

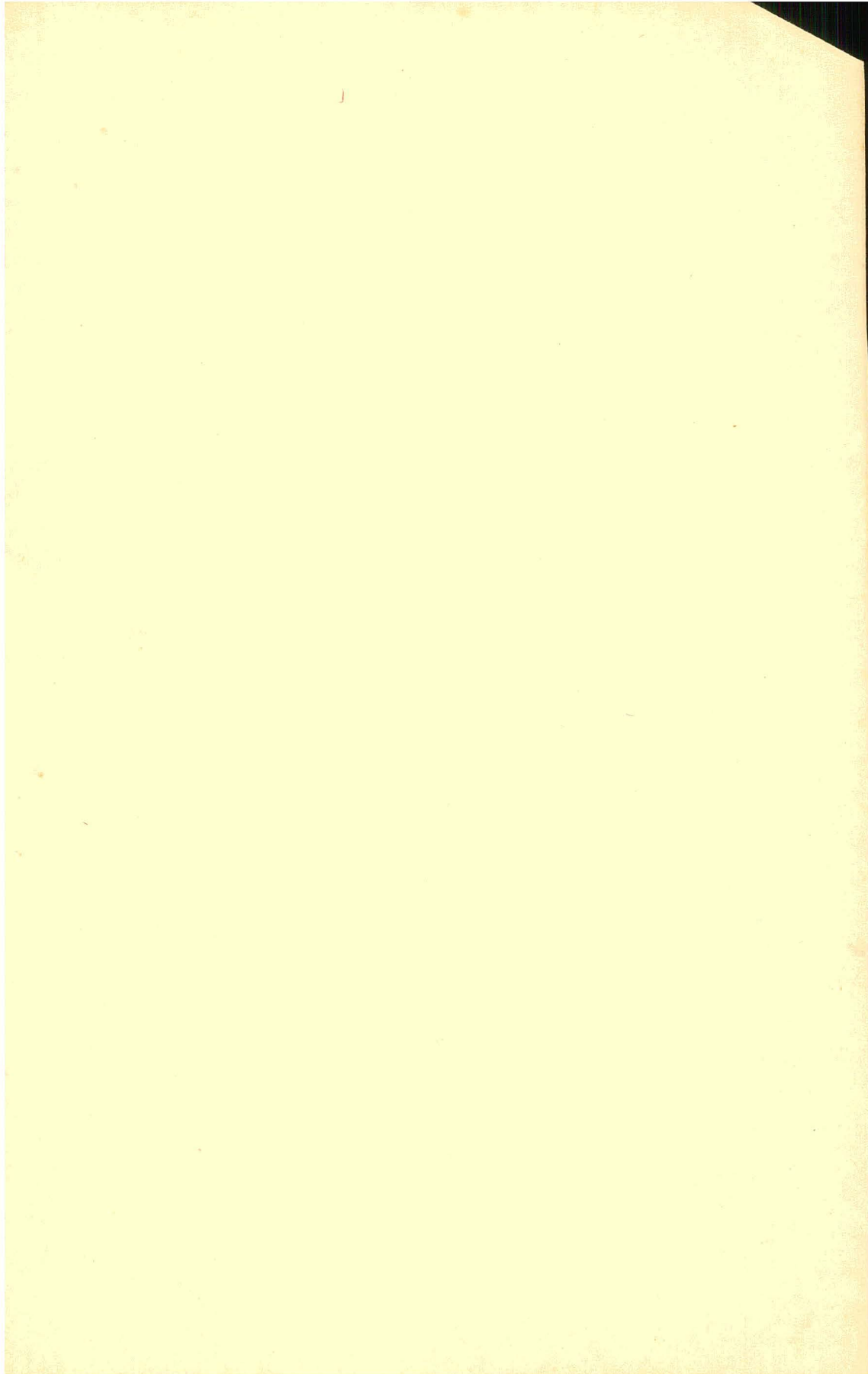
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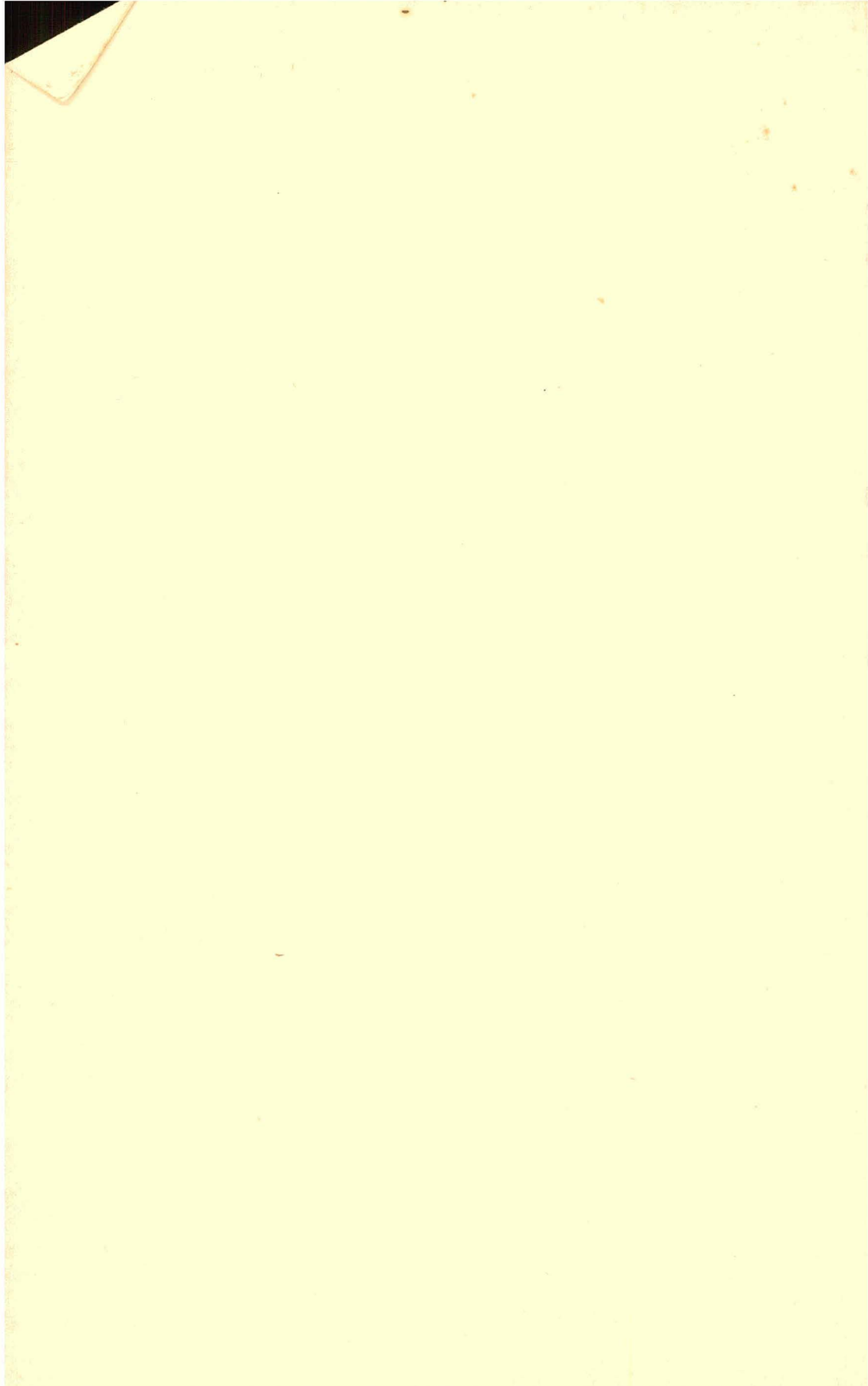
GOVERNMENT  
OF  
MADHYA PRADESH



REPORT  
OF THE  
COMPTROLLER  
AND  
AUDITOR GENERAL OF INDIA  
FOR THE YEAR 1969-70









GOVERNMENT OF MADHYA PRADESH

# REPORT

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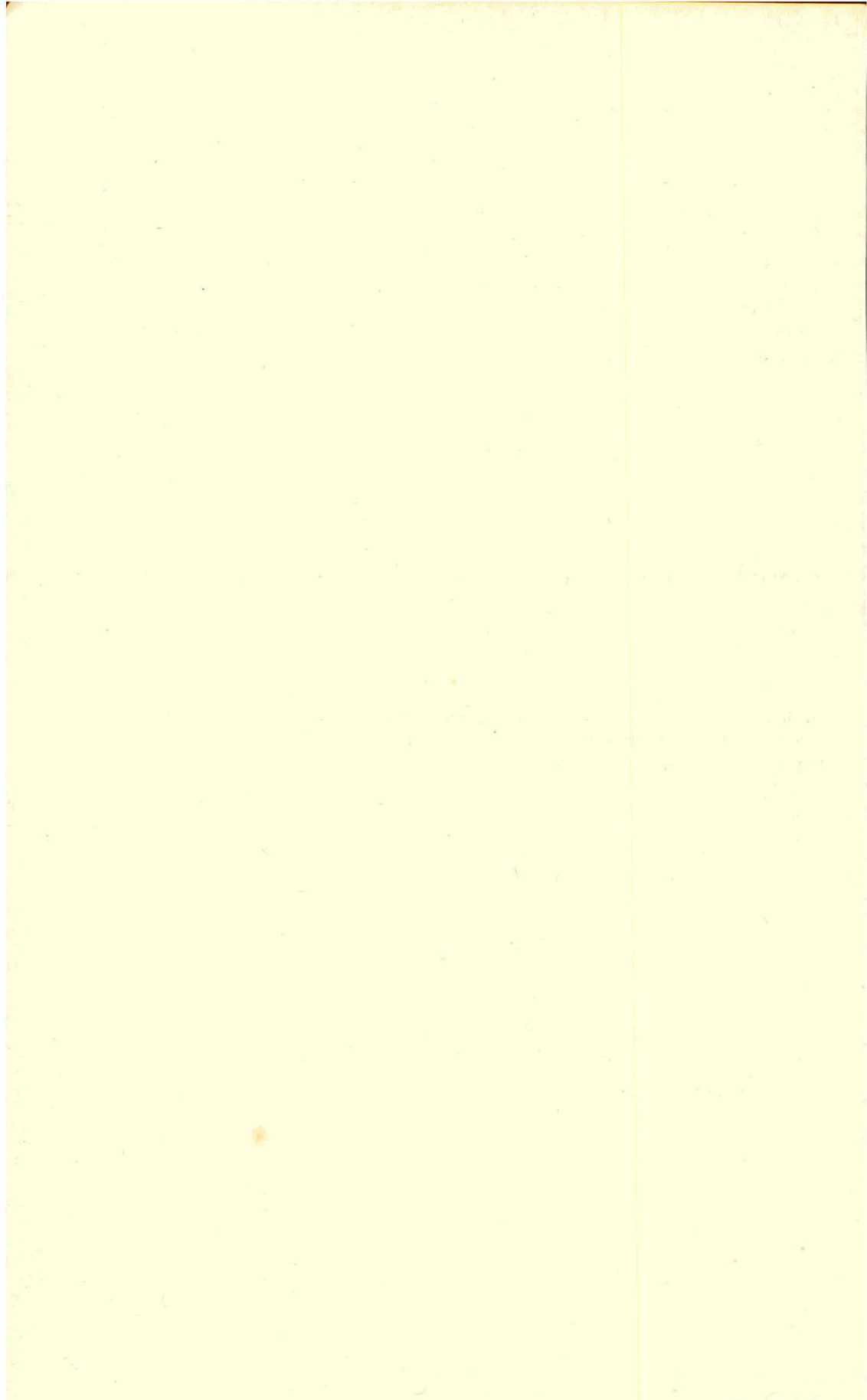
## PREFATORY REMARKS

This Report has been prepared both in Hindi and English for submission to the Governor under Article 151 of the Constitution. It mainly relates to matter arising from the Appropriation Accounts for 1969-70 together with other points arising from audit of the financial transactions of the Government of Madhya Pradesh. It also includes—

- (i) certain points of interest arising from the Finance Accounts for the year 1969-70, and
- (ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1969-70 as well as those which had come to notice in the earlier years but could not be dealt with in the previous Reports; matters relating to the period subsequent to 1969-70 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

#### REVENUE RECEIPTS AND EXPENDITURE MET FROM REVENUE

1. *Budget and actuals.*—The following table shows the revenue realised and the expenditure met from revenue in each of the three years ending 1969-70, compared with the budget estimates therefor :—

Year	Budget estimates	Actuals	Variation				
			Amount	Percentage			
<i>(In crores of rupees)</i>							
<b>Revenue Receipts</b>							
1967-68	1,57.78	1,67.46	+9.68	+6			
1968-69	1,74.28	1,79.15	+4.87	+3			
1969-70	1,93.07	2,14.84	+21.77	+11			
					<b>Revenue Surplus +/Deficit—</b>		
					Year	Budget estimates	Actuals
<b>Expenditure met from Revenue</b>							
<i>(In crores of rupees)</i>							
1967-68	1,81.89	1,76.93	—4.96	—3	1967-68	—24.11	—9.47
1968-69	1,79.95	1,70.13	—9.82	—6	1968-69	—5.67	+9.02
1969-70	2,15.78	1,91.49	—24.29	—11	1969-70	—22.71	+23.35

During 1969-70 revenue realised exceeded the estimates by Rs. 21.77 crores (11 per cent) but the expenditure on revenue account fell short of the budget estimates by Rs. 24.29 crores (11 per cent). The year ended with a revenue surplus of Rs. 23.35 crores against a deficit of Rs. 22.71 crores anticipated in the budget.

The budget estimates of revenue and expenditure shown above do not take into account additional taxation levied and supplementary grants obtained during the course of these years. If these are also taken into account the position would be as follows :—

Year	Additional taxation	Supplementary grants	Modified budget estimates of		Surplus + Deficit —
			Receipts	Expenditure	
<i>(In crores of rupees)</i>					
1967-68	2.81	3.35	1,60.59	1,85.24	—24.65
1968-69	0.80	3.57	1,75.08	1,83.52	—8.44
1969-70	1.64	1.10	1,94.71	2,16.88	—22.17

Additional revenue of Rs. 1.64 crores was expected from the following taxation and other measures adopted during 1969-70 :—

	Date from which implemented	Estimated yield during 1969-70
(In crores of rupees)		
(i) Revision of rates on land growing certain commercial crops.	7th November 1969	0.20
(ii) Revision of fees under the Motor Vehicles Acts and Rules.	16th January 1970	0.10
(iii) Revision of rates of Sales Tax on cotton from 2 to 3 per cent.	15th August 1969	0.50
(iv) Revision of rates of water supplied from Government Water Works.	1st August 1969	0.10

In addition, State lottery and State trading in minor forest produce were introduced during the year with estimated yield of Rs. 0.40 crore and Rs. 0.34 crore respectively.

2. *Revenue receipts.*—During 1969-70 revenue receipts (Rs. 2,14.84 crores) showed increase of Rs. 35.69 crores (19 per cent) over that in 1968-69 (Rs. 1,79.15 crores). The increase is analysed below :—

	Receipts 1968-69	Receipts 1969-70	Increase + Decrease —
(In crores of rupees)			
(i) Revenue raised by the State Government—			
<i>Tax Revenue—</i>			
(a) Taxes, duties and other principal heads of revenue.	69.86	79.92	+10.06
<i>Non-tax Revenue—</i>			
(b) Receipts under administrative, social and developmental services, irrigation, public works, forests, etc.	40.21	43.32	+3.11
(c) Interest	12.34	14.88	+2.54
(ii) Receipts from Central Government—			
(a) State's share of Central taxes	33.34	46.65	+13.31
(b) Grants-in-aid—			
(i) Grants under Article 275 of the Constitution	5.02	2.38	—2.64
(ii) Other grants-in-aid	18.38	27.69	+9.31
Total	1,79.15	2,14.84	+35.69

The receipts from Central Government during 1969-70 (Rs. 76.72 crores) were 36 per cent of the total receipts of the year. The increased receipts during

1969-70 under State's share of Central taxes and 'other grants-in-aid' were mainly due to increase in the State's share of the divisible pool consequent on recommendations of the Fifth Finance Commission, recovery of arrears and receipts of more grants for the State Plan Schemes. The reduction in the quantum of grants-in-aid under Article 275 of the Constitution was due to Fifth Finance Commission's award.

Increase of Rs. 15.71 crores in the revenue raised by the State Government during 1969-70 occurred mainly under :—

Head of account	Increase <i>(In crores of rupees)</i>	Reasons for increase
X-State Excise Duties	1.47	Mainly due to more receipts under country spirits owing to increase in consumption of liquor and more recoveries of auction fees.
XII-Sales Tax	6.45	Mainly due to normal growth of trade and commerce and collection of arrears.
XIII-Other Taxes and Duties	1.32	Mainly due to normal growth.
XVI-Interest	2.54	Mainly due to increased receipts of interest on loans and advances given by Government (Rs. 1.94 crores) and larger receipt from commercial departments (Rs. 0.10 crore).
XXXII-Miscellaneous Social and Developmental Organisations.	1.59	Mainly due to more receipts from royalty on major minerals (Rs. 1.56 crores).

The above increases were partly counterbalanced by less revenue receipts under 'XXVIII-Co-operation' by Rs. 1.04 crores (1968-69 : Rs. 1.36 crores 1969-70; Rs. 0.32 crore) mainly due to non-adjustment of grants made by other Governments, Local Funds or other outside institutions by transfer from deposit account, this year, for want of some information from department.

3. *Arrears of revenue.*—According to information furnished by some of the departments, arrears in collection of revenue on 31st March 1970 were Rs. 15.61 crores as shown below :—

Head of revenue	Amount outstanding <i>(In lakhs of rupees)</i>	Remarks
Forest	4,58.84	Arrears relate to 1911-12 onwards. Of this, Rs. 32.15 lakhs are irrecoverable.
Sales Tax	4,43.96	Dues not include arrears of three circles and part information of four circles. Rs. 58.06 lakhs are reported to be irrecoverable and recovery of Rs. 24.52 lakhs doubtful.

Head of revenue	Amount outstanding (In lakhs of rupees)	Remarks
State Excise	3,13.97	Arrears relate to 37 out of 43 districts and are outstanding from 1913-14 onwards. These include Rs. 1.66 lakhs reported to be irrecoverable and Rs. 1.57 lakhs doubtful.
Geology and Mining	2,78.55	Rs. 4.59 lakhs are reported to be irreceverable and Rs. 63.28 lakhs doubtful.
Electricity duty and inspection fees	34.78	
Administration of Justice	16.44	Rs. 1.16 lakhs are reported to be irrecoverable and Rs. 0.31 lakh doubtful.
Employment and Training	1.48	Rs. 0.27 lakh are irrecoverable or doubtful.
Taxes on Profession, Trade Callings and Employment.	13.18	Does not include arrears in respect of three circles.
Total	15,61.20	

4. *Expenditure met from revenue.*—Expenditure on revenue account during 1969-70 (Rs. 1,91.49 crores) showed increase of 13 per cent as compared with 1968-69 (Rs. 1,70.13 crores). The increase is analysed below :—

	Expenditure		Increase + Decrease—
	1968-69	1969-70	
	(In crores of rupees)		
(i) Collection of Taxes, Duties and other Principal Revenues	6.20	7.08	+ 0.88
	Mainly due to the full impact of enhancement of the rates of dearness allowance of the employees made during 1968-69.		
(ii) Debt Services	27.79	27.53	—0.26
(iii) Administrative Services—			
Police	13.66	15.23	+1.57
	Mainly due to the full impact of enhancement of the rates of dearness allowance of the employees effected during 1968-69 and increase in cost of railway warrants.		
Other Administrative Services	9.50	10.76	+1.26
Total—Administrative Services	23.16	25.99	+2.83
(iv) Social and Developmental Services—			
Education	40.49	46.84	+6.35
	Mainly due to the full impact of enhancement of the rates of dearness allowance effected during 1968-69 and payment of more grants to non-Government Institutions.		

	Expenditure 1968-69	1969-70	Increase+ Decrease—
	( In crores of rupees )		
Public Health	9.07	11.48	+2.41
	Mainly due to more expenditure on public health establishments owing to increase in the rates of dearness allowance made in 1968-69 and on combating epidemic diseases.		
Miscellaneous Social and Developmental Organisations.	8.97	11.00	+2.03
	Mainly due to larger expenditure on welfare of scheduled tribes, castes and other backward classes.		
Other Social and Developmental Services	25.05	26.74	+1.69
Total—Social and Developmental Services	83.58	96.06	+12.48
(v) Multipurpose River Schemes, Irrigation and Electricity Schemes (including capital Outlay within the Revenue Account).	2.45	2.08	—0.37
(vi) Public Works (including Roads) and Schemes of Miscellaneous Public Improvements—			
Public Works	10.74	13.19	+2.45
	Mainly due to larger expenditure (i) on completion of works-in-progress and commencement of new works under the family planning programme, (ii) on maintenance and repairs (Rs. 0.28 crore) and (iii) on establishment due to enhanced dearness allowance (Rs. 0.37 crore).		
(vii) Miscellaneous—			
Famine Relief	0.41	3.18	+2.77
	Mainly due to more expenditure on relief works undertaken on an extensive scale on account of scanty rains and failure of crops in more districts of the State than anticipated.		
Other Miscellaneous Heads	15.35	15.80	+0.45
Total—Miscellaneous	15.76	18.98	+3.22
(viii) Other Heads	0.45	0.58	+0.13
Total	1,70.13	1,91.49	+21.36

#### EXPENDITURE OUTSIDE THE REVENUE ACCOUNT

5. (a) The expenditure recorded outside the revenue account includes, besides capital expenditure, the amount paid by Government as loans and advances.

of Rs. 95.54 lakhs (including Rs. 6.91 lakhs interest) was over due for more than three years; the details are given in statement no. 5 of Finance Accounts 1969-70.

#### DEBT POSITION OF GOVERNMENT

7. The debt and other obligations of Government at the end of March 1970 compared with the corresponding amounts at the end of each of the two preceding years are given below:—

	Total debt at the end of		
	1967-68	1968-69	1969-70
	(In crores of rupees)		
Public debt	4,46.55	4,58.73	4,67.41
Other debt and obligations	50.20	63.11	75.76
Total	4,96.75	5,21.84	5,43.17

8. *Public debt.*—(a) An analysis of the public debt outstanding at the end of 1969-70 compared with the corresponding amounts at the end of the preceding two years is given below:—

	At the end of		
	1967-68	1968-69	1969-70
	(In crores of rupees)		
(i) Long-term borrowings—			
Loans raised by Government in the open market	45.96	49.47	53.50
Loans from the Central Government	3,76.86	3,94.08	3,96.97
Loans from autonomous bodies	14.10	15.18	16.94
(ii) Purely temporary borrowings—			
Ways and means advances obtained from the Reserve Bank.	9.63	..	..
Total	4,46.55	4,58.73	4,67.41

The increase in liability of Government on account of public debt (Rs. 8.68 crores) during 1969-70 is analysed below:—

	Loans raised during 1969-70	Loans discharged during 1969-70	Net Increase (+) or Decrease (—) during 1969-70
	(In crores of rupees)		
(1) Loans raised in the open market	9.20*	5.17	+4.03
(2) Loans from the Central Government	44.57	41.68	+2.89
(3) Loans from autonomous bodies	2.79	1.03	+1.76

(b) *Open market loans.*—During the year Government raised a loan (5½ per cent Madhya Pradesh State Development Loan 1981) of Rs. 8 crores from the

\*Includes Rs. 0.34 crore relating to loans raised in 1968-69 kept in deposit pending issue of scrips by Reserve Bank. This was brought under 'Public Debt' during 1969-70 on issue of scrips.



open market at  $\frac{1}{2}$  per cent discount. The loan bears  $5\frac{3}{4}$  per cent interest and is redeemable at par in 1981. The total subscription received was Rs. 8.86 crores including Rs. 1.97 crores received by conversion of the expired loans.

During the year, 4 per cent Madhya Pradesh State Development loan 1969 fell due for repayment. Rs. 5.07 crores were repaid leaving a balance of Rs. 0.10 crore at the end of the year.

(c) *Loans from the Central Government.*—Loans received from the Central Government and outstanding on 31st March 1970 (Rs. 3,96.97 crores) formed 85 per cent of the total public debt of the State. There was a net addition of Rs. 2.89 crores in 1969-70 in the loans received from Central Government.

(d) *Ways and means advances from the Reserve Bank of India.*—Under an agreement with the Reserve Bank of India, Government of Madhya Pradesh has to maintain with the Bank a minimum balance of Rs. 40 lakhs on each day. If the daily cash balance of Government with the Bank falls short of this minimum, the deficiency is made good by taking ways and means advances (ordinary and special) from the Bank according to the limits fixed by it from time to time or by selling treasury bills. The Bank charges interest on these advances at 4 to 5 per cent per annum. During 1969-70 Government obtained Rs. 2.95 crores as ordinary and special ways and means advances. The entire amount was repaid during the year. Government paid Rs. 0.16 lakh as interest on these advances during 1969-70. There was no occasion during this year when deficiency in cash balance, remaining even after taking the maximum ways and means advances, had to be treated as an overdraft.

9. *Other debt and obligations.*—In addition to the public debt, unfunded debt (comprising mainly of general provident fund balances of Government servants) and balances at the credit of earmarked and other funds as also certain deposits which have not been invested but are merged in the general cash balance of Government constitute liability of Government. The amount of such liability at the end of 1969-70 was Rs. 75.76 crores against Rs. 63.11 crores at the beginning of the year.

	Total debt outstanding at the end of	
	1968-69	1969-70
	<i>(In crores of rupees)</i>	
<b>Interest bearing—</b>		
(i) Unfunded debt—mainly provident fund balances	26.10	38.50
(ii) Deposits of State Electricity Board and security deposits from consumers—State Electricity Schemes	7.22	7.22
<b>Non-interest bearing—</b>		
(i) Civil deposits	11.61	12.30
(ii) Deposits of local funds	0.95	1.03
(iii) Earmarked funds	17.23	16.71
<b>Total</b>	<b>63.11</b>	<b>75.76</b>

10. *Arrangements for amortisation.*—The following arrangements have been made for amortisation of various loans:—

**(1) Open market loans—**

(i) *Sinking Funds.*—An annual contribution at such rates as Government may decide from time to time, is made from revenue to the funds for liquidation of the loans. During 1969-70, Government reduced the rate of contribution to Sinking Funds from  $7\frac{1}{2}$  per cent to  $4\frac{1}{2}$  per cent of the nominal value in the case of Development Loans and from 9 per cent to 6 per cent of the loan received as "Share of Centralised Market Borrowing by the Government of India in 1963-64."

(ii) *Depreciation funds.*—A sum equal to  $1\frac{1}{2}$  per cent of the total nominal amount of the loan is set apart from revenue to form a depreciation fund for purchasing securities of the loans for cancellation. No securities were purchased for cancellation during the year.

The balances in these funds at the commencement and close of 1969-70 are given below:—

	Balance on 1st April 1969	Additions during the year	Withdrawals during the year	Balance on 31st March 1970
	(In lakhs of rupees)			
Sinking funds	12,80.57	2,21.83	2,25.27	12,77.13
Depreciation funds	3,64.13	66.65	62.01	3,68.77
Total	16,44.70	2,88.48	2,87.28	16,45.90

Of the balance in these funds Rs. 4,11.34 lakhs were invested in securities of Government of India and other State Governments and Rs. 90.03 lakhs were invested in State Government's own securities.

**(2) Other Loans—**

Government has made amortisation arrangements for repayment of the following loans taken from Central Government:—

	Contributions to sinking funds during 1969-70	Balance in the sinking funds on 31st March 1970
	(In lakhs of rupees)	
(i) Industrial Housing Loan	0.12	1.68
(ii) Loan to Madhya Pradesh Government allocated out of Government of India's consolidated borrowings, viz. $4\frac{1}{2}$ per cent Loan, 1973.	34.43	2,09.25

Of the balances in these funds, Rs. 1,20.93 lakhs were invested in the securities of (other) Governments.

Besides, Rs. 3.17 lakhs were met from revenue for discharge of the consolidated debt taken over by the former Government of Central Provinces and Berar on the introduction of provincial autonomy from 1st April 1937.

Government has not considered it necessary to make arrangements for amortisation of the remaining loans (balance on 31st March 1970 : Rs. 4,08.38 crores) received from the Central Government and autonomous bodies.

11. *Service of debt and other obligations.*—The table below shows the net burden on revenue of interest charges on public debt and other obligations in 1969-70 as compared with that in preceding two years:—

	1967-68	1968-69	1969-70
	<i>(In crores of rupees)</i>		
(1) Interest paid on public debt and other obligations	20.51	22.63	24.54
(2) Less—			
(i) Interest received on loans and advances by Government.	6.26	9.05	10.99
(ii) Interest realised on investment of cash balances	0.08	0.14	0.37
(iii) Interest transferred to the accounts of multi-purpose river schemes and treated as capital expenditure.	2.48	2.72	2.83
(iv) Recovery from the Government of Maharashtra as share of interest paid on the loans taken prior to re-organisation of States.	0.03	0.01	..
(3) Net burden of interest charges on revenue	11.66	10.71	10.35
(4) Percentage of gross interest to total revenue receipts	12.25	12.63	11.43
(5) Percentage of net interest to total revenue receipts	6.96	5.98	6.66

In addition, there were certain other receipts and adjustments (Rs. 68.48 lakhs) such as interest portion of equated payments on account of commuted value of pensions, interest on arrears of revenue, etc. If these are also taken into account, the net burden of interest on revenue during 1969-70 would be Rs. 9.67 crores (4.5 per cent of the total revenue receipts).

Government also received Rs. 47.26 lakhs as dividend/interest on its investments in corporations, companies, etc.

#### INVESTMENTS OF GOVERNMENT

12. In 1969-70 Government invested Rs. 4.64 crores in statutory corporations (Rs. 0.36 crore), Government companies (Rs. 0.78 crore) and co-operative institutions (Rs. 3.50 crores).

The total investment of Government in the share capital and debentures of different concerns at the end of 1967-68, 1968-69 and 1969-70 was Rs. 28.93 crores, Rs. 32.65 crores and Rs. 37.23 crores respectively. The dividend and interest received therefrom was Rs. 1.03 crores (3.6 per cent), Rs. 0.46 crore (1.4 per cent) and Rs. 0.34 crore (0.9 per cent) respectively.

Details of investments are given in statement no. 14 of Finance Accounts 1969-70.

*Pro forma* accounts of grain supply scheme (since 1966-67), purchase and sale of *tendu* leaves (since inception in 1965-66), nationalised text-book scheme (since 1960-61) and milk supply scheme, Bhopal, (since 1958-59) have not been rendered to Audit so far (December 1970).

Certain points of interest about the working of statutory corporations, Government companies, departmental undertakings and co-operative institutions are given in Chapter VIII.

#### GUARANTEES GIVEN BY GOVERNMENT

13. Government has given guarantees to third parties on behalf of statutory corporations, joint-stock companies, co-operative institutions, etc. for repayment of loans and payment of interest thereon, payment of minimum annual dividend, repayment of cash credit/overdrafts, etc. The maximum amount of guarantees given by Government at the end of 1969-70 was Rs. 2,26.48 crores while sums guaranteed outstanding on 31st March 1970 were Rs. 12.93 crores as shown below:—

	Maximum amount guaranteed	Sums guaranteed outstanding on 31st March 1970
	(In crores of rupees)	
Statutory corporations and boards	33.39	10.84*
Joint-stock companies	2.23	1.19*
Co-operative Banks and Societies	1,89.56	0.23*
Municipal committees and Panchayats	1.30	0.67
Total	2,26.48	12.93

In addition, Government has given guarantees with unlimited liability on behalf of the Madhya Pradesh State Road Transport Corporation and Madhya Pradesh Electricity Board for payment of cost of stores purchased by them through the Director General, Supplies and Disposals, and for payment of freight and other dues to Railway Board.

The guarantees given are in the nature of contingent liabilities of Government. Further details of guarantees are given in statement no. 6 of Finance Accounts 1969-70.

*Payment in fulfilment of guarantees.*—During 1969-70 Government paid Rs. 23.18 lakhs to the Life Insurance Corporation of India, State Bank of Indore and Madhya Pradesh Financial Corporation in fulfilment of guarantees given for repayment of loans to three mills and two municipal committees, the payments in these cases to end of 1969-70 being Rs. 31.93 lakhs. Except Rs. 2.75 lakhs repaid by Swadeshi Cotton and Flour Mills Ltd., Indore, the amount is yet to be recovered from the parties (December 1970).

\*Information about the amount outstanding against some of the guarantees is awaited.

14. *Grants to local bodies and others.*—During 1969-70 Government paid Rs. 7.85 crores as grants to non-Government bodies and institutions for various purposes. The amount paid is analysed below by broad purposes:—

Purpose	Grants paid (In lakhs of rupees)
Education	4,24.76
Co-operation	76.65
Agriculture	1,82.41
Industries	16.82
Community development	12.27
Animal husbandry	20.72
Medical and Public Health	5.64
Miscellaneous	46.03
Total	7,85.30

Cases in which grants exceeding Rs. 5 lakhs in each case were paid to institutions other than municipal committees, panchayats and co-operative societies, are given below:—

Name of the institution	Amount (In lakhs of rupees)
Sagar University	21.28
Vikram University	34.18
Jabalpur University	14.06
Jawahar Lal Nehru Krishi Vishwavidyalaya	66.61
Govind Ram Seksaria Technological Institute, Indore	10.18
Samrat Ashok Technical Institute, Vidisha	5.19
Madhav Engineering College, Gwalior	6.43

## CHAPTER II

### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

15. *Summary.*—(a) The total of voted grants and *charged appropriations*, actual expenditure and saving in 1969-70 were as follows:—

		Total grants/ appropriations	Actual expenditure	Saving Amount	Saving Percentage
(In crores of rupees)					
Voted—					
Original	2,87.21	} 2,92.78	2,51.28	41.50	14
Supplementary	5.57				
Charged—					
Original	1,56.43	} 1,56.61	79.38	77.23	49
Supplementary	0.18				
Total—					
Original	4,43.64	} 4,43.39	3,30.66	1,18.73	26
Supplementary	5.75				

Expenditure shown above does not include Rs. 0.12 crore spent out of advances from the Contingency Fund sanctioned in February/March 1970 which were not recouped to the Fund till the close of the year.

Saving of Rs. 1,18.73 crores (26 per cent of the total provision) was the result of savings of Rs. 1,18.88 crores in 85 grants/appropriations partly offset by excesses of Rs. 0.15 crore in 4 grants/appropriations.

(b) The table below compares the total expenditure met from Consolidated Fund during 1969-70 and the preceding two years with the total amount (original *plus* supplementary) of grants/appropriations therefor:—

Year	Total grants/appro- priations	Actual expenditure	Unutilised Amount	Provision percentage
(In crores of rupees)				
1967-68	4,93.21	4,42.18	51.03	10
1968-69	4,74.50	3,39.57	1,34.93	28
1969-70	4,49.39	3,30.66	1,18.73	26

16. *Supplementary grants/appropriations.*—During 1969-70, Rs. 5.75 crores were obtained on 12th March 1970 for twenty-four grants and nine appropriations (excluding thirteen token grants). It would be seen from Appendix I that:

(i) In eleven cases supplementary provision (exceeding Rs. 1.00 lakh in each case) of Rs. 4,20.77 lakhs proved unnecessary as the expenditure (Rs. 56,83.02 lakhs) did not even come up to the original provision (Rs. 60,95.54 lakhs),

(ii) In five cases supplementary provision (exceeding Rs. 1.00 lakh in each case) of Rs. 52.99 lakhs proved excessive to the extent of Rs. 28.64 lakhs, and

(iii) In two cases supplementary provision (exceeding Rs. 1.00 lakh in each case) of Rs. 57.43 lakhs proved inadequate as the expenditure exceeded the total provision by Rs. 13.81 lakhs.

17. *Excesses over grants and appropriations.*—Details of two grants and two appropriations where expenditure exceeded the budget provision by Rs. 0.03 crore and Rs. 0.12 crore respectively are given below; these excesses require regularisation under Article 205 of the Constitution.

#### Excess over voted grants

Number and name of grant/ appropriation	Total grant/ appropriation Rs.	Actual expenditure Rs.	Excess	
			Amount Rs.	Percentage
(i) 39—Capital Expenditure pertaining to Co-operation Department— Original 3,39,37,000 Supplementary 53,43,500	3,92,80,500	3,94,71,070	1,90,570	0.5
Excess occurred under 'Investment in the share Capital of Madhya Pradesh State Co-operative Marketing Federation' (expenditure Rs. 21.24 lakhs, provision Rs. 19.24 lakhs). Reasons for the excess are awaited.				
(ii) 44—Capital outlay on Housing Schemes— Original 15,66,000 Supplementary 100	15,66,100	16,46,971	80,871	5.1
Excess occurred mainly under 'Suspense' (expenditure Rs. 1.39 lakhs, provision Rs. 0.60 lakh). Excess has been attributed to certain un-anticipated adjustments under miscellaneous public works advances in two housing divisions.				

#### Excess over charged appropriations

(iii) 19—Revenue Expenditure pertaining to Local Government (Urban) Department— Original 20,00,000 Supplementary 4,00,000	24,00,000	35,89,867	11,89,867	49.5
Excess occurred under 'F—Other Miscellaneous Assignments and Compensations (expenditure Rs. 35.90 lakhs, provision Rs. 24.00 lakhs). The department stated (September 1970) that the excess could not be foreseen as the payments of grants-in-aid depended on the fines, etc. realised by courts under the various enactments which fluctuate depending upon the rise or fall in the number of offences brought to book and fines imposed by various courts. This is the fourth year in succession in which there has been large excess under this appropriation.				

Number and name of appropriation	Total appropriation	Expenditure		Excess	
		Rs.	Rs.	Amount	Percentage
(iv) 24—Education—					
Original	10,000	10,000	14,777	4,777	48
Supplementary	..				

Excess occurred under 'Directorate of Public Instruction' (expenditure Rs. 0.15 lakh, provision Rs. 0.10 lakh) for which reasons are awaited.

18. *Savings in grants/appropriations.*—(a) Rs. 1,18.88 crores remained unutilised in fifty-three grants (Rs. 41.53 crores) and thirty-two appropriations (Rs. 77.35 crores). This was 26 per cent of the total provision (Rs. 4,49.39 crores) under these grants/appropriations.

(b) In thirty-three grants and three appropriations, savings were more than ten per cent of the total provision. Details of those grants and appropriations are given in Appendix II.

(c) Details of grants/appropriations where savings were more than Rs. 1.00 crore are given below:—

Grant/Appropriation	Total grant/ appropriation	Expenditure		Saving	
		Amount	Percentage	Amount	Percentage
		(In lakhs of rupees)			
(i) 3—Police	16,99.58	15,74.10	1,25.48		7

Saving was mainly due to—

- non-receipt of debits (Rs. 50.02 lakhs) for pay and allowances, contingencies of the Special Armed Force Battalions posted at Assam and also for cost of arms, ammunitions and rations, etc., supplied by the Defence Department,
- economy measures (Rs. 45.73 lakhs),
- vacancies remaining unfilled as a result of ban on new recruitment (Rs. 35.00 lakhs),
- non/less supply of clothing and ammunitions to Home Guards (Rs. 7.75 lakhs), and
- less number of Home Guards having been raised and called out for duty during the year (Rs. 6.87 lakhs).

The saving was partly off-set by excess under other group-heads.

(ii) Interest on debt and other obligations	25,71.96	24,54.61	1,17.35		5
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Saving was mainly due to—

- less ways and means advances to meet shortfall in cash balance taken from the Reserve Bank of India and consequential reduction in the amount



Grant/Appropriation	Total grant/ appropriation	Expenditure	Saving Amount	Percentage
	(In lakhs of rupees)			
	of interest paid (Rs. 49.84 lakhs), and non-preferment of claims by bond-holders (Rs. 8.78 lakhs). In 1968-69 also there was saving of Rs. 1,40.51 lakhs (6 per cent of the provision) under this appropriation.			
(iii) Appropriation for Reduction or Avoidance of Debt.	5,25.36	2,99.85	2,25.51	43

Saving was mainly due to—

- (a) reduction of contributions to Sinking Fund from 7½ per cent to 4½ per cent of the nominal value of the loans (Rs. 1,38.49 lakhs),
- (b) post-budget decision on 11th August 1969 of Government to start contribution to the Sinking Fund for the loan from the year subsequent to the year in which it was floated (Rs. 72.00 lakhs), and
- (c) reduction of the contributions to Sinking Funds from 9 per cent to 6 per cent of the value of the loan (Rs. 15.00 lakhs).

(iv) 9-Other Revenue Expenditure pertaining to the Revenue and Land Reforms Departments .	9,42.57	4,46.68	4,95.89	53
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The saving of Rs. 4,12.00 lakhs occurred in the provision made for transfer to Famine Relief Fund as the Fifth Finance Commission in their award estimated (August-September 1969) an expenditure of Rs. 80.00 lakhs per year only on famine relief. Reasons for the remaining saving are awaited.

(v) 17-Medical and Public Health	22,46.22	20,52.67	1,93.55	9
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Bulk of the saving was under 'Suspense' (Rs. 1,32.77 lakhs); reasons for the saving are awaited. In other group-heads substantial savings occurred mainly due to—

- (a) vacant posts (Rs. 84.48 lakhs),
- (b) non-adjustment of debits (Rs. 16.19 lakhs) of the cost of material and equipment, and
- (c) non-establishment of the Employees' State Insurance Hospital at Ujjain for want of sanction for the creation of posts (Rs. 9.36 lakhs).

The saving was off-set partly by uncovered excesses under other group-heads.

In 1968-69 also there was saving of Rs. 1,55.77 lakhs (8 per cent of the provision) under this grant.

Grant	Total grant	Expenditure	Saving Amount	Percentage
(In lakhs of rupees)				
(vi) 24—Education	53,16.98	46,82.77	6,34.21	12

Saving was mainly due to—

(a) less payment of grants-in-aid (Rs. 3,52.16 lakhs) on the basis of eligibility and entitlement or for want of demand, and

(b) vacant posts (Rs. 49.79 lakhs).

In 1967-68 and 1968-69 also there were savings of Rs. 4,01.58 lakhs (9 per cent of the provision) and Rs. 3,73.68 lakhs (8 per cent of the provision) respectively under this grant.

(vii) 36—Capital Expenditure pertaining to Forest Department.	6,45.79	5,12.48	1,33.31	21
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Substantial savings occurred in the provision made for procurement cost of *Van-Uṭṭaj* (Rs. 1,53.96 lakhs). Of that, saving of Rs. 40.03 lakhs was attributed to late appointment of staff and postponement of construction of godowns; reasons for the remaining saving are awaited. The savings were partly off-set by excess mainly under 'Purchase and Sale of *tendu* leaves' (Rs. 23.79 lakhs).

(viii) 38—Capital Expenditure pertaining to Agriculture Department.	17,36.53	12,45.01	4,91.52	28
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saving was mainly due to—

(a) post budget decision of Government for not purchasing seed from cultivators as only seed produced at Government farms was to be procured (Rs. 2,95.81 lakhs),

(b) less purchase of fertilisers from Government of India (Rs. 1,90.00 lakhs),

(c) purchase of less pesticides as sufficient stock was available with Government (Rs. 1,30.00 lakhs), and

(d) less debentures floated by the Madhya Pradesh State Co-operative Land Development Bank (Rs. 11.75 lakhs).

The above saving was partly off-set by excess in other group-head.

In 1967-68 and 1968-69, also there were savings of Rs. 6,98.11 lakhs (35 per cent of the provision) and Rs. 3,85.03 lakhs (23 per cent of the provision) under this grant.

Grant/Appropriation	Total grant/ appropriation	Expenditure	Saving	
			Amount	Percentage
(In lakhs of rupees)				
(ix) 42—Capital Outlay on Multipurpose River Schemes and Irrigation.	20,77.25	17,55.10	3,22.15	16

Saving mainly occurred under—

'Tawa Project—(i) Works' due to poor progress of work by contractors and execution of less quantity of earth work (Rs. 2,11.82 lakhs), and (ii) Suspense (Rs. 1,01.93 lakhs) reasons for which are awaited.

In 1968-69 also there was saving of Rs. 1,40.29 lakhs (8 per cent of the provision) under this grant.

(x) 47—Capital Expenditure pertaining to Food Department.	6,83.64	5,52.05	1,31.59	19
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Saving occurred mainly in the provisions made for 'Cost of Purchase of Grain' as emergency purchases were not made due to good crop condition (Rs. 94.02 lakhs). Rs. 31.81 lakhs in the saving represented the difference between total voted provision shown in the Appropriation Act and details shown in the budget estimates. Government obtained in March 1969 a vote on account for Rs. 6,83.34 lakhs to meet four months' expenditure based on the original requirement of Rs. 20,50.03 lakhs for 1969-70. In the regular budget presented to the legislature in June 1969 the total requirement for 1969-70 was placed at Rs. 6,51.53 lakhs only due to anticipated less procurement of food-grains in view of the good crop conditions in the State. The final demand was however not limited to actual annual requirement of Rs. 6,51.53 lakhs, instead the final Appropriation Act showed for this grant Rs. 6,83.34 lakhs and the details in the budget estimates were only for Rs. 6,51.53 lakhs.

In 1966-67, 1967-68 and 1968-69 also there were savings of Rs. 11,86.21 lakhs (27 per cent), Rs. 10,11.42 lakhs (25 per cent of the provision) and Rs. 30,01.31 lakhs (84 per cent of the provision) under this grant.

(xi) Public Debt	1,24,71.16	50,83.29	73,87.87	59
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Saving occurred mainly due to—

(a) advances to meet shortfalls were not taken during the year from the Reserve Bank of India and from Central Government and consequently no repayment was made (Rs. 72,53.24 lakhs), and

Grant	Total grant	Expenditure	Saving Amount	Percentage
	(In lakhs of rupees)			
(b) provision for loans for cotton extension scheme (Rs. 50.48 lakhs) was not utilised because loan of equal amount expected to be received and repaid during 1969-70 was not received from Government of India.				
	In 1967-68 and 1968-69 also there were savings of Rs. 23,93.59 lakhs (14 per cent of the provision) and Rs. 81,79.78 lakhs (50 per cent of the provision) under this appropriation.			
(xii) 52—Loans and Advances pertaining to Agriculture Department.	14,31.03	7,69.68	6,61.35	46

Saving was mainly due to—

- (a) post-budget decision (June 1969) of Government not to purchase any seed from the cultivators from their produce of 1969-70 (Rs. 2,34.00 lakhs),
- (b) less receipt of debits for purchase of fertilisers (Rs. 1,53.03 lakhs),
- (c) low demand for cotton seeds, pesticides, plant protection equipments and seed for green manuring (Rs. 1,10.66 lakhs),
- (d) less demand for loan assistance from Co-operation department for purchase of improved seeds (Rs. 40.00 lakhs),
- (e) discontinuance of departmental procurement of oil seeds from February 1969 due to entrusting the work to Madhya Pradesh State Apex Marketing Federation which did not start procurement for fear of losses and lack of experience in this line (Rs. 30.71 lakhs),
- (f) non-receipt of Government sanction for continuance of the scheme of popularisation of subsidiary food crops (Rs. 25.00 lakhs),
- (g) discontinuance of departmental distribution of improved sugarcane seeds to the cultivators as loan facilities for this purpose were being given by the Co-operative Banks (Rs. 13.78 lakhs), and
- (h) non-receipt of Government sanction for purchase of pesticides and plant protection equipments (Rs. 5.00 lakhs).

In 1966-67, 1967-68 and 1968-69 also there were savings of Rs. 42.44 lakhs (6 per cent of the provision), Rs. 3,59.79 lakhs (21 per cent of the provision), and Rs. 7,06.21 lakhs (51 per cent of the provision) under this grant.

(d) Substantial savings occurred under provision for Plan schemes. Out of the total Plan provision of Rs. 45.11 crores in 33 grants, Rs. 8.64 crores (19 per cent) remained unutilised mainly due to curtailment of Central assistance, late and/or non-sanction of schemes and less payments of grants/loans. Particulars of grants in which savings exceeded 25 per cent of the total Plan provision and were also more than Rs. 5 lakhs in each case are given below:—

S. No.	Grant	Provision	Provision not utilised	More important group-heads in which savings occurred and reasons for savings, in brief
(In lakhs of rupees)				
1.	11—Revenue Expenditure pertaining to Commerce and Industry Department.	36.73	15.98	D.1 (1) (2)—Scheme for Testing Quality Making and Marketing assistance Late receipt of sanction.  D. 1 (4) (21)—Construction of building for experimental Pilot Tannery at Bhind Curtailment of Central assistance.  D. 3 (9)—Strengthening of existing Mulberry seed farms and grainages Less acquisition of land and non-construction of tube-wells.  D. 4 (1) (3)—Establishment of Central Handicrafts Design Centres including Museum and Library  Late receipt of sanction.
2.	14—Animal Husbandry	94.32	33.96	F. 1 (4)—Scheme for Intensification of Breeding in selected Artificial Insemination Centres  Non-receipt of sanction.  F. 1 (7)—Co-ordinated Cattle Breeding Programme  Non-receipt of sanction.  F. 1 (9)—Scheme for Expansion of Cattle Breeding farms  Late receipt of sanction.  F. 2 (4)—Scheme regarding Establishment of Intensive Production-cum-Marketing Centre and Commercial Hatcheries  Mainly late receipt of sanction.
3.	15—Co-operation	99.52	24.31	B. 1—Additional staff in the department for Development works  Non-receipt of sanction for creation of posts.

S. No.	Grant	Provision	Provision not utilised	More important group-heads in which savings occurred and reasons for savings, in brief.
		(In lakhs of rupees)		
				C. Grants-in-aid Less payment of grants-due to non-utilisation of grants paid in previous year, non-receipt of decision, non-receipt of sanction, etc.
4.	27-Community Development Projects, National Extension Service and Local Development Works.	1,19.45	44.57	J. 3-Irrigation, Reclamation and Soil Conservation Reasons awaited. C-N. 3-Pilot Projects for works Programme for utilisation of rural manpower Mainly non-receipt of aid under World Food Programme. 0.1 (9)-Subsidy to School gardens, poultry Units, Associate Organisations, etc. Mainly less allocation of funds by Government of India.
				D-Irrigation Reasons awaited.
5.	40-Capital Expenditure pertaining to Public Health Department.	84.79	32.12	Water supply schemes Mainly non-payment of grants to Municipal Committees due to slow progress of works for which grants were to be paid.
6.	45-Capital expenditure pertaining to Planning and Development Department.	1,56.17	89.90	B-Cost of Materials and Equipments received under T. C. A. Programme Receipt of lesser material and equipment from Government of India than anticipated. Small-pox Eradication Programme Non-receipt of debits from other account circles. Nirodh Samagri received under Family Planning Programme Less receipt of contraceptives from Government of India.
7.	48-Loans and Advances.	34.50	15.86	A. 8-National Loan Scholarships Late decision regarding qualifying examination of the awardees. A. 9-Loans to Co-operative Institutions and Banks-Loans to M. P. State Tribal Co-operative Development Corporation Due to decision to give the assistance as grants-in-aid.
8.	57-Loans and Advances pertaining to Planning and Development Department.	27.00	9.98	A-6-Loans and Advances under the Community Development Programme-I. State Plan Scheme-Contour Bunding under pilot Projects for Works Programme for utilisation of rural manpower Mainly less adjustment of loan cases.

19. *Control over expenditure.*—(a) The object of control over expenditure in this context is to secure as close an appropriation as possible between the actual expenditure and the final grant/appropriation under each group-head of grant/appropriation; this is done by—

- (i) sanctioning reappropriation of funds from sub-heads where saving is anticipated to other sub-heads within the grant/appropriation where there is need for additional funds,
- (ii) obtaining supplementary grants/appropriations wherever necessary,
- (iii) surrender of surplus funds under a sub-head as soon as saving can be foreseen, and
- (iv) taking advances from the Contingency Fund for meeting unforeseen requirement of additional funds during the year or for meeting expenditure on a “new service” or “new instrument of service”.

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

(b) Cases where additional funds provided by supplementary grant or appropriation proved unnecessary or excessive or inadequate have been mentioned in paragraph 16.

(c) Cases where the total expenditure against a grant or appropriation as a whole exceeded the sanctioned amount and which require regularisation by the legislature have been mentioned in paragraph 17.

(d) *Surrender of savings.*—Rules require that unutilised amounts should be surrendered as soon as the possibility of saving is envisaged. However, out of Rs. 1,18.90 crores surrendered during the year Rs. 1,14.46 crores (96 per cent) were surrendered only in March 1970.

In fifteen grants/appropriations, more than Rs. 10.00 lakhs in each case remained unsurrendered (total savings unsurrendered Rs. 6.30 crores). Details of these instances are given in Appendix-III.

In five grants (grant nos. 20, 21, 38, 42 and 47) surrender of savings was in excess of the amounts available by more than Rs. 10 lakhs in each case; against the available saving of Rs. 10.06 crores Rs. 17.08 crores were surrendered.

Important instances of defective control over expenditure under individual group-heads have been mentioned in Appropriation Accounts.

### CHAPTER III

#### CIVIL DEPARTMENTS

#### Finance Department

20. *M. P. State Lotteries.*—With the object of raising resources for financing developmental activities, State lottery was introduced in July 1969. Net income during 1969-70 and deficit during 1970-71 (upto July 1970) were Rs. 29.84 lakhs and Rs. 0.40 lakh respectively as shown below:—

	1969-70	1970-71 (upto July 1970)
	<i>(In lakhs of rupees)</i>	
Gross collections	68.88	19.42
Expenditure—		
Printing and Stationery, and Advertising and Publicity	5.07*	2.08*
Commission and bonus	15.21	4.51
Prize money	18.18	12.81
Miscellaneous including establishment cost	0.58	0.42
Net income	29.84	..
Net deficit	..	0.40

A review and test check of accounts disclosed the following:—

(i) *Non-achievement of targets.*—As against estimated net revenue of Rs. 40.04 lakhs (Rs. 76.00 lakhs receipts – Rs. 35.96 lakhs expenditure) during 1969-70 from State lotteries, Government derived revenue of Rs. 29.84 lakhs only and had to bear deficit of Rs. 0.40 lakh during 1970-71 (upto July 1970).

(ii) *Sale of tickets.*—Out of 150 lakh tickets (printing cost Rs. 2.63 lakhs) printed for sale for four draws during 1969-70 and of 57 lakhs (printing cost Rs.1.15 lakhs) for three draws during 1970-71 (upto July 1970), 81.12 lakh tickets (printing cost Rs. 1.42 lakhs) and 37.50 lakh tickets (printing cost Rs. 0.76 lakh) respectively remained unsold. Despite increase in the percentage of commission payable to the selling agents from time to time, the sale of tickets gradually decreased as shown below:—

No. of draw	Tickets printed for sale for	Tickets sold for	Percentage of sold tickets to total tickets printed	Percentage of Commission	
				Minimum	Maximum
	<i>(In lakhs of rupees)</i>				
<b>1969-70</b>					
First	40.00	21.87	54.7	15	18
Second	40.00	16.81	42.02	15	20
Third	40.00	17.82	44.55	18	25
Fourth	30.00	12.38	41.27	18	22 + 4 per cent over 8 lakhs
<b>1970-71</b>					
Fifth	30.00	7.70	25.67	18	20
Sixth	15.00	6.07	40.46	18	25
Seventh	12.00	5.65	47.08	22	27

\*These figures do not include amount of unpaid bills of advertising and publicity.



(iii) *Irregular accounting.*—Notwithstanding the provision of rules that receipts from sale of tickets are to be credited to the receipt head “LII—Miscellaneous-Receipts from State Lotteries” and expenditure debited to “71-Miscellaneous-State-Lotteries”, major portion of the receipts (Rs. 38.73 lakhs in 1969-70 and Rs. 13.64 lakhs in 1970-71) was utilised for departmental expenditure.

(iv) *Bank balance and reconciliation.*—Government had accorded permission (October 1969) to open a current account in the Bank of India, T.T. Nagar Branch, Bhopal, in the name of the Director of State Lotteries, subject to the condition that the amount in excess of the prescribed limit of Rs. 5,000 be credited into the treasury immediately. However, the balance in the bank account on 31st March 1970 and on 31st July 1970 were Rs. 1,31,445 and Rs. 1,89,949 respectively. The reconciliation of transactions with the bank is yet to be done (October 1970).

The matter was reported to Government in November 1970; it was intimated in January 1971 that it had no comments to offer.

21. *Alleged fraudulent drawals.*—Two pay and one contingent bills aggregating Rs. 18,864 were alleged to have been fraudulently encashed at Surajpur sub-treasury (District Ambikapur) on 6th January 1969. The Officer (the District Organiser, Tribal Welfare, Ambikapur) under whose signatures bill were purported to have been drawn had been transferred and on his transfer a letter of the Collector intimating that the new incumbent would sign the bills was already received in the sub-treasury on 10th December 1968. The alleged fraud was facilitated due to failure to exercise prescribed checks in the sub-treasury and non-comparison of the signatures of the drawing officer with his specimen signatures.

The Collector, Ambikapur, intimated (February 1969) that the case was under police investigations and responsibility of delinquent officials was being fixed. Further developments are awaited (January 1971).

### Tribal Welfare Department

22. *Free supply of education material to tribal students of primary classes.*—

(1) *Introductory.*—Under a scheme, introduced in 1963-64, for free supply of educational material to tribal students studying in primary classes, the Director of Tribal Welfare prescribed in June 1963 a scale for supply of a set of prescribed text books, one slate (type of slate not specified), six slate pencils and one lead pencil annually to each student. In 1969-70 the departmental purchase committee decided that lead pencils (purchased and distributed upto 1967-68 for Rs. 0.20 lakh approximately annually) were not required by tribal students of primary classes.

Orders for purchase of slates, slate pencils and lead pencils were placed centrally by the Director of Tribal Welfare from 1964-65 onwards with instructions to deliver goods to the various District Organisers directly. Nationalised text books were purchased by the District Organisers from the Government depot.

The following points were noticed by Audit in 1969-70 in the operation of the scheme.

(2) *Purchase of slates.*—(i) During 1964-65, 1965-66 and 1966-67, 2.68 lakhs, 3.56 lakhs and 3.62 lakhs porcelain enamelled slates were purchased mostly from Madhya Pradesh Laghu Udyog Nigam at a cost of Rs. 2.94 lakhs; Rs. 4.30 lakhs and Rs. 4.60 lakhs respectively (the average cost was from Rs. 1.08 to 1.27 per slate). The Central Purchase Committee, while deciding about purchases for 1965-66, had stated (February 1965) that porcelain enamelled slates were quite durable and should be used for two academic sessions.

(ii) After considering "the experience of previous years purchases specially with regard to iron slates" the purchase committee had decided to purchase for 1967-68 stone slates at 55 paise per slate (for districts connected by rail) and 67 paise per slate (for other districts). During 1969-70 also order was placed for stone slates (4 lakhs) at the rate of 65 paise per slate for supply at district headquarters (lowest quotation for porcelain enamelled slate being Rs. 1.30 per slate).

For the intervening year 1968-69 a tender notice was issued on 7th November 1967 for porcelain enamelled slates as well as stone slates. But on 17th November 1967 under order of Government this tender notice was cancelled and a revised notice inviting tenders for enamelled slates only (reasons not recorded) was issued. Purchase of porcelain enamelled slates (3.79 lakhs) during 1968-69 at Rs. 1.25/Rs. 1.30 per slate resulted in extra expenditure of Rs. 2.46 lakhs compared to the cost of equivalent number of stone slates at the rates on which order was placed for such slates in 1969-70.

Government to whom the matter was referred in August 1969 stated (November 1969) that enamelled slates were purchased as a matter of policy to encourage local small scale industry engaged in manufacture of enamelled slates. It was, however, observed from departmental files that the purchase was justified on grounds of economy in supplying such slates biennially to each student. The plea of economy was, however, not justified as slates were also purchased in the following year.

It was also observed that while the price preference order for small scale industries was, *inter-alia*, subject to competence of the firm to supply in time, the delivery schedule (30,000 slates per month) given by the successful tenderer in its tender in December 1967 did not permit completion of delivery (of 4 lakh slates) by the scheduled delivery date, 15th July 1968, from the date on which decision to place the order was taken (March 1968). A certificate dated 14th March 1968 of the Deputy Director of Industries of the region was on record stating that the capacity of the firm had gone upto 1.50 lakh slates per month from the registered capacity of 30,000 slates per month (on which monthly schedule indicated by the firm in the tender given in December 1967 was based). No change in its capacity was, however, indicated in the records of the district officer of the Industries Department; nor was the office copy of the above letter dated 14th March 1968 found in the records of the Deputy Director of Industries.

(3) *Purchase of books.*—The text books to be purchased by the District Organisers, Tribal Welfare, for free distribution among tribal students were prescribed by Government in July 1960 and June 1963. Notwithstanding these instructions, during 1963-64 the District Organiser, Raigarh, purchased (between October 1963 and March 1964) certain books costing Rs. 0.46 lakh even though they were not prescribed and approved and were not required for free distribution among students. When this was brought (August 1969) to the notice of the Director of Tribal Welfare and Government by Audit, the Director informed (December 1969) Government that purchase of these unauthorised books by the District Organiser, Raigarh, was a waste and he was fully responsible for the irregular expenditure. Action taken against the Organiser has not yet been intimated (January 1971).

Purchase of books other than the prescribed text books for Rs. 0.07 lakh by the District Organiser, Mandla, in September-October 1963 was also held (December 1963) to be irregular by the Director, Tribal Welfare.

(4) *Defective maintenance of records of distribution of educational material.*—The educational material received by the District Organiser was distributed to the students in various schools through the Area Organisers and Circle Organisers etc. Scrutiny of the stock registers and connected records in 13 offices in 6 districts (Mandla, Raigarh, Chhindwara, Seoni, Shahdol and Bastar) during 1969-70 showed:—

(i) *Non-maintenance of prescribed registers for assessing requirement etc.*—

(a) Registers prescribed (June 1965) by the Director of Tribal Welfare for assessing the requirements of each district were not maintained in three offices with the result that realistic assessment of requirement was not possible, nor could surplus stocks available in one office be diverted to other needy offices.

(b) The material supplied by the District Organiser, Mandla, to the Circle Organisers during 1966-67 and 1967-68 formed only 15 to 50 per cent of the annual requirement though adequate stocks were available with him.

(c) In Bastar district tin slates valued Rs. 0.14 lakh received in August-December 1968 have remained unused so far (July 1970).

(ii) *Non-maintenance of stock records, shortages and non-accountal of stores.*—Contrary to rules and instructions (June 1965) of the Director of Tribal Welfare, stock registers were either not maintained or were not maintained properly in some cases by the District Organisers, other intermediary officials (Area Organisers/Circle Organisers) entrusted with the receipt and distribution of books, slates, etc. Several cases of non-accountal of stores were noticed as below:—

*Raigarh District.*—(a) The District Organiser, Raigarh, did not maintain proper stock registers for materials purchased and issued in 1963-64 and 1964-65 and the acknowledgements of the parties to whom the books, etc., had been issued were also not available,

nor were the balances at the close of 1963-64 (Rs. 0.18 lakh) and 1964-65 (not worked out) carried forward to the next year. Physical verification of stocks had also not been conducted. In the absence of supporting records, utilisation of books costing Rs. 0.54 lakh (books worth Rs. 0.18 lakh held in stock on 31st March 1964 but not carried forward and books costing Rs. 0.36 lakh purchased during 1964-65) could not be verified.

- (b) Stocks (cost Rs. 0.09 lakh) received during 1964-65 and earlier years by the Area Organiser, Dharamjaigarh, from District Organiser, Raigarh, were not accounted for. Stock registers for 1965-66 and 1966-67 were not produced by him.
- (c) The Additional District Organiser, Jashpurnagar, did not maintain stock registers for 1965-66 to 1967-68.

*Mandla District.*—(a) In Mandla District 12,000 slates, 4,366 pencils (lead), 82,500 slate pencils and 22,221 books (cost not intimated) stated to have been issued were not recorded in the register of issues nor were the acknowledgements of the parties to whom they were issued produced to Audit.

- (b) Balance of stock held by District Organiser, Mandla on 31st March 1968 was not carried forward, as physical verification of stocks on 9th September 1967 brought to notice certain shortages and excesses of books. Books costing Rs. 0.05 lakh were reported to have been stolen in December 1968 from that office and the matter is stated to be under enquiry.
- (c) Receipt of the text books issued by the District Organiser, Mandla, to the Circle Organiser, Shahpura, in June 1968 were not entered in the stock register of the latter.

*Chhindwara District.*—A complaint (16th September 1968) was received by the District Organiser, Chhindwara, that the store-keeper of his office had issued less number of slates to a Circle Organiser than the number for which acknowledgement was obtained. The stock register for 1968-69 was reported to be not forthcoming. Physical verification of stock of books, etc., conducted a month and half later on 6th November 1968 showed shortage of slates worth Rs. 0.09 lakh. The store-keeper has been suspended from 20th November 1968 and the case is stated to be under police investigation.

*Bastar District.*—10,500 text books issued (September-October 1967) to two Circle Organisers were not taken in stock by them. There was no evidence that books issued to Circle Organisers and other units had actually been distributed.

(iii) *Non-availability of acknowledgements in support of stocks issued.*—

(a) Contrary to the instructions of the Director of Tribal Welfare, acknowledgements of the subordinate officials to whom materials were issued for distribution to the students in various schools were not obtained in the district and circle offices and shown to Audit (Mandla, Dharamjaigarh, Dindori, Seoni, Shahdol, Raigarh and Jashpurnagar).

(b) Acknowledgements from the students to whom materials were distributed had not been obtained in all offices.

(iv) *Non-verification of balances of stocks.*—Physical verification of the stocks of books, etc., was not carried out in various offices and subordinate units at Dindori, Seoni, Shahdol, Bastar and Dharamjaigarh. Balances brought forward in the stock registers from previous years were also not attested.

These irregularities were reported to the department and Government from time to time between July 1969 and February 1970; action taken in the matter has not been intimated (January 1971).

23. *Intensive agricultural development in tribal villages.*—A scheme of intensive agricultural development for selected tribal villages circulated by the Director of Tribal Welfare, Madhya Pradesh, in January 1969, without the approval of Government, envisaged construction of one irrigation well for each tribal cultivator on cent per cent subsidy basis subject to ceiling of Rs. 0.03 lakh per well. The scheme also envisaged that if certain cultivators already had wells, they would be granted cent per cent subsidy for purchase of diesel/electric pumps/*rahats*. Subsequently the Director informed (October 1969) the Collectors of the districts that cent per cent subsidy had not been approved by Government and that expenditure should be incurred according to the pattern of subsidy approved by Government.

A test check of the accounts in five districts conducted in 1969 and 1970 disclosed that Rs. 15.56 lakhs had been spent on construction of wells and purchase of pumps as against maximum subsidy of Rs. 7.05 lakhs, which would be admissible to "specified more backward classes" (except Shahdol) as per approved pattern, as shown below:—

District	Particulars	Amount spent	Subsidy as per approved pattern	Extra expenditure
(In lakhs of rupees)				
Bastar	87 wells	7.20	2.61	4.59
	80 pumps and <i>rahats</i>	1.08	0.37	0.71
Shahdol	31 wells	1.92	0.50	1.42
	32 pumps	0.64	0.16	0.48
Jhabua	165 wells	3.26	2.60	0.66
	11 pumps	0.22	0.06	0.16
Durg	Pumps	0.45	0.15	0.30
Dhar	65 wells	0.74	0.59	0.15
	1 pump	0.05	0.01	0.04
Total		15.56	7.05	8.51

Following further points were noticed:—

(1) *Bastar district.*—(i) Construction of 87 wells was taken up departmentally; of which 42 wells were reported to be complete, 29 wells were still under construction and the remaining 16 wells (out of 30 taken up by Narainpur office) collapsed and were filled upto ground level.

The plans and estimates were not got sanctioned and account records like measurement books, works registers, material-at-site account, etc., were not maintained (Narainpur and Kanker). Actual expenditure incurred on construction of wells was Rs. 7.20 lakhs as against the subsidy of Rs. 2.61 lakhs which would be admissible for completed wells on cent per cent basis subject to the prescribed ceiling limits. Against the ceiling limit of subsidy of Rs. 0.03 lakh per well the average expenditure was Rs. 0.04 lakh in Dantewara, Rs. 0.08 lakh in Narainpur, Rs. 0.09 lakh in Kanker and Rs. 0.11 lakh in Jagdalpur.

(ii) 23 diesel/electric pumps and 57 *rahats* were purchased for Rs. 1.08 lakhs. Thirty-one *rahats* and three pumps (including all the 22 *rahats* and 3 oil engine pumps procured in April-August 1969 at Narainpur and 9 out of 14 *rahats* procured in Jagdalpur in October 1969) remained undistributed (July 1970). One electric pump (cost Rs. 2,100) purchased in Dantewara Zone was utilised in an agriculture farm.

(2) *Durg district.*—(i) An allotment of Rs. 0.50 lakh was placed during 1968-69 by the Director, Tribal Welfare, at the disposal of the Collector, Durg, for operation of the scheme in one village of the district providing, *inter-alia*, for construction of eleven wells. As against the allotment of Rs. 0.50 lakh, seeds, pesticides, fertilisers, diesel pumps, hume pipes and agricultural implements worth Rs. 0.66 lakh were purchased in March 1969 and further expenditure of Rs. 0.07 lakh was incurred on transportation of material in 1969-70 without any allotment. Construction of wells was not taken up as one irrigation tank was proposed to be constructed by the Irrigation Department during 1969-70.

(ii) While fertilisers and seeds (value Rs. 2,000) were reported to have been distributed amongst the tribal cultivators, the entire non-consumable material valued Rs. 0.64 lakh (diesel pumps Rs. 0.45 lakh, hume pipes Rs. 0.08 lakh, agricultural and pesticide equipment Rs. 0.11 lakh) have been lying idle (August 1970). The Director instructed the Collector in October 1969 that the material might be distributed 'as per approved pattern' in the three Tribal Development Blocks; but no demand has been received for it (August 1970).

(3) *Dhar district.*—(a) Construction of sixty-five wells was taken up departmentally in two villages and Rs. 0.74 lakh were spent till October 1969. The work was stopped as per the revised instructions of the Director (10th October 1969) to take up the work according to the approved pattern of subsidy for tribal development blocks and all the sixty-five wells are still incomplete (September 1970). A further sum of Rs. 1.83 lakhs was needed for completion of the wells.

Out of sixty-five wells water has been struck in adequate quantity in six wells only. In another seventeen wells sufficient water was not available. According to the District Organiser (September 1970), in the remaining forty two wells on which Rs. 0.69 lakh have been spent, there is remote possibility of getting water (because of rocky soil).

(b) An electric pump purchased for Rs. 0.05 lakh in 1968-69 is lying idle (September 1970).

(4) *Jhabua district*.—(a) Construction of 165 wells was taken up departmentally in three villages of Jhabua district and Rs. 3.26 lakhs were spent upto 1969-70. Of these, sixty-one wells are still incomplete (September 1970). Construction work on four wells on which expenditure of Rs. 0.05 lakh was incurred has been abandoned due to striking of hard rock.

Further amount of Rs. 1.32 lakhs is needed for completion or deepening of the wells.

(b) Eleven electric pumps, costing Rs. 0.22 lakh were distributed on cent per cent subsidy basis. According to the approved pattern, subsidy of Rs. 0.06 lakh only was admissible.

(5) *Shahdol district*.—In village Pondki (Shahdol District) wells were constructed departmentally on behalf of individual cultivators under the scheme. Rs. 1.92 lakhs were spent on 31 wells till October 1969 when the Director of Tribal Welfare informed the Collector, Shahdol, that Government had not approved the scheme on cent per cent subsidy basis and that the expenditure should be incurred according to the pattern approved under the various schemes for Tribal Development Blocks.

The Collector, Shahdol, however, informed the Director in December 1969 that "the villagers would not agree to any change in pattern due to their poor financial condition and that unless the scheme was completed on cent per cent subsidy basis, the scheme would have to be abandoned".

Construction of wells was taken up as per estimate of the overseer incharge who was entrusted with the entire work with his headquarters, 56 miles away from the construction site. Average expenditure per well incurred so far (December 1969) has been Rs. 6,200. The works are still (December 1969) incomplete and the overseer incharge was reported to have submitted a revised estimate of Rs. 9,000 per well. According to a report (December 1969) of the District Organiser, Tribal Welfare, Shahdol, out of 32 wells one well had not been started at all, two wells had collapsed and construction on four other wells had been abandoned.

32 pumps were purchased, before completion of the wells, in March 1969 for Rs. 0.64 lakh; these are lying unused (January 1971).

The matter was reported to Government in April 1970, September 1970 and October 1970; reply is awaited (January 1971).

24. *Departmental Execution of works.*—Construction of large number of works (school buildings, hostels, residential quarters for teachers, roads, drinking wells, etc.) is undertaken by the Tribal Welfare Department every year. Rs. 17.63 lakhs, Rs. 16.89 lakhs and Rs. 25.22 lakhs were spent by the department on construction works during 1966-67, 1967-68 and 1968-69 respectively. A scrutiny of records relating to expenditure on works in seven offices in four districts (Mandla, Raigarh, Chhindwara and Shahdol) in which Rs. 16.93 lakhs were spent between 1966-67 and 1968-69 on departmental works showed the following:—

(i) *Absence of technical sanction and completion reports.*—(a) Sanction of competent authority required for all technical estimates in excess of Rs. 2,000 was generally not obtained in all the offices.

(b) A large number of works whose total value could not be assessed have been lying incomplete for years. A few illustrative instances are given below:—

S.No.	Name of work	Amount spent	Due date of completion	Since when lying incomplete	Remarks
		Rs.			
(1)	Twelve Wells in Shahdol District	18,500	June 1965	1966-67	Not completed for want of additional funds.
(2)	Five buildings in Shahdol District	36,800	1968-69	1968-69	-do-

According to the departmental rules completion certificates are required to be issued immediately after completion of work. Completion certificates had, however, not been issued in a large number of cases where works were stated to have been completed; nor was any information available in any office about the number of completed works for which such certificates were awaited.

In Shahdol district completion certificates for 30 works on which Rs. 1.46 lakhs were spent were issued by the same subordinate officers through whom the works were got executed, when such certificates were required to be issued either by the Collector or the District Organiser.

(ii) *Non-maintenance of records of works.*—The following records, required by the instructions issued by the Director of Tribal Welfare in November 1964 to be maintained, were either not maintained or were incomplete:—

- |                                |   |
|--------------------------------|---|
| (a) Register of works          | (An important record to watch progress of expenditure and utilisation of materials on each work).   |
| (b) Registers of               | Muster rolls, measurement books, tenders and agreements.  |
| (c) Contractor's ledger        |   |
| (d) Stock and Stores Registers |   |
| (e) Work-wise case files       | (Containing allotment orders, plans and estimates, valuation reports for interim payments, tenders, agreements, accounts, completion certificates, etc.). |



The registers, where maintained, were incomplete or were unposted or not posted upto-date. The stock accounts of materials purchased and issued to works were not maintained at Mandla, Shahdol and Dharamjaigarh with the result that no proper control on consumption of different materials could have been exercised. The work-wise case files maintained at Shahdol did not contain a number of important documents such as allotment order, plans and estimates, valuation reports, tender agreements, completion certificates etc.

(iii) *Irregularities in execution of works.*—(a) The works have been generally got done at Mandla, Dindori, Chhindwara through petty contractors. No tenders were called for and contractors were paid for work done on first and final bills of less than Rs. 500 by splitting up the works.

(b) Execution of works was taken up departmentally on the basis of current schedule of rates at Dharamjaigarh. Measurements were not taken at any stage and the actual cost of the works (computed by Audit) was 14.5 per cent to 44 per cent more than the estimated expenditure at current schedule of rates.

(c) No quotations were generally obtained by the District Organiser, Mandla, Additional District Organiser, Dindori and Area Organiser, Dharamjaigarh, before obtaining supplies of materials used on works.

(d) Muster rolls being the original record of work done through labourers should be got printed, brought to account and issued under the signature of a responsible officer through the register of muster rolls; but in four offices muster rolls were prepared in manuscript and were not issued through the muster roll registers; nor were such muster rolls prepared according to rules and attendance checked by any superior officer. The physical progress of work done by labourers was also not compared with the payments, where possible, to verify whether the wages actually paid were commensurate with the value of work done. Payments to labourers were made by officers who prepared the muster rolls and not by the highest departmental officers (required under the rules).

(e) At Shahdol and Dharamjaigarh supervision of a large number of construction works situated at long distances (extending to 56 miles in one case) was entrusted to a single person.

(iv) *Sub-standard and defective works.*—(a) Two hostel buildings at Ghar-goda and Hamirpur and one middle school building at Nawapara (Raigarh district) were constructed during 1967-68 at a cost of Rs. 65,000. The Regional Deputy Director, Bilaspur, noticed (February 1969) the following defects in construction:—

(a) Masonry work was unsatisfactory.

(b) Wood material used was far from satisfactory, doors and windows appeared to have been made from discarded pieces of wood generally seen around saw mills.

- (c) Hostel building at Hamirpur looked irregular in shape and could prove dangerous. A portion of the building had already collapsed during 1968 rains.
- (d) Overseer was not competent to undertake such works.
- (e) All works were sub-standard.

(b) The following buildings and other works constructed departmentally in Shahdol district at a cost of Rs. 0.31 lakh collapsed within one year or two years of their construction:—

Particulars	Cost Rs.	Year of Construction	When collapsed
Hostel building	25,000	1962-63	June 1964
Well	1,500	1965-66	August 1965
3 Teachers' quarters	4,225	1963-64	September 1964

The matter was reported to Government in June 1969, October 1969 and April 1970; reply is awaited (January 1971).

25. *Irregularities in maintenance of accounts of cash, temporary advances etc.*—During test audit of records of thirteen drawing officers of the Tribal Welfare Department in the districts of Mandla, Raigarh, Chhindwara, Seoni, Shahdol and Bastar during 1969-70 and 1970-71 the following serious irregularities in the maintenance of cash-book and other connected accounts records were noticed :—

(1) *Drawal of funds in advance of requirement.*—(i) Rules provide that no money should be withdrawn from treasury unless required for immediate disbursement. Nevertheless, heavy amounts were drawn from the treasury in advance of requirements, and were advanced to the officials for further disbursement or kept in co-operative banks, etc.

(ii) In contravention of rules no proper account of amounts advanced to subordinate officials for disbursement was maintained as shown below:—

(a) In three units (Raigarh, Jashpurnagar and Shahdol), payments made upto 1967-68 to subordinates as advances for disbursement of pay and allowances of officials working at different places and for meeting expenditure on construction of works, transportation of materials, etc., were shown as out-right final payments in the cash books of the drawing officers. No separate record was kept to watch receipt of final acquittances/acknowledgements of the actual payees. Such advances made by the District Organiser, Shahdol, from 1st April 1965 to 31st May 1967 which had been treated as final expenditure as worked out from his cash book by Audit were Rs. 24.30 lakhs. Due to non-maintenance of prescribed records rendition of accounts of these advances by subordinates could not be verified. A test check of the accounts of temporary advances received from the subordinates in Shahdol district showed that full adjustment of advances was made **eventhough** the actual total of sub-vouchers received fell short by Rs. 1,986.

(b) In the offices at Mandla and Dindori, the amount of advances given was shown as part of cash balance, indication of payments

of advance being given in red ink. The accounts of advances and their adjustment maintained were, however, defective and incomplete and full details of all advances were not available; and various subsidiary registers maintained for the purpose did not show how much advances were outstanding against each subordinate. The cash book balance of the District Organiser, Tribal Welfare, Mandla and the amount of advances included in it, rose from Rs. 2.37 lakhs and Rs. 2.12 lakhs on 31st July 1966 to Rs. 8.25 lakhs and Rs. 6.12 lakhs on 31st March 1969 and to Rs. 8.99 lakhs and Rs. 8.29 lakhs on 17th May 1969. The outstanding advances on 17th May 1969 (Mandla-Rs. 8.29 lakhs) included Rs. 1.32 lakhs under the sub-head "Unclassified Advances" opened from 1962. In the absence of details it has not been possible to call for the accounts and adjust the advances. For Rs. 4.46 lakhs classified as miscellaneous advances also, no precise details were worked out.

(c) The balances of advances outstanding against subordinates in Bastar district were very heavy as shown below:—

S.No.	Name of drawing officer	Date	Amount	Remarks
			(In lakhs of rupees)	
1.	Deputy Director of Tribal Welfare, Jagdalpur.	31-3-1970	25.03	Year-wise analysis was not available but items have been outstanding since 1964-65.
2.	Additional District Organiser, Jagdalpur.	17-7-1970	5.71	Out of this Rs. 5.29 lakhs were outstanding against five officials. The register of temporary advances was not maintained prior to April 1970. Rs. 0.93 lakh outstanding as advance in March 1967 in the books of Area Organiser, Jagdalpur, which was merged were not included. Consequently no watch over adjustment was kept.
3.	Additional District Organiser, Dantewara.	29-6-1970	0.63	Some of these advances have been outstanding for more than three years.
4.	Additional District Organiser, Kanker.	1-7-1970	4.60	No watch over adjustment of advances amounting to Rs. 3.09 lakhs which were paid by Area Organiser, Narainpur, (merged in this office—February 1967) during 1958-67 was kept. Advances aggregating Rs. 2.47 lakhs are still awaiting adjustment (September 1970).

(iii) There have been delays of one year to six years in adjustment of advances in various offices as shown below:—

Office	Date	Amount outstanding (In lakhs of rupees)	Since when outstanding
Chhindwara	31-8-1969	0.86	1964-65
Shahdol	22-12-1969	0.05	1967-68
		0.12	1968-69
Jashpurnagar	3-7-1969	0.55	1967-68
		0.52	1968-69
Raigarh	May 1969	0.05	1966-67
		0.21	1967-68

(iv) A comparison of some of the items of advances shown in the cash book of the District Organiser, Mandla, with the cash books of subordinate units showed that:—

- (a) Rs. 0.50 lakh were outstanding as advance against the production-cum-training centre in the cash book of District Organiser, Mandla, on 2nd May 1969. These advances were not included in the cash book of the centre and were kept apart.
- (b) Rs. 0.34 lakh were outstanding as advances against the Additional District Organiser, Tribal Welfare, Dindori, in the books of District Organiser, Mandla, on 2nd May 1969. The cash book of the Additional District Organiser, Dindori, did not show whether the accounts of Rs. 0.25 lakh out of the above mentioned advances were rendered upto April 1969 by him to the District Organiser, Tribal Welfare, Mandla.
- (c) Large amounts were outstanding against circle organisers although their cash books indicated that the accounts thereof had been rendered to the District Organiser, Tribal Welfare, Mandla.

(v) At Mandla, advances from cash balance were, on certain occasions, given for unjustifiable reasons such as for payment of pay or travelling allowance to class II-employees which had not been drawn from treasury. Advances were also given to various persons even when accounts of two or more previous advances had not been received.

(2) *Specific cases of non-accountal/suspected mis-appropriation of Government money detected.*—(a) 31 cases of non-accountal/suspected mis-appropriation of

funds totalling Rs. 23,840 were pointed out in test audit in four offices (Shahdol, Seoni, Jagdalpur and Chhindwara).

(b) 27 bills for Rs. 32,014 drawn in March 1968 by the District Organiser, Shahdol, were endorsed in favour of different circle organisers for disbursement; but the drawals could not be traced in the cash books of the circle organisers as they were stated to have been transferred from the circle and had not handed over the cash books to the present incumbents. Further, the cash book of Circle Organiser, Kotma, (district Shahdol) was closed on 7th October 1967 with a closing balance of Rs. 34,545 with the remarks that the particulars of that particular page were transcribed in another cash book but the cash book containing the transactions from 8th October 1967 was not produced.

(3) *Other essential checks ignored.*—Rules about closing of cash book, analysis of closing balances under different heads, physical verification of cash at the end of each month, independent checking of daily totals of receipt and payment entries of cash book and obtaining of security from officials handling of cash were not observed.

Fortnightly verification of drawals made by the drawing officer from the treasury prescribed by the Finance Department (1963) was not made with reference to treasury voucher slips in various offices. In such circumstances the monthly statements of expenditure sent to the controlling officers could not have been supported by such slips.

Although the serious irregularities in maintenance of cash records have been pointed out in successive inspection reports, no corrective steps have been taken.

The matter was reported to the Director of Tribal Welfare and Government in June 1969, October 1969, April 1970 and October 1970 suggesting detailed checking of accounts; reply is awaited (January 1971).

26. *Irregularities in maintenance of accounts records—Ambikapur.*—Irregularities in the cash book and other account records maintained by the District Organiser, Tribal Welfare, Ambikapur, who made drawals totalling Rs. 83.63\* lakhs (between 1965-66 and 1967-68) were pointed out by Audit successively (April 1963 and December 1963). No corrective steps were taken and the magnitude of such irregularities increased further and local audit arranged in December 1968 had to be abandoned due to the chaotic condition of records. Government was requested (March 1969) to get the records set right and also to arrange detailed departmental check. On the basis of the preliminary report of the departmental check, the Director of Tribal Welfare intimated (May 1969) that "since this work was totally neglected for the last four years, it is a herculean task to set the matter right. The arrangement of records, files, vouchers and bills are most disorderly in the office and hence much time will necessarily be consumed"

\*Excludes expenditure on works during 1965-67 and loans during 1965-68, as information in this regard was not available with the Director of Tribal Welfare.

The preliminary reports of departmental check (May 1969, June 1969 and October 1969) brought out the following points :—

(i) The cash balance was never physically verified after 31st December 1965.

(ii) At the time of transfer of charge on 31st October 1967 Rs. 31,142, the book balance as per cash book, was handed over to the new incumbent along with a separate packet containing excess cash. On subsequent verification it was found that the packet contained Rs. 28,833. This amount was credited by him into the cash book on 15th November 1967 as cash found in excess. Scrutiny during departmental check, however, disclosed that spurious entries had been made in the cash book and actually on 31st October 1967 cash in hand was short by Rs. 7,270. The matter is under investigation and the Deputy Director has been asked (October 1969) to make good the loss. He has still not made good the loss and further report is awaited (January 1970).

(iii) Heavy amounts were advanced to subordinate officers to make immediate payments but the amount of advances outstanding as per cash book was never tallied with the register of advances. There were cases in which advances paid to subordinates were not noted in the cash book or advance registers, but in a small rough note book.

(iv) Rs. 0.19 lakh drawn from the treasury during October 1966-December 1967 on 32 bills were noted neither in the cash book nor in the bill register. The matter is under investigation.

(v) Physical verification of articles and dead stock as well as consumable stores was not done. During physical verification "huge excesses and shortages in books, slate pencils, etc. have come to notice". Details of shortages are being worked out.

(vi) Rs. 0.33 lakh were paid to the Tribal Co-operative Development Corporation in November 1967 for supply of furniture ordered in March 1967, although some of the furniture (quantity not assessed) has still not been received (May 1969). The supplies received were also sub-standard and not in accordance with the specifications.

27. *Drawal of advances for purchase of foodgrains.*—To enable the District Collectors to purchase foodgrains in bulk and at economic prices for the requirements of students in tribal hostels during prevailing a scarcity conditions Government authorised them in April 1966 to draw advances at the monthly rate of Rs. 15 for each student residing in the tribal hostels and ashrams, for a maximum period of ten months. The amounts so drawn were required to be adjusted from the monthly stipends payable to the students.

The District Organiser, Shahdol district drew Rs. 2.38 lakhs as advances during 1967-68—1969-70 as below:—

	Advances drawn (In lakhs of rupees)
1967-68	0.37
1968-69	1.55
1969-70 (Upto August 1969)	0.46

The following points in the drawal and utilisation of advances were noticed :—

(1) As against the advance of Rs. 1.55 lakhs drawn during 1968-69, the amount admissible according to Government orders was only Rs. 1.11 lakhs (on the basis of 740 students for ten months). No justification for the drawal of Rs. 0.44 lakh in excess has been given (December 1970).

(2) The advances were not adjusted regularly from monthly stipend bills. Out of the advances of Rs. 1.92 lakhs drawn during 1967-68 and 1968-69, Rs. 0.47 lakh (Rs. 0.05 lakh of 1967-68 and Rs. 0.42 lakh of 1968-69), still remain to be adjusted (November 1969). The District Organiser stated (January 1970) that "recoveries will be effected from the students, who are continuing their studies. For the remaining amount responsibility will be fixed". He, however, could not indicate the amount irrecoverable from students who have left their studies.

(3) Out of the total amount, advances aggregating Rs. 0.88 lakh drawn during 1967-68 and 1968-69 were shown as final expenditure in the cash books of the hostel/ashram superintendents; and there was no means of watching recovery of advance from the stipendiaries.

The matter was reported to the Director of Tribal Welfare and Government in June 1970; reply is awaited (January 1971).

### Veterinary Department

28. *Development of fisheries in Gandhi Sagar Dam.*—The scheme sanctioned in 1958 aimed at scientific development, exploitation and marketing of fisheries and *inter-alia* provided for :—

- (a) establishment of fish farms for improvement of stock,
- (b) organisation of fishermen co-operative societies for exploitation of fisheries, and
- (c) establishment of cold storage and other marketing facilities.

Rs. 8.91 lakhs were spent on the scheme during 1961-69; the revenue realised during the same period was Rs. 6.10 lakhs.

The following points were noticed in 1969-70 during a review :—

(a) *Stocking of fish seed.*—For breeding and raising the seed of important Major-carps, a fish farm of 2 acres (cost Rs. 1.30 lakhs) with an anticipated production capacity of 3 lakh fingerlings by March 1970 was established in 1967 at Neemthar. Actual production of fingerlings in the farm during 1967-68, 1968-69 and 1969-70 was, however, 1.31 lakh, 0.28 lakh and 0.10 lakh fingerlings respectively. The Director of Fisheries attributed (July 1970) the short-fall to delay in availability of technical staff.

(b) *Exploitation of fish.*—The scheme envisaged annual extraction of 600 tonnes of fish from the dam. Quantity of fish extracted from the reservoir has, however, declined each year (upto 1968-69) as shown below :—

Year	Quantity extracted (in tonnes)
1964-65	312
1965-66	309
1966-67	214
1967-68	128
1968-69	118
1969-70	157

Government to whom the matter was reported in March 1970 intimated Audit in August 1970 that the shortfall was due to :—

- (a) lesser stocking of fish seed due to their non-availability during 1963-64 onwards;
- (b) prevailing drought conditions during 1966-67 and 1967-68; and
- (c) non-operation of *Kawla* fishing-grounds.

(c) *Extraction of fish through co-operative societies.*—Three fishermen's co-operative societies and a fishermen's federation were organised during 1962-65 for extraction and marketing of fish. Extraction of fish by the societies declined from 178 tonnes in 1966-67 to 116 tonnes in 1967-68 and 112 tonnes in 1968-69; shortfall was attributed by Government (August 1970) to shifting of members of the society from fishing to agriculture.

(d) *Cold storage units.*—In paragraph 51 (item 2 Appendix vii) of Audit Report 1969 mention was made of an ice plant purchased in April 1966 for Rs. 0.53 lakh not installed upto November 1968 due to non-completion of building. Although the building has been completed in October 1969 the plant has not been installed so far (November 1970). The Director of Fisheries stated (August 1970)



that Government has been requested to sanction Rs. 4,800 for electric fittings and installation. A compressor purchased as a complementary unit in March 1967 for Rs. 0.13 lakh also remains unused.

Another ice plant valued Rs. 0.89 lakh received in November 1965 as a gift was commissioned on 2nd May 1968 after spending Rs. 4,100 on its commissioning. The plant stopped working from 18th May 1968 due to certain defective and rusted parts and has been lying unused since then. Rs. 6,700 were spent till November 1969 on pay and allowances of an operator specially employed for the purpose. The Director of Fisheries stated (April 1970) that his services had been utilised for maintenance of engines fitted in boats. Government stated (August 1970) that the plant is imported, local technicians have not been able to locate the defect and UNICEF authorities have been requested in July 1970 to arrange for suitable technician to install the plant.

29. *Reservoir fishery in major and medium reservoirs.*—Under the scheme of reservoir fishery, it was proposed to develop on long term basis seven major reservoirs and twentyone medium reservoirs at selected places for stepping up production of fish. The department aimed at production of 355 tonnes of fish by developing water area of 3,700 acres at a cost of Rs. 11.04 lakhs during 1966-67 to 1968-69 and by stocking of 37 lakh fingerlings; the average anticipated production during the period being 96 Kgs. of fish per acre of developed water area (by stocking 1,000 fingerlings per acre). A review during audit of the accounts of the Director of Fisheries in September 1969 brought out the following:—

(i) Stocking of 34.20 lakh of fingerlings and 1.70 lakhs of fry in 3,505 acres of water area developed in 5 major and 15 medium reservoirs at a cost of Rs. 5.96 lakhs yielded 193.8 tonnes of fish (45 per cent shortfall from target). In 1968-69 the production was 65 Kgs. of fish per acre as against the target of 120Kgs. per acre. Government stated (October 1970) that due to limited Plan ceiling only 5 major and 15 medium reservoirs could be taken up for development and in view of the paucity of fish seed, the programme of development of reservoirs had to be spread over a period of years and it was not possible to get satisfactory results in the initial stages of their development.

(ii) Under the above scheme, it was proposed to develop a major reservoir unit at Bhopal comprising the upper and the lower lakes of the city. It was expected that the reservoir after full development would start producing 100 tonnes of fish annually with average royalty of Rs. 1,000 per tonne (anticipated annual royalty Rs. 1.00 lakh). The cost of the scheme was anticipated to be recouped within 10 years or earlier after meeting the regular operational costs; and the scheme was later expected to earn a net profit of Rs. 0.50 lakh per year.

The project was taken up in 1966-67. Rs. 2.34 lakhs were spent on developing fishery over a recorded area of 7,500 acres and productive area of 5,000

acres from 1966-67 to 1969-70. The stocking of fingerlings, production and revenue earned was as below:—

Year	Development of water area (In acres)	Stocking of fingerlings	Production under royalty system			Revenue		Total
			Target	Actuals	Shortfall percentage	From licensees	From royalties	
			(In quintals)			Rs.	Rs.	Rs.
1966-67	77	77,985	90	3*	97	2,214	349	2,563
1967-68	159	1,58,985	90	1*	99	2,056	218	2,274
1968-69	297	2,97,350	90	1*	99	1,814	199	2,013
1969-70	355	3,54,754	100	10	90	2,015	1,327	3,342

Government attributing the following reasons *inter-alia* for shortfall stated (October 1970) that “suitable actions are afoot to solve these problems” :—

(a) inadequate stocking of fish in the tanks; and

(b) according to existing conventions, licences were issued at very low rates to the local *Bhoiyas*.

It was, however, observed that despite Government instructions (1962) that fish extraction from departmental tanks should be done on the basis of royalty to be fixed by the department for each district, extraction, on the basis of licence system (nominal licence fee) in vogue in the former Bhopal State actually continued in the lower lake, Bhopal till the end of 1968-69 and still continues (October 1970) in the upper lake, Bhopal. Government stated (January 1971) that extraction of fish on royalty system was made applicable in upper lake in 1968-69, but was immediately withdrawn under orders of Government due to representations from local fishermen population. No other justification for continuing extraction on licence system even beyond 1968-69, when both lakes happen to be under the control of same administration has been furnished. During 1967-70, 890 quintals of fish were extracted on licence system from the upper lake only. With reference to the rate of royalty on which fish was extracted in other tanks in the district, this resulted in loss of revenue of Rs. 1.16 lakhs. Information about the quantity of fish extracted on licence system in earlier years from both the lakes and in lower lake during this period was not available.

30. *Fisheries development under the applied nutrition programme.*—The scheme started in 1963-64 envisaged development of nearly 200 acres of water area in each of the six blocks selected for fish-culture by the gram panchayats and production of 80,000 lbs. of fish annually per block at the end of the second year and onwards. The scheme, estimated to cost Rs. 5.10 lakhs in five years (at

\*Mostly extraction was by the Department.

Rs. 85,000 per block), provided *inter-alia* construction of nursery farms departmentally for rearing of fingerlings; free renovation of village tanks by the department through gram panchayats; supply of fingerlings free by the Department; free supply of weedicides for clearing out of weeds and free aid of UNICEF for supply of equipments, transportations, etc.

The gram panchayats were to contribute Rs. 32,500 per block for five years to meet the contingent expenditure for running the farms, etc. In return for supply of fish seed, fingerlings, nylon nets, weedicides and grant for renovation and maintenance of fish tanks, the gram panchayats were to provide free of charge for an agreed period of time upto a maximum of 20 per cent of the matured fish harvested from these tanks for feeding expectant and nursing mothers and pre-school children according to the planned feeding programme.

Targets and actuals under the scheme were as under:—

S. No.	Item	Target	Actuals	Percentage of shortfall (—) or excess (+) over target
1.	<i>Application—</i>			
(a)	Expenditure (In lakhs of rupees)	5.10	4.28	— 16
(b)	Development of water area (In acres)	1,200	357	— 70
(c)	Stocking of fingerlings (In lakhs)	12	24.04	+100
2.	<i>Output—</i>			
(a)	Total quantity of fish extraction (In lakhs of Kgs.)	6.52	0.79	— 88
(b)	Total quantity of fish distributed to beneficiaries (In lakhs of Kgs.)	1.30	0.19	— 86

The scheme was closed in March 1969. The shortfall in output was attributed (October 1970) by Government to drought conditions during 1965-66, 1966-67 and 1967-68; drying of tanks in Sihora block and non-exploitation of fish due to presence of weeds in Indore, Raigarh and Sihora blocks.

The following further points in the operation of the scheme were noticed:—

- (a) The gram panchayats of two blocks (Arang and Kanker) contributed in all Rs. 8,158 while the panchayats of other blocks did not contribute anything at all. The shortfall was made good by providing Rs. 27,000 (*i. e.* Rs. 4,500 per block) in the departmental budget;
- (b) On the closure of the scheme, the staff recruited specially for the purpose was to be transferred to other blocks; the staff is still (April 1970) stated to be in the process of shifting. Government attributed (October 1970) the delay to orders banning transfers and deputation of Assistant Fisheries Officers of Sihora block on training.

31. *Wool utilisation centres.*—Two wool utilisation centres were established at Shivpuri (1961-62) and Bansakhedi (1962-63) (on the pattern of Government of India model scheme) for popularising wool production by providing demonstration and training facilities to wool artisans in classing and processing of improved wool and its more scientific utilisation to enable them to obtain better return. Till March 1970 Rs. 2.31 lakhs were spent (Shivpuri Rs. 1.37 lakhs, Bansakhedi Rs. 0.94 lakh).

The following points were noticed in a review in June 1970:—

(i) No training has so far been imparted at Bansakhedi centre and only 52 local sheep farmers have been trained at Shivpuri centre between 1961-62 and 1969-70. Each spell of training lasted for three months. For 203 local sheep farmers demonstrations in improved wool utilisation technique were held. The shortfall was attributed by the Wool Research Officer, Shivpuri, to non-payment of any stipend or allowance to the trainees during training period.

Government stated (October 1970) that it is difficult for shepherds to attend training classes. The Director of Veterinary Services is, however, being asked to fix targets for training class.

(ii) Between 1966-67 and 1969-70 the actual production of blankets in both the centres was far below the planned production as shown below:—

Year	Planned Production	Actual Production	Shortfall	
			Number	Percentage
1966-67	1,500	648	852	57
1967-68	1,600	769	831	52
1968-69	1,700	843	857	50
1969-70	1,700	612	1,088	64

Shortfall in production was attributed by Government (October 1970) to:—

- (a) non-availability of trained weavers and spinners;
- (b) non-availability of wool and other raw materials; and
- (c) delay in repairs to machines and discontinuance of work by labourers due to delay in payment of wages to them.

(iii) *Proforma* accounts showing the financial results of the working of the centres have not been prescribed and prepared. However, during 1962-70, the cost of manufacturing blankets (Rs. 1.60 lakhs) exceeded their sale value (Rs. 1.21 lakhs) both at Shivpuri (Rs. 0.20 lakh) and Bansakhedi (Rs. 0.19 lakh).

Government stated (October 1970) that the scheme mainly related to practical demonstration of utilisation of wool on cottage industries basis and is not run on quasi-commercial basis.

(iv) There are no orders for sale of blankets on credit. However, out of actual sales of Rs. 0.94 lakh till March 1970 recovery of Rs. 0.08 lakh is pending due to credit sales of blankets (March 1970) mostly to Government servants. Government stated (October 1970) that credit sales (Rs. 0.07 lakh) were arranged through the Sheep Development Officer, Bhopal, who also maintained its account and that the position of recoveries would be intimated in due course.

(v) Percentage of maximum permissible wastage of wool in various manufacturing processes has not been prescribed so far (July 1970). Government stated (October 1970) that the matter is under consideration.

(vi) Purchase of wool at Shivpuri centre has been far in excess of requirement, resulting in unnecessary locking up of funds, as shown below:—

Year	Opening Stock	Purchase during the year	Consumption during the year	Closing Stock
	(In lakhs of rupees)			
1968-69	0.10	0.17	0.10	0.17
1969-70	0.17	0.21	0.09	0.29

32. *Intensive cattle development project, Bhind.*—(1) *Introduction.*—Intensive cattle development project in Bhind and Morena districts sanctioned by Government in June 1965 envisaged a package programme for intensive and all-round development of cattle in four contiguous blocks (Bhind, Mehgaon, Ambah and Porsa).

The scheme provided for an estimated outlay of Rs. 80.00 lakhs upto the end of 1970-71, and envisaged *inter-alia*,

- (a) production of improved progeny;
- (b) complete removal of scrub bulls by arranging mass castrations;
- (c) increased production of fodder by increasing the area under fodder cultivation as also by increasing the yield of fodder per acre;
- (d) coverage of 90 per cent breedable female cattle through artificial insemination; and
- (e) increased milk production by 30 per cent in the project area by the end of 1970-71; which was to be sold to the Gwalior Milk Supply Scheme through co-operative societies organised for the purpose.

Rs. 61.07 lakhs were spent on the project from 1965-66 upto the end of March 1970.

The following points in the working of the scheme were noticed in July 1970.

(2) *Breeding Programme.*—(i) To ensure progressive improvement in the bovine stock of controlled breeding and to provide efficient and adequate breeding facilities, a Central Semen collection station, four regional artificial insemination centres and 100 stock-men sub-centres were to be set up.

The central semen station set up in November 1965 had its full quota of bulls in 1965-66. The actual number of artificial inseminations done were far below targets as shown below:—

Year	Target	Actual	Percentage of shortfall
1967-68	19,200	4,349	77
1968-69	24,000	8,211	66
1969-70	36,000	12,557	65

The calving rate as a result of artificial insemination was 31 per cent (5,011 calves born out of 16,095 artificial inseminations done during 1965-69) against 50 per cent calving rate anticipated in the scheme.

The Government *inter-alia* stated (December 1970) that artificial insemination technique being a new one could not make much headway in initial stages among cultivators as they are still averse to artificial insemination and stockmen could not be trained in artificial insemination upto required standard.

(ii) 100 sub-centres to be attached to five regional artificial insemination centres were required to look after 1,000 cows/she-buffaloes each; and each sub-centre was to be provided with one bull, one stockman and one cattle attendant.

Fifty-two sub-centres have not been provided with breeding bulls/she-buffaloes as the area is covered under artificial insemination scheme and no natural services were to be rendered. Bull attendants in these centres were nevertheless provided; and Rs. 2.64 lakhs were spent on their pay and allowances till June 1970.

Government stated (December 1970) that full time attendant in all the units is essential and bull attendants were also required to help stockmen to bring semen from roads side, cleaning of vessels, etc.

(3) *Dairy Extension Programme.*—A baseline survey conducted in 1966-67 and repeat sample survey during the subsequent years disclosed that the wet average yield of milk per cow/buffalo has gone up as below:—

	1966-67	1967-68	1968-69	1969-70	Percentage increase in 1969-70 compared to baseline
	(In Kilograms)				
Cow	2.372	2.487	2.807	2.933	+23.65
Buffalo	3.950	4.118	4.165	4.438	+12.35

Against four cooling centres and eleven assembling centres proposed to be set up for facilitating milk storage and distribution, one cooling centre (at Mehgaon) and four assembling centres were set up till June 1970; and the capacity (1,800 litres per day) of the chilling plant set up in Mehgaon in January 1968 was utilised to the extent of 570 litres per day (32 per cent) in 1968-69 and 1,205 litres per day (67 per cent) in 1969-70. Government stated (December 1970) that as the project was linked with Gwalior Milk Supply Scheme, still in pilot stage, the expected number of chilling and assembling centres were not set up. Testing equipment, coolers, cooling tanks, etc., costing Rs. 5.71 lakhs required for all the fifteen cooling and assembling centres were, however, purchased in 1965-66 and 1966-67. As only five centres were set up till June 1970, equipment and stores costing Rs. 3.85 lakhs were rendered surplus to requirement. Surplus equipment costing Rs. 2.38 lakhs have been transferred to other districts/offices. Remaining equipment costing Rs. 1.47 lakhs (Rs. 0.35 lakh purchased in March 1966 and Rs. 1.12 lakhs in March 1967) including two cooling tanks and six immersion coolers installed at Porsa and Ambah (cost Rs. 1.03 lakhs) remain unutilised (July 1970). The Deputy Director of Veterinary Services stated (January 1971) that six immersion coolers have since been put to use and one cooling tank is being transferred to Ujjain and the other one which is under installation would be put to use as soon the handling capacity of Milk Scheme, Gwalior is augmented.

The Department also purchased fifteen scales and fifteen laboratory tables for all the fifteen chilling and assembling centres envisaged for Rs. 0.15 lakh in March 1966. Only four scales and four tables have been supplied to the four assembling centres set up till July 1970. Eleven scales and eleven tables (cost Rs. 0.11 lakh) remain unutilised. Even in those four centres these scales are not in use. Government stated (December 1970) that scales were not being used as the quantity of milk handled in the centre was not large.

(4) *Organisation of Co-operative Societies of Milk producers and Cattle Breeders.*—The scheme envisaged formation of 100 (milk producers) co-operative societies to which financial assistance in the form of loans and grants was proposed to be given for purchase of dairy equipment, cattle and fodder. An Assistant Registrar of Co-operative Societies was specially drafted in March 1966 for organising these co-operative societies (expenditure on pay and allowances till March 1970-Rs. 0.20 lakh). Till March 1970, only twenty societies had been formed; of these only twelve supplied milk during 1969-70.

Equipment and stores costing Rs. 0.49 lakh were purchased in 1965-66 for supply to the societies. Equipment and stores worth Rs. 0.10 lakh were supplied to twenty societies organised till March 1970; the remaining equipment costing Rs. 0.39 lakh remain unused (July 1970). The Government stated (December 1970) that formation of co-operative societies is linked with milk

handling capacity of Gwalior Milk Supply Scheme which is in the pilot stage and due to lack of transport facilities also; formation of more societies was not considered necessary and the idle equipment would be used when more societies are formed.

(5) *Loans for purchase of pedigree cattle.*—The entire amount of Rs. 1.60 lakhs provided for in the budget estimates for disbursement as loans to cattle owners for purchase of high yielding (18 lbs. per day) buffaloes was drawn on 30th March 1966 by the Deputy Director of Veterinary Services and advanced to the Apex Bank, Jabalpur. The amount was to be disbursed to the co-operative societies of cattle breeders through the District Co-operative Banks, Bhind and Morena. As no co-operative society has been formed in Morena Rs. 0.80 lakh remain unutilised. In Bhind Rs. 0.70 lakh were paid to nine societies during August 1967-February 1968 but these societies purchased cattle of local breed (yield not intimated).

The drawal of Rs. 1.60 lakhs in March 1966 was thus premature and in excess of actual requirement. Further the object of granting the loan, *viz.* "to introduce pure Murrah breed with a view to raising a pure herd in the area and to increase the milk production" was not achieved as ultimately the borrowers purchased cattle of local breed. Government stated (December 1970) that the loan amount could not be utilised due to co-operative law which debarb farmers from getting more than one loan from co-operative bank and murrah buffaloes were not purchased as they were very costly and beyond reach of cultivators.

(6) *Publicity and Propaganda.*—Screening of films as part of the publicity required for furtherance of its objectives was envisaged. A cinema van (costing Rs. 0.42 lakh) and a projector (costing Rs. 0.04 lakh) were purchased in March 1966. A generator costing Rs. 0.07 lakh was purchased only in May 1969 as most of the villages were not electrified. Further expenditure of Rs. 0.19 lakh has been incurred on pay and allowances of driver, projector operator and attendant till March 1970.

The work of the unit is as below:—

Year	No. of shows	Monthly average	Remarks
1966-67	37	3	
1967-68	17	1	The van was mostly retained in Bhopal.
1968-69	36	3	
1969-70	50	4	

Government attributed (December 1970) the small number of shows to dacoity menace in the area and transfer of operator to Bhopal.



### Industries Department

33. *Rural Industries Project, Bhilai*.—Under the programme of 'Intensive Development of Small Industries in Rural Areas' sponsored by Government of India in 1962, a rural industries project was established at Bhilai in November 1965. Rs. 11.00 lakhs were spent on the project till March 1970.

Review of the working of the project by Audit in April 1970 brought to notice the following points:—

(i) *Shoe, leather and canvass goods training and production centre*.—(a) The centre set up at Bhilai in September 1968 as a training centre was converted into a production centre in June 1969. Till March 1970 Rs. 0.65 lakh were spent on it (pay and allowances of staff : Rs. 0.29 lakh; machines and equipment : Rs. 0.11 lakh; raw materials : Rs. 0.11 lakh and other contingent expenditure : Rs. 0.14 lakh). Between September 1968 and June 1969, three batches of trainees received training. As against 90 persons expected to be trained only 47 persons were trained in three batches till June 1969. The number of trainees declined from 23 in first batch to 19 in second batch and five in third batch. This shortfall was attributed by the Deputy Director of Industries in April 1970 to non-availability of willing persons for undergoing training.

Out of twenty-three persons trained in the first batch fourteen were employed in the trade in which they were trained and six in other trades. Information about the remaining trained persons was not available with the Deputy Director of Industries, Durg.

(b) Since the centre became a production unit, its monthly production fell to Rs. 300 as against Rs. 543 when it was training centre. The decrease in production was attributed to want of skilled workers.

(ii) *Production centre for power looms*.—An experimental pilot production centre of power loom to popularise use of power looms among weavers was set up at Durg in September 1968; after spending Rs. 0.25 lakh (Rs. 0.12 lakh on four power looms and other equipment; Rs. 0.02 lakh on establishment; Rs. 0.01 lakh on rent from April 1968 to July 1969 and Rs. 0.10 lakh on raw material), the centre was closed in July 1969. Equipment costing Rs. 0.12 lakh is lying unutilised/undisposed of (November 1970). The total production of the centre was Rs. 0.06 lakh of which goods worth Rs. 0.01 lakh had been sold. Remaining goods costing Rs. 0.05 lakh were sent to the emporia for sale. The amount realised by sale has not been intimated.

(iii) *Common facility centre*.—According to the scheme sanctioned by Government in February 1968, a common facility centre was set up in Dhamda in February 1968 to afford facilities of use of machines and equipment in the centre to bell-metal workers of the locality. The centre started functioning from March 1969; Rs. 0.20 lakh were spent on the centre till March 1970 (equipment:

Rs. 0.12 lakh; pay and allowances of a semi-skilled worker appointed in May 1968: Rs. 0.05 lakh; rent of a building hired at Rs. 75 per mensem from June 1968: Rs. 0.02 lakh; and raw material: Rs. 0.01 lakh).

During this period only three or four artisans availed of the facilities and Rs. 618 were recovered from them as charges for use of the machines. At the time of audit (April 1970) twelve persons were reported to be availing of the facilities.

The matter was reported to Government in October 1970; reply is awaited (January 1971).

34. *Common Facility Centre in Durg District.*—With a view to providing the rural artisans facilities for use of machines and equipment in their trades, two common facility centres in carpentry were set up at Dongargarh (August 1965) and Balod (March 1967) in one of three sheds of a building constructed at each of the places at a cost of Rs. 0.38 lakh and Rs. 0.30 lakh respectively. In addition, Rs. 0.62 lakh were spent on the centres up to March 1970 as below:—

	Pay and allowances and contingencies, etc.	
	Dongargarh	Balod
	(In lakhs of rupees)	
1. Equipment	0.08	0.08
2. Pay and allowances	0.22	0.10*
3. Other miscellaneous items	0.10	0.04
Total	0.40	0.22

The following points were noticed:—

(i) The centre at Balod has not started functioning so far (August 1970), initially due to non-availability of power (till October 1969) and thereafter for want of staff.

(ii) The centre at Dongargarh started functioning from August 1965. While the anticipation was that 30 artisans would avail of the facilities every month, actually only 8 artisans on an average per month availed of such facilities between 1967-68 and 1969-70 as below:—

Year	Total number of artisans who availed of the facilities	Average per month
1967-68	92	8
1968-69	98	8
1969-70	78	7

\*A technical instructor engaged from April 1967 to July 1969.

Till February 1970 no recovery used to be made from the artisans for use of the facilities. But from March 1970 onwards, in accordance with Government orders, charges for availing of the facilities are being levied. The charges recovered from the artisans during March and April 1970 for use of facilities were Rs. 5.43 and Rs. 3.93 only.

(iii) At each centre, the remaining two sheds, which were proposed to be let out to artisans on a monthly rent of Rs. 34 per shed, have not been occupied (August 1970) since their construction (August 1965 and March 1967) resulting in loss of rent of Rs. 0.07 lakh till August 1970 (Rs. 0.04 lakh at Dongargarh and Rs. 0.03 lakh at Balod).

The matter was reported to Government in October 1970; reply is awaited (January 1971).

35. *Common facility centre at Abhanpur (Raipur district).*—With the object of popularising and demonstrating new methods of trade and use of improved tools and offering common facility and helping artisans in production of new items, a common facility centre and rural work-shed was established in January 1967 at Abhanpur (Raipur district). Rs. 0.30 lakh (excluding cost of building) were spent on the centre till March 1970. The following points were noticed in Audit:—

(i) Till November 1970 no artisan availed of the facility provided at the centre. The Assistant Director of Industries, Raipur, stated (July 1970) that local artisans were shown the working of the improved machines installed in the centre.

(ii) The centre was established in a work-shed with six compartments constructed in January 1966 at a cost of Rs. 0.67 lakh. Of the six compartments only three were used for the centre. Of the remaining three compartments, one is still lying vacant and the other two compartments remained unoccupied for more than two to three years.

The matter was reported to Government in October 1970; reply is awaited (January 1971).

36. *District workshop run by Industries Department.*—It was mentioned in paragraph 31 of Audit Report 1965 that the workshop at Raipur had not started functioning; equipment costing Rs. 0.58 lakh purchased during 1957-59 had remained unused and Rs. 0.15 lakh had been spent till December 1963 on pay and allowances of staff.

The workshop started functioning from February 1966. Rs. 1.40 lakhs were spent on its maintenance from January 1964 to March 1968. Only 32 persons were trained as against 48 persons expected to be trained during two courses of one year each up to February 1968 when the workshop was closed on the ground that the location of the workshop was far away from the city. The

trained artisans did not fulfil the requirement of Bhilai Steel Project for which the workshop was established; the trades in workshop were such as could not produce goods which had good market. Machines and equipment costing Rs. 0.47 lakh are still lying unused (December 1970) and have been stored in industrial sheds. Finished goods worth Rs. 0.03 lakh have not been disposed of so far (December 1970).

The matter was reported to Government in September 1970; reply is awaited (January 1971).

37. *Industrial estate and housing colony.*—Four industrial estates at Raipur, Durg, Bhilai and Rajnandgaon and two industrial areas in Bhilai have been established by the Industries Department during 1959-68 with a view to lease out sheds and developed plots to industrial entrepreneurs. Land was also acquired for housing industrial colonies in Bhilai.

Following points were noticed in the test audit conducted in July-August 1970:—

(i) *Industrial Area for heavy industries, Bhilai.*—823.52 acres of land, including private land costing Rs. 16.58 lakhs, were acquired in April 1967 for establishing heavy industries near Bhilai Steel Plant. The private land (cost Rs. 16.58 lakhs) has not yet been taken possession of. The whole land remains undeveloped and unutilised.

(ii) *Industrial Area for light industries, Bhilai.*—716 acres of land (including 263 acres of Government land) were acquired in April 1966 for establishing small scale industries near Bhilai township and compensation of Rs. 16.51 lakhs was paid for 453 acres of private land. 37 plots were developed (April 1966) over 248 acres of this land at a cost of Rs. 8.30 lakhs.

Out of those 37 plots, only one plot had been allotted in June 1969 and the remaining 36 plots remained unutilised resulting in loss of rent of Rs. 0.39 lakh up to March 1970. The loss is still continuing at Rs. 0.10 lakh per annum.

(iii) *Industrial estate, Bhilai.*—222 acres of land were acquired (March 1962 to April 1965) for establishing an industrial estate in Bhilai township and compensation of Rs. 3.00 lakhs was paid for private land. Of this 180 acres were developed in 89 plots and 42 acres were utilised for laying roads and providing other facilities (cost of development Rs. 7.93 lakhs).

Out of the 89 plots developed, 21 plots remain unallotted/unoccupied (August 1970) resulting in loss of rent of Rs. 0.08 lakh up to March 1970; and loss is still continuing at Rs. 1,200 per annum. The Deputy Director of Industries stated (August 1970) that though applications for allotment had been received, decision about their allotment had not been taken.

There were delays ranging from 1½ years to 7 years in leasing of 54 out of the 68 plots occupied between April 1963 and October 1969 resulting in loss of rent of Rs. 0.11 lakh.

(iv) *Industrial estate, Rajnandgaon*.—23.20 acres of land were acquired (June 1966) for establishing an industrial estate at Rajnandgaon and compensation of Rs. 4.42 lakhs was paid for private land. Further expenditure of Rs. 1.84 lakhs was incurred on development of land. 25 plots were available for allotment and further 5 sheds were constructed at a cost of Rs. 2.02 lakhs and ready for occupation in December 1967.

Only three plots had been leased out in January-March 1970. 22 plots and all the five sheds remained unallotted mainly due to lack of adequate water supply. This resulted in loss of rent of Rs. 0.28 lakh till March 1970 and loss is continuing at Rs. 0.12 lakh per annum.

(v) *Industrial estate, Durg*.—42.49 acres of land were acquired (September 1964) for establishing an industrial estate at Durg and compensation of Rs. 5.49 lakhs was paid for private land. Of this land, 25.28 acres were developed at a cost of Rs. 1.60 lakhs. 48 plots were thus available for allotment and further five sheds were constructed at a cost of Rs. 1.18 lakhs.

Out of 48 plots ready for occupation in April 1965, 19 were occupied during September 1967 to January 1970 entailing delays of over 2 to 4½ years and 29 plots (on 13.13 acres) have not been occupied so far (August 1970). Out of the 5 sheds which were ready in September 1967, 4 were occupied between May 1968 and June 1969 after delay of over 8 to 15 months. The delay in leasing the plots/sheds resulted in loss of rent of Rs. 0.11 lakh. The loss of rent at Rs. 400 per annum is still continuing on 29 unoccupied plots. The Deputy Director of Industries, Durg, attributed (August 1970) the non-occupation to lack of adequate water supply in the area.

(vi) *Industrial housing colony, Bhilai*.—183 acres of Government land and 329 acres of private land costing Rs. 4.43 lakhs were acquired in 1964-65 for allotment for setting up of industrial housing colonies by the industrialists of the Bhilai industrial area. 30 acres of Government land were surrendered to the State Housing Board (June 1964) and the remaining land (482 acres) is lying unutilised (December 1970). The Assistant Director of Industries, Durg, stated (December 1970) that the land has to be utilised side by side as and when industrial area/estate is developed.

On the 30 acres of Government land surrendered by the department, the Board had constructed 504 tenements with a view to providing residential accommodation to industrial workers in Bhilai region. Non-utilisation of these quarters even after reduction of rent was pointed out in paragraph 84 of Audit Report 1969.

(vii) *Industrial estate at Raipur.*—(a) 199.71 acres of land were acquired by the Department from private parties (94.28 acres for Rs. 1.93 lakhs) and from Government (105.43 acres) for establishing an industrial estate at Raipur in November 1959. Rs. 6.91 lakhs were spent on the development of 144.59 acres of land (construction of roads, fencing, etc., provision of street lighting and water supply). Out of 35 developed plots available for allotment from November 1960, eight plots have remained unused (March 1970). Three other plots remained unused over eight years and twenty plots were vacant for one year to five years. Against the rental income of Rs. 0.33 lakh which would have accrued to the Department had all the 35 plots been occupied from November 1960, actual rent earned was Rs. 0.10 lakh.

(b) Thirty-six sheds constructed at a cost of Rs. 9.17 lakhs were available for letting out to industrialists from April 1964. All the sheds remained unoccupied for periods ranging from more than nine months to four years. Five sheds were lying vacant at the end of March 1970. Against the rental income of Rs. 2.81 lakhs which would have accrued to the Department had all the sheds been let out, rental income from sheds occupied was Rs. 1.83 lakhs up to March 1970.

Collection of rental of Rs. 0.35 lakh was in arrears (December 1970).

According to the terms of agreement, a lessee has to insure the shed let out to him, failing which the Department may arrange to insure it at Government expense and recover the charge with interest and further penalty. 9 lessees have not insured the property; yet no action was taken to insure it at Government cost and effect recoveries from the lessees.

The matter was reported to Government (October 1970); reply is awaited (January 1971).

### Revenue Department

38. *Government Presses at Gwalior and Bairagarh.*—(1) *Introductory.*—All printing work of State Government such as scheduled and unscheduled forms, etc., is done primarily through four Government presses. A review of the working of the Central Press at Bairagarh up to 1968-69\* and of the Regional Printing Press at Gwalior up to 1969-70 conducted in April and September 1970 respectively brought out the following:—

(2) *Efficiency of composing and printing operations and entrustment of printing jobs to private presses.*—(i) *Composing operations.*—The data of installed capacity of mono and line machines was not available in both the presses. The actual outturn in regular hours (excluding outturn in overtime) was, however, much lower than the expected outturn on the basis of norms laid down in 1962 and

\*Information for 1969-70 was not available.

the percentage of productive hours to the total manhours also had continuously declined as shown below:—

Year		Expected outturn	Actual outturn	Percen- tage of shortfall	Total man-hours	Product- ive hours	Percent- age of product- ive hours to total man-hours
(No. of corrected ens in crores)							
1965-66	Bairagarh	12.23	13.12	..	36,541	26,299	72
	Gwalior	6.19	6.46	..	17,530	14,448	82
1966-67	Bairagarh	16.87	12.62	25	40,306	29,778	74
	Gwalior	6.19	6.08	2	17,100	13,530	79
1967-68	Bairagarh	17.24	13.04	24	45,610	33,421	73
	Gwalior	6.19	5.00	19	16,271	12,498	77
1968-69	Bairagarh	17.24	11.88	31	46,460	29,591	64
	Gwalior	5.96	4.63	22	14,311	11,110	78
1969-70	Bairagarh	..	..	..	..	..	..
	Gwalior	6.19	4.15	33	15,998	11,720	73

Reasons for shortfall and lower percentage of productive hours are awaited (January 1971).

(ii) *Printing operations.*—(a) The actual outturn in regular hours (excluding outturn in overtime) was very much lower than the expected outturn and the percentage of shortfall showed an increasing trend. The ratio of productive hours to the total man-hours also declined at Regional Press, Gwalior as below:—

Year		Expected outturn	Actual outturn	Shortfall (percen- tage)	Total man-hours	Product- ive	Percent- age of product ive hours to total man-hour
(No. of impressios in crores)							
1965-66	Bairagarh	10.54	5.76	46	84,600	52,284	62
	Gwalior	8.07	4.37	46	73,309	46,440	63
1966-67	Bairagarh	11.64	5.16	56	99,242	60,166	61
	Gwalior	8.28	3.51	58	66,026	37,923	57
1967-68	Bairagarh	12.48	5.07	60	92,948	57,325	62
	Gwalior	8.07	3.28	60	65,161	35,738	35
1968-69	Bairagarh	12.48	4.85	61	95,749	59,620	62
	Gwalior	7.58	2.86	63	61,269	32,852	54
1969-70	Bairagarh	..	..	..	..	..	..
	Gwalior	7.86	3.31	58	77,295	43,529	56

Reasons for shortfall and lower percentage of productive hours are awaited (January 1971).

(b) Of the non-productive hours, 8.62 per cent at Gwalior during 1969-70 and 6.18 per cent at Bairagarh during 1968-69 (for which data were available were reportedly due to non-availability of paper and ink.

(iii) Some imbalance of the capacity of the machines was observed. The Bairagarh Press has 6 monotype operating machines for which 9 casting machines are required against the existing six. The number of mono casters employed is, however, 25 against requirement of 18 only. The Gwalior Press has 5 mono type operating machines for which 8 casting machines are required against the 5 existing machines.

(iv) Bairagarh Press had to get printing done through private presses at a cost of Rs. 1.14 lakhs, Rs. 1.86 lakhs and Rs. 0.78 lakh during 1966-67, 1967-68 and 1968-69 respectively. Similar details for the Gwalior Press were not available.

(3) *Absence of control measures over jobs and excess issue of paper valued Rs. 0.33 lakh.*—Estimates of printing work undertaken were not prepared; and no norms or standards of consumption of raw materials (such as paper) were laid down. Job cards were opened for the jobs but were not closed properly to show the actual cost of various items. The issues as per store ledgers were also not reconciled with the postings in the job cards. Computation by Audit, on test check basis, of the requirements of paper for printing scheduled and non-scheduled forms, during certain months of 1968, 1969 and 1970, against the actual consumption recorded on the job cards disclosed excess issue of 153 reams and 1,067 reels of paper valued Rs. 0.24 lakh in Gwalior and 472 reams of paper valued Rs. 0.08 lakh in Bairagarh Press after allowing for normal wastage.

A test check of issues of paper as per store ledgers with the entries in the job cards showed that 148 reams valued Rs. 0.02 lakh and 79 reams valued Rs. 0.02 lakh though drawn from the store were not accounted for in the job cards at Bairagarh and Gwalior Presses respectively.

(4) *Metal Account.*—The account of metal issued to the press was not maintained by various sections; it was not possible to ascertain the extent of shortages, wastage, etc. No permissible limit of wastage of metal has been prescribed.

(5) *Stores Account.*—(i) Value and quantity accounts of stores were not maintained properly in the Bairagarh Press. Total receipts of paper were not reconciled with paper received, day book and the quantity and value accounts of individual items were not balanced at the end of the year 1968-69. There were no issues of stores valued Rs. 0.39 lakh after 1965-66.

(ii) No account was maintained for saleable paper, cuttings and waste in any press; permissible limits of waste of paper were not laid down.

(iii) Physical verification of machines, tools, stationery, etc., was not conducted at the close of 1968-69 in the the Bairagarh press.

(6) *Plant and machines.*—(i) One soldering proofing machine purchased in 1956 for Rs. 0.22 lakh was out of use for the last five years in Gwalior press for want of repairs. No history sheet was maintained to show the total number of hours for which the machine had worked after procurement.



(ii) In the Gwalior press 5 machines purchased in 1956 for Rs. 1.59 lakhs and 3 machines procured in 1966 (cost details not available) were not included in the inventory as on 1st April 1969 nor were they reported to be short.

(7) *Outstanding dues.*—In the Gwalior Press the customers' ledger for chargeable jobs had not been posted since April 1969. The outstanding dues on 31st March 1969 (Rs. 11.52 lakhs) were mainly recoverable from State Government (Rs. 9.03 lakhs) and Central Government (Rs. 2.43 lakhs) departments. Of that Rs. 5.55 lakhs were considered irrecoverable and Controller of Printing and Stationery was moved in November 1965 to write off the amount. Orders are awaited.

In the Bairagarh Press recovery of Rs. 7.01 lakhs was outstanding on 1st May 1970 (including Rs. 3.67 lakhs recoverable from State Government departments). Of this, Rs. 6.16 lakhs were more than three years old.

The matter was reported to Government and the Controller of Stationery and Printing in June and September 1970; reply is awaited (January 1971).

39. *Distribution of maize.*—Against allotment of 300 tonnes of maize for Bastar district for 1967, 3,500 bags weighing 260 tonnes (approximate cost Rs. 1.56 lakhs) were received in October 1967 for free distribution in scarcity affected areas. The scheme of free distribution was stopped from 30th November 1967 due to satisfactory food position. As no distribution had been done by that time, the entire quantity was rendered surplus.

To utilise the stocks received, it was decided by Government in December 1967 to issue the maize to labourers working on scarcity works as payment in kind. Accordingly, 1,847 quintals were issued in January 1968 to Tahsildars and Executive Engineers, etc., 514 quintals were given to the District Live Stock Officer, Bastar in April 1968.

The Executive Engineer, North Bastar, Buildings and Roads Division, reported (September 1968) to the Collector that "bags of maize contained 60 to 70 per cent wastage and the contents are not being accepted by the labourers or contractors". The reports received from four Tahsildars and Sub-Divisional Officers also indicated that the maize was badly infested and was not fit for human consumption. According to their reports, 178 quintals of maize costing Rs.0.11 lakh were unfit for human consumption. The total loss on account of maize becoming unfit for consumption has not so far been assessed.

The Collector, Bastar, informed the Commissioner, Raipur in May 1968 that 1,600 bags (1,116 quintals) being the balance out of 3,500 bags received in December 1967 were not required. The manner in which these 1,600 bags were disposed of/utilised has not been intimated (December 1970).

The matter was reported to Government in September 1970; reply is awaited (January 1971).

40. *Free distribution of wheat.*—1,140 quintals of wheat were allotted by Revenue Department to the Deputy Director, Tribal Welfare, Bastar, during September and October 1967 for free distribution to the old and infirm and others in distress in the scarcity affected areas in Bastar district. 742 quintals were distributed amongst 3,52,240 persons, and 166 quintals were sold in December 1967 under the orders of Government (due to closure of scheme) to a contractor of the National Mineral Development Corporation at Rs. 70 per quintal. No detailed account for the distribution of 742 quintals was available with the Deputy Director, Tribal Welfare. 220.58 quintals were reported (June 1968) to be remaining unused with the Additional District Organisers, Kanker and Jagdalpur, as the entire quantity was highly infested and unuseable. This resulted in loss of Rs. 0.15 lakh (approximately). The Deputy Director informed Audit in April 1970 that action to fix responsibility for the loss would be taken shortly. Further report is awaited (December 1970). No report on the loss has been sent to Audit (required in the financial rules).

The matter was reported to Government in September 1970; reply is awaited (January 1971).

### Jails Department

41. *Manufacture of blankets.*—A proposal for stepping up the annual production of woollen blankets from 6,000 to 10,000 in the Central Jail, Jabalpur, for meeting the annual requirement of the Jail Department and thus saving of Rs. 0.24 lakh annually on their purchases was submitted by the Jail Superintendent to the Inspector General of Prisons in November 1963. It was approved by Government in November 1966. Additional machines were to be installed and a three-phase power line was to be erected at a cost of Rs. 0.40 lakh and Rs. 0.07 lakh respectively.

The machines costing Rs. 0.35 lakh were purchased in March 1967; they have not yet been put to use for want of the power line (August 1970), though funds for installation of 3 phase power line were placed at the disposal of the Public Works Department for the first time in February 1968 and for the second time in November 1969. The specific reasons for not completing the work by Public Works Department have not been intimated.

Government to whom the matter was reported in August 1968 intimated Audit (October 1970) that the provision in the budget has been made and Public Works Department has been directed to complete the work as early as possible.

### General

42. *Cases of misappropriation of Government money.*—The following table shows the position of cases (other than 54 cases—amount Rs. 5.88 lakhs which are sub-judice) of alleged misappropriation of Government money reported to

Audit up to 31st March 1970 but which remained unfinalised at the end of September 1970:—

	No. of cases	Amount (In lakhs of rupees)
Cases (reported up to March 1969) outstanding at the end of September 1969.	357	25.86
Cases reported during 1969-70	54	7.20
Cases disposed of till September 1970	63	2.02
Cases outstanding at the end of September 1970	348	31.04

According to rules, cases of misappropriation should be dealt with expeditiously and finalised within six months of their detection and cases in which departmental enquiries have been ordered are to be finalised within a year. Nevertheless, there had been considerable delay as shown below. 156 cases (amount Rs. 13.01 lakhs) have been outstanding for over five years; 71 cases (amount Rs. 3.60 lakhs) have been outstanding for over three years but for not more than five years; 67 cases (amount Rs. 7.23 lakhs) have been outstanding for over one year but not more than three years.

The reasons for which these 348 cases were outstanding are stated below:—

	Number	Amount (In lakhs of rupees)
Awaiting investigation	168	19.61
Awaiting action against officials	38	1.16
Awaiting recovery/information about recovery	106	6.37
Awaiting orders for write off	36	3.90

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

In the cases closed during October 1969 to September 1970, Rs. 0.32 lakh were recovered in 17 cases, while in 6 other losses of Rs. 0.58 lakh were written off.

According to rules, cases of losses/misappropriation are required to be reported immediately to the Accountant General. A review of 348 cases, which were pending at the end of September 1970, disclosed that there had been delay of more than one month to one year in reporting 151 cases to Audit as below:—

	No. of cases	Amount (In lakhs of rupees)
Cases delayed for more than one month but less than three months.	40	1.25
Cases delayed by three to six months	22	0.85
Cases delayed by six months to one year	24	2.40
Cases delayed by more than a year	65	7.82

43. *Miscellaneous irregularities.*—Two cases of miscellaneous irregularities are given in Appendix V.

44. *Write-off of losses, etc.*—In 530 cases, losses due to shortages, theft, irrecoverable revenue, remissions of revenue and abandonment of claims to revenue, etc. amounting to Rs. 5.48 lakhs were written off/waived during 1969-70 by competent authorities.

Department-wise details are given in Appendix VI.

**CHAPTER IV**  
**WORKS EXPENDITURE**

**Irrigation Department**

**REVIEW OF IRRIGATION WORKS**

45. To increase food production by irrigating more land, construction of new tanks and anicuts, and restoration and improvement of existing tanks have been taken up. Results of review of 53 irrigation works are given in paragraphs 46 to 56. Some of the points mentioned therein are:—

- (i) expenditure on works has remained largely unfruitful.
- (ii) there had been considerable delay in completion of works resulting not only in delay in bringing land under irrigation, but also increase in cost of construction due to rising prices.
- (iii) considerable shortfall in irrigation.
- (iv) the designs and estimates prepared for projects were defective and had to be revised substantially without corresponding increase in the scope of the project and resulting in infructuous expenditure.

46. *Tejgarh Tank*.—Construction of Tejgarh tank in Irrigation Division, Damoh (administratively approved in June 1954 for Rs. 9.46 lakhs), intended to irrigate 5,230 acres of land, was taken up in June 1954.

Some particulars of the work are given below:—

(a) Cost of construction—	(In lakhs of rupees)
Original estimate (June 1954)	9.46
Revised estimate (March 1961)	35.88
Second revised estimate (not yet sanctioned)	44.85
Actual expenditure up to May 1970	34.88

The five-fold increase in the estimated cost of the project was mainly due to—

- (i) increase in the cost of earthwork and excavation due to increase in the rates and increase in the quantity of work;
- (ii) execution of works such as down-stream filter blanket boulder toe, pitching and chipping provision of protective works to the spill channel, increase in the width of puddle trench, etc. not contemplated in the original estimate; and
- (iii) general increase in the cost of labour and material due to delay in completion of the scheme.

With a view to increasing the irrigation potential of the project from 5,230 acres to 6,000 acres it was proposed to increase the capacity of the tank by raising the height of the bund and spill channel by 4 feet. Though the height of the

bund was increased by four feet at a cost of Rs. 0.17 lakh to impound more water, the height of the waste weir bar has not been raised so far as it was apprehended that sub-soil seepage through the foundation of the dam might increase if the height of the waste weir bar is also increased. The proposal is under re-examination (December 1970).

Irrigation from the tank has been far less than its existing potential (5,230 acres) as below:—

Year	Area actually irrigated (In acres)
1965-66	3,504
1966-67	3,797
1967-68	2,072
1968-69	2,554
1969-70	3,223

The Executive Engineer attributed (December 1969) the shortfall in irrigation to—

(i) the original target of the tank was fixed on arbitrary basis and the potential of the tank as per revised table is 4,000 acres only;

(ii) decrease in *Rabi* area due to timely rains; and

(iii) unwillingness of villagers to take water due to increase in water-rates.

(b) *Other points*.—Due to heavy rains during 1961-62, retrogression occurred in the spill channel bed causing heavy scour.

For arresting scour in the spill channel construction of a chute was considered very costly. The Chief Engineer advised in April 1961 certain temporary measures (like placing boulders across the gullies formed by retrogression) to be tried for two or three seasons. Rs. 2.50 lakhs were spent on this temporary arrangement till 1965 without any fruitful result. It was decided in 1966 to provide a chute at an estimated cost of Rs. 5.21 lakhs as the temporary plugging of the gullies by boulders was not effective as they could not withstand the force of water.

Government to whom the matter was reported in June 1969 intimated in January 1971 that the present position of the construction of chute fall is being called for from the Chief Engineer and that expected irrigation would develop in due course.

47. *Asrawad tank*.—Restoration of Asrawad tank (in Indore Irrigation Division), intended to irrigate 450 acres, was administratively sanctioned in January 1960 for Rs. 1.43 lakhs. The work was taken up in February 1960 and was to be completed by December 1962. However, after spending Rs. 0.74 lakh, it was stopped in July 1960 due to non-acquisition of land and lack of proper survey. The work was restarted in November 1964. Its completion was further

delayed due to delay in acquisition of land for spill channel. It is now expected to be completed by March 1971.

Some particulars of its cost of construction, irrigation potential, etc. are given below:—

(a) Cost of construction—	(In lakhs of rupees)
Original estimate (1960)	1.43
Revised estimate (1963)	3.17
Revised estimate (not yet sanctioned)	7.70
Actual expenditure (up to May 1970)	6.28
(b) Area to be irrigated —450 acres	

According to the departmental instruction issued in February 1962 the cost of an irrigation work should not ordinarily go beyond Rs. 600 per acre and for undertaking a scheme costing Rs. 600 to Rs. 800 per acre, there should be special reasons. The estimated cost of irrigation per acre has in this case increased from Rs. 317 to Rs. 1,711 in the latest revised estimate. The Executive Engineer attributed (July 1970) the five-fold increase to defective original estimate, inadequate provision for acquisition of land in the original estimate, and increase in the cost of materials and construction due to rising prices.

According to the Chief Engineer (February 1964), the work of puddle, boulder toe and touching the slopes executed in 1960 was far in excess of the quantities provided in the estimate and was also not necessary. Rs. 0.61 lakh were spent on this account.

The matter was reported to Government in February 1970; reply is awaited (January 1971).

48. *Kheria Punaoli*.—Construction of Kheria Punaoli project (a minor irrigation scheme in Guna Irrigation Division), taken up in 1963 without administrative approval and technical sanction, was to be completed by December 1966. The *ex post facto* administrative approval was obtained in June 1966.

The head-works were completed two years behind the schedule in December 1968. The delay in completion of the head-works was attributed to delay in approval of design and payment of compensation to land-owners. Construction of canals which should have been synchronised with that of the head works has been held up as necessary land has not been acquired and also the design of canals has not been approved. It is expected to be completed by March 1972.

Some particulars about the project are given below:—

(a) Cost of construction—	(In lakhs of rupees)
Original estimate	8.68
Revised estimate (yet to be sanctioned)	12.50
Actual expenditure (up to May 1970)	9.81

(b) Area to be irrigated—	(In acres)
Original estimate	920
Revised estimate	920
Area actually irrigated	Nil
(c) Cost of irrigation per acre—	(Rupees)
Original estimate	944
Revised estimate	1,359

The increase in the estimated cost was attributed to non-provision or inadequate provision for certain items in the original estimate, change of width and depth in dam and increase in the cost of materials and construction.

49. *Naubasta tank*.—Construction of Naubasta tank in Rewa Irrigation Division (administratively approved in March 1960 for Rs. 1.25 lakhs) was taken up in the middle of 1960 and completed (except 12 chain canals out of 85 chain canals) in 1964. Some particulars of its cost of construction, target and actual area irrigated etc., are mentioned below:—

	Amount
(a) Cost of construction—	(In lakhs of rupees)
Original estimate (1960)	1.25
Cost of construction (excluding supervision charges—revised estimate yet to be sanctioned).	3.31
(b) Target of irrigation—	(In acres)
Original	283
Revised (1967)	183
(c) Area irrigated—	
Year	
1965-66 } 1966-67 } 1967-68 }	Nil
1968-69	69
1969-70	24

The target of irrigation was reduced due to poor live storage capacity of the tank. The increase in cost is due to—

- (i) inadequate provision for land acquisition and earthwork in the original estimate;
- (ii) increase in masonry work for technical perfection; and
- (iii) increase in cost of construction due to rising prices.

According to Government instructions (1962), cost of construction of minor irrigation works should not exceed Rs. 800 per acre. The cost per acre of the tank has, however, reached Rs. 1,800 per acre.

The shortfall in irrigation was due to heavy seepage, which has not been rectified so far (August 1970). The Executive Engineer, Irrigation Division.

Rewa, stated (August 1970) that "the tank basin is rocky and the rock is fissured. As the boring was not done due to small tank, this can be checked up by grouting only, which will be comparatively costly. As such no improvement is proposed at present."

The matter was reported to Government in September 1970; reply is awaited (January 1971).

50. *Urela tank*.—With a view to providing irrigation to 791 acres, development of the tank was taken up (estimated cost Rs. 0.89 lakh) in October 1962. Construction of head-works and canals was to be synchronised and completed by March 1966. The head-works were completed in March 1966. Excavation of canals to the full length has been completed but masonry structures on the canals are expected to be completed by March 1971. Rs. 2.91 lakhs (including Rs. 2.61 lakhs on head-works) were spent till March 1970. Delay in completion of canal was due to delay in approving alignment of canals (approved in November 1968) resulting in delay in acquisition of land for canals and in approval of designs for masonry works. The increase in the cost of construction was due to raising of the full tank level by four feet, inadequate provision for land compensation, non-provision of pitching, leakage drains, clay blanket, filter blanket, etc., in the estimate, and increase in the rates of labour and material.

The tank irrigated only 8 acres and 110 acres in 1968-69 and 1969-70.

Government, to whom the matter was reported in November 1969, intimated in August 1970 that it had no comments to offer.

51. *Dhirma nalla anicut*.—Construction of Dhirma Nalla anicut, a minor irrigation scheme, in Rewa district (administratively approved in February 1963 for Rs. 0.49 lakh with an irrigation potential of 200 acres) was taken up in January 1963. The head-works were completed in March 1967; the canals, which were to be ready by March 1967, were completed only in March 1970. The delay in completion of the canal was due to delay in acquisition of land. Rs. 1.32 lakhs had been spent on the scheme till March 1970.

The increase in cost was mainly due to non-provision for acquisition of land and cross-drainage works on the canals in the original estimates and the provision for earthwork being not based upon any reasonable estimate of the work to be done.

Irrigation from the anicut commenced from 1968-69, and during 1968-69 and 1969-70, only 55 acres and 29 acres were irrigated. According to the Executive Engineer (June-July 1970), water is not taken by the cultivators if the rainfall is good and cultivators utilise private pumps for lifting water for which no legal remedy is available. Due to lifting of water by private pumps very little water is left for feeding the canals and the utility of the outlay may be reduced to almost nil.



52. *Khanpura tank aqueduct*.—The aqueduct at chain 88.5 of Khanpura tank right bank canal in Irrigation Division, Guna, constructed in 1967 at a cost of Rs. 0.45 lakh suffered extensive damage (collapse of left bank and wing walls, washing off of earthwork, twisting of joints etc.) on the very first watering in February 1968. An estimate of Rs. 0.12 lakh framed by the Sub-Divisional Officer in February 1969 for restoration of the damages has been considered to be inadequate by the division and restoration has not been taken up so far. 100 out of the 177 chains of canal could not be utilised due to these damages.

The investigation made by the Department indicated that the damage had occurred because of poor workmanship, unauthorised changes made in designs and improper resting of the foundations. It was also seen that payments for foundation were made for hard soil, while trial pits indicated that the foundation was resting on sandy soil. The bulk of the expenditure of Rs. 0.45 lakh incurred thus proved infructuous.

The matter was reported to Government in January 1970; reply is awaited (January 1971).

53. *Bira tank*.—To irrigate 185 acres per annum, construction of Bira tank (in Shivpuri district) was taken up in January 1967 at an estimated cost of Rs. 0.92 lakh. It was to be completed by 1968.

Due to non-acquisition of land (for which proposals were mooted in June 1967; notification has not been issued so far—July 1970) and scarcity of labour, the work was stopped in July 1967 after spending Rs. 0.16 lakh. The work has not been resumed so far (July 1970) due to non-finalisation of land acquisition proceedings and non-receipt of technical sanction and revised administrative approval for Rs. 1.00 lakh.

The matter was reported to Government in July 1970; reply is awaited (January 1971).

54. *Minor Irrigation Works (Khargone)*.—During 1959-65 twenty-six minor irrigation works were constructed in Khargone Irrigation Division at a cost of Rs. 4.39 lakhs to provide irrigation to 1,185 acres of land per annum. Fifteen works (cost Rs. 1.70 lakhs) have not irrigated any land so far; the remaining eleven works (cost Rs. 2.69 lakhs) have irrigated only 314 acres during the last six years (March 1970). Absence of post-monsoon flow, want of command, leakages and damage were attributed to be the reasons for failure or performance shortfall of these irrigation works. The Executive Engineer stated (June 1969) that "a report regarding unsuccessfulness of these works has been submitted to the Superintending Engineer" in September 1967.

The matter was reported to Government in August 1969; reply is awaited (January 1971).

55. *Minor Irrigation Works.*—The following eighteen minor irrigation works were completed during 1961-69 at a cost of Rs. 6.49 lakhs, but the expenditure has been largely unfruitful as very little irrigation has been done:—

Name of work Year of completion	Expendi- ture (In lakhs of rupees)	AREA IRRIGATED			Reasons for short- fall attributed by the Executive Engineer
		Anticipa- ted acres per annum	Period	Actuals (In acres)	
<i>Irrigation Division, Seoni</i>					
1. Jilwani anicut 1965	0.80	100	1966-68 1968-70	5 Nil	The anicut was de- signed for <i>khari</i> f irri- gation while the command area was under <i>rabi</i> and the cultivators were being persuaded to change the crop pattern.
<i>Irrigation Division, Raigarh</i>					
2. Deobahal tank 1965	0.66	120	1966-67 to 1969-70	12	The tank is defec- tive having very low capacity. The De- partment proposed its transfer to panchayat in July 1970.
3. Chiraimuda tank 1962	0.20	100	1963-64 to 1969-70	Nil	Heavy losses of water in canal and field due to sandy soil.
<i>Irrigation Division, Dewas</i>					
4. Gandhwal Stop Dam 1962	0.41	150	1962-69	Nil	Cultivators have not installed pumps for lifting water.
5. Rajwada Stop Dam 1965	0.20	100	1965-69	Nil	Do.
6. Kalapata Stop Dam 1966	0.19	35	1966-69	Nil	Do.
7. Siya Pick up Weir 1967	0.19	50	1967-69	Nil	Do.
<i>Irrigation Division, Ujjain</i>					
8. Kadai Regulator 1962	0.21	60	1964-65 1965-69  1969-70	6 Nil  4	Flow in <i>nallah</i> ceased due to lean water.  The irrigation is done by lift irri- gation as canals are not constructed. Water lifting arran- gements have not been made by culti- vators.
9. Afzalpura tank 1962	0.15	75	1962-64 1964-67 1967-70	Nil 25 Nil	Do.

Name of work Year of completion	Expendi- ture (In lakhs of rupees)	Anticipa- ted acres per annum	Period	Actuals (In acres)	Reasons for short- fall attributed by the Executive Engi- neer
10. Borkhedi Pick up weir 1965	0.24	75	1965-70	Nil	No post-monsoon flow.
11. Runaji Stop Dam 1961	0.21	50	1962-68 1968-70	Nil 5	Due to lack of lift- ing arrangements.
<i>Irrigation Division, Guna</i>					
12. Borekheda tank 1962	0.25	55	1963-70	41	Leakage
13. Rampura tank 1963	0.20	40	1964-70	69	Leakage
14. Dhreepur tank 1962	0.18	70	1963-70	77	Leakage
15. Awan tank 1962	0.17	50	1963-66 1966-70	4 4	For want of com- mand area.
<i>Irrigation Division, Nowgong</i>					
16. Pokhra diversion March 1969	1.49	340	1969-70	Nil	Canal gets silted up. Efforts to improve by cleaning, etc. are being taken.
17. Tara diversion March 1968	0.53	200	1968-69 1969-70	7 Nil	The diversion is designed for <i>khari</i> irrigation but the cultivators are not willing to take water for <i>khari</i> .
18. Majhgawan Regulator March 1963	0.21	200	1964-70	Nil	No flow of water in the <i>nallah</i> .

56. *Infructuous expenditure.*—For providing irrigation to 650 acres of land, construction of Bagdari tank (administratively approved in January 1964 for Rs. 2.70 lakhs) was taken up by the Executive Engineer, Tube Well Division, Narsinghpur, in 1964. The Superintending Engineer observed (January 1964) that a dam of 35 feet height (as sanctioned) cannot irrigate 650 acres and in order to achieve this target its height had to be raised to 48 feet after conducting proper survey and investigation. The Executive Engineer, however, constructed the bund with a height of 48 feet without proper survey and investigation. Detailed survey and investigation subsequently showed that the estimated potential of 650 acres was based on incorrect data of rainfall and catchment area; the tank could actually provide, by reducing the full tank level by 11 feet, irrigation of only 250 acres of land. Consequently, considerable portion of work done in the spill channel and waste weir had to be dismantled. This resulted in infructuous expenditure of Rs. 0.12 lakh.

The responsibility of the official ordered by Government in September 1967 has not been fixed so far (January 1971).

#### EXCESS PAYMENT

57. *Approach road to Loni Dam.*—Construction of approach road to Loni Dam in Rewa District (administratively approved for Rs. 0.49 lakh) was taken up in December 1966 (under scarcity programme) by the Executive Engineer, Irrigation Division, Rewa. The scarcity labour was to be paid for various items of work at rates approved by the Collector, Rewa. It was noticed that for 'boulder soling' the payments to labour were erroneously made at Rs. 1.60 per square metre instead of at the approved rate of Rs. 1.60 per cubic metre resulting in excess payment of Rs. 0.22 lakh.

The Chief Engineer had ordered (October 1968) that disciplinary action should be taken against the delinquent official. Further report is awaited (January 1971).

#### Public Works (Buildings and Roads) Department

58. *Aloni Bridge.*—Construction of a high level bridge of 3 spans of 55' each with well foundation in mile 70 of Amanganj-Pawai road (Panna district) was administratively approved for Rs. 3.32 lakhs in October 1962. Subsequently, as per Deputy Chief Engineer's instructions, the design was changed to a submersible bridge of 4 spans of 25' each on open foundation (estimated cost Rs. 1.89 lakhs) and the work was awarded to a contractor in November 1964. During inspection in February 1965, the Superintending Engineer observing that the soil was not suitable for open foundation decided at site to provide well foundation. As the contractor was not prepared to execute work on well foundation, work was stopped after spending Rs. 0.70 lakh. Out of this Rs. 0.11 lakh spent on bailing out water were wholly infructuous and were written off by Government in November 1966.

The work was thereafter taken up departmentally and Rs. 2.72 lakhs have been spent so far (July 1970). The departmental work of well foundation was defective; the wells developed tilts and shifts and plugging of the wells was also done improperly with the result that there was heavy percolation inside the wells. The Chief Engineer observed (May 1970) that "it is not possible to depend on them (existing wells) for continuing further work. All the bottom plugs are to be recasted." (The extra cost of rectifying the defects and amount already spent on this account has not been intimated). He has ordered (May 1970) that it should be investigated why defective plugs were provided by wrong method and why tilts and shifts were not corrected before plugging. Further report is awaited (December 1970). The Chief Engineer has submitted (January 1970) a revised design for high level bridge of 5 spans of 35' each (estimated cost: Rs. 5.77 lakhs) to Government, approval of which is awaited. The work which was to be completed by December 1965 has not been completed so far. It is expected to be completed by June 1971.

The matter was reported to Government in November 1970; reply is awaited (January 1971).

59. *Out patient block for M. Y. Hospital, Indore.*—In March 1962 Government approved commencement of construction of the out-patient block for M. Y. Hospital, Indore, (estimated cost Rs. 9.34 lakhs), subject to the detailed estimate being got sanctioned within three months. The work started in January 1964 was completed in June 1967; the detailed estimate has, however, not been sanctioned so far (August 1970). Rs. 15.76 lakhs were spent on its construction.

The following points were noticed in Audit:—

- (i) With a view to provide cellar, the area around the basement was filled with *gitti* and *morrum* at a cost of Rs. 0.42 lakh. In this connection the Executive Engineer observed (March 1968) that “the site condition never justified a cellar, the drawing could have been changed instead of filling *moorum* and *gitti* allaround”.
- (ii) The contractor was paid Rs. 0.27 lakh in the final bill for disposal of the excavated material to distant places. The Executive Engineer stated (August 1968) that reasons for not utilising the excavated earth (for filling around the basement) were not available from the records.
- (iii) According to the final bill the contractor has been paid Rs. 0.30 lakh in excess on running bills due to extra payment for shuttering, lead and lift, incorrect measurements, etc. In addition Rs. 0.21 lakh were recoverable from him for cement supplied (Rs. 0.07 lakh have since been adjusted from security deposit). The Executive Engineer stated (August 1970) that the contractor has contested this in a court of law and recoveries will be made when the case is decided by the court of law.
- (iv) The Deputy Chief Engineer observed in (October 1968) that Rs. 0.18 lakh had been paid in excess to the contractor for shuttering to concrete work in foundation, lead for extra quantity of *morrum*, vibrated concrete and that expenditure (Rs. 0.07 lakh) on water-proof compound for concrete and plaster carried out under orders of the Chief Engineer was unnecessary.

The matter was reported to the Chief Engineer and Government in February 1970; reply is awaited (January 1971).

60. *Collapse of a building.*—The first floor and verandah of the New Boy's Hostel of Holkar College, Indore, constructed in 1957 at a cost of Rs. 0.51 lakh collapsed in August 1961. Rs. 9,851 were then spent on special repairs to the building. On the suggestion (March 1963) of the Deputy Chief Engineer, Government ordered (April 1966) dismantlement of the building to a safe level and constitution of a departmental committee consisting of the Chief Engineer and the Deputy Chief Engineer to enquire into the reasons for the collapse and to submit its findings within three months positively. The committee's report and action taken to fix responsibility are awaited (December 1970).

The Executive Engineer (Buildings and Roads) Division I, Indore, informed Audit (December 1968) that the value of dismantled portion of the hostel was Rs. 0.29 lakh (cost of dismantlement: Rs. 2,400). The building has not

been used since its collapse (in 1961) and according to the Executive Engineer (September 1970) the building cannot be renovated and will have to be demolished.

The matter was reported to Government in July 1968; reply is awaited (January 1971).

#### EXTRA EXPENDITURE

61. *Allotment on piece work basis.*—During 1968-69 the Executive Engineer, Buildings and Roads Division, Ratlam, awarded without inviting tenders the work of collection of road materials to 58 contractors (on piece rate basis) at rates varying between the current schedule of rates and 4 per cent below the current schedule of rates; even quotations were not obtained before allotting the work. Subsequently in February 1969, when tenders were invited, the rates quoted by the lowest tenderer for collection of boulders and metal, *morrum*, etc. were 22 and 25 per cent below the current schedule of rates respectively.

With reference to the rates of the lowest tenderer allotment of the works of collection of road material on piece work basis (estimated cost: Rs. 2.88 lakhs) in 1968-69 resulted in extra expenditure of Rs. 0.62 lakh.

Government to whom the matter was reported in June 1969 stated (April 1970) that necessary action against the Executive Engineer responsible for the irregularity was being taken. Further report is awaited (January 1971).

62. *Construction of Tribal Welfare Research Institute.*—Five tenders were received (12th September 1967) for construction of the Tribal Welfare Research Institute building at Bhopal (estimated cost : Rs. 4.58 lakhs) by the Executive Engineer, Buildings and Roads Division, Bhopal. The lowest tender (8.33 per cent below the current schedule of rates) was recommended by him to the Superintending Engineer on 19th September 1967 for acceptance. The tenders were returned to the Executive Engineer on 18th October 1967 for furnishing further information and were resubmitted by him on 25th October 1967. The Superintending Engineer and the Chief Engineer in turn forwarded their recommendations for acceptance of the same lowest tender to the Chief Engineer and Government on 22nd November 1967 and 8th December 1967 respectively. Before Government finalised the tenders the contractor withdrew his offer on 13th December 1967. Thereupon, Government rejected the tenders. On recall of tenders, the work was awarded in March 1969 at 5.9 per cent above the current schedule of rates. With reference to the original offer this resulted in extra expenditure of Rs. 0.65 lakh.

The matter was reported to Government in September 1969; reply is awaited (January 1971).

63. *Construction of M. V. M. College, Bhopal.*—Tenders for construction of Science Block of M. V. M. College, Bhopal (estimated cost; Rs. 4.00 lakhs) were invited by the Buildings and Roads Division, Bhopal, on 4th September

1968. The Chief Engineer recommended (October 1968) to Government acceptance of the lowest tender which was 1.25 per cent below the current schedule of rates. Government approved that tender on 13th January 1969. The tenderer, however, withdrew his offer (23rd January 1969) which was valid up to 3rd January 1969. The work up to plinth level was then got executed on piece work basis at 9.90 per cent below the current schedule of rates after recalling tenders and the remaining work afresh was allotted in December 1969 at 9.20 per cent above the current schedule of rates. The delay in finalisation of tenders, thus resulted in extra cost of Rs. 0.27 lakh.

The matter was reported to Government in January 1970; reply is awaited (January 1971).

64. *Jarerua-Sumaoli Road.*—Against 21.65 lakhs cft. of earth-work provided for in the technical estimate of Jarerua-Sumaoli road 44.30 lakh cft. (205 per cent of estimate) of earth-work were actually executed during construction in 1961-64. This resulted in extra expenditure of Rs. 0.71 lakh on earth-work. Investigation made at the instance of Audit disclosed in February 1969 that extra earth-work was due to five changes in alignment during execution resulting in abandonment of portions of work already done, damage to road during successive monsoons due to consequential delay in its completion and ineffective supervision resulting in payment for even unnecessary quantities of earth-work done. The amount of extra expenditure incurred on each account has not been estimated so far.

Government to whom the matter was reported in October 1968 stated (October 1969) that responsibility of delinquent officials was being fixed. Further report is awaited (January 1971).

#### EXCESS PAYMENTS

65. *Short recovery from a contractor.*—1.69 lakh cft. of undressed pitching stone were supplied to a contractor for stone work in Simrakhudri project in April-May 1965. As per agreement, cost therefor was to be recovered at the rate (Rs. 28.10 per hundred cft.) provided in the current schedule of rates for collection of stones for masonry at quarry excluding stacking. However, recovery was made in March 1966 at Rs. 11.97 per hundred cft. resulting in short recovery of Rs. 0.27 lakh. Government to whom the matter was referred stated (August 1970) that necessary action for recovery and fixing responsibility was being taken. Further report is awaited (January 1971).

#### Public Health Engineering Department

66. *Extra expenditure.*—The Madhya Pradesh Electricity Board introduced with effect from 1st April 1961 high tension tariffs for Chambal area for loads with maximum demand in excess of 50 Kws., with rates for industrial tariff at two basis:—

- (a) Two-part tariff of a fixed charge of Rs. 675 per month *plus* Rs. 5.98 for every 100 units of electricity consumed; and

(b) slab tariff at a uniform charge of Rs. 11.45 for every 100 units.

The consumers had been given an option to choose to be charged at either of the two basis. Application of two-part tariff would be advantageous when monthly consumption exceed 12,340 units.

Between April 1961 and March 1969 the Public Health Engineering Division, Indore, paid to the Board at the two-part tariff Rs. 1.54 lakhs for 4,74,701 units of electricity consumed by the Deodharan Filter Station (average monthly consumption 4,997 units). Payment at the slab tariff would have resulted in saving of about Rs. 0.44 lakh. The Division stated (August 1969) that 'it could not be ascertained from the records of the division whether and if by which authority and in favour of which tariff, option, if any, was exercised, that no agreement appeared to have been executed with the M. P. Electricity Board, that a comparative study of the two rates showed that the slab-tariff was definitely economical for the Deodharan Filter house, and that the average monthly consumption in the year 1960-61 was 6,900 units'.

The matter was reported to Government in January 1969; reply is awaited (January 1971).

67. *Extra expenditure due to incorrect notice inviting tenders.*—The work of fixing water meters in 2,000 quarters at T.T. Nagar, Bhopal, was awarded (August 1968 and January 1969) to a contractor on item rate basis by the Executive Engineer, Public Health Division No. 1, Bhopal. In the notice inviting tenders and the comparative statement the quantity of brick masonry required to be done was erroneously shown as 0.50 cubic meter per quarter instead of 0.07 cubic meter per quarter (provided for in the estimate). Consequently, the work was awarded to a contractor whose offer was not actually the lowest. On the basis of the quantity of brick masonry work actually executed, this resulted in extra expenditure of Rs. 0.33 lakh with reference to the offer of another contractor whose tender would actually be the lowest.

The matter was reported to Government in May 1969; reply is awaited (January 1971).

68. *Sewer line.*—The contract for laying sewer line in E-5 Sector, Bhopal, entered into in 1966-67, provided that the work should be executed according to the specifications prescribed in the current schedule of rates and the Bombay Public Works Department hand-book. During local audit in September 1968 it was noticed that for laying 12" diameter pipes the contractor excavated trenches of 4' to 6½' width and was paid accordingly, but according to the prescribed specifications, the width of these trenches should not have been more than 3'. This resulted in excess payment of Rs. 0.22 lakh.

The matter was reported to the Public Health Engineer and Government in December 1968. The Public Health Engineer instructed (June 1970) the Executive Engineer to recover the excess payment. The amount has not been recovered so far and Government's reply is awaited (January 1971).



## CHAPTER V

### STORES AND STOCK ACCOUNTS

#### Tribal Welfare Department

69. *State of accounts in the District Organiser's Office, Shahdol.*—Local audit of the office of the District Organiser, Tribal Welfare, Shahdol in December 1969-January 1970 showed that stock accounts were not properly maintained. Important irregularities noticed are given below:—

- (1) Rules provide that the drawing officer should record a certificate that the material has been received and entered in the stock register. The certificate was not recorded for stores valued Rs. 1.02 lakhs received during 1966-69 nor were the stores entered in the stock registers.
- (2) Closing balance of the stock (Rs. 0.85 lakh) for 1968-69 was not carried forward into the new stock register for 1969-70. The stock registers of furniture for 1965-66, of books for 1964-65 and scientific equipment for 1967-68 and 1968-69 were not produced to Audit.
- (3) Stock register showing the receipt of materials was not maintained in the circle office (Jaisingnagar) between 1965-66 and 1968-69. Acknowledgements of the circle organisers, etc., to whom the stores were issued as well as of persons to whom articles had been distributed were not available on the records of the District Organiser.
- (4) Physical verification of the stores had not been conducted since 1965-66 even though the rules prescribe that physical verification should be conducted at least once a year.

Eventhough tenders were required to be invited for purchase of stores costing Rs. 5,000 and above, tenders had not been called for in many cases (*e. g.* furniture costing Rs. 0.10 lakh purchased in March 1967; utensils costing Rs. 0.25 lakh purchased in July 1967).

These irregularities were reported to the Director of Tribal Welfare and Government in April 1970 requesting them to arrange detailed departmental checking of the accounts of the office; reply is awaited (January 1971).

70. *Purchase of tractors and air compressors.*—Nineteen air compressors (cost: Rs. 4.50 lakhs approximately) purchased by the Public Health Engineer, Madhya Pradesh, through the Director General of Supplies and Disposals, New Delhi, were directly supplied to the Collectors for sinking wells and deepening of drinking water wells in tribal development blocks. Subsequently 20 air compressors and 39 tractors for haulage of air compressors for deepening of wells in the tribal development blocks were purchased by the Agriculture Department in 1967-68 for Rs. 14.43 lakhs and were allotted to 15 districts. Information about receipt of the equipment and their subsequent movement was not available

with Public Health, Planning and Development, Tribal Welfare and Agriculture Departments; also information about their utilisation was not obtained. The following points about utilisation of the equipment were noticed in audit of the units of the Tribal Welfare Department in five districts of Surguja, Bastar, Durg, Mandla and Jhabua during May 1969-September 1970.

(i) *Surguja*.—Out of six air compressors received in the district in September-October 1967, two are out of order, three are lying unused from the date of receipt as tractors are not in use and the last one remained unused till August 1970 when it was transferred to a block. According to the District Organiser, Surguja (September 1970), there was no demand for air compressors and tractors.

Only three tractors (cost: Rs. 0.72 lakh approximately) have been received from the Public Health Department in October 1967 which has retained the fourth tractor. One tractor was given on loan (in 1969) to a Municipal Committee for about eight months and was thereafter handed over to a block for transportation work in June 1970. Other tractors are lying idle and require to be repaired. The cost of repairs is estimated to be Rs. 1,250 approximately.

(ii) *Bastar*.—Six air compressors and six tractors were allotted to Bastar district.

Four air-compressors (cost: Rs. 1.18 lakhs) were transferred by the Agriculture Department in September 1968 and remained idle from the date of purchase (May 1967) till March 1970 when they were transferred to subordinate units for use in blocks. The air compressors were not received with full accessories and some parts were purchased in March 1970 (cost: Rs. 0.10 lakh). No details are available about receipt and utilisation of the other two air compressors in the office of the Deputy Director of Tribal Welfare.

Five tractors (cost: Rs. 0.90 lakh) were transferred to the Tribal Welfare Department by the Agriculture Engineer, Raipur, in September 1968, while one tractor was retained by him. The machines remained idle from the date of purchase till September 1968 and thereafter were used for transportation of material in the blocks of the sub-divisions, in this case also, as necessary accessories were not available.

(iii) *Durg*.—One air compressor and one tractor were allotted to Durg district. These (cost: Rs. 0.48 lakh) have not been handed over to the District Organiser, Durg, by the Deputy Director of Agriculture, Durg (August 1970) and are reported to have been lying idle with the latter since the date of purchase (May 1967).

(iv) *Jhabua*.—(a) Five tractors and three compressors (value: Rs. 1.77 lakhs) received by the District Organiser, Tribal Welfare, Jhabua, in August 1967 remained unused with him and no driver or cleaner was provided. Two tractors were passed on by him to the Additional District Organiser, Alirajpur, in September 1967 and two more were lent to the Buildings and Roads Division,

Jhabua, in October 1967 for use on scarcity works. One air compressor was handed over to the Irrigation Department in April 1969 for use on the 'Panpavati Tank' and the remaining one tractor and two air compressors were transferred to the Irrigation Department in March 1970 for use by the latter.

(b) Out of two tractors received by the Additional District Organiser, Tribal Welfare, Alirajpur, in September 1967 from the District Organiser, Tribal Welfare, Jhabua, one tractor remained unused as it had been out of order since its arrival and the other was used only for four months during 1969 for transportation work and was reported to have been returned to the District Organiser, Tribal Welfare, Jhabua in January 1970 for which no acknowledgement was produced.

(v) *Mandla*.—Five tractors (cost : Rs. 0.90 lakh) were received by the District Organiser, Tribal Welfare, Mandla, from the Agriculture Department in June 1967 for hauling the air compressors for boring wells in tribal areas in the interior of the district. Three air compressors (approximate cost : Rs. 0.87 lakh) were received from the Public Health Department in November 1964 and two more (cost: Rs. 0.58 lakh) were received from the Agriculture Department in March 1969. These machines have not been fully utilised since their receipt. As the air compressors are used for deepening of wells only in dry season (April-June) the Deputy Director of Agriculture, Mandla suggested (September 1967) purchase of suitable implements and trailers so that the tractors could be utilised for ploughing during off-season. The decision is awaited (December 1970).

The driver of one tractor is being paid from November 1967 and those of others from June 1968; total payment on account of pay and allowances till October 1970 was Rs. 0.47 lakh (expenditure is still continuing).

The matter was reported to Government in June 1969, June 1970, and September 1970; reply is awaited (January 1971).

#### Medical and Public Health Department

71. *Purchase of sub-standard stirrup pumps*.—An order for 1,300 stirrup pumps at Rs. 92 per pump was placed by the Director of Health Services on a firm (lowest tenderer) in March 1967 for supply directly to twenty-two malaria units. The supplies were received by the units during April-June 1967.

(2) No advance testing of the equipment by obtaining a sample was done. On receipt of complaints about the quality of the pumps the Director of Health Services directed the units (July 1967 and September 1967) to check the pumps thoroughly before making payment and to send one pump or two to the Director, National Malaria Eradication, Delhi, for testing in case the pump was sub-standard. But without waiting for the reports called for from the units or the testing results from Delhi, the Director, acting on the firm's request for early clearance of its bills, issued instructions (November 1967) to several units to

return the pumps for replacement if they were not according to specification or of good quality or otherwise to take immediate action for payment of the firm's bills.

The report received from the Director, National Malaria Eradication Programme, Delhi, in December 1967 *inter-alia* disclosed that the pumps were sub-standard and the workmanship was poor. But eleven units (out of twentyone units for which information was available) had paid Rs. 0.54 lakh for 570 pumps received by them either without testing or although the unit officers were aware of the sub-standard nature of the equipment. All the 570 sub-standard pumps are lying unused since 1967 (some of them had worked for one season-for one to three months in 1967) and 100 pumps (cost: Rs. 0.09 lakh) in two units have been declared unserviceable. They have neither been replaced by the firm nor disposed of so far pending receipt of instructions from the Director of Health Services (December 1970).

(3) As supplies previously obtained were generally sub-standard, in May 1968 the Director placed an order for supply of fresh 1,300 stirrup pumps on the second lowest tenderer whose rate was Rs. 102 per pump. The extra cost (Rs. 0.13 lakh) in the fresh purchase could not be recovered from the first supplier as the terms and conditions with that supplier provided only for forfeiture of security deposit in the event of non-fulfilment of the various conditions and did not include any obligation to make good any loss to Government arising out of such failure.

The matter was reported to Government in August 1970; reply is awaited (January 1971).

72. *Purchase of projectors and generators.*—To popularise family planning in rural areas, the Director of Health Services purchased 26 projectors for Rs. 1.52 lakhs in 1967-68, in addition to 20 projectors already existing with the Department. As the projectors were not being fully utilised in the absence of electricity in rural areas, in January 1969 the Director of Health Services placed an order for supply of 47 generators for Rs. 1.15 lakhs. Audit of the office of Director of Health Services in August-September 1969 disclosed the following:—

In September 1968 the Panchayat and Social Welfare Department had enquired from the Public Health Department whether 121 *audio visual* units, surplus to its requirements, could be utilised for family planning shows. (Mention was made in paragraph 37 of Audit Report 1970 that 121 cinema units, each consisting of one trailer, one projector and one generator and their operators had been lying idle with the Panchayat and Social Welfare Department since January 1966). In October 1968 the Public Health Department had enquired of the Director of Health Services whether those units could be utilised by the Department. In November 1968, the Director of Health Services sent a cinema operator to inspect the equipment. Since then the matter has been under correspondence between the two Departments. The Director of Health Services, stated (December 1970) that it was decided in August 1969 to obtain six projectors and six

generators from Panchayat and Social Welfare Department. But that department has supplied only one set in August 1970.

The 47 generators ordered in January 1969 were received between July 1969 and March 1970. But 31 operators to run those projectors and generators had been appointed much in advance between 1965 and 1969. The expenditure on their pay and allowances till receipt of the generators (Rs. 1.06 lakhs) has to be treated as largely nugatory as in the absence of generators, projectors could not be fully utilised.

The matter was reported to Government in December 1969; reply is awaited (January 1971).

73. *Purchase of milk.*—According to departmental instructions (December 1966) contracts for annual supply of dietary articles to Government hospitals should be finalised well in time so that supplies can commence from 1st April every year. Nevertheless, tenders for supply of milk to Medical College Hospital, Jabalpur, during 1969-70 were invited on 14th April 1969. Despite the Purchase Committee's recommendation for acceptance of the fourth lowest tender (rate-Rs. 1.39 per litre—the first three tenderers had not furnished earnest-money deposit/solvency certificate) out of five received, Government rejected (June 1969) all tenders without recording any reasons. Tenders were re-invited on 11th July 1969. The Purchase Committee recommended (August 1969) the lowest tender (rate Rs. 0.89 per litre) for acceptance. Government, however, accepted (February 1970) the third lowest tender (rate Rs. 1.25 per litre). The second lowest tender was not acceptable as he had not furnished solvency certificate, but reasons for rejection of the lowest tender were not recorded. Supply commenced from 26th March 1970.

Between 1st April 1969 and 10th July 1969 milk was obtained at rates varying from Rs. 1.12 to Rs. 1.29 per litre from either the previous year's contractor or other contractors on the basis of short term quotations or UNICEF milk powder was supplied. As per instructions of the Director of Health Services, milk was obtained from 11th July 1969 to 16th January 1970 from the contractor for the previous year at the market rate (Rs. 1.75 per litre) certified by the Tahsildar.

Delay in finalisation of tenders invited in July 1969 resulted in extra expenditure of Rs. 0.22 lakh between 1st September 1969 and 16th January 1970 with reference to the accepted tender (Rs. 1.25 per litre).

The matter was reported to Government in July 1970; reply is awaited (January 1971).

#### Public Works Department

74. *Excessive purchase of explosives.*—The Executive Engineer, Hasdeo Barrage Division, placed orders on a firm in February 1965 for supply of 90,000 kgs. of gelatine. The firm actually supplied 68,000 kgs. of gelatine (cost Rs. 2.84 lakhs) between May 1965 and June 1965. Of this, 11,875 kgs. of gelatine (cost Rs. 0.50 lakh) became time-barred due to long storage and had to be destroyed in July 1967 (cost Rs. 0.02 lakh) and April 1968 (cost Rs. 0.48 lakh).

The Superintending Engineer attributed (June 1969) the loss to excessive purchases of gelatine. Sanction to write-off of loss and action taken to fix responsibility for excessive purchases are awaited (November 1970).

The matter was reported to Government and Chief Engineer in March 1970; reply is awaited (January 1971).

75. *Purchase of pipes.*—In June 1968 the Executive Engineer, Public Health Division II, Bhopal, placed an order on a Calcutta firm for supply of 4" to 18" diameter cast iron pipes worth Rs. 8.56 lakhs for providing water supply to new buildings in T. T. Nagar Area. However, on re-assessment of actual requirements the firm was asked in July 1968 to discontinue the supplies, but by that time it had already despatched pipes costing Rs. 5.25 lakhs. Out of this, pipes worth Rs. 3.19 lakhs were found surplus and transferred to five other divisions at places nearer to Calcutta between July 1968 and April 1969. This resulted in extra expenditure of Rs. 0.26 lakh on railway freight and transportation and handling. Reasons for excessive purchase of pipes are awaited (December 1970).

The matter was reported to Government in October 1969; reply is awaited (January 1971).

76. *Shortage of Stores.*—Against 2,017 tonnes of cement procured from a factory between July 1965 and April 1968 only 1,632.85 tonnes were accounted for by Sub-division No. 1 under Sidhi Division. The shortage of the remaining 348.15 tonnes of cement valued Rs. 0.67 lakh is under investigation.

The Executive Engineer, Sidhi Division, proposed (July 1970) to the Superintending Engineer that the case might be handed over to the police. Further report is awaited (December 1970).

The matter was reported to the Chief Engineer and Government in April 1970 and August 1970 respectively; reply is awaited (January 1971).

77. *Unused machines, equipment, etc.*—Cases of abnormal delays in utilisation of machines, equipment, etc., have been mentioned in successive Audit Reports. The Public Accounts Committee has repeatedly urged the departments to keep a special watch over machinery, equipment, etc., remaining unutilised for more than six months so as to arrange for their disposal, transfer or proper utilisation. Non-utilisation of stores, etc., still persists.

Cases of unused machines, equipment, etc., which came to notice during 1969-70 and in which considerable delays extending upto twelve years occurred are mentioned in Appendix VII.

#### GENERAL

78. *Synopsis of important stores accounts.*—A synopsis of important stores and stock accounts for 1969-70 (excluding those relating to Government commercial departments/undertakings) is given in Appendix VIII.

79. *Non-receipt of accounts.*—According to Government instructions, annual consolidated accounts of stores and stock are to be furnished to Audit by July every year. Delay in receipt of stores and stock accounts has been commented upon in successive Audit Reports, and the Public Accounts Committee (1960-61)

in its report also took serious notice of such delay. Delay in submission of accounts still persists and the accounts of the following departments for the years shown against each have not been received (December 1970).

(i) Medical	(1969-70)
(ii) Public Health	(1969-70)
(iii) Jails	(1968-69 and 1969-70)
(iv) Food	(1967-68, 1968-69 and 1969-70)
(v) Agriculture (including Grow More Food)	(1968-69 and 1969-70)
(vi) Forest	(1968-69 and 1969-70)
(vii) Stationery and Printing	(1968-69 and 1969-70)

80. *Stock Registers and Stock Verification.*—(a) The register of stock in each public works division is required to be closed at the end of each year and reviewed by the Divisional Officers to ensure that the stock consist only of serviceable articles and the prices of stores are within the prevailing market rates. Information received from 96 divisions out of 147 divisions indicated that the register of stock have not been closed and reviewed for the year ending March 1971 in 69 divisions (Buildings and Roads: 29 divisions; Irrigation : 22 divisions; Chambal Project : 2 divisions; Major Projects : 4 divisions; Tawa Project : 4 divisions; Public Health Engineering : 7 divisions; Rehabilitation : 1 division).

In 16 divisions stock registers have not been closed and reviewed even for earlier periods; some of them relate to the periods as old as April 1955 (Buildings and Roads, North Bastar Division, Jagdalpur), March 1959 (Buildings and Roads Bilaspur Division) and March 1963 (Buildings and Roads Division-II, Indore).

(b) According to the information furnished (October 1970) by 96 divisions out of 147 divisions during 1969-70, the stores were not verified at all in 8 divisions and partially verified in 17 divisions. As a result of this verification shortages totalling Rs. 1.85 lakhs in 17 divisions and excesses Rs. 0.27 lakh in 11 divisions were noticed. These are yet to be regularised (December 1970).

## CHAPTER VI

### FINANCIAL ASSISTANCE TO LOCAL BODIES, STATUTORY BOARDS, CO-OPERATIVE INSTITUTIONS AND OTHERS

#### Section I—Financial Assistance to Local Bodies

81. *Results of audit by Examiner, Local Fund Accounts.*—The expenditure from grants paid by State Government to local bodies (*viz.* Municipal Corporations, Municipal Councils, Janpad Sabhas, Universities, etc.) is audited by the Examiner, Local Fund Accounts, an officer of State Government.

The arrears in audit of the accounts of the local bodies as reported by the Examiner, Local Fund Accounts, are shown below :—

	Number of accounts which remained to be audited at the end of March 1969 (Arrears)	Number of accounts to be audited during the year 1969-70 (Current)
Number of accounts to be audited during 1969-70	368	597
Number of accounts audited during 1969-70	147	288
Number of accounts audit of which has not been completed	221	309

The arrears in completion of audit of the accounts are due to inadequacy of staff, increase in quantum of audit work and increase in number of units to be audited.

According to the information furnished by the Examiner, the following are some of the important points noticed by him during 1969-70 :—

(i) *Non-utilisation of grants.*—Mention has been made in successive Audit Reports of non-utilisation of grants. The Public Accounts Committee also in its Twelfth Report (March 1968) urged closer control over utilisation of grants. The amount of un-utilised grants, however, continues to be heavy; out of the grants paid upto March 1969, Rs. 1,57.75 lakhs remained unutilised till the date of audit (April 1969-August 1970) as shown below :—

Year of payment of grants	Amount of grants, remaining unutilised, received from					Total
	Education Department	Local-Self Government Department	Public Health Department	Public Health Engineering Department	Other Departments	
<i>(In lakhs of rupees)</i>						
Upto 1964-65	76.36	14.05	3.74	0.51	5.74	1,00.40
1965-66	8.29	1.01	0.08	0.01	1.16	10.55
1966-67	3.98	0.59	0.31	..	2.36	7.24
1967-68	12.19	1.75	13.27	6.31	0.19	33.71
1968-69	3.33	1.18	0.11	1.17	0.06	5.85
Total	1,04.15	18.58	17.51	8.00	9.51	1,57.75



The unspent balances with each of twenty six local bodies exceeded Rs. 1 lakh; year-wise analysis of those cases is given below:—

Year of payment of grants	Number of local bodies	Amount (In lakhs of rupees)
upto 1964-65	14	65.34
1965-66	3	7.46
1966-67	1	1.62
1967-68	7	22.71
1968-69	1	1.15
Total	26	98.34

(ii) Utilisation of Rs. 1.32 lakhs, paid as grants to 25 local bodies, has remained unverified either for want of proper maintenance of records or due to production of incomplete accounts of grants.

(iii) Utilisation of loan of Rs. 5.15 lakhs paid to Municipal Corporation, Ujjain, (two cases) in 1967-68 had not been verified so far (October 1970).

(iv) According to the Local Fund Audit Act, 1933 defects or irregularities pointed out in inspection reports are to be remedied or satisfactorily replied to within four months of the receipt of inspection reports. 123 objections (raised between 1958-59 to 1967-68) for Rs. 16.73 lakhs relating to expenditure out of the grants and loans received from Government remained unsettled against 21 local bodies.

(v) Grants paid during 1967-69 to Vikram University, Ujjain, for special purposes (Rs. 11.27 lakhs), Municipal Council, Sehore, for deepening of well (Rs. 0.07 lakh) and Municipal Council, Ratlam, for removal of temporary water scarcity (Rs. 0.06 lakh) were utilised for meeting day-to-day expenses and for purposes other than those for which they were sanctioned.

(vi) Recovery of Rs. 1.81 lakhs (being the cost of audit) from local bodies is in arrears as shown below:—

Year to which recovery pertains	Amount (In lakhs of rupees)
Upto 1964-65	0.40
1965-66	0.23
1966-67	0.28
1967-68	0.30
1968-69	0.60
Total	1.81

(vii) Rs. 16.64 lakhs were paid as loan to Municipal Council, Rajnandgaon for implementing water works scheme in 1955-61. All the six annual equated instalments of principal and interest aggregating Rs. 1.25 lakhs and Rs. 3.50 lakhs respectively payable upto 30th March 1969 remained unpaid by the Municipal Council. Similarly, against the loan of Rs. 0.20 lakh paid to it in February 1967 for purchase of truck or tractor, two equated instalments (fourth and fifth) aggregating Rs. 0.09 lakh payable upto 31st March 1969 remain unpaid.

(viii) Machines worth Rs. 0.08 lakh purchased in November 1962 (Rs. 0.03 lakh) and January 1964 (Rs. 0.05 lakh) by the Maulana Azad College of Technology, Bhopal, out of Government grants remain unutilised from the time of their purchase.

Reasons for non-utilisation are awaited.

### Public Health Department

82. *Establishment of Matru Grihas in rural areas.*—Setting up of simple maternity wards of one or two rooms each in clean surroundings in villages (with a view to shift expectant mothers for a week or so to these wards for delivery) was envisaged. The quality and type of *matru grihas* was to depend upon the availability of local material and contribution of the people. Government's assistance was limited to Rs. 250 for construction of building, Rs. 150 for equipment and payment of Rs. 2 per case to the local *Dais*. Establishment of 1,440 *matru grihas* was sanctioned during the Second Five Year Plan (1958-59 to 1960-61) and it was proposed to open 625 in the Third Five Year Plan (1961-66). The scheme was to be undertaken in development blocks only. It was expected that there would be four *matru grihas* in every block by the end of the Third Plan.

Rs. 5.18 lakhs were spent mainly on payment of grants to the local bodies for construction of hutments and purchase of equipment; no information about the contribution received from the public/local bodies was available. Against 1,565 *matru grihas* sanctioned for construction between 1958-59 and 1961-62, 871 *matru grihas* were constructed during the above period (No information about construction of the remaining 694 *matru grihas* subsequently was available with the Directorate).

The scheme was closed in February, 1966. The following points were noticed in Audit (October 1969) :—

- (i) The actual number of delivery cases attended at the *matru grihas* was 318, 429, 125 and 170 (less than one case per *matru griha* per annum on an average) between 1958-59 and 1961-62, as against 27,150, 35,900, 42,400 and 43,550 cases expected to be attended. No case was attended in subsequent years. Non-utilisation of the institution was attributed by the Director of Health Services in October 1969 to several factors like family economy, social and religious beliefs including caste prejudices.
- (ii) According to the Director of Health Services (November 1961), only 47 *matru grihas* out of 484 established till March 1961 were stated to have been utilised for the purpose for which they were established. The report of the Director of Health Services held that the establishment of the *matru grihas* by the grantees had 'stemmed from any urgency to oblige the authorities concerned rather than as a felt need'.

(iii) On the closure of the scheme in February 1966 Government ordered that the hutments and instruments be transferred to gram panchayats for use for public purpose. No further reports of utilisation of the assets have been obtained by the Department.

The case was reported to Government in February 1970; reply is awaited (January 1971).

### Education Department

83. *Irregularities in payment of grants.*—The following points were noticed (June 1970) in the local audit of grants paid by the District Education Officer, Jagdalpur :—

- (a) Rs. 1.77 lakhs were paid in excess on account of grants for running educational institutions to *Janpad Sabhas* at Jagdalpur (Rs. 1.09 lakhs) and Kanker (Rs. 0.68 lakh) during 1960-61 to 1963-64. The District Education Officer reported the cases to the Collector, Bastar, in May 1966 for recovery from the funds of the *Sabhas* kept in treasury. Recovery is still awaited (December 1970).
- (b) Under the grant-in-aid rules, a District Education Officer is empowered to sanction grants upto a maximum of Rs. 3,500 in each case. Nevertheless, the District Education Officer, Jagdalpur, sanctioned and paid Rs. 4.27 lakhs as grants in seven cases during 1967-68. The District Education Officer stated that payments were made to utilise the allotment and Government has been moved (November 1967) to sanction the grants.

The matter was reported to Government in September, 1970; reply is awaited (January 1971).

## Section II—Financial Assistance to Statutory Boards, Other Non-Government Bodies and Individuals

### Industries Department

84. *Madhya Pradesh State Khadi and Village Industries Board.*—The Board set up in July 1960 under the Madhya Pradesh Khadi and Village Industries Act, 1959 receives financial assistance from Khadi and Village Industries Commission and State Government (for administrative expenses only),

Out of Rs. 4,79.56 lakhs (loan: Rs. 3,44.78 lakhs; grant: Rs. 1,34.78 lakhs) received from the Commission upto 1968-69, Rs. 4,04.33 lakhs (loan : Rs. 2,92.90 lakhs; grant : Rs. 1,11.43 lakhs) were disbursed by the Board and Rs. 75.23 lakhs (loan : Rs. 51.88 lakhs; grant : Rs. 23.35 lakhs) were refunded.

In paragraphs 115 to 118 of Audit Report 1965, among others, irregularities about wanting certificates of utilisation of loans and grants, repayments of loans, non-achievement of targets, incurring of losses, unsatisfactory working of various centres, etc., run by the Board were pointed out. The Public Accounts Committee while observing (March 1967) that, inspite of great scope for expansion and development of the centres run by the Board, success could not be achieved in the absence of administrative capabilities, urged that necessary action in this regard should be taken. The committee further expected that the Board would improve its financial position.

There has, however, been no improvement and the irregularities and deficiencies still persist as shown below :—

(1) *Utilisation of loans and grants.*—Against Rs. 4,04.33 lakhs (loan : Rs. 2,92.90 lakhs; grants : Rs. 1,11.43 lakhs) disbursed by the Board to various societies/institutions upto the end of 1968-69, utilisation certificates were furnished to the Commission for Rs. 3,13.33 lakhs (loan : Rs. 2,35.53 lakhs; grants : Rs. 77.80 lakhs) upto September 1970; utilisation of assistance of Rs. 91.00 lakhs (loan : Rs. 57.37 lakhs; grants : Rs. 33.63 lakhs) is yet to be verified by the Board (October 1970). Year-wise break-up is indicated below :—

Year of disbursement	Utilisation yet of be verified	
	(In lakhs of rupees)	
	Grants	Loans
Upto 1960-61	5.46	7.55
1961-62	2.77	4.75
1962-63	1.85	3.57
1963-64	2.93	6.29
1964-65	0.73	2.76
1965-66	6.61	12.82
1966-67	4.99	8.68
1967-68	7.18	9.61
1968-69	1.11	1.34
Total	33.63	57.37

Rs. 6.04 lakhs out of unspent balances of grants received from the Commission upto 1961-62 for development of *khadi* and village industries were diverted for meeting expenditure on establishment. This diversion of grant is yet to be approved—(November 1970).

(2) *Recovery of loans and acceptance of balances.*—(i) Information about the total number of societies/institutions to whom financial assistance was given is not available. However, on 31st March 1970 recovery of Rs. 61.36 lakhs was overdue from 1,379 societies. Out of Rs. 98.96 lakhs outstanding against 1,634 societies/institutions on 31st March 1970, acceptance of balances from 1,440 societies for Rs. 80.01 lakhs (inclusive of Rs. 42.68 lakhs from defunct societies/societies not working satisfactorily) is awaited (September 1970).

(ii) Out of 1,634 societies (outstanding balance of Rs. 98.96 lakhs on 31st March 1970), 366 societies with balance of Rs. 27.77 lakhs (loan) are reported (November 1970) by the Board to be defunct and 346 societies with balance of Rs. 20.60 lakhs (loan) are reported to be working unsatisfactorily.

(iii) Information about interest and penal interest due from the defaulting societies is not available as amounts are calculated as and when the overdue instalments are paid. Information about the subsidy paid to such societies which had not fulfilled its objective is also not available.

(iv) For loans granted prior to issue (June 1967) of instructions for getting the hypothecation deeds executed by the borrowers the Board does not have any means to enforce recovery except through the agency of revenue authorities. Out of 73 cases for Rs. 10.60 lakhs in which revenue recovery certificates were issued during the period ending September 1970, recovery in 13 cases amounting to Rs. 0.34 lakh was effected. Out of 303 cases for Rs. 22.28 lakhs reported to the Assistant Registrar, Co-operative Societies, for effecting recovery through liquidation proceedings, recovery in 78 cases amounting to Rs. 2.35 lakhs was effected upto the end of September 1970.

(3) *Production and sale centres.*—(i) The Board had invested Rs. 65.04 lakhs to end of 1968-69 in the different industrial production and sale centres run by it. The accumulated working loss to end of 1969-70 of the centres was Rs. 22.42 lakhs (34.5 per cent of capital investment). The financial results of 16 centres which were in existence during the last four years are as below :—

	Profit earned		Loss sustained	
	No. of Centres	Amount (In lakhs of rupees)	No. of Centres	Amount (In lakhs of rupees)
1966-67	8	0.47	8	4.34
1967-68	2	0.19	14	3.18
1968-69	..	..	16	7.62
1969-70	2	0.06	14	3.76

(ii) The losses were largely contributed by three major departmental centres for *kambal* industry run by the Board as shown below:—

	1966-67	Loss sustained		
		1967-68	1968-69	1969-70
(In lakhs of rupees)				
<i>Kambal Kendra</i> , Mandsaur	0.83	0.77	1.43	0.97
<i>Kambal Kendra</i> , Gwalior	2.85	1.16	2.83	0.73
<i>Kambal Kendra</i> , Paradsinga	0.19	0.34	0.19	0.39

The losses incurred by the *Kambal Kendras* were attributed by the Board in January 1970 to—

(a) Purchase of wool in large quantities in expectation of large Government orders as in the past. However, demand from Government fell

short of expectation and due to subsequent fall in wool price, prices of blankets were reduced from Rs. 35 to Rs. 20 per blanket.

(b) There was accumulation of stock of blankets. Consequently, further production was reduced but there was no reduction in expenses on establishment and other charges.

Action on the following recommendations made (June 1970) by the Committee appointed (November 1969) to examine the financial stability of the centres is yet to be taken (October 1970):—

(a) Closure of such of the centres of which there is no possibility of improvement.

(b) Overall control by the Board office on the production and fixation of sale price on the basis of costing and weight of finished goods (blankets).

(c) Proper organisation of sales.

(d) Reduction of administrative expenses.

(iii) Total debts (other than loans) recoverable from various parties in the books of the centres to the end of 31st March 1970 were Rs. 31.70 lakhs as given below:—

	Amount (In lakhs of rupees)
Mutually between different centres, godowns, etc.	13.13
Recoverable from Co-operative societies	6.98
From Government departments	2.72
From Private parties	1.58
Centres/Boards employees	0.28
Other dues, rebates, etc.	6.40
Cash Section, Board's office	0.61
Total	31.70

Year-wise analysis of this balance was not furnished but items pertaining to years as old as 1961-62 are outstanding. Action to effect recovery as arrears of land revenue, contemplated in section 39 of the Madhya Pradesh Khadi and Village Industries Act, has not been initiated so far (October 1970). Rs. 0.14 lakh and Rs. 0.24 lakh respectively were shown as irrecoverable and doubtful debts as on 31st March 1970. No provision for bad and doubtful debts has been made in the accounts of the centres.

(4) *Shortfall in productions and sales.*—Out of 15 industries for the development of which loans and subsidies were granted, targets of production and sale above Rs. 2.00 lakhs annually were fixed for only eight industries. Of these eight

industries, shortfall in production (1968-69 : 4 industries; 1969-70 : 3 industries) and sale (1968-69 : 3 industries; 1969-70 : 2 industries) occurred as below:—

S. No.	Name of industry	Production			Sales		
		Target	Actuals	Percent- age of short fall	Target	Actuals	Percent- age of short fall
		(In lakhs of rupees)			(In lakhs of rupees)		
1.	Khadi and wool	1968-69	23.60	12.20	48	..	..
		1969-70	22.10	14.75	34	..	..
2.	Non-edible oil and soap	1968-69	7.86	0.97	88	7.86	1.22
		1969-70	4.43	1.54	65	5.30	1.67
3.	Grameen Kumhari	1968-69	12.15	2.29	81	11.80	2.10
4.	Hand made paper	1968-69	4.25	0.75	82	4.55	0.46
		1969-70	4.80	0.96	80	5.10	1.17

Shortfall in these cases was attributed to more societies becoming defunct and non-payment of the amount (on administrative grounds) of loans/grants to the extent provided as per the approved programme of the Commission during 1968-69 and 1969-70.

The matter was reported to Government and the Khadi and Village Industries Board in March 1970; reply is awaited (January 1971).

85. *Loans under State Aid to Industries Act.*—It was mentioned in paragraph 30 of Au lit Report 1965 that loans advanced to individuals, co-operative societies and industrial establishments for development of industries had been misutilised; utilisation of loans had not been verified; recovery of principal of loan and penal interest was overdue and state of initial records was not satisfactory. The Public Accounts Committee in its Eleventh Report (March 1967) urged that supervising officers should exercise stricter control over the state of loan records and recovery of loans, etc.

Rs. 1.43 crores were outstanding on 31st March 1970 as loans advanced under the Act in the books of the Accountant General. A test check of loan records in three districts (Indore, Raipur and Durg) in which Rs. 53.08 lakhs were disbursed as loans to 4,340 borrowers during 1952-70 showed (June and August 1970) that irregularities still persist as below:—

(i) *Non-verification of utilisation of loans.*—(a) Certificates for utilisation of loans for Rs. 25.88 lakhs from 2,074 borrowers out of loans for Rs. 51.48 lakhs disbursed till March 1969 are still awaited. Further the departmental officers are required under rules to inspect the premises and accounts of the borrowers with a view to ensuring proper and timely utilisation of the loans. In Indore district, as against 1,832 cases in which loans aggregating Rs. 23.93 lakhs were paid till March 1969 utilisation has not been verified so far (August 1970) in 1,355 cases (Rs. 15.70 lakhs). Information for Raipur and Durg districts is awaited.

(b) Out of loans disbursed, Rs. 6.66 lakhs were reported to have been either misutilised (Rs. 3.66 lakhs) or not utilised (Rs. 3.00 lakhs during 1953-63); according to the rules, the amounts of loan which had been misutilised are required to be recovered forthwith together with interest. Nevertheless, misutilised loans aggregating to Rs. 3.57 lakhs paid to 257 borrowers remain unrecovered (August 1970).

(ii) *Recovery of loans and interest thereon.*—The loans are recoverable in annual instalments commencing one year/two years after the disbursement in accordance with the terms of sanction.

(a) According to the information furnished by the Assistant/Deputy Director of Industries, Raipur, Indore and Durg, out of 4,060 persons to whom Rs. 45.90 lakhs had been paid as loans till March 1968 Rs. 18.50 lakhs are overdue for recovery from 3,144 borrowers.

(b) 1,765 borrowers to whom Rs. 17.60 lakhs had been advanced till 1967-68 have not repaid even a single instalment till April 1970.

(c) 2,247 cases (Rs. 16.12 lakhs) have been referred to revenue authorities in 1959-70 for recovery as arrears of land revenue. Recovery in these cases has not so far been made (May 1970).

(d) Rs. 0.27 lakh paid to 19 borrowers are found to be irrecoverable.

(e) Out of 87 industrial co-operative societies to which loans of Rs. 6.38 lakhs were paid till March 1969, 51 societies are reported to be defunct or under liquidation. Rs. 2.11 lakhs (principal: Rs. 1.70 lakhs; interest: Rs. 0.22 lakh and penal interest: Rs. 0.19 lakh) remain to be recovered from them.

(f) Arrears of Rs. 3.17 lakhs as interest are yet to be recovered from 3,185 borrowers. Year-wise analysis of the arrears was not available with the Assistant/Deputy Directors of Industries.

(g) According to rules, penal interest at 8 per cent per annum is to be levied on instalments of principal and interest not paid on the due date. Only State Government is competent to remit such penal interest in exceptional cases where sufficient justification exists. In Indore and Durg districts (dues in Raipur district have not been worked out) Rs. 3.28 lakhs have not been recovered as penal interest from 2,438 borrowers. Orders of Government waiving the penal interest were not shown to Audit. Year-wise analysis of the arrears was not available with the Assistant/Deputy Directors of Industries.

(iii) *Non-execution of insurance of mortgaged property.*—Every loan is required to be secured by a mortgage on the assets of the borrowers/industry and the mortgaged property has to be covered by insurance which should be renewed from time to time till the loan is fully repaid. The Director of Industries reiterated these provisions in September 1961 and directed that all future loans should be disbursed only after the property is actually insured. Nevertheless, in 332 cases in which Rs. 21.71 lakhs were paid as loans during 1952-53 to



1969-70, insurance had not been taken (in 307 cases—loans : Rs. 19.20 lakhs) or renewed (in 25 cases—loans : Rs. 2.51 lakhs). Even after the reiteration of the provision in September 1961, in 127 cases (in Durg and Indore districts; information for Raipur has not been received) for loans of Rs. 8.71 lakhs relating to 1962-63 to 1969-70, insurance has not been effected.

The matter was reported to Government in September-October 1970; reply is awaited (January 1971).

### **Panchayat and Social Welfare Department**

86. *Excess payment of grants.*—Rs. 0.32 lakh were paid as grants during 1962-68 on matching contribution basis (*i. e.*, 50 per cent of the cost to be met by public contribution and 50 per cent by Government grants) to a tournament committee of Manegaon in Narsinghpur district for construction of a stadium. According to the Director of Panchayats and Social Welfare (February 1969) the value of work done till March 1968 was Rs. 0.43 lakh including Rs. 0.09 lakh cost of office building dismantled subsequently (April 1968). On this basis the committee was entitled to grant of Rs. 0.17 lakh only and had been paid Rs. 0.15 lakh in excess.

The Director has, however, admitted (September 1970) excess payment of Rs. 0.11 lakh only on the ground that a stage (cost not known) had been constructed in place of office building. Government has, however, not approved the utilisation of grant for construction of stage so far. The excess payment has not been recovered so far (September 1970).

The certificate of completion of work and utilisation of grant are awaited (November 1970).

The matter was reported to Government in May 1970; reply is awaited (January 1971).

### **Education**

87. *National Loan Scholarship Scheme.*—Under the National Loan Scholarship Scheme formulated by Government of India in the Third Five Year Plan, loan scholarships are paid to needy and meritorious students for pursuing regular full time courses in Arts, Commerce, Engineering, etc. in recognised institutions. Government of India makes interest-free advances annually to State Government for disbursement of loans to the loan scholarship holders and State Government repays to Government of India, whatever amount it recovers from the scholarship holders. Repayment of loan in the prescribed instalments starts one year after the scholar begins to earn income. Scholars joining the teaching profession are, however, exempted from the repayment. The loan is interest-free but in case of default interest at 6 per cent per annum is chargeable.

The following points were noticed (November 1969):—(i) Rs. 78.78 lakhs were disbursed by the Director of Collegiate Education as loan scholarships to

various educational institutions between 1963-64 and 1968-69. The loan payment registers, maintained in a form adopted by the Director, were required to be revised in the forms prescribed by Government of India in January 1967. Government of India, however, permitted continuance of the old registers up to 1965-66 if recasting of registers for earlier periods presented much difficulty. The loan payment registers after 1966-67 were yet to be opened and completed for all the years from 1966-67 to 1968-69 (December 1969). According to the Director, more than one lakh items are to be posted in the loan payment register.

(ii) The scheme enjoined on the heads of educational institutions, through whom loans were paid, to send to the Directorate a complete account of advances received and disbursements made to each scholar. However, fifty-seven institutions in 1967-68 and fifty-two institutions in 1968-69 have not sent the accounts (September 1970).

(iii) Out of 381 cases in which recovery was due till March 1969, recovery had actually started in eight cases and Rs. 0.58 lakh (1967-68—Rs. 0.15 lakh; 1968-69—Rs. 0.43 lakh) were overdue for recovery (March 1969). Notices of recoveries were stated to have been issued in all cases.

Government to whom the matter was reported in March 1970 intimated Audit (January 1971) that steps are being taken to effect recoveries of loans due and overdue and work of completion of registers will be taken in hand in the near future.

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**CAPTER VII**  
**REVENUE RECEIPTS**

**Sales Tax**

88. *Results of test audit in general.*—The test check of assessment cases and other records conducted during 1969-70 revealed underassessment of tax to the extent of Rs. 2.67 lakhs in 885 cases as shown below:—

- (i) Errors and omissions (Rs. 1.46 lakhs in 329 cases)
- (ii) Wrong application of rates of tax (Rs. 0.55 lakh in 330 cases)
- (iii) Failure to follow correctly the provisions of the Act and Rules while wroking out the gross turnover, taxable turnover (Rs. 0.45 lakh in 116 cases)
- (iv) Mistakes in calculation (Rs. 0.21 lakh in 110 cases).

Additional demand of Rs. 0.83 lakh has been created in 376 cases. Further report is awaited (October 1970).

Details of a few illustrative cases of underassessment in which the tax effect was substantial are given in paragraphs 89 to 97.

**State Sales Tax Act**

89. *Application of incorrect rate of tax.*—(i) Under the Madhya Pradesh General Sales Tax Act, 1958, the rate of tax on sale of manganese ore was raised from 5 per cent to 6 per cent from 1st April 1964. In an assessment for the period from September 1964 to August 1965 sales of manganese ore worth Rs. 23,68,700 were taxed erroneously at the rate of 5 per cent resulting in an underassessment of Rs. 23,687.

When this was pointed out (April 1970), the Regional Assistant Commissioner created (August 1970) an additional demand of Rs. 23,687. The details of recovery are awaited (January 1971).

(ii) Under Section 7 (1) of the Madhya Pradesh General Sales Tax Act, 1958, a dealer who purchases taxable goods from a person other than a registered dealer and disposes them of otherwise than by sale in the State by a transaction on which no sales tax is payable, is liable to pay tax on the purchase price of such goods at the same rate at which tax would have been leviable on the sale of such goods in the State. Under section 8 *ibid* goods consumed as raw materials for the manufacture of other goods for sale within the State or in the course of inter-State trade or commerce are, however, taxable at a concessional rate of 1 per cent.

A dealer has milled paddy valued at Rs. 4,55,407 and transferred the rice so obtained to the Food Corporation of India under the compulsory levy system. As the transfer did not amount to a "sale" the purchases of paddy by the dealer

should have been taxed under Section 7 *ibid* at the full rate, *i. e.* 2 per cent applicable to sales of rice whereas they were taxed at the concessional rate of 1 per cent relating to purchase of raw material for manufacture of other goods, resulting in a short-levy of tax of Rs. 4,554.

When this was pointed out (February 1970) the assessing officer created (March 1970) additional demand of Rs. 4,554. The details of recovery are, however, awaited (January 1971).

(iii) Although the rate of tax on sales of radios, radio parts and refrigerators was enhanced from ten to eleven per cent from 1st September 1967, in the assessment of a dealer for the period from May 1967 to April 1968, the entire turnover of radios, radio parts and refrigerators amounting to Rs. 3,47,000 was taxed at ten per cent.

On this being pointed out (February 1970) the Sales Tax Commissioner intimated (November 1970) that taxable turnover of sales made during the period from September 1967 to April 1968 was estimated at Rs. 2,47,405 and additional demand of Rs. 2,574 (including a penalty of Rs. 100) has been created and recovered.

(iv) Rate of sales tax on groundnut and coconut was increased from 2 per cent to 3 per cent with effect from 1st July 1966 and 9th December 1966 respectively. Nevertheless in a sales-tax circle a dealer's turnover of groundnut and coconut amounting to Rs. 2,00,592 for the period from 1st April 1967 to 31st March 1968 was incorrectly taxed at the old rate of 2 per cent. This resulted in underassessment of Rs. 2,006.

The Commissioner of Sales Tax to whom matter was reported in October 1969 intimated (September 1970) that the recovery has been effected.

90. *Non-levy of purchase tax.*—Under section 7 (1) of the Madhya Pradesh General Sales Tax Act, 1959, a dealer, who in the course of his business purchases any taxable goods from an unregistered dealer and disposes of such goods in any manner other than by way of sale in the State or in the course of inter-State trade or commerce, is liable to pay tax on the purchase price of such goods at the same rate at which it would have been payable on the sale price of such goods.

In one assessment case no purchase tax was levied although the dealer had stated in his return that grains worth Rs. 1,80,356 purchased during 3rd November 1967 to 21st October 1968 were used for manufacture, and were thus liable to purchase tax. This resulted in underassessment of Rs. 3,607.

When pointed out (June 1970), the Sales Tax Officer agreed to raise additional demand of Rs. 3,607 after due verification of the dealer's accounts.

91. *Incorrect determination of taxable turnover.*—In an assessment of a dealer the opening balance of the stock of taxable timber was taken as Rs. 85,509 against Rs. 1,20,483 shown in the dealer's accounts. Thus the turnover taxable at 7 per cent was determined, less by Rs. 34,974 resulting in short levy of tax of Rs. 2,448.

When pointed out the Sales Tax Officer accepted (July 1970) the mistake and agreed to take action to rectify it. Report of recovery is awaited (January 1971).

### Central Sales Tax Act

92. *Incorrect determination of turnover.*—Rs. 2,17,726 received by a dealer on account of freight charges in respect of inter-State sales of manganese ore were not included in the turnover computed under the State and Central Sales Tax Acts. While granting a relief of Rs. 24,357 on an appeal filed by the dealer under the State Act, the appellate authority, *inter-alia* held (March 1969) the freight charges to be part and parcel of the sale price, and directed that this receipt should be taxed under the Central Act by reopening the Central sales tax case. Even though the refund as a result of appellate order in the State sales tax case was authorised on 21st July 1969, no action was taken to reopen the Central sales tax assessment to bring to tax the escaped turnover of Rs. 2,17,726.

When pointed out (April 1970) the Regional Assistant Commissioner created (September 1970) additional demand of Rs. 13,208. The report of recovery is awaited (January 1971).

(ii) Para 64 (e) of the Audit Report 1968 reported a case where a dealer was incorrectly allowed deduction on account of cost of labour charges for repairs to shoes thus resulting in underassessment of tax of Rs. 4,200 in 1959 and 1960. When requested to review the assessment case for 1961 also, the assessing officer replied (April 1969) that the case had been reviewed and that it had been verified that full repair charges had been included in the turnover.

However, a scrutiny of the case (April 1970) revealed that a deduction of Rs. 64,801 on account of labour charges incorrectly allowed from turnover in the assessment had not been brought to tax. Failure to rectify the assessment resulted in short-levy of tax of Rs. 4,536.

The Regional Assistant Commissioner intimated (September 1970) that the additional demand of Rs. 4,536 has been created and recovered.

93. *Non-levy of penalty.*—Newspapers are not included in the term "goods" as defined in the Central Sales Tax Act and Madhya Pradesh General Sales Tax Act. As such newspaper dealers are not entitled to purchase newsprint, ink, monos, etc., for use in printing of newspapers at concessional rate of tax. It was noticed that a dealer had purchased ink, metal, monos, pools, etc., at concessional rate on furnishing declarations that these are required in the manufacture of goods, and purchases of these materials from unregistered dealers had also been taxed at concessional rate.

When pointed out, the Sales Tax Officer levied (May 1970) a penalty of Rs. 5,772 and created (February 1970 and November 1970) additional demand of Rs. 2,090.

Details of recovery are awaited (January 1971).

94. *Underassessment due to mistake in computation of tax.*—In an assessment under the Central Sales Tax Act, 1956, tax at 7 per cent on the turnover (Rs. 14,70,308) of manganese ore of a dealer for the period 21st October 1960 to 8th November 1961 was wrongly computed (April 1968) as Rs. 92,921 instead of Rs. 1,02,921, resulting in short-levy of tax of Rs. 10,000.

When pointed out (April 1970) the Regional Assistant Commissioner created (June 1970) additional demand of Rs. 10,000. Details of recovery are awaited (January 1971).

95. *Irregular grant of exemption.*—Under section 6 of the Central Sales Tax Act, 1956, all sales of goods effected by a dealer in the course of inter-State trade or commerce are liable to tax. However, if the same goods during their movement from one State to another are sold for a second time in the course of inter-State trade by transfer of documents of title to such goods, then the second sale is not subjected to tax provided a declaration to the effect that the goods have been already subjected to Central sales tax is produced.

In one case relating to the assessment period 13th November 1966 to 2nd December 1967, an assessee was granted exemption for inter-State sales of 'dal' and foodgrains worth Rs. 3,67,938, although they were not supported by the prescribed declarations. This resulted in short-levy of Rs. 7,359 as tax.

When pointed out (June 1970) the assessing officer agreed to reopen the assessment. The details of recovery are awaited (January 1971).

96. *Failure to revise assessment following retrospective amendments to the Central Sales Tax Act.*—Following judicial pronouncements in some cases the Board of Revenue issued instructions in November 1966 that inter-State sales would not be liable for Central sales-tax if they had already been subjected to tax under the State Act. Later, on enactment of the Central Sales Tax (Amendment) Act, 1969, with retrospective effect, the situation created by the judicial decisions was rectified and the Commissioner of Sales Tax directed (June 1969) all assessing officers to review assessments finalised after November 1966 so as to bring to tax such inter-State sales as had been exempted from tax under the earlier orders of the Board of Revenue.

It was noticed in a circle that no action had been taken to reopen two such assessment cases involving inter-State sales of machinery (Rs. 1,34,930). This resulted in non-realisation of tax of Rs. 13,393. When it was pointed out, the assessing officer agreed (March 1970) to create the additional demands.

The matter was reported to Government in July 1970; reply is awaited (January 1971).

97. *Non-levy of tax on inter-State sales.*—The sales which take place in the course of inter-State trade or commerce are assessed under the Central Sales Tax Act. Such sales are reduced from the total turnover of a dealer when his turnover is assessed under the State Sales Tax Act.

A dealer's inter-State sales for the year 1962 were determined at Rs. 2,91,323 in the assessment under the State Act, but the corresponding sales under the Central Act were assessed at Rs. 2,50,337. Thus the inter-State sales worth Rs. 40,986 which related to sale of *til* oil and were taxable at 7 per cent (the sales being not supported by 'C' forms) escaped taxation resulting in underassessment of tax of Rs. 2,869.

When pointed out, the Sales Tax Commissioner intimated that additional demand of Rs. 2,869 has been created. The details of recovery are awaited (January 1971).

### Other Topics

98. *Outstanding revenue.*—The number of cases in which recovery of revenue is in arrears as well as the outstanding amount of revenue is given below:—

As on	No. of cases	Amount (In lakhs of rupees)
31st March 1968	45,670	2,93.46
31st March 1969	47,486	3,71.52
31st March 1970	51,423	4,43.96*

Further details regarding arrears of Sales Tax revenue outstanding as on 31st March 1970 are given below:—

Particulars	No. of cases	Amount (In lakhs of rupees)
I. Collection stayed by Appellate authorities, High Court/ Supreme Court and Departmental authorities.	4,314	70.75
II. In the process of recovery with Revenue authorities	37,418	2,90.63
III. Arrears in the nature of bad or doubtful debts—		
(a) Irrecoverable	6,974	58.06
(b) Dues against dealers who are presently untraceable	2,717	24.52

99. *Assessments in arrears.*—Comparative position of the assessment cases in arrears during last three years as furnished by Commissioner of Sales-tax is given below:—

As on	Number of cases
31st March 1968	64,581
31st March 1969	77,259
31st March 1970	86,712

Year-wise analysis of 86,712 cases, which were pending on 31st March 1970 is given below:—

Year	Number of cases
1948-49 to 1965-66	7,527
1966-67	9,793
1967-68	14,115
1968-69	31,185
1969-70	24,092

\*Does not include arrears of 3 circles and part information of 4 circles.

100. *Appeals under the Sales Tax Act.*—Comparative position of the outstanding appeal cases at the close of last three years, according to information furnished by Commissioner of Sales Tax is given below:—

As on	Number of cases
31st March 1968	14,464
31st March 1969	15,651
31st March 1970	16,038

Year-wise analysis of the cases, which were pending on 31st March 1970 is given below:—

Year	Number of cases
1955-56 to 1965-66	524
1966-67	1,280
1967-68	2,674
1968-69	5,088
1969-70	6,472

101. *Offences under Sales Tax Acts.*—2,064 cases only (Compounded-2,026 cases, prosecution proceedings finalised-38 cases) out of total 5,354 cases of offences under Sales Tax Acts were disposed of during 1969-70 and Rs. 0.28 lakh were realised as composition money as reported by the Commissioner of Sales Tax. The remaining 3,290 cases were pending on 31st March 1970 as shown below:—

Year	Opening balance	Addition during the year	Number of cases disposed of during the year	Number of cases pending at the end of the year
1969-70	3,609	1,745*	2,064*	3,290*

Year-wise analysis of pending cases is given below:—

Year	Number of cases
1959-60 to 1964-65	851
1965-66	287
1966-67	313
1967-68	484
1968-69	470
1969-70	885

#### State Excise Duties

102. *Loss of revenue due to failure of supply of country spirits.*—Madhya Pradesh State Industries Corporation was entrusted with the distillation and supply (including supply to whole-sale supply contractors) of molasses based and blended spirits for 1967-69 without obtaining any valid agreement from them. As the corporation and wholesale supply contractors could not supply molasses based/blended liquor they were required to supply *mahua* based liquor. The supply of *mahua*

\*This does not include information in respect of two circles.



based liquor also failed. Consequently, the department besides suffering loss of revenue on account of excise\* duty, had to incur extra expenditure of Rs. 17.17 lakhs and remit licence fee and minimum guarantee duty amounting to Rs. 29.79 lakhs as shown below:—

(i) *Extra expenditure.*—Tenders for wholesale supply of cent per cent *mahua* based liquor to warehouses in Gwalior, Ujjain, Nowgong and Seoni regions during 1967-69 were invited by the Excise Commissioner in January 1967. The tenders received were rejected on 23rd March 1967 as it was decided to obtain blended spirits of *mahua* and molasses base in equal proportion. Fresh tenders for supply of blended spirit were there upon invited at only one day's notice and finalised the next day on 24th March 1967. Agreement with the distillery contractors *inter alia* provided that molasses based spirit was to be purchased by them from Ratlam Alcohol Plant, a State Government undertaking at 45 paise per proof litre (free on rail Ratlam).

Due to non-availability of molasses, Ratlam Alcohol Plant was not able to supply molasses based spirit and therefore wholesale supply contractors were permitted to supply 100 per cent *mahua* based liquor from 10th September 1967. The rates paid for *mahua* based spirit (Rs. 1.60 to 2.95 per proof litre) were much higher than the rates originally tendered (Rs. 1.20 to Rs. 2.05 per proof litre) by those contractors in January 1967 (which were rejected). This resulted in extra expenditure amounting to Rs. 8.93\*\* lakhs.

Further wholesale supply contractors of Jabalpur and Bhopal regions were ordered (September 1967) to obtain *mahua* based spirit instead of molasses based spirit for supply to warehouses in those regions. For those supplies they were charged at old rate of 45 paise per proof litre and Rs. 14.28 lakhs on account of difference of Rs. 2.30 per litre between cost price of *mahua* and molasses based liquor were paid to the Corporation directly by Government. Out of this, Rs. 6.04 lakhs (approximately) was met by increasing the issue rate by 85 paise to one rupee per litre. Thus switch over to *mahua* based liquor resulted in extra expenditure of Rs. 8.24 lakhs@ in those regions during 1967-68.

Government stated (July 1970) that extra expenditure had to be incurred due to sudden lifting of prohibition in July 1967.

(ii) *Loss of licence fee and minimum guarantee duty.*—Due to the unpreparedness of contractors and non-availability of *mahua* flowers the wholesale supply contractors could not meet the demand of retail vendors to full extent. The retail licencees had therefore to close down their business for certain periods and could not comply with the condition regarding minimum guarantee for certain periods. The Government had, therefore, sanctioned remission of licence fee

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\*Information awaited.

\*\*Information regarding extra expenditure on account of supplies obtained during 1968-69 awaited.

@Information regarding 1968-69 awaited.

and minimum guarantee duty amounting to Rs. 29.79 lakhs in 34 districts. No action to obtain supplies from other contractors or from outside the state at contractor's risk was taken. The Government stated (July 1970) that efforts to recover the loss from wholesale supply contractors, who were responsible, are being made. However recovery is still to be made (January 1971).

103. *Unauthorised aid to a contractor.*—Pending fixation of cost price of liquor, Government advanced Rs. 8.50 lakhs to Madhya Pradesh State Industries Corporation in August 1968 to be adjusted later when the cost price of liquor was finally determined. The advance was classified incorrectly as "remittance" in Public Accounts. The payment being of the nature of advance payment of cost price should have been debited to Consolidated Fund after obtaining the legislative approval. The cost price of liquor was fixed in August 1968. But the Corporation was paid for liquor supplied without recovering advance of Rs. 8.50 lakhs. The amount is still outstanding against the Corporation.

Government stated (July 1970) that due to scrapping of prohibition in six districts completely and in four districts partially from 1st August 1967, demand for liquor increased but *mahua* and molasses were not available in sufficient quantities to meet increased demand. Consequently, the Corporation had to purchase *mahua* at high rates and the resultant additional expenditure had to be met by Government on the basis of understanding to this effect given to the Corporation. The advance, it was stated, would be finally adjusted against the claim of the Corporation on this account, which is under examination.

### Forest Revenue

104. *Loss of revenue due to under-estimation of upset price:*—(a) Forest produce with a commercial demand is disposed of by public auction. As a prelude, the Forest Department surveys the areas to be worked and after estimating the forest produce likely to be extracted from each area determines its value called 'upset price' or 'reserve bid'. Where the maximum bid obtained in an auction does not approximate to the 'upset price', the area is generally withdrawn from the auction.

Certain deficiencies in the formulae tending to under estimation of volume of forest produce were pointed out to Government in April 1965. Government while agreeing with some of the points, stated (September 1965) that the formulae would be suitably revised after collecting necessary data, in about two years. The formulae have, however, not been revised so far (July 1970).

(b) It was noticed that in a number of cases the volume of timber, fuel, etc., actually extracted from the contract areas as per returns filed by contractors was considerably more than the department's initial estimate, which shows that the departmental upset price had been considerably under-estimated. Details of few such illustrative cases are given in paragraphs 105 to 110.

The matter was reported to Government in May 1968; reply is awaited (January 1971).

105. *Loss of revenue due to under-estimation.*—In a forest division, eight forest coupes containing timber and fuel estimated to yield a revenue of Rs. 2.18 lakhs were auctioned for 1967-68 for Rs. 3.61 lakhs; the estimated value of the produce extracted by contractors was Rs. 7.33 lakhs. The under-estimation of upset price, which resulted in loss of revenue was due to incorrect estimation of quantity of timber and fuel in the coupes.

The Chief Conservator of Forests stated (May 1970) that the under-estimation was *inter-alia* due to estimates being rough, and non-suitability of existing formulae for determining the volume of crop. The formulae are stated to be under revision.

106. *Loss of revenue.*—A coupe estimated to yield 170.74 cubic metres of sawn timber and 8,566 cart loads of charcoal was sold in auction for the year 1967-68 for Rs. 49,400 as against the upset price of Rs. 26,000. The completion report, however, showed that 1,645.35 cubic metres of round timber equivalent to 1,096.90 cubic metres of sawn timber (*i.e.* more than six times the estimated quantity) was actually extracted by the contractor.

On the basis of quantities actually extracted the reserve price of the coupe works out as Rs. 1,63,290. The under-estimation of the produce resulted in loss of revenue.

The case was reported to Government in August 1968; reply is awaited (January 1971).

107. *Loss of revenue due to under-estimation of upset price.*—The upset price of a coupe in another Forest Division was determined at Rs. 0.44 lakh and the coupe was auctioned on 30th July 1965 for Rs. 0.60 lakh with the lease period upto 30th June 1966. On the basis of quantities of timber and fuel actually extracted by the contractor, the upset price of the coupe works out to Rs. 1.63 lakhs. The under-estimation of upset price, resulting in heavy loss of revenue, was *inter-alia* due to application of incorrect conversion factors and incorrect estimation of quantity of timber and fuel contained in the coupe.

The matter was reported to the Chief Conservator of Forests and Government in September 1967; reply is awaited (January 1971).

108. *Loss of revenue.*—A coupe with an upset price of Rs. 23,000 was auctioned for Rs. 26,000 for the year ending June 1967, whereas the value of the produce extracted by the contractor was Rs. 72,280 *i.e.* more than three times the estimated upset price. The Divisional Forest Officer attributed the variation *inter-alia* to not taking into account branches etc. (as prescribed in upset formulae) while estimating the quantity likely to be extracted.

109. *Loss of revenue.*—A coupe with an upset price of Rs. 20,000 was auctioned in July 1966 for Rs. 24,500 for the year ending June 1967, according to quantities

extracted as per coupe's completion report, the upset price of the coupe should have been Rs. 41,000 (twice the upset price fixed). The Divisional Forest Officer stated that the variation might be due to reason that the bags used by the contractor for transporting charcoal were of less than standard size, and that the contractor used timber for manufacturing charcoal.

110. *Lesser revenue to Government due to under-estimation of katha yield.*—A coupe estimated to yield 15.54 quintals of *katha* from 9,512 *khair* trees was auctioned for Rs. 21,000 against the departmental upset price of Rs. 20,000.

The returns filed by the contractor on the completion of the contract showed that he had felled 15,681 trees (6,169 illegally) and extracted 98.80 quintals of *katha* in all, which in terms of the upset price formulae gave a yield of Rs. 63,000 from the allotted trees, and Rs. 41,000 approximately from the unauthorised fellings. However, for the illicit felling of trees the department charged Rs. 1,000 as penalty and Rs. 14,000 as damages (determined in proportion to the number of allotted trees on the contract price) against the yield value of Rs. 41,000.

The Divisional Forest Officer stated (February 1968) that the larger extraction of *katha* was 'due to better manufacturing skill of the contractor'.

The matter was reported to Government in May 1968; reply is awaited (January 1971).

111. *Short recovery of sales tax.*—According to Forest contract rules sales tax which may be payable by the Forest department to sales tax department is recoverable from contractors. In a forest division, sales tax on sale of *tendu* leaves in 18 units during 1968 season was recovered at 7 percent, although the department is required to pay sales tax to the Sales Tax Department at 7.53 per cent. This resulted in short recovery of Rs. 10,965.

The matter was reported to Government and Chief Conservator of Forests (January 1970). Their reply is awaited (January 1971).

112. *Non-inclusion of outstanding revenue in the Demand Register.*—The Register of outstanding demands constitutes the basic record of a division for watching realisation of outstanding revenue. In one forest division outstanding revenue amounting to Rs. 3,44,610 pertaining to years 1950-51 to 1952-53 was not recorded in the demand register.

The matter was reported to Government in November 1965 and Government directed (March 1967) the Division to note the dues in the demand register. The Divisional Officer stated (November 1970) that the amount was noted in the demand register in September 1970.

## CHAPTER VIII

### GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

#### Section A—General

113. This Chapter deals with the results of audit of—

- (i) Statutory Corporations/Boards,
- (ii) Government companies,
- (iii) Departmentally managed Government undertakings, and
- (iv) Investments by State Government.

#### Section B—Statutory Corporations/Boards

114. There were five statutory Corporations/Boards in the State on 31st March 1970—

- (i) The Madhya Pradesh Financial Corporation,
- (ii) The Madhya Pradesh State Road Transport Corporation,
- (iii) The Madhya Pradesh Housing Board,
- (iv) The Madhya Pradesh State Warehousing Corporation, and
- (v) The Madhya Pradesh Electricity Board.

A synoptic statement showing the financial results of these bodies for the latest year up to which accounts have been received and audited is given in Appendix IX.

The accounts of the following concerns are in arrears (November 1970):—

Name of the Corporation/Board	Year of accounts outstanding	Remarks
(1) The Madhya Pradesh State Road Transport Corporation	1969-70	
(2) The Madhya Pradesh State Warehousing Corporation	1969-70	
(3) The Madhya Pradesh Housing Board	1965-66 to 1969-70	The Board had prepared accounts for 1965-66 to 1967-68, but decided (July 1970) to revise these accounts in the light of discrepancies pointed out by audit.

#### Madhya Pradesh State Road Transport Corporation

115. (I) *Introductory*.—The Madhya Pradesh State Road Transport Corporation was established on 21st May 1962 under the Road Transport Corporations Act, 1950 by taking over the assets and liabilities of the two erstwhile State

Government Undertakings ( *viz.* Madhya Bharat Roadways and Central Provinces Transport Services) with effect from 1st June 1962 at an assessed value of Rs. 1,59.67 lakhs evaluated by a Joint Evaluation Committee and accepted by Government in September 1966.

The Central and State Governments have agreed to contribute capital in the ratio of 1:3; as on 31st March 1969 the capital of the Corporation was Rs. 10.30 crores (Rs. 2.43 crores contributed by the Central Government and Rs. 7.87 crores by the State Government).

(II) *Non-fulfilment of anticipations of the Nationalisation.*—A three-phase scheme of nationalisation of passenger road transport was prepared by the Corporation in 1963 for providing adequate and efficient service to the public, for effecting economy in expenditure and management and for passing on the benefit of such economics to the State exchequer. The scheme, which was to commence from the year 1964-65 and was to be completed within 3 years, envisaged an additional capital outlay of Rs. 13.44 crores and a return of 12 percent on the capital invested in the last year (1966-67) of the plan after providing interest. To execute the plan, 136 schemes were prepared by the Corporation and were required to be published under Motor Vehicles Act, 1939. Only 74 schemes have so far been published; out of these, 50 schemes have so far been implemented (March 1970); 9 have been rejected by the State Government and 15 inter-state schemes are awaiting approval of the neighbouring States/Central Government. Against anticipations of net return of 12 per cent in the last year of the scheme (1966-67), the Corporation earned a net profit of Rs. 3.58 lakhs during 1966-67 and incurred heavy losses of Rs. 80.21 lakhs during 1967-68 and of Rs. 60.11 lakhs during 1968-69. It was stated (March 1970) by the Corporation that the return of 12 per cent as envisaged in the last year of the plan could not be achieved as only 55 percent of the proposed routes have been nationalised and on the remaining 45 per cent routes, the Corporation is operating in competition with private operators.

The losses incurred by the Corporation were, however, attributed (August 1970) mainly to grant of increased dearness allowance to staff to bring it at par with that of State Government, rise in prices of diesel, rise in the average consumption of fuel by the old vehicles in operation and increase in the cost of tyres and tubes.

(III) *Performance efficiencies.*—(i) The Corporation has not maintained complete and correct statistical records in respect of important items of expenditure. However, the following data (which does not cover all depots for all the periods) gathered by it about consumption of fuel, incidence of reconditioning of engines and replacement of tyres indicate that efficiency of operations in

regard to these items of cost is much below the norms prescribed/advised by the General Manager in December 1963 (items 1 and 3) and April 1966 (item 2).

	Norm prescribed	1965-66	1966-67	1967-68	1968-69
(1) Average kilometreage per litre of fuel	4.27	4.25	4.08	3.95	4.00
(2) Average distance in kms. covered by—					
(a) new engines	4.80 lakhs	1,62,718	1,44,816	1,40,615	1,57,938
(b) reconditioned engines	1.60 lakhs	Not available	46,792	53,338	54,615
(3) Average tyre kilometreage-new tyres	40,000	34,187	34,695	33,305	36,172

(ii) *Performance of batteries in various depots of Gwalior Division.*—During a review of the performance of batteries in various depots of Gwalior Division, it was observed that against the normal life of 15 months prescribed by General Manager for a battery, the average life of batteries replaced during 1968-69 at Bhind, Shivpuri, Gwalior, Morena and Guna Depots was 12.25 months, 12 months, 10.66 months, 9.69 months and 6.25 months respectively; and there was a progressive decline in the average life from 1966-67 to 1968-69 in three depots (from 14.40 to 10.66 months at Gwalior, from 14.00 to 9.69 months at Morena and from 9.25 to 6.75 months at Guna). Reasons for decline in the average life of batteries are reported (November 1970) to be under investigation.

(iii) *Low performance of reconditioned engines treated in Gwalior and Jabalpur Workshops.*—As per norms prescribed by the General Manager in June 1963, a reconditioned engine is expected to give trouble-free service of not less than 80,000 kms. and as per his subsequent orders issued in April 1966 the life of reconditioned engines was fixed at 1.60 lakh kms. 956 and 673 engines were reconditioned in Gwalior and Jabalpur Workshops during 1966-67 to 1968-69. Data of actual performance was available in respect of 800 and 382 engines reconditioned at the Gwalior and the Jabalpur Workshops respectively. At Gwalior 405 engines failed before completing 80,000 kms. and 215 engines failed before completing 30,000 kms. while at Jabalpur 273 engines failed before completing 80,000 kms. Premature failure has been attributed by the Corporation (November 1970) to lack of well-equipped workshop and deterioration in the quality of standard spare parts.

(iv) *Installation of tecographs for control of speed and fuel consumption of vehicles.*—Encouraged by improvements in fuel consumption noticed after fitting tecographs in three vehicles in December 1966, the Corporation decided to fit tecographs in all the vehicles plying at the City and the District depots of Bhopal Division.

Out of 204 tecographs purchased (approximate cost Rs. 1.50 lakhs), 104 tecographs are in use on vehicles (3 have been scrapped, 84 are awaiting repairs—39 since March 1969 to July 1969, 17 since August 1969 to December 1969 and 28 since June 1970 and balance 13 are in stock). A critical study of the results achieved from fitting of the tecographs has not been done. It was noticed by

audit that the average consumption of fuel of 87 vehicles, in respect of which details were available, showed an improvement ranging between 0.04 km. per litre to 1.93 kms. per litre after fitting of the tecographs.

116. *Investment in buses and its utilisation.*—For implementing the Nationalisation Plan of Road Transport, 1,474 vehicles (including 100 vehicles for replacement) were purchased by the Corporation between 1962-63 and 1968-69 at a total cost of Rs. 9,19.59 lakhs.

The plan also envisaged establishment of 6 divisional workshops fully equipped for undertaking body building work, in addition to renovation of bodies and reconditioning and other major repairs of the vehicles. Owing to the reduced quantum of investment in the workshop facilities (developed in the 5 divisions set up), bodies of 759 vehicles only (out of 1,374 acquired) were built in the departmental workshops during 1962-63 to 1967-68; body building of 477 chassis were entrusted to private parties during 1966-67 and 1967-68 (in addition to bodies of 35 chassis built in 1964-65 according to special specifications) and that of 103 chassis were entrusted to other State Transport Corporations, etc. During 1968-69, body building work of all the 100 chassis (including 5 chassis on which bodies were built according to special specifications) was entrusted to outside parties. Though the rates of the Gwalior Engineering Works, Gwalior were the highest, 35 chassis (out of 100 chassis) were given to it during 1968-69 for body building on the consideration that it was a Government undertaking.

The body building work through private parties was resorted to on account of inadequate capacity of departmental workshops in 1963-67 and utilisation of existing capacity of the workshops in renovation of old bodies during 1967-68 and 1968-69. Against the cost of Rs. 16,000 to Rs. 18,000 per body in the departmental workshops during 1967-68, the cost of body building from private parties varied between Rs. 24,500 and Rs. 26,800 per body in 1966-67 and 1967-68 and between Rs. 23,600 and Rs. 27,400 in 1968-69 (excluding the cost of bodies built on 5 chassis according to special specifications). This resulted in minimum extra expenditure of Rs. 31.00 lakhs in respect of 477 bodies built in 1966-67 and 1967-68 and of Rs. 5.32 lakhs in respect of 95 bodies (excluding 5 bodies built according to special specifications) built in 1968-69.

(ii) The table below indicates the position in regard to the period of delay in sending the chassis for body building and also that in putting them on road after receipt of the same from the body builders:—

Period of delay (in months)	No. of vehicles in which delay occurred	
	Between the receipt of chassis and sending for body building	In putting the vehicles on road after receipt from body builders
(1)	(2)	(3)
2 to 3	145	98
3 to 4	142	75
4 to 5	67	84
5 to 6	65	27
6 to 9	28	30
9 months and above	13	6



Vehicles mentioned in column 3 above could not be put on road immediately owing to legal difficulties encountered in implementing the Nationalisation Scheme. The delay in utilisation of the vehicles immediately on their receipt resulted in loss of revenue to the Corporation, the extent of which could not be ascertained.

(iii) Out of the 23 Bedford chassis purchased during 1962-63 and put on road in 1963-64, 6 vehicles went-off road in 1966-67, 8 vehicles in 1967-68, 5 vehicles in 1968-69 and 4 in 1969-70; these have been lying-off road since then; of these 5 vehicles are considered by the Management beyond economical repairs.

The Corporation intimated (November 1970) that life of an engine depends on good quality of materials used, good quality of workmanship depending upon the required machinery and equipment and the maintenance carried out daily in the depots; further orders for spare parts to uplift fourteen Bedford vehicles with a view to put them on road have been placed in July 1970.

(iv) The bodies of 389 vehicles were renovated during the years 1967-68 and 1968-69. Out of these, 106 vehicles had their new bodies built in 1965-66 and subsequent years. The Corporation attributed (November 1970) the reduction in the life of bodies to non-availability of the material of correct specifications.

117. *Loss on account of lapsed octroi deposits*—Under Gwalior Corporation Octroi Rules, refund of octroi deposited in respect of material brought within the Corporation limits for repairs is admissible on proof of despatch of materials after repairs, outside the Corporation limits within 3 months which may be extended to six months if suitable reasons are given. The workshop at Gwalior did not obtain refund of octroi amounting to Rs. 0.07 lakh deposited during 1962-63 to 1968-69. At Jabalpur also, the refund of octroi is admissible under similar circumstances but no claims were made as amounts of octroi deposited, were shown finally paid instead of keeping them initially as deposits. Similarly, under rules of the Notified Area Committee, Bairagarh, 87.5 per cent of the octroi paid to the Committee on stores and materials imported in the area is refundable provided the material is exported out of the area of the Committee within 30 days of its receipt and a declaration to this effect has been made at the time of payment of the octroi. Though the omission of not claiming the refund of octroi was pointed out during the audit of accounts of Central Stores, Bairagarh for the year 1967-68, the Corporation failed to file the required declaration and obtain the refund amounting to Rs. 0.10 lakh (87.5 per cent of Rs. 0.12 lakh octroi paid) in respect of stores of the value of Rs. 11.91 lakhs received at Central Stores, Bairagarh during 1968-69 and retransported outside the area of the Committee within 30 days.

118. *Failure to claim refund of Road Tax*.—In paragraph 138 of the Audit Report, 1966 mention was made that refund of road tax amounting to Rs. 0.16 lakh paid in respect of vehicles remained off the road for a period exceeding one

calendar month during 1963-64 was not claimed under the provision of the Madhya Pradesh Motor Vehicles Taxation Act, 1947 and action to make good that loss by making recoveries from the subordinates responsible was also not taken despite clear instructions (July 1963) of the General Manager of the Corporation. The Public Accounts Committee in its Twelfth report (March 1968) expressed grave concern over such losses and recommended that department should take suitable steps to avoid such losses in future and also fix responsibility. Nevertheless, it was noticed in audit that during the past three years ending 1968-69 claims for the refund of Road Tax amounting to Rs. 2.40 lakhs were not preferred by various depots as shown below:—

Year	Number of depots	Amount (In lakhs of rupees)
1966-67	11	0.43
1967-68	17	0.96
1968-69	10	1.01

119. *Excess payment of overtime allowance.*—Audit of various depots of the Corporation revealed that overtime paid to drivers and conductors was not calculated correctly in accordance with the provisions of the Motor Transport Workers Act, 1961 and the rules made thereunder. An excess payment of overtime of Rs. 0.56 lakh (approximately) was noticed in the depots mentioned below:—

Name of depot	Period	Amount (In lakhs of rupees)
Indore	1967-68	0.15
Ujjain	1967-68	0.09
Guna	1967-68	0.09
	1968-69	0.05
	(Upto 18-10-1968)	
Neemuch	1966-67	0.14
	1967-68	
Morena	26-1-1966	0.04
	to 30-9-1968	

The operational schedules of the depots showing route-wise details of overtime hours were not scrutinised and approved by the divisional office and the Chief Traffic Manager in accordance with detailed instructions of the General Manager issued in April 1967.

The matter was reported to the Corporation in July 1969; reply is awaited (January 1971).

120. *Purchase of inferior quality of tarpaulins and overpayment of Sales Tax therefor.*—In response to tenders invited by the Corporation in April 1966 for supply of 723 tarpaulins (size 18' × 8', weight 18 ozs.) required during 1966-67 for use on the buses, 9 firms quoted their rates for different qualities. After examining the samples submitted by the firms, the Headquarter Tender Committee

(which included the Chief Mechanical Engineer as one of the members) in its meeting held on 24th June 1966 approved sample 'D' of firm 'A' and recommended the purchase from that firm at Rs. 76.30 each (F. O. R. destination Sales Tax extra). Accordingly, a telegraphic order for the supply of 723 tarpaulins (costing Rs. 0.55 lakh) was placed on the firm on 25th June 1966 (later confirmed by purchase order issued on 29th June 1966). Five full size tarpaulins to serve as counter samples for comparison were later obtained (in August 1966) from the firm by the Chief Stores and Purchase Officer and were supplied to the five divisions of the Corporation on 8th August 1966 when a large part of the rainy season was already over; supplies of the tarpaulins to various divisions had, however, been made by the firm between 28th July 1966 to 6th August 1966.

After receipt of tarpaulins, complaints about poor quality were received (August and September 1966) from the Depot Managers, Divisional Managers and the Senior Inspecting Officer to the effect that the tarpaulins were of inferior/poor quality in as much as they not only gave way within 10-12 days but were torn vertically and horizontally and that the same could be torn by little pressure by hand. After obtaining the views of the legal department (of the Corporation) full payment for the supplies was made to the firm in 1969-70 as the same were reported to have been made in accordance with the counter sample.

As the above tarpaulins did not serve for their full life (3 years), the replacement of the same was made by purchasing 723 extra tarpaulins (in addition to normal requirement of 167 tarpaulins) in 1969-70 at a cost of Rs. 0.95 lakh (no purchases were made in 1968-69 since the rains were almost over by that time).

(ii) During June-July 1967, 520 tarpaulins costing Rs. 0.62 lakh (@Rs. 119.68 each F.O.R. destination; sales tax extra) were purchased from a firm 'B'. One of the Divisional Managers of the Corporation, after inspecting some of the pieces supplied by the firm, reported in August 1967 that they were quite rotten as the cloth used therein had no strength. Although he promised to collect reports from the depots and submit a consolidated report to the Chief Stores and Purchase Officer, he could not do so, as the reports from various depots could not be obtained by him. The payment to the supplier was, however, released in full in December 1969.

(iii) Although the tarpaulins were exempted from levy of the State sales tax by the State Government during the period their supplies were effected by the two firms, sales-tax at 7% amounting to Rs. 0.08 lakh was charged by the firms and was paid by the Corporation.

The matter was reported to the Corporation and Government in October 1970; reply is awaited (January 1971).

121. *Extra expenditure on the purchase of tyres, tubes, etc.*—The Headquarters Tender Committee of the Corporation while recommending (January and March

1969) the purchase of 16,928 sets of tyres, tubes and flaps of three different sizes for the year 1969-70 observed that as the rates of tyres and tubes, etc. of all the manufacturing companies were uniform, the purchase orders should be placed after taking into account the past performance of tyre kilometrage of different firms and quantities offered by them. However, out of orders for 14,122 sets of tyres of different sizes placed on various companies in March-April 1969, orders for 4,500 sets of tyres (825×20—10 ply) were not placed in accordance with the recommendations (reasons for doing so have not been recorded). Based on subsequent consumption, the actual average of tyre kilometrage obtained from these tyres during 1969-70 worked out to be less (43.16 lakhs kilometres) than which would have been obtained had the tyres been purchased as per Committee's recommendations resulting in additional consumption of 126 sets of tyres valued at Rs. 0.90 lakh (approximately).

The matter was reported to Government in October 1970; reply is awaited (January 1971).

122. *Extra expenditure.*—(i) The Corporation placed an order for the supply of parts of Tata Mercedes-Benz vehicles with the manufacturers in January 1968. On being pointed out by audit in May/June 1968 that certain items of oil seals and gaskets were available at lower rates on rate contract with manufacturers of components, the Corporation cancelled the order for these parts (value Rs. 0.38 lakh) in August 1968. The bulk of the order had, however, been executed by that time. This resulted in an avoidable extra expenditure of Rs. 0.27 lakh (being the difference between the procurement rate of manufacturers and rate contract rates). The Corporation stated (September 1968) that the rate contract for these parts was received in February 1968 whereas the order was placed in January 1968. However, the Corporation was aware of the decision regarding the award of rate contract for these items taken by the Standing Committee (Purchases and Contracts) of All India State Road Transport Undertakings in their meeting held in November 1967 which was not only attended by the Chief Stores and Purchase Officer of the Corporation but the minutes of the meeting were also received by the Corporation in December 1967. The purchases made at an extra cost of Rs. 0.27 lakh thus lacked justification.

(ii) The Corporation placed order for the supply of engine parts with the manufacturers of Tata Mercedes-Benz vehicles in September 1968. Subsequently, on having noticed that certain items of oil seals, water pump, etc. were already available at lower rates from rate contract parties, order of the value of Rs. 0.14 lakh placed for these parts was cancelled in October 1968. The bulk of quantities had, however, been supplied by that time, resulting in extra expenditure of Rs. 0.07 lakh. Further extra expenditure of Rs. 0.07 lakh was also incurred on the purchase of 280 "Housing Water Pump" for which the order was not cancelled though this item was also available at lower rates from the rate contract parties.

The matter was reported to Government in November 1968 and August 1970; reply is awaited (January 1971).

### Madhya Pradesh Electricity Board

123. *Loss due to failure to lodge claim within the prescribed time.*—The work of clearance and forwarding the Russian equipment received at Calcutta port for 200 M.W. Korba Power Station was entrusted by the Board to the Director General of Supplies and Disposals, Calcutta in October 1961. In case of short landing of the equipment, a claim accompanied by the original short landing certificate issued by the clearing agents and documents showing value and freight was required to be lodged with the Steamer Agents within a year of the date of berthing, failing which the claim (admissible to the extent of £100—Rs. 2,500 per package was liable to become time barred).

12 cases of short landing of equipment (cost Rs. 1.64 lakhs) were noticed during July 1963 to December 1965 for which the Director General of Supplies and Disposals had issued short landing certificates. Claims in respect of only 3 cases were lodged with the carriers; of which, claim only for one case was lodged within the stipulated period of one year. In the remaining cases only intimations for short landing were sent. These claims, limited to amount of carriers liability, aggregating Rs. 0.65 lakh were rejected by the carriers on the ground that they had become time barred and were not supported by the required documents.

The Board stated (July 1970) that the reasons for non-submission of claim in time were being investigated and results thereof will be reported to audit in due course.

124. *Supply of inferior grade of coal against payment for superior grade of coal.*—During August 1965 to August 1968, 2.46 lakh tonnes of coal (1.18 lakhs Grade II and 1.28 lakhs Grade III) were supplied to Indore Power House by Colliery 'A'. The contract entered into with the supplier *inter alia* provided that payment would be made according to the particular grade (II or III) of coal actually supplied or determined by analysis in Board's Laboratory. Out of 0.93 lakh tonnes of slack coal grade II for which tests were conducted, 0.55 lakh tonnes were found to be of grade III. Nevertheless, suppliers were paid for this coal as for grade II resulting in excess payment of Rs. 0.53 lakh. No tests were carried out in respect of 0.25 lakh tonnes of grade II coal received during September 1967 to August 1968.

The matter was reported to the Board in April 1970; reply is awaited (January 1971).

125. *Avoidable payment of freight charges.*—The freight on coal despatched is charged by Railways on the minimum carrying capacity of the wagon or the actual weight of coal filled, whichever is more.

In a number of cases the coal wagons despatched by the coal contractors were, however, loaded below their carrying capacity resulting in avoidable payment of Rs. 0.51 lakh for underloaded quantity of coal, as shown below:—

Name of Power House	Period to which under-loading pertains	Total quantity under-loaded for which freight has been paid (Tonnes)	Freight charges paid on the quantity underloaded (In lakhs of rupees)
Nepanagar	April 1961 to November 1966	2,593.1	0.37
Gwalior	1965-66 and 1966-67	258.8	0.08
Indore	1965-66 and 1966-67	280.6	0.06
Total			0.51

The matter was reported to the Board and Government in May 1970; reply is awaited (January 1971).

126. *Excess payment.*—The terms of a contract for unloading and stacking of steam and slack coal and feeding it to the crusher hopper in Nepanagar Power House provided separate rates for (i) lead not exceeding 250 ft., and (ii) lead exceeding 250 ft. Rate for lead beyond 250 ft. was composite and inclusive of lead up to 250 ft. During December 1965 to February 1968, however, payments for operations involving lead exceeding 250 ft. were made at the rate arrived at after adding rates of leads not exceeding and exceeding 250 ft., resulting in an excess payment of Rs. 0.45 lakh to two contractors.

The Board stated (May 1970) that the case is being examined and if necessary amount will be recovered from security deposit of contractors.

127. *Purchases in excess of or without requirement resulting in blocking of funds.*—The State Electricity Board is having a Central Stores Purchasing Organisation which makes bulk purchases. The requirements are assessed by the Project Section on the basis of plan schemes. Cases were, however, noticed in audit where accumulation of surplus stores had resulted because either the requirements were not realistically assessed or in the absence of proper follow up of orders, the material ordered was received after the requirement had been met by local purchases or diversion from other divisions. Such stores were subsequently transferred from one division to another more than once resulting in extra expenditure on transportation, octroi, etc. The expenditure on octroi alone works out to Rs. 2 lakhs approximately in respect of Electrical and Mechanical Divisions at Indore and Ujjain from where stores worth Rs. 98.07 lakhs were transferred to other divisions during 1964-65 to 1968-69. Even after transfer of above stores, there are surplus stores costing Rs. 44.80 lakhs in these two divisions

which include mainly following items (value of Rs. 28.59 lakhs excluding the cables valued at Rs. 4.36 lakhs in Gwalior Division):—

S.No.	Particulars	Value		Remarks
		<i>(In lakhs of rupees)</i>		
		Ujjain	Indore	
(i)	Underground Cables of various sizes.	3.38	20.45	These cables were purchased during 1962-63 and 1963-64 for laying underground cables but were not utilised. It has now been intimated by the Board that these cables would not be required due to change in policy and are, therefore, surplus.  In addition cables worth Rs. 4.36 lakhs purchased during 1962-64 were lying unused (March 1970) in Gwalior Division.
(ii)	Potential device coupling capacitors 1000 VA-CWE-145 N12 Nos.	0.17	..	These were received in February 1967 against order placed in October 1959 by the Chambal authorities. The material is no longer required.
(iii)	Lightening arrestors 33 KV	1.70	1.76	The materials were purchased between 1967-68 and 1969-70. The slow movement of these items has been attributed to high cost of purchase (Rs. 3,600 per set) as against normal cost of Rs. 900 per set of substitute material.
(iv)	All aluminium conductor 4/0 S.W.G.	..	1.13	The material received in April 1966 has not been used so far.

In para 146 (v)-item 8-Appendix 12 of Audit Report on the accounts for 1965-66, it was mentioned that cables and steel worth Rs. 5.90 lakhs have remained unused in Power Station, Korba since 1960. The Public Accounts Committee in its Fourteenth Report (March 1969) expressed grave concern over the stores remaining unused for such long time and recommended that urgent steps for utilisation or disposal of the stores should be taken so that Board's money might not remain blocked. There has, however, been no improvement and in 100 M. W. Power Station, Korba, steel, cables, pipes, copper wire stripes and other miscellaneous construction material worth Rs. 13.11 lakhs purchased in 1960-63 were still awaiting disposal (March 1970).

The matter was reported to Board and Government in April 1970; reply is awaited (January 1971). In respect of the unused Stores at Ujjain, the Board, however, stated (June 1970) that possibility of utilisation, diversion/disposal of these items was being examined.

128. *Idle machines and equipment.*—Mention has been made in successive Audit Reports regarding the machines and equipment lying unused with the Board. The Public Accounts Committee in its Twelfth Report (March 1968) had also recommended that responsibility should be fixed for purchase of unnecessary machines and stores lying unused and further that either these should be brought into use or disposed of early. There has, however, been no improvement and machines and equipment costing Rs. 1,38.33 lakhs are lying unused for two to six years, as shown below:—

(i) 18 machines (cost Rs. 1.07 lakhs) were purchased in 1964-65 for the proposed Foundry and Loco Repair Shop, for the construction of which estimates were yet to be approved by the Board (April 1970). The Board stated (July 1970) that 7 machines and equipment valuing Rs. 0.69 lakh have since been put to use elsewhere and action was being taken to construct the proposed Foundry and Repair Shop.

(ii) The following diesel/steam stations are not in operation:—

(a) Consequent upon the commissioning of two 50 M. W. sets of 200 M.M. Power Station, a 10 M. W. set installed at Korba at a cost of Rs. 75.79 lakhs (due to change in the original plan for installation at Neapanagar for inter-connection of Ujjain-Neapanagar 132 KV line) and commissioned in July 1963 is lying idle since November 1968. The Power Superintendent stated (February 1970) that the set is kept as a 'stand by'.

(b) A 15,000 KW diesel generating set installed at a cost of Rs. 9.24 lakhs in 1958 was put to use only on one occasion since its installation 12 years back. The matter was reported to the Board in April 1970; reply is awaited (January 1971).

(iii) Consequent on the erection and commissioning of the generating sets of 200 MW capacity (last set commissioned in October 1968), the various construction equipment like cranes, excavators and air compressors costing Rs. 52.92 lakhs were rendered surplus. The Board stated (July 1970) that action for their disposal has been initiated. Their disposal is, however, still awaited (November 1970).

#### Madhya Pradesh Housing Board

129. *Execution of works through the Bharat Sewak Samaj.*—According to Government instructions (June 1960 and November 1960), contracts for earth work up to a limit of Rs. 5.00 lakhs and if the Samaj had suitable machinery for execution, contracts for building works up to a limit of Rs. 1.00 lakh could be



awarded to the Bharat Sewak Samaj at the current schedule of rates without calling for tenders. Notwithstanding these instructions the Madhya Pradesh Housing Board awarded the construction of 100 tenements each under the Subsidised Industrial Housing Scheme at Ratlam (estimated cost Rs. 3.77 lakhs), Nagda (estimated cost Rs. 2.84 lakhs) and Ujjain (estimated cost Rs. 3.55 lakhs) at current schedule of rates to the Samaj. The works at each of these places were also split up by awarding separate contracts for adhering to the limit of Rs. 1.00 lakh.

Completion of works was either considerably delayed or these were left incomplete by the Samaj as per details given below resulting in heavy losses to the Board. The Assistant Engineer of the Board reported (April 1965) that the Samaj lacked necessary capacity, organisation and technically qualified and experienced hands:—

(a) At Ujjain the contracts for construction of 25 tenements and 75 tenements were awarded in January 1961 and August 1961 and were scheduled to be completed in May 1961 and January 1962 respectively. Construction of 36 tenements left incomplete by the Samaj after spending Rs. 0.50 lakh, was got completed during June 1966 to December 1966 through another contractor. Construction of the remaining 64 tenements, which was not taken up by the Samaj, was got completed (December 1966) through another contractor at 15 per cent above the current schedule of rates resulting in an extra cost of Rs. 0.22 lakh. In addition the Board suffered loss of revenue (by way of rent) of Rs. 0.66 lakh due to delay in the construction.

(b) At Nagda, contracts for the construction of 24 and 76 tenements were awarded in January 1961 and June 1961 and were scheduled to be completed in June 1961 and September 1962 respectively. The construction of 24 tenements was completed in May 1962. The work of 76 tenements was left incomplete in May 1962, which was reallocated to the Samaj in December 1963 at 13 per cent above current schedule of rates, but the same was, however, again left incomplete in August 1965 after doing the work of the value of Rs. 1.71 lakhs. The work was got completed through another contractor at current schedule of rates. This resulted in an extra expenditure of Rs. 0.11 lakh and loss of revenue amounting to Rs. 0.73 lakh due to delay in the construction of tenements.

(c) At Ratlam separate contracts for the construction of 25, 24 and 51 tenements were awarded in November 1961, November 1963 and April 1964 and were due to be completed in April 1962, March 1964 and April 1965 respectively. 25 and 24 tenements against first two contracts were actually completed in January 1965, whereas 51 tenements were completed on various dates during the period January 1965 to January 1967. The loss of revenue suffered due to delay in the construction of tenements amounted to Rs. 0.25 lakh.

The Board did not impose any penalty for delay/non-completion of works except penalty of Rs 0.38 lakh in case of works at Ratlam, which has also not been recovered so far (April 1970).

Besides, overpayments amounting to Rs. 0.26 lakh (Rs. 0.22 lakh on account of excess lead allowed in case of Ratlam and Nagda works; Rs. 0.04 lakh on account of overpayments made in the running bills of Ujjain and Nagda works) were noticed; and recoveries of Rs. 0.21 lakh (Rs. 0.16 lakh on account of material supplied and Rs. 0.05 lakh on account of advances made) were also due. Against these recoverable sums, the amount of pending bills and of deposits payable to Samaj was Rs. 0.17 lakh only.

The matter was reported to Board/Government in July 1970; reply is awaited (January 1971).

130. *Loss of rent.*—Certain tenements constructed by the Board at Satna (in 1961-65) remained unallotted between July 1965 and March 1970. The loss of revenue on such unallotted tenements amounted to Rs. 2.68 lakhs, as detailed below:—

(i) Out of 175 tenements constructed near the lime and stone company, tenements varying from 59 to 93 remained vacant during April 1967 to January 1968, 92 to 117 tenements remained vacant during February 1968 to May 1969 and 49 to 85 tenements remained vacant during June 1969 to March 1970, the resultant loss of revenue being Rs. 0.25 lakh.

(ii) Out of 178 tenements constructed near the Cement Works, 73 tenements which were ready for occupation in July 1965 were unauthorisedly occupied by the labourers. On the institution of a suit by the Board, the Court issued order for eviction of the unauthorised occupation in April 1967; the occupation has not been evicted so far (March 1970) and as such no rent is being recovered from the occupants, and the Divisional Officer is showing these tenements as vacant in his rent statements sent to the Board from April 1966 onwards. The loss of revenue in respect of these quarters till March 1970 at the monthly rates actually charged by the Board works out to Rs. 0.35 lakh.

(iii) The standard rent of the tenements worked out to Rs. 10.28 to Rs.12.50 per month for single two room tenements and Rs.12.00 to Rs.14.50 for regular two room tenements (depending upon the cost of construction) whereas the rent was recovered at Rs. 7.50 and Rs. 10.00 per month respectively. This resulted in a loss of Rs. 2.08 lakhs (including Rs. 0.30 lakh in respect of tenements which either remained vacant or were unauthorisedly occupied) upto March 1970.

The matter was reported to Board and Government in August 1970; reply is awaited (January 1971).

131. *Unfruitful outlay and loss of rent.*—The Madhya Pradesh Housing Board awarded contracts for construction of 240 small two roomed multi-storeyed tenements at Indore under the Subsidised Industrial Housing Scheme (estimated

cost Rs. 14.94 lakhs) to three contractors (96 tenements in January 1967; 96 tenements in February 1967 and 48 tenements in April 1968). Though the construction of 96 tenements was completed in November 1968 at a cost of Rs. 4.57 lakhs and of 48 tenements in April 1969 at a cost of Rs. 2.29 lakhs, the tenements could not be let out so far (May 1970) for want of external water-supply arrangements for which adequate provision was not made in the project. Subsequently, the work of laying pipe line from Yashwant Club Water Tank (estimated cost Rs. 1.31 lakhs) was awarded to a contractor in October 1969 and is in progress (May 1970). The Board has suffered a loss of revenue of Rs. 0.46 lakh upto March 1970 approximately due to non-occupation of the tenements. Construction of remaining 96 tenements (contract awarded in January 1967) due to be completed in July 1968, is still incomplete (May 1970).

The matter was reported to Board in June 1970; reply is awaited (January 1971).

### Section C—Government Companies

132. There were eight Government Companies in the State as on 31st March 1970. The investment of Government in the share capital of these companies (including application money) was Rs. 5,82.71 lakhs. Bank of Kawardha Ltd., (investment: Rs. 0.07 lakh excluding the amount of compensation received) is under liquidation, while Dhar Transport Company Ltd., (investment: Rs. 1.50 lakhs) has ceased to function since April 1956 and has not submitted certified accounts since then. This company has been declared defunct (March 1965) by the Registrar of Companies.

A summary of the financial results of Madhya Pradesh Laghu Udyog Nigam Ltd., Madhya Pradesh Audyogik Vikas Nigam Ltd., Provident Investment Company Ltd., Madhya Pradesh State Mining Corporation Ltd. and Madhya Pradesh State Agro-Industries Development Corporation Ltd., as per the latest accounts received is given in Appendix X.

The audited accounts of the following companies for the years shown against each have not been received (October 1970):—

Name of the company	Period for which accounts are awaited
1. Madhya Pradesh Laghu Udyog Nigam Ltd.	1967-68 to 1969-70.
2. Madhya Pradesh State Industries Corporation Ltd.	1968-69 and 1969-70.
3. Madhya Pradesh State Mining Corporation Ltd.	1969-70.

### Madhya Pradesh State Industries Corporation Ltd.

133. The Madhya Pradesh State Industries Corporation Ltd. which is a wholly owned Government company, was incorporated on 11th April 1961 as a Private Limited company under the Companies Act, 1956 with the main object of taking over from Government of Madhya Pradesh existing medium industries or establishments owned and conducted by Government of Madhya Pradesh and to undertake development of new industries, industrial areas, estates and establishments

and such other facilities as may be required for their development. The authorised and paid-up capital of the Company (wholly subscribed by Government) as on 31st March 1970 amounted to Rs. 4 crores and Rs. 2,36.65 lakhs respectively. The company has been running the following eight units in addition to distilleries at Barwah, Bhopal and Nowgong which were operated temporarily due to award of contract of liquor distribution:—

1. Spinning Mill, Sanawad.
2. Contton Seed solvent Extraction Plant, Ujjain [closed down in July 1968. The disposal of plant is under consideration of the Corporation (August 1970).]
3. Power Alcohol Plant, Ratlam.
4. Gwalior Potteries, Gwalior.
5. Gwalior Engineering Works, Gwalior.
6. Gwalior Leather and Tent Factory, Gwalior.
7. Gwalior Tannery, Gwalior.
8. Calandring Plant, Ujjain.

The working results of two units reviewed in audit are given in paragraphs 134 to 139.

#### Working of Distilleries

134. (i) *Introductory*.—The M. P. State Industries Corporation has been operating an Alcohol Plant at Ratlam since 1963-64. It also operated distilleries at Barwah (from 1st April 1967), Bhopal (from December 1967 to July 1968) and Nowgong (from June 1968 to May 1969).

Consequent upon lifting of prohibition in certain areas from 1st August 1967 the contract for supply of liquor in these areas through 46 warehouses was also entrusted to the Corporation. The Corporation established (in October 1967) a separate Distribution Organisation for receiving the liquor produced by the distilleries and its subsequent distribution through warehouses.

(ii) *Working Results*.—The following table indicates the combined working results of the four Distilleries and Distribution Organisation for the four years ending 1968-69. Information for 1969-70 is not available (September 1970).

Year	Quantity sold		Total sales	Net Profit (In lakhs of rupees)	Percentage of profit to sale
	Denatured spirit in lakhs of bulk litres	Rectified spirit in lakhs of proof litres			
1965-66	4.34	36.52	24.27	12.76	53
1966-67	5.14	31.41	21.52	11.52	54
1967-68	2.12	79.82	77.19*	11.32	15
1968-69	1.78	47.08	88.50@	12.07	14

\*Include Rs. 8.50 lakhs received from Excise Department on *ad hoc* basis.

@Subject to revision as accounts have not been finalised.

The decline in profits was *inter-alia* due to production of more *mahua* based liquor (which is costlier) and decline in production of molasses liquor on account of non-availability of molasses. Other contributory factors are detailed in paras (iii) and (iv) below.

(iii) *Production of molasses based liquor.*—The average procurement cost of molasses increased during the last four years but average yield of liquor from molasses decreased and consequently average cost of production went up. The corresponding sale price instead of increasing was, however, reduced by Government (reasons not recorded) as indicated below :—

Year	Average recovery of spirit per ton in litres	Average procurement cost per quintal of molasses	Average cost of production per proof litre	Sale price rate per proof litre
			(In rupees)	
1965-66	388	2.23	0.24	0.55
1966-67	385	2.56	0.26	0.55
1967-68	356	3.31	0.36	0.45
1968-69	286	5.40	0.47	0.45

While the sharp increase in procurement cost of molasses was due to purchase of molasses (21 per cent during 1968-69) from Maharashtra at Rs. 12 per quintal as against the rate of Rs. 1.50 to Rs. 7 per quintal from factories in Madhya Pradesh and procurement of molasses from factories situated at longer distances, the low yield of spirit from molasses was due to long storage of molasses in open tanks (1967-68) and purchase of lower grade of molasses from Maharashtra at much higher rates during 1968-69.

(iv) *Production of Mahua based liquor.*—The expansion programme of production of *mahua* based liquor was taken up during 1967-68, inspite of its uneconomic nature (cost of production Rs. 2.50 per proof litre; average sale price Rs. 2.02 per proof litre).

The main factors which contributed to high cost of production were purchases of flowers at high rate and low yield from flowers purchased, as shown below:—

Year	Average procurement rate of <i>mahua</i> flowers per quintal Rs.	Recovery of spirit per ton in litres	Remarks
1964-65*	Not available	454	
1967-68	68.28	354	Lower yield was due to purchase of Raigarh Region flowers which have lesser yield.
1968-69	46.85	400	Do.
1969-70	41.69	451	

\*Not processed during 1965-67.

The Corporation stated (in January 1969) that loss of Rs. 26.57 lakhs (1967-68: Rs. 22.56 lakhs; 1968-69: Rs. 4.01 lakhs) towards the high cost price of *mahua* flowers was to be borne by State Government on the basis of the understanding with the Excise Department in respect of which no record was available. A provisional payment of Rs. 8.50 lakhs made by Government (in July 1968) has already been adjusted in the sale price of the year 1967-68. The State Government has appointed an Officer (in August 1969) to ascertain the exact amount payable by Government towards compensation for the increased cost of production; his findings are awaited (May 1970).

(v) *Unused machines, stores, etc.*—Machines and stores worth Rs. 1.61 lakhs have remained unused for three to seven years, as shown below :—

(i) Stores worth Rs. 1.01 lakhs purchased in 1962-63 (Rs. 0.14 lakh) and 1966-67 (Rs. 0.87 lakh) for setting up of a beer plant remained unused (June 1970). Managing Director stated (November 1969) that idea of setting up beer plant was suspended due to paucity of funds and staggering of fourth plan.

(ii) Essences, etc., worth Rs. 0.60 lakh procured during 1962-63 to 1966-67 for bottling Indian made foreign liquor remained unused (June 1970) as its production has been suspended in 1969-70 due to non-availability of a suitable man to take up its manufacture.

(vi) *Stagnant Stocks.*—Out of 2.04 lakh bulk litres of Indian made foreign liquor produced during 1964-65 (1.47 lakh bulk litres), 1965-66 (0.42 lakh bulk litres), and 1968-69 (0.15 lakh bulk litres), 1.87 lakh litres costing Rs. 0.92 lakh remained unsold due to defective quality of liquor (June 1970). Storage losses due to evaporation amounted to 0.17 lakh bulk litres (cost Rs. 0.08 lakh) upto March 1970.

The Corporation stated (November 1969) that it will be used when the manufacture of Indian made foreign liquor is restarted.

135. *Non-maintenance of proper accounts in Ware-houses and alleged mis-appropriation.*—For executing the contract for distribution of liquor entrusted (by Excise department) to the M. P. State Industries Corporation Ltd., the latter set up 47 ware-houses in April and August 1967 at different places under the direct control of ware-house managers (who were not required to furnish any security and supervisory control of Officers-on-Special Duty. The necessary instructions *inter-alia* prescribing maintenance of cash book, issue of money receipts, accounts of remittances and expenditure by the ware-house manager, stock accounts, daily issue and receipt registers and their rendering monthly accounts to Officers-on-Special Duty and Head Office were, however, issued by the Corporation only in January 1968; the Corporation neither introduced any internal audit/control, nor did the Officers-on-Special Duty exercise control over day-to-day transactions.

Departmental examination of accounts of the ware-houses conducted in 1968-69 and 1969-70 at the time of finalisation of accounts for 1967-68 revealed that :—

(a) The essential account records like cash books, receipt books, stock account and remittances accounts were not properly maintained during 1967-68 and 1968-69.

(b) Heavy cash balances in excess of the prescribed limit of Rs. 500 were retained in the ware-houses.

(c) Transactions recorded in the cash book, stock register and Excise records were not reconciled. The actual checking and reconciliation of records by the Corporation for the period up to 31st March 1969 with those of Excise Department further revealed suspected misappropriation of Rs. 0.37 lakh in seven ware-houses.

The Government intimated (December 1970) that alleged misappropriation cases in respect of 3 ware-houses involving Rs.0.30 lakh have been handed over to police in January and April 1969, while the cases in respect of remaining four ware-houses, involving Rs. 0.07 lakh, were under investigation. Further report is awaited (January 1971).

136. *Purchase of Vats.*—The M. P. State Industries Corporation Ltd., placed an order on a firm in October 1967 for the supply and erection of 26 numbers each of wooden vats of 5,000 and 10,000 litre capacity at the rate of Rs. 60 and Rs. 65 per hundred litres (exclusive of sales-tax) respectively *plus* Rs. 210 each for locking arrangements; the final payments were to be regulated on the basis of actual capacity erected. As against the total ordered capacity of 3.90 lakh bulk litres, the firm billed for 4.41 lakh bulk litres, involving an extra payment of Rs. 0.33 lakh, which was accepted and part payment of Rs. 2.79 lakhs (Balance to be paid Rs.0.20 lakh) was made during February 1968 to January 1969 without verifying the correctness of actual capacity erected.

On the termination of the contract of distribution of liquor held by the Corporation in May 1970, these vats alongwith other stock and stores were transferred to the new contractors. It was noticed that the contractors were billed for the cost of vats taking the capacity of each vat as 5,000 bulk litres and 10,000 litres instead of the actual capacity of each vat resulting in an underbilling of Rs. 0.41 lakh (including Rs. 0.08 lakh on account of sales-tax not charged from successor), computed with reference to the capacity billed for by the supplier. In addition, the claim for expenditure of Rs. 0.11 lakh incurred by the Corporation on foundation work for erecting the vats was also not made. The resulting total underbilling thus amounted to Rs. 0.52 lakh.

The Corporation stated (July 1970) that the bills were sent on provisional basis and final bills have since been sent to the incoming contractors.

Recovery is still awaited (January 1971).

137. *Purchase of mahua flowers.*—(A) *Mahua* flowers are purchased by the Corporation for manufacture of liquor. A review of the purchases made during 1967-68 revealed the following :—

- (i) Purchases were not made in the most economical manner during the cheapest season. It was seen in audit that out of 0.63 lakh quintals (cost Rs. 42.22 lakhs) of flowers purchased during the year, only 0.12 lakh quintals (cost Rs. 6.66 lakhs) were purchased during *mahua* flower season in April and May 1967 at the prevailing rates ranging from Rs. 45 to Rs. 58 per quintal and subsequently purchases had to be made in September 1967 to February 1968 at Rs. 68 to Rs. 75 per quintal.
- (ii) Purchases were made without inviting tenders and only on the basis of personal negotiations.

(B) Five cases in which the Corporation had to incur extra expenditure of Rs. 4.69 lakhs during 1967-68 and 1968-69 are given below:—

(a) Firm 'A' offered (offer received on 12th April 1967) to supply 2,000 quintals each of *mahua* of 1965 and 1966 crops from ready stock at Rs. 40 and Rs. 45 per quintal respectively and 5,000 quintals of 1967 crop in April and May at Rs. 40 per quintal. No action was, however, taken by the Corporation on this offer. Subsequently purchases of flowers (1967 Crop) had to be made from the same firm in May 1967 after negotiations at Rs. 54 per quintal (3,032 quintals) and Rs. 57 per quintal (2,025 quintals). Delay in finalisation of contract thus resulted in an extra expenditure of Rs. 0.77 lakh.

The Corporation stated (October 1969) that offers were open for a very short period; the market rates were fluctuating and as such rates offered in April did not stand in May.

(b) An order for the supply of 2,000 quintals of *mahua* flowers of 1965 crop (at Rs. 45 per quintal) was placed in May 1967 on firm 'A' though (as mentioned in the preceding sub-paragraph) the firm had offered to supply flowers of 1966 crop at that rate and flowers of 1965 crop at Rs. 40 per quintal. This resulted in an extra expenditure of Rs. 0.11 lakh (inclusive of Sales tax) on actual supply of 2,025 quintals.

(c) An order for the supply of 3,000 quintals of *mahua* flowers at Rs. 54 per quintal F. O. R. Raigarh was placed on the same firm 'A' on 15th June 1967. On the basis of a report (dated 15th June 1967) from an Assistant Supervisor that "due to adverse weather new arrivals are more blackish. . . Recovery from the flowers would, however, be same", the firm was asked (18th June 1967) not to make any despatches until further instructions but an officer was deputed as late as on 6th August 1967 to verify the quality of flowers. The Officer approved the quality of flowers but the firm supplied only 1,000 quintals of flowers in December 1967 on the ground that they had already disposed of the stock. Therefore, to meet



the requirements further purchases were made (3,000 quintals) in September 1967 at Rs. 70 per quintal and (3,000 quintals) in November 1967 (from the same firm) at Rs. 68 per quintal. Delayed action in finalising the procurement thus resulted in an extra expenditure of Rs. 0.28 lakh.

The Corporation stated that "there was no question of recovering any penalty from him (contractor) for non-supply as delay for not taking was on our part" and purchases had to be made subsequently at higher rate due to allotment of new areas from August 1967.

(d) An order for the supply of 7,000 quintals of *mahua* flowers (1967 old crop) at Rs. 75 per quintal (F. O. R. Raigarh) was placed by the Corporation on a firm 'B' on 10th April 1968 although the General Manager, Ratlam Alcohol Plant had intimated the Managing Director on 8th April 1968 that *mahua* flowers of new crop had already started coming to the market and that he had also received offers of Rs. 51, Rs. 54 and Rs. 48 per quintal. Neither any restriction as to the period of delivery was specified in the order placed with the firm nor was any assessment of the flowers to be consumed up to 15th May (new flowers are generally processed thereafter) *vis-a-vis* the stocks available and the quantities to be received against orders (for 5,000 quintals) placed in February 1968 was done. The Corporation actually started processing *mahua* flowers of new season (1968 crop), ordered on 10th April 1968 at Rs. 47.25 per quintal F. O. R. Tajgarh from 13th May 1968. The Corporation also placed orders on six firms for 68,000 quintals of flowers (1968 crop) during April-May 1968 at rates varying from Rs. 39 to Rs. 49 per quintal which also included an order placed on 23rd April 1968 on firm 'A' itself for supply of 15,000 quintals of flowers of 1968 season at Rs. 49 per quintal.

Only 380 quintals of flowers of 1967 old crop were received against this order upto 15th May 1968; 6,721 quintals of flowers (1967 crop) were received later upto October 1968.

The purchase of 6,721 quintals of old season *mahua* flowers (with lower anticipated yield) at a price difference of Rs. 32.75 (including transportation) without inviting competitive tenders thus resulted in an avoidable expenditure of Rs. 2.20 lakhs.

(e) Out of the 33 offers received in response to a tender notice (12th May 1968) issued for the supply of 20,000 quintals of *mahua* flowers during June-August 1968 the lowest rate quoted by a firm was Rs. 39 per quintal F. O. R. Burwaha/Bhopal. No decision on the tender was, however, taken at that time.

On 3rd August 1968, instead of inviting fresh quotations, an inquiry was made from all the tenderers (who had quoted earlier) to state whether their offers were still open or otherwise, to give their revised rates, terms and conditions, etc. upto 17th August 1968; against this only 16 offers were received between 12th and 20th August 1968. The first and second lowest tenderer (of the earlier enquiry made in May 1968) did not quote this time, the third and fourth lowest tenderers

(firm 'A' and 'B') offered to supply 20,000 quintals each at Rs. 40.25 per quintal F. O. R. despatching station and Rs. 45 per quintal F. O. R. destination respectively (their original rates of May 1968 being Rs. 40.25 F.O.R. despatching station and Rs. 44.25 per quintal F. O. R. destination respectively). As the period during which offers were to remain open for acceptance was not specified and no decision was taken immediately after opening tenders, the two firms ('A' and 'B') telegraphically sent revised offers on 20th August 1968 intimating increase in their rates by 9 per cent which still kept them lowest among the sixteen offers received. The order for 40,000 quintals of flowers was placed by the Corporation on firms 'A' (20,000 quintals) and 'B' (20,000 quintals) at their revised rates of Rs. 43.87 and Rs. 49.05 per quintal. This resulted in extra expenditure of Rs. 1.33 lakhs on actual quantities received (17,419 and 17,226 quintals), being the difference between their original and revised offers.

The Corporation attributed (October 1969) the following reasons for not taking a decision on the tenders in May 1968:—

- (i) Awaiting for some time to watch the decision of the State Government regarding nationalisation of trade in *mahua* flowers.
- (ii) Lack of storage and finance.
- (iii) Difficulty in estimating demands of liquor in future months.

#### Gwalior Engineering Works

138. (1) *Introductory*.—The concern (established in the year 1851 and inherited by the former Madhya Bharat Government from the erstwhile Gwalior State) was run as a departmental undertaking by the Commerce and Industry Department till April 1963, when it was transferred to the Madhya Pradesh State Industries Corporation. The net value of its assets, when transferred to the Corporation, was Rs. 19.66 lakhs.

(2) *Working results*.—The working results of the concern from 1963-64 (after it was taken over by the Corporation) to 1967-68 are summarised below; the accounts for 1968-69 and 1969-70 have not yet (October 1970) been finalised:—

Particulars	1963-64	1964-65	1965-66	1966-67	1967-68
	<i>(In lakhs of rupees)</i>				
Production	20.37	21.91	23.58	14.00	10.34
Sales	16.26	24.22	21.95	13.62	13.03
Net profit (+) Net loss (—)	4.35	—0.76	—3.15	—4.19	—3.74
Debtors	11.58	9.61	10.30	10.28	15.66
Closing Stock:					
(a) Stores and Tools	5.26	4.47	7.37	8.46	6.67
(b) Raw material	4.88	6.34	12.24	14.80	12.50
(c) Finished goods	2.10	2.34	1.82	1.70	1.50
(d) Work-in-progress	8.47	5.96	9.10	8.54	6.01
Total closing stock	20.71	19.11	30.53	33.50	26.67
Percentage of closing stock to production.	1,01.6	87.2	1,29.4	2,39.3	2,57.9
Percentage of debtors to sales	71.2	39.6	46.9	75.5	1,20.2

The Management attributed (November 1970) the fall in production in 1966-67 and 1967-68 to lack of work due to cancellation of huge orders of water tank trailers as its execution would have put the concern to greater losses.

(i) It will be seen from the above that except in the year 1963-64, the concern has sustained losses each year (upto 1967-68). Reasons for continued losses have not been intimated by Management so far (November 1970).

(ii) *Debtors*.—Out of Rs. 15.66 lakhs shown as debtors at the end of 1967-68 debts of Rs. 5.18 lakhs are considered bad, doubtful. (No provision for bad and doubtful debts has been made in accounts). The remaining debts (Rs. 10.48 lakhs) classified as good include—

(a) Rs. 1.16 lakhs withheld by three parties either for delay in supplies or deviations from the specifications, etc.

(b) Rs. 0.45 lakh due from the Director General of Border Roads Organisation, Delhi who claims to have paid the amount in full.

(iii) *Stores and Stocks*.—The stores, stock and tools, etc. at the end of 1967-68 include—

(a) Lathe machines, foot pumps, C. I. castings, centrifugal pumps (valued at Rs. 0.88 lakh) manufactured more than ten years back. Reasons for their non-disposal have not been intimated (November 1970).

(b) 3.13 lakh electrodes (8" gauge) of the value of Rs. 0.30 lakh, out of 5 lakh electrodes (value Rs. 0.42 lakh) purchased in January 1965 (against monthly average consumption of 5,550 numbers) could not be consumed till September 1969. Similarly 1.15 lakh electrodes (14" gauge) and 0.52 lakh electrodes (16" gauge) of the value of Rs. 0.11 lakh purchased in September 1965 and January-February 1966 (against monthly average consumption of 3,000 electrodes) could not be consumed till March 1970. The Management stated (November 1969) that efforts were being made to dispose of the stock.

(iv) *Work-in-progress*.—The work-in-progress (Rs. 6.01 lakhs) as on 31st March 1968 include Rs. 3.12 lakhs on account of construction of water tank trailers undertaken against an order (June 1965) cancelled subsequently in December 1967 [*vide* sub-para 3 (c) below].

(3) *Losses due to delay/defects in execution of contracts*.—It was noticed by Audit that the estimates of the cost of jobs undertaken were either not prepared or were defective with the result that the concern not only suffered heavy losses but production also fell due to cancellation of number of orders as indicated below :—

(a) In October 1965, the concern entered into a contract with the Madhya Pradesh State Road Transport Corporation for construction of all steel bus bodies on fifty Leyland chassis at Rs. 15,700 per body. According to the agreement, 10 bodies were to be delivered in the first month after the approval of the proto-type,

20 bodies in the second month and the remaining 19 in the third month; in case of delay, penalty of Rs. 15 per day per chassis was leviable by the Road Transport Corporation. The bodies were, however, not delivered according to delivery schedule. The Corporation levied (in 1966-67 and 1968-69) penalties of Rs.1.15 lakhs for a total delay of 7,639 days (ranging from 16 days to 431 days per vehicle) in respect of 29 chassis and Rs. 0.10 lakh for deviation from the agreed specifications, and recovered the amounts by deduction from the pending bills of the concern in 1966-67 and 1968-69. In addition the concern also suffered a loss of Rs. 0.92 lakh in respect of 29 vehicles in this transaction as the actual cost of body building came to Rs. 18,886 against the contract price of Rs. 15,700 per body.

The Management stated (in November 1969) that "the amounts withheld by M. P. State Road Transport Corporation against bills has been represented and decision for the same is awaited. Before giving tender for bus bodies no detailed estimates were found prepared".

(b) In September 1966, an order was placed with the concern by the Director General of Supplies and Disposals for construction of 435 Kitable cabs and bodies over chassis of one-ton Dodge (253 numbers on 133" wheel base and 182 numbers on 126" wheel base) at Rs. 2,700 per kit. The proto-type of the kit was to be tendered for approval within 3 to 4 weeks and deliveries were to be made at 200-250 kits per month commencing from one month after approval of the proto-type. As the concern failed to tender proto-type of the kit for 133" wheel base for approval within the stipulated period of 3-4 weeks, the contract thereof was cancelled by the Director General of Supplies and Disposals in March 1967 and a penalty of Rs. 0.35 lakh was recovered from the firm's pending bills; the Management stated (November 1970) that a representation in this regard has been made to Director General of Supplies and Disposals. All the 182 kits for the 126" wheel base of the same order were supplied by the concern up to March 1968; prior to quoting the rate of Rs. 2,700 per unit, no detailed estimates for the agreed price had been prepared. However, from the work order which has been closed it was observed that the actual cost of construction of 182 kits was Rs. 7.24 lakhs (including Rs. 1.90 lakhs over heads) as against Rs. 4.96 lakhs realised from Director General of Supplies and Disposals thus resulting in a loss of Rs. 2.28 lakhs in the contract.

The Management stated (in November 1969) that "no details of estimates, prepared before giving tender, are available on record of unit. The rates had to be agreed on competitive basis".

(c) An order was placed in June 1965 by the Director General of Supplies and Disposals with the concern for construction of 1,142 one-ton 2 wheeled water tank trailers of 1,000 litre capacity on 'cost plus 10 per cent' basis, subject to a ceiling price of Rs. 4,000 per trailer. The proto-type of the trailer was to be

tendered within 4-6 weeks and the delivery was to commence after 4 weeks of the approval of proto-type as under:—

First month	50 trailers
Second month	75 to 100 trailers
Thereafter	200 to 250 trailers per month

Though the proto-type was approved by the Director General of Supplies and Disposals in December 1966, the order could not be executed even during extension of delivery period granted upto November 1967. The order was cancelled by the Director General of Supplies and Disposals in December 1967 "at the risk and expense of the concern". The penalty imposed by the Director General of Supplies and Disposals has not been intimated so far (April 1970).

The Management stated (in November 1969) that "estimates against the offer of Rs. 4,000 given finally are not available. This price was accepted by the General Manager on competitive basis and in order to get work for the unit. . . . When it was felt that the manufacture of these trailers would be difficult and may result in substantial loss, efforts were made to persuade Director General of Supplies and Disposals to increase rates; when this was not done the order for the work in question was got cancelled".

The exact loss in the transaction would be known only after all the complete and incomplete trailers and raw material are fully disposed of and the amount of penalty, if any, imposed by the Director General of Supplies and Disposals is intimated.

139. *Infructuous Expenditure.*—The Gwalior Engineering Works had a separate power connection for one of its buildings, which was under the occupation of the Industrial Training Institute, Gwalior. The terms of supply of power to Gwalior Engineering Works by Electricity Board *inter alia* provided for immediate disconnection by Board of supply on request and payment of the minimum monthly electricity charges prescribed in the tariff from time to time (even if no energy is consumed) until the meter is disconnected. The Industrial Training Institute vacated the premises in July 1963 and the General Manager of the works issued orders for disconnecting the power supply from 1st August 1963, but the request by Superintendent for disconnection of meter was made in June 1968 and meter was got disconnected in July 1968. After July 1963 the building either remained un-occupied or was used as a godown for which no power supply was needed. The Gwalior Engineering Works had to pay the minimum charges amounting to Rs. 0.24 lakh for the period from August 1963 to July 1968.

The Management stated in March 1969 that the circumstances in which the meter was not disconnected were being enquired into and responsibility of defaulting officials for the infructuous payment is being fixed. Further report is awaited (January 1971).

### Madhya Pradesh Laghu Udyog Nigam Ltd.

140. *Loss in manufacture and supply of coolant pumps due to unfavourable terms in the agreement.*—As a result of negotiation between the Nigam and a private firm of Baroda, the Nigam obtained a contract from the firm for the manufacture of coolant pumps at its factory in Dewas. The terms of agreement entered into on 24th July 1964 *inter alia* provided as follows:—

(i) The private firm would supply components costing Rs. 53 per pump and the Nigam would manufacture remaining components and assemble and test the completed pumps at their factory in Dewas at a cost of Rs. 97 per pump. The sale price of the pump was fixed by the private firm at Rs. 175, after providing for a profit of Rs. 25 per pump to be shared in the ratio of 1:2 between the private firm and Nigam (It was thus, in effect, expected that the Nigam would get Rs. 113 for each pump);

(ii) the Nigam was to manufacture and supply 200 pumps per month for a period of five years; and

(iii) in case of failure to deliver the pumps as agreed to, penalty of Rs. 10 per pump was payable by the Nigam.

The Nigam supplied 2,510 pumps between March 1965 and May 1967.

A scrutiny of the agreement and its execution by the Nigam revealed in Audit the following points:—

(a) The basis on which the Nigam's share of the manufacturing cost of pump was fixed at Rs. 97 per pump could not be ascertained. In October 1964 the Managing Director, however, reported to the Board that the cost estimate was prepared with the help of Small Industrial Service Institute; the Board had though instructed the Nigam to keep the cost estimate on record, no such estimate was available with it.

(b) The Nigam arbitrarily agreed (October 1964) for the reduction of rate payable to it from Rs. 113 to Rs. 103 per pump on the ground that the private firm had not provided in their original estimate for marketing expenses, but no such revision was permissible according to the terms of agreement.

(c) Though in the event of delayed/non-delivery of the pumps the agreement provided for levy of penalty against the Nigam, there was, however, no similar penal clause whereby the Nigam could recover compensation or levy penalty for the delay on the part of the private firm in supply of components. Consequently, though there was actually delay in supply of components by the firm which had resulted in increased overheads to the Nigam, no penalty could be levied on that firm.

(d) On a subsequent analysis (by Manager of the Unit) of the manufacturing cost in April 1966, the cost of manufacture of pump was found to be

Rs. 114.40 per pump (as against Rs. 97 estimated originally). The increase in the cost was attributed (in April 1966) by Manager to—

- (i) omission to include expenditure on packing, freight and insurance;
- (ii) increase in price of raw material; and
- (iii) supply of certain additional items not envisaged in original estimate.

There was, however, no provision for escalation in the agreement with the result that the Nigam could not claim the increased manufacturing cost from the firm; this resulted in a loss of Rs. 38,152\* on 2,510 pumps supplied up to April 1967. The request for increase in cost made by the Nigam in October 1966 was also not acceded to by the firm.

The loss to the Nigam would work out to be much more as during 1965-66 and 1966-67 the factory at Dewas was engaged mainly on the production of these pumps and did not produce 200 pumps per month as stipulated in the agreement. The loss incurred was Rs. 2.11 lakhs; this was due to the cost of manufacture being higher than the price received.

(e) Neither the period within which the firm was required to honour the bills of Nigam was specified in the agreement nor was there any clause for levy of interest in the event of delay in payment. It was noticed that there were delays extending upto one year in obtaining payments from the firm and also that out of the total cost of Rs. 2.91 lakhs payable by the firm, Rs. 0.45 lakh were yet to be recovered (February 1970); in the absence of any provision in the agreement, no interest could be charged from the firm for such delayed payments.

The Management informed (February 1970) that the matter regarding recovery of outstanding dues was under correspondence.

(f) Opinion of legal adviser was also not obtained before drawing up the agreement. In October 1964 the Board of Directors, however, desired that the opinion of legal adviser approving the agreement should be kept on record but the Nigam did not consult its legal advisers before execution of agreement nor did it obtain the legal advice even after the Board directed the Nigam to do so.

In the Memorandum submitted (in November 1966) to the Board of Directors, the Managing Director admitted :

“The agreement entered into (with the private firm) was found to be very defective by the audit, being one sided, as all the conditions of the agreement were in favour of (the private firm) and provided no safeguards to us. This was noticed, but it was not possible to withdraw from the agreement at this stage”.

The Management further stated (in February 1970) that ‘omission of the escalation clause was an error’ and ‘resulted in difficulties to the Nigam’.

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\*2,510 pumps at Rs. 15.20 (Rs. 114.40—Rs. 99.20) because the private firm deducted Rs. 3.80 from the agreed price of Rs. 103 as plastic impellers supplied by the firm were used instead of gun metal impellers originally agreed to be used. The cost thereof was not taken into account in the estimate for Rs. 114.40.

The matter was reported to the Management in February 1969 and to Government in March 1970; their reply and also the action taken by the Nigam to fix responsibility for the loss and for entering into unfavourable agreement are awaited (January 1971).

141. *Payment of compounding fee.*—Under the provisions of Emergency Risks (Factories) Insurances Act, 1962 and the Emergency Risks (Goods) Insurance Act, 1962 insurance of the factories and goods against possible damage in enemy action was made compulsory since January 1963. As the Nigam failed to insure its units under the said Acts, Rs. 0.12 lakh had to be paid by the Nigam to the Government of India in January 1970 as compounding fee in addition to the premium of Rs. 0.23 lakh evaded during January 1963 to December 1967.

The Nigam stated (November 1970) that the units were running as productions-*cum*-training centres under the Industries Department before they were transferred to the Board in March 1964 and insurance could not be taken as there was no indication that units have not been insured and insurance under these enactments has to be taken.

#### **The Madhya Pradesh State Mining Corporation Ltd.**

142. (i) *Introduction.*—The Madhya Pradesh State Mining Corporation Limited was incorporated on 19th January 1962 mainly with the object of exploitation of minerals and precious stones and acquisition of mines for prospecting and developing them for commercial purposes. The Corporation commenced operations from April 1965 by working sand leases only and undertook operations in other minerals (glass, sand, manganese ore, dolomite, etc.) from the year 1966-67 onwards.

(ii) *Working results.*—The Corporation earned profits of Rs. 0.88 lakh, Rs. 0.76 lakh and Rs. 1.11 lakhs (after providing for income-tax) during the years 1966-67, 1967-68 and 1968-69 respectively. The dividends declared during these years amounting to Rs. 0.44 lakh, Rs. 0.75 lakh and Rs. 0.88 lakh respectively constituted 5, 4 and 4 per cent of the share capital as at the close of the year.

(iii) *Non-utilisation of the finances.*—The share capital of the company entirely contributed by the State Government during November 1963 to March 1968 stood at Rs. 21.98 lakhs as on 31st March 1969. Major portion of the share capital remained unutilised from year to year and was largely kept in fixed and call deposits with the Bank which stood at Rs. 15.85 lakhs (including Rs. 24,500 invested in Government securities) at the close of 1968-69. The Management stated (February 1970) that the capital of Rs. 21.98 lakhs at the end of the year 1968-69 was gradually built up during the last six years; and that the whole capital can be used in one year if two or three activities are mechanised fully and that it is being studied whether deposits justify to mechanise manual operations.



(iv) *Non-operation of quarries, mines, etc., payment of minimum rent.*—Out of 30 quarry leases and 3 mining leases acquired during various years from 1965-66 to 1968-69 the following quarries/mines were not operated upto 1968-69. The minimum rent paid to Government on these amounted to Rs. 0.78 lakh.

Year	Quarry leases		Mining leases		Amount of minimum rent paid (In lakhs of rupees)	Remarks
	Total	Not operated	Total	Not-operated		
1965-66	16	13	1	..	..	
1966-67	22	14	3	1	0.24	In addition Silica sand mine in Rewa acquired in May 1966 remained closed in 1968-69 for want of demand for inferior quality of sand.
1967-68	23	14	3	1	0.23	
1968-69	30	17	3	1	0.26	

The Corporation stated (February 1970) that it was not necessary to work all the leases acquired at one place at the same time; that these leases were acquired merely to avoid competition and that the process of applying for more areas and also, if necessary, abandoning areas would continue.

The argument of the Corporation is not tenable, as according to the terms of lease the Corporation is bound to carry on quarrying operations in all the leases continuously and in the event of breach, lease is liable to be cancelled or imposition of penalty not exceeding four times the half-yearly rent, at the discretion of Government. The case regarding levy of penalty is under examination of Natural Resources Department (November 1970). It has, however, approached (August 1968) the State Government for consolidation of certain areas into one lease or relaxation of rules as a special case. The decision of Government is awaited (January 1971).

(v) *Operation of Dolomite Mine at Dumarpara (Bilaspur)*—*Contract for raising, transportation, etc. of dolomite*—*Loss of revenue of Rs. 2.26 lakhs.*—The dolomite mines of production capacity of 6.64 lakh tonnes of ores were acquired in May 1965, but were actually opened for working in December 1967 after securing an order from Hindustan Steel.

The contract for raising, transportation, etc. of dolomite from the mines was awarded to firm in November 1967 without calling for regular tenders and executing a formal agreement.

According to the terms of acceptance of offer, the contractor was required to raise and transport 7,500 tonnes of dolomite per month and despatch to the

customer (M/s Hindustan Steel Limited) at least 5,000 tonnes every month. The contractor, however, could raise only 52,426 tonnes of dolomite during the period from December 1967 to March 1969 against the estimated production of 1.20 lakh tonnes resulting in a short fall of 67,574 tonnes, which would have fetched an additional revenue of Rs. 2.26 lakhs (approximately), computed at the rate of Rs. 3.35 per tonne (being the difference between the selling rate of Rs. 18.75 per tonne and contract rate for raising and transportation of Rs. 15.40 per tonne).

The Management stated (February 1970) that the supplies were made according to despatch instructions given by Rourkela Steel Plant, and on account of restricted despatches the mining was also staggered.

It was, however, observed that the Corporation had been able to supply only 4,880 tonnes to the Rourkela Plant upto June 1968 against their trial order of 40,000 tonnes which was to be completed by that date. The order was fully executed only by September 1969.

(vi) *Contract for raising manganese ore.*—Tenders were invited by the Corporation in January 1966 for working of manganese ore from dumps of Chakahetti mines in Balaghat district.

The highest offer of net return of Rs. 5.53 per tonne of firm 'A' which had estimated the quantity of ore in the dumps at 25,000 tonnes but guaranteed a net return over 17,000 tonnes only was not accepted (reasons for rejection were not recorded). In March 1966 the contract for raising of 25,000 tonnes of ore was awarded to another firm 'B' at a negotiated rate of net return of Rs. 5.25 per tonne subject to the stipulation that the firm should pay minimum amount of Rs. 1,31,250 (based on net return of 25,000 tonnes). On the firms' representation the condition regarding minimum payment was waived in April 1966 (no reasons have been recorded). The agreement did not provide for any penalty for non-completion of work within the stipulated period of three years from the date of work order (20th June 1963). Although the stipulated period of three years had expired, the firm till November 1970 has raised 14,140 tonnes and sold only 13,740 tonnes of ore. The non-acceptance of the offer of firm 'A' has thus deprived of the Corporation of the net return of atleast Rs. 0.20 lakh.

(vii) *Non-utilisation of machines.*—Two drills and pumps of the value of Rs. 1.57 lakhs purchased in March 1966 are lying unused since the date of their purchase.

In addition, it was also noticed that the Corporation has paid for the cost of two drills (Rs. 1.62 lakhs) purchased by the Director of Geology and Mining in March 1966; no hire charges are, however, recovered for these on the ground that the drills are used by the Department of Geology and Mining for prospecting minerals which may be of interest to the Corporation.

### Section D-Departmentally Managed Government undertakings

143. As on 31st March 1970 there were two departmental commercial undertakings *viz.* Nationalised Text Book Scheme, Bhopal and Sales Dispensary, Indore and three quasi commercial undertakings *viz.* Milk Supply Scheme, Bhopal, Training-cum-Production Centre, Chanderi and Government Handloom Factory, Maheshwar.

The proforma accounts of the following commercial activities of the departments of Government have not been received so far (November 1970):—

	Year from which proforma accounts are awaited.	Remarks
<b>Forest Department—</b>		
Purchase and Sale of Tendu leaves	1965-66 (since inception)	Government have not issued orders for maintenance of proforma accounts of this scheme.
<b>Education Department—</b>		
Nationalised Text Book Scheme	1960-61 onwards	The scheme commenced in December 1957. No proforma accounts have been prepared since then; Government decided in September 1966 that the proforma accounts of the scheme be prepared from 1960-61 onwards. The Public Accounts Committee recommended (Tenth report-April 1966) that the arrear work relating to preparation of proforma accounts should be completed by December 1966. Accounts for 1960-61 and 1961-62 rendered to Audit were found to be incomplete and defective.
<b>Food Department—</b>		
Grain Supply Scheme	1966-67 onwards	The accounts for period upto 1965-66 rendered to Audit were found to be defective.
<b>Agriculture Department—</b>		
Government Milk Supply Scheme, Bhopal.	1958-59 (February 1959) onwards	The Public Accounts Committee in their Twelfth report (March 1968) recommended that the accounts of the scheme should be prepared immediately and in future the accounts should be rendered to Audit within six months from the close of the financial year. The accounts from 1958-59 are still awaited (November 1970).
<b>Public Health Department—</b>		
Sales Dispensary, Indore	1969-70	
<b>Co-operation Department—</b>		
Training-cum-Production Centre, Chanderi.	1969-70	
Government Handloom Factory, Maheshwar.	1969-70	

### Nationalised Text Book Scheme

144. *Excessive printing of posters for educational use.*—On the basis of a requisition from the Education Department the Superintendent, Stationery and Text Books undertook in May 1964 the printing of 40,000 copies of guide books for the primary school teachers and an equal number of coloured posters (33 sets) for use in teaching social studies. As against the requirement of 40,000 sets (13.20 lakh copies) of posters, more than 60,000 sets (20.32 lakh copies) of posters were actually got printed through a private printer in December 1964 at a cost of Rs. 2.00 lakhs. These posters were priced at 20 paise (for the bigger size and 10 paise (for smaller size) each.

Till January 1970 only 8.34 lakh copies of posters were sold/disposed of for Rs. 1.06 lakhs. The remaining 11.98 lakh copies costing Rs. 1.17 lakhs are lying unsold (since December 1964) for want of demand. In this connection, the Director of Education stated (September 1970) that although the Controller of Printing and Stationery had printed posters in excess of requirements, subordinate offices are being asked to furnish their requirements so that posters may be got distributed.

According to the Assistant Superintendent, Printing and Stationery, Gwalior (October 1964) "the printing had not been upto the mark and the workmanship had been very poor". No penalty, however, has been levied on the printer, as he had reported to the Department that the paper supplied to him was very old and poor in quality.

Government to whom the matter was reported in April 1970 stated (January 1971) that there is nothing on record as to why 60,000 sets of posters were ordered for printing against the requirement of 40,000 sets of guides.

### Section E—Investments by Government

145. *Investments in joint-stock companies.*—The total investment of Government in 28 joint-stock companies (other than Government companies) as on 31st March 1970 amounted to Rs. 1,02.73 lakhs. Dividend amounting to Rs. 5.38 lakhs were received during the year from 9 companies (Government investment : Rs. 71.59 lakhs).

146. *Investment in co-operative institutions.*—The investments by the State Government in the shares of co-operative institutions upto 31st March 1970 amounted to Rs. 19.30 crores. Dividends realised during 1969-70 in respect of these investments amounted to only Rs. 19.12 lakhs.

Further details are given in statement no. 14 of Finance Accounts 1969-70.

## CHAPTER IX

### OUTSTANDING AUDIT OBJECTIONS AND INSPECTION REPORTS

147. *Outstanding audit objections.*—The results of audit are reported to departmental authorities so that appropriate action is taken to rectify the defects and omissions, where possible, and to prevent recurrence thereof. Half-yearly reports of objections outstanding for more than six months are also forwarded to Government to enable it to take necessary steps for their prompt settlement. Government has also issued directions from time-to-time requiring the departments to take suitable steps to ensure immediate clearance of these objections.

1.37 lakh audit objections for Rs. 36,94.15 lakhs raised upto March 1970 were outstanding till the end of October 1970; year-wise analysis of these objections is given below:—

Year of issue	Civil Departments		Commercial Departments/Activities		Revenue Receipts	
	No. of objections	Amount (In lakhs of rupees)	No. of objections	Amount (In lakhs of rupees)	No. of objections	Amount (In lakhs of rupees)
1965-66 and earlier years	61,601	10,39.26	2	0.15	397	65.22
1966-67	13,124	2,36.65	3	0.06	201	2,15.37
1967-68	17,409	3,69.63	..	..	366	72.15
1968-69	18,809	5,95.13	..	..	303	7.53
1969-70	24,028	10,50.64	..	..	873	42.36
Total	1,34,971	32,91.31	5	0.21	2,140	4,02.63

The following departments have comparatively heavy outstanding objections:—

S.No.	Department	Number of objections	Amount (In lakhs of rupees)
1.	Public Works (Buildings and Roads)	23,762	9,22.04
2.	Public Works (Irrigation)	22,825	7,96.02
3.	State Excise (Revenue)	845	3,35.17
4.	Public Health Engineering	12,337	3,30.24
5.	Education	18,622	2,99.26
6.	Agriculture	13,357	1,09.29
7.	Public Health (Medical)	4,578	1,07.30

The type-wise analysis of outstanding audit objections is given below:—

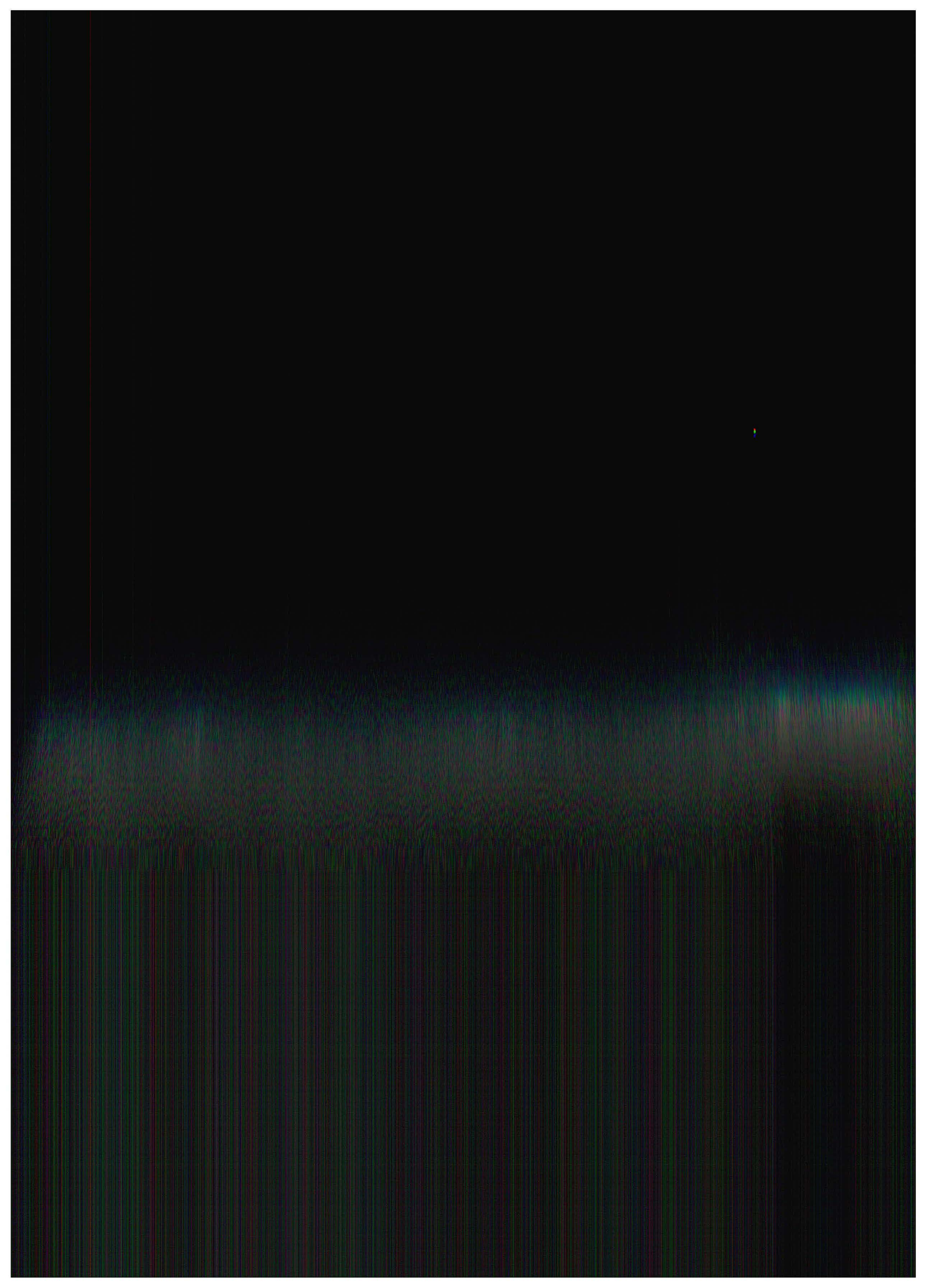
S. No.	Nature of objection	Civil Departments		Commercial Departments/Activities		Revenue Receipts	
		No. of objections	Amount (In lakhs of rupees)	No. of objections	Amount (In lakhs of rupees)	No. of objections	Amount (In lakhs of rupees)
1.	Non-submission of detailed contingent bills, vouchers, payee's stamped receipts, etc.	85,621	16,81.94	..	..	..	..
2.	Non-recovery/adjustment of advances.	16,967	34.64	..	..	2	1.01
3.	Non-receipt of agreements	568	6,85.09	..	..	..	..
4.	Non-receipt of sanction of the competent authority to write-off losses of irrecoverable amounts.	2,936	75.96	..	..	57	0.76
5.	Non-recovery of over payment or amount disallowed in audit	2,886	6.94	..	..	1,112	8.97
6.	Other reasons	25,993	8,06.74	5	0.21	969	3,91.89
	Total	1,34,971	32,91.31	5	0.21	2,140	4,02.63

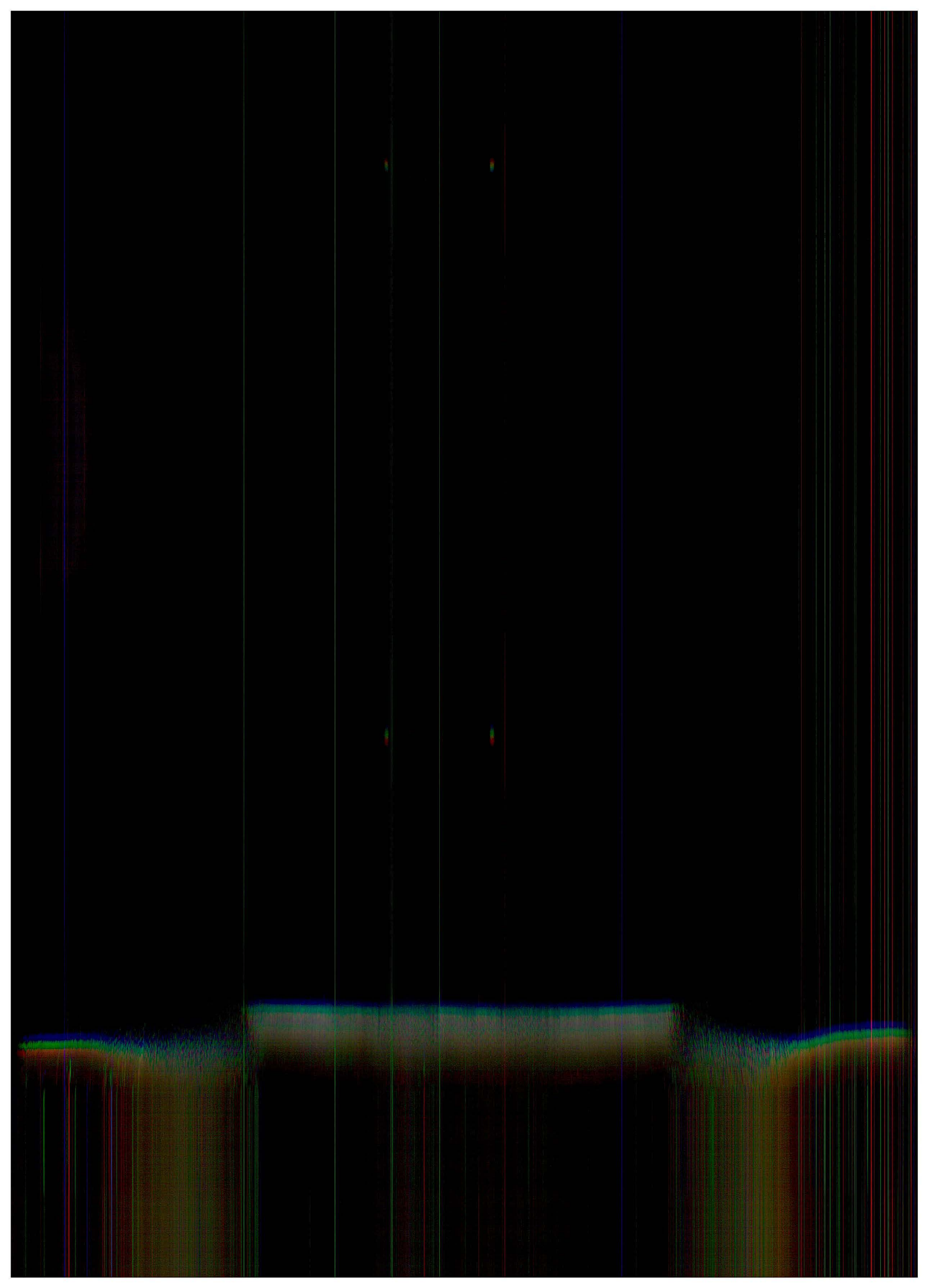
The amounts held under objection for want of detailed contingent bills represent advances drawn on abstract contingent bills for which detailed accounts have not been submitted. The detailed contingent bills (containing full particulars of the expenditure incurred) with supporting sub-vouchers and receipts of payees are required to be submitted to the Accountant General not later than 25th of the month following that in which the abstract contingent bills are drawn. The number of objections remaining unsettled on this account continues to be large despite instructions issued by Government from time-to-time for their expeditious clearance. Delay in furnishing detailed bills results in the expenditure remaining unaudited and irregularities remaining undetected for long.

The amounts held under objections for want of vouchers and stamped receipts represent expenditure incurred but which could not be admitted in audit owing to non-submission by the disbursing officers of vouchers supporting accounts and/or stamped receipts of the payees. Consequently it cannot be verified that the amount had been properly spent. Non-submission or delay in submission of these records may result in mis-appropriation, unauthorised expenditure, etc. remaining undetected for long.

148. *Outstanding inspection reports.*—Financial irregularities and defects in initial accounts noticed during local audit and inspections are communicated to departmental officers through inspection reports. The more important irregularities are reported to heads of departments and Government. The points mentioned in the reports are to be settled expeditiously so that irregularities may not persist.

8,435 inspection reports, containing 38,607 paragraphs issued up to March 1970 remained unsettled at the end of October 1970. An analysis of the







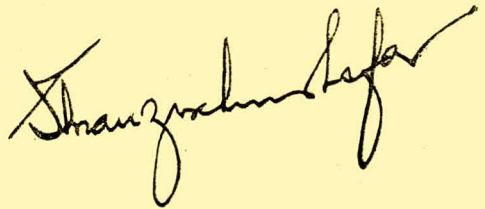
inspection reports and paragraphs outstanding at the end of October 1970 is given below:—

Year of issue	Civil Departments		Commercial Departments/ Activities		Revenue Receipts	
	Number of inspection reports	paragraphs	inspection reports	paragraphs	inspection reports	paragraphs
1965-66 and earlier years	3,399	11,704	13	15	215	729
1966-67	1,017	4,330	3	7	63	312
1967-68	1,074	5,401	2	6	83	575
1968-69	1,214	6,997	3	22	104	744
1969-70	1,136	6,405	1	5	108	1,355
Total	7,840	34,837	22	55	573	3,715

The departments with comparatively heavy outstanding are given in Appendix XI.

Although Government has prescribed that first replies to inspection reports should be sent within five weeks, the first replies to 793 inspection reports (550 Civil departments, 201 Public Works departments, 39 Revenue receipts audit and 3 Commercial departments/activities) had not been received till end of October 1970 even after expiry of six months to two years.

Some of the important types of irregularities noticed in local audit and inspections during 1969-70 are briefly mentioned in Appendix XII.



Gwalior :

The

10-3-1972

(S. MANZUR-e-MUSTAFA)

Accountant General, Madhya Pradesh.

Countersigned.



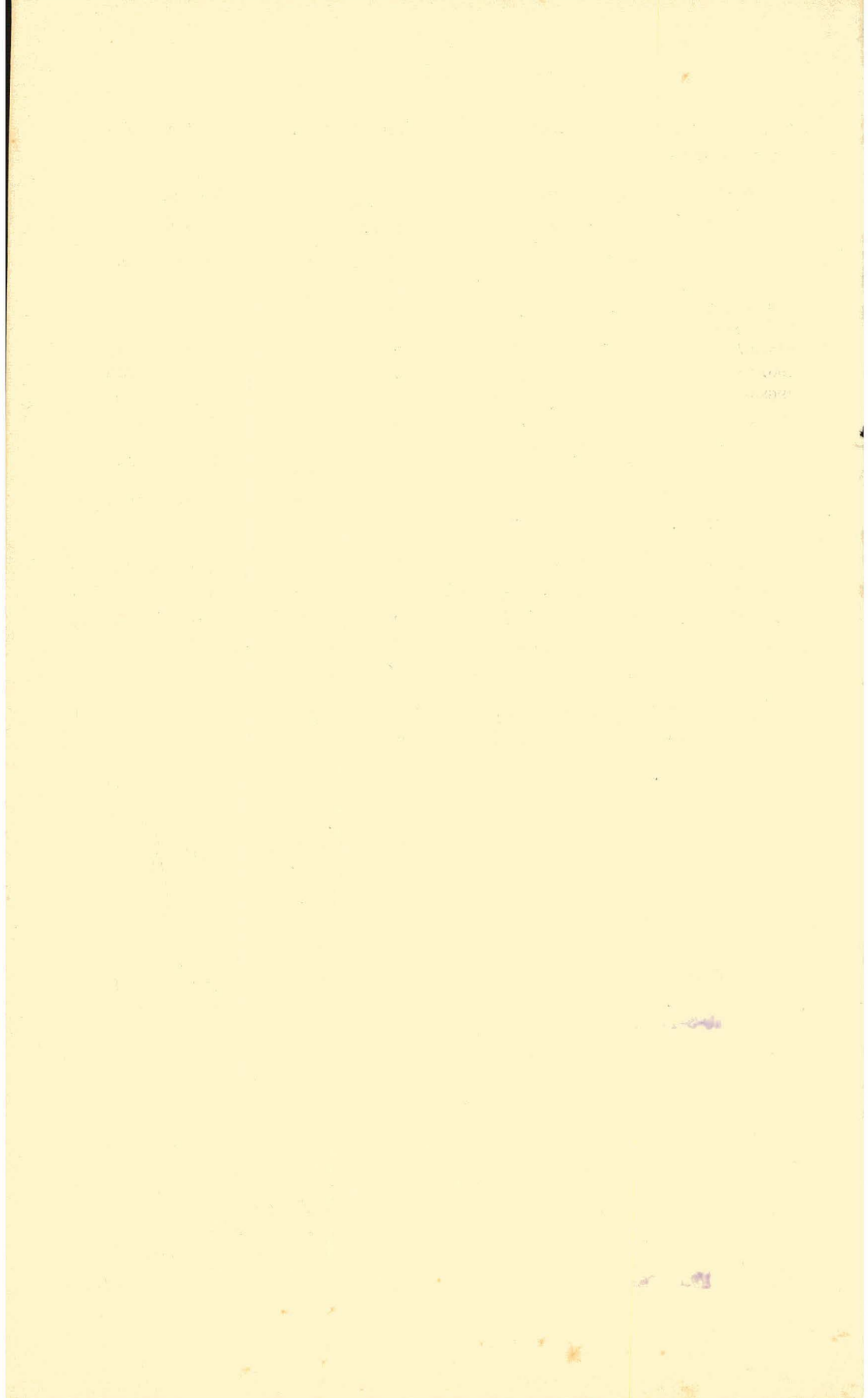
New Delhi :

The

17-3-1972

(S. RANGANAHTAN)

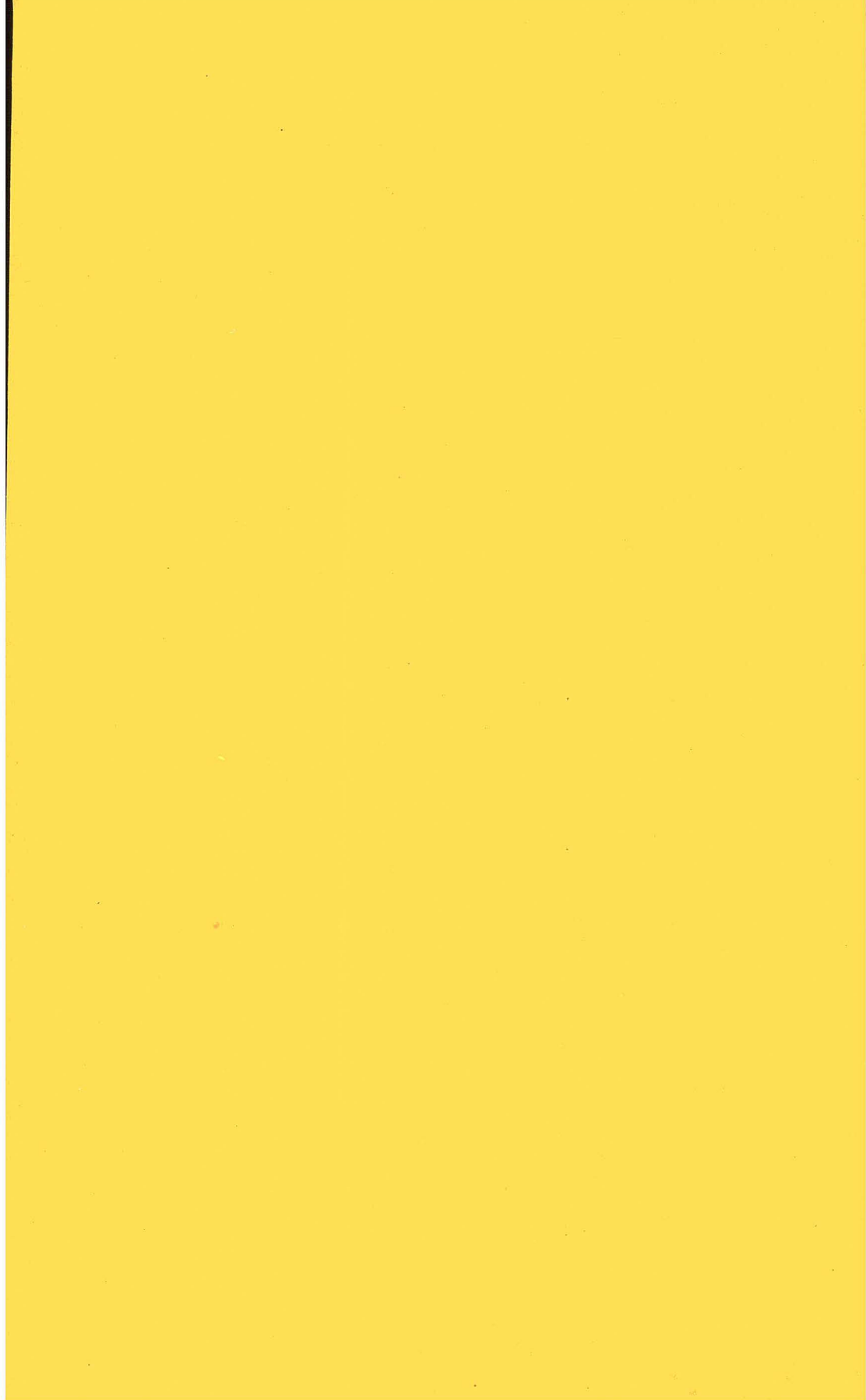
Comptroller and Auditor General of India.



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APPENDICES

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## APPENDIX I

(Reference: Paragraph 16, page 16)

## EXTENT OF UTILISATION OF SUPPLEMENTARY GRANTS

S.No.	Grants or Appropriations	Amount of grant/ appropriation		Actual expendi- ture	Excess + Saving — (Perce- ntage)
(1)	(2)	Original	Supple- mentary	(5)	(6)
(In lakhs of rupees)					
<b>I—Unnecessary supplementary grants—</b>					
1.	13—Agriculture	8,09.00	1.79	7,72.96	—37.83 (5.0)
2.	14—Animal Husbandry	4,27.97	1.21	3,72.84	—56.34 (13.0)
3.	15—Co-operation	2,29.05	5.00	1,97.59	—36.46 (16.0)
4.	17—Medical and Public Health	22,08.81	37.41	20,52.67	—1,93.55 (9.0)
5.	23—Languages	9.64	5.98	9.13	—6.49 (42.0)
6.	26—Administration of Justice	1,80.78	2.43	1,78.33	—4.88 (3.0)
7.	32—Rehabilitation	1,37.94	2.70	79.28	—61.36 (44.0)
8.	42—Capital Outlay on Multipurpose River Schemes and Irrigation.	17,94.10	2,83.15	17,55.10	—3,22.15 (16.0)
9.	45—Capital Expenditure pertaining to Planning and Development Department.	86.57	69.81	66.95	—89.43 (57.0)
10.	48—Loans and Advances	90.67	9.98	77.54	—23.11 (23.0)
11.	49—Loans and Advances pertaining to Revenue Department.	1,21.01	1.31	1,20.63	—1.69 (1.0)
<b>II—Excessive supplementary grants/appropriations—</b>					
1.	4—Other Revenue Expenditure pertaining to Home Department.	53.85	19.44	60.78	—12.51 (17.0)
2.	8—Land Revenue and District Administration ( <i>Charged</i> ).	2.73	5.00	6.44	—1.29 (17.0)
3.	25—State Legislature and Elections	43.72	15.02	50.49	—8.25 (14.0)
4.	50—Loans and Advances pertaining to Commerce and Industry Department.	20.73	5.00	25.24	—0.49 (2.0)
5.	55—Loans and Advances pertaining to Local Government (Urban) Department.	10.36	8.53	12.79	—6.10 (32.0)

## APPENDIX I—concl'd.

S.No.	Grants or Appropriations	Amount of grant/ appropriation		Actual expendi- ture	Excess + Saving — (Percent- age)
		Original	Supple- mentary		
(1)	(2)	(3)	(4)	(5)	(6)

(In lakhs of rupees)

## III—Inadequate supplementary grants/appropriations—

1.	19—Revenue expenditure pertaining to Local Government (Urban) Department ( <i>Charged</i> ).	20.00	4.00	35.90	+11.90 (50.0)
2.	39—Capital expenditure pertaining to Co-operation Department.	3,39.37	53.43	3,94.71	+1.91 (*)

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 (\*) Less than One per cent.

## APPENDIX II

(Reference: Paragraph 18, page 18)

GRANTS/APPROPRIATIONS WHERE SAVING EXCEEDED 10 PER CENT  
OF TOTAL PROVISION

S.No.	Grants/Appropriations	Total grant/ appropriation	Actual expenditure	Saving (Percentage)
(1)	(2)	(3)	(4)	(5)
		(In lakhs of rupees)		
1.	General Administration	1,60.07	1,25.43	34.64 (22.0)
2.	Other Revenue Expenditure pertaining to Home Department.	73.29	60.78	12.51 (17.0)
3.	<i>Appropriation for Reduction or Avoidance of Debt (Charged)</i>	5,25.36	2,99.85	2,25.51 (43.0)
4.	Revenue Expenditure pertaining to Finance Department.	4,82.23	3,86.29	95.94 (20.0)
5.	Revenue Expenditure pertaining to Separate Revenue and Registration Departments.	1,91.66	1,71.03	20.63 (11.0)
6.	Land Revenue and District Administration (Charged)	7.73	6.44	1.29 (17.0)
7.	Other Revenue Expenditure pertaining to the Revenue and Land Reforms Departments.	9,42.57	4,46.68	4,95.89 (53.0)
8.	Electricity Duty	4.44	3.66	0.78 (18.0)
9.	Animal Husbandry	4,29.18	3,72.84	56.34 (13.0)
10.	Co-operation	2,34.05	1,97.59	36.46 (16.0)
11.	Labour and Employment	1,55.87	1,33.18	22.69 (15.0)
12.	Revenue Expenditure pertaining to Natural Resources Department.	29.92	26.31	3.61 (12.0)
13.	Languages	15.62	9.13	6.49 (42.0)
14.	Education	53,16.98	46,82.77	6,34.21 (12.0)
15.	State Legislature and Elections	58.74	50.49	8.25 (14.0)
16.	Community Development Projects, National Extension Service and Local Development Works.	1,98.26	1,43.36	54.90 (28.0)
17.	Economics and Statistics	27.61	23.60	4.01 (15.0)
18.	Social Welfare	1,63.82	1,28.99	34.83 (21.0)
19.	Rehabilitation	1,40.64	79.28	61.36 (44.0)
20.	Miscellaneous Capital Expenditure	2.00	1.11	0.89 (45.0)



## APPENDIX II—concl'd.

No.	Grants/Appropriations	Total grant/ appropriation	Actual expenditure	Saving (Percentage)
		<i>(In lakhs of rupees)</i>		
1)	(2)	(3)	(4)	(5)
	Capital Expenditure pertaining to Forest Department	6,45.79	5,12.48	1,33.31 (21.0)
	Capital Expenditure pertaining to Commerce and Industry Department.	67.26	52.14	15.12 (23.0)
	Capital Expenditure pertaining to Agriculture Department.	17,36.53	12,45.01	4,91.52 (28.0)
	Capital Expenditure pertaining to Public Health Department.	85.31	52.67	32.64 (38.0)
	Capital Expenditure pertaining to Local Government (Urban) Department.	3.14	1.36	1.78 (57.0)
	Capital Outlay on Multipurpose River Schemes and Irrigation.	20,77.25	17,55.10	3,22.15 (16.0)
	Capital Expenditure pertaining to Planning and Development Department.	1,56.38	66.95	89.43 (57.0)
	Capital Expenditure pertaining to Rehabilitation Department.	27.73	12.54	15.19 (55.0)
	Capital Expenditure pertaining to Food Department	6,83.64	5,52.05	1,31.59 (19.0)
0.	<i>Public debt (Charged)</i>	<i>1,24,71.16</i>	<i>50,83.29</i>	<i>73,87.87</i> <i>(59.0)</i>
	Loans and Advances	1,00.65	77.54	23.11 (23.0)
	Loans and Advances pertaining to Agriculture Department.	14,31.03	7,69.68	6,61.35 (46.0)
	Loans and Advances pertaining to Co-operation Department.	18.31	15.50	2.81 (15.0)
	Loans and Advances pertaining to Local (Urban) Government.	18.89	12.79	6.10 (32.0)
	Loans and Advances pertaining to Housing Schemes	90.40	79.34	11.06 (12.0)
	Loans and Advances pertaining to Planning and Development Department.	27.00	17.03	9.97 (37.0)

## APPENDIX III

(Reference: Paragraph 19, page 25)

GRANTS/APPROPRIATIONS WHERE UNSURRENDERED SAVINGS WERE  
IN EXCESS OF RS. 10 LAKHS IN EACH CASE

S.No.	Grants/Appropriations	Total grant/appropriation	Saving	Amount surrendered	Amount not surrendered (and its percentage to the total saving)
(In lakhs of rupees)					
1.	Police	16,99.58	1,25.48	68.27	57.21 (46.0)
2.	Interest on Debt and other Obligations	25,71.96	1,17.35	86.18	31.17 (27.0)
3.	Revenue Expenditure pertaining to Finance Department.	4,82.23	95.94	52.00	43.94 (46.0)
4.	Other Revenue Expenditure pertaining to the Revenue and Land Reforms Departments.	9,42.57	4,95.89	4,20.06	75.83 (15.0)
5.	Forest	8,02.65	39.87	11.96	27.91 (70.0)
6.	Agriculture	8,10.80	37.83	21.98	15.85 (42.0)
7.	Medical and Public Health	22,46.22	1,93.55	1,04.92	88.63 (46.0)
8.	Education	53,16.98	6,34.21	6,00.11	34.1 (5.0)
9.	Community Development Projects, National Extension Service and Local Development Works.	1,98.26	54.90	31.30	23.60 (43.0)
10.	Tribal and Harijan Welfare	11,21.86	35.30	24.36	10.94 (31.0)
11.	Rehabilitation	1,40.64	61.36	38.31	23.05 (38.0)
12.	Capital Expenditure pertaining to Forest Department.	6,45.79	1,33.31	79.53	53.78 (40.0)
13.	Capital Expenditure pertaining to Planning and Development Department.	1,56.38	89.43	00.20	89.23 (100.0)
14.	Public Debt	1,24,71.16	73,87.87	73,64.94	22.93 (*)
15.	Loans and Advances pertaining to Agriculture Department.	14,31.03	6,61.35	6,29.64	31.71 (5.0)

\*Less than one per cent.

## CASES OF MISAPPROPRIATIONS REPORTED UP TO 31ST MARCH 1970 BUT NOT FINALISED TILL 30TH SEPTEMBER 1970

S. No.	Name of the department	Cases reported in 1964-65 and earlier years		Cases reported during 1965-66		Cases reported during 1966-67		Cases reported during 1967-68		Cases reported during 1968-69		Cases reported during 1969-70		TOTAL	
		No. of cases	Amount (In lakhs of rupees)	No. of cases	Amount (In lakhs of rupees)	No. of cases	Amount (In lakhs of rupees)	No. of cases	Amount (In lakhs of rupees)	No. of cases	Amount (In lakhs of rupees)	No. of cases	Amount (In lakhs of rupees)	No. of cases	Amount (In lakhs of rupees)
1.	Agriculture	30	0.84	4	0.08	7	0.11	2	0.07	1	1.10	8	0.42	52	2.62
2.	Revenue	31	0.79	3	0.02	6	0.40	3	0.05	9	0.39	5	0.18	57	1.83
3.	Education	16	1.06	3	0.07	3	0.03	7	0.74	5	0.42	7	4.32	41	6.64
4.	Planning and Development.	11	0.27	7	1.08	5	0.06	4	0.19	..	..	4	0.63	31	2.23
5.	General Administration.	18	1.07	4	0.37	4	0.06	1	0.08	2	0.01	7	0.13	36	1.72
6.	Tribal Welfare	9	0.54	5	0.36	2	0.06	5	0.05	2	0.21	2	0.14	25	1.36
7.	Food	9	3.19	..	..	4	0.39	..	..	1	0.09	3	0.16	17	3.83
8.	Industries	8	0.49	..	..	..	..	..	..	1	0.10	..	..	9	0.59
9.	Law	4	0.12	4	0.03	..	..	..	..	1	0.25	..	..	9	0.40
10.	Police	3	0.05	1	0.02	..	..	2	0.03	1	0.01	5	0.73	12	0.84
11.	Medical	3	1.41	..	..	..	..	..	..	1	0.10	2	0.07	6	1.58
12.	Excise	..	..	..	..	1	0.23	1	0.08	..	..	..	..	2	0.31
13.	Finance	..	..	..	..	..	..	..	..	1	2.64	..	..	1	2.64
14.	Home	..	..	..	..	..	..	..	..	..	..	2	0.10	2	0.10
15.	Others	14	3.18	5	0.12	3	0.11	8	0.27	9	0.35	9	0.32	48	4.35
	Total	156	13.01	36	2.15	35	1.45	33	1.56	34	5.67	54	7.20	348	31.04

## APPENDIX V

( Reference : Paragraph 43, Page 61 )

## MISCELLANEOUS IRREGULARITIES, LOSSES, ETC.

## Public Works Department

1. *Construction of Korba-Chirimiri Road.*—The approved alignment for Korba-Chirimiri road provided a gradient of 1:15 to 1:20 between miles 4/8 and 5/8. The work was, however, executed ( at a cost of Rs. 0.12 lakh ) with a gradient of 1:9 to 1:11. This steep gradient was objected to by the Superintendent Engineer in October 1968 and a proposal for correcting the alignment at a cost of Rs. 0.13 lakh was sent to the Chief Engineer in February 1969. The alignment has not been corrected so far (July 1970). The Executive Engineer, Buildings and Roads Division, Ambikapur, stated (July 1970) that expenditure of 'Rs. 8,00,000 is likely to become infructuous'.

The matter was reported to Government in December 1969; reply is awaited (January 1971).

## Law Department

2. *Non-utilisation of a building.*—Construction of a Court building at Deopalur for housing the Civil Court then functioning at Hatod (Indore District) was administratively approved by Government in April 1961 for Rs. 1.17 lakhs. On completion in September 1963 at a cost of Rs. 1.17 lakhs, the Registrar, High Court, refused (May 1964) to take charge of the building so long as Government did not construct residential quarters for the Judge and staff at Deopalur.

Administrative approval for the residential quarters was accorded by Government in April 1965 (for the Civil Judge) and October 1965 (for the staff). Construction of Judge's quarter was completed in December 1968 at a cost of Rs. 0.35 lakh (provision of service facilities being incomplete till June 1970) and that of the staff (nine) in March 1970 at a cost of Rs. 1.35 lakhs (three quarters alone had been occupied till June 1970).

The Court building was taken over by the Law Department on 14th November 1969 to accommodate the Court of Civil Judge—Class II, newly created from that date.

Government to whom matter was reported in August 1969 stated (October 1970) that it has no comments to offer.

## APPENDIX VI

(Reference: Paragraph 44, Page 61)

## LOSSES, ETC. WRITTEN OFF DURING THE YEAR 1969-70

Name of the Department	Writes-off of losses, irrecoverable revenue, advances, etc.		Waiver of recovery		Remission of revenue/abandonment of claims to revenue	
	Number of cases	Amount Rs.	Number of cases	Amount Rs.	Number of cases	Amount Rs.
Veterinary	199	82,400				
Food	176	1,93,600				
Buildings and Roads	57	95,300	1	100		
Separate Revenue—						
(a) Sales Tax	..	..	1	100	43	29,500
(b) Excise	1	6,000	1	500		
Agriculture	7	2,500				
Forest	17	92,000				
Irrigation	21	35,000				
Education	3	7,000				
Public Health	2	2,200				
Labour	1	2,100				
Total	484	5,18,100	3	700	43	29,500

## APPENDIX VII

(Reference: Paragraph 77, Page 80)

## STORES, MACHINES, ETC. LYING UNUSED

S.No.	Office	Amount (In lakhs of rupees)	Particulars of machines, etc. lying un- utilised and other comments.
<i>PUBLIC WORKS (BUILDINGS AND ROADS) DEPARTMENT</i>			
1.	Buildings and Roads Division, Bhind.	0.70	Road materials collected in miles 1 to 8 of Bhind-Bhairoli road between 1961 and 1965 remain unused (December 1969). The Executive Engineer stated (December 1969) that the materials could not be used due to shortage of labour and scarcity of water required for consolidation. Physical verification of the materials has also not been conducted. The matter was reported to Government in March 1970; reply is awaited (January 1971).
<i>PUBLIC WORKS DEPARTMENT (PROJECT)</i>			
2.	Executive Engineer Bila Project Division, Shahgarh.	0.17	Mild Steel shutters purchased in June 1968 for Rs. 0.17 lakh for installation in the pick-up weir as head sluice gates still remain unused (July 1970) because they were found on receipt at site (November 1968), to be defective. The Sub-Divisional Officer, after inspection at factory site, had certified (June 1968) that the shutters were in accordance with the prescribed specifications and plans. The firm was requested in March 1969 to remove the defects in the shutters. The matter was reported to Government in August 1970; reply is awaited (January 1971).
<i>COMMERCE AND INDUSTRIES DEPARTMENT</i>			
3.	Assistant Director of Industries, Ambikapur.	0.54	Tools (Rs. 0.34 lakh) and raw materials (Rs. 0.15 lakh) purchased in March 1968 are lying unused (December 1970) due to closure of seven industrial training centres (six in May 1968 and one in May 1969). Finished products worth Rs. 0.05 lakh also remain undisposed of (December 1970).

APPENDIX VII—*contd.*

S.No.	Office	Amount (In lakhs of rupees)	Particulars of machines, etc. lying unutilised and other comments.
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The matter was reported to Government in April 1970; Government stated (December 1970) that necessary action for their disposal by public auction is being taken.

*TRIBAL WELFARE DEPARTMENT*

4. District Organiser, Jhabua 0.50 Audio-visual equipment generator, projector, other accessories along with a cinema van received from the Director, Tribal Welfare, in July 1962 for exhibiting documentary and educative films within the district remained largely unused between July 1962 and June 1964 as only 69 shows against the prescribed number of 360 shows (shortfall 81 per cent) were screened. The equipment has remained unused since July 1964 due to transfer of the cinema van along with the driver to the Tribal Co-operative Development Corporation, Dhar, in June 1964. The projector operator has, however, been retained in service with the District Organiser, though no cinema shows have been screened since July 1964. Rs. 0.16 lakh spent on his pay and allowances from June 1964 to April 1970 (expenditure is continuing have to be treated as nugatory).

The matter was reported to Government in May 1970; reply is awaited (January 1971).

*VETERINARY DEPARTMENT*

5. Assistant Director of Fisheries, Gwalior. 0.28 The Director of Fisheries placed an order in January 1965 with a Government undertaking at Kakinada for supply of an engine fitted boat for use in fish extraction. The body was constructed in March 1965 and payment therefor duly made. The imported engine to be fitted in the boat was received in June 1966 and construction of the boat completed in May 1967. It was received in Gwalior in August 1967 and commissioned in January 1968.

APPENDIX VII—*concl.*

S.No.	Office	Amount (In lakhs of rupees)	Particulars of machines, etc. lying unutilised and other comments.
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So far (January 1970), it has been used for seven days for trial and checking and for another seven days in September-October 1968 for fish extraction. Rs. 3,000 (approximately) were spent till January 1970 on the wages of the driver and caretaker employed for the boat. Government stated (August 1970) that 'the operation of the boat through Fishermen Co-operative Society who are given lease for fish extraction would not be economical and as such the boat was purchased on experimental basis and its idle period was circumstantial'.

**PUBLIC HEALTH DEPARTMENT**

6.	Gandhi Memorial Hospital, Rewa.	0.17	Electric kitchen equipment purchased in January 1958 for Sultania Zanana Hospital, Bhopal, which remained unutilised reportedly for want of suitable accommodation ( <i>c. f.</i> paragraph 56 ( <i>iii</i> ) of Audit Report 1963), was transferred to Gandhi Memorial Hospital, Rewa, in December 1967. Even there, the equipment has remained unutilised (August 1970) for want of electric supply. The Medical Superintendent, Gandhi Memorial Hospital, Rewa, stated (August 1970) that the estimate for laying power line called for from the Executive Engineer, Buildings and Roads Division, Rewa, in July 1969, was still awaited (August 1970). The matter was reported to Government in June 1970; reply is awaited (January 1971).
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## APPENDIX VIII

(Reference : Paragraph 78, Page 80)

## SYNOPSIS OF IMPORTANT STORES ACCOUNTS

S.No.	Department	Stores	Opening balance on 1st April 1969	Receipts/Issues (during 1969-70)		Closing balance on 31st March 1970
(In lakhs of rupees)						
<i>A—PUBLIC WORKS DEPARTMENTS—</i>						
1.	Buildings and Roads (fifty-six divisions)	Building materials, painter's stores, fuel, timber, etc.	2,33.82	4,88.98	4,69.08	2,53.72
2.	Chambal Project (two divisions)	Do.	46.89	7.51	16.57	37.83
3.	Irrigation (fifty-one divisions)	Do.	1,34.19	1,27.51	1,24.09	1,37.61
4.	Tawa Project (eight divisions)	Do.	49.23	68.68	60.61	57.50
5.	Major Projects (seven divisions)	Do.	30.22	20.11	22.41	27.92
(i) Reserve limit of stock was not fixed in 20 divisions (4 Buildings and Roads, 13 Irrigation, 2 Tawa Project and 1 Major Project).						
(ii) Out of 69 divisions for which reserve limit was prescribed, the value of stock held on 31st March 1970 exceeded the prescribed limits in 23 divisions (14 Buildings and Roads, 5 Irrigation, 2 Tawa Project and 2 Major Projects); the largest excess being in Irrigation Division, Khargone (161 per cent), construction Division, Gwalior (97 per cent) and Buildings and Roads Division, Raipur (79 per cent).						
<i>B—CIVIL DEPARTMENT—</i>						
6.	Separate Revenue	Stamps	8,57.08 <sup>(a)</sup>	5,91.81	4,66.84	9,82.05

a) The opening balance on 1st April 1969 is less by Rs. 27.43 lakhs than the closing balance on 31st March 1969 due to exclusion of balances of Surguja (Rs. 12.06 lakhs) Ujjain (Rs. 50.67 lakhs) and Superintendent of Stamps (Rs. 6.82 lakhs) due to non-receipt of accounts, and inclusion of balances of Durg (Rs. 32.45 lakhs) and Shajapur (Rs. 9.75 lakhs) treasuries, the accounts of which were awaited. Besides, six treasuries (Bilaspur, Khargone, Tikamgarh, Chhindwara, Mandla and Vidisha) increased their balances by Rs. 0.08 lakh. Reasons for increase are awaited from the treasuries (January 1971).

## APPENDIX

(Reference : Paragraph

## SUMMARISED FINANCIAL RESULTS OF

S. No.	Name of the Corporation/ Board	Name of Administrative Department	Year of incorporation	Year to which results relate	Total capital invested @
(1)	(2)	(3)	(4)	(5)	(6)
1.	Madhya Pradesh State Warehousing Corporation, Indore	Co-operation Department	1958	1968-69	43.14
2.	Madhya Pradesh Electricity Board, Jabalpur	Electricity Department	1957	1969-70	1,68,93.33 <sup>(a)</sup>
3.	Madhya Pradesh State Road Transport Corporation, Bairagarh	Home Department	1962	1968-69	10,30.28
4.	Madhya Pradesh Financial Corporation, Indore	Finance Department	1955	1969-70	6,62.53

@Capital invested represents paid up capital plus long term loans plus free reserves.

## IX

114, Page 103)

## STATUTORY CORPORATIONS/BOARDS

Profit (+) Loss (-)	Total interest charged in Profit and Loss Account	Interest on long term loans	Total return on capi- tal in- vested (7+9)	Percen- tage of total return on capi- tal in- vested (11)	Capital employed *	Total return on capi- tal em- ployed (7+8)	Percen- tage of total return on capi- tal em- ployed (14)	Remarks (15)	
(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
<i>(In lakhs of rupees)</i>									
(+)	4.09	..	..	4.09	9.48	40.96	4.09	9.99	
(+)	80.21	8,97.86	8,97.86	9,78.07	5.79	1,40,55.02	9,78.07	6.96	(a) Excluding figures pertain- ing to Rajasthan State Elec- tricity Board.
(-)	60.11	62.37	62.37	(+)2.26	0.22	9,19.27	(+)2.26	0.25	
(+)	14.94	28.97	28.97	43.91	6.63	..	..	..	

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

## APPENDIX

(Reference : Paragraph

## SUMMARISED FINANCIAL RESULTS

S. No.	Name of the company	Name of the administrative Department	Year of incorporation	Year to which results relate	Total capital invested @	Profit(+) Loss(-)	Total interest charged in Profit and Loss Account
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
							(In lakhs)
1.	Provident Investment Company Limited, Bombay	Finance Department	1926	Year ended 31st December 1969	1,83.03 <sup>(a)</sup>	(+) <sup>(a)</sup> 7.17	..
2.	Madhya Pradesh Laghu Udyog Nigam Limited, Bhopal	Commerce and Industries Department	1961	Year ended 31st March 1967	1,03.76 <sup>(b)</sup>	(+) <sup>(c)</sup> 2.45	1.17

X

132, Page 117)

## OF GOVERNMENT COMPANIES

Interest on long term loans	Total return on capital invested (7+9)	Percentage of total return on capital invested	Capital employed *	Total return on capital employed (7+8)	Percentage of total return on capital employed	Remarks
(9)	(10)	(11)	(12)	(13)	(14)	(15)
..	7.17	3.92	1,83.03	7.17	3.92	(a) During 1946, when this company was an instrument of operation of Gwalior State, the shares owned by Gwalior State in Madhowji Dharmasi Mills and Shapurji Broacha Mills (managed by this company) were sold to the Dalmia Investment Company. Out of the sale proceeds, a sum of Rs. 1 crore was retained by the Company as compensation for the relinquishment of managing agency of these two mills. The State Government considered that the sum of Rs. 1 crore belonged to them because the Company was only nominally the Managing Agents. The Government, however, could not recover the amount due to legal complications and was advised by their law officers in 1954, to take proceedings for the liquidation of the company. The matter is, however, still under consideration of the State Government (December 1970). This amount is included in the Capital reserve.
1.17	3.62	3.49	97.30	3.62	3.72	(b) Includes Rs. 49.85 lakhs representing the value of assets taken over from the State Government.
						(c) After taking into account the adjustments relating to previous year.

## APPENDIX

## SUMMARISED FINANCIAL RESULTS

S. No.	Name of the company	Name of the administrative Department	Year of incorporation	Year to which results relate	Total capital invested @	Profit(+) Loss (-)	Total interest charged in Profit and Loss Account
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
							<i>(In lakhs)</i>
3.	Madhya Pradesh State Mining Corporation Ltd., Jabalpur	Natural Resources Department	1962	Year ended 31st March 1969	23.50	(+)2.98	..
4.	Madhya Pradesh Audyogik Vikas Nigam Ltd., Bhopal	Commerce and Industries Department	1965	Year ended 31st March 1970	1,46.06	(+)3.16	3.00
5.	Madhya Pradesh State Agro-Industries Development Corporation Ltd., Bhopal	Agriculture Department	1969	1969-70 (21-3-1969 to 31-3-1970)	83.07	(+)4.56	..

@ Capital invested represents paid up capital *plus* long term loans *plus* free reserves.

X—concl'd.

## OF GOVERNMENT COMPANIE

Interest on long term loans	Total return on capital invested (7+9)	Percentage of total return on capital invested	Capital employed *	Total return on capital employed (7+8)	Percentage of total return on capital employed	Remarks
(9)	(10)	(11)	(12)	(13)	(14)	(15)
<i>of rupees)</i>						
..	2.98	12.68	23.17	2.98	12.86	
3.00	6.16	4.22	1,45.16	6.16	4.23	
..	4.56	5.49	82.88	4.56	5.50	

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

## APPENDIX XI

(Reference : Paragraph 148, Page 137)

## DEPARTMENTS HAVING HEAVY OUTSTANDING INSPECTION REPORTS

ON 31ST OCTOBER 1970

S.No.	Department	Total number of inspection reports and paragraphs outstanding at the end of October 1970	Total number of inspection reports to which even first replies have not been received till end of October 1970	
(1)	(2)	Number of inspection reports (3)	Number of paragraphs (4)	(5)
<i>CIVIL—</i>				
1.	Education	1,516	5,629	161
2.	Planning and Development (Blocks)	775	3,311	7
3.	Agriculture	522	2,280	47
4.	Medical	351	1,379	52
5.	General Administration	553	3,149	49
6.	Tribal Welfare (including Tribal Development Blocks)	446	2,479	38
7.	Veterinary	160	546	22
8.	Forest	275	1,129	43
<i>PUBLIC WORKS DEPARTMENT—</i>				
9.	Buildings and Roads	987	4,992	81
10.	Irrigation	895	4,751	94
11.	Public Health Engineering	267	1,395	26
<i>REVENUE RECEIPTS—</i>				
12.	Forest	290	1,552	10
13.	Sales Tax	171	1,318	3
14.	State Excise	112	845	26

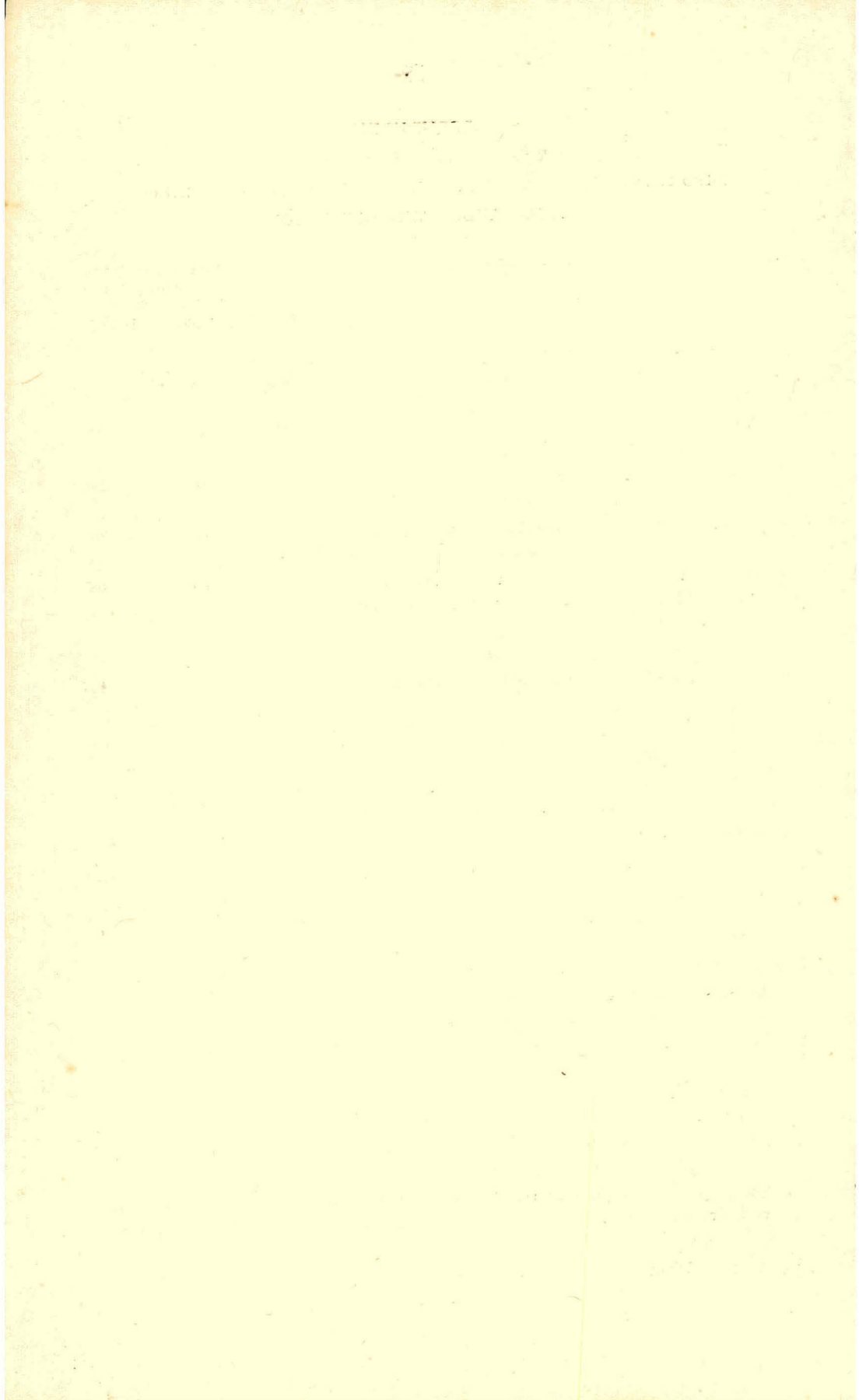


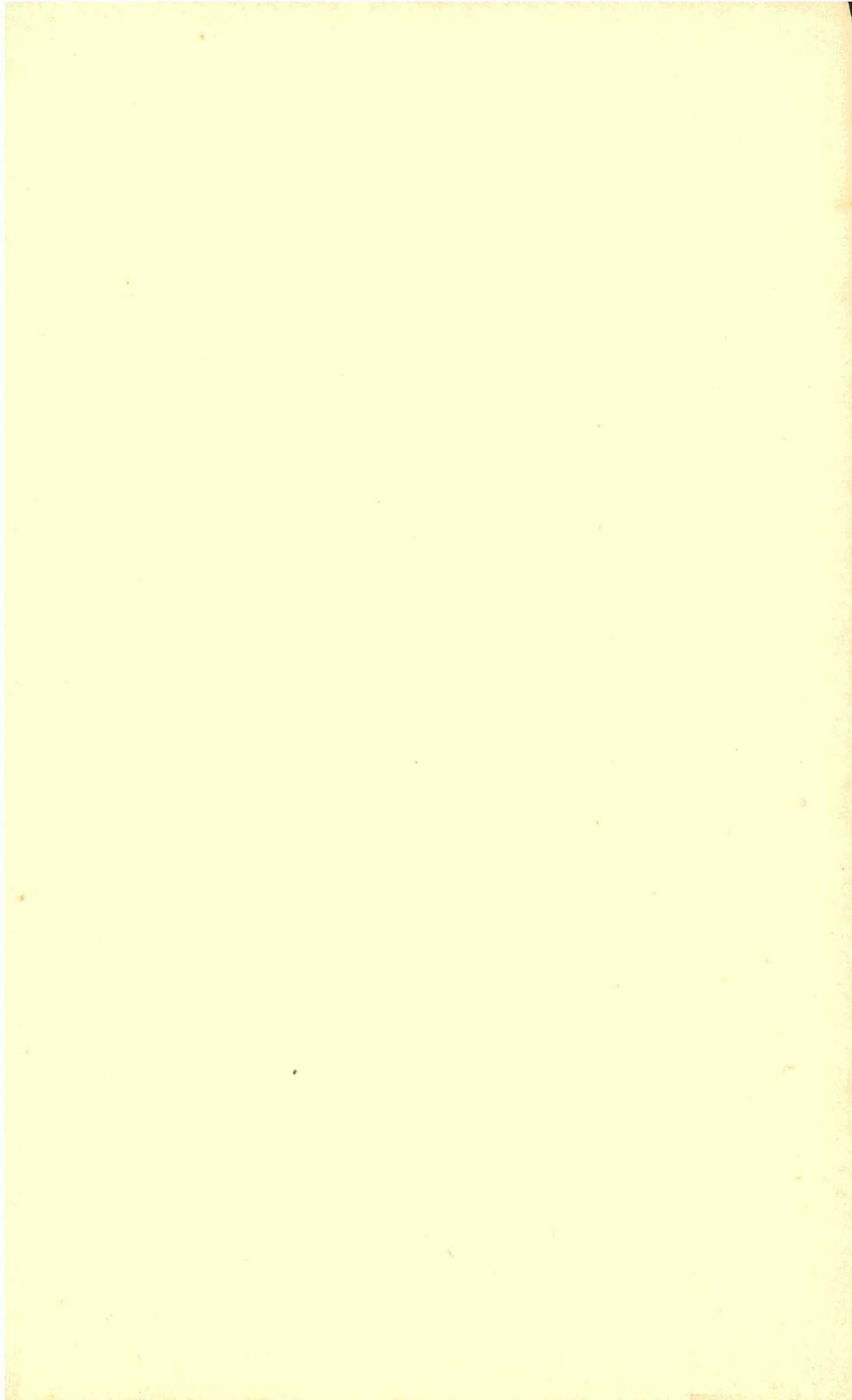
## APPENDIX XII

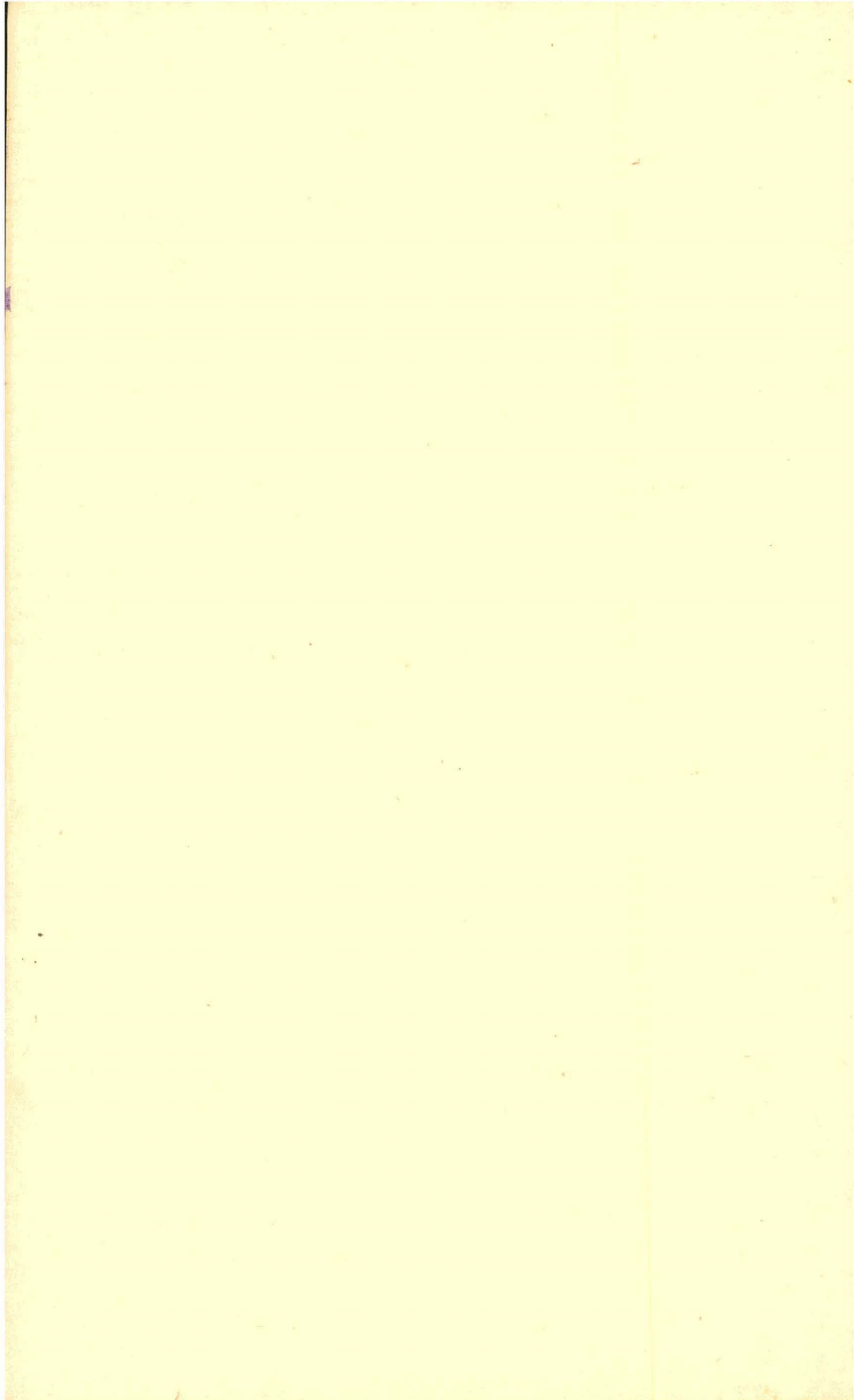
(Reference: Paragraph 148, Page 137)

IMPORTANT TYPES OF IRREGULARITIES NOTICED DURING  
LOCAL AUDIT AND INSPECTION

S.No.	Nature of irregularity	Number of paragraphs included in the inspection reports	
		1968-69	1969-70
<i>I—PUBLIC WORKS OFFICES—</i>			
1.	Expenditure due to defects in plans and designs and abandonment of works	35	39
2.	Splitting-up of purchase orders to avoid invitation of tenders or sanctions of higher authorities	53	45
3.	Extra cost to Government due to rejection of the lowest tenders/delay in accepting tenders	31	29
4.	Payments due to non-observance of conditions of the contracts or non-provision of requisite conditions in the contracts	34	38
5.	Overpayments due to inflated measurements or longer leads/extra leads or rates allowed in excess of those provided in the agreements	89	68
6.	Unauthorised financial aid to contractors	24	34
7.	Delay in effecting recoveries due from contractors	47	42
8.	Irregularities in muster rolls	85	70
9.	Delay in fixation of rents of building and/or recovery of rents, electricity charges, etc.	59	65
10.	Arrears in maintenance and/or non-maintenance of initial accounts of road metal, material-at-site accounts, etc.	99	102
11.	Defective maintenance of stores and stock accounts	129	86
<i>II—CIVIL OFFICES—</i>			
12.	Non-observance of rules relating to custody and handling of cash, posting and maintenance of cash book, physical verification of cash, etc.	214	608
13.	Securities from persons handling cash and stores not obtained	413	397
14.	Defective maintenance of stores accounts (including omission to conduct periodical verification of stock)	286	427
15.	Defective maintenance and/or non-maintenance of initial accounts relating to loans	84	101
16.	Defective maintenance of log books and unauthorised use of Government vehicles	146	60
17.	Failures to do fortnightly verification of drawals with treasury records	318	..
18.	Non-production of primary records like receipt books, stock registers and log books at the time of local audit	426 offices	310 offices











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