



GOVERNMENT OF ORISSA

27
AUDIT
REPORT

43
1970

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PREFATORY REMARKS

This volume mainly relates to matters arising from the Appropriation Accounts for 1968-69 together with other points arising from audit of the financial transactions of the Government of Orissa. It also includes :—

- (i) certain points of interest arising from the Finance Accounts for the year 1968-69; 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 1968-69 as well as those which had come to notice in earlier years but could not be dealt with in previous Audit Reports; matters relating to the period subsequent to 1968-69 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.

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CHAPTER I GENERAL

Transactions on revenue account—(a) The budget estimates and actuals of revenue receipts, expenditure met from revenue and net revenue deficit/surplus for 1968-69 are shown below with the corresponding figures for the preceding two years :—

Year	Budget	Actuals	Variation		
			Amount	Percentage	
(In crores of rupees)					
<i>Revenue receipts</i>					
1966-67 ..	105.29	106.80	+1.51	1	Revenue surplus (+)/deficit(—) Year Budget Actual (In crores of rupees)
1967-68 ..	117.06	109.03	—8.03	7	
1968-69 ..	123.08	116.62	—6.46	5	
<i>Expenditure met from revenue</i>					
1966-67 ..	105.25	104.42	—0.83	1	1966-67 .. +0.04 +2.38
1967-68 ..	117.62	113.20	—4.42	4	1967-68 .. —0.56 —4.17
1968-69 ..	122.19	131.78	+9.59	8	1968-69 .. +0.89 —15.16

In 1968-69 the expenditure met from revenue was more by Rs. 9.59 crores than the budget estimates and there was also a shortfall (Rs. 6.46 crores) in revenue receipts as compared to the estimates; consequently the year ended with revenue deficit of Rs. 15.16 crores against the anticipated revenue surplus of Rs. 0.89 crore.

The fall of revenue receipts (Rs. 6.46 crores) was mainly due to less receipts under (i) multipurpose river schemes (Rs. 2.02 crores) consequent on transfer of Hirakud power house to the Orissa State Electricity Board in March 1968, (b) electricity schemes (Rs. 2.10 crores) and receipts from electricity duties (Rs. 1.02 crores) due to delay in commissioning of Talcher thermal scheme and (c) interest (Rs. 1.26 crores) mainly from Hirakud-Stage II due to transfer of its power house to the Orissa State Electricity Board and less capital outlay on irrigation schemes.

(b) No additional taxation was levied during the course of any year in the three years ending with 1968-69. The estimates of expenditure shown above do not take into account supplementary grants for expenditure obtained during the course of these years. If they are also taken into account the position would be as follows :—

Year	Additional taxation	Supplementary grants	Modified budget estimates of	
			Receipts	Expenditure
(In crores of rupees)				
1966-67 ..	Nil	10.04	105.29	115.29
1967-68 ..	Nil	6.74	117.06	124.36
1968-69 ..	Nil	16.52	123.08	138.71

2. *Consolidated summary of transactions*—The following is a summary of Government's transactions for 1968-69 with comparative figures for the two preceding years :—

	1966-67	1967-68	1968-69
	(In crores of rupees)		
(1) Opening balance	.. —6·47	—6·51	+0·53
<i>Transactions on revenue account</i>			
(2) Revenue—			
(a) Taxes (including States' share of divisible Central taxes)	36·24	40·76	46·04
(b) Non-tax revenue	.. 27·46	27·25	31·37
(c) Grants-in-aid from the Central Government	43·10	41·02	39·21
Total—Revenue receipts	.. 106·80	109·03	116·62
(3) Expenditure met from revenue	.. 104·42	113·20	131·78
(4) Revenue surplus (+)/deficit(—)	.. +2·38	—4·17	—15·16
<i>Transactions outside the revenue account</i>			
(5) Net expenditure outside revenue account—			
(a) Capital expenditure	.. 34·34	17·76	24·72
(b) Loans and advances by State Government	.. 11·76	0·85	2·81
(6) Resources required for expenditure outside the revenue account and for meeting revenue deficit or after utilising revenue surplus (5—4)	43·72	22·78	42·69
(7) Resources available for capital expenditure—			
(a) Receipts from borrowings (net)	.. 38·61	41·48	23·90
(b) Net effect of transactions under provident funds, deposits and advances, remittances, Contingency Fund, etc.	5·07	—11·66	10·76
(8) Net results of all transactions	.. —0·04	+7·04	—8·03
(9) Closing cash balance	.. —6·51	+0·53	—7·50

The accumulated net revenue deficit of the State increased from Rs. 54·58 crores at the beginning of the year to Rs. 69·74 crores at the end of 1968-69.

The transactions during 1968-69 resulted in an overall deficit of Rs. 8·03 crores which turned the overall surplus of Rs. 0·53 crore at the beginning of the year to an overall deficit of Rs. 7·50 crores at the end of the year. Compared with 1967-68 the overall deficit during 1968-69 was mainly the net result of a

rise in expenditure on revenue account (Rs. 18.58 crores) which exceeded the corresponding rise in revenue receipts (Rs. 7.59 crores), increase in capital expenditure (Rs. 6.96 crores) and on loans and advances (Rs. 1.94 crores) and at the same time there being a fall in borrowings (net) (Rs. 17.58 crores) set off by improvement in net receipts in the public account (Rs. 22.42 crores).

REVENUE RECEIPTS

3.(a) A comparative analysis of revenue receipts during the three years ending 31st March 1969 is given below :—

	1966-67	1967-68	1968-69	Percentage of revenue to total annual revenue during 1968-69
	(In crores of rupees)			
<i>Revenue raised by the State—</i>				
Tax revenue ..	21.17	24.24	26.05	22
Non-tax revenue ..	27.46	27.25	31.37	27
Total ..	48.63	51.49	57.42	49
<i>Receipts from the Central Government—</i>				
States' share of divisible Central taxes	15.07	16.52	19.99	17
Grants-in-aid under Article 275 of the Constitution	33.82	30.38	30.35	26
Other grants ..	9.28	10.64	8.86	8
Total ..	58.17	57.54	59.20	51
Grand total	106.80	109.03	116.62	100

The revenue receipts during 1968-69 (Rs. 116.62 crores) were Rs. 7.59 crores (7 per cent) higher than those in 1967-68. The increase was mainly under :—

(i) interest receipts (Rs. 3.37 crores) due to more receipts of interest (a) on loans advanced by Government on account of increase in loans and (b) from Government commercial undertakings,

(ii) increase in the States' share of Union excise duties (Rs. 2.61 crores) and

(iii) increased receipts from country spirit on reorientation of excise policy (Rs. 1.29 crores).

(b) *Additional resource mobilisation*—Government anticipated at the budget stage additional revenue of Rs. 1.99 crores from (i) additional rent on urban land leased for constructing residential houses, *salami* for leasing Government land, taxes on rural immovable property and non-agricultural land tax, (ii) reorientation of excise policy, (iii) revision of rates of sales tax, (iv) imposition of tax on passenger fares, (v) additional income from royalty on minerals due to increase of rates approved by Government of India and (vi) additional income from kendu leaf. Government intimated that due to some administrative difficulties measures at (i) and (iii) to (v) could not be introduced; additional revenue realised from the other two measures was Rs. 0.73 crore against Rs. 0.70 crore anticipated.

(c) *Arrears in collection of revenue*—According to the information furnished by Government, arrears in collection of revenue at the end of March 1969 were Rs. 15.78 crores. Arrears were heavy under commercial taxes (Rs. 4.94 crores), land revenue (Rs. 2.60 crores), electricity receipts including electricity duty (Rs. 2.57 crores), mining revenue (Rs. 1.38 crores) and forest lease (Rs. 1.31 crores).

(d) *Write off and remission of claims to revenue*—During 1968-69 demands of Rs. 6.54 lakhs in thirty-four cases were written off, remitted or waived. This includes Rs. 5.15 lakhs representing arrear contribution from local bodies on account of Government medical institutions to the end of March 1968; Government has decided not to realise any contribution from local bodies on this account from 1st April 1968.

EXPENDITURE ON REVENUE ACCOUNT

4. The expenditure during 1968-69 (Rs. 131.78 crores) showed increase of Rs. 18.58 crores (16 per cent) as compared with that in 1967-68 (Rs. 113.20 crores). A comparative analysis of the increase during the three years ending 1968-69 by broad groups of Government activity is given below :

	Expenditure			Increase since 1966-67	
	1966-67	1967-68	1968-69	Amount	Percentage
	(In crores of rupees)				
<i>Collection of Taxes, Duties and other principal Revenue—</i>					
Land Revenue ..	3.39	3.44	3.58	0.19	6
Other heads ..	0.92	1.06	1.19	0.27	29
Total—Collection of Taxes, etc.	4.31	4.50	4.77	0.46	11
<i>Debt services</i>	20.33	23.06	25.88	5.55	27

The increase was mainly due to more interest charges on loans received from Government of India on (a) special ways and means advances and overdrafts from the Reserve Bank of India and (b) open market loans raised during 1967-68 and 1968-69.

Administrative services—

Police ..	5.64	6.39	6.03	0.39	7
Other heads ..	4.65	5.68	6.18	1.53	33
Total—Administrative Services	10.29	12.07	12.21	1.92	19

The increase was mainly due to payment of dearness allowance to staff at enhanced rates.

Social and Developmental Services—

Education ..	12.62	15.98	18.79	6.17	49
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The increase was mainly due to more grants to non-Government schools to meet enhanced dearness allowance of teachers and block grant to Universities.

Medical and Public Health ..	6.47	7.63	8.39	1.92	30
The increase was mainly due to more expenditure on family planning, malaria, filaria and T. B. control programmes, hospitals and dispensaries, health centres and payment of additional dearness allowance to staff.					
Agriculture ..	4.75	4.44	4.85	0.10	2
Community Development Projects, National Extension Services and Local Development works,	5.49	4.83	3.70	-1.79	33 (decrease)
Other heads ..	8.22	8.81	8.65	0.43	5
Total—Social and Developmental Services	37.55	41.69	44.38	6.83	18

	Expenditure			Increase since 1966-67	
	1966-67	1967-68	1968-69	Amount	Percentage
	(In crores of rupees)				
<i>Multipurpose River Schemes, Irrigation and Electricity Schemes—</i>					
Multipurpose River Schemes	5.12	5.51	6.08	0.96	19
Irrigation and Electricity Schemes	5.51	6.60	9.08	3.57	65

The increase was mainly due to more expenditure on maintenance and depreciation charges of Talcher thermal scheme and adjustment of more interest consequent on increase in capital outlay on irrigation schemes.

Total—Multipurpose, etc. ..	10.63	12.11	15.16	4.53	43
<i>Public works (including roads) and schemes of Miscellaneous Public Improvements</i>	6.22	6.32	9.07	2.85	46

The increase was mainly due to purchase of store materials for utilisation on works.

<i>Transport and Communications (Other than roads)</i>	1.87	2.10	2.56	0.69	37
<i>Miscellaneous (including contributions, miscellaneous adjustments and extraordinary items)</i>	13.22	11.35	17.75	4.53	34

The increase was mainly due to more expenditure on relief works in flood and drought affected areas.

Total ..	104.42	113.20	131.78	27.36	26
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EXPENDITURE OUTSIDE THE REVENUE ACCOUNT

5. The following table compares the expenditure on capital account during the three years ending 1968-69 with the budget provision made therefor:

Year	Budget	Actuals	Variation	
			Amount	Percentage
(In crores of rupees)				
1966-67 ..	28.75	34.34	+5.59	19
1967-68 ..	24.31	17.76	-6.55	27
1968-69 ..	17.85	24.72	+6.87	38

The figures under budget shown above are the original budget estimates. Supplementary grants of Rs. 16.92 crores, Rs. 5.05 crores and Rs. 11.32 crores were subsequently obtained during 1966-67, 1967-68 and 1968-69 respectively.

6. (a) The table below gives a broad analysis of expenditure outside the revenue account during 1966-67 to 1968-69 together with progressive outlay upto 1968-69 and resources required to meet that expenditure :

Head of account	During 1966-67	During 1967-68	During 1968-69	Progressive outlay upto 1968-69
	(In crores of rupees)			
<i>I—Capital expenditure on—</i>				
(i) Irrigation schemes ..	7.66	6.99	6.54	66.25
(ii) Multipurpose river schemes ..	1.23	3.94	6.48	105.04
(iii) Electricity schemes ..	4.29	3.12	1.28	31.78
(iv) Agriculture ..	2.58	2.05	0.81	14.82
(v) Public works ..	7.16	8.63	3.24	70.14
(vi) Schemes of industrial and economic development	4.31	4.94	3.32	29.63
(vii) Other items (such as, public health, other works, ports, roads and water transport, forest and schemes of Government trading)	7.11	—11.91	3.05	29.80
II—Net outgo under loans and advances by State Government (after taking into account recoveries of loans)	11.76	0.85	2.81	57.84
Total—Expenditure outside Revenue Account	46.10	18.61	27.53	405.30
III— <i>Deduct—Revenue surplus/ Add—Revenue deficit</i> ..	—2.38	4.17	15.16	69.74
IV—Resources required for expenditure outside the revenue account and for meeting revenue deficit or after utilising revenue surplus	43.72	22.78	42.69	475.04

(b) The sources from which expenditure outside the revenue account including that on loans and advances during 1966-67 to 1968-69 and upto 1968-69 were met were as follows :—

<i>I—Net additions to—</i>				
(i) Permanent debt ..	..	14.58	1.55	53.06
(ii) Floating debt ..	0.60	4.81	9.61	18.62
(iii) Loans from Central Government	37.00	20.30	11.50	334.17
(iv) Loans from other sources and provident fund balance	2.51	3.52	2.78	23.95
II—Miscellaneous (excess of deposits, etc. received by Government over payments on that account excluding investment of cash balances)	3.57	—13.39	9.22	37.74
III—Increase (—)/ decrease (+) in cash balance and investment of cash balance	0.04	—7.04	8.03	7.50
IV—Resources available for expenditure outside the revenue account and for meeting revenue deficit or after utilising revenue surplus	43.72	22.78	42.69	475.04

LOANS AND ADVANCES BY GOVERNMENT

7. (a) Comparative analysis of budget estimates and actuals of loans and advances by the State Government and recoveries thereof during the three years ending March 1969 are given below :

Year	Budget	Actual	Variation		Year	Budget	Actual
			Amount	Percentage			
(In crores of rupees)							
<i>Disbursement</i>							
1966-67	7.49	13.25*	+5.76	77	(In crores of rupees)		
1967-68	3.73	3.70	-0.03	1	<i>Net outgo</i>		
1968-69	2.77	5.68	+2.91	105	1966-67	4.59	11.76
					1967-68	0.92	0.85
					1968-69	-1.50	2.81
<i>Recoveries</i>							
1966-67	2.90	1.49	-1.41	49			
1967-68	2.81	2.85	+0.04	1			
1968-69	4.27	2.87	-1.40	33			

The budget estimates of disbursements shown above do not include supplementary grants of Rs. 8.26 crores, Rs. 1.68 crores and Rs. 4.79 crores subsequently obtained during 1966-67, 1967-68 and 1968-69 respectively.

(b) The outstanding balances under loans and advances given by the State Government at the end of 1968-69 and the preceding two years are shown below :—

	Outstanding as on 31st March		
	1967	1968	1969
	(In crores of rupees)		
(1) Loans to Orissa State Electricity Board—			
(a) for financing power schemes (cash loans) ..	6.45	6.40	6.90
(b) value of assets transferred and treated as loan	17.45	17.45	17.45
(2) Loans to cultivators ..	7.87	7.74	8.26
(3) Loans to Industrial Development Corporation ..	5.40	5.40	5.40
(4) Loans to Orissa Mining Corporation ..	1.73	1.66	1.66
(5) Loans to State Commercial Transport Corporation	1.49	1.81	2.10
(6) Loans to Local Bodies ..	1.90	1.68	1.66
(7) Loans to displaced persons ..	1.23	1.43	1.61
(8) Loans to various housing schemes ..	2.75	2.91	3.43
(9) Other loans and advances ..	7.81	8.45	9.37
Total ..	54.08	54.93	57.84

Detailed accounts of loans and advances to municipalities, district boards and other local fund committees, land holders and other notabilities, Government servants and under the State-aid to Industries Act (the balance of these on 31st March 1969: Rs. 2.54 crores) are maintained by the Audit office and of all other classes of loans (balance on 31st March 1969 : Rs. 55.30 crores) by officers of the State Government.

* Excludes Rs. 0.73 crore being the capital outlay on electricity schemes upto 1961-62 transferred to the Orissa State Electricity Board and treated as loan during 1966-67.

8. *Arrears in recovery of loans—*

(a) *Cases in which detailed accounts are kept by Audit—*At the end of March 1969 recovery of Rs. 39.01 lakhs towards repayment of principal and Rs. 21.51 lakhs towards interest had become overdue as shown below :

	Principal (In lakhs of rupees)	Interest (In lakhs of rupees)
(i) Borrowers under the State-aid to Industries Act ..	27.54	10.82
(ii) Municipalities ..	5.94	7.58
(iii) Government servants ..	3.82	1.41
(iv) District and Local Fund Committees, land-holders and other notabilities ..	1.71	1.70
Total ..	39.01	21.51

Of the total arrears of Rs. 60.52 lakhs, recovery of Rs. 27.03 lakhs towards principal and Rs. 17.80 lakhs towards interest was in arrears for over three years.

(b) *Loans detailed accounts of which are maintained by officers of the State Government—*According to standing instructions of Government, every departmental officer maintaining detailed accounts of loans is required to furnish to the Accountant General by May each year the details of arrears in recovery of loans and interest thereon at the end of March of that year. This information has been received from sixteen departments so far (December 1969); according to that information, recovery of Rs. 6.18 crores (principal: Rs. 3.11 crores and interest : Rs. 3.07 crores) had become overdue on 31st March 1969 as shown below :

	Principal (In lakhs of rupees)	Interest (In lakhs of rupees)
(1) Agriculturists ..	1,17.86	20.35
(2) Orissa Electricity Board ..	..	1,07.61
(3) Industrial units including industrial co-operatives ..	73.25	19.41
(4) Industrial Development Corporation ..	43.00	99.66
(5) Co-operative institutions ..	35.70	18.86
(6) Grama Panchayats ..	29.92	12.17
(7) Orissa Mining Corporation ..	10.00	25.95
(8) Other borrowers ..	1.67	2.81
Total ..	3,11.40	3,06.82

9. *Delay in conveying acceptance of balances by departmental officers—*

(a) The balances of loans are communicated to departmental officers every year for verification and acceptance.

Acceptances of such balances on 31st March 1969 were in arrears in 638 cases (Rs. 1.43 crores) where detailed accounts are maintained in the Audit office; of that 400 cases (Rs. 0.64 crore) related to loans advanced under State-aid to Industries Act and 238 cases (Rs. 0.79 crore) to loans to municipalities and notified area committees. The earliest of these outstanding acceptances date back to 1965-66.

(b) In cases where detailed accounts of loans are maintained by departmental officers, those officers are required at the end of each year to certify that the balances shown as recoverable in their records agree with those shown outstanding in the books of the Accountant General; for this purpose they are

required to reconcile the transactions recorded in their books with those appearing in the books of the Audit Office. Reconciliation has not been done in several cases and consequently acceptances of balances worked out in the Audit office have not been received in 343 cases (Rs. 28.48 crores); some of these relate to 1962-63. Out of 343 cases, 309 cases (Rs. 26.38 crores) relate to miscellaneous loans and advances, 24 cases (Rs. 0.87 crore) to loans and advances under Community Development programme and 10 cases (Rs. 1.23 crores) to advances to displaced persons.

DEBT POSITION

10. *Public debt.*—(a) The total public debt of Government increased by Rs. 23.90 crores during 1968-69 as shown below :

	Receipt	Repayment	Net increase
	(In crores of rupees)		
Open market loan ..	4.39	2.84	+1.55
Floating debt ..	85.94	76.33	+9.61
Loans from the Central Government	44.27	32.77	+11.50
Loans from autonomous bodies ..	1.69	0.45	+1.24
Total ..	136.29	112.39	+23.90

Rs. 4.91 crores relating to the open market loan raised during 1968-69 (Rs. 4.84 crores) and loans raised during 1966-57 and earlier years (Rs. 0.07 crore) are lying under deposit and will be transferred to the head "Public debt" on issue of scrips.

The market loan (Rs. 4.84 crores) floated during 1968-69 (5½ per cent Orissa Government Loan 1980) was issued at a discount of 2 per cent and is repayable at par on 2nd September 1980; Rs. 4.45 crores were realised in cash and Rs. 0.39 crore by conversion of 4 per cent Orissa Government Loan 1968. (Balance of Rs. 0.12 crore relates to adjustment of discount on previous year's loan.)

The repayment of Rs. 2.84 crores against market loan represents discharge of 4 per cent Orissa Government Loan 1968 during 1968-69; Rs. 0.25 crore out of that loan are yet to be discharged.

Out of the total repayment of Rs. 112.39 crores, Rs. 0.45 crore of loan from autonomous bodies were charged to revenue account.

(b) The outstanding public debt of the State at the end of March 1969 was Rs. 4,21.63 crores. An analysis of the debt, with the corresponding figures at the end of the preceding two years is given below :

	Public debt on 31st March		
	1967	1968	1969
	(In crores of rupees)		
Open market loans ..	51.38	55.85	57.97
Floating loans—			
(a) Ways and means advances from Reserve Bank	2.20	2.87	2.70
(b) Overdrafts from Reserve Bank ..	..	6.14	15.92
(c) Cash credit from State Bank ..	2.00	..	..
Loans from Central Government ..	302.37	322.67	334.17
Loans from autonomous bodies ..	7.84	9.63	10.87
Total ..	365.79	397.16	421.63

(c) *Other debt and obligations*—In addition to public debt, the net balances at the credit of State provident funds, local funds, civil deposits and earmarked funds such as, sinking funds, reserve funds and deposit accounts, to the extent these have not been invested but are merged with general cash balances of Government also constitute liabilities of Government. Such liability at the end of 1968-69 was Rs. 61.38 crores. Taking into account the regular debt and these liabilities together, the debt position of Government at the end of each of the three years ending 1968-69 was as follows :

	Total debt on 31st March		
	1967	1968	1969
	(In crores of rupees)		
(i) Public debt ..	365.79	397.16	421.63
(ii) State Provident Funds ..	9.81	11.54	13.08
(iii) Sinking funds, reserve funds and deposit accounts	19.43	24.91	28.67
(iv) Deposits of local funds and civil deposits (excluding balances of market loans)	20.37	19.98	19.63
Total ..	415.40	453.59	483.01

11. *Loans from Central Government*—(a) Loans from Central Government (Rs.334.17 crores) constitute 80 per cent of the total public debt. During 1968-69 Rs.11.50 crores were added to the debt mainly on account of loans for flood and drought relief (Rs.7.54 crores), Bailmela project (Rs. 4.40 crores), various development schemes (Rs.4.87 crores) and Mahanadi delta irrigation scheme (Rs.3.18 crores).

In order to improve the ways and means position of the State during 1968-69 Government of India paid (i) Rs.20.30 crores as lumpsum advances during the year; these were ultimately converted during the year into grants (Rs.4.19 crores) and loans (Rs.16.11 crores) and (ii) Rs.9.00 crores as *ad hoc* loan in December 1968 to clear overdrafts with the Reserve Bank of India; the loan was adjusted later on during the year against the States' share of divisible taxes and other payments from Government of India.

(b) *Rehabilitation loans*—To end of March 1967 Government of India had paid Rs.1,21.70 lakhs as loan (37 cases) for rehabilitation of displaced persons from East Pakistan; no loan was granted for the purpose during 1967-68 and 1968-69. The revised terms decided by Government of India in August 1959 for repayment of these loans have been accepted by State Government; State Government is paying to Government of India only the amounts actually recovered from displaced persons. According to the original terms and conditions, the arrears due for repayment on 31st March 1969 are shown below:

	Principal	Interest
	(In lakhs of rupees)	
Amount due for repayment ..	79.47	23.05
Amount paid ..	8.78	3.65
Amount overdue ..	70.69	19.40

In June 1964 Government of India decided that the State Government would be absolved of the responsibilities for sharing any portion of the losses on loans granted to displaced persons from East Pakistan prior to 31st March 1964 (other than loans granted to persons migrating after 31st December 1963). Rs.0.72 lakh worked out by State Government as loss on a portion of the loan has been remitted during 1968-69.

12. *Arrangements for amortisation*—The sinking funds created by State Government for amortisation of loans are given below:

	Outstanding balance of loans for which sinking funds have been created	Balance in the sinking funds at the end of 1968-69	Investments out of the sinking funds at the end of 1968-69
	(In crores of rupees)		
(i) Eleven market loans raised between 1956-57 and 1968-69	57.97	34.54	12.36
(ii) Loans from Central Government for Industrial housing scheme	0.15	0.13	0.09
(iii) Loans from the Life Insurance Corporation of India for various housing schemes	7.46	0.19	..
Total	65.58	34.86	12.45

For amortisation of loans raised in the open market contribution at 1½ per cent of the total nominal amount of loans is set apart annually to form a depreciation fund for purchasing securities of the loans for cancellation. In addition, an annual contribution is made to the sinking fund for amortisation of the loans at such rates as Government may decide from time to time.

Amortisation arrangement was also made by making contribution to a sinking fund for the loan taken from Central Government and the Life Insurance Corporation for industrial and other housing schemes. No amortisation arrangements have been made for the remaining loans from Central Government (Rs.3,34.02 crores) and loans from other autonomous bodies (Rs.3.41 crores). These loans are repaid by the State Government as and when due.

During 1968-69 Rs.5.95 crores were appropriated from revenue to these sinking funds. Rs.3.70 crores out of the accumulated balance of Rs. 4.03 crores in the sinking fund of Orissa Government Loan 1968 were transferred to the head "Miscellaneous Government account" on maturity of the loan during 1968-69; Rs.0.33 crore still remained under the sinking fund as securities purchased were not realised to that extent during 1968-69. There was loss of Rs. 3.79 lakhs during 1968-69 on realisation of securities invested out of the sinking fund accumulations of Orissa Government loan 1968.

Out of the balance of Rs. 34.86 crores in the sinking funds at the end of 1968-69 Rs. 12.45 crores had been invested. The face value of the securities purchased from various sinking funds by the end of March 1969 was Rs.12.88 crores; their market value on 31st March 1969 as intimated by the Reserve Bank of India was Rs.12.51 crores.

13. *Interest on debt and other obligations*—The interest charges on public debt and other interest bearing obligations of the State during the three years ending 1968-69 were as follows:—

	1966-67	1967-68	1968-69
	(In crores of rupees)		
(1) Interest paid by Government on debt and other obligations—			
(a) Market loans	1.85	2.66	2.60
(b) Loans from Central Government	11.61	13.07	15.38
(c) Other debt and obligations	1.38	1.37	1.50
Total	14.84	17.10	19.48

	1966-67	1967-68	1968-69
	(In crores of rupees)		
(2) <i>Deduct</i> —Interest received on loans and advances given by the State Government, investment of cash balances and recoveries from Zamindari Abolition Fund	1.25	1.33	3.84
(3) Net amount of interest charges ..	13.59	15.77	15.64
	(Percentage)		
(4) Percentage of net interest (Item 3) to—			
(a) Total revenue receipts ..	13	14	13
(b) Total revenue raised by the State ..	28	31	20
	(In crores of rupees)		
(5) Other interest receipts and adjustments—			
(a) Interest received from commercial departments	8.42	9.82	10.77
(b) Interest on arrears of revenue, interest on irrigation capital outlay incurred before 1st April 1937 and other interest receipts	0.26	0.33	0.24
(6) Net amount of interest charges after deducting the interest receipts shown at item (5) above	4.91	5.62	4.63

ADVANCES AND OVERDRAFTS

14. (a) Under an agreement with the Reserve Bank of India, Government has to maintain with the Bank a minimum balance of Rs. 30.00 lakhs on each day. If the balance falls below this agreed minimum, ways and means advances are advanced by the Bank upto a limit mutually agreed upon between the Bank and Government. During 1968-69 the limits agreed to were Rs.0.90 crores for normal and Rs.1.80 crores for special ways and means advances and the rate of interest paid by Government during 1968-69 on this account was 4 per cent. If even after the maximum advance is given the cash balance is below the minimum, the deficiency is left uncovered but the Bank charges interest on such overdrafts. The cash balance of Government with the Bank during 1968-69, even after taking the maximum ways and means advances, fell below the agreed minimum several times during the year and resulted in overdrafts from the Bank for which the Bank charged 5 per cent interest.

(b) How far the State Government was able to maintain the minimum balance with the Reserve Bank during 1966-67, 1967-68 and 1968-69 is shown below:—

Number of days on which the minimum balance was maintained—	During the year		
	1966-67	1967-68	1968-69
(i) from the State's own resources ..	85	135	108
(ii) by taking normal and special ways and means advances	19	83	50
(iii) by taking overdrafts ..	261	148	207

Treasury bills of Rs.10.15 crores were also re-discounted on various dates during the year to make up deficiency in the cash balance.

(c) Ways and means advances and overdrafts obtained by Government during 1968-69, repayments thereof and their balances outstanding on 31st March 1969 are shown below:—

	Normal ways and means advances	Special ways and means advances	Overdrafts
(i) Number of occasions on which advances were taken during 1968-69	25	38	207
(In crores of rupees)			
(ii) Advances obtained during 1968-69	5.15	14.79	66.00
(iii) Balance outstanding on 1st April 1968	0.90	1.97	6.14
(iv) Repaid during 1968-69 ..	5.15	14.96	56.22
(v) Balance outstanding on 31st March 1969	0.90	1.80	15.92

The maximum amount of overdrafts obtained on any single day during 1968-69 was Rs.15.92 crores on 31st March 1969. The last spell of overdrafts started on 31st January 1969 and continued till 26th June 1969.

Rs.9.00 crores were paid by Government of India in December 1968 as *ad hoc* loan to the State Government to clear overdrafts with the Reserve Bank of India.

(d) Interest paid on the floating debt during 1968-69 and the preceding two years was as follows:—

Year	Interest paid on			Total
	Way and means advances from Reserve Bank	Overdrafts from Reserve Bank	Cash credit advances from State Bank	
(In lakhs of rupees)				
1966-67 ..	4.30	31.52	10.48	46.30
1967-68 ..	9.17	10.18	11.97	31.32
1968-69 ..	8.35	11.41	..	19.76

(e) The cash balance with the Reserve Bank on 31st March 1969 as shown in the Government account was *minus* Rs.7.73 crores and represents the balance after (a) taking into account the inter-Governmental monetary settlements pertaining to 1968-69 advised to the Reserve Bank upto 25th April 1969 and (b) including Rs.18.62 crores which on 31st March 1969 were outstanding as ways and means advances and overdrafts taken from the Reserve Bank.

The position at the close of the preceding two years was as follows —

	Cash balance with the Reserve Bank	Ways and means advances outstanding	Overdrafts outstanding
(In crores of rupees)			
31st March 1967 ..	—6.69	2.20	..
31st March 1968 ..	0.28	2.67	6.14

GUARANTEES

15. Government has contingent liabilities arising out of guarantees given to third parties for repayment of loans, bonds, and payment of interest thereon, payment of share capital and payment of minimum dividend thereon, cash credits, etc. on behalf of statutory corporations, Government companies, Joint-stock companies, co-operatives, panchayat samiti industries, a municipality and private parties.

The parties on whose behalf guarantees have been given and the loans, etc. raised by them and outstanding at the end of 1968-69 are given below :

	Amount of loan, working capital, bonds, debentures, etc. guaranteed	Outstanding guarantee commission
(In lakhs of rupees)		
<i>Statutory corporations—</i>		
Orissa State Electricity Board ..	9,64.72	32.34
Orissa State Financial Corporation ..	3,25.00	..
<i>Government companies—</i>		
Industrial Development Corporation ..	6,35.24	7.82
Orissa Mining Corporation ..	6,94.68	6.35
Fifteen other Government Companies ..	53.30	0.42
<i>Joint stock companies—</i>		
Indian Metals and Ferro Alloys ..	1,04.85	1.60
Five joint stock companies ..	29.66	1.28
<i>Co-operatives—</i>		
Orissa State Co-operative Land Mortgage Bank	5,83.84	..
Orissa State Co-operative Bank ..	5,80.94	..
Aska co-operative sugar industries ..	97.70	Information not received
Seventy-one other co-operatives ..	1,56.23	0.34
<i>Local bodies—</i>		
Berhampur Municipality ..	4.91	Information not received
<i>Private parties—</i>		
Two private parties ..	2.87	..
Total ..	42,33.94	50.15

In order to fulfil the guarantees for payment of annual minimum dividend on the paid-up share capital of Orissa State Financial Corporation for 1967-68 Government paid Rs. 1.45 lakhs during 1968-69; the total subvention so far paid was Rs. 10.68 lakhs. The liability of the State Government for payment of the guaranteed dividend for 1968-69 was Rs. 1.44 lakhs which is yet to be paid. The subventions paid are to be repaid by the Corporation out of its future profits. Government also paid Rs. 2.45 lakhs during 1968-69 in discharging guarantee obligation in favour of five industrial co-operatives closed during the year.

To meet guarantee liabilities, Government has created a guarantee reserve fund from 1st April 1969.

According to the information received from some of the departments, the outstanding guarantee commission due from the beneficiaries (excepting those who have been given guarantees free of charge) was Rs. 50.15 lakhs.

16. Investments of Government—

(a) *Capital Outlay on Industrial and Economic Development*—In 1968-69 Government invested Rs. 3.38 crores in share capital of Government companies (Rs. 2.68 crores) and co-operatives (Rs. 0.70 crore.) In addition, Rs. 0.17 crore were invested from balances of earmarked funds in bonds/debentures of Orissa State Electricity Board and the Electricity Board of another State and the Orissa State Co-operative Land Mortgage Bank.

The total investment of Government in the share capital and debentures of statutory corporations/Board, Government companies, joint stock companies and co-operatives at the end of 1966-67, 1967-68 and 1968-69 were Rs. 24.78 crores, Rs. 30.71 crores and Rs. 34.26 crores respectively. The dividend and interest received therefrom was Rs. 0.15 crore, Rs. 0.16 crore and Rs. 0.22 crore respectively. Further details are given in appendix I at page 118. The salient points noticed in Audit of some of these bodies are detailed in Chapter VII at pages 85 to 110.

(b) *Other investments*—By the end of 1968-69 Government also had invested Rs. 8.59 crores from balances of earmarked funds in (a) securities of Government of India (Rs. 1.46 crores), Government of Orissa (Rs. 0.55 crore) and ten other State Governments (Rs. 6.53 crores) and (b) debentures of Ahmedabad municipal corporation (Rs. 0.05 crore). Interest received therefrom during 1968-69 was Rs. 0.43 crore.

At the end of 1968-69 Rs. 0.99 crore were held in the cash balance investment account ; Rs. 3.99 lakhs were realised as interest during 1968-69 on these investments.

17. *Financial results of irrigation schemes*—At the end of March 1969 the capital invested in the three major and thirteen medium irrigation projects was Rs. 58.62 crores ; this comprised the following :

(a) Outlay of Rs. 38.04 crores on Mahanadi delta irrigation project (Rs. 29.44 crores) and on six medium irrigation projects (Rs. 8.60 crores) ; the financial results of these projects could not be worked out since information about the revenues earned by the projects was not made available by the department.

The total working expenses and the interest on capital invested on these projects in 1968-69 were Rs. 0.27 crore and Rs. 2.53 crores respectively.

(b) Outlay of Rs. 17.29 crores on two major and five medium irrigation projects which are under construction.

(c) Outlay of Rs. 3.29 crores on Orissa Canal Project and Rushikulya system on which the accumulated net deficit to end of March 1969 was Rs. 5.81 crores.

The working results of these two projects during 1968-69 and the preceding two years are given below :

	1966-67	1967-68	1968-69
	(In lakhs of rupees)		
Gross revenue ..	25.22	25.95	61.57
Working expenses ..	30.19	30.60	42.34
Net revenue before charging interest ..	-4.97	-4.65	+19.23
Interest on capital ..	10.86	10.86	10.86
Net revenue/loss after charging interest ..	-15.83	-15.51	+8.37

18. *Financial results of electricity schemes*—(a) With the formation of the Orissa State Electricity Board from March 1961 all completed transmission and distribution systems constructed by Government have been transferred to the Board. To the end of March 1969 Rs. 17.45 crores (provisional) representing the value of assets transferred to the Board have been treated as loan to the Board. This excludes the value of assets of the Hirakud generating station (valued provisionally at Rs. 17.24 crores) declared as transferred to the Board in January 1968. Pending receipt of detailed information about assets so transferred adjustment in accounts could not be made. The final allocation of assets and liabilities pertaining to these schemes/projects transferred to the Board upto March 1969 is yet to be made (November 1969). Recovery of Rs. 1.08 crores as interest upto March 1969 on the provisional value of the assets transferred and treated as loan to the Board was pending (November 1969). In addition to these assets, Government has given Rs. 6.90 crores as cash loans to the Board for financing power schemes.

(b) Capital expenditure incurred to the end of 1968-69 on the power projects retained by Government was Rs. 32.00 crores. This includes Rs 4.63 crores on Machkund Hydro-Electric (Joint) scheme undertaken in 1944 jointly with Government of Andhra Pradesh which is executing the project. Debits raised by Government of Andhra Pradesh for Rs. 74.83 lakhs representing Orissa's share of the capital expenditure during 1959-60 to 1968-69 have not yet been accepted by Government of Orissa as it is held that the expenditure on the project exceeded the estimated amount, the reasons whereof were not known and that the decision of Government of Andhra Pradesh to raise the height of Jalaput Dam was taken unilaterally and, therefore, Government of Orissa could not assume responsibility for financing any additional expenditure thereon.

The Talcher thermal scheme taken up in 1960-61 is under construction ; the total outlay to the end of 1968-69 was Rs. 27.40 crores.

GRANTS-IN-AID TO LOCAL BODIES AND OTHERS

19. In 1968-69 Rs. 18.25 crores were paid as grants-in-aid to non-Government bodies and institutions and individuals; this formed 16 per cent of Government's total expenditure on revenue account. Of that "Education" claimed Rs. 13.12 crores (72 per cent). The chief beneficiaries were the panchayat organisations which received Rs. 10.36 crores (59 per cent) for educational and other purposes.

Expenditure incurred out of the grants to municipalities, notified area committees, Universities, panchayat samitis, etc., is audited by the Examiner, Local Fund Accounts, who is under the State Government. Some of the more important points reported by the Examiner to Government during 1968-69 are mentioned in paragraph 117 at pages 112 to 113.

In 1968-69 Government paid Rs. 10.36 crores as grants to panchayat organisations as follows :

	Amount (Rupees in crores)
<i>Education Department—</i>	
Primary and secondary education	.. 7.83
<i>Community Development and Panchayati Raj Department—</i>	
(i) Rural development	.. 0.66
(ii) Community development	.. 1.10

	Amount (Rupees in crores)
<i>Co-operation and Forestry Department—</i>	
Share of profits from Kendu leaf trade ..	0.77
Total ..	10.36

In addition to the grants, Rs. 6.56 crores as shown below were paid by Government in 1968-69 as assistance to the panchayat organisations :

Expenditure on rural and community development ..	3.79
Expenditure on development of tribal areas ..	2.48
Payment of rates and cess on land ..	0.26
Share capital contribution to and expenditure for setting up rural industrial estates for panchayat samiti industries ..	0.03
Total ..	6.56

In addition, Rs. 0.25 lakh were paid as loans to panchayats and Rs. 0.58 lakh under the community development programme. Balances of those loans outstanding at the end of 1968-69 were Rs. 82.96 lakhs and Rs. 77.57 lakhs respectively.

OTHER TOPICS OF INTEREST

20. *Non-revision of schedule of rates of forest produce*—The schedule of rates for sale of forest produce to bonafide local inhabitants were fixed by Government on different dates between 1918 and 1947; according to the Chief Conservator of Forests (April 1968 and September 1969), these rates bear no relation to the present market rate which is approximately four times the existing schedule of rates. In 1959 the Forest Enquiry committee had suggested increase of the rate by 100 per cent. Accordingly, Government issued a revised schedule of rates (effective from July 1967). That revised schedule of rates, however, was held in abeyance by Government for further examination by the State Board of Forestry. The recommendation of the Board is awaited by Government (October 1969). Till the revised rates are brought into effect, there is recurring loss of revenue due to undervaluation of forest produce.

21. *Delay in issue of sanctions to continuance of temporary posts*—In paragraph 112 of the Audit Report 1967 mention was made of the delay in issue of sanction to continuance of temporary posts. In spite of the instructions issued by Government, the delay in issuing sanctions to continuance of temporary posts has been persisting year after year.

For temporary gazetted posts continued beyond 28th February 1969, delay in issuing further sanctions occurred in 3,522 cases as shown below which in turn resulted in delay in issue of pay slips by the Accountant General to enable the Gazetted officers to draw their pay :—

Delay	Number of posts
More than 4 months ..	106
More than 2 months but less than 4 months	1,522
More than 1 month but less than 2 months	1,894

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

22. *Summary*—The following table compares the expenditure during 1968-69 with the total voted grants and charged appropriations:

	Grant/ appropriation	Actual expenditure	Variation			
			Excess+	Saving—		
			Amount	Percentage		
(In crores of rupees)						
Voted—						
Original	..	161·52	194·65	174·05	—20·60	11
Supplementary	..	33·13				
Charged—						
Original	..	62·66	130·87	139·77	+8·90	7
Supplementary	..	68·21				
Total	..	325·52	313·82	—11·70	4	

The total saving of Rs. 11·70 crores was the net result of savings of Rs. 23·68 crores under fifty-two grants and twenty appropriations offset by excesses totalling Rs. 11·98 crores under eight grants and one appropriation.

23. *Supplementary grants/appropriations*—(a) *Voted grants*—During the year supplementary grants totalling Rs. 33·13 crores were obtained under forty-six grants (including one grant where a token vote was obtained) in July 1968 (Rs. 8·83 crores), December 1968 (Rs. 19·76 crores) and March 1969 (Rs. 4·54 crores).

It would be seen from appendix II (pages 119 to 120) that:—

(1) In twelve* grants supplementary provision (exceeding Rs. 1 lakh in each case) of Rs. 1,80·31 lakhs proved unnecessary as the expenditure did not come up even to the original grant. In all these cases, the department surrendered Rs. 4,34·27 lakhs in excess of the supplementary grant as surplus to requirements. During 1966-67 and 1967-68 also supplementary provision of Rs. 2,10·86 lakhs (in sixteen grants) and Rs. 5,89·50 lakhs (in fourteen grants) proved unnecessary.

(2) In six** grants supplementary provision proved excessive. In these cases Rs. 4,43·48 lakhs out of the total supplementary provision of Rs. 8,11·65 lakhs remained unutilised. In two of these cases supplementary grants of Rs. 1,47·86 lakhs were taken as late as March 1969.

(3) In six grants the supplementary provision proved inadequate. In these cases, while supplementary provision made was Rs. 71·98 lakhs, the actual expenditure exceeded the total provision (original and supplementary) by Rs. 64·74 lakhs.

(b) *Charged appropriations*:—Supplementary appropriation of Rs. 68·21 crores was made during the year under twenty appropriations.

* These grants are at serial nos. 5, 6, 8, 15, 17, 18, 19, 20, 21, 22, 23 and 24 of appendix II, pages 119 to 120.

** These grants are at serial nos. 1, 7, 13, 16, 25 and 27 of appendix II, pages 119 to 120.

24. (a) *Excess over voted grants*—Excess of Rs. 2,46.03 lakhs in the following eight voted grants requires to be regularised under Article 205 of the Constitution.

Sl. no.	Particulars of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
(1)	8—Stamps—			
	Original .. 4,49,400	5,08,700	5,27,404	18,704
	Supplementary .. 59,300			

Excess was mainly due to sale of more stamps during the year and consequential increase in commission charges on their sale.

(2)	10—Pensions—			
	Original .. 67,70,600	90,05,100	1,04,78,890	14,73,790
	Supplementary .. 22,34,500			

Excess was mainly due to finalisation of more pension cases (expenditure : Rs. 52.13 lakhs, provision : Rs. 40.00 lakhs) and cases of death-*cum*-retirement gratuities (expenditure : Rs. 38.17 lakhs, provision : Rs. 25.03 lakhs) towards close of the year. The excess was partly offset by less drawal of pension (Rs. 7.92 lakhs) and discontinuance of pensions to some political sufferers and non-finalisation of some other political pensions (Rs. 3.50 lakhs).

(3)	23—Public Health—			
	Original .. 3,21,15,700	3,49,96,000	3,53,30,734	3,34,734
	Supplementary .. 28,80,300			

The excess occurred mainly under national malaria eradication programme (expenditure : Rs. 1,21.98 lakhs, provision : Rs. 1,17.82 lakhs); reasons are awaited.

(4)	40—Community Development Projects—			
	Original	97,900	1,21,559	23,659
	Supplementary .. 97,900			

This grant accommodates the debits in the personal ledger accounts opened for community development projects. Orders were issued as early as August 1961 to close the personal ledger accounts and to refund the advance sanctioned at the time of opening those accounts.

The department obtained a supplementary grant of Rs. 0.98 lakh in March 1969 under "A.1-Community Development Projects—Central Stores—Suspense—Debit" to accommodate the debits upto February 1969 arising out of closure of the personal ledger accounts by four Block Development Officers. The expenditure, however, exceeded the provision by Rs. 0.24 lakh because another Block Development Officer withdrew this amount in March 1969 from his personal ledger account to refund the advance and close his personal ledger account.

(5)	44—Agricultural improvement and Research—			
	Original .. 12,23,000	12,93,000	40,55,306	27,62,306
	Supplementary .. 70,000			

Personal deposit accounts were opened in previous years for transactions relating to working of the three cold storages at Cuttack, Bhubaneswar and Similiguda. Budget provision is required to accommodate those transac-

tions. The Administrators of the personal deposit accounts withdrew Rs. 32.78 lakhs from the personal deposit accounts for meeting expenditure on working of the cold storages without budget provision. The excess was partly offset by non-utilisation of a part of provision made for construction of roads and buildings under agricultural improvement and research (Rs. 5.16 lakhs).

Sl. no.	Particulars of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
(6) 54—Capital outlay on Forests—				
	Original .. 4,13,45,300	4,13,45,300	5,94,63,932	1,81,18,632
	Supplementary			

Excess occurred mainly under "Other Miscellaneous Schemes—Trading in Kendu leaves—Suspense (Personal Deposits)—Debit" (expenditure: Rs. 5,77.52 lakhs, provision : Rs. 3,96.21 lakhs) which recorded transactions connected with Government trading in kendu leaves.

(7) 57—Capital expenditure relating to Animal Husbandry Department—

Original	}	..	11,093	11,093
Supplementary				

Excess occurred due to incurring expenditure on construction of buildings of the Animal Husbandry Department by the Rural Engineering Organisation without budget provision.

(8) 59—Capital expenditure relating to Health Department—

Original .. 20,00,000	}	38,56,200	57,16,677	18,60,477
Supplementary .. 18,56,200				

Excess occurred mainly under the heads for recording expenditure connected with materials and equipment received under T.C.A. programme for national malaria eradication programme (expenditure : Rs. 51.07 lakhs, provision : Rs. 34.17 lakhs) and for family planning (Rs. 2.52 lakhs where there was no provision).

(b) *Excess over charged appropriations*—The expenditure exceeded the following appropriation by Rs. 9,52.43 lakhs; the excess requires to be regularised :

Particulars of appropriation	Total appropriation Rs.	Expenditure Rs.	Excess Rs.
Floating Debt (Repayment)—			
Original .. 9,00,00,000	66,80,46,000	76,32,89,000	9,52,43,000
Supplementary .. 57,80,46,000			

Excess was the net result of excess of Rs. 10,41.43 lakhs representing repayment of overdraft obtained by Government from the Reserve Bank of India at the close of the year and saving of Rs. 89.00 lakhs in the provision made for repayment of ways and means advance obtained from the Reserve Bank of India. The excess was the result of heavy drawals during March 1969 after voting of the third supplementary grants by the Legislature.

25. *Unutilised provision*—

Voted grants.—(i) Appendix II, pages 119 to 120 shows that there were twenty-five grants in which more than ten per cent of the provision remained unutilised; in sixteen of these cases, the unutilised provision ranged from 20 to 93 per cent. In fourteen* of these cases provision in excess of ten per cent had remained unutilised in the preceding two years also.

(ii) Major cases of non-utilisation of provision for different classes of Government activity and reasons therefor are given below:—

	Total grant	Saving	
		Amount	Percentage

(In crores of rupees)

Expenditure met from Revenue—

(1) Social and Developmental Services—

Public Health ..	5.81	0.69	12
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The saving occurred under the head "Suspense—Gross Debit" mainly due to restrictions imposed by Government on purchase of materials and non-receipt of letter of credit authorising the Public Health Engineering divisions to incur expenditure.

Agriculture ..	6.53	1.68	26
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Saving occurred due to (i) post-budget reduced sanction as a measure of economy for (a) production of high yielding varieties of food-grains (Rs. 18.72 lakhs), (b) land reclamation and hiring of tractors (Rs. 10.46 lakhs), (c) experimental farms (Rs. 7.19 lakhs), (d) vegetable seed production (Rs. 7.07 lakhs), (e) plant protection (Rs. 6.91 lakhs), (f) intensive rice cultivation (Rs. 6.61 lakhs) and (g) other schemes (Rs. 20.34 lakhs); (ii) late appointment or non-appointment of staff for certain schemes (Rs. 29.31 lakhs), (iii) late sanction or non-sanction of (a) payment of subsidy to cultivators in distribution of seeds (Rs. 8.55 lakhs), (b) schemes of agricultural experiments and research and other schemes (Rs. 7.24 lakhs), (c) soil conservation demonstration in catchment areas of Hirakud and Machkund (Rs. 6.81 lakhs) and (d) demonstration of special varieties of paddy and wheat seeds in irrigated areas (Rs. 5.00 lakhs); (iv) less expenditure on some schemes (Rs. 14.49 lakhs) (reasons are awaited) and (v) non-execution of works of fishing harbour development owing to non-finalisation of plan and estimates of fish landing jetties (Rs. 5.00 lakhs).

Saving of Rs. 1.60 crores (29 per cent of the provision), Rs. 3.47 crores (42 per cent of the provision) and Rs. 3.18 crores (42 per cent of the provision) occurred under this service in 1965-66, 1966-67 and 1967-68 also.

Other heads ..	38.26	2.74	7
Total—Social and Developmental Services ..	50.60	5.11	10

* These grants are at serial nos. 2 to 8, 12, 13, 19, 20, 21, 23 and 24 of appendix II, pages 119 to 120.

	Total grant	Saving	
		Amount	Percentage
(In crores of rupees)			
(2) Multipurpose River Schemes, Irrigation and Electricity Schemes—			
Irrigation, Navigation, Embankment and Drainage works (non-commercial)	2.45	0.56	23

Saving occurred under the head "Embankment—Suspense—Gross Debit" mainly due to reduction of Plan ceiling of medium irrigation projects and slow progress of works.

Electricity schemes	5.19	1.32	25
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Saving was under Talcher thermal scheme mainly due to less cost of running and maintenance charges owing to operation of one unit for most of the time instead of three units.

Saving of Rs. 1.49 crores (40 per cent of the provision) occurred under this service in 1967-68 also.

Other heads	11.25	0.27	2
Total—Multipurpose River Schemes, Irrigation and Electricity schemes	18.89	2.15	11

(3) Public Works (including Roads) and Schemes of Miscellaneous Public Improvements—

Public Works	19.60	2.88	15
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Saving was mainly due to (i) less expenditure under "Suspense—P.W.D.—Debits" based on actual requirement (Rs. 1.32.11 lakhs), (ii) reduction of work load of the Rural Engineering organisation (Rs. 75.15 lakhs), (iii) non-selection of sites (Rs. 13.55 lakhs), (iv) curtailment of repair expenditure to find funds for the bridge work of Expressway project (Rs. 11.00 lakhs), (v) want of administrative approval (Rs. 9.29 lakhs), (vi) reduction of Plan ceiling (Rs. 6.33 lakhs), (vii) less expenditure on common establishment (Rs. 5.67 lakhs), (viii) non-completion of buildings (Rs. 2.74 lakhs), (ix) completion of works with less expenditure (Rs. 2.58 lakhs) and (x) non-receipt of Central assistance (Rs. 2.00 lakhs).

(4) Miscellaneous—

Miscellaneous	3.39	0.51	15
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Saving was mainly due to (i) non-purchase of an aeroplane (Rs. 16.68 lakhs), (ii) less expenditure on relief and rehabilitation of displaced persons from East Pakistan (Rs. 11.05 lakhs) owing to late sanction and non-sanction of expenditure, closure of some camps and dispersal of some families to Dandakaranya project, (iii) non-receipt of proposals for remission of loans (granted to displaced persons) from District Collectors (Rs. 9.28 lakhs), (iv) less grants to local bodies from the sale proceeds of kendu leaves due to less profits therefrom (Rs. 7.78 lakhs) and (v) less expenditure on establishment of Civil Supply department due to deputation of a large number of staff to the Food Corporation of India (Rs. 5.00 lakhs).

Other heads	16.09	1.89	12
Total—Miscellaneous	19.48	2.40	12
(5) Other services	21.38	0.29	1

	Total grant	Saving	
		Amount	Percentage

(In crores of rupees)

Expenditure outside the Revenue account—

(6) Multipurpose River Schemes, Irrigation and Electricity Schemes—

Multipurpose River schemes ..	13.33	2.41	18
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Saving was mainly due to less expenditure relating to Dam and Appurtenant works of Balimela dam project (Rs. 2,82.61 lakhs) owing to non-receipt of machines and equipment partly offset by more expenditure on Balimela Power Scheme—Generation (Rs. 39.54 lakhs), reasons for which are awaited.

Saving of Rs. 3.09 crores (27 per cent of the provision) occurred under this service in 1967-68 also.

Other heads ..	12.12	0.86 (excess)	
Total—Multipurpose River Schemes, Irrigation and Electricity Schemes	25.45	1.55	6

(7) Public Works (including Roads) and Schemes of Miscellaneous Public Improvements—

Public Works ..	4.68	1.12	24
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Saving was mainly due to (i) less expenditure on rental housing scheme (Rs. 52.87 lakhs) mainly due to reduction of Plan ceiling, receipt of less loan from the Life Insurance Corporation and slow progress of work, (ii) non-clearance of old suspense items of Expressway project (Rs. 16.89 lakhs) mainly owing to frequent transfer of staff and non-availability of old records, (iii) reduction of Plan ceiling for buildings of Medical department (Rs. 8.32 lakhs), (iv) want of administrative approval and slow progress of construction of buildings of Education department (Rs. 4.83 lakhs), (v) non-finalisation of details of buildings of Public Works department to be constructed (Rs. 2.18 lakhs) and (vi) less expenditure on buildings of Education department (Rs. 10.41 lakhs), Industries department (Rs. 3.75 lakhs), Medical department (Rs. 2.20 lakhs) and Police department (Rs. 2.66 lakhs) and on road development programme (Rs. 6.31 lakhs), reasons for which are awaited.

Other heads ..	0.27	0.16	59
Total—Public Works (including Roads) and Schemes of miscellaneous public improvements	4.95	1.28	26

(8) Miscellaneous—

Schemes of Government trading ..	19.66	1.83	9
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Saving was mainly under grain purchase scheme (Rs. 3,75.79 lakhs) due to post-budget decision to purchase less rice and wheat and non-payment of wheat supplied by the Food Corporation of India owing to late receipt of bills and non-receipt of acknowledgements from District Collectors partly offset by more transactions on trading in Kendu leaves (Rs. 1,81.31 lakhs) reasons for which are awaited.

Saving of Rs. 24.01 crores (47 per cent of the provision) occurred under this service in 1967-68 also.

Other heads ..	0.17	..	..
Total—Miscellaneous ..	19.83	1.83	9

	Total grant	Saving	
		Amount	Percentage
(9) Other accounts ..	6.91	1.22	18
(10) Loans and advances ..	7.56	1.89	25

(In crores of rupees)

Saving was mainly due to (i) non-utilisation of provision for loans to displaced persons from East Pakistan on account of dispersal of families from camps to Dandakaranya project (Rs. 44.23 lakhs), (ii) less sanction of loans to co-operatives as an economy measure and difficult ways and means position of Government (Rs. 35.63 lakhs); (iii) less sanction of loans to cultivators for (a) cyclone relief owing to reduction of ceiling by Government of India (Rs. 30.00 lakhs) and (b) intensive production of groundnuts (Rs. 5.10 lakhs); (iv) the cultivators not availing the loans sanctioned for drought relief (Rs. 20.90 lakhs) and other purposes (Rs. 4.50 lakhs); (v) non-sanction of loan to the Orissa State Electricity Board as Government of India did not provide assistance (Rs. 18.00 lakhs); (vi) non-sanction of loans to fishermen for purchase of fishing equipment (Rs. 5.00 lakhs); (vii) non-sanction of loans to pilot project for utilisation of rural man-power owing to delay in finalising formalities (Rs. 4.95 lakhs); (viii) post-budget reduced sanction of loans to grama panchayats owing to reduced plan ceiling and non-finalisation of formalities (Rs. 4.25 lakhs) and (ix) less disbursement of loans under the national loan scholarship scheme on account of non-execution of agreements by the selected persons (Rs. 4.13 lakhs.)

(iii) Some of the major schemes/items, provision for which remained wholly or substantially unutilised have been shown in sub-paragraph (ii) above. Some more cases where substantial provision remained unutilised are given below :

Grant number and description of the schemes/items	Provision (In lakhs of	Saving	
		Amount rupees)	Percentage
(1) 11—Expenditure relating to Education Department—			
L—Government Special Schools ..	54.75	22.19	41

Mainly abolition of elementary training schools during the years; reasons for abolition are awaited.

(2) 22—Medical and other expenditure relating to the Health Department—			
H. 4—Establishment of Primary Health Units (Plan—State Sector)	31.28	27.13	87

Reduction in Plan ceiling (Rs. 15.46 lakhs), construction of less number of primary health centres (Rs. 5.85 lakhs), curtailment of expenditure (Rs. 2.00 lakhs) with a view to making provision under "Grant no. 25" to complete the electrical and sanitary installations for the buildings of Berham-pur medical college and less expenditure (Rs. 3.82 lakhs) (reasons are awaited).

(3) 33—Co-operation and Marketing—			
K—Grants-in-aid (Plan—Central Sector) ..	50.22	21.75	43

Less grants sanctioned to co-operatives as the National Co-operative Development Corporation did not agree to give subsidy to consumers' co-operatives (Rs. 4.89 lakhs) (reasons for saving of Rs. 16.86 lakhs are awaited).

Grant number and description of the schemes/items	Provision (In lakhs)	Saving	
		Amount of rupees	Percentage
(4) 42—Compensation for abolition of Zamindari system and other expenditure relating to the Revenue Department—			
A—Payment of Compensation to land holders, etc., on the abolition of Zamindari system—Compensation	40·00	11·37	28

Non-finalisation of compensation cases owing to dearth of officers in compensation courts of two districts and difficulties in observing other procedural formalities.

Saving of Rs. 25·79 lakhs (57 per cent of the provision) occurred in 1967-68 also.

(5) 47—Capital expenditure relating to Public Health and Urban Development Department

B—Grants-in-aid—Municipal Water-supply and Drainage Scheme	63·00	29·84	47
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Reduction of Plan ceiling (Rs. 23·40 lakhs) and unanticipated credits to works owing to transfer of materials to other works (Rs. 6·44 lakhs).

(6) 56—Capital expenditure relating to Planning and Co-ordination Department.

A. 1—Irrigation Works in charge of Chief Engineer, Rural Engineering Organisation (Plan—State Sector).	81·00	31·32	39
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Mainly reduction in Plan ceiling.

CONTROL OVER EXPENDITURE

26. The object of control over expenditure in this context is to secure as close an approximation as possible between actual expenditure and the final grant/appropriation under each sub-head of grant/appropriation. This is secured by :—

- (i) sanctioning re-appropriation of funds from sub-heads where saving is anticipated to other sub-heads within the grant/appropriation where there is need for additional funds,
- (ii) obtaining supplementary grants/appropriations, where necessary,
- (iii) surrender of surplus funds under a sub-head as soon as saving can be foreseen, and
- (iv) taking 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, actual expenditure should approximate closely to the final modified provision, i. e., the original provision as modified by supplementary provision, re-appropriation and surrender.

27. *Surrender of surplus funds*—(a) Although the rules require that unutilised amounts should be surrendered as soon as the possibility of saving is envisaged, Rs. 17·25 crores out of Rs. 17·45 crores surrendered during the year were surrendered only in March 1969.

(b) In four * grants, out of the unutilised provision of Rs. 9·68 crores, Rs. 3·61 crores were not surrendered.

* These grants are at serial nos. 3, 6, 9 and 22 of appendix II, pages 119 to 120.

(c) In two grants (grant no. "23-Public Health" and grant no. "44-Agricultural improvement and Research") Rs. 0.67 lakh were surrendered although the final expenditure exceeded the provision by Rs. 30.97 lakhs.

28. *New service*—According to the rules of Government the following constitute "new service" :

- (i) substantial alteration in the character of an existing facility;
- (ii) substantial increase in the expenditure on recognised service e.g. substantial increase in the provision of supplies and services, grants-in-aid etc., provision for any new recurring grant exceeding Rs. 15,000 and non-recurring grant exceeding Rs. 50,000;
- (iii) purchase of new machinery, plant, etc. if the expenditure exceeds Rs. 50,000;
- (iv) increase in the cadre of a service or the number of posts of a particular kind either permanently or temporarily, except creation of any isolated non-gazetted post which does not form part of a wider scheme. Temporary additions to cadres purely for temporary work expected to last only a few months would be a "new service" if the expenditure exceeds Rs. 1 lakh.

Vote of legislature or pending that advance from the Contingency Fund is required to be obtained before expenditure can be incurred on a "new service".

In the following cases Rs. 7.05 lakhs were spent during 1968-69 without obtaining specific vote of the Legislature or advance from the Contingency Fund though the expenditure constituted "new service" (funds for the expenditure were provided by reappropriation which was not permissible) :—

Department	Expenditure	Additional expenditure incurred (Rs. in lakhs)
Education	Purchase of laboratory equipment, furniture and fittings for Government Arts Colleges (expenditure : Rs. 11.35 lakhs, provision : Rs. 5.56 lakhs).	5.79
Commerce	Payment for purchase of display types of machines by Orissa Government Press (expenditure : Rs. 2.21 lakhs; provision : Rs. 0.95 lakhs) (Rs. 1.84 lakhs were drawn on 29th March 1969 for making part payment towards cost of lino composing and slug machines for which no provision was made in the budget).	1.26

29. *Delay in submission of monthly accounts by Public Works Divisions*—According to the rules, the monthly accounts of the Public Works Divisional Officer is due to reach the Accountant General not later than 10th of the succeeding month. During 1968-69 out of 122 Public Works Divisions, ten divisions on an average delayed submission of accounts each month

and the delay ranged from 6 to 146 days. Consequently, ninety monthly accounts received very late from forty-seven divisions had to be excluded from the consolidated accounts of the month to which they relate and thus the consolidated State Civil Accounts could not depict the correct position each month.

Persistent delay not only affects the closing of monthly accounts and communication of actuals to controlling officers by the due date but also renders reconciliation of departmental figures with those booked by the Accountant General difficult.

30. Withdrawal of funds in advance of requirements—(a) In some cases funds were drawn when not required for immediate disbursement and were retained beyond the financial year. Certain illustrative cases where the amounts drawn in each case exceeded Rs. 1 lakh are given in appendix III, page 121.

(b) Bank drafts for Rs. 8.47 lakhs drawn in March 1969 were retained in the next financial year. Departmentwise analysis is given below :—

Department	Number of cases	Amount (Rs. in lakhs)
Irrigation and Power—		
Irrigation	7	3.80
Power	1	4.47
Works and Transport—		
Works	6	0.20
Total	14	8.47

31. Retention of heavy cash balances—In paragraph 30 of the Audit Report, 1969 mention was made of large cash balances with departmental officers on 31st March 1967 not required for immediate disbursement. Similar instances of retention of heavy cash balances amounting to Rs. 15.84 lakhs by eleven departmental officers on 31st March 1968 have come to notice; in four cases, the amount exceeded Rs. 1 lakh each as given in appendix IV page 122.

CHAPTER III

CIVIL DEPARTMENTS

AGRICULTURE DEPARTMENT

32. *Cold storages*—For promoting production of potatoes by supply of improved seed potatoes by adequate storage and extending the period of availability of potatoes by offering storage facilities, construction of new cold storages in the State was taken up from 1962-63. Upto March 1968 Rs. 54.58 lakhs were sanctioned for construction of six cold storages; against that Rs. 67.32 lakhs were spent upto the end of March 1969. Rs. 1.11 lakhs were also spent (upto March 1969) for improvement of the existing cold storage at Sambalpur against Rs. 1.48 lakhs sanctioned therefor.

Out of the six cold storages work on one storage (Sambalpur) is yet to be completed (May 1969). Five cold storages even though completed are not maintaining the required temperature. Appendix V, page 123 shows the sanctioned estimates, actual expenditure incurred, expected dates and actual dates of commissioning of the cold storages. According to the Director of Agriculture (November 1967), the cold storages were defective and were not maintaining the required temperature and the Lift Irrigation and Rural Engineering Organisations entrusted with construction of the storages did not provide the minimum technical supervision necessary for their construction. He also pointed out to Government in December 1967 that an eminent firm had constructed a 40,000 maunds capacity cold storage for storing potatoes for Rs. 8.86 lakhs including staff quarters, etc., whereas Government cold storage constructed would cost about Rs. 15 lakhs each and that even with the high cost not a single cold storage was functioning properly. He also pointed out that because of the high capital cost, the resultant depreciation and interest charges would be high and so the storage charges to be recovered also would be high which would result in the Government cold storages being not able to compete with the private cold storages. He suggested a technical enquiry into the constructions already made; no action was taken on the suggestion.

Certain points noticed in connection with construction of the cold storages are mentioned below :—

(a) *Bhubaneswar cold storage plant*—The cold storage was sanctioned for Rs. 4.10 lakhs as a 30,000 maunds capacity plant to be commissioned from January 1964; tenders were invited in March 1963 for supply and installation of machines of that capacity. Firm 'B' offered machines with 35 ton capacity "Kirloskar" compressor to maintain temperatures between 36° F and 38° F for Rs. 3.26 lakhs (inclusive of excise duty), as an alternative two small compressors with total capacity of 41.8 tons were also offered. Firm 'A' offered machines with two "Kirloskar" compressors having total capacity of 41.8 tons to maintain temperature between 38° F and 40° F for Rs. 4.09 lakhs (excluding excise duty). The offer of firm 'A' was accepted on the ground that with it it would be possible to increase the capacity of the cold storage to 40,000 maunds; the alternative offer of firm 'B' was not considered. The following additional expenditure was incurred :—

- (1) Rs. 0.55 lakh of Central excise duty paid to firm 'A';

- (2) Rs. 1.15 lakhs for substantial repairs and modifications undertaken during 1965-66 as the storage was not maintaining steady temperature and to bring down the temperature to 36°F-38°F; and
- (3) Rs. 0.76 lakh for extra freon gas used during 1966 to 1968 to replace the gas which had leaked out of the system (of that, Rs. 0.29 lakh are yet to be paid).

The department noticed in May 1965 that the plant was incapable of maintaining the required temperature of 38° F. The same firm 'A' was entrusted with remodelling and rectification works to ensure temperature between 36° F and 38° F; Government sanctioned Rs. 1.15 lakhs (this included cost of additional machines: Rs. 0.64 lakh) on the condition that steady temperature would be maintained. Rs. 0.29 lakh were also spent (without sanction of Government) in replenishing freon gas which had leaked out from the system (freon gas should flow through leak proof closed circuit). Full payment was made to the firm in March 1967 without ensuring maintenance of the required temperature. As the storage was not maintaining the required temperature, further freon gas purchased for Rs. 0.47 lakh was injected into the system in 1967-68 for replenishing the leakages.

In December 1967 and February 1968 the manufacturers of the machines inspected the plant to investigate the causes for the storage not maintaining temperature at the required level; they observed that the entire installations were defective and that the pipes used for the refrigerant were of inadequate specifications resulting in unequal distribution of refrigerant to different chambers requiring change of pipe lines. No action has so far been taken to rectify the defects (December 1969).

Even though the storage was not maintaining the temperature, it was used to store potatoes; utilisation of the storage ranged between 62 to 79 per cent of the capacity (40,000 maunds) during 1965 to 1968. Against the normal limits of shrinkage and rottage of 16 per cent the actual shrinkage and rottage were 19 per cent in 1966 and 31 per cent in 1967. The loss on this account over the normal percentage was Rs. 2.89 lakhs.

Iron materials purchased for Rs. 0.32 lakh between July 1964 and January 1965 for fabrication of racks for the storage remain unutilised (November 1969).

Pro forma accounts prescribed by Government in December 1965 to show the financial results have not so far been prepared (December 1969).

(b) *Kaurmunda cold storage plant*—This cold storage was sanctioned in January 1965 as 40,000 maunds capacity plant to be commissioned from July 1965. Construction was entrusted to the Rural Engineering Organisation. Quotations were called for in October 1964 from seven selected firms for supply and installation of machines by June 1965. A lower quotation of firm 'C' for Rs. 4.58 lakhs (inclusive of all taxes and Central excise duty) which specified that its installation would maintain temperature of 36° F was rejected on the ground that the capacity of the compressor offered was 'inadequate and unsuitable'. (Firm 'C' clarified subsequently that the

compressor offered by it had 58 ton capacity.) The offer of firm 'A' (same firm which supplied machines for Bhubaneswar plant) for machines (maintaining temperature of 38° F) for Rs. 5.14 lakhs later reduced to Rs. 5.04 lakhs (excluding taxes and duties) was accepted. Rs. 5.40 lakhs were paid to the firm inclusive of taxes and duties which included additional machines and equipment for bringing down the temperature from 38° F to 36° F.

The cold storage was commissioned from February 1967. It worked from February to November 1967 and did not function thereafter as there was leakage of gas from the system and temperature could not be controlled. Twenty-six per cent of the potatoes stored during that period were damaged; loss on that account was Rs. 1.20 lakhs. In February 1969 the storage was repaired through another firm for Rs. 0.29 lakh. Potatoes were again stored in April 1969 but the plant went out of order within ten days of its commencement of working; loss of potatoes on this occasion was Rs. 0.10 lakh. The cold storage has not been repaired so far (September 1969).

In paragraph 34 of Audit Report 1969 mention was made of arrears in recovery of loans paid for increasing potato and vegetable cultivation. Depending on the Kaurmunda cold storage plant for storage facilities, more area round about this place was brought under potato and vegetable cultivation during 1966-67. Consequent on non-functioning of the cold storage the area of cultivation was reduced (by 47 per cent) from 453 acres in 1966-67 to 242 acres in 1968-69. The seeds received from the cultivators during 1967-68 in repayment of loans could not be stored and had to be sold at loss of Rs. 0.10 lakh. Recovery of loans in the form of seeds was not made in full for want of adequate storage facility; Rs. 1.82 lakhs became overdue for recovery by March 1969.

Electric energy charges for minimum guaranteed consumption between November 1967 and March 1969, when the cold storage did not work, were Rs. 1.23 lakhs.

(c) *Similiguda cold storage plant*—In March 1963 Government sanctioned (estimate : Rs. 12.83 lakhs) this cold storage to be commissioned from January 1965 as a 40,000 maunds capacity plant and entrusted construction to the Rural Engineering Organisation. In March 1967 that Organisation revised the estimate to Rs. 15.10 lakhs which is yet to be sanctioned by Government (October 1969). Expenditure on construction to the end of March 1969 was Rs. 14.65 lakhs.

In January 1964 supply of machinery and equipment and its installation was entrusted to firm 'D' for Rs. 5.25 lakhs. The plant did not function on account of defective workmanship. According to the Rural Engineering Organisation, the defects were removed and the storage was ready for use from April 1969. Agriculture department, however, noticed that the storage was not maintaining the required temperature and decided not to store any potatoes in it.

With the anticipation that the cold storage would provide facility for storage of potatoes, the loan scheme for potato and vegetable development was intensified in Koraput district from 1966-67. Owing to non-functioning of the cold storage the coverage of potato growing area fell short by 50 per cent. The following extra expenditure and loss were incurred by the department :—

	Amount (Rs. in lakhs)
(i) Charges for transportation of seed potatoes from other cold storages in the State for use in Koraput district between 1966-67 and 1968-69	0·18
(ii) Charges for transportation of seed potatoes received from cultivators in repayment of loans and transported from Koraput district to other cold storages in the State for storage between 1966-67 and 1968-69	0·45
(iii) Loss on disposal of seed potatoes in Koraput district at a price less than the procurement price in 1967-68 and 1968-69 for want of storage facility	0·52
(iv) Loss on shortages on account of shrinkage and rotting during transit to different cold storages and <i>vice versa</i> during 1966-67 to 1968-69	0·35
(v) Payment of storage charges to two co-operative cold storages during 1966-67 for storing 18,497 maunds of seed potatoes	1·47

In addition the following expenditure was incurred :—

(i) Maintenance staff of the cold storage during 1966-67 to 1968-69	0·52
(ii) Electric energy charges from May 1965 to February 1969	0·80

(d) *Parlakemidi cold storage plant*—In November 1965 Government (Community Development department) sanctioned establishment of a 20,000 maunds capacity cold storage plant at Parlakemidi at the estimated cost of Rs. 6·19 lakhs and entrusted construction to the Rural Engineering Organisation. Rs. 2·69 lakhs of the cost were paid by Government to the Organisation in 1965-66. The balance of Rs. 3·50 lakhs, which were to be paid by two tribal development blocks (at R. Udayagiri and Rayagada) from out of grants paid by Government, have not been paid by them. The administrative control of the cold storage was, therefore, transferred to the Agriculture department in 1967-68 and that department sanctioned the plant for Rs. 7·55 lakhs; the amount was deposited with the Rural Engineering Organisation in March 1968. Rs. 10·24 lakhs were thus with the Rural Engineering Organisation against the estimated cost of Rs. 7·55 lakhs; of that, Rs. 8·52 lakhs were spent upto the end of March 1969.

At the time of transfer of the administrative control of the storage, the Director of Agriculture and Food Production pointed out to Government that the cold storage would not be of any use as production and consumption of potatoes in that area was very small and that conversion of the storage to store oranges would increase the cost considerably.

Firm 'A' (referred to in item (a)) supplied and erected the machines for Rs. 2·28 lakhs. The cold storage was completed and handed over to the department in June 1968; the plant was not put to use. In April 1969 on trial run it went out of order which was stated to be due to leakage of freon gas and shortage of water; the plant has not been repaired so far (May 1969).

Even though the cold storage has not been used for storage purposes, electric energy charges of Rs. 0.37 lakh for minimum guaranteed consumption between September 1967 and February 1969 were due to be paid to the Orissa State Electricity Board (May 1969).

(e) *Cuttack cold storage plant*—In December 1965, Government sanctioned setting up of a second cold storage plant at Cuttack with a capacity of 40,000 maunds for Rs. 10.80 lakhs and entrusted construction to the Rural Engineering Organisation for completion by September 1966. Expenditure to the end of March 1969 was Rs. 11.88 lakhs. Firm 'E' supplied and erected the machines for the cold storage for Rs. 5.02 lakhs. The plant was actually commissioned in November 1968; the delay was stated to be due to delay in completion of the building and fixation of racks of the storage. The cold storage has not been put to use so far (May 1969) as the plant failed to maintain the required temperature (it was maintaining 45°F against the desired temperature of 35°F + 1°F) in spite of charging additional freon gas, refrigerant oil and removing moisture from the gas.

Racks of the cold storage were fixed by the Rural Engineering Organisation at a cost of Rs. 3.40 lakhs; the cost of fixation of racks in the Kaurmunda cold storage plant (40,000 maunds capacity) was Rs. 2.62 lakhs. For another similar cold storage (40,000 maunds capacity) at Bolangir, contract was entered into by the department with firm 'F' for installation of racks at Rs. 1.10 lakhs.

(f) *Sambalpur cold storage plant*—(i) Sambalpur cold storage with a storage capacity of 10,000 maunds was commissioned in April 1960. To have an additional load of 5,000 maunds for the cold storage an extension project was taken up in February 1963 for Rs. 1.48 lakhs. The Director of Lift Irrigation was entrusted with the work. He drew Rs. 1.48 lakhs in March 1963. Between 1965 and 1967 machines and equipment were purchased from firm 'G' for Rs. 0.73 lakh; that could not be installed as the department had furnished drawings for 8,000 maunds capacity in place of 5,000 maunds capacity, plan and estimates for Rs. 1.54 lakhs and revised drawings were furnished by the Executive Engineer, Lift Irrigation division, Sambalpur, to the Director of Lift Irrigation in June 1968. This was not sanctioned but the Agriculture department was requested to entrust installation to the Rural Engineering Organisation. The machines have not so far been installed. To the end of March 1967 Rs. 1.11 lakhs were spent on purchase of machines and equipment (Rs. 0.73 lakh) and materials (Rs. 0.38 lakh); of the unspent balance of Rs. 0.37 lakh, Rs. 0.30 lakh were refunded into the treasury in April 1967 leaving Rs. 0.07 lakh with the Lift Irrigation department. The work is yet to be completed (May 1969).

(ii) In March 1968 Government approved establishment of a second cold storage plant at Sambalpur with a storage capacity of 40,000 maunds (estimate: Rs. 9.86 lakhs) and sanctioned Rs. 3.60 lakhs (part of the expenditure). Rs. 3.60 lakhs were drawn in March 1968 and deposited with the Rural Engineering Organisation which was entrusted with construction of the cold storage. No progress has been made in construction (September 1969).

33. *Large sized mixed farm, Similiguda*—Setting up of a 2,235 mixed farm at Similiguda (Koraput district) was taken up in November 1963. The objectives in setting up the farm were to (i) work out the economics of mixed farming for holdings of more than 100 acres, (ii) study mechanised cultivation for different crops, (iii) supply vegetables, fruits, dairy products, etc., to the growing township of Sunabeda, (iv) supply improved seeds and planting materials, pedigree poultry and cattle to the surrounding villages and (v) take up extension work in surrounding villages for development of agriculture and animal husbandry. Capital invested (non-recurring expenditure) on the farm upto the end of the March 1969 (excluding Rs. 7.69 lakhs being the cost of 2,197 acres of Government land) was Rs. 54.51 lakhs (cost of 38 acres of private land, reclamation and fencing : Rs. 6.17 lakhs, machines : Rs. 6.12 lakhs, irrigation : Rs. 25.40 lakhs and buildings : Rs. 16.82 lakhs). The farm is intended to be run on commercial lines but *pro forma* accounts to show its financial results have not been prepared so far (December 1969).

The programme contemplated cultivation of 1,600 acres (orchards : 300 acres, vegetables : 300 acres and miscellaneous crops : 1,000 acres) at a cost of Rs. 600 per acre yielding a return of Rs. 1,500 per acre. The area cultivated, expenditure and receipts during the three years 1966-67, 1967-68 and 1968-69 are shown below :—

Year	Area cultivated (acre)	(A) Cost of cultivation		Receipts	Expenditure per acre	Receipts per acre
		(B) Cost of establishment				
		(Rupees in lakhs)				
1966-67	663	(A) : 2.59	}	1.56	798	235
		(B) : 2.70				
1967-68	821	(A) : 3.66	}	3.03	801	369
		(B) : 2.92				
1968-69	794	(A) : 3.23	}	1.88	765	237
		(B) : 2.85				
Total		17.95		6.47		

The excess of expenditure over receipts from 1963-64 to 1968-69 was Rs. 19.62 lakhs (recurring expenditure of Rs. 32.56 lakhs less receipts Rs. 12.94 lakhs). The farm authorities have attributed the shortfall in cultivation to inadequate availability of labour in the sowing season, while the shortfall in receipts was attributed to poor fertility of the soil, lack of irrigation facilities, failure of mechanisation of the farm and lack of supervision. Non-utilisation of available cultivable area and excessive staff were attributed as the main reasons for the increase in the cost per acre. The cattle unit envisaged in the scheme has not been established. The economics of mechanised cultivation have not been worked out and extension work in the surrounding villages for development of agriculture and animal husbandry practices has not been initiated.

The following points were also noticed :—

(a) *Irrigation*—(i) Kodigaon minor irrigation project (estimated cost : Rs. 15.00 lakhs) to provide irrigation to the farm from December 1965 was taken up by the Rural Engineering Organisation in January 1965 (administrative approval and technical sanction were accorded in June 1966 and August 1966). The estimate was revised to Rs. 27.52 lakhs in September 1968. The work is in progress (October 1969); the expenditure on the project upto March 1969 was Rs. 22.48 lakhs. The main dam and canal were completed in September 1968 and flow irrigation was expected to be provided to 382 acres during 1968-69; against that flow irrigation was provided for 64 acres only during 1968-69. The farm is situated on the left side of the project. The project was designed to provide flow irrigation and lift irrigation to 430 acres on the right side of the project also; the department proposed (in December 1968) to acquire land on the right side of the farm which did not materialise.

(ii) Rs. 4.06 lakhs were drawn by the Director of Lift Irrigation in 1964-65 (Rs. 1.71 lakhs) and Director of Agriculture and Food Production in 1967-68 (Rs. 2.35 lakhs) for making temporary and permanent water supply arrangements to the farm. At the end of March 1969 pumps and other materials for Rs. 1.71 lakhs had been purchased [see also item(c) (iii) following] and civil works for seven points (out of ten points) completed for Rs. 1.21 lakhs; the works have not been completed (October 1969). Out of the funds drawn during 1964-65 and 1967-68 unspent balance of Rs. 1.14 lakhs is still with the departmental officers (May 1969).

(b) *Poultry units*—A poultry unit was to be set up in the farm. According to the Poultry Development Officer (September 1969), the poultry unit was dropped and poultry breeding farm, Similiguda, was taken up in lieu thereof outside the purview of the mixed farm. Pending construction of buildings at Similiguda, the unit (to be situated at Similiguda) started functioning in February 1966 in the existing Koraput regional poultry farm. The Public works department completed the building at Similiguda in May 1967 at a cost of Rs. 1.68 lakhs. The buildings have not so far been taken over; the farm has not, therefore, been shifted from Koraput (October 1969). According to the Superintendent of the poultry farm, the farm could not be shifted to Similiguda due to non-completion of sanitary and electric installations and non-provision of drinking water facilities to the livestock and staff quarters. During 1965-66 to 1968-69 the total receipts from the unit were Rs. 0.23 lakh against recurring expenditure of Rs. 0.93 lakh. The shortfall in receipts was attributed by the Poultry Development Officer mainly to non-maintenance of full strength of layers (150 to 250 were maintained against 1,000).

(c) (i) Six power tillers, four power dusters, four power sprayers and four power threshers purchased in 1964-67 for Rs. 0.55 lakh were used three to eighty hours only in a year.

(ii) Equipment (such as, belt conveyor, grain threshing machine, seed cleaner and fuel tank) purchased in 1967-68 for Rs. 0.24 lakh have not been used mainly as there was no large scale production.

(iii) Eighteen pumps were purchased in 1964-66 for Rs. 1.08 lakhs. Of those, eight worked for 350 hours only in 1967-68 and nine worked for 208 hours only in 1968-69. The pumps were thus idle for most of the year; non-utilisation was attributed to the pumps having not been repaired for want of spare parts.

(d) *Other points*—(i) Out of the fencing materials of Rs. 0.65 lakh acquired during 1963-64 to 1965-66, materials worth Rs. 0.24 lakh were rendered surplus and are yet to be disposed of (October 1969).

(ii) 158 quintals of hybrid seeds produced during 1967-68 at a cost of Rs. 0.47 lakh remained unsold even after reduction of price to Rs. 0.16 lakh; the seeds were reported (October 1968) by the department to have "remained unsold and may have to be ultimately thrown to the compost pit".

34. *Intensive production of groundnuts*—To increase production of groundnuts by improved methods Government introduced a scheme in 1965-66 for supplying to intending cultivators groundnut seeds, fertilisers, pesticides, etc., the value thereof being treated as loan repayable (in kind) after harvest by supply of quality seeds at rates fixed by Government. In case of non-supply of seeds within one month of harvest, the cultivators are to repay the loan in cash with interest at 12½ per cent per annum.

The transactions relating to the scheme were accounted for in the Public Account. Even though separate accounts were maintained by the department about the extent of loans (distribution of seeds, fertilisers, pesticides, etc.) given to cultivators, the amounts were not transferred to the loan heads upto 1966-67. The loans paid during 1967-68 and 1968-69 and outstanding under the loan head at the end of March 1969 were Rs. 14.46 lakhs; according to the departmental figure, Rs. 5.15 lakhs were outstanding at the end of March 1969 on account of loans given during 1965-66 to 1968-69. Reconciliation between the two has not so far been done by the department (September 1969). The departmental records did not show the recoveries made from cultivators within one month of harvest (in the form of seeds). According to the department, recovery of Rs. 5.04 lakhs was overdue at the end of March 1969 (June 1969). Interest has not been charged in any case of default.

The area estimated to be brought under cultivation under the scheme and the area covered are shown below :

Year	Estimated area	Area covered	Percentage	Loans given (Rs. in lakhs)
	(in acres)			
1965-66	2,000	1,400	70	Not furnished
1966-67	10,000	4,850	48	
1967-68	15,600	8,420	54	8.25
1968-69	20,000	5,537	27	7.91

The shortfall in the area covered was attributed by the department to lack of supervision for want of adequate staff, delay in availability of funds for issue of loans and recession in market price.

The expenditure on establishment during the four years was Rs. 3.77 khs.

35. *Pesticides and agricultural implements.*—To protect crops from insects and pests and popularise improved agricultural implements, supply of pesticides and equipment to cultivators through departmental officers at subsidised rates was taken up in 1949. Rs. 1,62.55 lakhs were spent on purchase of pesticides and equipment upto the end of 1968-69. (From 1968-69 pesticides are purchased by the cultivators direct from private dealers.)

To the end of 1963-64 transactions of the scheme were accounted for in the Consolidated Fund. Between 1949-50 and 1963-64 pesticides and equipment worth Rs. 44.56 lakhs were purchased for being sold to the cultivators at 50 per cent subsidised rates. Gross value of sales to individual cultivators, subsidy allowed in each case, etc. could not be made available by the department and the value of unsold stock at the end of March 1964 could not be determined by the Director of Agriculture and Food Production. According to the department, by the end of 1963-64 Rs. 8.81 lakhs were recovered and the outstandings against the cultivators were Rs. 7.92 lakhs. Of that, the amounts recovered after March 1964 are not known to the department.

From April 1964 the transactions on purchase and sale of pesticides and equipment were accounted for under the Public Account and as such the transactions on this account are not included in the demands for grants placed before the Legislature; reason for the change has not been intimated. The irregularity was pointed out to Government in May 1967; no action has been taken so far (January 1970).

The following further points were noticed :—

(i) Between 1964-65 and 1968-69 Rs. 1,17.99 lakhs were spent on purchase of pesticides and equipment. According to the department, Rs. 1,08.49 lakhs worth of pesticides and equipment were supplied to zonal godowns, district agricultural officers and Community development blocks. Of that, Rs. 64.13 lakhs worth of pesticides remained unsold at the end of March 1969 with 233 blocks. How much of the pesticides (value : Rs. 44.36 lakhs) shown supplied to eighty-one blocks, district agricultural officers and zonal godowns were actually sold and whether the sale proceeds were recovered was not known to the department.

(ii) Rs. 11.26 lakhs worth of streptomycines (out of Rs. 12.77 lakhs purchased between December 1965 and January 1967) remained unsold with the department at the end of November 1968. The department apprehended that the pesticides had lost its efficiency due to long storage.

(iii) Between April 1966 and March 1969 agricultural equipment were purchased for Rs. 3.76 lakhs for sale to cultivators; of that, the unsold stock at the end of March 1969 was Rs. 1.91 lakhs. Out of the purchases made prior to April 1966, stock worth Rs. 0.16 lakh also remained unsold at the end of March 1969.

(iv) Pesticides worth Rs. 69.03 lakhs and equipment costing Rs. 27.24 lakhs were purchased in 1966-67 and 1967-68 alone which were more than half the total purchases made since the beginning (1949-50). Of that, pesticides worth Rs. 55.84 lakhs remained unused with district agricultural officers for twelve to twenty-four months (March 1969). Apparently the purchases were excessive.

36. *Banana sucker production centres*—In paragraph 51 of Audit Report 1966 mention was made of banana development scheme started in 1962-63 at Gambaripali farm for multiplication of disease-free quality banana suckers for supply to cultivators at nominal price and of the loss of Rs. 3.10 lakhs due to non-lifting of stocks by the indentors (Block and District Agricultural Officers) and lack of irrigation in the farm.

A crash programme for production of banana suckers in four Government farms at Gambaripali, Derras, Sakshigopal and Nakchi and their sale to intending banana growers to intensify banana cultivation in the State was started in March 1965. Against three lakh suckers to be produced in each year for which Rs.6.37 lakhs (recurring: Rs. 5.22 lakhs, non-recurring: Rs.1.15 lakhs) were sanctioned upto March 1969, Rs. 5.92 lakhs were spent (recurring: Rs.4.66 lakhs, non-recurring: Rs.1.26 lakhs). The area covered by plantation in each farm varied from 6 to 20 per cent. The actual production and distribution of suckers was 5 per cent of that anticipated in 1966-67 and 13 per cent in 1967-68 and 23 per cent in 1968-69. The shortfall was attributed to—

- (i) want of demand for suckers from banana growers;
- (ii) lack of marketing facility and
- (iii) poor soil condition in two farms.

The following other points were noticed:—

(i) There was loss of Rs.2.59 lakhs (upto March 1969) in the four centres as the recurring expenditure exceeded the receipts from the sale of suckers, banana products, etc. Government directed the Director of Agriculture in January 1969 to consider fixation of higher selling price for suckers so that there is no loss. Further action is awaited (January 1970).

(ii) 52,416 suckers out of the closing stock of 65,000 at the end of March 1968 in Gambaripali centre valued at Rs. 13,104 were reported by the Farm Superintendent to be too old and unfit for plantation due to lack of demand in time and he recommended its write-off. At the end of March 1969 46,000 suckers (value: Rs. 11,500) were left unsold.

(iii) In addition to the existing banana sucker production centre in Gambaripali farm, another centre under the crash programme was set up in the same farm. The Banana Development Officer reported to the department in 1966 that further plantation in the latter centre might be stopped and it might be shifted to any other farm where there would be demand. This was not considered by the department. This centre started under the crash programme incurred loss of Rs.0.66 lakh (included in item (i) above in addition to the loss of Rs.3.10 lakhs upto 1965 incurred on the existing centre).

(iv) In June 1965 the Fruit Development Officer purchased 6,625 tonnes of barbed wire for Rs.14,065 for fencing the production centres; of that, 3,325 tonnes were used for one farm; the balance of 3,300 tonnes costing Rs. 7,006 are lying unused at Bhubaneswar (October 1969).

37. *Rural dairy farms*—Establishment of two rural dairy farms at Kalyani (in Puri district) and Remuna (in Balasore district) was taken up in September 1963. The Kalyani farm started functioning from December 1964 and the Remuna farm from June 1966. Rs. 22.42 lakhs (recurring: Rs. 10.72 lakhs and non-recurring: Rs.11.70 lakhs) were spent upto the end of March 1969.

According to the decision of Government (July 1963), dairy schemes should run on profit or at least on no profit no loss basis. The working results of the two farms have not been ascertained. The excess of recurring expenditure (Rs.10.72 lakhs) over gross receipts and the stock of cattle feed of the two farms (Rs.5.33 lakhs) during 1963-64 to 1968-69 was Rs. 5.39 lakhs; this (loss) would further increase if the working results are prepared providing for interest on capital and depreciation on physical assets and livestock.

The following other points have been noticed:—

(i) Between December 1964 and February 1968 177 Haryana cows were purchased for Rs.1.60 lakhs. Tests made before each purchase showed that the daily yield of each cow was between 18 and 24 lbs. The daily average yield of the cows in the two farms during 1965-66 to 1968-69 was, however, 6 to 8 lbs. (per cow). The shortfall was attributed by the department to (i) change of climate and food, (ii) less food value in the farm feeds, (iii) exposure of cows to vagaries of weather due to non-availability of sheds and (iv) outbreak of disease.

(ii) Fodder cultivation was taken up in both the farms. The yield of "greens" and "grains" obtained from the cultivation was 14 per cent and 31 per cent of the estimated quantities. The shortfall was attributed to (i) sandy and unfertile soil, (ii) lack of irrigation and (iii) frequent destruction of crop by stray cattle.

(iii) For economic running of the farms the cows remaining dry and unfertile for considerable periods are required to be disposed of. Eleven cows in Kalyani farm became dry between June 1965 and January 1967 and remained unfertile thereafter; they were not disposed of (November 1969). The feeding charges for those cows for periods ranging from 2½ to 4½ years were Rs. 0.37 lakh.

(iv) Bull-calves reared in the farms have to be disposed of for stud purposes. Fourteen out of nineteen bull-calves which left lactation between June 1965 and October 1968 have not been disposed of (November 1969). The feeding charges of those bull-calves for periods ranging from 8 months to 4½ years were Rs.0.28 lakh.

38. *Piggery development*—A model scheme was formulated by Government of India in August 1958 for establishment of piggery breeding unit for upgrading local pigs and their distribution in piggery development blocks to fifty interested breeders at nominal price of Rs. 10 per pig and payment of subsidy of Rs.5 per month for maintenance of the distributed pigs during the first two years. Against this, the State Government decided in November 1959 that the piggery unit should supply 100 boars per year free of cost to the community development blocks for free distribution to villagers belonging to poorer class. Subsidy was raised to Rs. 20 per month during the first year and Rs. 10 per month during the second year. The piggery development unit was established in March 1960. Fifty boars in all were supplied by the unit during 1963-64 to 1968-69 against 900 to be supplied between 1960-61 and 1968-69; the shortfall in supply of boars was stated by the department (October 1969) to be due to lack of demand from the blocks. Expenditure incurred upto March 1969 was Rs.3.12 lakhs (livestock: Rs.0.07 lakh, building:

Rs.0.17 lakh, establishment: Rs.0.31 lakh and recurring contingencies: Rs.2.57 lakhs) against Rs.2.94 lakhs sanctioned by Government. Thus while the expenditure was 106 per cent of that sanctioned, actual distribution of boars was only 5.5 per cent of what should have been done; this was attributed by the department to heavy mortality (64 per cent) of the piglets and lack of demand and marketing facilities for the adult pigs.

Out of 1,213 piglets born in the unit, 778 (64 per cent) died (March 1969); the heavy mortality was attributed by the department to overcrowding, malnutrition, trampling, non-disposal of stock quickly, infections, etc.

Owing to lack of demand and marketing facilities a large number of adult pigs intended for distribution or disposal otherwise were maintained in the unit due to which Rs.1.11 lakhs were spent more on feeding charges upto March 1969.

39. *Equipment for intensive production, processing and marketing of marine fish*—In August 1966 certain boats, machines, equipment, etc. were purchased for intensive production, processing and marketing of marine fish. Expenditure incurred on the scheme to the end of March 1969 was Rs. 42.61 lakhs (recurring: Rs. 2.95 lakhs and non-recurring: Rs.39.66 lakhs). Following points have been noticed:—

(a) In January 1965 Government of India offered three refrigerated road vans (out of thirty to be imported from Hungary) for Rs.2.19 lakhs for being given to Orissa Fisheries Development Corporation (a company fully owned by Government). Consequent on devaluation of the rupee in June 1966 the cost of the vans increased to Rs.3.34 lakhs. Because of the increase in cost, the Corporation did not want to take the vans and the State Government informed Government of India in September 1966 that it wanted the order to be cancelled. However, on intimation by Government of India that "this is an obligation that will have to be honoured compulsorily according to the trade agreements" with Hungary State Government confirmed the order in January 1967 and the three vans were received in June 1967 at the total cost of Rs.6.78 lakhs inclusive of cost of spares, taxes, duties, etc. The vans were not given to Orissa Fisheries Development Corporation. Two vans were given to the Director of Fisheries in July 1967 and March 1968; those are lying unused owing to mechanical defects (June 1969). The third van was allotted to the Director of Agriculture in August 1967; that has also not been put to use (June 1969) as the van is too big to move in rural areas.

(b) Between April and July 1967 machinery and equipment for the ice plant-cum-cold storage for the fishing base at Chandipur (in Balasore district) was purchased for Rs.1.08 lakhs. Construction of the building for the plant commenced only in December 1967 and was completed in May 1968. The machinery and equipment have not been installed for want of power line to the building (June 1969).

(c) In December 1966 four torpedo marine diesel engines were received as aid from United Nations International Children Emergency Fund (cost has been estimated by the department as Rs.0.64 lakh) for utilisation in the scheme. According to the department, special 38 footer boats are required to be constructed for the engines to be installed; these have not been constructed (November 1969).

(d) In July 1968 the department placed orders on Orissa Fisheries Development Corporation for 700 Kgs. of nylon gill net to be supplied by the middle of August 1968; the rate of supply (per month) was not settled and was also not mentioned in the supply order. The Corporation did not supply the net and wanted time till November 1968. The order was not cancelled. As the department wanted the net by September 1968, quotations from other sources were also called for in August 1968. A firm in Gujarat offered (August 1968) to supply the net at Rs.58 per Kg. after three-four months from the date of order. In the meantime, the Corporation commenced supplies from October 1968 and supplied 40 Kgs. in October 1968 and 840 Kgs. in January and February 1969 at Rs.80 per Kg. and 80 Kgs. in March 1969 at Rs.85 per Kg. Computed with reference to the rate of the Gujarat firm, extra expenditure for supplies received during January-March 1969 was Rs.0.21 lakh.

(e) In September 1966 the Director of Fisheries placed orders for five boats each on a private firm and Orissa Boat Builders (a Government company) at Rs.0.19 lakh for each boat (excluding the cost of engines to be supplied by the department). The boats were to be delivered by January 1967.

Between January 1967 and February 1968 Rs.0.71 lakh were paid as advances to the private firm for the five boats. Five engines purchased for Rs.1.09 lakhs were delivered by the department to the firm in March 1967 (one engine) and November 1967 (four engines). Delivery of three boats was taken by the department (after inspection by the Mechanical Engineer) on 25th January 1969. On 30th January 1969 inspection by the Assistant Director of Fisheries disclosed that they were not seaworthy for fishing purposes. The defects have not so far been rectified. The remaining two boats have not been delivered (November 1969). No action has been taken against the firm for the delay in delivery. Two engines (value: Rs.0.42 lakh) are also with the firm.

Orissa Boat Builders delivered four boats in September 1967 and one boat in March 1969. No action was taken for the late delivery. Two of those boats were reported by the department to have been lost in the river bed in the cyclone of October 1967 and were not traceable; cost of the two boats including engines was Rs.0.88 lakh. The loss (including other equipment on board of the two boats) has not been assessed (November 1969).

40. *Purchase of boats for fisheries*—In response to tenders called for by the Director of Fisheries, firm 'A' quoted (in January 1966) Rs. 16,660 for a single boat and Rs. 15,749 per boat in case orders were placed for more than five boats at a time. On the ground that the tenderer was unwilling to build the boats at its quoted rates (due to increase in price of copper sheet consequent on devaluation of the rupee in June 1966), Government decided in July 1966 to find out the reasonable cost of construction of a boat and place orders with boat-builders by negotiation and directed the State Purchase Organisation to work out the cost. The State Purchase Organisation estimated the cost of each boat to be Rs. 18,907. Thereupon, Government directed the Director of Fisheries (August 1966) to place orders for fifteen boats with Orissa Fisheries Development Corporation (a company fully owned by Government) and for five boats each with Orissa Boat Builders (a Government company) and a private firm of boat-builders (firm 'B'). The Director of Fisheries accordingly placed orders in September 1966 for twenty-five boats with the three boat-builders with the condition that in the event of failure to deliver all the boats within four months suitable penalty was liable to be

imposed. A report to Government in September 1966 by the Director of Fisheries disclosed that the lowest tenderer (firm 'A') had after devaluation in June 1966 reiterated his January 1966 rates and he had not intimated his unwillingness to build the boats at his tendered rates. Orders for twenty-five boats more were also placed with the Orissa Fisheries Development Corporation upto February 1967 on the same terms.

Orissa Fisheries Development Corporation has not delivered so far (November 1969) any of the twenty-five boats and the private firm has yet to deliver two boats (August 1969). No penalty was levied for non-delivery of the boats in time. Computed with reference to the rate of the lowest tenderer, the extra expenditure on purchase of twenty-three boats so far received was Rs. 0.72 lakh.

The matter was reported to Government in October 1968; reply is awaited (January 1970).

INDUSTRIES DEPARTMENT

41. *Rehabilitation of displaced goldsmiths*—Consequent on enactment of the Gold Control Act 1962, rehabilitation of the displaced goldsmiths was taken up from December 1963. Rs. 1,12.48 lakhs (loan : Rs. 57.13 lakhs and rehabilitation expenditure : Rs. 55.35 lakhs) were spent upto the end of March 1969.

Claim for the following amounts which Government of India agreed to reimburse is still to be made by State Government:

Particulars	Years to which claims relate	Amount not claimed (Rs. in lakhs)
Stipend to children of displaced goldsmiths ..	1968-69	10.98
Subsidy, being the difference in rates of interest on loans charged to State Government by Government of India and that charged by State Government from the displaced goldsmiths	1965-66 to 1968-69	4.62
Pay, etc., of the Gold Control Officer and his headquarters staff	1963-64 to 1968-69	3.86
1½ per cent of total loans and grants as cost of administration of the Gold Control Act	1965-66 to 1968-69	1.63

The following points have been noticed :—

(i) Educational stipend was provided to children of displaced goldsmiths. The Director of Public Instruction paid the stipends during 1963-64 and 1964-65. This work was taken over by the Gold Control Organisation from 1965-66. According to the Director of Public Instruction, payment of stipends for Rs. 60,000 was in arrears at the end of March 1965. Between 1965-66 and 1968-69 Rs. 3.52 lakhs and Rs. 4.57 lakhs were paid by the Gold Control Officer as arrear stipends relating to 1963-64 and 1964-65 without ascertaining from the Director of Public Instruction the details of the arrears. Stipends for 1965-66 were paid without ascertaining the list of beneficiaries from the Director of Public Instruction. Of the stipends of Rs. 47.93 lakhs paid upto March 1969 acknowledgements were received from the stipendiaries for Rs. 7.64 lakhs only.

(ii) Loan assistance, on security, was admissible to displaced goldsmiths who had not obtained certificates to carry on goldsmithy profession or, in the alternative, they had to surrender the certificates, if obtained, within three months of availing of the loan; the loans paid were not to exceed three-fourths of the value of security offered by them. Personal security was to be accepted in deserving cases for loans upto Rs. 500 and in exceptional cases for loans exceeding Rs. 500. Rs. 61.00 lakhs were paid as loans by Government of India to State Government for being re-lent to the displaced goldsmiths for rehabilitation; of that, Rs. 37.45 lakhs were paid to 7,033 displaced goldsmiths upto March 1969. Rs. 34.63 lakhs were paid to 6,935 displaced goldsmiths (upto Rs. 500 in each case) and Rs. 2.82 lakhs to ninety-eight displaced goldsmiths (exceeding Rs. 500 in each case). In all those cases no security other than personal security was obtained; this was attributed to difficulties of the borrowers to get non-encumbrance certificates and valuation certificates. According to the information furnished by the department pertaining to Cuttack, Puri, Koraput and Kalahandi districts, loans were paid to persons who had obtained certificates to carry on profession of goldsmithy and in Cuttack and Puri districts none of the goldsmiths had surrendered the certificates, while in Koraput and Kalahandi districts only ninety-nine out of 641 goldsmiths had surrendered the certificates. The department also did not keep a watch over surrender of the certificates. A delegation of displaced goldsmiths pointed out to Government in April 1968 that loans for less than Rs. 500 did not serve the purpose of rehabilitation and were utilised by them in meeting day to day expenditure on maintenance.

The borrowers were to utilise the loans and furnish utilisation certificates to the department within six months; besides, they were to furnish quarterly progress reports showing the manner in which the loans were actually utilised. The loan ledgers were not maintained by the department. Utilisation certificates or progress reports about utilisation of loans paid were not obtained. Out of Rs. 5.78 lakhs paid as loans to 1,065 displaced goldsmiths in Cuttack district the department verified utilisation of Rs. 2.66 lakhs paid to 486 borrowers and noticed that Rs. 2.02 lakhs paid as loans to 396 borrowers were misutilised. According to departmental reports in Puri, Kalahandi and Koraput districts—

- (a) the department did not have any machinery to check up utilisation of all loans paid and
- (b) loans for Rs. 0.69 lakh advanced to 136 borrowers (in Kalahandi district) and Rs. 2.43 lakhs paid as loan to 460 borrowers (in Koraput district) were misutilised.

(iii) By March 1969 defaults in repayment of loans by individual displaced goldsmiths were Rs. 8.36 lakhs (principal: Rs. 5.51 lakhs and interest : Rs. 2.85 lakhs).

(iv) The scheme provided for giving loan to industrial co-operatives formed by displaced goldsmiths; persons having allied occupations such as, working on silver, stones or other business are not eligible for this assistance. No co-operative of displaced goldsmiths came into being but in July 1963 Government organised the Kalinga Co-operative Filigree Works, Cuttack, under this scheme to promote filigree works and thereby provided employment to goldsmiths (silver is the medium for filigree works). Government invested

Rs. 0.84 lakh in share capital (out of the total paid-up capital of Rs. 0.99 lakh) of the Filigree Works and also paid Rs. 18.84 lakhs as loan. There were 127 other individual share-holders and ninety-eight wage earners in the Works; information about how many of them were displaced goldsmiths has not been furnished by the department.

Loans given to the Filigree Works exceeded the maximum borrowing limit laid down in its bye-laws by Rs. 8.91 lakhs. Subsidy of Rs. 4.95 lakhs was also paid to it for various purposes. The financial results of its working to the end of June 1968 and June 1969 have not been worked out so far (October 1969). The following points have been noticed:—

(a) Finished goods worth Rs. 11.31 lakhs remained unsold at the end of June 1969.

(b) Twenty sales emporia were opened by the Works; the loss sustained by the emporia was Rs. 3.48 lakhs. Thirteen of those emporia were closed down by March 1969 as they were not self-supporting. Shortages of goods worth Rs. 0.59 lakh were noticed in eight of the closed emporia and were stated to be under investigation (August 1969). Furniture and fittings worth Rs. 1.78 lakhs received back from the closed emporia are yet to be disposed of (October 1969).

(c) Recovery of shortage of silver worth Rs. 0.15 lakh from sixty-nine *karigars* has not been made so far (August 1969).

(d) The Works has not repaid any of the instalments of loans or paid any interest to Government; the defaults in repayment at the end of March 1969 were Rs. 6.90 lakhs (principal: Rs. 5.40 lakhs and interest: Rs. 1.50 lakhs). In addition, penal interest of Rs. 1.20 lakhs has become payable for not repaying the instalments of loan in time.

42. *Rural industries project, Jajpur*:—In paragraph 34 of Audit Report 1967 mention was made of establishment of pilot projects for intensive development of rural industries which included development of small scale industries around Jajpur (Cuttack district) taken up during 1962-63.

Out of sixteen industrial and rice huller units taken up thirteen units were completed upto 1968-69 for Rs. 14.29 lakhs against the estimated cost of Rs. 7.80 lakhs. Rs. 8.38 lakhs have been spent on the remaining three units which are under construction (September 1969).

The financial results of the working of twelve out of the thirteen completed units (industrial co-operative societies) have not been worked out so far (September 1969). The carpentry unit, Binjharpur, for which financial results were worked out (investment: Rs. 1.30 lakhs) sustained loss of Rs. 0.25 lakh during its operation of four years upto March 1967; the loss was attributed mainly to mismanagement, poor out-turn, non-enforcement of job rates non-co-operative attitude of workers and lack of experience of the Panchayat Industries Officers in charge of the units. The unit stopped production in December 1968; Government decided in September 1969 to close down the unit and liquidate the society.

The sales at the twelve units during 1968-69 were between 10 to 32 per cent of the estimates; the shortfall in turn-over was attributed by the project officer mainly to (i) import of raw materials for all units from outside the project area, (ii) lack of power supply in time and (iii) smaller turn-over in the carpentry units owing to reduced constructional activities of Government.

The scheme contemplated operation of the units by industrial co-operative societies to be financed by grant of loan for building, machinery and working capital. To the end of March 1969 Rs. 12.66 lakhs were spent on setting up the units; of that, Rs. 1.09 lakhs only have been treated as loan to rice-huller units and the balance of Rs. 11.57 lakhs are yet to be converted as loans to the societies (November 1969). The cost of buildings (value has not been intimated by the department) constructed for the units is yet to be treated as loan to the societies (September 1969). Between 1965-66 and 1967-68 Rs. 5.49 lakhs were paid as loan to nine industrial co-operatives for purchase of machines and for providing working capital; the outstanding interest due from these societies at the end of September 1969 was Rs. 0.82 lakh.

The following further points were noticed.—

(i) The investment in Sunamukhi Umbrella unit, panikoili, included expenditure on building at Khannagar (Rs. 0.26 lakh) purchase of equipment (Rs. 0.02 lakh) and working capital (Rs. 2.50 lakhs); the working capital provided to the unit was over 700 per cent of that contemplated in the original scheme. The value of umbrellas remaining unsold and raw material (by June 1968) was Rs. 1.13 lakhs.

(ii) Against the installed capacity of crushing 865 quintals of mustard seeds, the oil expeller unit, Jajpur (investment: Rs. 3.07 lakhs) crushed only 205 quintals during 1967-68 (24 per cent) and 500 quintals (58 per cent) during 1968-69. The shortfall was attributed mainly to short supply of mustard seeds in the project area and serious marketing difficulties.

(iii) Machines, equipment, etc. costing Rs. 2.72 lakhs purchased for four units between August 1964 and December 1967 have not been installed so far (September 1969) on account of non-availability of power.

(iv) Asbestos cement sheets worth Rs. 0.10 lakh purchased during 1964-65 to 1966-67 for construction of the units were lying unutilised with the project officer (September 1969).

(v) Outstanding dues from Government departments and private parties for credit sales made by five of the units at the end of March 1969 were Rs. 1.53 lakhs.

HOME DEPARTMENT

43. *Utkal Bhawan, Calcutta*—(1) To provide accommodation to the dignitaries and officials of Government visiting or passing through Calcutta, a building was purchased in that city in August 1956 for Rs. 1.42 lakhs (this was named Utkal Bhawan). The value of the building assessed by the State Public Works department in consultation with the West Bengal Construction Board before its purchase was estimated to be Rs. 1.25 lakhs. Between August 1956 and March 1961 further Rs. 0.50 lakh were spent on special repairs. The department proposed in May 1962 that the building might be demolished

and a four-storeyed building constructed in its place. Government sanctioned Rs. 5.10 lakhs for this; the new building was to be completed by July 1966. In May 1964 Government hired another building, the old building was demolished and construction of the new building taken up from August 1964. Construction was completed of a six-storeyed building in November 1967 for Rs. 14.43 lakhs. The revised estimate of Rs. 13.00 lakhs for the six-storeyed building was sanctioned by Government in November 1967.

(2) The following other points have been noticed:—

(i) During May 1964 to March 1967 Rs. 1.08 lakhs were paid as rent (Rs. 1.05 lakhs at Rs. 3,000 per month) and brokerage charges (Rs. 3,000) for the rented building. Payment of rent was not covered by the usual fair rent certificate.

(ii) The ground floor of the new building was to be let out for shops fetching annual rent of Rs. 0.60 lakh. Even though construction was completed in November 1967, no part of the ground floor has been let out (January 1970).

Government stated in January 1970 that the ground floor is being used as store and to accommodate class IV employees of Utkal Bhawan and that one of the six floors was let out to officers of Electrical projects and Balimela dam project of the State Government from whom rent of Rs. 0.17 lakh was due upto October 1969.

(3) According to the report of the Efficiency Audit Organisation of State Government (March 1968)—

- (a) the average annual expenditure on maintenance of services during August 1956 to March 1967 was Rs. 0.27 lakh and the receipts were Rs. 0.05 lakh only;
- (b) cash book was not maintained since inception till March 1968;
- (c) cash shortage of Rs. 0.04 lakh was noticed during physical verification (March 1968);
- (d) visitor's book and stock ledgers were not maintained properly;
- (e) reservation and telephone charges (Rs. 0.05 lakh) were not realised during 1959-60 to 1967-68.

Government stated in January 1970 that steps have been initiated to bridge the gap between the expenditure on maintenance and corresponding receipts and that monthly returns were prescribed to be furnished by the Bhawan to Government.

44. *State Guest house, Bhubaneswar*—For providing residential accommodation and hospitality to State guests (free of cost) and to guests other than State guests (on payment basis) Government maintains a guest house at Bhubaneswar. During local audit of the accounts of the guest house conducted in August 1969 the following points were noticed:—

(i) According to rules, the rates of the food charges are to be reviewed periodically and revised from time to time to correspond to the price of commodities prevailing in the local market. The rates for the hospitality charges of the guest house last fixed in April 1964 have not been revised so far (October 1969).

(ii) The rules contemplate payment of service charges and other dues by the paying guests before their departure; the approximate charges for trunk telephone calls are to be paid before call is booked. No systematic procedure was followed by the guest house authorities for preferring claims against the guests. According to the Manager (October 1969), recovery of Rs. 0.54 lakh was due from the guests entertained between April 1964 and August 1969. Recovery of Rs. 0.09 lakh as charges of telephone trunk calls made by guests during November 1967 to August 1969 was also outstanding.

(iii) Rs. 1.24 lakhs paid as advance to the staff and officers of the guest house between November 1966 and August 1969 to make arrangements for reception of guests remained to be adjusted or recovered (October 1969). Of that, Rs. 0.71 lakh were outstanding for more than six months.

(iv) According to rules, funds required for expenditure have to be drawn from the treasury and the guest house receipts are to be remitted into the treasury. Out of Rs. 2.08 lakhs collected from guests between September 1968 and March 1969, only Rs. 1.47 lakhs were deposited into the treasury, the balance of Rs. 0.61 lakh have not been remitted to treasury so far (October 1969). The receipts of the guest house were stated to have been spent for meeting the day-to-day expenditure which is irregular.

45. *Community listening scheme*—In paragraph 28 of Audit Report 1963 mention was made of 1,157 community listening sets remaining unused at the end of March 1961. 3,500 more sets were purchased between 1961-62 and 1968-69 for Rs. 13.51 lakhs. Of 4,657 sets, 2,279 sets (value: Rs. 8.59 lakhs) remained with the department on 31st March 1969 (2,062 sets in the central store and 217 sets in nine districts). The large accumulation and low distribution were ascribed by the department to (i) less demand in under-developed areas and by Grama Panchayats and (ii) restricting supply of sets to cases recommended by the Block Development Officers.

The closing stock includes—

(a) 539 valve type dry battery operated sets (value: Rs. 1.44 lakhs) which were withdrawn from the community centres as the beneficiaries were unable to maintain those sets; according to the department (October 1969), they are to be disposed of being uneconomical for further maintenance.

(b) 1,740 new sets (value: Rs. 7.25 lakhs) purchased between 1965 and June 1968 (1,523 sets in central store and 217 sets in nine districts) remain to be issued.

Following further points were noticed:—

(i) According to information received by the department from nine out of thirteen districts, 1,713 sets out of 6,013 sets (including those issued prior to March 1961) issued to community centres remained unused at the end of March 1969 mainly due to inability of the beneficiaries to purchase batteries for the sets.

(ii) Between 1961-62 and 1968-69 seventy-two sets worth Rs. 0.20 lakh were found to have been either stolen, burnt, lost or damaged. Of that, Rs. 0.18 lakh representing the value of sixty-seven sets are yet to be written off (December 1969).

46. *Purchase of transistorised receiver sets*—To meet the immediate requirement of receiver sets for distribution under community listening scheme the Director of Public Relations placed orders for 200 transistorised receiver sets in March 1964 on Modern Electronics Ltd., Cuttack (a Government company with total share capital of Rs. 2.55 lakhs in which there were two private entrepreneurs contributing Rs. 0.10 lakh) subject to the condition that the receiver sets conform to the specifications laid down by Government of India. In May 1964 Rs. 0.73 lakh were paid to the company towards full value of the 200 receiver sets even before it commenced production of the sets ordered for. The company did not produce the type-approved-specification certificate from the All India Radio authorities. The Director of Public Relations cancelled the order in March 1966 and asked for refund of the amount paid to the company. The company stopped production in August 1967 and the management thereof was taken over by the Industries department in November 1967. The Industries Department proposed (May 1969) to refund Rs. 0.73 lakh by selling the accumulated finished goods and raw materials. One of the private entrepreneurs, as a share-holder of the company, went to court preventing disposal of the stocks; the case is *sub judice*. Rs. 0.73 lakh have not been refunded (September 1969).

47. *Police hospital, Rourkela*—For providing hospital facilities to police personnel at Rourkela, construction of a 40-bedded hospital was taken up in 1961-62 (estimate: Rs. 1.69 lakhs) and completed in July 1963 for Rs. 3.15 lakhs. The hospital started functioning from December 1965; Rs. 0.48 lakh were spent upto March 1969 on purchase of equipment (Rs. 0.23 lakh), furniture (Rs. 0.01 lakh) and medicines (Rs. 0.24 lakh). According to the Superintendent of Police, Rourkela (March 1968) the number of in-patients in the hospital did not exceed five at any time.

In April 1966 the Police department agreed that a portion of the building might be used for a 25-bedded civil hospital temporarily till the department made their own arrangement or till June 1969 at the latest and the remaining fifteen beds reserved for the police personnel. Pending construction of buildings for the civil hospital at Rourkela, the Health department proposed to transfer the civil hospital (at nearby Panposh) to the police hospital building at Rourkela from December 1967. In March 1968 equipment, etc. worth Rs. 0.27 lakh was purchased by the Civil Surgeon, Sundergarh. The Police department, however, did not ultimately spare the building and on grounds of acute shortage of accommodation at Rourkela, used it as police barrack for accommodating fifty constables. The new buildings for civil hospital at Rourkela have also not been constructed and the equipment purchased for the proposed civil hospital is lying unutilised (September 1969).

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

URBAN DEVELOPMENT DEPARTMENT

48. *Slum clearance*—In paragraph 29 of Audit Report 1965 mention was made of the progress of work and other points noticed in execution of the scheme to the end of 1963-64. The Central Government bore 75 per cent of expenditure (37.5 per cent as grants and 37.5 per cent as loan) upto 1966-67; since 1967-68 the assistance has been raised to 87.5 per cent (50 per cent loan and 37.5 per cent grant). The scheme is executed through local bodies on 37.5 per cent loan *cum* 62.5 per cent subsidy upto 1966-67 and thereafter on 50 per cent loan and 50 per cent subsidy.

Assistance received from Government of India during 1964-65 to 1968-69 and the amount paid to the local bodies during that period is given below:—

	Central assistance	Disbursement to local bodies
	(In lakhs of rupees)	
Loans	6.57	7.75
Grants	6.25	18.43

During the eleven year period ending 1967-68 Rs. 48.57 lakhs (loan: Rs. 15.82 lakhs and grant: Rs. 32.75 lakhs) were paid to various local bodies for construction of 1,192 tenements. To the end of March 1969 596 tenements were completed, work on 262 tenements was stated to be in progress and construction of the remaining 334 tenements had not been taken up at all.

The overdue instalments of principal and interest recoverable from the local bodies to the end of March 1969 were Rs. 1.28 lakhs (principal: Rs. 0.43 lakh and interest: Rs. 0.85 lakh).

Utilisation certificates for Rs. 30.08 lakhs—grants (Rs. 21.97 lakhs) and loans (Rs. 8.11 lakhs) paid to the end of March 1968 (including those paid prior to 1963-64) have not been received from the local bodies so far (October 1969).

The following other points were noticed in execution of the scheme:—

	Loan-cum/grant		Remarks
	Year of payment	Amount (Rs. lakhs)	
Bharat Sevak Samaj ..	1962-63 to 1964-65	4.13	The Samaj was entitled to a loan to start construction of tenements. After the work proceeded grant was to be paid. The department paid Rs. 4.13 lakhs as grant (and not any loan) for construction of 200 tenements. According to the department, the value of work done by the Samaj for construction of eighty-eight tenements taken up by it was Rs. 3.30 lakhs and the balance of Rs. 0.83 lakhs was diverted to other activities of its own; sixteen out of the eighty-eight tenements are yet to be completed (March 1969). Unspent balance is yet to be recovered (October 1969). Utilisation certificates for the grant have not been obtained from the Samaj so far (October 1969).
Cuttack municipality	1959-60	3.83	The assistance was for one hundred and sixteen tenements; the municipality took up construction of eighty-four costlier type of tenements. Twelve more were stated to be still under construction.
Berhampur municipality	1959-60 1958-59 to 1959-60	1.91 1.01	The terms and conditions of the loan have not been finalised so far (October 1969) resulting in non-recovery of the loan and interest.

	Loans-cum/or grant		Remarks
	Year of payment	Amount (Rs. lakhs)	
Bhubaneswar notified area committee	1958-59	0.99	Unspent balance of Rs. 0.13 lakh earmarked for cost of land was not refunded even though the tenements were constructed on Government land (October 1969).
Khurda notified area committee	1964-65 to 1967-68	1.07	No expenditure has been incurred so far (June 1969) as the site being Government land was stated to have not been transferred by Government to the committee.
Koraput notified area committee	1963-64 to 1967-68	0.69	
Puri, Bhawanipatna, Baripada, Bargarh, Jeypore municipalities and Jajpur notified area committee	1965-66	2.65	Grants were paid prior to payments of loan contrary to the stipulation in the scheme. The assistance was for construction of eighty-four tenements of which forty-two were stated to be under construction and construction of the remaining tenements is yet to be taken up (October 1969).
Balasore municipality	1960-61 to 1962-63	0.66	The assistance was for construction of twenty small roomed tenements at Rs. 3,200 each. The municipality constructed ten tenements with better facilities at Rs. 6,900 each without obtaining approval from the department.
	1963-64 to 1967-68	0.69	The assistance was for construction of eighteen double-storeyed tenements at Rs. 5,350 each. The municipality undertook the work at a cost of Rs. 5,900 each; the work is yet to be completed (October 1969).
Rourkela notified area committee	1961-62 to 1963-64	1.39	The assistance was for construction of thirty-six tenements. The committee was reported to have completed twenty-four tenements and the work of the remaining twelve tenements have not been taken up for want of funds (March 1969).

49. *Master plans*—Under the Orissa Town Planning and Improvement Trust Act 1956 preparation of master plans for the cities and towns of Orissa and initiation of improvement schemes within the framework of the master plans was taken up from 1957-58. Rs. 27.53 lakhs were spent on preparation of master plans to the end of March 1969.

Between 1957-58 and 1960-61 Rs. 2.94 lakhs were spent mostly on establishment of the Town Planning Organisation. According to the department (January 1969), preparation of master plans of nine towns was taken up upto March 1964 but sufficient headway could not be made due to shortage of technical personnel.

Government of India agreed in May 1962 to provide cent per cent Central assistance for preparation of master plans of nineteen towns (including eight of the nine towns taken up earlier); work on this started from 1963-64 (estimated cost: Rs. 22.21 lakhs). Government decided to prepare master plans of some more towns and entrusted this work also to the Town Planning Organisation for ten towns between 1963-64 and 1965-66 and four towns in 1967-68. Government of India has not so far agreed to provide assistance for preparation of those fourteen additional master plans (October 1969). For preparation of the master plans for the thirty-three towns, Rs. 18.46 lakhs were spent on the unit offices and Rs. 6.13 lakhs on the headquarters organisation upto March 1969. The expenditure incurred on preparation of master plans for fourteen additional towns which has not so far been approved by Government of India for providing Central assistance has not been worked out by the department separately. To the end of June 1969 out of thirty-three master plans draft master plans were completed for sixteen and the comprehensive detailed layout plans were finalised for three more towns. The slow progress was stated to be due to lack of technical personnel and absence of comprehensive data for preparation of master plans.

50. *Small scale industries for rehabilitation of displaced persons*—Setting up of small scale industries at Sunabeda and Theruvali (in Koraput district) for rehabilitating displaced persons from East Pakistan was taken up in 1964-65. The loans paid by Government of India for the purpose were relented by State Government to the Orissa Agro and Small Industries Corporation (a Government company). The Corporation was to provide half the working capital of each of the industrial units, the other half being paid by Government of India as loan in addition to the entire capital cost. Between September 1964 and March 1965 Government of India paid Rs. 25.55 lakhs to State Government as loan with the specific condition that it would not undertake any responsibility for any loss on the scheme. State Government relented the entire amount (capital cost : Rs. 16.86 lakhs and half of working capital : Rs. 8.69 lakhs) to the Corporation in March 1965 for setting up seventeen industrial units; the Corporation commenced work on setting up units in 1965-66. Funds were thus paid to the Corporation in advance of requirement. At the end of March 1968 thirteen units which were set up (with an investment of Rs. 25.33 lakhs) went into production, three units in which Rs. 0.90 lakh were invested have not been completed and the remaining one has not been taken up (September 1969). Of Rs. 26.23 lakhs spent by the Corporation, Rs. 9.54 lakhs were on capital cost and Rs. 16.69 lakhs on working capital. The Corporation provided its share of working capital mainly out of the funds given to it towards capital cost.

Up to the end of March 1968 the thirteen completed units incurred loss of Rs. 1.95 lakhs. The utilised capacity of twelve of those units ranged between 8 to 73 per cent. The underutilisation was attributed to (i) want of works for execution, (ii) lack of marketing facilities, (iii) non-availability of raw materials, (iv) frequent breakdown of machines, (v) poor out-turn due to unskilled labour and (vi) non-availability of working capital.

Even though sufficient number of displaced persons were available for employment in the industrial units, those employed in the completed units ranged between 32 and 44 per cent of the employment potential. The shortfall in employment was attributed mainly to the displaced persons preferring cash doles and subsidised ration to the wages to be earned by them for work in the units.

Consequent on the loss incurred by the units, the General Manager reviewed (November 1968) the working of the units and recommended to Government in January 1969 immediate closure of eight uneconomic units. In April 1969 State Government recommended to Government of India that six units (including the three incomplete units) for which Rs. 9.03 lakhs were paid as loan to the Corporation be closed; the total expenditure on those six units was Rs. 2.77 lakhs. Final decision is awaited (January 1970).

The following further points were noticed :—

(i) The expenditure on the three incomplete units comprises that on machines and equipment (Rs. 0.65 lakh), building (Rs. 0.15 lakh) and other expenditure (Rs. 0.10 lakh). Construction of the building was stopped in November 1967 as the Corporation experienced difficulties in procuring orders for the units; the machines and equipment have not, therefore, been installed and utilised (January 1970).

(ii) The agreement executed by the Corporation for the loan envisaged payment of interest on the loan at 5 per cent per annum during the moratorium period of five years upto March 1970; interest so payable on the loans to the extent of its utilisation was to be paid to the Corporation as subsidy for running the industrial units. Interest of Rs. 5.11 lakhs to the end of March 1969 has not been paid by the Corporation so far (January 1970). Of the interest due to Government, (Rs. 5.11 lakhs), the Corporation was entitled to subsidy of Rs. 3.20 lakhs on the loans utilised by it to the end of 1967-68.

(iii) The accounts of the Corporation show that arrears in collection of sale proceeds and for work done by six units on 31st March 1968 were Rs. 41.19 lakhs. Of that, Rs. 38.61 lakhs were on account of the carpentry unit at Sunabeda, 75 per cent of which was stated to be in arrear due to non-finalisation of rates for certain items of work done.

(iv) In order to run the industrial units the Corporation took possession of thirteen rehabilitation tenements constructed by Government; rent of Rs. 0.56 lakh to the end of May 1969 is yet to be paid by the Corporation (January 1970).

51. *Construction of tenements in transit-cum-rehabilitation camp, Tumdei—* For rehabilitating displaced persons in the transit-cum-rehabilitation camp, Tumdei (in Sambalpur district), 1,000 tenements were constructed between October 1964 and January 1965 for Rs. 15.51 lakhs. Upto March 1965 732 displaced families arrived in the camp. 323 displaced families only remained in those tenements; fifty-eight families were sent to another camp at Sunabeda (in Koraput district) and the remaining 351 families either left or were permitted to leave the camp. The camp was finally closed in July 1968 and all the 323 families were sent to Dandakaranya project and the Sunabeda camp.

Between May and December 1968 sixty-three tenements were given for use by two departments—twenty-three tenements and to Orissa Mining Corporation (a Government owned company)—forty tenements in five blocks at the provisional rent of Rs. 100 per block. Final rent has not been fixed; the company vacated the tenements in June 1969.

614 tenements constructed for Rs. 9.52 lakhs were not utilised (December 1969).

Government stated in December 1969 that the tenements would be sold to the Orissa Industrial Development Corporation (a Company fully owned by Government) for which negotiation were started failing which they would be sold by auction.

COMMUNITY DEVELOPMENT AND PANCHAYATI RAJ DEPARTMENT

52. *Panchayat cold storages*—In April 1965 Government sanctioned establishment of cold storages at Keonjhar and G. Udayagiri each having capacity to store 40,000 maunds of potatoes and entrusted their construction to the Rural Engineering Organisation. The panchayat samitis near about these places deposited Rs. 18.81 lakhs during 1964-65 to 1968-69 with the Rural Engineering Organisation out of grants paid by Government for construction of the cold storages.

(a) *Keonjhar cold storage*—In June 1968 the Cold Storage Co-ordination Committee of Government decided not to construct this cold storage as there was less potato cultivation in the area. In October 1968 the Collector, Keonjhar, proposed establishment of the cold storage with reduced capacity of 10,000 to 20,000 maunds and that was also recommended by the Rural Engineering Organisation in February 1969. The Registrar, Co-operative societies intimated to Audit in October 1969 that he had suggested to Government to drop the project as there was no potato growing area in the vicinity. Final decision of Government is awaited (October 1969).

The following points have been noticed:—

(i) Between December 1965 and February 1968 machinery was purchased for Rs. 1.39 lakhs; they are lying unused (October 1969).

(ii) In September 1966 Rs. 2.00 lakhs were paid as advance to Orissa Agro and Small Industries Corporation (a Government company) for supply of racks. The supply has not so far been made and the advance is remaining outstanding (October 1969).

(iii) Rs. 4.70 lakhs out of the amount deposited with the Rural Engineering Organisation is remaining unutilised (October 1969).

(b) *G. Udayagiri cold storage*—Construction of this cold storage was taken up in January 1966. Rs. 11.10 lakhs were spent upto the end of March 1969. The Cold Storage Co-ordination Committee of State Government noticed in June 1968 that the location of the cold storage was wrong and pending investigation decided to stop further work. The Registrar of Co-operative Societies who investigated (January 1969) stated that the main problems for the plant was non-availability of electric power in the area and that the availability of seed potatoes and other vegetables for storage was of the order of only 20,000 maunds. Construction has not been resumed so far (October 1969).

The following other points have been noticed:—

(i) Machinery were purchased for Rs. 5.09 lakhs during 1965-66 and 1966-67. They remained unused as the building has not been completed.

(ii) In September 1966 Rs. 2.00 lakhs were paid to a private firm for fabrication of racks for the cold storage. Even though the racks were stated to have been fabricated by the firm their delivery has not been taken so far (August 1969).

53. *Unutilised buildings of egg and poultry production units*—Under the applied nutrition programme three poultry units with twenty-four sub-units were established during 1960-61 to 1966-67 at Basta and Soro in Balasore district and Baripada in Mayurbhanj district. Of those, four sub-units did not function at all. Rs. 0.99 lakh were spent on construction of buildings for the units and sub-units. All the units and the sub-units were closed between August 1967 and July 1968. All the buildings (excepting one at Baripada) are lying unused (August 1969); eight are stated (May 1969) to have either collapsed or are on the verge of collapse while all the other buildings require repair.

REVENUE DEPARTMENT

54. *Resettlement of landless agricultural labourers*—For utilising Government waste lands for agricultural purposes resettlement of landless agricultural labourers was taken up in 1963-64. During 1963-64 and 1964-65 1,685 acres of land were reclaimed incurring expenditure of Rs. 1.86 lakhs. Between April 1965 and May 1969 fifty-six families of landless agricultural labourers were settled on 331 acres of reclaimed land. Further 340 acres of reclaimed land allotted to sixty-eight more families remained unoccupied (August 1969). The remaining 1,014 acres were not allotted and remain unutilised. Cost of reclamation of the 1,354 acres of land which remain unutilised (August 1969) was Rs. 1.51 lakhs. The non-utilisation was attributed by the department to (i) non-reclamation of land to make them fully suitable for cultivation, (ii) unwillingness of the selected families to settle on lands allotted to them and (iii) absence of detailed procedure for distribution of land.

The following other points have been noticed :—

(i) 115 acres of land in Jakhpura (Cuttack district) were reclaimed in November 1964 at a cost of Rs. 0.15 lakh; the families selected for the purpose, however, did not settle on those lands. Further Rs. 0.16 lakh were spent during 1968-69 for reclaiming the land again. The land is stated to be still not suitable for cultivation as it has not been fully reclaimed (August 1969).

(ii) In 1966-67 595 acres of land were reclaimed in G. Udayagiri tahasil at a cost of Rs. 0.42 lakh. According to the Tahasildar, G. Udayagiri (July 1969), the reclaimed land was utilised by local people (and not allotted to any landless agricultural labourers) and the area has to be surveyed and the rights and liabilities of Government and local people on the land reclaimed properly demarcated for the success of the scheme.

(iii) According to the scheme in operation during 1963-64 and 1964-65, the cost of reclamation is borne by Government and the reclaimed lands are allotted to landless agricultural labourers with resettlement subsidy of Rs. 375 and loan of Rs. 125 for each beneficiary. The amounts drawn from the treasury for payment of resettlement subsidy and disbursement of loans, the amounts disbursed, amounts refunded and the amounts retained are given below :—

	Amount drawn	Amount disbursed	Amount refunded	Balance
	(In lakhs of rupees)			
Subsidy ..	2.16	0.27	0.51	1.38
Loan ..	0.77	—0.09	0.17	0.51
Total ..	2.93	0.36	0.68	1.89

Rs. 1.89 lakhs retained by the Departmental officers have not so far been refunded (August 1969).

TRANSPORT DEPARTMENT

55. *Maintenance of aircraft*—In March 1954 a six-seater "Beachcraft" was purchased for Rs. 2.20 lakhs mainly to provide quick transport to high dignitaries. Between 1963-64 and 1968-69 the aircraft did a total flight of 1149 hours (on Government duty:734 hours, for private parties : 82 hours and ferry and test flights : 333 hours); expenditure incurred on maintenance of the aircraft during that period was Rs. 15.62 lakhs.

The following table gives the actual operational cost per flying hour during the six-year period ending 1968-69 (the cost does not take into account interest on capital and depreciation of the aircraft):—

Year	Hours of flight	Maintenance charges (Rs. in lakhs)	Operational cost per hour of flight Rs.
1963-64	220	2.90	1,318
1964-65	353	4.01	1,133
1965-66	236	1.67	707
1966-67	126	1.30	1,030
1967-68	45	2.91	6,461
1968-69	169	2.83	1,669

The direct operational cost of the aircraft worked out by Government in October 1958 was Rs. 350 per flying hour. However, the rate fixed at that time for recovery for private use of the aircraft was Rs. 185 per flying hour plus Rs. 50 per day as detention charges; this was revised in June 1965 to Rs. 300 per flying hour plus Rs. 100 as detention charges per day. The rates of recovery for private flights have not been further revised so far (October 1969).

Out of 1,149 hours of flight done by the aircraft between April 1963 and March 1969, 312 hours (27 per cent) were for ferry (empty) flights; the operational cost on such flights was over Rs. 4.00 lakhs (excluding interest on capital and depreciation of the aircraft).

According to an agreement entered into by Government with Indian Airlines Corporation, the loss sustained by the latter in running a service between Dum Dum (Calcutta) and Bhubaneswar was to be borne by Government for five years from October 1962. Between October 1962 and March 1965 Rs. 5.92 lakhs were claimed by that Corporation as reimbursement of the loss in passenger traffic; of that, Rs. 2.21 lakhs claimed for 1964-65 have not so far (October 1969) been paid. Out of Rs. 5.92 lakhs claimed by the Corporation, Rs. 1.13 lakhs (of which Rs. 0.63 lakh have yet to be paid) were for I. A. C. flights on 75 days for not having full load when the State aircraft also plied between Calcutta and Bhubaneswar. The cost of operating the State aircraft on those 75 days was Rs. 1.56 lakhs.

No separate stock account of spare parts of the aircraft was maintained nor physical verification of stock conducted periodically.

56. *Loans to Orissa State Road Transport Corporation*—For taking over the management of existing State Transport Services and the Orissa Road Transport Company the Orissa State Road Transport Corporation was established (under the Road Transport Corporation Act 1950) in February 1967. To meet immediate expenditure, Rs. 60,000 were paid as loan to the Corporation between March 1967 and March 1968 with the condition that it would ultimately be adjusted as Government's share capital in the Corporation. The Corporation did no work and was wound up in June 1968 on the ground of "tight financial position" of State Government and "other disadvantages". The Corporation spent the loan towards preliminary expenses, salary, travelling expenses and contingencies. There is no prospect of Government recovering the amount.

CO-OPERATION AND FORESTRY DEPARTMENT

57. *Agmark Emporium*—A departmental agmark emporium for procuring agmark oils, etc. and selling them was started at Rourkela in a hired building in April 1962. Between April 1962 and December 1966 purchases and sales were Rs. 16,000 and Rs. 19,000. The emporium was closed in January 1967 "as the demand was not upto expectation"; during that period the emporium incurred loss of Rs. 23,000. *Pro forma* accounts were not maintained.

The initial working capital (Rs. 3,000) drawn from the treasury was deposited in the District Co-operative Bank. Sale proceeds were credited and cost of purchases met from the bank account. The transactions of the departmental undertaking were not budgeted for and accounted in the Consolidated Fund and thus escaped legislative control.

LABOUR, EMPLOYMENT AND HOUSING DEPARTMENT

58. *Rental housing scheme*—Rental housing scheme for providing residential accommodation to low paid Government employees was taken up in 1959-60. Upto March 1968 construction of 4,344 residential houses for Rs. 4,04.15 lakhs was sanctioned. Rs. 4,65.70 lakhs were obtained as loans from the Life Insurance Corporation of India repayable in twenty to twenty-five years and of that, Rs. 4,55.46 lakhs were spent upto 1967-68; construction of 2,354 houses has been completed and that of 1,990 houses was in progress at the end of March 1968. The delay was attributed to non-selection of sites and delayed commencement of water-supply and sanitary installations, while the increase in cost was due to increase in cost of labour and materials after the works were sanctioned.

Government had ordered in March 1960 that the capital and revenue accounts of the project should be kept but they have not been prepared. Financial stock-taking of the project has also not been undertaken (December 1969).

The following points were noticed—

(i) Interest on loans is charged by the Life Insurance Corporation from the date of the cheque ; the Corporation issues post-dated cheques to cover postal transit, etc. Due to delay in obtaining payment of the cheques (8 to 17 days) Government paid Rs. 0.31 lakh as interest on the loans before cash was actually obtained.

(ii) In August 1961 Government sanctioned construction of 500 residential houses for Rs. 33.05 lakhs when Rs. 10.10 lakhs were available from the loans given earlier by the Corporation and further Rs. 50 lakhs were received from it in 1961-62. Rs. 17.13 lakhs were left unspent at the end of March 1962. Construction of ninety-six residential houses only was taken up in October-November 1961 and completed in April 1963 and August 1963 for Rs. 5.17 lakhs (average cost per house : Rs. 5,386). Construction of another 136 houses of the same type was taken up in February-March 1963 and completed in March 1964 for Rs. 9.89 lakhs (average cost per house : Rs. 7,271). The delay in taking up construction of 136 houses resulted in extra expenditure of Rs. 2.56 lakhs. Construction of the remaining 268 residential houses has not been taken up (October 1969).

(iii) Construction of forty houses at Bhubaneswar was entrusted in April 1962 to contractor 'A' for Rs. 1.41 lakhs to be completed by October 1962 ; no agreement was executed. Construction of only thirty-two houses was taken up in April 1962 and in April 1963 the contractor gave up construction before completing them. The value of work done was Rs. 1.12 lakhs; of that, Rs. 0.65 lakh were paid in March 1963 and balance has not so far been paid (October 1969). In May 1964 the incomplete portion of the work was entrusted to contractor 'B' for Rs. 0.47 lakh ; final bill of contractor 'B' (Rs. 40,497) has not so far been paid (October 1969). The balance of eight houses were constructed between April and October 1963 through another contractor 'C' for Rs. 0.39 lakh. The expenditure on forty houses was thus Rs. 1.98 lakhs against Rs. 1.41 lakhs agreed to by contractor 'A'. Due to non-execution of agreement with contractor 'A', the extra expenditure of Rs. 0.57 lakh could not be recovered from him.

(iv) For speedy execution, tenders for construction of one hundred residential houses at Bhubaneswar were obtained at the same time (September 1965) in three blocks of forty, thirty-six and twenty-four houses. The works were entrusted to three contractors in February 1966, to be completed by August 1966. The rates agreed to were Rs. 7,846, Rs. 6,157 and Rs. 7,880 per house for labour charges only (i.e., excluding the cost of materials). The houses were completed in November 1967, i.e., after a delay of over one year. The extra expenditure on sixty-four houses which were constructed at higher cost compared with the lowest rate for the block of thirty-six houses were Rs. 1.09 lakhs.

(v) Due to delay in allotment of completed houses by 6 to 13 months loss of rent was Rs. 0.25 lakh.

CULTURAL AFFAIRS DEPARTMENT

59. *Publication of Sarala Mahabharata*—Government decided in November 1959 to edit, print and publish the Mahabharata written by late Sudramuni Sarala Das by August 1960. Even though the editorial board of one chief editor and five pundits was constituted from November 1959, the detailed scheme was prepared only in August 1960 contemplating publication of 5,000 copies in sixteen volumes by June 1962 at a cost of Rs. 1.45 lakhs (editorial staff : Rs. 0.40 lakh, printing : Rs. 0.95 lakh and binding : Rs. 0.10 lakh). Editing has not been completed so far (August 1969). Printing was taken up from September 1962 as and when editing was done ; 2,704 pages out of 8,266 pages edited are yet to be printed (August 1969). Rs. 2.42 lakhs were spent on editorial staff (Rs. 1.76 lakhs) and printing (Rs. 0.66 lakh) upto March 1969.

The following points have also been noticed :—

(i) The economics of the scheme taking into account the sale of the publication was not considered by the department before the scheme was taken up.

(ii) 43 per cent of the printing work (3,536 pages) was entrusted to Sarada Press, Berhampur, in August 1962. Three volumes of the publication (1,568 pages) were to be delivered by December 1962. As paper was not supplied for the printing, the press was directed to deliver the copies by August 1963. Printing was done by August 1964 and binding was held up for want of cover pages to be printed and supplied by Government Press. The printed pages (78.40 lakhs) were stored by the department in the State Library at Bhubaneswar. The department noticed in November 1967 that the printed pages were damaged ; sampling of the damaged materials made by the department in July 1968 showed that 2.78 lakhs printed pages were eaten away by white ants. The department assessed (December 1968) that reprint of the damaged pages of two volumes would cost Rs. 15,000 (excluding the cost of paper required for reprint). Printing of the balance 1,968 pages is yet to be taken up by the press (October 1969).

(iii) Printing and binding work was also entrusted to seven other private presses in January and March 1966 with stipulation to complete printing and binding within five months. Of the 4,730 pages entrusted to them for printing, 1,374 pages are yet to be printed (August 1969). An evaluation of the progress made by the department in September 1968 showed that the printing work was in an "uncertain stage" and "pitiable condition" and storing of the printed pages was not very good.

(iv) At the time printing was entrusted to the private presses, 25 paise per copy was agreed to be paid for ordinary binding for each copy consisting of 75 formats of eight pages each. Printing was accordingly done in formats of eight pages. In August 1966 the department decided on "juice binding" as ordinary binding might be torn out and lead to public criticism. In March 1967 quotations were called for "juice binding" and the lowest rates of 25 paise for formats of sixteen pages and 49 paise for formats of eight pages were accepted. As printing was done in formats of eight pages, the higher rate of 49 paise per book had to be paid for binding. The extra liability for the binding work for the 5,000 copies of all the 16 volumes would be Rs. 19,200. The matter was reported to Government in January 1969 ; reply is awaited (December 1969).

EDUCATION DEPARTMENT

60. *Alleged misappropriation*—During test check (conducted in July 1968) of the account of the Inspector of Schools, Cuttack, misappropriations of Rs. 56,300 between March 1964 and June 1968 were noticed as follows:—

(a) amounts drawn from the treasury accounted less in the cash book (Rs. 52,000),

(b) undisbursed scholarships refunded by schools not accounted in cash book (Rs. 2,000) and

(c) disbursements of scholarships for which proof of payment could not be shown (Rs. 2,300).

Most of the entries in the cash book had not been attested by the head of the office (required under the financial rules). The head clerk of the Inspectorate was suspended in July 1968.

The case was reported to Government in August 1968 for investigation and detailed check of the accounts. The departmental checking undertaken between November 1968 and April 1969 showed further defalcation of Rs. 51,100 between April 1965 and August 1968.

Government stated in December 1969 that the Director of Public Instruction was instructed to make over the case to the police and to conduct internal check of accounts further from April 1960 to March 1965; action taken is awaited (January 1970).

HEALTH AND FAMILY PLANNING DEPARTMENT

61. *Family Planning*—During 1966-67 to 1968-69 Rs. 3,22.02 lakhs (recurring : Rs. 2,61.82 lakhs and non-recurring: Rs. 60.20 lakhs) were spent on the family planning programme.

The annual expenditure and the number of sterilisations and I. U. C. D. insertions during the three years ending March 1969 are shown below:—

	1966-67	1967-68	1968-69
	(In lakhs of rupees)		
(i) Expenditure—			
(a) Recurring	47.08	92.10	1,22.64
(b) Non-recurring	25.40	18.62	16.18
(ii) Number of sterilisation, etc.			
	(Number of cases)		
(a) Sterilisations	79,089	88,012	70,839
(b) I. U. C. D. insertions	12,374	39,233	35,860
(c) Distribution of conventional contraceptives	1.01 lakhs	5.90 lakhs	9.89 lakhs

During 1967-68 and 1968-69 the actual distribution of conventional contraceptives ranged between 6 and 18 per cent of what the department considered to be necessary for effective implementation of the programme.

The shortfall was attributed by the department to (i) lack of frequent and proper supervision and guidance by the district supervisory staff, (ii) lack of active interest by a number of medical officers in charge of the family planning centres, (iii) insignificant achievement by the mobile units, (iv) incomplete survey of eligible couples and (v) lack of systematic, intensive and sustained activities.

The following further points were noticed:—

(i) In August 1967 Government of India extended assistance to the States for payment of remuneration (for each additional insertion/sterilisation to medical officers, employed whole-time on family planning programme, for the excess over the minimum performance of 150 I. U. C. D. insertions or thirty sterilisation operations or a combination of both (treating one operation as equal to five insertions) in a month. In reply to a letter from Audit, Government of India also confirmed in February 1968 that the remuneration to the doctors should be only for additional cases of I. U. C. D. insertions/sterilisation operations over and above the minimum performance limit prescribed in August 1967. In June 1968 Audit conveyed to State Government this confirmation by the Government of India. Only in January 1969 did State Government intimate to the District Family Planning Medical Officers that the remuneration is payable only for the excess over the prescribed minimum. Between September 1967 and February 1969 the Medical Officers and the staff were paid remuneration without applying the minimum performance limit; the extra expenditure on that account in eight out of thirteen districts was Rs. 0.44 lakh.

(ii) In January 1969 the Joint Director of Health Services authorised the District Family Planning Medical officers to purchase equipment (like, *samiana*, *durri*, tent, tarpaulin, petromax lights) worth Rs. 6 lakhs for 231 rural family planning centres; sanction of Government required for such purchase was not obtained. Different district officers purchased the equipment at different rates. Computed with reference to the lowest rates at which purchases were made by some district officers, Rs. 0.33 lakh were spent more due to purchase of equipment (mainly *samianas* and tents) at higher rates.

(iii) The following grants were paid to family planning clinics of voluntary organisations and local bodies:—

		Number of institutions	Amount (Rs. in lakhs)
1967-68	..	18	2.73
1968-69	..	15	1.86

Each of those family planning clinics was to show the following minimum performance in each year:—

- (i) 200 sterilisation operations or 400 I. U. C. D. insertions or a combination of both (treating one operation as equal to two insertions) and
- (ii) distribute contraceptives to 300 persons (continuous users every year).

Only six institutions attained the minimum performance during 1967-68 and four during 1968-69. Other institutions did not achieve the prescribed minimum performance; of those seven institutions to which Rs. 1.06 lakhs were paid as grant during 1967-68 and five institutions to which Rs. 0.45 lakh were paid during 1968-69 did not achieve even 25 per cent of the prescribed minimum performance in any of the two years.

62. *Alleged misappropriation*—Two personal ledger accounts are maintained for the S. C. B. Medical College in Cuttack treasury into which caution fees, security deposits of students are deposited and from which transactions of hostel fund account, games fund account and common room fund account are met. During test audit of the accounts of the college conducted in January 1969, misappropriation of Rs. 28,435 during November 1965 to December 1968 was noticed. The amount was drawn from the Cuttack treasury by cheques in excess of the passed bills. The Bursar of the College handling these accounts stated (January 1969) that the amount was taken by him as advance and that he would repay. Repayment has not been made so far (November 1969).

Cash book and deposit register were not maintained for the transactions of the personal ledger accounts. The drawal of cheques was in most cases in advance of the date of passing of bills.

The Principal of the College reported the case to the police in February 1969 and the Bursar was placed under suspension.

GENERAL

63. *Misappropriations, losses, etc., of Government money*—In paragraph 48 of the Audit Report 1969, 381 cases of misappropriations, losses, etc., (amount : Rs. 25.31 lakhs) which occurred up to 31st July 1968 were reported to be pending finalisation at the end of December 1968. During August 1968 to July 1969 further 119 cases of misappropriations, losses, etc., (amount : Rs. 18.89 lakhs) were reported ; the number of cases disposed of by the end of December 1969 was twenty-nine (amount : Rs. 0.66 lakh).

Analysis of 471 cases (amount : Rs. 43.54 lakhs) which were pending finalisation at the end of December 1969 is given in appendix VI, pages 124-125.

Yearwise analysis (when these were reported to Audit) is given below :—

Year in which cases were reported to Audit	Number of cases	Amount (In lakhs of rupees)
1948-49 to 1963-64	205	10.06
1964-65	23	0.79
1965-66	24	1.89
1966-67	64	12.01
1967-68	56	14.18
1968-69	78	3.59
1969-70	21	1.02
Total	471	43.54

64. *Miscellaneous losses, etc.*—Cases of miscellaneous losses, etc. are mentioned in appendix VII, page 126.

CHAPTER IV
WORKS EXPENDITURE
WORKS AND TRANSPORT DEPARTMENT
(Expressway project)

65. *Construction of bridge over Brahmani river*—Construction of a bridge across river Brahmani near Kabatbandh was entrusted to a contractor in May 1962 at the tendered amount of Rs. 95 lakhs (lumpsum). The bridge was to be completed by May 1965. The tender schedule at the time of tender notice was prepared on the basis of boring data collected for a railway bridge situated three miles downstream of the site. The nature of soil at the railway bridge site was sandy whereas rock and hard undredgable strata were encountered in the foundation of thirteen wells out of the total of thirty wells sunk for this bridge. On that account in July 1964 the contractor sought extension of time upto January 1967. In September 1964 the department asked the contractor to complete the work by June 1965 to facilitate opening of a portion of the expressway for ore traffic and acceded to the contractor's demand for additional payment of Rs. 4.85 lakhs (Rs. 2.85 lakhs towards cost of labour and Rs. 2 lakhs towards the cost of centering material). This amount was paid between March and May 1965. Concurrence of the Finance department (required under the rules) for the extra-contractual payments was not obtained. The work was, however, not completed by June 1965. The Additional Chief Engineer gave notice to the contractor in July 1965 that as construction of major portion of the bridge was not done by June 1965 in spite of extra-contractual payments, penalty would be levied according to the rules. The bridge was completed in March 1966 and the expressway was opened for ore traffic in June 1966. Penalty for non-completion of the bridge in time was not imposed; the Additional Chief Engineer recommended in April 1966 *post facto* sanction of Government for extending the date of completion on the grounds of increase in quantum of work and some unforeseen technical and constructional difficulties and sanction was accorded in July 1966. The purpose of speedy completion of major portion of the bridge for which extra contractual payments of Rs. 4.85 lakhs were made was not realised. The final bill of the contractor is yet to be paid and account of the work is yet to be closed (January 1970).

The following points were also noticed :—

(i) Initial security and earnest money deposits (totalling 2 per cent of the contract amount) were not received at the time of acceptance of tender. Performance security deposit (at 5 per cent of the value of work done) was also not realised from the running account bills. In lieu of earnest money and initial security deposit (Rs. 1.90 lakhs), insurance guarantee bonds for Rs. 1.10 lakhs (which were valid upto 19th May 1962 only) were accepted without sanction of Government and that too after acceptance of the tender on 30th May 1962.

(ii) Agreement for the lumpsum contract was executed only in 1968-69.

(Roads and Buildings branch)

66. *Unauthorised issue of stock materials*—In paragraph 56 of the Audit Report 1969 mention was made of unauthorised issue of stock materials to local bodies, private persons and private bodies and non-recovery of cost thereof.

In three other Public Works divisions stock materials, such as, mild steel rods, cement, pipes and galvaused corrugated iron sheets costing Rs. 4.09 lakhs were issued between July 1950 and January 1968 to three Government companies, two private bodies and twenty-eight private persons. The value thereof is yet to be realised (November 1969); of that, Rs. 1.82 lakhs remain unrecovered for over three years.

(Public Health Engineering branch)

67. *Tube-wells*—For providing drinking water and irrigation facilities in Rajnagar and Ersama Panchayat Samiti areas in Cuttack district, installation of one hundred deep tube-wells was taken up in 1962-63. The work was to be completed within thirty-six months. In April 1964 Government sanctioned the scheme *ex post facto* as a famine relief work (estimated cost: Rs. 45.34 lakhs—about Rs. 45,000 for each tube-well). The ayacut of each tube-well was expected to be thirty acres and Rs. 3,600 were to be paid by the beneficiaries of irrigation. The boring work was stated to have been completed in 1964-65 but the tube-wells were not brought into use due to non-availability of electricity and paucity of funds; they were left plugged by the Public Health Engineering Department. Rs. 35.51 lakhs were spent upto March 1969. Pumping sets were installed in 1968-69 to bring 30 wells into use. Work on bringing the other tube-wells into use is in progress (October 1969).

The following points were noticed :—

(i) The Chief Engineer, Public Health, reported to Government in November 1966 that the villagers meddled with the tube-wells, removed the plugs and threw brickbats and stones inside the wells; Rs. 0.26 lakh were spent on cleaning the wells upto March 1969. According to the Secretary, Revenue department, that was unnecessary expenditure caused by leaving the work incomplete for long and also due to inadequate allotment of funds.

(ii) Between December 1963 and September 1964 one hundred and fifteen electric driven deep turbine pumps were purchased for Rs. 5.40 lakhs (against estimated provision of Rs. 2 lakhs for one hundred electric driven centrifugal pumps); sanction of Government required for the purchase was not obtained. As electric overhead lines were not drawn to the well points, fifty-five diesel pumping sets were also purchased for Rs. 2.12 lakhs between March-September 1964 with a view to bringing some of the wells into working order without the help of electricity; the diesel sets were intended to be diverted to other works after availability of electricity. Of the one hundred and seventy pumping sets purchased, only thirty (nineteen turbine and eleven diesel) sets have been installed (October 1969) to bring thirty tube-wells into use; actual utilisation of those pumping sets has not been intimated by the department. Only forty turbine pumps (value : Rs. 1.43 lakhs) and five diesel pumps (value : Rs. 0.19 lakh) were in stock (October 1969). The other fifty-six turbine pumps and thirty-nine diesel pumps were stated to have been issued to other works, information about the utilisation of those sets at the transferred places has not been made available by the department.

Government decided in January 1965 to realise water rates at a maximum rate of Rs. 2 per acre inch against the estimated cost of Rs. 8.45 per acre inch of irrigation; the estimated cost did not take into consideration the cost of field channels which was estimated to be between Rs. 8,000 and Rs. 10,000 for each well. No water rate has been realised so far (August 1969) as field channels have not been constructed.

(iii) For lift irrigation-cum-drinking water supply the cost of each well (to be dug upto 1000 feet and using 6 inch diameter pipes) was estimated at Rs. 45,000 (excluding the cost of field channels). While actual boring was being carried out the Executive Engineer, Bhubaneswar Rural Sanitary Division (defunct) noticed hard strata and found it difficult to carry on further boring. In July 1962 he proposed to instal 2¹/₄" tube-wells for drinking water purposes only. The Chief Engineer, however, continued the boring and boring for fifty wells was reported to have been done upto February 1964. In February 1964 during the site inspection the Additional Development Commissioner observed that the discharge of each tube-well was not substantial enough to justify any scheme of composite nature and, to bring down the cost considerably, ordered (after discussion with the Chief Engineer, Public Health) that the remaining fifty tube-wells should be 2¹/₃" diameter purely for drinking water supply; the cost of each 2¹/₃" tube-well was estimated by the Chief Engineer, Public Health, to be between Rs. 8,000 and Rs. 10,000. The Chief Engineer, Public Health, however, proceeded with the work of the composite tube-wells (6" diameter and 1000' depth). Had the advice of the Additional Development Commissioner been followed, extra expenditure of Rs. 17.50 lakhs computed for fifty tube-wells then remaining unconstructed (difference of Rs. 35,000 for each tube-well) could have been avoided. The actual expenditure on the fifty tube-wells has not been intimated by the department. The Chief Engineer, Public Health, reported to Government in November 1966 that he was collecting and compiling all records of various tube-wells put up by the department; progress made has not been intimated (January 1970).

IRRIGATION AND POWER DEPARTMENT

(Talcher thermal scheme)

68. *Talcher thermal scheme*—(1) This thermal scheme sanctioned in March 1961 for Rs. 24.61 crores was expected to be completed by April 1965 and yield return of 10.92 per cent from the sixth year of operation. In December 1962 the estimate was revised to Rs. 30.35 crores, the date of completion to June 1966 and the annual return expected from then was 3.83 per cent and rise progressively and reach 7.28 per cent in 1970-71. The department again revised the estimate in 1968 to Rs. 34.80 crores (including Rs. 4.45 crores due to devaluation of the rupee with the indication that the cost was likely to go up. The revised estimate has not been sanctioned by Government (November 1969). Rs. 27.40 crores were spent upto the end of March 1969. All the four units have been completed by April 1969 and revenue account has been opened from 1968-69. Power was sold to the Orissa State Electricity Board from November 1967 and bill for Rs. 1.34 crores (at the *ad hoc* rate of 3.4 paise per unit) for power supplied upto May 1969 was stated to have been sent to the Board in July 1969 but no payment has been received so far (November 1969).

The following factors contributed to the increase in cost of the project :—

(i) Provision was not made and there was also inadequate provision in the original estimate for T. H. crane, boiler feed pumps, auxiliary cranes, river side pump-house, feedwater heater, 132 K.V. transformers, etc.

(ii) Replacement of aerial ropeway by conveyor belt for conveyance of coal [see item (2) below].

The four units of the project were expected to be commissioned between July 1965 and April 1966 but were actually commissioned between December 1967 and April 1969.

(2) *Coal handling plant*—(a) Provision (Rs. 31.50 lakhs) had originally been made for conveyance of 250 tons of coal per hour through a distance of eight kilometres from the colliery direct to the thermal plant by aerial ropeway against the requirement of ninety tons per hour which was “considered sufficient even when the capacity of the power plant is doubled”. In January 1963, however, the Chief Engineer after discussion with the consultants decided for conveyance of coal by belt conveyor at the rated capacity of 800 tons per hour. That was estimated to cost Rs. 2,91.57 lakhs (prior sanction of Government was not obtained). According to the Central Water and Power Commission (August 1965), no specific justification for adopting the costlier system was given and it was mentioned that it was chosen on merits of technical case and economic superiority. It was explained by the department (September 1965) that the cost of conveyance of coal by ropeway would be Rs. 2.06 per ton whereas the belt conveyor would carry 800 tons per hour at a cost of Rs. 1.51 per ton. The belt conveyor was completed in June 1968; the cost of the belt conveyor so far (March 1969) has been Rs. 2,68.42 lakhs. During 1968-69 the operational cost of the belt conveyor was Rs. 24.17 lakhs (excluding charges on electricity but including depreciation and interest on capital) and 1.96 lakh tons of coal were carried costing Rs. 12.33 per ton.

(b) From the two tenders received from a foreign country firm ‘A’ was selected in February 1964 for designing, supplying at site, erecting, commissioning and handing over the coal handling plant by November 1965 on “turnkey” basis after test run, as that firm offered to use more indigenous materials. That firm offered to complete the work in twenty-four months from the date of order. On the advice of the consultants, the department wanted the firm to quote for accelerated delivery. The firm quoted Rs. 12.88 lakhs extra (partly in U. S. dollars and partly in rupees) for accelerated delivery by November 1965 if orders were placed by May 1964. The letter of intent was issued in June 1964. The colliery from which coal has to be transported was subsequently changed which resulted in change in alignment of the conveyor and a fresh determination of the equipment for the coal handling plant required for the changed alignment. The firm wanted extension of time on that account. Besides, the National Coal Development Corporation offered coal which was different in quality from that originally offered by them.

The extent of use of indigenous materials could not also be settled with the firm which delayed signing of the contract till April 1965. Letter of credit in a bank in the foreign country was opened in September 1965 (reasons for the delay were not intimated). The firm completed the work in January 1968. Thus the purpose for which the extra payment of Rs. 12.88 lakhs was made to complete the work early was not fulfilled.

(c) The accepted offer of the foreign firm included spare parts necessary for three years. Consequent on change in alignment of the belt conveyor due to change in the colliery, the nature and quantum of spare parts required revision. Pending decision on that, provision was not made in the contract (April 1965) for the spare parts. The firm made a revised offer of spare parts in May 1965 for Rs. 8.00 lakhs (inclusive of Rs. 3.60 lakhs in U. S. dollars) necessary for two years, the offer being valid for 45 days. The contract, however, was amended only in August 1966 for supply of the spares. But the

firm pointed out in October 1966 that its offer was valid for 45 days from 21st May 1965 and demanded price increase because of lapse of time. Finally, the department agreed to the price of Rs. 12.13 lakhs (Rs. 8.00 lakhs in rupees and the balance in U. S. dollars) for the spare parts. The difference in cost with reference to the offer of Rs. 8.00 lakhs was Rs. 4.13 lakhs (of which increase of Rs. 2.02 lakhs is attributable to the devaluation of rupee in June 1966).

(3) *Efficiency of the power plant*—According to the standards assumed by the department in the project report, consumption of coal used for the plant should vary between 0.48 kilogram to 0.55 kilogram for each KWH of energy produced. The actual consumption of coal during 1968-69 was 0.62 kilogram for each KWH of energy produced. Assuming the highest figure of consumption the excess consumption of coal was 0.07 kilogram for each KWH; for the 37.18 lakh KWH of energy produced the excess consumption of coal was 26,026 tonnes working out to extra expenditure of Rs. 8.06 lakhs at Rs. 31 per tonne (excluding the cost of conveyance over the belt conveyor).

Efficiency test for the power plant was not conducted to find out where the inefficiency lies — in boiler, turbines or the quality of coal.

(4) *Power piping*—(a) According to the specifications circulated at the time of calling tenders, the contractors were required to quote fixed lumpsum price for supply and erection of piping materials based on U. S. supply. For certain miscellaneous works required to be done by purchasing materials in India, they were required to give quotations for (i) purchasing and handling indigenous materials as a percentage of the cost of such indigenous materials, (ii) a fixed fee for doing the miscellaneous works and (iii) for labour charges for getting the work done and reduce the dollar portion of the contract. The bid of a foreign firm with those conditions was accepted in 1963. The contract with the foreign firm did not, however, stipulate proportionate reduction of the dollar portion of the contract for miscellaneous works by procuring indigenous materials. The mark-up price at 15 per cent of the cost of indigenous materials and the cost of the indigenous materials, etc. was also claimed by the firm. After consulting the C. W. & P. C., Director General of Supplies and Disposals, Ministry of Law of Government of India and Law Department of State Government, payment for the miscellaneous works by using indigenous materials claimed by the foreign firm so far (Rs. 11.00 lakhs) was made. The estimated cost of the miscellaneous works was Rs. 35.00 lakhs.

(b) According to the contract, the foreign firm was to erect the power piping and commission the equipment in the four units between July and December 1965. In July 1967 the firm claimed Rs. 26.92 lakhs as over-run expenses (expenses on staff by the firm beyond the stipulated date of completion) upto March 1967 as it could not do the work in time on account of delay in completion of civil works. The claim was accepted by the department; the liability has not been liquidated. The power piping was commissioned only for the first two units between July and October 1967. The firm did not complete the work. The balance work was done by the department; the consequent extra cost to the department on this account is not known.

(5) *Switchyard equipment*—Rejecting the lower offer of an Indian firm (Rs. 17.28 lakhs), orders were placed with a foreign firm in May 1964 for supply of switchyard equipment (Rs. 1.05.16 lakhs) payment to be made in U. S. dollars) mainly on the ground that 30 weeks delivery offered by the foreign

firm was favourable. The equipment was received at Calcutta port between May and October 1965. The project authorities noticed that the consignments were received in loose packing resulting in difficulties in Customs clearance and subsequent transportation. The foreign firm disowned responsibility on the ground that its responsibility was for transportation upto the port of export only. The consignments were cleared from the Calcutta port in January 1966 after paying Rs. 45,236 as wharfage charges. Details of the other extra expenditure incurred by the project are given below:

(i) Due to receipt of the equipment in loose packings, they were lying at the port in the open for long which resulted in loss of parts, damage of equipment and pilferage of materials (like copper) from the equipment. The replacement cost has been estimated by the department to be Rs. 15.32 lakhs for which foreign exchange in U. S. dollars was obtained in September 1967. Replacement orders (based on actual requisition received from the field officers) were placed in January 1968 for Rs. 2.66 lakhs only. The equipment could not be brought to working condition without replacement of missing parts, etc.

(ii) Six potential transformers (220 K. W.) were received at Calcutta port in packages of 190 inches high which was beyond permissible clearance limit fixed by the Railways. They were repacked at a cost of Rs. 25,000 in January 1966 and transported to the site converting the length into height. Two of the transformers failed in service when commissioned in April and May 1968. Consequently, the other four transformers were also left uncommissioned. The foreign firm disowned responsibility due to transport of the transformers in a horizontal way instead of keeping them vertical. Rs. 1.73 lakhs were paid to the firm so far (March 1969) for the six transformers.

The contract with the foreign firm also provided for erection of the transformers by providing erection supervisors at Rs. 290 per day in U. S. dollars at the cost of the project. The foreign firm did not provide that service. The project obtained the service of an erection supervisor in April 1969 at Rs. 820 per day (in U. S. dollars) for recommissioning the transformers and rectifying the defects. The work is in progress (August 1969); Rs. 0.43 lakh have been spent for the erection supervisor so far.

(iii) According to the contract, the foreign firm was to be paid 90 per cent of the value of the transformers at f. a. s. point on shipment. After the firm commenced supplies the project made certain additions to the supplies already made and also certain alterations in the supplies to be made which were agreed to by the firm; that had reduced the total value of supplies. The firm, however, claimed and obtained payment according to the original contract without reference to those alterations and was overpaid Rs. 2.40 lakhs; recovery is awaited (August 1969).

(iv) The foreign firm had quoted Rs. 0.81 lakh for control cables and accessories along with the quotation for the switchyard equipment; that was valid upto November 1964. Order for those was not included in the order placed in May 1964 for the switchyard equipment as the department was not clear about its definite requirement. The requirement was finalised in December 1964 and the firm was asked to supply that equipment also at its quoted price

of Rs. 0·81 lakh. The firm demanded price increase of 13 per cent which was not accepted by the department. Orders for those control cables and accessories were placed with another foreign firm in May 1965 and supplies obtained for Rs. 2·60 lakhs. The difference in cost was Rs. 1·79 lakhs (this would be Rs. 1·68 lakhs if 13 per cent increase is taken into account).

(6) *Control and instrumentation equipment*—Letter of intent for the control and instrumentation equipment was placed with a foreign firm in April 1964 for delivery by October 1964 and the supply order was placed only in October 1964 extending the date of delivery to May 1965. Some consignments were shipped by the firm between March and May 1965. The firm held up shipment of the balance consignment due to delay in opening acceptable letter of credit. That was done only in April 1967 and the consignments were airlifted (freight charges : Rs. 17,858) to get the equipment installed for commissioning the first unit of the thermal plant by November 1967.

The department noticed in November 1965 that a number of materials were lost or damaged from the consignments received in the first batch. Insurance claim was not made as inspection and assessment of loss was not made immediately after arrival of equipment. Consequent on the foreign firm disowning responsibility and its reluctance to even supply the replacement parts at its original tendered rates, the materials were purchased from another firm direct by the project (not through the D. G. S. and D., as required) for Rs. 1·11 lakhs.

(7) *Customs duty*—According to the Customs regulations, Customs duty payable on imported equipment for setting up of an electrical project is refundable if the claim is preferred within six months. Seventeen claims for refund of Rs. 5·92 lakhs were rejected by the Customs authorities as they were time-barred.

(8) *Non-utilisation of machinery, equipment*—In the following cases machinery and equipment purchased for Rs. 39·35 lakhs (mostly imported) remained idle:

(a) Particulars of machinery equipment, etc.	Remarks
(b) Value	
(c) When purchased	
(1) (a) Two Auto-transformers,	(i) The transformers have not been commissioned so far (August 1969) due to non-receipt of some essential components.
(b) Rs. 26·57 lakhs	
(c) May 1965 to February 1967	(ii) Due to delay in clearance of the auto-transformers at Calcutta port Rs. 0·89 lakh were paid as wharfage charges. The delay in clearance was attributed to delay in obtaining permission of Railway authorities for transport of heavy packages (90 tonnes).
	(iii) Insurance claim of Rs. 1·11 lakhs towards parts lost/damaged due to long storage at Calcutta port is awaiting settlement (December 1969).

(a) Particulars of machinery equipment, etc.	Remarks
(b) Value	
(c) When purchased	
(2) (a) One 12.5 M. V. A. transformer	The transformer acquired for supplying "commissioning power" to start the power station by July 1965 was actually received in December 1966; that was damaged while unloading at Calcutta port. Insurance claim was made. Erection of the transformer was taken up in September 1968 and completed in May 1969 but has not been commissioned so far due to certain defects. The insurance company agreed (December 1969) to bear repair cost of the transformer; repair of the transformer is awaited.
(b) Rs. 6.89 lakhs	
(c) December 1966	
(3) (a) Two cranes	One crane purchased in July 1965 for Rs. 2.47 lakhs could not be put to use so far (August 1969) as some parts got rusted and became unserviceable due to saline water entering the crane after its disembarkment at Calcutta port; some packages containing parts were also found to be missing from Calcutta port. Responsibility for the parts lost/damaged has not been fixed so far (October 1969). The other crane purchased in November 1967 for Rs. 1.65 lakhs has not been commissioned so far (August 1969) as some of its parts were damaged in transit.
(b) Rs. 4.12 lakhs	
(c) July 1965 and November 1967	
(4) (a) One 50-ton capacity Mack truck	The truck was received in July 1966 with several of its parts damaged/stolen/missing. Action taken to procure the damaged/missing parts has not been intimated by the department (December 1969).
(b) Rs. 1.77 lakhs	
(c) July 1966	

(Medium Irrigation Project)

69. *Dhanai medium irrigation project*—The estimated cost of and the actual expenditure on the project are as follows :—

	Cost (Area to be irrigated)	Cost of irrigation per acre	Financial return (per centage)
Original estimate (:959)	Rs. 32.10 lakhs (9,500 acres)	Rs. 337	2.15
Revised estimate (:968)	Rs. 132.09 lakhs (9,500 acres)	Rs. 1,390	0.26
Actual expenditure (March 1969)	Rs. 137.59 lakhs		
Irrigation provided (March 1968)	8,407 acres		

Construction of the project which commenced in 1961 was to be completed by 1962. According to the Executive Engineer (June 1969), construction of the project is in progress and is expected to be completed by June 1970. More than four times increase in cost has been mainly due to (i) change in design and alignment of earthdam and spillway (Rs. 6.55 lakhs), (ii) inadequate provision in the original estimate (Rs. 22.63 lakhs), (iii) rise in cost of labour and materials (Rs. 51.00 lakhs) and (iv) increase in the cost of land compensation (Rs. 11.90 lakhs). The delay in completion of the project has been mainly due to delay in finalisation of designs and alignment and land acquisition proceedings.

The following points were noticed :—

(i) *Higher cost of execution of work departmentally*—Construction of the earthdam was taken up departmentally in November 1961 with the earth-moving machinery available with the department; the work was expected to be completed by 1964. Thirty-two dumpers were purchased (eight in 1962 and twenty-four in 1963) against the requirement of thirteen dumpers estimated by the Executive Engineer in charge of the work. The work on the earthdam continued upto 1967 and the delay was stated to be due to “bad efficiency of some old machinery” and want of spare parts. The cost of earth-work done by machines was Rs. 200 per 100 c.ft. against the revised schedule of rate of Rs. 92.40 per 100 c. ft. According to the Chief Engineer (November 1967), “this alone accounts for rise in the cost of the dam by Rs. 15.40 lakhs”. Even with reference to the tendered rate (Rs. 118.27 per 100 c.ft.) accepted in 1967-68, the extra expenditure due to higher cost of execution by departmental machines was Rs. 11.48 lakhs.

(ii) *Expenditure due to rehandling of excavated spoil*—Earth excavated in 1962-63 and 1963-64 from the leading channel to head regulator and deposited on the banks caused silting of the channel bed during rainy season. This necessitated removal of the loose spoil and spreading thereof in the reservoir ditches in 1965 at a further cost of Rs. 0.24 lakh; substantial part of this expenditure could have been avoided had the spoil been initially deposited at convenient places.

Further, for removal of the spoil, a rate of Rs. 96 per 100 cu.m. was allowed treating the work as for excavation in hard gravelly soil notwithstanding the fact that the deposited spoil was loose soil which caused silting. Even allowing the maximum rate (Rs. 60 per 100 cu.m.) applicable for excavation of ordinary soil (virgin), removal of the soil would have cost less by Rs. 0.09 lakh.

(iii) *Over-payment to contractor*—Excavation of rock and construction of spillway were entrusted to a contractor in 1961-62 and 1962-63; Rs. 0.25 lakh were paid in January 1965 (at the rate of Rs. 75 per 100 s.ft.) for clearing the rock surface (to start concreting). This item was not provided in the agreement but was paid on the ground that cleaning the blasted rock surface was essential for taking up concreting. According to the detailed standard specification for excavation of foundation, the responsibility of keeping the foundation trenches clear and free from any spoil flowing into it was that of the contractor doing the foundation excavation work. Since in this case, both the foundation excavation and concreting the rock surface were entrusted to the same contractor, allowing a separate rate for clearing the rock surface resulted in extra expenditure of Rs. 0.25 lakh.

(iv) *Idle machines*—(a) Nineteen dumpers purchased between March 1962 and October 1964 for Rs. 13.00 lakhs were lying idle for two to five years (January 1970).

(b) One dumper purchased in June 1963 for Rs. 0.98 lakh was damaged in June 1964. It has not been repaired and brought into use so far (January 1970).

(Delta Irrigation Scheme)

70. *Drainage syphon*—The lowest tender received in March 1964 for construction of a drainage syphon across Daya west branch canal was for Rs. 1.29 lakhs (24 per cent above the estimated cost of Rs. 1.04 lakhs) and contained special condition that any item beyond the tender schedule would

be paid by the department fifty (per cent) extra over the current schedule of rates. According to the tender call notice and the standard form of agreement approved by Government, extra items are to be paid at the current schedule of rates. In April 1964 the conditional lowest tender was accepted. According to the Chief Engineer (April 1968) the tender was accepted because of urgency of work. The agreement was executed in January 1965 with the stipulation that the work should be completed within twelve months; prior approval of Government which was required for departure from the standard form of agreement and incorporating the special condition of extra payment was not obtained. Work order was issued in February 1966 and the contractor actually commenced it in May 1967; the delay was stated to be due to delay in acquiring land.

The estimate and the tender schedule provided for earthwork (1.17 lakh c.ft.) in foundation in hard soil at Rs. 27.50 per 1000 c.ft. In actual execution 0.08 lakh c.ft. of earthwork in hard soil was done. In addition 0.66 lakh c.ft. of earthwork in rock (not provided in the estimate or the tender schedule) was done for which payment was made at Rs. 800.39 per 1000 c.ft. plus 50 per cent extra. According to the schedule of rates, the rate of Rs. 800.39 per 1000 c.ft. was for excavation of foundation in rock for bridge work and included items of work such as shoring, shuttering, providing bullahs, piling, dewatering from foundation, supplying and working pumps, etc., and constructing coffer dam, if necessary. Of Rs. 1.55 lakhs spent on the work upto September 1967, Rs. 0.79 lakh were for 0.66 lakh c.ft. of earthwork in rock. The nature of work done for the excavation in rock, justifying the full payment for the various items of work provided as for the bridge work, was not ascertained by the department. No payment has been made after September 1967; the department has not intimated the extent of work done so far and whether the work has been completed (October 1969).

Rs. 0.26 lakh have been paid more so far (October 1969) as fifty per cent extra payment for excavation in rock; the amount might be still more if the detailed analysis for the items of work actually done by the contractor is worked out and payments allowed accordingly for those items only.

The matter was reported to Government and the Chief Engineer, in June 1968; reply is awaited (December 1969).

71. *Extra expenditure*—Tenders invited in Puri Canals Division IV in December 1964 for excavation of Daya west branch canal (from 10 M—2460' to 11 M—4620') included conveyance of earth and moorum (i) from within the reach upto 1 KM lead (7,018 cu.m.) and (ii) from outside the reach upto 3 KM lead (21,140 cu.m.); this was not provided in the original estimate. The rates of the lowest tenderer accepted by the Chief Engineer were Rs. 4.00 per cu.m. for 1 KM distance and Rs. 2 per cu.m. for 3 KM distance; the rates according to the schedule of rates were Rs. 3.10 per cu.m. for 1 KM distance and Rs. 3.85 per cu.m. for 3 KM distance. The contractor conveyed 58,093 cu.m. (from shorter lead but higher rate) and 8,361 cu.m. (from longer lead but lower rate) against the stipulated quantities of 7,018 cu.m. and 21,140 cu.m. respectively.

Preparation of incorrect tender schedule and failure to notice the unusual feature in the rates quoted by the lowest tenderer resulted in extra expenditure of Rs. 0.26 lakh on the conveyance.

Government stated in May 1968 that abnormal increase in the high rated item was due to inaccuracy in the estimate and that action was being taken to fix responsibility on the officers who failed to take note of the unusual rates before accepting the tender. Further action taken is awaited (December 1969).

72. *Excavation of distributary of ex-Sakhigopal branch canal*—For excavation of a distributary of *ex-Sakhigopal* branch canal in Puri Canal Division II, Rs. 3.48 lakhs were sanctioned by the Chief Engineer in February 1963. In June 1963 alignment of a portion of the distributary was changed. The estimate of the work and the schedule of quantities were not revised correspondingly. In April 1965 tenders were called for by the Divisional Officer on the basis of the estimate sanctioned in February 1963. Four tenders were received; the first and the second lowest tenders were for Rs. 4.78 lakhs (tendered by contractor 'A') and Rs. 4.95 lakhs (tendered by contractor 'B'). The lowest tender of contractor 'A' was accepted in December 1965 after negotiation for Rs. 4.75 lakhs and work order was issued in January 1966 with the stipulation that the work be completed by July 1966. The work was completed in September 1967 for Rs. 6.36 lakhs.

The following points have been noticed from the tender of contractor 'A' :—

(i) He quoted higher rate for earthwork in ordinary soil and a lower rate for earthwork in hard soil although the reverse was the case according to the sanctioned estimate.

(ii) For the earthwork the rates derived from those quoted were from Rs. 51 to Rs. 153 for extra leads whereas the rates according to the estimate were Rs. 11 to Rs. 50 and other contractors had quoted between Rs. 4 and Rs. 72.

(iii) He had not quoted for extra lifts for the earthwork and for some other items whereas other contractors had done. The cost for the extra lifts and the other items was thus not included in the total tendered amount of contractor 'A' whereas they were included in the tenders of the other contractors.

Consequent on change in alignment of the distributary, there was variation in quantities of earthwork in actual execution. Items of the work for which contractor 'A' had not quoted were not executed. The rates of contractor 'B' and the value of the work executed by contractor 'A' are shown below (the final bill of the contractor 'A' has not been paid) :—

	Estimate			Work executed (lakhs cu. m.)	Contractor 'A'		Contractor 'B'	
	Quantity (lakhs cu. m.)	Rate per 100 cu. m.	Amount (Rs. lakhs)		Rate per 100 cu. m.	Amount (Rs. lakhs)	Rate per 100 cu. m.	Amount (Rs. lakhs)
(1) Earthwork in ordinary soil	0.31	70	0.22	1.26	99	1.25	78	0.99
(2) Earthwork in hard soil	2.80	85	2.38	2.08	90	1.87	117	2.44
(3) Other items .. ..	..	..	..	..	..	3.24	..	1.12
(4) Total work .. ..	..	..	..	..	..	6.36	..	4.55

Non-revision of the schedule of quantities after change of alignment and failure to detect the unusual features in the rates quoted by contractor 'A' resulted in extra expenditure of Rs. 1.81 lakhs computed with reference to the rates of contractor 'B'.

(Balimela Dam Project)

73. *Purchase of Power*—(a) In the draft agreement for bulk purchase of power from Orissa State Electricity Board the contract demands during November 1964 to October 1968 were shown (assuming that the whole machinery would work) as 3063—3213 K. V. A. and 2450—3213 K. V. A. for the dam portion and the power portion respectively. The highest demands actually registered during the period, however, never exceeded 2080 K. V. A. for the dam portion and 1740 K. V. A. for the power portion. This resulted in extra expenditure of Rs. 1.28 lakhs (computed with reference to the maximum demand of 2100 K. V. A. for dam and 1800 K. V. A. for power). The shortfall in consumption of power was attributed to "poor performance of machinery, unforeseen rain, labour strikes, curtailment of budget provision and other bottlenecks". Re-assessment of actual requirement of power was not made by the project authorities in any of the years.

(b) Bulk supply of power from high tension supply was made for the Balimela Dam by the Orissa State Electricity Board from March 1964. Before March 1964 supply was obtained from low tension supply. Before billing, to know the actual consumption of energy in units, the meter reading was to be multiplied by a multiplying factor depending on the current transformer attached to the meter. After switch-over to high tension supply, meters suitable therefor were installed. The ratio (multiplying factor) of the current transformer attached to the meter for the high tension supply on switch-over from low voltage in March 1964 was not ascertained and payment were continued to be made, as before, applying the ratio of 100/5—the ratio for the current transformer attached to the meter when there was low tension supply. Test check of the metering installation in May 1955 by the Equipment and Maintenance Division of the Board disclosed that the ratio of the current transformer applicable after the change-over to high tension supply should be 50/5 and not 100/5. This was rectified from May 1965. Energy charges were thus paid for double the number of units of actual consumption between March 1964 and April 1965 resulting in overpayment of Rs. 1.64 lakhs. The amount has not been got refunded so far (October 1969).

74. *Dumpers and excavators*—(i) Between August 1963 and October 1964 fifty dumpers each of 20 ton capacity were purchased for departmental execution of earthwork (75 crore c. ft.) for Rs. 1,64.91 lakhs. Spare parts were also purchased with the dumpers for Rs. 43.46 lakhs. Each dumper has 10,000 life hours and the average hourly out-turn of each dumper was 1,000 c. ft. Based on this, earth expected to be carried by the fifty dumpers (assuming full utilisation of the dumpers) would be 50 crore c. ft. The department fixed the working hours of each dumper as 2,100 hours per year. From 1967-68 the estimated annual working hours were reduced from 2,100 hours to 1,000 hours. The average utilisation of the dumpers during 1963-64 to 1966-67 was 10 to 30 per cent of the estimated annual working hours of the dumpers, while utilisation during 1967-68 and 1968-69 was 44 per cent

and 20 per cent of the reduced working hours. The maintenance cost of the machines up to 1968-69 was Rs. 50.68 lakhs which included Rs. 35.64 lakhs spent on the staff employed on the dumpers. The poor performance of the dumpers was attributed to defective engines consuming considerable petrol, oil and lubricants and necessitating frequent overhaul and repair. To accelerate progress of the work thirty-three more dumpers were purchased in 1968-69 at a cost of Rs. 1,08.66 lakhs.

(ii) The project report of the Balimela Dam Project provided for eight excavators for departmental execution of earth work. Against that, twelve diesel excavators were purchased for Rs. 33.36 lakhs between June and September 1963 and five electrical excavators were purchased between November 1963 and July 1964 (cost has not been intimated by the department). Spare parts worth Rs. 6.71 lakhs were also purchased for the excavators during January—September 1964.

Of the twelve diesel excavators, six were transferred (four in October 1963 and two in December 1966) to other projects; three excavators remained idle continuously for one year to two years and four for three to four years; Rs. 1.26 lakhs were paid as pay and allowances of staff engaged on those excavators when they remained idle. The electrical excavators were stated to have been mainly used and the diesel excavators were used only to increase the output when there was shortfall in the turnover of the electrical excavators.

(Irrigation Branch)

75. *Extra expenditure*—Tenders for “protection work at Olichandanpur O.A. embankment No. 78 Kharsua left” (estimated cost : Rs. 3.18 lakhs) consisting mainly of earthwork, supply of stones and stone packing, were invited by the Executive Engineer, Jajpur Irrigation Division, in January 1965 without sanctioned estimate and administrative approval on the ground that the work was very urgent requiring completion before the ensuing floods. Of the seven tenders received, the tenders of contractors ‘A’, ‘B’ and ‘C’ were 27.6 per cent, 16.06 per cent and 15.6 per cent below the estimated total cost.

The rates quoted by the three contractors with the estimated rates are given below :

	Estimate (Schedule of rates)	Rates of contractors		
		‘A’	‘B’	‘C’
	Rs.	Rs.	Rs.	Rs.
Earthwork (per 100 cu. m.)	133.00	150	150	90
Stone supply (per cu. m.)	41.19	29	45	35
Stone packing (per cu.m.)	46.19	32	4	38 and 40

The lowest tenderer (contractor ‘A’) intimated to the department in March 1965 that he might not be able to execute the work if the tenders were not decided immediately. Contractor ‘A’ was asked telegraphically on 22nd April 1965 to sign the agreement and take up the work. The contractor, however, intimated that as it would take time to organise labour and collect materials it might not be possible to complete the work before rains (30th June 1965) and that the work had to be done in dry season. Therefore the work

was entrusted to contractor 'B' (second lowest tenderer) on 7th May 1965; the work was to be completed by him in four months. Extension of time was, however, given to him upto 30th June 1966 (one of the grounds therefor being early break of monsoon) and again upto March 1968. He abandoned the work in March 1968. By then he had executed only 20 per cent of stone packing work for which his rate was unusually low and which formed the last stage of execution of the work whereas he had supplied 73 per cent of the stipulated quantity of stones (his rate for supply of stones was the highest of all the offers received). Rs. 0.27 lakh were recovered from the final bill of contractor 'B' in September 1969 as penalty for non-completion of the work in time. According to the Executive Engineer (September 1969) the work is as it was left by contractor 'B' in March 1968 and the balance of work has not been put to tender.

As compared with the offer of contractor 'A' there was extra expenditure of Rs. 0.25 lakh (upto September 1969) (difference in rates of contractors 'A' and 'B' : Rs. 0.52 lakh less Rs. 0.27 lakh recovered).

The matter was reported to Government in August 1969; reply is awaited (December 1969).

PLANNING AND CO-ORDINATION DEPARTMENT

(Rural Engineering Organisation)

76. *Kuradhi minor irrigation project*—The Kuradhi minor irrigation project (Bonai sub-division of Sundergarh district) was taken up by the Revenue Department in October 1954 (estimate: Rs.9.50 lakhs) to irrigate 9,000 acres. Rs. 20.23 lakhs were spent upto 1961-62 after which further construction was transferred by the Revenue department to the Rural Engineering Organisation. Fresh investigation made (1962-63) by the Rural Engineering Organisation disclosed that (i) length of the weir was shorter than the designed linear waterway, (ii) beds of the main canals and distributaries were not cut upto the required slope and width and (iii) construction of escapes was defective and inadequate which caused heavy retrogression and frequent breaches. The balance work (left over by the Revenue department) including remodelling and improvement was estimated to cost Rs.33.26 lakhs (sanctioned by Government in 1964); the irrigation potential was, however, reduced to 8,170 acres. According to the revised programme (1964), the project was to be completed by 1965. Rs. 56.98 lakhs were spent upto the end of 1968-69 on the project. The work is still in progress (December 1969). The delay in completion of the project was attributed mainly to "rains, land acquisition troubles and bad communication".

The following other points were noticed:—

(i) In course of remodelling the different structures in reaches I and II for strengthening them, 522.40 cu.m. of stone masonry work done for Rs. 0.24 lakh were dismantled at a further cost of Rs. 0.03 lakh.

(ii) (a) Rejecting the lowest tender of a firm, on the grounds that (i) the firm's performance in the past was not satisfactory, (ii) the firm being a mine-owner and construction work was its side line and (iii) the firm did not execute any work in the past four years in any branch of the Public Works Department, the work of remodelling and improvement of reaches I and II of the project was entrusted in March 1964 to the second lowest tenderer whose rates were Rs. 1.09 lakhs more than those of the lowest tenderer.

The performance of the contractor, to whom the work on reaches I and II was allotted, was found by the department to be far from satisfactory and in spite of issue of notices to accelerate the progress of work and even after grant of extension of time upto June 1966 the work did not progress. The contractor left the work incomplete in July 1966 whereupon the balance of work (Rs. 6.63 lakhs) was taken up through job workers; the work is in progress (August 1969).

Computed with reference to the rates of the lowest tenderer, the extra expenditure for the work done by the contractor (second lowest tenderer) was Rs. 0.26 lakh. The department decided in January 1966 to entrust the work in reach III to that contractor (lowest tenderer referred to above).

(b) The agreement with the second lowest contractor provided rates for excavation in foundation including bailing out water and for finished items of work for cement concrete and random rubble masonry in foundation. Rs. 0.32 lakh were paid (in March 1966) to the contractor for dewatering for concreting and masonry work in foundation. Orders of Government for the extra contractual payment had not been obtained (August 1969).

(c) The agreement also provided for departmental supply of cement to the contractor from the cement factory at Rajgangpur (81 kilometres away from the departmental store at Rajmunda); the contractor was to meet the transport cost from Rajgangpur to the work site. In execution of the work, 44,500 bags of cement were transported (between March 1964 and January 1966) by the department from Rajgangpur cement factory to Rajmunda and supplied to the contractor from the departmental store at Rajmunda. Rs. 0.33 lakh spent on transportation still remain to be recovered from the contractor even though fifteen running bills were paid to him upto March 1966.

(iii) According to the conditions in the agreement, the contractor was liable to pay penalty equal to five times the cost of materials issued to him remaining unused and not returned to the department. 30.24 tons of mild steel rods and 1,908 bags of cement (value: Rs. 0.42 lakh) issued to the contractor were not used in the work. They have not been returned even though the contractor left the work. According to the agreement, a maximum penalty of Rs. 2.12 lakhs (five times the value) became recoverable. According to the Executive Engineer, the net amount payable to the contractor in the final bill is Rs. 0.06 lakh and his security deposit available with the department is Rs. 0.27 lakh only.

(iv) Due to non-synchronisation of cross drainage works with the main canal works (which were completed earlier), drainage water rushed (in 1966) inside the canal causing damage to canal embankments and leaving heavy deposit of silt; clearance of silt from canal bed and repair to embankments (estimate: 9.64 lakh c.ft.) was estimated to cost Rs. 0.41 lakh extra. Clearance of silt and repair to damaged embankments has not been taken up as the revised estimate has not been sanctioned. According to the Executive Engineer-in-charge (May 1969), delay in sanction of revised estimate and the resultant delay would increase the volume of work due to further accumulation of silt.

(v) Inadequate turfing (2.88 lakh c.ft.) done in the main canal resulted in deep rain-cut (in 1966), the cost of filling up was estimated by the Executive Engineer (May 1969) to be Rs. 0.45 lakh. The actual quantity of earthwork required for filling up the rain-cuts in the main canal and distributaries has not been worked out by the department (October 1969).

GENERAL

77. *Works undertaken without detailed/revised estimates*—The rules require that no new work may be commenced or any liability incurred in connection with it till administrative approval is accorded and detailed estimate has been sanctioned. A revised estimate should be prepared when the sanctioned estimate is likely to be exceeded by more than 5 per cent. Upto 31st March 1969 expenditure of Rs. 23,66.62 lakhs was incurred on 244 works, the detailed estimates of which had not been sanctioned. Expenditure on ninety-two other works was incurred in excess over 5 per cent of the sanctioned estimate, the excess upto March 1969 being Rs. 2,17.62 lakhs. Further Rs. 1,26.29 lakhs were spent on twenty other works without administrative approval for those works. Department-wise analysis is shown below:—

	Want of sanctioned estimate		Excess over 5 per cent of the estimate		Want of administrative approval	
	No. of works	Amount (Rs. lakhs)	No. of works	Amount (Rs. lakhs)	No. of works	Amount (Rs. lakhs)
Works and Transport Department	105	2,35.10	35	1,33.20	17	1,12.19
Irrigation and Power Department—						
(a) Irrigation ..	85	16.48	47	82.44	3	14.10
(b) Electricity ..	54	21,15.04	10	1.98	..	..
Total ..	244 (a)	23,66.62	92 (b)	2,17.62	20	1,26.29

Included in the figures at (a) above are thirty-six works each costing more than Rs. 5 lakhs on which Rs. 21,75.30 lakhs were spent upto 31st March 1969 without sanctioned estimates; details of some of the works are given in appendix VIII, pages 127 to 128.

Included in the figure at (b) are six works on which the total excess expenditure was Rs. 1,60.92 lakhs; details of four cases are given in appendix VIII pages 127 to 128.

Som: cases of works where expenditure was incurred without administrative approval are given in appendix VIII, page 128.

78. *Adjustments in accounts*—(a) In paragraph 74 of the Audit Report 1969 mention was made of adjustments in works accounts towards close of the financial year by debiting the works and crediting stock or accounts of other works though the materials had not been issued in that month or were not required for immediate consumption on the work.

Seventy-two more such cases of irregular adjustments in six Roads and Buildings and five Rural Engineering Divisions for stock material worth Rs. 25.58 lakhs since noticed are mentioned below :—

Sl. No.	(i) Name of the division (ii) Month of adjustment	Amount (Rs. in lakhs)
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WORKS AND TRANSPORT DEPARTMENT
(Roads and Buildings Branch)

(1)	(i) Sambalpur division (ii) March 1968	9.62
(2)	(i) Kalahandi division (ii) March 1968	0.50
(3)	(i) Mayurbhanj division (ii) March 1968	0.96
(4)	(i) Phulbani division (ii) March 1968	3.17
(5)	(i) Capital Construction division No. 1 (ii) March 1968	4.34
(6)	(i) Keonjhar division (ii) March 1968	1.96

PLANNING AND CO-ORDINATION DEPARTMENT
(Rural Engineering Organisation)

(7)	(i) Rural Engineering division, Khurda (ii) March 1968	0.14
(8)	(i) Rural Engineering division, Puri (ii) March 1969	2.36
(9)	(i) Rural Engineering division, Rayagada (ii) March 1969	0.73
(10)	(i) Rural Engineering division, Sambalpur (ii) March 1969	0.37
(11)	(i) Rural Engineering division, Keonjhar (ii) (a) March 1958 (b) March 1969	0.78 0.65

(b) Under the rules, the balance of amount due to a contractor can be held under, 'deposit' if the contractor delays to receive payment for more than one month after the final bill has been passed for payment. It is noticed that Rs. 14.23 lakhs and Rs. 2.50 lakhs representing dues of contractors, other than amounts passed for payment on final bills, were retained under 'deposit' by debiting the works in March 1968 and March 1969 respectively as shown below :—

Department	Month	Items	Amount (Rs. in lakhs)
(1) Works and Transport	(a) March 1968	174	13.10
	(b) March 1969	31	1.12
(2) Planning and Co-ordination	(a) March 1968	24	1.13
	(b) March 1969	27	1.38

(c) According to rules no charges should be debited to the suspense head "Miscellaneous Public Works Advances" on the ground of absence or insufficiency of sanction or appropriation. Rs. 8.94 lakhs were spent during 1967-68 and 1968-69 on fifty-three works and debited to this suspense head on the ground of absence/insufficiency of allotment.

79. *Cash settlement suspense account*—(a) From 1st April 1965 transactions relating to services rendered or supplies made by one public works division to another are initially classified under the head "cash settlement suspense account" pending clearance on receipt of cheque/bank draft. The cheque/bank draft is required to be despatched to the supplying division within ten days of receipt of account by that division. According to the rules, there should normally be no balance under that head at the end of the year. There was, however, a balance of Rs. 8,68.72 lakhs awaiting settlement at the end of March 1968.

This unsatisfactory position was reviewed and in April 1968 Government decided that no divisional officer shall transfer any stock or render any service to another divisional officer without receipt of the cheque in advance for the cost of supplies to be made or services to be rendered. Government also decided (April 1968) that the divisional officers will be placed with funds by means of letters of credit. The cash settlement suspense account, however, continued to be operated during 1968-69 also and Rs. 2,31.00 lakhs (for services rendered or supplies made to other divisions) were classified under the suspense head while Rs. 2,05.21 lakhs were settled in that year.

The following reasons were attributed for non-settlement of the outstandings :—

- (i) non-payment for supplies received or services rendered for want of allotment of funds;
- (ii) prompt verification of the claims received was not done and the liability for payment was not properly watched by the receiving divisions or the claims themselves were not supported with sufficient details;
- (iii) claims were not made by originating divisions in time and receipt of payments was not watched after the claims were made.

The departmentwise analysis of the outstanding balance at the end of March 1968 and March 1969 is given below :—

Department	Balance on 31st March 1968	Balance on 31st March 1969
	(In lakhs of rupees)	
(1) Works and Transport—		
(a) Roads and Buildings including national highway project, expressway project and aeroengine factory	2,14.05	1,60.71
(b) Public Health	.. 97.77	1,14.64
(2) Irrigation and Power—		
(a) Irrigation including Delta irrigation scheme, Balimela dam project, Hirakud dam project and lift irrigation.	3,18.45	3,15.54
(b) Power	.. 1,84.76	2,47.73
(3) Planning and Co-ordination—		
Rural Engineering Organisation	.. 53.69	55.89
	8,68.72	8,94.51

(b) The rules do not permit adjustment of cash transactions and other payments relating to suppliers' and contractors' bills through cash settlement suspense account. Nevertheless, Rs. 15.77 lakhs representing suppliers' and contractors' bills paid in March 1969 were classified under that head by three divisions and are included in the balance of Rs. 8,94.51 lakhs outstanding under the head at the end of March 1969.

80. *Delay in finalisation of contractors' claims*—According to the rules, the accounts of a contractor should be closed as soon as the work is completed. A test check of accounts of thirty-eight public works divisions (out of 122 such divisions) disclosed that 401 bills totalling Rs. 10.76 lakhs were awaiting finalisation (October 1969) even though the works had already been completed between 1957-58 and 1968-69; of those 201 bills totalling Rs. 7.00 lakhs were awaiting finalisation for more than three years. Further, in forty-five of those cases, the net amounts of the final bills were *minus* figure (nine of those cases were more than three years old). According to information furnished by the Executive Engineer, the *minus* amounts were due to overpayments (Rs. 1.46 lakhs) in running account bills and excess issue (Rs. 2.45 lakhs) of stock materials to contractors. The delay in finalisation of the bills was mainly due to delay in (i) allotment of funds/letters of credits, (ii) sanctioning revised estimates, (iii) checking of bills, (iv) finalisation of stock issue rates, (v) sanction of extra items, etc. Departmentwise analysis of the pending claims is given below :—

Department	Total number of pending claims	Net amount due to contractors	Amount due from the contractors (<i>minus</i> amount in final bills)
Works and Transport— (In lakhs of rupees)			
(a) Chief Engineer (Roads and Buildings)	115	5.55	0.36
(b) Chief Engineer (Public Health) ..	73	1.44	0.45
(c) Chief Engineer (Projects) ..	45	1.02	2.64
Planning and Co-ordination—			
Chief Engineer (Rural Engineering organisation)	137	2.13	0.46
Irrigation and Power—			
(a) Irrigation ..	26	4.50	..
(b) Power ..	5	0.03	..

CHAPTER V

STORES AND STOCK ACCOUNTS

81. *Synopsis of important accounts*—A synopsis of the important stores and stock accounts for 1968-69 (other than those of commercial and quasi-commercial departments/undertakings, etc.) is given in appendix IX, page 129.

Stores and Stock accounts for 1963-64 have not been received from eleven Roads and Buildings, Irrigation, Public Health, Projects, Lift Irrigation and Rural Engineering Organisation divisions and for 1964-65, 1965-66, 1966-67, 1967-68 and 1968-69 from thirteen, twenty-one, twenty-five, twenty and twenty-five such divisions respectively (October 1969). The total value of stock held by those divisions at the end of 1963-64, 1964-65, 1965-66, 1966-67, 1967-68 and 1968-69 was Rs. 2.67 lakhs, Rs. 7.61 lakhs, Rs. 38.24 lakhs, Rs. 36.24 lakhs, Rs. 38.33 lakhs and Rs. 1,11.46 lakhs respectively. The accounts of Government head-quarters hospitals including Medical college hospitals, Cuttack and Berhampur, Sales Stores (Medicines) and Chemical fertilisers from 1967-68, Delta Irrigation project, Forest department, judicial and non-judicial stamps and Orissa Government Press, Cuttack, for 1968-69 are also awaited.

The rules of the Public Works department require that the stores held in stock should be verified physically at least once in a year by divisional officers. Reports of physical verification due for 1967-68 and 1968-69 have not been received from eleven and forty Public Works divisions.

82. *Non-fixation of reserve limit of stock*—According to the rules of Public Works Department, the value of stores held in stock should not exceed the limit specified by Government. But during 1963-64, 1964-65, 1965-66, 1966-67, 1967-68 and 1968-69 reserve stock was not sanctioned for ten, thirteen, sixteen, twenty-two, thirty-four and twenty-two divisions respectively; the value of stock held by the twenty-two divisions at the end of 1968-69 for which reserve stock limit was not sanctioned for the year was Rs. 1,00.83 lakhs. In nine divisions the balance of stock held at the end of the year exceeded the sanctioned limit by Rs. 40.35 lakhs.

83. *Stock Registers and Stock verification*—Shortages of stock totalling Rs. 33.27 lakhs in four Public Health and two Roads and Buildings divisions were pointed out by Government's stores verification party during 1966-67, 1967-68 and 1968-69 and the divisional officers in 1968-69.

84. *Minus Balances in stores and stock accounts*—The stores and stock accounts of twelve divisions closed with minus balance at the end of 1968-69; the total minus balance of these divisions was Rs. 61.42 lakhs. The minus balance shows that either receipt of materials had not been taken into account or the value of stores shown as issued was more than receipts. Unless the minus balances are reconciled and adjusted, the correctness of the stock account cannot be ensured.

85. *Acquisition of stores in excess of requirement*—Materials such as, mild steelrods and pipes worth (Rs. 10.69 lakhs) acquired in 1965-66 and 1966-67 in six divisions were surplus at the end of 1968-69; the surplus materials are yet to be disposed of (October 1969).

86. *Unutilised machinery, equipment, etc.*—In three cases machinery, equipment, etc. costing Rs. 14.04 lakhs acquired by various departmental officers have been remaining unutilised; these cases have been mentioned in appendix X, pages 130 to 131.

CHAPTER VI
REVENUE RECEIPTS

87. *Arrears in collection of revenue*—According to the information furnished by Government, the arrears in collection of revenue on 31st March 1969 were Rs. 15,77.85 lakhs as indicated below :—

Nature of revenue	Amount (Rs. lakhs)
(1) Taxes (sales tax, agricultural income-tax and taxes on goods carried on road and inland water ways)	4,94.01
(2) Land revenue	.. 2,59.72
(3) Electricity receipts including electricity duty	.. 2,56.99
(4) Mining revenue	.. 1,37.53
(5) Forest leases	.. 1,30.99
(6) Other revenues (such as receipt from sale of text books, excise revenue receipts from Government industrial undertakings, guarantee fees, house rent, State transport receipts, recoveries for services rendered by the State police, receipts from animal husbandry and veterinary schemes, fishery receipts, government press receipts, water charges, house rent, etc.)	2,98.61
Total	.. 15,77.85

Information on the extent of arrears of agricultural receipts, receipts from tribal and rural welfare schemes and other revenues from 61 Public Works, Irrigation and Rural Engineering divisions outstanding on 31st March 1969 has not been received so far (December 1969). The transport department have stated (November 1969) that it has not been possible to assess the arrears of revenue in respect of motor vehicle tax due to unsatisfactory position of the records in the subordinate offices.

88. *Write-off and remission of claims to revenue*—During 1968-69 demands in 34 cases aggregating Rs. 6.54 lakhs were written off, remitted or waived as indicated below :—

Department	Nature of revenue	No. of cases	Amount Rs.
(1) Health and Family Planning	(a) Arrear contribution from local bodies on account of Government medical institutions to end of March 1968 written off (Government has decided not to realise any contribution from local bodies on this account from 1st April 1968).	14	5,15,419
	(b) Remission of examination fees	2	750
(2) Co-operation and Forestry	Forest leases—		
	(a) Written off	.. 3	8,160
	(b) Remitted	.. 3	21,300
	(c) Waived	.. 1	35,550
(3) Excise	Excise revenue—		
	(a) Written off	.. 5	8,343
	(b) Remitted	.. 1	55,000
(4) Finance	.. Sales tax written off	.. 1	7,030
(5) Political and Services	.. House rent waived	.. 1	1,135
(6) Commerce	.. Press receipts—		
	(a) Written off	.. 2	16
	(b) Waived	.. 1	857
	Total	.. 34	6,53,560

CO-OPERATION AND FORESTRY DEPARTMENT

89. *State trading in Kendu leaves*—State trading in Kendu leaves was taken up from May 1963. Mention was made in paragraph 68 of Audit Report 1967 about opening of personal ledger accounts within the Consolidated Fund of the State from December 1965. Twenty-three Divisional Forest officers are operating on the personal ledger accounts.

According to the rules, each divisional officer operating a State trading scheme is required to prepare *pro forma* accounts of his transactions during the year for that division and the Chief Conservator of Forests is to render the consolidated *pro forma* accounts to audit by 15th May of the following year; the consolidated annual *pro forma* accounts of the entire scheme from December 1965 to March 1969 have not been prepared by the department so far (October 1969).

Rules also require that the annual balance certificates of personal ledger accounts operated by each of the Divisional Forest Officers are to be rendered by them to audit through treasury officers maintaining those accounts. Only four out of the twenty-three divisional forest officers rendered the required return for the year 1968-69. It has, therefore, not been possible to ascertain the reconciled balances in the personal ledger accounts of the scheme at the end of 1968-69.

Under the system of State trading in Kendu leaves, agents are appointed for collection, processing, storage, bagging and transport of Kendu leaves and they are reimbursed the actual charges subject to a maximum per bag to be fixed by the department in each case. Purchasing agents are also appointed who are allowed to purchase the bagged Kendu leaves at prices to be fixed by the department. Usually the collection agents are appointed as the purchasing agents also.

In the following cases, there were shortfall of Rs. 1.44 lakhs in revenue, extra expenditure of Rs. 3.03 lakhs and non-realisation of compensation recoverable to the extent of Rs. 0.82 lakh:—

(i) According to the agreements executed by the agents of two units, they are required to deliver to Government also the stocks of Kendu leaves procured by them over and above the minimum quantity stipulated in the agreements. The two agents procured and processed 8,454 bags of Kendu leaves during 1966-67 but delivered only the minimum quantity of 5,300 bags to Government stipulated in the agreements. Non-delivery of 3,154 bags of Kendu leaves by the two agents to the department resulted in loss of revenue of Rs. 0.59 lakh (being the difference between the sale price of Kendu leaves and the amount reimbursable to the agents towards collection, processing, etc., charges).

(ii) The purchase price of Kendu leaves by the agents in two units in two districts was fixed for the year 1966 at Rs. 127 and Rs. 126 per quintal respectively. The same agents were allowed to purchase the leaves during 1967. The rates for 1967 were reduced to Rs. 110 per quintal. The charges paid to the agents for collection, processing, etc., of the leaves remained at the same rates during 1967 as those in 1966. Reduction in the purchase price meant decrease of revenue by Rs. 0.85 lakh for the Kendu leaves collected and sold during 1967. Reasons for reduction of the purchase price have not been intimated by the department (October 1969).

(iii) The rates of reimbursement to agents as additional remuneration for collecting, processing, etc., of Kendu leaves per bag beyond a minimum specified number of bags that are collected in a unit during a particular procurement season is determined by Government. In 16 cases (in three divisions), the rates of additional remuneration per bag during 1965 were fixed by Government at higher rates than those fixed for the minimum specified number of bags. In these cases, the minimum quantity to be procured during 1965 was fixed at a lower figure than those collected during 1964; the total quantity procured during 1965 did not, however, exceed the total quantity procured during 1964. The fixation of a lower minimum and higher rates of collection for the excess bags during 1965 resulted in an extra expenditure of Rs. 2.85 lakhs. Similar extra expenditure during 1966 in one case was Rs. 0.18 lakh.

When there is shortfall in collection of Kendu leaves against the minimum stipulated quantity, the agents are required to pay compensation for the shortfall at rates stipulated in the agreements. In four cases such compensation payable by the agents for short procurement of 3,146 quintals in the years 1965 and 1966 was Rs. 0.82 lakh; recovery is yet to be made (October 1969).

FINANCE DEPARTMENT SALES TAX

90. *Arrears of sales tax demands*—At the end of 31st March 1969 the total outstanding demands of sales tax assessed but not realised was Rs. 4,21.47 lakhs against Rs. 3,44.48 lakhs as on 31st March 1968. The detailed break up of the arrears indicating the stages at which these stood as at the end of March 1968 and March 1969 are indicated below :—

	31st March 1968	31st March 1969
	(Rupees in lakhs)	
(1) Amount covered by stay order ..	1,08.47	1,25.08
(2) Amount covered by certificate cases ..	39.47	53.65
(3) Amount covered by notices to third parties contemplated in the Act	23.72	21.49
(4) Amount covered by notices of penalty ..	1,21.69	1,86.44
(5) Amount awaiting recovery by coercive measures contemplated in the Act	16.36	7.15
(6) Recovery kept in abeyance—		
(i) Proposed to be written off being irrecoverable	25.44	18.71
(ii) Outstanding against the dealers outside the State recovery of which is stated to be beyond control	9.33	8.95
Total ..	3,44.48	4,21.47

The yearwise break up of the arrears was not furnished by the department.

91. *Results of test audit in general*—(i) In 9 circles, 90 cases of under-assessment of sales tax amounting to Rs. 41,510 were noticed; the details, classified according to the nature of underassessment are given below:—

	Tax underassessed	
	Number of cases	Amount Rs.
(a) Application of wrong rate or lower rate under Central/Orissa Sales Tax Act	12	12,055
(b) Incorrect computation of Gross turnover/taxable turnover for assessment of tax	20	10,967
(c) Arithmetical inaccuracy in assessment of tax ..	25	10,820
(d) Irregular allowance of deduction ..	4	4,077
(e) Irregular allowance of rebate ..	27	2,611
(f) Miscellaneous ..	2	980
Total ..	90	41,510

(ii) *Short levy of tax on inter-State purchases*—In case of inter-State purchase of goods, not declared essential for inter-State trade, registered dealers on production of proper declaration form for such purchases pay concessional rate of sales tax. In 13 circles 39 cases of short-levy of tax of Rs. 34,387 were noticed ; details according to class of cases are given below :—

		Rs.
(a) Acceptance of incomplete/defective declaration form ..	18 cases	13,697
(b) Misuse of declaration form by dealers ..	21 cases	20,690
Total ..	39 cases	34,387

(iii) *Non-levy of interest*—Orissa Sales Tax Act provides that in case a dealer defaults in payment of tax or composition money, by the due date specified in the notice issued to him, he shall be liable to pay interest at the rate prescribed under the Act. During test check of accounts, it was noticed that in 494 cases in 11 circles demands for interest amounting to Rs. 1.42 lakhs as on 31st March 1968 were not raised and realised.

92. *Under-assessment of tax*—A dealer in silver bars was taxed at the rate of 2 per cent of the total taxable turnover of Rs. 2.03 lakhs on inter-State transactions for the quarter ending June 1966. No declaration in the prescribed form evidencing sale of the articles to registered dealers of other States, required under the Central Sales Tax Act, was produced by the dealers ; in the absence of such evidence the turnover was taxable at 10 per cent. The resultant under-assessment was Rs. 16,252. The taxing authority has reopened the case to regularise the under-assessment; further report is awaited (January 1970).

TRANSPORT DEPARTMENT

TAXES ON VEHICLES

93. *Results of test audit in general*—(i) A test check disclosed cases of underassessments and loss of revenue to the extent of Rs. 3.12 lakhs under Taxes on Vehicles; a summary, classified according to the reasons for under-assessment/loss of revenue is given below :—

Particulars	Number of cases	Amount Rs.
Non-levy of tax from the date of purchase/acquisition of vehicles already registered	142	38,652
Underassessment/short realisation of tax due to wrong application of rates, errors in calculation, etc.	158	92,520
Loss of revenue due to acceptance of indefinite, incomplete and defective off-road intimation	49	60,444
Failure to levy and realise tax for the violations of off-road declarations detected by the Enforcement Branch	37	50,530
Irregular acceptance of belated off-road declarations resulting in non-levy of tax	205	53,737
Refund of tax due to acceptance of irregular off-road intimation	2	650
Non-realisation of tax at enhanced rate from 3rd May 1966 resulting in short realisation of tax (the rate was enhanced from 3rd May 1966)	65	9,740
Non-realisation/short collection of Orissa Tax by other States	23	6,163

(ii) *Non-levy of tax for carrying standing passengers in Public buses*—The Orissa Motor Vehicle Taxation Act provides that in the cases of a motor vehicle plying for hire and used for conveyance of passengers, additional tax shall be levied for the number of standing passengers which the vehicle is permitted to carry. The State Transport Authority issued necessary instructions in January 1968 to levy tax, with effect from 1st January 1968. Despite instructions in seven regions, tax of Rs. 30,962 in 91 cases was not levied and realised in respect of standing passengers.

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION A

Statutory Corporations

94. There were three statutory corporations/board in the State as on 31st March 1969, viz.,

- (i) The Orissa State Financial Corporation ;
- (ii) The Orissa State Warehousing Corporation; and
- (iii) The Orissa State Electricity Board.

Government investment as on 31st March 1969 in the share capital of the first two statutory corporations was Rs. 64.17 lakhs and Rs.11 lakhs respectively.

95. *Orissa State Financial Corporation*—(i) A synoptic statement showing the financial position of the Corporation (incorporated in 1956) for the three years ending 1968-69 is given below:—

	1966-67	1967-68	1968-69
	(In lakhs of rupees)		
(1) Authorised capital ..	2,00.00	2,00.00	2,00.00
(2) Paid-up capital—			
(a) Government ..	64.18	64.17	64.17
(b) Others ..	35.82	35.83	35.83
Total ..	<u>1,00.00</u>	<u>1,00.00</u>	<u>1,00.00</u>
(3) Borrowings ..	1,67.33	2,03.30	2,39.56
(4) Free Reserves—			
(i) Capital Reserve ..	0.08	0.08	0.08
(ii) Special reserve under Income Tax Act ..	4.82	6.38	8.00
(iii) Special reserve under section 35-A of the State Financial Corporations Act	6.50	8.00	9.50
(iv) Reserve for Bad and doubtful debt ..	0.10	1.09	1.54
(5) Total Capital invested ..	2,78.83	3,18.85	3,58.68
(6) Block Assets (net) ..	0.20	0.43	0.38
(7) Depreciation ..	0.17	0.21	0.28
(8) Excess of income over expenditure before provision for taxation	6.82	7.78	8.09
(9) Intangible assets to be written off out of future profits	7.73	9.23	10.68
(10) Percentage of return on capital invested ..	5.05	5.67	5.61

(ii) The divisible profits during 1968-69 amounted to Rs. 2.31 lakhs, this was not sufficient to meet the guaranteed dividend of Rs. 3.75 lakhs. The liability of the State Government for the payment of the guaranteed dividend during 1968-69 was Rs. 1.44 lakhs; the amount has not been received by the Corporation so far (October 1969). The subvention received from the State Government to meet the guaranteed dividend over a period of twelve years upto 31st March 1969 totalled Rs. 10.68 lakhs.

(iii) *Loan to M/s Konark Ceramics (P) Limited*—A loan of Rs. 6 lakhs was sanctioned by the Corporation to M/s Konark Ceramics (under private management) in November 1963 (Rs. 3 lakhs) and December 1964 (Rs. 3 lakhs) for purchase of machinery against the security of factory assets; of that the company repaid Rs. 0.60 lakh in June and December 1966. The company experienced difficulties for working capital after it went into production and a further loan of Rs. 4 lakhs was paid by the Corporation in January 1967 (Rs. 3 lakhs) and June 1967 (Rs. 1 lakh) against guarantee of Government. The company sustained heavy losses since its inception, the total loss sustained being Rs. 5.86 lakhs upto the end of March 1968. The company defaulted in payment of interest and repayment of the instalments of principal of the loan. In September 1968 the Corporation claimed the guaranteed sum of Rs. 4 lakhs with interest from Government. In December 1968 the Corporation also filed a civil suit against the company for realisation of Rs. 5.40 lakhs plus interest; the case is *sub judice*. In June 1969 the company decided to repay to the corporation at Rs. 5,000 per month during September 1969 to December 1969 and at Rs. 10,000 per month thereafter. The instalment due in September 1969 has not been paid (October 1969). The outstandings due upto the end of September 1969 were Rs. 11.26 lakhs. (principal : Rs. 9.40 lakhs and interest : Rs. 1.86 lakhs). As against this the value (in June 1969) of security that was offered by the company at the time of obtaining the loans was Rs. 6.88 lakhs only.

ORISSA STATE ELECTRICITY BOARD

96. The accounts of the Board for the year 1968-69 are yet to be presented by Government to the State Legislature as required under Section 69(4) of the Electricity (Supply) Act, 1948 (September 1969).

A comparative picture of the working results of the Board for three years ending with 1968-69 is given below :

	1966-67	1967-68	1968-69
	(In lakhs of rupees)		
(A) Capital invested—			
(i) Capital liabilities ..	39,07.90	44,97.86	46,75.57
(ii) Reserves—			
(a) Development Reserve ..	1,49.28	1,49.28	2,46.97
(b) Depreciation Reserve ..	4,24.68	5,23.30	7,42.43
(c) Other Reserves ..	1,47.55	1,44.91	1,64.64
(d) Loan Bonds Redemption Fund ..	2,67.61	2,67.61	2,67.61
B) Working results—			
(a) Gross Revenue ..	6,42.64	7,88.47	9,40.79
(b) Working expenses ..	5,79.24	6,27.31	7,65.58
(c) Net surplus as per consolidated revenue accounts (a—b)	63.40	1,61.16	1,75.21
(d) Refund of interest by State Government ..	..	..	79.81
(e) Less—interest charges and appropriation ..	2,17.88	1,86.92	2,78.00
(f) Net deficit as per Net Revenue and Appropriation Account	1,54.48	25.76	22.98
(g) Total accumulated deficit ..	3,80.35	4,06.11	4,29.09

(3) *Internal check*—According to the provisions of Section 69 (i) of the Electricity (Supply) Act, 1948, Board is required to have a system of proper internal check. The internal check has been in arrears by two years in respect of inspection of divisions, and by one year in respect of check of vouchers.

(4) *Under-charges*—Cases where consumers were charged less than the amount chargeable during June 1966 to March 1969 (noticed in local audit between November 1968 and September 1969) are mentioned below :

	Number of divisions involved	Number of cases	Amount of under- charges (Rs. in lakhs)
(i) Under-charges due to defective billing	4	16	0.64
(ii) Under-charges due to Low Power Factor	1	1	0.17

(5) *Cases of losses due to theft*—In nine divisions of the Board, 19 cases of losses by theft of stores materials had occurred during the period between November 1967 and April 1969. The total loss in these cases was Rs. 0.28 lakh. Departmental action is yet to be taken (January 1970).

(6) *Misappropriation cases*—In one division of the Board, 68 cases of alleged misappropriation had occurred during the period between February 1968 and March 1969. The total amount involved in these cases was Rs. 2.37 lakhs. Departmental action is yet to be taken (January 1970).

(7) Persistent irregularities noticed in audit in connection with the execution of works by the Board during 1968-69 are detailed below:

	Number of divisions	Number of cases	Amount involved (Rs. in lakhs)
(a) Works expenditure incurred without sanctioned estimates	2	11	1.35
(b) Expenditure incurred in excess of sanctioned estimates	6	88	22.55
(c) Expenditure incurred without allotment of funds	4	11	3.59
(d) Expenditure incurred in excess of allotment	4	34	6.95

(8) *Energy Charges*—During 1968-69 remission of energy charges to the extent of Rs. 22.09 lakhs was allowed in six cases by reducing the prescribed rates as directed by Government on account of revision of rates (three cases involving Rs. 21.62 lakhs) and reduction in the contract demand with retrospective effect (three cases involving Rs. 0.47 lakh). Of that, in one case involving remission of Rs. 20.68 lakhs Government agreed (February 1969) to reimburse the loss to the Board; the loss has not so far been reimbursed (January 1970).

(9) *Bad and doubtful debts*—In one division of the Board Rs. 3.17 lakhs remain unrealised for over three years in two cases. In these cases the consumers had wound up their business and the chances of recovery of amount appear to be remote. The division has proposed legal action; action taken is awaited (January 1970).

97. *Defective billing*—The Orissa State Electricity Board entered into an agreement (November 1962/November 1966) with a Textile mill at Jharsuguda for supply of power from December 1962 phasing the load at 50 KVA to 850 KVA during the initial construction of the factory and at 1000 KVA to 1590 KVA from November 1966. A trivector meter with a 50/5 Ampere C. T. device was installed in November 1964 ; for getting the consumption in units the reading shown by this meter is to be multiplied by “two”. In respect of bills preferred from November 1964 the multiplying factor “two” was ignored. The omission was detected by the Executive Engineer, Sundargarh Electrical division in March 1968. This resulted in an undercharge of Rs. 8.10 lakhs during the period November 1964 to January 1968. Supplementary claim preferred in April 1968 was disputed by the company on the ground that the meter which was not sealed was defective and suggested mutual settlement or arbitration, if such settlement was not possible (May 1969). The Company has been paying the bills as per revised calculations from February 1968 under protest. Government intimated in December 1969 that action has also been initiated to realise the arrear dues ; recovery is still awaited.

98. *Loss of revenue*—(a) Power supply was given to a paper mill at Jaykaypur from January 1961 upto a maximum demand of 2,500 KW at 33 KV for a period of 15 years from the date of supply at the rate applicable for industrial supply in the Intermediate Tariff of the State Government. The agreement contemplated allowance of rebate of $6\frac{1}{2}$ per cent on the bill amount for supply of power at 33 KV by way of compensation to the consumer for extra capital expenditure and the running cost incurred by the mill on the installation and maintenance of 33 KV Switchgear and 33 KV/6.6 KV step-down transformer. The agreement, *inter alia* included an unusual provision that “the final tariff which is expected to be revised shall not be in any way to the disadvantage of the consumer and that the consumer shall be entitled to the benefits of the reduction in rates. In any event, the supplier shall not charge higher rates than those charged from any consumer in the State of Orissa”. Such provision is not usually made in other agreements entered into for supply of power at the prescribed tariff.

The tariff was revised and the revised tariff came into force with effect from August 1966. The system of giving rebate for supply of power at 33 KV has been discontinued under the revised tariff. The Chief Engineer, however, allowed (October 1966) the rebate to the paper mill at $6\frac{1}{2}$ per cent on the ground that there was no clause in the existing agreement debarring the mill to get the rebate. Based on the monthly average of rebate allowed (Rs. 6,000) loss of revenue to the Board due to allowance of rebate for the period August 1966 to December 1975 (including the unexpired period of contract) would amount to Rs. 6.78 lakhs ; the amount of rebate already allowed from August 1966 to March 1969 was Rs. 2.04 lakhs.

In the revised tariff, rates of supply of power have been enhanced. The mill was billed for at revised rates from August 1966. The party has not made payment at the enhanced rates in view of the specific provision in the agreement that new tariff should not be disadvantageous to the consumer. The amount of enhanced charges payable by the mill based on the past consumption would be Rs. 11.30 lakhs for the period from August 1966 to December 1975. According to the Law Officer of the Board (August 1966), in view of the agreement, new tariff cannot be enforced on the consumer. The mill has gone to Court (February 1967) against the revision of tariff and the matter is *sub judice*.

The Board stated (September 1969) that the rebate was allowed to be continued as a special case since the consumer had installed additional equipment to receive power at 33 KV and such concession has not been allowed to consumers taking power after 1st August 1966.

(b) In another case power supply was given to M/S Utkal Machinery Limited at Kansabahal from May 1962 upto a maximum demand of 5000KV A at 33 KV for a period of 10 years at the tariff rates as for industrial supply. The agreement entered into in April 1964 contemplated a rebate of $6\frac{1}{2}$ per cent on the amount billed for supply of power at 33 KV as compensation to the consumer for extra capital expenditure and running cost incurred by him on the installation and maintenance of 33 KV Switchgear and the necessary step-down transformer. The agreement, *inter alia* included a provision that the tariff and conditions of supply mentioned therein shall be subject to any revision that may be made by the supplier from time to time.

The tariff was revised and the revised tariff came into force with effect from August 1966 according to which rebate for supply of power at 33 KV had been discontinued. This concession was, however, allowed (October 1967) to this consumer, as a special case, even after the introduction of the revised tariff. The amount of rebate so allowed to the company during the period August 1966 to April 1969 was Rs. 0.96 lakh.

The Board intimated (November 1968) that "as the consumer in question had installed additional equipment to receive power at 33 KV, continuance of special rebate at $6\frac{1}{2}$ per cent was approved by the Board" though no special rebate was allowed to fresh consumers, who had been supplied power at 33 KV after August 1966.

99. *Purchase of synchronous condensers*—On an indent placed by the Chief Engineer, Hirakud Dam Project, Director General of Supplies and Disposals placed an order with a Hungarian firm in April 1965 for supply of two 25 MVA synchronous condensers for Rourkela grid sub-station for Rs. 23.80 lakhs. The grid sub-station was transferred to the control of the Orissa State Electricity Board in December 1965. Consequent on devaluation of the rupee in June 1966 cost of supply of the condensers was increased to Rs. 33.31 lakhs, 126 out of the 127 cases containing the equipment were received in Rourkela in June 1966. 85 per cent of the cost of equipment amounting to Rs. 27.83 lakhs has been paid and the balance of Rs. 5.48 lakhs is yet to be paid to the firm.

The equipment were guaranteed for performance by the supplying firm for a period of 12 months from putting into operation or upto a maximum period of 18 months from the date of arrival of the last consignment at Indian sea port or 20 months from f.o.b. despatch whichever is earlier; the warranty period has already elapsed even before erection.

Following points have been noticed during the course of audit :—

(i) The estimates for civil works and erection of condensers sent by the Superintending Engineer, Burla to the Chief Engineer of the Board in November 1967 have not so far been sanctioned (December 1969).

(ii) Only minor civil works have been done and the condensers have not been installed.

(iii) Claim for one case short received preferred against the shipping company has not so far been settled (December 1969).

(iv) Five cases were found to be in damaged condition on their receipt at Rourkela in June 1966 and open delivery was taken. Claim preferred against the Railways only in December 1966 was rejected on the ground that it was not preferred in time.

(v) For handling the condensers, a crane was purchased by the Board (April 1968) in respect of which 90 per cent payment amounting to Rs. 1.98 lakhs has been made to the supplier. Cable worth Rs. 1.62 lakhs purchased for use along with the condensers still remain unutilised (June 1969).

(vi) The locking up of over Rs. 31 lakhs spent on the import of condensers, purchase of crane and cable not put into use has resulted in payment of interest of Rs. 1.91 lakhs per annum at the borrowing rates of the Board.

100. *Purchase of transformers*—In August 1966 the Superintending Engineer, Stores and Purchase Circle obtained quotations from 13 firms for supply of four numbers each of “2 MVA” and “3MVA” transformers. Rates of firm ‘A’ were the lowest. Pending decision of the Board the tenderers were asked to extend the validity of quotations from time to time upto 6th February 1967. Some firms reduced their rates due to fall in price of copper and began intimating their revised rates to the Superintending Engineer from March 1967. Firm ‘A’ only was requested on 15th March 1967 to extend the validity of their quotation upto 31st March 1967; that firm intimated its reduced rates on 21st March 1967 (“2 MVA” transformer: Rs. 84,500 and “3 MVA” transformer: Rs. 1,06,500).

In spite of the slump in the market which was evident from the downward trend of the revised quotations offered, fresh tenders were not invited; the Superintending Engineer instead informed firm ‘A’ of the Board’s intention to place purchase order with it on receipt of its formal acceptance to the Board’s proposal and furnishing security deposit of 5 per cent of the value of the order. These were not received by the Board. In May 1967 firm ‘B’ (one of the 13 tenderers) intimated its revised quotation (Rs. 80,000 for each “2 MVA” transformer and Rs. 90,000 for each “3 MVA” transformer). Firm ‘A’ was reminded in May 1967 to furnish the security deposit for placing the purchase order.

Firm ‘A’ furnished bank guarantee as security on 8th June 1967 after which purchase order for the eight transformers was placed on 23rd June 1967. The Board stated (October 1969) that the reduced rates of firm ‘B’ were not considered as the intention to purchase from firm ‘A’ was already decided. The transformers were received during April-June 1968 for which a total of Rs. 7.87 lakhs were paid. Compared with the rates of firm ‘B’ the purchase from firm ‘A’ resulted in an extra expenditure of Rs. 1.07 lakhs.

101. *Extra expenditure on purchase of electrical equipment*—According to rules of the Board a Superintending Engineer is authorised to purchase equipment upto Rs. 15,000 at a time. Between December 1965 and March 1966, the Superintending Engineer, Electrical Circle, Cuttack purchased equipment from local firms for Rs. 2.05 lakhs by placing 22 purchase orders each not exceeding Rs. 15,000. Other circles purchased similar equipment at reduced rates during the same period. Compared with the rates at which purchases were made by other circles, the purchases made by the Central Circle, Cuttack resulted in an extra expenditure of Rs. 0.91 lakh.

The following other points also came to notice in this case:—

(i) The requirements were not assessed in advance as required under the rules and purchases made accordingly in bulk.

(ii) There were delays in utilisation of the materials purchased, even beyond February 1969.

The Superintending Engineer explained in August 1968 that purchases were made as and when requisitions were received from the divisions without consolidating the requirements of all the divisions together to save delay and ensure supply in time as the procurement would have been delayed and progress of works hampered had the requirement been consolidated and sent to the Chief Engineer for sanction of the purchase exceeding Rs. 15,000.

The matter was reported to the Board in May 1968 and Government in September 1968; replies are awaited (January 1970).

SECTION B

Government companies

102. (i) On 31st March 1969 there were 44 Government companies in the State with a total investment of Rs. 23,06.89 lakhs by Government as share capital. Of the 44 companies, 33 (serial nos. 7 to 39 of the synoptic statement) were established under the pilot project scheme embarked upon by the State Government in March 1958 to accelerate promotion of small scale industries; of the remaining 11 companies, 6 (serial nos. 1 to 6 *ibid*) were fully owned by Government and 5 (serial nos. 40 to 43 *ibid*) and Khoshal Industries Development Syndicate Ltd., (not shown in the synoptic statement) were partly owned by Government.

A synoptic statement showing the financial position of 43 companies for the latest year for which audited accounts are available is given in appendix XI, pages 132 to 135. No information about Khoshal Industries Development Syndicate Limited is available.

(2) Out of 43 companies only one company (serial no. 1 of synoptic statement) has furnished its audited accounts for 1968-69 (October 1969). The rest of the companies have furnished the accounts upto the following years:—

Year	Number of companies
1967-68 ..	5 including 2 fully owned by Government
1966-67 ..	9 including 2 fully owned by Government
1965-66 ..	10 including 1 fully owned by Government
1964-65 ..	10
1963-64 ...	1
1962-63 ..	4
1961-62 ..	3

(3) *Companies fully owned by Government*—The latest available accounts indicate that one company (serial no. 3 of the synoptic statement) with a total paid-up capital of Rs. 3,85.38 lakhs earned a profit of Rs. 17.60 lakhs. Five companies (serial nos. 1,2,4,5, and 6 *ibid*) with a total paid-up capital of Rs. 14,72.75 lakhs sustained a total loss of Rs. 58.61 lakhs.

(4) *Companies partly owned by Government*—(i) 22 pilot project companies have gone into production. According to the latest available accounts 13 of these companies (serial nos. 7,8,9,10,12,16,19,20,21,22,23,24 and 26 of the synoptic statement) with the total paid-up capital of Rs. 27.52 lakhs sustained a total loss of Rs. 10.11 lakhs. The remaining 9 companies (serial nos. 11,13,14,15,18,25,27,28 and 33 of the synoptic statement) with the total paid-up capital of Rs. 20.17 lakhs earned a profit of Rs. 1.30 lakhs.

(ii) 11 pilot project companies (serial nos. 17,29,30,31,32,34,35,36,37,38 and 39 of the synoptic statement) and one company jointly owned by Government and private parties (serial no. 43 *ibid*) in which Government investments are respectively Rs. 9.57 lakhs and Rs. 14.90 lakhs are either under liquidation or proposed to be put into liquidation.

I—Companies fully owned by the State Government

103. *Orissa Mining Corporation*—(i) The Orissa Mining Corporation was incorporated as a fully owned Government company in May 1956 with the object of exploiting minerals in Orissa. The authorised and paid-up capital of the company as on 31st March 1968 were Rs. 10,00.00 lakhs and Rs. 3,85.38 lakhs respectively. Loans of Rs. 6,00.44 lakhs were raised by the company by 31st March 1968 (from the Government of India: Rs. 2,66.00 lakhs, from the Government of Orissa: Rs. 1,65.50 lakhs, open market debenture loan guaranteed by the State Government: Rs. 1,00.00 lakhs and from other sources: Rs. 68.94 lakhs).

The accounts of the company disclosed profits of Rs. 1.46 lakhs and Rs. 11.69 lakhs during 1966-67 and 1967-68 respectively. The profit of 1966-67 was worked out after overvaluation of closing stock of ores (by Rs. 1.77 lakhs), irregular credit of interest (Rs. 1.66 lakhs) and excess credit on sales (Rs. 0.42 lakh).

(ii) *Daitari Ore Project*—The project was aimed at raising 2 million tons of iron ore every year for export from the Tomka-Daitari range by moving the ore over an expressway about 90 miles long for export from Paradeep port then under construction.

The project estimated to cost Rs. 4,63.50 lakhs in 1963 was revised in January 1967 to Rs. 9,41.11 lakhs. In June 1965 a contract was entered into with a Hungarian firm and its Indian agent for setting up of a mechanised iron ore handling plant at a cost of Rs. 1,92.50 lakhs to raise two million tons of ore per annum from October 1966; the Corporation subsequently (February 1966) agreed for a revision of the cost to Rs. 1,94.02 lakhs due to inclusion of certain civil engineering works and machinery. The Hungarian firm was to supply the machinery, equipment and accessories imported from Hungary and complete the supplies by January 1967. The Indian agent of the Hungarian firm was to supply the indigenous plant and machinery and to complete the civil engineering and erection works by October 1966.

The Indian agent was paid Rs. 1,80.71 lakhs upto the end of December 1968. In addition, cement worth Rs. 6.32 lakhs was issued to that firm for the civil engineering works without recovery of the cost; the agreement did not contemplate that the corporation would supply the cement. The Indian agent did not accept the liability and has not so far (October 1969) paid the cost of cement on grounds of excessive cost.

Even before entering into contract with the Indian agent, Rs. 35.08 lakhs were paid to that firm as advance in March 1964 (Rs. 19.25 lakhs) and May 1965 (Rs. 15.83 lakhs) which has not been adjusted so far (December 1969).

The erection of the ore handling plant has not been completed (October 1969). The delay in erection was attributed by the corporation officials (January 1968) to:

- (i) inadequate number of technical personnel and workers;
- (ii) non-availability of fabricated structures in time;
- (iii) non-supply of bolts, nuts, washers, etc. in time by sub-contractors;
- (iv) non-inspection of the site by the representatives of the Indian agent regularly;
- (v) non-availability of oxy-acetylene gas in time; and
- (vi) delay in repairs of damaged machinery supplied by the Hungarian firm.

An expressway constructed mainly for carriage of iron ore from Tomka-Daitari to Paradeep at a cost of Rs. 20.88 crores (upto March 1969) has not yet been utilised for that purpose. The Orissa State Commercial Transport Corporation (a fully owned Government company) was formed to carry the ore from Daitari Mines to Paradeep; it acquired heavy vehicles at a cost of Rs. 1,83.78 lakhs which remained unutilised (c. f. paragraph 104 at page 95).

The following other points were noticed:—

(a) *Deputation of experts*—In June 1965 the corporation entered into an agreement with the Hungarian firm for deputation of 19 expert engineers for rendering technical assistance in establishment of the iron ore handling plant at Daitari for a period of 117 engineer-months. Under a supplementary agreement executed with that firm (in September 1967), the corporation was to get additional plant and machinery between August and December 1967 at a cost of Rs. 20.74 lakhs. The services of 6 experts for rendering technical assistance were extended in September 1967 for 20 engineer-months. Due to delay in receipt of the plant and equipment (expected to be received by October 1969—information about actual receipt of machinery is awaited), the stay of experts, has been extended for a further period of 40 engineer-months involving an additional expenditure of Rs. 2.28 lakhs. Government of India, Ministry of Finance while sanctioning the foreign exchange observed (November 1968) that “proper planning before commencement of work on the part of the Orissa Mining Corporation could have minimised the delay in commissioning of the plant and consequent need of extension of deputation of experts”.

(b) *Purchase of rear dumpers*—Tenders were invited in July 1963 for purchase of 14 numbers of rear dumpers of 20 to 27-ton capacity. The tenders of firm ‘A’ who quoted a price of Rs. 1.49 lakhs (which included foreign exchange component of Rs. 1.40 lakhs) for a dumper with imported quarry body of 24-ton capacity was the lowest. In March 1964, the corporation purchased 14 dumpers with indigenous quarry body of 23-ton capacity from another tenderer firm ‘B’ at Rs. 1.75 lakhs per dumper (which included foreign exchange component of Rs. 1.42 lakhs). The purchase of dumpers at higher rates resulted in an extra expenditure of Rs. 4.50 lakhs. The corporation also paid to firm ‘B’, Rs. 0.44 lakh extra towards octroi charges which was not

covered by the purchase order. According to the management, the lowest offer of firm 'A' was rejected as the quality of the dumpers purchased from firm 'B' were superior to that offered by firm 'A'. Technical data/report in support of that contention were not made available by the corporation. The dumpers have not been put to use so far (October 1969).

(c) *Purchase of electric shovels*—In December 1966 the corporation placed orders with firm 'B' who were the sole selling agents of Tata Shovels for supply of two electric shovels during June/July 1967 at rates prevailing at the time of delivery and for spares of Rs. 3.92 lakhs; the shovels were stated to be necessary for loading into dumpers supplied by the same firm. Firm 'B' expressed its inability to supply the shovels within the specified time. It had, however, intimated the corporation that one shovel would be supplied by 31st October 1967 and the second during the 1st week of November 1967. The corporation requested the firm on 11th November 1967 to defer the date of supply as they had no definite programme of commissioning the machines; by that time the shovel sent by firm 'B' was already received at the corporation end. Firm 'B' agreed to hold up despatch of the second shovel upto 30th November 1967 on a charge of Rs. 100 per day and interest of 10 per cent. The corporation could not release the documents from Bank to take delivery of the first shovel for want of funds. The corporation on the advice of firm 'B' had to execute a bill of exchange on 13th January 1968 for Rs. 13.16 lakhs (cost of shovel: Rs. 9.24 lakhs and cost of spare parts: Rs. 3.92 lakhs) in favour of that firm payable on 29th February 1968 and agreed to bear additional charges that would be charged by that firm. The corporation honoured the bill of exchange only on 20th April 1968. The corporation was charged Rs. 0.64 lakh towards interest at 10 per cent and stamp duty for the bill of exchange; of that Rs. 0.57 lakh were paid by the corporation in September 1968. The second shovel was not obtained from the firm. In November 1968, the firm intimated that the shovel was sold (on 30th October 1968) to some other client and claimed Rs. 1.29 lakhs from the corporation towards storage charges (Rs. 0.37 lakh at Rs. 100 per day from November 1967 to October 1968) and interest (Rs. 0.92 lakh at 10 per cent from November 1967 to October 1968); the claim has not so far been paid (December 1969).

At the time the purchase of dumpers was in progress, the corporation had one shovel (purchased in August 1965); this was sold at Rs. 7.98 lakhs (cost price) in August 1966 as it was lying idle.

(d) *Loss on export of chrome ore*—In June 1967, global tenders were invited by the corporation for export of 1.20 lakh to 2.00 lakh tonnes of chrome ore (dusty fine) (Cr. 203 of 52 per cent) from January 1968. Of the four quotations received, the highest offer was from firm 'X' of Japan who offered 23.60 U.S. dollars for each tonne of dry Cr. 203 of 52 per cent ore with premium of 60 U.S. cents for each 1 per cent Cr. 203 above 52 per cent; that offer was rejected on the ground that the firm did not furnish earnest money deposit. Negotiations were, however, made with another firm 'Y' of Japan (2nd highest offer) who had initially offered 23 U.S. dollars per tonne. After negotiation, agreement was entered into with firm 'Y' of Japan in August 1967 to supply the chrome ore at 23.85 U.S. dollars for each tonne of Cr. 203 of 52 per cent with premium of 50 U.S. cents for each 1 per cent of Cr. 203 above 52 per cent upto 55 per cent. Between February 1968 and July 1968 the corporation exported 39,532.277 tonnes of chrome ore; of that in respect of 30,197.781 tonnes of ore, the Cr. 203 varied between 55.63 per

cent and 57.61 per cent. The corporation did not get any premium for the higher percentage of Cr. 203 beyond 55 per cent. The loss on this account with reference to the offer of firm 'X' was Rs. 1.99 lakhs (there was also loss of foreign exchange to that extent). The corporation approached the firm in August 1968 to waive the limit of 55 per cent of Cr. 203 which was not agreed to by it. The management stated (December 1968) that the rates offered by the various firms were not analysed properly and it was not visualised that the chrome ore that would be produced would be above 55 per cent of Cr. 203.

(e) *Extra expenditure on commission to shipping agents*—Without competitive quotations, the corporation entrusted the handling and shipment of chrome ore at Visakhapatnam port to firm 'R' from April 1967 after making enquiries from the port authorities. Agreement was also not entered into with the firm before entrusting the work to that firm. Compared with the rates of another firm 'S' who had offered handling and shipping of chrome ore (August 1967) and who was the sole handling contractors of the Minerals and Metals Trading Corporation, the entrusting of the ore handling to firm 'R' involved an extra expenditure of Rs. 1.46 lakhs on commission charges (at Rs. 3.07 per tonne) for shipment of 47,674 tonnes of ore during April 1967 to September 1968. The firm has been continuing the shipment beyond September 1968 on the same terms.

104. *Orissa State Commercial Transport Corporation*—The State Commercial Transport Corporation Limited (a fully owned Government company) was registered in January, 1964 with the primary object of carrying iron ore from Daitari-Tomka mines to Paradeep Port.

The authorised and paid-up capital of the company as on 31st March 1967 were Rs. 2,00.00 lakhs and Rs. 1,57.50 lakhs respectively. The company had raised unsecured loans for Rs. 1,59.63 lakhs. The accounts of the company for the years 1967-68 and 1968-69 have not been made available to Audit (October 1969).

The Company has been continuously incurring losses since its inception. The cumulative loss from 1964-65 to 1966-67 was Rs. 6.45 lakhs, the loss during 1966-67 being Rs. 4.44 lakhs. The loss during 1966-67 was under-stated by Rs. 3.17 lakhs due to non-provision of (i) depreciation and interest (Rs. 1.15 lakhs), (ii) demurrage charges and shortage of spares (Rs. 1.97 lakhs) and (iii) non-inclusion of expenditure on one unit (Rs. 0.05 lakh). The management attributed the loss to increase in staff salary, heavy expenses incurred on travelling allowance of staff deputed for bringing Mitsubishi tractor from Calcutta, entertainment of staff without any work and heavy training expenses on staff sent to Japan.

The following points have been noticed during the course of audit :—

(i) The Company commenced its business in February 1964. But due to delay in completion of expressway and non-installation of ore handling plant at Daitari by the Orissa Mining Corporation, the company's activities during the period November 1964 to October 1966 were confined to transportation of timber at Chitrakonda for M/s. Orissa Forest Corporation (another fully owned Government company) and transportation of materials for the Sileru Project in Andhra Pradesh. These operations were also stopped in October 1966 as they were not profitable. From November 1966 the company took up transportation of iron ore of the Minerals and Metals Trading Corporation limited from Cuttack/Bhubaneswar to Paradeep.

(ii) *Idle machinery*—The scheme for transportation of iron ore envisaged operation of a fleet of high pay load vehicles from Daitari-Tomka mines to Paradeep. During January and February 1967 the company purchased 93 units of prime movers (tractors) with ancillaries from Japan for Rs. 1,31.78 lakhs. In addition the company purchased 21 numbers of 33 ton bottom dump semi trailers and 19 numbers of hippo tractors of indigenous make for Rs. 52.00 lakhs. As the transportation of iron ore from Daitari-Tomka mines over expressway has not commenced, the heavy duty vehicles are yet to be put on the road. The entire investment of Rs. 1,83.78 lakhs has thus so far remained unfruitful (October 1969).

(iii) *Advances for machinery*—(a) In February 1967, orders were placed with an Australian firm for supply of 50 units of trailers (approximate cost : Rs. 75.00 lakhs) and Rs. 2.39 lakhs were advanced to that firm. The deal ran into difficulties due to neglect and default of the firm. The management has intimated (December 1969) that legal notice has been served on the firm to refund the advance of Rs. 2.39 lakhs and for payment of liquidated damages of Rs. 5 lakhs for breach of contract; recovery is awaited (December 1969).

(b) In February, 1968 M/s. Orissa Mining Corporation Ltd., offered two traxcavators for Rs. 6.64 lakhs. Though the purchase of traxcavators was not envisaged in the programme of the Orissa State Commercial Transport Corporation Rs. 4.00 lakhs were paid to the Orissa Mining Corporation in February, 1968 for their supply without the approval of the Board. The traxcavators have not been supplied. The Orissa Mining Corporation, however, refunded Rs. 2.00 lakhs in March 1968. Recovery of the balance of Rs. 2.00 lakhs is awaited (October 1969).

(iv) *Trade Apprentice Training*—The company started a scheme at Charbatia in April 1965 to impart training to 58 technical personnel in two courses of six months duration in different trades to meet the needs of the Ore transport scheme. The first batch of twenty-nine candidates completed training by the end of September 1965 and the management decided to close the training scheme with effect from October 1965. An expenditure of Rs. 0.73 lakh was incurred on pay and allowance of the instructors (Rs. 0.62 lakh) and stipend to trainees (Rs. 0.11 lakh). The Company utilised the services of only five trained personnel and the expenditure of about Rs. 0.60 lakh incurred on the remaining twenty-four trainees was, thus unfruitful.

(v) *Outstanding debts and advances*—(a) Sundry debtors which stood at Rs. 6.10 lakhs as on 31st March 1966 increased to Rs. 14.35 lakhs by 31st March 1967. No detailed list of debtors with year-wise analysis has been prepared by the company.

(b) Advances to staff awaiting adjustment/recovery as on 31st March 1967 (Rs. 3.27 lakhs) include Rs. 0.06 lakh due from persons who have left the services of the company.

105. *Industrial Development Corporation of Orissa Ltd*—(1) The Industrial Development Corporation of Orissa Limited was registered in March 1962 with the main object of promoting, establishing and executing industries which are likely to promote industrial development of Orissa and India. The authorised and paid-up capital of the corporation as on 31st March 1968 were Rs. 50,00.00 lakhs and Rs. 11,39.11 lakhs respectively. In addition,

the amount of loans raised by the corporation stood at Rs. 14,14.26 lakhs as on 31st March 1968 (Rs. 5,40.00 lakhs from the State Government, Rs. 2,00.62 lakhs from the Government of India under the Yen and West German credits and Rs. 6,73.64 lakhs from other sources guaranteed by the State Government). The corporation was also utilising Rs. 15.48 lakhs and Rs. 1.34 lakhs as working capital which it had to pay to the State Government and M/s Kalinga Industries towards the value of assets of Hirakud Industrial works and Kalinga Iron works transferred to the corporation. The corporation had to pay Rs.92.46 lakhs to Government of Orissa towards interest and guarantee commission and Rs. 3.94 lakhs to Government of India towards interest on Yen and West German credits.

(2) Out of the eight projects undertaken by the corporation, power tiller project was abandoned in April 1967. Mention was made in paragraph 87 of Audit Report 1968 about the working results of three projects (*viz.*, Hirakud Industrial works, Kalinga Iron works and Choudwar tile factory) during 1965-66 and 1966-67. During 1967-68 two more projects, *viz.*, Hira Cables and Hira Cement went into production from November 1967 and February 1968 respectively. Of the other two projects, Re-rolling mills commenced production from June 1968 and Ferro-chrome project, has gone into production from November 1969. Of the five units which were in production during 1967-68, Hira cement works (commissioned in February 1968) earned a profit of Rs. 1.20 lakhs and the other four units incurred heavy loss as shown below :—

Unit	Loss (In lakhs of rupees)
(i) Hirakud Industrial Works (acquired from Government in running condition in March 1964)	0.31
(ii) Kalinga Iron Works (acquired from M/s. Kalinga Industries Ltd., in running condition in April 1963)	6.92
(iii) Choudwar Tile Factory (commissioned in March 1966) ..	2.82
(iv) Hira cables (commissioned in November 1967) ..	2.15

(3) *Loss on sale of investments*—The corporation invested (August 1965) Rs. 28.00 lakhs in 5½ per cent Orissa Government Loan, 1977 (face value: Rs. 28.29 lakhs). In June 1966 the State Bank of India were approached for loan on the pledge of the bonds; the bank advised the corporation to sell the bonds instead of obtaining loans at higher rate of interest. The corporation, however, obtained a loan of Rs. 22.00 lakhs in November 1966 from the United Bank of India at 8½ per cent interest on the pledge of the State Government loan bonds. The corporation subsequently sold the loan bonds during January-February 1968 for Rs. 26.09 lakhs at a loss of Rs. 1.91 lakhs and cleared the loan obtained from the United Bank of India; extra interest paid to that bank was Rs. 0.75 lakh (at 8½ per cent less 5½ per cent).

(4) The following points have been noticed in respect of some of the units:—

(i) *Kalinga Iron Works*—(a) *Delay in commissioning second furnace and power plant*—Mention was made in paragraph 87 (2) (ii) (b) of Audit Report 1968 about expansion programme of Kalinga Iron Works. The corporation erected one of the additional furnaces and the power plant which were ready

for commissioning by the middle of May 1968; they were, however, commissioned only in April 1969 due to paucity of funds. According to the General Manager (May 1968) of the works, the loss per month due to delay in commissioning the plant was Rs. 2.54 lakhs; on that basis, the loss during the period May 1968 to April 1969 was estimated to be Rs. 27.94 lakhs.

(b) *Supply of power to the staff*—Supply of power at concessional rates to the staff has not been authorised by the Board. During 1967-68; the corporation recovered Rs. 0.06 lakh towards energy charges from the staff for the power supplied to their residences at fixed rates ranging from Re. 1 to Rs.5 per month; power was obtained in bulk from the State Electricity Board for this purpose at a cost of Rs. 1.08 lakhs. The subsidy to staff during 1967-68 owing to supply of power at concessional rates was Rs. 1.02 lakhs. The concession is still (December 1969) continued.

(ii) *Hirakud Industrial Works*—(a) *Alleged misappropriation*—A report of theft of Rs. 8,000 from the cash chest on 30th October 1967 was lodged by the General Manager of the works with the police on 2nd November 1967. Detailed police investigation (December 1967) revealed that one junior assistant was suspected to have misappropriated Rs. 11,091; that official was dismissed from service (May 1968) and a case was instituted (December 1967); the case is *sub judice* (October 1969). Responsibility for the loss has not so far been fixed by the corporation (December 1969).

(b) Rs. 10,346 were paid to a private party in December 1964 for preparation of a project report for the proposed steel foundry project. That project was subsequently dropped rendering the expenditure of Rs. 10,346 infructuous.

(c) *Extra expenditure in payment of electric energy charges*—The unit entered into an agreement (August 1964) with the State Electricity Board for supply of power for the galvanised plant at a maximum demand of 150 K. W. at tariff rates applicable to large industries. The power supply commenced from April 1966. Between April 1966 and August 1968 the maximum demand of power was only three to five K. W.; the unit was, however, paying the minimum charges based on the contract demand. In September 1968, the management reviewed (after 29 months of commencement of supply) the energy consumption and entered into a fresh agreement with the Board for supply of power at a maximum demand of 60 K. W. for a period of three years from September 1968. There was extra expenditure of Rs. 0.56 lakh due to fixation of demand at a high figure and delay in reviewing the requirement of power.

(d) *Idle machinery*—Eight machines purchased during 1965 at a total cost of Rs. 10.61 lakhs are yet to be commissioned (April 1969). The management stated in April 1969 that the machines procured for the expansion of the workshop were being installed and commissioned keeping in view the availability of funds and orders from parties.

(iii) *Hira cement*—(a) *Construction of apprenticeship hostel building at Hirakud*—On the advice of the State Government and on the understanding that the cost would be reimbursed, construction of an apprentice hostel building was taken up by the Corporation in September 1963 at an estimated cost of Rs. 3.40 lakhs. The building was completed in December 1965 at a cost of Rs. 3.00 lakhs. The building has not been handed over

to the State Government and the cost got reimbursed. The building was in occupation by some staff of the Re-rolling mills of the corporation from September 1968 onwards; no rent was realised so far (December 1969). The State Government proposed in August 1968 that the building may be allotted to a local school at a nominal rent (no rent has been fixed); the allotment is awaited (May 1969). The investment of Rs. 3.00 lakhs by the corporation on the building has been rendered idle.

(b) *Delay in payment of electricity charges*—(i) Electricity charges have to be paid to the State Electricity Board within 30 days from the date of issue of the bills; an interest of two per cent per month or part thereof is levied by the Board if the bills are not paid within that period. The project had not paid the electric bills for the period February 1967 to June 1968 due to paucity of funds; Rs. 0.32 lakh claimed by the State Electricity Board towards interest charges were paid by the project. Rs. 0.11 lakh would have become payable as interest charges if the dues were paid by resorting to borrowing.

(iv) *Ferro-chrome project*—(a) *Payment of wharfage charges*—Between October 1967 and June 1968, the project paid Rs. 3.76 lakhs as wharfage charges to the Calcutta Port due to delay in taking delivery of imported plant and machinery by 2 to 38 days. The management stated (March 1969) that the delay was due to paucity of funds.

(b) *Construction of raw material handling system*—The corporation invited tenders in January 1968 for construction, fabrication and commissioning of a raw material handling system for the Ferro-chrome project. Five tenders were received. The tender of a private firm (Rs. 19.70 lakhs) was the lowest while that of M/s Orissa Construction Corporation Limited (Rs. 19.96 lakhs) (a fully owned Government company) was the second lowest. The General Manager of the project did not recommend (May 1968) the tender of M/s Orissa Construction Corporation, on the ground that it had no experience in execution of such mechanised handling system of a specialised nature and it may not keep up with the time schedule. The work was, however, entrusted by the corporation to M/s Orissa Construction Corporation in August 1968 at the negotiated rate of the lowest tender (Rs. 19.70 lakhs) for completion by March 1969 on the consideration that it was a fully owned Government company. In September 1968, M/s Orissa Construction Corporation requested the Industrial Development Corporation to relieve them of the execution of works relating to structural, mechanical, electrical portion of the plant on the ground that they had not got the capacity to execute such works but agreed to execute the civil works relating to the plant. Those works were accordingly entrusted to another private firm who had not tendered originally but recommended by the Orissa Construction Corporation at a rate of Rs. 12.59 lakhs (the rate which was agreed by the Orissa Coustruction Corporation at the negotiation) for completion by March 1969. Rs. 12.66 lakhs have so far been paid to the private firm (Rs. 9.57 lakhs upto September 1969) and Orissa Construction Corporation (Rs. 3.09 lakhs upto March 1969). The work is still in progress (September 1969).

The following points were noticed in the execution of the work—

(A) The work was entrusted to the private firm without ensuring the financial stability and experience of the firm in handling the work.

(B) On the ground that it was a registered firm in Orissa, the private firm was exempted from payment of earnest money and security deposits. The corporation, however, decided (March 1969) and obtained a personal bond for Rs. 1.30 lakhs from the Director of the private firm.

(C) Agreement was executed with the private firm only in April 1969 (after a delay of over six months). The firm was, however, paid advances of Rs. 0.45 lakh during February-March 1969 before any agreement was executed.

(D) According to the agreement raw materials (such as, steel, belt, gear box, motor) were to be procured by the private firm for execution of the work. The corporation procured these raw materials of the value of Rs. 6.97 lakhs on behalf of the firm and supplied them during October 1968 to March 1969 without advance recovery of the cost and without any charge for the service rendered; this constitutes unauthorised financial aid to the contractor.

(E) Rs. 9.57 lakhs have been paid to the private firm upto September 1969 towards cost of materials and labour charges without reference to the actual value of work done.

(v) *Tile factory—Payment of energy charges*—The corporation entered into an agreement with the Orissa State Electricity Board in July 1965 for supply of power for a maximum demand of 200 K. W. from November 1965 for a period of five years and was paying minimum charges since then. In August 1967 the management reviewed the power consumption; finding that the actual consumption was less than the contract demand of 200 K. W., a fresh agreement was executed in August 1967 for supply of power for a maximum demand of 140 K. W. from that month. Computed with reference to the charge payable on the reduced demand the extra expenditure on the payment for the higher contract demand of 200 K. W. during November 1965 to August 1967 was Rs. 0.17 lakh.

(5) *Deficiencies pointed out by the company auditors*—The following are the important deficiencies pointed out by the company auditors under section 619 (3) (a) of the Companies Act on the accounts of the corporation for the year 1967-68:—

- (a) Proper system of internal audit or internal checking was not introduced.
- (b) Physical verification of cash balance at regular periodical intervals by some responsible officer was not done.
- (c) No separate budgets for capital, revenue, production, sales were prepared and there was no system of budgetary control.
- (d) A sound costing system for ascertaining the actual cost of unit production on job works has not been introduced.
- (e) There is no system for ascertaining the idle time of labour and machinery.
- (f) There is no system of obtaining confirmation of balances from the debtors.
- (g) Verified stock lists of stores were not made available to audit in respect of Kalinga Iron Works, Hirakud Industrial Works and Tile factory.
- (h) Book balances and not the verified balances have been adopted for drawing up the final accounts in respect of Hira cables, Re-rolling mills and Ferro-chrome project.

II—Companies partly owned by the State Government

Pilot Project Companies

(Jointly owned by the State Government and private parties)

INDUSTRIES DEPARTMENT

106. *Gajapathi Steel Industries Limited*—The company was incorporated in February 1960 for the manufacture of hinges, tin containers and cycle parts. Its paid-up capital as on 31st March 1969 was Rs. 3.75 lakhs of which a sum of Rs. 3.47 lakhs was contributed by the State Government and the balance by private entrepreneurs.

The accounts for the year 1965-66 disclosed a cumulative loss of Rs. 0.44 lakh of which Rs. 0.07 lakh pertained to 1965-66. The accounts of the company for the years 1966-67 to 1968-69 have not been received (September 1969).

During the course of audit, the following points have been noticed:—

(i) The company incurred an expenditure of Rs. 3,500 during September-October 1966 on demurrage charges (Rs. 1,350) and interest (Rs. 2,150) due to non-release of plates received from suppliers owing to paucity of funds.

(ii) Besides the manufacture of hinges, tin containers and cycle parts, the company took up the manufacture of buckets in February 1969 without examining the economics of the scheme and arranging for the additional finance. The new line consumed the working funds available for the existing units with the result that the entire work had to be closed for want of working capital (March 1969). The expenditure on the idle labour from March 1969 to July 1969 amounted to Rs. 8,900. The company has not yet resumed its production (September 1969).

107. *Utkal Foundry and Engineering Company Limited*—(i) The company was incorporated in March 1959 with an authorised capital of Rs. 3.5 lakhs with the object of manufacturing cast iron pipe-fittings, specials, etc, primarily for supplying to the State Public Health Department. The paid-up capital as on 31st March 1968 was Rs. 2.69 lakhs of which a sum of Rs. 2.34 lakhs was contributed by the State Government and the balance by a private entrepreneur who is the Managing Director.

(2) The factory was closed from December 1966 and resumed production in July 1968; the closure was attributed to accumulation of finished goods. The following table indicates the working results of the company for the three years ending 1967-68:—

	1965-66	1966-67	1967-68
	(Rupees in lakhs)		
(a) Production	6.13	4.39	0.60
(b) Sales	9.70	3.30	0.88
(c) Gross profit (+)/Loss(—)	+1.69	+0.19	—0.07
(d) Net profit (+)/Loss(—)	+0.52	—1.01	—1.03
(e) Closing stock of finished goods	0.34	1.69	1.39
	(percentage)		
(f) Percentage of gross profit to sales	17.42	5.76	..
(g) Percentage of net profit to capital	19.33	..	..

The loss was mainly attributed by the management to—

- (i) closure of the factory during 1967-68 due to accumulation of finished stock for want of market;
- (ii) payments of heavy compensation (Rs. 0.24 lakh) to the retrenched personnel during 1967-68;
- (iii) payment of interest charges and power charges at the minimum contract demand when there was no production; and
- (iv) sale of products below cost to clear accumulated stock.

(3) The following other points have been noticed:—

(i) Costing records showing the cost of production of each type of article manufactured were not maintained.

(ii) Mention was made in paragraph 45 of Audit Report 1967 of payment of advances to private parties for investment in Government Loan, 1977. This included an advance of Rs. 0.99 lakh paid to this company by the Government (Public Health Engineering Department). The loan bonds purchased in August 1965 were sold by the company in June 1966 for Rs. 0.90 lakh at a loss of Rs. 0.09 lakh. Out of the advance received from Government, Rs. 0.88 lakh remained outstanding by end of March 1968.

108. *Spark Battery Manufacturing Works Limited*—The company was registered in March 1958 and started production of storage batteries from October 1958. The paid-up capital of the company as on 31st March 1968 was Rs. 2.80 lakhs of which Rs. 2.65 lakhs were contributed by the State Government and the balance by a private entrepreneur who acts as the Managing Director of the company.

The accounts of the company for the years 1967-68 and 1968-69 have not been received. The table below reveals the target of production, production and sale of batteries during the three years ending 1967-68.

	Target of production	Production	Sale
	(Number of batteries)		
1965-66 ..	1,500	1,385	1,261
1966-67 ..	3,000	11,819	8,767
1967-68 ..	3,000	2,806	2,776

The following points were noticed during the course of Audit :—

(i) *Loss on sale of batteries*—

(a) *Export of batteries to Czechoslovakia*—In May 1966 the company obtained through the State Trading Corporation an order for export of 12,000 batteries. The rate fixed per battery (Rs. 78.75 after rupee-devaluation in June 1966) did not take into account interest on loan obtained from the State

Trading Corporation and the commission payable to the State Trading Corporation and the export agents. This resulted in a loss of about Rs. 0.39 lakh excluding the commission payable to the State Trading Corporation on the sale of 7,200 batteries out of 10,264 manufactured during 1966-67 for export. There was no local demand for the remaining batteries. 2,763 numbers were subsequently dismantled and 301 numbers are in stock (December 1969). Besides, expenditure of Rs. 0.08 lakh incurred on the movement from Cuttack to Calcutta and back of 2,000 batteries which could not be exported owing to delay in arrival at the port also proved to be infructuous.

The company stated (March 1968) that interest on loan and commission were not taken into account in fixation of the price with a view to capture export and earn foreign exchange. It was also stated that the State Trading Corporation has been requested (September 1968) to waive the commission of Rs. 0.17 lakh yet to be paid.

(b) During 1968, the company supplied 426 batteries on a rate contract entered with the Standing Committee of the Association of State Transport Undertakings, Bombay at Rs. 150 as against its cost of production of Rs. 176.95 (excluding excise duties) per battery. The loss incurred by the company in this deal was Rs. 16,040 (including excise duty). The Management stated (January 1969) that low rate (on no loss no profit basis) was quoted to expand activities and create market in other States.

(iii) *Sundry debtors*—Of Rs. 0.92 lakh (Government departments : Rs. 0.65 lakh and private parties : Rs. 0.27 lakh) outstanding on 31st March 1968, Rs. 0.28 lakh relate to 1965-66 and earlier years ; no provision was made for bad and doubtful debts.

SECTION C

Government Commercial and Quasi commercial departments

109. *Departmentally managed Government undertakings*—At the end of 1968-69, there were 16 departmentally managed commercial and quasi-commercial undertakings. 14 of these undertakings had a total capital of Rs. 7,84.76 lakhs; the *pro forma* accounts of the remaining two undertakings, (*viz.*, jeep servicing station, Bhubaneswar and the scheme for State Trading in Kendu leaves declared as “commercial/quasi-commercial” from July 1960 and November 1965 respectively) have not been submitted to audit so far (January 1970).

A statement showing the summarised financial results of the working of the undertakings as disclosed by *pro forma* accounts for the latest year is given in appendix XII, pages 136 to 137.

The *pro forma* accounts are in arrears (i) for 7 years (from 1962) in respect of one undertaking (serial No. 14 of the synoptic statement), (ii) for six years (from 1963-64) in respect of one undertaking (serial No. 9 *ibid*), (iii) for four years (from 1965-66) in respect of 3 undertakings (serial Nos. 8, 10 and 13 *ibid*), (iv) for two years in respect of six undertakings (serial Nos. 4, 5, 6, 7, 11 and 12 *ibid*) and (v) one year in respect of 3 undertakings (serial Nos. 1, 2 and 3 *ibid*).

The assets/liabilities of the two inoperative schemes (serial Nos. 9 and 10 *ibid*) have not been disposed of/liquidated completely (January 1970).

INDUSTRIES DEPARTMENT

110. *Government Tannery, Titilagarh*—The tannery originally established by the erstwhile Bolangir State in 1943 was taken over by the State Government in 1948. In 1953-54, a full-fledged tanning section was started on commercial lines in partnership with a private person and in 1956-57 the State Government took over the management of the tannery. The main object of the tannery is collection of raw hides, skins, bones, horns, etc., and tanning of the hides and skins.

The working results of the tannery for the three years ending 1967-68 are as under :—

	1965-66	1966-67	1967-68
	(Figures in item (i) are in Kgs. and item (ii) to (iv) are in lakhs of rupees)		
(i) Production	49,018	64,909	57,506
(ii) Sale of finished products	3.38	4.60	4.69
(iii) Gross profit	0.59	0.74	0.50
(iv) Net profit	0.13	0.32	0.13
(v) Percentage of gross profit on turnover	17.5	16.1	10.7
(vi) Percentage of net profit on turnover	3.8	7.0	2.8

The following table indicates cost of production including cost of hides and sale price of leather.

	1965-66	1966-67	1967-68
	(Rupees per Kg.)		
Cost of production including cost of hide	4.90	4.95	6.45
Sale price	6.17	6.10	6.01

According to the management, the fall in profit during 1967-68 was due to increase in the cost of hides and cost of manufacture and decrease in the selling price of the leather. The interest charges during 1965-66 to 1967-68 were calculated at 4 per cent on the Government capital as against 7 per cent prescribed by Government. If interest is charged at 7 per cent, the working results would indicate a loss of Rs. 0.03 lakh in 1965-66, a profit of Rs. 0.15 lakh in 1966-67 and a loss of Rs. 0.08 lakh during 1967-68 as against the net profits of Rs. 0.13 lakh, Rs. 0.32 lakh and Rs. 0.13 lakh respectively shown in the accounts.

The following other points were noticed :—

(i) The utilisation of the tannery during 1962-63 to 1967-68 ranged from 28 to 68 per cent (0.17 lakh pieces to 0.41 lakh pieces) against the installed capacity of tanning of 0.60 lakh pieces of hides per year.

(ii) Machinery purchased for Rs. 0.37 lakh (22 per cent of the total value of machinery) as detailed below remained unutilised for reasons indicated against each.

Machinery	Cost (Rs. in lakhs)	Remarks
(i) Measuring machine	0.13	Government stated (December 1969) that the machine could not be installed for want of building and would be installed after receipt of spare parts from Germany.
(ii) Drum setting machine	0.17	Purchased in 1955; installed in May 1969 and not commissioned yet. Government stated (December 1969) that the machine could not be installed for want of building and the installed machine could not be commissioned for want of power connection which has been entrusted to a firm.
(iii) Bone digester	0.07	Purchased in 1956-57. It was found uneconomical to manufacture bone meal. Attempts made to dispose of the digester have not materialised.

SUPPLY DEPARTMENT

111. *Departmental sales centres, Cuttack*—(i) For supply of food grains and other essential commodities to the people of Cuttack town at reasonable prices, Government introduced departmental sales centres during 1959-60; three sales centres managed by departmental officers (Inspectors of supplies) were opened. Besides 30 Government retail centres managed by outsiders appointed by the Collector as salesmen on consolidated remuneration were also opened in 1962-63; these were subsequently increased to 44. All the centres were closed—the retail centres from 1st April 1967 and the departmental centres in October 1967. According to the memorandum of accounting procedure for the centres prescribed by the department, separate trading and profit and loss accounts were to be prepared every year; this was not done.

(2) The internal audit conducted by the department during 1967-68 revealed the following important irregularities :—

- (i) The accounts registers intended to be maintained by each centre were not produced.
- (ii) The accounts in respect of each centre were not maintained in District Civil Supplies Office even though staff were given for the purpose. Wherever accounts were maintained they were either misleading or incomplete and as such no reliance could be put on them.

- (iii) Rs. 3.85 lakhs were outstanding against the salesmen of different retail centres at the end of March 1967; these are yet to be recovered (May 1969).
- (iv) Up-to-date accounts of gunny bags were not available.
- (v) The cash books of the supervisor of supplies who was authorised to receive cash from the salesman were not maintained properly; cash balance was never verified by any officer at any time. The cash book was never checked and signed regularly by any officer; huge amounts running into several thousands of rupees were lying in the hands of the supervisory officers for days together without being credited into the treasury while the Government orders required remittance of collections into treasury on the same day.
- (vi) Assistant Inspectors of Supplies who were in charge of the departmental sales centres were required to remit the sale proceeds directly into treasury; but they used to hand over the collections to the Supervisor who retained the money without recording the same in his cash book for very long periods (upto 146 days).

(3) *Alleged misappropriation in departmental sales centres*—A departmental investigation into the working of the three departmental sales centres which were closed in October 1967 conducted at the instance of audit revealed that Rs. 1.44 lakhs were outstanding for recovery from these centres. Subsequent investigation by Vigilance Police revealed that Rs. 0.75 lakh (out of Rs. 1.44 lakhs) were deposited by the sales centres with the Supervisor of supplies who remitted Rs. 0.33 lakh into the treasury but has not accounted for the balance of Rs. 0.42 lakh so far (September 1969). Of the balance, Rs. 0.50 lakh were also deposited by the centres direct into the treasury and Rs. 0.08 lakh adjusted towards house rent, leaving Rs. 0.11 lakh which remain unaccounted for by the three Inspectors in-charge of the sales centres (September 1969).

Government ordered the Collector (January 1969) to institute a case against the supervisor of supplies for recovery of Rs. 0.42 lakh and to fix responsibility for not accounting for Rs. 0.11 lakh; no further action has so far been taken (September 1969).

SECTION D

Investments and guarantees by the State Government

CO-OPERATION AND FORESTRY DEPARTMENT

112. *Co-operative Institutions*—(a) *Financial assistance*—With a view to accelerating the co-operative movement in the State, Government have been rendering financial assistance to co-operative institutions in the shape of investments in share capital, loans, grants and subsidies. Government investment in the share capital at the close of each of the three years ending 1968-69 was as follows:—

Year		Number of institutions	Amounts (In lakhs of rupees)
1966-67	..	2,432	4,17.13
1967-68	..	2,623	4,92.52
1968-69	..	2,792	5,62.58

Loans, grants and subsidies paid by Government to various co-operative institutions during the three years ending 1968-69 were as follows:—

Year	Loans				Grants and subsidies during the year
	Balance at the end of the previous year	Disbursed during the year	Repayment during the year	Balance at the end of the year	
1966-67 ..	3,05.39	50.14	25.88	3,29.65	32.22
1967-68 ..	3,29.65	45.18	46.66	3,28.17	73.70
1968-69 ..	3,28.17	72.67	32.28	3,68.56	60.77

Government have also guaranteed loans raised by 74 co-operative institutions to the extent of Rs. 14,18.71 lakhs upto March 1969. Details of guarantees are available in statement No. 6 of Finance Accounts 1968-69.

(b) *Dividend received by Government*—Dividend received by Government in respect of co-operative institutions (including banks) during 1967-68 amounted to Rs. 1.73 lakhs against the investment of Rs. 81.31 lakhs in those institutions; information in respect of the subsequent years has not been furnished by the department (January 1970).

(c) *Delay in completion of audit*—In accordance with the provisions of the Co-operative Societies Act, the accounts of co-operative institutions are required to be audited by the auditors appointed by the Registrar of Co-operative Societies, Orissa once in every year. The accounts of 5,347 societies (as per details below) remained unaudited as on 30th June 1969.

Accounts upto co-operative year 1963-64 ..	2,166
Accounts upto co-operative year 1964-65 ..	701
Accounts upto co-operative year 1965-66 ..	504
Accounts upto co-operative year 1966-67 ..	935
Accounts upto co-operative year 1967-68 ..	1,041

Delay in completion of audit was attributed to shortage of staff, inexperienced hands, unsystematic and improper maintenance of accounts and non-availability of records to audit.

Audit reports prepared by the co-operative department in respect of societies in which the State Government hold shares are required to be forwarded to the Accountant General. The position of receipt of audit reports (September 1969) is indicated below:—

Year	Number of co-operative institutions	Number of reports due for submission	Number received as on 1st September 1969
1966-67 ..	2,432	Not furnished by the Registrar of Co-operative Societies	290
1967-68 ..	2,623		102
1968-69 ..	2,792		Nil

(d) *Review of audited accounts/reports*—A review of the audited accounts/reports of certain selected societies revealed the following points:—

(i) By 31st March 1968, 230 co-operative societies had been wound up. A total amount of Rs. 9.05 lakhs was provided upto 31st March 1968 as assistance by Government to these societies on account of grants-in-aid and subsidies (Rs. 2.15 lakhs) and loans (Rs. 6.90 lakhs). Government contribution in shares of these societies was Rs. 3.74 lakhs as on that date. The extent of realisation of the share capital and loans has not been intimated (October 1969).

(ii) A sum of Rs. 1.97 lakhs was alleged to have been misappropriated by staff in 20 non-banking societies and in one bank.

(iii) Shortages of fertilisers, consumable articles and Kendu leaves worth Rs. 4.79 lakhs were noticed in six non-banking societies as indicated below; the shortages are yet to be investigated and regularised.

Name of the society	Commodities found short	Value of shortages (Rs. in lakhs)
(a) Rourkela Wholesale Consumers' Stores Ltd., for 1965-66 and 1966-67	Wheat, Rice, Gunnies	1.17
(b) Jajpur Road R. M. C. S., Ltd., for 1964-65	Fertilisers	1.15
(c) Cuttack Central Consumers' Stores Ltd., for 1965-66	Consumable articles	1.04
(d) Nimapara R. M. C. S. Ltd., for 1965-66	Fertiliser and consumable articles	0.41
(e) Bolangir R. M. C. S. Ltd., for 1964-65	Ditto	0.68
(f) Patitpaban F. P. M. C. S., for 1966-67	Kendu leaves	0.34
Total	..	4.79

113. *Financial assistance to Co-operative Societies in gramadan villages and bhoodan areas*—For financing this centrally sponsored scheme Government of India paid Rs. 7.13 lakhs (upto March 1967) as loans to the State Government to provide timely and adequate agricultural credit in gramadan villages and bhoodan areas of Koraput district. 24 co-operative societies were organised in those areas upto March 1967.

Rs. 6.49 lakhs disbursed by Government to the societies as loans between March 1964 and March 1967 were deposited by the societies in the District Co-operative Central Bank and were to be utilised by them only with the permission of the department. Of this, Rs. 2.26 lakhs were utilised by the societies upto March 1969. Non-utilisation of loans (Rs. 4.23 lakhs) locked up in Co-operative Bank which were not also available for the purposes of the State resulted in extra expenditure on payment of interest charges to the Government of India.

The amount overdue from the societies payable by January 1969 was Rs. 0.96 lakh (principal : Rs. 0.27 lakh and interest : Rs. 0.69 lakh). The Registrar, Co-operative Societies intimated in March 1969 that the societies had applied for remission of interest which is under consideration of the department.

The scheme was sanctioned by Government in March 1964 and was to be implemented in co-ordination with District Collector, Agriculture Department, Rural Engineering Organisation and Community Development Blocks. The Registrar, Co-operative Societies observed in January 1966 that there was no progress of development and wanted implementation of the scheme in a planned manner and release of entire funds in favour of the societies. Review of the progress made by the Collector in January 1968 revealed that the plan and estimates for construction of godown were yet to be finalised by the Rural Engineering Organisation. The scheme was given up from April 1967; a revised scheme for intensive development of selected gramadan areas formulated by the Government of India from April 1967 is yet to be implemented (October 1969).

The following other points have been noticed—

(i) Rs. 1.77 lakhs were given to the societies between 1963-64 and 1966-67 as subsidy for construction of godown, land reclamation and contour bunding; to the end of March 1967 only Rs. 0.14 lakh were utilised by the societies and the balance is lying in deposit in Co-operative Bank (October 1969). The subsidy was released even when the plan and estimates of godowns were not ready and there was no progress in land reclamation.

(ii) According to the Assistant Registrar of Co-operative Societies, Rayagada (March 1967), the societies were not functioning effectively due to interference of bhoodan workers who misutilised the funds provided for bhoodan movement and loans were not disbursed according to the loan ledger.

(iii) The following important observations have been made in the audit reports of the societies by the Registrar of Co-operative Societies :—

- (a) Non-utilisation of loan and subsidies.
- (b) Defective maintenance of records.
- (c) Shortages of cash balance during physical verification.
- (d) Distribution of loans without execution of loan bonds.
- (e) Delay in accounting the recoveries of loans.

114. *Working of Uttarayani Potato Growers' Storage and Marketing Co-operative Society*—The Uttarayani Potato Growers' Storage and Marketing Co-operative Society was formed in 1962-63 for arranging the sale of potatoes and for assisting the affiliated primary Agriculture Credit Co-operative Societies in providing storage facilities, etc. The share capital of the Society as on 30th June 1967 was Rs. 1.91 lakhs of which Government's contribution was Rs. 1.00 lakh. In addition Government advanced Rs. 4.20 lakhs as loan in 1962-63 for setting up the cold storage plants.

Some points mentioned in the audited accounts and reports of the Registrar of Co-operative Societies for the years 1964-65 to 1966-67 are mentioned below :—

(1) The Society sustained a loss of Rs. 0.53 lakh in the year 1966-67, the accumulated loss upto the end of June 1967 being Rs. 1.18 lakhs; the loss was attributed by the organisation and the Registrar mainly to mismanagement, heavy expenditure on establishment and contingencies and payment of penal interest on overdue instalments of loans to Government.

(2) The shortages of potatoes during the period 1964-65 to 1966-67 (Rs. 0.14 lakh) were not regularised (September 1969).

(3) Advances made to contractors and various other parties (Rs. 2.72 lakhs), credit sales (Rs. 0.27 lakh) and pledge loan due from members (Rs. 0.27 lakh) remained outstanding by end of June 1967.

(4) Out of the loans of Rs. 4.20 lakhs obtained from Government, Rs. 4.00 lakhs were outstanding at the end of June 1967. The amount overdue was Rs. 1.39 lakhs (principal : Rs. 0.67 lakh, interest : Rs. 0.59 lakh and penal interest : Rs. 0.13 lakh).

INDUSTRIES DEPARTMENT

115. *Unfruitful investment*—Between December 1962 and May 1965, Rs. 2.32 lakhs were invested by Government (Rs. 0.72 lakh) and eight Panchayat Samitis (Rs. 1.60 lakhs) out of grants provided by Government in seven tile manufacturing and one light engineering industrial co-operative societies. All the units started production between November 1963 and July 1965. Three units stopped production between March 1966 and September 1967 for want of working capital and marketing difficulties. In December 1967 Government issued instructions to the departmental authorities to close all the eight units and liquidate the societies as they were found to be “uneconomic holdings” with “hardly any future prospects”. Consequently the remaining five units also stopped production between December 1967 and June 1968. According to information furnished by the department the cumulative loss in the eight societies upto June 1967 was Rs. 2.60 lakhs. The working results of the five societies which continued operation during 1967-68 have not been intimated by the department. The societies have not so far been liquidated (September 1969).

CHAPTER VIII

FINANCIAL ASSISTANCE TO ORISSA KHADI AND VILLAGE INDUSTRIES BOARD, CO-OPERATIVE INSTITUTIONS, LOCAL BODIES AND OTHERS

INDUSTRIES DEPARTMENT

116. *Ex-Khadi and Village Industries Board, Orissa*—In paragraph 113 of the Audit Report 1969 mention was made of dissolution of the erstwhile Orissa Khadi and Village Industries Board in March 1968. On a test check of the accounts of the *ex-Board* for 1967-68 the following points were noticed.

(i) *Loss on disposal of accumulated stock*—Consequent on dissolution of the Board, the stock of Khadi and yarn of the *ex-Board* worth Rs. 28·61 lakhs vested in Government. Of that, stocks worth Rs. 20·25 lakhs were sold to voluntary institutions between September 1968 and August 1969 at the reduced price of Rs. 13·24 lakhs, resulting in loss of Rs. 7·01 lakhs. The balance stock worth Rs. 8·36 lakhs was stated to have been kept at the headquarters of the *ex-Board* for retail sale to the public.

(ii) *Irrecoverable loans to spinners*—According to the department, Rs. 10·59 lakhs out of Rs. 22·79 lakhs paid as loans by the Board to spinners in the shape of ambar charkas were irrecoverable and ambar charkas worth Rs. 0·76 lakh had also been lost by flood and fire, etc. The department had requested the Khadi and Village Industries Commission in May 1958 for write-off of Rs. 11·35 lakhs; the decision of the Commission is awaited (October 1969).

(iii) *Shortage of cash and stores*—Shortages of Rs. 1·62 lakhs (cash : Rs. 0·18 lakh and stores : Rs. 1·44 lakhs) noticed in the accounts of thirty-eight production, sales centres, etc. of the *ex-Board* have not been recovered/written off so far (October 1969).

(iv) *Outstanding advances*—Rs. 3·56 lakhs paid as advances upto March 1968 were due for recovery (from *ex-employees* : Rs. 1·12 lakhs and from firms, etc. : Rs. 2·44 lakhs) at the end of October 1969. Of that, Rs. 2·89 lakhs related to 1956-57 to 1962-63.

(v) *Outstanding loans*—(a) Rs. 1,08·33 lakhs were paid as loans by the *ex-Board* to 825 co-operative societies between 1957-58 to 1967-68 for promotion of village industries; of that, Rs. 41·10 lakhs were repaid by the societies upto the end of August 1969. Of the balance of Rs. 67·23 lakhs, recovery of Rs. 32·13 lakhs became overdue at the end of March 1968 but no recovery has been made so far (October 1969). The overdue amount includes Rs. 12·89 lakhs due from 249 societies which were defunct at the end of March 1965.

(b) Loan in the form of oil-seeds (Rs. 1·00 lakh) was paid to Bellaguntha oilmen co-operative society in 1967-68 without any sanction from the Board ; the loan bond has not been obtained from the society so far (October 1969). The total loan outstanding against the society including previous loans is Rs. 1·53 lakhs; according to the department, the assets of the society were negligible.

(vi) *Arrears in the repayment of loan to the Commission*—Upto the date of dissolution, the *ex-Board* had received Rs. 2,86·11 lakhs as loans from the Commission ; of that, Rs. 1,22·46 lakhs were outstanding. At the end of October 1969 loans of Rs. 33·80 lakhs were due to be repaid to the Commission (upto 31st March 1968) and were remaining unpaid.

(vii) *Outstanding utilisation certificates*—For grants and loans received from the Commission, the ex-Board was to furnish utilisation certificates to the Commission within a year from the date of receipt of grants and loans. At the end of October 1969 utilisation certificates were not furnished to the Commission for Rs. 28.22 lakhs of grants and Rs. 33.84 lakhs of loans. Yearwise breakup of the outstandings is given below :—

Year	Loan	Grants
(In lakhs of rupees)		
Upto 1964-65	8.93	18.32
1965-66	12.16	2.27
1966-67	6.34	3.13
1967-68	6.41	4.50

117. *Grants to local bodies*—During 1968-69 Rs. 11,39.28 lakhs were paid as grant to local bodies, panchayat samitis, etc., as shown below :—

	Amount
(In lakhs of rupees)	
Zilla parishads	1.53
Panchayat samitis	9,11.88
Grama panchayats	1,22.36
Municipalities and notified area committees	3.76
Universities	99.75

The following are some of the important points reported during 1968-69 and 1969-70 by the Examiner, Local Fund Accounts, who audits the accounts of local bodies :—

(a) *Local bodies*—(i) Out of the total amount of Rs. 1,58.51 lakhs (Rs. 96.18 lakhs paid by Government as grant during 1967-68 and Rs. 62.33 lakhs being previous years' unspent balance), Rs. 1,01.05 lakhs were spent in 1967-68 leaving Rs. 57.46 lakhs unspent by 31st March 1968.

(ii) Nineteen local bodies diverted the unspent balances for purposes other than those for which the grants had been received by them from Government ; the total amount of grants so diverted to end of 1967-68 was Rs. 11.36 lakhs.

(iii) Recovery of Rs. 56.48 lakhs towards instalments of principal (Rs. 54.98 lakhs) and interest (Rs. 1.50 lakhs) for loans paid by Government to local bodies was outstanding at the end of March 1968.

(iv) The total money value of objections raised by the Examiner remaining unsettled on 31st March 1968 was Rs. 80.66 lakhs.

(b) *Panchayat samitis and Zilla parishads*—(i) 244 panchayat samitis and three Zilla parishads diverted the unspent amounts of grants for purposes other than those for which the grant had been received by them from Government. Grants so diverted (which remained unadjusted) to the end of 1967-68 were Rs. 41.44 lakhs.

(ii) Heavy cash balances (Rs. 10,000 or more in each case) totalling in all Rs. 10.79 lakhs were kept in hand by fifty-eight institutions on 31st March 1968.

(iii) Thirty-five cases of thefts, misappropriation and losses of cash (Rs. 0.11 lakh) and shortages of Rs. 1.50 lakhs in stores (194 institutions) were noticed during 1967-68.

(iv) Overpayments and infructuous expenditure of Rs. 7.61 lakhs were noticed in 309 institutions during 1967-68. In addition, recoveries of Rs. 18.66 lakhs on account of miscellaneous over-payments, inadmissible payments, etc. were suggested by the Examiner for which action by the department is awaited.

(v) Upto 1967-68 irregular expenditure of Rs. 7,71.42 lakhs was suggested for regularisation through *ex-post-facto* sanction; but Rs. 65.67 lakhs only were regularised by March 1968.

(vi) Rs. 6,29.08 lakhs paid as advances upto 1967-68 for execution of works and other purposes were outstanding against contractors and executants (Rs. 5,48.81 lakhs) and samiti staff (Rs. 80.27 lakhs) on 31st March 1968.

(vii) Recovery of Rs. 87.87 lakhs towards instalments of principal (Rs. 61.40 lakhs) and interest (Rs. 26.47 lakhs) for loans paid by Government to various institutions was outstanding at the end of March 1968.

(viii) The total money value of objections raised by the Examiner remaining unsettled at the end of March 1968 was Rs. 8,14.83 lakhs.

(ix) Out of the total grants of Rs. 61,02.29 lakhs paid to the panchayat samitis and zilla parishads till the end of 1967-68 utilisation certificates for Rs. 32,66.51 lakhs are yet (October 1969) to be submitted by the local bodies to Government.

(x) It would be seen from the following that large balances of grants given by Government remained unspent with panchayat samitis and zilla parishads.

		Amount (Rs. in lakhs)
Balance on 1st April 1967	--	5,61.26
Grants received during 1967-68	..	13,35.66
Withdrawals made in 1967-68	---	12,41.98
Balance on 31st March 1968	--	6,54.94

COMMUNITY DEVELOPMENT AND PANCHAYATI RAJ DEPARTMENT

118. *Rice huller units*—During test check of the accounts of Panchayat Samiti, Angul, conducted in September 1969, it was noticed that Rs. 0.22 lakh were spent by the panchayat samiti during December 1963 to July 1965 (out of Government grants) for installation of rice huller units—one each in three of its grama panchayats. Of that, Rs. 0.10 lakh were the cost of two rice hullers purchased in March 1964 one of which was installed in 1964 but has not started functioning and the other has not been installed so far (September 1969). Rs. 0.07 lakh were paid as advances to two executants in December 1963 and July 1965 for construction of two sheds for the units. Construction of one has not been taken up and the other has not been completed so far (September 1969); Rs. 0.05 lakh are yet to be recovered from the two executants (September 1969).

The Director of Grama Panchayats observed in July 1968 that there was no prospect of the hullers operating with profit as the areas were not surplus in paddy.

119. *Production-cum-training centre, Basta*—In the Panchayat samiti, Basta, a production-cum-training centre (carpentry) taken up in 1961 started functioning in March 1964. The centre was closed in November 1964 as it was not running economically. The total expenditure on the centre from August 1961 to October 1964 was Rs. 0.26 lakh (building : Rs. 0.08 lakh, machines, tools and equipment: Rs.0.08 lakh, staff : Rs. 0.06 lakh and raw materials and labour charges : Rs. 0.04 lakh). The building (Rs. 0.08 lakh), machinery and implements (Rs. 0.08 lakh) and finished and semi-finished carpentry articles (Rs. 0.02 lakh) are yet to be disposed of (February 1970).

120. *Non-receipt of certificates of utilisation of grants-in-aid*—The financial rules of Government require that certificates of proper utilisation of grants paid to non-government bodies and institutions should be sent by the department to the Accountant General within a reasonable time. On 1st January 1970 utilisation certificates were awaited for 18,863 grants totalling Rs. 50,14.97 lakhs paid during 1955-56 to 1967-68 as shown below; of that in 9,837 cases, Rs. 30,94.35 lakhs were paid as grants prior to 31st March 1966:

Purpose of grant	Number of cases in which utilisation certificates are awaited	Amount (Rs. in lakhs)
(1) Building grants	.. 411	3,20.00
(2) Equipment grants	.. 167	15.10
(3) Maintenance grants	.. 7,973	18.61.11
(4) Miscellaneous grants	.. 10,312	28,18.76
Total	.. 18,863	50,14.97

About 97 per cent of the certificates (92 per cent of the amount) are due from the following six departments.

Department	Number of utilisation certificates outstanding	Amount (Rs. in crores)
(1) Community Development and Panchayat Raj	6,373	21.45
(2) Education	.. 10,108	16.81
(3) Co-operation and Forestry	.. 602	3.30
(4) Tribal and Rural Welfare	.. 472	2.21
(5) Urban Development	.. 445	1.28
(6) Health and Family Planning	.. 357	1.18

CHAPTER IX

OUTSTANDING AUDIT OBJECTIONS AND INSPECTION REPORTS

121. *Outstanding Audit Objections*—The number of objections issued up to March 1969 pending settlement at the end of December 1969 was 1,32,860 (Rs. 71·10 crores) as follows :

Year		Number of objections	Amount (In crores of rupees)
1964-65 and earlier	..	1,01,249	29·53
1965-66	..	7,046	6·11
1966-67	..	7,378	10·35
1967-68	..	6,956	9·51
1968-69	..	10,231	15·60

The table below compares the number of outstanding audit objections shown in the last two Audit Reports with that in the present report :—

Number and amounts of objections shown as outstanding in the Audit Reports

		1968	1969	1970
Number of objections outstanding	..	1,24,326	1,42,854	1,32,860
Amount (in crores of rupees)	..	51·24	63·69	71·10

In addition 831 objections (Rs. 6·98 crores) relating to Hirakud dam project (161 items involving Rs. 5·37 crores) and Salandi and Bhimkund irrigation Projects (670 items involving Rs. 1·61 crores) raised by the Financial Adviser and Chief Accounts Officer upto March 1969 were awaiting settlement at the end of July 1969.

Department-wise analysis showing the nature of objections, number and amount is given in appendix XIII, pages 138 to 139.

About 71 per cent (Rs. 50.65 crores) of the total amount held under objection is for want of detailed contingent bills, vouchers, payees' receipts, stamped acknowledgements and other documents. 93,076 objections (Rs. 36.21 crores) were over two years old. The rules require that detailed contingent bills should be submitted to Audit within three months in respect of expenditure on works and one month in other cases. The delay in furnishing detailed bills means that the expenditure remains unaudited for long. Non-submission of detailed bills in time may result in defalcations and other serious irregularities remaining undetected.

The departments with comparatively heavy outstanding are mentioned below :—

Department	Amount
	(In crores of rupees)
Agriculture ...	10.70
Revenue and Excise ...	10.30
Tribal and Rural Welfare ..	5.32
Community Development and Panchayati Raj	5.21
Health and Family Planning	4.11
Industries ...	4.02

122. *Outstanding inspection reports*—Important irregularities and defects in accounts noticed during local audit and inspections are included in inspection reports which are sent to departmental officers and heads of departments and also to Government, where necessary. Unless these inspection reports receive prompt attention and the objections settled expeditiously, there is likelihood of irregularities persisting.

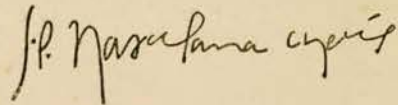
There has been considerable delay in settlement of the outstanding inspection reports; the number of outstanding inspection reports and paragraphs is increasing year after year as shown below :—

	Shown in the Audit Report		
	1968	1969	1970
Number of inspection reports outstanding	3,307	3,876	4,546
Number of paragraphs in the reports ..	16,356	17,935	20,514

At the end of December 1969 4,546 inspection reports containing 20,514 paragraphs (some dating back to 1951-52) were not settled for one year or more. Those include 2,855 reports containing 11,608 paragraphs which are outstanding for three years or more.

Department-wise analysis of the reports outstanding for one year or more is given in appendix XIV, page 140.

The common types of irregularities noticed during local inspection during the three years ending March 1969 are shown in appendix XV, pages 141 to 142.



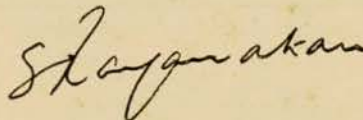
(S. P. NARAYANA CHETTY)
Accountant General, Orissa

BHUBANESWAR,

The

172 MAR 1970

Countersigned



(S. RANGANATHAN)

Comptroller and Auditor General of India

NEW DELHI,

The

16 MAR 1970

APPENDIX I

(Reference : paragraph 16, page 15)

Investment of Government at the end of 1965-1967, 1967-68 and 1968-69 and the dividend/interest earned therefrom

	1966-67			1967-68			1968-69		
	Number of con- cerns	Amount	Divi- dend/ interest received	Number of con- cerns	Amount	Divi- dend/ interest received	Number of con- cerns	Amount	Divi- dend/ interest received
	(In lakhs of rupees)			(In lakhs of rupees)			(In lakhs of rupees)		
Statutory corporations	6	3,29.05	7.33	8	4,27.04	10.71	8	4,33.90	13.02
Fully State-owned companies	6	15,24.73	..	6	19,00.63	..	6	21,67.63	1.96
Other Government companies	44	1,18.39	2.33	44	1,40.39	1.00	45	1,41.64	2.34
Joint stock companies	17	77.44	2.34	17	77.34	2.34	17	77.34	2.34
Co-operative institutions	2,432	4,27.91	2.86	2,625	5,25.76	2.12	2,854	6,05.58	2.61
Total	2, 05	24,77.52	14.86	2,700	30,71.16	16.17	2,930	34,26.09	22.27

APPENDIX II

(Reference : paragraphs 23, 25 and 27, pages 18, 21 and 25)

Savings under voted grants/charged appropriations

Sl. no.	Number and name of grant/ appropriation	Original grant/ appropriation	Supplementary grant/ appropriation and the month in which obtained	Total grant/ appropriation	Expenditure	Excess + Saving—	Amount surrendered	Percentage of saving
1	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
I—Cases where savings amounted to 20 per cent or more								
Voted—								
1.	4—Expenditure relating to the Planning and Co-ordination Department	4,41.84	2,52.07 December 1968 (2,52.07) March 1969(*)	6,93.91	4,86.51	—2,07.40	2,13.16	29
2.	7—Cultural Affairs	24.30	..	24.30	16.07	—8.23	8.00	34
3.	28—Electricity schemes	5,20.07	..	5,20.07	3,88.23	—1,31.84	72.07	25
4.	33—Co-operation and Marketing	1,67.77	..	1,67.77	1,34.21	—33.56	15.03	20
5.	34—Contribution to local bodies	1,30.23	6.73 July 1968 (*) December 1968 (6.73)	1,36.96	1,09.18	—27.78	27.87	20
6.	37—Agriculture	4,96.38	11.67 July 1968 (2.77) December 1968 (8.89) March 1969 (0.01)	5,08.05	3,48.22	—1,59.83	1,07.16	31
7.	41—Loans to Local Funds, Government servants, etc.	2,76.77	4,79.46 July 1968 (1,05.00) December 1968 (2,48.86) March 1969 (1,25.60)	7,56.23	5,67.15	—1,89.08	1,68.58	25
8.	42—Compensation for abolition of Zamindari system and other expenditure relating to the Revenue Department	40.00	1.86 December 1968	41.86	30.49	—11.37	11.89	27
9.	45—Government Trading Schemes	15,06.82	..	15,06.82	11,30.03	—3,76.79	2,00.00	25
10.	47—Capital expenditure relating to Public Health and Urban Development Department	69.20	..	69.20	39.36	—29.84	23.40	43
11.	49—Hirakud Dam Project	20.00	..	20.00	7.57	—12.43	12.87	62
12.	50—Capital outlay on ports	77.00	..	77.00	5.58	—71.42	72.42	93
13.	55—Share capital contribution to Co-operative Organisations	53.96	33.45 December 1968	87.41	69.17	—18.24	11.73	21
14.	56—Capital expenditure relating to Planning and Co-ordination Department	81.35	..	81.35	49.68	—31.67	31.35	39

*Rs. 100.

APPENDIX II—concl'd.

Sl. no.	Number and name of grant/appropriation	Original grant/appropriation	Supplementary grant/appropriation and the month in which obtained	Total grant/appropriation	Expenditure	Excess+ Saving—	Amount surrendered	Percentage of saving
1	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
<i>I—Cases where savings amounted to 20 per cent or more—concl'd.</i>								
15.	60—Capital Outlay on Public Works	4,53.34	8.60 July 1968 (*) December 1968(8.60) March 1969 (*)	4,61.94	3,49.89	—1,12.05	98.20	24
16.	60-A—Capital Expenditure relating to Tribal and Rural Welfare Department	..	22.26 March 1969	22.26	15.24	—7.02	..	32
<i>II—Cases where the savings exceed 10 per cent but within 20 per cent</i>								
17.	1—Elections and other expenditure relating to the Home Department	53.25	4.73 July 1968 (1.35) December 1968 (2.67) March 1969 (0.71)	57.98	51.69	—6.29	5.20	11
18.	5—Community Development Projects, etc.	5,53.13	13.79 December 1968 (13.79) March 1969 (**)	5,66.92	5,03.20	—63.72	50.37	11
19.	17—Expenditure relating to the Industries Department	2,32.54	16.86 December 1968 (16.86) March 1969 (*)	2,49.40	2,14.38	—35.02	30.89	14
20.	20—Labour, emigration and employment organisation	41.41	1.36 December 1968 (0.86) March 1969 (0.50)	42.77	34.43	—8.34	6.54	19
21.	21—Tribal and Rural Welfare Department	3,00.06	3.62 December 1968 (3.62) March 1969 (*)	3,03.68	2,65.84	—37.84	32.28	12
22.	25—Public Works	16,18.60	1,03.09 December 1968 (1,01.50) March 1969 (1.59)	17,21.69	14,21.97	—2,99.72	2,27.46	17
23.	32—Fisheries	.. 61.66	5.00 December 1968	66.66	56.14	—10.52	9.85	16
24.	36—Public Relations	39.41	3.00 December 1968	42.41	35.40	—7.01	6.87	17
25.	38—Supply Department	71.32	10.00 December 1968	81.32	72.98	—8.34	8.02	10
<i>III—Cases where the savings were below 10 per cent</i>								
26.	13—Land Revenue	4,25.05	March 1969 (**)	4,25.05	3,95.58	—29.47	30.72	7
27.	35—Animal Husbandry	1,96.70	14.41 July 1968 (1.77) December 1968 (12.64) March 1969 (*)	2,11.11	1,97.71	—13.40	12.17	6
<i>Charged—</i>								
28.	Permanent Debt	3,05.28	..	3,05.28	2,84.27	—21.01	..	7

*Rs. 100.

**Rs. 300.

APPENDIX III

(Reference : paragraph 30, page 27)

Drawal of money in advance of requirements

Sl. no.	Office and purpose of drawal	Date of drawal	Amount (Rs. lakhs)	Remarks
AGRICULTURE DEPARTMENT				
1.	Director of Agriculture and Food Production—			
	(a) for establishment of the third centre for farmers' training	31st March 1969	1.31	Rs. 0.54 lakh spent during April-December 1969 and Rs. 0.77 lakh remained unutilised (January 1970).
	(b) for purchase of spare parts	31st March 1969	1.02	Rs. 0.94 lakh spent during April-December 1969 and Rs. 0.08 lakh remained unutilised (January 1970).
SUPPLY DEPARTMENT				
2.	Supply Department—for construction of weights and measures standard laboratory building	31st March 1969	5.68	The amount was deposited with the Executive Engineer, Capital Construction Division II on 31st March 1969 ; Rs. 0.74 lakh were spent during April-November 1969 and Rs. 4.94 lakhs remained unutilised (December 1969).
TRANSPORT DEPARTMENT				
3.	State Transport Service, Orissa, Cuttack—for purchase of leyland chassis	31st March 1969	4.78	Spent during April-August 1969.
REVENUE DEPARTMENT				
4.	Sub-Collector, Berhampur—for house building grants	8th March 1969	4.00	Rs. 3.62 lakhs spent during March-April 1969 and Rs. 0.38 lakh refunded on 26th April 1969.
FINANCE DEPARTMENT				
5.	Sub-divisional Officer, Puri for payment of grants to destitute fishermen, betel-vine growers, etc. who suffered loss due to cyclone in 1968	28th March 1969	1.24	Rs. 0.30 lakh spent in March 1969 and Rs. 0.94 lakh spent during April-September 1969.
EDUCATION DEPARTMENT				
6.	Director of Public Instruction—for repair and reconstruction of buildings of Government educational institutions damaged by 1968 cyclone	31st March 1969	1.34	The amount was deposited with the Executive Engineer, Bhubaneswar division on 31st March 1969. Rs. 0.71 lakh were spent during April-November 1969 and Rs. 0.63 lakh remained unutilised (December 1969).

APPENDIX IV

(Reference : paragraph 31, page 27)

Large cash balances (exceeding Rs. 1 lakh in each case) with departmental officers on 31st March 1968

Sl. no.	Office	Amount (Rs. lakhs)	Remarks
REVENUE AND EXCISE DEPARTMENT			
1.	Collectorate, Koraput ..	1.81	Rs. 0.09 lakh remained unspent (April 1969).
2.	Major Settlement Officer, Cuttack ..	1.79	Rs. 0.80 lakh remained unspent (July 1968).
EDUCATION DEPARTMENT			
3.	District Inspector of Schools, Koraput	7.38	..
4.	District Inspector of Schools, Puri	1.67	Rs. 0.21 lakh was in hand (July 1968).

APPENDIX V

(Reference : paragraph 32, page 28)

Estimated cost, actual cost and dates of commissioning Government cold storages

Cold storage (capacity in maunds)	Original estimate	Revised estimate	Expendi- ture upto March 1969	Expected to be commis- sioned	When commis- sioned
(In lakhs of rupees)					
(1) Bhubaneswar (30,000)	4.10 (March 1963)	13.56 (March 1967)	13.27	January 1964	January 1965
(2) Kaurmunda (40,000)	10.80 (January 1965)	13.42 (March 1968)	15.40	July 1965	February 1967
(3) Similiguda (40,000)	12.83 (March 1963)	15.10 (Not sanctioned)	14.65	January 1965	Not commissioned (January 1970)
(4) Parlakemidi (20,000)	6.19 (November 1965)	7.55 (March 1968)	8.52	June 1966	Not commissioned (January 1970)
(5) Cuttack-II (40,000)	10.80 (December 1965)	..	11.88	September 1966	November 1968
(6) Sambalpur II (40,000)	9.86 (March 1968)	..	3.60	Not intimated	Not commissioned (January 1970)

APPENDIX

(Reference : para-

Misappropriations, losses, etc., reported upto 31st July

Department	Cases in which departmental/criminal proceedings have not been instituted due to non-receipt of detailed reports from subordinate authorities		Cases in which departmental action started but not finalised		Cases in which departmental proceedings finalised and recovery is in progress	
	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)
	1. Revenue	19	0.87	20	0.84	1	0.01
2. Agriculture	21	0.64	9	0.73	7	0.11
3. Community Development and Panchayati Raj	8	0.53	10	1.03	..	..
4. Transport	4	0.20	2	0.14	1	0.04
5. Education	7	1.26	3	0.80	..	..
6. Industries	5	0.31	2	0.03	2	0.07
7. Law	..	..	..	..	..	..
8. Commerce	..	..	2	0.06	..	..
9. Home	5	0.11	3	0.02	..	..
10. Health and Family Planning	8	0.44	1	0.01	..	..
11. Co-operation	1	0.01	..	..	..	..
12. Forestry	..	..	5	0.05	1	0.03
13. Cultural Affairs	..	..	..	..	..	..
14. Supply	..	..	..	..	..	..
15. Tribal and Rural Welfare	5	0.27	7	2.43	1	0.01
16. Finance	3	0.09	..	..	..	..
17. Planning and Co-ordination	17	0.47	..	..	1	0.01
18. Political Services	..	..	..	..	..	..
19. Labour	..	..	..	..	..	..
20. Mining and Geology	2	0.01	..	..	..	..
21. Works	33	13.04	15	6.29	7	0.55
22. Irrigation and Power	42	1.21	17	0.77	..	..
Total	180	19.46	96	13.25	21	0.83

VI

graph 63, page 60)

1969 and pending finalisation at the end of December 1969

Cases in which criminal proceedings finalised but execution/certificate cases for recovery of the amounts are pending		Cases awaiting Government orders for recovery or write off		Cases in courts of law		Total	
Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)
42	2.72	20	0.88	8	0.70	110	6.02
7	0.46	13	0.31	3	0.19	60	2.44
4	0.51	6	0.09	4	0.29	32	2.45
..	..	..	..	..	..	7	0.38
1	0.03	3	0.10	2	0.23	16	2.42
..	..	4	0.04	2	0.02	15	0.47
..	..	1	0.01	..	..	1	0.01
..	..	..	..	1	0.09	3	0.15
..	..	5	0.10	..	..	13	0.23
..	..	1	0.01	..	..	10	0.46
..	..	1	0.01	1	0.01	3	0.03
1	0.02	2	0.01	..	..	9	0.11
1	0.01	..	..	..	..	1	0.01
1	0.04	2	0.03	1	0.31	4	0.38
2	0.05	5	0.12	..	..	20	2.93
..	..	2	0.88	1	0.03	6	1.00
..	..	..	..	3	0.02	21	0.50
..	..	1	0.04	..	..	1	0.04
..	..	1	0.50	..	..	1	0.50
..	..	..	..	..	..	2	0.01
..	..	10	0.50	..	..	65	20.38
..	..	11	0.63	1	0.01	71	2.62
59	3.84	88	4.26	27	1.90	471	43.54

APPENDIX VII

(Reference : paragraph 64, page 60)

Cases of miscellaneous losses, etc.

In the following ninety-six cases (other than those relating to revenue) loss of stores, cost of old and unserviceable articles, etc. were written off and *ex-gratia* payments made in 1968-69; (cases of writes off and remission of revenues, etc., have been mentioned in paragraph 88, page 81).

Department	Write off, etc.	
	Number of cases	Amount Rs.
1. Revenue ..	74	72,302
2. Industries ..	12	5,298
3. Finance ..	4	4,446
4. Supply ..	2	1,813
5. Home ..	2	645
6. Planning and Co-ordination ..	1	418
7. Community Development and Panchayati Raj	1	321
Total ..	96	85,243

APPENDIX VIII

(Reference : paragraph 77 page 76)

Works executed without/exceeding sanctioned estimates and without administrative approval**(a) Works costing more than Rs. 5 lakhs executed without sanctioned estimate—**

Works	Year in which started	Expenditure upto March 1969 (Rs. in lakhs)
1. Development of four units at Bhubaneswar	.. 1965-66	15.57
2. Construction of Women's college at New Capital	.. 1965-66	13.49
3. Construction of Central Library building for the Orissa University of Agriculture and Technology at New Capital	1963-64	25.00
4. Coal handling work	.. 1965-66	2,79.85
5. Machine shop equipment	.. 1966-67	18.59
6. Power piping and associated equipment	.. 1964-65	2,27.65
7. Erection of boiler	.. 1963-64	6,26.33
8. Control and instrumentation	.. 1965-66	19.30
9. Construction of civil hydraulic structural works for Talcher thermal scheme	1963-64	3,01.45
10. Supplying, laying and joining of 30" dia. P. S. G. pipe line from the river Brahmani	1966-67	24.99
11. Turbine generator erection	.. 1964-65	55.13
12. Erection of cooling tong	.. 1964-65	43.63
13. Boiler feed pump	.. 1964-65	24.15
14. Turbine generator supply	.. 1964-65	2,34.44
15. Electrical installation	.. 1964-65	20.54
16. Wire cable	.. 1964-65	30.11
17. Supply of condensor	.. 1964-65	48.24

APPENDIX VIII—*concl.*

(b) Works on which expenditure has exceeded by more than Rs. 5 lakhs over the sanctioned estimate—

Works	Sanctioned estimate	Excess	Year in which excess first occurred
	(Rs. in lakhs)		
1. Improvement to Gopali Birmitrapur road from 62/0 to 63/0 mile	5.76	6.32	1967-68
2. Construction of earth dam for Dhanai irrigation project	28.80	18.23	1965-66
3. Construction of spillway for Dhanai irrigation project	6.10	6.01	1965-66
4. Construction of earth dam from RD—156 to 3,000 of Godahada irrigation project	14.31	16.89	1966-67

(c) Works executed without administrative approval—

Works	Year in which started	Expenditure upto March 1969
		(Rs. in lakhs)
1. Development of land under land acquisition and development scheme	1960-61	18.21
2. Development of four units (VII to IX)	.. 1961-62	27.50
3. Construction of II RB type quarters double storeyed flat, fifty six numbers in unit IX	1967-58	6.78
4. Construction of D Type double storeyed flat quarters, fifty-two numbers in unit IX	1967-68	6.32
5. Construction of 3rd and 4th floor of Heads of Departments building—		
	3rd floor .. 1964-65	} 12.09
	4th floor .. 1967-68	
6. Construction of 104 numbers of E type quarters under rental housing scheme in unit VIII	1968-69	9.44
7. Observation of discharge and collection of silt samples at the permanent sites of observation	1964-65	11.17

APPENDIX IX

(Reference : Paragraph 81, page 80)

Synopsis of important stores and stock accounts

A synopsis of important stores and stock accounts for 1968-69 is given below :—

Sl. no.	Name of accounts	Stores	Opening balance	Receipts	Issues	Closing balance
(In lakhs of rupees)						
IRRIGATION AND POWER DEPARTMENT						
(Irrigation Branch)						
1	Balimela (Joint) Dam project	Building materials, small stores, miscellaneous stores, fuel, spares etc.	85.66	47.34	22.03	1,10.97
2	Balimela Power project		30.89	36.69	46.24	21.34
3	Salandi Irrigation project		28.20	41.74	53.86	16.08
HOME DEPARTMENT						
4	Home (Public Relations) department	Radios, batteries, spare parts, audio visual equipment, etc.	26.54	4.91	7.13	24.32
5	Jails (maintenance) department	Rations, equipment, etc.	6.12	36.89	36.50	6.51(a)
6	Jails (manufacturing) department	Manufactured stores, raw materials, etc.	2.32	7.19	6.91	2.60
7	Orissa Police Motor Transport Workshop, Cuttack	Spare parts of vehicles, etc.	1.03	2.15	1.86	1.32(b)
INDUSTRIES DEPARTMENT						
8	Orissa School of Engineering, Cuttack	Engineering instruments, equipment, miscellaneous stores, etc.	0.58	0.08	0.07	0.59(c)
REVENUE DEPARTMENT						
			Kgs.	Kgs.	Kgs.	Kgs.
9	Medical opium—					
	(i) In Central depot	..	576.592	1,503.453	1,194.000	886.045
	(ii) With district Excise Officers		66.654	1,194.000	1,220.718	39.936

(a) The closing balance includes Rs. 0.35 lakh under the head "Ration" not represented by physical stock and are therefore to be written off (October 1969).

(b) The closing balance includes obsolete spare parts worth Rs. 0.11 lakh.

(c) The actual balance of stock of raw materials is more by Rs. 0.21 lakh than the balance shown in the accounts; the difference requires reconciliation.

APPENDIX X

(Reference : paragraph 86, page 80)

Cases of unutilised machines, equipment, etc.

Machines, equipment, etc.	Value (In lakhs of rupees) (When purchased)	R e m a r k s
HOME DEPARTMENT		
1. Weigh bridge (One)	0-18 (November 1962)	The weigh bridge was purchased by the Inspector General of Police for installation at Cuttack to check overloading of trucks; it has not been installed as the site (within the municipal area) has not been selected (November 1969). In the meanwhile the motor vehicle enforcement wing has been transferred (August 1965) from Police Department to the control of State Transport Authority; the weigh bridge has not yet been taken over by the State Transport Authority (January 1970).
AGRICULTURE DEPARTMENT		
2. Fish finders (nine) and fish-finders-echo sounder units (five)	0-41 (March 1963 to April 1966)	Eleven fish finders and eight fish finder-echo-sounder units (Japanese make) were acquired by the Director of Fisheries between March 1963 and April 1966 for Rs. 0-64 lakh for utilisation in off-shore fishing operations. Of those, two fish finders and two echo-sounders were fitted to departmental vessels between December 1964 and January 1967; the remaining nine fish-finders and six echo-sounders were sent in December 1968 to the Paradeep fishing base where one echo-sounder was fitted to departmental vessel in January 1969 on trial basis. The remaining nine fish finders and five echo-sounders are lying unused (August 1969). According to the Superintendent of Fisheries, Paradeep (June 1969) non-utilisation of the equipment was due to non-availability of power in any of the other fishing vessels at Paradeep port.

APPENDIX X—*concl.*

Machines, equipment, etc.	Value (In lakhs of rupees) (When purchased)	Remarks
IRRIGATION AND POWER DEPARTMENT		
3. Suction dredger	13.45 (January 1964)	<p data-bbox="564 422 864 440"><i>(a) Balimela Dam Project—</i></p> <p data-bbox="564 478 999 797">For dredging out slush from the river bed, two suction dredgers were imported. One dredger was transferred in March 1964 to Delta irrigation scheme. The other dredger was commissioned in December 1964 and utilised upto March 1966 for 1,400 hours only against 10,000 potential hours. From April 1966 the dredger has remained unused for want of work (June 1969); Rs. 0.26 lakh were spent on its maintenance from April 1966 to June 1969.</p> <p data-bbox="564 844 911 862"><i>(b) Delta Irrigation Scheme—</i></p> <p data-bbox="564 891 999 1294">The dredger transferred from the Balimela Dam Project in March 1964 was erected in September 1964 at a cost of Rs. 0.16 lakh. Staff for working the dredger was appointed from October 1964. The dredger was actually utilised from December 1966 upto December 1967 for 767 hours only for clearance of 4.5 lakh c.ft. of sand and silt (value of work : Rs. 0.20 lakh). Rs. 0.87 lakh were spent on its maintenance upto August 1969. The dredger was declared surplus in November 1967; it has not so far been disposed of (August 1969).</p>

APPENDIX

(Reference; paragraph 102

Summarised financial position of (a) companies wholly

(Amount in thousands

Serial no.	Name of the company	Name of the department	Date of incorporation	Total capital invested	Profit (+) Loss (-)	Total interest charged to Profit and Loss Account
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(A) Companies fully owned by the State Government— Accounts for 1968-69</i>						
1.	The Orissa Construction Corporation ..	Irrigation department	22-5-1962	82,35	-18,54	2
<i>Accounts for 1967-68</i>						
2.	The Industrial Development Corporation of Orissa	Industries department	29-3-1962	23,68,11	-11,00	6,49
3.	The Orissa Mining Corporation Ltd. ..	Mining and Geology department	16-5-1956	9,35,65	17,60	3,09
<i>Accounts for 1966-67</i>						
4.	The Orissa State Commercial Transport Corporation Ltd.	Commerce department	7-1-1964	3,06,50	-4,44	..
5.	Orissa Forest Corporation Ltd. ..	Co-operation and Forestry department	28-9-1962	77,20	-23,55	2,95
<i>Accounts for 1965-66</i>						
6.	The Orissa Fisheries Development Corporation Ltd.	Agriculture department	8-8-1962	53,99	-1,08	65
Total—A (Sl. Nos. 1 to 6)				38,23,80	-41,01	13,2)
<i>(B) Companies partly owned by the State Government— (a) Pilot Project Companies (Jointly) owned by State Government and private parties— Accounts for 1967-68</i>						
7.	Manorama Foundry Ltd. ..	Industries department	30-3-1959	2,10	-40	18
8.	Utkal Foundry and Engineering Company Ltd.	Industries department	3-4-1959	2,69	-1,03	20
<i>Accounts for 1966-67</i>						
9.	Kalinga Foundry Ltd. ..	Industries department	26-3-1958	4,23	-2,65	1,23
10.	Modern Malleable Casting Company Ltd.	Industries department	2-9-1960	5,30	-42	14
11.	Rourkela Fabrication Ltd. ..	Industries department	28-3-1959	4,44	6	34
12.	Utkal Metal Products Ltd. ..	Industries department	27-2-1961	2,13	-3	1
13.	Spark Battery Manufacturing Works Ltd.	Industries department	17-3-1958	2,94	16	23
<i>Accounts for 1965-66</i>						
14.	Orissa Timber Products Ltd. ..	Industries department	2-3-1960	5,39	21	31
15.	Orissa Boat Builders Ltd. ..	Industries department	18-3-1958	2,22	1	..
16.	Orissa Electrical Manufacturers Ltd. ..	Industries department	31-3-1958	4,11	-55	3
17.	Utkal Fruit Products Ltd. ..	Industries department	18-3-1958	20	..	..
18.	Orissa Agrico Ltd. ..	Industries department	16-3-1961	2,52	19	8
19.	Orissa Concrete Products Ltd. ..	Industries department	23-9-1959	1,90	-33	14
20.	Orissa Tiles Ltd. ..	Industries department	1-9-1959	6,00	-2,65	..
21.	Gajapati Steel Industries Ltd. ..	Industries department	15-2-1960	2,95	-7	10
22.	Orissa Instruments Corporation Ltd. ..	Industries department	14-3-1961	1,20	-12	..

XI

pages 91 to 92)

owned by the State Government) (b) companies partly owned by the State Government of rupees)

Interest on long term loans	Total return on capital invested (6+8)	Percentage of total return on capital invested	Capital employed	Total return on capital employed (6+7)	Percentage of total return on capital employed	Remarks
(8)	(9)	(10)	(11)	(12)	(13)	(14)
2	-18,52	..	55,16	-18,52	..	
..	-11,00	..	22,29,44	-4,51	..	Loss is before charging development rebate Reserve of Rs. 1.72 crores.
..	17,60	1.88	6,46,66	20,69	3.20	
..	-4,44	..	2,66,68	-4,44	..	
56	-22,99	..	85,37	-20,60	..	
65 (c)	-43	..	37,43	-43	..	
1,23	-39,78	..	33,20,74	-27,81	..	
C	-40	..	2,59	-22	..	..
..	-1,03	..	4,71	-83	..	..
..	-2,65	..	15,29	-1,42	..	..
14	-28	..	2,69	-28	..	(A)
C	6	1.35	6,22	40	6.43	Declared dividend Rs. 36,500 in 1964-65 but not paid so far.
C	-3	..	2,36	-2	..	..
..	16	5.44	8,39	39	4.00	..
31	52	9.65	5,29	52	9.83	..
..	1	0.45	2,11	1	0.47	..
..	-55	..	4,59	-52	..	..
..	..	..	6	..	..	(B)
C	19	7.54	2,74	27	9.85	..
C	-33	..	2,62	-19	..	The production was stopped from February 1967 and resumed production from 1-2-1969.
..	-2,65	..	8,90	-2,65	..	The production was stopped from October 1969.
..	-1	..	2,91	3	1.03	..
..	-12	..	1,24	-12	..	..

Serial No.	Name of the company	Name of the department	Date of incorporation	Total capital invested	Profit(+) Loss (-)	Total interest charged to Profit and Loss Account
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>Accounts for 1964-65</i>						
23.	Orissa Board Mills Ltd.	Industries department	4-4-1960	8,51	-1,56	35
24.	Orissa Foundry Company Ltd.	Industries department	18-3-1958	2,78	-7	3
25.	Balanga Iron Works Ltd.	Industries department	27-3-1958	2,99	7	4
26.	Jaganath Chemical and Pharmaceutical Works Ltd.	Industries department	12-2-1960	1,04	-23	3
27.	Orissa Wood Products Ltd.	Industries department	10-12-1958	3,80	23	..
28.	Modern Electronics Ltd.	Industries department	22-3-1960	2,55	24	..
29.	Kalinga Steel and Wire Products Ltd.	Industries department	31-3-1959	1,42	-25	12
30.	Eastern Aquatic Products Ltd.	Industries department	6-5-1959	58	-10	..
31.	Chilka Cashew Manufacturing Co. Ltd.	Industries department	28-3-1959	50	6*	0*
<i>Accounts for 1964</i>						
32.	Premier Bolts & Nuts Ltd.	Industries department	4-8-1959	1,54	-5	..
<i>Accounts for 1963-64</i>						
33.	Cuttack Iron and Steel Products Ltd.	Industries department	15-3-1958	75	13	0*
<i>Accounts for 1962-63</i>						
34.	Madhusudan Chemical Industries Ltd.	Industries department	15-3-1958	69	2	..
35.	Orissa Trunk and Enamel Works Ltd.	Industries department	3-4-1959	1,45	2	..
36.	Orissa Sports Manufacturing and Fabrication Ltd.	Industries department	2-7-1960	1,27	-3	..
37.	Hansanath Ceramic Industries Ltd.	Industries department	30-3-1959	43	-5	..
<i>Accounts for 1961-62</i>						
38.	Manufacture Electro Ltd.	Industries department	24-9-1959	42	-8	..
39.	Konark Processing Works Ltd.	Industries department	17-3-1958	87	2	..
Total (B) (a) (Sl. Nos. 7 to 39)				81,91	-9,25	3,57
<i>(b) Companies jointly owned by the State Government / Central Government and private parties—</i>						
<i>Accounts for 1967-68</i>						
40.	Orissa Road Transport Company Ltd.	Transport department	1-12-1950	1,01,39	33,23	43
Total (B) (b) (Sl. No. 40)				1,01,39	33,23	43
<i>(c) Others (jointly owned by the state Government and private parties)—</i>						
<i>Accounts for 1966-67</i>						
41.	Mayurbhanj Textile Ltd.	Industries department	1943	3,71	-34	5
42.	Orissa Agro and Small Industries Corporation Ltd.	Industries department	20-12-1961	61,58	-7,35	3,69
<i>Accounts for 1961</i>						
43.	Mayurbhanj Spinning and Weaving Mills Ltd.	Industries department	1947	14,90	B	..
Total (B) (c) (Sl. Nos. 41 to 43)				80,19	-7,69	3,74

(A) This company has gone into production in October 1967. Government loan of Rs. 1'20 lakhs was converted into shares during 1966-67.

(B) These companies have decided to go into voluntary liquidation.

(C) Interest on long term loans has not been exhibited separately in the accounts.

(X) In the case of these companies Government shares have been converted into loan to the company. The terms of repayment of loans and rate of interest payable have not been settled.

(Z) Dividends declared by the companies.

XI—concl.

Interest on long term loans	Total return on capital invested (6+8)	Percentage of total return on capital invested	Capital employed	(Amount Total return on capital employed) (6+7)	in thousands of rupees	Percentage of total return on capital employed	Remarks
(8)	(9)	(10)	(11)	(12)	(13)	(14)	
35	-1,21	..	4,83	-1,21	..		
..	-7	..	3,11	-4	..		
4	11	3.68	2,96	11	3.71		
..	-23	..	1,18	-20	..		
..	23	6.05	3,81	23	6.04		
..	24	9.41	2,53	24	4.49		Stopped production since August 1967.
..	-25	..	57	-13	..		(B)
..	-10	..	37	-10	..		(B)
C	6	12.00	6	6.3	..		(B) *Represents capital profit on sale of fixed assets.
..	-5	..	1,32	-5	..		(B) Stopped production since October 1966.
..	13	17.33	83	13.7	16.51		..
..	2	2.90	75	2	2.67		(B)
..	2	1.38	1,42	2	1.41		(B)
..	-3	..	1,25	-3	..		(B)
..	-5	..	32	-5	..		(B)
..	-8	..	27	-8	..		(B)
..	2	2.30	55	2	3.64		(B)
90	-8,35		98,84	-5,68			
..	33,23	32.58	1,21,65	33,66	27.67		..
..	33,23	..	1,21,75	33,66	..		..
C	-34	..	1,99	-29	..		..
3,69 (C)	-3,66	..	2,02,10	-3,66	..		..
..	..	..	6,46	..	..		..
3,69	-4,00	..	2,10,55	-3,95	..		..

APPENDIX

(Reference: paragraph 109,

Summarised financial results of the working of the undertakings

Sl. no.	Name of the concern and the name of the Administrative Department	Government capital	Mean Government capital	Free Reserves
(1)	(2)	(3)	(4)	(5)
1.	Government leather Industries-cum-Tannery, Titilagarh (1967-68) (Industries Department)	8,35	6,91	23
2.	Government Tannery, Boudh (1967-68) (Industries Department)	4,55	4,09	17
3.	Government Shoe Factory, Cuttack (1967-68) (Industries Department)	6,66	5,31	19
4.	Government Raniganj Pattern Tile Factory, Balasore (1966-67) (Industries Department)	1,23	1,43	4
5.	Production Centre for Development of Ceramic Industry, Cuttack (1966-67) (Industries Department)	3,49	3,60	4
6.	Government Tile Factory, Kendrapara (1966-67) (Industries Department)	1,18	1,31	4
7.	Government Tile Factory, Panikoli, (1966-67) (Industries Department)	1,11	1,19	4
8.	State Schemes of Government Trading (Grain purchase scheme) (1964-65) (Supply Department)	3,34,16	3,16,63	2,48
9.	State Schemes of Government Trading (Grain supply scheme) (1962-63) (Supply Department)	2,00,36	1,99,90	..
10.	State Schemes of Government Trading (Cloth and Yarn) (1964-65) (Supply Department)	11,58	11,58	..
11.	Cold Storage Plant, Cuttack (1966) (Agriculture Department)	16,06	15,43	10
12.	Scheme for trading in Iron Ore through Paradeep Port (1966-67) (Commerce Department)	37,48	25,93	15
13.	State Transport Services (1964-65) (Transport Department)	1,53,79	1,32,43	54,27
14.	Cold Storage Plant, Sambalpur (1961) (Agriculture Department)	4,76	4,77	..
	Total ..	7,84,76	7,30,51	57,75

XII

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as disclosed by the *pro forma* accounts for the latest year available

(Amount in thousands of rupees)				
Block assets	Depreciation	Profit(+) Loss(-)	Percentage of return on mean capital	Remarks
(6)	(7)	(8)	(9)	(10)
2,79	80	40	5.79	..
56	65	37	9.05	..
57	45	26	4.90	..
63	54	-22	Loss	The factory has been closed during March 1967
1,37	68	-12	Loss	The factory has been closed during August 1965
54	42	-17	Loss	The factory has been closed since April 1966
53	41	-9	Loss	The factory was closed during April 1966
..	..	4,28	1.35	Sustained net loss of Rs. 8.39 lakhs after charging interest of Rs. 12.67 lakhs on capital
3	3	46	0.23	Inoperative with effect from 1-1-1959
..	..	-3	Loss	Inoperative from 1954-55
2,70	3,07	46	2.98	..
13	28	3,94	15.19	..
1,50,51	92,06	42,66	32.06	..
4,35	51	-27	Loss	No provision was made for interest on capital
1,64,71	99,90	51,93	..	..

APPENDIX

(Reference : Paragraph 121,
Departmentwise analysis of the objections,
(Amount in

Sl. no.	Department	Want of sanctions to establishment or continuance of establishment	Want of sanctions to miscellaneous and contingent expenditure	Want of sanctions to estimates or excess over sanctioned estimates	Want of detailed contingent bills, vouchers, payees' receipts, stamped acknowledgements or other documents
1	Agriculture ..	..	46.06	..	10,70.02
2	Revenue and Excise ..	..	19.49	4.49	10,29.83
3	Tribal and Rural Welfare ..	..	19.72	..	5,32.23
4	Community Development and Panchayati Raj ..	..	19.03	..	5,21.48
5	Industries ..	..	19.81	..	4,01.52
6	Works—				
	(i) Roads and Buildings ..	..	..	0.26	6.10
	(ii) Public Health ..	..	..	..	0.09
7	Transport ..	..	7.73	..	2,80.58
8	Health and Family Planning ..	..	28.53	..	4,10.80
9	Co-operation and Forestry ..	0.01	0.82	0.23	2,43.69
10	Education ..	0.04	7.24	..	1,60.02
11	Planning and Co-ordination ..	..	..	..	14.76
12	Home ..	..	12.53	..	1,37.68
13	Commerce ..	..	7.41	..	26.09
14	Political and Services ..	..	0.33	..	12.49
15	Urban Development ..	..	0.99	..	27.82
16	Labour, Employment and Housing ..	..	0.02	..	56.60
17	Mining and Geology ..	..	0.11	..	37.75
18	Supply ..	..	0.11	..	27.98
19	Finance ..	..	0.52	..	27.38
20	Irrigation and Power ..	0.01	1.64	4,65.62	33.30
21	Law	1.41	..	5.39
22	Cultural Affairs	1.36
	Total ..	0.06	1,93.50	4,70.60	50,64.96

XIII

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the nature of the objections and the amounts
lakhs of rupees)

Recoverable advances not recovered and adjusted with- in the prescribed period	Want of agreements	Non-recovery of over- payments or amounts disallowed in Audit	Irregularities in payments with reference to contracts	Other reasons	Total
0.76	..	0.01	..	58.25	11,75.10
0.58	..	0.08	..	2,47.29	13,01.76
0.49	..	0.01	..	48.90	6,01.35
2.87	..	..	..	37.00	5,80.38
0.03	..	..	..	24.98	4,46.34
0.17	6,15.81	0.04	..	2.87	6,25.25
..	9.29	0.16	..	..	9.54
0.02	..	..	..	28.90	3,17.23
0.29	..	0.01	..	15.54	4,55.17
4.31	..	0.03	..	10.61	2,59.70
0.61	..	0.08	..	5.55	1,73.54
..	83.75	0.37	..	..	98.88
1.45	..	..	..	24.19	1,75.85
0.03	..	..	..	13.92	47.45
0.05	..	..	..	19.82	32.69
..	..	..	..	40.85	69.66
..	..	..	..	0.07	56.69
0.02	..	..	..	..	37.88
..	..	..	..	3.41	31.50
2.20	..	0.06	0.01	42.50	72.67
0.05	23.99	0.58	..	5.69	5,30.88
0.42	..	..	..	2.03	9.25
..	..	..	..	..	1.36
14.35	7,32.84	1.43	0.01	6,32.37	71,10.12

APPENDIX XIV

(Reference : Paragraph 122, page 117)

Inspection reports outstanding for more than one year at the end of December 1969.

Department	Number of reports and paragraphs outstanding for 5 years or more		Number of reports and paragraphs outstanding for two or more years but less than 5 years		Number of reports and paragraphs outstanding for one year or more but less than two years	
	Inspection Reports	Para- graphs	Inspection Reports	Para- graphs	Inspection Reports	Para- graphs
1. Community Development and Panchayati Raj	624	4,296	250	1,292	163	1,183
2. Home ..	25	62	50	109	34	94
3. Finance ..	16	37	50	174	28	248
4. Health ..	62	104	97	220	42	142
5. Planning and Co-ordination	40	128	65	324	41	449
6. Agriculture—						
(a) Agriculture ..	224	805	192	669	85	349
(b) Animal Husbandry	37	69	48	123	20	45
7. Tribal and rural welfare	77	331	39	184	14	97
8. Revenue and Excise	269	1,159	164	630	68	270
9. Co-operation and Forestry—						
(a) Co-operation ..	41	112	27	90	4	29
(b) Forestry ..	16	37	59	190	18	214
10. Works and Transport—						
(a) Roads and Buildings	18	35	130	720	75	776
(b) Public Health	8	31	45	332	21	225
(c) Transport ..	55	188	53	109	40	94
(d) Secretariate ..	6	36	..	..	..	..
11. Law ..	1	1	11	22	1	5
12. Industries ..	57	112	71	206	43	171
13. Education ..	30	77	90	268	85	310
14. Mining and Geology	2	3	3	10	1	5
15. Commerce ..	8	41	12	63	5	22
16. Urban Development	12	30	10	29	8	37
17. Labour and Employment	35	96	9	20	3	14
18. Political and Services	2	8	4	6	1	3
19. Cultural Affairs	3	6	5	10	2	5
20. Supply ..	88	113	59	120	29	94
21. Irrigation and Power—						
(a) Irrigation ..	32	77	122	512	89	486
(b) Power ..	25	96	83	365	65	260
Total ..	1,813	8,090	1,748	6,797	985	5,627

APPENDIX XV

(Reference : paragraph 122, page 117)

Common types of irregularities noticed during local audit and inspection

Type of irregularities	Number of offices in which the irregularities noticed in the year		
	1966-67	1967-68	1968-69
I—Public Works Divisions—			
(i) Non-observance of rules for recording of measurements	13	16	8
(ii) Delay, in debiting to the contractors' ledger the cost of materials supplied to them	19	36	31
(iii) Commencement or continuance of works without detailed estimates or delay in according technical sanction to estimates	15	38	30
(iv) Entrusting works to contractors without inviting tenders	8	28	8
(v) Projects started without technical sanction	7	14	10
(vi) Commencement of works by contractors before execution of agreements	13	29	21
(vii) Issue of materials not provided for in the contract and in excess of requirements where provided for in the contracts	12	21	23
(viii) Irregular payment of bills	17	16	15
(ix) Acceptance of tenders other than the lowest	..	..	18
II—Forest Divisions—			
(i) Defective maintenance of stores, tools and plant registers, physical verification of stock not conducted	6	2	5
(ii) Non-observance of rules in maintaining measurement books and recording measurements therein	11	6	7
(iii) Irregular maintenance of timber accounts,	..	..	6
(iv) Improper maintenance of cash book	..	7	9

APPENDIX-XV—*concl.*

Type of irregularities	Number of offices in which the irregularities noticed in the year		
	1966-67	1967-68	1968-69
III—Treasuries and sub-treasuries—			
Non-realisation of securities from treasurers/sub-treasurers	4	6	6
IV—Other Offices—			
(i) Non-maintenance or defective maintenance of important books of accounts and initial records of stores and stock and cash	28	51	63
(ii) Withdrawal of funds and rush of expenditure at the close of the financial year, spending of the amount withdrawn in the next financial year and their utilisation for purposes other than those for which drawn	44	61	13
(iii) Non-realisation of security deposit from persons handling cash and stores	15	30	47
(iv) Utilisation of departmental receipts towards expenditure	17	13	9
(v) Delay in recovering Government dues on account of hire charges of vehicles, articles sold on credit, etc.	57	91	70
(vi) Shortages and losses of stores/ theft and misappropriation	16	44	22
(vii) Non-execution of agreement/ splitting up of purchase orders/ unauthorised expenditure on works	10	29	19
(viii) Physical verification of cash/ stores, etc., not conducted	8	14	9