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Government of West Bengal

Audit Report

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Prefatory Remarks

THIS volume mainly relates to matters arising from the Appropriation Accounts for 1966-67 together with other points arising from audit of the financial transactions of the Government of West Bengal. It also includes:

- (i) certain points of interest arising from the Finance Accounts for the year 1966-67; and**
- (ii) matters relating to certain statutory bodies the accounts of which are audited by the Indian Audit and Accounts Department.**

The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1966-67 as well as those which had come to notice in earlier years but could not be dealt with in previous Audit Reports; matters relating to the period subsequent to 1966-67 have also been included wherever considered necessary.

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

CHAPTER I

General

Budget and Actuals: The budget estimates and actuals of revenue receipts and expenditure met from revenue, for the year 1966-67, are given below along with the corresponding figures for the years 1963-64 to 1965-66:—

Year	Budget	Actuals	Variation		Revenue Year	Surplus/Deficit	
			Amount	Per-centage		Budget	Actuals
(In crores of rupees)					(In crores of rupees)		
<i>Revenue Receipts</i>							
1963-64 ..	1,17.05	1,25.91	+8.86	+ 7.6			
1964-65 ..	1,35.52	1,41.33	+5.81	+ 4.3			
1965-66 ..	1,52.00	1,69.82	+17.82	+11.7			
1966-67 ..	1,80.98	1,85.33	+4.35	+ 2.4			
					1963-64	+7.26	+8.70
					1964-65	+5.61	+5.89
					1965-66	-17.83	+2.28
					1966-67	-7.62	-3.34

Expenditure met from Revenue

1963-64 ..	1,09.79	1,17.21	+7.42	+ 6.8
1964-65 ..	1,29.91	1,35.44	+5.53	+ 4.3
1965-66 ..	1,69.83	1,67.54	-2.29	- 1.3
1966-67 ..	1,88.60	1,88.67	+0.07	..

The budget estimates for 1966-67 anticipated a revenue deficit of Rs.7.62 crores; the actual deficit was, however, reduced to Rs.3.34 crores mainly due to the revenue receipts exceeding the budget estimates by Rs.4.35 crores.

2. *Revenue Receipts:* (a) The revenue receipts during 1966-67 showed an increase of Rs.15.51 crores (9.1 per cent.) over those of 1965-66 and Rs.59.42 crores (47.2 per cent.) over those of 1963-64.

(b) The increase is analysed below:—

	1963-64	1964-65	1965-66	1966-67	Increase over 1963-64		
					Amount	Per-centage	
(In crores of rupees)							
Receipts from the Central Government—							
(i) State's share of divisible Central Taxes	23.00	23.35	24.42	33.52	10.52	45.7	
(ii) Grants-in-aid, Contributions, etc.	11.65	15.44	22.91	18.63	6.98	60.0	
Revenue raised by the State Government—							
(i) From taxes, duties and other principal sources of revenue	71.84	82.67	94.11	99.10	27.26	37.9	
(ii) From other receipts, such as water rates, betterment levy, rents from buildings, etc.	19.42	19.87	28.38	34.08	14.66	75.5	
Total	1,25.91	1,41.33	1,69.82	1,85.33	59.42	47.2

The receipts from the Central Government (Rs.52.15 crores) accounted for 28.1 per cent. of the total revenues for 1966-67 (Rs.1,85.33 crores).

(c) A further analysis of the increase of Rs.59.42 crores in the revenues of the State in 1966-67 over those in 1963-64 is given below:—

	1963-64	1964-65	1965-66	1966-67	Increase over 1963-64
	(In crores of rupees)				
State Excise Duties ..	8.81	10.55	11.64	13.40	4.59
Taxes on vehicles ..	4.89	5.34	5.60	5.76	0.87
Sales Tax	32.18	36.89	45.38	48.65	16.47
Other Taxes and Duties	12.34	13.74	14.77	15.40	3.06
Interest	4.35	3.33	7.46	9.38	5.03
Agriculture	3.23	4.02	5.43	7.05	3.82
Miscellaneous Social and Developmental Organi- sations	0.35	0.46	1.88	3.68	3.33
State's share of Union Excise Duties	8.42	7.89	9.00	18.14	9.72

The increase of Rs.16.47 crores under Sales Tax and of Rs.4.59 crores under State Excise Duties are mainly due to increase in the rates of tax|duty and increased trading activity.

No new tax was levied during 1966-67.

3. *Arrears of revenue:* The information regarding arrears of revenue was called for from 7 departments in respect of 10 items of receipts of revenue; the Finance Department, Agriculture and Community Development Department and Health Department who are responsible for collecting Sales Tax, State Excise Duties, Stamp Fees, Agricultural receipts and Medical receipts respectively, have not furnished the required information. According to the information furnished by the remaining departments, the arrears in collection of revenue were as follows:—

	Arrears as in April, 1967	Average annual revenue during 1962-63 to 1966-67	Percentage of arrears to the average annual revenue
	(In lakhs of rupees)		
(1) Land Revenue	4,86.43	6,27.11	77.6
(2) Forest	18.68	2,19.83	8.5
(3) Agricultural Income Tax ..	1,30.61	1,09.95	118.8
(4) Taxes on vehicles	*	2,19.72	..

*The arrears as in April, 1967 have not been intimated by the Department as the demands are stated to be not firm demands in view of the fact that a large number of vehicles leave this area every month and intimation thereof is received only in a few cases.

4. *Expenditure on Revenue Account:* The expenditure during 1966-67 (Rs.1,88.67 crores) showed an increase of 12.6 per cent. over that of 1965-66 and 60.9 per cent. over that of 1963-64.

The increase is analysed below:—

	1963-64	1964-65	1965-66	1966-67	Increase over 1963-64	
					Amount	Per-centage
(In crores of rupees)						
(i) Collection of Taxes, Duties and other principal revenues	5.90	6.24	6.60	6.89	0.90	15.3
(ii) Debt Services ..	13.49	14.99	22.18	25.49	12.00	88.9
(iii) Administrative Services—						
Police	10.53	12.28	13.41	13.48	2.95	28.0
Other Administrative Services	8.95	10.08	12.02	14.66	5.71	63.8
Total Administrative Services	19.48	22.36	25.43	28.14	8.66	44.6

The expenditure on Administrative Services in 1966-67 constituted 14.9 per cent. of the total expenditure on Revenue Account. Increase under Debt Services is due to progressive increase in the loans from the Central Government.

	1963-64	1964-65	1965-66	1966-67	Increase over 1963-64	
					Amount	Percentage
(In crores of rupees)						
(iv) Social and Developmental Services—						
Education ..	24.12	27.68	30.58	36.94	12.82	53.2
Medical and Public Health	12.36	13.34	14.75	17.00	4.64	37.5
Agriculture	6.21	9.08	11.98	12.35	6.14	98.9
Labour and Employment	0.78	0.64	3.29	3.71	2.93	375.6
Other Departments ..	9.97	11.72	14.07	13.37	3.40	34.1
Total Social and Developmental Services	53.44	62.46	74.66	83.37	29.93	56.0

The expenditure on Social and Developmental Services in 1966-67 constituted 44.2 per cent. of the total expenditure on Revenue Account. Payment of large grants to non-Government Art Colleges, Secondary Schools and Local Bodies mainly accounts for increase under Education.

The increased expenditure under Medical and Public Health is due to more expenditure under Hospitals and Dispensaries and Public Health Establishment.

	1963-64	1964-65	1965-66	1966-67	Increase over 1963-64		
					Amount	Percentage	
<i>(In crores of rupees)</i>							
(v) Public Works (including Roads) and Schemes of Miscellaneous Public Improvements	2.91	6.07	11.34	11.72	8.81	302.7	
(vi) Other heads	.. 21.99	23.32	27.33	33.15	11.16	50.8	
Total	.. 1,17.21	1,35.44	1,67.54	1,88.67	71.46	60.9	

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

The expenditure on capital account during the 4 years ending with 1966-67 as compared with the budget estimates for these years is shown below ("Loans and Advances" are dealt with in paragraph 6):—

Year	Budget	Actuals	Variations	
			Amount	Percentage
<i>(In crores of rupees)</i>				
1963-64	.. 33.43	26.79	(-) 6.64	19.9
1964-65	.. 40.94	38.23	(-) 2.71	6.6
1965-66	.. 39.19	22.37	(-) 16.82	42.9
1966-67	.. 35.40	8.67	(-) 26.73	75.5

The shortfall of Rs.26.73 crores in 1966-67 was the net result of savings and excesses under different heads. Large savings occurred in the provision under the following heads:—

		Savings <i>(In crores of rupees)</i>
(i) Capital Outlay on Public Works	.. ..	3.73
(ii) Capital Outlay on schemes of Government Trading	.. ..	18.47

The reasons for the shortfall have been indicated in paragraph 22 under Chapter II.

(b) A further analysis of the expenditure outside the Revenue Account is given below:—

	During 1966-67	During 1962-63 to 1966-67	Progressive total upto 1966-67
<i>(In crores of rupees)</i>			
I. Capital expenditure on—			
(i) Irrigation and Multipurpose River Schemes	6.74	35.85	1,52.72
(ii) Other Commercial Departments/ Undertakings, Schemes of Government Trading, Industrial Development, Road and Water Transport and Agricultural Schemes	(—) 12.38(a)	3.18	9.94
(iii) Compensation to land holders, etc., on the abolition of Zamindari System	3.02	12.66	20.71
(iv) Outlay on Civil Works	11.25	78.56	1,85.88
(v) Miscellaneous such as Capital Outlay on Forests and payment of commuted value of pensions	0.04	0.26	0.70
(vi) Electricity Schemes .. ..	..	..	1.28
Total Capital Expenditure ..	8.67	1,30.51	3,71.23
II. Net outgo under "Loans and Advances" by the State Government, i. e., after taking into account recoveries of loans	10.03	94.07	1,70.28
Total	18.70	2,24.58	5,41.51

Further details of capital expenditure are given in Statement Nos. 2 and 13 of the Finance Accounts, 1966-67.

(a) The 'minus' expenditure was mainly due to larger recoveries on account of sale-proceeds of foodgrains.

(c) The sources from which expenditure outside the Revenue Account including that on "Loans and Advances" during 1966-67 and during the five-year period ending 1966-67 was met, are indicated below:—

	1966-67	1962-63 to 1966-67
	<i>(In crores of rupees)</i>	
I. Net additions to—		
(i) Permanent Debt	6.07	19.82
(ii) Floating Debt	(—) 18.88	1.82
(iii) Loans from Central Government ..	20.03	1,58.37
(iv) Loans from other sources	2.11	8.97
(v) Unfunded Debt (mainly Provident Fund) ..	1.54	8.14
II. Other capital receipts [mainly deposits (net) received by Government]	19.37	27.52
III. Receipts from encashment of securities and drawing down of cash balance	(—) 8.20	(—) 7.57
Total Capital Receipts	22.04	2,17.07
Add/Less Surplus/Deficit on Revenue Account ..	(—) 3.34	7.51
Grand Total	18.70	2,24.58

6. *Loans and Advances by the State Government:* (a) The total amount of loans and advances disbursed by Government and outstanding on the 31st March, 1967, was Rs.1,70.28 crores as shown below:—

	<i>(In crores of rupees)</i>	
(1) Loans to local bodies	*3.52
(2) Advances to cultivators	4.54
(3) Loans and Advances to displaced persons	41.83
(4) Loans under Community Development Programme	4.57
(5) Miscellaneous Loans and Advances—		
(i) Loans to West Bengal State Electricity Board	58.65
(ii) Loans to other Statutory Corporations	8.35
(iii) Loans to Durgapur Projects Limited	22.34
(iv) Loans to other Government Companies	7.22
(v) Loans under Low Income Group Housing Scheme	2.33
(vi) Other Miscellaneous Loans	16.93
Total	1,70.28

*Excludes Rs. 2.97 crores granted for different schemes; these are included under item 5 (vi).

Further details of Loans and Advances are given in Statement Nos. 5 and 18 of the Finance Accounts, 1966-67.

(b) *Non-settlement of terms and conditions of loans:* The terms and conditions of repayment in respect of loans amounting to Rs.67.22 crores (164 cases) advanced to Statutory Corporations/Boards have not been settled and no repayment has, therefore, been made by them. Details are indicated below. Some of these loans were paid as early as 1955-56:—

Name of loanee	Number of loans	Total amount of loan
<i>(In crores of rupees)</i>		
(i) West Bengal State Electricity Board	83	58.65
(ii) West Bengal Development Corporation (a) ..	31	4.10
(iii) Calcutta State Transport Corporation ..	14	3.22
(iv) North Bengal State Transport Corporation ..	5	0.58
(v) West Bengal Financial Corporation	7	0.12
(vi) Howrah Improvement Trust	5	0.50
(vii) Calcutta Metropolitan Sanitation and Water Supply Authority	2	0.03
(viii) Durgapur Development Authority	9	0.02
(ix) West Bengal Bhudan Yagna Board	8	*
Total	164	67.22

In regard to loans to the West Bengal State Electricity Board, only the rate of interest for loans amounting to Rs.40.86 crores have been settled; no payment of interest has been made so far (December, 1967). The arrear on this account is Rs.7.73 crores upto the end of October, 1967.

A total sum of Rs.33.06 lakhs was advanced as loan between 1952-53 and 1956-57 to 11 Zilla Parishads, the terms and conditions of repayment of these loans have not yet been finalized.

During 1966-67, Home (Transport) and Commerce and Industries Departments sanctioned loans amounting to Rs.2,55.36 lakhs to the Calcutta State Transport Corporation (Rs.36 lakhs) and Durgapur Projects Limited (Rs.2,19.36 lakhs) for payment of interest due to Government on outstanding loans.

The terms and conditions for repayment of these loans have not yet been settled by Government (December, 1967).

(a) The West Bengal Development Corporation went into liquidation on the 1st April, 1966.

*Rs. 27,000 only.

(c) *Overdue amounts:* In respect of the loans, the detailed accounts of which are maintained by Audit Office, the repayment of a sum of Rs.1,31.39 lakhs (principal Rs.77.23 lakhs and interest Rs.54.16 lakhs) was in arrears in 499 cases on the 31st March, 1967, as indicated below. Of this, an amount of Rs.63.62 lakhs (principal Rs.33.09 lakhs and interest Rs.30.53 lakhs) involving 222 cases was in arrears for more than 3 years.

Due from	Number of cases	Principal (In lakhs of rupees)	Interest
Calcutta Corporation, Municipalities, etc.	99	18.02	11.29
Displaced persons	315	54.00	38.28
Educational Institutions	85	5.21	4.59
Total	499	77.23	54.16

There has been a steady increase in the overdue amount of loan and interest accrued thereon. The table below will indicate the deteriorating position:—

	Position as on the			
	31-3-64	31-3-65	31-3-66	31-3-67
	(In lakhs of rupees)			
Total amount overdue] ..	72.62	94.92	1,05.51	1,31.39
Amount overdue for more than 3 years	23.96	36.88	50.76	63.62

In respect of other loans, the detailed accounts of which are maintained by the departmental officers, no information has been received (February, 1968) in spite of repeated reminders.

(d) *Non-receipt of utilisation certificates:* In 1,577 cases covering a total amount of Rs.6.67 crores, utilisation certificates in respect of loans granted by the State Government were due upto the end of March, 1967, but these have not been received upto the end of February, 1968 in any case. A department-wise break-up is shown below:

Name of the Department	Number of items	Amount (In crores of rupees)
(i) Cottage and Small Scale Industries	410	0.80
(ii) Agriculture and Community Development and Animal Husbandry and Veterinary Services.	854	0.92
(iii) Co-operation	87	1.06
(iv) Relief and Social Welfare	28	0.03
(v) Housing	105	0.93
(vi) Local Self-Government and Panchayats	64	1.62
(vii) Health (Public Health Branch)	29	1.31
Total	1,577	6.67

The earliest year to which the certificates relate is 1957-58.

(e) *Outstanding loans:* Government advanced loans amounting to Rs.37.04 lakhs during 1951-52 to 1962-63 under ten fisheries schemes. At the end of March, 1965, Rs.5.74 lakhs (Rs.4.23 lakhs principal and Rs.1.51 lakhs interest) remained unrecovered from 2,619 loanees. Of these 111 loanees had defaulted since 1951-52; the outstanding against them was Rs.1.26 lakhs on the 31st March, 1965.

The department did not indicate (January, 1968) the latest position of the recovery of these loans nor did they specify the number of loanees against whom certificate cases for recovery of the loans had been started.

7. *Debt position:* (a) The details of public debt transactions for the year 1966-67 are given below:—

	Receipts during the year	Repayments during the year	Net increase during the year
<i>(In crores of rupees)</i>			
Market loans	6.08	0.01	6.07
Floating loans	4.89	23.77	(—)18.88
Loans from the Central Government ..	41.76	21.73	20.03
Other loans	2.26	0.15	2.11
Total	54.99	45.66	9.33

(b) The outstanding public debt of Government amounted to Rs.5,25.12 crores at the end of 1966-67. An analysis of the debt, compared with the corresponding figures for the preceding 3 years, is given below:—

	At the end of			
	1963-64	1964-65	1965-66	1966-67
<i>(In crores of rupees)</i>				
Market loans	50.92	55.95	62.97	69.04
Floating loans .. .. .	..	8.00	20.70	1.82
Loans from the Central Government	3,41.33	3,81.43	4,21.27	4,41.30
Other loans	6.17	8.94	10.85	12.96
Total	3,98.42	4,54.32	5,15.79	5,25.12

(c) In addition to public debt, the unfunded debt comprising the Provident Fund balances of Government servants and the balances at credit of accumulated funds such as Depreciation Reserve Funds as also certain deposits, to the extent they have not been invested but are merged with the general cash balance of Government, constitute liabilities of Government.

Taking the public debt and these liabilities together, the debt position of Government is as follows:—

	1963-64	1964-65	1965-66	1966-67
	<i>(In crores of rupees)</i>			
Public Debt	3,98.42	4,54.32	5,15.79	5,25.12
Unfunded Debt	14.03	15.76	17.81	19.35
Depreciation Reserve and other car-marked funds.	12.32	14.31	16.80	18.37
Deposits of local funds and Civil Deposits.	29.35	37.65	43.82	42.30
Total ..	4,54.12	5,22.04	5,94.22	6,05.14

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

8. *Loans from the Central Government:* The loans received from the Central Government and outstanding at the end of 1966-67 amounted to Rs.4,41.30 crores; they formed 84 per cent. of the total public debt.

During 1966-67, the State Government obtained from the Central Government loans amounting to Rs.41.76 crores for (a) development purposes (Rs.28.81 crores) and (b) other purposes (Rs.12.95 crores); a detailed analysis of the loans received during the year, repayments, as also the amount outstanding as on the 31st March, 1967 under different categories of loans is given in Statement No. 17 of the Finance Accounts for 1966-67.

As on the 31st March, 1967, a total sum of Rs.3,93.78 lakhs (principal Rs.27.24 lakhs and interest Rs.3,66.54 lakhs) was overdue for payment to the Central Government as indicated below:—

Purpose of loan	Amount overdue as on the 31st March, 1967	
	Principal <i>(In lakhs of rupees)</i>	Interest
(i) Grow More Food Schemes	(a)2.80	(b)1.08
(ii) Handloom Industries	0.41	..
(iii) Cottage and Small Scale Industries	6.09	0.08
(iv) Loans for paying West Bengal Government's Share of expenditure on Damodar Valley Corporation.	..	3,53.17
(v) Permanent improvement in scarcity areas	2.18	1.76
(vi) Miscellaneous Development Schemes	14.07	6.58
(vii) Development Schemes for Greater Calcutta .. ..	..	3.78
(viii) For loans to West Bengal Goods Transport Co-operative Society Limited.	1.69	0.09
Total ..	27.24	3,66.54

(a) Of this, Rs.1.64 lakhs have been repaid in 1967-68.

b) Of this, Rs.0.74 lakh has been paid up in 1967-68.

So far, the Government of India have paid a total sum of Rs.63.35 crores as rehabilitation loans for displaced persons from East Pakistan. Out of this, the terms and conditions for repayment of the loans sanctioned up to 1957-58 for relending purposes were revised by the Government of India in September, 1959. According to these terms, the State should pay from the 1st April, 1957, the amount of principal and interest they actually collect from the loanees and not the amount payable according to original terms. But as the amount of loans actually relented was not intimated by the State Government, the amount falling due according to the revised terms could not be ascertained. The State Government, however, do not observe either the original or the revised terms in respect of any of the loans granted before or after 1957-58, but make payment once a year on collection basis.

Up to the end of March, 1967, a total sum of Rs.51.21 crores (principal Rs.34.72 crores and interest Rs.16.49 crores) fell due for repayment according to original terms and conditions. Out of this, the State Government paid Rs.3.81 crores only (principal Rs.3.15 crores and interest Rs.0.66 crore) leaving a balance of Rs.47.40 crores (principal Rs.31.57 crores and interest Rs.15.83 crores). In addition, Rs.1.06 crores have also been repaid on account of principal during 1966-67 by adjustment of remission of loans.

In the case of 5 loans totalling Rs.1,18.01 lakhs sanctioned between 1958-59 and 1965-66 terms and conditions have not yet been settled; the amount due could not, therefore, be calculated.

9. Interest charges on account of debt and other obligations are analysed below:—

	1965-66	1966-67
	<i>(In crores of rupees)</i>	
(i) Interest paid by the State Government	17.99	20.81
(ii) Deduct—		
(a) Interest received on loans and advances ..	2.88	4.34
(b) Interest realised on investment of cash balances ..	0.31	0.44
(c) Interest capitalised	0.19	..
(d) Interest on capital advanced to the Damodar Valley Corporation	2.05	2.21
(iii) Net burden of interest on Revenue [(i) minus (ii)] ..	12.56	13.82
(iv) Net interest as a percentage of Revenue receipts ..	7.40	7.46

There were, in addition, certain other receipts and adjustments totalling Rs.2.38 crores such as interest received from Commercial Departments, etc. If these are also taken into account, the net burden of interest on revenue will be Rs.11.44 crores working to 6.17 per cent. of the revenues.

10. *Amortisation of debt:* The following arrangements have been made for the amortisation of loans raised in the open market. These are in accordance with the announcements made at the time of floating the loans:

- (a) A sum equal to $1\frac{1}{2}$ per cent. of the total nominal amount of the loan is set apart to form a Depreciation Fund for purchasing the securities of the loans for cancellation

(b) In addition to the contribution to the respective Depreciation Fund, an annual contribution is made to the Sinking Fund for amortisation of the loans at such rates as Government may decide from time to time.

Details of investment of the Depreciation and Sinking Funds during the last three years are indicated below:—

Year	Opening balance	Net receipts during the year	Total	Total investment	Balance	Market value of the investment
<i>(In crores of rupees)</i>						
1964-65	17·81	2·41	20·22	11·82	8·40	11·48
1965-66	20·22	4·79	25·01	15·59	9·42	14·56
1966-67	25·01	5·49	30·50	19·73	10·77	18·70

The balance amount stands merged with the general cash balance of the State.

11. *Guarantees given by Government:* Article 293 of the Constitution empowers the State Government to give guarantees within such limits as may be fixed by the Legislature. The Legislature has not enacted any law in this regard. As at the end of March, 1967, Government had given guarantees for a maximum amount of Rs.36.22 crores as indicated below:—

Nature of guarantee	No. of cases	Maximum amount for which guarantees were given	Actual amount of share capital, etc., raised at the end of 1966-67 against the sums guaranteed
<i>(In crores of rupees)</i>			
(1) Statutory Corporations and Boards	10	9·99	9·95
(2) Co-operative Banks and Institutions	32	18·11	6·27
(3) Joint Stock Companies	3	5·12	4·86
(4) Local Bodies—			
Guarantee for repayment of the amount raised by issue of debentures and interest thereon	1	3·00	0·22
Total	46	36·22	21·30

In respect of item No. (3), Government had to pay during the year a sum of Rs.9.87 lakhs against the guarantee of Rs.20.00 lakhs in order to liquidate a portion of the loan taken by the National Sugar Mills Limited from the Central Bank of India Ltd., Canara Bank Limited and the West Bengal Financial Corporation.

Further details of the guarantees are given in Statement No. 6 of the Finance Accounts, 1966-67.

12. *Grants-in-aid*: A total amount of Rs.14.98 crores was paid during 1966-67 as grants-in-aid to local bodies (Rs.8.55 crores), private institutions and individuals; this formed 7.9 per cent. of the Government's total expenditure on Revenue Account. An analysis by broad purposes for which the grants were paid is shown below:—

Purpose	Non-recurring		Recurring	
	Number	Amount (In lakhs of rupees)	Number	Amount (In lakhs of rupees)
Maintenance grants	47	20.13	3,742	13,43.54
Building grants	488	78.72	..	..
Grants for miscellaneous purposes	217	48.25	13	6.89
Total ..	752	1,47 10	3,755	13,50.43

According to rules, certificates of proper utilisation of grants are required to be sent to Audit by the sanctioning officers. The utilisation certificates for grants paid during 1957-58 to 1965-66 amounting to Rs.7.24 crores in 2,531 cases have not been furnished (December, 1967). Details are given in Appendix I. Of these, 653 certificates for grants amounting to Rs.1,88.16 lakhs are awaited for more than three years. In the absence of such certificates it is not clear how far the sanctioning authorities have satisfied themselves that the grants have been properly utilised for the purposes for which they were intended.

The bulk of the outstanding certificates (2,065 certificates for grants amounting to Rs.4.99 crores) are due from the Education Department.

13. *Financial results of Irrigation and Multipurpose River Schemes*: On the 31st March, 1967, Government investment on 8 Irrigation and Multipurpose River Schemes for which Capital and Revenue Accounts are maintained, amounted to Rs.20.56 crores. After making provision for interest on Capital (Rs.1.14 crores) there was a net loss of Rs.1.04 crores (5.0 per cent. on the capital) during 1966-67. (Further details of performance of two of the projects, viz., Kangsabati Project and Karatwa Talma Irrigation Scheme are given in Chapter V.)

14. *Delay in acceptance of balances under Debt, Loans and Deposits*: The balances under debt, loans and deposits, etc., in the accounts are communicated every year to the departmental officers for acceptance of the balances with a view to settling discrepancies, if any, as soon as possible. In a large number of cases, such acceptances have not been received; certain illustrative cases are indicated in Appendix II. Until the balances have been verified and accepted, the departmental records cannot be considered to indicate the correct position and the possibility of unauthorised drawals and misappropriations, if any, or recoveries remaining undetected cannot be ruled out. (Further details in respect of non-acceptance of balances of loans are given in paragraph 104 of Chapter XI.)

Loans and Advances, Suspense and other Transactions

15. *Large unadjusted balances under "Suspense" and "Remittance" Heads:* (a) Successive Audit Reports have mentioned large unadjusted balances under "Suspense" and "Remittance" Heads in the Public Works Accounts. The position has deteriorated further as indicated below:—

Head	Amount outstanding at the end of		
	March, 1965	March, 1966	March, 1967
	<i>(In lakhs of rupees)</i>		
(1) Miscellaneous Public Works Advances (Debit)*	4,65·37	7,00·72	7,19·06
(2) Purchases (Credit)*	12,94·98	22,18·79	23,45·69
(3) Remittances into Treasuries (Debit) ..	98·60	1,26·48	1,79·13
(4) Public Works Cheques (Credit) ..	12,26·47	11,17·31	14,94·05
(5) Transfers between Public Works Officers (Net Debit).	9,07·00	10,70·52	11,02·06
(6) Items adjustable by Public Works Department (Net Debit).	15,99·00	18,98·00	24,61·26

The department-wise/year-wise analysis of the balances in respect of items (1) to (5) as at the end of March, 1967 is given in Appendix III.

The divisions with heavy outstanding balances at the end of March, 1967, are indicated below:—

	Amount (In lakhs of rupees)	
Miscellaneous Public Works Advances		
(a) Teesta Bridge Construction Division—Public Works Department ..		1,37·57
(b) Barasat Division—Public Works Department	62·36
(c) Public Works Department (Construction Board)	56·62
(d) City Division—Public Works Department	30·16
Purchases		
(a) Resources Division—Department of Health	1,60·15
(b) North Bengal Construction Division—Public Works Department		1,43·24
(c) West Dinajpur Division—Public Works Department	63·04
(d) Kancharapara Development Area Division— Development and Planning Department	50·08

*The amounts shown as outstanding up to March, 1965 relate to three departments [Public Works, Public Works (Roads) and Irrigation and Waterways].

Amount
(In lakhs of
rupees)

Remittances into Treasuries

(a) Damodar Canal Revenue Division— Land and Land Revenue Department	..	..	29·15
(b) Housing Construction Division IV— Department of Housing	..	..	7·82
(c) Damodar Irrigation Revenue Division I— Land and Land Revenue Department	..	..	6·91
(d) Brick and Tile Board— Development and Planning Department	..	..	3·72
(e) Canals Division— Irrigation and Waterways Department	..	..	2·50

Public Works Cheques

(a) Jalpaiguri Division— Public Works Department	..	..	..	1,61·01
(b) Alipore Division— Public Works Department	..	..	..	90·92
(c) City Division— Public Works Department	..	..	..	63·76
(d) Agriculture-Irrigation Western Division— Department of Agriculture and Community Development	..	..	..	61·70
(e) Midnapore Division— Public Works Department	..	..	..	56·94
(f) Agriculture-Mechanical Western Division— Department of Agriculture and Community Development	..	..	..	26·12

(b) Balances lying unadjusted to the end of 1966-67 in respect of departments other than Public Works Department are shown below:—

Nature of balances	Amount outstanding and the period of transactions		Remarks
	(In lakhs of rupees)		
	Payments	Receipts	
Objection Book Suspense	1964-65 and earlier years	19,85·53 (—)15·49	The items remained unadjusted mainly due to non-receipt of vouchers and receipt schedules from the Treasury Officers and Departmental Officers.
	1965-66 and and 1966-67.	2,52·95 19,35·59	
	Total	22,38·48 19,20·10	

CHAPTER II

Appropriation Audit and Control over Expenditure

16. *Summary:* (a) The table given below compares the total expenditure from the Consolidated Fund during the last four years with the total amount of grants/appropriations:—

Year			Total provision	Actual expendi- ture	Unutilised provision	
					Amount	Per- centage
<i>(In crores of rupees)</i>						
1963-64	..	..	2,76.62	2,54.44	22.18	8.0
1964-65	..	..	3,25.88	2,94.76	31.12	9.5
1965-66	..	..	4,27.20	3,54.40	72.80	17.0
1966-67	..	..	4,98.94	4,02.37	96.57	19.3

The amount as well as the percentage of unutilised provision has been increasing steadily.

(b) Details of provision and expenditure in respect of the year 1966-67 are given below:—

			Voted grants	Charged appro- priations	Total
<i>(In crores of rupees)</i>					
Original grants/appropriations	..	..	4,08.37	71.11	4,79.48
Supplementary grants/appropriations		..	13.50	5.96	19.46
Total amount granted/appropriated		..	4,21.87	77.07	4,98.94
Actual expenditure	..	..	3,30.87	71.50	4,02.37
Net excess (+)/Saving(-)	..	..	-91.00	-5.57	-96.57

The net total saving of Rs.96.57 crores was the result of—

(i) provision of Rs.99.17 crores remaining unutilised in 69 grants/appropriations and

(ii) excess amounting to Rs.2.60 crores in 13 grants/appropriations.

17. *Supplementary grants/appropriations:* During the year, supplementary provision amounting to Rs.19.46 crores was obtained under 22 voted grants and 24 charged appropriations.

The details given in Appendix IV bring out the following points:—

- (i) In 7 cases (4 voted grants and 3 charged appropriations), the supplementary grants/appropriations (exceeding Rs.1 lakh in each case) amounting to Rs.4.02 crores proved entirely unnecessary. Even the initial provision was not utilised in full.
- (ii) In 11 cases (7 voted grants and 4 charged appropriations), the supplementary provision (exceeding Rs.1 lakh in each case) proved excessive.
- (iii) In 7 cases (6 voted grants and 1 charged appropriation), the supplementary provision (exceeding Rs.1 lakh in each case) proved inadequate. In these cases, while the additional provision made was Rs.3.71 crores, the actual expenditure incurred exceeded the total provision by Rs.0.56 crore.

Comments on important instances where the supplementary provision proved unnecessary/excessive or inadequate are given in the notes below the respective grants/appropriations in the Appropriation Accounts, 1966-67.

18. *Excess over voted grants:* The following 10 cases of excess over voted grants require to be regularised under Article 205 of the Constitution. The circumstances in which the excess could not be met by obtaining adequate supplementary grants or by taking suitable advances from the Contingency Fund were not intimated by the controlling departments:—

Serial No.	Particulars of grant	Total grant	Expenditure	Excess (and its percentage to the grant)
		Rs.	Rs.	Rs.
1.	4—Taxes on Vehicles—			
	Original .. 11,75,000	12,45,000	13,23,671	78,67 ¹ (6.3)
	Supplementary .. 70,000			
2.	8—Registration Fees—			
	Original .. 38,79,000	44,31,000	45,05,011	74,011 (1.7)
	Supplementary .. 5,52,000			
Excess over this grant occurred in the previous year also.				
3.	9—Interest on Debt and Other Obligations—			
	Original .. 60,00,000	60,00,000	60,43,114	43,114 (0.72)
	Supplementary			
4.	11—Parliament, State/ Union Territory Legislatures—			
	Original .. 82,19,000	97,71,000	1,02,08,936	4,37,936 (4.5)
	Supplementary .. 15,52,000			

The excess was mainly in respect of the provision for expenditure on elections (Rs.3.20 lakhs), hiring of election godowns, purchase and cleaning of ballot boxes (Rs.2.23 lakhs) and preparation and printing of electoral rolls (Rs.1.13 lakhs) and was partly counter-balanced by savings under other items.

The excess was mainly due to want of proper estimates of expenditure in connection with one-day poll for the General Elections.

In the previous year also there was excess over this grant.

Serial No.	Particulars of grant	Total grant	Expenditure	Excess (and its percentage to the grant)
		Rs.	Rs.	Rs.
5.	20—Medical—			
	Original .. 13,70,23,000	14,46,79,000	14,68,11,268	21,32,268 (1.5)
	Supplementary .. 76,56,000			

The excess occurred mainly under "B—Hospitals and Dispensaries—Presidency Hospitals and Dispensaries—Other Contingencies (Rs.13.51 lakhs), R. G. Kar Hospital—Other Contingencies (Rs.8.45 lakhs), Health Centres—Contingencies (Rs.8.00 lakhs)" and "L—Development Schemes—L(c)—Third Five-Year Plan and Committed Expenditure" (Rs.12.95 lakhs) and was partly counter-balanced by savings under other items.

The reasons for the excess were not furnished by the controlling authority.

In the previous year also, excess occurred over this grant.

6.	21—Public Health—			
	Original .. 7,08,29,000	7,67,74,000	7,85,30,815	17,56,815 (2.3)
	Supplementary .. 59,45,000			

The excess occurred mainly under "K—Suspense" (Rs.33.84 lakhs), "A—Public Health Establishment—A(b)(5)—Other Contingencies" (Rs.11.77 lakhs) and "J—Development Schemes—Grants-in-aid, contributions, etc." (Rs.14.21 lakhs).

The excess was partly counter-balanced by savings under other group heads.

The reasons for the excess were not furnished by the controlling authority.

In the previous year also, considerable excess (32.3 per cent. of the provision) occurred over this grant mainly under "Suspense".

7.	24—Animal Husbandry—			
	Original .. 7,41,07,000	8,59,75,000	8,63,14,398	3,39,398 (0.39)
	Supplementary .. 1,18,68,000			

The excess occurred mainly under—"J(a)(v)—Cattle Development Breeding Schemes" (Rs.27.01 lakhs) and "J(c)(iii)—Cattle Development Schemes" (Rs.30.90 lakhs) and was partly counter-balanced by savings under other group heads.

The reasons for the excess were not furnished by the controlling authority.

Serial No	Particulars of grant	Total grant	Expenditure	Excess (and its percentage to the grant)
		Rs.	Rs.	Rs.
8.	28—Industries—Cinchona—			
	Original .. 35,39,000	39,89,000	40,18,442	29,442 (0·74)
	Supplementary .. 4,50,000			

In the previous year also, excess occurred over this grant.

9.	32—Miscellaneous Social and Developmental Organisations—Excluding Welfare of Scheduled Tribes and Castes and Other Backward Classes—			
	Original .. 97,76,000	97,76,000	3,01,02,335	2,03,26,335 (207·9)
	Supplementary			

The excess which was more than twice the original provision occurred mainly under “E—Suspense Charges”, the provision was made under “net system of Voting” in disregard of Government decision that provision should be made for gross expenditure.

In the previous year also excess occurred over this grant mainly under “E—Suspense Charges”.

10.	46—Pre-Partition Payments—			
	Original .. 1,000	9,000	10,612	1,612 (17·9)
	Supplementary .. 8,000			

19. *Excess over charged appropriations:* The expenditure exceeded the charged appropriations in the following 3 cases; the excess requires regularisation.

The circumstances in which the excess could not be met by obtaining supplementary appropriations or by taking advances from the Contingency Fund, were not stated by the controlling departments.

Serial No	Number and name of the appropriation	Total appropriation	Expenditure	Excess (and its percentage to the provision)
		Rs.	Rs.	Rs.
1.	33—Irrigation—			
	Original .. ..	..	436	436 (100)
	Supplementary			

The expenditure represented payment of arbitration award in connection with maintenance and repair works.

Serial No	Number and name of the appropriation	Total appropriation	Expenditure	Excess (and its percentage to the provision)
		Rs.	Rs.	Rs.
2.	39—Pensions and Other Retirement Benefits—			
	<i>Original</i> .. 3,87,000	4,47,000	4,48,417	1,417 (0.32)
	<i>Supplementary</i> .. 60,000			
3.	45—Miscellaneous—Expenditure on displaced persons—			
	<i>Original</i> .. 34,80,000	1,25,13,000	1,33,35,328	8,22,328 (6.6)
	<i>Supplementary</i> .. 90,33,000			

The excess occurred under "Public Debt—Debt raised in India—Loans from Central Government—Loans for expenditure on relief and rehabilitation of displaced persons" and was stated to be due to adjustment of larger amount of irrecoverable loans than anticipated which have been remitted by the Government of India and written off by the State Government.

20. *Excesses of previous years:* Cases of excess over voted grants|charged appropriations are reported to the Legislature through the respective year's Appropriation Accounts for the purpose of regularisation under Article 205 of the Constitution. Such regularisation though recommended by the Public Accounts Committee has not so far been done in the following cases, of excess during the years 1961-62 and 1962-63.

Serial No.	Year of Appropriation Accounts	Total No. of grants/appropriations	Total excess	Date of Public Accounts Committee recommendation to the Legislature.
			Rs.	
1.	1961-62	.. 12 Voted grants	2,46,44,928	13-1-66
			2 Charged appropriations 7,98,414	
2.	1962-63	.. 12 Voted grants	2,91,43,407	5-4-67
			4 Charged appropriations 34,54,866	

21. *Savings in grants|appropriations:* The details given in Appendix V bring out that among voted grants, there were 22 cases in which the savings exceeded 10 per cent. of the total provision; in 10 of these cases, the savings ranged from 22.6 per cent. to 45.7 per cent. Of the 22 cases, savings exceeding 10 per cent. have occurred in successive years under 18 grants, as shown in Appendix V.

In the charged appropriations, there were 7 cases in which the savings exceeded 10 per cent. of the total appropriation. In 4 of these cases, the savings ranged from 74.2 per cent. to 99.6 per cent. The details of these cases are given in Appendix V.

As in the previous years, savings occurred this year also in a number of voted grants (7) and charged appropriations (15) as a result of excessive supplementary provisions obtained in the last month of the financial year. This points to the need for improvement in the scrutiny of departmental estimates for additional funds required to be provided by supplementary grants|appropriations.

22. Major cases of savings under individual grants|appropriations are dealt with below:—

(a) Voted grants :

Number and name of grant	Total provision (In crores of rupees)	Saving (and its percentage to the total provision)
22—Agriculture—Agriculture	.. 19.44	2.39 (12.3)

Mainly—

- (i) non-implementation|partial implementation of various schemes under "Fourth Five-Year Plan" (Rs.92.07 lakhs) and
- (ii) distribution of less quantity of fertilisers and non-payment of distributors' claims owing to non-settlement of disputes under "Scheme for Distribution of Chemical Fertilisers" (Rs.1,42.18 lakhs).

33—Irrigation	.. 13.66	1.72 (12.6)
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Non-payment to the Damodar Valley Corporation of the share of revenue deficit on Irrigation and Flood Control due to non-receipt of loans from the Government of India for the purpose (Rs.3,57.82 lakhs), partly counter-balanced by excess mainly under "Kangsabati Reservoir Project—Suspense" due to defective budgeting under which provision was made under the "net system of Voting" (Rs.1,08.15 lakhs).

35—Greater Calcutta Development Scheme	3.24	1.18 (86.4)
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Mainly, non-implementation|partial implementation of various development schemes.

38—Famine Relief	.. 11.03	2.89 (26.2)
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Mainly—

- (i) less expenditure on relief works (Rs.1,21.42 lakhs) partly due to curtailment of such works after the harvesting operations and
- (ii) less payment of doles in cash and kind (Rs.1,47.30 lakhs).

44—Miscellaneous—Other Miscellaneous Expenditure.	12.91	1.72 (13.3)
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Mainly—

- (i) non-payment of compensation in land acquisition cases owing to Court injunction and delay in preparing the Master Plan for the schemes "Development of Subsidiary Industries at Durgapur" and "Land Acquisition and Development Scheme" (Rs.65.02 lakhs);
- (ii) deferment of the programmes under the scheme "Co-operation and Community Development—Village Panchayat" (Rs.36.46 lakhs); and
- (iii) non-implementation/partial implementation of various other development schemes (Rs.68.75 lakhs).

Number and name of grant	Total provision	Saving (and its percentage to the total provision)
	<i>(In crores of rupees)</i>	
48—Capital Outlay on Multipurpose River Schemes—Damodar Valley Project ..	9.54	3.65 (38.2)

Mainly—

- (i) less expenditure towards State Government's share of the Capital Outlay on the Damodar Valley Project (Rs.2,44.05 lakhs) and
- (ii) less capital advances to the Damodar Valley Corporation (Rs.88.00 lakhs).

49—Capital Outlay on Public Works	11.40	3.81 (33.4)
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Reasons for the saving were not furnished by the controlling authority.

50—Capital Outlay on Schemes of Government Trading ..	1,48.66	58.29 (39.2)
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Mainly, less purchase of food grains other than wheat consequent on taking over the procurement work of food grains by the Food Corporation of India with effect from December, 1966 (Rs.84,83.06 lakhs).

The saving was partly counter-balanced by excess on account of larger purchase of wheat and wheat products (Rs.26,34.91 lakhs).

52—Loans and Advances by State and Union Territory Governments ..	20.62	3.65 (32.3)
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Mainly—

- (i) non-payment of loan to the West Bengal State Electricity Board (Rs.4.29 lakhs);
- (ii) less payment of loan to the Durgapur Project Limited (Rs.1,50.00 lakhs); and
- (iii) less payment of loan to the State Electricity Board as a measure of economy (Rs.1,20.74 lakhs).

The saving was partly counter-balanced by excesses over certain other items.

(b) *Charged appropriation*: In the charged appropriation there was a total saving of Rs.5.65 crores which occurred mainly under the following 2 appropriations:—

Number and name of appropriation	Total appropriation	Saving (and its per- centage to the total appropriation)
	(In crores of rupees)	
9—Interest on Debt and Other Obligations	23·08	3·14 (13·6)
Mainly, less payment of interest on—		
(i) Inter-Governmental Debt (Rs.2,33.77 lakhs);		
(ii) Cash Credit Advance from the State Bank of India (Rs.33.40 lakhs); and		
(iii) Other loans (Rs. 40.17 lakhs).		
Public Debt	46·03	2·13 (4·6)

Mainly, less repayment of cash credit advances to the State Bank of India consequent on less drawal of such advances from the Bank for the purpose of procurement of rice and paddy.

Unutilised provision due to non-implementation/partial implementation of development schemes

23. The total unutilised provision under the various development schemes (other than Centrally Sponsored) amounted to Rs.18.77 crores and formed 56.5 per cent. of the total saving under “Development Schemes” during 1966-67. Many of these were actually spill-over schemes from the earlier plan (Third Five-Year Plan) and had substantial unutilised provision during that plan period also. The major schemes which remained wholly or partially unimplemented during 1966-67 (with substantial unutilised provision ranging from 42.2 per cent. to 100 per cent. of the provision) and contributed to the saving of Rs.6.36 crores are indicated in Appendix VI. Similarly, a good number of schemes included under “Centrally Sponsored Schemes” as new schemes were actually the spill-over of Centrally Sponsored Schemes of the earlier plan period. The non-implementation/partial implementation of the various schemes under this category (including spill-over schemes) contributed to the saving of Rs.6.60 crores in 1966-67; some major schemes with substantial unutilised provision are given in Appendix VI.

24. *Control over expenditure*: (a) The object of control over expenditure in this context 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 by—

- (i) Sanctioning reappropriations for transfer of funds from the sub-heads of grants/appropriations where a saving is anticipated to other sub-heads in the same grants/appropriations where there is need for additional provision of funds;
- (ii) obtaining supplementary grants/appropriations wherever necessary;
- (iii) effecting surrender of surplus funds under a sub-head as soon as the saving can be foreseen; and
- (iv) taking suitable advances from the Contingency Fund for meeting unforeseen requirement of additional funds during the year or for meeting expenditure on a “new service” or “new instrument of service” if it is not possible immediately to obtain supplementary provision by authorisation of the Legislature.

If the control is effective, the actual expenditure would approximate closely to the final modified provision, i.e., the original provision as modified by supplementary provision, reappropriation and surrender.

(b) Cases where the total expenditure against a grant or appropriation as a whole has exceeded the sanctioned amount and requires regularisation by the Legislature have been mentioned in paragraph 18.

(c) Cases where the additional funds provided in the course of the year by supplementary grant or appropriation proved unnecessary or excessive or inadequate have been indicated in paragraph 17.

(d) The following points were noticed in connection with the surrender of unutilised amount:—

- (i) Savings totalling Rs.99.17 crores occurred in 69 cases (40 voted grants and 29 charged appropriations) and surrenders totalling Rs.78.05 crores were made in all in 54 cases (39 voted grants and 15 charged appropriations);
- (ii) In 12 cases (10 voted grants and 2 charged appropriations) the surrenders, though made in March, 1967, were in excess of the savings actually available for surrender; the total amount surrendered in these cases was Rs.11.04 crores against the available saving of Rs.7.61 crores (details given in Appendix VII);
- (iii) In 6 cases (4 voted grants and 2 charged appropriations) the total amount surrendered in March, 1967, was Rs.3.53 crores against the saving of Rs.15.74 crores (details given in Appendix VIII);
- (iv) Although the rules require that the unutilised amounts should be surrendered as soon as the possibility of savings is envisaged, the surrenders totalling Rs.63.32 crores in 31 cases (22 voted grants and 9 charged appropriations) were made, in almost all the cases, on the 31st March, 1967; and
- (v) Important instances of defective control over expenditure in respect of individual group-heads within the grants/appropriations have been indicated in the Appropriation Accounts.

25. *Defective budgeting:* The System of "gross budgeting" has been adopted by the State Government since 1963-64. Accordingly, funds are required to be obtained for gross expenditure (without taking into account credits or recoveries). In respect of three group-heads under the following grants, provision was, however, made for the "net expenditure" indicating lack of uniformity in the system of budgeting:—

Serial No.	Number and name of grant	Group-head
(1) 32—	Miscellaneous Social and Developmental Organisations—Excluding Welfare of Scheduled Tribes and Castes and Other Backward Classes	E—Suspense charges
(2) 33—	Irrigation	98—Capital Outlay on Multi-purpose River Schemes—(A) Fourth Five-Year Plan—Kangsabati Reservoir Project—Suspense.
(3) 49—	Capital Outlay on Public Works ..	F—Suspense.

26. *Delay in supply of material for the preparation of Appropriation Accounts:* The information required for framing the explanations for variations in the case of 153 group-heads in the Appropriation Accounts was not received from the controlling officers, or where received, was incomplete (February, 1968). These contributed 55.4 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. Although such delays were mentioned in the earlier Audit Reports and were also brought to the notice of Government, the position continues to be unsatisfactory.

The information required for framing the explanations for Appropriation Accounts includes reasons for reappropriation as well as surrender of funds, which the controlling authorities are required to furnish to Audit under the existing orders of the State Government. In a large number of cases, reappropriation|surrender orders were found to have been issued without indicating reasons for the reappropriations|surrenders. The number of such cases was maximum in the following cases:—

- (i) Grant No. "19—Education" under which as many as 184 reappropriation orders were issued during the year; reasons for transfer of funds were not furnished in any case;
- (ii) Grant No. "49—Capital Outlay on Public Works" from which surrenders totalling Rs.3.07 crores were made; reasons for surrenders were not furnished.

27. *Withdrawal of funds in advance of requirements:* The Financial Rules of Government require that no money should be withdrawn from the treasury unless it is required for immediate disbursement.

Thirty-three cases have been noticed during local audit in which funds totalling Rs.49.94 lakhs were drawn in advance of requirements from the treasuries during 1962-63 to 1965-66. In 3 cases, the amounts (Rs.0.19 lakh) were refunded 5 months to 1 year and 5 months after the drawal; in 9 cases, amounts totalling Rs.4.80 lakhs were disbursed during periods varying between 2 months and 1 year after the drawal and in 21 cases, the undisbursed amounts (Rs.44.95 lakhs) have not yet been disbursed or refunded (November, 1967). The practice not only defeats parliamentary control over finance and adversely affects the ways and means position of Government but is also fraught with risk of loss to Government.

The department-wise analysis of the cases is given below:—

Department.	No. of cases.	Amount. (In lakhs of rupees)
(1) Co-operation	19	44.87
(2) Tribal Welfare	2	0.41
(3) Development and Planning	2	0.57
(4) Agriculture and Community Development	5	3.71
(5) Education	3	0.19
(6) Health	2	0.19
Total ..	33	49.94

The particulars of the cases exceeding Rs.50,000, are given in Appendix IX.

CHAPTER III

Civil Departments

EDUCATION DEPARTMENT

28. *Publication of Rabindra Rachanavali*: With a view to bringing the Bengali works of Rabindranath Tagore within the purchasing power of the lower income group of the reading public by making the set available at Rs.75 in place of Rs.250, the then sale price of the Biswa-Bharati edition, Government decided, in October, 1960, to bring out during 1961, the Tagore Centenary Year, 25,000 sets of a popular edition of his works each containing not more than 13 volumes. The number was subsequently (January, 1961) increased to 50,000 sets to meet greater demand. The price of Rs.75 was payable either in one instalment or in five equal monthly instalments of Rs.15 from December, 1960.

A table indicating some of the relevant particulars is given below:—

(1) Number of sets proposed to be printed	..	50,000	(each set containing 15 volumes).
(2) Number of sets actually printed	..	As above.	
(3) Cost of printing including cost of paper	..	Rs.36.39 lakhs	(excludes some outstanding bills).
(4) Other expenses	.. ..	Rs.12.12 lakhs.	
(5) Cost of each set	.. ..	..	Final costing not made pending determination of total expenditure.
(6) Sale price fixed per set	.. ..	Rs.75.	
(7) Number of sets sold	.. ..	47,819.	
(8) Sale price realised	.. ..	Rs.35.95 lakhs.	
(9) Free distribution—			
Number	.. ..	..	220 sets.
Cost	.. ..	..	Rs.16,500.
(10) Unsold copies in stock	.. ..	..	Verification not undertaken by Government.

The following are some of the important points noticed in Audit:—

- (i) Publication of all the volumes due by 1961 was actually completed in March, 1967. When the publication of the thirteenth volume was in progress Government decided (October, 1963) to publish two more additional volumes—one “Achalita Sangraha” and the other a complete index without any extra cost to the intending purchasers. The net additional expenditure was estimated to be Rs.4.20 lakhs.
- (ii) The price of each set at Rs.75 was fixed (prior to the publication of the set) on an ad-hoc basis, without taking into consideration all expenses such as contingencies, pay and allowances of the staff employed on the scheme, overhead charges, etc. In fixing the price Government accepted a total liability of Rs.9.16 lakhs.

- (iii) Although printing and binding of the 50,000 sets (each at Rs.60 stipulated by Government) was estimated to cost Rs.30 lakhs, no open tenders were invited and the work was entrusted to Sree Saraswati Press (in co-operation with Sri Gouranga Press) on the basis of certain rates offered by them. No written agreement as to rates were also made with the presses. In the absence of open tenders (or even quotations) it was not susceptible of verification whether the work was done most economically.
- (iv) About 412 tons of paper costing Rs.15.95 lakhs required for printing the sets was also purchased without inviting tenders and in disregard of the financial rules. The Department argued as follows:—
- “The paper used for the Rachanavali is of a special type, thin but durable, and there is only one mill in West Bengal which manufactures this type of paper, viz., The Bengal Paper Mill Company. The Government decided to place order for the paper with the above mill.” This indicates that Government made no attempt to secure more favourable rates through open tenders on an all-India basis. Moreover, orders were placed through the distributors of the paper mill (Messrs. Sun Distributors Limited) who allowed only half of their commission of 7½ per cent. to Government in respect of the original order for 200 tons of paper. For the subsequent 200 tons the distributors did not allow any commission at all. Another 1,145 reams of paper were required for the printing of the fifteenth volume of the Rachanavali and a higher rate of Rs.2.75 per kg. was charged by the distributors for this supply as against their original rate of Rs.2.60 per kg. Thus purchase of paper through the distributors deprived Government of the full rebate and the resultant loss was to the tune of Rs.0.76 lakh.
- (v) Binding cloth costing Rs.2.13 lakhs was also purchased without inviting tenders. The quantities of paper and binding cloth supplied to and remaining unused with the presses could not also be indicated by the Department (June, 1967).
- (vi) The copies of the Rachanavali were to be distributed to the purchasers through the various distribution centres (85 nos.) opened for the purpose. These centres were supplied with the copies on the basis of the number of the intending purchasers registered with them and issues were made on the basis of coupons surrendered by the subscribers from the coupon books originally supplied to them. No proper control was, however, noticed to have been exercised over the receipt, distribution and balance of copies of the Rachanavali. The verification of the stocks of the books at the various distribution centres was not undertaken nor were total issues checked with the total number of coupons surrendered. Consequently, the Department could not indicate the number of volumes remaining undisposed with the various distribution centres. Copies lying in the central stock up to the fourteenth volume were stated to be 27,825 numbers. 300 numbers of the ninth volume and 170 numbers of the fourteenth volume have not been delivered by the Press as yet (July, 1967).
- (vii) 220 sets of the Rachanavali including 16 sets marked as complimentary sets (costing Rs.16,500) were distributed free. The scheme did not contemplate free distribution. The Department could not also show any orders of Government in support of such distribution.

- (viii) 317 copies of the Rachanavali were stated to have been lost in transit. Reasons for loss have not been investigated and the loss has not yet (December, 1967) been written off.
- (ix) Charges required for handling and distribution of the copies were drawn on Abstract contingent bills and advances were made to different distribution centres from time to time but no advance register was maintained for watching the adjustment of the amounts so advanced. As a result, the total amount of such advances could not be ascertained by the Department. As per records of Audit, an amount of Rs.98,463 was drawn on this account and the entire amount remained outstanding (March, 1968) due to non-receipt of detailed contingent bills.

HOUSING DEPARTMENT

29. *Subsidised Industrial Housing Scheme:* The scheme executed by the State Government aims at (i) providing housing accommodation for industrial workers governed by the Factories Act, 1948 and (ii) giving financial assistance to private industrial employers in the shape of loans and subsidy. Central assistance is received by the State Government at the rate of 50 per cent. loan and 50 per cent. subsidy in respect of (i) and at the rate of 50 per cent. loan and 25 per cent. subsidy in respect of (ii), the balance being met by the employer. The loans are repayable in 25 to 30 equated annual instalments; the rate of interest varies between 4½ per cent. to 5½ per cent.

The amount of loan and subsidy received from the Government of India up to 1965-66 and expenditure incurred are exhibited below:—

Year	Loan	Subsidy	Total assist- ance	Total expendi- ture (direct expenditure and payment to the private employers)
(In lakhs of rupees)				
Up to 1963-64	2,48.56	2,24.03	4,72.59	5,11.65
1964-65	63.34	34.92	98.26	74.71
1965-66	33.83	31.49	65.32	44.15
Total	3,45.73	2,90.44	6,36.17	6,30.51

The detailed accounts of the loans advanced to the private employers (Rs.7.96 lakhs) are maintained by the department. The amount overdue (both principal and interest) from them, if any, has not been intimated by the department.

(a) The following points have been noticed in audit:—

- (i) Government sanctioned (up to 1965-66) construction of 12,416 tenements in 44 estates at an estimated cost of Rs.6.86 lakhs in the public sector including 1,584 tenements to be constructed at a cost of Rs.68.95 lakhs by the Calcutta Improvement Trust. The scheme also contemplated construction of 2,958 tenements at 8 centres at an estimated cost of Rs.71.21 lakhs by private employers.

The position of construction, allotment and occupation of tenements in the public sector (including those constructed by the Calcutta Improvement Trust) at the end of 1963-64, 1964-65 and 1965-66 is shown below:—

Month and year	Tenements constructed and available for allotment	Tenements declared open for occupation	Tenements actually occupied by eligible persons	Tenements otherwise occupied
Up to March, 1964	9,266	7,542	5,642	..
March, 1965	10,018	8,302	6,531	393
March, 1966	11,000	9,530	7,745	514

(ii) Delay in completion of amenities: In respect of 3,314 tenements constructed in 19 estates (total tenements 4,628) there was delay of more than 6 months in providing amenities such as water-supply, sanitary installations, electric fittings, etc. The extent of delay and the number of tenements involved are indicated below:—

Period of delay	Number of tenements
Above 6 months and up to 1 year	1,228
Above one year and up to 2 years	1,670
Above 2 years	416

It will be seen that 71 per cent. of the tenements could not be readily let out resulting in the loss of rent. In respect of two estates alone (Durgapur Phase III and IV) the loss amounted to Rs.1.84 lakhs.

(iii) Vacant tenements: 672 tenements in 11 estates were vacant on the 31st March, 1966. Their monthly rent was about Rs.16,000. Of these, 144 tenements at Bhogia Kanali at Asansol could not be let out, as stated by the local office, on account of shortage of water. The realisable rent was about Rs.4,500 a month.

(iv) Loss of rent due to non-allotment: The loss of rent because of non-allotment of tenements accumulated to Rs.15.34 lakhs during the period from January, 1959 to May, 1967 in respect of 19 estates as indicated below:—

Name of estate	Amount Rs.
Sundia	4,39,946
Patulia	2,48,304
Shyamnagore	1,50,208
Belghoria	1,10,782
Alambazar	6,808
Ghushuri	44,924
Jajodia Garden	53,556

Name of estate.	Amount. Rs.
Matijheel	2,496
Asansol Phase I	11,136
Baidyabati	1,16,038
Serampore	67,504
Durgapur Phase I	26,997
Gaurhati	10,902
Budge Budge	90,632
Baruipore	24,276
Durgapur Phase II	23,925
Danesh Sheikh Lane	44,135
Naihati	12,960
Kalyani	48,490

(v) Loss of revenue because of inadequate water supply: 20 tenements in the Shahebbagan estate, Lillooah, could not be let out in spite of demands because of inadequate water-supply. The loss of rent for the vacant tenements for the period from October, 1961 to March, 1964 came to about Rs.10,000.

(vi) Outstanding rent: During local audit conducted between March, 1964 to May, 1967 it was seen that a sum of Rs.5.31 lakhs was outstanding in 23 estates on account of overdue rent. The earliest date from which the rent has been outstanding was March, 1960. The local officers attributed this to—

- (i) termination of service and long leave;
- (ii) unauthorised occupation;
- (iii) default of payment by the employers; and
- (iv) unemployment, lock-out and change of employment.

Legal steps are stated to have been taken for recovery of Rs.29,000 in respect of 2 estates only.

(vii) Unrealised rent: In respect of 10 estates an amount of about Rs.8,000 is due from 44 defaulting occupants (June, 1967) who left service of the respective private employers. Action taken to realise the amount has not been intimated by the Department (December, 1967).

(viii) Infructuous expenditure: For supplying drinking water to the occupants of the Sahebbagan Estate, Lillooah, expenditure of about Rs.46,000 was incurred on sinking a tubewell, construction of overhead reservoirs, pump house, bore-hole pumps, etc. The tubewell was sunk in May, 1961 but ran dry in January, 1963. The Executive Engineer, Housing Construction Division No. II admitted (November, 1964) that the expenditure on the tubewell (about Rs.12,400) was infructuous.

(ix) Extra expenditure: (a) In the Industrial Housing Estate at Kadamtola electrical wiring work was done in 1958 at a cost of Rs.16,000. The work is stated to have been done on cheaper specification not conforming to that required under the Indian Electricity Act. The wiring soon deteriorated and re-wiring was done at a cost of about Rs.18,000 in 1963. Responsibility for incurring the extra expenditure has not been fixed.

- (b) Two cases of non-acceptance of lowest tenders leading to an extra expenditure of Rs.38,000 came to notice during local audit. The lowest tenders received in February, 1961 for construction of buildings at an estate at Howrah (Danesh Sheikh Lane), one at 1.8 per cent. *above* and the other at 0.05 per cent. *below* the estimated cost of Rs.3.79 lakhs each were considered high and fresh tenders invited (October, 1961 and January, 1962). Single tenders received from the same contractor in both the cases on this call at 5 per cent. and 6.85 per cent. respectively *above* the estimated costs were accepted.

DEPARTMENT OF COTTAGE AND SMALL-SCALE INDUSTRIES

30. *West Bengal Khadi and Village Industries Board*: The West Bengal Khadi and Village Industries Board was constituted with effect from the 1st April, 1960 under section 3 of the West Bengal Khadi and Village Industries Board Act, 1959.

(a) Utilisation of loans and grants: The financial assistance received by the Board up to the end of 1965-66 (as per information furnished by the Board) was as follows:—

Year	From the Government of West Bengal		From Khadi and Village Industries Commission		
	Grant	Loan	Grant	Loan	
	<i>(In lakhs of rupees)</i>		<i>(In lakhs of rupees)</i>		
Up to 1963-64	..	24.74	..	*46.80	1,11.83*
1964-65	..	10.24	3.00	4.28	3.48
1965-66	..	9.93	..	8.68	33.16
Total	..	44.91	3.00	59.85	1,48.47

Utilisation certificates for Rs.52.13 lakhs (loans Rs.36.22 lakhs and grants Rs.15.91 lakhs) have not been furnished by the Board till January, 1967. Out of this Rs.16.26 lakhs pertains to the period up to 1963-64.

The Board refunded the following unspent amounts up to 1965-66:—

State Government	Khadi and Village Industries Commission	
Grant	Grant	Loan
	<i>(In lakhs of rupees)</i>	
4.53	13.84	40.20

*Differ from the figures adopted in para 94 (a) of State Audit Report, 1965 which were also furnished by the Board during a review conducted by Audit.

(b) Assistance to units: (i) The amounts paid by the Board to its affiliated units up to March, 1966 were as follows (as per figures furnished by the Board):—

Year	Amount	
	Grants	Loans
	<i>(In lakhs of rupees)</i>	
Up to 1963-64	.. ..	*16.86 *34.94
1964-65	}	10.32 25.55
1965-66		

Out of the above grants and loans utilisation certificates for Rs.35.97 lakhs only in respect of the amount disbursed up to 1963-64 were received by the Board up to February, 1967.

(ii) Out of the loans referred to above Rs.44.73 lakhs became due for recovery up to March, 1967 against which only a sum of Rs.23.88 lakhs has been recovered up to that date.

(c) Promotion of Khadi including Silk Khadi: Besides production of cloth, there was a provision of training village personnel under the scheme. The Board, however, could not furnish the number of persons actually trained. Exact number of societies and units formed, registered and functioning could not also be made available to audit.

Quantities of yarn spun and cloth produced under the scheme from 1960-61 onwards as furnished by the Board are given below:—

Year	Traditional		Ambar yarn	Ambar cloth
	yarn	cloth		
	<i>(In quintals)</i>	<i>(In Sq. yds.)</i>	<i>(In quintals)</i>	
1960-61
1961-62	1,61.34	2,97.18	2,60,880
1962-63	2,25.92	1,90.12	1,81,421
1963-64	44.64	32.12	48,844
1964-65	98.03	58.08	6,486
1965-66	97.35	57.71	2,403

Year.	Mixed			Swabal-amban		Silk	
	cloth	<i>(In Sq. yds.)</i>		<i>(In Sq. yds.)</i>		<i>(In Sq. yds.)</i>	
1960-61
1961-62
1962-63
1963-64	1,88,684	.. ..
1964-65	69,006	33,544	.. ..	1,44,094	.. ..
1965-66	64,938	34,899	.. ..	2,09,222	.. ..

*Differ from figures adopted in para. 94(b) of Audit Report, 1965 which were also furnished by the Board during previous review conducted by Audit.

(d) Hand-made Paper Industry: (i) A hand-made paper factory was set up at Kalimpong in 1962-63 at a cost of Rs.1.61 lakhs. The scheme was abandoned in March, 1965 due to non-availability of electricity. The structures, land, etc., have been sold (March, 1966) to the Forest Department for about Rs.0.82 lakh. The manner in which the machines, etc., have been disposed of or utilised has not been intimated by the Board.

(ii) The Hand-made Paper Industry at Kalyani was taken over from the State Government with effect from the 1st October, 1964; no terms and conditions were laid down for the transfer.

The condition of the Industry at the time of taking over was that most of the machinery were old and out of order, electric installations needed repairing and brakes and beaters defunct. No assessment of the value of raw materials, chemicals, consumable stores, etc., could be made at the time of take over for want of proper records. Stock in process valued at Rs.1.61 lakhs was not susceptible of verification by Audit. Even the Trading, Profit and Loss Accounts and the Balance Sheet of the Unit could not be produced by the Board. The stock of finished and semi-finished products lying in the godown was valued at about Rs.1 lakh (a portion of it was there since February, 1956 and May, 1957). Machines and implements valued at Rs.31,000 acquired or obtained since the date of taking over have not been installed (August, 1967). Completion or otherwise of the stock in process valued at Rs.1.71 lakhs could not be tallied in the absence of Job-cards. The stock verification report for 1965-66 revealed that the value of finished goods awaiting disposal was about Rs.0.76 lakh. The finished goods also include papers valued about Rs.6,000 produced in 1955-56 and 1956-57.

(iii) Other Units: In course of review it was also found that hand-made paper units at—

- (1) Ranaghat Samaj Kalyan Samity,
- (2) Khardah Khadi Asram,
- (3) Palli Kalyan Gandhi Asram, Dhulian, Murshidabad,

were defunct (dates not furnished by the Board). Rs.5,750 and Rs.3,000 representing principal amounts of loan money are due from the units at Ranaghat and Murshidabad while a sum of Rs.3,750 was paid (in May, 1963) to the Ranaghat Unit as grant.

(e) Other Industries: (i) Gur-Industry: Implements and accessories purchased in 1963-64 at a cost of Rs.0.42 lakh for distribution among the units during the year for production of palm and cane gur could not be distributed during that year as the stock in hand was more than sufficient for the units. The implements, etc., were not disposed of till the end of 1966.

Expenditure, sale-proceeds and number of trainees trained during the years 1962-63 to 1965-66 are given below:—

Year	Expenditure incurred	Sale-proceeds of gur produced	Number of trainees [trained
	Rs.	Rs.	
1962-63	.. Could not be furnished by the Board.	339	23
1963-64	.. Ditto ..	8,113	13
1964-65	.. 40,342	4,306	6
1965-66	.. 61,681	6,356	5

(ii) Hand-pounding of rice: In March, 1961, about 0.24 lakh maunds of paddy were purchased by the Board for resale to the units but only 3,050 maunds could be sold till July, 1962. The balance quantity was finally disposed of in November, 1962 but records showed that there was a balance of 19,608 maunds in stock. There was a loss of Rs.0.26 lakh to the Board on account of shortage.

(f) Working of some societies and affiliated units: (i) Khadigram, Calcutta: The Unit could not produce vouchers, cheque books, etc., to Audit.

The cash balance with the Unit on the 2nd October, 1963 shows that there was a balance of cash Rs.16,443 in hand and Rs.4,129 at Bank. An expenditure of Rs.15,000 was incurred for the purchase of a plot of land at Baigachi but no papers could be shown in support. Against an advance of Rs.16,252 an amount of Rs.2,250 was found to have been realised up to 1966-67; the balance was stated to be under investigation.

(ii) Sarbadaya Kendra, Sutahata, Midnapore: Records of the Unit revealed that it was given loans and grants for the promotion of Khadi, hand-pounding of rice and other small industries. The accounts of the Unit for 1961-62 and 1962-63 showed that the following sums were due on account of overdue instalments of loan:—

			Rs.
Khadi—			
(a) Working Capital Loan	..	..	6,810
(b) Cotton Loan	..	..	6,210
Hand-pounding of rice	..	..	10,000
Leather	..	..	2,437
Non-edible oil and soap	..	..	5,500
		Total ..	30,957

(iii) Paschim Banga Gramya Silpa Samiti, Narghat, Midnapore: The Unit received the following financial assistance in the shape of loan during 1962-63 to 1964-65:—

			Rs.
Hand-pounding of rice	..	..	5,000
Village pottery	..	..	22,000
		Total ..	27,000

Against this a sum of Rs.4,250 only was repaid leaving an overdue balance of Rs.4,750 till the end of 1964-65.

DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

31. *Fulia Township Scheme:* (a) The administrative control of the Fulia Township (set up by the Government of India in 1950-51 for rehabilitation of displaced persons from East Pakistan) was transferred to the State Government with effect from the 1st November, 1952. Out of the total expenditure of Rs.55.46 lakhs incurred by both the Governments during the period November, 1952 to end of March, 1967, the State Government spent Rs.23.61 lakhs on account of the following:—

	Rs. (In lakhs)
(i) Construction of houses	14.42
(ii) Pay and allowances and contingencies ..	7.67
(iii) Loans and advances to displaced persons, private entrepreneurs and co-operative societies	1.52
	(Disbursed between 1952-53 and 1954-55).

The recovery of the loans should have been completed by March, 1958, but only a sum of Rs.1,865 was recovered as principal up to 1961-62. No recovery has been made thereafter. Interest due has not yet been calculated (March, 1967).

(b) At the time of transfer of control of the township to the State Government it was stipulated that as many of the residential buildings, shops and industrial buildings as possible should be sold to displaced persons on 'no-loss no-profit' basis. Pending finalisation of the terms of sale, rents continued to be realised from the occupiers, such rents being adjustable against the prices of the buildings and shops. While the Government were yet (March, 1967) to fix the prices of the buildings and to effect any sale, recoveries of rents from the occupants were outstanding considerably. The position obtaining on the 31st March, 1967 is indicated below:—

	Residential Buildings.	Shops.	Industrial Buildings.
(i) Total number of buildings, shops, etc, constructed	831 (excluding 15 Community Buildings)	33	10
(ii) Number disposed of by sale up to the 31st March, 1967	Nil	Nil	Nil
(iii) Sale-proceeds realised	Nil	Nil	Nil
(iv) Number under unauthorised occupation ..	38	Nil	Nil
(v) Rent realised in respect of item (iv) ..	Nil	..	..
(vi) Buildings lying vacant	4	..	..
(vii) Buildings let out	789 (excluding Community Buildings)	33	10
(viii) Assessed rent of buildings at item (vii) from 1960-61 to 1966-67.	Rs.8.02 lakhs.	..	..
(ix) Rent realised in respect of buildings at item (vii) from 1960-61 to 1966-67.	Rs.1.91 lakhs.	..	..

In the absence of relevant records, recoveries prior to 1960-61 could not be ascertained. The outstanding amount as revealed in the local records was Rs.9.33 lakhs as on the 31st March, 1967. Due to non-maintenance of records indicating amounts due for recovery and those realised, the correctness of the figure could not be verified.

(c) Out of 846 acres of land acquired originally under the scheme (April, 1950) 53 acres (market value Rs.1.14 lakhs) remained unutilised (March, 1967).

(d) A sum of Rs.0.26 lakh is outstanding against the tenants on account of cost of stores supplied, water charges, telephone dues, etc. (March, 1967).

COMMERCE AND INDUSTRIES DEPARTMENT AND COTTAGE AND SMALL-SCALE INDUSTRIES DEPARTMENT

32. *The College of Ceramic Technology*: The college was set up in 1941 with the object of—

- (i) imparting training and conducting research in ceramics;
- (ii) standardising ceramic goods and processing ceramic products, utilising indigeneous raw material and introduction of successful results of research in pottery organisations and units of the State; and
- (iii) developing ceramic industry of the State as a whole.

Against the target of training 138 persons annually, 98 and 94 persons were given training during 1965-66 and 1966-67 respectively. The expenditure and receipts for these years are indicated below:—

Year.			Expenditure.	Receipts.	
			(In lakhs of rupees)		
1965-66	3.53	0.17
1966-67	4.31	0.15

On the basis of net expenditure incurred, the cost per trainee came to Rs.286 and Rs.368 respectively per month against the estimated cost of Rs.256 per month per trainee.

Development of toy making and artistic pottery at Krishnagar: To revive the declining industry of toy-making and artistic pottery at Krishnagar, a Unit of the College of Ceramic Technology was set up at Krishnagar in 1958-59. It envisaged production of quality goods to meet the changing tastes of customers by supplying processed material (240 tons annually) to the local Cottage Units and rendering facilities for firing in a common kiln. The scheme started functioning during the later part of 1958-59 in hired premises which were acquired by Government in November, 1961 on payment of a total compensation of Rs.39,949. In 1959-60 a kiln was constructed at a cost of Rs.0.42 lakh. Machinery valued at Rs.7,000 purchased in 1956-57 is lying idle for want of electric connections. The buildings were also considered wholly irreparable (May, 1966).

Financial results of the scheme during the two years of 1965-66 and 1966-67 are indicated below:—

Period			Expenditure.	Receipts.	
			Rs.	Rs.	
1965-66	13,677	5,062
1966-67	15,731	1,904
			Total	29,408	6,966

Although servicing is the main object of the scheme, local potters of Krishnagar (excepting one from October, 1966) did not avail themselves of the servicing facilities offered by the centre. There is a proposal (September, 1966) for shifting and merger of this centre with Messrs. A. K. Sarkar Industries at Belghoria, a Government Undertaking. Nothing has, however, been done either to close down the centre or to revitalise it so far (November, 1967).

Scheme for supply of processed clay for sanitary wares and electrical goods: A servicing-cum-production scheme (without any training aspect) at Belghoria was sponsored in the year 1956-57 under the auspices of the College of Ceramic Technology for supplying processed material to the local Cottage Units run mostly by trained ex-students of the College and offering firing facilities in a common kiln. The scheme was to run on a commercial basis.

Financial results of the scheme for the period from 1962-63 to 1966-67 are shown below:—

Year.	Amount.	
	(Net profit + Net loss—)	Rs.
1962-63 .. .. .	.. (+)	5,625
1963-64 .. .. .	.. (—)	1,18,237
1964-65 .. .. .	.. (+)	2,586
1965-66 .. .. .	.. (—)	1,04,987
1966-67 .. .. .	.. (—)	1,68,945

The cumulative loss up to the 31st March, 1967 was Rs.3.84 lakhs. Cost on account of the processing of goods and services utilised during 1965-66 and 1966-67 aggregated about Rs.6.72 lakhs against sale-proceeds of finished goods and servicing charges amounting to Rs.4.91 lakhs only. In order to compete with the market, the goods were sold at prices lower than their cost of production. The high cost of production has been attributed to:—

- (i) labour troubles;
- (ii) non-sanction of revolving working capital resulting in irregular payment of wages and irregular flow of raw material;
- (iii) increased expenditure on dearness allowance and other benefits to the staff;
- (iv) shortages of space; and
- (v) absence of adequate marketing facilities for the finished goods.

Besides, machinery costing Rs.0.58 lakh purchased during 1959-60 has not been installed and utilised (31st August, 1967) because of the delay in repairs, additions and alterations to the existing sheds, etc., in the premises of Messrs. A. K. Sarkar Industries at Belghoria.

Blocking up of Government money: The premises of a Silk and Cotton Mill at Ranaghat were acquired by the Cottage and Small-Scale Industries Department at a cost of Rs.1.17 lakhs in March, 1963 to house a unit of the College of Ceramic Technology under the scheme for the development of common clay glazed pottery with a view to assisting local potters. Machinery worth about Rs.0.16 lakh was also purchased during 1956-57. The premises have not been utilised nor has the machinery been installed there so far (February, 1967). The scheme has not been implemented (November, 1967).

DEPARTMENT OF HEALTH

33. *Rural Water Supply and Sanitation*: The Scheme started in 1947 aimed at providing a source of water for every 400 people or at least 1 source for every village. The execution of the scheme was entrusted to the District Magistrates up to 1957-58 and thereafter to the Public Health Engineering Directorate (excepting the years 1965-66 and 1966-67 when the Zilla Parishads were placed in charge of the work). The sites are selected by the District Magistrates in consultation with the District Health Committees.

The Directorate stated (September, 1967) that annual target was not fixed for the Scheme. The Rural Water Supply programme was chalked out on the basis of annual fund allotted by Government and placed at the disposal of the Chief Engineer of the Directorate.

An amount of Rs.5.17 crores was spent for sinking and resinking of 42,733 tube-wells and 5,162 masonry wells against an estimated cost of Rs.5.58 crores during the First, Second and Third Five-Year Plans.

The Scheme contemplated collection of voluntary local contribution both in cash and kind wherever possible. The Directorate intimated (September, 1967) that they were not aware of any such contribution having been realised.

No survey has been conducted so far by the Directorate to ascertain the results of the Scheme. In the absence of any such survey it could not be assessed how far it has succeeded in meeting the requirement of people and also whether it has been operated successfully. According to the Directorate (September, 1967) as against a total number of 59,700 villages nearly 12,450 villages were without any water supply source up to the end of March, 1966.

34. *Improvement and establishment of hospitals*: The targets as well as achievements in providing beds in both existing and new hospitals (other than Sadar and subdivisional hospitals) to be established during the Second and Third Five-Year Plans are indicated below along with the provision made in the respective Plan periods and the actual expenditure:—

Physical and financial targets and achievements	Second Plan 1956-61	Third Plan 1961-66
	<i>(In lakhs of rupees)</i>	
(1) Expenditure—		
(a) Original estimate ..	74.59	206.00
(b) Revised estimate ..	165.73	245.00
(c) Actuals ..	111.17	224.56
(2) Number of beds—		
(a) Original estimate ..	1,020	1,260
(b) Revised estimate ..	1,418	1,260
(c) Actual Number of beds ..	608	264
	Rs.	Rs.
(3) Cost per bed—		
(a) As per original estimate ..	15,400	18,500
(b) As per revised estimate ..	15,400	19,600
(c) Actual ..	18,000	19,600
	(Approximately) (Approximately)	

No year-wise targets for providing beds were fixed nor hospital-wise distribution of beds was made at the time of planning the scheme.

The shortfall, 57 per cent. in the Second and 79 per cent. in the Third Plan period was, as stated by Government in May, 1966, mainly due to non-completion of constructional works for Jawaharlal Nehru Memorial Hospital, Kalyani (500 beds) and delay in construction of multi-storeyed Hospital Block at Nil Ratan Sarkar Medical College Hospital, Calcutta (360 beds). The construction of the hospital building and most of the staff quarters having been completed (October, 1966), sanction for opening of Jawaharlal Nehru Memorial Hospital initially with 175 beds was accorded in October, 1966. Fifty beds were provided in December, 1966 and 125 in October, 1967.

DEPARTMENT OF RELIEF AND SOCIAL WELFARE

35. *Non- rendition of accounts:* Clothing and blankets valued about Rs.0.57 lakh were advanced to Ministers (Rs.0.44 lakh) and other persons and charitable institutions (Rs.0.13 lakh) for distribution amongst distressed people during 1956-57. No account of distribution, such as muster rolls, etc., could be produced by the department to Audit though called for repeatedly since May, 1957. Government stated in February, 1967 that "at this distant date there seems to be no possibility of obtaining muster rolls. The articles were distributed through reliable and reputed persons/non-official organisations. It can, therefore, be presumed that the articles received by them were fully distributed for the purpose for which they were intended".

DEPARTMENT OF HEALTH

36. *Improper maintenance of accounts:* Under the system of deferred pay introduced in 1958 (abolished in December, 1963) deduction of Rs.5 was made every month from the pay of sevikas/nurses during the period of training. These amounts kept in a Personal Ledger Account of the Assistant Director of Health Services (A.A.V.) were repayable to sevikas/nurses at the end of 3 years after successful completion of training or forfeited in cases of failure to qualify within the prescribed period or on termination of services prior to completion of the period of training.

The following are some of the irregularities noticed during local audit of the Personal Ledger Account in April, 1964. These have not been rectified so far (May, 1967):—

(a) Discrepancies in the accounts of receipts as on the 8th May, 1967:—

	Rs.
Receipts as per cash book	4,51,123
Receipts as per Personal Ledger Account Pass Book ..	4,50,858
Receipts as per Hospital-wise Ledgers	4,46,636

(b) No records were maintained indicating—

(i) details of persons from whom recoveries were due and actually made; and

(ii) sums due for forfeiture and amounts actually forfeited.

Documents and detailed accounts of repayments of Rs.10,127 made up to May, 1967 could not also be produced for audit in May, 1967.

Reply of Government has not been received yet (December, 1967).

Nugatory Expenditure

ANIMAL HUSBANDRY AND VETERINARY SERVICES DEPARTMENT

37. With a view to shifting of the Bengal Veterinary College from Belgachia to Kalyani, construction of College, Hospital and Administrative Buildings, Hostel Buildings, Staff quarters and other connected works was ordered by the Public Works Department to different contractors on the 17th August, 1962. The work was due to be completed on the 30th June, 1966. It was reported on the 14th June, 1967 that the buildings were not complete in all respects. Three Hostel Buildings have, however, been loaned to the Kalyani University since the 4th December, 1964 without payment of rent by that body.

In 1965-66, the scheme for shifting the College to Kalyani was postponed indefinitely, the construction work, however, continued, total expenditure up to May, 1967 being Rs.35 lakhs.

In August, 1967 Government, however, decided to shift the College to Kalyani in a phased manner renaming it as Institute of Veterinary Sciences and Animal Husbandry. In October, 1967 Government stated that the Kalyani University authorities have released (August, 1967) one of the three hostel-buildings for accommodation of students of the Pre-Veterinary Course of the current session already started at the Institute of Veterinary Sciences and Animal Husbandry at Kalyani.

EDUCATION DEPARTMENT

38. With a view to starting a Naval Architecture and Marine Engineering Course, the Bengal Engineering College, Shibpore, acquired, in July, 1956, a plot of land on lease for 30 years on a monthly rent of Rs.1,000. The Course has not been started (June, 1967). A sum of Rs.1.31 lakhs has, however, been paid as rent till June, 1967.

DEPARTMENT OF HEALTH

39. One Medical Officer and four members of non-gazetted staff were engaged from May, 1966 for a training scheme on anti-leprosy measures; a building was also hired from December, 1966 for this purpose in Bankura at a monthly rent of Rs.175. A sum of Rs.20,474 has been spent up to April, 1967 on their maintenance (pay and allowances: Rs.19,847, contingencies: Rs.627). The training course has not, however, yet been started (May, 1967) for want of equipment and non-posting of three members of the staff.

The matter was reported to Government in July, 1967; their reply is awaited (March, 1968).

40. *Unnecessary expenditure:* 629 patients of the Kanchrapara T.B. Hospital discharged on different dates since August, 1956 continued to stay unauthorisedly in the free beds of the hospital for periods ranging up to 9 years and enjoyed all facilities including free diet. An expenditure of Rs.3.68 lakhs had been incurred up to July, 1967 on account of their diet (at Rs.2.50 per day per patient). Information regarding expenditure incurred on other facilities, such as, washing charges, clothing, electricity, etc., was not furnished by the hospital authorities nor could it be ascertained in the absence of details,

DEPARTMENT OF ANIMAL HUSBANDRY AND VETERINARY SERVICES

41. *Additional expenditure:* Orders for supply of 75,000 quintals of paddy straw (valued Rs.7.21 lakhs) to the Livestock Farm at Haringhata were placed, on the basis of open tenders, in February, 1966 with the two lowest tenderers—Messrs. Barin & Company and Shri A. K. Chatterjee. While an agreement in non-standard form was executed with the former, no agreement was executed with the latter.

Against the agreed supply of 3,600 quintals up to the 5th March, 1966 Messrs. Barin & Company (which undertook to supply 45,000 quintals) supplied only 869 quintals and stopped further supply for reasons, such as, transport dislocation, shortage of wagons, local disturbances, etc. The earnest money (Rs.21,427) was refunded to them in December, 1966.

Shri A. K. Chatterjee (who agreed to supply 30,000 quintals) supplied 994 quintals only up to the 19th April, 1966. He asked for increase in the rates in November, 1966. He also demanded refund of earnest money (Rs.14,610) in case the Department refused to concede his request. No decision has been taken so far (March, 1967).

Due to failure of these two suppliers, Government made local and emergent purchases from other suppliers (66,510 quintals) at higher rates, resulting in an additional expenditure of about Rs.3.51 lakhs.

The matter was reported to Government in January, 1967; their reply is awaited (March, 1968).

FOOD AND SUPPLIES DEPARTMENT

42. *Avoidable expenditure:* For housing six offices of the Rationing Directorate, Government requisitioned in December, 1964, 20,500 sft. of floor space in a premises in Calcutta at a monthly rent of Rs.11,000. Owing to non-shifting of all the offices, only 13,666 sq. ft. of space (66 per cent.) could be utilised during the period between December, 1964 and May, 1965 and 10,250 sft. (50 per cent.) during June, 1965 and November, 1965. The premises were derequisitioned in November, 1965. Government paid about Rs.0.53 lakh on account of the unutilised space.

BOARD OF REVENUE

43. *Inadmissible payment of compensation:* The Agriculture Department which had advanced loans of Rs.32,000 during 1950-51 and 1951-52 to a 'big grower' against hypothecation of a 122.04 acre farm, instituted a money suit in 1955 for default in repayment. The Court decreed (1955) that the amount might be realised by auction of the property holding the big grower to be a "judgment-debtor" and not an "intermediary". The Department purchased the farm in auction in February, 1957 for Rs.520.

The Settlement Department published in February, 1964 Compensation Assessment Roll as required under the West Bengal Estates Acquisition Act, 1953 showing the original owner of the land as an intermediary entitled to receive compensation of Rs.45,025 in respect of the farm. The Board of Revenue made in April, 1964 an on account payment of Rs.5,000 to him on the ground that the Agriculture Department could not attach more than 50 per cent. of compensation money under the rules,

Soon after this payment the Additional District Magistrate (Estate Acquisition), the District Agricultural Officer, the local Government Pleader as well as the Settlement Officer pointed out to the Board of Revenue the defects in the order. The objections were disregarded and the Board, on the advice of the Legal Remembrancer, ordered between December, 1964 and February, 1965 further payments of Rs.22,255 including a sum of Rs.5,295 as interest (from April, 1956 to February, 1964).

The Board directed the local office on the 1st June, 1965 to withhold further payment. The Legal Remembrancer decided on the 4th June, 1965 that the owner was not entitled to any compensation money. As regards his earlier advice on the basis of which payments had been authorised to the owner, the Legal Remembrancer stated that he was not aware of the decree of the Court under which the farm had already been purchased by Government in auction. The reasons for not presenting full facts of the case to the Legal Remembrancer while obtaining his opinion could not be ascertained.

The payment of Rs.27,255 is a loss to Government and no steps have been taken yet (August, 1967) to recover the same.

DEPARTMENT OF HEALTH

44. *Unutilised services:* The services of an Assistant Chemical Examiner were not utilised in any manner, as recorded in his Service Book, during the period from August, 1956 to December, 1966. His transfer to another post in the Nilratan Sarkar Hospital with effect from September, 1966 was revoked in January, 1967 on his refusal to join. He has, however, not yet resumed duties in the office of the Chemical Examiner (September, 1967). A sum of Rs.32,749 has been spent on his pay and allowances for the period from the 13th August, 1956 to the 31st December, 1966.

The Chemical Examiner reported in November, 1959 that no service had been rendered to Government by the Assistant Chemical Examiner during the previous 3 years. It was further reported by him in January, 1963 that besides doing no work the incumbent also committed various offences, such as, cheating Government financially by false declaration, unauthorised leave, tampering with records, etc.

Government stated (December, 1967) that the Director of Health Services was being requested to enquire thoroughly into the whole position from the year 1956 to date. The results of enquiry are awaited (March, 1968).

EDUCATION DEPARTMENT

45. *Unfruitful outlay:* Government decided in May, 1959 to purchase a property including a building at Berhampore for housing the local headquarters of the National Cadet Corps. The Executive Engineer, Public Works Department, Berhampore Division, certified (August, 1957) the condition of the building as fair and valued the property at Rs.0.99 lakh (value of the building—Rs.0.81 lakh). As the price offered was not acceptable to the owner, it was fixed in November, 1958, on negotiation, at Rs.1.02 lakhs; the property was finally purchased at the end of March, 1962 at that price. Meanwhile the National Cadet Corps occupied it on rental basis from December, 1958; the rent amounted to about Rs.11,100 up to March, 1962.

The Commander of the Corps reported in April, 1959 (4 months after occupation) that the building was in a "dilapidated and tottering condition" and was dangerous to live in. The building was actually vacated in June, 1965 and

the headquarters of the Corps was shifted to hired accommodation for which an expenditure of about Rs.13,500 has been incurred up to July, 1967.

Government stated in February, 1968 that "while assessing the value of the building in June, 1957 by the Executive Engineer the life span of the building was taken as 200 years and the building at that time being in existence for 77 years, the same was to last for at least another 120 years and as such the condition of the building could not be presumed anything but good". There is nothing on record to indicate that the report of the Officer Commanding of the Corps on the condition of the building was taken into consideration before finalising the deal in March, 1962.

A proposal to demolish the building and construct a new one in its place is stated to be under consideration of Government (February, 1968). A portion of the building is, however, being used as residential quarters by the Officer commanding the Corps and the compound is being used as parking place for departmental vehicles (August, 1967).

DEVELOPMENT AND PLANNING DEPARTMENT (TOURISM BRANCH)

46. *Uneconomic purchase*: Government decided in December, 1964 to purchase by negotiation an old building at Darjeeling with adjoining land (6 acres) and furniture for hotel accommodation for middle income group tourists. The value of the building was assessed at Rs.0.89 lakh by the Public Works Department. The Deputy Commissioner, Darjeeling, however, reassessed the value of the building at Rs.2.24 lakhs (by rent capitalisation method) and that of land and furniture at Rs.0.58 lakh. He recommended Rs.3 lakhs as a reasonable price. The landlord was not agreeable and Government referred the case in April, 1965 to the Chief Engineer, Public Works Department, for proper valuation at market rates. But before such a valuation could be obtained the property was purchased in December, 1965 at a negotiated price of Rs.3.50 lakhs.

The matter was reported to Government in March, 1967; their reply is still awaited (March, 1968).

LAND AND LAND REVENUE DEPARTMENT

47. *Outstanding recovery*: Government have not recovered a sum of Rs.0.30 lakh so far (December, 1967) paid in excess in March, 1955 as land compensation to a private party though a decision to recover the same was taken in June, 1965. Certain particulars of the case are mentioned below:—

2.33 acres of land was noticed in March, 1951 for acquisition under the Land Development and Planning Act, 1948 for rehabilitation of migrants from East Pakistan; possession thereof was taken in May, 1953. A sum of Rs.0.41 lakh was paid in March, 1955 as 80 per cent. of the compensation at an agreed rate of Rs.414 per cottah. This rate was more than the rate prevalent on the date of notification (Rs.360 per cottah as stated by the Refugee Rehabilitation Directorate) and also that prevalent in December, 1946 (Rs.112 per cottah); the latter one was payable as compensation under the Act of 1948. This resulted in an overpayment of Rs.0.30 lakh being the difference between the amount actually paid and the amount payable at Rs.112 per cottah prevalent in December, 1946.

Government stated in November, 1967 that their pleader had been requested to file civil suits for recovery of the excess amount.

Machines/Equipment lying unused**DEPARTMENTS OF COMMERCE AND INDUSTRIES|COTTAGE AND SMALL-SCALE INDUSTRIES|REFUGEE RELIEF AND REHABILITATION**

48. (a) Mention was made in paragraph 27 of Audit Report, 1963 of machines costing Rs.5.45 lakhs purchased during the period November, 1956 to March, 1962 lying unused in five Industrial Training Institutes. The Public Accounts Committee viewed with concern the non-utilisation of the machines for unreasonably long period and recommended in July, 1965 that steps should be taken against such recurrence. A test audit of the accounts of such institutions and some other centres under the departments has revealed that not only all the machines mentioned previously in the Audit Report, 1963 have not yet been utilised but also 156 nos. of machines costing Rs.9.69 lakhs, purchased thereafter have remained idle since their purchase. Some details are given below:—

Name of Institute	Year of purchase	Number of machines lying idle	Cost of machines Rs.
(1) Industrial Training Institute, Gariahat	1962-63 to 1964-65	13	1,39,678
(2) Industrial Training Centre, Calcutta Technical School	1957-58 ..	2	{ 81,728 68,898 9,500
	1965-66 ..	22	
(3) Tollygunge Industrial Training Institute	1959-60 to 1964-65	24	Value of the machines could not be ascertained
(4) Industrial Training Institute, Kalyani	January and June, 1966	2	96,550
(5) Industrial Training Institute, Durgapur	December, 1965 to May, 1966	5	59,735
(6) Industrial Training Institute, Howrah Homes	1965-66 to 1966-67	22	3,97,833
(7) College of Ceramic Technology, Calcutta	1956-57	49	87,630
	1960-61	16	12,155
(8) College of Leather Technology, Calcutta	1961-62	*1	15,500
Total	..	156	9,89,207

*The machine was handed over to the Saha Institute of Nuclear Physics in July, 1966 on loan where it is being utilised by the staff and students of the College of Leather Technology.

The reasons for not putting the machines to use have been stated to be:—

- (i) electrical installations not completed,
- (ii) non-availability of Alternating Current,
- (iii) want of requisite accessories,
- (iv) unindented transfer and
- (v) non-availability of space in workshops.

DEPARTMENT OF HEALTH

(b) A test-check of the accounts of four medical institutes|hospitals showed that certain costly equipment were lying idle (November, 1967) since their acquisition. The details are given below:—

Name of the Institute/ Hospital	Name of the machines	Date of acqui- sition	Cost (in lakh of rupees)	Reasons for the machi- nos remaining idle
Medical College, Calcutta	X-ray image intensifier tube.	March, 1966	0.68	No reason has been adduced.
School of Physical Medicine, Institute of Post-Graduate Medical Education and Research, Cal- cutta	Electromyo- graph.	June, 1964	0.19	The machine is required to be installed in an air-conditioned room. The proposal was sanc- tioned in September, 1965 and the work completed in June, 1966. Certain com- ponents had been re- placed in September, 1966.
Howrah General Hos- pital, Howrah	Surgical dia- thirmy	June, 1965	0.10	The operation theatre is to be constructed.
Subdivisional Hos- pital, Kalna	X-ray	.. January, 1966	(a)	No Radiologist posted in the hospital.

Other Miscellaneous Irregularities, Losses, etc.

49. Certain cases of miscellaneous irregularities, ex-gratia payments, losses written off, etc., are mentioned in Appendix X to this report.

(a) Not available.

CHAPTER IV

Misappropriation of Government Money

50. *Misappropriations and defalcations, etc.:* The following table indicates the position in regard to cases of misappropriation of Government money which were awaiting final action at the end of 1966-67:—

			No.	Amount. (In lakhs of rupees)
Cases outstanding at the end of 1965-66	..	..	277	8.11
Cases reported during 1966-67	..	..	35	1.86
Cases disposed of during 1966-67	..	..	21	0.21
Cases outstanding at the end of 1966-67	..	..	291	9.76

Of Rs.0.21 lakh involved in 21 cases disposed of during the year, an amount of Rs.12,065 (9 cases) was recovered and the balance Rs.9,035 (12 cases) was written off.

Of the 291 cases outstanding at the end of 1966-67, 155 cases involving a sum of Rs.3.32 lakhs were pending for recovery; an analysis of the remaining 136 cases is given below:—

No. of cases	Amount involved (In lakhs of rupees)	Remarks
54	3.46	Awaiting investigation.
7	0.16	Awaiting action for laxity in supervision, etc.
27	0.76	Awaiting write-off orders.
29	1.53	Pending in courts.
19	0.53	Awaiting information regarding recovery/adjustment.

Department-wise analysis of the outstanding cases is given in Appendix XI. Particulars of some of the cases are given in paragraphs 51 to 55 below:—

EXCISE DEPARTMENT

Particulars.	Remarks.
51. The Collector of Excise reported between April and July, 1966 shortages of cash about Rs 39,000 and 107 32 kg of opium valued at Rs.99,367.	The Inspector of Excise in whose custody the cash and stores were held is stated to have not made them over to his successor on transfer (March, 1966). The shortages came to light when the cash and stores were checked by the Collector with 2 Superintendents of Excise in the presence of an independent witness after obtaining the keys from the relieved Inspector. No security deposit had been obtained from the officer concerned against whom a case has been filed in the court.

It has been stated by Government (January, 1968) that both the cases of defalcation of cash and shortage of opium are being investigated by the Vigilance Commission.

DEPARTMENT OF FOOD AND SUPPLIES

Particulars.	Remarks.
<p>52. The Nazir of the Office of the District Controller of Food and Supplies, 24-Parganas, absconded on the 1st March, 1965 with Rs.26,210 after encashing salary bills of the staff for February, 1965 from the Reserve Bank of India, Calcutta.</p> <p>On scrutiny of the Cash Book on the 10th March, 1965, it was noticed that he had also defalcated a net receipt of Rs.741 ; the amount was received on the 26th February, 1965 but was not posted in the Cash Book.</p>	<p>The Cash Book was not written up daily since the 26th February, 1965 nor was the balance for the month physically verified as required under the Financial Rules; this resulted in delay in detection of the defalcation of Rs. 741 and facilitated that of Rs.26,210.</p> <p>The case was reported to the police on the 1st March, 1965 but the whereabouts of the Nazir could not be found (November, 1967).</p>

BOARD OF REVENUE

<p>53. The Estate Acquisition Office, Howrah, reported in May, 1965, a case of alleged defalcation of Rs. 25,643 (short deposits into treasury Rs.11,200 and short exhibition in accounts Rs.14,443) by a tahsildar between October, 1962 and August, 1964. The defalcation came to light in September, 1964 after the present incumbent of the post reported discrepancies between the entries in the original and the duplicate copies of rent receipts.</p>	<p>It has been stated by Government (September, 1967) that though police investigation has been completed, criminal case has not yet been started for want of Allotment Order. The Tahsildar is under suspension (March, 1968).</p>
<p>54. Nine cases of defalcation of Government money totalling Rs.15,876 between the period from April, 1960 to August, 1964 came to notice during local inspection (conducted in January, 1967) of the accounts of the Estates Acquisition Department, Midnapore. The modus operandi mainly was that records (Receipt Book, Cash Book, etc.) were either tampered with or false entries made.</p>	<p>Four cases were reported to the police after lapse of considerable period ranging between 5 months and 4 years after the event. The results of the police investigation are awaited in 3 cases (November, 1967), the remaining one case is sub judice in the Special Court, Midnapore (November, 1967).</p> <p>The persons concerned have been removed from service in 4 cases after full recovery (Rs.9,144) ; in one case the Government servant tendered resignation before the detection of the misappropriation (Rs.2,600), and in another case the person has been dismissed after intimating the case to the police,</p>

FINANCE DEPARTMENT

Particulars.	Remarks.
<p>55. Following a report of shortage of stamps to the extent of Rs. 14,279 (Court-fee stamps Rs.13,179 and postage stamps Rs.1,100) in the Contai Sub-treasury, Midnapore, a special audit was conducted (May to August, 1965) of the accounts for the period from April, 1960 to March, 1965, which brought to notice a defalcation amounting to Rs.16,201 (Court-fee stamps Rs.15,904 and postage stamps Rs.297).</p>	<p>The stamp vendor was suspended in August, 1964 and the case was reported to police in October, 1964. It has been stated by Government (September, 1967) that police investigation has been completed and the case is pending due to prosecution proceedings.</p>
<p>The <i>modus operandi</i> was mainly that the sale-proceeds were often not credited to Government account in full over the period from April, 1961 to August, 1964. The irregular maintenance of stamp accounts, such as, mistakes in totals (8 cases), discrepancies between number and value of stamps (25 cases) and tampering with figures in the office copies of the monthly returns (8 cases) remained unnoticed for over 4 years though the Sub-treasury was inspected by the Sub-divisional Officer, Contai (4 times) and the Collector, Midnapore (3 times), during this period.</p>	

CHAPTER V

Works Expenditure

IRRIGATION AND WATERWAYS DEPARTMENT

56. *Irrigation and multipurpose river schemes:* A review of the Kangsabati Project and Karatowa Talma Irrigation Scheme showed that, besides delay in completion, the achievements were much below the targets fixed at the time of sanction of the schemes. The position is explained below:—

(1) Kangsabati Project: The construction of the project taken up in 1956-57 is scheduled to be completed by 1969-70. The project authorities, however, indicated that the construction is likely to be extended beyond 1972-73. The slow progress of the work has been attributed to—

- (i) Non-availability of suitable contractors and labour;
- (ii) Delay in getting possession of land from the Land Acquisition and Forest Departments;
- (iii) Diversion of local labour to Test Relief Work where there was an attraction for payment of part wages by cereals.

The cost of the project is assessed to be about Rs.36 crores (original estimate Rs.25.26 crores). The expenditure incurred to the end of 1966-67 (Rs.17.23 crores) represented 47.9 per cent. of the revised estimated cost. In the absence of any financial stock-taking of the project, it is not known whether expenditure incurred is commensurate with the physical progress so far achieved.

Of the main works of the project, e.g., Silabati Barrage, Kangsabati Dam and Kumari Dam which were scheduled to be completed by 1964-65 only the Silabati Dam was completed in 1960-61 according to the target. Other important shortfalls in this respect are as follows:—

- (i) storing of water in the first reservoir (i.e., reservoir of the Kangsabati Dam) started from 1964 instead of from 1961-62 as per target;
- (ii) the work of storing water in the second reservoir (i.e., reservoir of the Kumari Dam) was to start from 1964-65. This has not yet been possible. The work of the Dam is in progress (September, 1967).

Irrigation potential of the project: The targets of area to be irrigated, yield of revenue as per 2nd revised financial forecast of the project and the actual achievements are indicated below:—

Year	Target of area (Progressive)		Actual area irrigated		Expected revenue	Actual revenue realised
	(Kharif)	(Rabi)	(Kharif)	(Rabi)		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1960-61	10	Nil	2	Nil	Nil	Nil
1961-62	100	Nil	1.2	Nil	0.75	Nil
1962-63	150	1	Nil	Nil	7.75	Nil
1963-64	200	3	Nil	Nil	14.08	Nil
1964-65	300	6	14	Nil	21.51	Nil
1965-66	400	10	71.9	Nil	31.81	Nil
1966-67	500	15	105.7	Nil	43.50	Nil
					1,19.40	Nil

In addition to the shortfall in revenue indicated above, there has been a loss of Rs.41.25 lakhs due to non-realisation of water charges as the expectation regarding supply of water to the existing Midnapore Canal System did not materialise.

- (2) Karatowa Talma Irrigation Scheme: The work was initially taken up in October, 1957 and scheduled to be completed by October, 1962. The scheme was actually completed in June, 1965. The delay in the completion of the work was mainly due to—
- (i) The work remaining suspended during the period from December, 1957 to November, 1958 and delay in commencement of the work thereafter. The work actually commenced in October, 1959 after completing all the formalities;
- (ii) The original tender for Barrage and Head Regulator Gates was accepted in July, 1961, but consequent upon the refusal of the contractors to take up the works, fresh tenders were invited in January, 1962 and accepted in February, 1962;
- (iii) Shortage in the supply of cement, non-availability of steel material for fabrication of gates. The construction of two railway bridges by the Railways also hampered the progress of work to some extent.

The cost of construction was estimated at Rs.46.38 lakhs. The expenditure incurred to the end of 1966-67 is Rs.49.11 lakhs.

The targets of irrigation, yield of revenue and actual achievements there-against are as follows:—

Year	Target of area		Actual area irrigated		Expected Revenue	Actual revenue realised
	(Kharif)	(Rabi)	(Kharif)	(Rabi)		
	<i>(In acres)</i>		<i>(In acres)</i>		<i>(In lakhs of rupees)</i>	
1963-64	5,000	500	Nil	Nil	Nil	Nil
1964-65	8,000	500	Nil	Nil	0.29	Nil
1965-66	12,000	1,000	7,800	30	0.42	Nil
1966-67	12,500	1,500	9,500	50	0.57	Nil
					1.28	Nil

The Department stated that irrigation started in July, 1965 and recovery of water charges would commence from 1967.

57. *Review of Works Expenditure:* (a) Want of estimates or expenditure in excess of estimates: According to rules, no work shall be commenced or liabilities incurred until a detailed estimate has been sanctioned. Also, when the total expenditure on a work is likely to exceed the sanctioned estimate by more than 5 per cent., a revised estimate has to be sanctioned. In spite of

repeated mention of irregularities in the Audit Reports and the departments' assurances in this regard, the position has deteriorated further as can be seen from the table below:—

	Audit Report, 1965		Audit Report, 1966		Audit Report, 1967		Present Audit Report, 1968	
	No. of Works	Amount* Works	No. of Works	Amount* Works	No. of Works	Amount* Works	No. of Works	Amount* Works
Want of sanctioned estimate	5,347	26·62	1,882	17·11	2,926	45·38	7,535	69·18
Excess over sanctioned estimate	319	1·76	57	0·45	106	1·48	510	3·97

The department-wise position as on the 31st March, 1967 is given below:—

Department	Want of sanctioned estimates		Excess over sanctioned estimates	
	No. of Works	Amount of expenditure up to March, 1967	No. of Works	Amount of expenditure up to March, 1967
	<i>(In crores of rupees)</i>		<i>(In crores of rupees)</i>	
(1) Public Works	3,787	38·02	74	0·33
(2) Public Works (Roads) ..	194	4·28	176	2·09
(3) Public Works (Construction Board)	468	3·42	..	..
(4) Irrigation and Waterways ..	2,253	12·29	234	1·25
(5) Housing	133	0·37	23	0·24
(6) Health	91	1·01	3	0·06
(7) Agriculture and Community Development	517	8·34	..	..
(8) Development and Planning ..	92	1·45	..	..
Total	7,535	69·18	510	3·97

*Amounts indicated in crores of rupees.

These include 47 works, each costing Rs.10 lakhs or more, total expenditure on which amounted to Rs.15.09 crores up to the 31st March, 1967 without sanctioned estimates.

Particulars of works costing over Rs.20 lakhs each which have been executed without sanctioned estimates are given in Appendix XII.

(b) Vouchers not furnished: Vouchers for Rs.75.26 lakhs were not made available to Audit.

Department-wise and year-wise analysis of the items outstanding as on the 31st March, 1967 are given in Appendix XII.

IRRIGATION AND WATERWAYS DEPARTMENT

58. *Re-excavation of Etaberia and Kalaberia Khals:* A scheme for re-excavation of two *Khals* in the district of Midnapore was sanctioned in November, 1956, at an estimated cost of Rs.12.81 lakhs. The scheme was intended to remove drainage congestion in an area of 128 sq. miles and increase the crop yield. Initially, the scheme did not have a physical target as to the total area to be benefited by the scheme, neither it envisaged the total crop yield which the scheme may generate. The scheme started functioning in January, 1957 and was scheduled to be completed during the Second Plan period.

The estimated cost was revised downwards to Rs.11.76 lakhs in March, 1960, but was raised again to Rs.15.48 lakhs in September, 1961 when it was estimated that 96.526 sq. miles would be benefited by the scheme leading to an annual extra crop yield of 13,728 tons (valued at Rs.44.62 lakhs).

Total expenditure on the scheme up to March, 1967 was Rs.14.38 lakhs, there being no expenditure during the period April, 1966 to March, 1967. In the absence of any assessment of the working results (March, 1967) it has not been possible to correlate the financial results and the physical targets.

PUBLIC WORKS (CONSTRUCTION BOARD) DEPARTMENT

59. *Irregular execution of work:* Mention was made in paragraph 33(d) of Audit Report, 1962 of an infructuous payment by the Department to an outside agency for preparation of plan and design which subsequently proved defective. The Public Accounts Committee recommended in January, 1964 that "in future before spending any money on any work on the advice of private firms or persons the Department should satisfy itself by necessary checking of the merits and demerits of plans, specifications and estimates furnished by such outside agency".

In May, 1964, the Purulia Division, Construction Board invited tenders for the construction of a dormitory, etc., for the Sainik School at Purulia on the basis of a design and specifications furnished by a private architect. While the work (commenced in September, 1964) was in progress, the middle block of the dormitory constructed at a cost of about Rs.68,000 collapsed in June, 1965.

A departmental enquiry, taken up at the instance of Audit, revealed that the collapse was due to deficiency in design accepted without scrutiny. A fee of Rs.14,460 had been paid to the architect up to June, 1965.

The local office stated (February, 1966) that the architect has agreed to make good the loss but no recovery has yet been made (October, 1967). The cost of reconstruction of the collapsed portion is estimated to be Rs.1.03 lakhs.

Nugatory Expenditure

DEPARTMENT OF IRRIGATION AND WATERWAYS

60. The silt clearance of the outfall system from Bantola to Kulti (17 miles long) was taken up in 1957-58 without administrative approval or technical sanction pending its formal transfer from the Corporation of Calcutta to which the property belongs. The first six miles were excavated by manual labour (2.59 crore cft.) at a cost of Rs.8.20 lakhs. The lower reaches from the 17th mile were taken up by dredgers. After excavation of 38.23 lakh cft. of earth up to about 3 miles, the work was suspended in March, 1962 for want of repairs of dredgers and non-transfer of the outfall system from the Corporation. Total expenditure incurred on the scheme up to March, 1967 was Rs.48.75 lakhs.

The Divisional Officer stated in May, 1966 that the suspension of the work in the lower reaches has "resulted in silting up of the upper reaches already cleared of the silt". Government stated in February, 1967 that "as the outfall system has not been properly maintained for several years some additional expenditure may have to be incurred in order to bring it into proper condition". The estimate of additional expenditure to be incurred on the silt clearance of the excavated portion has not yet (August, 1967) been indicated.

DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

61. The Simulguri-Khursamari Drainage Scheme (estimated cost Rs.0.50 lakh) sanctioned in February, 1965, was started towards the end of March, 1965. The sluice gate collapsed in May, 1965 during construction on account of heavy accumulation of drainage water up-stream. The work has not yet been taken up (October, 1967). The expenditure on the sluice gate (Rs.0.28 lakh) thus proved nugatory.

The Superintending Engineer, Agriculture attributed the collapse of the gate to (a) late starting of the work in the season and (b) defect in design of the scheme. The Department has not yet fixed responsibility (October, 1967).

Extra Expenditure

DEPARTMENT OF IRRIGATION AND WATERWAYS

62. The Kangsabati Project invited tenders in September, 1965 for the work "Excavation of Tarafeni South Main Canal" (estimated cost Rs.4.56 lakhs). Of the two tenders received, the lower one was 8.50 per cent. above the estimated cost. In order to obtain more favourable rates this offer was rejected and fresh tenders were invited in April, 1966. The single tender received this time at 18.47 per cent. above the estimated cost was accepted in December, 1966 on grounds of urgency without asking the lowest tenderers of the first call whether he was still willing to work at his original offer.

Under the rules the offer of the lower tenderer of the first call could have been accepted in the second call even though he did not participate in the same. The non-acceptance of his offer has resulted in an extra expenditure of about Rs.45,000.

63. In Bankura Irrigation Division under the Kangsabati Project the work for excavation of Bishnupur Branch Canal from 445 to 470 ch. involving 34.63 lakh cft. of earthwork was awarded (February, 1963) to the lowest tenderer at 27.63 per cent. less than the estimated cost: Rs.1.97 lakhs. After excavating

28.51 lakh cft. of earth the contract was released (July, 1966) at the request of the contractor who stated that the work had already exceeded the tendered amount by about Rs.10,000. In October, 1966 the contract for the remaining quantity of 6.12 lakh cft. was given to the same contractor at higher rates on negotiation as per the rules. This resulted in an extra expenditure of about Rs.21,000.

It was noticed that the tendered amount exceeded even though the work remained incomplete as the actual execution (10.94 lakh cft.) was much in excess of the estimated quantities, (1.40 lakh cft.) in respect of costlier varieties of soils.

64. The contract entered into by the Kangsabati Project in September, 1957 for manufacture and supply of gates and hoists for the Silabati Barrage provided price variations under certain conditions. It also provided that the requisite quantity of steel materials (69 tons) would be procured on quota certificate for steel to be arranged by the Project authorities.

Fifty-two tons of steel materials were procured by the contractor from the open market at rates higher than the controlled rates. No papers were shown to Audit to indicate whether efforts were made to obtain the quota certificate from the Controller of Steel. Approval of Project authorities to purchase them from open market was obtained and some materials were procured by the contractor even prior to placement of orders with him in September, 1957. This resulted in an extra expenditure of Rs.20,000.

A sum of Rs.14,000 was also paid on account of increase in wages of labour employed in the fabrication work of gates and hoists which were supplied after the expiry of the scheduled date of completion. A sum of Rs.7,117 was levied as penalty for delayed completion.

PUBLIC WORKS DEPARTMENT (CONSTRUCTION BOARD)

65. The contract for the construction of staff quarters for the Durgapur Engineering College entrusted to the lowest tenderer in 1960-61 (2.31 per cent. below the estimated cost (Rs.5.38 lakhs) included an item "3 inches thick average lime terracing on roof including beating over 5 inches brick on edge and 3 inches brick on top". During execution, the contractor claimed extra charges for supply and laying of bricks. The Construction Board entertained the claim (Rs.21,000) on the ground that the original item did not include supply and laying of bricks. The analysis of rate for the item furnished by Government in December, 1966, however, included the charges claimed.

Government stated (July, 1967) that the analysis of rate adopted was neither correct nor workable. Relevant records have not yet been furnished (December, 1967).

DEPARTMENT OF IRRIGATION AND WATERWAYS

66. *Avoidable expenditure:* The filling work of the Salt Lake areas was started in April, 1962 by a foreign firm under an agreement of February, 1961. In July, 1962, when 63.5 acres of land was filled up up to +11 Public Works Department level, the Salt Lake Reclamation Board required the contractor to elevate it up to +12 Public Works Department level. The contractor refused to comply with it on the ground that it was not communicated prior to the commencement of the filling up work as per terms of the contract. Dumping the required quantity of spoils was, thereupon, entrusted to the firm on the basis of negotiations, at an additional cost of Rs.0.27 lakh.

Had the decision to raise the level up to +12 Public Works Department been taken prior to the commencement of the work, extra expenditure of Rs.0.27 lakh plus the charges for spreading the spoils over the area that might be incurred could have been avoided.

67. *Wasteful expenditure:* With a view to formulating schemes for soil conservation and flood control in North Bengal, survey works, namely, (a) taking of longitudinal cross-section of rivers and (b) survey of slip areas in the upper catchment of Teesta and Rangeet rivers, were taken up by the Teesta Catchment Division (now defunct) in January, 1956. These were scheduled to be completed within six months. After incurring an expenditure of Rs.2.88 lakhs (92 per cent. of the estimated cost of Rs.3.14 lakhs) up to March, 1959 the survey was abandoned.

Government stated in April, 1967 that if the details had been surveyed and the scheme drawn up simultaneously, a good part of the overhead charges incurred might have been saved; but due to agronomical changes in the meantime it would not be possible to utilize the data any further. Only the survey maps already obtained by air-survey work could form the basis of future plans.

The data obtained by the survey have not been utilised so far (June, 1967).

PUBLIC WORKS (ROADS) DEPARTMENT

68. *Termination of contract and additional expenditure:* A contract for manufacture of bricks and bats at 3rd|4th and 7th|8th mile of Uluberia-Shyampur Road was entered into in September, 1960 by the Howrah Construction Division. The contractor started work at the first site immediately. In December, 1960, he proposed to manufacture at the first site the bricks, etc., earmarked for the second site. This was accepted in July, 1962 subject to recovery of carriage cost of Rs.4,365. No work was, however, executed and the contract was terminated (September, 1963) without imposing any penalty on the contractor.

In July, 1963, fresh tenders were invited for manufacture of the balance quantity of bricks and bats at the first site and the work was awarded to the same contractor at his lowest quoted rates (higher than the earlier rates) on the date on which the former contract was terminated (viz., 14th September, 1963). This resulted in an additional expenditure of about Rs.15,700 (extra cost for supply Rs.11,335 plus waiver of carriage cost Rs.4,365).

Government justified (June, 1965) the termination of the first contract without recovery of compensation or imposition of penalty on grounds that the contractor failed to secure suitable land for kiln at the second site even with the assistance of the Department; it was not possible to burn further bricks at the first site for failure of the carriage contractor in removing the material and the contractor suffered loss due to payment to idle labour. Arrangement for land was a responsibility of the contractor; he started the work on the second contract from October, 1963, though the removal of the old stacks from the kiln-site at the 3rd|4th mile commenced from February, 1964.

PUBLIC WORKS, PUBLIC WORKS (ROADS) AND PUBLIC WORKS (CONSTRUCTION BOARD) DEPARTMENTS

69. *Recoveries outstanding against contractors:* In 89 cases mentioned below, sums aggregating Rs.3.20 lakhs are pending recovery as on the 31st December, 1967 from contractors on account of cost of materials issued,

hire charges of tools and plants and ad-interim payments. The earliest period from which these are outstanding is 1951-52. The division-wise figures are given below:—

Department/Division	Number of cases	Amount Rs.
(1) Public Works Department—		
(i) Nadia Division	21	13,170
(ii) Employees' State Insurance Hospital Construction Division	1	1,860
(iii) Barasat Division	6	16,775
(2) Public Works (Roads) Department—		
(i) Murshidabad Construction Division	3	9,924
(ii) Malda Construction Division	6	12,856
(3) Public Works (Construction Board) Department—		
(i) Burdwan Division	29	87,966
(ii) Howrah Division	2	210
(iii) North Bengal Division	19	1,77,024

DEPARTMENTS OF AGRICULTURE AND COMMUNITY DEVELOPMENT, IRRIGATION AND WATERWAYS, PUBLIC WORKS, PUBLIC WORKS (ROADS), PUBLIC WORKS (CONSTRUCTION BOARD), DEVELOPMENT AND PLANNING AND HEALTH

70. *Delay in finalization of Contractors' Claims:* Fifty-six cases of delay in finalization of contractors' claims amounting to Rs.4.34 lakhs in respect of 12 Divisions were noticed by Audit during 1966-67. Year-wise break-up of the amount is given below:—

Year to which the claims relate	Number of cases	Amount (In lakhs of rupees)
Up to 1963-64	20	1.09
1964-65	1	0.09
1965-66	11	0.47
1966-67	24	2.69

The earliest claims pertain to 1956-57.

The broad reasons for delay in settlement of claims are indicated below:—

	<i>(In lakhs of rupees)</i>
(i) Sub-standard work for which supplementary tenders are yet to be accepted (6 cases)	0·86
(ii) Non-finalization of penalty cases (11 cases)	1·09
(iii) Pending scrutiny of claims (5 cases)	0·85
(iv) Revision of estimate (3 cases)	0·22
(v) Disputes regarding issue, recovery and consumption of material (7 cases)	0·39
(vi) Non-settlement of measurements and rates (5 cases) ..	0·19
(vii) Non-receipt of Government orders (4 cases)	0·17
(viii) Quantitative increase of tendered amount (5 cases) ..	0·15
(ix) Acceptance of tender in excess of the approved estimated cost (2 cases)	0·11

CHAPTER VI

Stores and Stock Accounts

71. *Stores and Stock Accounts:* (a) A synopsis of the important stores accounts which have been received is given below:—

Year and name of the Department	Description of Stores	Opening balance	Receipts during the year	Issues during the year	Closing balance
<i>(In lakhs of rupees)</i>					
1963-64					
Agriculture and Community Development—Intensive Food Production Scheme	Seeds, manures, insecticides and miscellaneous stores	38.71*	70.09	59.85	48.95

(i) The shortages amounting to Rs.0.53 lakh and loss to the extent of Rs.2.30 lakhs, sustained in 1963-64 due to sale of seeds, etc., at subsidised rate are yet to be written off (December, 1967).

(ii) The issues were less than the receipts by Rs.10.24 lakhs resulting in further accumulation of stores.

(Figures in lakhs)

1964-65					
Information and Public Relations—Publicity Branch—Distribution Section	Miscellaneous stores	3.51 Nos.	27.98 Nos.	26.10 Nos.	5.39 Nos.

The value of the stores was not shown in the ledger; only numerical accounts were kept.

(In lakhs of rupees)

1965-66					
1. Home (Jails)—Alipore Central Jail Press—Stationery and Printing	Raw materials, spare parts and petty plants, stationery and binding materials, etc.	15.08	18.14	20.06	13.16

(i) Certain categories of paper, valued at Rs.5.98 lakhs were purchased during 1965-66 against requirement valued at Rs.2.39 lakhs which could be met from the opening balance (valued at Rs.3.54 lakhs).

*Opening balance increased by Rs. 0.75 lakh over the closing balance of 1962-63 due to alteration of valuation of certain items.

(ii) Discrepancy of Rs.0.49 lakh in the value of stores received between the departmental figure (Rs.0.79 lakh) and the accounts figure (Rs.0.30 lakh) during 1965-66 was not reconciled (December, 1967).

Year and name of the Department	Description of Stores.	Opening balance	Receipts during the year	Issues during the year	Closing balance
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(In lakhs of rupees)

1965-66

Commerce and Industries— West Bengal Stationery Office.	Stationery stores, packing cases, etc.	6.93	41.07	41.34	6.66
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Discrepancy (in respect of receipt of stationery stores and water-marked paper) of Rs.0.76 lakh between the departmental figure (Rs.40.14 lakhs) and the accounts figures (Rs.39.38 lakhs) during 1965-66 is yet to be reconciled (December, 1967).

1966-67

(1) Health—Central Medical Stores	Me- Medicines, drugs, instruments, equip- ments, etc.	30.93	2,57.76	2,48.88	39.81
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(i) Stores valued at Rs.0.88 lakh were in stock unutilised since 1958-59. Further stores valued at Rs.0.70 lakh were lying in stock for more than two years, out of which stores worth Rs.0.19 lakh had become unserviceable. These are yet to be disposed of (December, 1967).

(ii) Physical verification of stores for 1966-67 had not been completed (September, 1967).

(iii) Stores lying with the subordinate offices have not been included in the store accounts.

(iv) Every year, since 1962-63, the issues were less than the receipts resulting in accumulation of stores to the extent of Rs.39.81 lakhs.

1966-67

2. Irrigation and Water- ways	Small stores, build- ing materials, etc.	8.71	41.38	20.44	29.65
3. Public Works	.. Ditto	.. 1,98.03	2,70.74	2,73.00	1,95.77
4. Public Works (Roads)	Ditto	.. 66.24	1,17.55	1,07.33	76.46

(b) In addition to the stores and stock accounts for 1966-67 of non-Public Works Departments which are awaited in all cases except Health Department (Central Medical Stores) and Department of Animal Husbandry and Veterinary Services (Central Medical Stores under the Director of Veterinary Services), the stores and stock accounts for earlier years have also not been furnished by

certain departments as indicated below. According to the orders of Government, the accounts are required to be submitted to Audit by the 5th September each year.

Serial No.	Description	Year of account	Remarks
1.	Department of Information and Public Relations—		
	(a) Publicity Branch excluding Distribution Section	1963-64 onwards.	
	(b) Publicity Branch Distribution Section	1965-66	
2.	Agriculture and Community Development Department—Intensive Food Production Scheme	1965-66	
3.	Department of Health—Principal State Hospitals in West Bengal	1965-66	Consolidated accounts for 1964-65 could not be reconciled as the stores accounts of Infectious Diseases Hospital from 1964-65 onwards have not been produced to Audit.
4.	Department of Commerce and Industries—West Bengal Government Press, Alipore and Secretary's Press, Calcutta	1965-66	

72. *Public Works Stock*: Eighty-four divisions under the various departments held stock during 1966-67. Out of this, 24 Divisions did not furnish any information regarding the value of stock, etc., held by them (December, 1967). The department-wise analysis of default is given below:—

Name of the department	Number of divisions from which information is wanting
Public Works	13
Public Works (Roads)	4
Housing	4
Public Works (Construction Board)	2
Health	1

From the information made available by the Divisional Officers following irregularities came to the notice of Audit:—

- (A) Excesses over reserve stock limits: According to rules, the Chief Engineer of the department is required to fix for each division, a monetary limit up to which stores can be held by a division; such limits were not fixed for 5 divisions under Public Works (Construction Board) Department.

In 21 divisions the value of stock held on the 31st March, 1967 exceeded the aggregate reserve stock limit by Rs.75.92 lakhs. An analysis is given below:

Department	Number of divisions	Value (and percentage) of excess stock
		<i>(Value in lakhs of rupees)</i>
Public Works	8	45.89 (148.4)
Irrigation and Waterways	6	18.88 (104)
Public Works (Roads)	5	10.21 (81.7)
Public Works (Construction Board).. .. .	1	0.67 (33.5)
Housing	1	0.27 (36.6)

In the following divisions, the value of stores with the divisions was in excess of the prescribed limits for considerable period as indicated below:—

Department	Division	Excess persists from	Amount of excess as on the 31st March, 1967
			<i>(In lakhs of rupees)</i>
Irrigation and Waterways	Lower Damodar Irrigation	1964-65	5.41
	Bankura Irrigation ..	1964-65	1.86
Public Works (Roads) ..	Nadia Construction ..	1964-65	0.97
Housing	Housing Construction II ..	1964-65	0.27

- (B) Stock Registers and Stock Verification: (i) The register of stock in a Public Works Division is required to be closed at the end of each year and reviewed by the Divisional Officer to ensure that the stock consists only of necessary and serviceable articles and that the stores are priced within the prevailing market rates.

In 50 out of 60 divisions (from which information was available) Stock Registers were not closed (December, 1967) as indicated below:—

Department	Total number of divisions which held stock	Number of divisions which did not close the registers	Year from which registers were not closed
Public Works ..	36	21	7 from 1963-64 and earlier years, 1 from 1964-65, 5 from 1965-66 and 8 from 1966-67. Reports in respect of 13 of the 15 remaining divisions are awaited.
Public Works (Roads) ..	15	10	1 from 1963-64, 3 from 1964-65, 3 from 1965-66 and 3 from 1966-67. Reports in respect of 4 of the 5 remaining divisions are awaited.
Public Works (Construction Board)	14	8	2 from 1963-64 and earlier years, 1 from 1964-65, 3 from 1965-66 and 2 from 1966-67. Reports in respect of 2 of the remaining 6 divisions are awaited.
Irrigation and Waterways	12	9	4 from 1963-64 and earlier years, 1 from 1965-66 and 4 from 1966-67.
Housing	5	1	1966-67 Reports in respect of the 4 remaining divisions are awaited.
Health	2	1	1962-63 Report in respect of the remaining 1 division is awaited.

The names of the divisions where closing of the registers is in arrears for more than 3 years are shown in Appendix XIII.

(ii) Stock held in a division is required to be physically verified periodically with reference to the book balances by responsible officers other than those in charge of stock in order to ascertain that there are no shortages, pilferages, etc.

In the following cases, reports of physical verification were not received (December, 1967):—

Name of the department	Number of divisions	Year from which the reports are due.
Public Works	1	1962-53
	2	1965-66
	3	1966-67
Irrigation and Waterways ..	1	1958-59
	1	1960-61
	6	1966-67
Public Works (Roads)	1	1965-66
	4	1966-67
Public Works (Construction Board)	1	1965-66
	3	1966-67
Health	1	1962-63

Reports from the divisions under the Department of Housing are awaited.

PUBLIC WORKS (CONSTRUCTION BOARD) DEPARTMENT

73. *Excessive stock leading to loss:* Seventy-nine tonnes of M.S. flats became surplus in April, 1958 in the Resources and Mechanical Division which requested other Divisions during the same month to indent the same from them. 41.58 tonnes of M.S. flats were, however, sold in auction in July, 1966 for Rs.10,525.

Delay in disposal for about 8 years has resulted in a loss of about Rs.17,300 computed at the controlled price prevalent in 1957.

DEPARTMENT OF HEALTH

74. *Loss of cement:* 1,395 bags of cement (costing about Rs.13,000) were solidified due to long storage under 2 Subdivisions of the R.W.S., Presidency Division, Kalyani, during 1960-61 and 1961-62. They represent about 15 per cent. of the total consumption of cement by the two Subdivisions during the period (9,021 bags).

Neither the responsibility has been fixed nor the loss written off (May, 1967).

CHAPTER VII

Revenue Receipts

DEPARTMENT OF FISHERIES

75. *Non-realisation of rent:* Sixteen residential buildings, constructed at Junput (Midnapore) under the Rental Housing Scheme were requisitioned by the Fisheries Department and allotted to their employees in May, 1962. No rent has ever been realised from the occupants on the ground that they have applied for rent-free quarters. Government decision is still awaited (October, 1967).

The standard rent of these buildings amounts to Rs.0.45 lakh up to September, 1967.

CHAPTER VIII

Financial Assistance to Local Bodies, Co-operative Institutions and Others

76. *Irregularities in grants-in-aid to local bodies:* Some of the points relating to grants paid to local bodies reported to Government during 1966-67 are mentioned below:—

- (a) Unutilised grants: (i) Motor vehicles tax grants amounting to Rs.2.25 lakhs out of Rs.3.43 lakhs paid to 13 municipalities between 1958-59 and 1964-65 for improvement of roads were neither utilised nor refunded to Government (June, 1967).
- (ii) Out of Rs.4.26 lakhs representing the unspent balance, as on the 1st April, 1965, of grants paid to 12 local bodies during the period 1957-58 to 1965-66 for different purposes sums totalling Rs.3.46 lakhs remained unutilised (June, 1967).
- (b) Non-receipt of utilisation certificates: Certificates of utilisation of grants totalling Rs.3.90 lakhs paid during 1965-66 as detailed below were not received (June, 1967):—

Serial No.	Name of granteo body	Purpose of grant	Amount Rs.	Authority responsible for furnishing certificates
1.	Chandernagore Municipal Corporation.	Development Schemes for 1964-65 and 1965-66.	84,752	Subdivisional Officer.
2.	Darjeeling Zilla Parishad.	Pay, etc., of teachers	1,106	Anchalik Parishads (10).
3.	Bankura District School Board.	Improvement of Primary Schools.	27,215	Block Development Officers.
4.	Murshidabad District School Board.	Community Development Programme.	1,88,206	Ditto
5.	South Dum Dum Municipality.	Road Development Plan Scheme.	88,570	Chairman.

- (c) Diversion of grants: In the following cases sums aggregating Rs.4.11 lakhs sanctioned as grants-in-aid were unauthorisedly utilised for purposes other than the purposes for which they were given:—

Serial No.	Name of grantee body	Amount (year of payment) Rs.	Purpose for which sanctioned	Purposes for which utilised
1.	Darjeeling District School Board.	2,78,309 (up to 1965-66)	Compulsory Education Scheme for the additional teachers in existing schools and new schools staff under 1st phase.	Maintenance of Junior Basic, Primary and Forest Village Primary Schools.

Serial No.	Name of grantee body	Amount (year of payment)	Purpose for which sanctioned	Purposes for which utilised
		Rs.		
2.	Bankura District School Board.	(i) 6,976 (1965-66)	Meeting overall deficits on approved items of expenditure.	Payment of Town and Medical Allowances of staff.
		(ii) 9,134 (1965-66)	Ditto.	Repairs to school building-expenditure in excess of approved scale.
		(iii) 1,17,000 (1965-66)	Teachers' salary, provident fund contribution, etc.—Number of teachers per school should not exceed the ratio of 1 : 49 pupils.	The teacher : pupil ratio exceeded in all schools.

COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENT

77. *Outstanding dues:* An industrial loan of Rs.1.50 lakhs (payable in 3 instalments) for setting up a plant for manufacturing industrial spirit, alcohol, etc., was paid in 4 instalments between March, 1950 and December, 1951 to a limited company against security of assets valued Rs.3.17 lakhs. The loan was sanctioned on the condition that the company would raise share capital of Rs.1 lakh within 4 months of receipt of each instalment of the loan; but it failed to raise the requisite share capital of Rs.3 lakhs. No instalment of principal repayable in 10 equal instalments beginning from December, 1952 has been paid. A sum of Rs.0.84 lakh out of Rs.1.50 lakhs due as interest upto June, 1966 (at 6½ per cent. per annum), could only be realised after certificate cases were stayed several times on the company's pledge to pay the dues amicably. It has been stated by Government (May, 1967) that steps have been taken to realise the dues by certificate proceedings which are still pending.

CHAPTER IX

Government Commercial and Trading Activities

SECTION I—GENERAL

78. This chapter deals with the audit of (i) Statutory Corporations|Board, (ii) Government Companies and (iii) Departmentally managed Government undertakings.

SECTION II—STATUTORY CORPORATIONS|BOARD

79. There were four Statutory Corporations and one Board in the State as on the 31st March, 1967 as detailed below:—

- (1) Calcutta State Transport Corporation,
- (2) North Bengal State Transport Corporation,
- (3) West Bengal State Warehousing Corporation,
- (4) West Bengal Financial Corporation and
- (5) West Bengal State Electricity Board.

A Synoptic statement showing the financial results of these Corporations|Board for the latest year up to which accounts have been received and audited in each case is given in Annexure I.

The following accounts have not yet been received (April, 1968):—

Name of the Corporation/ Board	Year of accounts out- standing	Remarks
North Bengal State Transport Corporation	1964-65 to 1966-67	....
Calcutta State Transport Corporation	1965-66 to 1966-67	The accounts for 1965-66 have been submitted on the 26th April, 1968 and the same are under scrutiny.
West Bengal State Ware- housing Corporation	1966-67	Under section 31(10) of the Warehousing Corporations Act, 1962, accounts of the Corporation together with Audit Report thereon are required to be placed before the Annual General Meeting of the Corporation within 6 months of the close of the financial year. This provision has not been complied with as yet.

COMMERCE AND INDUSTRIES DEPARTMENT (POWER BRANCH)

West Bengal State Electricity Board

80. *Irregularities in the execution of a contract:* During October and November, 1962 the Board placed orders, on the basis of lowest tenders invited

in July, 1962 on two firms 'A' and 'B' for fabrication and galvanising of 990 tonnes of steel structures for its sub-stations in North Bengal at rates varying between Rs. 611 and Rs. 911 per tonne. As per agreement the Board supplied 483.584 tonnes of steel to firm 'A' and 543.182 tonnes to firm 'B'.

Firm 'A' on which an order for 440 tonnes of steel structures was placed, supplied 433.174 tonnes of ungalvanised structures with red paint and 5.036 tonnes galvanised structures (including all allowable wastages) during the period from March, 1964 to June, 1965. Firm 'B' delivered 501.687 tonnes of ungalvanised structures during the period from November, 1963 to December, 1964. As the rates fixed as per agreements were for galvanised structures only, the rates were reduced by Rs.100 per tonne for ungalvanised structures though in a similar case in June, 1962 the Board had reduced the rate by Rs. 295 per tonne in case of another contractor. Computed at the rate of Rs. 295 per tonne instead of Rs.100 per tonne the amount underrecovered from the firms 'A' and 'B' stands at Rs.1.82 lakhs.

45.374 tonnes of steel supplied to firm 'A' in excess of the requirement valued at Rs.20,203 have neither been accounted for by the firm nor the value thereof has yet been recovered by the Board (April, 1968). The steel account of the firm 'B' has not also been finalised.

In terms of the contract the Board was to arrange for import licence for zinc necessary for galvanising work, if sought for by firm 'A'. The firm imported 33.592 tonnes of zinc against an import licence (for Rs.37,275) procured by the Board. Out of this, about 20 tonnes of zinc are stated to have been utilised. The balance, i.e., 13.592 tonnes of zinc has not yet been accounted for to the Board (November, 1967).

81. *Extra payment:* In March, 1964 the Board placed orders with a firm for fabrication of 420 steel towers (subsequently reduced to 406) and erection of a 132 K. V. line between Beldanga and Farakka. It was stipulated that steel would be supplied free of cost by the Board at the firm's factory at Howrah.

The fabrication and erection work scheduled to be completed by March, 1965 was extended up to the middle of June, 1965, on mutual agreement, dated the 10th March, 1965; the work was, however, actually completed and handed over to the Board only in March, 1966. Penalty leviable at $\frac{1}{4}$ per cent. per month subject to a maximum of 5 per cent. of the value of unfinished work was not levied.

Though more than the required quantity of steel (2,064 tonnes against 1,955 tonnes including 10 per cent. extras) had been supplied to the firm by March, 1965, the Board accepted (August, 1966) an additional liability of about Rs.0.51 lakh raised by the firm for carrying 294 numbers of towers by head-load to an average distance of $1\frac{1}{2}$ miles during the monsoon on the ground that the requisite sections of steel could not be supplied in time. A scrutiny of local records revealed that steel of the appropriate sections as issued on the work after March, 1965 and consumed were available in stock in March, 1965.

82. *Vacant quarters:* The Board constructed 665 flats up to March, 1966 for the staff of the Bandel Thermal Power Project. Out of these, 41 flats have not yet been allotted (October, 1967). Besides, 38 flats remained vacant for the periods ranging from seven to forty months as detailed in Appendix XIV. The capital cost of these 79 flats constructed during 1963-64 to 1965-66 is approximately Rs.11 lakhs.

The quarters remained vacant in the absence of demands. This resulted in a loss of rent of about Rs.0.98 lakh on the basis of the estimated standard rent which has not yet been finalised as the final payments to the contractors who constructed these flats have not yet been made in some cases (February, 1968).

83. *Short realisation due to defective meter:* Messrs. National Power Supply Corporation Limited, a private company, purchase power from the Board at Andul for their own use and retail distribution to their customers. A meter for recording consumption of energy was installed by the Board in 1956 at the premises of the Company. From April, 1964 the meter was defective but a substitute meter was installed in January, 1965 and that too was found defective.

The Internal Audit of the Board detected in April, 1967 that as per the returns submitted by the Company to the Government of India and copies endorsed to the Board, 14.21 lakh units of power (excluding line loss of 2.56 lakh units which are to be borne by the consumer) were received by it between April, 1964 and March, 1967 but the meter installed by the Board recorded supply of 8.11 lakh units only. There has thus been a short recovery of about Rs.0.69 lakh to the Board.

Government stated in February, 1968 that the amount would be realised as soon as the actual consumption of energy for the disputed period was calculated and recoverable amount was determined. No action to repair or replace the defective meter has, however, been taken by the Board so far (February, 1968).

84. *Short realisation due to defective estimates:* (a) In April, 1964 the Board undertook construction of a double circuit line covering a route-length of 40 miles from Maldah to Khejuriaghat on the application of the Farakka Barrage Project. The cost of Rs.5 lakhs as estimated by the Board was paid by the Barrage Project authorities as required under the rules of the Board. The service line as constructed, however, covered 50.84 miles and the actual cost incurred was Rs.9.81 lakhs. The balance amount of Rs.4.81 lakhs (Rs.9.81 lakhs—Rs.5 lakhs) was not recovered from the consumer on the ground that "there is no provision (in the rules framed by the Board) for realising the extra cost from the consumer as the service connection charge quoted to the party is firm".

The Board also undertook (April, 1964) on prepayment basis, construction of a terminal sub-station at Khejuriaghat for Rs.2.08 lakhs whereas the detailed estimate for the work was for Rs.5.02 lakhs. The actual cost incurred was neither made available to Audit nor could it be ascertained from the available records.

(b) In September, 1963 the Board undertook for Rs.53,200 from a private industrial consumer for laying a service line covering a route-length of 3-3/8th miles. The route-length covered was 4 miles and the actual cost incurred was about Rs.61,200. The excess cost of Rs.8,000 was not recovered from the consumer for the reason stated against sub-para (a) above.

85. *Loss of revenues:* In terms of an agreement entered into by Government in April, 1955 the Board (formed on the 1st May, 1955) was committed to supply to the Indian Central Jute Committee maximum contract demand up to 100 K.W. subject to a minimum charge varying between Rs.10,000 and Rs.17,500 per annum. The contract which was initially for five years was extended from time to time.

The Board billed for the actual consumption of electric energy which was below the minimum guaranteed charges but failed to claim the difference between the minimum guaranteed charges and the actual payments received since 1955-56. When the claim for the difference (Rs.0.57 lakh) was preferred by the Board in December, 1962 for the period up to 1961-62, the Committee refused payment on the ground that the claim had become time-barred.

In March, 1963 the earlier agreement was revised with retrospective effect from January, 1959 with a view to reducing the minimum guaranteed charges. The minimum guaranteed charge fixed in the revised agreement was less than the amount of the bills for actual consumption of electric energy since January, 1959. The Committee agreed and paid the minimum charges up to December, 1958 at unrevised rates but still the Board lost revenues amounting to about Rs.0.34 lakh, for the period from the 1st January, 1959 to the 31st March, 1962 being the difference between the annual minimum guaranteed revenue under the earlier agreement and the cost of actual consumption of electricity.

86. *Relinquishment of revenue*: Mention was made in paragraph 51(VI)-(ii) of Audit Report, 1962 of the outstanding amount of Rs.1.42 lakhs against two companies due to non-payment of the annual minimum guaranteed amounts for energy consumption up to 1957. The Department stated in June, 1963 before the Public Accounts Committee that the amount of the guaranteed minimum would be realised.

While one company paid off its dues (Rs.1.07 lakhs) the other company paid only Rs.4,118 out of Rs.35,456. It did not also pay in full its dues to the Board in respect of subsequent periods. The Board disconnected the supply in January, 1966 but agreed in December, 1966 to—

- (a) reduce the annual minimum guaranteed revenue from January, 1959 and
- (b) recover dues of Rs.61,000 (Rs.40,000 pertaining to period up to December, 1958 on account of shortfall in annual minimum guaranteed revenues and Rs.21,000 on account of energy charges, meter rents, etc., for subsequent period) in 63 monthly instalments (Rs.21,000 in 3 instalments and the balance in 60 equal instalments).

As a result of this agreement the Board waived a claim of Rs.1.38 lakhs for the period from September, 1952 to September, 1965.

No instalment for the arrear dues (Rs.61,000) has yet been received (February, 1968).

Government stated (February, 1968) that the Board could not be too exacting in the matter of its dues without leading to the closure of the mill.

SECTION III—GOVERNMENT COMPANIES

87. There were 7 Government Companies, named below, in the State as on the 31st March, 1967:—

- (1) Durgapur Projects Limited,
- (2) Kalyani Spinning Mills Limited,
- (3) West Bengal Small Industries Corporation Limited,
- (4) Electro-Medical and Allied Industries Limited,
- (5) Durgapur Chemicals Limited,
- (6) State Fisheries Development Corporation Limited and
- (7) West Bengal Industrial Development Corporation Limited.

The financial results of these Companies (excepting Serial No. 7) are shown in the Annexure II.

**COMMERCE AND INDUSTRIES DEPARTMENT (DURGAPUR
INDUSTRIES BRANCH)**

88. (1) *Durgapur Projects Limited*: The Durgapur Projects Limited incorporated as a Government Company on the 6th September, 1961 took over on the 14th September, 1961 from the Durgapur Industries Board (constituted under Government Order) the Statesponsored industries consisting of Coke Oven (with two batteries), the by-project plant and the thermal power plant (with 2 generating sets of 30 M.W. each) at a provisional purchase price of Rs.21,16.74 lakhs. Final settlement of assets and liabilities taken over has not yet been effected (April, 1968).

(2) *Financial Results*: (i) The table below summarises the financial position of the Company under broad headings for the last three years:—

(*Rupees in lakhs*)

Liabilities	1964-65	1965-66	1966-67
(a) Paid up capital (including advance for shares)	16,45.28	18,28.32	19,08.70
(b) Borrowings (excluding interest accrued) ..	32,90.56	36,56.63	38,56.80
(c) Trade dues and other current liabilities ..	6,98.19	5,44.90	6,26.94
Total ..	56,34.03	60,29.85	63,92.44

(*Rupees in lakhs*)

Assets	1964-65	1965-66	1966-67
(d) Gross block	36,84.72	37,08.68	45,98.33
(e) Less depreciation	3,43.36	4,44.40	5,51.69
(f) Net fixed assets	33,41.36	32,64.28	40,46.64
(g) Capital Work-in-progress	12,37.18	17,54.68	11,98.24
(h) Current assets, Loans and Advances (including due from Government of West Bengal) and Investment (including deposit with Government of West Bengal)	9,44.77	9,28.49	11,33.20
(i) Preliminary expenses	1.91	1.91	Nil
(j) Profit and Loss Account (Net Loss) ..	1,08.81	80.49	14.36
Total ..	56,34.03	60,29.85	63,92.44

(*Rupees in lakhs*)

	1964-65	1965-66	1966-67
Capital employed	35,87.94	36,47.87	45,52.90
Net worth	15,34.56	17,45.92	18,94.34

Note : (1) Capital employed represents net fixed assets plus working capital.

(2) Net worth represents paid up capital plus reserve less intangible assets.

(ii) The working results of the Company for the last three years are tabulated below:—

(Rupees in lakhs)

	1964-65	1965-66	1966-67
Loss (-) }	(-)41.12	(+) 5.27	(+)46.72
Profit (+) }			
		Per cent.	Per cent.
Percentage of profit			
(a) to net worth		0.30	2.47
(b) to equity capital		0.29	2.45
(c) to capital employed		0.14	1.03

(3) There is no time-recording device in existence to control the idle time of the workers in the factory/shops.

(4) *Delay in completion:* The table below indicates the scheduled dates for the completion of the various schemes and the actual dates thereof:—

Name of the Scheme	Scheduled date of completion	Actual date of completion	Delay	Remarks
(i) Third and Fourth Batteries of the Coke Oven	July, 1964	February, 1967	31 months	The delay is stated to be due to (a) failure on the part of the contractor to supply the machinery and equipments in time and (b) delay in transferring some supplies from foreign section to Indian section and in placement of orders on Indian firms.
(ii) Coal Washery (300 tons per hour capacity)	September, 1964	May, 1967	32 months	The delay is stated to be due to (a) Company's delay to provide a valid import license to the contractor, (b) delay on the part of the contractor to submit specifications, etc., of the equipment as also the delay in supplying plant and machinery.
(iii) Gas Grid	June, 1961	July, 1963	25 months	The delay is stated to be due to (a) delay in obtaining import license and (b) contractors' failure to keep to the schedule of progress of installation work.

Name of the Scheme	Scheduled date of completion	Actual date of completion	Delay	Remarks
(iv) Third Unit of Power Plant (75 M.W.)	August, 1963	June, 1964	10 months	} The delay is stated to be due to delay in completion of civil works.
(v) Fourth Unit of Power Plant (75 M.W.)	October, 1963	September, 1964	11 months	
(vi) Fifth Unit of Power Plant	April, 1965	February, 1966	10 months	....

(5) *Production Performance*: The table below indicates the rated capacity and achievement thereagainst for the years 1964-65 to 1966-67:—

Product	Rated capacity	Actual quantity processed		
		1964-65	1965-66	1966-67
(i) Gas	.. .052 lakh M.Cft.	.. .049	.045	.051
(ii) Crude Benzol	.. .043 lakh K.L.	.. .032	.035	.032
(iii) Crude Tar	.. .165 lakh M.T.	.. .153	.153	.161
(iv) Power	.. 1182.60 × 10 ⁶ KWH (1964-65)	817.07 × 10 ⁶	..	..
	.. 1182.60 × 10 ⁶ KWH (1965-66)	..	975 × 10 ⁶	..
	.. 1511.10 × 10 ⁶ KWH (1966-67)	..	..	994.52 × 10 ⁶
(v) Water Works 35 million gallons per day	..	Nil	14.8	16.8

The shortfall in production of power was stated to be due to lack of demand for power by the industries due to their lesser growth than anticipated.

The shortfall in the rated capacity of water works was ascribed to the delay in developing the demand for the 3rd and 4th units of the Coke Oven and Coal Washery of the projects and other industries at Durgapur.

Reasons for shortfall in production of Gas, Crude Benzol and Crude Tar were not made available.

(6) *Pricing Policy*: The prices of the products of the Company are fixed on the basis of (a) the ceiling price fixed by the Government of India from time to time in respect of Coke, (b) market price charged by other producers in respect of Tar and Benzol products and (c) varying tariff rates determined by the Company from time to time in respect of individual bulk consumers having regard to the cost of generation, existing rates charged by the Damodar Valley

Corporation and directives given by the State Government. In the following cases the actual cost of production was appreciably more than the selling prices:—

Product	Selling price		Actual cost of production
		Rs.	Rs.
(i) Coke	1964-65	60·03 to 61·61 per tonne	73·77 per tonne
	1965-66	61·61 to 80·00 per tonne	73·93 per tonne
(ii) Gas	1966-67	3·36 per 1,000 cft.	4·50 per 1,000 cft.
(iii) Motor Benzol ..	1965-66	330 per kilolitre	369·58 per kilolitre
	1966-67	375 „ „	530·79 „ „
(iv) Industrial Toluol ..	1965-66	834 „ „	879·35 „ „
	1966-67	834 „ „	1,180·36 „ „
(v) Light solvent Naphtha	1965-66	705 „ „	807·90 „ „
	1966-67	800 „ „	1,131·37 „ „
(vi) Pure Benzene ..	1964-65	532 „ „	639·83 „ „
	1965-66	580 „ „	650·88 „ „
	1966-67	580 „ „	820·60 „ „
(vii) Crude Naphthalene	1964-65	275 per tonne	441·09 per tonne
	1965-66	400 „ „	940·36 „ „
	1966-67	500 „ „	745·99 „ „
(viii) Sodium Phenolate	1964-65	800 „ „	1,092·06 „ „
	1965-66	1,000 „ „	1,515·33 „ „

(7) *Loss of Revenue due to non-allotment and unauthorised occupation of quarters:* The following table indicates the position of residential quarters owned/hired by the Company and the approximate loss of revenue incurred due to non-allotment/delay in allotment thereof up to March, 1967:—

	No. of quarters	Loss of revenue (In lakhs of rupees)	Remarks
Owned by the Company	2,811	1.21	75 rooms and 154 seats of the quarters are under unauthorised occupation as on the 31st March, 1967.
Hired by the Company ..	330 (hired between 1962 and 1965)	0.36	266 quarters stood allotted in March, 1967. Against the annual rental liability of Rs.1.38 lakhs to the Housing Department only Rs.0.32 lakh are recoverable from the allottee employees of the Company by way of rent.

(8) *Overtime:* The expenditure on overtime to the staff increased during 1966-67 as compared to previous years as will be seen from the following:—

Year	Total salaries	Overtime paid	Percentage of overtime to salaries	
	(In lakhs of rupees)			
1964-65 ..	81.27	2.69	3.3	
1965-66 ..	1,00.30	3.17	3.2	
1966-67 ..	1,03.25	8.89	8.6	(32.6 and 15 per cent. increase in the Accounts and Transport Sections)

While increases in salaries during 1966-67 were 2.9 per cent. over those of 1965-66, overtime increased by 180.4 per cent. The value of production in 1966-67, however, increased by 7.8 per cent. as compared to the previous year.

(9) *Bonus Payments:* In May, 1963 the Company appointed a consultant at a fee of Rs.10,000 for (i) designing an incentive bonus scheme for the Power Plant Division and (ii) to co-ordinate and check the bonus scheme of the Coke Oven Division worked out by the Company. The consultant submitted his scheme in July, 1963. This scheme was ignored and the Company introduced a liberalised scheme from September, 1963.

Under this scheme, payment of bonus was not related to minimum production in the Power, Gas and Tar plants as well as the Central Workshop; the rates paid were also in excess of the rates recommended by the consultant. In the case of Coke Ovens, the minimum was lowered and since April, 1963, the bonus was paid on the previous six months average, instead of actuals during the month concerned.

The principal deviations of the scheme introduced by the Company from that recommended by the consultant are shown below:—

Division	Basis as recommended by the consultant	Basis as introduced by the Company <u>Actual payment during 1966-67</u>	Remarks
1	2	3	4
(i) Power Plant	The maximum bonus should be 30 per cent. of pay when the average generation in a month is 200 M.W. (with 4 units in operation). The threshold point where the scheme should be operative is 181 M.W. in a month.	25 per cent. of pay irrespective of actual generation <u>Rs.3.24 lakhs</u>	The average generation during 1966-67 was 113.5 M. W. only. From time to time the Company had to lower down production of both Coke Oven and Power Plant due to various reasons and since such fall in production was beyond the control of the employees, the company had to revise the bonus rates in such a way that the employees were not adversely affected by the decrease in production. The consultant's note of caution in such contingencies is reproduced below :
(ii) (a) Coke Oven	The maximum bonus of 30 per cent. is payable when daily average of Ovens pushed during the month is 80, the threshold point where the scheme should be operative should be 71 (average) Ovens pushed in the month.	The maximum bonus of 40 per cent. is payable when the daily average number of Ovens pushed in a month is 80 (with effect from 22-10-66). With effect from 23-5-66, the maximum of 40 per cent. is payable on daily average of 76 Ovens pushed in a month.	"An incentive scheme aims to reward extra work over and above a certain level. Unless this extra work is done there is no additional gain to the Organisation and there is, therefore, no share available to pay incentive. There may be situations when in spite of complete willingness on the part of

Division	Basis as recommended by the consultant	Basis as introduced by the Company Actual payment during 1966-67	Remarks
1	2	3	4
		<p>When the 3rd battery was put to commission (17-4-67) production in the first two batteries was staggered due to lack of demand, the average pushing per day in three batteries was limited to 86-87 Ovens only ; but the bonus was payable on the basis of average monthly bonus for the six months ending 31-3-67.</p> <hr/> <p>Rs.3.90 lakhs</p>	<p>the workers to apply the extra effort, opportunity for extra work is absent due to lack of sales, raw materials or production equipment or such factors beyond the control of the workers.</p> <p>Even then the fact remains that there is no additional gain to the management and the question of paying incentive bonus does not arise. One exception made to this principle is soon followed by others and an incentive scheme deteriorates into payment for no result and an increase in cost of production while the aim of an incentive scheme is to reduce the cost of production".</p>
(b) Gas Plant	No incentive is payable till the plant reaches 80 per cent. utilisation of the capacity.	Same rate of bonus as applicable for the Tar Plant <hr/> Rs.1.19 lakhs	The Plant never worked at more than 50 per cent. of its rated capacity.
(c) Tar Plant	Incentive bonus should be paid only in proportion to the days run in each month.	No such provision was made but Rs.1.40 lakhs were paid.	Percentage of bonus as declared by the Company from time to time was in excess of the percentages recommended by the consultant.

(iii) In May, 1966 the central workshop came under the purview of the Bonus Scheme. The percentage of bonus was based on cost of finished products and sanctioned strength of workers on the last day of each month plus 10 per cent. maintenance bonus. In December, 1966 the basis was revised, an ad-hoc percentage of 30 per cent. was introduced irrespective of actual production. Total amount paid in 1966-67 for the workshop was Rs.0.11 lakh; the value of production in 1966-67, however, dropped down to Rs.7.85 lakhs from Rs.11.25 lakhs in 1965-66.

(10) *Idle machines:* (a) No records indicating the extent of utilisation of machines installed in the Central Workshop were maintained. Machines worth Rs.1.11 lakhs installed during 1964-65 (Rs.0.68 lakh) and 1965-66 (Rs.0.43 lakh) have not been operated at all (September, 1967).

(b) In 1956, 21 earthmoving machines were purchased (19 from the Damodar Valley Corporation and 2 from the State Relief and Rehabilitation Department) at a cost of Rs.12.80 lakhs. Of these, 7 machines valued at Rs.3.23 lakhs were declared obsolete when their residual value was Rs.2.14 lakhs. Five of them had been disposed of in auction for Rs.21,785; 2 machines are still lying with the Company (December, 1967).

The Company stated in November, 1965 that the machines which were initially taken on hire were purchased in a lot in order to effect greater economy by avoiding hire charges; it was further stated that they were fully aware that the 7 machines were not technically considered useful and those were, however, purchased in a lot as the suppliers did not agree to sell them piecemeal.

(11) *Staff benefits:* The following tables will indicate the extent of benefits granted by the Company to its staff as compared to those granted by other Government concerns:—

(i) Pay		Scale of accommodation provided by the Company (Plinth area)	Scale of accommodation prescribed by Government of India (Plinth area) (No such scale has been prescribed by State Government)		
(In square feet)					
Rs. 55 to 149	739	600		
Rs. 150 to Rs. 249	1,082	770		
Rs. 250 to Rs. 499	1,650	1,100		
(ii) Pay		Percentage of house rent recovery by the Company	Percentage recovery by other public sector undertakings at Durgapur		
			<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Hindusthan Steel Limited</td> <td style="text-align: center;">Mining and Allied Machinery Corporation</td> </tr> </table>	Hindusthan Steel Limited	Mining and Allied Machinery Corporation
Hindusthan Steel Limited	Mining and Allied Machinery Corporation				
Not exceeding Rs. 75	Free	7½ 7½		
Rs. 76 to Rs. 150	3	7½ 7½		
Rs. 151 to Rs. 400	7½	10 10		
Rs. 401 and above	10	10 10		

The amount of financial benefits granted by the Company by way of free and concessional accommodation to the employees amounted to Rs.32 lakhs during 1964-65 to 1966-67. The other benefits (viz., supply of water, electricity at concessional rates, municipal and hospital services, etc.) as evaluated by the Company auditors amount to Rs.47.23 lakhs during 1963-64 to 1965-66.

(12) *Other topics of interest:* (a) Inadmissible and avoidable payments: The Company had entered into a contract in December, 1962 with an Indian firm for importing from West Germany the turbine equipments for the 5th Unit of the Power Station. The contract provided that the contractor would remit rupee equivalent of foreign currency to his Principals in West Germany within 2 weeks after receipt of payments from the purchaser, any variation over and above the average rate of exchange being to the purchaser's account.

In November, 1966, exchange variation amounting to Rs.5.21 lakhs consequent on devaluation in June, 1966 was allowed to the contractor. The amount was paid in respect of (i) payments of Rs.6.81 lakhs received by the contractor between the 1st July and the 28th December, 1965 (Rs.3.91 lakhs) and (ii) bill for Rs.2.27 lakhs submitted in October, 1965, but paid in March, 1966 (Rs.1.30 lakhs).

The import licence necessary for release of foreign exchange was due to expire on the 8th January, 1966. It was sent by the Company to the Government of India on the 7th January, 1966 for revalidation; it was received back duly revalidated only in July, 1966. While the payment of Rs.3.91 lakhs was inadmissible in terms of the contract, that of Rs.1.30 lakhs could have been avoided had the bill for Rs.2.27 lakhs been paid at least two weeks before the expiry of the import licence.

(b) Uneconomic use of oil as auxiliary fuel: The third and fourth boilers of the power plant completed by September, 1964 had no provision for use of gas as auxiliary fuel, though similar provision existed in the first and second boilers. Consequently oil was used in place of gas. The foreign consulting engineers who were requested to review the working of the Power Plants reported in February, 1965 that the use of oil in boiler as auxiliary fuel was more expensive and might give rise to corrosion troubles. The total avoidable expenditure in this regard during the six months up to September, 1966 as reported by the said experts were Rs.12.4 lakhs for use of oil instead of gas. The avoidable expenditure incurred during the subsequent periods was not susceptible of verification in the absence of separate records.

The Company stated (November, 1965) that they had been considering the feasibility of using gas in these boilers and contacted the manufacturers for ascertaining the additional cost involved in changing the designs. The results are not known (September, 1967).

In August, 1967, the Management, however, stated that installation of the gas burning equipment in the 3rd and 4th Units was examined in 1962 and the proposal was considered uneconomic and abandoned due to high additional cost involved (Rs.5 lakhs).

(c) Avoidable loss: (i) Railway freight for coal wagons is payable on the chargeable weight shown in the Railway Receipt. The difference of freight between the chargeable and actual weights as shown in the Railway Receipt (i.e., idle freight) is recoverable from the suppliers. In December, 1963 non-recovery of an amount of Rs.0.66 lakh (worked out by Audit) from the suppliers up to March, 1963 on his account was pointed out in May, 1964 when the Management stated that the idle freight was to be ascertained for recovery from the suppliers. It has not yet been ascertained (September, 1967).

The question of ascertainment does not arise as both the chargeable and actual weights are shown in the relevant Railway Receipts.

(ii) During 1965-66 and 1966-67, 1,594 M.T. of coal (valued at Rs.0.62 lakh) were found underloaded by test weighment (5.7 per cent. to 7 per cent. was test weighed) at the receiving centre as compared to those shown in the Railway Receipts.

As there was no provision in the contracts with the suppliers for payment on the basis of actual weights as recorded at the destination, the Management had to make payments for the coal as well as the freight on the basis of Railway Receipts.

(d) Ex-gratia Payments: The Company has been paying since 1964-65 ex-gratia payment of about Rs.4.15 lakhs each year to all its employees drawing monthly salary up to Rs.500. No reasons in support of such payments have, however, been furnished.

(e) (i) Idle Stores: The stock of non-moving stores and non-moving coke breeze has been continuously increasing as shown below:—

Year ending 31st March	Non-moving stores	Non-moving stock (Coke breeze)
	Quantity in M.T.	Value
	(In lakhs of rupees)	(In lakhs of rupees)
1965	12.13	39,040
1966	17.95	47,569
1967	18.12	1,22,048

(ii) Unnecessary purchase: 'Soda Ash Dosing' in water started from November, 1965 for corrosion in cooler tubes of the Power Plant. Subsequently this proved injurious to the Power Plant and it was decided to discontinue it from April, 1966. The stock of soda ash as on the date of discontinuance was 20 M.T. Two days thereafter (16-4-66) an indent was placed by the Superintendent, Water Works, on the Purchase Department for supply of 40 M.T. soda ash. The purchase order was issued on the 24th September, 1966 for supply of 40 M.T. at the rate of Rs.530 per M.T. Full quantity of it (valued at Rs.0.40 lakh) and the balance of previous stock (20 M.T.) have remained unutilised (September, 1967).

No responsibility for purchasing the quantity after the discontinuance of the process has yet been fixed (December, 1967).

(13) Irregularities pointed out by the Company Auditors: The nature of irregularities pointed out in para 130 of the Audit Report, 1966 were persistent (in majority of cases) as brought out in the Company Auditor's Supplementary Report on the accounts of the Company for the year 1965-66.

In addition, the following major irregularities were reported in their Supplementary Report on the accounts of the Company for the year 1965-66:—

- (i) The Company did not have a centralized section for co-ordinating the accounting activities and audit requirements of numerous sections and divisions working under it.
- (ii) The Company did not have any Accounts Manual prescribing therein the detailed accounting procedure and systems, the financial powers, duties and responsibilities of the different officers.

- (iii) The closing of accounts involving (a) analysis of balances, (b) reconciliation and (c) scrutiny of financial accounts with subsidiary records and documents were not given due attention.
- (iv) No system was followed by the Company to connect the resolutions passed by the Board of Directors with the actual accounting entries.
- (v) The issue vouchers for consumption of stores remained unlinked with the total consumption valued at Rs.29.80 lakhs as shown in the accounts.
- (vi) The other irregularities which the Auditors noticed were as follows:—
- (a) Double capitalisation of interest on unsecured loans obtained from the State Government resulted in the Profit and Loss Account being undercharged by Rs.3.97 lakhs. It was explained by the Management that as the interest would be met proportionately from the loan capital, the above treatment was followed.
 - (b) Claims are recoverable in connection with missing wagons and claims payable for misdirected wagons of sundry parties.
 - (c) Non-reconciliation of quantities despatched with that billed for in respect of coke and bye-products.
 - (d) Non-accountal of income on account of electricity supplied to staff and others (excepting bulk supplies).
 - (e) Non-verification of the Railway charges, i.e., freight, demurrage, damages and deficiencies and non-reconciliation of freight with the quantum of coal received at plant site.
 - (f) Non-reconciliation of bills received from suppliers with entries made in Store Receipt Book Registers and non-adjustments thereof on periodical basis.
 - (g) Sales-tax collected merged with Sales Account instead of crediting the same to Sales-tax Account.
 - (h) Customs Duty and Port Charges were not allocated to plants properly in the absence of any system of linking the charges with the supply invoices.
 - (i) The Internal Audit was practically non-existent and was not at all effective.
 - (j) There was no prescribed procedure for writes-off, discounts and refunds, etc.
 - (k) The budgetary control, in its true sense, was practically non-existent.
 - (l) The Cost Sheets prepared were not at any stage reconciled with the financial accounts.
 - (m) The Costing System merely confined itself to only cost ascertainment and failed to generate cost consciousness within the organisation.
 - (n) The Company had no system for recording and assessing the idle time of labour and machinery specifying the reasons therefor.
 - (o) Shortages of raw materials and stores written off aggregating to Rs.2.94 lakhs awaited sanction of the Board.

Durgapur Chemicals Limited

89. *Unnecessary affixing of stamps:* In October, 1963 the Company concluded an agreement with a firm in Paris for delivery of equipments (valued Rs.2,18.31 lakhs) under the Indo-French Credit Terms; the value for supplies was payable in deferred instalments. Promissory notes for Rs.2,16.14 lakhs

were drawn in July, 1964 in favour of the firm and sent to their bankers in Paris in terms of the agreement. Stamp duty valued Rs.1.68 lakhs was affixed on the promissory notes on the advice of the solicitor of the Company.

The affixing of stamp duty on the promissory notes was not necessary as the Indian Stamps Act was not applicable to the territory of France. The French Trade Commissioner also confirmed (October, 1966) that "it is not necessary to stamp the promissory notes referring to instalments for deferred payment of the French Credit".

Kalyani Spinning Mills Limited

90. *Additional expenditure:* In August, 1963 orders for the supply of 57 ring frames for the Habra Unit were split up and placed with two suppliers; one for 50 numbers at the rate of Rs.52,737 and the other for 7 numbers at the rate of Rs.56,388 each. This action of the Company resulted in an additional expenditure of Rs.25,557.

The Company justified the purchase at higher rate on grounds of better quality. This argument is not tenable as more numbers were purchased from the lower tenderer, and there has been no report on record as to the unsatisfactory performance of the ring frames previously supplied by him to the Company's Kalyani Unit.

SECTION IV—STATE GOVERNMENT COMMERCIAL AND QUASI-COMMERCIAL DEPARTMENTS

91. *Non-submission of pro forma Accounts:* During the year 1966-67 31 Commercial and Quasi-Commercial Schemes|Centres were operated departmentally. The financial results of the working of these undertakings are to be ascertained annually by preparing statement of accounts on a *pro forma* basis outside the general accounts of Government. Even though the importance of furnishing *pro forma* accounts in time was stressed in successive Audit Reports since 1953 and though the Government issued instructions in May, 1960 (on the recommendations of the Public Accounts Committee on the Appropriation Accounts of 1954-55) for immediate preparation of arrear accounts and their timely submission to Audit, the position has not improved. 13 undertakings have not submitted *pro forma* accounts since inception and the preparation of the accounts in 17 undertakings is in arrears for different periods (details given in Appendix XV).

The financial results of three schemes as shown in the *pro forma* accounts which were audited during the year are summarised below:—

Serial No.	Name of the Scheme	Year of account	Turnover	Profit(+)/ Loss (-) (In lakhs of rupees)
1.	Scheme for State Trading in Wheat and Wheat Products	1963-64	12,96.62	(-)67.00
2.	Butter Distribution Scheme	1957-58	13.12	(-)0.61
		1958-59	7.41	(-)0.14
		1959-60	4.39	(+)0.15
		1960-61	5.49	(-)0.51
3.	Government Saw Mills, Siliguri	1966-67	19.14	(-)0.70

Individual accounts of the above Schemes have been set forth in Appendix XVI to the Report.

Scheme for State Trading in Wheat and Wheat Products: The net trading loss on this Scheme during 1963-64 was Rs.67 lakhs as against Rs.77 lakhs and Rs.128 lakhs during 1962-63 and 1961-62 respectively.

Transit and godown shortages for wheat and wheat products accounted for 59,497 and 21,316 quintals valued at Rs.22.35 lakhs and Rs.8.06 lakhs respectively. No detailed accounts were maintained by the Department for the transit shortages.

Subsidiary records revealed that out of the Sundry Debtors of Rs.337.80 lakhs a sum of Rs.75.38 lakhs representing sale-proceeds of wheat and atta remain unrealised from Mills and Agents in respect of which no ledger showing particulars in detail could be produced to Audit. -

Mention regarding non-preparation of the inventory of assets was made in para 105(A)(d) of the Audit Report, 1967. Inventory of assets has not been prepared for the year under review also.

Due to non-linking of debit vouchers with corresponding acknowledgments the quantitative correctness of 22.30 lakh quintals of wheat supplied ex-dock and 5.86 lakh quintals of wheat supplied from the godowns of the Regional Directorate of Food to the various depots of the Food Department during 1963-64 was not susceptible of verification.

A transport agency supplied short 181 quintals of wheat (valued at Rs.6,800), no action towards recovery of the amount has been taken (December, 1967).

Butter Distribution Scheme: During audit, it was noticed that—

- (i) the rates of depreciation for the assets have not been approved by the competent authority.
- (ii) Provision for bad and doubtful debt has not been made.
- (iii) Balance under the Capital Account (Rs.1.01 lakhs) represents accumulated loss up to the year ended the 31st March, 1961.
- (iv) Stock Register for cheese was not made available to Audit.
- (v) Confirmation from debtors has not been obtained.
- (vi) The accuracy of cash and bank balances aggregating Rs.96,728 as on the 31st March, 1961 could not be checked in audit in the absence of the cash book from the 9th March, 1961 onwards.

Government Saw Mills, Siliguri: The following are some of the important points noticed during audit of the *pro forma* accounts of the Mills for 1966-67:—

- (i) Interest on capital for the period from 1961-62 to 1966-67 has not been charged to revenues.
- (ii) A sum of Rs.10,800 representing rent recoverable from the Wood Industries Centre, Siliguri, for the period from January, 1965 to March, 1967 has not been brought to account.
- (iii) No physical verification of stock of logs was made during the previous three years; the book value of the stock has been shown at Rs.2.90 lakhs on the 31st March, 1967.
- (iv) The stock of logs at the Forest Depot valued at Rs.2.08 lakhs includes a sum of Rs.0.11 lakh being the value of logs stolen.
- (v) Depreciation for the second shift of operation of the Mills amounting to Rs.14,500 (approximately) has not been charged.

DEPARTMENT OF ANIMAL HUSBANDRY AND VETERINARY
SERVICES

Greater Calcutta Milk Supply Scheme

Loss:

92. 6,95.38 lakh litres of milk of different varieties was sold under the Greater Calcutta Milk Supply Scheme during the period from September, 1965 to March, 1967 at prices varying between 68 paise and Rs.1.44 per litre against cost price varying between Rs.1.04 to 1.49 per litre and consequently a loss of about Rs.1,58.36 lakhs was incurred.

The State Government stated in August, 1966 that the milk scheme was heavily subsidised. In spite of the repeated requests since December, 1966 no copy of the approved scheme or Government orders in support of the subsidy was made available to Audit (October, 1967).

93. The loss of Rs.9.17 lakhs incurred on the following accounts has not yet been regularised (September, 1967):—

- (a) The Haringhata Farm rejected 1.01 lakh kgs. of milk valued at Rs.0.64 lakh during the period from April to September, 1962 on account of sourage. The sourage has been attributed to high temperature during those months.
- (b) About 7.50 lakh litres of milk valued at Rs.8.53 lakhs were rejected by the receiving dairies at Belgachia and Haringhata during the period from January, 1966 to March, 1967 on account of curdling. It was stated by the dairy authorities in May, 1966 that the different chilling plants in Hooghly could not handle the huge quantity of milk received during January to March, 1966 consequent on the promulgation of the Milk Control Order in November, 1965. Reasons for rejection of about 5.36 lakh litres of milk (valued at Rs.6.09 lakhs) during 1966-67 have not been furnished by the department (December, 1967).

DEVELOPMENT AND PLANNING DEPARTMENT (BRICK AND TILE
BOARD)

94. *Overpayment:* In July, 1964 the Department engaged a carrying contractor for clearing and forwarding imported machinery and equipments from Calcutta Port to the site of the Brick and Tile Plant at Palta. The remuneration fixed was an all inclusive rate of Rs.1.75 per ton by weight. The payment was, however, made on the basis of measurement resulting in an overpayment of about of Rs.0.34 lakh.

Government stated in May, 1967 that "the Special Officer, Bricks, who had made the payment to the carrying contractor has since resigned. Necessary arrangement is being made for recovery of the amount overpaid to the carrying contractor".

95. *Loss:* Departmental supply of coal to contractors for burning bricks was discontinued from 1965 onwards. It resulted in 673.95 tons of coal being rendered surplus at the Kalyani Unit of the Board. The coal was sold by auction during the period from January, 1966 to May, 1966 to the highest bidders at the rates varying between Rs.8.25 and Rs.15.25 per ton against cost price of Rs.39.45.

The resultant loss of about Rs.20,000 has not yet been regularised under orders of the competent authority (December, 1967).

96. *Undisposed of stocks:* The Durgapur Unit of the Board did not produce stock accounts of bricks during local audit of their accounts for the year 1965-66 conducted in March, 1967. Instead, they furnished certain statements from which it appears that 24 per cent. of the bricks manufactured (7.33 crores) during the period 1962-63 to 1965-66 have not been disposed of (March, 1967). The cost of the undisposed bricks (1.76 crores) has been worked out by the local office as Rs.6.61 lakhs. This was not, however, susceptible of verification in the absence of *pro forma* accounts of the Board which have not been prepared from November, 1961 onwards.

The Board stated (December, 1967) that attempts to sell the undisposed bricks by auction did not prove successful; only 4.95 lakhs of bricks were sold up to November, 1967.

The matter was reported to Government in June, 1967; their reply is awaited (February, 1968).

DEPARTMENT OF AGRICULTURE AND COMMUNITY DEVELOPMENT

Brooklyn Ice Plant and Cold Storage

97. *Unfruitful expenditure:* Space was hired in a private cold storage at Baharampur, Murshidabad for Rs.50,000 for storing 10,000 maunds of potatoes during 1965-66. As full quantity of standard potato seeds could not be procured from Murshidabad and Nadia districts only 6,000 maunds were actually stored and the balance space remained unutilised. The expenditure of Rs.20,000 (being the proportionate hire charges of the unutilised space) thus proved unfruitful.

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

COTTAGE AND SMALL SCALE INDUSTRIES DEPARTMENT

98. *Non-execution of orders:* In February, 1963 an order for the supply of 1.81 lakh pieces of wooden helves at Rs.2.60 each was placed by the Government of India with the Kalyani Centre of the Wood Industries. The Centre failed to maintain the delivery schedule (July, 1963) and the Government of India reduced their order to 0.61 lakh pieces in January, 1964. 29,000 pieces of helves were supplied up to September, 1964; out of these, 19,000 pieces (valued at Rs.49,000) were rejected on grounds of manufacturing defects. The Government of India cancelled their order in February, 1965 when the defects could not be rectified by the Centre.

Attempts to dispose of the rejected helves have not yet materialised (October, 1967)

FOOD AND SUPPLIES DEPARTMENT

99. *Loss of food grains due to defective storage:* In sub-para C(v) of para 149 of Audit Report, 1966 and in sub-para (B) of para 105 of Audit Report, 1967, loss of food grains due to defective storage was mentioned. In July, 1965 seepage of water into 3 godowns (2 at Shalimar and one at Garden Reach) rendered about 1.76 lakh kgs. of food grains (value Rs.1.05 lakhs) unfit for human consumption.

100. *Loss of revenue:* Under the Rice-Milling Industry (Regulation) Act, 1958 the State Government realise licence fees from the owners of rice mills on behalf of the Government of India on an agency basis. Though the fee is creditable ab initio to the Central revenues, the State Government get the "net" collections (gross receipts minus refunds) every quarter.

In May, 1964 the Government of India revised the rates of fees for issue and renewal of licences as well as issue of duplicate licences to rice mills. The revised rates were given effect to from the 22nd December, 1965 by the State Government (i.e., after a lapse of about one year and seven months) when these were circulated to the District Officers. The delay was attributed to missing of original papers in the department. This resulted in a loss of revenue to the State Government to the extent of about Rs.0.32 lakh in 12 districts; the figures of loss from the districts of Nadia and Cooch Behar have not yet been made available.

101. *Unrealised charges:* With a view to restricting the use of departmental vehicles for official purposes only the Department issued orders in February, 1966 that use of such vehicles without proper 'duty slips' should be treated as private journeys for which recoveries would be made from the users. During local audit (January, 1967) it was noticed that departmental vehicles had been used for 27,616 miles during February-December, 1966 without properly filling in the duty slips. Recoverable charges on this account amounting to about Rs.14,000 have not yet been realised (October, 1967).

ANNEXURE I

(Referred to in paragraph 79)

Government Commercial and Trading Activities - Statutory Corporations/Board

The Financial results of the Statutory Corporations/Board

	Calcutta State Transport Corporation	North Bengal State Transport Corporation	West Bengal State Electricity Board	West Bengal Financial Corporation	West Bengal State Ware- housing Corporation
(In lakhs of rupees except against item No. 11)					
Period of Accounts ..	1964-65	1963-64	1966-67	1966-67	1965-66
1. Date of incorporation	15th June, 1960	15th April, 1960	1st May, 1955	1st March, 1954	31st March, 1958
2. Paid up Capital :					
(i) Government shares	6,08.46	..	..	31.77	29 00
(ii) Other sources ..	..	..	..	08.23	20.00
3. Loans received from :					
(i) Government source	2,27.55	46.53	66,24.13	..	..
(ii) Other sources ..	..	..	6,41.21	6,25.62	..
4. Free Reserves ..	(a)1.17	12.29	(b)94.77	7.97	..(d)
5. Total Capital invested	8,37.18	58.82	73,60.11	7,33.50	58.00
6. Block assets (Net) ..	4,68.84	26.11	45,92.27	0.37	30.42
7. Depreciation ..	4,28.45	26.07	3,88.89	0.35	4.65
8. Profit(+)/Loss(-) ..	(-) 72.31	(+)0.34	(+)28.79(c)	(+)15.56	(+)4.38
9. Interest :					
(i) Government Loans and Capital	30.46	2.33	2,97.75	..	..
(ii) Other loans ..	..	..	24.91	27.89	..
10. Total return (8+9)	(-)41.85	2.67	3,51.45	43.45	4.38
11. Percentage of return on capital invested	..	5.74	4.78	5.92	7.55
12. Dividend declared and paid	..	..	..	3.50	..

(a) Excludes accumulated loss of Rs. 1,52.55 lakhs up to 1964-65.

(b) Excludes accumulated loss of Rs. 3,19.42 lakhs up to the 31st March, 1967.

(c) Includes Rs. 24.34 lakhs transferred to General Reserve.

(d) Excludes accumulated loss of Rs. 1.71 lakhs up to the 31st March, 1966,

ANNEX

(Referred to in

The financial results of Government Companies as shown in their accounts received

Period of Accounts	Durgapur Projects Limited		Kalyani Spinning Mills Limited		West Bengal Small Industries Corporation Limited	
	.. 1966-67	.. 1966-67	.. 1966-67	.. 1966-67	..	..
	<i>(In lakhs of rupees)</i>					
1. Date of incorporation	6th September, 1961.	13th January, 1960.	29th March, 1961.			
2. Paid-up-capital :						
(i) Government shares	(a)19,08·70	1,58·21	(d)43·00			
(ii) Other sources ..	....	....	....
3. Loans received from :						
(i) Government ..	40,75·35	(b)1,16·67	32·59			
(ii) Other sources ..	....	(c)17·61	....		
4. Free Reserves ..	....	54·60	0·11			
5. Total capital invested	59,84·05	3,47·09	75·70			
6. Block assets (Net) ..	40,46·64	2,79·52	0·89			
7. Depreciation ..	5,51·69	1,25·63	0·74			
8. Profit(+)/Loss(-) ..	(+)46·72	(+)1·33	(+)7·93			
9. Interest on loan ..	2,19·57	4·38	2·15			
10. Total return ..	2,66·29	5·71	10·08			
11. Percentage of return on capital invested	4·45	1·65	13·32			

(a) Includes share deposit of Rs. 4,08·70 lakhs.

(b) Unsecured loan.

(c) Secured loan.

(d) Includes Rs. 5·00 lakhs as share money in deposit.

URE II

paragraph 87)

so far are summarised below :—

Electro-Medical
and Allied
Industries
Limited

Durgapur
Chemicals
Limited

State Fisheries
Development
Corporation
Limited

West Bengal Industrial
Development Corporation
Limited

excepting item 11)

1966-67 (1st
July, 1966 to
30th June,
1967)

1966-67

..

1966-67

..

The Company was incorpo-
rated on the 6th January,
1967 with an authorised
capital of Rs. 5 crores ;
its working results are not
known as yet.

29th June, 1961

31st July, 1963

30th March, 1966

(e)16·35

(f)1,93·66

15·00

....

....

....

....

3,87·34

....

....

....

....

....

....

....

16·35

5,81·00

15·00

7·19

59·84

0·58

0·14

3·31

0·11

(—)1·15

The Company
is still in the
construction
stage.

(—)0·79

....

27·39

....

(—)1·15

....

....

....

....

....

(e) Includes calls-in-advance Rs. 3·35 lakhs.

(f) Includes share deposit of Rs. 56 66 lakhs.

CHAPTER X

Outstanding Objections and Inspection Reports

102. *Outstanding Audit Objections:* Irregularities and defects noticed in Audit are reported to the Departmental authorities. Half-yearly reports of outstanding audit objections are also forwarded to the Heads of Departments for taking necessary steps for their prompt settlement. Each department is required (i) to communicate the progress of clearance of such objections to Audit within 3 months of receipt of these reports and (ii) to maintain a register of outstanding items for watching their clearance. The register is to be subjected to inspection by an officer (not below the rank of Deputy Secretary) nominated for the purpose. But no such report of the progress of clearance has ever been furnished by the Heads of Departments to Audit.

The amount covered by audit objections relating to the period up to the 31st March, 1967 remaining outstanding up to the 30th September, 1967 was Rs.44.94 crores involving 6,374 items. The objections (Rs.73.90 crores involving 8,591 items) on account of (i) want of sanctioned estimates, (ii) excess over sanctioned estimates and (iii) unvouched outlay on works have been dealt with in paragraph 57 of Chapter V.

The table below indicates that the amount of outstanding objections has been on the increase from year to year.

	Amounts shown as outstanding in Audit Report			
	1965	1966	1967	1968
Amount involved (<i>In crores of rupees</i>)	33.96	34.91	38.53	44.94

The nature of objections and the departments with heavy outstandings have been shown in Appendix XVII.

2,290 objections involving Rs.19.25 crores pertain to 1963-64 and earlier years, the oldest item dating back to 1949-50.

Of the total amount of objections an amount of Rs.2,94.77 lakhs pertains to objections on account of non-submission of detailed contingent bills to Audit. A year-wise analysis of the objections on this account is given below:—

Year	Number of outstanding items	Amount
		<i>(In lakhs of rupees)</i>
1963-64 and earlier years	..	172 36.10
1964-65	67 62.80
1965-66	144 65.33
1966-67	272 1,30.54
Total	..	655 2,94.77

1,080 items of objections amounting to Rs.1,11.74 lakhs are outstanding due to non-submission of sub-vouchers and stamped receipt of payees. A year-wise analysis of the objections is given below:—

Year		Number of outstanding items	Amount (In lakhs of rupees)
1963-64 and earlier years	..	148	8.85
1964-65	.. ..	174	23.00
1965-66	.. ..	183	17.12
1966-67	.. ..	575	62.77
Total	..	1,080	1,11.74

103. *Outstanding Inspection Reports:* (a) Important irregularities and defects in the accounts noticed during local audit and inspection are included in the Inspection Reports which are sent to departmental officers and also to the Heads of Departments. It is necessary that the points raised in the reports should be settled as expeditiously as possible if the object of inspection is to be fully achieved. Unless such reports receive prompt attention, the irregularities are likely to persist.

There has, however, been considerable delay in the settlement of Inspection Reports. As many as 5,856 Inspection Reports (containing 27,194 paragraphs) issued up to the end of March, 1967 remained unsettled as on the 30th September, 1967. The number of Inspection Reports and paragraphs which have remained unsettled for considerably long periods are indicated below:—

	Number of Reports outstanding	Number of paragraphs outstanding in these Reports
Issued up to the 31st March, 1962 (more than 5 years back)	2,266	6,943
Issued between the 1st April, 1962 and the 31st March, 1965 (more than 2 years but less than 5 years back)	2,480	10,699

The matter has been reported to Government from time to time. The position is not satisfactory as shown below:—

	Number of Inspection Reports shown as outstanding in the					
	Audit Report, 1963	Audit Report, 1964	Audit Report, 1965	Audit Report, 1966	Audit Report, 1967	Present Report, 1968
Number of Inspection Reports	3,741	4,251	5,108	5,993	6,411	5,856
Number of paragraphs in these Reports	16,573	17,657	23,278	24,966	28,716	27,194

(b) The departments with comparatively heavy outstandings for more than 5 years|2 years as at the end of September, 1967 are shown below:—

Name of the department	Number of Reports and paragraphs therein outstanding for more than 5 years		Number of Reports and paragraphs therein outstanding for more than 2 years	
	Reports	Paragraphs	Reports	Paragraphs
1. Home (General Administration)	98	434	90	670
2. Education	125	377	164	498
3. Health	154	473	163	695
4. Agriculture and Community Development	286	665	553	2,748
5. Relief and Social Welfare (Relief)	114	305	87	333
6. Food	137	299	77	355
7. Refugee Relief and Rehabilitation	547	1,336	185	668
8. Commerce and Industries ..	176	1,038	261	1,384
9. Irrigation and Waterways ..	74	197	91	295
10. Public Works	78	222	125	551
11. Public Works (Construction Board)	68	332	59	274
12. Public Works (Roads) ..	36	110	62	295

(c) Under the Departmental orders a Head of Office is required to submit to the Head of Department his replies to an Inspection Report within three weeks of its receipt. The Head of Department is to transmit in duplicate to the Audit Office the replies of the Head of Office with his remarks thereon within two months of the date of receipt of the replies in his office.

Thirty-one departments have not furnished (November, 1967) even the first replies to 7,696 paragraphs included in 909 Inspection Reports issued up to the end of March, 1967.

(d) The important types of irregularities noticed in local audit and inspection during 1966-67 are mentioned in Appendix XVIII.


CHAPTER XI
Other Topics of Interest
FINANCE DEPARTMENT

104. *Reconciliation and acceptance of balances of loans:* (a) Prompt and systematic reconciliation of the balances outstanding in the accounts maintained by the departments with those shown in the books of the Audit Office is necessary to ensure correct accounting of the transactions and detection in time of unauthorised drawals and misappropriations, if any. The departmental officers have not, however, completed the reconciliation of balances of loans and the unreconciled differences between the two sets of accounts as on the 31st March, 1967 amounted to Rs.6.34 crores. The earliest period to which the differences relate is 1961-62. Instances of the unreconciled differences are given in the Appendix to Statement 8 at pages 31-34 to the Finance Accounts for 1966-67. The details|information necessary for reconciliation are awaited from the Treasury Officers.

The Special Audit Party, which visited the District Offices in connection with the reconciliation of discrepancies, noticed several procedural defects and non-observance by district officers of standing instructions in this regard. These were brought to the notice of the Finance Department as far back as June, 1960 but the position has not improved.

(b) The departmental officers are required to certify at the end of each year that the aggregate balances of loans and advances according to the departmental records agree with those outstanding in the books of the Accountant General. The certificates of balances as on the 31st March, 1967 have not been furnished (November, 1967) in as many as 286 cases. The total amount of outstanding loans in these cases was Rs.19.82 crores according to the books of the Audit Office. In 133 of these cases (balance Rs.15.38 crores), the certificates are awaited for over three years, the earliest period from which the certificate is awaited is 1943-44.

The unsatisfactory position regarding acceptance of balances by the Departmental Officers was pointed out in Paragraph 77 of the State Audit Report, 1963. In spite of Government orders issued in March, 1966 in pursuance of the recommendation of the Public Accounts Committee the position has not improved.



Accountant-General, West Bengal.

CALCUTTA,
The . . . **19 AUG 1968** 1968.

Countersigned



Comptroller and Auditor-General of India.

NEW DELHI,
The 1968.

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APPEN

(Referred to

Statement showing analysis of utilisation certificates awaited as in September, 1967

Name of the Department	Years of disbursement of the grants			
	1957-58 to 1961-62		1962-63	
	No. of items	Amount	No. of items	Amount
				<i>(Amount in</i>
(1) Agriculture and Community Development.	..	..	..	..
(2) Co-operation	53	34.99	27	14.90
(3) Education	51	1.20	165	20.70
(4) Health (Public Health Branch)	36	32.93	22	9.42
(5) Information and Public Relations	3	0.25	15	0.92
(6) Refugee Relief and Rehabilitation	..	..	..	..
Total ..	143	69.37	229	45.94

DIX I

in paragraph 12)

in respect of grants-in-aid paid by Government up to the 31st March, 1966

Years of disbursement of the grants							
1963-64		1964-65		1965-66		Total	
No. of items	Amount	No. of items	Amount	No. of items	Amount	No. of items	Amount
<i>lakhs of rupees)</i>							
..	..	1	0.03	3	0.51	4	0.54
48	22.38	61	29.88	79	28.24	268	1,30.39
200	38.94	684	1,37.59	965	3,00.35	2,065	4,98.78
21	10.40	7	0.85	67	35.37	153	88.97
12	1.13	6	0.23	2	0.15	38	2.68
..	..	..	..	3	3.10	3	3.10
281	72.85	759	1,68.58	1,119	3,67.72	2,531	7,24.46

APPENDIX II

(Referred to in paragraph 14)

Statement showing the cases of non-acceptance of balances as on the 31st March, 1967

Head of Account	No. of acceptances awaited	Year from which acceptances are awaited	Balance as on the 31st March, 1967
			<i>(In lakhs of rupees)</i>
			Cr.
O—Public Debt—			
(1) Loans from the Central Government	50	1964-65	4,41,30·31
IV—Other Loans—			
(2) Loans from the National Co-operative Development Corporation	15	1964-65	3,10·30
(3) Loans from the National Agricultural Credit Fund of the Reserve Bank of India	15	1964-65	75·51
(4) Loans from the Life Insurance Corporation of India	11	1964-65	8,58·15
Q—Loans and Advances by the State/ Union Territory Governments— Loans to Local Funds, Private Parties, etc.—			
			Dr.
(1) Loans under Land Improvement Act XIX of 1883	14	1965-66	4·08
(2) Agriculturists' Loan Act XII of 1884	14	1965-66	3,00·55
(3) Loans under the scheme for distribution of chemical fertilisers	6	1965-66	58·20
(4) Loans to Presidency Corporations, Port Trusts and Other Port Funds	10	1965-66	1,73·67

Head of Account	No. of acceptances awaited	Year from which acceptances are awaited	Balance as on the 31st March, 1967
<i>(In lakhs of rupees).</i>			
Dr.			
(5) Loans to District and Other Local Fund Committees	25	1964-65	48.04
(6) Loans to big growers ..	7	1965-66	3.62
(7) Loans to artisans ..	11	1965-66	17.80
(8) Medium term loan for fish production in semi-derelict tanks	11	1965-66	7.98
(9) Loans to West Bengal State Electricity Board	8	1964-65	13,89.75
(10) Short-term loans for augmentation of fish production in culturable tanks	11	1965-66	0.31

T—Deposits and Advances—

Part II—Deposits not bearing interest—

Cr.

Civil Deposits—

Personal Deposits ..	503	1965-66	7,55.50
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APPENDIX III

(Referred to in paragraph 15)

Department-wise/year-wise analysis of unadjusted balances under "Suspense" and "Remittance" heads as on the 31st March, 1967

Department	Amount
	(In lakhs of rupees)
(1) Miscellaneous Public Works Advances :	
Public Works	4,08.94
Public Works (Roads)	21.08
Irrigation and Waterways	26.75
Development and Planning	2.74
Housing	5.33
Health (Public Health Engineering)	41.62
Land and Land Revenue	0.05
Public Works (Construction Board)	1,81.39
Agriculture and Community Development	0.16
Public Works (Special Roads)	31.00
Total	7,19.06
(2) Purchases :	
Public Works	11,62.18
Public Works (Roads)	2,55.11
Irrigation and Waterways	2,40.27
Development and Planning	70.02
Housing	52.87
Health (Public Health Engineering)	3,46.61
Public Works (Construction Board)	1,61.27
Agriculture and Community Development	8.39
Public Works (Special Roads)	48.97
Total	23,45.69

APPENDIX III—concl'd

Department	Amount		
	<i>(In lakhs of rupees)</i>		
	Up to 1964-65	1965-66	1966-67
(3) Remittances into Treasuries :			
Public Works	41.12	10.58	9.52
Public Works (Construction Board) ..	0.58	0.61	1.37
Public Works (Roads)	0.93	0.04	1.11
Public Works (Special Roads)	0.44	0.78	0.63
Irrigation and Waterways	7.32	2.99	7.59
Health .. .. .	..	0.11	0.63
Housing	3.82	2.96	9.21
Agriculture and Community Development	..	..	0.44
Development and Planning .. .. .	..	0.37	3.72
Land and Land Revenue	3.36	32.84	36.06
Total ..	57.57	51.28	70.28
(4) Public Works Cheques :			
Public Works	2,24.39	1,50.33	2,31.80
Public Works (Construction Board) ..	22.70	12.02	75.25
Public Works (Roads)	37.14	1.61	57.83
Public Works (Special Roads)	1.49	35.46	49.33
Development and Planning .. .. .	..	7.27	22.53
Irrigation and Waterways	19.94	35.70	1,98.04
Agriculture and Community Development	30.46	16.56	99.79
Health	31.61	19.78	64.41
Housing	29.54	..	18.94
Land and Land Revenue .. .. .	..	..	0.12
Total ..	3,97.27	2,78.73	8,18.04

Year	Amount	
	Debit	Credit
	<i>(In lakhs of rupees)</i>	
(5) Transfers between Public Works Officers :		
Up to—		
1963-64	8,81.53	2,37.34
1964-65	2,05.78	24.15
1965-66	4,43.92	2,40.27
1966-67	2,44.77	1,72.18
Total ..	17,76.00	6,73.94

APPEN

(Referred to in

Statement showing particulars of grants/appropriations in which supplementary

Particulars of grants/appropriations	Voted or <i>Charged</i>
(i) Grants/appropriations in which the supplementary provisions proved entirely unnecessary—	
1—Taxes on Income other than Corporation Tax	Voted ..
2—Land Revenue	<i>Charged</i> ..
7—Stamps	Voted ..
9—Interest on Debt and Other Obligations	<i>Charged</i> ..
11—Parliament, State/Union Territory Legislatures	<i>Charged</i> ..
19—Education	<i>Charged</i> ..
20—Medical	<i>Charged</i> ..
21—Public Health	<i>Charged</i> ..
22—Agriculture—Agriculture	Voted ..
Do	<i>Charged</i> ..
24—Animal Husbandry	<i>Charged</i> ..
26—Industries—Industries	Voted ..
29—Community Development Projects, etc.	<i>Charged</i> ..
30—Labour and Employment	<i>Charged</i> ..
37—Road and Water Transport Schemes	<i>Charged</i> ..
38—Famine Relief	<i>Charged</i> ..
41—Stationery and Printing	Voted ..
43—Miscellaneous—Contributions	Voted ..
45—Miscellaneous—Expenditure on Displaced Persons	Voted ..
49—Capital Outlay on Public Works	<i>Charged</i> ..

DIX IV

paragraph 17)

provisions were obtained and the extent to which they were utilised

Amount of grant/ appropriation		Total	Actual expenditure	Savings— Excess+	Percentage of saving/ excess to the total grant/ appropriation
Original	Supplement- ary				
<i>(In lakhs of rupees)</i>					
7.51	0.04	7.55	7.44	-0.11	1.5
5.00	0.80	5.80	3.49	-2.31	39.8
20.53	0.90	21.43	20.38	-1.05	4.9
20,73.04	2,34.52	23,07.56	19,94.22	-3,13.34	13.6
0.73	0.19	0.92	0.65	-0.27	29.3
..	0.38	0.38	..	-0.36	100
..	0.01	0.01	..	-0.01	100
..	0.01	0.01	..	-0.01	100
18,18.43	1,25.39	19,43.82	17,05.17	-2,38.65	12.3
0.01	0.61	0.62	0.01	-0.61	98.4
..	0.29	0.29	..	-0.29	100
4,87.53	(Token)	4,87.53	4,23.20	-64.33	13.2
74.49	1.59	76.08	73.80	-2.28	3
..	(Token)	(Token)	..	-(Token)	100
3.21	0.30	3.51	2.53	-0.98	27.9
..	0.02	0.02	..	-0.02	100
1,01.72	2.97	1,04.69	92.22	-12.47	11.9
2,49.04	7.20	2,56.24	2,22.23	-34.01	13.3
5,51.59	21.15	5,72.74	4,82.14	-90.60	15.8
0.51	8.87	9.38	0.04	-9.34	99.6

Particulars of grants/appropriations	Voted or <i>Charged</i>
(ii) Grants/appropriations in which the supplementary provisions proved excessive—	
3—State Excise Duties	Voted ..
12—General Administration	Voted ..
Do	<i>Charged</i> ..
13—Administration of Justice	Voted ..
Do	<i>Charged</i> ..
14—Jails	Voted ..
16—Miscellaneous Departments—Fire Services	Voted ..
17—Miscellaneous Departments—Excluding Fire Services	<i>Charged</i> ..
23—Agriculture—Fisheries	<i>Charged</i> ..
34—Public Works	<i>Charged</i> ..
36—Ports and Pilotage	Voted ..
38—Famine Relief	Voted ..
Public Debt	<i>Charged</i> ..
(iii) Cases where supplementary grants/appropriations proved inadequate—	
4—Taxes on Vehicles	Voted ..
8—Registration Fees	Voted ..
11—Parliament, State/Union Territory Legislatures	Voted ..
20—Medical	Voted ..
21—Public Health	Voted ..
24—Animal Husbandry	Voted ..
28—Industries—Cinchona	Voted ..
39—Pensions and Other Retirement Benefits	<i>Charged</i> ..
45—Miscellaneous—Expenditure on Displaced Persons	<i>Charged</i> ..
46—Pre-partition Payments	Voted ..

DIX IV—conold.

Amount of grant/ appropriation		Total	Actual expenditure	Savings— Excess+	Percentage of saving/ excess to the total grant/ appropriation
Original	Supplement- ary				
<i>(In lakhs of rupees)</i>					
68·35	2·67	71·02	69·96	-1·06	1·5
5,01·72	27·50	5,29·22	5,16·17	-13·05	2·5
13·19	1·82	15·01	14·34	-0·67	4·5
1,37·82	3·48	1,41·30	1,40·65	-0·65	0·5
45·89	2·12	48·01	47·64	-0·37	0·8
1,53·12	34·43	1,87·55	1,77·66	-9·89	5·3
66·75	1·26	68·01	67·28	-0·73	1·1
0·02	0·27	0·29	0·27	-0·02	6·9
..	0·17	0·17	0·15	-0·02	11·8
11·62	2·14	13·76	12·35	-1·41	10·2
14·06	5·82	19·88	17·79	-2·09	10·5
2,66·43	8,36·20	11,02·63	8,14·02	-2,88·61	26·2
43,56·71	2,46·12	46,02·83	43,90·31	-2,12·52	4·6
11·75	0·70	12·45	13·24	+0·79	6·3
38·79	5·52	44·31	45·05	+0·74	1·7
82·19	15·52	97·71	1,02·09	+4·38	4·5
13,70·23	76·56	14,46·79	14,68·11	+21·32	1·5
7,08·29	59·45	7,67·74	7,85·31	+17·57	2·3
7,41·07	1,18·68	8,59·75	8,63·14	+3·39	0·4
35·39	4·50	39·89	40·18	+0·29	0·7
3·87	0·60	4·47	4·48	+0·01	0·2
34·80	90·33	1,25·13	1,33·35	+8·22	6·6
0·01	0·08	0·09	0·11	+0·02	22·2

APPEN

(Referred to in

Statement showing savings exceeding Rs. 1 lakh in each

A—Voted

Serial No.	Number and name of the grant
---------------	------------------------------

I.—Cases where the savings amounted to 20 per cent. or more of the total grant—

1.	23—Agriculture—Fisheries
2.	27—Industries—Cottage Industries
3.	35—Greater Calcutta Development Schemes
4.	37—Road and Water Transport Schemes
5.	38—Famine Relief
6.	47—Expenditure connected with the National Emergency
7.	48—Capital Outlay on Multipurpose River Schemes—Damodar Valley Project
8.	49—Capital Outlay on Public Works
9.	50—Capital Outlay on Schemes of Government Trading
10.	52—Loans and Advances by State and Union Territory Governments ..

II.—Cases where the savings exceeded 10 per cent. but were less than 20 per cent. of the total grant—

1.	2—Land Revenue
2.	22—Agriculture—Agriculture
3.	25—Co-operation
4.	26—Industries—Industries
5.	30—Labour and Employment
6.	33—Irrigation
7.	36—Ports and Pilotage
8.	41—Stationery and Printing
9.	42—Forest
10.	43—Miscellaneous—Contributions
11.	44—Miscellaneous—Other Miscellaneous Expenditure
12.	45—Miscellaneous—Expenditure on displaced persons

DIX V

paragraph 21)

case under Voted grants/Charged appropriations

grants

Total Grant	Expenditure	Saving	Percentage of saving	Savings exceeding 10 per cent during previous years—	
				From the year	Total number of years in succession
<i>(In lakhs of rupees)</i>					
94·74	51·45	43·29	45·7	1960-61	6 years
2,23·58	1,73·08	50·50	22·6	1958-59	8 years
3,24·00	2,06·24	1,17·76	36·3	1964-65	2 years
65·69	49·29	16·40	25·0	1960-61	6 years
11,02·63	8,14·02	2,88·61	26·2	..	..
5,10·99	2,96·81	2,14·18	41·9	1962-63	4 years
9,54·23	5,89·26	3,64·97	38·2	1962-63	4 years
11,39·66	7,58·65	3,81·01	33·4	1960-61	6 years
1,48,66·19	90,37·20	58,28·99	39·2	1963-64	3 years
20,62·48	13,97·07	6,65·41	32·3	..	..
9,03·13	8,02·90	1,00·23	11·1	1964-65	2 years
19,43·82	17,05·17	2,38·65	12·3	..	..
94·93	82·27	12·66	13·3	1965-66	1 year
4,87·53	4,23·20	64·33	13·2	1961-62	5 years
4,38·65	3,71·08	67·57	15·4	..	..
13,65·85	11,93·69	1,72·16	12·6	1964-65	2 years
19·88	17·79	2·09	10·5	1962-63	4 years
1,04·69	92·22	12·47	11·9	1964-65	2 years
2,65·14	2,22·78	42·36	15·9	1961-62	5 years
2,56·24	2,22·23	34·01	13·3	..	..
12,90·65	11,19·04	1,71·61	13·3	1960-61	6 years
5,72·74	4,82·14	90 60	15·8	1964-65	2 years

APPEN

B—Charged appropriations

Serial No.	Number and name of the appropriations					
1.	2—Land Revenue	..	..	..	..	..
2.	9—Interest on Debt and Other Obligations			..	..	..
3.	26—Industries—Industries	..	..	..	..	..
4.	34—Public Works	..	..	..	..	..
5.	43—Miscellaneous—Contributions		..	..	..	..
6.	44—Miscellaneous—Other Miscellaneous Expenditure				..	..
7.	49—Capital Outlay on Public Works	..	..	..	..	..

DIX V—concl.

Total appropriation	Expenditure	Saving	Percentage of saving	Savings exceeding 10 per cent. during previous years—	
				From the year	Total number of years in succession
<i>(In lakhs of rupees)</i>					
5.80	3.49	2.31	39.8	..	..
23,07.56	19,94.22	3,13.34	15.1	1963-64	3 years
1.99	0.37	1.62	81.4	..	..
13.76	12.35	1.41	10.2	..	..
9.66	2.49	7.17	74.2	..	..
11.65	0.31	11.34	97.3	1962-63	4 years
9.38	0.04	9.34	99.6	1964-65	2 years

APPENDIX VI

(Referred to in paragraph 23)

Statement showing unutilised provision due to non-implementation/partial implementation of development schemes

A—Development Schemes other than Centrally Sponsored Schemes

Serial No.	Name of the Scheme	Provision in 1966-67	Saving in 1966-67 (and its percentage)	Substantial saving during the Third Five-Year Plan in the case of spill-over scheme		
<i>(In lakhs of rupees)</i>						
1.	Development of Universities ..	91·00	63·26 (69·5)	..	..
2.	Free and Compulsory Primary Education (Universal)	90·00	62·87 (69·9)	..	..
3.	Greater Calcutta Milk Supply Scheme (Spill-over scheme)	90·00	43·70 (48·6)	{ 1961-62 28·07 1962-63 72·85 1963-64 36·16 1964-65 57·71 1965-66 22·30 (27·8)	(29·5) (56·9) (42·5) (37·8) (27·8)	
4.	Development of Higher Secondary Schools (conversion and new)—Upgrading of High Schools into Higher Secondary Schools	84·92	36·82 (43·4)		..	..
5.	Mechanised Brick Factory ..	60·00	60·00 (100)		..	..
6.	Co-operation and Community Development—Village Panchayat (Spill-over scheme)	50·64	36·46 (72)		..	..
7.	Junior Technical Schools (Age group 14-17)	50·50	41·44 (82·1)		..	..
8.	Development of Subsidiary Industries at Durgapur (Spill-over scheme)	50·00	45·91 (91·8)	{ 1963-64 14·94 1965-66 40·63 (81·2)	(99·6) (81·2)	
9.	Employees' State Insurance Scheme (Spill-over scheme)	45·30	34·40 (75·9)		{ 1964-65 44·78 1965-66 11·03 (5·4)	(28·3) (5·4)
10.	Polytechnic—Diploma Courses ..	45·00	36·29 (80·6)	..		..

APPENDIX VI—(contd.)

Serial No.	Name of the scheme	Provision in 1966-67	Saving in 1966-67 (and its percentage)	Substantial saving during the Third Five-Year Plan in the case of spill-over scheme	
				<i>(In lakhs of rupees)</i>	
11.	Development of Digha (Spill-over scheme)	33·00	15·10 (45·7)	1965-66	3·85 (38·5)
12.	Engineering Colleges—Degree and Post-graduate	30·00	20·23 (67·4)	..	..
13.	Development of Teachers' Training facilities (including Basic)	24·00	20·67 (86·1)	..	..
14.	Lift Irrigation from Rivers and Beels (Spill-over scheme)	20·00	14·50 (72·5)	1961-62	39·93 (79·9)
				1962-63	44·44 (98·8)
				1963-64	25·38 (68·6)
				1964-65	1·70 (3·4)
15.	Development and Expansion of Educational facilities for children of age group 14-17	20·00	18·00 (90)	..	..
16.	Jute Development (Spill-over scheme)	18·00	7·59 (42·2)	1961-62	4·03 (40·3)
				1962-63	1·71 (16·4)
				1963-64	2·80 (20·2)
				1964-65	6·00 (39)
17.	Development of derelict fisheries in the State of West Bengal (Spill-over scheme)	17·00	10·04 (59·1)	1963-64	3·71 (50)
				1964-65	5·56 (55·5)
18.	Development of Processing Societies (Spill-over scheme)	15·45	14·95 (96·8)	1965-66	2·13 (79·5)
19.	Investment in share capital of West Bengal Fisheries Development Corporation (Spill-over scheme)	15·00	15·00 (100)	..	..
20.	Nature Conservation (Spill-over scheme)	12·00	9·45 (78·8)	1965-66	9·90 (82·5)
21.	Scheme for Intensive Development of Fisheries in Community Development Block (Spill-over scheme)	12·00	9·18 (76·5)	1964-65	8·00 (100)
22.	Area Programme in Irrigated Areas ..	10·00	10·00 (100)	..	..
23.	Provision of terminal benefits for teachers in Primary Schools	10·00	10·00 (100)	..	..

APPENDIX VI (concl'd.)

B—Centrally Sponsored Schemes (New Schemes)

Serial No.	Name of the scheme	Provision in 1966-67.	Saving in 1966-67 (and its percentage to the provision)	Saving in 1965-66 in the case of spill-over scheme
<i>(In lakhs of rupees)</i>				
1.	Expansion of Craftsman Training (Spill-over scheme)	1,29.03 (including State share)	86.16 (66.8)	30.81 (87.7)
2.	Family Planning, Maternity and Child Welfare (Spill-over scheme)	1,27.00 (including State share)	59.93 (47.2)	25.31 (87.8)
3.	Raniganj Coal-field Area Water Supply Scheme	75.00	75.00 (100)	..
4.	Improvement of feeder roads and approaches in coal-field areas (Spill-over scheme)	44.16	35.80 (81)	35.40 (52.8)
5.	Local Development Work—Rural Water Supply	40.00 (including State share)	40.00 (100)	..
6.	Development of Hill areas	.. 40.00	40.00 (100)	..
7.	Teachers' Training facilities	.. 40.00	34.26 (85.7)	..
8.	Improvement of educational facilities in backward area like Sunderban	25.00	24.88 (99.5)	..
9.	Underground Drainage Scheme for part of Cossipur-Dum Dum area (Spill-over scheme)	25.00	20.31 (81.2)	22.25 (74.2)
10.	Improvement and expansion of Teachers' Training facilities under Advance Action	25.00	15.10 (60.4)	..
11.	Intensive Health and Family Planning Programme	24.00 (including State share)	24.00 (100)	..
12.	Second Bridge Over Hooghly River	.. 20.00	20.00 (100)	..
13.	Scheme for development of gas distribution in Calcutta (Spill-over scheme)	20.00	8.60 (43)	14.20 (38.4)
14.	Intensive Development of Small Industries in Rural Areas	16.61	7.61 (46)	..
15.	Pre-treatment Plant at Palta	.. 15.00	15.00 (100)	..
16.	National Apprenticeship Training	.. 12.50 (including State share)	12.50 (100)	..
17.	Providing harbour facilities to coastal fishermen to continue fishing operation for longer period (Spill-over scheme)	10.00	10.00 (100)	10.00 (100)

APPENDIX VII

(Referred to in paragraph 24)

Statement showing cases where the amounts surrendered were in excess of the amounts available for surrender

Serial No.	Number and name of grant/ appropriation	Total grant/ appropriation	Excess(+) Saving(-)	Amount of surrender
<i>(In lakhs of rupees)</i>				
1.	1—Taxes on Income Other than Corporation Tax (Voted)	7.55	-0.11	0.12
2.	3—State Excise Duties (Voted) ..	71.02	-1.06	1.61
3.	12—General Administration (Voted)	5,29.22	-13.05	19.47
4.	16—Miscellaneous Departments— Fire Services (Voted)	68.01	-0.73	0.87
5.	17—Miscellaneous Departments— Excluding Fire Services (Voted)	4,57.05	-19.71	28.80
6.	25—Co-operation (Voted) ..	94.93	-12.66	14.49
7.	26—Industries—Industries (Voted)	4,87.53	-64.33	71.42
8.	26—Industries—Industries (<i>Charged</i>)	1.99	-1.62	1.96
9.	33—Irrigation (Voted)	13,65.85	-1,72.16	3,70.53
10.	34—Public Works (Voted) ..	19,95.45	-1,45.17	1,98.42
11.	35—Greater Calcutta Development Schemes (Voted)	3,24.00	-1,17.76	1,35.03
12.	Public Debt (<i>Charged</i>) ..	46,02.83	-2,12.52	2,60.80

APPENDIX VIII

(Referred to in paragraph 24)

Statement showing particulars of grants/appropriations where the unsurrendered savings were in excess of 10 per cent. of the provision and Rs. 1 lakh in each case

Serial No.	Number and name of grant/appropriation	Provision	Saving	Amount surrendered	Amount not surrendered	Percentage of the unsurrendered amount to the provision
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(In lakhs of rupees)

(i) Cases where surrendered amounts were substantially less than the available savings.

1.	22—Agriculture—Agriculture (Voted)	19,43·82	2,38·65	12·81	2,25·84	11·6
2.	38—Famine Relief (Voted)	11,02·63	2,88·61	19·39	2,69·22	24·4
3.	43—Miscellaneous—Contributions (<i>Charged</i>)	9·66	7·17	1·08	6·09	63
4.	48—Capital Outlay on Multipurpose River Schemes—Damodar Valley Project (Voted)	9,54·23	3,64·97	2,04·81	1,60·16	16·8
5.	49—Capital Outlay on Public Works (<i>Charged</i>)	9·38	9·34	0·14	9·20	98·1
6.	52—Loans and Advances by State and Union Territory Governments (Voted)	20,62·48	6,65·41	1,14·39	5,51·02	26·7

APPENDIX IX

(Referred to in paragraph 27)

Details of cases of withdrawal of funds in advance of requirements

Serial No.	Details of withdrawals	Remarks
(1)	(2)	(3)
DEPARTMENT OF CO-OPERATION		
Assistant Registrar of Co-operative Societies, Hooghly		
1.	Rs. 1,00,709 and Rs. 64,911 were withdrawn during 1963-64 and 1964-65 respectively for payment towards subsidies, State's share of contribution and other financial assistance to various Co-operative Societies.	The amount still remains undischarged (November, 1967).

Registrar of Co-operative Societies, West Bengal

- | | | |
|----|---|-------|
| 2. | Rs. 6,12,050, Rs. 63,800, Rs. 65,000 and Rs. 30,85,624 were drawn by the Registrar and the amounts were made over to the Assistant Registrar of Co-operative Societies, Calcutta in May, 1964, August, 1964, September, 1964 and April, 1965 respectively for making payments to Co-operative Societies. But the disbursement could not be made due to non fulfilment of the prescribed terms and conditions. | Ditto |
| 3. | A sum of Rs. 1,42,500 was drawn by the Registrar and was made over to the Assistant Registrar of Co-operative Societies, Midnapur I on the 27th June, 1964 for making payments to various Co-operative Societies towards State's share of participation. But the disbursement could not be made due to non-registration of bonds and agreements. | Ditto |
| 4. | Rs. 84,166 and Rs. 1,58,077 were drawn by the Registrar and made over to the Assistant Registrar of Co-operative Societies, Nadia in July, 1964 and April, 1965 respectively for disbursement to various societies. But no disbursement could be made due to non-fulfilment of terms and conditions by those societies. | Ditto |
| 5. | The sum of Rs. 65,900 received from the Registrar in September, 1965 for payment to various societies on account of subsidy, loans, grants and State's share of participation, was not disbursed by the Assistant Registrar of Co-operative Societies, Tamluk but retained in hand. | Ditto |

APPENDIX IX (concl'd.)

Serial No.	Details of withdrawals	Remarks
(1)	(2)	(3)
DEVELOPMENT AND PLANNING DEPARTMENT		
Subdivisional Officer, Uluberia		
6.	An amount of Rs. 54,329 was withdrawn on the 30th March, 1964 and the 31st March, 1964 for payment in connection with the scheme for sinking of tubewells.	Payments were actually made between April, 1964 and July, 1964 the last payment having been made on the 23rd July, 1964.

AGRICULTURE AND COMMUNITY DEVELOPMENT DEPARTMENT**District Agriculture Officer, Cooch Behar**

7.	An amount of Rs. 1,02,952 was withdrawn in March, 1966 for making payments towards cost of stores, furniture, etc.	Payments were actually made on various dates between 16th April, 1966, and the 1st August, 1966.
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District Agriculture Officer, Burdwan

8.	An amount of Rs. 2,26,162 was withdrawn in March, 1966 (Rs. 2,08,298 was withdrawn on the 31st March, 1966) for making payments towards cost of stores under various agricultural schemes.	Payments were actually made on various dates between April, 1966 and December, 1966. In some cases (Rs. 1,18,254) money was drawn on <i>Pro-forma</i> bills of the parties before receipt of stores and in another case (Rs.24,772) payment was made to the supplier before actual supply of materials.
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APPENDIX X

(Referred to in paragraph 49)

Statement of miscellaneous irregularities, losses, etc.

PART I

Department of Agriculture and Community Development and Refugee Relief and Rehabilitation Department

Refugee rehabilitation in Sisal Plantation Schemes:

Three schemes of Sisal Plantation for the rehabilitation of displaced persons in Midnapore District were taken up between 1958 and 1963. Out of 6,200 acres of land reclaimed up to 1961-62, 786 acres (cost of reclamation Rs.1.27 lakhs) has not been allotted (June, 1967).

APPENDIX X (contd.)

PART II—OTHER CASES

In 320 cases, amounts aggregating Rs. 7.20 lakhs representing mainly losses due to theft, fire, etc., irrecoverable revenue, duties, advances, etc., remissions of revenue and abandonment of claims to revenue, etc., were written off/waived during the year by the competent authorities and 73 cases aggregating Rs. 1.41 lakhs representing losses as above were written off/waived during earlier years but the write off orders were received in Audit Office during 1966-67. The details are given below :—

(a) Cases of loss, etc., (each item not exceeding Rs. 5,000) written off during 1966-67

Serial No	Department	Write off of losses, irrecoverable revenue, duties, advances, etc.		Ex-gratia payment		Waiver of recovery	
		Num-ber of cases	Amount Rs.	Num-ber of cases	Amount Rs.	Num-ber of cases	Amount Rs.
1.	Refugee Relief and Rehabilitation	8	827	..	..	3	423
2.	Finance	1	725	..	..	..	..
3.	Commerce and Industries ..	13	7,642	..	..	2	2,880
4.	Cottage and Small Scale Industries	2	3,209	..	..	..	..
5.	Forest	41	10,818	1	75	..	..
6.	Land and Land Revenue ..	9	1,457	..	..	..	..
7.	Agriculture and Community Development	52	27,054	..	..	..	..
8.	Relief and Social Welfare ..	10	8,931	6	14,816	..	..
9.	Home (Defence)	18	1,786	..	..	..	..
10.	Home (Police)	3	318	..	..	..	..
11.	Information and Public Relations	4	847	..	..	..	..
12.	Board of Revenue	1	1,547	..	..	..	..
13.	Animal Husbandry and Veterinary Services	5	4,911	..	..	..	..
14.	Food and Supply	16	30,012	..	..	..	..
15.	Education	7	1,629	..	..	..	..
16.	Health (Medical)	96	5,611	..	..	..	..
17.	Irrigation and Waterways ..	2	819	..	..	..	..
18.	Development and Planning ..	1	295	..	..	1	162
19.	Public Works	2	580	..	..	..	..
20.	Health (Public Health) ..	4	2,349	..	..	..	..
	Total	295	1,11,367	7	14,891	6	3,465

APPENDIX X (contd.)

(b) Cases where each item of loss exceeded Rs. 5,000

Serial No	Department	Write off of losses, irrecoverable revenue, duties, advances, etc.		Ex-gratia payment		Waiver of recovery	
		Num-ber of cases	Amount Rs.	Num-ber of cases	Amount Rs.	Num-ber of cases	Amount Rs.
		1.	Refugee Relief and Rehabilitation	2	1,62,424
2.	Commerce and Industries	.. 1	6,145	..	..	1	1,38,203
3.	Food and Supply	.. 4	36,472	..	..	..	..
4.	Home (Defence)	.. 3	2,39,638	..	..	..	..
5.	Health (Public Health)	.. 1	7,426	..	..	..	..
	Total	.. 11	4,52,105	..	..	1	1,38,203

Notes on important cases of loss

Serial No	Department	Amount	Particulars
		Rs.	
1.	Refugee Relief and Rehabilitation	21,294	Book value of 169 unserviceable tents completely damaged and worn out by long use written off.
		1,41,130	Undisbursed loan payable to the refugees and pay of staff found missing from the departmental safe kept in the Barrackpore sub-treasury written off.
2.	Commerce and Industries	.. 1,38,203	Recovery of annual minimum guaranteed revenue and late payment surcharge waived by the West Bengal State Electricity Board.
3.	Food and Supply	.. 15,511	Godown shortages of wheat due to normal storage and handling operations written off.
4.	Home (Defence)	.. 62,369	} Value of stores rendered unserviceable by fair wear and tear declared condemned and written off.
		21,048	
		1,56,221	

APPENDIX X (contd.)

(c) *Cases of loss etc. (each item not exceeding Rs. 5,000), written off in earlier years but received in Audit Office during 1966-67.*

Serial No	Department	Write off, losses, irrecoverable revenue, duties, advances, etc.		Ex-gratia payment		Waiver of recovery	
		Num-ber of cases	Amount	Num-ber of cases	Amount	Num-ber of cases	Amount
			Rs.		Rs.		Rs.
1.	Commerce and Industries ..	2	535	..	..	..	..
2.	Forest	4	490	..	..	..	..
3.	Land and Land Revenue ..	5	988	..	..	..	..
4.	Agriculture and Community Development	4	2,401	..	..	..	..
5.	Relief and Social Welfare .. ..	..	..	1	300	..	..
6.	Health (Medical) ..	51	2,215	..	..	..	..
7.	Education	2	313	..	..	..	..
	Total ..	68	6,942	1	300	..	..

APPENDIX X (concl.d.)

(d) *Cases of loss, etc., where each item exceeded Rs 5,000 written off in earlier years but received in Audit Office during 1966-67*

Serial No.	Department	Write off of losses, irrecoverable revenue, duties, advances, etc.		Ex-gratia payment		Waiver of recovery	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
			Rs.		Rs.		Rs.
1.	Refugee Relief and Rehabilitation	1	27,000	..	..	..	..
2.	Commerce and Industries ..	1	46,869	..	..	..	..
3.	Food and Supply ..	1	15,496	..	..	..	..
4.	Labour ..	1	44,712	..	..	..	..
	Total ..	4	1,34,077	..	..	..	..

Notes on important cases of loss

Serial No.	Department	Amount	Particulars
		Rs.	
1.	Refugee Relief and Rehabilitation	27,000	Book value of unserviceable tents written off. The tents became unserviceable due to normal wear and tear.
2.	Commerce and Industries ..	46,869	Cost of training on absconding trainees written off.
3.	Food and Supply ..	15,496	Transit shortages of rice written off.
4.	Labour ..	44,712	Irrecoverable advances granted to non-refugee trainees under the scheme of Training of Indian Nationals as Boiler Attendants written off.

APPEN

(Referred to in

Statement showing details of cases of misappropriation

Serial No.	Department					
1.	Agriculture and Community Development	..	..	..	..	..
2.	Animal Husbandry and Veterinary Services	..	..	..	..	..
3.	Board of Revenue	..	..	..	..	..
4.	Commerce and Industries	..	..	..	..	..
5.	Education	..	..	..	..	..
6.	Excise	..	..	..	..	..
7.	Food and Supplies	..	..	..	..	..
8.	Finance	..	..	..	..	..
9.	Health (Public Health Branch)	..	..	..	..	..
10.	Home (General Administration)	..	..	..	..	..
11.	Home(Police)	..	..	..	..	..
12.	Information and Public Relations	..	..	..	..	..
13.	Irrigation and Waterways	..	..	..	..	..
14.	Judicial	..	..	..	..	..
15.	Land and Land Revenue	..	..	..	..	..
16.	Panchayat	..	..	..	..	..
17.	Public Works (Construction Board)	..	..	..	..	..
18.	Refugee Relief and Rehabilitation	..	..	..	..	..
19.	Relief and Social Welfare	..	..	..	..	..
	Total	..	..	..	..	..

DIX XI

paragraph 50)

pending finalisation as on the 31st March, 1967

Cases pertaining to 1960-61 and earlier years		Cases pertaining to 1961-62 to 1966-67		Total	
Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
	Rs.		Rs.		Rs.
8	19,790	24	1,16,225	32	1,36,015
1	5,000	..	..	1	5,000
..	..	4	18,702	4	18,702
5	28,860	12	1,16,588	17	1,45,448
1	300	2	1,510	3	1,810
1	418	1	39,120	2	39,538
7	43,062	4	38,287	11	81,349
1	1,695	..	..	1	1,695
5	17,392	2	4,955	7	22,347
..	..	2	12,983	2	12,983
9	62,841	1	791	10	63,632
2	399	..	..	2	399
..	..	2	2,065	2	2,065
..	..	1	3,718	1	3,718
93	1,97,092	95	1,88,953	188	3,86,045
1	6,065	..	..	1	6,065
..	..	1	797	1	797
3	16,512	..	..	3	16,512
..	..	3	31,757	3	31,757
137	3,99,426	154	5,76,451	291	9,75,877

APPENDIX XII

(Referred to in paragraph 57)

A. Statement showing particulars of works each costing more than 20 lakhs executed without sanctioned estimates

Name of the department/work	Amount of expenditure up to March, 1967
<i>(In lakhs of rupees)</i>	
Public Works	
1. Construction of permanent bridge over river Teesta near Jalpaiguri	1,20·07
2. Construction of bridges with well foundation under Jalpaiguri Construction Division	75·42
3. Construction of Section Head Quarters at Siliguri	44·79
4. Shifting of Bengal Veterinary College	34·99
5. Widening and improvement to Contai-Belda Road	30·63
6. Construction of bridges with well foundation under Cooch Behar Division.	28·33
7. Street lighting by fluorescent fittings on roads of the northern side of the Calcutta Maidan	20·52
Irrigation and Waterways	
1. Construction of roads in North Salt Lake City extension area	42·65
2. Supply of different categories of materials	28·74
Agriculture and Community Development	
1. Purchase of E. R. W. Steel Pipes from Hindusthan Steel Limited	1,08·43
2. Water transmission arrangement for 400 deep tube wells ..	54·03
3. Water transmission arrangement for 200 deep tube wells ..	49·25
4. Water transmission for R. P. I. Scheme	48·43
5. Collection of materials for deep tubewell under Irrigation Scheme	45·51
6. Construction of pump house and operators' quarters for 400 deep tubewells	38·21
7. Supply of steel barges for R. P. I. Scheme	28·78
8. Sinking of deep tubewell in the district of Burdwan ..	27·40
9. Supply of 450 turbine pumps for deep tubewells ..	22·46
10. Purchase of tubular structure for seed store	20·75
11. Construction of pump house and operators' quarters for 200 deep tubewells	20·32
12. Energisation of deep tubewells	20·05

APPENDIX XII (concl'd.)**B. Department-wise and year-wise analysis of the unvouched outlay as on the 31st March, 1967***(a) Department-wise analysis*

Department				Number of items	Amount (In lakhs of rupees)	
1. Irrigation and Waterways	..	..	..	161	26.39
2. Public Works	..	..	..	108	24.19
3. Housing	..	..	..	38	12.73
4. Development and Planning	..	..	..	26	5.11
5. Health	..	..	..	75	1.98
6. Public Works (Roads)	..	..	..	34	1.88
7. Public Works (Construction Board)	..	..	..	23	1.45
8. Public Works (Special Roads)	..	..	..	21	0.61
9. Agriculture and Community Development	..	..	..	24	0.47
10. Refugee Relief and Rehabilitation	..	..	..	36	0.45
			Total	..	546	75.26

(b) Year-wise analysis

Year of objection				Number of items	Amount (In lakhs of ' rupees)	
Up to 1962-63	..	..	..	64	6.22
1963-64	..	..	..	29	0.92
1964-65	..	..	..	34	9.87
1965-66	..	..	..	88	14.50
1966-67	..	..	..	331	43.75
			Total	..	546	75.26

APPENDIX XIII

(Referred to in paragraph 72)

Names of Public Works Divisions where registers of stock have not been closed for more than three years

Name of the department/division				Year from which register not closed
Public Works Department				
1. Calcutta Electrical	..	..	..	.. 1947-48
2. Western Electrical	..	..	..	.. 1957-58
3. Burdwan	..	..	..	.. 1958-59
4. Darjeeling	..	..	..	.. 1961-62
5. Workshop Electrical	..	..	..	.. 1962-63
6. Jalpaiguri	..	..	..	.. 1963-64
7. West Dinajpore	..	..	..	.. 1963-64
Public Works (Roads) Department				
Nadia Construction	..	..	..	.. 1963-64
Public Works (Construction Board)				
1. Burdwan	..	..	..	Since inception
2. Krishnagar	..	..	..	.. 1962-63
Irrigation and Waterways Department				
1. Basirhat Irrigation	..	..	..	.. 1958-59
2. Canals	..	..	..	.. 1960-61
3. Bankura Irrigation	..	..	..	.. 1962-63
4. Damodar Canals	..	..	..	.. 1963-64
Health Department				
Resources Division	..	..	..	.. 1962-63

APPENDIX XIV

(Referred to in paragraph 82)

Statement showing the position as on the 31st October, 1967 of Staff Quarters at the Bandel Thermal Power Project

Year of construction		Number of flats remaining unallotted	Number of flats remaining vacant	Period of vacancy
1963-64	.. ..	7	10	29½ to 40 months
1964-65	.. ..	33	23	15 to 26 months
1965-66	.. ..	1	5	7 to 10 months
Total	.. ..	41	38	

APPENDIX XV

(Referred to in paragraph 91)

List of wanting *pro forma* accounts

(a) In the following cases *pro forma* accounts have not been prepared since inception :—

Serial No.	Name of the scheme/ concern	Period for which accounts are due for submission	Remarks
1.	Durgapur Industries Board	1955-56 to 1961-62 (up to the pre-Company period, i.e., the 14th September, 1961)	
2.	Scheme for Production Centres :		
	(i) Midnapur (transferred to the Home Social Welfare Department from April, 1963)	} 1954-55 to 1966-67	
	(ii) Titagarh		
	(iii) Uttarpara, Habra and Dharampur		
3.	Oriental Gas Company's Undertaking	November, 1960 to 1966-67	
4.	(a) Government Sales Emporia at Howrah and Calcutta	1951-52 to 1966-67	
	(b) Government Sales Emporia other than those at Howrah and Calcutta	1957-58 to 1961-62 (up to the 31st May, 1961)*	*Transferred to the West Bengal Small Industries Corporation (a Government Company).

APPENDIX XV—contd.

Serial No.	Name of the scheme/ concern	Period for which accounts are due for submission	Remarks
5.	Industrial Centres	.. 1956-57 to 1964-65.	The Scheme was merged with another scheme in April, 1965. The outstanding accounts have not been prepared as yet (December, 1967).
6.	Dental Factory	.. 1960-61 to 1966-67.	Government stated (October, 1966) that they faced difficulties in preparing accounts for the period prior to 1963-64 for want of suitable records. No firm decision has been communicated yet (December, 1967).
7.	Fulia Township	.. 1961-62 to 1966-67.	The Government of India's orders waiving the necessity of preparing <i>pro forma</i> accounts altogether are under scrutiny (December, 1967).
8.	Kanchrapara Development Area (Kalyani Township) Scheme	1949-50 to 1966-67.	The outstanding accounts have not been prepared and submitted to Audit (December, 1967).

(b) In the following cases *pro forma* accounts have been received for the period noted against each and are under audit or *pro forma* accounts have not been received for the period noted against each :—

1.	Central Engineering Organisation	1965-66 to 1966-67.	Accounts for 1964-65 received in October, 1967 are under examination.
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APPENDIX XV—contd.

Serial No.	Name of the scheme/ concern	Period for which accounts are due for submission	Remarks
2.	Integrated Wood Industries Scheme at Durgapur, Kalyani and Siliguri	1956-57 to 1966-67	The accounts up to 1964-65 could not be checked in audit for want of complete records and documents. The Department promised to submit revised accounts by May, 1967 but these are still outstanding (December, 1967).
3.	Brick and Tile Board	1966-67	Accounts for the period from 1961-62 to 1965-66 are under examination (December, 1967).
4.	Brooklyn Ice Plant and Cold Storage	1965-66 to 1966-67	
5.	Scheme for production of Shark Liver Oil, Fishmeal, etc.	1963-64 to 1966-67	
6.	Durgapur State Transport Service	1965-66 to 1966-67	Accounts for 1964-65 received in November, 1967 are under scrutiny.
7.	Silk Reeler's Co-operative Organisation	1955-56 to 1966-67	The revised accounts for 1955-56 have not been received so far (December, 1967).
8.	(i) Scheme for distribution of toned and cows milk (inception 1950-51)	1950-51 to 1960-61	The Scheme was reorganised and merged with another scheme (viz. Greater Calcutta Milk Supply Scheme) from 1961-62.
	(ii) Greater Calcutta Milk Supply Scheme (inception 1954-55)	1954-55 to 1966-67	The accounts of the schemes up to 1963-64 could not be checked in audit for want of relevant records. The matter is still pending (December, 1967).

APPENDIX XV—*conold.*

Serial No.	Name of the scheme/ concern	Period for which accounts are due for submission	Remarks
9.	Government Cinchona Plan- tations	1963-64 to 1966-67.	The comments of the Depart- ment on the checked accounts for 1962-63 are still awaited (December, 1967) and finalisation thereof is pending as such.
10.	Government Quinine Fact- tory, Mungpoo		
11.	Quinine Sales Depot, Cal- cutta		
12.	Consolidated <i>pro forma</i> ac- counts of 'Hats' under the management of Govern- ment	1966-67	Accounts up to 1965-66 already received in audit are under examination (December, 1967).
13.	Scheme for State Trading in rice and paddy	1963-64 to 1966-67.	The outstanding accounts have not been received as yet (December, 1967).
14.	Scheme for State Trading in Wheat and Wheat products	1964-65 to 1966-67.	

APPENDIX

(Referred to in

SCHEME FOR STATE TRADING IN WHEAT**Trading and Profit and Loss Account for the***Dr.*

1962-63	Particulars	1963-64
Rs.		Rs.
55,66,893	To Opening Stock	1,18,72,821
5,48,55,680	„ Purchase	12,06,80,072
	„ Stock-in-transit	15,829
30,34,784	„ Other procurements .. ..	..
18,89,837	„ Incidental charges	30,24,317
82,53,130	„ Other incidental charges	84,43,508
9,51,192	„ Railway freight charges	20,13,442
1,26,211	„ Audit fee	1,37,104
7,46,77,727	Total	14,61,87,093

XVI

paragraph 91)

AND WHEAT PRODUCTS

year ended the 31st March, 1964

1962-63	Particulars			<i>Cr.</i>	
Rs.				1963-64	
				Rs.	
5,47,97,257	By Sales	..	..	..	12,96,62,451
1,36,695	„ Claims realised from Railways			..	14,339
1,70,770	„ Miscellaneous recoveries	..	..	..	20,894
5,048	„ Loan Account	..	..	..	..
1,18,72,821	„ Closing Stock	..	..	..	97,88,921
76,95,136	„ Net Loss	..	..	..	67,00,488
7,46,77,727			Total	..	14,61,87,093

APPENDIX

SCHEME FOR STATE TRADING IN WHEAT

Balance Sheet as on the

1962-63	Liabilities			1963-64
Rs.				Rs.
5,83,645	Net Outlay	..	..	1,91,74,131
11,99,72,943	Extraordinary charges			—
17,09,226	Audit charges	..	..	18,45,468
13,77,031	Interest Account	..	..	13,77,031
	Sundry Creditors :			..
2,39,47,282	Government of India (Purchase and Incidentals) and other miscellaneous liabilities			14,61,78,678
56,460	Refund to parties	..	..	1,24,904
50,000	Security Deposit (Flour Mills)	..	..	50,000
1,48,35,821	Undivided Bengal Suspense	..	..	1,48,35,821
16,25,32,408			Total	18,35,86,033

XVI—*contd.*

AND WHEAT PRODUCTS

31st March, 1964

1962-63	Assets			1963-64
Rs.				Rs.
1,72,78,216	Sundry Debtors	..	..	3,37,79,857
	136 Central Revenues Suspense	..	..	293
1,48,35,821	Undivided Bengal Suspense	..	..	1,48,35,821
50,000	Investments (at cost)	..	..	50,000
1,18,72,821	Stock-in-trade	..	..	97,88,921
11,84,95,414	Profit and Loss Account :			
	(less adjustment)	11,84,30,653		
	<i>Add this year's Loss :</i>	67,00,488		12,51,31,141
10,25,32,408		Total	..	18,35,86,033

APPENDIX

BUTTER DISTRIBUTION

Profit and Loss Account for the year ended

Dr.

1959-60					1960-61
Rs					Rs.
36,830	To Opening Stock	..	..	..	33,170
3,77,110	„ Purchase	..	..	..	5,95,074
5,275	„ Wages	..	..	..	4,211
16,110	„ Miscellaneous	..	..	..	22,520
748	„ Printing and Stationery	..	..	..	329
1,097	„ Bottles Purchase	..	..	..	2,521
11,989	„ Administrative charges	..	..	..	13,264
6,680	„ Audit Fee	..	..	..	6,680
784	„ Publicity	..	..	..	..
821	„ Depreciation	..	..	..	709
15,141	„ Net profit	..	..	..	..
4,72,585			Total	..	6,78,478

XVI—*contd.*

SCHEME

the 31st March, 1961

				<i>Cr.</i>	
1959-60				1960-61	
Rs.				Rs.	Rs.
	By Sales—Product	..	..	5,71,482	
4,39,219	Less Sales Tax	..	..	22,528	5,48,954
196	„ Miscellaneous Receipt	..	..	..	2,044
33,170	„ Closing Stock (at cost)	..	..	..	76,308
..	„ Net Loss	..	..	..	51,172
4,72,585	Total	..	..	..	6,78,478

APPEN
BUTTER DISTRIBUTION
Balance Sheet as at the 31st

Liabilities					
1959-60			1960-61		
Rs.	Undischarged Liabilities		Rs.	Rs.	
	Audit Fee :	.. ..		
53,440	As per last Account	.. ..	53,440		
	For Current year	.. ..	6,680	60,120	
	Account with Other Schemes :				
	P. L. Account—1	.. ..	3,51,318		
1,76,601	Advance Account	.. ..	1,01,378	4,52,696	
	Current Liabilities and Provisions :				
	For Expenses :				
	Sundry Creditors	.. ..	31,670		
1,16,687	Wages	.. ..	1,049	32,719	
4,442	Sales Tax	.. ..	..	5,089	
3,51,170	Total		.. ..	5,50,624	

DIX XVI—contd.**SCHEME****March, 1961**

		Assets				
1959-60					1960-61	
Rs.	Fixed Assets	Rs.	Rs.	Rs.	Rs.	
Plant and Machinery :						
	As per last Account	..	11,184			
	Add—during the year	..	Nil	11,184		
	Deduct Depreciation up to last year		5,321			
5,863	Current year	..	709	6,030	5,154	
Current Assets :						
	Stock in Trade	..	..	76,308	
2,64,965	Sundry Debtors	..	..	2,61,287	3,37,595
Cash in Hand and Bank Balances :						
	Reserve Bank of India	..	..	87,569	
	United Bank of India	..	..	5,500	
20,367	Cash in hand	..	..	3,659	96,728
Capital Accounts :						
	Balance as per last Account	..		59,975		
59,975	Deficit as per Profit and Loss Account	..		51,172	1,11,147	
3,51,170	Total	..	..		5,50,624

APPENDIX

GOVERNMENT SAW

Extraction, Manufacturing and Profit and Loss

Dr.

1965-66		1966-67
Rs.		Rs.
13,79,046	To opening stock of logs and sawn timber ..	9,44,352
..	„ Opening Stock of service postage stamp ..	616
6,80,865	„ Royalty of logs and value of sawn timber ..	11,05,097
3,58,234	„ Extraction charges	3,56,260
..	„ Grant-in-aid	10,527
5,970	„ Audit Fee	5,970
2,82,456	„ Milling expenses	3,78,178
	{	
1,48,506	„ Administration and office expenses	1,41,434
16,574	„ Selling and distribution expenses	20,519
51,466	„ Depreciation	49,560
6,349	„ Provision for bad and doubtful debts .. ..	..
16,024	„ Miscellaneous adjustments	32,095
29,45,490	Total	30,44,608

Balance Sheet as on the

1965-66	Capital and liabilities	1966-67
Rs.		Rs.
20,57,584	Government Capital	22,91,876
1,16,593	Undischarged liabilities	1,01,864
1,43,776	Sundry Creditors	94,093
7,199	Reserve for bad and doubtful debts	5,564
23,25,152	Total	24,93,397

XVI—concl'd.

MILLS, SILIGURI**Account for the year ended the 31st March, 1967**

1965-66		1966-67	
Rs.			Rs.
17,66,602	By sales .. .. .	..	19,13,854
18,311	„ Miscellaneous receipts .. .. .	..	26,850
4,192	„ Miscellaneous adjustments .. .. .	..	22,442
616	„ Closing stock of service postage stamps ..	..	721
9,44,352	„ Closing stock		
	Logs 10,10,675 } ..		
	Blocks 222 } ..		10,10,897
2,11,417	„ Net Loss .. .. .	..	69,844
29,45,490		Total ..	30,44,608

..

31st March, 1967

1965-66	Assets and Properties	1966-67
Rs.		Rs.
9,28,070	Fixed Assets	8,46,017
10,31,402	Current Assets	10,40,673
3,65,680	Sundry Debtors, Loans and Advances ..	6,06,707
23,25,152		Total ..
		24,93,397

APPENDIX

(Referred to in

Statement showing the nature of audit objections outstanding as on the 30th September, 1967

Serial No.	Name of the Department	For want of detailed contingent bill		For want of sub-vouchers and payees' stamped receipt		Advances recoverable		
		No.	Amount	No.	Amount	No.	Amount	
								<i>(In lakhs of</i>
1.	Agriculture and Community Development	36	1.09	38	1.75	4	0.02	
2.	Commerce and Industries ..	68	1,91.41	175	37.74	5	0.01	
3.	Cottage and Small Scale Industries	53	2.58	34	1.61	6	0.08	
4.	Education	296	19.31	185	13.34	61	0.50	
5.	Food and Supplies ..	34	70.78	17	4.22	69	30.24	
6.	Home (General Administration)	2	(c)	36	1.99	329	1.03	
7.	Irrigation and Waterways .. ..	..	..	8	0.16	4	0.01	
8.	Medical	34	4.88	260	33.76	53	0.12	
9.	Refugee Relief and Rehabilitation ..	..	—	26	0.31	10	0.01	
10.	Tribal Welfare .. ..	..	..	43	5.72	7	0.34	

(a) Rs. 25 only

(b) Rs. 78 only

(c) Rs. 120 only

XVII

paragraph 102)

and the Departments with heavy outstandings

For want of sanctions		Overdrawal of pay and allowances		Other Reasons		Total	
No.	Amount	No.	Amount	No.	Amount	No.	Amount
5	0.16	..	..	1889	6,28.31	1972	6,41.33
4	0.89	..	..	10	0.08	262	2,30.13
..	..	..	..	1	0.03	94	4.30
6	0.01	2	(a)	28	0.38	578	33.54
1	(b)	2	0.01	232	33,35.72	355	34,40.97
24	0.07	..	..	594	14.60	985	17.09
3	0.02	3	0.01	1	40.00	19	40.20
13	0.26	25	0.15	74	2.47	459	41.64
88	1.40	14	0.07	99	8.03	231	9.82
..	..	..	..	43	1.58	93	7.64

rupees)

APPENDIX XVIII

(Referred to in paragraph 103)

Important types of irregularities noticed in local audit and inspection during 1966-67

Nature of irregularities	Number of offices in which irregularities were noticed
(i) Infructuous expenditure due to defective plans, designs and abandonment of works (Rs. 8 lakhs)	17
(ii) Splitting up of purchase orders to avoid invitation of tenders/sanction of higher authorities (Rs. 1.10 lakhs)	3
(iii) Extra cost to Government due to rejection of lowest tenders or delay in accepting tenders (Rs. 6.91 lakhs)	19
(iv) Excess payment due to non-observance/non-provision of conditions of contracts (Rs. 1.34 lakhs)	12
(v) Unauthorised financial aid to contractors (Rs. 7.22 lakhs) ..	32
(vi) Delay in effecting recoveries from contractors (Rs. 3.14 lakhs) ..	14
(vii) Overpayment due to inflated measurement or longer/extra lead or rates allowed in excess of those provided for in the agreement (Rs. 0.12 lakh)	9
(viii) Avoidable expenditure for payment of devaluation losses/stamp duty (Rs. 8.41 lakhs)	2

