself was defective. According to the Sub-Divisional Officer, Panna this work has been 'entirely a failure and cannot even be renovated'. This was constructed in order to utilise the water of two springs, but 'the spring water has not been checked and it vanishes before reaching the weir site'. |
| (iii) Nawalgarh Regulator<br>(1962)<br>200 acres | 0.38<br><hr/> 1,397 | 1961-62<br>to 63<br>1964-65<br>1965-66<br>and Nil<br>1966-67 | There is less flow in the <i>nalla</i> and leakage through kurries of the regulator.  |
| (iv) Sohail Anicut<br>(1962)<br>200 acres        | 0.24<br><hr/> 883   | Till<br>1966-67 Nil  | There is no post-monsoon flow in <i>nalla</i> and there is also no demand for water.  |
| (v) Basia Regulator<br>(1961)<br>150 acres       | 0.14<br><hr/> 510   | 1961-62<br>to 22<br>1964-65<br>1965-67 Nil                   | No demand for water.  |

## IRRIGATION DIVISION, SHAHDOL

D.P. 167

|  |                     |  |   |
|--|---------------------|--|---|
| (vi) Sakra Tank<br>(1962)<br>450 acres | 1.28<br><hr/> 6,852 | 1963-64 37<br>1964-65 26<br>1965-66 20<br>1966-67 83 | (i) Unsuitable catchment area which was 'needle shaped' and 'was adjoining a hill range'.<br>(ii) Seepage on down stream side of bund near sluice and deeper points. (According to the Sub-Divisional Officer, 'the top 4-5 ft. of the strata consist of clay and silt and the strata down below contain moorum interspersed with boulders'). |
|--|---------------------|--|---|

The unfruitful outlay involved in these cases was reported to Government and Chief Engineer in September 1966 and July 1967; their replies are still awaited (October 1967).

#### INFRACTUOUS EXPENDITURE

D.P.115 38. *Singhari Nadi Regulator*.—The construction of Singhari Nadi Regulator (administratively approved for Rs. 0.18 lakh) was taken up in February 1960. After incurring an expenditure of Rs. 0.35 lakh (the revised estimate is yet to be prepared), the work was stopped in April 1964 as it was reported that there was opposition from the cultivators. The Executive Engineer stated (June 1967) that some of the land in the command area gets inundated occasionally during floods "because of pressure of old breached *bandhis* on downstream".

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

D.P.63 39. *Bridge on National Highway No. 43*.—The original design for a high level bridge on National Highway No. 43, between Raipur and Kondagaon (approved by Ministry of Transport in June 1960) provided 7 spans of 63 feet each. On the basis of this design, a lump sum contract for Rs. 10.01 lakhs was given to a contractor in June 1964. The work was started in January 1965.

The Deputy Chief Engineer, Buildings and Roads, who inspected the site of the work in March 1965 observed that "the design needed radical change" and that two spans of the bridge on the Raipur side could be dropped "in view of the exposed rock overlying the hard rock and petty flow of water in the river". This revision was approved (May 1965) by the Ministry of Transport also. By this time, the contractor had already done excavation work on the first span which was decided to be given up according to the revised design. The infructuous expenditure on the excavation work was Rs. 14,271.

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

D.P.40 40. *Bridge over river Tan*.—The work of construction of a submersible bridge over the river Tan in the Katghora-Ambikapur road was entrusted to a contractor in April 1964. The de-watering work was to be done departmentally. An expenditure of Rs. 14,125 was incurred on de-watering during the working season 1964-65. But the concreting of the excavated portion of the foundation could not be completed before the rains due to frequent 'failure of de-watering arrangements'. Consequently, during the rains the excavated area was filled up with water and sand, rendering infructuous the expenditure of Rs. 14,125 on de-watering. The Executive Engineer, Construction Division (Buildings and Roads), Bilaspur attributed this to "the inability of the department to cope with the de-watering work".

The case was reported to Government in May 1966; their reply is awaited (October 1967).

## OVERPAYMENTS AND INCORRECT PAYMENTS

D.P.73

41. *Jungle clearance.*—In the agreement entered into with a contractor for execution of the work—"Laying and joining of 52" hume pipe gravity main from Pariot tank, Jabalpur", in the Public Health Engineering (Construction) Division, Jabalpur the rate for 'thick jungle clearance' was provided at Rs. 5.70 per 100 sq. ft. This rate was in the schedule of rates which the contractor had adopted in his tender. The Executive Engineer felt a doubt regarding the correctness of the unit adopted and made a reference to the Superintending Engineer; the latter confirmed in November 1966 that the unit as also the rate provided therefor were correct.

During local audit conducted in December 1966, it was noticed that the unit adopted for this rate in other circles was 1,000 sq. ft. When this was brought to the notice of Superintending Engineer by Audit in January 1967 the latter after re-examination stated in February 1967 that the rate should be 'for 1,000 sq. ft.' only and that the unit of '100 sq. ft.' appearing in the schedule of rates was a 'clerical mistake'.

In the meanwhile, the contractor had been paid at the incorrect rate of 'Rs. 5.70 per 100 sq. ft.' and the overpayment made to him till November 1966 amounted to Rs. 22,045.

The matter was reported to Public Health Engineer in January 1967 and to Government in May 1967; Government intimated to Audit in August 1967 that a decision regarding the recovery of overpayment would be taken after consulting the Law Department.

D.P.87

42. *Dearness allowance to work-charged employees.*—Work-charged employees of the State Government are not entitled to increases in dearness allowance sanctioned to regular establishment. It was, however, noticed that the increase in dearness allowance sanctioned in October 1957 to the members borne on regular establishment was incorrectly paid to work-charged employees in certain Public Works Divisions. The overpayment on this account made in 13 divisions alone (out of 111 divisions) amounted to Rs. 3,73,861.

The matter was reported to Government and Chief Engineer in December 1966. Reply is awaited (October 1967).

## AVOIDABLE/EXTRA EXPENDITURE

D.P.53

43. *Delay in acceptance of tenders.*—The lowest of the five tenders received in May 1965 for the construction of Agriculture College, Raipur (estimated cost : Rs. 5.16 lakhs) was 4.33 per cent below the schedule of rates then in force. It was recommended on 11th May, 1965 by the Executive Engineer, Buildings and Roads (construction) Division, to the Superintending Engineer, Raipur Circle, who forwarded it to the Chief Engineer, on 2nd June, 1965. The Chief

Engineer recommended the tender to Government on 13th July, 1965. In the meantime, the schedule of rates was revised from 20th May, 1965. The revised rates were 16 per cent higher than the old rates. A decision on the tender was not taken with expedition and the lowest and the 2nd lowest (2 per cent below the schedule of rates) tenderers withdrew their offers on 17th July, 1965, and 6th September, 1965 respectively.

In October 1965 Government rejected all the tenders, including the three which had not been withdrawn, without assigning any reason. After inviting fresh tenders, the work was awarded in April 1966 at 2.25 per cent below the new schedule of rates to the contractor who was the second lowest tenderer on the first occasion and had withdrawn his offer on 6th September, 1965. Computed with reference to the rates quoted in the lowest tender received in May 1965, the lowest tender accepted in April 1966 was higher by Rs. 87,000. If Government had accepted at least the third lowest tender (5 per cent above the schedule of rates then in force) which was not withdrawn but was rejected without assigning reasons, the extra expenditure would have been reduced to Rs. 41,000.

The case was reported to Government in February 1967; reply is awaited (October 1967).

D.P.77 44. *Drainage work.*—For collection of masonry stones for the construction of “crossed drainage work on Sawyer-Chandravati Road”, the notice inviting tenders provided that the material should be collected from Chittora quarry. The contractor, who commenced the work in January 1963, sought permission from the Superintending Engineer in February 1963 to bring the material from Jaitpur quarry. In June 1963 the Superintending Engineer ordered that “no extra lead other than that provided in the agreement can be paid in this case”. The contractor nevertheless continued to bring the material from the Jaitpur quarry and completed the work in March 1964. His claims were also finally settled in March 1965.

The case was, however, re-opened in November 1965 by the successor Superintending Engineer who held the view that the question regarding change in quarry was not decided by his predecessor and ordered the payment of longer lead from Jaitpur quarry. This has resulted in extra expenditure amounting to Rs. 24,591.

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

D.P.79 45. *Incorrect classification of soil.*—The estimate for the construction of an approach road to Narmada bridge at Burman Ghat in Buildings and Roads Division, Narsinghpur provided for ‘earth work in hard soil’. The contractor who executed 39,98,684 cft. of earth work was paid in January 1963. The successor Executive Engineer, who inspected the site of work in April 1963 observed that

the soil was incorrectly classified as 'hard' instead of 'ordinary'. The rates for payment for 'earth work in hard soil' were more than that in ordinary soil by Rs. 4.225 per 1,000 cft. On this basis the overpayment to the contractor owing to wrong classification of the soil comes to Rs. 16,895.

The case was reported by Audit to the Chief Engineer in November 1965 and to Government in June 1967. Their replies are awaited (October 1967).

D.P. 99

46. *Transportation of asphalt drums.*—In August 1964, the Executive Engineer Buildings and Roads Division, Kharbone awarded a contract of the value of about Rs. 75,000 for transportation of asphalt drums (1035 tons) from Bombay to Sendhwa by road without calling for tenders. The contract was finalised after negotiation, even though the Executive Engineer was not empowered to negotiate.

The rate negotiated *viz.* Rs. 72.74 per ton, was based on the railway freight from Bombay to Khandwa plus 7.25 per cent below the schedule of rates for transportation by road from Khandwa to Sendhwa. The nearest rail-head to Sendhwa is, however, Nardana (which is 504 k. ms. from Bombay and 72 k. ms. from Sendhwa) and not Khandwa (which is 568 k. ms. from Bombay and 155 k. ms. from Sendhwa). Thus the contracted rate was calculated by a longer route and consequently the acceptance of this rate resulted in extra expenditure amounting to Rs. 13,940.

The matter was reported to Government and the Chief Engineer in December 1966. The Chief Engineer ordered (May 1967) that responsibility should be fixed for the extra expenditure. Further report is awaited (October 1967).

#### OTHER TOPICS

D.P. 18  
47. *Non-recovery of extra cost from a contractor.*—In the Buildings and Roads Division, Jabalpur a contract for the collection of road material on Shahpura-Belkheda Road at an estimated cost of Rs. 52,959 was awarded to a contractor in May 1959 at 9.25 per cent below the schedule of rates, with the stipulation that the work should be completed before 28th November, 1959. The date was later extended up to 8th July, 1961. The contractor, however, discontinued the work in May 1961 after collecting material valued at Rs. 17,950. Thereupon the Executive Engineer served a notice on him in December 1961, that as the progress of the work was unsatisfactory, the remaining work would be got done departmentally at the contractor's cost and risk. A fine of 10 per cent of the estimated cost of work was also imposed by the Executive Engineer on the contractor.

The balance of the work, valued at Rs. 35,009 left over by this contractor, was, eventually got done by another contractor in May 1963 at 15 per cent above the schedule of rates. The extra cost of Rs. 18,074 resulting from the breach of contract by the first contractor was not recovered from him. The fine for delay in completion of work was also waived in July 1965 by the Superintending Engineer.



The matter was reported to Government and Chief Engineer in March 1966. The Chief Engineer informed Government in December 1966 that "the judgement of the Superintending Engineer in waiving the amount of fine..... was not justified..... All the more, nothing has been stated by the Superintending Engineer about the recovery of the extra cost of Rs.18,074 from the contractor..... it is more abundantly clear that the Superintending Engineer has no explanation to offer in regard to special consideration shown to one particular contractor".

Action taken by Government to fix responsibility in the matter is awaited (October 1967).

D.P.173  
48. *Writes-off of losses.*—In 144 cases, amounts aggregating Rs.2.25 lakhs, representing losses due to shortage of stores, theft, damages caused by accidents, floods, etc., were written off by competent authorities during 1966-67 as detailed below :—

| Name of the department    | Number of cases | Amount Rs. |
|---------------------------|-----------------|------------|
| Buldings and Roads Branch | 110             | 1,27,157   |
| Irrigation Branch         | 25              | 68,293     |
| Chambal Project           | 9               | 29,357     |
| Total                     | 144             | 2,24,807   |

49. *Miscellaneous irregularities.*—Certain cases of miscellaneous irregularities etc. are mentioned in Appendix 4 (pages 90-91).

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## CHAPTER VI

### STORES AND STOCK ACCOUNTS

D.P.214 50. *Synopsis of important stores accounts.*—A synopsis of the important stores and stock accounts for 1966-67 in certain departments excluding Government commercial and quasi-commercial departments/undertakings, is given in Appendix 7 (pages 95 to 98); the details relating to certain stores accounts for 1965-66 which were not received in time for inclusion in the previous Audit Report, but which have been received subsequently have also been indicated in the same Appendix.

51. According to the orders of Government, the accounts of stores and stock are to be furnished by July every year; the accounts of the following departments for the years indicated against each, have not been received (October 1967).

|                   |  |
|-------------------|--|
| (i) Public Health | (1965-66 and 1966-67)                              |
| (ii) Medical      | (1965-66 and 1966-67)                              |
| (iii) Agriculture | (General) (1966-67)<br>(G. M. F. Scheme) (1966-67) |
| (iv) Co-operation | (1966-67)  |
| (v) Food          | (1965-66 and 1966-67)                              |
| (vi) Veterinary   | (1966-67)  |
| (vii) Forest      | (1966-67)  |

#### Public Health Engineering Department

D.P.42 52. *Extra expenditure.*—Mild steel casing pipes costing Rs. 65,579 were purchased by the Executive Engineer, Public Health Engineering Division, Bilaspur on two occasions (July 1964 to December 1964 : Rs. 27,121 and August 1965 to March 1966 : Rs. 38,458) from 4 local firms instead of through the Director General, Supplies and Disposals as required under the rules. This resulted in an extra expenditure of Rs. 0.29 lakh computed with reference to the rates at which pipes were purchased from a local firm by a neighbouring division between July 1964 to December 1964 and the rates quoted by the Director General, Supplies and Disposals in January 1966 (in respect of the purchases made from August 1965 to March 1966).

The Executive Engineer stated in July 1966 that the purchases were made from the local supplier as "open competition by way of calling quotations might have rendered it difficult to make purchases from.....who owns a small scale industry for manufacturing casing pipes in Madhya Pradesh" and "inviting of open tenders would have resulted in procedural delay which would have held up the rural works".

Pipes valued at Rs. 36,186 have, however, not yet been utilised (November 1966); they were stated to have been purchased in advance as "these materials

were not easily procurable" and "some materials have to be kept in stock for emergency requirement". Out of 29 works for which the balance materials were issued, 10 were started without administrative approval.

Government stated in August 1967 that from the record the purpose for which the Executive Engineer "placed a large number of small orders" (when there was sufficient stock of the pipes in the division) was not clear and that the purchases were made without following the proper procedure and at rates higher than those quoted by the Director General, Supplies and Disposals. Government intimated that the case has been referred to the Vigilance Commission for investigation.

53. *Extra expenditure.*—For the execution of 13 water supply schemes in Surguja district, the requirement of mild steel casing pipes was estimated at 1,582 rft. Instead of purchasing through Director General, Supplies and Disposals, the Executive Engineer, Public Health Division, Ambikapur invited quotations from local firms and placed orders for the supply of 2,012 rft. of pipes costing Rs. 46,175 on a firm 'A', whose rate of Rs. 22.50 per rft. was the highest, out of the 6 quotations received. The rates offered by other firms ranged between Rs. 8.75 per rft. and Rs. 18.45 per rft. No reasons for inviting quotations from local firms and for rejection of the lower offers were recorded. Had the lowest offer been accepted, extra expenditure amounting to Rs. 0.28 lakh could have been avoided and if the purchases had been effected through Director General, Supplies and Disposals, the avoidable expenditure would have been nearly Rs. 0.26 lakh.

The above purchase was also far in excess of the actual requirements; only 399 rft. out of the stock of 3,818 rft. of pipes (including 2,012 rft. purchased in November-December 1965) were consumed till April 1967.

The Executive Engineer stated that the works for which they were purchased were not started at all. (In the case of 8 works, not even administrative approval was accorded).

These irregularities noticed during local audit conducted in February 1966, were reported to the Public Health Engineer and Government in May 1966. In September 1966, the Public Health Engineer intimated that 'the matter has been taken up at Government level'. Reply from Government is awaited (October 1967).

### Public Works Department

54. *Irregularities in purchase of stores.*—During the local audit of the accounts of Buildings and Roads Division I, Indore, conducted in October 1965 and September 1966, serious irregularities relating to the purchase of stores were noticed and these were reported to the Chief Engineer in November 1965 and December 1966. The Superintending Engineer, Buildings and Roads Circle, Indore, at

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the instance of Chief Technical Examiner, also investigated into these purchases in August 1966. His report dated 1st October, 1966 to the Chief Technical Examiner and the results of the local audit of the division indicate *inter alia* the following irregularities :—

(1) Purchases were made locally far in excess of actual requirements and without justification. The following are instances of such excessive purchases:—

| Commodities purchased             | Points noticed   | Remarks of the Superintending Engineer and value of stores declared surplus  |
|-----------------------------------|--|--|
| Paints                            | Between April 1965 and September 1966 paints costing Rs. 2.64 lakhs were purchased, though there was already stock valued at Rs. 0.99 lakh. Paints costing Rs. 1.45 lakhs only were consumed.  | Paints costing Rs. 0.86 lakh were declared surplus.  |
| Asbestos cement sheets            | 8,332 sheets (cost Rs. 1.39 lakhs) were purchased during 1965-66, when there was a stock of 955 sheets. Only 2,048 sheets were used during the year.   | 6,651 sheets costing Rs. 1.06 lakhs were declared surplus.   |
| Corrugated galvanised iron sheets | 77,408 Kg. of sheets were purchased during the period February 1964 to September 1965 when 24,308 Kgs. were available in stock. Actual utilisation since their purchase till September 1967 was, however, 38,994 Kg. of sheets only. | 63,173 Kg. of sheets valued at Rs. 0.88 lakh available in stock were declared surplus to requirement a year ago (October 1966).                                |
| A. C. pipes and fittings          | A. C. pipes and fittings costing Rs. 0.24 lakh were purchased during November 1965.  | The purchase of these articles was not at all necessary and pipes and fittings valued at Rs. 0.23 lakh were declared surplus to requirement in September 1966. |

(2) In most of the cases, purchase orders were split up so as to avoid the necessity of calling for tenders and/or making the purchases through the Purchase Committee as required in rules and departmental instructions.

(3) The requirements of stores were not consolidated where necessary before making the purchases. According to rules, these purchases should have been made through the Director General, Supplies and Disposals with a view to obtain 'most economic rates'. Apparently the requirements were not planned in advance and piecemeal purchases were resorted to, to the detriment of interests of Government.

Two instances involving avoidable extra expenditure of Rs. 0.12 lakh are given below:—

(i) 22 orders (each for amounts less than Rs. 2,000, the limit upto which the purchases can be made without routing them through

the Purchase Committee) for the supply of galvanised iron pipes costing Rs. 0.39 lakh were placed by the same Executive Engineer on a local supplier on 29th March, 1966 at rates higher than the rates at which they could have been purchased through Director General, Supplies and Disposals. This resulted in extra expenditure of Rs. 0.09 lakh.

(ii) Orders for 6 tanks (4'x4'x4') made of  $\frac{1}{4}$ " thick steel plate at the rate of Rs. 839 each were placed (March-May 1966) on a firm (which had not even quoted for these dimensions), even though the specification indicated in the notice calling for quotations stipulated supply of tanks made of  $\frac{1}{8}$ " thick plate. According to the Superintending Engineer,  $\frac{1}{4}$ " plates are never ordered in such cases. No reasons for purchasing the tanks with  $\frac{1}{4}$ " thick plates were placed on record. The rate paid was Rs. 417 more than the lowest offer for a tank of the dimensions specified. This resulted in extra expenditure of Rs. 2,502 to Government.

(4) Certain purchases were held to have been made unnecessarily; 2 instances are given below:—

(i) 12 water carts of 300 liters capacity costing Rs. 0.08 lakh were purchased in March 1966. The Superintending Engineer stated that 'there was no necessity for purchasing such heavy water carts which cannot be operated by human labour'. 8 of these carts are stated to be in use for carrying water for minor repair works. The remaining 4 are lying idle (October 1967).

(ii) The six water tanks referred to in sub-paragraph (3)(ii) above were not required at all. The Superintending Engineer reported to the Chief Technical Examiner (October 1966) that 'there was no necessity to purchase tanks having thicker plate with lesser capacity'.

These irregularities were reported by Audit to Government in December 1966. In April 1967, the Chief Engineer intimated that a departmental enquiry against the Executive Engineer and Assistant Engineer had been ordered by Government. The results of enquiry are awaited (October 1967).

2 p. 78  
55. *Buildings and Roads Division, Mandla.*—According to the terms of agreement entered into with a contractor for construction of a bridge over Narmada at Manote in the Buildings and Roads Division, Mandla, cement and steel were required to be supplied departmentally. The contractor brought to the notice of Executive Engineer in December 1963 that (i) 1,702 bags of cement and 7.35 tons of steel shown to have been issued to him were not in fact received by him and (ii) he had not been given credit for 2.20 tons of steel, returned by him to the division between March 1960 and March 1962. The value of these materials which have not been accounted for is Rs. 13,500.

The contractor's claim was finally settled in March 1966, without debiting to his account the above mentioned issues and giving him credit for the cost of 2.20 tons of steel. The Executive Engineer stated in September 1966 that action to fix responsibility was under way.

The case was reported to Government in December 1966; their reply is still awaited (October 1967).

#### OTHER TOPICS

D.P.204 56. *Internal verification of stores.*—One of the functions of the Directorate of Treasuries and Accounts is to conduct surprise physical verification of stores maintained in major spending departments. According to their Administrative Report for the period from April 1964 to March 1966, shortages of stores, valued at Rs. 1.13 lakhs were detected during such physical verification conducted in 18 offices. The shortages noticed in each of the 6 offices mentioned below were more than Rs. 5,000:

| Particulars of the office in which shortage was detected     | Value of stores found short<br>Rs. |
|--|------------------------------------|
| 1. Malaria Unit Officer, Bhopal                              | 32,015                             |
| 2. Deputy Director of Agriculture (Horticulture), Bhopal     | 20,286                             |
| 3. Ayurvedic College, Raipur                                 | 11,376                             |
| 4. Deputy Director of Agriculture (Cotton Extension), Bhopal | 8,149                              |
| 5. Assistant Superintendent, Stationery and Text Books       | 6,655                              |
| 6. Mahatma Gandhi Medical College, Bhopal                    | 5,229                              |

These shortages, which under the financial rules of Government were required to be reported to Audit had not been reported by the offices/departments concerned. Action taken by the Departments to investigate into these shortages and get them regularised has not yet been intimated (October 1967).

57. *Idle investment of Government money.*—6 cases of non-utilisation of stores, articles, machinery, equipment, etc., valued at Rs. 3.05 lakhs have been noticed; the particulars of these cases are given in Appendix 8 (pages 99-100).

A department-wise analysis is given below:—

| Name of the department | Number of cases | Amount (In lakhs of rupees) |
|------------------------|-----------------|-----------------------------|
| Education              | 1               | 1.50                        |
| Agriculture            | 2               | 0.77                        |
| Public Health          | 1               | 0.46                        |
| Industries             | 1               | 0.22                        |
| Jails                  | 1               | 0.10                        |

Besides the locking-up of funds in these cases, the prolonged non-utilisation of the machinery, etc. involves risk of loss due to deterioration.

## CHAPTER VII

### FINANCIAL ASSISTANCE TO LOCAL BODIES, NON-GOVERNMENT INSTITUTIONS, ETC.

#### Local Self-Government (Urban) Department

D.P.  
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58. *Arrears in recovery of loans given to a Municipal Council.*—Loans totalling Rs. 4.76 lakhs were disbursed to the Municipal Council, Shahdol between 1959-60 and 1963-64 for execution of a water supply scheme through the Public Health Engineering Department, as a deposit work. The scheme was sanctioned in April 1959 and was expected to be completed by March 1961. The loans, together with interest at Rs. 5 to 5½ per cent per annum were recoverable in 20 equated annual instalments, the first instalment falling due a year after the loan was paid. Penal interest was chargeable at 8 per cent per annum on overdue instalments of principal and interest. Out of the 28 instalments of principal (Rs. 0.78 lakh) and interest (Rs. 1.15 lakhs) due to be repaid (before March 1967) by the Municipal Council, only one instalment amounting to Rs. 8,141 had been repaid.

The work on the scheme which commenced in May 1959 was suspended in 1964 after incurring an expenditure of Rs. 7.48 lakhs, as the source for the water has not been decided. Meanwhile the repayments of the instalments of loan by the Council continue to be in arrears.

Government intimated to Audit in November 1966 that the Municipal Council was not making repayment of loans granted for the execution of this scheme on the ground that it had not derived any benefit from the scheme and as such was unable to repay. Government stated in July 1967 that the matter is under consideration.

D.P.  
213

59. *Audit by the Examiner, Local Fund Accounts.*—The expenditure from grants paid by State Government to local bodies (*viz.* municipal corporations, municipal councils, janapad sabhas, universities, etc.) is audited by the Examiner, Local Fund Accounts who is under the administrative control of the State Government. The position regarding the arrears in the audit of the accounts of the local bodies, as intimated (September 1967) by the Examiner, Local Fund Accounts was as indicated below:—

|  | Number of accounts which remained to be audited at the end of March 1966 (Arrears) | Number of accounts to be audited during the year 1966-67 (Current) |
|--|--|--|
| Accounts requiring to be audited                             | 491  | 521  |
| Number of accounts audited during 1966-67                    | 353  | 285  |
| Number of accounts the audit of which has not been completed | 138  | 236  |

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The arrears in completion of the audit of these accounts (374) have been attributed to shortage of staff.

According to the information furnished to Audit by the Examiner in September 1967, the following are some of the important points noticed by him during 1966-67:—

(i) *Non-utilisation of grants.*—Out of the grants disbursed upto March 1966, a sum of Rs. 73.81 lakhs remained unutilised at the end of March 1966, as indicated below:—

| Year of payment of grants | Amount of grants remaining unutilised as at the end of March 1966 |
|---------------------------|---|
|                           | (In lakhs of rupees)  |
| 1952-53 to                |   |
| 1961-62                   | 30.67   |
| 1962-63                   | 6.95  |
| 1963-64                   | 13.10   |
| 1964-65                   | 15.04   |
| 1965-66                   | 8.05  |

In the case of 18 local bodies, the unspent balances (totalling Rs. 41.58 lakhs) with each of them exceeded Rs. 1 lakh; year-wise analysis of these cases is given below:—

| Year of payment of grants | Number of local bodies | Amount               |
|---------------------------|------------------------|----------------------|
|                           |                        | (In lakhs of rupees) |
| 1959-60 to                |                        |                      |
| 1961-62                   | 5                      | 20.56                |
| 1962-63                   | 1                      | 1.13                 |
| 1963-64                   | 4                      | 6.87                 |
| 1964-65                   | 4                      | 7.98                 |
| 1965-66                   | 4                      | 5.04                 |

(ii) *Inadmissible/excess payment of grants.*—Grants amounting to Rs. 10.50 lakhs were reported to have been paid in excess to 38 local bodies during the period 1963-64 to 1965-66. No action was stated to have been taken so far (September 1967) for the recovery/adjustment of excess payments.

The excess payments in respect of 2 local bodies alone (Municipal Corporation, Jabalpur : Rs. 5.27 lakhs and Janapad Sabha, Balaghat : Rs. 1.41 lakhs) amounted to Rs. 6.68 lakhs.

#### Information and Publicity Department

6). *Non-utilisation of grant-in-aid.*—A grant of Rs. 1.00 lakh paid on 30th March, 1966 to the Madhya Pradesh Sanskritik Parishad for the purpose of reviving the ballet "Heart of India" has not been utilised so far (July 1967) even though according to rules, it should have been utilised before March 1967. The



Secretary of the Parishad stated in January 1967 that no programmes for utilisation of grant-in-aid had been undertaken by the Parishad and the decision regarding utilisation would be taken in the next meeting of the Parishad; this meeting has not been held so far (July 1967). Meanwhile, the amount has been kept by the Parishad in short term deposit in the State Bank of India, Bhopal.

The matter was reported to Government in February 1967 and their reply is awaited (October 1967).

### Education Department

D.P. 56

61. *Non-fulfilment of condition governing a grant-in-aid.*—A grant of Rs. 1.00 lakh was paid to the Scindia School, Gwalior during each of three years 1962-63 to 1964-65, subject to the condition that “the school authorities would continue to grant a fee concession of Rs. 500 per annum to each of the Madhya Pradesh students upto a limit of 200 students”.

A test check of the account of the grantee institution revealed that this condition had not been complied with. The number of students to whom the fee concession was granted during each of these three years fell short of 200 and the amount of fee concession granted per student per year was Rs. 300 only. Consequently, sums amounting to Rs. 1.32 lakhs were paid in excess of the grants admissible as shown below:—

| Year    | Number of students to whom fee concession was granted by the school | Amount of grant paid to the school | Amount of fee concession granted by the school at the rate of Rs.300 per student | Amount of grant paid in excess |
|---------|---|------------------------------------|--|--------------------------------|
|         |   | Rs.                                | Rs.  | Rs.                            |
| 1962-63 | 182   | 1,00,000                           | 54,600   | 45,400                         |
| 1963-64 | 197   | 1,00,000                           | 59,100   | 40,900                         |
| 1964-65 | 182   | 1,00,000                           | 54,600   | 45,400                         |
|         |   |                                    | Total  | 1,31,700                       |

This amount paid in excess has not so far (September 1967) been regularised either by recovery in cash or by adjustment from subsequent grants, though this was brought to the notice of Government in May 1964 and again in April 1965. It has, however, been noticed that the grants paid during 1965-66 and 1966-67 did not contain the above condition.

D.P. 215

62. *Non-receipt of utilisation certificates.*—The Financial Rules of Government require that a certificate of proper utilisation of grants should be sent by departmental officers to the Accountant General within a reasonable time. Delays in furnishing these certificates, however, persist despite the fact that the Public Accounts Committee in its Tenth Report (April 1966) urged the Government to ensure timely submission of the utilisation certificates by the departmental officers and to take deterrent steps against the officials responsible for avoidable delay in submission of these certificates.

As on 31st July, 1967, utilisation certificates in respect of 8,077 grants involving Rs. 6.26 crores paid upto 1965-66 had not been furnished to Audit, as indicated below:—

| Year of payment of grants | Number of certificates awaited | Amount<br>(In crores of rupees) |
|---------------------------|--------------------------------|---------------------------------|
| 1957-58 to 1962-63        | 453                            | 0.69                            |
| 1963-64 to 1964-65        | 3,260                          | 2.78                            |
| 1965-66                   | 4,364                          | 2.79                            |
| Total                     | 8,077                          | 6.26                            |

**CHAPTER VIII**  
**REVENUE RECEIPTS**

**SALES TAX**

63. *Results of test audit in general.*—The comments in the following paragraphs relate to test audit of assessment cases and other records in 20 offices conducted during the period from April 1966 to March 1967. As a result of test audit, under-assessment of tax to the extent of Rs. 4.78 lakhs was noticed in 832 cases.

The under-assessment of Rs. 4.78 lakhs has been the result of—

- ( i ) errors and omissions (Rs. 0.17 lakh in 84 cases),
- ( ii ) wrong application of rates of tax (Rs. 0.21 lakh in 116 cases),
- ( iii ) failure to follow correctly the provisions of Act and Rules while working out the gross turnover/taxable turnover (Rs. 4.32 lakhs in 573 cases), and
- ( iv ) mistakes in tax calculations (Rs. 0.08 lakh in 59 cases).

Details of a few of these cases of under-assessment of tax are given in the following paragraphs :—

**STATE SALES TAX ACT**

**Under-assessments**

D.P.  
165  
64. (a) *Incorrect levy of concessional rate of tax.*—(i) Under the provisions of the Madhya Pradesh Sales Tax Act and Rules, a concessional rate of tax at 1% is leviable on the purchases/sales of raw material, if such raw materials are specified in the registration certificate of the purchasing dealer as being required for the manufacture of other goods for sale, or in the case of sales, if they are supported by the prescribed declarations of the purchasing dealer. It was, however, noticed in 14 Sales Tax Circles and 2 Regional Offices that in 186 cases, assessed during the period from 1962-63 to 1965-66, tax was levied on the sales/purchases of raw materials at the concessional rate of 1 per cent, although the goods purchased/sold were not specified as raw materials in the relative registration certificates of the purchasing dealers. This resulted in under-assessment of tax of Rs. 1.90 lakhs.

Out of these 186 cases, 34 cases were reported to Government in November 1966 and the remaining in August 1967. In 17 cases, demand of Rs. 0.08 lakh has so far been created.

D.P.  
128  
(ii) In exercise of the powers conferred by Section 12 of the Madhya Pradesh General Sales Tax Act, 1958, the State Government exempted, in part (from 21st September, 1962) the sales of certain class of goods to Madhya Pradesh Government or any of its departments for official use from the payment of the sales tax at the rates specified in Schedule II of the Act. The reduced rate was 1 per cent up to 31st March, 1963 and 2 per cent thereafter. It was noticed in two Sales

Tax Circles (Indore I and Ujjain) that in 6 cases, the exemption was incorrectly allowed to dealers on sales to non-government institutions which do not fall within the scope of the above exemption. This resulted in under-assessment of tax amounting to Rs. 9,355.

The cases were reported to Government in June 1967; they intimated, in October 1967, that the cases have been re-opened and further action for creating additional demand is in progress.

D.P.135 (iii) According to a notification issued by Government in March 1963, all classes of goods (specified in Schedule II to the Act for which the prescribed rate of tax exceeds 2 per cent) as are sold by a registered dealer for official use to Government of India or any of its departments, which are not engaged in commercial activity should be taxed with effect from 1st April, 1963 at the reduced rate of 2 per cent only.

It was noticed in Sales Tax Circles, Shahdol and Bhopal that sales of *gitti* (ballast) amounting to Rs. 2,48,202 to Railways (a commercial department) were incorrectly taxed at the reduced rate of 2 per cent instead of at the usual rate of 5 per cent up to 31st March, 1964 and 6 per cent thereafter. This resulted in an under-assessment of Rs. 7,882.

In the Sales Tax Circle, Bhopal, sales amounting to Rs. 1,91,069 to the Garrison Engineer (belonging to Government of India) were taxed at 1 per cent instead of at 2 per cent. This resulted in an under-assessment of Rs. 1,911.

These cases were reported to Government in June-July 1967; reply is awaited (October 1967).

D.P.122 (b) *Application of incorrect rate of tax.*—Electric motors, blades, bulbs, welding rods, flour mills, emery wheels and electrodes are taxable at the rate of 7 per cent under the Madhya Pradesh General Sales Tax Act, 1958. It was noticed in Sales Tax Circle I, Jabalpur that in one case these goods were taxed at the rate of 4 per cent prior to 1st August, 1962 and at the rate of 5 per cent thereafter resulting in an under-assessment of Rs. 3,408.

The Commissioner of Sales Tax intimated in April 1967 that the case has been re-opened and an additional demand of Rs. 3,608, including penalty of Rs. 200 has been created. Government informed in September 1967 that the dealer had deposited an amount of Rs. 1,954 against the additional demand and that action for recovery of the balance was being taken.

D.P.121 (c) *Mistakes in computation.*—In the Sales Tax Circle, Shahdol it was noticed that in one case, the amount of tax at the rate of 2 per cent on the turnover of Rs. 2,16,640 was wrongly worked out as Rs. 2,333 instead of Rs. 4,333 resulting in an under-assessment of Rs. 2,000. After setting off over-assessment amounting to Rs. 600 due to less allowance in respect of sales supported with declarations, the net under-assessment was found to be Rs. 1,400 which has been admitted by the Sales Tax Officer.

The case was reported to Government in June 1967; they intimated in October 1967 that the case had been re-opened and action to re-assess the dealer was in progress.

D.P. 176 (d) *Irregular exemption from taxable turnover.*—Under Section 2 (r) (iv) of the Madhya Pradesh General Sales Tax Act, 1958, read with Rule 20 (2) made thereunder, deduction is allowed from the gross turnover of an assessee in respect of sales to a registered dealer of goods on which tax is payable at the last point, provided declarations in the prescribed form duly filled in and signed by the purchasing dealer or a person nominated by him, are furnished by the assessee. It was, however, noticed in 9 Sales Tax Circles and 1 Regional Sales Tax Office that in 19 cases of assessments made during the years 1964-65 and 1965-66 deductions were allowed from the gross turnover, although such declarations were either not produced or were defective, where produced. This has resulted in under-assessment of tax amounting to Rs. 2,781.

These cases have been reported to Government in August 1967; reply is awaited (October 1967).

D.P. 104 (e) *Incorrect determination of taxable turnover.*—During the period from 1st January, 1962 to 31st December, 1962, an assessee (a shoe company) received an amount of Rs. 1,36,530 on account of charges for repairs to shoes. They claimed a deduction of 50 per cent from this amount *viz.* Rs. 68,265 towards estimated cost of labour. The assessing officer allowed a deduction of Rs. 60,000, although the cost of labour was not separately charged in the bills by the assessee, and in these circumstances, no deduction from turnover was permissible according to law. All kinds of leather goods and footwears were taxable @ 7 per cent during the period of assessment. The under-assessment of tax resulting from this incorrect deduction from turnover amounts to Rs. 4,200. It was also noticed that the deduction for labour charges was allowed in this case in spite of the rejection by the Board of Revenue of the assessee's appeal for allowing similar deduction in respect of his assessment cases for the periods from 1st April, 1959 to 31st December, 1959 and 1st January, 1960 to 31st December, 1960.

The Assistant Commissioner of Sales Tax, Jabalpur intimated in May 1967 that an additional demand for Rs. 4,448 had been created and the recovery thereof has also been made. The case was reported to Government in February 1967; their reply is awaited (October 1967).

#### CENTRAL SALES TAX ACT

D.P. 185 65. *Under-assessment.*—In exercise of the powers conferred by Section 8 (5) of the Central Sales Tax Act, 1956, the State Government exempted from 1st April, 1959 the inter-state sales of goods, other than declared goods, from the payment of Central Sales Tax, if (i) such sales were made to a registered dealer, having his place of business outside the State, on furnishing declarations in Form 'C' and (ii) the assessing authority was satisfied that there was no change in the form or identity of the goods at the time of sales in the course of inter-state trade or commerce.

It was noticed in Ujjain Sales Tax Circle that in one case, inter-state sales of *bardana* (already subjected to State Sales Tax) amounting to Rs. 28,506 were not taxed even though the sales were not supported with declarations in Form 'C'.

The Sales Tax Officer reported in July 1967 that an additional demand for Rs. 2,773 (which includes a penalty of Rs. 700) had been created.

## OTHER TOPICS

D.P.147 66. *Remission of sales tax revenue.*—In 89 cases, remissions of sales tax amounting to Rs. 0.63 lakh were granted by the competent authorities during the year 1966-67 on the ground that either the assessees were not traceable or that they did not have sufficient assets which could be attached. These cases related to the periods mentioned below :—

| Period             | No. of cases | Amount |
|--------------------|--------------|--------|
|                    |              | Rs.    |
| 1954-55 and before | 43           | 29,945 |
| 1955-56 to 1958-59 | 21           | 11,478 |
| 1959-60 to 1962-63 | 23           | 21,054 |
| 1963-64 to 1964-65 | 2            | 367    |
| Total              | 89           | 62,844 |

In 18 of these cases, the amount of remission exceeded Rs. 1,000 in each case.

These cases include the remission of Rs. 9,242, being sales tax outstanding against the Government Shellac Factory, Umari, for the years 1959-60 and 1960-61, as the factory was closed down. This amount was in addition to the amount of Rs. 31,920 written off in February 1964 on account of the sales tax due from the same factory for the years 1957-58 and 1958-59, mentioned in paragraph 80 of the Audit Report, 1965.

67. *Outstanding revenue.*—Comparative position of the outstanding sales tax revenue during the last three years is given below :—

| As on            | No. of cases | Amount               |
|------------------|--------------|----------------------|
|                  |              | (In lakhs of rupees) |
| 31st March, 1965 | 31,178       | 1,92.43              |
| 31st March, 1966 | 34,645       | 2,12.42              |
| 31st March, 1967 | 35,109       | 2,29.78              |

The number of cases (in which recovery of revenue is in arrears) as well as the outstanding amount are on the increase, although the Sales Tax Officers have been delegated with the powers of Additional Tahsildars under the Madhya Pradesh Land Revenue Code to enable them to recover the arrears as arrears of land revenue.

The position at the end of March 1967 regarding the arrears in realisation of the outstanding revenue as furnished by the Commissioner of Sales Tax, is given below :—

|  | No. of cases | Amount<br>(In lakhs of rupees) |
|--|--------------|--------------------------------|
| (i) Cases in which the revenue recovery certificates have been issued and the recovery is in progress.   | 28,339       | 1,63.25                        |
| (ii) Cases in which the claims are pending in Civil Courts/High Courts/Revenue Board, etc.   | 136          | 9.45                           |
| (iii) Cases in which the assessees have gone in appeal/revision and stay-orders have been granted.   | 2,275        | 23.08                          |
| (iv) Cases in which the revenue recovery certificates have been returned by the Revenue authorities for want of attachable assets or because the whereabouts of the dealers were not known.                  | 1,561        | 20.97                          |
| (v) Cases where revenue recovery certificates are still to be issued by the Sales Tax authorities.   | 1,568        | 5.31                           |
| (vi) Cases where the amounts are recoverable from Government offices, co-operative societies and through Custodian, Evacuee Properties.  | 168          | 1.12                           |
| (vii) Cases in which recovery proceedings are in progress but recovery in respect of them is doubtful.   | 894          | 4.80                           |
| (viii) Cases in which revenue recovery certificates sent to the Collectors of other States (i. e. other than Madhya Pradesh) where the dealers have gone after closure of business.                          | 51           | 0.50                           |
| (ix) Cases in which revenue recovery certificates have been sent to the Additional Collectors of other districts in this State.  | 99           | 0.86                           |
| (x) Cases in which revenue recovery certificates have been issued and dealers have gone in appeal against the departmental Additional Tahsildars and stay-orders have been granted by appellate authorities. | 18           | 0.44                           |

#### STATE EXCISE DUTIES

68. *Unauthorised aid to an excise contractor.*—According to rules, the distillery contractor is responsible for the receipt, issue and storage of spirit. For this purpose, he is required to maintain (at his cost) approved agents at the warehouses. D.P.  
168

In Vidisha district issue of spirit from 3 warehouses was being arranged departmentally. During the period 1964-65 to 1966-67, the expenditure incurred by Government on this account amounted to Rs.0.23 lakh. This amount is recoverable from the contractor.

This case was reported to Government in June 1967; their reply is awaited (October 1967).

69. *Outstanding revenue.*—According to the information furnished by the Excise Commissioner in September 1967, the arrears of State Excise revenue outstanding

as on 31st March, 1967 amounted to Rs. 66.95 lakhs (excepting those in respect of Chhindwara and Mandla districts from which information is awaited); of this, an amount of Rs. 13.08 lakhs is overdue in respect of the period from 1913-14 to 1961-62.

#### FOREST REVENUE

D.P.129 70. *Loss of revenue due to incorrect fixation of 'fair-price.'*—According to the instructions issued by Government in May 1961, 'Tribal and Forest Labourers Co-operative Societies which have sufficient reserve funds and working capital may be given forest contracts on purely business terms'. For this purpose, certain number of coupes are earmarked for allotment to the societies and the contracts in respect of these coupes are given to the societies without auction. The amount for the contract payable by the society is determined on the basis of 'fair price' calculated according to a prescribed formula. Any error in its determination will, therefore, affect the revenue to Government.

Due to mistake in calculation, the fair price of a coupe (Raisen Forest Division) leased to a co-operative society for 1 year up to April 1966, was determined at Rs. 45,000, as against the correct amount of Rs. 57,900. This resulted in short realisation of Rs. 12,900 from the co-operative society.

The case was reported to Government in November 1966; Government stated in August 1967, that efforts were being made to persuade the society to pay the difference and the results thereof would be intimated in due course.

D.P.130 71. *Loss of revenue.*—In September 1965, Government allotted 11 grass *birs* (grass plots) of Gwalior Forest Division to Military Farm, Headquarters Central Command, Lucknow, for a period of 10 years, on the conditions that (i) the lease amount would be fixed afresh every year on the basis of the prevailing market rates, and (ii) the Defence Department should surrender the grass *birs* not required by them well in time. During 1965-66, 10 grass *birs* were leased for Rs.76,300.

For the next year 1966-67, the Conservator of Forests, Gwalior, recommended to Government (June 1966) for renewing the lease of the above 10 *birs* to Defence Department at the rates fixed for 1965-66. These *birs* remained with the Defence Department pending approval of the rates by Government and the Defence Department. In August 1966, Defence Department agreed to accept only 5 *birs* and handed over the remaining five. Government, however, ordered in September 1966, that all the 10 *birs* should be auctioned. In October 1966, they were auctioned for Rs. 26,623. 8 of them were knocked down by Defence Department for Rs. 20,750. Included in these 8, were the 5 *birs* which the Defence Department had agreed (August 1966) to retain for Rs. 35,800 (at the rates fixed for 1965-66) but which was not accepted by State Government. In the auction, these 5 *birs* fetched only Rs. 10,450. If the suggestion of the Conservator of Forests had been accepted and the 5 *birs* were leased to the Defence Department at the rates fixed for 1965-66, this loss (Rs. 25,350) could have been avoided. The reasons for not doing so have not been stated by Government.



According to the terms of lease, the Defence Department should have surrendered the grass *birs* well in time. As they were surrendered only in August 1966, timely auction (which is normally held in July each year) could not be held, resulting in loss of revenue to Government. The Divisional Forest Officer, Gwalior, stated that in similar circumstances if the loss was caused by a private contractor, it could have been recovered from him, but no action was taken against Defence Department. The reason why Government could not hold Defence Department liable for the loss has not been elucidated.

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

72. *Failure to obtain a surety bond.*—A loss of revenue of Rs. 23,000 occurred to Government in 1953 in the sale of a *katha* coupe in Tikamgarh Forest Division. The details of the case are given below:—

D.P.85

A *katha* coupe in Moñangarh circle was auctioned in August 1953 for Rs. 80,000. The amount was to be paid in 4 instalments of Rs. 20,000 each, the first instalment becoming due on the date of auction itself. The successful bidder failed to deposit the amount of Rs. 20,000 in cash. Instead he deposited only Rs. 5,000 in cash and produced a solvency declaration for Rs. 15,000 which was in the name of some other person.

When the contractor failed to pay the dues, the contract was cancelled in October 1953 by the Chief Conservator of Forests and the coupe was re-auctioned. The re-auction resulted in less revenue of Rs. 23,000 which was recoverable from the first contractor. No amount could be recovered from him as it was subsequently found that he was not having any immovable property. No valid surety bond was also obtained from him.

This case has been in correspondence with the department since January 1964. Government stated in September 1967 that "the question of taking action against the officer responsible for the loss is under consideration of Government and orders will be communicated as soon as the matter is finalised".

73. *Loss due to illicit felling.*—A loss of Rs. 71,208 occurred in a range of Guna Forest Division during the period from March 1961 to December 1962 due to illicit felling of 23,335 trees allegedly by the agent of a forest contractor. Though the contractor refused in March 1964 to get the case compounded on payment of compensation, no other action has been taken so far (April 1967) to effect recovery of the loss from him. The Chief Conservator of Forests intimated Audit in January 1967 that he intended to obtain opinion of the Law Department to take legal action against the contractor. Further progress is awaited (October 1967).

D.P.68

Government, to whom the case was reported in June 1966, intimated in February 1967 that "disciplinary action has been taken or is being taken against Forest staff held responsible in this case". Further report is awaited (October 1967).

D.P. 175 74. *Excess extraction of forest produce.*—In the North Bastar Forest Division, a coupe with the lease period up to June 1964, was auctioned in September 1963 for Rs. 50,200 payable in four equal instalments of Rs. 12,550 on 9th September, 1963, 1st December, 1963, 1st February, 1964 and 1st April, 1964. After payment of the first instalment and the security deposit (Rs. 5,020), the contractor was permitted to commence work from section 'D' (containing more than  $\frac{1}{4}$ th of the total quantity of timber in the coupe), instead of section A, as required in rules. The contractor delayed payment of the second instalment and defaulted third and fourth instalments. By the time orders were issued on 18th March, 1964 to stop further extraction by the contractor, he had already removed most of the produce from sections C and D (containing more produce than sections A and B). The material left behind by the contractor in these sections was auctioned in August 1965 for Rs. 7,700 and that remaining to be extracted in sections A and B were worked departmentally after the lease period was over. The produce was auctioned in January 1966 for Rs. 3,500. After adjusting these sale proceeds (Rs. 11,200) and the security deposit (Rs. 5,020), an amount of Rs. 11,488 (including penal interest, Rs. 595 on delayed instalment and expenditure on transportation and departmental collection of material Rs. 2,013) still remains to be recovered from the contractor (October 1967).

The case was reported to Government in September 1966; their reply is awaited (October 1967).

D.P. 192 75. *Excess extraction and non-recovery of dues.*—In North Betul Forest Division, a coupe was auctioned to a contractor in July 1957 for Rs. 83,500 with lease period upto 31st December, 1958. The lease amount was payable in 4 instalments of Rs. 20,875 each on 22nd July, 1957, 1st November, 1957, 1st February, 1958 and 1st May, 1958. The contractor paid the first two instalments on the due dates but defaulted in payment of the third and fourth instalments. He was, however, permitted by the Divisional Forest Officer to pay the remaining amount of Rs. 41,750 (*i.e.* 3rd and 4th instalments) in four instalments and to remove the material to the extent of the amount paid, although no such concession was envisaged in the conditions governing the contract nor do the rules empower the Divisional Forest Officer to accord such permission. The contractor paid Rs. 10,000 only, but managed to extract the entire produce in the coupe. The balance of Rs. 31,750 due from the contractor has not yet been recovered (August 1967) from him or his surety.

Rules require that if the Divisional Forest Officer considers that value of the forest produce removed by the contractor exceeds the amounts of instalments already paid, he should stop further removal of forest produce. No action was, however, taken to stop such removal in this case.

The case was reported to the Chief Conservator of Forests and Government in April 1966; their reply is awaited (October 1967).

D.P. 124 76. *Short recovery of sales tax.*—(a) Sales by a dealer, of goods required by a purchasing dealer as raw materials for manufacture of other goods are taxable

at the concessional rate of 1 per cent. This concessional rate would be available only if the raw materials are specified in the registration certificate of the purchasing dealer and the sales are supported by his declaration in the prescribed form. The Chief Conservator of Forests had, in January 1963, issued instructions that sales tax on timber sold by Forest Department as raw material was to be recovered at 1.01 per cent if these conditions were fulfilled. In Korea Forest Division sales tax was recovered at the concessional rate (8 cases), although the declarations furnished by the purchasing contractors were not in the prescribed form and timber was not specified as 'raw material' in the registration certificates. Therefore, sales tax was payable at the normal rate of 5 per cent up to 31st March, 1964, and at 6 per cent, thereafter, by the Forest Department on such sales, and recovery should have been made from the contractors at the rate of 5.27 per cent/6.39 per cent. As this was not done, it resulted in short recovery of Rs.0.15 lakh on account of sales tax in these cases.

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

(b) The Forest coupes sold in auction contain timber and fuel. Different rates of sale tax are applicable in respect of sale of timber and fuel. As it is not possible to determine the sale prices of the fuel and timber separately, in respect of the quantity of timber and fuel that a coupe will yield, the Chief Conservator of Forests issued instructions in May 1964 that a working rule should be adopted in estimating their sale price. According to this working rule, the proportion of the market value of timber and fuel in the total market value of the entire coupe should be calculated first; on the basis of the proportion so arrived at, the sale prices of the timber and fuel which go to make the total sale price of the coupe should be worked out. The Chief Conservator of Forests specifically directed (May 1964) that the existing practice of treating  $\frac{3}{4}$ th of the price of the coupe as the value of the timber and the remaining  $\frac{1}{4}$ th as the value of the fuel was incorrect and should be discontinued. Notwithstanding these instructions, the prices of timber and fuel were continued to be computed at  $\frac{3}{4}$ th and  $\frac{1}{4}$ th of the sale prices of the coupes in South Seoni and South Chhindwara Forest divisions. The amount of sales tax recovered in respect of 26 coupes leased out during the year 1965-66 on this basis was found to be less by Rs. 0.17 lakh than the correct amount recoverable according to the formula prescribed by the Chief Conservator of Forests. No action has been taken so far (October 1967) for the recovery of the amount. D.P.166

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

77. *Losses written off and remission of forest revenue.*—In 47 cases, losses of revenue involving an amount of Rs. 0.96 lakh were written off by competent authorities during the year 1966-67. The losses exceeded Rs. 5,000 each in 4 cases, which were due to irrecoverable contract amount/illicit felling. The highest amount of loss written off amounted to Rs.17,966 in respect of the case mentioned in paragraph 55(ii)(a) of Audit Report, 1964. D.P.173

## OTHER REVENUE RECEIPTS

## Natural Resources Department

D.P. 55  
78. *Arrears of revenue relating to a Mining lease.*—In May 1951, the erstwhile Madhya Pradesh Government renewed the lease for mining coal in Chhindwara district (held by a firm from 1920) for a further period of 20 years from November 1950. The lessee was allowed to continue to work the mines subject to execution of the agreement in due course. The agreement had not been executed (July 1966). The surface rent, dead rent and royalty were also not paid by the lessee regularly since 1951; the amount of arrears on this account is reported by Collector, Chhindwara to be Rs. 49,294. The lessee was adjudged insolvent in 1956, and of the above amount, Rs. 37,320 pertain to the period prior to the filing of insolvency petition. The claims are reported by the Collector to have been filed in the Court.

D.P. 177  
79. *Writes-off of irrecoverable revenue.*—In two cases mentioned in Appendix 5 (pages 92-93) outstanding revenue amounting to Rs. 0.99 lakh was written off by Government during the year 1966-67.

## Home (Jails) Department

D.P. 84  
80. *Non-recovery of dues.*—In the Central Jail, Indore, a sum of Rs. 42,740 on account of sale of articles manufactured during the period 1940-41 to 1961-62 was outstanding for recovery (May 1967); of this amount, Rs. 14,675 related to sales made to private parties.

The Superintendent, Central Jail, Indore, informed the Inspector General of Prisons in January 1966 that the parties from whom recoveries were due, required details regarding the date of placement of order, persons to whom the supplies were made, receipt of acknowledgements, etc. Due to the incomplete entries in the sales books, cash books and credit ledgers, it was not possible for him to furnish these details with the result that the recovery of these dues still remain outstanding.

Government to whom the matter was reported in June 1967 "regretted (September 1967) that no action was taken to regularise the outstanding recoveries". They informed that the Inspector General of Prisons was being instructed to take action against the officials responsible for this state of affairs and to write off the amounts which were not recoverable.

## Local Fund Audit Department

D.P. 213  
81. *Arrears in recovery of audit fees.*—According to the orders issued by the erstwhile Madhya Bharat Government and instructions contained in the Municipal Account Code of the former Vindhya Pradesh State, audit fee is recoverable from local bodies in Madhya Bharat and Vindhya Pradesh regions. As on 1st

August, 1967, recovery of an amount of Rs. 0.82 lakh was in arrears; year-wise analysis is given below :—

| Year to which the arrear relates | Amount<br>(In lakhs of rupees) |
|----------------------------------|--------------------------------|
| 1953-54 to 1962-63               | 0.16                           |
| 1963-64                          | 0.04                           |
| 1964-65                          | 0.10                           |
| 1965-66                          | 0.48                           |
| 1966-67                          | 0.04                           |

No audit fee is charged at present from the Municipal Councils and Janapada Sabhas in Mahakoshal region, the Municipal Councils in Bhopal region and the Universities in the State (except Vikram University, Ujjain). The Examiner, Local Fund Accounts intimated, in September 1967, that a proposal for the levy of audit fee on a uniform basis throughout the State had been sent to Government for sanction.

Information may be utilised  
at the time of PAC = (Rep/AR69/DP142)  
by

**CHAPTER IX**  
**GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES**

SECTION A

**General**

82. This chapter deals with the results of audit of—

- (i) Statutory Corporations/Boards,
- (ii) Government Companies, and
- (iii) Departmentally managed Government Undertakings.

SECTION B

**Statutory Corporations/Boards**

83. There were 5 Statutory Corporations/Boards in the State as on 31st March, 1967:—

- (i) The Madhya Pradesh Electricity Board,
- (ii) The Madhya Pradesh State Warehousing Corporation,
- (iii) The Madhya Pradesh Financial Corporation,
- (iv) The Madhya Pradesh State Road Transport Corporation, and
- (v) The Madhya Pradesh Housing Board.

A summary of the financial results of the Madhya Pradesh State Warehousing Corporation, Madhya Pradesh Financial Corporation (both for the year 1966-67) and the Madhya Pradesh State Road Transport Corporation (for 1964-65) is indicated in Appendix 9 (page 101). The accounts of the Road Transport Corporation for 1965-66 are under examination while those for 1966-67 have not been prepared so far (September 1967).

The financial results of the Madhya Pradesh Housing Board (for 1961-62 and 1962-63) and Madhya Pradesh Electricity Board are given in Appendices 10 and 11 (pages 102 and 103). The accounts of the Housing Board for the year 1963-64 and subsequent years have not yet been prepared (October 1967).

**Madhya Pradesh Electricity Board**

EXTRA/AVOIDABLE EXPENDITURE

3.P.71  
84. *Excessive purchase of cement.*—During the period from September 1965 to November 1965 the State Electricity Board purchased 1.05 lakhs bags of cement valued at Rs. 8.08 lakhs for execution of certain civil works in the Civil Construction Division I, korba. Of this, 1.00 lakh bags of cement valued at Rs. 7.06 lakhs were declared surplus to the requirements of the Civil Construction Division I. The surplus cement bags were transferred to other Divisions between December 1965 and September 1966 after incurring an expenditure of Rs. 1.46 lakhs on transportation charges (including demurrage charges of Rs. 6,812). Had the Board estimated the requirements of cement of Civil Construction Division I and other divisions more realistically, the expenditure of Rs. 1.46 lakhs could have easily been avoided as cement is delivered F.O.R. destination.

D.P.101 85. *Purchase of conductors.*—In March 1962 an order for the supply of 269 miles of .075 sq. inch A.C.S.R. conductor at the rate of Rs. 1,970 per mile F.O.R. Madras was placed by the Board on a firm. The order was accepted by the firm in April 1962. According to terms of supply, the delivery should have commenced in April 1964 and completed by June 1964. Even till November 1964, the firm did not supply the conductor for want of raw material. The order was thereupon cancelled by the Board. The Board's requirements had, therefore, to be met out of the supplies received from other firms at much higher rates, resulting in extra expenditure of about Rs. 1.00 lakh.

This amount could have been recovered from the firm by enforcing the 'risk purchase clause' under the terms of contract. This right could not be exercised by the Board as they had cancelled the contract, instead of exercising the right to 'purchase the stores elsewhere on account and at the risk of the supplier'.

The matter was reported to the Board in September 1966. The Board stated in September 1967 that the firm had represented that their entire order was based on the availability of imported raw material, which could not be procured, and therefore as the firm was not in a position to confirm the delivery position, the order was cancelled without imposition of any penalty or invoking the 'risk purchase clause'. It may, however, be stated that the firm did not stipulate any condition in their offer that it was subject to availability of imported raw material.

D.P.112 86. *Supply of Chamote and Diatomite bricks.*—In June 1962, the Board entered into an agreement with a foreign firm for the supply of machinery and equipment for a power station. The agreement provided, *inter alia*, for the supply of powdered bricks of a special kind required for the insulation work connected with the boilers. Instead of supplying powdered bricks, the firm supplied bricks of equivalent weight. Consequently the Board had to get these bricks crushed in March 1965 at an extra expenditure of about Rs. 0.37 lakh. No recovery has been made from the supplier on this account, on the ground that as there is no provision in the contract for claiming such compensation.

The matter was reported to the Board in April 1967. The Board intimated in September 1967 that they had to accept the 'bricks' supplied in March 1965 and get them powdered, as otherwise the construction work would have been hampered.

D.P.106 87. *Purchase of wooden sleepers.*—In response to the enquiry issued in October 1964 for the supply of 7,000 wooden sleepers, the lowest offer received was from firm 'A' which had quoted rates ranging between Rs. 31 and Rs. 32.25 per sleeper. The Board suggested negotiation with the second lowest tenderer 'B' for reduction of the rates quoted by him (which ranged between Rs. 32.21 and Rs. 33.70 per sleeper) to Rs. 31.58 per sleeper (the rate at which the supply was made by him previously). No negotiation was, however, conducted. It is observed that the difference (Rs. 290) in the cost of supply at the rates offered by firm 'A' (Rs. 2,21,350) and the previous rate of Rs. 31.58 per sleeper (Rs. 2,21,060) was negligible. The Board, nevertheless, decided to call for fresh tenders at

short notice. Accordingly fresh tenders were invited in December 1964 and in response only 2 offers were received, of which the offer of firm 'B' at Rs. 35.12 per sleeper was accepted by the Board in January 1965 ; the other offer was not according to specification. Reasons for not considering the lowest offer of firm 'A' (received in October 1964) and for not negotiating with this firm have not been recorded.

After the firm 'B' had supplied 2,075 sleepers, the Board, after negotiation, got the rate reduced to Rs. 33.70 per sleeper (applicable to the supply remaining to be made). Even this reduced rate was more than the rate offered by firm 'A'.

The rejection of the lowest offer received from firm 'A' resulted in extra expenditure of Rs. 17,497.

*D.P.119* 88. *Infructuous expenditure.*—The alignment of the 132 K.V. transmission line from Indore to Burwaha was initially decided in June 1961 without survey 'on the basis of study made on topographical maps'. According to this alignment the construction work of a sub-station at Burwaha was started in December 1962. When the work was in progress, survey and erection of line were conducted 'almost simultaneously'. On the basis of this survey, some changes were made in June 1962 in the alignment originally decided. But by that time, an expenditure of Rs. 16,810 had already been incurred on excavation for the foundation at the old site, which had to be discarded. Had the alignment of the transmission line been finalised after survey, instead of taking up the erection of line and survey "almost simultaneously", an infructuous expenditure of Rs. 16,810 could have been avoided.

*D.P.126* 89. *Ex gratia payment to a firm.*—According to the terms of contract entered into with a firm on 3rd May, 1956, for the delivery, erection and commissioning of 5 boilers for the Thermal Power Station at Korba, the firm was required to put into commission the first two boilers by November 1958 and January 1959 respectively and the remaining 3 boilers by March 1959, May 1959 and July 1959 respectively. With a view to advancing the date of commissioning of the first two boilers by 3 months, the Board agreed in September 1956 to reimburse the firm any extra cost incurred by it in advancing the commissioning date upto July 1958, subject to a maximum of Rs. 2 lakhs. Subsequently, in May 1958, the Board after reviewing the progress of erection work and considering all factors agreed in consultation with the firm, to revise the date of commissioning to November 1958 which incidentally, was the scheduled date for commissioning the first boiler, according to the original contract. The two boilers were, eventually commissioned only in February 1959 and May 1959 respectively *i.e.* even beyond the scheduled dates mentioned in the original contract. Nevertheless, the Board paid an amount of Rs. 1.00 lakh to the firm in November 1965 (in respect of one boiler) towards reimbursement of the extra cost incurred by the firm. Since the consideration for the reimbursement of extra cost, *viz.* advancing of the dates of commissioning of the two boilers to November 1958,



was not complied with by the firm, the payment made by the Board lacks justification. It was also noticed that the Board had not obtained an account from the firm to ascertain whether any 'extra cost' was incurred at all.

There was also delay (ranging from 17 days to 7 months and 19 days) in commissioning the remaining 3 boilers. The Board, however, decided in March 1966 to condone the delay and waive the enforcement of the 'penalty clause' on the ground that they did not suffer any loss as a result of the delay in commissioning of these boilers.

The matter was reported to the Board in January 1967 and to Government in July 1967; their replies are awaited (October 1967).

90. *Extra expenditure.*—In response to the tenders invited in February 1965 for the supply, fabrication and galvanising of steel structures required in connection with the setting-up of a power station at Satpura, offers were received from 11 firms. The Board decided in July 1965 not to consider these consolidated offers, as they had sufficient stock of steel (which had been supplied earlier) with a firm 'A' at Bombay. This firm which was asked to quote the rate for 'fabrication and galvanising' offered Rs. 975 per metric tonne (F. O. R. Bombay) and this was accepted (January 1966). It was, however, observed that a Government workshop at Nangal had quoted in the tender submitted in March 1965 the rate of Rs. 761 per metric tonne (F. O. R. Nangal) for fabrication and galvanising. The Board, however, rejected the lower offer of Nangal workshop mainly on the ground that the difference between the offers of the workshop and the firm 'A' was small (Rs. 18.50 per metric tonne); the details of Board's computation are shown below:—

|  | Firm A             | Government<br>Workshop, Nangal |
|--|--------------------|--------------------------------|
|  | (per metric tonne) |                                |
|  | Rs.                | Rs.                            |
| Cost of fabrication and galvanising<br>(including insurance and freight) | 1,043.20           | 970.30                         |
| Cost of nuts and bolts   | 280.00             | 334.40                         |
| Total  | 1,323.20           | 1,304.70                       |
| Difference in rates :  |                    | Rs. 18.50                      |

The difference in rates as computed by the Board was not correct because the cost of nuts and bolts adopted by the Board was not uniform. While the rate of Rs. 280 included in arriving at the total amount of offer of firm A was an *ad hoc* rate, the rate of Rs. 334.40 included for purposes of computing the total offer of Workshop Nangal was the prevailing market rate. Further, as the nuts and bolts were to be supplied by the Board, there was no justification for including their cost and that too at different rates; this vitiated comparison. The difference in rates for fabrication and galvanising (Rs. 1,043.20 —Rs. 970.30) actually worked out to Rs. 72.90 per metric tonne.

The rejection of the lower offer of the Government workshop resulted in an extra expenditure of about Rs. 0.29 lakh.

The matter was reported to the Board in April 1967. Their reply is awaited (October 1967).

D.P.211 91. *Delay in calling for and finalisation of tenders.*—Due to delay in calling for tenders and their finalisation, the Madhya Pradesh Electricity Board was put to avoidable extra expenditure of Rs. 0.73 lakh in the following two cases:—

(i) The annual contract awarded to Contractor 'A' for unloading coal from wagons at Bhopal railway yard and carriage upto the coal yard of Power House (contracted rate Rs. 5.95 per tonne) and subsequent transportation of coal from the coal yard to the coal screen in the Power House (rate of Rs. 1.97 per tonne) was valid upto 29th May, 1965. Tenders for the award of contract for the subsequent period of one year were invited only on 23rd June, 1965 and the existing contract was extended by 3 months, *i.e.* upto the 29th August, 1965.

On the 18th October, 1965, the Board accepted the offer of the lowest tenderer 'B' and pending finalisation of the new contract, the existing contract was further extended by 2 months (upto 29th October, 1965). As the Board's acceptance remained undelivered to the lowest tenderer 'B' as he had shifted from the address given to the Board, the contract was awarded to the second lowest tenderer 'A' who was the same contractor whose contract was then subsisting upto 29th October, 1965 (Rs. 3.39 per tonne for unloading and Rs. 1.69 per tonne for transportation), effective from 30th October, 1965.

As the new rates tendered and accepted for the subsequent period of contract were lower than the old rates, the Board could have avoided an extra expenditure of Rs. 0.64 lakh during the period from 30th May, 1965 to 29th October, 1965 if necessary action had been taken in time for placing the subsequent contract.

(ii) The contract for the year 1964-65 for unloading coal wagons and filling of hoppers in Indore Power Housing division was valid upto 31st March, 1965. On the 19th February, 1965 tenders for the subsequent year 1965-66 were invited. The Board telegraphically communicated the acceptance of the lowest tender on 23rd May, 1965. During the intervening period 1st April, 1965 to 23rd May, 1965 the old contractor was granted extension. As the new rates were lower than the old rates, the Board had to incur extra expenditure of Rs. 8,529 during this period, which could have been avoided had the tenders been finalised before 31st March, 1965.

D.P.125 92. *Extra expenditure.*—In response to the tenders invited by the Board in June 1965 for awarding a contract for unloading coal wagons and feeding the coal into the boilers at Power House, Neapanagar for the period from 1st August, 1965 to 31st July, 1966, four offers were received. The lowest offer (amount : Rs. 1.81 lakhs) of firm 'A' at 2 per cent below the contract rate for August 1964- July 1965, was rejected on the ground that the firm was not reliable, that it had no idea of the work and responsibility involved, and that it was an 'outsider'. The second lowest offer of a contractor 'B' which was for Rs.

2.08 lakhs (estimated amount) was nearly 12 per cent above the contract rates for August 1964-July 1965. This was also rejected on the ground that the contractor had no experience of this work, and that he had not executed the contract of such a magnitude, and that he wanted fortnightly payment of his bills. The contract (amounting to Rs. 2.55 lakhs) was awarded in December 1965 to the third lowest tenderer at negotiated rate which was nearly 39 per cent above the contract rate for August 1964-July 1965.

It was, however, noticed that the offer of the lowest tenderer 'A' was recommended by the Superintending Engineer (Western Circle). Further, this firm had also been awarded the contract for handling coal at the Power House, Indore during 1964-65. The second lowest tenderer 'B' was awarded the contract for the same type of work at the Power House, Itarsi. As regards fortnightly payments asked for by him, the Board should have had no objection as fortnightly payments were actually made to the tenderer 'C' to whom the contract was awarded. The rejection of the first and second lowest tenders, without justifiable reasons, was not, therefore, in the interest of Board. Had the lowest tender of firm 'A' been accepted, there would have been a saving of Rs. 0.74 lakh.

The matter was reported to the Board in May 1967. The Board accepting the extra expenditure stated (October 1967) that the Divisional Engineer, Nagnagar, who recommended the rejection of the lowest tender of firm 'A', was not 'evidently' aware of the experience of that firm. This elucidation is not convincing, because the Superintending Engineer, Indore, specifically recommended the lowest tender of firm 'A' for acceptance.

93. *Idle Outlay.*—In the following two cases, a crane and a diesel set of the value of Rs. 4.31 lakhs were lying unused for over 3 years as indicated below; this had resulted in locking up of capital, entailing loss of interest.

| S. No. | Particulars of the area stores | Amount<br>(In lakhs<br>of rupees) | Particulars of machinery and equipment<br>and other comments   |
|--------|--------------------------------|-----------------------------------|--|
| (i)    | Amarkantak<br>(Power Station)  | 3.32                              | One Coles Endurance Mobile crane purchased in 1964 is lying idle (August 1967). The Board intimated (March 1967) that the crane could not be commissioned as 'before it could be erected and commissioned, one essential package was stolen from the Yard.' The theft is under police investigation. The replacement for the stolen accessories has not been obtained so far (October 1967). |

D.P.197

| S.No. | Particulars of the area stores | Amount<br>(In lakhs<br>of rupees) | Particulars of machinery and equipment<br>and other comments |
|-------|--------------------------------|-----------------------------------|--|
|-------|--------------------------------|-----------------------------------|--|

D.P.66

|      |                                  |      |   |
|------|----------------------------------|------|---|
| (ii) | Power Houses, Rewa and Nepanagar | 0.99 | In December 1956 one 200 K.W. Deutz diesel generating set costing Rs. 0.99 lakh was installed at Power House, Rewa. The set was not put to commercial use. "In order to meet the critical situation at Nepanagar," the set was transferred to that place in September 1957 "to supplement the de-rated capacity and for emergency use." The set was erected at Nepanagar by January 1959 only. But it remained uncommissioned. The set which was declared surplus in November 1964, has not been disposed of so far (October 1967). |
|------|----------------------------------|------|---|

An expenditure of about Rs. 16,500 incurred on the installation of the set at Rewa and Nepanagar and its transportation from Rewa to Nepanagar has also proved wasteful.

#### SECTION C

#### Government Companies

94. There were 7 Government Companies in the State as on 31st March, 1967. The share holdings of Government in these 7 companies amounted to Rs. 2,81.87 lakhs. Bank of Kawardha Ltd. (investment : Rs. 1.35 lakhs) is under liquidation, while Dhar Transport Company (investment : Rs. 1.10 lakhs) has ceased to function since April 1956 and has not submitted certified accounts since then. This company has been declared defunct by the Registrar of Companies. A summary of the financial results of 4 out of the remaining 5 companies, as per the latest available accounts, is given in Appendix 12 (pages 104-105).

The accounts from the Madhya Pradesh Laghu Udyog Nigam, Ltd. for 1965-66 which have been made available only recently (October 1967) are under examination; the accounts for 1966-67 are still awaited.

#### Madhya Pradesh State Industries Corporation Ltd.

D.P.110 95. The following are some of the important points contained in the report of the Chartered Accountants on the accounts of the corporation for the year ending on the 31st March, 1966:—

- (i) there was no code or manual laying down detailed accounting procedure for the compilation and maintenance of accounts;
- (ii) there was no effective and integrated system of costing. Periodical statements of cost were not prepared for the products (Alcohol Plant, Ratlam, Cotton Seed Extraction Plant, Ujjain and Gwalior Potteries).

Where cost accounting records were maintained (Gwalior Engineering Works and Gwalior Leather and Tent Factory), no reconciliation was made between financial and costing records;

- (iii) manufacturing accounts were not prepared;
- (iv) the selling price of the products in the Spinning Mills, Sanawad, Cotton Seed Extraction Plant, Ujjain and Gwalior Potteries were less than the cost of production;
- (v) store accounts were not maintained properly in some of the units (Gwalior Potteries, Spinning Mills, Sanawad and Cotton Seed Extraction Plant, Ujjain). Physical verification of stock of finished products, semi-finished products and raw materials was not conducted in any of the units except in Alcohol Plant, Ratlam;
- (vi) except in Gwalior Engineering Works, property or assets registers were not posted upto date and were not reconciled with financial books;
- (vii) there was no system of determining periodically surplus or unserviceable stores and for arranging for their prompt disposal (The Corporation informed in July 1967 that this has been introduced in the Gwalior Engineering Works);
- (viii) there was no effective system of consolidation of books by taking periodical trial balances (except in Alcohol Plant, Ratlam); reconciliation of control records with subsidiary registers, and of the Head office account with the unit accounts was also not done;
- (ix) there was no system of ascertaining idle time for labour and machinery; and
- (x) confirmation of the outstanding debts was not obtained in any of the units.

96. *Cotton Seed Solvent Extraction Plant, Ujjain*—(i) *Introductory*.—In 2 P. 183 October 1963, the Cotton Seed Solvent Extraction Plant set up at Ujjain at a cost of Rs. 51.85 lakhs with the object of utilising the vast resources of cotton seed in Malwa region, went into production.

(ii) *Financial results*.—The financial results of the Plant for the 3 years ended 31st March, 1966 are given below:—

|   | 1963-64              | 1964-65 | 1965-66 |
|---|----------------------|---------|---------|
|   | (In lakhs of rupees) |         |         |
| <i>Liabilities</i>                        |                      |         |         |
| Capital                                   | 50.80                | 45.11   | 42.18   |
| Reserves and surplus                      | 4.92                 | 5.17    | 5.22    |
| Borrowing from bank-cash credit           | 11.95                | 8.19    | 7.03    |
| Trade debts and other current liabilities | 5.41                 | 7.37    | 5.98    |

|                                    | 1963-64                | 1964-65 | 1965-66 |
|------------------------------------|------------------------|---------|---------|
|                                    | ( In lakhs of rupees ) |         |         |
| <i>Assets</i>                      |                        |         |         |
| Gross block                        | 52.25                  | 55.55   | 50.58   |
| Less Depreciation                  | 3.17                   | 6.79    | 5.34    |
| Net fixed assets                   | 49.08                  | 48.76   | 45.24   |
| Current assets, loans and advances | 24.00                  | 17.08   | 15.17   |
| <i>Working results</i>             |                        |         |         |
| Purchases                          | 28.98                  | 59.25   | 36.80   |
| Sales                              | 26.80                  | 76.33   | 36.39   |
| Closing stock of raw material      | 10.44                  | 0.45    | 8.18    |
| Closing stock of finished product  | 4.31                   | 9.45    | 2.80    |
| Net loss                           | 8.89                   | 9.11    | 12.63   |

Contrary to the original expectation that the Plant would make a profit of Rs. 5 lakhs every year, the plant has incurred losses during each of the above 3 years. The losses were attributed (September 1966) by the management to over-staffing, want of co-ordination between sales and purchase, and shortage of funds.

(iii) *Production*.—The Plant has been licensed for processing 75 tonnes of cotton seed per day. Average quantity processed per day during the last 2 years ranged between 32 and 40 tonnes only, as shown below:—

|   | 1965-66 | 1966-67 |
|---|---------|---------|
| Number of days the de-linting and processing hall worked      | 149     | 234     |
| Quantity of raw material processed (in tonnes)                | 4,813   | 9,514   |
| Average quantity processed per day (in tonnes)                | 32.3    | 40.7    |
| Percentage of actual quantity processed to installed capacity | 43.1    | 54.1    |

The shortfall in production was attributed to non-availability of raw material and inadequate funds.

(iv) *Intermittent closure of the Plant*.—During the period from October 1963 to September 1966, the Plant remained closed for 263 days due to non-availability of raw-material, power and water, and shortage of working capital. According to the management the average daily loss incurred on account of the closure of the factory was Rs. 4,000.

(v) *Losses in refinery.*—As against the permissible loss of 5.95 per cent in the refinery section, the actual losses were 8.53, 8.80 and 8.40 per cent during 1964-65, 1965-66 and 1966-67 respectively. The value of oil lost in excess of the permissible limit during this period amounted to Rs. 4.91 lakhs. It was stated by the Company that “the refinery is of guaranteed performance and quite automatic and hence human error is almost impossible.....refinery issues were not accurately calibrated and hence the figures of issues of raw oil might not be correct”.

D.P.154 (vi) *Avoidable expenditure.*—Mention was made in Para 167 of the Audit Report on the Accounts for 1965-66 of avoidable expenditure amounting to Rs. 18,381 incurred on payment of wharfage and demurrage during 1965-66. It was, however, noticed (June 1967) that such expenditure was still being incurred, although the matter was reported to Government and the Managing Director in June 1966. The avoidable expenditure on payment of wharfage and demurrage during the subsequent period till May 1967 amounted to Rs. 60,143. The Corporation intimated in September 1967 that the wharfage and demurrage had to be paid due to insufficient working capital.

#### GWALIOR ENGINEERING WORKS

D.P.201 97. *Extra expenditure in the purchase of aluminium sheets.*—For the execution of a contract for building bodies for 50 buses, the Gwalior Engineering Works, placed an order on firm ‘A’ in December 1965 for 2,000 numbers of 18 gauge aluminium sheets (15 tonnes) and 1,250 numbers of 20 gauge sheets (7.125 tonnes) without getting the acceptance of the company, without ascertaining the period of delivery and without inviting the competitive rates, on the presumption that the rates of the company would be ‘the lowest because they were the manufacturers’. This firm agreed to supply only 2 tonnes of sheets by April/May 1966 (the supplies were received in April 1966). The General Manager of the Works, subsequently invited quotation from firm ‘B’ on 27th December, 1965. The rates of this firm were cheaper than the rates of firm ‘A’ by 3 paise per Kg. An order was placed on firm ‘B’ on 1st February, 1966 for 10 tonnes of 18 gauge sheets and 8 tonnes of 20 gauge sheets. Even though the firm ‘B’ was agreeable to deliver part of the supplies by the end of February or in early March 1966, the Works did not confirm the order within the time specified by that firm. Instead, (even though a decision on the offer of firm ‘B’ was pending) an order for the supply of 13.21 tonnes of 18 gauge sheets and 8.59 tonnes of 20 gauge sheets at the rate of Rs. 7.40 and Rs. 7.58 per Kg. respectively was placed on 9th February, 1966 on grounds of urgency on a private supplier, who had approached the Management of Works for an order. According to the General Manager, this supplier represented firm ‘C’ which was ‘the leading manufacturer of the country’ and the supplier offered to supply the requirements from ‘available stocks and in the coming consignments at the rates which were somewhat cheaper than the other two manufacturers’ viz. firms ‘A’ and ‘B’. No quotation was, however, obtained from the

manufacturers direct. The rates of this private supplier were ultimately found to be higher than the rates quoted by the other two firms. Further, the consideration of getting quicker delivery by placing the order on this private supplier was not also fulfilled as the supplies were received only between April 1966 and September 1966 by which time the other manufacturer, *viz.* firm 'B' also would have supplied. The placement of the order on this private supplier instead of making the purchases from the firm 'B', has resulted in an extra expenditure of Rs. 0.24 lakh.

The case was reported to the Madhya Pradesh State Industries Corporation and to Government in June 1967. Their comments are awaited (October 1967).

#### MADHYA PRADESH LAGHU UDYOG NIGAM LTD.

*D.P. 195*  
98. *Extra expenditure due to unjustified rejection of tenders.*—Three tenders received in response to a tender notice issued in November 1965 for the carriage of materials from Bombay to the various raw material depots of the *Nigam* during the period January 1966 to December 1966 were rejected by the Company on 28th January, 1966 on the ground that the notice inviting tenders was ambiguous in that it did not require the tenderers to specify whether their firms were on the approved list of All India Bankers' Association. No such stipulation had, however, been included in the tender notice.

Fresh tenders were again called for in March 1966 without stipulating that the tendering firm should be on the approved list of the All India Bankers' Association.

The contract was ultimately awarded in August 1966 to a firm whose name was not on the approved list of the All India Bankers' Association and whose rates were higher than the lowest rates tendered in November 1965. Computed with reference to the lowest rates received earlier, the *Nigam* has been put to an extra expenditure of Rs. 0.12 lakh in respect of the materials transported between August 1966 to date (June 1967).

Further, during the period January 1966 and July 1966 when there were no arrangements for the transportation of the materials, the goods were kept in the godowns of the importers and the *Nigam* had to take delivery from the godowns. An expenditure of Rs. 0.99 lakh could have been avoided by the *Nigam* had the deliveries been obtained ex-jetty.

The case was reported to the *Nigam* and Government in June 1967; reply is awaited.



## SECTION D

**Government Departmental Undertakings**

99. *Non-rendition of pro forma accounts.*—The following departmental undertakings have not rendered *pro forma* accounts to Audit so far (October 1967):

- Nationalised Text Books Schemes. The accounts had not been prepared for the period from December 1957 to March 1958 and onwards. The Government decided in September 1966 that the *pro forma* accounts of the Scheme be prepared for the financial year 1960-61 and onwards and directed that all the work relating to the accounts to be completed before December 1966; they have not been rendered to Audit so far (October 1967).
- Milk Supply Scheme, Bhopal. Though the Government Milk Supply Scheme started in February 1959 the *pro forma* accounts indicating the financial result of the working of the scheme have not been prepared since inception.

## CHAPTER X

### OUTSTANDING AUDIT OBJECTIONS AND INSPECTION REPORTS

*100. Outstanding audit objections.*—The results of central audit are reported to the departmental authorities so that appropriate action may be taken to rectify the defects and omissions, where possible, and to prevent their recurrence. Half-yearly reports of objections outstanding for more than six months are also forwarded to Government to enable them to take necessary steps for their prompt settlement. The Government have also issued directions from time to time (the latest being in July 1967) requiring the departments to take suitable administrative steps to ensure immediate clearance of these objections.

The audit objections for the period upto 31st March, 1967, not settled till the end of July 1967 numbered 1,48,061 items, involving Rs. 35.68 crores; year-wise analysis of the outstanding objections is given below:—

| Period                | Number of items | Amount<br>(In crores of rupees) |
|-----------------------|-----------------|---------------------------------|
| 1948-49 to<br>1963-64 | 71,390          | 11.69                           |
| 1964-65               | 16,167          | 4.30                            |
| 1965-66               | 24,144          | 7.33                            |
| 1966-67               | 36,360          | 12.36                           |
| <b>Total</b>          | <b>1,48,061</b> | <b>35.68</b>                    |

The number and amount of outstanding objections as reported in the earlier Audit Reports, alongwith the corresponding figures contained in this Audit Report are indicated below, to facilitate comparison:—

| Position as shown in   | Amount held under objection<br>(In crores of rupees) |                  |                   | Total                 |
|--|--|------------------|-------------------|-----------------------|
|  | (Number of items involved)                           |                  |                   |                       |
|  | 1948-49 to<br>1963-64                                | 1964-65          | 1965-66           |                       |
| (i) Audit Report, 1936 (comprising of objections till the year ending 1964-65)                                 | 17.15<br>(89,473)                                    | 9.26<br>(26,789) | ..<br>(..)        | 26.41<br>(1,16,262)   |
| (ii) Audit Report on the accounts for 1965-66 (comprising of objections till the year ending 1965-66)          | 14.67<br>(82,064)                                    | 7.91<br>(20,242) | 14.26<br>(32,604) | 36.84<br>(1,34,910)   |
| (iii) Present Audit Report on the accounts for 1966-67 (comprising of objections till the year ending 1966-67) | 11.69<br>(71,390)                                    | 4.30<br>(16,167) | 7.33<br>(24,144)  | 35.68*<br>(1,48,061)* |

\*Includes the figures (36,360 items involving Rs. 12.36 crores) for 1966-67.

The departments with large number of outstanding objections and the broad nature of objections are indicated below:—

| Department                                     | Want of detailed contingent bills | Want of payees' stamped receipts | Other items | Total   |
|--|-----------------------------------|----------------------------------|-------------|---------|
| <i>(In lakhs of rupees)</i>                    |                                   |                                  |             |         |
| Public Works—                                  |                                   |                                  |             |         |
| Irrigation                                     | 13.42                             | 93.13                            | 3,88.98     | 4,95.53 |
| Buildings and Roads                            | 28.04                             | 1,21.04                          | 5,45.10     | 6,94.18 |
| Agriculture                                    | 2,80.53                           | 54.97                            | 45.19       | 3,80.69 |
| Education                                      | 1,91.47                           | 21.81                            | 96.58       | 3,09.86 |
| Tribal Welfare                                 | 2,21.02                           | 7.18                             | 9.59        | 2,37.79 |
| Industries                                     | 1,27.92                           | 22.88                            | 38.01       | 1,88.81 |
| Public Health Engineering                      | ..                                | 59.96                            | 92.31       | 1,52.27 |
| Police   | 8.88                              | 29.72                            | 94.78       | 1,33.38 |
| Public Health                                  | 21.61                             | 46.06                            | 25.22       | 92.89   |
| Veterinary                                     | 39.81                             | 41.70                            | 4.07        | 85.58   |
| Planning and Development                       | 29.18                             | 18.56                            | 5.34        | 53.08   |
| Land Records                                   | 25.65                             | 0.35                             | 25.41       | 51.41   |
| Food (Capital Outlay on State Trading Schemes) | 11.66                             | 32.28                            | 5.87        | 49.81   |

*Detailed contingent bills.*—Out of the total amount of outstanding objections (Rs. 35.68 crores), a sum of Rs. 11.37 crores pertains to non-submission of detailed contingent bills in respect of amounts drawn as advance by departmental officers on abstract contingent bills. The detailed contingent bills (containing full particulars of the expenditure incurred) with supporting vouchers and receipts of payees are required to be submitted to the Accountant General not later than the 25th of the month following that in which an advance is drawn. The number of objections remaining unsettled on account of non-remittance of detailed contingent bills continues to be large, despite instructions issued by Government from time to time for their expeditious clearance. The number and amount of outstanding detailed contingent bills as reported in the earlier Audit Reports along with the corresponding figures contained in this Audit Report are indicated below:—

| Position as shown in                                   | Amount held under objection<br><i>(In crores of rupees)</i> |                          |                 | Total               |
|--|---|--------------------------|-----------------|---------------------|
|  | (Number of bills involved)                                  |                          |                 |                     |
|  | 1948-49<br>to<br>1960-61                                    | 1961-62<br>to<br>1964-65 | 1965-66         |                     |
| (i) Audit Report, 1966                                 | 5.28<br>(26,948)  | 5.90<br>(21,778)         | ..<br>(..)      | 11.18<br>(48,726)   |
| (ii) Audit Report on the accounts for 1965-66          | 4.63<br>(23,678)  | 4.11<br>(17,750)         | 5.16<br>(7,603) | 13.90<br>(49,031)   |
| (iii) Present Audit Report on the accounts for 1966-67 | 3.79<br>(22,474)  | 3.28<br>(15,624)         | 1.25<br>(4,765) | 11.37*<br>(49,327)* |

\* Includes 6,464 items involving Rs. 3.05 crores in respect of 1966-67.

Inordinate delay in furnishing the detailed accounts to Audit results in the entire expenditure in question escaping audit for a long period; further it leaves scope for frauds, defalcations and other serious irregularities remaining undetected for a long time.

D.P. 46  
Jul-18 *Loss of detailed contingent bills in fire.*—The detailed contingent bills for Rs.9.36 lakhs in respect of amounts drawn by the Area Organiser, Bilaspur during the period April 1957 to December 1959 were not rendered by him to the Accountant General and they were stated to have been lost in a fire which broke out on 21st December, 1959. As a result, it has not been possible to ascertain whether the amounts drawn as advance were properly utilised.

A clerk of the office who was charge-sheeted for the non-preparation of these detailed contingent bills in time was let off in September 1961 by the Director of Tribal Welfare, "in view of the mitigating circumstances reported by the Enquiry Officer *viz.*, that the higher officers should have looked into the proper working of the section". Government intimated in October 1967 that the Area Organisers who held charge of office during the period concerned have been "warned" (June 1967).

D.P. 210 101. *Outstanding inspection reports.*—Financial irregularities and defects in initial accounts noticed during local audit and inspections are communicated to Departmental officers through inspection reports. The more important irregularities are reported to Heads of Departments and Government. The points mentioned in the report are required to be settled expeditiously so that irregularities may not persist.

7,504 inspection reports containing 42,460 paragraphs issued upto 31st March, 1967 remained unsettled at the end of August 1967. Year-wise analysis of the inspection reports and paragraphs outstanding as on 31st August, 1967 is given below:—

| Period in which the inspection reports were issued | Civil Departments |                      | Public Works Department |                      |
|--|-------------------|----------------------|-------------------------|----------------------|
|  | Number of Reports | Number of Paragraphs | Number of Reports       | Number of Paragraphs |
| 1962-63 and earlier years                          | 1,739             | 5,399                | 656                     | 2,356                |
| 1963-64  | 808               | 3,332                | 228                     | 1,618                |
| 1964-65  | 843               | 4,980                | 253                     | 2,123                |
| 1965-66  | 1,203             | 7,914                | 280                     | 2,552                |
| 1966-67  | 1,195             | 9,718                | 299                     | 2,468                |
| Total  | 5,788             | 31,343               | 1,716                   | 11,117               |

The number of outstanding inspection reports and paragraphs has been increasing each year despite periodical reports to Government. The comparative position for the past three years is given below :—

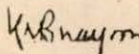
|  | Number of outstanding inspection reports/paragraphs as reported in— |  |                |
|--|---|--|----------------|
|  | Audit Report 1966<br>(on the accounts for 1964-65)                  | Audit Report on the accounts for 1965-66 | Present Report |
| <b>Civil Departments.—</b>               |   |  |                |
| Number of inspection reports outstanding | 3,297   | 4,308                                    | 5,788          |
| Number of paragraphs outstanding         | 16,805  | 23,345                                   | 31,343         |
| <b>Public Works Departments.—</b>        |   |  |                |
| Number of inspection reports outstanding | 1,129   | 1,389                                    | 1,716          |
| Number of paragraphs outstanding         | 7,377   | 10,165                                   | 11,117         |

The departments with comparatively large outstandings are given in Appendix 13 (page 106).

Although Government have prescribed a time limit of five weeks for submission of first replies to the inspection reports and also issued instructions that this time limit should be strictly adhered to, the first replies to 982 inspection reports were not received till 31st August, 1967, even after expiry of a period of six months to two years. The departments from which a large number of first replies is awaited (September 1967) are indicated in Appendix 14 (page 107).

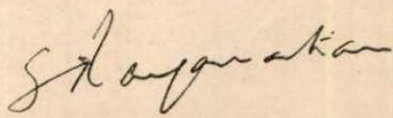
Some of the important types of irregularities noticed in local audit and inspections conducted during 1966-67 are indicated in Appendix 15 (page 108); the corresponding figures for 1965-66 (mentioned in the previous Audit Report on the accounts for 1965-66) have also been indicated.

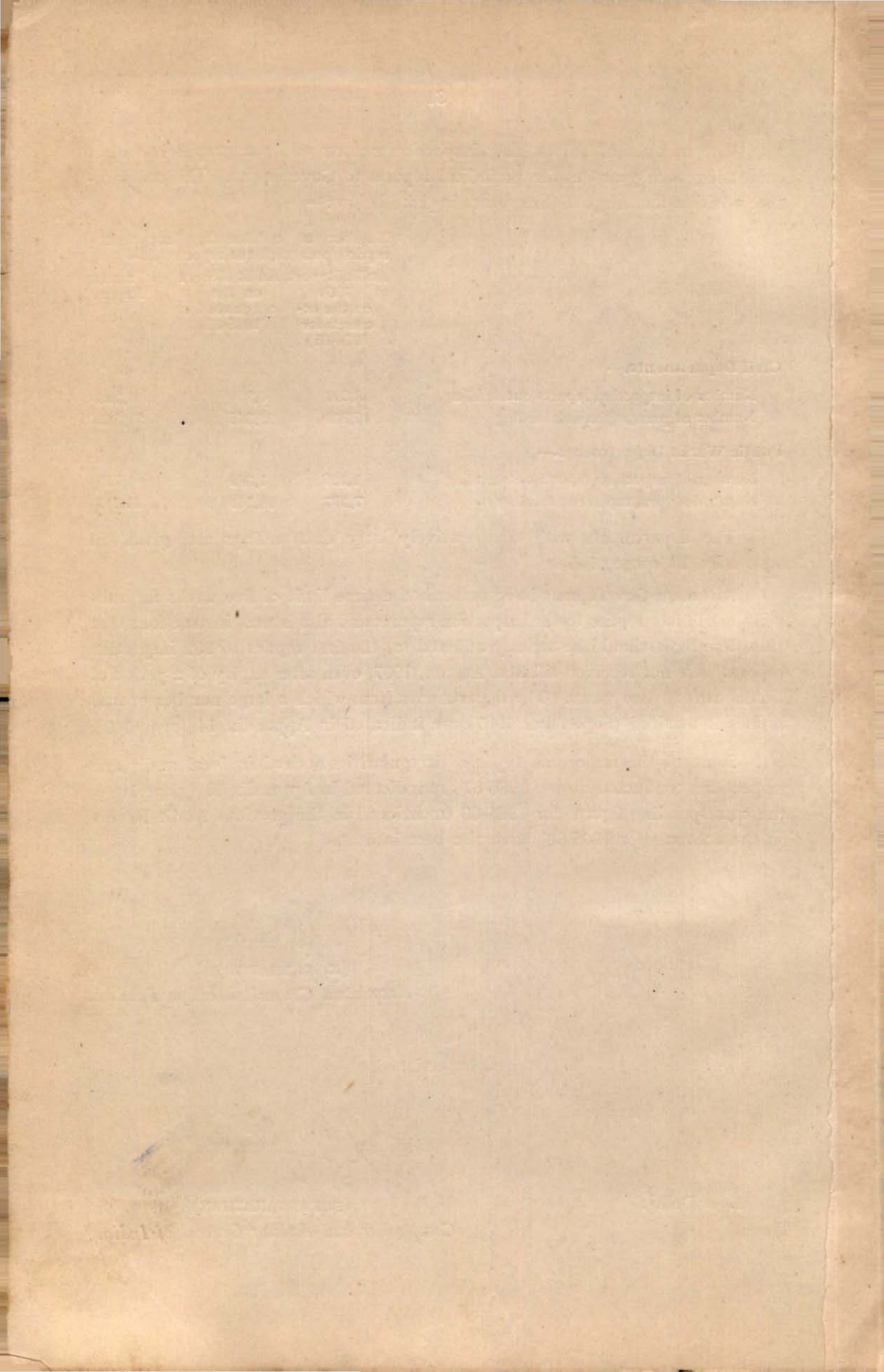
Gwalior :  
The

  
(K. N. BHARGAVA)  
Accountant General, Madhya Pradesh.

Countersigned.

New Delhi :  
The

  
(S. RANGANATHAN)  
Comptroller and Auditor General of India.



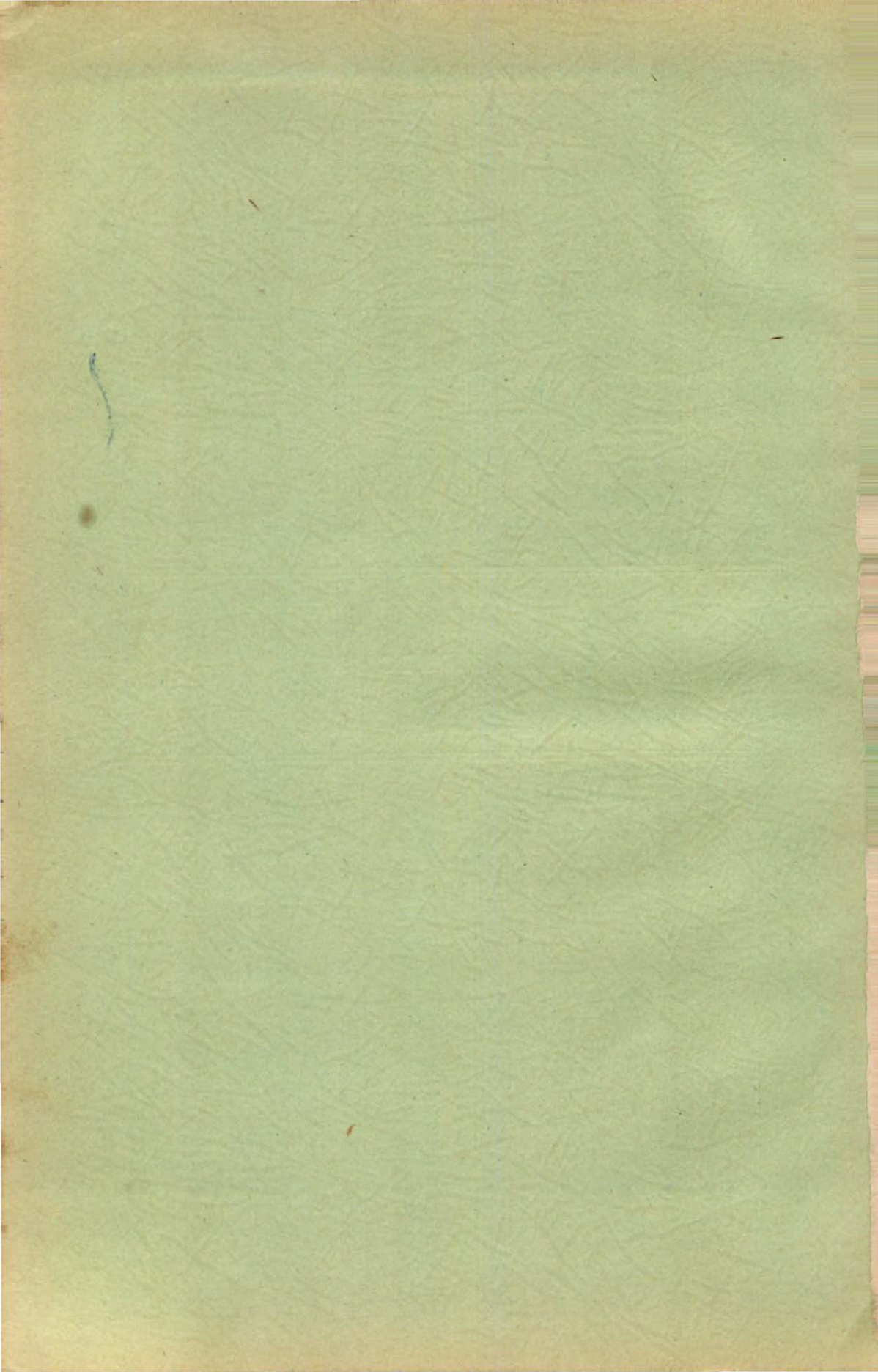
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**APPENDICES**

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## APPENDIX 1

(Reference: Paragraph 13, page 19)

## STATEMENT SHOWING PARTICULARS OF GRANTS/APPROPRIATIONS IN WHICH SUPPLEMENTARY PROVISION PROVED WHOLLY UNNECESSARY/EXCESSIVE/INADEQUATE

| Particulars of grant/appropriation  | Amount of grant/<br>appropriation |          | Actual<br>₹ expenditure | Saving<br>Amount | Percentage |       |
|---|-----------------------------------|----------|-------------------------|------------------|------------|-------|
|   | Original                          | Total    |                         |                  |            |       |
|   | Supple-<br>mentary                |          |                         |                  |            |       |
| (In lakhs of rupees)  |                                   |          |                         |                  |            |       |
| *Grants/Appropriations in which supplementary provision proved wholly unnecessary                             |                                   |          |                         |                  |            |       |
| 1—General Administration—Voted  | 95.01                             |          | 95.02                   | 94.91            | 0.11       | 0.1   |
|   | 0.01                              |          |                         |                  |            |       |
| 4—Other Revenue Expenditure per-<br>taining to Home Department—<br>Voted                                      | 37.60                             |          | 40.89                   | 35.13            | 5.76       | 14.1  |
|   | 3.29                              |          |                         |                  |            |       |
| 6—Other Revenue Expenditure per-<br>taining to Finance Department—<br>Charged                                 | 4.46                              |          | 5.66                    | 1.99             | 3.67       | 65.0  |
|   | 1.20                              |          |                         |                  |            |       |
| 8—Land Revenue and District Ad-<br>ministration—Voted   | 8,26.51                           |          | 8,52.70                 | 7,48.20          | 1,04.50    | 12.3  |
|   | 26.19                             |          |                         |                  |            |       |
| 11—Revenue Expenditure pertaining<br>to Commerce and Industry and<br>Natural Resources Depart-<br>ments—Voted | 1,44.17                           |          | 1,56.81                 | 1,31.87          | 24.94      | 15.9  |
|   | 12.64                             |          |                         |                  |            |       |
| 13—Agriculture—Voted  | 6,76.28                           |          | 6,76.29                 | 4,59.46          | 2,16.83    | 32.1  |
|   | 0.01                              |          |                         |                  |            |       |
| 14—Animal Husbandry—Voted   | 2,83.18                           |          | 2,83.19                 | 2,57.63          | 25.56      | 9.0   |
|   | 0.01                              |          |                         |                  |            |       |
| 23—Public Works Establishment and<br>Tools and Plants—Charged   | ..                                |          | 0.01                    | ..               | 0.01       | 100.0 |
|   | 0.01                              |          |                         |                  |            |       |
| 24—Education—Voted  | 31,94.82                          | 32,48.63 | 31,18.98                | 1,29.65          |            | 4.0   |
|   | 53.82                             |          |                         |                  |            |       |
| 30—Tribal and Harijan Welfare—<br>Charged   | 0.01                              |          | 0.03                    | ..               | 0.03       | 100.0 |
|   | 0.02                              |          |                         |                  |            |       |
| 32—Rehabilitation—Voted   | 99.43                             |          | 99.74                   | 69.96            | 29.78      | 29.9  |
|   | 0.31                              |          |                         |                  |            |       |
| 38—Capital Expenditure pertaining<br>to Agriculture Department—<br>Voted                                      | 14,21.96                          | 15,23.55 | 14,20.66                | 1,02.89          |            | 6.8   |
|   | 1,01.59                           |          |                         |                  |            |       |
| 39—Capital Expenditure pertaining<br>to Co-operation Department—<br>Voted                                     | 1,45.41                           | 1,98.07  | 1,24.84                 | 73.23            |            | 37.0  |
|   | 52.66                             |          |                         |                  |            |       |
| 40—Capital Expenditure pertaining<br>to Public Health Department—<br>Voted                                    | 67.43                             | 67.93    | 40.56                   | 27.37            |            | 40.3  |
|   | 0.50                              |          |                         |                  |            |       |

\*Excludes 8 cases in which the amount of provision was comparatively small.

## APPENDIX I—contd.

| Particulars of grant/appropriation   | Amount of grant/<br>appropriation |          | Actual<br>expenditure | Saving<br>Amount | Saving<br>Percentage |
|--|-----------------------------------|----------|-----------------------|------------------|----------------------|
|  | Original                          | Total    |                       |                  |                      |
|  | Supple-<br>mentary                |          |                       |                  |                      |
| (In lakhs of rupees)   |                                   |          |                       |                  |                      |
| 43—Capital Outlay on Public Works—Voted  | 4,69.71                           | 4,77.20  | 4,59.42               | 17.78            | 3.7                  |
|  | 7.49                              |          |                       |                  |                      |
| 45—Capital Expenditure pertaining to Planning and Development—Department—Voted                     | 64.35                             | 68.08    | 63.29                 | 4.79             | 7.0                  |
|  | 3.73                              |          |                       |                  |                      |
| 47—Capital Expenditure pertaining to Food Department—Voted   | 43,89.71                          | 43,90.41 | 32,04.20              | 11,86.21         | 27.0                 |
|  | 0.70                              |          |                       |                  |                      |
| *Grants/Appropriations in which supplementary provision proved excessive.                          |                                   |          |                       |                  |                      |
| 2—Other Revenue Expenditure pertaining to General Administration Department—Voted                  | 15.96                             | 17.73    | 17.03                 | 0.70             | 3.9                  |
|  | 1.77                              |          |                       |                  |                      |
| <i>Charged</i>   | 0.14                              | 0.30     | 0.29                  | 0.01             | 3.3                  |
|  | 0.16                              |          |                       |                  |                      |
| 5—Jails—Voted  | 82.49                             | 94.52    | 94.42                 | 0.10             | 0.1                  |
|  | 12.03                             |          |                       |                  |                      |
| 8—Land Revenue and District Administration— <i>Charged</i>   | 2.10                              | 2.73     | 2.28                  | 0.45             | 16.5                 |
|  | 0.63                              |          |                       |                  |                      |
|  | 0.02                              |          |                       |                  |                      |
| 14—Animal Husbandry— <i>Charged</i>  | 0.24                              | 0.26     | 0.24                  | 0.02             | 7.7                  |
| 15—Co-operation—Voted  | 1,20.05                           | 1,32.25  | 1,22.70               | 9.55             | 7.2                  |
|  | 12.20                             |          |                       |                  |                      |
| 17—Medical and Public Health— <i>Charged</i>   | 0.02                              | 0.28     | 0.26                  | 0.02             | 7.1                  |
|  | 0.26                              |          |                       |                  |                      |
| 22—Public Works— <i>Charged</i>  | ..                                | 1.86     | 1.73                  | 0.13             | 7.0                  |
|  | 1.86                              |          |                       |                  |                      |
| 25—State Legislatures and Elections— <i>Charged</i>  | 0.25                              | 0.30     | 0.28                  | 0.02             | 6.7                  |
|  | 0.05                              |          |                       |                  |                      |
| 26—Administration of Justice— <i>Charged</i>   | 20.01                             | 20.72    | 20.15                 | 0.57             | 2.8                  |
|  | 0.71                              |          |                       |                  |                      |
| 34—Capital Expenditure pertaining to Home Department—Voted   | 1,68.88                           | 3,18.59  | 3,0,59.3              | 14.64            | 4.6                  |
|  | 1,49.71                           |          |                       |                  |                      |
| 35—Commuted value of Pensions—Voted  | 1.00                              | 1.80     | 1.42                  | 0.38             | 21.1                 |
|  | 0.80                              |          |                       |                  |                      |
| 37—Capital Expenditure pertaining to Commerce and Industry and Natural Resources Departments—Voted | 1,41.85                           | 1,79.99  | 1,72.37               | 7.62             | 4.2                  |
|  | 38.14                             |          |                       |                  |                      |

\*Excludes 3 cases in which either the amount of provision was comparatively smaller the saving was negligible.

## APPENDIX 1—concl'd.

| Particulars of grant/appropriation   | Amount of grant/<br>appropriation |                      | Actual<br>expenditure | Saving  |               |
|--|-----------------------------------|----------------------|-----------------------|---------|---------------|
|  | Original                          | Total                |                       | Amount  | Percentage    |
|  | Supple-<br>mentary                | (In lakhs of rupees) |                       |         |               |
| 43—Capital Outlay on Public Works—<br>Charged  | ..                                | 0.83                 | 0.30                  | 0.53    | 63.9          |
| Public Debt—Charged  | 0.83                              | 1,18,44.05           | 1,45,71.41            | 8,56.76 | 5.6           |
|  | 35,84.12                          |                      |                       |         |               |
| 48—Loans and Advances—Voted  | 89.35                             | 8,89.35              | 94.12                 | 7,95.23 | 89.4          |
|  | 8,00.00                           |                      |                       |         |               |
| 49—Loans and Advances pertaining<br>to Revenue Department—Voted                                      | 1,26.52                           | 2,18.27              | 1,75.75               | 42.52   | 19.5          |
|  | 91.75                             |                      |                       |         |               |
| 53—Loans and Advances pertaining<br>to Co-operation Department<br>—Voted                             | 52.76                             | 2,27.01              | 2,10.00               | 17.01   | 7.5           |
|  | 1,74.25                           |                      |                       |         |               |
| 55—Loans and Advances pertaining<br>to Local (Urban) Government—<br>Voted                            | 7.30                              | 33.13                | 16.67                 | 16.46   | 49.7 ✓        |
|  | 25.83                             |                      |                       |         |               |
| 56—Loans and Advances pertaining<br>to Housing Schemes—Voted   | 89.43                             | 1,01.85              | 1,01.21               | 0.64    | 0.6           |
|  | 12.42                             |                      |                       |         |               |
| 57—Loans and Advances pertaining<br>to Planning and Development<br>Department—Voted                  | 56.00                             | 85.50                | 71.37                 | 14.13   | 16.5          |
|  | 29.50                             |                      |                       |         |               |
| *Grants/Appropriations in which supplementary provision proved inadequate.                           |                                   |                      |                       |         |               |
| 3—Police—Voted   | 11,35.46                          | 12,41.09             | 12,93.27              | 52.18   | Excess<br>4.2 |
|  | 1,05.63                           |                      |                       |         |               |
| 6—Other Revenue Expenditure per-<br>taining to Finance Department<br>—Voted                          | 2,12.14                           | 2,20.83              | 2,29.03               | 8.20    | 3.7           |
|  | 8.69                              |                      |                       |         |               |
| 9—Other Revenue Expenditure per-<br>taining to the Revenue and<br>Land Reforms Departments—<br>Voted | 3,94.30                           | 17,94.30             | 22,26.86              | 4,32.56 | 24.1          |
|  | 14,00.00                          |                      |                       |         |               |
| 17—Medical and Public Health—<br>Voted   | 12,67.28                          | 12,77.09             | 13,09.24              | 32.15   | 2.5           |
|  | 9.81                              |                      |                       |         |               |
| 22—Public Works—Voted  | 13,44.24                          | 13,54.06             | 15,10.92              | 1,56.86 | 11.6          |
|  | 9.82                              |                      |                       |         |               |
| 23—Public Works—Establishment<br>and Tools and Plants—Voted  | 2,14.34                           | 2,16.26              | 2,33.28               | 17.02   | 7.9           |
|  | 1.92                              |                      |                       |         |               |
| 25—State Legislatures and Elec-<br>tions—Voted   | 50.88                             | 52.96                | 53.99                 | 1.03    | 1.9           |
|  | 2.08                              |                      |                       |         |               |
| 26—Administration of Justice—<br>Voted   | 1,32.42                           | 1,32.77              | 1,33.00               | 0.23    | 0.2           |
|  | 0.35                              |                      |                       |         |               |
| 35—Commuted Value of Pensions—<br>Charged  | 0.30                              | 0.36                 | 0.59                  | 0.23    | 63.9          |
|  | 0.06                              |                      |                       |         |               |

\*Excludes 5 cases in which either the amount of provision was comparatively small or the excess was negligible.

## APPENDIX 2

(Reference: Paragraph 15, page 23)

## STATEMENT SHOWING PARTICULARS OF GRANTS/APPROPRIATIONS IN WHICH EXPENDITURE IN 1966-67 WAS SUBSTANTIALLY LESS THAN TOTAL GRANT/APPROPRIATION

| S. No. | Particulars of grant/appropriation | Total grant or appropriation (Original and Supplementary) | Expenditure | Saving Amount | Percentage |
|--------|------------------------------------|---|-------------|---------------|------------|
|--------|------------------------------------|---|-------------|---------------|------------|

(In lakhs of rupees)

\*1-22 Grants/Appropriations in which saving was more than 20 per cent.

## (i) Charged

|    |   |      |      |      |       |
|----|---|------|------|------|-------|
| 1. | 6—Other Revenue Expenditure pertaining to Finance Department                      | 5.66 | 1.99 | 3.67 | 65.0  |
| 2. | 7—Revenue Expenditure pertaining to Separate Revenue and Registration Departments | 0.20 | 0.02 | 0.18 | 90.0  |
| 3. | 10—Forest   | 0.50 | 0.37 | 0.13 | 26.0  |
| 4. | 24—Education  | 0.10 | 0.05 | 0.05 | 50.0  |
| 5. | 38—Capital Expenditure pertaining to Agriculture Department                       | 0.05 | ..   | 0.05 | 100.0 |
| 6. | 43—Capital Outlay on Public Works   | 0.53 | 0.30 | 0.53 | 63.9  |

## (ii) Voted

|     |   |         |         |         |      |
|-----|---|---------|---------|---------|------|
| 7.  | 12—Electricity Duty   | 2.83    | 1.78    | 1.05    | 37.1 |
| 8.  | 13—Agriculture  | 6,76.29 | 4,59.46 | 2,16.83 | 32.1 |
| 9.  | 16—Labour and Employment                                      | 2,23.90 | 1,57.66 | 66.24   | 29.6 |
| 10. | 18—Panchayats   | 2,28.91 | 1,74.49 | 54.42   | 23.8 |
| 11. | 28—Economics and Statistics                                   | 21.80   | 17.12   | 4.68    | 21.5 |
| 12. | 32—Rehabilitation   | 99.74   | 69.96   | 29.78   | 29.9 |
| 13. | 33—Civil Supplies   | 8.09    | 6.42    | 1.67    | 20.6 |
| 14. | 35—Commuted Value of Pensions                                 | 1.80    | 1.42    | 0.38    | 21.1 |
| 15. | 36—Capital Expenditure pertaining to Forest Department        | 4,60.82 | 2,86.90 | 1,73.92 | 37.7 |
| 16. | 39—Capital Expenditure pertaining to Co-operation Department  | 1,98.07 | 1,24.84 | 73.23   | 37.0 |
| 17. | 40—Capital Expenditure pertaining to Public Health Department | 67.93   | 40.56   | 27.37   | 40.3 |

\*Excludes 7 cases in which amounts involved are comparatively small.

## APPENDIX 2—concl'd.

| S. No.                      | Particulars of grant/appropriation                             | Total grant or appropriation (Original and Supplementary) | Expenditure | Saving Amount | Percentage |
|-----------------------------|--|---|-------------|---------------|------------|
| <i>(In lakhs of rupees)</i> |  |   |             |               |            |
| 18.                         | 44—Capital Outlay on Housing Schemes                           | 17.25   | 6.54        | 10.71         | 62.1       |
| 19.                         | 46—Capital Expenditure pertaining to Rehabilitation Department | 34.13   | 13.17       | 20.96         | 61.4       |
| 20.                         | 47—Capital Expenditure pertaining to Food Department           | 43,90.41  | 32,04.20    | 11,86.21      | 27.0       |
| 21.                         | 48—Loans and Advances  | 8,89.35   | 94.12       | 7,95.23       | 89.4       |
| ✓ 22.                       | 55—Loans and Advances pertaining to Local (Urban) Government   | 33.13   | 16.67       | 16.46         | ✓ 49.7     |

*II—13 Grants/Appropriations in which saving was more than 10 per cent but not more than 20 per cent*

*(i) Charged*

|     |   |      |      |      |      |
|-----|---|------|------|------|------|
| 23. | 4—Other Revenue Expenditure pertaining to Home Department | 0.19 | 0.16 | 0.03 | 15.8 |
| 24. | 8—Land Revenue and District Administration                | 2.73 | 2.28 | 0.45 | 16.5 |

*(ii) Voted*

|     |  |         |         |         |      |
|-----|--|---------|---------|---------|------|
| 25. | 4—Other Revenue Expenditure pertaining to Home Department                                    | 40.89   | 35.13   | 5.76    | 14.1 |
| 26. | 7—Revenue Expenditure pertaining to Separate Revenue and Registration Departments            | 1,35.34 | 1,14.60 | 20.74   | 15.3 |
| 27. | 8—Land Revenue and District Administration   | 8,52.70 | 7,48.20 | 1,04.50 | 12.3 |
| 28. | 11—Revenue Expenditure pertaining to Commerce and Industry and Natural Resources Departments | 1,56.81 | 1,31.87 | 24.94   | 15.9 |
| 29. | 27—Community Development Projects, National Extension Service and Local Development Works    | 7,57.98 | 6,77.55 | 80.43   | 10.6 |
| 30. | 29—Information and Publicity   | 22.67   | 19.32   | 3.35    | 14.8 |
| 31. | 41—Capital Expenditure pertaining to Local Government (Urban) Department                     | 1.85    | 1.56    | 0.29    | 15.7 |
| 32. | 49—Loans and Advances pertaining to Revenue Department                                       | 2,18.27 | 1,75.75 | 42.52   | 19.5 |
| 33. | 50—Loans and Advances pertaining to Commerce and Industry Department                         | 42.35   | 36.56   | 5.79    | 13.7 |
| 34. | 54—Loans and Advances pertaining to Public Health Department                                 | 44.85   | 38.25   | 6.60    | 14.7 |
| 35. | 57—Loans and Advances pertaining to Planning and Development Department                      | 85.50   | 71.37   | 14.13   | 16.5 |

## APPENDIX 3

[Reference: Paragraph 16(d)(iii), page 24]

## STATEMENT SHOWING PARTICULARS OF GRANTS WHERE THE UNSURRENDERED SAVINGS WERE IN EXCESS OF 10 PER CENT OF THE PROVISION AND Rs. 1 LAKH IN EACH CASE

| S. No.                      | Number and name of grant  | Provision | Saving | Amount surrendered | Amount not surrendered (and its percentage to the provision) |
|-----------------------------|---|-----------|--------|--------------------|--|
| <i>(In lakhs of rupees)</i> |   |           |        |                    |  |
| 1.                          | 32—Rehabilitation—Voted   | 99.74     | 29.78  | 17.14              | 12.64<br>(12.7)  |
| 2.                          | 33—Civil Supplies—Voted   | 8.09      | 1.67   | 0.66               | 1.01<br>(12.5)   |
| 3.                          | 40—Capital Expenditure pertaining to Public Health Department—Voted           | 67.93     | 27.37  | 12.47              | 14.90<br>(21.9)  |
| 4.                          | 49—Loans and Advances pertaining to Revenue Department—Voted                  | 2,18.27   | 42.52  | 17.25              | 25.27<br>(11.6)  |
| 5.                          | 55—Loans and Advances pertaining to Local Government (Urban) Department—Voted | 33.13     | 16.46  | 2.28               | 14.18<br>(42.8)  |
| 6.                          | 57—Loans and Advances pertaining to Planning and Development Department—Voted | 85.50     | 14.13  | ..                 | 14.13<br>(16.5)  |

## APPENDIX 4

(Reference : Paragraphs 27 and 49, pages 32 and 45)

STATEMENT SHOWING CASES OF MISCELLANEOUS IRREGULARITIES,  
LOSSES, ETC.

## Public Works Department

D.P.60 (i) *Infructuous expenditure.*—A quarter for the Block Development Officer, Udaipura constructed by the Buildings and Roads Division, Obaiduilaganj in 1958-59 at a cost of Rs. 13,675 developed cracks within 5 years of its completion and in June 1963 the Executive Engineer declared it unsafe for occupation. The building was vacated in May 1964 and has been lying unoccupied ever since. According to the Executive Engineer, 'the building had gone out of plumb considerably' and that 'the flooring had also got swollen up'. The Chief Engineer called for in August 1964 the names of the persons responsible for the negligence. He stated in September 1967 that the question of fixing responsibility was under examination.

D.P.163 (ii) *Non-utilisation of buildings.*—(a) Construction of 16 residential quarters (outlay: Rs. 2.58 lakhs) in Morena was completed between August 1964 and December 1965. They, however, remain unoccupied (October 1967) for want of electric and water connections, resulting in loss of rent amounting to Rs. 4,800 (approximately) per annum.

The case was reported to Government in May 1967; reply is awaited (October 1967).

D.P.162 (b) A building for the hostel attached to Junior Technical School, Jabalpur (cost: Rs. 2.33 lakhs) completed in June 1965 remains unoccupied (October 1967) as the electrification work was left incomplete by the contractor. The work has not yet been resumed (October 1967).

D.P.58 (iii) *Shortage of road-metal.*—At the instance of the Superintending Engineer, Buildings and Roads, Raipur Circle, the quantity of road-metal collected and stacked on the roadside of Chhuria-Banjari Road was checked in November 1966 by the Executive Engineer, Buildings and Roads Division, Durg and a shortage of 49,625 cft. of metal costing Rs. 8,248 was noticed. The responsibility for the shortage has not yet been fixed (October 1967).

D.P.65 (iv) *Fictitious adjustments in works accounts.*—The rules prohibit fictitious adjustments such as debiting to a work the cost of materials not required or in excess of reasonable requirement. It was noticed during local inspection of Irrigation Division, Gwalior (July 1966) that cement (24,440 bags) costing Rs. 2.14 lakhs debited to 7 works in the accounts for March 1966 had remained unused till date of audit. This adjustment was obviously intended to utilise the available budget provision of Rs. 3.44 lakhs. Even the designs and drawings in respect of 2 of these 7 works had not been sanctioned. According to the information furnished by the Executive Engineer, only 2,852 bags were consumed till September 1967.

Government accepting the irregular adjustment stated in February 1967 that the Chief Engineer, Irrigation, was being advised to issue instructions to avoid recurrence of such advance issue of materials.

## Food Department

D.P.III (v) *Shortage in grain stocks.*—(a) Shortages of 2,825 maunds of indigenous wheat (Rs. 0.51 lakh) and 1,360 maunds of rice (Rs. 0.26 lakh), held in stock in Vidisha district were noticed in September 1960. These were reported to Audit in June 1966, 6 years after its detection. The shortages worked out to 6 to 13 per cent of the total quantity of grains held in stock, as against the normal limit of 3 per cent and was attributed to 'weeviling, khapra



infestation, rat trouble and long duration of storage'. Orders of Government on the loss are awaited (October 1967). Government intimated to Audit in August 1967 that the Deputy Director of Food Supplies had been asked to enquire into the cause of the high percentage of shortage. His report is also awaited (October 1967).

D.P. 172 (b) Shortages, valued at Rs. 0.50 lakh, of 1,340 quintals of wheat held in stock in Damoh district were noticed during January-April 1962. The shortages were 4.07 to 7.45 per cent of the total quantity held in stock, as against the normal limit of 3 per cent and were attributed to infestation, rodent trouble, driage and long duration of storage.

Government have written off the loss amounting to Rs. 0.14 lakh in August 1967; their orders regarding the remaining amount of loss are awaited (October 1967).

## APPENDIX 5

(Reference : Paragraph 23 and 79, pages 32 and 64)

## LOSSES, ETC. WRITTEN OFF DURING 1966-67

| Name of the Department | Writes-off of losses, irrecoverable revenue, advances, etc. |                   | Ex-gratia payments |               | Waiver of recovery |               | Remission of revenue/abandonment of claims to revenue |               |
|------------------------|---|-------------------|--------------------|---------------|--------------------|---------------|---|---------------|
|                        | No. of cases  | Amount<br>Rs.     | No. of cases       | Amount<br>Rs. | No. of cases       | Amount<br>Rs. | No. of cases  | Amount<br>Rs. |
| Food                   | 166   | (a)<br>2,72,507   |                    |               |                    |               |   |               |
| Veterinary             | 150   | 80,983            |                    |               |                    |               |   |               |
| Natural Resources      | 2   | (b) (c)<br>99,646 |                    |               |                    |               |   |               |
| Rehabilitation         | 1   | (d)<br>22,627     |                    |               |                    |               |   |               |
| Education              | 14  | 11,024            |                    |               |                    |               |   |               |
| General Administration |   |                   | 1                  | 50,000        | 6                  | 559           |   |               |
| Separate Revenue       |   |                   |                    |               | 90                 | (e)<br>62,856 |   |               |
| Land Revenue           | 2   | 1,768             |                    |               |                    |               | 3   | 10,256        |
| Other Departments      | 32  | 27,41             | 2                  | 3,700         | 10                 | 3,362         | ..  | 2,082         |
| Total                  | 367   | 5,15,971          | 3                  | 53,700        | 106                | 66,777        | 3   | 12,338        |

## Notes and Comments:

(a) Includes 2 cases of writes-off of losses due to shortages noticed during the month of February 1962/April 1962 in the stocks of local wheat stored in Raipur (Rs. 9,783) and Jabalpur (Rs. 6,010) districts respectively. The shortages which amounted to 6 per cent in Raipur district and 21 per cent in Jabalpur district of the total quantity stocked, were attributed to long storage and heavy infestation. These were written off in April 1966 by Government.

(b) Includes a case of short recovery of royalty amounting to Rs. 77,329 in Durg district. The royalty was recovered @ 6 annas per thousand bricks, instead of Rs. 3 from the lessees, who were granted leases for clay for varying periods from 1948 to 1955. The rate of royalty to be recovered was notified in July 1947 itself. Nevertheless the royalty was continued to be recovered at the old rate fixed in 1930. This was stated to be due to 'misunderstanding'. Action to recover the royalty at correct rate, initiated in 1958, was stayed on the advice of Law Department that retrospective increase in the rates of royalty was unjustified. The amount short recovered was written off in July 1966. Orders of Government regarding the fixing of responsibility for the short recovery are awaited (July 1967).

Food  
DA 11Natural Resources  
Dy. Secy

DA 10

DA 17

Natural Resources Dept  
DA 11

(c) Includes write-off of the amount of dead rent Rs. 22,317 recoverable from a limited company.

D. P. 105

Rehabilitation

DA 12

(d) Under a scheme approved by Government of India, the erstwhile Madhya Bharat Government paid loans amounting to Rs. 28,195 in 1950 to Mungaoli Co-operative Farming Society (Guna) for settlement of 50 families of displaced persons. The working of the Society was found (February 1951) by the department to be irregular. Even though the department had doubts even in 1951 about the successful working of the society, it was allowed to continue till 1956 because "for certain unavoidable reasons and circumstances, sponser-cum-president of the society had to be encouraged and given chances again and again for making the society a success". Ultimately the society was wound up in 1956. After setting off an amount of Rs. 5,568 recovered from the sale of the tractor, etc. purchased by the society out of Government loans, balance amount of Rs. 22,627 was written off in September 1966.

→ Rehab  
Dept

Revenue  
Sales Tax

(e) Includes 89 cases of sales-tax amounting to Rs. 62,844 written off as being irrecoverable.

## APPENDIX 6

( Reference : Paragraph 29, page 33 )

### STATEMENT SHOWING ANALYSIS OF CASES OF MISAPPROPRIATIONS REPORTED UPTO 31ST MARCH, 1967 NOT FINALISED TILL 30TH SEPTEMBER, 1967.

| S.No. | Name of Department                      | Cases reported in<br>1961-62 and earlier<br>years |                                   | Cases reported<br>during 1962-63 to<br>1963-64 |                                   | Cases reported<br>during 1964-65 to<br>1965-66 |                                   | Cases reported in<br>1966-67 |                                   | Total           |                                   |
|-------|---|---|-----------------------------------|--|-----------------------------------|--|-----------------------------------|------------------------------|-----------------------------------|-----------------|-----------------------------------|
|       |   | No. of<br>cases                                   | Amount<br>(In lakhs<br>of rupees) | No. of<br>cases                                | Amount<br>(In lakhs<br>of rupees) | No. of<br>cases                                | Amount<br>(In lakhs<br>of rupees) | No. of<br>cases              | Amount<br>(In lakhs<br>of rupees) | No. of<br>cases | Amount<br>(In lakhs<br>of rupees) |
| 1.    | Agriculture (including Capital Outlay). | 39  | 4.74                              | 10   | 0.37                              | 11   | 1.46                              | 3                            | 0.03                              | 63              | 6.60                              |
| 2.    | Food                                    | 9   | 1.59                              | 3  | 1.71                              | ..   | ..                                | ..                           | ..                                | 12              | 3.30                              |
| 3.    | Planning and Development                | 7   | 0.66                              | 10   | 0.24                              | 21   | 1.91                              | 9                            | 0.17                              | 47              | 2.98                              |
| 4.    | Finance                                 | ..  | ..                                | 1  | 0.15                              | ..   | ..                                | 1                            | 1.96                              | 2               | 2.11                              |
| 5.    | Education                               | 15  | 0.44                              | 11   | 0.92                              | 21   | 0.57                              | 3                            | 0.03                              | 50              | 1.96                              |
| 6.    | General Administration                  | 17  | 1.10                              | 3  | 0.15                              | 11   | 0.33                              | 5                            | 0.11                              | 36              | 1.69                              |
| 7.    | Medical                                 | 2   | 0.04                              | 2  | 1.40                              | ..   | ..                                | 5                            | 0.17                              | 9               | 1.61                              |
| 8.    | Revenue                                 | 10  | 0.26                              | 23   | 0.45                              | 28   | 0.59                              | 6                            | 0.27                              | 67              | 1.57                              |
| 9.    | <u>Tribal Welfare</u>                   | 3   | 0.10                              | 9  | 0.25                              | 8  | 0.61                              | 2                            | 0.06                              | 22              | 1.02                              |
| 10.   | Industries                              | 6   | 0.46                              | ..   | ..                                | 8  | 0.12                              | ..                           | ..                                | 14              | 0.58                              |
| 11.   | Other Departments                       | 20  | 0.36                              | 15   | 0.18                              | 26   | 0.42                              | 16                           | 0.78                              | 77              | 1.74                              |
|       | Total                                   | 128   | 9.75                              | 87   | 5.82                              | 134  | 6.01                              | 50                           | 3.58                              | 399             | 25.16                             |

## APPENDIX 7

(Reference : Paragraph 50, page 46)

## SYNOPSIS OF IMPORTANT STORES ACCOUNTS

## (a) Accounts for 1966-67

| S. No. | Department | Description of stores | Opening balance as on the 1st April, 1966 | Receipts (during 1966-67) | Issues | Closing balance as on the 31st March, 1967 |
|--------|------------|-----------------------|---|---------------------------|--------|--|
|--------|------------|-----------------------|---|---------------------------|--------|--|

(In lakhs of rupees)

## A—WORKS DEPARTMENTS

|    |                                    |  |         |         |         |         |
|----|------------------------------------|--|---------|---------|---------|---------|
| 1. | Buildings and Roads (55 divisions) | Building materials, painter's stores, fuel, timber, etc. | 2,19.20 | 4,07.58 | 4,20.68 | 2,06.10 |
|----|------------------------------------|--|---------|---------|---------|---------|

(i) In 14 divisions, the reserve limit of stores was exceeded by Rs. 28.39 lakhs; the value of stock in 6 divisions was in excess of the reserve limit by more than 50 per cent.

(ii) Physical verification of stock was not conducted during the year in 3 divisions (out of 27 divisions in respect of which information was furnished) and in 6 other divisions the verification was done only partially.

(iii) Shortages aggregating Rs. 0.42 lakh and excesses amounting to Rs. 0.07 lakh were noticed in 8 and 7 divisions respectively; they require to be investigated and regularised.

|    |                               |  |       |       |       |       |
|----|-------------------------------|--|-------|-------|-------|-------|
| 2. | Chambal Project (2 divisions) | Building materials, painter's stores, fuel, timber, etc. | 44.39 | 49.98 | 31.02 | 63.35 |
|----|-------------------------------|--|-------|-------|-------|-------|

Reserve limit of stock was not fixed in 1 division (value of stock held on 31st March, 1967 was Rs. 14.07 lakhs).

|    |                           |  |         |         |         |         |
|----|---------------------------|--|---------|---------|---------|---------|
| 3. | Irrigation divisions (44) | Building materials, painter's stores, fuel, timber, etc. | 1,21.76 | 1,21.52 | 1,15.66 | 1,27.62 |
|----|---------------------------|--|---------|---------|---------|---------|

Reserve limit of stock was not fixed in 31 divisions (value of stock held on 31st March, 1967: Rs. 64.09 lakhs). In 2 divisions where reserve limits of stock were fixed, the value of closing stock exceeded the aggregate reserve limit by Rs. 4.31 lakhs—the stock held in Shajapur division was 7 times the sanctioned reserve limit.

|    |              |  |       |       |       |       |
|----|--------------|--|-------|-------|-------|-------|
| 4. | Tawa Project | Building materials, painter's stores, fuel, timber, etc. | 22.01 | 21.58 | 16.95 | 26.64 |
|----|--------------|--|-------|-------|-------|-------|

|    |                               |  |       |       |       |       |
|----|-------------------------------|--|-------|-------|-------|-------|
| 5. | Major Projects (12 divisions) | Building materials, painter's stores, fuel, timber, etc. | 30.19 | 29.01 | 25.97 | 33.23 |
|----|-------------------------------|--|-------|-------|-------|-------|

(i) Reserve limit of stock was not fixed in 11 divisions (value of stock on 31st March, 1967: Rs. 49.16 lakhs).

(ii) Physical verification was not done during the year in 1 division.

| S. Department No. | Description of stores | Opening balance as on the 1st April, 1966 | Receipts (during 1966-67) | Issues | Closing balance as on the 31st March, 1967 |
|-------------------|-----------------------|---|---------------------------|--------|--|
|-------------------|-----------------------|---|---------------------------|--------|--|

## B—CIVIL DEPARTMENTS

(In lakhs of rupees)

|  |   | (a)          |             |         | (b)     |
|--|---|--------------|-------------|---------|---------|
| 6. Separate Revenue  | Stamps  | 5,31.63      | 2,47.66     | 3,04.51 | 4,74.78 |
| Certificates of physical verification of balance as on the 31st March, 1967 have not been furnished by 4 out of 44 depots. |   |              |             |         |         |
| 7. Stationery (Government Regional Presses)  | Departmental stores, plant and machinery, metal, etc. | (c)<br>25.21 | 4.15        | 1.94    | 27.42   |
|  | Other stores  | (d)<br>50.00 | 25.47       | 33.93   | 41.54   |
| 8. Stationery (Regional Stationery and Publications)   | Stationery stores                                     | (e)<br>6.23  | (f)<br>5.71 | 5.72    | 6.22    |

(a) The opening balance on the 1st April, 1966 differs from the closing balance on the 31st March, 1966 by Rs. 1,13.10 lakhs due mainly to—

- (i) exclusion of balances of stamps of the value of Rs. 1,33.50 lakhs held at Bilaspur, Chhindwara, Durg, Raipur and Guna treasuries as on the 31st March, 1966 due to non-receipt of the accounts for the year 1966-67;
- (ii) reduction in the opening balance in Bhopal treasury by Rs. 4,198 in rectification of the mistakes in previous years' account; and
- (iii) inclusion of balances of stamps of the value of Rs. 20.44 lakhs held at Balaghat treasury on the 1st April, 1966 which were not included in the store accounts for 1965-66 as they were not received then.

(b) Figures of one depot (Surguja District) have been excluded due to non-receipt of stores accounts from the treasury. Figures for this depot were also not included in the stores accounts for 1965-66.

(c) Differs from the closing balance on the 31st March, 1966 by Rs. 4.90 lakhs consequent on rectification of mistakes in previous years' accounts in respect of the presses at Gwalior, Rajnandgaon, Indore and Rewa.

(d) The opening balance on the 1st April, 1966 is more by Rs. 0.05 lakh than the closing balance on the 31st March, 1966 due to inclusion of value of stores which were erroneously not included in the accounts for 1965-66 by the press at Rajnandgaon.

(e) The opening balance on the 1st April, 1966 differs from the closing balance on the 31st March, 1966 by Rs. 5.44 lakhs due to exclusion of the stores account for the year 1966-67 of stationery depot, Bhopal which has not been received.

(f) Receipts include increase in value of stock consequent on revaluation (Rs.0.64 lakh).

| S. Department No. | Description of stores   | Opening balance as on the 1st April, 1966 | Receipts (during 1966-67) | Issues | Closing balance as on the 31st March, 1967 |
|-------------------|---|---|---------------------------|--------|--|
| 9. Jails          | Maintenance branch stores   | 10.91                                     | 37.27                     | 38.63  | 9.55                                       |
|                   | (i) Receipts include increase in value of stock on re-valuation and value of stock found in excess during physical verification (Rs. 0.10 lakh).            |   |                           |        |  |
|                   | (ii) Issues include value of stock found short during physical verification (Rs. 0.04 lakh) and value of unserviceable stores written off (Rs. 1.22 lakhs). |   |                           |        |  |
|                   | Manufactory branch stores   | 12.35                                     | 17.19                     | 17.74  | 11.80                                      |
|                   | Issues include value of unserviceable stores written off and shortages/adjustment in re-valuation, etc. (Rs. 0.09 lakh).                                    |   |                           |        |  |

## (b) Accounts for 1965-66

| S. Department No. | Description of stores | Opening balance as on the 1st April, 1965 | Receipts (during 1965-66) | Issues | Closing balance as on the 31st March, 1966 |
|-------------------|-----------------------|---|---------------------------|--------|--|
|-------------------|-----------------------|---|---------------------------|--------|--|

(In lakhs of rupees)

## CIVIL DEPARTMENTS

|               |   |         |         |         |         |
|---------------|---|---------|---------|---------|---------|
| 1. Forest     | Departmental stores, timber, forest produce, plant and machinery, etc.  | 2,37.78 | 4,91.50 | 4,19.87 | 3,09.41 |
|               | (i) Receipts include value of stores (Rs. 0.19 lakh) found in excess during physical verification; and  |         |         |         |         |
|               | (ii) Issues include depreciation (Rs. 5.95 lakhs), value of stores written off (Rs. 0.24 lakh), and adjustment on re-valuation (Rs. 0.11 lakh).                         |         |         |         |         |
| 2. Veterinary | Departmental stores, live stock, tools and plants   | 53.71   | 68.96   | 39.09   | 83.58   |
|               | (i) Physical verification of stock was not conducted during the year; stocks of consumable stores have not been verified since 1961-62;                                 |         |         |         |         |
|               | (ii) Receipts include value of stores found in excess (Rs. 0.02 lakh) during physical verification and increase in value of stock on re-valuation (Rs. 2.35 lakhs); and |         |         |         |         |
|               | (iii) Issues include the following:—  |         |         |         |         |
|               | (a) shortages noticed during physical verification/re-valuation (Rs. 0.07 lakh);  |         |         |         |         |
|               | (b) value of unserviceable/obsolete stores (Rs. 1.46 lakhs);  |         |         |         |         |
|               | (c) losses, etc. (Rs. 0.89 lakh); and   |         |         |         |         |
|               | (d) depreciation, etc. (Rs. 2.40 lakhs).  |         |         |         |         |

| S. No. | Department | Description of stores     | Opening balance as on the 1st April, 1966 | Receipts (during 1966-67)<br>(In lakhs of rupees) | Issues | Closing balance as on the 31st March, 1967 |
|--------|------------|---------------------------|---|---|--------|--|
| 3.     | Jails      | Maintenance branch stores | 11.23                                     | 28.59   | 28.91  | 10.91                                      |

(i) Receipts include increase in value of stock on re-valuation (Rs. 0.03 lakh) and value of stock found in excess during physical verification (Rs. 0.18 lakh); and

(ii) Issues include value of stock found short during physical verification (Rs. 0.06 lakh) and value of unserviceable stores written off (Rs. 0.15 lakh).

|               |      |       |       |       |
|---------------|------|-------|-------|-------|
| Manufactory   | 8.46 | 18.13 | 14.24 | 12.35 |
| branch stores |      |       |       |       |

Issues include value of unserviceable stores written off (Rs. 0.07 lakh) and shortages/adjustment on re-valuation, etc. (Rs. 0.02 lakh).



## APPENDIX 8

(Reference: Paragraph 57, page 50)

CASES OF NON-UTILISATION OF STORES, ARTICLES, MACHINERY,  
EQUIPMENT, ETC.

| S. No. | Name of the office/institution | Amount<br>(In lakhs<br>of rupees) | Particulars of machinery etc. lying unutilised and other comments |
|--------|--------------------------------|-----------------------------------|---|
|--------|--------------------------------|-----------------------------------|---|

## EDUCATION DEPARTMENT—

D.P. 43  
(1) Government Secondary Technical School, Jabalpur 1.50 Machinery and equipment purchased during August 1957 to March 1964 (as indicated below) remained unused (August 1967) due to non-availability of power.

Amount

(In lakhs of rupees)

| Purchases made |      |
|----------------|------|
| upto 1960-61   | 0.13 |
| during 1961-62 | 0.48 |
| during 1962-63 | 0.37 |
| during 1963-64 | 0.52 |

## AGRICULTURE DEPARTMENT—

D.P. 120  
(2) Agriculture Engineering Workshop, Raipur 0.47 Spares and 'assemblies' purchased for tractors during the period from September 1963 to September 1965 at a cost of Rs. 47,123 remain unutilised (July 1967) for want of certain components. The matter was reported to Government in July 1967; reply is awaited (October 1967).

D.P. 133  
(3) Agricultural Engineering Workshop, Jabalpur 0.30 Machines purchased in October 1963 (Rs. 26,000) and December 1964 (Rs. 4,155) have been remaining idle (September 1967) for want of electric power.

## PUBLIC HEALTH DEPARTMENT—

D.P. 118  
(4) Government Ayurvedic Pharmacy, Gwalior 0.46 Gold, silver and pearls valued at Rs. 46,205 purchased for the preparation of ayurvedic medicines remained unused for 4 to 11 years. This was reported to the Director of Health Services in October 1966. In August 1967, the Deputy Director, Ayurveda issued instructions for their early utilisation in the preparation of ayurvedic medicines.

## INDUSTRIES DEPARTMENT—

D.P. 52  
(5) Training centre in Sohawal Block for imparting training in painting, varnishing, calico-dyeing, etc. 0.22 The centre was closed in March 1965. Machinery and equipment costing Rs. 22,359 have been lying idle (August 1967) since then for want of instructions from the Director of Industries for their disposal.

| S. No. | Name of the office/institution | Amount<br>(In lakhs<br>of rupees) | Particulars of machinery etc. lying un<br>utilised and other comments |
|--------|--------------------------------|-----------------------------------|---|
|--------|--------------------------------|-----------------------------------|---|

**JAILS DEPARTMENT—**

(6) Central Jail, Indore

0.10

Four electric machines for the carpentry unit, purchased in February-March 1959, remain uninstalled (September 1967) due to delay in the construction of carpentry shed.

Government intimated in September 1967 that "for want of proper planning, it was not known at the time of purchase that there was no place to instal the machines and that the construction of the shed was held up on account of economy measures."

D.P.83

## APPENDIX 9

(Reference: Paragraph 83, page 66)

## SUMMARY OF THE FINANCIAL RESULTS OF STATUTORY CORPORATIONS

| Name of the Corporation/Board               | Madhya Pradesh State Warehousing Corporation, Indore | Madhya Pradesh Financial Corporation, Indore | Madhya Pradesh State Road Transport Corporation, Bairagarh |
|---|--|--|--|
| Name of the Administrative Department       | Co-operation Department                              | Finance Department                           | Home Department  |
| Year of incorporation                       | (1958)   | (1955)                                       | (1962)   |
| Year to which results relate                | 1966-67  | 1966-67                                      | 1964-65  |
|   | (In lakhs of rupees)                                 |  |  |
| 1. Paid up Capital                          |  |  | (a)  |
| (a) Share of State Government               | 20.00  | 58.35  | 3,48.79  |
| (b) Others                                  | 20.00  | 41.65  | 90.00  |
| 2. Loans                                    | ..   | 3,91.57                                      | 25.00  |
| 3. Free reserves                            | 0.01   | 11.09  | 68.87  |
| Total capital invested (1+2+3)              | 40.01  | 5,02.66                                      | 5,32.66  |
| 4. Block assets (net)                       | 22.36  | 0.16   | 2,36.54  |
| 5. Depreciation to date                     | 2.69   | 0.15   | 82.85  |
| 6. Total excess of Income over expenditure  | 1.53   | 9.60   | 3.37   |
| 7. Interest                                 | ..   | 19.43  | 17.27  |
| Total return (6+7)                          | 1.53   | 29.03  | 20.64  |
| 8. Percentage of return on capital invested | 3.82   | 5.78   | 3.87   |
| 9. Dividend declared and paid               | ..   | 3.50   | ..   |
| 10. Subventions received during the year    | ..   | 1.50   | ..   |

(a) The figure is provisional and is subject to adjustments to be carried out in order to implement the recommendations of Joint Evaluation Committee set up for evaluating the assets and liabilities of Madhya Bharat Roadways and C.P. Transport Services taken over by the Corporation which have been accepted by the State Government.

(b) Capital contribution by the Central Government.

## APPENDIX 10

(Reference: Paragraph 83, page 66)

SUMMARY OF THE FINANCIAL RESULTS OF THE MADHYA PRADESH  
[HOUSING BOARD

|   | Year ended<br>31st March,<br>1962 | Year ended<br>31st March,<br>1963 |
|---|-----------------------------------|-----------------------------------|
|   | <i>(In lakhs of rupees)</i>       |                                   |
| ( i ) (a) Fixed assets (gross)  | 18.67                             | 18.59                             |
| ( b ) Capital Works in progress   | 23.29                             | 34.56                             |
| ( ii ) Outstanding loans (from the Central and State Govern-<br>ments and Life Insurance Corporation) | 2,31.64                           | 3,39.61                           |
| ( iii ) Reserves—   |                                   |                                   |
| ( a ) Depreciation Reserve Fund   | 0.52                              | 0.72                              |
| ( b ) Bad and Doubtful debt reserve   | 0.89                              | 1.19                              |
| ( iv ) Subsidies from Government for construction work (in-<br>cluding accrued)                       | 19.85                             | 22.48                             |
| ( v ) Working results—  |                                   |                                   |
| ( a ) Gross receipts  | 10.58                             | 16.63                             |
| ( b ) Gross expenditure   | 11.43                             | 16.99                             |
| ( c ) Net deficit   | 0.85                              | 0.36                              |

The cumulative loss to the end of March 1963 was Rs. 6.34 lakhs.

## APPENDIX 11

(Reference: Paragraph 83, Page 66)

SUMMARY OF THE FINANCIAL AND WORKING RESULTS OF THE MADHYA  
PRADESH ELECTRICITY BOARD

| Particulars  | 1964-65               | 1965-66                | 1966-67                  |
|--|-----------------------|------------------------|--------------------------|
|  | (In lakhs of rupees)  |                        |                          |
| <b>Liabilities</b>   |                       |                        |                          |
| (a) Loans from Government  | 97,10.62              | 1,23,11.64             | 1,32,87.47               |
| (b) Other Capital Receipts (including R.S.<br>E.B.'s share in common projects<br>executed by M.P.E.B.) | 9,47.77<br>(6,19.47)  | 16,12.96<br>(12,08.46) | 15,92.99<br>(14,89.65)   |
| (c) Reserves and Provisions (other than<br>depreciation reserves)                                      | 1,96.61               | 2,40.21                | 2,87.02                  |
| (d) Trade dues and other current liabilities   | 16,03.46              | 19,55.58               | 18,41.04                 |
| (e) Suspense Accounts  | 82.06                 | 96.91                  | 97.93                    |
| Total  | 1,25,40.52            | 1,62,17.30             | 1,71,06.45               |
| <b>Assets</b>  |                       |                        |                          |
| (f) Net Block (including R,S,E,B's share<br>in fixed assets)   | 57,86.35<br>(1,44.93) | 89,56.16<br>(7,91.99)  | 1,17,01.04<br>(12,32.86) |
| (g) Share of the Board in the projects ex-<br>ecuted by other agencies                                 | 2,18.69               | 3,74.28                | 6,79.12                  |
| (h) Stores and Materials   | 16,16.79              | 17,06.52               | 14,53.11                 |
| (i) Books debts for energy sold  | 2,59.55               | 3,23.71                | 5,56.28                  |
| (j) Other current assets, loans and advances,<br>etc. (including investments)                          | 45,07.80              | 46,77.05               | 25,58.30                 |
| (k) Suspense Accounts  | 1,51.34               | 1,15.46                | 1,58.60                  |
| (l) Balance of net revenue and Appropria-<br>tion Accounts   | ..                    | 64.12                  | ..                       |
| Total  | 1,25,40.52            | 1,62,17.30             | 1,71,06.45               |
| <b>Working results</b>   |                       |                        |                          |
| <b>Revenue Receipts</b>  |                       |                        |                          |
| 1, Sale of Electricity   | 9,76.65               | 11,33.47               | 15,10.16                 |
| 2, Miscellaneous Receipts  | 66.47                 | 76.89                  | 1,42.29                  |
| Total Revenue  | 10,43.12              | 12,10.36               | 16,52.45                 |
| Revenue expenditure  | 10,69.46              | 14,29.34               | 16,45.95                 |
| Provision for General Reserve  | 25.14                 | 27.60                  | 33.24                    |
| Total  | 10,94.60              | 14,56.94               | 16,79.19                 |
| Excess (+)/Shortfall (—) of revenue<br>during the year   | —51.48                | —2,46.58               | —26.74                   |
| Total shortfall to end of the year   | 87.68                 | 3,34.26                | 3,61.00                  |

**Notes:—**

- The figures indicated in brackets represent the Rajasthan State Electricity Board's share in the capital receipts and fixed assets of Gandhisagar and Satpura Power stations.
- The figures of revenue expenditure and excess/shortfall during the years 1964-65 and 1965-66 have been revised due to write back of capitalised interest to revenue in 1966-67.

## APPENDIX 12

(Reference: Paragraph 94, page 72)

## SUMMARISED FINANCIAL RESULTS OF GOVERNMENT COMPANIES

| Name of the Government Company             | Provident Investment Company Ltd., Bombay | Madhya Pradesh State Industries Corporation Ltd., Bhopal | Madhya Pradesh Audyogik Vikas Nigam Ltd., Bhopal                             | Madhya Pradesh State Mining Corporation Ltd., Jabalpur |
|--|---|--|--|--|
| Name of the Administrative Department      | Finance Department                        | Commerce and Industries Department                       | Commerce and Industries Department   | Natural Resources Department                           |
| Year of incorporation<br>Period of account | 1926<br>Year ended<br>December<br>1966    | 1961<br>Year ended<br>March<br>1966                      | 1965<br>Period<br>ended<br>January<br>1967<br>(13-9-1965<br>to<br>31-1-1967) | 1962<br>Year ended<br>March<br>1967                    |
| (In lakhs of rupees)                       |   |  |  |  |
| 1. Paid-up Capital—                        |   |  |  |  |
| (a) Share of the State Government          | 48.62                                     | (e)<br>1,46.73   | 25.00  | (i)<br>18.80   |
| (b) Others                                 | 1.04                                      | ..   | ..   | ..   |
| 2. Loans                                   | 1.79                                      | (f)<br>47.27   | ..   | ..   |
| 3. Free reserves                           | (a)<br>1,30.93                            | ..   | ..   | 1.28   |
| Total capital invested (1+2+3)             | 1,82.38                                   | 1,94.00  | 25.00  | 20.08  |
| 4. Block assets (net)                      | (b)<br>1,78.86                            | 1,37.27  | 0.06   | 4.45   |
| 5. Depreciation to date                    | 0.05                                      | 44.32  | (g)<br>..  | 0.59   |
| 6. Total excess of income over expenditure | (c)<br>2.89                               | —17.53   | —0.43  | (j)<br>1.56  |
| 7. Interest on loans                       | 0.06                                      | 4.66   | ..   | ..   |
| Total return                               | 2.95                                      | —12.87   | —0.43  | 1.56   |
| 8. Percentage of return                    | 1.62                                      | ..   | ..   | 7.77   |
| 9. Dividend declared and paid              | (d)<br>2.98                               | ..   | ..   | (k)<br>0.44  |
| 10. Subsidy received during the year       | ..  | ..   | (h)<br>2.00  | ..   |

(a) During 1946, when this company was an instrument of operation of Gwalior State, the shares owned by Gwalior State in Madhowji Dharmasi Mills and Shapurji Broacha Mills (managed by this company) were sold to Dalmia Investment Company. Out of the sale proceeds, a sum of Rs. 1 crore was retained by the company as compensation for the relinquishment of managing agency of these two mills. The State Government considered that the sum of Rs. 1 crore belonged to them because the company was only nominally the Managing Agents; the Government, however, could not recover the amount due to legal complications and was advised by their law officers in 1954, to take proceedings for the liquidation of the company. The matter is, however, still under consideration of the State Government. This amount is included in the Capital reserve.

- (b) Includes investment in shares, Government securities etc.
- (c) This is before providing for taxation.
- (d) This is proposed dividend.
- (e) This includes advances amounting to Rs. 46.73 lakhs in the form of cash and assets received from Government of Madhya Pradesh against share capital.
- (f) This represents long term loans including liability for deferred payments on purchase of machinery.
- (g) Rs. 403 only.
- (h) Grant from State Government to be utilised for preparation of Project Report/ Feasibility studies.
- (i) Includes Rs. 10.00 lakhs received from Government as application money for fresh issue of shares.
- (j) This is before providing for taxation.
- (k) This is proposed dividend.

## APPENDIX 13

( Reference: Paragraph 101, Page 81 )

STATEMENT SHOWING THE NAMES OF THE DEPARTMENTS FROM WHICH  
REPLIES TO INSPECTION REPORTS ARE AWAITED AS ON THE  
31st AUGUST, 1967 IN A LARGE NUMBER OF CASES

| Department                | Inspection reports and paragraphs outstanding<br>as shown |                      |                             |                      |
|---------------------------|---|----------------------|-----------------------------|----------------------|
|                           | In the last Audit Report                                  |                      | In the present Audit Report |                      |
|                           | Number of Reports   | Number of Paragraphs | Number of Reports           | Number of Paragraphs |
| Education                 | 1,209   | 4,909                | 1,079                       | 5,083                |
| Planning and Development  | 521   | 4,036                | 1,035                       | 6,370                |
| Buildings and Roads       | 605   | 4,223                | 728                         | 4,553                |
| Irrigation                | 510   | 4,137                | 654                         | 4,514                |
| Agriculture               | 279   | 1,787                | 570                         | 2,884                |
| General Administration    | 273   | 1,202                | 558                         | 3,528                |
| Public Health and Medical | 316   | 1,137                | 365                         | 1,656                |
| Forest                    | 312   | 1,658                | 279                         | 1,365                |



## APPENDIX 14

( Reference : Paragraph 101, Page 81 )

STATEMENT SHOWING THE NUMBER OF INSPECTION REPORTS IN RESPECT  
OF WHICH EVEN THE FIRST REPLIES WERE NOT RECEIVED FROM  
THE DEPARTMENTS TILL 31st AUGUST, 1967

| Department                | Number of inspection reports to which even<br>the first replies were not received<br>even after a lapse of |        |          |
|---------------------------|--|--------|----------|
|                           | 2 years  | 1 year | 6 months |
| Education                 | 27   | 34     | 77       |
| General Administration    | 23   | 58     | 32       |
| Planning and Development  | 20   | 24     | 21       |
| Tribal Welfare            | ..   | 19     | 32       |
| Agriculture               | 10   | 15     | 22       |
| Industries                | 1  | 12     | 26       |
| Forest                    | ..   | 14     | 25       |
| Buildings and Roads       | 6  | 12     | 69       |
| Irrigation                | 17   | 14     | 69       |
| Public Health Engineering | 9  | 10     | 30       |

## APPENDIX 15

( Reference: Paragraph 101, Page 81 )

## IMPORTANT TYPES OF IRREGULARITIES NOTICED DURING LOCAL AUDIT AND INSPECTION

| Nature of irregularities  | Number of paragraphs |                |
|---|----------------------|----------------|
|   | 1965-66              | 1966-67        |
| <b>I-Public Works Offices</b>   |                      |                |
| 1. Expenditure due to defects in plans and designs and abandonment of works   | 154                  | 70             |
| 2. Splitting-up of purchase orders to avoid invitation of tenders or sanctions of higher authorities  | 36                   | 53             |
| 3. Extra cost to Government due to rejection of the lowest tenders/delay in accepting tenders   | 64                   | 30             |
| 4. Payments due to non-observance of conditions of the contracts or non-provision of requisite conditions in the contracts                          | 129                  | 59             |
| 5. Overpayments due to inflated measurements or longer leads/extra leads or rates allowed in excess of those provided in the agreements             | 223                  | 115            |
| 6. Unauthorised financial aid to contractors  | 105                  | 45             |
| 7. Delay in effecting recoveries due from contractors   | 104                  | 58             |
| 8. Irregularities regarding muster rolls  | 85                   | 91             |
| 9. Delay in fixation of rents of buildings and/or recovery of rents, electricity charges, etc.  | ..                   | 98             |
| 10. Arrears in maintenance and/or non-maintenance of initial accounts of road metal, material-at-site accounts, etc.                                | ..                   | 117            |
| 11. Defects in maintenance of stores and stock accounts   | ..                   | 115            |
| <b>II-Civil Offices</b>   |                      |                |
| 12. Non-observance of the rules relating to custody and handling of cash, posting and maintenance of cash book, physical verification of cash, etc. | 895                  | 771            |
| 13. Securities from persons handling cash and stores not obtained   | 728                  | 562            |
| 14. Stores accounts were not maintained properly and periodical verification was not done   | 423                  | 511            |
| 15. Defective maintenance and/or non-maintenance of initial accounts relating to loans  | 115                  | 121            |
| 16. Defective maintenance of log books and unauthorised use of cars and trucks  | 171                  | 118            |
| 17. Non-production of primary records like receipts books, stock registers and log books at the time of local audit                                 | ..                   | 249<br>offices |