

1 Agriculture and Soil Conservation

2 Fisheries

3 Education

4 Tech. Education

5 Agriculture

6 Fisheries

7

8

9

10 (part of)

11 (part of) 51, 54 (part), 63, 96

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13 817, 818, 819 (part)

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Place
Government Sect
Finance
National Bank
Public Sect





REPORT

OF THE

Comptroller and Auditor General of India

for the year 1974-75

(CIVIL)

Government of Himachal Pradesh

GOVERNMENT OF MINNESOTA

Legislature

January 18, 1907

(111)

STATE OF MINNESOTA

IN SENATE, January 18, 1907.

REPORT

OF THE



TABLE OF CONTENTS

	<i>Paragraph(s)</i>	<i>Page(s)</i>
PREFATORY REMARKS		(vii)
CHAPTER I		
GENERAL		
Summary of transactions	1.1	1
Revenue surplus/deficit	1.2	2
Revenue receipts	1.3	3
Expenditure on revenue account	1.4	6
Expenditure heads (capital account)	1.5	8
Loans and advances by the Government	1.6	10
Debt position	1.7	11
Investments by the Government	1.8	14
Guarantees given by the Government	1.9	15
Utilisation certificates	1.10	16
CHAPTER II		
APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE		
Summary	2.1	18
Supplementary grants/charged appropriations	2.2	18
Excess over grants/charged appropriations	2.3	19
Saving in grants/charged appropriations	2.4	25
CHAPTER III		
CIVIL DEPARTMENTS		
✓ Poultry development	3.1	28
✓ Avoidable expenditure	3.2	33
✓ Trout farm at Patli <i>Kuhl</i> (Katrain, Kulu District)	3.3	33
✓ Mirror carp breeding-cum-demonstration tank, Chirgaon (Simla District)	3.4	34
× Timber operation and forest utilisation programme	3.5	34
× Soil conservation programme	3.6	40
× Purchase and operation of plummet mountain tractors	3.7	51
Irregular expenditure	3.8	51
× Avoidable expenditure on carriage of timber	3.9	52

	<i>Paragraph(s)</i>	<i>Page(s)</i>
✗ Non-execution of carriage contract	3.10	52
✓ Idle X-ray plants	3.11	53
✓ Irregular withdrawal of money	3.12	53
← NPSED Form ✓ Half-a-million jobs programme	3.13	54
✓ Industrial Extension Centres	3.14	60
✓ Outstanding rental charges	3.15	62
✓ Zila Parishad, Simla	3.16	63
✗ Local development works	3.17	63
Short accountal of material	3.18	67
Pre-matric scholarships/stipends to scheduled castes and scheduled tribes students	3.19	68

✓ CHAPTER IV

WORKS EXPENDITURE

Organisation and expenditure	4.1	71
Arbitration cases	4.2	74
Irrigation schemes	4.3	76
Unfruitful expenditure on <i>kuhls</i> —	4.4	83
(i) Moorang <i>kuhl</i> (Kinnaur District)		83
(ii) Kunu <i>kuhl</i> (Kinnaur District)		83
Water supply schemes—	4.5	83
(i) Peo township (Kinnaur District)		83
(ii) Group of villages		84
(iii) Dhainda (Simla District)		84
(iv) Government Colony, Nichar (Kinnaur District)		84
Roads under crash scheme	4.6	85
Bharmour-Manimahesh road	4.7	86
A bridge over Mand <i>Khad</i>	4.8	86
Construction of Police Station building at Nichar (Kinnaur District)	4.9	87
Construction of Himachal Bhawan at New Delhi	4.10	87
Avoidable expenditure	4.11	88
Non-adjustment of payments	4.12	88

CHAPTER V

STORES AND STOCK

Synopsis of important stores accounts	5.1	90
Physical verification of stores	5.2	90
✓ Purchase of defective road roller	5.3	91
✓ Shortage of stores	5.4	91
Surplus stores	5.5	93
Misappropriation of stores	5.6	93
Shortage/excess consumption of stores	5.7	94

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

Introduction	6.1	95
Grants	6.2	95
Himachal Pradesh University	6.3	96
Grants to local bodies	6.4	99

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION A—			
General	7.1	102	<i>Introductory</i>
SECTION B—			
Statutory Corporations	7.2	102	<i>Includ</i>
Himachal Pradesh State Electricity Board	7.3	102	
[Giri Hydel Project]	7.4	124	
Other Statutory Corporations	7.5	135	
Himachal Road Transport Corporation	7.6	135	
SECTION C—			
Government Companies	7.7	136	
[Nahan Foundry Limited] x x	7.8	137	
[Himachal Pradesh State Forest Corporation Limited]	7.9	151	
SECTION D—			
✓ Departmentally Managed Government Commercial/ Quasi-Commercial Undertakings	7.10	159	
State Trading in Foodgrains	7.11	159	
Acquisition of building	7.12	168	

CHAPTER VIII

Loans and Advances	8.1	169
Outstanding loans and advances	8.2	169
Recoveries of loans in arrears	8.3	171
Industries Department	8.4	171
Horticulture Department	8.5	175
Panchayati Raj Department	8.6	176
Housing Department	8.7	177
Education Department	8.8	178
Co-operation Department	8.9	179
Non-reconciliation of balances	8.10	179

CHAPTER IX

Paragraph(s) Page(s)

MISAPPROPRIATIONS, LOSSES, ETC.

Misappropriations, defalcations, etc.	9.1	180
Writes off of losses, remission of revenue, etc.	9.2	180
Suspected embezzlement	9.3	181
Embezzlement in Ripon Hospital, Simla	9.4	182
Loss of cash	9.5	182
Misappropriation	9.6	182

CHAPTER X

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

Outstanding audit observations	10.1	184
Outstanding inspection reports	10.2	186

APPENDICES

	Page(s)
I. Utilisation certificates for grants paid upto 31 st March 1974 outstanding on 30 September 1975	188
II. Cases in which supplementary grants/charged appropriations proved excessive/inadequate	190
III. Grants in which savings (Rs. 2 lakhs or more in each case) exceeded 10 per cent of the total grant	191
IV. Statement showing the time schedule laid down (July 1972) for the completion of investigations, preparation of project reports, construction of projects and the progress made thereagainst (November 1975)	192
V. Statement showing the summarised financial results of Statutory Corporations	194
VI. Summarised financial results of Government Companies	195
VII. Summarised financial results of Government Commercial Undertakings	196
VIII. Misappropriation and defalcation cases reported upto 31 st March 1975 and outstanding on 30 September 1975	197
IX. Outstanding cases (30 September 1975) of misappropriations, defalcations, etc., and the stage at which they are standing	198

pending

iv Cases where unsurrendered saving was 10 per cent or more

v Grants/appropriations in which amount surrendered was either not actually available for surrender or was substantially in excess of the amount available for surrender.

(v)

(2)

136	137	138	139	140	141	142	143	144	145	146	147	148	149	150	151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for ¹⁹⁷⁵⁻⁷⁶ 1974-75 together with other points arising from audit of financial transactions of the Government of Himachal Pradesh. It also includes certain points of interest arising from the Finance Accounts for ¹⁹⁷⁵⁻⁷⁶ 1974-75.

2. The results of audit of revenue receipts are presented in a separate volume.
3. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during 1974-75 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to ¹⁹⁷⁵⁻⁷⁶ 1974-75 have also been included, wherever considered necessary.
4. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the departments/bodies/authorities concerned.

The first part of the paper is devoted to a general
 introduction of the subject. It is then divided into
 three parts. The first part is devoted to a
 description of the various forms of the
 disease. The second part is devoted to a
 description of the various causes of the
 disease. The third part is devoted to a
 description of the various methods of
 treatment.

THE END OF THE WORLD

CHAPTER I
GENERAL

1.1 Summary of transactions

The figures of receipts, expenditure and surplus/deficit for 1974-75 as compared with the corresponding figures for the two preceding years were as follows:—

	1972-73	1973-74	1974-75
	(Rupees in crores)		
<i>(i) Revenue—</i>			
Revenue receipts			
(a) Revenue raised by the State Government	25.48	30.93	31.23
(b) Receipts from the Government of India	36.10	35.52	49.91
TOTAL—Revenue receipts	61.58	66.45	81.14
Revenue expenditure			
(a) Non-Plan	53.89	58.63	66.92
(b) Plan	13.69	15.72	13.30
TOTAL—Revenue expenditure	67.58	74.35	80.22
surplus(+)			
Revenue	-6.00	-7.90	+0.92
deficit(-)			
<i>(ii) Public Debt—</i>			
Receipts	47.05	36.32	41.79
Disbursements	22.37	12.08	22.39
Surplus(+)	+24.68	+24.24	+19.40
Deficit (-)			
<i>(iii) Loans and advances by the State Government—</i>			
Receipts	0.48	0.66	1.36
Disbursements	5.32	4.54	5.65
Increase (+)	-4.84	-3.88	-4.29
Decrease (-)			
<i>(iv) Public Account—</i>			
Receipts	120.77	142.50	142.63
Disbursements	126.17	135.85	137.27
Increase (+)	-5.40	+6.65	+5.36
Decrease (-)			

(v) <i>Expenditure heads</i> —						
Capital Account						
Non-Plan	..	..	..	2.23	2.20	4.30
Plan	..	..	..	11.93	10.83	15.16
<u>Increase (—)</u>				<u> </u>	<u> </u>	<u> </u>
Decrease (+)	..	..	..	—14.16	—13.03	—19.46
(vi) <i>Inter-State Settlement (net)</i> —						
<u>Receipts (+)</u>						
Payments(—)			..	—0.26	—0.01	—0.24
(vii) <i>Contingency Fund</i> —						
<u>Net surplus (+)</u>				<u> </u>	<u> </u>	<u> </u>
Deficit (—)	..	..	..	—5.98	+6.07	+1.69
Opening cash balance	..	..	..	—4.97	—10.95	—4.88*
<u>Net surplus (+)</u>				<u> </u>	<u> </u>	<u> </u>
Deficit (—) as above	..	..	..	—5.98	+6.07	+1.69
Closing cash balance	..	..	..	—10.95	—4.88	—3.19*

1.2 Revenue surplus/deficit

(a) *Revenue receipts*—The actuals of revenue receipts for 1974-75 as compared with (i) the budget estimates and (ii) the budget estimates *plus* additional taxation during the year, alongwith the corresponding figures for the two previous years are given below:—

Year	Budget	Budget <i>plus</i> additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount of Increase+ Decrease—	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
			(Rupees in crores)		
1972-73	57.98	57.98	61.58	+3.60	6
1973-74	63.18	63.18	66.45	+3.27	5
1974-75	82.88	82.88	81.14	—1.74	2

*There are differences between the figures reflected in the accounts and those intimated by the Reserve Bank regarding "Deposits with the Reserve Bank" included in the cash balance. The discrepancies are under reconciliation.

The receipts for 1974-75 exceeded the budget estimates mainly under (i) Taxes on Commodities and Services (Rs. 107.97 lakhs), (ii) Forest (Rs. 96.37 lakhs), (iii) Public Works (Rs. 18.71 lakhs), (iv) Mines and Minerals (Rs. 15.72 lakhs) and (v) Share of Income tax (Rs. 12.39 lakhs), and fell short of the budget estimates mainly under (i) Road and Water Transport Services (Rs. 214.21 lakhs), Food and Nutrition (Rs. 63.02 lakhs) and Taxes on Property and Capital Transactions (Rs. 29.77 lakhs).

(b) *Expenditure on revenue account*—The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provision for the three years ended 1974-75 is indicated below:—

Year	Budget	Budget <i>plus</i> supplementary provision	Actuals	Variation between columns (4) and (3)	
				Amount of shortfall	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in crores)					
1972-73	64.93	67.77	67.58	0.19	..
1973-74	73.37	74.73	74.35	0.38	1
1974-75	82.37	85.34	80.22	5.12	6

(c) The year ended with a revenue surplus of Rs. 0.92 crore as against Rs. 0.51 crore anticipated in the budget.

In the past, the State has been having revenue deficits continuously since 1971-72 as shown below:—

Year	Revenue deficit (Rupees in crores)
1971-72	7.56
1972-73	6.00
1973-74	7.90

1.3 Revenue receipts

(a) No new taxes were levied nor were existing ones changed during 1974-75.

(b) During 1974-75, revenue receipts (Rs. 81.14 crores) increased by 22 per cent over those in 1973-74 (Rs. 66.45 crores).

The increase is analysed below:—

(1)	Receipts		
	1973-74 (2)	1974-75 (3)	Increase (+) Decrease (—) (4)
	(Rupees in lakhs)		
(i) Revenue raised by the State Government—			
Tax Revenue— ..	11,00.67	13,76.48	+2,75.81
Non-tax Revenue— ..	19,92.58	17,46.43	—2,46.15
(ii) Receipts from the Government of India—			
Taxes on Income other than Corporation Tax ..	2,73.88	3,07.39	+33.51
Estate Duty ..	5.63	6.72	+1.09
State's Share of Union Excise Duties ..	5,37.13	4,31.28	—1,05.85
Grants			
Grants under Article 275 of the Constitution ..	8,18.59	31,96.03	+23,77.44
Other Grants ..	19,16.62	10,49.18	—8,67.44
Total ..	66,45.10	81,13.51	+14,68.41

The receipts from the Government of India during 1974-75 (Rs. 49.91 crores) were 62 per cent of the total revenue receipts for the year.

The receipts increased mainly under the following heads and due to following reasons:—

	Receipts during		Increase	
	1973-74	1974-75	Amount	Percentage
	(Rupees in lakhs)			
Taxes on Income other than Corporation Tax	273.88	307.39	33.51	12

The increase resulted from larger divisible pool.

State Excise ..	435.17	570.76	135.59	31
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The increase was due to higher bids in annual auctions, realization of more licence fee and other receipts of miscellaneous nature.

Sales Tax ..	290.20	368.04	77.84	27
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The increase was due to higher yields under sales tax and taxes on motor spirits and lubricants.

Taxes on Vehicles	..	43.88	66.13	22.25	51
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The increase was due to more receipts than anticipated on account of route permits, registration/licence fee and token tax arising from increased authorisation of running of trucks on reciprocal basis under "Northern Zone" Permit Scheme.

Interest Receipts	..	81.74	1,53.18	71.44	87
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The increase was due mainly to receipt of more interest from the Himachal Road Transport Corporation and the Himachal Pradesh State Electricity Board.

Grants-in-aid from Central Government	..	27,35.37	42,45.21	15,09.84	55
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The increase was due to larger grants under Article 275 of the Constitution.

The decrease occurred mainly under:—

	Receipts during		Decrease			
	1973-74	1974-75	Amount	Percentage		
	(Rupees in lakhs)					
Forest	11,80.76	9,16.37	2,64.39	22

The decrease was mainly due to less receipts during 1974-75 from the sale of timber and resin products.

Road and Water Transport Services	..	4,27.08	2,50.79	1,76.29	41
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The decrease was due to less receipts from transport operations consequent on formation of the Himachal Road Transport Corporation on 2 October 1974.

State's Share of Union Excise Duties	..	5,37.13	4,31.28	1,05.85	20
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The decrease was due to less receipts from Share of Union Excise Duties.

(c) *Arrears in collection of revenue*—According to the information given by the Finance Department, the arrears in collection of revenue as on 31 March 1975

were Rs. 5,33.31 lakhs as detailed below:—

Department	Amount (Rupees in lakhs)	Remarks
Forest	4,01.25	Represent recoveries on account of sale of forest produce due from (i) contractors (Rs. 3,98.19 lakhs) and (ii) Government departments (Rs. 3.06 lakhs).
Excise and Taxation	42.56	Represent outstanding recoveries on account of sales tax (Rs. 14.62 lakhs), passengers and goods tax (Rs. 13.28 lakhs), State excise (Rs. 11.95 lakhs), property tax (Rs. 1.59 lakhs), profession tax (Rs. 1.06 lakhs) and entertainment tax (Rs. 0.06 lakh).
Public Works	33.16	Rent of residential/non-residential buildings and water charges.
Revenue	20.49	Land revenue.
Industries	16.81	Rent of industrial estates, stamping fee and cost of articles sold.
Police	11.98	Charges for services rendered.
Agriculture	2.65	Sale of farm produce.
Horticulture	2.25	Sale of fruit products and plants.
Co-operation	1.54	Recoveries from co-operative societies.
Printing and Stationery	0.62	Printing charges and sale of stationery articles to other Government/semi-Government departments.

More information on the subject will be found in the Report of the Comptroller and Auditor General of India for the year 1974-75—Government of Himachal Pradesh—Revenue Receipts.

1.4 Expenditure on revenue account

The expenditure on revenue account in 1974-75 (Rs. 80.22 crores) increased by 8 per cent over that in 1973-74 (Rs. 74.35 crores).

The increase/decrease in expenditure on revenue account is analysed below (reasons for variation in 1974-75 in important cases being also indicated).

	1973-74	1974-75	Increase (+) Decrease (-)	
			Amount	Percentage
(Rupees in lakhs)				
<i>A—General Services—</i>				
(i) Organs of State ..	80.82	1,01.12	+20.30	25
(ii) Fiscal Services ..	1,37.99	1,67.36	+29.37	21
(iii) Interest Payment and Servicing of Debt				
(a) Appropriation for Reduction or Avoidance of Debt ..	9.25	20.70	+11.45	124
(b) Interest Payments ..	6,97.30	8,43.89	+1,46.59	21

The interest liability increased as a result of re-scheduling of certain loans on the recommendations of the Finance Commission.

(iv) Administrative Services	11,05.50	11,12.41	+6.91	1
(v) Pensions and Miscellaneous General Services	1,07.99	1,43.82	+35.83	33

B—Social and Community Services—

(vi) Social and Community Services—

(a) Education ..	15,35.69	19,29.85	+3,94.16	26
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The increase was due mainly to grant of additional dearness allowance and payment of more grants to the Himachal Pradesh University.

(b) Public Health, Sanitation and Water Supply ..	2,24.93	1,98.90	-26.03	12
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The decrease was due mainly to reduced Plan Outlay.

(c) Labour and Employment ..	1,06.90	40.01	-66.89	62
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The decrease was due mainly to non-implementation of certain Plan schemes on account of reduced Plan Outlay.

(d) Other heads ..	6,08.02	6,90.51	+82.49	14
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<i>C—Economic Services—</i>					
(vii) General Economic Services ..	74.43	92.87	+18.44		25
<i>(viii) Agriculture and Allied Services—</i>					
(a) Agriculture ..	3,95.27	4,67.09	+71.82		18

The increase was due to payment of additional dearness allowance and execution of Centrally sponsored schemes.

(b) Other heads ..	14,10.96	14,13.07	+2.11		0.1
(ix) Industry and Minerals	89.48	1,51.16	+61.68		69
(x) Water and Power ..					
Development ..	9.50	13.39	+3.89		41
(xi) Transport and Communications ..	8,32.09	6,25.26	-2,06.83		25

The decrease was mainly due to take-over of road transport operations by the Himachal Road Transport Corporation on its formation on 2 October 1974.

D—Grants-in-aid and Contributions—

(xii) Compensation and Assignments to Local Bodies and Panchayati Raj Institutions ..	9.52	10.51	+0.99		7
Total—Expenditure (Revenue Account)	74,35.64	80,21.92	+5,86.28		8

1.5 Expenditure heads (capital account)

(a) Capital expenditure during the three years ended 1974-75 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary grants was as follows:—

Year	Budget	Budget <i>plus</i> supplementary grants	Actuals	Variation between columns (4) and (3)	
				Amount of Increase + Decrease—	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in lakhs)					
1972-73	12,25.26	14,04.85	14,16.31	+11.46	1
1973-74	16,18.48	16,33.48	13,03.26	-3,30.22	20
1974-75	15,28.07	21,03.97	19,45.64	-1,58.33	8

(b) An analysis of the capital expenditure is given below:—

	Expenditure to the end of 1973-74	Expenditure during 1974-75	Progressive expenditure upto 1974-75
(Rupees in lakhs)			
Capital expenditure on—			
(i) Roads and Bridges	82,43.98	8,57.23	91,01.21
(ii) Food and Nutrition	1,46.50	4,23.09	5,69.59
(iii) Agriculture	5,19.08	77.52	5,96.60
(iv) Minor Irrigation, Soil Conservation and Area Development	..	76.34	76.34
(v) Road and Water Transport Services	5,20.56	68.60	5,89.16
(vi) Public Health, Sanitation and Water Supply	6,31.22	67.77	6,98.99
(vii) Housing	..	66.03	66.03
(viii) Medical	35.69	46.28	81.97
(ix) Public Works	1,31.69	46.06	1,77.75
(x) Education	46.31	45.42	91.73
(xi) Forest	1,87.97	31.96	2,19.93
(xii) Co-operation	1,18.13	25.03	1,43.16
(xiii) Other Transport and Communica- tion Services	22.00	23.40	45.40
(xiv) Dairy Development	0.22	14.68	14.90
(xv) Irrigation Works, etc.	71.80	12.34	84.14
(xvi) Metallurgical Industries	..	12.00	12.00
(xvii) Animal Husbandry	19.02	11.05	30.07
(xviii) Village and Small Industries	38.62	10.50	49.12
(xix) Social Security and Welfare	2.64	..	2.64
(xx) Investments in General Financial and Trading Institutions	56.37	..	56.37
(xxi) Investments in Agricultural Financial Institutions	59.16	..	59.16
(xxii) Machinery and Engineering Indus- tries	1,00.00	..	1,00.00
(xxiii) Investments in Industrial Financial Institutions	86.07	..	86.07
(xxiv) Water and Power Development Services	0.73	..	0.73
(xxv) Power Projects	21,13.33	..	21,13.33
(xxvi) Other heads	53.78	30.34	84.12
Total	1,32,04.87	19,45.64	1,51,50.51

		(Rupees in lakhs)	
Net disbursement under loans and advances	A		
	17,36.04	4,29.29	21,65.33
Total of Capital expenditure and net disbursement under "Loans and Advances"	B		
	1,49,40.91	23,74.93	1,73,15.84

(c) The capital expenditure and expenditure on loans and advances during 1974-75 was met from the following sources:—

	1974-75
	(Rupees in lakhs)
I—Net addition to—	
(i) Loans from the Government of India	14,59.26
(ii) Internal Debt of the State Government	4,80.56
(iii) Provident Funds	3,25.78
(iv) Reserve Funds and Sinking Fund	46.47
(v) Deposits and Advances (Other than those shown separately)	-1,58.51
(vi) Suspense and Miscellaneous	31.10
(vii) Remittances	-1,48.90
(viii) Amount closed to the Government account	-22.91
II—Revenue surplus (+)/deficit (-)	+91.59
III—Increase (-)/decrease (+) in investments	+4,39.82
IV—Increase (-)/decrease (+) in cash balances	-1,69.33
Net amount available for expenditure	23,74.93

1.6 Loans and advances by the Government

(a) The position of loans and advances actually disbursed by the Government during 1974-75 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary grants along with the corresponding figures for 1972-73 and 1973-74 was as follows:—

Year	Budget	Budget plus supplementary grants	Actuals	Variation between columns (4) and (3)	
				Amount of increase + decrease—	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in lakhs)					
1972-73	4,76.86	5,21.86	5,31.51	+9.65	2
1973-74	4,49.86	4,49.86	4,53.60	+3.74	1
1974-75	5,82.00	5,99.54	5,64.81	-34.73	6

(A) Differs from last year's progressive expenditure by Rs. 12.16 lakhs owing to "Festival Advances" transferred from "Part III-Advances not bearing interest-Departmental Advances—Civil Advances" to "Loans and Advances" on account of revised classification.

(B) Differs from last year's progressive expenditure by Rs. 50.57 lakhs owing to *proforma* dropping of Rs. 62.72 lakhs on account of change in classification, addition of Rs. 12.16 lakhs on account of festival advances vide note (A) above and adjustment of Rs. 0.01 lakh due to rounding.

(b) The budget and actuals of recoveries of loans and advances for the three years ended 1974-75 are given below:—

Year	Budget	Actuals	Variation between columns (3) and (2)	
			Amount of increase + decrease—	Percentage
(1)	(2)	(3)	(4)	(5)
	(Rupees in lakhs)			
1972-73	60.00	47.68	—12.32	21
1973-74	75.00	65.74	—9.26	12
1974-75	98.50	1,35.52	+37.02	38

More information on the subject will be found in Chapter VIII of this Report.

1.7 Debt position

The total debt of the State comprised public debt (Rs. 1,63.16 crores), Provident funds (Rs. 18.72 crores) and other obligations (Rs. 5.87 crores); the amount outstanding at the close of 1974-75 was thus Rs. 1,87.75 crores.

(a)(i) *Public Debt*—This consists mainly of (i) loans raised in the open market, (ii) loans from the Government of India and (iii) loans from autonomous bodies. A comparative analysis is given below:—

	Public debt as on the 31st March		
	1973	1974	1975
	(Rupees in crores)		
Loans from the Government of India ..	1,17.59	1,40.07	1,54.66
Internal debt of the State Government	1.92	3.69	8.50
Total ..	1,19.51	1,43.76	1,63.16

During the year, a loan of Rs. 1.25 crores bearing interest at 6 per cent per annum was floated by the Government at Rs. 99 for every Rs. 100 against which Rs. 1.37 crores were realised in cash. This is redeemable at par in 1984.

Under Section 54(1) of Punjab Re-organisation Act, 1966, the public debt of the composite State of Punjab attributable to the loans raised by issue of Government securities and outstanding with the public immediately before 1 November 1966 became the debt of the State of Punjab, and Himachal Pradesh is to pay to the Punjab its share of the amount due from time to time for servicing and repayment of the debt. The liability of Himachal Pradesh has been provisionally estimated at Rs. 1.31 crores as on 1 November 1966. The payment on this account is recorded under

“768—Inter State Settlement” and is, therefore, not included in the total debt. Rupees 73.27 lakhs representing proportionate share of Himachal Pradesh were paid upto the end of 1974-75. The payment during 1974-75 was Rs. 23.88 lakhs.

(ii) The transactions under public debt during 1974-75 are detailed below:—

Nature of debt (1)	Loans raised (2)	Loans discharged (3)	Net increase(+)/ decrease(—) (4)
(Rupees in crores)			
(i) Loans from the Government of India	20.65	6.06	+14.59
(ii) Internal debt of the State Government	21.14	16.33	+4.81
Total ..	41.79	22.39	+19.40

(b) *Other Debt and Obligations*—In addition to the public debt, the provident funds and the balances at the credit of depreciation reserve funds and certain deposits, to the extent to which they have not been separately invested but are merged with the general cash balance of the Government, constitute liability of the Government. The debt liability of the Government towards provident funds and other obligations was to the following extent:—

	On 31st March		
	1973	1974	1975
	(Rupees in crores)		
Provident funds	13.14	15.46	18.72
Reserve funds (interest bearing) ..	0.01	0.01	0.01
Deposits of local funds and civil deposits (non-interest bearing) ..	5.53	6.97	5.86
Total ..	18.68	22.44	24.59

(c) *Ways and means advances and overdrafts from the Reserve Bank of India*—Under an agreement with the Reserve Bank of India, the Government has to maintain with the Bank a minimum cash balance of Rs. 10 lakhs on all days. If the balance falls below this minimum level, the Government can take from the Bank ordinary ways and means advances upto a maximum limit of Rs. 1.20 crores and also special ways and means advances not exceeding Rs. 0.60 crore against Government of India securities held by the State Government. Both the ordinary and special ways and means advances carry interest at one per cent below the bank rate in force. If, even after availing of the maximum advance of Rs. 1.80 crores, the balance is below the prescribed minimum limit, the Bank allows overdraft upto a period not exceeding seven continuous days and charges interest equal to the Bank Rate.

The extent to which the Government maintained the minimum balance with the Bank during 1974-75 is given below:—

(i) Number of days on which the minimum balance was maintained without obtaining any advance ..	302
(ii) Number of days on which the minimum balance was maintained by obtaining ordinary and special ways and means advances ..	19
(iii) Number of days on which the Government had overdrafts as the minimum balance could not be maintained even after taking ordinary and special ways and means advances to the full extent ..	44

The maximum overdraft on any one occasion during 1974-75 was Rs. 4.60 crores.

At the end of the year, Rs. 2.58 crores were outstanding on account of ways and means advances (Rs. 1.20 crores) and overdrafts (Rs. 1.38 crores).

Rupees 1.70 lakhs were paid as interest to the Bank on ways and means advances and overdrafts during 1974-75. The amount paid as interest during the preceding two years was as under:—

Year	Amount (Rupees in lakhs)
1972-73	2.41
1973-74	0.66

(d) *Service of Debt*—The table below shows the burden of interest charges on the revenues:—

	1972-73	1973-74	1974-75
	(Rupees in crores)		
Gross debt and other obligations outstanding at the end of the year ..	1,38.19	1,66.20	1,69.03
Interest paid by the Government—			
(a) On public debt and provident funds	5.76	6.97	8.44
(b) On other obligations	(a)	(b)	(c)
Total ..	5.76	6.97	8.44

- (a) Rs. 11,293 only
 (b) Rs. 8,111 only
 (c) Rs. 6,647 only

Government Companies	271.24	—	6	3,02.75	—	8	382.38	—
	Nil	—		Nil	—		0.93	—
Joint Stock Companies	11.42	—	14	11.42	—	14	11.42	—
	Nil	—		Nil	—		Nil	—
Co-operatives	1,14.99	—	781	1,31.98	—	798	1,56.80@	—
	0.63	—		0.38	—		0.52	—
Total	39,95.35	—	805	43,24.99	—	824	47,83.60	1.1
	2.43	—		2.18	—		53.25	—

These investments include shares for Rs. 1.35 lakhs in the Kulu Valley Transport Limited which is under liquidation.

1.9 Guarantees given by the Government

Under Section 6(1) of the State Financial Corporation Act, 1951, the shares of the State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of annual dividend. Again, under Section 7 of the above Act, the bonds and debentures of the State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of interest. The actual amounts guaranteed on behalf of Himachal Pradesh Financial Corporation by the State Government and outstanding on 31 March 1975 under Sections 6 and 7 *ibid* were Rs. 0.61 crore and Rs. 0.61 crore respectively.

Under Section 66 of the Electricity (Supply) Act, 1948, the State Government may guarantee in such manner as it thinks fit the payment of the principal and/or interest of any loans proposed to be raised by the State Electricity Board. The actual amount covered by the guarantee given on behalf of the Himachal Pradesh State Electricity Board by the State Government as on 31 March 1975 under this Section was Rs. 10.12 crores.

Apart from the above, the State Government had guaranteed (to third parties) the repayment of loans, overdrafts and payment of interest thereon on behalf of one Government Company, 7 Co-operative Banks/Co-operative Societies and 2 Local Bodies. The maximum amount guaranteed on their behalf to the end of 1974-75 was Rs. 5.77 crores against which guarantees outstanding on 31 March 1975 were for Rs. 2.52 crores.

@ Includes amount of Rs. 1.78 lakhs redeemed during 1974-75.

In consideration of the guarantees given, the Government charges guarantee fee at the rate of 0.50 per cent of the total amount of guarantee given by the Government during the year. This guarantee fee is, however, not applicable in the case of co-operative concessional finance provided by the Reserve Bank of India. The total amount of guarantee fee received by the Government during the year was Rs. 0.46 lakh.

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

No guarantee was invoked during 1974-75. Further details of the guarantees are given in Statement No. 5 of Finance Accounts 1974-75.

1.10 Utilisation certificates

In 1974-75, the Government paid Rs. 337.73 lakhs as grants to panchayats, municipalities, co-operative societies, educational institutions, etc. as detailed below:—

Serial number	Department	Amount (Rupees in lakhs)
1.	Education	1,05.53
2.	Agriculture	72.45
3.	Community Development	46.52
4.	Local Self Government	46.24
5.	Industries	24.00
6.	Public Health	12.75
7.	Co-operation	12.27
8.	Forest	6.71
9.	Welfare	6.63
10.	Animal Husbandry	3.90
11.	General Administration	0.71
12.	Medical	0.02
	Total ..	<u>3,37.73</u>

Under the financial rules, certificates to the effect that the grants have been utilised for the purpose for which they were paid are required to be furnished by the departmental officers to Audit within one year of the payment of the grant, unless specified otherwise. The Public Accounts Committee has repeatedly expressed dissatisfaction over progress in the submission of utilisation certificates and has recommended

that the cases of unusual delay on the part of field officers should be investigated and responsibility fixed. The latest position is as indicated hereunder:—

Out of 4,245 certificates (Rs. 9,84.14 lakhs) to be received for grants paid from 1958-59 to March 1974, 1524 certificates (Rs. 5,32.47 lakhs) were received leaving 2,721 certificates (Rs. 4,51.67 lakhs) to be received in Audit (September 1975). The department-wise break-up is as under:—

Serial number	Department	Number of certificates	Amount (Rupees in lakhs)
1.	Community Development	1887	2,02.94
2.	Local Self Government	197	1,13.32
3.	Co-operation	238	40.83
4.	Welfare	317	34.59
5.	Agriculture	3	14.10
6.	Panchayats	20	13.04
7.	Public Works	1	10.00
8.	Industries	2	8.16
9.	Family Planning	3	5.70
10.	Forest	4	5.00
11.	Education	9	1.71
12.	General Administration	8	1.38
13.	Public Health	22	0.73
14.	Medical	10	0.17
Total ..		2,721	4,51.67

More details are given in Appendix I.

The utilisation certificates have not been received although considerable time has passed since the grants were paid. In the absence of the certificates it is not possible to state whether the recipients spent the grants for the purpose(s) for which they were given and whether any misutilization, misappropriation, etc., took place.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Summary

The following table compares the total expenditure in 1974-75 with the total of grants and charged appropriations for that year:—

		Total grants/ appropriations	Actual expenditure	Excess+ Saving—	Percentage
(Rupees in lakhs)					
<i>Voted—</i>					
Original	1,22,77.75	} 1,31,65.35	1,21,44.52	—10,20.83	8
Supplementary	8,87.60				
<i>Charged—</i>					
Original	19,43.25	} 31,86.32	31,62.20	—24.12	1
Supplementary	12,43.07				
<i>Total—</i>					
Original	1,42,21.00	} 1,63,51.67	1,53,06.72	—10,44.95	6
Supplementary	21,30.67				

The saving of Rs. 10,44.95 lakhs was the net result of the saving of Rs. 11,05.63 lakhs in twenty-six grants (Rs. 10,69.14 lakhs) and six appropriations (Rs. 36.49 lakhs) and excess of Rs. 60.68 lakhs in eight grants (Rs. 48.31 lakhs) and six appropriations (Rs. 12.37 lakhs).

2.2 Supplementary grants/charged appropriations

A supplementary provision of Rs. 21,30.67 lakhs was obtained in February 1975 under fourteen grants (Rs. 8,87.60 lakhs) and six appropriations (Rs. 12,43.07 lakhs). The following important points will be noticed from Appendix II.

(i) In respect of eight grants, supplementary provision proved excessive; against the supplementary grant of Rs. 8,33.75 lakhs in these cases, Rs. 5,44.97 lakhs remained unutilized. In the case of two charged appropriations, where supplementary provision of Rs. 12,42.44 lakhs was obtained, Rs. 35.26 lakhs were not utilized.

(ii) Supplementary provision proved inadequate in respect of one grant and one charged appropriation. In these cases, the voted expenditure (Rs. 2,20.39 lakhs) exceeded the total provision (Rs. 2,03.92 lakhs) by Rs. 16.47 lakhs and the charged expenditure exceeded the appropriation by Rs. 11.51 lakhs.

2.3 Excess over grants/charged appropriations

(a) *Grants*—The excess over the following eight grants requires regularisation under Article 205 of the Constitution:—

(In the table below, 'O' stands for original grant and 'S' for supplementary grant).

Serial no.	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
1.	2—Governor and Council of Ministers			
	O	19,20,000	19,48,846	28,846

Excess, partly offset by saving under certain other group heads, occurred mainly under “(e)(i)—Maintenance and Running of Vehicles” (expenditure: Rs. 7.51 lakhs; provision: Rs. 5.18 lakhs) and was attributed chiefly to increase in the prices of petrol, oil, lubricants and more expenditure on the maintenance of vehicles than anticipated.

2. 7—Police and Fire Protection

O	4,51,99,000	} 4,56,99,000	4,57,76,412	77,412
S	5,00,000			

Excess, partly counterbalanced by saving under other group heads, occurred mainly under:—

“255—Police”

(i) “(a)—Direction and Administration”

“(a) (i)—Headquarters Staff” (expenditure: Rs. 7.10 lakhs; provision: Rs. 5.82 lakhs); the excess of Rs. 1.28 lakhs was stated to be due mainly to increased office expenses (Rs. 0.51 lakh and payment of additional dearness allowance (Rs. 0.49 lakh).

(ii) “(e)—District Police”

(a) “(e)(i)—District Executive Force” (expenditure: Rs. 2,52.67 lakhs; provision: Rs. 2,47.53 lakhs); the excess of Rs. 5.14 lakhs was stated to be mainly due to increased expenditure on materials and supplies for the police force.

(b) “(e) (iii)—Police Radio Staff” (expenditure: Rs. 30.72 lakhs; provision: Rs. 28.02 lakhs); the increased expenditure of Rs. 2.70 lakhs was mainly on account of payment of additional dearness and kit maintenance allowances.

3. 11—Agriculture

O	7,42,00,000	7,42,00,000	7,43,28,130	1,28,130
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Excess, which was partly offset by saving under other group heads, occurred mainly under:—

(1) “305—Agriculture”

(i) “(a)—Consolidation of Holdings”

“(a) (i)—Headquarters Establishment” (expenditure: Rs. 4.51 lakhs; provision: Rs. 0.95 lakh); the reasons for the excess have not been intimated (December 1975).

(ii) “(e)—Manure and Fertilizers”

“(e) (ii)—Distribution of Fertilizers” (expenditure: Rs. 19.34 lakhs; provision: Rs. 16.33 lakhs); the excess was stated to be due to purchase of additional quantity of fertilizers and payment of arrears of additional dearness allowance.

(iii) “(f)—High Yielding Varieties Programme”

(a) “(f) (vi)—Experts and Technicians” (expenditure: Rs. 32.19 lakhs; provision: Rs. 12.82 lakhs); the excess was ascribed mainly to customs duty and transportation charges of the materials received from abroad.

(b) “(f) (ix)—Service Supply Scheme under District Programme” (expenditure: Rs. 15.42 lakhs; provision: Rs. 10.00 lakhs); the excess was reportedly due to internal transportation charges of fertilizers received from abroad.

(c) “(f) (x)—Transport under Agricultural District Programme” (expenditure: Rs. 9.86 lakhs; provision: Rs. 5.99 lakhs); the excess was reported to have been caused largely by increased cost of motor oils and repair charges of vehicles.

(iv) “(m)—Agricultural Research”

“(m) (vi)—Grants-in-aid to Himachal Pradesh University for Agricultural Research” (expenditure: Rs. 85.00 lakhs; provision: Rs. 57.00 lakhs); the excess was stated to be due to acquisition of land for the establishment of an Agricultural Complex.

(v) “(p)—Horticulture”

“(p) (xii)—World Bank Project” (expenditure: Rs. 10.68 lakhs; provision: Rs. 8.00 lakhs); the excess was due to payments made to foreign experts.

(2) "505—Capital Outlay on Agriculture"

"(b)—Manures and Fertilisers" (expenditure: Rs. 2,07.67 lakhs; provision: Rs. 1,53.00 lakhs); increased quantity and cost of fertilizers purchased reportedly caused the bulk of the excess.

4. 12—Minor Irrigation

O	1,58,00,000	}	2,03,92,000	2,20,39,498	16,47,498
S	45,92,000				

Excess, partly offset by saving under other group heads, occurred mainly under:—

(1) "306—Minor Irrigation"

(i) "(b)—Lift Irrigation Scheme"

"(b) (ii)—Minor Works" (expenditure: Rs. 8.37 lakhs; provision: Rs. 3.95 lakhs); the accelerated progress of works was stated to have caused the excess.

(ii) "(d)—Suspense" (expenditure: Rs. 74.34 lakhs; provision: 62.00 lakhs); the excess was due mainly to advance payments made to firms and receipt of stocks in greater quantity than expected.

(iii) "(e)—Equipment and Machinery" (expenditure: Rs. 5.77 lakhs; provision: Rs. 3.04 lakhs); the reasons for the excess have not been intimated (December 1975).

"(f)—Other Expenditure"

(iv) "(f)(i)—Establishment" (expenditure: Rs. 38.12 lakhs; provision: Rs. 24.20 lakhs); the reasons for the excess have not been intimated (December 1975).

(2) "506—Capital Outlay on Minor Irrigation, Soil Conservation and Area Development"

"(b)—Minor Irrigation"

(i) "(b)(ii)—Lift Irrigation Schemes" (expenditure: Rs. 42.56 lakhs; provision: Rs. 38.05 lakhs); the excess was reportedly caused by accelerated progress of works.

(ii) "(b)(iv)—Equipment and Machinery" (expenditure: Rs. 8.21 lakhs; provision: Rs. 6.00 lakhs); the reasons for the excess have not been intimated (December 1975).

5. 19—Social Security, Welfare and Jails

O	1,05,50,000	1,05,50,000	1,18,52,680	13,02,680
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The excess occurred mainly under:—

“288—Social Security and Welfare”

(i) “B—Relief and Rehabilitation of Displaced Persons”

“(a)—Tibetan Refugees”

“(a) (i)—Superintendence” (expenditure: Rs. 10.89 lakhs; provision : Rs. 5.00 lakhs); the excess was mainly due to expenditure on shifting of Tibetan refugees.

(ii) “C—Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes”

“(c)—Welfare of Scheduled Tribes”

“(c) (iv)—Other Programmes”

“(c)(iv)(i)—Grants-in-aid to Tribal Development Blocks” (expenditure: Rs. 12.28 lakhs; provision: Rs. 6.30 lakhs); the excess was caused by more grants towards dietary charges.

(iii) “D—Social Welfare”

“(c)—Family and Child Welfare”

“(c) (ii)—Other Voluntary Organisations” (expenditure: Rs. 5.94 lakhs; provision: Rs. 0.60 lakh); the excess was ascribed mainly to additional expenditure on maintenance of existing institutions.

(iv) “E—Social Security and Welfare Programmes”

“(a)—Other Programmes”

“(a) (viii)—Ex-gratia Payments for Families of Government Servants” (expenditure: Rs. 2.75 lakhs; provision: nil); the Government stated that there was inadvertent omission to make the provision.

The above excesses were partly counterbalanced by savings under certain other group heads.

6. 25—Irrigation, Navigation, Drainage and Flood Control

O	29,00,000	29,00,000	39,53,079	10,53,079
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Excess, partly offset by saving under other group heads, occurred mainly under:—

(1) “333—Irrigation, Navigation, Drainage and Flood Control Projects”

“G—Flood Control Anti-Sea Erosion Projects”

“(c)—Suspense” (expenditure: Rs. 20.82 lakhs; provision: Rs. 10.00 lakhs) and

(2) "533—Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects"

"G—Flood Control and Drainage Projects"

"(b)—Flood Control Works" (expenditure: Rs. 9.49 lakhs; provision: Rs. 4.19 lakhs).

The reasons for the above excesses have not been intimated (December 1975).

7. 28—Tourism

O	38,00,000	38,00,000	39,21,415	1,21,415
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The excess, partly counterbalanced by saving under other group heads, occurred mainly under "(c)(i)—Air Transport Services" below major head "339—Tourism" (expenditure: Rs. 9.09 lakhs; provision: Rs. 2.35 lakhs); and was attributed to steep rise in prices of aviation fuel and increased number of flights.

8. 30—Housing

O	1,50,00,000	1,50,00,000	1,54,71,536	4,71,536
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Excess occurred mainly under:—

(1) "283—Housing"

"B—Government Residential Buildings"

"(b)—Construction" (expenditure: Rs. 9.65 lakhs; provision: Rs. 4.58 lakhs).

(2) "483—Capital Outlay on Housing"

"(b)—Construction" (expenditure: Rs. 54.54 lakhs; provision: Rs. 36.67 lakhs).

The reasons for the excesses at (1) and (2) above have not been intimated (December 1975).

(3) "683—Loans for Housing"

"(a) Loans to Housing Boards, Corporations, etc." (expenditure: Rs. 48.55 lakhs; provision: Rs. 41.00 lakhs); the excess was due to payment of more loans to the Housing Board than anticipated.

The above excesses were partly offset by saving under other group heads.

(b) *Charged appropriations*—The excess over the following charged appropriations also requires regularisation:—

(In this table 'O' represents original appropriation and 'S' supplementary appropriation)

Serial Number and name no. of appropriation	Total appro- piation Rs.	Expenditure Rs.	Excess Rs.
1. 2— <i>Governor and Council of Ministers</i>	O 6,30,000	6,30,000	6,64,707 34,707

The excess occurred mainly under “(h) (iii)—Electricity” (expenditure: Rs. 0.40 lakh; provision: Rs. 0.15 lakh) below major head “212—President, Vice-President/ Governor/Administrator of Union Territories”.

2. 3—Administration of Justice

O	9,53,000	}	9,99,000	10,08,526	9,526
S	46,000				

The excess occurred under “214—Administration of Justice, (a)—High Courts, (a) (i)—High Court Establishment” (expenditure: Rs. 10.09 lakhs; provision : Rs.9.99 lakhs); the reasons for the excess have not been intimated (December 1975).

3. 9—Medical and Family Planning

O			39,460	39,460
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The expenditure was incurred without provision under the following group heads; the reasons therefor have not been intimated (December 1975).

(i) “280—Medical”

“A—Allopathy”

“(b)—Medical Relief”

“(b) (ix)—Buildings” (expenditure: Rs. 0.08 lakh; provision: nil); and

(ii) “480—Capital Outlay on Medical”

“(b)—Construction”

“(b) (i)—Education—Major Works” (expenditure: Rs. 0.31 lakh; provision: nil).

4. 10—Public Works

O	291	291
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5. 18—Supplies, Industries and Minerals

O	2,122	2,122
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6. 30—Housing

O	..	}	260	11,52,044	11,51,784
S	260				

The excess occurred mainly under “483—Capital Outlay on Housing, (b)-Construction” (expenditure: Rs. 11.52 lakhs; provision : nil); the reasons for the excess have not been intimated (December 1975).

2.4 Saving in grants/charged appropriations

(a) It would be seen from Appendix III that in respect of eight grants the saving (Rs. 2 lakhs or more in each case) exceeded 10 per cent of the total provision; in three of the eight grants, the saving was 26 per cent in one case and 33 per cent in two cases.

(b) Some of the more important instances of unutilized provision and the reasons furnished therefore are given below:—

Serial no.	Number and name of grant	Total grant	Actual expenditure	Saving	Percentage
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(Rupees in lakhs)

1. 6—Excise and Taxation

O	40.00	40.00	26.82	13.18	33
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The saving, partly offset by excess under other group heads, occurred mainly under:—

“245—Other Taxes and Duties on Commodities and Services”

(i) “(a)—Collection Charges—
Entertainment Tax”

“(a) (i)—Entertainment Tax Act” (provision: Rs. 2.15 lakhs; expenditure: nil); the saving was attributed to non-sanctioning of separate staff for collection of entertainment tax.

(ii) “(c)—Collection Charges—

Taxes on Goods and Passengers”

(a) “(c) (ii)—Headquarter Establishment” (provision: Rs. 6.73 lakhs; expenditure Rs. 4.20 lakhs); the saving was mainly due to non-creation of posts and posts kept vacant.

(b) “(c) (iii)—District Establishment” (provision: Rs. 21.27 lakhs; expenditure: Rs. 14.64 lakhs); the saving was due mainly to non-creation of posts and posts kept vacant.

2. 20—Public Health, Sanitation and Water Supply

O	4,36.50	4,36.50	3,51.23	85.27	19
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Saving, which was partly offset by excess under other group heads, occurred mainly under:—

“282—Public Health, Sanitation and Water Supply”

“B—Sewerage and Water Supply”

(i) “(a)—Direction and Administration”

“(a) (ii)—Execution” (provision: Rs. 29.32 lakhs; expenditure Rs. 16.85 lakhs); the saving was due mainly to non-payment of grant to Municipal Corporation, Simla.

(ii) “(d)—Suspense” (provision: Rs. 1,80.00 lakhs; expenditure: Rs. 90.71 lakhs); the saving was due mainly to non-receipt of debits and non-receipt of articles against supply orders.

3. 23—Food and Nutrition

O	12,03.50	} 17,38.50	12,84.79	4,53.71	26
S	5,35.00				

The saving occurred mainly under:—

(1) “309—Food and Nutrition”

“(c)—Food Subsidies”

“(c) (ii)—Subsidy on Levy Sugar” (provision: Rs. 1,00.00 lakhs; expenditure: Rs. 30.15 lakhs); the saving was due to reduction in subsidy on levy sugar.

(2) “509—Capital Outlay on Food and Nutrition”

“(a)—Procurement and Supply”

(i) “(a) (i)—Purchase of Wheat” (provision: Rs. 13,32.00 lakhs; expenditure: Rs. 10,44.63 lakhs); the saving was stated to be mainly due to the implementation of revised policy for purchase of foodgrains.

(ii) “(a) (ii)—Purchase of Rice” (provision: Rs. 2,03.00 lakhs; expenditure: Rs. 1,17.28 lakhs); the saving was mainly due to reduced allocation of rice quota by the Government of India.

The above savings were partly counterbalanced by excesses under other group heads.

4. 27—Road Transport

O	5,36.50	} 5,36.51	3,59.70	1,76.81	33
S	0.01				

The saving was mainly due to the formation of Himachal Road Transport Corporation and the transfer of transport schemes to that Organisation from 2 October 1974.

5. 29—Labour and Employment

O	51.00	51.00	44.00	7.00	14
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The saving occurred mainly under “(e) (ii)—Crash Programme for Educated Unemployed” (provision: Rs. 5.00 lakhs; expenditure: nil) due to non-implementation of various schemes.

6. 32—Other Administrative Services

O	1,10.00	1,10.00	92.83	17.17	16
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The saving occurred mainly under:—

“265—Other Administrative Services”

“(c)—Home Guards” (provision: Rs. 64.30 lakhs; expenditure: Rs. 47.37 lakhs); it was mainly due to posts kept vacant and other economy measures.

CHAPTER III

CIVIL DEPARTMENTS

ANIMAL HUSBANDRY

3.1 Poultry development

At present (December 1975), there are the following 16 poultry development farms and extension centres in the State:

CENTRAL FARM:

1. Nahan (Sirmur)

REGIONAL FARM:

1. Kamlahti (Simla)

DISTRICT FARMS:

1. Palampur (Kangra)
2. Patli Kuhl (Kulu)
3. Sarol (Chamba)

OTHER FARMS:

1. Bhawarna (Kangra)
2. Chauntra (Mandi)

EXTENSION CENTRES:

1. Ajouli (Una)
 2. Mandi
 3. Padhar
 4. Sundernagar
 5. Takoli
 6. Paonta Sahib (Sirmur)
 7. Solan (Solan)
 8. Reckong Peo (Kinnaur)
 9. Tapri (Kinnaur)
- } (Mandi)

A Poultry Development Officer is responsible for the working of each farm as well as for the extension centre(s) falling within the farm's jurisdiction. The district farm at Sarol and the extension centres at Reckong Peo and Tapri are, however, looked after by the District Animal Husbandry Officer.

The accounts and other records of 5 poultry farms (Chauntra, Kamlahi, Nahan, Palampur and Sarol) and 2 extension centres (Reckong Peo and Tapri) were test checked in July 1975. The points observed are mentioned in the succeeding paragraphs:—

The income and expenditure of these 7 farms/extension centres yearwise were as under:—

Year	Expenditure	Income	Deficit
	(Rupees in lakhs)		
1969-70	6.36	4.80	1.56
1970-71	8.47	4.72	3.75
1971-72	8.28	5.14	3.14
1972-73	9.67	6.61	3.06
1973-74	13.44	8.35	5.09
1974-75	13.49	9.12	4.37
Total	59.71	38.74	20.97

(ii) *Production of eggs*—According to the norms fixed (January 1970) by the department, each bird was expected, on an average, to lay a minimum of 180 eggs in a year. On the basis of this average, the shortfall in production in percentage in 4 farms/extension centres was as follows:—

Year	Chauntra	Kamlahi	Reckong Peo	Tapri
1969-70	5	13	Nil	47
1970-71	13	10	38	12
1971-72	14	13	46	Nil
1972-73	Nil	7	18	13
1973-74	4	Nil	26	3
1974-75	4	Nil	Nil	14

(iii) *Multiplication of high quality pedigree birds*—The position of (a) eggs produced; (b) eggs set/sold for hatching purposes; and (c) eggs sold for table purposes at these

farms/extension centres during 1969-70 to 1974-75 was as under:—

Name of the farm/centre	Eggs produced	Quantity set for hatching	Quantity sold for hatching	Quantity sold for table use*
(Number in lakhs)				
1. Chauntra ..	7.68	2.74	0.02	4.55
2. Kamlahi ..	7.42	1.92	0.02	5.37
3. Nahan ..	5.76	1.34	0.02	4.25
4. Palampur ..	9.43	3.60	0.02	5.82
5. Sarol ..	2.54	0.35	0.02	2.16
6. Reckong Peo ..	2.17	—	—	1.96
7. Tapri ..	1.23	0.28	0.01	1.09
Total	36.23	10.23	0.11	25.20
			35.54	

The difference of 0.69 lakh eggs (36.23 lakhs minus 35.54 lakhs) between those produced and those set/sold for hatching/table use was stated to be due to transfers to other farms/centres. The low percentage of eggs set for hatching was attributed by the Poultry Development Officers to small capacity incubators, defects in incubators and disruptions in electricity supply.

(iv) *Non-accountal of birds/eggs*—Birds/eggs are sometimes transferred from one farm/extension centre to another on demand. While in some cases, the recipient farms/extension centres had not taken the birds/eggs received on their stock registers, in others the numbers accounted for were less than those transferred. During the period 1969-70 to 1974-75, a total number of 7,395 birds and 24,994 eggs valuing Rs. 0.25 lakh had not been accounted for (July 1975).

(v) *Hatchability*—The department prescribed (January 1970) 55 per cent as the minimum hatchability percentage of the number of eggs set for hatching. This norm was stated to have been fixed after taking into consideration the rates of hatching attained in the neighbouring States, functioning of different types of machinery available in the farms/extension centres, availability of space in breeder houses and the

*Includes unfertilized eggs also.

climatic conditions in the State. The position in this regard in the farms/extension centres at Chauntra, Kamlahi and Tapri is indicated below:—

Year	Eggs set for hatching			Chicks produced			Percentage			
	Chauntra	Kamlahi	Tapri	Chauntra	Kamlahi	Tapri	Chauntra	Kamlahi	Tapri	
	(In thousands)									
1969-70	38.27	10.68	4.10	20.55	7.28	1.70	53.7	68.2	42.0	
1970-71	33.86	8.70	5.75	17.22	3.68	3.21	50.9	42.3	55.8	
1971-72	48.15	12.08	6.34	27.15	6.02	4.30	56.4	49.8	67.8	
1972-73	51.14	12.83	6.49	29.56	6.80	3.01	57.8	53.0	46.3	
1973-74	45.74	82.01	5.51	25.27	34.57	1.69	55.2	42.2	30.7	
1974-75	56.66	65.86	..	24.68	23.50	..	43.6	35.7	..	
Total	273.82	192.16	28.19	144.43	81.85	13.91				
	Average percentage over 6 years							53	43	49

(vi) *Mortality*—The department decided (December 1969) to judge the efficiency of the farm managers/centre incharges on the basis, *inter-alia*, of the mortality in each farm/centre. The maximum mortality rates, as fixed subsequently in January 1970, were 7 per cent for birds of age group 0-8 weeks, 5 per cent for birds of age group of 9-24 weeks and one per cent for adult birds.

The mortality statistics in respect of different age-groups were not available with the farms/extension centres or the department. The overall mortality percentages were as shown below:—

Year	Chauntra	Kamlahi	Nahan	Reckong Peo	Tapri
	(Percentages)				
1969-70	16	15	20	3	20
1970-71	14	11	15	17	5
1971-72	14	11	25	10	15
1972-73	10	13	15	6	15
1973-74	7	11	19	14	14
1974-75	10	14	26	22	11

(vii) *Feed processing unit*—In 1967-68, the department undertook a scheme for producing and supplying well balanced poultry feed on 'no loss no profit' basis to

these farms/extension centres and private breeders. The feed was produced at Palampur from 1967-68 onwards. The position was as under:—

Year	Targets	Actual production	Budget provision	Expenditure
	(In tonnes)		(Rupees in lakhs)	
1969-70	1,000	77.64	0.53	0.53
1970-71	1,500	19.59	1.09	1.12
1971-72	2,000	133.42	0.35	0.32
1972-73	2,500	54.22	0.50	0.48
1973-74	3,000	20.76	0.10	0.09

Budget provisions of Rs. 0.71 lakh and Rs. 0.78 lakh respectively were also made during 1969-70 to 1974-75 for production of feed at Chauntra and Nahan farms but the provision was utilised instead for feed purchases. The department stated (July 1975) that the scheme could not be implemented in full due to shortage of staff.

(viii) *Plant and machinery*—The plant and machinery supplied by UNICEF prior to the Fourth Plan period (1969-74) was free of cost; details of the value of each item were not available with the farms/centres. In the case of equipment supplied by the Indo-German Agricultural Project at Mandi, such particulars were available with the exception of an egg-colling combine at Ajouli (Una).

Four incubators, three of 416 eggs capacity and one of 4,800 eggs capacity, installed at the Palampur farm during 1967-68, though in working condition, were not being put to use (August 1975). Besides, in Ajouli, Chauntra, Kamlahi, Nahan and Paonta Sahib farms/extension centres, 24 items of machinery (cost of 17 items: Rs. 0.16 lakh; cost of 7 items not available) received during 1964-65 and July 1969 were idle for want of repairs for periods ranging from one to seven years.

(ix) *Suspected misappropriation*—During inspection of the Central Poultry Farm, Nahan, in February 1975, by the Deputy Director, Animal Husbandry, 442 birds valuing Rs. 0.08 lakh were found short.

The Veterinary Assistant Surgeon, who was held responsible for this shortage, had reported (February 1975) to the Deputy Director, Animal Husbandry, Simla that there had been no mortality in the farm between 1 to 10 February 1975, while in the mortality register 163 birds valuing Rs. 1,630 were shown as having died during this period.

According to the stock register, 132 birds (value: Rs. 1,320) were sold on 11 February 1975. No cash receipts were, however, issued nor were sale receipts accounted for in the cash book.

Sale receipts of birds/eggs for Rs. 545 between June 1974 and February 1975 were also not accounted for by the Veterinary Assistant Surgeon.

The erring official was suspended on 17 February 1975. The suspension orders were revoked on 17 July 1975.

(x) *Other Irregularities*—(a) A sum of Rs. 0.08 lakh out of the cash balance of the Central Poultry Farm, Nahan, advanced in May 1974 to the Small Farmers Development Agency, Nahan, was replenished by the latter on 10 June 1974. Both these transactions were not exhibited in the cash book of the farm. The Poultry Development Officer conducted physical verification of cash on 31 May 1974 and the balance was certified to be correct although it was apparently short by Rs. 0.08 lakh on that date.

(b) The Poultry Development Officer, Nahan, spent Rs. 0.11 lakh (May 1974) on the repairs of a jeep of the Small Farmers Development Agency, Nahan. This expenditure from Government funds was not regular; it has also not been reimbursed so far (July 1975).

The above observations were sent to the Government in November 1975; reply is awaited (January 1976).

EDUCATION

3.2 Avoidable expenditure

Vigyan Mandir, Sundernagar (Mandi District), was being run under the charge of a Science Consultant. There was no other staff except a Chowkidar. The Consultant died in November 1967. As no successor was appointed by the Government, the institution ceased functioning from November 1967. Apparatus costing Rs. 0.12 lakh remained unutilised till its transfer to other schools in the district between September 1973 and January 1974. The services of the Chowkidar were continued; the pay and allowances of the Chowkidar amounted to Rs. 0.13 lakh during November 1967 to September 1973 whereafter he was transferred to another school.

FISHERIES

3.3 Trout farm at Patli Kuhl (Katraín, Kulu District)

With a view to converting the existing trout farm at Patli Kuhl into a commercial unit, the Government sanctioned (September 1970) its remodelling at an estimated cost of Rs. 2.93 lakhs. The Himachal Pradesh Public Works Department was to complete it as a deposit work on behalf of the Fisheries Department within one year from the date of commencement (March 1971). Even after incurring an expenditure of Rs. 4.21 lakhs (February 1975), the work was stated to be not to the satisfaction of the Fisheries Department. The Executive Engineer, Kulu Division No. II, stated (September 1974) that while the work was in progress, the Director of Fisheries had been giving verbal orders which required dismantling of constructed portions (value :Rs. 0.05 lakh) and also altered the scope of work resulting in extra expenditure. The revised administrative approval and expenditure sanction to cover the expenditure incurred in excess of the original estimates has not been accorded so far (August 1975).

The matter was reported to the Government in October 1975; reply is awaited (January 1976).

3.4 Mirror carp-breeding-cum-demonstration tank, Chirgaon (Simla District)

To propagate mirror carp culture among fish farmers of Rohru tehsil of Simla District, the Directorate of Fisheries initiated a proposal (May 1965) to construct a mirror carp breeding-cum-demonstration tank with *kutchha* flooring. The estimate prepared by the Executive Engineer, Jubbal Division, for Rs. 0.13 lakh was administratively approved and the Government accorded expenditure sanction for this amount in January 1968. Since the funds provided for this work were not utilised within 1967-68, the Directorate of Fisheries sought (August 1968) revised administrative approval and expenditure sanction, which the Government withheld (March 1969). The Assistant Director of Fisheries, Simla Division, was directed by the Director of Fisheries to defer the construction of the tank pending a policy decision about having small tanks. But the construction work was commenced in April 1969 and was reported by the Executive Engineer, Jubbal Division, as completed in September 1971 at a cost of Rs. 0.07 lakh.

The Assistant Director of Fisheries, Simla, reported to the Director of Fisheries in May 1975 that the tank could not retain requisite quantum of water because of excessive seepage. He added that as the tank was constructed on a defective site it could not be put to use for the intended purpose. The Fisheries Officer, Chirgaon, had, in his report submitted in January 1967, apprehended seepage in the tank as the land was sandy.

The Public Works Department framed (August 1975) a preliminary estimate for Rs. 0.35 lakh for providing *pucca* bed in the tank to prevent seepage of water. But the Director of Fisheries considered the estimates as high.

The expenditure of Rs. 0.07 lakh incurred contrary to the directive to defer the work has not served its object.

The matter was reported to the Government in October 1975; reply is awaited (January 1976).

FOREST

3.5 Timber operation and forest utilisation programme

Schemes involving modern methods of logging with the aid of mechanised equipment were taken up in the Third Plan Period (1961-66) of Himachal Pradesh and Punjab. The Punjab or Kulu Scheme was being worked (since 1961-62) by Kulu Forest Division, which was merged with Himachal Pradesh in November 1956. It is being operated since by Timber Extraction Division, Kulu. The Himachal or Pabbar Valley Scheme is being worked (since 1962-63) in Chhachpur forest and Brar block of Pabbar Valley by Timber Extraction Division, Sawra (Simla).

The schemes aim at improving the conventional system of timber extraction by making the operations less arduous, increasing the output, reducing the conversion

wastage and enabling economical extraction of trees like walnut, maple, oak, etc., the hard woods of which are not floatable. The integrated extraction system makes available in sawn form about 15 per cent more of various species (from the present range of 30-50 per cent to 45-65 per cent). By supplying increased quantities of sawn timber to the market and waste wood to the wood-based industries, the system also facilitates coordinated utilisation of forest resources and brings in additional revenue to the State.

Mechanisation needs motorable roads both for taking the machinery to the forests and for hauling logs to the market or riverside for floating. For quicker and cheaper floating, obstructions in the streams and rivers are required to be removed and other improvements like closing of side channels, deepening of shallow waters, etc., are to be carried out.

The Pabbar Valley Scheme is a coordinated one providing for all works from regeneration of conifers, particularly fir and spruce, to the harvesting and delivery in the market. The Kulu Scheme has the same objects except that the regeneration of conifers and improvement of water-ways have not been provided. The regeneration operations in this scheme are carried out by the territorial Kulu Forest Division. In both the schemes, the same types of equipment (like long and medium distance skyline cranes, lasso forest winches, plummet mountain tractors, etc.) and the same techniques have been generally deployed.

In respect of Pabbar Valley Scheme, against the estimated cost of Rs. 430.62 lakhs the actual expenditure from April 1961 to March 1975 was Rs. 380.83 lakhs. In the case of Kulu Scheme, an expenditure of Rs. 165.12 lakhs was incurred during the same period against the target of Rs. 223.04 lakhs.

(ii) The working of the two schemes was generally examined in September-October 1975 and the results thereof are embodied in the following paragraphs:—

I. *Physical performance :*

TIMBER EXTRACTION

Period/Year	Target fixed (@) (Cubic feet in lakhs)	Actual outturn (@)	Shortfall	Percentage of shortfall
(i) PABBAR VALLEY SCHEME				
(1) Third Plan (1962-66) ..	20.00	21.03	(+)1.03	..
(2) Three Annual Plans (1966-69) ..	60.00	14.00	(-)46.00	77
(3) Fourth Plan (1969-74) ..	82.40	47.98	(-)34.42	42
Total ..	162.40	83.01	(-)79.39	49
1974-75 ..	16.48	3.66	(-)12.82	78
	178.88	86.67	(-)92.21	52

(ii) KULU SCHEME

(1) Third Plan (1961-66) ..	70.00	16.03	(—)53.97	77
(2) Three Annual Plans (1966-69) ..	30.00	16.20	(—)13.80	46
(3) Fourth Plan (1969-74) ..	28.00	15.22	(—)12.78	46
Total ..	128.00	47.45	(—)80.55	62

The figures for 1974-75 were not available from Timber Extraction Division, Kulu (December 1975).

The main object of the schemes was to increase the quantity of marketable sawn timber (output) from the same standing volume (input) by minimising the wastages. The relevant data about inputs and outputs were not made available for all the years. However, during 1970-71 to 1973-74, in the Pabbar Valley, while 0.93 lakh cubic metres of logs were extracted, the felling aggregated 0.92 lakh cubic metres. No timber was, however, sawn against the target of 0.25 lakh cubic metres of sawn timber and the timber was instead, converted into 1.48 lakh hakries and 6 lakh packing cases. During the same period, in the Timber Extraction Division, Kulu, against the target of 0.78 lakh cubic metres, 0.38 lakh cubic metres of logs were extracted; the felling was to the extent of 0.40 lakh cubic metres.

II. Financial results

The Plan allocations, actual expenditure and revenue receipts were as follows:—

Period/Year	<u>Expenditure</u> (@)			
	Pabbar Valley Scheme		Kulu Scheme	
	Allocations	Actuals	Allocations	Actuals
	(Rupees in lakhs)			
(1) Third Plan (1961-66) ..	83.40	66.51	41.52	32.57
(2) Three Annual Plans (1966-69) ..	97.40	92.82	40.11	41.15
(3) Fourth Plan (1969-74) ..	201.82	186.06	112.50	62.49
(4) 1974-75 .	48.00	35.44	28.91	28.91
Total ..	430.62	380.83(A)	223.04	165.12

@ Source:—Forest Department, Himachal Pradesh.

(A) Includes Capital expenditure of Rs. 68.83 lakhs (excluding interest) and Rs. 18.95 lakhs on plantations/nurseries.

	Revenue Receipts (@)			
	Budget	Actuals	Budget	Actuals
	(Rupees in lakhs)			
(1) Third Plan (1961-66) ..	147.08	6.95	16.00	16.00
(2) Three Annual Plans (1966-69) ..	147.81	91.48	120.00	20.69
(3) Fourth Plan (1969-74) ..	246.35	210.68	200.00	44.76
(4) 1974-75 ..	62.50	32.86	50.00	50.00
Total ..	603.74	341.97	386.00	131.45

(a) In the case of Pabbar Valley Scheme, the total operational expenditure upto March 1975 was Rs. 366.25 lakhs (direct expenditure: Rs. 293.05 lakhs; depreciation on machinery: Rs. 33.11 lakhs and interest on capital: Rs. 40.09 lakhs). Against this, the revenue receipts aggregated Rs. 341.97 lakhs. There was thus a deficit of Rs. 24.28 lakhs.

In respect of Kulu Scheme, the total revenue receipts of Rs. 131.45 lakhs upto March 1975 fell short of even the direct operational expenditure of Rs. 165.12 lakhs (the figures of depreciation and interest being not available) by Rs. 33.67 lakhs.

Thus the loss on the working of both the schemes was Rs. 57.95 lakhs, excluding depreciation and interest in respect of Kulu Scheme.

(b) In pursuance of Government decisions (December 1967 and January 1969), the accounts in the divisions were to be maintained on commercial basis showing yearwise profit or loss and balance sheet. These accounts were also to indicate details of standing volume of timber felled, volume converted into marketable timber (logs and scants), wastage in conversion, carriage, depreciation of machinery, interest on capital, increase in working costs, etc. Such accounts were, however, not prepared.

(c) A sum of Rs. 9.07 lakhs was debited upto 1974-75 to Pabbar Valley Scheme for the following works which did not appear to be connected with the scheme:—

	(Rupees in lakhs)
1. Construction and repairs of building at Rohru ..	1.81
2. Telephones in Rohru and Chopal forest divisions ..	1.28
3. Four tractors and 12 trailers purchased during May 1967 but transferred to other divisions ..	4.59
4. Three TMB trucks being used in Kulu Division ..	1.30
5. Horses and mules ..	0.09
Total ..	9.07

(iii) *Construction of unsuitable roads*—Rupees 11.31 lakhs were spent in Timber Extraction Division, Kulu, during 1961-62 to 1973-74 on construction of roads (51 kilometres truckable roads: Rs. 9.17 lakhs; 26 kilometres jeepable roads: Rs. 2.14 lakhs). Being *kutchra* roads, machinery and equipment could not be plied on them.

(iv) *Over-grown nursery plants*—For regeneration of forests in the Pabbar Valley, nursery plants were grown during 1965-66 and 1966-67. The Conservator of Forests, Simla Circle, observed (April 1972) that plants valuing Rs. 0.44 lakh were rendered unfit for plantation as these were overgrown.

(v) *Utilisation of machinery and equipment*—By the end of the Third Plan period (March 1966) logging equipment worth Rs. 7.20 lakhs had been imported for Pabbar Valley Scheme against Swiss credit. Equipment of a total value of Rs. 21.49 lakhs had been purchased by 1969-70 for Timber Extraction Division, Kulu. Complete information about the value of purchases of machinery and vehicles made thereafter was not available with the divisions. However, a few instances of the manner of utilisation of the equipment are given below:—

(a) In Pabbar Valley, out of 5 tractors with 15 trailers, valued at Rs. 5.74 lakhs, purchased in May 1967, four tractors with 12 trailers were transferred to other divisions between 1968 and 1972. The fifth tractor met with an accident in June 1972.

(b) In 1970-71, two log loaders for fitting on trucks were purchased for Rs. 1 lakh. A further amount of Rs. 0.34 lakh was spent during 1973-75 in first fitting the log loaders to the trucks and then dismantling them as they did not give satisfactory performance.

(c) From 1967-68 to 1972-73, spares valuing Rs. 1.11 lakhs were purchased. Out of these, spares valuing Rs. 0.61 lakh were lying unconsumed (October 1975).

(vi) *Idle trucks/machinery*—(a) The trucks purchased for transportation of timber from the Pabbar Valley forests to the launching sites remained idle from 45 to 52 per cent of the period available for work in a year during April 1967 to March 1972. During 1974-75 (information for 1973-74 was not available), the vehicles remained idle for most part of the year as shown below:—

Number of vehicles	Number of days for which the vehicles remained idle
3	.. More than 315
3	.. From 265 to 315
4	.. From 215 to 264
11	.. From 165 to 214
3	.. From 115 to 164
2	.. Less than 115

The low out-turn of vehicles was attributed by the department to frequent breakdowns, road blockades, snowfall, non-availability of workshop facilities, etc.

(b) Rupees 8.27 lakhs were spent during 1961-62 to 1973-74 on purchase of trucks for use in Timber Extraction Division, Kulu. A sum of Rs. 2.89 lakhs (repair charges incurred from 1961-62 to 1965-66 were not available) was spent on repairs from 1966-67 to 1973-74. These trucks remained idle for 23 per cent of the period during 1962-63 to 1973-74.

(c) Four sky-line cranes (cable-way equipment) valuing Rs. 6.21 lakhs were purchased in 1964-65 for use in Pabbar Valley. The Conservator of Forests, Simla Circle, observed (April 1972) that in 6 years from 1964-65 to 1970-71, the cableway equipment roped down 0.39 lakh cubic metres of timber against the targeted output of 1.68 lakh cubic metres. Similarly, in Kulu Valley, the percentage of idle days of "long distance cranes" and "gravity ropeways" was between 47 to 89 per cent and 53 to 56 per cent respectively.

(d) The table below indicates instances of machinery/equipment remaining idle for want of repairs or as being unsuitable to the area of operation:—

Particulars of equipment	Year of purchase	Cost	Period for which remained idle	Remarks
(Rupees in lakhs)				
KULU DIVISION				
1. (a) Plummet mountain tractors (b) Lasso forest winches	1960-61 1960-61	2.49	Did not work at all	Found unsuitable in June/July 1967 and transferred to Timber Extraction Division, Sawra.
2. (a) Bulldozer (b) D-4 Cater-piller (c) Lasso winches	Not Known	1.22	March 1968 to June 1971 and April 1968 to June 1971.	Remained under repairs. The bulldozer driver and one operator (3 operators were employed against 2 lasso winches in working order) continued to be employed without any work involving expenditure of Rs. 0.20 lakh.
3. Four plummet mountain and pullex tractors	1965-66 and 1968-69	1.83	Did not work at all.	These equipments being low powered gadgets were found unsuitable for working in high altitude areas covered by the scheme.
4. Two mountain tractors borrowed from Kulu territorial division	July 1967	0.62	Did not work at all.	These were neither put to any work nor taken on stock.
5. Two taxcavators with hyster winch leading forks	1968-69	2.79	November 1968 to October 1969 and January 1974 to June 1975.	Received in November 1968 but commissioned in October 1969. Remained under repairs generally.
SAWRA DIVISION				
6. BACO medium distance sky line crane with hydraulic yearder	1965-66	2.29	2 years (1973-74 and 1974-75).	Not in working order.
7. Eight items of Saw-mill equipment, Horizontal based Cooper diesel engine	1965-66 and 1966-67	1.18	Not known.	Rendered surplus due to change of saw mill operations into conversion of packing cases only.

(vii) *Cost of extraction*—In Timber Extraction Division, Kulu, the actual cost of extraction exceeded the anticipated cost as indicated below:—

Year(s)	Anticipated cost per cubic foot (Rupees)	Actual cost per cubic foot (Rupees)
Upto 1965-66	.. 0.71	2.01
1966-67 to 1968-69	.. 1.68	4.62
1970-71 to 1973-74	.. 1.35	4.03

The Conservator of Forests, Simla Circle, observed (April 1972) that the average cost of roping down logs mechanically was Rs. 30.59 per cu.m./km. against Rs. 25 for rolling down manually.

(viii) *Floating losses*—According to the standard norms, floating losses should not exceed 5 per cent of the number/volume floated. Between 1969-70 and 1973-74, the losses in the Pabbar Valley varied from 3 per cent to 14 per cent of the number floated and from 6 per cent to 11 per cent of the volume floated.

In Timber Extraction Division, Kulu, these losses (volume) varied from 6 to 24 per cent during the same period.

(ix) *Outstanding recoveries (Pabbar Valley)*—An amount of Rs. 2.19 lakhs for sale of timber was awaiting recoveries from private parties (Rs. 1.78 lakhs) and Government departments (Rs. 0.41 lakh) at the end of August 1975.

The above observations were communicated to the Government in November 1975; reply is awaited (January 1976).

FOREST AND AGRICULTURE DEPARTMENTS

3.6 Soil conservation programme

I. *Introductory*—Soil erosion is a serious problem in the State. Agriculture and Forest departments are implementing schemes relating to soil conservation on agricultural and forest lands respectively. According to Soil Conservation Working Plan of the Forest Department, these schemes are intended:—

- (a) to preserve, improve and extend forest vegetation for improving physical and climatic conditions;
- (b) to control and prevent, by stabilisation, erosion in destroyed and critical discharging areas and thus reduce the silt load in *nalahs* and streams;
- (c) to improve the grazing and fodder resources and at the same time reduce the grazing intensity in the area; and

- (d) to maintain a system of balanced and complementary land use so that each type of land is put to that form of use under which it would produce most and deteriorate the least.

While soil conservation and afforestation works had been taken up earlier, real start was made during the First Plan period (1951-56). Towards the end of the Second Plan (1956-61) it was realised that large quantities of silt were being deposited in the Gobind Sagar reservoir. Apart from the State sector schemes included in the Third Plan (1961-66), Centrally sponsored schemes for the catchment areas of the river valley projects were also undertaken from this period. After Himachal Pradesh became a State, in January 1971, the pattern of Central assistance was changed from 100 per cent grant to 50 per cent grant and 50 per cent loan.

II. The expenditure on the programme was as under:—

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Expenditure (both Forest and Agriculture Departments)

Period		State	Central	Total
		Sector	Sector	
(Rupees in lakhs)				
First Two Plans (1951-61)	..	49.28	..	49.28
Third Plan (1961-66)	..	141.46	247.41	388.87
Three Annual Plans (1966-69)	..	53.03	158.18	211.21
Total	..	243.77	405.59	649.36

Fourth Plan (1969-74)

Department	State Sector			Central Sector			Total			
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
(Rupees in lakhs)										
Forest	..	135.56	4.84	140.40	259.37	..	259.37	394.93	4.84	399.77
Agriculture	..	72.71	39.55	112.26	24.39	9.84	34.23	97.10	49.39	146.49
Total	..	208.27	44.39	252.66	283.76	9.84	293.60	492.03	54.23	546.26

First year of Fifth Plan (1974-75)

Forest	..	39.97	12.50	52.47	60.28	..	60.28	100.25	12.50	112.75
Agriculture	..	20.00	8.87	28.87	6.91	2.71	9.62	26.91	11.58	38.49
Total	..	59.97	21.37	81.34	67.19	2.71	69.90	127.16	24.08	151.24

@Source: Departmental records.

III. A test check in 8 forest divisions and 5 soil conservation offices of the Agriculture Department, which together incurred during 1969-70 to 1974-75 an expenditure of Rs. 201.93 lakhs, was undertaken by Audit in June-August 1975. The points observed are embodied in the following paragraphs:—

A. FOREST DEPARTMENT (State Sector)

(i) The following table shows that against Rs. 149.00 lakhs proposed in the Fourth Plan and Rs. 40.00 lakhs in 1974-75, Rs. 175.53 lakhs were spent during this period:—

Serial number	Scheme	1969-70 to 1973-74		1974-75		Total	
		Proposed	Incurred	Proposed	Incurred	Proposed	Incurred
		(Rupees in lakhs)					
1.	Soil conservation training	5.60	4.12	1.52	1.51	7.12	5.63
2.	Strengthening of soil conservation organisation ..	15.00	15.78	3.16	3.16	18.16	18.94
3.	Protective afforestation	112.40	100.85*	35.32*	35.30*	147.72*	136.15*
	(a) Survey, investigation and planning ..	5.00	..	..	..	..	..
	(b) Soil and water conservation on water-shed basis ..	74.50	..	..	..	..	..
	(c) Erosion control on highways, stream banks, land-slips, training of <i>chos</i> including raising of tree protection belts	12.90	..	..	..	..	..
	(d) Grass land development ..	15.00	..	..	..	..	..
	(e) Evaluation ..	5.00	..	..	..	..	..
4.	Soil conservation in Kinnaur and Lahaul and Spiti Districts ..	16.00	14.81	..	..	16.00	14.81
	Total ..	149.00	135.56	40.00	39.97	189.00	175.53

*Sub-scheme-wise break-up not available.

(ii) *Soil conservation training*—While the officers and the forest rangers were to be trained in soil conservation techniques in the Forest Research Institute, Dehra Dun (U.P.), the other staff was to be trained in the training school at Chail (Solan District). The staff of the Agriculture and Public Works Departments was also to be included for this purpose.

Between 1969-70 and 1974-75, an amount of Rs. 5.63 lakhs was spent against the allocation of Rs. 7.12 lakhs. It was noticed that:—

- (a) forest guards only had been given training at Chail and that too in forest techniques and not in soil conservation; and
- (b) the staff of the Agriculture and Public Works departments was not covered.

(iii) *Strengthening of soil conservation organisation*—Administrative, supervisory and ministerial staff was provided for the execution of various schemes and expenditure of Rs. 20.25 lakhs (Plan: Rs. 18.94 lakhs and non-plan: Rs. 1.31 lakhs) was incurred from 1969-70 to 1974-75. The object was to set up an organisation to carry out detailed surveys and make available technical personnel to direct and guide the field staff in systematically implementing the programme of soil and water management. Evaluation reports were also to be prepared to assess the adequacy of soil conservation measures to determine the feasibility of standards/specifications to be adopted. No such surveys and evaluation reports for which the staff had been employed under the scheme were stated to have been undertaken/prepared (June 1975).

(iv) *Protective afforestation*—These measures included:—

- (a) survey, investigation and planning;
- (b) soil and water conservation demonstration on water-shed basis;
- (c) erosion control on highways, stream banks, land-slips and land-slides, training of *chos* including raising of tree protection belts;
- (d) grass land development; and
- (e) evaluation.

Against an allocation of Rs. 5 lakhs each for (i) survey, investigation and planning and (ii) evaluation, no expenditure was incurred. No separate records of expenditure were maintained for the other three measures at (b) to (d) above. However, from 1969-70 to 1974-75, expenditure of Rs. 136.15 lakhs was incurred against provision of Rs. 137.72 lakhs.

(v) *Targets (physical)*—The year-wise position of physical targets fixed and achieved in the Fourth Plan period and in 1974-75 was understood to have been as under:—

Scheme	Targets fixed @	Achievement @	Shortfall/ excess	Percentage of shortfall
(a) Soil and water conservation demonstration on watershed basis	(This part of the scheme was further sub-divided into 6 parts and position in respect of each is given below)			
(i) <i>Afforestation</i>				
Fourth Plan (hectares)	10,000	8,923	—1,077	11
1974-75 (hectares) ..	1,900	1,849	—51	3
(ii) <i>Treatment of seriously eroded areas</i>				
Fourth Plan (hectares) ..	1,320	1,560	+240	..
1974-75 (hectares) ..	392	373	—19	5
(iii) <i>Pasture improvement</i>				
Fourth Plan (hectares) ..	2,250	Nil	—2,250	100
(iv) <i>Construction of buildings</i>				
Fourth Plan (numbers) ..	40	7	—33	82
(v) <i>Construction of roads</i>				
Fourth Plan (kilometres) ..	25	12	—13	52
(vi) <i>Construction of silt detention dams/percolation tanks</i>				
Fourth Plan (numbers) ..	50	99	+49	..
(b) Erosion control on highways, stream banks, landslides and land slips, training of chos including raising of tree protection belts				
(i) <i>Chos training works</i>				
Fourth Plan (kilometres) ..	200	47	—153	76.50*
1974-75 (hectares) ..	86	88	+2	..
(ii) <i>Treatment of highways and stream banks</i>				
1974-75 (numbers) ..	7	7	..	..
(c) <i>Grass land development</i>				
Fourth Plan (hectares) ..	7,200	1,967	—5,233	72.70

@Source: Forest Department, Himachal Pradesh.

*In addition, chos training works were done in 56 hectares of land in 1970-71, in 131 hectares in 1972-73 and in 165 hectares in 1973-74; targets were fixed in kilometres only.

There was shortfall in all the schemes except in treatment of seriously eroded areas and construction of silt detention dams/percolation tanks.

(vi) *Rehabilitation of degraded forests including soil conservation in Kinnaur and Lahaul and Spiti Districts*—An outlay of Rs. 16 lakhs was separately provided in the Fourth Plan for soil conservation works in Kinnaur and Lahaul and Spiti Districts under “Soil Conservation Schemes” and Rs. 21 lakhs for rehabilitation of degraded forests under “forestry schemes”. Plantation in 3,800 hectares of land and maintenance of 50 kilometres of *kuhls* was envisaged. While maintenance of 54 kilometres of *kuhls* was completed, plantation was done in an area of 750 hectares only after incurring expenditure of Rs. 14.81 lakhs.

B. FOREST DEPARTMENT (Central Sector)

(i) Expenditure incurred on execution of soil conservation works in the Central sector till Himachal Pradesh became a State in January 1971 was borne by the Government of India. Thereafter it was in the form of grants and loans in equal proportion. Such works were concentrated on the river valley project areas around the Sutlej and the Beas. Consolidated information about physical and financial targets to be achieved was not available (June-August 1975).

The Government of India had desired that sub-catchment areas demanding priority should be selected for soil conservation works. Nineteen working plans (12 for Sutlej basin and 7 for Beas basin) were accordingly prepared. The details of actual work done in these sub-catchments were not available with the department. The department stated (September 1975) that no records showing the areas treated and expenditure incurred sub-catchment-wise had been maintained prior to 1975-76.

(ii) *Expenditure on establishment in excess of the prescribed limit*—According to instructions issued by the Government of India (1967), the establishment charges were not to exceed 20 per cent of the total cost under the Centrally sponsored schemes. Such charges ranged between 25 and 39 per cent between 1969-70 and 1974-75 as given below:—

Year	Total expenditure	Expenditure on other charges	Expenditure on establishment charges	Percentage of establishment charges to the total expenditure
	(Rupees in lakhs)			
1969-70	48.64	36.50	12.14	25
1970-71	52.71	32.10	20.61	39
1971-72	52.49	36.13	16.36	31
1972-73	52.54	35.13	17.41	33
1973-74	52.99	35.75	17.24	33
1974-75	60.28	39.72	20.56	34

Similar expenditure under "protective afforestation" within the State Sector was 1.75, 6.24 and 3.3 per cent above the limit of 18 per cent fixed by Government during 1969-70, 1970-71 and 1972-73 respectively.

(iii) *Purchase of fertilizers, seeds and other inputs from funds provided under the Centrally sponsored schemes*—Contrary to the instructions of the Government of India, in Kangra and Suket (Mandi District) forest divisions, fertilizers, seeds and other inputs costing Rs. 0.18 lakh were debited to the Centrally sponsored schemes during 1969-70 to 1974-75.

(iv) *Purchase of stores*—Since consolidated store accounts only were kept it could not be ascertained if the stores purchased for soil conservation works were actually utilized thereon.

(v) *Purchase of vehicles*—The Chief Conservator of Forests purchased two jeeps costing Rs. 0.26 lakh and Rs. 0.28 lakh in 1972-73 and 1973-74 respectively from the funds intended for the "Protective Afforestation" scheme. One of the jeeps was at first allotted to the Rosin and Turpentine Factory, Nahan, and then to the Conservator of Forests, Wild Life Circle, Simla; neither was connected with the soil conservation schemes. There was also no provision for the purchase of jeeps for the scheme. In 1972-73, another jeep was purchased from funds earmarked for the scheme "Strengthening of Soil Conservation Organisation" and was allotted to the Divisional Forest Officer, Nurpur, where also no soil conservation work envisaged in the scheme had been carried out. Two Ambassador cars were also purchased for Rs. 0.64 lakh from funds which were to be utilised for Centrally sponsored schemes in 1974-75. These vehicles were being maintained for use by the Chief Conservator of Forests. Three jeeps and two cars costing nearly Rs. 1.46 lakhs were thus acquired and used for other purposes.

(vi) *Expenditure incurred on soil conservation work conducted in private lands*—A total amount of Rs. 10.60 lakhs was spent in Una District (Rs. 7.05 lakhs), Rajgarh (Sirmur District; Rs. 2.50 lakhs), Solan (Rs. 0.90 lakh) and Nahan (Sirmur District; Rs. 0.15 lakh) during 1969-70 to 1974-75 on soil conservation works on private lands after taking these over under Section 38 of the Indian Forest Act and Sections 3, 4 and 5 of the Punjab Land Preservation Act, 1954 as applicable to Himachal Pradesh. Under these provisions, lands are to be taken over on terms mutually agreed upon and Government has to issue orders restricting and prohibiting the exercise of rights over these lands by the owners concerned. The condition for recovery of expenditure incurred thereon from the owners was, however, not laid down. Moreover, separate accounts of expenditure in respect of each beneficiary were not maintained.

(vii) *Non-maintenance of separate systematic records in respect of areas treated under soil conservation schemes*—In the same areas, soil conservation works and forestry works were carried out simultaneously or during different periods. However, the plantation²² journals prepared contained lump-sum figures of expenditure without any details of voucher numbers, materials consumed and labour charges incurred separately on the forestry and soil conservation works.

The Fourth Plan allocations provided break-up of expenditure to be incurred on soil conservation into the following categories:—

- (i) Purchase of material, stores, tools and plant.
- (ii) Works expenditure like raising of nurseries, plantation, fencing, etc.
- (iii) Establishment charges.
- (iv) Contingencies.

Expenditure incurred in the divisions test-checked was not accounted for according to the above distribution. The only details available related to expenditure on "Establishment" and "Other charges".

Results

(i) *Rate of siltation*—A major object of soil conservation programme was to reduce the rate of siltation to prolong the life of Bhakra/Pong dam. The following table based on the capacity survey done by the Bhakra Management Board would show that the rate of silt deposit and inflow in Gobind Sagar reservoir of the Bhakra dam had not shown any significant reduction and the silt deposit had increased in 1973-74 as compared to 1959-63 and 1963-65.

Year	Silt deposited (acre feet)	Inflow (million acre feet)	Silt deposit per million acre feet of inflow (acre feet)
1959-63	1,16,176	52.37	2,218
1963-65	75,085	26.85	2,796
1965-66	19,629	9.27	2,117
1966-67	41,914	12.33	3,399
1967-68	26,317	12.56	2,095
1968-69	13,330	11.49	1,160
1969-70	36,237	12.84	2,832
1970-71	12,032	9.86	1,220
1971-72	24,196	12.05	2,008
1972-73	18,105	10.54	1,718
1973-74	43,425	15.43	2,814

(ii) The second major object of the programme was to increase the infiltration rate of water and to reduce the run off from the water-sheds. The rate of discharge of the Sutlej at Kasol (Bilaspur District) and Baner *Khad* (a tributary of the Beas in Kangra District), collected by the Himachal Pradesh State Electricity Board, had shown that the infiltration rate had not improved. On the basis of the discharge for September during the earliest and the latest years of observations, made by the Himachal Pradesh State Electricity Board, it appears that the infiltration had reduced indicating thereby that the water regime had not improved.

Sutlej river at Kasol		Infiltration	
		Year	
		1966	1974
		(Cumeecs)	
1st to 10th	..	749	491
11th to 20th	..	473	321
21st to 30th	..	270	255
Baner <i>Khad</i>		Year	
		1969	1971
		(Cumeecs)	
1st to 10th	..	11,302	8,041
11th to 20th	..	13,704	4,689
21st to 30th	..	7,725	4,492

C. AGRICULTURE DEPARTMENT

In this department, the following schemes are being executed under the programme:—

- (a) Land development.
- (b) River valley projects.
- (c) Land use survey and planning including survey of culturable waste land.

To bring about the development of land and to prolong the life of the reservoirs by reducing the loss of soil, conservation measures were undertaken on agricultural lands. For the works undertaken under "Land development", funds for areas around river valley projects are being provided (after Himachal Pradesh became a State) by the Government of India as grants and loan in equal proportion; for the rest of the areas, funds are being provided on the basis of the normal pattern of Central assistance for State Plan and non-Plan schemes.

Financial and physical targets fixed and achieved during the Fourth Plan and @ in 1974-75 are indicated below:—

Scheme	Period	Targets fixed	Achievement	Shortfall, if any	Percentage of shortfall
(Rupees in lakhs)					
<i>(a) Financial—</i>					
Land Development Schemes	Fourth Plan	182.70	162.60	20.10	11
	1974-75	45.31	42.31	3.00	7
River Valley projects	Fourth Plan	51.97	40.99	10.98	21
	1974-75	13.91	13.13	0.78	6
<i>(b) Physical—</i>					
Land Development Schemes (acres)	Fourth Plan	17,878	17,182	696	4
	1974-75	3,342	3,425	—	—
River Valley projects (acres)	Fourth Plan	4,615	3,248	1,367	30
	1974-75	625	698	—	—

As against a financial shortfall of 21 per cent under river valley projects during the Fourth Plan period, the physical shortfall was 30 per cent.

(ii) *Payment of subsidy in excess of amount of loan*—Both under land development and river valley projects schemes, the cost of soil conservation works is reimbursed to the beneficiaries as subsidy and loan, each being 50 per cent. In the border districts of Kinnaur and Lahaul and Spiti, the ratio of subsidy to loan was 75:25. The amount of subsidy was thus equal to or higher than the loan. However, during 1970-71 to 1974-75, the loans paid exceeded the subsidy as shown below:

Period	Land development		River valley projects	
	Subsidy	Loan	Subsidy	Loan
(Rupees in lakhs)				
1970-71	..	5.50	8.89	—
1971-72	..	9.93	10.63	—
1972-73	..	11.59	13.13	2.37
1973-74	..	—	—	2.20
1974-75	..	12.44	13.54	3.07
				2.62
				2.23
				3.91

The department had not reconciled the discrepancy (December 1975).

(iii) *Outstanding amounts of principal and interest as on 31 March 1975*—Both for land development and river valley projects, 50 per cent of the expenditure defrayed is paid to the beneficiaries as loans recoverable in ten annual equated instalments commencing from the 6th year after advancing the loans. Rupees 6.42 lakhs as principal and Rs. 3.11 lakhs as interest (besides penal interest which will accrue on the date of payment) were outstanding on 31 March 1975.

It was observed that:—

- (a) Punitive provisions of Section 8(2) of Himachal Pradesh Land Development Act, 1973 had not been invoked to recover the outstandings as arrears of land revenue.
- (b) In Bilaspur Division, there were 402 cases (Rs. 4.02 lakhs) where no action had been initiated to effect recovery for the last three years (August 1975).
- (c) Acceptance of the balances from the loanees was not being obtained at the end of each year.

(iv) *Execution of works under "river valley projects"*—Soil conservation works under the above scheme were to be executed only in highly or critically eroded areas. There were no details of such areas either as a result of survey or investigation.

In Bilaspur and Ghumarwin Circles, no soil conservation works were noticed to have been done in as many as 165 cases and only materials like cement, galvanised iron pipes and other pipes worth Rs. 8.81 lakhs were issued as subsidy or loan for use on minor irrigation schemes which were not covered by the scheme.

In Bilaspur Soil Conservation Circle, a subsidy of Rs. 0.02 lakh was paid in excess of the prescribed limit of 50 per cent.

(v) *Incomplete irrigation schemes*—In Bilaspur and Palampur Divisions, 43 irrigation schemes were started from 1967-68 onwards and an amount of Rs. 5.27 lakhs was spent as subsidy and loan on the execution of these schemes. The commissioning of these schemes had been delayed; the delay ranging from 2 to 7 years. The department stated (October 1975) that these schemes could not be completed on account of non-availability of electric connections and other materials and lack of funds.

(vi) *Abandoned schemes*—In Bilaspur, Mandi and Palampur Circles, 11 irrigation schemes executed from 1966-67 onwards at a cost of Rs. 4.39 lakhs to cover an area of 320* acres had been abandoned for reasons such as incorrect selection of sites, defective execution, use of bad materials and shortage of water at source. Thus the beneficiaries could not derive the intended benefits.

(vii) *Embezzlement/loss of stores*—In Bilaspur Circle, stores worth Rs. 0.08 lakh were found embezzled in two cases. While in one case the concerned Agriculture Inspector is facing departmental enquiry for shortage of stores, in the other case no action has been taken so far (August 1975).

*Covered by 6 out of 11 schemes; area for the remaining 5 schemes not available.

(viii) *Evaluation*—No evaluation to assess the adequacy of the measures adopted and whether the required benefits had reached the beneficiaries has been done so far (August 1975). The Deputy Director, Soil Conservation, Bilaspur, stated (August 1975) that a committee of high officials had been constituted to probe the working of soil conservation measures on agricultural lands. The committee visited various areas in the State in May and June 1975; its report is awaited (October 1975).

The above observations were sent to the Government in November 1975; reply is awaited (January 1976).

3.7 Purchase and operation of plummet mountain tractors

The Timber Extraction Division, Kulu, imported two plummet mountain tractors in 1961-62, at a cost of Rs. 0.69 lakh, but the tractors were not found suitable for bigger size logs and were transferred (July 1967) to the Timber Extraction Division, Sawra (Simla). They were not, however, put to use there. The Divisional Forest Officer, Simla, stated (June 1967) that the tractors were not put to use because of (a) unsuitability on *kutch* roads; (b) inadequate loading spaces on narrow roads; and (c) lack of experienced operating staff.

The tractors were finally declared unsuitable in July 1970 and removed from the inventory of the Timber Extraction Division, Sawra, in April 1972. These are now lying as scrap (October 1974).

According to the latter division, each tractor should have worked a minimum of 3,600 to 3,700 hours; actual working was not available from the records.

The matter was referred to the Government in August 1975; reply is awaited (January 1976).

3.8 Irregular expenditure

Rule 19.6 (Serial no. 59) of the Himachal Pradesh Financial Rules, Volume I, lays down the extent of financial powers delegated to various authorities of the Forest Department for incurring expenditure of capital nature on purchases of items like (a) livestock, (b) stores, tools and plant, (c) office and rest house furniture and tents, and (d) other items of expenditure. The department was issuing sanctions and incurring expenditure on development of sites, construction of approach roads and buildings and additions and alterations thereto by resorting to item (d) above.

On Audit pointing out that this rule could not be invoked for issuing sanctions for expenditure on construction works like development of sites, the Government asked the department (July 1973) to get the past expenditure regularised and have all such sanctions issued by the competent authority in future as required under the rules.

It was observed that the Forest Department had issued as many as 252 irregular sanctions (some even after the issue of Government orders of July 1973 mentioned

above) involving an expenditure of Rs. 31.06 lakhs, as detailed below:—

Year	Number of sanctions	Amount (Rupees in lakhs)
1971-72	.. 58	5.99
1972-73	.. 74	10.24
1973-74	.. 86	11.51
1974-75	.. 34	3.32
Total	.. 252	31.06

All these sanctions require regularisation.

The matter was reported to the Government in September 1975; reply is awaited (January 1976).

3.9 Avoidable expenditure on carriage of timber

Timber (8,970 cu. ms.) required by the Simla Forest Division for the construction of the forest colony at Khalini (Simla) was obtained from the Forest Depot at Nangal, which is fed by the Kinnaur Forest Division and Timber Extraction Division, Kulu. In the first stage, timber is floated in the river Beas upto Pandoh (near Mandi) and it is thereafter transported by road upto Nangal *via* Bilaspur. Timber required for the Khalini colony could have been transported from Bilaspur to Simla to save on transportation charges since the distance between Bilaspur and Nangal is almost equal to that between Bilaspur and Simla (90 kilometres). The avoidable expenditure on transportation from Nangal to Simla during August 1972 to March 1974 works out to Rs. 0.25 lakh.

The department stated (January 1975) that lack of sufficient space at Pandoh for spreading and sorting of timber made transportation directly to Simla difficult.

3.10 Non-execution of carriage contract

The work of carriage of timber from Chhachpur forests (Chhachpur Forest Division, Simla District) to the launching depot at Tiuni in 1973-74 was allotted to a contractor whose lowest offer of carrying 10,000 cubic metres of timber at Re. 0.85 per cubic metre per kilometre was accepted. The Government approved the contract for the aggregate value of Rs. 3.82 lakhs in February 1973. According to the contract's terms and conditions, the contractor was to ensure daily carriage of 50 cubic metres of blocks so that the total quantity carried in a month was not less than 1,500 cubic metres, failing which the work could be got done departmentally at the contractor's risk and cost. By June 1973, only 382 cubic metres of timber were carried and the contractor stopped work thereafter. The division proposed (July 1973) that the balance of the work be got done at the rate of Rs. 1.04 per cubic metre per kilometre

offered by another firm and the additional cost incurred be recovered from the defaulting contractor. The Conservator of Forests, Simla, did not approve the proposal (July 1973) on the ground that the division had not followed proper procedure in first cancelling the previous contract and then calling for fresh quotations. The forest circle directed (August 1973) the division to arrange transportation of timber departmentally.

While all pending payments including security deposits of the defaulting contractor were released under the direction of the circle, the division did not, however, carry out further transportation of timber for the reason that the vehicles were lying off-road. The division assessed (December 1973) the loss on this account at Rs. 0.72 lakh.

MEDICAL

3.11 Idle X-ray plants

Two X-ray plants costing Rs. 0.43 lakh were purchased in 1972-73 for the Civil Hospital, Chopal, and the Primary Health Centre, Suni (both in Simla District). It was noticed during audit (February 1975) that the plants had not been installed (reasons not known) and were not being utilised. While no radiographer was posted at Chopal, a radiographer was posted at Suni in September 1974.

The Chief Medical Officer, Simla District, stated (November 1975) that in the absence of requisite ancillaries at Chopal, where there was heavy rush of patients, the patients were being referred to Civil Hospital, Theog, which is at a distance of 80 kilometres from Chopal. He added that the plants at both the places had since been put to use.

HORTICULTURE

3.12 Irregular withdrawal of money

The rules stipulate that no money be withdrawn from the treasury unless it is required for immediate disbursement or has already been paid out of permanent advance. The Assistant Fruit Technologist, Naubahar, Simla, withdrew a sum of Rs. 1.65 lakhs from the treasury in the last week of March 1973 for making payment to a firm at Ludhiana on account of certain material ordered in that month. The cash was converted into a bank draft in favour of the firm and the amount was shown as disbursed during March 1973. Without actually receiving the goods (they were never received), entries were also recorded in the stock register. However, the bank draft was not actually despatched to the firm; it was deposited back into the treasury in March 1974.

The Director of Horticulture stated (October 1975) that the department had continued (between May 1973 and February 1974) to press the firm to supply the stores but it had been stalling the supply on one plea or another.

INDUSTRIES

3.13 Half-a-Million Jobs Programme

The Half-a-Million Jobs Programme was introduced in 1973-74 to supplement the existing special employment programmes for providing expanded job opportunities for the educated unemployed.

In Himachal Pradesh, according to the 1971 Census, over 93 per cent of the total population of 34.6 lakhs live in the rural areas and barely one out of three persons is literate. According to the records of the employment exchanges, the extent of unemployment among the educated population has been as under:—

Level of education	Number of applicants on live registers of employment exchanges at the end of					
	1967	1968	1969	1970	1971	1972
Matriculates ..	5,688	9,448	13,418	11,536	9,732	10,216
Higher Secondary including intermediate and under-graduates ..	996	1,666	2,397	3,022	1,778	2,959
Graduates ..	344	734	1,623	1,448	1,671	1,366
Post-graduates ..	210	185	393	338	209	705
Total ..	7,238	12,033	17,831	16,344	13,390	15,246

An outlay of Rs. 55.07 lakhs was approved for 1973-74 to cover 33 schemes proposed in pursuance of this programme in the State, as detailed below:—

Category	Number of schemes	Approved outlay	Employment potential
(Rupees in lakhs)			
Training ..	27	38.38	2,795
Self-employment/development of infra-structure ..	5 Stipends	1.73	1,722
	Margin money	14.86	
Subsidised employment ..	1	0.10	20
Total ..	33	55.07	4,537

These schemes were entrusted to the following 8 departments/agencies for implementation.

Department/agency	Outlay on training schemes	Outlay on self-employment or development of infra-structure schemes	Outlay on subsidised employment schemes	Total outlay
	(Rupees in lakhs)			
	(Number of schemes within brackets)			
1. Himachal Pradesh State Electricity Board ..	16.70 (1)	—	—	16.70 (1)
2. Industries ..	1.70 (4)	15.27 (3)	0.10 (1)	17.07 (8)
3. Education ..	13.13 (8)	—	—	13.13 (8)
4. Co-operation ..	3.90 (4)	—	—	3.90 (4)
5. Health ..	1.84 (7)	—	—	1.84 (7)
6. Animal Husbandry ..	0.37 (1)	1.32 (2)	—	1.69 (3)
7. Technical Education ..	0.72 (1)	—	—	0.72 (1)
8. Forest ..	0.02 (1)	—	—	0.02 (1)
Total ..	38.38 (27)	16.59 (5)	0.10 (1)	55.07 (33)

The entire amount of Rs. 55.07 lakhs was to be made available to the State by the Government of India as grant (Rs. 47.64 lakhs) and loan (Rs. 7.43 lakhs). The grant was to cover the expenditure on training schemes (Rs. 38.38 lakhs), training expenses under self-employment schemes (Rs. 1.73 lakhs) and subsidised employment schemes (Rs. 0.10 lakh). The expenditure on stipends for self-employment or infra-structural development schemes was to be provided as grant and loan in the ratio of 50:50.

Central assistance was payable as under:—

- (a) 25 per cent at the time of approval of the schemes;
- (b) 25 per cent each on the basis of quarterly progress reports for the period ending 30 September 1973 and 31 December 1973 to be received in the Planning Commission on the 15th of the subsequent month; and
- (c) the balance amount on receipt of the final progress report by the Planning Commission by the end of February 1974.

While approving (January 1974) the schemes for Rs. 55.07 lakhs, the Government of India released assistance of Rs. 13.77 lakhs (grant: Rs. 11.91 lakhs and loan: Rs. 1.86 lakhs) in December 1973/January 1974. Since the expenditure incurred was less than this assistance further instalments totalling Rs. 41.30 lakhs were not released to the State.

It was incumbent upon the State Government to absorb in regular employment in 1974-75 the persons trained under the programme and funds were not to be given by the Government of India for the same persons in 1974-75.

Some of the points noticed during test audit of the accounts of the schemes are given below:—

HIMACHAL PRADESH STATE ELECTRICITY BOARD

The Board was to train 775 persons (200 graduate engineers, 280 diploma holders, 39 graduates and 256 matriculates) for 8 months in river valley projects; expenditure of Rs. 16.70 lakhs (stipends: Rs. 14.52 lakhs, incidental expenses: Rs. 2.18 lakhs) was approved for this purpose.

The Government is, however, stated to have given no firm indication to the Board about the availability of funds or as to whether these would be treated as grants or loans to the Board. The Board decided (December 1973) to train 285 persons from January 1974. It finally trained 123 persons.

The Government paid to the Board Rs. 2.25 lakhs as a grant in March 1974. The Board spent Rs. 0.33 lakh in 1973-74 and Rs. 0.52 lakh in 1974-75. The unspent balance of Rs. 1.40 lakhs is (August 1975) with the Board.

DEPARTMENT OF INDUSTRIES

The Government accorded (October 1973) approval to the following four schemes to train 417 persons (5 graduate engineers, 10 diploma holders, 90 graduates and 312 under-graduates/matriculates) for 3 months:—

- (a) Training to unskilled persons for absorption in the Directorate of Industries;
- (b) Training in Beas Sutlej Link Project;
- (c) On-the-job training in industrial undertakings; and
- (d) Training to take up 'Tassar' industries.

An expenditure of Rs. 1.70 lakhs was approved for this purpose. The department did not undertake any of these schemes.

The following three schemes (outlay: Rs. 15.27 lakhs) were also approved:—

	(Rupees in lakhs)
(a) Organisation of industrial co-operative societies of engineers and technically qualified persons through participation in equity capital ; ..	2.10
(b) Scheme to supplement the availability of funds from the commercial banks; ..	3.25
(c) Establishment of Consultancy Cell (margin money for 200 units) and entrepreneurial training course for 3 months for 200 persons (50 graduate engineers, 50 diploma holders and 100 under-graduates). ..	8.20 0.90
<i>Add</i> for strengthening of organisation and incidentals ..	0.82
Total ..	<u>15.27</u>

Government finally sanctioned, in March 1974, Rs. 5 lakhs as margin money to 2,000 artisans at Rs. 250 each. The department drew the entire amount of Rs. 5 lakhs on 30 March 1974, retained it for one year and refunded it into the treasury on 31 March 1975. The reasons for non-utilisation of the amount were enquired by Audit in August 1975; these have not been intimated (January 1976).

The department was further entrusted with the execution of a subsidised employment scheme (outlay: Rs. 0.10 lakh) intended to provide incentive to employers to train, for 3 months, 10 engineers and 10 diploma holders/technicians, subsidy being payable at 50 per cent of salary which comes to Rs. 200 per month for engineers and Rs. 125 per month for diploma holders/technicians. The department did not execute this scheme either. The reasons were enquired in August 1975; these have not been communicated (January 1976).

DEPARTMENT OF EDUCATION

Out of eight training schemes proposed to be undertaken, the department took up two schemes only. It trained 87 science graduates and 51 graduates in Sanskrit and Hindi against the respective targets of 80 and 150. In all, 138 persons were trained against the overall target of 916. While the department is stated to have absorbed 87 science graduates, the case of 51 graduates in Sanskrit and Hindi was stated to be under consideration of the Government (August 1975).

Against the approved outlay of Rs. 13.13 lakhs, the department drew Rs. 1.86 lakhs and spent Rs. 1.48 lakhs during 1973-74. It also spent another Rs. 0.71 lakh during 1974-75 out of State funds.

DEPARTMENT OF CO-OPERATION

Owing to the delay which had already occurred in undertaking the following four training schemes, the department reduced (November 1973) the physical target from 405 (60 graduates and 345 matriculates) to 235 persons and the financial target from Rs. 3.90 lakhs to Rs. 1.75 lakhs. The Government did not agree and reiterated (December 1973) adherence to the original target.

- (a) Provision of extension staff to Himachal Pradesh State Co-operative Bank and Himachal Pradesh Central Co-operative Land Mortgage Bank for recovery of overdues;
- (b) Employment of persons trained in foodgrains quality evaluation by co-operative marketing societies;
- (c) Provision of full-time trained secretaries to primary agricultural credit societies; and
- (d) Training of personnel.

The department trained 226 persons against the target of 405 and incurred an expenditure of Rs. 1.62 lakhs in 1973-74 and of Rs. 0.07 lakh in 1974-75.

DEPARTMENT OF HEALTH

The department had seven schemes to train 210 matriculates for 6/8 months in multi-purpose health programme, as laboratory technicians, pharmacists, ayurvedic compounders and staff/auxiliary nurses/midwives.

Under five schemes, the department trained 97 persons (32 in 1973-74 and 65 in 1974-75) against the target of 140. The training of 20 staff nurses (female) and 47 auxiliary nurses/midwives (female) was reported to be continuing and is scheduled to be completed by March 1977 and March 1976 respectively. Thirtytwo posts (basic health programme: 15, laboratory technicians: 9 and X-Ray technicians: 8) were created (June 1975). The department stated (January 1976) that another 58 posts (allopathic compounders: 30 and ayurvedic compounders: 28) were created and employment provided to 90 persons (32+58 posts).

Against an allotment of Rs. 1.84 lakhs, an expenditure of Rs. 1.03 lakhs was incurred in 1973-74 and Rs. 0.78 lakh in 1974-75. The expenditure incurred after 1974-75 is not known (January 1976).

DEPARTMENT OF ANIMAL HUSBANDRY

The department had to train 40 matriculates for 8 months for the positions of stock assistants/veterinary compounders. It trained and employed 39 persons in 1973-74 and 1974-75.

The department incurred an expenditure of Rs. 0.29 lakh in 1973-74 against the allotment of Rs. 0.31 lakh.

The department had also to execute two self-employment or development of infra-structure schemes with total outlay of Rs. 1.32 lakhs involving training of 100 matriculates each for 3 months in dairy and poultry (Rs. 0.69 lakh) and also subsidy/margin money for these schemes (Rs. 0.63 lakh).

Training was imparted to 93 persons (36 in dairy and 57 in poultry) in 1973-74 against the target of 200.

The department spent Rs. 0.24 lakh in 1973-74 on the scheme.

The department advised the trained persons to apply for loans, if required, from the nationalised banks for setting up their own dairy and poultry units. An enquiry conducted by the department is stated to have indicated poor response to the loan scheme and only a small number had started their own units (January 1975).

✓ DEPARTMENT OF TECHNICAL EDUCATION

The department had to train 29 persons (7 graduate engineers, 8 diploma holders, 8 post-graduates and 6 matriculates) for 9 months to provide additional staff to cater to increased intake in the polytechnics. The outlay approved for this purpose was Rs. 0.72 lakh. However, no scheme was finally sanctioned for the department on the ground that the intake would not increase.

✗ FOREST DEPARTMENT

The department had to train one post-graduate and 2 matriculates for 6 months each for translation from English into Hindi of Acts, Notifications and Rules. No budget provision was made and no expenditure incurred against the approved outlay of Rs. 2,000 on this account.

Overall Targets and Fulfilment

(a) Against the employment potential of 2,795 envisaged under 27 training schemes, 613 persons (519 in 1973-74 and 94 in 1974-75) have been trained. The training of another 67 is continuing (June 1975). Of the 613 trained, 126 are stated (June 1975) to have been provided employment under the Government;

(b) Under 5 self-employment schemes or schemes for development of infra-structure, employment potential of 1,722 was expected to be generated. Against the target of 400, training was imparted to 93 persons. None of the other measures contemplated for prompting self-employment like setting up of private industrial units after receiving entrepreneurial training have been undertaken (June 1975);

(c) The subsidised employment scheme intended to provide incentives to employers to train 20 persons was not implemented;

(d) None of the departments has conducted (August 1975) any survey to gauge the extent to which the other trained persons have been able to secure employment; and

(e) Against the approved outlay of Rs. 55.07 lakhs and budgetary provision of Rs. 14.45 lakhs during 1973-74, Rs. 13.77 lakhs (grant: Rs. 11.91 lakhs and loan: Rs. 1.86 lakhs) were received from the Government of India and actual utilisation in that year was Rs. 4.99 lakhs. Further expenditure of Rs. 2.08 lakhs was incurred in 1974-75. Information regarding adjustment of excess Central assistance is awaited (January 1976).

The matter was referred to the Government in September 1975; reply is awaited (January 1976).

3.14 Industrial Extension Centres

Ten industrial extension centres were established in the State between 1963 and 1966 to provide extension services and facilities to artisans in modern techniques of production. The object was that in due course the artisans should establish their own units with financial assistance from the department. These centres were to perform the following functions, among others:—

- (a) enumerating and registering the artisans in the area for providing them assistance/facilities in the pursuit of their avocations;
- (b) providing them with standard designs and specifications of the products to be manufactured by them;
- (c) making available to them for their use the tools, machines or the workshop facilities at the centres;
- (d) exercising quality control on the products manufactured by them to make them quality conscious; and
- (e) marketing of their products.

These centres have facilities mainly for weaving, textiles, wood working, leather and tanning, black-smithy, pottery and basketware (August 1975).

A test check of the accounts and other relevant records of the centres at Ghumarwin (Bilaspur District), Mandi, Joginder Nagar (Mandi District) and Kangra (expenditure between April 1970 and March 1975: Rs. 11.39 lakhs including Rs. 6.75 lakhs on pay and allowances) disclosed the following points:—

- (a) Sixtyfive artisans only (Ghumarwin: 35 in 1973-74 and 3 in 1974-75, Kangra: 27 in 1970-71 and 1971-72) were imparted training in different trades/vocations and use of machinery over the five years.

According to the records of the centres (April 1975), no trainee had established his own unit with his own resources or with financial assistance from any other source.

(b) Common facilities provided were as under:—

Centre	Value of machinery installed (March 1975)	Common facilities provided					Total
		1970-71	1971-72	1972-73	1973-74	1974-75	
	(Rupees in lakhs)	(Number of artisans)					
1. Ghumarwin	0.25	3	—	—	36	18	57
2. Mandi	0.09	7	12	6	9	10	44
3. Joginder Nagar	0.14	89	175	207	161	53	685
4. Kangra	0.31	4	10	3	10	11	38
Total	0.79	103	197	216	216	92	824

(c) The District Industries Officer, Kangra, proposed (October 1973) disposal of surplus equipment costing Rs. 0.21 lakh at the Kangra Centre. But no decision has been taken so far (August 1975) by the Directorate. Rental charges of the shed hired to store the equipment lying idle (since 1967) amounted to Rs. 0.15 lakh during October 1973 to August 1975.

A wood working lathe and formia moulding machine valuing Rs. 0.02 lakh and Rs. 0.03 lakh respectively at Ghumarwin Centre went out of order in August 1973. The incharge of the centre approached (August 1973) the District Industries Officer, Bilaspur, to sanction Rs. 400 for their repairs. The decision is still awaited (August 1975). A gas welding plant costing Rs. 0.02 lakh purchased for the same centre in 1964-65 has not been put to use (August 1975) as a machineman-cum-welder has not been posted.

The utensil making centre, which ceased functioning at Joginder Nagar, transferred (April 1965) one power press screw costing Rs. 0.07 lakh to the Joginder Nagar Centre. It is idle since April 1965 when it was installed as no utensils have so far been manufactured (August 1975).

(d) An additional post of Supervisor was sanctioned in Mandi Centre to accommodate a person rendered surplus on the closure in March 1971 of the dolls and toys making centre, Mandi. The additional post was operated from March 1971 to February 1975 at an expenditure of Rs. 0.17 lakh.

The post of machineman-cum-welder has been vacant (August 1975) since its creation (April 1966) in the Ghumarwin Centre. Against this post, one master-craftsman (carpentry) in addition to the one already sanctioned and working has been adjusted. Expenditure of Rs. 0.36 lakh was incurred upto August 1975 in respect of the additional post.

(e) During the five years ending 1974-75, the four centres, enumerated and registered 173 artisans (Ghumarwin: 122, Kangra: 19, Mandi: 18, Joginder Nagar: 14).

(f) No standard designs or specifications were provided.

The matter was referred to the Government in November 1975; reply is awaited (January 1976).

3.15 Outstanding rental charges

(i) *Industrial Estate, Solan*—A sum of Rs. 0.48 lakh was outstanding (December 1974) from 18 parties on account of rental charges of sheds allotted to them for various spells between December 1962 and November 1973. This amount included Rs. 0.16 lakh due from 9 tenants who had vacated the sheds during this period. Seven cases of recoveries from ex-tenants (Rs. 0.15 lakh) and one from a sitting tenant (Rs. 0.15 lakh) were pending (December 1974) with the Collectors to whom these cases had been referred for the first time between August 1974 and November 1974, i.e., 2 to 12 years after the date of vacation/default in payment.

Ten cases involving recovery of Rs. 0.18 lakh had not been referred to the Collectors so far (December 1974) though 2 to 12 years had elapsed after the date of vacation/default in payment. The Government stated (August 1975) that Rs. 0.09 lakh had since been recovered from 7 tenants (2 ex-tenants: Rs. 0.01 lakh and 5 sitting tenants: Rs. 0.08 lakh), another case of recovery from a sitting tenant (Rs. 0.06 lakh) was reported to have been referred (May 1975) to the Collector and registered notices served on the remaining 2 parties.

(ii) *Industrial Estate, Dharampur*—Rupees 0.42 lakh were outstanding (December 1974) as arrears of rent from 6 parties, as detailed below:—

- (a) Rs. 0.32 lakh from 2 corporate bodies (sitting tenants) for 6 sheds for the period September 1972 to December 1974;
- (b) Rs. 0.03 lakh from 3 other sitting tenants for the period April 1972 to December 1974; and
- (c) Rs. 0.07 lakh from a Government office for the period prior to September 1972.

Further, no demand for rent had been raised against the corporate bodies (January 1975).

The position of outstandings pertaining to the period prior to September 1972 could not be ascertained as the records of the department for this period were not complete.

The Government stated (August 1975) that Rs. 0.16 lakh had since been recovered (one corporate body: Rs. 0.07 lakh; sitting tenants: Rs. 0.02 lakh and the Government office: Rs. 0.07 lakh).

PANCHAYATI RAJ

3.16 Zila Parishad, Simla

Suspected misappropriation/embezzlement of funds—The accounts of Zila Parishad, Simla, for the period September 1966 to November 1972 were audited in March-May 1974 when non-observance of the following prescribed rules/procedures and some lapses were noticed:—

- (a) the cash balance was not physically verified at required intervals;
- (b) the duties of drawing/disbursing officer, accountant, cashier and purchase clerk were being performed by one and the same person; other staff members were on the rolls during this period;
- (c) non-accountal/short-accountal of moneys drawn from the bank/post office/treasury (Rs. 0.07 lakh);
- (d) ~~payments were posted~~ payments were posted twice in the cash column of the cash book; once on the basis of bills and again on the basis of actual payees' receipts (Rs. 0.13 lakh); and
- (e) adjustments of the advances were also shown as payments in the cash book (Rs. 0.11 lakh).

The department stated (August 1975) that the cases had been referred to the Vigilance Department in October 1974 for investigation and the District Panchayat Officer was being directed to effect recovery from the defaulters immediately.

RURAL INTEGRATED DEVELOPMENT

3.17 Local development works

Local development works cover minor irrigation schemes and water supply schemes, like renovation of water springs and construction of *baolies*, not costing more than Rs. 0.25 lakh each. The departmental instructions issued from time to time stressed, *inter alia*, that:—

- (a) funds allotted under the programme should be utilised well before the close of the financial year;
- (b) funds should be drawn only after administrative/technical approval and financial sanction to the schemes are accorded;
- (c) only such irrigation schemes as would bring additional area under irrigation should be taken-up;
- (d) schemes should not be sub-divided artificially to keep them within the financial limit of Rs. 0.25 lakh; and
- (e) estimate for the entire scheme should be prepared instead of bifurcating it into parts to avoid the technical approval of the higher authority.

Records of 33 blocks (expenditure during 1971-72 to 1973-74: Rs. 23.56 lakhs) in Kangra (12), Mandi (9), Solan (5), Sirmur (4) and Kulu (3) Districts out of 69 blocks in the 12 districts of the State (expenditure during 1971-72 to 1973-74:

Rs. 45.79 lakhs) were generally examined (June 1975) by Audit and the observations are embodied in the succeeding paragraphs.

A—Minor Irrigation Schemes—(i) According to financial rules and the instructions issued by the department, drawals were to be utilised before the close of financial year and spill-over of funds was not permissible. However, Rs. 4.53 lakhs out of Rs. 28.09 lakhs drawn during April 1971-March 1974 remained unspent and 131 works out of 367 works were still to be completed (July 1975).

(ii) As the object was to bring in additional area under irrigation, only new schemes or old works which either by renovation or repairs would irrigate additional areas were to be taken up. A sum of Rs. 3.78 lakhs was spent on 67 completed works in 6 blocks in Kangra District upto July 1975 but these did not appear to have made any addition to the existing irrigation potential.

(iii) The following cases of abandoned works came to notice:—

- (a) After incurring an expenditure of Rs. 0.08 lakh, two works in Jagjitnagar and Nalagarh blocks (Solan District) were abandoned in 1971-72 and 1972-73 as the irrigation scheme in the former block was damaged due to rains while the site for the irrigation tank in the latter block was found unsuitable.
- (b) A *kuhl* on which Rs. 0.03 lakh had been spent in Paonta Block (Sirmur District) was left incomplete as the villagers did not pay their contribution; another *kuhl* in Gopalpur Block (Mandi District) constructed at a cost of Rs. 0.11 lakh in March 1973, which was damaged by floods during 1974-75, had not been repaired (July 1975).

(iv) Some cases of splitting up of works/estimates and involving related irregularities were observed.

- (a) Five schemes in 4 blocks in Kangra District involving a total amount of Rs. 1.86 lakhs were split up to keep the expenditure on each work within the prescribed financial limit of Rs. 0.25 lakh.
- (b) A work in Nagrota Bagwan Block (Kangra District) estimated to cost Rs. 0.45 lakh (more than the limit of Rs. 0.25 lakh) was taken up.
- (c) The estimate for each work was to be got technically approved from the Assistant/Executive Engineer. Eight works in 7 blocks estimated to cost Rs. 1.20 lakhs were approved by the Block Overseers who were not competent to do so.

(v) Funds could be drawn after administrative/technical approval was conveyed by the competent authority. However, during 1971-72 to 1973-74, fourteen blocks drew Rs. 1.56 lakhs, being over 28 per cent of their budget allotment of Rs. 5.40 lakhs, without framing any estimates. Out of the amount spent (Rs. 7.37 lakhs) so far (June 1975) in these blocks, a sum of Rs. 0.70 lakh was expended on works the estimates of which have not been sanctioned.

(vi) Seventy two panchayats in 26 blocks were advanced a total amount of Rs. 2.97 lakhs during 1971-72 to 1973-74 for executing 81 minor works which were

to irrigate about 1,125 acres. While the amount was shown as expended, accounts for Rs. 1.51 lakhs in respect of 45 works were still to be rendered (July 1975) by 43 panchayats and area of 641 acres also remained unirrigated.

(vii) During 1971-72 and 1972-73, eight blocks in 5 districts made drawals totalling Rs. 1.12 lakhs which were shown as spent. Out of these, Rs. 0.63 lakh were refunded into the treasury during 1972-73 and 1973-74, Rs. 0.54 lakh on account of works not executed and Rs. 0.09 lakh as saving from 6 completed works. In Sirmur District, 2 Block Development Officers who had made drawals of Rs. 0.32 lakh in March 1973 refunded the amount in June 1974 and February 1975 on the ground that public contribution of 12.5 per cent was not forthcoming.

(viii) In Sangrah Block (Sirmur District), Rs. 0.22 lakh were drawn in March 1974 for 2 irrigation schemes and were deposited in the bank account of a private individual at Nahari. This amount had not been pledged in favour of the Block Development Officer who was still (July 1975) to award the works to any contractor.

B—Water Supply Schemes—(i) The position of completed/incomplete works in the blocks, whose records were audited, was as follows at the end of July 1975:—

District	Number of works taken up between April 1971 and March 1974	Number incomplete out of them at the end of July 1975	Percentage of incomplete works to those taken up
1. Kangra	104	72	69
2. Kulu	15	11	73
3. Mandi	113	29	26
4. Sirmur	54	28	52
5. Solan	71	39	55
Total	357	179	50

(ii) Without framing any estimates or obtaining administrative/technical approvals, 15 blocks in Kangra, Mandi and Solan Districts drew amounts totalling Rs. 2.89 lakhs against budget allotments of Rs. 4.32 lakhs during 1971-72 to 1973-74. Estimates for a total amount of Rs. 2.34 lakhs were prepared in the year subsequent to that in which the drawals were made. Stores worth Rs. 0.09 lakh were purchased during 1972-73 out of the funds drawn in the previous year. A sum of Rs. 0.06 lakh was refunded into the treasuries.

(iii) Though the entire allotment of Rs. 25.20 lakhs was drawn and shown as expended in these three years, galvanised iron pipes, water tanks and power motors valuing Rs. 5.44 lakhs purchased from 1972-73 onwards by 19 blocks in 4 districts were lying unutilised (July 1975). Of these, pipes valuing Rs. 0.34 lakh were purchased without even preparing the estimates for the works.

(iv) The unspent amount at the end of each financial year was as under:—

	Amount (Rupees in lakhs)	
1971-72	..	4.06
1972-73	..	7.43
1973-74	..	11.30
July 1975	..	5.28

Rupees 3.36 lakhs were advanced by 31 blocks in 4 districts to 94 panchayats for executing 110 works intended to serve a population of 12,388. Although advances were made on the basis of estimates approved by the department, accounts in respect of 83 works for Rs. 2.30 lakhs were still to be rendered by 70 panchayats (July 1975).

(v) Unutilised amounts out of sums drawn by various blocks had been retained for long periods as shown below:—

Name of block and district	Year in which drawn	Amount drawn	Amount utilised	Amount refunded
(Rupees in lakhs)				
Pragpur (Kangra)	1971-72	0.60	0.49	0.11 (0.04 in March 1974 and 0.07 in November 1974)
Sangrah (Sirmur)	1971-72	0.28	0.26	0.02 (0.01 in July 1972 and 0.01 in March 1974)
Pachhad (Sirmur)				
Drang (Mandi)	1972-73	0.07	—	0.07 (January 1974)
Nagrota Bagwan (Kangra)	1972-73	0.22	0.21	0.01 (June 1975)

(vi) According to the norms laid down, capital expenditure was not to exceed Rs. 80 per capita for providing drinking water supply. In the case of 29 works completed during 1971-72 to 1973-74, actual expenditure (Rs. 3.11 lakhs) exceeded the norm by Rs. 0.63 lakh. In respect of another 17 incomplete works undertaken during the same period and intended to cover a population of 1,165, actual expenditure already incurred (Rs. 1.50 lakhs) exceeded the norm by Rs. 0.58 lakh and it would increase further when these works are completed.

(vii) The estimates of 7 works (one of 1971-72, 3 each of 1972-73 and 1973-74) in Karsog Block (Mandi District) were revised, in 1974-75, from Rs. 0.75 lakh to Rs. 1.30 lakhs as galvanized iron pipes for these works, which were awarded to contractors between March 1972 and March 1974, were purchased and supplied in 1974-75 when their price had increased.

(viii) Provision of Rs. 0.21 lakh (Rs. 0.17 lakh in 1972-73 and Rs. 0.04 lakh in 1973-74) was made for executing a water supply work in Pachhad Block (Sirmur District). The amount was also drawn accordingly. Galvanized iron pipes valuing

Rs. 0.08 lakh were purchased for the work which was, however, not executed. In June 1975, the balance amount of Rs. 0.13 lakh along with pipes worth Rs. 0.08 lakh was remitted to the Executive Engineer, Rajgarh Division (Sirmur District), for executing the work as the block was unable to undertake it due to paucity of technical staff.

(ix) Block Development Officer, Pragpur (Kangra District), made provision of Rs. 0.11 lakh in 1971-72 for the water supply scheme 'Pannimal Jamwal' (estimated cost: Rs. 0.11 lakh) and of Rs. 0.13 lakh in 1973-74 for the water supply work 'Muhin'. The amounts were drawn in those years and deposited with the Executive Engineer, Dehra, in March 1974. The progress of none of these works was known to the respective blocks (July 1975).

(x) One tubular structure was purchased from a Calcutta firm in 1973-74 for Rs. 0.20 lakh. But it has not been used so far (July 1975). The work for which it was purchased is also incomplete.

(xi) Tenders for the work 'Irrigation Scheme, Gulahi' (estimated cost: Rs. 0.25 lakh) were invited by Kandaghat Block (Solan District) in February 1973. Four offers were received, the lowest being 2 per cent above the estimated cost. These were rejected without assigning any reasons. Fresh tenders were invited in April 1973. The lowest rate quoted was one per cent above the estimated cost. This too was rejected without recording any reasons. The work was finally awarded (January 1974) to the contractor who had quoted a rate of 33 per cent above the estimated amount. Computed with reference to the rate quoted in April 1973, the deal resulted in avoidable expenditure of Rs. 0.09 lakh.

These observations on local development works were referred to the Government in October 1975; reply is awaited (January 1976).

3.18 Short accountal of material

The construction of Chakki-Hallar road (estimated cost: Rs. 2.23 lakhs) in Katrain Block of Kulu District was taken up departmentally in 1971-72 under the Crash Scheme for Rural Employment. While it was still incomplete, the road was transferred to the Public Works Department in July 1972 for further execution. During 1971-72 and 1972-73, before the work was handed over to the Public Works Department, a total quantity of 4.04 lakh cubic feet of blasted stone material had been removed. According to the formula laid down in the Analysis of Rates in the Schedule of Rates, not less than 50 per cent of the total quantity blasted should have been recovered as useable stones. However, against the minimum recovery of 2.02 lakh cubic feet, only 0.84 lakh cubic feet were shown as useable stones recovered and consumed on the work. The value of the balance unaccounted for quantity of 1.18 lakh cubic feet works out to Rs. 0.35 lakh.

The Block Development Officer, Katrain, stated (July 1975) that (i) credit on account of the cost of stones was not provided for in the estimates; and (ii) no case of loss or pilferage of stones was apparent from the records.

The matter was reported to the Government in August 1974; reply is awaited (January 1976).

WELFARE

3.19 Pre-matric scholarships/stipends to scheduled castes and scheduled tribes students

For disbursement as pre-matric scholarships/stipends to scheduled castes and scheduled tribes students through the District Education Officers, the Welfare Department drew from the treasuries during 1969-70 to 1973-74 a sum of Rs. 59.28 lakhs as under:—

Year	Amount (Rupees in lakhs)
1969-70	1.50
1970-71	5.81
1971-72	11.30
1972-73	19.78
1973-74	20.89
Total	59.28

About 60 per cent of the total amount was drawn in Chamba, Kangra, Mandi and Sirmur Districts (out of 12 districts in the State), as detailed below:—

District	Amount (Rupees in lakhs)
Chamba	8.83
Kangra	13.65
Mandi	8.63
Sirmur	4.46
Total	35.57

The rules governing the grant of these scholarships/stipends require:—

- (a) that lists of students be got prepared and got scrutinized by the educational authorities for approval of District Welfare or Planning and Development Committee before award of scholarships/stipends;
- (b) that copies of award rolls prepared by educational institutions should be furnished to the Welfare Department through the District Welfare Officers;
- (c) that failure in the annual test for promotion will disqualify a student from receiving scholarship/stipend in the same class for another year; and
- (d) that District Welfare Officers should visit 25 per cent of the beneficiary schools after the funds have been allotted to ensure that the grants reach the students in time.

These scholarships were to be disbursed only to those students the annual income of whose parents did not exceed Rs. 1,500 per annum (Rs. 3,600 from 1975-76). Further, poverty was to be the primary consideration for the awards.

A test-check of the accounts of these scholarships in above mentioned four districts for the period from 1969-70 to 1973-74 disclosed the following:—

- (1) No lists of deserving students contemplated in the rules were prepared by the heads of the institutions and screened by the District Education Officers in any of the districts before release of funds by the District Welfare Officer. The amounts were disbursed to students without ascertaining/having authentic record of the annual income of their parents or the poverty level of the family. Lists enclosed with the payees' receipts in Mandi District (Rs. 3.10 lakhs) did not indicate that the students belonged to scheduled castes, tribes or backward classes.
- (2) According to the rules, failure in the annual test for promotion disqualifies the student from receiving the scholarship in the same class for another year. Scholarships amounting to Rs. 0.16 lakh were paid to failed students in Mandi District.
- (3) Against the stated total disbursement of Rs. 32.05 lakhs (total withdrawals amounting to Rs. 35.57 lakhs minus Rs. 3.52 lakhs refunded into the treasuries), actual payees' receipts for Rs. 9.49 lakhs were not produced for audit (January 1975). The year-wise position of the wanting payees' receipts was as follows:—

Year	Amount of wanting payees' receipts (Rupees in lakhs)
1969-70	.. 0.61
1970-71	.. 0.70
1971-72	.. 1.67
1972-73	.. 4.11
1973-74	.. 2.40
Total	.. 9.49

It could not, therefore, be verified that scholarships to this extent were paid.

A few instances of mis-appropriations noticed during test-check are mentioned below:—

- (a) Out of Rs. 0.10 lakh paid (June 1972) by the Block Education Officer, Killar, to an official of his office for disbursement to the headmasters of some schools, Rs. 0.06 lakh were disbursed by the official while

31
150

Rs. 0.04 lakh, stated to have been paid by him to a Government school teacher, were denied as having been received by the latter. A case of embezzlement was registered by the Block Education Officer with the Police in December 1972 and was pending in the Court (July 1975).

- (b) The District Welfare Officer, Kangra, advanced Rs. 0.04 lakh to the principal of a private higher-secondary school for disbursement in 1967-68 and 1968-69. An enquiry by the department in November 1970 revealed that payments in respect of 1967-68 (Rs. 0.03 lakh) had not been made and those pertaining to 1968-69 (Rs. 0.01 lakh) had been made only partially. Both the cases are under investigation by the Welfare Department (October 1975).
- (c) In Kangra, Mandi and Sirmur Districts, payments of Rs. 0.03 lakh were made in excess because names of the same students were sponsored twice in the same year. Further, payees' receipts for another amount of Rs. 0.12 lakh were unauthenticated.
- (d) Almost the entire amount (Rs. 35.57 lakhs) was sanctioned and drawn towards the end of the financial year concerned. Consequently, disbursements to students could not evidently be made in time. This resulted in refund of Rs. 3.53 lakhs into the treasuries, as detailed below:—

District		Amount refunded (Rupees in lakhs)
Chamba	..	2.21
Kangra	..	1.15
Mandi	..	0.03
Sirmur	..	0.14
		<hr/>
Total	..	3.53
		<hr/>

- (e) The District Welfare Officer, Chamba, drew an amount of Rs. 2.60 lakhs from the treasury in January and March 1973 and placed it at the disposal of the District Education Officer, Chamba, for disbursement to the students concerned. In November 1974, an undisbursed amount of Rs. 0.70 lakh was returned to the District Welfare Officer who deposited (March 1975) it in a post office. The amount was withdrawn in July 1975 and refunded into the treasury on the same day. The rules require that no amount not required for immediate disbursement be withdrawn from the treasury and any withdrawal not required for immediate disbursement be deposited into the treasury forthwith. The excess withdrawal and delay in depositing it in the treasury was contrary to the rules.

The matter was referred to the Government in October-November 1975; reply is awaited (January 1976).

CHAPTER IV

WORKS EXPENDITURE

PUBLIC WORKS DEPARTMENT

4.1 Organisation and expenditure

At the beginning of the Fourth Five Year Plan (April 1969), the Public Works Department had 2 Chief Engineers, 8 circles, 32 divisions and 157 sub-divisions. At present (December 1975) the department has 2 Chief Engineers, 10 circles, 52 divisions and 229 sub-divisions.

The grants controlled by the department and the expenditure incurred there-against in the last 6 years are given below:—

Year	Final grant	Actual expenditure (Rupees in lakhs)
1969-70	2,048	2,070
1970-71	2,787	2,316
1971-72	2,680	2,976
1972-73	2,762	3,510
1973-74	2,932	3,730
1974-75	3,491	3,569

The Chief Engineer's establishment consists of 2 Chief Engineers, 3 officers of Superintending Engineer's rank, 11 of Executive Engineer's rank and 32 other gazetted officers apart from non-gazetted establishment. The expenditure on the Chief Engineer's establishment *vis-a-vis* that on the total establishment of the department during the last 6 years was as under:—

Year	Total establish- ment expendi- ture of the department (Rupees in lakhs)	Expenditure on Chief Engineer's establishment (Rupees in lakhs)	Percentage
1969-70	72.25	13.31	18
1970-71	1,49.17	19.50	13
1971-72	1,06.25	20.99	20
1972-73	92.86	24.13	26
1973-74	78.04	26.43	34
1974-75	1,50.47	30.60	20

The following table compares the expenditure on establishment (including expenditure on direction and superintendence offices) with the works expenditure during the last 6 years:—

Year	Establishment expenditure	Works expenditure (excluding establishment, etc., expenditure)	Percentage of establishment expenditure to works expenditure
(Rupees in lakhs)			
1969-70	72	1,155	6
1970-71	149	1,441	10
1971-72	106	1,485	7
1972-73	93	1,525	6
1973-74	78	1,557	5
1974-75	150	1,321	11

The divisions where the expenditure on establishment was 20 per cent or more of the works expenditure during 1974-75 are mentioned below:—

Name of the division	Establishment expenditure	Works expenditure	Percentage of establishment expenditure to works expenditure
(Rupees in lakhs)			
1. Mechanical, Simla	2.74	3.98	69
2. Flood Control, Simla	3.21	7.36	44
3. Chenab Valley	7.39	20.51	36
4. Kinnaur	7.29	24.79	29
5. Irrigation, Mandi	4.92	20.97	23
6. Public Health, Hamirpur	2.74	11.92	23
7. Irrigation, Una	5.15	22.59	22
8. Irrigation-cum-Public Health, Kulu	4.27	19.21	22
9. Buildings and Roads, Solan	4.45	20.25	22
10. Buildings and Roads, Karsog	3.77	18.98	21

Workload of divisions—The following table shows the workload of some divisions during the last 3 years.

Name of the division	Workload (original works and maintenance and repairs)		
	1972-73	1973-74	1974-75
	(Rupees in lakhs)		
1. Mechanical, Simla	0.59	3.02	3.98
2. Mechanical, Dharamsala	1.57	4.87	9.79
3. Public Health, Hamirpur	*	0.15	11.92
4. Kangra	*	*	12.93
5. Public Health, Mandi	7.48	19.74	14.12
6. Public Health, Theog	1.57	6.57	16.55
7. Mechanical, Solan	6.49	10.86	18.24
8. Flood Control, Simla	1.86	0.29	7.36
9. Irrigation, Nahar	*	*	7.70
10. Irrigation-cum-Public Health, Kulu	12.16	11.99	19.21
11. Irrigation, Mandi	12.17	12.21	20.97
12. Irrigation-cum-Flood Control Una	*	20.56	22.99

The workloads understood to be prescribed for a Public Works division in some other States (as in August 1975) are mentioned below:—

Name of the State	Building and Roads divisions	Public Health divisions	Irrigation divisions	Date on which workload was fixed
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(Rupees in lakhs)

Jammu & Kashmir	30 to 40	30 to 40	30 to 40	August 1973
Madhya Pradesh				
(a) Construction division	60	60	30 to 60	} 1972-73
(b) Maintenance division	30	30	Not fixed	
(c) Mixed division	43	43	Not fixed	
Haryana	60	40	40	May/July 1973
Punjab	75	33	75	August 1972
Uttar Pradesh	Not fixed	Not fixed	42	September 1974
Tamil Nadu				
(a) Roads divisions	30	(a) Project division		
		First Year	30	
(b) Buildings divisions	40 to 50	Second Year	60	
		Maintenance and repair division		April 1974
(c) Other divisions	40 to 50		30	

*Division not in existence.

The Committee on Estimates of Himachal Pradesh Vidhan Sabha had stressed in its Seventh Report (February 1970) the need to review the norms of workload for the divisions and the organisational structure of the department on the basis of work study, price index, geographical and economic conditions of particular districts and the tempo of development on the basis of plan allocations and recommended that the posts found surplus be reduced to effect economy. The action taken on the recommendations is not known (December 1975).

The matter was reported to the Government in November 1975; reply is awaited (January 1976).

4.2 Arbitration cases

The details collected from the department indicated the following position in regard to disputes with the contractors referred for arbitration:—

	Number
Pending on 1 April 1973	51
Referred during 1973-74	40
	—
	91
Decided during 1973-74	9
	—
	82
Pending on 1 April 1974	37
Referred during 1974-75	—
	119
Decided during 1974-75	31*
	—
Pending on 1 April 1975	88

In 29 out of 40 cases decided during 1973-74, 1974-75 and April 1975, the amount awarded in favour of the contractors was Rs. 2.09 lakhs and that in favour of the Government Rs. 0.12 lakh. An analysis of the cases showed that the disputes leading to arbitration originated from (i) defective agreements, (ii) increase in the cost of material/wages of labour, (iii) changes in original drawings and revisions of designs, (iv) variations between agreed and executed quantities due to substituted items, and (v) levy of compensation due to delayed completion of work.

Brief particulars of some of the cases decided against the Government are given below:—

- (a) The work of "Constructing a bridge over Brahal *Khad* on Bakloh-Shahpur Road" was awarded to a contractor (August 1966) as a lump-sum contract. The agreement provided, *inter alia*, for extra payment at Rs. 0.12 lakh per rft. for the increase in the height of the piers of the bridge beyond that given in the design. There was no mention in the contract of any rebate

*Includes one case of Simla Division No. IV decided in April 1975.

in case the height was less than the designed height. The work was completed in March 1969. Due to site conditions, the height of the piers was 3.51 feet lower than that of the original design provided in the agreement. For this, the department deducted Rs. 0.43 lakh at the rate of Rs. 0.12 lakh per rft., on the analogy of the provision in the agreement for the increase in height. The contractor went in for arbitration wherein the arbitrator allowed him Rs. 0.40 lakh inclusive of Rs. 0.32 lakh on account of deduction by the department for lower height of piers.

- (b) The work of "Construction of annexe—additional block in rear at Snowdon Hospital" was awarded to a contractor in 1965-66. The work was completed in June 1967. But the bill for the final payments was finalised in June 1973 though it was required to be paid within six months from the date of completion of the work. The security deposit of Rs. 0.10 lakh was also not refunded after six months from the date of completion of the work. Item No. 20 (b) of the schedule of quantities attached to the agreement included the provision for fixing of two shutters for windows—one $1\frac{1}{2}$ inches thick with one plate glass and the other $1\frac{3}{4}$ inches thick with two plates glass, as per architect's drawings. The contractor, however, provided and fixed one shutter $1\frac{1}{2}$ inches thick on the plea that there was no condition for provision and fixing of the other shutter in the drawing. The department made payment at the reduced rate of Rs. 28.05 per square metre instead of Rs. 72.82 per square metre provided for in the agreement. The contractor went in for arbitration for delayed payments, payments made for providing shutters at reduced rates and for other minor disputes. The arbitrator awarded Rs. 0.27 lakh inclusive of (i) Rs. 0.03 lakh as interest for delayed release of security, (ii) Rs. 0.10 lakh being the difference between the rates of the double shutters at the rate of Rs. 72.82 per square metre (as per agreement) and single shutter at the rate of Rs. 28.05 per square metre paid by the department, and (iii) Rs. 0.07 lakh for extra height (28 feet) of the super-structure above 30 feet.
- (c) The work of construction of "Fruit canning unit at Naubahar" was awarded to a contractor in 1968-69 and was completed by October 1969. The department did not release the security of the contractor after six months of the completion of the work. The work of laying precast terrazzo tiles skirting not provided for in the agreement was also got done. Similarly, in the super-structure, the work was got executed with brick masonry instead of stone masonry as provided. The contractor considered that the rates paid for the items of work not provided in the agreement were inadequate and went in for arbitration. The arbitrator awarded Rs. 0.38 lakh inclusive of (i) Rs. 0.18 lakh being the difference between payments made at reduced rates and the rates arrived at by the arbitrator, (ii) Rs. 0.11 lakh for increase in prices, and (iii) Rs. 0.03 lakh as interest for delayed release of security and payments.
- (d) The work "Construction of 250 feet span bridge over Jalal river on Nahan-Dadahu road" was awarded to a contractor in 1967-68. The contractor went in for arbitration in August 1971 for the settlement of dispute about

payments. The arbitrator awarded Rs. 0.27 lakh for (i) value of substituted items necessitated due to change in design (Rs. 0.19 lakh), (ii) payments made at reduced rates (Rs. 0.05 lakh) and (iii) wastage of shuttering material and labour (Rs. 0.03 lakh).

The matter was reported to the Government in November 1975; reply is awaited (January 1976).

4.3 Irrigation schemes

I. Owing to the hilly terrain of the State, possibilities of executing large irrigation projects are limited. Hence, minor irrigation schemes comprising *kuhls* (gravity channels), lift irrigation, tubewells, wells and storage/irrigation tanks were undertaken in the State.

The Rural Integrated Development Department undertakes minor irrigation schemes costing upto Rs. 25,000. Other schemes are executed by the Public Works Department which has, for the purpose, seven irrigation divisions under the supervisory control of two Superintending Engineers at Simla and Dharamsala. The overall directional charge is with the Chief Engineers (South and North). Some of the irrigation schemes are also executed by the Buildings and Roads divisions. Steps are, however, stated to be under consideration to transfer these schemes gradually to the irrigation divisions.

According to the records of the irrigation divisions, Rs. 222.89 lakhs were spent on 121 minor schemes executed during the period 1969-70 to 1974-75. Twenty-six of these schemes (culturable command area: 5,512 acres) have been completed at a cost of Rs. 48.76 lakhs (March 1975). The remaining amount of Rs. 174.13 lakhs (80 per cent) has been spent on 95 incomplete schemes, 49 of which (culturable command area: 11,867 acres, expenditure: Rs. 114.59 lakhs) have also been commissioned (March 1975), though incomplete. New schemes were taken up when a number of schemes were already in progress.

II. The succeeding paragraphs contain observations as a result of test check (April-June 1975) of the expenditure on the minor irrigation schemes executed and maintained by the Public Works Department.

(a) *Schemes abandoned*—(i) The Government sanctioned lift irrigation scheme, Bassa Waziran, in October 1968 at an estimated cost of Rs. 1.24 lakhs. The work was commenced in March 1969. After incurring an expenditure of Rs. 0.61 lakh (March 1972), the scheme was abandoned due to non-availability of required quantity of water in the percolation well which was dug without undertaking any survey.

(ii) Out of 20 tubewells sanctioned during the Fourth Plan period (10 each in 1970-71 and 1971-72) at an estimated cost of Rs. 15.72 lakhs, 3 tubewells were declared unsuccessful after incurring an expenditure of Rs. 0.54 lakh because of inadequate or no discharge of water. The department had not carried out any survey of the availability of underground water before commencing the work on the tubewells.

(b) *Delayed completion of sanctioned schemes*—Strict adherence to the stipulated time schedule is of the essence of execution of any work, particularly a developmental one. But the time span within which 8 lift irrigation schemes sanctioned during September 1968 to December 1972, each costing between Rs. 0.98 lakh and Rs. 2.07 lakhs, were to be completed was not specified in the estimates. These were, however, completed between February 1971 and April 1974. In the case of another 17 schemes sanctioned between October 1968 and March 1974, where the completion period (6-12 months) was laid down in the estimates, the works were completed with delays ranging from 8 months to 3 years and 10 months.

Cases of delays in some of the schemes under completion are mentioned below:—

- (i) In Bilaspur Division, the work of remodelling of Kanol *Kuhl* was sanctioned in March 1972 at an estimated cost of Rs. 2.26 lakhs. It was to be completed within one year but the work was still in progress (May 1975). The expenditure incurred upto March 1975 was Rs. 2.47 lakhs.
- (ii) In the same division, Gumma *Kuhl* Scheme was sanctioned in October 1971. The work is going on (May 1975) although it was scheduled to be completed by October 1972. Expenditure incurred upto March 1975 was Rs. 1.24 lakhs against the sanctioned estimate of Rs. 1.04 lakhs.
- (iii) Again, in the same division, construction of Dhalwan Gharbasra *Kuhl* was sanctioned in August 1972. While it was stipulated to be completed by August 1973, the work was continuing (May 1975). The amount spent upto March 1975 was Rs. 1.05 lakhs against the sanctioned estimate of Rs. 0.67 lakh.

Fifteen other schemes sanctioned between March 1969 and December 1972 were scheduled to be completed within 6-12 months. But works were still in progress (May 1975). These schemes were originally sanctioned for Rs. 27.58 lakhs. Although the expenditure exceeded the approved provision in 9 cases, estimates were subsequently revised in respect of 3 schemes only (May 1975).

The Divisional Officers attributed the delays in completion of the schemes to inadequacy of funds and non-availability of materials. The year-wise position (1969-70 onwards) of both Plan and Non-Plan budgetary provisions and expenditure on irrigation works in the State as a whole was as follows:—

Year	Plan		Non-Plan		Total	
	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure
1969-70	59.53	40.72	14.75	15.03	74.28	55.75
1970-71	53.36	49.75	19.17	22.71	72.53	72.46
1971-72	34.04	35.99	29.89	28.60	63.93	64.59
1972-73	66.07	62.09	25.49	27.10	91.56	89.19
1973-74	71.00	68.21	27.10	37.07	98.10	105.28
1974-75	187.44	132.47	20.92	24.20	208.36	156.67

(Rupees in lakhs)

It would be seen that, except in 1971-72, the department did not fully utilise the Plan allocations. Moreover, new schemes were sanctioned without reference to financial resources *vis-a-vis* the schemes already sanctioned but not completed, with the result that the schemes in progress remained incomplete for long periods for want of funds. After sanctioning the schemes nominal amounts were provided for in the budget. The schemes which were budgeted for were not executed and funds were reappropriated for other schemes.

Further, stores valuing Rs. 7.13 lakhs were held by the irrigation divisions in April 1969. During the period April 1969 to March 1975, stores worth Rs. 151.68 lakhs were purchased and in the same period Rs. 120.77 lakhs worth of stores were consumed in the works resulting in closing balance of Rs. 38.04 lakhs.

(c) *Schemes declared completed but where the work of delivery channels is still in progress*—It was noticed in test check (May 1975) of the records of Dharamsala Division that although the following lift irrigation schemes were commissioned, the work of water delivery channels was still in progress:—

Name of the scheme	Date of commencement of work	Date of commissioning	Amount of sanctioned estimate	Expenditure upto March 1975
(Rupees in lakhs)				
1. Kuhua	November 1968	1971-72	2.08	2.03
2. Thural	December 1968	1972-73	5.73	7.29
3. Harsi	February 1969	1973-74	3.65	3.96
4. Jawali	February 1969	June 1974	8.48	8.02
5. Sukahar	February 1969	1974-75	3.00	2.00

(d) *Execution of works without sanctioned estimates*—Normally, no work should be undertaken unless detailed estimates are sanctioned by the competent authority except where the Government declares the work as emergent. But the divisions spent Rs. 78.49 lakhs on 55 schemes (division-wise details given below) without detailed estimates having been sanctioned or without declaration of these schemes as emergent works (May 1975):—

Division	Number of Schemes	Amount spent (Rupees in lakhs)
1. Bilaspur	.. 12	18.16
2. Dharamsala	.. 11	10.97
3. Kulu	.. 23	31.64
4. Nahan	.. 5	4.73
5. Una	.. 4	12.99
Total	.. 55	78.49

(e) *Excess expenditure over the sanctioned amounts*—A sum of Rs. 12.93 lakhs was spent (May 1975) on 24 incomplete schemes (division-wise details given hereunder) over and above the amounts of the administrative approvals:—

Division		Number of	Amount
		Schemes	of excess
		(Rupees in lakhs)	
1. Bilaspur	..	5	2.53
2. Dharamsala	..	5	4.01
3. Kulu	..	8	2.88
4. Nahan	..	4	2.93
5. Una	..	2	0.58
	Total	24	12.93

In the case of the following schemes the excess expenditure ranged between 25 and 130 per cent:—

Name of the lift irrigation scheme		Sanctioned amount	Expenditure	Excess	Percentage
					of excess
		(Rupees in lakhs)			
1. Sural	..	5.73	7.29	1.56	25
2. Kuther	..	1.65	3.02	1.37	80
3. Bassa Ghawalan	..	1.18	1.63	0.45	40
4. Gangeth	..	0.68	0.89	0.21	30
5. Paur	..	3.10	4.62	1.52	50
6. Parlog	..	0.52	1.03	0.51	100
7. Chakkar	..	0.89	2.06	1.17	130

The divisions have neither worked out the quantum of expenditure likely to be incurred on the completion of the schemes nor have the sanctions of the competent authority been obtained so far to regularise the excess expenditure (May 1975).

(f) *Utilisation of irrigation potential*—On the basis of the information collected from the records of the irrigation division in April-June 1975, a comparison of the irrigation potential created and its utilisation is given in the following table:—

Year	Potential already created (acres)	Additional potential (acres)	Total potential (acres)	Utilisation of potential		Percentage of utilisation	
				Kharif	Rabi	Kharif	Rabi
1969-70	10,204	1,469	11,673	2,840	4,876	24	42
1970-71	11,673	2,605	14,278	3,245	4,188	23	29
1971-72	14,278	2,002	16,280	2,479	5,573	15	34
1972-73	16,280	3,724	20,004	3,877	7,380	19	37
1973-74	20,004	1,426	21,430	4,151	7,668	19	36
1974-75	21,430	6,153	27,583	Information not available.			

In the case of 15 lift irrigation schemes, the utilisation of the potential created was either nil or negligible. Some of these cases are mentioned below:—

- (i) Bilaspur: Division: Nagwain Scheme (culturable command area: 316 acres) has not irrigated any area since its completion in December 1974 due to choking, bursting and leakage of rising main and defects in electrical installations. Expenditure of Rs. 4.52 lakhs was incurred on the scheme upto March 1974.
- (ii) Dharamsala Division: (a) Suliali Scheme was sanctioned in 1963, work was commenced in January 1965 and though the work was still (May 1975) in progress it was declared as commissioned in December 1974. It was intended to irrigate 187 acres. But it did not provide water to any area (May 1975) since the valves were not capable of withstanding the pressure of water and there were frequent breakdowns of parts of hydrams. Against the original and revised estimates of Rs. 3.08 lakhs and Rs. 5.53 lakhs, expenditure booked upto March 1975 was Rs. 5.08 lakhs;
- (b) Tarshu Scheme (command area: 97 acres) was completed in April 1974 at a cost of Rs. 2.31 lakhs. It has not irrigated any area at all (May 1975).
- (c) Bharali and Jaisingpur Schemes constructed prior to 1968-69 at a cost of Rs. 2.07 lakhs and Rs. 1.41 lakhs respectively irrigated less than 10 per cent of their command area during the entire period of 1969-75.
- (iii) Kulu Division: (a) Rathi Scheme was constructed at a cost of Rs. 1.90 lakhs. While the work on the delivery channels was still in progress it was declared as commissioned in October 1974. Against the potential created (97 acres), no area has been irrigated for lack of demand for water from the cultivators;
- (b) Shamshi Scheme (command area: 421 acres) was declared as commissioned in October 1974. It irrigated 2 acres only upto May 1975. The department used G. I. pipes worth Rs. 0.64 lakh (out of the total expenditure of Rs. 4.18 lakhs upto March 1975) in the rising main pipeline instead of A. C. pressure pipes as provided in the sanctioned estimate. The G. I. pipes did not function successfully and burst off and on.

Low utilisation of the irrigation potential created was attributed by Divisional Officers (April-June 1975) to:—

- (i) lack of consciousness on the part of the beneficiaries to make maximum use of irrigation facilities;
- (ii) lack of demand for water due to sufficient rains;
- (iii) apprehension in the minds of the cultivators that they might have to pay enhanced water rates/betterment levy;
- (iv) non-construction of delivery system by the department and of water courses by the beneficiaries;

- (v) less discharge of water from the percolation wells;
 (vi) inadequate supply of power or non-supply of required power voltage by the Himachal Pradesh State Electricity Board ; and
 (vii) frequent breakdowns of pumps and/or breakage of pipes.

(g) *Capital cost per acre*—The following table indicates the capital cost of irrigation works per acre in respect of the following 23 completed lift irrigation schemes, 2 *kuhl* schemes and one tubewell scheme:—

Name of scheme	Amount sanctioned	Amount spent	Culturable command area	Cost per acre
	(Rupees in lakhs)		(Acres)	(Rupees)
1. Tarshu ..	2.07	2.31	97	2,380
2. Dhable ..	1.06	1.09	67	1,619
3. Nakki ..	1.76	1.89	130	1,451
4. Bhuntar ..	1.44	1.63	119	1,374
5. Anuhi ..	1.25	1.29	100	1,290
6. Takoli ..	1.14	1.48	130	1,139
7. Nagwain ..	4.74	4.52	316	1,112
8. Chuharpur ..	1.71	1.71	170	1,007
9. Kuther ..	1.21	0.97	99	970
10. Chuttanpur ..	1.57	1.65	173	950
11. Salewal ..	0.89	0.73	80	920
12. Badrog ..	0.94	0.94	103	913
13. Sunani ..	1.75	1.77	200	884
14. Kathala ..	1.24	1.28	147	872
15. Tikkahar ..	0.99	0.75	85	860
16. Nahar Singh Mandiarpur ..	1.17	0.81	92	818
17. Kumni ..	1.16	0.65	81	806
18. Dushlehra Gochard ..	0.51	0.70	87	802
19. Deoni ..	1.30	1.03	130	789
20. Landewal Kalyanpur ..	0.79	0.63	80	783
21. Manthapal ..	1.51	1.25	162	772
22. Satiwala ..	0.83	0.82	110	746
23. Chunri ..	0.63	0.51	43	120
24. Baring <i>kuhl</i> ..	0.95	0.89	291	305
25. Raj <i>kuhl</i> ..	3.40	3.55	1,212	293
26. Drilling of 20 tubewells ..	3.33	3.01	1,060	472

The cost of providing irrigation facilities ranged from Rs. 120 to Rs. 2,380 per acre. No norms have been evolved in this respect (May 1975).

(h) *Receipts*—Prior to October 1966, 'water rates' were not levied in Himachal Pradesh. From November 1966, 'water rates' at the levels prevalent in the erstwhile Punjab areas were assessed and levied only in the merged areas. In 1969, the department assessed the 'water rates' in the old areas and sent the statements of recoveries

to the Deputy Commissioners for realisation of the amounts as arrears of land revenue. The recoveries could not be effected in the absence of any enactment in this regard. The position now (May 1975) is that while the beneficiaries in the merged areas are paying 'water rates', in the case of old areas assessments only are being made, and no recoveries are being effected.

(i) *Advance payments to the Himachal Pradesh State Electricity Board*—The department made advance payments totalling Rs. 17.68 lakhs to the Himachal Pradesh State Electricity Board between October 1971 and March 1975 for providing electricity connections for the various schemes. The division-wise details of such advance payments are as under:—

Division	Amount (Rupees in lakhs)
1. Bilaspur	.. 4.59
2. Dharamsala	.. 6.17
3. Kulu	.. 2.33
4. Nahan	.. 1.88
5. Una	.. 2.71
Total	.. 17.68

The amounts have been charged direct to the accounts of the schemes instead of keeping them under 'suspense' pending adjustment of the advances so made. The account of expenditure has not been obtained by the concerned divisions and it was not known (May 1975) to the Divisional Officers as to how much expenditure had been incurred by the Electricity Board against the deposit of Rs. 17.68 lakhs. The Divisional Officers stated that the electricity of the required voltage was not supplied in some cases by the Electricity Board and that supply of electricity for the running of the schemes was also delayed.

An amount of Rs. 0.15 lakh was deposited by Una Division with the Board in November 1972 for providing electricity connections to 6 tubewells in Una, reported to have been completed in 1974. While electricity connections for 4 tubewells were provided in 1974, two wells were given connections in June 1975.

Nahan Division deposited Rs. 1.88 lakhs with the Board during January to March 1975 for providing electricity connection to 5 lift irrigation schemes. But electricity connection for one scheme (lift irrigation scheme, Suketi) only was provided by April 1975.

In Bilaspur Division, non-reinforced cement concrete pipes were used (September 1970 to December 1971) for distribution lines of 6 irrigation schemes on the basis of their sanctioned estimates. These pipes having weak joints started leaking when the schemes were commissioned and had to be replaced by R. C. C. pressure pipes involving extra expenditure of Rs. 0.30 lakh on excavation of trenches and laying of pipes.

The above observations were referred to the Government in November 1975; reply is awaited (January 1976).

4.4 Unfruitful expenditure on *kuhls*

(i) *Moorang Kuhl (Kinnaur District)*—This work, estimated to cost Rs. 4.29 lakhs, was approved (March 1963) for completion in one year. It was designed to irrigate 1,000 acres of culturable command area and was to be completed in three stages, stage 'A' for dropping 10 cusecs of water from Timchey *khad* into Moorang *Nalla*, stage 'B' for supplying 4 cusecs of water from Moorang *Nalla* for irrigating 400 acres on its left side and stage 'C' for supplying 6 cusecs of water from Moorang *Nalla* for irrigating 600 acres on its right side. The Executive Engineer, Kinnaur Division, reported to the Superintending Engineer the commissioning (September 1973) of stages 'A' and 'B' of the scheme. But the Deputy Commissioner, Kinnaur District, observed in a communication to the Executive Engineer (May 1974) that the *kuhl* was not functioning properly and consequently the villagers were not applying for the allotment of *Nautor* land. The work on stage 'C' has not been commenced (November 1975). The expenditure of Rs. 3.44 lakhs on construction (Rs. 3.24 lakhs) and special repairs (Rs. 0.20 lakh) of stages 'A' and 'B' has thus remained largely unfruitful.

The matter was referred to the Government in November 1975; reply is awaited (January 1976).

(ii) *Kunu Kuhl (Kinnaur District)*—*Kunu Kuhl* (estimated cost: Rs. 0.57 lakh) was designed to irrigate 125 acres of land, and on completion, was expected to help in annual production of foodgrains and cereals worth Rs. 1.23 lakhs and apples worth Rs. 1.44 lakhs (after five years). The work was started in July 1964 and was completed in 1965-66 at a cost of Rs. 1.04 lakhs. An amount of Rs. 0.20 lakh was spent subsequently on special repairs and liquidation of outstanding liabilities. The Sub-divisional Officer (Civil) stated (August 1970) that the *kuhl* had not been commissioned and water never came into it. The Deputy Commissioner, Kinnaur District, observed in a communication to the Executive Engineer (June 1975) that the *kuhl* was not functioning at all and served no purpose. The expenditure of Rs. 1.24 lakhs on the construction of the *kuhl* has thus remained unfruitful.

The matter was referred to the Government in November 1975; reply is awaited (January 1976).

4.5 Water supply schemes

(i) *Peo township (Kinnaur District)*—This scheme was designed to provide drinking water to 6,250 persons in the year 1971 and to 10,000 persons in the year 2000 in the Peo township by tapping water from two perennial springs stated to be on Government-owned lands. The Government approved it in February 1970 for Rs. 7.27 lakhs. The work was started in 1970-71. Expenditure of Rs. 0.67 lakh (Rs. 0.64 lakh on materials and Rs. 0.03 lakh on execution) was incurred by May 1971 when

the work was stopped due to a dispute with the inhabitants on the ownership of the source of water. After this date, material worth Rs. 0.99 lakh (Rs. 0.75 lakh in 1972-73 and Rs. 0.24 lakh in 1973-74) was debited to the scheme, without actual execution of any work. Action to acquire the water source and the adjoining land was initiated in March 1974. The acquisition proceedings have not been finalised so far (November 1975). The expenditure of Rs. 1.66 lakhs incurred from 1970-71 till November 1975 continues to remain unfruitful.

The matter was referred to the Government in November 1975; reply is awaited (January 1976).

(ii) *Group of villages*—The scheme, designed to meet the drinking water requirements in 1991 of 386 residents of Sairi, Badman, Daboo, Jobar and Jubri group of villages in Simla District, was administratively approved and technically sanctioned (July 1958) for Rs. 0.27 lakh. The work was to be completed within 4 months from the date of its start. Expenditure of Rs. 0.19 lakh was incurred during 1958-59 on the purchase and laying of pipes. The source of water was shown in the report on the estimate as situated in Government land. The scheme could not, however, be proceeded with further as the ex-ruler of Dhamsi State was stated to have claimed ownership of the land from where the source was to be tapped and was not agreeable to part with it. Action to acquire the land has been initiated in October 1975. The present condition of the pipes laid in 1958-59 is not known (October 1975).

The matter was referred to the Government in November 1975; reply is awaited (January 1976).

(iii) *Dhainda (Simla District)*—The Dhainda water supply scheme, designed to meet the water requirements of 644 persons in 2001, was administratively approved (November 1971) and technically sanctioned (December 1971) for Rs. 0.67 lakh. The time schedule for the completion of the works was not, however, specified. By July 1975, Rs. 0.15 lakh were spent (Rs. 0.14 lakh on materials and Rs. 0.01 lakh on labour employed on survey work and chemical tests of water, etc.). The materials valued at Rs. 0.14 lakh were charged to the scheme in March 1972 and shown in the material-at-site account. The material has, however, remained unused at the site of the work and its physical verification, required to be done once a year, has not been done (October 1975). The Divisional Officer stated (October 1975) that the delay in completion of the scheme was due to non-transfer of the source of water from the Jutogh Cantonment to the department.

(iv) *Government Colony, Nichar (Kinnaur District)*—The Government approved the above scheme (estimated cost : Rs. 0.27 lakh) in September 1965. The work was scheduled to be completed by July 1966. It was started in May 1966. By December 1973, pipe line was laid at a cost of Rs. 0.36 lakh. The work was abandoned thereafter on the ground that the original source of water had dried up.

The Government stated (August 1975) that a revised scheme from another water source was under consideration and the work done on the original scheme would be fully utilised.

4.6 Roads under crash scheme

The Crash Scheme for Rural Employment was introduced from April 1971. The object was to provide employment and, in the process, create assets of durable nature. The construction of rural roads to provide communication between villages was one of the items of the programme. The work was initially entrusted to the Community Development Department and was subsequently transferred to the Public Works Department in August 1972. The Public Accounts Committee had observed (Fifteenth Report—Third Vidhan Sabha) in the context of a paragraph on the subject in the Audit Report 1972-73 (paragraph 15) that works were executed without proper planning and in many cases the works were not only lying incomplete but there was likelihood of the roads getting washed away. Some instances of incomplete works are mentioned below:—

- (i) Eight roads (estimated cost : Rs. 2.23 lakhs) were transferred (August 1972) to Palampur Division of the Public Works Department. The Community Development Department had already incurred an expenditure of Rs. 2.67 lakhs before the transfer. The Public Works Department further spent Rs. 4.08 lakhs upto March 1974 without, however, completing the works. No further work has been done on these roads thereafter (September 1975).

The Divisional Officer stated (September 1975) that the completed work remains in patches only and another Rs. 11.90 lakhs would be required to connect the nearest villages. Total expenditure of Rs. 6.75 lakhs has thus been incurred against the sanctioned estimate of Rs. 2.23 lakhs without achieving the objective of providing communication between villages.

- (ii) Six roads (estimated cost : Rs. 3.93 lakhs) on which Rs. 3.58 lakhs were spent by the Community Development Department were similarly taken over by the Chamba Public Works Division. The division considered (October 1972) the work done by the blocks as sub-standard and not in accordance with the specifications; the alignments of the roads were also considered defective.

Further work on these roads was proceeded with by the Chamba Division. Out of the total length of 54.8 kilometres (5.5 kilometres motorable and 49.3 kilometres jeepable), to be laid, 2.7 kilometres length of motorable standard on one road and 8.5 kilometres length of jeepable standard on five roads were completed by March 1974 at a cost of Rs. 2.98 lakhs. No further work has been done on these roads (September 1975). The Divisional Officer stated (September 1975) that Rs. 11.24 lakhs would be required to link the nearest villages. The roads constructed in disconnected patches at a total expense of Rs. 6.56 lakhs upto March 1974 do not at present serve the intended purpose.

- (iii) Eight such roads, on which the Community Development Department had spent Rs. 2.20 lakhs, were transferred to Narkanda Division. The Public Works Department further spent Rs. 6.15 lakhs upto March 1974

without, however, completing any of the works. No further work has been done (September 1975) on these roads after April 1974. The Divisional Officer stated (May 1974) that Rs. 14.86 lakhs would be required to connect the nearest village on these roads.

These cases were reported to the Government in November 1975; reply is awaited (January 1976).

4.7 Bharmour-Manimahesh road

Manimahesh, a place of pilgrimage, is situated at a distance of 50 kilometres from Bharmour, a tehsil headquarters in Chamba District. The Government accorded in January 1957 administrative approval for survey and cutting of 1.20 metres track in kms. 0/0 to 18/0 (estimated cost: Rs. 1.05 lakhs). Similar work in further 32 kilometres was administratively approved (estimated cost: Rs. 1.11 lakhs) in 1962.

The work against the first sanction was started in January 1961 and completed in the first 6 kilometres in stretches by 1969-70 at a cost of Rs. 0.36 lakh. No work has been done thereafter (September 1975). The work against the second sanction has not been initiated so far (September 1975).

The Government stated (September 1975) that further work was suspended due to paucity of funds and would be resumed when these become available.

4.8 A bridge over Mand Khad

The Government approved (July 1972) the construction of 120 feet span steel truss bridge across Mand *Khad* at kilometre 11 on Panchrukhi-Lambagaon road under the Palampur Public Works Division (Kangra District) for Rs. 2.31 lakhs.

The work was to be completed by June 1975. The construction of sub-structure of the bridge was completed through a contractor in July 1974 (expenditure: Rs. 0.84 lakh). The construction of super-structure of the bridge was entrusted (July 1974) to the Mechanical Division, Dharamsala, which launched the steel trusses on the 1 July 1975. The super-structure, however, collapsed on 21 July 1975 as, according to the report of the Executive Engineer, Palampur to the Executive Engineer, Mechanical Division, Dharamsala rivetting after launching work was not done expeditiously.

The collapse of the super-structure resulted in the death of two labourers and in serious injuries to 11 others. Rupees 0.14 lakh were paid (September 1975) as compensation to the legal heirs of the deceased victims. A magisterial enquiry instituted in July 1975 is in progress (November 1975). The division reported to the Audit Office (August 1975) a total loss of Rs. 0.12 lakh, but the Superintending Engineer intimated (September 1975) that the actual loss would be determined after dismantling, re-launching and rivetting the trusses.

Expenditure of Rs. 5.63 lakhs had been incurred upto September 1975 against administrative approval for Rs. 2.31 lakhs. Excess over the sanctioned amount has

not been regularised nor any fresh estimate framed for the re-erection/completion of the bridge (January 1976).

4.9 Construction of Police Station building at Nichar (Kinnaur District)

The construction of this building was approved for Rs. 1.51 lakhs in March 1968 (revised to Rs. 2.63 lakhs in April 1970 due to high cost of labour and material). The building was to be completed in one year. It was decided (January 1973) to acquire private land (0.25 acre) and forest land (0.5 acre raised to 0.15 acre in May 1973) for the purpose. While selecting the site, the adequacy of land and suitability of the forest land were not considered. A part of the building was constructed upto the plinth level (expenditure : Rs. 1.05 lakhs) by March 1974. Further amount of Rs. 0.11 lakh was debited to the work till November 1975 on account of liquidation of outstanding liabilities. The work was suspended in May 1974 owing to (i) inadequacy of land, (ii) unsuitability of forest land being marshy and (iii) falling of huge boulders on the already constructed portion. No further work has been done thereafter (November 1975). The expenditure of Rs. 1.16 lakhs has thus remained unfruitful.

The matter was reported to the Government in November 1975; reply is awaited (January 1976).

4.10 Construction of Himachal Bhawan at New Delhi

On the reorganisation of the Punjab State (November 1966), one acre of land out of the property known as 'Nabha plot' at New Delhi came to the share of Himachal Pradesh. The Himachal Pradesh Government decided (May 1973) to construct a cultural complex (Himachal Bhawan) at that site. The State Public Works Department has its own architectural and designing wings headed by the Senior Architect and Superintending Surveyor of Works. However, a private architect was engaged with fees at 2.75 per cent of the total construction costs on the ground that, besides being overworked, the architects of the department were not conversant with the by-laws of Delhi Development Authority and the New Delhi Municipal Committee. Payments aggregating Rs. 0.46 lakh (Rs. 0.10 lakh in April 1973, Rs. 0.15 lakh in July 1973 and Rs. 0.21 lakh in December 1973) were made to the private architect. The site plan was prepared by the department and given to him.

Steel valuing Rs. 3.53 lakhs was transferred from stock in December 1973 and debited to the work which had not commenced. Steel valued at Rs. 6.47 lakhs was also purchased in January 1974 and this too was debited directly to the work, apparently to utilise the budget provision of Rs. 12 lakhs in 1973-74. Against the budget provision of Rs. 10 lakhs for 1974-75, expenditure was Rs. 107 only.

Administrative approval amounting to Rs. 77.16 lakhs for the proposed Bhawan was accorded in October 1974 but detailed estimates of the work have not been sanctioned by the Chief Engineer so far (October 1975). The Chief Engineer stated

(October 1975) that this will be done after the use of the land is permitted by the Union Ministry of Works and Housing, Delhi Development Authority and New Delhi Municipal Committee; the drawings of the buildings have not been approved so far (October 1975).

The matter was referred to the Government in November 1975; reply is awaited (January 1976).

4.11 Avoidable expenditure

(i) On the authorisation of Regional Cement Officer, Government of India, New Delhi, cement is supplied by various agencies to the State Government from cement factories F. O. R. nearest rail head.

In Palampur Division of the Public Works Department, 410 and 200 tonnes of cement were transported during 1971-72 and 1972-73 from the cement factory at Surajpur (near Kalka) to Palampur (277 kms.) and from Pathankot to Palampur (115 kms.) respectively by road through private transporters instead of by rail. This resulted in avoidable expenditure of Rs. 0.35 lakh as, under the rate contract with the suppliers, the factory at Surajpur was required to supply the cement F.O.R. Palampur.

The Government stated (March 1975) that the cement was carried by road when suppliers intimated that there were some restrictions on rail booking at Pathankot for the Kangra Valley line. Enquiries made by Audit from the Northern Railway indicated (September 1975) that there were no restrictions around the dates the cement was transported by road.

(ii) The Bridges Construction Division, Paonta, took delivery of 85,258 cement bags during November 1967 to January 1970 at Brara railway station instead of Yamunanagar (Jagadhri) which is the nearest rail-head for Paonta Sahib. This caused extra expenditure of Rs. 0.90 lakh on longer haulage of cement by road.

The matter was referred to the Government in July 1975; reply is awaited (January 1976).

4.12 Non-adjustment of payments

Payments on account of cost of material received through the Director General, Supplies and Disposals, are made on behalf of the State Government by the Pay and Accounts Officers (P.A.Os.) who send the claims to the State Accountant General for arranging reimbursement to the Pay and Accounts Officers. After making reimbursement, the Accountant General forwards vouchers for adjustment in the accounts of the concerned Public Works divisions which book the expenditure under final heads. Till such booking is done, the expenditure remains debited to the suspense head "P.A.O. Suspense" in the books of the Accountant General. These account adjustments are to be made in the Public Works divisional offices as soon as the vouchers are received by them.

In the Mechanical Division, Dharamsala, vouchers aggregating Rs. 8.16 lakhs representing the cost of machinery (Rs. 6.11 lakhs), spare parts (Rs. 2.02 lakhs) and materials (Rs. 0.03 lakh) received by the division in 1973-74 (Rs. 6.28 lakhs) and 1974-75 (Rs. 1.88 lakhs) had not been adjusted (May 1975) to the final head of account. In the accounts for November 1975, Rs. 2.23 lakhs were adjusted leaving an unadjusted balance of Rs. 5.93 lakhs.

The divisional office stated (May 1975) that the adjustment to the proper head of account was not made for want of budget provision.

Non-adjustment of liabilities resulted in non-exhibition of the expenditure under proper heads of account.

The matter was reported to the Government in October 1975; reply is awaited (January 1976).

CHAPTER V

STORES AND STOCK

5.1 Synopsis of important stores accounts

A synopsis of important stores and stock accounts for 1974-75 (other than those relating to the Government commercial and quasi-commercial departmental undertakings) which have so far (January 1976) been received in the Audit Office is given below:—

Sl. no.	Department	Nature of stores	Opening balance on 1st April 1974	Receipts	Issues	Closing balance on 31st March 1975
(Rupees in lakhs)						
1.	Public Works— Buildings and Roads branch	Iron, cement, pipes, bricks, etc.	487.84	942.42	797.42	632.84
			The reserve stock limit had not been fixed in respect of any of the 45 divisions.			
2.	Public Works— Irrigation branch	Cement, iron, etc.	24.40	59.13	43.77	39.76
			The reserve stock limit had not been fixed for any of the 7 divisions.			
3.	Printing and Stationery	(a) Plant, machines and spare parts	10.63	1.93	1.36	11.20
		(b) Paper and bind- ing material	9.21	4.98	7.37	6.82
		(c) Stationery	2.14	22.98	18.81	6.31
		(d) Publications and gazettes	1.46	0.45	0.23	1.68

Stores accounts of the departments of Agriculture from 1970-71 to 1974-75, Medical from 1972-73 to 1974-75, Animal Husbandry and Forest for 1973-74 and 1974-75, Industries for 1974-75 and for stamps for 1974-75 were awaited (January 1976). The accounts received from the Animal Husbandry Department from 1970-71 to 1972-73, Industries Department from 1970-71 to 1973-74, Medical Department for 1970-71 and 1971-72 and for stamps from 1971-72 to 1973-74 were under correspondence (January 1976).

5.2 Physical verification of stores

In 48 divisions out of 52 divisions of the Public Works Department, physical

verification of stores was not done during 1974-75; in one other division, physical verification was done only partially.

✓ PUBLIC WORKS DEPARTMENT

5.3 Purchase of defective road roller

In March 1973, the Controller of Stores, Himachal Pradesh, placed an order with a firm for supply of one road roller for the Mechanical Division, Dharamsala. The terms and conditions of the supply order included 90 per cent payment on inspection and proof of despatch and the balance within 30 days of the receipt of the consignment.

The Executive Engineer, Mechanical Division, Dharamsala, inspected (June 1973) the roller at the works of the firm and reported it to be in perfect working condition. However, when the roller was put to test after its delivery at Dharamsala in June 1973, it could not negotiate medium gradients and gave trouble owing to breakage of lock washers. The roller was further observed to have been provided with one single reverse speed instead of two reverse speeds, one high and one low, as specified in the order. These defects were pointed out to the firm, but it did not rectify them. Notwithstanding this, the Divisional Officer paid to the firm Rs. 0.77 lakh (representing 90 per cent of the purchase price) in July 1973. The balance amount of Rs. 0.08 lakh has not yet been paid (May 1975).

The roller was transferred (July 1973) to Dehra Public Works Division where it worked for 331 hours only upto July 1974. Since then it has been idle as its transmission assembly is stated to require replacement. In July 1974, the firm agreed to arrange the replacement at a cost of Rs. 0.18 lakh. The transmission assembly has not yet been replaced and the roller continues to be out of use (May 1975).

The matter was referred to the Government in September 1975; reply is awaited (January 1976).

5.4 Shortage of stores ✓

PUBLIC WORKS DEPARTMENT

(i) The Junior Engineer (incharge stores since February 1973), Jutogh Sub-Division, was directed (April 1974) by the Executive Engineer, Simla Division No. II, to hand over charge of stores to another Junior Engineer. He did not hand over the charge. Meanwhile, physical verification of stores was conducted by the Assistant Engineer in September-October 1974. Shortages of stores valued at Rs. 2.02 lakhs were noticed of which stores worth Rs. 1.90 lakhs related to the period February 1973 to August 1974. The Junior Engineer was placed under suspension in March 1975.

The shortages were facilitated due to failure of the Sub-Divisional Officer to examine the bin cards and works abstracts to see that unauthorised and excessive issues by the Sectional Officers were not made without due cause as prescribed in the rules.

The matter was reported to the Government in November 1975; reply is awaited (January 1976).

(ii) At the time of change in the incumbency (May 1974) of a Junior Engineer holding charge of stores in Sub-Division No. II, under Chamba Division, shortages valued at Rs. 1.67 lakhs were noticed.

The Divisional Officer reported the matter to the Superintending Engineer in April 1975. Further developments are not known (January 1976).

The matter was referred to the Government in November 1975; reply is awaited (January 1976).

(iii) In April 1973, a Sectional Officer in Chamba Public Works Division did not hand over complete charge to his successor on transfer from one section to another. Verification done (June 1973) by the Assistant Engineer of the Sub-Division disclosed shortages of stores worth Rs. 0.14 lakh. In addition, stores valuing Rs. 0.05 lakh were handed over short by the same Sectional Officer while proceeding on leave in May 1974.

Total shortages of Rs. 0.19 lakh have neither been reconciled nor made good (November 1975) from the official.

The matter was reported to the Government in November 1975; reply is awaited (January 1976).

(iv) Stores (pipes, lead, cement, sand, etc.) valuing Rs. 0.15 lakh were handed over short to his successor by a Sectional Officer in Palampur Public Works Division (Kangra District) on his transfer in May 1970. The shortages have neither been reconciled nor made good from the official so far (November 1975).

The matter was reported to the Government in November 1975; reply is awaited (January 1976).

HEALTH AND FAMILY PLANNING DEPARTMENT

(v) It was noticed during test check (February 1975) of the accounts of the Medical Superintendent, Ripon Hospital, Simla, that no physical verification of stores required to be done at least once a year had been conducted for many years till it was done in January 1975 at the instance of Audit. The accounts of receipts and issues of stores (wheat, rice, sugar, coal, etc.) were reconstructed from February 1972; shortages (during February 1972 to January 1975) valuing Rs. 0.39 lakh were noticed. A quantity of 707 litres of milk was also not fully accounted for. Further, no accounts were maintained in respect of empty tins and gunny bags valued at Rs. 0.03 lakh nor were any sale proceeds realised on this account during February 1972 to January 1975.

The matter was referred to the Government in September 1975; reply is awaited (January 1976).

RURAL INTEGRATED DEVELOPMENT DEPARTMENT

(vi) At the time of change in the incumbency of the post of Block Development Officer, Indora (Kangra District) in September 1974, shortages of 1,633 bags of cement valuing Rs. 0.22 lakh were noticed.

The Junior Engineer was suspended in August 1975 and all connected records were impounded by the agency investigating into the matter. Further progress is awaited (January 1976).

FOREST DEPARTMENT

(vii) Stores valuing Rs. 0.14 lakh were burnt alongwith a wooden shed (cost: Rs. 0.40 lakh) at Palchan (Kulu District) in a fire in May 1968. The departmental enquiry held in June 1968 concluded that the loss was caused due to the negligence of the Forest Guard and the Timber Watcher. Further developments are awaited (January 1976).

PUBLIC WORKS DEPARTMENT

5.5 Surplus stores

(i) Stores (M.S. angle iron, M.S. channels, M.S. black sheets, R. S. beams, etc.) valuing Rs. 1.03 lakhs and purchased 5 to 9 years ago in Palampur Division have not been used nor transferred to other units for possible use (November 1975).

In addition, other miscellaneous stores valuing Rs. 0.60 lakh had also been lying unused in stock/material-at-site account for the last 2 to 3 years in various Sub-divisions. No action had been taken to transfer these to other units for possible use (November 1975). The dates of purchases of these materials were also not available with the division.

The matter was reported to the Government in November 1975; reply is awaited (January 1976).

(ii) Stores items valuing Rs. 1.39 lakhs and purchased 3 to 9 years ago in Narkanda Division (Simla District) have not been issued for use on works nor transferred to other units for possible use (November 1975).

The matter was referred to the Government in November 1975; reply is awaited (January 1976).

INDUSTRIES DEPARTMENT

5.6 Misappropriation of stores

Physical verification of stores with the Industrial Extension Centre (Blacksmithy), Solan, conducted by the District Industries Officer in November 1972,

October 1973-January 1974 disclosed shortages of raw materials, stores, finished products, etc., valued at Rs. 0.13 lakh.

A test check of the accounts by Audit in April 1974 showed that, in addition to the above, finished goods valued at Rs. 0.10 lakh were also not taken on stock. The stores Incharge of the Centre was suspended in May 1974 and a case of pilferage of stores was registered against him with the Police. Further shortages of equipment and raw materials worth Rs. 0.68 lakh were also noticed at the time of transfer of charge to the new incumbent in July-September 1974. The total shortages stood at Rs. 0.91 lakh (January 1975).

The Government stated (October 1975) that the case had been referred to the Vigilance Department. Further developments are awaited (January 1976).

5.7 Shortage/excess consumption of stores

At the Common Facility Workshop, Barotiwala (Solan District), raw materials/finished goods were not physically verified once a year between 1968-69 and 1971-72 by the District Industries Officer, Solan, as required under the rules. As a result of physical verifications conducted in January 1972, September 1973 and July 1974, shortages of raw materials and finished goods valued at Rs. 0.16 lakh were noticed. Further, according to the findings (August 1974) of a committee of technical experts, conduit pipes valuing Rs. 0.11 lakh were consumed in excess of the normal requirement in the fabrication of police-pattern beds at the workshop during November 1969 to June 1974.

A sum of Rs. 0.03 lakh has been recovered so far (January 1975) from the concerned official. According to the District Industries Officer, the balance amount of Rs. 0.24 lakh is proposed to be recovered from his pay by 1982 in monthly instalments of Rs. 250.

The Government stated (October 1975) that an Enquiry Officer had been appointed to look into the affairs of the workshop.

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 Introduction

According to the provisions of Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, where a grant or loan is given for any specific purpose from the Consolidated Fund, the Comptroller and Auditor General shall scrutinise the procedure by which the sanctioning authorities satisfy themselves as to the fulfilment of the conditions subject to which such grants or loans were given. Important points noticed during scrutiny under Section 15 together with related matters as a result of audit under Section 13 are given in the succeeding paragraphs.

6.2 Grants

During 1974-75, Rs. 3,37.73 lakhs (about 4 per cent of the revenue expenditure during the year) were paid as grants to local bodies, private institutions, etc., as broadly detailed below:—

Purpose	Amount (Rupees in lakhs)
Community Development	46.52
Education	186.93
(i) University	174.52
(ii) Secondary	8.87
(iii) Primary	0.70
(iv) Others	2.84
Medical and Public Health, Rural Sanitation, etc.	59.02
Khadi and Village Industries Board	12.00
Handicrafts and Handloom Corporation Limited	12.00
Co-operation	12.27
Welfare of schedule castes, tribes, etc.	6.63
Others	2.36
Total	337.73

Where the grants are given for specific purposes, administrative authorities are required to furnish to Audit, normally within a year of their payment, certificates that the grants were utilised for the purposes for which they were made. The year-wise details of the grants of earlier years for which utilisation certificates were

awaited in Audit on 30 September 1975 are mentioned in paragraph 1.10 of Chapter I of this Report.

EDUCATION DEPARTMENT

6.3 Himachal Pradesh University

The general rules framed by the Government governing grants require the sanctioning authority to ensure that (i) every grant is utilised for the purpose for which it is sanctioned within the specified period (one year if no limit is laid down otherwise), (ii) unspent balance with the beneficiary is refunded to the Government without delay immediately after the expiry of the specified period, (iii) audited statement of accounts is obtained to satisfy itself that the grant had been spent for the purpose for which it was intended and further grant was justified by the financial position of the grantee, and (iv) utilisation certificates in respect of the grants sanctioned are furnished within a reasonable period.

Five departments of the State Government paid to the Himachal Pradesh University (established in July 1970) grants totalling Rs. 523.82 lakhs during 1970-71 to 1974-75 for specific purposes like agricultural research, project evaluation studies, educational programmes, construction of science block and other works. The amounts sanctioned/paid, spent by the University and the unspent balances were as detailed below, as per utilisation certificates furnished by the University to the departments.

Department	Amount sanctioned/ paid (Rupees in lakhs) 1970-71	Spent by the University	Period by which the grant was to be utilised	Unspent balance at the end of the year (Rupees in lakhs)
1. Agriculture	23.80	18.87	March 1971	4.93
2. Animal Husbandry	0.37	0.19	March 1971	0.18
3. Education ..	7.00	*	—	—
4. Forest ..	—	—	—	—
5. Horticulture ..	—	—	—	—
Total ..	31.17			
	1971-72			
1. Agriculture ..	53.00	40.99	March 1972	16.94
2. Animal Husbandry ..	0.46	0.05	March 1972	0.59
3. Education ..	8.00	*	March 1972	—
4. Forest ..	1.48	1.39	March 1972	0.09
5. Horticulture ..	—	—	—	—
Total ..	62.94			

		1972-73			
1. Agriculture	.. 57.95		57.95	March 1973	16.94
2. Animal Husbandry	.. —		0.11		0.48
3. Education	.. 37.42	7.00	*	March 1973	
		7.00		October 1973	
		3.00		December 1973	
		9.42		February 1974	
		11.00		March 1974	
4. Forest	6.72	3.60	5.72	January 1974	1.00
		3.12		October 1973	
5. Horticulture	.. —		—		—
Total		102.09			
		1973-74			
1. Agriculture	.. 62.10	15.00	**	June 1974	
		15.00		October 1974	
		32.10		February 1974	
2. Animal Husbandry	.. —		0.36		0.12
3. Education	.. 35.41	6.25	*	June 1974	
		6.25		August 1974	
		5.00		December 1974	
		8.00		January 1975	
		2.50		March 1975	
		3.00		August 1974	
		3.00		November 1974	
		1.00		March 1975	
		0.41		March 1975	
4. Forest	.. 6.60	4.00	5.34	December 1974	
		2.30		February 1975	
		0.30		March 1975	1.26
5. Horticulture	.. 0.60		**	December 1974	
Total		104.71			
		1974-75			
1. Agriculture	119.00	17.25	**	June 1975	
		17.25		September 1975	
		50.00		July 1975	
		17.25		January 1976	
		10.00		March 1976	
		7.25		March 1976	

2. Animal Husbandry	3.90		**	March 1973
3. Education	90.00	6.85	**	January 1976
		14.35		September 1975
		9.13		October 1975
		13.69		February 1976
		5.00		April 1975
		5.00		May 1976
		10.00		July 1975
		9.13		November 1975
		6.85		March 1976
		10.00		Not known
4. Forest	6.71	4.00	**	August 1975
		2.71		February 1976
5. Horticulture	3.30	1.20	**	August 1975
		1.80		November 1975
		0.30		March 1976
<hr/>				
Total	.. 222.91			

It was seen in the case of the departments sanctioning the grants that:—

- (i) The departments sanctioning the grants stated that they had no agency to ensure the proper utilisation of grant.
- (ii) Unspent balances at the end of the specified periods were not refunded to the Government but were carried over and expended partly/fully in the subsequent years without the sanction of the Government extending the utilisation periods. The cases are as follows:—
 - (a) Rupees 4.93 lakhs and Rs. 16.94 lakhs representing the unspent balances at the end of 1970-71 and 1971-72 out of the grants paid by the Agriculture Department were carried over and spent in subsequent years. The Director of Agriculture stated (August 1975) that the amounts in question were not intimated by the University in time and could not, therefore, be adjusted while sanctioning the grants for later years; and
 - (b) unspent balance of Rs. 0.59 lakh at the close of 1971-72 (including unspent balance of Rs. 0.18 lakh at the end of 1970-71) out of the grants paid by the Animal Husbandry Department was utilised in later years without the approval of the Government. At the end of 1973-74, there was still an unspent balance of Rs. 0.12 lakh.
- (iii) the University received grants amounting to Rs. 269.74 lakhs during 1971-72 to 1973-74. Pending finalisation of the rules laying down the procedure governing the grants, such grants were sanctioned and paid by the department on *ad hoc* basis on the condition that the grants should be

* Utilised according to the certificates received by the department from the University.

** The departments had no details of the actual amount utilised.

utilised for the purpose within a reasonable period during the year to which these related. Education, Agriculture and Forest Departments, however, framed the rules in October 1972, March 1973 and June 1973 respectively. These rules, *inter-alia*, provided that the grant should be utilised within one year of its sanction.

The Education Department paid to the University Rs. 4 lakhs, in August 1971, for general education and purchase of land and Rs. 3 lakhs in August 1973 for acquisition of a property. The amount specifically earmarked for education and purchase of land was not indicated and the University stated (September 1975) that since nothing had been specifically earmarked for purchase of land, the entire amount was utilised for general education. The department had no information about utilisation of the grant of Rs. 3 lakhs made in August 1973.

The Education Department sanctioned grant of Rs. 3 lakhs during 1972-73 for construction of science block, guest house and teachers' houses without earmarking any specific amount for each of the three works. The entire grant was, utilised for construction of guest house and teachers' houses and nothing was spent on the construction of the science block. The department did not also ascertain whether all these buildings or how many of them had actually been constructed.

The matter was reported to the Government in November 1975; reply is awaited (January 1976).

LOCAL-SELF GOVERNMENT DEPARTMENT

6.4 Grants to local bodies

MUNICIPAL CORPORATION, SIMLA

The Department of Local-Self Government sanctioned grants aggregating Rs. 176.78 lakhs to 32 urban local bodies during 1971-72 to 1974-75 for certain specific original/other works such as construction of townhalls, municipal roads, bridges, parks, rest houses, *sarais*, labour hostels, mule-sheds, cattle ponds, pavement of streets, drainage and water supply schemes, etc. Out of the total amount of Rs. 176.78 lakhs, grants aggregating Rs. 112.26 lakhs (as detailed below) were given to the Municipal Corporation, Simla for 266 works:—

Year	Municipal Corporation, Simla		Other local bodies		Total	
	Number of works	Amount (In lakhs of rupees)	Number of works	Amount (In lakhs of rupees)	Number of works	Amount (In lakhs of rupees)
	1971-72 ..	172	53.66	237	14.09	409	67.75
1972-73 ..	49	20.71	188	14.26	237	34.97
1973-74 ..	16	18.87	178	16.39	194	35.26
1974-75 ..	29	19.02	181	19.78	210	38.80
Total ..	266	112.26	784	64.52	1,050	176.78

According to the rules (1964) governing the payments of grants to local bodies, works were to be commenced within one year and completed within 2 years from the date of the receipt of the grants. The local bodies were also required to create a "depreciation fund" for large-scale repairs or replacements of the works constructed with the aid of Government grants.

A study of the prescribed procedure about the utilisation of grants with reference to the records maintained by the sanctioning authority brought out the following position:—

- (1) Out of 221 works for which grants were given to the Simla Corporation, during 1971-72 (172 works) and 1972-73 (49 works) only 89 works had been completed till November 1975 although all the works should have been completed in accordance with the following schedule:—

Works relating to	Total number of works	Amount of grant (Rupees in lakhs)	Stipulated date of completion	Works completed till November 1975
1971-72	.. 172	53.66	March 1974	71
1972-73	.. 49	20.71	March 1975	18

- (2) Actual expenditure incurred by the Corporation on 132 works stated to be pending (since 1971-72 onwards) was not known to the sanctioning authority. It was, therefore, not possible to verify whether a particular work (shown as pending) had been started at all and if so at what stage of construction it was. The Government stated (November 1975) that the information was being collected from the Corporation.
- (3) Electrification works for which grants aggregating Rs. 20.46 lakhs were sanctioned during 1971-72 and 1972-73 had not been completed (October 1975). The position of amount spent and the balance left with the Corporation was not known to the Government (November 1975).
- (4) Except in respect of water supply works with the Corporation "depreciation fund" had not been created (November 1975) by any local body for large-scale repairs to or replacements of the works.
- (5) Grants were sanctioned by the Government year after year even though virtually no work had been completed by the Corporation out of the grants given in the preceding year(s). Even in respect of completed works, utilisation certificates furnished by the local bodies had been admitted by the Government without exercising any independent check.
- (6) The expenditure incurred by the Corporation out of the grants given during 1971-72 to 1974-75 had not yet been checked by or on behalf of the sanctioning authority. The Government intimated (November 1975) that steps were being taken to get the expenditure audited by the Examiner, Local Fund Accounts.

- (7) Although according to the grant-in-aid rules the State Chief Engineer has the right of inspecting the works and of calling for the detailed accounts of the works kept by a local body this had not been done. The Government informed (November 1975) that the Chief Engineer, Himachal Pradesh Public Works Department, was being asked to conduct these checks.
- (8) Grants were normally to be given on percentage basis ranging from 25 to 50 per cent of the estimated cost of a work. But these were sanctioned as cent per cent subsidy in all the cases almost as a rule. The Government observed (November 1975) that the general financial position of local bodies was not sound and their income was meagre but that they were being asked to improve their resources.
- (9) Grants aggregating Rs. 1.05 lakhs were given to the Corporation, during 1971-72 to 1974-75 to enable it to pay the instalments of interest on loan(s) received by it.
- (10) The sanctioning authority could not furnish full information in respect of utilisation of grants given to the other bodies. A test check of the records of 10 municipal/notified area committees revealed that only 46 out of 92 works covered by grants between 1970-71 to 1972-73 were completed within the stipulated period; in respect of 6 of these (grant: Rs. 0.44 lakh) completion certificates were awaited. Thirteen works (grant: Rs. 1.97 lakhs) had not been started within the stipulated period of one year. In two cases, unspent balance of Rs. 0.06 lakh was not refunded to the Government.

In most cases of incomplete works the grantees approached the State Public Works Department a year or more after receipt of the grants for undertaking the works on deposit basis.

The Government stated (August 1975) that the works could not be completed due to following reasons:—

- (i) disputes about sites;
- (ii) delay in approval of designs; and
- (iii) non-availability of cement.

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION A—GENERAL

7.1 This Chapter deals with the results of audit of:—

- (i) Statutory Corporations;
- (ii) Government Companies; and
- (iii) Departmentally managed Government Commercial and *quasi*-Commercial Undertakings.

SECTION B—STATUTORY CORPORATIONS

7.2 There were three Statutory Corporations in the State on 31 March 1975, viz., Himachal Pradesh State Electricity Board, Himachal Pradesh Financial Corporation and Himachal Road Transport Corporation. The erstwhile Mandi-Kulu Road Transport Corporation and the Himachal Government Transport were merged in October 1974 and a new Corporation namely, Himachal Road Transport Corporation was formed.

A general analysis of the capital structure, working results, etc., of these Corporations is given as under, separately in respect of (i) Himachal Pradesh State Electricity Board and (ii) Other Statutory Corporations.

(i) HIMACHAL PRADESH STATE ELECTRICITY BOARD

7.3 Introductory

Himachal Pradesh State Electricity Board was constituted on 2 April 1971 in terms of Section 5 of the Electricity (Supply) Act, 1948. The State Government entrusted to the Board from 1 September 1971 functions of investigation, planning and execution of power projects, generation, transmission and distribution of electrical energy which heretofore were carried out by the Department of Multipurpose Projects and Power. All assets and liabilities relating to these functions were transferred to the Board from this date.

Upto March 1975, one medium hydel project at Bassi, (Mandi District) with installed capacity of 45 MW was in operation. In addition, there were nine micro-hydel power houses (4 MW) and eight diesel power houses (1.5 MW). Construction of a hydel project of 60 MW capacity at Girinagar (Sirmur District) has been in progress since December 1967. It is expected to be completed by December 1976.

II. Organisational set up—The Board is headed by a Chairman and has three whole time members and two part time official members, viz., the Secretary

Finance Department and the Director of Industries. A Management Committee was also constituted in July 1973 for day-to-day functioning.

III. Capital structure—The Board's capital as on 31 March 1975 was made up of loans aggregating Rs. 5,321.54 lakhs as indicated below:—

Source of loan—

	(Rupees in lakhs)
1. Loans from the State Government—	
(a) Initial loan under section 60(2) of the Act for assets taken over by the Board	.. 3,000.00
(b) Loans under section 64 of the Act	.. 1,131.88
2. Loans from public (issue of bonds under section 65 of the Act)	432.00
3. Loans from the Life Insurance Corporation of India (section 65 of the Act)	.. 178.00
4. Loans from the Rural Electrification Corporation of India Limited (section 65 of the Act)	.. 579.66
Total	.. <u>5,321.54</u>

Government has guaranteed repayment of loans by the Board to the extent of Rs. 1,194.66 lakhs out of which the amount guaranteed and outstanding as on 31 March 1975 was Rs. 1,011.66 lakhs.

The Board also received Rs. 10.00 lakhs as grants-in-aid for running its day-to-day business on its formation, Rs. 0.95 lakh as subsidy during 1974-75, amounts totalling Rs. 0.74 lakh for research schemes during 1972-73 to 1974-75 and Rs. 2.25 lakhs in 1973-74 for creation of employment opportunities under "Half a Million Jobs Programme" of the Government of India.

IV. Government loans

(a) *Transfer of assets under Section 60(2)*—In March 1972, a loan of Rs. 3,000.00 lakhs was sanctioned by Government as detailed below, being the provisional value of the assets transferred to the Board on 1 September 1971:—

Particulars of loan	Amount	Annual rate of interest
	(Rupees in lakhs)	
For generation schemes	.. 1,600.00	6 per cent
For rural electrification schemes	.. 1,400.00	5 per cent

Final amount of the loan has not been determined (November 1975), as complete details of the assets transferred have not been finalised.

(b) *Other loans by Government*—(i) Loans aggregating Rs. 1,131.88 lakhs were sanctioned by Government upto 31 March 1975 in terms of Section 64 of the Act including Rs. 327.51 lakhs, representing financial assistance by the Government of India for centrally sponsored schemes.

The instalments of principal (Rs. 53.40 lakhs) due on 31 March 1975 have not been repaid upto November 1975. The interest due together with the penal interest, on the loans worked out to Rs. 60.04 lakhs (interest: Rs. 53.79 lakhs, penal interest: Rs. 6.25 lakhs) upto 31 March 1975.

(ii) Section 67 of the Electricity (Supply) Act lays down the priorities of liabilities of the Board, to be paid or provided for out of surplus available with the Board after meeting the operating, maintenance and management expenses. The amount of interest on Government loans, not provided for owing to inadequacy of surplus is shown as 'contingent liability' in the Balance Sheet.

Although the Board had no surplus to provide for payment of interest, the Government deducted Rs. 50 lakhs towards interest on loans from Government out of another loan of Rs. 90 lakhs sanctioned during March 1972. Likewise interest amounting to Rs. 50 lakhs was paid during 1974-75 in respect of Government loans though there was no surplus under Section 67 of the Act.

(iii) In March 1974, the State Government placed at the disposal of the Board Rs. 2.25 lakhs (to be utilised within six months from the date of the receipt) under "Half a Million Jobs Programme" sponsored by the Government of India. In pursuance of the scheme, the Board decided to create 288 posts of apprentices (junior engineers, overseers, etc.) for five months and stipends ranging from Rs. 100 to Rs. 400 per month were payable out of the grant. Out of it, Rs. 0.85 lakh were spent upto 31 March 1975. Records showing the posts actually operated against the sanctioned posts were not available in the Board's office. The balance amount has not been refunded (January 1976).

V. Issue of bonds—During 1972-73 to 1974-75, three series of bonds were issued for Rs. 432 lakhs carrying interest at 6 per cent. The prospectus provided that the bonds would be redeemed either out of the Depreciation Reserve Fund or Bonds Redemption Fund, as decided by the Government. The question about the redemption of bonds either from the Bonds Redemption Fund or Depreciation Reserve Fund has not been decided (January 1976) and no provision on this account has been made in the accounts.

VI. Development of energy

Energy potential—Preliminary hydrological, topographical and geological investigations conducted from time to time indicated that the five major river systems in the State could generate 11,478 MW of power. The table below indicates the hydel

potential exploited so far (January 1976) :—

Name of basin	Total hydel potential (MW)	Hydel potential being exploited by other agencies (MW)	Hydel potential exploited by Himachal Pradesh (MW)	Potential available for exploitation (MW)	Remarks
Yamuna	1,180	980	60	140	<i>By other agencies</i>
Sutlej ..	5,050	1,050	—	4,000	1. Shanan Power House (Beas) 48 MW
Beas ..	3,148	948	45	2,155	2. Bhakra dam (Sutlej) 1,050 MW
Ravi ..	1,050	201	—	849	3. Beas Project (Beas)
Chenab ..	1,050	—	—	1,050	(i) Beas Sutlej Link Project (Unit I) 660 MW (ii) Pong dam (Unit II) 240 MW
					4. Baira Siul Project (Ravi) 201 MW
					5. Yamuna hydel scheme (Yamuna) 980 MW
Total ..	11,478	3,179	105	8,194	

VII. Sharing of benefits of hydel projects—(i) The Bassi Hydel Project, where potential of 45 MW was to be utilised, was transferred to Himachal Pradesh in May 1967, as a result of reorganisation of the composite Punjab State Electricity Board, when over 50 per cent of the construction work had been completed.

(ii) The State Government has been assured benefit to the extent of 1.5 per cent of the total capital investment on the Baira Siul Project plus 10 per cent of the power to be generated from this project at production cost. An agreement has, however, not been finalised (January 1976).

(iii) According to an agreement entered into in November 1972 between the Governments of Himachal Pradesh and Uttar Pradesh, Himachal Pradesh was to be given a share of 25 per cent of the total energy generated at the power stations of Yamuna Hydel Schemes. As Himachal Pradesh was not in a position to utilise its share of power because of lack of transmission system, it was decided to make this power available to Uttar Pradesh initially upto March 1979. Accordingly, Uttar Pradesh was to pay Rs. 15 lakhs per year to Himachal Pradesh for the anticipated availability

of 100 MKwh of power at 1.5 paise per unit. In case, however, the actual quantum of energy made available to Uttar Pradesh fell short of or exceeded 100 MKwh, the actual amount to be paid was to be reduced or increased *pro rata*, as the case might be.

In this connection the following points may be mentioned:—

- (a) No record indicating the basis on which the rate of 1.5 paise per unit was fixed, was available.
- (b) In the accounts of the Board for 1971-72, 1972-73 and 1973-74 credit was taken for Rs. 1.81 lakhs, Rs. 15.00 lakhs and Rs. 15.00 lakhs respectively. However, the actual share of generation of Himachal Pradesh during February 1972 to 1973-74 was stated to be 227.219 MKwh the cost of which worked out to Rs. 34.08 lakhs.
- (c) In May 1973, Government decided that the amount received from Uttar Pradesh should form part of the Government revenues. The Board, however, took credit for Rs. 16.81 lakhs on account of the share receivable from Uttar Pradesh during 1971-72 and 1972-73. The receipt of Rs. 15.00 lakhs during 1973-74 was, however, treated as loan by Government (January 1974).
- (iv) In September 1974, the Board took up the question of sharing of benefits in respect of the Bhakra Complex, Beas Sutlej Link Project, Pong Dam and Shanan Power House with the Government of India under Section 65 of the Punjab Reorganisation Act, 1966, on the basis that these projects as well as their catchment areas were within the Himachal territory. Final decision in this matter is awaited (January 1976).

VIII. Investigation of projects—The work relating to preliminary and final investigations, planning, designing and preparation of project reports is done by a Planning and Designs Circle and four investigation circles under the Chief Engineer (Projects).

Appendix IV indicates the time schedule laid down (July 1972) for (i) the completion of investigations (ii) preparation of project reports (iii) construction of projects and also the progress made thereagainst (November 1975).

IX. Generation and sale of power—The generation of energy in the State rose from 137.63 MKwh in 1971-72 to 169.37 MKwh in 1974-75. In addition, the Board has been purchasing energy from other States to augment its power availability position. At the same time owing to non-availability of power transmission system, most of the energy generated at 'Bassi Hydel Project' is being sold to the Punjab State Electricity Board.

The table given below indicates the installed capacity of the Board for generation of power, power generated, power available for sale, power sold, loss in transmission and distribution for four years ending 1974-75:—

	1971-72	1972-73	1973-74	1974-75
	(In MKwh)			
Installed capacity				
Hydro ..	413.65	413.65	413.65	437.74
Diesel ..	12.72	12.72	12.72	22.01
Power generated				
Hydro ..	137.61	162.56	161.87	169.18
Diesel ..	0.02	0.07	0.03	0.18
Percentage of power generated to installed capacity				
Hydro ..	33.2	39.3	39.2	38.6
Diesel ..	0.0015	0.0055	0.0023	0.82
Power purchased from other States ..	166.32	192.79	201.40	191.84
Power sold to other States ..	131.70	151.58	114.45	94.68
Power available for sale within the State ..	172.25	203.84	248.85	266.52
Units sold within the State (including auxiliaries) ..	139.58	166.42	196.22	210.01
Loss in transmission and distribution ..	32.67	37.42	52.63	56.51
Percentage of transmission losses to power available ..	18.97	18.36	21.15	21.20
Percentage of power sold to other States to generation ..	95.7	93.2	70.7	55.9
Average cost of energy sold (in paise per unit) ..	—	17.82	21.14	26.09
Average revenue earned (in paise per unit) ..	Not available.	10.76	10.98	16.28

X. Power purchased from other States—(i) The table below indicates the energy purchased, energy generated, percentage of purchases to generation,

energy consumed within the State and percentage of purchases to energy consumed during 1971-72 to 1974-75:—

Year	Power purchased MKwh	Cost (Rupees in lakhs)	Genera- tion MKwh	Percentage of purchases to generation	Power consumed within the State (excluding auxiliary consump- tion) MKwh	Percentage of purchase to energy consumed
1971-72	.. 166.32	@	137.63	120.8	137.87	120.6
1972-73	.. 192.79	96.23	162.63	118.5	165.99	116.1
1973-74	.. 201.40	105.26	161.90	124.4	195.93	102.8
1974-75	.. 191.84	120.53	169.36	113.2	209.24	91.6

@.Note.—The cost of energy purchased during the period September 1971 to March 1972 amounted to Rs. 48.73 lakhs.

(ii) With the re-organisation of the Punjab State Electricity Board, it was proposed that the power available from the Bhakra Complex may be allocated in the following ratio:—

State/territory	Allocation (per cent)
Punjab	.. 54.5
Haryana	.. 39.5
Chandigarh	.. 3.5
Himachal	.. 2.5

The power received by Himachal Pradesh was to be charged at rates applicable to other partners upto 2.5 per cent of the electricity generated at the Bhakra Complex and the remaining supply was chargeable at rates applicable to the common pool consumers of Bhakra Management Board. However, the share of power received from the Bhakra Management Board is being billed at the grid tariff, whereas the payments by the Board are being made, for the entire supply at the rate applicable to the common pool consumers.

The amount payable to the Bhakra Management Board based on 2.5 per cent share of Himachal Pradesh has not been worked out (January 1976).

(iii) Supply of power from the Bhakra Complex is made against monthly allocations and penal rate of 13.63 paise per unit is charged for the energy drawn over and above the allocation from 1 October 1973. The basis of such monthly allocations

are not being ascertained to ensure that such allocations have been according to the percentage share of the State. No records prior to October 1973 showing the allocations made and supplies received thereagainst had been maintained. During October to December 1973, supply of power was over-drawn by the Board to the extent of 87.61 lakhs Kwh for which the Bhakra Management Board billed Rs. 11.94 lakhs.

XI. Transmission and distribution—The Board has not framed any programme for construction of transmission lines. The schemes undertaken before the formation of the Board are being continued. The schemes under execution also include construction of two inter-State transmission lines of 132 KV each financed out of loans from the Government of India to the State Government. No progress report of the construction of transmission lines has been prepared and placed before the Board for review. A transmission committee consisting of four Superintending Engineers was constituted in February 1974 for preparation of a programme for construction of transmission lines to meet the power requirements of the State for the next 25 years. The committee was required to submit its report by May 1974. The report is awaited (January 1976).

The work of constructing transmission lines upto 33 KV was the responsibility of the respective divisions. For lines of 66 KV and above two divisions viz. Transmission Construction Division, Kangra, and Grid Sub-Stations Construction Division, Bilaspur, were created in April 1970 and October 1971 respectively under the Transmission Construction Circle, Palampur. Certain works relating to 33 KV transmission lines were also being undertaken by the Construction Circle.

In paragraph 53(vi) of the Report of the Comptroller and Auditor General for the year 1973-74, mention was made about construction of 132 KV transmission line from Bassi to Hamirpur. The progress of other schemes for transmission and distribution is mentioned below:—

(i) *132 KV single circuit transmission line from Kangra to Siul*—The scheme, including construction of a sub-station at Kangra estimated to cost Rs. 128.39 lakhs, was prepared in January 1970. The line was to be used initially for transmission of power for the Baira Siul Project and on its completion, for evacuating 20 MW capacity stated to have been allocated to Himachal Pradesh as its share out of power to be generated in that project. This scheme was not sanctioned. A revised scheme estimated to cost Rs. 98.99 lakhs was prepared in March 1973. This was also not accepted by the Central Water and Power Commission because the Punjab State Electricity Board had agreed to give 132 KV tap to Himachal Pradesh State Electricity Board at Kangra for the erection of a new 132/33/11 KV sub-station to feed Kangra tehsil. As the Punjab grid was over-loaded and since demand of areas of Nurpur tehsil and Chamba District was increasing, an alternative scheme of 132 KV transmission line from Siul to Jassore estimated to cost Rs. 205.31 lakhs was prepared in April 1975 and sent to the Central Electricity Authority in June 1975. Its approval is awaited (January 1976).

(ii) *132 KV transmission line from Dehar Power House to Simla*—To cope with the load of Simla and Solan areas and also to utilise the share of power which would be available to Himachal Pradesh from Dehar Power House, a scheme for construction of 56 KMS of 132 KV transmission line from Slapper to Solan was prepared in

July 1973. The work was to be taken up and completed by the end of the Fourth Plan period so as to synchronize with commissioning of the Dehar Power House. A schedule of construction with this object in view had not, however, been prescribed. The Superintending Engineer stated (January 1975) that the construction schedule of the line depended upon availability of material and that towers were being purchased. It was stated (December 1975) that survey for the line, except for the snow bound portion, had been completed and that the setting work of stubs started. It was also stated that A.C.S.R. conductor (43 KM), insulators (2400 Nos.) and cement (150 tonnes) had been procured. Against the estimated cost of Rs. 98.06 lakhs, expenditure of Rs. 59.73 lakhs (excluding establishment charges) had been incurred upto September 1975.

(iii) *Construction of 132 KV sub-station at Kangra, 66 KV sub-station at Parwanoo and augmentation of 66 KV sub-station at Solan*—To meet the increased load demand of Kangra, Nurpur, Palampur and Solan tehsils, and also the demands of industrial units including a cold storage at Parwanoo, a scheme for construction of sub-stations at Kangra and Parwanoo was prepared in March 1971. The works were to be completed during the Fourth Plan period.

The progress report for October 1975 indicated that construction of sub-station building and outdoor structures at Kangra and Parwanoo had been taken up. Transformers and other allied equipment for these sub-stations had also been obtained. The work regarding augmentation of 66 KV sub-station at Solan had not been taken up so far (January 1976).

The work at Kangra/Parwanoo could not be started as the land where the sub-stations were to be constructed was not released by the Punjab State Electricity Board upto May 1975.

Against the estimates for Rs. 47.33 lakhs, expenditure of Rs. 25.74 lakhs (excluding establishment charges) had been incurred upto September 1975.

XII. Schemes not taken up—Though budget provision for the following schemes had been made from time to time, these had not been taken up for execution (January 1976).

Particulars of the line	Estimated cost (Rupees in lakhs)
66 KV line from Simla to Kumarsain ..	99.00
33 KV transmission system from Bassi to Naswal, Sub-Station at Sarkaghat and Ladror ..	33.73
33 KV and 66 KV lines from Pong to Jawali and Kandrori	The Scheme was stated to be under preparation.
33 KV lines in Kangra, Hamirpur and Una ..	24.467
66 KV line from Girinagar to Solan ..	892.40

XIII. Cost of generation—The Board compiles overall cost of generation, transmission and distribution based on financial data. The Board has not yet adopted any system for ascertaining (i) the cost of generation at each of the generating stations and (ii) the cost of supply at the terminals of different voltages *i.e.*

132 KV, 33 KV, etc., and low tension. The Board has also not fixed standard costs for generation and for the different stages of transmission and distribution.

XIV. Tariff policy and consumer analysis

(i) *Tariff policy*—Sections 46 and 49 of the Electricity (Supply) Act, 1948, empower the Board to adjust its tariff rates for supply of power to various categories of consumers. The Power Tariff Policy (Venktaraman) Committee had observed in October 1964 that while the State Electricity Boards would have necessarily to aim at increased revenue by suitably revising their tariff rates these should generally be fixed on the principle of what the tariff could bear. The Committee also considered that as a general rule the Electricity Boards should supply energy only on rates which would provide at least for operation and maintenance costs (including depreciation and interest).

The schedule of electricity tariff was enforced in 1967 by the erstwhile Department of Multipurpose Projects and Power. In April 1972, the Board decided to revise the existing tariff with effect from July 1972 in view of the losses arising from higher costs of materials, labour, etc. The matter was referred to the Government in May 1972. It was estimated that as a result of this revision the Board's revenue would increase to Rs. 514 lakhs per year.

The proposal for revision of tariff was reviewed in February and March 1973 and the proposed rate for sale of power for industrial purposes was reduced. It was then estimated that total revenue would be of the order of Rs. 386.69 lakhs (as against Rs. 344.41 lakhs with the existing tariff) which would leave a gap of Rs. 150.78 lakhs. The new tariff was enforced from March 1974.

(ii) *Consumer analysis*—(a) The table below shows the growth in consumption of energy by the various classes of consumers as compiled by the Board:—

Year	Domestic	Com- mercial	Indus- trial	Public lighting	Agricul- tural	Bulk and grid sale	Total
1971-72							
Number of consumers ..	1,50,934	25,697	2,215	134	609	27	1,79,616
Units sold (Lakh kwh) ..	196.04	115.62	160.04	10.18	30.17	866.69	1,378.74
Percentage to total units sold ..	14.3	8.5	11.9	0.8	2.2	62.3	100
1972-73							
Number of consumers at the end of the year ..	1,79,747	28,600	2,510	143	786	17	2,11,803
Percentage increase during the year ..	19.1	11.3	13.3	6.7	29.1	(-)37	17.9
Units sold (Lakh kwh) ..	232.62	140.64	229.00	11.23	13.81	1,032.65	1,659.95
Percentage to total units sold ..	14.0	8.5	13.8	0.7	0.8	62.2	100
1973-74							
Number of consumers at the end of the year ..	2,02,523	31,330	2,846	135	1,032	20	2,37,886
Percentage increase during the year ..	12.7	9.6	13.4	(-)5.6	31.3	17.7	12.3
Units sold (Lakh kwh) ..	288.90	157.29	278.46	12.32	13.99	1,208.43	1,959.39
Percentage to total units sold ..	14.8	8.0	14.2	0.6	0.7	61.7	100
1974-75							
Number of consumers at the end of the year ..	2,42,713	33,663	3,261	140	1,202	27	2,81,006
Percentage increase during the year ..	19.8	7.4	14.6	3.7	16.5	35.0	97.0
Units sold (Lakh kwh) ..	34,066	20,123	48,102	1,370	2,079	103,500	209,240
Percentage to total units sold ..	16.3	9.6	23.1	0.6	1.0	49.4	100

(b) Per capita consumption of power was 39, 46 and 53 Kwh during 1971-72, 1972-73 and 1973-74 respectively.

(iii) The position of outstanding dues in respect of sales of energy to the various categories of consumers at the end of four years upto 1974-75 was as under:—

	As on 31 March			
	1972	1973	1974	1975
	(Rupees in lakhs)			
(a) Consumers in the State ..	15.11	22.67	33.90	27.39
(b) Consumers outside the State—				
(i) Punjab State Electricity Board ..	82.56	8.78	5.63	87.20
(ii) U.P. State Electricity Board ..	1.81	1.81	1.81	1.81

(i) Year-wise break up of the outstanding dues as at the end of each year was not available. No provision was made in the accounts towards bad and doubtful debts.

(ii) Confirmation of debtors as on 31 March 1975 had not been obtained.

XV. Manpower analysis—The table given below indicates the gross revenue and expenditure per employee for the three years from 1972-73 to 1974-75:—

Year	Gross revenue	Total operating expenses (including cost of energy purchased, depreciation and interest both provided and unprovided for)	Staff		Total	Gross revenue per employee	Gross expenditure per employee
			Gazetted	Non-Gazetted			
	(Rupees in lakhs)		(In numbers)			(Rupees)	
1972-73 ..	342.17	566.07	297	7,046	7,343	4,659	7,709
1973-74 ..	341.02	656.37	373	8,514	8,887	3,837	7,386
1974-75 ..	495.05	793.17	413	9,101	9,514	5,203	8,336

The Board had 12 circles and 47 divisions as on 31 March 1975. In August 1972, the Board fixed the following norms of work-load for civil and electrical divisions:—

- (a) Rs. 35 to 40 lakhs for a civil division.
 (b) Rs. 25 to 30 lakhs for an electrical division.

The work load in certain divisions as mentioned below was much below the norms prescribed in August 1972:—

Name of the division	Date of creation	Value of work done	
		1973-74	1974-75
(Rupees in lakhs)			
Keylong (Electrical)	.. June 1973		
(i) Works	..	2.52	8.23
(ii) Consumers	..	0.97	4.55
	Total	3.49	12.78
Civil Construction, Kandaghat	.. July 1973	4.97	6.09
Civil Construction, Simla	.. April 1973	2.53	2.50
Transmission and Construction Division, Kangra	.. April 1972	16.10	30.28

Civil Construction Division, Simla, was created in April 1973 for constructing the Board's buildings at Simla. This division had not undertaken any major construction work while its establishment expenditure was Rs. 1.35 lakhs and Rs. 3.29 lakhs during 1973-74 and 1974-75 respectively.

XVI. Working results and profitability

Working results—The revenue realised by the Board since its inception upto March 1975, the operation and maintenance charges, appropriations and the net deficit are given in the table below:—

		(Rupees in lakhs)	
(i) Revenue—			
(a) by sale of power	..	1,222.90	
(b) other operating income	..	118.29	
(c) subvention from Government	..	10.00	
	Total	1,351.19	
(ii) Operation and maintenance expenses		..	990.07
(iii) Cost of power purchased		..	370.75
	Total expenses	..	1,360.82

(iv) Deficit	..	9.63
(v) Interest on loans guaranteed under Section 66 of the Act	..	83.69
Interest on loans from Government	..	100.00
Net deficit (iv) + (v)	..	193.32

Undischarged interest on Government loans and depreciation upto the end of 1974-75 amounted to Rs. 761.31 lakhs (interest: Rs. 597.63 lakhs and depreciation: Rs. 163.68 lakhs), the amount being shown as contingent liability in the Board's Balance Sheet as on 31 March 1975.

The following table indicates the working results of the Board under broad heads for the three years ending 1974-75:—

		1972-73	1973-74	1974-75*
(Rupees in lakhs)				
A. Revenue—				
(i) Sale of power	..	306.41	303.07	455.20
(ii) Miscellaneous income	..	35.76	37.95	39.85
Total (A)	..	342.17	341.02	495.05
B. Expenses—				
(i) Operation and maintenance including cost of power	..	313.73	360.65	450.99
(ii) Depreciation provided in the accounts	..	28.44	—	44.06
Total (B)	..	342.17	360.65	495.05
C. Subvention from Government	..	—	—	—
D. Deficit(—)/Surplus(+)	..	—	(—)19.63	—
E. Appropriations/interest payments—				
(i) Interest on bonds	..	3.42	12.13	21.16
(ii) Interest on loans from Life Insurance Corporation of India	..	0.06	4.60	10.18
(iii) Interest on loans from Rural Electrification Corporation Limited	..	4.39	9.34	17.82
(iv) Interest on loans from Government	..	—	—	50.00
Total (E)	..	7.87	26.07	99.16
F. Contingent liabilities—				
(i) Depreciation not provided for in the accounts	..	32.43	71.77	31.18
(ii) Interest on Government loans not provided for	..	183.60	197.88	167.78
Total (F)	..	216.03	269.65	198.96

*Subject to audit.

Financial position at the end of each of the three years upto 1974-75 was as follows:—

	1972-73	1973-74	1974-75
	(Rupees in lakhs)		
A. Liabilities—			
Loan from Government ..	3,506.58	3,787.72	4,131.88
Long-term borrowing ..	347.76	701.64	1,189.66
Reserve and Surplus (excluding consumers contribution for service lines) ..	2.39	2.34	20.61
Grants-in-aid unspent ..	0.39	2.51	3.09
Current Liabilities—			
(a) Employees Provident Fund and Pension Reserve and Benevolent Fund ..	52.56	73.25	93.73
(b) Other liabilities ..	1,207.97	1,274.17	1,524.07
Total liabilities ..	5,117.65	5,841.63	6,963.04
B. Assets—			
Gross fixed assets ..	2,725.06	2,856.35	2,859.57
Less consumers contribution for service lines ..	1.55	2.99	4.86
Less depreciation ..	174.38	174.38	218.44
Net fixed assets ..	2,549.13	2,678.98	2,636.27
Intangible assets ..	2.75	8.95	15.65
Works-in-progress ..	1,145.73	1,791.49	2,717.38
Current assets—			
Stores ..	528.93	457.68	584.11
Sundry debtors for energy supplied ..	33.26	41.34	116.41
Other receivables ..	311.05	514.64	577.23
Investment including fixed deposits ..	257.76	214.74	46.58
Deferred revenue ..	0.05	1.87	4.08
Cash and bank balances ..	88.91	37.45	24.99
Pre-Board settlement account ..	151.62	0.33	47.02
Total current assets ..	1,371.58	1,268.05	1,400.42
Net deficit accumulated ..	48.46	94.16	193.32
Total assets ..	5,117.65	5,841.63	6,963.04
C. Other particulars—			
Working capital ..	111.05	(—)79.37	(—)217.38
Net worth ..	3,805.52	4,388.59	5,133.18

XVII. Inventory control

Purchases

(i) *Organisation*—There is a central purchase organisation functioning under a Superintending Engineer since March 1972. In October 1973, the Board decided to constitute a central stores purchase committee which started functioning from January 1974. The Chief Purchase Officer acts as *ex-officio* Secretary-Member of the committee. The field Superintending Engineers, Divisional Engineers and Superintending Engineer, Planning and Design (Electrical) have been delegated powers for purchase of stores upto certain limits.

(ii) *Procedure*—According to the Board's rules the field officers are required to send indents for half-yearly requirements of stores to the central purchase organisation by 15 May and 15 November each year covering probable requirements for six months ending March and September respectively. In addition, supplementary indents, urgent indents for unforeseen demands and emergent indents covering demands for special materials are required to be sent by the field offices.

It was observed that half-yearly indents were not received regularly from the field offices and the purchases were arranged by the central purchase organisation for specific items of stores as and when such demand was received. The Management stated (November 1974) that the decision in respect of half-yearly indents was taken in February 1974 and that the procedure could not be followed because of shortage of staff.

(iii) Purchases

(a) *Purchase of transformers*—Tenders for supply of distribution transformers were invited in August 1972. According to the terms and conditions of the notice inviting tenders, firm prices were to be quoted. Supply orders for total value of Rs. 23.20 lakhs were placed (June 1973) on three firms viz., "A" (Rs. 16.59 lakhs), "B" (Rs. 5.24 lakhs) and "C" (Rs. 1.37 lakhs) for 168, 141 and 9 transformers respectively. In case of firms "A" and "B", delivery of 25 per cent of each item on order was to commence within two months from the date of issue of the purchase order and was to be made at the rate of 20 pieces per month. The remaining 75 per cent of the supply was to commence only after satisfactory report from the Chief Purchase Officer at the rate of 20 pieces per month. For failure to abide by these terms, liquidated damages at the rate of $\frac{1}{2}$ per cent of the value of unexecuted order for work or part thereof, subject to a maximum of 5 per cent of the total cost of undelivered goods were to be recovered. In the case of firm "C", delivery was to commence within two months from the date of supply order and was to be completed within one month thereafter, failing which liquidated damages were to be levied on the same basis as in the case of firms "A" and "B".

The price clause in the purchase order did not include any stipulation about increase in price consequent on increase in the price of raw materials or components on account of statutory changes in the rates of exchange, import and excise duty, sales tax, etc. Firm "A", however, intimated in July 1973 that owing to substantial

changes in the prices of copper and lamination, the final prices of transformers would be computed on the basis of prices of these materials prevailing at the time of delivery. The Board revised the price clause in October 1973 to provide for increase in the prices of the transformers due to increase in the prices of raw materials or components on account of statutory changes during the period of contract. The firm confirmed this in October 1973 but did not supply the transformers. It again pleaded in June 1974 for price increase on the basis of formula for price fixation applicable to manufacturers of transformers in the country. It was then agreed that if any decision to revise the prices was taken by the Government of India or other Electricity Boards, to whom the firm had also represented, it would be made applicable to the order placed on the firm, after it was ratified by the Board.

The matter was discussed by the representatives of the firm in January 1975, and it was decided in March 1975 to increase the cost of the main transformers i.e. excluding spares from Rs. 14.07 lakhs to Rs. 21.26 lakhs. The delivery period was amended to commence from 25 June 1975 with the stipulation that 20 transformers would be supplied each month. The supply was to be completed by 24 January 1976.

The transformers have not been supplied by the firm in accordance with the agreed schedule of delivery. No action has been taken by the Board (December 1975).

Firm "B" did not also supply any transformer for one reason or the other the main reason being increase in the prices. In July 1974, it was decided to take legal action. A legal notice informing the firm about the Board's intention to make purchases at its risk and cost and forfeiture of its security was served in November 1974, to which no reply has been received nor any final action has been taken (November 1975).

Firm "C" too did not supply the transformers. An agreement form was sent to the firm in October 1973. The firm requested in November 1973 to allow it to supply the transformers in aluminium winding as the use of copper had been controlled by the Minerals and Metals Trading Corporation of India Limited. The Board did not agree to this. The firm informed in February 1974 that owing to a lock out in its factory, it would take some time to deliver the transformers. The firm did not, however, supply transformers and asked for the price escalation. The firm did not produce any evidence to show if any other Electricity Board had allowed such increase in prices. The matter was discussed between the firm's representatives and the Board's officials in November 1975.

No action has been taken against the firm (November 1975) either to make purchases at its risk and cost or to recover liquidated damages.

Since no supplies were received from the three firms, quotations were again called and orders for total value of Rs. 12.07 lakhs were placed (August 1974) on three other firms viz., "D" (Rs. 8.30 lakhs), "E" (Rs. 3.25 lakhs) and "F" (Rs. 0.52 lakh).

The Chief Purchase Officer stated (January 1975) that action against the firms would be taken on the basis of the advice of the Board's Legal Adviser.

(b) *Procurement of A.C. high voltage testing set*—An indent for procurement of A.C. high voltage testing set was placed on Director General, Supplies and Disposals in March 1970. Against his enquiry only two quotations, (the offer being valid upto 31 October 1971 and later extended upto 10 January 1972), one for indigenous set (Rs. 1.40 lakhs) and the other for imported set (Rs. 0.97 lakh) were received. These were forwarded to the Board on 10 September 1971 for comments within ten days from the issue of the letter and also arranging for foreign exchange and Director General, Technical Development's clearance from indigenous angle in case it was decided to procure the imported set. The Board's Chief Engineer decided (19 November 1971) to try the imported set. Accordingly, the Central Water and Power Commission was requested (27 November 1971) for obtaining clearance of Director General, Technical Development for import of one set. While intimating (28 December 1971) about the clearance of import from indigenous angle by the Director General, Technical Development, the Director General, Supplies and Disposals asked for confirmation of availability of foreign exchange by 3 January 1972. The foreign exchange clearance for Rs. 1.06 lakhs was conveyed by the Government of India on 7 January 1972. Since the order could not be placed on the firm within the validity period, viz., 10 January 1972, the indent was cross-mandated to India Supply Mission, London, on 25 July 1972.

The India Supply Mission invited tenders in October 1972. Order was placed on the lowest tenderer for Rs. 2.67 lakhs in April 1973, after foreign exchange worth Rs. 2.94 lakhs was sanctioned in March 1973.

The purchase of A.C. high voltage testing set through the India Supply Mission, London, caused by delay in finalisation of tenders in the first instance resulted in extra expenditure of Rs. 1.70 lakhs.

The Management stated (January 1975) that Director General, Technical Development's clearance and release of foreign exchange takes about 5 to 6 months but that in this case these formalities were completed in much less time and before the validity of the offer expired. It was added that had the Director General, Supplies and Disposals acted with alacrity the offer of the firm could have been accepted on the same day telegraphically. It was also held that the equipment purchased was technically superior to that originally intended to be purchased.

(c) *Defective transformers*—Out of 15 transformers of 100 KVA and 10 transformers of 50 KVA received against orders placed in May 1971 and October 1971, nine (value: Rs. 0.74 lakh) and three (value: Rs. 0.22 lakh) respectively were received in damaged condition. The supplying firm was requested in August 1971, and March and June 1973 to rectify the defects in accordance with the terms and conditions of the order. However, on a reference from the Director General, Supplies and Disposals in January 1972, the consignee (Sub-Divisional Officer, Solan) intimated in March 1972 that all the transformers of 100 KVA had been received in good condition. As regards 50 KVA transformers, the Director General, Supplies and Disposals asked the firm in March 1974, to rectify the defects. The consignee reported

in June 1974, that the firm's representative deputed in April 1974 could not set right the defects. The consignee further reported that the 100 KVA transformers received against the order placed in May 1971 had also not been repaired. The Chief Purchase Officer, however, stated (December 1974) that the consignee had released the inspection notes after deducting Rs. 2,809 for shortage/breakages in transformers and no claim was due against the firm.

The defective transformers valuing Rs. 0.96 lakh have been lying idle since receipt.

(d) *Purchase of meters*—A supply order for purchase of 40,000 (10 ampere) meters at Rs. 32.50 each and 6,000 (20 ampere) meters at Rs. 34 each was placed on a firm "A", in November 1973. The supply was to be completed by June 1974 (7,000 meters per month from December 1973). The firm had accepted the supply order but did not supply the meters.

Tenders were re-invited in February 1974, and orders were placed with three different firms, in April 1974, for supply of 10 ampere and 20 ampere meters at Rs. 44 per meter against which supply of 40,468 meters (10 ampere) and 5,000 meters (20 ampere) was completed in December 1974.

Purchase of meters from the latter firms resulted in extra expenditure of Rs. 5.10 lakhs as compared with the rates of the earlier firm. No action was taken against firm 'A' for failure to execute the supply order (December 1975).

Stores

(i) *Organisation*—The stores organisation comprises a central store, divisional stores and sub-divisional stores under the control of the Superintending Engineers, Divisional Engineers and Sub-Divisional Engineers respectively. Materials purchased are received directly in the Central stores to meet the requirements of each circle. The Divisional/Sub-Divisional Engineers draw supplies from the Central/Divisional stores according to their needs and stock them in the divisional/sub-divisional stores for ultimate use on works. There is no organisation at the headquarters level in overall charge of the entire stores.

(ii) *Value of stores*—The opening balance, purchases, utilisation and closing balance of stores for the three years upto 1974-75 were as follows:—

	1972-73	1973-74	1974-75
	(Rupees in lakhs)		
(i) Stores for specific projects—			
(a) Opening stock	.. 177.23	139.71	110.32
(b) Purchases	.. 474.78	610.56	896.34
(c) Stores drawn	.. 512.30	639.95	764.39
(d) Closing stock	.. 139.71	110.32	242.27
(e) Average drawal per month	.. 42.69	53.33	63.70

(ii) Other operational stores (including stores required for capital works)—

(a) Opening stock	..	384.86	389.22	347.35
(b) Purchases	..	135.76	41.10	98.08
(c) Stores drawn	..	131.40	82.97	103.66
(d) Closing stock	..	389.22	347.35	341.77
(e) Average drawal per month	..	10.95	6.91	8.64

(iii) *Surplus, unserviceable and obsolete stores*—In June 1973, the Board constituted two committees to determine the extent of surplus, obsolete and unserviceable stores in the various divisions for disposal.

The procedure for the disposal of surplus, unserviceable and obsolete stores prescribed in December 1973, provided that the divisions concerned should circulate lists of surplus stores to other divisions with a time limit of two months to lift the stores required by them. Two more months were prescribed for final disposal of surplus stores after inviting open tenders. Two committees constituted by the Board in June 1973 submitted reports in respect of the following six divisions out of the total of 41 divisions, upto October 1974:—

Name of the Division	Date of submission of report	Surplus	Unserviceable	Obsolete	Total
		(Rupees in lakhs)			
Kulu (Electrical)	.. October 1973	—	0.70	—	0.70
Sundernagar (Electrical)	.. -do-	0.78	0.82	—	1.60
Bassi Power House Construction Jogindernagar	.. November 1973	—	0.22	—	0.22
	January 1974	12.99	19.18	—	32.17
Solan (Electrical)	.. August 1973	12.31	0.37	0.58	13.26
Inspection and Control Joginder- Nagar	.. February 1974	—	1.13	—	1.13
Nahan (Electrical)	.. April 1974	4.40	0.61	0.20	5.21
	Total ..	30.48	23.03	0.78	54.29

In addition, the following divisions circulated lists of surplus stores to other

divisions of the Board:—

Name of Division	Month	Value of surplus stores (Rupees in lakhs)
Bilaspur (Electrical)	.. February	
Nurpur	.. February 1974	19.54
Dehra	.. March 1974	5.48
Simla	.. March 1974	0.12
Palampur	.. June 1974	75
Una	.. August 1974	0.26
Uhl Inspection and Control	.. July 1974	1.18
Jubbal (Electrical)	.. August 1974	1.63
Hamirpur	.. July 1974	2.87
Dharamsala	.. July 1974	12.28
Rajgarh	.. March 1974	0.18
Mandi	.. May 1974	1.62
	Total	64.26

Action for disposal of the surplus stores mentioned above and to determine the extent of surplus stores in other divisions of the Board has not been taken (November 1975). In July 1974, the Board decided that the serviceable material declared surplus might be required in other divisions in the next two to three years and it would be worthwhile to retain such material because its purchase in future would involve higher cost.

(iv) *Deficiencies in maintenance of stores records*—The following deficiencies were noticed as a result of test check of stores records:—

- (a) Absence of stores control methods like age-wise and value-wise analysis;
- (b) Non-fixation of maximum and minimum stock levels for various items of stores;
- (c) Non-maintenance of bin cards;
- (d) Non-maintenance of record of rejected materials to facilitate correspondence with the suppliers for speedy settlement of claims;
- (e) Delay in completion of stock registers;
- (f) Non-standardisation of stores items;
- (g) Security deposits not taken from store keepers.

(v) *Physical verification*—The value of shortages and excesses noticed as a result of

ere pending regularisation as on 31 March

Year	physical verification number 1975 is tabulated stores	Number of stores where physical veri- fication was conducted	Shortages	Surplus
1972-73	139	32	6.45	4.32
1973-74	163	47	5.35	3.00
1974-75	202	18	0.97	0.97

(Rupees in lakhs)

XVIII. Settlement of audit observations—There were delays on the part of field officers in replying to inspection reports of the Accountant General. As at the end of November 1975, the Board's office had not sent even the first replies to 26 inspection reports issued upto March 1975.

As at the end of November 1975, 206 inspection reports containing 1,511 paragraphs issued upto March 1975 were outstanding.

XIX. Internal audit—Internal audit in respect of consumers' accounts was in vogue when the Board was formed in September 1971. Works audit was taken up by internal audit from the accounts for 1972-73. The results of internal audit are not brought to the notice of the Board periodically.

The position of arrears in internal audit as on 31 March 1975 was as under:—

- (1) Consumers' accounts of 28 months pertaining to 1971-72, 48 months 1972-73, 48 months 1973-74 and 81 months 1974-75.
- (2) Works audit of accounts in respect of 32 divisions.

XX. Other topics of interest

(a) *Schedule of rates*—No schedule of rates for civil as well as electrical works had been prescribed by the Board. The Board decided, in August 1973, to apply the Punjab State Electricity Board schedule of labour rates for electricity supply works, Punjab P.W.D. schedule of rates for electrical installing works and Himachal Pradesh P.W.D. schedule of rates for different areas for civil engineering works until preparation of its own schedule of rates. The Board's Chief Engineer (Operation), however, pointed out that since all these schedules were prepared a few years back and in view of the increase in the market rates, certain *ad hoc* premia would have to be sanctioned over and above those rates. The circle offices were, therefore, asked to propose suitable increase on this account for their areas for approval.

In this connection the following points were noticed:—

- (i) The estimates for electrical works were being prepared by all the divisions on the prevailing issue rates for material and labour at 15 per cent of the

cost of the material which was not realistic. Reasons for not adopting the Punjab State Electricity Board and the Punjab P.W.D. schedules of rates in pursuance of the orders of the Board were not available.

- (ii) Proposals for increases over and above the rates in the schedule were neither received from the circle offices nor any further action in the matter taken by the Chief Engineer (Operation).

(b) *Departmental charges*—The Board decided, in March 1972, to recover departmental charges at 25 per cent in respect of the works of the project to be executed by the Board. However, such works costing Rs. 9.45 lakhs were executed by the Sundernagar Electrical Division upto March 1973 and departmental charges at 13 per cent were recovered resulting in under recovery on this account to the extent of Rs. 1.13 lakhs. Similar short recovery in respect of work done by Kulu Electrical Division amounted to Rs. 1.86 lakhs upto March 1973.

(c) *Idle machinery*—(i) Against an indent placed with the Director General, Supplies and Disposals in May 1966, two turbines, oil pressure governors and generators each along with spares costing Rs. 4.91 lakhs were received for installation in Nogli Power House in June 1969. According to the terms and conditions of the supply order the machines were to be installed at the purchaser's expense under the supervision of the supplier's experts. Erection work was completed by the supplier firm by November 1972. The machines were, however, finally commissioned in October 1974, i.e. 5 years after their receipt. The firm stated, in January 1973, that the machines could not be commissioned because of non-completion of electrical works. The Chief Engineer, however, reported to the Director General, Supplies and Disposals in January 1973 that the erection engineers of the firm had not been able to commission the sets. The test report of commissioning of the machines in October 1974 brought out several deficiencies.

The Chief Purchase Officer stated in January 1975 that under the terms and conditions, liquidated damages could be claimed on cost of material only. The firm had been paid only 80 per cent of the contract value and remaining 20 per cent had been held up, pending satisfactory commissioning. It was also stated that some of the deficiencies had been attended to by the firm and that action in respect of the remaining items was in hand (January 1976).

(ii) In July 1973, the Chief Engineer (Operation) reported that seven micro-hydel generating sets (four of 100 KW capacity each and three of 50 KW capacity each) had been lying idle and requested the Superintending Engineer (Planning and Design) (Civil) to prepare a scheme so that these could be utilised. The sets in question had not been installed after their purchase. The date(s) of purchase, cost and purpose for which five of these generating sets were purchased were not available. The remaining two sets of 50 KW each costing Rs. 1.38 lakhs were purchased in June 1966. These sets were obtained for installation in Rukti Micro-hydel Power House, the construction of which had been undertaken in December 1963.

(d) *Organisation and methods cell*—In May 1973, the Board decided to create an organisation and methods cell to study the work load in its various units so that

overstaffing and understaffing, if any, could be identified. The cell was established in September 1973. It was also entrusted with the task of examination of the procedures and methods in vogue in various wings/offices to simplify and streamline them.

No report has yet been submitted by the cell for the consideration of the Board. The work is stated to be in progress (November 1975).

(e) *Purchase of land*—In July 1971, land measuring 19 kanals and 12 marlas was purchased for Rs. 0.89 lakh for construction of residential and non-residential buildings at Palampur. Construction work has not been taken up nor has any estimate/scheme been prepared (January 1976).

(f) *Shortage of stores*—The table given below indicates shortages of stores noticed in various divisions, on which final action was awaited (December 1975):—

Name of the division/project	Period of shortage	When noticed	Amount (Rupees in lakhs)	Remarks
Bilaspur and Giri projects	1971-72 1972-73	September 1973.	0.43	The shortage resulted from adjustment of minus balances of stores against fresh receipts of similar store materials.
Simla (Electrical)	1973-74	July 1975.	0.19	Shortage of transmission stores and civil stores not carried forward in the stores ledger for 1973-74.
-do-	1973-74	July 1975	0.08	Short account of stores (Rs. 0.07 lakh) and adjustment of minus balance (Rs. 0.01 lakh).

(g) *Misappropriations, defalcations, etc*—The table given below indicates the details of cases of misappropriations, defalcations noticed, on which final action was pending (December 1975):—

	Number of cases	Amount involved (Rupees in lakhs)
Cases reported and outstanding on 31 March 1974	32	2.21
Cases reported during April 1974 to March 1975	28	4.56
Cases outstanding as on 31 March 1975	60	6.77

7.4 Giri Hydel Project

Introductory

The work on the hydel project of 60 M. W. capacity at Girinagar, Sirmur District was taken up in December 1967 by the Department of Multipurpose Projects and Power before the formation of the Board.

The Project aims at utilising the potential of the rivers Giri, Bata and Jalal with the object of (i) generating power, (ii) providing irrigation facilities to the Paonta Valley and (iii) flood control in the Yamuna Valley.

II. Investigations and project report

(a) *Investigations*—The investigation work of the scheme was taken up by the department in the middle of 1964. The geological investigation work of the project area was undertaken by the Geological Survey of India and preliminary report thereon was submitted to the Department in September 1964.

A project report prepared in October 1965, envisaged execution of the project in the following five stages:—

STAGE I envisaged the construction of a barrage across the river Giri at Jateon (two miles downstream of the confluence of the Jalal with river Giri at Dadahu) for raising the water level upto EL 2,025 and diverting maximum discharge of 1,500 cusecs through 6.26 kms. long tunnel of 15 feet diameter into the Bata Valley for obtaining gross head of 588.5 feet for installation of 60,000 KW power generation plants. Further, 8,000 acres of the land in Paonta Valley (on the left bank of river Bata), into which tail race waters were to be discharged through an open channel of 1,600 feet length, were to be provided with irrigation facilities by utilising part of the flow.

STAGE-II In the second stage, the tail waters of Majri power house after discharging into Bata river through Kaunthriya-ka-Khala, were to be utilised by constructing a barrage across Bata river near Tokoyan Sansiwala. This would impound the Bata flow to be diverted into 8.5 mile long channel to extend irrigation facilities to 7,000 acres of land on the right bank of river Bata in the Paonta Valley. It would also generate power at Surajpur and Behral where falls of 110 and 100 feet respectively were available for power generation.

STAGE III contemplated the construction of a 400 feet high dam to impound the monsoon flow of river Giri at a site about one mile upstream of Dadahu. By regulation, a discharge of 1,000 cusecs was to be available for power generation at the toe of the dam to increase the power draft during the low discharge period. After the completion of the dam the installed capacity of the power stations at the toe of the dam would be 45,000 KW.

In *STAGE IV* a diversion structure was proposed across the Jalal river near Malgaon village to divert its discharge into a tunnel aligned through the ridge separating river Giri from the Jalal into Giri reservoir to obtain a head for power generation. The power potential has not yet been finalised.

STAGE V envisaged construction of a dam on river Giri further upstream above Siyum village below its junction with Palar-ka-Khala and a power

station at the toe of the dam. Its installed capacity was to be determined after detailed investigations were carried out.

(b) *Power potential*—It was estimated in the project report as modified in March 1966 that 289.55 MKwh (124 MKwh firm power and 165.55 MKwh seasonal power) would be generated instead of 240.80 MKwh estimated in the original project report of October 1965.

III. Project estimates and expenditure—The project cost, which was initially estimated (February 1967) at Rs. 891.45 lakhs, was revised to Rs. 2,257.40 lakhs in January 1974, and further increased to Rs. 2,520.95 lakhs in March 1975. Expenditure of Rs. 1,529.46 lakhs was incurred upto March 1975 which rose to Rs. 1,744.52 lakhs by October 1975. The Board has not carried out any financial stock taking by correlating the progress of the works with the expenditure incurred. The increase in the project cost was attributed in the revised estimates (January 1974) to the following factors:—

- (1) Increase in the cost of land.
- (2) Increase in labour rates and the cost of material and equipment.
- (3) Increase in quantity of work resulting in additional cost of Rs. 75.38 lakhs. (It was observed that there was considerable variation in quantity of work done with reference to the estimated work, in certain items such as structural steel work in tunnel/power house, dewatering in the foundation, RCC works, etc.).
- (4) Changes in designs and specifications.
- (5) Provision for new items of work not included in the original estimates, for example protection works for power house pit estimated to cost Rs. 62.91 lakhs and construction of control cable tunnel estimated to cost Rs. 6.60 lakhs.
- (6) Higher rates tendered by the contractor than those provided in the estimates.
- (7) Increase in establishment and other charges due to extension of time schedule for completion of project and other factors.

IV. Execution of works—The works in respect of (i) construction of barrage (excluding fabrication and erection of gates), (ii) construction of tunnel and surge shaft, (iii) fabrication and erection of penstock and (iv) construction of power house building were awarded to one contractor. The work of fabrication and erection of the gates for the barrage was given to the Bhakra Management Board. Construction of tail race channel and the electrical works were undertaken departmentally.

V. Works executed through the contractor—Tenders for construction of barrage, tunnel, power house building and supply and laying of penstock were invited in April 1967. Offers from seven firms were received of which the offer of firm 'A' (Rs. 471.73 lakhs) was the lowest, the next higher offer being of firm 'B' (Rs. 486.25 lakhs). Taking into consideration the additional conditions put forth by

tenderers 'A' and 'B', the tendered cost worked out to Rs. 506.83 lakhs and Rs. 520.44 lakhs respectively. A committee constituted in July 1967 for advising on tenders decided in October 1967 to award the work to firm 'B' without assigning specific reasons for ignoring the lowest tender of firm 'A'.

Some of the points noticed in audit relating to the works executed by the contractor are mentioned in the succeeding paragraphs:—

(A) *Construction of barrage*

Undue facilities to the contractor—According to the contract, the contractor was to make his own arrangements for ensuring uninterrupted supply of electricity in the event of shut off or interruption of power. The department, however, installed in 1969-70, at barrage site three diesel generating sets of 100 KW each costing Rs. 4.28 lakhs to serve as alternate source of supply to the contractor in the event of failure of power. Rates for such power supply were not settled in advance with the contractor. The project demanded actual cost of diesel power generation. This was not agreed to by the contractor and the dispute was referred to the arbitrator in October 1972. The arbitrator decided in May 1973 that the contractor should be charged at bulk rate for hydro-electric power supply. Upto November 1975, against the running and maintenance expenditure of Rs. 2.27 lakhs on operation of the three diesel sets, the Board recovered Rs. 0.11 lakh resulting in a direct loss of Rs. 2.16 lakhs, without taking depreciation and interest charges into account.

Two more diesel generating sets of 150 KW each costing Rs. 4.48 lakhs were installed in May 1974. The Superintending Engineer requested the Chief Engineer (May 1974) to fix the rates for supply of power to the contractor under this arrangement. However, no rates were fixed (December 1975) and the contractor has been billed at the bulk rate applicable to hydro-electric power supply (10 paise per Kwh).

(B) *Gates for barrage*—Tenders for design, manufacture, supply and erection of gates for the barrage and head regulator were invited through the press in June 1968. Nine firms offered to execute the job. After scrutiny of the offers by the Central Water and Power Commission, the tender advisory committee decided in June 1969 to award the work to the Nangal Workshop of Bhakra Management Board, being the lowest tenderer (Rs. 29.99 lakhs) after evaluation.

The agreement signed in July 1971 after three years, *inter alia*, provided for recovery of liquidated damages and wage escalation clause. The agreement also provided for the completion of the work within 18 months from July 1971.

In August 1972 and June 1973, the Bhakra Management Board requested the Electricity Board that since the actual cost would be much in excess of the amount tendered, it would resume the work provided the Electricity Board agreed to pay on actual cost basis which was estimated in August 1974, at Rs. 155.68 lakhs against the tendered amount of Rs. 29.99 lakhs. The Electricity Board agreed in November 1974, that the Nangal Workshop should take up the work and complete it by March 1976.

(C) *Construction of tunnel*—The original project report provided for 6.26 kms. long head race tunnel and 240 metres long single pressure tunnel. To reduce tunnelling through intra-thrust zone from 2,000 to 600 metres, a curved alignment was adopted in January 1968. This increased the length of the head race tunnel to 7.1 kms. and that of double line pressure tunnel (in place of single pressure tunnel) to 312 metres. Construction work of the tunnel was taken up from six faces.

(a) *Replacement of ribs*—The contract with the project contractor signed in December 1967 provided, *inter alia*, that the type and extent of supports, temporary or permanent, required in the tunnel should be decided by the contractor who should assume full responsibility for their sufficiency and safety of the workmen. The contractor was also required to notify the Engineer-in-charge, his proposal to fix any type of supports for the tunnel excavation with full details of the type, spacing and sizes of the supports. The approval of the Engineer-in-charge would not, however, absolve the contractor of his responsibility. In case the Engineer-in-charge made modifications or proposed higher sections or wider spacing and should the contractor consider these unsafe and so inform the Engineer-in-charge in writing and if the Engineer-in-charge still ordered the modifications the contractor should carry out such orders and be relieved of his responsibility for adequacy of the supports.

Contrary to the contractual provision, the Board took up the responsibility for replacement of ribs (permanent support) which were twisted or distorted after placement. Payment of Rs. 1,000 per rib was made for cutting and removal of the ribs, supporting, packing, removal of all muck and restoring the tunnel to proper dimension in addition to the payment already made at the time of initial placement of such ribs. Upto June 1975, 1,046 twisted and distorted ribs were removed at the total expenditure of Rs. 10.46 lakhs, besides the expenditure of Rs. 16.73 lakhs incurred at the time of original placement of these ribs (excluding cost of sleeper packing, concreting, back fill, etc.). The supports were subsequently replaced at an expenditure of Rs. 14.27 lakhs. The Superintending Engineer, Giri Construction Circle stated (July 1975) that the phenomenon of rock closures in the tunnel as dictated by the complex geological formations were encountered during the process and that twisting of the ribs had not taken place due to defective workmanship in erecting the tunnel supports. He added that rectification of ribs was necessitated because of most uncertain and un-predictable rock behaviour and movement of rock mass due to geological conditions not foreseen earlier.

The Board decided in November 1975 to invite tenders for the disposal of steel scrap (350 tonnes) which became available from the twisted ribs dismantled. Further action is yet to be taken (December 1975).

(b) *Overpayment*—According to the schedule of quantities for construction of the tunnel and shaft, 1,624 tonnes of structural steel work was to be executed at the rate of Rs. 1,650 per tonne. The quantity could be varied upto 1,949 tonnes as provided in the agreement. Steel sections (182 tonnes) were consumed in the adit tunnel, though not provided in the agreement, for which higher rate of Rs. 1,757 per tonne was paid. As the total quantity of structural steel 3,241 tonnes upto November 1975 in the main tunnel exceeded 1,949 tonnes, market rate of Rs. 2,545 per tonne

was approved in December 1974 and paid for. While making payments at the market rate the quantity of 182 tonnes in respect of the adit tunnel was also included. This resulted in overpayment of Rs. 1.63 lakhs.

(D) *Construction of adit tunnel*—Under the agreement entered into in December 1967 with the contractor, excavation in the tunnel was to be done by full face method from either one or both faces or through the adit as approved by the Engineer-in-charge. In case the contractor considered it necessary to sink any shaft or drive any additional adits either for ventilation or to attain necessary speed of work, he was permitted to do so at his own cost. According to the agreement, the Board was to provide for one adit which was constructed at the cost of Rs. 2.48 lakhs. The progress of the work by the contractor was very slow. To accelerate the progress of the work, it was thought fit to open two more working faces. The Board constructed (1969-70 to 1971-72) one more approach road and adit at total cost of Rs. 13.20 lakhs.

The Superintending Engineer stated (July 1975) that the alignment of the tunnel having been changed owing to compulsions of geology from straight to curved one, thereby increasing its length and changing its location the Tanlog access tunnel was considered necessary. In addition to developing the two additional faces, it was intended to provide advance information about the behaviour of the rock in the intra-thrust zone which was expected to be useful for driving the head race tunnel.

(E) *Construction of penstock*

Extra expenditure—The work of fabrication and erection of penstock was awarded to the contractor in December 1967. According to the agreement, the contractor was to submit to the Engineer-in-charge for approval, all prints of checked shop drawings covering all details of construction before undertaking the work. The contractor pointed out in January 1975 that because the details regarding layout were made available to him late i.e. in September 1971, the drawings could be furnished by him only in April 1972. The contractor also stated that final survey between anchor block number 4 and power house was finalized during December 1974.

As there was delay in finalisation of drawings, the contractor submitted a claim in January 1975, for revision of his tendered rates in view of considerable changes in the profile of the penstock and increase in the cost of fabrication and erection. The agreement provided for 1,020 tonnes to be executed at his tendered rate of Rs. 2,500 per tonne. He claimed payment for 954 tonnes at Rs. 2,860 per tonne and for 104 tonnes at Rs. 6,070 per tonne.

The Superintending Engineer, however, recommended (February 1975) rates of Rs. 2,850 and Rs. 5,600 per tonne against which rates of Rs. 2,808 and Rs. 5,334.50 per tonne were approved by the Chief Engineer in December 1975.

The delay in finalisation of drawings due to change in profile of the penstock resulted in extra expenditure of Rs. 2.94 lakhs in respect of the quantity of 954 tonnes. The extra expenditure on the remaining 104 tonnes could not be worked out as there

was no such item in the agreement. The contractor also claimed (January 1975) Rs. 0.77 lakh due to increase in railway freight, decision on which was awaited (December 1975).

(F) *Construction of power house*

(a) *Increased excavation due to alterations and changes*—As per the original project report, the power house was to be located near Majri village. The power house was to comprise four units of 30 M.W. each, which was the ultimate capacity on completion of Stage-II. Owing to geological reasons, the site for the power house was shifted before starting the work in 1968. The power house is now being located at a distance of 1.25 kms north-east from the original site. When excavations were in progress, the location of the power house was shifted in February 1969 away by 25 metres as it was feared that deep excavation of the foot of the hill might result in instability of the slopes. Layout of the power house was again modified in April 1972 when it was decided to house two units below EL 444 in shafts. Owing to all these changes in the slopes of the power house cut, the quantity of excavation increased from 1.24 lakhs cubic metres (estimated cost: Rs. 6.90 lakhs) to 4.25 lakhs cubic metres (estimated cost: Rs. 74.38 lakhs).

(b) *Expenditure on power house site slips*—In its study note on the power house excavation the Geological Survey of India had observed (July 1970) that in view of adverse conditions of the weathered sand stones it would be necessary to control seepage and to stabilise cut slopes to avoid any major eventuality at the power house site. At the Board's request (April 1971) a team from the Central Mining Research Station, Dhanbad conducted load bolt anchorage tests in August 1971, and suggested that the rock mass at the slopes of the power house pit should be consolidated by low pressure grouting.

No estimate for protection of the power house pit was framed. In April 1974, an estimate for Rs. 21.36 lakhs for stabilisation of power house pit was prepared approval to which is awaited. However, Rs. 16.86 lakhs have been incurred during the period January 1973 to March 1975 on protection works.

Between July 1970 (when the Geological Survey of India had made the recommendation) and January 1973 (when the protection works were taken up) three land slides took place in May 1971, April 1972 and January 1973 on both the left and right sides of the power house pit. While no details of expenditure on removal of slips in May 1971 were kept, Rs. 5.29 lakhs were incurred on the removal of slips in April 1972 (Rs. 3.14 lakhs) and in January 1973 (Rs. 2.15 lakhs).

(c) *Power house shafts*—The decision to house two generating units below EL. 444 in shafts was taken in April 1972. The design of the shafts was 14.8 metres in diameter and 19.46 metres in depth. As this item of work was not originally provided for in the work awarded to the contractor, an extra item statement for excavation in shafts was prepared and a rate of Rs. 140.50 per cubic metre was approved in July 1972.

In all 8,132 cubic metres were excavated for which payment of Rs. 12.15 lakhs (including overbreaks) was made in January 1974.

For the same type of work "Surge shaft" which was of 10.65 metres in diameter and 55.22 metres in depth the contractor had quoted rate of Rs. 67 per cubic metre and was being paid for accordingly. The expenditure on power house shafts excavation compared to the rate of surge shaft excavation was Rs. 6.35 lakhs more (including overbreaks).

(G) *Increase in wages*—Under the agreement payment to the contractor was required to be made on account of upward revision of wages exceeding ten per cent of the rates prevailing at the time of acceptance of the tender. The department (and later the Board), however, paid to the contractor from July 1968 the entire increase in wages without deducting the element of ten per cent in accordance with the agreement. The payment made to the contractor on this account amounted to Rs. 13.75 lakhs upto June 1975.

It was stated by the Superintending Engineer that the intention of the clause was not to take any cognizance of minor fluctuations upto 10 per cent. But once the increase exceeded 10 per cent, the price escalation had to be calculated on the entire increase. Neither any clarification on this point had been sought from the tender advisory committee nor had any legal opinion been obtained (December 1975).

(H) *Loans and advances*—As per the agreement, secured advances upto 90 per cent of the cost of new plant and equipment brought to the work site subject to ceiling of Rs. 30 lakhs and advance upto Rs. 5 lakhs for preparatory works bearing interest at 9.5 per cent could be granted to the contractor. The contract did not provide for any other loans and advances other than these. The table below indicates the loans advanced to the contractor from time to time upto June 1975.

Date of advance- ment of loan	Amount (Rupees in lakhs)	Rate of interest (per cent)	Purpose for which granted	Remarks
August 1971	15.00	9.5	Financing Construc- tion of the project.	The amount was released against bank guarantee.
December 1972	30.00	9.5	Financing the con- tractor pending award of the arbi- trator on his claim for extra items/ increased rates.	Against hypothe- cation of the exist- ing machinery.
July 1974	9.00	9.5	-do-	Promissory note.
June 1975	15.00	11.0	-do-	-do-
	69.00			

The purpose (s) for which the loans were advanced was not covered by the terms of the contract.

The Board stated (June 1975) that owing to the change in the tunnel alignment and power house location for geological reasons, the quantities of work got considerably increased. On the other hand, restrictions on bank loans and short-term borrowings made the contractor unable to find adequate resources for financing the works. Hence the loans were advanced.

(I) *Interest on loans*—In October 1972, the contractor asked for a loan of Rs. 30 lakhs without interest on the ground that amount of Rs. 45 lakhs would be due to him in respect of the items referred to by the Arbitrator and the money was blocked on this account. In December 1972, the Board sanctioned a loan of Rs. 30 lakhs bearing interest at 9.5 per cent per year.

The Arbitrator appointed in October 1972 gave his award in May 1973. The Board worked out the total amount due to the contractor arising from the award as Rs. 38 lakhs. Payment was made to the contractor in August 1973 after adjusting the balance amount due in respect of the loan of Rs. 30 lakhs and interest thereon amounting to Rs. 1.73 lakhs. The contractor requested the Board, in August 1973, to waive the recovery of interest on the same ground as mentioned in his earlier request of October 1972. The Board waived (June 1974) the recovery of interest amount of Rs. 1.73 lakhs. The award did not provide for payment of any interest on the amounts payable to the contractor as a result thereof.

(J) *Incomplete works taken over*—The Superintending Engineer Incharge of the Project apprehended, in October 1970, that at the rate the contractor was proceeding, he would not be able to complete the work before 1975. To improve the progress it was suggested that a part of the work being done by him might be taken over departmentally or by reinviting quotations. However, this was not done that time. As the contractor's progress of excavation was 29 metres per month in the critical reach of tunnelling (Tanlog upstream and inlet downstream), it was considered that the remaining 740 metres as in April 1975 would be completed by May 1977. Allowing eight months for lining, grouting and finishing operations, the tunnel work was estimated to be completed by February 1978. Since the barrage, penstock, power house etc. were expected to be ready by December 1976 the Board decided in March 1975, with the prior consent of the contractor, to take over the work of 612 metres long inlet tunnel in the critical reach for departmental execution. The work was commenced departmentally in July 1975. It was anticipated that the work would be completed by November 1976. One circle office and three divisions were created in July 1975 for the purpose in addition to one circle office and four divisions already in existence. Additional expenditure, i.e. difference between what would have been payable to the contractor in terms of the contract and the estimate for departmental execution on the execution of the work taken over was estimated to be Rs. 59.80 lakhs. The progress of the work was as under:—

Total tunnelling work taken over	612 metres
Tunnel executed departmentally upto 30 November 1975	52 metres
-do- 25 December 1975	75 metres

(K) *Works undertaken departmentally*

(a) *Tail race channel*—According to the modified project report, an open channel of 488 metres length for initial capacity of 1,500 cusecs was to be constructed at the estimated cost of Rs. 14.84 lakhs, for carrying out the water discharged by the power house. Consequent upon the change in the location of the power house at a distance of 1.25 kms. north-east of the site originally proposed, the length of the channel increased from 488 to 1,226 metres.

An estimate for Rs. 56.41 lakhs for construction of 1,226 metres tail race channel was sanctioned in May 1968 and the work was started in December 1968. As the channel was in deep cut and geologically of a poor strata it was decided to construct a covered channel to avoid any blockage due to slides, etc. Accordingly, an estimate for a covered channel was prepared for Rs. 24.17 lakhs in August 1970, sanction to which is awaited (October 1975). Against these estimates, Rs. 94.91 lakhs have been spent upto March 1975 on excavation of channel and construction of road and Rs. 6.18 lakhs on covered channel. Total expenditure on the basis of the revised estimates of January 1974 was expected to be Rs. 135.42 lakhs (both for excavation and out and cover channel).

(b) *Extra expenditure on excavation*—Construction of tail race channel was to be done upto RD. 438. As the work was not completed within time, the channel got silted owing to slides and slips and had to be re-excavated. The cost of re-excavation of 12,000 cubic metres was estimated at Rs. 9.60 lakhs. The work of re-excavation upto RL. 438 and excavation below this point was taken up in November 1974. The work is in progress (October 1975).

(L) *Electrical works*

Purchase and erection of generating sets—The Department of Multipurpose Projects and Power issued a letter of intent to Bharat Heavy Electricals Limited in April 1967, for purchase of two sets of generating equipment. Thereafter the works of technical designs of the turbines, generators and auxiliaries were taken in hand. Preparation of the manufacturing drawings also commenced and programmed to be completed by the end of 1968.

In October 1973, the Bureau of Public Enterprises finally determined the price of each generating set as Rs. 124 lakhs, *ex-works* Hardwar, inclusive of packing, or any lower price mutually agreed between the parties against the original quotations of Rs. 202.3 lakhs for two sets. No lower price could be mutually agreed upon and a contract was finally entered into in August 1975 for supply of two hydrogenerating sets at a cost of Rs. 124 lakhs each.

Upto August 1975, the Board made payments totalling Rs. 222.44 lakhs including sales tax, freight and insurance charges leaving balance of Rs. 34.5 lakhs. The supplier has so far supplied one generating set. The other set, completely manufactured, was stated to be awaiting despatch instructions from the Board (September 1975).

(M) Switchyard equipment

(a) *Plant and machinery*—The following table show the dates of placing orders for machinery for power house and switchyard, its cost and the amount paid upto March 1975.

Particulars of machinery	Date of placing order	Date of receipt of machinery	Cost	Amount paid
			(Rupees in lakhs)	
132 KV switch gear	April 1970	March 1974 to February 1975 (supply not completed)	13.40	11.28
33 KV Switch gear	March 1970	January 1971 to November 1971 (supply not completed)	1.35	1.33
Two 40 MVA and two 7.5 MVA transformers	October 1969	(September 1972 to March 1974)	21.21	19.93

The plant and machinery have been partly erected. According to the progress report for October 1975, all the structures for 132 KV sub-station equipment have been erected and two 7.5 M.V.A. transformers have been installed. On the basis of the present schedule, the machinery would be commissioned by December 1976 when the civil works are likely to be completed. The warranty period of 18 months from the date of despatch or 12 months from the date of commissioning would be over by the time the machineries are commissioned. The Board stated (July 1975) that the machinery had been purchased according to the schedule in the project report and that the civil works had not been completed/progressed according to that schedule.

(b) *132 K.V. transmission line*—An estimate for construction of 132 K.V. single circuit transmission line from Giri Nagar to Paonta (59 towers) for Rs. 12.40 lakhs for transmission of power from the power house at Girinagar to the Uttar Pradesh grid was sanctioned in January 1971. The line beyond Paonta was to be erected by the Uttar Pradesh State Electricity Board. Work against this estimate was taken up in May 1971 and 53 towers (including stringing and sagging of wire) had been erected by December 1973 at expenditure of Rs. 14.70 lakhs. Expenditure incurred upto March 1975 was Rs. 15.66 lakhs. Work on 6 towers could not be taken up as there was a dispute between the Himachal Pradesh State Electricity Board and the Uttar Pradesh State Electricity Board for the line route, which was settled in June 1975.

(N) *Delay in execution*—According to the original project report (October 1965) the project was to be commissioned during 1970-71, to become revenue earning from 1971-72. The major works were awarded to a contractor in December 1967 with the stipulation to complete these by December 1970. The contractor commenced the work by the beginning of 1968. He was granted extensions from time to time. The works are still in progress (December 1975). The Board expects that the project

would be commissioned by the end of 1976. The Board has not carried out any financial stock taking of the progress of the project.

(ii) OTHER STATUTORY CORPORATIONS

7.5 The total investment of the State Government in the two other Statutory Corporations on 31 March 1975 was as under:—

	Share capital	Loan	Total
(Rupees in lakhs)			
Himachal Pradesh Financial Corporation ..	54.25	31.00	85.25
Himachal Road Transport Corporation ..	412.05*	—	412.05

The accounts of Himachal Road Transport Corporation for 1974-75 have not yet been prepared (January 1976). The accounts of Himachal Government Transport and erstwhile Mandi Kulu Road Transport Corporation for 1973-74 are also in arrears (January 1976).

Government guaranteed the repayment of loans, etc. raised by Himachal Pradesh Financial Corporation to the extent of Rs. 148.43 lakhs. The amount guaranteed and outstanding as on 31 March 1975 stood at Rs. 121.14 lakhs.

II. Profits and dividends—Himachal Pradesh Financial Corporation earned net profit of Rs. 12.95 lakhs during 1974-75 which represented 21.2 per cent of the paid-up capital. A dividend of Rs. 1.63 lakhs representing 3 per cent of the capital contributed by the State Government was transferred to Special Reserve Fund created under the State Financial Corporations Act.

A statement showing the summarised financial results of working of the State Electricity Board and two Corporations on the basis of the latest available accounts is given in Appendix V.

7.6 Himachal Road Transport Corporation

1. Alleged misappropriation—The rules require that departmental receipts collected during the day should be credited into the treasury on the same day or the next day at the latest with a corresponding entry on the payment side of the cash book. A test check in February/March 1975 of the initial accounts of Chamba Region of the Himachal Government Transport (merged with Himachal Road Transport Corporation from 2 October 1974) showed that between February and December 1974, bank drafts amounting to Rs. 0.91 lakh received by the Assistant Cashier, Regional Booking Office, Chamba from the Pathankot Booking Office had not been accounted

*This includes mean capital of the Himachal Government Transport amounting to Rs. 368.15 lakhs for the year 1972-73 and Rs. 43.90 lakhs as on 1 October 1974 in respect of the erstwhile Mandi-Kulu Road Transport Corporation.

for in the cash book. Although these drafts were deposited into Government Account an equivalent in cash was not remitted into the treasury. The Regional Manager reported to the police in January 1975 that the Assistant Cashier, who was absconding, had misappropriated Government revenues. The alleged misappropriation was facilitated due to lack of adequate supervision.

The matter was reported to Government in July 1975; reply is still awaited (January 1976).

II. Theft of stores—Six crank shaft assemblies costing Rs. 0.70 lakh and other stores valuing Rs. 0.06 lakh were stolen during January 1975 and May 1975 from the Central Workshop, Taradevi. Two of the three chowkidars on duty during the period retired in June 1975 and the third was placed under suspension.

The cases were under police investigation (November 1975).

III. Non-accountal of stores—Stores worth Rs. 2.15 lakhs were transferred in 1971-72 from the Nahan Unit to the Central Stores, Taradevi. While stores valuing Rs. 1.45 lakhs were accounted for in the books of the Central Stores, the remaining stores valuing Rs. 0.70 lakh were stated to have been returned to the Nahan Unit. The Nahan Unit, however, took into account stores worth Rs. 0.23 lakh, leaving the balance of Rs. 0.47 lakh unaccounted for.

SECTION C—GOVERNMENT COMPANIES

7.7 On 31 March 1975, there were eleven Government Companies including four subsidiaries against five Companies at the end of 1973-74. During the year, six new Companies, *viz.*, Himachal Pradesh State Forest Corporation Limited, Himachal Pradesh State Handicrafts and Handloom Corporation Limited, Himachal Horticultural Produce Marketing and Processing Corporation Limited (subsidiary of Himachal Pradesh Agro-Industries Corporation Limited), Himalaya Fertilizers Limited, Himachal Worsted Mills Limited and Himachal Wool Processors Limited (subsidiaries of Himachal Pradesh Mineral and Industrial Development Corporation Limited) were incorporated.

Government investment in these Government Companies (excluding subsidiaries) as on 31 March 1975 was as under:—

Name of the company	Investment in		Total
	Share capital	Loan	
	(Rupees in lakhs)		
(i) Nahan Foundry Limited ..	100.00	14.00	114.00
(ii) Himachal Pradesh State Small Industries and Export Corporation Limited ..	40.62	21.50	62.12

(iii) Himachal Pradesh Mineral and Industrial Development Corporation Limited	94.25	12.00	106.25
(iv) Himachal Pradesh Agro-Industries Corporation Limited (excluding investment of Rs. 76.44 lakhs by the Central Government)	79.56	—	79.56
(v) Himachal Pradesh Tourism Development Corporation Limited	37.23	—	37.23
(vi) Himachal Pradesh State Forest Corporation Limited	20.00	—	20.00
(vii) Himachal Pradesh State Handicrafts and Handloom Corporation Limited	10.00	—	10.00
Total	381.66	47.50	429.16

Government also guaranteed the repayment of cash credit availed of by the Nahan Foundry Limited, Nahan to the extent of Rs. 25 lakhs. The amount guaranteed and outstanding as on 31 March 1975 stood at Rs. 25.60 lakhs which included non-payment of interest amounting to Rs. 0.69 lakh on such drawals.

II. Profits and dividends—The accounts for the year 1974-75 in respect of 5 companies are in arrears (December 1975). According to the accounts for the year ending 31 March 1975, 3 Companies earned net profit amounting to Rs. 27.09 lakhs which represented 11.6 per cent of the paid up capital of these companies while 3 companies were in construction stage during this period.

Only one company namely, Himachal Pradesh Mineral and Industrial Development Corporation Limited declared a dividend of Rs. 0.93 lakh for 1974-75. This represented 1 per cent of the paid up capital of the company as on 31 March 1975. The dividend has not been credited to the Government accounts so far (December 1975).

A synoptic statement showing the financial results of Government Companies on the basis of the latest available accounts is given in Appendix VI.

NAHAN FOUNDRY LIMITED

7.8 Introductory

The Foundry, a wholly owned Government Company, was registered as a private limited company on 20 October 1952. Upto 23 September 1964, the administrative control of the Company vested with the Ministry of Industries, Government of India and thereafter, it was transferred to the Government of Himachal Pradesh.

The major line of production of the Foundry had been bullock-driven cane crushers with cast iron rollers. However, from time to time it took up new items of manufacture, *viz.* mono block, pumping sets, electric motors, horizontal power-driven sugarcane crushers, etc. Presently it manufactures cane crushers, agricultural implements, electric motors, mono block pumping sets and undertakes contract jobs like casting of manhole frames, covers, etc.

In addition to its manufacturing operations, the Foundry is having a number of agencies in Haryana, Punjab, Delhi and Uttar Pradesh for extending hiring facilities of cane crushers and juice-boiling pans.

The working of the Company was previously reviewed in paragraphs 84 to 93 of the Report of the Comptroller and Auditor General for the year 1970-71.

II. Capital structure—At the time of incorporation, the authorised capital of the company was Rs. 1 crore divided into 10,000 equity shares of Rs. 1,000 each. During 1971-72, the paid-up capital was increased from Rs. 40 lakhs to Rs. 1.00 crore by converting Government loan of Rs. 60 lakhs to equity capital.

Government also advanced from time to time unsecured long-term loans for meeting the working capital requirements. Such loans aggregated Rs. 14 lakhs upto 31 March 1975.

Besides, the company had made cash credit arrangements with the State Bank of India and Himachal Pradesh State Co-operative Bank Limited, Nahan to meet its working capital requirements. The amount outstanding as on 31 March 1975, stood at Rs. 25.60 lakhs (State Bank of India: Rs. 4.96 lakhs and Himachal Pradesh State Co-operative Bank Limited: Rs. 20.64 lakhs).

III. Organisation—The management of the affairs of the Company vests in a Board of Directors. Subject to the overall power of the Board, the executive management of the Company vests in the Managing Director/General Manager.

He is assisted by the functional heads of departments *viz.*, purchases, production, sales, accounts, etc.

IV. Financial results—The table below summarises the financial position of the Company under the broad headings for the four years ending 1974-75:—

LIABILITIES	1971-72	1972-73	1973-74	1974-75
	(Rupees in lakhs)			
(A) Paid up capital ..	100.00	100.00	100.00	100.00
(B) Reserves and Surplus ..	2.64	2.64	2.64	2.64
(C) Borrowings (including cash credit) ..	27.00	24.12	20.66	39.60
(D) Trade dues and other current liabilities (including provisions) ..	20.12	20.29	26.18	34.45
Total ..	149.76	147.05	149.48	176.69

ASSETS

(A) Gross block	..	43.62	45.71	46.62	48.13
(B) Less depreciation	..	22.13	24.54	26.28	28.17
(C) Net fixed assets	..	21.49	21.17	20.34	19.96
(D) Capital work in progress	..	0.08	0.08	0.08	0.08
(E) Investments	..	0.65	0.30	0.30	0.30
(F) Current assets, loans and advances	..	107.53	101.53	100.80	142.90
(G) Miscellaneous expenditure	..	2.73	2.73	2.73	2.73
(H) Loss	..	17.28	21.24	25.23	10.72
Total	..	149.76	147.05	149.48	176.69
Capital employed	..	108.90	102.41	94.96	129.41
Net worth	..	82.63	78.67	74.68	89.19

V. Working results—The working results for the last four years ending 1974-75 are tabulated below:—

		1971-72	1972-73	1973-74	1974-75
(Rupees in lakhs)					
Sales (including transfers)	..	55.05	64.42	97.20	89.40
Less cost of sales	..	68.85	69.17	107.74	90.14
Add hiring profit (+) loss (—)	..	(—)0.92	(+)0.68	(+)6.27	(+)15.24
Profit (+)	..	(—)14.72	(—)4.07	(—)4.27	(+)14.50
Loss (—)					

The reasons for losses during 1971-72 to 1973-74 were attributed (July 1975) by the Management to unfavourable market conditions, reduction in production, payment of increased bonus and pay and allowances to employees due to implementation of the recommendations of the Third Pay Commission, etc. The profit in 1974-75 is due to the revision of selling prices and increase in hire income apart from inclusion of capital gain amounting to Rs. 0.95 lakh during the year.

VI. Performance analysis—(i) The company prepared production and performance budgets for 1971-72. But thereafter no such budgets were made out.

(ii) The table below indicates the actual production as compared to the installed

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- Note*:—1. Capital employed represents net fixed assets plus working capital (excluding work-in-progress).
 2. Net worth represents paid-up capital plus reserves and surplus less intangible assets.
 3. Work on a building, started during 1969-70 as indicated against (D) under assets, was incomplete (November 1975).

capacity in respect of certain items manufactured during the four years ending 1974-75:—

Product	Year	Installed capacity (numbers)	Actual production (numbers)
Items of regular production			
Cane Crushers	1971-72	4,000	769
	1972-73	4,000	133
	1973-74	4,000	780
	1974-75	4,000	2,556
Electric motors	1971-72	3,000	2,310
	1972-73	3,000	2,456
	1973-74	3,000	2,197
	1974-75	3,000	1,662
Mono block pumps (without motors)	1971-72	1,200	938
	1972-73	1,200	1,135
	1973-74	1,200	918
	1974-75	1,200	944

In addition to the items referred to above, certain jobs were undertaken by the Company on the basis of the orders received from time to time. The table below indicates the production in respect of such items during the four years ending 1974-75:—

Product	Year	Actual production (numbers)
Juice Boiling Pans	1971-72	660
	1972-73	1,167
	1973-74	1,816
	1974-75	1,469
Job Works		
Wheat Thrashers	1971-72	119
	1972-73	96
	1973-74	—
	1974-75	—
Wheel Barrows	1971-72	—
	1972-73	563
	1973-74	199
	1974-75	713
G.I. Drums	1971-72	—
	1972-73	15,015
	1973-74	35,437
	1974-75	30,118

VII. Foundry Shop—(i) The Foundry's annual capacity for casting is estimated around 3,000 tonnes on single shift basis. While on one hand there was under-utilisation of the installed capacity on the other the Company has been purchasing castings from outside parties. The Foundry also undertook contract job to utilise the idle capacity of the moulding shop. The table below indicates the actual production, castings purchased and contract jobs of moulding done by the Company during the four year ending 1974-75:—

Year	Actual production	Quantity purchased	Contract job undertaken
			(Figures in tonnes)
1971-72	2,159	36	1,307
1972-73	1,853	Nil	912
1973-74	2,018	25	400
1974-75	2,231	53	96

The Management stated (December 1975) that casting production is undertaken on the basis of demand from Sales and that casting tonnage is determined by sales mix of heavy and lighter castings. Hence, even if the activity remains the same, it affects the quantitative tonnage production.

(ii) Norms for the consumption of raw materials have not been fixed. The table below indicates consumption of hard coke during the four years ending 1974-75:—

Year	Hard coke consumed	Metal charged	Coke consumption percentage
			(tonnes)
1971-72	705	2,694	27.3
1972-73	646	2,373	27.2
1973-74	746	2,576	28.9
1974-75	809	2,745	29.5

(iii) *Rejection of castings*—The following table indicates the bad/rejected castings as compared to the total castings during the last four years ending 1974-75:—

Year	Good castings	Bad castings	Total castings	Rejection out of good castings	Total rejections (3+5)	Percentage of total rejections to total castings
1	2	3	4	5	6	7
1971-72	2,159	277	2,436	127	404	16.6
1972-73	1,853	262	2,115	300	562	26.6
1973-74	2,018	310	2,328	211	521	22.4
1974-75	2,231	316	2,547	84	400	15.7

No norms for the bad castings in relation to total castings have been fixed.

(iv) *Melting losses*—The table given below indicates the melting losses during the last four years ending 1974-75:—

Year	Metal charged	Castings recovered (good and bad)	Melting loss percentage
		(tonnes)	
1971-72	2,694	2,436	9.6
1972-73	2,373	2,115	7.2
1973-74	2,576	2,328	9.6
1974-75	2,745	2,547	7.2

No norms for melting losses have been fixed by the Company.

VIII. Electric motor shop—The installed capacity to manufacture electric motors ranging from 1/16 to 20 H.P. and monoblock pumping sets of 3,000/5,000/15,000 H. P. was fixed at 3,000 numbers per year. The production of electric motors has decreased year after year as indicated in the paragraph on performance analysis. Apart from it, proper record of the motors produced and sold was not maintained. The table below indicates the extent of difference as noticed in each year during 1971-72 to 1974-75:—

Year	Opening balance	Electric motors and pumps				Total	Difference
		Pro-duction	Total	Sales	Closing balance		
			(numbers)				
1971-72	976	2,310	3,286	2,348	833	3,181	(—) 105
1972-73	833	2,456	3,289	2,518	850	3,368	(+) 79
1973-74	850	2,197	3,047	2,788	342	3,130	(+) 83
1974-75	342	1,662	2,004	1,420	904	2,324	(+) 320

IX. Manpower utilisation—The National Industrial Development Corporation Limited were appointed in December 1968 to examine and report on the most appropriate manner in which the plant could be reorganised and modernised for better performance. In its report (August 1969) the Corporation pointed out that considerable surplus manpower was existing in the Company and observed that even with optimum utilisation of the existing equipment capacity the surplus manpower would not be fully utilised. The report brought out net surplus of 157 personnel after completing phase II of the modernisation scheme and 91 after phase III. Although the recommendations for modernisation could not be implemented due to paucity of funds, the manner in which this surplus manpower has been gainfully utilised could not be clarified by the Management.

The table given below indicates the strength of regular and casual staff employed during the four years ending 1974-75 and the amount paid to casual workers:—

Year	Regular staff	Casual staff	Amount paid to casual staff (Rupees in lakhs)
1971-72	624	18	—
1972-73	611	3	0.30
1973-74	609	89	0.82
1974-75	603	91	1.80

In spite of surplus staff overtime payments were made to workers and staff as shown below:—

Year	Overtime payment		Total
	Ministerial	Technical	
	(Rupees in thousands)		
1972-73	.. 0.11	0.24	0.35
1973-74	.. 0.17	0.56	0.73
1974-75	.. 0.23	0.27	0.50

X. Utilisation of plant and machinery—Most of the Company's equipment are old. Some new equipment have, however, been added from time to time. The addition of equipment has generally been on *ad hoc* basis to cater to particular job orders and sometimes resulted either in non-utilisation or under-utilisation of equipment purchased. For example, the Foundry had purchased one 15 tonne EOT crane in 1967-68 for Rs. 1.10 lakhs and a hot metal receiver in 1969-70 at cost of Rs. 0.36 lakh for manufacturing and supplying 44 cast iron bed plates weighing 8 tonnes each to Bharat Heavy Electricals Limited. Purchase of a planning machine costing Rs. 1.27 lakhs (mentioned in paragraph 92 (i) of the Report of the Comptroller and Auditor General for the year 1970-71) was incidental to carrying out this order. Only two plates of this size were manufactured with the help of the crane and supplied upto July 1970. Since then the crane and the planning machine are being used for smaller jobs while the hot metal receiver has been lying idle from the date of its purchase in 1969-70.

No record has been maintained to show the machine capacity available, the capacity utilised against it and how much is idle. Neither has any record been maintained to show the machineries lying idle or under-utilised. Detailed machine loading schedules in respect of each machine/group of machines are required to be maintained to assess utilisation thereof in each shop but no such record is being maintained (December 1975).

The National Industrial Development Corporation Limited, after reviewing the condition of 89 items of machinery installed in different shops, observed (August 1969) that ten machines were surplus to the requirement of the Company and 31 items needed to be discarded, being worn out and not required for any work. The Management stated (July 1975) that auction of the machines was contemplated. No final action has been taken so far (December 1975).

XI. Idle Machinery—One eccentric press of 160 tonnes capacity was purchased in May 1966 for blanking of chaffcutter blades. Manufacture of blades was not, however, taken up due to tough competition in the market. The press had been lying idle since the date of its purchase. The cost of the press including installation charges was Rs. 0.80 lakh. It was sold in October 1974 for Rs. 1.40 lakhs.

XII. Inventory—The following table indicates the comparative position of inventory (closing stocks) at the close of last four years ending 1974-75:—

	1971-72	1972-73	1973-74	1974-75
	(Rupees in lakhs)			
A.				
(i) Raw materials and stores ..	15.79	12.45	13.55	16.46
(ii) Consumption of raw materials & stores ..	29.95	27.39	40.25	56.20
(iii) Closing stock in terms of month's consumption ..	6	5	4	4
B.				
(i) Work-in-progress	10.85	11.07	8.86	14.17
Finished goods ..	31.71	27.78	11.65	25.55
Consignment stock ..	0.10	0.09	0.09	0.09
Total ..	42.66	38.94	20.60	39.81
(ii) Value of production ..	55.12	60.70	78.66	108.61
(iii) Percentage of stock-in-trade to value of production ..	77	64	26	37

No maximum and minimum levels of stock had been fixed. Raw materials worth Rs. 1.49 lakhs and slow moving finished goods worth Rs. 0.25 lakh and obsolete finished stock valued Rs. 0.23 lakh were awaiting disposal (July 1975).

XIII. Injudicious purchase of stores—The Company had a stock of 19.27 tonnes of G. I. corrugated sheets valuing Rs. 0.25 lakh in April 1970. During 1970-71,

22.60 tonnes of sheets were further purchased at a cost of Rs. 0.48 lakh in connection with the proposed expansion of the factory. The expansion could, however, not be taken up for want of funds. The Company sold the sheets to Himachal Pradesh Mineral and Industrial Development Corporation in May 1975, (a controlled item) weighing 25.255 tonnes (book value: Rs. 0.44 lakh) for Rs. 1.13 lakhs including sales tax of Rs. 0.03 lakh.

XIV. Pricing policy—Selling prices of goods manufactured are fixed on *ad hoc* basis without being related to the cost of production. Though the prices of the traditional products compared favourably with their cost of production the cost of production of job contract items was higher than their sale price in most of the cases. A few instances of sales which resulted in losses are given below:—

(i) *Ingot moulds*—The Company manufactured of its own 497 ingot moulds of various sizes ranging from 320 and 670 kgs. each at cost of Rs. 3.26 lakhs during the period from August 1971 to June 1972. On a verbal request received from a firm of Muzaffarnagar seven moulds were supplied (February 1972) for trial. On a subsequent demand (February 1972) for 12 more moulds, the company supplied 83 moulds to the firm during March 1972 and May 1972. Against the verbally agreed rate of Rs. 1,400 per tonne, the firm offered to pay Rs. 1,137.50 per tonne on the plea that the moulds supplied did not conform to standard test. Against a bill of Rs. 71,499 for the supply of 90 moulds, the firm agreed to pay Rs. 47,725 after adjusting the value of 8.12 tonnes of iron scrap at Rs. 350 per tonne returned by the party. Out of this, Rs. 40,225 had been received upto December 1974 from the firm and the balance is still due (November 1975).

Further, 12 and 14 moulds were supplied to two other firms in 1972-73 for which payments amounting to Rs. 9,863 at Rs. 1,200 per tonne were received from one party. Moulds lying with the other party had been valued as on 31 March 1974 as scrap at Rs. 2,388 and the amount is still due from the firm (November 1975).

Forty ingot moulds are lying in stock (December 1975) and valued at Rs. 26,207. As these were manufactured without any specific order there is little possibility of their sale. The remaining 341 moulds were got broken and used as scrap at the value of Rs. 57,288. Rupees 5,925 were paid to the labour contractor for breaking these moulds.

The Public Accounts Committee in its 16th Report (on paragraph regarding loss on sale of German ploughs included in Report of the Comptroller and Auditor General for 1970-71) had recommended in December 1971 that the Company should always take up manufacture of new articles on written orders. However, the Company took up the production of ingot moulds without getting any written and confirmed orders and suffered loss of Rs. 1.85 lakhs in this deal.

(ii) *Manhole frames and covers*—With a view to utilising the idle capacity of the moulding shop, the Company manufactured and sold during 1971-72 to 1974-75, 7,051 manhole frames and covers of 5 cwt. each, 1,526 of 3 cwt. each, 22 of 1 cwt.

each and 1,585 gully gratings. Against their total cost of Rs. 26.37 lakhs during these years, the sale realisation was Rs. 20.20 lakhs resulting in loss of Rs. 6.17 lakhs.

(iii) *C.I. Anchors and G.I. drums*—The company sold 25,000 C.I. anchors during 1973-74 for Rs. 1.33 lakhs. The cost as worked out by the Company's costing section was Rs. 2.01 lakhs. Similarly, 65,443 G. I. drums were sold during 1973-74 and 1974-75 for Rs. 13.43 lakhs. The cost arrived at during these years was, however, Rs. 16.26 lakhs. The loss suffered by the Company on sale of these two items during 1973-74 and 1974-75 aggregated Rs. 3.51 lakhs.

XV. Sales performance—The Company's products are generally sold through dealers appointed in Punjab, Haryana, Uttar Pradesh, Rajasthan and Maharashtra, who are allowed commission at specified rates. Besides, direct sales of job contract items like manhole frames and covers, G. I. drums, wheel barrows, etc., are made to Government departments.

The table below indicates the actual sales against sales forecasts during the year 1971-72 to 1974-75:—

	Budgeted sales	Actual sales	
		Gross	Net
		(Rupees in lakhs)	
1971-72	54.88	45.88	39.29
1972-73	Not prepared	51.67	44.77
1973-74	80.00	74.29	64.39
1974-75	108.38	63.54	56.45

Note—Net sales are after deducting commission paid to dealers.

Shortfall in sales during 1974-75 was attributed to delay in release of power connections due to shortage of electricity in the areas of sales and restrictions imposed on cash credit limits by banks.

The manufacturing and sales trading results of the Company for the four years ended 1974-75 were as under:—

	(Rupees in lakhs)
1971-72	11.22 (loss)
1972-73	3.57 (loss)
1973-74	7.09 (loss)
1974-75	3.06 (profit)

The Company does not keep any consolidated record to show the demand of dealers/sale-depots outstanding as on a particular date and whether the same was met. In its absence it was not possible to know whether the Company was in a position to vary production to suit the demand for its products.

XVI. Sales by dealers—The Company's products are marketed mainly through dealers appointed every year in the various States. Out of 33 dealers who gave sale guarantees ranging from Rs. 0.35 lakh to Rs. 9.20 lakhs for the period from November 1972 to March 1974, only 12 parties could fulfil their guarantee. The offtake of goods by the remaining 21 dealers who did not honour their guarantee, was Rs.23.01 lakhs, against Rs. 39.53 lakhs guaranteed. Under the terms of the agreements entered into the Company, after observing legal formalities, could forfeit the security deposits of such dealers who did not give the guaranteed sale. No action has, however, been taken against them (November 1975). The Management stated (July 1975) that there was a lengthy procedure which was time consuming and, therefore, it did not take any action to forfeit the security.

XVII. Hiring performance—The Company has a hiring organisation comprising 47 agencies spread over the States of Uttar Pradesh, Punjab and Haryana. It gives on hire to cultivators against ordinary bond, sugar cane crushers and juice boiling pans at specified rates fixed from season to season.

The income from hiring during the four years upto 1974-75 was as follows:—

Year	Actual hiring income (Rupees in lakhs)
1971-72	9.68
1972-73	13.79
1973-74	24.07
1974-75	37.48

The working results of the hiring section during the four years upto 1974-75 were as under:—

	(Rupees in lakhs)
1971-72	0.92 (loss)
1972-73	0.68 (profit)
1973-74	6.27 (profit)
1974-75	15.24 (profit)

The Company has no systematic records to show as to how the demand for hiring agencies is assessed. The agents work out their requirements on an *ad hoc* basis. The Company has not kept proper records to show the total demand on a particular date and the extent to which it was met and what remained to be supplied. The Company has also not fixed any limit for the reserve stock with any of the agencies. In its absence no control could be exercised over the stocking of various items. Stocking of items on *ad hoc* basis, which was mostly in excess of the probable requirement (based on the previous year's hiring) resulted in idle stock during 1971-72

to 1974-75, as detailed below:—

Items	Number of items hired				Number of items of idle stock				Percentage of idle to hired stock			
	1971-72	1972-73	1973-74	1974-75	1971-72	1972-73	1973-74	1974-75	1971-72	1972-73	1973-74	1974-75
Crushers	2,960	3,575	5,145	5,402	3,149	2,142	663	939	106	60	11	17
Power attachments	325	624	1,252	1,353	37	164	178	534	11	26	12	39
Pans	4,132	5,364	7,277	7,241	1,380	837	224	1,313	33	16	3	18

The National Industrial Development Corporation had suggested in August 1969 that since the hiring of crushers, pans, etc., was seasonal, the Company should consider the appointment of staff for hiring agencies for the season and thereafter they should be given retention allowance. The Management, however, stated (December 1975) that the hiring started from September-October and recoveries continued upto July next and as such question of taking action in accordance with the recommendations of the National Industrial Development Corporation did not arise.

Crushers, pans, etc., given for hiring are generally allowed to be retained by the cultivators in the fields for the next season unless the cultivators desire otherwise. Physical verification of these crushers, pans etc., is not being done (December 1975).

XVIII. Sundry debtors and turnover—The following table indicates the Company's book debts (for sales) at the end of each of the years 1971-72 to 1974-75 compared with sales during each year:—

Year	Book debts (sales) at the end of the year	Sales (net) during the year	Percentage of debts to sales
	(Rupees in lakhs)		
1971-72	21.53	39.29	54.8
1972-73	17.23	44.77	38.5
1973-74	17.17	64.38	26.7
1974-75	17.95	56.45	31.8

The debts outstanding for 3 years and above as on 31 March 1975 amounted to Rs. 3.62 lakhs and included old debts of Rs. 0.22 lakh pertaining to the years from 1959-60 to 1965-66. These amounts are not being shown as doubtful of recovery.

The following table indicates the book debts for hire income:—

Year	Book debts (hire income) at the end of the year	Total hire income during the year	Percentage of debts to hire income
	(Rupees in lakhs)		
1971-72	1.25	9.68	12.9
1972-73	2.14	13.79	15.5
1973-74	4.71	24.07	19.6
1974-75	10.70	37.48	28.5

According to instructions issued by the Company from time to time, hire business was to be done against cash payment. However, articles were being given on hire on credit basis also.

The following are the details of a few debtors:—

(i) One party at Jaipur was appointed as a dealer by the Company in 1968. The agreement for dealership was renewed from year to year upto 1973.

During this period the Company had supplied goods to the party valuing Rs. 3.20 lakhs on credit basis although, according to the agreement, the goods were to be supplied either against cash payment or through bank by retiring the documents for taking delivery against them. The party did not make payment. After deducting the total commission due on the supplies made and other expenses incurred by the party, net amount of Rs. 1.17 lakhs was due for recovery (November 1975).

A registered notice was served upon the party in March 1975 intimating that the General Manager would appoint an arbitrator to finalise the case. No arbitrator has been appointed so far (November 1975).

(ii) Another party at Patna entered into an agreement with the Company in July 1971, for sale and distribution of its products in Bihar on guaranteed annual turnover of Rs. 10 lakhs. Goods worth Rs. 1.47 lakhs were supplied to the distributor during the period from October 1971 to May 1972. After allowing the commission of Rs. 0.25 lakh, Rs. 1.22 lakhs were due from the party. Out of this, a sum of Rs. 0.35 lakh was realised in February/March 1972 and the balance amount due was Rs. 0.87 lakh as in June 1972. An Insurance Company, which guaranteed the payment of bills, was addressed in June 1972 but there was no reply (December 1975).

A notice was served on the party in March 1973 showing Rs. 0.83 lakh (after making adjustment for certain goods returned) outstanding against them together with interest thereon. Simultaneously, a notice was served on the Insurance Company stating that according to the guarantee given it was responsible for making payments of all moneys due from the party, provided the liability under the guarantee did not exceed Rs. 1 lakh. This guarantee was effective only if payment was first demanded by the Company from the party and it failed to pay within 45 days from receipt of the bills from the Company. This was not done. However, the value of goods supplied by the Company to the party during October 1971 to December 1971 amounted to Rs. 1.25 lakhs. After taking into account commission of the party amounting to Rs. 0.21 lakh, the net amount due as on that date worked out to Rs. 1.04 lakhs which exceeded the guaranteed limit given by the Insurance Company. The first payment of Rs. 0.10 lakh was made by the party in February 1972. The Insurance Company did not respond.

An arbitrator was appointed in March 1974. The Himachal Pradesh High

Court ordered in June 1975 that the arbitrator should give the award within four months. An extension of period by two months has been applied by the arbitrator in November 1975.

(iii) A firm of Kanpur entered into an agreement with the Company in August 1969 and September 1970 for sale and distribution of products of the Company. The party owed Rs. 0.51 lakh as in November 1973. The firm disputed the correctness of the claim and did not make payment. An arbitrator was appointed in March 1974. The arbitrator's award was filed in the Court of Senior Sub-judge, Nahan, in March 1975. Final outcome of the case is awaited (November 1975).

XIX. Physical verification of stores—At the time of physical verification of raw materials conducted at the end of 1973-74 and 1974-75, shortages worth Rs. 0.35 lakh and Rs. 0.60 lakh respectively were noticed and excesses worth Rs. 0.50 lakh found during 1974-75.

Finished goods worth Rs. 0.51 lakh were found short during 1973-74.

Shortages and excesses have not been investigated so far (July 1975).

XX. Use of vehicles—One Chevrolet car (airconditioned) was purchased in 1966-67 for Rs. 0.44 lakh. It remained off the road. The Management explained that it is used very rarely. Its frequent use is restricted because the consumption of petrol of this car is much more as compared to other vehicles.

XXI. Financial management and cost control

(a) *Accounting Manual*—An Accounting Manual laying down the method of maintenance of records and compilation of accounts and prescribing the duties and responsibilities of various officials of the Foundry has not been prepared. The Management stated (July 1975) that preparation of the Manual would be taken up when the financial position improved.

(b) *Internal audit*—In March 1975, the Board of Directors decided to start an internal audit cell under the overall control of the Accounts Manager. However, this cell has not been established reportedly due to paucity of funds (December 1975).

(c) *Cost accounting*—The Company is following the system of historical costing. Unit cost is ascertained for each cost centre/process on the basis of the cost accumulated and good output. The cost of individual components, assemblies etc., is arrived at by taking the aggregate of cost for the different operations involved for such products.

Certain deficiencies pointed out by Cost Auditors in December 1974 were as follows:—

(i) There was no proper accounting of rejection and spoilage at the different stages of production.

- (ii) Control exercised on the shop manufactured components needed to be stepped up.
- (iii) There were no adequate records to exercise control over the input, output and working efficiency in the Foundry section for the casted parts.

XXII. Other matters of interest

(a) *Mis-appropriation*—On the basis of reported acts of serious misconduct, misappropriation, cheating and absenteeism by the Branch Incharge of the hiring agency Chandok (Uttar Pradesh) he was placed under suspension in May 1974. It was later found that the Branch Incharge had misappropriated cash and stocks worth Rs. 0.76 lakh (non-accountal of realised hire money Rs. 0.29 lakh, shortage of stock Rs. 0.43 lakh, unauthorised withdrawals from the cash Rs. 0.03 lakh and shortage of cash Rs. 0.01 lakh). Stocks worth Rs. 0.17 lakh were recovered. The balance of Rs. 0.59 lakh remains for recovery (November 1975). Report was lodged with the police in February 1975.

(b) *Manufacture of wheat thrashers*—During 1971-72 and 1972-73 the Company manufactured 119 and 96 wheat thrashers respectively without getting any written and specific orders therefor. Out of these 83 thrashers could be sold during the three years upto March 1974 at cost price.

In addition, the Company sent unassembled parts of thrashers to Muzaffarnagar (66) and Ambala (30), in February and March 1972. Assembly of these thrashers was to be completed there before sale in the market. While the thrashers sent to Ambala were returned to Nahan in the same unassembled condition in May 1975, the thrashers sent to Muzaffarnagar (balance 25) were lying there in the same condition. The approximate cost of 51 unassembled wheat thrashers lying at these places (December 1975) works out to Rs. 0.43 lakh.

HIMACHAL PRADESH STATE FOREST CORPORATION LIMITED

7.9 Introductory

The Company was incorporated on 25 March 1974 as a wholly owned Government Company for taking over the Government Rosin and Turpentine Factories at Nahan and Bilaspur, with the object of setting up forest based industries, exploitation of forest resources on scientific and commercial lines and achieving nationalisation of working of forests. In the first stage, the Company was to take over the two rosin and turpentine factories. In the second phase, resin tapping operations, already being undertaken departmentally to the extent of 46 per cent of the blazes, as also departmental working in Kinnaur and Kulu forest divisions were to be transferred to it; the ultimate objective being complete take over of the resin tapping and forest exploitation thereby eliminating the agency of contractors over the next few years. The Company intended to undertake in future, plantation in fir forests when mature trees were to be replaced by new plantations.

The rosin and turpentine factories were taken over by Company on 1 April 1974 while resin tapping operations being executed departmentally in 11 forest

divisions were transferred in May 1975; for the latter work two Divisional offices were set up at Mandi and Dharamsala. No other function has so far been undertaken by the Company (December 1975).

II. Capital structure—The authorised share capital of the Company is Rs. 5 crores divided into 50,000 shares of Rs. 1,000 each. Government decided (March 1974) that the buildings, machineries, fixed assets and stores of the two rosin and turpentine factories be transferred to the Company at book value and the value of the assets so transferred was to be treated as its contribution to the paid-up capital of the Company. The paid-up capital on 31 March 1975 was Rs. 58 lakhs which comprised contributions in cash (Rs. 20 lakhs) and value of the assets (Rs. 38 lakhs). The assets transferred were valued on *ad hoc* basis as the *pro forma* accounts for 1973-74 of the erstwhile undertakings had not been compiled (December 1975).

III. Procurement of raw material—Resin is procured from the divisions of forest department and also from forest contractors, for being processed into rosin and turpentine oil. The purchase price of resin upto 31 March 1973 was fixed by the Rosin Board on the basis of weighted average of the market rates prevalent in the neighbouring States of Jammu and Kashmir, Uttar Pradesh and Punjab. With the formation of the Company, the price of resin is fixed at the end of the year by a committee constituted by the Government for the purpose. The rate of Rs. 208.50 per quintal was approved (March 1975) by the committee for the supplies to be made to the factories during 1974-75.

The following quantities of resin were received and processed during the three years ended 1974-75.

Year	Quantity available (including opening balance)	Quantity processed (with sakki)	Quantity transferred	Closing balance
(In thousand quintals)				
BILASPUR FACTORY				
1972-73	85.3	67.2	—	18.1
1973-74	89.0	60.9	—	28.1
1974-75	89.4	73.2	0.8	15.4
(Nahan Factory)				
NAHAN FACTORY				
1972-73	49.4	33.8	0.8	} Consumed for subsidiary products 8.8
1973-74	41.2	38.3	0.4	
1974-75	41.4	40.5	0.7	

Minimum and maximum limits of stock of raw materials have not been fixed.

IV. Utilisation of capacity—The installed capacity for processing of resin is 240 and 120 quintals per day for Bilaspur and Nahan factories respectively. The annual installed capacity of the factories was fixed at 74,000 quintals (Bilaspur) and 37,000 quintals (Nahan) on the basis of 308 working days of three shifts in a year taking into account 8 closed holidays and closure for 45-50 days for periodical plant maintenance.

The following table indicates capacity for processing resin, actual quantity of resin processed and the shortfall during the three years ended 1974-75.

	1972-73		1973-74		1974-75	
	Bilaspur	Nahan	Bilaspur	Nahan	Bilaspur	Nahan
	(In thousand quintals)					
(a) Annual installed capacity ..	74	37	74	37	74	37
(b) Resin actually processed (without Sakki) ..	65	39	59	37	71	39
(c) Shortfall ..	9	—	15	—	3	—
(d) Percentage of shortfall ..	12	—	20	—	4	—

The Management attributed (July 1975) the shortfall in processing of resin in the Bilaspur factory to short supply of furnace oil and power shortage. The plant remained closed for 35 days during 1974-75 and for 8 days during 1973-74 owing to non-availability of furnace oil. The periods for which the plant remained closed because of power shortage had not been worked out. The Management further stated (December 1975) that the requisite information was being collected.

V. Production performance—The table given below indicates the resin processed, rosin and turpentine oil produced therefrom and wastages in processing during the three years ended 1974-75.

Year	Resin processed (in thousand quintals)	Rosin produced	Turpentine oil produced (in lakhs litres)	Percentage of		
				Rosin produced	Turpentine oil produced	Wastage
BILASPUR FACTORY						
1972-73	65.1	50.0	12.43	76.76	16.53	6.71
1973-74	59.0	45.5	11.27	77.13	16.47	6.40
1974-75	70.6	54.1	13.10	76.66	16.06	7.28
NAHAN FACTORY						
1972-73	38.7	29.5	7.76	76.30	17.40	6.30
1973-74	37.3	28.6	7.40	76.59	17.05	6.36
1974-75	39.3	30.0	7.90	76.39	17.37	6.24

No norms for outturn of rosin and turpentine oil as well as wastages in processing have been fixed. The Management of the Bilaspur Factory attributed (July 1975) the rise in the wastage from 6.40 per cent in 1973-74 to 7.28 per cent in 1974-75, to processing of old resin.

The following table shows the percentage yield of various grades of rosin during the three years ended 1974-75.

Grade of rosin	1972-73		1973-74		1974-75		
	Quantity produced	Percentage of production	Quantity produced	Percentage of production	Quantity produced	Percentage of production	
(In thousand quintals)							
BILASPUR FACTORY							
Pale ..	26.7	53.4	21.3	46.8	20.9	38.6	
Medium ..	14.9	29.8	14.6	32.1	20.9	38.7	
Dark ..	8.4	16.8	9.6	21.1	12.3	22.7	
NAHAN FACTORY							
Pale ..	18.3	62.1	13.9	48.5	16.6	55.2	
Medium ..	6.1	20.5	10.1	35.5	8.1	27.2	
Dark ..	5.1	17.4	4.6	16.0	5.3	17.6	

The percentage yield of rosin pale grade (superior) at Bilaspur Factory was below the yield achieved at Nahan, by 16.6 per cent during 1974-75. The Management stated (July 1975) that the low yield was due to processing of resin purchased in rusty containers and also due to prolonged storage of resin therein.

VI. Consumption of furnace oil—Consumption of furnace oil per quintal of resin processed in the Bilaspur Factory during three years upto 1974-75 was as under:—

Year	Resin processed (in thousand quintals)	Furnace oil consumed (in lakh litres)	Consumption per quintal of resin processed (in litres)
1972-73	65.1	7.42	11.40
1973-74	59.0	7.42	12.57
1974-75	70.6	7.47	10.58

No norms for consumption of furnace oil for processing of resin have been laid down for exercising control over consumption thereof.

The Management attributed (July 1975) the excess consumption during 1972-73 and 1973-74 to poor quality of resin as well as that of furnace oil, weather conditions, efficiency of boilers, etc.

VII. Delay in receiving payments—According to the terms and conditions of sales, interest was recoverable from the parties for delay in payment beyond the prescribed period of 45 days. The rate of interest upto 30 November 1974 was 15 per cent and thereafter it was 18 per cent. It was, however, seen that interest at the stipulated rates had not been recovered from the parties, although payments had not been received within the prescribed period. A few instances are given below:—

Party	Period of bill	Amount deposited late (Rupees in lakhs)	Delay involved (Months)	Interest	
				Received	Receivable
B.	May 1974 to September 1974	2.94	3 to 11	—	0.20
E.	October 1974	0.78	8 to 9 (payment of Rs. 0.24 lakh still awaited)	—	0.08
F.	January 1975	2.27	3 to 4	—	0.07
G.	August-September 1974	3.12	4 to 6	—	0.23

The Management stated (July 1975) that interest had been worked out and the parties informed accordingly.

VIII. Exports—In July 1973, the Government of India decided that 3,000 tonnes of rosin be exported to U. K., West Germany, Japan, Italy and the U. S. A. through the State Trading Corporation of India Limited (S. T. C.) by the Government factories (two of Himachal Pradesh, one of Uttar Pradesh and one of Jammu and Kashmir). The quota allotted to the two factories in Himachal Pradesh was kept at 1,250 tonnes, for export during 1973-74 and 1974-75. A firm of Calcutta was appointed (October 1973) as shipping agents. No agreement was entered into either with the S. T. C. or with the shipping agents, laying down the terms and conditions of export.

Against the exports quota of 1,250 tonnes, the factories produced 2741 tonnes of rosin (1287 tonnes in 1973-74 and 1454 tonnes in 1974-75) for export during these years. Out of this, 2375 tonnes of rosin was sent to the shipping agents for export. The shipping agents could export 2024 tonnes of rosin upto 31 March 1975 and had to effect local sale of 77 tonnes.

The remaining 274 tonnes including casks valued at Rs. 8.25 lakhs, were still lying with the shipping agents for which storage charges of Rs. 0.07 lakh had been paid for the period upto July 1975. In addition, 366 tonnes of rosin (value: Rs. 11.00 lakhs) produced for export were lying unsold with the factories (July 1975). Expenditure on special packing of rosin on the unsold stock alone amounted to Rs. 1.98 lakhs.

The Management stated (December 1975) that owing to slump in the international market the entire quantity despatched to the shipping agent could not be exported.

IX. Sundry debtors and turnover—The following table indicates the value of book debts and sales for the three years upto 1974-75:—

As on 31 March	Debts at the end of the year (Rupees in lakhs)	Sales during the year	Percentage of debts to sales
BILASPUR FACTORY			
1973	26.28	115.38	22.8
1974	60.84	161.70	37.6
1975	43.42	120.74	36.0
NAHAN FACTORY			
1973	14.24	74.79	19.0
1974	38.53	117.96	32.7
1975	26.15	98.17	26.6

The figures of debts as on 31 March 1975 do not include those pertaining to the pre-company period.

X. Financial results—Annual accounts of the Company for 1974-75 and of the Bilaspur Factory for 1973-74 have not been finalised (December 1975). Financial results of the Bilaspur Factory for the year ended March 1973 and that of

Nahan Factory for the two years ending March 1974 were as under:—

	Bilaspur Factory	Nahan Factory	
		1972-73	1973-74
		(Rupees in lakhs)	
(a) Capital at the close of the year ..	131.95	67.86	53.99
(b) Sales during the year ..	115.38	74.79	117.96
(c) Closing stock of finished goods ..	50.00	32.62	7.54
(d) Opening stock of finished goods ..	7.62	4.77	32.62
(e) Value of production (b+c-d) ..	157.76	102.64	92.88
(f) Net profit/loss during the year ..	2.12	6.78	(—)6.30
(g) Cost of sales (b-f)/(b+f) ..	113.26	68.01	124.26
(h) Percentage of cost of sales to sales ..	98.15	90.93	105.34
(i) Net profit/loss as percentage of:			
(i) Capital at the close of the year	1.60	9.99	(—)11.67
(ii) Sales ..	1.84	9.07	(—)5.34
(iii) Cost of sales ..	1.87	9.97	(—)5.07

XI. Inventory and production—The following table indicates the comparative position of inventory at the close of each of the three years for which annual accounts were available:—

	Bilaspur Factory			Nahan Factory		
	1970-71	1971-72	1972-73	1971-72	1972-73	1973-74
	(Rupees in lakhs)					
Raw material (resin) ..	13.06	11.12	35.40	10.24	16.96	4.76
Finished goods:						
(a) Rosin ..	7.06	6.28	47.98	3.57	30.29	6.73
(b) Turpentine oil	1.48	1.34	2.02	0.21	1.29	0.14
(c) Varnish and other subsidiary products	—	—	—	0.99	1.02	0.67
Total ..	21.60	18.74	85.40	15.01	49.56	12.30

Inventory in the Bilaspur Factory has increased from Rs. 21.60 lakhs at the end of 1970-71 to Rs. 85.40 lakhs at the close of 1972-73.

Finished goods represented 8 months' sale during 1970-71, 0.5 months' in 1971-72 and 5.2 months' during 1972-73 in respect of the Bilaspur Factory and 0.5 months' sales during 1971-72, 5.2 months' in 1972-73 and 0.7 months' during 1973-74 in respect of the Nahan Factory.

XII. Shortages—The table given below indicates the position of shortages of rosin and raw materials, which have not been regularised (December 1975).

Sl. no.	Particulars	Amount (Rupees in lakhs)	Remarks
(i)	Loss in transit of 90 casks of rosin sold to a firm of Calcutta during February 1975.	0.72	Claims lodged with the Railways have not been settled (December 1975).
(ii)	Loss of 10 G.I. barrels of rosin despatched to shipping agents and damage to 55 barrels during transit (November 1974).	0.73	The Management stated (December 1975) that the shipping agents had been asked to get the actual loss assessed and lodge claims with the Railways.
(iii)	Short accountal of 155 quintals or rosin in the production branch (Bilaspur Factory) during 1972-73.	0.32	The matter is under investigation (December 1975).
(iv)	Shortage of 15,593 litres of furnace oil due to omission to carry forward the balance during 1974-75.	0.12	The matter is under investigation (December 1975).

XIII. Physical verification—Stocks of finished goods and raw material had not been physically verified in both the factories during 1974-75.

XIV. Accounting and cost control

(i) *Costing procedure*—No system of costing has been introduced in the factories (November 1975). Sale price of the products is being fixed taking into account the estimated cost of production based on the previous year's costs and the current market trend as well as the current resin price.

(ii) *Accounting manual*—An accounting manual laying down detailed procedure for maintenance and compilation of accounts and duties and responsibilities of the staff at various levels, has not been prepared.

(iii) *Internal Audit*—No system of internal audit has been introduced so far (December 1975). It was stated (July 1975) that with the posting of commercial accountants in the factories, the system of internal audit would be introduced during 1975-76.

SECTION D—DEPARTMENTALLY MANAGED GOVERNMENT COMMERCIAL/QUASI-COMMERCIAL UNDERTAKINGS

7.10 On 31 March 1975, there were 5 departmentally managed commercial and quasi-commercial undertakings viz., (i) Fertilizer Distribution Scheme, (ii) Seed Distribution Scheme, (iii) Scheme of Government Trading in Food grains, (iv) Ayurvedic Pharmacy, Jogindernagar and (v) Ayurvedic Pharmacy, Majra.

During the year, three undertakings, viz., Himachal Government Transport, Rosin and Turpentine Factory, Nahan and Rosin and Turpentine Factory, Bilaspur ceased to be run departmentally as these were converted into Statutory Corporation/Government Company.

A synoptic statement showing the financial results of the Himachal Government Transport for 1972-73, Rosin and Turpentine Factory, Nahan for 1973-74 and Bilaspur for 1972-73 is given in Appendix VII. The *pro forma* accounts of nine undertakings are in arrears (November 1975), as detailed below:—

(i) Himachal Government Transport	.. 1973-74 and 1974-75 (from April to September 1974).
(ii) Rosin and Turpentine Factory, Bilaspur	.. 1973-74
(iii) Fertilizer Distribution Scheme	.. 1966-67 to 1974-75
(iv) Seed Distribution Scheme	.. 1964-65 to 1974-75
(v) Scheme of Government Trading in Foodgrains	.. 1966-67 to 1974-75
(vi) Ayurvedic Pharmacy, Majra	.. 1961-62 to 1974-75
(vii) Ayurvedic Pharmacy, Jogindernagar	.. 1961-62 to 1974-75
(viii) Departmental Tapping of Resin	.. 1969-70 to 1974-75
(ix) Departmental Extraction of Timber	.. 1969-70 to 1974-75

DEPARTMENT OF FOOD AND SUPPLIES

7.11 State trading in foodgrains

I. Introductory—The production of foodgrains in Himachal Pradesh is short of its requirement. With the annual production being of the order of 95 lakh quintals, the deficit estimated at 11.6 lakhs quintals, is met from the Central pool and the neighbouring States of Punjab and Haryana.

Prior to 1973-74, the Government's function was confined to supply of foodgrains at reasonable rates and maintaining sufficient stocks for issues whenever required, particularly in the remote areas. Wholesale trading in wheat was taken over by Government in 1973-74, under the directions of the Government of India.

In April 1973, Government prohibited carrying on, of either wholesale or retail trading in wheat by any agency other than the State or fair price shops approved by the Food and Supplies Department. Import of wheat became the exclusive

responsibility of Government. In May 1974, the Government of India permitted wholesale/retail trading in wheat by private individuals, provided the licensed wholesale dealers surrendered 50 per cent of the purchases as levy share at Rs. 105 per quintal irrespective of the purchase price paid by them. According to the Wheat (Price Control) Order of 1974, no dealer in Punjab, Haryana or in the Union Territory of Chandigarh could sell or agree to sell wheat at a price exceeding Rs. 150 per quintal, inclusive of the cost of gunny bags, state/central/local taxes and all other incidental charges right up to the point of loading for transportation. Again, in May 1975, inter-State movement of wheat was banned.

To undertake trading in foodgrains, the State Government was granted in 1974-75 (and extended to 1975-76) credit facility upto Rs. 5 crores bearing interest at 12 per cent per year by the State Bank of India.

II. Production, procurement, off-take and stocks—The Department has not finalised its *pro forma* accounts indicating the working results of the scheme since 1966-67. According to summary of the working of the Food and Supplies Department and on the basis of the figures furnished by the Department of Agriculture, the production, procurement, off-take and stocks of wheat for the three years upto 1974-75 was as follows:—

Year	Production of wheat in Himachal Pradesh	Opening stock of the Department	Procurement from outside the State	Off-take from the Department	Closing stock
	(In lakh quintals)				
1972-73	.. 33.64	0.13	0.59	0.39	0.33
1973-74	.. 28.70	0.33	5.33	4.92	0.74
1974-75	.. 31.10	0.74	6.87*	3.24	4.37

However, according to its account books, payment was made for 6.09 lakh quintals. During the course of audit no reasons were made available for the difference of 0.78 lakh quintals. Final reply of the Government is awaited (January 1976).

III. Procurement through the Food Corporation of India—The entire wheat demand of the State in 1973-74 was met by the Food Corporation of India. For 1974-75, 6.00 lakh quintals were allocated to the State through the Corporation. Government initially decided to purchase the entire quantity from Punjab and Haryana markets. However, 2.38 lakh quintals were procured upto October 1974 through the Corporation; the sale rate was Rs. 125 per quintal (plus central sales tax), f.o.r. nearest rail head, inclusive of the cost of gunny bag.

The overall purchase price came to Rs. 126.25 and Rs. 128.75 per quintal in respect of wheat procured by the Corporation from Punjab and Haryana markets respectively. This gave the mean rate of Rs. 127.50 per quintal f.o.r. nearest rail head.

After October 1974 further procurement from the Corporation was stopped.

*Quantity as indicated by the Department.

IV. Purchases from Punjab and Haryana mandis through the agency of the Himachal Pradesh State Co-operative Marketing and Development Federation Limited—

In April 1974, the Government entered into an agreement with the Federation for purchase of 6 lakh quintals of wheat of Food Corporation of India specifications by June 1974 from Punjab and Haryana mandis. Besides the cost of grain (arrived at after taking into account 50 per cent levy share to be given to the Central pool at the rate of Rs. 105 per quintal), the Federation was allowed cost of gunny bags at Rs. 4.50 per bag plus sales tax, mandi, warehousing and other incidental charges and commission of 1.5 per cent on the landed cost of wheat, both levy and non-levy.

The Federation was advanced Rs. 418.18 lakhs by the Department during May and June 1974. It utilised Rs. 283.18 lakhs and refunded the balance of Rs. 135 lakhs in July 1974. It has not so far (October 1975) rendered account of the advance taken.

In April 1974, Government had decided to purchase the entire quantity of wheat from 7 mandis in Punjab keeping economy in the transportation costs in view. During negotiations Punjab had offered ex-mandi rate of Rs. 145 per quintal whereas Government considered the rate of Rs. 120 per quintal as reasonable. However, the Federation purchased 1.71 lakh quintals as follows:—

State	Mode of purchase	Quantity purchased	Total cost	Average rate	Average mandi charges	Average ex-mandi rate
		(In lakh quintals)	(Rupees in lakhs)	(Rupees per quintal)	(Rupees per quintal)	(Rupees per quintal)
Punjab	Through open bid	0.65	77.30	118.85	20.54	139.39
Haryana	-do-	0.93	128.25	137.75	21.36	159.11
Haryana	Negotiations with traders	0.13	18.55	146.07	21.36	167.43
	Total ..	1.71	224.10			

The details of the purchases made by negotiations with traders in Haryana are given below:—

Mandi	Quantity purchased	Price negotiated	Average rate prevailing in the same mandi at that time
	(In lakh quintals)	(Rupees per quintal)	(Rupees per quintal)
Shahbad ..	0.05	145.00	136.98
Kurukshetra ..	0.06	145.85	139.17
Kaithal ..	0.02	149.50	138.55
Total ..	0.13		

The following may be mentioned from the details given above:—

- (a) If these 1.71 lakh quintals had been procured out of the allocation through the Food Corporation of India at the average rate of Rs. 126.25/128.75 per quintal, f.o.r. nearest railway head, there would have been saving of Rs. 41.74 lakhs on the purchase cost alone, i.e., exclusive of the transportation charges from the mandi to the nearest railway station and the commission of Rs. 5.85 lakhs claimed by the Federation which has not been paid so far (December 1975).
- (b) Purchases of 0.13 lakh quintals made from traders in Haryana at rate ranging from Rs. 145.00 to 149.50 per quintal through negotiations (for which no reasons have been intimated) resulted in extra expenditure of Rs. 0.98 lakh compared to the average rate of Rs. 136.98 to 139.17 per quintal prevailing in the same mandis at the same time.
- (c) The cost of 0.06 lakh quintals purchased by the Himachal Federation during and after June 1974 ranged between Rs. 156.75 and Rs. 161.85 per quintal as against the ceiling price of Rs. 150 per quintal. This resulted in extra expenditure of Rs. 0.56 lakh.
- (d) The cost of 1.06 lakh quintals purchased by the Federation from Haryana mandis during May to June 1974, ranged between Rs. 159.11 and Rs. 167.43 per quintal as against the ceiling price of Rs. 150 per quintal. Excluding storage charges the average rate worked out to Rs. 160.10 per quintal. The entire quantity purchased was stored in the warehouses in Haryana. Of this 1.01 lakh quintals were lifted gradually upto August 1975 leaving 0.05 lakh quintals in September 1975 in the warehouses in Haryana. Storage charges accrued upto September 1975 amounted to Rs. 2.89 lakhs.
- (e) According to the Federation (August 1975) 1.67 lakh quintals had been brought into Himachal Pradesh. However, the records of the Department showed 1.54 lakh quintals (including shortage of 88 quintals) as having been received in various districts. The difference of 0.13 lakh quintals and the shortage (88 quintals) remain to be reconciled (October 1975).

V. Purchases from the Haryana State Co-operative Supply and Marketing Federation Limited—In June 1974, Government negotiated and accepted the offer of the Haryana Federation for supply of 2 lakh quintals of wheat available in its godowns in Ambala, Jind, Kurukshetra and Karnal Districts at Rs. 150 per quintal, inclusive of the elements of cost mentioned in the Wheat (Price Control) Order, 1974. A formal agreement though drawn up, has not been executed (November 1975).

Had this quantity been procured through the Food Corporation of India at the mean rate of Rs. 127.50 per quintal, f.o.r. nearest railway head additional expenditure of the order of Rs. 45 lakhs would have been avoided.

In July/August 1974, Government made payment of Rs. 300 lakhs representing the entire cost of 2 lakh quintals purchased from the Federation but it did not take

over possession/control of the stocks. Only 0.33 lakh quintals were lifted during the period from October 1974 to February 1975. The stocks were stored in different warehouses of the Haryana State Warehousing Corporation for want of storage accommodation in Himachal Pradesh and lack of immediate off-take. No further lifting of wheat was done after February 1975. Storage charges amounted to Rs. 7.63 lakhs upto August 1975; out of this Rs. 5.13 lakhs were paid in May and August 1975.

VI. Loss on sale of stocks—Out of the stocks stored in the warehouses in Haryana, those at one or two places were reported (June 1975) to have got infested for which the Haryana Federation declined to accept any responsibility. Government then took up (July 1975) the matter with the Government of India for being helped out of this situation. The Government of India decided (August 1975) that the stocks lying in the Haryana warehouses would be taken over by the Food Corporation of India at Rs. 139 per quintal plus cost of gunny bags, for delivery at the Corporation's godowns or f.o.r. nearest railway station. The price payable by the Corporation to Government was subject to quality cut. The Corporation commenced lifting the stocks in August 1975 and had not completed it upto October 1975. Meanwhile, the Government incurred loss of Rs. 52.95 lakhs as detailed below:—

Quantity sold to the Corporation	1.67 lakh quintals
Cost price including storage charges (Rs. 7.63 lakhs upto August 1975)	.. Rs. 154.20 per quintal
Rate at which sold to the Corporation	.. Rs. 143.50 per quintal
Loss per quintal	.. Rs. 10.70 per quintal
Total loss on 1.67 lakh quintals	.. Rs. 17.87 lakhs
Add interest on investment of Rs. 250.50 lakhs representing cost of wheat (for 14 months at 12 per cent per year)	.. Rs. 35.08 lakhs
Total	.. Rs. 52.95 lakhs

The loss of Rs. 52.95 lakhs would further increase if the following factors are taken into account:—

- (a) shortages in the stocks; and
- (b) transportation charges on the stocks sold to the Food Corporation of India since its purchase rate was for delivery at its godowns or f.o.r. nearest railway station.

Government stated (July 1975) that the excessive purchases were made to tide over the anticipated scarcity conditions as there was no certainty of availability of wheat through the Food Corporation of India. This, however, does not explain the considerable overestimation of its requirements by Government which, among other things, resulted in locking up of funds dis-proportionate to the available resources. Government paid interest of Rs. 1.70 lakhs on ways and means advances and overdrafts during the year 1974-75, which closed with uncleared over draft of Rs. 1.20 crores.

Government's investment in the purchase of foodgrains increased to Rs. 624.98 lakhs and to Rs. 1,161.90 lakhs during 1973-74 and 1974-75 respectively from Rs. 110.06 lakhs in 1972-73, i.e., before the take over of wholesale trading in wheat. These figures do not include interest at 12 per cent on the credit facility upto Rs. 500 lakhs availed by Government from the State Bank of India for financing the scheme during 1973-74 and 1974-75. The burden of high rate of interest was not passed on directly to the consumers because while determining the issue rates interest charges at 4 per cent were included according to the provisions in the Departmental Manual.

Although the scheme was to run on "no profit no loss" basis precise financial results of its working could not be ascertained as *pro forma* accounts of the Department have not yet been finalised (October 1975). However, the following figures of income and expenditure on the scheme were furnished by the Department:—

Year	Income	Expenditure
	(Rupees in lakhs)	
1972-73	55.32	110.06
1973-74	551.68	624.98
1974-75	741.66	1,161.91

VII. Advances outstanding against the Food Corporation of India—Payments for the entire value of allocations of foodgrains are to be made in advance to the Corporation. The value of quantities short lifted is required to be refunded in cash by the Corporation or adjusted in the subsequent supplies. Advances aggregating Rs. 51.21 lakhs (detailed below) pertaining to the years 1972-73 to 1974-75 were (September 1975) outstanding against the Corporation:—

	1972-73	1973-74	1974-75	Total
	(Rupees in lakhs)			
Food Corporation, Punjab region	1.64	15.34	12.31	29.29
Food Corporation, Haryana region	—	9.28	12.64	21.92
			Total	51.21

Interest at 12 per cent on the above amount works out to Rs. 10.04 lakhs per annum (September 1975).

VIII. Refunds of central sales tax—The rate of central sales tax on inter-State sales of wheat is 3 per cent. For sales made by any dealer within Punjab to a dealer in Himachal Pradesh, the tax is to be calculated at one per cent from January 1970, subject to the condition that the selling dealer produces before the assessing authority certain prescribed documents.

Payments for supplies from the Food Corporation of India (Punjab region) were made after including three per cent central sales tax. Refunds of two per cent aggregating Rs. 7.32 lakhs in respect of the supplies obtained in 1973-74 and 1974-75

which appears to have been admissible and due after furnishing the required documents had not been claimed (November 1975).

In four cases the Corporation during February 1973 to December 1973, retained Rs. 1.06 lakhs on account of 7 per cent penal rate of sales tax over and above three per cent central sales tax owing to non-submission/non-acceptance of 'D' forms while adjusting the cost of supplies against advances made to it.

The Department took up the matter with the Food Corporation of India in March 1975. The refund is still awaited (December 1975).

IX. Refunds of freight charges from the Food Corporation of India—The rates chargeable by the Corporation for supplies of foodgrains are f.o.r. nearest rail head. At times the stocks were, however, lifted from the Corporation's godowns and transported by road to destinations in Himachal Pradesh. In such cases, the Department was entitled to reimbursement of freight charges to the extent these would have been borne by the Corporation if the transportation had been done by rail. While making payments for purchases of foodgrains, no account of such claims is maintained by the Department. In four districts (Mandi, Simla, Solan and Una) claims totalling Rs. 7.21 lakhs were lodged on this account against which Rs. 0.21 lakh were received leaving outstanding claims for Rs. 7 lakhs which is under correspondence (November 1975).

X. Sundry debtors—According to the Departmental Manual supplies of foodgrains are not to be made on credit to any party unless specifically authorised by the Director of Civil Supplies in this behalf. The supplies made by the district officers to depot holders and co-operative societies on credit basis amounted to Rs. 23.86 lakhs (depot holders: Rs. 8.56 lakhs; and co-operative societies: Rs. 15.30 lakhs) upto the end of March 1975. Of this, Rs. 16.90 lakhs pertain to the period from 1957-58 to 1969-70. The year-wise break-up of the remaining amount from 1970-71 onwards is as below:—

1970-71	1971-72	1972-73	1973-74	1974-75
		(Rupees in lakhs)		
0.28	0.23	1.41	1.52	3.52

These balances await confirmation from the creditors concerned. No authorisation for these issues on credit was stated to have been made by the Directorate. The circumstances in which such heavy amounts were allowed to accumulate and the reasons for non-recovery thereof have not been intimated (December 1975).

XI. Issue of gunny bags—The issue rates of the Food Corporation of India are inclusive of the cost of gunny bags. For supplies obtained from other sources, however, the Department has been charged separately for gunny bags. The Department sells foodgrains on the basis of gross weight according to the provisions in the Departmental Manual. While the cost of bags procured has gone upto Rs. 4.50 per bag, plus sales tax, the Department has been recovering the cost only to the extent each bag increases the gross weight of the commodity sold. The Department has not,

at any stage, considered the question of correlating the issue rate of bags with their market price. While each bag cost the Department Rs. 4.50 it has realised on an average Rs. 1.67 per wheat bag and Rs. 1.94 per rice bag. The losses sustained in this regard during 1972-73 to 1974-75 aggregated Rs. 28.91 lakhs.

XII. Sale of wheat at loss—Prior to 15 July 1975, the rates for sale of wheat from Government godowns were fixed separately for each consignment, taking into account all elements of cost involved. Accordingly, the sale prices to consumers differed from place to place depending on the freight charges incurred from Government godowns to the selling points. From July 1975 onwards, the retail rate of sale of wheat was uniformly fixed at Rs. 165 per quintal plus sales tax for supplies to areas which did not receive subsidised foodgrains. In accordance with the instructions of Government (July 1975) the cost of foodgrains is deposited by depot holders after deducting from the value at retail issue rate, carriage charges from godowns to the retail points and the retail commission thereon. Wheat is thus being sold below the cost price. For instance, the actual issue rate of wheat from godowns to the selling points within Simla District ranges between Rs. 128.29 and Rs. 166.54 per quintal, including sales tax as against the purchase price between Rs. 137.50 and Rs. 177.43 per quintal, including the transportation charges upto Government godowns. The loss on this account has yet to be worked out by the Department (October 1975).

XIII. Non-recovery of difference in cost—The issue rate of wheat from the Central pool was increased in November 1973 from Rs. 78 to Rs. 90 per quintal and again to Rs. 125 per quintal from April 1974. Similarly, the issue rate of rice from the Central pool was increased from Rs. 111 to Rs. 140 per quintal from November 1973 and again to Rs. 150 per quintal from January 1975. To give effect to these increases, all stocks of wheat and rice in the Government godowns/fair price shops/authorised public agencies on the dates preceding the day changes in price were made, were required to be verified and the difference between the old and the revised prices was to be recovered from depot holders and other agencies and credited to the Central account. A test check (October 1975) of accounts of the District Food and Supplies Controller, Simla, showed that action in this regard had been taken in the case of local godowns/depot holders only. Similar action in respect of the stock in the godowns and with depot holders at other places within the district had not been taken.

XIV. Shortages—Shortages of foodgrains in transit and in storage are required to be reported by the District Food and Supplies Officers to the Directorate. These are to be investigated promptly either for write off or fixation of responsibility. From November 1966 to March 1975, aggregate shortages of 0.18 lakh quintals of wheat and 0.03 lakh quintals of rice were reported by ten districts (excluding Lahaul-Spiti and Kinnaur).

In Kinnaur District against the allocation of 0.02 lakh quintals of wheat made by the Directorate, 1,446 quintals were despatched from Bilaspur to Kalpa in November 1974. Out of this, 374 quintals were rejected by the District Food and Supplies Officer, Kinnaur, being damaged and unfit for human consumption.

CHAPTER VIII

8.1 Loans and Advances

The position of disbursement of loans and advances and recoveries thereof in comparison with the budgetary estimates for the last three years is indicated below:—

Year	Loans and advances			Recoveries	
	Budget provision	Budget plus supplementary grant	Actuals	Budget	Actuals
	(Rupees in lakhs)				
1972-73 ..	4,76.86	5,21.86	5,31.51	60.00	47.68
1973-74 ..	4,49.86	4,49.86	4,53.60	75.00	65.74
1974-75 ..	5,82.00	5,99.54	5,64.81	98.50	1,35.52

The department-wise/category-wise break-up of the loans and advances amounting to Rs. 5,64.81 lakhs made in 1974-75 is given below:—

	(Rupees in lakhs)
1. Water and power development services ..	3,74.16
2. Housing ..	62.04
3. Loans to Government servants ..	50.59
4. Co-operatives ..	31.63
5. Soil conservation, minor irrigation and area development ..	17.05
6. Industries ..	14.38
7. Agriculture ..	5.93
8. Others ..	9.03
Total ..	5,64.81

8.2 Outstanding loans and advances

The loans and advances outstanding on 31 March 1975 (net balance outstanding after taking into account recoveries effected during 1974-75) aggregated Rs. 21.65

crores, as detailed below:—

Loanees/Purposes	Outstanding balance on 31 March 1975
	(Rupees in lakhs)
(i) Statutory Corporations, Boards and Government Companies—	
(a) Himachal Pradesh State Electricity Board ..	10,34.72
(b) Himachal Pradesh Housing Board ..	87.93
(c) Himachal Pradesh Financial Corporation ..	10.00
(d) Mandi-Kulu Road Transport Corporation ..	14.13
(e) Himachal Pradesh Mineral and Industrial Development Corporation, Limited ..	15.00
(f) Nahan Foundry, Limited ..	12.96
(ii) Co-operative Institutions	
Co-operative Societies ..	72.68
(iii) Municipal corporation and municipalities ..	15.52
(iv) Power development ..	32.16
(v) Urban development ..	9.30
(vi) Soil conservation schemes ..	55.73
(vii) Fire and flood sufferers ..	47.00
(viii) Social security and welfare ..	9.27
(ix) Miscellaneous loans	
(a) Low Income Group Housing Scheme ..	2,20.98
(b) Middle Income Group Housing Scheme ..	5.38
(c) Village Housing Scheme ..	8.24
(d) State Aid to Industries Acts ..	94.68
(e) Village and Small Scale Industries ..	1,10.15
(f) Private individuals and bodies ..	6.85
(g) Other loans ..	1,58.43
(x) Loans to Government servants, etc. ..	68.90
(xi) Loans and advances under community development programme ..	18.50
(xii) Advances to cultivators ..	56.82
Total ..	21,65.33

A test check (July 1975) of the accounts of industrial loans in six districts, viz., Chamba, Kangra, Mandi, Simla, Sirmur and Solan, brought out the following points:—

- (i) Loans totalling Rs. 1,43.32 lakhs were advanced between 1949-50 and 1974-75 to 4,575 parties in the six districts. Against Rs. 133.07 lakhs due for recovery towards principal (Rs. 96.72 lakhs) and interest (Rs. 36.35 lakhs) by 31 March 1975, amounts recovered were Rs. 60.20 lakhs leaving Rs. 72.87 lakhs overdue. The proportion of overdues to loans and interest due for recovery varied from 30 per cent in Kangra District to 69 per cent in Simla District.

The heavy overdues were attributed by the department (June 1975) to delay in the issue of notices for recovery of loan by the District Industries Officers and lack of adequate follow-up action against the defaulting loanees.

Five hundred and six cases involving an amount of Rs. 24.99 lakhs (principal: Rs. 16.07 lakhs and interest: Rs. 8.92 lakhs) were referred to the Collectors/ Assistant Collectors till the end of March 1975 for recovery as arrears of land revenue; Rs. 4.79 lakhs (principal : Rs. 3.79 lakhs and interest: Rs. 1.00 lakh) were recovered upto March 1975.

- (ii) According to the department (July 1975), loans totalling Rs. 38.34 lakhs advanced to 850 loanees between 1949-50 and 1973-74 were not utilized for the purpose for which these were granted. The whole amount of the loan advanced alongwith the interest due thereon is to be recovered in lump in such cases. The district-wise recovery position of loans not utilised for the agreed object was as under (March 1975):—

District	Number of loanees	Amount advanced/ misutilized	Principal recovered	Principal outstanding
(Rupees in lakhs)				
Chamba	91	2.64	0.72	1.92
Kangra	62	1.08	0.20	0.88
Mandi	257	8.53	3.63	4.90
Simla	219	14.52	1.91	12.61
Sirmur	19	0.68	0.05	0.63
Solan	202	10.89	2.09	8.80
Total	850	38.34	8.60	29.74

Interest of Rs. 11.24 lakhs was also due on the misutilized amounts of the loans.

- (iii) Loans granted are required to be utilized within six months from the date of disbursement or such extended period as may be allowed by the Director of

Industries, and certificates in proof of utilisation for the purpose for which the loans were paid are required to be furnished to the department within a period of six months. Two hundred and sixty-seven utilisation certificates involving an amount of Rs. 28.26 lakhs were not so furnished (June 1975) in respect of loans disbursed till the end of March 1975 in these six districts.

(iv) The following omissions in carrying out the provisions of the Act/Rules were noticed (June 1975):—

- (a) In Mandi, Simla, Sirmur and Solan Districts, annual acceptance of balances of outstanding loans was not obtained from the loanees.
- (b) In all the six districts, periodical valuation of the property mortgaged or securities obtained was not done after the payment of loans to safeguard the interest of the Government.
- (c) The officials of the Industries Department did not, in many cases, periodically inspect the industrial units financed through loans.
- (d) The accounts of the industrial business for which loan has been granted, unless exempted by the Director of Industries, are required to be audited by a registered auditor or by an authorised officer and such auditor/officer has to outline the method in which the books of the particular industrial business should be kept. There was no record to indicate whether this requirement was met.
- (e) The properties and assets like machinery were not got insured by the loanees in most of the cases in Kangra, Simla and Solan Districts.
- (f) In case of default in the payment of interest without sanction for postponement by the Director of Industries, the interest in default should be considered as added to the amount of the loan and should bear the same interest as is charged on the principal amount of the loan. This procedure for the purpose of calculation of interest was not followed in Mandi, Simla, Sirmur and Solan Districts resulting in loss to the Government by way of short recovery of interest.
- (g) The loan amount, after drawal and registration of the deed, is to be deposited in a Bank/Post Office in joint account of the loanee and the District Industries Officer or his representative and is to be released from the joint account after the loanee produces cash memos/bills, etc., in token of his having purchased the machinery/raw material for the purpose for which the loan was sanctioned. But in three cases in Kangra District, payment (Rs. 0.33 lakh) was made to the loanees directly instead of opening the joint accounts and without verification of the above documents.
- (h) The facility of issue of controlled items of raw materials was extended (1969 to 1974) even to the persons/parties (47) who had misutilised the industrial loans sanctioned to them or who had failed to repay the loans/pay the interest due thereon as stipulated in the agreements.

The accounts of loans and advances made by the Horticulture, Panchayati Raj, Housing, Education and Cooperation Departments in Mandi, Simla and Sirmur Districts were also test checked (October 1975) and the points noticed are mentioned in the succeeding paragraphs.

8.5 Horticulture Department

Loans are advanced by the department for planting new orchards, rejuvenation of older ones and their maintenance. A horticultural loan is repayable with interest within 15 years including the period of moratorium in equated instalments. The first instalment is repayable in the sixth year from that in which the loan was advanced for plantation of new orchard and in the second year in all other cases.

Loans totalling Rs. 11.07 lakhs were advanced during 1970-71 to 1973-74 in Mandi and Simla Districts, as detailed below:—

Year	Mandi	Simla	Total
(Rupees in lakhs)			
1970-71	—	1.51	1.51
1971-72	1.13	3.14	4.27
1972-73	1.89	1.74	3.63
1973-74	0.88	0.78	1.66
Total ..	3.90	7.17	11.07

Loans aggregating Rs. 0.84 lakh advanced to 53 parties in Mandi and Simla Districts during 1967-68 to 1974-75 (details given below) were not utilised for the purpose for which these were granted. Under the rules, such loans together with interest thereon are required to be recovered forthwith in lump sum and, if necessary, as arrears of land revenue. In the event of failure of the party to repay the loan, his or the sureties' land/property is to be annexed. No action in this direction has, however, been taken so far (October 1975).

Year	District		No. of loanees	Amount of loan mis-utilised	Amount recoverable	
					Principal	Interest
(Rupees in lakhs)						
1967-68	Simla		4	0.08	0.08	
1971-72	Mandi	Simla	37	0.58	0.58	0.09
	35	2				
1972-73	Mandi	Simla	12	0.18	0.18	0.01
	7	5				
	Total		.. 53	0.84	0.84	0.10
Grand Total ..					0.94	

In Mandi District, the department did not maintain (June 1975) records showing the amount recoverable/actually recovered. Moreover, as required under the

prescribed procedure, the loan files were not transferred (October 1975) by the department to the Revenue authorities to enable them to keep a watch on the recoveries of the loans.

Files of 22 persons in Simla District to whom loans amounting to Rs. 0.62 lakh were advanced during 1970-71 to 1972-73, and which files were to be transferred to the Deputy Commissioner, Solan, owing to re-organisation of the districts in 1972-73, were also not transferred (October 1975).

8.6 Panchayati Raj Department

This department advances loans to village panchayats to enable them to create remunerative assets like raising/maintenance of orchards, construction of stalls, shops, etc.

The loans are recoverable in annual equated instalments of principal and interest not exceeding 20. First instalment of recovery in the case of orchards is due in the sixth year from the date of the drawal of the loan and in the third year in other cases.

Loans totalling Rs. 9.56 lakhs were granted to 119 panchayats in Mandi, Simla and Sirmur Districts during 1971-72 to 1974-75. Recovery of Rs. 1.23 lakhs (principal: Rs. 0.96 lakh; interest: Rs. 0.27 lakh) had become due by March 1975. A sum of Rs. 0.34 lakh (principal: Rs. 0.24 lakh; interest: Rs. 0.10 lakh) was actually recovered. Thus 73 per cent of the loan amount remained un-recovered.

Under the rules, the amounts of the loans granted were to be deposited in the co-operative banks/post offices in the names of the loanees after getting the agreements executed by the loanees. Withdrawal from the bank/post office was to be authorised by the District Panchayat Officers on the basis of progress of work done. In Mandi District, loan amounts of Rs. 1.90 lakhs were deposited in the co-operative banks/post offices during 1971-72 to 1974-75. Out of this, Rs. 0.50 lakh only have been released so far (October 1975) to panchayats for utilisation. The remaining amount of Rs. 1.40 lakhs is held up for want of assessment reports from the field staff of the department. Seventy-three per cent of the loan amounts thus remained blocked with the banks/post offices. In Sirmur District, loan amounts of Rs. 0.35 lakh were deposited (1971-72: Rs. 0.03 lakh and 1973-74: Rs. 0.32 lakh) in the savings accounts of the loanee panchayats because the agreements had not been executed by them for want of site (October 1975). In another case, a loan of Rs. 0.09 lakh was released to gram panchayats in Simla District in 1973-74 for raising orchards even though the work had not been started. Later, Rs. 0.03 lakh were refunded by the panchayats in the same financial year. The remaining amount of Rs. 0.06 lakh is still to be recovered (October 1975).

The District Panchayat Officers were required to maintain detailed accounts of these loans and to get them audited periodically. In Simla and Sirmur Districts, such records were not maintained (June 1975).

3.7 Housing Department

A—Middle Income Group Housing Scheme—Loans under this scheme were to be granted to persons with annual income between Rs. 7,200 and Rs. 15,000. The loan was required to be utilised for the construction of the house within one year of the payment of its first instalment; failing this, the whole amount together with interest accrued was to be recovered in lump-sum in one instalment.

The recovery of loan alongwith interest thereon was to be made in 20 equated instalments beginning one year after the payment of the first instalment. The loan was to carry interest in force from time to time (the rate in force from April 1974 being 7.5 per cent per year).

Loans amounting to Rs. 3.03 lakhs were advanced to 9 loanees in Mandi, Simla and Sirmur Districts during 1970-71 to 1974-75. By March 1975, recovery of Rs. 1.91 lakhs (Rs. 1.04 lakhs principal and Rs. 0.87 lakh interest) had become due in respect of loans granted since introduction of the scheme. Actual recovery was Rs. 1.54 lakhs. The balance amount of Rs. 0.37 lakh remained to be recovered (October 1975).

In Sirmur District, no action to enforce recovery as arrears of land revenue, as provided in the rules governing the grant of these loans, was taken by the department (October 1975).

A test check in the three districts disclosed that no house had been constructed so far (October 1975) even though 94 per cent of the loans were given during 1970-71 to 1973-74 and the houses should have been completed in one year after the date of release of the first instalment. No action to effect lump sum recovery was initiated (October 1975).

Loan records maintained in Sirmur District did not contain material information such as recoveries due, recoveries actually effected and balances due. Total amounts due at the end of a particular year were also not worked out in the loan ledger. No effective check on the timely and regular recovery of loans could, therefore, be possible.

B—Village Housing Scheme—(i) This scheme was introduced in 1957. Under this scheme, loans upto a maximum amount of Rs. 5,000 are given to the residents of villages or to co-operative societies of such persons for building of new houses or for improvement of existing houses.

Loans amounting to Rs. 2.28 lakhs were advanced to 106 parties in Mandi and Sirmur Districts during 1970-71 and 1974-75. Out of the loans advanced from the commencement of the scheme till March 1975, a sum of Rs. 3.43 lakhs had fallen due for recovery by 31 March 1975; Rs. 0.45 lakh were actually recovered (October 1975).

In Sirmur District, no recovery of loan instalment due from 1972-73 onwards was effected. In Simla District, no recovery was made from 13 loanees during the last

6 to 8 years. In Dharampur and Chachiot Blocks (Mandi District), no recoveries were made from 1970-71 and 1972-73 onwards respectively. In 39 cases, no instalment had been recovered since the date of advancement of the loans, some of which were granted in 1962-63. Although the rules provide that in the event of default in the payment of loan instalment the amount together with the interest accrued thereon should be recovered as arrears of land revenue, no action had been taken to this effect so far (October 1975).

The houses were to be completed within 2 years (with extension upto 6 months). However, according to the Deputy Commissioners, against loans of Rs. 1.94 lakhs given to 92 parties upto March 1973, no house had been constructed till October 1975 in Mandi, Simla and Sirmur Districts. Though the rules enjoin lumpsum recovery of loans in such cases of default, the department did not take any action in that direction in any of the three districts (October 1975).

The loan was to be given in 3 instalments. The first instalment (30 per cent) was to be paid after the execution of the bond, the second instalment (50 per cent) on the construction of the house upto the plinth level and the third and final instalment (20 per cent) after the house had reached the roof level. In the case of loans disbursed in Chauntra Block (Mandi District), instalments were, however, paid without making any enquiries or asking for a certificate of completion of house upto a particular stage. Moreover, the limit of 30 and 50 per cent on the first and second instalments was also not observed and higher amounts were paid in some cases.

According to the rules governing the grant of loans under the scheme, loans were to be advanced after scrutiny of the loan application to see that all conditions were satisfied by the applicants. In some cases in Chauntra Block, loans were sanctioned (Rs. 0.07 lakh) without the receipt of applications or on the basis of incomplete and invalid applications.

8.8 Education Department

National loan scholarship scheme

This scheme, continuing since the Third Five Year Plan (1961-66), is sponsored and entirely financed by the Union Ministry of Education and Social Welfare and is implemented through the State Education Department. Loan scholarships (Rs. 720 to Rs. 1,750 per year depending on the course of study) were to be given to meritorious and needy students to enable them to pursue their studies. The repayment of the amount was to start one year after the scholar had begun to earn income or three years after the termination of the scholarship, whichever was earlier. The scholars who joined the teaching profession or served as combatants in Defence Services after the completion of studies were, however, not required to repay the loan so long as they remained in that capacity. Loans were interest-free; in respect of default in payment, interest was to be charged at 6 per cent per year.

By March 1975, recovery of Rs. 2.37 lakhs had fallen due. Out of this, Rs. 0.75 actually recovered, leaving Rs. 1.62 lakhs (68 per cent) unrecovered;

demand notices had not been issued regularly and wherever issued they did not cover the loan cases subsequent to 1968-69.

To enable the Education Department to keep a watch on timely recovery of the loans, the beneficiaries were required to furnish to the department details of their employment, profession or vocation, their income, address, etc., as soon as they began to earn. This information was not supplied by many scholars other than those who went to the teaching profession in whose cases the question of recovery did not arise.

8.9 Cooperation Department

Loans are advanced by this department to co-operative societies for construction of godowns, cold storages and for setting up of fruit processing units. Loans aggregating Rs. 67.49 lakhs were advanced to various institutions between 1970-71 and 1974-75, as detailed below:—

Year	Amount (Rupees in lakhs)
1970-71	.. 8.94
1971-72	.. 4.68
1972-73	.. 8.56
1973-74	13.68
1974-75	.. 31.63
Total	67.49

The recovery position as at the end of March 1975 was as follows:—

	Principal	Interest	Penal interest	Total
	(Rupees in lakhs)			
Total amount due for recovery ..	12.76	5.97	—	18.73
Amount recovered ..	9.25	3.71	—	12.96
Amount outstanding for recovery	3.51	2.26	—	5.77

According to the rules, loan amounts were to be withdrawn from the treasury by the District Co-operative and Supplies Officer and were to be further deposited in the accounts of the loanee co-operative societies in the Himachal Pradesh State Co-operative Bank. The amounts were to be withdrawn by the societies on the basis of release orders issued by the District Co-operative and Supplies Officer on the basis of the progress of work. Against withdrawal of Rs. 67.49 lakhs from the treasury during 1970-71 to 1974-75, amounts to the extent of Rs. 12 lakhs had not been released for utilisation (October 1975).

8.10 Non-reconciliation of balances

The departmental officers responsible for the maintenance of the accounts of loans and advances are required to reconcile the figures annually with those booked in the Audit office. This has not been done by any department in respect of any of the districts (October 1975).

The matter mentioned above was reported to the Government in September-November 1975; reply is awaited (January 1976).

CHAPTER IX

MISAPPROPRIATIONS, LOSSES, ETC.

9.1 Misappropriations, defalcations, etc.

The cases of alleged misappropriations and defalcations, etc., of Government money, reported to Audit to the end of March 1975, final action on which was pending at the end of September 1975, were as follows:—

	Number of cases	Amount (Rupees in lakhs)
Cases reported upto the end of March 1974 and outstanding at the end of September 1974	168	46.22
Cases reported during 1974-75	7	0.82
	<u>175</u>	<u>47.04</u>
Cases disposed of till September 1975	18	1.86
Cases outstanding at the end of September 1975	<u>157</u>	<u>45.18</u>

Of these, 107 cases for Rs. 39.76 lakhs were outstanding with the Public Works Department.

It would be seen from Appendix VIII showing department-wise and year-wise analysis of the outstanding cases that 127 cases (amount: Rs. 38.56 lakhs) were pending from 1971-72 and earlier years.

Appendix IX indicates the stage at which 157 cases outstanding on the 30 September 1975 were pending.

9.2 Writes off of losses, remission of revenue, etc.

During 1974-75, Rs. 3.09 lakhs (11 cases) representing mainly losses due to irrecoverable revenue, duties, advances, etc., were written off/waived as detailed below:—

Serial no.	Department	Number of cases	Amount (Rupees in lakhs)
1.	Agriculture	2	2.10
2.	Public Works	3	0.79
3.	Forest	3	0.09
4.	Animal Husbandry	1	0.05
5.	Public Relations	1	0.03
6.	Medical	1	0.03
	Total	11	3.09

EDUCATION DEPARTMENT

9.3 Suspected embezzlement

In view of climatic conditions and difficult locations of the schools in the interior of Kinnaur District, the District Education Officer, Reckong Peo, Kinnaur District, decided (July 1970) to disburse the pay and allowances of the staff of middle schools through the Block Education Officer, Pooh. During July 1970 to August 1973, the District Education Officer passed on amounts totalling Rs. 1.63 lakhs (pay and allowances: Rs. 1.49 lakhs; contingencies: Rs. 0.14 lakh) through the officials of the Block Education office, Pooh, and other teaching staff in the area, for being handed over to the Block Education Officer. In a test check by Audit (September 1974), the following points were noticed:—

- (i) Rs. 0.35 lakh were neither accounted for in the cash book of the Block Education Officer, Pooh, nor were payees' receipts produced at the time of test check.
- (ii) Payees' receipts for Rs. 0.38 lakh (amount shown as disbursed in the cash book) were not available. It could not, therefore, be verified whether the amounts had actually been paid.
- (iii) Rs. 0.11 lakh, though supported with payees' receipts, were not accounted for in the cash book.

The balance of Rs. 775.24 shown in the cash book (August 1971) was not carried forward in the new cash book which was started (with 'nil' balance) even though more than half of the old cash book was blank. Rupees 729.44 (out of the above amount) were deposited by the Block Education Officer into the treasury (May 1973) and the balance amount (Rs. 45.80) is still unaccounted for (September 1974).

An amount of Rs. 0.35 lakh on account of scholarships to scheduled castes/scheduled tribes students was handed over by the District Welfare Officer, Peo, to the Block Education Officer, Pooh, in November 1972 (Rs. 0.01 lakh) and August 1973 (Rs. 0.34 lakh). Of this, a sum of Rs. 1,200 was accounted for in the cash book but records for the balance amount were not produced at the time of test check. Payees' receipts in support of payments (Rs. 1,200) made to middle schools at Chango and Leo were also not available.

The department stated (September 1975) that out of Rs. 0.35 lakh mentioned at (i) above it had not been possible to trace the payees' receipts for Rs. 0.15 lakh (payees' receipts for Rs. 0.20 lakh were stated to have been located) for which action to fix responsibility would be initiated after giving another opportunity to the concerned Block Education Officer to explain the matter. The Government added (November 1975) that spot verification of documents revealed temporary embezzlement of Rs. 775.24 (mentioned above) by the Block Education Officer for which action against the delinquent official had been initiated.

HEALTH AND FAMILY PLANNING DEPARTMENT

9.4 Embezzlement in Ripon Hospital, Simla

In a test check (February 1975) of the accounts of the Chief Medical Officer, Simla, it was noticed that the Laboratory Technician had not deposited into the Government account a sum of Rs. 0.16 lakh received between May 1973 and February 1975 on account of hospital charges. He was using two sets of receipt books simultaneously. While amounts for which receipts were issued from one book were deposited into the treasury, amounts received through the other book were not deposited. Moreover, 78 receipt books were not produced at the time of audit; it could not, therefore, be verified that the amounts received through them had been accounted for. In one case a sum of Rs. 225 worked out on the basis of entries in the dental out-door patients register had not been accounted for.

Similarly, a sum of Rs. 1,369 received by the ambulance drivers between July 1972 and February 1974 was not deposited with the cashier (February 1975).

Two hundred and sixty blank receipt books were received from the Printing and Stationery Department during September 1971 to October 1974. Of these, 107 receipt books were in stock (February 1975). Against the total issue of 153 receipt books the office produced details of distribution in respect of 149.

The Chief Medical Officer, Simla, stated in September 1975 that Rs. 0.16 lakh had since been recovered from the Laboratory Technician who had been placed under suspension. He informed further in November 1975 that Rs. 1,369 had also been recovered from the drivers and action initiated to recover Rs. 225 relating to dental clinic.

AGRICULTURE DEPARTMENT

9.5 Loss of cash

German mixture/CAN 25 per cent fertilizer (value: Rs. 3.19 lakhs) received in 1973-74 in the Dehra Block Development Office (Kangra District) from the Indo-German Agriculture Project, Palampur, was to be sold to Co-operative agriculture service societies strictly on cash payment basis; it was, however, supplied (May-July 1973) on credit. Rupees 0.13 lakh collected subsequently by the Block Agricultural Inspector in July 1973 from eight societies were neither deposited into the treasury nor with the office cashier. The Inspector instead kept the amount in his house. He proceeded on tour on the 27 July 1973 and on return on the 29 July 1973 reported to the Police that the amount had been stolen from his house during his absence. The case was pending in the Court (July 1975).

9.6 Misappropriation

FOREST DEPARTMENT

(i) As a result of test check of the accounts of Kunihar Forest Division (Solan District) conducted in March 1975, an amount of Rs. 0.06 lakh was found to have been

misappropriated by the Head Clerk during April 1973 to March 1975. The misappropriation was facilitated as the totals in the cash book were not checked and the cash was not being physically verified regularly. Payees' receipts in support of most of the payments made were not produced for audit.

On these being pointed out by Audit, Rs. 0.05 lakh were recovered. The case was reported (July 1975) to the Government. Intimation about the disciplinary as well as the remedial aspects is awaited (January 1976).

REVENUE DEPARTMENT

(ii) In a test check (July 1975) of the records of the Sub-Registrar, Nirmand (Kulu District) it was observed that collections amounting to Rs. 0.07 lakh made by the Reader of a Sub-tehsil from individuals for allotment of *nautor* land were misappropriated. While reporting the misappropriation to the Deputy Commissioner, Kulu, in June 1974, the Naib-Tehsildar stated that disciplinary proceedings had been launched against the Reader. He further stated (July 1975) that the money had since been recovered from the Reader.

The department had not reported the loss to the Audit office as required under the rules.

CHAPTER X

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

10.1 Outstanding audit observations

Audit observations on financial transactions of the departments are reported to departmental authorities so that appropriate action is taken to rectify the defects and omissions. Half yearly reports of such observations outstanding for more than six months are also forwarded to the Government to expedite their settlement.

The following table shows the number of audit observations issued upto the end of March 1975 and outstanding at the end of September 1975 as compared with the corresponding position indicated in two preceding reports.

	As at the end of September 1973	As at the end of September 1974	As at the end of September 1975
Number of observations ..	28,539	29,074	23,864
Amount involved (Rupees in crores) ..	20.38	23.90	21.58

The following departments have comparatively heavy outstanding observations:—

Serial number	Department	Number	Amount involved (Rupees in lakhs)
1.	Public Works		
	(a) Buildings and Roads branch	.. 5,400	14,89.48
	(b) Irrigation branch	.. 287	71.03
2.	Forest	.. 3,282	126.31
3.	Rural Integrated Development	.. 1,065	98.43
4.	Food and Civil Supplies	.. 230	66.28
5.	Agriculture	.. 1,858	55.62
6.	Transport	.. 704	53.00
7.	Medical	.. 2,612	51.19
8.	Education	.. 3,454	39.02

The following are some of the major reasons for which audit observations have remained outstanding:—

Serial number	Nature of observation	Number	Amount involved (Rupees in lakhs)
1.	Payees' receipts not received ..	8,142	548.78
2.	Agreements with contractors/suppliers not received ..	91	107.33
3.	Sanctions not received for contingent and miscellaneous expenditure ..	924	72.01
4.	Advances paid to Government servants not recovered ..	12,033	46.13
5.	Disbursement certificates not received ..	361	41.83
6.	Sanctions for establishments not received ..	584	29.64
7.	Sanctions to estimates not received ..	2	13.22
8.	Vouchers not received ..	233	8.21
9.	Overpayments of amounts disallowed in audit not recovered ..	422	3.25
10.	Detailed bills for lump-sum drawals not received ..	294	1.24

It will be seen that a sizable portion of the total outstandings is due to non-submission of payees' receipts and vouchers. The departments with comparatively heavy outstandings on this account were:—

Serial number	Department	Amount involved (Rupees in lakhs)
1.	Public Works—	
	(a) Buildings and Roads branch	145.82
	(b) Irrigation branch	7.20
2.	Food and Civil Supplies	66.03
3.	Rural Integrated Development	62.11
4.	Forest	50.34
5.	Transport	47.12
6.	Medical	41.83
7.	Agriculture	36.84
8.	Education	23.71
9.	Welfare	23.53
10.	Animal Husbandry	16.97
11.	Horticulture	10.56
12.	Health and Family Planning	4.05

10.2 Outstanding inspection reports

Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to Heads of Offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are reported to the Heads of Departments and the Government. The Government has prescribed that first replies to inspection reports should be sent within four weeks.

At the end of September 1975, 3716 inspection reports issued upto March 1975 were not settled fully as shown below with corresponding figures for the earlier two years:—

		As at the end of September 1973	As at the end of September 1974	As at the end of September 1975
Number of inspection reports	..	3,573	3,698	3,716
Number of paragraphs outstanding	..	16,370	16,725	17,646

Of the reports outstanding at the end of September 1975, 2,994 reports related to civil departments, 265 to commercial departments and 457 to revenue receipts. These included 38 inspection reports (24 civil and 14 revenue receipts) for which first replies had not been received till the end of September 1975.

SIMLA

The

(M. M. MEHTA)
Accountant General, Himachal Pradesh and Chandigarh

Countersigned

NEW DELHI

The

(A. BAKSI)
Comptroller and Auditor General of India

APPENDICES

APPENDIX I

(Reference: Paragraph 1.10 Page 17)

**UTILISATION CERTIFICATES FOR GRANTS PAID UPTO 31 MARCH 1974
OUTSTANDING ON 30 SEPTEMBER 1975**

Department	Year of payment of grants	Certificates					
		Due		Received		Outstanding	
		No.	Amount (Rupees in lakhs)	No.	Amount (Rupees in lakhs)	No.	Amount (Rupees in lakhs)
1	2	3	4	5	6	7	8
1. Forest	.. 1972-73	3	3.74	1	0.72	2	3.02
	1973-74	3	7.02	1	5.04	2	1.98
	Total ..	6	10.76	2	5.76	4	5.00
2. Co-operation	.. 1969-70 and earlier years	76	11.39	5	0.29	71	11.10
	1970-71	40	9.80	11	6.06	29	3.74
	1971-72	46	13.11	7	5.05	39	8.06
	1972-73	77	14.89	27	5.23	50	9.66
	1973-74	56	10.74	7	2.47	49	8.27
	Total ..	295	59.93	57	19.10	238	40.83
3. Welfare	.. 1969-70 and earlier years	223	22.10	20	3.00	203	19.10
	1970-71	41	3.81	4	0.26	37	3.55
	1971-72	39	6.94	6	4.27	33	2.67
	1972-73	38	6.95	18	4.11	20	2.84
	1973-74	28	8.51	4	2.08	24	6.43
	Total ..	369	48.31	52	13.72	317	34.59
4. Public Works	.. 1971-72	1	10.00	..	..	1	10.00
	Total ..	1	10.00	..	..	1	10.00
5. Education	.. 1971-72	22	2.10	20	2.06	2	0.04
	1972-73	26	36.59	24	35.57	2	1.02
	1973-74	92	49.56	87	48.91	5	0.65
Total ..	140	88.25	131	86.54	9	1.71	
6. Agriculture	.. 1972-73	6	58.15	5	44.15	1	14.00
	1973-74	6	30.80	4	30.70	2	0.10
Total ..	12	88.95	9	74.85	3	14.10	
7. Medical	.. 1969-70 and earlier years	22	0.40	16	0.29	6	0.11
	1972-73	2	0.03	..	..	2	0.03
	1973-74	2	0.03	..	..	2	0.03
	Total ..	26	0.46	16	0.29	10	0.17
8. Industries	.. 1973-74	4	32.37	2	24.21	2	8.16
	Total ..	4	32.37	2	24.21	2	8.16

	1	2	3	4	5	6	7	8
9. Local Self Government	1969-70 and earlier years	22	3.64	9	1.36	13	2.28	
	1970-71	26	16.63	5	3.68	21	12.95	
	1971-72	57	40.47	..	..	57	40.47	
	1972-73	45	34.09	5	1.44	40	32.65	
	1973-74	68	25.71	2	0.74	66	24.97	
Total	..	218	1,20.54	21	7.22	197	1,13.32	
10. General Administration	1972-73	10	1.96	4	0.68	6	1.28	
	1973-74	11	2.35	9	2.25	2	0.10	
Total	..	21	4.31	13	2.93	8	1.38	
11. Panchayats	1969-70 and earlier years	13	1.93	10	1.15	3	0.78	
	1970-71	11	5.23	10	4.48	1	0.75	
	1971-72	40	22.92	33	19.39	7	3.53	
	1972-73	14	18.55	10	12.85	4	5.70	
	1973-74	15	2.40	10	0.12	5	2.28	
Total	..	93	51.03	73	37.99	20	13.04	
12. Public Health	1971-72	9	0.47	3	0.28	6	0.19	
	1972-73	11	0.45	2	0.14	9	0.31	
	1973-74	10	0.48	3	0.25	7	0.23	
Total	..	30	1.40	8	0.67	22	0.73	
13. Family Planning	1972-73	4	0.37	2	0.07	2	0.30	
	1973-74	1	5.40	..	..	1	5.40	
Total	..	5	5.77	2	0.07	3	5.70	
14. Development	1969-70 and earlier years	703	149.05	300	91.03	403	58.02	
	1970-71	221	40.26	78	19.36	143	20.90	
	1971-72	412	62.26	6	17.62	406	44.64	
	1972-73	785	103.73	424	72.46	361	31.27	
	1973-74	904	106.76	330	58.65	574	48.11	
Total	..	3,025	4,62.06	1,138	2,59.12	1,887	2,02.94	

APPENDIX II

(Reference: Paragraph 2.2 Page 18)

CASES IN WHICH SUPPLEMENTARY GRANTS/CHARGED APPROPRIATIONS PROVED EXCESSIVE/INADEQUATE

Number and name of grant/appropriation	Original grant/appropriation	Supplementary grant/appropriation	Total grant/appropriation	Actual expenditure	Excess + Saving -
1	2	3	4	5	6
(Rupees in lakhs)					
I—CASES IN WHICH SUPPLEMENTARY GRANT/APPROPRIATION PROVED EXCESSIVE					
1. 3—Administration of Justice (Voted)	30.47	8.50	38.97	36.90	—2.07
2. 5—Land Revenue (Voted) ..	1,44.50	10.08	1,54.58	1,52.34	—2.24
3. 8—Education, Art and Cultural Affairs and Scientific Research (Voted) ..	19,79.00	60.00	20,39.00	19,90.87	—48.13
4. 10—Public Works (Voted) ..	15,24.00	1,54.54	16,78.54	16,69.94	—8.60
5. 14—Animal Husbandry and Dairy Development (Voted) ..	2,28.00	18.00	2,46.00	2,43.61	—2.39
6. 17—Roads and Bridges (Charged) ..	..	0.37	0.37	0.01	—0.36
7. 22—Co-operation (Voted) ..	1,25.00	16.04	1,41.04	1,38.05	—2.99
8. 23—Food and Nutrition (Voted) ..	12,03.50	5,35.00	17,38.50	12,84.79	—4,53.71
9. 33—Finance (Voted) ..	1,60.00	31.59	1,91.59	1,66.75	—24.84
(Charged) ..	19,21.00	12,42.07	31,63.07	31,28.17	—34.90
II—CASES IN WHICH SUPPLEMENTARY GRANT/APPROPRIATION PROVED INADEQUATE					
1. 12—Minor Irrigation (Voted) ..	1,58.00	45.92	2,03.92	2,20.39	+16.47
2. 30—Housing (Charged) ..	..	0.01	0.01	11.52	+11.51

APPENDIX III

(Reference: Paragraph 2.4 Page 25)

GRANTS IN WHICH SAVINGS (RS. 2 LAKHS OR MORE IN EACH CASE) EXCEEDED 10 PER CENT OF THE TOTAL GRANT

Number and name of grant	Original grant	Total grant	Expenditure	Saving	Percentage
	Supplementary grant				
1	2	3	4	5	6
(Rupees in lakhs)					
I—CASES IN WHICH THE SAVINGS WERE MORE THAN 20 PER CENT OF THE TOTAL GRANT					
1. 6—Excise and Taxation (Voted)	.. 40.00	40.00	26.82	13.18	33
2. 23—Food Nutrition (Voted)	.. 12,03.50	17,38.50	12,84.79	4,53.71	26
	5,35.00				
3. 27—Road Transport (Voted)	.. 5,36.50	5,36.51	3,59.70	1,76.81	33
	0.01				
II—CASES IN WHICH THE SAVING WAS MORE THAN 10 PER CENT BUT LESS THAN 20 PER CENT OF THE TOTAL GRANT					
1. 15—Fisheries (Voted)	.. 18.00	18.00	15.46	2.54	14
2. 20—Public Health, Sanitation and Water Supply (Voted)	.. 4,36.50	4,36.50	3,51.23	85.27	19
3. 29—Labour and Employment (Voted)	.. 51.00	51.00	44.00	7.00	14
4. 32—Other Administrative Services (Voted)	.. 1,10.00	1,10.00	92.83	17.17	16
5. 33—Finance (Voted)	.. 1,60.00	1,91.59	1,66.75	24.84	13
	31.59				

APPENDIX IV

(Reference: Paragraph 7.3 Page 106)

STATEMENT SHOWING THE TIME SCHEDULE LAID DOWN (JULY 1972) FOR THE COMPLETION OF INVESTIGATIONS, PREPARATION OF PROJECT REPORTS, CONSTRUCTION OF PROJECTS AND THE PROGRESS MADE THEREAGAINST (NOVEMBER 1975)

Name of the Project	Proposed capacity (MW)	Date of commencement of investigation	Proposed date of completion of investigation	Proposed date of completion of the project report	Proposed date by which the project report is expected to be approved	Proposed year of commencement of the project	Proposed year of completion of the project	Latest position of the project (November 1975)
<i>Major projects—</i>								
1. Nathpa Jhakri .. (Kinnaur-Simla)	1,000	1971-72	August 1972	March 1974	March 1975	1975-76	1987-88	Project technically cleared by the technical advisory committee Government of India.
2. Bhaba (Kinnaur) ..	120	1964-65	March 1973	May 1973	March 1974	1974-75	1979-80	Project report sent to Central Water and Power Commission in December 1973.
3. Baspa (Kinnaur) ..	400	1964-65	March 1974	October 1974	March 1975	1975-76	1985-86	These do not figure in the priorities.
4. Dadahu (Sirmur) ..	100	1964-65	March 1974	March 1975	March 1977	1977-78	1987-88	-do-
<i>Medium projects—</i>								
1. Bassi (Mandi) ..	15	—	—	September 1973	March 1974	1974-75	1976-77	Project report sent to Central Water and Power Commission in March 1974.
2. Malana (Kulu) ..	75	1972-73	December 1973	May 1974	December 1974	1974-75	1979-80	Not yet taken up.
3. Andhra (Simla) ..	15	1972-73	September 1973	January 1974	April 1974	1974-75	1978-79	Project report sent to Central Water and Power Commission in November 1974.
<i>Small projects—</i>								
1. Banner (Kangra) ..	6	1968-69	May 1972	December 1972	June 1973	1974-75	1978-79	Project report completed and sent to Central Water and Power Commission in March 1973.
2. Neogal ("') ..	6	1968-69	May 1972	December 1972	June 1973	1974-75	1978-79	-do-

3.	Binwa (") ..	6	1968-69	May 1972	December 1972	June 1973	1974-75	1978-79	-do-
4.	Thirot (Lahaul Spiti) ..	3	—	September 1973	September 1973	March 1974	1974-75	1979-80	Project report completed and sent to Central Water and Power Commission in June 1974 and their comments received.
<i>Micro hydel schemes—</i>									
1.	Sissu (Lahaul Spiti)	100 Kw	Project report	sanctioned and works were in progress though due date of completion was June 1974.					
2.	Rukti (Kinnaur) ..	1.5	Revised project report was to be sanctioned by June 1972 and the works were to be completed by December 1975. The revised project report was still to be sanctioned (November 1975).						
<i>New schemes—</i>									
1.	Pong Tong (Spiti) ..	2	1972-73	March 1973	September 1973	March 1974	1974-75	1978-79	Project report under examination by Central Water and Power Commission.
2.	Holi (Chamba) ..	4.5	1971-72	March 1972	September 1973	March 1974	1974-75	1978-79	Project report sent to Central Water and Power Commission in June 1974 and their comments received (April 1975).
3.	Killar (Pangi, Chamba) ..	200 Kw	—	June 1972	March 1973	June 1974	1974-75	1979-80	Not yet taken up.
4.	Chamera hydel project (Chamba) ..	400	1969-70	—	—	—	—	—	Investigations were in progress.
5.	Parvati (Kulu) ..	1,900	1969-70	—	—	—	—	—	Investigations were in progress.
6.	Kol Dam (Mandi) ..	600	1965-66	—	—	—	—	—	Investigations were in progress.
7.	Larji (Kulu) ..	135	1972-73	—	—	—	—	—	Investigations were in progress.
8.	Seawa (Chamba) ..	50	1967-68	—	—	—	—	—	Investigations were in progress.
9.	Pabbar (Simla) ..	15	1966-67	—	—	—	—	—	Investigations were in progress.

APPENDIX V

(Reference: Paragraph 7.5 Page 135)

STATEMENT SHOWING THE SUMMARISED FINANCIAL RESULTS OF STATUTORY CORPORATIONS

Sl. no.	Name	Department	Date of formation	Period of accounts	Total capital Invested	Profit(+) Loss (-)	Total interest charged to profit and loss accounts	Interest on long term loans	Total return on capital invested (7+9)	Percentage return on capital invested	Capital employed	Total return on capital employed	Percentage of return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14
(Rupees in lakhs)													
1.	Himachal Pradesh State Electricity Board.	Multi-Purpose Projects and Power	1 September 1971	1973-74	44,94.21	(-)45.70	26.07	..	..	..	25,99.61	(-)19.63	..
				1974-75	53,45.24	(-)99.16	99.16	..	..	..	24,18.89	..	..
2.	Himachal Pradesh Financial Corporation.	Industries	1 April 1967	1974-75		(+)12.95	10.81	..	..	..	2,73.40	23.76	8.69
3.	Himachal Road Transport Corporation (erstwhile Mandi-Kulu Road Transport Corporation).	Road Transport	2 October 1974 (renamed)	1973-74	Accounts under revision by the management.								

- Note—
- Capital invested represents paid-up capital plus long-term loans plus free reserves.
 - The figures in respect of Himachal Pradesh State Electricity Board for the year 1974-75 are provisional as the accounts have not been certified so far.
 - (a) Represents mean figures of paid-up capital, bond and debentures, borrowings and reserves.
(b) Represents net fixed assets plus or minus working capital.

APPENDIX VI

(Reference: Paragraphs 7.7 Page 137)

SUMMARISED FINANCIAL RESULTS OF GOVERNMENT COMPANIES

Sl. no.	Company	Administrative Department	Date of incorporation	Period of accounts	Total capital invested	Profit (+) Loss (-)	Total interest charged to profit and loss accounts	Interest on long term loans	Total return on capital invested (7+9)	Percentage of return on capital invested	Capital employed	Total return on capital employed (7+8)	Percentage of total return on capital employed
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1.	Nahan Foundry Limited	Industries	20 October 1952	1974-75	1,16.64	(+)14.50	3.33	0.91	15.41	13.02	(Rupees in lakhs) 1,28.41	17.83	13.9
2.	Himachal Pradesh State Small Industries and Export Corporation Limited.	Industries	20 October 1966	1974-75	68.90	(+)8.49	2.78	1.18	9.67	14.0	88.32	11.27	12.8
3.	Himachal Pradesh Mineral and Industrial Development Corporation Limited.	Industries	25 November 1966	1974-75	1,08.77	(+)4.10	1.57	0.80	4.90	4.5	1,07.32	5.67	5.3

Note—(1) Capital invested represents paid-up capital plus long term loans plus free reserves.
Capital employed represents net fixed assets (excluding work in progress) plus working capital.

APPENDIX VII

(Reference: Paragraph 7.10 Page 159)

SUMMARISED FINANCIAL RESULTS OF GOVERNMENT COMMERCIAL UNDERTAKINGS

Name of the undertaking	Year of accounts	Government capital (mean)	Net block	Cumulative depreciation	Net profit (+) Net loss (-)	Interest on capital	Total return	Percentage of total return to mean capital
1	2	3	4	5	6	7	8	9
(Rupees in lakhs)								
Himachal Government Transport ..	1972-73	3,68.15	2,85.16	49.54	(-)57.18	23.93	(-)33.25	..
Rosin and Turpentine Factory, Nahana ..	1973-74	62.06	6.34	7.68	(-)6.30	4.03	(-)2.27	..
Rosin and Turpentine Factory, Bilaspur ..	1972-73	99.66	29.15	11.02	(+)4.78	6.48	(+)11.26	11.3

APPENDIX VIII

(Reference: Paragraph 9.1 Page 180)

MISAPPROPRIATION AND DEFALCATION CASES REPORTED UPTO 31 MARCH 1975 AND OUTSTANDING ON
30 SEPTEMBER 1975

(Amount in lakhs of rupees)

Serial no.	Name of department	Reported								Total	
		Upto 1971-72		During 1972-73		During 1973-74		During 1974-75		No. 11	Amount 12
		No. 3	Amount 4	No. 5	Amount 6	No. 7	Amount 8	No. 9	Amount 10		
1	2										
1.	Public Works	83	33.63	14	4.08	5	1.27	5	0.78	107	39.76
2.	Forest	6	1.80	..	..	..	..	..	..	6	1.80
3.	Transport	11	1.18	..	..	..	..	1	0.01	12	1.19
4.	Civil Supplies	1	0.51	..	..	..	..	..	..	1	0.51
5.	Education	8	0.24	1	0.02	..	..	..	..	9	0.26
6.	H. P. Governor's Secretariat	..	..	1	0.26	..	..	..	..	1	0.26
7.	Welfare	3	0.08	..	..	2	0.17	..	..	5	0.25
8.	Finance (Treasury and Accounts Organisation)	2	0.25	..	..	..	..	..	..	2	0.25
9.	Medical	3	0.21	..	..	..	..	..	..	3	0.21
10.	Community Development	1	0.18	..	..	..	..	..	..	1	0.18
11.	Public Health	3	0.16	..	..	..	..	..	..	3	0.16
12.	Revenue	1	0.12	..	..	..	..	..	..	1	0.12
13.	Police	2	0.09	..	..	..	..	..	..	2	0.09
14.	Labour and Employment	1	0.07	..	..	..	..	..	..	1	0.07
15.	Animal Husbandry	1	0.04	..	..	..	..	..	..	1	0.04
16.	Public Relations	..	..	..	..	..	..	1	0.03	1	0.03
17.	General Administration	1	**	..	..	..	..	..	..	1	**
Total		127	38.56	16	4.36	7	1.44	7	0.82	157	45.18

**Rupees fifty only.

APPENDIX IX

(Reference: Paragraph 9.1 Page 180)

OUTSTANDING CASES (30 SEPTEMBER 1975) OF MISAPPROPRIATIONS, DEFALCATIONS, ETC., AND THE STAGE AT WHICH THEY ARE PENDING

(Amount in lakhs of rupees)

Serial no.	Name of department	Awaiting completion of criminal investigation		Awaiting completion of departmental investigation		Pending in courts of law		Investigation completed but orders of write off/recovery pending		Orders of recovery issued but recovery pending		Other reasons		Total	
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1.	Public Works	4	12.08	70	15.67	2	0.72	23	3.93	5	0.24	3	7.12	107	39.76
2.	Forest	3	0.91	..	..	..	..	3	0.89	..	..	..	..	6	1.80
3.	Transport	3	0.83	..	..	4	0.22	4	0.10	1	0.04	..	..	12	1.19
4.	Civil Supplies	1	0.51	..	..	..	..	..	..	..	..	..	..	1	0.51
5.	Education	..	..	..	..	3	0.14	2	0.08	..	..	4	0.04	9	0.26
6.	H.P. Governor's Secretariat	..	..	..	..	1	0.26	..	..	..	..	..	..	1	0.26
7.	Welfare	..	..	3	0.21	2	0.04	..	..	..	..	..	..	5	0.25
8.	Finance (Treasury and Accounts Organisation)	..	..	..	..	2	0.25	..	..	..	..	..	..	2	0.25
9.	Medical	1	0.08	..	..	..	..	..	..	1	0.10	1	0.03	3	0.21
10.	Community Development	1	0.18	..	..	..	..	..	..	..	..	..	..	1	0.18
11.	Public Health	1	0.02	1	0.09	1	0.05	..	..	..	..	..	..	3	0.16
12.	Revenue	1	0.12	..	..	..	..	..	..	..	..	..	..	1	0.12
13.	Police	..	..	..	..	1	0.09	..	..	..	..	1	*	2	0.09
14.	Labour and Employment	..	..	..	..	1	0.07	..	..	..	..	..	..	1	0.07
15.	Animal Husbandry	..	..	..	..	1	0.04	..	..	..	..	..	..	1	0.04
16.	Public Relations	..	..	1	0.03	..	..	..	..	..	..	..	..	1	0.03
17.	General Administration	..	..	..	..	1	..	..	..	..	..	..	..	1	*
	Total	15	14.73	75	16.00	19	1.88	32	5.00	7	0.38	9	7.19	157	45.18

*Rupees fifty only.



