

PUBLIC ACCOUNTS COMMITTEE

A U D I T R E P O R T 1966

APPROPRIATION ACCOUNTS 1964-65

FINANCE ACCOUNTS 1964-65

ODISSA LEGISLATIVE ASSEMBLY



GOVERNMENT OF ORISSA

**AUDIT
REPORT**

1966

ERRATA

Government of Orissa, Audit Report, 1966

Page No.	Reference	For	Read
(iii)	Chapter III, line 5	Siritiguda	Sirtiguda
(v)	Line 10	Irrigations	Irrigation
(x)	Appendix VI, 2nd line	Insert 'made' after the word 'surrenders'.	
3.	2nd Sub-para. 1st line	show	shows
3.	Para. 1, heading	corres	crores
3.	Para. 1, statement	Expendture	Expenditure
3.	Table	Revenue Receipt	Revenue Receipts
4.	Para. 2 (iii) (c)—line 3	increa e	increase
5.	Para. 3 (a)-I (a)-line 2	Taxes	Taxes
7.	Para. 3 (c) heading	1060-61	1960-61
9.	Heading	1 64-65	1964-65
10.	Col. 1, line 1	Scheme	Schemes
10.	1st table percentage Column 1st item.	4.73	473
11.	Para. 5, line 9	f	of
11.	Para. 5, I. (f)	Scheme	Schemes
13.	Para. 6, 3rd sub-para—last line	Delete the word "of"	
13.	Foot note—line 2	Irigation	Irrigation
13.	Heading of last column of the table.	Net loss	Net Revenue/net loss
14.	Col. 4 Heading	Charing	Charging
16.	Para 10 (a)—Penultimate line	Account	Accounts
18.	Para. 11(b)—sub-para 4 line 2	t	to
18.	Para 11(b)—4th sub-para	annual statement	annual statements
19.	Penultimate line	Paticulars	Particulars
20.	Para. 13—statement item (iii)	Automous	Autonomous
21.	Para. 13(b)—statement—Col. 1 1st item.	Governments	Government
21.	Para. 13(b)—statement Col. 1 3rd line.	Autonomous	Autonomous
22.	2nd sub-para—last line	date back	dates back
23.	Para. 14—last line	difficiencios	deficiencies
25.	Para. 14—statement Col. 2 heading.	Delete 'a' before 'overdrawl'	
27.	2nd sub-para. of para. 16—item (i).	Remove the bracket signs before "repayment" and after "1976".	
28.	Line 1	Delete 'of' before 'the annual'	
28.	Para 17—Sub-para 2, line 4	Rs. 5.85 crores	Rs. 5.58 crores
30.	Para 18—sub-para 3, last line	123 (2) (6)	123 (2) (b)
33.	Para 22 (i), line 5	Delete 'in' before "March, 1965"	



Page No.	Reference	For	Read
34	Para 23 (a), line 4	Original	Original
36	First Note under Sl. No. 7	Substitute a full stop for the semi-colon occurring after the words "Community Development Projects".	
38	Para 23 (b) (ii)-line 1	Excesse	Excesses
39	Para 24, item 2-Explanation line 5.	Sanctions	Sanction
40	Item 5—explanation-line 7	Rs. 42.27 lakhs	Rs. 42.47 lakhs
41	Para 24 (B) (i), line 2	Insert '(a)' before 'less'	
41	Ditto line 3	from	out of
41	Ditto line 4	Insert '(b)' before 'less'	
42	Para 25 (1) item (ii), line 1	Appropriation	Appropriations
43	Para 26—"Remarks column" lines 2—3 of Serial No. 1.	Government	Governments
45	Para 30—statement-Agriculture and Animal Husbandry—Column 2.	32	33
45	Ditto Column 3	1,21.71	1,23.50
45	Para 30—Statement—Co-operation and Forestry—Column 2.	12	11
45	Ditto Column 3	31.41	29.62
47	Para 33—line 3	unforseen	unforeseen
49	Para 34—1st sub-para—last line	Comments	respects
52	Para 39—line 2	th	the
	Para 39—line 3	institut	institute
	Para 39—line 4	presen	present
53	Last sub-para of para 41—line 1 and 2.	replies have	reply has
55	Para 45—line 3	Insert "each" after "at"	
56	2nd sub-para—line 5	Fishereis	Fisheries
56	3rd sub-para—line 4	The words "reason for the" may be omitted.	
57	Item (iii) of para 45—line 5	Omit "not" occurring after "was"	
60	Sub-para (i)—line 4	lesses	lessees
68	Para 61—first sub-para—line 11	0.95	0.93
69	Para 62—Line 10	Non-complieqnce	non-compliance
71	3rd sub-para—6th Line	Prepraed	prepared
73	Item (vi) of para 64—Line 17	was placed on	was placed under
75	Para 68—2nd sub-para—Lines 3-4	expendiuro	expenditure
76	Para 72—Line 2 of 1st sub-para para 72—Line 3 of 1st sub-Para.	Sewrage constractor	Sewerage Contractor
78	Last line	irrigagted	irrigated
80	Para 79—1st sub-para line 8	intitial	initial
80	Para 79—Line 16	delete 'Rs.' appearing after 'and'	
84	Para 83—Line 2	Aduti	Audit
88	Sub-para (c)—Line 6	Rs. 0.74 lakh	Rs. 0.47 lakh
89	Sub-para (iii)—Line	Leavy	Levy

Page No.	Reference	For	Read
92	Line 5 of Remarks Col. against item 8	warrants	warrants
94	Para. 92—B—Col. 2—line 11	Licenco	License
96	Item (iii) on the page—table item (ii) first column lines 2—3.	Committes	Committees
98	Para. 94—line 2 Para. 94—item (i)	object equipments	objects equipment
100	Column 1—item (b)—line 1	incured	incurred
100	Item (ii)—Col. 2—line 5 Item (ii)—Col. 3—line 1	Roods amoun	Roads amounts
101	Heading—line 3 Item (b)—Col. 3—line 18	rupes add the word "may" after	rupees "Government"
102	Item (v)—last column line 1	balance	balances
106	Para. 101—Sub-para 2—line 3	bleow	below
107	Para 101—heading of table	1956	1965
112	Para 108 heading	Electric	Electro
112	Para 108—line 6	managing	Managing
113	Para 110 Sub—para 3—line 5	prospects	prospect
113	Para 111 Sub-para 2 of item (i)—line 6.	action	acting
113	Para 111 line 6	19632-63	1962-63
113	Para 112 line 6	Directo s	Directors
114	Para 113—line 2	5.24 lakhs	5,24 lakhs
115	Para 114 (3)—line 1	project	projects
116	Para 114 (B)—Penultimate line	Resprenting	Representing
116	Sub-para (v)—line 5	21/2	2½
117	Line 7	manufacturing	manufacturing
117	Sub-para 4 (a) (i)—line 1	Add the word "Extra" before	"Expenditure"
118	Sub-para (c)—line 16	equipments	equipment
119	Para. 115—line 6	aquatic	aquatic
120		The word 'working' should be deleted fr the 2nd line. This word should be ad in between the words 'results of the' ; 'of' occurring in the first line.	
122	Sl. No. 11	Anina .	Animal
122	Sl. no. of the table	15	14
132	Item (2)—line 2	1965	1964
134	Item (6)—line 1	damged	damaged
135	Item (7)—(a)—line 1	charkha	charkhas
	Item (7)—(c)—line 2	1963	1965
	Item (7)—(c)—line 5	1963	1965
136	Para 126—Sub-para 3—line 4	6,085	6,086
	Item (4) of the table	3,885	3,855
137	Item 2 of the Table	5,07.55	5,07.38
138	Para 127—sub-para (3)—line 1 line 6 from bottom line 3 from bottom	bjections Cloumns Rs. 11.71	objections Columns Rs. 11.84
139	Last line	page	pages

	Reference	For	Road
	Para 137—line 5	Feburary	February
34 Para	Sl. No. 22—Col. 9	48·88	48·68
36 First	Sl. No. 1—col.	15·48	51·48
	Sl. No. 11—	delete the word "and" after "emigration"	
	Sl. No. 19—	—11·13	—1·13
38 Para	Sl. No. 17	33·80	33·84
39 Para	Sl. No. 2 (a)—last col. line 5	al	a
40 Item	Sl. No. 26	Instructions	Instruction
41 Para	Sl. No. 26 (b)—col 2	196	1965
41	Appendix IX—Line 2 from the top.	to paragraph	to in paragraph
41	2nd Sub-para of item 1—line 2	asses	assess
42 Para	Appendix XII	The name of the Company at Sl. No. 4 may be corrected to 'Orissa Fisheries Development Corporation, Ltd.'	
43 Para			
45 Para	Sl. No. 48—Col. 15	B	D
45	Balance sheet—Stock in Trade	1980	1960
45	Revenue Account—Opening Stock.	1,50,642	1,30,642
45	Total	3,34,780	3,54,780
45	Balance sheet—Government capital.	12,73,115	12,75,115
47 Para	Appendix XV	The figures of '7019', '180770' and '16841' may be corrected to '73019', '150770' and '10841' respectively.	
49 Para			
52 Para	Appendix XVI—credit side col. 5—First entry.	ad	and
	Store account—Receipts	21,81,925	21,81,923
53 Last	Total—Col. 5	11,10·85	11,70·85
55 Para	Heading of Appendix XX—line 1	Irregularites	Irregularities
56 2nd	Item (ii) under Public Works Divisions—line 1	contractor's	contractors'
56 3rd	Appendix—XX—Table.	(vii), (viii) and (ix)	(viii), (ix) and (x).
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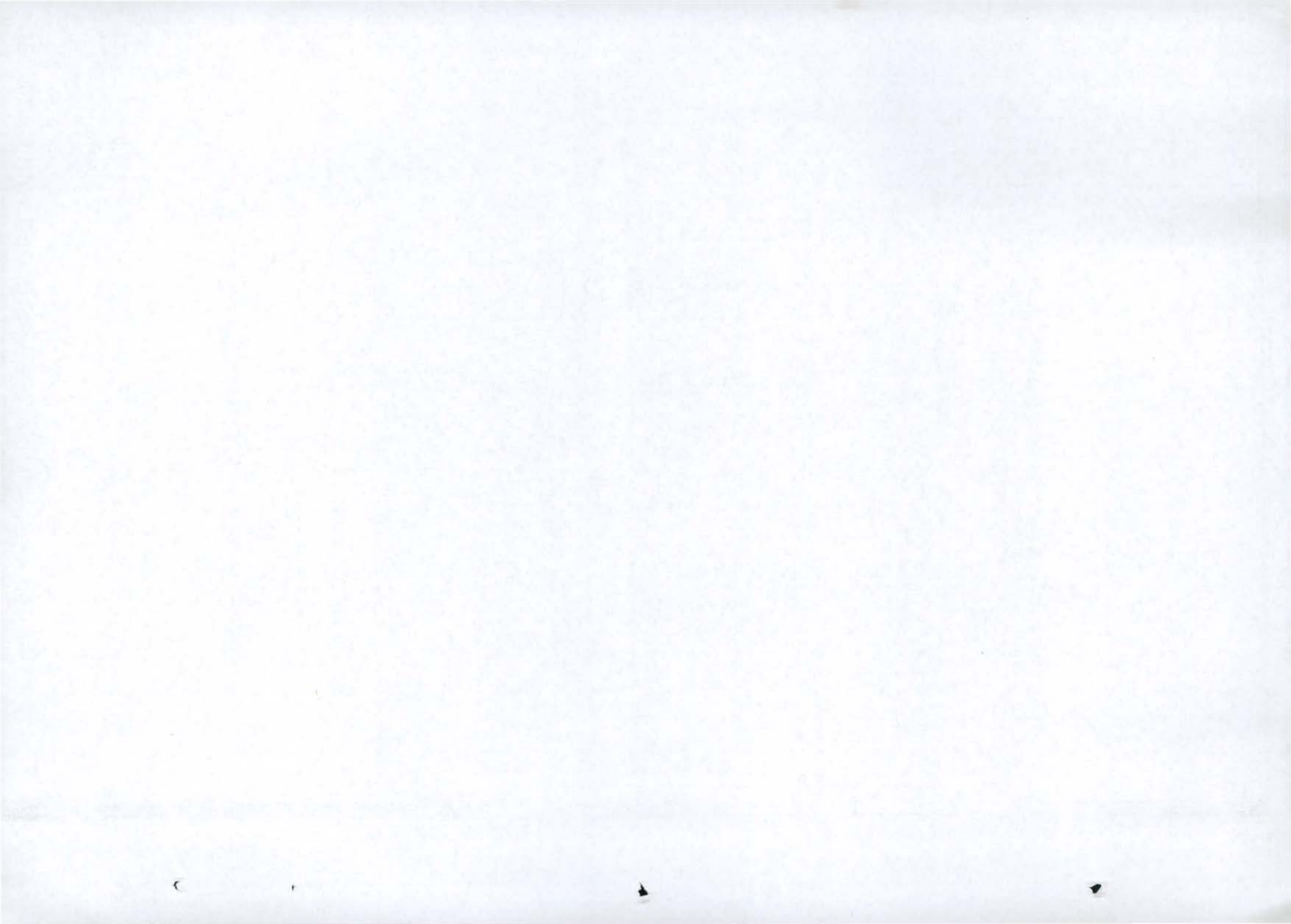


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PREFATORY REMARKS

This volume mainly relates to matters arising from the Appropriation Accounts for 1964-65 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 1964-65 ; and
- (ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

2. The Financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1964-65 as well as those which had come to notice in earlier years but could not be dealt with in previous Audit Reports ; matters relating to the period subsequent to 1964-65 have also been included wherever considered necessary.

CHAPTER I

GENERAL

Budget and actuals.—The Budget Estimates and actuals in respect of revenue receipts and expenditure met from revenue and the net revenue surplus/deficit for the year 1964-65, are given below along with the corresponding figures for 1960-61 to 1963-64:—

Year	Budget	Actuals	Variations			Revenue Surplus +/-deficit—		
			Amount	Percentage		Year	Budget	Actuals
(In crores of rupees)								
<i>Revenue Receipt</i>								
1960-61	36.67	35.47	-1.20	3				
1961-62	41.10	37.15	-3.95	10				
1962-63	55.57	62.27	+6.70	12				
1963-64	67.60	69.29	+1.69	2				
1964-65	74.53	74.98	+0.45	1	1960-61	..	-3.51	-0.08
<i>Expenditure met from Revenue</i>								
1960-61	40.18	35.55	-4.63	12	1961-62	..	-4.19	-15.21
1961-62	45.29	52.36	+7.07	16	1962-63	..	-0.86	-3.72
1962-63	56.43	65.99	+9.56	17	1963-64	..	+0.45	-2.72
1963-64	67.15	72.01	+4.86	7	1964-65	..	-3.92	-4.22
1964-65	78.45	79.20	+0.75	1				

The above comparison between the budget and actuals show that:

- (i) in the case of both receipts and expenditure, the actuals have approximated closely to the budget estimates in the year 1964-65;
- (ii) in all the years, the transactions on revenue account resulted in deficits. Except in 1963-64, the budget also anticipated deficits ; but the actual deficits were much more except in 1960-61.

While revenue receipts during 1964-65 increased by Rs. 5.69 crores as compared with the previous year, the revenue expenditure exceeded by Rs. 7.19 crores.

In all the 5 years since 1960-61 there was short fall in Irrigation receipts to the extent of Rs. 0.60 crore on the average per year due to non-collection of water rates ; the receipts from Sales Tax appeared to have been underestimated, as the collections on an average exceeded the estimates by about Rs. 1.15 crores per year owing to enhancement of rate and widening the scope of the tax.

2. *Consolidated Summary of Transactions*—The following is a consolidated summary of the actual receipts and disbursements of Government during the five years ended March, 1965:—

	1960-61	1961-62	1962-63	1963-64	1964-65
	(In crores of rupees)				
(i) Opening balance (cash) ..	-1.39	0.16	-2.16	-1.31	-1.21
	<i>Transactions on revenue account</i>				
(ii) (a) Receipts ..	19.47	37.15	62.27	69.29	74.98
(b) Expenditure ..	15.55	52.16	65.99	72.05	79.20
(c) Revenue deficit [(a)-(b)] ..	-0.08	-15.01	-3.72	-2.72	-4.22
	<i>Transactions outside the revenue account</i>				
(iii) Receipts outside the Revenue account—					
(a) Net additions to Public debt ..	11.72	14.15	20.14	30.22	34.96
(b) Recoveries of loans and advances ..	0.90	0.66	1.10	1.08	0.95
(c) Appropriation to Contingency Fund to increase the corpus of the Fund ..	..	..	4.55	..	..
(d) Deposits, Provident Funds, Reserves, other Funds, etc. (net) ..	2.66	5.34	7.30	-2.25	15.57
(e) Total resources for capital expenditure [(iii)(a) plus (iii)(b), (c), (d)] ..	15.20	14.94	25.47	26.33	49.24
(iv) Expenditure outside the Revenue account—					
(a) Capital outlay ..	11.84	14.12	26.89	30.46	47.72
(b) Loans and Advances ..	1.81	3.14	1.72	2.63	3.66
(v) Net result of all transaction [(iii)(e) minus (iv)(a) and (b)] ..	+1.55	-2.32	+0.86	-6.98	-0.14
(vi) Closing balance (cash) ..	0.16	-2.16	-1.30	-8.28	-8.42

There was a revenue deficit in each year. The accumulated net revenue deficit of the State to end of 1964-65 amounted to Rs. 41.88 crores.

Taking all the transactions into account, there was a surplus in 1960-61 (Rs. 1.55 crores) and 1962-63 (Rs. 0.86 crore) but a deficit in 1961-62 (Rs. 3.32 crores), 1963-64 (Rs. 6.98 crores) and 1964-65 (Rs. 0.14 crore).

In addition to the cash balance referred to in the above summary, Government hold investments made out of the cash balance. Taking these investments together, the closing cash balance of Government as at the end of each of the five years ending 1964-65 was as shown in the table below. The total cash balance includes balances of the earmarked funds to the extent they have not been separately invested but merged with the general cash balance of Government. If such balances are excluded, it will be seen that the closing cash balance of Government has been a *minus* figure since 1961-62 and the position has considerably deteriorated in 1963-64 and 1964-65, as indicated below:—

	1960-61	1961-62	1962-63	1963-64	1964-65
	(In crores of rupees)				
(i) Closing balance (cash) (cf. item (vi) of the summary).	0.16	-2.16	-1.30	-8.28	-8.42
(ii) Investments of cash balance	8.85	6.80	8.13	1.17	1.16
(iii) Total closing cash balance and investments of cash balance	9.01	4.74	6.83	-7.11	-7.26
(iv) <i>Deduct</i> —uninvested portion of earmarked funds.	6.48	7.52	7.06	11.03	13.93
(v) Closing cash balance and investments of cash balance (net).	2.53	-2.78	-0.23	-18.14	-21.19

3. (a) *Revenue receipts*—The revenue realised in 1964-65 (Rs. 74.98 crores) showed an increase of 8 per cent (Rs. 5.69 crores) as compared with that in 1963-64 (Rs. 69.29 crores) and 91 per cent (Rs. 35.66 crores) as compared with that in 1960-61 (Rs. 39.32 crores). The increase is analysed below by the main components:—

	1960-61*	1963-64	1964-65	Increase since 1960-61	
				Amount	Percentage
(In crores of rupees)					
I. Receipts from the Central Government—					
(a) State's share of divisible Central Taxes.	6.25	12.14	11.81	5.56	89
(b) Grants-in-aid under Article 275 of the Constitution.	15.01	14.20	13.36	8.35	167
(c) Other grants and subventions	7.00	7.93	9.08	2.08	30
II. Revenue raised by the State Government—					
(a) Taxes, duties, etc.	8.55	16.60	18.99	10.44	122
(b) Non-tax revenue	12.51	18.42	21.74	9.23	74
Total	39.32	69.29	74.98	35.66	91

*The figures for 1960-61 have been recast to correspond to the revised classification introduced from 1962-63, as explained in paragraph 2 of the Audit Report, 1964.

During 1964-65, grants and subventions from the Central Government and the State's share of divisible Central Taxes amounted to Rs. 34.25 crores accounting for 46 per cent of the total revenue of the State. Of the total increase of Rs. 35.66 crores since 1960-61, the increase on account of receipts from the Central Government amounted to Rs. 15.99 crores constituting 45 per cent of the total increase.

The revenue raised by the State during 1964-65 amounted to Rs. 40.73 crores which formed 54 per cent of the total revenue. The increase in the revenues raised by the State since 1960-61 was Rs. 19.67 crores accounting for 55 per cent of the total increase.

(b) *Tax revenue raised by the State*—The Sales Tax was the largest source of tax revenue constituting 47 per cent of the total revenue earned from Taxes, Duties, etc., during 1964-65. The growth of tax revenue since 1960-61 is given below:—

	1960-61*	1963-64	1964-65	Increase since 1960-61	
				Amount	Percentage
				(In crores of rupees)	
Land Revenue ..	2.06	3.01	2.99	0.93	45
State Excise Duties ..	1.33	1.95	2.13	0.80	60
Taxes on vehicles ..	0.82	1.50	1.65	0.83	100
Sales Tax ..	3.14	7.44	8.99	5.85	186
Entertainment tax, Electricity duties and taxes on goods and passengers carried by road or inland water ways.	0.35	1.25	1.68	1.33	380
Stamps ..	0.63	1.07	1.14	0.51	81
Taxes on Agricultural Income and Registration fees.	0.22	0.38	0.41	0.19	86
Total ..	8.55	16.60	18.99	10.44	122

Over half the total increase of Rs. 10.44 crores was on account of Sales Tax and was mainly due to widening of scope and enhancement of the rate of the tax and partly to natural growth during the five year period.

No new or additional measures of taxation were introduced in the State during the year 1964-65.

*The figures for 1960-61 have been recast to correspond to the revised classification introduced from 1962-63, as explained in paragraph 2 of the Audit Report, 1964.

(c) *Non-tax revenue raised by the State*—The increase in revenue realised from the non-tax sources during the five year period ending 1964-65 contributed 47 per cent of the total increase of revenue raised by the State. The following are the broad details of non-tax revenue raised by the State and the growth thereof during the five year period.

	1060-61*	1963-64	1964-65	Increase since 1960-61		
				Amount	Percentage	
	(In crores of rupees)					
Interest ..	1.20	5.21	6.49	5.29	441	
Multipurpose River Schemes ..	0.98	1.93	2.28	1.30	130	
Road Transport ..	1.29	1.76	2.01	0.72	56	
Forest ..	2.56	3.77	4.36	1.80	70	
Other sources ..	6.48	5.75	6.60	0.12	2	
Total ..	12.51	18.42	21.74	9.23	74	

The increase in interest receipts since 1960-61 reflects mainly receipts from Commercial Departments/Schemes and interest on loans on account of assets transferred to the State Electricity Board. The rise in the revenue under Multipurpose River Schemes was on account of increased receipts from Hirakud Dam Project.

(d) *Arrears in collection of revenue*—According to the figures furnished by some of the Departments, the arrears in the collection of revenue as on the 31st March, 1965 amounted to Rs. 9.18 crores. The Departments with heavy outstandings are indicated below—

Department	Nature of receipts	Arrears as on 31st March, 1965	Average annual revenue during 1962-63 to 1964-65	Percentage of arrears to the total average annual revenue
		(In lakhs of rupees)		
Finance	Commercial Taxes	3,56.10	7,38.93	48
Revenue	Land Revenue	1,89.73	2,92.86	65
Mining and Geology	Mining Revenue	1,41.37	19.41	728
Co-operation and Forestry	Forest leases	1,27.89	4,12.23	31

The yearwise analysis and certain other features in regard to the arrears are given in paragraph 9P at pages 90 to 94.

*The figures for 1960-61 have been recast to correspond to the revised classification introduced from 1962-63, as explained in paragraph 2 of the Audit Report, 1964.

(e) *Write-off and remissions of revenue*—During the year 1964-65, revenue amounting to Rs. 6.48 lakhs due to Government was written off as irrecoverable and remissions aggregating Rs. 2.02 lakhs were granted by Government; brief particulars of these are given in paragraph 92 at page 94.

(f) *Cost of collection of revenue*—(i) The expenditure during the year 1964-65 incurred on the collection of land revenue has shown substantial increase as compared to the corresponding figures for 1960-61 as indicated below:—

	1960-61	1964-65
(i) Gross revenue collections (Rs. in lakhs) ..	2,05.79	2,58.91
(ii) Expenditure on collection (Rs. in lakhs) ..	41.31	78.81
(iii) Percentage of expenditure on the revenue collected	20.7	26.4

The increase in collection charges was stated to be due to entertainment of additional staff for collection of revenue including water rates.

(ii) The total administration and collection charges of Taxes, Duties and other principal heads of Revenue (Rs. 3.44 crores) during the year 1964-65 formed 14.6 per cent of the total revenue collected on that account (Rs. 23.50 crores); the corresponding percentage in 1963-64 was 13.1.

4. *Expenditure on Revenue Account*—The expenditure on Revenue Account during the year 1964-65 showed an increase of 10 per cent (Rs. 7.19 crores) as compared with that in 1963-64 and 100 per cent (Rs. 39.80 crores) as compared with that in 1960-61. The increase is analysed below by the main groups of Government activity—

	1960-61*	1963-64	1964-65	Increase since 1960-61	
				Amount	Percentage
(In crores of rupees)					
Collection of Taxes, Duties and Other Principal Revenue—					
Land Revenue ..	1.30	2.10	2.70	1.40	108
Other Principal heads of Revenue	0.43	0.64	0.74	0.31	72
Total Collection of Taxes, etc.	1.73	2.74	3.44	1.71	99
Debt Services ..	4.13	12.28	13.36	9.23	223

The increase was due to progressive increase of the debt of the State as indicated in paragraph 13, page 20.

*The figures for 1960-61 have been recast to correspond to the revised classification introduced from 1962-63, as explained in paragraph 2 of the Audit Report, 1964.

	1960-61*	1963-64	Increase since 1960-61		
			1964-65	Amount		Percentage
(In crores of rupees).					
Administrative Services—					
Police ..	1.98	2.87	4.40	2.42	122
Other Administrative Services ..	3.41	4.18	4.63	1.22	35
Total—Administrative Services ..	5.39	7.05	9.03	3.64	66

The expenditure on Administrative Services during 1964-65 constituted 12 per cent of the total expenditure on Revenue Account as against 10 per cent in the previous year.

Out of the increase of Rs. 3.64 crores since 1960-61, two-thirds of the increase was under 'Police' due to strengthening of police personnel at various levels.

Social and Developmental Services—					
Education ..	4.33	7.89	9.65	5.32	123
Medical ..	1.70	2.51	2.66	0.96	56
Public Health ..	0.89	3.42	3.52	2.63	296
Agriculture ..	1.04	2.91	3.98	2.94	283
Rural Development ..	0.18	1.24	1.57	1.39	774
Community Development Projects, National Extension Service and Local Development Works ..	2.90	5.79	5.83	2.93	101
Other Social and Developmental Services.	4.52	5.97	6.13	1.61	36
Total—Social and Developmental Services.	15.56	29.73	33.34	17.78	114

The expenditure under "Social and Developmental Services" during 1964-65 was 42 per cent of the total expenditure on Revenue Account.

There was an increase of Rs. 17.78 crores since 1960-61 of which nearly 30 per cent of the increase was under "Education". Other notable increases were under "Public Health", "Agriculture" and "Community Development".

*The figures for 1960-61 have been recast to correspond to the revised classification introduced from 1962-63 as explained in paragraph 2 of the Audit Report, 1964.

1960-61 • 1963-64 1964-65 Increase since
1960-61

Amount in Rupees
(Lacs)

(In crores of rupees)

Multipurpose River Scheme, Irrigation and Electricity Schemes—					
Multipurpose River Schemes	0.91	4.63	5.21	4.30	4.73
Irrigation Schemes	0.91	1.15	1.18	0.27	3.0
Electricity Schemes	2.22	0.29	0.49	-1.73	-7.8
Total-Multipurpose etc.	4.04	6.07	6.88	2.84	7.0

The increase of Rs. 2.84 crores since 1960-61 is accounted for mainly by an increase of Rs. 4.30 crores on the Hirakud Dam Project and decrease of Rs. 1.73 crores due to transfer of some Electricity schemes to the Orissa State Electricity Board.

Public Works (including Roads) and Schemes of Miscellaneous Public Improvements	3.25	6.92	5.12	1.87	5.8
Other Services	5.30	7.22	8.03	2.73	5.1
Grand Total	39.40	72.01	79.20	39.80	100

45 per cent of the increase of Rs. 39.80 crores in the expenditure on Revenue Account, since 1960-61 occurred under 'Social and Developmental Services' and 23 per cent under 'Debt Services'.

5. *Expenditure outside the Revenue Account*—(a) The expenditure recorded outside the Revenue Account includes, besides capital expenditure, the amount disbursed by Government as "Loans and Advances."

The expenditure on Capital Account during the years 1960-61 to 1964-65 as compared with the Budget Estimates for these years is shown below:—

("Loans and Advances" are dealt with in paragraph 14, Pages 17 to 18)

Year	Budget	Actuals	Variation	
			Amount	Percentage
			(In crores of rupees)	
1960-61	13.69	11.84	-1.85	14
1961-62	17.19	14.12	-3.07	18
1962-63	21.71	26.89	+5.18	24
1963-64	24.80	30.48	+5.68	23
1964-65	41.23	41.72	+0.49	1

*The figures for 1960-61 have been recast to correspond to the revised classification introduced from 1962-63 as explained in paragraph 2 of the Audit Report, 1964.

During 1964-65, although the total capital expenditure closely approximated the budget estimates, on certain items there were variations of substantial amounts. Excesses over the budget estimates occurred mainly in the expenditure on construction of Paradeep Port (Rs. 1.76 crores), Industrial development and purchase of shares in industrial concerns and Co-operative Societies (Rs. 0.71 crore) and execution of more Minor Irrigation Projects and construction of more godowns and buildings under the crash programme in the agricultural sector (Rs. 0.54 crore). Shortfall from the budget estimates occurred due to gradual decrease of pending liabilities on Hirakud Stage I (Rs. 1.47 crores) and more recoveries on account of utilisation of materials already purchased and stored for Talcher Thermal Scheme (Rs. 1.53 crores).

The following table indicates a further analysis of the expenditure outside the Revenue Account during 1964-65 and from 1960-61 to 1964-65 together with the progressive outlay upto 1964-65:—

Head of Account	During 1964-65	During 1960-61 to 1964-65	Progressive total upto 1964-65
(In crores of rupees)			
I. Capital expenditure on—			
(i) Irrigation Scheme ..	4.79	13.36	19.30
(ii) Multipurpose River Schemes ..	4.59	26.04	109.95
(iii) Electricity Schemes ..	9.18	12.44	15.74
(iv) Other Commercial Departments/ Undertakings, Schemes of Govern- ment Trading and Agricultural Schemes.	5.37	15.94	22.30
(v) Public Works ..	9.35	32.88	43.98
(vi) Other items (Such as Public Health, Ports, Forest, Other Works and Contingency Fund).	8.45	24.40	27.50
II. Net expenditure under "Loans and Advances by the State Government", i.e., after taking into account reco- veries of loans.	2.73	8.50	33.66
Total—Expenditure outside the Revenue Account.	44.46	133.56	272.43

Further details of the capital expenditure are given in Statement Nos. 2 and 13 of the Finance Accounts, 1964-65.

(b) The sources from which the revenue deficit of Rs. 4.22 crores in 1964-65 and Rs. 25.95 crores (net) during 1960-61 to 1964-65 and the expenditure outside the Revenue Account including that on "Loans and Advances" (i) during 1964-65 and (ii) during the five year period ending 1964-65 met, are indicated below:—

Head of Account	During	
	1964-65	1960-61 to 1964-65
(In crores of rupees)		
I. Net additions to—		
(i) Permanent Debt	..	28.02
(ii) Floating Debt	..	1.20
(iii) Loans from the Central Government	..	33.89
(iv) Loans from other sources and unfinanced Debt	29.71	7.87
II. Miscellaneous (excess of deposits, etc., received by Government over repayments on that account excluding investments)	12.34	24.58
III. Decrease in cash balance and investments of cash balances	0.14	10.38
Resources available for expenditure outside the Revenue Account and for meeting Revenue deficit.	48.68	130.21

The table above and that in para 2 (page 4) will indicate that a Revenue deficit and the entire capital expenditure of the State including loan advanced by the State Government was met from borrowed funds and an uninvested portion of earmarked balances of the State.

Some points relating to the capital expenditure of Government are mentioned in Paragraphs 6 to 10 (pages 12 to 17).

6. *Mulhampoor River Schemes*—There are two Mulhampoor River Schemes in the State, viz., Hirakud Dam Project and the Bahinela Dam Project. Construction of the former has been completed while the latter is under construction.

The total expenditure incurred on the Hirakud Dam Project (Stages I and II) to end of 1964-65 amounted to Rs. 86.63 crores excluding Rs. 8.77 crores transferred to the Orissa State Electricity Board and treated as loan during 1964-65 consequent on the transfer of some Electricity Schemes to the control of the Board. Both the stages of the Project have been classified as "Productive" from 1964-65. The financial result of the Project for 1964-65 as compared with the preceding four years is indicated below:—

Year	Net revenue (Gross receipts less working expenses) before charging interest	Interest on capital	* Net loss after charging interest
(In lakhs of rupees)			
1960-61	+43.23	..	+43.23
1961-62	+84.19	5,86.00	—5,01.81
1962-63	+88.34	2,72.00	—1,83.66
1963-64	+1,30.31	2,62.83	—1,32.52
1964-65	+1,25.82	3,14.60	—1,88.78

No betterment charges have been levied and collected so far (October, 1965) under the provisions of the Orissa Betterment Charges Act, 1955; it has been stated that a fresh legislation for simplification of the procedure for the levy and for laying down of the rates is under consideration.

The capital cost incurred on the Balimela Dam Project (Joint Undertaking of the Government of Orissa and Andhra Pradesh) upto 1964-65 amounted to Rs. 5.69 crores.

7. *Irrigation Schemes*—The State Government's total capital investment on major, medium, minor and lift irrigation works and Delta Irrigation Scheme upto 31st March, 1965 amounted to Rs. 37.58 crores. Of these, two schemes, viz., Orissa Canal Project and Rushikulya System (Capital cost : Rs. 3.22 crores) were completed by 1955-56 and 1937-38 respectively.

* Pending finalisation of the allocation of capital expenditure on the Project among Flood Control, Irrigation and Power by the State Government, the financial results have been worked out by charging interest on the entire capital to the revenue earned by the project.

The financial results of the working of these two completed projects during 1964-65 as compared with those of the four preceding years are shown below:

Year	Net loss before charging interest	Interest on capital	Net loss after charging interest
(In lakhs of rupees)			
1960-61	—13.94	10.68	—24.62
1961-62	—29.32	11.03	—40.35
1962-63	—9.09	10.86	—19.95
1963-64	—30.53	10.86	—41.39
1964-65	—4.22	10.86	—15.08

(Projectwise details are given in statement No. 3(i) of Finance Accounts, 1964-65).

The schemes have been showing losses year after year: this has been stated to be due to fixation of water rates on the basis of Bengal Irrigation Act and Madras Cess Act which were very low. It was indicated by Government in September, 1965 that with the introduction of the Orissa Irrigation Act, 1959 from 1963, the position was expected to improve, but as the assessment proceedings under the Act had not been finalised, the collections made were not satisfactory.

8. *Electricity Schemes*—(i) With the formation of the Orissa State Electricity Board with effect from 1st March, 1961, all the completed transmission and distribution systems have been transferred to the control of the Board. Government have advanced loans to the Board totalling Rs. 18.58 crores upto 1964-65 which includes Rs. 16.72 crores representing capital expenditure (provisional) incurred by the State Government on the Electricity Schemes upto 1961-62 transferred to the Board as loan during 1964-65. The final allocation of the assets and liabilities pertaining to the schemes between the Board and Government is yet to be made (December, 1965). Interest amounting to Rs. 2.02 crores (upto March, 1965) on the loans advanced to the Board is pending recovery (December, 1965). In addition to the loan, an amount of Rs. 84.47 lakhs has been invested by the State Government in the Bonds issued by the Board during 1962-63 and 1963-64. The financial results of the Schemes entrusted to the Board have not been worked out for the years 1962-63 to 1964-65. Other points of interest have been mentioned in paragraph 101 at pages 106 to 108.

(ii) The total capital expenditure incurred to end of 1964-65 by Government on the Power Projects under their control amounted to Rs. 15.97 crores, of which a sum of Rs. 11.34 crores was spent on Talcher Thermal and Utilisation Schemes and Rs. 4.63 crores on Machkund Hydro-Electric (Joint) Scheme.

The execution of the Talcher Thermal and Utilisation Schemes was taken up in 1960-61 and 1961-62 respectively and the interest charges thereon are being met from the Revenue account.

The Machkund Hydro-Electric (Joint) Scheme was undertaken in 1944 jointly with the Government of Andhra Pradesh who was entrusted with the execution of the work. The debits raised by the Government of Andhra Pradesh from 1959-60 amounting to Rs. 65.53 lakhs to end of 1964-65 representing Orissa's share of expenditure on the project have not yet been accepted by the Government of Orissa, as the decision to raise the height of the Jalaput Dam was stated to have been taken up by the Government of Andhra Pradesh unilaterally. The issue remains to be settled (December, 1965). The gross receipts from the portion of the scheme under the control of the Government of Orissa during and to end of 1964-65 was Rs. 50.73 lakhs and Rs. 2,79.63 lakhs respectively. The working expenses (exclusive of interest on capital provided by Government) during and to end of 1964-65 amounted to Rs. 3.84 lakhs and Rs. 44.68 lakhs respectively.

9. *Road Transport*—An analysis of the working results of the State Transport Service during 1964-65 as compared with the preceding four years indicating therein the operating ratio and the return on capital outlay is given below—

	1960-61	1961-62	1962-63	1963-64	1964-65
				<i>Operating Ratio</i> (Rupees in crores)	
(1) Gross Revenue ..	1.29	1.42	1.51	1.76	2.01
(2) Working expenses including depreciation and interest	0.90	1.12	1.42	1.39	1.50
(3) Operating Ratio	69.7	78.8	94.0	79.0	74.6
				<i>Net Return on Capital</i> (Rupees in crores)	
(4) Mean Capital (Investment of Government).	0.84	0.90	1.06	1.35	1.45
(5) Net Revenue ..	0.39	0.30	0.09	0.37	0.51
(6) Net return on capital ..	46.4	33.3	8.5	27.4	35.2

In addition, Government have invested Rs. 50 lakhs during 1963-64 and 1964-65 in the shares of State Commercial Transport Corporation which is in a "formative stage." A total investment of Rs. 23.36 lakhs has also been made in the shares of Orissa Road Transport Company during the years from 1950-51 to 1961-62. The return on capital invested in the Orissa Road Transport Company is given below:—

	Unit	1960-61	1961-62	1962-63	1963-64	1964-65
Investment of Government	Rs. lakhs	23.36	23.36	23.36	23.36	23.36
Dividend declared and credited to Government	Rs. lakhs	2.80	2.34	2.34	Dividend for 1963-64 was declared at 10 per cent (Rs. 2.34 lakhs) of the investment but was not paid during 1964-65. The dividend for 1964-65 has not been declared so far (October, 1965).	
Return on capital	per cent	12	10	10		

The dividend received from the Company for the years upto 1962-63 amounted to Rs. 18.10 lakhs constituting 77 per cent of the Capital invested.

10. *Investments of Government (Capital Outlay on Industrial Development)*—The following table shows the extent of Government's investments in Commercial concerns, Co-operative Societies, etc., and the returns therefrom—

	Investments upto March 1965		Dividend received in 1964-65	
	No. of concerns	Amount	Amount	Percentage
			(In lakhs of rupees)	
Statutory Corporations	2	75.17	1.65	2.2
Government Companies	50	9,14.14	..	..
Joint Stock Companies	17	77.44	2.77	3.6
Co-operative Societies	1,949	2,96.13	0.53	0.2
Total	2,018	13,62.88	4.95	0.4

(a) Of the two Statutory Corporations, Orissa State Financial Corporation with a paid up capital of Rs.1 crore earned a net profit of Rs.6.20 lakhs during 1964-65. The other Corporation, viz., Orissa State Warehousing Corporation with a paid up capital of Rs.22 lakhs incurred a total net loss of Rs.0.53 lakh during 1962-63 and 1963-64; the account for 1964-65 have not been received.

(b) The investments in the Government Companies include Rs.8.13 crores provided as share capital to 6 fully State owned Companies constituted for development/dealing in Mining, Industrial Development, Fisheries, Forest produce, State Construction and Commercial transport. No return has so far been received from any of these concerns. Four of these Companies with paid up capital of Rs.5.24 crores and Government loans of Rs.92.50 lakhs earned a net profit of Rs.23.95 lakhs, a fifth company (Orissa Mining Corporation Ltd.) having paid up capital of Rs.1.95 crores incurred a net loss of Rs.11.86 lakhs upto 1964-65 and the sixth company (State Commercial Transport Corporation Ltd.) with a paid up capital of Rs.0.50 crore is in the formative stage. A review of the working of two of these fully owned Government Companies is given in paragraphs 114,115 at pages 114 to 119.

Out of rest of the 44 Government Companies, 38 were floated during March, 1958 to March, 1961 under the Pilot Project Scheme to help the accelerated promotion of Small Scale Industries in the State by providing financial and technical assistance. Of these, 7 Companies with paid up capital of Rs.3.81 lakhs of which the Government investment amounted to Rs. 2.98 lakhs are under liquidation. An amount of Rs.1.28 lakhs only is expected by the Director of Industries to be realised on disposal of the assets of these 7 Companies. 29 Companies have gone into production; of these

8 Companies with a Government investment of Rs.12.85 lakhs sustained a net loss of Rs. 3.45 lakhs as disclosed by their accounts so far made available. The following further points have also been noticed in respect of these Government Companies.

- (i) A total amount of Rs.1.74 lakhs was alleged to have been misappropriated by the Managing Directors in 3 Companies.
- (ii) The Managing Directors were changed in 3 Companies due to mismanagement etc.
- (iii) A total amount of Rs.1.12 lakhs was spent by the Managing Directors of 5 Companies on 'Sales Promotion' for effecting sales mainly to Departments of Government, Railways and the Orissa State Electricity Board for which no receipts were obtained from the recipients of the amounts.

11. *Loans and Advances by the State Government*—(a) The disbursement under "Loans and Advances by the State Government" and the recoveries thereof during 1960-61 to 1964-65 as compared with the corresponding Budget Estimates are given below :—

Year	Budget	Actuals	Variation			Year	Budget	Actual
			Amount	Percentage				
(In crores of rupees)								
<i>Disbursement</i>								
1960-61	1.60	1.81	+0.21	13				
1961-62	1.68	3.14	+1.46	87				
1962-63	2.48	1.72	-0.76	31				
1963-64	5.72	2.83	-2.89	51				
1964-65	3.29	3.66(a)	+0.37	11				
<i>Recoveries</i>								
1960-61	1.32	0.90	-0.42	32	1960-61	0.28	0.91	
1961-62	1.36	0.66	-0.70	51	1961-62	0.32	2.48	
1962-63	1.41	1.10	-0.31	22	1962-63	1.07	0.62	
1963-64	1.40	1.08	-0.32	23	1963-64	4.32	1.75	
1964-65	1.47	0.93	-0.54	37	1964-65	1.82	2.73	

(a) Excludes Rs. 16.72 crores being the capital outlay on electricity schemes upto 1961-62 transferred *proforma* to the State Electricity Board in 1964-65 and treated as a loan.

The actual recoveries were less than the budget estimates in all the years.

The amount outstanding as on the 31st March, 1965 on account of loans and advances disbursed by Government to different classes of borrowers was Rs. 33.66 crores**. The broad details of the balance are given in paragraph 93, page 95.

Arrears in the recovery of loans—(b) The arrears in the recovery of loans such as loans to Municipalities, Grama Panchayats, Loans under State-aid to Industries Act, etc., detailed accounts of which are kept in the Audit office amounted to Rs. 94.97 lakhs (Principal Rs. 60.43 lakhs and interest Rs. 34.54 lakhs) as on 31st March, 1965.

Further particulars of the arrears are given in paragraph 93(b) at page 97.

The total amount of loans (such as, advances to cultivators and displaced persons and other miscellaneous loans and advances) in respect of which detailed accounts are maintained by the departmental officers, outstanding as on 31st March, 1965 was Rs. 30.40 crores. The departmental officers are responsible for watching the fulfilment of the terms and conditions of the loans and the recovery of principal and interest thereof.

The annual statement showing the amount of overdue instalments of principal and interest to end of 1964-65 due to be sent by the Departmental authorities to Audit office by 31st May, 1965 have not been received (December, 1965) except in three cases; in these cases a sum of Rs. 3.16 crores was overdue for recovery, *vide* details given in paragraph 93 (a) (i), page 96.

Reconciliation and acceptance of balances—(c) Prompt and systematic reconciliation of departmental loan figures with those recorded in the books of the Audit office is necessary in order to ensure correct accounting of loan payment and recoveries thereof. The unreconciled balances amounted to Rs. 2,11.34 lakhs; the earliest year to which the differences relate was 1947-48.

The annual certificates of acceptance of balances of loans and advances were not furnished by the departmental officers in 4,780 cases (December, 1965). In some of these cases, the certificates are due from 1958-59 onwards. Until the balances have been accepted, the departmental records cannot be considered to indicate the correct position and the possibility of unauthorised draws and misappropriations, if any, of recoveries remaining undetected cannot be ruled out.

Further details of these cases are given in paragraph 93 (a) (iii) at page 96.

**Includes Rs. 16.72 crores referred to in foot note (a) at page 17.

12. *Utilisation of Central Assistance*—(a) During the years 1961-62 to 1964-65, the State Government received from the Government of India grants totalling Rs. 23.95 crores and loans totalling Rs. 93.85 crores in connection with the implementation of Plan Schemes as indicated below :—

Year	Grant	Loan
	(In crores of rupees)	
1961-62	4.14	18.30
1962-63	4.63	17.65
1963-64	6.72	25.27
1964-65	8.46	32.63
Total	23.95	93.85

On an average, the grants from the Central Government constituted 8 per cent of the annual revenue and the loans formed 57 per cent of the annual public debt raised by the State Government.

According to the procedure prescribed by the Government of India, central assistance is paid to the State Government on the basis of actual expenditure relating to each "Head of Development" consisting of a number of schemes/sub-schemes and the State Government are authorised to adjust the assistance on different schemes within the Head as they deem proper, provided the total does not exceed the amount sanctioned for each "Head of Development". Mention was made in para 8 of Audit Report, 1965 about non-submission of *pro forma* accounts by various controlling officers showing scheme-wise details of expenditure in order to correlate the expenditure with the central assistance received for each year. The *pro forma* accounts have not been furnished to Audit (December, 1965).

In October, 1964 the Government of India issued instructions to the State Governments that from 1965-66 the final adjustment of central assistance to State Governments for Plan Schemes would be on the basis of audited figures of expenditure. The State Government have indicated certain difficulties and have intimated to the Government of India that they would adopt the revised procedure from 1966-67.

As mentioned above, the payment of central assistance to the State is regulated according to the actuals of expenditure on the aided schemes.

In some cases, the expenditure shown in accounts, on the basis of which assistance was drawn, includes amounts which were not actually spent during that year; the amounts were withdrawn from the Consolidated Fund in advance of requirements, or adjustments were made in accounts showing the amounts as spent although no expenditure as such was incurred. The inflation of expenditure in these cases resulted in drawal of grants in excess of those otherwise due. Particulars of some cases of withdrawal of funds from the Consolidated Fund in advance of requirement are mentioned in paragraph 30, page 45.

(b) *Delay in utilisation and refund of loans*—Out of the loans advanced by the Government of India amounting to Rs. 19.54 lakhs during 1959-60 to 1962-63 in 6 cases, sums totalling Rs. 5.25 lakhs remained unspent with the State Government at the end of 1964-65. A yearwise break up of these unspent balances remaining unrefunded as on 31st March, 1965 is given below:—

Year of drawal of loan	Number of cases	Amount of loan	Amount of unspent balance which remained unrefunded
		(In lakhs of rupees)	
1959-60	2	6.76	1.66
1960-61	1	5.25	0.18
1962-63	3	7.53	3.41
Total	6	19.54	5.25

13. *Debt position*—(a) The public debt of the State Government increased by Rs. 43.68 crores during 1964-65 as shown below:—

	Receipts during the year	Repayments during the year	Net increase during the year
	(In crores of rupees)		
(i) Loans from the Central Government.	48.25	14.66	+33.59
(ii) Open Market Loans (4 $\frac{3}{4}$ per cent Orissa Government Loan, 1976)	8.72	..	+8.72
(iii) Loans from Autoumous Bodies.	1.56	0.19	+1.37
(iv) Cash Credit Advance from the State Bank of India.	1.00	1.00	..
(v) Ways and Means Advance from the Reserve Bank of India.	3.98	3.98	..
Total	63.51	19.83	+43.68

Of Rs. 19.83 crores repaid during 1964-65, Rs. 0.19 crore only were appropriated from Revenue; the balance, Rs. 19.64 crores was met from the borrowings and other accumulated balances.

(b) *Public debt*—The outstanding Public debt of the State Government amounted to Rs. 269.91 crores at the end of 1964-65. An analysis of the debt as at the end of 1964-65 compared to the corresponding figures at the end of the preceding four years, is given below :—

	Public debt on 31st March				
	1961	1962	1963	1964	1965
	(In crores of rupees)				
Loans from the Central Governments	143.59	158.90	172.58	193.00	226.64
Open Market Loans ..	14.57	20.47	28.19	28.23	36.95
Loans from Autonomous Bodies	1.64	2.25	2.82	3.75	5.12
Cash Credit Advances from the State Bank of India	..	..	..	1.00	1.00
Ways and Means Advances from the Reserve Bank of India	..	..	..	0.20	0.20
Total ..	159.80	181.62	203.59	226.18	269.91

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

The market loans outstanding on 31st March, 1965 were raised during the period from 1956-57 to 1964-65 and are repayable during 1968 to 1976; the rates of interest on these loans vary from 4 per cent to 4 3/4 per cent.

The amount of loans received from the Central Government outstanding at the end of 1964-65 formed 87 per cent of the total debt of the State.

To end of 1964-65, the Government of India paid to the State Government loans amounting to Rs. 98.57 lakhs for rehabilitation of displaced persons. The revised terms and conditions for the repayment of these loans stipulated by the Government of India in August, 1959 have not been agreed to by the State Government. The State Government are paying to the Government of India only the amounts actually realised from the displaced persons. The table below indicates the position of arrears in repayment as on 31st March, 1965 according to the original terms and conditions.—

	Principal	Interest
	(In lakhs of rupees)	
Amount due for repayment according to the original terms.	66.76	14.55
Amount actually realised and repaid ..	5.62	0.03
Amount overdue ..	61.14	14.52

In June, 1964, the Government of India decided that the State Government would be absolved of their responsibility to share any portion of loss on the loans granted to the displaced persons from East Pakistan prior to 31st March, 1964 (other than loans granted to displaced persons migrating after 31st December, 1963). Losses for which remission has to be obtained on this account have not been worked out by the State Government.

According to the terms and conditions in respect of 17 loans amounting to Rs. 77.83 lakhs advanced upto 1964-65 the rate of interest and the period of repayment vary with reference to purposes for which the loans are utilised by the State Government. As the details of the utilisation of these loans are awaited from the State Government, the overdue instalments of principal and interest could not be worked out and recoveries effected. The earliest period to which the loans relate date back to 1959-60.

In respect of 7 loans amounting to Rs. 23.12 lakhs advanced to the State Government during the period from 1961-62 to 1964-65, the terms and conditions of repayment were not settled and no amounts were repaid by the State Government.

(c) *Other obligations*—In addition to the public debt, the balances at the credit of accumulated funds to the extent to which they have not been separately invested but are merged with the general cash balance of Government, as also certain deposits, constitute liabilities of Government. Taking the regular public debt and these liabilities together, the debt position of Government at the end of each of the five years ending with 1964-65 may be stated as follows :—

	Total debt as on 31st March				
	1961	1962	1963	1964	1965
	(In crores of rupees)				
(i) Regular Public Debt ..	159.80	181.62	203.59	226.18	269.91
(ii) Unfunded Debt (balances in the State Provident Fund)	3.42	3.82	4.29	5.49	6.83
(iii) F earmarked funds (Sinking Funds, Reserve Funds and Deposit Accounts)	6.48	7.52	7.06	11.03	13.93
(iv) Deposits of Local Funds and Civil Deposits	4.02	9.71	13.05	18.23	19.36
Total	173.72	202.67	227.99	260.93	310.03

(d) *Arrangements for amortisation*—The total appropriation made from revenue for amortisation of debt during the year amounted to Rs. 3.80 crores and constitutes 5 per cent of the total revenue receipts of the State. The arrangements for amortisation are indicated below :—

I—*Open Market loans*—In accordance with the notifications inviting applications for the open market loans raised by Government, the following arrangements have been made for the amortisation of these loans.—

(i) *Depreciation Fund*—A sum equal to 1½ per cent of the total nominal amount of the loan is set apart annually to form a Depreciation Fund for purchasing the securities of the loans for cancellation.

(ii) *Sinking Fund*—An annual contribution is made to a Sinking Fund at such rates as Government may decide from time to time to be necessary for repayment of the loans on maturity.

During the year, sums of Rs. 0.42 crore and Rs. 3.19 crores were appropriated from Revenue to the two funds respectively. Besides, Rs. 0.23 crore earned on account of interest on investments was also credited to the Sinking Fund. The loss incurred in realisation of the securities during the year was Rs. 1 lakh.

The total balance in the Funds on the 31st March, 1965 was Rs. 15.63 crores, out of which Rs. 5.88 crores stood invested in Government's own securities, the securities of the Government of India and the securities and bonds of other Governments and autonomous bodies and the balance, Rs. 9.75 crores was merged in the general cash balance of Government.

II—Loans from the Government of India and autonomous bodies—No amortisation arrangements in respect of the loans obtained from the Central Government have been made except for the loans amounting to Rs. 15.32 lakhs obtained for the Industrial Housing Scheme in respect of which an amount equivalent to the actual recoveries made from the industrialists is transferred to the Sinking Fund. No contribution from the revenues was made to the Fund during 1964-65; the balance in the Fund at the end of the year amounted to Rs. 9.39 lakhs out of which Rs. 9.18 lakhs were invested in the securities of the Government of India.

As regards the loans taken from the autonomous bodies, the repayment is made out of amounts appropriated from revenue; a sum of Rs. 19.38 lakhs was repaid during the year.

14. *Ways and Means Advances and overdrafts from the Reserve Bank of India*—Under an agreement with the Reserve Bank of India, the Government of Orissa have to maintain with the Bank a minimum balance of Rs. 10 lakhs on Fridays and Rs. 8 lakhs on other days. If the balance falls below the agreed minimum, Government can take normal Ways and Means Advances from the Bank upto a maximum of Rs. 20 lakhs provided that such advances shall be for a minimum period of 7 days and for minimum amount of Rs. 1 lakh (the rate of interest in 1964-65 ranged from 4 to 5 per cent per annum). In addition, the Bank allows special Ways and Means Advances on a 'Demand Promissory Note' executed by the State Government; the maximum limit of such advances during 1964-65 was Rs. 1.25 crores from 2nd April, 1964 to 2nd February, 1965 and Rs. 1.40 crores thereafter (in 1964-65 these special advances carried interest at rates ranging from 4 to 5½ per cent). If even after taking the maximum advance the cash balance with the Bank is below the agreed minimum, the Bank allows overdrafts and charges interest (the rate ranged from 4½ to 6 per cent per annum during 1964-65).

Treasury bills to the extent of Rs. 26.25 crores held by the Bank on behalf of the State Government were re-discounted by the Bank to make up some of the deficiencies in the cash balance on 90 occasions during 1964-65.

The position in respect of maintenance of agreed minimum cash balance with the Reserve Bank of India during the year 1964-65 was as follows :—

No. of days on which the minimum balance was maintained without any advance from Reserve Bank of India	210
No. of days on which the minimum balance was maintained by taking only normal and special Ways and Means Advances	10
No. of days on which the minimum balance could be maintained only by taking overdrafts, in addition to normal and special Ways and Means Advances	145

The total amount of normal Ways and Means Advances and special advances obtained by Government during 1964-65 was Rs. 0.44 crore and Rs. 3.54 crores respectively. In addition, Government had to overdraw heavily from the Bank; such overdrafts during 1964-65 amounted to Rs. 53.01 crores. The maximum amount borrowed from the Reserve Bank of India on any single day during 1964-65 was Rs. 14.45 crores on the 8th April, 1964 (being 25 per cent of the total amount during 1964-65) as against Rs. 10.25 crores during 1963-64 on 31st March, 1964.

The total amount of interest paid to the Reserve Bank of India on the Ways and Means Advances (normal and special) and overdrafts during 1963-64 and 1964-65 are as indicated below :—

Year	Total interest paid during the year on	
	Ways and Means Advances	Overdrafts
	(In lakhs of rupees)	
1963-64	0.07	0.63
1964-65	2.71	7.79

Government repaid during the year an amount of Rs. 3.98 crores towards the normal Ways and Means advances and special advances totalling Rs. 3.78 crores obtained in 1964-65, and Rs. 0.20 crore outstanding from the year 1963-64, leaving a balance of Rs. 0.20 crore (normal Ways and Means Advance obtained on 27th March, 1965). As regards overdrafts, all of them were repaid during the year.

The cash balance of Government with the Reserve Bank of India as on 31st March, 1965 according to the books of the Bank was Rs. 2.60 crores. The cash balance with the Bank at the end of the year 1964-65 as per accounts, however, was *minus* Rs. 8.64 crores. The decline of Rs. 11.24 crores was mainly due to financial adjustments carried out between 1st to 27th April, 1965 in respect of (i) large withdrawals from banking treasuries during the last few days of March, 1965 which were intimated to the Reserve Bank of India after 31st March, 1965 and therefore accounted for in the books of the Bank during April, 1965 and (ii) inter-Governmental transactions. These transactions were, according to the prescribed procedure, accounted for in Government accounts for 1964-65 but in the books of the Bank in the

next year, 1965-66. The cash balance of the Government of Orissa with the Reserve Bank of India (after taking into account such financial adjustments) was a *minus* figure (debit balance) at the close of each of the preceding three years also, as indicated below:—

Balance as on	Amount (In crores of rupees)
31st March, 1962 ..	—2.36
31st March, 1963 ..	—1.55
31st March, 1964 ..	—8.52

The position of over drafts from the Bank during the period from 1st April, 1964 to 31st December, 1965 (the date upto which information is available) is indicated below:—

Period during which over draft occurred	Maximum amount of a overdrawal on a single day (date)	Remarks
(1) 1st April, 1964 to 28th June, 1964	Rs. 13.00 crores (8th April, 1964)	The overdraft of Rs. 7.81 crores was wiped out on 29th June, 1964 on receipt of an advance of Rs. 8 crores from the Government of India. This advance was adjusted at the end of 1964-65 towards the States' share of Taxes payable by the Government of India to the State Government during that year.
(2) 2nd to 5th July, 1964	Rs. 0.09 crore (4th July, 1964)	A total amount of Rs. 27.66 crores was paid by the Government of India to the State Government in 9 instalments between 7th May, 1964 to 9th January, 1965 as Ways and Means Advances for Plan Schemes out of which Rs. 24.20 crores was adjusted as loan and Rs. 3.46 crores as grants during 1964-65.
(3) 27th January, 1965 to 26th March, 1965	Rs. 5.23 crores (24th March, 1965)	..

Period during which over draft occurred	Maximum amount of overdrawal on a single day (date)	Remarks
(4) 3rd April, 1965 to 28th June, 1965	Rs. 9.49 crores (30th April, 1965)	The overdraft of Rs. 7.92 crores was wiped out on 29th June, 1965 on receipt of an advance of Rs. 8.25 crores from the Government of India.
(5) 1st to 9th July, 1965	Rs. 1.15 crores (7th July, 1965)	..
(6) 4th to 31st August, 1965	Rs. 3.86 crores (31st August, 1965)	..
(7) 6th to 14th September 1965	Rs. 2.54 crores (9th September, 1965)	..
(8) 26th October, 1965 to 31st December, 1965	Rs. 10.53 crores (13th December, 1965)	By end of 31st December, 1965, the amount of overdraft was Rs. 9.16 crores

During March, 1965, Government also obtained cash credit accommodation from the State Bank of India to the extent of Rs. 1 crore besides the amount of Rs. 1 crore outstanding from the previous year, *i.e.*, 1963-64. Out of this amount, Rs. 1 crore was repaid during March, 1965 leaving a balance of Rs. 1 crore at the end of 1964-65. The interest paid on this account during the year amounted to Rs. 6.17 lakhs.

15. *Interest charges*—The table below shows the net burden of interest charges on debt and other obligations, on revenue:—

	1960-61	1961-62	1962-63	1963-64	1964-65
	(In crores of rupees)				
(i) Interest paid (including expenditure on management) on debt and other obligations	2.57	8.82	7.13	9.18	9.56
(ii) <i>Deduct</i> —					
(a) Interest realised on loans and advances by State Government	0.14	0.12	0.28	0.40	1.18
(b) Interest realised on investment of cash balances	0.05	0.76	0.14	0.14	0.10
(c) Interest paid on amount of compensation on abolition of Zamindari system eventually met from Zamindari Abolition Fund	0.07	0.07	0.08	0.07	0.09
(iii) Net burden of interest on revenue	2.31	7.87	6.63	8.57	8.19
(iv) Percentage of gross interest to total revenue receipts	7	24	12	13	13
(v) Percentage of net interest to total revenue receipt	6	21	11	12	11

16. *Guarantees given by the State Government*—Besides the obligations mentioned in paragraph 13, Government have contingent liabilities in respect of guarantees given by them for repayment of loans, share capital, etc., raised by Statutory Corporations, Government Companies, Joint Stock Companies, Co-operative institutions and a Municipality. The payment of minimum dividend on the working capital of the Orissa State Financial Corporation has also been guaranteed by Government.

Brief particulars of the amount of the contingent liability in terms of the guarantees are given below; further details are given in statement No. 6 of the State Finance Accounts, 1964-65.

	Amount guaranteed	
	Maximum *	On the 31st March, 1965
	(In crores of rupees)	
(i) Guarantee for repayment of working capital of the Orissa State Financial Corporation and minimum dividend thereon and for (re-payment 5 per cent Bonds redeemable in 1976).	1.50	1.50
(ii) Guarantee for repayment of loans raised by Orissa State Electricity Board.	5.67	5.67
(iii) Guarantee given to State Bank of India for repayment of loans raised by Panchayat Samitis to meet the Block/Working capital requirements of Panchayat Samiti Industries.	0.23	0.23
(iv) Guarantees for repayment of loans, debentures, bonds, etc., (and interest in certain cases) raised by—		
(a) 23 Government Companies ..	4.09	3.31
(b) 4 Joint Stock Companies ..	1.60	0.68
(c) 24 Co-operative Banks and Institutions	15.78	8.79
(d) One Municipality ..	0.05	0.05
Total ..	28.92	20.23

* Excludes the figures relating to dividends and interest where guaranteed.

In order to fulfil the guarantee in respect of the annual minimum dividend on the paid up share capital of the Orissa State Financial Corporation, Government paid a sum of Rs. 5.42 lakhs upto 1963-64. The liability of Government in this respect for the year 1964-65 was Rs. 0.70 lakh; the subventions from the State Government so far amounted to Rs. 6.12 lakhs. The liability incurred by State Government on this account is to be repaid by the Corporation out of future profits in accordance with the provisions of the State Financial Corporations Act, 1951.

17. *Grants-in-aid*—(a) During 1964-65 an aggregate amount of Rs. 14.72 crores constituting 20 per cent of the expenditure on revenue account was disbursed by way of grants-in-aid to local bodies including Panchayat Organisations and private individuals.

The principal objects of the aid were (i) Education (Rs. 5.97 crores) accounting for 41 per cent of the total grants-in-aid and (ii) Community and Rural Development and Development of Tribal areas for which a sum of Rs. 8.85 crores was paid which formed 38 per cent of the total grants. The principal beneficiaries of the aid were the Panchayat Organisations which received Rs. 9.77 crores constituting 67 per cent of the total grants made during the year. Details of grants sanctioned to Panchayat Organisations are mentioned in the subsequent paragraph.

The expenditure incurred out of the grants to local bodies (other than Panchayat Organisations) is audited by the Examiner, Local Fund Accounts who is under the administrative control of the State Government. Some of the more important points indicating utilisation of grants for unauthorised purposes, non-refund of un-utilised grants and payments of grants in excess of requirements, etc., reported to Government by the Examiner during 1964-65 are mentioned in paragraph 123, page 129.

Grants totalling Rs. 36.41 lakhs paid upto the end of 1964-65 to Zilla Parishads, Panchayat Samitis and Grama Panchayats for construction of roads and buildings have been capitalised in Government account. Government have indicated that the assets created out of these grants will belong to Government. In that case, it was not correct to classify the expenditure as grants-in-aid. Alternatively, the expenditure which is of a revenue nature should be written back to revenue. The matter has been under correspondence since March, 1962. Government decided in December, 1965 to write back an amount of Rs. 5.46 lakhs paid as grants-in-aid during 1961-62 and 1962-63 for construction and maintenance of grain golas to the revenue account in 12 years from 1966-67. Decision of Government regarding the balance amount of Rs. 30.95 lakhs is still awaited (February, 1966).

(b) *Non-receipt of Utilisation Certificates*—The departmental officers are required to certify, after due verification, that grants-in-aid have been utilised for the purposes intended and where the grants were conditional, the conditions have been fulfilled.

Certificates of utilisation of grants in 6,086 cases involving Rs. 22.67 crores disbursed upto March, 1964 have not been furnished to Audit even by January, 1966 a year or more after the drawal of the grants. Of these, 2,723 grants involving Rs. 7.46 crores were paid during 1961-62 and earlier years. This is indicative of the extent of delay in the utilisation of the grants and/or proper accounting or verification of the expenditure incurred therefrom.

Further details are given in paragraph 126, page 136.

18. *Democratic decentralisation*—During 1964-65, the following grants were given to Zilla Parishads, Panchayat Samitis and the Grama Panchayats.

Department sanctioning the grant	Nature and purpose of grant	Amount (In crores of rupees)
(1) Education	Primary Education	3.61
(2) Community Development and Panchayati Raj.	(i) Rural Development	1.29
	(ii) Community Development—	
	(a) Establishment, training, etc.	0.54
	(b) Development of blocks	2.93
	(iii) Construction of anchal roads.	0.05
(3) Planning and Co-ordination.	Water Supply	0.40
(4) Co-operation and Forestry	Grants of share of profits from Kendu leaves trade.	0.39
(5) Tribal and Rural Welfare	Welfare of tribal and backward areas.	0.37
(6) Health	Piped water supply	0.05
(7) Industries	Grants to Prize winning Panchayats for establishment of Panchayat Samiti Industry.	0.14
	Total	9.77

In addition to the grants, an expenditure of Rs. 3.41 crores as indicated below was incurred by Government during 1964-65 as a measure of assistance to the Panchayat Organisation.

Nature and purpose of expenditure	Amount (Rs. in lakhs)
(i) Expenditure on Rural and Community Development	2.57
(ii) Payment on account of rates and Cess on land	0.27
(iii) Share capital contribution for Panchayat Samiti Industries.	0.35
(iv) Setting up of Rural Industrial estates for accommodation of Panchayat Samiti Industries.	0.18
(v) Construction of grain golas	0.04
Total	3.41

20. *Non-receipt of comments on draft paragraphs*—The draft audit paragraphs proposed to be included in the Audit Report are sent to the administrative departments of Government for verification of the facts included therein and for their comments, if any. The replies to the draft paragraphs are to be furnished within a maximum period of 6 weeks of their receipt. In respect of 132 paragraphs included in this Report, in 117 no replies have been received so far (December, 1965), in 24 there has been delay of over three months beyond the prescribed date.

Some of the departments from which replies to draft paragraphs not received compared with the position in the preceding two years are indicated below :—

Name of the Department	Number of paragraphs for which replies were not received before finalisation of the Audit Reports		
	Audit Report, 1964	Audit Report, 1965	Audit Report, 1966 (Present Report)
Works and Transport ..	12	6	24
Irrigation and Power ..	20	10	21
Industries, Mining and Geology	21	19	18
Community Development and Panchayati Raj	8	4	10

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

21. *Summary*—The following table compares the expenditure during the year with the total of voted grants and charged appropriations—

	Grants/ Appropriations	Actual Expenditure	Saving		
			Amount	Percentage	
(In crores of rupees)					
<i>Voted—</i>					
Original	154.46	181.55	164.81	16.74	9.22
Supplementary	27.09				
<i>Charged—</i>					
Original	23.67	34.45	33.90	0.55	1.60
Supplementary	10.78				
Total	216.00	198.71	17.29	8.00	

The overall saving (Rs. 17.29 crores) represented 8 per cent of the total amount of the voted grants and charged appropriations. This was the net result of savings amounting to Rs. 20.31 crores under 50 grants and 19 appropriations set off by excesses amounting to Rs. 3.02 crores under 8 grants and 3 appropriations. The savings in the preceding three years were 6.33 per cent in 1963-64, 8.24 per cent in 1962-63 and 13.21 per cent in 1961-62.

22. *Supplementary grants/ appropriations—(a) Voted grants*—During the year supplementary provision totalling Rs. 27.09 crores was obtained under 52 voted grants. The details given in Appendix I (at page 142) bring out the following points—

(i) In 12 grants the supplementary provision (amounting to Rs. 1 lakh or more in each case) totalling Rs. 3,28.58 lakhs (12 per cent of the total supplementary provision) proved entirely unnecessary as the expenditure did not come up even to the original grant; in 9 of these cases the supplementary provision aggregating Rs. 1,56.29 lakhs was obtained as late as in March, 1965, when the departments should have been in a position to frame a reasonably close estimate of their requirements.

(ii) In 22 cases, the supplementary provision exceeding Rs. 1 lakh in each case proved excessive. In these cases, out of a total supplementary provision of Rs. 21.61 crores, a sum of Rs. 5.69 crores remained unutilised. In 17 of these cases, supplementary grants totalling Rs. 12.54 crores had been taken as late as March, 1965.

(iii) In 2 cases, the supplementary provision aggregating Rs. 1.92 crores proved inadequate as the expenditure exceeded the total provision (original and supplementary) by Rs. 2.93 crores.

(b) *Charged appropriations*—Supplementary appropriation amounting to Rs. 10.78 crores was made during the year under 18 appropriations.

In 2 cases mentioned below supplementary provision aggregating Rs. 3.09 crores proved excessive; the amount which was actually utilised was Rs. 2.51 crores.

Sl. No.	Name of appropriation	Original appropriation	Supplementary appropriation and the month in which obtained	Total Expenditure	Expenditure	Saving	Amount surrendered
(In Lakhs of rupees)							
(1)	Interest on Debt and other obligations	9,52.44	13.54 November, 1964 (8.76) March, 1965 (4.78)	9,65.98	9,55.73	—10.25	7.59 (March, 1965)
(2)	Floating Debt (Repayment)	2,50.00	2,95.00 November, 1964 (95.00). March, 1965 (2,00.00).	5,45.00	4,98.00	—47.00	98.00 (March, 1965)

23. (a) *Excesses overvoted grants*—(i) Excesses over voted grants occurred in the following eight cases and require to be regularised under Article 205 of the Constitution.

(In this table 'O' stands for original grant and 'S' for supplementary grant)

Particulars of Grant	Total Grant	Expenditure	Excess		
			Amount	Percentage	
	Rs.	Rs.	Rs.		
(1) 8—Stamps—					
O.	3,22,300	3,62,300	4,34,079	71,779	19.80
S.	40,000				

The excess occurred under the group-heads relating to the charges for the sale of non-judicial stamps and cost of stamps supplied from Central Stamp Stores. The reasons for the excess have not been intimated by the Controlling Officer.

The excess over this grant occurred for the sixth year in succession as shown below:—

Year	Amount of excess	Percentage of excess to the provision
	Rs.	
1959-60	12,205	6.32
1960-61	11,480	5.89
1961-62	13,281	6.01
1962-63	8,390	3.07
1963-64	11,745	3.66

Particulars of Grant	Total Grant	Expenditure	Excess	
			Amount	Percentage
(2)9—Ministers, Civil Secretariat and other expenditure relating to the Finance Department—				
	Rs.	Rs.	Rs.	
O.O. 91,98,400	} 1,00,52,000	} 1,00,87,750	} 3,704	} 0.35
S. 8,53,600				

* Excess of Rs. 57,438 and Rs. 84,281 occurred over this grant during the preceding two years 1963-64 and 1962-63 also.

(3)10—Pensions—

O. 50,76,600	} 50,76,600	} 54,23,071	} 3,46,471	} 6.82
S. ..				

The excess occurred mainly due to finalisation of more pension cases towards the close of the year financed from the special

(4)19—Stationery and Printing and other expenditure relating to the Commerce Department—

O. 77,15,800	} 86,42,000	} 86,45,704	} 3,704	} 0.04
S. 9,26,200				

Excess of Rs. 78,492 occurred over the grant during the previous year also.

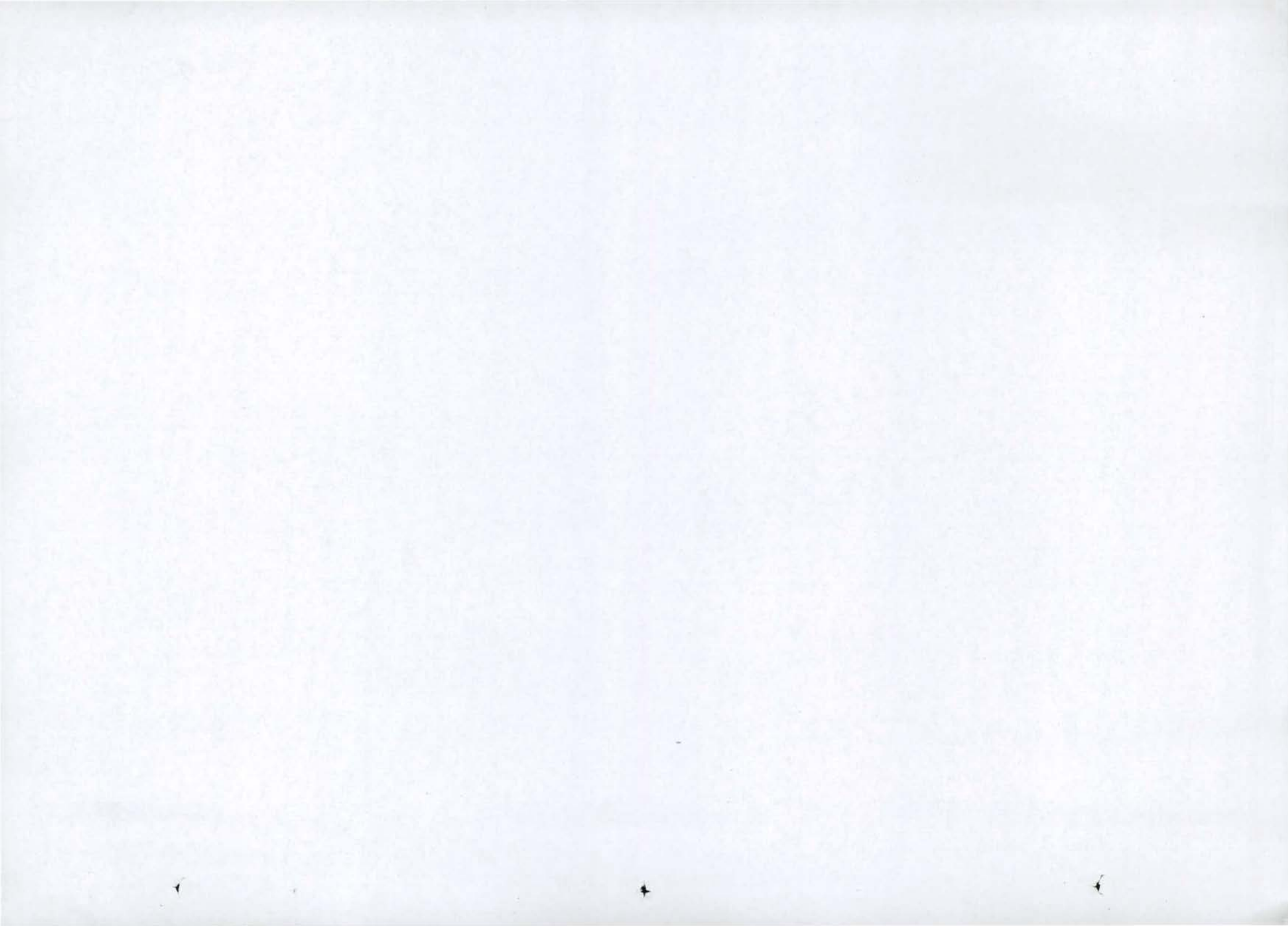
(5)25—Public Works—

O. 16,59,43,900	} 18,42,94,500	} 21,35,83,514	} 2,92,89,014	} 15.89
S. 1,83,50,600				

The excess occurred mainly under the group-heads "B.1—Original Works and Repairs (1) 'Major Works' and (3) 'Repairs'", "B.2—Works—Suspense—Debit", "D.1(3)—Communication—Other Projects"—(1) 'Ordinary' and (2) 'Projects financed from the special award of the Finance Commission', "I.1—Suspense—Public Works Department—Debit" and M.1 (1)—Buildings—Public Works Department—Miscellaneous Departments."

The reasons for the excess have not been intimated by the Controlling Officer.

The excess of Rs. 2.93 crores (20.80 per cent of the provision) occurred in the previous year also.



Particulars of Grant	Total Grant Expenditure		Excess	
	Rs.	Rs.	Rs.	Percentage
(6)39—Ports—				
O. .. 3,45,400	3,61,200	3,72,285	11,085	3.07
S. .. 15,800				

The excess occurred under the group-heads "A.1—Ports Establishment Paradeep port" and "D.1—Training—Drivers Training School"; the reasons for the excess have not been intimated by the Controlling Officer.

(7)40—Community Development Projects—

O. .. 500	500	75,250	74,750	14.950
S.				

The excess occurred under the group-head "A. 2—Central Stores—Suspense—Debit—Community Development Projects";

This group-head accommodates the debits in the Personal Ledger Accounts opened for the Community Development Projects. During 1964-65, no provision was made in the budget estimate as orders had been issued to close the Personal Ledger Accounts. In December, 1964 and March, 1965, 3 Block Development officers closed their Personal Ledger Accounts, the expenditure under the group-head (Rs. 75,268) represents the amounts withdrawn which were refunded and accounted for as repayment of advances and included under recoveries adjusted in reduction of expenditure.

The excess over this grant occurred in the preceding two years also as indicated below:—

Year	Amount of excess	Percentage of excess
	(In lakhs of rupees)	
1962-63 ..	2.80	3.736
1963-64 ..	2.05	1.95

(8)53—Capital Account of Other works relating to Home Department—

O. .. 4,00,000	13,25,000	13,29,716	4,716	0.35
S. .. 9,25,000				

The excess occurred under the group head "Police Housing Scheme".

(ii) The following table compares the number and amount of excesses over total grants during 1964-65 with the excesses in the preceding three years:—

Year	No. of cases	Amount
		(In lakhs of rupees)
1961-62	2	1,41.24
1962-63	6	4.63
1963-64	12	3,96.97
1964-65	8	2,98.37

(b) Excesses over charged appropriations—(i) The excesses over charged appropriations which occurred in the following cases require regularisation:—

(In this table 'O' stands for original appropriation and 'S' for supplementary appropriation).

Particulars of appropriation	Total appropriation	Expenditure	Excess	
			Amount	Percentage
	Rs.	Rs.	Rs.	
(1)10—Pensions—				
O. .. 31,500	31,500	40,560	9,060	28.76
S.				

The excess was stated to be due to additional expenditure on payment of arrears of pension and death-cum-retirement gratuity to a retired High Court Judge towards the end of the year.

(2)43—Irrigation and Electricity Schemes -

O.	14,000	24,071	10,071	71.93
S. .. 14,000				

The excess occurred under the group-head "YY—Works—Flood Control Schemes"; the reasons for the excess have not been intimated by the Controlling Officer.

(3) Loans from the Central Government (Repayment)—

O. 6,96,34,200	14,62,64,000	14,66,32,212	3,68,212	0.25
S. 7,66,29,800				

The excess was mainly due to non-materialisation of anticipated savings to the full extent of Rs. 33.70 lakhs within the Appropriation for meeting expenditure towards repayment of Ways and Means Advance taken from the Government of India.

(ii) The following table compares the number and amount of excesses over charged appropriations during 1964-65 compared with the excesses in the preceding three years:—

Year	No. of cases	Amount	
		(In lakhs of rupees)	
1961-62	1	5.02	
1962-63	3	48.42	
1963-64	1	68.61	
1964-65	3	3.87	

24. Savings in voted grants and charged appropriations—

(A) Voted Grants—

(i) The details given in Appendix II (page 146) indicate that there were 19 grants under which the provision remained unutilised to the extent of more than 10 per cent; in 9 of these cases the unutilised provision ranged between 31 and 91 per cent.

In 5 of these grants (particulars in Appendix III, page 147) provision in excess of 10 per cent remained unutilised in preceding two years also.

(ii) An analysis of the savings in the provision made for different groups of Government activity is given below:—

Total Grant	Saving	
	Amount	Percentage
(In crores of rupees)		

Expenditure met from Revenue—

(1) Administrative Services—

General Administration	4.75	1.34	28.21
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The saving occurred mainly in the provision made for purchase of stores for the Rural Engineering Organisation; the reasons for the saving have not been intimated by the Controlling Officer.

Other Heads	5.69	0.05	0.87
Total—Administrative Services	10.44	1.39	13.31

	Total Grant	Saving	
		Amount	Percentage
(2) Social and Developmental Services—	(In crores of rupees)		
Agriculture ..	4.84	0.88	18.18
<p>The saving was mainly due to revision of programme of the scheme for resettlement of landless labourers (Rs. 28.58 lakhs) ; non-appointment or late appointment of staff (Rs. 15.83 lakhs) ; curtailment of expenditure relating to exhibitions and fairs (Rs. 8.49 lakhs) and Intensive Agricultural District programme (Rs. 7.05 lakhs) and sanctions of less grants to University of Agriculture and Technology (Rs. 6.36 lakhs).</p>			
Industries ..	2.39	1.41	59.00
<p>A saving of Rs. 88.39 lakhs occurred mainly due to transfer of provision to "Education" for meeting expenditure relating to "Technical Education" (Rs. 75.52 lakhs) and non-utilisation of full provision made for "Development of Rural Industries" on account of fixation of ceiling by the Government of India which provides assistance (Rs. 12.87 lakhs).</p> <p>A further saving of Rs. 33 lakhs occurred due to non-utilisation of provision made for giving grants-in-aid to prize winning Panchayat Samitis for establishment of medium industries within the jurisdiction of those Samitis ; Government decided to set up industries through the agency of the Industrial Development Corporation by purchasing shares of the Corporation, the provision for which was made under "Capital Outlay on Industrial Development".</p>			
Other heads ..	31.11	0.54	1.73
Total—Social and Developmental Services.	38.34	2.83	7.38
(3) Other Services ..	40.67	0.30	0.73

Expenditure outside the Revenue Account—

(4) Improvement of Public Health, Agricultural Improvement and Research and Industrial Development—

Industrial Development ..	4.88	0.96	19.66
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The saving was accounted for by non-utilisation of the entire provision of Rs. 96.25 lakhs made for providing share capital contribution to Rice-cum-Oil Milling Units ; the reasons for non-utilisation have not been intimated by the Controlling Officer.

	Total Grant	Saving	
		Amount	Percentage
(In crores of rupees)			
Other heads ..	2.88	0.18	6.25
Total—Improvement of Public Health, Agricultural Improvement and Research and Industrial Development.	7.76	1.14	14.69
(5) Multipurpose River Schemes, Irrigation and Electricity Schemes—	14.41	3.23	22.41

The saving was mainly due to slow progress of Dam and appurtenant works (Rs. 1,46.72 lakhs) and economy in expenditure on acquisition of special tools and plant and non-receipt of machinery indented (Rs. 20.66 lakhs) for Balimela Dam Project ; non-receipt of Grid sub-station equipment for "Subsidiary Power House Project, Chiplima" (Rs. 52.26 lakhs) ; "restricted purchases" of materials for Dam and appurtenant Works of Hirakud Dam Project (Rs. 42.27 lakhs) ; non-payment of compensation for land acquired in cases which were *sub-judice* (Rs. 37.54 lakhs) and non-receipt of steel materials required for pen-stock of Balimela Power Scheme (Rs. 13.96 lakhs).

Other heads ..	24.91	-1.07	..
Total—Multipurpose River Schemes, Irrigation and Electricity Schemes.	39.32	2.16	5.49
(6) Other Schemes—			
Schemes of Government Trading	15.84	7.16	45.20

A saving to the extent of Rs. 4.20 crores occurred mainly due to non-finalisation of accounting procedure for recording transactions relating to Trading in Kendu leaves (Rs. 3.41 crores); non-receipt of debits for the cost of rice received from the Government of India (Rs. 57.54 lakhs) and non-receipt of required quantity of hard coke and scrap iron for the scheme "Trading in Scrap Iron" (Rs. 21.60 lakhs).

A further saving of Rs. 1.50 crores occurred in the provision for advances to the Personal Deposit Accounts opened for recording transactions under the scheme 'purchase of rice'. The provision was based on the anticipation that a cash credit loan to the extent of Rs. 2.50 crores would be available from the State Bank of India, but actual credit made available by the bank was only Rs. 1 crore. There was also a saving of Rs. 1 crore in the provision for withdrawals for refund of advances referred to above. The refund anticipated was Rs. 2 crores but the actual amount withdrawn on this account was Rs. 1 crore consequent on less advances as indicated above.

Miscellaneous ..	24.82	1.07	4.31
Total—Other Schemes ..	40.66	8.23	20.24
(7) Loans and Advances ..	4.36	0.69	15.83
Grand Total ..	181.55	16.74	9.22

(iii) Some of the major schemes/items where the provision made remained wholly or substantially unutilised during 1964-65 are indicated in the notes in the analysis of saving in sub-para (ii) at pages 38 to 40, some more are given below and some others are indicated in Appendix IV, page, 148.

Grant No. and group head	Schemes	Provision made (In lakhs of rupees)	Saving	
			Amount	Percentage
(1) 5—Community Development Projects, etc.—				
B.6 ..	Re-organisation of Grama Panchayats.	22.23	22.23	100
	The cadre of Grama Panchayat Secretaries was not formed due to delay in framing rules in respect thereof.			
(2) T. ..	Local Development Works—Pilot Project Programme for utilisation of Rural manpower	67.00	47.16	68
	Mainly withdrawal of ten pilot projects and less availability of central assistance.			
(3) 17—Expenditure relating to the Industries Department—				
A ..	Mines Department—Transfer to Orissa Mining Areas Development Fund	14.25	14.25	100
	The provision was made for contribution to "Orissa Mining Areas Development Fund" constituted under the Orissa Mining Areas Development Fund Act, 1952. The Government contributions to the Fund are based on the cess collected on minerals. During the year, no amount was transferred to the Fund; it was stated that no cess was collected during the year.			
(4) 23—Public Health—				
G.5 ..	Family Planning Centres.	97.90	74.97	76.57
	Mainly non-implementation of the scheme as per programme.			
(5) 25—Public Works—				
I.3 ..	Aero-Engine Factory—Suspense—Debit.	4,00.00	1,87.41	46.86
	Mainly slow progress of work and non-receipt of materials.			
	(B) <i>Charged Appropriations</i> —There were savings totalling Rs. 59.00 lakhs under 19 appropriations. The bulk of the savings was under—			
	(i) 'Debt Services' (Rs. 10.68 lakhs) which was mainly due to less payment of interest on account of less amount of loans received from the Central Government from 'Small Savings Collections and less receipt of loans or non-finalisation of terms in respect of some loans received for "Community Development" and "Development of Paradeep Port".			

(ii) 'Public Debt—Floating Debt' (Repayment) (Rs. 47.00 lakhs). The saving of Rs. 47 lakhs was the net result of mainly a saving of Rs. 1 crore explained in sub-para (a) below and an excess of Rs. 0.51 crore explained in sub-para (b) below:—

(a) Saving of Rs. 1 crore—The saving occurred in the provision for repayment of cash credit advances to the State Bank of India. The provision was made on the anticipation that advances of Rs. 2.50 crores would be received from the Bank out of which Rs. 2 crores would be repaid during the year; the actual credit made available by the Bank was Rs. 1 crore only and this was repaid during the year.

(b) Excess of Rs. 0.51 crore—This was due to more expenditure on repayment of special Ways and Means Advances taken from the Reserve Bank of India (Rs. 0.51 crore). The advances obtained on 27th and 29th March, 1965 were repaid on 30th March, 1965.

CONTROL OVER EXPENDITURE

25(1) The object of control over expenditure is to secure as close an approximation as possible between the actual expenditure and the final grant/appropriation under each sub-head of grant/appropriation; this is done—

(i) by sanctioning reappropriations for the transfer of funds from sub-heads of grants where a saving is anticipated to other sub-heads in the same grant where there is need for additional provision of funds;

(ii) by obtaining supplementary grants or appropriation wherever necessary; and

(iii) by effecting surrender of surplus funds under any sub-head as soon as the savings can be foreseen.

(2) Cases where the additional funds provided in the course of the year by supplementary grant proved unnecessary, excessive or inadequate have been indicated in paragraph 22, page 33.

(3) Cases where the total expenditure against a grant or appropriation as a whole has exceeded the sanctioned amounts and require regularisation by Legislature have been mentioned in paragraph 23, pages 34 to 37.

(4) The following points were noticed in connection with the surrender of unutilised amounts—

(a) Although the rules require that the unutilised amounts should be surrendered as soon as the possibility of saving is envisaged, an amount of Rs. 16.60 crores (out of the total saving of Rs. 16.74 crores) was surrendered only in March, 1965.

(b) In the case of 3 grants, out of the savings aggregating Rs. 1,73.48 lakhs, a total sum of Rs. 1,36.78 lakhs remained unsurrendered (details given in Appendix V, page 150).

(c) In the case of one grant (Grant No. 25—Public works), an amount of Rs. 1.84 crores was surrendered although the expenditure exceeded the grant by Rs. 2.93 crores and thus no amount was available for surrender.

(d) The savings ultimately found to be available were less than the amounts surrendered by more than Rs. 1 lakh each in the case of 4 grants; the details are given in Appendix VI, page 151.

(5) Important instances of defective control over expenditure in respect of individual group heads within the Grants/Appropriations have been indicated in the Appropriation Accounts.

26. Recoveries adjusted in the accounts in reduction of expenditure :- Under the system of gross budgeting followed by the State Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure. The anticipated recoveries and credits are, however, shown separately in the budget estimates.

In 1964-65 the actual recoveries fell short of the estimated amounts by more than Rs. 1 lakh each in 13 grants; some of the important ones of shortfalls in the recovery are mentioned below :-

Sl. No.	Number and name of the grant	Amount (In lakhs of rupees)	Remarks
(1)	3-Police	26.06	Non-recovery of the Government Grants from the Government of India and Assam on account of arrears of grants referred to the State Ministry, Revenue (No. 2271) dated 22.7.65.
(2)	6-Expenditure relating to the Political and Services Department	7.92	Mainly non-recovery of the cost of Land Acquisition Expenditure on the reclamation of land from the Government of India, Revenue.
(3)	21-Tribal and Rural Welfare Department	23.40	Non-recovery of expenditure on account of grants from the Assam Government under the District Development Department, Assam.
(4)	27-Public Works, Common Establishment and other expenditure relating to the Works Department	73.71	Non-recovery of the expenditure on the preparation of the staff and tools and plant for works executed by State Public Works Department for Aero-Engine Factory.
(5)	33-Co-operation and Marketing	14.30	The expenditure was not referred to the concerned department owing to non-recovery of grants from the National Co-operative Development Corporation for the marketing of the products of the organization.

27. *Delay in reconciliation of departmental figures of expenditure with those of the Audit Office:—*

The financial rules and procedure prescribed by Government require that the controlling officers should reconcile monthly the figures of expenditure as booked in the departmental records with those in the accounts maintained by the Accountant General. The final acceptance of the year's figures is required to be furnished to Audit by the Departments by the end of June.

In regard to the reconciliation of expenditure during 1964-65, the position at the end of December, 1965 was that 20 controlling officers had not reconciled their accounts for all the twelve months and 3 for periods ranging from six to ten months.

112 controlling Officers did not communicate the acceptance of the figures although reconciliation of the figures had been completed by them (December, 1965).

28. *Delay in submission of accounts by Treasuries*—In spite of instructions issued by Government from time to time, there has been persistent delay in rendering monthly accounts to audit by most of the Treasuries. During 1964-65, out of 13 Treasuries in the State, 2 Treasuries sent the accounts late in more than 5 months and 6 Treasuries in more than 3 months during the year. Accounts of 2 Treasuries out of these 8 Treasuries were not included in the Civil Accounts of the months to which they related due to late receipt of accounts; the amounts of receipt and payment involved were Rs. 3.07 crores and Rs. 3.21 crores respectively.

29. *Issue of sanctions towards the close of the year*—With a view to avoiding rush of expenditure towards the close of the year, Government have been issuing instructions year after year that sanctions for expenditure should be issued sufficiently early and at any rate not later than 15th March. It was also stressed that the concurrence of the Finance Department would not be given after 15th March except in most emergent cases.

The issue of sanctions towards the close of the year in contravention of the instructions of Government has, however, been persisting; in fact, the position has deteriorated in 1964-65. 1,199 sanctions involving an expenditure of Rs. 4.53 crores were issued by different departments of Government after 15th March, 1965 as against 579 and 976 sanctions issued after 15th March, 1964 and 1963 respectively as indicated below:—

Sanctions issued	For Grants-in-aid		Other expenditure	
	Number	Amount	Number	Amount
	(Amount in lakhs of rupees)			
Between 15th March, and 24th March, 1965.	226	82.00	244	54.00
In the last week of March, 1965 (between 25th and 31st March, 1965).	378	1,46.00	351	1,71.00
During the last three days of March (between 29th and 31st March, 1965).	197	32.00	196	1,25.00

A department-wise analysis of these 1,199 sanctions is given below:—

Department	Number of cases	Amount (Rs. lakhs)
Education	434	67.00
Community Development and Panchayati Raj	202	1,19.00
Agriculture and Animal Husbandry	136	84.00
Home	111	51.00
Co-operation and Forestry	46	67.00
Other Departments	270	65.00

30. *Withdrawal of funds with a view to avoiding lapse of budget allotment*—
The Financial Rules of Government prohibit withdrawal of amounts from treasuries towards the close of the financial year to avoid lapse of budget allotment. A number of cases have, however, been noticed in which large amounts were withdrawn towards the end of the financial years apparently to avoid lapse of grants. The cases have been reported in successive Audit Reports since 1962. The irregularity, however, persists; as many as 58 cases were noticed in each of which amounts exceeding Rs. 1 lakh totalling in all Rs. 1.83 crores were withdrawn in March, 1965 apparently to avoid lapse of budget allotments. Department-wise analysis of these cases is given below; the particulars of each case are given in appendix VII, page 152.

Department	Number of cases	Amount (Rs. lakhs)
Agriculture and Animal Husbandry	33	1,23.50
Co-operation and Forestry	11	29.62
Industries	4	15.31
Health	5	8.05
Education	2	2.25
Tribal and Rural Welfare	1	1.25
Home	1	1.06
Commerce	1	1.91
Total	58	1,82.95

In 17 of these cases, amounts totalling Rs. 86.67 lakhs were withdrawn and remitted to Engineering Departments as deposits for works to be executed by them. This is not permissible under the rules; according to rules, budget provision itself should be placed at the disposal of the officers by whom the works are to be executed and amounts withdrawn by them from the treasury as and when required.

31. *Retention of heavy cash balances*—As a result of withdrawal of amounts not required for immediate disbursement, heavy cash balances remained with departmental officers. Instances of large cash balances with departmental officers as on 31st March, 1963 were mentioned in paragraph 21 (b) of the Audit Report, 1965. Similar cases of drawals in March, 1964 showing retention of heavy cash balances with departmental officers as on the 31st March, 1964 in 21 cases amounting to Rs. 50.29 lakhs are mentioned in Appendix VIII, page 159. A department-wise break up of these cases is indicated below:—

Department	Number of cases	Amount (In lakhs of rupees)
Health	8	14.68
Tribal and Rural Welfare	1	5.14
Industries	5	4.98
Mining and Geology	2	5.06
Education	5	20.43

32. *Adjustment in works accounts with a view to utilising the allotted funds*—According to the financial rules of Government no stock materials should be issued, unless stores are required for immediate use on works. In the following cases, adjustments were, however, carried out in March by debiting the accounts of works and crediting stock or accounts of other works when the materials were not required for immediate consumption on the works.

Sl. No.	(i) Name of Division (ii) Month of adjustment	Particulars
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WORKS DEPARTMENT

(1)	(i) Ganjam (Roads and Buildings Division) (ii) March, 1963	(i) A total amount of Rs. 1.82 lakhs being the value of stock materials was debited to 9 works in accounts of March, 1963 although in 5 of these cases even tenders had not been invited and in the remaining 4, contracts had not been awarded. Materials costing Rs. 0.69 lakh, debited to 2 works, were not utilised even by January, 1965 due to non-selection of site and debits for Rs. 0.57 lakh to 2 others were transferred during 1964-65 to other works.
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Sl. No.	(i) Name of Division (ii) Month of adjustment	Particulars
		(ii) Materials costing Rs. 49,272 were debited to the work 'Construction of Industrial Training Institute Hostel at Berhampur' during 1962-63 (upto January, 1963); these remained largely unutilised and the materials costing Rs. 41,273 were transferred in March, 1963 to 12 other works. This was stated to have been done to restrict the expenditure on the former work to its allotment for the year 1962-63, viz., Rs. 8,000.
(2)	(i) Construction Division No. 1, Sunabeda. (ii) March, 1964	An amount of Rs. 22,452 being the cost of bricks was debited from stock to the work 'Construction of garage and workshop' in the accounts for March, 1964. The bricks were not required for the work and the debit was transferred to another work in July, 1964.

IRRIGATION AND POWER DEPARTMENT

(3)	(i) General Electrical Division No. II. (ii) March, 1963	An amount of Rs. 20,000 was debited to the work of establishment of I. Sc. College at Angul in the accounts of the work for 1962-63 after the close of the year on receipt of allotment on the last day of the financial year. Tenders for execution of the work were invited only in September, 1963. The Executive Engineer intimated in December, 1963 that material costing Rs. 7,052 was utilised in February, 1964 and the balance of the value of Rs. 12,948 was written back to 'stock' during 1964-65.
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33. *Advances from the Orissa Contingency Fund*—The Contingency Fund at the disposal of Government is intended to enable them to make advances for meeting unforeseen expenditure of an emergent character (including expenditure on 'New Service' not contemplated in the annual financial statement) pending subsequent authorisation by the State Legislature. The corpus of the Fund was Rs. 5 crores in 1964-65.

83 advances totalling Rs. 2.77 crores were sanctioned from the Contingency Fund during 1964-65. Of these, in 39 cases for advances totalling Rs. 1.45 crores (about 50 per cent) the sanctions were not operated upon at all. This and the further points mentioned below point to the need for a closer scrutiny of the requirements and the urgency thereof before authorising the expenditure in advance of the vote of the Legislature: the advances from the Contingency Fund have to be restricted to the amount required for emergent and unforeseen expenditure which has necessarily to be incurred before funds could be voted by the Legislature.

(i) In eight cases, the amounts of advances sanctioned during April-December, 1964 were reduced subsequently during August, 1964-March, 1965. The total amount of reduction was Rs. 5.20 lakhs.

(ii) Although the advances from the Contingency Fund are intended to be sanctioned for expenditure of emergent nature it was noticed that in six cases, sums were not immediately required as the withdrawals from the Contingency Fund were made three to six months after the sanction of the advances and in two cases the sanctions were cancelled after three to six months.

(iii) Against six sanctions for Rs. 22.18 lakhs accorded between July, 1964 and January, 1965 under '64-Famine Relief', amounts totalling Rs. 22.28 lakhs were drawn during August, 1964 to March, 1965.

(iv) The following are some of the instances wherein amounts sanctioned were much in excess of actual requirements :—

Head of Account	Particulars of Advances	Amount of advance	
		Sanctioned Rs.	Drawn Rs.
Q—Loans and Advances	Rehabilitation loans ..	5,00,000	2,00,000
44—Irrigation, Navigation, etc.	Creation of two additional subdivisions.	21,000	2,774
44—Irrigation, Navigation, etc.	Creation of Salandi Canal Division.	50,400	25,432
44—Irrigation, Navigation, etc.	Creation of additional subdivisions.	25,500	1,304
19—General Administration.	Rehabilitation of displaced persons at Sunabeda.	3,00,000	2,56,600
44—Irrigation, Navigation, etc.	For continuance of staff for Bidyadharpur Barrage Divisions	95,600	65,471
23—Police	For adequate Police arrangements in Koraput District	2,00,000	1,53,276
39—Miscellaneous Social and Developmental Organisations.	Survey of Impact study	28,000	3,225

34. *Delay in submission of material for the Appropriation Accounts*—The information required for framing the explanations for variations between the amounts of grants/appropriations and the actual expenditure was not received from the Controlling Officers in the case of 313 group heads in the Appropriation Accounts (January, 1966). These formed 34 per cent of the number of group heads in respect of which variations were to be explained. Comments on the variations in respect of these heads have, however, been included to the extent possible on the basis of information available with the Audit Office. The result of such delay in the submission of material by Departments is that the report furnished to the Legislature remains incomplete in certain essential comments.

The delay in the submission of material has been persisting year after year. In regard to the delay in the submission of material for the Appropriation Accounts, 1963-64, Government issued instructions that the controlling officers should take disciplinary action against those responsible for the delay in furnishing explanations for variations. In spite of this, there have been delays in receipt of explanations for variations in a large number of cases in the Accounts for 1964-65.

The following are the departments from which explanations for variations were not received in a large number of cases for the Accounts for 1964-65; the figures for the preceding two years are also indicated.

Name of the Department	Number of group heads for which replies for variations in the Appropriation Accounts were not received		
	1962-63	1963-64	1964-65
(1) Irrigation and Power ..	63	61	112
(2) Works ..	89	139	68
(3) Community Development and Panchayati Raj.	53	110	24

CHAPTER III

CIVIL DEPARTMENTS

COMMUNITY DEVELOPMENT AND PANCHAYATI RAJ
DEPARTMENT

35. *Unfruitful Outlay on Madhiapali Minor Irrigation Project*—The execution of Madhiapali Minor Irrigation Project in Bolangir district was entrusted to a contractor in February, 1959 for completion by August, 1959 (subsequently granted extension of time till January, 1960). While the work on the project was in progress, the quantity of work to be done was increased and the estimate revised in August, 1959 from Rs. 35,000 to Rs. 54,000; the revised estimate was sanctioned only in March, 1960. The contractor demanded in March, 1960 higher rates for the work on the ground of increased cost of materials; the demand was not accepted. The contractor stopped the work in August, 1960. The expenditure incurred on the scheme upto August, 1960 was Rs. 31,000. The Project has since been lying incomplete.

According to the Executive Engineer, Rural Engineering Organisation (October, 1964) "no proper survey has been conducted before execution" and fresh investigation would be necessary to proceed with further execution of works.

The matter was reported to Government by Audit in December, 1961. In October, 1964, Government directed Collector, Bolangir, to institute an immediate enquiry for fixing responsibility for the "infructuous expenditure"; results of the investigation are awaited (December, 1965).

36. *Irregularities in the execution of Sirtiguda Minor Irrigation Project (Grant No. 5)*—The construction of Sirtiguda Minor Irrigation Project in Billiguda Block II (estimated cost Rs. 0.49 lakh) entrusted to a contractor in August, 1959 was to be completed by February, 1960 (subsequently extended upto January, 1961). An expenditure of Rs. 48,675 was incurred to end of April, 1961, but the project was not completed. It was reported by the Subdivisional Officer in June, 1961 that a sum of Rs. 17,447 had been spent on items of work which had not been provided for in the estimate. Earlier, in May, 1961 the Executive Engineer, Southern Revenue Division, had also pointed out to the Subdivisional Officer and the Block Development Officer, Billiguda "grave irregularities while noting measurements and fixing rates of few items which seem to be fabulous"; according to him this caused "the executant to receive undue payments leaving the work in an incomplete stage which could have been completed by now within the estimated provision in all respects".

The agreement entered into with the contractor provided for deduction of security deposit at 10 per cent from the running account bills. No recovery was made on this account.

The matter was reported to Government in October, 1961. In February, 1962 Government directed the Collector to examine the case and to take immediate action against the overseer concerned. The action taken to fix responsibility for the extra expenditure has not been intimated so far (December, 1965) even though more than three years have elapsed since the issue of Government orders.

The work has been taken up by the Rural Engineering Organisation in December, 1963 at a revised estimated cost of Rs. 2.59 lakhs with a view to deriving full benefit from the project "which is not giving any irrigation at present"; the work is stated to be in progress (September, 1965). A sum of Rs. 2.10 lakhs has been spent upto August, 1965. The estimate has been further revised to Rs. 3.46 lakhs and is stated to be under consideration of Chief Engineer, Rural Engineering Organisation for his sanction.

37. *Rissia Minor Irrigation Project (Grant No. 5)*—The Rissia minor irrigation project in Nilgiri Block (estimated cost Rs. 1.09 lakhs) was administratively approved by Government in May, 1959. The project taken up in 2 parts in October, 1959 and March, 1961 was intended to irrigate about 1,200 acres of land. When the work was in progress, the Superintending Engineer, Planning and Co-ordination Department observed in February, 1962, after inspection of the project that "a very bad project has been contemplated and it will be very very costly". The work was suspended in March, 1962 when an expenditure of Rs. 0.46 lakh (Rs. 0.15 lakh on Part I and Rs. 0.31 lakh on Part II) had already been incurred.

The Chief Engineer, Rural Engineering Organisation, who further investigated the matter reported to Government (June, 1963) that "the plans and estimates were prepared without sufficient investigation". He also stated that revised plans and estimates amounting to Rs. 8 lakhs had since been prepared to irrigate 2,600 acres of land and some portion of the canal previously dug was proposed to be utilised and the "loss will be reduced when the Stage II of the project will be taken up and completed".

Government have indicated in December, 1964 that responsibility cannot be fixed on a particular person.

The work (with an approved estimate of Rs. 8 lakhs) was stated to have been started at a new site in January, 1964 and is under progress (August, 1965).

38. *Unfruitful expenditure (Grant No. 5)*—A Production-cum-Training Centre (Blacksmithy) in Aska II Block was set up at Shergada in January, 1964. According to the orders of Government during the first year the centre was to impart training to artisans in the use of machines and thereafter the unit was to be handed over to a co-operative society of the artisans or to some entrepreneur.

There were no trainees; the centre was closed down in May, 1964. The expenditure of Rs. 0.20 lakh incurred on the scheme, (building Rs. 0.06 lakh, machinery and equipment Rs. 0.10 lakh and establishment charges Rs. 0.04 lakh) was unfruitful.

The machinery and equipment are yet to be utilised elsewhere (January, 1966).

39. *Irregular payment and non-recovery of advances for construction of buildings*—The construction of 15 buildings in Umerkote Block was entrusted to a contractor in March, 1960 at a cost of Rs. 0.64 lakh for completion by December, 1960. Advances amounting to Rs. 0.21 lakh were paid to him by the Block Development Officer during March-June, 1960. The value of work done to end of January, 1961 was only Rs. 0.10 lakh, and no work was done thereafter.

According to the Block Development Officer (October, 1960) advance were given "without taking into consideration the volume of work done by the contractor". In October, 1964, he stated that steps had been taken to institute a civil suit against the contractor for recovery of the amount. The present condition of the incomplete buildings and the position of the recovery of the advances has not been intimated so far (December, 1965).

40. *Unfruitful outlay on industrial schools*—In the following two cases, a total expenditure of Rs. 1.34 lakhs incurred on the construction of buildings and purchase of machinery, etc., for the industrial schools at R. Udyagiri and Raruan (sanctioned by Government) remains unfruitful (September, 1965). Government had decided in March, 1962 to convert these schools into training-cum-production centres as they were "not inclined to set up any more Industrial Schools in the State". Subsequently, in March, 1964, the idea of converting the schools into production units was also abandoned as "it would not be possible to run these institutions on sound commercial lines". Decision of Government as to the purposes for which the buildings, etc., will now be used is awaited (December, 1965).

- (i) Industrial School at R. Udyagiri— Buildings for the school including staff quarters were completed in March, 1962 at a cost of Rs. 30,000. A sum of Rs. 15,000 was spent on machinery and furniture purchased during March, 1961 to September, 1962.
- Total expenditure incurred upto September, 1962—Rs. 45,000
- (ii) Industrial school at Raruan— Construction of school buildings was completed in September, 1963 and the other buildings (hostel, quarters for staff) were reported to be nearing completion (December, 1965); the total expenditure incurred up to end of February, 1965 was Rs. 78,000. Machinery and equipment costing Rs. 11,000 were also purchased during May, 1961 to March, 1962.
- Total expenditure incurred upto February, 1965—Rs. 89,000

41. *Extra expenditure due to non-acceptance of lowest tender*—Tenders were called for in January, 1962 for the work "Addition and alterations to Block Office building and staff quarters taken over for the Home Economics Training Centre, Barpali" (estimated cost Rs. 0.53 lakh) for completion within three months. The lowest tender which was 26 per cent below the schedule of rates was rejected on the ground that the "rate is not a workable one". The second lowest tender (6½ per cent below the schedule of rates) which was initially accepted (16th January, 1962) was subsequently rejected (24th January, 1962) on the ground that the contractor expressed inability to complete the work within the stipulated time (1st week of March, 1962).

The offer of the third lowest tender (23 per cent above the schedule of rates) was accepted and the work order was issued to him on 26th January, 1962. The work has not, however, been completed so far (October, 1965); a total sum of Rs. 0.59 lakh has been paid to the contractor. Computed with reference to the second lowest tender the extra expenditure works out to Rs. 15,590.

It had been made clear to the second lowest tenderer that no advances would be given for the work and that all payments could be made on bills. The accepted tenderer was, however, paid advances totalling Rs. 27,700 during April to July, 1962; the agreement entered into with him did not provide for such payment.

The case was reported to Government in November, 1965; their replies have not been received (February, 1966).

INDUSTRIES DEPARTMENT

42. *Scheme for setting up Housing Colonies for Weavers*—This scheme sponsored by the Government of India, for providing housing accommodation to the handloom weavers was introduced in 1957-58; it was executed through co-operative societies to which subsidy and loans were given by the State Government out of the amounts received from the Government of India for this purpose. The amount of assistance received by the State Government from the Government of India was Rs. 7.05 lakhs (Rs. 5.42 lakhs as loan and Rs. 1.63 lakhs as subsidy).

370 houses were stipulated to be completed by March, 1962 at an estimated cost of Rs. 13.32 lakhs. The total amount of subsidy and loans disbursed to co-operative societies upto March, 1965 was Rs. 11.82 lakhs, being 88.7 per cent of the estimated amount for 370 houses; but at the end of August, 1965 only 200 houses had been completed, 70 houses were under construction and the remaining 100 houses were yet to be taken up. The delay in construction was attributed to delay in fixing the agency through which work was to be executed.

Of the 200 completed houses, 180 were lying vacant (June, 1965), for periods ranging between 2½ to 6½ years. The Registrar, Co-operative Societies stated that non-occupation of the houses was due to the weaver members being "not in a position to bear the loan for the earning they have".

Earlier, in June, 1963, the Assistant Director of Textiles, Berhampur, in a report to the Registrar, Co-operative Societies, on the houses in Jagannath-prasad colony had stated that "the houses have been constructed most hopelessly and much below the standards and specifications. The walls are very weak and have already started cracking all over. and are quite insecure". No action was taken on the report. It was stated by the Registrar, Co-operative Societies that the payment was made according to the report of the Sub-divisional Officer and the defects had developed subsequently.

No amount has been paid by the societies towards the loans and interest thereon (June, 1965); upto the end of March, 1965, Rs. 1.04 lakhs towards principal and Rs. 1.37 lakhs on account of interest had fallen due for payment. Loan bonds have also not been executed by the societies. Non-repayment of loans was stated to be mainly due to the weaver members being unable to bear the burden of a loan from their earnings.

43. *Sales promotion of handloom cloth*—A scheme for sale of handloom fabrics through mobile vans (sponsored by the All India Handloom Board and financed partly by the Government of India) was taken up in December, 1954. The scheme was abandoned in August, 1961 after incurring an expenditure of Rs. 1.58 lakhs (cost of vehicles: Rs. 60,000 and recurring expenditure: Rs. 97,907) as the sales through vans were progressively declining and the vans were found uneconomic for propaganda purposes.

The following points have also been noticed :—

(a) Physical verification of stock in the mobile vans conducted in August, 1957 revealed shortages of cash and stock amounting to Rs. 6,472. An amount of Rs. 2,336 was realised from the persons responsible. The balance amount of Rs. 4,136 has not been recovered/written off so far (February, 1966) even after a lapse of 8 years.

(b) The scheme was discontinued from August, 1961. The vehicles (purchase price-Rs. 60,000) were disposed of only after more than 3 years in February-March, 1965 for Rs. 7,500. A driver for the vehicles was also retained till February, 1964, the expenditure incurred on his pay and allowances and on the maintenance charges of the vans during the period August, 1961—March, 1965 was Rs. 4,147.

(c) The two generators purchased at a cost of Rs. 4,260 in March, 1954 went out of order in March, 1957 ; these are lying unrepaired (July, 1965) since then.

LABOUR DEPARTMENT

44. *Subsidised Industrial Housing Scheme*—The scheme is executed by the State Government both by incurring direct expenditure and also by providing financial assistance in the shape of loans and subsidy to private industrial employers. Central Assistance is received in respect of the former at 50 per cent loan and 50 per cent subsidy and in respect of the latter at 50 per cent loan and 25 per cent subsidy.

The loans and subsidies received from the Government of India upto the end of 1964-65 amounted to Rs. 35.51 lakhs and Rs. 42.20 lakhs respectively. The extent of assistance which the State Government are entitled to from the Government of India could not be determined as the records to indicate the projectwise expenditure were not maintained by the department.

Upto 31st March, 1965 the State Government completed construction of 1,174 houses and the work on 130 houses was in progress ; a total expenditure of Rs. 64.13 lakhs was incurred. According to the sanctioned estimates all these 1,304 houses were to be completed for Rs. 53.74 lakhs. Thus, while the expenditure so far incurred exceeded the estimate by 19 per cent, the number of houses completed has fallen short by 10 per cent. The average cost of a tenement completed or under construction worked out to Rs. 4,918 so far as against the estimate of Rs. 4,121. The reasons for the increase in cost have not been intimated by the department.

During the same period the private employers who were given loans and subsidies constructed 740 quarters at a cost of Rs. 22.00 lakhs.

Certain points in regard to loss of revenue due to delay in the allotment of completed houses, allotment to ineligible persons, etc., were mentioned in item 3 of Appendix IX* of the Audit Report, 1964. The following further points have since been noticed.

(1) Out of the 874 tenements (constructed by Government) available for allotment by 31st March, 1965, 79 houses were occupied by ineligible workers and 42 houses were lying vacant. 300 other completed houses were not formally taken over by the department; 276 of these were reported to be under occupation by Government servants and 24 unauthorisedly by labourers.

(2) The loss of revenue due to non-allotment of tenements computed on the basis of progress reports prepared by the departmental officers amounted to Rs. 0.19 lakh upto 31st March, 1965. A further loss of Rs. 0.60 lakh occurred (upto March, 1965) due to non-recovery of rent at double the rates from ineligible occupiers as on 31st March, 1965.

(3) (a) The arrears of rent in respect of tenements amounted to Rs. 2.53 lakhs as on 31st March, 1965 (against Rs. 1.47 lakhs on 31st March, 1964); Government attributed this to—

- (i) the failure of the private industrial employers to deduct and deposit rent from the employees;
- (ii) unauthorised occupation of houses ;
- (iii) sub-letting of tenements ;
- (iv) failure to notify the dates of vacations of quarters; and
- (v) non-issue of rent statements in respect of tenements at Chowdwar.

(4) Interest at the rate of $4\frac{1}{2}$ per cent is payable by the State Government to the Government of India on the subsidy received in respect of the tenements let out to ineligible workers, the total interest so payable amounted to Rs. 0.27 lakh upto 31st March, 1965.

(5) Out of a loan of Rs. 39,725 paid upto 1961-62 to Secretary, Prajatantra Prachar Samiti for construction of 19 tenements, an amount of Rs. 10,722 was not utilised by the Samiti; the construction is still incomplete (December, 1965):

The department stated that the question of taking legal action against the party for the recovery of the entire amount of the loan was under examination (December, 1965).

(6) A subsidy of Rs. 0.43 lakh was paid in June, 1962 to Messrs Jeypore Sugar Company, Ltd., on the basis of the reports of the District Labour Officer in April, 1962 that the construction of 50 tenements was completed. But on subsequent spot verification made by an Estimator of Labour Directorate in August, 1964, it was found that the construction was not done according to plans and specifications; a sum of Rs. 4,912 was reported to have been utilised for other purposes. The question of recovery of the amount was reported to have been taken up with the company by the Labour Commissioner; the amount has not, however, been recovered so far (December, 1965).

CO-OPERATION AND FORESTRY DEPARTMENT

45. *Scheme for Pilot Power Fishing in sea*—This scheme was put into operation during 1961-62. It provided for operation of fishing boats and carrier boats from bases in off-shore waters, establishment of a two-ton ice factory at base and road transport facilities. The expenditure incurred on the scheme upto March, 1965 was Rs. 36.22 lakhs (Recurring Rs. 7.12 lakhs, and non-recurring Rs. 29.10 lakhs).

As against 6 fishing bases provided for in the scheme, 3 were set up by March, 1965 and the survey work on the remaining 3 was in progress (November, 1965). The number of fishing boats purchased was 10 as against 26 provided for in the scheme. Only one ice factory has so far been put into operation (August, 1965).

Against a working season of 100 fishing days in a year, fishing was done on an average for 61 days. On this basis, the estimated fish landings work out to 2,721 tons (at 1 ton per day assumed in the estimate); the actual landings were, however, 980 tons only. The short fall in output was attributed by the Deputy Director of Fisheries to loss of time in negotiating the river mouth daily.

The scheme sustained a loss in each year of its working from 1961-62 and the total loss to the end of 1964-65 without taking into account interest on Capital and depreciation was Rs. 3.08 lakhs (recurring expenditure Rs. 7.12 lakhs minus receipt Rs. 4.04 lakhs). The reason for the loss has been attributed by the Department mainly to the following factors :—

(i) non-commissioning of the expected number of boats due to delay in delivery by the suppliers.

(ii) delay in commissioning the boats after their receipt. (According to the Deputy Director of Fisheries, delay in commissioning the boats would result in a loss of Rs. 10,000 per boat per season).

The following further points have been noticed—

(i) The equipment purchased during 1962-63 for the Ice Plant at Chand-bali (Rs. 0.52 lakh) still remains unutilised; the building for the plant is stated to have been completed and the installation work is in progress (November, 1965).

(ii) (a) Orders for 5 hulls (boats without engines) were placed with Orissa Fisheries Corporation in March, 1963 and a sum of Rs. 2.68 lakhs (98 per cent of the total cost) was paid to them as advance in the same month. All the boats were to be delivered by October, 1963; but two hulls were delivered in April, 1965 and the remaining three in October, 1965. In October, 1963 orders were placed with the Corporation for 6 more boats for delivery by March, 1964. As against the cost of Rs. 2.96 lakhs of these boats, advances amounting to Rs. 3 lakhs were paid in February—March, 1964. 4 boats were delivered in December, 1964, 9 months after the stipulated date and the remaining 2 are yet to be delivered (December, 1965).

No penalty clause had been incorporated in the agreement with the Corporation for the delay in delivery of the boats in any case.

(b) Orders were placed with the Orissa Boat Builders in January, 1965 for supply of 3 boats by June, 1965 at a cost of Rs. 1.05 lakhs. The boats have not been delivered so far (December, 1965). 70 per cent of the cost of these boats amounting to Rs. 0.74 lakh was paid to the firm as advance during January and February, 1965 and the remaining amount of Rs. 0.31 lakh was withdrawn on 31st March, 1965 and has been kept with the Director of Fisheries for payment to the firm.

(ii) A fishing boat commissioned in December, 1964 dashed against the shore by a cyclonic storm at Puri base in February, 1965. The hull was completely destroyed resulting in a loss of Rs. 56,600. Two other boats also suffered damage; the loss was estimated to be about Rs. 8,000. Government intimated in November, 1965 that the loss was not an act of nature, as there was an unexpected bad weather during February when normal calm weather was expected.

46. *Scheme for Pilot Marine Bye-Products*—A scheme for producing frozen fish, canned fish and fish meal was taken up in 1961-62. The following table would indicate that while the expenditure on the scheme upto 1964-65 exceeded the estimates by 35.6 per cent, the total physical achievement and the receipts were hardly about 10 per cent of the estimates.

	Estimates 1961-62 to 1964-65	Actuals	Percentage of the estimates
(1) Expenditure—	(In lakhs of rupees)		
{ Recurring	0.90	1.21	134.4
{ Non-recurring	3.85	5.23	135.9
(2) Production of—	(Tons)		
(i) Frozen fish	25	..	..
(ii) Fish Meal	615	50	8.1
(iii) Canned Fish	35	17	48.5
Total	675	67	9.9
(3) Receipts from—	(Rupees in lakhs)		
(i) Frozen fish	0.40	..	..
(ii) Fish Meal	3.08	0.34	11.0
(iii) Canned Fish	1.40	0.04	2.8
Total	4.88	0.38	7.7

The shortfall was explained as due to non-establishment of the freezing plant, marketing difficulties of canned products, transport difficulties to the site, imported labour, high charges, scarcity of skilled labour and limited days of operation of the plants as this scheme is completely dependent on the *Scheme Pilot Power Fishing in Sea for its raw materials.

The scheme contemplated an excess of receipts over recurring expenditure to the extent of Rs. 3.98 lakhs during 1961-65. In actual working of the scheme, there was a deficit of Rs. 0.83 lakh.

* Please see in this connection paragraph 45 at page 55

The following further points have been noticed—

(i) Mention was made in paragraph 50 (iii) of the Audit Report, 1964 regarding non-utilisation of machinery and equipment acquired for the freezing and canning plant of the scheme during 1961-62 at a cost of Rs. 1.90 lakhs. The plant is yet to be commissioned (November, 1965) due to delay in construction of buildings.

(ii) 25,243 tins of "Prawn in Brine", a variety of canned fish, were produced during 1963-64 at a cost of Rs. 1.36 p. per tin; only 1,251 cans (5 per cent) could be sold by March, 1965 mostly at reduced rates, 890 were spoilt and 265 were distributed as free samples. 2,604 cans were sent to two firms for sale, but one of them returned the cans stating that they had become rusty and the other firm reported that the contents were too soft for export. The unsold stock as in March, 1965 was thus 20,233 cans costing Rs. 27,517.

(iii) During 1964-65, 18,380 cans (sale value Rs. 24,361) of curry fish were manufactured. By October, 1965, only 8,508 tins were sold.

47. *Scheme for development of reservoir fisheries*—The scheme was taken up in 1961-62. It provided for the development of 5 fishing reservoirs by providing one carrier launch to each reservoir. The total expenditure incurred on the scheme upto March, 1965 was Rs. 5.61 lakhs as against the estimated cost of Rs. 5.25 lakhs.

As against 5 fishing reservoirs provided in the scheme, the development of only 2 had been completed by March, 1965; the survey work on the remaining 3 was in progress. The non-recurring expenditure on the scheme upto March, 1965 (Rs. 4.69 lakhs) has, however, substantially exceeded the estimate (Rs. 2.85 lakhs).

It was expected that in Hirakud reservoir, 70 tons of fish and 400 tons of ice would be produced by March, 1965. As against this only 8.16 tons of fish were produced. The shortfall in production of fish was explained by the Director of Fisheries in June, 1965 as due to (i) under stocking in the reservoir for want of funds; (ii) increased fish catching efforts in earlier years depleting the fish stock and (iii) fishermen avoiding to take license for their fishing gears.

The scheme envisaged receipts amounting to Rs. 1.80 lakhs up to 1964-65 from sale of fish, ice and hire of boats and implements; the actual amount realised was only Rs. 0.26 lakh (14.7 per cent). The reason for the shortfall has been explained by the Government (December, 1965) as due to non-production of ice.

The following further points were noticed—

(i) Equipment for ice plant valued at Rs. 0.73 lakh was purchased in March, 1962 before the site for the plant was selected. The plant has not been installed so far (December, 1965) as the electric line has not been extended to the site.

(ii) A temporary shed was constructed at Hirakud in February, 1963 at a cost of Rs. 2,547. Immediately after completion, in the same month, it was dismantled "as the shed was in dilapidated condition" and another shed was constructed at Gandhi Minar at a cost of Rs. 3,032. It was also apprehended that the former site "would come inside the channel" proposed to be dug for the Cement Factory of the Industrial Development Corporation. The proposal to construct the channel, however, did not materialise.

(iii) Sums aggregating Rs. 37,714 were withdrawn during October, 1963—March, 1964 and advanced to Deputy Director of Fisheries (Marine) for purchase of a steel boat and a carrier launch with engine: the machinery has not yet been received and the amounts are still lying undisbursed with Deputy Director of Fisheries (Marine) (October, 1965).

48. *Scheme for power fishing in Hirakud Reservoir.*—A research scheme for fishing in Hirakud Reservoir with the help of power vessels was taken up during 1956-57; it continued beyond 1961-62 as a permanent scheme. It was expected that the scheme will be more or less self-sufficient. The total expenditure incurred on the scheme during 1956-57 to 1964-65 amounted to Rs. 3.67 lakhs. The scheme has not worked on a self-sufficient basis. The figures furnished by the department indicate that it has incurred a loss of Rs. 0.35 lakh during 1961-62 to 1964-65; the excess of expenditure over receipts during 1956-57 to 1960-61 (experimental phase of the scheme) was Rs. 1.09 lakhs.

The following other points were noticed—

(i) 19,259 Kg., of fish out of the total catch during 1961-62 to 1964-65 (17 per cent) were spoilt; the loss (at sale price) amounted to Rs. 22,926. This has been attributed to lack of preservation facilities and non-availability of ice.

(ii) A motor launch was burnt in April, 1962. According to the report of the Police it was due to negligence of the Khalasis who left the boat without any watch and ward arrangements. The loss has been estimated at Rs. 12,323. It has not yet been regularised nor has responsibility been fixed in the matter (December, 1965).

49. *Scheme for assistance to inland fishermen.*—The scheme for demonstration of fishing gear and providing assistance to fishermen by distribution on credit of improved gear (like nylon yarn for nets, plastic floats and sinks) was started during 1961-62. The expenditure upto the end of 1964-65 amounted to Rs. 2.09 lakhs.

Floats and sinks and nylon yarn costing Rs. 0.22 lakh were purchased during 1964-65 even though there was already stock costing Rs. 0.43 lakh at the end of 1963-64. Materials of the value of Rs. 0.22 lakh only were distributed to fishermen during 1964-65; the poor distribution was attributed to lack of interest on the part of fishermen.

The agreements entered into with fishermen provide for the cost of yarn to be repaid within one year either in cash or in kind (fish). As against nylon yarn valued at Rs. 0.30 lakh issued to fishermen on credit, an amount of Rs. 0.20 lakh still remains to be recovered (April, 1965) mostly for over 3 years.

AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT

50. *Scheme for reclamation of land in saline inundated areas.*—A scheme was taken up in 1956-57 for reclamation of land inundated during floods by saline waters of Chilka lake by putting up protective bunds. The scheme was estimated to cost Rs. 45 lakhs upto 1965-66; it was expected to be self-financing, the cost of reclamation being realisable in instalments from the cultivators to whom the land would be leased out.

The expenditure on the scheme upto 1964-65 amounted to Rs. 15.52 lakhs which was 40.3 per cent of the estimated cost of Rs. 38.50 lakhs for the same period ; the area of land reclaimed was, however, only 19.5 per cent (2,140 acres) of the target of 11,000 acres to be achieved by 1964-65 for the estimated cost of Rs. 38.50 lakhs.

The actual receipts from the land leased out to end of 1963-64 amounted to Rs. 0.78 lakh being only 3.1 per cent of estimated receipts of Rs. 25 lakhs to be realised by that year. The shortfall in physical target was stated as mainly due to limited working season on account of summer tides and communication difficulties and that in receipt was explained as due to shortfall in physical targets and delay in leasing out lands to landless labourers.

The following further points have been noticed—

(i) Only 767 out of 2,140 acres of land reclaimed were leased out upto 1964-65. An expenditure of Rs. 1.06 lakhs was incurred (upto 1964-65) on the maintenance of bunds for lands not leased out ; since the liability for maintenance of bunds after the lands are leased out devolves on the lessees, the delay in leasing out the lands has entailed this expenditure on maintenance of bunds.

(ii) An expenditure of Rs. 1.11 lakhs was incurred during April 1958 to March, 1965 on reclamation of 331 acres of land belonging to private parties. This expenditure could not be recovered as no "written consent" had been obtained from the parties concerned.

(iii) In order to reclaim an area of 282 acres in Palur Block, an earthen embankment was constructed at a cost of Rs. 0.36 lakh in February, 1960. Subsequently, in August, 1960, the Assistant Agricultural Engineer, Land Reclamation reported to the Joint Director of Agriculture that the entire area was unfit for agriculture due to serious water logging by the run off water of the catchment in P. W. D. bunds surrounding the area on three sides. On his suggestion, construction of a side drainage channel was taken up in March, 1963 and completed in February, 1965 at a cost of Rs. 0.23 lakh (including Rs. 3,300—cost of 12 acres of reclaimed land and utilised on the work).

(iv) A total amount of Rs. 6.02 lakhs was withdrawn by the departmental officers on Abstract Contingent bills for expenditure on the scheme during the period from 1956-57 to 1964-65 ; detailed contingent bills for Rs. 5.97 lakhs, yearwise break up of which is given below have not been furnished so far (January, 1966). The expenditure thus remains unaudited.

	(Rupees in lakhs)
1956-57 to 1959-60	2.21
1960-61 to 1962-63	1.32
1963-64 and 1964-65	2.44

(v) An amount of Rs. 2.62 lakhs was withdrawn on 31st March, 1965 by the Assistant Agricultural Engineer, Chilka Land Reclamation ; the amount was deposited with the Executive Engineer, Rural Engineering Organisation, Puri for execution of the work "Earthen Embankment and stone pitching at Subhadrapur". This was irregular ; the amount should have been drawn as and when necessary. The withdrawal of the amount in this case was made apparently to avoid lapse of budget grant.

51. *Banana Development Scheme*—This scheme started in 1962-63 provided for multiplication of disease-free quality banana suckers for supply to cultivators at nominal price. It was to be run entirely on commercial basis and to earn profits from 1963-64; the amount of profits to be earned during the two years 1963-64 and 1964-65 was estimated at Rs. 3 lakhs. The scheme has, however, incurred losses aggregating Rs. 2.37 lakhs during 1963-64 and 1964-65, as indicated below:—

	1963-64	1964-65
	(Rs. in lakhs)	(Rs. in lakhs)
Opening Stock	.. ..	0.68
Recurring expenditure	.. 2.29	2.35
Deduct—Receipts	.. 0.31	0.48
Deduct—Closing stock	.. 0.68	1.48
Net loss	.. 1.30	1.07

The following table indicates that while the expenditure upto 1964-65 (Rs. 10.06 lakhs) exceeded the estimate (Rs. 9.54 lakhs), the physical achievement was only about one-third of the estimate.

	Estimate 1962-63 to 1964-65	Actuals	Percentage of actuals to the estimate
	(Rs. in lakhs)		
Expenditure—			
Recurring	6.92	4.86	70.2
Non-recurring	2.62	5.20	198.5
(Acres)			
Area under Banana Cultivation.	250	86	34.4

The shortfall in achievement was attributed by the Farm Superintendent to (i) the soil being “extremely shallow and poor and without any fertility level” and (ii) the need of “heavy irrigation to sustain the standing crops” in summer when the canals are closed.

The scheme envisaged receipts amounting to Rs. 9.67 lakhs upto 1964-65; the actual realisation amounted to only Rs. 0.78 lakh (8 per cent of the estimate).

The following further points were noticed:—

(i) The work on the farm at Chiplima was started in September, 1962. After incurring an expenditure of Rs. 0.12 lakh on reclamation, levelling and planting, the farm was shifted in April, 1963 to Gambharipali as the farm area was likely to submerge on construction of the subsidiary dam at Chiplima (which was decided towards the end of December, 1962).

(ii) In October, 1963 when the farm had a stock of 0.81 lakh banana suckers, 2.60 lakhs more suckers were purchased at a cost of Rs. 0.45 lakh to meet the requirement of the farm, some Panchayat Samitis and the District Agricultural Officers. The Farm Superintendent reported to the Joint Director of Agriculture (Horticulture) in August, 1964 that 2 lakhs suckers costing Rs. 0.35 lakh were damaged due to failure of the Panchayat Samitis and the District Agricultural Officers to lift the stocks in time. The balance of 1.41 lakhs suckers was stated to have been utilised.

(iii) The Farm Superintendent reported to higher authorities in August, 1964 that 1.06 lakhs banana bunches valued at Rs. 2.12 lakhs were damaged in the nursery during the summer of 1964 for want of irrigation facilities when the canals had been closed for annual repairs. For the same reasons he reported in July, 1965 a loss of 2.50 lakhs suckers valued at Rs. 0.63 lakh in the summer of 1965.

According to the Project Leader-cum-Deputy Director of Agriculture, Sambalpur (May, 1965), "a large area of banana runs the risk of perishing" due to non-completion of irrigation tanks in the Farm area by the Rural Engineering Organisation. It was stated that the work would be completed by the Rural Engineering Organisation by December, 1965.

(iv) Of the total expenditure of Rs. 10.06 lakhs incurred on the scheme upto 1964-65, a total amount of Rs. 6.13 lakhs was drawn on Abstract Contingent bills; detailed contingent bills have not so far been furnished to Audit (January, 1966) for these amounts, with the result that this expenditure remains unaudited.

(v) As on 31st March, 1965, an amount of Rs. 25,000 was outstanding for recovery on account of credit sales to the Panchayat Samitis and District Agricultural Officers. The amount in arrears for more than a year was Rs. 2,537.

52. *Scheme for establishment of Implement Factory for manufacture of improved agricultural implements.*—The scheme was taken up in 1961-62; it provided for the establishment of a factory at Bhubaneswar for manufacturing improved agricultural implements for supply to farmers at a reasonable cost. The scheme was intended to be run on commercial basis.

The total expenditure incurred on the scheme upto March, 1965 was Rs. 3.17 lakhs (recurring : Rs. 1.16 lakhs and non-recurring : Rs. 2.01 lakhs).

Production of agricultural implements has not been started so far (January, 1966) although the factory was expected to go into production in 1962-63.

The delay in commencing production was attributed by the Director of Agriculture and Food Production to—

- (a) want of electrification and power connection in the factory building;
- (b) dearth of skilled workers and supervisory staff trained in the line; and
- (c) difficulties in procuring raw materials.

In regard to the staff employed in the factory, the Assistant Engineer of the scheme reported to the Director of Agriculture and food production in August, 1964 that "not a single staff allotted for the implement factory has a single day of experience in any factory on this line. If this aspect is

being ignored again, production in true sense cannot be effectively taken up and cost of manufacture will be always higher compared to others due to employing wrongly skilled workers as in our cases". The expenditure on the staff entertained during the period from February, 1962 to March, 1965 was Rs. 0.64 lakh.

The Director of Agriculture reported to Government in October, 1964 that "it is a hard task. to run the scheme on commercial basis. Even if the factory functions well and produces implements, it will not be possible to compete with private manufacturers since the cost of production under Government set up will be higher". On reconsideration, Government have sanctioned (June, 1965) for continuance of the factory as a "central workshop-cum-implements production centre".

The following other points were noticed:—(i) The Factory building constructed in November, 1962 at a cost of Rs. 0.76 lakh has not been made use of so far (November, 1965) for want of electrification in the building; original administrative approval (accorded in March, 1962) of the building did not provide for electrification. The electrification of building was sanctioned in January, 1965; the power connection is yet to be obtained (November, 1965).

(ii) Machinery purchased for Rs. 0.83 lakh during 1961-62 and 1962-63 has remained unutilised (December, 1965). The Director of Agriculture reported to Government in July, 1964 that most of the staff were idle for want of power connection as most of the machines were electrically operated.

(iii) An amount of Rs. 0.57 lakh advanced to subordinates and firms upto March, 1964 for purchase of material or to meet contingent expenditure of the factory is outstanding for recovery or adjustment (August, 1965).

(iv) Detailed contingent bills for an amount of Rs. 1.97 lakhs drawn from the Treasury during 1961-62 to 1963-64 have not been furnished to Audit (August, 1965).

53. *Milk Union Scheme*—The scheme provides for collection of milk from surplus rural pockets and its marketing in Cuttack and Bhubaneswar towns after pasteurisation. The pasteurisation plant was set up at Phulnakhra and the scheme started functioning in November, 1963. The total expenditure incurred upto 1964-65 amounted to Rs. 23.59 lakhs as indicated below:—

	(Rs. in lakhs)
<i>I-Non-recurring</i>	
Plant and equipment ..	2.65
Buildings ..	11.22
Other items ..	1.65
Total-I ..	15.52
<i>II-Recurring</i>	
Purchase of milk ..	6.14
Establishment ..	1.93
Total-II ..	8.07

The scheme was intended to be run on "no profit no loss" basis. The department has not prepared *pro forma* accounts to ascertain the working results of the scheme; on the basis of the figures furnished by the department, it has, however, been seen that the working expenses (excluding depreciation on plant and machinery and interest on capital) have exceeded the receipts by Rs. 2.55 lakhs upto March, 1965.

The Manager has attributed the loss in the working of the scheme to—

(i) interference of *Chana* (cheese) dealers who cornered the suppliers (resulting in less collection of milk) and

(ii) inability to reach villages for collection of milk in the absence of all-weather roads.

Against the estimate of 6,000 liters for processing per day only 2,500 liters were processed. A co-operative society of suppliers of milk contemplated in the scheme has not been formed; the society is stated to be in the formative stage (December, 1965).

In regard to the non-preparation of the *pro forma* accounts, the Manager has stated (July, 1965) that the accounting rules have not been framed. A cost accountant and a costing clerk have been employed from November, 1963 and May, 1964 respectively; the expenditure on their pay and allowance upto May, 1965 was about Rs. 8,000.

The following other points were noticed:—(i) A toned milk plant (cost Rs. 10,998), a bottling plant (cost Rs. 6,611) purchased in July, 1963, and glass bottles purchased during August, 1963 to March, 1964 for Rs. 5,732 were lying unutilised (July, 1965). The manager stated that the toned milk plant could not be used due to non-availability of foreign exchange required for purchasing skim milk powder; the bottling of milk had not been started for want of additional transport and as it would involve increase in the sale price of milk.

(ii) All the 96 staff quarters constructed during January, 1965 at a cost of Rs. 7.02 lakhs are lying unoccupied due to delay in completion of electricity, water supply and sanitary fittings (November, 1965).

Administrative approval for construction of 96 quarters at a cost of Rs. 7.02 lakhs was accorded by the Director of Veterinary Services in February, 1963 on the basis of an indication given by the Manager that the ultimate staff strength of the scheme would be 96; in January, 1965 the Director of Animal Husbandry and Veterinary Services has, however, assessed the requirement only at 33. Thus, 63 quarters (cost Rs. 4.56 lakhs) are now surplus to requirement.

(iv) (a) A sum of Rs. 6,610 was outstanding for recovery (August, 1965) on account of credit sales during January, 1964 to March, 1965; the credit sales were not contemplated in the scheme nor were they authorised by Government.

(b) Hire charges of the truck amounting to Rs. 16,336 have not yet been recovered (August, 1965) from the Utkal Gomangal Samiti; the claim was pending with the Samiti since July, 1963.

(v) Electricity connection was obtained in May, 1962 agreeing to a minimum load of 52.5 KW; the plant was installed only in October, 1963 due to non-construction of the building according to specification. The minimum electricity charges paid till then amounted to Rs. 5,072.

54. Five cases of miscellaneous irregularities, losses, extra expenditure etc., are mentioned in Appendix IX, Page 161.

CHAPTER IV

MISAPPROPRIATIONS, LOSSES, ETC.

55. *Misappropriations, losses, etc.*—In paragraph 32 of the Audit Report, 1965, 339 cases (other than those relating to Works and Forest departments) of misappropriation of Government money, involving a total amount of Rs. 11.23 lakhs, were reported to be pending finalisation as on the 31st July, 1964. During the period from 1st August, 1964 to 31st July, 1965, 24 further cases involving Rs. 0.53 lakh were reported; the number of cases disposed of during the period was 52, involving Rs. 0.46 lakh. Of these, in 8 cases a total amount of Rs. 0.15 lakh was written off and in 30 cases a total amount of Rs. 0.26 lakh was recovered.

An analysis of 353^a cases involving Rs. 12.74 lakhs which were pending finalisation on the 31st July, 1965 is given below:—

	Number	Amount (In lakhs of rupees)	Remarks
(1) Cases in courts of law ..	37	2.17	..
(2) Cases in which criminal proceedings have been finalised but execution/certificate cases instituted for recovery of the misappropriated amount are pending.	20	1.22	..
(3) Cases in which final departmental action is pending.	134	3.63	87 of these involving an amount of Rs. 2.97 lakhs are more than 3 years old. Details are given in Appendix X page 163.
(4) Cases in which departmental proceedings were finalised but recovery is in progress.	10	0.14	..
(5) Cases awaiting Government orders regarding recovery or write off.	50	2.77	48 of these involving an amount of Rs. 2.75 lakhs are pending for more than one year. Details are given in Appendix X.
(6) Cases in which departmental proceedings and/or criminal proceedings have not been instituted mainly due to non-receipt of detailed reports from subordinate authorities.	102	2.61	Departmentwise analysis is given in Appendix X. 82 of these involving a sum of Rs. 2.20 lakhs are more than one year old.

^aIncludes 42 cases relating to Works and Forest Departments.

Particulars of 5 individual cases of alleged misappropriation and losses involving a total amount of Rs. 1.52 lakhs are mentioned in paragraphs 56 to 60; these cases were reported in 1964-65.

TRIBAL AND RURAL WELFARE DEPARTMENT

56. *Alleged misappropriation of Government money*—A total amount of Rs. 24,725 is alleged to have been drawn unauthorisedly on 9 bills pertaining to the establishment of the Deputy Director, Grama Panchayat and Tribal Welfare, Central Division, Cuttack during the period from August, 1963 to January, 1964; the bills are stated to have been forged. The amount is alleged to have been misappropriated.

The matter was reported to Government (December, 1964) for investigation. One bill clerk and one assistant in the office of the Deputy Director have been placed under suspension. The case is reported to be under police investigation (August, 1965).

According to financial rules, the drawing officers are required to attach to the bills, slips to be returned by the Treasury direct to them as advice for the bills having been encashed. Receipt of these slips back from the treasury was not being watched by the Deputy Director, Grama Panchayat and Tribal Welfare, Central Division, Cuttack. The Department also did not reconcile the figures of expenditure in their books with those booked in the accounts; the reconciliation is required to be done every quarter.

AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT

57. *Loss*—A total amount of Rs. 25,012 was alleged to have been withdrawn from the Jajpur Sub-Treasury (in Cuttack District) during 12th September, 1963 to 7th July, 1964 on 11 forged bills relating to the pay and allowances of the establishment of the District Veterinary Officer, Keonjhar. This was detected when the Sub-Treasury Officer noticed after payment of 4 forged bills on 7th July, 1964 that the District Veterinary Officer, Keonjhar had discontinued drawing from his Sub-Treasury since October, 1962. A veterinary stock-man who presented the 4 bills at the Sub-Treasury on 7th July, 1964 was taken into custody by the police; the case was reported to be under investigation (September, 1965). Government had also decided (in February, 1963) that the claims on account of pay and allowances of the non-Gazetted personnel should be drawn in the district in which the drawing and disbursing officer is stationed; in respect of staff stationed outside the district, the pay and allowances of such staff should be remitted by bank draft. According to the Finance Department, in this case there was "gross violation of the rules" by the departmental officers regarding presentation of bills at the treasury for payment of claims arising outside the district.

The specimen signature of the District Veterinary Officer, Keonjhar available with the Jajpur Sub-Treasury had not been got cancelled even after the issue of Government orders discontinuing the procedure of drawing bills outside the district.

Government have issued instructions in June, 1965 to the concerned authorities to initiate suitable departmental action against the persons responsible for the loss.

WORKS DEPARTMENT

58. *Loss*--A sum of Rs. 60,031 is alleged to have been drawn on 27th July, 1964 from the State Bank of India, Jajpur against a cheque for a sum of Rs. 631 issued by the Executive Engineer, Jajpur Division in favour of a contractor on 16th July, 1964. The contractor was reported to be absconding. The case was reported to the police and is stated to be under their investigation (December, 1965).

IRRIGATION AND POWER DEPARTMENT

DELTA IRRIGATION SCHEME

59. *Loss*--Amounts of Rs. 17,000 and Rs. 20,075 were drawn from the State Bank of India, Bhubaneswar on the 3rd May and 29th May, 1965 respectively against two cheques issued by the Executive Engineer, Puri Canals Division on the 19th April and 19th May, 1965 for Rs. 17 and Rs. 275 in favour of two contractors. The contractors in whose favour the cheques had been drawn endorsed the cheques to a third contractor who credited these cheques in his account with the State Bank and later withdrew the entire balance.

The case was reported to be under police investigation (December, 1965).

60. *Loss of cash (Grant No. 43)*--A sum of Rs. 5,867 withdrawn from Bhubaneswar sub-Treasury towards the pay of staff of Head Works Division for January, 1965 was stolen at the State Bank of India on 1st February, 1965 from the custody of the divisional cashier. The police who investigated into the matter could not trace the culprit. The Superintending Engineer fixed the entire responsibility for the loss on the cashier. No recovery has been made from him so far (June, 1965) nor has any departmental action been taken.

No security deposit had been obtained from the cashier, as required under the rules.

CHAPTER V WORKS EXPENDITURE

61. *Review of works expenditure—Execution of works without detailed/revised estimates*—The rules require that no new work may be commenced or any liability incurred in connection with it unless a detailed estimate has been sanctioned therefor. The rules also lay down that a revised estimate should be sanctioned when it becomes apparent that the sanctioned estimate is likely to be exceeded by more than 5 per cent. However, expenditure amounting to Rs. 15.12 crores was incurred upto the end of March, 1965 on 164 works, the detailed estimates of which had not been sanctioned; in respect of 120 other works, expenditure was incurred in excess of the sanctioned estimates (over 5 per cent of the sanctioned estimates), the amount of excess expenditure upto the end of March, 1965 being Rs. 0.95 crore. A departmentwise analysis is shown below:—

Department	Want of sanctioned estimates		Excess over 5 per cent of the sanctioned estimates awaiting regularisation	
	Number of works	Amount (In lakhs of rupees)	Number of works	Amount (In lakhs of rupees)
Roads and Buildings ..	99	7,01.11	99	89.05
Public Health ..	53	1,65.31	13	3.53
Irrigation ..	2	0.12	1	0.05
Electrical ..	10	6,45.00	7	0.40
Total ..	164	15,11.54(a)	120	93.03(b)

Included in the figure given at (a) above are 53 works each costing more than Rs. 5 lakhs on which a total expenditure of Rs. 10,16.12 lakhs had been incurred upto 31st March, 1965 without sanctioned estimates; details of some of the major works are indicated below:—

Name of work	Year in which started	Expenditure upto March 1965 (In lakhs of rupees)
(1) Improvement of Road Reach I Khenajamundi-Dasingabadi.	1955	5.60
(2) Construction of New Secretariat Building ..	1955-56	42.42
(3) Cuttack Sewerage Scheme ..	1961-62	58.56
(4) Extension of Orissa School of Engineering-Construction of hostel and staff quarters.	1956-57	13.64
(5) Establishment of Industrial Estate at Madhupatna.	1954-55	24.21
(6) Water supply and sanitary installation to Burla Medical College and hospital.	1964-65	19.63

Included in the figures given at (b) above are the following 2 works on which the total excess expenditure amounted to Rs. 6.99 lakhs.

Name of the work	Sanctioned estimate	Actual expenditure	Percentage of excess over sanctioned estimate
	(In lakhs of rupees)		
(1) Improvement to the road portion of S. H. 10 from Sambalpur to Rengali.	6.16	6.95	12
(2) Construction of staff quarters under rental housing scheme of Sambalpur.	7.00	13.20	88

62. *Omission to carry out financial stock-taking of large projects*—Financial stock-taking is intended to correlate the expenditure on the projects with the progress of work actually done as compared with the estimates in order to ascertain the prospects of the projects being completed within the limits of sanctioned estimates. According to the orders of Government, such financial stock-taking is required to be done half-yearly in respect of schemes estimated to cost Rs. 10 lakhs (enhanced to Rs. 25 lakhs in May, 1965). Financial stock-taking reports have not been received (December, 1965) for several years in respect of the schemes mentioned below, for which the financial stock-taking should have been done. The persistent non-compliance with the orders of Government has been brought to their notice from time to time; the position, however, continues to be unsatisfactory.

Name of Project/Scheme	Estimated cost	Expenditure to end of 31st March, 1965	Period for which financial stock taking reports are due	
			From	To
	(In lakhs of rupees)			
<i>Major and Medium Irrigation Projects—</i>				
(1) Salia Irrigation Project	69.78	1,12.60	1958-59 to	1964-65
(2) Budha Budhiani Project	43.51	78.05	1958-59 to	1964-65
(3) Dhanai	32.10	92.66	1958-59 to	1964-65
(4) Biragovindpur re-named Anandapur Barrage.	5,07.00	25.96	1961-62 to	1964-65
(5) Godahado	40.43	40.77	1958-59 to	1964-65
(6) Bahuda	57.39	33.28	1961-62 to	1964-65
(7) Hiradarbati	31.36	27.36	1960-61 to	1964-65
(8) Salki	52.85	87.76	1958-59 to	1964-65
(9) Darjang	82.50	1,55.74	1958-59 to	1964-65
(10) Joroharabanga	3,66.00	2.51	1963-64 to	1964-65
(11) Delta Irrigation Scheme (under revision)	14,92.00	17,63.84	1960-61 to	1964-65

Name of Project/Scheme	Estimated cost	Expenditure to end of 31st March, 1965	Period for which financial stock-taking reports are due	
			From	To
<i>Multipurpose River Projects—</i>				
(12) Hirakud Dam Project, Stages I and II.	82,77.73	86,62.99	For 1964-65	
(13) Balimela Dam Project ..	38,45.00	5,68.69	1960-61 to	1964-65
<i>Electrical Projects—</i>				
(14) Talcher Thermal Scheme	24,42.40	11,36.37	1960-61 to	1964-65
<i>Other Projects—</i>				
(15) Construction of Express-way.	14,45.00	8,35.00	1962-63 to	1964-65

AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT

63. *Infructuous expenditure due to abandonment of a work—*Mention was made in paragraph 30 of Audit Report, 1965 about the infructuous expenditure of Rs. 5.87 lakhs due to abandonment of the work of construction of buildings for the "Re-organisation of Live-Stock Breeding Farm at Chiplima" as the farm was likely to submerge on the construction of a subsidiary dam and a reservoir at Chiplima. A scheme for supply of water to the farm by construction of a distributary had also been taken up in July, 1962 without administrative approval or technical sanction. This work also was abandoned in December, 1962 consequent on the abandonment of the work of construction of the Farm. The infructuous expenditure incurred on the scheme for water supply was Rs. 0.47 lakh.

COMMERCE DEPARTMENT

(PARADEEP PORT PROJECT)

64. *Construction of all-weather Paradeep Port—*With a view to export 2 million tons of iron ore per annum, commencing from October, 1965, the State Government decided in 1962-63 to construct in two stages an all-weather port at Paradeep at an estimated cost of Rs. 52.32 crores (stage I: Rs. 12.32 crores and stage II: Rs. 40.00 crores). The estimates exclude an amount of Rs. 28.92 lakhs spent on intermediate port development by the State Government during the period 1957-58 to 1962-63. The Project was taken up as one outside the "Plan". To meet the high cost of the Project, the Government of India provided loan assistance to the State Government as follows:—

Year/Month in which loan was released	Amount of loan (In crores of rupees)
1964-65	6.00
July, 1965	1.69
December, 1965	8.00
Total	15.69

The Project has been transferred to the control of the Government of India from 1st June, 1965 while still in the construction stage.

Stage I works of the project which were scheduled to be completed by 31st October, 1965 are still under construction (January, 1966); the expenditure incurred upto 1964-65 was Rs. 13.69 crores.

According to the original project report, the anticipated return on capital investment was 7.2 per cent. The estimate of the stage I works was revised to Rs. 19.91 crores in May, 1965. The increase in estimated cost was stated by Government as due to increase in scope of some items of work, inclusion of some new items and increase in rates of some other items. Revised financial forecast was not prepared consequent on the revision of estimate. Government indicated that they do not consider this necessary as "it has to be taken that the position regarding financial return would be altered corresponding to the increase in the cost of the Project as a result of the revision".

The earning of the Project is dependant on the completion of the Express way and development of Daitari Mines; these are expected to be completed only by end of 1966 and March, 1967 respectively. Hence even on completion of the port (which is expected by October, 1965) its full operation would be delayed. The delay in commissioning the Daitari Mines was stated by Governments as mainly due to "prolonged and protracted negotiations for arranging the supply of machineries from outside the country".

Mention was made in paragraph 35 of Audit Report, 1963 regarding certain points connected with the expenditure on development of the intermediate Port. The following further points were noticed in connection with the expenditure on the construction of the all-weather port:—

(i) In 180 cases works (expenditure to end of 1964-65: Rs. 10.34 crores) commenced without sanctioned estimates; in 91 of these cases estimates were yet to be sanctioned (March, 1965) as indicated below:—

Year in which the works started	Number of works	Amount of expenditure
		(In lakhs of rupees)
1962-63	5	64.97
1963-64	16	6.16
1964-65	70	1,40.30

(ii) In 9 cases, the expenditure incurred exceeded the sanctioned estimates by 10 per cent; the amount of the excess was Rs. 36.95 lakhs as indicated below:—

Year in which the works started	Number of works	Amount of excess (In lakhs of rupees)
1962-63	4	22.72
1963-64	3	10.76
1964-65	2	3.47

(iii) 71,000 Kilograms of H. D. B. C. wire was purchased from Kalinga Cables for Rs. 6.05 lakhs (May, 1963-Rs. 2.55 lakhs and February, 1964-Rs. 3.50 lakhs). The supplier had furnished an unsolicited quotation to the Executive Engineer, Port Electrical Division in April, 1963 and purchase was made at that rate. Reasons for not calling for quotations were not placed on record.

58,000 Kg. wire was received by or transferred to the Central Stores Division and is lying unused (March, 1965).

The matter was reported to Government in November, 1965; their reply is awaited (February, 1966).

(iv) (a) In the Breakwater Division, physical verifications of stores was not conducted in respect of 2 out of 5 sub-divisions since March, 1963; the value of stores held by the 2 sub-divisions by end of March, 1965 amounted to Rs. 4.93 lakhs.

(b) In the Stores Division, physical verification has not been conducted since its inception in March, 1963; the value of stores held by the division by end of March, 1965 amounted to Rs. 7.01 lakhs.

(v) Detailed Contingent Bills in 106 cases involving an amount of Rs. 39.49 lakhs drawn upto 1963-64 are awaited (February, 1966) as indicated below:—

Year	Number of cases	Amount of withdrawals for which detailed contingent bills are awaited (In lakhs of rupees)
1956-57	2	0.21
1957-58	12	2.22
1958-59	27	2.54
1959-60	12	0.74
1960-61	21	0.15
1961-62	16	1.86
1962-63	12	25.22
1963-64	4	6.55
Total	106	39.49

(vi) In September, 1963, six wagons of cement containing 2,248 bags of the value of Rs. 28,480 were received at Cuttack Railway Station from the Rajgangpur cement factory consigned to the Executive Engineer, Stores Division, Paradeep project. The Chief Engineer-cum-Administrator, reported to the Railway authorities in November, 1964 that delivery of cement had not been taken by his department. A claim was preferred with the Railways (eventhough time-barred) in November, 1965 indicating that cement contained in 5 of these wagons was "understood to have been emptied at Cuttack Railway Station" between 25th September, 1963 to 2nd October, 1963 but that the delivery was not taken by the Paradeep Port staff. The relevant Railway records are stated to have been seized by the State Vigilance Police and the case is under their investigation. The Chief Engineer stated to Audit in October, 1965 that "no record was maintained to show the person to whom the railway receipts were handed over" and, therefore, responsibility could not be fixed. The Executive Engineer of the Stores division was considered primarily responsible for not taking up this matter with the Railways in time and was placed on suspension on several charges; the departmental enquiry is in progress. The results of investigation by the Vigilance Police are also awaited (February, 1966).

65. *Unauthorised financial aid to a Corporation (Grant No. 50)*—An advance of Rs. 25 lakhs was paid to the Orissa Construction Corporation (a fully-owned Government company) in October, 1962 by Government for supply of boulders, rubble, packing stones, metal and chips, etc., for construction of Break-water Dam of the Pradeep Project. Apart from the consideration that the Corporation is a fully-owned Government Company, no other reason was placed on record for granting the advance. According to the information furnished by the Chief Engineer of the Project, the value of materials supplied by the Corporation upto end of July, 1965 was about Rs. 3.23 lakhs only. An amount of Rs. 21.77 lakhs was thus outstanding for recovery even after 2½ years of the payment of the advance. The Chief Engineer intimated in September, 1965 that "The Orissa Construction Corporation have organised their quarries well and will be able to supply" the requirements of the project better and he expects to collect the stores from them during 1965-66.

The supply of the materials was entrusted to the Corporation without calling for tenders and even before finalisation of formal agreement. The Chief Engineer has intimated that the agreement has not been finalised as yet (November, 1965) due to dispute over a rate for the supply of the materials

WORKS DEPARTMENT

66. *Payment of advance to suppliers.*—(a) To overcome difficulties in receiving supplies, Government (Finance Department) delegated powers to the Administrative Departments in November, 1963 to sanction payment of advance to the suppliers upto 90 per cent of the value of materials on receipt of proof of despatch and against security by way of bank guarantee or otherwise for due performance of the contract.

During the period from January, 1964 to March, 1965, advances amounting to Rs. 25.62 lakhs were paid by 6 Public Works Divisions to 5 suppliers at Cuttack; of this, a sum of Rs. 23.48 lakhs was outstanding for adjustment even by September, 1965. All the firms to whom advances were paid failed to complete the delivery of materials within the stipulated time.

The following further points were noticed:—

(i) In all the 5 cases amounts of advances paid to the firms were calculated with reference to the value of indents placed and not on the value of the goods actually despatched.

(ii) In one case, advance of Rs. 1.75 lakhs was paid without obtaining any security. In the remaining 4 cases, securities obtained were either in the shape of personal bonds or indemnity bond.

(iii) In 3 of these cases (advance payments: Rs. 18.68 lakhs) no stipulation was made for levy of interest on the amount of advance remaining unadjusted after the specified date of delivery of goods.

(b) Besides the 5 cases referred to in (a) above, a sum of Rs. 7.58 lakhs was outstanding (September, 1965) for more than 2 years in 3 other cases in which advances totalling Rs. 10.50 lakhs were paid during March, 1962 to April, 1963 with the approval of the Finance Department. In 2 of these cases, there was no stipulation for recovery of interest on the amount of advance remaining unadjusted and for failure to make supplies in time.

The matter was reported to Government in April, 1965; their reply is awaited (December, 1965).

67. *Expressway Project*—The project (estimated cost: Rs. 14.15 crores) sanctioned in February, 1962 was taken up in July, 1962. It was scheduled to be completed by the end of June, 1965; but it is now programmed to be completed by end of 1966. The delay has been explained as due to paucity of funds, difficulty in foundation of major bridges and change of specification and alignment.

The actual expenditure on the Project upto March, 1965 was Rs. 8.35 crores. The cost of the project, as reported by the Additional Chief Engineer (July, 1965) is expected to go up to Rs. 15.21 crores; the increase was attributed to the following factors:—

(i) sharp increase in rate of materials and labour during the period of execution;

(ii) provision of extra waterway and extra depths in well foundations of cross drainage work as per recommendation of the Technical Advisory Committee of State Flood Control Board; and

(iii) extra cost by way of *pro rata* share on account of establishment and tools and plant charges.

The project as a whole has not been technically sanctioned. No financial stock-taking of the project has also been done.

Out of 129 individual works taken up for execution by 7 divisions, 120 works were commenced before receipt of sanction to detailed estimates (September, 1965); the total expenditure incurred on these works upto March, 1965 amounted to Rs. 6.46 crores. Some of these works are mentioned below:—

Name of the Division	Name of the work	Date of commencement.	Expenditure upto March, 1965 (in lakhs of rupees)
Paradeep Expressway	Construction of bridge over Mahanadi	6.9.1962	58.17
Kendrapara	(i) Construction of bridge over Nuna	11.4.1964	52.96
	(ii) Construction of High level bridge over Kendrapara Canal.	11.4.1964	2.39
Chandikol	Construction of bridge over Badagonguti	12.12.1963	10.47

Mention was made in paragraph 57 of Audit Report, 1965 about infructuous expenditure of Rs. 20 lakhs in earth work incurred by four Public Works Divisions due to frequent change of specifications in the width of the expressway. For the same reason, a further expenditure of Rs. 1.87 lakhs in earth work in one Division has proved to be infructuous.

68. *Extra expenditure*—In Kendrapara Division two agreements were entered into in September, 1962 for carriage of 900 metric tons of cement at the rate of 27 paise per tonne per mile, without calling for tenders; the rate was stated to have been fixed by the Additional Chief Engineer in September, 1962. Reasons for not inviting tenders were not placed on record. The expenditure on the carriage of cement during September and October, 1962 was Rs. 75,976.

In November, 1962 when tenders were invited the lowest rate obtained was 21½ paise per tonne per mile. Computed with reference to this rate, the carriage of cement without inviting tenders entailed an extra expenditure of Rs. 15,477. The matter was reported to Government in September, 1963; their reply is still awaited (December, 1965).

69. *Extra expenditure on the construction of a hostel building (Grant No. 25)*—(a) The administrative approval accorded by Government (in February, 1962) for the additional hostel building for the Gangadhar Meher College, Sambalpur, was for a two-storeyed building; the Superintending Engineer, Northern Circle, Sambalpur, however, authorised

(September, 1962) laying of the foundation as for a three-storeyed building. The proposal to have a three-storeyed building did not materialise. According to the Executive Engineer, the extra expenditure incurred on strengthening the foundation (for a three storeyed building) amounted to Rs. 24,000.

(b) On completion of the work, stores valued at Rs. 42,839 were found to have been issued in excess of requirements to the contractor. This is yet to be recovered (June, 1965); the final bill of the contractor amounting to Rs. 6,833 (excluding payment for extra items for which rates were not fixed) has not been paid.

70. *Extra cost involved in carriage of materials (Grant No. 25).*—4,557 tonnes of materials (like coal and steel) were received by Construction Division No. 1, Sunabeda during September, 1963 to April, 1964 at Rayagada Railway Station and transported to Sunabeda at a distance of 80 miles by road, at the rate of 44 paise per tonne per mile. During the same period such material was also received at Salur Railway Station and transported 46 miles by road to Sunabeda at 38 paise per tonne per mile. The cost of transportation from Rayagada was higher by Rs. 17.72 P. per tonne; the extra cost in the transportation of 4,557 tonnes of materials from Rayagada amounted to Rs. 80,750.

It was stated by the Chief Construction Engineer that in the initial stages no arrangement could be made to receive store materials at Salur and it was apprehended that it might be difficult to get vehicles for transportation of materials.

The matter was reported to Government in February, 1965; their reply is awaited (July, 1965).

71. *Creation of divisions without adequate work load.*—Two construction divisions (for civil works of the Aero-Engine Factory) created in November, 1963 were merged with two other divisions in August, 1964 as the work load was not found sufficient; the expenditure incurred from November, 1963 to August, 1964 on establishment in one division was Rs. 59,000 while the value of work done was only Rs. 6,000 and in another the expenditure on establishment was Rs. 57,000 and the value of work done was Rs. 3.14 lakhs. The two divisions have been revived in June, 1965.

Government stated in July, 1965 that the divisions had been kept in abeyance during August, 1964 to May, 1965 "due to less work load".

PUBLIC HEALTH ENGINEERING BRANCH

72. *Purchase of bricks.*—In January, 1962 a contract was entered into by the Executive Engineer, Drainage and Sewrage Division, Cuttack with a contractor for supply of 50 lakhs bricks at Rs. 63 per thousand by June, 1962; only 15 lakhs bricks were supplied. No action was taken, in accordance with the contract, for purchasing the remaining 35 lakhs of bricks at the risk and cost of the contractor. On the other hand, a fresh contract was entered into with him in February, 1963 for supply of 20 lakhs of bricks at Rs. 64.50 per thousand; he supplied 25 lakhs bricks. The extra expenditure to Government on this purchase amounted to Rs. 3,750.

Under the terms of the contract, 1281.50 metric tons of coal required for burning bricks was supplied by the department, but the cost thereof was recovered from the contractor at Rs. 42 per ton, although this rate was for a metric ton. The short recovery amounted to Rs. 3,552.

Further, only 1,200 metric tons of coal were required for burning 40 lakhs of bricks actually supplied by the contractor; the cost of 81.50 metric tons (Rs. 3,423) supplied in excess and not returned by the contractor was recoverable at penal rates—5 times the cost; this was not done and recovery was made only at ordinary rates. No reasons for this were placed on record.

The matter was reported to Government in September, 1965; their reply is still awaited (February, 1966).

IRRIGATION AND POWER DEPARTMENT

IRRIGATION BRANCH

73. *Extra liability due to allowance of higher rate (Grant No. 43).*—The work of "Construction of Earth Dam of Bhudhabudhiani Irrigation Project" was entrusted to a contractor in January, 1962 at the tendered rate (on item-rate basis) of Rs. 84 per 1000 cft. for "excavation (including transportation) with all leads and lifts" and for conveying moorum for spreading from areas specified by the authorities. In September, 1964 the rate was increased to Rs. 335.30 by the departmental authorities on the ground that conveying of moorum from specified quarry to work site involved 7 K. M. against 1 K. M. accepted in the tender; no such condition was stipulated in the detailed tender notice.

The additional rate (Rs. 251.30) over the rate agreed to in the original contract was allowed to the contractor without consulting the Contract Committee which accepted the original tender. This resulted in an extra liability of Rs. 2.40 lakhs.

74. *Extra cost in respect of a canal work (Grant No. 43).*—For excavation of Charampa Branch Canal (Salandi Irrigation Project), three tenders were received in December, 1960: these were 32 per cent, 37 per cent and 58 per cent over the estimated cost of Rs. 6.91 lakhs.

The lowest tender (of contractor 'A') was rejected on the ground that the party had failed to do any work in another Project (Dhanai Project); the name of the party had not been removed from the list of approved contractors. The second lowest tender (of contractor 'B') was accepted by the Additional Chief Engineer. In August, 1961 when it was noticed that the tender was conditional being 'exclusive of earth work in all kinds of soil' and, therefore, its amount actually worked out to Rs. 9.94 lakhs (43 per cent over the estimate), the acceptance was withdrawn after negotiation had failed with the contractor to withdraw the conditions. Fresh tenders were called for in August, 1961 and only contractor 'B' tendered, his offer being 70 per cent over the estimate. After negotiation it was reduced to 67 per cent over the estimate and was accepted for Rs. 11.60 lakhs by the Additional Chief Engineer in February, 1962.

The cost of the work has further increased as a result of increase in the quantity of earth work. Although the payments made to the contractor to end of October, 1965 amounted to Rs. 13.08 lakhs, (i.e., Rs. 1.48 lakhs more than the accepted tendered amount), the work has not been completed so far (December, 1965). In respect of payments made to end of October, 1965, the extra cost computed with reference to the rates of the lowest tenderer on the first occasion amounted to Rs. 2.91 lakhs and that over the rates of contractor 'B' originally accepted to Rs. 2.36 lakhs.

Government have stated (January, 1966) that the extra expenditure was 'unavoidable'.

DELTA IRRIGATION SCHEME

75. *Delta Irrigation Scheme*—The scheme was taken up in 1955, (estimated cost Rs. 14.92 crores) as part of the Hirakud Dam Project; it envisages extension of irrigation facilities to the delta areas of the river Mahanadi in Puri and Cuttack districts. The project was scheduled to be completed in 6 years and on completion it was expected to irrigate 10.77 lakhs of acres of land.

According to the revised estimate prepared by the Chief Engineer in November, 1963 the cost of the project is expected to go upto Rs. 34.34 crores while the area to be irrigated has been reduced from 10.77 lakhs acres to 9.77 lakhs acres. The revised estimate has not yet been sanctioned (November, 1965). The increase in the estimated cost has been attributed by the Chief Engineer mainly to (i) changes in design, (ii) higher tendered rates, (iii) payment of high rates for land acquired and (iv) increase in quantity of earth work.

Based on the revised estimate, the return anticipated on capital will be reduced from 9.94 per cent to 1.81 per cent. The shortfall in the anticipated financial return as also in ayacut as compared to the original estimates has been attributed by Government to:

- (i) increase in the estimated cost of project,
- (ii) increase of Rs. 1.68 crores in the proportionate cost of Hirakud Dam debitable to this scheme, and
- (iii) reduction of revenue from water rates and betterment levy due to decrease in ayacut area.

The project has not yet been completed. The expenditure booked to end of March, 1965 amounted to Rs. 17.36 crores. It has been stated by Government (April, 1965) that the period of construction has been extended to 19 years. The delay in completion of the project is stated to be due to non-acquisition of land on account of non-finalisation of design by Central Water and Power Commission.

The financial stock taking of the project has not been taken up since 1960-61.

The following points were also noticed:—

(i) The total of individual sanctioned estimates under some sub-heads (viz., Lands, Regulators, Buildings, Lining, etc.) exceeded the amounts provided by the Chief Engineer in the revised Project estimate (November, 1963); such excess upto end of August, 1965 amounted to Rs. 56.88 lakhs.

(ii) 1,322 works estimated to cost Rs. 1,45.14 lakhs were taken up for execution during the years 1958-59 to 1964-65 without sanctioned estimates (March, 1965).

(iii) Payments amounting to Rs. 9.02 lakhs were made to contractors in 75 cases without execution of agreements.

(iv) The ayacut area of 9.77 lakhs acres includes 2.11 lakhs acres to be fed by the canals that existed prior to the taking up of the Project. The Chief Engineer indicated to Government in September, 1965 that only 0.83 lakh acres were irrigated by the existing canals upto end of March, 1964 against the target of 1.01 lakhs acres. The shortfall (18 per cent) in revenue on account of water rates on this account for 1964-65 alone amounted to Rs. 21,300. The reasons for the shortfall in the area irrigated have not been furnished.

(v) The Superintending Engineer reported in August, 1965 that the construction of the main weir at Mundali was completed in June, 1965 but "water could not be diverted into the canal as the gates have not been put"; the delay in fixing the gates was attributed by him to "delay in receipt of plates" from steel mills. The gates have not yet been fixed (February, 1966).

As a result of non-fixing of the gates, the canals could not be brought into use; this necessitated some expenditure (figures not separately available) on clearance of weeds and silt or rectifying the damages through raincuts, etc., November 1965.

(vi) Particulars of 2 cases of loss of cash involving Rs. 0.43 lakh relating to this Project are given in paragraphs 59 and 60 at page 67.

(vii) Particulars of 6 cases of infructuous, extra expenditure, etc., amounting to Rs. 3.56 lakhs in this project are given in paragraphs 76 to 81, pages 79 to 81.

76. *Payments to job workers at rates higher than the schedule of rates (Grant No. 43).*—According to orders of Government, allotment of works to job workers should be made after calling for tenders except in emergent cases and "in no case rates higher than the schedule of rates should be allowed" to them.

In respect of the item of work "Earth work in slope cutting of canal in sand or sandy soil" pertaining to "Excavation of Puri Main Canal", the Superintending Engineer ordered during 1962-63 allotment of the work to job workers in 27 cases without calling for tenders and at rates higher than the schedule of rates and no reasons for deviating from the standing instructions of Government were placed on record; the rate allowed was Rs. 38 per 1,000 cft., as against Rs. 16.50P provided in the schedule of rates. This resulted in an extra expenditure of Rs. 1.08 lakhs. Government called for the explanations of the Superintending Engineer in February, 1964 for following an irregular procedure. Intimation of final action taken in the matter is awaited (January, 1966).

77. *Purchase of earth moving machines.*—The Superintending Engineer placed orders on a firm of New Delhi in June, 1965 for supply of a trencher at a cost of Rs. 1.23 lakhs without inviting tenders and without obtaining technical sanction or approval of rates by the Chief Engineer. The purchase involved foreign exchange of Rs. 1.29 lakhs (including the cost of spare parts).

Subsequently, on the initiative of the firm intimating that some improvements were made to the machine, the cost of the trencher was revised to Rs. 1.42 lakhs (in January, 1964); the machine was supplied in March, 1964. Spare parts costing Rs. 0.35 lakh were received in August, 1964. The machine and the spare parts were not used for the Delta Project; they were transferred to the Civil Works Division, Aero-Engine Factory in November, 1964.

Even after the transfer of the machine, a purchase order for the spares costing Rs. 0.30 lakh placed in June, 1964 was not cancelled; these were brought in April, 1965 from Bombay by road instead of by rail at the instance of the firm causing extra cost to Government. The amount of extra cost could not be determined as the final payment has not been made (August, 1965).

78. *Unauthorised issue of material to a private firm and non-recovery of its cost.*—During April—August, 1963, steel material costing Rs. 10,973 was issued on loan to a private firm by the Head Works Division under orders of the Superintending Engineer; no security was obtained nor was the manner in which the recovery was to be made from the firm settled. The issue of the materials was not in connection with any Government work.

The materials were not returned nor was their cost paid by the firm; the Superintending Engineer issued orders in January, 1965 that the materials might be sold to the firm treating them as surplus to requirements. The cost of material (Rs. 10,973) has not yet been recovered (July, 1965).

According to the rules, material can be declared surplus only after ascertaining that it would not be required for 'public service' by other divisions. This has not been done in this case.

The matter was reported to Government in March, 1965; their reply is awaited (December, 1965).

79. *Extra Expenditure.*—Tenders for the work of excavation of a drainage channel (estimated cost Rs. 11,715) were received by the Executive Engineer, Drainage Division (now defunct) in December, 1962; no decision was taken thereon and under the orders of the Superintending Engineer the work was transferred to the jurisdiction of the Puri Canals Division II, in July, 1963. The work was allotted by that Division in February, 1964 to the lowest tenderer for Rs. 14,153. The contractor did not commence the work; his contract was rescinded in May, 1964 and his earnest money and initial security deposit totalling Rs. 285 were forfeited.

The work was entrusted to job workers in May, 1964 on the basis of current schedule of rates. During execution, it was estimated by the Executive Engineer that due to rains the quantity of earth work to be done increased from 6.29 lakhs cft. to 9.18 lakhs cft. The work is in progress, the payments made upto July, 1964 amounted to Rs. 26,819.

Due to delay in deciding tenders (December, 1962 to January, 1964) there was an extra expenditure of Rs. 6,167 due to increase in rates and Rs. 6,499 on additional work done due to rains.

The matter was reported to Government in December, 1964; their reply is awaited (December, 1965).

80. *Extra expenditure.*—In Mahanadi North Division, the work of remodelling a distributary of Pattamundai Canal (estimated cost: Rs. 1.04 lakhs) was entrusted to a Labour Construction Co-operative Society for Rs. 1.26 lakhs in September, 1963. Two lower tenders (Rs. 1.20 lakhs and Rs. 1.21 lakhs) were rejected by the Chief Engineer on the ground that the accepted tender was of a Labour Construction Co-operative Society. According to the orders of Government, this concession is admissible to the Societies in respect of works costing less than Rs. 1 lakh only.

The work-order to the Society was issued in October, 1963 but it did not commence the work. The work was allotted to job workers in February, 1964 after obtaining quotations on the basis of the new schedule of rates which had come into effect from October, 1963.

The work is reported to be in progress. The payments made to job workers upto March, 1965 amounted to Rs. 67,533; computed with reference to the rates of the lowest tender received on the first occasion, the extra expenditure incurred upto March, 1965 was Rs. 7,885.

The matter was reported to Chief Engineer in March, 1964 and to Government in May, 1965; their replies are still awaited (December, 1965).

81. *Extra expenditure.*—In Malanadi South Division excavation of part of a distributary of Machagaon Canal (estimated cost of Rs. 2 lakhs) was entrusted to a contractor in April, 1959 at Rs. 16.75 per 1,000 cft. of earth work in all kinds of soil. The work was to be completed by April, 1960; but even by June, 1963, 3.08 lakhs cft. of earth work remained to be done. The contractor abandoned the work in July 1963; according to the Executive Engineer, the contractor did some work "in good reaches where the soil was soft" and "he has left 3 last miles due to hardness of soil".

The contract was not rescinded. The remaining work was entrusted to another contractor in March, 1964 at an extra cost of Rs. 4,682 (at Rs. 32 per 1,000 cft. of earth work) computed with reference to the rates of the first contractor; the work is in progress (December, 1965). The Chief Engineer directed the Executive Engineer in October, 1965 to impose penalty on the defaulting contractor as per agreement.

The Executive Engineer indicated in July, 1964 that, due to delay in completion of the work, irrigation facilities could not be given to 5,957 acres of land (the estimated irrigation revenue upto April, 1963 was Rs. 0.54 lakhs).

The matter was reported to Government in December, 1964; their reply is still awaited (December, 1965).

CHAPTER VI
STORES AND STOCK ACCOUNTS

82. *Synopsis of important accounts*—(A) A synopsis of the important stores and stock accounts for 1964-65 (other than those relating to Government commercial and quasi-commercial departments/undertakings, etc.) is given below:—

Serial number	Name of account	Opening balance	Receipts	Issues	Closing balance
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(In lakhs of rupees)

IRRIGATION AND POWER DEPARTMENT

IRRIGATION BRANCH

(1)	Hirakud Dam Project— Stage II—Hirakud Subsidiary Power House Project, Chiplima.	—24.45	19.41	1.21	—5.25(a)
(2)	Delta Irrigation Scheme	54.10	1,20.77	1,39.95	34.92

HOME DEPARTMENT

(3)	Jails: Maintenance Department.	7.02	18.72	17.65	8.09
(4)	Jails: Manufactory Department.	2.03	7.37	6.68	2.72
(5)	Home: Public Relations Department.	15.61	9.16	5.46	19.31
(6)	Orissa Police Motor Transport Workshop, Cuttack.	0.98	3.38	2.06	2.30

FINANCE DEPARTMENT

(7)	Non-judicial Stamps ..	89.96(b)	41.12	42.01	89.07
(8)	Judicial Stamps ..	62.78(b)	31.97	20.78	73.97

(a) The *minus* balance was stated to be due to non-adjustment of stock transferred from Hirakud Dam Project—Stage I.

(b) Difference of Rs. 50.24 lakhs under 'non-judicial stamps' and Rs. 34.23 lakhs under 'Judicial Stamps' compared with the corresponding closing balances as on 31st March, 1964 is due to non-inclusion of the accounts of Phulbani, Cuttack, Ganjam and Dhenkanal treasuries as they had not been prepared correctly.

Serial number	Name of Account	Opening balance	Receipts	Issues	Closing balance
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(In lakhs of rupees)

REVENUE DEPARTMENT

(9)	Medicinal Opium —	Kgs.	Kgs.	Kgs.	Kgs.
(i)	In Central Depot ..	58·831(a)	1,127·716	1,126·000	60·547
(ii)	With District Excise Officers.	96·475(b)	1,126·000	1,161·190	61·285

(B) The stores accounts for 1963-64 of Talcher Thermal Scheme and Orissa Government Press which were received after finalisation of the Audit Report, 1965 are given below:—

IRRIGATION AND POWER DEPARTMENT

ELECTRICAL BRANCH

(10)	Talcher Thermal Scheme	26·89	44·42	40·84	30·47
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COMMERCE DEPARTMENT

(11)	Orissa Government Press, Cuttack—				
(i)	Stationery Branch (Stationery and Water mark plain paper).	2·39	9·37(c)	9·33	2·43
(ii)	Press proper (Printing and binding materials and miscellaneous articles).	24·48	56·74(d)	29·75	51·48

Shortages amounting to Rs. 0·13 lakh found on verification of stock during 1960-61 to 1963-64 have not yet been regularised (August, 1965).

- (a) Difference of 1·143 Kgs. compared with the closing balance as on 31st March, 1964 is due to shortages noticed yet to be written off.
- (b) Difference of 21·467 Kgs. compared with the closing balance as on 31st March, 1964 represents closing stock with the sale centre; this was not included in the stock return of the Districts during 1963-64.
- (c) Includes Rs. 0·53 lakh representing excess recovery of handling and freight charges at fixed percentages on the cost price of stores over actual expenditure on these items.
- (d) Includes Rs. 0·08 lakh being stores found in excess at the time of stock taking during 1963-64.

83. *Non-receipt of Stores and Stock Accounts*—Mention was made in paragraph 61 of the Audit Report, 1965 of the arrears in the submission of Stores and Stock Accounts to Audit. The position continued to be unsatisfactory during the year 1964-65 also. Stores and Stock Accounts for 1963-64 have not been received from 21 Roads and Buildings, Irrigation and Multi-purpose River Project divisions and for 1964-65 from 18 divisions (October, 1965). The total value of stock held by these divisions at the end of 1963-64 and 1964-65 was Rs. 4.56 crores and Rs. 5.46 crores, respectively.

The accounts are also awaited from the departmental officers in respect of Chemical Fertilisers, Government Headquarters Hospitals including Shriram Chandra Bhanja Medical College Hospital, Cuttack, Orissa School of Engineering, Cuttack and Forest Stores.

The details of the arrears are given in Appendix XI, page 164.

84. *Stock Registers and Stock verification*--Mention was made in paragraph 62 of the Audit Report, 1965 of the shortages and other points noticed by the Stores Verification Party of Government. Discrepancies and shortages amounting to Rs. 28.90 lakhs in respect of cement and steel were pointed out in April, 1965 by the party in their report on physical verification of Angul Irrigation Division conducted during 1964-65. No intimation has been received in regard to the action taken on the report (January, 1966).

85. *Non-utilisation of machinery, tools and equipment*—In following 2 cases, machinery, tools and equipment valued at Rs. 0.57 lakh remained unutilised. This involves locking up of Government funds, apart from the risk of deterioration.

HEALTH DEPARTMENT

(i) Equipment valued at Rs. 0.51 lakh purchased during March, 1958 and March, 1959 for an operation theatre at the Basanta Manjari Swasthya Nibas, Chandpur, is lying unutilised (October, 1965) as the operation theatre has not been set up. The Superintendent of the Swasthya Nibas stated in December, 1963 that the operation theatre could not be set up for want of—

- (a) necessary staff,
- (b) construction of suitable operation theatre, and
- (c) other adequate instruments.

Government have stated in October, 1965 that the "question of utilising the equipment by opening a small operation theatre is being considered".

INDUSTRIES DEPARTMENT

(ii) Machinery and equipment purchased for Rs. 5,920 during May, 1960 to December, 1963 for the proposed Horn Works Service Centre, Cuttack, remained unutilised as the centre did not start functioning. This was attributed to "certain difficulties" and non-availability of electric supply to run the machinery. Government have since decided (November, 1965) to close down the centre. The disposal of the machinery and equipment was stated to be under consideration (December, 1965).

Although the centre did not start functioning, a Foreman and a Helper were appointed in September, 1959 and June, 1960 and continued upto May, 1960 and March, 1965, respectively; the expenditure on their pay and allowances and the rent of the building hired for the centre being Rs. 9,875 (up to March, 1965). The District Industries Officer stated (December, 1965) that the officials were retained in service to watch the centre, install the machines and maintain them properly and to impart necessary assistance to local unskilled artisans.

CHAPTER VII

REVENUE RECEIPTS

86. *Variations between Budget Estimates and Actuals*—The variations between the Budget Estimates and Actuals for the year 1964-65 under some of the heads of tax and non-tax revenue raised by the State are indicated below:—

Major heads	Budget 1964-65	Actuals 1964-65	Variations		Reasons of variations
			Amount	Percentage	
1	2	3	4	5	6
(In lakhs of rupees)					
(1) Sales Tax	7,22.60	8,98.58	+1,75.98	24	Due to tightening of Sales Tax administration by establishing additional check-gates to avoid evasion of sales tax.
(2) Other Taxes and Duties.	1,07.25	1,67.91	+60.66	57	Due to larger receipts on account of electricity duties and fees (Rs. 42.30 lakhs)—some arrear dues having been realised from Hindustan Steel and collection of arrears on account of taxes on goods carried by roads or inland waterways (Rs. 17.46 lakhs).
(3) Interest ..	7,27.06	6,49.10	—77.96	11	Mainly due to less realisation of interest from Commercial Departments (Rs. 45.12 lakhs) and on loans and advances by State Government (Rs. 29.70 lakhs).

Major heads	Budget 1964-65	Actuals 1964-65	Variations		Reasons of variations
			Amount	Percentage	
1	2	3	4	5	6
(4) Police	6.59	39.67	+33.08	502	Mainly due to collection of arrear recoveries from Government of India and others for deputation, of O. M. P. Battalions.
(5) Animal Husbandry.	16.75	32.20	+15.45	92	Due to refund of unspent balances and better receipts from poultry and poultry products.
(6) Industries	17.98	30.30	+12.32	69	Due to better receipts from industrial enterprises undertaken by the Government.
(7) Miscellaneous Social and Developmental Organisations.	1,10.91	1,79.72	+68.81	62	Due to more receipts on account of mineral royalty.
(8) Multi-purpose River Schemes.	2,52.00	2,27.96	-24.04	10	Due to less realisation of receipts from irrigation rates on account of Hirakud canal system than anticipated.
(9) Irrigation and Navigation.	89.47	25.55	-63.92	71	Due to less collection of 'Water rates' owing to non-finalisation of assessment proceedings in the areas irrigated by Orissa canals and R u s h i k u l y a system.

Major heads	Budget 1964-65	Actuals 1964-65	Variations		Reasons of variations
			Amount	Percentage	
1	2	3	4	5	6
(10) Electricity Schemes.	72.51	50.73	-21.78	30	Due to non-realisation of receipts on account of sale of power from Duduma Transmission Scheme owing to the transfer of the Scheme to the Orissa State Electricity Board.
(11) Public Works.	40.41	74.70	+34.29	85	Due to more receipts under 'Recoveries of Expenditure' (Rs. 21.67 lakhs) and "Miscellaneous Receipts" (Rs 14.58 lakhs).

FINANCE DEPARTMENT

Sales Tax

87. (a) *Non-imposition of penalty*—(i) The Central Sales Tax Act provides for tax concession to a registered dealer in respect of inter-State purchases of goods specified in his registration certificate, if such goods are intended for sale, or use in the manufacture of goods for sale. In such cases the purchasing dealer is liable to pay tax at the concessional rate of 1 per cent (2 per cent from April, 1963) on such purchases, which should be supported by a declaration in form 'C' duly signed by the registered dealer purchasing the goods. The tax payable in case of goods which are not supported by this declaration form is at the rate of 7 per cent (10 per cent from April, 1963). The Act *inter alia* also provides that if a dealer is guilty of an offence of falsely representing when purchasing any class of goods that goods of such class are covered by his registration certificate, or that he is a registered dealer, the authority who granted him registration certificate may impose penalty of a sum not exceeding one and one half times of the tax which would have been levied had the offence been not committed.

In 4 Commercial Tax Circles, 15 cases were noticed where purchases were made during January, 1959 to December, 1964 at concessional rate of tax on the strength of 'C' declaration form although goods purchased were not specified in the registration certificate. In another case, the dealer purchased goods at concessional rate prior to issue of registration certificate. As a result, they were liable to pay penalty up to a maximum amount of Rs. 1.20 lakhs (calculated at $1\frac{1}{2}$ times of the Tax: Rs. 0.80 lakh payable at full rate). No penalty has, however, been imposed by the Department so far (March, 1965).

(ii) The Orissa Sales Tax Act provides that if the tax is not paid by a dealer by the specified date, he is liable to pay, in addition to tax, a sum not exceeding one half of the total amount due from him as penalty. In 2 circles, 79 cases of default were noticed in audit; the tax demanded during August, 1963 to November, 1964 in these cases amounted to Rs. 0.45 lakh. No penalty has, however, been imposed so far (January, 1965).

(b) *Under assessment of tax*—In 4 circles, 5 cases of under assessment of tax amounting to Rs. 0.14 lakh as shown below, relating to the period from September, 1960 to March, 1965 were noticed in audit:—

Nature of under assessment	No. of cases	Amount of tax under assessed Rs.
(i) Non-inclusion of sales in the taxable turnover	2	5,671
(ii) Non-levy of tax on containers in course of inter-State sales	2	4,159
(iii) Under assessment for sales through Commission agents	1	1,203

(c) *Wrong inclusion of articles in the Registration Certificate*—A dealer who was registered as a manufacturing concern in writing and printing paper purchased copper wire, fans, hose-pipes, electrical goods, etc., worth Rs. 7.79 lakhs which were not directly required for the manufacture of paper and paid tax at the concessional rate instead of at the full rate (the amount of concession availed by the dealer was Rs. 0.77 lakh). These articles had been wrongly included by the Sales Tax authorities in the Registration Certificate of the dealer. The action taken to fix responsibility for such wrong inclusion has not been intimated to audit so far (October, 1965).

IRRIGATION AND POWER DEPARTMENT

Irrigation and Navigation Receipts

88. (i) *Water rates*—The revenue earned from "Water rates" as compared with the budget estimates during the five years from 1960-61 are as follows:—

Year	Budget estimate	Revenue realised	Short fall	Percentage
(In lakhs of rupees)				
1960-61	23.20	6.94	16.26	70.1
1961-62	68.40	7.28	61.12	89.3
1962-63	68.40	7.92	60.48	88.4
1963-64	65.50	0.56	64.94	99.1
1964-65	76.00	13.33	62.67	82.4

The table above would indicate that there were over-allocations in the receipts on account of water rates which had the effect of counterbalancing the actual revenue deficit to that extent in the budget of the respective years.

(ii) *Irrigation and Navigation revenue*—The loss contained in the working of the four completed irrigation works from 1960-61 to 1964-65 is indicated below:—

Name of Projects	1960-61	1961-62	1962-63	1963-64	1964-65
	(In lakhs of rupees)				
Orissa Canals Project ..	22.91	38.39	17.61	33.65	9.99
Rushikulya System ..	1.71	1.96	2.34	7.74	5.19
Hirakud Dam Project—					
Stage I ..	249.77	251.81	183.66	132.52	} 122.78
Stage II ..	..	..	..	..

(iii) *Levy of Water Rates*—Mention was made in paragraph 58 (b) of the Audit Report, 1964 regarding delay in the levy of water rates leviable under the Orissa Irrigation Act, 1959. Government stated in April, 1965 that "the collection of compulsory basic water rates and water rates from the areas irrigated by the Hirakud canals in the Districts of Sambalpur and Bolangir could not be made satisfactorily during the years 1961-62 and 1962-63 mainly due to public agitation. There were also some defects in the assessment list as a result of which the ayacuts had to be resurveyed and demands revised accordingly. The work of revision of assessment lists and communication of revised demands to tenants was completed in February, 1964 and the collection started in March, 1964".

With a view to encourage the beneficiaries to make payment of their dues, Government granted concession to exempt (i) payment of arrear compulsory basic water rate dues from 1961-62 and 1962-63 if the dues for 1963-64 are paid off by April, 1964 and (ii) interest on water rates (optional) for 1962-63 if the same is paid by 1st June, 1964.

(iv) *Delay in imposition of Development Levies*—Mention was made in Para. 58(c) of the Audit Report, 1964 regarding delay in levy of betterment charges under the provisions of the Orissa Betterment Charges Act, 1955. To end of March, 1965 irrigation facilities have been provided for 4.08 lakh acres of cultivated irrigated area as against the irrigation potential of 6 lakh acres created by the Hirakud canals. No assessment or recovery of the betterment charges has been made. The simplification of the procedure of the levy and prescription of rates in the body of the Act itself was reported to be under consideration of Government (June, 1962). No fresh legislation has been made in this regard so far (June, 1965).

89. *Loss due to non-realisation of lease dues*—The toll gate of Haripur Bridge was leased out in November, 1956 for one year at Rs. 39,200. The lease amount was to be paid by the lessee in eleven advance monthly instalments. Government issued stay orders against realisation of the instalments of the lease dues from June, 1957 on the appeal of the lessee for reduction of lease

amount on the apprehended ground of fall in collection of tolls. The Executive Engineer and Superintending Engineer did not support the earlier appeal on the ground that traffic census conducted over the bridge indicated an annual collection of Rs. 45,287. The lessee was, however, allowed to operate the toll gate and retain the collections. In October, 1957 Government decided that the lessee should pay the full amount of the lease. The party defaulted payment and the gate was taken over on 3rd November, 1957. Government decided on 6th November, 1957, that no certificate case need be instituted against the lessee.

On a further appeal by the lessee in September, 1961, the defaulted lease dues for the period from 1st June, 1957 to 2nd November, 1957 amounting to Rs. 16,816 was written off by Government in February, 1964, as irrecoverable after adjusting the security deposit of Rs. 1,000.

CO-OPERATION AND FORESTRY DEPARTMENT

90. *Loss of revenue*—The average annual revenue collected by the Jeypore Forest Division for leasing out the forest coupes in two of its ranges for collection of 'Patalgaruda', a forest produce on the basis of auction sale in respect of the three years up to 1960-61 amounted to Rs. 3,092. The leases were not put to auction sale from the year 1961-62 as these were intended to be given to Co-operative Societies; the leases were, however, not given to the Societies during any of the years 1961-62 to 1963-64.

The non-settlement of the leases resulted in a loss of Rs. 12,368 during the period from 1961-62 to 1964-65 compared with the average annual revenue collected during the previous three years.

91. *Arrears in collection of revenue*—According to the figures furnished by some of the Departments, the arrears in the collection of revenue as on 31st March, 1965 amounted to Rs. 9.18 crores as shown below :—

Department	Nature of Revenue	Arrears (in lakhs of rupees)	Yearwise break-up		Remarks
			Year	Amount (Rs. in lakhs)	
(1) Finance	(i) Sales Tax	2,49.38	1963-64 and earlier years	151.16*	The break-up of the arrears of commercial tax demands as maintained by the Departmental authorities are detailed below:— Rs. in lakhs
			1964-65	98.22	
	(ii) Agricultural Income Tax.	18.67	..	..		(1) Arrears covered by stay order. 91.64
	(iii) Taxes on goods carried by road and inland water ways.	88.05	..	..	(2) Arrears covered by certificate cases 37.74
	Total ..	3,56.10			

*The yearwise break-up of the amount under 'Sales Tax' has not been furnished by the State Government.

Department	Nature of Revenue	Arrears (in lakhs of rupees)	Yearwise break-up		Remarks	Rupees in lakhs
			Year	Amount (Rs. in lakhs)		
					(3) Arrears covered by notices to third parties contemplated in the Act.	28.54
					(4) Arrears covered by notices of penalty.	50.41
					(5) Arrears awaiting recovery by coercive measures contemplated under the Act.	100.71
					(6) Recovery kept in abeyance	
					(i) Proposed to be written off being irrecoverable	23.61
					(ii) Outstanding against the works contractors (likely to be written off)	9.42
					(iii) Outstanding against the dealers outside the State, recovery of which is stated to be beyond control.	9.03
(2) Revenue ..	(i) Land rent	1,09.16	1963-64 and earlier years			
	(ii) Cess	33.19			1,22.77	
	(iii) Sairats	10.41	1964-65		66.96	
	(iv) Miscellaneous revenue.	36.97				
	Total ..	1,89.73				

Department	Nature of Revenue	Arrears (in lakhs of rupees)	Yearwise break-up		Remarks	
			Year	Amount (Rs. in lakhs)		
(3) Mining and Geology.	Mining revenue	141.37	1952-53 to	69.87	* Arrears include Rs. 56.35 lakhs outstanding against 8 private companies covered by stay orders issued either by the Government of India or the State Government.	
			1961-62	4.15		
			1962-63	40.01		
			1963-64	27.34		
			1964-65			
(4) Co-operation and Forestry.	Forest leases	127.89	1943-44 to—	35.25	Arrears include Rs. 32.37 lakhs covered by certificate cases.	
			1961-62	22.78		
			1962-63	32.49		
			1963-64	37.37		
			1964-65			
(5) Commerce	(i) Unrealised value of text books.	17.51	1948-49 to			
	(ii) Stationery articles supplied to different departments of Government.	1.69	1962-63	0.40		
			1963-64	7.96		
			1964-65	11.82		
	(iii) Recovery of printing jobs	0.66				
(iv) Miscellaneous receipts.	0.32					
	Total ..	20.18				
(6) Industries	(i) Interest	12.22	1957-58 to—		Arrears on account of rent of Industrial Estate represents cumulative total arrears due as on 31st March, 1965.	
	(ii) Dividends	2.34	1962-63	4.58		
			1963-64	2.15		
			1964-65	7.83		
	(iii) Rent from Industrial Estate.	4.15				
	Total ..	18.71				
(7) Home	(i) Motor Vehicle Taxes, etc.	11.91	1957-58 to—			
			1961-62	1.76		
			1962-63	2.75		
			1963-64	5.95		
			1964-65	1.45		
(ii) Other Receipts	0.22					
	Total ..	12.13				
(8) Transport	State Transport Service revenue.	9.89	From premerger period to—		The arrears were on account of— Rs. in lakhs	
			1961-62	5.27		Postal subsidy 3.37
			1962-63	1.20		Bus warrants 1.12
			1963-64	1.35		Other Government departments 3.32
			1964-65	2.07		Private parties 2.08

Department	Nature of Revenue	Arrears (in lakhs of rupees)	Yearwise break-up		Remarks
			Year	Amount (Rs. in lakhs)	
(9) Works (Roads and Buildings and Public Health)	(i) House-rent	4.68	..		Information in respect of arrears were not received from two Roads and Buildings, two Public Health, one National Highway and one Expressway division.
	(ii) Water consumption charges.	1.60	..		
	(iii) Tools, Ferry charges, etc.	1.50	..		
	Total	7.78			
(10) Irrigation and Power (irrigation and Electricity).	(i) Irrigation receipts (water rates).	3.32	..		Information in respect of arrears were not received from six Irrigation and seven Electrical divisions. The arrears of Irrigation receipts relates to the period from 1948-49 onwards.
	(ii) House-rent	0.39	..		
	(iii) Hirakud revenue.	4.94	1962-63 and earlier years	4.37	
			1963-64	0.17	
			1964-65	0.40	
	(iv) Electric energy charges, Hire charges, etc.	0.60			
	Total	9.25			
(11) Excise	.. Excise revenue	6.67	..		The breakup of the arrears are as follows :- Rs. in lakhs
					(i) Arrears covered by certificate cases 3.90
					(ii) Arrear covered by appeals. 0.34
					(iii) Arrear covered by insolvency proceedings 0.11
					(iv) Proposed for remission being irrecoverable. 1.55
					(v) Under recovery. 0.77
(12) Agriculture and Animal Husbandry.	(i) Hire charges of tractors.	3.66	1948-49 to—		The arrears relating to 1963-64 and 1964-65 could not be furnished by the Departmental authorities. The particulars of individual defaulters are also not available.
			1961-62	2.84	
			1962-63	0.20	
			1963-64	0.62	
	(ii) Hire charges of pumping sets.	2.47	1948-49 to		
			1960-61	1.20	
	(iii) Sale of potatoes, rent on cold storage of potatoes, etc.	2.27	1961-62	0.92	
			1962-63	0.35	
	Total	8.40	..	..

Department	Nature of Revenue	Arrears (in lakhs of rupees)	Yearwise break-up		Remarks
			Year	Amount (Rs. in lakhs)	
(13) Other Departments	(i) Medical revenue (Health).	4.19	..		Arrears are mainly due from Municipalities.
	(ii) House-rent (Political and Services).	3.81	..		
	(iii) House rent (Labour).	1.14	..		Arrears in respect of houses constructed in thirteen colonies under Subsidised Industrial Housing Scheme.
	(iv) Fishery receipts.	0.88	..		
	Total	10.02			

92. *Remission of revenue and abandonment of claims to revenue and writes off*—During the year under report, revenue amounting to Rs. 6.48 lakhs due to Government was written off as irrecoverable and remissions aggregating Rs. 2.02 lakhs were granted by Government. Brief particulars of these are given below:—

Department	Nature of revenue	Number of cases	Amount (In lakhs) of rupees)
A—Write off of irrecoverable revenue.			
Finance	.. Sales tax	196	5.22
Commerce (Ports)	.. Book value of un-serviceable boats	16	0.99
Co-operation and Forestry	Forest leases	6	0.27
B—Remission of Revenue—			
Excise	.. Excise revenue	10	0.78
Political and Services	.. Rent free occupation granted by Government.	90	0.74
Revenue	.. Land revenue	..	0.44
Community Development and Panchayati Raj.	Land rent and motor licence fees.	3	0.03
Law	.. Magisterial fines	11	0.03

CHAPTER VIII

LOANS AND ADVANCES, SUSPENSE AND REMITTANCE
TRANSACTIONS

93. *Loans and Advances by State Government*—The total amount of loans and advances given by Government to different bodies and institutions and Government servants, for various purposes and outstanding as on the 31st March, 1965 was Rs. 33.66 crores, as indicated below:—

	(In crores of rupees)
(i) Loans to State Electricity Board ..	18.58
(ii) Loans to Municipalities ..	0.42
(iii) Loans to district and other Local Fund Committees	1.55
(iv) Advances to cultivators ..	2.75
(v) Loans under State-aid to Industries Act ..	0.77
(vi) Advances to displaced persons ..	1.12
(vii) Loans and Advances under Community Development programme	0.87
(viii) Miscellaneous loans and advances (such as, loans under Housing Scheme, loans to the Industrial Development Corporation etc.)	7.08
(ix) Loans to Government servants ..	0.52

The amount of loans to State Electricity Board, Rs. 18.58 crores, includes an amount of Rs. 16.72 crores representing capital expenditure incurred by Government on the Electricity Scheme upto 1961-62 and converted as loan to the Board consequent on the transfer of these schemes to the Board.

(a) *Loans in respect of which detailed accounts are kept by departments*—

(i) The total amount of such loans and advances outstanding on 31st March, 1965 was Rs. 30.40 crores.

Under the Financial Rules, the departmental officers are responsible for the maintenance of detailed accounts of each borrower and for watching the fulfilment of the terms and conditions of these loans and the recovery of principal and interest.

The annual statements showing the amount of overdue instalments of principal and interest to end of 1964-65, due to be furnished to Audit by 31st May, have not been received so far (December, 1965) except in three cases. In the absence of these returns, the position regarding the recovery of loans, according to the terms and conditions thereof could not be ascertained.

The information received in respect of Co-operative Institutions, Orissa State Electricity Board and the Industrial Development Corporation indicated that a total sum of Rs. 3.16 crores was overdue for recovery as on 31st March, 1965, as detailed below:—

	Amount over due	
	Principal	Interest
	(In lakhs of rupees)	
(i) Co-operative Institutions	47.79	11.27
(ii) Orissa State Electricity Board	.. ..	2,02.20
(iii) Industrial Development Corporation	50.00	4.50

Government have stated (December, 1965) that the Orissa State Electricity Board has not paid the interest charges due to "paucity of funds".

(ii) *Reconciliation of balances of loans*—Prompt and systematic reconciliation of the figures shown in the detailed records maintained by the departments with those shown in the books of the Audit office is necessary to ensure correct accounting of the transactions and to enable detection of unauthorised draws and misappropriation of recoveries of loan, if any. There were, however, unreconciled differences to the extent of Rs. 2,11.34 lakhs between the balances as per the books of the audit office and the figures shown in the records of departmental officers; the earliest year to which the differences relate is 1947-48. Particulars of the unreconciled differences are given in the Appendix at pages 218 to 219 to Finance Accounts for 1964-65.

(iii) *Certificates of acceptance of balances*—Mainly owing to non-reconciliation of differences, mentioned above, annual certificates of acceptance of balances of loans and advances have also not been furnished (October, 1965) by the Departments in as many as 4,780 cases as indicated below; the total amount of outstanding loans in these cases (as on 31st March, 1965) was Rs. 33.14 crores according to the books of the Audit Office. In some of these cases the certificates are due from 1958-59 onwards.

	No. of certificates pertaining to the years from which due				Total
	1961-62 and earlier years	1962-63	1963-64	1964-65	
(i) Loans to Municipalities and Notified Area Councils	82	38	92	61	273
(ii) Loans under district and other Local Fund Committees	531	236	1,518	998	3,283
(iii) Advances to cultivators	152	118	142	159	571

No. of certificates pertaining to the years from which due

	1961-62 1962-63 1963-64 1964-65				Total and earlier years
	1961-62	1962-63	1963-64	1964-65	
(iv) State-aid to Industries Act	26	295	93	53	467
(v) Miscellaneous loans and advances	88	4	37	36	165
(vi) Loans and advances under Community Development Project	..	..	12	..	12
(vii) Advances to displaced persons	8	..	..	1	9

(b) Loans in respect of which detailed Accounts are kept by the Audit Office—These include loans granted by Government to Municipalities and other local bodies, private companies and institutions and Government servants. The total amount of such loans and advances outstanding on 31st March, 1965 was Rs. 3.26 crores.

On 31st March, 1965 the recovery of Rs. 94.97 lakhs (principal Rs. 60.43 lakhs and interest Rs. 34.54 lakhs) was overdue, as indicated below:—

	Amount over due	
	Principal	Interest
	(In lakhs of rupees)	
(i) Loans to Municipalities	4.77	5.16
(ii) Loans to District Board and other Local Fund Committees	37.99	20.75
(iii) Loans under State-aid to Industries Act	16.90	8.44
(iv) Advances to Government servants	0.77	0.19

The year-wise analysis of the overdue principal and interest mentioned above is given below:—

Year from which due	Amount outstanding for recovery	
	Principal	Interest
	(In lakhs of rupees)	
1960-61 and earlier years	46.25	22.10
1961-62	6.25	3.09
1962-63	4.58	3.13
1963-64	3.21	5.87
1964-65	0.14	0.35

TRANSPORT DEPARTMENT

94. *Diversion of Depreciation Reserve Fund for purposes not covered by the object of the Fund*—The State Transport Department has a Depreciation Reserve Fund constituted for the purpose of providing amounts required for renewal and replacement of wasting assets. Contributions to this Fund are made from the Consolidated Fund after obtaining vote of the Legislature. The expenditure on the objects of the Fund is in the first instance booked under the Consolidated Fund against provision voted by the Legislature and subsequently transferred before the close of the year to the accounts of the Fund in the Public Account.

It was mentioned in paragraph 66 of the Audit Report, 1964 that out of the balances in the Depreciation Reserve Fund, a sum of Rs. 15.60 lakhs was utilised in 1960-61 for purposes not covered by the objects of the Fund. A further sum of Rs. 19.41 lakhs was similarly utilised in 1961-62 as indicated below:—

- | | | |
|---|----|-----------------|
| (i) Purchase of vehicles, tools and equipments not in replacement of old ones | .. | Rs. 17.68 lakhs |
| (ii) Purchase of a tyre retreading plant | .. | Rs. 1.73 lakhs |

In regard to utilisation of Rs. 19.41 lakhs in 1961-62, the Transport Controller stated in January, 1965 that the expenditure in question had to be met from the Depreciation Reserve Fund as necessary funds for purchase of new vehicles, etc., had not been provided for in the budget estimates.

The matter was reported to Government in May, 1965; no reply has been received so far (December, 1965).

IRRIGATION AND POWER DEPARTMENT

95. *Concession granted to contractors for withdrawal of security deposits*—Under the rules, security deposits are taken from contractors to ensure due fulfilment of contracts and to cover reasonably the cost of rectification of any defects which appear necessary after completion of the work.

In August, 1964 when Government floated the Orissa Government Loan, 1976, orders were issued permitting refund of security deposits upto 75 per cent; these orders were withdrawn on 1st September 1964. Government stated to Audit in February, 1965 that the concession was allowed mainly to remove the long-felt grievance of the contractors "in order to provide them with adequate resources to take up further work and partly to get Government loan fully subscribed." Similar orders were issued by Government on the eve of raising subscription for 5½ per cent Orissa Government Loan, 1977 in August, 1965; the concession was withdrawn on 1st September, 1965.

The total amount refunded to contractors on the second occasion was Rs. 35.20 lakhs.

Apart from the propriety of refund of a substantial portion of security deposits without the settlement of the accounts of contractors in respect of works for which the security deposits had been taken, such refunds of security deposits for the purpose of subscribing to open market loans did not result in overall increase of the cash resources of the State; further, conversion of

security deposits into open market loans (interest bearing securities) could have been done without the actual refund of the security deposits, as such conversion is permissible under the Financial Rules of Government.

96. *Large unadjusted balances in Public Works Accounts*—The nature of transactions booked under "Suspense" and "Remittance" heads of account and implications of the failure to carry out their timely accounting adjustments together with the details of the balances outstanding under these heads at the end of March, 1965, are indicated below. The accumulation of heavy balances under these heads has been reported in successive Audit Reports, since 1963. The position has not, however, shown improvement; the balances under each of the following heads as on 31st March, 1965 were more than Rs. 1 crore :—

		(In crores of rupees)
(1) Miscellaneous Public Works Advances ..		5.38 (Debit)
(2) Purchases ..		1.80 (Credit)
(3) Remittances—P. W. Cheques ..		4.51 (Credit)
(4) Items adjustable by Public Works Officers		6.13 (Debit)
(5) Transfers between Public Works Officers		32.86 (Debit) 24.74 (Credit)

Nature of balances	Amount outstanding and period of transactions (In lakhs of rupees)	Remarks
I. Suspense heads		
<i>Roads and Buildings</i>		
(i) Miscellaneous Public Works Advances—		
Transactions of the following types where recoveries have to be made are initially accounted for under this head. The balance under this head gets cleared when recoveries are actually made and accounted for.	1961-62 and earlier years	23.94
	1962-63	43.45
	1963-64	1,22.58
	1964-65	67.41
	<i>Irrigation</i>	
	1961-62 and earlier years	22.23
	1962-63	39.34
	1963-64	37.52
	1964-65	71.12

The accumulation of large number of old outstanding items under this head without effecting recoveries may ultimately entail loss to Government.

Nature of balances	Amount outstanding and period of transactions (In lakhs of rupees)	Remarks
--------------------	--	---------

Electricity

(a) Sales on credit credited the following amounts. According to rules, amount

(b) Expenditure incurred on deposit works in excess of deposits received	1962-63	2.03
	1963-64	11.72
	1964-65	52.23

Paradeep Port Project

(c) Certain types of losses, retrenchments and errors pending investigation.	1962-63	25.37
	1963-64	0.88
	1964-65	18.26

(d) Other miscellaneous items including amounts due from contractors on closed accounts.

Total .. 5,38.08

(ii) Purchase—

This account head is credited with the value of stores received from the suppliers or the divisions for which payments have not been made; adjustments are made on payment of the cost in cash or by book transfer.

The following amounts are outstanding for more than three years (1961-62 and earlier years)—

Roads and Buildings	66.88
Irrigation ..	1,12.48
Paradeep Port	0.10
Electricity ..	0.42
Total ..	1,79.88

According to rules, amount remaining unclaimed for more than 3 years should be credited to Government as lapsed deposit; this has not been done.

It is necessary that the liabilities are liquidated early to avoid complications in accounts and settlement of liabilities.

II. Remittance heads

(iii) (a) Remittances into treasuries—

.. —48.21

According to rules each Public Works Division is required every month to reconcile with the Treasury Officers concerned the amounts remitted into Treasuries.

The balances under this head represent the difference between the figures shown by the individual public works divisions as remittances into treasuries and those acknowledged by treasuries.

The minus balance represents amounts booked by the treasuries in excess of those accounted for by the divisions.

Nature of balances	Amount outstanding and period of transactions (In lakhs of rupees)	Remarks								
(b) Public Works Cheques—	4,51.26	Unless the differences are settled it cannot be certified that the amounts shown by the divisions as credited into treasuries were actually credited. Similarly, it cannot be certified that those amounts which are shown by treasuries as disbursed on behalf of divisions were actually authorised by cheques issued by Divisional Officers. Unauthorised manipulations leading to loss to Government remain undetected in the absence of timely reconciliation (c. f. paras 58 and 59 of this report).								
The balance under this head represents the uncashed public works cheques.		In spite of repeated instructions issued by Government for early preparation and timely submission of the schedules of monthly settlement with treasuries, the position continues to be unsatisfactory. So far (September, 1965) 12 returns for March, 1965 and earlier months in respect of 2 divisions have not been submitted to Audit in addition to 133 returns relating to the period prior to 1962-63 of 9 Electricity divisions transferred to the State Electricity Board.								
(iv) Items adjustable by Public Works Department—										
When stores are received in a division from other departments of Government or when services are rendered to a division by other departments, the value of stores received or work done is adjusted initially by debit to this head.	<table border="0"> <tr> <td>1961-62 and earlier years</td> <td>3,65.23</td> </tr> <tr> <td>1962-63</td> <td>1,30.95</td> </tr> <tr> <td>1963-64</td> <td>3,72.97</td> </tr> <tr> <td>1964-65</td> <td>-2,56.39</td> </tr> </table>	1961-62 and earlier years	3,65.23	1962-63	1,30.95	1963-64	3,72.97	1964-65	-2,56.39	The outstanding balance are mainly due to omissions on the part of divisions to forward necessary supporting documents to other Public Works divisions and not taking prompt action to verify discrepancies, etc. pointed
1961-62 and earlier years	3,65.23									
1962-63	1,30.95									
1963-64	3,72.97									
1964-65	-2,56.39									
The debits are cleared when the amounts are adjusted to the accounts of the works, etc.	Total (Dr.) 6,12.76									

Nature of balances	Amount outstanding and period of transactions (In lakhs of rupees)		Remarks
(v) Transfers between Public Works Officers—		Dr.	out. Unless balance are adjusted, it can not be said that the stores supplied or arranged by other Government Departments or materials transferred from one division to another have actually reached their destination and have been accounted for and whether the services said to have been rendered to the other divisions had been duly acknowledged and brought to account.
When Public Works divisions make supplies or renders services to other Public Works divisions or receive cash or stores on behalf of the public works divisions, the value is debited or credited to this head as the case may be. Debits or Credits are cleared when the transactions are finally adjusted in the accounts of the divisions concerned.	1961-62 and earlier year	3,05.33	
	1962-63	2,18.14	
	1963-64	5,93.79	
	1964-65	21,68.40	
	Total ..	32,85.66	
		Cr.	
	1961-62 and earlier years	2,37.93	
	1962-63	84.99	
	1963-64	2,87.44	
	1964-65	18,63.20	
	Total ..	24,73.56	

97. *Large unadjusted balances in the Forest Accounts*—The Forest Divisional Officers remit into the Treasuries by chalang, the cash realisations in the Divisions. The amounts of these remittances as well as those made on their behalf into the Treasuries, are required to be reconciled monthly with the corresponding amounts booked in the Treasury Accounts. Mention was made in paragraph 73 of the Audit Report, 1965 of large unreconciled differences. The position has not shown improvement and the large differences have been persisting. The unreconciled differences at the end of March, 1965 are indicated below; some of these differences relate to the periods as far back as 1953-54.

	Years upto				Total
	1961-62	1962-63	1963-64	1964-65	
	(Amount in lakhs of rupees)				
(i) Cases in which the figures of divisions were less than treasury figures—					
(a) Number of Divisional Accounts unreconciled.	517	205	275	294	1,291
(b) Amount ..	32.57	28.63	71.68	3,32.47	4,65.35
(ii) Cases in which the figures of divisions were more than treasury figures—					
(a) Number of Divisional Accounts unreconciled.	249	123	211	247	830
(b) Amount ..	36.56	18.92	54.66	3,31.40	4,51.54

The outstanding differences are mainly due to non-pursuance of differences by the divisions regularly and promptly with treasuries and lack of co-ordination between the divisions and treasuries; the reconciliation memoranda have also not been furnished by the divisions to Audit Office regularly each month.

As regards items under category (i) above, the divisional officers have expressed inability to adjust the amounts for want of treasury challans. The matter was brought to the notice of Government in February, 1964; their orders in the matter are still awaited (January, 1966).

Unless the differences are reconciled there is a possibility of frauds or manipulations in accounts remaining undetected.

CHAPTER IX
GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION A

Statutory Corporations

98. There were three Statutory Corporations under the administrative control of the State Government on the 31st March, 1965, viz.,:—

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

Government investment as on 31st March, 1965 in the share capital of the first two Statutory Corporations stood at Rs. 64.18 lakhs and Rs. 11 lakhs respectively.

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

		1962-63	1963-64	1964-65
(In lakhs of rupees)				
(1) Authorised capital	..	2,00.00	2,00.00	2,00.00
(2) Paid up capital—	..			
(a) Share of Orissa Government	..	64.18	64.18	64.18
(b) Others	..	35.82	35.82	35.82
Total	..	1,00.00	1,00.00	1,00.00
(3) Loans	..	..	13.00	62.00
(4) Free Reserves—				
(i) Capital Reserve	..	0.25	0.25	0.08
(ii) Special Reserve under Income Tax Act.		0.66	1.16	1.78
(iii) Special Reserve under Section 35A of the State Financial Corporation Act.		0.70	2.00	3.50
(5) Total capital invested (columns (2) (b), (3) and (4).)		1,01.61	1,16.41	1,67.36

	1962-63	1963-64	1964-65
	(In lakhs of rupees)		
(6) Block assets (net) ..	0.14	0.17	0.17
(7) Depreciation ..	0.10	0.12	0.14
(8) Intangible assets to be written off out of future profits.	3.95	4.72	5.42
(9) Excess of income over expenditure before provision for taxation.	4.01	6.05	6.20
(10) Percentage of return on capital employed	3.95	5.20	3.70

The divisible profit for the year 1964-65 amounted to Rs. 3.41 lakhs; this was not sufficient to meet the guaranteed dividend of Rs. 3.75 lakhs. The liability of the State Government for payment of the guaranteed dividend during 1964-65 amounted to Rs. 0.70 lakh. The subventions received from the State Government amounted to Rs. 6.12 lakhs to meet guaranteed dividend over the period of 8 years ending 31st March, 1965 which is to be repaid out of future profits.

(ii) Upto the end of March, 1965, the Corporation disbursed loans amounting to Rs. 1,65.91 lakhs against a total sanctioned amount of Rs. 2,17.62 lakhs.

The defaults in the repayment of instalments of principal and interest by the loanees to the Corporation are increasing as may be evident from the figures given below:—

As on	Defaults in repayment of instalments	
	Principal (Figures in lakhs of rupees)	Interest (Figures in lakhs of rupees)
31st March, 1962	0.54	0.25
31st March, 1963	1.62	0.28
31st March, 1964	2.38	1.14
31st March, 1965	5.76	2.74

Legal suit instituted against one party (during 1964-65) for recovery of principal amount of Rs. 0.26 lakh and interest charges of Rs. 0.03 lakh as on 31st March, 1965 is stated to be pending in Law Court (September, 1965).

100. *Orissa State Warehousing Corporation*—The accounts of the Corporation for the year 1964-65 have not yet been made available (October, 1965). According to section 31(10) of the Warehousing Corporation Act, 1962, the annual accounts of the Corporation for the year together with the Audit Report thereon were to be placed before the Annual General Meeting on or before the 30th September, 1965. The Annual General Meeting has not been held so far (October, 1965).

101. *Orissa State Electricity Board*—(1) The Orissa State Electricity Board was set up on the 1st March, 1961; the transactions of the Electrical Divisions taken over by the Board from 1st March, 1961 continued to be accounted for in the books of the Government till 31st March, 1962. The State Government declared (January, 1964) a provisional loan of Rs. 16.72 crores representing value of assets, transferred from time to time to the State Electricity Board as indicated below:—

Particulars of assets transferred	Date effective for the purpose of loan for assets transferred	Value of assets transferred (In crores of rupees)
Capital expenditure in respect of—		
(i) 33/11 K. V. and other distribution lines and transmission and generation equipment.	1st March, 1961	5.17
(ii) 66/132 K. V. Main transmission lines, relating to Machkund Hydro Electric Project and Transmission and generation equipment.	1st April, 1962	2.79
(iii) 66/132 K. V. Main lines relating to Hirakud Project.	1st June, 1962	8.76
Total	.. ..	16.72

The Board, however, after verification, accepted a sum of Rs. 7.82 crores as value of assets transferred by Government which was treated as loan as indicated below.

The figures accepted by the Board are stated by Government to be under examination (August, 1965).

Assets transferred as on—	(Rupees in crores)
Ist March, 1961	.. 5.12
Ist April, 1962	.. 2.70
Total	.. 7.82

The final valuation of assets transferred (Rs. 8.76 crores) during 1962-63 relating to Hirakud Dam Project is yet to be done (December, 1965).

According to the information furnished by Government, a total amount of Rs. 2.02 crores was due for recovery towards interest on the loans sanctioned by Government and on the assets transferred to the Board which was treated as loan as indicated below:—

	Interest paid up to 31st March, 1965	Interest outstanding (balance for recovery by end of 31st March, 1965)	Remarks
	(In lakhs of rupees)		
On Loans sanctioned by Government.	8.79	7.62(a)	(a) Relates to 1964-65
On Assets transferred by Government and treated as loan.	90.00	1,94.58(b)	(b) 1963-64: Rs. 85.88 lakhs. 1964-65: Rs. 1,08.70 lakhs.
Total	98.79	2,02.20	

Government have intimated (December, 1965) that the Board had not paid the interest charges due to 'paucity of funds'.

(2) *Non-preparation of Accounts*—The Board has compiled annual accounts upto 1961-62 only so far (December, 1965). The accounts of the Board for the years 1962-63, 1963-64 and 1964-65 are in arrears.

(3) *Working results*—The Board has introduced the commercial system of accounting from 1st April, 1965. The working results for 1960-61 (one month only) and 1961-62 compiled by the Board during 1964-65 on the commercial system of accounts on the basis of the data collected by it are given below. The transactions (working expenses and gross receipts) for March, 1961 which were initially accounted for in the books of Government, have not been passed on to the Board so far (November, 1965). The Board had assumed a net credit of Rs. 6.37 lakhs in this respect showing it as dues from Government in respect of transactions for March, 1961. The Board approached Government for transfer of this amount to its Personal Ledger Account in the treasury in December, 1963 and September, 1965; orders of Government for such transfer are awaited (December, 1965).

	1960-61 (One month i. e., March, 1961)	1961-62
	(In lakhs of rupees)	
<i>(a) Capital Invested—</i>		
(i) Loan from the Government of Orissa	5,11.76	5,86.67
<i>(ii) Reserves—</i>		
(a) Development Reserve	2.61	9.62
(b) Depreciation Reserve	1.39	19.86
(c) Other Reserves	..	8.25

(b) Working results—

(a) Gross Revenue	..	16.96	2.23.29
(b) Working expenses	..	14.35	1,74.68
(c) Net Surplus (a-b)	..	2.61	48.61

(4) The following points have been noticed:—

(i) 78 works involving an expenditure of Rs. 82.97 lakhs were started without obtaining administrative approval/technical sanction of the competent authorities.

(ii) *Extra Expenditure*—In August, 1963, the Superintending Engineer, Sambalpur Circle purchased 75 lightning arrestors for 11 K. V. at Rs. 131 each without calling for tenders. In April, 1964 the Chief Engineer informed him that the materials were available at that time (August, 1963) at Rs. 66 each. Had the purchase been made through the Chief Engineer as required under rules, an extra expenditure of Rs. 4,875 could have been avoided.

SECTION B

Government Companies

102. Fifty Government Companies were in existence in the State at the end of 1964-65 with a total investment by Government of Rs. 9,14.14 lakhs as share capital. Thirty-eight of them were floated under the Pilot Project Scheme embarked upon by the State Government in March, 1958 to help the accelerated promotion of small-scale industries in the State by providing financial and technical assistance. Of the remaining twelve companies, six with paid up capital of Rs. 8,13.21 lakhs are fully owned by the State Government:

A synoptic statement showing the summarised financial position of the forty-eight companies for which audited accounts are available has been appended (Appendix XII pages 166 to 169).

The accounts of Arabind Tin Factory have been included in the synoptic statement pending completion of formalities for the transfer of shares to the private entrepreneur.

(A) Pilot Project Companies—

103. (a) Out of 38 Pilot Project Companies, 7 (Sl. Nos. 8, 30 to 34 and 46 of the synoptic statement) with paid up capital of Rs. 3.81 lakhs (Government investments : Rs. 2.98 lakhs) are under liquidation ; according to the Director of Industries, a sum of Rs. 1.28 lakhs only is expected to be realised on the disposal of their assets.

(b) 29 companies have gone into production ; of them, 8 companies (Sl. Nos. 10, 22 to 24, 35, 36, 40 and 43 of the Synoptic Statement) with Government investment of Rs. 12.85 lakhs have sustained a net loss of Rs. 3.45 lakhs as disclosed by their accounts so far made available and 3 Companies

(Sl. Nos. 45, 47 and 48 of the Synoptic Statement) (Government investment Rs. 1.30 lakhs) have not showed any profit or loss. The remaining 18 Companies (Government investment Rs. 23.02 lakhs) have earned a profit of Rs. 4.09 lakhs only.

(c) Out of 38 Companies, only 5 Companies could produce their accounts for 1964-65 in time (September, 1965). The position of arrears in the preparation of accounts in respect of other Companies is indicated below:—

No. of Companies	Period from which accounts are in arrear
3	1961-62
2	1962-63
1	1963
13	1963-64
14	1964-65

These Companies could not, therefore, hold the Annual General Meeting as required under Sec. 166 of the Companies Act.

(d) The following common irregularities/defects were noticed in the maintenance of accounts of most of these Pilot Project Companies:—

- (i) Cash Books were not maintained properly (21 companies);
- (ii) Stock accounts and Ledgers were incomplete in many cases (12 companies);
- (iii) no proper system of receipt and issue of Stores had been followed in several cases (13 companies); and
- (iv) in no case, proper cost accounts had been maintained to find out the unit cost of production (8 companies).

104. *Expenditure not supported by vouchers or payees' acknowledgements*— It was noticed that expenditure incurred by some of the Pilot Project Companies as indicated below, on 'sale promotion' was not supported by vouchers or payees' acknowledgements; the details of expenditure could not also be furnished to audit.

Name of the Company	Period during which the expenditure was incurred	Amount Rs.	Remarks of the management for non-availability of vouchers or payees' acknowledgements
(1) Orissa Sports Manufacturers and Fabricators Limited	1961-62 to 1964-65	41.765	"The company could not have made business to this extent had this not been done".

Name of the Company	Period during which the expenditure was incurred	Amount Rs.	Remarks of the management for non-availability of vouchers or payees' acknowledgements
(2) Utkal Foundry and Engineering Works Limited	1961-62 to 1963-64	38,397	"To the best interest of the concerns the expenditure had to be met for which it was not possible to obtain detailed vouchers."
(3) Kalinga Foundry Limited	1961-62 to 1964-65	17,014	"The amounts have been spent by the Managing Director and Secretary for the purposes of sales development."
(4) Manorama Foundry Company Limited	1962-63 to 1964-65	12,481	(No remarks furnished)
(5) Balanga Iron Works Limited	1963-64	1,928	"In order to procure orders from different departments of Government the expenditure has been incurred through some parties with the approval of the Board."

In these cases, however, the sales were mostly made to the Departments of Government, Railway and the Orissa State Electricity Board.

105. *Madhusudan Chemical Industries Limited*—The Company was registered as a Government Company on 15th March, 1958; the object of the Company was to manufacture phenyle, fountain pen ink, chemicals, etc. The manufacture of its products started from November, 1958. The authorised and paid up capital of the Company amounted to Rs. 60,000; of this, the share of the State Government was Rs. 59,900, the contribution by the private entrepreneur being Rs. 100 only. According to the Pilot Project Scheme, the State Government is to subscribe to a maximum of 90 per cent of the paid up capital. This condition was relaxed on the ground that the "entrepreneur is a skilled technician himself and was not in a position to subscribe to the extent of 10 per cent even."

An amount of Rs. 48,767 was alleged to have been misappropriated from the funds of the concern by the Managing Director. The Director of Industries indicated in December, 1964 that—

- (i) the list of Sundry Debtors contained fictitious names,
- (ii) the closing stock of semi-finished phenyle as on 31st March, 1964 exhibited in the accounts was found on subsequent physical verification to be only water; there was no production from 1st April, 1964.

The case was reported to the audit investigation by the Father (Proceedings 1963).

The following other points have been noted:

(A) Attention was made in paragraph 99 of Audit Report, 1963 about overvaluation of closing stock of good finished goods done for March, 1963.

The inventory of closing stock of semi-finished goods was not taken from 1961-62 and as such the overvaluation, if any, of stock after 1961-62 could not be checked.

(B) The net profit during the year 1962-63 amounted to Rs. 6.02 lakh. The sales figure during this year was, however, inflated by Rs. 0.02 lakh by ignoring the discounts allowed on credit sales.

(C) *Mr. Arjun Tyagi and Manager H.P.S.A. Limited*—With the object of cashing an existing plant, the authorized capital of the company was raised from Rs. 0.50 lakh (of which Rs. 0.15 lakh was paid up) to Rs. 3 lakhs by September, 1961, out of the total paid up capital of Rs. 1.07 lakhs as on 1st March, 1961, Government provided Rs. 1.54 lakhs.

The following points were noticed:—

(i) The accumulated loss of the Company upto 1st March, 1963 amounted to Rs. 904 lakhs.

(ii) The additional paid up share capital of Rs. 1.50 lakhs called for, regarding the existing plant was utilized to financing assets.

(iii) In July, 1963, the Director of Industries stated that the Managing Director has misappropriated the funds of the Company to the extent of Rs. 1.09 lakhs by "showing this as demand against bills thus persons". The case is stated to be under Police investigation (August, 1963).

107. Chawry (India) Limited—Attention was made in paragraph 96 of the Audit Report, 1961 about setting up of an Inquiry Committee to probe into the affairs of the company. The Committee in their report (January, 1963) *inter alia* held that improper location of the factory, absence of raw materials, purchase of defective machinery, unplanned production and mismanagement by the Managing Director were responsible for the huge loss (The accumulated loss as on 1st March, 1963 amounted to Rs. 0.56 lakh as against paid up Capital of Rs. 0.92 lakh) and the failure of the company. A summary of production, sales and loss in various years is given below:—

	1959-60	1960-61	1961-62	1962-63
	(Figures in rupees)			
Production	19,291	21,479	14,757	6,524
Sales	..	191	12,055	3,403
Gross Loss	..	2,485	12,368	14,259
Net Loss	..	6,095	19,148	10,853

According to the legal advice obtained in April, 1964, "the blame assigned by the Inquiry Committee cannot be thrown wholly on the Managing Director. The Board of Directors and particularly the Chairman cannot remain unscrutinized since the administration of the Company is ultimately the responsibility of the Board."

No action has been taken so far (August, 1965) against the persons responsible for the loss and the failure of the company.

Considering the heavy loss sustained by the Company and the very little prospect of running it with profit, the Board of Directors decided (December, 1959) that the company might go into voluntary liquidation. The Registrar of Companies, however, pointed out (July, 1965) that this could be done only after the accounts were prepared upto the nearest possible date. The accounts are yet to be prepared from the year 1963-64 (August, 1965).

108. *Manufacture Electric Limited*—The Company was incorporated on 24th September, 1959 for manufacture of wooden electrical accessories.

The investment of Government towards share capital was Rs. 0.37 lakh as against Rs. 0.05 lakh by the private entrepreneur. The audited accounts of the company upto 31st March, 1961 showed a loss of Rs. 0.07 lakh. The private entrepreneur functioned as managing Director till September, 1963, after which he was relieved of his functions as he was found by the Board of Directors to be not taking proper interest in the affairs of the Company. Government intimated in May, 1965 that a criminal case was instituted against him for misappropriation of company's funds. The Managing Director was alleged to have misappropriated a sum of Rs. 0.22 lakh by (i) not accounting for machineries purchased (Rs. 0.02 lakh), (ii) showing cash payments for certain supplies for which advance payments were already made (Rs. 0.07 lakh) and (iii) furnishing an apparently false list of debtors (Rs. 0.13 lakh). The case is stated to be under investigation by the Police (October, 1965).

109. *Konark Processing Works Limited*—Konark Processing Works Ltd., was registered on 12th March, 1958 with the object of manufacturing process Engraving Blocks. The authorised and paid up capital of the Company as on 31st March, 1962 amounted to Rs. 0.90 lakh and Rs. 0.85 lakh respectively; out of the paid up capital, Government held shares worth Rs. 0.70 lakh as against Rs. 0.15 lakh contributed by the private entrepreneur.

The following points have been noticed—

(i) The management changed hands five times within a period of six years of its working (from 1958-59); this was attributed to mis-management of the affairs of the Company. In February, 1961, two Committees were appointed to investigate the work done by the Managing Director and the General Manager. The results of the investigation are still awaited (August, 1965). In May, 1961 a private person was taken in as shareholder with an allotment of shares worth Rs. 0.10 lakh and was appointed as Managing Director. In March, 1964, the Director of Industries stated that the Managing Director had been absenting himself from the factory from 16th January, 1964. As he also did not hand over the records, etc. to the Chairman, when called upon to do so, the matter was reported to Police (March, 1964) who seized all records from his custody on 17th March, 1964. The Managing Director was eventually removed from his duties on 3rd April, 1964. Further information is awaited (August, 1965).

(ii) The total accumulated loss upto end of 1961-62 amounted to Rs. 0.39 lakh; the accounts for the subsequent period were not made available to Audit (August, 1965).

(iii) The outstandings under "Sundry Debtors" at the end of 1961-62 amounted to Rs. 0.33 lakh.

110. *Orissa Concrete Products Ltd.*—Orissa Concrete Products Limited was incorporated on 23rd September, 1959 (with an authorised capital of Rs. 3 lakhs) with the main object of manufacturing concrete products. The paid up capital as on 31st March, 1964 was Rs. 1.50 lakhs of which shares worth Rs. 1.20 lakhs were held by Government and the balance by the private entrepreneur.

Net profit overstated—During 1963-64, the Company showed a net profit of Rs. 4,666. This was overstated by Rs. 5,747 by non-provision of liabilities (Rs. 1,522) and over-valuation of raw materials (Rs. 4,225).

Purchase of raw-materials in excess of requirement—Out of 276 nos. of H. T. Coils purchased (December, 1961) at a total cost of Rs. 0.79 lakh, 262 coils worth Rs. 0.75 lakh have not been utilised so far (August, 1965). According to Director of Industries (November, 1964), there is no adequate demand for prestressed concrete poles and as such the prospects of its use in near future is not bright.

111. *Kalinga Steel and Wire Products Ltd.*—The Company was incorporated on 31st March, 1959. The paid up capital of the Company as on 31st March, 1963 amounted to Rs. 1.35 lakhs of which the State Government held shares worth Rs. 1.13 lakhs and the rest had been contributed by a private entrepreneur who was also appointed as the Managing Director.

During the year 1962-63, the Company sustained a net loss of Rs. 0.24 lakh; the accumulated net loss upto 31st March, 1963 was Rs. 0.73 lakh (including preliminary and development expenses amounting to Rs. 0.04 lakh). The accounts for the subsequent years have not been made available to Audit so far (September, 1965). The Managing Director of the Company, was removed in April, 1963 due to his action in contravention of the decisions of the Board.

(ii) In June, 1960, the Company entered into an agreement with the Electricity Department for a contract demand of 40 K. W. for supply of Power to the factory. According to the terms of the agreement, the Company was liable to pay a minimum charge of Rs. 120 per month at Rs. 6 per K. W. for half of the contract demand. The average actual monthly consumption of energy, however, worked out to 120 units only and calculated at ordinary rates (11 paise per unit), the average monthly charge for the actual consumption of energy works out to Rs. 13 only. As a result, the company has been incurring an extra expenditure of Rs. 1,280 per annum. This could have been avoided had the contract demand been fixed on a realistic basis.

(iii) Three nut tapping machines purchased in February, 1960 at a cost of Rs. 9,000 are lying idle from the date of their purchase. Attempts to dispose of the machines have not succeeded so far (June, 1965).

112. *Eastern Aquatic Products (India) Limited*—The accumulated loss of the Company as on 31st March, 1963 amounted to Rs. 0.10 lakh. As already mentioned in paragraph 91 of Audit Report, 1963, the Company could not utilise the machinery purchased and installed in August, 1960 at a cost of Rs. 14,600.

The Board of Directors, in their meeting held on 27th March, 1965, resolved to transfer the assets (Rs. 0.65 lakh) and liabilities (Rs. 0.23 lakh) to Orissa Fisheries Development Corporation, a fully owned Government Company. A sum of Rs. 0.42 lakh was, therefore, available for share holders against the share capital of Rs. 0.58 lakh (Rs. 0.50 lakh held by Government).

The proportionate loss to Government on the capital provided would work out to Rs. 0.14 lakh.

(B) Companies fully owned by the State Government—

113. Out of six fully owned Government Companies, four Companies with paid up capital of Rs. 5.24 lakhs and Government loans of Rs. 92.50 lakhs earned net profit of Rs. 23.95 lakhs; one company (Orissa Mining Corporation, Ltd.) having paid up capital of Rs. 1.95 lakhs incurred a net loss of Rs. 11.86 lakhs upto the year 1964-65 and the accounts of the sixth company (State Commercial Transport Corporation Ltd.,) which was incorporated in 1963-64 have not been received (October, 1965).

Two Companies (Sl. Nos.3 and 4 of the Synoptic statement) and the State Commercial Transport Corporation (not mentioned in the Synoptic statement) could not produce their accounts for 1964-65 by October, 1965 and consequently could not hold their annual general meeting as required under the Companies Act.

114. *Industrial Development Corporation of Orissa Limited*—(1) *Introductory*—The Industrial Development Corporation of Orissa Limited, a fully owned Government Company, was registered on 29th March, 1962 with the main object of promoting establishing and executing industries which are likely to promote industrial development of Orissa and India. The authorised and paid up capital of the Corporation as on 31st March, 1965 stood at Rs. 50 crores and Rs. 4.44 crores, respectively. In addition, the amount of loans raised by the Corporation stood at Rs. 4.36 crores as on 31st March, 1965 (Rs. 90 lakhs from the State Government and Rs. 3.46 crores from other sources, out of which loans amounting to Rs. 1.97 crores were guaranteed by Government). Besides these, Government had also paid Rs. 26.21 lakhs as interest free advance for future issue of shares. The Corporation was also utilising Rs. 15.48 lakhs as working capital which it had to pay to Government towards value of assets of Hirakud Industrial Works transferred by Government to the Corporation.

The Corporation had defaulted in repayment of the loan of Rs. 50 lakhs obtained from the State Government in March, 1964 which was required to be repaid within 6 months of drawal and the interest therefrom of Rs. 4.50 lakhs.

(2) *Capital estimates and targets and achievements*—Out of eight projects undertaken by the Corporation, Hirakud Industrial Works was acquired from the State Government (November, 1962) and Kalinga Iron Works from Messrs. Kalinga Industries Limited (April, 1963); these two projects are in operation. During the year, 1964-65, Hirakud Industrial Works and Kalinga Iron Works had earned net profits of Rs. 2.92 lakhs and Rs. 20.68 lakhs as against Rs. 1.58 lakhs and Rs. 6.25 lakhs respectively during 1963-64.

The remaining six projects taken up by the Corporation are either under construction or in the process of development. The table given in Appendix XIII, pages 170-171 would indicate the revision of capital estimates of various units of the Corporation, dates of commissioning according to the project reports, the expected dates of commissioning along with the reasons for the revision of estimates and delays in commissioning stated by the Management.

(3) The following points have been noticed in respect of two project of the Corporation in operation—

(a) *Hirakud Industrial Works—Delay in commissioning a plant*—A galvanising plant was acquired from the State Government in March, 1964 at a cost of Rs. 6.81 lakhs. It was expected by the Corporation that the plant would start operation by the end of June, 1964 (original target fixed at the time of embarking on the scheme by the State Government was June, 1963). As stated by the Corporation, the plant could not be commissioned due to non-availability of zinc at controlled prices. The Corporation intimated in December, 1965 that the unit was registered with the Government of India (Directorate General of Technical Development) for obtaining import quota in May, 1965 and its application for import of 400 metric tons of zinc was under consideration of that Directorate. Only 10 metric tons were received from the control quota. A further quantity of 45 metric tons of zinc was purchased in March, 1965 from the open market at a cost of Rs. 2.37 lakhs as against the controlled price of Rs. 1.13 lakhs. As the minimum requirement for commissioning the plant was stated to be 100 metric tons against 55 metric tons acquired so far (August, 1965), the plant could not be commissioned. The non-commissioning of the plant has, therefore, resulted in blocking up of a sum of Rs. 9.18 lakhs. According to the Corporation (December, 1965) efforts were afoot to get release of 40 metric tons of zinc from the stock held by Orissa Small Industries Corporation (a Government Company) and the plant would be commissioned soon after getting release order for this stock from the Controller of Non-Ferrous Metals.

(b) *Kalinga Iron Works—(A) Low Shaft Furnace Pig Iron Plant*—The Corporation took over the low shaft furnace of Messrs. Kalinga Industries Limited on 1st April, 1963. In this connection, the following points were noticed—

(i) No technical survey of the plant and machineries which were four years old was made before they were taken over.

(ii) According to the sale agreement, the purchase consideration was to be determined, *inter alia*, on the depreciated book value of the assets as on 31st March, 1963 to be taken over by the Corporation. The valuation of the assets was to be certified by the auditors jointly appointed by the Vendor and the Corporation.

At an earlier stage (April, 1961), it was noticed by Audit that indirect, revenue expenditure amounting to Rs. 15.84 lakhs incurred upto August, 1959 was included in the value of assets. This was brought to the notice of Government in August, 1961, but no reply was received. The auditors certifying the valuation also noticed such capitalisation of revenue expenditure. In their valuation reports, one of them observed (February, 1964) "The cost of fixed Assets also includes revenue expenditure amounting to Rs. 10,60,033 incurred by the Vendor Company since the allocation of expenditure during construction to fixed Assets was made several years back and was approved by the Directors and the statutory auditors of the Vendor Company we have not made any further verification of such allocation" and the other Auditors stated (March, 1964) that they had "ignored any inaccuracies that might have crept into the allocation of the cost of installation

and others including some items of revenue expenditure wrongly capitalised in the firm belief that the totality of the effect of the same on the value may be too trivial to be taken notice of". There is no indication in any resolution or minutes of the Board of Directors of the Corporation that the correctness of allocation of this revenue expenditure to fixed assets in assessing the price to be paid had been considered.

(iii) The agreement also provided that for the purpose of calculation of purchase consideration, the valuation of the raw materials, stores and spares as might be taken over by the Corporation would be made at cost as on 31st March, 1963. Bricks valued at Rs. 0.34 lakh were available with the Pig Iron Plant on the date of transfer and the Corporation had the option to take them over at cost; the bricks were not, however, taken over at that time. Subsequently (March, 1964), the same bricks were purchased by the Corporation at a cost of Rs. 0.50 lakh; this resulted in an extra payment of Rs. 0.16 lakh.

(iv) In accordance with the same agreement, 1,025 metric tons of pig and runner iron valued at Rs. 2.18 lakhs was taken over by the Corporation on 1st April, 1963 at cost. This was disposed of at a profit of Rs. 0.46 lakh. Two years thereafter, in June, 1965, the Board of Directors decided to exclude this stock (Rs. 2.18 lakhs) from the current assets taken over by the Corporation and to transfer the sale-proceeds to Kalinga Industries after deducting Rs. 5 per metric ton towards sales expenses. A profit of Rs. 0.41 lakh (Rs. 0.46 lakh minus Rs. 0.05 lakh) already earned and accounted for by the Corporation was thus transferred to the vendor company two years after the deal. It was stated by the Corporation (September, 1965) that this stock on 1st April, 1963 "had been pre-sold by Kalinga Industries and it was covered by advance or L. Cs. and merely on despatch they would have been entitled to profits on sales". The agreement does not contemplate such transfer of profits.

(v) The agreement provided that the vendor company would set up and run an Institute of Technology and Designs to be managed by one representative each of the State Government, the Corporation and the Vendor Company (Kalinga Industries). For this purpose, the Corporation will have to pay a contribution of 2 1/2 per cent of the ex-works cost of all the products (not of profits) of Kalinga Iron Works. On this account the Corporation was liable to pay Rs. 1.42 lakhs during 1963-64 and Rs. 1.94 lakhs during 1964-65. This is a recurring liability and the annual contribution would increase with increased production. The agreement does not, however, provide for any payment of contribution by the vendor company.

(B) *Oxygen Plant*—An Oxygen plant worth Rs. 3 lakhs (including freight and insurance) purchased from a firm in Hungary was received in May, 1963 (order for the machinery was placed by Kalinga Industries in October, 1961). It was installed two years thereafter in June, 1965. The delay in the installation was stated to be due to non-availability of service of the technician from Hungary who was to supervise the erection and also delay (of 16 months from October, 1963 to January, 1965) in opening of letter of credit for payment of erection charges. The installation was to be completed within two months of the arrival of the technician. The technician arrived in February, 1965 and there had been a further delay of two months in completion of the work of installation due to lack of training of the people engaged in the erection. The two months delay resulted in an extra expenditure of Rs. 6,000 representing fees (Rs. 3,000 per month) of the technician.

After installation when the plant was put on trial operation (June, 1965), its 'separating column' was damaged due to explosion. According to the technician, the replacement of the "separating column" (which has to be procured from Hungary) would cost about Rs. 15,000; this would further delay the commissioning of the plant.

The Corporation intimated (December, 1965) that two investigations were made to ascertain the cause of explosion which revealed that there was manufacturing defect in the separating column and the technician did not check up the accuracy and soundness of this particular part; this was brought to the notice of the suppliers. It was also intimated that the plant was insured and covered risk of damage during erection and a claim was preferred in this respect.

(4) The following points have been noticed in respect of some of the other projects undertaken by the Corporation—

(a) *Cement Project: (i) Expenditure on purchase of rails*—Purchase of 1,700 metric tons of 60 lb. rails from Messrs. Tata Iron and Steel Company at Rs. 615 per M.T. was arranged by the Iron and Steel Controller (June, 1963). After acceptance of the arrangement in September, 1963, the Company started supply (January, 1964). After 296 metric tons of rails were received, the Corporation requested the firm to suspend further despatch as for want of funds, further stocks could not be cleared by the Corporation. In March, 1965, the firm expressed their inability to supply 60 lb. rails as they had stopped rolling the rails of this specification. Consequently, the Corporation had to place orders (April, 1965) with Messrs. Indian Iron and Steel Company Limited for supply of 1,404 metric tons of 60 lb. rails at Rs. 675 per metric ton as against Rs. 615 agreed to by TISCO. Inability to arrange funds to meet the contracted liability at the appropriate time would result in an extra expenditure of Rs. 0.85 lakh.

(ii) *Demurrage charges*—During the period from 1st November, 1964 to 24th March, 1965 a liability to the extent of Rs. 6,000 towards the demurrage charges was incurred by the project due to delay in releasing the railway receipts from Banks for want of funds.

(b) *Cable Project: Avoidable extra expenditure*—On 10th June, 1963 an agreement was entered into with a French firm providing among other things for rendering service in giving specifications and according their approval before placing final order for the indigenous machinery to be purchased by the Corporation.

On 9th July, 1963 an Indian agent (of the same French firm) was, however, appointed on negotiation basis, for the procurement of the indigenous machinery on a payment of fees of 7½ per cent of the ex-works cost of the machinery. The services to be rendered by him were, to—

(i) standardise specifications;

(ii) recommend the offers;

(iii) place final orders; and

(iv) conduct final inspection and to co-ordinate despatches.

An amount of Rs. 0.40 lakh was paid to the Calcutta firm for the purchased (Rs. 5.35 lakhs) made so far (August, 1965). From the list of machinery purchased, it was seen that most of them were standard machines of reputed firms (viz., Hindusthan Machine Tools, Praga Tools Corporation, Armstrong Smith, Greaves Cotton and Company) for which specifications were available with the suppliers. As such, no specialised service appears to have been necessary in this respect as the Corporation itself decided in December, 1964 to purchase the remaining machinery direct from the suppliers. Had this decision been taken earlier, the extra expenditure of Rs. 0.40 lakh could have been avoided. The Corporation intimated (October, 1965) that at the time contract was signed on 9th July, 1963, there were very few staff to look after the work and it was also uneconomical to open a purchase office at Calcutta at that time for such a small project. The Corporation has not opened any purchase office at Calcutta.

(C) *Ferro-Chrome Plant : Extra expenditure due to delay in commissioning the plant*—In January, 1964 an agreement was entered into with a foreign expert (of Sweden) for utilising his "technical know-how" for establishing and running the Ferro-chrome Plant for the production of high carbon ferro-chromium and low carbon ferro-chromium. According to the terms of the agreement, the foreign expert is to get a lump sum amount of £ 40,000 (Rs. 5.33 lakhs); in addition, he is entitled to a royalty on the production for a period of ten years from the date of production and a minimum retainer fee of £ 300 (Rs. 4,000) per month from the date of delivery of the statements containing the technical process till the date of production. According to the Corporation (August, 1965), the commissioning of the plant should not normally take more than two years from the date of agreement; the production should, therefore, have been started by February, 1966. The target date for commissioning the plant has, however, been extended (August, 1965) upto September, 1967; the extension of time was stated to be due to delay in getting the terms of supply of the plant and equipments approved by the Government of India. As a result, the Corporation have to incur an extra expenditure of Rs. 0.80 lakh on account of retainer fee of the foreign expert (calculated at Rs. 4,000 per month from February, 1966 to September, 1967).

(d) *Sanction of loan of Rs. 6 lakhs to a private person*—A foreign exchange loan of Rs. 39 lakhs was sanctioned by the Industrial Credit and Investment Corporation of India Ltd., to the Indian Metals and Ferro Alloys Ltd., Rayagada (Orissa) which was guaranteed by the State Government. The loan could be realised by the Corporation only when the Directors, promoters and their relatives subscribed to a minimum of Rs. 15 lakhs equity share in the Industry. As this fell short by Rs. 6 lakhs, on the directive of the State Government, the Corporation sanctioned a loan of Rs. 6 lakhs to the Managing Director of that Company to enable him to purchase shares and make up his subscription in that concern (including that of his relative) to Rs. 15 lakhs. The loan of Rs. 6 lakhs was secured by the fully paid equity shares worth Rs. 9 lakhs (nominal value) of Messers Indian Metals and Ferro Alloys Ltd., purchased by him. The rate of interest charged by the Corporation (7 per cent) on this loan is less than the rate of interest paid by the Corporation (between 7.25 to 8 per cent) on the loans obtained by them from sources other than Government. The security furnished by the loanee (the shares of Messers Indian Metal and Ferro Alloys Ltd.,) is not quoted in the share market and therefore its adequacy could not be judged.

115. *Orissa Fisheries Development Corporation Ltd.*—The Orissa Fisheries Development Corporation was registered on 8th August, 1962 as a Government owned Company with an authorised capital of Rs. 2 crores. The paid up capital of the company as on 31st March, 1964 was Rs. 35 lakhs. The main object of the company is to aid, assist, promote and develop the fisheries and other aquatic products; to acquire tanks, rivers and to erect factories in suitable places for the manufacture of fisheries by-products. During the first two years the activities of the Corporation were confined to (i) purchase/development and sale of fish and (ii) exploitation of existing and additional sources of pisciculture.

The following table would indicate that the Corporation had sustained loss during each of the years 1962-63 and 1963-64 on its main activity, viz., purchase/development and sale of fish.

	1962-63	1963-64
	(In lakhs of rupees)	
Net profit as per annual accounts	0.27	0.06
<i>Deduct—</i>		
Subsidy from Government for management and supervision of some fishery schemes	0.75	0.59
Interest on fixed deposits with Banks .. .. .	..	0.52
Actual loss on working of the fishery scheme	0.48	1.05

SECTION C

Government Commercial and Quasi-Commercial Departments

116. *Departmentally managed Government undertakings*—At the end of 1964-65 there were fourteen departmentally managed commercial and quasi-commercial undertakings with a total capital of Rs. 6,38.96 lakhs. The *pro forma* accounts for the year 1964-65 have been received from only one undertaking (Government Tile Factory, Kendrapara) so far (September, 1965). The *pro forma* accounts of two undertakings, viz., (i) Scheme for Trading in Iron Ore through Paradeep Port and (ii) State Transport Service are in arrears for three years (from 1962-63), and of 4 more undertakings (serial nos. 8,9,10 and 11 of the synoptic statement, page 122) are in arrears for two years (from 1963-64).

Nine undertakings having a total capital of Rs. 3,27.69 lakhs earned a net profit of Rs. 29.87 lakhs before calculating interest on Government capital, whereas five concerns having total capital of Rs. 3,11.27 lakhs sustained loss amounting to Rs. 25.03 lakhs exclusive of interest on Government capital.

A synoptic statement showing the summarised financial results of the working available is given below :—

Serial No.	Name of the concern, Name of Administrative Department	Government Capital	Mean Government Capital
(1)	(2)	(3)	(4)
1	Government Leather Industries-Cum-Tannery, Titilagarh (1963-64) (Industries Department)	4,58	4,22
2	Government Tannery, Boudh (1963-64) (Industries Department)	3,00	2,93
3	Government Shoe Factory, Cuttack (1963-64). (Industries Department)	1,91	1,37
4	Government Raniganj Pattern Tile Factory, Balasore (1963-64) (Industries Department)	1,51	1,64
5	Production Centre for Development of Ceramic Industry, Cuttack (1963-64) (Industries Department)	4,01	3,99
6	Government Tile Factory, Kendrapara (1964-65) (Industries Department)	1,23	1,26
7	Government Tile Factory, Panikoili, (1963-64). (Industries Department)	1,17	1,12

of the undertakings as disclosed by the pro forma accounts for the latest year

(Amount in thousands of rupees)

Free Reserves	Block Assets (Net)	Depreciation	Profit (+) / Loss (-)	Percentage of return on mean capital	Remarks
(5)	(6)	(7)	(8)	(9)	(10)
13	1,30	43	23	5.29	
9	78	41	21	6.95	
10	26	24	6	4.08	
	67	17	-16	Loss	The accounts are subject to audit.
	1.67	31	-23	Loss	
	65	31	13	2.38	
	67	24	1	0.9	

Serial No.	Name of the concern, Name of Administrative Department	Government Capital	Mean Government Capital
(1)	(2)	(3)	(4)

8	State Schemes of Government Trading (Grain Purchase Scheme) New Scheme (1962-63) (Supply Department)	2,81,48	2,94,85
9	State Schemes of Government Trading (Grain Supply Scheme) Old Scheme (1962-63). (Supply Department)	2,00,36	1,99,90
10	State Schemes of Government Trading (Cloth and Yarn) (1962-63) (Supply Department)	11,52	11,52
11	Cold Storage Plant, Cuttack. 1963. (Agriculture and Animal Husbandry Department)	11,71	10,94
12	Scheme for Land Reclamation and Hiring of Tractors, (1963-64) (Agriculture and Animal Husbandry Department)	12,75	12,91
13	Scheme for Trading in Iron Ore through Paradepp Port (1961-62) (Commerce Department)	27,72	26,71
15	State Transport Service (1961-62) (Transport Department)	76,01	60,58

(Amount in thousands of rupees)

Free Reserves	Block Assets (Net)	Depreciation	Profit (+) Loss (-)	Percentage of return on mean capital	Remarks
(5)	(6)	(7)	(8)	(9)	(10)
			-23,85	Loss	
	3	3	46	0.2	Inoperative with effect from the 1st January, 1959.
			Loss		Inoperative from 1954-55.
	3,11	2,57	80	7.31	
	7,91	56	-79	Loss	Interest on Government Capital has not been provided for.
	25	16	71	2.7	Inoperative from 1963-64.
29,84	72,91	75,54	27,36	30.26	

SUPPLY DEPARTMENT

State Schemes of Government Trading (Grain Purchase Old) Scheme

117. *Loss due to non-enforcement of terms of agreement*—According to an agreement entered into by the Collector, Mayurbhanj with a storage agent (December, 1951), the delivery of the quota of wheat allotted to him could be taken, only after depositing the value thereof. Wheat valued at Rs. 0.83 lakh allotted to a storage agent was, however, taken delivery of by him during the period upto July, 1952 against a deposit of Rs. 0.33 lakh only. A sum of Rs. 0.03 lakh was deposited subsequently by the agent. Government stated (December, 1965) that due to arrival of consignments in quick succession the agent could not arrange sufficient funds and no other suitable merchant was available to receive stocks after advance deposit. A certificate case was started during 1954-55 for recovery of the balance amount of Rs. 0.47 lakh, as the agent failed to pay the amount. Another sum of Rs. 0.14 lakh was, however, recovered during the pendency of the certificate proceedings. The certificate case was dropped as according to the Collector (May, 1965) "there is no chance for recovery of the balance amount since the person has become a pauper who is unable to make his both ends meet."

The non-enforcement of the terms of the agreement had, therefore, resulted in a loss of Rs. 0.33 lakh. Government has intimated in December, 1965 that "since prepayment of the cost of the consignments could not be insisted upon due to administrative difficulties, Government do not consider it desirable to fix responsibility for the same".

INDUSTRIES DEPARTMENT

118. *Loss due to delay in registration as "dealer" under the Orissa Sales Tax Act*—The Orissa Sales Tax Act provides that a dealer whose turnover exceeds Rs. 10,000 per annum, is liable to pay sales tax and the dealer can realise the tax from the customers on Sales effected by him only after registering himself under the Act. Two Government Commercial Undertakings which were liable to pay Sales Tax failed to register themselves in time, and therefore, could not realise any tax from customers. As a result, they had to pay tax amounting to Rs. 14,806 (including penalty Rs. 1,430) from their own funds for the period prior to registration as "dealer" as indicated below :—

Name of the Undertaking	Period from which liable to pay Sales Tax	Date of registration	Amount of tax (including penalty)
(i) Government Tannery, Titilagarh.	Quarter ending December, 1958	12th November, 1960.	Rs. 6,546
(ii) Demonstration Shoe Factory, Cuttack.	Quarter ending June, 1959.	31st July, 1962	8,280

AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT

119. *Government Cold Storage Plant, Cuttack*—(a) The Cold Storage Plant at Cuttack was installed during the year 1950 with the main object of procuring and storing genuine and improved varieties of seed potatoes for distribution to cultivators at a reasonable price and to encourage extensive cultivation of potatoes throughout the State. The seed potatoes were distributed through the agency of Block Development Officers and District Agricultural Officers.

• The *pro forma* accounts for 1963 are appended (Appendix XIV, page 172). The accounts for 1964 have not been made available to audit so far (September, 1965).

(b) The following points were noticed during the course of audit :—

(i) *Sundry Debtors and advances*—Sundry debtors and advances recoverable as on 3rd December, 1965 amounted to Rs. 4.22 lakhs. The yearwise breakup of the outstandings is given below :—

Year	Debtors as on 3rd December, 1965	Advances
	(In lakhs of rupees)	
1961 and earlier years	0.42	0.04
1962	0.11	0.09
1963	0.42	1.82
1964	1.32	..
Total	2.27	1.95

The reason for the heavy accumulation has been attributed by the Cold Storage Officer, Cuttack to lack of serious effort on the part of the Government Officers to clear up the dues in time. It was also indicated that out of the advances of Rs. 1.82 lakhs relating to 1963, bills for Rs. 1.81 lakhs were pending adjustment (December, 1965).

(ii) Shortages in stock amounting to Rs. 14,587 occurred since 1960 ; these have not been regularised so far (July, 1965). The department has not so far prescribed the maximum limit for admissible shortages.

(iii) Three residential quarters were constructed in 1958 and provided to the operating staff. No rent has been realised from them so far. It was stated by the Cold Storage Officer in September, 1965 that Government had been moved (December, 1958) to allow rent free quarters to these staff; final decision of Government is still awaited (September, 1965).

120. *Scheme for Land Reclamation and Hiring of Tractors*—Mention was made in paragraph 51 of the Audit Report, 1962 about the working of the scheme up to 1959-60. The *pro forma* Commercial accounts of the scheme for the year, 1963-64 are appended (Appendix XV, page 174).

The scheme has been incurring loss continuously since its inception. The total loss on the working of the scheme to the end of the year 1963-64 amounted to Rs. 6.71 lakhs. This is due to excessive idle hours of the tractors (approximately 75 per cent) of their potential capacity; the idle hours during the years from 1961-62 to 1963-64 are as indicated below:—

Year	Average potential capacity	Actual working period	Idle hours	Percentage of idle hours
	(In hours)			
1961-62	28,000	4,815	23,185	83
1962-63	26,000	5,783	20,217	78
1963-64	26,480	7,394	19,086	72

The following further points were noticed in audit:—

(i) *Stock position of spare parts*—The opening stock, annual consumption and purchase of spare parts during 1961-62 to 1963-64 are indicated below—

	1961-62	1962-63	1963-64
	(In lakhs of rupees)		
Opening balance	0.77	0.78	1.18
Purchases	0.16	0.95	1.06
Consumption	0.15	0.55	0.73
Closing Balance	0.78	1.18	1.51

Government have since ordered (July, 1965) that spare parts should not be purchased unless required for immediate use.

Physical verification of stocks of spares received from the Delta Irrigation Project and Hirakud Land Organisation during 1958-59 and the stores amounting to Rs. 0.58 lakh pertaining to the old scheme has not been done so far (August, 1965).

(ii) *Sundry Debtors*—The table below shows the duration and extent of accumulation of hire charges. The progress of realisation of the old debts is not satisfactory.

Year	Amount due from	
	Government Department	Private parties
	(In lakhs of rupees)	
1948-49 to 1959-60	1.84	0.38
1960-61	0.35	0.01
1961-62	0.25	..
1962-63	0.18	0.02
1963-64	0.61	0.01
Total	3.23	0.42

TRANSPORT DEPARTMENT

121. *State Transport Services*—The *pro forma* commercial accounts of the scheme for the year 1961-62 are appended (Appendix XVI, page 176). The *pro forma* accounts for the year 1962-63 to 1964-65 have not been made available to audit so far (October, 1965).

The following points have been noticed:—

(i) *Purchase of spare parts in excess of requirements*—The following table indicates the purchases, issues and closing balance of spare parts along with the total value of the vehicles during the three years ending 1961-62.

Year	Value of vehicles	Spare parts		
		Purchases	Issues	Closing Stock
		(In lakhs of rupees)		
1959-60	87.49	7.89	6.22	15.67
1960-61	1,06.11	12.71	9.32	19.47
1961-62	1,23.58	14.00	11.90	20.18

The table indicates that while there is increase in value of vehicles by 50 per cent in 2 years which represent new purchases, the increase in utilisation of spare parts represented by the issues during the same period was 91 per cent.

The closing stock of Rs. 20.18 lakhs on 31st March, 1962 which was nearly 1/6th of the value of vehicles was the result of more purchases than that consumed during 1960-61 and 1961-62.

The closing stock included obsolete and unserviceable spare parts worth Rs. 2.62 lakhs as on 31st March, 1962. The efforts of the department to dispose of these parts have not proved successful so far (July, 1965) as the offers received were not more than 50 per cent of their book value.

During 1962-63, the department reviewed the stock position and decided (i) to cancel old orders pending with the firms against which supplies were uncertain, (ii) to fix up 'inventory levels' of different categories of spare parts to regulate their purchase and (iii) to reduce the number of 'Dodge' make vehicles which consume more spare parts than Tata Mercedes Benz and Leyland. The action taken to implement the decision has not been intimated to Audit so far (July, 1965).

(ii) *Wasteful expenditure*—In July, 1961, the Transport Controller, obtained allotment of a 'C' type factory building in the Industrial Estate, Jagatpur at a monthly rent of Rs. 403 to accommodate the Zonal Workshop and garage of the State Transport Services. Pending settlement of the question of additions and alterations (estimated cost of Rs. 6,000) to meet their needs the building was taken possession of on 27th August, 1962. On re-examination the building was not considered necessary and economic by the Transport Controller and was surrendered on 30th April, 1963. An amount of Rs. 3,289 paid towards rent of the building proved wasteful.

CO-OPERATION AND FORESTRY DEPARTMENT

122. *Co-operative Institutions*—No Audit Report pertaining to the year 1964-65 has been received from any of the Co-operative Institutions so far (15th October, 1965). 44 reports in respect of 1962-63 and 125 reports in respect of 1963-64 only were received (15th October, 1965) out of 1,452 and 1,553 institutions in which investments were made by the Government.

CHAPTER X
GRANTS-IN-AID

123. *Grants to Local Bodies*—(1) An amount of Rs. 10,12.43 lakhs was paid as grants-in-aid during 1964-65 to Local Bodies, Panchayat Samitis, etc., as shown below:—

	(In lakhs of rupees)
Zilla Parishads ..	1,16.84
Panchayat Samitis ..	8,12.56
Grama Panchayats ..	47.80
Municipalities and Notified Area Councils ..	35.23

The expenditure incurred out of the grants to Local Bodies is audited by the Examiner, Local Fund Accounts and that relating to Zilla Parishads and Panchayat Samitis by the Examiner of Local Accounts; these officers are under the administrative control of the State Government. The utilisation of the grants and the recovery or adjustments of grants found inadmissible are watched by them.

(2) The following are some of the important points reported by the Examiners:—

(a) *Local Bodies*—(i) The unspent balances of grants were found to be more than the cash balances in hand at the end of 1963-64 in respect of 19 local bodies indicating that the amounts were utilised for purposes other than those for which the grants had been sanctioned. The grants so diverted amounted to Rs. 46.67 lakhs; the details of the diversions were reported to Government by the Examiner during 1964-65.

(ii) Retention of old grants not required for utilisation are indicated below—

	(Rupees in lakhs)
1959-60 ..	0.06
1960-61 ..	0.11
1963-64 ..	0.02

(iii) Payment of grants to Local Bodies in excess of requirements (Rs. 0.16 lakh).

(iv) Utilisation in subsequent years of grants remaining unspent in earlier years, without obtaining Government sanction (Rs. 0.55 lakh).

(b) *Panchayat Samitis and Zilla Parishads*—(i) The unspent balances of grants were found to be more than the cash balances in hand as on the 30th September, 1964 in respect of 196 Panchayat Samitis indicating that the amounts were utilised for purposes other than those for which the grants had been

sanctioned. The grants so diverted amounted to Rs. 16.34 lakhs. The details of these diversions were reported to Government by the Examiner of Local Accounts for Panchayat Samitis during August, 1965.

(ii) Heavy cash balances (amounting to Rs. 10,000 or more in each case) totalling in all Rs. 7.58 lakhs were held by 42 Panchayat Samitis (September, 1964).

(iii) 227 cases of thefts, misappropriation and losses of cash and stores involving a total amount of Rs. 1.88 lakhs were noticed during 1964-65.

(iv) Overpayments and infructuous expenditure involving a total sum of Rs. 13.67 lakhs were noticed in 333 institutions during 1964-65.

(v) Advances paid for execution of works, purchase of material, etc., amounting to Rs. 47.19 lakhs were outstanding against Samiti staff for recovery/rendition of account as on 30th September, 1964. The yearwise break-up of the outstandings is given below:—

	(Rupees in lakhs)
Upto 30th September, 1962	5.71
1st October, 1962 to 30th September, 1963	11.23
1st October, 1963 to 30th September, 1964	30.25

CULTURAL AFFAIRS DEPARTMENT

124. *Transactions kept outside the Consolidated Fund of the State*—The financial transactions of the Orissa Sahitya Akademi and Orissa Sangeet Natak Akademi which have been set up by Government Resolutions and which thus do not have separate legal existence and can function only as a limb of the Government should form part of the transactions of Government and should, according to the Constitution, be accounted for within the Consolidated Fund of the State. These have, however, been kept outside the Consolidated Fund and the estimated expenditure of the organisations was not included in any of the demands for grants placed before the Legislature. These two bodies set up in July, 1957 and September, 1957 respectively are financed by payment of grants from Government, which is irregular and is also fraught with risk in cases of default.

The following points were noticed in connection with the transactions of the organisations:—

(i) *Orissa Sahitya Akademi*—During 1958-59 to 1963-64, the Orissa Sahitya Akademi, printed a total number of 38,800 copies of 41 publications at a cost of Rs. 0.79 lakh. Of these, only 2,124 copies were sold for Rs. 4,817 upto August, 1965 and 2,530 copies were distributed free as royalties and complimentaries. The number of copies remaining unsold was 34,146 (4,477 copies lying with the press, 2,812 copies with book-sellers and 26,857 in stock with the Akademi). The value of the unsold copies with the Akademi at cost price is estimated at Rs. 0.55 lakh.

The poor sale of the books was attributed by the Akademi (August, 1965) to absence of demand from the public.

During 1964-65, 60,000 copies of 50 publications were printed at a cost of Rs. 1.38 lakhs; delivery of 25,250 copies has not yet been taken by the Akademi (January, 1966). The Akademi has stated that this is for want of storage accommodation.

(ii) *Orissa Sangeet Natak Akademi*—During 1958-59* to 1963-64 the Orissa Sangeet Natak Akademi printed and published seven books on dance, drama and music at an expenditure of Rs. 11,986. Of these, the publication on 'Odissi Nrutya' printed during 1958-59 at a cost of Rs. 3,751 was found by the Committee of Experts (August, 1959) to be not up to the standard, and its copies were withdrawn from the market (only 18 copies had been sold for Rs. 71).

Of the 6,000 copies pertaining to other six publications printed at a total cost of Rs. 8,235, only 341 copies (sale price Rs. 945) have been sold so far (July, 1965). The poor sale of the publications was attributed to absence of demand from the public.

INDUSTRIES DEPARTMENT

125. *Orissa Khadi and Village Industries Board*—The Orissa Khadi and Village Industries Board is a statutory body constituted under the Orissa Khadi and Village Industries Board Act, 1955; the Board started functioning from June, 1956.

The Board receives financial assistance from the Khadi and Village Industries Commission and the State Government. The amounts of grants and loans received by the Board during and to end of 1963-64 are indicated below :—

	Amounts received			
	During 1963-64		Up to end of 1963-64	
	Grants	Loans	Grants	Loans
	(In lakhs of rupees)			
Khadi and Village Industries Commission	11.12	22.61	1,10.81	1,94.84
Government of Orissa ..	7.47	..	43.72	..
Total ..	18.59	22.61	1,54.53	1,94.84

Of these, the unspent balances of grants and loans amounting to Rs. 6.67 lakhs and Rs. 7.05 lakhs respectively received from the Commission were refunded.

(1) *Outstanding utilisation certificates and arrears in repayment of loans*— It was mentioned in paragraph 95 of Audit Report, 1965 that utilisation certificates for grants (Rs. 74.49 lakhs) and loans (Rs. 98.04 lakhs) received from the Commission upto March, 1963 had not been furnished to end of August, 1964. The position continues to be unsatisfactory; as at the end of August, 1965, utilisation certificates were not furnished to the Commission for grants amounting to Rs. 45.68 lakhs and loans of Rs. 78.45 lakhs. These represented more than 40 per cent of the total grants and loans received upto 1963-64. An yearwise break-up of the outstandings is given below :—

Year	Grant Loan	
	(In lakhs of rupees)	
Upto 1960-61	.. 17.19	28.18
1961-62	.. 7.49	17.65
1962-63	.. 10.28	13.82
1963-64	.. 10.72	18.80
Total	.. 45.68	78.45

The outstandings were attributed by the Board to the delay in completion of audit of the accounts of the co-operative societies (assisted by the Board) by the Registrar of Co-operative Societies.

The arrears in the repayment of loans (taken from the Commission) amounted to Rs. 56.25 lakhs (September, 1965). The amounts had fallen due by March, 1965; the yearwise break-up of the arrears has not been furnished by the Board.

(2) *Diversion of assistance*—It was mentioned in paragraph 90 of Audit Report, 1964 that grants and loans were disbursed by the Board to co-operative societies and institutions for certain schemes in excess of the amounts received for the purpose from the Commission apparently by diversion of funds received for other purposes. Further cases of diversions of assistance since noticed are mentioned below :—

Name of Industry	Grants/Loans received from the Commission during 1956-57 to 1963-64	Amount actually disbursed by the Board	Excess
(In lakhs of rupees)			
Bee keeping Industry— Loan	.. 0.94	1.05	0.11
Palmgur Industry— Grant	.. 5.61	6.06	0.45
Loan	.. 1.24	2.03	0.79
Gur and Khandsari Industry— Grant	.. 4.44	5.06	0.62
Loan	.. 7.40	8.80	1.40
Total	.. 19.63	23.00	3.37

It was stated by the Board (October, 1965) that this would be got regularised by the Commission.

The diversion of funds amounting to Rs. 2.90 lakhs mentioned in the Audit Report, 1964 is also still awaiting regularisation (September, 1965).

(3) *Grants and loans to co-operative societies*—(a) The Board gives grants and loans to co-operative societies for promotion of village industries. The assistance sanctioned is credited to the accounts of the societies in Co-operative banks; the actual withdrawal by the societies is allowed only on the orders of the District Industries Officers. It was noticed that large amounts were lying unutilised (September, 1965) in the bank accounts for several years, as indicated below—

Period during which the assistance was credited to the accounts of the societies	No. of societies	Amount			Amount actually released to the societies	Balance amount lying with the bank
		Grant	Loan	Total		

(In lakhs of rupees)

1957-58 to 1963-64 ..	4	0.06	0.49	0.55	0.22	0.33
1960-61 to 1961-62 ..	2	0.37	0.63	1.00	0.19	0.81
1958-59 ..	2	0.09	0.19	0.28	0.10	0.18
1957-58 to 1958-59 ..	1	..	0.11	0.11	0.02	0.09
1956-57 to 1963-64 ..	7	0.57	0.67	1.24	0.71	0.53
1957-58 to 1962-63 ..	3	0.03	0.24	0.27	0.09	0.18

No account is maintained by the Board to watch the actual release of funds to the societies and their utilisation. The Board has stated (October, 1965) that full particulars of the funds released by the District Industries Officers are being collected to review the position of unspent balances in the Banks and to recall the funds if necessary.

(b) According to the Board's Annual Report for 1963-64, 116 societies which received grants and loans totalling Rs. 22.85 lakhs were not working satisfactorily.

(c) A total amount of Rs. 23.56 lakhs is in arrears (September, 1965) towards instalments of loans due by the end of March, 1965 from 488 societies; of this, a sum of Rs. 10.09 lakhs is recoverable from 186 societies now defunct. The year-wise break-up of instalments overdue and the interest accrued therefrom has not been furnished by the Board (January, 1966).

(4) *Outstanding advances*—In 473 cases, advances amounting to Rs. 7.72 lakhs paid to the officers and staff of the Board for purchase of articles, etc., up to March, 1964 were outstanding for adjustment (September, 1965). The

year-wise break-up of the outstanding advances has not been made available by the Board. The extent of the individual outstanding advances is indicated below :—

Amount of Advances	No. of cases (In lakhs of rupees)	Amount outstanding
(i) Exceeding Rs. 10,000 each ..	24	5.32
(ii) Between Rs. 5,000 and Rs. 10,000 each ..	13	0.92
(iii) Between Rs. 1,000 and Rs. 5,000 each ..	42	0.97
(iv) Below Rs. 1,000 each ..	394	0.51
Total ..	473	7.72

The Board has stated in October, 1965 that special steps are being taken to adjust the advances.

(5) *Shortages, misappropriations, etc.*—Some cases of shortages and misappropriation of cash and stores and damaged stores were mentioned in Audit Report, 1965. Further cases since noticed are indicated below :—

(i) 103 cases of shortages and misappropriation of cash and stores amounting to Rs. 3.81 lakhs were noticed in production centres, sales depots, etc., during physical verification and inspection by the Board in 1964-65. Of these, shortages of stores amounting to Rs. 2.81 lakhs pertain to Central Vastragar, Bhubaneswar, and these have not been investigated so far (October, 1965). Other cases were reported to be under investigation (October, 1965).

(ii) The physical verification of stock conducted in December, 1964 showed that stock valued at Rs. 0.32 lakh had been lying in deteriorated condition in 17 centres; it was stated that the stores deteriorated due to improper storage and mishandling. The Board has intimated in October, 1965 that attempts are being made to dispose of this stock.

(6) *Loss on sub-standard and damaged khadi*—In December, 1963 the Board formed a Committee to examine the stock of sub-standard khadi valued at Rs. 1.31 lakhs lying unsold and to determine a suitable reduction of price. The Committee found that the stocks valued at Rs. 0.21 lakh "have been so damaged and spoiled that they cannot be put to sale at all". This material was sold for Rs. 180 only.

The Committee recommended that the value of the remaining stock (Rs. 1.10 lakhs) be reduced to Rs. 0.74 lakh and that be sold out after allowing a rebate of Rs. 0.21 lakh. According to the Committee, apart from the long storage over a period of seven to eight years, "the stock have grown sub-standard on account of inadequate storage facilities, mishandling..... un-systematic indenting, and defects in texture, finish, design and testing". Out of the amount of Rs. 0.53 lakh expected to be realised from the sale of this stock, only a sum of Rs. 0.18 lakh was realised and no information was furnished

about the sale of the stock of the reduced value of Rs. 0.09 lakh. The Manager, Central Vastagar, Bhubaneswar stated in September, 1965 that stock of the reduced value of Rs. 0.26 lakh was totally damaged and no sale proceeds were expected therefrom.

Thus the total loss in the sale of stock valued at Rs. 1.31 lakhs was of the order of Rs. 0.83 lakh as indicated below :—

	(Rs. in lakhs)
(a) Stock found damaged and spoiled by the committee.	0.21
(b) Reduction in value made by the Committee	0.36
(c) Stock found totally damaged by the Manager.	0.26
Total	0.83

(7) *Ambar Charkha Scheme*—17,599 Ambar Charkhas valued at Rs. 17.87 lakhs were given by the Board to Ambar Production Centres (run by the Board) during 1956-57 to March, 1965 for distribution to the spinners on hire purchase basis; the distribution to the spinners has not been watched by the Board.

The following points are mentioned in this connection :—

(a) 6,726 charkhas valued at Rs. 8.07 lakhs were returned (upto March, 1965) by the spinners on account of frequent break-down of the charkhas which were not repaired for want of trained personnel. The charkhas are stated (September, 1965) to be lying in Ambar production centres in deteriorating condition.

(b) 1,065 charkhas valued at Rs. 1.07 lakhs which were in damaged condition on account of inadequate storage facilities were sold in November, 1964 by public auction for a sum of Rs. 385. The matter was stated to be under investigation of the Board (October, 1965).

(c) In three Ambar Production Centres, Charkhas valued at Rs. 0.36 lakh had been lying in stock (March, 1965) since 1957-58 (Rs. 0.18 lakh) and 1961-62 (Rs. 0.18 lakh) : most of these were reported to be out of order or in damaged condition. The Board has stated that the non-utilisation of the charkhas was due to lack of response from spinners.

(d) 181 charkhas valued at Rs. 0.17 lakh remained unaccounted for in Nagespur Centre at the time of its merger with Kendupatna Production Centre in August, 1963. The matter is stated to be under investigation by the Board (October, 1965).

(e) No systematic records were maintained to watch the recovery of hire-purchase instalments from the spinners. The correct position of the outstanding dues on this account was not available with the Board.

In respect of charkhas distributed by 4 out of 31 centres recovery of a total amount of Rs. 0.76 lakh was in arrears (September, 1965). It has been stated by the Board (October, 1965) that action is being taken to collect the information from other centres and to take further steps.

(8) *Saranjom Karyalaya, Bhubaneswar*—(a) The Saranjam Karyalaya is a factory-cum-workshop (run by the Board) designed to manufacture implements, e.g., Ghanies, Ambar charkhas, Bee-hives, Fibre equipment, etc., required for village industries. It also undertakes sawing of timber and production of furniture required for offices and private parties.

The working results of the Saranjam Karyalaya for 1964-65 have not been worked out (October, 1965). During the period from 1957-58 to 1963-64 the Karyalaya sustained a loss of Rs. 0.93 lakh. The loss was attributed by the Karyalaya to idle labour due to frequent shut down of the factory on account of failure of electricity, want of raw materials and late receipt of work orders from different sections of the Board. The Board stated in October, 1965 that "this is being investigated".

(b) Furniture and other articles were supplied by the Karyalaya during April to December, 1963 to various units (Rs. 0.21 lakh), officers and staff of the Board (Rs. 1,023) and private parties (Rs. 288). No claims have been preferred for recovery of these amounts so far (September, 1965).

(c) Consequent on the change of the models of Kachikatai and Ambar Charkhas (during 1962-63), spare parts valued at Rs. 0.25 lakh purchased prior to 1962-63 were lying unused. In addition, spare parts costing Rs. 0.13 lakh removed from old Charkhas sent to Karyalaya for renovation, were also lying unused (September, 1965).

126. *Utilisation Certificates*—The Financial Rules of Government require that a certificate of proper utilisation of grants should be sent by the Departmental officers to the Accountant General within a reasonable time. It has been mentioned in successive Audit Reports that there has been considerable delay in the submission of these certificates.

The Public Accounts Committee (1963-64) in paragraph 6 of the Introductory Chapter of their Seventh Report (Third Assembly) desired that the departments should tighten the machinery to reduce the delay and take deterrent steps against those responsible for these irregularities.

The delay in furnishing the certificates, however, persists. As on 1st January, 1966, utilisation certificates were awaited for 8,596 grants totalling Rs. 30.28 crores paid upto the 31st March, 1965, as indicated below. In 6,086 of these cases, grants amounting to Rs. 22.67 crores were paid prior to the 31st March, 1964. Yearwise details are given in Appendix XVII at page 178—181

Purpose of grants	Number of utilisation certificates awaited	Amount (In lakhs of rupees)
(1) Building grants	271	1,76.78
(2) Equipment grants	136	19.91
(3) Maintenance grants	4,334	10,72.37
(4) Miscellaneous grants	3,855	17,58.75

86 per cent of the total number of outstanding certificates were due from the Education, Industries, Community Development and Panchayati Raj and Co-operation and Forestry Department as indicated below:—

Name of Department	Utilisation Certificates outstanding on the 31 January, 1966 in respect of grants disbursed					
	Prior to 1963-64		During 1963-64		During 1964-65	
	Number	Amount	Number	Amount	Number	Amount
	(Amount in lakhs of rupees)					
1. Education ..	1,690	1,95.70	661	70.04	1,230	1,79.28
2. Community Development and Panchayati Raj.	1,392	4,97.48	787	5,07.38	927	3,63.35
3. Industries ..	352	62.47	10	0.70	32	37.02
4. Co-operation and Forestry.	278	2,05.82	30	84.77	43	59.25

CHAPTER XI

OUTSTANDING AUDIT OBJECTIONS AND INSPECTION REPORTS

127. *Outstanding Audit objections*—The number of objections pertaining to the period upto March, 1965 pending settlement on the 30th November, 1965 was 1,56,850 involving a total amount of Rs. 51.77 crores as indicated below:—

Year	Number of objections	Amount (in crores of rupees)
1960-61 and earlier years	1,07,165	22.48
1961-62	13,613	5.06
1962-63	11,734	6.93
1963-64	10,869	6.03
1964-65	13,469	11.27

It will be seen that 1,32,512 objections involving Rs. 34.47 crores were over 2 years old.

A department-wise analysis of the amount of objections showing also the nature of objections is indicated in Appendix XVIII at page 182.

About 51 per cent of the total amount (Rs. 26.47 crores) of outstanding objections, was for want of detailed contingent bills. The rules require that detailed bills should be submitted to Audit within three months in respect of expenditure on works and one month in all other cases. In the absence of detailed bills, the expenditure escapes audit scrutiny and there is a risk of irregularities remaining undetected for an unduly long period. Detailed contingent bills for Rs. 17.96 crores are awaited for over 2 years.

Some of the departments with heavy outstandings in respect of detailed contingent bills are indicated below:—

Department	Amount (in crores of rupees)
Revenue and Excise	6.55
Agriculture	4.93
Tribal and Rural Welfare	3.99
Community Development and Panchayati Raj	3.37

The objections for non-submission of vouchers and sub-vouchers, etc., (mentioned in columns 5 and 7 of the analysis in Appendix XVIII) also require special attention as in these cases payees' receipts, vouchers, etc., have not been furnished to Audit. Vouchers and sub-vouchers for a total expenditure of Rs. 11.84 crores are awaited; until the vouchers and sub-vouchers are furnished, the purpose for which the money was withdrawn from the Treasury cannot be ascertained and the expenditure cannot be audited.

128. *Outstanding Inspection Reports*—Important irregularities and defects in accounts noticed during local audit and inspections are included in Inspection Reports which are sent to the departmental officers for necessary action. The points mentioned therein should be settled expeditiously so that irregularities may not persist or recur. That this was not done to the required extent is indicated by the fact that as many as 2,593 Inspection Reports containing 15,844 items (some of which dating back to 1951-52) remained undisposed of for more than one year at the end of December, 1965. These include 9,699 paragraphs which are outstanding for more than three years. The outstanding items were brought to the notice of Government for taking necessary steps to expedite their settlement.

A department-wise analysis of the Reports outstanding for more than one year is given in Appendix XIX, page 183; the outstandings are particularly heavy in respect of Community Development and Panchayati Raj, Revenue and Excise, Agriculture and Animal Husbandry and Industries Departments.

The common types of irregularities noticed during the three years ending March, 1965 are shown in Appendix XX page 184-185.

CHAPTER XII

OTHER TOPICS OF INTEREST

129. *Creation of Technical Vigilance Cell*—Government decided in February, 1959 to create a Technical Vigilance Cell under the Works Department with a Technical Adviser and 2 Executive Engineers to conduct an internal concurrent administrative and technical audit of works with a view to ensure economy in expenditure and better technical and financial control of works in the State.

The cell has not been set up so far (September, 1965). Government stated last in March, 1963 that for want of a suitable hand to man the post of Technical Adviser the cell could not function.

130. *Delay in finalisation of pension cases*—Mention was made in paragraph 100 of the Audit Report, 1965 about the delay in the submission of the pension cases by Administrative Departments to Audit office and the consequent delay in their finalisation.

The position continues to be unsatisfactory. Of the 829 fresh cases received during 1964-65, 824 were received after the retirement of the Government servants concerned, although under the orders of Government, pension cases are required to be submitted to the Audit office one year ahead of the probable date of retirement. In 604 of these cases the time-lag between the date of retirement and the date of receipt of the pension cases for the first time in the Audit office exceeded one year as shown below:—

Extent of delay	No. of cases
More than 3 years	255
More than 2 years but less than 3 years	156
More than 1 year but less than 2 years	193

Of the pension cases received in the Audit office to end of March, 1965, cases of 47 officers could not be finally settled as at the end of December, 1965; anticipatory pension has, however, been authorised in 16 of these cases.

About 80 per cent of the cases are pending for want of sanction to pension (7 cases), service particulars (10 cases) and due to incomplete pension papers (21 cases).

A year-wise analysis of these outstanding pension cases is given below:—

Year of receipt	No. of cases
1961-62 and earlier years	6
1962-63	8
1963-64	7
1964-65	26

131. *Delay in finalisation of Provident Fund final payment cases*—Mention was made in paragraph 99 of the Audit Report, 1965 about the delay in sending applications to the Audit office for the final withdrawal of the amounts in the Provident Fund accounts of Government servants.

The delay persisted during 1964-65 also. Out of 884 final withdrawal cases arising during 1964-65, necessary applications were not received in 30 cases. In as many as 342 cases, there was delay in submission of applications to the extent of more than six months beyond the dates on which the dues became payable.

The applications and the connected documents received from the departmental officers were found incomplete in a large number of cases and considerable time was taken by them in furnishing wanting particulars.

An analysis of the delay in respect of 85 cases outstanding for over six months on 31st March, 1965 due to non-compliance of the prescribed requirements by the departmental officers is given below:—

Extent of delay	No. of cases involved
Over 5 years	2
Over 2 years but less than 5 years	10
Over 1 year but less than 2 years	16
Over 6 months but less than 1 year	57

132. *Delay in issue of sanctions to the continuance of temporary posts* — Mention was made in paragraph 101 of the Audit Report, 1965 about the delay in issue of sanctions to the continuance of temporary posts. In spite of instructions issued by Government in January, 1965, the delay has persisted in issuing sanctions to continuation of posts beyond 28th February, 1965.

Out of total number of 3,811 temporary gazetted posts which were continued beyond the 28th February, 1965, delays of more than one month beyond the expiry of the earlier sanctions occurred in issuing further sanctions in 2,707 cases as shown below:—

Delay	No. of posts
More than 4 months	152
More than 2 months but less than 4 months	661
More than 1 month but less than 2 months	1,894

BHUBANESWAR,

The

21 MAR 1965

Countersigned

M. N. PATNAIK

Accountant General, Orissa

NEW DELHI,

The

26 MAR 1965

A. K. ROY

Comptroller and Auditor General of India

APPENDIX I

(Referred to in paragraph 22(a), page 33)

Statement showing the extent of utilisation of Supplementary Grants

Sl. no.	Number and name of grant	Original grant	Supplementary grant and the month in which obtained	Total Grant	Expenditure	Excess + Saving—	Amount surrendered	Percentage of saving
1	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
<i>A—Cases where the Supplementary Grants proved unnecessary—</i>								
1.	4—Expenditure relating to the Planning and Co-ordination Department.	1,74.14	1,11.67 November, 1964(16.80) March, 1965 (94.87)	2,85.81	1,38.66	—1,47.15	33.47	51.48
2.	5—Community Development Projects, etc.	7,92.79	15.18 November, 1964(12.48) March, 1965 (2.70)	8,07.97	7,11.55	—96.42	96.79	11.93
3.	11—Expenditure relating to the Education Department.	9,42.14	18.11 November, 1964(17.85) March, 1965 (0.26)	9,60.25	9,18.38	—41.87	8.33	4.36
4.	17—Expenditure relating to the Industries Department.	2,74.98	13.56 November, 1964(11.71) March, 1965 (1.85)	2,88.54	1,90.90	—97.64	94.10	33.84
5.	23—Public Health..	2,33.77	8.35 November, 1964	2,42.12	2,07.08	—35.04	40.92	14.47
6.	24—Irrigation ..	8,40.02	22.57 November, 1964 (0.52) March, 1965 (22.05)	8,62.59	8,38.16	—24.43	19.24	2.83
7.	31—Forest	1,77.60	1.65 November, 1964(0.25) March, 1965 (1.40)	1,79.25	1,73.57	—5.68	5.92	3.17
8.	33—Co-operation and Marketing.	97.74	4.76 November, 1964(2.04) March, 1965 (2.72)	1,02.50	87.50	—15.00	7.75	14.63
9.	35—Animal Husbandry.	1,32.39	13.72 November, 1964	1,46.11	1,30.26	—15.85	12.96	10.85
10.	37—Agriculture ..	3,30.00	71.89 November, 1964(43.57) March, 1965 (28.32)	4,01.89	3,21.82	—80.07	71.44	19.92
11.	45—Government Trading Scheme.	11,36.14	44.00 November, 1964	11,80.14	8,17.68	—3,62.46	3,03.60	30.71
12.	54—Capital Outlay on Forest.	3,70.85	3.12 November, 1964(1.00) March, 1965 (2.12)	3,73.97	30.95	—3,43.02	3,42.00	91.72

APPENDIX I—contd.

Sl. no.	Number and name of grant	Original grant	Supplementary grant and the month in which obtained	Total Grant	Expenditure	Excess + Saving—	Amount surrendered	Percentage of saving
1	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
<i>B—Cases where the Supplementary Grants proved excessive—</i>								
13.	1—Elections and other expenditure relating to the Home Department.	30.87	15.03 November, 1964(11.74) March, 1965 (3.29)	45.90	44.67	—1.23	0.86	2.68
14.	2—Jails ..	43.14	7.19 November, 1964(1.55) March, 1965 (5.64)	50.33	49.52	—0.81	0.42	1.61
15.	3—Police ..	3,38.54	1,07.88 November, 1964	4,46.42	4,42.58	—3.84	6.17	0.80
16.	6—Expenditure relating to the Political and Services Department.	39.45	26.06 November, 1964	65.51	61.41	—4.10	4.78	6.27
17.	13—Land Revenue	2,77.26	27.23 November, 1964(3.33) March, 1965 (23.90)	3,04.49	3,00.18	—4.31	1.88	1.40
18.	16—District Administration and other expenditure relating to the Revenue Department.	1,59.11	89.09 November, 1964(60.09) March, 1965 (29.00)	2,48.20	2,43.76	—4.44	3.73	1.79
19.	18—Civil and Sessions Courts and other expenditure relating to the Law Department.	31.44	3.20 November, 1964(2.20) March, 1965 (1.00)	34.64	34.08	—0.56	..	1.61
20.	30—Transport Schemes.	1,83.86	3.37 November, 1964(0.51) March, 1965 (2.86)	1,87.23	1,85.60	—1.63	0.71	0.37
21.	32—Fisheries ..	41.88	11.64 November, 1964(5.20) March, 1965 (6.44)	53.52	51.52	—2.00	1.48	3.73
22.	34—Contribution to Local Bodies.	58.73	98.44 November, 1964	1,57.17	80.66	—76.51	76.23	48.68
23.	36—Public Relations.	31.31	2.05 November, 1964(1.31) March, 1965 (0.74)	33.36	32.45	—0.91	0.23	2.73

APPENDIX I—contd.

Sl. no.	Number and name of grant	Original grant	Supplementary grant and the month in which obtained	Total Grant	Expenditure	Excess + Saving—	Amount surrendered	percen- tage of saving
1	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
<i>B—Cases where the Supplementary Grants proved excessive—concl'd.—</i>								
24.	38—Supply Department.	25.07	2.84 March, 1965.	27.91	27.29	-0.62	0.50	2.22
25.	41—Loans to Local Funds, Government Servants, etc.	3,29.34	1,06.15 November, 1964(53.16) March, 1965 (52.99)	4,35.49	3,66.45	-69.04	54.51	15.85
26.	43—Irrigation and Electricity Schemes.	30,07.48	8,80.74 November, 1964(6.01) March, 1965 (8,74.73)	38,88.22	37,10.75	-1,77.47	87.30	4.56
27.	44—Agricultural Improvement and Research.	1,43.17	64.78 November, 1964(43.78) March, 1965 (21.00)	2,07.95	1,91.74	-16.21	0.27	7.79
28.	48—Capital Outlay on Industrial Development.	2,24.17	67.52 November, 1964(33.00) March, 1965 (34.52)	2,91.69	2,90.49	-1.20	1.19	4.11
29.	50—Capital Outlay on Ports.	6,61.78	3,73.71 November, 1964(348.33) March, 1965 (25.38)	10,35.49	10,19.63	-15.86	..	0.53
30.	55—Share Capital Contribution to Co-operative Organisations.	45.37	1,23.13 March, 1965	1,68.50	71.13	-97.37	1.60	57.79
31.	56—Capital Expenditure relating to Planning and Co-ordination Department.	34.09	5.00 November, 1964	39.09	36.02	-3.07	3.10	7.85
32.	58—Capital Expenditure relating to the Grama Panchayat Department.	8.50	1.48 November, 1964	9.98	8.85	-1.13	0.86	11.32
33.	59—Capital Expenditure relating to Health Department.	..	46.67 March, 1965	46.67	44.22	-2.45	3.64	5.25
34.	60—Capital Outlay on Public Works.	12,36.23	98.27 November, 1964(98.25) March, 1965 (0.02)	13,34.50	12,50.62	-83.88	94.00	6.27

APPENDIX I—concl'd.

Sl. no.	Number and name of grant	Original grant	Supplementary grant and the month in which obtained	Total Grant	Expenditure	Excess + Saving—	Amount surrendered	Percentage of savings
1	2	3	4	5	6	7	8	9

(In lakhs of rupees)

[C—Cases where the Supplementary Grants proved inadequate—

35. 9—Ministers, Civil Secretariat and other expenditure relating to the Finance Department	91.98	8.54 November, 1964 March, 1965	(1.00) (7.54)	1,00.52	1,00.88	+0.36	0.18	0.35
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36. 25—Public Works	16,59.44	1,83.51 November, 1964 March, 1965	(183.50) (0.01)	18,42.95	21,35.84	+2,92.89	1,83.61	15.89
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(Faint, illegible text and table entries)

APPENDIX II

(Referred to in paragraph 24(A)(i), page 38)

STATEMENT SHOWING SAVINGS UNDER VOTED GRANTS

Sl. No.	Number and Name of Grant	Original grant	Supplementary grant	Total Grant	Expenditure	Excess+ Saving—	Percentage of savings
(In lakhs of rupees)							
I—Cases where savings amounted to 20 per cent or more of the total Grant—							
1	4—Expenditure relating to the Planning and Co-ordination Department	1,74.14	1,11.67	2,85.81	1,38.66	-1,47.15	51.4%
2	17—Expenditure relating to the Industries Department	2,74.98	13.56	2,88.54	1,90.90	-97.64	33.84
3	28—Electricity Schemes ..	75.64	..	75.64	50.07	-25.57	33.80
4	34—Contribution to Local Bodies	58.73	98.44	1,57.17	80.66	-76.51	48.62
5	45—Government Trading Schemes	11,36.14	44.00	11,80.14	8,17.68	-3,62.46	30.71
6	46—Road and Water Transport Schemes	15.00	..	15.00	10.25	-4.75	31.67
7	49—Hirakud Dam Project ..	43.66	..	43.66	5.25	-38.41	87.97
8	54—Capital Outlay on Forest ..	3,70.85	3.12	3,73.97	30.95	-3,43.02	91.72
9	55—Share capital contribution to Co-operative Organisations	45.37	1,23.13	1,68.50	71.13	-97.37	57.79
II—Cases where the savings exceeded 10 per cent but were within 20 percent of the total Grant—							
10	5—Community Development Projects, etc.	7,92.79	15.18	8,07.97	7,11.55	-96.42	11.93
11	20—Labour and Emigration and Employment Organisation	26.13	*	26.13	22.81	-3.32	12.69
12	21—Tribal and Rural Welfare Department	2,83.73	0.85	2,84.58	2,52.48	-32.10	11.28
13	23—Public Health ..	2,33.77	8.35	2,42.12	2,07.08	-35.04	14.47
14	33—Co-operation and Marketing	97.74	4.76	1,02.50	87.50	-15.00	14.63
15	35—Animal Husbandry ..	1,32.39	13.72	1,46.11	1,30.26	-15.85	10.85
16	37—Agriculture ..	3,30.00	71.89	4,01.89	3,21.82	-80.07	19.92
17	41—Loans to Local Funds, Government Servants, etc.	3,29.34	1,06.15	4,35.49	3,66.45	-69.04	15.85
18	57—Capital Expenditure relating to Animal Husbandry Department	5.78	0.44	6.22	5.46	-0.76	12.20
19	58—Capital Expenditure relating to the Grama Panchayat Department	8.50	1.48	9.98	8.85	-1.13	11.32

* Represents token supplementary grant of Rs. 100

APPENDIX III

(Referred to in paragraph 24(A) (i), page 38)

STATEMENT SHOWING GRANTS UNDER WHICH THE SAVING MORE THAN 10 PER CENT OCCURRED DURING THE PRECEDING TWO YEARS ALSO

Name of Grant	Percentage of saving to the total provision		
	1962-63	1963-64	1964-65
4—Expenditure relating to the Planning and Co-ordination Department.	48.42	23.77	51.48
17—Expenditure relating to the Industries Department.	21.66	25.63	33.80
20—Labour and Emigration and Employment Organisation.	17.16	12.13	12.69
28—Electricity Schemes	51.07	55.61	33.80
58—Capital Expenditure relating to the Grama Panchayat Department.	55.67	13.27	11.32

APPENDIX IV

(Referred to in paragraph 24(A)(iii), page 41)

STATEMENT SHOWING THE MAJOR SCHEMES WHERE THE PROVISION MADE REMAINED WHOLLY OR SUBSTANTIALLY UNUTILISED DURING 1964-65

Grant No. and Group head	Name of the scheme	Provision (In lakhs of rupees)	Saving	
			Amount	Percentage

(1) 4—Expenditure relating to the Planning and Co-ordination Department.

C. 1., C. 2.	.. Works and Tools and Plant of Rural Engineering Organisation.	18.00	17.21	95.61
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The provision was made for the construction of buildings for the staff (Rs. 4 lakhs) and purchase and repairs to tools and plant such as road rollers, etc. The reasons for the saving have not been intimated by the Controlling Officer.

J. 1	.. Local Development Works—Water Supply.	50.00	10.45	20.90
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Curtailment of expenditure owing to receipt of reduced Central assistance.

(2) 21—Tribal and Rural Welfare Department—

A. 8	.. Scheduled Tribes—Other Welfare Schemes.	38.38	14.25	37.26
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The Dandakaranya Development Authority did not release the reclaimed lands for settlement of Adibasis to the extent required.

(3) 41—Loans to Local Funds, Government Servants, etc.

A.	.. Loans to Municipalities	12.00	12.00	100.00
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Mainly non-disbursement of loans on account of non-receipt of loan assistance from the Life Insurance Corporation.

B. 1. (2)]	.. Loans to Grama Panchayats for piped water supply scheme.	6.00	5.12	85.33
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The reasons for the saving have not been intimated by the Controlling Officer.

APPENDIX IV—*concl.*

Grant No. and Group head	Name of the scheme	Provision	Saving	
			Amount	Percentage

(In lakhs of rupees)

(4) 44—Agricultural Improvement and Research—

A.	Agricultural Improvement and Research— Construction of Roads and Buildings.	7.07	7.07	100.00
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Reasons for non-utilisation of provision have not been intimated by the Controlling Officer.

F.1	Investment in Government Commercial Undertakings—Cold Storage Plant.	12.13	5.39	44.43
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Mainly non-receipt of Government sanction for extension of Plant at Sambalpur.

(5) 60—Capital Outlay on Public Works—

G.2	Communication— Expressway.	5,22.06	1,40.27	26.67
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Decision of Government to carry over the scheme to Fourth Five Year Plan.

APPENDIX V

(Referred to in paragraph 25(4)(b) page 42)

Cases in which unsurrendered savings exceeded 10 per cent of the grant

(In lakhs of rupees)

Number and name of the Grant	Provision	Saving	Amount surrendered	Amount unsurrendered	Percentage of unsurrendered amount to provision
4—Expenditure relating to the Planning and Co-ordination Department.	2,85.81	1,47.15	33.47	1,13.68	39.77
28—Electricity Schemes	75.64	25.57	3.23	22.34	29.53
57—Capital expenditure relating to Animal Husbandry Department.	6.22	0.76	..	0.76	12.22

APPENDIX VI

(Referred to in paragraph 25(4)(d) page 42)

STATEMENT SHOWING GRANTS IN WHICH SURRENDERS MADE WERE SUBSTANTIALLY IN EXCESS OF TOTAL SAVINGS

Number and name of Grant	Total Grant	Amount of Excess + Saving—	Amount surrendered
3—Police	4,46.42	—3.84	6.17
23—Public Health	2,42.12	—35.04	40.92
59—Capital Expenditure relating to Health Department.	46.67	—2.45	3.64
60—Capital outlay on Public Works	13,34.50	—83.88	94.00

(In lakhs of rupees)

APPENDIX VII

(Referred to in paragraph 30 page 45)

Drawal of money from treasury in advance of requirements with a view to utilising budget provisions

Sl. No.	Name of office and purpose of drawal	Date of drawal	Amount (In lakhs of rupees)	Remarks
AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT				
1.	Director of Agriculture towards—			
	(a) Construction of buildings, roads, cattle sheds, tanks wells and irrigation channels (8 cases).	10th and 28th March, 1965	57.95	Entire amount was deposited between 22nd and 31st March, 1965 in favour of Executive Engineers of various Rural Engineering Divisions.
	(b) Purchase of tractors	31st March, 1965	(i) 1.50	The amount was remitted in the shape of Government draft to Deputy Director of Agriculture, Similiguda in June, 1965.
			(ii) 1.00	A sum of Rs. 0.97 lakh was spent in August, 1965; the balance of Rs. 0.03 lakh was refunded in August, 1965.
	(c) Cost of repairs to H. L. machine.	31st March, 1965	2.00	The amount was remitted to the Executive Engineer, Central Workshop Division, Hirakud in May 1965.
2.	Deputy Director of Seeds, Bhubaneswar for—			
	(a) Construction of laboratory quarters, etc. (2 cases).	23rd March, 1965	2.60	The amount was paid by transfer credit on 29th March, 1965 in favour of the Rural Engineering Organisation as a deposit for work to be done.
	(b) Construction of Cold Storage at Kuarmunda.	24th March, 1965	2.95	The amount was sent by bank draft to Executive Engineer, Rural Engineering Organisation, Sundergarh in April, 1965.
	(c) Purchase of books, periodicals and chemical apparatus.	30th March, 1965	2.51	A sum of Rs. 2.48 lakhs was spent during April—May, 1965; the balance of Rs. 0.03 lakh was refunded in July, 1965.

APPENDIX VII—contd.

Sl. No.	Name of office and purpose of drawal	Date of drawal	Amount (In lakhs of rupees)	Remarks
3.	Director of Lift Irrigation for—			
	(a) Purchase of Jeep	31st March, 1965	1.00	Only a sum of Rs. 0.40 lakh was spent on 31st March, 1965. Out of the balance, an amount of Rs. 0.18 lakh was spent up to June, 1965 and Rs. 0.42 lakh paid to the suppliers as advances in July, 1965.
	(b) Purchase of tools and plant.	31st March, 1965	2.21	A sum of Rs. 0.77 lakh only was spent on 31st March, 1965. A sum of Rs. 0.81 lakh was spent during June—August, 1965 and the balance Rs. 0.63 lakh, remained unspent (August, 1965).
	(c) Purchase of vehicles	31st March, 1965	1.60	A sum of Rs. 1.36 lakhs was utilised on 31st March, 1965. Of the balance, a sum of Rs. 0.20 lakh was spent during July, 1965 and Rs. 0.04 lakh remained unspent (August, 1965).
	(d) Purchase of accessories	31st March, 1965	3.48	A sum of Rs. 1.57 lakhs was spent on 31st March, 1965. Out of the balance, an amount of Rs. 1.13 lakhs was spent during June—August, 1965; Rs. 0.78 lakh remained unspent (August, 1965).
	(e) Purchase of tools and plant.	31st March, 1965	1.61	A sum of Rs. 0.05 lakh was advanced for installation of a tube well in July, 1965 and the balance, Rs. 1.56 lakhs, remained unspent (August, 1965).
	(f) Lift Irrigation Works	31st March, 1965	1.71	An amount of Rs. 0.93 lakh was spent on 31st March, 1965; the balance amount of Rs. 0.78 lakh remained unspent (August, 1965).
	(g) Lift Irrigation Organisation.	31st March, 1965	13.16	A sum of Rs. 2.33 lakhs was spent during May to August, 1965 and the balance, Rs. 10.83 lakhs, remained unspent (August, 1965).

APPENDIX VII—contd.

Sl. No.	Name of office and purpose of drawal	Date of drawal	Amount (In lakhs of rupees)	Remarks
4.	Director of Animal Husbandry and Veterinary Services for— Construction of buildings	24th March, 1965	1.16	Entire amount was deposited in March, 1965 in favour of Executive Engineer, Rural Engineering Organisation as a deposit for work to be done.
5.	Manager, Cuttack Milk Union Scheme, Phulnakhera for—			
	(a) Cost of milk working expenses.	and 27th March, 1965	1.78	Only a sum of Rs. 0.66 lakh was spent during March, 1965; the balance, Rs. 1.12 lakhs was spent in July, 1965.
	(b) Cost of machines	.. 27th March, 1965	2.57	A sum of Rs. 2.29 lakhs was spent during April to July, 1965 and the balance, Rs. 0.28 lakh was refunded in July, 1965.
6.	Joint Director of Animal Husbandry, Sambalpur for— Installation of electric lines	26th March, 1965	1.90	Entire amount was deposited on 31st March, 1965 in favour of State Electricity Board as deposit for work to be done.
7.	Project-cum-Deputy Director of Agriculture, Sambalpur for— Construction of storage godowns.	20th March, 1965	4.00	Entire amount was deposited in favour of Executive Engineer, Rural Engineering Organisation, Sambalpur on 29th March, 1965 for work to be done.
8.	Assistant Agricultural Engineer, Sambalpur for— Construction of workshop	27th March, 1965	1.03	A sum of Rs. 0.40 lakh was spent and Rs. 0.03 lakh refunded during April—August, 1965; the balance, Rs. 0.60 lakh, remained unutilised (August, 1965).

APPENDIX VII—contd.

Sl. No.	Name of office and purpose of drawal	Date of drawal	Amount (In lakhs of rupees)	Remarks
9.	Poultry Development Officer, Cuttack for—			
	(a) Purchase of iron safe and furniture.	31st March, 1965	1.40	A sum of Rs. 0.68 lakh was spent and Rs. 0.67 lakh refunded during May—July, 1965, the balance, Rs. 0.05 lakh, remained unspent (September, 1965).
	(b) Purchase of feed	31st March, 1965	5.92	A sum of Rs. 2.33 lakhs was spent during July, 1965 and the balance, Rs. 3.59 lakhs, re-funded during the same month.
10.	Assistant Director of Fisheries for—			
	Construction of reservoir fisheries.	27th March, 1965	1.79	The amount was advanced to Deputy Director of Fisheries (Marine) on 31st March, 1965 in shape of Government draft for work to be done.
11.	Executive Engineer, Lift Irrigation, Berhampur towards—			
	Execution of Lift Irrigation Scheme under Gunupur Project.	29th March, 1965	3.48	A sum of Rs. 0.82 lakh was spent during June to August, 1965 and the balance, Rs. 2.66 lakhs, remained unutilised (August, 1965).
12.	Executive Engineer, Lift Irrigation Division, Bhubaneswar for—			
	Lift Irrigation Works	31st March, 1965	3.19	A sum of Rs. 2.23 lakhs was spent during April—September, 1965 and the balance Rs. 0.96 lakh, remained unspent (September, 1965).
CO-OPERATION AND FORESTRY DEPARTMENT				
13.	Director of Fisheries towards—			
	(a) Advance to Fisheries Corporation and for cost of fitter boats, nets, other equipments (2 cases).	31st March, 1965	2.30	The amount was advanced to the Fisheries Corporation on 31st March, 1965.

APPENDIX VII—contd.

Sl. No.	Name of office and purpose of drawal	Date of drawal	Amount (In lakhs of rupees)	Remarks
	(b) Construction of roads to Marine Fishing bases.		8.66	The entire amount was paid to the Executive Engineer, Rural Engineering Organisation, Cuttack by transfer credit on 30th March, 1965 for work to be done.
	(c) Construction of roads to Marine Fishing base (3 cases).	30th March, 1965	9.35	The amount was paid by Government draft in April, 1965 to various Executive Engineers of Rural Engineering Organisation for work to be done.
14.	Assistant Director of Fisheries, Cuttack towards—			
	Purchase of equipment, van, machineries, diesel engines, etc., and construction of buildings and staff quarters (5 cases).	31st March, 1965	9.31	The amount was spent during May to August, 1965.
INDUSTRIES DEPARTMENT				
15.	Director of Industries towards—			
	(a) Purchase of equipment	31st March, 1965	1.00	The amount was sent to District Industries Officer, Puri in April, 1965 by Bank draft.
	(b) Construction of building for rural Industrial Estate.	31st March, 1965	8.49	The amount was paid to Orissa Small Industries Corporation in July, 1965 for work to be done.
16.	Principal, Orissa School of Engineering for—			
	Purchase of tools and plant equipment.	31st March, 1965	4.02	A sum of Rs. 3.83 lakhs was spent during May—August, 1965 and the balance, Rs. 0.19 lakh, remained unspent (September, 1965).
17.	Principal, Engineering School, Jharsuguda for—			
	Purchase of tools and equipment.	29th March, 1965	1.80	A sum of Rs. 1.52 lakhs was spent upto July, 1965 and the balance, Rs. 0.28 lakh advanced to Small Industries Corporation in July, 1965 for supplies to be made.

APPENDIX VII—contd.

Sl. No.	Name of office and purpose of drawal	Date of drawal	Amount (In lakhs of rupees)	Remarks
TRIBAL AND RURAL WELFARE DEPARTMENT				
18.	Additional District Magistrate, Koraput for— Compound bounding of land in Block 26 of Marketing Zone.	20th March, 1965	1.25	A sum of Rs. 0.25 lakh was advanced during June to July, 1965 and balance, Rs. 1 lakh, was refunded during July, 1965.
HOME DEPARTMENT				
19.	Additional District Magistrate, Sundergarh for— Relief on account of fire distress and cyclone.	23rd March, 1965	1.06	Only a sum of Rs. 0.22 lakh was spent during March, 1965; a sum of Rs. 0.20 lakh was spent during April-August, 1965 and Rs. 0.64 lakh remained unspent (September, 1965).
COMMERCE DEPARTMENT				
20.	Deputy Superintendent, Text Book Press, Bhubaneswar for— Contingencies and stores	31st March, 1965	1.91	A sum of Rs. 1.70 lakhs was spent upto July, 1965 and the balance Rs. 0.21 lakh, refunded in July, 1965.
HEALTH DEPARTMENT				
21.	Principal, S. C. B. Medical College Hospital, Cuttack for— Purchase of chemicals, apparatus, etc.	31st March, 1965	1.50	A sum of Rs. 0.99 lakh was spent up to July, 1965 and the balance, Rs. 0.51 lakh, refunded in August, 1965.
22.	Superintendent, S. C. B. Medical College Hospital, Cuttack for— Purchase of medical stores and instruments.	31st March, 1965	1.17	The amount was spent during April-July, 1965.
23.	Principal, Medical College, Berhampur for— Purchase of furniture and miscellaneous articles.	31st March, 1965	2.58	The amount was spent during April-July, 1965.

APPENDIX VII—concl'd.

Sl. No.	Name of office and purpose of drawal	Date of drawal	Amount (In lakh of rupees)	Remarks
24.	Principal-cum-Superintendent Medical College, Burla for— Purchase of furniture and equipment	31st March, 1965	1.18	A sum of Rs. 1.07 lakhs was spent during April to July, 1965, Rs. 0.01 lakh refunded during July, 1965 and Rs. 0.10 lakh remained unspent (August 1965).
25.	Personal Assistant to Director of Health Services, Bhubaneswar for— Construction of quarters for family planning centre.	31st March, 1965	1.62	The amount was spent during April-July, 1965.
EDUCATION DEPARTMENT				
26.	Director of Public Instructions, Orissa for— (a) Opening of additional schools.	31st March, 1965	1.25	A sum of Rs. 0.85 lakh was refunded in April, 1965 and the balance, Rs. 0.40 lakh, spent, during April-May, 1965.
	(b) Annual repairs to a departmental building.	31st March, 1965	1.30	The amount was spent during May, 1965.

APPENDIX VIII

(Referred to in paragraph 31 page 46)

Cases in which there were heavy unspent cash balances with the departmental officers as on 31st March, 1964

Sl. No.	Name of the office and the amount of the cash balance as on 31st March, 1964	REMARKS
HEALTH DEPARTMENT		
1.	Principal, S. C. B. Medical College, Cuttack (Rs. 6.92 lakhs)	The total amount drawn in March, 1964 was Rs. 8.05 lakhs; of this, a sum of Rs. 7.32 lakhs was drawn on 31st March, 1964.
2.	Superintendent, Medical College, Berhampur (Rs. 3.58 lakhs)	The total drawals in March, 1964 amounted to Rs. 5.49 lakhs; Rs. 2.40 lakhs of the closing balance was kept in the form of Bank drafts.
3.	Superintendent, S. C. B. Medical College Hospital, Cuttack (Rs. 2.18 lakhs)	The total amount drawn in March, 1964 was Rs. 2.46 lakhs.
4.	Superintendent, Capital Hospital, Bhubaneswar (Rs. 0.83 lakh)	The total drawals in March, 1964 amounted to Rs. 1.06 lakhs; Rs. 0.79 lakh of the closing balance was kept in the form of Bank drafts.
5.	Civil Surgeon, Keonjhar (Rs. 0.47 lakh)	A sum of Rs. 0.13 lakh was kept in the form of Bank drafts.
6.	Civil Surgeon, Balasore (Rs. 0.33 lakh)	The total amount drawn in March, 1964 was Rs. 0.47 lakh.
7.	Superintendent, Headquarters Hospital, Balasore (Rs. 0.24 lakh)	
8.	District Health Officer, Phulbani (Rs. 0.13 lakh)	A sum of Rs. 0.03 lakh was kept in the form of Bank drafts.

TRIBAL AND RURAL WELFARE DEPARTMENT

9.	Director, Tribal and Rural Welfare, Orissa (Rs. 5.14 lakhs)	A sum of Rs. 1.68 lakhs was kept in the form of Bank drafts.
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INDUSTRIES DEPARTMENT

10.	Principal, Orissa School of Engineering, Cuttack (Rs. 2.11 lakhs)	The total amount drawn in March, 1964 was Rs. 2.17 lakhs.
11.	Principal, Industrial Training Institute, Cuttack (Rs. 1.09 lakhs)	The total amount drawn in the last week of March, 1964 was Rs. 1.12 lakhs; a sum of Rs. 0.34 lakh was refunded in July, 1964.
12.	Industrial Training Institute, Berhampur (Rs. 0.75 lakh)	A sum of Rs. 0.32 lakh was kept in a deposit-at-call account in a Bank.
13.	Principal, Industrial Training Institute, Takatpur (Rs. 0.74 lakh)	A sum of Rs. 0.43 lakh was kept in a deposit-at-call account and Rs. 0.05 lakh in the form of Bank draft.
14.	Principal, Engineering School, Berhampur (Rs. 0.29 lakh)	A sum of Rs. 0.24 lakh was kept in the form of Bank drafts.

APPENDIX VIII—concl.

Sl. No. Name of the office and the amount of the cash balance as on 31st March, 1964

REMARKS

MINING AND GEOLOGY DEPARTMENT

15. Director of Mines, Orissa
(Rs.2.67 lakhs)

A sum of Rs.3.65 lakhs was drawn in March, 1964 of which Rs.2.43 lakhs was drawn on the last day of the financial year.

16. Principal, Orissa School of Mining Engineering, Keonjhar
(Rs.2.39 lakhs)

EDUCATION DEPARTMENT

17. Director of Public Instructions, Orissa
(Rs.17.19 lakhs)

The draws in March, 1964 amounted to Rs.17.18 lakhs.

18. Principal, Ravenshaw College, Cuttack
(Rs.1.18 lakhs)

The total amount drawn in March 1964 was Rs.2.05 lakhs.

19. District Inspector of Schools, Jajpur
(Rs.1.09 lakhs)

Entire amount was drawn in March, 1964; a sum of Rs.0.82 lakh remained unutilised even by May, 1965.

20. District Inspector of Schools, Mayurbhanj, Baripada
(Rs.0.61 lakh)

Entire amount was drawn in March, 1964.

21. Principal, G. M. College, Sambalpur
(Rs.0.36 lakh)

Entire amount was drawn in March, 1964.

APPENDIX IX

(Referred to paragraph 54, page 64)

Cases of miscellaneous irregularities, extra expenditure, etc.

COMMUNITY DEVELOPMENT AND PANCHAYATI RAJ
DEPARTMENT

1. *Infructuous expenditure*—The construction of 7 wells taken up during 1957-58 in Narayanpatna Special Multipurpose Block was abandoned during July, 1959 to April, 1960; this was attributed to appearance of rock. These works had not been measured. An amount of Rs.5,700 which had been advanced to leaders of Village Committees who were entrusted with the works remains to be adjusted due to non-submission of the accounts of expenditure incurred by them.

In May, 1964, Government directed the Chief Engineer, Rural Engineering Organisation to arrange for an immediate investigation in the matter to assess the loss and to fix responsibility in the matter; the results of the investigation are awaited (December, 1965).

REVENUE DEPARTMENT

(2) *Loss*—231 maunds of parched rice (Chura) were purchased in June, 1963 at a cost of Rs.6,482 to meet the possible flood emergency during 1963. For want of space in Government godowns, the entire stock was retained with the suppliers. In November, 1963, when the flood season was over, the stock was disposed of by auction for Rs.1,150, resulting in a loss of Rs. 5,332; the loss has not been written off so far (December, 1965).

IRRIGATION AND POWER DEPARTMENT

(Delta Irrigation Scheme)

(3) *Infructuous expenditure*—In Puri Canals Division No. II, the work of construction of a minor bridge over Kanas Branch Canal on Pipili-Jatni Road (estimated cost Rs.24,050) undertaken in March, 1960 was abandoned in May, 1960 due to change in the alignment of the road. The expenditure on the abandoned work amounted to Rs.7,619.

The matter was reported to Government in May, 1965; their reply is awaited (August, 1965).

COMMERCE DEPARTMENT

(4) *Expenditure on maintenance of unserviceable boats (Haridaspur Transport Division)*—16 wooden boats received from the defunct Iron Ore Transport Organisation in July, 1964 were found to be completely unserviceable. As repairs to these boats would involve heavy expenditure, their book value (Rs. 0.99 lakh) was written off by Government in March, 1965. The boats when put to auction in April, 1965 fetched sale proceeds amounting to Rs.4,350.

The maintenance charges on these unserviceable boats from July, 1964 to April, 1965 amounted to Rs. 7,728; the expenditure could have been minimised if action for their disposal had been taken earlier.

FINANCE DEPARTMENT

(5) *Write-off of irrecoverable advance*—In March, 1960, Government paid as advance of Rs.10,000 to the Deputy Speaker of Orissa Legislative Assembly for purchase of a motor car. The order sanctioning the advance, required execution of a mortgage bond by the loanee "immediately after the motor car is purchased" and submission of the same to Government within one month but this was not done. The Deputy Speaker relinquished office in February, 1961 and according to rules of Government the entire amount outstanding (Rs.5,570) on account of balance of advance (Rs.4,584 and interest (Rs.986) became recoverable in one instalment. No recovery was made although the matter was pursued with Government. The loanee expired in April, 1964. In March, 1965 Government wrote off an amount of Rs.4,584; Government stated that the loanee had no property.

APPENDIX X

(Referred to in paragraph 55, Page 65)

Statement showing department-wise analysis of cases of misappropriation, losses, etc. pending for departmental action for more than 3 years and for orders of Government regarding recovery or write-off for more than one year, etc.

Department	Cases reported prior to 1962-63 (3 years old) in which final departmental action is pending		Cases where departmental proceedings were finalised more than one year back but final orders of Government for recovery/write-off are awaited		Cases in which departmental proceedings have not been instituted nor have criminal proceedings been started due to non-receipt of detailed reports from subordinate authorities	
	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.
Works ..	1	1,865	4	11,883	23	51,956
Irrigation and Power ..	3	2,217	3	1,738	6	68,344
Revenue ..	33	93,285	8	63,251	20	29,153
Agriculture and Animal Husbandry	11	31,835	8	28,912	6	10,443
Community Development	7	85,183	4	24,984	9	15,252
Finance ..	2	4,191	6	1,25,064	1	11,655
Tribal and Rural Welfare	10	32,636	3	4,125	2	4,565
Co-operation ..	1	500	1	5,000	1	269
Forest ..	..	..	1	386	2	5,552
Public Health ..	2	8,769	1	468	4	6,493
Home ..	4	7,323	3	3,607	3	7,350
Law ..	..	..	..	..	1	1,221
Commerce ..	1	1,164	..	..	..	..
L. S. G. (Relief and Rehabilitation-Defunct)	1	1,511	1	1,500	..	..
Industry ..	6	12,104	2	1,711	3	4,044
Education ..	3	11,896	1	512	..	..
Transport ..	2	2,730	..	..	..	..
Supply ..	..	..	2	1,546	1	3,393
Total ..	87	2,97,209	48	2,74,687	82	2,19,701

APPENDIX XI

(Referred to in paragraph 83, Page 81)

Statement showing arrears in submission of Stores and Stock
Accounts to Audit

Serial No.	Name of Account	Year/Years in respect of which accounts are in arrears
IRRIGATION AND POWER DEPARTMENT		
IRRIGATION BRANCH		
1	Irrigation Works (Non-Commercial)— From 4 Divisions From 4 Divisions	1963-64 1964-65
2	Irrigation Works (Commercial)-Medium Irrigation Schemes— From 5 Divisions From 5 Divisions	1963-64 1964-65
3	Navigation, Embankment and Drainage Works (Non-Commercial)— From 4 Divisions From 4 Divisions From 4 Divisions	1962-63 1963-64 1964-65
4	Hirakud Dam Project—Stage I— From 1 Division From 4 Divisions From 6 Divisions From 6 Divisions From 3 Divisions	1960-61 1961-62 1962-63 1963-64 1964-65
5	Balimela Dam Project— From 1 Division From 4 Divisions From 3 Divisions	1962-63 1963-64 1964-65
ELECTRICAL BRANCH		
6	Talcher Thermal Scheme From One Division	1964-65
WORKS DEPARTMENT		
7	Public Works—Non-Electrical— From 7 Divisions From 11 Divisions From 6 Divisions From 5 Divisions	1961-62 1962-63 1963-64 1964-65
8	Public Health— From 1 Division From 2 Divisions	1963-64 1964-65

APPENDIX XI—concl.

Serial No.	Name of Account	Year/Years in respect of which accounts are in arrears
9	New Capital Project—	1961-62
	From 2 Divisions	1962-63
	From 2 Divisions	1963-64
	From 1 Division	1964-65
	From 1 Division	
10	Expressway Project—	1963-64
	From 1 Division	1964-65
	From 2 Divisions	
COMMERCE DEPARTMENT		
11	Orissa Government Press, Cuttack	1964-65
HEALTH DEPARTMENT		
12	Government Headquarters Hospital including Sriram Chandra Bhanj Medical College Hospital, Cuttack.	1962-63 to 1964-65
AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT		
13	Chemical Fertilisers	1953-59 to 1964-65
INDUSTRIES DEPARTMENT		
14	Orissa School of Engineering, Cuttack	1964-65
CO-OPERATION AND FORESTRY DEPARTMENT		
15	Forest Stores	1964-65

APPENDIX

(Referred to in paragraph

Synopsis statement showing the summarised financial position of (a) Companies wholly owned by the State

(Amount in thousands of rupees)

Sl. No.	Name of the Company	Date of Incorporation	Paid-up Capital		Loans	
			Government	Total	Government	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(a) Companies fully owned by the State Government—Accounts for 1964-65</i>						
1	Industrial Development Corporation of Orissa Ltd.	29-3-1962	4,44,00	4,44,00	90,00	4,36,37
2	Orissa Mining Corporation Ltd.	.. 16-5-1956	1,95,00	1,95,00	..	1,00,00
<i>Accounts for 1963-64</i>						
3	Orissa Construction Corporation Ltd.	.. 22-5-1962	10,00	10,00	..	..
4	Orissa Fisheries Corporation Ltd.	.. 8-8-1962	35,00	35,00	..	..
5	Orissa Forest Corporation Ltd., (Accounts closed on 31-10-1964).	28-9-1962	35,00	35,00	2,50	2,50
<i>(b) Companies partly owned by State Government—Accounts for 1964-65</i>						
6	Manorama Foundry Company Ltd.	.. 30-3-1959	30	55	1,26	2,54
7	Utkal Metal Products, Ltd.	.. 24-2-1961	1,00	1,24	..	..
8	Kalinga Hard Boards Ltd. (Accounts 1-4-1964 to 30-6-1965).	7-5-1959	1,04	1,59	..	..
9	Kalinga Foundry Works Ltd.	.. 26-3-1958	75	1,40(X)	2,60	2,60(Y)
10	Orissa Foundry Company Ltd.	.. 18-3-1958	56	1,06	1,69	1,69(Y)
<i>Accounts for 1963-64</i>						
11	Balanga Iron Works Ltd.	.. 27-3-1958	1,86	2,07	..	67
12	Modern Malleable Casting Company Ltd.	.. 2-9-1960	2,70	3,18	..	..
13	Orissa Tiles Ltd.	.. 1-9-1959	1,89	2,70	..	..
14	Utkal Foundry and Engineering Company Ltd.	3-4-1959	2,34	2,69	..	..
15	Orissa Small Industries Corporation Ltd.	.. 20-12-1961	7,00	7,58	..	..
16	Orissa Road Transport Co., Ltd.	1-12-1950	23,36	30,00	..	..
17	Orissa Timber Products Ltd.	.. 2-3-1960	1,29	1,44	..	..
18	Mayurbhanj Textiles Ltd.	.. 1943	1,50	2,44	..	..
19	Orissa Boat Builders Ltd.	.. 18-3-1958	1,96	2,09	..	..
20	Spark Battery Manufacturing Works, Ltd.	.. 17-3-1958	65	80	..	..
21	Orissa Concrete Products Ltd.	.. 23-9-1959	1,20	1,50	..	40
22	Jagannath Chemical and Pharmaceutical Works Ltd.	12-2-1960	84	1,04	..	..
23	Orissa Board Mills Ltd.	.. 4-4-1960	2,64	2,95	..	3,95**
24	Orissa Electrical Manufacturing Co. Ltd.	.. 31-3-1958	3,54	3,74	..	..
25	Gajapati Steel Industries Ltd.	.. 15-2-1960	2,23	2,50	..	56
26	Rourkela Fabrications Ltd.	.. 28-3-1959	2,95	3,65	..	3,70
27	Orissa Wood Products Ltd.	.. 10-12-1958	1,20	1,41

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Government and (b) Companies partly owned by the State Government

(Amount in thousands of rupees)

Free Reserves including balance of profit and Loss Account at the close of the year	Total capital employed (Total of Cols. 5 and 8)	Block assets (Net)	Total Depreciation	Net Profit+ Loss—	Interest on loans	Total return (Cols. 12 plus 13)	Percentage of return on capital employed
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
11,31	8,91,68	5,37,08	26,02	16,92	8,11	25,03	2.80
9,07	3,04,07	1,66,36	14,29	-2,01	6,50	-2,01	..
..
51	10,51	28,38	3,85	2	..	2	0.19
15	35,15	1,65	37	6	..	6	0.17
8,04	45,54	17,08	2,86	6,95	8	7,03	15.44
..
..
20	3,29	1,04	17	10	7	17	5.17
4	1,28	26	3	2	..	2	1.56
..	1,59	..	..	-2	..	-2	(A) & (B)
..
41	4,41	2,33	68	1,01	(Y)	1,01	22.90
3	2,78	95	18	-5	(Y)	-5	..
..
..
5	2,79	94	18	14	2	16	5.73
5	3,23	1,09	..	5	..	5	1.54(A)
..	2,70	3,27	..	4	..	4	1.50(A)
1,27	3,96	1,82	38	1,12	..	1,12	28.28
..	7,58	2,06	26	8	..	8	1.05
40,85	70,85	48,99	32,74	29,93	..	29,93	42.24
8	1,52	69	8	3	..	3	1.97
13	2,57	65	99	-14	..	-14	..
..
14	2,23	61	15	12	..	12	5.40
10	90	21	6	16	..	16	17.78
1	1,91	1,44	15	5	..	5	2.62
..	1,04	58	6	-16	..	-16	..
..	6,90	4,22	1	-26	..	-26	..
37	4,11	2,84	38	-18	..	-18	..
..	3,06	1,65	21	1	5	6	1.96
49	7,84	2,32	88	42	17	59	7.53
9	1,50	1,82	35	18	..	18	12.00

Synoptic statement showing the summarised financial position of (a) Companies wholly owned by the State
(Amount in thousands of rupees)

Sl. No.	Name of the Company	Date of Incorporation	Paid-up Capital		Loans	
			Government	Total	Government	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>Accounts for 1962-63</i>						
28	Madhusudan Chemical Industries Ltd.	.. 15-3-1958	60	60	..	..
29	Orissa Trunk and Enamel Works Ltd.	.. 3-4-1959	1,34	1,45	..	..
30	Orissa Fruit Products Ltd.	.. 7-4-1958	18	20	..	..
31	Barabati Fruit Products Ltd.	.. 31-3-1958	18	20	..	..
32	Kalinga Fruit Products Ltd.	.. 22-3-1958	17	20	..	..
33	Utkal Fruit Products Ltd.	.. 18-3-1958	14	20	..	..
34	Cocacol (India) Ltd.	.. 14-4-1959	82	92	..	..
35	Kalinga Steel & Wire Products Ltd.	.. 31-3-1959	1,13	1,35	..	..
36	Orissa Sports Manufacturers and Fabricators Ltd.	2-7-1960	1,04	1,24	..	..
37	Orissa Instruments Co. Ltd.	.. 14-3-1961	1,05	1,20	..	..
38	Orissa Agrico Ltd.	.. 16-3-1961	1,10	1,29	..	..
39	Eastern Aquatic Products Ltd.	.. 6-5-1959	50	58	..	..
40	Modern Electronics Ltd.	.. 22-3-1960	2,45	2,55	..	..
<i>Accounts for 1962</i>						
41	Premier Bolts & Nuts Ltd.	.. 4-8-1959	1,43	2,54	..	..
<i>Accounts for 1961</i>						
42	Mayurbhanj Spinning & Weaving Mills Ltd.	1947	12,00	13,93	..	97
<i>Accounts for 1961-62</i>						
43	Cuttack Iron and Steel Products Ltd.	.. 15-3-1958	65	75	..	17
44	Konark Processing Works Ltd.	.. 17-3-1958	70	85	..	..
<i>Accounts for 1960-61</i>						
45	Hansnath Ceramic Industries Ltd.	.. 30-3-1959	30	35	..	..
46	Chilka Cashew Manufacturing Co., Ltd.	.. 28-3-1959	45	50	..	19
47	Manufacture Electiro Ltd.	.. 24-9-1959	37	42	..	..
<i>Accounts for 1959-60</i>						
48	Arabind Tin Factory Ltd.	.. 31-3-1959	63	71	..	..

- * The whole interest on loan has been capitalised under development expenditure.
- ** Interest on loans amounting to Rs. 18 thousand has been capitalised and added to the loan
- (A) These companies have not gone into production so far (September, 1965):
- (B) These companies have decided to go into voluntary liquidation.
- (C) The Company was taken over by M/S Orissa Fisheries Development Corporation Ltd.
- (D) The entire share of the Government amounting to Rs. 0.63 lakh has been agreed to be transferred to the companies. The procedural formalities to effect the transfer of shares have not been completed so far.
- (X) Excludes Rs. 0.30 lakh shares under transfer.
- (Y) These represent conversion of Government shares into loan to the companies. The

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Government and (b) Companies partly owned by the State Government—Concl'd.

(Amount in thousands of rupees)

Free Reserves including balance of Profit and Loss Account at the close of the year	Total capital employed (Total of Cols. 5 7 and 8)	Block assets (Net)	Total Depreciation	Net Profit+ Loss—	Interest on loans	Total return (Cols. 12 plus 13)	Percentage of return on capital employed
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
9	69	6	1	2	..	2	2.89
..	1,45	2	..	2	..	2	1.38
1	21	3	1	-1	..	-1	..(B)
..	20	4	1	..	..	..	..(B)
..	20	3	1	..	..	..	..(B)
..	20	12	..	-1	..	-1	..(A) & (B)
..	92	26	4	-11	..	-11	..(B)
7	1,42	35	8	-24	..	-24	..
3	1,27	50	10	-3	..	-3	..
..	1,24	18	2	40	..	40	32.26
..	1,29	10	1	1	..	1	0.77
..	58	21	4	4	..	4	6.90 (C)
..	2,55	16	4	-32	..	-32	..
..	1,54	20	..	..	..	..	..(A)
..	14,90	11,76	14	..	..	..	..(A) & (B)
..	95	11	3	-40	1	-39	..(B)
2	87	31	7	2	..	2	2.30
..	35	23	..	..	..	..	..
..	69	15	1	-4	..	-4	..(B)
..	42	11	..	..	..	..	..(B)
..	71	10	..	..	..	..	..(B)

Itself.

in March, 1965.

transferred at par to the private entrepreneurs who has deposited the entire amount in June, 1961, far (October, 1965)

terms of repayment of loan and rate of interest payable were not settled.

APPENDIX

(Referred to in paragraph 114.)

Table showing the various units of Industrial in estimates and dates of commissioning

Sl. No.	Name of the Project	Original estimate	Revised estimate (1963-64)	Further revised estimate (1964-65)	Date of commissioning of the plant as per original project report/agreement
1	2	3	4	5	6
		(In lakhs of rupees)			
(1)	Hirakud Industrial works.	26.00 (1962-63)	21.84	55.00	June, 1964
(2)	Kalinga Iron works	5,70.00 (1963-64)	6,31.58 (1964-65)	(Not revised)	September, 1965
(3)	Cement Project	4,35.30 (1962-63)	5,62.70	6,39.00	March, 1965
(4)	Cable Project	79.70 (1962-63)	1,05.12	1,54.71	November, 1965
(5)	Re-rolling mills	60.00 (1962-63)	64.56	80.00	October, 1965
(6)	Tile Project.	25.00 (1962-63)	(Not revised)	(Not revised)	January, 1965
(7)	Ferro-chrome Plant	2,36.00 (1962-63)	2,00.00	(Not revised)	January, 1966
(8)	Power Project. Tiller	1,46.00 (1963-64)	1,00.00 (1964-65)	(Not revised)	

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Development Corporation with the variations of the units and remarks of the management

Expected date of commissioning as per latest revised estimates	Period of delay in commissioning the plant, (months)	Reasons as stated by management	
		For the revision of estimate	For delay in commissioning of the plant
7	8	9	10
December, 1965	18	Increase in capacity, expansion of railways, inclusion of housing colony and galvanising plant	(Columns 6,7 and 8 relate to Galvanising Plant of the works). Delay is due to non-availability of zinc.
September, 1966	12	Inclusion of housing colony interest on deferred payments and working capital	(Columns 6, 7 and 8 relate to expansion of the unit). The delay is due to paucity of funds.
December, 1965	9	Changes in designs and drawings, inclusion of certain amenities to workers and for new machineries	Change of site (Mention was made in paragraph 76 of Audit Report, 1964) and delay in procuring materials.
May, 1966	6	Increase in price of foreign machineries, raw materials and wages inclusive of additional machineries and working capital	Delay in delivery of foreign machineries and construction documents.
August, 1966	10	Inclusion of additional machineries, interest on deferred payments, working capital and cost of acquisition of land	Delay in getting yen credit.
(Revised date has not been fixed)	9	..	Not yet commissioned (September, 1965). Delay is due to non-receipt of building materials.
June, 1967	18	..	Non-finalisation of the contract for supply of foreign machineries.

APPENDIX XIV

(Referred to in paragraph 119 page 125)
GOVERNMENT COLD STORAGE PLANT, CUTTACK

Trading Account for the year ending 31st December, 1963

Dr. 1962 Amount Rs.	Particulars	1963 Amount Rs.	1962 Amount Rs.	Particulars	Cr. 1963 Amount Rs.
1,636	To Opening stock	1,669	2,30,732	By Sales and storage rent	3,58,027
1,00,603	To Purchase	1,68,071	1,669	By Closing stock	1,870
20,607	To Carriage, Rent, rates and taxes	36,440			
11,116	To Power	11,226			
22,175	To Salaries and wages etc.	24,559			
6,660	To Other charges	1,742			
17,292	To Depreciation	16,265			
52,312	To Gross Profit carried over to Pro- fit and Loss Account.	99,925			
2,32,401	Total	3,59,897	2,32,401	Total	3,59,897

Profit and Loss Account for the year ending 31st December, 1963

11,229	To Establishment char- ges	12,219	52,312	By Gross Profit brought forward from Trading Acc- ount.	99,925
720	To Rates and Taxes	476	47	By Miscellaneous rece- ipts.	13
1,079	To Maintenance and re- pairs.	724		By Interest receivable	3,008
2,581	To Other Miscellaneous expenditure	4,027			
950	To Audit Fees	962			
1,602	To Pension contribution for employees.	1,617			
1,500	To Provision for Bad and doubtful debts.	1,500			
..	To Interest on capital	39,097			
1,248	To Depreciation	1,176			
31,450	To Net Profit transferred to Government Capi- tal.	41,143			
52,359	Total	1,02,946	52,359	Total	1,02,946

APPENDIX XIV—(concl.)

GOVERNMENT COLD STORAGE PLANT CUTTACK—(concl.)

Balance Sheet as at 31st December, 1963

1962 Amount Rs.	Particulars	1963 Amount Rs.	1962 Amount Rs.	Particulars	1963 Amount Rs.
10,98,321	Capital	11,70,772	28,228	Land	28,228
			1,76,506	Building	1,67,706
2,35,596	Sundry creditors	3,35,021	58,521	Plant, Machinery and other equipment.	54,420
11,517	Other Liabilities	47,451	67,576	Furniture, Fixture and other miscell- ous.	63,666
			5,51,898	Sundry Debtors and Advances recover- able.	9,23,401
			2,888	Security deposit	1,140
			1,960	Stock in Trade	1,964
			4,57,857	Cash Balance	3,12,719
13,45,434	Total	15,53,244	13,45,434	Total	15,53,244

Stores (Stock) Account for the year ending 31st December, 1963

	Potatoes Rs.	Bags, Baskets, etc. Rs.	Stores Rs.	Spare parts Rs.
Opening balance as on 1st January, 1963	..	1,000	669	..
Receipts during the year	.. 1,50,871	15,039	365	1,796
Total	.. 1,50,871	16,039	1,034	1,796
Issues	.. 1,36,284	16,039	284	676
Shortages	.. 14,587	..	..	..
Closing balance as on 31st December, 1963.	..	..	750	1,120

APPENDIX XV

(Referred to in paragraph 120, page 125)

SCHEME FOR LAND RECLAMATION AND HIRING OF TRACTORS

Revenue Account for the Year ending the 31st March, 1964

Dr. 1962-63 Amount Rs.	Particulars	1963-64 Amount Rs.	1962-63 Amount Rs.	Particulars	Cr. 1963-64 Amount Rs.
89,821	To Openings stock	1,30,642	1,19,801	By Hire charges	1,73,691
1,07,599	To Purchases	1,26,653	1,30,642	By Closing stock	1,61,611
13,495	To Miscellaneous contingencies and repairing charges.	14,159	1,04,337	By Net Loss transferred to Government Capital.	79,042
96,915	To Establishment charges.	87,264			
46,950	To Depreciation ..	55,626			
3,54,780	Total ..	4,14,344	3,54,780	Total	4,14,344

Balance sheet as at 31st March, 1964

1962-63 Amount Rs.	Capital and Liabilities Particulars	1963-64 Amount Rs.	1962-63 Amount Rs.	Properties and Assets Particulars	1963-64 Amount Rs.
12,27,009	Government Capital	12,75,115	10,308	Buildings	9,793
42,777	Sundry creditors ..	41,217	7,045	Tools and Implements	6,001
59,016	Advances repayable	25,194	4,891	Vehicles	4,157
			7,75,106	Bulldozers and tractors.	7,68,361
	Other liabilities ..	5,763	2,958	Furniture Tarpaulines Tents Cycles	2,515
			1,30,642	Closing stock	1,61,611
			3,30,420	Sundry debtors	3,66,208
			59,016	Deposits with treasury on account of hire charges in advance.	25,194
			8,416	Cash in hand	3,449
13,28,802	Total	13,47,289	13,28,802	Total ..	13,47,289

APPENDIX XV (concl.)

SCHEME FOR LAND RECLAMATION AND HIRING OF TRACTORS

Stores (Stock) Account for the year 1963-64

		Spare parts and miscell- aneous stores	Fuel, oil and lubricants
		Rs.	Rs.
• Opening balance on the 1st April, 1963	..	1,17,863	12,779
Receipts including transfers	..	1,05,926	20,721
Total	..	2,23,789	33,500
Issues including transfers	..	7,019	22,665
Closing balance on the 31st March, 1964	..	1,80,770	16,841

APPENDIX XVI

(Referred to in paragraph 121, page 127)

STATE TRANSPORT SERVICES, ORISSA

Profit and Loss Account for the Year ended 31st March, 1962

Dr. 1960-61 Amount Rs.		1961-62 Amount Rs.	1960-61 Amount Rs.		Cr. 1961-62 amount Rs.
21,16,230	To Establishment charges.	27,40,960	1,23,62,628	By Fares and Freight.	1,38,15,999
8,88,863	To Direction and overhead expenses.	3,10,393	95,183	By Postal Mails	73,157
15,68,883	To Consumption of Stores.	19,61,364	2,09,332	By other receipts	2,44,679
14,95,947	To Consumption of fuel.	19,03,015	..	..	..
8,78,419	To M. V. Taxes and permit fees.	11,68,892	..	..	..
16,65,439	To Depreciation ..	18,91,814	..	..	..
22,368	To Repairs ..	1,22,065	..	..	..
3,45,951	To General and Miscellaneous charges.	3,87,735	..	..	..
2,28,865	To Interest on Capital	2,43,903	..	..	..
..	To Obsolescence and other reserves.	7,67,951	..	..	..
34,56,178	To Net Profit transferred to Profit and Loss Appropriation Account.	26,35,743	..	..	..
1,26,67,143	Total ..	1,41,33,835	1,26,67,143	Total ..	1,41,33,835

Profit and Loss Appropriation Account for the Year ending 31st March, 1962

Dr.	Rs.		Cr. Rs.
To Amenity Reserve Fund Account.	1,43,600	By Profit and Loss Account.	26,35,743
To Balance transferred to Government Capital.	24,92,143	..	..
Total	26,35,743	Total ..	26,35,743

APPENDIX XVI—conclld.
Balance Sheet as at 31st March, 1962

Capital and Liabilities			Properties and Assets		
1960-61 Amount Rs.	Particulars	1961-62 Amount Rs.	1960-61 Amount Rs.	Particulars	1961-62 Amount Rs.
72,50,998	Government Capital	76,00,810	..	Land	1,46,555
17,73,318	Creditors and other liabilities.	24,34,833	6,26,132	Buildings	6,71,705
1,04,15,035	Depreciation Reserve Fund and other reserves.	1,33,29,517	12,07,679	Work-in-progress	16,28,709
6,675	Other Sundries	8,910	58,920	Building materials	60,925
			1,06,10,867	Vehicles	1,23,58,462
			9,16,441	Furniture, Tools and equipment.	10,45,343
			11,19,443	Sundry debtors and advances recoverable.	19,06,800
			17,15,096	Reserve Funds investment account.	6,57,296
			35,528	Amenity assets	38,520
			1,744	Suspense	5,569
			22,01,142	Stores, spare parts etc.	26,25,454
			32,408	Shortages in stock	71,430
			23,052	Preliminary expenses	..
			8,97,574	Cash in hand	21,57,304
1,94,46,026	Total	2,33,74,070	1,94,46,026	Total	2,33,74,070

Stores (Stock) Account for the year ending 31st March, 1962

Particulars	Petrol, oil and lubricants	Spares and accessories	Tyres, Tubes	Batteries	Uniform stationery and other stores
	Rs.	Rs.	Rs.	Rs.	Rs.
Opening Balance on 1st April, 1961.	83,703	19,46,954	1,30,051	14,412	26,021
Receipts	21,81,923	24,35,026	11,96,100	60,006	6,12,349
Excess	3,620	11,066	141	..	7,074
Total	22,69,246	43,93,046	13,26,292	74,418	6,45,444
Issues	21,69,299	23,46,699	10,46,705	56,114	4,25,926
Shortages	3,913	28,616	904	480	4,336
Closing Balance on 31st March, 1962.	96,034	20,17,731	2,78,683	17,824	2,15,182

APPENDIX

(Referred to in paragraph 126,

CASES WHERE UTILISATION CERTIFICATES ARE

Name of Department	Year in which the Grants-in-aid was paid	Building Grants		Equipment Grants	
		No. of utilisation certificates outstanding on 1st January, 1966	Amount (In lakhs of rupees)	No. of utilisation certificates outstanding on 1st January, 1966	Amount (In lakhs of rupees)
1	2	3	4	5	6
Community Development and Panchayati Raj.	1961-62 and earlier years.	..	..	..	..
	1962-63	..	..	..	..
	1963-64	..	3	1	0.01
	1964-65	..	3	..	..
Education	1961-62 and earlier years.	66	22.14	35	2.96
	1962-63	..	55	42	6.01
	1963-64	..	38	26	7.34
	1964-65	..	22	17.24	2.31
Industries	1961-62 and earlier years.	..	..	..	..
	1962-63	..	..	..	..
	1963-64	..	..	..	..
	1964-65	..	..	..	..
Co-operation and Forestry.	1961-62 and earlier years.	..	..	..	..
	1962-63	..	..	..	..
	1963-64	..	..	..	..
	1964-65	..	..	..	..
Tribal and Rural Welfare.	1961-62 and earlier years.	4	3.43	..	..
	1962-63	..	11	1	0.07
	1963-64	..	20	..	..
	1964-65	..	21	..	..
Health	1961-62 and earlier years.	5	12.95	..	..
	1962-63	..	3	..	..
	1963-64	..	1	..	..
	1964-65	..	1	2	0.20
Health (L. S. -G.)	1961-62 and earlier years.	3	1.07	..	..
	1962-63	..	4	..	..
	1963-64	..	3	..	..
	1964-65	..	..	..	..
Health (Relief and Rehabilitation).	1961-62 and earlier years.	..	..	..	..
	1962-63	..	..	..	..
Planning and Co-ordination (Grama Panchayat).	1961-62 and earlier years.
	1962-63	..	1
	1964-65	2	0.27

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AWAITED (JANUARY, 1966)

Maintenance Grants		Miscellaneous Grants		Total	
No. of utilisation certificates outstanding on 1st January, 1966	Amount (In lakhs of rupees)	No. of utilisation certificates outstanding on 1st January, 1966	Amount (In lakhs of rupees)	No. of utilisation certificates outstanding on 1st January, 1966	Amount (In lakhs of rupees)
7	8	9	10	11	12
..	..	710	2,03.68	710	2,03.68
..	..	682	2,93.80	682	2,93.80
100	71.57	683	4,30.66	787	5,07.38
292	61.28	632	2,94.90	927	3,63.35
776	79.42	121	6.16	998	1,10.68
551	62.67	44	2.21	692	85.02
560	55.69	37	1.68	661	70.04
1,113	1,51.29	75	8.44	1,230	1,79.28
335	52.20	..	..	335	52.20
17	10.27	..	..	17	10.27
10	0.70	..	..	10	0.70
32	37.02	..	..	32	37.02
19	48.33	252	1,56.03	271	2,04.36
..	..	7	1.46	7	1.46
..	..	30	84.77	30	84.77
2	39.48	41	19.77	43	59.25
..	..	16	4.06	20	7.49
1	0.09	31	25.22	43	46.99
5	0.93	32	20.02	58	33.71
13	6.42	35	39.86	69	67.14
1	0.03	44	13.74	50	26.72
4	2.20	48	12.04	55	15.54
2	0.31	90	33.40	93	33.84
8	0.90	87	17.56	98	18.72
27	20.98	18	2.11	48	24.16
7	4.85	..	..	11	31.89
37	8.76	4	0.14	44	9.56
27	5.78	..	..	27	5.78
4	3.50	..	..	4	3.50
42	12.07	24	15.21	66	27.28
45	80.26	15	60.55	63	1,41.23
2	0.90	..	..	2	0.90

Name of Department	Year in which the Grants-in-aid was paid	Building Grants		Equipment Grants	
		No. of utilization certificates outstanding on 1st January, 1966	Amount (In lakhs of rupees)	No. of utilization certificates outstanding on 1st January, 1966	Amount (In lakhs of rupees)
1	2	3	4	5	6
Agriculture and Animal Husbandry	1962-63 ..	..	..	..	..
	1963-64 ..	..	..	..	..
	1964-65 ..	..	..	..	..
Transport	1961-62 and earlier years ..	..	..	..	..
	1962-63 ..	..	..	..	..
	1964-65 ..	..	..	..	..
Commerce	1961-62 and earlier years ..	2	0.32	1	0.03
	1962-63 ..	..	..	..	..
	1963-64 ..	..	..	..	..
	1964-65 ..	..	..	..	..
Home	1961-62 and earlier years ..	..	..	1	0.01
	1962-63 ..	..	..	..	..
	1963-64 ..	..	..	3	0.19
	1964-65 ..	..	..	..	..
Cultural Affairs	1964-65 ..	..	..	..	..
Revenue and Excise	1961-62 and earlier years ..	..	..	..	..
	1962-63 ..	..	..	..	..
	1964-65 ..	..	..	..	..
Finance	1962-63 ..	..	..	..	..
Law	1961-62 and earlier years ..	..	..	..	..
	1962-63 ..	..	..	..	..
	1963-64 ..	..	..	..	..
	1964-65 ..	..	..	..	..
Mining and Geology	1961-62 and earlier years ..	1	2.95	..	..
Political and Services	1961-62 and earlier years ..	3	0.35	1	0.50
	1962-63 ..	..	..	..	0.01
	1963-64 ..	1	0.02	1	..
	1964-65 ..	..	..	..	..
Grand Total	..	271	1,76.78	136	19.91

XVII—concl'd.

Maintenance Grants		Miscellaneous Grants		Total	
No. of utilisation certificates outstanding on 1st January, 1966	Amount (In lakhs of rupees)	No. of utilisation certificates outstanding on 1st January, 1966	Amount (In lakhs of rupees)	No. of utilisation certificates outstanding on 1st January, 1966	Amount (In lakhs of rupees)
7	8	9	10	11	12
7	14.89	1	0.14	8	15.03
20	14.35	1	0.09	20	14.35
27	21.74	1	0.09	28	21.83
15	1.35	4	0.46	19	1.81
3	0.12	7	0.11	10	0.23
3	0.30	..	..	3	0.30
3	0.16	2	0.11	8	0.62
6	0.01	..	..	6	0.01
5	0.69	14	0.27	19	0.96
33	0.43	..	..	33	0.43
9	0.17	6	0.37	16	0.55
1	14.95	7	0.22	7	0.22
2	0.01	21	0.01	6	15.15
..	..	1	0.07	3	0.08
4	0.64	..	..	4	0.64
8	32.23	6	1.67	14	33.90
2	3.67	..	..	2	3.67
2	5.44	..	..	2	5.44
1	1,00.00	..	..	1	1,00.00
4	0.07	19	0.94	23	1.01
4	0.62	6	0.07	10	0.69
..	..	4	2.99	4	2.99
5	0.19	..	..	5	0.19
..	..	..	..	1	2.95
126	41.25	101	3.45	140	45.55
8	1.12	..	..	9	1.13
..	..	7	0.31	8	0.33
4	0.04	..	..	4	0.04
4,334	10,72.37	3,855	17,58.75	8,596	30,27.81

APPENDIX XVIII

(Referred to in paragraph 127, page 138)

STATEMENT SHOWING THE DEPARTMENTWISE ANALYSIS OF THE AMOUNT OF OBJECTIONS TOGETHER WITH THE NATURE OF OBJECTIONS

Sl. No.	Name of the Department	Non-submission of agreements to audit	Non-submission of detailed contingent bills	Non-submission of vouchers and sub-vouchers	Non-issue of sanctions	Tour advances	Other items	Total
1	2	3	4	5	6	7	8	9
(Amount in lakhs of rupees)								
1.	Industries	..	72.73	1,24.23	13.76	0.03	1,06.26	3,17.01
2.	Health	..	80.09	1,67.32	23.79	2.25	33.31	3,06.76
3.	Tribal and Rural Welfare	..	3,99.22	1.43	..	..	2,38.28	6,38.93
4.	Agriculture Department	..	4,93.18	1,10.16	0.06	0.07	1,74.62	7,78.09
5.	Animal Husbandry	..	45.44	48.08	6.75	0.30	5.19	1,05.76
6.	Education	..	1,05.64	24.35	5.61	2.57	20.87	1,59.04
7.	Law	..	0.43	3.25	..	0.18	0.27	4.13
8.	Irrigation and Power	..	..	0.58	..	..	41.38	41.96
9.	Labour, Employment and Housing.	..	10.89	0.82	0.03	..	48.67	60.41
10.	Political and Services	..	14.41	2.14	0.17	0.03	57.38	74.13
11.	Supply	..	11.14	22.93	0.34	0.04	1.00	35.45
12.	Revenue and Excise	..	6,54.77	39.39	21.60	0.48	1,04.14	8,20.38
13.	Mining and Geology	..	13.84	2.22	4.46	0.05	1.56	22.13
14.	Community Development and Panchayati Raj.	..	3,37.18	1,75.84	22.65	4.42	71.83	6,11.92
15.	Planning and Co-ordination	2.30	1,28.41	15.36	0.19	0.01	0.10	1,46.37
16.	Commerce	..	64.72	47.34	7.11	0.06	71.07	1,90.30
17.	Home	..	44.48	1,01.02	18.40	0.74	27.15	1,91.79
18.	Co-operation and Forestry	..	63.65	1,53.00	1.58	0.06	1,53.99	3,72.28
19.	Finance	..	11.87	13.46	1.31	1.34	2.11	30.09
20.	Works and Transport—							
	(i) Roads and Buildings	..	..	4.69	..	..	..	4.69
	(ii) Public Health	8.19	..	3.16	..	..	0.32	11.67
	(iii) Transport	..	95.19	1,10.08	13.98	0.07	34.41	2,53.73
	Total	10.49	26,47.28	11,10.85	1,41.79	12.70	11,93.91	51,77.02

(In addition, the total number of outstanding objections relating to Hirakud Dam Project, raised by the Financial Adviser and Chief Accounts Officer upto the 31st March, 1965 and outstanding on the 31st July, 1965 was 159 involving Rs. 5.38 crores. Of this 135 objections involving Rs. 5.35 crores pertain to "Excess over Estimates").

APPENDIX XIX

(Referred to in paragraph 128, Page 139)

STATEMENT SHOWING DEPARTMENTWISE ANALYSIS OF INSPECTION REPORTS OUTSTANDING FOR MORE THAN ONE YEAR

Department	Number of Reports and paragraphs outstanding for more than 5 year		Number of Reports and paragraphs outstanding for more than 2 years but less than 5 years		Number of Reports and paragraphs outstanding for more than one year but less than 2 years	
	Inspection Reports	Para- graphs	Inspection Reports	Para- graphs	Inspection Reports	Para- graphs
(i) Community Development & Panchayati Raj.	302	1,867	379	4,579	18	225
(ii) Home ..	12	19	26	44	15	46
(iii) Finance ..	3	4	22	42	24	138
(iv) Health and Health (L.S.G.) including Relief and Rehabilitation.	40	115	77	191	41	110
(v) Supply ..	57	92	56	136	24	130
(vi) Planning & Co-ordination ..	42	278	27	104	4	22
(vii) Agriculture & Animal Husbandry.	132	634	148	827	75	456
(viii) Tribal & Rural Welfare ..	32	103	39	277	2	18
(ix) Revenue and Excise ..	160	910	210	1,422	87	695
(x) Co-operation & Forestry—						
(a) Co-operation ..	24	81	37	139	15	47
(b) Forest ..	..	..	15	59	15	69
(xi) Works and Transport—						
(a) Roads and Buildings ..	1	1	28	125	31	159
(b) Public Health ..	..	..	7	29	8	69
(c) Transport ..	27	73	39	250	18	186
(xii) Irrigation—						
(a) Irrigation Branch ..	2	2	19	75	29	178
(b) Electrical Branch ..	4	11	6	53	1	2
(xiii) Law ..	4	6	2	3	1	2
(xiv) Industries ..	29	52	58	157	38	245
(xv) Education ..	12	26	16	33	18	93
(xvi) Mining & Geology ..	1	2	1	3	..	..
(xvii) Commerce ..	1	1	11	66	4	18
(xviii) Labour, Employment and Housing ..	..	..	1	9	..	..
(xix) Political & Services ..	3	5	5	16	4	15
(xx) Cultural Affairs ..	1	3	1	2	1	3
(xxi) Orissa Legislative Assembly Secretariat.	..	..	1	2	..	..
Total ..	889	4,285	1,231	8,633	473	2,826

APPENDIX XX

(Referred to in paragraph 128, page 139)

STATEMENT SHOWING COMMON TYPES OF IRREGULARITIES NOTICED DURING LOCAL
AUDIT AND INSPECTION

Nature of irregularities	Number of offices in which the irregularities occurred in the year		
	1962-63	1963-64	1964-65
Public Works Divisions—			
(i) Non-observance of rules regarding recording of measurements.	10	12	32
(ii) Delay in debiting to the contractor's ledger the cost of materials supplied to them.	7	8	29
(iii) Commencement or continuance of works without detailed plans and estimates or delay in according technical sanction to estimates.	21	31	30
(iv) Acceptance of tenders without inviting tenders	8	15	21
(v) Project started without technical sanction	6	9	6
(vi) Commencement of works by contractors before the execution of agreements.	45	60	37
(vii) Acceptance of tenders in excess of sanctioned estimates.	7	8	23
(viii) Issue of materials not provided for in the contract and in excess of requirements where provided for in the contracts.	15	21	17
(ix) Irregular payment of bills	10	12	25
Forest Divisions—			
(i) Non-realisation of security deposits from persons handling cash and stores.	10	8	9
(ii) Defective maintenance of stores, Tools and Plant registers—physical verification of stock not conducted.	10	6	9
(iii) Non-observance of rules for maintaining muster rolls	—	—	7
(iv) Non-observance of rules in maintaining measurement books and recording measurements therein	—	—	7
(v) Delay in realisation of compensation money in Forest offence cases.	—	—	11

APPENDIX XX—concl'd.

Nature of irregularities	Number of offices in which irregularities occurred in the year		
	1962-63	1963-64	1964-65
Treasuries and Sub-treasuries—			
(i) Excess over normal balance fixed for treasuries/sub-treasuries	(Maximum excess Rs. 1.62 lakhs)	(Maximum excess Rs. 2.32 lakhs)	(Maximum excess Rs. 3.56 lakhs)
(ii) Strong rooms not inspected and yearly certificates of securities of strong rooms not obtained from Public Works Officers.	4	5	3
(iii) Annual certificate of balances of Personal Deposit Accounts not sent to Audit.	5	4	3
(iv) Non-realisation of securities from treasurers/sub-treasurers.	5	4	6
Other Offices—			
(i) Non-maintenance or defective maintenance of important books of account and initial records of stores and stock and cash.	397	207	260
(ii) Withdrawal of funds and rush of expenditure at the close of financial year with a view to avoiding lapse of budget provision; spending of the amount withdrawn in the next financial year and their utilisation for purpose other than those for which they were withdrawn.	299	104	81
(iii) Utilisation of departmental receipts towards expenditure.	13	21	17
(iv) Delay in remitting receipts into treasuries ..	29	22	41
(v) Delay in realising Government dues ..	201	101	105
(vi) Omission to conduct physical verification of cash balance, stores and stock.	156	123	137
(vii) Non-realisation of security deposits from persons entrusted with cash and stores.	..	..	161
(viii) In inviting tenders wide publicity was not given; sufficient and prescribed time was not allowed.	26	17	12
(ix) Works were entrusted to the contractors without calling for the tenders.	53	11	24
(x) Works started without sanctioned estimates and execution of agreement.	53	38	40