



REPORT OF THE  
COMPTROLLER AND  
AUDITOR GENERAL  
OF INDIA

FOR THE YEAR  
1971-72

GOVERNMENT OF ORISSA



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## TABLE OF CONTENTS

	Reference to	
	Paragraph	Page
Prefatory Remarks		<i>vii</i>
<b>CHAPTER I</b>		
<b>GENERAL</b>		
Transactions on revenue account—		
Budget and actuals	.. 1	1
Consolidated summary of transactions	.. 2	2
Revenue receipts	.. 3	3-4
Expenditure on revenue account	.. 4	4-5
Expenditure outside the revenue account	.. 5	5-7
Loans and Advances by Government	.. 6	7-8
Arrears in recovery of loans	.. 7	9
Acceptances of balances of loans	.. 8	10
Debt position—		
Public Debt	.. 9	10
Other debt and obligations	.. 10	11
Loans from Government of India	.. 11	11-12
Arrangements for amortisation of debt	.. 12	12
Interest on debt and other obligations	.. 13	12-13
Advances and overdrafts	.. 14	13
Guarantees	.. 15	14
Investments of Government	.. 16	14-15
Financial results of irrigation schemes	.. 17	15-16
Financial results of electricity schemes	.. 18	17
Grants-in-aid	.. 19	17-18
Utilisation certificates	.. 20	18
<b>CHAPTER II</b>		
<b>APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE</b>		
Summary	.. 21	19
Supplementary grants/appropriations	.. 22	19
Excess over voted grants	.. 23	20-22
Excess over charged appropriation	.. 24	22
Unutilised provision	.. 25	22-23

## CHAPTER III

## CIVIL DEPARTMENTS

	Reference to	
	Paragraph	Page
Detailed bills and utilisation certificates not received in audit ..	26	24
Tribal and Rural Welfare Department—		
Purchase, sale and fair price shops ..	27	24-26
Community Development and Panchayati Raj Department—		
Applied Nutrition Programme ..	28	26-28
Drinking water wells ..	29	28-30
Agriculture and Co-operation Department—		
Power tillers, power threshers, power dusters and power sprayers	30	30-34
Forest and Animal Husbandry Department—		
Kausalyaganga fish farm ..	31	34-35
Mechanised fishing ..	32	35-37
Live-stock breeding-cum-diary farm for Kalahandi ..	33	37
Working plan ..	34	38
Urban Development Department—		
Expenditure on Burma repatriates ..	35	38-39
Home Department—		
Grants to Gandhi Centenary Committee ..	36	39-40
Revenue Department—		
Shortage of cash ..	37	40
Finance Department—		
Cash Section of Civil Secretariat, Bhubaneswar ..	38	41-42
General—		
Production of films ..	39	43
Misappropriations, losses, etc. ..	40	44

## CHAPTER IV

## WORKS EXPENDITURE

Irrigation and Power Department—		
Hiring of pumps ..	41	45-47
Purchase of air compressors ..	42	47-48
Excavation for Head-race channel ..	43	48
Urban Development Department—		
Water supply to Rourkela, Bhawanipatna and Bolangir towns	44	48-51
Purchase of cast iron pipes and specials ..	45	51-52
Procurement of cement in excess ..	46	52
Works and Transport Department—		
Hostel for girls students at Athabish ..	47	52-53
Rural Development Department—		
Cold storage plant ..	48	53
Lankagada minor irrigation project ..	49	53-54
Kukurpeta minor irrigation project ..	50	54-55
Chaluniakhhol minor irrigation project ..	51	55
Jagadala minor irrigation project ..	52	55-56
Alikuan minor irrigation project ..	53	56-57
Cash settlement suspense account ..	54	57-58

**CHAPTER V**  
**STORES AND STOCK ACCOUNTS**

	References to	
	Paragraph	Page
Synopsis of Important accounts ..	55	59
Reserve limit of stock ..	56	59
Stock Registers and stock verification ..	57	60
Minus balances in stores and stock accounts ..	58	60
Annual certificate of balances of stock and other suspense accounts ..	59	60

**CHAPTER VI**

**RECEIPTS**

Arrears in collection of revenue, interest and other receipts ..	60	61-62
<b>Sales Tax—</b>		
Arrears of sales tax assessments and pendency with Appellate authorities ..	61	63
Results of test audit in general ..	62	63-64
Under-assessment of sales tax ..	63	64
Short levy of central sales tax ..	64	64
<b>Forest receipts—</b>		
Results of test audit in general ..	65	64-65
Loss on sale of Mynah birds ..	66	65
<b>Taxes on Vehicles—</b>		
Results of test in general ..	67	65-66
Trade certificate fees ..	68	66

**CHAPTER VII**

**GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES**

<b>Section A—</b>		
General ..	69	67
<b>Section B—</b>		
Statutory Corporations/Board ..	70	67
Orissa State Electricity Board ..	71	68-70
Purchase of Stores and equipment ..	72	70
Purchase of 6.25 MVA Power transformers ..	73	70-71
Purchase of 12-panel switch board ..	74	71
Purchase of galvanised iron wire ..	75	71
Purchase of house-service meters ..	76	72
Purchase of 11 K. V. pin insulators ..	77	72
Purchase of 25 KVA distribution transformers ..	78	73

	Reference to	
	Paragraph	Page
Section C—		
Government Companies ..	79	73
I—Wholly owned Government Companies—		
Orissa Mining Corporation Limited ..	80	74-76
Sale of chrome ore ..	81	76
Sale of manganese ore ..	82	76
Sale of iron ore ..	83	76
Accumulation of iron ore ..	84	76-77
Expenditure on raising smaller size ore ..	85	77
Kalarangi chromite mines ..	86	77-78
Purchase of spare parts for dumpers ..	87	78
Orissa State Commercial Transport Corporation—		
Unloading iron ore from trucks at Paradeep Port ..	88	78
II—Jointly owned Government companies		
Orissa Agro and Small Industries Corporation Limited—		
Tile factory ..	89	78
Orissa Timber Products Limited ..	90	79
Section D—		
Government Commercial and quasi-Commercial Departments—		
Departmentally managed commercial and quasi-commercial undertakings ..	91	79-80
Supply Department—		
Issue of stock on doubtful chalans ..	92	80-81
Disposal of empty gunny bags ..	93	81-82
Decomposed stock of atta ..	94	82
Works and Transport Department—		
Shortage of tyres in transport ..	95	82
Section E—		
Investments and guarantees by the State Government—		
Agriculture and Co-operation Department—		
Co-operative institutions ..	96	82-83
Rural Godowns ..	97	84-85
Other investments and guarantees—		
Other investments ..	98	85-86
Guarantees by Government ..	99	86
<b>CHAPTER VIII</b>		
<b>FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS</b>		
Grants to local bodies ..	100	87-88
<b>CHAPTER IX</b>		
<b>OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS</b>		
Outstanding audit observations ..	101	89-90
Outstanding inspection reports ..	102	91-92



## APPENDICES

	Reference to	
	Paragraph	Page
I. Investment of Government at the end of 1969-70, 1970-71 and 1971-72 and dividend/interest thereon		94-95
II. Departmentwise and yearwise analysis of utilisation certificates awaited as on the 30th September 1972		96-99
III. Statement showing extent of utilisation of supplementary grant		100
IV. Statement showing savings under voted grants/charged appropriations		101
V. Misappropriations, losses, etc. reported up to the 31st March 1972 and pending finalisation at the end of September 1972		102-103
VI. Synopsis of important stores and stock accounts ..		104
VII. Summarised financial results of statutory Corporations/Board		105
VIII. Summarised financial results of (a) companies wholly owned by the State Government (b) companies partly owned by State Government		106-107
IX. Summarised financial results of working of departmentally managed undertakings disclosed by <i>pro forma</i> accounts for the latest year available		108-109
X. Departmentwise analysis of the audit observations, the nature of the observation and the amounts		110-111
XI. Inspection reports outstanding for more than one year at the end of 30th September 1972		112-113
XII. Common types of irregularities noticed during local audit and inspection		114

## PREFATORY REMARKS

This volume mainly relates to matters arising from the Appropriation Accounts for 1971-72 together with other points arising from audit of the financial transactions of the Government of Orissa. It also includes:-

- (i) certain points of interest arising from the Finance Accounts for the year 1971-72; and
- (ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1971-72 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 1971-72 have also been included wherever considered necessary.

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

## CHAPTER I

### GENERAL

#### TRANSACTIONS ON REVENUE ACCOUNT

##### 1. Budget and actuals—

(a) *Revenue receipts*—The actuals of revenue receipts of State Government for 1971-72 as compared with the budget estimates of the year along with the corresponding figures for 1969-70 and 1970-71 are shown below:—

Year	Budget	Actuals	Variation	
			Amount of increase(+)/ decrease(—)	Percentage
(1)	(2)	(3)	(4)	(5)
(In crores of rupees)				
1969-70	121.38	131.12	+9.74	8
1970-71	132.38	135.83	+3.45	3
1971-72	151.89	151.32	— 0.57	..

The budget estimates are original estimates. No additional tax measure was introduced in any of these years after the budget stage.

(b) *Expenditure on revenue account*—The expenditure on revenue account as compared with the (i) budget estimates and (ii) budget estimates plus supplementary grants is shown below:—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount of decrease	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1969-70	130.92	143.02	131.00	12.02	8
1970-71	143.46	150.72	139.88	10.84	7
1971-72	161.97	186.80	175.08	11.72	6

2. Consolidated summary of transactions—The following is a summary of Government's transactions for 1971-72 with comparative figures for the preceding two years:—

	1969-70	1970-71	1971-72
	(In crores of rupees)		
(1) Opening cash balance	—7.50	+2.81	+7.44
<i>Transactions on revenue account</i>			
(2) Revenue—			
(a) Taxes (including State's share of divisible Union taxes)	53.65	63.73	72.35
(b) Non-tax revenue	36.55	33.17	34.75
(c) Grants-in-aid from Government of India	40.92	38.93	44.22
Total—Revenue receipts	131.12	135.83	151.32
(3) Expenditure met from revenue	131.00	139.88	175.08
(4) Revenue deficit (—)/surplus (+)	+0.12	—4.05	—23.76
<i>Transactions outside the revenue account</i>			
(5) Receipts from borrowings (net)	24.87	23.18	45.53
(6) Disbursements outside the revenue account (net)—			
(a) Capital expenditure	22.05	24.79	29.87
(b) Loans and advances by State Government	3.94	1.53	13.61
(7) Net effect of transactions outside the revenue account—surplus (+)/deficit (—) (5—6)	—1.12	—3.14	+2.05
<i>Contingency Fund and Public Account</i>			
(8) Net effect of transactions under the Contingency Fund, Provident Funds, deposits and advances, remittances, etc.	11.31	11.82	8.04
(9) Net result of all transactions (4+7+8)	+10.31	+4.63	—13.67
(10) Closing cash balance	+2.81	+7.44	—6.23

The closing cash balance of *minus* Rs. 6.23 crores comprises overall *minus* balance of Rs. 6.36 crores with the Reserve Bank of India and cash of Rs. 0.13 crore in treasuries.

Compared with 1970-71 the revenue of the State improved by Rs. 15.49 crores during 1971-72 while the expenditure on revenue account during the year increased by Rs. 35.20 crores.

The accumulated net revenue deficit of the State increased from Rs. 73.67 crores at the beginning of the year to Rs. 97.43 crores at the end of 1971-72.

The transactions during 1971-72 resulted in overall deficit of Rs. 13.67 crores. This was due to deficit on revenue account (Rs. 23.76 crores) partly off set by surplus in the Contingency Fund and Public Account (Rs. 8.04 crores) and in the transactions outside the revenue account (Rs. 2.05 crores).

## REVENUE RECEIPTS

3. (a) In 1971-72 revenue receipts (Rs. 151.32 crores) increased by 11 per cent over those in 1970-71 (Rs. 135.83 crores). A comparative analysis of revenue receipts during the three years ending 1971-72 is given below:—

	1969-70	1970-71	1971-72	Increase(+)/ decrease(-) since 1970-71
	(In crores of rupees)			
(i) Revenue raised by the State—				
Tax revenue ..	28.40	33.27	34.78	+1.51
Non-tax revenue ..	36.55	33.17	34.75	+1.58
Total (i) ..	64.95	66.44	69.53	+3.09
(ii) Receipts from Government of India—				
State's share of divisible Union taxes	25.25	30.46	37.57	+7.11
Grants-in-aid under Article 275 of the Constitution	26.02	24.03	22.30	-1.73
Other grants ..	14.90	14.90	21.92	+7.02
Total (ii) ..	66.17	69.39	81.79	+12.40
Total receipts ..	131.12	135.83	151.32	+15.49

During 1971-72 receipts from Government of India (Rs. 81.79 crores) were 54 per cent of the total revenue of the State for the year. The increased receipts during 1971-72 compared with those in 1970-71 (Rs. 12.40 crores) were mainly due to increase of Rs. 7.11 crores in State's share of the proceeds of Union taxes and duties assigned to the State on account of Taxes on Income other than Corporation Tax (Rs. 3.73 crores) and Union Excise Duties (Rs. 3.28 crores); increase of Rs. 7.02 crores under other Union grants to the State mainly on account of increase in assistance for natural calamities, State Plan schemes and other grants for different purposes and schemes partly off set by Rs. 1.73 crores on account of less statutory grant.

The revenue raised by the State during 1971-72 increased by Rs. 3.09 crores over that in 1970-71 and was due to increase under certain heads partly off set by decreases under certain others. Increases were mainly under—

(i) debt services (Rs. 0.95 crore) mainly due to more interest received from commercial departments partly off set by less interest under loans and advances by Government,

(ii) stamps (Rs. 0.55 crore) on account of sale of more stamps,

(iii) forest (Rs. 0.53 crore) mainly due to more receipts from timber and other produce removed from forests by Government agency,

(iv) agriculture (Rs. 0.42 crore),

(v) state excise duties (Rs. 0.40 crore) mainly due to more receipts from duties on country spirits, foreign liquors, hemp and other drugs partly off set by less receipts from fines, confiscations and miscellaneous, and

(vi) road and water transport schemes (Rs. 0.31 crore) on account of more receipts from road transport services.

Decrease was mainly under electricity schemes (Rs. 0.44 crore) due to transfer of Talcher thermal power house to Orissa State Electricity Board.

(b) *Additional resources mobilisation*—With a view to raise additional resources of Rs. 35 crores during the five year period 1969 to 1974 measures such as tax on passenger fares, levy of toll on expressway, nationalisation of kendu leaf trade, revision of rates of sales tax, increase in the rates of land cess, revision of stamp duties, increase in electricity duty, increase in irrigation rates, increase in the rates of mining royalty, revision of rates of *salami* for leasing Government lands and extension of entertainment tax were taken up since 1969-70. Government decided at the budget stage to implement fresh measures during 1971-72 by way of revision of rates of sales tax, increase of the rate of tax on sale of motor spirit and revision of rates of mining royalty on iron ore and coal; the additional revenue anticipated by Government during 1971-72 from these measures along with measures already taken up since 1969-70 was Rs. 7.98 crores. The revenue realised during 1971-72 from these measures was Rs. 7.85 crores.

Rupees 20.21 crores were paid by Government of India during 1971-72 as *ad hoc* loans to meet the resources gap during the year.

(c) *Arrears in collection of revenue, interest and other receipts*:—According to the information furnished by some of the departments, arrears in collection of revenue, interest and other receipts at the end of March 1972 were Rs. 43.81 crores. Arrears were heavy under commercial taxes (Rs. 24.41 crores), forest leases (Rs. 4.10 crores), electricity receipts including electricity duty (Rs. 3.42 crores), land revenue (Rs. 2.98 crores), water-rates (Rs. 1.20 crores) and interest receipts (Rs. 4.50 crores). The details of arrears are given in paragraph 60.

4. *Expenditure on revenue account*—Expenditure on revenue account in 1971-72 (Rs. 175.08 crores) increased by 25 per cent as compared with 1970-71 (Rs. 139.88 crores). The increase of Rs. 35.20 crores in 1971-72 was due to increase under certain heads partly off set by decreases under certain others. A comparative analysis of the main increases along with the expenditure figures during the three years ending 1971-72 by broad groups of Government activity is given below:—

	Expenditure			Increase (+) decrease (-) over 1970-71	
	1969-70	1970-71	1971-72	Amount	Percentage
	(In crores of rupees)				
Debt services ..	25.44	26.86	32.00	+5.14	19

Increase mainly under interest on market loans and interest paid to Government of India and also more transfer to sinking funds for open market loans.

*Social and Developmental services*—

Education ..	20.39	23.64	27.36	+3.72	16
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Increase mainly on expenditure on new Government colleges and payment of arrear dearness allowance and additional dearness allowance to employees of non-Government educational institutions.

Public Health and Family Planning	4.60	4.85	6.15	+1.30	27
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Increase mainly on expenditure under public health establishment including family planning centres, expenses in connection with epidemic diseases and more grants to local bodies for public health purposes.

	Expenditure			Increase (+)/ decrease (-) over 1970-71	
	1969-70	1970-71	1971-72	Amount	Percentage
	(In crores of rupees)				
Community Development Projects, National Extension Service and Local Development Works	3.64	3.92	6.17	+2.25	57

Increase mainly due to expenditure on crash programme for rural employment.

*Multipurpose River Schemes, Irrigation and Electricity Schemes—*

Multipurpose River Schemes	4.04	3.24	6.04	+2.80	86
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Increase mainly due to adjustment of interest for Balimela Dam Project and Balimela Power Scheme.

*Public Works (including roads) and schemes of Miscellaneous Public improvements—*

Public Works	7.79	8.71	10.70	+1.99	23
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Increase due to more expenditure on maintenance and repairs of Government buildings.

*Miscellaneous—*

Famine Relief	4.75	1.50	16.29	+14.79	986
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Increase mainly on expenditure on providing relief to people on account of natural calamities.

### EXPENDITURE OUTSIDE THE REVENUE ACCOUNT

5. *Expenditure outside the revenue account—(a)* Expenditure outside the revenue account includes, besides capital expenditure, amounts disbursed by Government as loans and advances.

Capital expenditure during the three years ending 1971-72 as compared with the (i) budget estimates and (ii) budget estimates plus supplementary grants is shown below (loans and advances are dealt with in paragraph 6 below):—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount of decrease	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1969-70	18.81	25.77	22.05	3.72	14
1970-71	24.98	29.85	24.79	5.06	17
1971-72	27.89	33.43	29.87	3.56	11

(b) An analysis of expenditure outside the revenue account is given below:—

Head of account	During 1969-70	During 1970-71	During 1971-72	Progressive outlay upto 1971-72
	(In crores of rupees)			
I. Capital expenditure on—	4.47	4.61	4.32	79.65
(i) Irrigation schemes	..	..	..	..
(ii) Multipurpose river schemes	5.34	8.80	10.76	112.70
(iii) Electricity schemes	2.49	1.42	0.51(a)	4.37(b)
(iv) Agriculture	1.10	1.10	3.94	20.97
(v) Public Works	2.30	4.18	4.99	81.61
(vi) Schemes of industrial and economic development	5.53	5.29	4.40	44.85
(vii) Other items (such as Public health, other works, ports, roads and water transport, forest and Government trading)	0.82	—0.61	1.97	29.97
(viii) Appropriation to the Contingency Fund	..	..	..	2.00
II. Net outgo under loans and advances by State Government (after taking into account recoveries of loans)	3.94	1.53	13.61	124.98(c)
Total—Expenditure outside the Revenue Account	25.99	26.32	43.48	501.10
III. Add—Revenue deficit/Deduct—Revenue surplus	—0.12	4.05	23.76	97.43
IV. Resources required for expenditure outside the revenue account and for meeting revenue deficit or after utilising revenue surplus	25.87	30.37	67.24	598.53

(a) The minus figure was due to credits to works being more than expenditure during the year.

(b) Excludes Rs. 30.81 crores, representing capital expenditure incurred by Government on Talcher Thermal Scheme upto 1971-72 transferred to Orissa State Electricity Board and treated as loan.

(c) Includes Rs. 30.81 crores *vide* foot note (b) above.



(c) The sources from which the expenditure outside the revenue account (including that on loans and advances) during 1969-70 to 1971-72 and upto 1971-72 were met were as follows:—

Head of Account	During 1969-70	During 1970-71	During 1971-72	Progressive outlay upto 1971-72
(In crores of rupees)				
I. Net additions to—				
(i) Permanent debt ..	7.79	4.39	4.97	70.21
(ii) Floating debt ..	-17.72	0.98	5.22	7.10
(iii) Loans from Government of India ..	33.90	16.34	33.26	417.67
(iv) Loans from other sources and provident fund balances	3.29	6.17	5.49	38.90
II. Miscellaneous (excess of deposits, etc., received by Government over payments on that account excluding investment of cash balances)	8.91	7.06	4.60	59.31
III. Increase(-) / decrease (+) in cash balance and investment of cash balances	-10.30	-4.57	+13.70	+5.34
IV. Resources available for expenditure outside the revenue account and for meeting revenue deficit or after utilising revenue surplus	25.87	30.37	67.24	598.53

6. Loans and advances by Government—(a) The actuals of disbursement of loans and advances by the State Government for 1971-72 as compared with the (i) budget estimates and (ii) budget estimates plus supplementary grants along with the corresponding figures for 1969-70 and 1970-71 are shown below:—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount of decrease	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(In crores of rupees)					
1969-70	3.10	8.39	7.88*	0.51	6
1970-71	3.72	5.43	5.29	0.14	3
1971-72	7.46	19.30	17.79**	1.51	8

(b) The budget and actuals of recoveries of loans and advances for three years ending 1971-72 are given below:—

Year	Budget	Actuals	Variations	
			Amount of increase (+) / decrease (-)	Percentage
(1)	(2)	(3)	(4)	(5)
(In crores of rupees)				
1969-70	3.70	3.94	+0.24	6
1970-71	4.28	3.76	-0.52	12
1971-72	5.91	4.18	-1.73	30

\* Excludes Rs. 17.24 crores being the capital expenditure incurred by Government on electricity generating assets of Hirakud system transferred to Orissa State Electricity Board and treated as loan during 1969-70.

\*\* Excludes Rs. 30.81 crores being the capital expenditure incurred by Government on Talcher thermal scheme transferred to Orissa State Electricity Board and treated as loan.

(b) The outstanding balances under loans and advances at the end of 1971-72 and the preceding two years together with the increase in the outstanding balance during 1971-72 are analysed below :—

	Outstanding on 31st March			Increase (+)/ decrease (-) over 1970-71
	1970	1971	1972	
	(In crores of rupees)			
Loans to Statutory Boards and Government Companies—				
Loans to Orissa State Electricity Board—				
(a) for financing Power Schemes (cash loans)	8.22	9.59	10.88	+1.29
(b) value of assets transferred as loan	34.69*	34.69	65.50**	+30.81
Loans to Industrial Development Corporation	7.45	7.35	9.05	+1.70
Loans to State Commercial Transport Corporation	2.10	2.10	2.10	..
Loans to Orissa Mining Corporation	1.41	1.41	1.26	-0.15
Loans to other Statutory Boards and Government Companies	1.43	1.69	1.94	+0.25
Loans to Cultivations ..	7.07	6.61	9.63	+3.07
Loans to local bodies ..	1.73	1.94	2.14	+0.20
Loans to displaced persons ..	1.89	1.94	2.02	+0.03
Loans to various Housing schemes ..	3.09	3.25	3.35	+0.10
Loans to Co-operative Institutions and Banks	4.02	4.31	5.85	+1.54
Loans to Government servants ..	2.38	2.32	7.94	+5.62
Other loans and advances ..	3.44	3.36	3.27	-0.09
Total ..	79.03	80.56	124.98	+44.42

The detailed accounts of loans and advances to municipalities, district and other local fund committees, land holders and other notabilities, Government servants and under the State Aid to Industries Act (balance of these loans on the 31st March 1972 : Rs. 10.05 crores) are maintained by Audit office and of all other classes of loans and advances (balance of these loans on 31st March 1972 : Rs. 114.93 crores) by officers of State Government.

\* Includes Rs. 17.24 crores representing capital expenditure incurred by Government on electricity generating assets of Hirakud system transferred to Orissa State Electricity Board and treated as loan.

\*\* Includes Rs. 30.81 crores representing capital expenditure incurred by Government on Talcher thermal scheme upto 1971-72 transferred to Orissa State Electricity Board and treated as loan.

## 7. Arrears in recovery of loans—

(a) Cases in which detailed accounts are kept in Audit office—Of these loans recovery of Rs. 31.44 lakhs towards principal and Rs. 29.91 lakhs towards interest was over due at the end of March 1972 as shown below :—

	Principal	Interest
	(In lakhs of rupees)	
(i) Borrowers under the State aid to Industries Act	10.54	12.97
(ii) Municipal corporations and municipalities ..	7.98	11.42
(iii) District and local fund committees ..	4.17 <sup>a</sup>	2.79
(iv) Government servants ..	9.15	2.73
Total ..	31.44	29.91

Out of the total arrears of Rs 61.35 lakhs, recovery of Rs. 23.60 lakhs towards principal (Rs. 10.06 lakhs) and interest (Rs. 13.54 lakhs) was in arrear for three years or more.

(b) Loans detailed accounts of which are maintained by Officers of State Government :—According to the standing instructions of Government, departmental officers are required to intimate to Audit by 31st May each year the arrears (as on 31st March) in recovery of principal and interest of loans and advances the detailed accounts of which are maintained by them. Such information for the period ending 31st March 1972 has been received from thirteen departments (out of twentythree departments) so far (January 1973); the information shows that recovery of Rs. 9,39.00 lakhs (principal : Rs. 4,75.50 lakhs and interest : Rs. 4,63.50 lakhs) was in arrears. A brief analysis of the arrears is given below :—

	Arrears on 31st March 1972	
	Principal	Interest
	(In lakhs of rupees)	
(1) Loans to Co-operative institutions and banks ..	1,84.49	58.34
(2) Loans and advances under community development programme	3.70	3.14
(3) Loans to statutory corporations boards and Government companies	2,57.44(a)	4,01.24(b)
(4) Miscellaneous loans and advances ..	29.87	0.78
Total ..	4,75.50	4,63.50

(a) Of this, Rs. 1,65.00 lakhs were outstanding against Industrial Development Corporation and Rs. 67.10 lakhs against Orissa Mining Corporation.

(b) Of this Rs. 2,37.42 lakhs were outstanding against Orissa State Electricity Board and Rs. 1,49.35 lakhs against Orissa Mining Corporation.

4. *Appropriation of balances of loans—(a)* The balances of loans are commingled to governmental officers every year for verification and return. The summaries of such balances on 31st March 1972 of loans, deposits and advances of which are kept in Audit Office, was not received in 1986 when the account of Rs. 227 crores). The earliest of these outstanding appropriations balance of Rs. 227 crores).

(b) In cases where detailed accounts of loans are maintained by departmental officers, these officers are required to certify at the end of each year that the balances shown as receivable in their reports agree with those shown outstanding in the books of the Accountant General; for this purpose the outstanding is susceptible the transactions recorded in their books were not required to susceptible the Audit Office. Reconciliation has not been done happening in the books of Audit Office. Reconciliation has not been done in several cases and consequently appropriations of balances worked out in Audit Office have not been received in 138 cases for Rs. 1987 crores; some of these relate to 1962-65.

DEBT POSITION

9. *Public debt—(a)* The public debt of Government increased by Rs. 41 crores during 1971-72 as shown below :—

	Receipts	Payments	Net Increase
Open market loans	..	77614	497
Floating debt	..	1446	1446
Loans from Government of India	..	6324	30708
Loans from international bodies	..	274	146
Total	..	88298	4277

During 1971-72 Government raised a loan of Rs. 776 crores. The interest bear 14 per cent interest and is repayable at par in 1983. Out of Rs. 77 crores released, Rs. 6701 crores were realised in cash and the remaining amount of Rs. 175 crores by conversion of 4 per cent Orissa Government Loan 1971

(b) The outstanding public debt of the State at the end of March 1972 was Rs. 51942 crores. An analysis of the debt, with the corresponding figure at the end of the preceding two years is given below :—

	Public debt on 31st March		
	1970	1971	1972
Open Market loans	60996	65835	70331
Floating loans	..	..	..
(a) Short and medium advances from the Reserve Bank	090	188	520
(b) Overdrafts from the Reserve Bank	..	..	111
Loans from Government of India	36807	31441	4770
Loans from international bodies	1177	1324	155
Total	44170	45488	50702

(a) Includes Rs. 012 crore received on account of Orissa Government loans during 1971-72 and earlier years lying under T-Deposits and Advances. Deposits pending transfer to this head on issue of scrips.

(b) Includes Rs. 012 crore lying under deposit head pending transfer to this head on issue of scrips.

10. *Other debt and obligations*—In addition to public debt, the net balance at the credit of State provident funds, local funds, civil deposits and earmarked funds such as sinking funds, reserve funds and deposit accounts to the extent these have not been invested but are merged with the general cash balance of Government also constitute liability of Government. Taking into account regular debt and these liabilities together the debt position of Government at the end of each of the three years ending 1971-72 was as follows :—

	Total debt on 31st March		
	1970	1971	1972
	(In crores of rupees)		
Public debt ..	441.70	464.88	510.42
State provident funds ..	15.47	20.17	23.58
Sinking funds, reserve funds and deposit accounts	30.31	31.00	32.04
Deposits of local funds and civil deposits (excluding balances of market loans)	21.13	24.79	25.77
Total ..	508.61	540.84	591.81

11. *Loans from Government of India*—(a) Loans from Government of India (Rs. 417.67 crores) constitute 82 per cent of the total public debt of Government. During 1971-72 Government of India paid Rs. 20.21 crores as *ad hoc* loans to meet the resources gap of the State Government. Rupees 4.60 crores were also received from Government of India as ways and means advances during 1971-72 for Centrally sponsored schemes; of these Rs. 4.01 crores were adjusted as grants and Rs. 0.59 crore were converted as loans during the year.

Rupees 22.22 crores were received from Government of India as loans during 1971-72 for State plan schemes.

(b) *Rehabilitation loans*—

(i) *Loans to displaced persons from erstwhile East Pakistan*—To end of March 1972 Government of India paid Rs. 1,23.46 lakhs as loan for rehabilitation of displaced persons from the erstwhile East Pakistan. A further loan of Rs. 3.00 lakhs was paid during 1971-72. Rupees 87.15 lakhs and Rs. 29.53 lakhs on account of principal and interest respectively were due for payment to Government of India on 31st March 1972. Government is, however, paying to Government of India only the sums actually realised from the displaced persons. No amount was repaid during 1971-72 as no recoveries were made from displaced persons.

In June 1964 Government of India decided that State Government should be absolved of the responsibility for sharing any portion of losses on loans granted to displaced persons from erstwhile East Pakistan prior to 31st March 1964 (other than those granted to displaced persons, migrating after 31st December 1963). Rupees 2.62 lakhs so far worked out by Government as loss on a portion of the loan was remitted during 1971-72; such remissions to end of 1971-72 were Rs. 16.86 lakhs.

(ii) *Loans to repatriates from Burma*—Between December 1965 and March 1972, Government of India paid Rs. 90.80 lakhs as loan for rehabilitation of repatriates from Burma, of which Rs. 0.72 lakh were repaid by Government upto 1968-69 as per original terms and conditions. According to the revised terms decided by Government of India, Rs. 5.50 lakhs towards principal and Rs. 4.44 lakhs towards interest were due for payment on 31st March 1972. Government, however, decided to pay only the sums realised from the repatriates; of the instalments of principal and interest due no amount was repaid to Government of India during 1971-72.

12. *Arrangements for amortisation of public debt*—Sinking funds have been created for amortisation of open market loans (Rs. 67.86 crores), loans from Government of India for industrial housing scheme and share of market borrowings in 1963 (Rs. 8.15 crores) and loans from Life Insurance Corporation of India for housing schemes (Rs. 9.92 crores). The balances in the funds at the commencement and close of 1971-72 are shown below :—

Balance on 1st April 1971	Additions during the year		Withdrawals	Closing balance on 31st March 1972
	Contribution from revenue	Interest from investment		
36.52	6.19	0.49	4.13	39.07

(In crores of rupees)

Of the total accumulation of Rs. 39.07 crores, Rs. 13.78 crores were invested in the securities of Government of India (Rs. 4.27 crores), of other States (Rs. 5.63 crores) and in debentures and bonds of Orissa Co-operative Land Development Bank, Electricity Boards of Orissa and other States and Ahmedabad Municipal Corporation (Rs. 3.88 crores).

For amortisation of loans raised in the open market contribution 1½ per cent of the total nominal amount of loans raised upto 1970-71 set apart annually to form a depreciation fund for purchasing securities of the loans for cancellation. A sum at the same rate is set apart to the depreciation fund, if necessary, for purchasing securities of the loan raised during 1971-72 in the event of any depreciation in the prices of the loan. In addition, an annual contribution is made to the sinking funds at such rates as Government may decide from time to time.

13. *Interest on debt and other obligations*—The net burden of interest charges on public debt and other interest bearing obligations of the State on the revenue during 1971-72 and the two preceding years was as follows:—

	1969-70	1970-71	1971-72
	(In crores of rupees)		
(1) Interest paid by Government on debt and other obligations—			
(a) Market loans ..	3.10	3.22	3.77
(b) Loans from Government of India ..	15.77	15.88	19.59
(c) Other debt and obligations ..	1.60	1.54	1.79
Total ..	20.47	20.64	25.15

	1969-70	1970-71	1971-72
	(In crores of rupees)		
(2) <i>Deduct</i> —Interest received on loans and advances given by State Government, investment of cash balances and recoveries from Zamindari Abolition Fund	6.24	3.89	3.61
(3) Net burden of interest charges on revenue	14.13	16.75	21.54
(4) Percentage of gross interest to total revenue receipts	16	15	17
(5) Percentage of net interest to—			
(a) Total revenue receipts ..	11	12	14
(b) Total revenue raised by the State ..	22	25	31

In addition, Rs. 9.32 crores were received as interest from commercial departments (Rs. 9.20 crores) and interest on arrears of revenue and other receipts (Rs. 0.12 crore). If that also is taken into account, the net burden of interest on revenue would be Rs. 12.22 crores (8 per cent of the revenue).

#### ADVANCES AND OVERDRAFTS

14. (a) Under an agreement with the Reserve Bank of India, Government has to maintain with the Bank minimum balance of Rs. 30 lakhs on all working days. The Bank gives ways and means advances when the cash balance falls short of this minimum. The limit for normal ways and means advances was fixed as Rs. 0.90 crore for the year 1971-72. The Bank also agreed to give special ways and means advances upto Rs. 4.40 crores against Government of India securities. If even after the maximum advance is given the cash balance is below the minimum the deficiency is left uncovered but the Bank charges interest on such overdrafts.

Ways and means advances of Rs. 6.12 crores were availed of during 1971-72 on two occasions. Rupees 1.88 crores were outstanding at the end of the previous year. Rupees 2.70 crores were repaid during 1971-72 leaving a balance of Rs. 5.30 crores. Interest paid on the advances was Rs. 0.20 lakh.

Government also availed of overdrafts of Rs. 8.34 crores during 1971-72 on five occasions; of this, Rs. 6.54 crores were repaid during the year leaving a balance of Rs. 1.80 crores. Rupees 0.32 lakh were paid as interest on the overdrafts.

Treasury bills of Rs. 102.15 crores were also rediscounted on various dates during 1971-72 to make up the deficiency in the cash balance.

(b) The cash balance with the Reserve Bank of India on 31st March 1972 as shown in Government account was *minus* Rs. 6.36 crores and represents the balance after taking into account the inter-Governmental monetary settlement pertaining to 1971-72 advised to the Reserve Bank upto 25th April 1972 and including Rs. 7.10 crores which on 31st March 1972 were outstanding as ways and means advances (Rs. 5.30 crores) and overdrafts (Rs. 1.80 crores) taken from the Bank. The position at the close of the preceding two years was as follows :—

	Cash balance with the Reserve Bank	Ways and means advances outstanding
	(In crores of rupees)	
31st March 1970 ..	2.58	0.90
31st March 1971 ..	7.30	1.88

### GUARANTEES

18. (a) Government has guaranteed (to third parties) repayment of loans, bonds and payment of interest thereon, repayment of share capital and payment of dividend thereon, each credit, etc. on behalf of two state co-operative societies, sixteen Government companies, six joint-stock companies, one hundred and twelve co-operatives, seventeen multipurpose and notified areas and two private parties. The maximum amount of guarantees given by Government to end of 1971-72 was Rs. 8076 crores against which loans, etc. actually raised by the parties were Rs. 65.19 crores.

Further details of guarantees are given in statement no. 6 of Finance Accounts 1971-72.

(b) Government charges the parties guarantee commission at rates ranging from 1 per cent to 4 1/2 per cent. The outstanding guaranteed commission due from the parties was Rs. 25.57 lakhs.

(c) In 1968-70 Government constituted a guarantee reserve fund to meet the liability arising out of the guarantees. Contributions to the fund are to be made from revenue by annual contribution from the Consolidated Fund. Guarantee commission realised, interest on investments and recoveries from parties, are credited to this fund. During 1971-72 Rs. 10 lakhs were credited from revenue and Rs. 7.05 lakhs were paid from the fund in discharging the guarantee obligation in favour of two industrial co-operatives, two Government companies, one joint stock company and a private party. The balance at the credit of the fund on 31st March 1972 was Rs. 10.31 lakhs. The total payments made by Government to end of 1971-72 in discharging the guarantee obligation were Rs. 57.68 lakhs. No recovery has been made from defaulters May 1973.

### INVESTMENTS OF GOVERNMENT

#### 16. (a) Investment in Government commercial and trading activities—

*Investments in statutory corporations/boards, Government companies, joint-stock companies and co-operative institutions—*(i) In 1971-72 Government invested Rs. 368.75 lakhs in the shares of statutory corporations (Rs. 0.80 lakh), Government companies (Rs. 1.27.45 lakhs), joint stock companies (Rs. 5.06 lakhs) and co-operatives (Rs. 2,36.50 lakhs). In addition Rs. 58.98 lakhs were invested in the debentures of co-operatives.

(ii) The total investment of Government in the share capital and debentures of statutory corporations/boards, Government companies, joint stock companies and co-operatives at the end of 1969-70, 1970-71 and 1971-72 were Rs. 386.65 crores, Rs. 44.94 crores and Rs. 49.23 crores respectively. Dividend and interest received therefrom during 1969-70, 1970-71 and 1971-72 were Rs. 0.25 crore, Rs. 0.64 crore and Rs. 0.34 crore respectively; these formed 0.0 per cent, 1.4 per cent and 0.7 per cent of the total investment of Government at the end of those years. Further details are given in Appendix I. The salient points noticed in audit of some of these bodies are detailed in Chapter VIII.

(iii) Information about the details of shares, transfer of their ownership in favour of Government, etc. of four joint stock companies in which Rs. 12.61 lakhs were invested by the rulers of ex-princely states and brought to Government account on merger of those states has not so far been furnished by Government (February 1973).



(iv) Ten companies in which Government has invested Rs. 10.70 lakhs are under liquidation. Eight other companies in which Government had invested Rs. 15.66 lakhs have been liquidated. Some co-operative societies are also under liquidation; complete information about realisation or write off of Government investment in those companies/societies is awaited (May 1973).

(b) Other Investments—(i) By the end of 1971-72 Government had also invested Rs. 13.78 crores from the balances of earmarked funds in (a) securities of Government of India (Rs. 4.27 crores) and ten State Governments (Rs. 5.63 crores) and (b) debentures of Orissa State Electricity Board (Rs. 2.93 crores), four other State Electricity Boards (Rs. 0.61 crore), Orissa State Co-operative Land Development Bank (Rs. 0.29 crore) and Ahmedabad Municipal Corporation (Rs. 0.05 crore).

Interest realised during 1971-72 on the above investments was Rs. 49.33 lakhs.

(ii) In addition, Rs. 0.90 crore were held in the cash balance investment account at the end of 1971-72 of which Rs. 0.58 crore were invested in the securities of Government of India and the balance of Rs. 0.32 crore represents investment made by ex-princely states of Orissa brought to Government account. Interest realised on these investments during 1971-72 was Rs. 2.57 lakhs. Investments in Government of India treasury bills are also made from the cash balance investment account; during 1971-72 treasury bills of Rs. 102.15 crores were rediscounted on various dates and interest realised on this account was Rs. 43.11 lakhs.

17. Financial results of irrigation schemes—(a) At the end of March 1972 the capital invested in the three major and fifteen medium irrigation projects was Rs. 71.16 crores comprising the following:—

(i) Outlay of Rs. 60.99 crores on Mahanadi Delta Irrigation Project (Rs. 36.99 crores), Salandi Irrigation Project (Rs. 14.02 crores) and six other medium irrigation projects (Rs. 9.98 crores) which are opened for service; the financial results of these projects could not be worked out since information about the revenue earned by them was not made available by Irrigation department.

The working expenses of and the interest on capital invested on these projects in 1971-72 were Rs. 0.44 crore and Rs. 3.42 crores respectively.

(ii) Outlay of Rs. 6.88 crores on one major and seven medium irrigation projects under construction.

(iii) Outlay of Rs. 3.29 crores on Orissa Canal Project and Rushikulya System of which the accumulated net deficit to end of March 1972 was Rs. 5.63 crores. The working results of these two projects during 1971-72 and the preceding two years are given below:—

	1969-70	1970-71	1971-72
	(In lakhs of rupees)		
Gross revenue	65.20	38.81	55.70
Working expenses	37.38	40.94	48.00
Net revenue(+)/loss(-) before charging interest	+27.82	-2.13	+7.70
Interest on capital	10.86	10.86	10.85
Net revenue(+)/loss(-) after charging interest	+16.96	-12.99	-3.11

(b) Of the irrigation works (excluding multipurpose project—Hirakud Dam Project) executed in the State on which capital outlay to end of 1971-72 is more than Rs. 1 crore, Delta Irrigation Scheme, Orissa Canal Project and six Medium irrigation projects have been opened for service; of these Delta Irrigation Scheme has been classed as productive and the remaining projects as unproductive. Some details of these irrigation works are given below:—

Name of the Project	Direct capital outlay (Rs. in crores)	Year of commencement	Date when water is let out for irrigation	Irrigation potential created		District in which irrigation land is situated	Principal crops grown
		Year of completion		Extent to which the created potential has been utilised			
				Kharif (A)	Rabi (A)		
1	2	3	4	5	6	7	8
(In thousands of acres)							
1. Delta Irrigation Scheme	36.99	1955 Under construction	1959-60	571.33 571.33	353.00 320.00	Cuttack and Puri	Rice, Jute, Mung, Potato
2. Orissa Canal Project	2.76	1865 1895	1895	68.40 68.40	17.30 17.30	Cuttack and Balasore	
3. Salandi Irrigation Project	14.02	1961-62 Under construction	1967-68	113.00 95.00	40.00 20.00	Balasore	Rice
4. Bahuda Irrigation Project	1.06	1962 Under construction	1965-66	13.00 13.00	1.50 1.50	Ganjam	Rice
5. Budhi Budhiani Irrigation Project	1.53	1961 Under construction	1966-67	7.30 7.30	2.70 2.70	Puri	Rice
6. Salki Irrigation Project	1.61	1958-59 Under construction	1961-62	47.00 47.00	5.00 5.00	Phulbani	Rice
7. Darjang Irrigation Project	3.85	1960 Under construction	1965-66	13.00 13.00	5.00 5.00	Dhenkanal	Rice
8. Dhanani Irrigation Project	1.54	1959 Under construction	1965-66	9.50 9.50	3.50 3.50	Ganjam	Rice

(c) According to the rules framed by Government in November 1961 for assessment and realisation of water rates they are now being assessed and collected by the revenue authorities and the gross collection is accounted for under the major head "IX—Land Revenue". The question of prescribing a procedure for transferring the net collections to the irrigation major heads and allocation of the revenue collected to the individual schemes opened to service for working out the financial results of the schemes separately was taken up with Government in 1968; final decision of Government is awaited (February 1973). Net revenue from the Orissa canal project and Rushikulya System, which were executed before 1961, is available.

(d) Betterment charges have not been levied on lands irrigated by the canals of the irrigation schemes as no legislation for the levy has yet been enacted.

(A) These are as per information supplied by Government.

18. *Financial results of electricity schemes—(a)* With the formation of Orissa State Electricity Board in March 1961 all completed transmission and distribution systems and generating assets of Hirakud system and Talcher Thermal Scheme have been transferred to the Board. To end of March 1972 assets provisionally valued Rs. 65.50 crores have been transferred and treated as loan to the Board. Final allocation of assets and liabilities of these schemes/pieces transferred to the Board upto March 1972 is yet to be made (February 1973). In addition, Government has given Rs. 10.88 crores as cash loans to the Board for financing power schemes. Government also invested Rs. 2.93 crores in the debentures floated by the Board. Besides, Government has guaranteed the loans raised by the Board to the extent of Rs. 26.35 crores. As on the 31st March 1972 the Board has utilised the guarantee in full.

(b) Government has retained Machkund Hydro-Electric (Joint) Scheme. It was undertaken jointly with Government of Andhra Pradesh which is executing the scheme. The capital invested by Government to end of 1971-72 was Rs. 4.65 crores. Debts raised by Government of Andhra Pradesh to the extent of Rs. 75.47 lakhs representing Orissa's share of capital expenditure during 1959-60 to 1971-72 have not yet been accepted by Government of Orissa.

A summary of the financial results of Machkund Hydro-Electric (Joint) Scheme during 1971-72 compared with the preceding two years is given below:—

	1969-70	1970-71	1971-72
	(In lakhs of rupees)		
Gross receipts	54.74	26.90	50.74
Working expenses	76.95	38.78	44.54
Net revenue less before charging interest	—22.21	—11.88	+6.20
Interest on capital	17.60	17.60	17.60
Net less after charging interest	—39.81	—29.48	—11.40

#### GRANTS-IN-AID

19. (a) In 1971-72 Rs. 28.22 crores were paid as grants to non-Government bodies, institutions and individuals against Rs. 22.63 crores paid during 1970-71; this formed 16 per cent of Government's total expenditure on revenue account. An analysis of the grants paid is given below:—

Department	Amount (In crores of rupees)
Education	18.24
Community Development and Panchayati Raj	3.64
Public Health	1.16
Forest	1.03
Other departments	4.15
Total	28.22

Expenditure incurred out of the grants to municipalities, notified area committees, universities, panchayat organisations, etc. is audited by the Examiner, Local Accounts. Some of the more important points reported to him to Government during 1971-72 are mentioned in paragraph 100.

(b) The chief beneficiaries of the grants given by Government were Panchayati Raj institutions which received Rs. 15.74 crores during 1971-72 as shown below :—

Department	Amount (In crores of rupees)
Education—	
Primary and secondary education ..	10.59
Community Development and Panchayati Raj—	
(i) Rural development ..	0.67
(ii) Community development ..	3.64
(iii) Other grants ..	0.72
Tribal and Rural Welfare—	
Development of tribal blocks ..	0.07
Urban Development—	
Flood relief ..	0.05
<b>Total ..</b>	<b>15.74</b>

In addition to the grants, Rs. 1.53 crores were paid by Government in 1971-72 as assistance to panchayat organisations as shown below :—

	Amount (In crores of rupees)
Share of profits from Kendu leaf trade ..	1.03
Payment of rates and cess on land ..	0.50
<b>Total ..</b>	<b>1.53</b>

Further, Rs. 8.86 crores were spent by Government in 1971-72 for Panchayat organisation on rural community development (Rs. 5.02 crores) and development of tribal areas (Rs. 3.84 crores).

In addition, loans were advanced to Panchayati Raj institutions for carrying out rural development. Balances of these loans outstanding at the end of March 1972 against those institutions and under community development programme were Rs. 56.59 lakhs and Rs. 40.03 lakhs respectively.

20. *Utilisation certificates*—Under the financial rules, in all cases in which conditions are attached to grants, utilisation certificates that the grants have been utilised for the purpose for which they were paid are required to be furnished by the departmental officers to the Accountant-General within a reasonable time.

Out of 44,024 certificates (Rs. 88,54.88 lakhs) to be received for grants paid upto March 1971, 4,216 certificates (Rs. 6,41.78 lakhs) were received leaving 39,808 certificates (Rs. 82,13.10 lakhs) to be received in Audit (September 1972). Departmentwise details of utilisation certificates are given in Appendix II.

The utilisation certificates have not been received although considerable time has passed after the grants were paid. In the absence of the certificates it is not possible to state whether the recipients spent the grants or spent them for the purposes for which they were meant.

## CHAPTER II

## APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

21. *Summary*—The following table compares the expenditure during 1971-72 with the total voted grants and charged appropriations :—

	Grant/ appropriation	Actual expenditure	Variation saving		
			Amount	Percentage	
(In crores of rupees)					
<i>Voted—</i>					
Original	201.93	265.92	255.60	10.32	4
Supplementary	63.99				
<i>Charged—</i>					
Original	69.48	77.86	76.46	1.40	2
Supplementary	8.38				
Total	343.78	332.06	11.72	3	

The total saving of Rs. 11.72 crores was the net result of savings of Rs. 18.18 crores under fifty-six grants and twenty-seven appropriations off set by excesses of Rs. 6.46 crores under ten grants and one appropriation.

22. *Supplementary grants/appropriations—(a) Voted grants*—During the year supplementary grants totalling Rs. 63.99 crores were obtained under fifty-six grants (including four grants where token votes were obtained) in January 1972 (Rs. 50.60 crores) and March 1972 (Rs. 13.39 crores).

It would be seen from Appendix III that :—

(1) In seven grants supplementary provision of Rs. 2,17.61 lakhs (exceeding Rs. 5 lakhs in each case) proved unnecessary as the expenditure did not come up even to the original grant.

(2) In eight grants supplementary provision proved excessive. In these cases Rs. 6,37.25 lakhs out of the total supplementary provision of Rs. 16,71.88 lakhs remained unutilised. In all these cases supplementary grants of Rs. 1,94.45 lakhs were taken in March 1972.

(b) *Charged appropriations*—Supplementary appropriation of Rs. 8.38 crores was made during the year under twenty-eight appropriations.

23. *Excess over voted grants*—Excess of Rs. 6.16 crores in the following ten voted grants requires regularisation under Article 205 of the Constitution.

Serial no.	Grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
(1)	3—Police—			
	Original	7,36,94,600	8,16,23,139	22,88,239
	Supplementary	56,40,300		
		7,93,34,900		

Excess occurred mainly under "District Executive Force—District Police" (expenditure: Rs. 4,80.64 lakhs ; provision : Rs. 4,22.33 lakhs) and "Special Police—Military Police" (Expenditure : Rs. 1,63.47 lakhs ; provision Rs. 1,47.42 lakhs).

Reasons for excess are awaited.

(2)	4—A—Expenditure relating to the Rural Development Department—			
	Original	4,48,15,000	8,30,17,506	2,56,02,506
	Supplementary	1,26,00,000		
		5,74,15,000		

Excess occurred mainly under (i) "Public Works—Tools and Plant" (expenditure : Rs. 32.46 lakhs ; provision. Rs. 25.00 lakhs) due to repair of old vehicles without sanction of Government (ii) "Public Works—Suspense—Gross Debit" (expenditure : Rs. 3,82.77 lakhs ; provision : Rs. 1,50.00 lakhs) due to more purchase of stores on account of more work load and excess expenditure on deposit works and (iii) "Famine Relief—Miscellaneous" (expenditure : Rs. 1,33.31 lakhs ; provision: Rs. 1,15.00 lakhs) on account of more expenditure on completion of incomplete roads and restoration of minor irrigation projects damaged by flood and cyclone during 1971-72.

(3)	8—Stamps—			
	Original	7,36,200	8,84,381	1,48,181
	Supplementary	..		
		7,36,200		

Excess occurred mainly under "Charges for sale of stamps (Non-Judicial)" (expenditure ; Rs. 5.47 lakhs ; provision : Rs. 3.84 lakhs) due to increase in discount on sale of more impressed stamps.

(4)	25—Public Works—			
	Original	12,82,03,400	16,44,57,495	1,95,26,095
	Supplementary	1,67,28,000		
		14,49,31,400		

Excess occurred mainly under "Public Works—Repairs—Public Works" (expenditure : Rs. 3,89.66 lakhs ; provision : Rs. 3,73.35 lakhs), "Public Works—Repairs—Electrical" (expenditure : Rs. 23.88 lakhs ; provision Rs. 17.44 lakhs), "Public Works—Suspense—Public Works—Debits" (expenditure : Rs. 7,52.33 lakhs ; total provision : Rs. 4,20.00 lakhs), "Public Works—Suspense—Electrical—Debits" (expenditure : Rs. 52.95 lakhs ; provision Rs. 35.00 lakhs), and expenditure incurred without budget provision under "Buildings—Public Works—Public Health" (Rs 62.21 lakhs) and "Communication—State Roads of Economic and inter-State importance—Central Road Fund Reserve" (Rs 4.65 lakhs). The excess was partly off set by less expenditure under some other group-heads.

Reasons for excess are awaited.

Serial no.	Grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.

(5)	41—Loans to Local Funds, Government Servants, etc.—				
	Original	1,13,00,000	22,14,51,100	22,43,96,381	29,45,281
	Supplementary	21,01,51,100			

Excess occurred mainly under "Loans to Government servants—Other Advances—Flood Advances and Cyclone Advances" (expenditure : Rs. 5,52.32 lakhs ; provision : Rs. 4,94.01 lakhs).

Reasons for excess are awaited.

(6)	45—Government Trading Scheme—				
	Original	5,15,50,000	8,35,50,000	8,68,67,122	33,17,122
	Supplementary	3,20,00,000			

Excess occurred under "Grain Purchase Scheme—Suspense (Personal Deposits)—Debits" (expenditure : Rs. 8,68.41 lakhs ; provision : Rs. 8,35.00 lakhs), mainly due to adjustment also of cost of foodgrains purchased in 1970-71 on receipt of the debit during 1971-72.

(7)	49—Hirakud Dam Project—				
	Original	6,10,000	6,10,000	9,78,320	3,68,320
	Supplementary	..			

Excess occurred mainly under "Hirakud Dam Project—Stage I—Dam and Appurtenant Works—Works" (expenditure : Rs. 8.43 lakhs ; provision : Rs. 4.97 lakhs) and "Hirakud Dam Project—Stage II—Hirakud Subsidiary Power House Project, Chiplima" (expenditure : Rs. 1.00 lakhs ; provision : Rs. 0.10 lakh) and was on payment of compensation for land acquired.

(8)	53—Capital expenditure relating to the Home Department—				
	Original	5,00,000	5,00,000	5,05,344	5,344
	Supplementary	..			

Excess occurred under "Police Housing Scheme" (expenditure : Rs. 5.05 lakhs ; provision : Rs. 5.00 lakhs).

(9)	54—Capital outlay on Forests—				
	Original	6,24,53,300	6,25,53,300	6,91,22,053	65,68,753
	Supplementary	1,00,000			

Excess occurred under "Trading in Kendu leaves—Suspense (Personal Deposits)—Debit" (expenditure : Rs. 6,66.35 lakhs ; provision : Rs. 6,00.00 lakhs).

Reasons for excess are awaited.

Serial no.	Grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
(10)	59—Capital expenditure relating to Home Department—			
	Original	36,16,100	44,87,992	8,71,892
	Supplementary 35,16,100			

Excess was due to cost of materials and equipment received under Technical Assistance Programme during 1971-72 adjusted in accounts after March, 1972 for which provision could not be made by the department mainly under "National Malaria Eradication Programme" (expenditure : Rs. 32.20 lakhs ; provision : Rs. 30.00 lakhs), "Family Planning" (expenditure : Rs. 8.01 lakhs ; provision : Rs. 4.16 lakhs), "T. B. Control" (expenditure : Rs. 2.35 lakhs ; provision : nil) and "Small-pox Eradication Programme" (expenditure : Rs. 0.70 lakh ; provision : nil).

24. *Excess over charged appropriation*—The expenditure exceeded in the following charged appropriation by Rs. 30.00 lakhs ; the excess requires regularisation.

Appropriation	Total appropriation	Expenditure	Excess
	Rs.	Rs.	Rs.
<i>Floating Debt (Repayment)</i>			
Original	1,80,00,000	8,94,79,000	9,24,79,000
Supplementary	7,14,79,000		
			30,00,000

Excess represents shortfall in minimum balance with the Reserve Bank of India even after the ways and means advances.

25. *Unutilised provision*—

(i) Rupees 18.18 crores remained unutilised in fifty-six grants (Rs. 16.48 crores) and twenty-seven appropriations (Rs. 1.70 crores).

(ii) In thirteen grants and one appropriation, savings (more than Rs. 1 lakh in each case) were more than ten per cent of the total provision. Details of those grants and appropriation are given in Appendix IV.

(iii) Details of grants/appropriation where savings were more than Rs. 0.50 crore are given below :—

Serial no.	Number and name of grant/appropriation	Total grant/ appropriation	Actual expenditure	Saving
		(In crores of rupees)		
(1)	17—Expenditure relating to the Industries Department	4.12	2.48	1.64

Saving was mainly due to non-payment of grants to Regional Engineering College, Rourkela and University College of Engineering, Burla, as introduction of post-graduate courses in these colleges was not sanctioned.



Serial no.	Number and name of grant/appropriation	Total grant/appropriation	Actual expenditure	Saving
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(In crores of rupees)

(2)	37—Agriculture	7.04	6.30	0.74
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Saving was mainly due to non-sanction and non-implementation of certain schemes (Rs. 8.10 lakhs), post-budget reduced sanction as a measure of economy for subordinate and expert staff (Rs. 11.75 lakhs) and land reclamation and hiring of tractors, experimental farms and production of high yielding varieties of food-grains (Rs. 4.93 lakhs) and late appointment and non-appointment of officers and staff (Rs. 5.49 lakhs).

(3)	44—Agricultural Improvement and Research	8.90	7.27	1.63
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Saving was mainly due to non-sanction of loans for "Rabi" cultivation owing to late provision of funds by supplementary grant in January 1972.

(4)	48—Capital outlay on Industrial Development	4.41	3.38	1.03
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Saving was mainly due to post-budget decision for not investing in share capital of Industrial Development Corporation (Rs. 24.00 lakhs), non-sanction of investment in the shares of corporations and undertakings (Rs. 22.00 lakhs) and non-finalisation of proposals for investment in large and medium scale industries (Rs. 20.50 lakhs) and less Central assistance (Rs. 11.75 lakhs).

(5)	Permanent Debt (Repayment)	4.02	2.79	1.23
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There was saving of Rs. 1,09.22 lakhs under "4 per cent Orissa Government Loan 1971" discharged during 1971-72 and Rs. 15.80 lakhs under "4 per cent Orissa Government Loan 1968" (Rs. 4.42 lakhs) and "4 per cent Orissa Government Loan 1969" (Rs. 11.38 lakhs) discharged during 1968-69 and 1969-70 respectively on account of non-preferment of claims by some subscribers.

## CHAPTER III

## CIVIL DEPARTMENTS

26. *Detailed bills and utilisation certificates not received in Audit.* Moneys are often drawn in advance on abstract bills which do not contain adequate details of the proposed expenditure. Detailed bills containing all the needed information are required to be submitted to audit within three months for expenditure on works and one month in other cases. Detailed bills for Rs. 20,85.05 lakhs drawn on abstract bills during 1957-58 to 1971-72 have not yet been submitted. Audit, therefore, does not know what has happened to this amount drawn from the treasuries. (For details please see paragraph 101 of Chapter IX of this Report.)

For grants paid to outside bodies, departmental officers are required to certify, within a reasonable time of the payments, that the grants given have actually been used by the recipients for the purposes for which they were paid. Such certificates for Rs. 82,13.10 lakhs paid by Government as grants during 1955-56 to 1970-71 have not yet been received. Audit, therefore, does not know what has happened to these moneys. (For details please see paragraph 20 of Chapter I of this Report.)

## TRIBAL AND RURAL WELFARE DEPARTMENT

27. *Purchase, sale and fair price shops*—Tribals form about 24 per cent of the population of Orissa. One of the programmes approved by Government in 1963 for improving the economic condition of the tribal people was opening purchase, sale and fair price shops in tribal areas for (i) purchasing surplus agricultural produce (such as mustard seeds, dhanua chillies, turmeric, maize, etc.) and minor forest produce (such as tamarind, amla, honey, wax, lac, etc.), from the tribal people at reasonable prices, (ii) advancing interest free loans to the tribal people to wipe out their debts and (iii) selling to the tribal people their daily necessities (such as rice, salt, edible oil, kerosene oil, tobacco, cloth and other grocery articles) at reasonable prices.

Between July 1964 and September 1972 eleven main shops (units) two at Muniguda and one each at Baliguda, Keonjhar, Kashipur, Parlakhemundi, Thuanal Rampur, Lahuni para, Similipal, Nuagaon and Gunupur, with 125 branches (sub-units) were functioning in ten areas having concentration of tribals. They covered 16.15 lakh hectares and 5.16 lakhs (10 per cent) of the total tribal population of the State. The shops are managed by the department. Upto the end of March 1972 Rs. 95.28 lakhs (recurring and non-recurring expenditure : Rs. 47.06 lakhs; working capital : Rs. 44.50 lakhs; and loan : Rs. 3.72 lakhs) were spent on the programme.

The department did not make any prior survey of the area in which the shops were opened to determine the extent of surplus agriculture and minor forest produce that could be spared by the tribal people and the funds required to purchase the surplus produce from them.

*Purchase and sale of commodities*—Upto 1971-72 Government provided working capital of Rs. 44.50 lakhs to eleven purchase and sale units.

In two units 20 per cent and 85 per cent of the available surplus commodities were procured from the tribal people ; in 2 units 30 per cent and 45 per cent of available surplus were procured; in one unit situated in urban area

the procurement was 55 per cent; in two units where no loan was disbursed the procurement was 5 per cent and 10 per cent; in two units there was no procurement. Information on procurement was not furnished by 2 units to the department. Survey of the area for available surplus was not made. Sufficient godowns were not constructed for storing the commodities with the result that procurement was limited. The programme provided for the tribal people to go to the shops and sell their surplus produce whereas private traders go to their doors and take their commodities giving ready cash. The working capital (Rs. 44.50 lakhs by end of March 1972) was also insufficient even in the limited area taken up for operation. A large portion of the working capital (Rs. 21.55 lakhs) was locked up in advances given to Rural Welfare Inspectors in 6 units for purchase of surplus produce brought by the tribal people. The inspectors were not prompt and regular in giving account to the units for the purchases made by them and refunding the unspent balances.

*Results of working of the units*—Profit and loss accounts for 1971-72 have not been drawn up for any of the units so far (January 1973). Profit and loss accounts prepared by the department for earlier years disclosed that between 1964-65 and 1970-71 eight units sustained loss of Rs. 20.89 lakhs. Working results of three units were not prepared at all.

In November 1964 Government gave administrative approval for construction of staff quarters, office building and permanent godowns for one of the Muniguda units. In March 1968 Rs. 1.50 lakhs were withdrawn from the treasury and deposited with the Rural Engineering Organisation for the construction, which, however, was not undertaken pending technical sanction of the estimate and selection of site. In the mean while in September 1969 the headquarters of the unit was changed. Site at the new place was selected in December 1970, but land has not so far been acquired (December 1972). Technical sanction of the estimate has not so far been accorded (April 1973).

In Balliguda unit Rs. 12.44 lakhs were advanced between 1964-65 and 1969-70 to different persons for obtaining surplus produce from the tribal people. The unit has not received commodities worth Rs. 1.63 lakhs against this advance, nor has it got back the money (April 1973).

In 1965-66 Keonjhar unit advanced Rs. 1.00 lakh to the Regional Marketing Co-operative society, Keonjhar, for its working capital (not for procurement of surplus commodities for the unit). Of that the society has refunded Rs. 0.32 lakh. In December 1969 the unit proposed legal action for recovering the balance Rs. 0.68 lakh; decision of Government is awaited (April 1973).

The units were selling the commodities on credit and of the credit sales upto March 1972 Rs. 1.04 lakhs remain to be recovered (September 1972) from Government servants.

No systematic arrangement has been made for physical verification of stock (once in a year) in the units and for reporting shortages noticed in such verification to the head of the department/Government. Between 1964-65 and 1970-71 shortages of stock valued Rs 1.07 lakhs occurred in 6 units.

During 1970-71, 2,500 quintals of tamarind were procured in one of the Muniguda units at Rs.37 per quintal. The market price of tamarind at that time was Rs. 43.25 paise per quintal. The tamarind was not sold but kept in store

to be sold subsequently at a higher price (anticipating increase in market price). The Administrative Officer of the unit approached the Collector, Koraput, and Government for permission to hold on to the stock; but there was no response from them. Anticipation (based on the price level in the preceding year which was a lean year) of rise in the market prices was unrealistic as there was a bumper crop of tamarind in 1970-71. Subsequently, 1,300 quintals were sold at below cost (between Rs. 13 and Rs. 35 per quintal) for Rs. 0.29 lakh and 1,200 quintals purchased for Rs. 0.44 lakh could not be sold as they had deteriorated. This resulted in loss of Rs. 0.72 lakh.

Reports issued by the internal audit organisation of the department on the accounts of the 8 units so far prepared disclose misappropriation of cash (Rs. 1.25 lakhs in 6 units) and stock not accounted for (Rs. 2.00 lakhs in 5 units). The department is yet to take follow up action on these reports (April 1973).

*Wiping out indebtedness of the tribal people*—The programme provides for giving interest free loans to the tribal people to repay their debts. Before starting the programme no survey was made to determine the extent of indebtedness of the tribal people in the areas proposed to be covered and the amount that would be required for the purpose.

Between 1964-65 and 1971-72 Rs. 4.96 lakhs were advanced as loans to the tribal people in 6 out of eleven units. In the remaining 5 units no loan was disbursed.

In two of these six units against Rs. 1.85 lakhs assessed by the Administrative Officers of the units as required for advancing loans in the area (number of persons not specified) to wipe out indebtedness the department disbursed Rs. 3.50 lakhs. This according to the department has, however, not prevented fresh indebtedness among the tribal people.

In two other units against Rs. 9.14 lakhs assessed by the Administrative Officers as required for wiping out indebtedness of the tribal people in the area (number of persons not specified) only Rs. 0.82 lakh were advanced as loan to them. It was stated that this was on account of insufficient funds allotted for giving loans.

In the remaining two units Rs. 0.64 lakh were disbursed as loan. There was no assessment of the total requirements.

#### COMMUNITY DEVELOPMENT AND PANCHAYATIRAJ DEPARTMENT

28. *Applied nutrition programme*—The objective of this programme is production of nutritious foods in villages and making them available for feeding of children (school going or otherwise), and educating mothers in preparation of balanced and nutritious diets. These were to be achieved by promotion of poultry farming, pisciculture and horticulture and imparting nutritional education and training. Between 1959-60 and 1971-72 the programme covered 106 community development blocks (1,254 grama panchayats with 16,844 villages with an area of 42,161 square kilometers) out of 314 blocks in the State. Separate accounts were not kept of the expenditure on the programme upto 1962-63. Between 1963-64 and 1971-72, Rs. 77.54 lakhs were spent. This does not include expenditure on staff which was not recorded separately.

Cash assistance of Rs. 7.60 lakhs was provided by UNICEF towards cost of training, formation and running of *mahila samitis* and *yubak sanghas* (through whom the programme was mainly implemented), and cost of seeds and fertilisers for horticulture. Equipment for poultry, inland fisheries, marine fishing, horticulture and training, as also 90 vehicles were supplied by UNICEF; value of these has not been ascertained and recorded by the department. The programme is still continuing.

*Poultry farming*—To popularise poultry farming in rural areas, establishment of poultry units in the *panchayat samiti* headquarters and sub-units in *mahila samiti* headquarters was taken up during 1959-60. Upto 1970, 89 main units and 890 sub-units were set up in 89 *panchayat samiti* areas at a cost of Rs. 1,18.00 lakhs (Rs. 62.00 lakhs on main units and Rs. 56.00 lakhs on sub-units). The poultry units failed partly because pre-mixed feed was not supplied by Animal Husbandry department regularly resulting in low laying of eggs by layers and partly because of high cost of the feed. Consequently, the birds were left uncared for and loss due to disease and pilferage was high. Government, therefore, decided to wind up the poultry units and sub-units from August 1967.

In August 1969 Government decided to revive the main poultry units at *panchayat samiti* headquarters. Some of these units were to be run by the department on commercial basis. Unemployed veterinary graduates were to be encouraged to start poultry farms in other units with initial assistance from Government. By January 1972 Government sanctioned revival of 19 units out of which 7 have been revived. No poultry farms have been started by unemployed veterinary graduates.

Buildings constructed for 70 units at a cost of Rs. 3.13 lakhs remain unused (April 1973).

In February 1970 Government decided to transfer the buildings of the closed sub-units (estimated cost: Rs. 30.00 lakhs) to *mahila samitis*, *yubak sanghas* and other organisations for various welfare schemes of the villages. The department has not ascertained how these buildings are being used (April 1973).

Government decided in January 1970 to take up physical verification and valuation of equipment in various poultry units and sub-units. The work has not been completed so far (April 1973).

*Inland fisheries*—UNICEF supplied 0.15 lakh pounds of nylon yarn (upto March 1968) for making nets and also 720 nylon nets (between December 1964 and November 1965) free of cost to the department for supply to grama panchayats for fishing in the grama panchayat tanks. The grama panchayats were in turn to supply fish free of cost to *mahila samitis* for use, once a week, in the diet of expectant and nursing mothers and children. The department has not fabricated the nets from the nylon yarn; it has distributed only 335 nylon nets to *panchayat samitis* for supply to grama panchayats. The department has not ascertained whether the nylon nets have been actually distributed to grama panchayats. Physical verification of stock of nylon yarn and the undistributed nylon nets has not been done (December 1972). Many pisciculture tanks were raised and maintained by grama panchayats by obtaining loans from Government while others belong

to third parties. The grama panchayats are not willing to spare any fish till they have repaid the loans ; supply has not been made in some cases as the panchayats have no control over the tanks.

*Marine fisheries*—For marine fishing UNICEF supplied four boat engines in December 1966 (value: Rs. 0.67 lakh) to be fitted to four 38-footer boats. Other equipment required for marine fishing including echo-sounder, pick-up van, a lorry chassis and an ice plant of 2½ ton capacity (total value : Rs. 1.92 lakhs) were also supplied by UNICEF between March 1966 and May 1969. The boats were to be used by the department for fishing from Paradeep base for increasing the supply of (sea) fish in areas surrounding Paradeep. One-eighths of the catch was to be supplied to *panchayat samitis* of Baranga, Bhubaneswar and Kujanga for free supply to *mahila samitis* who were to use it in the diet of expectant and nursing mothers and children.

In March 1968 tenders were called for construction of four boats. The agreement executed with Orissa Boat Builders (a Government Company) in December 1969 stipulated supply of boats in March 1970 with penalty of 1 per cent of value of contract (Rs. 2.00 lakhs) for each month of delay. Three boats were delivered by Orissa Boat Builders during November-December 1971 and are being used departmentally ; penalty of Rs. 0.34 lakh was levied for late delivery of 3 boats but recovery has been kept in abeyance. Rupees 1.82 lakhs were paid as advance to be adjusted along with the penalty after delivery of the fourth boat. The fourth boat has so far not been delivered (April 1973).

Even before the boats were ordered, staff for operating four boats and for running the marine fishing scheme with those boats were appointed from 1966-67. Expenditure on the staff upto October 1971 was Rs. 0.66 lakh. Fish catch from the departmental operation of the three boats between October 1971 and March-1972 was 0.77 lakh kilograms of value Rs. 0.55 lakh. No part of this catch was supplied to *mahila samitis*.

*Horticulture*—UNICEF authorised expenditure of Rs. 2.84 lakhs (between 1967-68 and 1971-72) for supply of seeds and fertilisers to school gardens free of cost. Against this, Rs. 0.92 lakh only were spent on tending gardens in schools.

*Training*—Equipment valued Rs. 1.74 lakhs was supplied by UNICEF to Agriculture and Veterinary Colleges at Bhubaneswar, Medical College at Cuttack, Panchayat Raj training centre at Gopalpur and 6 other teachers' training schools for teaching "applied human nutrition" by suitable re-orientation of existing training and by arranging lectures. No arrangements have been made by these institutions to impart the training.

On training of personnel, Rs. 6.01 lakhs were allotted between 1966-67 and 1971-72 but Rs. 0.84 lakh only were spent by the department (on training Block development officers, medical officers, grama sevikas, primary school teachers, etc.). In addition, Rs. 0.49 lakh were spent on giving advanced training abroad to an Assistant Director of Public Health. His services were not utilised for the applied nutrition programme on his return from training.

29. *Drinking water wells*—Construction of wells for providing drinking water in summer months in rural areas was undertaken from 1954-55. From 1963-64 a Centrally sponsored well construction programme (with cent per cent Central assistance) was taken up to provide drinking water wells, one in

each village of 30 houses. From 1967-68 the programme became a Centrally aided scheme with 50 per cent Central assistance; with that State Government decided to have one well in each village of more than 200 houses. Funds for construction of wells were provided as grants to *panchayat samitis* which were to construct the wells. The *samitis* were to furnish to Government at prescribed intervals expenditure statements showing progress of expenditure and construction, as also utilisation certificates, of completion of the works.

Between 1963-64 and 1967-68, Rs. 80.86 lakhs were paid as grants to *panchayat samitis* of which Rs. 45.27 lakhs were spent by the *samitis* leaving with them an unspent balance of Rs. 35.59 lakhs (June 1972). The number of wells to be constructed was not specified by Government while paying the grants. Of the amount spent, utilisation certificates for Rs. 25.93 lakhs have not been furnished by the *samitis* (December 1972). The *samitis* are not regular in sending expenditure statements showing progress of construction and the number of wells completed.

No grant was given during 1968-69. Rupees 20.31 lakhs were paid as grants during 1969-70 and 1970-71 for construction of 792 wells. Information received from 216 out of 314 *panchayat samitis* disclosed that 394 wells were not taken up for construction; construction of 259 wells is in progress and 159 wells were completed. No utilisation certificate has been furnished. The expenditure incurred and the balance remaining unutilised by the *panchayat samitis* has not been intimated.

In 1971-72 the department made an appraisal of the programme (at the instance of Government of India) according to which out of 67,030 main villages and hamlets in the State 27,280 were provided with drinking water facilities upto 1970-71, 19,092 were having inadequate supply of water and 20,658 had no drinking water facilities at all. According to the revised standard fixed by Government, 15,292 wells have to be constructed in villages with 200 houses and above; the department estimates the expenditure on this as Rs. 4,50.00 lakhs. During 1971-72 Rs. 39.81 lakhs were paid as grant for 1,444 wells. In May 1972 further grants of Rs. 40.35 lakhs were paid for 1,607 wells. The number of wells constructed during 1971-72 and 1972-73 could not be ascertained in the absence of progress reports from the *panchayat samitis*.

Information received by the department during 1971-72 from 283 out of 314 *panchayat samitis* disclosed that 43,785 public wells were taken up for construction in villages upto 1970-71 at a cost of Rs. 3,43.70 lakhs. This included:—

(i) Rupees 54.64 lakhs spent on 7,465 wells in different stages of construction (some of which were started as early as 1954-55); Rs. 43.08 lakhs were estimated to be necessary for completing the works. In those cases funds were not provided for completion of old works and works under execution were stopped by the executants as they were not willing to execute at the schedule of rates.

(ii) Rupees 14.23 lakhs spent on 1,931 wells which were not providing water during summer as the wells were of insufficient depth or they choked up as de-silting was not done or construction of wells was treated as complete although there was not enough water.

(iii) Rupees 16.94 lakhs spent on 1,909 wells construction of which was taken up on private lands (which have not been transferred to *panchayat samitis*) in spite of instructions from Government that wells should not be constructed on private lands. These wells could not, therefore, be used by the general public.

Between 1956-57 and 1966-67, six *panchayat samitis* paid Rs. 0.55 lakh as advances to *sarpanches* of grama panchayats for construction of 131 wells; the wells have not been constructed and the advances have not been recovered (December 1972).

The above wells constitute about one-fourth of the total number (43,785) of wells construction of which was taken up in 283 *panchayat samitis* upto 1970-71; their cost (on the basis of average cost) is about Rs. 86 lakhs. Upto May 1972 Government had paid Rs. 181.76 lakhs as grants to the *samitis* for this programme.

#### " AGRICULTURE AND CO-OPERATION DEPARTMENT

30. *Power tillers, power threshers, power dusters and power sprayers*—Farming by Japanese farmers was being done at Chakuli in Sambalpur district to demonstrate mechanisation of agriculture and double cropping. In 1962, a Japanese survey team visited the State to advise Government on mechanisation of agriculture. It suggested use of small tractors by cultivators. The cultivators would receive training in the use of the tractors in Chakuli demonstration farm. Without drawing up a detailed programme for operation and maintenance, the Director of Agriculture and Food Production, Orissa recommended to Government in December 1962 import of 100 power tillers (small tractors) from Japan for use by cultivators owning 50 to 100 acres of land. Government of Orissa approached Government of India for import of these power tillers (against yen credit to be provided by Japan which was then under negotiation) for use by groups of cultivators, co-operatives and panchayats. Orissa Government expected that with these tillers it would be possible to introduce double-cropping in Sambalpur district (which has assured irrigation throughout the year from Hirakud dam)—it was thought that, double-cropping would otherwise be difficult because of labour shortage and that it would also result in maximum utilisation of the Hirakud waters. The cost of each tiller was estimated as Rs. 3,000 plus Rs. 1,000 for spare parts and accessories.

*Purchase of power tillers*—Two hundred and ninetysix power tillers with spares and 100 each of power threshers, power dusters and power sprayer were imported by Government from Japan and were received between August 1964 and July 1966 (cost Rs. 27.19 lakhs).

The following table shows the supplies received, total cost, number sold to cultivators, those left with the department and their value :—

Date of order	Supplies received			Total cost (Rs.lakhs)	Number sold		Balance remaining unsold	Value (Rs. lakhs)
	Date	K.P.	D.P.		K.P.	D.P.		
(1) December 1962	August 1964	60	40	5.01	34	14	52	2.61
(2) June 1964 ..	October 1965	60	..	3.57	5	..	55	3.27
(3) June 1965 ..	July 1966	..	136	14.31	..	46	90	9.47
Total ..		120	176	22.89	39	60	197	15.35

K. P.—Kerosene-powered.

D. P.—Diesel-powered.



In December 1962, while approaching Government of India for import of 100 power tillers, State Government gave the specification of 40 of these as "D. Z. R. C. Engine—Diesel" and of the other 60 as "Engine-Diesel". "D. Z. R. C." engine is powered by kerosene and not by diesel. Apparently, the specifications were given without proper study.

Even before the 100 power tillers ordered in December 1962 were received, State Government requested Government of India in June 1964 to import 100 more power tillers mentioning the specification as "D. Z. R. C. Engine—Diesel". Against this Government of India allotted 60 power tillers.

Sixty kerosene-powered and 40 diesel-powered tillers were received in August 1964 against those ordered in December 1962. The department then learnt that "D. Z. R. C., Engine" was a kerosene-powered model. In February 1965, the Indian representative of the foreign supplier advised Government that diesel-powered tiller would be more suitable. It was only in June 1965 that Government wanted the State Trading Corporation (through whom supplies were obtained) to modify the supply order with a view to get only diesel-powered tillers. That could not be done as the tillers had already been consigned by then. Sixty kerosene-powered tillers were received in October 1965 against orders placed in June 1964. All the power tillers received were stored in the Agriculture Implements Factory, Bhubaneswar.

In April 1964, Government of India wanted to know the details of the programme for distribution of power tillers and arrangements made or proposed to be made for providing workshop facilities and servicing of power tillers. No such details for distribution were worked out even though power tillers of the value of over Rs. 5.00 lakhs were expected to be received and sold to cultivators and the department was under an obligation to provide service facilities to make them popular. In October 1964, some Japanese engineers stayed in Orissa in connection with assembly, training and after care service of the power tillers received in August 1964. This had no impact on the sale of power tillers as the first machine was sold only in October 1965.

Again in May 1965 Government of India stressed the need for setting up satisfactory workshop facilities for maintenance of power tillers and also emphasised that unless adequate arrangements for servicing of power tillers were made it would not be possible to derive full benefit from them. The department had set up an Implements Factory at Sambalpur under the Intensive Agricultural District (Package) Programme and thought that factory would provide workshop and servicing facilities for the power tillers even though it was not meant for that purpose and was not also equipped for doing that work. No other service facility was provided even though 92 power tillers (out of 99 that were sold) were sold to purchasers in other districts.

In June 1965, Government decided to purchase 200 more power tillers (all diesel-powered) even before knowing the performance of the tillers obtained earlier and their usefulness for the cultivators (the first power tiller was sold only in October 1965). Against this, Government of India allotted 136 power tillers in November 1965. In February 1966 Government of India intimated that spare parts could be imported in this consignment if the number of power tillers indented was reduced. The department also realised the necessity of spares for running and maintenance of the power tillers received earlier. The department accordingly prepared a list of spare parts (cost not mentioned) and sent it to the State Trading Corporation in March 1966 to arrange their

import by proportionately reducing the number of tillers. This could, however, not be done as the contract for supply of power tillers had already been signed in February 1966. In April 1966, the Director of Agriculture and Food Production reviewed the sale price of power tillers to cultivators and came to the conclusion that the cost price (between Rs. 6—8 thousands) of power tillers received in the two earlier consignments was "prohibitive". He wanted State Government to move Government of India to reallocate the tillers to other States. While this was under consideration of Government, the supplies (of 136 tillers) were received in July 1966. The cost of power tillers received in this consignment was still higher (Rs. 0.10 lakh each) on account of increase in price and devaluation of the rupee. At a meeting of the officers of Government of India and State Government in July 1966, it was noted that power tillers received in this consignment were very costly and that there was little possibility of their sale in the near future in Orissa. In November 1966 Government decided to sell the entire consignment to Kerala State at cost price. In March 1967, Government, however, decided to retain these power tillers after which the packages were opened for assembly of the tillers.

*Sale, utilisation and performance of power tillers*—Of the 296 power tillers received in the 3 consignments, in all 99 power tillers were sold (between October 1965 and March 1970). Of these only 7 were sold to cultivators in Hirakud area. Government decided in July 1966 not to reduce the sale price of power tillers received in the third consignment. On the basis of cost of procurement, the sale price of a tiller received in the third consignment was fixed by Government (in June 1969) at Rs. 10,120. Thirty-seven power tillers were sold to cultivators between July 1968 and February 1970. The price was reduced by Government in February 1970 by Rs. 1,500 on the ground that another foreign make small tractor was cheaper. (This foreign make small tractor was not being imported at that time). Nine more machines were sold upto March 1970 at the reduced price. Some of the earlier purchasers have claimed refund of Rs. 1,500 for each power tiller; no decision has so far been taken about this refund (December 1972).

Without drawing up a programme for departmental utilisation of power tillers, 142 power tillers (cost : Rs. 12.08 lakhs) received in the first and the third consignment (in August 1964 and July 1966 respectively) were distributed to 77 departmental farms between January 1965 and February 1968. Utilisation of those tillers was left to the farms. According to the department (September 1966), those power tillers were retained in Government farms for popularising them among the farmers. The power tillers in most places are out of order and cannot be repaired in the absence of spare parts which have to be imported.

The department prescribed monthly progress reports to be submitted by the farms about the working of the power tillers. In 49 farms (which prepared the performance report) out of 77, during 1969 to 1971, on an average, the tillers were operated only to the extent of 12 to 14 per cent of the average of 750 working hours per year for a power tiller fixed by the department. Eight cultivators, according to their performance reports, have, however, worked the tillers 56 to 85 per cent of the total working hours during the same period.

Fifty-five power tillers (cost : Rs. 3.27 lakhs) received in the second consignment (in October 1965) remaining unsold were used by the department in drought relief operations between June and August 1966 in Kalahandi and Bolangir districts after transporting them from Bhubaneswar. They were

used for tilling 410 acres of land (value of work done : Rs. 0.03 lakh). All the power tillers were damaged either in course of transit or in the operation, and, therefore, they were no longer suitable for sale to cultivators. They were subsequently transferred to Cuttack (32 in December 1966), Puri (12 between January 1968 and May 1971), and Aska (10 in February 1968) and one was retained at the Agricultural Implements Factory, Bhubaneswar; subsequently, they were let out on hire. In June 1971 the department came to the conclusion that the hiring scheme was "very uneconomical". The Departmental Advisory Committee reviewing the working of agricultural engineering schemes recommended (in June 1971) winding up of the hiring scheme as power tiller was mainly an owner-oriented machine. Subsequently, it was decided by the department not to hire out the tillers but to use them for demonstration purposes.

*Purchase of spare parts for power tillers*—In January 1967 State Government requested Government of India to import spare parts. The indent was finalised in October 1967 in consultation with a departmental officer trained in Japan in the use of power tillers and an engineer of the foreign supplier. During February-March 1969, the spare parts (value : Rs. 1.38 lakhs) were received. All fast-moving spares were sold or used within a year of their receipt. Spare parts of value Rs. 0.72 lakh are still with the department (March 1973).

*Purchase, sale and servicing of power tillers by Orissa Agro and Small Industries Corporation*—Orissa Agro and Small Industries Corporation was registered as company (with 51 per cent investment by Government) in February 1968 to help the agro industries. Government entrusted the purchase, sale and after-sale service of the power tillers to the Corporation from July 1968. Even though foreign credits were available in July 1968 and July 1969, spare parts required to repair and service the power tillers, lying damaged with the department, were not obtained. The Corporation was also not asked to obtain the spare parts.

In November 1968 the Corporation decided to open service stations for agricultural machinery. Two regional service stations were opened at Berhampur and Sambalpur in January 1969 and 1971. In August 1970, the Corporation decided to open a number of rural service stations. These service stations were to be run by unemployed graduate engineers who were to be trained by the Corporation for two months during which period they would receive stipends; their pay for the first two years was to be borne by the Corporation and thereafter they were to earn their livelihood from the profits of the service stations. Eight such service centres were opened in May 1971. The Corporation obtained 84 power tillers (with 10 per cent spare parts) from Kerala Agro and Small Industries Corporation (which imported them from Japan) for Rs. 7.63 lakhs between June 1971 and May 1972. Of these, 51 were sold by the Corporation upto March 1973 for Rs. 5.21 lakhs. In February 1972 the Corporation found that the demand for power tillers was not encouraging. Also in April 1972, the Corporation found the working of the service stations "not very encouraging".

*Purchase of power threshers, dusters and sprayers*—The foreign supplier supplied 100 power threshers, 100 power dusters and 100 power sprayers in August 1964 (cost : Rs. 2.92 lakhs) along with 100 power tillers. It was not obligatory to get them along with the power tillers, nor had they been ordered by Government. Yet the supplies received were accepted.

Six power threshers were sold for Rs. 0.11 lakh. Ten power threshers and one power duster (value : Rs. 0.16 lakh) were retained and the rest were distributed to Government farms. The department did not prepare any scheme for their use in the Government farms, nor has it obtained reports how they are actually being utilised.

#### FOREST AND ANIMAL HUSBANDRY DEPARTMENT

31. *Kausalyaganga Fish Farm*—Between 1949 and 1953, a deeply silted swamp at Kausalyaganga near Bhubaneswar covering 260 acres which was full of water hyacinth was reclaimed at a cost of Rs. 3.50 lakhs for starting a fish farm (with nursery, stocking, rearing and breeding tanks). Each part of the farm was divided by dykes constructed with the excavated silt soil and weeds of the swamp. Due to rains in subsequent years there was gradual shrinkage of the silt dykes. Floods in 1968 and cyclone in October 1968 completely washed away the dykes and it again became a vast swamp. Special repairs were done during 1969-70 at a cost of Rs. 1.50 lakhs.

For increasing productivity, in September 1969 the department sanctioned remodelling of the farm by dewatering and desilting of tanks and raising and strengthening of embankments and dykes at a cost of Rs. 29.00 lakhs (civil works : Rs. 20.50 lakhs, expenditure incidental to fish rearing : Rs. 8.50 lakhs) and entrusted the civil works (for which estimates were not prepared) to the Rural Engineering Organisation of Rural Development department. The farm was expected to produce 1.70 lakh kilograms of fish and 60 lakhs of fry each year and earn annual profit of Rs. 2.50 lakhs. The Rural Engineering Organisation prepared a preliminary estimate in March 1970 for Rs. 11.94 lakhs which was sanctioned by Government. Dewatering and desilting of tanks was not taken up. After spending Rs. 8.70 lakhs on executing one-fourth of the work on periphery embankment and stocking tanks further execution of work was stopped in October 1971 as the estimate for Rs. 60.55 lakhs (civil works : Rs. 48.60 lakhs and expenditure incidental to fish rearing : Rs. 11.95 lakhs) was not sanctioned by Government. (The detailed estimate for civil works was prepared by the Rural Engineering Organisation for Rs. 48.60 lakhs as against Rs. 20.50 lakhs, justifying the increase mainly on account of widening the embankments of stocking tanks to facilitate mechanised fishing and high cost of earth brought from outside for the embankment, while the department revised its estimate of Rs. 8.50 lakhs to Rs. 11.95 lakhs to have self sufficiency in raising fry and fingerlings and to increase fish production to 1,000 kilograms per acre and have gross profit of Rs. 4.60 lakhs). The revised estimate was not sanctioned by Government as it was considered high and Government wanted (January 1972) the Rural Engineering Organisation to bring down the estimated cost. The Rural Engineering Organisation did not agree to revise the estimate. Government is now considering to get the civil works executed through the Irrigation department and an estimate prepared by the Chief Engineer, Irrigation, for Rs. 35.00 lakhs is awaiting sanction (January 1973).

Over and above the expenditure incurred by the Rural Engineering Organisation, the department has been incurring expenditure on the farm which has not been recorded separately but included under "Pisciculture Demonstration Programme".

As the outer embankments were not completed the floods and cyclone in September 1972 connected the stocking tanks with outside flood water and thereby fish, fry and fingerlings of value Rs. 1.00 lakh stocked in the tank

were carried away by the flood waters. Consequent on the floods and cyclone and washing out of the embankments, the expenditure of Rs. 2.70 lakhs mainly incurred on earthwork was rendered unfruitful. Dewatering and desilting of tanks have not been done and in its absence it is doubtful whether productivity can increase.

32. *Mechanical fishing*—In August 1962, the Orissa Fisheries Development Corporation was registered as a company (fully owned by Government) with deep sea fishing as one of its objectives. Detailed project report for deep sea fishing was not prepared by Government, the Corporation also did not prepare such a report. The Corporation ordered four fishing trawlers from Poland in June 1963 (Rs. 20.02 lakhs) of which three were received between April and July 1965 and kept at Paradeep Port. The fourth trawler was seized by Pakistan during the hostilities in 1965 and was recovered in September 1968 in a badly damaged condition. Purchase of these trawlers was mentioned in Paragraph 24(iv) of the Audit Report 1967.

For economic utilisation of trawlers, the seller's specification required constant use of engine and exploitation continuously upto 5 days in a voyage in the sea. Only one trawler was brought into use from November 1965 on daily voyage basis (going to the sea and returning to the base the same day) and worked for a few days during 1965-66 and 1966-67. All the three trawlers were kept unused at Paradeep Port for long without proper maintenance and required repairs. They were repaired by spending Rs. 0.90 lakh and used for fishing in the fishing season between September 1968 and March 1969 on an average for 72 days against 216 available fishing days. The trawlers could not be used to the full extent as adequate funds were not provided. The trawlers were not used after March 1969 by the Corporation. The Corporation incurred loss of Rs. 2.13 lakhs (working expenses including depreciation : Rs. 2.92 lakhs; less receipts : Rs. 0.79 lakh) on the working of the trawlers. Rupees 5.05 lakhs were paid as advance by the Corporation to the clearing agent at Calcutta Port between March 1965 and March 1966 for taking delivery of trawlers at Calcutta Port; of this, Rs. 2.37 lakhs have to be refunded by the agent. The Corporation has proceeded (March 1969) legally for recovery of the amount; result is awaited (April 1973).

In October 1967 Government set up an Evaluation Committee to evaluate working of the public sector undertakings. The Committee observed (June 1968) that the trawlers purchased by the Corporation were "totally misused" by the Corporation and recommended their disposal. Government, however, did not agree (September 1968) to their disposal on the ground that they were essential for exploitation of fisheries in Orissa coast.

In October 1969 Government approved a project for fishing by mechanised boats mainly by using the four Polish trawlers and 13 wooden power boats to be acquired from the Corporation. The trawlers and the boats were to operate from Paradeep port and Chandipur fishing base respectively as the Corporation had decided to discontinue its field activities from November 1969. The Director of Fisheries was not satisfied (November 1969) with the trawlers and stated that the department would not be able to run the trawlers economically as he did not have adequately qualified staff, and as in the absence of adequate service and repair facility in Orissa extra cost would have to be incurred on their transport to Calcutta port for annual and major repairs.

In February 1970 the department purchased the trawlers from the corporation for Rs. 14.87 lakhs. Before doing so, the trawlers were not examined by any qualified technical person.

The four trawlers after purchase were repaired at a cost of Rs. 2.53 lakhs and put to use in the fishing season of 1970-71. Equipment for the trawlers was purchased and workshop facilities (for petty repairs) established at a cost of Rs. 4.06 lakhs. (They are still required to be taken to neighbouring major ports for annual and major repairs). Establishment and running expenses of the trawlers upto March 1972 were Rs. 10.15 lakhs.

Survey of fishing ground along the coast of Orissa was not made and other pre-requisites for working of the scheme were not considered before using the trawlers on fishing expeditions. The crew had, therefore, to use the trawlers on trial and error basis. The trawlers were used only on daily voyage basis (seller's specification required, for economic utilisation, constant use for 5 days in a voyage) as the facilities available for storing fish catch over-board could not be utilised in the absence of electrical refrigeration equipment. Against 1,280 boat-days available (320 for each trawler) up to March 1972, the trawlers were used only for 676 boat-days with fish catch of 522 tonnes from the sale of which Rs. 3.65 lakhs were realised. The department attributed part of the shortfall to rough weather, cyclone and time spent on refuelling of trawlers.

The small number of days during which the trawlers were used and the low catch resulted in loss of Rs. 6.50 lakhs (establishment and running expenses : Rs. 10.15 lakhs less receipt from fish catch : Rs. 3.65 lakhs) up to March 1972. If depreciation on trawlers and equipment and interest on capital cost are taken into account, the loss would be more.

The department had fixed the operational crew of a trawler as seven men and a skipper and had estimated the average running cost as Rs. 1,200 per day per trawler, and the average daily receipt (from 2 tonnes fish catch) from a trawler as Rs. 1,500. In December 1971 Government approved an incentive scheme for the fishing season of 1971-72. Rupees 0.23 lakh were paid as incentive to the crew during 1971-72. Under that scheme there was an outright daily payment of 2 per cent of the catch to the skipper and one per cent to each of the other seven members of the crew, and when the fish catch exceeds Rs. 1,200 on any day the skipper was to get 3 per cent of the catch and the other crew members 2 per cent each. Total receipts from fish catch during 1971-72 for 481 boat-days of fishing were Rs. 2.90 lakhs whereas expenditure on establishment and running charges of the four trawlers was Rs. 5.09 lakhs. The average daily receipt from a trawler was Rs. 600 while the average daily expenditure per trawler was Rs. 1,060. The catch in 1970-71 and 1971-72 was as follows :—

1970-71	..	0.82 tonne per trawler per day
1971-72	..	0.75 tonne per trawler per day

The incentive paid did not improve the catch.

Thirteen wooden power boats taken over by Government from Orissa Fisheries Development Corporation (value : Rs. 4.21 lakhs) in February 1970 were proposed to be used from the Chandipur fishing base. In May 1970 the

Director of Fisheries inspected the boats and noticed that they were in a "very bad shape" and Rs. 0.65 lakh would be required for their repair. They were, therefore, not used. Seven boats were repaired between September 1971 and February 1972 at a cost of Rs. 0.15 lakh. The remaining six boats have not so far (February 1973) been repaired as funds (Rs. 0.50 lakh) were not provided by Government; Rs. 0.15 lakh were spent on watch and ward of these boats upto May 1972.

33. *Live-stock breeding-cum-dairy farm for Kalahandi*—Government sanctioned this farm in September 1967 for rapid improvement of cattle in Kalahandi district. The farm was to produce superior seed bulls for improvement of indigenous cattle, supply milk to people of Bhawanipatna (headquarters of Kalahandi district), grow green fodder for feeding live-stock in the farm and provide extension facilities in the locality around the farm.

Pending acquisition of land and construction of buildings at Bhawanipatna, Government, in November 1967, approved setting up the farm in an existing district farm at Bolangir 110 kilometres away where the farm was started in March 1968. The farm continues to be there (September 1972). Against 106 acres selected for the farm at Bhawanipatna in September 1967, eighty-five acres were acquired and taken possession of in April 1970 (cost: Rs. 0.55 lakh). The land remains unutilised.

Rupees 4.67 lakhs were spent on the farm upto March 1972 (recurring: Rs. 2.45 lakhs, non-recurring : Rs. 2.22 lakhs). Receipts from the farm upto March 1972 were Rs. 0.58 lakh. After taking into account the closing stock on 31st March 1972 (Rs. 0.09 lakh) the loss on working of the farm was Rs. 1.78 lakhs.

The farm is to produce and supply superior seed bulls and assist in scientific breeding for improvement of indigenous cattle. To end of April 1972 only thirteen bull calves were produced by the farm of which two are earmarked for the farm and eleven are awaiting disposal (December 1972).

For supply of milk to the town 90 milch cows were to be maintained in the farm. Besides, milk collection and assembling centres were to be set up in the surrounding villages of Kalahandi. On an average 2 to 25 milch cows were maintained in the Bolangir farm for the purpose and milk was sold at Bolangir. The idea of milk collection and assembling centres has not been given effect to.

In September 1967 the Department earmarked five acres of land at Bolangir for fodder cultivation for this farm. That land had not been utilised and fodder cultivation has not been taken up.

The extension programme envisaged that the farm should function as a centre for demonstration for interested cattle breeders of near-by villages supply of fodder seeds and planting materials for propagation, supply of female calves to villagers and render technical help to farmers for growing high quality green fodder and breeding and maintaining superior milch animals. None of these aims of the extension programme has been achieved.

34. *Working Plan*—According to the Forest Department Rules, working plans for scientific development, cropping, management and working, are to be prepared for all forests of groups of forests that are being exploited or are about to be exploited. Rules also require that revision of working plans should be taken up after every ten years and completed within 12 to 18 months from the time it is taken up. Approval of Government has to be obtained to these plans. To ensure that working plans are drawn up according to correct principles, the rules provide for preparation of a preliminary working plan, after examination of the forest area and result of the past working, and its submission to the head of the department for his guidance for preparation of the final plan. The period of working plan of forests in Keonjhar Forest Division expired in 1964-65; its revision was taken up by the Working Plan Officer, Angul, in July 1964. In June 1966 he submitted the preliminary working Plan to the Chief Conservator of Forests and completed the revised working Plan in August 1969. The Chief Conservator of Forests had not issued any instructions to the working Plan Officer after receipt of preliminary working Plan. He did not recommend to Government approval of the revised working Plan because of "very poor quality" of the draft plan and "anomalous prescriptions" made therein. Rupees 3.45 lakhs were spent on establishment and contingencies of the working Plan Office, Angul, in preparing the revised working Plan. The Chief Conservator of Forests decided in August 1970 to re-write the revised working plan. The re-writing commenced in November 1970 and is in progress (December 1972); expenditure incurred in re-writing of the working Plan so far is Rs. 1.51 lakhs. The department had continued to exploit the forests of the Keonjhar Forest Division without the final working Plan.

#### URBAN DEVELOPMENT DEPARTMENT

35. *Expenditure on Burma repatriates*—In August 1964 State Government of Orissa undertook to rehabilitate 6,000 *ex*-Burma repatriates and their families with financial assistance from Government of India. The scheme formulated by Government of India for relief and rehabilitation of Burma repatriates provided for transporting the repatriates from the port of disembarkation in India to the place of settlement, housing the families in transit camps (constructed for the purpose) upto seven months, securing employment or providing housing or business loans, and paying maintenance allowance up to a maximum period of ten months (7 months in transit camps and 3 months thereafter).

Upto July 1972, 2,619 families of repatriates comprising 6,238 persons were settled in 7 districts of the State. Expenditure on relief and rehabilitation of the Burma repatriates up to March 1972 was Rs. 1,05.04 lakhs (relief: Rs. 3.16 lakhs, housing grant: Rs. 3.66 lakhs and rehabilitation loans: Rs. 98.22 lakhs).

Business loans were to be disbursed to the repatriates only after enquiring into their antecedents, past experience, aptitude for a particular trade and capacity for carrying on business. The department did not enquire into those before disbursing the loans. Between 1965-66 and July 1972 Rs. 62.43 lakhs were granted to 2,254 repatriates as business loan.

In Cuttack and Koraput districts, out of loans of Rs. 13.30 lakhs advanced to 369 repatriate families upto March 1972 Rs. 9.94 lakhs (business loan: Rs. 4.62 lakhs, housing loan: Rs. 5.32 lakhs) were not utilised by 283 families or business or housing.



In five other districts, Rs. 88.58 lakhs were disbursed as loans (Rs. 84.92 lakhs) and housing grants (Rs. 3.66 lakhs) for construction of houses in rural areas to 2,250 repatriate families. The department has not assessed how far the loans and grants were utilised by the repatriates.

Enquiries made by the Collector, Ganjam district, where Rs. 33.60 lakhs (57 per cent of the entire business loan paid) were paid as business loan to 1,197 repatriates disclosed that the repatriates had no business background, they were heavily in debt prior to receipt of Government loan and they had mis-utilised the loans.

#### HOME (PUBLIC RELATIONS) DEPARTMENT

36. *Grants to Gandhi Centenary Committee*—In August 1966 Government constituted a State committee to celebrate Gandhi centenary in Orissa. The committee consisted of officials and non-officials with the Director of Public Relations as member Secretary who was responsible for keeping accounts. The State Committee constituted 8 sub-committees and 13 district committees for carrying out different programmes in connection with the celebration. The Collector of the district was the chairman and the District Public Relations Officer was the Secretary of the district committees. The celebrations were held between October 1969 and February 1970. During the celebration statues of Gandhiji were erected, seminars were arranged, Gandhian literature was distributed and drinking water wells were sunk in Harijan localities. The district committees were abolished from February 1970 and the State committee was dissolved in February 1971. Rupees 7.50 lakhs were paid as grants to the State committee during 1966-67 to 1969-70 for celebration of the centenary in the State. The amount was deposited by the committee in an account with the State Bank of India. Out of this the committee spent Rs. 6.93 lakhs (including Rs. 3 lakhs transferred to Gandhi Mission Trust). The balance in the banking account in October 1971 was Rs. 0.40 lakh. Rupees 0.17 lakh were outstanding as advance against 8 sub-committees (formed by the State committee to celebrate the centenary) by the time of the dissolution of the State committee.

The State committee printed in May 1969 50,000 receipt books containing 25 leaves each at a cost of Rs. 0.08 lakh. Out of these 45,000 receipt books were given to the district committees for collecting donations from the public. The particulars of the parties to whom the remaining 5,000 receipt books were issued have not been kept on record. All the receipt books were pre-receipted (all foils having been signed before issue). On the basis of the reports of the Collectors/District Public Relation Officers received by the department Rs. 8.59 lakhs were collected by district committees as donations from which Rs. 4.89 lakhs were spent by them mainly in raising memorials in the form of statues installed in prominent places, constructing sports stadia, setting up reading rooms/libraries, paying contribution to blood bank of the Red Cross and hospitals, etc. leaving a balance of Rs. 3.70 lakhs (as reported by the department) by the time the district committees were abolished in February 1970. No account of the amount spent by the district committees was kept. After abolition of the State committee and the district committees the unspent balance of Rs. 3.70 lakhs has not been taken over by the Director of Public Relations and accounted for (May 1973). Use of the receipt books was not checked and the unused receipt books were not called back by the State committee/Director of Public Relations.

In November 1969 the State committee had decided not to spend more than Rs. 3.50 lakhs received as grants in September 1966 (Rs. 0.50 lakh) and November 1968 (Rs. 3.00 lakhs) (against Rs. 7.50 lakhs earmarked) on the celebrations. Yet, Government paid Rs. 4.00 lakhs to the Committee in March 1970. From this, the State committee transferred Rs. 3.00 lakhs to Gandhi Mission Trust, a charitable endowment.

In October 1967 the State committee decided to produce, at a cost of Rs. 25,000 a 2,000 feet long film on Gandhiji's visit to Orissa through the production unit of the department and screen it on 2nd October 1969. The script for the film, was not finalised. In September 1969 the committee decided to increase the length of the film to 5,000 feet and revise the cost to Rs. 70,000. Raw film worth Rs. 0.10 lakh was issued by the department and Rs. 0.52 lakh were spent by the committee for production of the film. The film has not so far been completed (May 1973).

#### REVENUE DEPARTMENT

37. *Shortage of cash*—There is a shortage of Rs. 38,482 in the cash balance of Tahsil Officer, Jharsuguda, representing land revenue and other departmental receipts as follows:—

(i) The Assistant Nazir reported to the Tahasildar on 31st December 1967 theft of Government cash kept with him. Physical verification of cash conducted on that date by the Tahasildar subsequent to the report of theft showed that out of Rs. 17,036 kept with the Assistant Nazir outside the office cash chest only Rs. 3,355 were with him and the balance of Rs. 13,441 was alleged to have been stolen. The Tahsildar reported the matter to police who took the Assistant Nazir into custody and seized Rs. 3,355 found with him. The Assistant Nazir was suspended. The department filed a certificate case for recovery of Rs. 13,481 from the Assistant Nazir as, according to the report of the police, he was alleged to have misappropriated that amount between 19th and 31st December 1967 during which period he was in-charge of cash. No recovery has so far been effected as certificate case has not been finalised (May 1973).

(ii) The Nazir while proceeding to the State Bank/Sub-Treasury on 31st March 1970 to deposit certain receipts and to encash some bills was alleged to have been stabbed and robbed; he was found lying unconscious on the road. The Tahsildar reported the incident to police who came to the scene of the alleged robbery and seized Rs. 20,102 from the Nazir who was lying on the road. Physical verification of cash conducted on that date by the Tahsildar in the presence of police subsequent to the alleged robbery disclosed that Rs. 15,195 were in the steel almirah of the Nazir against the cash book balance of Rs. 60,298. The amount alleged to have been robbed from the Nazir was thus determined as Rs. 25,001. The Tahsildar fixed responsibility for the loss on the Nazir as he had failed to take two or more members of the staff along with him while carrying substantial amount of cash. He was placed under suspension and the shortage of cash was reported to police. In August 1971, police reported the robbery case as false. In May 1970 the department filed a certificate case against the Nazir for recovery of Rs. 25,001 alleged to have been misappropriated. No recovery has so far been effected as certificate case has not been finalised (May, 1973).

## FINANCE DEPARTMENT

38. *Cash section of Civil Secretariat, Bhubaneswar*—The Cash section of the Civil secretariat at Bhubaneswar was divided into 2 units upto June 1966, both the units were under the charge of one accountant. From July 1966 two accountants were given charge of the two units. The unspent cash balance was kept in the cash chest of the respective units under single lock, its key being kept under the sole custody of the respective accountants upto 1st September 1970. Though the desirability of introducing double lock system was pointed out by Audit repeatedly from 1959-60, it was introduced only from 2nd September 1970. Bill registers were used only for numbering the bills presented at the treasury for encashment and the other columns were neither filled up nor the entries in the columns, where made, were correlated with the cash book. Weekly verification of cash was not done by the officer in charge of the cash section nor was surprise verification of cash done at least once in every month by an officer of the status not lower than that of an Under-Secretary prescribed in the Orissa Secretariat instructions. The accountants of the two units had given security of Rs. 0.30 lakh each (fixed by Government) in the shape of fidelity insurance bonds, the average cash handled on the first of a month (upto August 1970) was Rs. 2.37 lakhs in unit I and Rs. 1.73 lakhs in Unit II.

The cash book of Unit I showed closing cash balance of Rs. 5.18 lakhs on 31st August 1970 which was recorded as verified by the drawing officer. These included :—

(1) Rupees 0.58 lakh representing undisbursed pay of staff pertaining to the period from 1961-62 of which Rs. 0.22 lakh relating to the period upto 1969-70 had not been refunded to the treasury although according to the financial rules, this should have been done. This has still not been disbursed (May 1973).

(2) Rupees 3.05 lakhs representing undisbursed prizes of third draw (June 1970) of Orissa State Lottery—the amount was withdrawn from the treasury for disbursement as and when claims for prizes were received. (The relevant lottery rules provide for lapse of prizes unclaimed for more than 45 days from the date of draw and their forfeiture to Government). Entire amount has since been disbursed / refunded.

On 1st September 1970 the accountant of Unit I had obtained Rs. 3.42 lakhs from the treasury on presentation of monthly pay bills from which Rs. 3.35 lakhs were sent to other departments for disbursement to staff. At the end of that day Rs. 1.45 lakhs were returned to the accountant by the departments as undisbursed staff salary. The accountant alleged that on that night Rs. 0.83 lakh from out of the undisbursed amount of Rs. 1.45 lakhs were stolen by two outsiders at the point of dagger before the amount could be locked in the cash chest.

The police took the accountant into custody. He was placed under suspension from 2nd September 1970. The balance of Rs. 0.62 lakh from the undischarged amount (Rs. 1.45 lakhs minus Rs. 0.83 lakh) was sent to other departments on 2nd September 1970 for disbursement. The ex-accountant handed over cash Rs. 4.79 lakhs (excluding Rs. 0.09 lakh being unremitted amount from the recoveries made from the staff on account of court attachments, cumulative time deposits and Peons' Bank) on 2nd and 4th September 1970. The shortage of cash in Unit I, being the difference between the book balance and the actual cash, was thus Rs. 1.29 lakhs (Rs. 0.83 lakh alleged to have been stolen and Rs. 0.46 lakh found short) and was alleged to have been misappropriated by the accountant. A criminal case has been instituted by police against the ex-accountant and is in progress (May 1973). Police recovered Rs. 0.83 lakh from the ex-accountant on 4th September 1970.

On a request from Government, a detailed check of the accounts for the period January 1962 to 1st September 1970 was made by Audit between September 1970 and April 1971 which disclosed the following :—

(i) Rupees 1.27 lakhs withdrawn from treasury on 161 bills were not accounted for in cash books (80 items for Rs. 0.30 lakh in Unit I and 81 items for Rs. 0.97 lakh in Unit II). Government stated in January 1972 that these could not be investigated for want of connected records.

(ii) Rupees 4.24 lakhs were paid as advances to officers and staff of the secretariat (Rs. 3.02 lakhs in Unit I and Rs. 1.22 lakhs in Unit II) without showing the purpose in the advance register. In Unit I, Rs. 0.24 lakh paid as advance between October 1969 and July 1970 from the available cash were not entered in the advance registers and had not also been recovered (January 1973). It was the practice to pay advances to officers and staff for their private purposes each month and to recover the amounts on the first pay day of the following month or after encashment of the bills relating to their personal claims. In certain cases there was delay upto six months in recovering the amounts. Further, some of these advances were not recovered at all. Some outstanding advances had not been carried over after March 1967 and so were not recovered.

(iii) Rupees 1,170 were accounted less in the cash books of Unit I (Rs. 366) and Unit II (Rs. 804) in respect of withdrawals made from the treasury between January 1963 and July 1970.

(iv) There was also shortage of Rs. 1,328 in the balances kept in the custody of the accountant of Unit I (outside the cash balance) which was not handed over by him.

## GENERAL

39. *Production of films*—(a) For family planning publicity production of a feature film on family planning was taken up in 1970 under a Centrally sponsored scheme. In March 1970 an agreement was entered into with a private film producer for production of the film (10,000 feet) at Rs. 15 per running feet. The agreement provided for (a) payment of advance to the producer only on his furnishing proper security and after considering the progress in production and (b) delivery by him of the negative of the film (35 millimetre) before the end of June 1970 failing which penalty of Rs. 30 per day of delay was leviable. Between June 1970 and September 1971 the State Family Planning Bureau paid Rs. 1.50 lakhs as advance to the film producer, on his request, without any security and without reviewing the progress of production. Even though 11,905 feet length of the film was produced and preview (of 35 millimetre print) was given in April 1971, the film has not been handed over (May 1973) to Government along with the negative. For delivery of the negative of the film, the producer claimed (in June 1971) Rs. 0.32 lakh over and above Rs. 1.50 lakhs received in advance (treated by the producer as full payment for 10,000 feet of the film). According to the producer the amount was due to him for production of extra length of film of 1,905 feet beyond 10,000 feet agreed upon, and for the script adopted for the sound track of the film; the claim has not been settled so far (May 1973). The producer also claimed the cost of the 35 millimetre print of the film shown at the preview (value not mentioned) if the department wanted to have the film; final decision on this has not so far been taken (May 1973). According to the department, only 16 millimetre prints were required for exhibition by the departmental publicity units and Rs. 0.50 lakh would be necessary for converting the produced film from 35 millimetres to 16 millimetres.

(b) The same film producer obtained Rs. 1.87 lakhs as loan between February 1968 and September 1968 from the Orissa State Financial Corporation for production of a film ("Street") for commercial exhibition; Government guaranteed repayment of the loan to the Corporation. The film was released for public exhibition in October 1968. The loan was to be repaid before April 1970. The producer repaid Rs. 0.92 lakh upto March 1973. By the end of June 1973 besides principal of Rs. 0.95 lakh, Rs. 0.13 lakh were payable as interest by the producer to the Corporation. The producer approached Government that due to non-co-operation of owners of cinema houses the film could not run successfully and wanted subsidy from Government to repay the loan and pay the interest. The matter is under consideration of Government (June 1973).

40. *Misappropriations, losses, etc.*— The cases of misappropriations, losses, etc. of Government money reported to Audit upto end of March 1972 and on which final action was pending at the end of September 1972, were as follows :—

	Number	Amount (In lakhs of rupees)
Cases outstanding at the end of September 1971	696	54.79
Cases reported during October, 1971 to March 1972	66	3.26
Cases disposed of till September 1972	17	2.02
Cases outstanding at the end of September 1972	745	56.03

There had been considerable delay in finalisation of the cases of misappropriation as shown below :—

	Number	Amount (In lakhs of rupees)
(i) Over five years (1948-49 to 1966-67)	316	29.39
(ii) Between three years and five years (1967-68 and 1968-69)	153	12.73
(iii) Up to 3 years	276	13.91
Total	745	56.03

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

	Number	Amount (In lakhs of rupees)
(i) Cases awaiting departmental and criminal investigation	87	4.51
(ii) Cases in which departmental action having been started has not been finalised	258	25.47
(iii) Cases in which departmental proceedings have been finalised and recovery is in progress	56	8.34
(iv) Cases in which criminal proceedings has been finalised but execution/certificate cases for recovery of the amount are pending	21	0.61
(v) Cases awaiting orders for recovery or write-off	88	4.27
(vi) Cases in courts of law	235	12.83
Total	745	56.03

Department-wise analysis of the outstanding cases is given in Appendix V.

CHAPTER IV  
WORKS EXPENDITURE

IRRIGATION AND POWER DEPARTMENT

41. *Hiring of pumps*—From 1948-49 the Agriculture Department used to hire out power pumps to agriculturists for pumping water for their fields from rivers, ponds, etc. From 1963-64 this work was transferred to the Lift Irrigation Organisation which was set up the same year. Operation of 462 pumps from Agriculture Department and 531 out of 1,349 pumps in grama panchayats was taken over by the Lift Irrigation Organisation between 1963-64 and 1965-66. Maintenance and hiring of the pumps was entrusted to two hiring divisions. Further 936 pumps were purchased by the Lift Irrigation Organisation for Rs. 38.87 lakhs between 1964-65 and 1969-70. In May 1970 Government decided to transfer all pumps of below 10 h. p. capacity to *panchayat samitis* to be hired out from there. Accordingly 792 pumps of below 10 h. p. capacity were transferred by the Lift Irrigation Organisation to *panchayat samitis* during 1970-71.

By end of 1970-71, Lift Irrigation Organisation was having 1,137 pumps, *panchayat samitis* were having 792 pumps and grama panchayats were left with 818 pumps. The pumps were operated by all the three organisations. Up to January 1965 the Lift Irrigation Organisation was giving the pumps on hire and collecting hire charges. Between February 1965 and October 1970 the pumps of Lift Irrigation Organisation were kept at *panchayat samiti* headquarters, while Block Development Officers hired them out to cultivators and collected hire charges on behalf of Lift Irrigation Organisation. From November 1970 the same procedure was continued for pumps of 10 h. p. capacity and above, while *panchayat samitis* maintained pumps of below 10 h. p. capacity, which they obtained during 1970-71 and hired them out to the cultivators.

*Operation by Lift Irrigation Organisation*—In December 1972 the Director of Lift Irrigation assessed that the agriculturists in cyclone affected areas of Cuttack, Balasore and Mayurbhanj districts, would require 60 pumps for irrigating rabi crops. Three hundred fifty-one pumps were sanctioned by Government and purchased by the Director in February 1972 increasing the number of pumps with the Lift Irrigation Organisation to 1,488.

During July-August, 1972 the two hiring divisions of the Lift Irrigation Organisation reported a ground balance of 1,068 pumps against 1,488 acquired. The department has not been able to locate 420 pumps (difference between the book balance and the ground balance) worth Rs. 17.83 lakhs so far (May 1973). Of the available pumps 249 pumps worth about Rs. 6.00 lakhs are beyond economic repair.

The hiring scheme has been in operation for over 23 years (since 1948-49). Between 1966-67 and 1971-72, Rs. 77.17 lakhs were spent on maintenance and operation of the pumps (excluding interest on capital and depreciation on machines) while the demand of hire charges and actual recovery were Rs. 16.64 lakhs and Rs. 9.69 lakhs respectively. Computed with reference to the pumps in operation during the six-year period the average annual expenditure on maintenance and operation of a pump was Rs. 1,573 against which the demand (at prescribed rates) and realisation of hire charges were Rs. 339 and Rs. 198 respectively.

From February 1965 the pumps of the Lift Irrigation Organisation were kept at *Panchayat samiti* headquarters and Block Development Officers were to hire them out after getting advance deposits from the agriculturists, maintain the log books (hire charges are determined with reference to entries in log books) and collect the hire charges on behalf of the Lift Irrigation Organisation. The Block Development Officers did not make entries in the log books for a large number of pumps hired out, hire charges have not been realised where demands had been raised, advance deposits were not obtained and agreements were not executed with the agriculturists. (Block Development Officers explained this as due to reduction of Block personnel.)

The arrears of hire charges of the pumps up to 1960-61 were Rs. 1.19 lakhs. Between 1961-62 and 1971-72 a demand of Rs. 21.10 lakhs was raised against which realisation was Rs. 11.67 lakhs. The total arrears at the end of March 1972 were Rs. 10.62 lakhs (September 1972).

The rates of hire charges were last fixed by Government in 1964-65 on an *ad hoc* basis. Due to rise in cost of petrol, oil and lubricants and also in maintenance and up-keep of the pumps these rates have no relation to the actual cost of running the pumps.

The pumps acquired and purchased by the Lift Irrigation Organisation each year, number of pumps available for hiring out and the number hired out were as follows :—

Year	Acquired/ purchased	Total	Hired out	Percentage of pumps hired out
1963-64	462 (a)	462	..	..
1964-65	236	698	652	93
1965-66	672 (b)	1,370	651	48
1966-67	439	1,809	1,091	60
1967-68	120	1,929	1,395	72
1968-69	..	1,929	1,432	74
1969-70	..	1,929	208	11
1970-71	..	1,137 (c)	264	23
1971-72	351 (d)	1,488	515	35

In 1967-68 the department estimated that by hiring 1,400 pumps irrigation would be assured to half lakh acres of land giving large return in the form of agricultural production. The maximum number of pumps hired out was in 1967-68 (1,395) and 1968-69 (1,432). Thereafter the number fell sharply. Even pumps hired out were not fully utilised. The working capacity of a pump was estimated by the department as 600 hours in a year. Between 1968-69 and 1971-72 a pump hired out was utilised on an average for 25 to 167 hours (4 to 28 per cent of working capacity). The low percentage of pumps hired out and low utilisation of the pumps hired was due to poor demand from cultivators.

(a) Acquired from Agriculture Department.

(b) Includes 531 pumps taken over from Grama Panchayats.

(c) Out of 1,929 pumps 792 of below 10 h. p. capacity were transferred to *panchayat samitts*.

(d) Includes 321 pumps of below 10 h. p. capacity.



*Operation by Panchayat Samitis*—In May 1970 Government decided that pumps of below 10 h. p. capacity kept by the Lift Irrigation Organisation at the same station at which *panchayat samiti* headquarters were located should be transferred to the *panchayat samitis* for hiring, the hire charges should be credited to the Lift Irrigation Organisation. Consequently 792 such pumps were transferred to the *samitis*. In November 1970 Government further decided that the *panchayat samitis* should maintain and operate those pumps, hire them but to needy agriculturists and keep for themselves the revenue realised from hire charges at the prescribed rates. Government prescribed an annual return to be submitted by the *panchayat samitis* in April each year, showing *inter alia* utilisation of pumps, maintenance and operation charges incurred and hire charges realised. Information received from 21 *panchayat samitis* upto July 1972 disclosed that, out of 96 pumps taken over by these *panchayat samitis*, only 31 were utilised during 1971-72 for hiring out to agriculturists. Rupees 0.33 lakh were spent on operation of those pumps and Rs. 0.03 lakh were realised as hire charges. The returns from other *panchayat samitis* to whom 696 pumps were given have not been received by the department (May 1973).

*Operation by Grama Panchayats*—Independent of the hiring scheme under the Agriculture Department, Government purchased 1,349 pumps between 1954-55 and 1957-58 for Rs. 33.67 lakhs and supplied those to 1,314 grama panchayats so that they may give the pumps on hire to needy agriculturists for irrigation and earn revenue from hire charges. Fifty per cent of the cost of pumps was treated as subsidy to the grama panchayats and the other fifty per cent was treated as a loan to be recovered with interest. The department has not raised demand for recovery of loan and interest (January 1973).

In November 1964 Government after a review noticed that the pumps supplied to the grama panchayats were not being used at all and that they were in unusable condition because of lack of maintenance and repairs as skilled personnel for the purpose were not available with the grama panchayats. Government, therefore, decided to transfer the pumps to the Lift Irrigation Organisation formed in 1963-64. Only 531 pumps were taken over by the Lift Irrigation Organisation during 1964-65 as the other 818 pumps were in a damaged condition. The department has not decided how the fifty per cent cost of the pumps treated as loan has to be adjusted. In October 1966 Government ordered repair of the 818 damaged pumps still lying with grama panchayats. The pumps have not been repaired yet (May 1973).

#### ( Delta Irrigation Scheme )

42. *Purchase of air compressors*—Between September, 1963 and January 1964 six air compressors were purchased from a firm (without inviting tenders) and on grounds of urgency three of them were transported from Bombay to Bhubaneswar by road; Rs. 1.58 lakhs were paid to the firm. Five of these compressors were issued to Puri Canals Division for work in the Kabar quarry at Tapang as soon as they were received. In January 1964 Government decided to transfer the quarry to Orissa Construction Corporation. This was done from 1st June 1964. The five compressors were treated as transferred to the Corporation. The sixth compressor was issued to Head Works Division of the Delta Irrigation Scheme but it never worked and was declared surplus in September 1967; it is yet to be disposed of (May 1973).

In May, 1964 (after the decision to transfer the quarry to the Corporation) the Superintending Engineer, Delta Irrigation Circle, approached Chief Engineer to obtain import licence for spare parts on the ground that the air compressors (which had then not been commissioned) were idle for want of the spare parts. Spare parts for the six compressors were purchased (October 1964) for Rs. 0.29 lakh paid in foreign exchange. These have not been utilised (May 1973).

( Balimela Dam Project )

43. *Excavation for Head Race Channel*—Excavation for head race channel (channel from the reservoir to the power tunnel leading to the surge shaft of Balimela power house) for a width of 50 feet (for 2 reaches from R. D. 3,100 to R. D. 4,000 and from R. D. 4,000 to R. D. 5,000) was given to contractor 'A' and work order was issued in September 1964 with stipulation to complete the work in two working seasons (a working season is from November to June next). The site was handed over in March 1965 and the work was, therefore, to be completed by June, 1967. Extension of time was given up to June 1968 as there was dewatering problem. In January 1970 while the work was still under execution, the department changed the bed width of the channel from 50 feet to 32 feet on the basis of a revised design adopted according to which the entire section required lining with cement concrete. The contractor did not agree to execute, at the contracted rates, the excavation work according to the revised design. He intimated to the department that he had tendered his rates after taking into account removal of excavated materials by trucks whereas because of reduction in bed-width, carriage of excavated earth by trucks would not be feasible and would have to be arranged by head-load entailing extra expenditure. He accordingly asked for enhancement of the rate for excavation in hard rock from Rs. 1,555 per 100 cubic metres to Rs. 2,155 per 100 cubic metres (increase of 39 per cent). The Department did not agree to enhance the rate, and terminated his contract without penalty in March 1970. The contractor had by then executed two-thirds of the work.

The unexecuted portion of the excavation work was given to two other contractors 'B' and 'C' (in February-March 1971) at enhanced rates on the basis of the reduced width of 32 feet for the channel in at Rs. 2,725 per 100 cubic metres for one reach and Rs. 2,655 per 100 cubic metres for another reach.

In August 1971 while contractors 'B' and 'C' were executing the work the bed width of the channel was increased from 32 feet to 50 feet as the department again decided to revert to the original design as lining was costly and the contractors were paid for the entire work at their tendered rates. (For the width of 50 feet the rate of contractor 'A' was very much lower.) Change in specification from 50 feet to 32 feet and again from 32 feet to 50 feet resulted in extra expenditure of Rs. 4.26 lakhs.

URBAN DEVELOPMENT DEPARTMENT

(Public Health Engineering Branch)

44. *Water supply to Rourkela, Bhawanipatna and Bolangir towns*—The supply of protected water in urban areas, national water-supply and sanitation programme (urban) was sponsored by Government of India in 1954 and financed wholly by loans from it. Under the programme water-supply projects for 26 towns (including one under execution since 1948-49) and a sewerage

scheme for Cuttack town were taken up. The projects are, on completion, to be transferred to local bodies and one-third of the cost is to be treated as loan, the remaining two-thirds of the cost is to be treated as grant. Water-supply projects of Rourkela, Bhawanipatna and Bolangir towns form part of this programme.

In February 1972, Government appointed a probe committee to find out reasons for delayed execution of water-supply programmes and justification for expenditure incurred and to fix responsibility for any neglect or shortcomings in execution. Report of the Committee submitted in October 1972 is under consideration of Government (May 1973).

*Water supply to Rourkela civil township* — This project was started in August 1962, to supply 40 gallons per day, per head of the population of 1.25 lakhs, at an estimated cost of Rs. 60.00 lakhs (1961). The estimate was revised to Rs. 1,03.50 lakhs in September 1962 (immediately after work on the project commenced) mainly on account of increase in coverage of the distribution system, increase in capacity of the intake works, etc., the revised estimate has so far not been sanctioned by Government (November 1972). There was no phased programme of construction. Expenditure was incurred as and when budget allotment was made. Rupees 56.42 lakhs were spent up to March 1972. Half of the distribution system (laying pipes, etc.) was completed while 30 per cent of intake works, 25 per cent of treatment works and 45 per cent of storage works had been constructed upto March 1972. Supply of some water commenced from February 1968. The department expects to complete the project by March 1975.

The demand raised by the department up to March 1972 for supply of water to consumers was Rs. 6.57 lakhs of which Rs. 2.62 lakhs remain to be recovered (January 1973); of this Rs. 1.29 lakhs were not recovered for more than 3 years.

The sewerage affluent of Hindustan Steel Plant is discharged into river Koel which joins River Brahmani. The intake works and raw pump chamber of the Rourkela civil township water-supply project were located at a point down stream of the river Brahmani. Only in October 1965, on this being pointed out by the Director-General of Health Services of Government of India, did the department consider shifting of the works upstream of the confluence of rivers Koel and Brahmani. By that time intake well and ancillary works at the site of the river were already under construction and the Chief Engineer estimated that abandoning these and taking up the works at a suitable place upstream would cost another Rs. 9.05 lakhs. It was agreed that Hindustan Steel authorities would ensure adequate chlorination before discharge from sewerage treatment plant and take up irrigation on either side of the treatment plant to reduce possibility of contamination and the department would supply only settled water after adequate chlorination. However, the intake works and raw pump chamber still remain down stream of the river.

Between January and July 1968 water supply broke down on 88 occasions as the rising main and the gravity main could not stand pressure from the filter plant. There were also leakages necessitating repair or replacement of pipes and repair of lead joints connecting the pipes. The Superintending

Engineer, Public Health Circle, Sambalpur, attributed (July 1968) this to inadequate gaskets and improper caulking of lead joints resulting from bad workmanship of contractors and lack of supervision on the part of the departmental staff. The department has not recorded the expenditure on replacement and repair of pipes and lead joints separately. The department has also not made investigation about the pig lead issued and used compared with the specification, etc., (January 1973).

In September 1967 the Chief Engineer purchased a cummine diesel pumping set for Rs. 1.03 lakhs to use it as a stand by. Tests conducted in 1970-71 for running the pumping set in the presence of the firm's representative proved unsatisfactory. (Delay in testing the equipment was stated to be due to time taken in construction of suction line, changing self-starter and supply of spare parts by the firm.) The pumping set was tested again in September 1972 with new batteries (for starting the diesel engine) when the performance was found to be below specifications, action taken on the results of the tests has not been intimated by the division.

*Water supply to Bhawanipatna town*—This project was taken up in August 1964 at a cost of Rs. 21.77 lakhs to provide piped water from Sagada river. The supply was to be 25 gallons per day per head for a prospective population of 0.22 lakh expected by 1994. Proper investigation was not made before taking up the project. As such in August 1970 the estimate was revised to Rs. 35.97 lakhs mainly on account of inadequate provision in original estimate, this revision has not so far been sanctioned by Government (November 1972). Rupees 21.14 lakhs have been spent up to August 1972; the work is in progress (January 1973). Water supply from this project has not yet started.

To meet the local demand for piped water, temporary water supply arrangements were made during 1965-66 by pumping water from a nearby stream (Pipal-nallah) through 12 stand posts in the town area at a cost of Rs. 0.50 lakh. temporary water supply was not contemplated in the scheme and is still continuing. The maintenance and operation charges upto March 1972 on the temporary water supply scheme was Rs. 1.07 lakhs.

Stores and materials worth Rs. 5.34 lakhs (cement : Rs. 0.40 lakh, cast iron pipes:Rs. 1.21 lakhs, pig lead : Rs. 0.35 lakh, four motors:Rs. 1.80 lakhs, four pumps : Rs. 0.63 lakh, four starters : Rs. 0.10 lakh and other miscellaneous stores : Rs. 0.85 lakh) issued between August 1964 and March 1972 for use on the works were not used (August 1972).

*Water supply to Bolangir town*—This project for supplying water to a population of 19,000 at 40 gallons per head per day with Gandhrel irrigation reservoir as the source was estimated to cost Rs. 32.89 lakhs in 1960-61. Execution of the project was taken up in 1963. In November 1968 the estimate was revised to Rs. 43.40 lakhs for a prospective population of 30,000 at 25 gallons per head per day consequent on the decision to draw water from river Suktel at a distance of 8 miles from the town (as Gandhrel reservoir was not considered sufficient to meet the demand of the town); the revised estimate has not been sanctioned by Government so far (November 1972). The expenditure to end of August 1972 was Rs. 33.15 lakhs. Construction has been completed except that of two overhead tanks and a treatment plant (estimated cost : Rs. 8.84 lakhs) and some portion of the distribution system.

While the work was in progress a temporary water supply arrangement not contemplated in the scheme, was provided at a cost of Rs. 1.36 lakhs in April 1964 to meet the local demand; under that arrangement water is pumped from Maharanisagar situated within the town. Water is, also being supplied from the permanent scheme from April 1971. The temporary water supply arrangement still continues.

Stores worth Rs. 4.96 lakhs (inclusive of 6 inch diameter galvanised iron pipes, hume pipes and victualic pipes of value Rs. 0.45 lakh not required for the water supply scheme) issued up to March 1972 were lying at site of the work (August 1972) even though the items of work for which they were issued were completed and they were not required for the portion of the work not done; action has not been taken to dispose of the surplus stores.

Pig lead weighing 0.60 lakh kilograms was issued for providing lead joints between pipes of various sizes in the rising main and the distribution system. The consumption of lead according to the prescribed specification for treating 4,685 lead joints done in the entire system worked out to 0.20 lakh kilograms. The material at site account of the work showed the unused stock of pig lead at the end of July 1972 as 0.21 lakh kilograms. The shortage/excess consumption of 0.19 lakh kilograms of pig lead of value Rs. 0.92 lakh is yet to be investigated (January 1973).

Rupees 0.36 lakh worth of stores issued by the division to a sub-division for use on the work have not yet been accounted for by the sub-division (May 1973).

45. *Purchase of cast iron pipes and specials*—During January 1964 Rs. 8.06 lakhs were paid as advance to a Cuttack firm by the Cuttack Roads and Buildings Division for orders placed for supply of iron rods. Mention of this was made in paragraph 66 of the Audit Report 1966. Upto August 1965, supplies of value Rs. 6.43 lakhs were made and Rs. 1.63 lakhs remained unrecovered. With a view to adjust the advance, in August 1965 two more orders were placed with the firm by the Chief Engineer, Public Health, for supply of cast iron pipes and specials; Rs. 1.14 lakhs out of the advance of Rs. 1.63 lakhs were adjusted from the supplies made. One of the orders was for delivery of iron materials of value Rs. 2.04 lakhs at Koraput. After receipt of the order, the firm represented to the department its inability to deliver the goods at Koraput for want of railway wagons and stated that materials of value Rs. 2.04 lakhs were kept separately in its store yard. The firm undertook to supply the materials at Koraput within one and half months at its cost. The department agreed to this arrangement and paid Rs. 1.94 lakhs towards 95 per cent of the value of materials without verification of the materials; orders of Government required for the payment were not obtained. The firm did not deliver the materials at Koraput. Without taking over the materials even at Cuttack the department engaged a choukidar to keep watch over the materials (which were required to be despatched to Koraput) in the store yard of the firm from September 1965 to September 1967.

The firm went into liquidation in November 1969. The department did not intervene to represent its case to the court and, accordingly, on court sale of moveable assets (including materials for which 95 per cent payment was made) the sale proceeds went to other creditors. It was only in December 1970 that the department filed a money suit against the firm for Rs. 2.50 lakhs for the value of materials stored with the firm for which advance was paid

(Rs. 1.94 lakhs) together with interest thereon (Rs. 0.53 lakh) and the cost of engaging a choukidar (Rs. 0.03 lakh). The case is *sub judice* (January 1973). The un-adjusted advance of Rs. 0.49 lakhs (out of Rs. 1.63 lakhs outstanding at the time of placing the orders in August 1965) was not included in the money suit.

46. *Procurement of cement in excess*—Between October 1966 and March 1967 Cuttack Sewerage and Drainage division (since merged in Cuttack Public Health Division) obtained 22,231 bags of cement (from producers) for use in Cuttack drainage, sewerage and surface draining scheme. During 1967-68 funds were not allotted for that scheme and so the cement could not be utilised. At the time of allotment of cement quota to the division the fact of non-provision of funds was brought to the notice of the Superintending Engineer, Public Health Circle, and of the Chief Engineer by the Divisional Officer. In December 1967 the division requested the Chief Engineer to divert the cement to other divisions or works; no clear orders were, however, given to the Divisional Officer. Twelve thousand, eight hundred and sixty-six bags of cement were transferred to other divisions or works by the Divisional Officer leaving a balance of 9,365 bags (March 1969) in which cement had clodded. An estimate was sanctioned by the Superintending Engineer, Public Health Circle, in January 1971 to break the cement clods into powder; the Divisional Officer felt this unnecessary as this would be wasting money on materials which had already become useless.

Between March 1967 and May 1972, 60 more bags of cement out of 7,551 bags procured became useless due to clodding.

In all 9,425 bags of cement procured for Rs. 1.10 lakhs became useless due to prolonged storage.

#### WORKS AND TRANSPORT DEPARTMENT

##### (Roads and Buildings Branch)

47. *Hostel for girls students at Athagarh*—The site for locating 30-seated girls' hostel with asbestos cement concrete sheet roofing for students of the girls' school at Athagarh in Cuttack district was selected on 5th February 1964. At that time, the Public Works Engineer had pointed out that the site was inadequate for 30-seated hostel and suggested construction of 22-seated hostel instead which was agreed to by inspectress of Schools (attending the site selection) who wanted the roofing to be changed to reinforced cement concrete. Government, however, gave administrative approval on 22nd February 1964 for construction of 30-seated girls' hostel with asbestos cement concrete sheet roofing for Rs. 0.32 lakh on the basis of earlier proposals of the department which did not have reference to any particular site on which the building was to be constructed (as site had not then been selected). Contractor was selected and work order for construction of 30-seated hostel was issued on 24th February 1964. The Director of Public Instruction continued to press the Additional Chief Engineer that the building should be a 22-seated hostel with reinforced cement concrete roofing. Therefore, in January 1965 the Additional Chief Engineer ordered that the work be stopped till Government authorised the change from 30-seated hostel with asbestos cement concrete roof to 22-seated hostel with reinforced cement concrete roof. By then work had proceeded up to lintels level and Rs. 0.47 lakh had been spent. In March 1967 the Engineer-in-charge noticed that the half constructed

structure had developed cracks at different places as a result of long exposure to the vagaries of nature. Revised administrative approval for 22-seated hostel with reinforced cement concrete roofing was given by Government in March 1967. The work, however, was not resumed and in January 1969 the Superintending Engineer wanted the Engineer-in-charge to check whether the foundation (for the building) already laid could take the load of reinforced cement concrete roofing. It was only in September 1971 that the Engineer-in-charge checked the foundation and concluded that the foundation could not take the load for reinforced cement concrete roofing. He, therefore, recommended that the building be completed with asbestos cement concrete sheet roofing. The work, begun nine years ago, has not so far been resumed and still remains substantially unfinished (February 1973).

#### RURAL DEVELOPMENT DEPARTMENT

##### (Rural Engineering Organisation)

48. *Cold Storage Plant*—The Chief Engineer, Rural Engineering Organisation, placed orders with a firm in November 1964 for supply of machines for a 20,000 maund capacity Cold Storage Plant (for storing potatoes) for Rs. 2.60 lakhs by March 1965 and installation thereof at Baisemouza (Cuttack district). In March 1965, Government sanctioned establishment of this cold storage and handing it over to a co-operative society to be formed for operating the cold storage. The firm supplied machines worth Rs. 2.51 lakhs between February 1965 and April 1966. In January 1966 Government decided to drop the proposal for establishing the Cold Storage Plant at Baisemouza as the co-operative society was not formed and decided to divert the machines to a new cold storage to be established at Bhadrak. In January 1970 even the idea of having new cold storage plants was dropped by Government and as such the proposed Bhadrak cold storage has not been set up. The machines have not been used in any other cold storage plant nor have these been disposed of so far (May 1973).

49. *Lankagada minor irrigation project*—The project, sanctioned in December 1970 at an estimated cost of Rs. 9.84 lakhs, envisaged construction of an earthen dam across Bhusanda Nallah at Lankagada in Ganjam district to create a 33 million cubic feet reservoir to provide irrigation to 1,000 acres. The work was given on contract in January 1971 and was to be completed by June 1973. In April 1971, the department decided to create additional storage capacity of 17 million cubic feet by increasing the dam height from 415 feet to 420 feet and the length from 2,770 feet to 3,120 feet and provide irrigation to 300 more acres. In August 1971 the estimate was accordingly revised to Rs. 20.29 lakhs; this has not so far been sanctioned (December 1971). Expenditure on the project upto end of June 1972 was Rs. 23.76 lakhs. The per acre cost worked to Rs. 1,827 against the limit of Rs. 1,000 fixed by Government for a minor irrigation project; this is likely to go up with the completion of the project.

Construction of the head works and a portion of the distribution system (estimated cost : Rs. 8.14 lakhs) was entrusted to a contractor in January 1971 for Rs. 9.74 lakhs for completion by July 1972. Consequent on the substantial change made in April 1971 (both the length and height of the

dam were increased) soon after the work was sanctioned and given on contract, the quantities of different items of works increased for which the contractor asked for higher rates. The Superintending Engineer, Southern Range, rejected the claim of the contractor in July 1971 as according to the condition in the agreement entered into the contractor was required to execute the additional quantities also at the same rate as provided in the agreement. In August 1971, on the instructions of the Chief Engineer, the Executive Engineer-in-charge terminated the contract and retendered the remaining work. The value of work done by the contractor (a portion of dam, surplus escape and sluice which required special workmanship) was Rs. 10.05 lakhs, but the quantities for certain items of work fell short of the quantities mentioned in the agreement.

When fresh tenders were invited the contractor whose contract had been terminated earlier and another contractor tendered (August 1971) for the unexecuted portion of the work (estimated cost: Rs. 6.43 lakhs). The work was entrusted to the former contractor in December 1971 for Rs. 9.98 lakhs as his rates were lower. Upto May 1972, Rs. 10.98 lakhs were paid under the new contract; computed with reference to the rates in the previous contract the extra cost was Rs. 4.32 lakhs. The work is in progress (December 1972).

The payment made on the new contract included Rs. 0.53 lakh towards extra rate allowed for the unexecuted quantities stipulated in the original contract.

The rates demanded by the contractor in the second tender and accepted compared with those in the original contract for the main items of work were as follows—

	Original contract	2nd tender
	(Rs. per 100 cu. m.)	
Excavation in all kinds of soil for base stripping, etc. ..	150	300
Excavation in disintegrated rock ..	300	700
Excavation in all kinds of approved soil in formation of dam section	450	700
Watering earthwork ..	60	200

When one contractor has done a portion of the work including constructing a portion of dam, surplus escape and sluice which involved special workmanship, etc. no other contractor often comes to execute the balance portion of the work and so the department was, to a large extent, at the mercy of the contractor. Only two tenders were received one was that of the contractor referred to and the other contractor quoted 100 per cent more than the estimate in view of the abnormal circumstances in which work was tendered.

50. *Kukurpeta minor irrigation project*—Improvement to Kukurpeta minor irrigation project in Dhenkanal district to provide irrigation to 1,000 acres of land in drought affected area was taken up in March 1969 at an estimated cost of Rs. 14.99 lakhs. Tenders were called for by Dhenkanal Rural Engineering Division in March 1969. While selecting the contractor, the department wanted to complete a portion of the project in July 1969 so as to provide irrigation for the khariff crop during that year though this was



not so contemplated at the time of issue of tender notice and no phased programme had been drawn up to that end. On the ground that the rates quoted by the lowest and the second lowest tenderers (6 per cent less than the estimated cost) were unworkable (even though the lowest tenderer had done much work at those rates) and they might not be able to complete the portion of the work to provide irrigation from July 1969, the work was entrusted to the third lowest tenderer (3 per cent more than the estimated cost). The contractor was authorised to commence work in May 1969, with the stipulation to complete it by May 1971. The ground for selecting the contractor at the higher rate (viz., to complete a portion of the work to provide irrigation from July 1969) was over-looked and the contractor was not asked or given any instruction to that effect and he completed the work in September 1971. Computed with reference to the rates of the lowest tender, the difference in cost was Rs. 0.35 lakh.

51. *Chaluniakhhol minor irrigation project*—This minor irrigation project with a diversion weir over a nullah and a canal system at Chaluniakhhol in Mayurbhanj district was taken up by Revenue Department in April 1955. It was to irrigate 500 acres and was completed by 1957 at a cost of Rs. 0.47 lakh. There is no reservoir for the project to ensure constant flow of water. The canal was situated on a semi-rocky bed at a slightly lower level than the fields and hence water from the canals would not flow into the fields, and consequently there was no irrigation. It was noticed by the departmental officers in October 1965 that some portions of the canals were filled up and required redigging. The project was transferred to the Rural Engineering Organisation in February 1967 for revival at a further estimated cost of Rs. 0.67 lakh and to complete it with adequate canal system. After spending Rs. 0.38 lakh the Rural Engineering Organisation stopped the work in September 1968 as funds were not provided and revised administrative approval was not accorded by the Revenue department. The project remains incomplete after spending Rs. 0.85 lakh (May 1973).

52. *Jagadala minor irrigation project*—To provide irrigation in chronically drought affected areas in Keonjhar block inhabited by adivasis Jagadala minor irrigation project was sanctioned by Government in November 1970 for Rs. 24.75 lakhs. Construction of head works and distribution system was given on contract in June 1971 for Rs. 21.51 lakhs at 11 per cent more than the estimate. The contractor did not commence the work. In November 1971, he represented that at the time of giving tender, in the absence of approved burrow area map, he had assumed that 50 per cent of total earth would be available within head load limit and the other 50 per cent within 1 kilometre lead, but he understood that the burrow areas were being selected at a distance of 1 kilometre for all earth-work and, therefore asked for extra rates. (The project report accompanying the technical estimate had assumed that the required earth was available within 1 kilometre lead.) In March 1972 the department prepared a revised estimate for Rs. 35.18 lakhs which included cost of headworks and distribution system at the rates of the above contract, proportionate increases under other items and provision of Rs. 1.00 lakh for soil testing, quality control and work charged establishment (which were not included in the original estimate). As the estimated cost exceeded Rs. 30.00 lakhs which was the limit fixed for minor irrigation projects and the project came under the class of medium irrigation project, Government, on the recommendation of the Chief Engineer and after obtaining written undertaking from the contractor that he would not prefer any claim if his contract was closed without penalty, ordered in August 1972 that the project be abandoned.

Rupees 0.66 lakh were spent on the project upto March 1972 ; this included Rs. 0.24 lakh spent on constructing a residential house for the section officer. Expenditure of Rs. 0.42 lakh is unfruitful.

53. *Alikuan minor irrigation project*—In 1965-66 an estimate was prepared (Rs. 14.48 lakhs) for this minor irrigation project over Reghada nallah near Alikuan in Surada block of Ganjam district. It was to provide irrigation to 2,100 acres in kharif and 500 acres in rabi. The cost of irrigation per acre was worked as Rs. 557. For the earthen dam of the project, zonal section using semi-pervious soil was provided in the design. After investigation it was known that soil of the kind required was not available, near the dam site within a radius of one mile. For the project with its canal system 96 acres of Government land, 83 acres of reserve forest area and 56 acres of private land were required. Provision was made for acquiring private land. Government sanctioned the project in November 1970 at a cost of Rs. 21.00 lakhs, the cost of irrigation being Rs. 853 per acre.

Construction of head works and canal was given on contract in January 1971 for Rs. 16.13 lakhs and was to be completed by June 1971. While the work was in progress, in April 1971 the department noticed that suitable earth was not available within reasonable distance for the zonal section of the earth dam (this was already known at the time of preparation of design) ; it was therefore changed to homogenous section with a wider section for the earth dam. Consequently, the quantities of all items in related works (*viz.*, dam, dyke, surplus escape, surplus channel and head regulator) considerably increased. The department, therefore, revised the estimate in July 1972 to Rs. 40.62 lakhs (which exceeded the limit of Rs. 30.00 lakhs fixed for a minor irrigation project). The cost of irrigation per acre also increased to Rs. 1,934 which exceeds the limit of Rs. 1,000 fixed by Government for taking up a minor irrigation project. Extension of time upto September 1972 was given to the contractor for completion of the work.

Even though at the time of investigation in 1965-66 it was known that considerable forest area was required for execution of the project, action was not taken to get that land. In January 1971 only a small portion was deforested by the department to provide burrow areas to the contractor. The departmental site selection committee was convened only in November 1971 to approve the burrow areas in private and Government lands. Burrow areas in forest lands were not given though they were available within one kilometre from the dam site and adjacent to the private lands. Private lands were not acquired, but on the ground that burrow areas for taking earth required for the works were available only in private lands, higher rate for earthwork was allowed to the contractor.

The contract provided for a rate of Rs. 300 per 100 cubic metres of earthwork for excavation and transporting, by manual labour or by transport vehicles with all leads and lifts. Consequent on change of section of the dam in April 1971 the volume of earthwork increased from 2.37 lakh cubic metres to 3.10 lakh cubic metres (30 per cent). In September 1971 the contractor asked for higher rate for the increased earthwork on the ground that it entailed carriage of earth by truck from a distance of 3 kilometres. In February 1972 the department allowed Rs. 595 per 100 cubic metres for 1.73 lakh cubic metres of earthwork. The remaining quantity of 1.37 lakh cubic metres of earthwork was paid for at Rs. 300 per 100 cubic metres according to the original

Year	Amount (In lakhs of rupees)
1964-65	61.23
1965-66	47.38
1966-67	1,56.20
1967-68	53.99
1968-69	1,45.76
1969-70	72.83
1970-71	11.24
1971-72	7.25
<b>Total</b>	<b>5,67.88</b>

The yearwise break up of the outstanding was as follows :-

Department	Number of divisions	Amount (In lakhs of rupees)
Irrigation	56	2,34.18
Roads and Buildings	39	99.82
Electricity	10	59.38
Public Health	13	1,52.58
Rural Development	20	21.92
<b>Total</b>	<b>138</b>	<b>5,67.88</b>

Department-wise break up of the outstanding on 31st March 1972 was as follows :-

54. *Cash settlement suspense account*—From April 1965 transactions relating to services rendered or supplies made by one division to another are initially classified under the head "Cash settlement suspense account" pending clearance on receipt of cheque or bank draft, from the receiving division, which is required to be sent to the supplying division within ten days of receipt of vouchers and there should normally be no unadjusted balance at the close of the year. On 31st March 1972, however, Rs. 5,67.88 lakhs were outstanding against 138 divisions.

The contract amount of Rs. 16.13 lakhs has after the increase in rates and additional quantities worked out to Rs. 26.93 lakhs. The amount of the contract with the additional quantities at his original tendered rates would have been Rs. 21.74 lakhs.

Similar increase in rate was allowed for carriage of excavated earth of loading channel and surplus channel from Rs. 309 to Rs. 515 per 100 cubic metres. The earth in this case was dumped outside the loading channel within the site of the dam. This was within the initial tend. i.e., it did not entail any extra lead. Payment was made for 0.40 lakh cubic metres of work at the higher rate.

Contract of the original contracted quantity of 2.37 lakh cubic metres of earth work carried out by him at the same rate as specified in his tender for the main contractor, additional work which the contractor may be directed to do should be carried out by any analysis. According to the terms of the agreement executed by the contractor, additional work which the contractor may be directed to do should be carried out by any analysis. The rate allowed by the department is not supported by any analysis. The rate allowed by the department is not supported by any analysis. The rate allowed by the department is not supported by any analysis. The rate allowed by the department is not supported by any analysis.

Following are some of the reasons for the heavy outstanding balances :-

- (1) Most of the divisions postponed settlement of claims because of inadequacy of funds.
- (2) Adequate follow-up action to obtain the cheques was not taken by the originating divisions.
- (3) Claims sent to sub-divisional officers for verification were not received back.
- (4) Inter-divisional disputes relating to valuation of machines supplied and hire charges of machines were not settled.
- (5) Advance payments made to suppliers by one division on behalf of other divisions / projects passed through cash settlement suspense account according to orders of Government ; debits for these were not accepted by the division/project authorities on whose behalf payments were made.

## CHAPTER V

## STORES AND STOCK ACCOUNTS

65. *Synopsis of important accounts*—A synopsis of the important stores and stock accounts for 1971-72 (other than those of commercial and quasi-commercial departments/undertakings, etc.) to the extent received is given in Appendix VI.

Stores and stock accounts have not been received from some Roads and Buildings, Irrigation, Public Health, Projects, Lift Irrigation and Rural Engineering Organisation Divisions (November 1972). The number of divisions which have not sent the accounts, the year for which the accounts were not sent and the value of stores held by these divisions is given below :—

Year	Number of divisions	Value of stores (Rs. lakhs)
1963-64 to 1967-68	39	45.32
1968-69	8	31.69
1969-70	13	-10.25
1970-71	31	1,80.49
1971-72	66	2,17.33

(The reasons for the minus stores balances have not been ascertained by the department.)

The stores and stock accounts of chemical fertilisers from 1967-68, Forest Department from 1968-69, Orissa Government Press from 1969-70, Balimela (Joint) Dam Project, Orissa School of Engineering, Cuttack and stores and stock accounts of stamps from 1970-71, and stores and stock accounts of Home (Public Relations) department, Government Headquarters hospitals including Medical College Hospitals at Cuttack, Burla and Berhampur, sales stores (medicine) and Orissa Police Motor Transport Workshop, Cuttack for 1971-72, are also awaited.

The rules require that the stores held in stock should be verified physically at least once in a year by divisional officers. Reports of physical verification due for 1971-72 have not been received from seventy-five Public Works Divisions.

56. *Reserve limit of stock*—According to the rules the value of stores held in stock should not exceed the limit specified by Government. But during 1971-72 reserve stock was not sanctioned for fifty-two divisions; the value of stock held by these divisions at the end of that year was Rs. 1,05.37 lakhs. In five divisions the balance of stock held at the end of 1971-72 exceeded the sanctioned reserve stock limit fixed for the year by Rs. 15.98 lakhs.

57. *Stock registers and stock verification*—Shortages and discrepancies valued Rs. 6.29 lakhs pointed out in physical verification of stores in Cuttack Public Health Division, Cuttack, conducted in October 1966 by the stores verification party have not been reconciled by the division so far (March 1973).

Stock materials (consisting of hume pipes and hume pipe collars of different sizes) worth Rs. 1.23 lakhs purchased in Cuttack Public Health Division Cuttack, are lying unused for over five years.

58. *Minus balances in stores and stock accounts*—The stores and stock accounts of eleven divisions closed with minus balance of Rs. 1,13.02 lakhs at the end of 1971-72. The minus balance shows that either receipt of materials had not been taken into account or the value of stores shown as issued, was more than receipts. Unless the minus balances are reconciled and adjusted, the correctness of stock account cannot be ensured and pilferages, if any, may also remain undetected.

59. *Annual certificate of balances of stock and other suspense accounts*—The rules require that divisions should conduct a special review of balances of stock and other suspense accounts early in March and forward to Audit by the end of May an annual certificate of balances. The certificates for 1971-72 have not been received from seventy-four divisions out of 124 divisions (November 1972).

## CHAPTER VI

## RECEIPTS

60. *Arrears in collection of revenue, interest and other receipts—(a)*  
According to the information furnished by some of the departments of Government, the arrears in collection of revenue, interest and other receipts on the 31st March 1972 were Rs. 43.81 crores. A comparison of arrears in terms of percentage of the receipts under these heads during the years 1970-71 and 1971-72 is given below :—

Nature of revenue	Receipts during the year 1970-71	Arrears as on the 31st March 1971	Percentage of arrears compared to the annual revenue yield	Receipts during the year 1971-72	Arrears as on the 31st March 1972	Percentage of arrears compared to the annual revenue yield
	(In lakhs of rupees)			(In lakhs of rupees)		
(1) Sales tax, agricultural income-tax and taxes on goods carried on roads and inland water ways.	18,48.01	7,74.78	42	18,54.10	24,41.01*	132
(2) Forest leases ..	7,38.26	1,51.53	20	7,91.31	4,10.44	52
(3) Electricity receipts including electricity duty	3,73.73	2,92.13	78	3,43.99	3,41.53	99
(4) Land Revenue	1,66.83	2,59.58	155	1,78.77	2,98.67	167
(5) Water rates	30.44	..	..	38.03	1,19.69	315
(6) Mining revenue	2,00.36	83.85	41	2,10.41	84.21	40
(7) Interest receipts	3,32.71	2,30.06	69	3,06.28	4,50.29	147
(8) Other revenue (such as receipts of the Industries Department excise revenue, State Transport receipts, house rent, receipts from Public Health Schemes, Audit fees of the Co-operative Department, sale of text books, guarantee fees, hiring of pumps under Lift Irrigation Directorate, receipts from Animal Husbandry and Fishery Schemes, receipts of the Orissa Government Press, receipts from Roads and Buildings Divisions, Judicial receipts, etc.	9,89.76	2,77.84	28	10,98.30	2,35.25	21

\*Includes demand of Rs. 16,15.00 Lakhs raised in 1971-72 against Hindustan Steel Ltd.

(b) Information in respect of arrears in some of the important sources of revenue on the 31st March 1972 was not received from the following departments :—

Department	Nature of revenue
(1) Irrigation and Power	.. Receipts of the Irrigation Divisions and Jobs shop
(2) Rural Development	.. Receipts from Rural Engineering Organisations Divisions
(3) Home	.. Recoveries of the Police Department
(4) Transport	.. Receipts from Motor Vehicle Taxation
(5) Health and Family Planning	.. Receipts of the Medical and Public Health Department
(6) State Public Corporations and Undertakings	.. Receipts from Public Corporations and Undertakings

(c) Mention was made in paragraph 63 (c) of the Report of the Comptroller and Auditor General of India for 1970-71 regarding arrears in collection of royalty from the Orissa Forest Corporation, a fully owned Government Company. According to the department, the arrears of royalty due from the Company outstanding for recovery as on the 31st March 1972 were Rs. 2,09.16 lakhs; the arrears date back to 1962-63.

Government stated in May 1967 that lease of forest coupes to the Company was to be regulated under the Orissa Forest Contract Rules subject to such modification as may be determined by the department; no rules have been framed to regulate the leases awarded to the Company (September 1967) with the result that (i) the Company was not required to compete with other contractors for obtaining the forest coupes in auction, (ii) royalty was fixed provisionally in consultation with the Company after the working of the coupe was completed, and was finalised subsequently on the basis of the turnover of the Company (iii) interest for delay in payment or non-payment of royalty was not charged from the Company.

(d) Mention was made in paragraph 80 and paragraph 63 (b) of the Reports of the Comptroller and Auditor General of India for 1969-70 and 1970-71 respectively of the unsatisfactory position of the demand and collection records in Motor Vehicle regional offices owing to which arrears in collection of revenue from Motor Vehicle tax as at the end of the respective account years were not reported by the department. Even though certain steps were taken by Government during 1971-72, the department expressed its inability (May 1972) to intimate the position of arrears to audit as on 31st March 1972.

According to the records maintained in five out of fifteen regions in the State the arrears of Motor Vehicles tax as on 31st March, 1971 tentatively worked out by the regional offices were Rs. 1,82.51 lakhs which included Rs. 26.29 lakhs (in three regions) relating to the period prior to August 1967 when the collection of Motor Vehicle tax was vested with the Police department. Of the total arrears, default in payment of tax of over Rs. 10,000 in each case occurred in 213 cases totalling Rs. 39.29 lakhs. The arrears are, however, not susceptible of audit verification as the Demand, Collection and Balance registers were not closed by the regional offices to end of March 1971. Arrears as on 31st March 1972 were not worked out in any of the regions (November 1972).



## FINANCE DEPARTMENT

## Sales Tax

61. *Arrears of sales tax assessments and pendency with Appellate authorities*—A test check of the consolidated returns in respect of the assessment, demand and collection of sales tax prepared by the Commissioner of Commercial Taxes, Orissa, on the basis of monthly progress reports of all circle offices revealed the following:—

(1) *Arrears of assessment*—As on 31st March 1972, 49,583 quarterly assessment cases in twenty-two circles were pending assessment by the department against 37,068 as on 31st March 1971. The year-wise pendency of assessment was as follows:—

	Orissa Sales Tax Act	Central Sales Tax Act
	(No. of quarters)	
1969-70 and earlier years ..	29,910	3,453
1970-71 ..	2,368	1,337
1971-72 ..	11,858	657
Total ..	44,136	5,447

Assessments relating to the period prior to March 1969 which became barred by limitation by March 1972 have not been intimated by the department.

(2) *Pendency with Appellate authorities*—The amount of sales tax assessed but stayed under orders of the Appellate authorities, etc. as on 31st March 1972 was Rs. 18,41.95 lakhs, details of which are given below:—

	Orissa Sales Tax Act	Central Sales Tax Act
	(In lakhs of rupees)	
Supreme Court/High Court ..	53.79	17,22.42
Departmental Appellate and revisional Authorities ..	42.09	23.65
Total ..	95.88	17,46.07

62. *Results of test audit in general*—A test check of the accounts records of 21 circles involving 19,444 cases during 1971-72 disclosed under-assessments of revenue to the extent of Rs. 13,65,954 in 1,644 cases and over-assessment of Rs. 5,836 in 10 cases.

(i) The under-assessments have been due to the following reasons:—

	No. of cases	Amount Rs.
(a) Application of wrong rate or lower rate under Central/Orissa Sales Tax Act	16	2,27,974
(b) Incorrect computation of gross turnover/taxable turnover for assessment of tax	25	28,579
(c) Arithmetical inaccuracy in assessment of tax	21	5,938
(d) Irregular allowance of deduction ..	12	7,246
(e) Irregular allowance of rebate ..	16	2,839
(f) Levy of concessional rate of tax under the Central Sales Tax Act, 1956 on inter-State sales supported by defective 'C' forms	12	6,213
(g) Non-levy of penalty for purchases of goods not covered by registration certificate in the course of inter-State trade and commerce	28	15,227
(h) Non-levy of interest for default in payment of tax	1,514	10,71,938
Total ..	1,644	13,65,954

(ii) *Delay in issue of demand notices*—Notice for payment of assessed tax is required to be issued to the dealer within 15 days of completion of assessment. Delays in issue of such notices ranging from two to six months in 191 cases (in 7 circles) were noticed.

63. *Under-assessment of sales tax*—A dealer in Sambalpur-1 circle, appointed as the collecting and the purchasing agent of *Kendu* leaves in Rairakhol Forest Division, failed to produce his books of accounts for the year 1968-69 for assessment of tax before the assessing authority and as such was assessed in March 1971 on best judgement basis. The taxable turnover was determined by the Assessing Officer by adding 20 per cent to the purchase value of leaves which according to the information obtained from the Forest division was Rs. 2.20 lakhs. The Assessing Officer, however, while computing the taxable turnover of the dealer took the purchase value as Rs. 0.20 lakh instead of Rs. 2.20 lakhs with the result that taxable turnover of Rs. 2.40 lakhs (purchase value Rs. 2.00 lakhs plus 20 per cent) escaped assessment. On this being pointed out the department revised the assessment and raised additional demand of Rs. 0.12 lakh in August 1971; report of recovery is awaited (December 1972).

64. *Short levy of central sales tax*—In one Circle the entire taxable turnover (Rs. 23.45 lakhs) of a dealer engaged in inter-State sale of *Kendu* leaves for the years 1968-69 to 1970-71 was assessed to Central Sales Tax at 10 per cent by the Assessing Officer as the sales were not supported by declarations in form "C". However, while computing tax, the Assessing Officer, calculated the tax at one per cent instead of 10 per cent, which resulted in short levy of tax of Rs. 2.11 lakhs. On this being pointed out, additional demand was raised in July 1972; report of recovery is awaited (December 1972).

#### • FOREST AND ANIMAL HUSBANDRY DEPARTMENT

##### (Forest Receipts)

65. *Result of test audit in general*—A test check of the receipts from forest leases and other forest produce of the Forest department conducted during 1971-72 in respect of twenty Forest offices and divisions revealed the following :—

(i) In 56 cases (eight Forest divisions) interest of Rs. 0.11 lakh was not levied or was levied short for late payment and non-payment of lease money.

(ii) In five Forest divisions, forest revenue of Rs. 3.97 lakhs became irrecoverable for the following reasons :—

(a) In four Forest divisions, seventy-seven certificate cases were instituted for recovery of forest revenue of Rs. 2.30 lakhs which were subsequently dropped by the Certificate Court for want of property statement of the debtors in seventy cases and for other reasons in seven cases.

(b) In fourteen cases (two Forest divisions) forest revenue of Rs. 0.46 lakh became irrecoverable as the whereabouts of the debtors were not known to the department.

(c) In two Forest divisions, records in respect of forest leases for Rs. 0.07 lakh were not traceable and consequently the forest revenue became irrecoverable.

(d) In Phulbani Forest division a certificate case for the lease money of Rs. 0.52 lakh pertaining to the year 1948-49 was dropped by the department after obtaining legal advice that no claim can be made against the contractor.

(e) Thirteen certificate cases pertaining to the Bolangir Forest division stated to have been filed were not traceable in the Certificate Court with the result that forest revenue amounting to Rs. 0.10 lakh became irrecoverable.

(f) In two Forest divisions, irrecoverable forest revenue pertaining to the period from 1949-50 to 1955-56 amounting to Rs. 0.51 lakh was recommended for write-off as there is remote possibility of recovery of the amount; sanction of the write-off is awaited (October 1972).

66. *Loss on sale of Mynah birds*—Young Mynah birds are collected departmentally through tribal people and reared in departmental aviary for about two months till they reach the flying stage after which they are sold by the Forest department to contractors for export. In March 1970 the rate finalised with contractor 'A' for sale of birds was Rs. 43.10 each and the contractor lifted 1,460 birds from the departmental aviary during May-June 1970. While the lifting of birds was in progress an offer of Rs. 52 per bird from contractor 'B' was received where upon the department, discontinued sale of birds to contractor 'A' from 30th June 1970 and requested contractor 'B' to lift the birds by 7th July 1970; Contractor 'B', however, did not lift any bird. The department then requested contractor 'A' on 24th July 1970 to resume lifting birds at his previous rate but the contractor asked for reduction of price which was not accepted by the department. Fresh quotations were called for in August 1970 and out of the three offers received the highest offer of Rs. 30.10 per bird of contractor 'A' was accepted and 919 birds were sold to him at the new rate.

#### TRANSPORT DEPARTMENT

##### (Taxes on Vehicles)

67. *Results of test audit in general*—A test check disclosed cases of under-assessment and loss of revenue to the extent of Rs. 5.86 lakhs under taxes on Vehicles. Details of the cases grouped on the basis of the nature of under-assessment/loss of revenue are given below :—

Particular	Number of cases	Amount Rs.
(a) Non-levy of tax from the date of purchase/acquisition of vehicles already registered (six regions)	62	1,04,192
(b) Under-assessment/short realisation of tax due to wrong application of rates, errors in calculation, etc. (five regions)	59	46,163
(c) Non-levy of tax for carrying standing passengers in public buses (six regions)	43	15,879
(d) Irregular refund of tax already collected (two regions)	3	3,950
(e) Tax not realised for the intermediate and subsequent periods (two regions)	66	2,47,776
(f) Non-imposition of penalty (three regions)	50	14,700
(g) Exemption of tax given even though not admissible (three regions)	107	90,476
(h) Other reasons	202	63,206
Total	592	5,86,342

In respect of cases of failure to levy and collect tax for violation of off-road declarations detected by the Enforcement branch and non-realisation of tax due to acceptance of belated off-road declarations the existing provisions of law are not only advantageous to the owners of motor vehicles found plying during the periods for which neither tax was paid nor off-road declarations were given in comparison to the owners of vehicles found plying during off-road periods, but also gives scope for evasion of tax and penalties levied under the Act. This being pointed out by Audit, Government agreed December 1971 to issue necessary amendment to the provisions of law in this regard ; the amendment of law is awaited (August 1972).

In Kalahandi Regional office, the basic records for watching recovery of demands were not made upto-date and in Bolangir and Cuttack Regional offices those records were not maintained at all.

68. *Trade certificate fees*—According to the Orissa Motor Vehicles Rules 1940 a dealer in Motor vehicles in the course of business can deal with motor vehicles under the authorisation of a trade certificate granted by the registering authority within whose area the dealer has his place of business. The dealer is required to get the trade certificate renewed annually on payment of the prescribed fee in advance. A test check of accounts of Cuttack region disclosed that five dealers in motor vehicles did not renew their trade certificates for periods ranging from one to eight years (between January 1963 and April 1970) resulting in non-realisation of fees of Rs. 0.12 lakh.

## CHAPTER VII

## GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

## SECTION A

## GENERAL

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

- (i) Statutory Corporations/Board,
- (ii) Government Companies,
- (iii) Departmentally managed Government Commercial and Quasi-Commercial Undertakings,
- (iv) Investments and guarantees by the State Government.

## SECTION B

*Statutory Corporations/Board*

70. There were three Statutory Corporations/Electricity Board in the State as on 31st March, 1972 viz., :—

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

Government investment (both Union and State) as on 31st March 1972 in the share capital (loans in the case of Electricity Board) of these undertakings was Rs. 79,42.28 lakhs. The break up of the paid up capital of the Corporations/Board according to the investments made by the Central Government, State Government and others at the end of 1971-72 compared with the previous year's figures was as follows :—

Year	Number	Central Government (including R. B. I. and Central Warehousing Corporation)	State Government	Others	Total
(In lakhs of rupees)					
1971-72	3	31.80 (0.28 per cent)	79,10.48 (70.27 per cent)	33,14.76 (29.45 per cent)	1,12,57.04
1970-71	3	31.00 (0.30 per cent)	77,80.36 (75.53 per cent)	24,83.35 (24.17 per cent)	1,02,94.71

The summarised financial results of the three Corporations/Board are given in Appendix VII (at page 105).

## ORISSA STATE ELECTRICITY BOARD

71. (1) The Orissa State Electricity Board was formed on 1st March 1961. Initially it was transmitting and distributing power generated from the power houses belonging to Government. It started generation of power also from 1969-70 with the transfer of Hirakud Generating System (1969-70) and the Talcher Thermal Power Station (1970-71) by Government to the Board.

The certified accounts of the Board for the year 1971-72 together with the report thereon were forwarded to Government in November 1972 for being placed before the State Legislature as required under Section 69(4) of the Electricity (Supply) Act 1948.

(2) *Generation capacity and its utilisation*—The installed capacity of the Board upto May 1970 was 379.930 M. W. which was increased to 529.30 M. W. with effect from 1st June 1970 consequent on the transfer of Talcher Thermal Power Station. The power generated in 1971-72 was 1,664.795 M. K. W. H. i. e., 26 per cent of the installed capacity as compared to 1,454 M. K. W. H. in 1970-71. One unit at Choudwar having installed capacity of 8.250 M. W. remained idle for the entire year.

(3) *Borrowings*—During 1971-72, the borrowings by the Board amounted to Rs. 10,22.85 lakhs. After repaying Rs. 62.11 lakhs during the year 1971-72 the outstanding amount of borrowings at the end of the year stood at Rs. 46,88.44 lakhs (excluding the value of assets transferred by Government and treated as loan) as detailed below :—

	Balance at the end of 1971-72
	(In lakhs of rupees)
Loan from Government	10,96.64
Open market loans (by issue of debentures guaranteed by Government)	20,64.72
	(of this Rs. 2,92.87 lakhs were subscribed by Government)
Loans from Life Insurance Corporation of India by mortgage of assets	13,07.30
Loans from Rural Electrification Corporation Ltd., New Delhi	2,19.58

(4) *Working results* — The following table gives a comparative picture of the working results of the Board for the three years ended 1971-72 :—

	1969-70	1970-71	1971-72
	(In lakhs of rupees)		
(i) Revenue Receipts ..	10,58.75	12,06.47	13,28.75
(ii) Expenses on Revenue Account ..	7,01.41	9,83.13	10,78.00
(iii) Net surplus ..	3,57.34	2,23.34	2,50.75
(iv) Subsidy from Government for power intensive industries ..	..	..	28.82
(v) Appropriation towards General and other Reserves and interest on bonds, etc. ..	68.65	85.71	1,25.37
(vi) Balance available for appropriation towards interest on loans from Government ..	2,88.09	1,37.63	1,54.20
(vii) Interest due on loans from Government—			
(a) For the year ..	1,47.24	2,76.48	3,14.67
(b) Arrears of interest carried over from previous year ..	72.31	..	1,38.85
(c) Total ..	2,19.55	2,76.48	4,53.52
(viii) Surplus transferred to Development Reserve ..	(+)69.14	..	..
(ix) Deficit for the year (towards interest due to Government) ..	..	1,38.85	1,60.47
(x) Progressive deficit toward interest charges due to Government shown as contingent liability ..	..	3.70*	2,99.32

(5) Out of surplus cash, in April 1971 and June 1971, two fixed deposits were made by the Board with the State Bank of India and the Andhra Bank Limited for Rs. 1,00.00 lakhs and Rs 10.00 lakhs respectively for 91 days each. These fixed deposits were encashed before the expiry of its full term after 50 days and 6 days without interest to meet financial requirements of the Board. At the time of encashment of the fixed deposits the authorities failed to take into account cash resources of over Rs. 1,00.00 lakhs available during that period. Loss of interest on this account was Rs. 1.17 lakhs.

(6) From 1971-72 a system of payment of various claims after centralised scrutiny was introduced by the Board on a Zonal basis. The balances in personal ledger accounts of the field officers thereby remained unutilised for periods ranging between 5 and 12 months. Rupees 73.76 lakhs in these personal ledger accounts could not fetch any interest which would have amounted to Rs. 1.00 lakh approximately had the amount been kept in an interest bearing deposit with a bank.

Even after introduction of pre-check system, Rs. 1,70.00 lakhs were paid by the Headquarters office of the Board for the supplies received during 1971-72 without such pre-check.

\* During 1970-71 interest of Rs. 1,35.15 lakhs was paid in excess which was adjusted during 1971-72.

(7) *Non-recovery of surcharge/interest for default on payment of monthly bills*—The monthly bills issued by the Board to the consumers for consumption of electric energy contemplate recovery of surcharge/interest if they are not paid after 15 days/30 days of issue of bills. In 1971-72, 36 consumers in Rumbela, Bhanjanagar and Bhubaneswar Divisions defaulted in payment of monthly bills by more than 15 days/30 days; surcharge/interest of Rs. 2.81 lakhs was not levied in these cases.

(8) *Wrong charges*—Five cases involving Rs. 0.52 lakh where consumers were charged (Rs. 0.51 lakh) less than the amount chargeable (Rs. 1.03 lakhs) on account of application of wrong tariff during 1971-72 were noticed in Audit in May 1972 in Balasore Electrical Division. The Board has stated (May 1972) that action was being taken to raise supplementary bills; recovery is, however, awaited (February 1973).

(9) *Remission of energy charges*—In Joda Electrical division remission of energy charges of Rs. 0.41 lakh was allowed to a private company at Joda during 1971-72. The Board has stated (September 1971) that the remission was made as a special case.

(10) *Non-recovery of minimum charges*—In 4 divisions of the Board Rs. 0.40 lakh representing minimum charges required to be recovered for the period 1967-68 to 1971-72 under relevant clauses of the agreement were not recovered in 14 cases.

72. *Purchase of stores and equipment*—Purchase of stores and equipment is made by the Superintending Engineer, Stores and Purchase of the Board. After the last date of receipt of tenders, comparative statement of the rates, etc. of the various tenderers is prepared, views of the Finance branch of the Board are obtained and the tenders are put up for consideration by the Contract Scrutiny Committee with the recommendation of the Superintending Engineer. Approval of the Board is obtained for purchases of value exceeding Rs. 10 lakhs. Normally the time required for finalising the deal after receipt of tenders should not exceed two weeks.

It was, however, seen that while purchasing 6.25 MVA Power Transformers, 12-Panel Switch Board and Galvanised iron wire, much more time was taken in finalising the tenders. Tenders were not finalised within their validity period and as a result purchases had to be made at higher rates. Extra expenditure in three cases was Rs. 2.81 lakhs. These cases are referred to in detail in paragraphs 73 (pages 70-71), 74 (page 71) and 75 (page 71).

In three other cases relating to house-service meters, 11 K. V. pin insulators and 25 K. V. A. distribution transformers, purchases were made at higher rates when lower rates were offered by the tenderers. The extra expenditure in these cases was Rs. 2.34 lakhs. These cases are referred to in detail in paragraphs 76 (page 72), 77 (page 72) and 78 (page 73).

73. *Purchase of 6.25 MVA Power transformers*—In July 1970 open tenders were invited by the Superintending Engineer, Stores and Purchases, for supply of 5 MVA/6.25 MVA capacity Power transformers for improving load factor at Bhubaneswar sub-station. The relevant estimate, however, provided for two 3 MVA and one 5 MVA "on load tap changing" type transformers. In September 1970 the technical wing of the Board decided to procure two 5 MVA transformers anticipating rise in load demand to 7 to 8 MVA. In September 1970, the Superintending Engineer, however, prepared a memorandum for consideration by the Contract Scrutiny Committee of the Board for purchase of 6.25 MVA transformers. The firm from which



purchase was ultimately made offered in July 1970 to supply 6.25 MVA transformers at Rs. 3.12 lakhs each valid upto 28th October 1970 and at Rs. 3.26 lakhs each thereafter but valid upto 28th November 1970. The Contract Scrutiny Committee was not summoned to consider this tender, but on 26th November 1970 the Superintendent Engineer requested the firm to extend the period of validity of its offer of July 1970 upto 31st December 1970. The firm intimated on 4th December 1970, its revised offer increasing the rate of 6.25 MVA transformer to Rs. 3.65 lakhs each valid upto 31st December 1970. A memorandum prepared in September 1970 for purchase of 6.25 MVA transformers was placed before Contract Scrutiny Committee on 17th December 1970 without bringing the revised offer of the firm to its notice. The consideration of the revised offer started after 17th December 1970 and it was finally placed before the Contract Scrutiny Committee on 19th January 1971 which approved it. Orders were placed on the firm on 22nd February 1971 to supply 2 transformers within 12/14 months. The delay in finalisation of the purchase resulted in an extra expenditure of Rs. 1.06 lakhs.

74. *Purchase of 12-Panel switch board*—The lowest technically suitable offers received in September 1969 for the supply of 12-panel switch board with transformers for the Hirakud Sub-station were as follows :—

Sl. no.	Name of the firm	Rate (Rs. lakhs)	Period of validity
(1)	Firm of Baroda	1.66	3 months
(2)	Firm of Bombay	1.92	90 days

No decision was taken to finalise the tender before expiry of the period of validity. In April 1970 the two firms were asked to extend the validity of their offers and in response they increased their rates and quoted Rs. 2.48 lakhs and Rs. 2.58 lakhs (valid upto 15th July 1970). The Superintendent Engineer recommended to the Contract Scrutiny Committee on 9th July 1970 to purchase the equipment from the Bombay firm at the enhanced rate of Rs. 2.58 lakhs (whose rate in September 1969 valid for 90 days was Rs. 1.92 lakhs). This was formally approved by the Contract Scrutiny Committee on 11th July 1970; order for supply was placed on 8th August 1970. Compared with the rate of the firm quoted in September 1969 the extra expenditure on the purchase of the switch board was Rs. 0.66 lakh.

75. *Purchase of galvanised iron wire*—In September 1969 tenders were received by Superintendent Engineer, Stores and Purchase, for supply of galvanised iron wire of different specifications; they were valid upto 6th January 1970. No decision was taken before the expiry of the validity of the tenders. On 31st January 1970, the tenderers were asked to quote their prices valid upto 31st March 1970. On the basis of revised rates received, letters of intent were placed on 3 firms on 31st March 1970 for galvanised iron wire of different specifications at the lowest quoted rates. Formal supply orders were placed on 11th May 1970. Price difference between the revised rates valid upto 31st March 1970 at which purchases were made and the originally quoted rates valid upto 6th January 1970 of the different specifications of wire was between Rs. 272 and Rs. 482 per tonne of wire. The total price difference between the purchases made was Rs. 1.09 lakhs. The Superintendent Engineer, Stores and Purchases stated (June 1970) that "official formalities took time" to decide on the purchase.

76. *Purchase of house-service meters*—In November 1970 the Superintending Engineer, Stores and Purchase, invited open tenders for supply of 60,000 house-service meters of 5 AMPS/10 AMPS, which were opened on 4th December 1970. Out of the six offers received four were considered suitable. In February 1971 the Contract Scrutiny Committee of the Board considered the offers and decided to purchase meters from all the four firms to have an assured supply and for watching comparative performance. The table below indicates the net rates as accepted by the Committee :—

	5 AMP. meters		10 AMP. meters	
	No.	Rate per meter Rs.	No.	Rate per meter Rs.
Firm I (Manufacturer)	..	51.75	10,000	51.75
Firm II (Manufacturer)	7,000	51.75	10,000	51.75
Firm III (Offered meters of make of firm I)	7,000	51.71	10,000	52.21
Firm IV (Offered meters of make of firm I)	6,000	50.00	10,000	52.00

After receipt of the intention of the Board (March 1971) to purchase only 10,000 meters from it, firm I offered in May 1971 (before orders were placed) a reduced price of Rs. 48 per meter of both 5 AMP and 10 AMP meters if a substantial quantity was ordered from them. The offers were again considered by the Contract Scrutiny Committee on 5th July 1971; the committee decided to confirm the order on firm III at its quoted rates and to ascertain from firm IV if it could supply meters at Rs. 48 per meter and to consider the other offers thereafter. The Superintending Engineer placed orders on firm III on 10th July 1971. The representative of firm IV during discussion with Superintending Engineer on 22nd July 1971 refused to reduce its rates, but this was not brought to the notice of the Contract Scrutiny Committee to consider the other offers as desired by it. Orders were placed by the Superintending Engineer in August 1971 on firm I at Rs. 48 per meter and on other firms at their quoted rates for the quantities decided earlier.

Purchase of meters of make of firm I from firms III and IV resulted in an extra expenditure of Rs 1.20 lakhs.

77. *Purchase of 11 K. V. pin insulators*—In February 1971 the Superintending Engineer, Stores and Purchase, invited open tenders for supply of 45,000 numbers of 11 K. V. pin insulators. Five offers were received of which the lowest (Rs. 4.33 per insulator) was from a State Government Factory at Ranchi which wanted exemption from payment of earnest money deposit. This was not accepted by the Board and its tender was rejected. On another occasion (April 1971) such exemption was given to the same Undertaking while purchasing disc insulators. The Superintending Engineer, Stores and Purchase, placed orders in May-June 1971 for purchase of a total of 70,000 insulators on two other firms (3rd and 2nd lowest tenderers) for 60,000 insulators at Rs. 5.03 each and 10,000 numbers at Rs. 4.60 each. The difference in cost of these insulators compared with the rate offered by the Bihar Government Undertaking was Rs. 0.45 lakh.

78. Purchase of 25 K. V. A. distribution transformers—In October 1970 the Superintending Engineer, Stores and Purchase, invited tenders for supply of 150 numbers of 25 K.V.A. distribution transformers. The tender notice specified that while making the offer, the supplier should deposit earnest money; firms registered as small scale industries with the State Purchase Organisation and those registered with the Director General of Supplies and Disposals were exempt from giving the earnest money and they were to submit proof of such registration with their tender documents. The lowest offer of a firm of Calcutta, for supply at Rs. 3,950 each was rejected as it did not deposit the earnest money although the firm mentioned that it was a small scale industry registered with Government of West Bengal. In March-April 1971 the Board increased the requirement to 600 transformers as a large number of villages were proposed to be electrified during 1971-72. During April-July 1971, orders were placed with four firms other than lowest for supply of 600 transformers at rates varying between Rs. 3,990 and Rs. 4,200. None of these firms had been registered with the State Purchase Organisation or the Director General of Supplies and Disposals; these firms also had not deposited the earnest money. Compared with the rate of firm of Calcutta (lowest offer), the difference in cost of these 600 transformers was Rs. 0.69 lakh.

### SECTION C

#### Government Companies

79. There were 44 Government Companies in existence in the State at the end of March 1972 with a total investment of Rs. 32,72.08 lakhs by Government as share capital. Of the 44 companies, 33 were floated under the Pilot Project scheme embarked upon by the State Government in March 1958 to accelerate promotion of small scale industries; of the remaining 11 Companies 6 were wholly owned by Government and 5\* were jointly owned by Government.

Only one company (viz., Orissa Road Transport Company Ltd.) furnished its accounts for 1971-72 till January 1973. The remaining Companies (of which 10 companies are under liquidation) are in arrears in submission of accounts for the following periods:—

Years	Number of Companies
1971-72	42
1970-71	34
1969-70	29
1968-69	24
1967-68	20
1966-67	14
1965-66	10
1964-65	6
1963-64	4
1962-63	1

A statement showing the summarised financial results of the companies as disclosed in their latest available accounts is given in Appendix VIII (at pages 106-107).

\* Included in the five is Khosal Industrial Development Syndicate Ltd., which was liquidated and assets were disposed of; details of amount realised by Government out of its share capital contribution are awaited (November 1972).

I—Wholly owned Government companies  
ORISSA MINING CORPORATION LIMITED

80. (1) *Introductory*—The Orissa Mining Corporation Ltd., was incorporated as a fully owned Government company in May 1956 with the object of exploiting minerals in Orissa. The authorised and paid up capital of the Company as on 31st March 1971 were Rs. 10,00.00 lakhs and Rs. 7,02.99 lakhs respectively. Loans of Rs. 7,43.44 lakhs raised by the Company were outstanding on 31st March 1971 as detailed below:—

	Amount (Rs. in lakhs)
(i) Government of India	2,66.00
(ii) Government of Orissa	1,15.00
(iii) Debentures (guaranteed by Government of Orissa)	1,00.00
(iv) Other sources	2,62.44

(2) *Financial results*—(a) During 1970-71 the Company after providing for Development Rebate Reserve of Rs. 0.12 lakh sustained a net loss of Rs. 36.25 lakhs as against a net loss of Rs. 23.98 lakhs in the previous year after providing Rs. 0.43 lakh towards Development Rebate Reserve. The loss during 1970-71 was attributed mainly to (i) sale price of Iron Ore from Daitari being inadequate to cover the cost of production (ii) loss on manganese ore trading during the year (iii) expenses of overburden removal and (iv) interest and depreciation charges. The accumulated loss at the end of 1970-71 stood at Rs. 78.61 lakhs.

(b) Expenditure of Rs. 13.98 lakhs on prospecting on 12 developing camps which have been abandoned or closed continues to be included as deferred revenue expenditure under "Miscellaneous expenditure and losses" and has not so far been written off as adequate profits were not available.

(c) The Company became liable for payment of interest as on 31st March 1971 on various loans as under:—

	Interest	Penal Interest	Total
(In lakhs of rupees)			
To Government of India	91.86	19.11	1,10.97
To Government of Orissa	15.90	..	15.90
To Banks	4.75	0.21	4.96
Total	1,12.51*	19.32	1,31.83

The above amounts were due since 1967-68; year-wise analysis has not been furnished by the Company.

(d) Rupees 10.93 lakhs were subsequently paid to Government of Orissa and Rs. 4.96 lakhs to Banks during October 1971. The balance of liability (Rs. 1,15.94 lakhs) was outstanding (November 1972).

(e) Royalty and dead rent payable to Government by the end of March 1971 was Rs. 22.49 lakhs. Of this Rs. 12.50 lakhs were paid during October 1971 (Rs. 2.50 lakhs) and March 1972 (Rs. 10.00 lakhs).

\* Includes interest of Rs. 7.01 lakhs accrued and not due for payment on 31st March 1971.

(3) *Accounts and internal control*—The Statutory auditors in their report on the audit of accounts for the year ended 31st March 1970 and 31st March 1971 pointed out the following deficiencies and defects in the procedures followed by the Company.

(a) Internal audit is not comprehensive and effective.

(b) There is no provision for calling of open tenders in respect of procurement of stores.

(c) Stores priced ledger was not maintained, stores consumption and closing stock were not correlated with opening stock and purchases in financial books, valuation of closing stock on physical verification was made on estimate and not on basis of cost or market price, results of physical verification were not entered on verification sheet and book balances were taken as correct balances without adjusting shortages/excesses.

(d) Maximum and minimum levels of stock were not fixed and procurement of stores had no relation to the necessity.

(4) *Production performance*—

(a) The total value of ore produced by the Company during 1970-71 was Rs. 1,31.45 crores. The quantity of ore produced during 1969-70 was 0.744 million tonnes which increased to 0.886 million tonnes in 1970-71 registering a growth of 19 per cent.

(b) (i) Production and sale of ore mined by the Company during 1970-71 and the closing balance at the end of 1970-71 were as follows :—

	Opening balance	(Quantity in lakhs of tonnes)		(Value in lakhs of rupees)	
		Production	Sale	Closing balance	
				Quantity	Value
Iron Ore ..	3.19	8.10	9.09	2.20	46.15
Chrome Ore ..	0.21	0.75	0.65	0.31	20.21
Manganese Ore ..	0.01	0.01	0.01	0.01	0.10
Total ..	3.41	8.86	9.75	2.52	66.46

(ii) Customer composition of the sales during 1970-71 was as follows :—

	Quantity (lakhs tonnes)	Value (Rs. in lakhs)
<i>Iron Ore</i> —		
M/s. Hindustan Steel Limited ..	1.02	3,95.84
Exported for foreign buyers ..	8.07	4,01.29
<i>Chrome Ore</i> —		
M/s Minerals and Metals Trading Corporation of India Limited (for export)	0.43	75.21
M/s Industrial Development Corporation of Orissa Limited	0.16	23.69
Other customers ..	0.06	6.22
<i>Manganese Ore</i> —		
Private parties ..	0.01	0.21

(c) The Company contributed to the revenues of Government of Orissa and Government of India during 1970-71 as follows :—

	Government of	
	Orissa	India
	(Rs. in lakhs)	
Royalty on ore mined	17.21	..
Forest Royalty	2.01	..
Sales tax on sales	1.28	..
Rents	1.15	..
Interest and guarantee fees	11.53	..
Customs duty on exports	..	41.00

From the export of ore, during 1970-71 the Company earned foreign exchange of Rs. 4.76 crores for the country.

81. *Sales of chrome ore*—The cost of production of chrome ore for the Company was Rs. 108.40 per tonne for fines and Rs. 123.40 per tonne for lumpy ore. Against this, the sales realisation for 16,755 tonnes of ore (fines ore : 3,196 tonnes, lumpy ore:13,559 tonnes) supplied to the Orissa Industrial Development Corporation Limited between September 1969 and June 1970 was at Rs. 105 per tonne resulting in a loss of Rs. 2.60 lakhs.

82. *Sales of Manganese Ore*—The Company sold 5,789 tonnes of manganese ore for Rs. 1.63 lakhs which was raised at cost of Rs. 14.12 lakhs from the mines at Uliburu and Nishikal during 1968-69 to 1970-71. There was thus a loss of Rs. 12.49 lakhs on the sale of manganese ore. The two mines were closed during 1971-72 owing to lack of demand for that ore and the sales realisation was much less compared with the cost of production.

83. *Sale of Iron Ore*—M/s. Hindustan Steel Limited is the sole purchaser of Iron ore in the indigenous market while exports are made through M/s. Minerals and Metals Trading Corporation. The price of ore is fixed by the purchasers. The Company has not formulated detailed system of costing for each mine to ascertain comparative figures of production; costs, sale price, etc., of ore raised by the Company could not, therefore, be worked out.

The Company had a contract with Hindustan Steel Limited to supply iron ore from its Khandadhar mines from November 1969 to Rourkela Steel Plant at Rs. 16 per tonne f. o. r. Barsua for a minimum of 65 per cent ferrous content with a stipulation for payment of premium for higher ferrous content and deduction for lower ferrous content upto 63 per cent. The total cost of raising the ore, transporting it to railway siding loading into wagons at Barsua and other overheads was Rs. 19.87 per tonne f. o. r. Barsua while the average sales realisation was Rs. 18.46 per tonne. For 0.71 lakhs tonnes sold during November 1969 to October 1970 the loss was Rs. 1.00 lakh. M/s. Hindustan Steel Limited agreed to increase the price to Rs. 18.50 per tonne from November 1970.

84. *Accumulation of iron ore*—The Company invested Rs. 11.00 lakhs in the development of Khandadhar mines and started mining ore with effect from May 1964 without making proper market survey for its disposal. M/s. Hindustan Steel Limited was only purchaser of ore raised from the mine with ferrous content 63 per cent and above. The Company could not find an alternate

market for the low grade ore with ferrous content less than 63 per cent. According to the books of the Company 0.64 lakh tonnes of low grade ore raised during 1965-66 and 1966-67 remained unsold at the mine site. The cost of raising this ore was Rs. 2.75 lakhs. The Management have stated (May 1972) that "vigorous efforts are being made to sell this low grade ore to Rourkela Steel Plant".

The physical verification report for the year 1970-71 revealed a shortage of 0.29 lakh tonnes of the low grade ore raised at a cost of Rs. 1.24 lakhs. Reasons for the shortage have not been investigated by the Management (March 1973).

85. *Expenditure on raising smaller size ore*—M/s. Minerals and Metals Trading Corporation Ltd., (MMTC) had an agreement (December 1969) with Japanese steel mills for supply of 3 lakhs tonnes of -4" size iron ore of value 2.37 million U. S. dollars during October 1970 to September 1971. The Orissa Mining Corporation agreed to supply the ore from their Daitari Mines (delivery at Paradeep Port).

Iron ore of -8" size was being raised manually through job workers at Daitari for supplies to be made under a different contract. The Company paid Re. 1 per tonne extra for converting ore of -8" size to -4" size ore; 1.12 lakhs tonnes of smaller size ore were raised between July 1970 and March 1971 for which Rs. 1.12 lakhs more were paid.

The foreign buyer did not approve the ore raised as they insisted on taking washed ore from the ore handling plant which is under construction. The Company has contended that they were not given to understand by the MMTC before the smaller size ore was raised that the foreign buyer wanted to take only washed ore from the ore handling plant. The Company had to sell the smaller size ore to other buyers as -8" size ore, which resulted in unnecessary expenditure of Rs. 1.12 lakhs on raising small size ore.

86. *Kalarangi Chromite Mines*—In April 1970 the Company entrusted removal of overburden and raising 0.60 lakh tonnes of chromite ore in quarry D of their Kalarangi Chromite Mines to contractor 'A' at the lowest tendered rate of Rs. 17.49 per tonne. Ore could not be raised due to difficulties in removal of overburden and reaching the ore.

In July 1970 while considering the question of raising ore from quarry E adjacent to quarry D a suggestion of the Chief Geologist of the Company to extend the working of mine in quarry D upto quarry E and to entrust it to contractor 'A' (who was willing to do it at the same rate) was considered; but the Management decided to call for tenders for entrusting the work in quarry E. In August 1970 tenders were called for and in December 1970 working of quarry E was entrusted to contractor 'B' for raising 0.50 lakh tonnes of chromite ore at the lowest tendered rate of Rs. 31.50 per tonne.

In April 1971 the Company considered raising ore in quarry F which was also in the vicinity of quarries D and E. From the experience gained in respect of quarry E, the Company considered it "not advisable" to call for tenders and entrusted raising ore from this quarry to contractor 'A' of Quarry D to work in continuation at Rs. 17.49 per tonne. Contractor 'A' accordingly took up raising ore from quarry F from April 1971.

Raising ore from quarry E by another contractor at higher rate compared with the rate of contractor 'A' who was willing to raise ore from that quarry resulted in extra expenditure of Rs. 6.72 lakhs for the 0.48 lakh tonnes ore raised from that quarry upto March 1972. The Management stated (January 1972) that contractor 'A' had not quoted in response to tenders for quarry E and hence he was not considered for giving work in that quarry.

87. *Purchase of spare parts for dumpers*—In March 1964, the Company purchased 14 Rear Dumpers from a firm for Rs. 24.94 lakhs as mentioned in paragraph 103 (ii) (b) of the Audit Report 1970. The dumpers mentioned unutilised (June 1973) as the ore Handling Plant was under construction. In July 1966 the Company placed an order with the same firm for supply of spares of value Rs. 3.72 lakhs for the 14 Rear Dumpers. The consignments of supplies were received in batches during 1967; the Company noticed in March 1968 that spare parts valuing Rs. 2.04 lakhs were either received in damaged condition (Rs. 2.02 lakhs) or short received (Rs. 0.02 lakh). This was taken up with the suppliers in March 1968 for replacement of damaged parts and to make up short supplies even though the terms of supply agreed to by the Company required that shortages/damages should be taken up with the supplier within 7 days of arrival of the consignment. The firm of suppliers intimated in April 1968 its inability to entertain the claim as it was not preferred immediately after receipt of consignments. The dumpers and the spare parts costing Rs. 28.66 lakhs are lying unutilised (March 1973).

#### ORISSA STATE COMMERCIAL TRANSPORT CORPORATION

88. *Unloading iron ore from trucks at Paradeep Port*—In December 1969 work of unloading iron ore from trucks at Paradeep Port (which was being done departmentally) was given to the second lowest tenderer at 22 paise per tonne. The lowest tender (19 paise per tonne) was rejected on the ground that the Company was already paying for that work at 19 paise per tonne and the labour was demanding higher rates and hence the rate quoted at 19 paise per tonne "appeared unworkable". It has been observed that there was no increase in labour rate; between April 1970 and August 1972, 27.94 lakh tonnes of ore were unloaded. Compared with the lowest tendered rate, the extra expenditure was Rs. 0.84 lakh.

#### II—Jointly owned Government companies

##### ORISSA AGRO AND SMALL INDUSTRIES CORPORATION LIMITED

89. *Tile factory*—The Company commenced construction of a tile factory at Theruvali in 1965-66 to provide employment to displaced persons rehabilitated at that place. After investing Rs. 0.91 lakh on buildings, acquisition of machines, training of requisite personnel the Company abandoned the tile factory in 1969 as adequate quantities of raw material (clay) were not available in the vicinity of the proposed factory and there was no potential market in the surrounding area for the tiles to be manufactured.

The Company made a plan to train and employ 32 displaced persons in the tile factory against which only 17 were trained. Out of these 17 only 5 of them were actually employed; and they were also retrenched from August 1969 consequent on abandonment of the tile factory. There was no production/sales in the factory. Rupees 0.29 lakh have been spent upto August 1969 on acquisition of consumable raw materials, wages to staff, etc. The Company has not so far decided about the disposal of the assets (January 1973).



90. *Orissa Timber Products Limited*—The Company was incorporated in March 1960 with the object of manufacturing and selling wooden doors, windows, furniture and other wood products.

\* The paid up capital of the Company as on 31st March 1967 was Rs. 1.44 lakhs of which Government contributed Rs. 1.30 lakhs and Orissa Agro and Small Industries Corporation Rs. 0.14 lakh. The borrowings of the Company at the end of March 1967 were Rs. 3.99 lakhs of which repayment of Rs. 0.99 lakh, obtained from State Bank of India, was guaranteed by Government.

The accounts of the Company for 1966-67 were made available only in July 1972 and the accounts for subsequent years have not been received (October 1972). The Company sustained a loss of Rs. 0.43 lakh during 1966-67 as against a net profit of Rs. 0.21 lakh during 1965-66. The loss during 1966-67 was mainly due to high incidence of salaries and wages, (Rs. 0.58 lakh) and electricity charges (Rs. 0.04 lakh) etc.

The Company sustained a loss of Rs. 1.14 lakhs on account of timber and wooden articles which have deteriorated on account of lack of proper storage facilities as detailed below:—

(1) In Bhubaneswar unit 5,659 c.ft. of sawn wood (out of 7,052 c.ft.) of value Rs. 0.94 lakh which accumulated from 1966-67 became unserviceable in 1969-70. of this 3,659 c.ft. (value Rs. 0.62 lakh) were disposed of as fire wood for Rs. 0.06 lakh and the balance quantity of 2,000 c.ft. (value Rs. 0.32 lakh) was stated by the Management (December 1971) to be not fit for use even as fire wood.

(2) In Rourkela unit (which was closed from March 1969) sawn wood of value Rs. 0.16 lakh is stated to be not fit for sale even as fire wood.

(3) In Bhubaneswar unit wooden articles manufactured against orders placed by outside parties and rejected by them, cut pieces and other stock materials of value Rs. 0.10 lakh became unfit for further use or sale.

## SECTION D

### GOVERNMENT COMMERCIAL AND QUASI-COMMERCIAL DEPARTMENTS

91. *Departmentally managed commercial and quasi-commercial undertakings*—At the end of 1971-72 there were eighteen departmentally managed commercial and quasi-commercial undertakings. Sixteen of these undertakings had a total capital of Rs. 9,22.60 lakhs; the *pro forma* accounts of the other two undertakings (scheme for State Trading in *kendu* leaves and Text Book Press, Bhubaneswar, declared as commercial/quasi-commercial from November 1965 and October 1966 respectively) have not been made available to audit so far (November 1972).

The summarised financial results of the Undertakings whose *pro forma* accounts were received late upto November 1972 are given in Appendix IX (at page. 108-109).

The *pro forma* accounts for 1971-72 have not been received for any of the Undertakings. These are in arrears for two years (from 1970-71) in respect of Government Leather Industries-cum-Tannery, Titlagarh, Government Tannery, Boudh, K. S. Potteries Development Centre, Jharsuguda

and Cold Storage Plant at Cuttack (from 1969) and more than three years in respect of the following Undertakings from the years indicated against each:—

(i) State Schemes of Government Trading (Grain Supply Scheme) (inoperative from 1st January 1969)	1963-64
(ii) State Schemes of Government Trading (Cloth and Yarn) (inoperative from 1954-55)	1965-66
(iii) Cold Storage Plant—	1966
(a) Bhubaneswar	..
(b) Sambalpur	.. 1966
(iv) State Schemes of Government Trading (Grain Purchase Scheme)	1966-67
(v) State Transport Services	.. 1967-68
(vi) Government Raniganj Pattern Tile Factory, Balasore (closed during March 1967)	1967-68
(vii) Production Centre for Development of Ceramic Industry, Cuttack (closed during August 1965)	1967-68
(viii) Government Tile Factory, Kendrapara (closed during April 1966)	1967-68
(ix) Government Tile Factory, Panikoili (closed during April 1966)	1967-68
(x) Scheme for Trading in Iron Ore through Paradeep Port (inoperative from 1966-67)	1967-68

The assets and liabilities (Rs. 4,38.17 lakhs) of three inoperative schemes [viz., State Schemes of Government Trading (Grain Supply Scheme) and (Cloth and Yarn Scheme) and Trading in Iron Ore through Paradeep Port] have not been disposed of/liquidated completely so far (October 1972).

#### SUPPLY DEPARTMENT

#### Grain Purchase Scheme

92. The Grain Purchase Scheme was introduced from 1st January 1959 for building up buffer stocks by collection of levy from food-grains licencees. The scheme of monopoly procurement of food-grains was introduced from 29th December 1965; under this scheme Government fix the support price of paddy, undertake procurement of paddy and store it, mill the paddy and sell rice through retail fair price shops. Licencees were required to be taken by all people excepting producers for storing more than 10 quintals of rice/paddy and non-licencees cannot keep more than 5 quintals on any day. Wheat is also imported into the State on Government account and sold through retail fair price shops. The procurement is done through supply agents and the storage and disposal of stocks is made through storage agents who are required to execute proper agreements with Government.

*Issue of stock on doubtful chalang.*—According to the procedure prescribed by Government retailers have to deposit the cost of wheat required by them in advance into the treasury, produce the treasury chalan before the issuing officer who, after satisfying himself about payment of cost of wheat, will give issue order to the storage agent of Government stocks for release of wheat of the required quantity; the retailer is required to produce both the treasury chalan in support of payment of cost and the issue order before the storage agent for taking delivery of wheat. The issuing officer is also

required to obtain his copy of the treasury chalan for the stocks released, make his treasury pass book updated by the treasury officer and check the entry in the pass book with the treasury chalans on the basis of which stocks were released. This is required to be done at least once each month.

In September 1971 during local audit of the District Civil Supplies Office, Sambalpur, it was noticed that between October 1968 and September 1971 wheat stocks, of value Rs. 1.43 lakhs were released to 2 retailers on production of 119 treasury chalans for which credits in support were not available in the treasury pass book of the issuing officer. The departmental investigation conducted in September 1971 revealed that no deposits were made into the treasury and the chalans were alleged to be forged. It was noticed that the treasury pass book was not updated each month and verification was done only at the time of checking the bills of the storage agents for the commission etc. to be paid for the stock held by them i.e., long after the stocks were released to the retailers. The delay in updating the pass books and such verification was pointed out to Government by Audit in consecutive local audit reports.

The District Civil Supplies Officer reported the cases to the police in September 1971; the matter is under investigation by police (October 1972).

Government stated (January 1973) as follows:—

“When this serious matter came to the notice of Government instructions have been issued to the collectors in November 1971 that before issuing issue orders on the basis of chalans produced by the retailers, they should be verified with reference to Bank scroll by deputing staff to the State Bank or to the Treasury in order to be satisfied that the chalans are genuine.”

93. *Disposal of empty gunny (rice) bags*—Thirteen storage agents under the Civil Supplies Office at Dhenkanal, accumulated 1.97 lakhs empty gunny (rice) bags with them as on the 31st March 1969. In April 1969 the Department decided to dispose of the bags. A private party from Angul having come to know of the proposed sale offered in April 1969 to purchase the gunny bags at Re. 1 each. On the recommendation of the Collector, Dhenkanal, Government approved in July 1969 to sell the bags at the rate offered by the private party.

The party wanted to verify the gunnies before depositing the cost. On the 14th July 1971 the Collector permitted the party to inspect the gunnies with storage agents in the presence of civil supplies staff, bundle them, deposit the cost and lift these bundles. On the 17th July 1971 the Collector, however, informed Government that the physical possession of gunny bags by some storage agents was doubtful and it required to be verified. In August 1971 the private party brought to the notice of the Collector that the storage agents did not co-operate with him in showing the gunnies and sorting out the stocks of empty gunnies. Physical verification of the stock of empty gunny bags was not conducted at any time.

In October 1971 the Collector, with the approval of Government asked the storage agents themselves to take over the stocks of gunny bags lying with them at negotiated rates varying between Rs. 30.50 and Rs. 38 per 100 bags. Rupees 0.56 lakh were recovered from the storage agents on the disposal of 1.71 lakh bags. The balance of 0.26 lakh gunny bags has been stated by Government (February 1973) to be under disposal by issue of tenders. Compared to the rate offered by the private party loss in treating the gunny bags as sold to the Storage agents themselves was Rs. 1.15 lakhs.

Government stated (February 1973) that the system has since been changed according to which the gunny bags are being passed on to the retailers at a price fixed by Government along with the stock of food grains so that there may not be any accumulation in future.

94. *Decomposed stock of atta*—During audit of Civil Supply Scheme, Sambalpur, it was noticed that 214 quintals of atta (wheat flour) of value Rs. 0.20 lakh procured in 1968 (205 quintals) and 1969 (9 quintals) were in stock with four storage agents. Out of this 170 quintals procured in 1968 was declared by the Chief District Medical Officer, Sambalpur, in December 1971 to have been completely rotten, and absolutely unfit for human consumption being profusely infested with insects and recommended for destruction of the stock. 9 quintals procured and stored with another storage agent in 1969 were also reported by the District Authority as decomposed and damaged. These stocks have not so far (September 1972) been destroyed. The District Authority has not determined (September 1972) the condition of the balance stock of 35 quintals procured in 1968.

Government stated (January 1973) that further probe is being made in all the above cases to ascertain the exact reasons for non-disposal of this stock resulting in loss to Government and whether responsibility can be fixed.

#### WORKS AND TRANSPORT DEPARTMENT

##### State Transport Service

95. *Shortage of tyres in transport*—In March 1968 and February 1969 three consignments of tyres received by the State Transport Service, Sambalpur zone, were taken delivery from the Railways. Thirty-eight tyres (out of sixty-three to be received) worth Rs. 0.25 lakh were short received in those consignments. Requisite shortage certificates were obtained from the Railways in May 1968 (4 tyres) and June 1969 (34 tyres) for instituting the claims. In respect of 2 consignments claims were made were in June 1969 (34 tyres) without sending the supporting certificates of shortages obtained from the Railways while in the third case claim (4 tyres) was not made within the prescribed time. In March 1971 one claim (10 tyres) was settled for Rs. 0.07 lakh and the other 2 claims for Rs. 0.18 lakh were rejected by the Railways either for want of evidence for the alleged shortage or the claim having become time-barred.

#### SECTION E

##### Investments and guarantees by the State Government

##### AGRICULTURE AND CO-OPERATION DEPARTMENT

96. *Co-operative institutions*—(a) *Financial Assistance*—With a view to strengthen the Co-operative movement in the State, Government have been rendering financial assistance to co-operative institutions in the shape of investments in share capital, loans, grants and subsidies. Government investments in the share capital at the close of each of the three years ending 1971-72 was as follows:—

Year	Number of institutions	Amount (In lakhs of rupees)
1969-70	2,891	610.08
1970-71	2,893	712.90
1971-72	3,287	949.41*

\* Differs from that mentioned in Chapter I as Rs. 1,66.97 lakhs invested in debentures have not been included here.

Loans, grants and subsidies paid by Government to various co-operative institutions during the three years ending 1971-72 were as follows:—

Year	Loans			Balance at the end of the year	Grants and subsidies during the year
	Balance at the end of previous year	Disbursed during the year	Re-payment during the year		
	(In lakhs of rupees)				
1969-70	3,75.50	62.47	36.40	4,01.57	45.39
1970-71	4,01.86	60.26	30.98	4,31.14	35.73
1971-72	4,31.14	2,50.91	97.37	5,84.68	28.94

Government have also guaranteed loans raised by 112 Co-operative institutions to the extent of Rs. 32,64.67 lakhs upto March 1972, details of guarantees are available in statement no. 6 of Finance Accounts, 1971-72.

(b) *Dividend received by Government*—Dividend received by Government in respect of co-operative institutions (including banks) during 1970-71 amounted to Rs. 3.96 lakhs against an investment of Rs. 5,87.70 lakhs in those institutions paying that dividend; information for 1971-72 has not been furnished by the Department (December 1972).

(c) *Delay in completion of audit*—In accordance with the provisions of the Orissa Co-operative Societies Act, 1962 the accounts of Co-operative institutions are required to be audited by the Registrar of Co-operative Societies, Orissa, every year. The accounts of 4,101 societies (as detailed below) remained unaudited as on 30th June 1972.

Accounts from Co-operative year 1965-66 and earlier years	1,546
Accounts from Co-operative year 1966-67	746
Accounts from Co-operative year 1967-68	264
Accounts from Co-operative year 1968-69	255
Accounts from Co-operative year 1969-70	467
Accounts from Co-operative year 1970-71	823
Total ..	4,101

Delay in completion of audit was attributed by the Registrar of Co-operative Societies, Orissa, to (i) inadequate audit staff (ii) non-availability of records for audit (iii) inexperienced and new hands being entrusted with audit work and (iv) unsystematic and improper maintenance of accounts.

Audit Reports prepared by the Co-operative Department in respect of societies in which the State Government hold shares which are required to be made available to Audit have not been made available for the years 1969-70 to 1971-72.

(d) *Societies wound up*—By 31st March 1972, 385 Co-operative societies had been wound-up. A total of Rs. 16.18 lakhs was provided upto 31st March 1972 as assistance by Government to those societies on account of grants-in-aid and subsidies (Rs. 4.22 lakhs) and loans (Rs. 11.96 lakhs). Government contribution in shares of those societies was Rs. 4.38 lakhs.

(e) *Misappropriations and shortages*—Rupees 1.95 lakhs were alleged to have been misappropriated between 1964 and 1969-70 by staff in 20 non-banking societies and one bank.

Shortages of fertilisers, consumable stock and deficit of stock worth Rs. 9.05 lakhs were noticed in 41 banking societies which are awaiting investigation.

97. *Rural godowns*—Government sanctioned during 1961-62 the construction of godowns in rural areas to provide godown facilities to Co-operative Marketing Societies and Graminga Co-operative Societies for the storage of fertilisers in rural areas and of agricultural produce to enable the farmers to get credit pending marketing of the produce stored.

Between 1961-62 and 1968-69 Government paid financial assistance of Rs. 25.86 lakhs (loan : Rs. 18.58 lakhs, subsidy: Rs. 7.28 lakhs) to the Co-operative societies for construction of 233 godowns; three-fourths of the expenditure, on the scheme was financed by the National Co-operative Development Corporation (Rs. 15.27 lakhs as loan and Rs. 4.12 lakhs as subsidy up to 1968-69). Rupees 5.32 lakhs (Principal: Rs. 3.22 lakhs, interest Rs. 2.10 lakhs) out of the loan, due from 35 societies by March 1971, have not been recovered (June 1972).

*Progress of construction of godowns*—The societies were required to construct godowns within 12 months of release of first instalment of assistance. Construction of 150 godowns had been completed by March 1972. Thirty-one godowns involving grant of assistance of Rs. 3.42 lakhs between 1961-62 and 1967-68 (loan Rs. 2.36 lakhs, and subsidy: Rs. 1.06 lakhs) were under construction (March 1972). Construction work in respect of 43 godowns involving grant of financial assistance of Rs. 5.07 lakhs between 1961-62 and 1968-69 (loan: Rs. 3.44 lakhs and subsidy: Rs. 1.63 lakhs) has not commenced so far (November 1972). Financial assistance of Rs. 0.98 lakh given for construction of 9 godowns was refunded by the Societies after retaining the same for 7 to 8 years. Rupees 0.11 lakh remained to be recovered (up to 7 societies (November 1972).

*Utilisation of godowns*—The following table indicates the position of under-utilisation of the storage capacity of 62 godowns (constructed up to 1968-69) during the three years up to June 1971.

	No. of godowns
(a) Not utilised	10
(b) Utilisation upto 50 per cent capacity	29
(c) Utilisation of more than 50 per cent capacity	23
Total	62

Extent of utilisation of the balance 88 completed godowns has not been ascertained by the department (November 1972).

The poor utilisation was stated (June 1972) by the Department to be due to (i) inability of Societies to compete with private traders due to discontinuance of monopoly distribution of fertilisers by the Orissa State Co-operative Marketing Society; (ii) non-availability of credit to agriculturists or grain stored pending its marketing, and (iii) inadequacy of working capital for running godowns.

*Utilisation of Assistance*—(i) Financial assistance of Rs. 3.23 lakhs (loan : Rs. 2.09 lakhs, subsidy: Rs. 1.14 lakhs given to 28 societies was credited in favour of the societies in the central co-operative banks; of this Rs. 2.45 lakhs (loan: Rs. 1.51 lakhs, subsidy: Rs. 0.94 lakh) remained unutilised (November 1972). The central Banks adjusted Rs. 0.25 lakh from the assistance deposited with them towards overdue instalments of loan due to it by 2 societies.

(ii) Financial assistance of Rs. 0.33 lakh paid to 3 societies during 1962-63 (Rs. 0.08 lakh) and 1967-68 (Rs. 0.25 lakh) remained unutilised (November 1972) with them as they were not interested in constructing godowns.

(iii) One society to which Rs. 0.45 lakh were paid between 1961-62 and 1963-64 as assistance for construction of 4 godowns was in a defunct state (November 1972). According to the Department it has only a piece of land valuing Rs. 0.03 lakh as assets purchased from the assistance provided by Government. The department has not ascertained how the balance Rs. 0.42 lakh was utilised by the society.

Four societies to whom Rs. 0.44 lakh were given as assistance advanced Rs. 0.29 lakh upto March 1969 to their executive staff for construction of godowns. The godowns were not constructed and the societies have taken legal action for recovery of the advances; recovery is awaited (November 1972).

Aska Co-operative Sugar Industries Ltd., was paid Rs. 1.00 lakh (loan: Rs. 0.75 lakh and subsidy: Rs. 0.25 lakh) during 1964-65 as assistance for construction of godowns even though it was not eligible to receive assistance under the scheme.

#### OTHER INVESTMENTS AND GUARANTEES

98. *Other investments*—Government invested during 1971-72 Rs. 5.00 lakhs in share capital of the following 3 joint stock companies:—

	Amount of investment (Rupees in lakhs)
M/s. Orissa Fertilisers and Chemicals Ltd., Cuttack ..	1.50
M/S. East Coast Breweries and Distilling Ltd., Cuttack ..	1.00
M/S. Mamata Drinks and Industries Ltd., Rourkela ..	2.50
Total ..	5.00

With this the investment of Government in share capital of 25 joint stock companies (other than Government companies) to end of 1971-72 amounted to Rs. 1,01.05 lakhs. Of these, the following four companies (Government investment: Rs. 2.85 lakhs) are under liquidation:—

	Amount of investment (Rupees in lakhs)
M/S. Puri Electric Supply Co. Ltd., Puri ..	0.53
M/S. Mayurbhanj Glass Works Ltd., Bahalda Road ..	1.00
M/S. Gauhati Electric Supply Corporation Ltd., Assam ..	0.32
M/S. Hindustan Mineral and Quarries Ltd., Calcutta ..	1.00
Total ...	2.85

During 1971-72 Rs. 3.74 lakhs were received as dividend from the investment of Rs. 52.75 lakhs in the following companies:—

	Investment (Rupees in lakhs)	Dividend	
		Year to which relates	Amount (Rupees in lakhs)
M/S. Orissa Textile Mills Ltd., Choudwar ..	12.75	1952-53 } 1953-54 }	1.40
M/S. Orissa Cement Ltd., Raigangpur ..	40.00	1970	2.34
Total ..	52.75		3.74

Investment of Government in debentures/bonds of Electricity Boards of other States and a Municipal Corporation to end of 1971-72 was Rs. 65.87 lakhs. The interest received on these investments during 1971-72 was Rs. 3.89 lakhs.

99. *Guarantees by Government*—Government has guaranteed repayment of loans raised by a statutory corporation/Electricity Board, Joint Stock Companies, Co-operative Societies, etc. The payment of minimum dividend on the share capital of the Orissa State Financial Corporation and payment to a foreign firm towards supply of equipment to Orissa Weaver's Co-operative Spinning Mills Ltd., has also been guaranteed by Government. Brief particulars of such guarantees which are in the nature of contingent liabilities on the State revenues are given below:—

	Maximum amount guaranteed	Amount actually covered by guarantee
(In lakhs of rupees)		
Statutory Corporation/Electricity Board ..	29,75.36	29,75.36
Government Companies ..	16,36.98	11,58.05
Joint stock companies ..	1,20.61	69.02
Co-operative institutions ..	32,64.67	22,43.57
Municipalities/Notified Area Committees ..	75.08	72.03
Private parties ..	3.07	0.96
Total ..	80,75.77	65,18.99

During 1971-72 two Government companies, one Joint stock company, two industrial co-operatives and a private party defaulted in repayment of loans and interest to the Orissa State Financial Corporation, State Bank of India and some other banks which were guaranteed by Government. Rupees 7.05 lakhs were paid by Government on their behalf during 1971-72. The total payment made by Government between 1968-69 and 1971-72 in discharge of guarantee obligation was Rs. 57.68 lakhs. Information about recoveries made from principal debtors concerned has not been received from the Departments (January 1973).



## CHAPTER VIII

### FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

100. *Grants to local bodies*—The expenditure incurred out of the grants to local bodies is audited by the Examiner, Local Accounts. During 1971-72 the accounts of 63 municipalities and notified area committees and 311 panchayat samitis were audited by the Examiner. Besides, special audit of a Municipality and a Notified Area Committee was conducted by him. The following are some of the important points reported by the Examiner to Government during 1971-72.

(a) *Urban local bodies (Municipalities and Notified Area Committee)*—(i) Out of the total amount of Rs. 1,52.40 lakhs (Rs. 95.68 lakhs paid by Government as grant during 1970-71 and Rs. 56.72 lakhs\* being previous year's unspent balance) available for expenditure, Rs. 97.08 lakhs were spent during 1970-71 leaving Rs. 55.32 lakhs unspent on 31st March 1971.

(ii) Nineteen local bodies diverted the unspent amounts of grants for purposes other than those for which the grants were received by them from Government, the total amount of grant so diverted to end of 1970-71 was Rs. 9.11 lakhs.

(iii) The total money value of observations raised by the Examiner remaining unsettled on 31st March 1971 was Rs. 1,88.50 lakhs.

(iv) Thefts, misappropriations, etc. of Rs. 0.33 lakh (in 35 institutions) and shortages of stores worth Rs. 0.25 lakh (in 25 institutions) were noticed during 1970-71.

Special audit of a municipality (for the period October 1966 to January 1971) and a notified area council (for the period April to December 1971) was conducted during 1971-72. The Examiner suggested recovery of Rs. 0.50 lakh from five officials and one non-official.

(v) Recovery of overpayments, infructuous expenditure and inadmissible payments of Rs. 12.36 lakhs (works accounts : Rs. 1.88 lakhs and other cases : Rs. 10.48 lakhs) was suggested by the Examiner.

(vi) Recovery of Rs. 1,06.04 lakhs towards principal of loans paid by Government of various local bodies was outstanding at the end of March 1971.

(vii) Out of the total grants of Rs. 2,61.35 lakhs paid to 63 local bodies, utilisation certificates for Rs. 1,21.94 lakhs (47 per cent) were outstanding for submission to Government by 31st March 1971 ; of these, Rs. 41.16 lakhs relate to 1968-69 and earlier years.

(viii) Advances of Rs. 77.06 lakhs were outstanding for recovery/adjustment as on 31st March 1971 with the municipal staff (Rs. 22.12 lakhs) and contractors and other executants of works (Rs. 54.94 lakhs); of these, Rs. 26.31 lakhs relate to 1968-69 and earlier years.

(ix) Rupees 1,23.66 lakhs were due for realisation as taxes, rents and fees by the local bodies upto 31st March 1971 ; of these, Rs. 24.83 lakhs were barred by limitation and Rs. 5.43 lakhs were covered under certificate cases.

\* The difference of Rs. 7.29 lakhs between the closing balance on 21st March 1970 and opening balance on 1st April 1970 is due to inclusion of balance of one notified area committee and a municipality whose accounts for 1969-70 were audited during 1971-72.

(b) *Panchayat Samittis*—(i) During the year the panchayat samittis did not get any income from their own sources (taxes, donations, etc.).

(ii) Out of the total amount of Rs. 22,00.43 lakhs (Rs. 8,12.05 lakhs being previous year's unspent balance and Rs. 13,88.38 lakhs paid by Government) available for expenditure, Rs. 14,77.35 lakhs were spent by the panchayat samittis during 1970-71 leaving Rs. 7,23.08 lakhs unspent by 31st March 1971 (cash : Rs. 18.24 lakhs and balance in the personal ledger accounts in Government treasuries : Rs. 7,04.84 lakhs).

(iii) Two hundred and forty panchayat samittis diverted the unspent amount of grants received from Government for purposes other than those for which the grants were sanctioned ; the total amount of grants so diverted to end of 1970-71 was Rs. 40.51 lakhs.

(iv) Heavy cash balances (Rs. 10,000 or more in each case) totalling in all Rs. 10.66 lakhs were kept in hand by 42 institutions on 31st March 1971.

(v) Thefts, misappropriations and losses of cash totalling Rs. 0.51 lakh (in 77 institutions) and shortages of stores of Rs. 1.04 lakhs (in 194 institutions) were noticed during 1970-71.

(vi) Overpayments and infructuous expenditure of Rs. 20.76 lakhs on works were noticed in 301 institutions. Recoveries of Rs. 7.44 lakhs from 309 institutions on account of miscellaneous overpayments, inadmissible payments, arrear house rent, hire charge of vehicles, etc., were suggested by the Examiner.

(vii) Of the irregular expenditure of Rs. 9,43.53 lakhs suggested for regularisation upto 1970-71 by *ex post facto* sanction, Rs. 1,36.99 lakhs only were regularised leaving a balance of Rs. 8,08.54 lakhs to be regularised by the end of March 1971.

(viii) Advances of Rs. 6,32.32 lakhs were outstanding for recovery/adjustment at the end of March 1971 against contractors, grama panchayats and other executants (Rs. 5,81.94 lakhs) and Government servants (Rs. 50.38 lakhs) ; of that, Rs. 4,35.99 lakhs relate to 1968-69 and earlier years.

(ix) Rupees 93.79 lakhs towards principal (Rs. 60.41 lakhs) and interest (Rs. 33.38 lakhs) on loans paid by Government to various institutions were outstanding for recovery at the end of March 1971.

(x) The total money value of observations raised by the Examiner remaining unsettled at the end of March 1971 was Rs. 9,72.17 lakhs.

(xi) Out of the total grants of Rs. 73,03.90 lakhs paid to 311 panchayat samittis utilisation certificates for which were due by the end of March 1971, utilisation certificates for Rs. 27,81.55 lakhs were outstanding for submission to Government by 31st March 1971 ; of those Rs. 12,96.06 lakhs related to 1968-69 and earlier years.

\* The difference of Rs. 16.92 lakhs between the closing balance of 31st March 1970 and the opening balance on 1st April 1970 was due to exclusion of balances of 3 panchayat samittis whose accounts were not audited during 1970-71.

## CHAPTER IX

OUTSTANDING AUDIT OBSERVATIONS AND  
INSPECTION REPORTS

101. *Outstanding audit observations*—Audit observations on financial transactions of Government are communicated to departmental authorities from time to time. Half-yearly reports of such observations which remain outstanding for more than six months are also sent by Audit to Government/heads of department.

(i) The number of such outstanding audit observations for civil and commercial departments/activities is large. Yearwise analysis of the observations issued upto end of March 1972 which were not settled upto 30th September 1972 is given below :—

Year of issue	Civil Departments		Commercial departments/activities		Total	
	Number	Amount	Number	Amount	Number	Amount
	(Rs. lakhs)		(Rs. lakhs)		(Rs. lakhs)	
1967-68 and earlier years	1,05,637	38,66.63	1,176	93.41	1,06,813	39,60.04
1968-69 ..	5,663	9,03.71	273	55.86	5,936	9,59.57
1969-70 ..	7,006	6,85.35	254	37.88	7,260	7,23.23
1970-71 ..	8,043	14,71.89	410	65.15	8,453	15,37.04
1971-72 ..	16,998	27,72.44	149	21.35	17,147	27,93.79
Total ..	1,43,347	97,00.02	2,262	2,73.65	1,45,609	99,73.67

(ii) The following is a broad analysis of the reasons for which audit observations have remained outstanding (department-wise analysis showing the nature of observations, number and amount is given in Appendix X) :—

Nature of observations	Civil departments		Commercial departments/activities		
	Number	Amount	Number	Amount	
	(Rs. lakhs)		(Rs. lakhs)		
(a) Want of sanction to establishment or continuance of establishment	67	7.58	..	..	
(b) Want of sanction to miscellaneous and contingent expenditure	6,025	1,82.14	97	3.64	
(c) Want of sanction to estimates or excess over sanctioned estimates	5,436	25,16.30	..	..	
(d) Want of detailed bills, vouchers, payees' receipts or other documents	1,04,382	53,54.94	1,942	2,52.67	
(e) Recoverable advance not recovered and adjusted within the prescribed period	8,142	15.14	29	0.04	
(f) Want of agreements	..	3,830	6,27.53	..	
(g) Non-recovery of over payments or amounts disallowed in audit	896	3.23	1	..	
(h) Other reasons	..	14,569	9,93.16	193	17.30
Total	..	1,43,347	97,00.02	2,262	2,73.65

\* Rupees 15 only.

The entire expenditure for which detailed contingent bills and vouchers are not submitted escapes audit scrutiny. In such cases as also the cases in which payees' receipts etc. have not been furnished misappropriation, fraud etc. may remain undetected.

About 56 per cent (Rs. 56.08 crores) of the total amount is for want of detailed contingent bills, vouchers, payees' receipts and other documents. Rules require that detailed contingent bills should be submitted to Audit within three months for expenditure on works and one month in other cases. The departments with comparatively heavy outstandings are mentioned below :—

Department	Amount (In crores of rupees)
Agriculture	10.10
Revenue and Excise	9.57
Tribal and Rural Welfare	6.19
Health and Family Planning	5.66
Co-operation	5.14
Irrigation	2.90
Industries	2.75
Transport	2.73
Education	2.10

Some important and significant cases of observations remaining unsettled for a long period, as detailed contingent bills were not submitted, are given below :—

Sl. no.	Office to which relates	Month of drawal in Abstract bills	Purpose	Amount (Rs. in lakhs)
<b>HEALTH DEPARTMENT</b>				
(1)	S. C. B. Medical College, Cuttack	March 1964	Purchase of Chemicals, apparatus, equipment, etc.	5.00
		March 1965	Purchase of chemicals, apparatus, equipment, etc.	1.01
<b>IRRIGATION AND POWER DEPARTMENT</b>				
(2)	Directorate of Lift Irrigation	March 1964	Execution of tube wells as a famine relief work	1.00
<b>AGRICULTURE AND CO-OPERATION DEPARTMENT</b>				
(3)	Director of Agriculture and Food Production	March 1957	Towards capital cost of cold storage plants	2.44
<b>FINANCE DEPARTMENT</b>				
(4)	Directorate of State Lotteries	August 1970	For payment of prizes to winners in State Lottery	3.50

102. *Outstanding inspection reports*—Important irregularities and defects in accounts noticed during local audit and inspection are included in inspection reports which are sent to departmental officers and heads of departments and also to Government, where necessary. Unless these inspection reports are attended to promptly and the audit observations settled expeditiously, there is likelihood of irregularities persisting.

At the end of September 1972, 5,886 inspection reports containing 24,661 paragraphs were not settled for one year or more.

There has been considerable delay in settlement of the outstanding inspection reports. The number of outstanding inspection reports is shown below :—

	On 30th September 1970	On 30th September 1971	On 30th September 1972
Number of inspection reports outstanding ..	5,505	5,662	5,886
Number of paragraphs in the reports ..	24,347	25,228	24,661

Year-wise analysis of the outstanding at the end of September 1972 is shown below :—

Year of issue	Civil departments		Commercial departments/activities		Revenue receipts	
	Number of inspection reports	Number of paragraphs	Number of inspection reports	Number of paragraphs	Number of inspection reports	Number of paragraphs
1966-67 and earlier years	1,763	6,116	313	678	16	34
1967-68 ..	663	2,639	116	286	23	98
1968-69 ..	805	3,975	132	316	25	126
1969-70 ..	877	4,546	117	418	39	219
1970-71 ..	817	4,387	145	501	35	322
Total ..	4,925	21,663	823	2,199	138	799

Department-wise analysis of the reports outstanding for one year or more is given in Appendix XI.

The common types of irregularities noticed during 1971-72 are shown in Appendix XII.

19 SEP 1973

S.P. Gugnani

BHUBANESWAR,  
The

(S. P. GUGNANI)  
Accountant General, Orissa

Countersigned

12 SEP 1973

NEW DELHI,  
The

A. Bakshi

(A. BAKSI)  
Comptroller and Auditor General of India

APPENDICES

## APPENDIX

[ Reference : paragraph

Investment of Government at the end of 1969-70, 1970-71 and 1971-72 and  
1969-70

	No. of concerns	Amount invested	Dividend/ interest received	
			Amount	Percentage return on capital
			(In lakhs of rupees)	
Statutory Corporations ..	8	4,33.90	11.43	2.6
Fully State-owned companies ..	6	26,26.39	..	..
Other Government companies ..	45	1,51.36	3.67	2.4
Joint stock companies ..	19	80.74	2.34	2.9
Co-operatives ..	2,892	6,73.08	7.11	1.1
<b>Total</b> ..	<b>2,970</b>	<b>39,65.47</b>	<b>24.55</b>	<b>0.6</b>

The amount of investments given in this Appendix include funds met out of Consolidated Fund as well as earmarked funds and differ from those shown in Appendix I of Finance Accounts which includes the amount debited to '96—Capital Outlay, etc.,' only.



I  
16 (a) (ii), page 14 ]

dividend/interest earned therefrom during 1969-70, 1970-71 and 1971-72

1970-71				1971-72			
No. of concerns	Amount invested	Dividend/interest received		No. of concerns	Amount invested	Dividend/interest received	
		Amount	Percentage return on capital			Amount	Percentage return on capital
(In lakhs of rupees)				(In lakhs of rupees)			
7	4,28.90	51.66	12.0	7	4,29.70	23.09	5.4
6	29,84.95	..	..	6	30,95.63	..	..
47	1,69.56	5.28	3.1	45	1,80.34	2.34	1.3
21	90.05	3.74	4.1	25	1,01.04	3.74	3.7
2,893	8,20.89	2.94	0.4	3,288	11,16.38	4.66	0.4
2,974	44,94.35	63.62	1.4	3,371	49,23.09	33.83	0.7

APPENDIX

(Reference : paragraph

Statement showing Department-wise and yearwise analysis of

Sl. no.	Name of Department.	Year in which the grants-in-aid was paid	Building grants	
			No. of utilisation certificates outstanding	Amount (Rs. lakhs)
1	2	3	4	5
1. Education		1968-69 and earlier years	113	28.62
		1969-70	15	4.16
		1970-71	155	11.64
2. Home		1968-69 and earlier years	..	..
		1969-70	..	..
		1970-71	..	..
3. Tribal and Rural Welfare		1968-69 and earlier years	199	1,25.88
		1969-70	14	1.63
		1970-71	7	1.16
4. Labour and Employment		1968-69 and earlier years	..	..
		1969-70	1	0.02
		1970-71	1	0.19
5. Community Development and Panchayati Raj (G. P.)		1968-69 and earlier years	16	20.68
		1969-70	3	0.10
		1970-71	89	6.48
6. Community Development and Panchayati Raj (C. D.)		1968-69 and earlier years	..	..
		1969-70	..	..
		1970-71	256	11.26
7. Urban Development		1968-69 and earlier years	..	..
		1969-70	..	..
		1970-71	..	..
8. Agriculture and Co-operation		1968-69 and earlier years	..	..
		1969-70	..	..
		1970-71	..	..
9. Health and Family Planning		1968-69 and earlier years	..	..
		1969-70	..	..
		1970-71	..	..
10. Transport		1968-69 and earlier years	..	..
		1969-70	..	..
		1970-71	..	..

II  
29, page 18)

utilisation certificates awarded as on 30th September 1972

Equipment grants		Maintenance grants		Miscellaneous grants		Total	
No. of utilisation certificates outstanding	Amount (Rs. lakhs)	No. of utilisation certificates outstanding	Amount (Rs. lakhs)	No. of utilisation certificates outstanding	Amount (Rs. lakhs)	No. of utilisation certificates outstanding	Amount (Rs. lakhs)
6	7	8	9	10	11	12	13
141	32.22	6,212	13,96.12	6,193	3,36.59	12,659	17,93.55
9	0.92	2,047	2,97.77	2,724	2,24.30	4,795	5,27.15
55	2.36	1,424	12,13.21	5,788	4,08.44	7,422	16,35.65
..	..	..	..	44	6.30	44	6.30
..	..	..	..	17	5.70	17	5.70
..	..	..	..	8	1.35	8	1.35
47	4.14	61	10.22	168	52.60	475	1,92.84
23	0.17	19	1.11	36	4.28	92	7.19
3	0.41	19	2.60	34	3.23	63	7.40
..	..	..	..	1	0.05	1	0.05
..	..	..	..	1	0.36	2	0.38
..	..	..	..	..	..	1	0.19
..	..	2,505	2,56.69	1,547	5,09.80	4,068	7,87.17
..	..	950	38.57	513	6.37	1,466	45.04
..	..	632	46.97	882	26.93	1,603	80.38
..	..	..	..	3,617	18,29.83	3,617	18,29.83
..	..	..	..	748	2,42.34	748	2,42.34
..	..	..	..	855	1,47.84	1,111	1,59.10
..	..	116	13.85	279	1,29.47	395	1,43.32
..	..	49	7.12	56	35.56	105	42.68
..	..	43	5.64	69	1,14.44	112	1,20.08
..	..	1	2.00	315	1,40.54	316	1,42.54
..	..	..	..	30	49.82	30	49.82
..	..	..	..	43	38.83	43	38.83
..	..	..	..	105	35.93	105	35.93
..	..	..	..	30	6.16	30	6.16
..	..	..	..	12	0.60	12	0.60
..	..	3	0.36	10	0.35	13	0.71
..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..

Sl. no.	Name of Department	Year in which the grants-in-aid was paid	APPENDIX Building grants	
			No. of utilisation certificates outstanding	Amount (Rs. lakhs)
1	2	3	4	5
11.	Planning and Co-ordination	1968-69 and earlier years	..	..
		1969-70	..	..
		1970-71	..	..
12.	Revenue and Excise	1968-69 and earlier years	..	..
		1969-70	..	..
		1970-71	9	..
13.	Cultural Affairs	1968-69 and earlier years	12	0.24
		1969-70	2	0.81
		1970-71	1	0.13
14.	Law	1968-69 and earlier years	..	0.02
		1969-70	..	..
		1970-71	..	..
15.	Forest and Animal Husbandry	1968-69 and earlier years	..	..
		1969-70	1	1.61
		1970-71	..	..
16.	Irrigation and Power	1968-69 and earlier years	..	..
		1969-70	..	..
		1970-71	..	..
17.	Works and Transport	1968-69 and earlier years	1	2.00
		1969-70	..	..
		1970-71	..	..
18.	Political and Services	1968-69 and earlier years	..	..
		1969-70	..	..
		1970-71	..	..
19.	Mining and Geology	1968-69 and earlier years	..	..
		1969-70	..	..
		1970-71	..	..
20.	Industries	1968-69 and earlier years	..	..
		1969-70	1	4.38
		1970-71	..	..
21.	Finance	1968-69 and earlier years	..	..
		1969-70	..	..
		1970-71	..	..
Grand Total			896	2,21.03

II—concl'd.

Equipment grants		Maintenance grants		Miscellaneous grants		Total	
No. of utilisation certificates outstanding.	Amount (Rs. lakhs)	No. of utilisation certificates outstanding	Amount (Rs. lakhs)	No. of utilisation certificates outstanding	Amount (Rs. lakhs)	No. of utilisation certificates outstanding	Amount (Rs. lakhs)
6	7	8	9	10	11	12	13
..	..	..	..	28	6.38	28	6.38
..	..	..	..	53	1,25.17	53	1,25.17
..	..	..	..	18	57.94	18	57.94
..	..	..	..	16	24.32	16	24.32
6	0.05	2	0.15	..	..	17	0.44
2	0.04	2	0.04	3	0.10	19	0.99
..	..	30	4.30	8	1.89	40	6.37
..	..	45	1.17	6	0.79	52	1.98
..	..	48	2.80	..	..	48	2.80
..	..	..	..	55	10.28	55	10.28
..	..	..	..	6	0.28	6	0.28
..	..	..	..	13	0.66	13	0.66
1	0.40	6	14.23	8	12.01	16	28.27
..	..	2	4.72	5	3.78	7	8.50
..	..	2	1.14	4	3.10	6	4.24
..	..	..	..	1	0.10	1	0.10
..	..	..	..	..	..	..	..
..	..	..	..	1	*	2	2.00
..	..	..	..	12	0.30	12	0.30
..	..	..	..	3	0.02	3	0.02
..	..	..	..	..	..	..	..
..	..	..	..	24	1.46	24	1.46
..	..	..	..	..	..	..	..
..	..	..	..	1	0.02	1	0.02
..	..	..	..	1	2.95	1	2.95
..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..
..	..	3	0.16	2	2.25	5	2.41
..	..	..	..	..	..	1	4.38
..	..	66	18.50	..	..	6	18.50
..	..	..	..	5	0.11	5	0.11
..	..	..	..	..	..	..	..
..	..	..	..	..	..	..	..
287	40.71	14,227	33,39.44	24,398	46,11.92	39,808	82,13.10

\* Rs. 450.

## APPENDIX III

(Reference : Paragraph 22, page 19).

## Statement showing the extent of utilisation of supplementary grant

Sl. no.	Number and name of grant	Original grant	Supplementary grant and the month in which obtained	Total grant	Expenditure	Excess(+) Saving(-)	Amount saved/undefined	Per-centage of saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>A—Cases where the supplementary grant proved unnecessary—</i>								
1.	9—Ministry, Civil Secretariat and other expenditure relating to the Finance Department	2,59'43	14'47 January 1972 (5'25) March 1972 (9'22)	2,73'90	2,57'40	-16'50	16'59	6
2.	21—Tribal and Rural Welfare	4,05'37	10'42 January 1972 (7'32) March 1972 (3'10)	4,15'79	3,90'33	-25'46	2'92	6
3.	31—Forest	3,99'43	9'11 January 1972 (5'24) March 1972 (3'87)	4,08'54	3,70'08	-38'46	38'57	9
4.	37—Agriculture	6,59'97	44'02 January 1972 (43'51) March 1972 (0'51)	7,03'99	6,29'63	-74'36	49'80	11
5.	47—Capital expenditure relating to Public Health and Urban Development Department	1,51'72	33'26 January 1972 (7'07) March 1972 (26'19)	1,84'98	1,49'94	-35'04	32'55	19
6.	48—Capital outlay on Industrial Development	3,45'68	94'83 January 1972 (94'00) March 1972 (0'83)	4,40'51	3,37'73	-1,02'78	76'46	23
7.	50—Capital outlay on ports	11'05	11'50 January 1972	22'55	9'52	-13'03	..	53
<i>B—Cases where the Supplementary grant proved excessive—</i>								
8.	1—Election and other expenditure relating to the Home Department	1,22'41	43'95 January 1972 (27'85) March 1972 (16'10)	1,66'36	1,55'03	-11'33	10'13	7
9.	23—Public Health	4,10'55	1,00'25 January 1972 (32'25) March 1972 (68'00)	5,10'80	4,59'14	-51'66	18'76	10
10.	24—Irrigation	14,30'87	3,53'70 January 1972 (3,47'00) March 1972 (6'70)	17,84'57	16,57'69	-1,26'88	20'79	7
11.	27—Public Works, Common Establishment	2,33'58	37'00 January 1972	2,70'58	2,49'22	-21'36	32'00	8
12.	35—Animal Husbandry	2,85'13	34'35 January 1972 (30'70) March 1972 (3'65)	3,19'48	2,99'58	-19'90	11'57	6
13.	42—Compensation for Abolition of Zamindari system and other expenditure relating to the Revenue Department	40'00	94'13 January 1972	1,34'13	1,21'96	-12'17	13'20	9
14.	Multipurpose River, Irrigation and Electricity Schemes	27,70'41	3,04'50 January 1972 (3,04'50) March 1972 (*)	30,74'91	28,43'47	-2,31'44	4,11'70	8
15.	44—Agricultural Improvement and Research	1,85'74	7,04'00 January 1972 (6,04'00) March 1972 (1,00'00)	8,89'74	7,27'23	-1,62'51	1,68'16	18

\* Rs. 600 only.

## APPENDIX IV

[Reference : paragraph 24 (ii), page 22.]

Statement showing savings under voted grants/charged appropriations

Sl. no.	Number and name of the grant	Original grant	Supplementary grant	Total grant	Expenditure	Excess (+) Saving(-)	Amount surrendered	Percentage of saving
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(In lakhs of rupees)								
<i>I—Cases where savings amounted to 20 per cent or more—</i>								
1.	17—Expenditure relating to the Industries Department	4,10.09	1.50	4,11.59	2,48.14	-1,63.45	1,59.26	40
2.	20—Labour, Employment and Housing	59.94	..	59.94	47.90	-12.04	9.97	20
3.	32—Fisheries	1,08.05	1.50	1,09.55	86.02	-23.53	21.84	21
4.	48—Capital outlay on Industries Development	3,45.68	94.83	4,40.51	3,37.74	-1,02.78	70.46	23
5.	50—Capital outlay on ports	11.05	11.50	22.55	9.52	-13.03	..	58
6.	62—Capital expenditure relating to Tribal and Rural Welfare Department	41.38	1.00	42.38	18.40	-23.98	..	57
<i>Charged—</i>								
7.	Permanent debt (Repayment)	4,02.58	*	4,02.58	2,79.11	-1,23.47	..	31
<i>II—Cases where savings amounted to more than 10 per cent but within 20 per cent—</i>								
8.	4—Expenditure relating to the Planning and Co-ordination Department	38.22	0.41	38.63	34.28	-4.35	3.45	11
9.	19—Government press and other expenditure relating to the Commerce Department	1,27.20	*	1,27.20	1,03.85	-23.35	13.62	18
10.	33—Co-operation and Marketing	1,65.05	0.69	1,65.74	1,47.83	-17.91	16.01	11
11.	37—Agriculture	6,59.97	44.02	7,03.99	6,29.63	-74.36	49.80	11
12.	44—Agricultural Improvement and Research	1,85.74	7,04.00	8,89.74	7,27.23	-1,62.51	1,68.16	18
13.	47—Capital expenditure relating to Public Health and Urban Development Department	1,51.72	33.26	1,84.98	1,49.94	-35.04	32.55	19
14.	52—Capital expenditure relating to the Education Department	47.73	..	47.73	41.00	-6.73	4.00	14

\* Rs. 100 only.

## APPENDIX

(Reference : para-

Misappropriations, losses, etc. reported upto 31st March 1972 and

Department	Cases in which departmental/criminal proceedings have not been instituted due to non-receipt of detailed reports from subordinate authorities		Cases in which departmental action started but not finalised		Cases in which departmental proceedings finalised and recovery is in progress	
	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)
	1. Education ..	2	0.23	5	1.75	3
2. Transport ..	4	0.20	3	0.17	..	..
3. Works ..	12	0.42	62	8.85	3	5.91
4. Industries ..	5	0.05	4	0.11	1	0.01
5. Law ..	..	..	..	..	1	0.01
6. Commerce ..	1	0.09	1	0.05	..	..
7. Home ..	3	0.16	3	0.04	3	0.08
8. Public Health ..	2	0.09	1	0.02	..	..
9. Scientific ..	..	..	..	..	..	..
10. Supply ..	1	0.31	1	0.02	1	0.02
11. Forest and Animal Husbandry	1	0.01	9	0.61	4	0.04
12. Revenue and Excise	9	1.10	30	1.77	19	0.63
13. Tribal and Rural Welfare	2	0.32	10	2.44	1	0.01
14. Finance ..	3	0.11	1	0.06	1	0.32
15. Political and Services	..	..	..	..	1	0.04
16. Irrigation and Power	11	0.33	72	6.89	3	0.16
17. Rural Development	17	0.18	1	0.08	6	0.05
18. Labour, Employment and Housing	..	..	..	..	1	0.19
19. Mining and Geology	..	..	..	..	..	..
20. Community Development and Panchayati Raj	4	0.29	14	1.31	3	0.21
21. Agriculture and Co-operation	10	0.62	18	0.59	5	0.05
22. Urban Development	..	..	23	0.71	..	..
Total ..	87	4.51	258	25.47	56	8.34



graph 40, page 44)

pending finalisation at the end of September 1972

Cases in which criminal proceedings finalised but execution/certificate cases for recovery of the amounts are pending

Cases awaiting Government orders for recovery or write off

Cases in court of law

Total

Cases in which criminal proceedings finalised but execution/certificate cases for recovery of the amounts are pending		Cases awaiting Government orders for recovery or write off		Cases in court of law		Total	
Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)	Number	Amount (Rs. lakhs)
..	..	1	0.03	17	4.71	28	3.83
1	0.01	..	..	11	0.15	19	0.53
..	..	..	..	7	0.23	84	15.41
3	0.08	..	..	11	0.38	24	0.63
..	..	..	..	1	0.02	2	0.03
..	..	..	..	1	0.02	3	0.16
..	..	..	..	11	0.18	20	0.46
3	0.03	..	..	19	1.01	25	1.15
..	..	1	0.01	..	..	1	0.01
..	..	1	0.03	..	..	4	0.38
1	0.01	..	..	15	0.96	30	1.63
2	0.03	45	2.91	50	1.99	155	8.43
4	0.08	2	0.04	14	1.72	33	4.61
..	..	..	..	4	1.26	9	2.25
..	..	..	..	1	0.04	2	0.08
..	..	20	0.77	4	0.12	110	8.27
..	..	13	0.24	3	0.05	40	0.60
..	..	..	..	22	0.16	3	0.35
..	..	..	..	4	0.06	4	0.06
3	0.29	3	0.22	9	0.72	36	3.04
4	0.08	2	0.02	50	2.04	89	3.40
..	..	..	..	1	0.01	24	0.72
21	0.61	88	4.27	235	12.83	745	56.03

## APPENDIX VI

(Reference : paragraph 55, page 59)

## Synopsis of important stores and stock accounts

A synopsis of stores and stock accounts for 1971-72 is given below:—

Sl. no.	Name of accounts	Stores	Opening balance	Receipt	Issue	Closing balance
---------	------------------	--------	-----------------	---------	-------	-----------------

(In lakhs of rupees)

## IRRIGATION AND POWER DEPARTMENT

1.	Delta Irrigation Project..	Building materials/small stores.	—7.24 (a)	43.27	42.79	—6.76(a)
2.	Salandi Irrigation Project	Miscellaneous stores, fuel, spares, etc.	14.01	2.08	11.39	4.70
3.	Hirakud Dam Project—					
	(a) Stage I ..		1,88.14	6.66	4.29	1,90.51
	(b) Stage II ..		—4.09(a)	0.23	..	—3.86(a)

## HOME DEPARTMENT

4.	Jails (Manufacturing) Department	Manufactured stores, raw materials, etc.	3.23	9.05	7.89	4.39
5.	Jails (Maintenance) Department	Rations, equipment, etc.	10.15	36.56	37.85	8.86

## REVENUE DEPARTMENT

## 6. Medicinal Opium—

	Kgs.	Kgs.	Kgs.	Kgs.
(a) In Central Depot ..	346.081	2,000.000	967.587(b)	1,378.494
(b) With district excise officers	58.294	966.000	961.666	62.628

(a) Reasons for the minus stores balances have not been ascertained by the department.

(b) Includes 1.530 Kgs. net decrease in weight before processing and 0.057 Kgs. net deficiency and wastage in operation during processing.

## APPENDIX VII

(Reference : paragraph 70, page 67)

## Summarised financial results of Statutory Corporations/Board

(1) Name of the Corporation/Board	Orissa State Financial Corporation	Orissa State Warehousing Corporation	Orissa State Electricity Board
(2) Name of Department	Industries	Agriculture and Co-operation	Irrigation and Power
(3) Date of incorporation	20th March 1956	March 1958	7th March 1961
(4) Period of accounts	1971-72	1971-72	1971-72
			( In lakhs of rupees )
(5) Total Capital invested*	4,30.87	23.81	1,15,09.39
(6) Net profit (+)/loss(-)	10.25	1.75	..
(7) Total interest charged to profit and loss account	15.61	..	3,34.54
(8) Interest on long term loans	15.57	..	3,14.67
(9) Total return on capital invested (6+8)	25.82	1.75	3,14.67
(10) Percentage of total return on capital invested	5.99	7.35	2.73
(11) Capital employed**	..	7.83	1,02,86.98
(12) Total return on capital employed (6+7)	..	1.75	3,34.54
(13) Percentage of total return on capital employed	..	22.35	3.73

\* Capital invested represents paid up capital plus long term loans plus reserves at the close of the year.

\*\* Capital employed represents net fixed assets (excluding capital work-in-progress plus or minus working capital).

## APPENDIX

(Reference : paragraph

Summarised financial results of (a) companies wholly owned by the

Sl. no.	Name of the Company	Name of the department	Date of incorporation	Total capital invested	Profit (%) Loss (-)
1	2	3	4	5	6
<i>(A) Wholly owned Government Companies—</i>					
<i>Accounts for 1970-71</i>					
1.	The Industrial Development Corporation of Orissa Ltd.	Industries	29-3-1962	30,72.17	(+)6.24
2.	The Orissa Mining Corporation Ltd.	State Public Corporations and Undertakings	16-5-1956	12,45.08	(-)36.25
3.	The Orissa Construction Corporation Ltd.	State Public Corporations and Undertakings	22-5-1962	77.50	(+)27.64
<i>Accounts for 1969-70</i>					
4.	The Orissa Forest Corporation Ltd.	State Public Corporations and Undertakings	28-9-1962	74.05	(+)2.10
<i>(B) Partly owned Government Companies—</i>					
<i>Accounts for 1971-72</i>					
5.	Orissa Road Transport Company Ltd.	Transport	1-2-1950	1,24.37	(+)24.11
<i>Accounts for 1969-70</i>					
6.	Utkal Foundry and Engineering Co., Ltd.	Industries	3-4-1959	2.77	(-)0.22
7.	Orissa Concrete Products Ltd.	Industries	23-9-1959	4.32	(+)0.68
<i>Accounts for 1968-69</i>					
8.	Orissa Agro and Small Industries Corporation Ltd.,	Industries	20-10-1961	1,15.05	(-)1.26
9.	Rourkela Fabrications Ltd.	Industries	28-3-1959	4.27	(+)0.31
10.	Kalinga Foundry Ltd.	Industries	26-3-1958	4.23	(+)0.41
11.	Modern Malleable casting Co., Ltd.	Industries	2-9-1960	6.30	(-)0.62
<i>Accounts for 1967-68</i>					
12.	Kalinga Steel and Wire Products Ltd.	Industries	31-3-1959	1.42	(-)0.13
13.	Orissa Timber Product Ltd.	Industries	2-3-1960	4.96	(-)0.43
14.	Orissa Instruments Company Ltd.	Industries	14-3-1961	1.24	(-)0.11
15.	Spark Battery Manufacturing Works Ltd.	Industries	17-3-1958	2.98	(-)0.08
16.	Gajapati Steel Industries Ltd.	Industries	15-2-1960	3.84	(-)0.30
<i>Accounts for 1965-66</i>					
17.	Orissa Wood Products Ltd.	Industries	10-12-1958	3.48	(+)0.35

## VIII

79, page 73)

## State Government (b) companies partly owned by State Government

(Amount in lakhs of rupees)							
Total interest charged to profit and loss account	Interest on long term loans	Total return on capital invested (6+8)	Percentage of total return on capital invested	Capital employed	Total return on capital employed (6+7)	Percentage of total return on capital employed	Remarks
7	8	9	10	11	12	13	14
26.24	(A)	(+)6.24	0.20	31,54.00	(+)32.48	1.02	(A) Information not available in accounts
9.00	(A)	(-)36.25	A	5,63.77	(-)27.25	..	(A) Information not available in accounts
..	..	(+)27.64	35.67	73.65	(+)27.64	37.53	..
0.89	0.34	(+)2.44	3.30	(-)28.92	(+)2.92	..	..
0.01	0.01	(+)24.12	19.39	1,08.60	(+)24.12	22.21	..
0.07	..	(-)0.22	..	2.49	(-)0.15	..	..
0.10	0.10	(+)0.78	18.06	2.47	(+)0.78	31.58	..
4.33	2.30	(+)1.04	0.99	1,03.13	(+)3.07	2.98	..
0.15	..	(+)0.31	7.26	4.81	(+)0.46	9.56	..
(A)	(A)	(+)0.41	9.69	16.62	(+)0.41	2.46	(A) Information not available in accounts
0.23	0.23	(-)0.39	..	4.72	(-)0.39	..	..
0.02	..	(-)0.13	..	0.17	(-)0.11	..	..
0.30	0.30	(-)0.13	..	2	(-)0.13	..	..
..	..	(-)0.11	..	1.17	(-)0.11	..	..
0.37	..	(-)0.08	..	7.07	(-)0.29	..	..
0.07	0.03	(-)0.27	..	2.86	(-)0.23	..	..
..	..	(+)0.35	10.06	1.90	(+)0.35	18.42	..

## APPENDIX

(Reference : paragraph  
Summarised financial results of working of departmentally managed undertakings\*

Sl. no.	Name of the concern and year of accounts	Government capital	Mean capital (Amount in
1	2	3	4
<b>INDUSTRIES DEPARTMENT</b>			
1.	Government Shoe Factory, Cuttack (1970-71) ..	5.09	4.92
2.	Government Leather Industries-cum-Tannery, Titilagarh (1969-70)	8.46	9.62
3.	K. S. Potteries Development Centre, Jharsuguda (1969-70)	5.07	5.53
<b>*AGRICULTURE DEPARTMENT</b>			
4.	Cold Storage Plant, Cuttack (1969*) ..	5.78	6.88
5.	Cold Storage Plant, Sambalpur (1965*) ..	5.90	5.30
6.	Cold Storage Plant, Bhubaneswar (1965*) ..	13.10	10.85
<b>TRANSPORT DEPARTMENT</b>			
7.	State Transport Services, Orissa, Cuttack (1966-67)	1,71.69	1,48.85

\* Accounts for the calendar year.



**APPENDIX**  
(Reference given in text of the main report)

(a) Department or	Department or	Department or	Department or
----------------------	------------------	------------------	------------------

	(b)		(c)		(d)		(e)	
	Number of items	Amount of items	Number of items	Amount of items	Number of items	Amount of items	Number of items	Amount of items
1. Revenue .....	..	..	574	12,963	..	..	20,039	9,487.72
(i) Expenditure ..	..	..	8	0.12	..	..	200	5.12
(ii) Expenditure ..	..	..	10	0.12	..	..	250	5.21
2. Public Health ..	..	..	..	..	..	..	..	..
3. Home ..	28	7.24	272	10.22	..	..	2,687	1,747.21
4. Education ..	..	..	231	13.88	..	..	3,083	2,103.05
5. Industries ..	..	..	253	19.22	..	..	1,352	2,175.41
6. Community Development ..	..	..	1,995	17.93	..	..	31,038	1,574.89
7. Finance ..	..	..	9	0.15	..	..	367	19.08
8. Tribal and Rural Welfare ..	..	..	60	0.91	..	..	986	37.24
9. Health and Family Planning ..	..	..	619	16.83	..	..	13,613	6,193.02
10. Agriculture and Cooperatives ..	..	..	428	19.17	..	..	10,811	5,653.65
(i) Agriculture ..	..	..	66.9	32.72	..	..	11,989	10,107.9
(ii) Cooperatives ..	..	..	80	1.68	..	..	643	43.875
(iii) Co-operation ..	..	..	147	5.85	..	..	199	12.74
11. Commerce ..	..	..	1	0.01	..	..	28	0.42
12. Planning and Co-ordination ..	..	..	10	3.41	46	0.25	445	39.10
13. Works (Roads and Buildings) ..	..	..	104	3.75	..	..	2,098	2,729.97
14. Transport ..	..	..	22	0.33	..	..	281	4.57
15. Law ..	..	..	9	0.11	..	..	125	56.79
16. Mining and Geology ..	..	..	..	..	..	..	14	1.28
17. Cultural Affairs ..	..	..	..	..	..	..	..	..
18. Irrigation and Power ..	9	0.04	106	15.75	5,390	25,16.05	1,943	2,307.13
(i) Irrigation ..	..	..	1	0.01	..	..	58	24.19
(ii) Power ..	..	..	..	..	..	..	..	..
19. Forest and Animal Husbandry ..	..	..	67	1.27	..	..	100	0.51
(i) Forest ..	..	..	406	10.00	..	..	1,748	1,02.55
(ii) Animal Husbandry ..	..	..	..	..	..	..	8	0.60
(iii) Fisheries ..	..	..	5	0.03	..	..	239	44.84
20. Labour, Employment and Housing ..	..	..	14	0.10	..	..	555	87.08
21. Sports ..	..	..	..	..	..	..	..	..
22. Urban Development ..	..	..	2	0.33	..	..	503	52.38
(i) Urban Development ..	..	..	..	..	..	..	73	3.85
(ii) Public Health ..	..	..	..	..	..	..	..	..
(iii) Engineering ..	..	..	..	..	..	..	307	31.41
23. Rural Development ..	..	..	..	..	..	..	..	..
Total ..	67	7.58	6,122	1,85.78	5,439	25,16.30	1,706,324	50,97.61



the nature of the observations and the amounts

Reversible advances  
are recovered  
and advanced  
within the  
prescribed period

(Amounts in lakhs of rupees)

Total

Number of items	Amount	(7)		(8)		(9)		(10)		(11)	
		Number of items	Amount	Number of items	Amount	Number of items	Amount	Number of items	Amount	Number of items	Amount
1,219	2.99	..	..	..	..	..	..	2,766	25.55	38,013	2,601.16
74	0.04	..	..	..	..	..	..	7	0.32	457	20.20
2,343	3.31	..	..	..	..	33	0.02	87	2.59	3,539	44.07
263	0.35	..	..	..	..	..	..	1,125	45.56	15,620	6,81.76
437	1.04	..	..	..	..	..	..	881	48.82	12,557	6,34.88
534	0.83	..	..	..	..	9	0.02	1,107	1.23.42	13,368	11,67.38
179	0.40	..	..	..	..	..	..	259	16.29	1,201	5,32.72
9	0.02	..	..	..	..	5	0.16	167	20.37	527	59.14
30	0.09	..	..	..	..	..	..	8	0.08	67	0.60
110	0.55	196	3,95.67	7	0.02	..	..	250	6.62	1,764	4,39.62
68	0.09	..	..	1	(c)	..	..	201	17.38	2,472	2,94.19
24	0.02	..	..	..	..	..	..	174	2.00	503	6.92
22	0.04	..	..	..	..	..	..	20	2.29	378	59.23
4	0.01	..	..	..	..	..	..	4	0.21	22	1.50
43	0.13	3,508	69.63	672	2.42	..	..	367	1,54.34	12,078	30,48.69
2	0.01	..	..	..	..	..	..	58	0.17	119	58.78
1,101	0.71	..	..	..	..	30	0.04	48	0.67	1,346	3.20
95	0.10	..	..	..	..	2	(d)	21	0.68	2,512	1,14.31
..	..	..	..	..	..	..	..	..	..	8	0.40
16	0.02	..	..	..	..	3	(e)	59	1.24	322	46.13
12	0.03	..	..	..	..	2	0.01	21	1.14	605	19.16
..	..	..	..	..	..	1	(f)	666	36.93	1,172	80.14
..	..	13	7.30	19	0.18	..	..	..	..	105	11.33
..	..	112	1,54.93	66	0.31	..	..	10	1.03	495	2,07.58
8,171	15.18	3,830	6,27.53	897	3.23	..	..	14,762	10,10.46	1,45,689	99,73.67

(g) Rs. 164 only  
(h) Rs. 27 only  
(i) Rs. 15 only  
(j) Rs. 141 only  
(k) Rs. 14 only  
(l) Rs. 42 only  
(m) Rs. 91 only

## APPENDIX

(Reference : paragraph

Inspection Reports outstanding for more than one year

Sl. no.	Department	Number of reports and paragraphs outstanding for 5 years or more	
		Inspection reports	Paragraphs
		3	4
1	Community Development and Panchayati Raj	511	2,298
2	Agriculture and Co-operation—	223	606
	(a) Agriculture	23	50
	(b) Co-operation	210	590
3	Revenue and Excise	132	521
4	Works and Transport—	61	153
	(a) Roads and Buildings	134	507
	(b) Transport	77	144
5	Irrigation and Power—	171	485
	(a) Irrigation	68	184
	(b) Power	54	113
6	Industries	76	122
7	Education	28	61
8	Health	57	117
9	Supply	53	106
10	Forest and Animal Husbandry	..	..
	(a) Forest	48	152
	(b) Animal husbandry	25	68
11	Home	7	20
12	Planning and Co-ordination	..	..
13	Tribal and Rural Welfare	20	50
14	Finance	43	202
15	Labour Employment and Housing	51	222
16	Urban Development—	8	35
	(a) Urban Development	5	11
	(b) Public Health Engineering	..	..
17	Rural Development	4	8
18	Commerce	3	3
19	Law	..	..
20	Culture Affairs	..	..
21	Mining and Geology	..	..
22	Political and Services	..	..
	Total	2,092	6,828

XI  
102. page 92)

at the the end of 30th September 1972

Number of reports and paragraphs outstanding for 2 years but less than 5 years		Number of reports and paragraphs outstanding for one year or more but less than 2 years		Total	
Inspection reports	Paragraphs	Inspection reports	Paragraphs	Inspection reports	Paragraphs
5	6	7	8	9	10
439	3,103	99	945	1,049	6,346
215	873	62	271	500	1,750
19	83	6	19	48	152
227	741	122	591	559	1,922
221	1,435	69	380	422	2,336
98	342	38	245	197	740
242	1,138	83	519	459	2,164
152	363	67	153	296	660
155	686	42	253	368	1,424
227	860	59	234	354	1,278
121	339	64	260	239	712
69	155	21	66	166	343
84	266	77	334	189	661
42	91	15	47	114	255
89	267	37	106	179	479
4	8	1	3	5	11
34	183	8	79	90	414
96	399	36	198	157	665
9	39	6	20	22	79
34	122	8	19	62	191
64	398	22	170	129	770
115	634	37	221	203	1,077
18	38	7	36	33	109
13	19	7	21	25	51
4	8	2	10	6	18
4	18	1	8	9	34
2	15	1	2	6	20
2,797	12,623	997	5,210	5,886	24,661

## APPENDIX XII

Reference: paragraph 102, page 97

## Common types of irregularities noticed during local Audit and inspection

Type of irregularities	No. of offices in which the irregularities noticed in the year 1971-72
<b>I—Public Works Divisions—</b>	
(Total number of offices inspected—98 public works divisions and 22 other administrative offices following public works system of accounts)	
(i) Delay in sanctioning technical estimate ..	11
(ii) Award of work without call of tenders ..	12
(iii) Commencement of work by contractor before execution of agreement ..	13
(iv) Acceptance of tenders other than the lowest ..	24
(v) Deposit works executed in excess of amount deposited ..	8
(vi) Delay in debiting to contractors ledger the cost of materials ..	13
<b>II—Treasuries and sub-treasuries—</b>	
(Two treasuries were inspected during 1971-72)	
(i) Non-realisation of securities from sub-treasurers/staff ..	1
(ii) Improper storage of stamps, packages etc. ..	1
(iii) Retention of spare pad locks without permission ..	1
<b>III—Other offices—</b>	
(Total number of offices inspected—599)	
(i) Non-maintenance/defective maintenance of important books of accounts and initial records of cash, store and stock/accounts not produced ..	9
(ii) Delay/non-realisation of Government dues/overpayments of Government money ..	12
(iii) Non-realisation of security deposit from persons entrusted with cash and stores ..	11
(iv) Omission to conduct physical verification of cash and stock/stores and mistakes in valuation of stock ..	5
(v) Non-execution of agreement/splitting up of purchase orders/unauthorised expenditure on works ..	2
(vi) Shortages and losses of stock, stores, theft and misappropriations ..	6
(vii) Withdrawal of funds and rush of expenditure at the close of the financial year to avoid lapse of budget provision ..	76

OGP-MP-II (A. G.) 6—1,075—16-8-1973