



REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA

FOR THE YEAR

1978 - 79

(CIVIL)

GOVERNMENT OF TAMIL NADU



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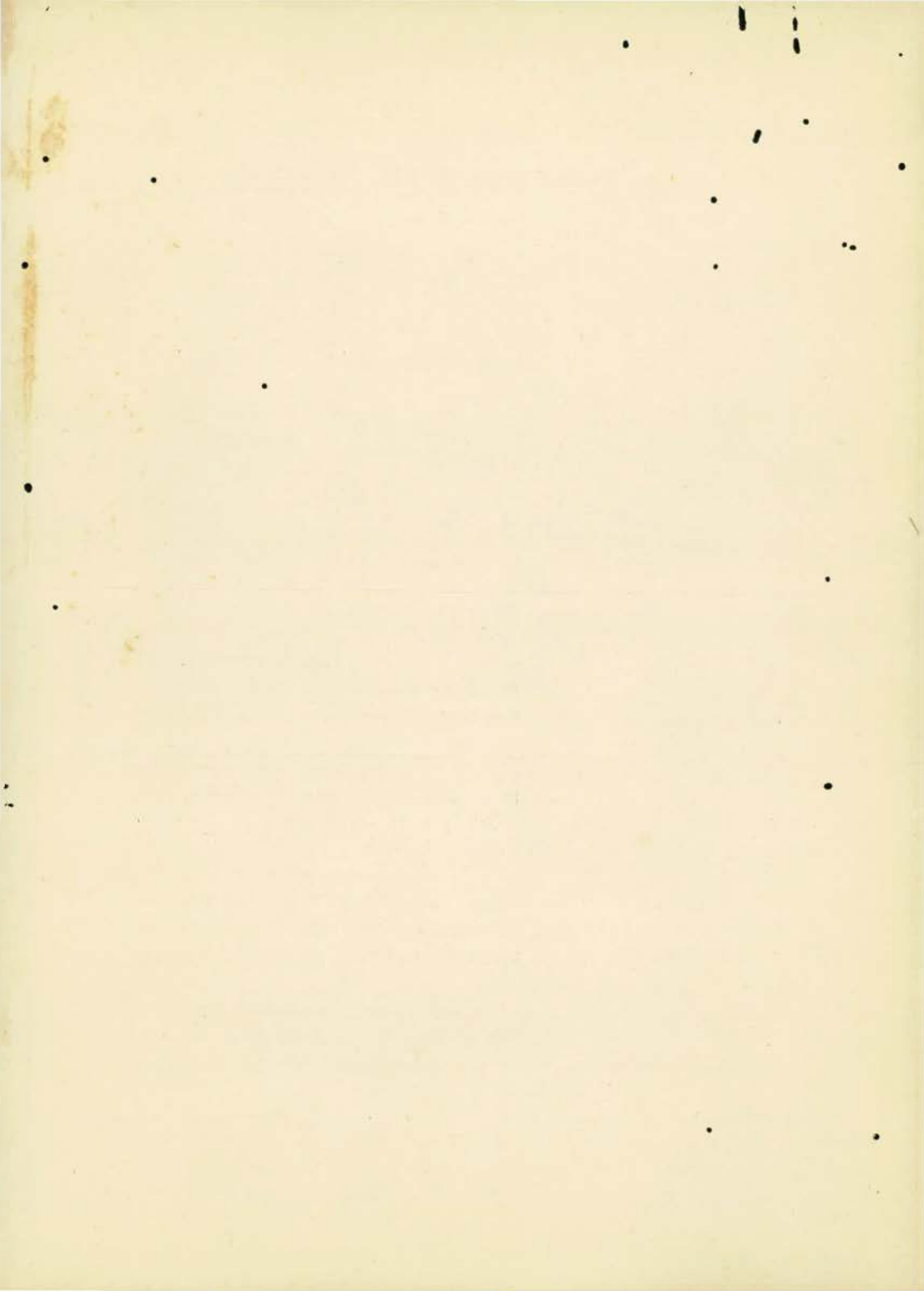
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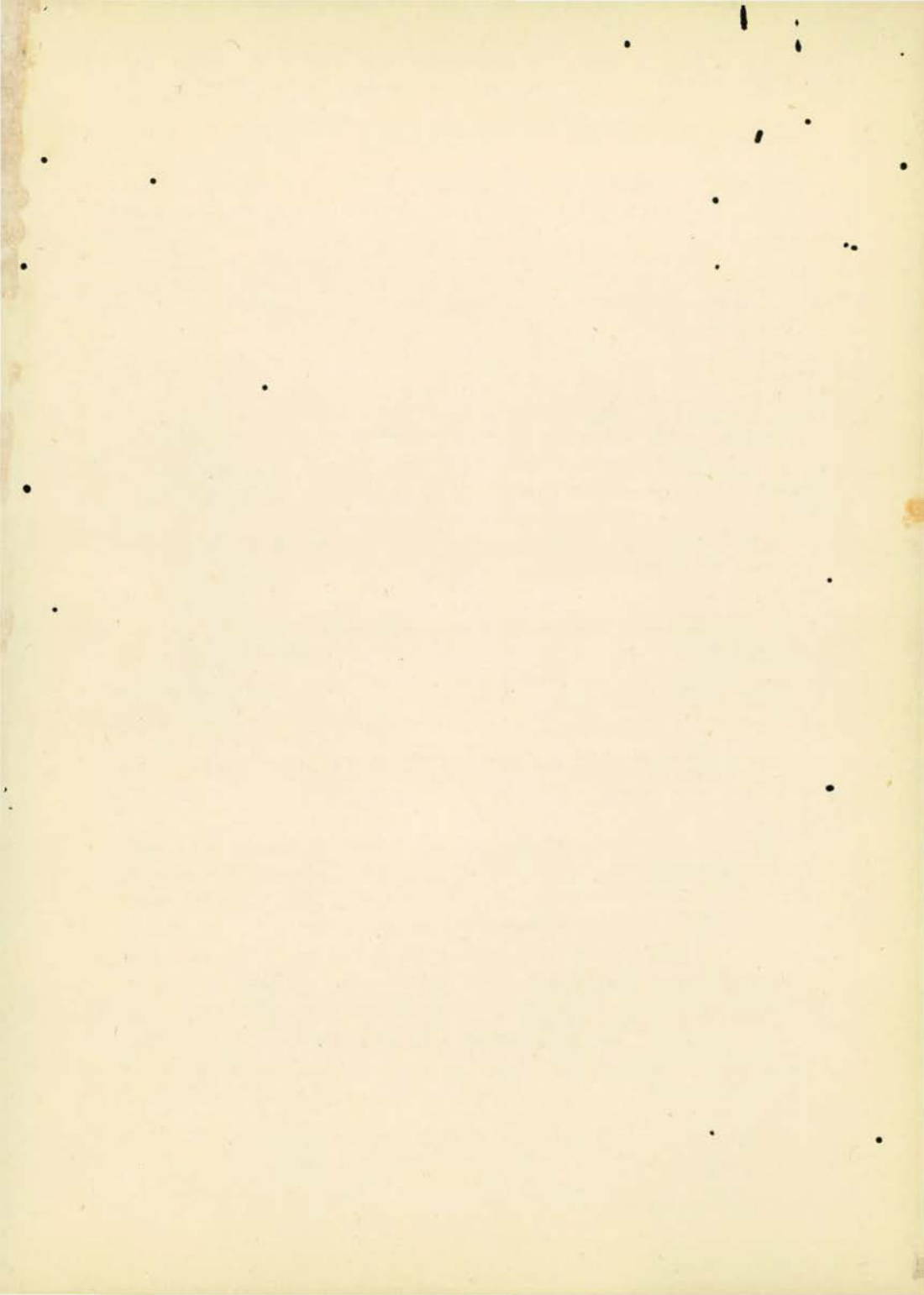
PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution . It relates mainly to matters arising from the Appropriation Accounts for 1978-79 together with other points arising from audit of the financial transactions of the Government of Tamil Nadu. It also includes certain points of interest arising from the Finance Accounts for the year 1978-79.

2. The observations of Audit on Revenue Receipts and on Statutory Corporations, Boards and Government Companies are presented in separate Reports.

3. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 1978-79 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports ; matters relating to the period subsequent to 1978-79 have also been included, wherever considered necessary.

4. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the departments/bodies/authorities concerned.



CHAPTER I GENERAL

1.1. Summary of transactions

The receipts, expenditure and surplus/deficit of Government for 1978-79 are given below with corresponding figures of the preceding year :—

(1)	1977-78 (2)	1978-79 (3)
	(in crores of rupees)	
1. Revenue—		
Revenue receipts	6,82.05	8,01.48
Revenue expenditure	7,06.12	7,53.51
Revenue surplus (+)/deficit(—)	(—)24.07	(+)47.97
2. Public Debt—		
Internal Debt of the State Government (net) Increase (+)	(+)15.73	(+)15.59
Loans and Advances from the Central Government (net) Increase (+)	(+)1,03.81	(+)1,22.03
Total Public Debt (net) Increase (+)	(+)1,19.54	(+)1,37.62
3. Loans and Advances by the State Government (net) Increase (—)	(—)1,22.13	(—)1,21.72
4. Contingency Fund (net) Payments (—) .. .. .	..	(—)0.56
5. Public Account (net) Receipts (+)/Payments (—)	(+)58.04	(—)1.31
6. Capital expenditure (net) Increase (—)	(—)40.53	(—)58.34
Net surplus (+)/deficit(—)	(—)9.15	(+)3.66
Opening balance	(+)3.74	(—)5.41
Net surplus (+)/deficit(—) as above	(—)9.15	(+)3.66
Closing cash balance	(—)5.41	(—)1.75(A)

(A) There was a difference of Rs.-2.96 lakhs between the figure reflected in the accounts (Rs.-2,79.30 lakhs) and that intimated by the Reserve Bank of India (Rs.-2,76.34 lakhs) regarding "Deposits with Reserve Bank" (included in the cash balance). The difference to the extent of Rs.+6.66 lakhs has since been reconciled. The remaining difference (Rs. —9.62 lakhs) is under reconciliation (November 1979).

1.2. Revenue surplus/deficit

(a) *Revenue receipts.*—The actuals of the revenue receipts of the State Government for 1978-79 as compared with (a) the budget estimates and (b) the budget estimates plus additional taxation during the year along with the corresponding figures for 1976-77 and 1977-78 are shown below :—

Year	Budget	Budget plus additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1976—77	.. 5,75.63	5,78.63	6,28.98	(+)50.35	9
1977—78	.. 6,33.24	6,33.24	6,82.05	(+)48.81	8
1978—79	.. 6,80.08	6,80.08	8,01.48	(+)1,21.40	18

(b) *Expenditure on revenue account.*—The expenditure on revenue account as compared with (a) the budget estimates and (b) the budget estimates plus supplementary grants with the corresponding figures for 1976-77 and 1977-78 is shown below :—

Year	Budget	Budget plus Supplementary	Actuals	Variation between columns (4) and (3).	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
1976—77	.. 5,87.95	6,80.53	6,28.36	(-)52.17	8
1977—78	.. 6,63.40	7,41.74	7,06.12	(-)35.62	5
1978—79	.. 7,26.76	8,02.85	7,53.51	(-)49.34	6

(c) The year ended with a revenue surplus of Rs. 47.97 crores against the deficit of Rs. 46.68 crores anticipated in the budget.

1.3. Revenue Receipts

The revenue receipts during 1978-79 (Rs. 8,01.48 crores) increased by Rs. 1,19.43 crores over those in 1977-78 (Rs. 6,82.05 crores). The

increase (counterbalanced by decrease under certain heads) compared to 1977-78 is analysed below :—

(1)	1977-78 (2)	1978-79 (3)	<i>Amount of increase (+) decrease (—) (4)</i>
	(in crores of rupees)		
(a) Tax Revenue—			
(i) Taxes on income other than Corporation Tax	53.63	56.11	(+)2.48
(ii) Taxes on Agricultural Income	5.17	10.32	(+)5.15
(iii) Land Revenue	5.55	6.85	(+)1.30
(iv) Stamps and Registration Fees	27.62	35.10	(+)7.48
(v) Estate Duty	0.81	0.83	(+)0.02
(vi) Taxes on Immovable Property other than Agricultural land	1.55	2.00	(+)0.45
(vii) State Excise	4.19	3.33	(—)0.86
(viii) Sales Tax	2,41.87	2,93.52	(+)51.65
(ix) Taxes on Vehicles	49.45	57.11	(+)7.66
(x) Taxes on Duties and Electricity	1.29	12.61	(+)11.32
(xi) Other Taxes and Duties on Commodities and Services	24.72	26.54	(+)1.82
	4,15.85	5,04.32	(+)88.47
(b) Non-tax Revenue	1,10.48	1,23.13	(+)12.65
(c) Grants and contributions —			
(i) Grants from Central Government—			
A. Non-Plan Grants	7.46	4.01	(—)3.45
B. Grants for State Plan Schemes	42.67	48.88	(+)6.21
C. Grants for Central Plan Schemes	10.36	10.28	(—)0.08
D. Grants for Centrally Sponsored Schemes	12.98	19.25	(+)6.27
(ii) State's share of Union Excise Duties] ..	82.25	91.61	(+)9.36
Total	1,55.72	1,74.03	(+)18.31
Total Revenue Receipts	6,82.05	8,01.48	(+)119.43

More information on the subject will be found in the Report of the Comptroller and Auditor General of India for the year 1978-79, Revenue Receipts—Government of Tamil Nadu.

1.4. Expenditure on revenue account

(i) The following table compares the expenditure on revenue account during 1978-79 under the broad headings with the provision of funds made thereunder :—

Head of expenditure	Plan			
	Budget estimate	Budget plus supplementary	Actuals	Variation between columns (4) and (3)
(1)	(2)	(3)	(4)	(5)
			(in crores)	
Organs of State .. ..	..	..	..	..
Fiscal Services .. ..	..	..	..	..
Interest Payment and Servicing of Debt	..	..	..	..
Administrative Services ..	0.03	1.06	0.78	(-)0.28
Pensions and Miscellaneous General Services	..	..	..	..
Social and Community Services	59.78	66.47	62.48	(-)3.99
General Economic Services ..	1.88	4.18	5.08	(+)0.90
Agriculture and Allied Services	33.52	37.35	38.46	(+)1.11
Industry and Minerals ..	5.15	10.41	10.03	(-)0.38
Water and Power Development	3.00	9.34	9.93	(+)0.59
Transport and Communications	11.62	20.76	20.79	(+)0.03
Grants-in-aid and contributions	..	..	..	..
Total ..	1,14.98	1,49.57	1,47.55	(-)2.02

Non-Plan

	<i>Budget estimate</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variation between columns (8) and (7)</i>
	(6)	(7)	(8)	(9)
of rupees)				
	6.78	8.07	7.58	(-) ⁰ .49
	15.97	17.66	16.70	(-) ⁰ .96
	69.92	69.92	61.77	(-) ⁸ .15
	74.94	82.09	84.20	(+) ² .11
	59.14	61.87	32.23	(-) ²⁹ .64
	2,44.61	2,62.45	2,59.16	(-) ³ .29
	8.81	9.58	9.27	(-) ⁰ .31
	60.50	62.66	61.46	(-) ¹ .20
	4.52	6.95	6.78	(-) ⁰ .17
	26.11	29.73	31.60	(+) ¹ .87
	18.07	20.75	15.25	(-) ⁵ .50
	19.41	21.55	19.96	(-) ¹ .59
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	6,11.78	6,53.28	6,05.96	(-) ⁴⁷ .32
	<hr/>	<hr/>	<hr/>	<hr/>

(ii) The expenditure during 1978-79 compared with that during the previous year is shown below :—

<i>Head of expenditure</i>	1977-78		1978-79	
	<i>Plan</i>	<i>Non-Plan</i>	<i>Plan</i>	<i>Non-Plan</i>
(1)	(2)	(3)	(4)	(5)
	(in crores of rupees)			
Organs of state .. ..	..	8.94	..	7.58
Fiscal Services .. ..	..	15.27	..	16.70
Interest Payment and Servicing of Debt	..	70.92	..	61.77
Administrative Services ..	0.84	74.70	0.78	84.20
Pensions and Miscellaneous General Services	..	28.21	..	32.23
Social and Community Services	50.79	2,48.97	62.48	2,59.16
General Economic Services ..	2.43	8.27	5.08	9.27
Agriculture and Allied Services	32.16	58.53	38.46	61.46
Industry and Minerals ..	7.92	7.51	10.03	6.78
Water and Power Development	5.91	33.61	9.93	31.60
Transport and Communications	16.43	15.51	20.79	15.25
Grants-in-aid and contributions	..	19.20	..	19.96
	1,16.48	5,89.64	1,47.55	6,05.96

Variation in expenditure during 1978-79 over the previous year under the broad sectors are analysed in Appendix I.

1.5. Expenditure on capital account

(i) The capital expenditure during the three years ending 1978-79 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision is shown below :—

Year	Budget	Budget plus supplemen- tary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1976-77 ..	60.40	80.31	55.31	(—)25.00	31
1977-78 ..	62.88	86.11	40.53	(—)45.58	53
1978-79 ..	63.45	89.33	58.34	(—)30.99	35

The heavy shortfall in capital expenditure under Plan is dealt with in paragraph 1.13 under Plan performance.

(ii) The following table compares the expenditure on capital account during 1978-79 under broad headings with the provision of funds made thereunder :—

<i>Head of expenditure</i>	<i>Plan</i>			
	<i>Budget estimate</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variation between columns (4) and (3)</i>
(1)	(2)	(3)	(4)	(5)
				(in crores of rupees)
(i) Public Works	0,86	0,86	0,56	(—)0,30
(ii) Other General Services ..	..	0,11	0,08	(—)0,03
(iii) Social and Community Services	8,87	9,17	6,63	(—)2,54
(iv) General Economic Services	5,46	18,45	10,40	(—)8,05
(v) Agriculture and Allied Services	7,35	7,72	5,62	(—)2,10
(vi) Industry and Minerals	4,10	6,05	7,40	(+)1,35
(vii) Water and Power Development	25,18	25,18	17,57	(—)7,61
(viii) Transport and Communications	8,30	12,08	8,82	(—)3,26
Total ..	60,12	79,62	57,08	(—)22,54

<i>Non-plan</i>			
<i>Budget estimate</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Variation between columns (8) and (7)</i>
(6)	(7)	(8)	(9)
(in crores of rupees)			
0.19	0.26	0.46	(+)0.20
..	..	0.01	(+)0.01
0.59	0.59	0.28	(-)0.31
(-)4.95	(-)2.77	(-)0.01	(+) 2.76
5.18	8.06	(-)2.48	(-)10.54
0.04	1.29	1.23	(-)0.06
2.22	2.22	1.93	(-)0.29
0.06	0.06	(-)0.16	(-)0.22
<hr/> 3.33 <hr/>	<hr/> 9.71 <hr/>	<hr/> 1.26 <hr/>	<hr/> (-) 8.45 <hr/>

(iii) The expenditure during 1978-79 compared with that during the previous year is given below :—

Head of expenditure (1)	1977-78		1978-79	
	Plan (2)	Non-Plan (3)	Plan (4)	Non-Plan (5)
	(in crores of rupees)			
(i) Public Works	0.79	0.34	0.56	0.46
(ii) Other General Services ..		0.06	0.08	0.01
(iii) Social and Community Services	5.04	0.39	6.63	0.28
(iv) General Economic Services	5.56	(—)2.84	10.40	(—)0.01
(v) Agriculture and Allied Services	10.49	(—)5.47	5.62	(—)2.48
(vi) Industry and Minerals	4.74	1.29	7.40	1.23
(vii) Water and Power Development	18.11	0.01	17.57	1.93
(viii) Transport and Communications	5.69	(—)3.67	8.82	(—)0.16
Total ..	50.42	(—)9.89	57.08	1.26

Variations in expenditure during 1978-79 over the previous year, under broad sectors, are analysed in Appendix II.

1.6. Loans and Advances by the State Government

(i) The actuals of disbursements of loans and advances by the State Government for 1978-79 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision along with the corresponding figures for 1976-77 and 1977-78 are given below :—

Year (1)	Budget (2)	Budget plus Supplementary (3)	Actuals (4)	Variation between columns (4) and (3)	
				Amount (5)	Percentage (6)
(in crores of rupees)					
1976-77	53.62	1,08.52	1,05.39	(—)3.13	3
1977-78	74.93	1,89.12	1,73.34	(—)15.78	8
1978-79	86.83	1,99.47	1,98.60	(—)0.87	..

There was increase mainly under, Urban Development (Rs. 3,04.00 lakhs), Co-operation (Rs. 4,86.73 lakhs), Dairy Development (Rs. 1,24.81 lakhs) and Loans to Government servants (Rs. 2,45.96 lakhs), counter balanced by decrease mainly under, Public Health, Sanitation and Water Supply (Rs. 8,30.77 lakhs), Food (Rs. 2,00.00 lakhs) and Consumer Industries (Rs. 1,54.66 lakhs).

(ii) The budget and actuals of recoveries of loans and advances for three years ending 1978-79 are given below:—

Year	Budget	Actuals	Variation between columns (3) and (2)	
			Amount	Percentage
(1)	(2)	(3) (in crores of rupees)	(4)	(5)
1976-77	20.89	48.39	(+)27.50	132
1977-78	24.07	51.21	(+)27.14	113
1978-79	54.36	76.87	(+)22.51	41

The increase in recoveries was mainly under Public Health, Sanitation and Water Supply (Rs. 5.33 crores), Housing (Rs. 3.47 crores), Co-operation (Rs. 12.92 crores), Industrial Research and Development (Rs. 7.00 crores), Miscellaneous Loans (Rs. 5.36 crores), partly offset by decrease under Food (Rs. 7.50 crores) and Power (Rs. 8.00 crores).

(iii) The loans and advances outstanding at the end of the last three years were as under:—

Categories of loans and advances	31st March		
	1977 (2)	1978 (3)	1979 (4)
(1)	(in crores of rupees)		
1. Loans for Social and Community Services	1,29.09	1,55.20	1,80.49
2. Loans for Economic Services—			
(i) General Economic Services ..	31.16	48.99*	74.60
(ii) Agriculture and Allied Services	51.32	78.39**	91.23
(iii) Industry and Minerals ..	39.62	44.86	47.45
(iv) Water and Power Development	2,86.58	3,22.03	3,75.87
(v) Transport and Communications	18.33	24.74	25.99
3. Loans to Government servants ..	12.90	14.97	18.45
4. Loans for miscellaneous purposes	20.87	22.82	19.64
Total	5,89.87	7,12.00	8,33.72

* Decreased by Rs. 1,18,000 due to transfer to Major Head "712".

** Increased by Rs. 1,18,000 due to transfer from Major Head "698".

Further details are given in Statement Nos. 5 and 18 of Finance Accounts 1978-79.

(iv) *Recoveries in arrears*.—(a) Loans and advances, the detailed accounts of which are maintained by the Audit Office (amount outstanding as on 31st March 1979 Rs. 72.82 crores).

(i) In respect of this category of loans, recovery of Rs. 3,64.98 lakhs (principal: Rs. 61.01 lakhs; interest: Rs. 3,03.97 lakhs) was pending at the end of March 1979 as indicated below:—

(1)	<i>Municipalities</i>		<i>Panchayat Raj Institutions</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
Up to 1975-76	10.75	56.51	9.76	40.86
1976-77	4.56	24.15	5.62	28.73
1977-78	6.07	26.98	6.24	40.95
1978-79	9.95	35.00	8.06	50.79
Total ..	31.33	1,42.64	29.68	1,61.33

Of these overdues, the recovery of Rs.43.00 lakhs towards principal and Rs. 2,18.18 lakhs towards interest was pending for more than a year.

(ii) The arrears in respect of receipt of certificates of acceptance of balances as at the end of 31st March 1979 were as follows:—

(1)	<i>Number of certificates</i>	<i>Balance of loans as on 31st March 1979</i>	<i>Year to which the outstanding certificates pertain</i>
	(2)	(3)	(4)
		(in lakhs of rupees)	
Municipalities	793	7,43.32	1978-79
Panchayat Raj Institutions	689	2,45.42	1978-79

(b) Loans and advances, the detailed accounts of which are maintained by the departmental officers, (amount outstanding on 31st March 1979 : Rs. 7,60.89 crores).

(i) The break-up of the outstanding of Rs. 7,60.89 crores is as under :—

(1)	(in crores of rupees)
(1)	(2)
Loans for Power Projects	3,75.85
Loans for Co-operation	74.60
Loans for Food	57.02
Loans for Housing	45.53
Loans for Public Health, Sanitation and Water Supply ..	37.65
Loans for Industrial Development	27.65
Loans for Agriculture	21.57
Loans to Government servants	18.45
Loans for Road and Water Transport Services	13.65
Loans for miscellaneous purposes	88.92
Total ..	7,60.89

The arrears position could not be indicated as the necessary information has not been furnished by the departmental officers as mentioned below :—

The annual statements due in the Audit Office every June showing the arrears in recovery of principal and interest were not received from many departmental officers as they had not reconciled their balances with the accounts figures from 1957-58. The matter was brought to the special notice of Government and reconciliation up to 31st March 1974 is in progress.

(ii) *Loans and advances to local bodies.*—The Examiner of Local Fund Accounts audits the accounts of local bodies and furnishes to Audit a consolidated certificate along with a statement showing irregu-

larities such as non-utilisation of loans. Certain important irregularities such as non-utilisation of loans and utilisation of loans for unauthorised purposes noticed by the Examiner for 1977-78 are mentioned in Appendix III.

(iii) The detailed accounts of advances to cultivators are maintained in the offices of the Tahsildars and Collectors. Recovery of loans granted by officers of development departments has also been entrusted to the Tahsildars. A test check by Audit in 1978-79 of the accounts of loans maintained in these offices indicated the following position:—

(1)	Amount (in lakhs of rupees)
(1)	(2)
1 Alleged misappropriation by village officers	3.31
2 Non-recovery of loans ordered for summary recovery	36.57
3 Irregular sanction of loans	3.95

(iv) *Assistance to a pipe manufacturing company.*—Mention was made in paragraph 6.8 of the Report of the Comptroller and Auditor General of India for the year 1976-77 of the taking over of the management of a pipe manufacturing company by Government in January 1973 as a 'relief undertaking' under the provisions of the Tamil Nadu Relief Undertakings (Special Provisions Act), 1969 and grant of loans and advances to the extent of Rs. 1,73.35 lakhs to this company between January 1973 and May 1977. The terms and conditions for some of the loans (Rs. 66 lakhs) had not been settled (December 1979).

Government also stood guarantee (May 1973) for a sum of Rs. 66.00 lakhs being the unsecured portion of the cash credit extended by the State Bank of Hyderabad to the company. A guarantee bond was executed by Government with the Bank on 26th October 1973; the period of guarantee was five years. Government considered the question of nationalising the company, but this proposal had to be eventually dropped.

After considering various other proposals for restructuring the company, Government finally handed back the management to the Board of Directors on 30th September 1978. The cumulative loss of the company to end of 1977-78 was Rs. 8,71.15 lakhs.

As the company had not repaid the instalments of loan and interest, the Bank asked Government either to extend the guarantee period beyond 26th October 1978 or to repay the entire loan amount together with accrued interest as the guarantor. After discussions with the Bank, Government secured a concession of Rs. 20 lakhs in interest and paid (November 1978) an amount of Rs. 1.12 lakhs (Principal: Rs. 66 lakhs; Interest: Rs. 46 lakhs), out of Rs. 1.32 lakhs (Principal: Rs. 66 lakhs; Interest: Rs. 66 lakhs) due in pursuance of the guarantee given by them.

Between June 1977 and December 1978, further loans and advances amounting to Rs. 22.47 lakhs (for which terms and conditions for repayment were not specified) were given to the company. In all, a sum of Rs. 3,07.82 lakhs was due to Government from the company (November 1979) towards repayment of loans (Rs. 1,95.82 lakhs) and guarantee (Rs. 1.12 lakhs) besides interest on the loans granted from March 1973 to December 1978 which could not be assessed, as Government had not prescribed the terms and conditions. No loan bonds were also obtained for the loans and ways and means advances sanctioned to the company, as the assets of the company had already been mortgaged to other financial institutions and banks.

On the application of Industrial Finance Corporation of India which was having the first charge on the assets of the company, the High Court, Madras appointed a receiver, who had taken over the assets (May 1979). Government can recover the dues only after the other secured loans are discharged in full.

Government stated (December 1979) that action is being taken to file a case against the company for the recovery of the entire amount.

1.7. Sources of funds for capital expenditure and for net outgo under loans and advances

The sources from which capital expenditure (Rs. 58.34 crores) and the net expenditure under "Loans and Advances" by the State Government (Rs. 1,21.72 crores) during 1978-79 were met are shown below:—

	(in crores of rupees)
I. Revenue Surplus	(+47.97
II. Net additions to—	
(i) Internal Debt of the State Government	(+15.59
(ii) Loans from Government of India	(+1,22.03
(iii) Small Savings, Provident Funds, etc.	(—)9.12
III. Sinking Funds and Reserve Funds	(—)16.98
IV. Net Increase under Deposits and Advances	(+10.73
V. Net effect of transactions under—	
(i) Suspense and Miscellaneous	(+29.91
(ii) Remittances	(—)1.97
VI. Investments and cash balances	(—)17.54
VII. Amount transferred to Contingency Fund	(—)0.56
Net amount available for expenditure	<u>(+)1,80.06</u>

1.8. Debt position

Public Debt.—The total public debt of Government increased by Rs.1,37.62 crores in 1978-79 as shown below—

(1)	Receipts during the year (2)	Repayments during the year (3)	Net increase (+) (4)
(in crores of rupees)			
1. Internal debt of the State Govern- ment	1,04.43	88.84	(+15.59
2. Loans and Advances from the Central Government	1,65.34	43.31	(+1,22.03
Total ..	<u>2,69.77</u>	<u>1,32.15</u>	<u>(+)1,37.62</u>

The outstanding public debt at the end of 1978-79 was Rs. 10,99.32 crores. An analysis of the debt compared with the corresponding figures for the preceding two years is given below:—

(1)	Total public debt on 31st March		
	1977 (2)	1978 (3)	1979 (4)
	(in crores of rupees)		
1. Internal debt of the State Government	2,88.92	3,04.65	3,20.24
2. Loans and Advances from the Central Government	5,53.24	6,57.05	7,79.08
Total	8,42.16	9,61.70	10,99.32

Under the Andhra State Act, 1953, the outstanding public debt of the composite Madras State on 30th September 1953 was allocable among the successor States in the ratio of capital expenditure incurred in the respective areas. Pending determination of the capital expenditure in the respective areas, the liability was provisionally shared in the population ratio.

Similarly, on the reorganisation of States, the outstanding public debt of Madras State on 31st October 1956, which was to be allocated among the successor States in the ratio of capital expenditure in the respective areas, under the States Reorganisation Act, 1956, was also shared provisionally in the population ratio pending determination of the ratio of capital expenditure.

(a) *Permanent debt*.—During the year, a loan of Rs. 26.49 crores carrying 6 1/4 per cent interest (redeemable at par in 1988) was raised. Land Ceiling compensation bonds of Rs. 0.02 crore were also issued during the year; these are repayable in ten annual instalments and carry 4 per cent interest. Repayments against the bonds during the year were Rs. 0.60 crore.

(b) *Ways and means advances and overdrafts from the Reserve Bank of India.*—Under an agreement with the Reserve Bank of India, Government of Tamil Nadu have to maintain with the Bank a minimum balance of Rs. 1,10 lakhs on all the days. If the cash balance falls below the agreed minimum, the deficiency is made good either by selling Treasury Bills or by taking ordinary ways and means advances from the Bank. These are limited to a maximum of Rs. 11,00 lakhs (raised to Rs. 22,00 lakhs with effect from 1st October 1978). In addition special ways and means advances not exceeding Rs. 11,00 lakhs are also made available whenever necessary. If even after the maximum advance is given, there is a shortfall in the minimum cash balance, the shortfall is left uncovered. Overdrafts are given by the Bank, if the State has a minus balance after availing of the maximum advance.

Interest is payable on the advances, shortfalls and overdrafts. The advances carry interest at one per cent below the Bank Rate for the first 90 days, one per cent above the Bank Rate beyond 90 days and up to 180 days and two per cent above the Bank Rate beyond 180 days. The Bank charges interest on the shortfalls in the minimum balance at one per cent below the Bank Rate and on overdrafts at the Bank Rate up to and including the seventh day and at 3 per cent above the Bank Rate thereafter.

During the year, the balance of the State Government with the Reserve Bank of India fell short of the agreed minimum on one day. The deficiency was made good by taking ways and means advances. The total amount of advances obtained during the year was Rs. 73.04 crores. Out of this amount, Rs. 71.94 crores were repaid leaving a balance of Rs. 1.10 crores as on 31st March 1979 which were repaid in April 1979.

The interest paid to the Bank on the ways and means advances and shortfalls during the year 1978-79 was Rs. 3.62 lakhs.

(c) *Loans from Government of India.*—The balance of Rs. 7,79.08 crores outstanding on 31st March 1979 formed 71 per cent of the total public debt (Rs. 10,99.32 crores).

1.9. Other debt and obligations

In addition to public debt, small savings, provident funds, etc., balances at the credit of certain earmarked and other funds and certain deposits to the extent to which they have not been invested but are merged with the cash balance also constitute liability of Government. The amounts of such liability at the end of 1976-77, 1977-78 and 1978-79 are given below:—

(1)	<i>Liability on 31st March</i>		
	1977 (2)	1978 (3)	1979 (4)
	(in crores of rupees)		
Small Savings, Provident Funds, etc. ..	67.97	77.65	68.53
Interest-bearing obligations (such as, depreciation reserve funds of commercial undertakings, other deposits, etc.)	51.77	57.74	63.52
Non-interest bearing obligations (such as, deposits of local funds, civil deposits, earmarked funds, etc.)	1,56.49	1,68.79	1,40.66
Total ..	2,76.23	3,04.18	2,72.71

1.10 Service of debt

The net burden of interest charges on debt and other obligations on revenue is given below:—

(1)	1976-77 (2)	1977-78 (3)	1978-79 (4)
	(in crores of rupees)		
Public debt outstanding at the end of the year	8,42.16	9,61.70	10,99.32
Small Savings, Provident Funds, etc., and other obligations at the end of the year	2,76.23	3,04.18	2,72.71
(i) Interest paid by Government—			
(a) On public debt and small savings, provident funds, etc.	44.84	50.43	58.39
(b) Other obligations	6.24	2.06	3.38
Total ..	51.08	53.39	61.77

(1)	1976-77 (2)	1977-78 (3)	1978-79 (4)
(in crores of rupees)			
(ii) Deduct—			
(a) Interest on loans and advances given by Government	13.96	15.31	20.45
(b) Interest realised on investment and cash balances	1.08	1.55	2.54
(iii) Net amount of interest charges ..	36.04	36.53	38.78
Percentage of gross interest [item (i) to total revenue receipts] ..	8.12	7.83	7.71
Percentage of net interest [item (iii) to total revenue receipts]	5.73	5.36	4.84

There were, in addition, certain other receipts and adjustments totalling Rs. 13.22 crores such as interest received from commercial departments. If these are also taken into account, the net burden of interest on the revenue would be Rs. 25.56 crores working out to 3.19 per cent of the revenue.

The State Government also received during the year Rs. 1,17.59 lakhs as dividend on investments in commercial undertakings, etc.

1.11. Guarantees

(i) Government have given guarantees for repayment of loans, etc. raised by statutory corporations, co-operative societies and others.

The guarantees are in the nature of contingent liabilities on the State revenues. Brief particulars of these contingent liabilities based on the available information are given below (further details are given in Statement No. 6 of the Finance Accounts, 1978-79):—

<i>Body on whose behalf guarantee was given.</i>	<i>Maximum amount guaranteed</i>	<i>Sums guaran- teed out- standing on 31st March 1979</i>
(1)	(2)	(3)
	(in crores of rupees)	
Statutory Corporations and Boards	39.46*	29.19*
Government Companies	92.42	59.67
Co-operative Institutions	4,79.07	2,83.12
Joint Stock Companies	4.03	3.21
Other Institutions	47.28	41.40
Total	6,62.26	4,16.59

* Excludes guarantees given on behalf of Tamil Nadu Electricity Board, for which particulars are awaited (February 1980).

(ii) The maximum amounts guaranteed and the sums outstanding to end of March 1979 indicated above include the guarantees given by the Government on behalf of certain statutory corporations/boards under the provisions of various statutes as mentioned below :—

(a) The amount covered by the guarantees given by the State Government on behalf of the Tamil Nadu Housing Board to end of March 1979 was Rs. 32.94 crores (amount outstanding: Rs. 25.98 crores).

(b) The amount covered by the guarantees given by the State Government on behalf of the Tamil Nadu Slum Clearance Board to end of March 1979 was Rs. 5.20 crores (amount outstanding: Rs. 1.89 crores).

(c) The amount covered by the guarantees given by the State Government on behalf of the Madras Metropolitan Development Authority to end of March 1979 was Rs. 1.32 crores (amount outstanding: 1.32 crores).

(iii) In consideration of the guarantee given by Government, the institutions are, in some cases, required to pay guarantee commission. In the following cases, the guarantee commission was in arrears as on 31st March 1979:—

		RS.
Tamil Nadu Industrial Development Corporation	..	1,11,634
Tamil Nadu Small Industries Development Corporation Limited	..	22,500
Pallavan Transport Corporation Limited (Metro)	..	16,871
Poompuhar Shipping Corporation	.. .. .	1,62,422

(iv) Particulars of amounts paid by the State Government during the last five years in pursuance of guarantees are given below :—

Year	Payments on behalf of	
	Ryots	Others
(1)	(2)	(3)
(in lakhs of rupees)		
1974-75	3.81
1975-76	13.96
1976-77	7.00
1977-78	5.09
1978-79	12.00

1.12 Investments

In 1978-79, Government invested Rs. 25.31 crores in one Statutory Corporation (Rs. 0.25 crore), 24 Government Companies (Rs. 11.14 crores) and 173 Co-operative Institutions (Rs. 13.92 crores).

The total investment of Government in the share capital and debentures of different concerns at the end of 1978-79 was Rs. 1,64.72 crores. Dividend/interest received therefrom during 1978-79 was Rs. 86.17 lakhs (0.52 per cent) as indicated below:—

Categories of bodies	Investment				Dividend/interest received during the year with percentage of return on cumulative investment in brackets
	During 1978-79		To end of 1978-79		
	Number of concerns	Amount	Number of concerns	Amount	
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
(i) Statutory Corporations	1	25.00	1	1,25.50	7.28 (5.80)
(ii) Government Companies,	24	11,13.58	49	86,65.32	28.00 (0.32)
(iii) Joint Stock Companies	..	..	9	1,01.37	2.12 (2.09)
(iv) Co-operative Institutions	173	13,92.20	4,073	75,80.27	48.77 (0.64)
Total ..	198	25,30.78	4,132	1,64,72.46	86.17 (0.52)

1.13. Plan Performance

Against total provision (budget and supplementary) of Rs. 1,49,57 crores under Revenue and Rs. 79.62 crores under Capital for Plan scheme

during 1978-79, expenditure of Rs. 1,47.55 crores and Rs. 57.08 crores respectively was incurred. The shortfall was substantial in capital outlay (28 per cent). The major items of shortfall are indicated below:—

	<i>Budget estimates</i>	<i>Budget plus supplementary</i>	<i>Actuals</i>	<i>Shortfall</i>
(1)	(2)	(3)	(4)	(5)

(in crores of rupees)

C. Capital Account of Economic Services—

(i) General Economic Services—

Co-operation	5.46	18.45	10.40	(—) 8.05
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The shortfall was mainly due to non-receipt of sanction from the Reserve Bank of India for strengthening the share capital structure of Central Banks, Co-operative Banks and Village Credit Societies and postponement of the setting up of a new sugar mill.

(ii) Water and Power Development—

Irrigation, Navigation, Drainage and Flood Control Projects	25.18	25.18	16.12	(—) 9.06
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The shortfall was mainly due to less expenditure under "Periyar System" and "Parambikulam Aliyar Project" on account of non-execution of works owing to non-finalisation of tenders, scarcity of explosives required for rock blasting, non-settlement of land acquisition proposals, etc.

(iii) Transport and Communications—

Roads and Bridges	7.85	8.14	4.88	(—) 3.26
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The shortfall was mainly due to less expenditure on 'Road Works under the World Bank Project' and 'Construction of over and under bridges in lieu of existing level crossings', on account of non-availability of materials, litigation in the process of land acquisition, technical and administrative reasons.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary

(a) The following table compares the total expenditure during the year with totals of grants and charged appropriations:—

(1)	<i>Grants/</i> <i>charged</i> <i>appropri-</i> <i>ations</i> <i>(2)</i>	<i>Expendi-</i> <i>ture</i> <i>(3)</i>	<i>Saving</i> <i>(4)</i>	<i>Perce-</i> <i>ntage</i> <i>(5)</i>
		(in crores of rupees)		
<i>Voted—</i>				
Original	8,42.92	10,57.13	9,82.14	74.99
Supplementary	2,14.21			
<i>Charged—</i>				
Original	2,60.46	2,60.86	1,97.71	63.15
Supplementary	0.40			
Total ..	13,17.99	11,79.85	1,38.14	10

The overall saving of Rs. 1,38.14 crores was the result of saving of Rs. 1,42.52 crores in fifty-two grants (Rs. 79.35 crores) and forty-two charged appropriations (Rs. 63.17 crores) partly offset by excess of Rs. 4.38 crores in six grants (Rs. 4.36 crores) and two charged appropriations (Rs. 0.02 crore).

(b) Further details are given below:—

(1)	<i>Revenue</i> <i>(2)</i>	<i>Capital</i> <i>(3)</i>	<i>Loans</i> <i>and</i> <i>Advances</i> <i>(4)</i>	<i>Public</i> <i>Debt</i> <i>(5)</i>	<i>Total</i> <i>(6)</i>
	(in crores of rupees)				
<i>Authorised to be spent</i> (grants and charged appropriations)					
Original	7,52.35	78.11	86.83	1,86.09	11,03.38
Supplementary	76.09	25.88	1,12.64	..	2,14.61
Total ..	8,28.44	1,03.99	1,99.47	1,86.09	13,17.99
<i>Actual expenditure (grants and charged appropriations)</i>					
	7,79.39	69.71	1,98.60	1,32.15	11,79.85
Shortfall ..	49.05	34.28	0.87	53.94	1,38.14

2.2. Excess over grants/charged appropriations requiring regularisation

(a) *Grants*.—The excess of Rs. 4.36 crores in the following six grants requires regularisation under Article 205 of the Constitution:—

Serial number	Number and name of grant	Total grant	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
		RS.	RS.	RS.
1.	5. Stamps	75,48,000	75,63,799	15,799

Excess was mainly due to supply of stamps relating to previous and current indents simultaneously, payment of arrears of salaries consequent on revision of scales of pay and more discount allowed to licensed stamp vendors consequent on increase in the sale of non-Judicial stamps partly offset by less expenditure owing to reduction of the rates of manufacturing cost of non-Judicial stamps during 1978-79.

2.	11. District Administration	17,46,90,000	18,27,22,806	80,32,806
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Reasons for the excess have not been communicated (December 1979).

3.	28. Community Development Projects, etc.	37,16,17,000	37,31,08,731	14,91,731
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Reasons for the excess have not been communicated (December 1979).

4.	36. Irrigation	31,77,28,000	34,82,19,098	3,04,91,098
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Excess was mainly due to the actual *pro rata* adjustments towards interest charges, pension charges and establishment/tools and plant charges under the respective project minor heads exceeding the provision made in the Budget Estimates.

5.	39. Roads and Bridges	43,42,25,000	43,51,66,191	9,41,191
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Reasons for the excess have not been communicated (December 1979).

6.	46. Compensation and Assignments	14,69,34,000	14,95,93,676	26,59,676
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Excess was attributed mainly to more payment of share of tax to local bodies than anticipated consequent on increase in collection of tax.

(b) *Charged appropriations*.—Excess of Rs. 1.70 lakhs over charged appropriations in the following two cases require regularisation:—

Serial number	Number and name of appropriation	Total appropriation	Expenditure	Excess
(1)	(2)	(3)	(4)	(5)
		RS.	RS.	RS.
1.	11. District Administration	1,39,000	2,56,115	1,17,115

Reasons for the excess have not been communicated (December 1979).

2.	37. Public Works—Buildings	9,00,000	9,53,050	53,050
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• 2.3. Supplementary grants/charged appropriations

The supplementary provision of Rs. 2,14.61 crores (19 per cent of the original provision) was obtained under fifty-two grants (Rs. 2,14.21 crores) and twenty-one charged appropriations (Rs.0.40 crore). The details of significant cases of unnecessary, excessive and inadequate supplementary grants/charged appropriations are given below:—

(i) *Unnecessary supplementary grants*.—In the following cases, the supplementary grants (exceeding Rs. 10.00 lakhs each) of Rs. 1,71.60 lakhs remained unutilised, as the expenditure did not come up even to the original provision.

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)

(in lakhs of rupees)

1.	14. Jails	5,67.42	15.00	5,57.82	24.60
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The shortfall was mainly due to the sharp decline in the quantity of jail made articles indented by the consuming departments.

2.	20. Agriculture	39,32.56	10.15	38,50.43	92.28
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The shortfall was mainly due to transfer of less amount to the sugarcane cess fund consequent on less collection of cess on sugarcane than anticipated.

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
			(in lakhs of rupees)		
3.	22. Animal Husbandry	.. 11,87.59	12.18	11,71.63	28.14

The shortfall was mainly due to less payments of grants to Tamil Nadu Agricultural University for veterinary education, research and training on account of excess grants drawn in 1977-78.

4.	30. Social Welfare 4,92.13	18.29	4,82.11	28.31
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The shortfall was mainly due to part-utilisation of grant released to the Slum Clearance Board and non-supply of equipment to new centres.

5.	43. Miscellaneous 51,94.61	41.04	24,86.63	27,49.02
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The shortfall was mainly due to surrender of lump sum provision made in the budget for anticipated mid-year increase in expenditure.

The entire provision made under 'lump sum for unforeseen expenditure' during 1976-77 (Rs. 34,00.00 lakhs) and 1977-78 (Rs. 5,84.00 lakhs) had also remained unutilised.

Specific reasons for making huge provision in the Budget Estimates year after year for unforeseen expenditure have not been communicated (December 1979).

6.	53. Capital Outlay on Public Works —				
	Buildings	.. .. 8,19.30	21.32	5,77.12	2,63.50

Reasons for the shortfall have not been communicated (December 1979).

7.	54. Capital Outlay on Roads and Bridges	7,91.10	28.61	5,07.88	3,11.83
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The shortfall was attributed mainly to non-availability of materials litigation in respect of land acquisition, technical and administrative reasons.

(ii) *Excessive supplementary grants.*—In the following cases, the supplementary grants (exceeding Rs. 10.00 lakhs each) proved excessive by more than Rs. 10.00 lakhs each; against the supplementary grant of Rs. 1,75,12.85 lakhs, Rs. 1,57,84.22 lakhs were actually utilised.

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
1.	4. General Sales Tax and Other Taxes and Duties	6,13.41	49.64	6,32.75	30.30

The saving is due to overestimation of the anticipated increase in salaries due to revision of pay and allowances on the recommendation of the Pay Commission.

2.	9. Head of State, Ministers and Headquarters staff	12,81.18	2,25.69	14,05.22	1,01.65
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Part of the shortfall was mainly due to (i) ineligibility to grants-in-aid (for development and cultivation of lands) of persons who got assignment of land prior to 1st January 1978 and ineligibility of areas covered by Small Farmers' Development Agency to the scheme of 'Development and Cultivation of surplus lands on implementation of land ceiling' (Rs. 36.87 lakhs), (ii) non-filling up and discontinuance of posts (Rs. 28.54 lakhs), (iii) decrease in the rental charges due to purchase of new IBM machines (Rs. 4.89 lakhs) and (iv) less payment of block time charges in the Data Centre (Rs. 4.14 lakhs). Reasons for balance shortfall have not been communicated (December 1979).

3.	13. Administration of Justice	4,85.71	85.37	5,27.79	43.29
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Reasons for the shortfall have not been communicated (December 1979).

4.	15. Police	33,54.42	1,75.16	33,80.15	1,49.43
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The shortfall was mainly due to less expenditure on arms and ammunitions and less purchase of materials and equipment.

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
5.	17. Education	1,75,69.28	11,68.82	1,85,69.03	1,69.07

The shortfall was mainly due to claims for assistance to implement U.G.C. scales not preferred by 109 out of 176 aided colleges (Rs. 2,17.96 lakhs) and non-sanction of education grant to Madras Corporation for the fourth quarter (Rs. 1,07.04 lakhs) partly counterbalanced by excess expenditure on "Higher Secondary Schools" (Rs. 1,28.33 lakhs) for which reasons have not been communicated.

6.	19. Public Health	31,84.47	4,56.62	35,99.27	41.82
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The shortfall was mainly due to transfer of water supply and drainage works to Madras Metropolitan Water Supply and Sewerage Board partly offset by drawal of arrear grant for 'Accelerated Rural Water Supply Programme'.

7.	21. Fisheries	2,25.70	1,86.86	3,97.57	14.99
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The shortfall was mainly due to non-payment of subsidy to the Tamil Nadu Fisheries Development Corporation, Madras.

8.	23. Co-operation	6,55.92	2,07.23	8,43.94	19.21
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The shortfall was mainly due to some diesel pumpsets installed by members of the Land Development Bank declared ineligible for subsidy.

9.	24. Industries	3,66.61	4,48.70	8,01.06	14.25
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The shortfall was mainly due to non-filling up of posts and non-purchase of furniture for the District Industries Centres.

10.	26. Handlooms and Textiles ..	4,15.00	2,06.53	6,08.03	13.50
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The shortfall was mainly due to less sanction for financial assistance to the Intensive Handloom Development Project reasons for which are awaited (December 1979).

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)

(in lakhs of rupees)

11.	27. Khadi	1,02.51	88.05	1,59.79	30.77
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The shortfall was mainly due to less claims preferred by the Khadi Board and the certified institutions for rebate on the sale of khadi cloth.

12.	31. Welfare of the Scheduled Tribes and Castes	16,01.89	69.28	16,60.36	10.81
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Reasons for the shortfall have not been communicated (December 1979).

13.	34. Urban Development ..	8,90.69	3,25.00	10,73.86	1,41.83
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Reasons for the shortfall have not been communicated (December 1979).

14.	35. Civil Supplies	5,19.73	90.97	5,93.11	17.59
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The shortfall was mainly due to reduction in the strength of the Tamil Nadu Special Police Battalions consequent on the formation of single food zone in the country and change of policies in food control orders and strict enforcement of ceiling on consumption of petrol.

15.	41. Relief on account of Natural Calamities	8.10	1,36.88	1,33.14	11.84
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Reasons for the shortfall have not been communicated (December 1979).

16.	42. Pensions and Other Retirement Benefits	21,56.77	2,50.18	23,23.91	83.04
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The shortfall was mainly due to less payment of pensions, gratuities and dearness allowances than anticipated.

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
17.	56. Capital Outlay on Forests	4,61.89	1,94.32	5,97.39	58.82

The shortfall was mainly due to less expenditure on the scheme for raising shelter belts in coastal areas on account of difficulties in identifying poromboke lands, non-execution of certain works using departmental tractor, non-purchase of machinery and equipment, etc.

18.	57. Miscellaneous Capital Outlay	9,57.23	16,60.44	19,74.41	6,43.26
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The shortfall was mainly due to non-receipt of sanction from the Reserve Bank of India towards assistance to Tamil Nadu Co-operative Banks and Village Credit Societies for strengthening the share capital structure and non-payment of compensation amount to certain electrical undertakings.

19.	58. Loans and Advances by the State Government	86,82.81	1,12,63.88	1,98,59.82	86.77
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The shortfall was mainly due to non-payment, before the year ended of loan earmarked for Tamil Nadu Electricity Board to enable it to meet the compensation payable to private electrical undertakings.

(iii) *Inadequate supplementary grant.*—In the following cases, supplementary grant of Rs. 13,23.28 lakhs proved inadequate and the final uncovered excess (reasons mentioned in paragraph 2.2) was Rs. 4,26.76 lakhs.

	Number and name of grant	Original grant	Supplementary grant	Expenditure	Excess
	(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)					
11.	District Administration	16,04.56	1,42.34	18,27.23	80.33
28.	Community Development	35,65.72	1,50.45	37,31.09	14.92
36.	Irrigation	23,60.98	8,16.35	34,82.19	3,04.91
46.	Compensation and Assignments ..	12,55.20	2,14.14	14,95.94	26.60

2.4. Unutilised provision

(i) Rupees 1,42.52 crores remained unutilised in fifty-two grants (Rs. 79.35 crores) and forty-two charged appropriations (Rs. 63.17 crores).

(ii) In ten grants and three charged appropriations, the savings (more than Rs. 25.00 lakhs in each case) were more than 10 per cent of the total provision. The details of these grants and charged appropriations are given in Appendix IV.

(iii) Some of the major schemes where the provision remained substantially/wholly unutilised other than those mentioned in paragraph 2.3 are shown below:—

<i>Serial number</i>	<i>Grant number and head/scheme</i>	<i>Provision</i>	<i>Saving (and its percentage)</i>	<i>Reasons for saving and remarks</i>
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
1.	11. District Administration— 267. ad. I. AA. Food for Work Programme implemented with 'CARE' assistance	22.50	22.50 (100)	The saving is attributed to non-receipt of the entire quantity of wheat during the year as anticipated.
2.	15. Police—			
	(a) 255. A. ad. I. AH. Modernisation of Police with Assistance from Government of India	26.51	21.63 (82)	Saving was attributed mainly to less expenditure on machinery and equipment, the reasons for which are awaited (December 1979).
	(b) 265. A. ac. I. AB. Home Guards in Districts	24.17	14.89 (62)	Saving was attributed mainly to delay in placing orders for inflatable boats and less expenditure on clothing and equipment.

Serial number	Grant number and head/scheme	Provision	Saving (and its percentage) (4)	Reasons for saving and remarks
(1)	(2)	(3)	(4)	(5)
		(in lakhs of rupees)		
3.	18. Medical— 280. A. ac. II. J.C. Upgrading of Madras Medical College as Institute of Medicine and Community Health	16.00	16.00 (100)	Saving was due to non-sanction of the scheme; reasons for non-sanction have not been communicated (December 1979).
4.	19. Public Health— 282. B. ab. II. J.E. Investigation of Krishna Pennar Water Supply to Madras City	50.00	50.00 (100)	Reasons for the saving have not been communicated (December 1979).
5.	20. Agriculture— (a) 305. av. IV. XD. Dry Land Farming	40.00	26.23 (66)	Reasons for the saving have not been communicated (December 1979).
	(b) 308. ac. IV. KH. Construction of Check Dams-cum-Diversion Channels for water management in Gudalur Taluk	30.28	30.28 (100)	Saving was due to non-implementation of the scheme, reasons for which are awaited (December 1979).
6.	33. Housing— 283. A. ac. II. J.C. Grants to Tamil Nadu Slum Clearance Board for environmental improvements in slums	1,00.00	1,00.00 (100)	Reasons for the saving have not been communicated (December 1979).
7.	43. Miscellaneous— 268. A. ac. I. AX. Contributions to Tamil Nadu Government Servants Group Insurance Scheme (Family Benefit Scheme)	96.00	96.00 (100)	Saving was due to withdrawal of the Group Insurance Scheme.
8.	50. Capital Outlay on Agriculture— 505. ac. I. AA. Purchase and Distribution of Chemical Fertilizers	10,27.20	10,16.81 (99)	Saving was mainly due to the revised policy in the purchase and distribution of fertilizers and less payment of commission owing to lesser sales of fertilizers.

Serial number	Grant number and head/scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
(1)	(2)	(3)	(4)	(5)
			(in lakhs of rupees)	
9.	51. Capital Outlay on Industrial Development — 498. aj. II. JC. Assistance towards the share capital of co-operative sugar mills	1,62.00	1,51.55 (94)	Saving was attributed to postponement of setting up of a new unit of sugar mills.
10.	52. Capital Outlay on Irrigation — (a) 533. A. bp. II. JC. Canals	8,40.00	5,06.97 (60)	Saving was attributed mainly to non-commencement of lining works on account of non-finalisation of tenders, scarcity of explosives required for rock blasting in canal excavation, non-execution of surveying and levelling works, non-excavation of link canal works and non-construction of bridges, sluice, superpassage, under tunnels, aqueducts and outlets.
	(b) 533. A. bp. II. JA. Barrage	1,62.00	1,50.26 (93)	Reasons for the saving have not been communicated (December 1979).
	(c) 482. ae. I. AA. Providing 6 MGD of water for Madras Fertilizers Limited	28.00	25.27 (90)	Saving was attributed mainly to deferring the proposal for sinking additional wells and taking over of an aquifer by the Madras Metropolitan Water Supply and Sewerage Board.

Serial number	Grant number and head/scheme	Provision	Saving (and its percentages)	Reasons for saving and remarks
(1)	(2)	(3)	(4)	(5)
			(in lakhs of rupees)	
	(d) 533. A. av. II. JA. Canals	32.75	29.76 (91)	Saving was attributed to suspension of works consequent on the breach in Kodaganar Dam.
	(e) 533. A. cf. II. JA. Dam and Appurtenant Works	15.00	15.00 (100)	Saving was due to not taking up of the works for which reasons are awaited (December 1979).
	(f) 533. B. ad. II. JA. Irrigation Reserve Stock-Tiruchirapalli Area	17.50	14.98 (86)	Reasons for the saving have not been communicated (December 1979).
	(g) 533. B. ad. II. JE Desilting-cum-Reclamation of tanks	42.79	33.88 (79)	Saving was attributed mainly to merger of Desilting-cum-Reclamation Division, Madras with Tamil Nadu Public Works Engineering Corporation and non-execution of works on account of heavy rains and pending disputes in courts.
11.	57. Miscellaneous Capital Outlay—	60.00	31.91 (53)	Reasons for the saving have not been communicated (December 1979).
	(a) 488, E, aa. II JH. construction of Hostel for Scheduled Caste, Scheduled Tribes and other Backward Classes through the agency of Tamil Nadu Harijan Housing Development Corporation			
	(b) 498. am. III. SA. Assistance towards the share capital of consumers' co-operative wholesale stores for the establishment of departmental stores and expansion of large sized retail units	20.60	16.75 (81)	Saving was mainly due to non-receipt of orders from Government of India regarding the scheme.

Serial number	Grant number and head/scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
(1)	(2)	(3)	(4)	(5)
12.	58. Loans and Advances by the State Government—			
	712. C. ab. II. JC. Loans to Statutory Corporations, Boards and Government Companies—Controlled by the Director of Fisheries	29.59	18.73 (63)	Saving was attributed mainly to sanction of less loans to Tamil Nadu Fisheries Development Corporation towards margin money for construction of boats; reasons for sanction of less loan are awaited (December 1979).

2.5. Advances from Contingency Fund

A Contingency Fund of Rs. 30.00 crores has been placed at the disposal of Government to meet unforeseen expenditure pending authorisation by the State Legislature.

Advances from the Fund can be made only to meet unforeseen expenditure not provided for in the budget and of such an emergent character that postponement thereof till vote of the Legislature is taken, would be undesirable.

The supplementary estimates for all expenditure so sanctioned and withdrawn from the Contingency Fund are required to be presented to the Legislature at the first or second session of the Legislature, as may be practicable, immediately after the advance is sanctioned.

One hundred and fifteen sanctions were issued during 1978-79 advancing Rs. 30,70.88 lakhs from the Contingency Fund. It was noticed that—

(i) 33 sanctions for Rs. 1,68.04 lakhs were neither operated nor cancelled;

(ii) 2 sanctions for Rs. 43.80 lakhs were not operated and were subsequently cancelled;

(iii) 2 sanctions for Rs. 6.20 lakhs were subsequently reduced to Rs 1.72 lakhs ;

(iv) The actual expenditure (Rs. 64.64 lakhs) against 14 sanctions (Rs. 1,87.73 lakhs) was less than 50 per cent of the amount sanctioned ;

(v) Rupees 3.73 lakhs were drawn in two cases without obtaining advance from the Contingency Fund.

A sum of Rs. 56.00 lakhs out of the advances sanctioned during 1978-79 remained unrecouped to the Fund at the end of the year *vide* details given below:—

<i>Grant</i>	<i>Amount</i> RS.	<i>Month of sanction</i>
57. Miscellaneous Capital Outlay	32,50,000	March 1979
58. Loans and Advances by the State Government	23,50,000	Do.
Total ..	56,00,000	

2.6. Non-receipt of explanations for savings/excesses

After the close of each financial year, the detailed appropriation accounts showing the final grants/appropriations, the actual expenditure and the resultant variations are sent to the controlling officers requiring them to explain significant variations under the heads. The explanations for variations were not received (November 1979) in the case of 175 out of 412 heads. These formed 42 per cent of the number of heads in respect of the Appropriation Accounts 1978-79, the variations in which were required to be explained.

2.7. Shortfall/excess in recoveries

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 estimates. During 1978-79,

such recoveries were anticipated at Rs. 40.25 crores ; actual recoveries during the year were Rs. 37.25 crores. Some of the important cases of shortfall/excess as compared to estimates are detailed below:—

Number and name of grant	Amount of		Reasons for the excess/shortfall
	Estimated recovery	excess (+) / shortfall (-) as compared to estimates	
(1)	(2)	(3)	(4)
(in crores of rupees)			
38. Public Works— Establishment and Plant and Tools	5.57	(-)3.01	Mainly due to adjustment of less amounts under "Deduct—Establishment charges transferred on percentage basis to various capital major heads".
39. Roads and Bridges	5.87	(+)3.36	Mainly due to adjustment of more recoveries under "Amount met from Tamil Nadu Rural Road Development Fund" for which reasons are awaited (December 1979).
50. Capital Outlay on Agriculture	5.02	(-)4.08	Mainly due to less receipts from sale of chemical fertilizers.
52. Capital Outlay on Irrigation	1.79	(-)1.13	Mainly due to less receipts from various Irrigation Projects.
56. Capital Outlay on Forests ..	..	(+)2.46	Mainly due to adjustment of value of assets transferred to the Tree Plantation Corporation as share capital assistance/loan for which no estimate was made in the budget.
57. Miscellaneous Capital Outlay	7.08	(-)1.02	Mainly due to (i) non-transfer of Rs. 2.60 crores to the head "734. Loans for Power Projects" for want of adjustment proposals from Government

Number and name of grant	Estimated recovery	Amount of excess (+) or shortfall (-) as compared to estimates	Reasons for the excess/shortfall
(1)	(2)	(3)	(4)
(in crores of rupees).			
(1)	(2)	(3)	(4)

and (ii) less repayment of share capital by co-operative institutions than anticipated, reasons for which have not been communicated (Rs. 2.52 crores) partly counter-balanced by (i) excess of Rs. 1.16 crores due to adjustment of value of assets transferred to the Tamil Nadu Fisheries Development Corporation Limited, (ii) excess of Rs. 0.40 crore owing to conversion of share capital into subsidy to Tamil Nadu Poultry Development Corporation and (iii) adjustment of value of assets transferred to the Tamil Nadu Dairy Development Corporation as loan (Rs. 1.26 crores) /share capital (Rs. 1.15 crores)/Revolving fund under World Food Aid Programme (Rs. 0.07 crore) for which no amount was provided in the budget estimates.

2.8. Reconciliation of departmental figures

Rules require that the departmental figures of expenditure should be reconciled with those of the Accountant General every month. The reconciliation has remained in arrears in several departments.

The number of controlling officers who did not reconcile their figures and the amounts involved are indicated below year-wise:—

Year	Number of controlling officers who did not reconcile their figures (2)	Amount not reconciled (3) (in lakhs of rupees)
(1)	(2)	(3)
1970—71 and earlier years ..	18	3,79.14
1971—72	7	42.58
1972—73	5	26.35
1973—74	3	14.49
1974—75	25	19,22.77*
1975—76	25	19,55.70*
1976—77	29	27,25.55*
1977—78	39	34,01.13
1978—79	134	4,62,27.91
Total ..	285	5,66,95.62

In respect of the following departments, large amounts remain unreconciled during 1978-79:—

Department	Amount not reconciled (2) (in lakhs of rupees)
(1)	(2)
Education	1,58,75.29
Public Works	71,63.91
Industries	38,82.66
Rural Development and Local Administration.	33,84.62
Finance	28,87.73
Co-operation	28,26.92
Revenue	22,85.57

* Increase over the figures shown in the Report for 1977-78 is due to inclusion of figures relating to "Loans and Advances".

2.9. Withdrawal of funds in advance of requirements

REVENUE DEPARTMENT

2.9.1. Mention was made in Paragraph 35, II (a) of the Report of the Comptroller and Auditor General of India for the year 1975-76 about the construction of houses for 2,716 Burma Repatriates in the Vyasarpadi tank bed area (in Madras City). A comprehensive scheme for providing amenities, improvements and infrastructure facilities for housing in this area was drawn up by the Madras Metropolitan Development Authority (MMDA) at a cost of Rs. 1,49.89 lakhs (Infrastructure and improvements—Rehabilitation Fund : Rs. 64.37 lakhs ; Madras Metropolitan Development Authority—Rs. 37.52 lakhs and Inundation resistance work (MMDA) : Rs. 48.00 lakhs). The scheme was sanctioned by Government in December 1978. Government of India conveyed (October 1978) their approval to the sanction of housing loan at the rate of Rs. 6,000 (construction : Rs. 3,600 ; land development : Rs. 2,400) to 2,881 repatriates (fresh cases) and at Rs. 1,900 to 251 repatriates (old cases) who had already been granted housing loan at the old rate of Rs. 4,100. The Collector of Madras withdrew Rs. 1.19 crores (representing new loans at Rs. 6,000 for 1,935 repatriates and additional loan at Rs. 1,900 for 205 repatriates) on 31st March 1979 and deposited the amount with the Metropolitan Development Authority. The amount included Rs. 73.56 lakhs towards construction of houses by the Development Authority through the agency of the Tamil Nadu Slum Clearance Board. Thus, huge amounts were drawn in advance when these could be spent only after land development and inundation resistance works had been taken up and completed by the Tamil Nadu Slum Clearance Board on behalf of MMDA. The expenditure incurred by that agency on these items of work so far (December 1979) was Rs. 41.32 lakhs only. Out of Rs. 73.56 lakhs drawn for construction of houses, no expenditure has been incurred on construction of houses (December 1979). No action has also been taken to assign the lands in favour of the repatriates (November 1979).

RURAL DEVELOPMENT AND LOCAL ADMINISTRATION DEPARTMENT

2.9.2. Government sanctioned (August 1976) an assistance of Rs.8.5 lakhs, half as loan and half as grant, to the Madurai Corporation for improving four roads situated in their limits. The assistance was to be utilised within a period of six months from the date of drawal. Though the amount was drawn from Government and credited to Corporation funds in October 1976, the work had not yet been started (June 1979). Extension of time for the utilisation of the assistance was sought for, from time to time, by the Commissioner of the Corporation on the plea that the estimates had not been technically approved by the competent authorities ; the last extension granted by Government was up to 30th June 1979.

2.9.3. Government sanctioned (March 1979) a grant of Rs. 40 lakhs to Madurai Corporation for providing basic amenities to certain selected slum areas. The grant was drawn on 20th March 1979. The Corporation was informed that the grant should be utilised only after a decision was taken by Government regarding collection of a fixed amount from the slum dwellers benefited by the amenities and laying down guidelines for provision of amenities in each slum area in the Corporation. No decision had been taken so far (August 1979) and the amount remained unutilised.

Similar grants amounting to Rs. 50 lakhs sanctioned to six other Municipalities (Tiruchirappalli, Coimbatore, Tirunelveli, Salem, Vellore and Cuddalore) on 22nd March 1979 and drawn before 31st March 1979 also remained unutilised (January 1980).

CHAPTER III

CIVIL DEPARTMENTS

AGRICULTURE DEPARTMENT

3.1. Soil Conservation works in Kundah and Lower Bhavani Catchment Areas

3.1.1. With a view to reducing the rate of siltation in the reservoirs, Government of India approved in the Third Plan (1961-62 to 1965-66) a centrally sponsored scheme for carrying out soil conservation measures in the catchment areas of 13 river valley projects in the country. In Tamil Nadu the Kundah Hydro Electric Project complex consisting of 13 big and small reservoirs spread over the catchment areas of the river Kundah was one of the projects selected in 1962 for comprehensive soil conservation treatment. Subsequently in 1971-72 a similar scheme for Lower Bhavani Reservoir Catchment was also taken up as a centrally sponsored scheme.

The Kundah Hydro Electric Complex comprises eight main reservoirs, *viz.*, Upper Bhavani, Avalanchi, Emerald, Varahapallam West, Varahapallam East, Kundah Palam, Pegumbahalla and Pillur with a catchment area of 693 sq. Km. in Tamil Nadu (Total catchment area 1,260 sq. Km.). The Lower Bhavani Reservoir has a catchment area of 2,624 sq. Km. in Tamil Nadu (Total catchment area 4,197 sq. Km.).

The scheme was implemented in both the catchments by the Forest Department up to September 1976, as major portion (63 per cent) of the catchment area consisted of forests. From October 1976, the execution of the scheme was entrusted to the Agriculture Department as the remaining areas in which the scheme was to be implemented consisted mostly of agricultural lands.

In respect of the catchments of the two rivers lying in other States *i.e.* Kerala and Karnataka the State Government had no information about the soil conservation work done in those States.

The entire expenditure on the scheme is met by Government of India—50 per cent as grant and the balance 50 per cent as loan to the State Government. A sum of Rs. 1,90.17 lakhs was received from Government of India from 1962-63 to 1978-79 towards grant and loan under this scheme (grant : Rs. 89.02 lakhs ; loan : Rs. 1,01.15 lakhs). The total expenditure on the scheme from inception to end of 1978-79 was Rs. 1,99.15 lakhs.

3.1.2. *Targets and achievements.*—In the beginning, the soil conservation programmes were carried out in the entire catchment area. The works done tended to be haphazard and were often confined to the less important area due to lack of adequate field data and organisation. In July 1974, Government of India reoriented the Soil Conservation Scheme with reference to watershed management. Self-contained watersheds were to be selected within the general priority zones and a detailed watershed management plan prepared for each watershed and taken up for implementation and completely treated within the Fifth Five Year Plan period (by 1978-79). Accordingly, two watersheds in Kundah and five watersheds in Lower Bhavani with a total area of 6,512 hectares and 18,427 hectares were selected, the areas to be treated being 2,381 hectares and 6,516 hectares respectively.

Prior to 1974, under Forest works a total area of 6,466 hectares was covered against the target of 10,010 hectares (65 per cent) in the Kundah Project ; the reasons for the shortfall are awaited from the department. Under Agriculture and Engineering Works an area of 6,786 hectares was covered against the target of 10,757 hectares (63 per cent). The shortfall in achievement was attributed by the department to the following reasons :—

(i) Government lands, *viz.*, village grazing grounds, assessed wastes, etc., were encroached by the nearby villagers and cultivated with annual crops rendering it difficult to carry out soil conservation works.

(ii) Reluctance of pattadars to take up bench terracing due to apprehension of reduction in effective cultivable area that might be available after bench terracing and also heavy expenditure to be incurred on enrichment of sub-soil exposed due to terracing, and consequent difficulty in getting consent letters.

(iii) Non-availability of suitable agency for execution of works.

After the introduction of the watershed approach from 1974-75 in the two watersheds (Kundah Palam and Katteri) in the Kundah Project, a total area of 303 hectares only had been covered as against the area of 2,381 hectares requiring treatment, the percentage of achievement being 13. The area still to be covered in the other six priority watersheds is reported to be 5,602 hectares.

In Lower Bhavani Project an area of 2,042 hectares out of 6,516 hectares requiring treatment in the five watersheds had been covered, the percentage of achievement being 31.

The Agriculture Department has attributed the shortfall in coverage to non-availability of suitable stones at the work sites, non-availability of labour and non-posting of forest staff in time for taking up afforestation works.

3.1.3. *Cost and recovery.*—(i) The expenditure on establishment exceeded the ceiling of 20 per cent of the total cost of the scheme and varied from 21 per cent to 48 per cent during the period 1966-67 to 1976-77 (Amount : Rs. 12.38 lakhs) The excess was attributed by the Chief Conservator of Forests to the periodical revision of the pay and allowances of the establishment and the increase in the cost of living.

(ii) Under the scheme 50 per cent of the cost of the soil conservation works done in patta lands is to be recovered from the ryots over a period of 10 years, the recovery commencing from the third year.

On 31st March 1979, a sum of Rs. 25.21 lakhs (Principal: Rs. 16.62 lakhs; Interest: Rs. 8.59 lakhs) was overdue from the pattadars towards principal and interest. Out of this, Rs. 20.60 lakhs (Principal: Rs. 13.53 lakhs; Interest: Rs. 7.07 lakhs) represent amounts due to the end of 1977-78. The year-wise break up of overdues is not available with the department.

(iii) The beneficiaries were responsible for the maintenance of the soil conservation works. The department could, however undertake the maintenance works with the consent of the beneficiaries. As the owners were reluctant to give their consent, maintenance suffered. A sum of Rs. 0.60 lakh only was incurred by the department on such works in 1974-75 and 1975-76 and even this is pending recovery from the beneficiaries.

3.1.4. *Silt sedimentation*.—Government of India had emphasised in 1967 that periodical surveys of sedimentation in the reservoirs were to be made to evaluate the effectiveness of the soil conservation measures adopted.

The Tamil Nadu Electricity Board which is in charge of the 13 reservoirs feeding 5 power houses with a total installed capacity of 535 megawatts in the Kundah complex did not monitor the silt flow regularly in the reservoirs and evaluate the capacity of the reservoirs in the light of silt flow. No silt sedimentation studies had been made by the department except for the Kundah Palam reservoir in 1978 which revealed siltation to the extent of 42 per cent of the original capacity of the reservoir. A Committee set up by the Board in November 1977 to study in detail the problems and formulate remedial measures came to the conclusion (November 1978) that the three reservoirs (Kundah Palam, Pegumbahallah and Pillur) were heavily silted up. The Committee also observed that even though soil conservation work had been operated for over 25 years, it did not seem to have the desired reduction in soil erosion and siltation in hydel reservoirs largely because of inadequate and poor maintenance of soil conservation works by the beneficiaries and execution of soil conservation works in willing farmers' land only resulting in gaps and discontinuity and in works not being taken up in priority areas. The Committee therefore considered it essential to plan and execute the works compulsorily, if necessary, and on mini-watershed basis leaving no gaps be it forest or agricultural lands, private or Government lands and ensure regular maintenance throughout the catchment. Action is yet to be taken (December 1979) on the recommendations of the Committee.

In the case of the Lower Bhavani Project, the siltation during the period from 1953 to 1974 was reported to have been 4 per cent of the original capacity of the reservoir. The dead storage had already been filled in by silt and even the live storage was reduced by 3.8 per cent. No data were available about the rate of siltation after 1974.

3.1.5. *Summing up.*—The implementation of the scheme has been slow. The area covered by soil conservation works during the Fifth Five Year Plan period (1974-75 to 1978-79) was only 13 per cent of the target in the case of Kundah catchment area and 31 per cent in the case of Lower Bhavani catchment area.

According to the departmental evaluation, there was increase in the yield of potato in Kundah by 14 per cent and 27 per cent in 1977-78 and 1978-79 respectively due to the soil conservation works undertaken. The effectiveness of the soil conservation measures adopted in checking the inflow of silt into the reservoirs was not evaluated through periodical surveys. Silt sedimentation study has been made only in respect of one reservoir out of eight reservoirs in the Kundah Project. No data were available about the rate of siltation in the Lower Bhavani Reservoir after 1974.

According to a departmental study (November 1977), three reservoirs in the Kundah Project were heavily silted up and the soil conservation measures had not yielded the desired benefits due to inadequate and poor maintenance of works by the beneficiaries and works not being taken up in priority areas.

As on 31st March 1979, Rs. 25.21 lakhs were overdue from the beneficiaries towards the cost of soil conservation works; the year-wise break-up of overdues is not available with the department.

The points mentioned above were reported to Government in October 1979; their reply is awaited (March 1980).

3.2. Plant Protection Measures

3.2.1. Points noticed during test check in audit (April-October 1979) of the records connected with some of the schemes of plant protection in the offices of the Director of Agriculture, Regional Deputy Directors and District Agricultural Officers are given in the following paragraphs.

3.2.2. *Quality control—pesticides testing laboratories*.—(a) Pesticides testing laboratories were set up by Government at Coimbatore (1962), Koilpatti (1966), Aduthurai (1967), Kancheepuram (1969), Madurai (1970), Salem and Tiruchirappalli (1973).

Government incurred an expenditure of Rs. 51.00 lakhs on the running of the pesticides testing laboratories during the years from 1974-75 to 1978-79 towards the cost of establishment, purchase of equipment, chemicals, etc.

A test check in audit of the records of the pesticides testing laboratories other than that at Tiruchirappalli for the years 1977-78 and 1978-79 showed that out of the 531 samples tested and found sub-standard in 1977-78, results of 186 (35 per cent) were communicated after 60 days, the time-limit prescribed for reporting the test results under the Insecticides Act, 1968. Similarly, results of 98 (19 per cent) of the 523 samples tested and found sub-standard during 1978-79 were communicated after the statutory limit of 60 days. The Inspector receiving the test results has to initiate action against the traders to restrain them from selling the stock of chemicals which were declared sub-standard or spurious. Unsold stocks have to be withdrawn from distribution. The District Agricultural Officers, whose records were test checked, stated that, by the time the test results were received, the stock of insecticides was "sold out". The traders were, therefore merely warned, and no other action could be taken against them.

From the particulars gathered from the offices of five District Agricultural Officers at Pattukottai, Mayuram, Nagapattinam, Thanjavur and Pollachi, Regional Deputy Director of Agriculture, Coimbatore and Deputy Agricultural Officer, Tiruppanandal, it was noticed that, during three years 1976-77, 1977-78 and 1978-79, pesticides valued at Rs. 4.69 lakhs which were declared sub-standard were sold out before receipt of test reports.

To avoid delay in obtaining the results of tests, the Directorate is reported to have initiated steps for phased allotment of samples to each testing centre and for putting extra efforts for analysing more samples than the target fixed.

3.2.3. *Purchase and distribution of spraying equipment.*—(a) The Agricultural Department purchases and stocks power-operated and hand-operated sprayers and dusters mainly for hiring out to farmers. During the period from 1974-75 to 1978-79, 2,725 power-operated and 300 hand-operated sprayers were purchased by the department at a total cost of Rs. 25.56 lakhs. According to the department, a sprayer was expected to serve a minimum of five years at 80 days per year.

(b) Particulars of stock of sprayers available with the department and sprayers in working condition during the period from March 1976 to September 1978, as gathered from the departmental records, are given below :—

As on	Power-operated sprayers			Hand-operated sprayers		
	Number in stock	In working condition		Number in stock	In working condition	
		Number	Per- centage		Number	Per- centage
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1st April 1976 ..	6,669	4,109	62	1,229	404	33
1st June 1977 ..	6,945	3,240	47	1,415	427	30
1st April 1978 ..	7,697	3,886	50	1,561	451	29
1st September 1978	7,882	3,839	49	1,345	281	21

It may be seen from these figures that, on an average, only 50 per cent of the power sprayers and 30 per cent of the hand sprayers available with the department, were in working condition. It may be mentioned that while a large number of machines are lying unserviceable, the mobile workshops set up for repairing the machines were under-utilised (*vide* paragraph 3.2.4. below).

(c) A test check in audit of the performance of the power sprayers with 19 divisional offices out of 45 offices showed that 1,933, 2,046 and 2,005 sprayers available with them during the years 1976-77, 1977-78 and 1978-79, respectively were hired out for 67,237, 79,987 and 86,641 days only against the anticipation of 1,54,640, 1,63,680 and 1,60,400 days respectively, the percentage of utilisation during this period being 43, 49 and 54.

The log books maintained did not contain complete details of sick, idle periods, repair charges, etc. No register was also maintained in the stocking depots to record the requisitions for sprayers and their disposal. Audit could not, therefore, ascertain the specific reasons contributing to the underutilisation.

3.2.4. *Mobile Servicing Units.*—(a) Seven mobile servicing units were set up by Government (six in March 1972 and one in March 1974) to service, repair and maintain the plant protection equipment (sprayers and dusters) available with Government and the Panchayat Unions.

(b) It was noticed during test check of records for 1975-76 to 1978-79 that the mobile servicing units had not toured for the minimum number of days (240 each per year) except in the case of Madurai in 1975-76, Thanjavur in 1976-77 and Tiruchirappalli in 1977-78. They had also not serviced/repared the minimum number of machines (1,200 each per year) except in the case of Thanjavur in 1975-76 and 1976-77 and Madras in 1976-77. The overall percentage of coverage in terms of number of days toured and number of equipment serviced declined from 75 to 47 and 78 to 42 respectively during this period.

The Regional Deputy Directors of Agriculture, Tiruchirappalli and Salem attributed (June 1979) the poor performance of the units to the following reasons :—

(i) Ceiling on consumption of petrol.

(ii) Consequent on the revision of the jurisdiction of the regional officers, the agricultural offices and depots covered by the units were limited resulting in less availability of equipment for repair.

(iii) Panchayat Union Commissioners had to obtain sanction of the Councils for incurring expenditure on repair of spraying equipment. The Government instructions also envisaged that the repair charges for a sprayer should not exceed Rs. 250 throughout its life.

(c) The Director of Agriculture was emphasising from time to time the need for ensuring that the mobile service units should work on a self-supporting basis. However, receipts generally did not cover the expenditure and the overall deficit for the period 1975-76 to 1978-79 was Rs. 3.77 lakhs. Even though the Director of Agriculture issued instructions in June 1975 that the units should work on self-supporting basis, the department has neither prescribed the preparation of *pro forma* accounts to study their working nor conducted a comprehensive study of their working to improve the performance.

3.2.5. *Summing up.*—(i) Due to delays in reporting on the quality of test samples by the pesticides testing laboratories, effective control was not exercised to prevent sale of sub-standard pesticides. Sub-standard pesticides valued at Rs. 4.69 lakhs were sold out during 1976-77 to 1978-79 in six divisions and one region before receipt of test reports.

(ii) Test check in audit in 19 divisional offices showed that during the period 1976-77 to 1978-79 the sprayers were hired out for 67,237, 79,987 and 86,641 days only against the anticipation of 1,54,640, 1,63,680 and 1,60,400 days respectively, the percentage of utilisation during this period being 43, 49 and 54.

(iii) The number of days on which mobile servicing units were operated during the period 1975-76 to 1978-79 declined from 75 to 47 per cent of the minimum number of days prescribed. The Director of Agriculture issued instructions in June 1975 to run the units on a self-supporting basis. But, the revenue realised by way of repair/service charges during the period from 1975-76 to 1978-79 fell short of the direct expenses by Rs. 3.77 lakhs.

The points mentioned above were reported to Government in October 1979; their reply is awaited (March 1980).

FORESTS AND FISHERIES DEPARTMENT

3.3. Preservation of fish

3.3.1. During the period from 1950 to 1975, the department had set up 37 fish preservation units at a total cost of Rs. 44.47 lakhs along the coastal line and interior parts of Tamil Nadu. The ice-cum-cold storage

plant at Neelankarai (established in August 1963 at a cost of Rs. 1.32 lakhs) was closed down from March 1977 for want of demand and the one at Idinthakarai (established in August 1973) stopped working from April 1974 due to repairs. Details of the remaining 35 units, the plants transferred to Tamil Nadu Fisheries Development Corporation Limited in August 1974 and the plants available with the department as at the end of March 1979 are given below :—

(1)	Ice plants (2)	Ice-cum-cold storage plants (3)	Cold storage plants (4)	Walk-in-coolers (5)	Freezing and storage complexes (6)
Number set up during 1950 and 1975	7 (15)	14 (42/92)	3 (3)	8 (8)	3 (312.5)
• Number transferred to Tamil Nadu Fisheries Development Corporation in 1974-75	..	1 (5/15)	1 (1)	..	3 (312.5)
Number with department as on 31st March 1979	7 (15)	13 (37/77)	2 (2)	8 (8)	..

NOTE.—The figures in brackets indicate the capacity of plants for production of ice/cold storage in tonnes.

3.3.2. During the Fourth and Fifth Plan periods (1969-79), a total expenditure of Rs. 77.88 lakhs was incurred on the scheme.

3.3.3 During a test check (March-September 1979) in audit of the records relating to the performance of these plants, in the offices of the Director of Fisheries and two Fisheries Refrigeration Engineers at Madras and Madurai, the following points were noticed :—

(i) The direct expenses incurred on the maintenance of the ice plants, ice-cum-cold storage plants and the cold storage plants exceeded the revenue realised therefrom every year from 1970-71 though the plants were expected to be self-supporting. The cumulative deficit was Rs. 18.05 lakhs up to 1978-79.

The total revenue earned during the nine years did not meet even 60 per cent of the direct expenses on the plants. The department has not stated the reasons for the deficit; poor utilisation of the capacity would appear to be a major reason as mentioned in subsequent subparagraphs. The department had also not prepared *pro forma* accounts as ordered by Government in 1966, to assess how far the scheme was self-supporting.

(ii) The cold storage units (capacity 77 M.T.) attached to the thirteen ice-cum-cold storage plants, meant for providing facility for storing surplus fish as well as ice produced (set up during the periods September 1960 to August 1973), have not been utilised ever since inception as there was no demand for this facility from the fishermen. No survey or study had been undertaken before installation of these plants.

(iii) The ice-cum-cold storage plant at Idinthakarai (Ice: 5 tonnes Cold storage: 15 tonnes) was established at a cost of Rs. 2.81 lakhs in August 1973. During the period from August 1973 to April 1974, the plant had worked for 134 days only due to lack of potable water and irregular power supply. The plant did not work after 1st April 1974 due to repairs to condenser which was replaced four years later in July 1978. The plant had not been recommissioned due to delay in providing a sumptank. A sum of Rs. 0.18 lakh was spent on this plant during 1973-74 towards expenditure on staff and maintenance and a further expenditure of Rs. 0.88 lakh was incurred on this plant during 1974-75 to 1979-80 (up to January 1980) when it was idle (staff; Rs. 0.44 lakh; current charges: Rs. 0.14 lakh and maintenance: Rs. 0.30 lakh). On instructions from the Secretary to Government, Forests and Fisheries Department, further works to be carried out for recommissioning the plant were stopped (September 1979). A part of the plant and machinery was dismantled and handed over to the Tamil Nadu Fisheries Development Corporation for their use (September 1979). Disposal of the remaining machinery is awaited (February 1980).

(iv) *Performance of the plants producing ice.*—The following table indicates the rated capacity of the ice plants, actual production and the percentage of production, during the years from 1974-75 to 1978-79.

	1974-75	1975-76	1976-77	1977-78	1978-79
(1)	(2)	(3)	(4)	(5)	(6)
1. Number of Plants ..	19	21	21	20	20
2. Total anticipated production as per capacity in tonnes	17,155	18,666	18,615	17,885	17,885
3. Actual production in tonnes	1,792	2,294	3,530	2,787	2,882
4. Percentage of production to capacity [Serial No. (3) to (2)]	10	12	19	16	16

The utilisation of capacity was very poor.

(v) *Performance of the two cold storage plants.*—Two cold storage plants, each of one tonne capacity, were installed at Ennore in May 1962 and at Nagercoil in November 1963. Particulars of their performance during the period from 1974-75 to 1978-79 are given below :—

1. Year	..	..	..	1974-75	1975-76	1976-77	1977-78	1978-79
2. Annual storage capacity of each plant (in tonnes)				365	366	365	365	365
3. Quantity stored in tonnes :								
(a) Ennore	..	..		23	8.4	10.5	83.5	182.3
(b) Nagercoil	..	..		Nil	17.7	9.5	14.5	33.7
4. Percentage of utilisation (Serial No. 3 to 2).	..							
(a) Ennore	..	..		6	2	3	23	50
(b) Nagercoil*	..	..		..	5	3	4	9

The utilisation of the capacity of the plants had been very negligible except in respect of Ennore Plant during 1977-78 and 1978-79.

(vi) *Walk-in-cooler, Tiruchirappalli.*—Out of the eight walk-in-coolers (cost : Rs. 2.88 lakhs), only the one at Tiruchirappalli was working during the period 1974-75 to 1978-79. During this period, a total quantity of 100.2 tonnes (fish: 79.6 tonnes; mutton: 20.6 tonnes) only was stored in the cooler against its rated capacity of 365 tonnes per year and the utilisation was 5.5 per cent only during this period.

3.3.4.—The Director of Fisheries reported to Government (July 1978) the reasons for the poor performance of the plants. The more important reasons are given below :—

(i) The location of the plants and their low capacity were not suitable for commercial venture.

* The total expenditure on staff and maintenance during the period was Rs. 28,965 and the total deficit was Rs. 21,933.

(ii) The plants could not ensure regular supply of ice due to irregular power supply, non-availability of potable water, etc.

(iii) The plants were not utilised by the fishermen as was expected since they preferred ice supply at the landing centre itself.

(iv) In most of the places the Government ice plants faced stiff competition from private entrepreneurs who offered credit facilities to fishermen.

3.3.5. At the instance of Government, a special Committee (November 1978) reviewed the working of the plants and recommended (March 1979) the transfer of 15 viable plants with buildings and staff on "as is where is" basis and the machinery of all other plants to the Tamil Nadu Fisheries Development Corporation Limited for use in their market-expansion programme. Final orders of Government on these recommendations were awaited (February 1980). Three plants have been handed over to the Corporation pending orders of Government (February 1980). The remaining plants, are however being run by the department (February 1980).

3.3.6. *Summing up.*—(a) The fish preservation units failed to be self-supporting and the revenue realised during 1970-71 to 1978-79 was only about 60 per cent of the direct expenses on the units, the cumulative shortfall being Rs. 18.05 lakhs.

(b) The cold storage units attached to the 13 ice-cum-storage plants were not utilised at all for want of demand.

(c) The production in the ice-producing units never exceeded 19 per cent of their capacity in any year during 1974-75 to 1978-79 due to unsuitable location of the plants, poor patronage by fishermen and stiff competition from private trade.

The points mentioned above were reported to Government in October 1979; their reply is awaited (March 1980).

3.4. Quick Transport Facilities

3.4.1. In September 1950, Government sanctioned a scheme for hiring motor vehicles to fishermen and fishermen co-operative societies to enable them to transport their catches quickly from landing centres to the nearby markets. During the period from 1971-72 to 1978-79, Government incurred an expenditure of Rs. 36.76 lakhs on running this scheme. Revenue realised during this period by way of hire charges and other incidental receipts was Rs. 8.64 lakhs.

3.4.2. *Operation of the vehicles.*—(i) As at the beginning of the Fifth Five Year Plan, the department had twentyone vehicles acquired at a cost of Rs. 8.04 lakhs (one purchased in 1957, five during 1962 and 1964, thirteen during 1965 and 1966 and two in 1974). The department expected that a vehicle would work for 250 days in a year covering 20,000 Kms. at the rate of 80 Kms per day. A test check in audit of the initial records of the vehicles for the years 1974-75 to 1978-79 showed that the vehicles were operated for less than 250 days and covered less than 20,000 Kms. in a year. The percentage of utilisation of vehicles to the norms fixed by the department ranged between 48 and 59 in the three years ended 1978-79.

The percentage of operation of the vehicles declined from 61 to 38 during the period from 1974-75 to 1978-79. The department stated (April 1975 and April 1977) that the vehicles were very old and often fell into repairs and that there was lack of demand for them from the fishermen due to keen competition from private operators.

(ii) *Direct expenses and receipts.*—In August 1956, while fixing hire charges for the vehicles, Government desired that the full operational cost namely cost of fuel, maintenance, repairs and cost of crew, should be recovered from the beneficiaries and the department should meet depreciation, interest on capital, etc. The hire charges fixed between 1950 and 1966 for the different types of vehicles with reference to the direct expenses on operation were not revised till March 1975. The hire charges were revised from April 1975 and again from October 1978.

While considering (1976) the proposals for revision of rates (from April 1975), Government observed that the rates were to be fixed so as to ensure that there was no loss to Government. However, the hire charges fixed from April 1975 and October 1978 were less than the operational costs.

Details of direct expenditure incurred on the maintenance of the vehicles (cost of fuel, repairs and crew), the expenditure in proportion* to the utilisation of vehicles for quick transport facility and the hire charges realised during the period from 1974-75 to 1978-79 are given below—

	1974-75	1975-76	1976-77	1977-78	1978-79
(1)	(2)	(3)	(4)	(5)	(6)
(a) Total expenditure (in lakhs of rupees)	2.43	2.50	2.49	2.71	2.21
(b) Proportionate expenditure on 'Quick Transport Facility' (in lakhs of rupees)	1.87	1.54	1.58	1.75	1.18
(c) Hire charges realised (in lakhs of rupees)	0.97	0.93	0.88	0.98	0.61
(d) Shortfall to proportionate expenditure (in lakhs of rupees)	0.90	0.61	0.70	0.77	0.57
(e) Percentage of shortfall (d) to (b)	48	40	44	44	48

It may be seen that shortfall in receipts *vis-a-vis* direct expenses increased from 40 to 48 per cent from 1975-76, the total shortfall from 1974-75 being Rs. 3.55 lakhs. Government instructed the Director of Fisheries in January 1979 to submit proposals before July 1979 for further revision of hire charges from October 1979 so as to work the scheme on a 'no-loss no-profit' basis. Proposals for such revision had not yet been submitted (October 1979).

3.4.3. *Summing up.*—The scheme was expected to be run in such a way as to ensure that there was no loss to Government. However, the receipts from hire charges of vehicles were less than the direct expenses by 40 to 48 per cent during the

* The vehicles were sometimes used for departmental purposes instead of being hired out to the fishermen co-operatives.

period 1974-75 to 1978-79, the cumulative shortfall being Rs. 3.55 lakhs. The percentage of operation of the vehicles to the target fixed declined from 61 to 38 during this period. According to the department, the vehicles were very old and there was lack of demand for them from the fishermen due to keen competition from private operators.

Government stated (February 1980) that the demand for the facilities declined due to improvement in other transport facilities, competition from exporters of fish and reluctance of fishermen to pay increased hire charges for the Government vehicles. They also stated that the scheme was proposed to be wound up gradually in course of time.

3.5. Purchase of Marine Diesel Engine

Government sanctioned in August 1971 the establishment of an Inshore Fishing Survey Station at Kanyakumari and accorded sanction to an expenditure of Rs. 5.50 lakhs for the construction of two 43 feet boats (Rs. 2.90 lakhs) and one 50 feet trawler (Rs. 2.60 lakhs). The cost was revised to Rs.11.70 lakhs in March 1976 taking into account the increase in prices and provision of one Kirloskar engine for the 50 feet trawler.

The construction of one 50 feet trawler and two 43 feet boats was entrusted to the Boat Building Yard of the Tamil Nadu Fisheries Development Corporation at Mandapam. Two 43 feet boats (cost: Rs 3.77 lakhs) were handed over to the Department in April 1976.

For the 50 feet trawler, the planking work for the hull (i.e., assembling the planks for the hull) was completed in November 1973. Further work was stopped for want of engine. A part payment of Rs.1.25 lakhs for the hull was made to the Tamil Nadu Fisheries Development Corporation.

The Fisheries Advisory Committee recommended the installation of a Kirloskar Marine Diesel Engine of 191 BHP for the trawler. The department however purchased in March 1978 one Cummins' Marine Diesel Engine of 185 HP, at a cost of Rs. 2.78 lakhs (95 per cent). After inspection of the hull and engine, the Regional Deputy Director of Fisheries found (September 1978) that the engine was unfit to be used in the 50 feet trawler due to operational difficulties and also suggested certain modifications in the hull. The department is yet to decide on the steps to be taken to modify the hull and utilise the engine. The construction of the boat had not been completed and the engine had not been fitted, even after seven years of sanction, resulting in locking up of Government money of Rs. 4.03 lakhs. The circumstances in which an unsuitable engine had been purchased have not been explained by the department.

The matter was reported to Government in October 1979; their reply is awaited (March 1980).

3.6. Purchase of fishing trawlers

3.6.1 In May 1968, Government sanctioned the purchase of fishing trawlers to start deep sea fishing operations in the Bay of Bengal. Two trawlers 'M.T.Mullai' and 'M.T.Marutham' (cost: Rs.19.73 lakhs) were supplied by firm 'A' of Calcutta in March 1972 through Director General of Supplies and Disposals. They were operated at Madras till they were sent to Mandapam in September 1972 and October 1974 respectively for survey and deep sea fishing. The trawlers were transferred to the Tamil Nadu Fisheries Development Corporation in September 1978 and December 1978 respectively. The cost to be paid by the Corporation has not been settled, as the assessment of the cost of the trawlers was not finalised (February 1980).

3.6.2. A review in audit of the performance of the trawlers indicated the following position:—

(i) The number of days on which survey and fishing operations were conducted was far less than the number of working days during the years 1972-73 to 1977-78 as indicated below:—

Year			Number of available working days	Number of actually worked days		Percentage of utilisation	
				M.T. Mullai	M.T. Marutham	M.T. Mullai	M.T. Marutham
(1)			(2)	(3)	(4)	(5)	(6)
1972-73	..	..	288	65	39	22.6	13.5
1973-74	..	..	294	78	141	26.5	47.9
1974-75	..	..	286	88	118	30.8	41.3
1975-76	..	..	252	77	29	30.5	11.5
1976-77	..	..	158	98	129	38.0	50.0
1977-78	..	..	275	130	110	47.3	40.0

The percentage of utilisation ranged from 13.5 to 50. The Director of Fisheries intimated (April 1978) Audit that the working of the trawlers was affected due to (a) the mechanised winches installed on board not being able to operate beyond 30 fathoms line on account of inadequate power take off and other defects (It may be mentioned that the power requirements of the winch were not indicated in the Project Report prepared in 1970; the circumstances in which the inadequacy of the power take off was not known at the time of the acquisition of the trawlers have not been explained by the department);

(b) the main engines and auxiliary engine often going out of order and lack of proper marine workshops in the operation area to attend to the repairs;

- (c) annual maintenance and drydocking which had taken considerable time; and

(d) other natural causes like monsoon, cyclone, etc.

(ii) The aim of the scheme was to explore fishing potentialities beyond 20 fathoms limit. The survey done by the trawlers was, however, confined to unexplored regions up to 20 fathoms limit except in one case, where the survey was done up to 25 fathoms. The areas surveyed by the trawlers as compared to the targets fixed for survey for the years 1972-73 to 1977-78 were as follows:—

Year	Target Achievement	
	(in square miles)	
(1)	(2)	(3)
1972-73	820	175
1973-74 .. .. .	..	150 (by Marutham only)
1974-75	800	775
1975-76	450	375
1976-77	950	450
1977-78	No target fixed	200 (for Marutham only)

(iii) According to the economics of the scheme it was expected that for each year 500 tonnes of fish landings valued at Rs. 7.50 lakhs for each vessel would be achieved. The total quantity of fish landings for the six years from 1972-73 to 1977-78 was only 701 tonnes (M.T. Mullai: 316 tonnes; M.T. Marutham: 385 tonnes). As against the anticipated annual income of Rs. 15 lakhs for both the vessels, the revenue realised for the 6 years was Rs. 4.30 lakhs only. The expenditure incurred on establishment, fuel charges, etc., during this period was Rs. 17.46 lakhs, more than four times the revenue realised, though it was expected that the receipts and expenditure would almost break even.

The scheme thus did not achieve the objectives of survey and exploration of deep sea fishing resources although Rs. 39 lakhs had been spent.

The matter was reported to Government in October 1979. Government accepted (February 1980) the facts.

HOME DEPARTMENT

3.7. Acquisition of a Computer for the Police Department

3.7.1. In November 1971, Government set up a computer wing in the Police Department to computerise finger prints and crime records. These two jobs were developed with the Government Data Centre initially and operated with the computer (IBM 370) in the Indian Institute of Technology, Madras, on hire basis from October 1973 and July 1974 respectively. In February 1976, the State Government ordered the acquisition of TDC-316 computer from the Electronics Corporation of India Limited as an 'in-house' facility, on the recommendation of Government of India and with financial assistance from the latter.

3.7.2. The agreement executed (February 1976) with the Electronics Corporation of India Limited (ECIL) provided for the supply and erection of the computer in two phases,—Phase I before 31st March 1976 and Phase II before 31st March 1977. The first phase could be used for general electronic data-processing of applications not requiring discs, while Phase II, when completed, would enhance the potential of Phase I by providing 'on-line' access facility to remote terminals in districts. The equipment for Phase I (cost: Rs. 26.96 lakhs—paid in March 1976) was received in April 1976 and installed at the Forensic Laboratory after merely providing additional window air-conditioners instead of provi-

ding adequate equipment to control temperature, humidity and dust level, as stipulated by the suppliers. These were provided piecemeal by November 1978.

3.7.3. In November 1976, the department made an advance payment of Rs. 35.18 lakhs in terms of the agreement towards the supply of Phase II equipment. The due date (31st March 1977) for the supply of Phase II equipment was extended (July 1976) to 30th September 1977 on the advice of Government of India. Anticipating further delay in procuring 100 m. byte discs (one of the items of equipment under Phase II) and completing hardware tests on them, the ECIL proposed (April 1977) to supply 7.25 m. byte discs along with certain other ancillaries as Phase II-A to augment the capability of Phase I system, without, however, diluting the contractual obligation to supply the Phase II system with full software support in due course. This was agreed to by the Police Department in May 1977. The Phase II-A equipment were, however, supplied (cost: Rs. 3.18 lakhs) only in October 1978. Phase II system is yet to be supplied and no date has been fixed for completing the supply.

3.7.4. The finger print applications were operated in the system (Equipment received in Phase I and II-A) from 1st September 1979 and crime/criminal applications from 1st November 1979. Due to non-commissioning of the computer by the scheduled date (30th September 1977), the department had paid a sum of Rs. 4.68 lakhs to the Indian Institute of Technology towards hire charges of the Institute's computer for the period October 1977 to June 1979 (claims for periods beyond June 1979 have not yet been paid).

3.7.5. *To sum up.*—(i) The environmental conditions needed for the computer were provided piecemeal. The delay on the part of the department in providing suitable environmental conditions and the delay on the part of the suppliers in supplying equipment resulted in avoidable payment of Rs. 4.68 lakhs by the department as hire charges to the Indian Institute of Technology for processing the police applications in its computer during the period from October 1977 to June 1979;

(ii) The ultimate object of providing on-line access facility to remote terminals in districts for on-the-spot information is yet to be achieved due to non-supply of Phase II system in full by the suppliers so far (October 1979) and Rs. 35.18 lakhs paid by the department to the Corporation have been locked up since November 1976; no date has been prescribed for supply of this equipment. The agreement with ECIL contemplates

recovery of liquidated damages in the event of the delay in supply by the Company. However, the penal provisions have not so far been invoked by the department pending supply of Phase II system in full.

The points mentioned above were reported to Government in December 1979; their reply is awaited (March 1980).

3.8. Extra expenditure.—Tenders for the supply of timber

The supply of timber of different specified sizes to various prisons in the State is settled through open tender. In 1975-76, when tenders were invited by the Inspector General of Prisons for the supply of timber to the five central prisons in the State, the tenders were evaluated on the basis of the overall tender amount for each prison, i.e., estimated quantities of various sizes required multiplied by the rate quoted for each. The lowest rate was quoted by firm 'A' for three prisons and by firm 'B' for two prisons, but these firms were awarded supply to only one prison each. The lowest tender of firm 'A' for the supply to two other prisons was ignored on the ground that if more work was awarded to the firm, the lowest tenderer would have a monopoly. It was stated that this decision was taken with reference to Government Order (December 1972) and also for the reason that the tenderers were new and not from the approved list. It may be mentioned that the contracts were awarded to firms 'A' and 'B' for two of the five prisons only after the department satisfied itself as to their capabilities and financial standing. Government had also permitted (December 1972) anyone tenderer to supply up to two or three institutions; the only embargo was that no contractor should be allowed to enjoy the monopoly of supplying timber to all institutions at one time.

The extra expenditure of Rs. 1.17 lakhs on account of award of the work in two prisons to the next higher tenderer could have been avoided had contracts been awarded to the lowest tenderer 'A' within the provision of the rules and Government's guidelines.

The lowest tender of firm 'B' for another prison (Coimbatore) was rejected for non-remittance of earnest money deposit in full as the firm had deposited with the tender documents Rs. 3,000 as against Rs. 3,600.

However, in a similar situation in the same year in a different tender, the lowest tenderer was given an opportunity to deposit the deficit along with security deposit; had this been done in this case also, the department would have saved Rs. 0.37 lakh.

Thus, the total avoidable expenditure due to non-acceptance of the two lowest tenders from 'A' and 'B' amounted to Rs. 1.54 lakhs.

The department referred the cases mentioned above to Vigilance in November 1976, January 1977 and July 1977. Further developments are awaited (November 1979).

The matter was reported to Government in September 1979; their reply is awaited (March 1980).

INDUSTRIES DEPARTMENT

3.9. Loans to private entrepreneurs in Rural Industries Project areas

3.9.1. With a view to encourage private entrepreneurs to start small scale industries in rural areas, Government have been sanctioning loans to private entrepreneurs in the Rural Industries Project areas in the districts of Chengalpattu, Salem, Dharmapuri, Ramanathapuram and Tirunelveli. This scheme was implemented in the five Rural Industries Projects (later known as District Industries Centres) with headquarters at Kancheepuram, Salem, Dharmapuri, Ramanathapuram and Tirunelveli. The procedure for disbursement and recovery of loan was to be the same as that prescribed for loans sanctioned under the State Aid to Industries Act, 1922.

3.9.2. In paragraph 31(ix) of the Report of the Comptroller and Auditor General of India for the year 1975-76 (Civil), some points in regard to grant of loans up to 1974-75 under this scheme were mentioned. Test check of records for subsequent three years from 1975-76 to 1977-78 in two District Industries Centres at Kancheepuram and Dharmapuri indicated the following position:—

3.9.3. The conditions governing the grant of loans prescribed in the State Aid to Industries Act, 1922, were either not fulfilled or were not being watched by the Department in several cases as detailed below:—

(1) The bonafides and solvency of the applicant and the sufficiency of the security offered are required to be ascertained from the Revenue

authorities before sanctioning the loan. This was not done in 145 out of 302 cases involving an amount of Rs. 76.00 lakhs. Out of the 145 cases, default* in repayment was noticed in 88 cases.

(2) No loan was to be disbursed unless the applicant had executed a security bond to the satisfaction of the sanctioning authorities. In 39 cases involving an amount of Rs. 2.61 lakhs, the bonds were not got executed by the loanees. Out of the 39 cases, default* was noticed in 30 cases.

(3) The loans granted were to be secured by a mortgage or floating charge on the assets acquired or assets belonging to the applicants. The hypothecation deeds were not obtained in 27 cases involving an amount of Rs. 1.50 lakhs.

(4) The properties acquired out of the loan were required to be insured against loss by fire to the extent of one and a half times the loan amount sanctioned and the policy assigned in favour of the Government of Tamil Nadu. The insurance was not effected in 58 cases involving a loan of Rs. 3.13 lakhs.

(5) In the case of purchase of machinery, the loan amount was to be utilised within a period of 3 months from the date of drawal. There was no indication of installation of machinery in 20 cases (Rs. 1.35 lakhs) even after one year.

(6) Inspection by departmental officers disclosed that the industries had not commenced production even after one year of the date of drawal of the loans in 25 cases (Rs. 1.67 lakhs).

(7) The main objective of the provision of loan assistance to the entrepreneurs was that it should be used as seed capital for securing a large amount from commercial banks for establishing the industry. It was observed that the seed money loan obtained from Government was deposited in the banks in 32 cases (Rs. 1.37 lakhs) without any corresponding bank assistance. No action had been taken to recover the unutilised money together with interest from the persons/banks concerned.

(8) Utilisation certificates in respect of loans given were due in 95 cases (Rs. 4.69 lakhs).

*Overdue instalment has not been worked out by the department and hence has not been indicated.

- (9) The loans were repayable in annual instalments after one year from the date of the drawal of the loans and on every overdue instalment the penal interest at 2.5 per cent was to be levied. There was default in the repayment of the loan instalments in 158 cases of loans paid during the period 1975-76 to 1977-78 (loan paid : Rs. 9.25 lakhs). The department has not worked out the amount overdue and the penal interest recoverable.

The matter was reported to Government in October 1979 ; their reply is awaited (March 1980).

REVENUE DEPARTMENT

3.10. Cyclone and flood relief in Tamil Nadu—1977

3.10.1. After the floods in November 1977, the State Government sanctioned Rs. 73.33 crores for flood relief works. The expenditure incurred was Rs. 68.50 crores up to August 1979. Rupees 43.71 crores were received as advance plan assistance from Government of India.

The succeeding paragraphs deal with the points noticed in the course of a test check in audit of the implementation of the relief works.

3.10.2. *Assistance to Agriculturists through Co-operative Institutions* (Co-operation Department)

Subsidised sale of fertilisers.—

To enable the farmers to save the *Samba* crops and to raise new *Thaladi* crops, the State Government decided (December 1977) to provide a subsidy of 25 per cent of the cost of fertilisers used for these crops to the small farmers and tenants who availed of loans advanced by the Co-operative Credit Societies for the purchase of the fertilizers and allotted a sum of Rs. 1,50 lakhs for the purpose. An advance subsidy of Rs. 5.00 lakhs each was also sanctioned (December 1977) to the Tamil Nadu Co-operative Marketing Federation, Madras (TNCMF) and Thanjavur Co-operative Marketing Federation, Tiruvarur (TCMF) for adjusting the subsidy claims. The Registrar of Co-operative Societies reported (25th March 1978) to Government that the total requirement of subsidy would be Rs. 20.94 lakhs (including the advance subsidy of Rs. 10.00 akhs). However, Government sanc-

tioned (29th March 1978) Rs. 1,40 lakhs to TNCMF for the immediate implementation of the scheme ; Rs. 1,39.92 lakhs were paid to the Federation on 30th March 1978 after adjusting Rs. 0.08 lakh towards subsidy claims. The entire amount of Rs. 1,39.92 lakhs was not utilised for the purpose and was refunded by the Federation in February 1979. Out of the advance subsidy of Rs. 5.00 lakhs each paid to them in March 1978, TNCMF and TCMF had utilised only Rs. 3.12 lakhs and Rs. 0.76 lakh respectively and the balance of Rs. 1.88 lakhs and Rs. 4.24 lakhs were refunded by them in May 1979 and February 1979.

Thus, as against Rs. 1,50 lakhs sanctioned by the State Government against the departmental requirement estimated at Rs. 20.94 lakhs, a sum of Rs. 3.96 lakhs only was spent on subsidy on fertilizers.

3.10.3. *Reclamation of sand cast lands (Agricultural Engineering Department)*.—As per Government of India instructions (December 1977), the subsidy for reclamation of sand cast lands was to be given to small and marginal farmers at the rate of 50 per cent of the cost of reclamation. However, the State Government ordered (December 1977) that reclamation be done free of cost in respect of small farmers and at a subsidy of 50 per cent in respect of other farmers. The reclamation work was to be done by the Agriculture Department. It was also stipulated (February 1978) that the cost of reclamation should not exceed the market value of the land and was further subject to a maximum of Rs. 1,000 per acre. The extent of sand cast lands assessed by the Director of Agriculture varied from time to time. When submitting (7th December 1977) proposals for formation of new sub-divisions, he indicated that the area sand cast would be about 27,000 acres. Within a month (22nd December 1977) the area was revised to 20,195 acres and again to 14,261 acres in August 1978. Actually, however, only 14,261 acres (10,105 acres by the department, 4,156 acres by beneficiaries without Government assistance) were reclaimed. The final cost of reclamation was Rs. 90.90 lakhs (1977-78 : Rs. 62.79 lakhs ; 1978-79 : Rs. 28.11 lakhs) as against an allotment of Rs. 2,00 lakhs by Government which was based on the assessment of 20,195 acres.

As against the allotment of Rs. 2,00 lakhs for the reclamation work an expenditure of Rs. 62.79 lakhs was incurred by the Agriculture Engineering Department to end of March 1978. Government ordered (29th

March 1978) that Rs. 53.00 lakhs be paid to the Agro Engineering and Service Co-operative Federation for reclaiming the sand cast lands. The amount was paid on 30th March 1978 and was refunded by the Federation in July 1978 without taking up any reclamation work.

The facts mentioned above were accepted by Government.

3.10.4 *Assistance to handloom weavers (arranged by Industries Department)* (i) During a test check of the records in Tiruchirappalli and Musiri taluk offices in Tiruchirappalli District, it was noticed that in Musiri taluk, no action was taken to verify whether the subsidy/loan (subsidy paid : Rs. 2.14 lakhs in 1,699 cases ; loan paid : Rs. 3.64 lakhs in 1,215 cases) paid by the Tahsildar in January—March 1978 to weavers whose work spots and looms were damaged, was actually utilised for the purpose for which it was paid.

The amount of loan granted to each weaver (Rs. 300) was to have been recovered from July 1978 at the rate of Rs. 15 in 20 instalments. The amounts due to be recovered and actually recovered by the end of March 1979 in the two taluks were as follows:—

Taluk	Number of loanees	Amount due to be recovered by 31st March 1979	Amount actually recovered
		Rs.	Rs.
Tiruchirappalli	56	7,560	1,050
Musiri	1,215	1,69,025	2,355

(ii) Rupees 18.26 lakhs (loan; Rs. 18 lakhs ; grant; Rs. 0.26 lakh) were spent on setting up ten Industrial Weavers Co-operative Societies with the object of providing permanent relief to the flood affected weavers in Tiruchirappalli, Thanjavur, South Arcot and Tirunelveli Districts.

The entire amount of Rs. 18.26 lakhs was disbursed in March 1978 (Share Capital; Rs. 1.00 lakh ; Cost of worksheds : Rs. 12.00 lakhs ; Cost of looms : Rs. 5.00 lakhs ; Furniture ; Rs. 0.26 lakh).

Four of the six societies which had purchased sites had started construction of workshops. Sites had not yet been purchased by the remaining four societies (February 1980).

3.10.5. *Assistance to fishermen (Forests and Fisheries Department)*
 Out of the allotment of Rs. 75.00 lakhs for the relief measures to fishermen, Rs. 38.00 lakhs were placed at the disposal of Tamil Nadu Fisheries Development Corporation by Government in March 1978 for implementing the relief measures. The Corporation reported that it had decided to supply fibre glass boats and outboard motors to the fishermen and that out of Rs. 38.00 lakhs placed with them in March 1978, an expenditure of Rs. 6.87 lakhs has been incurred (February 1980).

3.10.6. *Repairs to major irrigation sources (Public Works Department)*
 The Uyyakondan channel in Tiruchirappalli District breached in several places during the floods. The work of closing the breaches and restoration of banks to standards in reaches between KM 16/4 and 18/1 of the channel was executed by the Project Investigation Division, Kumbakonam. The work was split up and 13 estimates were sanctioned (November 1977) by the Executive Engineer for a total value of Rs. 8.50 lakhs. The estimates provided for the use of gravelly earth for casing and clayey soil for hearting. While the clayey soil was stated to be available within a distance of 3 Km., the earth suitable for casing was reported to be available at Kajamalai, Nedumalai and Thalajyur involving a lead of 10 to 17 Kms. The work was entrusted (November 1977) to several job workers on nomination at estimated rates. The Superintending Engineer, Cauvery Development Works Circle, Thanjavur observed during his inspection in December 1977 that the gravelly soil will not serve the required purpose, the soil used for hearting could be used for casing also and that good clayey soil was available near the bed of channel itself.

It was, however, noticed in audit that the conveyance of earth with longer leads was continued and that out of 45,502 cu.m. of earth required for the work, 26,926 cu. m. was conveyed from places within 3 Kms., and 18,576 cu. m. of earth was conveyed from places involving

lead of 10 to 17 Kms., at a cost of Rs. 2.78 lakhs. The work was completed in February 1978. Conveyance of gravelly soil with 10 to 17 Kms. lead instead of utilising the clayey soil available within the distance of 3 Km. resulted in an avoidable expenditure of Rs. 1.48 lakhs.

Government stated (November 1979) that clayey soil available in the bed of the channel and in the nearby areas was utilised and conveyance from long distance was resorted to for the rest of the quantity only. The reply did not make it clear whether sufficient clayey soil was not available even up to 3Km. lead and why gravelly soil not required for the bund was conveyed and used.

3.10.7. *Cash grant and other relief measures (Revenue Department)*—

On 22nd November 1977, Government issued orders sanctioning a cash grant of Rs. 100 for each hut, irrespective of whether the hut was damaged partly or wholly. These orders were revised on 2nd December 1977 specifying *inter alia* that the amount be increased to Rs. 200 per hut but in cases where the damage was negligible or insignificant, the question of payment of grant would not arise.

A test check in audit of the expenditure disclosed the following points :—

(a) No criterion was laid down to determine the cases where damages were to be held as insignificant or negligible. As a result, the full grant of Rs. 200 was paid even in cases where the damage, as assessed, ranged from Rs. 30 upwards. In 783 cases, where the damages were assessed as Rs. 92,400, cash grants of Rs. 1,45,300 were paid.

(b) Government had ordered that the feasibility of utilising the building materials available with the Tamil Nadu Slum Clearance Board, to the extent of 50 per cent of relief amount sanctioned for fully or partly damaged huts, should be considered. This was based on the proposals of the Chairman, Slum Clearance Board and the Collector, Madras, that the hutment materials held by the Board on behalf of Government in connection with the Slum Relocation Programme following the November 1976 floods, could be distributed to flood victims *in lieu* of the cash grants. But these proposals could not be put through as subsequent verification showed that the materials, except casuarina poles, were damaged and unserviceable due to storage in the open and exposure to sun and rains. The value of these materials was assessed at Rs. 2.76 lakhs.

3.10.8. *Drawal of advances for payment of cash grants to the flood affected victims (Revenue Department).*—The amounts required for the disbursement of cash grants were drawn in advance. Rupees 16.40 lakhs drawn in Thanjavur were remitted back four months after drawal of the advance.

The amount of Rs. 9.65 lakhs drawn in the districts of Madras (Rs. 5.65 lakhs) and Tiruchirappalli (Rs. 4.00 lakhs) as advance between November 1977 and March 1978 was not finally adjusted by rendering accounts for the amounts disbursed (February 1979).

In Chengalpattu District, a sum of Rs. 14,850 out of the advance of Rs. 12,78,750 drawn by the Revenue Divisional Officer, Saidapet between November 1977 and March 1978 had not been remitted into the Treasury even after a year of drawal (March 1979). The accounts for these advances had not also finally been rendered.

3.10.9. *Summing up.*—(i) There was substantial shortfall in the actual extension of the various relief measures relating to subsidised sale of fertilisers to farmers, reclamation of sand cast lands, assistance to fishermen who lost their fishing crafts/nets and affected handloom weavers. While Government sanctioned Rs. 4,25.00 lakhs for these rehabilitation measures, only Rs. 1,35.00 lakhs were actually spent.

(ii) Government made available a sum of Rs. 1,49.92 lakhs to the two Co-operative Federations for the subsidised sale of fertilisers to farmers with a view to saving the existing crops and raising new crops. The Federations extended the subsidy only to the extent of Rs. 3.88 lakhs and refunded the balance amounts in the next year, thus denying the farmers the benefits contemplated under the scheme. Similarly, another Co-operative Federation to which Rs. 53.00 lakhs were paid by Government for reclaiming the sand cast lands (free of cost to small farmers and at 50 per cent subsidy for others) did not extend the benefit to any of the farmers and refunded the sum in the next year.

(iii) Government paid (March 1978) Rs. 38.00 lakhs to a Government Company for providing assistance to fishermen who lost their fishing crafts/nets. The company has incurred an expenditure of Rs. 4.45 lakhs (September 1979) only on purchase of fibre glass boats and out-board motors.

(iv) An assistance of Rs. 18.26 lakhs was provided (March 1978) for setting up ten Industrial Weavers' Co-operative Societies with the object of providing permanent relief to flood affected weavers. The expected relief is yet to materialise as the societies have not yet started functioning (May 1979).

(v) For closing the breaches and restoration of banks to standards for the Uyyakondan channel gravelly soil not considered necessary for the work by the Superintending Engineer, was conveyed from longer leads resulting in an avoidable expenditure of Rs. 1.48 lakhs.

The points mentioned above were reported to Government in September — October 1979; no reply has been received except in respect of sub-paragraphs 3.10.3 and 3.10.6 (March 1980).

SOCIAL WELFARE DEPARTMENT

3.11. Modern Training-cum-Production Workshop at Muttukadu.

3.11.1. In November 1974, Government sanctioned a scheme for the establishment of a Modern Training-cum-Production Workshop at Muttukadu on the Madras-Mahabalipuram coastal road in Chengalpattu District for rehabilitation of physically handicapped persons. The scheme envisaged training of 150 persons every two years on a two shift basis in the trades of sheet metal work in the fabrication shop and milling, turning, etc., in the machine shop of the workshop and sending out about 50 to 60 such trained persons every year for employment in outside industrial jobs.

3.11.2. The construction of the Workshop, dormitory blocks and staff quarters was completed by the State Public Works Department at a cost of Rs. 14.44 lakhs and handed over to the Social Welfare Department in June 1975, August 1975 and December 1975 respectively.

27 km. fr. Madras

Machinery was purchased (cost: Rs. 10.32 lakhs) and installed at the Workshop in May 1975 and the staff sanctioned by Government in April 1975 for the Workshop were also in position in May 1975. The Workshop commenced functioning with effect from 1st June 1975.

3.11.3. The records relating to the scheme were test checked in audit during June 1979-August 1979 in the Workshop at Muttukadu and in the offices of the General Manager and the Director of Social Welfare at Madras. The points noticed are mentioned below:—

3.11.4. *Selection of site.*—The Committee appointed for selecting the site inspected three sites Karapakkam, Muttukadu and Nemili and rated Karapakkam as the most suitable one for the reason that it was nearer to Madras (11 Kms.) and had an even site requiring minimum expenditure on levelling. Further, there was also a village nearby where the employees could stay obviating the need for transport arrangements. Of the three, Government, however, chose the disadvantageous site at Muttukadu for which no reasons were on record. The department had to incur Rs. 52,496 for levelling the site. In view of the remote location of the Workshop, a separate bus was taken on hire for the transport of trainees and staff from Madras City to Muttukadu and the department incurred an expenditure of Rs. 61,755 on their transport during the period May 1975 to December 1975, when the dormitory blocks and staff quarters were not ready for occupation at the site. The expenditure of Rs. 1.14 lakhs incurred on levelling and transport could have been avoided had the site rated as most suitable been chosen for the Workshop.

3.11.5. *Training.*—The project report mentioned that the Workshop would have a capacity to train 150 persons every two years on two shift basis. The number of trainees recruited for training over the four-year period May 1975 to May 1979 on a single shift basis was 113 as against 300 trainees expected to be trained as per project report. The number of drop outs in the first two batches was 17 and 23 working out to 38 per cent and 50 per cent of the total number of trainees. The reasons for the poor response to the scheme and also for the large percentage of drop outs in the first two batches are not available in the records at the Directorate/Workshop.

All the physically handicapped persons trained (71) were absorbed in the workshop itself in place of casual labour. No trainee was sent out for employment in outside industry as envisaged in the plan for the scheme. To this extent, one of the objectives of the scheme namely integration of physically handicapped persons with others in industrial employment remains to be fulfilled.

3.11.6. *Production*.—Particulars of jobs completed, their value and the labour strength at the Workshop for the years 1975-76 to 1978-79 are given below :—

Year			Number of jobs under taken (2)	Number of jobs completed (3)	Value of production (in lakhs of rupees) (4)	Total number of labourers (5)
(1)						
1975—76	..	..	211	199	6.68	95
1976—77	..	..	214	189	14.31	112
1977—78	..	..	174	136	10.01	97
1978—79	..	..	103	36	8.41	82

There has been a fall in production (both in the number of jobs and the value of production) after 1976-77. As in the case of training facilities, the facilities available in the Workshop had not been put to the optimum use on production side also.

The reasons for the shortfall in production are not ascertainable from the records, as the relevant records such as Labour Analysis, Labour Abstract, Machine Log Sheets, etc., have either not been maintained at all or are incomplete in essential information. The extent of under-utilisation of labour, machines etc., could not also be assessed in audit for want of adequate data due to non-maintenance/defective maintenance of the records mentioned above.

3.11.7. *Workshop results*.—Both the Plan and the Project Report contemplated that the Workshop would be a self-supporting venture after a gestation period of two to three years. In January 1978, Government declared the Workshop as a commercial undertaking. But the question of allocation of expenditure between Training and Production has not yet (August 1979) been settled and is under correspondence between the General Manager of the Workshop and the Director of Social Welfare. The *pro forma* accounts are yet to be prepared.

3.11.8. *Outstanding dues.*—In May 1975, Government empowered the General Manager to do business on credit. However, neither Government nor the department laid down the norms and conditions for credit sales. As at the end of March 1979, a total amount of Rs. 6.78 lakhs was pending collection towards credit sales; of this, an amount of Rs. 4.80 lakhs is due from private parties for over a year. Three parties alone accounted for Rs. 3.68 lakhs. A scrutiny of the relevant files in the Office of the General Manager showed that effective action had not been taken in all those cases for collection of dues. Legal notices had been issued to the parties in October 1978 but no follow-up action had subsequently been taken.

3.11.9. *Finished goods.*—Vertical M. S. pillar with trusses and moulds for typewriter covers (value : Rs. 43,150 and Rs. 25,771 respectively) were manufactured in June 1977 and August 1977 for two parties. The goods are still lying in stock (August 1979) as the parties have not taken delivery of the goods. While quoting the rates, the Workshop had prescribed payment of an advance of 10 per cent of the value of the orders. Before executing the jobs, the advances were not obtained. Since these items were manufactured against specific indents, the possibility of their disposal otherwise is remote.

3.11.10. *Raw materials.*—The raw materials in stock include certain non-moving items valued at about Rs. 3,89,800 remaining unutilised for over one to two years, thereby resulting in locking up of capital. It has been stated that these items are not required for the Workshop for its own production, and that action is being taken to sell them at current market prices.

3.11.11. *Summing up.*—As against the target of 300 persons to be trained, only 71 were given training. On the production side also there has been shortfall with a fall in production after 1976-77, the value of production going down from Rs. 14.31 lakhs in 1976-77 to Rs. 8.41 lakhs in 1978-79.

The social objective of the scheme, *viz.*, integration of the physically handicapped persons with the society has not also been achieved, as no trainee has been rehabilitated so far in industry outside.

The scheme was expected to be self-supporting and was declared as a commercial undertaking in January 1978. *Pro forma* accounts have not yet however been prepared with the result that the financial working of the scheme could not be ascertained.

Government have generally accepted (November 1979) the facts as mentioned above and stated that though the trained persons were encouraged to seek employment in the open market, they were unable to do so in view of unemployment even among able-bodied persons.

3.12. Erroneous payment of scholarships

Students belonging to Scheduled Castes/Scheduled Tribes in the State and studying in post-matriculation courses in recognised institutions are sanctioned scholarships under a scheme framed by Government of India and operated by the State Government. The value of the scholarships covers also fees for enrolment/registration, tuition fees, all other compulsory fees, maintenance charges, etc. In respect of scholars entitled to free lodging, maintenance charges are to be allowed at full hosteller's rate less Rs. 5 per individual per mensem.

During local audit, overpayments in scholarships amounting to 63,638 were noticed in five districts as indicated below :—

Serlal number	Item of overpayment	Academic year	Amount Rs.	Remarks
1.	Tuition fees	1977-78	48,553	In Tamil Nadu, tuition fees are not levied for all students, up to the Pre-University stage. Beyond the Pre-University stage, students belonging to Scheduled Castes/Scheduled Tribes are exempted from payment of tuition fees, provided the annual income of their parents/guardians is Rs. 2,500 or less. In October 1977, Government issued orders granting exemption from payment of

Serial number	Item of over payment	Academic year	Amount Rs.	Remarks
				tuition fees for all students belonging to Scheduled Castes/ Scheduled Tribes regardless of the income limit of their parents; this concession was effective from the academic year 1977-78. Scholarships were erroneously paid in four districts to 192 students during 1977-78 by reckoning tuition fees also.
2.	Maintenance charges	1977-78	15,085	The deduction of Rs. 5 to be made in the hosteller's rate was not made in three districts in respect of 337 students who were staying as inmates of departmental hostels enjoying free lodging facilities.

The points mentioned above were reported to Government in July 1979 and September 1979; their reply is awaited (March 1980).

GENERAL

3.13, Unutilised buildings

Certain instances of buildings constructed and not put to use are indicated below :—

Serial number	Department	Particulars of building	Cost and date of construction	Remarks
(1)	(2)	(3)	(4)	(5)
1.	Education	Hostel building for Government Arts College, Dharmapuri	Rs. 7.01 lakhs (August 1977)	<p>The building was expected to accommodate 150 students. Only 20 students stayed in the hostel in 1978-79 and no student opted to stay in the hostel in the current academic year (1979-80) so far. The department stated that the students preferred to stay in the nearby hostels run by the Harijan Welfare and Backward Classes Departments, where free boarding and facilities were available for the Harijan and Backward Classes and which were also open to the students of other communities at concessional rates of messing charges. The Principal of the College has proposed (December 1979) to the Director of Collegiate Education to utilise the building for conducting classes for two new subjects for which affiliation has been sought.</p> <p>Government accepted (January 1980) the facts.</p>
3.	Do.	Staff quarters in Government Arts College for Women, Tirunelveli	Rs. 1.19 lakhs (July 1977)	<p>The quarters constructed in July 1977 remained unoccupied. The Principal of the College attributed (October 1978) non-occupation to unwillingness on the part of the staff to occupy the quarters due to their location in a secluded place without approach roads.</p> <p>House rent allowance amounting to Rs. 0.08 lakh was paid (till July 1979) to the staff though Government issued instructions that the staff,</p>

Serial number	Department	Particulars of building	Cost and date of construction	Remarks
(1)	(2)	(3)	(4)	(5)
				for whom quarters were constructed specifically, should not be paid house rent allowance if they did not occupy the quarters.
				The matter was reported to Government in August 1979; reply is awaited (January 1980).
3.	Forests and Fisheries Department	Jar fish hatchery at Bhavani-sagar	Rs. 0.58 lakh (September 1977)	The building constructed for establishing a carp hatchery on the 'Glass Jar Technique' at Bhavani-sagar, could not be used for want of overhead tanks, pump-house, pipe lines, drainage facilities platform for fixing jars, etc., which were omitted to be provided in the original plan. Government approved (June 1979) the provision of facilities costing Rs. 0.45 lakh; the work was not, however, commenced by the Public Works Department (October 1979). Government accepted (February 1980) the facts.

3.14. Misappropriation, losses, etc.

Cases of misappropriation of Government money reported to Audit to the end of March 1979 and on which final action was pending at the end of September 1979 were as follows :—

(1)	Number of cases	Amount
	(2)	(3)
		(in lakhs of rupees)
Cases reported to end of March 1978 and outstanding at the end of September 1978	484	35.95
Cases reported during the period April 1978 to March 1979 ..	104	21.43
Total ..	588	57.38
Cases closed during the period October 1978 to September 1979	133	7.18
Cases outstanding at the end of September 1979.	455	50.20

Department-wise and year-wise analysis of the pending cases is given in Appendix V. These cases are awaiting departmental action, criminal prosecution, recovery, etc.

In addition, 2,166 cases (Rs. 3,11.74 lakhs) of shortages and theft/loss of stores, damages to vehicles, properties, etc., reported to Audit up to March 1979 were pending finalisation on 30th September 1979. Of these, 1,513 cases (Rs. 2,49.11 lakhs) related to the Public Works Department, 511 cases (Rs. 30.57 lakhs) related to the Agriculture Department and 59 cases (Rs. 8.74 lakhs) related to the Transport Department. Department-wise and year-wise analysis of these cases is given in Appendix VI.

• **3.15. Other miscellaneous irregularities, writes-off of losses, etc,**

Certain miscellaneous irregularities, writes-off of losses, etc., are mentioned in Appendix VII.

CHAPTER IV

WORKS EXPENDITURE

RURAL DEVELOPMENT AND LOCAL ADMINISTRATION DEPARTMENT

TAMIL NADU WATER SUPPLY AND DRAINAGE (TWAD) BOARD

4.1. Thanjavur Water Supply Improvements Scheme

4.1.1. *Introductory.*—To augment the existing water supply system in Thanjavur town with river Vennar as the source which was found to be inadequate to meet the growing needs of the town, a scheme was sanctioned by Government in February 1972 at an estimated cost of Rs. 1,19.50 lakhs to supply 5.29 million gallons of water per day.

The cost of the scheme was to be met by the Thanjavur Municipality through loans from Life Insurance Corporation of India (LIC) and Government. The work was to be executed by the TWAD Board as a deposit work.

4.1.2. *Details of the scheme.*—Out of the requirement of 5.29 M.G.D., 0.96 M.G.D. was to be obtained through borewells in the town. The balance of 4.33 M.G.D., was to be abstracted from the sub-surface flow of water in river Coleroon at a site one kilometre upstream of the Highways Bridge at Vilangudi village through an infiltration gallery laid in the river bed. The water was to be drawn into a suction well-cum-pumphouse on the river bank and pumped over a distance of 15,600 metres through 27" R.C.C. pumping main to the existing headworks site at Vennar. The combined supplies from Vennar and Coleroon and the borewells were to be fed into the distribution system.

4.1.3. *Estimate and progress of work.*—The estimated cost of the scheme was revised by Government in July 1975 from Rs. 1,19.50 lakhs to Rs. 1,49.38 lakhs. The Chief Engineer (CE), TWAD Board accorded technical sanction to detailed estimates amounting to Rs. 1,33.70 lakhs on various dates between 1971-72 and 1975-76. The actual expenditure incurred up to January 1980 is Rs. 1,87.38 lakhs. A revised estimate for Rs. 1,81.25 lakhs has been submitted (October 1977)

by the Executive Engineer, Execution Division TWAD Board, Thanjavur to the Superintending Engineer (TWAD Board), Madras. The revised estimate is yet to be sanctioned (June 1979). Reasons for the major variations are indicated below :—

Serial number	Particulars of item	Provision in scheme estimate	Provision in revised estimate under consideration	Main reasons for excess
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
(i)	Headworks	11.91	31.26	Change in location of head works; construction of collector well instead of infiltration gallery; and provision of pilot water supply.
(ii)	Pumping main	42.34	69.94	Increased cost of pipes and specials; laying of two mains with 350 mm. C.I. and R.C.C. Pipes to zones III A and I from Vennar in lieu of one 20 inches main contemplated originally.
(iii)	Service Reservoir	8.47	18.53	Against two service reservoirs of total capacity 31 lakh litres contemplated originally, six reservoirs for a total of 51 lakh litres were constructed for re-grouped zones.
(iv)	Distribution system	23.20	30.17	Construction of the service reservoir for zone III B in revised location involving laying of a branch pumping main; providing additional length of distribution mains to meet present requirements and escalation in prices.

The scheme, work on which was commenced in April 1972, is incomplete (January 1980). The items still to be completed are (i) permanent electric supply to the pumps and (ii) reconstruction of foot bridge providing access to the collector well. Tenders are yet to be called for for the well foundation for the foot bridge. The department has not indicated the probable date for completion and commissioning of the scheme.

4.1.4. Headwork. (i) Change of site and type of headworks.—

According to the scheme report, the infiltration gallery was to be laid in the river bed at a distance of one Km. upstream of the Highways Bridge at Vilangudi village. Out of two possible alignments for the infiltration gallery at the above location, one was to be chosen after putting confirmatory borings, before preparing detailed plans and estimates. The Executive Engineer, Investigation and Designs Division, Thanjavur reported (January 1973) that equally good strata for location of the infiltration gallery might be available nearer to the bridge itself in which case the length of the pumping main will be reduced to a reasonable extent and suggested that trial bores be put at the new site at an estimated cost of about Rs. 10,000. The borings revealed that due to occurrence of clay in the adjoining site at a depth of 3.6 metres to 10 metres, the gallery will not be able to give the ultimate requirement of water. Hence, it was decided to go in for a collector well at the site on the ground that the site is well suited for its location, the execution of the well will be quick and the yield will be dependable.

Tenders were called for the construction of collector well in November 1974 by the Chief Engineer and the only tender of a Bombay firm for Rs. 12.71 lakhs accepted by the Board in January 1975. The lumpsum contract concluded (February 1976) with the firm provided that the work should be completed within 9 months from the date (31st March 1975) of handing over of the site. The work was completed only in March 1978.

When the Board decided to change the location of the infiltration gallery from the site one kilometre upstream of the bridge to the site nearer to the bridge, it was expected that the reduction in the length of pumping main would be 2,100 metres and the savings in cost about Rs. 3.39 lakhs. When, however, the alternative site was not found suitable for the infiltration gallery, the Board did not revert to the original site but decided to go in for a collector well near the bridge mainly because the work would be completed quickly. The anticipated savings of Rs. 3.39 lakhs did not materialise; actually there was an extra expenditure of about Rs. 10.00 lakhs (*vide* details in Appendix VIII) due to putting up the collector well instead of infiltration gallery. For this extra cost there was no commensurate benefit of quicker execution as the collector well was delayed and is yet to be commissioned as indicated in the succeeding sub-paragraph.

(ii) *Delay in completion and commissioning of collector well.*—The collector well was scheduled for completion by December 1976 as per the contract. Extension of time had been given up to 30th November 1977 subject to completion of work without any extra financial commitment. The work was completed on 20th March 1978. Meanwhile, the Chief Engineer instructed (July 1975) that pilot water supply be given to the town so as to put to beneficial use the distribution system and the service reservoirs which were nearing completion. Consequently, Rs. 1.32 lakhs were spent on sinking an infiltration well (cost : Rs. 0.25 lakh) and pumpsets and pipe line (cost : Rs. 1.07 lakhs). The pilot water supply was effected from April 1976 (average pumping: 0.44 M.G.D.). One of the main considerations in the choice of collector well was that its execution will be quick. This expectation did not materialise. Although the delay in execution of the work by the firm resulted in extra financial commitment to the Board on the pilot water supply, no penalty was imposed on the firm.

Though the collector well was completed by the firm in March 1978, the well has not yet been commissioned (December 1979) as the pumping arrangements have not been completed by the Board and the foot bridge providing access to the collector well has not been reconstructed after being washed away in November 1977 (*vide* comment in succeeding paragraph 5).

4.1.5. *Construction of foot bridge.*—For providing access to the collector well, a R.C.C. foot bridge two metres wide and 187 metres long was constructed (October 1977) connecting the well to the left bank of Coleroon at a cost of Rs. 2.19 lakhs. The foot bridge was washed away during the floods in November 1977. In designing the foot bridge the scour* depth had been assumed as 8.267 feet below bed level (bed level : 115.127 feet; scour depth; 106.86 feet). In the adjoining Highways bridge the scour depth adopted was 16.43 feet below bed level (bed level : 118.50 feet; scour depth : 102.07 feet). In the estimate for the well foundation for the new foot bridge to be constructed (approved by the Chief Engineer in May 1979) the scour depth has been assumed as 35.65 feet (bed level : 113.49 feet; scour depth: 79.84 feet). The possibility of the foot bridge having been washed away due to adoption of lower scour depth cannot be ruled out.

* Scour depth is the depth up to which the river flow is expected to erode the foundation especially during floods.

The reconstruction of the foot bridge estimated to cost Rs. 5.55 lakhs has not commenced.

4.1 6. *Pumping mains.*—(i) *Digging of trenches to extra width.*—As per standards fixed by the Chief Engineer, TWAD Board, in November 1973 for laying pipes of 600 mm. and 700 mm. diameter, the width of trench to be excavated was 1,100 mm. and 1,200 mm. respectively. For laying the pipes in the river bed in river crossings, the contractors excavated (1974-75) the trenches to widths varying from 1,500 to 2,099.6 mm. which was paid for as per actuals resulting in an excess payment of about Rs. 0.53 lakh.

(ii) *Incorrect determination of rate for earthwork.*—The work of laying of G.I. pipes in the bed of river Coleroon was entrusted (1976-77) to job workers on nomination. For the earthwork below water level (for laying the pipes) including shoring, strutting and baling out water, a rate of Rs. 34.50 per M^3 was allowed. This was based incorrectly on the schedule of rate for earthwork excavation below water level for infiltration gallery. The work relating to infiltration gallery is a special type of work involving narrow sections and greater depths and extra shoring and strutting and hence higher rates are allowed for the same. Earth work for laying of pipes (below water level) was governed by a different item in the schedule of rates and the rates admissible were lower at Rs. 36.50 per $10 M^3$ for the first depth of 0.6 metre below water level and Rs. 73 per $10 M^3$ for next 0.4 metre. The incorrect determination of rates resulted in an overpayment of about Rs. 0.41 lakh.

(iii) *Leakages in the pumping main.*—The work of laying and jointing of the pumping main including testing was split up and got completed through several contractors in 1974-75. However, between February and June 1976, Rs. 0.19 lakh were spent by the Board for arresting leakages in the pumping main, indicating thereby that the execution of the work was defective. The extra expenditure to the Board was not recovered from the contractors concerned.

(iv) *Purchase of pipes outside the rate contract.*—R.C.C. Pipes and collars of 350 mm. diameter P 3 class are covered by the Director General of Supplies and Disposals (DGSD) rate contract. However, the Board purchased (May 1973) 2,432.5 metres of the pipes and 997 collars required

for the R.C.C. pumping main to Zone I of the distribution system, from a private firm on the basis of quotations at higher rates resulting in additional expenditure of Rs. 0.68 lakh to the Board. No reasons were found on record for not purchasing against the rate contract.

4.1.7. *Summing up*.—The main points noticed by Audit regarding the execution of the scheme are summed up below:-

(i) The scheme sanctioned by Government in February 1972 is yet to be completed (December 1979). Meanwhile, the cost has escalated from Rs.1,19.50 lakhs to Rs. 1,81.25 lakhs mainly due to the deviations from the sanctioned estimate. The infiltration gallery originally contemplated was given up in favour of a collector well in a different location involving an extra cost of about Rs. 10.00 lakhs. Although one of the advantages claimed for the collector well was quick execution, the well expected to be completed in 9 months actually took 36 months for completion. Consequently, a pilot water supply of 0.44 M.G.D. had to be provided (April 1976) at a cost of Rs. 1.32 lakhs. Even after completion of the collector well in March 1978, it could not be commissioned as the pumping arrangements have not been completed and the foot bridge providing access to the well, put up at a cost of Rs. 2.19 lakhs, has been washed away in floods. The foot bridge is yet to be reconstructed (December 1979). The scheme remains incomplete.

(ii) Test check in audit disclosed two cases of extra expenditure amounting to Rs.0.87 lakh and two cases of excess payments amounting to Rs. 0.94 lakh.

The points mentioned above were reported to Government in August 1979; their reply is awaited (March 1980).

4.2. Improvements to water supply to Pollachi Town

In February 1970, Government sanctioned a scheme for improvements to water supply to Pollachi town at a cost of Rs. 28.96 lakhs (later revised to Rs. 35.86 lakhs in June 1975).

The pipes required for the pumping main were procured by the TWAD Board and the work of laying and jointing including testing of the pipeline was entrusted (February 1971) by the Superintending Engineer, TWAD Board, Coimbatore Circle to a contractor based on tender (amount of contract: Rs.0.55 lakh). The pig lead required for the jointing was supplied by the Board free of cost. The work on the pumping main was commenced in February 1971 and completed in September 1973. The scheme as a whole, was completed and handed over to the Municipality in October 1976 at a cost of Rs. 39.47 lakhs. In December 1976, the Municipality reported that the pumping main was developing leakages at the joints almost every day. Again in April 1977, the Municipality complained of large scale leakages and requested the Board to rectify the defects.

The leakages were attributed (March 1978) by the Executive Engineer, Execution Division, Coimbatore to

- (i) gaps between socket and spigot ends of the pipes;
- (ii) insufficient quantity of lead poured into the joints; and
- (iii) improper aligning of pipes.

After attending to the leakages that occurred up to August 1977 on an *ad hoc* basis, the Board took up major rectification works including re-aligning of pipes and re-caulking* of joints. A length of 17,359 feet of pipe line was opened (February 1978 and March 1978) and rectification works were carried out. The Municipality again complained (July 1978 and April 1979) of leakages in unattended reaches. These were also rectified. In all, an expenditure of Rs.1.42 lakhs was incurred on the rectification works to end of June 1979. The Municipality informed the Board (July 1979) that as the defects were due to the poor execution and supervision of work, the expenditure incurred for the rectification of defects has to be borne by the Board only.

A quantity of 9,945 Kgs., of pig lead was issued to the contractor free of cost for use in jointing of the pipes at the average rate of 7.60 Kg. per joint. However, at the time of reopening the joints for recaulking, it was noticed that the contractor had used only 5.24 Kg. of lead per joint on an average. On this basis, the short use of lead in the entire pipeline amounts to 3,091 Kg. (value: Rs.0.36 lakh).

* Caulking denotes rendering the joints water tight by pouring molten lead.

The defective execution of the pipeline work has thus resulted in an avoidable expenditure of Rs.1.42 lakhs on the rectification work besides the loss of lead valued at Rs.0.36 lakh.

The matter was reported to Government in September 1979; their reply is awaited (Marh 1980).

4.3. Jayamkondam Water Supply Scheme

In March 1972, Government sanctioned the combined water supply scheme for Jayamkondam Town Panchayat and seven wayside villages at a cost of Rs. 47.00 lakhs with river Coleroon as the source. The TWAD Board was to execute the scheme as a deposit contribution work. The scheme was intended to supply 30.375 lakh litres of water per day and consisted of head works, booster station, pumping main, distribution system and service reservoirs. The detailed estimate sanctioned by the Chief Engineer, TWAD Board for the head works and booster station provided for the installation of two pumpsets (one of them to be a stand by) with motors for the head works and the booster station. The estimate also provided for the erection of two transformers of 22 KV, 440 volts capacity at each of the two places with a view to availing of H.T. supply. One of the transformers at each place was to be a stand by.

The Superintending Engineer, TWAD Board, Madras placed orders (November 1973) for the supply and erection of the pumpsets (with 40 HP motors) and 22 KV, 440 volts transformers with a Madras firm on the basis of tenders for a total value of Rs.2.81 lakhs. On the Executive Engineer (Thanjavur Division) reporting (May 1974) that only 11 KV. H.T. line is available at Jayamkondam, the supply order was amended (July 1974) by the Superintending Engineer and the supply and erection was completed accordingly.

In September 1974, the Assistant Engineer (Distribution) Ariyalur of the Tamil Nadu Electricity Board intimated the TWAD Board that as the connected load is 40 HP only L.T. supply could be given and H.T. supply would be given only if the connected load is 130 HP or more. Low Tension supply was accordingly obtained (October 1974) at the two places. However, the TWAD Board insisted on the provision of the H.T. supply keeping in view the 11 KV transformers already purchased and ultimately the Tamil Nadu Electricity Board converted (March 1977) the L.T. supply to H.T. supply. The scheme as a whole was completed in June 1977 at a cost of Rs. 47.29 lakhs.

The following points were noticed in audit—

(i) The connected load at each of the points being 40 HP, L.T., power supply would have been sufficient to meet the power requirements of the scheme. The TWAD Board by going in for H.T. power supply has incurred an avoidable capital expenditure of Rs. 1.08 lakhs on 11 KV Transformers (Rs. 1,03,570 towards cost of the installations plus Rs. 4,000 towards connecting the existing panel switch to meet L.T. metering arrangement). In fact, one of the tenderers had earlier apprised (October 1973) the Board that L.T. service would be enough up to 130 HP and that the L.T. service would not only reduce the capital cost but also obviate the need for engaging a technically qualified person for maintaining the H.T. substation.

(ii) Recurring extra expenditure of Rs. 3,300 per month being the difference between the tariff for H.T. and L.T. supply could also have been avoided if the Board had gone in for L.T. supply.

Lack of timely action to settle the type of power supply required in co-ordination with the Electricity Board thus resulted in the TWAD Board going in for H.T. supply instead of L.T. supply and consequent avoidable capital expenditure of Rs 1.08 lakhs and Rs. 3,300 per month as recurring charges.

The matter was reported to Government in October 1979; their reply is awaited (March 1980).

4.4. Unauthorised aid to a contractor

In November 1976, Government sanctioned a scheme for augmenting the water supply to Coimbatore Municipality with river Siruvani as the source, at a cost of Rs. 16.16 crores. The scheme was to be executed by the TWAD Board on behalf of the Municipality. The work of manufacturing, supplying, laying and jointing the pipes was entrusted (July 1977) by the Board to a contractor on the basis of tenders for Rs. 2,66.61 lakhs. As per the agreement with the contractor, if the contractor sets up a factory near the alignment of the pipeline, the Board will render necessary assistance for getting suitable site, power supply and water facilities without financial commitment to the Board. The Board was to supply the cement required for the finished items of work (covered by Schedule 'A' of the agreement including authorised omissions and extras) and recover the cost at the issue rate of Rs.382 per tonne. For any excess issue, the cost was to be recovered at twice the issue rate or market rate whichever is higher with 10 per cent centage charges.

The contractor commenced the construction of a factory for the manufacture of the pipe at Madampatti in September 1977 and completed it in June 1978. The trial production of pipes was commenced in January 1978 and regular production in March 1978. Between September 1977 and February 1978, the Board issued 494 tonnes of cement to the contractor on loan for the construction of the factory. The contractor also utilised another 203 tonnes of cement issued by the Board for the manufacture of pipes on the construction of the factory and stated (August 1978) that the cost of the cement (697 tonnes) may be recovered from the bills as he was unable to return the cement as originally contemplated.

- The Board recovered (August 1978) the cost of the 697 tonnes of cement at Rs.463.25 per tonne (market rate of Rs.421.15 plus 10 per cent centage) instead of at Rs. 840.40 per tonne being double the issue rate plus centage.

The failure to effect the recovery at double the issue rate plus centage charges for the cement given to the contractor for purposes not contemplated in the agreement resulted in an unauthorised aid of Rs.2.63 lakhs to the contractor.

- Government stated (January 1980) that the question of recovery at double the issue rate would apply to cases of unused materials not returned to the Board in good condition and would not apply to the case of issue of cement for construction of factory required for the implementation of contractor's obligation covered by the agreement. It may, however be mentioned that according to the terms of agreement, the Board was required to supply cement only for the manufacture of pipes.

PUBLIC WORKS DEPARTMENT*

4.5. Renovation of old Nandan Channel

4.5.1. *Introductory.*—The scheme for the renovation of the old Nandan Channel envisaged the diversion of water from Turinjalar river, a tributary of river Ponniar, through a supply channel to be excavated on the left side of the Keeranur anicut to feed Panamalai tank and 19 other tanks in North Arcot and South Arcot districts. The channel was to be aligned along the old Nandan Channel of which traces were available in several places.

An estimate for Rs. 31.89 lakhs was submitted (September 1967) by the Chief Engineer (Irrigation) to Government. The scheme expected to stabilise the existing irrigation of 4,805 acres in addition to bridging the difference between the registered ayacut and the ayacut actually brought under cultivation to the extent of 257.42 acres, was technically cleared by Government of India (Planning Commission) in July 1970 and was sanctioned by State Government in September 1970. Government also ordered that the question of stepping up the classification of the sources benefited by the scheme (for purpose of land revenue) be considered, after watching the working of the scheme for two or three years and betterment contribution may be levied on the lands after watching the working of the scheme for two years. The estimate was technically sanctioned (November 1970) by the Chief Engineer (Irrigation) for Rs. 35.08 lakhs.

Under the scheme, a channel 37.865 Km. long and designed to carry a discharge of 80 cusecs was to be excavated to feed the tanks; a head sluice was also to be constructed on the left side of the Keeranur anicut.

4.5 2. *Revision of estimates.*—The estimate of Rs. 31.89 lakhs sanctioned by Government in July 1970 was prepared in August 1967 based on the schedule of rates for 1967-68. The Chief Engineer intimated the Government in August 1970 that after detailed investigation and adoption of current schedule of rates, the estimated cost would go up and submitted (September 1970) an abstract estimate for Rs. 47.93 lakhs. A revised estimate for Rs. 1,28.36 lakhs was submitted by the Chief Engineer to Government in September 1975, which was sanctioned in December 1978. The scheme was completed in February 1976.

The steep increase in the cost of the scheme was mainly due to the following reasons:—

(i) *Change in design.*—(a) Originally, the alignment of the channel was so fixed as to let the water into the tanks and again draw it through regulators. In order to avoid disputes among ayacutdars of the various tanks, the channel was realigned along the foreshore of the tanks.

(b) Due to change in alignment of the channels, the water spread area of one of the tanks was intercepted and a flume section had to be provided below the tank-bed by cut and cover (extra cost: Rs.6.40 lakhs).

(c) The number of cross drainage works increased from 16 to 43 due to the revised alignment of the channel (extra cost: Rs. 5.11 lakhs).

(d) The number of bridges was increased from 5 to 13 during execution, as the number of cart-track crossings was found to be more (extra cost: Rs. 2.09 lakhs).

(ii) *Inadequate investigation of soil conditions.*—Although it was known that the channel runs in hilly terrain and involved deep cutting, the original estimate did not provide for excavation in medium and hard rock requiring blasting as trial pits and bore holes were not put up initially. During actual execution, the excavation in rock requiring blasting was 142852 M³ out of a total excavation of 841628 M³.

(iii) *Adoption of rates much in excess of schedule of rates for earth-work.*—As the response to tender calls (July 1971) for excavation of the channel was poor, approval of Government was obtained (October 1971) for executing the work through piece-work or job-work system, tenders or quotations being called for at the discretion of the officers, Rates exceeding the schedule of rates by 15 to 50 per cent were fixed by the Superintending Engineer, South Arcot Circle and work executed on that basis through job-workers.

(iv) *Increase in cost of labour and material.*—The project estimate was priced at the rates prevailing in 1967-68 and there has been a general increase in the rates thereafter.

The increase in cost attributed to items (i), (iii) and (iv) above amounted to Rs. 63.93 lakhs.

4.5.3. *Extra expenditure in execution.*—The schedule of rates provided for a single basic rate for earthwork excavation in channels for each type of soil with initial lead and lift. For excavations involving lifts in excess of the initial lift, suitable extra

rates are allowed. However, for the excavation of Nandan Channel the ceiling rates were fixed by the Superintending Engineer depthwise besides allowing the payment for extra lifts. The rates progressively increased with the depths—*vide* instances below:—

	<i>Types of soil.</i>		
	<i>Hard rock. (Rates per M³)</i>	<i>Medium rock. (Rates per 10M³)</i>	<i>Soft rock. (Rates per 10M³)</i>
	(in rupees)		
I Metre depth	20	110	70
II Metre depth	24	120	80
III Metre depth	28	135	90
IV Metre depth	32	150	100
V Metre depth .. .. .	..	165	110
VI Metre depth .. .. .	..	180	120

The adoption of different rates for different depths instead of allowing a single ceiling rate as contemplated in the schedule of rates resulted in an unintended benefit of Rs. 11.29 lakhs to the contractors.

4.5.4. *Water Supply to the tanks.*—In October 1973, the extent of water available for diversion in the channel was reassessed as 100 Mcft. as against 68.19 Mcft. originally envisaged. This was expected to feed 36 tanks and to result in the stabilisation of irrigation in 6,241 acres besides bridging the difference between the registered ayacut and the ayacut actually brought under cultivation to the extent of 413 acres. This has not however materialised. Water was allowed only in the first 3 tanks (ayacut: 321 acres) in 1977-78 as the channel breached in the floods of November 1977. In 1978-79 also, only the same 3 tanks were supplied with water although 83.69 Mcft. of water was available. Water could not command the other tanks due to the daily flows being low (The flow ranged between 20 cusecs and 47 cusecs for most of the days as against 80 cusecs anticipated and the supply of 83.69 Mcft. was achieved in 26 days instead of 15 days). In 1979-80, 89.08 Mcft. of water was diverted to fill up

22 tanks (ayacut: 2,818 acres). It could not feed the remaining tanks due to non-removal of the siltation in the reach 24/660 KM. to 26/660 KM. which occurred in November 1977. Thus, even four years after completion, the scheme has not benefited 14 tanks with an ayacut of 3,836 acres including Panamalai tank (ayacut: 1,079 acres) which was expected to be the chief beneficiary of the scheme.

The question of upgrading the classification of the tanks for purpose of land revenue has not been considered and betterment levy has not been imposed so far (December 1979).

4.5.5. *Summing up.*—(i) The cost of the scheme has increased four fold from Rs. 31.89 lakhs to Rs. 1,28.36 lakhs due to inadequate investigation of soil conditions, changes in design, adoption of rates much in excess of schedule of rates for earthwork and general increase in cost of labour and material.

(ii) The schedule of rate provided for a single rate for earthwork excavation in channels irrespective of the depth involved; however, rates progressively increasing with depth were allowed during execution resulting in an unintended benefit of Rs. 11.29 lakhs to the contractors.

(iii) Even four years after completion of the scheme, the target in respect of the number of tanks and ayacut intended to be benefited by the scheme was not achieved. While no water was supplied in 1976-77, only 3 out of 36 tanks involving 5 per cent of the targeted ayacut were benefited in 1977-78 and 1978-89. In 1979-80, 22 tanks involving 42 per cent of the ayacut were benefited.

(iv) The question of stepping up the classification of the tanks for purpose of land revenue proposed to be considered after watching the working of the scheme for two or three years has not been examined and betterment levy has not been imposed so far (December 1979).

The points mentioned above were reported to Government in February 1977; their reply is awaited (March 1980).

4.6. Formation of a tank across Thadaganachiamman Odai'

In March 1973, Government sanctioned the formation of a tank across Thadaganachiamman Odai in Nilakottai Taluk of Madurai District at a cost of Rs. 7.18 lakhs, to irrigate 112.50 acres of new ayacut and to bridge a gap of 16.74 acres and stabilise an ayacut of 61.98 acres relating to two other tanks (Kondamarreddikulam and Appichettikulam) fed by the Odai. Technical sanction was accorded (March 1973) by the Chief Engineer (Irrigation) for Rs. 7.78 lakhs. The work consisted mainly of formation of a tank bund, construction of surplus weir and construction of river sluice at L.S. 1870. The detailed estimate for the formation of the tank bund was sanctioned (July 1973) by the Chief Engineer for Rs. 5.28 lakhs. The single tender received from a contractor for the bund was accepted by the Chief Engineer in August 1973. The bund work was commenced by the contractor in March 1974 and completed in January 1976. Final bill was paid in May 1976. The work as a whole was completed in January 1976 at a cost of Rs. 8.94 lakhs. A revised estimate for Rs. 9.10 lakhs was submitted (September 1975) by the Superintending Engineer, Madurai Circle to the Chief Engineer. The approval to the revised estimate is awaited.

According to the original estimate the earthwork involved for the bund was 64,253 cubic metres. Allowing 10 per cent for compaction a quantity of 70,678 cubic metres was provided for in the estimate. The actual quantity paid for was, however, 1,01,760 cubic metres. The excess was mainly due to earthwork excavation in unsuitable soil and rejection of soil for using on the bund work (20,566 cubic metres). The unsuitable earth was reportedly brought from the borrow pits to the work site and separated after spreading. The rejection of the unsuitable soils and pebbles at the work site instead of at the borrow area itself resulted in an avoidable expenditure of Rs. 0.98 lakh on conveyance of the earth with leads up to 2 Kms.

The agreement with the contractor provided for the hiring of departmental machinery at the rates fixed by the department. One water lorry and one road roller were hired to the contractor from November 1974 to June 1975. The department computed the rate of hire charge on kilometre and hour basis instead of daily rates as required under the rules. The hire charge recoverable amounted to Rs. 0.41 lakh. The department recovered only Rs. 0.10 lakh. There was a short recovery of Rs. 0.31 lakh.

Payment of conveyance charges for earth not actually utilised on the bund and omission to regulate the hire charges of machinery as per rules thus resulted in a loss of Rs. 1.29 lakhs to Government.

The matter was reported to Government in October 1979; their reply is awaited (March 1980).

4.7. Formation of a reservoir across Malattar

Construction of a surplus weir at L.S. 1550M—1743 M. a component of the work of formation of a reservoir across Malattar, was split up into three reaches and entrusted to two contractors on the basis of tenders as shown below:—

Reach (1)	Name of Contractor (2)	Date of agreement (3)	Value (4) (in lakhs of rupees)
I	A	4th February 1975	3.20
II	B	25th January 1975	3.19
III	A	4th February 1975	3.20

Splitting up of the work for the purpose of tender call was ratified by Government in September 1975.

The contractors did not take over the site formally and start the work even though they were stated to have been present during site inspection of the officers of the department, or were otherwise in contact with the department. The department issued intimation to the contractors by ordinary post on 23rd March 1975 to take over the site, though as per codal provisions notification of possession of the site being given to the contractor is required to be sent by registered post with acknowledgement due. On 24th April 1975 and 25th April 1975, the contractors intimated the department that as possession of the site was not handed over to them within two months from the date of acceptance of the agreement by the competent authority, they had withdrawn from the contracts. Contractor 'A' informed the department that the letter did not reach him, while 'B' reported that the intimation was received on 29th March 1975 only, i.e., after four days of the expiry of the period of two months.

The work was further split up and entrusted to 25 other contractors on nomination at rates as per the schedule of rates for 1975-76 and was completed at an extra cost of Rs. 0.96 lakh.

The extra cost to Government could have been avoided if the department had ensured that the intimation to take over the site had been sent to the contractors within two months of the date of agreement by registered post, as provided in the rules. The omission to follow the codal provisions was reported to be due to inadvertence.

The matter was reported to Government in October 1979; their reply is awaited (March 1980).

4.8. Infructuous expenditure on a Lift Irrigation Scheme

During the Irrigation season 1974-75, water was allowed by turn system for the ayacuts served by the South Rajan Channel and Pudemanniar river (Thanjavur District) as sufficient water was not available in the Mettur Reservoir due to the failure of the North East Monsoon. The ryots of these ayacuts represented (January 1975) to Government that the water allowed through turn system was not sufficient to save the Kullakar standing crops in 6,400 acres and suggested that the flow water and spring water available in the Coleroon river below the Lower Anicut could be pumped into the South Rajan Channel for irrigating the standing crops and also for raising a third (summer) crop. The ryots offered to pay rupee one per acre towards working expenses.

The Superintending Engineer, Thanjavur Circle after inspection (February 1975) of the site and studying the flow in the river Coleroon felt that 20 cusecs of water could be pumped from the Coleroon and let into the South Rajan Channel near Panangattankudi village (Sirkali Taluk). A scheme estimate for Rs. 2.65 lakhs envisaging the pumping of water to a masonry cistern with two rows of two feet diameter R.C.C. pipes for a length of 222 metres and a masonry headwall, at the infall point into South Rajan Channel, for supplying water to 667 acres out of the Kullakar ayacut of 7,500 acres was submitted by the Superintending Engineer to the Chief Engineer (Irrigation) in February 1975. The estimate did not include the cost of pumps which were proposed to be diverted during the summer months from the river pumping schemes in the area. The estimated working expenses worked out

to Rs. 155 per acre; the willingness of ryots to bear this cost was not ascertained especially when the ryots had earlier indicated that they would bear a cost of one rupee per acre only. The Chief Engineer sought administrative approval of Government to the scheme in January 1978; administrative approval of Government is awaited (March 1979). Meanwhile, the execution of the work had been taken up (February 1975). The civil works were split up and entrusted to three job workers on nomination and completed in April 1975 at a cost of Rs. 0.70 lakh. As the ryots expressed their unwillingness to meet the enhanced working expenses of Rs. 155 per acre, further work on the scheme was stopped (April 1975).

The failure of the department to assess the capacity and willingness of the ryots to meet the working expenses before commencing work on the scheme resulted in an infructuous expenditure of Rs. 0.70 lakh on the scheme (March 1979) work on which had been stopped five years ago.

The matter was reported to Government in October 1979; their reply is awaited (March 1980).

4.9. Puthantharuvai Drainage Scheme

In March 1972, Government sanctioned the first stage of the comprehensive Puthantharuvai Drainage Scheme for effective prevention of flooding and drainage of Puthantharuvai area (Tirunelveli District) at a cost of Rs. 7.18 lakhs. The estimate was technically sanctioned by the Chief Engineer (Irrigation) in June 1972 for Rs. 7.90 lakhs. The first stage of the scheme envisaged the formation of a new tank across Puthantharuvai Odai, constructing a surplus weir, excavating a drainage channel to carry the flood discharge from the tank and letting into the existing abandoned Tharuvai drainage course. By implementing the first stage, 110 acres of new ayacut were proposed to be brought under cultivation besides affording submersion relief to 458 acres. The cost per tonne of additional production worked out to Rs.1,860.

The work on the scheme was commenced in February 1974. When the work was under execution, the Superintending Engineer, Tirunelveli-Kanyakumari Circle who inspected the work found the soil of the bund

unsuitable and proposed (March 1975) to re-design the bund with hearing section and cut off trenches by conveying suitable earth from other places. Consequently the cost of the scheme was expected to go up from Rs. 7.90 lakhs to Rs. 24.00 lakhs; further work was stopped (April 1975) pending revised sanction of Government. After further investigation, a revised estimate for Rs. 40.80 lakhs has been prepared (April 1979) and is under the consideration of the department (August 1979).

Meanwhile, an expenditure of Rs. 3.04 lakhs was incurred on the scheme including Rs. 2.27 lakhs on land acquisition and Rs. 0.72 lakh on the work.

Thus, the work on the scheme taken up without proper investigation of the soil and site conditions was stopped in 1975 resulting in infructuous expenditure of Rs. 0.72 lakh and locking up of Rs. 2.27 lakhs spent on land acquisition. According to the latest estimates which are yet to be finalised, the scheme is not financially viable, the cost of food production coming to Rs. 13,120 per tonne as against Rs. 1,860 per tonne according to the originally sanctioned estimate.

The matter was reported to Government in September 1979. Government stated (January 1980) that the scheme has become highly uneconomic and the Chief Engineer (Irrigation) was examining whether the scheme may be deferred and the lands acquired may be disposed of.

4.10. Construction of additional block of buildings and godowns for City Civil Court, Madras

The agreement for the work of construction of additional block of buildings and godowns for the City Civil Court, Madras was concluded with contractor 'A' by the Superintending Engineer, Special Buildings Circle, Madras in December 1974 for Rs. 20.20 lakhs. The work was to be completed by October 1975. As the contractor did not complete the work even after grant of extension of time up to January 1977, the contract was terminated by the Executive Engineer, Buildings Division II in February 1977 by which time he had executed the work to a value of about Rs. 19.10 lakhs. The remaining work was got completed in May 1977 through several other contractors at the risk and cost of 'A'. The accounts of 'A' were finalised in November 1978.

and a sum of Rs. 0.12 lakh found to be due from him has been debited to 'Miscellaneous Public Works Advance' pending recovery. The amount is yet to be recovered (February 1980).

The sanctioned estimate for the work as well as the agreement with contractor 'A' provided for finishing the top of the roof slab with one course of pressed tiles over weathering course. However, during inspection on 4th August 1976, the Chief Engineer (Buildings) instructed that the top of roof slab be finished with combination mortar 1:2:5 instead of pressed tiles. The work was got executed through contractor 'C' in April 1977. During rains in October 1977, there was wetting and dripping of rain water through construction joints. The Chief Engineer (Buildings) who inspected the building on 26th October 1979 observed that

- (i) the construction joint was not done properly and through the defective joint, there was seepage of rain water and

- (ii) the weathering course was not laid with proper slope as required in Madras Detailed Standard Specifications.

To arrest the leakages, Government sanctioned (December 1978) the regrading of the weathering course and paving with pressed tiles after removing the combination mortar at an estimated cost of Rs. 75,000. The work was entrusted to contractor 'B' based on tenders and was completed in 1979.

The failure to lay the weathering course to proper slope and to provide the pressed tiles as contemplated in the original estimate even in the first instance resulted in an avoidable additional expenditure of Rs. 0.53 lakh.

The matter was reported to Government in September 1979; their reply is awaited (March 1980).

4.11. Construction of 100 bedded hospital at Arignar Anna Nagar, Madras

In September 1974, Government sanctioned the construction of a 100 bedded hospital at Arignar Anna Nagar, Madras at a cost of Rs. 17.00 akhs. The work was technically sanctioned for Rs. 18.70 lakhs by the

Chief Engineer (Buildings) in April 1975. After completing pile foundation work through a local firm, the superstructure work was entrusted (September 1975) to contractor 'A' on the basis of tenders. The sanctioned estimate and agreement with the contractor provided for finishing the roof slab with one course of pressed tiles over the weathering course. During execution, the department substituted the work of laying one course of pressed tiles by combination mortar 1: 2: 5 (except splashing portions where pressed tiles work was retained) which was completed in October 1976. The work as a whole was completed by the contractor in January 1978.

During the monsoon of 1977, the department noticed dampness in the wall junctions. On the ground that the combination mortar treatment did not fit well for continuous rainy seasons, the Executive Engineer, Buildings Division III, Madras sanctioned (December 1977) a working estimate for Rs. 0.61 lakh to ensure water-tightness by chipping off the combination mortar work, regrading the weathering course and laying one course of pressed tiles. The rectification work was entrusted (January 1978) to contractor 'B' who completed it in March 1978. Although the dampness occurred even before the completion of the main work in January 1978, the extent of responsibility of contractor 'A' for the defect was not examined.

The failure to finish the roof slab with pressed tiles as provided in the sanctioned estimate even in the first instance resulted in an avoidable expenditure of Rs. 0.60 lakh on dismantling the combination mortar treatment within a month of completion of the work (January 1978) by contractor 'A' and redoing it with pressed tiles at higher rates.

The matter was reported to Government in September 1979. Government stated (December 1979) that the combination mortar treatment was provided in 1975-76 as a temporary treatment on the expectation that the sanction for the construction of additional floors would shortly be forthcoming and that Government were not in a position to sanction the additional floors subsequently. It may be mentioned that there has been no specific proposal from the department for construction of additional floors either at the time of adopting combination mortar treatment or subsequently.

TRANSPORT DEPARTMENT

4.12. Construction of high level bridges

Under the scheme for central loan assistance for State Roads of Inter State or Economic Importance, Government sanctioned in October 1971 at an estimated cost of Rs. 42.35 lakhs construction of bridges at KM 11/2, 13/2, 13/6, 18/4, 20/8, 21/0, 23/4 of Tondi-Tirupalakudi road and KM 6/8 of Devipattinam-Tirupalakudi road in Ramanathapuram District.

Both the roads were running close to the sea. While a submersible bridge was constructed at KM 6/8 of Devipattinam-Tirupalakudi road, in the other locations high level bridges were constructed on various dates between 1975 and 1978. According to hydraulic particulars recorded during the monsoon and tidal waves, stretches of road up to 3 to 4 KM near each bridge would be under water. Construction of high level bridges instead of the cheaper submersible bridge when such high level bridges could not be used during floods and high tides resulted in extra expenditure of about Rs. 20.00 lakhs without commensurate benefit.

Government agreed (August 1979) that submersible bridges would have cost less and during the monsoon long stretches of road would be under water preventing the use of the high level bridges put up but stated that the road could be raised and upgraded wherever necessary. It may however be mentioned that Government of India did not agree to include the upgrading work in any of their schemes.

As long stretches of the road were prone to water logging, the objective of year-round flow of traffic was not achieved by the construction of high level bridges (instead of submersible bridges) at an extra cost of Rs. 20.00 lakhs.

4.13. Construction of a submersible bridge across Ponnai river at K.M. 22/4 to 22/6 of Chittoor-Tiruthani road

In August 1974, Government sanctioned the construction of a submersible bridge across Ponnai river at KM. 22/4 to 22/6 of Chittoor-Tiruthani road at a cost of Rs. 25.00 lakhs. Technical sanction for the work was accorded (August 1974) by the Chief Engineer (Highways and

Rural Works) for Rs. 25.00 lakhs. The work was entrusted (November 1974) to the lowest tenderer for Rs. 17.30 lakhs at 0.5444 per cent less than the estimated value. Mobilisation advance of Rs. 1.73 lakhs was paid (December 1974) to the contractor as per the terms of contract against a bank guarantee. The agreement provided for departmental supply of cement for use on work.

The work was to be completed by February 1976 by which time the contractor actually completed only 20 per cent of work in spite of repeated notices issued by the department between September 1975 and January 1976. He had, however, been complaining from April 1975 about the inadequate supply of cement by the department.

The request of the contractor for extension of time up to September 1976 was turned down. The department determined (February 1976) the contract partially and permitted the contractor to carry out a part of the remaining work giving him time up to June 1976. As the progress of work was again poor, the contract was determined (May 1976) absolutely. The balance of work was split up and entrusted to 36 other contractors who completed the work in October 1978 at an extra cost of Rs. 0.50 lakh.

Meanwhile, the contractor appealed (October 1976) to the arbitrator specified in the agreement claiming compensation for the losses suffered by him due to termination of contract. The arbitrator held (December 1977) that the determination of contract was unjustified, observing that the slow progress was due to inadequate supply of cement by the department. The arbitrator, consequently, admitted some of the claims of the contractor, which were computed by the department as Rs. 0.15 lakh. Due to department's failure to discharge their contractual obligation to supply cement, the total extra cost to the department amounted to Rs. 0.65 lakh.

The matter was reported to Government in October 1979; their reply is awaited (March 1980).

AGRICULTURE DEPARTMENT

4.14. Development of a road under Sugarcane Road Development Scheme

In July 1972, Government sanctioned the improvement to the road from Melandal to KM 14/0 of Thiruvannamalai-Valavachanur road (South Arcot District) for a length of 13 kilometres at a cost of Rs. 8.30 lakhs. The improvement to the road was expected to facilitate quick movement of sugarcane to the sugar factory at Moongilthuraipattu by heavy vehicles and to reduce the distance by 32 Km.

Detailed investigation of the work disclosed that the length of the road to be improved was 4 Km only which would cost Rs. 4.60 lakhs. With a view to utilise the sanctioned amount of Rs. 8.30 lakhs, the Chief Engineer, Highways and Rural Works proposed (April 1973) that the improvement be carried out upto Jambai for a total length of 11.905 Km, changing the nomenclature of the work as "Improvement to road from KM 14/0 of Tiruvannamalai-Valavachanur road to Jambai via Edakkal Melandal and Kangeyanur". Government approved the proposal in February 1974, stipulating that the amount (Rs. 8.30 lakhs) already sanctioned should not be exceeded.

The work was commenced in December 1974 without acquiring the land. One of the land owners whose land was entered upon without obtaining his written consent filed a suit (1975) against Government and obtained (March 1977) a permanent injunction against entry into his land till it is acquired lawfully. Consequently the improvements could not be completed in three reaches (total length; 177.5 metres). The land for the three reaches has not yet been acquired (April 1979).

A high level bridge was also to be constructed across Senandhi odai between ch. 6619 and ch. 7169 of the road. Provision for construction of the bridge was not, however, made in the estimates as it would increase the cost. The Director of Sugar expressed (November 1975) the view that the road cannot be made use of without construction of the bridge and the money spent on the work will be a waste. Thereafter, the Chief Engineer (Highways and Rural Works) proposed (August 1976) the construction of a bridge at an estimated cost of Rs. 5 lakhs on the ground that mere improvements to the road without a bridge across the odai would not be useful to the public throughout the year. Government sanctioned the construction of the bridge in December 1979.

The road work started in December 1974 remains incomplete after five years. Rupees 7.99 lakhs spent (March 1979) on the road did not serve the purpose (November 1979) due to failure to observe the requisite formalities relating to land acquisition and non-construction of the high level bridge.

Government stated (February 1980) that the road including the odai portion is in use during dry seasons and the whole road will be used throughout the year on the completion of the bridge.

CHAPTER V

STORES AND STOCK

5. Synopsis of stores and stock accounts

(i) A synopsis of the important stores and stock accounts for 1978-79 (other than those relating to Government commercial and *quasi-commercial* departments/undertakings, etc.) to the extent received is given below:—

A. WORKS DEPARTMENT

<i>Department and stores</i>	<i>Balance on 1st April 1978</i>	<i>Receipts</i>	<i>Issues</i>	<i>Balance on 31st March 1979</i>
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
1. GENERAL—				
Building materials ..	3.65(a)	19.64	20.03	3.26
Metal	0.03(a)	0.11	0.02	0.12
Fuel	Nil (a)	0.14	..	0.14
Miscellaneous stores ..	17.24(a)	4.19	3.20	18.23
2. IRRIGATION—				
Building materials ..	24.07(a)	42.18	48.42	17.83
Metal	73.72(a)	2.39	1.48	74.63
Fuel	(—) 0.53(a)	2.24	3.85	(—) 2.14(b)
Miscellaneous stores ..	1,16.14(a)	21.76	9.10	1,28.80
3. HIGHWAYS AND RURAL WORKS—				
Miscellaneous stores ..	1,43.16	1,15.07	1,29.69	1,28.54

(a) Differs from the closing balance shown in the Report for the year 1977-78 due to reclassification of the Desilting *cum* Reclamation Division from 'General' to 'Irrigation.'

(b) Minus balance is due to non-adjustment during 1978-79 of the difference in book value consequent on the upward revision of issue rates during the year.

<i>Department and stores</i>	<i>Balance on 1st April 1978</i>	<i>Receipts</i>	<i>Issues</i>	<i>Balance on 31st March 1979</i>
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
4. PARAMBIKULAM-ALIYAR PROJECT—				
Building materials ..	6.58	6.62	13.21	(—)0.01(b)
Metal	19.20	1.09	25.83	(—)5.54(b)
Fuel	0.03	0.23	0.53	(—)0.27(b)
Miscellaneous stores ..	26.39	2.99	18.76	10.62
5. PERIYAR IMPROVEMENT SCHEME—				
Building materials ..	12.21	1,14.33	86.74	39.80
Metal	0.21	0.74	0.35	0.60
Fuel	0.11	0.95	0.96	0.10
Miscellaneous stores ..	0.95	9.16	6.63	3.48
6. GROUND WATER DIVISIONS—				
Building materials ..	0.01	..	..	0.01
Metal	0.38	..	0.38	..
Fuel	0.08	0.29	0.24	0.13
Miscellaneous stores ..	3.12	11.64	7.79	6.97
7. INDUSTRIES—				
Building materials ..	2.58	1.79	2.24	2.13
Metal	2.68	1.57	5.50	(—)1.25(b)
Miscellaneous stores ..	9.51	0.22	2.00	7.73

(ii) Under the rules, divisions are required to conduct a special review of balances of stock and other suspense accounts every year early in March and forward to Audit by the end of May an annual certificate of balance. These certificates have not been received (October 1979) from 4 out of 185 divisions for 1977-78 and 87 out of 189 divisions for 1978-79.

(b) Minus balance is due to non-adjustment during 1978-79 of the difference in book value consequent on the upward revision of issue rates during the year.

(iii) The stock held at the close of 1978-79 in four divisions exceeded the sanctioned reserve limits as indicated below:—

<i>Name of division</i>	<i>Reserve limit</i>	<i>Value of closing stock</i>	<i>Excess</i>
(1)	(2)	(3)	(4)
	(in lakhs of rupees)		
1. Periyar Improvement Division I, Vaigai Dam	5.00	12.31	7.31
2. Periyar Improvement Division III, Madurai ..	5.00	6.98	1.98
3. Periyar Improvement Division V, Madurai ..	5.00	12.43	7.43
4. Vaigai Modernisation Division, Madurai (Marudhanadhi Division)	10.00	24.56	14.56

In the case of Marudhanadhi Division, the stock had exceeded the reserve limit in 1977-78 also.

TRANSPORT DEPARTMENT

(iv) Avoidable expenditure in purchase of R.C.C. Hume pipes

In May 1977, the Divisional Engineer (Highways and Rural Works) Tuticorin called for quotations from five firms for the supply of R.C.C. Hume pipes of 600 mm., 750 mm. and 900 mm. diameter with collars for use in various works in the division. The rates were to be inclusive of the conveyance charges to specified destinations. The quotations were to be valid to end of March 1978. Three firms 'A', 'B' and 'C' responded to the call. 'A' indicated that it was already on rate contract with Director General of Supplies and Disposals for pipes of diameters 600 mm., 700 mm., and 900 mm. up to 31st December 1977 and offered to effect the supplies at the rate contract rates (which were for *ex-works*) plus conveyance charges at specified rates. The Divisional Engineer rejected the offers of 'A' and 'B' on the grounds that they had shown the conveyance rates separately in their offers and had not remitted the Earnest Money Deposit and accepted (June 1977) the offer of 'C'.

The Divisional Engineer purchased 29.38 metres of the pipes (cost: Rs. 3,000) from 'C' in August 1977 and on receipt of allotment of funds (Rs. 28.50 lakhs) for flood and cyclone damage restoration works, placed 11 supply orders on 'C' for 1,800 metres of the three sizes of the pipes (value: Rs. 3.57 lakhs) on 31st December 1977. The supply was required to be effected within 10 days. As 'C' wanted time up to March 1978 to complete the supplies, the Divisional Engineer called for tenders for the supply on 17th January 1978. After obtaining part of the supplies from 'C', the supply order was cancelled on 1st February 1978 and orders were placed on 3rd February 1978 for the balance quantity on 'D' on the basis of the tenders received. 'D' effected the supplies in February and March 1978. The cost of pipes of 600 mm. and 900 mm. diameter amounted to about Rs. 2.91 lakhs.

It may be mentioned that no earnest money deposit is required to be collected if orders are placed against Director General of Supplies and Disposals rate contract. Purchase of the pipes of 600 mm. and 900 mm. diameter by inviting quotations/tenders instead of placing the orders against the Director General of Supplies and Disposals rate contract with 'A' before 31st December 1977 mainly on the ground that he had not remitted the earnest money resulted in an avoidable expenditure of Rs. 1.10 lakhs.

The matter was reported to Government in September 1979; their reply is awaited (March 1980).

TRANSPORT DEPARTMENT/PUBLIC WORKS DEPARTMENT

(v) Unauthorised lending of materials to a non-Government body

Between October 1974 and October 1975 33.63 tonnes of steel and 78 tonnes of cement acquired for the execution of various works and costing in all Rs. 1.11 lakhs were lent by the Cauvery Bridge Division (Highways) Tiruchirappalli and Tiruchirappalli Public Works Division to the Tiruchirappalli District Welfare Fund Committee (a non-Government body) for the construction of a Kalaiarangam (an auditorium) at Tiruchirappalli although the rules do not provide for lending of Government material.

The Committee returned 46 tonnes of cement (cost: Rs. 0.17 lakh) to the Cauvery Bridge Division during the period from December 1974 to June 1975. The remaining materials (cost: Rs. 0.94 lakh) were not returned (January 1980).

The unauthorised lending of the materials has resulted in the locking up of Government funds to the extent of Rs. 0.94 lakh since October 1975.

The matter was reported to Government in August 1979. Government in Public Works Department accepted (January 1980) the facts. The reply in respect of Transport Department is awaited (March 1980).

INDUSTRIES/PUBLIC WORKS DEPARTMENT

(vi) Idle Machinery

Two instances of machinery remaining unutilised since acquisition are given below:—

<i>Serial number and name of Department/Institution</i>	<i>Description of machinery</i>	<i>Value when acquired</i>	<i>Remarks</i>
(1)	(2)	(3)	(4)
1. Electronic Tests and Development Centre, Tiruvanniyur (Industries Department)	Impact Testing Machine	Rs. 0.92 lakh September 1977	Government sanctioned (November 1973) the establishment of a Central Testing, certification and Product Development Laboratory for electronic industry at a cost of Rs. 35 lakhs (Land, buildings, etc. Rs. 14.50 lakhs equipment Rs. 20.50 lakhs). Equipment included Impact Testing Machine. The building to house all the items of equipment was constructed in December 1975 at a cost of Rs. 14.77 lakhs. The

<i>Serial number and name of Department/Institution</i>	<i>Description of machinery</i>	<i>Value when acquired</i>	<i>Remarks</i>
(1)	(2)	(3)	(4)
			<p>Impact Testing Machine supplied in September 1977 for which 90 per cent payment (Rs. 0.92 lakh) was made could not be accommodated in the building as the height of the building was not sufficient for its operation. The department stated (October 1979) that a separate shed would be put up so as to keep the heavy impact load insulated from the other machines. The department had not ascertained about operational requirement of the machine before proceeding (August 1974) with the construction of the building and did not also obtain the drawings of the machine along with tenders in March 1975 to ensure the suitability of the building. The drawings were obtained in September 1977 only with the result that the machine purchased in September 1977 had not been erected so far (October 1979).</p>

<i>Serial number and name of Department/Institution</i>	<i>Description of machinery</i>	<i>Value when acquired</i>	<i>Remarks</i>
(1)	(2)	(3)	(4)
2. Upper Anicut Division, Tiruchirappalli (Public Works Department)	Gantry cranes	Rs. 0.67 lakh October 1975	One 5 ton capacity and two 10 ton capacity gantry cranes were fabricated by the erstwhile Public Works Workshop and Stores, Madras for being used in the construction of upper barrage across Cauvery at Upper Anicut. The cranes were received in the Upper Anicut Division in October 1975. They were not, however, used on the work and the department completed the work in July 1976 by obtaining on hire one dozer from Agriculture Department and one cole crane from the Tamil Nadu Water Supply and Drainage Board. The cranes are lying idle (December 1979).

The points mentioned above were reported (October 1979) to Government in their respective departments; Government accepted (December 1979/January 1980) the facts.

B. CIVIL DEPARTMENTS

<i>Department and stores</i>	<i>Balance on 1st April 1978</i>	<i>Receipts</i>	<i>Issues</i>	<i>Balance on 31st March 1979</i>
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
8. REVENUE —				
(i) Madras Stamp Office—				
Stamps	8,67.16	74.89	1,45.76	7,96.29
(ii) Madras Taluk Treasury and other depots—				
Stamps	1,19,37.05	99,53.91	48,38.16	1,70,52.80
Opium (in kilograms)	6.89	1,96.26	1,56.35	46.80
9. FOREST—				
Sandalwood	23,93.96(a)	16,44.36(b)	14,42.60(c)	25,95.72
Other produce	1,68.19	2,47.58	1,67.25 (d)	2,48.52
10. ANIMAL HUSBANDRY(e)—				
Cattle feed █	11.49	94.50	97.43	8.56
Other consumable stores ..	1,40.24	1,03.60	68.14	1,75.70
11. HEALTH AND FAMILY WELFARE—				
Other Medical Institutions—				
Medicines, drugs and dressings ..	2,29.46	4,61.51	4,80.13	2,10.84
Miscellaneous stores (diet articles, etc.)	19.44	1,59.83	1,60.98	18.29
12. POLICE—				
Clothing and equipment █ ..	71.86	73.82	76.88	68.80
Arms and ammunitions	1,26.51	12.34	18.59	1,20.26
Miscellaneous	1,73.10	82.35	64.47	1,90.98

(a) Figure includes Sandal sapwood of the value of Rs. 9.99 lakhs not included in the previous Report.

(b) Includes appreciation of Rs. 0.88 lakh due to revaluation.

(c) Includes shortages of Rs. 6.52 lakhs written off during the year.

(d) Includes shortages of Rs. 0.14 lakh written off during the year.

(e) Figures relating to Animal Husbandry Department were not included in the Report for the year 1977-78, as the accounts were not received in time.

<i>Department and stores</i>	<i>Balance on 1st April 1978</i>	<i>Receipts</i>	<i>Issues</i>	<i>Balance on 31st March 1979</i>
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
13. PUBLIC (INFORMATION AND PUBLIC RELATIONS)—				
Tamil Nadu Films Division (Production Wing)—				
Raw materials	2.42	9.08	7.68	3.82
Secretariat—				
Photographic materials	0.12	0.26	0.34	0.04
14. DIRECTOR OF CORRECTIONAL ADMINISTRATION—				
Ration articles	1.28	34.03	34.08	1.23
Clothing and bedding	0.91	3.28	3.08	1.11
Medicines	0.31	0.69	0.64	0.36
Manufactory—				
Raw materials	2.48	3.02	3.28	2.22
Manufactured articles	1.27	4.45	4.64	1.08
15. GOVERNMENT PRESS—				
Paper	29.87	1,12.56	1,16.30	26.13
Building materials and consumable stores	13.19	26.00	26.20	12.99
16. JAILS—				
Maintenance—				
Ration articles	5.22	1,48.10	1,48.23	5.09
Medicines	4.11	7.17	7.04	4.24
Clothing and bedding	3.90	10.53	10.40	4.03
Manufactory—				
Raw materials	26.13	75.79	78.91	23.01
Manufactured articles	12.81	1,16.37	1,13.31	15.87
17. STATIONERY OFFICE—				
Stationery stores, etc.	1,06.48	2,17.32	2,46.53	77.27

The annual stores accounts have not been received (October 1979) from the following departments:—

1. Agriculture (other than Animal Husbandry).
2. Home (Fire Services and Fire Fighting).
3. Health and Family Welfare (Medical Education, Employees' State Insurance Dispensaries, Director of Public Health and Preventive Medicine and Director of Indian Medicine).

The stores accounts of Director of Public Health and Preventive Medicine for 1977-78 also have not yet been received (December 1979). There was a delay of one year in the receipt of the stores accounts for 1977-78 in respect of Director of Indian Medicine.

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1. General

This chapter deals with,

(i) results of audit of bodies and authorities substantially financed by grants and / or loans;

(ii) scrutiny of procedure for watching fulfilment of conditions governing grants or loans paid for a specific purpose;

(iii) results of audit of accounts of statutory boards;

(iv) financial assistance to Co-operative Societies; and

(v) other important points noticed in connection with the sanction of grants/loans.

6.2. Grants

In 1978-79, Rs. 2,00.07 crores were paid as grants to statutory bodies (like Universities, Khadi and Village Industries Board, Municipalities and Panchayat Unions) and other institutions including Co-operative Societies. An analysis of the grants paid is given below:—

(1)	Grants to statutory bodies	Grants to other insti- tutions
	(2)	(3)
	(in crores of rupees)	
Agriculture, Fisheries and Animal Husbandry ..	6.10	4.10
Co-operation	3.48	0.01
Education	73.32	39.15

(1)	<i>Grants to statutory bodies</i> (2)	<i>Grants to other insti- tutions</i> (3)
(in crores of rupees)		
Health and Family Welfare	1.69	0.90
Housing and Urban Development	6.06	0.41
Industries	0.08	8.04
Medical	0.01	0.46
Public Works	15.48	..
Rural Development and Local Administration	30.79	0.40
Others	2.77	6.82
Total ..	1,39.78	60.29

Some of the important irregularities in utilisation of grants noticed by the Examiner of Local Fund Accounts for the year 1977-78 are mentioned below:—

<i>Nature of Irregularities</i> (1)	<i>Number of cases</i> (2)	<i>Amount</i> (3) (in lakhs of rupees)
(i) Inadmissible grants	938	2,65.58
(ii) Grants unutilised	99	5.57
(iii) Grants overdrawn	491	16.83
(iv) Amounts held under observation for want of details of expenditure and non-production of records	792	68.47

Out of Rs. 5,59.00 lakhs ordered (to end of March 1979) for summary recovery by the Examiner of Local Fund Accounts in respect of irregularities noticed by him for the period up to 1975-76 in the audit of accounts of municipal councils, town panchayats and panchayat union councils, Rs. 2,23.68 lakhs were recovered or settled, leaving a balance of Rs. 3,35.32 lakhs outstanding as on 31st March 1979.

6.3. Utilisation certificates

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

At the end of September 1979, 71 certificates for Rs. 2,51.31 lakhs were awaited for grants paid up to 30th September 1977. Department-wise and year-wise details of certificates outstanding on 30th September 1979 are given in Appendix IX.

Utilisation certificates have not been received although considerable time has passed after the grants were paid. In the absence of certificates, it is not possible to state even in a broad way that the recipients spent the grants for the purpose or purposes for which these were given.

SECTION I

6.4. Bodies and authorities substantially financed by Government grants and loans

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, receipts and expenditure of bodies and authorities substantially financed by grants or loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General.

For this purpose, a body/authority is deemed to be substantially financed if the aggregate grant or loan to it in a financial year is not less than Rs. 5 lakhs and the amount of such grant or loan is not less than 75 per cent of the total expenditure of that body/authority. The table below indicates the number of bodies/authorities which received grants/loans of not less than Rs. 5 lakhs and from whom the accounts were not received (November 1979) to determine the applicability of Section 14.

Year	Number of bodies/authorities which received grants/loans of not less than Rs.5 lakhs in a year	Number of bodies/authorities from which accounts are due
(1)	(2)	(3)
1975-76	414	1
1976-77	461	20
1977-78	478	239
1978-79	32	24

Non-receipt of annual accounts was reported to Government in the concerned departments (September 1979 and November 1979).

Important points noticed during audit under Section 14 are given in the succeeding paragraphs.

RURAL DEVELOPMENT AND LOCAL ADMINISTRATION DEPARTMENT

6.5. Assistance to panchayat unions

There are 374 panchayat unions in the State. Of the panchayat unions liable to be audited under Section 14, local audit conducted during 1978-79 covered the accounts of the following panchayat unions and years of account:—

<i>Year of account</i>					<i>Number of panchayat unions audited</i>
(1)					(2)
1971-72	..	..	..	..	2
1974-75	..	..	..	..	93
1975-76	..	..	..	..	88
1976-77	..	..	..	..	80
1977-78	..	..	..	..	41
1978-79	..	..	..	..

A. REVENUE

Quarry receipts.—The Tamil Nadu Minor Mineral Concession Rules, 1959, as amended, provide for credit being afforded to panchayat unions of proceeds from issue of permits and sale of lease rights for quarrying ordinary sand, ordinary clay, building stone and gravel from Government lands. The panchayat unions are empowered to issue permits for the removal of minerals quarried, up to a value of Rs. 25 in each case and to recommend to Collectors grant of lease for amounts exceeding Rs. 25, either by sale or by auction. The lease is attended to by the Revenue Department and sale proceeds assigned to panchayat unions.

It was seen in audit (November 1978 to July 1979) that lease amounts totalling Rs. 1.39 lakhs for the period 1972-73 to 1978-79 in respect of quarries lying within six panchayat unions in five districts were not credited by the Revenue Department to the accounts of the respective panchayat unions even though the quarries had been auctioned already. The panchayat unions did not also maintain the prescribed register to watch the realisation of quarry receipts.

In three panchayat unions (Polur, Kaniambadi and Chinnamanur) exploitation of some quarries had not been leased out, except for the year 1974-75 in the case of Polur Panchayat Union.

B. VILLAGE WORKS GRANTS

(i) *Delay in completion of works.*—In 34 panchayat unions, 26 school buildings and 28 Rural Water Supply schemes (16 ground level reservoirs, 11 overhead tanks and 1 automatic pressure tank) taken up during the years 1972-73 to 1978-79 remained incomplete (*vide* details in Appendices X to XII), though the works were to have been completed within three to six months from the date of their commencement. Of these, 22 works (18 school buildings, 2 ground level reservoirs and 2 overhead tanks) had been taken up prior to 1976-77. The total expenditure incurred on the works is Rs. 6.74 lakhs.

<i>Number of panchayat unions,</i>	<i>Name of work</i>	<i>Number of incomplete works</i>	<i>Total expenditure</i>	<i>Amount of Government grant drawn</i>
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
14	School buildings	26	3.22	1.81
11	Ground level reservoirs	16	2.07	1.52
8	Overhead tanks	11	1.36	1.12
1	Automatic pressure tank	1	0.09	0.05
Total			<u>6.74</u>	<u>4.50</u>

This expenditure has thus not been of any benefit to the community. The specific reasons for delay in completion are awaited (December 1979).

(ii) *Excess drawal of grants.*—In 45 panchayat unions, Government grants to the tune of Rs. 2.44 lakhs had been drawn in excess during the period 1974-75 to 1978-79, the excess drawals having been occasioned by the department not adhering to the quantum of assistance prescribed by Government from time to time for the different items of work.

<i>Number of Panchayat unions</i> (1)	<i>Nature of work</i> (2)	<i>Grants drawn in excess</i> (3)
		(in lakhs of rupees)
14	Rural Water Supply ..	1.62
9	Link Roads	0.37
10	School Buildings	0.30
12	Agriculture Schemes ..	0.15
	Total ..	<u>2.44</u>

The excess drawals have not been refunded or adjusted.

(iii) *Pilot Research Project in growth centres.*—In February 1973, the State Government sanctioned construction of two link roads by the Panchayat Union Council, Mohanur (Salem District) at an estimated cost of Rs. 1,70,500 under a centrally sponsored scheme for a Pilot Research Project in growth centres. Fifty per cent of the cost of the works was due to be met by Government of India if a matching contribution was forthcoming from the local body concerned. Financial assistance from Government of India was obtained by the State Government in March 1973. In December 1973, the Panchayat Union Council requested the State Government to sanction 50 per cent share of the Union Government as advance grant to the Panchayat Union to enable it to complete this major work before the end of that financial year. The share of the Central Government (Rs. 0.85 lakh) was credited to the accounts of the Panchayat Union in April 1976.

In November 1976, Government issued a revised sanction for Rs. 3.15 lakhs on account of increase in cost of materials. In November 1977, the Chief Engineer, Highways and Rural Works proposed to Government that the works be split into 11 smaller components to get competitive tenders and for early and quick execution. Eventhough Government have not yet passed orders, the Panchayat Union Commissioner executed a part of the road works for a total value of Rs. 85,400 up to October 1978. There has been no further progress, as the advance grant given by Government of India had been fully spent by then. The commitment for a matching local contribution by the Panchayat Union Council based on which the scheme was cleared by Government of India had not been met. The expenditure of Rs. 85,400 incurred on these works has remained unproductive as the two road works still remain incomplete (June 1979).

C. ELEMENTARY EDUCATION

Women Teachers' Quarters.—Mention was made in paragraph 6.3.1. C. b. of the Report of the Comptroller and Auditor General of India for the year 1977-78 of the quarters for women teachers remaining unoccupied for a long time. Subsequent test check in audit conducted in 1978-79 in 11 panchayat union councils disclosed that 27 quarters remained unoccupied for periods ranging from 1 to 15 years (*vide* details in Appendix XIII). Excepting 2 or 3 quarters which are either under repair or in a dilapidated condition, reasons for the non-occupancy of the remaining quarters are not stated.

D. OTHER WORKS

Rural Art, Craft and Industries Programme.—From 1962, the implementation of schemes relating to Rural Arts, Crafts and Industries Programmes has been entrusted to panchayat unions subject to technical advice and supervision by the State Khadi and Village Industries Board. Certain items of expenditure such as pay and allowances of staff, rent of buildings, contingencies and cost of electric energy were to be borne by Government, while running expenses of the units were to be met by panchayat union councils. Assistance by Government for these schemes was being routed through the State Khadi and Village Industries Board.

Towards the end of 1973-74, there were 165 such industrial units besides 93 tailoring units under the various panchayat union councils in the State.

Up to 1974-75, on an average, about Rs. 15.00 lakhs per year were being paid by the State Government to the Khadi and Village Industries Board, which, in turn, reimbursed the expenses incurred by panchayat union councils. In 1974-75, the State Government released only Rs. 5.00 lakhs. From 1975-76, no funds were given to the Khadi and Village Industries Board. In June 1976, the Khadi Board informed Government that some panchayat unions had decided to close down the units and some others were reluctant to continue the units as maintenance of units had been a drain on their resources. The Board further informed Government that as at 31st March 1976, a sum of Rs. 24.46 lakhs was pending reimbursement to panchayat unions for 1975-76 and earlier years and sought Government's orders whether the Board could sanction continuance or expansion of the units.

At the instance of Government, the Director of Rural Development conducted a review of the running of the units in all the panchayat unions and recommended to Government (September 1977) closure of 51 uneconomic units (34 industrial units, 13 tailoring units and 4 special units) out of a total of 198 units working then.

The 51 units recommended for closure as a result of review made by the Department were still being continued, incurring an expenditure of Rs. 2.22 lakhs per annum.

The poor functioning of the units was attributed by the Directorate to the following factors :—

(a) Starting the units without reference to the suitability of location and availability of raw materials and market for finished goods;

(b) Inadequate technical supervision and control;

(c) Frequent transfer and control of supervision of the units from one agency to another;

(d) Insecurity and instability of service conditions of personnel running the units resulting in frustration among them;

(e) Lack of administrative control and co-ordination among the various agencies.

To sum up,

(i) An unproductive expenditure of Rs. 2.20 lakhs per annum is being incurred on 51 industrial and tailoring units which were recommended for closure as uneconomic units in September 1977.

(ii) For the years 1974-75 to 1976-77, Rs. 46.95 lakhs were due for reimbursement to all the panchayat union councils in the State towards expenditure on running the industrial and other units and this caused considerable financial strain on their resources. This amount is yet to be reimbursed.

E. MISCELLANEOUS

(i) *Irregular investments*.—According to the provisions of the Manual of Instructions for the maintenance of Accounts, panchayat unions should maintain a single banking account for the various funds administered by them at the Sub Treasury of the Taluk in which the panchayat union is situated. The provisions of the Manual *ibid* prohibit the panchayat union councils from withdrawing any fund from the treasury without specific sanction from Government for any investment outside the Government account.

It was seen in audit that, in contravention of these provisions, Panchayat Union, Vasudevanallur (Tirunelveli District) withdrew Rs. 35,000 in September 1977 from out of its General Funds and invested the amount with the Tirunelveli Co-operative Central Bank without any specific purpose and without obtaining orders of Government. The irregular investment was brought to the notice of the department (April 1979).

A further review (August 1979) in audit disclosed that 11 other panchayat unions in Tirunelveli District had made similar investments between April 1977 and October 1978 with 7 banks for Rs. 16.60 lakhs (Co-operative Bank; Rs. 7.10 lakhs; other private banks: Rs. 5.50 lakhs and nationalised banks: Rs. 4.00 lakhs).

The department stated (October 1979) that investments in Tirunelveli Co-operative Central Bank were made to enable it to avail more credit facilities from Reserve Bank of India, as the recovery of loans from the member ryots was very meagre. It may be mentioned that it is not the responsibility of the panchayat union to render such financial assistance to the Co-operative Bank.

(ii) *Defalcation of Panchayat Union Funds.*—In the carpentry and blacksmithy unit of Sankarapuram Panchayat Union Council which started functioning from 1965-66, there was a cumulative loss to the tune of Rs. 1.08 lakhs till 1974-75. The loss was attributed to shortages in stock (Rs. 0.55 lakh) and fictitious credit sales (Rs. 0.53 lakh) for which acknowledgements of the parties who received the articles were not available. Physical verification of stock was conducted only twice in March 1971 and August 1974. A criminal case has been registered against the carpentry Instructor and Assistant (1975). Report on the action taken to recover the loss is awaited (September 1979).

(iii) *Contribution for the Midday Meals Programme.*—Under this Scheme, food is prepared either in the central kitchens run by the Education Department or in the school premises under the supervision of teachers and one third of the strength of pupils in Standards I to VIII of the elementary schools in each Revenue district are fed. The financing pattern approved by Government (October 1974) envisaged that Government grant shall be paid at the rate of 10 paise per pupil per day for 200 days in an academic year and the local bodies, viz., panchayat unions or panchayats should contribute a minimum of 5 paise per pupil per day for 200 days.

A test check of the accounts of 32 panchayat unions disclosed that at the end of 1978-79, contribution towards this programme to the extent of Rs. 35.00 lakhs (approximately) for the period 1974-75 to 1978-79 remained to be paid by them. Some unions (12) stated that due to paucity of funds, they could not pay their contribution.

(iv) *Rock Blasting Units.*—In October 1974, Government (Rural Development and Local Administration Department) ordered that 10 Rock Blasting Units purchased from Government grants and available with the panchayat unions in Coimbatore District, be transferred to the Directorate of Agriculture on payment by book adjustment of the written down value on the date of transfer of those units. Panchayat unions in other districts where Rock Blasting Units were lying idle

were also permitted to transfer them to the Agriculture Department. However, three panchayat unions in Coimbatore District and five unions in North Arcot District chose to retain the Rock Blasting Units available with them (cost: Rs. 2.35 lakhs), stating that there was frequent demand for them from ryots. A review by Audit (August 1978 and October 1978) disclosed that these had not been used in 1977-78 and 1978-79 (*vide* details in Appendix XIV).

In respect of the three units in Coimbatore District, the department stated (September 1979) that it was not profitable to maintain them and that they should be transferred to the Agriculture Department. Regarding the five units in North Arcot District, department's reply is awaited (October 1979).

(v) *Purchase of jeep*.—Government ordered (July 1977) that the expenditure on the purchase of new jeeps for panchayat unions shall be shared between Government and panchayat union councils, the rate of Government's share being based on the fiscal classification of the panchayat unions. During 1977-78, two panchayat unions (Sholavaram and Villivakkam) purchased two jeeps and the entire cost of jeeps was reimbursed from Government resulting in excess drawal of Government's share of the cost to the tune of Rs. 0.32 lakh.

(vi) *Issue of cement on credit*.—According to the Manual of Instructions for the maintenance of the accounts of the panchayat unions, cement should be supplied to contractors for use in works only on prepayment of cost. A test check of the accounts of twenty five panchayat unions disclosed that cement was issued during 1973-74 to 1978-79 on credit basis resulting in Rs. 3.49 lakhs pending recovery from the contractors.

F. GENERAL

Common types of irregularities noticed in the audit of panchayat union councils are mentioned in Appendix XV.

The points mentioned above were reported to Government between July 1979 and November 1979; their reply is awaited (March 1980).

SECTION II

6.6. Grants or loans for specific purposes.

Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, prescribes that where a grant or loan is given from the Consolidated Fund for any specific purpose, the Comptroller and Auditor General shall scrutinise the procedure by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which such grants or loans were given. Important points noticed as a result of the scrutiny conducted under Section 15 of the Act are given in the succeeding paragraphs.

CO-OPERATION DEPARTMENT

6.7. Loans and grants sanctioned/regulated by the Registrar of Co-operative Societies

The Registrar of Co-operative Societies sanctions/regulates loans and grants to Co-operative institutions in the State. The points noticed during a scrutiny under Section 15(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, of the sanctions issued and accounts maintained by the Registrar of Co-operative Societies for the year 1977-78 are indicated below:—

<i>Serial number</i>	<i>Name of the institution</i>	<i>Amount and month of sanction</i>	<i>Remarks</i>
(1)	(2)	(3)	(4)
		(in lakhs of rupees)	
1.	Co-operative Central Banks	12.50 (February 1978)	Assistance was given to 12 banks for the construction of office buildings with strong room facilities for 25 branches at Rs. 50,000 each (Rs. 37,500 loan and Rs. 12,500 subsidy) to run jewel loan business. The cost of site was to be met by the banks, in addition to cost of construction in excess of Rs. 50,000. The loans and grants were paid in March 1978. Government did not stipulate the time-limit for completion of building.

Serial number	Name of the institution	Amount and month of sanction	Remarks
(1)	(2)	(3)	(4)
		(in lakhs of rupees)	Out of 25 buildings, 5 buildings were completed and 13 buildings were under various stages of construction. In the case of remaining 7 buildings, work was yet to be taken up. Assistance of Rs. 3.50 lakhs in respect of the 7 buildings remained unutilised (February 1980).
2.	Co-operative Credit Societies	4.7 (February-March 1978).	Loan of Rs. 10,000 was paid to each of 47 societies for construction of buildings for shops for storing and distributing consumer goods under Rural Consumers' Scheme. The cost of site as well as expenditure in excess of Rs. 10,000 was to be met by the societies. The sanction did not specify the time-limit for construction of building. Construction was completed in 40 cases, work was in progress in 2 cases, and work was yet to be commenced in the remaining 5 cases (January 1980). The loan of Rs. 0.50 lakh remained unutilised.
3.	District Co-operative Supply and Marketing Societies	7.5 (November 1977).	Loan of Rs. 6.25 lakhs and subsidy of Rs. 1.25 lakhs were paid to eight societies for construction of 10 godowns at Rs.75,000 per godown. The sanction did not specify the time for completion of construction. Up to January 1980, 6 godowns had been completed and 3 godowns were in progress. Work on one godown was not taken up as the site was not available. The department required (April 1978) the society to refund the loan of Rs.62,500; the loan was yet to be refunded (January 1980).

The points mentioned above were reported to Government in September 1979; Government accepted (March 1980) the facts.

INDUSTRIES DEPARTMENT

6.8. Loans and Grants sanctioned/regulated by the Director of Handlooms and Textiles

6.8.1. The Director of Handlooms and Textiles sanctions/regulates loans and grants to Weavers Co-operative Societies and financing institutions for the development of handloom industry. The points noticed during the scrutiny of the sanctions and accounts of the Director of Handlooms and Textiles for 1977-78 under Section 15(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, are indicated below:—

6.8.2. *Subsidy to meet losses sustained by Co-operative Central Banks.*—Under the scheme of guarantee to reimburse the losses sustained by co-operative central banks on working capital loans granted to the weavers co-operative societies, the State Government have been reimbursing to the co-operative central banks the losses arising out of non-recovery of working capital loans advanced by these banks to the extent of 40 per cent. The assistance from Government is limited to a ceiling of 5 per cent of the total funds disbursed to the handloom industry by the co-operative central banks.

Government sanctioned Rs. 2.84 lakhs (March 1977) and Rs. 1.04 lakhs (March 1978) as subsidies to the Tirunelveli Co-operative Central Bank. This included Rs. 2.19 lakhs (Rs. 1.19 lakhs in March 1977 and Rs. 1.00 lakh in March 1978) sanctioned in respect of loans disbursed by the bank to weavers co-operative societies in Tirunelveli District during 1969-70. The total working capital loans disbursed to weavers co-operative societies by the bank during 1969-70 was Rs. 20.17 lakhs and the maximum Government subsidy should have been limited to 5 per cent of this amount, viz., Rs. 1.008 lakhs. By not limiting the subsidy to this amount, there was an excess payment of subsidy of Rs. 1.182 lakhs (Rs. 0.182 lakh paid in March 1977; Rs. 1.00 lakh paid in March 1978).

The matter was reported to Government in September 1979 and October 1979; their reply is awaited (March 1980).

SECTION III

6.9. Tamil Nadu Water Supply and Drainage Board

The audit of the accounts of the Tamil Nadu Water Supply and Drainage Board formed in April 1971 has been entrusted to the Comptroller and Auditor General under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The value of assets and liabilities at the time of formation of the Board was decided by Government in July 1978 and the accounts of the Board for 1971-72 received in September 1978 were certified in April 1979. The accounts for the period 1972-73 to 1977-78 are yet to be approved by the Board and made available to Audit for certification (October 1979).

CHAPTER VII

COMMERCIAL ACTIVITIES

7. There were nine departmentally managed Government commercial and *quasi*-commercial undertakings in the State on 31st March 1979. The results of working of these undertakings are ascertained annually by preparing *pro forma* accounts outside the general accounts of Government. A synoptic statement showing the summarised financial results of the undertakings based on the latest available *pro forma* accounts is given in Appendix XVI.

Details of undertakings whose *pro forma* accounts are in arrears (November 1979) are given in Appendix XVII. *Proforma* accounts of the Scheme for the purchase and distribution of chemical fertilisers, Madras and Government Cinchona Department, Ootacamund were in arrears from 1977-78 and those of Carpentry and Blacksmithy Unit, Arkonam from 1973-74 and Motor Vehicles Maintenance Organisation from 1974-75.

Five departmentally managed commercial and *quasi*-commercial undertakings ceased to run as such due to transfer to other Government Companies, two from January 1974, two from July 1974 and one from September 1975; the *pro forma* accounts of these undertakings prior to the date of their transfer have not so far been finalised (November 1979).

The delay in finalising the accounts was brought to the notice of Government periodically. The departments have neither finalised the accounts nor furnished reasons for the delay.

CHAPTER VIII

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

8.1. Outstanding audit observations

(a) Audit observations on financial transactions of Government are reported to the departmental authorities concerned so that appropriate action is taken to rectify the defects and omissions. Half-yearly reports of such observations outstanding for more than six months are also forwarded to Government to expedite their settlement.

The following table shows the number of audit observations issued up to the end of March 1979 and outstanding at the end of September 1979 as compared with the corresponding position indicated in two preceding reports.

	<i>As at the end of Septem- ber 1977</i>	<i>As at the end of Septem- ber 1978</i>	<i>As at the end of Septem- ber 1979</i>
(1)	(2)	(3)	(4)
Number of observations	52,172	58,049	71,486
Amount involved (in crores of rupees)	55.65	79.68	90.62

The increase at the end of September 1979 compared to the previous year's balance is mainly due to more amounts held under observation in respect of Health and Family Welfare, Co-operation and Home Departments.

(b) The following departments have comparatively heavy outstanding observations :—

<i>Serial number and department (1)</i>	<i>Number (2)</i>	<i>Amount (3) (in lakhs of rupees)</i>
1. Health and Family Welfare	14,227	17,07.24
2. Public Works	7,277	12,67.10
3. Co-operation	499	10,59.26
4. Home	8,156	8,96.25
5. Industries	1,655	8,32.09
6. Revenue	2,073	4,94.37
7. Social Welfare	2,741	4,92.76
8. Transport	1,515	4,50.98
9. Agriculture	3,066	3,97.14
10. Public	7,011	3,39.91

(c) The following are some of the major reasons for which audit observations have remained outstanding :—

<i>Serial number and nature of obser- vations</i>	<i>Number</i>	<i>Amount</i>
(1)	(2)	(3)
		(in lakhs of rupees)
1. Payees' receipts not received	51,595	68,55.22
2. Detailed bills for lump sum drawals not received	6,418	5,58.85
3. Sanction for reserve limit of stock not received ..	28	1,11.12
4. Sanctions for miscellaneous and contingent expenditure not received	1,578	1,08.87

(d) (i) A major portion (76 per cent) of the total outstandings is due to non-submission of payees' receipts. The departments with comparatively heavy outstandings on this account were :—

<i>Department</i>	<i>Number</i>	<i>Amount</i>
(1)	(2)	(3)
		(in lakhs of rupees)
1. Health and Family Welfare	10,300	15,10.72
2. Co-operation	468	10,58.92
3. Industries	1,294	6,81.67
4. Public Works	6,365	6,54.41
5. Home	5,673	5,77.80
6. Transport	1,416	4,49.34
7. Social Welfare	2,365	4,09.87
8. Agriculture	2,385	3,26.21
9. Food	1,539	3,16.44
10. Public	5,000	2,44.36

(ii) Year-wise details of wanting payees' receipts are given below :—

(1)								<i>Number of items</i>	<i>Amount</i>
								(2)	(in lakhs of rupees) (3)
1975—76 and earlier years.	..	..	..	..	..	..	..	13,395	11,11.40
1976-77	..	..	..	..	..	..	..	6,296	6,81.08
1977-78	..	..	..	..	..	..	..	12,055	10,15.50
1978-79	..	..	..	..	..	..	..	19,849	40,47.24
							Total	51,595	68,55.22

In the absence of payees' receipts, it is not possible for Audit to satisfy itself whether all the amounts had been actually paid to the proper recipients.

(e) The facility of drawing lump sum advances by the disbursing officers is intended to expedite payment in certain cases but these are to be followed by detailed bills and vouchers (containing all particulars of expenditure with supporting documents) as soon as possible to Audit Officer. In the absence of detailed bills and vouchers, it is not possible for Audit to know whether the amount has been spent on the purpose or purposes for which the advances were drawn. Rupees 5,58.85 lakhs are held under observation as detailed bills have not been received in the Audit Office. Year-wise details of the outstanding advances are given below :—

(1)								<i>Number of items</i>	<i>Amount</i>
								(2)	(in lakhs of rupees) (3)
1975-76 and earlier years	..	..	..	..	..	..	..	2,048	1,92.62
1976-77	..	..	..	..	..	..	..	945	1,08.71
1977-78	..	..	..	..	..	..	..	1,609	1,12.47
1978-79	..	..	..	..	..	..	..	1,816	1,45.65
							Total	6,418	5,58.85

The departments with comparatively heavy outstandings are mentioned below :—

<i>Department</i>	<i>Amount</i> (in lakhs of rupees)
1. Home	2,59.29
2. Health and Family Welfare	1,12.76
3. Public	93.35
4. Agriculture	42.81
5. Education	20.43

(f) Vouchers for Rs. 45.01 lakhs had not been received in audit ; year-wise details are given below :—

<i>(1)</i>	<i>Number of items</i>	<i>Amount</i> (in lakhs of rupees)
	<i>(2)</i>	<i>(3)</i>
1975-76 and earlier years	717	18.90
1976-77	365	5.86
1977-78	499	6.76
1978-79	323	13.49
Total ..	<u>1,904</u>	<u>45.01</u>

The delay in submission of the documents in proof of payment results in large expenditure escaping audit scrutiny for long and there is likelihood of serious irregularities remaining undetected.

8.2. Outstanding inspection reports

Audit observations on financial irregularities and defects in initial accounts noticed during local audit and not settled on the spot are communicated to heads of offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are reported to the heads of departments and Government. Government have prescribed that first replies to inspection reports should be sent within four weeks.

As at the end of September 1979, 8,772 inspection reports issued up to March 1979 were not settled as shown below (the corresponding figures for the earlier two years have also been indicated for comparative analysis) :—

	<i>As at the end of September 1977</i>		<i>As at the end of September 1978</i>		<i>As at the end of September 1979</i>	
	<i>Number of ins- pection reports not settled</i>	<i>Number of para- graphs</i>	<i>Number of ins- pection reports not settled</i>	<i>Number of para- graphs.</i>	<i>Number of ins- pection reports not settled</i>	<i>Number of para- graphs</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1975-76 and earlier years ..	6,298	26,187	5,406	20,043	3,731	13,087
• 1976-77 ..	2,086	18,658	1,853	13,902	1,535	8,994
1977-78 ..	..	..	1,993	16,110	1,569	10,405
1978-79 ..	..	..	..	..	1,937	14,566
Total ..	8,384	44,845	9,252	50,055	8,772	47,052

Department-wise analysis of the outstandings is given in Appendix XVIII.

Some of the significant points from the inspection reports of Agriculture, Forests and Fisheries (Forests), Co-operation, Education, Jails (Home) departments are mentioned below :—

AGRICULTURE DEPARTMENT

(i) 3,087 stores transfer bills for a total value of Rs. 73.54 lakhs issued to end of 1977-78 in support of stores transferred to other agricultural depots remained unacknowledged even though such bills were required to be acknowledged within three days.

(ii) Shortages of stock amounting to Rs. 13.55 lakhs noticed during physical verification of stock in 119 agricultural depots relating to the period 1970-71 to 1977-78 remained to be regularised.

(iii) 10.33 tonnes of various seeds stocked in agricultural depots valued at Rs. 0.57 lakh were found unfit for sale due to prolonged storage.

(iv) There was short collection in the sale of agricultural commodities, chemicals, etc., in 525 cases due to adoption of incorrect sale price amounting to Rs. 0.33 lakh which was pending recovery.

(v) Rupees 9.35 lakhs being hire charges for agricultural machinery lent during 1968-69 to 1978-79 were pending recovery from 203 persons.

(vi) An expenditure of Rs. 1.21 lakhs was incurred during the years 1976-77 and 1977-78 on repairs and replacements to Government vehicles in excess of ceiling prescribed by Government.

(vii) Cash security was not obtained from 74 Government servants handling cash/stores.

FORESTS AND FISHERIES DEPARTMENT

Between 1973-74 and 1978-79, 1,052 works (expenditure : Rs. 1,10.82 lakhs) were started in 28 forest divisions without sanction to the estimates, though under the rules, no new work should be started before a proper estimate for it has been prepared and sanctioned by competent authority.

Rupees 2.22 lakhs were spent between 1974-75 and 1978-79 in excess of the sanctioned estimates by more than 10 per cent in 18 divisions on 119 works ; the excess is yet to be regularised (September 1979) : of the excess, an amount of Rs. 1.55 lakhs relating to 22 works is to be regularised by Conservators of Forest.

In respect of 1,799 works completed between 1970-71 and 1978-79, in 24 divisions, completion reports are yet to be furnished to Audit (September 1979).

CO-OPERATION DEPARTMENT

(i) Share capital amounting to Rs. 31.40 lakhs was not retired by 188 co-operative societies at the end of the period prescribed when share capital of the societies exceeded the target fixed in the order sanctioning the share capital assistance.

(ii) Loan amounts of Rs. 4.07 lakhs were pending recovery from 89 societies liquidated/under liquidation.

(iii) Dividends due on Government share capital from societies that have earned profits (214 cases) were not realised.

(iv) Godowns constructed with loan assistance from Government by co-operative societies in 13 cases were not insured and insurance policies in 119 cases were not renewed.

(v) Agreements in respect of loans disbursed to agricultural banks and agricultural credit societies (14 cases) were not executed.

EDUCATION DEPARTMENT

(i) Carry over of unspent balances under special fees account to subsequent year in excess of the permissible limit of 20 per cent was not treated as revenue of the institution for purposes of computing the deficit for 1973-74, 1974-75, 1975-76 and 1976-77 in 11 colleges resulting in payment of excess grant of Rs. 0.36 lakh.

(ii) Diversion of special fees from one head to another in excess of the permissible limit of 10 per cent was not treated as revenue for purposes of reckoning deficit for 1973-74, 1974-75, 1975-76 and 1976-77 in five colleges resulting in payment of excess grant of Rs. 0.36 lakh.

(iii) Release of grant (Rs. 0.36 lakh) in respect of five colleges for 1971-72, 1972-73, 1973-74, 1974-75 and 1976-77 towards employment of staff was not covered by the norms prescribed by the Universities.

JAILS

Of the 223 paragraphs pending as on 30th September 1979, 35 paragraphs relating to the period ended 31st March 1974 still remain to be settled. These fall under the broad categories, (i) defects in finalisation of agreements (7), (ii) defective maintenance/non-maintenance of cash/stores records (8), (iii) non-return of prisoners' properties (7), (iv) issue of rations in excess of prescribed scale (4) and (v) others (9). The scope of correctional action gets minimised because of the long delay in finalising these cases.

Of the total number of reports outstanding at the end of September 1979, 5,647 reports related to civil departments, 2,940 to revenue receipts and 185 to commercial departments. These included 465 inspection reports (464 civil and 1 commercial) for which even first replies had not been received till the end of September 1979. Year-wise and department-wise analysis of the reports for which first replies have not been received is given in Appendix XIX.

Madras,
The

(T. C. KRISHNAN)
Accountant General-I, Tamil Nadu

Countersigned

New Delhi,
The

(GIAN PRAKASH)
Comptroller and Auditor General of India.

APPENDIX I.

(Reference : Paragraph 1.4, Page 7)

REASONS FOR VARIATIONS IN "EXPENDITURE ON REVENUE ACCOUNT" DURING 1978-79 COMPARED TO THE PREVIOUS YEAR

Sector/Sub-Sector	Variation (Increase + Decrease —)			Reasons
	Plan	Non-Plan	Total	
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
A. General Services				
Interest payments and servicing of debts	..	-9.15	-9.15	The decrease was mainly under, "248. Appropriation for reduction or avoidance of debt" (Rs. 17.53 crores) due to the fact that no contribution was made to the Sinking/Depreciation Fund during the year partly offset by increase under "249. Interest payments" (Rs. 8.38 crores) due to payment of more interest on State Provident Funds and Loans and Advances from the Central Government.
Pension and Miscellaneous General Services	..	+4.02	+4.02	The increase is mainly under "266. Pension and Other Retirement Benefits" (Rs. 3.20 crores) due to increase in the rate of pension consequent on the merger of dearness allowance with pay and enhancement of minimum pension with effect from 1st October 1978 and more payment of commuted value of pensions.
B. Social and Community Services	+11.69	+10.19	+21.88	The increase is mainly under, (i) "277. Education" (Rs. 21.40 crores) due to more grants to Panchayat Union Councils, Municipalities, Corporations and Aided

APPENDIX I—contd.

Sector/Sub-Sector (1)	Variation (Increase + Decrease—)			Reasons (5)
	Plan (2)	Non-Plan (3)	Total (4)	
	(in crores of rupees)			
				Schools for primary education, increased expenditure on Secondary Schools, introduction of Higher Secondary Education and increased expenditure on colleges ; (ii) " 282. Public Health, Sanitation and Water Supply " (Rs. 6.38 crores due to more expenditure on Rural (Piped) Water Supply Schemes ; and (iii) " 280. Medical " (Rs. 4.79 crores) due to more expenditure on medical relief and medical education, partly offset by decrease under, (i) " 283. Housing " (Rs. 6.83 crores) due to transfer of expenditure to Urban Development Fund and less assistance to Tamil Nadu Slum Clearance Board, and (ii) " 289. Relief on account of Natural Calamities " (Rs. 8.73 crores) due to less payment of cash doles to people in flood affected areas.
<i>C. Economic Services</i>				
Agriculture and Allied Services	+6.30	+2.93	+9.23	The increase is mainly under, (i) " 306. Minor Irrigation " (Rs. 2.77 crores) due to more expenditure on special repairs to Panchayat Union/Ex-Zamin Tanks in flood affected areas ; and (ii) " 314. Community Development " (Rs. 2.26 crores) due to more expenditure on " Direction and Administration " and " Community Development Programme ".

APPENDIX I—concl.

Variation (Increase +
Decrease—)

Sector Sub-Sector (1)	Variation (Increase + Decrease—)			Reasons (5)
	Plan (2)	Non-Plan (3)	Total (4)	
	(in crores of rupees)			
Transport and Communications	+4.36	-0.26	+4.10	The increase is mainly under, "337. Roads and Bridges" (Rs. 4.73 crores) due to more expenditure on metalling of rural roads and special restoration works on roads necessitated by flood and cyclone in 1977 and more grants to Corporation of Madras and Municipalities for flood relief works.
Water and Power Development	+4.02	-2.01	+2.01	The increase is mainly under, "333. Irrigation, Navigation, Drainage and Flood Control Projects" (Rs. 2.64 crores) due to more expenditure on special restoration works as a result of flood and cyclone in 1977 and 1978.

APPENDIX II

(Reference: Paragraph, 1.5, Page 10)

REASONS FOR VARIATIONS IN CAPITAL EXPENDITURE
DURING 1978-79 COMPARED TO PREVIOUS YEAR

Sector	Variation (Increase+ Decrease—)			Reasons
	Plan	Non-Plan	Total	
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
(1) General Economic Services	+4.84	+2.83	+7.67	Mainly due to increased investments (Rs. 4.84 crores) in "Consumer Co-operatives", "Handloom Weavers' Co-operative Societies", "Tamil Nadu Co-operative Housing Society" and less redemption of share capital (Rs. 2.83 crores) under "498. Capital Outlay on Co-operation".
(2) Agriculture and Allied Services	-4.87	+2.99	-1.88	Mainly due to (i) less expenditure under "509. Capital Outlay on Food" (Rs. -4.87 crores) as there were no investments in Tamil Nadu Civil Supplies Corporation and no expenditure was incurred under "Procurement and Supply" during the year, (ii) more expenditure under "505. Capital Outlay on Agriculture" due to less recoveries on purchase and distribution of chemical fertilisers partly offset by less expenditure under "511. Capital Outlay on Dairy Development" due to more recoveries (Rs. +2.99 crores).

APPENDIX II—concl'd.

Sector	Variation (Increase + Decrease —)			Reasons
	Plan	Non-Plan	Total	
(1)	(2)	(3)	(4)	(5)
	(in crores of rupees)			
(3) Industry and Minerals	+2.66	-0.06	+2.60	<p>Mainly due to more investment in (i) Industries Promotion Corporation of Tamil Nadu (520. Capital Outlay on Industrial Research and Development);</p> <p>(ii) Tamil Nadu Sugar Corporation (526. Capital Outlay on Consumer Industries); and</p> <p>(iii) Tamil Nadu Industrial Investment Corporation (530. Investments in Industrial Financial Institutions).</p>
(4) Water and Power Development	-0.54	+1.92	+1.38	Mainly due to more expenditure under "533. Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects".
(5) Transport and Communications	+3.13	+3.51	+6.64	Mainly due to investment of Rs. 3.00 crores in Poompuhar Shipping Corporation during 1978-79 (535. Capital Outlay on Ports, Light-house and Shipping) and less expenditure under "538. Capital Outlay on Road and Water Transport Services" in 1977-78 owing to more recoveries consequent on the adjustment of the value of assets transferred to the Transport Corporations.

APPENDIX III

(Reference : Paragraph 1.6, page 14)

IRREGULARITIES IN THE UTILISATION OF LOANS REPORTED BY
THE EXAMINER OF LOCAL FUND ACCOUNTS

Municipal Councils and Municipal Township Committees.—Out of Rs. 66.97 lakhs paid as loans to municipal councils and municipal township committees (156 cases) during 1976-77 and earlier years for execution of flood and cyclone relief works, drought relief schemes, dustless surfacing of roads, town planning schemes, etc., Rs. 43.00 lakhs remained unutilised at the end of 1977-78. In 65 cases, the entire amount of loan (Rs. 22.27 lakhs) remained unutilised. In 40 cases, the extent of utilisation was less than 50 per cent (unutilised loan : Rs. 15.47 lakhs).

Town Panchayats.—Out of Rs. 22.65 lakhs paid as loan in 24 cases during 1976-77 and earlier years for construction and improvement of bus stands, stalls, dhobikhanas, sweepers' quarters, compost yards and for town planning schemes, Rs. 11.81 lakhs remained unutilised at the end of March 1978. In 13 cases (Rs. 6.19 lakhs), the loans remained entirely unutilised ; in one case, the extent of utilisation was less than 50 per cent (unutilised loan : Rs. 0.38 lakh).

Panchayat Union Councils.—Out of Rs. 1.18 lakhs paid as loan to four panchayat union councils during 1969-70, 1975-76 and 1976-77 for sinking of community bore wells, construction of market stalls and blacksmithy unit buildings and relief to farmers affected by dust storm, a sum of Rs. 0.63 lakh remained unutilised as on 31st March 1978.

APPENDIX IV

(Reference : Paragraph 2.4, Page 32)

GRANTS/CHARGED APPROPRIATIONS IN WHICH SAVINGS (MORE THAN Rs. 25.00 LAKHS IN EACH CASE) EXCEEDED 10 PER CENT OF THE TOTAL GRANT/CHARGED APPROPRIATIONS

<i>Serial number</i>	<i>Number and name of grant</i>	<i>Total provision</i>	<i>Expenditure</i>	<i>Saving</i>	<i>Percentage</i>
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
<i>Voted—</i>					
1.	27. Khadi	1,90.56	1,59.79	30.77	16
2.	33. Housing	8,79.28	7,62.78	1,16.50	13
3.	34. Urban Development ..	12,15.69	10,73.86	1,41.83	12
4.	40. Road Transport Services and Shipping	2,13.55	1,04.05	1,09.50	51
5.	43. Miscellaneous ..	52,35.65	24,86.63	27,49.02	53
6.	50. Capital Outlay on Agriculture	11,99.96	92.26	11,07.70	92
7.	52. Capital Outlay on Irrigation	29,46.86	19,42.86	10,04.00	34
8.	53. Capital Outlay on Public Works—Buildings	8,40.62	5,77.12	2,63.50	31
9.	54. Capital Outlay on Roads and Bridges	8,19.71	5,07.88	3,11.83	38
10.	57. Miscellaneous Capital Outlay	26,17.67	19,74.41	6,43.26	25
<i>Charged—</i>					
1.	Debt Charges	69,85.05	61,65.17	8,19.92	12
2.	42. Pensions and Other Retirement Benefits	68.00	8.90	59.16	87
3.	Public Debt—Repayment	1,86,08.87	1,32,14.73	53,94.14	29

APPENDIX V

(Reference : Paragraph 3.14, Page 80)

CASES OF MISAPPROPRIATION PENDING FINALISATION AS ON
30TH SEPTEMBER 1979

(i) Department-wise analysis—

<i>Department</i>	<i>Number of cases</i>	<i>Amount</i>
(1)	(2)	(3)
		(in lakhs of rupees)
1. Agriculture	21	6.21
2. Commercial Taxes and Religious Endowments	11	0.60
3. Education	5	10.40
4. Finance	6	0.60
5. Food	1	1.21
6. Forests and Fisheries	4	1.24
7. Health and Family Welfare	28	4.07
8. Home	5	2.55
9. Industries	2	0.21
10. Labour and Employment	1	0.06
11. Public	4	1.21
12. Revenue	351	19.21
13. Rural Development and Local Administration	7	1.73
14. Transport	9	0.90
Total ..	455	50.20

APPENDIX V—concl'd.

(ii) Year-wise analysis—

Year	<i>Amount misappropriated has been recovered but departmental action, etc., pending</i>		<i>Pending for other reasons.</i>	
	<i>Number of cases</i>	<i>Amount (in lakhs of rupees)</i>	<i>Number of cases</i>	<i>Amount (in lakhs of rupees)</i>
(1)	(2)	(3)	(4)	(5)
1974—75 and earlier years ..	20	0.81	219	27.79(a)
1975—76	3	0.49	42	6.58(a)
1976—77 .. .. .	..	..	51	4.57
1977—78 .. .. .	..	..	49	3.23
1978—79 .. .. .	..	..	71	6.73
Total ..	23	1.30	432	48.90

(a) Excess over the amount shown in the Report for the year 1977-78 is due to increase in the amount of misappropriation on final assessment by the department.

APPENDIX VI

(Reference: Paragraph 3.14, Page 80)

CASES OF SHORTAGES AND THEFT OF STORES, DAMAGES TO PROPERTIES, ETC., PENDING FINALISATION AS ON 30TH SEPTEMBER 1979

(i) Department-wise analysis—

Department	Number of cases	Amount (in lakhs of rupees)
(1)	(2)	(3)
1. Agriculture	511	30.57
2. Education	8	0.43
3. Finance	2	0.08
4. Forests and Fisheries	13	6.65
5. Health and Family Welfare	34	2.57
6. Home	7	2.57
7. Industries	4	0.24
8. Labour and Employment	2	0.10
9. Public	1	9.84
10. Public Works	1,513	2,49.11
11. Revenue	8	0.37
12. Rural Development and Local Administration ..	3	0.45
13. Social Welfare	1	0.02
14. Transport	59	8.74
Total ..	2,166	3,11.74

APPENDIX VI—concl.

(ii) Year-wise analysis—

Year	Year				Number of cases (2)	Amount (3) (in lakhs of rupees)
	(1)	(2)	(3)	(4)		
1974—75 and earlier years	232	24.99
1975—76	116	6.84@
1976—77	111	12.09@
1977—78	115	9.65
1978—79	1,592	2,58,17
Total					2,166	3,11.74

@ Excess over the amount shown in the Report for the year 1977-78 is due to increase in the value of shortages/loss on final assessment by the department.

APPENDIX VII

(Reference : Paragraph 3.15, Page 80)

STATEMENT SHOWING LOSSES, WRITES-OFF, ETC.

In 1,322 cases, Rs. 4,78.46 lakhs representing mainly losses due to theft, fire, etc., irrecoverable advances, etc., were written-off/waived or ex-gratia payments made during 1978-79 by competent authorities. The details are as follows :—

Department	Writes-off of losses, irrecoverable advances, etc.		Waiver of recovery		Ex-gratia payment	
	Number	Amount	Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)
		RS.		RS.		RS.
Agriculture	405	8,28,036	..	..	6	1,14,250
Commercial Taxes and Religious Endowments Co-operation	2	36,216	1	574	..	..
	1	244	4	8,301	..	..
Education	17	1,09,395	546	6,86,501	..	..
Finance	4	1,26,002	..	..	..	..
Food	16	1,15,246	..	..	..	..
Forests and Fisheries ..	35	4,13,151	1	51,610	..	..
Health and Family Welfare ..	41	1,71,252	2	51,323	2	1,01,000
Home	62	70,520	7	17,637	..	..
Housing and Urban Development ..	3	1,603	1	4,39,17,719@	..	..
Industries	10	18,334	5	57,404	..	..
Labour and Employment	8	6,871	..	..	..	..
Personal and Administrative Reforms	..	..	1	8,432	..	..
Public	3	19,303	3	12,720	..	..
Public Works	26	3,45,057	1	1,467	..	..
Revenue	17	56,931	3	941	..	..

@ Consequent on the decision of the Government to convert the loan of Rs. 7,76.20 lakhs outstanding on 1st April 1975 into grant over a period of 7 years commencing from 1977-78, the interest payable by the Tamil Nadu Slum Clearance Board on the loan will be waived if it is converted in full as grant was waived by Government (November 1978).

APPENDIX VII—concl'd.

Department	Writes-off of losses, irrecoverable advances etc.		Waiver of recovery		Ex-gratia payment		
	Num-ber	Amount	Num-ber	Amount	Num-ber	Amount	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		RS.		RS.		RS.	
Rural Development and Local Administration	1	32,292*	2	1,877	..	..
Social Welfare	4	2,731	3	836	..	..
Transport	78	4,60,087	1	129	..	..
Total ..	733	28,13,271	581	4,48,17,471	8	2,15,250	

* Details of this case are given below:—

Six thousand nine hundred and seventy five phials of indelible ink purchased (April 1974) by the Director of Stationery and Printing in connection with the conduct of Municipal Elections remained unutilised, as the elections were postponed. Fresh orders for the supply of indelible ink required for the elections to Lok Sabha in March 1977 and for Assembly in June 1977 were placed by Government directly on the same firm without reference to the Director of Stationery and Printing regarding availability of stock with him.

The National Physical Laboratory which was consulted (September 1977) regarding the quality of ink purchased in 1974 and its fitness for use, reported that the ink should be used within 2 months (i.e. before November 1977). As the ink could not be used by November 1977, the entire stock was destroyed and the cost (Rs.32,292) written-off by Government (July 1978).

APPENDIX VIII

(Reference: Paragraph 4.1.4, Page 83)

EXTRA EXPENDITURE DUE TO CHANGE IN SITE AND TYPE OF HEAD WORKS

	<i>Amount</i> (in lakhs rupees)
Cost of collector well and pumphouse ..	17.44
Cost of pumpsets and accessories ..	5.28
Cost of foot bridge	2.19
Cost of 600 mm. C.I. main across Coleroon	5.74
	<hr/>
Total ..	30.65
	<hr/>
<i>Less</i>	
Cost of infiltration gallery and pumpsets (as per estimate)	10.31
Cost of 2,100 metres of R.C.C. pumping main (as per estimate)	3.39
Extra expenditure	16.95*

*This would be at least Rs.10.00 lakhs if escalation of 50 per cent in estimated cost is assumed for the infiltration gallery and R.C.C. pumping main.

APPENDIX IX

(Reference : Paragraph 6.3, Page 118)

UTILISATION CERTIFICATES FOR GRANTS PAID UP TO 30TH SEPTEMBER 1977 AND OUTSTANDING AS ON 30TH SEPTEMBER 1979

Department	Year of grant	Due		Received		Outstanding	
		Num-ber	Amount	Number	Amount	Num-ber	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(amounts in lakhs of rupees)							
Agriculture ..	1972—73	1	0.01	1	0.01	..	..
Co-operation	1973—74 and earlier years	156	5,52.02	155	5,47.40	1	4.62
	1974—75	12	74.27	11	65.75	1	8.52
	1975—76	3	21.12	2	15.65	1	5.47
	1976—77	2	17.39	1	2.16	1	15.23
	1977—78 (up to September 1977)	1	3.28	..	..	1	3.28
Commercial Taxes and Religious Endowments	1974—75	5	20.04	5	20.04	..	..
	1975—76	2	1.50	2	1.50	..	..
	1976—77	4	11.02	4	11.02	..	..
Education ..	1973—74 and earlier years	69	60.32	69	60.32	..	..
	1974—75	35	95.89	30	65.89	5	30.00
	1975—76	10	27.51	9	17.51	1	10.00
	1976—77	11	12.08	5	10.52	6	1.56
	1977—78 (up to September 1977)	2	3.01	..	..	2	3.01

APPENDIX IX—*contd.*

Department	Year of grant	Due		Received		Outstanding	
		Number	Amount	Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(amounts in lakhs of rupees)							
Health and Family Welfare	1973—74 and earlier years	97	26.94	96	26.89	1	0.05
	1974—75	32	11.08	31	10.28	1	0.80
	1975—76	5	2.05	3	1.94	2	0.11
	1976—77	7	0.39	5	0.32	2	0.07
	1977—78 (up to September 1977)	10	1.03	..	..	10	1.03
Home	.. 1974—75	23	2.04	23	2.04	..	..
	1977—78 (up to September 1977)	3	0.12	..	..	3	0.12
Housing and Urban Development	1977—78 (up to September 1977)	1	10.00	..	..	1	10.00
Industries	.. 1973—74 and earlier years	34	3.72	28	2.52	6	1.20
	1975—76	24	1,26.47	23	1,26.45	1	0.02
	1976—77	5	1,03.75	4	33.75	1	70.00
	1977—78 (up to September 1977)	7	82.45	..	..	7	82.45
Labour and Employment	1975—76	13	0.72	13	0.72	..	..
Law	1973—74 and earlier years	3	0.11	3	0.11	..	..

APPENDIX IX—concl'd.

Department	Year of grant	Due		Received		Outstanding	
		Number	Amount	Number	Amount	Number	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				(amounts in lakhs of rupees)			
	1974—75	3	0.26	3	0.26	..	..
	1975—76	2	0.11	2	0.11	..	..
	1977—78 (up to September 1977)	1	1.00	..	..	1	1.00
Public	.. 1973—74 and earlier years	5	5.41	5	5.41	..	..
	1974—75	6	0.15	6	0.15	..	..
Public Works	1974—75	3	16.43	3	16.43	..	..
	1976—77	4	21.98	4	21.98	..	..
	1977—78 (up to September 1977)	2	1.10	..	..	2	1.10
Revenue	.. 1973—74	1	1.00	1	1.00	..	..
	1974—75	3	0.02	3	0.02	..	..
Rural Development and Local Administration	1973—74 and earlier years	53	31.46	53	31.46	..	..
Social Welfare	1973—74 and earlier years	27	1.85	23	1.75	4	0.10
	1974—75	16	2.68	10	1.98	6	0.70
	1975—76	58*	2.32*	55	1.55	3	0.77
	1976—77	17	0.82	16	0.72	1	0.10
Total	..	778	13,56.92	707	11,05.61	71	2,51.31

* Differs from the figure shown in the Report for the year 1977—78 due to adoption of correct figure after recheck.

APPENDIX X

(Reference : Paragraph 6.5, Page 12)

LIST OF SCHOOL BUILDING WORKS PENDING COMPLETION

Serial number and name of panchayat union council	Number of buildings pending completion	Year of commencement of work	Government grant drawn	Year of drawal	Total expenditure incurred
(1)	(2)	(3)	(4) RS.	(5)	(6) RS.
1. Thally	1	1977-78	5,008	1977-78	7,270
(Dharmapuri)					
2. Kanai (South Arcot) ..	1	1975-76	4,204	February 1976 and January 1978	8,064
3. Rishivandiyam	2				
Jabadai		August 1973	4,176	March 1974 and March 1975	8,440
Keelpandy		1972-73	1,914	March 1973 and October 1973	3,948
4. Vilathikulam	1	September 1973	3,016	1973-74	6,148
5. Arani	1	1977-78	4,514	1977-78	13,182
6. Tiruvellore	1	September 1974	14,000	September 1975 and March 1976	20,000
7. Tiruthani	1	January 1974	5,051	March 1975	7,677
8. Uthiramerur	2				
Annadur		1973-74	3,829	1974-75	9,645
Murukkeri		November 1976	8,170	1977-78	20,300
9. Peranambet	1	December 1971	6,214	1974-75	12,816
10. Panruti	4	February 1974	32,000	..	69,547
11. Ilayangudi	3				
Uthamanur		March 1977	6,344	..	9,063
South Kottaiyur		March 1977	6,767	..	9,653
Vadakku Viswanur		March 1977	4,958	..	10,244
12. Puzhal	1	March 1973	1,460	1973-74	2,920
13. Tiruppullani	5	March 1974	45,147	..	72,356
		(all works)			
14. Mandapam	2				
Sembai		May 1978	15,093	1978-79	18,837
Kattuppilliar koil		August 1978	9,231	1978-79	11,837

APPENDIX XI

(Reference : Paragraph 6.5, Page 120)

LIST OF GROUND LEVEL RESERVOIRS NOT COMMISSIONED/COMPLETED

<i>Serial number and name of panchayat union council</i>	<i>Number of GLRs not commissioned</i>	<i>Year of completion of civil works</i>	<i>Government grant drawn</i>	<i>Year of drawal</i>	<i>Total expenditure</i>
(1)	(2)	(3)	(4) RS.	(5)	(6) RS.
1. Thally	1	..	11,137	..	17,216
2. Sular	1	October 1977	6,830	March 1973 and June 1973.	8,648
3. Kalayarkoil ..	1	March 1978	8,304	1975-76 to 1977-78	11,071
4. Uthiramerur ..	1	September 1978	7,500	1978-79	11,789
5. Poonamallee	2	Vayalanallur 31st October 1977	10,949	1977-78	15,798
		Korathur 31st October 1977	13,062	1977-78	15,453
6. Sriperumbudur	2	Sevuttupalayam 31st March 1978	10,715	1977-78	14,340
		Pichivakkam 31st March 1978	11,641	..	14,406
7. Andipatty ..	4	Kanniappapillaipatti 16th October 1978	8,112	1978-79	12,188
		Myladuparai 24th November 1978	12,591	1978-79	17,773
		Mellapatti 24th November 1978	12,040	1978-79	16,479
		Alagupuri 26th September 1978	12,204	1978-79	17,678
8. Erumaipatti ..	1	February 1977	12,295	1976-77	14,281
9. Olakkur	1	March 1978	5,732	1977-78	7,642
10. Tiruthani ..	1	1974-75	3,468	March 1975	4,081
11. Kalayarkoil ..	1	January 1975	6,144	1975-76 to 1977-78	8,192
Total			1,52,724		2,07,035

APPENDIX XII

(Reference : Paragraph 6.5, Page 120)

LIST OF OVERHEAD TANKS PENDING COMPLETION

<i>Serial number and name of panchayat union council</i>	<i>Number of overhead tanks pending completion</i>	<i>Amount of Government grant drawn</i>	<i>Year of drawal.</i>	<i>Total expenditure</i>
(1)	(2)	(3)	(4)	(5)
		RS.		RS.
1. Marakkanam	1	11,085	1971-72 to 1973-74	14,880
2. Kundadam	1	11,026	..	..
3. Madukkur	1	4,003	..	5,336
4. Walajabhad (DDO Kancheepuram)	1	6,695	1975-76 and 1976-77	8,930
5. Poonamallee	1	10,010	1976-77	13,417
6. Kunrathur	2			
	Athimanjeri	12,526	1977-78	16,720
	Sennakuppam	12,271	1977-78	16,340
7. Sriperumbudur	3			
	Ramanujapuram	12,362	1976-77	16,559
	Echoor	12,110	1976-77	16,226
	Balanallur	12,995	1976-77	17,396
8. Erumaipatti	1	7,041	1967-68	9,922
		<u>1,12,484</u>		<u>1,35,726</u>

LIST OF AUTOMATIC PRESSURE TANK

1. Olakkur	1	5,421	1975-76	9,354
		<u>5,421</u>		<u>9,354</u>

APPENDIX XIII

(Reference : Paragraph 6.5., Page 122)

WOMEN TEACHERS' QUARTERS REMAINING UNOCCUPIED

<i>Serial number and name of panchayat union</i>	<i>Number of quarters</i>	<i>Expenditure</i>	<i>Government grant</i>	<i>Remarks</i>
(1)	(2)	(3)	(4)	(5)
		RS.	RS.	
1. Thirupporur	2	N.A.	N.A.	The quarters at Hanumanthapuram is vacant from January 1979 while the other one is vacant from 1977.
2. Pazhati	2	N.A.	N.A.	The quarters at Nalakuppam is vacant from 1968-69 and the other from 1972.
3. Sholavaram	2	N.A.	N.A.	Vacant from June 1972 and June 1974 onwards.
4. Puzhal	5	N.A.	29,000	Vacant from 1974 (reported to be in dilapidated condition).
5. Thirupporur.. ..	1	8,368	5,003	Vacant from February 1976 onwards.
6. Tirupathur	2	N.A.	N.A.	Quarters at Pappanur are vacant for over five years. The other one is vacant for the past two years.
7. Pernampet	1	N.A.	3,300	Kept vacant from November 1978-Beyond repairs.
8. Olakkur	2	N.A.	11,600	One is vacant from 1975 onwards and the other from 1977.
9. Vilathikulam.. ..	6	N.A.	N.A.	Two quarters vacant from September 1978; four quarters from 1975 onwards.
10. Kammapuram	2	14,146	N.A.	One is vacant from 1963-64; the other from 1969-70.
11. Virudhunagar	1	8,000	5,800	Vacant from 1968-69. Building collapsed.
12. Thiruvannainallur ..	1	8,589	5,500	The quarters at Semmar Village remains incomplete since 1975.

N.A.—Not available.

APPENDIX XIV

(Reference; Paragraph 6.5, Page 126)

IDLE ROCK-BLASTING UNITS

Serial number and name of panchayat union	Year of purchase	Cost	Details of use		Remarks
			Year	days of use	
(1)	(2)	(3) (in lakhs of rupees)	(4)	(5)	(6)
Coimbatore District—					
1. Vellakoil ..	1968	0.37	1975-76 1976-77 1977-78 1978-79	41 7	In December 1977, the panchayat union proposed sale to a Co-operative Society. This did not materialise. After 1974-75, the panchayat union spent Rs. 9,030 on maintenance.
2. Kundadam	1969	0.37	February 1975 to August 1978 1978-79	.. ..	From February 1975 to May 1976 a sum of Rs. 3,756 was spent on salary of idle crew. Rs. 8,825 spent on repairs in 1978-79.
3. Dharapuram	Not known	Not known	July 1977 to May 1978	..	Under repair. Repairs cost Rs. 16,336 (July 1978). Receipts since then are only Rs. 936. Panchayat union has stated (September 1979) that they are disposing it off.
North Arcot District—					
4. Tirupathur	1969	0.24	Idle since 1974	..	Under repair. Panchayat union decided to transfer unit due to poor demand.
5. Aricut ..	Not known	0.35	Idle since 1974	..	Under repair.
6. Kanniyambadi	Not known	0.35	Idle since 1975	..	Out of order.
7. Bernambut	1969	0.34	Idle since 1976	..	Proposal for transfer made.
8. Arni ..	1969	0.33	Idle from October 1976	..	Under repair.

APPENDIX XV

(Reference : Paragraph 6.5, Page 126)

COMMON TYPES OF IRREGULARITIES
NOTICED IN THE AUDIT OF PANCHAYAT UNION COUNCILS

<i>Serial number</i>	<i>Nature of irregularity</i>	<i>Number of panchayat unions</i>	<i>Amount</i>
(1)	(2)	(3)	(4)
			(in lakhs of rupees)
1.	Grants paid in excess of limits prescribed by Government	55	16.54
2.	Irregular drawal of grants	15	1.84
3.	Short drawal of grants	7	3.99
4.	Non-realisation of contributions from panchayats	6	0.72

APPENDIX XVI

APPENDIX

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT

(Reference : Paragraph 7,

<i>Serial number and name of department/unit</i>	<i>Year of commencement</i>	<i>Period of account</i>	<i>Capital at close</i>	<i>Net Block assets</i>	<i>Cumulative depreciation</i>
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
AGRICULTURAL DEPARTMENT—					
1. Government Agricultural Engineering Workshop, Madras	1952	1978-79	28.09	1.99	8.54
2. Scheme for the purchase and distribution of chemical fertilisers, Madras	1954	1976-77	8,98.38	..	..
FOOD DEPARTMENT—					
3. Grain Supply Scheme (Residuary transactions from 24th April 1972)	1964	1975-76	9,40.48	4.64	..
FORESTS AND FESHERIES DEPARTMENT—					
4. Government Cinchona Department, Ootacamund	1871	1976-77	2,97.72	1,95.90	42.91
5. (a) Chank Fisheries, Tuticorin	1909	1978-79	46.23	3.88	6.73
(b) Pearl Fisheries, Tuticorin	1909	1978-79	(—) 0.29	0.03	0.03
INDUSTRIES DEPARTMENT—					
6. Government Granite Polishing Centre, Krishnagiri	1969	1977-78	1.34	0.28	0.40
7. Government Bristle Fibre Unit, Tenkasi	1968	1977-78	1.53	1.60	1.89
8. Government Glass Production Centre, Madurai (converted as Production Centre with effect from 1st May 1972)	1972	1977-78	1.64	0.90	1.04
TRANSPORT DEPARTMENT—					
9. Motor Vehicles Maintenance organisation, Madras	1964	1973-74	2,46.38	19.27	0.72

XVI

COMMERCIAL AND *quasi*-COMMERCIAL UNDERTAKINGS

page 131)

Turnover	Net Profit (+) Net Loss (—)		Mean Capital	Percentage of Return on mean capital		Remarks
	After charging interest on capital	Before charging interest on capital		After charging interest on capital	Before charging interest on capital	
(7)	(8)	(9)	(10)	(11)	(12)	(13)
(in lakhs of rupees)						
13.71	(-)1.98	(-)0.11	24.97	..	..	..
10,64.17	(+)2,92.18	(+)3,06.48	14,14.76	20.65	21.66	..
1,47.72	(-)3,37.77	(-)2,53.77	10,18.17	..	..	..
1,36.97	(+)62.21	(+)70.17	2,47.88	25.09	28.31	..
24.94	(-)4.69	(+)0.31	45.41	..	0.68	..
..	(-)0.34	(-)0.34	(-)0.08	..	..	..
..	(-)0.28	(-)0.15	1.53	..	..	..
0.97	(-)0.67	(-)0.50	2.04	..	..	..
0.25	(-)3.67	(-)3.39	3.29	..	..	..
94.43	(-)27.84	(-)10.88	2,40.21	..	..	..

APPENDIX XVII

(Reference : Paragraph 7, Page 131)

LIST OF DEPARTMENTALLY MANAGED COMMERCIAL AND *quasi*-
COMMERCIAL UNDERTAKINGS WHOSE *pro forma* ACCOUNTS
ARE IN ARREARS

Serial number and name of department/ undertaking	Period for which accounts are in arrears	Remarks
(1)	(2)	(3)
AGRICULTURE DEPARTMENT—		
1. Scheme for the purchase and distribution of chemical fertilisers, Madras	1977-78 1978-79	
2. Madurai Milk Project, Madurai	*1973-74 *1974-75 (Up to 30th June 1974)	Transferred to the Tamil Nadu Dairy Develop- ment Corpora- tion Limited with effect from 1st July 1974.
FORESTS AND FISHERIES DEPARTMENT—		
3. Government Cinchona Department, Ootacamund	*1977-78 *1978-79	
INDUSTRIES DEPARTMENT—		
4. Government Granite Polishing Centre, Krishnagiri	1978-79	
5. Government Glass Production Centre, Madurai	1978-79	
6. Service Centre for Ceramics, Vridhachalam	*1972-73 *1973-74 *1974-75 (Up to 14th July 1974)	Transferred to the Tamil Nadu Ceramics Limited, Madras with effect from 15th July 1974.
7. Government Bristle Fibre Unit, Tenkasi	1978-79	
SMALL SCALE INDUSTRIES—		
8. Carpentry and Blacksmithy Unit, Arkonam	*1973-74 *1974-75 *1975-76 *1976-77 *1977-78 1978-79	

* Revised accounts from the Units are due.

APPENDIX XVII—concl'd.

Serial number and name of department/ undertaking	Period for which accounts are in arrears	Remarks
(1)	(2)	(3)
TRANSPORT DEPARTMENT—		
9. District and Long Distance Services	*1975-76 (Up to 14th Septem- ber 1975)	Transferred to the Pallavan Trans- port Corporation Limited with effect from 15th September 1975.
10. Kanyakumari Branch	*1973-74 (Up to 31st Decem- ber 1973)	} Transferred to the Kattabomman Transport Cor- poration Limited with effect from 1st January 1974.
11. Ranithottam Workshop	*1973-74 (Up to 31st Decem- ber 1973)	
12. Motor Vehicles Maintenance Organisation, Madras	1974-75 1975-76 1976-77 1977-78 1978-79	

* Revised accounts from the Units are due.

APPENDIX XVIII

(Reference: Paragraph 8.2, Page 136)

DEPARTMENT-WISE ANALYSIS OF OUTSTANDING INSPECTION

Department	1975-76 and earlier years		1976-77	
	Inspection reports	Para- graphs	Inspection reports	Para- graphs
	(2)	(3)	(4)	(5)
(1)				
1. Agriculture	238	621	120	440
2. Co-operation	22	59	24	117
3. Commercial Taxes and Religious Endowments	422	1,147	316	1,081
4. Education	262	888	100	533
5. Finance	102	227	31	89
6. Food	26	47	7	29
7. Forests and Fisheries	216	659	48	278
8. Home	285@	686@	72	241
9. Housing .. .. .	..	..	..	..
10. Health and Family Welfare ..	396	1,064	136	776
11. Industries	147	437	38	124
12. Labour and Employment	16	24	2	7
13. Public	19	59	10@	41
14. Public Works	255	1,179	83	628
15. Revenue	446	1,936	253	1,465
16. Rural Development and Local Administration	491	2,533	213	2,776
17. Social Welfare	287@	1,229	44@	174
18. Transport	101	292	38	195
Total ..	3,731	13,087	1,535	8,904

@ Differs from the figures shown in the Report for the year 1977-78 due to

REPORTS AS AT THE END OF SEPTEMBER 1979

1977-78		1979-89		Total	
<i>Inspection reports</i>	<i>Paragraphs</i>	<i>Inspection reports</i>	<i>Paragraphs</i>	<i>Inspection reports</i>	<i>Paragraphs</i>
(6)	(7)	(8)	(9)	(10)	(11)
159	763	132	801	649	2,625
13	72	42	239	101	487
362	1,560	531	2,475	1,631	6,263
75	474	136	862	573	2,757
29	87	43	146	205	549
5	6	3	10	41	92
51	390	78	1,148	393	2,475
83	395	98	473	538	1,795
..	..	3	45	3	45
125	1,009	74	562	731	3,411
45	286	35	257	265	1,104
12	42	29	175	59	248
12@	35	12	92	53	227
92•	968	90	1,584	520	4,359
269	1,764	308	1,748	1,276	6,913
167	1,889	214	2,763	1,085	9,961
32@	306	58	567	421	2,276
38	359	51	619	228	1,465
1,569	10,405	1,937	14,566	8,772	47,052

adoption of correct figures after re-check.

APPENDIX XIX

(Reference: Paragraph 8.2, Page 139)

INSPECTION REPORTS FOR WHICH FIRST REPLIES WERE NOT RECEIVED AS AT THE END OF SEPTEMBER 1979

<i>Department</i>	<i>Inspection reports for 1975-76 and earlier years</i>	<i>Inspection reports for 1976-77</i>	<i>Inspection reports for 1977-78</i>	<i>Inspection reports for 1978-79</i>	<i>Total inspection reports</i>
(1)	(2)	(3)	(4)	(5)	(6)
1. Agriculture .. ..	..	1	9	40	50
2. Co-operation .. ..	..	..	..	8	8
3. Education	6	11	29	40	86
4. Forests and Fisheries ..	..	..	7	31	38
5. Home .. ..	..	..	1	10	11
6. Health and Family Welfare	18	9	32	34	93
7. Housing .. ..	..	..	..	1	1
8. Industries .. ..	..	..	..	6	6
9. Public Works	1	..	1	11	13
10. Revenue .. ..	..	..	10	9	19
11. Rural Development and Local Administration	2	6	21	100	129
12. Social Welfare .. ..	..	..	..	1	1
13. Transport .. ..	..	..	..	10	10
Total	27	27	110	301	465

