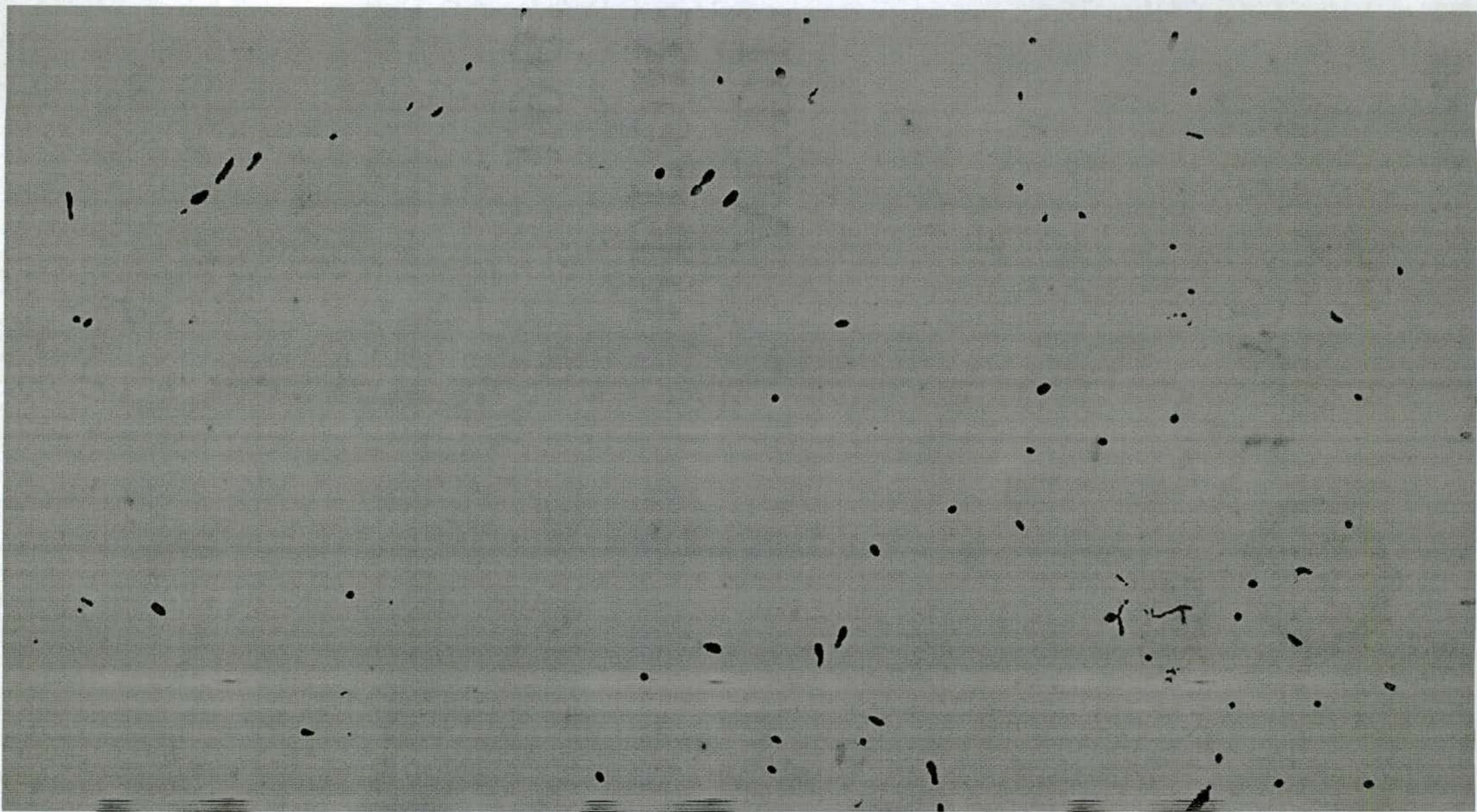




GOVERNMENT OF ORISSA

AUDIT REPORT

1967



ERRATA

AUDIT REPORT, 1967 OF THE GOVERNMENT OF ORISSA

Page No.	Reference to para, line, etc.	For	Read
(i)	Paragraph 6	.. 12	12-13
(vi)	Appendix V, 2nd line	.. savings	saving
(vii)	Appendix XV	.. 182-180	182-183
4	Item (iv)	.. outside	outside
12	Foot note, 1st line	.. amon	among
14	1st line	.. scheme	schemes
24	4th sub-para, 4th line	.. person	persons
25	sub-para (i), 2nd line	.. ammortisation	amortisation
31	para 16-heading	.. Gtants	Grants
33	2nd sub-para, 3rd line	.. States'	State's
35	Para 19 (a) (i), statement, 6th item	.. outisde	outside
36	Para 20 (a), 5th line	.. contorlling	controlling
40	Item (4)	.. Suplementa	Supplementary
51	Para 27, 3rd line	.. officers	officers
55	Line 8th from bottom	.. lakhs	lakh
57	Para 34, 2nd line	.. smale	small
59	Para 35, heading	.. Law	Low
60	1st sub-para, 2nd line	.. agreement	agreement
61	2nd sub-para, last line	.. incured	incurred
63	Para 38 heading	.. materia	material
64	Para 42, 17th line	.. assessment a	assessment as
66	Para 45, 2nd line	.. conncession	concession
80 to 84	Heading—line No. 1	.. of	for
82	Item (11) line 4 from bottom	.. scrore	crore
86	sub-para (b), 9th line	.. prscribed	prescribed
87	Para 68 (ii) line 7 from bottom	.. agreement	agreements
95	Para 74-heading	.. Corporation	Corporations
97	1st sub-para, 1st line	.. it	its
102	Para 81 (2) last line	.. requied	required
104	sub-para (VI)—2nd line	.. Re	Rs.
105	sub-para (ii)	.. delete the sign "(ii)" at the beginning of the	the

Page No	Reference to para, line, etc.	For	Read
109	Sub-para (vii) 12th line	.. authorised	authorised
113	Third sub-para 5th line	.. a 'digester'	the 'digester'
115	Para 89 (ii) 2-3 line	.. with drawals	withdrawals
117	sub-para (iv) (a), 2nd sub-para, 2nd line	.. Manufactured	manufactured
117	Para 91, 2nd line	.. incorporated	incorporated
117	Para 91, 3rd sub-para, 5th line	.. Corporaion	Corporation
135	Annexure	.. delete "XII" appearing as	Annexure number
135	Col. 11-3. Orissa Construction Corporation Ltd	9 65	9,65
137	Annexure	.. delete "XII" appearing as	Annexure number
142	Para 106, 2nd line	.. Samitee	Samitis
142	Line 23	.. Examiner	Examiners
151	Appendix I, Heading	.. overdrafts	overdrafts
153	Col. 10, 1st entry	.. 476 66	4,76.66
156	Foot note	.. Insert "grant" after the word	"supplementar
157	Foot note	..	Ditto
157	Section A	.. Insert "concl'd" after	"unnecessary"
158	Section A	.. A-Cases where the supplementary grant proved unnecessary	B—Cases where the supplementary grants/appropriations proved excessive—con lid
158	Section C, heading	.. Supplementar	Supplementary
158	Appendix III col-9-heading	.. Percentage of saving	Percentage of saving' excess.
159	Heading of the Appendix	.. grant	grants
164	Serial No 8	.. (Estuarne)	(Estuarine)
167	Serial No 27, remarks column 1st line	.. depo-	deposit-
	2nd line	.. Eng-	Engi-
	5th line	.. ue	due
172	Heading of the Appendix 2nd line	.. no	on
175	line 26	.. waived	waived,
175	Part II, Serial no (6) Health	.. (6)	(8)
186	line 3 (heading of the statement)	.. Local	Local
187	Item (ii) under "Other offices" Col. 1 Line-4	.. amount	amounts

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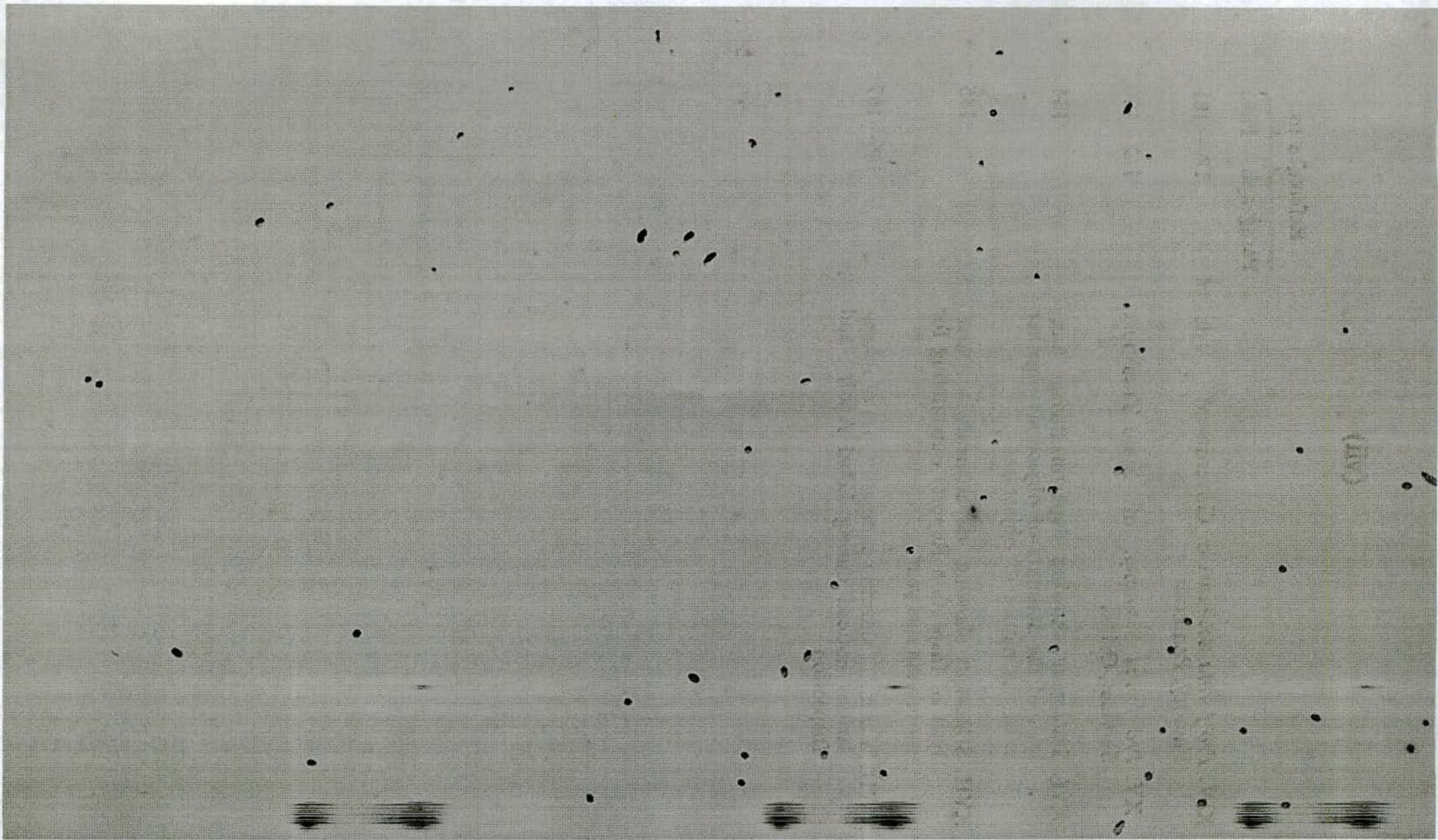
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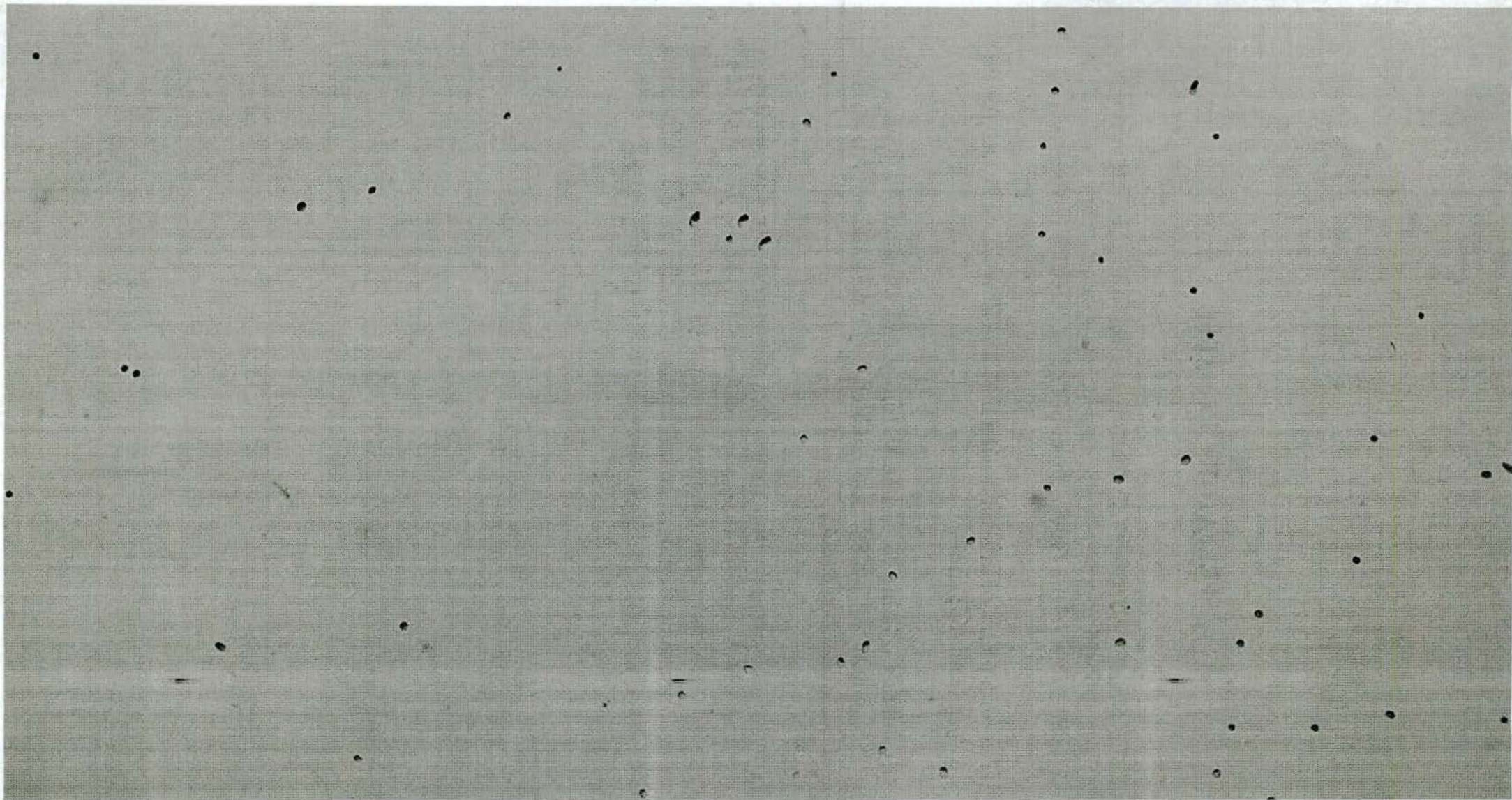


PREFATORY REMARKS

This volume mainly relates to matters arising from the Appropriation Accounts for 1965-66 together with other points arising from audit of the financial transactions of the Government of Orissa. It also includes:—

- (i) certain points of interest arising from the Finance Accounts for the year 1965-66; and
- (ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

2. The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1965-66 as well as those which had come to notice in earlier years but could not be dealt with in previous Audit Reports; matters relating to the period subsequent to 1965-66 have also been included wherever considered necessary.



CHAPTER I

GENERAL

Budget and actuals—The budget estimates and actuals in respect of revenue receipts, expenditure met from revenue and net revenue deficit/surplus for the year 1965-66 are given below along with the corresponding figures for the preceding four years.

Year	Budget	Actuals	Variations		
			Amount	Percentage	
(In crores of rupees)					
<i>Revenue Receipts</i>					
1961-62	41.10	37.15	-3.95	10	
1962-63	55.57	62.27	+6.70	12	
1963-64	67.60	69.29	+1.69	2	
1964-65	74.53	74.98	+0.45	1	
1965-66	81.35	80.39	-0.96	1	
Revenue Surplus+/-deficit—					
					Year Budget Actuals
(In crores of rupees)					
					1961-62 .. -4.19 -15.21
					1962-63 .. -0.86 -3.72
					1963-64 .. +0.45 -2.72
					1964-65 .. -3.92 -4.22
					1965-66 .. -10.03 -10.92
<i>Expenditure met from Revenue</i>					
1961-62	45.29	52.36	+7.07	16	
1962-63	56.43	65.99	+9.56	17	
1963-64	67.15	72.01	+4.86	7	
1964-65	78.45	79.20	+0.75	1	
1965-66	91.38	91.31	-0.07	..	

The above comparison between the budget and actuals shows that—

(i) during the five years of the Third Plan, the total revenue receipts exceeded the Budget Estimates by Rs. 3.93 crores but this did not improve the position regarding the revenue deficits, as the total expenditure on revenue account during these years exceeded the budget estimates by Rs. 22.17 crores with the result that the total revenue deficits amounted to Rs. 36.79 crores against a total anticipated revenue deficit of Rs. 18.55 crores;

(ii) the revenue receipts during 1965-66 were sufficient only to meet about 88 per cent of the expenditure on revenue account.

2. *Consolidated Summary of Transactions*—The following is a consolidated summary of the actual receipts and disbursements of Government for 1965-66 with comparative figures for the four preceding years.

	1961-62	1962-63	1963-64	1964-65	1965-66
	(In crores of rupees)				
(i) Opening balance (cash)	0.16	-2.16	-1.30	-8.28	-8.42
	<i>Transactions on revenue account</i>				
(ii) (a) Receipts	37.15	62.27	69.29	74.98	80.39
(b) Expenditure	52.36	65.99	72.01	79.20	91.31
(c) Revenue deficit [(a)-(b)]	-15.21	-3.72	-2.72	-4.22	-10.92
	<i>Transactions outside the revenue account</i>				
(iii) Receipts outside the revenue account—					
(a) Net additions to Public Debt	24.15	20.14	30.22	34.96	51.56
(b) Recoveries of loans and advances	0.66	1.10	1.08	0.93	2.64
(c) Appropriations to Contingency Fund to increase/decrease the corpus of the Fund	..	4.65	..	..	-3.00
(d) Deposits, Provident Funds, Reserves, other Funds, Remittances, etc. (net)	5.34	7.30	-2.25	13.57	4.81
(e) Total resources for capital expenditure [(ii) (c) plus (iii) (a) to (d)]	14.94	29.47	26.33	45.24	45.09
(iv) Expenditure outside the Revenue account—					
(a) Capital outlay	14.12	26.89	30.48	41.72	32.57
(b) Loans and Advances	3.14	1.72	2.83	3.66	10.57
(v) Net result of all transactions [(iii) (e) minus (iv) (a) and (b)]	-2.32	0.86	-6.98	-0.14	1.95
(vi) Closing balance (cash)	-2.16	-1.30	-8.28	-8.42	-6.47

As shown above, each year of the Third Plan closed with a deficit on revenue account. The position in this regard during the three Five-Year Plans is given below—

	Accumulated net revenue deficit	
	At the beginning of the 5 year period	At the end of the 5 year period
	(In crores of rupees)	
1951-52 to 1955-56	2.44	9.74
1956-57 to 1960-61	9.74	15.99
1961-62 to 1965-66	15.99	52.79

The cash balance at the end of 1965-66 was *minus* Rs. 6.47 crores. Apart from the cash balance, Government hold investments made out of the cash balance. Taking these investments also into consideration, the closing cash balance of Government as at the end of each of the five years ending 1965-66 was as shown in the table below—

	1961-62	1962-63	1963-64	1964-65	1965-66
	(In crores of rupees)				
(i) Closing balance (cash) [cf. item (vi) of the summary]	-2.16	-1.30	-8.28	-8.42	-6.47
(ii) Investments of cash balance	6.90	8.13	1.17	1.16	1.15
(iii) Total closing cash balance and investments of cash balance	4.74	6.83	-7.11	-7.26	-5.32

3. *Revenue Receipts*—(a) The revenue realised in 1965-66 (Rs. 80.39 crores) showed an increase of 7 per cent (Rs. 5.41 crores) over that in 1964-65 (Rs. 74.98 crores) and 74 per cent (Rs. 34.25 crores) as compared with that in 1961-62 (Rs. 46.14 crores). The increase is analysed below by the main components:—

	1961-62*	1964-65	1965-66	Increase since 1961-62	
				Amount	Percentage
	(In crores of rupees)				
I. Receipts from the Central Government—					
(a) State's share of divisible Central taxes	6.52	11.81	13.00	6.48	99
(b) Grants-in-aid under Article 275 of the Constitution	3.67	13.36	11.00	7.33	200
(c) Other grants and subventions	5.27	9.08	9.59	4.32	82
II. Revenue raised by the State Government—					
(a) Taxes, duties, etc.	10.34	18.99	19.74	9.40	91
(b) Non-tax revenue	20.34	21.74	27.06	6.72	33
Total	46.14	74.98	80.39	34.25	74

During 1965-66, grants and subventions from the Central Government and the State's share of divisible Central Taxes amounted to Rs. 33.59 crores accounting for 42 per cent of the total revenue of the State. Of the total increase of Rs. 34.25 crores in the revenue receipts since 1961-62, the increase on account of receipts from the Central Government amounted to Rs. 18.13 crores constituting 53 per cent of the total increase.

*The figures for 1961-62 have been recast to correspond to the revised classification introduced from 1962-63, as explained in paragraph 2 of the Audit Report, 1964.

The revenue raised by the State during 1965-66 amounted to Rs. 46.80 crores which formed 58 per cent of the total revenue. The increase in the revenue raised by the State since 1961-62 was Rs. 16.12 crores accounting for 47 per cent of the total increase.

The revenue raised by the State during 1965-66 (Rs. 46.80 crores) included Rs. 7.37 crores booked under "Interest" representing interest receipts from Commercial Departments/Schemes by showing corresponding expenditure in the Revenue Account. If this adjustment is excluded the percentage of the revenue raised by the State to the total revenue comes to 49.

(b) *Tax revenue raised by the State*—Tax revenue raised by the State during 1965-66 formed 25 per cent of the total revenue. The sales tax was the largest source of tax revenue constituting 50 per cent of the total revenue earned from Taxes, Duties, etc., during 1965-66. Other main tax sources are Land Revenue and State Excise Duties; the revenue collected therefrom constitutes 14 and 11 per cent respectively of the total tax revenue during the year. The growth of tax revenue since 1961-62 is given below:—

	1961-62*	1964-65	1965-66	Increase since 1961-62	
				Amount	Percentage
				(In crores of rupees)	
Sales Tax	4.02	8.99	9.93	5.91	147
Land Revenue	2.42	2.99	2.86	0.44	18
State Excise Duties	1.67	2.13	2.23	0.56	34
Taxes on Vehicles	1.03	1.65	1.70	0.67	65
Entertainment Tax, Electricity duties and Taxes on goods and passengers carried by road or inland water ways	0.20	1.68	1.30	1.10	550
Stamps	0.74	1.14	1.25	0.51	69
Registration fees and Taxes on Agricultural Income	0.26	0.41	0.47	0.21	81
Total	10.34	18.99	19.74	9.40	91

63 per cent of the total increase of Rs. 9.40 crores since 1961-62 was from Sales Tax.

No new or additional measures of taxation were introduced in the State during 1965-66.

*The figures for 1961-62 have been recast to correspond to the revised classification introduced from 1962-63, as explained in paragraph 2 of the Audit Report, 1964.

(c) *Non-tax revenue raised by the State*—The revenue raised by the State from non-tax sources during 1965-66 contributed 34 per cent to the total revenue of the State. This will be reduced to 24 per cent if the amount credited under "XVI—Interest" representing interest receipts from commercial departments/schemes by showing corresponding expenditure in the Revenue Account is excluded. The increase in revenue realised from the non-tax sources during the five year period ending 1965-66 constituted 20 per cent of the total increase of revenue raised by the State. The following are the broad details of the non-tax sources and the growth thereof during the five year period.

	1961-62*	1964-65	1965-66	Increase since 1961-62	
				Amount	Percentage
(In crores of rupees)					
Interest ..	7.84	6.49	9.61	1.77	23
Multipurpose River Scheme ..	1.70	2.28	2.37	0.67	39
Irrigation and Electricity Scheme ..	0.95	0.78	2.02	1.07	113
Road and Water Transport Scheme	1.42	2.01	2.18	0.76	53
Forests ..	3.10	4.36	4.70	1.60	52
Other sources ..	5.33	5.82	6.18	0.85	16
Total ..	20.34	21.74	27.06	6.72	33

The increase in interest receipts since 1961-62 reflects mainly receipts from commercial departments/schemes on account of increase in the rate of interest. The rise in the revenue under Irrigation and Electricity schemes was mainly on account of realisation of royalty from the Government of Andhra Pradesh in respect of Machkund Hydro Electric Scheme and arrears from Orissa Cement Factory.

(d) *Arrears in collection of revenue*—According to the figures furnished by some of the Departments, the arrears in the collection of revenue as on 31st March, 1966 amounted to Rs. 10.18 crores. The departments with heavy outstanding are indicated below:—

Department	Nature of receipt	Arrears as on 31st March, 1966	Average annual revenue during 1963-64 to 1965-66	Percentage of arrears to the total average annual revenue
(In lakhs of rupees)				
Finance ..	Commercial Taxes.	3,61.06	9,02.99	40
Revenue ..	Land Revenue	2,09.45	2,95.52	71
Mining and Geology	Mining Revenue	1,16.74	1,48.98	78
Co-operation and Forestry	Forest Leases	1,35.70	4,27.65	32

*The figures for 1961-62 have been recast to correspond to the revised classification introduced from 1962-63, as explained in paragraph 2 of the Audit Report, 1964.

The yearwise analysis and certain other features in regard to the arrears are given in paragraph 73 at pages 90 to 94.

(e) *Write off and remission of revenue*—During 1965-66, revenue amounting to Rs. 5.46 lakhs due to Government in 87 cases was written off as irrecoverable and remissions and abandonment of claims to revenue aggregating Rs. 0.91 lakh in 129 cases were granted by Government. Brief particulars of these cases have been given in Appendix XI at page 175.

(f) *Cost of collection of revenue*—(i) The expenditure during 1965-66 incurred on the collection of land revenue has shown increase as compared to the corresponding figures for 1963-64 and 1964-65 as indicated below:—

	1963-64	1964-65	1965-66
	(In lakhs of rupees)		
(i) Gross revenue collection	3,01.07	2,98.91	2,86.58
(ii) Expenditure on collection	58.66	78.81	1,03.63
(iii) Percentage of expenditure on the revenue collected	20	26	36

The increase was stated to be due to employing additional staff for collection of revenue including water rates and revision in the rates of dearness allowance to staff.

(ii) The total administration and collection charges of Taxes, Duties and other principal heads of Revenue (Rs. 4.11 crores) during 1965-66 formed 17 per cent of the total tax revenue collected on that account (Rs. 24.25 crores) the corresponding percentage during 1963-64 and 1964-65 was 13 and 15 respectively.

4. *Expenditure on Revenue Account*—The expenditure on Revenue Account during 1965-66 showed an increase of 15 per cent (Rs. 12.11 crores) as compared with that in 1964-65 and 49 per cent (Rs. 29.96 crores) as compared with that in 1961-62. The increase is analysed below by the main groups of Government activity—

	1961-62*	1964-65	1965-66	Increase since 1961-62	
				Amount	Percentage
(In crores of rupees)					
Collection of Taxes, Duties and other principal Revenue—					
Land Revenue	1.52	2.70	3.24	1.72	113
Other principal heads of Revenue	0.49	0.74	0.87	0.38	77
Total Collection of Taxes, etc.	2.01	3.44	4.11	2.10	104
Debt Services	11.03	13.36	16.74	5.71	52

*The figures for 1961-62 have been recast to correspond to the revised classification introduced from 1962-63, as explained in paragraph 2 of the Audit Report, 1964.

The increase in "Debt Services" was due to progressive increase of the debt of the State as indicated in paragraph 12, page 22. During 1965-66 the expenditure on Debt Services constituted 18 per cent of the total expenditure on Revenue Account.

	1961-62*	1964-65	1965-66	Increase since 1961-62	
				Amount	Percentage
(In crores of rupees)					
Administrative Services—					
Police ..	2.33	4.40	5.46	3.13	134
Other Administrative Services	3.85	4.63	4.50	0.65	17
Total—Administrative Services	6.18	9.03	9.96	3.78	61

The increase under Administrative Services was chiefly on account of strengthening of police force. The expenditure on Administrative services accounted for 11 per cent of the total Revenue expenditure during 1965-66.

Social and Developmental Services—					
Education ..	6.73	9.65	10.52	3.79	56
Medical ..	1.68	2.66	2.96	1.28	76
Public Health ..	1.02	3.52	3.97	2.95	289
Agriculture ..	1.67	3.98	3.99	2.32	139
Rural Development ..	0.40	1.57	1.47	1.07	268
Community Development Project, National Extension Service and Local Development Works	3.65	5.83	6.95	3.30	90
Other Social and Developmental Services	5.16	6.13	6.53	1.37	27
Total—Social and Developmental Services	20.31	33.34	36.39	16.08	79

The expenditure under "Social and Developmental Services" during 1965-66 was 40 per cent of the total expenditure on Revenue Account.

*The figures for 1961-62 have been recast to correspond to the revised classification introduced from 1962-63, as explained in paragraph 2 of the Audit Report, 1964.

	1961-62*	1964-65*	1965-66	Increase since 1961-62	
				Amount	Percentage
	(In crores of rupees)				
Multipurpose River Schemes, Irrigation and Electricity Schemes—					
Multipurpose River Schemes ..	7.21	5.21	6.40	-0.81	-5.1
Irrigation Schemes ..	1.25	1.18	2.05	0.80	6.4
Electricity Schemes ..	0.98	0.49	1.90	0.92	9.4
Total—Multipurpose, etc. ..	9.44	6.88	10.35	0.91	10

The expenditure on Multipurpose River Schemes, Irrigation and Electricity Schemes during 1965-66 was 11 per cent of the total Revenue expenditure against 9 per cent in the previous year.

Public Works (including Roads) and Schemes of Miscellaneous Public Improvements ..	4.36	5.12	5.07	0.71	16
Other Services ..	8.02	8.03	8.69	0.67	8
Grand Total ..	61.35	79.20	91.31	29.96	49

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

The expenditure on Capital Account during the years 1961-62 to 1965-66 as compared with the Budget Estimates for these years is shown below—

("Loans and Advances" are dealt with in paragraph 11, pages 18 to 22).

Year	Budget**	Actuals	Variation	
			Amount	Percentage
	(In crores of rupees)			
1961-62 ..	17.19	14.12	-3.07	18
1962-63 ..	21.71	26.89	+5.18	24
1963-64 ..	24.80	30.48	+5.68	23
1964-65 ..	41.23	41.72	+0.49	1
1965-66 ..	37.67	32.57	-5.10	14

*The figures for 1961-62 have been recast to correspond to the revised classification introduced from 1962-63, as explained in paragraph 2 of the Audit Report, 1964.

**The figures shown are net, after adjustment of credits and recoveries which are adjusted in the accounts in reduction of expenditure.

(b) The progressive outlay excluding loans and advances by the State Government upto March, 1966 totalled Rs. 2,71.34 crores which accounted for 74 per cent of the debt and other obligations of the State on that date (Rs. 3,65.35 crores). The following table gives a further analysis of the expenditure outside the Revenue Account during 1965-66 and from 1961-62 to 1965-66 together with the progressive outlay upto 1965-66.

Head of Account	During 1965-66	During 1961-62 to 1965-66	Progressive total upto 1965-66
(In crores of rupees)			
I. Capital expenditure on—			
(i) Irrigation Schemes ..	5.50	17.73	24.80
(ii) Multipurpose River Schemes ..	4.40	24.88	114.35
(iii) Electricity Schemes ..	7.34	18.96	23.08
(iv) Other Commercial Departments/ Undertakings, Schemes of Govern- ment Trading and Agricultural Schemes	8.63	23.81	30.93
(v) Public Works ..	7.13	36.97	51.11
(vi) Other items (such as Public Health, Ports, Forests, Other Works and Contingency Fund)	0.43	23.44	27.07
II. Net expenditure under "Loans and Advances by the State Governments" i.e., after taking into account re- coveries of loans	7.93	15.51	41.59
Total—Expenditure outside the Revenue Account	40.50	161.30	312.93

Further details of capital expenditure are given in Statement Nos. 2 and 13 of the Finance Accounts, 1965-66.

(c) The sources from which the revenue deficit (Rs. 10.92 crores in 1965-66 and Rs. 36.80 crores (net) during 1961-62 to 1965-66) and the expenditure outside the Revenue Account including that on "Loans and Advances" (i) during 1965-66 and (ii) during the five year period ending 1965-66 were met, are indicated below:—

Head of Account	During 1965-66	During 1961-62 to 1965-66
(In crores of rupees)		
I. Net additions to—		
(i) Permanent Debt ..	8.75	30.54
(ii) Floating Debt ..	2.40	3.60
(iii) Loans from the Central Government ..	38.69	121.71
(iv) Loans from other sources and Provident Fund balances	3.19	10.07

Head of Account	During 1965-66	During 1961-62 to 1965-66
	(In crores of rupees)	
II. Miscellaneous (excess of deposit, etc., received by Government over repayments on that account excluding investments of cash balances)	0.33	17.85
III. Increase (—)/Decrease (+) in cash balance and investment of cash balances	—1.94	14.33
Resources available for expenditure outside the Revenue Account and for meeting Revenue deficit	51.42	198.10

Some points relating to the capital expenditure of Government are mentioned in paragraphs 6 to 10, pages 12 to 18.

6. *Multipurpose River Schemes*—The capital outlay of Government on multipurpose river schemes to end of 1965-66 comprised an outlay of Rs. 86.54 crores on Hirakud Dam Project, Stages I and II (which have become revenue earning) and an outlay of Rs. 7.57 crores on Balimela Dam Project, a joint undertaking of the Governments of Orissa and Andhra Pradesh, which is under construction.

The financial results of the Hirakud Dam Project, after charging interest on the entire outlay on the scheme, showed deficits in all the five years upto 1965-66 as indicated below; the accumulated net deficit from 1960-61 to end of 1965-66 amounted to Rs. 11.44 crores.

	1961-62	1962-63	1963-64	1964-65	1965-66
	(In crores of rupees)				
Gross revenue ..	1.70	1.72	1.93	2.28	2.37
Working expenses ..	0.86	0.84	0.63	1.02	1.01
Net surplus before charging interest	0.84	0.88	1.30	1.26	1.36
Interest on capital ..	5.86	2.72	2.63	3.15	3.15
Net deficit after charging interest	5.02	1.84	1.33	1.89	1.79

Government intimated in March, 1966 that irrigation facilities have been provided for 5 lakh acres of cultivated area to end of 1965-66 as against the irrigation potential of 6 lakh acres created by the Hirakud canals. The actual realisation of revenue in the form of water rates during 1965-66 was Rs. 0.37 lakh. According to the forecast as per Revised Estimate of Cost and Revenue for Stage I furnished by Government, revenue amounting to Rs. 53.51 lakhs was expected in 1965-66.

* The allocation of the capital expenditure on the Hirakud Dam Project among "Flood Control", "Irrigation" and "Power" has not been made so far; certain recommendations made by the Central Water and Power Commission in this regard are stated to be under consideration of Government.

No betterment charges in respect of the lands irrigated by the canals of the Project have been levied and collected; legislation simplifying the procedure of the levy and for laying down the rates was stated to be under consideration of Government.

7. *Irrigation Schemes*—On the 31st March, 1966, the investments of Government on several irrigation works undertaken in the State amounted to Rs. 53.46 crores as indicated below:—

Description	Outlay to the end of 31st March, 1966 (In crores of rupees)
Irrigation Works declared as Commercial ..	18.47
Non-Commercial irrigation and navigation works	6.59
Delta irrigation scheme ..	20.24
Irrigation works in the Agricultural Sector ..	8.16
Total ..	53.46

Capital and Revenue Accounts are prepared only in respect of Commercial schemes which have been opened for service. The accounts of the two schemes viz., Rushikulya system and Orissa Canal Project which were completed in 1937-38 and 1955-56 respectively showed deficit upto 1964-65 as indicated below; the accumulated net deficit to end of 1965-66 amounted to Rs. 5.58 crores since 1936-37.

	1961-62	1962-63	1963-64	1964-65	1965-66
	(In lakhs of rupees)				
Gross revenue ..	13.82	17.11	12.35	23.30	39.84
Working expenses ..	43.14	26.20	42.88	27.52	24.65
Net deficit (—)/surplus (+) before charging interest	—29.32	—9.09	—30.53	—4.22	+15.19
Interest on capital ..	11.03	10.86	10.86	10.86	10.86
Net deficit (—)/surplus (+)	—40.35	—19.95	—41.39	—15.08	+4.33

The arrears in collection of revenue in respect of the two schemes as on 31st March, 1966 amounted to Rs. 2.98 lakhs.

8. *Electricity Schemes*—(1) With the formation of the Orissa State Electricity Board with effect from 1st March, 1961, all the completed transmission and distribution systems have been transferred to the control of the Board. Government have advanced loans to the Board totalling Rs. 20.71 crores upto March, 1966 which includes Rs. 17.45 crores representing capital expenditure (provisional) incurred by the State Government on the Electricity schemes upto 1961-62 transferred to the Board as loan.

The final allocation of the assets and liabilities pertaining to the scheme between the Board and Government is yet to be made (December, 1966). Interest amounting to Rs. 1.22 crores upto March, 1966 on the loans advanced to the Board is pending recovery on that date. In addition to the loan, an amount of Rs. 2.05 crores has been invested by the State Government in the bonds issued by the Board during 1962-63, 1963-64 and 1965-66. The working results of the Board for the year 1965-66 indicated a net surplus of Rs. 1.18 crores before charging interest; the interest charges amounted to Rs. 1.25 crores.

(2) The total capital expenditure incurred upto the end of 1965-66 by Government on the power projects of the State amounted to Rs. 23.32 crores of which Rs. 18.69 crores were the outlay on Talcher Thermal and Utilisation Schemes and Rs. 4.63 crores on Machkund Hydro-Electric Scheme.

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

The Machkund Hydro-Electric (Joint) Scheme was undertaken in 1944 jointly with the Government of Andhra Pradesh which was entrusted with the execution of the work. The debits raised by the Government of Andhra Pradesh towards the execution of the scheme from 1959-60 to 1965-66 amounting to Rs. 75.75 lakhs representing Orissa Government's share have not been accepted by the Government of Orissa so far (October, 1966). The gross receipts accruing to the Government of Orissa during and upto the end of 1965-66 was Rs. 97.41 lakhs and Rs. 3,31.57 lakhs respectively. The working expenses (exclusive of interest on capital) during and upto the end of 1965-66 amounted to Rs. 35.39 lakhs and Rs. 80.08 lakhs respectively. The interest charges for 1965-66 on capital employed by the Government of Orissa amounted to Rs. 17.60 lakhs.

The financial results of all the Power Projects retained by the Government of Orissa at the end of each of the five years ending in 1965-66 are indicated below:—

	1961-62	1962-63	1963-64	1964-65	1965-66
	(In lakhs of rupees)				
Gross revenue ..	73.34	65.20	93.41	50.73	1,58.85
Working expenses ..	66.95	10.13	5.07	3.84	66.35
Net surplus before charging interest	6.39	55.07	88.34	46.89	92.50
Interest on Capital ..	30.49	25.78	23.57	44.98	1,22.89
Net surplus (+)/deficit (—)	—24.10	+29.29	+64.77	+1.91	—30.39

The rise in the gross revenue during 1965-66 was due to realisation of arrear of royalty from the Government of Andhra Pradesh and arrears from Orissa Cement Factory towards power supplied. The increase in the working expenses was on account of payment of arrear share to the Government of

Andhra Pradesh towards maintenance and operation of Machkund Hydro-Electric (Joint) Scheme and realisation of arrear dues for power supply relating to the period prior to opening of the revenue account of Hirakud Dam Project transferred by book adjustment as reduction of capital outlay. The rise in the interest on capital was due to increase in the rate of interest on loans obtained for execution of the power schemes; the major share relates to Talcher Thermal Scheme.

9. *Road Transport*—The State's venture in the field of Road transport consists of—

- (i) State Transport Service, a departmentally managed Government Commercial Undertaking;
- (ii) Orissa State Commercial Transport Corporation, a fully owned Government Company and
- (iii) Orissa Road Transport Company, a tripartite company with the participation of State Government, Central Government and private parties (the State Government owns 78 per cent of its shares).

The total outlay in all the 3 ventures at the end of 1965-66 amounted to Rs. 2.49 crores.

(a) *State Transport Service*—An analysis of the working results of the State Transport Service during the five years ending in 1965-66 together with the operating ratio and the return on capital outlay is indicated below:—

	1961-62	1962-63	1963-64	1964-65	1965-66
<i>Operation ratio</i>					
(Rupees in crores)					
(1) Gross revenue ..	1.42	1.51	1.76	2.01	2.18
(2) Working expenses including depreciation and interest	1.12	1.42	1.39	1.50	1.78
(Percentage of item 2 to item 1)					
(3) Operating ratio ..	79	94	79	75	82
<i>Net return on capital</i>					
(Rupees in crores)					
(4) Total capital outlay of Government.	0.90	1.06	1.35	1.45	1.58
(5) Net revenue ..	0.30	0.09	0.37	0.51	0.40
(Percentage of item 5 to item 4)					
(6) Net return on capital ..	33	9	27	35	25

More points in respect of this scheme have been mentioned in paragraph 97, page 126.

(b) *Orissa State Commercial Transport Corporation*—On 31st March, 1966 the investments of Government in the shares of the Corporation amounted to Rs. 67.50 lakhs. The Corporation is still in its formative stage.

(c) *Orissa Road Transport Company*—The investment of Government at the end of 1965-66 in the equity shares of the company amounted to Rs. 23.26 lakhs.

The total amount of dividend received from the company upto 1963-64 amounted to Rs. 20.44 lakhs which constituted 87 per cent of the capital invested. Dividend for 1964-65 has been declared on 29th December, 1965 at 10 per cent of the shares but the amount has not been credited to Government so far (October, 1966). Dividend for 1965-66 has not been declared.

10. *Investments of Government (Capital Outlay on Industrial Development)*—(a) The investments of Government in the commercial concerns, co-operative institutions, etc., as on 31st March, 1966 amounted to Rs. 17.78 crores as indicated below —

	Number of concerns	Amount (Rs. in crores)
(i) Statutory Corporations ..	2	0.75
(ii) Fully State owned Companies ..	6	11.61
(iii) Other Government Companies ..	44	1.09
(iv) Joint Stock Companies ..	17	0.78
(v) Co-operative Institutions ..	2,239	3.46
(vi) Share capital contribution to Panchayat Samiti industries	Not available	0.09

The dividend received by Government during 1965-66 amounted to *Rs. 7.25 lakhs and formed 0.4 per cent of the total investments of Government.

The following salient points were noticed in respect of the investments—

(a) Of the two Statutory Corporations, Orissa State Financial Corporation with a paid up capital of Rs. 1 crore earned a net profit of Rs. 6.73 lakhs during 1965-66. The other Corporation, viz., Orissa State Warehousing Corporation with a paid up capital of Rs. 22 lakhs incurred a total net loss of Rs. 0.60 lakh during 1962-63 to 1964-65; the accounts for 1965-66 have not been received (October, 1966).

(b) The investments in the Government Companies upto 1965-66 include Rs. 11.61 crores as share capital in 6 fully State owned companies constituted for development/ dealing in Mining, Industrial Development, Fisheries, Forest Produce, State Construction and Commercial transport. No return has been received from any of these concerns. Four of these companies with a paid up capital of Rs. 5.29 crores and Government loans of

* Includes Rs. 2.34 lakhs credited by Orissa Road Transport Company during 1965-66 and brought to account during 1966-67.

Rs. 1.18 crores earned a net profit of Rs. 26.06 lakhs, a fifth company (Orissa Mining Corporation Ltd.) having a paid up capital of Rs. 1.95 crores incurred a total net loss of Rs. 11.87 lakhs upto 1964-65 and the sixth company (State Commercial Transport Corporation Ltd., formed on 7th January, 1964) with a paid up capital of Rs. 0.50 crore sustained a net loss of Rs. 0.82 lakh. A review of the working of two of these fully State owned Government companies is given in paragraphs 82 to 84 at pages 104 to 109.

Of the 44 other Government companies as on 31st March, 1966, 38 were floated between March, 1958 and March, 1961 under the Pilot Project Scheme to help the accelerated promotion of Small Scale Industries in the State by providing financial and technical assistance. Of these, 5 companies have been liquidated, 7 companies with paid up capital of Rs. 4.61 lakhs (of which the Government investment amounted to Rs. 4.11 lakhs) are either under liquidation or proposed to be liquidated. One more company in which Government investment amounted to Rs. 0.14 lakh has also resolved to go into liquidation. One company is under construction. 24 companies have gone into production; of these 11 companies with a Government investment of Rs. 13.60 lakhs sustained a net loss of Rs. 3.25 lakhs as disclosed by their accounts so far made available. The remaining 13 companies earned a profit of Rs. 3.69 lakhs; 3 of them declared dividend amounting to Rs. 39,400.

Of the remaining six companies, 3 companies, in which Government investment is Rs. 17.10 lakhs, are under liquidation; one company with a Government investment of Rs. 1.50 lakhs sustained a total net loss of Rs. 1.40 lakhs upto 1965-66 and two other companies with a Government investment of Rs. 30.36 lakhs earned a profit of Rs. 35.20 lakhs one of which declared dividend of 10 per cent.

A review of the working of some of these companies is given in paragraphs 85 to 91, pages 109 to 117.

(c) The investments of Government in 17 Joint Stock Companies to end of 1965-66 amounted to Rs. 77.44 lakhs. Of these, one company with a Government investment of Rs. 40 lakhs paid dividend of Rs. 2.34 lakhs during the year 1965-66. Pre-merger investments of ex-States in 5 Joint Stock Companies amounting to Rs. 15.73 lakhs (which have been brought to Government account on the merger of the former princely States) have proved unfruitful so far as no return has been received on the investments. Details of these investments have not been furnished by Government.

A review of the investments made in 2 Joint Stock Companies is given in paragraphs 100 and 101, pages 128 to 129.

(d) Some points of interest in respect of the investments in Co-operative institutions are mentioned in paragraph 102, pages 129 to 133.

(e) An amount of Rs. 0.09 crore was withdrawn during 1965-66 for investment in Panchayat Samiti industries. The number of such industries in which the investments were made has not been intimated by the department.

The capital outlay under Industrial Development which was not earning revenue includes—

- (i) an expenditure of Rs. 1.70 lakhs incurred during 1955-56 on account of an unemployment scheme "Training in Printing Technology and Allied Trade" and
- (ii) An amount of Rs. 0.84 lakh spent on prospective investigation work of Railway alignment and construction of Ropeway in Sukinda area during 1961-62 and 1962-63.

As the State Government do not own any tangible assets in respect of the aforesaid expenditure, the same should have more appropriately been charged to revenue.

11. *Loans and Advances by the State Government*—(a) The disbursements under "Loans and Advances by the State Government" and the recoveries thereof during 1961-62 to 1965-66 as compared with the corresponding Budget Estimates are given below:—

Year	Budget	Actual	Variation	Percentage			
(In crores of rupees)							
<i>Disbursements</i>							
1961-62	1.58	3.14	+1.46	87			
1962-63	2.48	1.72	-0.76	31	Year	Budget	Actual
1963-64	5.72	2.83	-2.89	51	(In crores of rupees)		
1964-64	3.29	3.66*	+0.37	11	<i>Net outgo</i>		
1965-66	4.91	10.57	+5.66	115	1961-62	0.32	2.48
					1962-63	1.07	0.62
<i>Recoveries</i>							
1961-62	1.36	0.66	-0.70	51	1963-64	4.32	1.75
1962-63	1.41	1.10	-0.31	22	1964-65	1.82	2.73
1963-64	1.40	1.08	-0.32	23	1965-66	3.52	7.03
1964-65	1.47	0.93	-0.54	37			
1965-66	1.39	2.64	+1.25	90			

The actual disbursements and recoveries were more than the budget estimates during 1965-66 due to issue of more loans to the Industrial Development Corporation and Orissa Mining Corporation and also more recoveries from the two Companies.

* Excludes Rs. 16.72 crores being the capital outlay on Electricity Schemes upto 1961-62 transferred *pro forma* to the State Electricity Board in 1964-65 and treated as loan.

(b) The total loans and advances given by the State Government to different classes of borrowers outstanding on the 31st March, 1966 was Rs. 41.59 crores as shown below:—

	Amount out- standing on 31st March, 1966
	(Rs. in crores)
(i) Loans to Municipalities ..	0.41
(ii) Loans to District and Local Fund Committees—	
(a) To Grama Panchayats ..	1.41
(b) To District and other Local Fund Committees.	0.11 —
	1.52
(iii) Loans to Land holders and other Notabilities	0.01
(iv) Advances to Cultivators—	
(a) Under Land Improvement Act, 1883 ..	0.74
(b) Under Agriculturists Loans Act, 1884 ..	2.53 ⁵⁰ —
	3.24
(v) Loans under State-aid to Industries Act ..	0.82
(vi) Advances to displaced persons ..	1.12
(vii) Loans and Advances under Community Development Programme	0.92
(viii) Miscellaneous Loans and Advances—	
(a) To Orissa State Electricity Board ..	19.98*
(b) To State owned Companies ..	5.81
(c) To Co-operative Institutions ..	3.05
(d) For Housing Schemes ..	2.62
(e) Other Miscellaneous Loans and Advances	1.44 —
	32.90
(ix) Loans to Government Servants ..	0.65
Total ..	41.59

* Includes an amount of Rs. 16.72 crores representing capital expenditure incurred by Government on electricity schemes upto 1961-62 and treated as loan to the Board. A further loan of Rs. 0.73 crore was declared during 1965-66, details of which are awaited from Government for bringing the loan into account.

(c) *Loans in respect of which detailed accounts are kept by the departments*—The total amount of loans and advances under this category outstanding on 31st March, 1966 was Rs. 38.18 crores.

Arrears in the recovery of loans.—According to the information received from 4 Departments, a total sum of Rs. 2.40 crores was overdue on account of principal and interest on 31st March, 1966 as indicated below:—

	Amount overdue	
	Principal	Interest
	(In lakhs of rupees)	
Industrial Development Corporation ..	5.00	12.85
Orissa School of Mining Engineering ..	62.75	..
Co-operative Institutions ..	17.64	18.90
Orissa State Electricity Board ..	..	1,22.43
Total ..	85.39	1,54.18

In regard to the interest shown outstanding from Orissa State Electricity Board it is noticed that the amount due was Rs. 150.97 lakhs from which a sum of Rs. 28.54 lakhs was deducted by the department as interest payable to the Board on its deposits with Government. The Board has a Personal Ledger Account in Government treasury and its balances in the Personal Ledger Account do not carry interest; but in regard to the deposits of surplus moneys out of the open market borrowings of the Board deposited in the Personal Ledger Account, Government agreed in March, 1964 to make the following adjustment from the interest payable by the Board to Government on the loans advanced to it—

(a) *Open market borrowings guaranteed by Government*:—(i) A sum calculated at 4 per cent per annum on the surplus moneys referred to above.

(ii) Guarantee commission payable to Government.

(b) *Open market borrowings not guaranteed by Government*—Actual interest charges (6½ to 7 per cent) paid by the Board on its borrowings.

Interest has been allowed on the deposits of the Board mainly at the rate of 6½ per cent, being the interest paid by the Board on its open market borrowings. The loans raised by Government in the open market during 1964-65 and 1965-66 carried interest at 4¾ per cent and 5½ per cent respectively. (The loan in 1964-65 was issued at a discount of ½ per cent redeemable at par after 12 years and the loan in 1965-66 was issued at a discount of 1 per cent redeemable at par after 12 years).

In regard to the set off of interest payable from the interest due from the Board it has been pointed out to Government that this is tantamount to utilisation of receipts towards expenditure and the correct procedure would be

to adjust the interest to be paid as expenditure in the Consolidated Fund after obtaining necessary budget provision from the Legislature.

(ii) *Reconciliation and acceptance of balances of loans*—Prompt and systematic reconciliation of the figures shown in the detailed records maintained by the departments with those shown under broad categories in the books of the Audit Office is necessary to ensure correct accounting of the transactions and to enable detection in time of unauthorised drawals and misappropriations or recoveries of loans, if any. There were, however, unreconciled differences to the extent of Rs. 2.20 crores between the two sets of figures as on 31st March, 1966, the earliest year to which the differences relate is 1947-48. Instances of the unreconciled differences are given in the Appendix at pages 220 to 221 to the Finance Accounts for 1965-66.

The departmental officers are required at the end of each year to certify that the aggregate balance shown as recoverable in the registers and accounts maintained by them agrees with that shown outstanding in the books of the Accountant General. Such annual certificates of acceptance of balances as on 31st March, 1966 of loans and advances have not been furnished (December, 1966) in as many as 639 cases, the total amount of outstanding loans in these cases (as on 31st March, 1966) was Rs. 15.10 crores according to the books of the Audit office. In 260 of these cases (balance on 31st March, 1966: Rs. 5.73 crores) the certificates are awaited for over 3 years.

The delay in acceptance is mainly due to failure to reconcile the balances properly at regular intervals which constitute a serious weakness in the internal accounting control by the departments.

(d) *Loans in respect of which detailed accounts are kept by the Audit Office*—On 31st March, 1966 the outstanding balance of loans under this category amounted to Rs. 3.41 crores; the amounts overdue as on 31st March, 1966 in respect of these loans totalled Rs. 1,79.83 lakhs of which Rs. 1,66.78 lakhs (principal Rs. 1,31.48 lakhs and interest Rs. 35.30 lakhs) were over 3 years old. Broad details of the arrears are indicated below:—

	Amount overdue	
	Principal	Interest
	(In lakhs of rupees)	
Loans to Municipalities ..	8.30	8.03
Loans to District and other Local Fund Committees	1,15.59	23.27
Loans to Land holders and other notabilities ..	0.14	0.06
Loans under State-aid to Industries Act ..	14.47	8.99
Advances to Government servants ..	0.67	0.31
Total ..	1,39.17	40.66

Government have not yet prescribed the terms and conditions of repayment of the loans amounting to Rs. 29.23 lakhs advanced to Municipalities and Grama Panchayats during 1954 to 1960.

The balances of loans, detailed accounts of which are kept in Audit Office are communicated to the concerned authorities every year for acceptance thereof. Acceptances of balances as on 31st March, 1966 have not been received in 1,112 cases (December, 1966) as indicated below:—

	Number of cases	Earliest year from which the acceptances are awaited	Balance as on 31st March, 1966
			(Rs. in crores)
Loans to District and other Local Fund Committees	998	1963-64	2.22
Loans under State-aid to Industries Act	53	1963-64	0.87
Loans to Municipalities and Notified Area Committees	61	1963-64	0.46

12. *Debt position—(a) Public Debt*—The Public debt of the State Government increased by Rs. 51.09 crores during 1965-66 as shown below:—

	Receipts during the year	Repayments during the year	Net increase during the year
	(In crores of rupees)		
(i) Loans from the Central Government.	56.16	17.47	38.69
(ii) Open Market Loans—5½ per cent Orissa Government Loan, 1977	8.29	..	8.29
(iii) Loans from Autonomous Bodies	1.97	0.26	1.71
(iv) Cash Credit Advances from the State Bank of India	1.00	..	1.00
(v) Ways and Means Advances (normal and special) from the Reserve Bank of India	15.71	14.31	1.40
Total	83.13	32.04	51.09

A market loan of Rs. 8.29 crores bearing interest at $5\frac{1}{2}$ per cent per annum and redeemable at par in 1977 was raised during the year at a discount of 1 per cent. Of the above amount, a sum of Rs. 8.17 crores was realised in cash and Rs. 0.12 crore was invested from the balances of the Orissa Mining Areas Development Fund.

The total repayment of debt during the year was Rs. 32.04 crores. A sum of Rs. 0.26 crore equal to the repayment made in respect of loans taken from autonomous bodies such as Reserve Bank of India, National Co-operative Development Corporation and Life Insurance Corporation was charged on the revenue account. Since, however, there occurred a revenue deficit of Rs. 10.92 crores, the entire repayment of the debt was, in effect, made from borrowed funds and other accumulated balances.

The outstanding Public debt amounted to Rs. 321.09 crores at the end of 1965-66. An analysis of this compared to the corresponding figures at the end of the preceding four years is given below—

	Public debt as on 31st March,				
	1962	1963	1964	1965	1966
	(In crores of rupees)				
Loans from the Central Government	158.90	172.58	193.00	226.64	265.37
Open market loans ..	20.47	28.19	28.23	36.95	45.29
Loans from Autonomous Bodies.	2.25	2.82	3.75	5.12	6.83
Cash credit advances from the State Bank of India for procurement of rice and paddy on security of stock	..	..	1.00	1.00	2.00
Ways and Means Advances (Normal and Special) from the Reserve Bank of India	..	..	0.20	0.20	1.60
Total ..	181.62	203.59	226.18	269.91	321.09

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

The market loans outstanding were raised during the period from 1956-57 to 1965-66 and are repayable during 1968 to 1977; the rate of interest on these loans vary from 4 per cent to 5½ per cent *per annum*.

The amount of loan received from the Central Government, outstanding at the end of 1965-66 formed 83 per cent of the total Public debt of the State.

To end of 1965-66, the Government of India paid to the State Government loans amounting to Rs. 1,17.70 lakhs for rehabilitation of displaced persons. The revised terms and conditions for the repayment of the loans stipulated by the Government of India in August, 1959 have since been accepted by the State Government. During 1965-66, however, the State Government paid to the Government of India only the amounts actually realised from the displaced persons in lump sum. The table below indicates the position of arrears in repayment as on 31st March, 1966 according to the original terms and conditions:—

	Principal	Interest
	(In lakhs of rupees)	
Amount due for repayment according to the original terms	69.78	15.99
Amount paid ..	5.74	0.03
Amount overdue ..	64.04	15.96

In June, 1964 the Government of India decided that the State Government would be absolved of their responsibility to share any portion of losses on the loans granted to displaced persons from East Pakistan prior to 31st March, 1964 (other than loans granted to displaced person migrating after 31st December, 1963). Losses for which remission has to be obtained on this account have not been worked out by the State Government so far (October, 1966).

According to the terms and conditions in respect of 19 loans amounting to Rs. 90.35 lakhs advanced between 1959-60 and 1965-66 the rate of interest and the period of repayment vary with reference to purposes for which the loans are utilised by the State Government. As the details of the utilisation of these loans are awaited from the State Government, the overdue instalments of principal and interest could not be worked out.

(c) *Other debt and obligations*—(i) In addition to the Public debt, the unfunded debt, comprising the balances in the Provident Fund of Government servants, and the balances at the credit of accumulated funds to the extent to which they have not been separately invested but are merged with the general cash balance of Government, as also certain deposits, constitute

liabilities of Government. Taking the regular (public) debt and these liabilities together, the debt position of Government at the end of each of the five years ending 1965-66 may be stated as follows:—

	Total debt as on 31st March,				
	1962	1963	1964	1965	1966
	(In crores of rupees)				
(i) Public Debt ..	181.62	203.59	226.18	269.91	321.09
(ii) Unfunded Debt (balances in the State Provident Fund).	3.82	4.29	5.49	6.83	8.30
(iii) Earmarked Funds (Sinking Funds, Reserve Funds and Deposit Accounts)	7.52	7.06	11.03	13.93	16.02
(iv) Deposits of Local Funds and Civil Deposits (excluding balances of open market loans).	9.71	13.05	18.23	19.36	19.94
Total ..	202.67	227.99	260.93	310.03	365.35

(d) *Arrangements for amortisation*—The total appropriation made from revenue for amortisation of debt during the year amounted to Rs. 4.72 crores which constituted 6 per cent of the State's total revenue receipts. The arrangements for amortisation are indicated below:—

I. *Open Market Loans*—The following arrangements have been made for the amortisation of these loans—

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

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

During the year, sums of Rs. 0.56 crore and Rs. 3.91 crores were appropriated from revenue to the two Funds respectively. Besides, Rs. 0.26 crore earned as interest was credited to the Sinking Fund. The total balance in the two Funds on the 31st March, 1966 was Rs. 20.32 crores, out of which Rs. 8.64 crores stood invested in Government's own securities, the securities of the Government of India and the securities and bonds of other Governments and autonomous bodies. The balance of Rs. 11.68 crores was merged in the general cash balance of Government.

During the years 1964-65 and 1965-66, amounts were withdrawn from the Sinking Fund and invested in securities of other Governments and the

Orissa State Electricity Board. Subsequently these securities were sold in the open market "to meet the requirements of funds for expenditure". This resulted in a loss of Rs. 2.81 lakhs as indicated below:

	Purchase		Sale		Loss on realisation	
	Date	Face value (Rs. lakhs)	Date	Value (Rs. lakhs)	Value of security (Rs. lakhs)	Commission paid Rs.
(1) Investment of Sinking Fund balance of 4½ per cent Orissa Government Loan, 1972 in—						
4½ per cent Gujarat Loan, 1976	August, 1964	50.00	June, 1965	47.82	2.18	3,125
(2) Investment of Sinking Fund balance of 4 per cent Orissa Government Loan, 1969 in—						
(a) 4½ per cent Maharashtra State Development Loan, 1976	August, 1964	15.00	June, 1965	14.46	0.54	938
(b) 5½ per cent Orissa State Electricity Board Bonds, 1977	May, 1965	1.98	September, 1965	1.93	0.05	125
Total	...	66.98		64.21	2.77	4,188

II. *Loans from the Government of India and autonomous bodies*—Government have not considered any amortisation arrangement necessary for repayment of loans from the Central Government except for the loans amounting to Rs. 15.32 lakhs obtained for the Industrial Housing Scheme in respect of which an amount equivalent to the actual recoveries made from the industrialists is transferred to the Sinking Fund. An amount of Rs. 0.37 lakh was appropriated from the revenues to the Fund during the year; the balance in the Fund at the end of the year amounted to Rs. 10.11 lakhs out of which Rs. 9.18 lakhs stood invested in the securities of the Government of India. The interest earned and credited to the Fund on the investments was Rs. 0.34 lakh.

As regards loans obtained from autonomous bodies, the repayments are made out of amounts appropriated from revenue; a sum of Rs. 25.54 lakhs was repaid during the year.

13. *Ways and Means Advances and overdrafts from the Reserve Bank of India*—Under an agreement with the Reserve Bank of India, the Government of Orissa have to maintain with the Bank a minimum balance of Rs. 10 lakhs on Fridays and Rs. 8 lakhs on other days. If the balance falls below the agreed minimum, Government can take normal Ways and Means Advances from the Bank provided that such advances shall be for a minimum period of 7 days and for a minimum amount of Rs. 1 lakh. The maximum normal Ways and Means Advance which can be availed of by Government at a time is Rs. 20 lakhs (the rate of interest during 1965-66 was 5 per cent).

In addition, the Bank allows special Ways and Means Advances on pledging Government of India securities held by the State Government; the maximum limit of such advances is Rs. 1.40 crores (in 1965-66 these special advances carried interest at rates ranging from 5½ to 6 per cent per annum). If even after taking the maximum advance, the cash balance with the Bank is below the agreed minimum, the Bank allows overdrafts and charges interest (the rate was 6 per cent per annum during 1965-66).

The position in respect of maintenance of agreed minimum cash balances with the Reserve Bank of India during 1965-66 was as follows:—

No. of days on which the minimum balance was maintained without any advance from the Reserve Bank of India	44
No. of days on which the minimum balance was maintained by taking only normal and special Ways and Means Advances	94
No. of days on which the minimum balance could be maintained only by taking overdrafts.	227

The total amount of normal and special Ways and Means Advances obtained was Rs. 4 crore and Rs. 14.71 crores respectively. In addition, Government had to overdraw heavily from the Bank; such overdrafts during 1965-66 amounted to Rs. 1,322.69 crores. The maximum amount of overdraft from the Reserve Bank of India on any single day during 1965-66 was Rs. 10.53 crores on the 13th December, 1965. More details regarding overdrafts are given in Appendix I, page 151.

Besides the above mentioned advances and overdrafts, the Reserve Bank of India rediscounted on 17 occasions, Treasury Bills to the extent of Rs. 2.65 crores held by the Bank on behalf of the State Government to keep up the minimum balance of Government with the Bank.

The total amount of interest paid to the Reserve Bank of India on the Ways and Means Advances (normal and special) and overdrafts during 1965-66 as compared with those for the preceding two years are indicated below:—

Year	Total interest paid during the year on	
	Ways and Means Advances	Overdrafts
	(In lakhs of rupees)	
1963-64	0.07	0.63
1964-65	2.71	7.79
1965-66	5.23	9.52

Government repaid during the year an amount of Rs. 14.31 crores towards the normal Ways and Means Advances and special advances leaving a balance of Rs. 1.60 crores (normal Ways and Means Advance of Rs. 0.20 crore and special advance of Rs. 1.40 crores) on 31st March, 1966. Overdrafts to the extent of Rs. 1,315.50 crores were repaid during the year; the balance outstanding on 31st March, 1966 was Rs. 7,18.84 lakhs.

The cash balance of Government with the Reserve Bank of India as on 31st March, 1966 according to the accounts was *minus* Rs. 6.63 crores. The cash balance of the Government of Orissa with the Reserve Bank of India was a *minus* figure (debit balance) at the close of each of the preceding four years also as indicated below:—

Balance as on	Amount (In crores of rupees)
31st March, 1962	—2.36
31st March, 1963	—1.55
31st March, 1964	—8.52
31st March, 1965	—8.64

14. *Interest charges*—(a) The total amount of interest paid from Revenue during the year on debt and other interest bearing obligations amounted to Rs. 12.01 crores and constituted 15 per cent of the total revenue receipts of the State. The table below compares the net burden of interest charges on revenue during 1965-66 with the preceding four years:—

	1961-62	1962-63	1963-64	1964-65	1965-66
	(In crores of rupees)				
(i) Interest paid (including management of debt) on debt and other interest bearing obligations	8.82	7.13	9.18	9.56	12.01
(ii) <i>Deduct</i> —					
(a) Interest realised on Loans and Advances by State Government.	0.12	0.28	0.40	1.18	1.92
(b) Interest realised on investment of cash balances	0.76	0.14	0.14	0.10	0.03
(c) Interest paid on amount of compensation on abolition of Zamindari system eventually met from Zamindari Abolition Fund	0.07	0.08	0.07	0.09	0.04

1961-62 1962-63 1963-64 1964-65 1965-66

(In crores of rupees)

(iii) Net interest charges ..	7.87	6.63	8.57	8.19	10.02
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(Percentage of revenue receipts)

(iv) Percentage of gross interest (item i) to—

(a) Total revenue receipts	24	12	13	13	15
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(b) Total revenue raised by the State	29	22	26	23	26
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(v) Percentage of net interest (item iii) to—

(a) Total revenue receipts	21	11	12	11	12
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(b) Total revenue raised by the State	26	21	25	20	22
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There were in addition certain other receipts and adjustments such as interest receipts from Government Commercial Departments, interest on arrears of revenue, etc. If these are also taken into account, the position will be as follows:—

(In crores of rupees)

(vi) Net interest charges as at (iii) in the statement in sub-para (a) above	7.87	6.63	8.57	8.19	10.02
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(vii) <i>Deduct</i> —Interest receipts and adjustments referred to above	6.89	4.42	4.60	5.12	7.62
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(viii) Net interest	0.98	2.21	3.97	3.07	2.40
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15. *Guarantees given by the State Government*—Besides the obligations mentioned in paragraph 12, Government have contingent liability in respect of guarantees given by them for repayment of loans, share capital, etc. raised by Statutory Corporations, Government Companies, Joint Stock Companies, Co-operative Institutions, Panchayat Samiti Industries and a Municipality. The payment of minimum dividend on the working capital of the Orissa State Financial Corporation has also been guaranteed by Government.

Brief particulars of the amount of the contingent liability in terms of the guarantees are given below; further details are given in statement No. 6 of the State Finance Accounts, 1965-66.

	Amount guaranteed	
	Maximum*	On 31st March, 1966
	(In crores of rupees)	
(i) Guarantee for repayment of working capital of the Orissa State Financial Corporation and minimum dividend thereon and for repayment of bonds	1.50	1.50
(ii) Guarantee for repayment of loans raised by Orissa State Electricity Board	7.74	7.74
(iii) Guarantees for repayment of loans, debentures, bonds, etc., (and interest in certain cases) raised by:—		
(a) 18 Government Companies ..	6.88	6.74
(b) 5 Joint Stock Companies ..	1.80	1.02
(c) 29 Co-operative Banks and Institutions	13.65	12.62
(d) 2 Panchayat Samiti Industries ..	0.19	0.19
(e) One Municipality ..	0.05	0.05
Total ..	31.81	29.86

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

Except in respect of one statutory Corporation and 14 Co-operative banks and institutions on whose behalf Government have extended guarantees to the extent of Rs. 13.66 crores, Government charge guarantee fees. There were, however, large arrears in recovery of the fees. In the Industries Department alone, the amount of arrear as on 31st March, 1966 was almost a lakh of rupees; information from other departments is awaited.

In order to fulfil the guarantee in respect of the annual minimum dividend for 1964-65 on the paid up share capital of the Orissa State Financial Corporation, Government paid a sum of Rs. 0.70 lakh during 1965-66. The liability of the State Government for payment of the guaranteed dividend during 1965-66 amounted to Rs. 1.61 lakhs; the subvention from the State Government in this respect over a period of 9 years upto March, 1966

*Excludes the figures relating to dividends and interest where guaranteed

amounted to Rs. 7.73 lakhs which is to be repaid by the Corporation out of its future profits in accordance with the provisions of the State Financial Corporations Act, 1951.

In 46 cases involving a total liability of Rs. 25.16 crores, guarantee was given by Government without any security.

Government have not so far set apart any fund for meeting liabilities which may arise out of the guarantees.

16. *Grants-in-aid*—(a) Grants-in-aid to non-Government bodies and institutions by the State Government during 1965-66 amounted to Rs. 13.85 crores and accounted for 15 per cent of the total revenue expenditure of Government during the year.

The principal purposes of the aid were for Education Rs. 6.35 crores (46 per cent), Community Development Rs. 3.79 crores (27 per cent) and Rural Development Rs. 1.18 crores (9 per cent). The principal recipients were Panchayat Organisations Rs. 9.96 crores (72 per cent) and Universities, Colleges and Schools Rs. 2.42 crores (17 per cent).

The expenditure incurred out of the grants to Municipalities, Notified Area Committees, etc., is audited by the Examiner, Local Fund Accounts who is under the administrative control of the State Government. Some of the more important points reported by the Examiner to Government during 1965-66 are mentioned in paragraph 106 (a), page 142.

(b) *Utilisation Certificates*—The financial rules of Government require that a certificate of proper utilisation of grants should be sent by the Departmental Officers to the Accountant General within a reasonable time. It has been mentioned in successive Audit Reports that there has been considerable delay in submission of these certificates.

The delay in furnishing the certificates has, however, persisted. As on 1st January, 1967, utilisation certificates were awaited for 10,923 grants totalling Rs. 39.46 crores paid upto 31st March, 1966, as indicated below. In 8,487 of these cases, grants amounting to Rs. 30.22 crores were paid prior to the 31st March, 1965. Departmentwise and yearwise details are given in Appendix II at pages 152 to 155.

Purpose of grants	Number of utilisation certificates awaited	Amount (In lakhs of rupees)
(1) Building grants	190	1,01.56
(2) Equipment grants	111	17.99
(3) Maintenance grants	4,819	14,71.76
(4) Miscellaneous grants	5,803	23,55.18

92 per cent of the total number of outstanding certificates were due from five departments as indicated below—

Name of department	Utilisation certificates outstanding on the 1st January, 1967 in respect of grants disbursed					
	Prior to 1964-65		During 1964-65		During 1965-66	
	Number	Amount	Number	Amount	Number	Amount
	(In lakhs of rupees)					
(1) Community Development and Panchayati Raj	2,753	9,73.69	1,056	3,47.36	585	4,40.60
(2) Education ..	2,302	4,93.27	1,085	2,11.03	1,480	3,66.07
(3) Health ..	151	64.89	76	17.00	73	30.51
(4) Urban Development ..	72	61.55	25	5.31	35	2.29
(5) Co-operation and Forestry ..	293	2,84.10	28	50.78	81	25.21

17. *Democratic decentralisation*—Following the policy adopted to decentralise the democratic administration at lower levels, Government sanctioned grants to the Panchayat Organisations amounting to Rs. 9.96 crores during 1965-66 as indicated below:—

Department	Nature and purpose of grant	Amount (Rupees in crores)
Education	Primary education ..	3.91
Community Development and Panchayati Raj.	(i) Rural development	1.17
	(ii) Community Development	3.63
	(iii) Construction of Anchal roads	0.06
Planning and Co-ordination	Grants for water supply	0.36
Co-operation and Forestry	Grants of shares of profits from kendu leaves trade.	0.43
Tribal and Rural Welfare	Welfare of tribal and backward areas	0.40
	Total	9.96

In addition to the grants an expenditure of Rs. 4.46 crores as indicated below was incurred by Government during 1965-66 as a measure of assistance to the Panchayat Organisations.

Nature and purpose of expenditure	Amount (Rs. in crores)
Expenditure on rural and community development	3.67
Payment on account of rates and cess on land ..	0.36
Share capital contribution for Panchayat Samiti industries	0.25
Setting up of Rural Industrial Estates for accommodation of Panchayat Samiti industries.	0.18
Total ..	4.46

The total expenditure in connection with Panchayati Raj Organisations during the year amounted to Rs. 14.42 crores which constitutes 16 per cent of the States' total expenditure on revenue account.

Besides, loans amounting to Rs. 7.46 lakhs were granted during the year to the Grama Panchayats and Rs. 14.67 lakhs under Community Development Programme; the total amount of these loans outstanding at the end of 1965-66 was Rs. 1.41 crores and Rs. 0.92 crore respectively.

The audit of the accounts of Panchayat Organisations is conducted by the Examiner, Local Accounts who is under the administrative control of the State Government. Certain points reported by the Examiner to Government during 1965-66 are mentioned in paragraph 106(b), page 142.

During the year, a sum of Rs. 5.63 lakhs was granted to the Panchayat Organisations for Anchal Road Communication from the capital account; the total amount of grants-in-aid to Panchayat Organisations for construction of roads and buildings which has been capitalised to end of March, 1966 in Government account amounted to Rs. 42.04 lakhs. Government have decided to write back an amount of Rs. 5.46 lakhs to revenue account in 12 years from 1966-67. The decision to write back the remaining balance of Rs. 36.58 lakhs to revenue is awaited (February, 1967).

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

18. *Summary*—(a) The following table compares the expenditure during 1965-66 with the total of voted grants and charged appropriations—

	Grants/ Appropriations	Actual expenditure	Saving		
			Amount	Percentage	
(In crores of rupees)					
Voted—					
Original	168.52	194.60	175.81	18.79	9.66
Supplementary	26.08				
Charged—					
Original	27.69	50.06	49.51	0.55	1.10
Supplementary	22.37				
Total	244.66	225.32	19.34	7.91	

The overall saving of Rs. 19.34 crores represented 7.91 per cent of the total amount of the voted grants and charged appropriations. This was the net result of savings amounting to Rs. 23.97 crores under 50 grants and 17 appropriations partly off set by excesses amounting to Rs. 4.63 crores under 9 grants and 4 appropriations.

(b) The table below compares the expenditure from the Consolidated Fund during the years 1961-62 to 1965-66 with the provision made:—

Year	Total provision	Actual expendi- ture	Unutilised provision	
			Amount	Per- centage
(In crores of rupees)				
1961-62	117.69	102.14	15.55	13.21
1962-63	134.43	123.35	11.08	8.24
1963-64	162.59	152.29	10.30	6.33
1964-65	216.00	198.71	17.29	8.00
1965-66	244.66	225.32	19.34	7.91

The savings during 1965-66 occurred mainly in the provision for development schemes *vide* sub-para. (c) below—

(c) The position of expenditure under development schemes *vis-a-vis* provision made therefor during 1961-62 to 1965-66 is as shown below—

Year	Total provision	Expenditure	Excess/Saving	
			(+) Amount	(-) Percentage
			(In crores of rupees)	
1961-62	37.47	32.43	-5.04	13.4
1962-63	45.34	40.43	-4.91	10.8
1963-64	55.28	59.10	+3.82	6.9
1964-65	94.37	85.38	-8.99	9.5
1965-66	91.77	76.20	-15.57	17.0

19. Supplementary grants/appropriations—

(a) Voted grants—(i) During the year 1965-66 supplementary grants totalling Rs. 26.08 crores were obtained under 44 grants.

A summary of the original grants, supplementary grants and the actual expenditure during 1965-66 is given below—

	Original grant	Supplementary grant	Actual expenditure
	(In crores of rupees)		
Expenditure on Revenue Account—			
Administrative Services	10.69	2.12	13.07
Social and Developmental Services	41.56	1.19	38.28
Multipurpose River Schemes, Irrigation and Electricity Schemes	10.54	1.90	12.67
Public Works (including Roads and schemes of miscellaneous Public Improvements)	17.25	1.98	17.70
Other Services	13.94	1.52	13.28
Capital expenditure outside the Revenue Account	69.63	7.60	70.24
Disbursements under Loans and Advances	4.91	9.77	10.57
Total	168.52	26.08	175.81

It would be seen from the above table that the total expenditure exceeded the original provision by Rs. 7.29 crores. The supplementary grants (Rs. 26.08 crores) obtained during the year resulted in an overall saving of Rs. 18.79 crores.

(ii) The details given in Appendix III (pages 156 to 158) bring out the following points:—

(1) In 10 grants the supplementary provision (exceeding Rs. 1 lakh in each case) totalling Rs. 1,96.58 lakhs (8 per cent of the total supplementary provision) proved entirely unnecessary as the expenditure did not come up even to the original grant; in 5 of these cases the supplementary provision aggregating Rs. 1,44.17 lakhs was obtained as late as March, 1966 when the departments should have been in a position to frame a reasonably close estimate of their requirements.

In the previous year (1964-65), the number of such grants was 12, the amount of supplementary grant proving unnecessary being Rs. 3,28.58 lakhs.

(2) In 11 other grants, the supplementary provision (exceeding Rs. 1 lakh in each case) proved excessive. In these cases, out of a total supplementary provision of Rs. 15,86.33 lakhs, a sum of Rs. 5,65.02 lakhs remained unutilised; in 8 of these cases, the unutilised provision was more than 25 per cent of the supplementary grants. Supplementary grants totalling Rs. 5,54.29 lakhs had been taken as late as March, 1966 in 8 of the cases.

(3) In 7 grants the supplementary provision proved inadequate. In these cases while the supplementary provision made was Rs. 8,13.14 lakhs, the actual expenditure incurred exceeded the total provision (original and supplementary) by Rs. 4,62.08 lakhs.

(b) *Charged appropriations*—Supplementary appropriation amounting to Rs. 22.37 crores was made during the year under 13 appropriations:

In 2 cases mentioned in Appendix III, page 158, the supplementary provision totalling Rs. 13,82.38 lakhs proved excessive; the amount actually utilised was Rs. 13,29.81 lakhs.

20 (a) *Excesses over voted grants*—(i) Excesses over voted grants occurred in the following nine cases and require to be regularised under Article 205 of the Constitution. The circumstances in which the excesses could not be met by obtaining adequate supplementary grants or by taking advances from the Contingency Fund have not been intimated by the controlling departments.

Sl. No.	Particulars of grant	Total grant	Expenditure	Excess	
				Amount	Percentage
		Rs.	Rs.	Rs.	
(1)	4—Expenditure relating to the Planning and Co-ordination Department				
	Original	1,85,12,000	4,00,03,924	60,72,024	17.89
	Supplementary	1,54,19,900			
		3,39,31,900			

The excess occurred mainly under the group-head "Suspense-Gross debit" which records expenditure on purchase of stores for the Rural Engineering Organisation. The reasons for the excess have not been intimated by the controlling officer.

Sl. No.	Particulars of grant	Total grant	Expenditure	Excess		
				Amount	Percentage	
		Rs.	Rs.	Rs.		
(2)	8—Stamps—					
	Original 4,07,100	4,39,200	5,88,319	1,49,119	33.95	
	Supplementary 32,100					

The excess occurred mainly under the group-head for recording the cost of non-judicial stamps supplied from central stores. Part of the excess (Rs. 0.11 lakh) was explained as due to receipt of more stamps from the central stores. Reasons for the balance excess are awaited from the controlling officer.

The excess over this grant occurred for the seventh year in succession.

(3)	24—Irrigation—					
	Original 9,31,65,400	10,61,09,800	10,62,19,164	1,09,364	0.10	
	Supplementary 1,29,44,400					

Excess occurred mainly under the group-heads "Suspense—Gross debit" relating to stores transactions of (i) Hydro-Electric Installation of Hirakud Dam Project-Stage I and (ii) Embankments. The excess under the latter group-head was attributed mainly to purchase of more building materials for speedy execution of works. Reasons for the excess (Rs. 5.99 lakhs) under the former group-head have not been intimated by the controlling officer.

(4)	28—Electricity Schemes—					
	Original 1,03,18,900	1,64,47,300	1,90,79,072	26,31,772	16.00	
	Supplementary 61,28,400					

Excess occurred mainly under the group-head "Thermo-Electric Schemes—Interest on capital outlay on Electricity Schemes". The excess was explained as due to increase in interest charges from 4 to 7 per cent on the capital outlay on the schemes.

(5)	40—Community Development Projects—					
	Original 700	700	56,588	55,888	7.984	
	Supplementary ..					

Excess occurred mainly under the group-head "A. 2—Central Stores—Suspense—Debit". This group-head accommodates debits in Personal Ledger Accounts opened for Community Development Projects. Government orders were issued as early as in August, 1961 to close the Personal

Ledger Accounts and to refund the advances sanctioned at the time of opening these accounts. Budget provision is required to be made for accommodating debits on account of withdrawal of the amount from these accounts for refunding the advances. No provision was, however, made for the purpose either in 1964-65 or 1965-66. Two Block Development Officers drew an amount of Rs. 50,000 in August and September, 1965 to close their Personal Ledger Accounts. During 1964-65 also similar withdrawals (Rs. 74,250) were made by 3 other Block Development Officers. The reasons for not making necessary provision of funds have not been intimated by the department.

The excess occurred under this grant for the fourth year in succession. The position in three preceding years is as indicated below :—

Year	Provision	Amount of excess	
		(In lakhs of rupees)	
1962-63	0.07	2.80	
1963-64	1.05	2.05	
1964-65	0.01	0.75	

Sl. No.	Particulars of grant	Total grant	Expenditure	Excess	
				Amount	Percentage
		Rs.	Rs.	Rs.	
(6)	45—Government Trading Schemes—				
	Original 10,56,35,000	12,67,20,000	16,22,12,208	3,54,92,208	28.01
	Supplementary 2,10,85,000				
	The excess was explained as due to procurement of more rice and paddy.				
(7)	47—Capital Expenditure relating to Public Health and Health (L. S.-G.) Department—				
	Original 34,00,000	34,00,100	34,02,879	2,779	0.08
	Supplementary 100				
(8)	56—Capital Expenditure relating to Planning and Co-ordination Department—				
	Original 27,00,000	40,00,000	49,82,082	9,82,082	24.55
	Supplementary 13,00,000				

The excess occurred under the group-head "B-Tube Well Irrigation"; the reasons for the excess have not been intimated by the controlling officer.

Sl. No.	Particulars of grant	Total grant	Expenditure	Excess	
				Amount	Percentage
		Rs.	Rs.	Rs.	
(9) 60	Capital outlay on Public Works—				
	Original	6,61,94,700	9,06,00,300	9,13,71,890	7,71,590
	Supplementary	2,44,05,600			
					0.85

The excess was explained as mainly due to (i) higher rate of *pro rata* charges of establishment adopted during the year, (ii) better progress of works and (iii) adjustment of outstanding items.

(ii) The following table compares the number and amount of excess over the total grants during 1965-66 with the excess in the preceding three years:—

Year	Number of cases	Amount (In lakhs of rupees)
1962-63	6	4.63
1963-64	12	3,96.97
1964-65	8	2,98.37
1965-66	9	4,62.67

(b) *Excesses over charged appropriations*—(i) The expenditure exceeded the charged appropriations in the following 4 cases; the excesses require to be regularised.

Sl. No.	Number and name of the appropriation	Total appropriation	Expenditure	Excess
		Rs.	Rs.	Rs.
(1)	1—Elections and other expenditure relating to the Home Department—			
	Original	7,02,400	7,12,400	7,24,846
	Supplementary	10,000		
				12,446

The excess occurred under the group-head "D-High Courts"; the reasons for the excess have not been intimated by the controlling officer.

(2) 31—Forest—

Original	5,000	5,000	5,015	15
Supplementary	..			

Sl. No.	Number and name of the appropriation	Total appropriation Rs.	Expenditure Rs.	Excess Rs.
(3)	Appropriation for reduction or avoidance of Debt—			
	Original 4,70,53,000	4,72,36,000	4,72,36,282	282
	Supplementary 1,83,000			
(4)	Other loans (Repayment)—			
	Original 23,70,400	25,53,400	25,53,682	282
	Supplementary 1,83,000			

(ii) The following table compares the number and amounts of excess over charged appropriations during 1965-66 with the excess in the preceding three years.

Year	No. of cases	Amount (In lakhs of rupees)
1962-63	3	48.42
1963-64	1	68.61
1964-65	3	3.87
1965-66	4	0.13

21. Unutilised provision—

(A) Voted grants—

(i) The details given in Appendix IV, page 159 indicate that there were 21 grants under which provision remained unutilised to the extent of more than 10 per cent; in 14 of these cases, the unutilised provision ranged from 20 to 90 per cent. In 6 of these cases (particulars in Appendix V, page 160) provision in excess of 10 per cent remained unutilised in the preceding two years also.

Savings occurred in 6 voted grants as a result of supplementary provision made mainly in March, 1966. This indicates the need for improvement in the scrutiny of the departmental estimates for additional funds required to be provided by supplementary grants.

(ii) An analysis of the unutilised amounts out of provision made for different groups of Government activity is given below :—

	Total grant	Saving	
		Amount	Percentage
(In crores of rupees)			
<i>Expenditure met from Revenue—</i>			
(1) Social and Developmental services—			
Agriculture ..	5.57	1.60	28.73

The saving was mainly due to post-budget curtailment of Plan expenditure (Rs. 33.04 lakhs); late appointment and non-appointment of staff (Rs. 23.33 lakhs); non-sanction of the scheme for resettlement of landless labourers on account of administrative difficulties (Rs. 29.59 lakhs); non-sanction of certain schemes by Government (Rs. 13.69 lakhs); less sanction of grants owing to adjustment of unspent balance of grants paid during the previous year (Rs. 11.69 lakhs); late starting of some farms; late receipt of administrative approval for certain works and less distribution of fertilisers (Rs. 11.69 lakhs); and less contingent expenditure to observe economy (Rs. 8.58 lakhs).

A saving of Rs. 0.88 crore (18.18 per cent of the provision) occurred under this service during 1964-65 also.

(For further details regarding the implementation of Plan Schemes please see paragraph 22 at page 47).

Miscellaneous Social and Developmental Organisations	3.64	0.77	21.15
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The saving was mainly due to less expenditure on account of economy (Rs. 24.88 lakhs); less release of land by Dandakaranya Development Authority for settlement of adivasis in Dandakaranya (Rs. 15.17 lakhs) and non-receipt of approval from the Government of India for certain schemes (Rs. 10.84 lakhs).

Other heads ..	33.54	2.10	6.26
Total-Social and Developmental Services ..	42.75	4.47	10.46
(2) Public Works (including roads) and schemes of Public Improvement—			
Public Works ..	19.23	1.53	8.00

The saving was mainly due to less requirement of funds for works connected with Aero-Engine Factory as Hindusthan Aeronautics Limited provided the materials required for the work (Rs. 2,55.45 lakhs); less expenditure on bridge works (Rs. 43.00 lakhs); non-receipt of administrative approval, non-working out of details and non-selection of sites for certain other works (Rs. 25.02 lakhs); reduction of Non-Plan expenditure as a measure of economy (Rs. 14.00 lakhs); curtailment of expenditure on certain works due to non-availability of central assistance (Rs. 13.45 lakhs) and less expenditure on road development schemes on account of less grants received from the Government of India (Rs. 13.10 lakhs). Part of the saving was off set by additional requirements for some works mainly on account of their accelerated progress (Rs. 1,20.94 lakhs), drought relief works (Rs. 32.55 lakhs) and accommodating certain expenditure relating to a deposit work of the Government of India pending receipt of allotment from them (Rs. 12.55 lakhs).

	Total grant	Saving	
		Amount	Percentage
(In crores of rupees)			
(3) Miscellaneous—			
Miscellaneous	3.85	1.67	43.38
Other heads	4.29	0.06	1.40
Total—Miscellaneous	8.14	1.73	21.25
(4) Other Services	32.56	—0.04	0.12
<i>Expenditure outside the Revenue Account—</i>			
(5) Improvement of Public Health, Agricultural Improvement and Research and Industrial Development—			
Industrial and Economic Development—	6.66	2.05	30.78

The saving was mainly due to post-budget decision not to set up 60 Rice-cum-oil milling units (proposed investment Rs. 96.44 lakhs); non-investment in the shares of Orissa State Commercial Transport Corporation, the Corporation having not secured the requisite foreign exchange for importing tractor trailers (Rs. 62.50 lakhs); less investment in share capital of Co-operative institutions on account of less sanction of loans by them (share capital contribution by Government depends on the quantum of loans disbursed by the Co-operative Institutions) (Rs. 26.50 lakhs), less sanction of expenditure by Government for Cold Storage Plants (Rs. 10.91 lakhs) and non-sanction of funds by the National Co-operative Development Corporation for investment in share capital in Marketing societies (Rs. 6.75 lakhs).

A provision of Rs. 0.96 crore (19.66 per cent) made for Rice-cum-oil milling units remained entirely unutilised during 1964-65 also.

Other heads	2.49	0.03	1.20
Total—Improvement of Public Health, Agricultural improvement and Research and Industrial Development—	9.15	2.08	22.73

	Total grant	Saving	
		Amount	Percentage
(In crores of rupees)			
(6) Multipurpose River Schemes, Irrigation and Electricity Schemes—			
Multipurpose River Schemes	11.75	1.49	12.68

The saving was made up of shortfall/excess expenditure mainly in respect of the following schemes :—

	Provision	Actual Expenditure	Excess + Saving—
(In lakhs of rupees)			
Delta Irrigation Scheme (Plan)	4,72.80	5,07.91	+35.11
Balimela Dam Project (Plan)	5,25.09	4,46.52	-78.57
Hirakud-Stage I and II (Plan)	1,23.69	66.76	-56.93

The saving was mainly due to slow progress of works for want of sufficient labourers and post-budget decision to effect economy in expenditure on Balimela Dam Project and Balimela Power Scheme (Rs. 90.54 lakhs); non-payment of land compensation in respect of Hirakud Dam Project Stage I pending disposal of an appeal filed in the Supreme Court (Rs. 47.27 lakhs); difficulties in obtaining necessary foreign exchange for steel and other materials for fixing the sluice gates and non-finalisation of contract therewith in connection with the Delta Irrigation Scheme (Rs. 25.29 lakhs) and late delivery of equipment for Hirakud Subsidiary Power House Project—Chiplima (Rs. 18.00 lakhs). Part of the savings was offset by excess under certain other items.

A saving of Rs. 3.23 crores occurred under this head during 1964-65 also.

Electricity Schemes	17.38	3.23	18.58
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The saving was under Talcher Thermal Scheme and was mainly due to less receipt of materials and consequent less payment of erection charges and less receipt of debits for machinery and equipment on account of seizure of ships during Indo-Pakistan hostilities in 1965.

	Total grant	Saving	
		Amount	Percentage
Other heads ..	5.09	-2.06	-40.47

(In crores of rupees)

The saving was made up of shortfall/excess expenditure in respect of the following schemes—

	Provision	Actual Expenditure	Excess+ Saving—
	(In lakhs of rupees)		
Medium Irrigation Project (Plan)	3,77.25	5,86.58	+2,09.33
Irrigation Works—unproductive (Non-plan).	10.09	9.86	-0.22
Flood Control Schemes (Plan)	1,08.94	1,05.69	-3.25
Total-Multipurpose River Schemes, Irrigation and Electricity Schemes.	34.22	2.66	8.36
(7) Transport and Communica- tions (other than roads)—			
Capital outlay on Ports ..	6.72	4.77	70.98

The saving was mainly on account of transfer of the execution of Paradeep Port to the Government of India with effect from 1st June, 1965.

Other heads ..	0.14	0.01	7.14
Total—Transport and Commu- nications (Other than roads)	6.86	4.78	69.68
(8) Other Accounts ..	27.00	-2.53	-9.37
(9) Loans and Advances ..	14.68	4.11	28.00

The saving occurred mainly in the provisions made for disbursement of loans as indicated below :—

	Provision	Saving—
	(In crores of rupees)	
Advances to displaced persons (Plan) ..	1.55	-1.55
Loans to Industrial Development Corporation (Non-Plan).	2.86	-2.86
Loans to Orissa Mining Corporation (Non-Plan)	1.00	-0.50
Loans to Co-operative Institutions (Plan) ..	0.58	-0.35

The saving was mainly due to post-budget curtailment of non-plan expenditure (Rs. 3.36 crores), non-disbursement of loans to displaced persons due to late receipt of sanction from the Government of India (Rs. 1.55 crores) and cultivators having not come forward to take loans for fertiliser (Rs. 0.23 crore). The savings were off set partly by excesses under certain other loans.

Large savings occurred under this head during the previous years also as indicated below :—

Year	Provision (In crores of rupees)	Saving	
		Amount	Percentage
1963-64	5.77	2.94	50.90
1964-65	4.36	0.69	15.83

(iii) Some of the major schemes/items where the provision made remained wholly or substantially unutilised during 1965-66 are indicated in the notes in the analysis of saving in sub-para(ii) at pages 41 to 45. Some more are given below :—

Grant No. and Group-head	Description of the schemes/items	Provision	Saving	
			Amount	Percentage
(In lakhs of rupees)				

(1) 4—Expenditure relating to the Planning and Co-ordination Department.

J. 1	Grants-in-aid— water supply—	40.00	23.19	58
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Non-disbursement of grants due to non-receipt of full assistance from the Government of India.

Considerable savings ranging between Rs. 22.99 lakhs and Rs. 42.88 lakhs occurred under this group-head during the previous three years also.

(2) 5—Community Development Projects, etc—

C.6	Reorganisation of Grama Panchayats.	22.23	22.23	100
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Due to emergency, the cadre of Grama Panchayat Secretaries was not formed and the separation of internal audit from extension work was postponed.

22.23

The entire provision made during 1964-65 (Rs. 22.15 lakhs) also remained unutilised due to non-formation of the cadre of Grama Panchayat Secretaries.

Grant No. and Group-head	Description of the schemes/items	Provision	Saving	
			Amount*	Percentage
(In lakhs of rupees)				
(3) 13—Land Revenue—				
H	Other Miscellaneous Assignments, compensations, etc.— Land Revenue	64.90	22.58	35
Less payment of compensation to Local bodies on account of shortfall in collection of cess in 1964-65.				
(4) 17—Expenditure relating to Industries Department—				
U. 13	Grants-in-aid to prize winning Grama Panchayats for establishment of Panchayat Samiti Industries	13.60	13.60	100
The scheme was dropped as a measure of economy.				
The entire provision (Rs. 33.00 lakhs) made during 1964-65 also remained unutilised due to decision of Government to set up industries through the agency of Industrial Development Corporation.				
(5) 23—Public Health—				
H. 5	Family Planning Centres	1,03.04	51.80	50
Mainly late implementation of the scheme.				
(6) 45—Government Trading Schemes				
(i) B. 1(1)	Trading in scrap iron and other materials—Suspense (P. D.) Debits—	15.00	14.47	96
Post-budget decision of Government not to import skull scrap and hard coke.				
(ii) B. 2 (1)	Trading in Mustard Oil—Suspense (P. D.) Debits—	25.00	21.08	84
Adequate quantity of mustard seeds was not available.				
(7) 54—Capital Outlay on Forests—				
D. 1(2)	Trading in Kendu Leaves—Suspense (P. D.) Debits—	3,56.87	80.25	22

Less transactions in the Personal Ledger Accounts. The reasons for this are awaited.

(B) *Charged Appropriations*—There were savings totalling Rs. 55.69 lakhs under 17 appropriations. The bulk of the saving was under “Public Debt—Floating Debt (Repayment)” (Rs. 49.00 lakhs) which was the net result of a saving of Rs. 1 crore explained in sub-para (a) below and an excess of Rs. 0.51 crore explained in sub-para (b) below :—

(a) Saving of Rs. 1 crore—The saving occurred in the provision for repayment of cash credit advance from the State Bank of India obtained in the previous years. The repayment was not made during 1965-66 as increased funds were required for purchase of food grains under the Monopoly Procurement Scheme.

(b) Excess of Rs. 0.51 crore—This was due to more repayment of special Ways and Means Advances taken from the Reserve Bank of India.

22. *Unutilised provision in respect of Agricultural Schemes*—It will be seen from item (1) under paragraph 21 (ii) at page 41 that provision of Rs. 1.60 crores remained unutilised during the year under the head “Agriculture”. This was made up of saving of Rs. 1.38 crores under “Plan” and Rs. 0.22 crore under “Non-Plan”. During 1965-66, provision was made for 109 agricultural “Plan” schemes. Against the budget provision of Rs. 3,45.29 lakhs for these schemes, an expenditure of Rs. 2,21.76 lakhs was incurred on 103 schemes; provision to the extent of Rs. 1,23.53 lakhs (35.75 per cent) remained unutilised. The saving was mainly on account of non-execution/non-sanction of five schemes, post-budget curtailment of the plan expenditure and late appointment of staff required for implementation of the schemes.

A review of the expenditure on the schemes compared with the provision brings out the following—

(a) The provision made totalling Rs. 46.91 lakhs for the following five schemes remained entirely unutilised :—

	(Rupees in lakhs)
(i) Resettlement of landless labourers (State Sector)	29.59
(ii) Training of Village Level Workers (State Sector)	1.50
(iii) Establishment of Central Workshop at Bhubaneswar (State Sector)	1.01
(iv) Fruit nursery and Progeny Orchard (Central Sector)	9.73
(v) Extension of staff for horticulture development	5.08
Total	46.91

(b) In 19 schemes provision exceeding Rs. 1 lakh each remained unutilised; the total unutilised amount came to Rs. 78.40 lakhs (36 per cent) of the total provision. In six of these schemes savings exceeded Rs. 5 lakhs each.

(c) The expenditure on four schemes detailed below exceeded the provision of Rs. 3.03 lakhs by Rs. 12.27 lakhs.

	Provision	Expenditure	Excess
	(In lakhs of rupees)		
(i) Soil Conservation Demonstration Centres (State Sector).	0.51	5.31	+4.80.
(ii) Development of Pasture in eroded lands (State Sector).	0.72	2.47	+1.75
(iii) Soil Conservation in Baitarani Catchment (State Sector).	0.90	3.82	+2.92
(iv) Soil Conservation in Brahmini Catchment (State Sector).	0.90	3.70	+2.80
Total	3.03	15.30	+12.27

CONTROL OVER EXPENDITURE

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

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

(ii) by obtaining supplementary grants or appropriations where necessary ; and

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

(2) Cases where the additional funds provided in the course of the year by supplementary grant/appropriation proved unnecessary, excessive or inadequate have been indicated in paragraph 19, page 35.

(3) Cases where total expenditure against a grant or appropriation as a whole has exceeded the sanctioned amounts and require regularisation by Legislature have been mentioned in paragraph 20, page 36.

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

- (a) Although the rules require that the unutilised amounts should be surrendered as soon as the possibility of saving is envisaged, an amount of Rs. 14.09 crores out of the total saving of Rs. 18.79 crores was surrendered only in March, 1966; total amount surrendered was Rs. 19.72 crores.
- (b) In the case of 4 grants, out of the savings aggregating Rs. 2,49.74 lakhs, a total sum of Rs. 1,66.61 lakhs remained unsurrendered (details given in Appendix VI, page 161).
- (c) In the case of 2 grants, namely, "Grant No. 4—Expenditure relating to the Planning and Co-ordination Department" and "Grant No. 24—Irrigation", a total amount of Rs. 29.89 lakhs was surrendered although the expenditure eventually exceeded the total provision by Rs. 61.81 lakhs and thus no amount became available for surrender.
- (d) The savings ultimately available were found to be less than the amounts surrendered, by more than Rs. 1 lakh in each case, in the case of 5 grants; the details are given in Appendix VII, page 162.

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

24. *New Service*—According to the rules of Government, substantial alteration in character of an existing facility or substantial increase in expenditure on a recognised service should be treated as "New". For example, purchase of new machinery, plant, etc., on a large scale, the cost exceeding Rs. 10,000 at a time, new original works the cost of which is estimated at more than Rs. 20,000 each, should be treated as new schemes. Vote of the Legislature is required before expenditure can be incurred on a "New Service".

In the following cases, expenditure amounting to Rs. 16.34 lakhs was, however, incurred in 1965-66 without obtaining specific vote of the Legislature. The expenditure constituted "New Service", according to the rules of Government. Funds for the expenditure were provided by reappropriation which was not permissible.

Department	Nature of expenditure	Amount of expenditure incurred (Rupees in lakhs)
Revenue	(i) Purchase of 22 Jeeps for replacement of vehicles and supply of fresh ones to offices having no vehicles.	4.12
	(ii) Construction of new Tahsil offices and quarters.	10.00
Transport	(iii) Execution of Works, purchase of land and vehicles.	2.22

In respect of cases (i) and (ii), the Finance Department agreed that the expenditure was on "New Service" but did not state the reasons for obtaining the funds by reappropriation, while in respect of case (iii), they had stated that provision was made by reappropriation "through oversight" and a total supplementary should have been taken. All the departments were also instructed to avoid such irregularity in future.

25. *Recoveries adjusted in the accounts in reduction of expenditure*—Under the system of gross budgeting followed by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure. (The anticipated recoveries and credits are shown separately in the budget estimate). During 1965-66 such recoveries were anticipated at Rs. 51.50 crores. The actual recoveries during the year, however, amounted to Rs. 62.68 crores. Although the total recoveries exceeded the anticipation, shortfall in recoveries to the extent of Rs. 5.69 crores was noticed in 23 cases; some of the important cases of short-recovery from outside bodies/other Governments as compared with the corresponding figures in the previous year, together with reasons therefor are indicated below:—

Number and name of grant	Amount of shortfall during		Reasons for the short fall in 1965-66
	1964-65	1965-66	
	(In lakhs of rupees)		
3—Police	26.06	54.32	Mainly non-recovery on account of services rendered by the State Military Police from the Governments of India and Assam (Rs. 35.54 lakhs), from Government of India on account of services rendered by the State Criminal Investigation Department (Rs. 7.47 lakhs) and from Hindustan Steel Ltd., Rourkela (Rs. 6.11 lakhs) on account of cost of special police guards.
6—Expenditure relating to the Political and Services Department	7.42	8.44	Mainly non-recovery of the cost of special land acquisition establishment from Hindustan Steel Ltd., Rourkela.
27—Tribal and Rural Welfare Department	23.40	23.26	Non-reimbursement of expenditure on account of rehabilitation schemes, initially met from the Consolidated Fund of the State, by the Dandakaranya Development Authority.

Number and name of grant	Amount of shortfall during		Reasons for the shortfall in 1965-66
	1964-65	1965-66	
(In lakhs of rupees)			
27—Public Works, Common Establishment and other expenditure relating to the Works Department	73.71	1,00.66	Mainly less recovery of proportionate cost of staff and tools and plant for works executed by the State Public Works Department from Aero-engine Factory (Rs. 69.69 lakhs) and from other departments of Government (Rs. 50.28 lakhs).
33—Co-operation and Marketing	14.30	17.55	Non-adjustment of expenditure to the concerned deposit account owing to smaller receipt of grants from the National Co-operative Development Corporation for betterment of Co-operative Organisations.

26. *Delay in reconciliation of departmental figures of expenditure with those of the Audit Office*—Mention was made in paragraph 27 of Audit Report, 1966 regarding delay in reconciliation of departmental figures with those of Audit Office.

In regard to reconciliation of expenditure during 1965-66, the position at the end of October, 1966 was that 2 controlling officers had not reconciled their accounts for all the twelve months and one for March, 1966; 99 controlling officers did not communicate their acceptances of the figures although reconciliation of the figures had been completed by them.

As regards reconciliation of expenditure during 1964-65, the position at the end of October, 1966 was that 6 controlling officers had not reconciled their accounts for all the twelve months and one for two months; 65 controlling officers had not communicated acceptance of the figures.

CO-OPERATION AND FORESTRY DEPARTMENT

27. *Delay in submission of monthly accounts by Forest Divisions*—Under the rules, the monthly accounts of each Forest Division should be sent by the Divisional officers to the Accountant General so as to reach him by 10th of the month following the month to which it relates. But during the year 1965-66, there has been delay ranging to 19 days in some cases in sending accounts by the Forest divisions; the number of accounts received late each month was 7 on an average. As a result of such delay it was not possible to incorporate the cash accounts of all Forest divisions in the Civil Account of the month to which they related.

Such persistent delay not only affects the closure of monthly accounts and their communication to Government but also renders reconciliation of departmental figures with those booked by the Accountant General difficult.

28. *Withdrawal of funds with a view to avoiding lapse of budget allotment*—The financial rules of Government prohibit withdrawal of amounts from treasuries towards close of the financial year to avoid lapse of budget allotment. A number of cases have, however, been noticed in which large amounts were withdrawn towards the end of the financial year apparently to avoid lapse of grant. Such cases have been reported in successive Audit Reports since 1962. The irregularity, however, persists. As many as 60 cases were noticed in each of which amounts exceeding Rs. 1 lakh, totalling in all Rs. 1,62.08 lakhs, were withdrawn in March, 1966 apparently to avoid lapse of budget allotment; of this, an amount of Rs. 98.64 lakhs was withdrawn on 31st March, 1966. Out of Rs. 33.21 lakhs withdrawn in 12 cases, a sum of Rs. 9.04 lakhs was refunded into treasury after 3-4 months.

Departmentwise analysis of the cases is given below; the particulars of each case are given in Appendix VIII, pages 163 to 168.

Department	Number of cases	Amount (Rupees in lakhs)
Agriculture and Animal Husbandry	21	52.18
Revenue and Excise	17	45.45
Home	5	18.01
Industries	5	17.23
Health	7	16.43
Commerce	4	11.61
Community Development and Panchayati Raj	1	1.17
Total	60	1,62.08

In 19 of these cases, amounts totalling Rs. 45.01 lakhs were withdrawn and remitted to Engineering Departments as deposits for works to be executed by them. This is not permissible under rules according to which budget provision itself should be placed at the disposal of the officers by whom the works are to be executed and the amounts withdrawn by them from treasury as and when required.

29. *Retention of heavy cash balances*—As a result of withdrawal of amounts not required for immediate disbursement, heavy cash balances remained with departmental officers. Instances of large cash balances with departmental officers as on 31st March, 1964 were mentioned in paragraph 3 of the Audit Report, 1966. Similar cases of retention of heavy cash balances with departmental officers as on 31st March, 1965 in 49 cases amounting to Rs. 1,11.21 lakhs are mentioned in Appendix IX at pages 169 to 171.

A departmentwise break-up of these cases is indicated below—

Department	Number of cases	Amount (Rupees in lakhs)
Agriculture and Animal Husbandry	14	20.55
Revenue and Excise	11	29.28
Health	9	13.03
Industries	5	36.52
Tribal and Rural Welfare	3	7.08
Education	3	2.21
Home	3	2.29
Finance	1	0.25
Total	49	1,11.21

30. *Advances from the Orissa Contingency Fund*—The Contingency Fund at the disposal of Government is intended to enable them to make advances for meeting unforeseen expenditure of an emergent character (including expenditure on "New Service" not contemplated in the annual financial statement) pending subsequent authorisation by the State Legislature. The corpus of the Fund which was 5 crores during 1964-65 was reduced to 2 crores during 1965-66.

88 advances totalling Rs. 5.50 crores were sanctioned from the Contingency Fund during 1965-66. The following points were noticed in audit:—

(i) In 3 cases, advances amounting to Rs. 1.33 lakhs sanctioned during July, 1965 to January, 1966, were cancelled.

(ii) In 6 cases, the amounts of advances sanctioned during May, 1965 to November, 1965 were reduced subsequently. The total amount of reduction was Rs. 9.48 lakhs.

(iii) Although the advances from the Contingency Fund are intended to be sanctioned for expenditure of emergent nature, it was noticed that in eleven cases, sums were not immediately required as the withdrawals from the Contingency Fund were made four to ten months after the sanction of the advances.

(iv) In the following cases, the amounts sanctioned proved to be much in excess of actual requirements; the reasons for non-utilisation of the amounts have not been intimated by the department (February, 1967).

Sl. No.	Head of account	Particulars of advance	Amount of advance	
			Sanctioned	Drawn
			Rs.	Rs.
(1)	23—Police	For formation of the 4th Battalion of Orissa Military Police	3,40,000	2,31,334
(2)	23—Police	For reorganisation of Home Guards	4,00,000	79,180
(3)	71—Miscellaneous	Expenditure in connection with the Panchayat Reorganisation Commission	96,800	30,500
(4)	71—Miscellaneous	For relief to persons whose properties were burnt in fire accident	4,00,000	51,439
(5)	71—Miscellaneous	For supply of mid-day meals in primary schools	2,00,000	64,734
(6)	71—Miscellaneous	For giving relief to persons whose houses were burnt in fire accident	1,80,000	40,000
(7)	78-A-Expenditure connected with National Emergency	For implementation of Civil Defence Scheme in Rourkela and Hirakud	1,00,000	18,667

CHAPTER III

CIVIL DEPARTMENTS

AGRICULTURE DEPARTMENT

31. *Coconut Development Scheme*—This scheme was taken up in 1952 with a view to substantially increasing the area under coconut cultivation and production of coconuts in the State. The scheme provides for supplying (i) quality coconut seedlings and manures and fertilisers to cultivators at a subsidised price of 50 per cent of the cost and (ii) to offer scientific advice on the cultural and manurial aspects of coconut cultivation by organising demonstration plots in cultivators' coconut orchards. The expenditure incurred on the scheme during the period from 1961-62 to 1965-66 amounted to 54 per cent of the estimates for this period, while the physical achievement ranged from 5 per cent to 33 per cent as indicated below :—

	Estimate	Actuals	Percentage of actuals to the estimate
(i) Expenditure (In lakhs of rupees)	13.26	7.17	34
(ii) Distribution of seedlings (Number in lakhs)	13.00	3.48	27
(iii) Distribution of fertiliser (to number of trees in lakhs)	1.10	0.12	11
(iv) Organisation of demon- stration plots (In number)	500	24	5
(v) Opening of nurseries (In number)	12	4	33

The reasons for shortfall in achievement have not been indicated by the department (February, 1967).

Sale price of seedlings was fixed in November, 1963 at 60 P. each on the assumption that the overall cost of raising a seedling would be Rs. 1.20 P. The actual cost of raising the seedlings during 1963-64 and 1964-65 was Rs. 1.68 P. and Rs. 2.69 P. each respectively; these were sold at 60 P. each which resulted in allowing an excess subsidy to cultivators amounting to Rs. 0.85 lakhs, as according to the sanctioned scheme the seedlings could be subsidised only to the extent of half the cost. The increase in the cost of production of seedlings was stated by the department in February, 1967 as due to increase in labour wages, cost of seednuts, etc.

A sum of Rs. 18,695 representing credit sales of seedlings to Panchayat committees and Local bodies during the period 1952-53 to 1965-66 is yet to be realised (November, 1966).

32. *Key Village Scheme*—Key Village Scheme introduced in the State in 1952 envisaged intensive programme for the development of cattle in compact areas called “Key Village Blocks”.

By the end of 1965-66, 13 Key Village Blocks covering a total cattle population of 1.30 lakhs were functioning. The expenditure incurred during 1956-57 to 1965-66 on the scheme amounted to Rs. 41.21 lakhs against the estimate of Rs. 45.13 lakhs. (Half the expenditure on the scheme is financed by grants from the Government of India).

According to the model scheme formulated by the Government of India, about 70 to 80 per cent of the entire cow and buffalo population in a block should be served artificial insemination every year, but only two blocks came up to this standard.

While the actual expenditure for the years 1956-57 to 1965-66 came up to 89 per cent of the estimate, the achievement as regards service of artificial insemination (which is the main object of the scheme) was only 55 per cent on an average as indicated below:—

	Number of animals		Percentage of achievement
	Envisaged to be covered	Actuals	
	(In lakhs)		
1956-57 to 1960-61	1.57	0.95	60
1961-62 to 1965-66	4.28	2.20	51

The short fall has been attributed by the Department to the presence of a large number of scrub bulls which are generally used by owners for breeding purposes and poor response from villagers residing in ex-State and hilly areas.

The department also stated that the inter-calving period in Orissa being 2 to 2½ years, the target fixed by the Government of India (70 to 80 per cent) of cattle by artificial insemination was unworkable.

The following other points were also noticed:—

(i) A bull rearing farm was established in 1961-62 for rearing bull calves for being utilised as breeding bulls to up-grade indigenous live-stock. During the five years upto March, 1966, an expenditure of Rs. 0.88 lakh was incurred on rearing 93 bulls. The programme envisaged rearing of 200 bulls at a cost of Rs. 0.99 lakh. Thus, the expenditure incurred was 89 per cent of the estimate whereas the physical achievement was only 46 per cent of the target. The department has not ascertained the reasons for this.

The bulls are sold when they come of the breeding age. According to the Department, normally a calf becomes of breeding age when it is 2½ to 3 years old. On this basis, 25 of the bulls in the farm on 31st March, 1966, should

have been sold in 1953-64 (seven) and 1964-65 (eighteen). The continued retention of the bulls entailed an avoidable expenditure of Rs. 16,174 (upto March, 1966) on their maintenance.

(ii) Out of 654 private male calves for which subsidised feeding was provided during 1958-59 to 1964-65 under a scheme for obtaining better bulls, 409 were rejected for poor performance after subsidised feeding for periods ranging upto 30 months; expenditure incurred on the subsidised feeding of these rejected calves was Rs. 55,750.

(iii) Under a scheme for increasing the milk production of cows, similar subsidy was admissible for a period of 2½ years for six months old graded female calves subject to the condition that the owner retained the calf till the completion of her first lactation; the owner was liable for repayment of the entire subsidy on failure to fulfil the condition. An amount of about Rs. 2.03 lakhs was paid as subsidy for 2,073 female calves during 1958-59 to March, 1966. 1,293 of these were due for first milching by 31st March, 1966 of which 673 fulfilled the prescribed condition. The balance of 620 female calves on which a subsidy of Rs. 0.61 lakh was paid were stated by the Key Village Officer (March, 1967) to have not been verified mainly due to inadequate staff position.

CO-OPERATION AND FORESTRY DEPARTMENT

33. *Unnecessary purchase*—Following the decision of Government in July, 1961 to introduce mechanical watering by means of pumps in the Casurina plantations and thereby effect a saving of Rs. 3.50 P. per day of operation of each pump as compared to watering by manual labour, 10 pumps with necessary accessories were purchased by the Divisional Forest Officer, Afforestation Division, Cuttack in February and March, 1962 at a cost of Rs. 35,749. These pumping sets together with another one purchased in March, 1960 at a cost of Rs. 4,913 were distributed to 9 Forest Divisions/Ranges between May, 1960 and December, 1964. The pumping sets were never used by the Forest Divisions/Ranges for watering the Casurina plantations at any time; the reasons attributed by the Forest Officer, Afforestation Division, Cuttack (July, 1966) were lack of sufficient water in the water holes dug for the pumps in the coastal sand dunes. Government intimated in December, 1966 that “by experience it was found that watering by pumps in the Casurina plantation is not convenient nor it is cheaper.”

Five Divisional Officers/Range Officers intimated to the Afforestation Division that 5 pumps were utilised upto February, 1967 for watering permanent nurseries and two were lying out of order; information regarding utilisation/disposal of the remaining 4 pumps is awaited (February, 1967).

INDUSTRIES DEPARTMENT

34. *Pilot Project for intensive development of rural industries.*—With the primary object of promoting intensive and integrated development of small industries based on agriculture in the rural areas as also to evolve effective techniques, methods and programme for extension thereof, a pilot project was taken up by Government in 1962-63 for establishment, through the Orissa Small Industries Corporation, of 16 industrial and 20 rice huller units at

an estimated cost of Rs. 43.36 lakhs. An expenditure of Rs. 32.44 lakhs was incurred upto 1965-66. The progress made in establishing the units together with estimated and actual expenditure is indicated below:—

	Estimate	Actual expenditure	No. of units	
			Industrial units	Rice huller units
	(In lakhs of rupees)			
Units completed ..	6.86	9.96	4	19
Units under construction ..	23.70	15.87	11	..
Unit dropped* ..	6.64	0.40	1	..
Unit yet to be taken up ** ..	0.10	0.15	..	1
Establishment, contingent and other development expenditure	6.06	6.06	..	..

The following points were noticed:—

(i) Baby oil expellers and Ghanies were installed in 3 industrial units in Barpalli between June, 1965 and January, 1966 at a total cost of Rs. 0.35 lakh for crushing mainly mustard seeds. According to the Director of Industries (December, 1965) "not a blade of mustard is grown in this area. The machines were found unsuitable for crushing groundnut seeds grown in the area in plenty; and, therefore, the baby oil expellers in two of these units were replaced by standard size oil expellers at an additional cost of Rs. 0.25 lakh for crushing groundnut seeds and the replacement in the third unit was pending examination by the Director of Industries (January, 1967).

(ii) An expenditure of Rs. 2.64 lakhs was incurred upto March, 1966 on the establishment of a sugar unit at Krishnanagar. The place is approachable only by fair weather road in 5 months in a year, it being situated in an area constantly affected by floods. According to the Director of Industries, there is no likelihood of the Orissa State Electricity Board providing power line to the area in the near future and any alternative arrangement for providing power to the unit would be expensive. The expenditure has not proved fruitful so far.

(iii) Sums aggregating Rs. 5.04 lakhs were paid to the Orissa Small Industries Corporation between March, 1964 and July, 1965 as advance for supply of building materials, machinery, erection charges, etc., an amount of Rs. 0.87 lakh only has been adjusted so far (September, 1966) leaving a balance of Rs. 4.17 lakhs.

* One industrial unit was dropped in December, 1965 as the Orissa Small Industries Corporation was to set up another similar unit nearby. The expenditure of Rs. 0.40 lakh was on purchase of building materials (Rs. 0.14 lakh) and machinery (Rs. 0.26 lakh). Machinery worth Rs. 0.13 lakh was transferred to another unit in July, 1966 and the building materials were stated to have been utilised for another unit.

**The delay was stated to be due to inability of the Grama Panchayat to find a suitable executant for the work. The expenditure of Rs. 15,000 represents cost of certain machinery, value of land and buildings and working capital contributed by Government.

LABOUR, EMPLOYMENT AND HOUSING DEPARTMENT

35. *Low Income Group Housing Scheme*.—The Low Income Group Housing Scheme, formulated by the Government of India, was introduced in Orissa State during 1955-56. The scheme envisages (a) construction of houses by the State Government for sale either outright or on hire purchase or letting out on a "no profit no loss basis" and (b) grant of long term loans for construction of residential houses to their own employees and others whose annual income does not exceed Rs. 6,000. (The scheme is financed mainly from loans obtained from the Government of India).

The following table indicates the loans received from the Government of India, the amounts actually utilised and the unutilised amounts, etc.

	Amount of loans received from the Government of India	Amounts withdrawn from the Treasury for disbursement of loans	Amounts disbursed as loans	Expenditure incurred by Government on works	Progressive balance of unutilised loans	Progressive balance of undisbursed amounts retained by disbursing officers
	(In lakhs of rupees)					
1955-56 to 1960-61	89.03	74.50	55.24	5.03	28.76	19.26
1961-62	20.98	7.66	17.65	0.01	32.08	9.27
1962-63	5.31	12.10	15.60	..	21.79	5.77
1963-64	7.08	8.78	9.73	..	19.14	4.82
1964-65	15.35	16.11	15.21	..	19.28	5.72
1965-66	14.15	14.86	15.22	0.01	18.20	5.36
Total	1,51.90	1,34.01	1,28.65	5.05	..	..

It will be seen that the borrowings from the Government of India were far in excess of actual requirements. There was also considerable time lag between the date of receipt of loans from the Government of India and their eventual utilisation. The large balance of undisbursed amounts out of those withdrawn from the treasury indicate that the amounts were withdrawn from the treasury to avoid lapse of budget grants and retained outside the Consolidated Fund of the State.

Up to 1965-66 a total amount of Rs. 22.22 lakhs was paid by the State Government as interest on the loans received from the Government of India; while the interest charges recovered on the loans disbursed by Government to the Loanees amounted to Rs. 5.48 lakhs only. The large difference was due mainly to—

- (i) payment of Rs. 7.97 lakhs as interest on utilised loans including amounts retained by disbursing officers outside the Consolidated Fund (cf. table above);
- (ii) arrears amounting to Rs. 9.08 lakhs in the recovery of interest.

According to the rules, loanees should commence payment of interest from the date of execution of agreement and instalments of principal two years after the disbursement of the first instalment of loan; Rs. 9.08 lakhs and Rs. 19.19 lakhs representing interest and principal respectively were outstanding for recovery on 31st March, 1966. The year-wise break-up of the outstanding dues has not been furnished by the department.

There have been cases of delay in the sale or letting out of the houses constructed by Government as indicated below—

Particulars	Remarks
(1) Out of 50 residential quarters constructed at a cost of Rs. 3.85 lakhs at Bhubaneswar by August, 1958, 40 were allotted in May, 1959 provisionally to Government servants, 4 of which were subsequently sold on hire purchase basis (July, 1966).	
Balance 10 quarters were sold between September, 1961 and November, 1965.	There was loss of rent to the extent of Rs. 10,671 on account of quarters remaining vacant till their disposal.
(2) 12 shop-cum-residences constructed in April, 1959 at a cost of Rs. 1.23 lakhs at Bhubaneswar were sold on hire purchase basis between August, 1960 and August, 1964 for Rs. 1.14 lakhs on the basis of the estimated cost of the building.	Final cost of the buildings has not been worked out so far (February, 1967). Rs. 8,490 and Rs. 6,638 towards principal and interest were outstanding for recovery (February 1967) from the parties to whom the buildings were sold.
	Due to delay in disposal of the buildings, a sum of Rs. 1,998 towards holding tax (1961-62 to 1963-64) has become payable by the Department.

According to the terms of the agreements executed by the loanees, the tenements constructed should be insured by them against any loss or damage by fire. Out of 26 tenements (14 residences and 12 shop-cum-residences) sold so far, nine tenements have not been insured and in 15 cases the policies have not been renewed.

URBAN DEVELOPMENT DEPARTMENT

36. *National Water Supply and Sanitation Programme (Urban)*—This programme, sponsored by the Government of India in 1954 and financed wholly by loans from them, aims at providing protected water supply and

better drainage in urban areas. Under the programme water supply projects for 24 towns (including one under execution since 1948-49) and one sewerage scheme were taken up between 1953-54 and 1965-66. The projects, on completion, are to be transferred to Local bodies and one-third of the cost is to be treated as loan, the recovery of loan instalments and interest commencing one year from the date of completion.

By the end of 1965-66, 7 water supply projects were completed at a cost of Rs. 1,27.97 lakhs and work on the remaining 17 was in progress. On 9 of the 17 projects taken up as early as 1960-61 (estimated cost : Rs. 3,30.98 lakhs), an expenditure of Rs. 1,00.09 lakhs only was incurred upto March, 1966. Work on one sewerage scheme taken up during 1957-58 (estimated cost of Rs. 2,32.70 lakhs) is also in progress and an expenditure of Rs. 60.27 lakhs only was incurred by March, 1966.

The delay in execution of the programme was explained by the Chief Engineer, Public Health in September, 1965 as due to "paucity of funds".

Five projects were completed prior to 1965-66 and two in 1965-66, but none of these seven projects have so far been handed over to the Local bodies. Government have stated in February, 1967 that the projects were not self supporting and the Local bodies have not been able to take over the water works although they have been persuaded by Government many times. Meanwhile, Government incurred an expenditure of Rs. 17.87 lakhs on the maintenance of four completed projects during 1960-61 to 1964-65 while revenue realised was only Rs. 8.65 lakhs resulting in an aggregate loss of Rs. 9.22 lakhs. On the fifth project completed in 1960-61, an expenditure of Rs. 0.37 lakh was incurred towards maintenance upto March, 1965; the revenue collected from this project has not been intimated.

Of the five projects completed prior to 1965-66, the expenditure on one project was treated as grant as a special case. In respect of the remaining four projects, one-third of the capital expenditure should have been treated as loan to Local bodies; this has not been done.

Filtration plants and equipment for three water supply projects were purchased during June, 1956—October, 1959 at a cost of Rs. 3.57 lakhs. They were to be erected by the supplying firm. The erection work was, however, taken up only in 1961. It has been stated by the department that the delay was due to time taken in completion of the civil portion of work owing to non-availability of land, want of contractors and sufficient funds. The supplier demanded extra payment for erection work on the ground of increased cost of labour. A sum of Rs. 23,800 was paid between August, 1962 and March, 1967 on this account.

REVENUE DEPARTMENT

37. *National Water Supply and Sanitation Programme (Rural)*—The object of the scheme is to provide protected water supply and better sanitation in rural areas. The scheme was executed during the period 1954-55 to 1961-62 through the Community Development Blocks and with the technical assistance of the Rural Sanitary Division of the Public Health Engineering Department, the expenditure continued to be incurred on spill over works upto 1963-64. The following table indicates that while the expenditure on

the scheme was 97 per cent of the estimate, the physical achievements on various items as assessed by Government ranged between 11 to 94 per cent of the target.

	Estimate	Actual	Percentage
	(Rupees in lakhs)		
Expenditure ..	123.64	119.82	97
Achievement—	(Numbers)		
Wells ..	4,635	4,310	93
Tube Wells ..	1,326	1,254	94
Tanks ..	151	101	67
Sanitary latrines ..	3,607	1,644	46
	(Rft.)		
Drainage ..	57,817	6,150	11

The short fall was stated to be mainly due to multiplicity of agencies for undertaking the programme, lack of proper co-ordination, lack of interest of the Local bodies and lack of proper supervision from the Public Health Engineering Department.

The following points were reported by the Revenue Divisional Commissioner, Southern Division to Government in November, 1964 in respect of the works sanctioned during 1954-55 and 1955-56; the action taken by Government on the report has not been intimated (February, 1967).

(a) 205 works estimated to cost Rs. 2.79 lakhs in Boudh and Khariar blocks could not be completed. The total advances paid to the contractors in respect of these works amounted to Rs. 1,21,274 in cash and Rs. 10,736 in shape of materials. In addition, 2,238 bags of cement, 8 pumping sets, 7,648 rft. of iron rods and materials for 62 bore hole latrines were issued to the contractors, the money value of which was not indicated. In only 42 of these cases, either certificate cases were instituted or refund notices served against the contractors.

(b) The accounts of 31 works in the Boudh block had not been finalised. Against the estimated cost of Rs. 69,992, the total advances paid to the contractors amounted to Rs. 28,454 in cash and Rs. 5,505 in shape of materials, besides 222 bags of cement.

The account records of 2 other works in Boudh block and 24 works in Khariar block, estimated to cost Rs. 51,884, were not properly maintained. As a result, the achievement could not be compared with the expenditure incurred. (The information regarding completion of the works was awaited February, 1967).

(c) In Chatrapur block, 140 works involving an expenditure of Rs. 99,589, although stated to have been completed, were not in working condition.

The following further points were also noticed in the course of audit—

(i) 10 works on wells and tube wells in four blocks were abandoned after incurring an expenditure of Rs. 8,053 owing to presence of rocks or the works having either collapsed or proved unsuccessful. In five other blocks, 22 works were abandoned due to similar reasons; the expenditure incurred on these works was not indicated by the Department.

(ii) The Revenue Divisional Commissioner, Cuttack reported to Government in June, 1964 that an overseer of the Soro block was alleged to have misappropriated stores worth Rs. 3,042 and had also not accounted for stock valued at Rs. 733. Action taken in the matter has not been intimated (February, 1967).

38. *Purchase of materia far in advance of requirement.*—170 cwt. of iron rods were purchased in September, 1958 by the Collector, Keonjhar for construction of a bridge over river Arde. The purchase was made before selection of a suitable site, drawing up detailed plan and estimate and obtaining administrative approval. After nearly three and a half years in February, 1962 it was decided to entrust the work to the Public Works Department as the construction involved heavy masonry work and needed high technical supervision. The work has not been taken up as yet with the result, that the entire stock of iron rods is lying unused for the last eight years.

The matter was reported to Government in June, 1963; their comments are still awaited (February, 1967).

TRIBAL AND RURAL WELFARE DEPARTMENT

39. *Unfruitful expenditure.*—A hostel building, constructed for Adivasi students reading in high schools at Berhampur, at a cost of Rs. 14,334 remains unutilised for over seven years. The building was completed in February, 1959, but was taken over by the Department from the contractor more than two years later in August, 1961. In the meantime the building was rented out by the contractor to private parties.

No Adivasi students came forward to reside in the hostel. According to a report of December, 1963 of the District Welfare Officer, there was no high school close to the hostel and there was hardly any adivasi student reading in the high schools at Berhampur. The Sub-divisional Officer reported to the District Welfare Officer in April, 1966 that some knobs, bolts and hooks of the doors and window shutters were stolen, cement flooring of the verandah and one or two rooms was broken and leakages were visible in the roof.

A proposal to convert the building as quarter of Assistant District Welfare Officer after making necessary alterations and, pending such alterations, to let it out is under consideration of Government (February, 1967).

40. *Infructuous expenditure.*—The construction of a housing colony at Basingarjan (Koraput District) for the Vimukta Jati families was taken up by Tahasildar, Gunupur in April, 1960 at an estimated cost of Rs. 56,000. While the construction was in progress, a private party filed a law suit in May, 1961 claiming the right over the land and obtained a decree in March, 1963. The appeal preferred by Government in July, 1963 was dismissed by the Court. The possession of the land was handed over to the party in December, 1964.

Before the party filed the suit in May, 1961 a sum of Rs. 15,288 had been spent on the construction and an advance of Rs. 3,369 was outstanding against the contractor. The sale of dismantled materials when the land was handed over to the party fetched only Rs. 1,600. Thus an expenditure of Rs. 13,688 incurred on the project became infructuous. The amount of Rs. 3,369 due from the contractor was stated to be covered by a certificate case (February, 1967).

EDUCATION DEPARTMENT

41. *Alleged misappropriation*—During test audit of the accounts of Balasore Zilla School conducted in November, 1965 a misappropriation of Rs. 32,679 over the period May, 1962 to November, 1965 was noticed. In a number of cases the amounts shown in the cash book to have been remitted to the treasury were not credited into the treasury or only a part of the amounts was credited. The daftry of the school had been entrusted with writing the cash book, preparing the chalans and carrying money to the treasury.

According to the financial rules, the head of the office is required to attest the entries in the cash book after comparing the receipted treasury chalans and when remittances are appreciable, he should at the end of each month obtain from the Treasury a consolidated receipt of all remittances and compare it with the postings in the cash book; the entries in the cash book had not been attested. Consolidated treasury receipts were also never obtained from the treasury.

The case was reported to Government in February, 1966 for investigation and for arranging a detailed check of the accounts. The departmental checking undertaken in March, 1966 revealed a further defalcation of Rs. 31,765 during the period April, 1956 to March, 1962. The total amount defalcated was thus Rs. 64,442.

The daftry is reported to be under jail custody and the case is stated to be under police investigation (February, 1967).

42. *Non-recovery of an advance to a contractor and unfruitful outlay*—The construction of a school, hostel buildings and teachers' quarters, etc., for opening an Elementary Training School at Chelligarh (Ganjam district) was entrusted to a contractor in December, 1958 at a cost of Rs. 52,200 to be completed by March, 1959. According to the conditions of the agreement, payments to the contractor were to be made after the work done was inspected and approved; no advance payment was admissible. Nevertheless advances totalling Rs. 12,000 were made upto January, 1959 without inspection or approval of work done. This was considered by the Director of Public Instruction (March, 1959) as irregular and he desired that such advances should not be given in future. In August, 1959 the work done was estimated by the Assistant Engineer (Revenue) at Rs. 17,000. However, further advance of Rs. 35,000 was paid to the contractor in June, 1960 increasing the total amount of advance to Rs. 47,000. Later, in June, 1961 the Revenue Divisional Commissioner, Southern Division in his tour note indicated that the contractor deserted the area. Measurement of work was not done, nor has an assessment a regards the value of work done been made after August, 1959.

The work is also still incomplete and is in deteriorated condition.

The records connected with the work were stated to have been seized by the Vigilance Department.

CULTURAL AFFAIRS DEPARTMENT

43. *Accumulated stock of publications*—During 1954-55 to 1964-65, the Orissa State Museum printed 26,590 copies of 13 publications at a total cost of Rs. 73,542. By March, 1966, only 1,257 copies were sold for Rs. 3,330 and 6,348 copies costing Rs. 16,790 were distributed free of cost. The remaining 18,985 copies valued at Rs. 53,570 were lying in stock (March, 1966). It was stated by Government in November, 1966 that “as regards free distribution of Orissa Historical Research Journal, the Advisory Council for Museum, Archaeology and Archives recommended for its free supply to distinguished persons of different Universities and Research Institutes, but for other publications no authority appears to be forthcoming. The matter is now under examination to fix up responsibility for this unauthorised distribution of the books”.

The Museum authorities have stated that the publications are of “technical nature dealing with History and Culture”, and that “it will take some time to get appreciation of the oriental scholars”. The authorities have approached the Director of Cultural Affairs for allowing 20 per cent discount to book sellers, on receipt of which the stocks were expected to be disposed

HOME DEPARTMENT

44. *Publication of periodicals (monthlies) in excess of requirement*—Mention was made in paragraph 32 of Audit Report, 1964 regarding publication of periodicals (monthlies) upto 1961-62 in excess of requirement. In this connection, the Public Accounts Committee (1965-66) in paragraph 109 of their Eleventh Report (Third Assembly) dated 17th March, 1966 had observed that all Departments should make a realistic assessment before they placed orders for printing.

During the period 1962-63 to 1964-65, 7,63,238 copies of two periodicals *Viz.*, “Utkal Prasanga” (7,20,030 copies) and “Orissa Review” (43,208 copies) were printed at a cost of Rs. 4.27 lakhs with a view to publicising activities of Government among the people.

More than 46 per cent of the copies, however, remained in stock as in October, 1966 as shown below:—

Name of periodicals	Number of copies printed	Number of copies sold	Number of copies distributed free of cost	Balance stock both at State and District head-quarters (October, 1966)	Remarks
Utkal Prasanga	7,20,030	3,39,889*	35,836	3,44,305	*Includes 5,619 copies sold by public auction for Rs. 131 only during 1962-63 and 1963-64.
Orissa Review	43,208	9,463**	25,836	7,909	**Includes 1,877 copies sold by public auction for Rs. 44 only during 1962-63 and 1963-64.
Total	7,63,238	3,49,352	61,672	3,52,214	

The periodicals are sold at subsidised rates, "Utkal Prasanga" at 12 paise each and "Orissa Review" at 25 paise each. In spite of this, a large number of copies remained unsold which is indicative of the assessment of the requirement being largely excessive or the journals not attracting sufficient demand.

As these copies are not likely to be sold otherwise than in auction, Government has incurred a loss of approximately Rs. 1.97 lakhs in printing the periodicals during the above period based on an average rate of 56 paise per copy.

FINANCE DEPARTMENT

45. *Advances to private parties to facilitate investment in Government loan*—Mention was made in paragraph 95 of Audit Report, 1966 about the concession granted to contractors for withdrawal of security deposits on the eve of raising subscriptions for the 5½ per cent Orissa Government Loan, 1977.

In August, 1965 Government issued orders authorising payments to suppliers of advances ranging from 25 to 90 per cent of the value of materials ordered for on the condition that the parties would subscribe to the 5½ per cent Orissa Government Loan, 1977 floated by Government during August, 1965 and pledge the securities in favour of Government within 7 days of the receipt of the scrips from the Reserve Bank of India. The advances paid in 15 cases amounted to Rs. 32.64 lakhs as indicated below:—

Name of the department	Number of cases	Amount (Rupees in lakhs)
PLANNING AND CO-ORDINATION		
Rural Engineering Organisation	.. 4	11.46
WORKS AND TRANSPORT		
Works wing	.. .. 9	10.68
Transport wing	.. .. 2	10.50

In addition, in the Co-operation and Forestry Department, advances totalling Rs. 2.29 lakhs were paid to six Kendu leaf agents to the extent of 75 per cent of the value of leaves to be collected during the year in order to facilitate investment in the loan referred to above.

Apart from the propriety of paying the parties before the amount became due to them, such payment of advances for purposes of subscribing to open market loans did not result in the overall increase of cash resources of the State. Further, payment of non-interest bearing advances by Government for investment by private parties in open market loans (interest bearing securities) entailed payment of interest.

POLITICAL AND SERVICES DEPARTMENT

46. *Outstanding advances*—In the following cases, sums aggregating Rs. 24,258 were outstanding for recovery on account of motor car advances (Rs. 16,541) and interest (Rs. 7,717) thereon, from ex-Ministers and an ex-Deputy Minister. According to the mortgage bonds executed by them and the rules of Government, the balances of the principal and interest on the advance due on the date of relinquishment of office are payable in one lump sum or the car should be surrendered to Government. In the cases mentioned, the cars have not been surrendered nor has recovery of the amount been effected (December, 1966).

	Amount of advance paid	Month in which the advance was drawn	Month in which the dignitary relinquished office	Amount outstanding on 31st December, 1966		Remarks
				Princip-al	Inte-rest	
	Rs.			Rs.	Rs.	
(1) An ex-Minister	14,000	April, 1965	June, 1965	5,201	525	Government intimated in December, 1966 that the incumbent has been requested to deposit the outstanding advance.
(2) An ex-Minister	18,000	July, 1957	Relinquished office in May, 1959, again assumed office in July, 1962 and then relinquished office in December, 1963.	3,635	3,886	Government intimated in December, 1966 that the incumbent has been allowed time till the end of December, 1966 to clear up his arrear dues.
An ex-Deputy Minister	15,000	October, 1957.	May, 1959	7,705	3,306	It has been reported by Government in December, 1966 that a suit has been filed in the court to realise the dues.

47. *Misappropriations, losses, etc., of Government money*—In paragraph 55 of the Audit Report, 1966, 353 cases of misappropriations, losses, etc., of Government money involving a total amount of Rs. 12.74 lakhs were reported to be pending finalisation as on 31st July, 1965. During the period 1st August, 1965 to 31st July, 1966, 38 further cases of misappropriation of Government money involving Rs. 3.74 lakhs were reported; the number of cases disposed of by the end of January, 1967 was 55 involving Rs. 1.96 lakhs.

An analysis of 336 cases involving Rs. 14.52 lakhs, which were pending finalisation on 31st January, 1967 is given in Appendix X, pages 172-173.

An analysis by years in which these were reported to Audit is given below—

Year in which the cases were reported to Audit	Number of cases	Amount involved (In lakhs of rupees)
1948-49 to 1961-62	181	8.78
1962-63	37	1.07
1963-64	47	0.91
1964-65	24	0.56
1965-66	29	1.53
1966-67	18	1.67
Total	336	14.52

48. *Miscellaneous irregularities, losses, extra expenditure, etc* — Cases of miscellaneous irregularities, losses, extra expenditure, etc., are mentioned in Appendix XI, page 174.

CHAPTER IV

WORKS EXPENDITURE

49. *Omission to carry out financial stock-taking of large projects*— Mention was made in paragraph 62 of Audit Report, 1966 about the persistent omission to carry out financial stock-taking of large projects. The position regarding non-receipt of financial stock-taking reports till the end of October, 1966 is as shown below. The persistent non-compliance with the orders of Government has been brought to their notice from time to time; the position, however, continues to be unsatisfactory.

Name of the Project/Scheme	Estimated cost	Expenditure to end of 31st March, 1966	Period for which financial stock-taking reports were awaited	
			From	To

(Rupees in lakhs)

Major and Medium Irrigation Projects—

(1) Salia Irrigation ..	69.78	1,46.20	1958-59	to	1965-66
(2) Būdhabudhiani ..	43.51	1,13.02	1958-59	to	1965-66
(3) Dhanai ..	32.10	1,23.41	1958-59	to	1965-66
(4) Biragovindapur .. re-named as Anandapur Barrage	5,07.00	23.82	1961-62	to	1965-66
(5) Godahada ..	40.43	53.60	1958-59	to	1965-66
(6) Bahuda ..	57.39	48.96	1961-62	to	1965-66
(7) Hiradharbati ..	31.36	29.34	1960-61	to	1965-66
(8) Salki ..	52.83	1,04.56	1958-59	to	1965-66
(9) Darjang ..	82.50	2,09.06	1958-59	to	1965-66
(10) Joroharbhangra ..	3,66.00	4.24	1963-64	to	1965-66
(11) Delta Irrigation Scheme	14,92.00	20,23.89	1960-61	to	1965-66

(Under revision)

Multipurpose River Projects—

(12) Hirakud Dam Project, Stages I and II	82,77.73	95,30.53	1964-65	and	1965-66
(13) Balimela Dam Project	38,45.00	7,57.38	1960-61	to	1965-66

Electrical Project—

(14) Talcher Thermal Scheme	24,42.40	18,71.09	For 1965-66		
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Other Projects—

(15) Construction of Expressway	14,45.00	11,38.87	For 1965-66		
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50. *Expenditure on deposit works*—The rules of Government require that in the case of works executed on behalf of local bodies and other parties, the estimated cost of works should be deposited in advance or in instalments and the expenditure on the works should not be incurred in excess of the deposits received. Where, however, excess expenditure becomes inevitable, such excess is debited to the head "Miscellaneous Public Works Advances" in the Suspense Account (within the Consolidated Fund of the State) pending recovery. There is no provision in the existing rules for charging of interest on expenditure incurred by Government in excess of contributions. In respect of 259 water supply, drainage, road, buildings and electricity works executed by 41 Roads and Buildings, Public Health Engineering, Rural Engineering, Electricity and Irrigation divisions on behalf of Municipalities, Panchayat Organisations, private educational institutions, etc., a sum of Rs. 1,81.49 lakhs was pending recovery (March, 1966) towards expenditure incurred in excess of the contributions received from the bodies concerned as shown below :—

Year to which expenditure relates	Number of works	Expenditure incurred in excess of deposits received
		(In lakhs of rupees)
1962-63	28	0.89
1963-64	26	4.57
1964-65	59	7.64
1965-66	146	1,68.39
Total	259	1,81.49

Non-recovery of interest on these advances is tantamount to allowing interest-free loan to the local bodies, etc., the loss of interest being in effect a subsidy given without the vote of the Legislature.

PLANNING AND CO-ORDINATION DEPARTMENT

51. *Infructuous expenditure*—The work relating to improvement of a private tank belonging to Hemgiri Zamindar covering an area of 31 acres and its maintenance as a Minor Irrigation Project was taken up by the Rural Engineering Division, Sundergarh in March, 1964 (estimated cost : Rs. 0.99 lakh). The Zamindar had agreed to transfer the ownership of the tank to Government on the condition that he would have the right to use the water freely and without any restriction. The work was commenced before the ownership of the tank was transferred to Government. In March, 1965 when the construction of canals was under consideration the Zamindar represented to the Collector, Sundergarh that the alignment of the canal was passing through the burial ground of his ancestors and much of his lands was being submerged under water. He desired that the mouth of the canal be diverted to some other side and failing that, he indicated that he would not transfer the tank to Government. The Collector, Sundergarh observed in July, 1965 that the transfer of ownership of tank should have

been effected and the Zamindar should have been asked to withdraw the condition before the commencement of the work. Subsequent enquiry conducted in September, 1965 showed that more than 90 per cent of irrigable land in the ayacut area of the Project belonged to the Zamindar.

The work was suspended in November, 1965. No action has yet been taken to recover the expenditure of Rs. 23,479 (of which Rs. 17,332 was spent between March, 1965 and November, 1965) incurred on the improvement of the tank from the Zamindar or to obtain his consent for completion of the work and alignment of the canal.

The case was reported to Government in October, 1966; their reply is awaited (January, 1967).

WORKS DEPARTMENT

Expressway Project

52. *Misappropriation and clodding of cement*—In an Expressway Division, while taking over charge of a sectional store on 3rd April, 1965 it was found by the Sectional Officer that 2,665 bags of cement valued at Rs. 22,653 were clodded. Subsequently, after verification of stock, the Divisional Officer reported to the Superintending Engineer on 24th September, 1965 that another 743 bags of cement valued at Rs. 6,315 had been misappropriated. The total loss thus amounted to Rs. 28,968.

The case was brought to the notice of the Chief Engineer by Audit in April, 1966 and a report was also made to Government in August, 1966. No reply has been received (February, 1967).

53. *Avoidable expenditure on purchase of a boat*—The Additional Chief Engineer, Expressway placed orders on a firm at Cuttack for supply of a diesel towing launch for Rs. 15,836. The launch was to be delivered by 30th April, 1964. In June, 1965, the Executive Engineer, Paradeep Expressway Division reported to the Additional Chief Engineer that the firm had not supplied the boat and it would no longer be required by the Department. The order was, however, not cancelled; only the clause in the contract for the charges for fitting the engine to the boat was deleted. No reasons were found to have been placed on record for not cancelling the order. The boat was taken delivery of in July, 1965. However, only a month later, the Additional Chief Engineer directed the Divisional Officer to dispose of the boat; this has not been done so far (December, 1966).

The case was reported to Government in November, 1965; their reply is awaited (February, 1967).

National Highway Project

54. *Extra expenditure*—In April, 1964, the construction of a bridge over the river Bargudia was entrusted to contractor 'A'. When the work was in progress the department changed the specification of an item of work "R. R. Stone masonry curtain wall" to "wall in cement concrete". After executing work of the value of Rs. 3.82 lakhs, the contractor left it in May, 1965 on the ground that its scope was changed. The residual work was entrusted to another contractor 'B' in July, 1965 at negotiated rates. The rates allowed to

contractor 'B' in respect of the items of work common to both the contractors were higher than the accepted rates of contractor 'A'. The extra expenditure incurred amounted to about Rs. 24,000.

According to the terms of the contract, contractor 'A' was bound to execute the work according to the directions of the Engineer-in-charge including any changes in specifications. Government stated in January, 1967 that contractor 'A' was not penalised as he did not refuse to execute the work due to change in specification and that he had sustained some loss due to collection and transportation of the materials to and from the site. It was also explained that contractor 'A' could not do the work in time as he had to be away from the site because of certain personal unavoidable reasons and as the rainy season was fast approaching, it was not considered desirable to wait any further for the return of contractor 'A'.

55. *Extra expenditure*—The construction of a bridge (estimated cost Rs. 6.74 lakhs) over Amrita Nallah consisting of 3 spans on National Highway No. 5 was entrusted in Balasore Highway Division to a contractor in May, 1963. When the work was in progress, the design of the bridge was changed to 6 spans and the contractor was asked to carry out the additional work also at his tendered rates. After sinking all the wells and completing the sub-structure work for the 6 spans at a cost of Rs. 4.75 lakhs, the contractor abandoned the work in October, 1964, on the plea of change of design and asked for increase of rates for the superstructure work. On the refusal of the contractor to resume the work, the Divisional Officer rescinded the contract in January, 1965.

The balance of work (estimated cost: Rs. 3.28 lakhs) was put to tender in February, 1965. None of the tenderers was considered by the Chief Engineer as suitable for executing the work. Another contractor who did not tender, was entrusted with the work after negotiation at a cost of Rs. 3.36 lakhs. The work has been completed in August, 1966, the actual expenditure being Rs. 3.70 lakhs. Computed with reference to the rates of the contractor who abandoned the work, the extra expenditure amounted to Rs. 88,947.

In a report made by the Divisional Officer to the Superintending Engineer in October, 1964, he had indicated that it appeared to him that the contractor had tendered high rates for the sinking of wells and sub-structure (93 to 100 per cent over the estimated rates) which work was done by him and that he did not want to carry out the super-structure work for which his tendered rates were comparatively less profitable. The Chief Construction Engineer asked the Executive Engineer in November, 1964 to recover the extra cost from the contractor. No recovery has, however, been made so far (February, 1967).

Roads and Buildings Branch

56. *Non-recovery of cost of assets, etc., transferred to the Orissa Construction Corporation*—Government issued orders in August, 1962 for transfer of the Haridaspur Quarry from the control of a Public Works Division to the Orissa Construction Corporation (a fully State owned company). According to the terms and conditions of the transfer laid down by Government—

(i) the assets taken over by the Corporation should be at book value except those equipment, tools or plant which had not been used at all in which case actual cost with normal departmental charges should be recovered ;

(ii) the liabilities would be discharged by Government and the amount should be reimbursed to Government by the Corporation; and

(iii) departmental charges should be charged on the operational charges incurred for the quarry.

The quarry was transferred to the Corporation in September, 1962 with assets valued at Rs.25.97 lakhs and liabilities amounting to Rs.25.12 lakhs. The transfer deed has not been executed so far (September, 1966); no payment has also been made by the Corporation towards the cost of the assets, etc., taken over.

The Corporation did not accept the valuation of the assets made by the Division. A liability of Rs.11.36 lakhs only was accepted by the Corporation; this amount has also not been paid yet (October, 1966). The departmental charges also have not been calculated and claimed from the Corporation.

The matter was reported to Government in February, 1966; their reply is awaited (January, 1967).

IRRIGATION AND POWER DEPARTMENT

Delta Irrigation Scheme

57. *Continuance of a sub-division without any work*.—One Sub-division consisting of one Sub-divisional Officer, one cashier, five section officers and seven Grade IV servants was created in July, 1963 under Puri Canals Division No.IV for the purpose of survey of 199 miles of lift distributary, preparation of plans and estimates in connection therewith and maintenance of certain existing embankments. All the items of work allotted to the Sub-division were completed by March, 1964 except the construction of a portion of a godown. During the period April, 1964 to October, 1966, no work was executed by the sub-division but the staff was continued. The total expenditure incurred on their pay and allowances during this period amounted to Rs.64,474. The Executive Engineer intimated in July, 1966 that "orders of Government for taking up certain works are awaited".

The matter was reported to Government in March, 1966, their reply is still awaited (February, 1967).

58. *Extra cost in respect of a canal work*.—In Puri Canals Division No.I, the work of excavation of a canal was allotted to a contractor in August, 1964 for Rs.2.17 lakhs to be completed by July, 1965. By this date, the contractor executed work valued at Rs. 0.54 lakh only and abandoned the balance of work on ground of non-availability of land. The Executive Engineer, however, stated in March, 1966 that "most of the land was made available to the contractor in May, 1965 and when the working season was almost over, the contractor expressed his inability to do the work at this tendered rate". His contract was rescinded by the Superintending Engineer in September, 1965 without imposing any penalty though he was not the competent authority and only the Chief Engineer could rescind the contract in this case; also no reasons were placed on record for rescinding the contract without any penalty.

The balance of work was retendered in September, 1965 and the work was allotted in January, 1966 to another contractor for Rs.1.78 lakhs; the work is in progress (November, 1966). Computed with reference to the rates of the first contractor, the extra expenditure in respect of the work done by the second contractor upto November, 1966 amounted to Rs.22,870.

The matter was reported to the Chief Engineer in February, 1966 and to Government in April, 1966; their replies are still awaited (February, 1967).

59. *Extra expenditure*—In response to a notice inviting tenders for the supply of spare parts for different vehicles in the Delta Irrigation Project, quotations were received from a number of firms. The Superintending Engineer, Delta Irrigation Circle sought approval of the Chief Engineer, Irrigation in May, 1965 for the lowest quoted rates indicated in the comparative statement and mentioned that "in certain cases where the lowest rates quoted are not for genuine spare parts such offer has not been recommended for acceptance". In August, 1965 the Chief Engineer, Irrigation approved the proposal of the Superintending Engineer and directed that the purchases should be made at the lowest rates quoted for individual items. During the period August, 1965 to November, 1965, orders were placed by the Superintending Engineer on eleven firms for Rs. 1.68 lakhs of which orders of the value of Rs. 1.36 lakhs were placed on a firm whose rates were not the lowest for all items ordered for. The extra expenditure computed with reference to the lowest quoted rates amounted to Rs. 35,788. The Chief Engineer accorded *post-facto* approval to the purchases in October, 1966.

Government stated in December, 1966 that "by giving preference to lowest rates only the purpose of durability and running cost etc., of vehicles would have been defeated".

60. *Payment to job workers at rates higher than the schedule of rates*—According to orders of Government, allotment of works to job workers should be made after calling for tenders except in emergent cases and "in no case rates higher than the schedule of rates should be allowed". The earth work pertaining to "Excavation of Gobkund Cut with high level bridge 5th reach", was, however, allotted by the Superintending Engineer, Delta Irrigation Circle in May, 1965 to job workers without calling for tenders and at rates higher than the schedule of rates. No reasons for deviating from the standing instructions of Government were placed on record, nor was approval of Government obtained. The rates allowed were Rs. 50.25P. per 1000 cft. for 15,11,095 cft. and Rs. 48.75 P. per 1000 cft. for 3,31,611 cft. of earth work as against Rs. 35.78 P. according to the schedule of rates. This resulted in an extra expenditure of Rs. 26,170 upto August, 1966. The work is in progress.

The matter was reported to Government and the Chief Engineer in May, 1966; their replies are awaited (December, 1966).

CHAPTER V

STORES AND STOCK ACCOUNTS

61. *Synopsis of important accounts*—(A) A synopsis of the important Stores and Stock Accounts for 1965-66 (other than those relating to Government Commercial and Quasi-Commercial departments/undertakings, etc.) is given below:—

Sl. No.	Name of account	Opening balance	Receipts	Issues	Closing balance
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(In lakhs of rupees)

IRRIGATION AND POWER DEPARTMENT

Irrigation branch

(1)	Hirakud Dam Project— Stage I	1,72.17	17.14	8.76	1,80.55
(2)	Hirakud Dam Project— Stage II, Hirakud Subsidiary Power House, Chiplima	—6.25	2.12	2.13	—6.26(a)
(3)	Salandi Irrigation Project ..	18.00	70.94	55.43	33.51
(4)	Anandapur Barrage Project	8.99	1.62	6.15	4.46

HOME DEPARTMENT

(5)	Home: P u b l i c Relations Department	19.18(b)	8.42	8.95	18.65
(6)	Jails: Maintenance Depart- ment	8.08(c)	22.25	21.76	8.57
(7)	Jails: Manufactory Depart- ment	2.70(d)	8.63	8.26	3.07
(8)	Orissa Police Motor Trans- port Workshop, Cuttack	2.41(e)	2.48	3.13	1.76(f)

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

(b) The difference of Rs. 0.13 lakh between the closing balance of 1964-65 and the opening balance of 1965-66 is mainly due to exclusion of some articles sold by public auction during 1964-65 which came to notice during 1965-66.

(c) Difference of Rs. 0.01 lakh compared with the closing balance as on 31st March, 1965 is stated by the department to be due to arithmetical mistake last year.

(d) Difference of Rs. 0.02 lakh compared with the closing balance as on 31st March, 1965 is stated by the department to be due to excess valuation last year.

(e) Difference of Rs. 0.11 lakh in the opening balance is due to inclusion of accounts of Sambalpur branch of the workshop for 1964-65.

(f) The closing balance includes obsolete stores worth Rs. 0.12 lakh.

Sl. No.	Name of account	Opening balance	Receipts	Issues	Closing balance
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(In lakhs of rupees)

FINANCE DEPARTMENT

(9)	Non-judicial Stamps	89.07	83.60	4.54	1,68.13
(10)	Judicial Stamps	73.97	41.54	1.16	1,14.35

CO-OPERATION AND FORESTRY DEPARTMENT

(11)	Forest Department	9.63	2.61	1.67(h)	10.57
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REVENUE DEPARTMENT

		Kgs.	Kgs.	Kgs.	Kgs.
(12)	Medicinal Opium—				
	(i) In Central Depot	60.547	1,060.443	960.375	100.615
	(ii) With District Excise officers	60.251(g)	960.375	973.601	7.025(j)

(B) A synopsis of the store accounts of some of the departments for 1962-63, 1963-64 and 1964-65 received after finalisation of the Audit Report, 1966, are given below :—

IRRIGATION AND POWER DEPARTMENT

Electrical Branch

(13)	Talcher Thermal Scheme (1964-65)	30.47	84.43	82.29	32.61
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HEALTH DEPARTMENT

(14)	Government Head-quarters Hospitals (11) including Sri-ram Chandra Bha n j a Medical College Hospital, Cuttack and Berhampur Medical College Hospital (1963-64)	33.49	50.99	44.08	40.40(k)
(15)	Sales Stores (Medicine) (1963-64)	5.57	4.76	4.23	6.10(l)

(g) Difference of 1.034 Kgs. compared with the closing balance as on 31st March, 1965 is due to rectification of mistakes in the accounts of the District Office, Balasore for 1964-65.

(h) Includes Rs. 1.16 lakhs being depreciation on revaluation and Rs. 0.09 lakh on account of shortages written off.

(i) This includes 6.495 Kgs. shown in the annual return in respect of Koraput District. A check of annual return with reference to the details of the stocks showed that the correct figure should be 3.075 Kgs. Thus the closing balance should be 43.605 Kgs. The discrepancy of 3.420 Kgs. has not been reconciled by the department.

(k) The closing balance of Rs. 40.40 lakhs includes Rs. 0.56 lakh representing value of stores stated to have been written off; these have not been excluded as details therefor have not been intimated by the department.

(l) Includes Rs. 0.20 lakh representing value of time-expired medicines up to 1963-64 not written off (November, 1966).

Sl. No.	Name of account	Opening balance	Receipts	Issues	Closing balance
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(In lakhs of rupees)

INDUSTRIES DEPARTMENT

(16)	Orissa School of Engineering (workshop), Cuttack (1964-65)	4.06	0.47	0.06	4.47
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Shortages amounting to Rs. 0.76 lakh found on verification of stock in June, 1965 have not yet been regularised (November, 1966).

COMMERCE DEPARTMENT

(17)	Orissa Government Press, Cuttack (1964-65)—				
	(i) Stationery Branch (Stationery and Water mark plain paper)	2.43	11.99	11.55	2.87
	(ii) Press Proper (Printing and binding materials and miscellaneous articles)	51.48	38.36	35.53	54.31

Shortages amounting to Rs. 5,000 found on verification of stock during 1963-64 and 1964-65 have not yet been regularised (November, 1966).

AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT

(In lakhs of metric tonnes)

(18)	Chemical Fertilisers (1958-59 to 1962-63)	0.07	1.21	0.79	0.49(m)
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62. *Non-receipt of Stores and Stock Accounts*—Mention was made in paragraph 83 of Audit Report, 1966 of the arrears in submission of Stores and Stock Accounts to Audit. The position continued to be unsatisfactory during the year 1965-66 also. Stores and stock accounts have not been received from 10 Roads and Buildings and Expressway divisions from 1962-63, from 4 divisions from 1963-64, from 3 divisions from 1964-65 and from 22 divisions for 1965-66. In the Irrigation and Multipurpose River Projects, Stores and Stock Accounts were not received from 2 divisions from 1962-63, from 4 divisions from 1963-64, from 5 divisions from 1964-65 and from 23 divisions for 1965-66.

The total value of stock held by these divisions as at the end of each of the years 1962-63 to 1965-66 is indicated below :—

Year	Total value of stock held by the divisions as at the end of the year
	(In crores of rupees)
1962-63	2.45
1963-64	2.05
1964-65	0.08
1965-66	0.72

(m) Includes shortage of 16 tonnes yet to be regularised by the department.

The accounts are also awaited from the departmental officers in respect of Chemical Fertilisers from 1963-64, Government Head-quarters Hospitals including Medical College Hospitals at Cuttack and Berhampur, Sales Stores (Medicine) from 1964-65, Orissa School of Engineering (Workshop), Cuttack and Orissa Government Press, Cuttack for 1965-66.

The details of the arrears are given in Appendix XII, page 176.

63. *Non-fixation of reserve limit of stock*—The rules of Public Works Department provide that the value of stores held in stock should not exceed the limit specified by Government. But during 1963-64 and 1964-65, reserve stock limit was not sanctioned in respect of 23 Divisions and 20 Divisions respectively; the value of stores held by these Divisions at the end of the year 1963-64 and 1964-65 was Rs. 2.55 crores and Rs. 1.19 crores respectively.

INDUSTRIES DEPARTMENT

64. *Shortage of Stock*—Physical verifications of the stock of tools and plant, consumable stores etc., in the work-shops of the Orissa School of Engineering, Cuttack, conducted in June, 1965, after a lapse of 12 years, disclosed a shortage of articles valued at Rs. 0.76 lakh and unserviceable stores of the value of Rs. 44,082. The shortages were attributed by Government (March, 1966) to (i) delay in conducting annual physical verification of stock as required under rules, (ii) improper maintenance of stock accounts and (iii) probable loss of used and unserviceable articles due to frequent shifting to make room for new arrivals. Responsibility for the shortages has not been fixed so far and unserviceable stores have not been disposed of (October, 1966).

IRRIGATION AND POWER DEPARTMENT

Delta Irrigation Scheme

65. *Expenditure on idle machinery*—In the Delta Irrigation Project, machines costing Rs. 9.70 lakhs were acquired from the Hirakud Dam project during 1958-59. Of these one Walking Dragline costing Rs. 6.25 lakhs has not been used after June, 1963, as there was no work for it. An expenditure of Rs. 1.57 lakhs was, however, incurred on its maintenance during July, 1963 to March, 1966. The machine is proposed to be transferred to Kerala Government (August, 1966).

One Lima Shovel costing Rs. 3.45 lakhs could not be put into operation at all as it was not in working condition. No information is available as to whether it was inspected before acquisition. An expenditure of Rs. 0.26 lakh was incurred on its installation, maintenance and purchase of spare parts upto March, 1966. The machine was declared surplus to requirement in April, 1965 and is yet to be disposed of (August, 1966).

The matter was reported to Government in May, 1966; their reply is awaited (February, 1967).

CHAPTER VI

REVENUE RECEIPTS

66. *Variation between Budget Estimates and Actuals*—The Budget Estimates for 1965-66 contemplated revenue receipt of Rs. 81.35 crores; the revenue realised during the year, however, was Rs. 80.39 crores resulting in a short fall of Rs. 0.96 crore which constitutes about 1 per cent of the estimate. Although the revenue receipts as a whole approximated closely to the budget estimate, substantial variations were noticed under some of the heads of tax and non-tax revenues of the State as well, as under Grants-in-aid from Central Government as indicated below:—

Major heads	Budget 1965-66	Actual 1965-66	Variations		Reasons for variations
			Amount	Percentage	
1	2	3	4	5	6
	(In crores of rupees)				
(1) Grants-in-aid from Central Government	27.14	20.59	—6.55	24	Mainly less receipt of grants under the substantive provision (Rs. 2.25 crores), non-receipt of grants on account of Tribal and Rural Welfare schemes (Rs. 0.60 crore) and smaller assistance for State Plan Schemes under Community Development Programme (Rs. 1.74 crores), Agriculture (Rs. 0.66 crore), Public Health (Rs. 0.26 crore), Education (Rs. 0.09 crore), Miscellaneous Social and Developmental Organisations (Rs. 0.40 crore) and Miscellaneous schemes (Rs. 0.49 crore).

Major heads	Budget 1965-66	Actuals 1965-66	Variations		Reasons of variations
			Amount	Percentage	
1	2	3	4	5	6
(In crores of rupees)					
(2) Land Revenue	3.40	2.87	-0.53	16	Mainly low realisation of land revenue from Government estates, (Rs. 0.45 crore) and rates and cess on land (Rs. 0.19 crore); partly set off by increased miscellaneous receipts (Rs. 0.11 crore).
(3) Multipurpose River Schemes	2.87	2.37	-0.50	19	Accounting the receipts from Irrigation rates of Hirakud canal system under different major heads viz., "XXXIV-Irrigation, etc." and smaller revenue yield from sale of power generated from Hirakud Dam Project due to fall of water level in the reservoir.
(4) Other Taxes and Duties	1.65	1.30	-0.35	21	Mainly, smaller receipt of Electricity Duty (Rs. 0.30 crore) and less realisation of arrears on account of tax on goods carried by Roads and Inland Waterways (Rs. 0.13 crore) partly counterbalanced by better realisation under Entertainment Tax (Rs. 0.06 crore) due to increase in the rate of tax and checking of evasion of tax.

Major heads	Budget 1965-66	Actuals 1965-66	Variations		Reasons of variations
			Amount	percentage	
1	2	3	4	5	6
(In crores of rupees)					
(5) Agriculture	0.79	0.56	-0.23	29	Mainly, non-materialisation of receipts from horticultural section (Rs. 0.11 crore), less realisation on account of sale of manure and farm produce (Rs. 0.10 crore) and Tractor ploughing by private parties (Rs. 0.05 crore).
(6) Medical	0.27	0.14	-0.13	48	Less recovery from Employees' State Insurance Corporation on the sale of medicines (Rs. 0.10 crore) and non-materialisation of Contributions (Rs. 0.03 crore).
(7) Animal Husbandry	0.46	0.32	-0.14	30	Mainly less realisation of revenue from the schemes 'Pre-mixed Poultry Feed' and 'Poultry Breeding Farm'.
(8) Rural Development	0.13	0.02	-0.11	84	Non-materialisation of recoveries from Panchayat Samitis on account of Pay of Grama Panchayat Secretaries owing to non-finalisation of reorganisation of the scheme.

Major heads	Budget 1965-66	Actuals 1965-66	Variations		Reasons of variations
			Amount	Percentage	
1	2	3	4	5	6
(In crores of rupees)					
(9) Interest ..	7.57	9.61	+2.04	27	Mainly increased interest receipts from Commercial Irrigation schemes (Rs. 0.44 crore), Delta Irrigation Scheme (Rs. 0.60 crore), Balimela Dam Project (Rs. 0.24 crore), Talcher Thermal Scheme (Rs. 0.35 crore), and loans and advances by the State Government (Rs. 0.65 crore) partly counter-balanced by less realisation of interest from Government Trading relating to Grain Purchase Scheme (Rs. 0.05 crore); and smaller guarantee fees (Rs. 0.06 crore).
(10) Sales Tax	8.32	9.93	+1.61	20	Better realisation of Sales Tax chiefly due to administrative measures adopted for prevention of evasion of tax.
(11) Miscellaneous Social and Developmental Organisations	1.06	2.02	+0.96	90	Mainly, more receipts from Mineral concession fees (Rs. 0.86 crore) and Tribal and Rural Welfare Schemes (Rs. 0.06 crore).

Major heads	Budget 1965-66	Actuals 1965-66	Variations		Reasons of variations
			Amount	Percentage	
	2	3	4	5	6
(In crores of rupees)					
(12) Electricity Schemes	0.88	1.59	+0.71	81	Mainly, realisation of arrear royalty from Government of Andhra Pradesh on account of Machkund Hydro Electric (Joint) Scheme and arrears from Orissa Cement Factory towards supply of power.
(13) Forest	4.17	4.70	+0.53	12	Increased receipts under "Timber and other produce removed from the Forest by Consumers and Purchasers" chiefly due to rise in price of wood and better collection.
(14) Public Works	0.43	0.86	+0.43	100	Mainly, more receipts on account of house rent (Rs. 0.09 crore), recoveries of expenditure on account of National Highway Project taken as receipt instead of recoveries (Rs. 0.09 crore) and miscellaneous receipts (Rs. 0.25 crore).
(15) Education	0.42	0.64	+0.22	52	Chiefly, increased receipts on account of fees in Government Secondary Schools (Rs. 0.03 crore) and Miscellaneous receipts (Rs. 0.24 crore).

Major heads	Budget 1965-66	Actuals 1965-66	Variations		Reasons of variations
			Amount	Percentage	
1	2	3	4	5	6
(In crores of rupees)					
(16) Miscellaneous	0.30	0.53	+0.23	76	Mainly, increased recoveries on account of over-payment (Rs. 0.06 crore), more collection for services rendered (Rs. 0.07 crore) and Miscellaneous receipts (Rs. 0.19 crore); partly counter-balanced by smaller receipts under "unclaimed deposits" (Rs. 0.09 crore).
(17) State's share of Union Excise Duties	8.13	8.49	+0.36	4	Larger assignment of shares of divisible Union Excise Duties by the Central Government.

FINANCE DEPARTMENT

Sales Tax

67. (a) *Under-assessments, escapements, etc.*—Test check conducted in 9 circles during 1965-66 revealed under-assessments, escapements of tax, non-levy of interest, non-imposition of penalty, etc., amounting to Rs. 1.06 lakhs in 53 cases as detailed below:—

(i) *Under Assessment*—In 6 circles, 9 cases of under-assessment of tax amounting to Rs. 8,718 were noticed.

Particulars	Number of cases	Amount of tax under-assessed
		Rs.
(a) Verified figures of sales and purchases accepted by the dealers not taken into account by the assessing authority	2	1,833

Particulars	Number of cases	Amount of tax under-
		assessed
		Rs.
(b) Claims on account of sales to registered dealers allowed wrongly	4	1,306
(c) Adjustment of tax realised from the customers towards tax payable on purchase turnover by the dealer	1	1,983
(d) Application of wrong rate of tax under Central Sales Tax Act	2	3,596

(ii) *Escapement of Tax*—In 2 circles, 3 cases of escapement of tax amounting to Rs. 6,833 were noticed as mentioned below:—

Particulars	Number of cases	Amount
		Rs.
(a) Cases time-barred due to non-detection of sales beyond taxable limits in time	1	2,824
(b) Fixing liability of a dealer to pay tax from a later date even though he became liable from earlier date	1	1,741
(c) Non-payment of tax on the stocks on the date the goods were brought to purchase tax.	1	2,268

Action taken by the department in the cases at (b) and (c), which are not time-barred has not been intimated (September, 1966).

(iii) *Non-levy of interest*—A dealer who defaults in payment of tax is liable to pay interest at 6 per cent for first three months and 12 per cent thereafter on the amount of tax as laid down in the Orissa Sales Tax Act. In 5 circles, 23 cases were noticed in which the dealers defaulted in payment of tax. Interest amounting to Rs. 0.07 lakh became payable by the dealers. The Act *inter alia* provides that the tax together with the interest payable should be recovered as arrears of land revenue. In 20 of these cases requisitions were sent to the Certificate Court for recovery of tax; interest was not calculated and included in the total demand in these cases.

(iv) *Non-imposition of penalty*:—Mention was made in paragraph 87(a) of the Audit Report, 1966 of certain cases of non-imposition of penalty leviable on account of purchases having been made by the dealers at concessional rate of tax on the strength of 'C' form although the concessional rate was not available. During 1965-66, 13 more cases were noticed in 5 Commercial Tax circles where purchases were made at concessional rate of tax on the strength of 'C' form although the goods purchased were not specified in the registration certificates of the dealers. The dealers were accordingly liable to pay penalty upto a maximum amount of Rs. 43,865. No penalty has, however, been imposed by the Department so far (September, 1966).

In two circles, 4 other cases were noticed where goods worth Rs. 2.35 lakhs not specified in the registration certificates were purchased by the dealers for use in manufacture and generation of electricity by paying tax at concessional rate. This was not admissible under the rules. The dealers were liable to penalty upto a maximum amount of Rs. 26,217. No penalty has been imposed by the Department in this case also (September, 1966).

(v) *Availing of tax concession where not admissible—(a) Wrong inclusion of articles in the registration certificate*—A dealer who was registered as a manufacturing concern in textile goods purchased building materials, electrical goods, packing materials, etc., worth Rs. 2.33 lakhs which were not directly required for use in manufacture and paid tax at concessional rate (availing concession of Rs. 0.14 lakh) instead of at the full rate. These articles had been wrongly included by the Sales Tax authorities in the registration certificate. The matter was reported to the Commissioner of Commercial Taxes in September, 1965; the action taken in this regard has not been intimated so far (July, 1966).

(b) *Acceptance of incomplete declaration form*—According to the provisions of the Central Sales Tax Act, a dealer who in the course of inter-State trade or commerce, sells any goods to a registered dealer, is liable to pay tax at the concessional rate of 1 per cent in respect of goods specified in the registration certificate of the purchasing dealer as against the full rate of 7 per cent. This concession is admissible only if he furnishes to the assessing authorities, along with the return or before the assessment is completed, a declaration in form 'C' or 'D' obtained from the purchasing dealer duly filled in and signed by the latter containing all the particulars prescribed therein. In one circle, even though the declaration furnished by 4 dealers did not contain the prescribed particulars, they were assessed to tax at the concessional rate of one per cent (Rs. 11,429) instead of at the full rate of 7 per cent (Rs. 80,005).

Based on the audit findings, demand for Rs. 2,410 has so far been raised by the Department in 5 of these cases. Realisation of the assessed demand in these cases is awaited (September, 1966).

• CO-OPERATION AND FORESTRY DEPARTMENT

68. *State Trading in Kendu leaves*—Mention was made in paragraph 19(iii) of Audit Report, 1966 regarding the introduction of State Trading in Kendu leaves from May, 1963 and the booking of receipts and expenditure on the scheme in a "Suspense" account outside the Consolidated Fund of the State. In December, 1965, Personal Ledger Accounts within the Consolidated Fund have been opened in the names of 22 Divisional Forest Officers to accommodate the transactions pertaining to the trade. In spite of this, receipt of Rs. 9.23 crores and expenditure of Rs. 7.45 crores booked in the Suspense account from May, 1963 to November, 1965 have not been transferred to the Consolidated Fund so far (October, 1966).

The receipts and expenditure booked in the Personal Ledger Accounts within the Consolidated Fund in respect of the trade from December, 1965 to March, 1966 amounted to Rs. 2.88 crores and Rs. 2.77 crores respectively.

The following statement gives the amounts credited to Government on account of revenue from Kendu leaves under the contract system upto 1962-63 and the State monopoly trade thereafter.

Year	Amount (Rupees in lakhs)
1958-59	70.63
1959-60	75.85
1960-61	12.35
1961-62	38.18
1962-63	1,00.75
1963-64	83.22
1964-65	85.37
1965-66	84.68

It will be observed that the total amount credited to revenue during the period May, 1963 to March, 1966 was Rs. 2.53 crores whereas the difference between the credits and debits in the Suspense account and Personal Ledger Accounts was Rs. 1.89 crores only. The Department did not maintain *pro forma* accounts, showing the working results of the Trading Scheme as required under the rules. Audit has, therefore, not been able to verify the correctness of the amounts credited to Government.

The following further points have been noticed—

(i) *Non-recovery of sales tax from purchasers*—According to the Sales Tax Act, Forest Department of the State Government is liable to pay sales tax at the rate of 5 per cent on the sale price of leaves. As the agreements executed with the purchasers of the Kendu leaves, the Forest Department had to bear the entire burden of the tax from out of revenue of the trade; the total amount of sales tax paid on this account from May, 1963 to end of 1965-66 worked out to about Rs. 60.00 lakhs. This resulted in loss of revenue to the State.

(ii) *Reimbursement to agents without reference to actual expenses*—According to the agreements executed with the agents, the actual charges incurred by the agents for processing, storage, transport, bagging and other handling charges subject to a maximum per bag are to be reimbursed by Government; for the purpose of reimbursement, the agents are required to maintain daily accounts and submit their monthly accounts to the concerned Forest Officers. In November, 1963 Government ordered the reimbursement of processing charges of leaves to the agents up to the limit provided in the agreement after obtaining a certificate that the actual expenditure incurred by the agents on the processing of leaves was at a rate not less than the rate specified in the certificate on the ground that it was not possible to check the accounts of the agents with the meagre staff of the Forest Divisions. A similar certificate on the same ground was also prescribed in December, 1963 for reimbursement of charges on account of collection or purchase of leaves by the agents. This procedure still continues (September, 1966).

(iii) *Loss due to uneconomical fixation of rates*—Under the system of State Trading in Kendu leaves, the rates of reimbursement to agents as also the sale price per bag recoverable from the purchasers beyond a minimum specified number of bags that are collected in a unit during a particular procurement season are determined by Government. In certain cases, the rates of remuneration per bag were fixed by Government at higher rates while the corresponding sale price was fixed at a lower rate compared with the rate fixed for the minimum specified number; this was stated to have been done to give incentive to the agents and the purchasers. Some of the cases in which the rates fixed proved uneconomical are indicated below:—

(The rates are per standard bag of 2½ maunds)

	Unit number 80 of Sundergarh Division		Unit number 40 of Sambalpur Division		Unit number 14 of Sambalpur Division	
	Minimum bags	Excess production	Minimum bags	Excess production	Minimum bags	Excess production
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sale Price	85.00	81.00	80.00	76.00	113.50	96.50
Reimbursement to agents	75.00	80.00	70.00	75.00	75.00	94.00
Margin of profit before payment of sales tax	10.00	1.00	10.00	1.00	38.50	2.50
Sales tax	4.50	4.05	4.00	3.80	5.68	4.83
Net profit (+) Loss (-)	+5.50	-3.05	+6.00	-2.80	+32.82	-2.33

A test check of the accounts of 26 units in 6 divisions revealed a total loss of Rs. 21,685 as a result of this uneconomical fixation of rates.

Division	Excess bags collected over the stipulated number	Average rate of sale per bag	Average rate of reimbursement per bag	Sales tax paid per bag	Loss	
					Per bag	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
Sundergarh (4 units)	1,779	79.75	77.62	3.98	1.85	3,291
Sambalpur (9 units)	1,885	83.17	81.00	4.16	1.99	3,751
Phulbani (3 units)	4,543	95.16	91.33	4.76	0.93	4,225
Rairakhol (6 units)	4,375	93.50	90.83	4.67	2.00	8,750
Angul (2 units)	638	87.00	84.50	4.35	1.85	1,180
Ghumsur (2 units)	217	65.00	64.00	3.25	2.25	488
					Total	21,685

69. *Loss of revenue*—In Phulbani Forest Division, two agents collected 37,020 maunds of kendu leaves during 1963. The agents who collected the leaves on behalf of Government were also appointed as purchasers of the leaves. The leaves were to be processed and packed in bags weighing $2\frac{1}{2}$ maunds each. Instead of bagging the leaves in 14,808 bags of $2\frac{1}{2}$ maunds each, the agents put it in 14,461 bags of greater weight. Remuneration was paid to the agents for 14,461 bags at the rates applicable for bags of $2\frac{1}{2}$ maunds weight after adjusting the collection charges. There was thus a loss of Rs.25,099 to Government on 347 standard bags.

The State Government did not include a provision in the agreement for collection of Sales Tax from the purchasers. However, Sales Tax amounting to Rs. 60,843 was paid by Government on the sale proceeds which resulted in further loss.

In January, 1964 Government ordered the recovery of the cost of extra weight of leaves collected by the agents. After action was initiated, Government decided in April, 1964 not to realise the extra cost in view of the efficient work of these agents in their respective units.

70. *Non-realisation of forest revenue*—In Bamra forest division, an agreement was executed by an agent in April, 1962 for collection and purchase of 8,000 bags of Kendu leaves for a consideration of Rs. 2.55 lakhs payable in four equal instalments of Rs. 63,750 due on 15th July, August, October and December, 1962.

The agent was allowed to transport in May, 1962, 25 per cent of the stock of Kendu leaves collected by him before payment of first instalment of consideration money; permission to transport another 25 per cent of stock of leaves was granted in November, 1962 after payment of first instalment of consideration money. Subsequently, under orders of Government issued in April, 1963 the agent was allowed to remove the balance of leaves collected by him merely on an undertaking obtained from the agent and his surety to pay the entire outstanding dues (Rs. 1,91,250) by 31st May, 1963. A sum of Rs. 600 was realised in October, 1965.

No action was taken by the Divisional Officer to realise the outstanding dues from the agent till May, 1965; a certificate case for Rs. 1,94,136 including interest of Rs. 3,486 has been instituted against the party in May, 1965. The case is pending and recovery of the amount is awaited (September, 1966).

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

REVENUE AND EXCISE DEPARTMENT

71. *Non-recovery of hire charges*—A departmental truck maintained by the Collector, Phulbani was used by private parties for total run of 21,000 miles during the period 1954 to 1958 without payment of hire charges. According to rules approximate hire charges should normally be obtained in advance from private parties. An amount of Rs. 21,000 became payable

by the private parties towards hire charges. The matter was brought to the notice of Government in April, 1958. The Revenue Divisional Commissioner, Southern Division intimated in July, 1966 that "demand notices appear to have been served" by the Collector, Phulbani on the parties to pay up the dues.

The dues are yet to be recovered (July, 1966).

IRRIGATION AND POWER DEPARTMENT

72. *Loss of revenue*—According to a decision taken by Government in April, 1962 the lease of the fishery rights of Birupa Anicut should be fixed on the basis of rent equal to the average of previous three years collection. The average rent for the years 1961-62 to 1963-64 worked out to Rs. 8,940. The lease of the fishery rights of Birupa Anicut was, however, awarded at the fixed rate of Rs. 5,001 to a Fishermen Co-operative Society for 3 years from 1964-65. This has resulted in a loss of revenue amounting to Rs. 11,817.

The matter was reported to the Chief Engineer and Government in July, 1966; their replies are awaited (December, 1966).

73. *Arrears in collection of revenue*—According to the figures furnished by some of the Departments, the arrears in the collection of revenue or realisation of receipts as on 31st March, 1966 amounted to Rs. 10.18 crores as shown below:—

Department	Nature of Revenue	Arrears (In lakhs of rupees)	Yearwise break up		Remarks
			Year	Amount (In lakhs of rupees)	
1	2	3	4	5	6
(1) Finance	(i) Sales Tax	2,72.98	(a)	(a)	The break up of the arrears of commercial tax demands as intimated by the Departmental authorities are detailed below—
	(ii) Agricultural Income Tax	18.85			
	(iii) Taxes on goods carried by Road and Inland water ways	69.23			
	Total	3,61.06			(Rupees in lakhs)
			(i) Arrears covered by stay order	1,05.28	
			(ii) Arrears covered by certificate cases	52.82	
			(iii) Arrears covered by notices to third parties contemplated in the Act	34.91	
			(iv) Arrears covered by notices of penalty	94.79	
			(v) Arrears awaiting recovery by coercive measures contemplated under the Act	22.63	

(a) The yearwise break up of the amount of arrears has not been furnished by the Commissioner of Commercial Taxes.

Department	Nature of Revenue	Arrears (In lakhs of rupees)	Yearwise break up		Remarks
			Year	Amount (In lakhs of rupees)	
1	2	3	4	5	6
			(vi) Recovery kept in abeyance—		(Rupees in lakhs)
			(1) Proposed to be written off being irrecoverable.		30.82
			(2) Outstanding against works contractors. (likely to be written off).		8.42
			(3) Outstanding against the dealers outside the State recovery of which is stated to be beyond control.		11.39
(2) Revenue ..	(i) Land rent ...	1,20.92	1964-65 and earlier years	1,36.21	Collection of land revenue amounting to Rs. 23.77 lakhs was suspended during 1965-66 under orders of Government on account of drought in the State.
	(ii) Cess ..	39.41	1965-66	73.24	
	(iii) Miscellaneous Revenue	49.12			
	Total ..	2,09.45			
(3) Mining and Geology	Mining revenue	1,16.74	1953-54 to 1963-64	85.41	The break up of some of the important items of arrears amounting to Rs. 84.17 lakhs is as follows—
			1964-65	18.20	
			1965-66	13.13	
			(i) Arrears covered under stay order.		8 55.24
			(ii) Arrears covered by certificate cases.		6 6.83
			(iii) Arrears covered by execution case.		1 3.04
			(iv) Cases in which properties have been distrained.		2 8.70
			(v) Cases pending with Government for finalisation.		5 10.36

Department	Nature of Revenue	Arrears (In lakhs of rupees)	Yearwise break up		Remarks
			Year	Amount (In lakhs of rupees)	
1	2	3	4	5	6
(4) Co-operation and Forestry	Forest leases ..	1,35.70	1943-44 to 1963-64 1964-65 1965-66	73.40 10.72 51.58	The arrears in- clude Rs. 39.28 lakhs covered by certificate cases.
(5) Industries	(i) Interest on loans to Indus- trial concerns	21.84	..	..	..
	(ii) Interest on loans to Co- operative Socie- ties	8.33	..	..	The arrears are mainly due from Power-loom Weavers' Co- operative Socie- ties.
	(iii) Interest on loans to Khadi and Village Industry units	0.94	..	..	The arrears are mainly due from Village Industry Units
	(iv) Dividends from 7 Joint Stock Com- panies and Cor- porations	15.02	..	..	..
	(v) Guarantee fee from 15 Com- panies	0.99	..	..	..
	(vi) Rent from Industrial Estates	4.56	..	..	Arrears include Rs. 0.58 lakh covered by certi- ficate cases in respect of 7 Companies.
	(vii) Sale proceeds of leather goods	0.96	..	..	The arrears are due from—
					(Rupees in lakhs)
				(i) Private parties	.. 0.05
				(ii) Government department	0.84
				(iii) Government undertakings	0.07
(6) Transport	Total ..	52.64			
	(i) State Trans- port Service receipts.	13.60	Upto 1963-64 1964-65 1965-66	5.92 4.06 3.62	The arrears were on account of—
					(Rupees in lakhs)
				(i) Bus warrants	.. 0.83
				(ii) Postal subsidy	.. 3.47
				(iii) Other Government Depart- ments.	4.32
				(iv) Private parties	.. 4.98
	(ii) Motor Vehicle Tax	37.24	..	..	..
	Total ..	50.84			

Department	Nature of Revenue	Arrears (In lakhs of rupees)	Yearwise break up		Remarks
			Year	Amount (In lakhs of rupees)	
1	2	3	4	5	6
(7) Home	(i) Recovery of cost of police guards	32.74	1961-62 to 1963-64 1964-65 1965-66	0.60 6.07 26.07	The arrears were on account of— (Rupees in lakhs)
			(i) Cost of Police Guards	2.44	
			(ii) Cost of Military Police guards.	30.30	
	(ii) Jail receipts	0.50	1937-38 to 1963-64 1964-65 1965-66	0.08 0.27 0.15	The arrears are mainly due from various Departments of Government.
	(iii) Hire charges, advertisement charges and rent	0.19	Upto 1964-65 1965-66	0.05 0.14	
	Total	33.43			
(8) Works— (Roads and Buildings and Public Health)	(i) House rent	4.96	..	..	Information in respect of arrears were not received from 5 Roads and Buildings divisions, 7 Public Health Divisions, 1 Express way project division and 3 National High way Project divisions.
	(ii) Hire charges	2.02	..	..
	(iii) Water rent	1.67	..	..
	(iv) Ferry charges	0.50	..	..
	(v) Miscellaneous revenue	1.06	..	..
	Total	10.21			
(9) Irrigation and Power (Irrigation, Electricity and Trakud)	(i) Receipts due to Jobra work shop	4.08	..	..	The arrears were due from— (Rupees in lakhs)
			(i) Divisional Officers of Delta Irrigation Scheme	2.70	
			(ii) Other Government Departments	1.27	
			(iii) Private parties	0.11	

Departments	Nature of Revenue	Arrears (In lakhs of rupees)	Yearwise break up		Remarks
			Year	Amount (In lakhs of rupees)	
1	2	3	4	5	6
	(ii) Compulsory Water rates.	14.64	1963-64 1964-65 1965-66	0.28 3.94 10.42	Information in respect of arrears were not received from 13 Irrigation and Electricity divi- sions.
	(iii) House rent	4.66	..	..	..
	(iv) Water rates	2.98	..	..	..
	(v) Testing charges	0.60	..	..	..
	(vi) Miscellaneous revenue	2.34	..	..	..
	Total ..	29.30			
(10) Agriculture	(i) Agriculture revenue	5.71	..	..	..
	(ii) Fishery revenue	0.97	Up to 1963-64 1964-65	0.31 0.07	Arrears are mainly on account of supply of spawn fish, shark liver oil and nylon twines and are chiefly due from Grama Panchayats Blocks, Co- operative socie- ties and Govern- ment officers.
	Total ..	6.68	1965-66	0.59	
(11) Other Departments	(i) Medical Re- ceipts (Health)	4.61	..	..	Arrears are mainly due from Municipalities.
	(ii) Rent from Government buildings (Political and Services)	3.95	..	..	..
	(iii) House rent and interest on loans (Com- munity Deve- lopment and Panchayati Raj)	2.26	..	..	..
	(iv) Receipt due to Government Press (Com- merce)	1.03	..	..	..
	Total ..	11.85			

CHAPTER VII
GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION A

Statutory Corporation

74. There were three Statutory Corporations in the State as on the 31st March, 1966, viz:

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

Government investment as on 31st March, 1966 in the share capital of the first two Statutory Corporations was Rs. 64.18 lakhs and Rs. 11 lakhs respectively.

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

	1963-64	1964-65	1965-66
	(In lakhs of rupees)		
(1) Authorised Capital ..	2,00.00	2,00.00	2,00.00
(2) Paid up Capital—			
(a) Share of Orissa Government ..	64.18	64.18	64.18
(b) Others ..	35.82	35.82	35.82
Total ..	1,00.00	1,00.00	1,00.00
(3) Borrowings ..	13.00	62.00	1,17.85
(4) Free Reserves—			
(i) Capital Reserve ..	0.25	0.08	0.08
(ii) Special Reserve under Income Tax Act.	1.16	1.78	3.46
(iii) Special Reserve under Section 35-A of the State Financial Corporation Act.	2.00	3.50	5.00
(5) Total capital invested [Items (2), (3) and (4)].	1,16.41	1,67.36	2,26.39
(6) Block assets (net) ..	0.17	0.17	0.21
(7) Depreciation ..	0.12	0.14	0.15
(8) Excess of Income over expenditure before provision for taxation.	6.05	6.20	6.73
(9) Intangible assets to be written off out of future profits.	4.72	5.42	6.12
(10) Percentage of return on Capital employed.	5.20	3.70	2.97

(ii) The divisible profit during the year 1965-66 amounted to Rs. 2.14 lakhs; this was not sufficient to meet the guaranteed dividend of Rs. 3.75 lakhs. The liability of the State Government for payment of the guaranteed dividend during 1965-66 amounted to Rs. 1.61 lakhs. The subventions from the State Government to meet the guaranteed dividend over a period of 9 years upto March, 1966 amounted to Rs. 7.73 lakhs.

76. *Orissa State Warehousing Corporation*—The Orissa State Warehousing Corporation was incorporated in March, 1958 with a paid up capital of Rs. 22 lakhs contributed equally by the Government of Orissa and the Central Warehousing Corporation.

Mention was made in paragraph 77 of the Audit Report, 1965 about the working of the Corporation during the year 1963-64. The working results of the Corporation during the three years ending March, 1966 are given below:—

	1963-64	1964-65	1965-66
	[items (2) to (6) in rupees]		
(1) Number of Warehouses functioning	14	14	14
(2) Warehousing receipts	30,726	72,449	35,243
(3) Interest on investments	61,348	62,940	69,603
(4) Total income	92,074	1,35,389	1,04,846
(5) Expenditure	1,15,488	1,41,073	1,34,732
(6) Net profit (+)/loss (—)	—23,414	—6,284	—29,886
(7) Percentage of expenditure over income.	125	105	128
(8) Total available capacity (In metric tonnes).	9,401	15,183	8,731
(9) Average daily utilisation (In metric tonnes).	1,703	2,316	1,179
(10) Percentage of utilisation of capacity	18	15	13

The loss disclosed in the accounts for 1964-65 is understated to the extent Rs. 0.10 lakh as an amount of Rs. 0.56 lakh was taken as credit on account of accrued warehouse receipts as against a sum of Rs. 0.46 lakh reported by the various warehousing centres. The understatement of the loss will further increase if the non-provision of depreciation on the five godowns of the Corporation constructed and brought into use from 1961-62 to 1964-65 is taken into account; the management has stated in July, 1966 that the accounts of construction of these godowns have not been finalised.

Although the Corporation had constructed its own godowns at five places during December, 1961 to November, 1964, godowns were also taken on rent and retained at four of these places for periods ranging from 8 months to 30 months during the period April, 1963 to September, 1965 for which Rs. 9,195 were paid as rent. The utilisation of the godowns at these four places was as indicated below:—

(Figures in metric tonnes)

	Capacity		Average utilisation			
	Corporation owned godowns	Rented godowns	1962-63	1963-64	1964-65	1965-66
Kantabanji ..	1,353	1,079	411	782	305	5
Gunupur ..	1,353	1,899	475	..	169	61
Kharar Road ..	1,353	764	463	191	119	71
Titilagarh ..	1,353	339	123	..	385	202

The low occupancy of the corporation godowns did not justify the retention of rented godowns.

In the following two rented godowns the receipts were far below the expenditure incurred on their maintenance.

Warehouse	Capacity	Utilisation	Operating expenses	Receipts
	M.T.	M.T.	Rs.	Rs.
Bhambhanagar ..	280	28	3,995	677
Jharsuguda ..	405	34	3,984	798

17. *Orissa State Electricity Board*—The Orissa State Electricity Board was set up on the 1st March, 1961. The Commercial system of accounting was introduced from 1st April, 1965. The presentation of the accounts for the years 1963-64 to 1965-66 by Government to the Legislature under Section 69(4) of the Electricity (Supply) Act, 1948 is awaited (February, 1967).

The State Government has so far (March, 1966) declared a provisional loan of Rs. 17.45 crores in respect of value of assets, transferred from time to time to the Board. Against this, the Board adopted a sum of Rs. 17.57 crores in its accounts as on 31st March, 1966; final allocation of assets and liabilities pertaining to various schemes between the Board and Government is yet to be made. The assets relating to Balimela Power Transmission Scheme transferred to the Board in September, 1962, are yet to be determined; an expenditure of Rs. 6.61 lakhs has been booked in the accounts of Government during 1961-62 and 1962-63 against this scheme.

(2) The accounts of the Board for the period from 1962-63 to 1965-66 indicate the following working results—

	1962-63	1963-64	1964-65	1965-66
	(Figures in lakhs of rupees)			
(A) Capital invested—				
(i) Capital liabilities ..	21,40.77	23,97.07	29,38.07	34,96.23
(ii) Reserves—				
(a) Development Reserve ..	30.34	69.23	1,21.88	1,49.21
(b) Depreciation Reserve ..	76.86	1,50.80	2,40.60	3,35.15
(c) Other Reserves ..	37.52	66.31	1,04.74	1,25.03
(d) Loan Bond Redemption Fund.	36.90	89.77	1,43.08	2,13.67
(B) Working Results—				
(a) Gross Revenue ..	4,42.31	5,97.27	6,95.13	6,28.57
(b) Working expenses ..	3,49.08	4,21.45	4,71.62	5,10.51
(c) Net surplus before charging interest (a—b)	93.23	1,75.82	2,23.51	1,18.06
(d) Interest charges ..	47.53	1,27.26	1,46.20	1,24.71

(3) The following points have been noticed in respect of some of the loans floated by the Board—

(i) The Board floated two series of loan bonds in May, 1962 (Rs. 1,50.00 lakhs) and November, 1962 (Rs. 2,00.00 lakhs) (both redeemable in 1972). After negotiation, two Statutory Bodies, viz., Life Insurance Corporation of India and Bombay Port Trust agreed to subscribe to these loan bonds on payment of brokerage of 12 paise per Rs. 100 in respect of May, 1962 bonds and brokerage-cum-commission of 50 paise (which included brokerage of 12 paise) per Rs. 100 in respect of November, 1962 series. The Bond prospectus issued by the Board contemplated payment of brokerage at 12 paise per Rs. 100 to banks and recognised brokers on allotment made in respect of applications for the bonds bearing their stamp. The investments were made by the above-mentioned two Statutory Bodies through the State Bank of India though application forms were obtained by them direct from the Board. Brokerage amounting to Rs. 20,400 was paid to the State Bank of India and another amount of Rs. 20,400 was paid to the two Statutory Bodies together.

When Audit pointed out the double payment of brokerage, indicating that according to the instructions of the Government of India (May, 1960), the Statutory Bodies were not entitled to any brokerage, the State Government intimated in March, 1966 that these instructions were not known to them.

(ii) According to the Orissa State Electricity Rules, 1962 the liability of the Board in respect of the open market loan is extinguished to the extent the Board invests its funds in the loan bonds issued by it. The Board invested its funds in the loan bonds issued by it at the time the loans were floated as indicated below:—

Date of investment	Amount of investment	Face value of loan bonds	Particulars of loan bonds of Orissa State Electricity Board purchased
(In lakhs of rupees)			
November, 1962 ..	34.82	35.00	4½ per cent bonds, 1972
October, 1963 ..	29.50	30.00	4½ per cent bonds, 1975

The loan bonds were not cancelled and consequently the liability of the Board was not extinguished under the rules to the extent of Rs. 65.00 lakhs. This had the effect of—

(a) Payment of guarantee commission of Rs. 65,000 (at 1 per cent per year to Government on the above amount,

(b) Payment of income tax at source from the interest on the loan bonds each half year (an amount of Rs. 99,750 was paid as tax up to March, 1965).

(c) Payment of management expenses to the State Bank of India in respect of the loan besides collection charges in respect of interest on the investments.

(4) *Loss of interest and under-charges*—(i) The monthly bills issued by the Board to the consumers for consumption of electric energy contemplate recovery of interest if they remain unpaid after 15 days/30 days of the issue of the bills. Interest was not claimed by the Board in any case of default. The interest foregone in 29 major cases in 4 divisions amounted to Rs. 10.29 lakhs during 1964-65 and 1965-66.

(ii) Cases where consumers were charged less than the actual charges during January, 1960 to November, 1964 noticed during 1964-65 and 1965-66 were as follows:—

Nature of under-charges	Number of divisions involved	Number of cases	Amount of under-charge (Rs. in lakhs)
Non-realisation of minimum charges, improper application of tariff and defective agreements.	4	7	2.40
Non-installation of separate meters, and non-metering of electricity consumed for domestic purposes.	2	3	0.52

(5) *Internal check*—According to the provisions of Section 69 (1) of the Electricity (Supply) Act, 1948, the Board is required to have a proper system of internal check. An Audit and Accounts unit was created by the Board in 1962-63 for the maintenance of accounts and audit; the internal audit is heavily in arrears in respect of local audit of the Divisions and also audit of contingencies, non-gazetted establishment and Travelling allowance Bills from 1963-64.

(6) *Loss on sale of power*—(a) Government entered into an agreement in January, 1958 for supply of power generated at Mächkund to the Ferro-Manganese Plant of M/s. Jeypore Sugars at Rayagada upto a demand of 7,000 K. W. at an agreed tariff of Rs. 220 per K. W. per year (which worked out to 3.26 paise per unit). After taking over the distribution system in April, 1962, the Board continued to supply power to the Ferro-Manganese Plant at the same agreed rate though the cost of power at the point of supply to the consumer, was worked out by the Board as 6.11 paise per unit. The Board agreed in December, 1962 to supply additional power of 1,000 K. W. to the Ferro-Manganese Plant at Rs. 300 per K. W. per year (4.40 paise per unit). 19,61.63 lakh units (both the loads put together) were sold to the plant during the period April, 1962 to December, 1965 for Rs. 65.40 lakhs, which resulted in a loss of Rs. 54.66 lakhs to the Board at the rate of (6.11 paise minus 4.40 paise) 1.71 paise per unit.

(b) Government entered into an agreement in November, 1957 for a period of 10 years with Orient Paper Mills Ltd., Brajarajñagar for supply of power to the company from Hirakud upto a demand of 5,000 K. W. at an overall maximum rate of 9 paise per unit. Only 3,200 K. W. of power was utilised by the Paper Mills; the balance of 1,800 K. W. was utilised by the Caustic Soda Plant which mainly provides raw materials for the Paper Mill. Government provisionally fixed a rate of 4.7 paise per unit for a period of three years from February, 1960 for the power consumed by the Caustic Soda Plant.

The distribution system was taken over by the Board from June, 1962. The Board continued to supply power to the Paper Mill and the Caustic Soda Plant. The cost of power at the point of supply to the consumer was worked out (June, 1962) by the Board as 5.34 paise per unit. The Board extended the same agreement beyond February, 1963 i. e., after the expiry of the period of the first agreement. The supply of power to the Caustic Soda Plant at a rate below the cost resulted in a loss of Rs. 2.30 lakhs to the Board during the period from February, 1963 to December, 1965.

(7) The following further points have been noticed—

(i) Security Deposits amounting to Rs. 27.46 lakhs for supply of power to consumers (356 cases) have not been realised in 5 divisions.

(ii) According to the terms and conditions for supply of stores, the Board is entitled to levy penalty on the suppliers who fail to supply materials within the stipulated period. In six divisions, penalty aggregating Rs. 1.14 lakhs leviable on the firms for such delay has not been imposed by the Board.

(iii) The irregularities in the works executed by the Board during the period 1961-65, noticed by Audit between August, 1965 and August, 1966 are detailed below:—

	Number of Divisions	Number of cases	Amount involved (Rs. in lakhs)
(a) Works expenditure incurred without obtaining Administrative approval and Technical sanction	3	71	40.19
(b) Expenditure incurred without a sanctioned estimate	4	235	68.69
(c) Expenditure in excess of sanctioned allotment	4	81	15.85
(d) Expenditure incurred without allotment of funds	3	59	8.31
(e) Expenditure in excess of sanctioned estimate	3	13	2.09

78. *Alleged misappropriation*—A number of discrepancies in cash transactions (e. g. remittance shown in the cash book but not acknowledged by the treasury in the pass book, etc.) noticed in local audit of North Cuttack Electrical Division, Jajpur during September, 1966 were brought to the notice of the Board for detailed investigation. A special investigation conducted by the Board during September, 1966 to November, 1966 revealed temporary misappropriation of amounts totalling Rs. 1.33 lakhs during August, 1965 to May, 1966 and a defalcation of Rs. 0.24 lakh in May, 1966 alleged to have been committed by the *ex-cashier* of the division. These were stated to have been rendered possible due to non-observance of rules and lack of supervision. The Board intimated in December, 1966 that departmental action against the persons responsible was under consideration.

79. *Cancellation of purchase orders and placing fresh purchase orders on the same firm at a higher rate*—The Superintending Engineer, Burla placed two orders on 31st March, 1964 on a firm for supply of 20,000 Kgs. of galvanised Iron Wire of 2 varieties at a total cost of Rs. 33,340 (11,000 Kgs. at Rs. 1.64 per Kg. and 9,000 Kgs. at Rs. 1.70 per Kg.) for supply by 30th April, 1964 though under the rules, a Superintending Engineer can make purchase of stores valued at Rs. 15,000 only at a time.

The firm did not supply the wires on the due date but no action was taken against it for the non-supply and the purchase orders were cancelled in July, 1964. Subsequently, in August, 1964 the firm intimated the Superintending Engineer that due to rise in prices, it did not supply the wires. The firm, however, offered to supply the wires at a uniform rate of Rs. 2.14 per Kg. This offer was accepted and six purchase orders were placed for 42,000 Kgs. of wire at a total cost of Rs. 89,880. The purchase orders were placed, one on each day from 11th to 16th September, 1964 for 7,000 Kgs. of wire valued at Rs. 14,980; the splitting up of the orders was done apparently to keep the value within the powers of purchase of the Superintending Engineer. Compared with the quotations in March, 1964 the difference in cost on the purchase of 20,000 Kgs. of wire amounted to Rs. 9,460. In response to a query as to why tenders were not called for the purchase of 42,000 Kgs. of wire, the Superintending Engineer stated that the purchase

was made considering the urgency of requirements of the materials. The information regarding the date of receipt of the material and its utilisation, though called for in October, 1966, are still awaited (February, 1967).

89. *Unfruitful expenditure*—20 machines for printing and embossing the bills and addresses of consumers were purchased by the Board at a cost of Rs. 1.30 lakhs which were received from the suppliers between December, 1963 and September, 1964. Only 17 of these were installed in the divisions and circle offices of the Board between June, 1964 and May, 1965. None of these installed machines was put to use except one in City Distribution Division, Cuttack which was stated to have been used only for printing the addresses of the consumers.

According to the reports received from the various Superintending Engineers, the machines are of no use as the plates are very small.

The expenditure of Rs. 1.30 lakhs on the machines has thus been rendered infructuous.

SECTION B

Government Companies

81. (1) There were 45 Government Companies in existence in the State at the end of March, 1966 with a total investment by Government of Rs. 12,69.00 lakhs as share capital against 50 companies at the end of March, 1965 with Rs. 9,14.14 lakhs as share capital contributed by Government. Five Pilot Project Companies were liquidated during the year as indicated in sub-para 4 (v). Of the 45 companies, 33 were floated under the Pilot Project Scheme embarked upon by the State Government in March, 1958 to help the accelerated promotion of small-scale industries in the State by providing financial and technical assistance; of the remaining 12 companies, 6 with a paid up capital of Rs. 11,60.73 lakhs (as on 31st March, 1966) were fully owned by Government and the remaining six were partly owned by Government.

A synoptic statement showing the financial position of forty three companies for which audited accounts are available is given in the Annexure to this chapter (pages 134 to 137). No information is available in respect of the remaining 2 companies viz., Mayurbhanj Oil and Oil Products Ltd., and Koshal Industries Development Syndicate Ltd.

(2) Out of 43 companies, only 2 companies (Sl. Nos. 7 and 8 of the synoptic statement) furnished their audited accounts for 1965-66 till September, 1966. The rest of the companies furnished the accounts upto the years as indicated below:—

1964-63	..	20 (including 4 fully owned by Government)
1963-64	..	12 (including 2 fully owned by Government)
1962-63	..	5
1961-62	..	4

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

(3) *Companies fully owned by Government*—(i) Net value of assets and liabilities of Hirakud workshop transferred by Government to the Industrial Development Corporation of Orissa during November, 1962 amounted to Rs. 15.48 lakhs; this has been treated as loan to the Corporation, but no interest has been charged thereon.

(ii) The latest available accounts indicate that four companies (Sl. Nos. 1, 3, 5 and 6 of the synoptic statement) with a total paid up capital of Rs. 5.29 (0 lakhs) earned a profit of Rs. 26.06 lakhs; none of these declared dividend.

(4) *Companies partly owned by the State Government*—(i) Part of Government investment in 4 Pilot Project Companies (Sl. Nos. 8, 10, 20 and 21 of the synoptic statement) was treated as loan to the companies during 1964-65 (Rs. 6.39 lakhs) and 1965-66 (Rs. 1.26 lakhs); the terms and conditions of these loans totalling Rs. 7.65 lakhs have not been finalised (October, 1966).

Interest free loan of Rs. 25.55 lakhs was granted by Government during 1964-65 to Orissa Small Industries Corporation Ltd., for rehabilitation industries.

(ii) 24 Pilot Project Companies have gone into production. The latest available accounts indicate that 11 of these companies (Sl. Nos. 8, 9, 11, 17, 21, 24, 27, 31, 34, 37 and 39 of the synoptic statement) with Government investment of Rs. 13.60 lakhs sustained a net loss of Rs. 3.25 lakhs (total up to date losses including development expenses awaiting write off amounted to Rs. 6.15 lakhs). The remaining 13 companies (Sl. Nos. 12, 13, 14, 16, 18, 19, 20, 22, 23, 25, 26, 28, and 29 *ibid*) with Government investment of Rs. 20.74 lakhs earned a profit of Rs. 3.69 lakhs; 3 of them (Sl. Nos. 13, 14 and 16 *ibid*) declared dividend amounting to Rs. 59,400.

(iii) 7 Pilot Project Companies with a paid up capital of Rs. 4.71 lakhs (Sl. Nos. 7, 30, 32, 33, 35, 36 and 38 of the synoptic statement) in which Government investment amounted to Rs. 4.11 lakhs, are either under liquidation or proposed to be liquidated. The Utkal Fruit Products Ltd., (Sl. No. 7) is still under construction, but the company has resolved to go into liquidation.

(iv) 2 other Pilot Project Companies (Sl. Nos. 10 and 15) are under construction.

(v) Liquidation of the following 5 Pilot Project Companies (not shown in the synoptic statement) has been completed on the dates noted against each—

Serial No.	Name of the Company liquidated	Total paid-up capital	Government investment	Realisation of the investment of State Government	Date of completion of liquidation
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in lakhs)					
(1)	Kalinga Hard Boards Ltd, Sambalpur.	1.59	1.04	1.02	1st July, 1965
(2)	Orissa Fruit Products Ltd, Cuttack.	0.20	0.18	0.02	1st February, 1964
(3)	Barabati Fruit Products Ltd., Cuttack.	0.20	0.18	0.06	23rd November, 1963
(4)	Kalinga Fruit Products Ltd., Parlakimidi.	0.20	0.17	} Information is awaited from the departmental officer (March, 1967).	
(5)	Coco Col (India) Ltd., Puri.	0.92	0.82		
	Total	3.11	2.39		

(vi) *Transfer of Government shares to private entrepreneur*—The shares held by Government (Re. 0.63 lakh) in Arbind Tin Factory Ltd., (a Pilot Project Company) with effect from June, 1959 were transferred to the private entrepreneur in June, 1963 *at par*. In accordance with the Articles of Association of the company, the selling price should be the face value of shares plus interest at 4 per cent per annum from the date of investment till the date of transfer of the shares subject to a rebate of an amount equal to 5 per cent of the total of share value and interest. As a result of selling the shares *at par* to the private entrepreneur, Government has lost a sum of Rs. 6,924. This was brought to the notice of Government in July, 1964; their comments are awaited (February, 1967). The audited accounts of the company from 1961-62 to date of transfer of Government shares have also not been received so far (February, 1967).

(vii) *Common irregularities noticed in Pilot Project Companies*—The following common irregularities, defects, etc., in the maintenance of the accounts of most of the Pilot Project Companies were noticed during 1965-66 also.

- (a) Improper maintenance of cash records and non-verification of cash in hand (11 companies);
- (b) Non-maintenance or defective maintenance of stores records and non-verification of stock of stores in hand (11 companies);
- (c) Non-maintenance of cost records to find out the unit cost of production (7 companies);
- (d) Improper maintenance of minute books (7 companies);
- (e) Installed capacity not fully utilised (5 companies);
- (f) Delay in realisation of dues from Sundry debtors (5 companies);
- (g) Competitive tenders not called for purchase of stores and raw materials, etc. (7 companies).

(A) Companies fully owned by the State Government

82. *Orissa Mining Corporation Ltd*—The company which is fully owned by the State Government has a paid up capital of Rs. 1.95 lakhs. The accounts of the company for the year 1965-66 were made available only in January, 1967 and audit is in progress (February, 1967). The company incurred a net loss of Rs. 11.87 lakhs upto the year 1964-65.

The following important deficiencies have been pointed out by the company Auditors in their report under section 619(3)(a) of the Companies Act on the accounts of the company for the year 1964-65:—

- (a) Absence of Bills or Purchase Register for accurate assessment of outstanding liabilities at the end of the year.
- (b) Absence of detailed schedules for advances and outstanding liabilities.
- (c) The corporation has several mines and prospecting camps under its control over a wide area. The statements of accounts of mines etc., are not received in time and are not compiled regularly and kept up to date

(d) No budgets were prepared and there was no system of budgetary control over either the revenue or capital expenditure.

(e) No periodical targets of production were fixed.

(f) There is no costing system.

(g) No detailed stores records are available and even where the stores ledgers are maintained they are incomplete. The stock as physically verified at the close of the year is taken for purpose of accounts, the balance being shown as issues. As a result, loss on account of unserviceable stores, loss of stores by theft, pilferage or other causes are automatically adjusted against issues without any inquiry.

(h) The investment of Rs. 21,975 made by the Corporation in "12 years National Plan Saving Certificates," certificates of the value of Rs. 7,175 could only be verified by them physically. The certificates for the remaining amount of Rs. 14,800 were stated by the company to have been pledged with different Government authorities. Neither any confirmation from the respective authorities as to the custody of such certificates could be produced nor any information as to the reasons for pledging the same could be furnished.

(iii) The following table compares the overall cost incurred by the company during 1964-65 in raising one ton of iron ore, at the two mines operated by it during that year—

Name of the Mine	Total expenditure Rs.	Quantity raised Metric tonnes	Cost per ton Rs.
Khandadhar	4,79,889	23,144	20.50
Khandalbandh	1,71,052	72,309	2.37

The management have not clarified so far (February, 1967) the reasons for such wide variations in costs.

83. *Purchase of second hand bulldozers by the Orissa Mining Corporation—*
On 29th September, 1962 the Company received an offer from a Calcutta firm for supply of two reconditioned "Allis Chalmers HD 19" tractor bulldozer at a price of Rs. 1.10 lakhs each.

After inspection of the bulldozers (February, 1963) the company decided to avoid purchase of second hand machinery if new ones were available within a reasonable period. In August, 1963 the same firm made a fresh offer to supply two other reconditioned bulldozers of the same make at a price of Rs. 1.45 lakhs each with the guarantee of one year's trouble free operation or for 3,000 hours of operation, whichever was less. The firm also undertook to produce the Inspection Report and Test Certificate by the sole agent and service engineers for Allis Chalmers in support of the good

condition of the machines and to supply all spare parts required by the company during the guarantee period. In December, 1964 the Company placed orders on the firm for supply of two "Allis Chalmers HD 19" tractor bulldozers at a negotiated price of Rs. 2.80 lakhs. These were received at Daitari on 28th January, 1965. The Inspection Report and Test Certificate from the Sole Agent and the Service Engineers were not obtained though the management initially decided to do so. On the 30th January, 1965, the Mechanical Foreman pointed out several defects in the machines and stated that these types of old dozers would not be useful. In forwarding this report to the Managing Director on 3rd February, 1965, the Senior Mining Engineer also observed that "both the dozers are in pretty bad state and may not be able to do the required services to the extent it is expected". In spite of this, the bulldozers were accepted by the Corporation and a sum of Rs. 1.43 lakhs was paid to the suppliers on 13th February, 1965; the balance of Rs. 1.37 lakhs is yet to be paid (August, 1963). The bulldozers are stated to be lying idle since May, 1965. In August, 1966 the Company stated that they "are insisting on the firm to deliver the machines in proper working order".

84. *Orissa Fisheries Development Corporation Ltd*—Mention was made in paragraph 115 of the Audit Report, 1966 regarding the loss sustained by the company up to the end of March, 1964.

The company sustained loss during the year 1964-65 also on its main activity viz., purchase/development and sale of fish as indicated below:—

	(Rupees in lakhs)
Net profit as per annual accounts	0.06
<i>Deduct—</i>	
Subsidy from Government for management and supervision of some fishery schemes.	0.08
Interest on fixed deposits with banks	0.68
Actual loss on working of the fishery scheme	0.70

Provision of Rs. 7,815 was made on account of Income Tax for the years 1962-63 and 1963-64. Actually Rs. 17,910 were paid in respect of the year 1962-63 during 1964-65.

The accounts of this company for the year 1965-66, due on the 30th June, 1966 have not yet been received (October, 1966).

The company's auditors in their Audit Report to share holders pointed out the following defects in respect of the accounts for 1964-65. In view of these remarks the net profit worked out by the Company does not reflect its correct working results.

(a) No provision has been made for bonus payable to the employees.

(b) Depreciation amounting to Rs. 580 has not been charged on the temporary shed of Belia.

- (c) Closing stock of boat building yard has been valued by the management at the latest purchase price inflating its value.
- (d) An amount of Rs. 3,867 shown in the suspense account as advance to Marketing Officer of the Corporation has not been acknowledged by the officer and the matter is in dispute.
- (e) Credit for interest chargeable at the rate of 7 per cent per annum on the loan advanced to another Government company and an individual has not been taken into account.

(ii) *Defects in the system of accounts*—In addition the following defects were noticed by Audit in the system of accounts—

- (a) Absence of internal check particularly in relation to the branch transactions, and absence of budgetary control over receipts and expenditure;
- (b) Absence of any control over the realisation of sale proceeds, remittance and accountal thereof in the Company's books.

(iii) The annual accounts of the Company for the year 1964-65 were not approved by the Board of Directors as required under Section 215(3) of the Companies Act, 1956. The accounts were authenticated by the Managing Director and the Secretary. The Managing Director obtained the certificate of the Statutory Auditors on production of a copy of a resolution purported to have been taken by the Board of Directors in their meeting dated 19th September, 1966 to the effect that the Balance Sheet and Profit and Loss Account were approved by the Board and they may be submitted to the auditors for their report. No such resolution was, however, passed by the Board in their meeting, dated 19th September, 1966.

The accounts were not authenticated by two Directors as required under the Companies Act. The statutory Auditors reported on 31st October, 1966 that when this was brought to the notice of the Managing Director in September, 1966, he had stated that the "General Meeting" of the Company was fixed for 29th September, 1966 and there was, therefore, no time and if there was any defect it would devolve on the Board of Directors and not on the Auditors. The Balance Sheet and the Profit and Loss Account were, therefore, certified by the Auditors on 28th September, 1966. The accounts were considered at the meetings of the Board held on 9th and 20th October, 1966 and a resolution was passed at the meeting held on the 3rd November, 1966 that the Auditors' Report dated 28th September, 1966 should be treated as the Audit Report for the purpose of Section 216 of the Companies Act, 1956.

In the accounts as certified by the company Auditors in September, 1966, an amount of Rs. 4,185 was shown as advance recoverable from the late Managing Director who was also the Director of Fisheries. The amount was stated to have been paid by the stenographer of the Director of Fisheries to the Managing Director from the advance received from the Company by the former for procurement of fish for the Company.

There was no acknowledgement for the amount from the late Managing Director. The Board decided in November, 1966 to treat the advance as due from the stenographer of the Director of Fisheries.

(iv) *Purchase of Polish Trawlers for deep sea fishing*—The Board of Directors accepted in principle (August, 1962) the scheme for deep sea fishing in pursuance of a decision of the State Planning Board. The scheme was worked out with Paradeep Port as the base. Four trawlers were ordered from Polish firm in June, 1963 at a total C. I. F. value of Rs. 14 lakhs. Before placing orders for the trawlers no detailed scheme was drawn up by the Company for the economic use of the trawlers. Of the four trawlers ordered, three were received during the period April, 1965 to July, 1965 and the fourth one while on its way to India was seized by the Government of Pakistan during the hostilities in 1965. The fourth trawler is yet to be received (October, 1966). Only one trawler was brought into use from the last week of November, 1965 on a daily voyage basis. According to the sellers' specification, the engines required constant exploitation and the trawlers can have voyage of 5 days in trip. The company attributed the non-utilisation to (a) want of qualified engine drivers and crew, (b) reluctance of the available engine drivers to go on long trips not being habituated to stay on board and (c) want of residential accommodation at Paradeep Port area. Three "Bosuns" were appointed in October, 1964 for acquainting themselves with local conditions to be able to operate the trawlers conveniently as soon as they arrive. The expenditure on their pay and allowances up to November, 1965 (the date on which one of three trawlers received was put to use) amounted to Rs. 0.18 lakh. According to the Company, the scheme is not expected to be economical unless the trawlers are taken on long voyages of at least 3 to 5 days in a trip.

The company agreed to transport the trawlers to India on board Polish ships; according to the accepted policy of the Government of India, all contracts placed on the Continent are to be on F. O. B. or F. A. S. basis and Indian shipping should be utilised to avail of the rebate of 15 per cent on gross tariff rates offered by them. When Indian shipping is not available, the shipping vessels of members of "Conference lines" should be utilised to get at least the benefit of 5 per cent rebate. No stipulation was made in the contract for these requirements. The shipping co-ordination Committee of the Transport Department of the Government of India was not consulted as required. The contract was finalised on C. I. F. basis. This resulted in a loss of Rs. 9,000.

(v) *Purchase of Torpedo engines*—During 1964-65 seventeen imported torpedo engines were purchased at a total cost of Rs. 2.04 lakhs on actual user's licence, based on allotments made by the Government of India. The engines so purchased are still held in stock (September, 1966). The Company has indicated (September, 1966) that the engines would be fitted to the boats to be constructed for the Fisheries Department of the State Government. Alternatively they would either be made available to other Government departments for their use or the Directorate of Fisheries would be persuaded to use those engines.

(vi) *Loss in canteen*—During December, 1963 a Canteen was started by the Company in the A. I. C. C. exhibition at Bhubaneswar without the approval of the Board of Directors. The canteen was shifted first to Nandan-

kanan and then to Cuttack after the closure of the exhibition and was finally closed in July, 1964. A loss of Rs. 0.11 lakh was incurred (excluding the capital expenditure of Rs. 0.13 lakh).

(vii) *Transactions kept out of the account by the Managing Director*—The Managing Director of the Company opened a bank account on 12th April, 1965 with a Calcutta bank with an initial deposit of Rs. 10,000; without obtaining the approval of the Board of Directors. During April, 1965 to September, 1965, further sums of Rs. 2.70 lakhs were transferred from other bank accounts to the bank account at Calcutta, including Rs. 2 lakhs realised on two fixed deposits. The Board was not kept informed. During the period April, 1965 to October, 1965, 17 cheques were issued by the Managing Director for a total sum of Rs. 2.68 lakhs to various parties including the clearing agents for the Polish Trawlers [item (iv) above]. These transactions were not recorded in the books of the Company upto January, 1966. The Board of Directors authorised the opening of a bank account with that particular bank at Calcutta only on 29th December, 1965.

The Managing Director, while he was the Deputy Director of Fisheries under the State Government, took an advance of Rs. 20,000 in April, 1964 from the company for procurement of fish. Further advances of Rs. 30,000 (22nd February, 1965) and Rs. 39,306 (17th March, 1965) were taken by the Managing Director for release of the Polish trawlers. These advances remained unadjusted till the time of audit (January, 1966). Advances on account of travelling allowance amounting to Rs. 2,051 taken by him in September, 1964 (Rs. 851) and December, 1964 (Rs. 1,200) also remained unadjusted till January, 1966.

(B) Companies partly owned by the State Government

Pilot Project Companies

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

The paid up capital of the company as on 31st March, 1965 was Rs. 1.44 lakhs as against the borrowings of Rs. 2.85 lakhs. The calls-in-arrears amounting to Rs. 20,000 (by Government: Rs. 18,000 and by Orissa Small Scale Industries Corporation: Rs. 2,000) remained unpaid for more than 3 years upto March, 1965.

The accounts for the year 1965-66 were made available only in February, 1967 and audit is in progress (February, 1967). The company sustained a net loss of Rs. 0.35 lakh during the year 1964-65 as against a net profit of Rs. 1,900 during the year 1963-64.

The loss was attributed by the management (June, 1965) to the following:—

- (i) Uneconomic working of the saw mill ;

(ii) Idle labour in the carpentry section of local branch and Rourkela branch;

(iii) Supply of items to the Regional Engineering College below cost price;

(iv) Exclusion of sale of Rs.12,305 from the accounts and inclusion of payment of Rs.2,900 on account of expenditure pertaining to earlier years in the accounts of 1964-65.

Goods worth Rs. 8,279 were shown in the accounts of the company as sold to a private party during 1963-64; order of the private party for the goods or acknowledgement of that party receiving the goods could not be produced by the company. Provision for the doubtful claims in this respect has also not been made in the accounts.

The following further points have been noticed:—

(i) The consumption of raw materials and stores increased from 57.13 per cent of total cost in 1963-64 to 62.97 per cent during 1964-65; the amount of loss during the year 1964-65 on this account amounted to Rs.25,196. Proper account for consumption of materials was not maintained.

(ii) Targets for production and sales etc., were neither fixed nor compared with actual achievements.

(iii) The Board has not framed any policy for fixation of selling price.

(iv) Sundry debtors amounting to Rs.2.25 lakhs include Rs.0.31 lakh due from Government servants from 1962-63.

86. *Spark Battery Manufacturing Works Limited*—The company was registered in March, 1958 and started production of storage batteries from October, 1958. The paid up capital of the company as on 31st March, 1965 amounted to Rs.0.80 lakh of which a sum of Rs.0.65 lakh was contributed by the State Government and the balance by the private entrepreneur who acts as the Managing Director of the Company.

The accounts of the company for the year 1965-66 have not yet been received (December, 1966). The number of storage batteries produced and sold from the inception of the company to end of 1964-65 was 5,116 and 4,995 respectively. During the year 1964-65 the company produced 1,389 batteries worth of Rs.2.09 lakhs (valued at the selling price) as against the target of 3,000 batteries. The failure to achieve the target during the year 1964-65 was attributed to (i) scarcity of imported raw materials and (ii) paucity of working capital and blocking of company's funds by way of heavy outstanding dues against Government Department.

The accounts of the company for the year 1964-65 showed a net profit of Rs.16,782. This was, however, inflated by Rs.6,153 due to over valuation of stock. The company, therefore, actually earned a net profit of Rs.10,629 during 1964-65 as against Rs.16,004 earned during 1963-64. The reasons for the shortfall are (i) increased interest charges for cash credit accommodation obtained from the State Bank of India (ii) increased maintenance charges of vehicles and (iii) increased remuneration to the Managing Director, both in the form of monthly payments and sales commission.

The Sundry Debtors as on 31st March, 1965 (Rs.1.04 lakhs) represented over 50 per cent of the sales (Rs.2.01 lakhs) during 1964-65. The debts due from Government Departments (Rs.68,993) represented 66 per cent of the total Sundry Debtors. The yearwise breakup of dues from Government are as under:—

	Rs.
1962-63 and earlier years ..	4,684
1963-64 ..	12,951
1964-65 ..	51,298
Total ..	68,933

In view of the heavy outstandings due to the company mostly from Government Departments, the company had to resort to higher cash credit accommodation from the State Bank of India towards working capital for which interest had to be paid. Such cash credit accommodation obtained and outstanding by end of March, 1965 amounted to Rs.80,223 as against the outstanding of Rs.46,550 by end of March, 1964. The repayment of the cash credit loan to the State Bank of India has been guaranteed by Government for which guarantee commission (Rs. 873) has to be paid by the company upto 1965-66.

During 1963-64, the company had written off bad debts amounting to Rs.6,348 of which an amount of Rs.3,330 represented dues recoverable from Government officials of the Industries Directorate and some other officials who were ex-Directors of the company.

87. *Orissa Tiles Limited*—The Orissa Tiles Ltd., was incorporated in September, 1959 with the object of manufacturing and selling glazed wall tiles as a Pilot Project for the development of Small Scale Industries.

Out of the total paid up capital of Rs. 3 lakhs as at the end of March, 1965 an amount of Rs. 1.89 lakhs has been provided by Government and the balance by the private entrepreneur who acts as the Managing Director of the Company. The company borrowed a sum of Rs. 2.35 lakhs from the Orissa State Financial Corporation during 1964-65. The entire paid up capital of the company including loan capital has been invested in the block assets worth Rs. 7.57 lakhs. The current liabilities of the company exceeded the current assets by Rs. 2.08 lakhs, disclosing shortage of working capital. The total miscellaneous expenditure capitalised and losses to end of March, 1965 worked out to Rs. 9,391.

The construction of the tunnel kiln was started by the company in the year 1963-64 and was reported to have been completed in September, 1965. The factory, as a result of belated receipt of imported machineries and delay in completion of the tunnel kiln, could commence its production only from January, 1966. The following points were noticed in connection with the construction of tunnel kiln:—

(i) The services of a specialist were obtained from Orissa Industries Ltd. (a private company situated at the same place) for the construction work on condition that the firm would be paid Rs. 1, 100 per month during the period of construction of the tunnel kiln.

It was also noticed that the Managing Director of the company was interested in the private company.

(ii) The Board of Directors decided in July, 1964 to purchase the refractories required for construction of the Kiln from the same firm, viz., Orissa Industries Ltd., and directed the specialist to reject any material not found suitable for the purpose of the Kiln. Refractories worth Rs. 1.84 lakhs billed for by the private company during the years 1963-64, 1964-65 and 1965-66 were paid without verification of the actual receipt of the materials; the receipt of the material was not acknowledged by any official on behalf of the Orissa Tiles. No account was maintained in respect of the materials; the company stated that the material was directly issued and used in the construction of Kiln.

(iii) Although the construction of the Kiln was completed in September, 1965 reimbursement in respect of services of the specialist was made till September, 1966 after which he was directly employed by the company; the specialist was stated to have been retained to test the performance of the Kiln. It was found from the accounts that no labour was employed for the construction of the Kiln beyond 12th November, 1964. This indicates that the construction of the work on the Kiln was practically over by that date. "Tile setters" for which orders were placed on the same private company were received in August, 1965. The experimental production was started thereafter.

(iv) As the Board of Directors authorised reimbursement for the services of the specialist only for the period of construction of the tunnel kiln, the expenditure amounting to Rs. 23,100 on the specialist between December, 1964 and September, 1966 appears to be avoidable.

88. *Orissa Board Mills Limited*—The company was incorporated in April, 1960 for the manufacture and sale of straw board and other types of boards. The production started in June, 1964. The total called up capital of the company as on 31st March, 1965 was Rs. 3.15 lakhs; of this, the State Government's share of Rs. 2.64 lakhs was fully paid up. The balance of Rs. 0.51 lakh was subscribed by two private entrepreneurs, one of whom is the Managing Director of the company; the calls unpaid by these 2 entrepreneurs as on 31st March, 1965 amounted to Rs. 0.10 lakh. The interest recoverable on the calls in arrears according to the provisions of the Articles of Association of the company has not yet been recovered (July, 1966)

A decision was taken by Government in November, 1962 to reduce the share capital to Rs. 0.81 lakh; no action has been taken by the company in this direction. Upto the end of March, 1965 the company obtained loans amounting to Rs. 3.70 lakhs from the Orissa State Financial Corporation and Rs. 1.67 lakhs from the State Bank of India on the guarantee of the State Government. The proportion of loan capital to paid up capital as on 31st March, 1965 was 176:100. The State Government paid a further sum of Rs. 1 lakh as share capital in January, 1966 to meet the acute shortage of working capital of the company.

The production during 1964-65 was 186 tons. The cost of production of the finished products (including selling and administrative expenses) worked out to Rs. 1,645 per ton as against the average selling price of Rs. 814 per ton. The company sustained a loss of Rs. 1.56 lakhs during 1964-65; the total loss to end of March, 1965 amounted to Rs. 2.08 lakhs.

The company had a digester to produce one ton of finished product per day. The Managing Director informed the Board in April, 1964 that the production would be 2 tons per day during the first two months and 3 tons per day thereafter. The Board of Directors decided in November, 1964 to replace a "digester" of one ton capacity by one of higher capacity without increasing the capacity of the boiler. The old digester was replaced in July, 1965 by a new digester of 3 tons capacity at an additional expenditure of Rs. 0.22 lakh. The production during 1965-66 worked out to 296 tons (i.e. one ton a day). The low production was stated to be due to non-utilisation of the full capacity of the new digester on account of low capacity of the boiler which could not feed both the digester and the drier machine at the same time.

The accounts for the year 1965-66 have not been received so far (February, 1967).

The following further points were noticed:—

(i) The company is paying rent at Rs. 181 per month with effect from 1st June, 1962 for the building occupied by it for its registered office. A portion of the building is being used (stated to be from the end of 1962) by the Managing Director as his residential accommodation. Rent and other charges are, however, not being recovered from him.

(ii) *Non-maintenance and defective maintenance, etc., of accounts records:* A number of defects and irregularities in the maintenance of accounts records were noticed by the company auditors and by Audit, the more important of which are indicated below:—

(a) A number of important initial records (namely, stock register of consumable stores, stock register of finished products, bills payable register, Journal, etc.) and certain statutory registers (namely, Register of Directors, Register of Members and Register of Directors share holding) have not been maintained.

(b) Transactions were not recorded in the cash book as and when they occurred; mistakes were detected and rectified long after their occurrence indicating lack of check over maintenance of cash book.

- (c) Vouchers did not bear acknowledgement of the payees in many cases.
- (d) Raw materials were purchased without inviting tenders.
- (e) The petrol expenses of the Managing Director's car have been debited to the accounts of the company; the log book relating to the car could not be produced for examination by Auditors.

89. *Orissa Wood Products Limited*—Orissa Wood Products Limited was incorporated on 10th December, 1958 with an authorised capital of Rs. 5 lakhs to take over the assets and liabilities of 2 Government undertakings viz., Government Wood Working Factory and the Government Wood Seasoning Plant. The net value of Rs. 2.06 lakhs has not so far been paid by the company (September, 1966).

The subscribed capital of the company is Rs. 3.88 lakhs; out of this, two private entrepreneurs agreed to subscribe Rs. 0.42 lakh (Rs. 10,500 by one and Rs. 31,500 by the other entrepreneur). The first entrepreneur did not invest Rs. 10,500. He continued as Managing Director of the company till 14th March, 1961. The second entrepreneur is now managing the affairs of the company as Resident Director. The paid up capital of Rs. 1,40,550 as on 31st March, 1964 is held by Government (Rs. 1.20 lakhs) and the second entrepreneur (Rs. 20,550).

The accounts of the company for the year 1965-66 have not been submitted to Audit so far (March, 1967).

The following main defects were noticed in the maintenance of accounts records of the company—

- (a) Non-maintenance of cash book from day to day and absence of physical verification of cash.
- (b) Non-issue of money receipts in many cases.
- (c) Payment vouchers neither passed by any responsible official nor supported by payee's acknowledgements.
- (d) Non-maintenance of journal and non-authorisation of adjustment vouchers by any responsible official.
- (e) Non-maintenance of Bills Register.
- (f) Non-reconciliation of balances outstanding under Sundry Debtors, Sundry Creditors and Advances with details available in subsidiary ledgers.
- (g) Non-availability of any records showing the output of the saw mill and the actual utilisation of scantlings for production.

- (h) Non-maintenance of cost records.
 (i) Valuation of closing stocks at selling prices which is more than cost price.
 (j) Absence of any control over realisation of sales proceeds.

The following points were also noticed:—

(i) Shortages of cash amounting to Rs. 1,773 were noticed by Audit in the Cash Book prior to 1962-63. A total cash shortage of Rs. 1,588 was also noticed by the management in the accounts of 1962-63 while closing the accounts for that year in 1965. Similarly another cash shortage of Rs. 123 was noticed in the accounts of 1963-64. Such shortages were accounted for as "Suspense" against the names of the persons responsible for the maintenance of the cash book. Action taken to effect recovery of the amounts has not been intimated (March, 1967).

(ii) A running account under "Suspense" in the name of the Resident Director is operated by the company. The suspense account includes with drawals of cash made by the Resident Director from the company from time to time which were not for company's affairs, as also the sale proceeds realised by him, but not handed over to the company. These sale proceeds were brought to account in the company's books through this suspense account only at the time of closing a year's accounts on the basis of figures furnished by the Resident Director. The maximum amount held by the Resident Director at a time during 1963-64 was Rs. 14,326. The position of amount recoverable from the Resident Director as shown by this suspense account at the end of each year was as under:—

	Rs.
As on 31st March, 1962 ..	2,808
As on 31st March, 1963 ..	11,661
As on 31st March, 1964 ..	9,480

Drawals of cash by the Resident Director from the Company during 1962-63 and 1963-64 amounted to Rs. 44,128 and Rs. 18,027 respectively. The balance in the account during 1962-63 and 1963-64 was never below Rs. 8,000. Nevertheless, amounts due to him by way of remuneration (Rs. 3,100 in 1962-63 and Rs. 15,450 in 1963-64) were paid to him separately. The company faced financial difficulty for which it had to borrow Rs. 10,000 at 8 per cent on 30th July, 1963 and Rs. 4,000 (interest-free) on 20th November, 1963 from other Government companies; these were repaid by December, 1964 except for an amount of Rs. 2,000 out of the 1st loan. A total penalty of Rs. 2,553 had also to be paid for not filing the sales tax returns in time (during June, 1960 to March, 1964); the delay was attributed by the Resident Director to "paucity of funds".

(iii) The position of outstanding advances given to staff towards their wages and purchase of raw materials is indicated below:—

	Rs.
1961-62 ..	1,525
1962-63 ..	9,067
1963-64 ..	18,269

According to the company there has been some dispute regarding the outstanding balances of the year 1961-62, which required thorough investigation. Some of the workers against whom advances are outstanding are stated to have left the factory without notice. A final report regarding such advances, promised by the management in April, 1965 has not been received so far (March, 1967).

90. *Modern Electronics Limited*—The Modern Electronics Limited was incorporated in March, 1960 with an authorised capital of Rs. 5 lakhs for manufacturing Radio sets, Amplifiers, Trans formers, Chokes, Battery chargers, etc. The paid up capital of the company as on 31st March, 1964 was Rs. 2.55 lakhs; out of this Government held shares worth Rs. 2.45 lakhs as against Rs. 0.10 lakh contributed by 2 private entrepreneurs. One of the entrepreneurs is acting as the Managing Director of the company.

The accounts of the company for the years 1964-65 and 1965-66 have not been received so far (March, 1967).

The following points were noticed :—

(i) *Increase in the Managing Director's remuneration on the basis of incorrect information*.—On the basis of a representation made by the Managing Director and in consideration of a net profit of Rs. 8,000 stated to have been earned by the company during the first quarter ending June, 1963, the Board of Directors increased (in August, 1963) the remuneration of the Managing Director from Rs. 300 to Rs. 600 per month with effect from April, 1963. This was made subject to the condition that the net profit of the company should not be less than Rs. 50,000 during the year 1963-64 which should be reviewed at the end of the financial year. In the meeting held in April, 1964 the Managing Director informed the Board that the company had earned a profit of Rs. 61,042 during the financial year 1963-64 subject to depreciation. On the basis of this information, the remuneration of the Managing Director was further increased by the Board (June, 1964) from Rs. 600 to Rs. 900 per month with effect from April, 1964. After charging the depreciation of Rs. 1,895, the net profit as disclosed by the published accounts during 1963-64 came to Rs. 7,405 only. The accounts for 1963-64 came up for review before the Board on 3rd March, 1965; the question of remuneration of the Managing Director which was enhanced from Rs. 300 to Rs. 900 based on the figures of profit furnished by him has not been reviewed by the Board so far (September, 1966).

(ii) *Discrepancy in the stock values*—The value of the closing stock shown in the accounts on 31st March, 1964 after physical verification was Rs. 1.18 lakhs; the stocktaking register of the Company, however, indicated a figure of Rs. 1.33 lakhs. The Board noticed this discrepancy in March, 1965; the discrepancy has neither been reconciled nor any satisfactory explanation furnished so far (March, 1966).

(iii) *Lathe lying idle*—One lathe purchased at a cost of Rs. 9,961 in 1960 has been lying idle (March, 1966).

(iv) The following defects were noticed by the Company's Auditors in the maintenance of the accounts of the company.—

(a) According to an agreement entered into by the company with a firm of distributors in Calcutta, all products manufactured by the Company from December, 1963 were to be sold to the latter "at cost" plus a margin of 11½ per cent. In absence of a satisfactory costing system the actual cost of manufacture could not be ascertained correctly.

No systematic records were maintained to show the total number of radio sets manufactured out of the materials issued during a given period and the work-in-progress remaining in hand at a particular period. Finished stock, work-in-progress and other materials lying unused in the assembly section are not exhibited in the accounts of the company but are stated to be held on behalf of the distributors.

(b) Personal ledger accounts in respect of Sundry Debtors were not maintained.

91. *Hansanath Ceramic Industries Limited*—The company was incorporated in March, 1959 with an authorised capital of Rs. 45,000 for the manufacture of 2.85 lakh pieces of Mangalore Tiles annually. Of the total paid up capital of Rs. 42,960 on 31st March, 1963 an amount of Rs. 37,960 (88 per cent) has been contributed by the State Government and Rs. 5,000 by a private entrepreneur in the shape of land, the sale deed in respect of which has not so far (September, 1966) been executed by the entrepreneur transferring the ownership of the land to the company.

The Director of Industries, Orissa intimated to Audit in June, 1966 that due to marketing difficulties, the Board of Directors had decided to liquidate the company.

The scheme was revised in April, 1961 to manufacture 4.50 lakh tiles annually with a capital investment of Rs. 85,000. Of the additional requirement of Rs. 50,440, Government was to invest Rs. 8,440 as share capital, the Managing Director was to furnish Rs. 10,000 as working capital and the balance was to be obtained as loan from the Orissa State Financial Corporation. Even though the Managing Director expressed his inability to contribute additional share capital and the Board of Directors decided (September, 1961) not to take up the revised scheme, the Director of Industries forwarded the scheme to Government in February, 1962 for approval. The State Government made a further investment of Rs. 8,400 in August, 1962 by drawing an advance from the Contingency Fund of the State treating it as urgent and unforeseen expenditure. The scheme was not implemented by the company. The State Government has not received any return on their investment of Rs. 37,960 in the company.

(C) Company jointly owned by the State Government and private parties

92. *Mayurbhanj Textiles Limited*—The company was incorporated during 1943 in the former Mayurbhanj State with the object of manufacturing textiles. Out of the total paid up capital of Rs. 2.44 lakhs, shares worth Rs. 1.00 lakh were taken over by the State Government consequent on merger of the Mayurbhanj State in 1949, and further shares of Rs. 0.50 lakh were purchased by Government in August, 1952.

The following is a summary of the working results of the company for three years upto 1965-66.

	1963-64	1964-65	1965-66
Number of hosiery garments (Banians, etc.) produced (in dozens).	10,611	10,895	9,460
Average cost of production (Rs. per dozen)	12.01	13.21	14.56
Sales (Rupees in lakhs)	1.78	1.80	1.50
Net loss (Rupees in lakhs)	0.12	0.12	0.20

The accumulated loss upto March, 1966 stood at Rs. 1.40 lakhs. The loss was attributed to low production for want of working capital (December, 1965). Government explained in November, 1964 before the Public Accounts Committee that "due to lack of marketing facilities they are not able to produce more than 50 (dozens) a day".

The following points were noticed:—

(i) While Government contributed 62 per cent of the paid up capital of the company, the nominees of Government on the Board of Directors were only 2 out of 5. The company agreed in December, 1964 to take up amendment of Articles of Association to provide for majority representation of Government on the Board; the work of the draft amendment is stated to be under preparation by the Chartered Accountants (November, 1966).

(ii) Finished goods worth Rs. 0.13 lakh handed over by the ex-Managing Agents of the company in August, 1960 were damaged; out of these finished goods worth Rs. 0.10 lakh are lying in stock valued at a discount of 15.33 per cent over the selling price (October, 1966).

(iii) A loan of Rs. 0.33 lakh advanced by the company to M/S. Mayurbhanj Potteries Ltd., (a Joint Stock Company) during the pre-merger period has not been recovered. Due to continuous loss and heavy liabilities, it was decided to liquidate that Joint stock company. The repayment of the loan along with the interest of Rs. 0.06 lakh thereon was stated by the company as early as October, 1960 to be doubtful. No provision has been made in the accounts for this doubtful debt upto 1964-65; a provision of Rs. 0.01 lakh only has, however, been made in the accounts for 1965-66.

SECTION C

Government Commercial and Quasi Commercial Departments

93. *Departmentally managed Government undertakings*—At the end of 1965-66, there were fifteen Departmentally managed commercial and quasi-commercial undertakings. Fourteen of these undertakings had a total capital of Rs. 7.10.07 lakhs as disclosed by the latest available *pro forma* accounts; the *pro forma* accounts of the remaining one undertaking (Jeep Servicing Station, Bhubaneswar) declared as "Commercial" from July, 1960 have not been submitted to audit so far (January, 1967).

The *pro forma* accounts for the year 1965-66 in respect of four undertakings only (serial Nos. 3, 4, 5 and 7 of the synoptic statement) have been received (January, 1967). The *pro forma* accounts are in arrears (i) for four years (from 1962-63) in respect of one undertaking (serial No. 13), (ii) for three years (from 1963-64) in respect of three undertakings (serial Nos. 9, 11 and 14 ibid), (iii) for two years (from 1964-65) in respect of two undertakings (serial No. 8 and 10 ibid) and (iv) the remaining four are in arrears for one year.

- The latest available *pro forma* accounts disclose that nine undertakings (serial Nos. 1, 2, 3, 6, 9, 10, 11, 13 and 14) having a total capital of Rs. 3,86.69 lakhs earned a net profit of Rs. 33.76 lakhs before calculating interest on Government capital, whereas five concerns (serial Nos. 4, 5, 7, 8 and 12) having a total capital of Rs. 3,23.38 lakhs sustained loss amounting to Rs. 3.77 lakhs exclusive of interest on Government capital.

The assets/liabilities of the two inoperative schemes (Sl. Nos. 9 and 10) have not been disposed of/liquidated completely (January, 1967).

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

Serial No.	Name of the concern and name of the Administrative department	Government capital	Mean Government capital
(1)	(2)	(3)	(4)
1.	Government leather Industries-cum-Tannery, Titilagarh (1964-65) (Industries Department)	5,30	4,76
2.	Government Tannery, Boudh (1964-65) (Industries Department)	3,46	3,12
3.	Government Shoe Factory, Cuttack (1965-66) (Industries Department)	47	85
4.	Government Raniganj Pattern Tile Factory, Balasore (1965-66) (Industries Department)	1,41	1,52
5.	Production Centre for Development of Ceramic Industry, Cuttack (1965-66) (Industries Department)	3,59	3,98
6.	Government Tile Factory, Kendrapara (1964-65) (Industries Department)	1,22(a)	1,26
7.	Government Tile Factory, Panikoili (1965-66) (Industries Department)	1,17	1,24

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

(Amount in thousands of rupees)

Free Reserves	Block Assets (Net)	Depreciation	Profit (+) Loss (-)	Percentage of return on mean capital	Remarks
(5)	(6)	(7)	(8)	(9)	(10)
15	1,25	48	35	7.44	
11	78	45	21	6.88	
14	27	28	23	26.63	Accounts are subject to audit.
3	57	40	-13	Loss	
3	1,44	60	-45	Loss	
2(a)	65	31	3	2.38	(a) Based on the accounts as revised after Audit Report, 1966.
3	54	38	-9	Loss	Government have decided to close down the factory from 1966-67.

Serial No.	Name of the concern and name of the Administrative department	Government capital	Mean Government capital
(1)	(2)	(3)	(4)
8.	State Schemes of Government Trading (Grain Purchase Scheme) New Scheme (1963-64) (Supply Department)	3,03,39	2,93,45
9.	State Schemes of Government Trading (Grain Supply Scheme) Old Scheme (1962-63) (Supply Department)	2,00,36	1,99,90
10.	Schemes of Government Trading (Cloth and Yarn) (1963-64) (Supply Department)	11,52	11,52
11.	Cold Storage Plant, Cuttack (1963) (Agriculture and Animal Husbandry Department)	11,71	11,14
12.	Scheme for Land Reclamation and Hiring of Tractors (1964-65) (Agriculture and Animal Husbandry Department).	13,82	13,82
13.	Scheme for Trading in Iron Ore through Paradeep Port (1961-62) (Commerce Department)	27,72	26,71
14.	State Transport Services (1962-63) (Transport Department)	1,24,93	85,01

(Amount in thousands of rupees)

Free Reserves	Block Assets (Net)	Depreciation	Profit (+) Loss (-)	Percentage of return on mean capital	Remarks
(5)	(6)	(7)	(8)	(9)	(10)
2,11	..	..	-2,03	Loss	..
..	3	3	46	0.2	Inoperative with effect from 1st January, 1959.
..	..	..	6	0.49	" Inoperative from 1954-55.
..	3,11	2,57	80	7.18	..
..	8,60	1,62 1,02	-1,07	Loss	Interest on Government capital has not been provided for.
..	25	16	71	2.7	..
37,38	1,01,54	75,25	30,91	36.36	..

INDUSTRIES DEPARTMENT

94. *Government Tile Factory, Kendrapara*—The scheme for the establishment of Government Tile Factory at Kendrapara was taken up in 1959-60 with the object of manufacturing Raniganj Pattern Roofing tiles for supplying the same to the people of the adjoining areas at a cheap rate. The factory went into production in June, 1960 and the finished products were ready for sale in the year, 1961. The total investment of Government on the scheme upto the end of March, 1965 amounted to Rs. 1.15 lakhs (excluding Rs. 0.32 lakh being interest on capital). Development expenses to the end of March, 1965 worked out to Rs. 0.03 lakh. The *pro forma* accounts of the scheme up to 1964-65 are given in Appendix XIII (page 178). The *pro forma* accounts for 1965-66 have not been made available to Audit so far (January, 1967).

The Scheme sustained a loss of Rs. 0.39 lakh up to the end of March, 1965. This was attributed by the department mainly to (i) non-utilisation of the full capacity of the factory (ii) high rate of wastage of tiles in green as well as burnt stages (increased from 15 per cent in 1960-61 to 32 per cent in 1964-65 as against the estimated rejection of 5 per cent as envisaged in the scheme due to non-availability of suitable technical personnel, skilled and experienced hands for running the factory (iii) high cost of production and (iv) heavy overhead charges due to low production.

The scheme envisaged an annual target production of 6 lakhs tiles. The actual production, however, was far below the target as indicated below:—

Year	No. of tiles and ridges produced (In lakhs)
1960-61	.. 0.34
1961-62	.. 0.79
1962-63	.. 1.73
1963-64	.. 1.34
1964-65	.. 1.51

Non-achievement of the target was stated by the Management to be due to inadequate arrangements for drying of green tiles and the difficulty in working the furnace during rainy season when the factory gets water-logged.

95: *Government Tile Factory, Panikoili*— The factory was set up in 1959-60 to manufacture and supply standard Raniganj Pattern roofing tiles to the people of the adjoining areas at a cheap rate. The factory started production in March, 1961. Upto the end of 1965-66, Government had invested Rs. 1.69 lakhs in the factory (excluding interest amounting to Rs. 0.32 lakh). The factory sustained a loss of Rs. 0.82 lakh upto end of March, 1966 as indicated below:—

	Amount of loss (Rupees in lakh)
1960-61	.. 0.14
1961-62	.. 0.26
1962-63	.. 0.19
1963-64	.. 0.03
1964-65	.. 0.06
1965-66	.. 0.14
Total	.. 0.82

The main reasons for the loss as indicated by the department from time to time are:—

- (i) Non-utilisation of factory to the full capacity;
- (ii) High rate of wastage of tiles in un-burnt and burnt stages; and
- (iii) Cost of production being more than the sale price.

The *pro forma* accounts for the year 1965-66 are given in Appendix XIV (page 180).

According to the scheme sanctioned by Government, the target of production for the factory was fixed as 6 lakhs of tiles per annum. The capacity of the two furnaces installed was, however, 1.80 lakhs of tiles per annum. Against this, the actual production was as indicated below:—

	Number of tiles and ridges produced
1960-61	6,686
1961-62	1,189
1962-63	36,853
1963-64	1,30,919
1964-65	1,30,070
1965-66 (Upto October, 1965)	46,700

In view of the accumulation of stocks, the production in the unit was stopped for three months from November, 1965 under the orders of the Director of Industries and was not resumed thereafter. Government decided (February, 1966) to close down the factory from 1966-67; their orders for winding up are awaited (January, 1967).

SUPPLY DEPARTMENT

96. *Loss due to delay in disposal of stock of rice*—Out of the purchases made from central reserve, 5,612 quintals (cost Rs. 67 per quintal) of B. T. Rice of Andhra Pradesh were allotted during April to August, 1963 to Puri district for internal consumption. Out of these, 3,084 quintals could not be sold till the end of May, 1964. The unsold stock was found to have been infested with insects for which a cleaning had to be arranged during June to September, 1964 on payment of Rs. 0.03 lakh. The cleaning revealed a shortage of 359 quintals in addition to 302 quintals of broken rice and bran which have not been disposed of so far (February, 1966). The cleaned rice of 2,423 quintals were, however, sold by February, 1966 without any loss.

This has resulted in a loss of Rs. 0.24 lakh on account of shortage of 359 quintals (at Rs. 67 per quintal) in addition to the cleaning charges of Rs. 0.03 lakh. The delay in disposal of 302 quintals of broken rice and bran (cost in the form of rice Rs. 0.20 lakh) is likely to result in further loss.

TRANSPORT DEPARTMENT

97. *State Transport Services*—The *pro forma* accounts of the Scheme for the year 1962-63 are at Appendix XV, page 182.

The following points were noticed:—

(i) *Shortages*—Shortages of spare parts, accessories, petrol, etc., amounting to Rs. 0.42 lakh were noticed in the course of physical verification of stock during 1962-63. No action has been taken so far (October, 1966) to ascertain the reasons for the shortages.

(ii) *Central Workshop*—The targets fixed for the Central Workshop by the Transport Department and the achievement during the year 1962-63 are indicated below:—

Particulars	Target as per the scheme (Number per annum)	Achievement
Body building ..	96	47
Engine Reconditioning ..	240	115
Calibration of fuel Injection Pump	540	124
Reconditioning of Armature ..	600	66

Non-achievement of the targets was attributed by the works Engineer to (i) inadequate staff and (ii) inadequate skilled workers.

(iii) *Closing Stock of spare parts*—Mention was made in paragraph 121 of the Audit Report, 1966 about closing stock of spare parts valued at Rs. 20.18 lakhs as on 31st March, 1962 including obsolete and unserviceable spare parts worth Rs. 2.62 lakhs. The value of closing stock increased to Rs. 23.12 lakhs as on 31st March, 1963. The obsolete parts valued at Rs. 2.62 lakhs have not so far been disposed of (October, 1966).

98. *Loss on inter-State routes*—(i) In accordance with a reciprocal arrangement made with the Government of Bihar to operate stage carriage service on inter-State routes between the two States, Rourkela-Ranchi route was opened with effect from 28th February, 1961. A draft scheme drawn up in December, 1960 by the District Transport Manager, Rourkela envisaged an annual profit of Rs. 0.27 lakh even on the basis of 50 per cent pay load (i. e., taking into account that half the capacity of the bus may remain vacant). In October, 1961 the District Transport Manager, Rourkela reported to the Transport Controller that the "trips plied since then (February, 1961) are completely unremunerative" and cautioned that "the management will be going on incurring loss, if the operation is continued". The Transport Controller advised him in November, 1961 to exercise more checks on conductors and to examine the possibility of change of timings. In December, 1961 the District Transport Manager reiterated that "the passenger position in the trips is not encouraging" due to the operation of several private buses in the Bihar portion of the route and higher bus fare (Rs. 10.08) than that charged by the private operators (Rs. 5.60). The operation of the route resulted in a loss of Rs. 1.90 lakhs from the inception of the route to March, 1965. In July,

1965 the Transport Controller requested Government to convert this route into Sambalpur-Ranchi (via-Rourkela) to make it remunerative. The decision of the Government is awaited (January, 1967).

(ii) The inter-State route between Rourkela and Jashpuranagar (Madhya Pradesh) started functioning from August, 1963. No scheme was drawn up to show the estimated expenditure on and income from the Service before it was started. The actual operation of the route, however, resulted in a loss of Rs. 0.36 lakh from its inception to March, 1965. In October, 1964 the Assistant Transport Manager (Enforcement), Rourkela reported to the District Transport Manager (Enforcement), Sambalpur Division that the route "will never be remunerative" due *inter alia* to "less density of traffic from Rourkela to Sundergarh" and unimportance of Jashpuranagar" either from business point of view or from industrial development which will justify as a feeding centre to the State Transport Service operated buses". He, therefore recommended closure of this route as it is not at all conducive for the augmentation of income". The action taken by Government in the matter is not known (January, 1967).

99. *Taxi Reservation Scheme*—The Taxi Reservation Scheme was started by the State Government in 1955 as a unit of the State Transport Service for the benefit of the travelling public. No separate *pro forma* accounts were prepared for the scheme prior to 1960-61; the working results were merged with the transactions of the State Transport Service. The working results of the scheme for the period 1960-61 to 1962-63 are indicated below. The *pro forma* accounts for 1963-64 and onwards for this unit of the State Transport Service have not been prepared so far (September, 1966).

	1960-61	1961-62	1962-63
Number of Taxis in the Fleet ..	11	10	10
Number of idle 'Taxi months' ..	31	64	94
Distance covered (Lakhs of miles) ..	0.94	0.70	0.31
Distance covered for departmental use (Lakhs of miles)	0.17	0.20	0.06
Hire charges, etc., earned (Rupees in lakhs)	0.73	0.63	0.24
Net loss for each year (Rupees in lakhs)	0.21	0.71	0.48

The scheme has sustained a total loss of Rs. 1.40 lakhs during the period 1960-61 to 1962-63.

In July, 1955 Government issued instructions to the Transport Controller to examine the details of the scheme and to submit proposals "as to how the scheme can be turned into a profitable one". The results of examination are awaited (September, 1966).

According to rules, estimated hire charges are to be recovered in advance from the Public and Government Departments requisitioning the taxis. Non-observance of this rule has resulted in accumulation of arrears of hire charges amounting to Rs. 1.54 lakhs during the period 1955-56 to 1965-66 as indicated below; the amounts have not been realised so far (September, 1966).

Period	Amount of hire charges	
	Government departments	Private parties
	(In lakhs of rupees)	
1955-56 to 1962-63	0.62	0.23
1963-64	0.29	0.03
1964-65	0.05	0.02
1965-66	0.29	0.01
Total	1.25	0.29

SECTION D

Investments and guarantees by the State Government

100. *M/s. Orissa Textile Mills Limited*—The investment of State Government in the Share Capital of Orissa Textile Mills (a Joint Stock Company) as on 31st March, 1966 was Rs. 12.75 lakhs (Rs. 10.75 lakhs by way of 5 per cent preference shares and Rs. 2 lakhs by way of equity shares) as against the paid up capital of Rs. 75.46 lakhs; in addition, an amount of Rs. 5.89 lakhs was advanced as loan to the company.

Mention was made in paragraph 86 of Audit Report, 1964 about the working results of this Joint Stock Company upto March, 1963. The company sustained further losses in the three following years up to 1965-66 and the accumulated loss inclusive of development expenditure (Rs. 1.40 lakhs) amounted to Rs. 48.20 lakhs.

The shares of the company are not quoted on any stock exchange. After allowing for the claims of preference share holders and other priority claims, the fair value of the equity capital of Rs. 2 lakhs contributed by Government, as worked out by Audit on the basis of the published accounts as on the 31st March, 1966 was Rs. 0.08 lakh as a going concern.

The company did not make any provision for the doubtful debts amounting to Rs. 1.15 lakhs disclosed in the balance sheet as on 31st March, 1966. It had also contingent liabilities amounting to Rs. 24.86 lakhs, including Rs. 24.37 lakhs on account of arrears of fixed cumulative dividend on preference shares of Rs. 25 lakhs for the years 1951 to 1965.

101. *M/S. Orissa Cotton Mills Limited*—The investment of the State Government in the share capital of the Orissa Cotton Mills Ltd., (a Joint Stock Company) is Rs. 55,400. The Government's investment amounted to 2.5 per cent of the total paid up capital as at 31st March, 1964. The Orissa State Financial Corporation (a State Government Corporation) also advanced a secured loan of Rs. 16.43 lakhs to the company.

The Director of Industries intimated in August, 1965 that owing to heavy losses, the mill was closed in May, 1965. Information as to whether the company would go into liquidation is not available. The audited accounts of the Company upto 1963-64 were received only in September, 1966. After taking into account the depreciation of Rs. 2.74 lakhs, not provided for in the accounts by the Company, the total loss sustained by the Company upto March, 1964 comes to Rs. 9.36 lakhs. The loss has been attributed by the management to (i) working of less number of spindles due to shortage of power and delay in installation of new spindles and (ii) interest paid borrowings required for expansion.

The Company had also a contingent liability of Rs. 1.18 lakhs on account of arrears of dividend on cumulative preference shares. During the year 1963-64, the Company enhanced the value of the (i) plants and machinery and (ii) buildings by Rs. 1.02 lakhs in each case by transferring the development expenses. Out of the total value of buildings (Rs. 9.95 lakhs), Rs. 3.14 lakhs represent the value of buildings under construction.

The shares of the company are not quoted on any stock exchange. The fair value of the equity capital of Rs. 0.55 lakhs contributed by the State Government worked out by the Audit on the basis of the published accounts and after considering the depreciation not provided for, comes to Rs. 0.14 lakhs as on 31st March, 1964 as a going concern.

CO-OPERATION AND FORESTRY DEPARTMENT

102. *Co-operative Institutions—(a) Financial Assistance*—With a view to accelerating the co-operative movement in the State, Government have been rendering financial assistance to co-operative institutions in the shape of investments in share capital, loans, grants and subsidies. Government investment in the share capital at the close of each of the three years ending 1965-66 was as follows :—

	No. of institutions	Amount (In lakhs of rupees)
1963-64	1,552	2,39.32
1964-65	1,913	2,88.79
1965-66	2,238	3,45.74

The amount of loans, grants and subsidies paid by Government to various co-operative institutions during the three years ending 1965-66 was as follows :

	Amount of loans				Grants and subsidies during the year
	Balance at the end of the previous year	Disbursed during the year	Repayments during the year	Balance at the end of the year	
	(In lakhs of rupees)				
1963-64	1,55.60	63.83	10.96	2,08.47	27.11
1964-65	2,08.47	58.79	11.25	2,56.01	30.23
1965-66	2,56.01	78.93	29.55	3,05.39	39.41

Government have also guaranteed the loans raised by twenty-nine co-operative institutions to the extent of Rs. 13,64.93 lakhs upto March, 1966; the amount subscribed by Government to the loans raised by two of these institutions was Rs. 6.34 lakhs. Details of guarantees are available in statement No. 6 at pages 33 to 43 of Finance Accounts, 1965-66.

(b) *Dividend received by Government*—The amount of dividend received by the Government in respect of Co-operative institutions (including Banks) during 1963-64 amounted to Rs. 5.27 lakhs against the investment of Rs. 2,39.32 lakhs; information in respect of the subsequent years has not been furnished by the department.

(c) *Delay in completion of audit*—In accordance with provisions of the Co-operative Societies Act, the accounts of Co-operative Institutions are required to be audited by auditors appointed by the Registrar of Co-operative Societies, Orissa, once every year. As on the 30th June, 1966, the accounts of 6,303 societies for the Co-operative year 1963-64 and of 6,920 societies for 1964-65 remained to be audited. The delay in completion of audit was attributed by the Registrar of Co-operative Societies to inadequate staff and increase in volume of business of the societies.

The Audit Reports prepared by the Co-operative Department in respect of societies in which the State Government hold shares are required to be forwarded to the Accountant-General. The position of receipt of the audit reports is indicated below:—

	No. of Co-operative Institutions	No. received till October, 1966
1963-64	.. 1,552	598
1964-65	.. 1,913	201
1965-66	.. 2,238	nil

(d) *Review of audited accounts/reports*—A review of audited accounts and reports of certain selected societies revealed that—

(i) During 1961-62 to 1965-66, 3,506 Co-operative Societies had been wound-up. The extent of assistance given to these societies and repayment by them of the investment and loans could not be furnished by the Registrar of Co-operative Societies (October, 1966).

(ii) According to the accounts so far compiled, four societies incurred a total net loss of Rs. 1.07 lakhs during 1963-64 against the total paid up capital of Rs. 0.66 lakh; the accumulated loss of these four societies upto 1963-64 amounted to Rs. 2.14 lakhs.

(iii) During the year ended 30th June, 1965 the accounts of 74 societies indicated a total loss of Rs. 2.03 lakhs and 55 societies indicated a total profit of Rs. 0.56 lakh.

(iv) Cases of shortages of materials amounting to Rs. 1.82 lakhs were noticed in six societies during the years 1962-63 and 1963-64.

(v) The reports of the auditors showed that a sum of Rs. 0.40 lakh had been misappropriated by staff in six non-banking societies as indicated below:—

Name of the Society	Year of audit	Amount Rs.	Remarks of auditors
(1) Utkal Filigree and Horn Works Ltd.	1959-60	6,576	Receipt of staff subsidy not accounted for by the President.
(2) Adgaon Large sized Co-operative Society, Ltd.	1959-60	10,602	Withdrawals from Bank not brought to account by ex-President.
(3) Kora Large sized Co-operative Society Ltd.	1963-64	17,238	Negligence of duties by the President and the Board and mishandling of cash, etc., by the ex-Secretary.
(4) Jajpur Road Regional Marketing Co-operative Society Ltd.	1963-64	3,297	By the ex-Secretary and other members.
(5) Barachana Labour Contract Co-operative Society Ltd.	1964-65	1,301	Not available
(6) Lakshmara Grain-golla Co-operative Society	1964-65	1,371	Misappropriation of cash balance by ex-President.

(vi) *Non-utilisation of loan*—(a) A loan amounting to Rs. 3.72 lakhs was granted by Government to the Orissa State Handloom Co-operative Society during 1963-64; the amount is stated to have not been utilised so far (February, 1966).

(b) The loan of Rs. 28,330 granted by Government to Jajpur Road Regional Marketing Co-operative Society Limited in 1957-58 and 1960-61 for the construction of a godown had not been utilised upto June, 1964.

(c) A sum of Rs. 26,000 paid by Government to Umerkote Forest Produce Marketing Co-operative Society Limited during 1956-57 to 1962-63 for construction of a godown for the Society had not been utilised till June, 1964; the Society had been incurring an expenditure of Rs. 1,664 every year on account of rent for the private godown taken on hire.

(vii) *Common irregularities*—Certain common irregularities brought out in the reports of the auditors are mentioned below:—

Nature of irregularity	No. of societies involved
(1) Important records (<i>viz.</i> General Ledger, Journal, Cash Book, Stock Registers, Share Registers, Registers of Investments and registers of Sundry debtors and Creditors) not maintained.	49
(2) Share certificates not issued to the members ..	21
(3) Security deposits not realised from persons handling cash and stores.	21
(4) System of internal check not found satisfactory ..	3

(e) *Working of Co-operative Banks*—There were seventeen Co-operative Central Banks in the State as on 30th June, 1964, acting as financing agencies of primary societies. Besides these Central Banks, there were two apex institutions namely the Orissa State Co-operative Bank to provide medium and long term loans to the Co-operative Institutions and the Orissa Provincial Co-operative Land Mortgage Bank to provide long term finance to the agriculturists.

Out of the seventeen Central Banks, accounts for 1963-64 were received from thirteen Banks only upto September, 1966. Government had investments in share capital in 10 of these Central Banks; the Government assistance in the remaining three was in the shape of loans. The details of investments made and loans given by Government to these institutions as on 30th June, 1964 and the profits earned during the year ending on that date are shown in the table given below:—

	Share capital		Net profit	Reserve fund	Loans by Government
	Government investment	Total			
(In lakhs of rupees)					
(1) 13 Central Banks	19.96	1,18.65	12.50	22.16	33.33
(2) Orissa State Co-operative Bank Limited	17.00	46.44	7.41	9.50	3.27
(3) Orissa Provincial Co-operative Land Mortgage Bank Limited	14.25	23.63	1.83	1.20	3.00

The net profits mentioned above included Rs. 1.14 lakhs granted by the Government as subsidy for various purposes to six out of the thirteen Central Banks.

The Government investment in the remaining 4 banks, the accounts of which have not been received, was Rs. 4.70 lakhs as on 30th June, 1964.

The dividend received by Government during 1963-64 amounted to Rs. 5.01 lakhs, the rate of dividend varying between 3 and 6 per cent of the paid up capital.

In 8 out of the 13 Central Banks and in one apex bank, the bad and doubtful debts were estimated at Rs. 12.31 lakhs, provision was made by these banks only for Rs. 6.56 lakhs. The dues from 308 liquidated societies alone worked out to Rs. 8.18 lakhs (as on 30th June, 1964) which were considered to be bad according to the relevant Audit reports.

Audit Reports of 6 out of the 13 Central Banks revealed cases of misappropriation of a total amount of Rs. 2.98 lakhs upto 1963-64 as indicated below:—

Name of the Bank	Period	Amount (Rupees in lakhs)	Remarks
(i) The United Puri Nimapara Central Co-operative Bank Ltd. Puri.	Not indicated	0.11	Bank has filed execution of decree and defendants have agreed to pay up the dues.
(ii) Sundergarh Central Co-operative Bank Ltd.	1961-62	0.03	Action taken against the person concerned has not been indicated.
(iii) Bolangir Co-operative Central Bank Ltd.	1961-62	0.03	Decree for Rs. 1,379 has been obtained and execution proceedings are stated to be in progress. "Dispute" for Rs. 1,740 has been filed with Registrar of Co-operative Societies.
(iv) Cuttack United Central Co-operative Bank Ltd.	Not indicated	2.57	Ex-Secretary has preferred an appeal against the decision in the lower Court, the case is stated to be sub-judice.
(v) Angul United Central Co-operative Bank Ltd.	Not indicated	0.11	Not available
(vi) Smabalpur District Co-operative Bank Ltd.	Not indicated	0.13	Not available

(Referred to in paragraph 81)

Statement showing the summarised financial position of (a) Companies wholly owned by the State
(Amount in thousands of rupees)

Sl. No.	Name of the company	Date of incorporation	Paid-up capital		Loans	
			Government	Total	Government	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(A) Companies fully owned by the State Government—</i>						
<i>Accounts for 1964-65</i>						
1.	Industrial Development Corporation of Orissa Ltd.,	29-3-1962	4,44,00	4,44,00	90,00	4,36,37
2.	Orissa Mining Corporation Ltd.,	16-5-1956	1,95,00	1,95,00	..	1,00,00
3.	Orissa Construction Corporation Ltd.,	22-5-1962	15,00	15,00	25,00	25,00
4.	Orissa State Commercial Transport Corporation Ltd.,	7-1-1964	50,00	50,00	..	..
<i>Accounts for 1963-64</i>						
5.	Orissa Fisheries Development Corporation Ltd.,	8-8-1962	35,00	35,00	..	..
6.	Orissa Forest Corporation Ltd., (Accounts closed on 31-10-1964).	28-9-1962	35,00	35,00	2,50	2,50
Total (A) (Sl. Nos. 1 to 6)			7,74,00	7,74,00	1,17,50	5,63,87
<i>(B) Companies partly owned by the State Government—</i>						
<i>(a) Pilot Project Companies—</i>						
<i>(Jointly owned by State Government and Private Parties)</i>						
<i>Accounts for 1965-66</i>						
7.	Utkal Fruit Products Ltd.,	18-3-1958	14	20	..	..
8.	Manorama Foundry Company Ltd.,	30-3-1959	30	55	1,26(Y)	1,56
<i>Accounts for 1964-65</i>						
9.	Orissa Timber Products Ltd.,	2-3-1960	1,30	1,44	..	1,30
10.	Modern Malleable Casting Company Ltd.,	2-9-1960	60	1,10	2,10(Y)	2,10
11.	Orissa Electrical Manufacturing Company Ltd.	31-3-1958	3,54	3,74	..	1,56
12.	Orissa Boat Builders Ltd.	18-3-1958	1,96	2,11	..	..
13.	Spark Battery Manufacturing Works Ltd.	17-3-1958	65	80	..	..
14.	Rourkela Fabrication Ltd.	28-3-1959	2,95	3,65	..	1,53
15.	Orissa Tiles Ltd.	1-9-1959	1,89	3,00	..	2,35
16.	Utkal Foundry and Engineering Company Ltd.	3-4-1959	2,34	2,69	..	..
17.	Orissa Board Mills Ltd.	4-4-1960	2,64	3,05	..	5,46
18.	Gajapati Steel Industries Ltd.	15-2-1960	2,23	2,50	..	45
19.	Utkal Metal Products Ltd.	24-2-1961	1,00	1,24	..	..
20.	Kalinga Foundry Works Ltd.	26-3-1958	75	1,40(X)	2,60 (Y)	2,60
21.	Orissa Foundry Company Ltd.	18-3-1958	56	1,06	1,69(Y)	1,69
<i>Accounts for 1963-64</i>						
22.	Balanga Iron Works Ltd.	27-3-1958	1,86	2,07	..	67
23.	Orissa Concrete Products Ltd.	23-9-1959	1,20	1,50	..	40

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Government and (b) Companies partly owned by the State Government

(Amount in thousands of rupees)

Free Reserves including balance of Profit and Loss Account at the close of the year	Total capital employed (Total of (Cols. 5 7 and 8)	Block assets (Net)	Total depreciation	Net Profit+ Loss—	Interest on loans	Total return (Cols. 12 plus 13)	Percentage of return on capital employed
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
11,31	8,91,68	5,37,08	26,02	16,92	8,11	25,03	2.80
9,07	3,04,07	1,66,36	14,29	-2,01	6,50	4,49	1.48
2,64	42,64	48,25	9,65	2,13	1,09	3,22	7.55
..	50,00	17,38	2,85	-82	..	-82	..
15	35,15	1,65	37	6	..	6	0.17
8,04	45,54	17,08	2,86	6,95	8	7,03	15.44
31,21	13,69,08	7,87,80	56,04	23,23	15,78	39,01	..
..	20	12	..	..	..	..	(A) & (B)
..	2,08	99	25	-5	..	-5	..
3	2,77	1,81	15	-35	14	-21	..
3	3,23	1,87	..	2	..	2	0.62(A)
37	5,67	2,70	52	-49	..	-49	..
10	2,21	70	21	4	..	4	1.81
5	85	30	11	17	..	17	20(Z)
1,14	6,32	2,80	1,51	64	11	75	11.87(Z)
..	5,35	7,57	..	-6	..	-6	..(C)
1,43	4,12	2,71	58	1,08	..	1,08	26.21(Z)
..	8,51	6,10	44	-1,56	35	-1,21	..
..	2,95	1,54	32	2	4	6	2.03
4	1,28	26	3	2	..	2	1.56
41	4,41	2,33	68	1,01	(Y)	1,01	22.90
3	2,78	95	18	-7	(Y)	-7	..
5	2,79	94	18	14	2	16	5.73
1	1,91	1,44	15	5	..	5	2.62

ANNEXURE
(Amount in thousands of rupees)

Sl. No.	Name of the company	Date of incorporation	Paid-up capital		Loans	
			Government	Total	Government	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
24.	Jagannath Chemicals and Pharmaceutical Works Ltd.	12-2-1960	84	1,04	..	..
25.	Orissa Wood Products Ltd.	.. 10-12-1958	1,20	1,41	..	..
26.	Modern Electronics Ltd.	.. 22-3-1960	2,45	2,55	..	..
27.	Kalinga Steel and Wire Products Ltd.	.. 31-3-1959	1,13	1,35	..	..
28.	Orissa Agrico Ltd.	.. 16-3-1961	1,10	1,32	..	1,00
29.	Orissa Instruments Company Ltd.	.. 14-3-1961	1,05	1,20	..	5
30.	Eastern Aquatic Products Ltd.	.. 6-5-1959	50	58	..	..
<i>Accounts for 1964</i>						
31.	Premier Bolt and Nuts Ltd.	.. 4-8-1959	1,23	1,54	..	..
<i>Accounts for 1962-63</i>						
32.	Madhusudan Chemicals Industries Ltd.	.. 15-3-1958	60	60	..	..
33.	Orissa Trunk and Enamel Works Ltd.	.. 3-4-1959	1,34	1,45	..	..
34.	Orissa Sports Manufacturing and Fabricators Ltd.	.. 2-7-1960	1,04	1,24	..	..
35.	Hansanath Ceramic Industries Ltd.	.. 30-3-1959	38	43	..	..
36.	Chilka Cashew Manufacturing Company Ltd.	.. 28-3-1959	45	50	..	8
<i>Accounts for 1961-62</i>						
37.	Cuttack Iron and Steel Products Ltd.	.. 15-3-1958	65	75	..	17
38.	Konark Processing Works Ltd.	.. 17-3-1958	70	85	..	..
39.	Manufacture Electro Ltd.	.. 24-9-1959	37	42	..	..
Total (B) (a) (Sl. Nos. 7 to 39)			40,94	49,33	7,65	22,74
<i>(b) Companies jointly owned by the State Government/Central Government and Private Parties—</i>						
<i>Accounts for 1964-65</i>						
40.	Orissa Road Transport Company, Ltd.	.. 1-12-1950	23,36	30,00	..	..
Total (B) (b) (Sl. No. 40)			23,36	30,00	..	..
<i>(c) Others—(Jointly owned by the State Government and Private Parties)—</i>						
<i>Accounts for 1964-65</i>						
41.	Mayurbhanj Textiles Ltd.	.. 1943	1,50	2,44	..	18
42.	Orissa Small Industries Corporation Ltd.	.. 20-12-1961	7,00	7,58	25,55	25,55
<i>Accounts for 1961</i>						
43.	Mayurbhanj Spinning and Weaving Mills Ltd.	.. 1947	12,00	13,93	..	97
Total (B) (c) (Sl. Nos. 41 to 43)			20,50	27,95	25,55	26,70
Grand Total			8,58,80	8,77,28	1,52,70	6,13,51

(A) These companies have not gone into production so far (August, 1966).

(B) These companies have decided to go into voluntary liquidation.

(C) This company did not go into production in 1964-65, but has since gone into production.

(X) Excludes share of Rs. 0.30 lakh under transfer.

(Y) These represent conversion of Government shares into loan to the companies. The terms of repayment of loan and rate of interest payable have not been settled.

(Z) Dividends at the rate of 10 per cent have been declared by these companies during 1964-65.

XII—*conold.*

(Amount in thousands of rupees)

Free Reserves including balance of Profit and Loss Account at the close of the year	Total Capital employed (Total of (Cols. 5 7 and 8))	Block assets (Net)	Total depreciation	Net Profit + Loss—	Interest on loans	Total return (Cols. 12 plus 13)	Percentage of return on capital employed
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
..	1,04	58	6	-16	..	-16	..
9	1,50	1,82	35	18	..	18	12.00
..	2,55	17	6	7	..	7	2.74
7	1,42	29	15	-3	..	-3	..
8	2,40	37	5	11	2	13	5.42
26	1,51	50	4	16	..	16	10.60
..	58	19	6	-1	..	-1	(B)
..	1,54	64	..	-5	..	-5	..
9	69	6	1	2	..	2	2.89(B)
..	1,45	2	..	2	..	2	1.38(B)
3	1,27	50	10	-3	..	-3	..
..	43	36	1	-5	..	-5	(B)
..	58	13	4	-19	3	-16	(B)
3	95	11	3	-40	1	-39	..
2	87	31	7	2	..	2	2.30(B)
..	42	10	2	-8	..	-8	..
4,36	76,63	41,24	6,36	21	72	93	..
46,67	76,67	53,60	37,20	35,87	..	35,87	46.78(Z)
46,67	76,67	53,60	37,20	35,87	..	35,87	..
13	2,75	58	97	-12	3	-9	..
12	33,25	4,02	97	1,33	..	1,33	4
..	14,90	11,76	14	..	..	..	(A)&(B)
25	10,90	16,36	2,08	1,21	3	1,24	..
82,49	15,73,28	8,99,00	1,01,68	60,52	16,53	77,05	..

CHAPTER VIII

FINANCIAL ASSISTANCE TO ORISSA KHADI AND VILLAGE
INDUSTRIES BOARD, CO-OPERATIVE INSTITUTIONS,
LOCAL BODIES AND OTHERS

INDUSTRIES DEPARTMENT

103. *Orissa Khadi and Village Industries Board*—The Orissa Khadi and Village Industries Board is a statutory body constituted under the Orissa Khadi and Village Industries Board Act, 1955; the Board started functioning from June, 1956.

The Act stipulates preparation of Annual statement of accounts; this has not been done so far (October, 1966). Rules for preparation of the accounts and the forms to be used by the various units have also not been prescribed. The "consolidated Statement of Affairs" as on 31st March, 1964 of Khadi Industries only prepared by the Board for the first time during 1966-67 showed a loss of Rs. 11.51 lakhs during the period June, 1956 to March, 1964.

The Board receives financial assistance from the Khadi and Village Industries Commission and the State Government. The amounts of grants and loans received by the Board during and to end of 1964-65 are indicated below:

	Amounts received			
	During 1964-65		To end of 1964-65	
	Grants	Loans	Grants	Loans
	(In lakhs of rupees)			
Khadi and Village Industries Commission	5.63	8.61	1,21.44	2,03.45
Government of Orissa ..	6.76	..	53.05	..
Total ..	12.39	8.61	1,74.49	2,03.45

Of the funds received from the Commission, the unspent balances of grants and loans amounting to Rs. 13.13 lakhs and 24.81 lakhs respectively were refunded to end of 1964-65.

(1) *Arrears in repayment of loans to the Commission*—According to the information furnished by the Board, the total amount of instalments of loans due to the Commission upto 31st March, 1966 remaining unpaid by August, 1966 was Rs. 58.30 lakhs; the yearwise break up of the arrears has not been furnished by the Board.

(2) *Outstanding utilisation certificates*—It was mentioned in paragraph 125 (1) of Audit Report, 1966 that utilisation certificates for grants amounting to Rs. 45.88 lakhs and loans totalling Rs. 78.45 lakhs received from the Commission upto March, 1964 were not furnished to end of August, 1965. The position continues to be unsatisfactory; as at the end of July, 1966, utilisation certificates were not furnished to the Commission for grants amounting to Rs. 47.82 lakhs and loans of Rs. 62.67 lakhs. These represented more than 38 per cent of the total grants and loans received up to 1964-65 (excluding amounts refunded).

(3) *Diversion of assistance*—Mention was made in paragraph 125 (2) of Audit Report, 1966 regarding disbursement of grants and loans by the Board to co-operative societies and institutions for certain schemes in excess of the amounts received for the purpose from the Commission, apparently by diversion of funds, received for other purposes. Further cases of diversion of assistance since noticed are mentioned below:—

Name of the Industry	Grant/loan received from the Commission during 1956-57 to 1964-65 less refunds	Amount actually disbursed by the Board	Excess
(In lakhs of rupees)			
<i>Palmgur</i> —			
Grant ..	8.84	10.79	1.95
Loan ..	5.76	6.25	0.49

The diversion of funds received till the end of 1964-65 which has got to be regularised by the Commission is Rs. 27.24 lakhs.

(4) *Shortages, misappropriations, etc.*—In paragraph 125(5) of Audit Report, 1966, some cases of shortages and misappropriation of cash and stores were mentioned. Further cases since noticed are indicated below:—

(i) In 85 cases, suspected shortages and misappropriation of cash and stores amounting to Rs. 1.87 lakhs were noticed in some production centres, Parisramalayas, Bhawans, Bhandars, etc., at the time of inspection by the officers of the Board during April, 1964 to July, 1966. Of these, 58 cases involving an amount of Rs. 1.51 lakhs were reported to be under investigation (July, 1966). The remaining 27 cases are stated to have been settled.

(ii) The physical verification of stock conducted by the Board showed that as on 31st March, 1966 there was a shortage valued at Rs. 0.89 lakh and excess stock valued at Rs. 0.80 lakh in various production units, sales centres, etc. The cases were stated to be under investigation by the Board (July, 1966).

(iii) In addition, shortages of stock worth Rs. 0.45 lakh, and misappropriation of cash and short credit of the sale proceeds to the extent of Rs. 3,391 pertaining to 6 production and sale centres and Bhawans were noticed in local audit conducted in January, 1966. The shortages of stock were mainly due to (a) stock having not been taken into account and (b) arithmetical inaccuracies and errors in carrying forward of balances. The cases were stated to be under the Board's investigation (July, 1966).

(5) *Sub-standard and damaged stock*—Physical verification of stock conducted in March, 1965 and March, 1966 in 5 Khadi Centres (including one closed down in December, 1963) disclosed sub-standard and damaged stock worth Rs. 0.68 lakh. The disposal of stock has not been intimated (February, 1967).

(6) *Grants and Loans to Co-operative Societies*—The Board gives grants and loans to Co-operative Societies for promotion of Village Industries. Mention was made in paragraph 125(3) of the Audit Report, 1966 that 116 societies which received grants and loans totalling Rs. 22.85 lakhs were not

working satisfactorily. It was also mentioned that out of a total amount of Rs. 23.56 lakhs due by the end of March, 1965 towards instalments of loans from 488 societies, a sum of Rs. 10.09 lakhs was recoverable from 186 societies then defunct.

The position continues to be unsatisfactory. Out of 712 Co-operative Societies and institutions assisted by the Board till the end of March, 1965 in the form of grants (Rs. 38.21 lakhs) and loans (Rs. 79.47 lakhs) for development of Khadi and Village Industries, 379 Societies were stated by the Board to be dormant and languished (July, 1966). The Board decided to wind up 253 of these which had received a total amount of Rs. 8.18 lakhs as grants from the Board and were to repay to the Board an amount of Rs. 13.12 lakhs towards loan. The remaining 126 Societies which received grants amounting to Rs. 4.34 lakhs and having an outstanding balance of loan of Rs. 8.12 lakhs were not working satisfactorily; the Board has decided to include these societies under the "revitalisation programme" undertaken by it.

The total amount of outstanding instalments of loans from co-operative societies as at the end of March, 1966 was Rs. 24.29 lakhs (32 per cent of the total amount due for repayment). The yearwise break up of instalments overdue and the interest accrued thereon has not been furnished by the Board. The steps taken to realise the overdue instalments have also not been intimated (February, 1967).

(7) *Outstanding advances*—Out of the 473 cases of advances amounting to Rs. 7.72 lakhs outstanding against the Officers and staff of the Board for adjustment in September, 1965 as mentioned in paragraph 125 (4) of Audit Report, 1966, 459 cases amounting to Rs. 5.11 lakhs are still pending adjustment (August, 1966). of this, an amount of Rs. 0.90 lakh is outstanding in 40 cases where the individuals have already left service of the Board or died long back. The yearwise analysis of the outstanding advances has not been furnished by the Board.

104. *Financial assistance to Co-operative Institutions*—An amount of Rs. 115.65 lakhs was paid as financial assistance during 1965-66 to co-operative institutions in the shape of grants-in-aid (Rs. 36.72 lakhs) and loans (Rs. 78.93 lakhs).

Some points in respect of co-operative institutions are mentioned in paragraph 102, page 129 to 133.

105. *Co-operative Cold Storages*—A scheme for construction and maintenance of cold storages through co-operative societies for storing surplus potatoes and ensuring supply of good seed to growers was introduced during 1961-62. To end of March, 1966, Government spent an amount of Rs. 44.28 lakhs on the execution of the scheme as detailed below.

	(Rupees in lakhs)
(i) Share capital contribution to 13 societies ..	17.60
(ii) Loans to two societies ..	8.90
(iii) Assistance in the form of land, buildings, etc., to 4 societies.	17.22
(iv) Managerial subsidy to the societies ..	0.56

(The expenditure was financed partly out of a loan of Rs. 14.22 lakhs by the National Co-operative Development Corporation).

Government have also guaranteed repayment of a loan obtained by Aska Cold Storage Plant from the Orissa State Financial Corporation. The total guaranteed loan outstanding on 31st March, 1966 was Rs. 1.32 lakhs.

Out of 14 cold storages to be constructed, only 4 have been commissioned so far (December, 1966). In one case Government have decided not to proceed with the construction (cf. sub-para (i) below) and the remaining 9 are stated to be in various stages of construction.

According to the Director of Agriculture, (June, 1966), the estimated maundage of potatoes available from near about areas for storage in 6 of the storages planned for would range from 17 to 60 per cent of the capacity of the respective storages. The share capital contributed by Government in these 6 societies was Rs. 9.20 lakhs and an amount of Rs. 0.16 lakh was given as Managerial subsidy.

The following points were also noticed—

(i) The release of share capital contribution was subject to the condition that the growers contributed as their share capital a minimum of Rs. 20,000 in each of the societies; the grower members were to contribute their minimum share before registration of the society and payment of Government share. This condition was not fulfilled in 8 of the 13 societies to which Government gave share capital contribution. In one of the societies, the share contribution was so low (Rs. 590) that Government decided in May, 1966 not to proceed with the construction of the storage and ordered in June, 1966 that Government contribution of Rs. 1.80 lakhs and the subsidy of Rs. 4,000 given for running the society should be recovered from it. No amount has been recovered so far (December, 1966).

(ii) Nine societies to the share capital of which Government contributed Rs. 13.00 lakhs have not issued share certificates so far (December, 1966).

(iii) Two of the cold storages which were commissioned and were advanced loans by Government have not executed the loan bonds so far (June, 1966). There were also defaults in repayment of loans as indicated below—

Cold storage (date of commission)	Amount overdue as on 31st March, 1966		
	Principal	Interest	Penal interest in default of prompt repayment
	Rs.	Rs.	Rs.
Baialishmauza (February, 1966) ..	37,626	45,348	3,646
Satasankha (1963-64) ..	46,391	38,038	6,148

(iv) Satasankha Cold Storage is running at a loss for the last four years; the cumulative loss upto June, 1966 was Rs. 65,283. The Secretary of the Co-operative Society stated that the loss was mainly due to improper management, defects in the plant and poor quality and delayed receipt of stocks.

(v) Baialishmauza Cold Storage commissioned during 1963-64 incurred loss to the tune of Rs. 39,730 by the end of June, 1966. The loss was mainly due to provision of interest and penal interest on Government loan taken during the period of construction.

106. *Grants to Local Bodies.*—(1) An amount of Rs. 10,02.87 lakhs was paid as grants-in-aid during 1965-66 to Local bodies, Panchayat Samitei, etc., as shown below—

	(In lakhs of rupees)
Zilla Parishads	86.81
Panchayat Samitis	8,90.03
Grama Panchayats	18.70
Municipalities and Notified Area Committees	7.33

(2) The accounts of Local bodies are audited by the Examiner, Local Fund Accounts and those of Zilla Parishads and Panchayat Samitis by the Examiner of Local Accounts; these officers are under the administrative control of the State Government. The utilisation of the grants and the recovery or adjustment of inadmissible and unutilised grants are watched by them.

The following are some of the important points reported by the Examiner to Government during 1965-66 and 1966-67.

(a) *Local Bodies*—(i) The unspent balances of the grants were found to be more than the cash balances in hand at the end of 1964-65 in respect of 15 Local bodies, indicating that the unspent amounts of grants were diverted for purposes other than those for which they had been sanctioned. The total amount of grants so diverted amounted to Rs. 59.58 lakhs.

(ii) Retention of grants from 1962-63 not required for utilisation (Rs. 0.15 lakh).

(iii) Utilisation of unspent balances of grants received in earlier years without obtaining Government sanction (Rs. 0.22 lakh).

The total money value of objections raised by the Examiner pertaining to Government grants, remaining unsettled as on 31st March, 1966 was Rs. 1.56 lakhs.

(b) *Panchayat Samitis and Zilla Parishads*—(i) The unspent balances of grants were found to be more than cash balances in hand at the end of 1964-65, in respect of 202 Panchayat Samitis, indicating that the unspent amounts of grants were diverted for purposes other than those for which the grants had been sanctioned. The total amount of grants so diverted amounted to Rs. 18.75 lakhs.

(ii) Heavy cash balances (amounting to Rs. 10,000 or more in each case) totalling in all Rs. 11.48 lakhs were held by 57 Panchayat Samitis (March, 1965).

(iii) 198 cases of theft, misappropriation and losses of cash and stores involving a total amount of Rs. 0.51 lakh were noticed during October, 1964 to March, 1965.

(iv) Overpayments and infructuous expenditure involving a total sum of Rs. 7.85 lakhs were noticed in 333 institutions during October, 1964 to March, 1965.

(v) Advances paid for execution of works and for miscellaneous purposes amounting to Rs. 52.59 lakhs were outstanding against Samiti staff for recovery/rendition of account as on 31st March, 1965 (yearwise analysis was not available with the Examiner).

(3) The following further points have been noticed from the latest annual review of the Examiner's organisation (covering period upto September, 1964) sent by the Examiner to Government in November, 1965.

(a) Grants given by Government are placed at the credit of the Panchayat Samitis in their Deposit accounts opened in the Treasuries. These grants are to be spent within a year from the date of issue of sanction.

The following will indicate that huge balances are left unspent out of these grants—

	(Rupees in lakhs)
Balance on 1st October, 1963	.. 5,55.98
Grants paid during October, 1963 to September, 1964	12,28.97
Withdrawals made from the deposit account during the same period	12,38.37
Balance on 30th September, 1964	.. 5,46.58

In November, 1965 the Examiner recommended suitable reduction of the grants to be sanctioned in future.

(b) A total amount of Rs. 4,89.26 lakhs was outstanding (September, 1964) on account of advances given by the Panchayat Samitis to contractors, suppliers, etc.

(c) Detailed contingent bills to the extent of Rs. 1,75.65 lakhs were yet to be submitted by the Block Development Officers in respect of drawals relating to the pre-samiti period.

(d) Irregular expenditure (such as overpayments on works and on other accounts, excess or unauthorised expenditure incurred by staff, losses of cash and stores due to theft, misappropriation, etc.) to the extent of Rs. 1,93.63 lakhs was incurred up to September, 1964 of which only expenditure to the extent of Rs. 2.09 lakhs was regularised during 1964-65 (yearwise break up of the outstanding amount was not available with the Examiner).

(e) An amount of Rs. 35.32 lakhs towards instalments of principal and interest out of the loans advanced to various institutions and parties, was outstanding for recovery by March, 1965.

(4) A test check by Audit of the accounts of 20 Panchayat Samitis during 1965-66 indicated that in 12 Panchayat Samitis, 686 works (buildings, roads, wells, etc.) were left incomplete at various stages of construction during 1956-57 to 1964-65. The expenditure incurred on 613 of these works was Rs. 10.31 lakhs; the expenditure incurred on the remaining 73 works has not been intimated by the department.

107. *Grants to other institutions*—An amount of Rs. 72.14 lakhs was paid as grants to other bodies, institutions, etc.

Audit of sanctions to grants conducted in offices sanctioning the grants and the test check of the accounts of some recipient bodies indicated the following points—

Name of the grantee/ Purpose of grant	Amount (Rs. lakhs) and year of sanction	Remarks
--	--	---------

INDUSTRIES DEPARTMENT

- | | | |
|--|---------------------------|---|
| (1) Grants to Technical Institutions for holding exhibitions. | 0.10
(1964-65) | The amount was withdrawn during April and September, 1964 by the Director of Industries for disbursement to the grantees. As the exhibitions were not held, no amount was disbursed but it has not been refunded to the treasury (December, 1966). |
| (2) Ex-District Board High Schools, Jeypore for meeting deficit in its expenditure. | 0.59
(1963-64) | Based on the actual receipts and expenditure the amount admissible was found to be Rs. 0.34 lakh. The excess payment of Rs. 0.25 lakh has not been recovered so far (December, 1966) |
| (3) Grant towards scholarships released through the Director of Public Instructions. | 5.81
(March, 1964) | To meet payment of scholarship to the students of Sainik School, Bhubaneswar and purchase of furniture for the schools, the grant was released in full without obtaining the utilisation certificate and audited statement in respect of grants paid in previous years which were required according to the terms and conditions of the grants. |
| (4) Grants for giving immediate financial relief to Schools released through Inspector of Schools, Balasore. | 0.53
(September, 1965) | Grants were released to different Schools without obtaining utilisation certificate of the previous years' grants which was required according to the terms and conditions of the grants. |

CHAPTER IX

OUTSTANDING AUDIT OBJECTIONS AND INSPECTION REPORTS

108. *Outstanding Audit Objections*—The number of objections pertaining to the period upto March, 1966 pending settlement on the 31st December, 1966 was 1,38,189 involving a total amount of Rs. 46.22 crores as indicated below:—

Year	Number of objections	Amount (In crores of rupees)
1961-62 and earlier years	99,185	21.25
1962-63	8,198	4.03
1963-64	6,187	3.45
1964-65	7,464	6.94
1965-66	17,155	10.55

In addition the total number of objections relating to Hirakud Dam Project raised by the Financial Adviser and Chief Accounts Officer and outstanding on the 31st July, 1966 was to the order of 164 items involving Rs. 5.37 crores; of this, 142 objections involving Rs. 5.35 crores pertain to 'excess over estimates.

It will be seen that 1,13,570 objections involving Rs. 28.73 crores were over 2 years old.

A departmentwise analysis showing the nature of objections and the amount is indicated in Appendix XVI, at page 184.

About 54 per cent (Rs. 24.77 crores) of the total amount of outstanding objections, was for want of detailed contingent bills. The rules require that detailed bills should be submitted to Audit within three months in respect of expenditure on works and one month in all other cases. In the absence of detailed bills, the expenditure escapes audit scrutiny and there is a risk of irregularities remaining undetected for unduly long periods. Detailed contingent bills for Rs. 18.68 crores were awaited for over 2 years.

Some of the departments with heavy outstandings in respect of detailed contingent bills are indicated below:—

Department	Amount (In crores of rupees)
Revenue and Excise	6.19
Agriculture	4.96
Tribal and Rural Welfare	4.19
Community Development and Panchayati Raj	3.47

The objections regarding non-submission of vouchers and sub-vouchers, etc., also require special attention as in these cases payees' receipts, vouchers, etc., have not been furnished to Audit. Vouchers and sub-vouchers for a total of Rs. 11.92 crores are awaited, until the vouchers and sub-vouchers are furnished, the purpose for which the money was withdrawn from the Treasury cannot be ascertained and the expenditure cannot be audited.

109. *Outstanding Inspection Reports*—Important irregularities and defects in accounts noticed during local audit and inspections are included in Inspection Reports which are sent to the departmental officers for necessary action. The points mentioned in the reports should be settled expeditiously so that irregularities may not persist or recur. That this was not being done to the required extent is indicated by the fact that as at the end of December, 1966, as many as 2,489 Inspection Reports containing 14,248 paras (some dating back 1951-52) were not settled for more than one year. These include 10,118 paragraphs which were outstanding for more than three years.

A departmentwise analysis of the Reports outstanding for more than one year is given in Appendix XVII, page 185, the outstandings were particularly heavy in respect of Community Development and Panchayati Raj and Revenue and Excise Departments.

The common types of irregularities noticed during the three years ending March, 1966 are shown in Appendix XVIII, page 186.

CHAPTER X

OTHER TOPICS OF INTEREST

110. *Delay in finalisation of pension cases*—Mention was made in paragraph 130 of the Audit Report, 1966 about the delay in the submission of pension cases by Administrative Departments to Audit Office and the consequent delay in their finalisation.

The position continues to be unsatisfactory. Of the 547 cases of superannuation and other retiring pensions received during 1965-66, 524 were received after the retirement of Government servants. Similarly, out of 249 cases of family pensions received during the year, 170 were sent more than one year after the death of the Government servants concerned. According to the orders of Government, cases of superannuation and other retiring pensions are required to be submitted to the Audit Office one year ahead of the probable date of retirement and family pension cases immediately after the death of the Government servant.

The extent of delay in sending the cases to the audit office is indicated below:—

Extent of delay	Number of superannuation and other retiring pension cases	Number of family pension cases
More than 3 years	150	49
More than 2 years but less than 3 years	46	47
More than 1 year but less than 2 years	92	74

111. *Delay in finalisation of Provident Fund final payment cases*—Mention was made in paragraph 131 of the Audit Report, 1966 about the delay in sending applications to the Audit Office for the final withdrawal of the amounts in the Provident Fund accounts of Government servants.

The delay persisted during 1965-66 also. An analysis of the 1,221 final withdrawal cases received in Audit Office during 1965-66 shows inordinate delay in forwarding the claims as indicated below; it will be seen that the delay exceeded one year in 574 cases.

Extent of delay	Number of cases
Over 3 years ..	63
2 to 3 years ..	194
Above one year but less than 2 years ..	317
6 months to one year ..	43
Below six months ..	604
Total	1221

Further the applications and connected documents received from the departmental officers were found incomplete in a large number of cases and considerable time was taken by them in furnishing the wanting particulars.

The yearwise breakup of 137 cases outstanding for over six months as on 31st December, 1966 due to non-compliance of the prescribed requirements by the departmental officers is given below—

Extent of delay	Number of cases
Over 5 years ..	2
Over 2 years but less than 5 years ..	27
Over 1 year but less than 2 years ..	29
Over 6 months but less than one year ..	79
Total	137

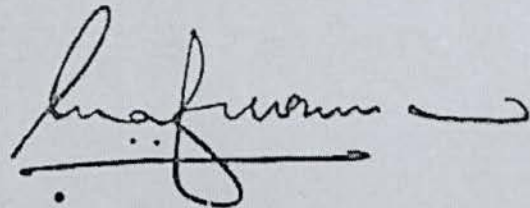
112. *Delay in issue of sanctions to the continuance of temporary posts*—Mention was made in paragraph 132 of the Audit Report, 1966 about the delay in issue of sanctions to the continuance of temporary posts. In spite of the instructions issued by the Government in February, 1966, the delay has persisted in issuing sanctions to continuance of posts beyond 28th February, 1966.

Out of the total number of 3,753 temporary gazetted posts which were continued beyond 28th February, 1966 delay in issuing further sanctions occurred in 2,630 cases as shown below:—

Delay	Number of posts
More than 4 months	114
More than 2 months but less than 4 months	728
More than 1 month but less than 2 months	1,788

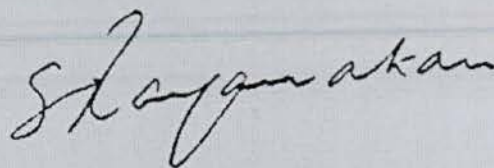
BHUBANESWAR,

The 25 APR 1967



(M. A. LAKSHMAN)
Accountant General, Orissa

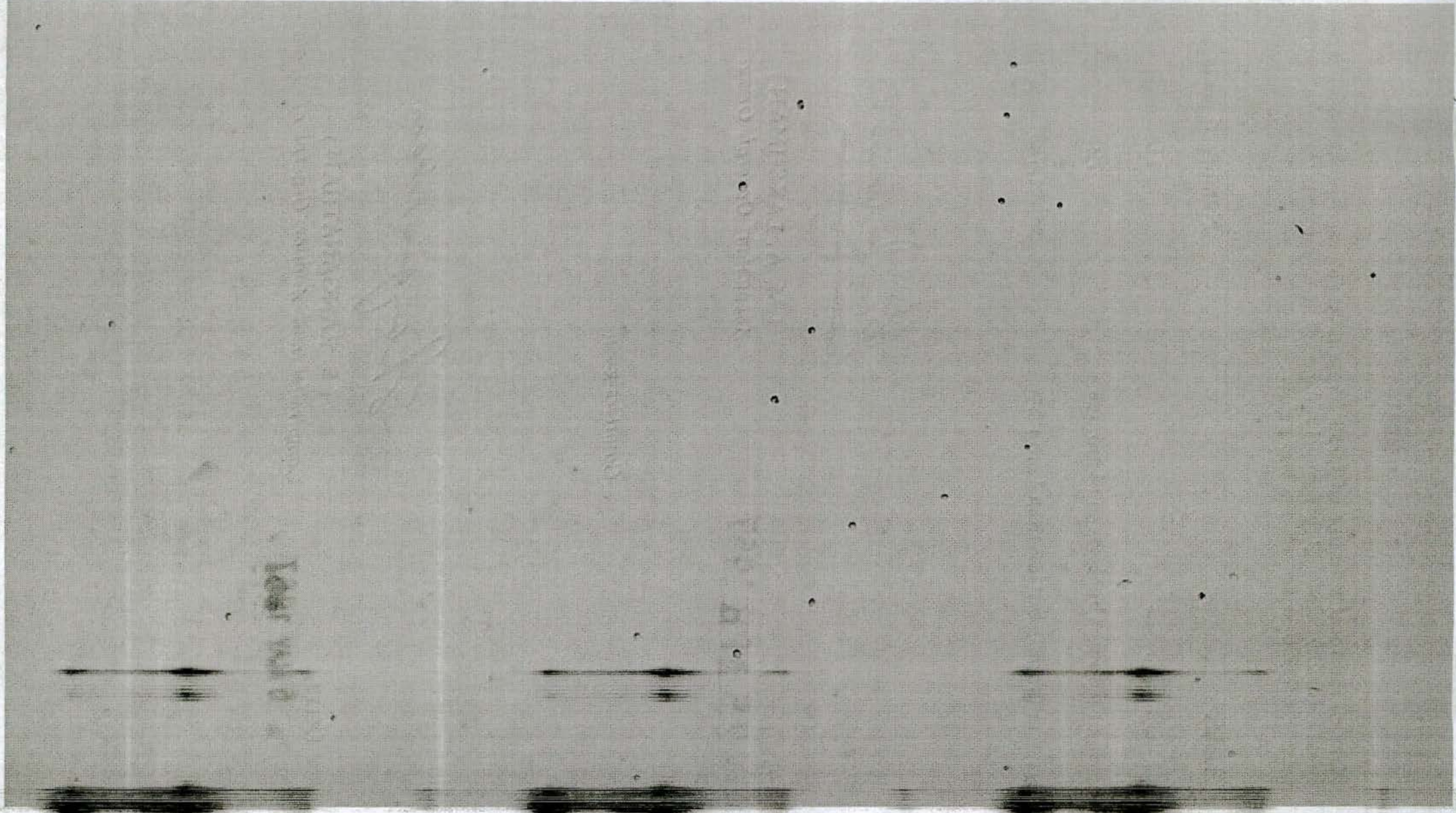
Countersigned



(S. RANGANATHAN)
Comptroller and Auditor General of India

NEW DELHI,

The 6 MAY 1967



APPENDIX I

(Referred to in paragraph 13, page 27)

Statement showing the position of overdrafts from the Reserve Bank of India during 1965-66

Period during which overdrafts occurred	Maximum amount of overdraft on a single day (date)	Remarks
1. 3rd April, 1965 to 28th June, 1965	Rs. 9.49 crores (30th April, 1965)	On 6th May and 14th June, 1965, the State Government received Ways and Means advances totalling Rs. 5.82 crores for Plan schemes. But the overdraft in the Bank could be wiped out only on 29th June, 1965 (overdraft on that date : Rs. 7.92 crores) when the State Government received a further advance of Rs. 8.25 crores from the Government of India.
2. 1st to 8th July, 1965	Rs. 1.15 crores (7th July, 1965)	The overdraft of Rs. 0.72 crore on 9th July, 1965 was wiped out on that date on receipt of a Ways and Means Advance for Plan schemes of Rs. 2.91 crores from the Government of India.
3. 4th to 9th August, 1965	Rs. 1.05 crores (5th August, 1965)	The overdraft of Rs. 0.93 crore on 10th August, 1965 was wiped out on that date on receipt of a Ways and Means Advance for Plan schemes of Rs. 3.15 crores from the Government of India.
4. 8th to 13th September, 1965	Rs. 2.54 crores (9th September, 1965)	The overdraft of Rs. 0.39 crore on 14th September, 1965 was wiped out on that date on receipt of a Ways and Means Advance for Plan schemes amounting to Rs. 2.97 crores from the Government of India.
5. 26th October, 1965 to 4th January, 1966	Rs. 10.53 crores (13th December, 1965)	Ways and Means Advances for Plan schemes amounting to Rs. 5.94 crores were received from the Government of India on 10th November and 14th December, 1965. But the overdraft could be wiped out only on 5th January, 1966 (overdraft outstanding on that date was Rs. 2.15 crores) on receipt of a further Ways and Means Advance of Rs. 3.52 crores from the Government of India.
6. 4th February, 1966 to 4th March, 1966	Rs. 4.73 crores (4th March, 1966)	..
7. 8th to 17th March, 1966	Rs. 1.77 crores (17th March, 1966)	..
8. 21st to 31st March, 1966	Rs. 8.49 crores (28th March, 1966)	Cash credit advance of Rs. 1 crore was received on 28th March, 1966 from the State Bank of India for the State Monopoly Trading in rice and paddy.

APPENDIX

(Referred to in

Statement showing department wise and year wise

Name of Department	Year in which the Grants-in-aid was paid	Building grants		Equipment grants	
		No. of utilisation certificates out-standing on 1st January, 1967	Amount (In lakhs of rupees)	No. of utilisation certificates out-standing on 1st January, 1967	Amount (In lakhs of rupees)
1	2	3	4	5	6
Community Development and Panchayati-Raj.	1962-63 and earlier years	..	..	..	..
	1963-64	..	..	..	..
	1964-65	..	..	..	..
	1965-66	..	..	..	..
Education	1962-63 and earlier years	89	29.24	68	7.42
	1963-64	23	3.39	19	7.02
	1964-65	24	18.20	14	1.87
	1965-66	12	7.49	1	0.97
Industries	1962-63 and earlier years.	..	..	..	..
	1963-64	..	..	..	..
	1964-65	..	..	..	..
	1965-66	..	..	..	..
Co-operation and Forestry.	1962-63 and earlier years	..	..	..	..
	1963-64	..	..	..	..
	1964-65	..	..	..	..
	1965-66	..	..	..	..
Tribal and Rural Welfare	1962-63 and earlier years	7	0.27	1	0.02
	1963-64	2	0.17	..	..
	1964-65	5	0.14	..	..
	1965-66	13	0.44	..	..
Relief and Rehabilitation	1962-63 and earlier years	..	—	..	..
Urban Development	1962-63 and earlier years	7	28.11	..	..
	1963-64	..	..	..	..
	1964-65	..	..	..	..
	1965-66	..	..	..	..
Health	1962-63 and earlier years	6	13.99	..	..
	1963-64	1	0.10	..	..
	1964-65	..	..	..	..
	1965-66	..	..	4	0.15
Planning and Co-ordination.	1962-63 and earlier years	..	..	..	..
	1964-65	..	..	..	..
	1965-66	..	..	..	..

11

paragraph 16(b), page 31)

analysis of Utilisation Certificates awaited as in January, 1967

Maintenance grants		Miscellaneous grants		Total	
No. of utilisation certificates outstanding on 1st January, 1967	Amount (In lakhs of rupees)	No. of utilisation certificates outstanding on 1st January, 1967	Amount (In lakhs of rupees)	No. of utilisation certificates outstanding on 1st January, 1967	Amount (In lakhs of rupees)
7	8	9	10	11	12
..	..	1,735	476.66	1,735	476.66
..	..	1,018	4,97.03	1,018	4,97.03
..	..	1,056	3,47.36	1,056	3,47.36
..	..	585	4,40.60	585	4,40.60
1,188	3,62.46	4391 224	10.63	1,569	4,09.75
610	70.07	81	3.04	733	83.52
981	1,84.05	66	6.91	1,085	211.03
1,378	3,38.69	89	18.92	1,480	3,66.07
32	61.11	..	..	32	61.11
9	0.70	..	..	9	0.70
23	26.28	..	..	23	26.28
23	18.48	..	..	23	18.48
..	..	278	2,05.93	278	2,05.93
..	..	15	78.17	15	78.17
1	0.04	27	50.74	28	50.78
2	0.46	79	24.75	81	25.21
2	0.04	21	1.19	31	1.52
..	..	20	0.92	22	1.09
..	..	38	3.88	43	4.02
..	..	49	2.32	62	2.76
4	2.33	..	..	4	2.33
29	25.33	18	2.11	54	55.55
18	6.00	..	..	18	6.00
25	5.31	..	..	25	5.31
35	2.29	..	..	35	2.29
4	2.22	56	18.13	66	34.34
..	..	84	30.45	85	30.55
4	0.08	72	16.92	76	17.00
13	1.80	56	28.56	73	30.51
85	92.31	39	75.54	124	1,67.85
2	0.78	..	..	2	0.78
5	1.00	..	..	5	1.00

Name of Department	Year in which the Grants-in-aid was paid	Building grants		Equipment grants	
		No. of utilisation certificates out-standing on 1st January, 1967	Amount (In lakhs of rupees)	No. of utilisation certificates out-standing on 1st January, 1967	Amount (In lakhs of rupees)
1	2	3	4	5	6
Agriculture and Animal Husbandry	1962-63 and earlier years.	..	..	1	0.40
	1963-64	..	..	..	..
	1964-65	..	..	..	..
	1965-66	..	..	..	..
Transport	1962-63 and earlier years.	..	..	..	..
	1965-66	..	..	..	..
Commerce	1962-63 and earlier years.	..	..	..	..
	1963-64	..	..	..	..
	1964-65	..	..	..	..
	1965-66	..	..	..	..
Home	1962-63 and earlier years.	..	..	..	..
	1963-64	..	..	3	0.14
	1965-66	..	..	..	..
Cultural Affairs	1964-65	..	..	..	..
	1965-66	..	..	..	..
Revenue	1962-63 and earlier years.	..	..	..	..
	1964-65	..	..	..	..
	1965-66	..	..	..	..
Finance	1962-63 and earlier years.	..	..	..	..
	1965-66	..	..	..	..
Law	1962-63 and earlier years.	..	..	..	..
	1963-64	..	..	..	..
	1964-65	..	..	..	..
	1965-66	..	..	..	..
Political and Services	1962-63 and earlier years.	..	..	..	..
	1963-64	1	0.02	..	..
	1964-65	..	..	..	..
	1965-66	..	..	..	..
Labour, Employment and Housing.	1965-66	..	..	..	..
Grand Total		190	1.01.56	111	17.99

ii—concl'd.

Maintenance grant		Miscellaneous grants		Total	
No. of utilisation certificates outstanding on 1st January, 1967	Amount (In lakhs of rupees)	No. of utilisation certificates outstanding on 1st January, 1967	Amount (In lakhs of rupees)	No. of utilisation certificates outstanding on 1st January, 1967	Amount (In lakhs of rupees)
7	8	9	10	11	12
3	8.53	..	..	4	8.93
11	8.07	..	..	11	8.07
27	24.56	1	1.12	28	25.68
27	23.14	5	1.33	32	24.47
4	0.45	7	0.11	11	0.56
3	0.20	..	..	3	0.20
9	0.14	2	0.11	11	0.25
5	0.69	14	0.27	19	0.96
33	0.43	..	..	33	0.43
16	0.39	..	..	16	0.39
9	0.17	10	0.58	19	0.75
1	14.00	..	..	4	14.14
11	1.90	3	1.45	14	3.35
3	0.34	..	..	3	0.34
5	1.12	..	..	5	1.12
10	34.66	6	1.52	16	36.18
1	0.28	—	..	1	0.28
3	6.95	—	..	3	6.95
1	1,00.00	—	—	1	1,00.00
1	0.10	—	—	1	0.10
8	0.69	24	0.91	32	1.60
..	..	4	2.90	4	2.90
5	0.19	..	..	5	0.19
9	0.53	..	..	9	0.53
134	42.37	10	3.45	144	45.82
—	—	7	0.31	8	0.33
—	—	2	0.02	2	0.02
—	—	2	0.34	2	0.34
7	0.03	—	—	7	0.03
4,819	14,71.76	5,803	23,55.18	10,923	39,46.49

APPENDIX III

(Referred to in paragraph 19(a) (i) and 19(b), page 36)

Statement showing the extent of utilisation of Supplementary grants/appropriations.

Sl. No.	Number and name of grant	Original grant	Supplementary grant and the month in which obtained	Total grant	Expenditure	Excess Saving—	Amount surrendered	Percentage of saving
1	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
A—Cases where the supplementary grants proved unnecessary—								
Voted—								
1.	5—Community Development Projects, etc.	8,83.09	2.01 October, 1965 (2.00) December, 1965 (0.01)	8,85.10	8,47.76	—37.34	57.77	4.22
2.	6—Expenditure relating to the Political and Services Department	45.60	1.23 December, 1965 (0.25) March, 1966 (0.98)	46.83	36.18	—10.65	8.54	22.75
3.	9—Ministers, Civil Secretariat and other expenditure relating to the Finance Department	1,16.75	0.23 October, 1965 (*) December, 1965 (0.23)	1,16.98	1,16.05	—0.93	0.73	0.80
4.	10—Pensions	57.65	0.55 March, 1966	58.20	54.18	—4.02	..	6.90
5.	11—Expenditure relating to the Education Department	10,53.08	0.75 October, 1965 (0.61) December, 1965 (0.13) March, 1966 (0.01)	10,53.83	10,02.21	—51.62	28.69	0.49
6.	13—Land Revenue	4,04.07	0.75 October, 1965	4,04.82	3,66.26	—38.56	32.89	9.52
7.	17—Expenditure relating to the Industries Department	2,22.01	13.75 December, 1965 (8.34) March, 1966 (5.41)	2,35.76	1,87.96	—47.80	45.54	20.27
8.	19—Stationery and Printing and other expenditure relating to the Commerce Department	89.45	3.13 March, 1966	92.58	88.28	—4.30	0.14	4.66
9.	21—Tribal and Rural Welfare Department	3,27.40	0.51 December, 1965	3,27.91	2,58.02	—69.89	51.03	21.31
10.	31—Forest	2,02.77	0.50 March, 1966	2,03.27	1,93.88	—9.39	9.29	4.62
11.	34—Contribution to Local Bodies	2,61.06	11.92 October, 1965 (1.92) December, 1965 (10.00)	2,72.98	97.07	—1,75.91	1,74.59	64.44
12.	35—Animal Husbandry	1,85.88	14.02 October, 1965 (14.02) December, 1965 (*)	1,99.90	1,65.03	—34.87	32.62	17.45
13.	37—Agriculture	4,41.92	7.86 October, 1965 (*) December, 1965 (7.86) March, 1966 (*)	4,49.78	3,06.05	—1,43.73	1,22.29	31.95
14.	43—Irrigation and Electricity Schemes	32,40.11	1,15.79 October, 1965 (0.01) December, 1965 (*) March, 1966 (1,15.78)	33,55.90	31,38.44	—2,17.46	26.15	6.12
15.	54—Capital Outlay on Forests	3,96.78	20.87 December, 1965 (2.00) March, 1966 (18.87)	4,17.65	3,36.18	—81.47	2.30	19.51
16.	55—Share Capital contribution to Co-operative Organisations	1,85.40	6.00 December, 1965	1,91.40	59.86	—1,31.54	65.09	68.72

* Represents token supplementary.

APPENDIX III—contd.

Sl. No.	Number and name of grant	Original grant	Supplementary grant and the month in which obtained	Total grant	Expenditure	Excess ÷ Saving—	Amount surrendered	Percentage of saving
1	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
<i>A—Cases where the supplementary grants proved unnecessary—</i>								
<i>Charged—</i>								
17.	10—Pensions ..	0.39	0.01 March, 1966	0.40	0.21	—0.19	..	48.10
18.	17—Expenditure relating to the Industries Department	..	0.06 March, 1966	0.06	..	—0.06	..	100.00
19.	32—Fisheries ..	..	0.02 December, 1965 (0.01) March, 1966 (0.01)	0.02	..	—0.02	..	100.00
20.	36—Public Relations	..	0.02 October, 1965 (*) March, 1966 (0.02)	0.02	..	—0.02	..	100.00
<i>B—Cases where the supplementary grants/appropriations proved excessive—</i>								
<i>Voted—</i>								
21.	1—Elections and other expenditure relating to the Home Department	40.45	8.81 October, 1965 (1.12) March, 1966 (7.69)	49.26	45.97	—3.29	2.61	6.61
22.	2—Jails ..	55.48	2.83 March, 1966	58.31	56.24	—2.07	2.15	3.55
23.	3—Police ..	5,20.56	62.53 October, 1965 (36.88) December, 1965 (25.65) March, 1966 (*)	5,83.09	5,45.70	—37.39	40.44	6.41
24.	16—District Administration and other expenditure relating to the Revenue Department	1,82.59	1,14.65 October, 1965 (12.42) December, 1965 (1,00.00) March, 1966 (2.23)	2,97.24	2,93.40	—3.84	2.63	1.30
25.	25—Public Works ..	17,07.65	2,58.76 December, 1965 (2,41.75) March, 1966 (17.01)	19,66.41	18,94.24	—72.17	1,13.45	3.67
26.	29—Taxes on Vehicles	8.02	1.28 December, 1965	9.30	8.66	—0.64	0.36	6.93
27.	30—Transport Schemes	1,89.43	18.20 March, 1966	2,07.63	2,05.80	—1.83	1.14	0.88
28.	41—Loans to Local Funds, Government servants, etc.	4,91.24	9,76.64 October, 1965 (1,71.96) December, 1965 (3,94.00) March, 1966 (4,10.68)	14,67.88	10,56.87	—4,11.01	3,75.71	28.00
29.	44—Agricultural improvement and research	1,76.24	44.98 December, 1965	2,21.22	1,96.75	—24.47	22.38	11.06
30.	46—Road and Water Transport Schemes	11.30	3.00 March, 1966	14.30	13.24	—1.06	0.78	7.38
31.	48—Capital Outlay on Industrial Development	2,20.04	94.65 October, 1965 (2.00) December, 1965 (*) March, 1966 (92.65)	3,14.69	3,07.44	—7.25	7.33	2.30
32.	57—Capital expenditure relating to Animal Husbandry Department	8.19	0.62 December, 1965	8.81	8.25	—0.56	..	6.36

* Represents token supplementary

APPENDIX III—*concl.*

Sl. No.	Number and name of grant	Original grant	Supplementary grant and the month in which obtained	Total grant	Expenditure	Excess + Saving—	Amount surrendered	Percent age of saving
1	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
<i>A—Cases where the supplementary grants proved unnecessary—</i>								
<i>Charged—</i>								
33.	Interest on debt and other obligations	11,52.62	52.38 March, 1966	12,05.00	12,01.43	-3.57	0.26	0.10
34.	Floating Debt (Repayment)	1,50.00	13,30.00 October, 1965 (7,50.00) December, 1965 (2,50.00) March, 1966 (3,30.00)	14,80.00	14,31.00	-49.00	49.00	3.31
<i>C—Cases where supplementary grants/appropriations proved inadequate</i>								
<i>Voted—</i>								
35.	4—Expenditure relating to the Planning and Co-ordination Department	1,85.12	1,54.20 October, 1965 (0.50) December, 1965 (0.48) March, 1966 (1,53.22)	3,39.32	4,00.04	+60.72	24.74	17.89
36.	8—Stamps	4.07	0.32 March, 1966	4.39	5.88	+1.49	..	33.96
37.	24—Irrigation	9,31.66	1,29.44 October, 1965 (0.88) December, 1965 (4.33) March, 1966 (1,24.23)	10,61.10	10,62.19	+1.09	5.15	0.10
38.	28—Electricity Schemes	1,03.19	61.28 December, 1965 (30.96) March, 1966 (30.32)	1,64.47	1,90.79	+26.32	..	16.00
39.	45—Government Trading Scheme	10,56.35	2,10.85 March, 1966	12,67.20	16,22.12	+3,54.92	..	28.00
40.	56—Capital expenditure relating to Planning and Co-ordination Department	27.00	13.00 March, 1966	40.00	49.82	+9.82	..	24.55
41.	60—Capital outlay on Public Works	6,61.95	2,44.05 October, 1965 (1.30) December, 1965 (76.90) March, 1966 (1,65.85)	9,06.00	9,13.72	+7.72	0.73	0.85
<i>Charged—</i>								
42.	1—Elections and other expenditure relating to the Home Department	7.02	0.10 March, 1966	7.12	7.25	+0.13	..	1.73

APPENDIX IV

(Referred to in paragraph 21, page 40)

Statement showing savings under voted grant

Serial No.	Number and name of the grant	Original grant	Supplementary grant	Total grant	Expenditure	Excess+ Saving—	Percentage of saving
1	2	3	4	5	6	7	8
(In lakhs of rupees)							
<i>I—Cases where savings amounted to 20 per cent or more of the total grant</i>							
1.	6—Expenditure relating to the Political and Services Department	45.60	1.23	46.83	36.18	—10.65	22.75
2.	17—Expenditure relating to the Industries Department	2,22.01	13.75	2,35.76	1,87.96	—47.80	20.27
3.	21—Tribal and Rural Welfare Department	3,27.40	0.51	3,27.91	2,58.02	—69.89	21.31
	32—Fisheries ..	57.61	.	57.61	44.90	—12.71	22.06
5.	33—Co-operation and Marketing ..	1,12.98	..	1,12.98	87.59	—25.39	22.47
6.	34—Contribution to Local Bodies ..	2,61.06	11.92	2,72.98	97.07	—1,75.91	64.44
7.	37—Agriculture ..	4,41.92	7.86	4,49.78	3,06.05	—1,43.73	31.95
8.	39—Ports ..	3.69	..	3.69	2.79	—0.90	26.60
9.	41—Loans to Local Funds, Government Servants, etc.	4,91.24	9,76.64*	14,67.88	10,56.87	—4,11.01	28.00
10.	42—Compensation for abolition of Zamindari system and other expenditure relating to the Revenue Department	51.00	..	51.00	39.66	—11.34	22.23
11.	49—Hirakud Dam Project ..	53.27	..	53.27	5.15	—48.12	90.33
12.	50—Capital Outlay on Ports ..	7,65.52	..	7,65.52	2,30.29	—5,35.23	69.92
13.	55—Share capital contribution to Co-operative Organisation	1,85.40	6.00	1,91.40	59.86	—1,31.54	68.73
14.	58—Capital expenditure relating to the Grama Panchayat Department	10.00	..	10.00	6.80	—3.20	32.00
<i>II—Cases where the savings exceeded 10 per cent but within 20 per cent of the total grant</i>							
15.	7—Cultural Affairs ..	14.48	.	14.48	12.31	—2.17	14.98
16.	20—Labour, Emigration and Employment Organisation	29.15	.	29.15	25.05	—4.10	14.08
17.	23—Public Health ..	3,08.10	.	3,08.10	2,58.68	—49.42	16.04
18.	35—Animal Husbandry ..	1,85.88	14.02	1,99.90	1,65.03	—34.87	17.45
19.	36—Public Relations ..	38.58	..	38.58	32.80	—5.78	14.98
20.	44—Agricultural Improvement and Research	1,76.24	44.98	2,21.22	1,96.75	—24.47	11.06
21.	54—Capital Outlay on Forests ..	3,96.78	20.87	4,17.65	3,36.18	—81.47	19.51

*Represents token supplementary grant.

APPENDIX V

(Referred to in paragraph 21, page 40)

Statement showing grants under which the saving more than 10 per cent occurred during the two preceding years also.

Name of grant	Percentage of saving to the total Provision		
	1963-64	1964-65	1965-66
1. 17—Expenditure relating to the Industries Department	25.63	33.80	20.27
2. 20—Labour, Emigration and Employment Organisation	12.13	12.69	14.08
3. 34—Contribution to Local Bodies ..	12.19	48.68	64.44
4. 37—Agriculture ..	27.44	19.92	31.95
5. 41—Loans to Local Funds, Government Servants, etc.	50.98	15.85	28.00
6. 58—Capital expenditure relating to the Grama Panchayat Department	13.27	11.32	32.00

APPENDIX VI

(Referred to in paragraph 23 (4) (b), page 49)

Cases in which unsurrendered savings exceeded 10 per cent of the grant

Number and name of the grant	Provision	Saving	Amount surrendered	Amount unsurrendered	Percentage of unsurrendered amount to provision
(In lakhs of rupees)					
33—Co-operation and Marketing	1,12.98	25.39	11.43	13.96	12.35
2.42—Compensation for abolition of Zamindari System and other expenditure relating to the Revenue Department	51.00	11.34	4.31	7.03	13.79
3.54—Capital outlay on Forests	4,17.65	81.47	2.30	79.17	18.95
4.55—Share capital contribution to Co-operative organisations	1,91.40	1,31.54	65.09	66.45	34.72

APPENDIX VII

(Referred to in paragraph 23 (4) (b), page 49)

Statement showing grants in which surrenders made were substantially in excess of total savings

Number and name of the grant	Total grant	Amount of Excess + Saving—	Amount surrendered
	(In lakhs of rupees)		
1. 3—Police	5,83.09	—37.39	40.44
2. 4—Expenditure relating to the Planning and Co-ordination Department	3,39.32	+60.72	24.74
3. 5—Community Development Projects, etc.	8,85.10	—37.34	57.77
4. 23—Public Health	3,08.10	—49.42	69.15
5. 24—Irrigation	10,61.10	+1.09	5.15
6. 25—Public Works	19,66.41	—72.17	1,13.45
7. 27—Public Works, Common Establishment and other expenditure relating to the Works Department.	1,50.87	—1.12	3.39

APPENDIX VIII

(Refer to in paragraph 28, page 52)

Drawal of money from treasury in advance of requirements with a view to utilising the budget provision

Sl. No.	Name of Office and purpose of drawal.	Date of drawal	Amount (In lakhs of rupees)	Remarks
AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT				
1.	Director of Agriculture towards purchase of implements	31st March, 1966	2.00	A sum of Rs. 0.89 lakh was spent during April-July, 1966 and the balance Rs. 1.11 lakhs was refunded in July, 1966.
2.	Deputy Director of Agriculture (Plant Protection) for purchase of machinery	31st March, 1966	3.73	A sum of Rs. 3.36 lakhs was refunded in July, 1966 while Rs. 0.31 lakh was spent during July-August, 1966; Rs. 0.06 lakh remained unspent (August, 1966).
3.	Director of Lift Irrigation			
	(a) for installation of Tubewells	31st March, 1966	2.00	A sum of Rs. 0.93 lakh was spent during April-August, 1966 and the balance of Rs. 1.07 lakhs remained unspent (August, 1966).
	(b) for purchase of pumps	31st March, 1966	9.04	A sum of Rs. 6.98 lakhs was spent during April-August, 1966 and the balance of Rs. 2.06 lakhs remained unspent (August, 1966).
4.	Executive Engineer, Lift Irrigation (Mechanical) for payment to work charged establishment (2 cases)	24th March, 1966	2.11	A sum of Rs. 0.90 lakh was advanced to subordinates during April-August, 1966 for payment of work-charged staff and the balance, Rs. 1.21 lakhs remained unspent (August, 1966).
5.	Deputy Director of Agriculture (Seeds) for—			
	(a) cost of subsidy for supply of potato seeds to cultivators	31st March, 1966	1.92	The amount instead of being adjusted under the loan head by book adjustment was withdrawn from Treasury and was credited to the loan head in July, 1966.
	(b) construction of ware-housing, grading and curing houses in Kathjuri Patha Farm	31st March, 1966	2.00	The entire amount was transfer credited in favour of Executive Engineer, Rural Engineering Organisation, East Division, Cuttack on 31st March, 1966.
6.	Agricultural Officer, Hirakud Periphery Farm, Sambalpur for construction of a building	31st March, 1966	1.58	The entire amount was paid by transfer credit to Executive Engineer, Main Dam Division, Burla and the same remained unspent (August, 1966).

APPENDIX VIII—contd.

Sl. No.	Name of Office and purpose of drawal	Date of drawal	Amount (In lakhs of rupees)	Remarks
7.	Director of Fisheries for investment in Central Fisheries Corporation, Ltd	10th March, 1966	3.00	The entire amount was refunded in July, 1966.
8.	Assistant Director of Fisheries (Estuarine), Cuttack.			
	(a) Cost of Diesel Engine and operational cost	30th March, 1966	4.51	A sum of Rs. 0.96 lakh was spent during March, 1966 and the balance amount of Rs. 3.55 lakhs was spent during April-July, 1966.
	(b) Construction of Ice Plant Factory and staff quarters (2 cases)	30th March, 1966	5.28	A sum of Rs. 0.07 lakh was spent during March, 1966. A sum of Rs. 4.71 lakhs was spent during April-July, 1966 and Rs. 0.50 lakh refunded in July, 1966.
9.	Assistant Director of Fisheries (Biology) Balugaon for survey of channel of Chilka Lake	31st March, 1966	1.20	The entire amount was paid to the Executive Engineer, Gopalpur, Port Investigation Division, Berhampur in March, 1966.
10.	Director of Animal Husbandry and Veterinary Services for cost of Bengal gram and transportation charges	29th March, 1966	1.92	A sum of Rs. 1.58 lakhs was spent during April-July, 1966; Rs. 0.06 lakh was refunded in July, 1966 and the balance, Rs. 0.28 lakh, remained unspent (August, 1966).
11.	Poultry Development Officer, Cuttack			
	(a) Cold Storage Plant equipment	31st March, 1966	1.50	Sums of Rs. 0.26 lakh and Rs. 0.52 lakh were spent in July and August, 1966 respectively; Rs. 0.72 lakh remained unspent (August, 1966).
	(b) Cost of Poultry feed	31st March, 1966	4.00	A sum of Rs. 2.25 lakhs was spent during May-August, 1966 and a sum of Rs. 1.75 lakhs was refunded in July, 1966.
12.	Manager, Milk Union Scheme, Phulnakara for purchase of milk	30th March, 1966	2.90	Only a sum of Rs. 0.10 lakh was spent on 31st March, 1966 and the balance amount of Rs. 2.80 lakhs was spent during April-July, 1966.

APPENDIX VIII—contd.

Sl. No.	Name of office and purpose of drawal	Date of drawal	Amount (In lakhs of rupees)	Remarks
13.	Project Officer, Intensive Cattle Development Scheme, Cuttack—2			
	(a) Cost of milk chilling units	31st March, 1966	1.28	A sum of Rs. 0.44 lakh was spent during April—July, 1966 and the balance, Rs. 0.84 lakh, was refunded in July, 1966.
	(b) Purchase of bulls	31st March, 1966.	1.09	A sum of Rs. 0.86 lakh was utilised during April—August, 1966 and the balance Rs. 0.23 lakh, remained unspent (August, 1966).
	(c) Construction of centralised chilling centre and Artificial Insemination Centres	31st March, 1966	1.12	A sum of Rs. 0.09 lakh was spent during April-June, 1966; Rs. 0.03 lakh was refunded in July, 1966. The balance amount of Rs. 1 lakh was deposited with Rural Engineering Organisation, Puri (Rs. 0.46 lakh) and Rural Engineering Organisation, Cuttack (Rs. 0.54 lakh) in May, 1966.

REVENUE AND EXCISE DEPARTMENTS

14. Collector, Cuttack for—

(a)	expenditure in connection with Drinking water	31st March, 1966	1.20	The amount was deposited with Executive Engineer (P.H.D), Cuttack in May, 1966, out of which Rs. 1.03 lakhs was spent during May, 1966 and the balance Rs. 0.17 lakh, remained unspent (August, 1966).
(b)	Test Relief Works (2 cases)	31st March, 1966	7.86	The amount was deposited in favour of Executive Engineer, Rural Engineering Organisation, Cuttack East (Rs. 5.32 lakhs) and Executive Engineer, Rural Engineering Organisation, Cuttack West (Rs. 2.54 lakhs) in March, 1966; the entire amount was reported to have been spent during May—July, 1966.

APPENDIX VIII—contd.

Sl. No.	Name of office and purpose of drawal	Date of drawal	Amount (In lakhs of rupees)	Remarks
15.	Collector, Koraput for—			
	(a) Test Relief Works and construction and repairs to Revenue buildings (3 cases)	10th and 31st March, 1966	4.00	The entire amount was remitted to Executive Engineer, Rural Engineering Organisation, Koraput, out of which a sum of Rs. 3.20 lakhs was spent during April-June, 1966 and the balance Rs. 0.80 lakh, remained unspent (August, 1966).
	(b) purchase of jeeps	31st March, 1966	1.52	The amount was spent in May, 1966.
16.	Collector, Kalahandi for Test Relief works in drought affected areas	21st March, 1966	10.00	The entire amount was transfer credited to Executive Engineer, Rural Engineering Division, Koraput; the amount was spent during April-July, 1966.
17.	Collector, Sambalpur for supply of food in drought affected areas	29th March, 1966	1.50	The amount was transfer credited to Collector's Personal Ledger Account and the same remained unspent (August, 1966).
18.	Collector, Dhenkanal	29th March, 1966.	1.50	A sum of Rs. 1.46 lakhs was deposited to Collector's Personal Ledger Account in March, 1966 and the balance Rs. 0.04 lakh, in July, 1966. Stock of rice was issued during April—August, 1966.
19.	Execution of Test Relief Works (2 cases).	9th and 24th March, 1966	6.00	The entire amount was deposited with Executive Engineer, Rural Engineering Division, D h e n k a n a l. Rs. 0.15 lakh was spent during March, 1966. The balance amount (Rs. 5.85 lakhs) remained unspent.
20.	Collector, Puri for execution of Test Relief works	31st March, 1966	1.00	Sums of Rs. 0.45 lakh and Rs. 0.55 lakh were credited in favour of the Executive Engineer, Rural Engineering Organisation, Puri and Khurda in March, 1966. Rs. 0.45 lakh were spent during April—June, 1966.
21.	Collector, Phulbani for execution of Test Relief works	20th March, 1966	3.00	The amount was credited with the Rural Engineering Organisation. A sum of Rs. 2.28 lakhs was spent during April—July, 1966; regarding the expenditure out of the balance amount of Rs. 0.72 lakh information is not available (August, 1966).

APPENDIX VIII—*contd.*

Sl. No.	Name of office and purpose of drawal	Date of drawal	Amount (In lakhs of rupees)	Remarks
22.	Collector, Balasore for execution of Test Relief works	31st March, 1966	2.00	The amount was drawn by transfer credit to the Executive Engineer, Rural Engineering Organisation, Balasore and the same was spent during May—July, 1966.
23.	Deputy Commissioner of Excise, Cuttack for payment to cultivators for cost of Ganja	31st March, 1966	2.82	A sum of Rs. 2.34 lakhs was spent on 31st March, 1966 and the balance amount (Rs. 0.48 lakh) was spent in April, 1966.
24.	Land Acquisition Officer, Cuttack for purchase of land	31st March, 1966	3.05	The entire amount remained unspent (August, 1966) as the amount to be paid was not finalised.

INDUSTRIES DEPARTMENT

25.	Director of Industries, Cuttack for— Construction of buildings in the Industrial Estate, Purchase of land and Electrification of Panchayat Industry Buildings (5 cases)	21st March, 1966 and 31st March, 1966	17.23	In 2 cases a sum of Rs. 5.91 lakhs was paid by endorsement of bills to the Orissa Small Industries Corporation (March, 1966). In another 2 cases a sum of Rs. 9.85 lakhs was paid to the above Corporation during May—July, 1966. In 1 case a sum of Rs. 1.46 lakhs was sent to the Deputy Director of Industries (Ceramics), Jharsuguda in April, 1966; no details of expenditure were furnished by the drawing officer (August, 1966).
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HEALTH DEPARTMENT

26.	Accounts Officer, Medical College and Hospital, Burla, towards purchase of oilgas (2 cases)	31st March, 1966	3.00	The amount remained unspent (August, 1966).
27.	District Family Planning Officer, Sambalpur for construction of Family Planning Sub-Centre buildings	29th March, 1966	1.08	The entire amount was deposited with Executive Engineer, Rural Engineering Organisation, Sambalpur and due to non-finalisation of sites and delay in preparation of plans and estimates the amount remained unspent (August, 1966).
28.	District Family Planning Officer, Puri for construction of a building	19th March, 1966	1.92	Rs. 1.08 lakhs was deposited in favour of Executive Engineer, Rural Engineering Organisation, Khurda and Rs. 0.84 lakh with Executive Engineer, Rural Engineering Organisation, Puri in March, 1966. The amount remained unspent (August, 1966).

APPENDIX VIII—*concl.*

Sl. No.	Name of office and purpose of drawal	date of drawal	Amount (In lakhs of rupees)	Remarks
29.	Accounts Officer, S. C. B. Medical College and Hospital, Cuttack for purchase of stores and instruments	31st March, 1966	3.97	The amount was spent during April—July, 1966.
30.	Director of Health Services, Bhubaneswar for—			
	(a) Purchase of medicines	31st March, 1966	1.31	The amount was spent during April—June, 1966.
	(b) Purchase of Family Planning Instruments	31st March, 1966	5.15	A sum of Rs. 5.10 lakhs was spent during April—June, 1966 and the balance Rs. 0.05 lakh, was refunded in July, 1966.

HOME DEPARTMENT

31.	Superintendent of Police (P.M.T.) Cuttack for—			
	Purchase of vehicles, spare parts and body building etc., (4 cases)	15th and 31st March, 1966	16.68	The amount was spent during April—July, 1966.
32.	Superintendent of Police, (C.I.D., C.B.), Cuttack for purchase of scientific apparatus	31st March, 1966	1.33	The amount was spent during April—July, 1966.

COMMERCE DEPARTMENT

33.	Deputy Superintendent, Orissa Government Press, Cuttack for—			
	Purchase of Printing machines (2 cases)	29th and 31st March, 1966	4.61	A sum of Rs. 3.54 lakhs was spent during April—August, 1966 and the balance Rs. 1.07 lakhs was refunded into Treasury in July, 1966.
34.	Manager, Text Book Press, Bhubaneswar, for—			
	Purchase of machines, equipments and store materials (2 cases)	31st March, 1966	7.00	A sum of Rs. 6.26 lakhs was spent during April—August, 1966, Rs. 0.25 lakh was refunded into Treasury in July, 1966; and the balance, Rs. 0.49 lakh remained unspent (August, 1966).

COMMUNITY DEVELOPMENT AND PANCHAYATI RAJ DEPARTMENT

35.	Collector, Phulbani for execution of Labour-Intensive works in drought affected areas	1st March, 1966	1.17	The amount was credited to the Rural Engineering Organisation, Phulbani in March, 1966. A sum of Rs. 0.01 lakh was spent in March, 1966. Rs. 0.64 lakh was spent during May to July, 1966 and the balance, Rs. 0.52 lakh remained unspent (July, 1966).
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APPENDIX IX

(Referred to in paragraph 29, page 52)

Cases in which there were heavy unspent cash balances with the departmental officers as on 31st March, 1965

S). No.	Name of the office	Amount (In lakhs of rupees)	Remarks
AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT			
1.	Director of Animal Husbandry and Veterinary Services, Cuttack	8.76	
2.	Artificial Insemination Officer, Cuttack	1.41	..
3.	Deputy Director of Dairy Development, Cuttack	1.13	..
4.	District Veterinary Officer, Cuttack ..	0.96	..
5.	Additional Soil Conservation Officer, Bargarh	2.43	..
6.	Additional Soil Conservation Officer, Bhawanipatna	0.81	..
7.	Research Officer, Soil Conservation Research Laboratory, Bhubaneswar	0.11	..
8.	District Agriculture Officer, Rayagada	0.56	..
9.	District Agriculture Officer, Phulbani	0.19	..
10.	District Agriculture Officer, Kalahandi	0.25	..
11.	District Agriculture Officer, Sambalpur	1.96	..
12.	District Agriculture Officer, Cuttack ...	0.83	..
13.	District Agriculture Officer, Balasore ..	0.75	..
14.	District Agriculture Officer, Dhenkanal	0.40	..
	Total ..	20.55	

REVENUE AND EXCISE DEPARTMENT

15.	Collector, Cuttack	..	16.52	..
16.	Collector, Sambalpur	..	2.44	..
17.	Collector, Puri	..	1.29	..
18.	Sub-divisional Officer, Kendrapara	..	3.79	..
19.	Sub-divisional Officer, Balasore	..	2.22	..
20.	Sub-divisional Officer, Bhubaneswar	..	0.59	..
21.	Sub-divisional Officer, Nayagarh	..	0.45	..
22.	Tahsildar, Darpan	..	1.31	..
23.	Tahsildar, Bargarh	..	0.18	..
24.	Tahsildar, Kujang	..	0.28	..
25.	Assistant Settlement Officer, Puri	..	0.21	..
	Total	..	29.28	

APPENDIX IX—contd.

Sl. No.	Name of the office	Amount (In lakhs of rupees)	Remarks
HEALTH DEPARTMENT			
26.	Superintendent, Medical College Hospital, Burla	2.55	..
27.	Civil Surgeon, Kalahandi	0.53	..
28.	Superintendent, S. C.B. Medical College, Cuttack	4.08	
29.	Principal, Burla Medical College	4.08	
30.	Civil Surgeon, Sundergarh	1.19	Out of the balance of Rs. 1.19 lakhs held by the Civil Surgeon, a sum of Rs. 0.94 lakh was retained in the shape of Bank draft.
31.	District Health Officer, Bolangir, Superintendent, Headquarter Hospital Sambalpur, Medical Officer, N.M.E.P. Bhanjanagar and Bhawanipatna (4 cases)	0.60	
	Total	13.03	

INDUSTRIES DEPARTMENT

32.	Director of Industries	26.90	An amount of Rs. 25.97 lakhs was kept in a sealed bag, Rs. 0.40 lakh in the shape of Bank draft and balance Rs. 0.53 lakh retained in cash.
33.	District Industries Officer Dhenkanal and Sambalpur (2 cases)	2.15 } 0.72 }	2.87
34.	Principal, Engineering School, Jharsuguda	1.98	
35.	Principal, Orissa School of Engineering, Cuttack	4.77	An amount of Rs. 4.69 lakhs was kept in a sealed bag, Rs. 0.07 lakh in the shape of Bank draft and the balance Rs. 0.01 lakh retained in hand.
	Total	36.52	

TRIBAL AND RURAL WELFARE DEPARTMENT

36.	District Panchayat and Tribal Welfare Officer, Kalahandi	0.56	
37.	District Panchayat and Tribal Welfare Officer, Sambalpur	1.31	
38.	District Welfare Officer, Keonjhar	5.21	
	Total	7.08	

APPENDIX IX—concl'd.

Sl. No.	Name of the office	Amount (In lakhs of rupees)	Remarks
• EDUCATION DEPARTMENT			
39.	District Inspector of Schools Kalahandi and Koraput (2 cases)	0.60 } 1.44 }	2.04
40.	Headmistress, Barabati Girls School, Balasore	0.17	
	Total	2.21	The entire amount of Rs. 0.17 lakh was kept in the postal savings bank account.
• HOME DEPARTMENT			
41.	Director of Public Relations	0.96	Entire amount was kept in sealed bag.
42.	Fire Officer, Cuttack	1.19	
43.	District Public Relations Officer, Phulbani	0.14	
	Total	2.29	
• FINANCE DEPARTMENT			
44.	Registrar, Finance Department	0.25	Entire amount was kept in sealed bag.

APPENDIX

(Referred to in paragraph

Statement showing department wise analysis of cases of misappropriation, losses, etc. as on 31st

Department	Cases in which departmental/criminal proceedings have not been instituted due to non-receipt of detailed reports from sub-ordinate authorities		Cases in which departmental action started but not finalised	
	No.	Amount	No.	Amount
Revenue	.. 12	24,445	39	1,10,358
Agriculture and Animal Husbandry	-- 12	18,383	15	86,050
Community Development	.. 5	27,900	12	1,29,978
Finance	.. 2	16,896	2	4,191
Education	... 2	68,360	2	10,963
Industry	... 3	3,389	11	16,521
Home	... 5	9,570	5	4,757
Public Health	-- 7	22,848	3	8,965
Co-operation	... 2	669	1	2,929
Tribal and Rural Welfare	... 3	29,291	7	21,285
Planning and Co-ordination	.. 3	11,300	...	..
Labour	.. 1	52,000	...	..
Works	... 20	46,784	1	1,865
Irrigation and Power	.. 7	17,760	2	1,237
Forest	... 3	7,395	..	..
Law	... --	...	1	1,221
Commerce	-- 1	1,634	2	6,254
Urban Development	... --	...	1	1,511
Transport	... --	...	3	15,433
Supply	... --	...	...	..
Political and Services	... --	...	...	..
Cultural Affairs	... --	...	...	..
Total	... 88	3,58,624	107	4,23,518

X

47, page 67)

of Government money reported upto *July, 1966* 31st January, 1967 and pending finalisation
January, 1967

Cases in which departmental proceedings finalised and recovery is in progress		Cases in which criminal proceedings finalised but execution/certificate cases for recovery of the amounts are pending		Cases awaiting Government orders regarding recovery or write off		Cases in courts of law	
No.	Amount	No.	Amount	No.	Amount	No.	Amount
5	5,555	21	1,53,910	19	81,574	13	48,673
4	25,428	4	17,703	9	18,232	9	36,876
1	19,209	..	..	7	13,515	3	24,357
1	6,400	..	..	4	1,17,772	..	..
..	..	1	3,440	2	4,898	2	23,000
..	..	..	..	3	2,431	..	..
1	2,790	..	..	..	..	1	4,698
..	..	..	..	2	3,604	..	..
1	1,360	..	..	4	6,656	1	1,096
..	..	..	..	4	11,673	2	5,554
..	..	..	..	..	..	1	3,435
..
..	..	..	..	2	2,531	..	..
..	..	..	..	4	4,322	..	..
..
1	413	..	..	..	..	..	..
..
..	..	1	3,000	..	..	..	..
3	6,414	..	..	..	..	..	..
..	..	..	..	2	1,546	1	3,399
..	..	..	..	1	4,159	..	..
..	..	..	..	..	..	1	575
17	67,569	27	1,78,053	63	2,72,963	34	1,51,663

APPENDIX XI

(Referred to in paragraph 48, page 68)

Cases of miscellaneous irregularities, losses, extra expenditure, etc.

Part I

COMMUNITY DEVELOPMENT AND PANCHAYATI RAJ
DEPARTMENT

(1) *Infructuous expenditure*—The construction of a graingola building at Nuagaon was entrusted by the Block Development Officer, Keonjhar in January, 1960 to a village leader. During January to August, 1960, advances amounting to Rs. 5,019 were paid to him in the shape of cash and materials. But before completion of the work the walls of the building developed cracks and the work was left incomplete.

A certificate case instituted in February, 1961 for recovery of the advances was dropped in April, 1963 by the certificate officer, as "the Block Development Officer was not interested in this case".

No action has been taken by the Department so far (February, 1967) to fix responsibility for the loss.

LAW DEPARTMENT

(2) *Wasteful expenditure*—1,500 copies of Orissa Code, Volume VII were printed by Government Press in 1956 at a cost of Rs. 17,344; the printing had taken 5 years. Of these, only one copy was sold and 127 copies were distributed free of cost. The remaining 1,372 copies costing Rs. 15,864 are still lying in stock (February, 1967).

Government stated in January, 1966 that during the five years taken for printing the Code, innumerable amendments to the Acts contained in the volume were issued but not incorporated in the text; this necessitated reprint of the book in 1959 to bring it up to date.

EDUCATION DEPARTMENT

(3) *Purchase in advance of requirement*—A sum of Rs. 36,000 was sanctioned by Government in March, 1963 for purchase of furniture and equipment for providing workshops in four high schools. The entire amount was drawn by the Inspectors of Schools, Puri-Phulbani Circle and Bolangir Circle, and was placed at the disposal of the headmasters of the schools (March, 1963). Workshop equipment, electrical apparatus, furniture, etc., worth Rs. 34,800 were purchased by the headmasters of three schools during the period July, 1963 to August, 1964; the balance amount of Rs. 1,200 was refunded in small amounts on different dates. Of the total purchases, "sensitive electrical apparatus" worth Rs. 9,000 has been transferred by one school in November, 1965 to another institution not contemplated in the sanction for want of suitable space in the school. All the articles are still lying unused in the schools (February, 1967).

IRRIGATION AND POWER DEPARTMENT

Delta Irrigation Scheme

(4) *Non-adjustment of debits to works for want of allotment*—In Puri Canals Division No. III, materials worth Rs. 2.59 lakhs and Rs. 1.68 lakh were issued from stock to different works during 1964-65 and 1965-66.

respectively without effecting adjustment to works and stock accounts. The non-adjustment has been explained as due to want of sufficient allotment under the works concerned. The adjustments were carried out in the subsequent years.

The matter was brought to the notice of the Chief Engineer and Government in May, 1966; their replies are awaited (February, 1967).

(5) *Avoidable expenditure*—In Mahanadi South Division, the earth work pertaining to the "Remodelling of Taldanda Canal from Tarapur to Tirtol" (estimated cost: Rs. 1.23 lakhs) was allotted in June, 1958 to a contractor for Rs. 1.55 lakhs with stipulation to complete the same within 60 days.

The contractor abandoned the work in July, 1958 after completing 23 per cent of work on grounds of unfavourable weather conditions. In April, 1959 tenders for the balance of work were invited; the same contractor, being the only tenderer, was entrusted with the work at higher rates after negotiation and the work was completed in June, 1960. This has resulted in an extra expenditure of Rs. 21,280. The first contract executed in 1958 was closed in March, 1961 without imposing any penalty; the second agreement was finalised in 1964-65 and the final bill of the contractor is yet to be paid (February, 1967).

The matter was reported to the Chief Engineer in June, 1965 and Government in January, 1966; their replies are still awaited (February, 1967).

Part II—Other cases

In 221 cases, amount aggregating Rs. 6.60 lakhs representing mainly irrecoverable sales tax, forest leases, losses due to misappropriation and theft, house rent, forest royalty, land revenue, hospital receipts, etc. were written off/waived remissions and abandonment of claims to revenue, etc. were granted and *ex-gratia* payments made during the year by the competent authorities as detailed below :—

Department	Write off of losses, irrecoverable revenue, etc.		Remission of revenue and abandonment of claims to revenue (other than land revenue)		Ex-gratia payments and waiver of recovery	
	No. of cases	Amount Rs.	No. of cases	Amount Rs.	No. of cases	Amount Rs.
(1) Finance ..	71	2,64,058	..	..	..	..
(2) Revenue and Excise ..	2	65,198	22	20,190	..	..
(3) Co-operation and Forestry	6	72,770	1	21,000	..	..
(4) Home ..	2	4,264	..	..	1	650
(5) Works ..	1	234	28	6,812	1	15,303
(6) Political and Services ..	..	..	76	38,746	..	..
(7) Industries ..	2	1,33,676	..	..	..	..
(6) Health ..	..	..	2	4,087	..	..
(9) Commerce ..	..	..	..	..	1	1,000
(10) Transport ..	..	..	..	..	1	382
(11) Community Development and Panchayati Raj	3	5,788	..	..	..	..
(12) Orissa Legislative Assembly	..	..	..	..	1	5,464
Total	87	5,45,988	129	90,835	5	22,799

APPENDIX XII

(Referred to in paragraph 62, page 78)

Statement showing the arrears in submission of Stores and Stock Accounts to Audit

Sl. No.	Name of account	Year/Years in respect of which the accounts are in arrears
---------	-----------------	--

IRRIGATION AND POWER DEPARTMENT

Irrigation Branch

1. (a) Irrigation—

From 1 Division	..	1963-64
From 3 Division	..	1964-65
From 5 Divisions	..	1965-66

(b) Navigation, Embankment and Drainage Works (Non-Commercial)—

From 1 Division	..	1965-66
-----------------	----	---------

2. Multipurpose River Scheme—

From 2 Divisions	..	1962-63
From 3 Divisions	..	1963-64
From 2 Divisions	..	1964-65
From 2 Divisions	..	1965-66

3. Balimela Dam Project—

From 4 Divisions	..	1965-66
------------------	----	---------

4. Delta Irrigation Scheme—

From 7 Division	..	1965-66
-----------------	----	---------

Electrical Branch

5. Talcher Thermal Scheme—

From 3 Divisions	..	1965-66
------------------	----	---------

WORKS DEPARTMENT

6. Public Works—

From 9 Divisions	..	1962-63
From 3 Divisions	..	1963-64
From 2 Divisions	..	1964-65
From 13 Divisions	..	1965-66

7. New Capital Project—

From 1 Division	..	1962-63
From 1 Division	..	1963-64
From 1 Division	..	1964-65
From 3 Divisions	..	1965-66

8. Express way Project—

From 6 Divisions	..	1965-66
------------------	----	---------

APPENDIX XII—*concl'd.*

Sl. No.	Name of account	Year/Years in respect of which the accounts are in arrears
---------	-----------------	--

HEALTH DEPARTMENT

- | | | |
|-----|---|---------------------|
| 9. | Government Head-quarters Hospital including Sriram Chandra Bhanj Medical College Hospital, Cuttack and Berhampur Medical College Hospital | 1964-65 and 1965-66 |
| 10. | Sales Stores (Medicine) | 1964-65 and 1965-66 |

INDUSTRIES DEPARTMENT

- | | | |
|-----|--|---------|
| 11. | Orissa School of Engineering (Workshop), Cuttack | 1965-66 |
|-----|--|---------|

COMMERCE DEPARTMENT

- | | | |
|-----|----------------------------------|---------|
| 12. | Orissa Government Press, Cuttack | 1965-66 |
|-----|----------------------------------|---------|

AGRICULTURE AND ANIMAL HUSBANDRY DEPARTMENT

- | | | |
|-----|----------------------|--------------------|
| 13. | Chemical fertilisers | 1963-64 to 1965-66 |
|-----|----------------------|--------------------|

APPENDIX XIII

(Referred to in paragraph 94, page 124)

GOVERNMENT TILE FACTORY, KENDRAPAÇA

Manufacturing Account for the year ending 31st March, 1965.

Dr. 1963-64 Amount	Particulars	1964-65 Amount	1963-64 Amount	Particulars	Cr. 1964-65 Amount
Rs.		Rs.	Rs.		Rs.
811	To Opening stock ..	8,390	3,328	By Work in process	1,240
			28,124	By Cost of production	36,610
2,610	To Work in progress	3,328	8,390	By Closing stock	5,210
15,000	To Purchases ..	8,189			
13,593	To Direct and miscell- aneous charges	15,811			
7,828	To Depreciation ..	7,486			
39,842	Total ..	43,204	39,842	Total	43,204

Trading Account for the year ending 31st March, 1965

19,544	To Opening stock ..	1,233	46,139	By Sales	30,788
23,124	To Cost of production	36,610	1,529	By Closing stock	15,657
	To Gross profit ..	8,602			
47,668	Total ..	46,445	47,668	Total ..	46,445

Profit and Loss Account for the year ending 31st March, 1965

5,249	To Establishment and contingencies	4,769		By Gross profit ..	8,602
1,588	To Depreciation ..	1,278	2,307	By Receipt ..	1,540
5,870	To Interest on capital	5,048	11,087	By Net loss ..	2,290
687	To Provision for audit fee	1,337			
13,394	Total ..	12,432	13,394	Total ..	12,432

APPENDIX XIII—*contd.*

Balance sheet as at 31st March, 1965

Capital and Liabilities			Properties and Assets		
1963-64 Amount	Particulars	1964-65 Amount	1963-64 Amount	Particulars	1964-65 Amount
Rs.		Rs.	Rs.		Rs.
1,33,062	Government Capital	1,22,084	6,165	Land	6,165
8,324	Sundry creditors	8,720	29,541	Building	26,587
687	Provision for Audit fees	2,024	15,576	Tools and equipment	14,148
			25,023	Machinery	22,521
			3,315	Furnaces	2,804
			3,264	Development expenses	2,611
			2,323	Electrical installation	2,091
			1,644	Well and pump	1,990
			3,117	Idle machinery	2,961
			13,071	Closing stocks	22,317
			5,263	Sundry debtors	6,115
			6,029	Cash in hand	2,303
			27,742	Profit and Loss Account	20,215
<u>1,42,073</u>	Total	<u>1,32,828</u>	<u>1,42,073</u>	Total	<u>1,32,828</u>

APPENDIX XIV

(Referred to in paragraph 95, page 125)

GOVERNMENT TILE FACTORY, PANIKOILLI,

Manufacturing Account for the year ending 31st March, 1966

Dr. 1964-65 Amount Rs.	Particulars	1965-66 Amount Rs.	1964-65 Amount Rs.	Particulars	Cr. 1965-66 Amount Rs.
8,924	To Opening stock ..	11,981	11,981	By Closing stock ..	10,486
			157	By Consumption of clay and sand for brick making	..
13,940	To Purchases ..	3,841	32,204	By Cost of produc- tion	21,980
9,189	To Wages, salaries and travelling allowances	6,069			
4,176	To Direct expenses ..	3,323			
8,113	To Depreciation ..	7,252			
<u>44,342</u>	Total ..	<u>32,466</u>	<u>44,342</u>	Total ..	<u>32,466</u>

Trading Account for the year ending 31st March, 1966

1,002	To Opening stock ..	21,368	16,696	By Sales ..	7,940
32,204	To Cost of production	21,980	21,368	By Closing stock ..	31,218
4,258	To Gross profit	..	..	By Gross loss ..	4,190
<u>38,064</u>	Total ..	<u>43,348</u>	<u>38,064</u>	Total ..	<u>43,348</u>

Profit and Loss Account for the year ending 31st March, 1966

..	To Gross loss ..	4,190	4,258	By Gross profit ..	..
9,241	To Establishment and contingent expendi- ture	8,620	1,110	By Sales tax ..	397
383	To Depreciation ..	379	..	By Excess stock ..	101
593	To Development ex- penditure written off	475	6,186	By Net loss	14,388
1,337	To Provision (Audit fee)	1,222			
<u>11,554</u>	Total ..	<u>14,886</u>	<u>11,554</u>	Total	<u>14,886</u>

APPENDIX XIV—concl.

Balance sheet as at 31st March, 1966

Capital and Liabilities			Properties and Assets		
1964-65 Amount Rs.	Particulars	1965-66 Amount Rs.	1964-65 Amount Rs.	Particulars	1965-66 Amount Rs.
1,21,409	Government capital	1,17,313	23,532	Machinery	21,179
1,230	Government loan ..	1,230	9,280	Small tools and equipment	8,352
2,024	Provision for Audit fee	3,246	1,020	Moulds	680
5,135	Sundry creditors ..	4,641	2,240	Furniture	2,016
27	Excess cash ..	27	27,940	Building	25,146
			1,144	Well and pump	1,030
			2,955	Furnace	2,364
			2,870	Electrical installa- tions	2,583
			2,373	Development expenditure	1,898
			1,827	Advance	1,929
			1,161	Stock (G. C. I. Sheet)	1,161
			2,962	Sundry debtors ..	2,962
			5,763	Cash in hand ..	3,927
			11,408	Personal Ledger Account balance	9,739
			33,350	Closing stock	41,491
<u>1,29,825</u>	Total	<u>1,26,457</u>	<u>1,29,825</u>	Total	<u>1,26,457</u>

APPENDIX XV

(Referred to in paragraph 97, page 126)

STATE TRANSPORT SERVICES, ORISSA

Profit and Loss Account for the year ending 31st March, 1963

Dr. 1961-62 Amount Rs.	Particulars	1962-63 Amount Rs.	1961-62 Amount Rs.	Particulars	Cr. 1962-63 Amount Rs.
27,40,960	To Establish- ment charges	29,13,612	1,38,15,999	By Fares and freight	1,46,70,462
3,10,393	To Direction and over head expenses	3,46,162	73,157	By Postal mails	83,728
19,61,364	To Consumption of stores	19,09,214	2,44,679	By Other receipts	4,27,152
19,03,015	To Fuel	21,53,120			
11,68,892	To M. V. Tax and permit fee	15,32,330			
18,91,814	To Depreciation	18,95,331			
1,22,065	To Repairs	85,986			
3,87,735	To General and miscellaneous charges	3,22,588			
2,43,903	To Interest on capital	2,91,594			
7,67,951	To Obsolescence and other reserves	7,64,664			
26,35,743	To Net profit transferred to Profit and Loss Appropriation Account	29,66,741			
<u>1,41,33,835</u>	Total	<u>1,51,81,342</u>	<u>1,41,33,835</u>	Total	<u>1,51,81,342</u>

Profit and Loss Appropriation Accounts for the year ending 31st March, 1963

Dr.	Rs.	Cr.	Rs.
To Amenity Reserve Fund Account	1,67,592	By Profit and Loss Account	29,66,741
To Balance transferred to Govern- ment capital	27,99,149		
Total	29,66,741	Total	29,66,741

APPENDIX XV—concl'd.

Balance sheet as at 31st March, 1963

Capital and Liabilities			Properties and Assets		
1961-62 Amount	Particulars	1962-63 Amount	1961-62 Amount	Particulars	1962-63 Amount
Rs.		Rs.	Rs.		Rs.
76,00,810	Government capital	1,24,92,507	1,46,553	Land	3,56,069
24,34,833	Creditors and liabilities	15,34,502	6,71,705	Building	6,59,954
1,33,29,517	Depreciation Reserve Fund and other Reserves	1,28,99,088	16,28,709	Work in progress	19,36,381
			60,925	Building materials	77,408
			1,23,58,462	Vehicles	1,47,43,507
			10,45,343	Furnitures, tools and equipments	14,85,494
8,910	Other sundries	7,737	19,06,800	Sundry debtors and advances recoverable	16,41,421
			6,57,296	Reserve Fund Investment Account	21,30,188
			38,520	Annuity assets	58,322
			5,569	Suspense	9,414
			26,25,454	Stores, spare parts, etc.	29,51,300
			71,430	Shortage of stock	1,11,623
			21,57,304	Cash in hand	7,68,099
			..	Other office account	4,654
<u>2,33,74,070</u>	Total	<u>2,69,33,834</u>	<u>2,33,74,070</u>	Total	<u>2,69,33,834</u>

Stores (Stock) Account for the year ending 31st March, 1963

Particulars	Petrol, oil and lubricants	Spare and accessories	Tyres, tubes	Batteries	Uniform, stationery and other stores	Bus body materials
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Opening balance on 1st April, 1962	96,034	20,17,731	2,78,683	17,824	55,524	1,59,658
Receipts	24,37,925	22,46,286	7,27,847	34,715	5,59,682	14,30,461
Excess	5,164	17,784	39	..	..	3,171
Total	25,39,123	42,81,801	10,06,569	52,539	6,15,206	15,93,290
Issues	24,37,220	19,33,055	7,81,870	40,796	5,42,814	13,59,150
Shortage	2,339	35,122	283	..	225	4,354
Closing balance on 31st March, 1963	99,564	23,13,624	2,24,416	11,743	72,167	2,29,786

APPENDIX XVI

(Referred to in paragraph 108, page 145)

Statement showing the departmentwise analysis of the amount of objections together with the nature of objections

Sl. No.	Name of the department	Non-submission of agreements to audit	Non-submission of detailed contingent bills	Non-submission of vouchers and sub-vouchers	Non-issue of sanctions	Tour advance for which T. A. bills were awaited	Other items	Total
1	2	3	4	5	6	7	8	9
(In lakhs of rupees)								
1.	Industries ..	..	1,21.41	1,33.64	14.87	0.66	4.31	2,74.89
2.	Health ..	..	1,20.53	1,34.90	28.05	0.42	38.32	3,22.22
3.	Tribal and Rural Welfare ..	..	4,19.46	84.58	16.69	8.05	95.77	6,24.55
4.	Agriculture ..	..	4,96.29	1,20.43	15.38	0.42	43.18	6,75.70
5.	Animal Husbandry ..	..	44.89	56.85	5.71	0.08	1.17	1,08.70
6.	Education ..	..	98.47	26.96	6.03	2.75	11.34	1,45.55
7.	Law ..	..	1.13	0.49	1.15	0.02	1.60	4.39
8.	Irrigation and Power	0.13	..	0.05	..	0.03	0.58	0.79
9.	Labour, Employment and Housing ..	..	5.42	0.41	0.10	..	..	5.93
10.	Political and Services ..	..	1.74	2.28	0.13	0.02	57.52	61.69
11.	Supply ..	..	8.35	3.57	0.11	0.02	4.69	16.74
12.	Revenue and Excise ..	..	6,18.80	55.16	14.47	0.44	1,10.85	7,99.72
13.	Mining and Geology ..	..	24.79	3.11	9.21	1.01	1.81	39.93
14.	Community Development and Panchayati Raj ..	..	3,46.51	1,38.65	17.38	2.72	26.66	5,31.92
15.	Planning and Co-ordination	83.33	4.38	11.74	0.12	0.05	3.84	1,03.46
16.	Commerce ..	..	14.38	25.04	7.93	0.03	14.98	62.36
17.	Home ..	..	44.31	1,28.74	15.89	4.53	43.69	2,37.16
18.	Co-operation and Forestry ..	..	23.48	1,08.98	2.04	0.46	13.61	1,48.57
19.	Finance ..	..	13.38	12.18	0.70	1.48	21.16	48.90
20.	Works and Transport	..	..	0.98	..	0.02	0.01	1,40.00
	(i) Roads and Buildings	1,39.05	..	0.98	..	0.02	0.01	1,40.00
	(ii) Public Health	9.90	0.21	15.44	0.52	0.01	0.42	26.50
	(iii) Transport ..	..	69.42	1,27.72	20.03	0.01	24.87	2,42.05
	Total ..	2,32.41	24,77.35	11,91.90	1,76.51	23.23	5,20.38	46,21.78

APPENDIX XVII

(Referred to in paragraph 109, page 146)

Statement showing departmentwise analysis of Inspection Reports outstanding for more than one year as at the end of December, 1966

Department	Number of Reports and paragraphs outstanding for more than 5 years		Number of Reports and paragraphs outstanding for more than two years but less than 5 years		Number of Reports and paragraphs outstanding for more than one year but less than 2 years	
	Inspection reports	Paragraphs	Inspection reports	Paragraphs	Inspection reports	Paragraphs
1	2	3	4	5	6	7
(i) Community Development and Panchayati Raj	444	3,354	319	3,339	35	168
(ii) Home (including P. R. and Election)	15	21	26	56	24	59
(iii) Finance	1	1	6	8	10	38
(iv) Health	27	43	86	179	59	202
(v) Urban Development	21	112	4	24	4	25
(vi) Supply	69	109	52	184	24	150
(vii) Planning and Co-ordination	—	—	—	—	15	75
(viii) Agriculture and Animal Husbandry	9	49	11	34	3	6
(ix) Tribal and Rural Welfare	45	182	33	210	15	125
(x) Revenue and Excise	176	987	213	1,303	57	311
(xi) Co-operation and Forestry—						
(a) Co-operation	21	75	31	99	10	56
(b) Forestry	..	..	28	116	17	148
(xii) Works and Transport—						
(a) Roads and Buildings	3	14	33	119	29	236
(b) Public Health	..	..	17	82	11	77
(c) Transport	32	85	40	277	17	65
(xiii) Irrigation and Power—						
(a) Irrigation	1	1	19	37	13	46
(b) Electrical	..	..	..	..	4	7
(xiv) Law	1	1	1	1	5	7
(xv) Industries	41	69	61	298	35	175
(xvi) Education	16	31	26	102	29	111
(xvii) Mining and Geology	..	..	3	9	1	10
(xviii) Commerce	2	3	16	93	15	114
(xix) Labour, Employment and Housing	24	85	55	162	12	44
(xx) Political and Services	3	3	4	14	4	11
(xxi) Cultural Affairs	2	5	1	3	3	3
Total	953	5,230	1,085	6,749	451	2,269

APPENDIX XVIII

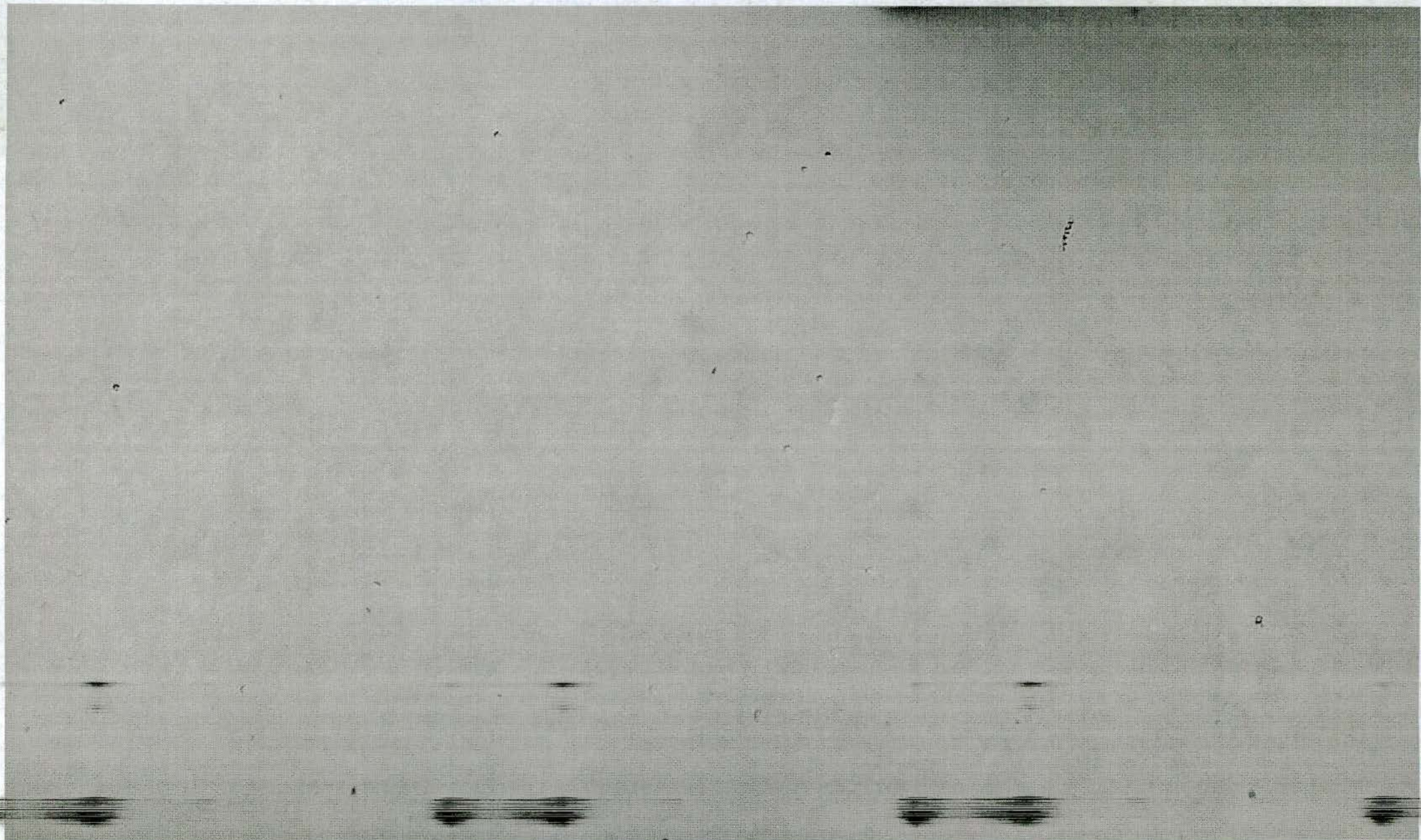
(Referred to in paragraph 109, page 146)

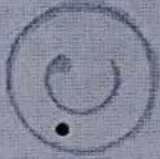
Statement showing common types of irregularities noticed during Local Audit and Inspection

Nature of irregularities	Number of offices in which the irregularities noticed in the year		
	1963-64	1964-65	1965-66
Public Works Divisions—			
(i) Non-observance of rules regarding recording of measurements	12	32	15
(ii) Delay in debiting to the contractors' ledger the cost of materials supplied to them	8	29	23
(iii) Commencement or continuance of works without detailed plans and estimates or delay in according technical sanction to estimates	31	30	25
(iv) Acceptance of tenders without inviting tenders	15	21	21
(v) Projects started without technical sanction	9	6	9
(vi) Commencement of works by contractors before the execution of agreements	60	37	22
(vii) Acceptance of tenders in excess of sanctioned estimates	8	23	11
(viii) Issue of materials not provided for in the contract and in excess of requirements where provided for in the contracts	21	17	26
(ix) Irregular payment of bills	12	25	13
Forest Divisions—			
(i) Non-realisation of security deposits from persons handling cash and stores	8	9	7
(ii) Defective maintenance of stores, Tools and Plant registers, physical verification of stock not conducted	6	9	8
(iii) Non-observance of rules for maintaining muster rolls	—	7	3
(iv) Non-observance of rules in maintaining measurement books and recording measurements therein	—	7	6
(v) Delay in realisation of compensation money in Forest offence cases	—	11	8
(vi) Irregular purchase without prior sanction of the competent authority or expenditure incurred in excess of the power delegated	—	—	6
(vii) Non-maintenance of the registers of suspense transactions	—	—	7

APPENDIX XVIII—concl.

Nature of Irregularities	Number of offices in which the irregularities noticed in the year		
	1963-64	1964-65	1965-66
Treasuries and Sub-Treasuries—			
(i) Excess over normal balance fixed for treasuries/sub-treasuries	(Maximum excess Rs. 2.32 lakhs)	(Maximum excess Rs. 3.56 lakhs)	(Maximum excess Rs. 2.35 lakhs)
(ii) Strong rooms not inspected and yearly certificates of securities of strong rooms not obtained from Public Works Officers	5	1	4
(iii) Annual certificates of balances of Personal Deposit Accounts not sent	4	3	3
(iv) Non-realisation of securities from treasurers/sub-treasurers	4	6	4
(v) Non-inspection of treasuries and sub-treasuries by officers of the State Government	..	..	4
Other Offices—			
(i) Non-maintenance or defective maintenance of important books of account and initial records of stores and stock and cash	207	260	64
(ii) Withdrawal of funds and rush of expenditure at the close of financial year with a view to avoiding lapse of budget provision; spending of the amount withdrawn in the next financial year and their utilisation for purpose other than those for which they were withdrawn	104	81	80
(iii) Utilisation of departmental receipts towards expenditure	21	17	6
(iv) Delay in realising Government dues	101	105	53
(v) Omission to conduct physical verification of cash balance, stores, and stock	123	137	60
(vi) Non-realisation of security deposits from persons entrusted with cash and stores	..	161	54
(vii) In inviting tenders wide publicity was not given; sufficient and prescribed time was not allowed	17	12	13





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