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REPORT
of the
Comptroller and Auditor General of India
for the year
1978-79
(CIVIL)

Government of Maharashtra



ERRATA

to the

Report of the Comptroller and Auditor General of India for the year 1978-79 (Civil)

GOVERNMENT OF MAHARASHTRA

Page No.	Reference	For	Read
V	Line 5 from bottom	.. <i>Quasi-Commercial</i>	<i>quasi-commercial</i>
V	Line 2 from bottom	.. <i>Quasi-Commercial</i>	<i>quasi-commercial</i>
15	Para 1.9, column (1) of the table	(ii) Joint Stock Companies	(iii) Joint Stock Companies
21	Para 2.2(a), sub-para 2, line 5	.. payscales	.. pay scales
21	Last line	.. 1,61,12,510	.. 1,61,12,516
23	Explanation below serial number 6, line 2	(wells)	.. (Wells)",
23	Explanation below serial number 1, line 2	(Rs. 2.05 crores);	(Rs. 2.05 crores),
24	Line 7	.. Public Debt Sectoin	Public Debt Section
24	Para 2.3, line 6 from bottom	.. captial	.. capital
32	Penultimate line	.. off take	.. off-take
32	Last line	.. satisfactory	.. satisfactory
34	Last line	.. 69	.. 85
38	Para 3.2.1, line 10	.. bocks	.. blocks
39	Para 3.2.2.1, line 7	.. It was	.. It was,
43	Line 6	.. societies	.. societies
43	Line 7	.. Z.P.	.. Z.P.,
43	Para 3.2.2.6, line 4	.. Z.P.	.. Z.P.,
46	Para 3.3, line 11	.. co-operative (bank);	co-operative bank (bank) ;
47	Line 9 from bottom	.. notionalised	.. nationalised
48	Line 2	.. utimately	.. ultimately
50	Line 4	.. lakhs,	.. lakhs
56	Para 3.7, line 15	.. <i>interalia</i>	.. <i>inter-alia</i>
64	Line 8	.. indentifying	.. identifying

Page No.	Reference	For	Read
67	Para 3.11, serial number 6	.. Distirct	.. District
68	Serial number 8	.. The machine	.. The machine,
85	Para 4.3, second sub-para, line 7	considerations	.. considerations,
129	Line 7	.. <i>i.e.</i> ,	.. , <i>i.e.</i> ,
142	1st sub-para below table, last line	65.93	.. 65.9
143	Table, line 13	.. adjustments(	.. adjustments :
143	Line 3 from bottom	.. Rs. 208.67 lakhs	.. Rs. 2,08.67 lakhs
143	Line 2 from bottom	.. of milk litres	.. litres of milk
144	Last line	.. (<i>see...7.3.2.2</i>)	.. (<i>see ...7.3.2.2</i>),
148	Line 11 and line 12	.. 1977-78, respectively	1977-78 respectively,
162	Explanation below serial no. 2, line 2	Loksabha	.. Lok Sabha
194	Line 20 from bottom	.. allotted	.. allotted
195	Line 28 from bottom	.. (February 1980)	.. (February 1980).
203	Serial number 21, Appendix XI, column 8	2,4117	.. 2,41.17
203	Serial number 27, Appendix XI, column 8	247.45	.. 2,47.45

REPORT
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COMPTROLLER AND AUDITOR GENERAL OF INDIA
FOR THE YEAR 1978-79
(CIVIL)
GOVERNMENT OF MAHARASHTRA

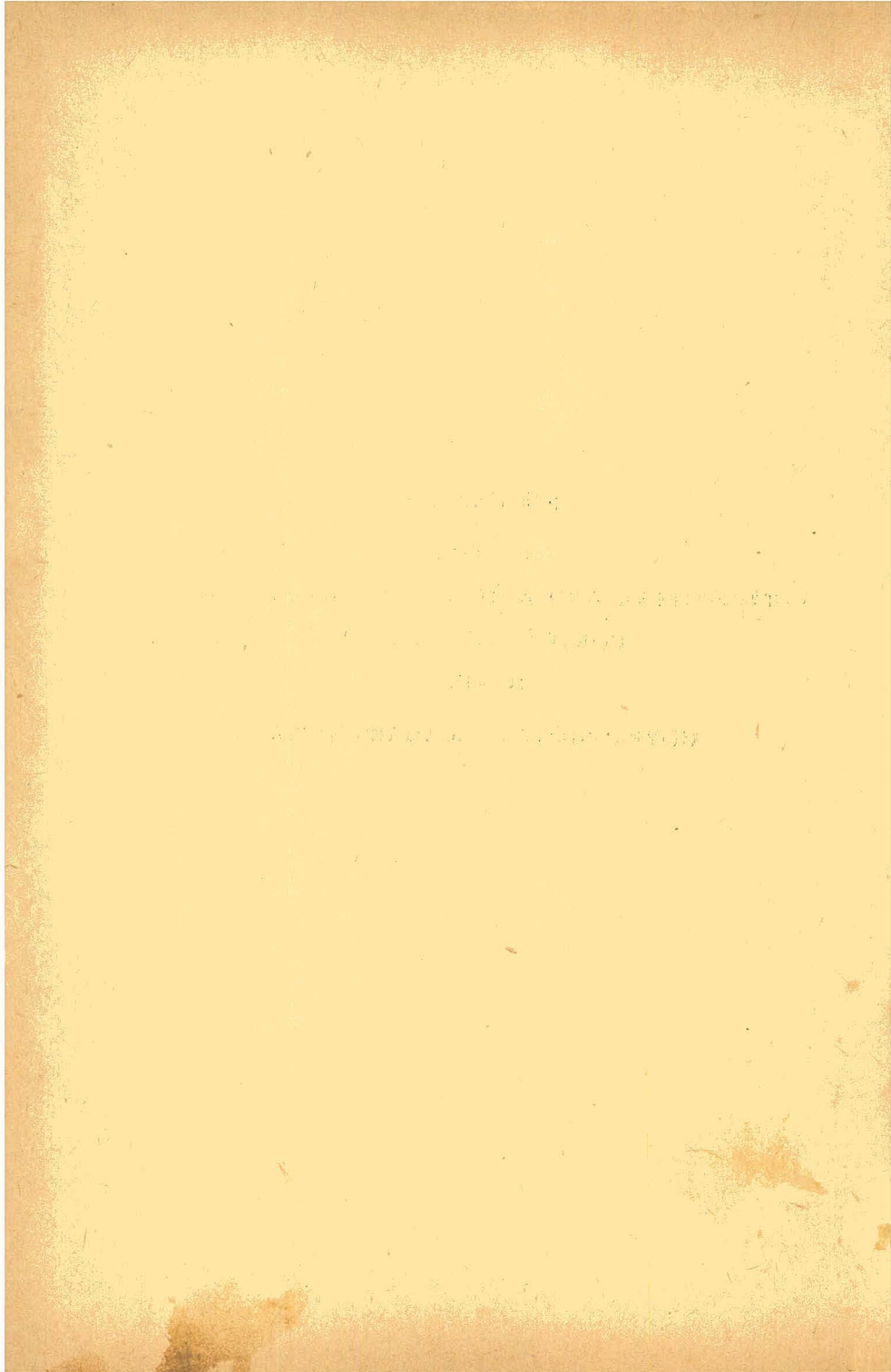


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CHAPTER

OF THE

The first part of the history of the world is the history of the human race. It is a history of progress, of discovery, and of conquest. It is a history of the human mind, of the human heart, and of the human hand. It is a history of the human spirit, of the human soul, and of the human body. It is a history of the human race, of the human world, and of the human future.

The second part of the history of the world is the history of the human mind. It is a history of thought, of knowledge, and of wisdom. It is a history of the human intellect, of the human imagination, and of the human will. It is a history of the human mind, of the human heart, and of the human hand. It is a history of the human spirit, of the human soul, and of the human body. It is a history of the human race, of the human world, and of the human future.

The third part of the history of the world is the history of the human heart. It is a history of love, of compassion, and of mercy. It is a history of the human emotions, of the human feelings, and of the human passions. It is a history of the human mind, of the human heart, and of the human hand. It is a history of the human spirit, of the human soul, and of the human body. It is a history of the human race, of the human world, and of the human future.

The fourth part of the history of the world is the history of the human hand. It is a history of labor, of industry, and of invention. It is a history of the human skills, of the human talents, and of the human abilities. It is a history of the human mind, of the human heart, and of the human hand. It is a history of the human spirit, of the human soul, and of the human body. It is a history of the human race, of the human world, and of the human future.

The fifth part of the history of the world is the history of the human spirit. It is a history of faith, of hope, and of charity. It is a history of the human beliefs, of the human values, and of the human principles. It is a history of the human mind, of the human heart, and of the human hand. It is a history of the human spirit, of the human soul, and of the human body. It is a history of the human race, of the human world, and of the human future.

The sixth part of the history of the world is the history of the human soul. It is a history of the human inner life, of the human inner world, and of the human inner self. It is a history of the human mind, of the human heart, and of the human hand. It is a history of the human spirit, of the human soul, and of the human body. It is a history of the human race, of the human world, and of the human future.

The seventh part of the history of the world is the history of the human body. It is a history of the human physical life, of the human physical world, and of the human physical self. It is a history of the human mind, of the human heart, and of the human hand. It is a history of the human spirit, of the human soul, and of the human body. It is a history of the human race, of the human world, and of the human future.

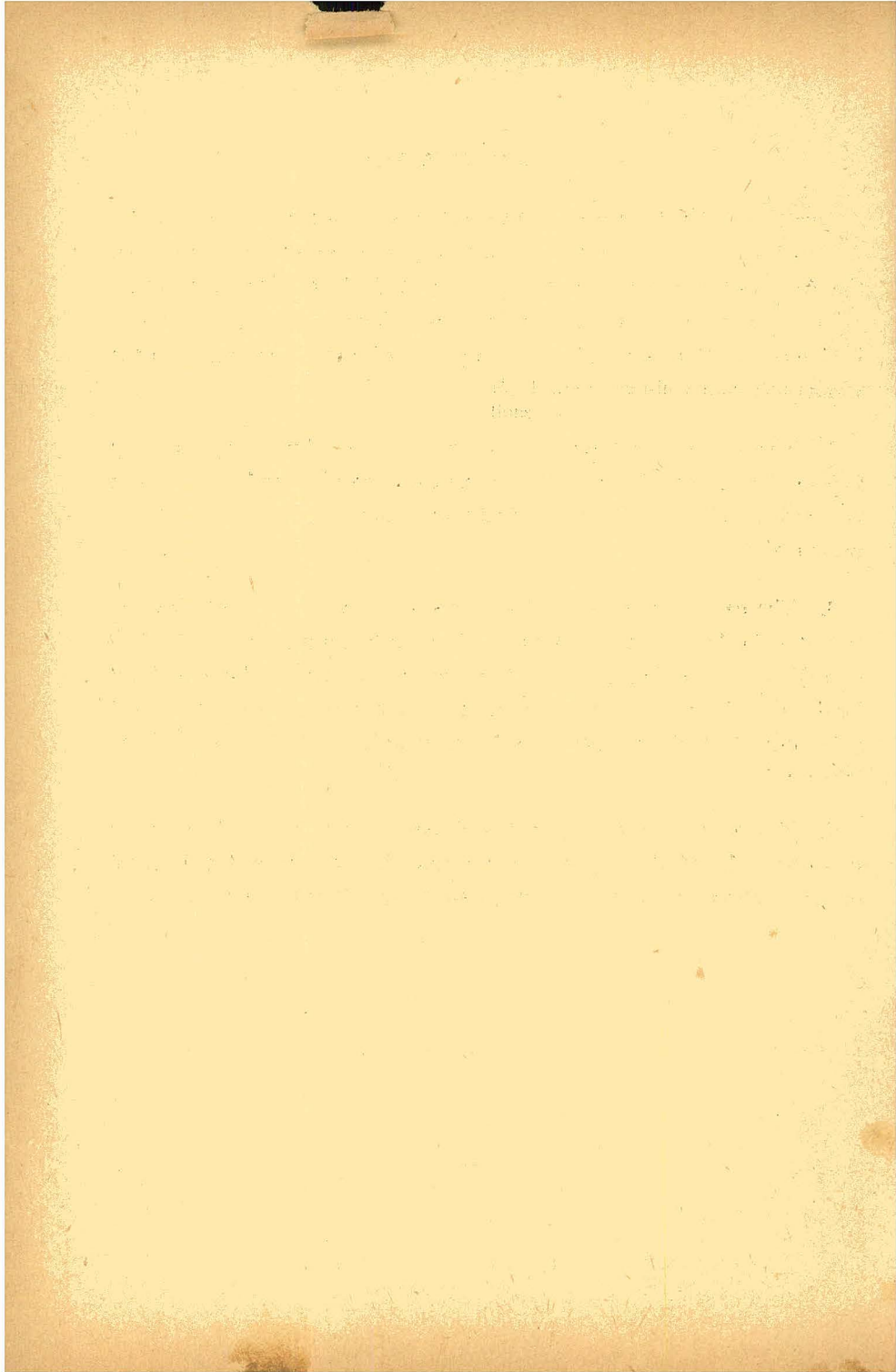
PREFATORY REMARKS

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 the year 1978-79 together with other points arising from audit of financial transactions of the Government of Maharashtra. It also includes certain points of interest arising from the Finance Accounts for the year 1978-79.

2. The Report containing the observations of Audit on Statutory Corporations, Boards and Government Companies and the Report containing the observations of Audit on Revenue Receipts are being presented separately.

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 and expenditure of the Government of Maharashtra for the year 1978-79 are given below with the corresponding figures of the preceding year :

	1977-78	1978-79
	(in crores of rupees)	
<i>(1) Revenue—</i>		
Revenue Receipts—		
Revenue raised by the State Government ..	10,34.37	12,18.83
Receipts from the Government of India ..	2,55.83	3,14.61
Total—Revenue Receipts ..	<u>12,90.20</u>	<u>15,33.44</u>
Revenue Expenditure—		
Non-Plan	9,93.71	12,44.76
Plan	1,33.03	1,62.44
Total—Revenue Expenditure ..	<u>11,26.74</u>	<u>14,07.20</u>
Revenue Surplus (+)	<u>+1,63.46</u>	<u>+1,26.24</u>

	1977-78	1978-79
	(in crores of rupees)	
(2) Debt—		
(i) Internal Debt—		
Receipts	1,65.99	3,84.73
Repayments.. .. .	1,31.10	3,72.10
Increase (+)	+34.89	+12.63
(ii) Loans from the Central Government—		
Receipts	1,24.23	2,40.24
Repayments.. .. .	54.89	89.61
Increase (+)	+69.34	+1,50.63
Total Debt (Net)		
Increase (+)	+1,04.23	+1,63.26
(3) Capital Expenditure—		
Non-Plan	—9.62	16.93
Plan	2,18.71	2,45.04
Increase (—)	—2,09.09	—2,61.97
(4) Loans and advances—		
Recoveries	28.20	44.55
Disbursements.. .. .	2,23.38	2,87.35
Net outgo (—)	—1,95.18	—2,42.80
(5) Inter-State Settlement—		
Receipts	0.31	0.14
Disbursements.. .. .	.....	0.26
Increase (+)/Decrease (—)	+0.31	—0.12
(6) Transfer to the Contingency Fund—		
Receipts .. .. .	.....	25.00
Disbursements.. .. .	25.00	15.00
Increase (—)/Decrease (+)	—25.00	+10.00

		1977-78	1978-79
		(in crores of rupees)	
(7) Contingency Fund (Net)—			
	Increase (+)/Decrease (—)	+15.34	—4.96
(8) Public Account—			
Receipts	.. .. .	24,83.99	26,94.86
Disbursements	.. .. .	22,97.54	24,82.69
	Increase (+)	+1,86.45	+2,12.17
Net Surplus (+)	.. .. .	+40.52	+1.82
Opening Cash Balance	.. .. .	—42.31	—1.79
Net Surplus (+)	.. .. .	+40.52	+1.82
Closing Cash Balance	.. .. .	—1.79	+0.03 (A)

1.2 Revenue surplus/deficit

(a) *Revenue receipts.*—The actuals of the revenue receipts for 1978-79 compared with (i) the budget estimates and (ii) 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)
(amounts in crores of rupees)					
1976-77	11,21.74	11,21.74	12,04.83	+83.09	7
1977-78	13,14.84	13,37.46	12,90.20	—47.26	4
1978-79	14,47.67	14,47.79	15,33.44	+85.65	6

(A) There was a net difference of Rs. 2.07 crores (credit) between the figure reflected in the accounts (Rs. —0.13 crore) and that intimated by Reserve Bank of India (Rs. 1.94 crores) regarding "Deposits with Reserve Bank" included in the cash balance. The difference is under reconciliation (December 1979).

(b) *Expenditure on revenue account.*—The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision is shown below:

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(amounts in crores of rupees)					
1976-77	.. 10,53.59	11,62.14	10,28.86	—1,33.28	11
1977-78	.. 12,21.73	13,21.76	11,26.74	—1,95.02	15
1978-79	.. 13,72.22	15,81.08	14,07.20	—1,73.88	11

(c) *Revenue surplus.*—The year ended with a revenue surplus of Rs. 1,26.24 crores against the surplus of Rs. 75.45 crores anticipated in the budget.

1.3 Revenue receipts

(i) The revenue receipts during 1978-79 (Rs. 15,33.44 crores) increased by Rs. 2,43.24 crores over those in 1977-78 (Rs. 12,90.20 crores). The increase is analysed below:

(1)	1977-78	1978-79	Amount of increase
	(2)	(3)	(4)
(in crores of rupees)			
(a) Tax Revenue	.. .. 7,88.74	9,29.89	1,41.15
(b) Non-Tax Revenue	.. .. 3,21.57	3,68.02	46.45
(c) Grants and contributions	.. .. 1,79.89	2,35.53	55.64
Total Revenue receipts	.. .. 12,90.20	15,33.44	2,43.24

(ii) 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 Maharashtra.

1.4 Expenditure on revenue account

(i) The following table compares the expenditure on revenue account during 1978-79 under broad headings with the provision of funds made thereunder (and also with the expenditure during 1977-78 within brackets):

Head of expenditure	Budget estimates	Budget plus supplementary	Actuals	Variation : increase(+)/decrease(-)
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
<i>A—Plan</i>				
<i>A—General Services</i> ..	0.59	0.94	1.86 (0.77)	+0.92
<i>B—Social and Community Services</i> ..	1,05.56	1,21.23	97.24 (80.35)	-23.99
<i>C—Economic Services—</i>				
(a) General Economic Services ..	3.24	9.93	9.35 (3.80)	-0.58
(b) Agriculture and Allied Services ..	44.03	53.31	45.83 (33.73)	-7.48
(c) Industry and Minerals ..	3.77	4.98	3.78 (2.30)	-1.20
(d) Water and Power Development ..	2.36	2.40	1.98 (1.27)	-0.42
(e) Transport and Communications ..	1.13	1.30	2.40 (10.81)	+1.10
Total—C ..	54.53	71.92	63.34 (51.91)	-8.58
Total—Plan ..	1,60.68	1,94.09	1,62.44 (1,33.03)	-31.65

Head of expenditure	Budget estimates	Budget plus supplementary	Actuals	Variation : increase(+)/ decrease(-)
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
<i>B—Non-Plan</i>				
<i>A—General Services</i> ..	5,49.26	6,29.04	5,10.71 (4,03.60)	-1,18.33
Saving was mainly due to change in mode of accounting.				
<i>B—Social and Community Services</i> ..	3,39.99	3,80.32	3,86.13 (3,11.60)	+5.81
<i>C—Economic Services—</i>				
(a) General Economic Services ..	49.19	69.96	61.78 (47.06)	-8.18
(b) Agriculture and Allied Services ..	1,99.73	2,16.61	2,04.17 (1,61.09)	-12.44
(c) Industry and Minerals ..	2.39	3.12	2.61 (2.03)	-0.51
(d) Water and Power Development ..	55.72	69.58	62.21 (47.70)	-7.37
(e) Transport and Communications ..	9.03	11.87	10.61 (15.32)	-1.26
Total—C ..	3,16.06	3,71.14	3,41.38 (2,73.20)	-29.76
<i>D—Grants-in-aid and Contributions</i> ..	6.23	6.49	6.54 (5.31)	+0.05
Total—Non-Plan ..	12,11.54	13,86.99	12,44.76 (9,93.71)	-1,42.23

The shortfall of Rs. 31.65 crores in Plan expenditure was 16 per cent of the provision whereas the shortfall of Rs. 1,42.23 crores in non-Plan expenditure was 10 per cent of the provision.

(ii) Variations 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 compared with the budget estimates and the budget estimates *plus* supplementary provision is given below :

Year	Budget estimates	Budget <i>plus</i> supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1976-77	.. 1,35.81	1,89.21	1,69.76	—19.45	10
1977-78	.. 1,73.81	2,33.49	2,09.09	—24.40	10
1978-79	.. 2,36.55	3,09.52	2,61.97	—47.55	18

(ii) The following table compares the expenditure on capital account during 1978-79 under broad headings with the provision of funds made thereunder (and also with the expenditure during 1977-78 within brackets) :

Head of expenditure	Budget estimates	Budget <i>plus</i> supplementary	Actuals	Variation : increase (+)/ decrease (—)
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
A—Plan				
General Services .. .. .	.. 4.52	5.31	5.06 (3.62)	—0.25
Social and Community Services	18.34	20.01	19.00 (18.99)	—1.01
General Economic Services ..	12.31	15.33	6.89 (10.54)	—8.44

Head of expenditure	Budget estimates	Budget plus supplementary	Actuals	Variation : increase (+)/ decrease (-)
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
A—Plan—concl'd.				
Agriculture and Allied Services	11.88	12.95	22.58 (24.20)	+9.63
Industry and Minerals ..	6.25	9.87	8.94 (7.40)	-0.93
Water and Power Development	1,30.06	1,79.56	1,46.54 (1,39.14)	-33.02
Transport and Communications	36.33	39.28	36.03 (14.82)	-3.25
Total—Plan ..	2,19.69	2,82.31	2,45.04 (2,18.71)	-37.27
B—Non-Plan				
Social and Community Services	0.02	6.93	7.29 (1.67)	+0.36
General Economic Services ..	2.27	2.27	0.50 (0.39)	-1.77
Agriculture and Allied Services	13.78	17.03	8.50 (-13.19)	-8.53
Industry and Minerals ..	....	0.18	0.11 (0.50)	-0.07
Water and Power Development	0.79	0.80	0.53 (1.01)	-0.27
Total—Non-Plan ..	16.86	27.21	16.93 (-9.62)	-10.28

The shortfall in Plan expenditure (Rs. 37.27 crores) amounted to 13 per cent of the provision whereas that in non-Plan expenditure (Rs.10.28 crores) was 38 per cent of the provision.

(iii) 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 Government

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

Year	Budget estimates	Budget <i>plus</i> supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1976-77	.. 1,05.40	2,07.45	1,94.45	-13.00	6
1977-78	.. 2,22.56	2,71.41	2,23.38	-48.03	18
1978-79	.. 2,52.39	3,41.14	2,87.35	-53.79	16

The saving (column 5) during the year was due mainly to less release of loans under Miscellaneous Loans—Temporary Advances (Ways and Means) to Zilla Parishads (Rs.32.88 crores), Power Projects (Rs.11.64 crores), Minor Irrigation, Soil Conservation and Area Development (Rs. 5.11 crores) and Industrial Research and Development (Rs 2.10 crores).

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

Year	Budget	Actuals	Variation	
			Amount	percentage
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
1976-77	.. 84.26	89.69	+5.43	6
1977-78	.. 40.35	28.20	-12.15	30
1978-79	.. 30.84	44.55	+13.71	44

The increase in recoveries was mainly under Agriculture (Rs.8.84 crores), Miscellaneous Loans—Temporary Advances (Ways and Means) to Zilla Parishads (Rs.2.80 crores) and Co-operation (Rs.2.49 crores), partly offset by decrease in recoveries under Minor Irrigation, Soil Conservation and Area Development (Rs 2.94 crores).

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

Category of loans and advances (1)	31st March		
	1977 (2)	1978 (3)	1979 (4)
	(in crores of rupees)		
<i>I Loans for Social and Community Services</i>	95.47	1,04.72	1,24.52
<i>II Loans for Economic Services—</i>			
(i) General Economic Services ..	38.03	41.01	70.67
(ii) Agriculture and Allied Services ..	1,30.14	1,42.55	1,37.40
(iii) Industry and Minerals ..	36.52	42.10	54.05
(iv) Water and Power Development ..	4,28.89	5,90.36	7,80.58
(v) Transport and Communications ..	7.70	6.97	6.39
Total—II ..	6,41.28	8,22.99	10,49.09
<i>III Loans to Government Servants</i> ..	5.22	6.08	5.39
<i>IV Loans for Miscellaneous Purposes</i> ..	23.47	26.83	24.42
Grand total ..	7,65.44	9,60.62	12,03.42

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

(iv) *Recoveries in arrears.*—(a) (i) Of the loans and advances of which the detailed accounts are maintained by the Audit Office and the Pay and Accounts Office, recovery of Rs. 4.27 crores (principal: Rs.2.56 crores, interest: Rs. 1.71 crores) was in arrears on 31st March 1979 mainly from Maharashtra State Farming Corporation Limited (principal: Rs. 2.33 crores, interest: Rs. 1.27 crores) which pertained to the period from 1963-64 to 1978-79.

(ii) The balances are communicated to the loanees for acceptance thereof. Out of 724 cases, the acceptance of balances had not been received (December 1979) in 261 cases.

(b) According to orders issued by the Government in February 1966, the administrative departments are required to intimate to Audit every year by 15th July the arrears (as on 31st March preceding) in recovery of principal and interest on the loans of which the detailed accounts are maintained by the departmental officers. Such information was received from five out of thirteen administrative departments which showed that recovery of Rs. 1,14.46 crores (principal: Rs. 88.04 crores, interest: Rs. 26.42 crores) was in arrears. The arrears mainly related to (a) advances to cultivators (principal: Rs. 73.38 crores, interest: Rs. 22.27 crores), (b) loans to Irrigation Development Corporation of Maharashtra Limited (principal: Rs. 6.65 crores) and (c) loans for miscellaneous purposes advanced by Agriculture and Co-operation Department (principal: Rs. 6.01 crores, interest: Rs. 3.19 crores).

Information regarding arrears was not received (December 1979) from Education, Employment and Youth Services, Finance, Food and Civil Supplies, General Administration, Public Works and Housing, Revenue and Forests, Rural Development and Social Welfare, Cultural Affairs, Sports and Tourism departments.

1.7 Sources from which capital and other expenditure was met

The sources from which the capital expenditure (Rs. 2,61.97 crores) and the net outgo under "loans and advances" by the State Government (Rs. 2,42.80 crores) during 1978-79 were met are given below :

(1) Net addition to—	(in crores of rupees)
(i) Market loans	12.20
(ii) Loans from other sources	0.43
(iii) Loans from Government of India	1,50.63
(iv) Small Savings, Provident Funds, etc.	37.55

			(in crores of rupees)
(2) Miscellaneous—			
(i) Sinking Fund and Reserve Funds	..		41.12
(ii) Other items (mainly balances under Deposits, Suspense and Remittances)	..	..	1,10.40
(3) Contingency Fund	..	..	—4.96
(4) Investment in securities and increase in cash balance	..	..	31.16
(5) Revenue surplus	..	..	1,26.24
(6) Net amount available for expenditure	..		5,04.77

1.8 Debt position

(a) *Public Debt*.—The outstanding public debt of the State Government at the end of 1978-79 was Rs. 13,64.12 crores. An analysis of the debt compared with the corresponding amounts at the end of the two preceding years is as follows:

(1)	Public debt as on 31st March		
	1977 (2)	1978 (3)	1979 (4)
	(in crores of rupees)		
Loans and advances from the Central Government	7,87.51	8,56.85	10,07.48
Market loans	2,56.83	2,71.00	2,83.20
Other loans	52.29	73.01	73.44
Total	10,96.63	12,00.86	13,64.12

(b) *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 the Government. Taking the public debt and this liability together, the debt position of the Government was as follows:

(1)	Total debt as on 31st March		
	1977 (2)	1978 (3)	1979 (4)
	(in crores of rupees)		
Public debt	10,96.63	12,00.86	13,64.12
Small savings, provident funds, etc. ..	1,94.27	2,17.07	2,54.62
Reserve funds and deposits (interest bearing)	2.01	5.64	1.04
Depreciation reserves and other earmarked funds (non-interest bearing)	1,98.07	2,61.22	3,06.98
Civil deposits and deposits of local funds (non-interest bearing)	66.60	80.14	89.65
Total	15,57.58	17,64.93	20,16.41

(c) *Ways and means advances and overdrafts from the Reserve Bank of India.*—Under an agreement with the Reserve Bank of India, the State Government has to maintain a minimum cash balance of Rs. 1.50 crores with the Bank on all days. The Bank makes ways and means advances when the cash balance falls short of this minimum.

The limit for ordinary ways and means advances fixed at Rs. 15 crores from 1st May 1976 (Rs. 9 crores prior to this date) was increased to Rs. 30 crores from 1st October 1978. The Bank also gives special (secured) ways and means advances upto Rs. 15 crores against pledge of Government of India securities.

The extent to which the Government maintained the minimum balance with the Bank during 1978-79 is given below:

- | | |
|---|-----|
| (i) Number of days on which the minimum balance was maintained without obtaining any advance .. | 185 |
| (ii) Number of days on which the minimum balance was maintained by obtaining ordinary and special ways and means advances | 166 |

- (iii) Number of days on which there was shortfall from the minimum balance after taking above advances but no overdraft was taken 2
- (iv) Number of days on which overdraft was taken 12

In 1978-79, there were fourteen days on which deficiency of Rs. 21.18 crores (shortfall : Rs. 5.74 crores ; overdraft : Rs. 15.44 crores) was left uncovered. The entire amount was repaid during the year. The interest paid on this account was Rs. 0.02 crore. Rupees 0.73 crore were paid as interest (8 per cent per annum) to the Bank on the ways and means advances (Rs. 3,11.38 crores) during 1978-79. The amount of interest paid in the preceding two years was as under :

Year	(in crore rupees)				
1976-77	0.11
1977-78	0.23

(d) *Interest charges.*—Interest payments on account of the debt are analysed below :

(1)	1976-77 (2)	1977-78 (3)	1978-79 (4)
	(in crores of rupees)		
Interest paid by the State Government	.. 66.15	72.57	82.54
Interest received by the State Government—			
(a) Interest received on loans and advances	.. 28.64	25.82	27.75
(b) Interest received on investment of cash balance	.. .. 1.74	0.73	0.51
Net burden of interest on revenue	.. .. 35.77	46.02	54.28
Net interest as percentage of total revenue receipts	.. .. 3	3.6	3.5

In addition, there were other receipts and adjustments of interest charges (Rs. 45.42 crores) such as interest received from commercial departments, refunds, etc. ; if these recoveries are also taken into account, the net burden of interest on revenue would be Rs.8.86 crores.

1.9 Investments

The table below indicates the position of investments made by the Government during and upto 1978-79 and the dividend/interest received during 1978-79 :

Category of concerns	During 1978-79		To end of 1978-79		Dividend/interest received during 1978-79 with percentage of return on cumulative investment within brackets	
	Number of concerns	Investment	Number of concerns	Investment		
(1)	(2)	(3)	(4)	(5)	(6)	
		(amounts in lakhs of rupees)				
(i) Statutory Corporations	3	1,60.00	3	29,79.80	1,74.90 (A) (5.87)	
(ii) Government Companies	18	17,95.69	30	74,42.75	11.05 (A) (0.15)	
(ii) Joint Stock Companies	..	..	23	1,46.87	1.68 (A) (1.14)
(iv) Municipalities and Port Trusts	1	-0.03 (B)	6	95.52	— (A)	
(v) Co-operative Societies	13*	6,29.34	14 *	1,36,56.85	76.26 (A) (0.56)	
Total ..		25,85.00		2,43,21.79	2,63.89 (1.08)	

In addition, the Government had investments of Rs. 21.40 lakhs in 15 concerns which were under liquidation.

(A) Information about dividend/interest received was awaited (December 1979) from one Statutory Corporation, 9 Government Companies, 9 Joint Stock Companies, 3 Municipalities/ Port Trusts and 4 categories of Co-operative Societies.

(B) Represents redemption of securities.

* Represents categories of societies.

Further details are given in Statement No. 14 of the Finance Accounts 1978-79.

1.10 Guarantees given by the Government

(i) The Government has 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):

Body on whose behalf guarantee was given	Maximum amount guaranteed	Sums guarant- eed outstanding on 31st March 1979
(1)	(2)	(3)
	(in crores of rupees)	
Statutory corporations and boards	7,29.79*	4,97.06 **
Government companies	1,31.38	72.75
Banks (other than Co-operative banks) ..	0.03	£
Municipal Corporations, Municipalities, Zilla Parishads and other local bodies	1,25.09	32.88
Co-operative institutions including co-operative banks	9,20.03	6,03.77
Other institutions	10.95	4.26
Total ..	19,17.27	12,10.72

* Includes statutory guarantee of Rs. 6,76.99 crores on behalf of Maharashtra State Financial Corporation (Rs.57.02 crores, amount outstanding: Rs.52.27 crores), Maharashtra State Electricity Board (Rs.5,78.08 crores, amount outstanding: Rs. 3,92.76 crores) and Maharashtra Industrial Development Corporation (Rs. 41.89 crores, amount outstanding: Rs. 32 crores).

** See footnote * above.

£ Information awaited (December 1979).

According to the orders issued by the Government in September 1969, the administrative departments are required to intimate to Audit by 15th May every year the guarantees outstanding on 31st March of that year. Such information as on 31st March 1979 was not received in complete form (December 1979) in respect of loans, etc., amounting to Rs. 1,14.36* crores guaranteed by the Government on behalf of Maharashtra Water Supply and Sewerage Board (Rs.12.33 crores), Maharashtra Elektro-Smelt Limited (Rs. 12.86 crores), Mahatma Phule Backward Class Development Corporation Limited, Bombay (Rs.8.10 crores), Central Bank of India and Bank of India (Rs. 0.03 crore), municipalities/zilla parishads/Pimpri Chinchwad New Town Development Authority (Rs.78.54 crores) and Consumers' Co-operatives (Rs. 2.50 crores).

(ii) Contribution to the Guarantees Reserve Fund is made from revenue by annual assignments; fees charged for guarantees given to parties and institutions are also credited to this fund. Rupees 2.58 crores were credited to the fund during 1978-79. Fees aggregating Rs. 0.42 crore were in arrears to end of March 1979.

According to the accounting procedure, as revised during 1978-79, the expenditure on invocation of guarantees is met from the Consolidated Fund and the amount is treated as loan to the persons/parties on whose behalf the guarantees were given. Only the amount of loan held to be irrecoverable is finally transferred to the fund. The balance at the credit of the fund at the end of 1978-79 was Rs. 17.77 crores. The amount of investment of Rs. 5.80 crores as on 31st March 1978 remained unchanged at the end of 31st March 1979.

During the year, Rs. 32.28† lakhs were paid as a result of invocation of guarantees given in favour of beneficiary agriculturists of the lift irrigation scheme of Haveli Taluka Lift Irrigation Federation, Pune, a co-operative society and various borrowers. The total debit to the fund on account of guarantees invoked upto the end of 1978-79 was Rs. 10,80.39 lakhs. Against this, Rs. 8,24.70 lakhs were recovered from the parties concerned. Year-wise details of the amount paid on

* The amount stands included in the maximum amount of Rs. 19,17.27 crores guaranteed shown on page 16.

† Does not include Rs. 0.34 lakh spent from out of advance from the Contingency Fund during 1977-78 and recouped to the Fund during 1978-79.

account of guarantees invoked and recoveries made against these payments are as follows:

Year			Amount paid (in lakhs of rupees)	Amount recovered
1966-67 to 1974-75	..	..	1,46.68	17.13
1975-76	..	..	8.52	4.76
1976-77	..	..	7,43.87	1,11.25
1977-78	..	..	1,49.04	5,78.10
1978-79	..	..	32.28	1,13.46
		Total	10,80.39	8,24.70

1.11 Financial results of irrigation works

The progressive capital outlay on twelve major irrigation works on 31st March 1979 was Rs. 1,13.20 crores. The Government sustained a deficit of Rs. 5.62 crores in their working during the year 1978-79 after providing interest charges (Rs. 6.04 crores) on the capital.

The following table gives the working results for 1978-79 and the preceding two years :

(1)	1976-77 (2)	1977-78 (3)	1978-79 (4)
	(in crores of rupees)		
Total capital expenditure on twelve major irrigation works to end of the year ..	99.92	1,05.99	1,13.20
Net revenue excluding interest charges:			
surplus (+)/deficit (—)	—0.85	+0.82	+0.42
Interest on capital outlay	5.23	5.60	6.04
Net revenue : surplus (+)/ deficit (—) after meeting interest charges ..	—6.08	—4.78	—5.62

The work-wise details are given in Statement No. 3(i) of the Finance Accounts 1978-79.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Summary

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

		Grants/ charged appropriations	Expendi- ture	Saving	Percent- age
(in crores of rupees)					
Voted—					
Original	24,26.43	} 27,71.04	24,38.50	3,32.54	12
Supplementary	3,29.61				
Amount transferred to the Contingency Fund under the Bombay Contingency Fund (Amendment) Act, 1979	15.00				
Charged—					
Original	5,32.37	} 7,83.20	7,74.90	8.30	1
Supplementary	2,50.83				
Total	35,54.24		32,13.40	3,40.84	10

The overall saving of Rs. 3,40.84 crores was the result of saving of Rs. 4,26.69 crores in 188 grants (Rs. 3,60.79 crores) and 82 charged appropriations (Rs. 65.90 crores) partly offset by excess of Rs. 85.85 crores in 60 grants (Rs. 28.25 crores) and 10 charged appropriations (Rs. 57.60 crores).

(b) Further details are given below:

	Revenue	Capital	Public debt	Loans and advances	Inter-State Settlement	Transfer to the Contingency Fund	Total
(in crores of rupees)							
Authorised to be spent (grants and charged appropriations)—							
Original	16,83.77	6,17.19	2,35.19	4,22.39	0.26	..	29,58.80
Supplementary	2,08.86	72.97	2,09.86	88.75	@	..	5,80.44
Amount transferred to the Contingency Fund under the Bombay Contingency Fund (Amendment) Act, 1979	....	....	....	....	..	15.00	15.00
∴ ∴ ∴							
Total	18,92.63	6,90.16	4,45.05	5,11.14	0.26	15.00	35,54.24
Actual expenditure (grants and charged appropriations)	17,05.37	5,62.06	4,61.71	4,69.00	0.26	15.00	32,13.40
Shortfall (—) / Excess (+) ..	—1,87.26	—1,28.10	+16.66	—42.14	....	....	—3,40.84

@ Rs. 17,204.

2.2 Excess over grants/charged appropriations requiring regularisation

(a) *Grants* : There was excess of Rs. 19,99.49 lakhs in 46 grants in the revenue section, of Rs. 8,03.56 lakhs in 8 grants in the capital section and of Rs. 22.16 lakhs in 6 grants in the loans and advances section. These excesses require regularisation under Article 205 of the Constitution.

While reasons for the bulk of the excess in the three sections (Rs. 24,52.82 lakhs) have not been intimated, the excess (Rs. 2,44.88 lakhs) in certain grants (Nos. 9, 17, 38, 50, 73, 79, 121, 122, 135, 138, etc.) in the revenue section was attributed to (i) payment of arrears of pay and allowances consequent upon revision of payscales, (ii) increase in the rates of dearness allowance and (iii) more expenditure on emergency water supply on account of shortage of drinking water in many parts of the State and on flood and scarcity relief measures.

The details of grants where the excess was more than Rs. 1 crore are mentioned below; other cases are listed in Appendix III.

Revenue Section

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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REVENUE AND FORESTS DEPARTMENT

1	42-District Administration—			
	Original ..	18,04,81,000	21,14,64,010	23,26,24,831
	Supplementary	3,09,83,010		
				2,11,60,821

The excess occurred mainly under “Village officers” and “Sub-Divisional establishment”.

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

2	50-Relief on account of Natural Calamities—			
	Original ..	....	4,17,00,000	5,78,12,516
				1,61,12,516

The excess was stated to be due to more expenditure on emergency water supply on account of shortage of drinking water in many parts of the State and on flood relief measures in various districts of Nagpur Division and scarcity relief in other districts of the State.

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT				
3	82-Public Health, Sanitation and Water Supply—			
	Original .. 60,40,93,000	63,57,67,150	69,00,52,900	5,42,85,750
	Supplementary 3,16,74,150			

Reasons for the excess, which occurred mainly under “Sewerage and Water Supply-Suspense”, have not been intimated (December 1979).

In 1977-78 also, excess of Rs. 1,86.53 lakhs occurred under this grant.

PUBLIC WORKS AND HOUSING DEPARTMENT

4	111-Public Works and Administrative and Functional Buildings—			
	Original .. 49,10,83,000	68,89,10,070	72,37,88,854	3,48,78,784
	Supplementary 19,78,27,070			

Reasons for the excess, which occurred mainly under “Suspense” (Rs. 2.31 crores) and “Repairs to Buildings” (Rs. 0.85 crore), have not been intimated (December 1979).

This was the fifth year in succession during which excess occurred under this grant. The excess during 1977-78 was Rs. 4.64 crores.

PLANNING DEPARTMENT

5	179-Agriculture—			
	Original .. 10,61,64,000	10,72,03,120	11,90,13,831	1,18,10,711
	Supplementary .. 10,39,120			

The excess was stated to be due to the pace of implementation of the schemes under Drought Prone Areas Programme having improved towards the end of the year.

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
6	181-Community Development—			
	Original .. 60,00,00,000	67,78,50,030	70,73,85,054	2,95,35,024
	Supplementary 7,78,50,030			

Reasons for the excess, which occurred under "Employment Guarantee Scheme (wells) have not been intimated (December 1979).

Capital Section

IRRIGATION DEPARTMENT

1	207-Capital Outlay on Minor Irrigation, Soil Conservation and Area Development—			
	Original .. 7,79,04,000	7,86,54,000	10,45,94,662	2,59,40,662
	Supplementary 7,50,000			

Reasons for the excess, which occurred mainly under "Minor Irrigation-Works" (Rs. 2.05 crores); have not been intimated (December 1979).

This was the fifth year in succession during which excess occurred under this grant.

2	209-Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects—			
	Original .. 2,02,71,88,000	2,50,93,97,140	2,55,52,33,395	4,58,36,255
	Supplementary 48,22,09,140			

Part of the excess, which occurred under 'Bhima Project, Ujjani' (Rs. 3.69 crores), was stated to be mainly due to accelerated progress on dam and canal works.

Reasons for the remaining excess, which occurred mainly under major irrigation projects like Jayakwadi-Stage II, Khadakwasla Project-Stage I, Upper Wardha Project, Mula Project, etc., have not been intimated (December 1979).

(b) *Charged appropriations.*—There was excess of Rs. 19.57 lakhs in 6 appropriations in the revenue section, of Rs. 0.02 lakh in one appropriation in the capital section and of Rs. 57,40.66 lakhs in 3 appropriations in the public debt section. These excesses also require regularisation. One case of appropriation where the excess was more than Rs. 1 crore is detailed below; other cases are listed in Appendix III.

Public Debt Section

Serial number	Number and name of appropriation	Total appropriation	Expenditure	Excess
		Rs.	Rs.	Rs.
FINANCE DEPARTMENT				
1	246-Internal Debt of the State Government—			
	<i>Original</i> .. 1,15,27,00,000	} 2,90,74,00,000	3,48,13,26,000	57,39,26,000
	<i>Supplementary</i> 1,75,47,00,000			

The excess was due mainly to obtaining more ways and means advances during the year and consequential larger repayment thereof.

2.3 Supplementary grants/charged appropriations

During the year, supplementary grants of Rs. 1,68.02 crores, Rs. 72.85 crores and Rs. 88.74 crores were obtained under 100, 20 and 18 grants in the revenue, capital and loans and advances sections respectively. Supplementary appropriations of Rs. 40.85 crores, Rs. 0.12 crore and Rs. 2,09.86 crores were also obtained for charged expenditure under 26, 5 and 4 appropriations in the revenue, capital and public debt sections respectively.

The details of significant cases of unnecessary, excessive and inadequate supplementary grants/appropriations (final saving/excess being more than Rs. 5 crores each) are given below; other significant cases are listed in Appendix IV.

(i) Unnecessary supplementary grants/charged appropriation :

Serial number	Number and name of grant/ appropriation	Original grant/ appropriation	Supplementary grant/ appropriation	Expenditure	Saving
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(in lakhs of rupees)

Revenue Section

SOCIAL WELFARE, CULTURAL AFFAIRS, SPORTS AND TOURISM
DEPARTMENT

1	174-Revenue expenditure on Tribal Area Development Sub-Plan	21,64.38	4,86.13	18,46.83	8,03.68
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Reasons for the saving which occurred mainly under education, public health, sanitation and water supply, social security and welfare, co-operation and agriculture have not been intimated (December 1979).

PLANNING DEPARTMENT

2	175-A-Labour and Employment	5,63.00	..	5,63.00
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Reasons for the saving of the entire provision made for adjustment of the cost of foodgrains to be received from the Government of India under "Food for work programme" have not been intimated (December 1979).

3	178-Other General Economic Services	35,74.48	2,86.10	31,39.42	7,21.16
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Saving was due to less transfer of matching contribution to the Employment Guarantee Fund corresponding to less receipts under Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 and Maharashtra Tax Acts (Amendment) Act, 1975.

Capital Section

SOCIAL WELFARE, CULTURAL AFFAIRS, SPORTS AND TOURISM
DEPARTMENT

4	221-Capital Outlay on Tribal Area Development Sub-Plan	18,17.76	3,86.42	15,43.72	6,60.46
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Reasons for the saving, which occurred mainly under "533-Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects" (Rs. 4.41 crores) and "537-Capital Outlay on Roads and Bridges" (Rs. 1.69 crores), have not been intimated (December 1979).

(ii) Supplementary grant which proved excessive :

Loans and Advances Section

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
(in lakhs of rupees)					

RURAL DEVELOPMENT DEPARTMENT

1	270-Miscellaneous Loans ..	1,70,00.00	33,35.30	1,82,11.92	21,23.38
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Saving occurred under temporary ways and means advances to Zilla Parishads by the State Government, reasons for which have not been intimated (December 1979).

(iii) Supplementary grant/charged appropriation which proved inadequate (reasons to the extent received mentioned in paragraph 2.2) :

Serial number	Number and name of grant/ appropriation	Original grant/ appropriation	Supplementary grant/ appropriation	Expenditure	Excess
(in lakhs of rupees)					

Revenue Section

(a) *Grant*—

URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT

1	82-Public Health, Sanitation and Water Supply	60,40.93	3,16.74	69,00.53	5,42.86
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(b) *Appropriation*—

Public Debt Section

FINANCE DEPARTMENT

1	246-Internal Debt of the State Government	1,15,27.00	1,75,47.00	3,48,13.26	57,39.26
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2.4 Unutilised provision

(i) Rupees 4,26.69 crores remained unutilised in (a) 123 grants in the revenue section (Rs. 1,82.30 crores), (b) 25 grants in the capital section (Rs. 1,36.13 crores), (c) 40 grants in the loans and advances section (Rs. 42.36 crores), (d) 69 charged appropriations in the revenue section (Rs. 25.15 crores), (e) 4 charged appropriations in the capital section (Rs. 0.01 crore) and (f) 9 charged appropriations in the public debt section (Rs. 40.74 crores).

(ii) In 23 grants and 7 charged appropriations, the savings (more than Rs. 50 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 V.

(iii) Some of the major schemes where the provision remained substantially unutilised are mentioned below :

Serial number	Number and name of grant and scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
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(in lakhs of rupees)

REVENUE AND FORESTS DEPARTMENT

1 190-Capital Outlay on Social Security and Welfare—

D(i)-Acquisition of lands from benefited zones for distribution to the Project Affected Persons	3,18.14	2,82.33 (89 per cent)	Reasons for saving have not been intimated (December 1979). In 1977-78 also, there was a saving of Rs. 1,83.08 lakhs (provision : Rs. 3,18.14 lakhs ; expenditure : Rs. 1,35.06 lakhs).
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Serial number	Number and name of grant and scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
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(in lakhs of rupees)

AGRICULTURE AND CO-OPERATION DEPARTMENT

2 194-Capital Outlay on Agriculture—

(a)(i)-Purchase and Distribution of High yielding varieties seeds	5,87.00	1,44.28 (25 per cent)	Non-finalisation of claims of the Maharashtra State Co-operative Marketing Federation in respect of procurement and distribution work done by the Corporation during 1973-74 to 1975-76 and non-payment of advances to the National Seeds Corporation and cultivators because of discontinuance of scheme for procurement of seeds on Government account from 1979-80.
			In 1977-78 also, there was a saving of Rs. 1,83.55 lakhs (provision : Rs. 9,30.58 lakhs; expenditure : Rs. 7,47.03 lakhs) due mainly to less purchase of seeds.
3 (d) (i) (a) Purchase of pesticides, etc., and operational cost	5,00.00	4,48.89 (90 per cent)	Less incidence of pests and diseases and consequential less purchase of pesticides.

In 1977-78 also, there was a saving of Rs. 4,10.20 lakhs (provision : Rs. 5,00.00 lakhs ; expenditure : Rs. 89.80 lakhs) due to similar reasons.

Serial number	Number and name of grant and scheme	Provision	Saving (and its percentage) (in lakhs of rupees)	Reasons for saving and remarks
4	197-Capital Outlay on Dairy Development— (c) (ii) (27)-Kurla Dairy	99.00	47.99 (48 per cent)	Free supply of certain machinery by Indian Dairy Corporation and delay in erection of packing machinery owing to its late receipt. In 1977-78 also, there was a saving of Rs. 47.97 lakhs (provision : Rs. 97.00 lakhs; expenditure : Rs. 49.03 lakhs).
5	237- Loans for Minor Irrigation, Soil Conservation and Area Development— (b) (ii) (i)-Loans to Cultivators for Land Development through Soil Conservation measures	7,00.00	5,01.41 (72 per cent)	Due to Government's decision to incur expenditure on bunding/terracing on dry lands at Government cost, there was less need for loans to the cultivators. In 1977-78 also, there was a saving of Rs. 4,31.26 lakhs (provision : Rs. 7,00.00 lakhs; expenditure : Rs. 2,68.74 lakhs).

URBAN DEVELOPMENT AND PUBLIC HEALTH
DEPARTMENT

6	81-Family Welfare— (f)(1)-Compensation on Inter Uterine Devices	4,80.00	3,07.07 (64 per cent)	Less number of sterilisation cases taken up during the year. In 1977-78 also, there was a saving of Rs. 3,21.10 lakhs (provision : Rs. 4,80.14 lakhs ; expenditure : Rs. 1,59.04 lakhs) under this scheme.
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Serial number	Number and name of grant and scheme	Provision	Saving (and its percentage)	Reasons for saving and remarks
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(in lakhs of rupees)

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

7 263-Loans for Power Projects—

(b)(iv)-Loans to Maharashtra State Electricity Board for Power Projects	1,99,13.31	11,63.95 (6 per cent)	Less requirement of the Maharashtra State Electricity Board owing to downward revision of its Plan outlay.
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In 1977-78 also, there was a saving of Rs. 22,59.24 lakhs (provision : Rs. 1,81,90.24 lakhs ; expenditure : Rs. 1,59,31.00 lakhs).

2.5 Advances from the Contingency Fund

The corpus of the Contingency Fund (Rs. 25 crores) which was temporarily raised to Rs. 50 crores from 25th January 1978 to 31st July 1978 was again raised to Rs. 40 crores from 31st March 1979. The fund is placed at the disposal of the Governor to enable advances to be made from it for meeting unforeseen expenditure pending authorisation of such expenditure by the State Legislature.

Advances from the Fund can be made only to meet expenditure which is of such emergent character that postponement of it, till vote of the Legislature is taken, would be undesirable.

Two hundred and sixty-eight sanctions were issued during 1978-79 advancing Rs. 55,88.79 lakhs from the Contingency Fund. It was noticed that—

- (i) 90 sanctions for Rs. 6,52.00 lakhs were neither operated upon nor cancelled ;
- (ii) 1 sanction for Rs. 30.00 lakhs was not operated upon and was subsequently cancelled ;

- (iii) 16 sanctions for Rs. 2,53.75 lakhs were subsequently reduced to Rs. 1,22.29 lakhs ;
- (iv) 9 sanctions for Rs. 89.57 lakhs were increased to Rs. 2,05.56 lakhs ; and
- (v) the actual expenditure against 44 sanctions (Rs. 7,28.20 lakhs) was less than 50 per cent of the amount sanctioned.

2.6 Non-receipt of explanations for savings/excesses

For the year 1978-79, explanations for savings/excesses were either not received or where received were incomplete (December 1979) in respect of 383 heads (375 heads during 1977-78). These formed 66 per cent of the number of heads, the variations in which were required to be explained. Such delay in submission of material for Appropriation Accounts results in the Audit Report remaining incomplete in certain essential respects.

2.7 Shortfall/excess in recoveries

Under the system of gross budgeting followed by the Government, grants and charged appropriations authorised by 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. 8,57.02 crores (Revenue : Rs. 3,06.55 crores ; Capital : Rs. 3,80.47 crores ; Loans and Advances : Rs. 1,70.00 crores). Actual recoveries during the year, however, were Rs. 7,79.92 crores (Revenue : Rs. 2,98.17 crores ; Capital : Rs. 3,00.10 crores and Loans and Advances : Rs. 1,81.65 crores). Some of the major shortfalls/excesses in recoveries are detailed below ; reasons therefor (except in one case) have not been intimated (December 1979).

Department and number and name of grant	Budget estimates	Actuals	Short-fall (—)/ excess (+) over estimates
(in crores of rupees)			
<i>Revenue Section</i>			
AGRICULTURE AND CO-OPERATION—			
66-Dairy Development	78.88	50.66	—28.22

Department and number and name of grant	Budget estimates	Actuals	Short-fall (—)/excess (+) over estimates
(in crores of rupees)			
URBAN DEVELOPMENT AND PUBLIC HEALTH—			
82-Public Health, Sanitation and Water Supply	22.20	33.02	+10.82
PUBLIC WORKS AND HOUSING—			
104-Housing	16.25	....	—16.25
111-Public works and Administrative and Functional Buildings	33.58	55.70	+22.12
IRRIGATION—			
119-Water and Power Development Services	15.01	22.17	+7.16
PLANNING—			
181-Community Development	58.22	68.93	+10.71

Capital Section

AGRICULTURE AND CO-OPERATION—			
193-Capital Outlay on Co-operation .. .. .	....	5.60	+5.60
IRRIGATION—			
209-Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects	98.76	1,25.62	+26.86
FOOD AND CIVIL SUPPLIES—			
217-Capital Outlay on Food	2,30.67	1,32.77	—97.90

Shortfall was reportedly due to fall in off take of foodgrains owing to overall satisfactory position of foodgrains in the open market.

CHAPTER III

CIVIL DEPARTMENTS

AGRICULTURE AND CO-OPERATION DEPARTMENT

3.1 Land development works in the command of irrigation projects

3.1.1 *Introductory.*—According to the Government (January 1963), non-completion of water courses and allied land development works, which were the responsibility of the beneficiaries, was one of the main reasons for slow utilisation of irrigation potential created in the State with sizable investment. A scheme to carry out such works departmentally under the Bombay Land Improvement Schemes Act, 1942 and to recover the entire cost thereof together with interest from the beneficiaries in easy instalments was, therefore, undertaken from 1963-64, initially on two irrigation projects and later extended to other major and medium projects.

3.1.2 *Organisation and expenditure.*—During 1964-65 to 1972-73, the Government spent Rs. 8,04.67 lakhs on the scheme in an area of 1.61 lakh hectares, out of an area of 4.61 lakh hectares available for execution. In order to accelerate the progress of work and at the same time to reduce the financial strain on the exchequer by attracting funds from financial institutions, the Government established in July 1973 the Maharashtra Land Development Corporation Limited (MLDC). The MLDC could, however, secure institutional finance to the extent of Rs. 3,36.17 † lakhs

† Only Rs. 2,26.13 lakhs were, however, passed on to the Government.

only (against expenditure of Rs. 40,38.42 lakhs) till the end of March 1979 due to procedural and other difficulties (*vide* paragraph 3.6 of the Audit Report for the year 1976-77 (Civil)). The scheme was, therefore, continued to be financed by the Government by making provision in the budget. As the progress of land development works even then suffered considerably, the Government decided (March 1978) that such works should be treated as part and parcel of irrigation projects. The progress of the area covered and the expenditure incurred on the scheme is detailed below :

Year	Area taken up (in lakhs of hectares)	Expenditure			Percentage of establishment expenditure to total expenditure
		Works†	Establishment*	Total	
(in lakhs of rupees)					
(1)	(2)	(3)	(4)	(5)	(6)
1964-65 to 1972-73	.. 1.61	4,79.34	3,25.33	8,04.67	68
1973-74	.. 0.88	2,42.15	1,66.27	4,08.42	69
1974-75	.. 0.85	2,66.82	2,25.71	4,92.53	85
1975-76	.. 0.86	3,86.14	2,52.69	6,38.83	65
1976-77	.. 0.89	4,49.09	2,60.57	7,09.66	58
1977-78	.. 0.83	5,04.30	2,48.51	7,52.81	49
1978-79	.. 0.85	6,33.35	4,02.82	10,36.17	64
Total	.. 6.77	29,61.19	18,81.90	48,43.09	

Important points noticed during test-check (November 1979) of the accounts of the scheme are mentioned in the succeeding paragraphs.

3.1.3 *Establishment cost.*—The Government had stipulated (August 1972) that the establishment cost be limited to 25 per cent of the works cost. The actual cost on establishment, however, varied from 49 to 69

† Includes expenditure on labour in the field.

* Does not include expenditure on labour in the field.

per cent as indicated above. Excessive expenditure on establishment was attributed (September 1979) by the divisions to (i) reorganisation of sub-divisions, (ii) short working season due to standing crops and (iii) revision of pay scales. To the end of March 1979, the total expenditure on establishment was Rs. 18.82 crores ; this exceeded the prescribed limit by Rs. 11.42 crores which amount is not recoverable from the beneficiaries. Proposals, if any, for reviewing the establishment expenditure were, however, not stated.

In 1976, the Government had appointed a committee of officials to examine the issue. The committee had suggested organisational reforms at the divisional/sub-divisional level. The reforms have not been implemented.

3.1.4 *Execution of works.*—(a) For the six years 1973-74 to 1978-79, a target of land development works on an area of 8.61 lakh hectares was fixed by the department (10.80 lakh hectares could have been taken up on the basis of work norms prescribed by the Government). Work was actually taken up only in respect of 5.16 lakh hectares. In eight of the divisions checked in audit, the shortfall in achievement of the targets fixed was found to be from 51 per cent to 90 per cent in some of the years. Paucity of funds, non-availability of labour and short working season due to double cropping were stated (September 1979) to be the reasons for the shortfall.

(b) *Incomplete works.*—The individual works were required to be completed within two years of their commencement. Out of works taken up in 5.05 lakh hectares to the end of 1976-77, works had been completed only in respect of 1.35 lakh hectares by the end of March 1979. Expenditure on works overdue for completion amounted to Rs. 7,18.60 lakhs (upto March 1979). Non-synchronisation of the creation and utilisation of irrigation potential over the years had resulted not only in non-accrual of returns on the capital invested but also delayed the anticipated benefits to the farming community for a number of years.

(c) *Works executed without sanction to plans and estimates.*—Works costing Rs. 2,67.22 lakhs in an area of 0.77 lakh hectares had been undertaken in 9 divisions without sanction (October 1979) to plans and estimates. In one division, field channels were reconditioned (1979) at

a cost of Rs. 2.54 lakhs without sanction to plans and estimates and without the consent of the beneficiaries on the ground that reconditioning was necessary for adoption of rotational water supply system. The reasons advanced (September 1979) for non-observance of the requirement of sanction to plans and estimates were pressure of implementation of Emergency Agricultural Production Programme (in 1972-73), works for relief of distress caused by natural calamities and the Employment Guarantee Scheme.

The relevant rules and orders require observance of the procedure regarding sanctions to plans and estimates even in these cases.

(d) *Abandoned works.*—Works executed at a cost of Rs. 14.28 lakhs in 0.10 lakh hectares during 1965-66 to 1977-78 were abandoned due to (i) area coming under high flood level, (ii) lower sill level, (iii) want of consent of the beneficiaries, and (iv) non-availability of labour. The infructuous expenditure was attributable to failure to conduct proper surveys prior to execution of works.

3.1.5 *Recoveries.*—(i) *Recoveries from the beneficiaries.*—The expenditure incurred on land development works was to be treated as loan recoverable from the beneficiaries with interest over a period of 10 years (15 years in the case of small farmers). For this purpose, recovery statements were to be prepared on completion of the works and sent to the revenue authorities. Though works had been completed in 2.52 lakh hectares upto March 1979, recovery statements had been sent to the revenue authorities only in respect of 0.98 lakh hectares representing recovery of Rs. 6.39 crores (recovery made Rs. 11,000 only). Test-check in 8 divisions indicated that recovery statements in respect of Rs. 2,93.70 lakhs had not been submitted (March 1979) by the divisions though some of the works had been completed as early as in April 1974.

(ii) *Recoveries from the Corporation.*—(a) Expenditure of Rs. 12.69 lakhs incurred by the Government on staff deployed to operate the machinery owned by the Corporation during 1976-77 to 1978-79 had not been recovered from it (September 1979).

(b) Recovery of enhanced rent at Rs. 2,316 per month for the accommodation let out to the Corporation in April 1974 was ordered to be

effected from March 1977. Further, Rs. 0.58 lakh towards difference of rent for the period March 1977 to July 1979 had also not been recovered (September 1979).

(c) While agency charges amounting to Rs. 0.50 lakh were recovered from the Corporation for the year 1973-74, orders for recovery of such charges from the year 1974-75 onwards had not been issued (September 1979).

(iii) *Recoveries from staff.*—Dues amounting to Rs. 2.15 lakhs in respect of tools and plant found short in stock checks by the department and Rs. 1.82 lakhs on account of defects in execution of works, mistakes in recording of measurements, etc., found in internal check during 1971-72 to 1978-79, were pending (September 1979) recovery from the staff. The department stated (September 1979) that recoveries could not be effected due to transfers.

3.1.6 *To sum up.*—(i) To speed up utilisation of the irrigation potential, the Government undertook since mid-sixties land development works on behalf of the beneficiaries, and also established in 1973 a Corporation to attract institutional finance. Against over Rs. 48 crores spent till March 1979 to cover 6.77 lakh hectares, institutional finance could, however, be obtained only to the extent of a little over Rs. 3 crores. No evaluation as to the quality of work, benefits therefrom, etc., had been done. (ii) The establishment cost exceeded the prescribed limit by Rs. 11.42 crores during 1964-65 to 1978-79, the excess being not recoverable from the beneficiaries. In 1976, the Government had appointed a committee of officials to examine the issue. The committee had suggested organisational reforms at the divisional/sub-divisional level. The reforms have not been implemented. (iii) The work taken up (5.16 lakh hectares) during 1973-74 to 1978-79 was less than 50 per cent of the expected outturn (10.80 lakh hectares) as per the norms fixed by the Government, and the actual coverage was even lower. (iv) In nine divisions, works on which Rs. 7.19 crores had been spent, remained incomplete even after expiry of the normal period of completion of 2 years, resulting in delays in even available water reaching the cultivators' fields. Infructuous and unfruitful expenditure of Rs. 14.28 lakhs was also noticed during test-check. (v) Recovery statements had not been sent to the revenue authorities in respect of completed works for Rs. 2.94 crores. Against Rs. 6.39 crores

for which recovery statements had been sent to the revenue authorities between 1976-77 and 1978-79, the recovery effected was only Rs. 0.11 lakh.

The above points were referred to the Government in October 1979, reply was awaited (February 1980).

3.2 Integrated area development scheme

3.2.1 *Introduction.*—The integrated area development scheme (scheme), first introduced (April 1965) in the State in Sangli District, was intended to help small farmers (holders) and agricultural labourers. It aimed at achieving an annual increase of about 10 per cent in the income of this class of the rural population.

The scheme, implemented through the agency of Zilla Parishads (Z.Ps.), envisaged cent per cent coverage of small holders/ agricultural labourers in the 25 districts by opening 4 blocks per district at a cost of Rs. 25 lakhs per block over a period of 5 years, *i.e.*, with an aggregate outlay of Rs. 25 crores. However, 26 blocks only were functioning in the State till 31st March 1979. The coverage under the scheme till then was as under:

		Total number in the selected blocks	Total number benefited till March 1979 (Progressive)
(figures in lakhs)			
Small holders	..	.. 5.23	3.05
Agricultural labourers	..	.. 3.08	0.47

Expenditure on the scheme in the State was as under:

Period		Sanctioned budget provision (in lakhs of rupees)	Actual expenditure
Upto 31st March 1974	.. ..	7,30.24	5,23.35
1974-75	.. ..	94.68	91.75
1975-76	.. ..	1,42.49	1,01.50
1976-77	.. ..	1,07.87	1,03.41
1977-78	.. ..	98.34	84.10
1978-79	.. ..	97.15	1,11.36*
Total		12,70.77	10,15.47

* This figure is only tentative.

3.2.2 *Audit scrutiny*.—Important points noticed during test-check of the accounts/records of the scheme (July/August 1979) relating to four blocks in Pune, Nashik, Nanded and Yavatmal districts for the period ending March 1979 are indicated below:

3.2.2.1 *Financial outlay*.—On the recommendation (June 1972) of the State Level Co-ordination Committee, the ceiling of Rs. 25 lakhs fixed initially on the outlay per block over a period of 5 years was subsequently increased to Rs. 1,00 lakhs over a period of 10 years or till the ceiling was reached, whichever was earlier.

The cost of establishment (additional staff) was normally not to exceed 5 per cent of the ceiling per block. It was however, generally higher and increasing over the years. It had increased particularly in 1978-79 when expenditure on the scheme was scaled down, while the sanctioned staff was continuing.

The position in respect of establishment expenditure, coverage and expenditure per beneficiary in the 4 blocks to end of March 1979 is given in the table on page 40.

(Table referred to in paragraph 3.2.2.1; page 39)

Block and date of commencement	Total expenditure on the scheme to end of March 1979	Total establishment cost to end of March 1979	Percentage of cost of establishment to expenditure on the scheme			Small holders and agricultural labourers		Percentage of coverage under the scheme	Expenditure per beneficiary under the scheme
			To end of 4th Five year Plan (1969-74)	During 5th Five Year Plan (1974-78)	During 1978-79	Total number available in the block	Total number benefited		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	(in lakhs of rupees)								(in rupees)
<u>Pune</u> November 1970	40.59	6.53	13	15	30	45,562	29,680	65	137
<u>Nashik</u> June 1972	17.51	6.40	38	30	75	15,342	4,071	27	430
<u>Nanded</u> August 1969	35.98	6.32	10	24	58	33,020	13,066	40	275
<u>Yavatmal</u> February 1966	70.09	7.85	5	30	58	19,802	8,905	45	787

The reasons for low coverage and consequent high cost per beneficiary, particularly in Nashik, were not stated.

3.2.2.2 The scheme stipulated a minimum of sub-schemes in a block to cover, *inter alia*, the following:

- (i) comprehensive and composite land improvement measures,
- (ii) full exploitation of all irrigation sources,
- (iii) establishment of small poultry units with marketing arrangements,
- (iv) establishment of small dairy units with marketing arrangements.

All the sub-schemes had, however, not been taken up in the blocks opened. It was stated by the directorate (July 1979) that their actual execution depended on the availability of funds released by the District Planning and Development Council within the financial limit of funds provided by the Government for the district and the response of the small holders and agricultural labourers to a particular item of the scheme. Steps proposed to step up execution were, however, not stated.

3.2.2.3 *Lift irrigation (L. I.) schemes*:—The extent of utilisation of irrigation potential of completed L.I. schemes and the position of incomplete L. I. schemes to end of March 1979 is indicated below :

(a) *Completed L. I. schemes*.—(i) Pune : 21; cost : Rs. 6.83 lakhs; irrigation potential created : 295 hectares.

The utilisation was 94.53 hectares out of a potential of 156.56 hectares created from 10 schemes. Eleven schemes could not be put to use due to want of power connection and unsatisfactory construction work requiring repairs.

(ii) Nanded : 4; cost : Rs. 2.28 lakhs; irrigation potential created : 100 hectares.

The utilisation was 25.60 hectares, the shortfall being due to non-formation of co-operative societies for taking up 3 completed L.I. schemes.

(b) *Incomplete L. I. schemes*.—(i) Pune : 16; expenditure incurred : Rs. 5.23 lakhs.

(ii) Yavatmal : 3; expenditure incurred : Rs. 1.84 lakhs.

These were incomplete for want of major repairs to engines/engine house, incomplete pump houses, non-supply of or incomplete electricity connection (Pune) and non-completion of jack-well (Yavatmal).

According to the directorate (December 1979), the completed L.I. schemes had been handed over to the co-operatives of small holders but due to leakages in the pipe lines and inadequate maintenance by the Buildings and Communications/Minor Irrigation departments of the Z. Ps. through whom these were implemented, the small holders encountered difficulties resulting in non-utilisation of the irrigation potential. It was also stated that no staff was provided to look after this work in the minor irrigation section of the Z. P. resulting in unsatisfactory work of construction and repairs. Remedial steps proposed to be taken were, however, not stated.

According to the Government orders (January 1973), crop-wise water rates were required to be fixed and intimated to the beneficiaries before the completed schemes were handed over to the co-operative societies of small holders. This was not done (November 1979) with the result that no water rates were recovered from the beneficiaries of L. I. schemes (November 1979), and no agreement bonds to pay the rates were also obtained from them.

3.2.2.4 *Community wells.*—Rupees 16.41 lakhs were spent upto March 1979 on construction of 160 community wells in the 4 districts. Of the irrigation potential of 633.36 hectares created by 129 completed wells, the actual utilisation was 326.80 hectares. The shortfall in utilisation was attributed by the Z. Ps. to (i) non-execution of repairs to oil engines (Pune), (ii) lack of demand due to location of a well in the command of a minor irrigation tank (Nanded), and (iii) shortage of water in one well (Nanded). Remedial steps proposed were not stated.

3.2.2.5 *Electric motors/oil engines.*—Of the 180 electric motors/oil engines (cost : Rs. 5.33 lakhs) purchased in Pune and Yavatmal districts between March 1972 and March 1977 for L. I. schemes and community wells, 54 were not in use though installed (Pune : 34; cost : Rs. 1.15 lakhs and Yavatmal : 20; cost : Rs. 1.02 lakhs) and 22 were not installed at all (Pune : 10; cost : Rs. 0.45 lakh; and Yavatmal : 12; cost : Rs. 0.36 lakh) due to (i) incomplete electricity connection, (ii) failure of engine-house /pipe lines requiring repairs/replacements, and (iii) non-completion of civil works for L. I. schemes.

Adequate arrangements for ensuring maintenance of equipment supplied to the societies had not been made.

In Yavatmal -District, 19 more electric motors/oil engines (cost : Rs. 0.54 lakh) supplied to the societies of small holders for use of L.I. schemes/community wells taken up under the scheme were actually used for purposes outside the scheme due to inadequate water in the proposed wells. Another 19 electric motors and oil engines (cost : Rs. 0.62 lakh) supplied to the societies of small holders were disposed of by them and the sale proceeds were not credited to the Government. The Z. P. Yavatmal stated (August 1979) that demand notices had since been issued in June 1979 for recovery of the amount.

3.2.2.6 *Construction of new wells.*—Though loan for construction of new wells was not an approved item under the scheme, loan of Rs. 14.27 lakhs was paid in 433 cases by the Agricultural Development Officer, Z. P. Yavatmal on the basis of a resolution passed by the District Co-ordination Committee. The proposal of the Directorate of Agriculture (February 1975) for regularisation was turned down by the Government (July 1976). Further developments were awaited (February 1980).

3.2.2.7 *Nala bandhara works.*—In Nashik District, irrigation potential of 22 hectares created in the two *nala* bandharas (cost : Rs. 0.26 lakh) completed during 1976-77 was not utilised as no society of small holders was formed to take over the bandharas. Of the irrigation potential of 27 hectares created in the other two bandharas (cost : Rs. 0.25 lakh) in the district completed during 1977-78, utilisation was to the extent of 5.20 hectares only as no water was available.

3.2.2.8 *Farm production plans.*—Farm production plans were prescribed in the scheme to record and watch the progress made by each small holder over a period of 5 years with a view to finding out the increase in his annual income. To end of March 1979, maintenance of 1,516 farm production plans against 29,300 benefited small holders in Pune Block and of 1,916 against 4,415 small holders benefited in Yavatmal Block was commenced, but was not continued over the requisite period. In Nashik District, no farm production plan was prepared in respect of 3,364 small holders benefited. No information regarding such plans was available with the Nanded Z.P.

3.2.2.9 *Supply of cows and buffaloes.*—Out of Rs. 0.36 lakh paid as subsidy for 81 cows/buffaloes supplied during 1972-73 in Pune Block under the scheme, subsidy of Rs. 0.18 lakh was paid in 37 cases without actual purchase of animals as revealed by an investigation made by the Chief Executive Officer, Z.P., Pune (June 1974). Action against departmental officers was stated to be pending (December 1979).

3.2.2.10 *Other items—(a) Gypsy huts.*—Sixty gypsy huts (cost : Rs. 0.44 lakh) purchased for three blocks at Satara (20), Ratnagiri (20) and Beed (20) during 1967-68 and 1968-69 and lying idle, were to be transferred to Pune Block as per Government orders (April 1972). Only 35 huts were transferred to Pune Block in January 1973 (Satara 20, Beed 15). As these huts could not be put to any use in Pune Block also, the Government directed (August 1977) their transfer to the Mechanical Division, Pune which, however, rejected (June 1979) them, being unsuitable.

(b) *Construction of godowns.*—Loans amounting to Rs. 1.50 lakhs (Rs. 1.20 lakhs in 1970-71 and 0.30 lakh in 1974-75) were paid for construction of 8 godowns in Nanded Block, though no loans were admissible under the scheme for the purpose. Though the works were to be completed within one year of the drawal of the first instalment of loans (1970-71), the works were completed in 1972-73 (one), 1974-75 (three) and 1975-76 (four). As against the recoverable amount of Rs. 0.56 lakh towards the principal due at the end of March 1979, only Rs. 0.05 lakh had been recovered upto March 1979.

According to Z.P., Nanded (August 1979), these godowns were still not in use.

(c) *Loans and recovery position.*—Of the loan of Rs. 94.77 lakhs granted since 1972-73, Rs. 57.34 lakhs were recovered leaving a balance of Rs. 37.43 lakhs (principal) outstanding as on 31st March 1979. Information regarding overdue recoveries of principal and interest called for (July 1979) from the Directorate of Agriculture, was awaited (February 1980). The Z.Ps. stated (August 1979) that demand notices were being issued to the concerned cultivators.

(d) The Public Accounts Committee in its 13th Report (November 1976) had recommended a review of the working of the scheme by the

Government to ascertain how far the scheme was being satisfactorily implemented. In the "action taken" statement (October 1978), the Government had stated that periodical reviews of the scheme were being made by the State Level Co-ordination Committee and the implementation of the scheme was thus being constantly watched and improved. However, according to the Directorate of Agriculture (July 1979), though all the Z.Ps. had been instructed (August 1973) to evaluate the working of the scheme in their districts, they had not completed this work and it was not yet possible to know the extent to which the basic objective of the scheme had been achieved.

3.2.3 *Summing up.*—The integrated area development scheme introduced in 1965, aimed at economic betterment of the weaker section of the agricultural community in the State in a period ranging from 5 to 10 years. The foregoing paragraphs bring out the following points :

(i) Even though the blocks were functioning for a number of years (over 14 years) and substantial sums (over Rs. 10 crores) had been expended on them, the extent to which the objective of the scheme had been achieved had not been assessed.

(ii) The cost of establishment (additional staff), which was normally not to exceed 5 per cent of the total expenditure, was generally higher and increasing over the years and ranged from 30 per cent to 75 per cent during 1978-79 in the four districts test-checked.

(iii) Though the scheme had laid down certain irreducible minimum sub-schemes to be undertaken in each block, many of them had not been undertaken.

(iv) Nineteen lift irrigation schemes in Pune and Yavatmal, which were undertaken during 1972-73 and 1973-74 and on which Rs. 7.07 lakhs had been spent, were lying incomplete. In respect of the completed irrigation schemes, water rates were not fixed before handing them over to the co-operative societies of beneficiaries with the result that water rates had not been assessed and recovered.

(v) Of the irrigation potential of 633 hectares created by 129 completed community wells, the actual utilisation was only 327 hectares.

(vi) Seventy-six electric motors/oil engines costing Rs. 2.98 lakhs were lying idle. Adequate arrangements for ensuring maintenance of equipment supplied to the societies had not been made.

(vii) Irregular payments of loans/subsidies amounting to Rs. 15.78 lakhs were noticed.

The matter was referred to the Government in September 1979 ; reply was awaited (February 1980).

3.3 Unfruitful outlay—Construction of a fishing trawler

Under a scheme for financial assistance to fishermen and their co-operative societies, approved in 1967 and liberalised in December 1971, the Government sanctioned Rs. 5.73 lakhs (January 1972 : Rs. 4.57 lakhs ; March 1974 : Rs. 1.16 lakhs) towards loan (Rs. 5.45 lakhs) and special redeemable share capital (Rs. 0.28 lakh) to a co-operative society at Shriwardhan (District : Kulaba) for construction of a steel fishing trawler (original estimated cost : Rs. 9.47 lakhs ; final cost : Rs. 12.05 lakhs) to be operated by a group of fishermen sponsored by the society. The sanctioned amounts were drawn by the Directorate of Fisheries on receipt of Government sanctions and deposited with a central co-operative (bank); they were released to the society by the bank between July 1972 and January 1975 in instalments.

Construction of the trawler was entrusted (February 1972) by the society to a builder on contract basis. As the builder had failed in his commitment to his creditors, viz., the bank, a nationalised bank, Port Trust, etc., the Court appointed (January 1975) a receiver to take charge of the trawler. It was sold (April 1976) in auction for Rs. 14.60 lakhs to a private firm on the orders of the Court. As a result, however, of a consent decree passed by the Court (February 1979), the Government received Rs. 6.84 lakhs against the dues of Rs. 8.54 lakhs, resulting in a loss of Rs. 1.70 lakhs. Information regarding the legal expenses incurred by the Government in the case was awaited (February 1980).

The following points were noticed on a scrutiny conducted by Audit (June 1979) :

(i) According to the approved scheme, the bank with which the sanctioned loan was deposited was to release the first instalment only after obtaining, *inter-alia*, a personal surety bond from the society. As, however, the Government sanction had failed to stipulate that the society should furnish to the bank a solvent surety equal to the value of the boat, the bank did not obtain any surety from it.

(ii) In breach of its undertaking (10th July 1972) to the Government and the bank, the society authorised (20th July 1972) a nationalised bank to have a charge on the constructed portion of the trawler by way of security for repayment of credit facilities afforded by it to the builder. The society had also affirmed to it that until the trawler was completed and taken charge of by the society, the Directorate of Fisheries or any other person or authority had no claim of any kind on the trawler or part thereof. The Directorate of Fisheries stated (June 1979) that it was unaware of these developments till the nationalised bank instituted (October 1974) legal proceedings for recovery of its dues from the builder, which indicated that the administrative control exercised by the directorate, through inspection of records of the society, to safeguard the financial interest of the Government was inadequate.

(iii) According to the approved scheme, the bank should have had the first charge, and the Government the second charge at all times on the assets mortgaged for securing loans. The loan was, however, disbursed to the society without it having created this charge.

In the case of the suit filed by the creditors of the builder, the Government's appeal (August 1975) to the Court to include it as a party to the suit was dismissed with costs as there was no deed of mortgage of the trawler from the society to the Government or the bank.

The Government stated (October 1979) that arrangements were made to get the mortgage deed executed (September 1975) only after allotment of temporary registration (January 1975) to the vessel, as it could not have been taken as security unless it was completed and registered. This disability, however, did not prevent the builder from hypothecating (December 1972) the trawler under construction and the raw materials to the nationalised bank for affording cash credit facilities.

(iv) Under the scheme, interest on the loan was to be charged at $7\frac{1}{2}$ per cent per annum from the date of payment of loan if the assets were not insured. While preferring the claims in the suit (April 1976), the Government claimed interest at this rate only from the date of filing of the suit (26th March 1976) instead of from the date of disbursement resulting in short-recovery of interest by Rs. 1.63 lakhs (included in the loss of Rs. 1.70 lakhs mentioned earlier).

Though the object of the scheme was to assist the fishermen, it could not be said to have been achieved as the trawler was ultimately sold to a private operator in auction.

3.4 Purchase and distribution of seed

With a view to ensuring adequate supply of quality seed of foodgrains to needy farmers immediately after the drought of 1973-74, the Government entrusted (March 1973) to the Maharashtra State-Co-operative Marketing Federation (Federation) the work of purchase, storage and sale of seed on agency basis, to be carried out under guidance and advice of the Government. The Federation was to effect sales through the zilla parishads (Z.Ps.) and/or its own agency against cash or sanctioned loans.

Under the main terms of the agency, the Government was to determine the prices of purchase and sale of seed and give guarantees for raising institutional finance; the Federation was entitled to a commission of $\frac{1}{4}$ per cent of purchase value and all reasonable expenses (which had, however, not been spelt out) were to be reimbursed to the Federation on certification of expenses by the Joint Registrar, Co-operative Societies (Audit).

On a guarantee given by the Government (July 1973), the Federation obtained a cash credit of Rs. 15,00 lakhs from the State Bank of India ($8\frac{1}{2}$ per cent minimum interest per annum). The advance was to be liquidated after the sowing season of 1973-74 was over. However, on the plea that recoveries from Z.Ps. were pending and to allow the Federation to settle the accounts of the scheme and the claims, the Government had, actually, to extend the guarantee to end of June 1977 though the work was withdrawn from the Federation in April 1976 and entrusted to the Directorate of Agriculture.

The Federation had submitted (July 1975) a claim for Rs. 96.49 lakhs covering the scheme (including interest charges) for the co-operative years 1972-73 and 1973-74; this was returned by the Joint Registrar in October 1975 for resubmission with clarification on his objections. The Federation resubmitted (October 1976) the claims after a year, together with additional claims of Rs. 87.03 lakhs for 1974-75 (interest : Rs. 59.33 lakhs; expenses : Rs. 27.70 lakhs) and of Rs. 45.45 lakhs for 1975-76 (interest : Rs. 43.37 lakhs; expenses : Rs. 2.08 lakhs). Of the total claim

of Rs. 2,29 lakhs, the Joint Registrar, Co-operative Societies (Audit) certified (November 1976) claims for Rs. 2,05 lakhs, disallowing a sum of Rs. 24.22 lakhs towards interest charges for the period from November 1975 to October 1976, arising out of the delay in resubmission of claims* by the Federation.

However, on a representation by the Federation (May 1977), the entire amount of Rs. 24.22 lakhs was allowed by the Government (January 1978) after disallowing an amount of Rs. 3.98 lakhs by way of penalty, on the ground that the claim of the Federation to the extent of Rs. 83.49 lakhs admitted in October 1975 by the Joint Registrar could have been passed in time.

Thus, delays in preferring claims and in their settlement led to an additional liability of Rs. 24.22 lakhs to be borne by the Government on account of interest, besides leaving the Government with no option but to extend the guarantee to end of June 1977.

Incidentally, claims of the Federation amounting to Rs. 2,50 lakhs due to deteriorated seed which had failed germination tests and had to be sold in auction and shortages in the scheme were still under consideration of the Government (July 1979). The scheme's accounts thus remain unsettled for over 3 years after its take over by the Government.

The matter was referred to the Government in September 1979; reply was awaited (February 1980).

URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT

Directorate of Health Services

3.5 Maternity and child welfare schemes

3.5.1 The schemes for (i) immunisation of children by vaccines against diphtheria, whooping cough and tetanus (DPT) and of expectant mothers against tetanus (TT), (ii) prophylaxis against nutritional anaemia in mothers and children, and (iii) prophylaxis against blindness in children caused by Vitamin 'A' deficiency, all forming part of the Government of India's family welfare programme, were undertaken in the State from

* Rs. 96.49 lakhs plus interest of Rs. 59.33 lakhs.

1971-72 [schemes (i) and (ii)] and 1972-73 [scheme (iii)] by the Directorate of Health Services through the District Health Officers of Zilla Parishads in the rural areas (413 primary health centres) and through the Medical Officers of Health in the Corporation areas. Rupees 1,26.15 lakhs, representing cost of vaccines and medicines were spent on the schemes between 1971-72 and 1978-79.

3.5.2 A test-check by Audit of the records of 32 primary health centres out of 132 centres under seven Zilla Parishads and information obtained from the Directorate of Health Services indicated the following :

I. *Immunisation of children and expectant mothers.*—The immunisation of children was to be achieved by administering two doses (in some cases three) of DPT vaccine at intervals, with a booster dose of DT (diphtheria and tetanus) later. Children not immunised with DPT were to be administered two doses of DT vaccine at intervals. Children in age group of 3 to 6 years, who had not been immunised earlier with DPT, were to be administered two doses of DT at an interval of one to two months. Immunisation of expectant mothers was to be achieved by administering two/three doses of tetanus toxide (TT).

The targets for immunisation prescribed for the State by the Government of India in consultation with the State Government were distributed by the directorate among all the districts in the State on the basis of the population in each district.

According to the information furnished by the department, the performance in the administration of DPT, DT and TT vaccines was as under:

Vaccine	Year	Number of beneficiaries		Percentage
		Target	Actual coverage	
(1)	(2)	(3)	(4)	(5)
		(in lakhs)		
DPT ..	1973-74 to 1978-79	58.31	25.08	43
TT ..	1973-74 to 1978-79	32.93	18.51	56
DT ..	1975-76 to 1978-79	36.50	21.21	58

The directorate stated (March 1979) that it had no information regarding the number of beneficiaries who had received both the doses of vaccines upto 1977-78, as well as the number who had dropped out after receiving the first dose.

Scrutiny by Audit of the records in 8 centres showed that about 6,900 (17 per cent) beneficiaries to whom the second dose had been administered after the prescribed period rendering the first dose ineffective were also considered as immunised.

The details of doses administered in 1978-79 were as under :

Name of Vaccine	Particulars of doses and number of beneficiaries			Total number of dropouts	Percentage of dropouts	
					2nd dose	3rd dose
(1)	(2)			(3)	(4)	(5)
			(in lakhs)			
DPT ..	1st dose ..	..	9.73	....	....	....
	2nd dose ..	..	7.62	2.11	....	....
	3rd dose ..	..	5.64	4.09	22	42
DT ..	1st dose ..	..	11.83	....	....	....
	2nd dose ..	..	9.48	2.35	20	....
TT ..	1st dose ..	..	6.20	....	....	....
	2nd dose ..	..	4.82	1.38	....	....
	3rd dose ..	..	3.11	3.09	22	50

In 1978-79 alone, the cost of vaccines rendered ineffective due to non-administration of scheduled doses was Rs. 4.65 lakhs (DPT : Rs. 3.04 lakhs; DT : Rs. 0.82 lakh and TT : Rs. 0.79 lakh).

The Medical Officers of the primary health centres attributed the dropouts to—

- (i) poor response from the rural population to vaccination;
- (ii) shortage of technical personnel; and
- (iii) irregular and short supply of vaccines.

According to the Deputy Director of Health Services, Bombay Circle (July 1979), the dropouts were also due to the failure of the centres to organise visits for administering the second and third doses in a proper manner. He further observed that the vaccines stored in

district headquarters were not properly distributed to centres. It was seen in audit that in 22 sub-centres technical personnel were not posted for periods ranging from 1 to 5 years.

II. *Prophylaxis against nutritional anaemia in mothers and children.*— To prevent nutritional anaemia, iron with folic acid was to be given to expectant mothers, daily, till the haemoglobin level was maintained at a satisfactory level. For children, a smaller daily dose was prescribed to prevent dietary deficiency. For infants and children, the dose was to be in liquid form, to be administered in children clinics and primary health centres only. The doses were to be given continuously for an average period of 100 days to achieve the desired results.

The scrutiny of the information collected/received from 32 centres indicated the following :

(a) According to the information furnished by the directorate (August 1979), as given in the table below, the Government of India had supplied 39,79.32 lakh doses from 1973-74 to 1978-79, which could have covered only 39.79 lakh beneficiaries during these years at the rate of 100 doses for each beneficiary; the reported coverage of 64.93 lakh beneficiaries was, thus, in respect of the number of mothers and children initiated for the treatment, many of whom had not completed the full course of 100 tablets, rendering, largely, the expenditure incurred/doses administered ineffective.

Year		Doses (tablets/ liquid preparation) supplied by the Government of India	Number of beneficiaries who could be covered	Number of mothers and children initiated for the treatment
(1)		(2)	(3)	(4)
			(figures in lakhs)	
1973-74	..	7,00.00	7.00	6.21
1974-75	..	1,88.90	1.89	10.10
1975-76	..	2,15.38	2.15	6.88
1976-77	..	5,90.17	5.90	6.36
1977-78	..	11,19.48	11.20	16.40
1978-79	..	11,65.39	11.65	18.98
Total	..	39,79.32	39.79	64.93

Information collected by Audit from 7 centres showed that the average distribution for 6 years ending 1978-79 was only 39 doses per beneficiary. In 13 centres, of 61,448 beneficiaries initiated for the treatment during 1973-74 to 1978-79, only 35,567 beneficiaries had completed the full course.

(b) According to the guidelines prescribed by the Government of India, haemoglobin estimation before and after the treatment was necessary to assess the effects of the tablets on the beneficiaries. Of the 32 centres checked by Audit (April-July 1979), apparatus/instruments for carrying out haemoglobin test had not been supplied to 19 centres and to any of the sub-centres; they were out of order in 2 centres. None of the centres confirmed that haemoglobin estimation was done before and after the treatment.

(c) Though the doses in liquid form were to be administered only in children clinics and primary health centres, in 10 out of 32 centres checked in audit, bottles of liquid preparation had been issued to the beneficiaries.

III. *Prophylaxis against blindness in children due to Vitamin 'A' deficiency.*—The scheme was contemplated to cover 15 to 20 per cent of the children at risk. Selected children were to be given Vitamin 'A' solution at intervals of six months. Between 1973-74 and 1978-79, 31.80 lakh children were given Vitamin 'A' solution against the target of 73.75 lakh children.

Information received from 10 centres showed that proper records indicating whether the children once registered received the doses regularly at intervals of six months were not maintained.

The Vitamin 'A' solution was to be given to children in the age group of 1 to 5; it was, however, observed that in 5 out of 32 centres checked in audit, it had been administered during 1975-76 to 1978-79 to 1,959 children aged from 6 to 15.

3.5.3 *Other points of interest.*—(i) The objects of the scheme included, *inter alia*, creating an awareness amongst parents regarding the causes and consequences of the various diseases and the facilities available for their prevention by immunisation. Though the success of the scheme

depended upon mass propaganda and motivation through film shows, group discussions, home visits, etc., the department stated (August 1978) that these could not be arranged as the staff was employed on family planning programme.

(ii) *Storage*.—The vaccines for immunisation received from the Government of India were required to be stored in refrigerators to prevent loss of potency. As the sub-centres had no facility of refrigerators they were asked to stock the vaccines needed for 15 days in earthen pots containing water and sand. In 18 sub-centres checked in audit, the vaccines administered had been stored in earthen pots for periods ranging from one to twelve months.

Information received from 32 centres checked in audit showed that though refrigerators were supplied to 31 centres, they could not be used in 8 centres for want of electricity or for want of repairs for periods ranging from 1 to 5 years. Details supplied to the directorate by 12 Zilla Parishads (August 1978 to March 1979) showed that out of 207 refrigerators supplied, 154 were without voltage stabilisers and 40 were not in working order. Effectiveness of doses administered out of improperly stored vaccines had not been investigated.

3.5.4 *Summing up*.—Schemes for (i) immunisation of children against diphtheria, whooping cough and tetanus and of expectant mothers against tetanus and (ii) prophylaxis against nutritional anaemia in mothers and children were undertaken from 1971–72. The scheme for prophylaxis against blindness in children was undertaken from 1972–73. The foregoing paragraphs bring out the following :—

(a) Adequate action for mass propaganda/education which was essential for the success of the schemes was not taken.

(b) (i) Under the scheme of immunisation of children and of expectant mothers, it was not ensured that the beneficiaries initiated for the treatment were fully immunised; many to whom the first dose was administered were not given the second or subsequent doses.

(ii) Precautions for storage of vaccines in proper temperature to retain their potency were not taken in many of the centres and sub-centres.

(c) (i) Under the scheme of prophylaxis for mothers and children, tablets and liquid preparation of iron with folic acid were issued without ensuring that those initiated for the treatment received the complete course of tablets/doses.

(ii) The success of the scheme could not be judged as haemoglobin tests required to be taken before and after the treatment were not taken.

(iii) The achievement under the scheme indicated by the department indicated mainly the number of beneficiaries who were initiated, but not the number who were immunised by administering the minimum and prescribed dosage.

(d) Proper records to show that a child at risk against blindness received Vitamin 'A' solution till attaining the age of 5 years were not maintained; in some cases the solution was given to children in the age group of 6 to 15 years.

The matter was referred to the Government in September 1979; reply was awaited (February 1980).

3.6 Extra payment of bed charges to a private hospital

The Government entered (September 1977) into an agreement with a private hospital in Pune for reserving 250 beds for utilisation by a Government college; these beds were required for starting eight teaching units for the college as per the requirements laid down by the Medical Council of India. According to the terms of the agreement, the hospital was entitled to receive bed charges at Rs. 4 per bed per day for the number of beds actually occupied subject to the maximum of 250 beds or 50 per cent of the costs incurred on each occupied bed, whichever was less. According to the college, as against 250 beds reserved, only 120 beds had been actually used during June 1977 to December 1978 for the teaching of the undergraduate students, and the grant to the hospital was to be restricted to the maximum of 120 beds. The Directorate of Medical Education and Research, however, directed (March 1978) the college to pay for all the 250 beds on the ground that 250 beds of the hospital had been shown as teaching beds to the Medical Council of India during its inspection. Rupees 5.06 lakhs were accordingly paid between June 1977 and December 1978 to the hospital as maintenance charges for 250 beds as against Rs. 2.78 lakhs admissible for 120 beds actually occupied.

The matter was referred to the Government in July 1979; reply was awaited (February 1980).

Employees State Insurance Scheme

3.7 Advance payments to approved chemists

The Insured Persons (IPs) under the Employees State Insurance Scheme (ESIS) are supplied medicines/drugs, free of cost, by the approved chemists on the prescriptions of the Insurance Medical Practitioners (IMPs) and Specialists under the ESIS. The approved chemists are required to purchase the medicines/drugs specified in the ESIS Schedule from the manufacturers/authorised suppliers only. The cost of such medicines/drugs is reimbursable by the Administrative Medical Officer (AMO) to the approved chemists at the rates prescribed in the rate contracts entered into with the manufacturers/authorised suppliers. The chemists are also paid service charges, incidental expenses, etc., on fixed percentage basis on the total amount of the bills. According to the instructions contained in the Employees' State Insurance Medical Manual, the monthly bills of the approved chemists, prepared IMP-wise, are to be reimbursed by the AMO on the basis of prescriptions accompanying the bills after checking, *inter alia*, that the prescription (i) is in the prescribed official form, (ii) mentions the name and insurance number of IP, (iii) bears the signature or thumb impression of the IP or his representative who received the medicines from the approved chemist and (iv) is signed by the approved chemist with the date of issue by him and bears his rubber stamp.

During audit conducted in May 1979, it was noticed that against the total claim of Rs. 6,49.73 lakhs against 3,268 bills received from various approved chemists between January 1977 and September 1978, advance payment was made by the AMO without exercising any check in respect of 1,450 bills involving Rs. 2,86.18 lakhs. No separate record was also maintained to watch subsequent adjustments against these bills after scrutiny. Reasons for making advance payment called for from the department in August 1979 were awaited (February 1980). Of the 1,450 bills, post-scrutiny of only 486 bills had been completed by the department (May 1979) and excess payment of Rs. 0.26 lakh to 135 approved chemists noticed in 284 bills was recovered (October 1979).

In February 1979, a separate branch was set up in the office of the AMO, Bombay for rechecking the claims of the approved chemists with reference to the prescriptions issued by the IMPs. Recheck of 46 bills conducted upto November 1979 by this branch in respect of the claims of four approved chemists disclosed payment of fraudulent claims amounting to Rs. 2.04 lakhs pertaining to the period from January 1977 to July 1978 as under :

Approved chemist	Total number of bills received	Amount claimed	Amount paid	Fraudulent payment
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
Firm A ..	13	5.57	5.25	0.24
Firm B ..	10	1.08	1.03	0.27
Firm C ..	11	2.77	2.75	1.08
Firm D ..	12	2.89	2.85	0.45
Total ..	46	12.31	11.88	2.04

The frauds noticed were—

(i) prescriptions with forged signatures of Specialists or IMPs of ESIS had been attached to the claims; the IMPs/Specialists had disowned the signatures on these prescriptions;

(ii) insurance numbers written on the prescriptions were not in existence; and

(iii) allopathic drugs had been included on ayurvedic prescriptions.

The fraudulent cases of these four chemists were reported to the Police Authorities in November/December 1978; the investigation report was awaited (December 1979). The department stated (November 1979) that Rs. 3.08 lakhs payable to the chemists from August 1978 to December 1978 had been withheld in order to cover the recoveries due from them. The Director, ESIS, Bombay had recommended (January 1979) to the Government that the names of these chemists be removed from the list of approved chemists.

Results of post scrutiny/re-check of the advance payments/claims of the chemists were awaited (February 1980). Action proposed to be taken to prevent/detect fraudulent claims was also yet to be stated (February 1980).

The matter was referred to the Government in September 1979; reply was awaited (February 1980).

PLANNING DEPARTMENT

3.8 Development of hill areas—Integrated development of western ghats

3.8.1 *Introductory.*—The main objective of the Western Ghats Development Programme (WGDP) was exploitation of the resources of the hilly areas with a view to improving the social and economic conditions of the people living in those areas. The programme, drawn up between December 1973 and August 1974 for implementation during the Fifth* Plan period (1974–79), laid emphasis on minor irrigation, agriculture (terracing and horticulture), roads, tourism, forestry and animal husbandry. The cost of the programme was to be met entirely by the Government of India in the form of 50 per cent loan and 50 per cent grant to the State Government. Funds under the WGDP were not to be diverted for utilisation in other areas.

Against the earmarked Central assistance of Rs. 6,54.90 lakhs for the Fifth Plan period, the State had spent Rs. 6,18.25 lakhs to the end of March 1979; Central assistance received during the period was Rs. 6,03.16 lakhs.

The outlay provided and the actual expenditure on various sectors implemented under the WGDP from December 1974 were as given in Appendix VI.

3.8.2 Accounts and records relating to the programme were generally examined during audit in April–August 1978 and July 1979. Important points noticed are given below :

* The Fifth Plan period which originally was to run till the 31st March 1979 was curtailed by one year; the year 1978–79 was, therefore, the first year of the Sixth Five Year Plan, 1978–83.

3.8.2.1 *Works outside the region.*—Though the WGDP was undertaken from 1974–75, the area covered by the western ghats had not been identified (October 1979). Nevertheless, taking tahsil as the basic unit of development, 51 tahsils were identified in August 1974 for purposes of development. While 10 more tahsils were added in August 1978, 8 tahsils already included in the area were deleted on the recommendation of the Town and Country Planning Organisation of the Government of India, since areas with an elevation of 600 metres and above only were to be included in the WGDP. Meanwhile, five minor irrigation works (estimated cost : Rs. 1,09.87 lakhs and expenditure incurred : Rs. 1,06.14 lakhs upto March 1979) had been carried out in areas outside the WGDP. Similarly, as a result of delay in finally defining the area covered by the western ghats, expenditure to the extent of Rs. 41.95 lakhs had been incurred (upto March 1979) in tahsils which were deleted from the region.

3.8.2.2 *Techno-economic survey.*—A comprehensive techno-economic survey with the object of identifying and highlighting the areas where growth was economically feasible was sanctioned (estimated cost : Rs. 1.25 lakhs; period : six months) in December 1974. The study team started functioning from December 1975 after appointment of the Project Director and was wound up in February 1979 (cost : Rs. 4.67 lakhs). The report of the study team was stated to be under consideration of the Government (October 1979). The schemes taken up under the WGDP had been finalised without the survey.

3.8.2.3 *Formulation of schemes.*—Outlaywise, about seventy-eight per cent of the schemes selected were normal on-going Plan schemes of the State Government (outlay : Rs. 4,98.13 lakhs; expenditure : Rs. 4,85.43 lakhs). Part of the schemes under “Industries” (outlay : Rs. 20.64 lakhs; expenditure : Rs. 20.64 lakhs) and part under “Water Supply” (outlay : Rs. 14.49 lakhs; expenditure : Rs. 9.81 lakhs) were Centrally sponsored schemes, which were later withdrawn from the WGDP during 1978–79. The object of additionality in developmental effort in the region had thus apparently not been kept in view.

3.8.2.4 *Physical achievements.*—(i) *Minor irrigation.*—Of the 24 works (estimated cost : Rs. 3,76.68 lakhs; potential : 5,576 hectares)

taken up for completion in 2 years, only 7 works (potential : 1,243 hectares) were completed by the end of March 1979 (expenditure : Rs. 1,09.61* lakhs; estimated cost : Rs. 1,01.59 lakhs). Of the potential created, only 178 hectares were utilised in 1977-78 and 1978-79. The low utilisation was attributed by the Ratnagiri Irrigation Division (South) (July 1979) to lack of extension services, unworkable crop pattern adopted and small holdings. According to the Irrigation Department (December 1978), in the case of a completed tank at Inambari (Nashik District), the full potential could not be achieved due to the undulating surface of the land, which would require land shaping. No survey to check up whether necessary measures like land shaping, etc., had been undertaken in the respective watersheds in order to secure full benefits from the minor irrigation scheme had been conducted (October 1979).

(ii) *Agriculture*.—According to the Directorate of Agriculture, terracing had been completed in 4,565 hectares (works cost : Rs. 84.41 lakhs) during 1974-79 against the target of 3,975 hectares (estimated works outlay : Rs. 91.11 lakhs). The area covered (4,565 hectares) included works started in 1,390 hectares (Pune District : 441 hectares; Satara District : 949 hectares) as normal Plan scheme, during 1960 to 1973, before the introduction of the WGDP.

The beneficiaries were expected to derive net benefit of Rs. 300 per hectare on an additional yield of 8 quintals of paddy per hectare from the third year. No assessment to arrive at the additional yields, economic benefits derived and number of cultivators benefited had been carried out (October 1979), reportedly due to paucity of staff.

Departmental records in Kolhapur, Pune and Ratnagiri districts indicated that the actual cost of terracing worked out to Rs. 2,408, Rs. 2,373 and Rs. 1,311 per hectare respectively against the norm of Rs. 2,000 per hectare. Reasons for the variation over the norm, especially in Ratnagiri, were awaited (February 1980).

A quick assessment report brought out by the Directorate of Economics and Statistics (in mid-1976) pointed out (i) defective selection of blocks for terracing, (ii) non-completion of terracing according to satisfaction of cultivators, and (iii) non-provision of water courses. A random check of work done in Kolhapur during field audit indicated that works in

* Excludes expenditure (Rs. 1,46.95 lakhs) on 17 incomplete works.

certain areas were given up (expenditure : Rs. 0.55 lakh) as the area was rocky, sufficient trial pits before starting the work not having been undertaken.

(iii) *Roads*.—Construction of roads was to be restricted essentially to cover schemes in the programme.

Against the estimated cost of Rs. 1,84.48 lakhs on road works in three districts, an expenditure of Rs. 91.46 lakhs was incurred upto March 1979 (Kolhapur and Ratnagiri districts : Rs. 64.54 lakhs on a State highway; Thane District : Rs. 26.92 lakhs on a major district road). A State highway was improved only to bear additional traffic for transport to the proposed aluminium factory at Ratnagiri, which had no connection with the WGDP. Road work in Thane was also in low lying areas, not covered by the WGDP.

(iv) *Tourism*.—Construction of twin cottages or log huts was to be undertaken at five centres (estimated cost : Rs. 70.24 lakhs) to promote tourist activities. Rupees 23.28 lakhs were placed at the disposal of the Maharashtra Tourism Development Corporation (MTDC) during 1974–79 for the purpose. The tourist spots were to provide seasonal market centres for the local produce. Due to constraints on resources, the proposed works were not started at two centres. Of the remaining three, the Government had directed (November 1975) that at least one centre should be completed by the Fifth Plan period.

One of the three centres, on which expenditure of Rs. 11.45 lakhs was incurred upto March 1979, did not fall within the ghat area and though reported to be ready (March 1979) was not opened as water supply and electricity were not provided (November 1979). The complexes at the other two centres, entrusted (September 1975) back to the State Government by the MTDC as deposit contribution works, had not been completed as agency for execution of the main works was not finalised due to non-receipt of full deposits from the MTDC.

Thus, not even a single complex was opened before March 1979 to attract tourists. The objective of providing seasonal market for the local produce, therefore, remained unfulfilled.

(v) *Industries*.—Two schemes were sanctioned under this sector and entrusted to the Western Maharashtra Development Corporation in

1974-75. The Government had not (February 1980) decided the terms and conditions of the advance made (Rs. 19.92 lakhs upto March 1978) to and its repayment by the Corporation.

One of the schemes pertained to seed money assistance to the educated unemployed to be restricted to 10 per cent of the cost of the small projects undertaken or Rs. 3,000 per job created. Fifteen per cent of the margin money was to be provided by the entrepreneurs and the balance by financial institutions. Out of seed money assistance of Rs. 19.90 lakhs sanctioned to 489 persons, Rs. 11.43 lakhs only had been disbursed to 89 persons who could provide their share of Rs. 15,000 and above individually. The assistance was reported to have been utilised for purchase of trucks (84 cases); for setting up oil mills (2 cases); private hospital (1 case); agro centre (1 case) and tractor centre (1 case). No follow up action to verify the business actually carried out against the advances paid and the gains therefrom had been taken by the Corporation; field parties were reported to have been appointed in 1978-79 for the purpose.

(vi) *Animal Husbandry—(a) Premium bulls scheme.*—Against a target of 200 bulls, 179 bulls were purchased by the Government (cost : Rs. 4.33 lakhs) and entrusted to gram panchayats, dairy co-operatives and willing farmers. The farmers and others were paid Rs. 60 per month per bull in cash for maintenance. The bulls were located on the basis of the total number of villages covered in the scheme; each bull was expected to offer 100 natural services in 18 scattered villages in the ghat region. The average number of natural services by a bull ranged between 14 and 36 (the target set in the normal Plan was 50 services by a bull). Fifteen bulls died reportedly due to general debility and 21 targeted for replacement were not purchased.

The low impact of the scheme was attributed (July 1979) by the department to (i) unwillingness of the gram panchayats and dairy co-operatives to maintain bulls, (ii) non-availability of good bulls, and (iii) want of provision in the scheme for proper food and fodder development, health cover, marketing and guidance in the management of modern techniques.

(b) *Poultry improvement scheme.*—Against a target of 8,000 cockerels, 8,887 cockerels (expenditure : Rs. 1.49 lakhs) were distributed to village poultry keepers who had maintained *deshi* hens.

The distribution of cockerels was done at random instead of covering specific villages as required. The birds were issued free of cost (instead of on an exchange basis as under normal Plan) till October 1977 when the Government approved issue of cockerels on exchange basis. The loss sustained by free issue, besides not ensuring removal of local breed, amounted to Rs. 0.24 lakh. The department stated (July 1979) that the impact of the scheme was not great as the scheme did not involve a system of marketing of chicks, eggs and table birds.

3.8.3 *Other points of interest—(i) Supplanting of Plan schemes.*—The allocations under the WGDP were to be treated as supplementary to the provisions in the State Plan and were not intended to supplant these provisions. However, six works under minor irrigation sanctioned under the Plan were converted into works under the WGDP and expenditure of Rs. 1,24.93 lakhs* incurred thereon was transferred to the WGDP ; cost of 347 works under terracing (agriculture) (area : 1,390 hectares out of 2,081 hectares in Pune and Satara districts), commenced between 1960 and 1973 as Plan schemes, on which Rs. 23.43 lakhs were spent between 1974 and 1979, was also debited to the WGDP.

(ii) The District Planning and Development Councils (DPDCs) set up by the Government in October 1972 to enthuse local participation were not associated with the programme till December 1977 when the Government issued instructions for their being associated.

3.8.4 *Monitoring and evaluation.*—A technical cell constituted (June 1972) in the Planning Department was to watch the progress of schemes. Under the system introduced, reporting of sanctioned outlays, targets set, and watching of actual expenditure/targets achieved was envisaged. There was, however, no machinery to assess the flow of benefits to see whether the objective of the scheme, viz., improvement of the socio-economic condition of the people of the area in a short run, was being achieved.

* Includes Rs. 72.24 lakhs on 3 out of 5 works mentioned in sub-para 3.8.2.1

3.8.5 *Summing up.*—The following were the specific failures having a bearing on the effectiveness of the programme on which over Rs. 6 crores had been spent in 5 years ending March 1979:

(i) delay of over 5 years to define the area to be included in western ghats, resulting in incurring expenditure of Rs. 41.95 lakhs in tahsils not included in the area and Rs. 1,06.14 lakhs in areas not covered by the programme ;

(ii) delay in completion of a techno-economic survey for indentifying areas for undertaking schemes and in consideration of its reports/ findings ;

(iii) delays in completion of minor irrigation works and low utilisation (178 hectares) of potential created (1,243 hectares) after investment of Rs. 2,56.56 lakhs, reportedly due to unworkable cropping pattern, lack of land shaping, etc ;

(iv) diversion of WGDP funds from construction of district roads to State highways unconnected with the programme with an expenditure of Rs. 91.46 lakhs and implementation of 2 Centrally sponsored schemes thereunder ;

(v) non-opening of even one completed tourist complex (expenditure : Rs. 11.45 lakhs) before March 1979 to attract tourists resulting in non-availability of seasonal market for the local produce ;

(vi) schemes like premium bulls and poultry improvement being not supported by interlinked scheme like food and fodder development, marketing of chicks, eggs and table birds, etc., for major impact in the areas covered ;

(vii) debiting of cost of works taken up under the Plan to this programme (agriculture : Rs. 23.43 lakhs ; minor irrigation : Rs. 1,24.93 lakhs*) ;

(viii) non-association, for few initial years, of the local DPDCs in implementation of schemes resulting in poor response from the participants; and, finally,

* See footnote at page 63.

(ix) benefits to the small farmer arising out of the various schemes had not been assessed to see whether the envisaged benefits were being derived.

The matter was referred to the Government in September 1979 ; reply was awaited (February 1980).

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

3.9 Purchase of typewriters

A tender inquiry for fixing agencies to supply typewriters on rate contract basis was floated by the Central Purchasing Officer (CPO) in April 1976. While considering the two offers received, the Stores Purchase Committee (SPC) felt that it would be advantageous to place a contract for the supply of a specified minimum number of machines as there was a large backlog in the supply of machines required by the various Government departments.

On enquiry, one of the firms offered to allow a discount of $2\frac{1}{2}$ per cent on the basic prices quoted subject to receipt of an order for a minimum quantity of 500 English and 150 Marathi typewriters placed in bulk at one time ; the other firm did not offer any concession. However, on the ground that the orders of the Government (September 1975) were for fixing rate for a rate contract and the tender inquiry had also been floated for a rate contract, the SPC decided (July 1976) to ignore the discount offer and fixed rates without the discount for contracts with both the firms. The CPO neither sought fresh advice of the Government for placing a quantity contract in view of the concession offered by one of the firms nor considered the feasibility of incorporating the discount offer as one of the conditions in the rate contract signed with the firm.

According to the Directorate of Printing and Stationery (June 1976) the total estimated requirement of typewriters for 1976-77 was 1,855 inclusive of backlog of 891. Orders for supply of 1,227 typewriters (English : 847 and Marathi : 380 — price : Rs. 31.89 lakhs) were placed with the firm which had offered the discount and of 700 typewriters

(English : 450 and Marathi : 250) with the other firm. As the quantity required and sanctioned by the Government was known in June 1976, advantage of the discount offered could have been derived by placing orders for the minimum quantity stipulated by the tenderer. The rejection of the offer resulted in a minimum extra expenditure of Rs. 0.62 lakh.

REVENUE AND FORESTS DEPARTMENT

3.10 Avoidable expenditure

The Collector, Osmanabad entered into an agreement with a private organisation in October 1977 for drilling 100 bore wells in Osmanabad District with a view to providing drinking water facility to the villages. According to the agreement, 4 inch rig was to be deployed when drilling was upto 200 feet depth and 6 inch rig when drilling was upto 350 feet depth.

(a) A test-check conducted by Audit (February 1979) disclosed that in 32 bore wells drilled for depths less than 200 feet, 6 inch rigs had been deployed instead of 4 inch rigs and paid for accordingly. On this being pointed out, the Collectorate stated (February 1979) that 6 inch bores were suitable for fixing ejecto or submersible pumps. It was, however, noticed that fitting of ejecto or submersible pumps had been done only in one case and sanctioned by the Government in four other cases. The additional expenditure of Rs. 0.54 lakh incurred by the department in drilling 6 inch bore wells in the remaining 27 cases was apparently avoidable.

(b) It was further noticed (February 1979) that in 7 successful bore wells drilled at a cost of Rs. 0.82 lakh, pumps were not fitted by the organisation within a week after the drilling was complete, as required, as a result of which the wells had reportedly got silted and damaged. On Audit enquiring (May 1979) what action had been taken by the department to fit pumps on the wells, the department asked (May 1979) the organisation either to refund the cost already paid to it or to clear the holes free of cost and install the pumps. Further developments were awaited (February 1980).

URBAN DEVELOPMENT AND PUBLIC HEALTH AND AGRICULTURE AND
CO-OPERATION DEPARTMENTS

3.11 Idle equipment

The equipment purchased by the following departments had not been put to use for considerable time for reasons indicated against each.

Serial number	Name of the equipment	Cost (in lakhs of rupees)	Brief particulars
URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT			
PRIMARY HEALTH CENTRES			
1	X-Ray machine at Sillod (Aurangabad District)	0.46	The unit was temporarily installed in July 1974 in the Family Planning Block and used for screening only as there was no spot (Safe) light in the dark room (December 1979).
2	X-Ray machine at Pishore (Aurangabad District)	0.37	The unit installed in December 1974 went out of order in May 1978. It was repaired in May 1979 but had not been used for want of a technician (December 1979).
3	X-Ray machine at Murud (Osmanabad District)	0.45	The machine, installed in January 1977, was out of order since November 1978 (December 1979).
4	X-Ray machine at Talkhed (Bhir District)	0.45	The machine, installed in July 1977, was not being used for want of a technician (December 1979).
5	X-Ray machine at Umri (Nanded District)	0.43	The machine was installed in June 1977, but no X-ray work had been done for want of a technician. Only screening was being done (December 1979).
6	X-Ray machine at Hingoli (Parbhani Distirct)	0.46	The machine, purchased in November 1977, had not been installed as works on dark room and rear room had not been completed (December 1979).
7	X-Ray machine at Washi (Osmanabad District)	0.46	The machine, purchased in January 1978, was yet (December 1979) to be installed.

Serial number	Name of the equipment	Cost (in lakhs of rupees)	Brief particulars
8	X-Ray machine at Pachod (Aurangabad District)	0.50	The machine purchased in December 1978, was yet (December 1979) to be installed.

AGRICULTURE AND CO-OPERATION DEPARTMENT

9	Dryers (15 numbers)	1.99	The dryers were purchased during 1966-67 to 1968-69 on the advice of the National Seeds Corporation for use in the seed processing plant. The seed growers reportedly preferred sun-drying which was economical and there was no demand for use of the dryers. Though Government ordered disposal of the dryers in March 1974, the dryers had not yet been sold (December 1979).
10	Flame photo meter in Soil Testing Laboratory, Parbhani	0.12	The flame photo meter was lying idle since April 1975 for want of minor repairs (December 1979).
11	Audiovisual aids in Soil Testing Laboratory, Parbhani	0.09	The audiovisual aids received from the Government of India were lying idle since June 1972 as post of an operator had not been sanctioned. The Government stated (November 1979) that the staff newly appointed had been trained to operate the equipment and the equipment would be put to use.
12	Water demineralisation plant in Soil Testing Laboratory, Parbhani	0.06	The plant was lying idle since June 1972 for want of arrangement to supply water under pressure which could not be made as the laboratory was located in a hired building.

The cases were referred to the Government in August 1979 ; reply was awaited (February 1980).

3.12 Unfruitful expenditure

Two cases of unfruitful expenditure involving an amount of Rs. 2.20 lakhs are mentioned below :

HOME DEPARTMENT

In September 1964, the Government accorded administrative approval to the construction of 20 constabulary quarters at Panhala (District : Kolhapur) at an estimated cost of Rs. 1.04 lakhs (revised to Rs. 1.15 lakhs in January 1965) at a site selected by the Police Department. According to the prescribed guidelines, sites for construction of quarters should be on high dry land having natural drainage and should have conveniences, such as proximity of drinking water, privacy, etc. ; they should also invariably have the approval of the concerned Executive Engineer. These guidelines had not been followed. The Superintending Engineer, Central Circle, Pune had informed (June 1966) the Deputy Inspector General of Police, Pune Region that the site selected had no source of water, that diggings or borings of wells were not feasible and that the occupants would have to make their own arrangements for water supply. On insistence of the Police Department, however, the work of construction of these quarters was started in October 1969 and completed in November 1972 at a cost of Rs. 1.49 lakhs. Though the department took possession of the quarters in January 1974, they remained vacant (April 1979) as the allottees refused to occupy them.

The department attributed (August 1978) the non-occupation of the quarters by the allottees to the following reasons:

- (i) The quarters were situated at a distance of 3 kilometres from the Police Station at an extremely isolated place;
- (ii) the existing road to the quarters was very rough and uneven and there were no electric lights on the road side also;
- (iii) there was no water supply arrangement at the quarters ; and
- (iv) there were no means of communication between the police station and the quarters, which was necessary to enable policemen being called in times of emergency.

As no other department was prepared to accept the quarters, the Collector requested (July 1978) the Maharashtra Tourism Development Corporation to accept them for the use of travellers with a view

to avoiding damage to the property and loss to the Government ; the Corporation also refused to accept the quarters (April 1979). The Superintending Engineer, Kolhapur stated (November 1979) that plans and estimates amounting to Rs. 0.49 lakh to rectify the damages caused till now were under scrutiny.

Thus, failure to follow the prescribed guidelines for selection of sites and, later, to take notice of the views expressed by the Superintending Engineer, had resulted in the expenditure of Rs. 1.49 lakhs incurred on the quarters being infructuous so far.

The matter was referred to the Government in May 1979 ; reply was awaited (February 1980).

AGRICULTURE AND CO-OPERATION DEPARTMENT

The Mahatma Phule Krishi Vidyapeeth, Rahuri (District : Ahmednagar) requested the Government in November 1973 to open a soil conservation sub-division at its central campus with a view to completing the land development works in the campus farm by 1974. The Directorate of Agriculture did not open/shift to Rahuri any sub-division till April 1975 as the proposal to shift a sub-division in May 1974/October 1974 was stayed by the Government due to protests from local people (Barshi and Madha-District: Solapur). After the decision to shift the Murud-Janjira Sub-division (District : Kulaba) to Rahuri was communicated to the Vidyapeeth on 17th March 1975 and the sub-division was actually shifted from 11th April 1975, the Vidyapeeth informed the directorate (16th April 1975) that the sub-division could function at the campus only till the end of December 1975 as the quantum of land development work in balance was of limited magnitude.

However, hardly a month later, the Vidyapeeth informed (17th May 1975) the directorate that the sub-division was not required as major portion of the work had been completed by the agricultural engineers of the Vidyapeeth. The sub-division was, therefore, moved (16th June 1975) from Rahuri to Parner (District : Ahmednagar). Under the agreed procedure (May 1974), the expenditure on staff was to be borne by the directorate and the works cost by the body indenting the services of the sub-division. The Vidyapeeth did not provide any work to the sub-division during the period 11th April 1975 to

15th June 1975. The expenditure of Rs. 0.71 lakh on pay and allowances (Rs. 0.36 lakh) and transfer travelling allowance (Rs. 0.35 lakh) incurred on the staff of the sub-division was, therefore, rendered infructuous.

The Government stated (November 1979) that the sub-division would not have been shifted to Rahuri had the Vidyapeeth informed the directorate that the land development works were being got done by its own engineers.

It would appear that there was a communication gap between the department and the Vidyapeeth resulting in avoidable expenditure.

3.13 Misappropriations

In paragraph 3.23 of the Audit Report for the year 1977-78 (Civil), it was stated that at the end of September 1978, 474 cases of misappropriation remained to be finalised. The position regarding fresh cases reported during 1978-79 and disposal of pending cases upto 30th September 1979 was as shown below :

(1)	Number (2)	Amount (in lakhs of rupees) (3)
Cases pending on 30th September 1978 out of cases reported upto 31st March 1978 ..	474	60.87
Fresh cases reported during 1978-79 ..	49	8.38
Cases cleared during the period from October 1978 to September 1979 ..	66	2.78
Cases pending on 30th September 1979 ..	457	66.47

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

Out of 457 pending cases, 209 cases (amount : Rs. 33.58 lakhs) were pending for more than five years. The Revenue and Forests Department alone accounted for 59 per cent of the 457 pending cases. A few significant cases noticed in audit are mentioned in Appendix-VIII.

3.14 Miscellaneous irregularities, writes-off of losses, etc.

A few cases relating to miscellaneous irregularities (Rs. 7.52 lakhs) and writes-off of losses, etc. (Rs. 10,72.24 lakhs) are mentioned in Appendix-IX.

CHAPTER IV

WORKS EXPENDITURE

IRRIGATION DEPARTMENT

4.1 Pench Irrigation Project

4.1.1 *Introductory*.—The project was planned (1967-68) for providing irrigation (62,020 hectares) in the backward areas of Bhandara and Nagpur districts of the State by utilising the tail race discharge (880 million cubic metres) of an inter-State hydel project (Madhya Pradesh and Maharashtra) on the Pench river, a tributary of the Kanhan in the Godavari basin.

The (irrigation) project envisaged construction of a storage-*cum*-diversion dam, Right and Left Bank canals 56.5 (later reduced to 48) kilometres and 50 (later reduced to 33) kilometres long, respectively, and a baby canal for supply of water (75 cusecs) to the Maharashtra State Electricity Board and to the Nagpur Municipal Corporation (125 cusecs).

Construction of the pick-up weir and baby canal started in 1968. It was envisaged in the Project Report (1969) that the entire project would be completed in a period of 10 years. However, due mainly to inadequate investigations, delayed decision on not to have the baby canal and consequent need for its remodelling, delay in starting work on the Left Bank Canal and slippages therein later and other reasons, the project is now expected to be completed only by 1984, that is, 16 years after its commencement.

The cost estimate of the project, which was Rs. 26.22 crores (works portion : Rs. 16.25 crores) as per the administrative approval given by the Government in 1971, was revised to Rs. 40.69 crores (works portion : Rs. 36.81 crores) in 1976 due mainly to increase in cost of labour and material (Rs. 14.20 crores) and decision to provide lining for the canals (Rs. 4.02 crores). Latest estimates prepared by the department (April 1979) put the cost at Rs. 79.75 crores due mainly to the delays in the progress of the project.

Important points noticed during a test-check (May-June 1979) of accounts and other records maintained in the divisions executing the project are mentioned in the succeeding paragraphs.

4.1.2 *Construction.*—(1) *Inadequate investigations* : Construction of earthen flanks of the dam and excavation of spillway foundation commenced in January 1969 and December 1969, respectively. Geological explorations carried out before undertaking the constructions were (as pointed out by the Geologist in his report for 1972-73) mostly of a preliminary nature. At his suggestion (May 1970), drilling of a few exploratory holes to assess the sub-surface set-up was undertaken when presence of cavernous marble below the proposed foundation of the masonry spillway was revealed (January 1971), posing a problem of water tightness endangering stability of the dam. By that time, construction of the dam was in an advanced stage. During further investigations, existence of cavernous marble below other portions of the dam was also noticed. With a view to sealing the marble to avoid seepage of stored water and possible damage to the dam, drilling and grouting, construction of a diaphragm wall and marble treatment in the nature of filling cavities with concrete had to be resorted to (total cost : Rs. 48.56 lakhs).

The Pench Project Division stated (February 1976) that even if earlier investigations had been thorough, remedial measures would have had to be undertaken. However, the fact remains that detailed investigation was conducted only when work on the dam had progressed substantially. Further, marble treatment was not resorted to immediately on noticing the existence of cavernous marble and was spread over a period of four years from 1972-73 to 1975-76. The division stated (January 1980) that had remedial measures been taken up immediately on noticing cavernous marble, expenditure of Rs. 3.25 lakhs could have been avoided.

(2) *Remodelling of the baby canal.*—Government decided in January 1970 to construct a single lined Right Bank Canal, instead of an unlined Right Bank Canal and a parallel unlined baby canal, on the ground that the former was cheaper, simpler in construction and management, and was also expected to yield quicker irrigation benefits. However, by this time, work on the baby canal had already commenced. In March 1970, the Government directed that necessary modification in canal sections and corrections in quantities should be carried out and that the portion of the baby canal on which work had not commenced should be executed as a single lined canal. The Pench Canal Division had estimated (April 1971) that these changes would cost Rs. 45.19 lakhs. However, work on the baby canal was continued and completed in 1974-75 as an unlined canal of lesser dimensions throughout its length necessitating subsequent remodelling of the baby canal. Expenditure of Rs. 62.12 lakhs was incurred upto March 1979 on the remodelling work.

The division stated (June 1979) that for want of funds the work could not be switched over to single lined canal till 1974-75. It was, however, noticed that the division had not asked for funds till 1972-73, that Rs.23.90 lakhs and Rs. 30.09 lakhs asked for during 1973-74 and 1974-75 respectively for the remodelling work had been provided and that Rs. 6 lakhs had been surrendered in 1973-74.

Failure to execute the work as per Government's directions and increase in cost by the time remodelling was taken up resulted in an avoidable expenditure of Rs. 16.93 lakhs, apart from defeating both the intended purposes of effecting economy and obtaining quicker irrigation benefits.

(3) *Canal slips : Left Bank Canal.*—After completing earthwork in kilometres 1 to 6, work in kilometres 7 to 14 was commenced between November 1976 and July 1977 and was still (June 1979) in progress. During monsoon of 1977, canal slips were noticed in kilometres 7 to 15 but soil testing, which was a prerequisite for deciding upon remedial measures, was not done till the monsoon of 1978. Testing undertaken thereafter revealed that the soil consisted of fissured clay of low strength and needed special treatment. Without first deciding on the type of treatment, the department invited (October 1977) tenders for lining work for kilometres 1 to 14 and work order was issued in January 1978. When lining reached kilometre 7 in November 1978, further lining became impossible without special treatment to the slipped portion. At this stage,

it was decided by the department that the slipped portion in kilometres 7 to 14 should be filled with a special (cohesive non-swelling-C.N.S.) layer before resorting to lining and accordingly the lining contractor was asked to execute the work of C.N.S. layer but without settling beforehand the rates payable therefor. As a consequence of the delay, instead of being able to get the work of C.N.S. layer done at a cost of Rs. 35.36 lakhs (estimated cost : Rs. 34.33 lakhs for C.N.S. as per departmental schedule of rates 1976-77 + 3 per cent as per accepted tender, there being no clause for escalation charges in the agreement), its cost as per departmental schedule of rates 1978-79 would be Rs. 41.83 lakhs, as intimated (June 1979) by the department, involving avoidable additional expenditure of Rs. 6.47 lakhs.

(4) *Ex-gratia payment.*—Due to occurrence of floods in Pench river in October 1971, the work executed by the masonry dam contractor was damaged and several items of his machinery were reported to have been either lost or rendered unserviceable beyond repairs. On the contractor asking for payment of compensation of Rs. 2.90 lakhs for the loss, the Government sanctioned (December 1974) *ex-gratia* payment of Rs. 1.45 lakhs, which was paid to him in January 1975.

Provisions of the Maharashtra Public Works Manual (i) requiring the contractor to prove the loss by documentary evidence as certified by the Chief Auditor, Local Fund Accounts and (ii) to take into account profits, if any, made by the contractor in other works with the Government were not observed, either before sanctioning *ex-gratia* payment or thereafter before making payment.

(5) *Aqueduct at R. D. 9337.*—Tenders for construction of an aqueduct (estimated cost : Rs. 9.01 lakhs) at R. D. 9337 on the Left Bank Canal based on departmental design were invited (second call) in June 1977. The lowest (Rs. 11.85 lakhs) tenderer also offered alternatively to execute the work for a lump sum of Rs. 9.64 lakhs based on his own design subject to certain conditions; this offer was evaluated by the department at Rs. 10.07 lakhs. The Chief Engineer, after considering both the offers, recommended (November 1977) to the Government acceptance of the lump sum offer of Rs. 10.07 lakhs. At the instance of the Government/department, validity period of this offer was extended by the tenderer from time to time upto September 1978, but on the last occasion he demanded ten per cent extra payment due to increase in cost of material

labour, etc. Meanwhile, the design of the aqueduct was marginally modified to suit the revised water planning proposed (February 1978) by the division, and tenders were re-invited (third call) in November/December 1978, as per modified design (estimated cost : Rs. 11.64 lakhs), even though the earlier tender under consideration had not been rejected till then. The lowest offer of Rs.11.49 lakhs of another tenderer, based on his own design, received in third call, was accepted by the Superintending Engineer in May 1979. The division stated (June 1979) that, computed at the rates adopted for the June 1977 tender (Rs. 9.01 lakhs) the estimated cost of the modified design of November 1978 worked out to Rs. 9.05 lakhs involving a negligible excess of Rs. 0.04 lakh only.

Delay in finalising the tender from November 1977 to November 1978, coupled with the omission to take up the matter regarding modified design with the first tenderer, would not only result in an extra avoidable expenditure of Rs. 1.37 lakhs but also delay the creation of irrigation potential for more than a year.

(6) *Non-enforcement of contract conditions.*—Tenders for earthwork (estimated quantity: 3.45 lakh cubic metres) in kilometres 3, 4, 6, 7, 11 to 13, 16, 20 and 21 of the Left Bank Canal were accepted between November 1976 and January 1977 and the work entrusted to 8 contractors. The Pench Project Division intimated (April 1978) to the Superintending Engineer that, owing to revised water planning proposed (February 1978) by the department, the canal capacity would have to be increased by raising the full supply depth to 3.8 metres involving additional earthwork of 0.78 lakh cubic metres. Although in terms of the agreements, the contractors were bound to execute upto 25 per cent of the additional quantity (the excess in this case being within this limit) at the tendered rates, only a small quantity of 11,016 cubic metres was got done at those rates, the final bills being paid between May 1978 and April 1979. The balance quantity of 67, 083 cubic metres was proposed to be got done through other agencies at the current schedule of rates.

Computed with reference to the difference in the accepted rates and the rates in the schedule of rates 1978-79 (the year in which the work was entrusted to piece workers) ranging between Rs. 1.04 and Rs. 3.87 per cubic metre, the avoidable extra expenditure on this account would amount to Rs. 1.21 lakhs.

(7) *Delay in supply of pumps.*—The Pench Project Division decided (May 1973) to instal immediately four vertical turbine (V.T.) pumps to pump out water from the sump well and to keep the drainage gallery dry. Quotations were invited (May 1973) from two local firms of Nagpur and an order for supply of four V. T. pumps with motors and starters at the rate of Rs. 29,871 for each set was placed (June 1973) on the firm which had quoted the lower rates. The pumps were to be delivered by 30th June 1973. Though it was also agreed that the prices ruling at the time of supply would be paid, no penal clause for delayed supply was included in the supply order. The pumps were, however, received only in August 1974, convincing reasons for which had not been furnished, and paid for at Rs. 50,161 per set, owing to increase in prices between May 1973 and August 1974, thereby resulting in an extra expenditure of Rs. 0.81 lakh. Further, owing to delay in supply of pumps, a pump set was obtained from a lift irrigation scheme then under execution under the Emergency Agricultural Production Programme, which reportedly delayed the commissioning of that scheme. The Government, while sanctioning (October 1974) the increased rates, had observed that the procedure adopted in purchasing the pumps was improper.

(8) *Delay in taking decision on casing.*—Estimates for earthwork in kilometres 4 to 6 and 7 to 10 of the Kanhan Branch of the Left Bank Canal provided for zoned embankment with available material from excavated spoils and borrow area, with hard murum and/or sand cover for casing zone. As murum was not available, the Chief Engineer directed (March 1977) that the possibility of using sand or an admixture of sand and black soil from available material should be considered. While this suggestion was not considered, the item of embankment in casing zone with murum and/or sand was deleted while inviting tenders in May/June 1977 without inclusion of an alternative item, and the work in hearting zone was completed in July 1978. Subsequently, fresh agreements were executed (February 1979) for earthwork of 0.44 lakh cubic metres with available material at the rate of Rs. 3.40 and Rs. 3.45 per cubic metre respectively. Had this item been included, soon after March 1977, in the same tender, the rate of Rs. 2.17 and Rs. 2.19 per cubic metre quoted by the contractor in connection with hearting zone and accepted in the earlier tenders would have been attracted and extra expenditure of the order of Rs. 0.55 lakh could have been avoided.

(9) *Water supply to the Nagpur Municipal Corporation.*—Out of the estimated project cost of Rs. 40.69 crores, as recast in January 1976, proportionate cost of Rs. 4.01 crores was to be borne by the Corporation. (This is likely to increase as the cost of the project is expected to go up to Rs. 79.75 crores). In July 1972, the Government requested the Corporation to pay either its share of the cost of the project or charges for the water to be supplied to it. The Corporation did not accept either of the proposals on the ground that it enjoyed riparian rights over the water in the Kanhan river and that it was entitled to get water free of cost. The issue had not been settled (June 1979). Meanwhile, no water was supplied to the Corporation during 1975-76 to 1978-79 though, according to the department, sufficient water was available in the storage since December 1975. The Corporation stated (November 1979) that the city of Nagpur faced shortage of water to the extent of 31.65 million litres a day (m.l.d.) in 1976-77, 54.13 m.l.d. in 1977-78 and 70.95 m.l.d. in 1978-79, and added that if water supply was not augmented from the Pench Project the position was likely to become worse. Calculated with reference to the return anticipated in the Project Report, the Government also suffered annual loss of revenue at the rate of Rs. 31.54 lakhs.

4.1.3 *Utilisation of irrigation potential.*—Construction of the dam and the Right Bank Canal was completed in 1975. The position of irrigation potential projected, created and utilised on the Right Bank Canal was as under :

Year	Projected potential	Potential created	Potential utilised
(1)	(2)	(3)	(4)
		(in hectares)	
1st Year (by June 1976)	5,460	2,543	Not available
2nd Year (by June 1977)	10,920	3,765	483
3rd Year (by June 1978)	16,380	5,673	622
4th Year (by June 1979)	21,840	9,068	21

(Kharif only)

The shortfall in utilisation was attributed (June 1979) by the Pench Canal Division to lack of demand for water from the farmers.

It was noticed that an area of 8,600 hectares under the command of the Right Bank Canal had not been brought under irrigation (June 1979) due to various bottlenecks such as delay in land acquisition (4,380 hectares), incomplete Railway and National Highway crossings (3,980 hectares) and deletion of one sub-minor (240 hectares). Despite work on the Right Bank Canal having commenced in 1968, the matter of construction of railway crossings was taken up with the Railway Authorities only between September 1976 and August 1977, though, according to Government's standing instructions of August 1965, relevant data were required to be furnished to the Railway Authorities at least one year in advance of the canal construction programme.

4.1.4 *Revenue*.—On the basis of the irrigation potential actually created, a net revenue of Rs. 10.72 lakhs (worked out proportionately) was expected to accrue from water rates in 1976-77 and 1977-78. However, the total demand assessed and raised was Rs. 0.58 lakh only against which Rs. 0.05 lakh only had been collected.

4.1.5 *Summing up*.—The project, taken up for execution in 1967-68 for the benefit of the backward areas in Bhandara and Nagpur districts and scheduled for completion in 10 years, is now expected to take 16 years (upto 1984).

Owing to the delay in execution, partly on account of inadequate initial investigation and partly due to delayed decision on not to have the baby canal and consequent need for its remodelling, etc., the estimated cost of the project had gone up from Rs. 26.22 crores to Rs. 40.69 crores (as estimated in January 1976) and is likely to go up further upto Rs. 79.75 crores (as estimated in April 1979).

Though enough storage was available from 1975 onwards and the Right Bank Canal, intended to irrigate 27,300 hectares, had already been completed, the potential created was only 9,068 hectares due to non-completion of other ancillary works. Actual utilisation during June 1976 to June 1979 was only 1,126 hectares. As a result, against anticipated revenue of Rs. 10.72 lakhs based on the irrigation potential actually created during 1976-77 and 1977-78, revenue assessed was only Rs. 0.58 lakh.

Work on the Left Bank Canal for irrigating 73,900 hectares of land was behind schedule. Non-settlement of issues relating to supply of water to the Nagpur Municipal Corporation in spite of storage being available resulted in annual loss of revenue of Rs. 31.54 lakhs apart from denial of water to the city which was reportedly facing shortage of water supply.

Inadequate investigation of foundation strata resulted in extra expenditure of Rs. 3.25 lakhs. Remodelling of baby canal, delay in soil testing before execution of C. N. S. layer and various financial irregularities resulted in avoidable expenditure of Rs. 27.34 lakhs.

These observations were referred to the Government in July 1979; reply was awaited (February 1980).

4.2 Upper Tapi Hatnur Project—Stage I

The points noticed during audit of the records relating to execution of works for the above project are mentioned in the succeeding paragraphs.

(1) *Construction of dam at Hatnur—Financial concessions to the contractor*.—The work (tendered cost : Rs. 2,95.31 lakhs, later reduced to Rs. 2,55.47 lakhs) was entrusted to a contractor in June 1971 for completion in four years. In terms of the agreement with him, interest-free advances of Rs. 15 lakhs against machinery and Rs. 10 lakhs against personal bond and price escalation on account of increase in taxes, duties and labour rates limited to Rs. 15 lakhs were paid to him between June 1971 and June 1972. In addition, financial aid and concessions such as interest-bearing advances, relaxation of price escalation limit, supply of petrol and lubricants, payment of electricity charges of the contractor, etc., amounting to Rs. 52.35 lakhs, not covered by the agreement, were also extended to him to keep up the progress of work. However, progress of the work was not maintained as per the agreement and several extensions were granted to him from time to time (last upto September 1979).

Further extension upto June 1980 was recommended (August 1979) by the Superintending Engineer to the Government to enable the department to recover the outstanding dues (Rs. 50.68 lakhs in June 1979) from the contractor. No penalty for slow progress of work, permissible under the contract was levied and even a penalty of Rs. 150 per day imposed and collected by the Hatnur Dam Division for the period from

16th February 1977 to 31st July 1977 was refunded (April 1978), as ordered by the Government. Further, even though a part of the work costing Rs. 7.28 lakhs was withdrawn (February 1977) from the contractor due to slow progress of work and executed departmentally between April 1977 and February 1978 at a cost of Rs. 9.27 lakhs, the extra cost of Rs. 1.99 lakhs incurred by the department was, as ordered by the Government, not recovered from the contractor. Incidentally, during departmental execution of a part work withdrawn from the contractor, the Hatnur Dam Division took over from him about 2,588 cubic metres of crushed metal costing Rs. 1.16 lakhs, at the crusher site of the contractor, which was 2 kilometres away from the work site. As against the reasonable charges of Rs. 0.09 lakh for transportation of metal from the crusher site to the work site worked out with reference to the sanctioned divisional schedule of rates, the expenditure incurred, as per the divisional accounts, was Rs. 0.42 lakh. The extra expenditure of Rs. 0.33 lakh incurred on transportation of metal could not be justified by the division. Further, the cost of the metal, Rs. 0.40 lakh, was paid to the contractor in cash instead of adjusting it against his outstanding dues.

In January 1978, the Government ordered that the recovery of dues outstanding against the contractor should be limited to 60 per cent of the amount of the running account bills payable to him for work done. As a result, out of Rs. 50.68 lakhs recoverable by June 1979, only Rs. 42.48 lakhs would be recovered by the time the balance work is completed by the contractor. The department could not state how the balance amount of Rs. 8.20 lakhs would be recovered.

(2) *Permeability tests.*—The agreement for construction of the Hatnur Dam stipulated that final permeability tests of masonry should be taken within twelve months of the completion of work upto the top of the non-spillway portion of the dam and that in case the results were unsatisfactory, the cost of drilling holes, carrying out tests and rectification works would be borne by the contractor. The work upto the top of the non-spillway portion of the dam was reached in March 1976 by which time 0.92 lakh cubic metres of masonry work had been completed. Permeability tests were conducted on 0.11 lakh cubic metres of masonry, which gave unsatisfactory results and rectification work was partly done. While the department withheld an amount of Rs. 2.05 lakhs from the contractor's bills for carrying out tests on the balance 0.72 lakh cubic

metres of masonry costing Rs. 46.80 lakhs, the period for taking the tests stipulated in the agreement had expired in March 1977; the position of the contractor *vis-a-vis* any liability that might arise could not be stated by the department.

(3) (i) *Extra-contractual payment for lead.*—In the notice inviting tenders and also in the agreement for the Hatnur Dam, it was mentioned that only suitable quarries known to the Government had been indicated, that the contractor was to investigate quarries which would yield sand, etc., of the desired quality and quantity and that he should quote his rates for all leads and lifts. The relevant agreement also expressly prohibited payment of extra charges for longer leads. In 1975-76, the contractor put forth a claim for compensation on account of longer leads involved in transportation of sand due to non-availability of sand in required quantity/or required quality in the quarries indicated and the claim was sanctioned (September 1976) by the Government. The extra-contractual payment on this account would amount to Rs. 3.17 lakhs, of which Rs. 1.87 lakhs had been paid (August 1979) to the contractor.

(ii) *Extra-contractual payment for construction of slab drain.*—The lump-sum offer of a contractor for construction of a slab drain at chainage 39,000 was accepted by the Government for Rs. 7.80 lakhs in December 1976. For increased quantities, which arose during execution due to variations made in the designed depth, the contractor was sanctioned and paid an amount of Rs. 0.55 lakh on the basis of the rates assumed by him for his lump-sum offer, whereas the contractor was entitled to be paid only Rs. 0.38 lakh at the rates in the divisional schedule as per the terms of the agreement. Adoption of incorrect rates, thus, resulted in extra-contractual payment of Rs. 0.17 lakh.

(4) *Unrealistic demand for supply of power.*—The Hatnur Dam Division entered into agreements in November 1971 and January 1973 with the Maharashtra State Electricity Board for supply of electricity at Hatnur and Lumkheda-I subject to minimum payment for 75 per cent of the contract demand. The contract demand was fixed at 150 KVA upto October 1975 and 250 KVA from November 1975 (increase was for fixing of gates) for Hatnur and 150 KVA for Lumkheda-I from January 1973. Though the maximum recorded consumption (96 KVA) at Hatnur during 1973-74 to 1978-79 and at Lumkheda-I during 1973-74 to 1975-76

was much less than 75 per cent of the contract demand, the division had to pay the minimum consumption charges of Rs. 5.28 lakhs for the above period as per the agreement. Had the requirement been assessed more realistically, say at around 100 KVA, the charges payable would have amounted to Rs. 2.93 lakhs only and extra payment of Rs. 2.35 lakhs would have been avoided. Even if the division had not enhanced its demand for Hatnur in November 1975, expenditure of Rs. 1.12 lakhs would have been avoided. The division stated (August 1979) that the matter regarding revision of agreement would be taken up with the Board after re-assessment of demand.

(5) *Manufacture of pre-cast cement concrete slabs, rails and steps.*—A unit for manufacturing pre-cast cement concrete slabs, rails and steps was set up at Padalsa in June 1974. Economics of the venture had not been worked out before setting it up. Equipment costing Rs. 3.13 lakhs was purchased and production commenced in September 1974. Between September 1974 and March 1978, the unit manufactured 1,64,098 slabs and 7,537 rails and steps at a cost of Rs. 9.16 lakhs. The department also procured 33,500 slabs and 19,240 rails during June to December 1976 from a number of piece workers at rates approved by the Superintending Engineer from time to time. Computed with reference to the rates at which slabs and rails were purchased from the piece workers, the value of the slabs, rails and steps manufactured departmentally would work out to only to Rs. 6.93 lakhs, rendering the departmental manufacture costlier by Rs. 2.23 lakhs. As the manufacturing operations proved uneconomical, the unit was closed by the department in April 1978. An expenditure of Rs. 0.26 lakh (upto July 1979) was also incurred on the watch and ward staff employed to guard machinery valued at Rs. 1.99 lakhs lying idle since the closure of the unit.

The department attributed the higher costs to power failures, lack of proper maintenance of equipment and consequent idle labour.

(6) *Shifting of telephone line : Avoidable expenditure.*—After completion of preliminary survey in 1965 and obtaining administrative approval in 1967, the work on the project was commenced in 1968-69. In July 1970, the Posts and Telegraphs Department laid a telephone line between Balwadi, Nimbhora and Tandalwadi, a part of which area was known

(April 1965) to be coming under submergence of the Hatnur Dam. The Irrigation Department paid (March 1979) Rs. 0.31 lakh to the Posts and Telegraphs Department towards the estimated cost of shifting the line. Had the Irrigation Department notified the Posts and Telegraphs Department in time, an alternative alignment could have been decided upon before laying the line in July 1970, thereby avoiding the expenditure of Rs. 0.31 lakh.

(7) *Recovery of revenue from land.*—Out of 3,995 hectares of land acquired between 1973-74 and 1978-79, possession of 3,508 hectares was taken by the division and, pending actual submergence, some of it was given for cultivation to the project-affected persons. Though, according to Government instructions, amount equal to land revenue (Rs. 0.92 lakh upto 1979-80) was to be collected from such cultivators, it was neither demanded nor collected. The division stated (August 1979) that demand statements were not sent to the revenue authorities pending certain clarifications from the Government.

(8) *Summing up.*—(i) A number of extra-contractual concessions in the nature of aid were given to the contractor. Nevertheless, the progress of work was not maintained and several extensions had to be granted from time to time. Further, an amount of Rs. 50.68 lakhs was still recoverable from him (June 1979), of which only Rs. 42.48 lakhs would be recovered by the time the balance work is completed because of the restriction on recovery from bills ordered by the Government.

(ii) Permeability tests had not been conducted on masonry costing Rs. 46.80 lakhs within the prescribed period ; the position of the contractor *vis-a-vis* any liability that might arise could not be stated.

(iii) Avoidable, irregular and infructuous expenditure aggregating Rs. 8.82 lakhs was incurred during execution of the work.

(iv) Dues of Rs. 0.92 lakh had not been recovered in respect of lands given to project-affected persons for cultivation.

The foregoing observations were referred to the Government in September 1979; reply was awaited (February 1980).

4.3 Wasteful expenditure due to change in location of spillway

The Upper Penganga Project, administratively approved for Rs. 35,06 lakhs (November 1968), envisaged construction of an earthen dam at Isapur (Yavatmal District) with a spillway on its flank, at an estimated cost of Rs. 4,24.25 lakhs.

After considering the merits and demerits of a flank spillway, as per project proposals, *vis-a-vis* a central spillway, the Government decided (June 1970) that the project proposal of a spillway on the 'right flank' was preferable and asked the Superintending Engineer, Central Designs Organisation to proceed with it. However, in September 1975, the Government approved a proposal by the department for locating the spillway in the 'centre' instead of on the 'right flank' on the considerations among others, that diverting the course of the river through flank spillway was technically undesirable and that central spillway was cheaper.

In the meantime, in May 1976, a retired Superintending Engineer was appointed by the Government as Honorary Adviser for advising on the planning and design of the Jayakwadi and Upper Penganga projects. On the basis of the advice tendered by him, the Government again decided to adopt the alternative of a spillway on the 'right flank' on the considerations that construction period for a 'right flank' spillway would be less compared to a central masonry spillway and that considering the performance of the contractors on some other masonry dams, there might be delays in completing the central masonry portion of the dam.

By the time the above decision was taken, expenditure of Rs. 12.57 lakhs had already been incurred on excavation and back filling required for a 'central spillway'. According to the Upper Penganga Project Division No. I, Nanded, a part of the work costing Rs. 8.18 lakhs would have been necessary even with a 'flank' spillway. Even on this basis, the changes in the decision on the location of the spillway led to wasteful expenditure of Rs. 4.39 lakhs.

4.4 Excess payment to a contractor

Construction of an earthen dam of the Suki Project in Jalgaon District was entrusted to a contractor in April 1974 for Rs. 2,35.24 lakhs on item-rate basis after negotiations with him. While accepting the tender,

the Government had agreed to pay price escalation charges with reference to the rise in the consumer price index, subject to a ceiling of 7.5 per cent of the value of work done at tendered rates. As per the terms of the agreement, the tendered rates were applicable only upto 133 per cent of the tendered quantities. For quantities of work in excess of this limit, the contractor was to be paid at a rate to be mutually agreed upon between the Engineer in charge and the contractor.

Against the quantity of 64,836 cubic metres of excavation in hard strata, which was one of the items in the agreement, the contractor executed 2,80,772 cubic metres and was paid at the tendered rate of Rs. 15 for 133 per cent of the quantity stipulated in the agreement (86,322 cubic metres) and at the mutually agreed rate of Rs. 25 per cubic metre for the balance quantity (1,94,540 cubic metres). The contractor was also paid price escalation charges limited to 7.5 per cent of the value of the total quantity (2,80,772 cubic metres) computed at Rs. 15 per cubic metre.

Since the negotiated rate of Rs. 25 had been arrived at after taking into account the price level prevailing at the time of execution of the relevant item of work, further payment of escalation charges with reference to the quantity of work (1,94,540 cubic metres) for which the negotiated rate was applied was not covered by the terms of the agreement and resulted in an excess payment of Rs. 2.19 lakhs to the contractor.

The matter was referred to the Government in July 1979; reply was awaited (February 1980).

4.5 Excessive expenditure on excavation

The estimate for the Malkapur irrigation tank (Wardha District) of Rs. 7.74 lakhs provided, *inter alia*, an item of excavation in hard rock including dressing, conveying excavated material with all leads and lifts, and spreading or stacking as directed, of 1,215 cubic metres (at Rs. 12.35 per cubic metre) in the waste weir of the dam.

Contrary to the normal procedure of inviting competitive rates for the items provided in the estimate, the Minor Irrigation Division, Wardha, entrusted (March 1977) the work of blasting for excavation in hard rock to a firm at Rs. 13 per hole upto a depth of 2½ feet, without inviting tenders and without execution of an agreement. After splitting up the

item in the estimate into two components, viz., blasting and removal, etc., payment of Rs. 1.47 lakhs was made to the firm for 11,313 holes drilled and blasted between March 1977 and July 1977 and the excavated matter was removed departmentally at a cost of Rs. 1.66 lakhs. As per cross section measurement, 3,729 cubic metres of hard rock had been excavated, for which a total expenditure of Rs. 3.13 lakhs had been incurred. The unit rate for the completed item (for 3,729 cubic metres) worked out to Rs. 83.94 per cubic metre, as against the prevailing rate of Rs. 16.90 paid to piece workers simultaneously working on the dam for the same item, and the estimated rate of Rs. 12.35 per cubic metre.

Computed with reference to the rate paid to the piece workers, the irregular procedure adopted resulted in an avoidable extra expenditure of Rs. 2.50 lakhs. The division stated (September 1979) that the matter was under investigation. Further developments were awaited (February 1980).

The matter was referred to the Government in October 1979; reply was awaited (February 1980).

4.6 Tittur Bandhara

The Tittur Bandhara (Jalgaon District) was constructed in 1955 at a cost of Rs. 6.11 lakhs. The bandhara diverts water through a seven mile long canal and has an irrigation potential of 1,215 hectares. The average area irrigated annually by the canal since its construction was, however, only about 120 hectares. According to the Minor Irrigation Division, Jalgaon, the reasons for the shortfall in irrigation were: (i) there was no demand for irrigation during *Kharif* season as the area had an assured rainfall and (ii) the postmonsoon discharge in the river was not enough to meet irrigation needs during the *Rabi* season. Papers to indicate whether adequate investigations had been carried out before undertaking the work were not available.

In August 1970, the Government approved a scheme (estimated cost : Rs. 3.01 lakhs) for stabilisation of irrigation under the Tittur Bandhara by letting water from the Jamda Right Bank Canal of the Girna Project into the Tittur River through a feeder channel and the work was completed in 1971-72 at a cost of Rs. 0.73 lakh. Two hundred million cubic feet of water from the Girna Reservoir were reserved for the purpose.

Extension of the Tittur Canal by another seven miles at an estimated cost of Rs. 6.52 lakhs was also approved by the Government in June 1972. An expenditure of Rs. 9.03 lakhs had been incurred on the work (March 1979) and it was practically complete. Due to these measures, the irrigation command of the canal had been increased to 2,418 hectares.

The Minor Irrigation Division, Jalgaon had visualised even in 1969-70 that the Jamda Right Bank Canal would have to be remodelled. However, detailed estimates for the remodelling work were not prepared by the Jalgaon Irrigation Division until after the Bandhara was transferred to it in November 1977; these (cost : Rs. 31.81 lakhs) were submitted to the Government in February 1978, but had not yet been approved. As a result no water could be supplied to the scheme from the Girna Reservoir when the former was completed.

The expenditure of about Rs. 10 lakhs already incurred on increasing the command of the Tittur Canal had thus been unfruitful (July 1979) mainly because remodelling of the Jamda Right Bank Canal had not been planned and executed simultaneously due to lack of co-ordination between the Minor Irrigation Division, Jalgaon and the Jalgaon Irrigation Division.

The matter was referred to the Government in August 1979; reply was awaited (February 1980).

4.7 Defective designs/construction

A number of cases involving *prima facie* defective design/construction of irrigation works were noticed during audit. Important amongst them are mentioned below. They not only involved extra expenditure, but also led to denial of/delay in reaching benefits from irrigation to the farmers.

(i) *Aran River Project*.—The Aran River Project (Akola District) was approved by the Government in October 1974 for Rs. 3,77.88 lakhs and work thereon was started in January 1975. The earthen dam component of the project was completed in May 1977 at a cost of Rs. 2,14.24 lakhs and the full storage level was reached in August 1977.

As per instructions issued by the Government in May 1972 and December 1972, detailed designs of dams, exceeding a height of 27.5 metres (90 feet), are required to be carried out by the Central Designs Organisation. Even though the dam in question was designed for a height of

30.29 metres above the river bed, its design was neither prepared nor got checked by the Central Designs Organisation.

In April 1978, the downstream slopes of the dam slipped for a length of 150 metres at the top and 210 metres at the bottom and cracks appeared in the top of the dam beyond both the edges of the slip. An expenditure of Rs. 7.38 lakhs was incurred on special repairs and strengthening works and a further expenditure of about Rs. 23 lakhs was anticipated (July 1979).

As four villages lying immediately downstream were in danger of being flooded, they were evacuated in April 1978 and the residents thereof were temporarily resettled under orders of the Government. An expenditure of Rs. 1.31 lakhs was incurred upto June 1979 on temporary resettlement and a total expenditure of Rs. 5.54 lakhs was anticipated. A proposal for permanent resettlement of two villages downstream of the dam, estimated to cost Rs. 27.63 lakhs, was under consideration of the Government (July 1979).

A Technical Enquiry Committee, composed of officials, appointed (May 1978) by the Government to investigate the matter attributed (November 1978) the slip mainly to the following causes :

(a) The under-seepage control arrangement, *i.e.*, the cut-off trench, did not work effectively. Water intake tests had not been undertaken but the possible reason for the ineffective control arrangement was that the rock below the trench was jointed, weathered or fractured.

(b) The dam section was inadequate for resting over the weak fissured clay foundation on the right flank.

The matter was referred to the Government in July 1979 ; reply was awaited (February 1980).

(ii) *Bhadbhadya tank*.—Construction of a minor irrigation tank at Bhadbhadya (Bhandara District), estimated to cost Rs. 15.49 lakhs was sanctioned by the Government in July 1971. A 130 metre long masonry waste weir of the tank was constructed in June 1975 at a cost of Rs. 1.87 lakhs. During rains in September 1977, a 43 metre portion of the waste weir (cost : Rs. 0.58 lakh) was washed away and a further 61 metre length of the waste weir (cost : Rs. 0.92 lakh) was damaged. The damage to the waste weir was attributed by the Superintending

Engineer, Nagpur Irrigation Circle to (a) resting of foundation of the waste weir on a portion of the filled cut-off trench and (b) very poor quality of the masonry in cement mortar. He also reported that, while shifting the waste weir from the right flank to the left flank on grounds of effecting economy, cognizance of the already excavated cut-off trench on the left flank (which had then not been filled) had not been taken. An estimate for Rs. 5.67 lakhs for demolishing/reconstruction of the 104 metre length of the waste weir was submitted to the Government in March 1978 and pending its sanction urgent work of reconstruction of the collapsed portion of 43 metres was completed in May 1975 at a cost of Rs. 2.57 lakhs.

The division stated (January 1978) that action for fixing responsibility for the loss was in progress.

The matter was referred to the Government in March 1979 ; reply was awaited (February 1980).

(iii) *Ambhikhalsa tank*.—A minor irrigation tank at Ambhikhalsa in Ahmadnagar District was constructed in October 1974 at a cost of Rs. 15.78 lakhs, with a designed capacity of 64.80 million cubic feet of storage (based on average rainfall of 18.46 inches) to irrigate 254 hectares. The tank was filled for the first time in August 1976 but, due to heavy leakages, adequate storage was not attained. In spite of the remedial measures undertaken in 1977 at a cost of Rs. 0.15 lakh, the leakages continued and no irrigation was possible during 1976-77 to 1978-79.

The Superintending Engineer attributed (February-May 1979) the leakages to existence of pervious strata below the cut-off trench, the strata not having been investigated earlier. Suggestions for remedial measures, called for from the Central Designs Organisation in May 1979 by the Superintending Engineer, were awaited (December 1979).

The matter was referred to the Government in October 1979 ; reply was awaited (February 1980).

(iv) *Osargaon tank*.—A minor irrigation tank at Osargaon in Ratnagiri District (sanctioned cost : Rs. 11.05 lakhs) was constructed by the Ratnagiri Irrigation Division (South) through the agency of a contractor and water was stored in the tank (capacity : 48.6 million cubic feet) for the first time in 1974. Soon thereafter, heavy seepage losses of the order

of 4 million cubic feet per month through the outlet gate, body and foundation of the dam were noticed. The division prepared several estimates of remedial measures for arresting the seepage but none of them had been sanctioned (October 1979). The defects in the gate which had been fixed by the Mechanical Organisation had not also been removed. The causes of leakages were stated to be still (October 1979) under investigation. In the meantime, the division had spent Rs. 0.12 lakh on provision of stone pitching and sand filter to the embankment on the downstream side to protect it from damage due to seepage.

The project report envisaged an irrigable command of 203 hectares, which was later reduced to 116 hectares because of revision of the cropping pattern. Owing to heavy seepage losses, the area irrigated during the last 3 years as reported by the division was only a couple of hectares.

The final bill of the contractor was adjusted by the division in March 1978 but the records of the division did not indicate whether he had been absolved of responsibility for defective execution, if any.

The matter was referred to the Government in August 1979 ; reply was awaited (February 1980).

(v) *Hindgaon weir*.—Construction of a Kolhapur type weir across river Ghataprabha at Hindgaon (Kolhapur District), estimated to cost Rs. 2.55 lakhs, was completed by the Kolhapur Irrigation Division in May 1974 at a cost of Rs. 2.48 lakhs and water was stored for the first time during 1974-75.

Heavy leakages through the masonry and the foundation were noticed during the post monsoon inspection of 1976. The Superintending Engineer, Kolhapur Irrigation Circle attributed (April 1977) the extensive failure of the weir to unequal settlement of the pier on the left bank and issued instructions that masonry hollows or peeled off masonry should be rebuilt and grouting done all over. Special repairs estimated to cost Rs. 2.09 lakhs were sanctioned by the Superintending Engineer in June 1977 against which expenditure of Rs. 1.91 lakhs had been incurred (upto December 1979).

The matter was referred to the Government in September 1979; reply was awaited (February 1980).

(vi) *Banoti tank*.—Construction of a minor irrigation tank at Banoti (Aurangabad District) designed for high flood level of 1,235.00 H.L. was completed in July 1968 at a cost of Rs. 12.28 lakhs. In September 1969, when the flood discharge reportedly reached 1,238.50 H.L., breaches occurred in the dam washing away a part of the waste weir and guide bund. The damages were assessed by the division at Rs. 0.11 lakh.

Despite special repairs including reconstruction and strengthening works carried out by the department at a cost of Rs. 2.03 lakhs between March 1970 and June 1971, leakages through the dam had not appreciably stopped. The division stated (June 1979) that observations with a view to rectify the defects were being continued.

The Government attributed the leakages to sub-standard work by the contractor and instituted (May 1974) a departmental enquiry against the officers concerned. Further developments were awaited (February 1980).

4.8 Overpayments to contractors

Some cases of overpayments to contractors, facilitated by non-observance of checks and balances provided in the rules for minimising them or for having them detected promptly, e.g., check measurements by higher officials, came to notice during audit. Important amongst them are mentioned below:

(i) *Minor Irrigation Division, Wardha*.—Construction of Savangi Irrigation Tank (accepted tender : 2.51 per cent below the estimated cost of Rs. 11.85 lakhs) and Harashi Minor Irrigation Tank (accepted tender : 23 per cent above the estimated cost of Rs. 8.01 lakhs) was entrusted to the same contractor in 1972 and 1974 respectively. After executing the works partly, the contractor abandoned the remaining work of Savangi Tank and Harashi Tank in January 1977 and July 1976 respectively. Prior to abandoning the works, he had been paid Rs. 12.58 lakhs (Savangi Tank) and Rs. 6.17 lakhs (Harashi Tank).

When measurements were recorded in August 1976 and January 1977, it was found that the contractor had been overpaid (Rs. 1.49 lakhs) on account of quantities measured in excess of the actual work done. Besides, hire charges (Rs. 0.65 lakh) of machinery, recovery of which was not made from on account payments, were also outstanding against him.

The department had not investigated (September 1979) how excess measurements came to be recorded and whether there had been no check measurement by higher authorities, as required. The division stated (September 1979) that no part of the dues was adjusted from the security deposits of the contractor as he had filed a case in the court of law against the action for recovery proposed by the department.

(ii) *Medium Project Division, Yavatmal.*—The same contractor was entrusted (June 1977) with construction of headworks of the Sakhali Nala Project in Yavatmal District at his lowest tender of Rs. 26.96 lakhs (10 per cent above the estimated cost). In view of the expenditure of the execution of works in (i) above, the Superintending Engineer, Akola Irrigation Circle had recommended (February 1977) acceptance of the second lowest tender at an extra cost of Rs. 0.59 lakh over the lowest one. The Chief Engineer, Irrigation Department, Nagpur, however, accepted the lowest tender. Time limit for completion of the work was 18 months upto December 1978, which was extended upto June 1979. After executing work valuing Rs. 10.27 lakhs, the contractor abandoned the work (May 1979).

The department assessed the cost of the remaining work at Rs. 16.18 lakhs as per current schedule of rates of 1979-80 as against Rs. 14.32 lakhs at the contractor's rates, involving additional expenditure of Rs. 1.86 lakhs. With reference to the value of the second lowest (rejected) tender, the extra liability worked out to Rs. 1.27 lakhs. The Superintending Engineer permitted (August 1979) the concerned division to rescind the contract after forfeiting security deposit of Rs. 0.89 lakh (bank guarantee : Rs. 0.50 lakh and cash deposit : Rs. 0.39 lakh) and to get the remaining work done through another agency. Balance of machinery advance of Rs. 0.96 lakh outstanding against the contractor was proposed to be set off against the sale proceeds of the contractor's machinery with the department. Further developments were awaited (February 1980).

(iii) *Minor Irrigation Division, Sangli.*—Construction of a minor irrigation tank at Dudhebhavi was entrusted to a contractor in March 1975 at 3.7 per cent above the estimated cost of Rs. 14.00 lakhs, for completion by 15th March 1977. The contractor partly completed the work upto March 1977 and received payment of about Rs. 9.60 lakhs. The remaining

work was withdrawn (April 1977) from the contractor and got completed departmentally (June 1977) without any extra cost.

The final levels recorded (April 1977) disclosed that the contractor had been overpaid Rs. 0.88 lakh due to excess measurements for the items of excavation in hard strata. According to the final bill (pending in the division since November 1978), recovery of Rs. 0.90 lakh was due from the contractor including a recovery of hire charges of machinery amounting to Rs. 0.54 lakh.

Against the total dues of Rs. 0.90 lakh, security deposit of Rs. 0.24 lakh only was available with the division for adjustment. In the meantime, the contractor had filed (June 1978) a suit towards settlement of his final bill and it was pending in a Civil Court. Further developments were awaited (February 1980).

The matter was referred to the Government in September 1979 ; reply was awaited (February 1980).

(iv) *Minor Irrigation Division, Thane.*—The division entrusted the work of construction of an irrigation tank at Bhoj (tendered cost : Rs. 8.73 lakhs) to a contractor in June 1969 and the work was completed in February 1973 after grant of several extensions of time. Thereafter, when the final bill was scrutinised in the divisional office during 1975, short recovery from and overpayment to the contractor came to the notice of the department as detailed below:

- (i) Rs. 0.77 lakh . . . Difference between hire charges of machinery at prescribed rates and charges actually recovered from time to time through the running account bills.
- (ii) Rs. 0.55 lakh . . . Mainly, recovery ordered (August 1973) by the Government on account of misclassification of soil excavated as hard rock and paid for accordingly.

Against the recoverable amounts, Rs. 0.09 lakh payable to the contractor for work done by him since payment of his last bill and his security deposit of Rs. 0.23 lakh in the form of bank guarantee were available for adjustment, leaving a net sum of Rs. 1 lakh to be recovered.

The contractor disputed the dues worked out by the department and filed a suit in a court in 1976 which was, however, dismissed in November 1978. The dues had not been recovered from the contractor (September 1979). Details of further action taken by the department for recovery were awaited (February 1980).

The matter was referred to the Government in August 1979 ; reply was awaited (February 1980).

(v) *Minor Irrigation Division, Satara.*—The work of construction of tail channel of the Yeralwadi Project was taken up by the division for execution departmentally through piece workers during 1973-74 and 1974-75. The piece workers, after partial execution, abandoned the work in February 1975 after having received intermediate payments of Rs. 2.96 lakhs till February 1975 on the basis of measurements of work done with reference to the sectional levels.

Final measurements were recorded by the Deputy Engineer only in December 1977. They disclosed that the actual levels of excavation were higher than the levels recorded in the measurement books and the measurements recorded previously were incorrect. Overpayments to thirteen piece workers amounting to Rs. 0.98 lakh, thus, came to the notice of the division. Out of this, Rs. 0.06 lakh were subsequently recovered from two piece workers.

Efforts made by the division to recover the dues from the amounts, if any, payable to the piece workers in other divisions in Pune Region were not successful and the balance amount of Rs. 0.92 lakh became irrecoverable.

The department stated (January 1979) that a departmental enquiry would be started against the persons concerned. Further developments were awaited (February 1980).

The matter was referred to the Government in August 1979 ; reply was awaited (February 1980) .

PUBLIC WORKS AND HOUSING DEPARTMENT

4.9 Extra expenditure due to incorrect fixation of labour rate

The Executive Engineer, Buldhana Public Works Division, Khamgaon sanctioned in September 1976 a labour rate of Rs. 3.90 per cubic metre for compacting metal layer with power roller. This rate was derived by

the division as the sanctioned schedule of rates for the year 1975-76 did not contain a labour rate though it contained a rate for the composite item of compacting metal layer with power roller including labour, material and watering. In the schedule of rates for 1977-78, while the rate for the composite item remained the same as in the two previous years, a labour rate was provided at Rs. 425 per kilometre which worked out to Rs.1.45 per cubic metre. Compared with this rate, therefore, the rate of Rs.3.90 sanctioned by the Executive Engineer in 1976 was very high. The rate was high even compared to the rate of Rs. 2.60 per cubic metre (Rs.780 per kilometre) provided in the schedule of rates for 1978-79.

On scrutiny (June 1979) of the analysis of the rate of Rs.3.90 per cubic metre worked out by the division, it was observed that incorrect norms had been adopted both for the number of labourers required for the work and the wages payable to them. Further, even though a separate labour rate was provided for the years 1977-78 and 1978-79, payments to piece workers were regulated upto March 1979 as per the rate sanctioned in 1976. The rates adopted during November 1977 to March 1979 resulted in an extra expenditure of Rs. 1.60 lakhs.

The matter was referred to the Government in August 1979; reply was awaited (February 1980).

IRRIGATION AND PUBLIC WORKS AND HOUSING DEPARTMENTS

4.10 Extra liability due to delay in deciding tenders

Three cases, noticed in audit, wherein decisions on the tenders received were not taken within the validity period of 90 days specified in the tenders and the tenderers on being asked, after expiry of the validity period, to take up the works, refused to do so, are mentioned on pages 97 and 98. Two of these works were entrusted to fresh agencies involving additional financial liability amounting to Rs. 9.22 lakhs. In the third case, no fresh agency had been fixed (July 1979) but the cost of items to be executed estimated on the basis of the schedule of rates for 1979-80 had increased by Rs.0.36 lakh.

Name of work	Date of opening of tender <hr/> Date of expiry of validity period	Extra finan- cial liability due to entrusting the work to fresh agency (in lakhs of rupees)	Remarks
(1)	(2)	(3)	(4)
IRRIGATION DEPARTMENT			
1 Construction of earthen dam of Uma Project-chainage 1920 to 2660 metres Part-I (Akola District), estimated cost: Rs. 30.72 lakhs.	27th September 1977 <hr/> 25th December 1977	4.86	The tender was recommended by the Superintending Engineer to the Chief Engineer on 28th September 1977. When the Superintending Engineer asked (13th December 1977) the tenderer to extend the validity period, the tenderer agreed to do so provided his tender for Part-II of the work was also accepted, though it was not the lowest. While not accepting the condition, the Chief Engineer communicated acceptance of the tender on 27th December 1977, i.e., after the expiry of the validity period. The contractor refused to do the work.
2 Construction of Minor Irrigation Tank, Bhande (Nashik District), estimated cost : Rs. 14.52 lakhs.	14th April 1977 <hr/> 12th July 1977	4.36	The lowest tender was recommended (16th April 1977) to the Superintending Engineer and by the latter to the Chief Engineer on 3rd June 1977. The Chief Engineer invited the tenderer for negotiations on 11th July 1977, just a day before the validity period was due to expire. The tenderer did not turn up and later refused to extend the validity period.

Name of work	Date of opening of tender <hr/> Date of expiry of validity period	Extra finan- cial liability due to entrusting the work to fresh agency (in lakhs of rupees)	Remarks
(1)	(2)	(3)	(4)

PUBLIC WORKS AND HOUSING DEPARTMENT

3 Construction of 24 Policemen's quarters at Nanded	30th September 1978 <hr/> 29th December 1978	0.36	The lowest tender (Rs. 3.35 lakhs) was recommended and proposed to the Superintending Engineer on 24th October 1978 and by the latter to the Chief Engineer, on 16th November 1978, who forwarded it to the Government on 9th January 1979. The Government approved the tender on 30th January 1979. The tenderer, when asked to extend the validity period, refused (1st January 1979) to do so or to execute the work at his tendered rate.
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The matter was referred to the Government in August 1979; reply was awaited (February 1980).

URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT

4.11 Warud Water Supply Scheme

The Warud Water Supply Scheme (Amravati District) (estimated cost : Rs. 11.37 lakhs) was technically sanctioned by the Government in March 1974, and provided for two supply wells expected to yield 20,000 litres of water per hour each. One supply well was taken up departmentally in April 1974 and completed in June 1977. Yield tests conducted in March and April 1977, however, showed that only 5,000 litres of water per hour were available. As the yield was grossly inadequate, the division got two bore wells dug, instead of the second supply well, in November

1975/April 1976 at a cost of Rs. 0.28 lakh. This was done against the advice of the Groundwater Surveys and Development Agency that the bore wells would not give sufficient yield. The yield from the bore wells was found to be poor and the total yield obtained from the supply well and the two bore wells was only 15,000 litres (5,000 litres for each bore well and supply well) per hour. It became clear that the requirement of 87,000 litres per hour of the town could not be attained even by constructing four more bore wells as planned. The Government thereupon decided (March 1979) to adopt Wardha River as the source and plans and estimates for a revised scheme with the new source were stated (April 1979) to be under preparation. Meanwhile, expenditure of Rs. 12.56 lakhs had been incurred on the scheme including various components.

The following points were noticed in audit:

(i) According to Government orders of October 1971, other components of the water supply scheme were not to be executed until reliability of the source was established. The division had, however, fixed the contract for construction of the elevated service reservoir and rising main in April 1974 as per the designs of the original temporary scheme without first locating a successful source. These works had been completed by December 1976 (cost: Rs.2.93 lakhs) but could not be put to use. The division also incurred expenditure of Rs.0.24 lakh upto December 1978 on work-charged establishment for keeping watch on the reservoir.

(ii) The expenditure incurred (Rs.0.28 lakh) on two bore wells could have been avoided had the advice of the Groundwater Surveys and Development Agency been accepted by the Department.

The matter was referred to the Government in August 1979; reply was awaited (February 1980).

CHAPTER V

STORES AND STOCK

5.1 Synopsis of important stores accounts

A synopsis of important stores accounts for 1978-79 (other than those of Government commercial and *quasi*-commercial departments/undertakings) received upto February 1980 is given below:

Department and description of stores	Opening balance on 1st April 1978	Receipts during 1978-79	Issues during 1978-79	Closing balance on 31st March 1979
		(in lakhs of rupees)		
<i>Agriculture and Co-operation—</i>				
Chemicals, seeds, manures, cattlefeed, etc. ..	1,21.08	1,90.83	1,91.61	1,20.30
<i>Home—</i>				
Raw materials, finished goods, etc., in jail manufactories (A) ..	79.01	2,73.38	2,38.27	1,14.12
<i>Irrigation—</i>				
Materials-at-site, road metal and stock for— (i) Water and power development works ..	1,16.49	3,75.10	3,21.36	1,70.23

(A) Position shown is for calendar year 1978.

Department and description of stores	Opening balance on 1st April 1978	Receipts during 1978-79	Issues during 1978-79	Closing balance on 31st March 1979
(in lakhs of rupees)				
<i>Irrigation—concl'd.</i>				
(ii) Irrigation, navigation, embankment and drainage works (commercial and non-commercial) of capital nature ..	20,85.40	42,64.29	37,41.81	26,07.88
<i>Industries, Energy and Labour—</i>				
(i) Stationery, printing and binding materials, spare parts of printing machines, etc. in Government presses and stationery offices ..	(B) 2,58.87	3,13.46	3,66.14	2,06.19
(ii) Materials-at-site, road metal and stock for capital works on electricity schemes	(C) 3,80.15	5,09.06	5,04.65	3,84.56
<i>Revenue and Forests—</i>				
(i) Felled timber, other forest produce and other stores	7,57.41	21,66.33	20,27.80	8,95.94
(ii) Stamps in treasury offices and stamp offices ..	(D) 47,84.00	31,17.22	22,71.51	56,29.71
(iii) Entertainment duty stamps	10.24	....	....	10.24

(B) Differs from the closing balance on 31st March 1978 (Rs. 2,41.04 lakhs) shown in paragraph 5 of the Audit Report for the year 1977-78 (Civil), due to inclusion/rectification of opening balances (Rs. 58.85 lakhs) in respect of 4 presses/stationery offices and exclusion of closing balance (Rs. 41.02 lakhs) in respect of 1 stationery office as its stores accounts for 1978-79 had not been received (February 1980).

(C) Was not included in the Audit Report for the year 1977-78 (Civil) due to non-receipt (January 1979).

(D) Differs from the closing balance on 31st March 1978 shown in paragraph 5 of the Audit Report for the year 1977-78 (Civil) due to exclusion of balances relating to Thane Treasury (Rs. 74.82 lakhs) and Nagpur area (Rs. 12,40.13 lakhs) as their stores accounts for 1978-79 had not been received (February 1980).

Department and description of stores	Opening balance on 1st April 1978	Receipts during 1978-79	Issues during 1978-79	Closing balance on 31st March 1979
(in lakhs of rupees)				
<i>Urban Development and Public Health—</i>				
Medicines, drugs, dressing materials and miscellaneous stores (F)	(E) 94.88	2,86.29	3,07.08	74.09

The stores and stock accounts of the following departments (in respect of stores mentioned against each) for the year 1978-79 had not been received (February 1980):

(1) *Public Works and Housing*.—Materials-at-site, road-side materials, etc., for (i) general public works and (ii) public works of capital nature.

(2) *Home*.—(i) Uniform articles-Home Guards and (ii) materials-at-site, road-side materials, etc., for ports—general works and works of capital nature.

(3) *Urban Development and Public Health*.—Materials-at-site, stock, etc., relating to maintenance of and improvements to public health amenities.

IRRIGATION, URBAN DEVELOPMENT AND PUBLIC HEALTH AND PUBLIC WORKS AND HOUSING DEPARTMENTS

5.2 Surplus stores/stock

Information regarding the extent of surplus stock held by the division as on 31st March 1979, required to be received from them by 1st September 1979, was not received from 256 out of 387 divisions (September 1979).

In 23 divisions, stores and stock such as building and other construction materials, electrical goods, spare parts of vehicles, machinery, etc. (value

(E) Differs from the closing balance on 31st March 1978 shown in paragraph 5 of the Audit Report for the year 1977-78 (Civil), due to exclusion of balance (Rs. 2,49.35 lakhs) relating to stores held by the Directorate of Medical Education and Research, Bombay.

(F) Figures in respect of Joint Director of Health Services, Pune, were awaited (February 1980).

of which exceeded Rs. 0.20 lakh in all, in each division) amounting to Rs. 65.55 lakhs (details given below) remained unutilised for a period ranging from 2 years to 10 years, resulting in locking up of Government funds with attendant risk of loss due to deterioration.

Serial number	Department	Number of divisions	Amount (in lakhs of rupees)
1	Irrigation	7	37.40
2	Urban Development and Public Health ..	11	25.89
3	Public Works and Housing ..	5	2.26
	Total ..	23	65.55

The matter was referred to the Government in October 1979; reply was awaited (February 1980).

IRRIGATION, PUBLIC WORKS AND HOUSING AND AGRICULTURE AND CO-OPERATION DEPARTMENTS

5.3 Excess over reserve stock limit

According to the rules, materials required for works should not be purchased in advance or in excess of requirements; where a reserve stock is necessary due to remoteness of the division or of the works from the source of supply, or for use in emergency, the maximum limit of such reserve should be got fixed by the competent authority for each year. A test-check conducted during 1978-79 indicated that:

(i) For 61 out of 387 divisions, reserve limit had not been fixed. The total value of stores held by these divisions amounted to Rs. 7,70.48 lakhs at the end of March 1979.

(ii) In 74 divisions, the sanctions for reserve stock limit were accorded by the competent authorities after a delay of 6 months or more.

(iii) In 18 divisions which held stock in excess of the reserve stock limit for 3 months or more during 1978-79, the maximum stock held exceeded the reserve stock limits by more than 20 per cent; of these, in 8 cases the excess was more than 100 per cent.

The matter was referred to the Government in October 1979; reply was awaited (February 1980).

IRRIGATION DEPARTMENT

5.4 Delay in utilisation of machinery

The Irrigation Department purchased, in May/October 1976, two transporter units, each consisting of a Foden tractor and a 60 ton trailer, at a total cost of Rs. 38.75 lakhs for transporting heavy earth moving machinery. As the dimensions of the trailers did not conform to the requirements of the Bombay Motor Vehicles Rules, 1959, the tractors and the trailers were refused registration by the Regional Transport Offices, Pune and Kolhapur. The Government in the Home Department issued a notification only in October 1978 relaxing these requirements. Even then, only one of the units was registered in April 1979 and it had not also been put to use (September 1979). The department stated (August 1979) that action for registering the other unit was in progress. Thus, owing to delay in taking up the question of registration in time, the costly machinery had not been put to use (for over 30 months—upto September 1979).

The matter was referred to the Government in August 1979; reply was awaited (February 1980).

5.5 Avoidable expenditure on repairs

An air compressor, purchased by the Nandgaon Medium Project Division (Nashik District) in March 1976 for Rs. 0.88 lakh, went out of order in January 1977 after working for 385 plant hours. The suppliers had guaranteed replacement, free of cost, of any components found defective due to bad workmanship or faulty raw materials within a period of one year after supply or upto 2,000 hours of working of the machine whichever was earlier. On the question of the replacement being taken up (January 1977) with the suppliers, the latter attributed (September 1977) the failure of the machine to use of wrong grade of lubricating oil and improper maintenance and refused to repair it free of cost. A departmental investigation (September 1978) also confirmed this and indicated that the machine might have been affected by cement dust. The machine was repaired in April 1979 at a cost of Rs. 0.26 lakh, but had not been put into operation (October 1979) due to non-availability of the specific grade of oil required.

The matter was referred to the Government in September 1979; reply was awaited (February 1980).

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 Grants

During 1978-79, Rs. 3,83.42 crores (about 27 per cent of revenue expenditure during the year) were paid as grants to local bodies, private institutions, etc., as shown below:

	Amount (in crores of rupees)
Panchayati Raj Institutions	1,82.61
Educational Institutions (including Universities) ..	1,21.29
Municipal Councils/Municipal Corporations ..	41.62
Co-operative Societies	5.70
Other Institutions (including Statutory Bodies) ..	32.20
Total ..	3,83.42

According to the financial rules of the Government, certificates of proper utilisation of grants should be furnished to Audit by the departmental officers within a reasonable time. Against grants of Rs. 11,96.93 crores paid between 1970-71 and 1978-79 to the Zilla Parishads, utilisation certificates for Rs. 3,70.22 crores (2,872 items) had not been received by Audit (upto the end of September 1979).

As regards grants paid to other bodies, utilisation certificates for Rs. 58.66 crores paid during 1957-58 to 1978-79 had not been received (September 1979).

Of the above, certificates for Rs. 1,10.32 crores (717 items) in the case of Zilla Parishads and Rs. 4.25 crores (1,024 items) in the case of other bodies were pending for more than five years.

6.2 Loans and advances

The outstanding loans and advances at the end of 31st March 1979 amounted to Rs. 12,03.42 crores.

Certificates of proper utilisation of loans are required to be furnished to Audit by the departmental officers within a specified period not exceeding 18 months from the date of payment. For loans of which the detailed accounts are maintained by the Audit Office and the Pay and Accounts Office, such certificates had not been received upto 30th September 1979 in 36 cases (earliest case pertained to loan paid in 1970-71) covering loans of Rs. 1.44 crores.

Utilisation certificates had also not been received upto 30th September 1979 in 1,060 cases (earliest case pertained to loan paid in 1966-67) covering loans aggregating Rs. 48.73 crores of which the detailed accounts are maintained by the departmental officers.

In the absence of these certificates, it is not practicable for Audit to know whether the recipients had spent the grants/loans wholly for the purpose(s) for which they were given and that no mis-utilisation had occurred.

SECTION I

6.3 Bodies and authorities substantially financed by Government grants and loans

For purposes of audit of bodies/authorities substantially financed by grants or loans from the Consolidated Fund, the accounts of bodies/authorities to which grants/loans of Rs. 5 lakhs or more had been paid in a year are required to be furnished by the Government to the Audit Office by the end of May following. Such accounts were awaited from

3 departments for the years 1971-72 to 1973-74, from 7 departments for the year 1974-75, from 6 departments for the year 1975-76, from 8 departments for the year 1976-77, and from 10 departments for the years 1977-78 and 1978-79 (February 1980).

Important points noticed during audit of some of the substantially financed bodies/authorities are given in the succeeding paragraphs.

RURAL DEVELOPMENT DEPARTMENT

6.4 Kulaba, Ratnagiri and Thane Zilla Parishads

6.4.1 Government grants constitute the bulk of the resources of the Zilla Parishads (Z.Ps.).

6.4.2 *Receipts*—(i) *Water rates*.—The Government had directed (July 1973) the Z.Ps. to levy and collect water rates from the beneficiaries of minor irrigation works in the local sector. Though the Kulaba Z.P. had resolved (December 1973) to levy water rates, no recovery had been made from the beneficiaries of 185 completed irrigation schemes from 1973-74 onwards; the arrears on this account to the end of March 1978 amounted to Rs. 3.15 lakhs (May 1979). Ratnagiri Z.P. had resolved in November 1976 to levy water rates from 1st July 1977 but no recovery had been made (April 1979) while Thane Z.P. had not resolved (May 1979) on levy of water rates.

(ii) *Taxes*.—Recovery of Rs. 5.83 lakhs relating to the period prior to April 1975 on account of profession tax and Rs. 1.85 lakhs towards octroi for the period prior to April 1976 was pending in Thane (March 1979) and Ratnagiri (September 1979) Z.Ps. respectively.

6.4.3 *Scheme for control of paddy stemborer*.—(i) The scheme was sanctioned by the Government for Kulaba (December 1974) and Thane (July 1975) districts to check the serious threat posed by paddy stemborer. The cost of the scheme was to be treated partly as subsidy (50 per cent upto 1974-75; 25 per cent during 1975-76 and 1976-77 and 50 per cent during 1977-78) and partly as interest-bearing loan to the farmers/cultivators. The loan was to be recovered by the Z.Ps. immediately after harvest.

(ii) (a) *Kulaba*.—The total expenditure incurred on the scheme (1974-75 to 1977-78) was Rs. 70.57 lakhs of which Rs. 54.08 lakhs were treated as loan. The recovery of loan and interest overdue as on 31st March 1979 was not available readily with the Z.P. (May 1979) as it had not maintained any record showing details of recovery, year-wise. The Government stated (December 1979) that Rs. 1.62 lakhs had been recovered from the cultivators till 31st March 1978, leaving overdues of Rs. 52.46 lakhs. Information about interest outstanding was awaited (February 1980).

(b) *Thane*.—The total expenditure incurred on the scheme (1975-76 to 1977-78) was Rs. 48.24 lakhs of which Rs. 39.56 lakhs were treated as loan; the sum is overdue for recovery (March 1979) with interest.

Pesticides/insecticides worth Rs. 4.62 lakhs out of stocks of the value of Rs. 54.70 lakhs supplied to the Z.P. by the department/Maharashtra Agro-Industries Development Corporation Limited (MAIDC) were lying unutilised (December 1979) with the various Panchayat Samitis (P.Ss.), as these had become time-barred.

6.4.4 *Kulaba Zilla Parishad—Expenditure on electricity charges*.—
(i) Under the Summer Crop Campaign Scheme, nineteen electric pump sets (cost: Rs. 0.81 lakh) were supplied free of cost for use by the cultivators in Roha Block of Kulaba District during 1965-66.

As electricity charges payable by the cultivators for running the pumps had not been paid by them, the Maharashtra State Electricity Board (MSEB) discontinued supply of power between December 1968 and December 1972. Against Rs. 0.26 lakh (electricity charges: Rs. 0.14 lakh and interest for delay in payment: Rs. 0.12 lakh) demanded by the MSEB to end of August 1977, the department paid Rs. 0.12 lakh. As the balance of Rs. 0.14 lakh as also further interest charges from September 1977 onwards were not paid, supply was not resumed. As no agreement bonds had been obtained from the cultivators, though required, legal action to enforce recovery from them could not also be taken by the Z.P.

No security deposit had also been obtained from the cultivators, pump sets having been installed in the name of the Block Development Officer.

(ii) Of the 15 pump sets purchased (March 1967) for installation in community wells at Gagode (Kulaba), 12 (cost: Rs. 0.22 lakh) were disposed of by public auction (without being ever used) between December 1972 and April 1976 as the wells had no adequate water supply, resulting in a net loss of Rs. 0.18 lakh. The pipes purchased (cost: Rs. 0.07 lakh) also remained unutilised.

For supplying energy to the pump sets to be installed at the completed wells, the Z. P. had entered (March 1967) into an agreement with the MSEB according to which Rs. 6,585 per annum were payable as the minimum charges for seven years from 1967. No payment was made till August 1974 when Rs. 6,172 were paid. For recovery of arrears of the minimum charges payable, the MSEB filed (November 1974) a suit in the District Court which was decreed against the Parishad in April 1976 for Rs. 0.50 lakh (including Rs. 0.04 lakh towards cost). An appeal filed in September 1976 with the High Court was awaiting hearing (November 1979).

6.4.5 *Ratnagiri Zilla Parishad*—(i) *Purchase of blackboards*.—Over 2,000 blackboards costing Rs. 0.95 lakh were purchased between January and March 1974 at Rs. 46.50 each. As the boards supplied were found (March 1974) to be of sub-standard quality (not teakwood) and size, a notice was issued (June 1974) to the supplier, who, however, disowned responsibility on the ground that the boards had been despatched after inspection by persons authorised for the purpose. Responsibility for acceptance of sub-standard articles had not been fixed. According to the legal advice obtained (September 1978), the claim was not enforceable as the agreement (October 1973) with the supplier had not mentioned in clear terms the quality of wood to be used, besides the claim being time-barred.

On the basis of the rates accepted for wooden material of ordinary quality during 1973-74, the Parishad Engineer assessed (October 1975) the cost of the boards of sub-standard quality and size purchased as Rs. 32 per piece and stated that the loss to the Z. P. amounted to Rs. 0.30 lakh.

(ii) *Minor irrigation works*—(a) *Bandharas*.—Nine bandharas completed during 1965 to 1974 at a cost of Rs. 1.84 lakhs were washed away

during 1967 to 1977. The Z. P. stated (July 1979) that the Superintending Engineer, Konkan Irrigation Circle had been asked to investigate these cases. Further developments were awaited (February 1980).

(b) *Lift irrigation schemes.*—Nine pump sets were installed in 1974-75 at a cost of Rs. 0.45 lakh in seven villages of Panchayat Samiti, Ratnagiri. While one pump set was brought into use in September 1979, the remaining could not be put to use (November 1979) for want of power connection from the MSEB (six) and unwillingness of the beneficiaries to be covered by the scheme (two). Irrigation potential of 24.20 hectares remained unutilised, besides locking up of the expenditure incurred on purchase of pumps.

6.4.6 *Thane Zilla Parishad*—(i) *Pilot projects for intensive cultivation of paddy.*—During 1975-76 to 1977-78, 31 projects to cover 3,412 hectares were taken up under the pilot project for intensive cultivation of paddy sanctioned by the Government in October 1975; 2,785 hectares were, reportedly, actually covered. The average yield which was 54.77 quintals per hectare in 1975-76 dropped to 38.66 quintals per hectare in 1977-78. The shortfall in coverage was attributed (May 1979) by the Z. P. to non-availability of Government finance from 1976-77 (Government stopped grant of loan to defaulters) and non-availability of suitable command areas. The fall in yield was attributed to non-adoption of the recommended package of practices for want of financial assistance and to increased menace of pests.

Pesticides/insecticides worth about Rs. 7 lakhs, out of pesticides of the value of about Rs. 8.25 lakhs procured since 1975-76, were lying unutilised as on 31st March 1979 with the possibility of the materials becoming time-barred. The Z. P. stated (May 1979) that the MAIDC which was expected to lift the balance stock at the end of the season had not lifted it in spite of repeated requests.

Recovery of loan of Rs. 0.75 lakh (out of Rs. 1.47 lakhs) from cultivators was outstanding (October 1979); it was to be effected (but was not effected) through the Agricultural Produce Marketing Committee through which all produce had to be marketed.

(ii) *Lift irrigation schemes.*—Out of an irrigation potential of 523 hectares created by 31 lift irrigation schemes completed between 1968-69 and 1972-73 (cost : Rs. 24.14 lakhs), the maximum utilisation was 275 hectares in 1973-74. The utilisation was only 78.60 hectares in 1976-77. A number of schemes were not functioning over a period of years (1972-73: 18; 1973-74: 3; 1974-75: 12; 1975-76: 20; 1976-77: 26 and 1977-78: 22) thereby losing the benefits of irrigation. The under-utilisation of the potential was attributed to technical flaws in some of the schemes and low assessment of water required for the prescribed crop as mentioned in the report of the evaluation committee of the Z. P. The Z. P. stated (March 1980) that its proposals (January 1980) to carry out necessary improvements were awaiting the approval of the Government.

Pune Zilla Parishad

6.5 School feeding programme

Under the programme, the Government sanctioned an amount of Rs. 27.27 lakhs (Rs. 26.27 lakhs in August 1976; Rs. 1 lakh in March 1977) to the Pune Z. P. for supplying nutritious food (*paushtik ahar*) to 97,300 primary school children for a period of 200 days in a year. The work of preparation and supply of nutritious food was entrusted (July 1976) by the Government to the Maharashtra Small Scale Industries Development Corporation Limited and the Mahila Arthik Vikas Mahamandal Limited (MAVIM) on 50: 50 basis as per the recommendations of the Z. P. MAVIM in turn entrusted the work of preparing '*paushtik ahar*' to a private contractor.

The P. S., Sirur informed (October 1976) the MAVIM and the Z. P. that the packets received (8.57 tonnes, value: Rs. 0.23 lakh) in September 1976 were of sub-standard quality resulting in vomiting by the children in one school. Test report of the public health laboratory approved by the Government, required to be sent by the supplier with the consignment, was not so received by the Extension Officer (Education) of the Z. P. Laboratory tests of samples of food conducted later (November 1976) showed presence of living weevils. Instructions were issued (November 1976) by the Z. P. to the blocks and the supplier not to accept or deliver the food packets. In the meantime, 42 tonnes (value: Rs. 1.13 lakhs) of '*paushtik ahar*' were received by the blocks and distributed. The undistributed quantity then was 19.26 tonnes (value: Rs. 0.52 lakh).

As per contract condition, unsuitability of food was to be intimated to the supplier within 3 days of receipt, which had not been done. Out of the unconsumed stock, 19.10 tonnes (value: Rs. 0.52 lakh) were sold to the MAIDC at Rs. 800 per tonne in October 1977, resulting in loss of Rs. 0.36 lakh.

Solapur Zilla Parishad

6.6 Excess payment

Construction of two percolation tanks (estimated cost: Rs. 7.30 lakhs) was taken up (August-September 1977) by the Solapur Z. P. under the Employment Guarantee Scheme. To the end of October 1978, expenditure of Rs. 3.39 lakhs was incurred on payment to labourers. Departmental investigation (July 1978), on a complaint about recording of excess measurements, disclosed overpayment of Rs. 1.26 lakhs, responsibility for which had not been fixed (August 1979). The question of lodging the case in a court of law was under examination by the Z. P. (June 1978). It was noticed in audit (February 1979) that the measurements recorded by the Extension Officer (Works) had not been checked by the Deputy Engineer and Parishad Engineer, though required under the rules, which could have prevented the fraud, or led to its earlier detection. Further developments were awaited (February 1980).

The matter was referred to the Government in October 1979; reply was awaited (February 1980).

Summing up

The foregoing paragraphs in Section I bring out the following points:

(i) failure to take prompt steps to levy and collect water rates from beneficiaries of completed irrigation works in spite of orders of the Government and to recover profession tax and octroi dues pending for over three years in Ratnagiri and Thane Z. Ps.

(ii) overdues of more than Rs. 92.02 lakhs from cultivators being the loan portion of expenditure incurred by the Government to check the serious menace of paddy stemborer in Kulaba and Thane districts and recoverable by the Z. Ps.

(iii) pesticides worth nearly Rs. 5 lakhs supplied to Z. P. under stemborer scheme remaining unutilised and becoming time-barred.

(iv) non-payment of electricity charges by cultivators/Z. Ps. resulting in non-availability of power from MSEB and ultimate non-accrual of irrigation benefits to the cultivators.

(v) purchase of electric pump sets in advance of requirement for installation on wells without prior assessment of availability of water therefrom necessitating their eventual disposal at a loss.

(vi) failure to take timely action to inspect properly blackboards for use in schools and nutritious food for free supply to children resulting in unfruitful expenditure of Rs. 0.66 lakh.

(vii) under-utilisation of the irrigation potential of 523 hectares created by 31 irrigation schemes of Thane Z. P. due to technical flaws, resulting in non-accrual of benefits to cultivators.

(viii) failure to check measurements of work done on percolation tanks thereby facilitating overpayment of Rs. 1.26 lakhs under Solapur Z. P.

Chandrapur Zilla Parishad

6.7 Construction of a minor irrigation tank at Chunala (Chandrapur District)

A minor irrigation tank (estimated cost: Rs. 1.32 lakhs), with an estimated water storage capacity of 2,664 million cubic feet and irrigation potential of 49 acres, was constructed by the Chandrapur Z. P. in March 1974 at a cost of Rs. 1.07 lakhs. There was, however, no storage of water in the tank in any year thereafter and the canal work was left incomplete. After inspection of the work, the Superintending Engineer pointed out (July 1978) that there was no storage for want of adequate run off, since the catchment area was covered mostly by sandy and silty soils. He added that the side slopes of the cut-off trench were required to be flattened due to collapse of material and that the cut-off was not resting in impervious strata. There was no further information (November 1979) regarding rectification measures adopted, if any. The expenditure of Rs. 1.07 lakhs incurred on the tank was thus rendered infructuous due to selection of tank site without proper survey.

The matter was referred to the Government in September 1979; reply was awaited (February 1980).

*Nanded Zilla Parishad***6.8 Irrigation tank at Kushnoor**

Construction of an irrigation tank at Kushnoor (Billoli tahsil), sanctioned in December 1968 by the Nanded Z. P. at an estimated cost of Rs. 4.16 lakhs, was expected to provide irrigation in 100 hectares of land. Work on the tank was started in May 1970 and completed in February 1974. A test-check indicated the following:

(i) The work on the tank was initially entrusted to a contractor, who, after doing work valued at Rs. 2.91 lakhs, abandoned it (March 1973). The work was thereupon completed (February 1974) departmentally at the risk and cost of the contractor, the total cost of the tank being Rs. 3.19 lakhs. The final bill showed that the contractor had been overpaid to the extent of Rs. 0.58 lakh through running account bills which included (a) excess payment due to recording measurements based on incorrect levels (Rs. 0.36 lakh) and (b) payment for utilisation of excavated earth separately even though the rate paid for earthwork included the cost of utilisation (Rs. 0.22 lakh). Further, a sum of Rs. 0.47 lakh was recoverable from him towards hire charges of machinery and cost of material supplied to him (Rs. 0.23 lakh) and extra cost on completion of the work departmentally (Rs. 0.24 lakh).

The final bill submitted to the division in September 1974 had still (November 1979) not been passed and adjusted. Against the recoverable dues of Rs. 1.05 lakhs, pending claims of the contractor to the extent of Rs. 0.27 lakh and security deposit of Rs. 0.07 lakh only were available with the department. The department stated (August 1979) that the balance amount due from the contractor would be recovered from him as arrears of land revenue. Further developments were awaited (February 1980).

(ii) As against the irrigation revenue of Rs. 0.15 lakh assessed for the period from 1975-76 to 1978-79, actual recovery was 6 per cent (Rs. 913). The Z. P. stated (August 1979) that efforts for recovery of the dues through the Block Development Officers being not successful, realisation of dues would be entrusted to the Irrigation

Department of the Z. P. Further developments were awaited (February 1980).

(iii) The actual irrigation utilisation during the past five years (1974-75 to 1978-79) had not exceeded 39 per cent of the irrigation potential available in any year. The Z. P. attributed (August 1979) the low utilisation to unwillingness of the cultivators to adopt suggested cropping pattern in spite of persuasions by the gramsevaks and extension staff of Panchayat Samitis.

The matter was referred to the Government in September 1979; reply was awaited (February 1980).

Yavatmal Zilla Parishad

6.9 Infructuous expenditure—Construction of bandharas

The Yavatmal Z. P. took up construction of 52 bandharas during 1965-1967 at an estimated cost of Rs. 17.97 lakhs. Though, according to the Z. P., the period required for completion of the works was to be not more than 3 years, only 16 bandharas (cost: Rs. 7.58 lakhs) were completed upto June 1977. The work on 8 other bandharas (expenditure upto August 1979: Rs. 3.78 lakhs) was stated to be in progress. The Z. P. attributed non-completion of these works to difficulties in acquisition of land and inadequacy of labour.

Construction of the remaining 28 bandharas was abandoned in 1968 on the following grounds after incurring expenditure of Rs. 7.61 lakhs thereon:

- (i) Inadequate post-monsoon flow in the *nallas* (23 bandharas).
- (ii) Area coming under the command area of Pus Project and Sawargad Tank (3 bandharas).
- (iii) Change of direction of the *nallas* and canal coming under flood zone of the *nallas* (2 bandharas).

The expenditure of Rs. 7.61 lakhs incurred on the 28 bandharas thus became infructuous as a result of inadequate surveys.

The matter was referred to the Government in September 1979; reply was awaited (February 1980).

AGRICULTURE AND CO-OPERATION DEPARTMENT

6.10 Unauthorised payment of subsidy on agricultural inputs

Under the Integrated Area Development Scheme for small holders and agricultural labourers, farmers having land holding of 3 acres (unirrigated) and less were eligible to get agricultural inputs (improved seeds, fertilizers and pesticides) at 50 per cent subsidised rates. This scheme was being implemented by the Bhandara Z. P. from 1972-73 onwards as an agency scheme and the entire cost was being borne by the Government. Before taking up the scheme, the District Co-ordination Committee, Integrated Area Development Block, Bhandara had in April 1972 recommended to the Government that the limit of holding of land be increased from 3 acres to 5 acres for the purpose of implementation of the scheme in Bhandara District on the ground that the yield per acre of paddy in the district was less compared to certain other areas of the State, but the recommendation was not accepted by the Government (November 1972). In the meantime, the Z. P. had distributed agricultural inputs at subsidised rates to 1,144 farmers having land holdings of more than 3 acres but less than 5 acres, involving an expenditure of Rs. 0.77 lakh on subsidy. When this was communicated to the Government by the Z. P., the Government directed (July 1973) that the amounts should be recovered from the beneficiaries by preparing loan cases. No recovery had, however, been effected (December 1979). Since the amounts have already been paid as grant, these may have to be borne by the Z. P. ultimately, being not reimbursible by the Government.

The matter was referred to the Government in September 1979; reply was awaited (February 1980).

6.11 Marathwada Krishi Vidyapeeth, Parbhani

6.11.1 *Introductory.*—The Marathwada Krishi Vidyapeeth was established on 18th May 1972 with headquarters at Parbhani under the Marathwada Agricultural University (Krishi Vidyapeeth) Act, 1972 to tackle the agricultural problems of the Marathwada region. By the end of 1978-79, the Vidyapeeth had 5 colleges, 14 research stations including demonstration farms, 2 sheep/cattle breeding farms, 2 gramsevak training centres, 5 agricultural schools and a main campus.

6.11.2 The receipts and expenditure of the Vidyapeeth during 1972-73 to 1978-79 were as under :

		(in lakhs of rupees)	
Grants from the State Government	13,83.97
Other grants	2,07.98
Own income	1,67.55
Total income	17,59.50
Total expenditure	17,68.48

Important points noticed during a test-check (February 1979 to July 1979) of the accounts of the Vidyapeeth are given in the succeeding paragraphs.

6.11.3 *Financial control and utilisation of grants*

6.11.3.1 The accounts of the Vidyapeeth are audited by the Chief Auditor, Local Fund Accounts. The Vidyapeeth is required to submit its annual accounts together with the Audit Report thereon and a statement of action taken on the Audit Report to the Government by the 30th September of the following year. The Vidyapeeth had, however, submitted uncertified accounts for the years 1972-73 to 1976-77 as the auditors had refused to certify them on the ground that they were incomplete.

6.11.3.2 Final utilisation certificates for the grants paid to it by the Government are required to be furnished by the Vidyapeeth to the Government within 3 months of completion of audit. Although audit for the years 1972-73 to 1975-76 had been completed, utilisation certificates for grants totalling Rs. 5,76.59 lakhs had not been furnished (December 1979). Utilisation certificates for grants of Rs. 75.02 lakhs received from the Indian Council of Agricultural Research during 1976-77 to 1978-79 had also not been furnished. Utilisation certificates for grants from Government amounting to Rs. 8,07.38 lakhs for the subsequent period upto 1978-79 were pending due to non-completion of audit.

6.11.4 *Misutilisation/overpayment of grants*

According to Government orders (June 1970), the Vidyapeeth is required to obtain prior concurrence of the Government for diverting grants for meeting expenditure on schemes/items not specifically approved by the Government. The following deviations were noticed in the course of test-check by Audit.

(i) Sale proceeds of seeds amounting to Rs. 43.91 lakhs realised during 1972-73 to 1977-78 were credited to a special fund (created without obtaining sanction of the Government required under the Act) outside the revenue account. The amount was not taken into account for arriving at the net expenditure for these years and consequently grants were paid by the Government in excess.

(ii) Without obtaining prior concurrence of the Government, an amount of Rs. 3.51 lakhs out of the Government grants was utilised for unapproved items, e.g. construction of buildings (Rs. 1.84 lakhs), purchase of books (Rs. 1.11 lakhs), a jeep (Rs. 0.30 lakh) and a car (Rs. 0.26 lakh).

6.11.5 Schematic activities

6.11.5.1 *Scheme for self-employment of farm graduates.*—In June 1973, the Government sanctioned implementation of a Centrally sponsored scheme for self-employment of farm graduates and agricultural diploma holders. The object was to induce them to settle on their own land and to promote the spread of modern farming techniques through professional consultancy services. The candidates were entitled to get stipend of Rs. 150/Rs. 100 per month for a maximum period of 3 years. This scheme was entrusted to the Vidyapeeth, among others, for a period of 3 years from 1st July 1973.

The Vidyapeeth selected 178 graduates and 164 diploma holders in three batches between August 1973 and March 1974 for the scheme but particulars of their plans for self-employment, projects for agricultural development, etc., were not obtained from them for approval as required. Nor did the Vidyapeeth carry out periodical verification regarding fulfilment of the objects of the scheme by the candidates. Payment of stipend to the diploma holders was discontinued after 9 months under Government orders. Of the graduates, 154 left the scheme even before the expiry of the three years period reportedly due to their (i) selection for higher education, (ii) joining service and (iii) other reasons. Three hundred and eighteen candidates out of 342 selected under this scheme, thus, did not settle on own farms; it was also not known whether they were self-employed in any other manner. In consequence, the expenditure of Rs. 5.44 lakhs incurred on the scheme largely did not subserve its objectives.

6.11.5.2 *Construction of bore wells.*—During 1975-76, the Vidyapeeth constructed eight bore wells at the Central Farm, Parbhani at a total cost of Rs. 1.02 lakhs and also purchased (September 1975) eight electrically operated submersible pumps costing Rs. 1.49 lakhs. However, one pump had not been fixed as it was not found suitable for the bore already drilled. The remaining seven pumps, though fitted in December 1975, remained idle till October 1977 for want of power connection for which the Vidyapeeth applied only in December 1976. Even after power connection was obtained, only one pump was fully utilised, and another partly, while the remaining five were hardly put to use. The Vidyapeeth stated (March/August 1979) that these pumps could not be put to optimum use as their suction capacity was very low. As 6 out of 8 bore wells/pumps remained out of use throughout for one reason or another the object of irrigation had largely not been achieved.

6.11.6 *Summing up.*—Since inception (May 1972) the accounts of the Vidyapeeth for six years have not been certified by the Auditors. Utilisation certificates have not been furnished for grants amounting to Rs. 13,83.97 lakhs paid by the Government upto 1978-79. Test-check disclosed mis-utilisation of grants, infructuous expenditure, etc., to the extent of about Rs. 53 lakhs.

The above observations were referred to the Government in October 1979; reply was awaited (February 1980).

SECTION II

6.12 Grants/loans for specific purposes

Grants/loans for specific purposes are sanctioned to Zilla Parishads, municipalities and other non-Government bodies/institutions by Administrative Departments, Heads of Departments and authorities subordinate to them, according to the powers delegated to them. The authority signing or countersigning the bill for drawal of the grant/loan and its disbursement is required to watch (a) fulfilment of the conditions subject to which it was sanctioned and (b) its utilisation for the purpose for which it was sanctioned and to forward to Audit a certificate of utilisation indicating the checks exercised before the certificate was drawn up/accepted. Important points noticed in audit are given in the succeeding paragraphs.

RURAL DEVELOPMENT DEPARTMENT

6.13 Grants and loans to Zilla Parishads

(i) *Non-submission of quarterly statements of expenditure by the Z. Ps.*—Against the monthly releases of grants/loans through ways and means advances, the Z. Ps. are required to furnish to the sanctioning authorities quarterly statements of expenditure actually incurred for assessment of grants/loans admissible and adjustment against the releases made. Information collected (July 1979) from eight out of nine sanctioning authorities in Western Maharashtra indicated that quarterly statements in respect of the advances released monthly during 1975-76 to 1977-78 had been received only by one authority whereas the others had received them for some of the quarters only.

The sanctioning authorities had not maintained, though required, separate records for watching receipt of quarterly statements from the Z. Ps.

(ii) *Release of grants in excess.*—On the basis of the expenditure figures reported by the Z. Ps. to the sanctioning authorities, Rs. 2,07.99 lakhs were found to have been released in excess by seven out of eight sanctioning authorities.

Assessment of grants had not been completed by the Director of Agriculture in respect of all the 12 Z. Ps. for 1977-78; by the Director of Animal Husbandry in respect of 7 out of 12 Z. Ps. for 1975-76 and 1976-77 and 11 Z. Ps. for 1977-78; by the Commissioner, Pune Division in respect of 1 out of 6 Z. Ps. for 1977-78; by the Deputy Director of Health Services, Pune in respect of 2 out of 3 Z. Ps. for 1975-76 and 1977-78; by the Superintending Engineer, Konkan Circle (Public Works) in respect of all three Z. Ps. for 1976-77 and 1977-78; and by the Director of Education and the Director of Social Welfare in respect of 12 Z. Ps. for 1975-76 to 1977-78. As a result, the excess grant paid, mentioned above, remained with the Z. Ps. unadjusted/unrecovered (October 1979).

The non-completion of assessments was attributed (August 1979) by the Heads of Departments to inadequacy of staff.

(iii) *Non-adjustment of receipts realised from the schemes transferred to the Z. Ps.*—The Government had decided (July 1976) that the receipts realised by the Z. Ps. from the schemes transferred to them by the Government should be adjusted from the grants payable for these schemes from the year 1976-77. This procedure was not followed by any of the sanctioning authorities except the Directorate of Education and as a result the Z. Ps. had been allowed to retain these receipts in full, contrary to the direction of the Government.

Such receipts realised by 11 out of 12 Z. Ps. in Western Maharashtra amounted to Rs. 75.31 lakhs (1976-77 : Rs. 42.78 lakhs; 1977-78: Rs. 32.53 lakhs); of these, the Ahmednagar and Thane Z. Ps. were allowed to retain in full, the amount of Rs. 11.53 lakhs (Ahmednagar Z. P.: Rs. 11.04 lakhs realised during 1976-77 and 1977-78; Thane Z. P.: Rs. 0.49 lakh realised during 1977-78). Information as to the total amount allowed to be retained by the Thane Z. P. during 1976-77 and others (except Ahmednagar) during 1976-77 and 1977-78, called for from the sanctioning authorities in June-July 1979, was awaited (February 1980).

(iv) *Maintenance of account records.*—Record of sanction and release of grants in the manner prescribed under the rules was not maintained by any of the sanctioning authorities.

The matter was referred to the Government in October 1979; reply was awaited (February 1980).

URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT

6.14 Directorate of Municipal Administration—Conversion of dry latrines into flush type or waterborne latrines

The Government had initiated (September 1972) a programme for conversion of about 90,000 dry latrines (private owners: 80,000; 'C' class municipal councils: 10,000) into flush type or waterborne latrines in small municipal towns over a period of ten years. Loans (Rs. 7.30 lakhs between 1972-73 and 1974-75) and subsidies (Rs. 13.77 lakhs between 1975-76 and 1978-79) were paid by the Government to the municipal councils for disbursement to the house owners, having income below Rs. 800 per month, to meet the major cost of the works. The amount of loan outstanding as on 31st March 1979 was Rs. 4.57 lakhs.

Against the target of 90,000 dry latrines to be converted within 10 years by March 1982, only 6,903 had been converted upto March 1979; no year-wise targets had been fixed. The slow progress of the scheme was attributed (August 1979) by the Directorate of Municipal Administration, *inter alia*, to (i) scarcity of building materials such as cement, etc., (ii) reluctance on the part of the house owners to avail of the financial assistance due to their inability to repay the loans, and (iii) low estimated cost (Rs. 1,500) of conversion adopted for grant of assistance. The directorate further stated (November 1979) that the Government was considering remodelling of the scheme.

A scrutiny (August 1979) of the procedure followed to verify utilisation of the loans/subsidies for the purpose for which they were given disclosed the following defects/omissions:

(i) The directorate had not obtained periodical reports/returns indicating physical/financial achievement from the Collectors who were the implementing authorities.

(ii) Utilisation certificates were not being obtained regularly nor was their receipt watched by the directorate. Out of 49 municipal councils to whom loans were paid to end of March 1979, only 4 municipal councils had sent utilisation certificates.

(iii) Though the subsidy was to be released to the municipal councils by the Collectors after obtaining the requisite completion certificate prescribed in the scheme, the requirement was not uniformly followed by the Collectors. Out of five cases scrutinised in audit, subsidy was paid by the Collectors in two cases without obtaining the completion certificates.

(iv) No evaluation or appraisal of the scheme was done by the Government/directorate (August 1979).

The matter was referred to the Government in September 1979; reply was awaited (February 1980).

6.15 Integrated urban development in metropolitan cities and areas of national importance

6.15.1 The Central Sector programme for implementation of urban development projects of national importance included in the Fifth Five Year Plan (1974-79) envisaged financial assistance to the State

Governments and Union Territories to supplement their efforts in this direction. The scheme "Integrated Urban Development in Metropolitan Cities and Areas of National Importance" (IUDP) was introduced in 1974-75 under this programme. It was intended to cover major sectors of urban development such as water supply, drainage and sewerage including garbage disposal, sites and services, slum clearance and environmental improvements, road development, parks and playgrounds, etc. In Maharashtra, the scheme was executed through, among others, the following agencies:

- (a) State Government (Roads and Bhatsai Dam Headworks),
- (b) Bombay, Pune, Solapur and Kolhapur Municipal Corporations,
- (c) City and Industrial Development Corporation (Development Works),
- (d) Bombay Metropolitan Region Development Authority (BMRDA) (Development programme),
- (e) Nagpur Improvement Trust.

6.15.2 The Centre released in favour of the State Government loan assistance of Rs. 32,91 lakhs (for Bombay Metropolitan Region: Rs. 30,62 lakhs; for multi sectoral programmes of four municipal corporations: Rs. 2,29 lakhs) between 1974-75 and 1978-79.

6.15.3 Assistance was granted by the Central Government on the condition that the State Government's contribution for execution of the projects would be equal to the Central contribution. While the State Government's contribution to the Bombay Municipal Corporation fell short by Rs. 1,02 lakhs, it made no contribution to any of the 4 other municipal corporations to which Rs. 2,29 lakhs were released as Central assistance upto the end of 1978-79.

The Solapur Municipal Corporation raised (November 1978) institutional finance of Rs. 50 lakhs carrying interest at 12.5 per cent per annum in lieu of the matching contribution by the State Government.

The Government of India had indicated (August 1978) that since the matching contribution was required to be passed on to the executing agency at the same rate of interest as charged by the Central Government for its loan, the difference of interest should be borne by the State Government. The matter was stated to be under consideration of the State Government (December 1979).

6.15.4 *Monitoring and evaluation.*—In respect of the BMRDA, monitoring and evaluation of the projects were to be concurrently carried out by a Review Committee, consisting of officials of the Central Government, the State Government and executing agencies, set up by the Government of India (July 1975); in respect of other projects this was to be done by personal visits by a team of officials of the Town and Country Planning Organisation, the Planning Commission and the State Government. Besides, the State Government was also to submit to the Central Government half-yearly progress statements in physical and financial terms.

(i) The loan assistance of Rs. 1,50 lakhs sanctioned (March 1975) by the Central Government to the BMRDA for integrated development of Bombay Metropolitan region was re-lent (April 1976) by the BMRDA to the Bombay Electric Supply and Transport Undertaking (BEST) (at a higher rate of interest—10 per cent per annum) as working capital, though the Review Committee had specifically directed (March 1976) that the BMRDA should finance only such schemes of a capital nature as would enable its funds to revolve. The loan amount which was repaid (October 1978) by the BEST was invested by the BMRDA in term deposits as it had not drawn up any projects to revolve its substantial cash balances though repeatedly suggested by the Review Committee and required under the scheme itself.

(ii) Central assistance was available upto 50 per cent of the estimated cost of the projects in the case of cities and towns with population of less than one million and upto 33.33 per cent in the case of the rest. The position of loans released and expenditure on projects by other

executing agencies in cities and towns with population of less than one million was as follows:

Name of the agency	Year	Loan released	Ex-penditure incurred	Amount unutilised	Remarks
(1)	(2)	(3)	(4)	(5)	(6)
		(in lakhs of rupees)			
Pune Municipal Corporation (PMC) (A)	March 1978	20.00	9.89	10.11	Amount advanced for land acquisition.
Nagpur Improvement Trust (NIT) (A)	1977-78 and 1978-79 (C)	40.00	41.88	..	....
Solapur Municipal Corporation (B)	1977-78 and 1978-79 (C)	1,22.00	1,27.92		As already stated, the Corporation had also raised institutional finance of Rs. 50 lakhs.
Kolhapur Municipal Corporation (B)	1977-78 and 1978-79 (C)	47.00	31.99*	15.01	*Includes expenditure of Rs. 13.55 lakhs incurred on projects during 1974-75 to 1977-78 when the IUDP had not been approved.

(iii) Loan assistance to the Kolhapur Municipal Corporation sanctioned by the Central Government and released during 1977-78 and 1978-79 covered one scheme (Shivaji Market—estimated cost : Rs. 49.50 lakhs) which had already been included by the State Government in its district development plan (November 1976) under which the entire expenditure incurred by the Corporation was being financed by the State Government by way of loan (66.67 per cent) and grant (33.33 per cent). The Government stated (January 1980) that the circumstances in which the scheme was also included for Central assistance and extra assistance extended to the Corporation were under investigation.

(A) Central assistance at 50 per cent of estimated cost.

(B) Central assistance at 33.33 per cent of estimated cost.

(C) Central assistance sanctioned in 1978-79 was released by the State Government in May 1979.

6.15.5 *Utilisation of Central assistance.*—(a) The State Government was required to furnish to the Government of India, before availing of further assistance, utilisation certificates to the effect that the Central assistance released earlier for the execution of the projects under the scheme had been utilised in full and for the purpose for which it was intended. In turn, the State Government was required to obtain utilisation certificates from the agencies to which the assistance had been passed on. For this purpose, such supporting reports, statements, etc., in respect of expenditure from the assistance as may be considered necessary were required to be obtained. However, no administrative reports/audit reports on municipal corporations were obtained and kept on record for independent verification of the utilisation certificates received. The utilisation certificates submitted by the executing agencies were accepted and the required certificates issued (November 1979) to the Central Government except for cases mentioned below where even such certificates were not issued.

1977-78

(in lakhs of rupees)

Pune Municipal Corporation	20
State Works (Public Works and Housing Department) ..	51

1978-79

State Works (Irrigation Department)	1,70
Bombay Municipal Corporation	5,05
City and Industrial Development Corporation	50
Kolhapur Municipal Corporation	27
Nagpur Improvement Trust	20
Solapur Municipal Corporation	74
Total	9,17

(b) The State Government was required to forward to the Centre every half year progress statements (as on 31st March and 30th September) in physical and financial terms; however, such statements for the half year ending March 1979 were not available in the records of the Government (November 1979).

6.15.6 Central assistance under the scheme was withdrawn from 1979-80 leaving with the municipal corporations ongoing projects estimated to cost Rs. 7,31 lakhs for completion. The State Government directed (July 1979) the executing agencies to approach the Housing and Urban Development Corporation (HUDCO) for considering the feasibility of accepting its assistance for financing the ongoing projects. Information on further progress in securing assistance was awaited (February 1980).

6.15.7 *Summing up.*—Under the integrated urban development programme, partial loan assistance was provided by the Government of India to States, outside the State Plan, for development of metropolitan cities and areas of national importance. The foregoing paragraphs bring out the following :

(i) Projects assisted by the Government of India under the programme were to receive matching contribution from the State Government. No matching contribution was made by the State Government to 4 municipal corporations to whom Rs. 2,29 lakhs had been released. The State's contribution to the Bombay Municipal Corporation fell short by Rs. 1,02 lakhs.

(ii) Loan of Rs. 1,50 lakhs paid to the Bombay Metropolitan Region Development Authority for financing development schemes of capital nature was re-lent by it for two years to the Bombay Electric Supply and Transport Undertaking as working capital and on repayment was kept in term deposits as the Authority had not drawn up any projects.

(iii) Rupees 25.12 lakhs remained unutilised with 2 municipal corporations for periods ranging from one to two years.

(iv) Central assistance was released for one scheme drawn up by the Kolhapur Municipal Corporation, for which the State Government had already granted assistance under its district development plan.

(v) Utilisation certificates were not submitted by the assisted institutions for Rs. 9,17 lakhs within the prescribed period.

(vi) On withdrawal of the assistance under the IUDP from 1979-80, the corporations had been left with ongoing projects estimated to cost Rs. 7,31 lakhs for completion; the corporations had been directed to seek funds elsewhere for their financing.

The matter was referred to the Government in November 1979; reply was awaited (February 1980).

SECTION III

PUBLIC WORKS AND HOUSING DEPARTMENT

Bombay Housing and Area Development Board

6.16 Extra expenditure

(a) In response to a notice inviting tenders, issued (January 1972) by the *ex* Maharashtra Housing Board, for construction of 80 tenements under the Slum Clearance Scheme at Chakala, Andheri (estimated cost: Rs. 4.89 lakhs), two tenders were received and were opened on 25th February 1972. The lower of the two tenders was for Rs. 6.45 lakhs (32 per cent above the estimated cost) with offer of a rebate of Rs. 300 per tonne of steel if steel (74 tonnes) was supplied by the Board at the rate provided in the supplementary schedule 'A' (Rs. 1,600/tonne). The rate was reduced (March 1972), after negotiations, to Rs. 6.35 lakhs (30 per cent above the estimated cost) with the condition that the Board would supply the entire requirement of steel at the scheduled rate (Rs. 1,600/tonne), for which the contractor would give a rebate of Rs. 300 per tonne. The tenders were forwarded by the Assistant Housing Commissioner to the Housing Commissioner (April 1972) recommending acceptance of the lower of the two offers received in February 1972. The Board did not take any decision on the offers before the validity period of the offers expired (25th May 1972) and both the tenderers refused to extend the validity period.

As a result, fresh tenders were invited in April 1972, June 1973, November 1973, January 1974 and March 1974, but either there was no response or the offers were considered very high. Finally, the work was entrusted to a contractor in December 1974, on the basis of negotiations, at a cost of Rs. 7.23 lakhs (49 per cent above the estimated cost) on the condition that steel would be supplied by the Board at the scheduled rates. After executing work valuing Rs. 1.24 lakhs, the contractor abandoned (September 1975) the work; fresh agency for completing the unfinished work was fixed by the Board in December 1976 at the risk and cost of the contractor.

Non-finalisation of the tenders (received in February 1972) within the validity period of 90 days, thus, led to postponement of the commencement of the work by 2 years and also in additional cost of Rs. 1.10 lakhs.

The Government stated (February 1980) that the lowest offer received earlier was not considered within the validity period as another competitive offer which was received later (March 1972) *i.e.*, after the prescribed time limit, was under examination; this offer did not materialise as the contractor failed to furnish full details about his offer.

(b) The Government had approved in May 1973 the construction of 80 tenements under the Middle Income Group Housing Scheme at Dadabhai Navroji Nagar, Andheri. Tenders (estimated cost: Rs. 3.98 lakhs) were invited by the *ex* Maharashtra Housing Board for pile foundation in August 1974 and accepted (12.08 per cent above the estimated cost) in February 1975; the work order issued in May 1975 stipulated its completion by September 1975. However, the Bombay Municipal Corporation was approached for clear demarcation of the plot only in March 1975 whereafter the plot was actually demarcated in September 1975 and "no objection certificate" issued in November 1975 by the Corporation. Reasons for the initial delay were not on record. As a result, the contractor could start the work only in November 1975 and complete the same by April 1976.

As the piling work got delayed, the contractor to whom construction of the super structure was entrusted (May 1975) at 80.5 per cent above the estimated cost (estimated cost : Rs. 12 lakhs; tendered cost: Rs 21.67 lakhs) could not commence the work. As the contractor demanded in September 1975 escalation of 24 per cent over the accepted cost, and again in January 1976 of 125 per cent over the estimated cost consequent on the delay in commencement of the work, the Board relieved him of his contractual obligations in April 1976. The work was finally entrusted to another contractor in December 1976 at 100.75 per cent above the estimated cost (tendered cost: Rs 24.10 lakhs).

As a result of the delay of about 2 years from the date of sanction to the work to get the plot demarcated by the Corporation, the Board had to incur extra expenditure of Rs. 2.43 lakhs on the construction of the super structure.

The matter was referred to the Government in September 1979; reply was awaited (February 1980).

6.17 Non-revision of rent

Consequent on the payment in December 1961 to the Bombay Municipal Corporation towards betterment charges in respect of land at Anand Nagar Colony, Santacruz on it being brought under the Town planning Scheme, the *ex* Maharashtra Housing Board decided (January 1962) to increase the rent of 304 tenements proportionately from the date of payment (December 1961) of the betterment charges. Though a revised rent statement had been submitted by the Executive Engineer to the Housing Commissioner in July 1962, no action was taken by the latter thereon till September 1972. The reasons for delay in taking action were not available in the Board's records.

A fresh rent statement revising the rent from Rs. 29 per month to Rs. 32 per month per tenement, effective from December 1961, was prepared in September 1972 and was approved in February 1974. Before recovery at the revised rate commenced, however, it was decided (September 1974) to recalculate the rent from 1st April 1974 taking into account the arrears of the increase in rent from December 1961 to March 1974 on account of betterment charges, as well as increase due to revision of the municipal taxes from April 1974. The revised rent statement prepared in November 1974, raising the rent to Rs. 34 had not been approved (December 1979). The Board stated (May 1979) that revision, which would take effect from April 1979, was under its consideration.

The delay in revision of the rent had resulted in non-recovery, as worked out by the Board, of Rs. 1.89 lakhs (at Rs. 3 per month per tenement) for the period from December 1961 to March 1979.

The matter was referred to the Government in September 1979; reply was awaited (February 1980).

6.18 Land reclamation at Bandra

Between 1966-67 and 1969-70, the *ex* Maharashtra Housing Board reclaimed about 3.60* lakh square metres of creek land at Bandra for its housing schemes at a cost of Rs. 1,13.74 lakhs. Details of the layout plan sanctioned by the Government (October 1970) for utilisation of the reclaimed land and the actual area utilised for various purposes till November 1979, as furnished by the Board, were as follows :

Purpose	Area	
	Layout plan	Actual utilisation
	(in lakh square metres)	
1 Residential	1.17	0.59†
2 Roads	0.72	0.30
3 Gardens, playgrounds, etc.	0.71	....
4 Commercial	0.53	0.05
5 Schools	0.18	....
6 Shopping	0.18	....
7 Hospital	0.07	....
8 Sewage pumping station ..	0.02	....
9 <i>Nala</i>	0.02	....
	3.60	0.94

Audit conducted in January 1979 disclosed the following:

(1) Twenty-one co-operative housing societies formed by the State Government employees were allotted land (0.22 lakh square metres), on 99 years lease, on condition that they pay initially 25 per cent of the premium price (provisionally fixed at Rs. 144 per square metre) and the balance within a period of three months from the date of initial payment. Though interest was recoverable at 7.50 per cent per annum

* Not measured and surveyed (November 1979).

† Includes 0.13 lakh square metres (cost of development : about Rs. 18.72 lakhs) originally under encroachment by the hutment dwellers, but regularised (April 1976) as Slum Improvement Scheme.

if the balance payment was delayed beyond three months, the Government (June 1972) desired that the Board should allow the societies to make the balance payment without charge of interest upto the end of June 1972. The Board, however, had not recovered (July 1979) interest (Rs. 2.15 lakhs) recoverable from 20 societies (out of 21 societies) on even the balance of premium (Rs. 18.44 lakhs) paid after June 1972.

The societies were also to pay lease rent in advance every quarter at the rate of 2.5 per cent per annum of the premium price and cost of development of the land. Lease rent of Rs. 2.20 lakhs for the period October 1972 to April 1979 from 12 societies had not been recovered (till July 1979). Reasons for non-recovery were awaited from the Board (February 1980).

(2) About 2.66 lakh square metres of reclaimed land, on which Rs. 84.04 lakhs had been spent, had not been put to any use for over eight years.

(3) Land admeasuring 4,527 square metres, allotted to the Bombay Telephones in December 1972, could not be handed over to them as the earmarked plots were since then under encroachment by hutment dwellers. Sanction of the Government for allotment of alternative plots was obtained by the Board in March 1974, and 4,641 square metres (at Rs. 419 per square metre) of land were allotted to the Bombay Telephones in March 1975. The delay in allotment resulted in loss of lease rent of Rs. 1.09 lakhs for the period from January 1973 to March 1975. The loss could have been avoided if the Board had proposed allotment of un-encroached land *ab initio*.

(4) With the formation of the Bombay Metropolitan Region Development Authority (BMRDA) in April 1974 and its appointment as the planning authority for the Bandra reclamation area, the use of land in the area is to be determined by the Government in consultation with the BMRDA. The layout plan prepared by the BMRDA (June 1977) had not yet been approved by the Government (November 1979).

The matter was referred to the Government in September 1979; reply was awaited (February 1980).

CHAPTER VII

COMMERCIAL ACTIVITIES

7.1 This chapter deals with the results of audit of departmentally managed Government commercial/*quasi*-commercial undertakings.

On 31st March 1979, there were 34 departmentally managed Government commercial/*quasi*-commercial undertakings as against 31 undertakings as on 31st March 1978. Of the former, Government Milk Schemes, Nandura and Vani commenced operations during 1978-79. Out of 24 undertakings whose accounts for 1978-79 were received upto January 1980, two undertakings made profit of Rs. 13.44 lakhs. The remaining 22 incurred losses aggregating Rs. 18,90.30 lakhs. *Pro-forma* accounts of the remaining 10 undertakings were awaited (January 1980) as indicated in Appendix X.

A synoptic statement showing the summarised financial results of working of the 24 undertakings in respect of 1978-79 and of 5 other undertakings in respect of earlier years (which were received after finalisation of the last Audit Report), on the basis of their *pro-forma* accounts for these years, is given in Appendix XI.

AGRICULTURE AND CO-OPERATION DEPARTMENT

7.2 Dairy Project, Dapchari

7.2.1 *Introduction.*—To deal with the problem of unrestricted growth of stables in Bombay, the Government decided (October 1955) on establishing a second milk colony. The project envisaged, besides acquisition

and development of land, provision of irrigation and infrastructural facilities, transfer of milch cattle from Bombay and establishment of dairy farm units, to be implemented between the Third (1961-66) and the Fifth (1974-79) Five Year Plans. The scope of the project was revised in 1968 to provide for establishment of farmer units to be allotted to farmers of Konkan area interested in dairy farming, preference being given to Adivasi families affected by acquisition of land for the project. Against the project estimate (1970) of Rs. 6,62 lakhs, expenditure incurred to end of March 1978 was Rs. 7,33 lakhs.

7.2.2 *Land acquisition and development.*—Site (Dapchhari) for the project was selected only in 1960. Between 1961 and 1978, 6,617 acres of land were acquired, the compensation paid being Rs. 39.72 lakhs. Being mostly forest land, it required extensive levelling, bunding, terracing, etc., for which Rs. 30 lakhs were approved (November 1964). The work was entrusted (November 1965) to the Soil Conservation Organisation of the Agricultural Department but as progress was found (September 1971) to be slow it was entrusted (December 1971) to the Rehabilitation and Reclamation Organisation of the Government of India and completed by May 1974. The total development cost (Rs. 45.80 lakhs) worked out to Rs. 1,310 per acre as against Rs. 975 anticipated. The increase in cost was attributed (December 1976) by the Dairy Development Commissioner to some of the areas being undulating, with more trees and bushes, requiring extra machine hours than anticipated (33,237 *vis-a-vis* 26,250 anticipated) reflecting inadequate initial survey.

7.2.3. *Irrigation.*—Originally (November 1964), construction of a dam with a storage capacity of 600 million cubic feet to provide irrigation facilities for 2,000 acres for raising fodder crops and to supply water for cattle was envisaged. Later (October 1967), it was decided to increase the storage capacity so as to provide irrigation for 4,000 acres of land (estimated cost: Rs. 1,93.67 lakhs). The cost was revised in May 1974 to Rs. 3,32.21 lakhs and further revision to Rs. 4,74.49 lakhs was under consideration of the Government (November 1979). Principal reasons for the increase in cost were stated to be revision after detailed investigation of the design of the dam and provision of drainage works, lift irrigation, ground water reservoir and overhead reservoir, lining of canals and distributories. Expenditure incurred to end of March 1978 was Rs. 3,83.70 lakhs.

Work on the dam, which was to be completed by 1975, was completed in all respects by January 1977; the canal (11.90 km.) and distributories (41.60 km.) were completed by October 1976 and March 1977 respectively. Ayacut development for raising fodder crops was, however, sanctioned only in April 1978 for Rs. 16.01 lakhs. During 1978-79, Rs. 6.56 lakhs had been spent on it. Consequent on the delay in ayacut development substantial area of land remained uncultivated, the uncultivated area being as much as 2,805 acres in 1977-78 and 2,678 acres in 1978-79, out of 4,000 acres available for cultivation.

7.2.4 Farmer units.—The project envisaged setting up of 800 to 1,000 farmer units. Each farmer was to be provided with one hectare of irrigated farm land for production of fodder, a small farm house for himself and family and a shed for maintaining 8 to 10 milch cross-breed cows/buffaloes for milk production. Institutional finance for purchasing milch animals, etc., was to be arranged by the Government. The farmer units were required to supply the entire milk production to the project.

Establishment of 200 farmer units at an estimated cost of Rs. 49.67 lakhs was approved by the Government in December 1968. By 1973, 170 units (cost: Rs. 24.33 lakhs) had been established. Of these, 167 units (affected Adivasis 38; other farmers 129) were allotted between 1973-74 and 1976-77.

The quantity of milk supplied to the project by the farmer units was as under :

Year	Number of units	Anticipated supply of milk per day (in litres)	Average quantity supplied per day (in litres)
1974-75	111	4,440	614
1975-76	155	6,200	2,242
1976-77	167	6,680	3,405
1977-78	167	6,680	2,790
1978-79	167	6,680	1,696

Reasons for the fall in supply since 1976-77 were awaited (December 1979).

During 1974-75 to 1978-79, the unit-holders had been provided with loan assistance of Rs. 50.12 lakhs by a nationalised bank for purchase of

milch animals and raising fodder and other crops besides credit supply of fodder (value : Rs. 22.73 lakhs) by the Maharashtra Agro-Industries Development Corporation Limited. After adjusting the cost of milk supplied by the farmers, the bank loan outstanding (December 1978) amounted to Rs. 47.97 lakhs (amount overdue awaited). Other sums overdue were Rs. 5.68 lakhs to the Corporation, Rs. 16.19 lakhs towards credit supply of paddy, seeds, manure, agricultural implements and fodder by the project authorities and Rs. 5.91 lakhs towards rent for land and irrigation charges (March 1979).

The Dairy Development Commissioner observed (October 1978) that the condition of the unit-holders had seriously deteriorated, the reasons being allotment to unit-holders of uneven and slopy lands requiring large investment for levelling to bring water for irrigation resulting in inability of some of the unit-holders to raise fodder crops. According to the Commissioner, there had been also lack of co-ordination among various departments (*viz.*, soil conservation, works and irrigation) working on the project.

7.2.5 New farmer units.—In order to keep down the cost of farmer units, the Government had approved (February 1978) construction of 500 cluster type units (estimated cost: Rs. 35.15 lakhs) to provide a simple hut and a cattle shed to the farmers at a cost not exceeding Rs. 7,000 each. By September 1978, construction of 100 cluster type farmer units had been completed (expenditure: Rs. 6.18 lakhs). Between December 1978 and May 1979, 93 units (affected Adivasis 37; other farmers 56) were allotted and occupied by the farmers. The land allotted to the farmers for cultivation was, however, situated at a distance varying from 1 to 1.25 km. from their dwellings. This was considered a disadvantage, as observed by the Project Officer, but the circumstances in which such disadvantageous sites were selected were not stated. Decision on setting up of the remaining 400 units had not been taken (December 1979).

7.2.6 Shifting of stable owners from Bombay.—Originally, the project envisaged shifting of 10,000 milch cattle from Bombay city to the project area. Developed plots were to be provided to the stable owners for which 500 acres of land were reserved. Infrastructural facilities like road, water supply, electricity, etc., were also to be provided. Meanwhile, eight small

stable owners of Bombay with a total cattle strength of 85 animals moved into the project in 1975, but stayed there for short periods ranging from 15 days to 11 months only. Apart from delay in provision of infrastructural facilities (completed in July 1977 at a cost of Rs. 29.09 lakhs), the requirement that the stable owners should sell the milk produced by them to the project at a cost fixed by the Government (Rs. 2 to 2.30 per litre) was a contributory factor, the arrangement having been found uneconomical by them. No remedial measures were taken; instead the Government decided (October 1977) not to shift the stable owners of Bombay to Dapchari as originally contemplated but to resettle them at other places including the existing milk colony at Aarey. The infrastructure developed at a cost of Rs. 29.09 lakhs consequently remains largely unutilised.

7.2.7 *Animal husbandry unit.*—The animal husbandry unit to be established by the Government was to consist of 1,000 cows for producing 5,000 litres of milk per day. The unit was also to carry out experiments in cross-breeding and calf-rearing of the animals with the object of producing good milch stock.

(i) *Milk production* : The anticipated and actual milk production and cost of production per litre were as under :

Year	Strength of herd		Anticipated average daily production (in litres)	Actual average production per day (in litres)	Actual cost of production per litre (in rupees)
	Indigenous	Crossbreed			
1974-75 ..	595	120	3,575	1,247	5.38
1975-76 ..	698	126	4,120	1,432	4.36
1976-77 ..	695	162	4,285	1,368	5.30
1977-78 ..	632	219	4,255	1,382	7.48
1978-79 ..	509	418	4,635	1,375	Awaited

Note.—Estimated cost of production per litre was neither mentioned in the Project Report nor was worked out subsequently.

The reasons for the low production had not been investigated.

(ii) *Mortality of calves* : The mortality among the calves was as under :

Year	Births		Deaths		Percentage of deaths to births	
	Male	Female	Male	Female	Male	Female
1974-75 ..	283	271	44	50	16	18
1975-76 ..	308	320	119	90	39	28
1976-77 ..	392	350	76	58	19	17
1977-78 ..	388	353	176	139	45	39
1978-79 ..	346	337	187	113	54	34

Over the years there had been a steady increase in the mortality rate of calves, the reasons for which had not been investigated.

(iii) *Artificial insemination* : The percentage of confirmed pregnancies to artificial insemination showed a varying trend as indicated below :

Year	Percentages of confirmed pregnancies				
	1974-75	1975-76	1976-77	1977-78	1978-79
Indigenous cattle ..	39	24	20	36	28
Cross-breed cattle ..	58	29	37	49	33

The Additional Dairy Development Commissioner observed (May 1979) that suitability of cross-breeding bulls used in the project had not been assessed.

7.2.8 *Working results*.—The working results of the project for the four years ending 1977-78 were as under :

Year	Income from sale of agricultural products, fodder and milk, etc.	Expenditure including depreciation, interest and adjustments	Loss
	(in lakhs of rupees)		
1974-75 ..	50.90	69.20	18.30
1975-76 ..	81.76	1,23.43	41.67
1976-77 ..	84.07	1,61.55	77.48
1977-78 ..	79.52	1,76.17	96.65

The increase in losses was attributed by the Project Officer to :

- (i) increase in interest and depreciation charges due to increase in the capital expenditure on dam and other civil works,
- (ii) increase in daily labour rates by 20 per cent from 1975-76 and
- (iii) issue of fodder and grass, etc., to the farmers at concessional rates.

Basically, however, the losses were attributable to inadequate utilisation of the infrastructural facilities provided at a cost of Rs. 7.33 crores.

7.2.9 *A topic of interest—Building for hospital.*—A building to house a 30 bedded hospital for the benefit of the inhabitants of the project was completed (cost: Rs. 3.78 lakhs) in February 1977. The building is yet (December 1979) to be provided with equipment and staff. In February 1979, the Project Officer had suggested to the Director of Health Services to consider utilisation of the building for running the hospital under the Rural Hospitals Scheme. No decision had been taken (August 1979).

7.2.10 *Summing up.*—The project was started with the object of dealing with the problem of unrestricted growth of stables in Bombay by shifting milch cattle to a new colony and to stimulating milk production by establishment of farmer units. Its progress was, however, slow mainly on account of delay in development of land and in provision of irrigation facilities reportedly due to lack of co-ordination among executing agencies. Out of 800 to 1,000 farmer units to be established, only 167 units had been established. A few (8) stable owners with their cattle (85) had been shifted but as they stayed for short periods only, the Government decided not to shift any more stable owners and consequently the infrastructural facilities provided remain largely unutilised. After spending Rs. 7.33 crores to end of March 1978, the project is yet to yield the desired results for which it was conceived and executed. Other points brought out in the foregoing paragraphs are:

(i) Construction of dam, canal and distributories was completed by March 1977 at a cost of Rs. 3,83.70 lakhs for providing irrigation facilities in 4,000 acres of land to raise fodder crops; however, substantial areas remained uncultivated for want of ayacut development.

(ii) Only 167 farmer units, as against 800 to 1,000 units envisaged, had been established by 1973. The economic condition of these farmer units was reportedly serious and large sums were due for recovery from them.

(iii) In the Animal Husbandry Unit, the daily production of milk was only about 1,400 litres as against 5,000 litres envisaged.

These observations were referred to the Government in September 1979; reply was awaited (December 1979).

7.3 Government Milk Supply Scheme, Pune

7.3.1 *Introduction.*—The Government Milk Supply Scheme, Pune was started in January 1950 with the object of (i) collecting milk from villages and other sources on payment of remunerative prices and (ii) supplying (after processing and packing) pure and hygienic milk to the urban population at reasonable prices. With progressive increase in milk production in the district and the growing local demand, the handling capacity of the scheme was increased from 2,000 litres per day initially to 11,000 litres by 1959, 55,000 litres by 1965-66, 1,00,000 litres by 1971-72 and 1,20,000 litres by March 1974. The total expenditure incurred to the end of 1975-76 was Rs. 1.56 lakhs. To further increase the handling capacity to 1,50,000 litres per day, the Government sanctioned (June 1976) Rs. 66.50 lakhs (plant and machinery : Rs. 34.00 lakhs; civil works: Rs. 21.50 lakhs and transportation and vehicles : Rs. 11.00 lakhs). Expenditure incurred to the end of March 1979 was Rs. 45.93 lakhs. The works were in progress (November 1979).

7.3.2 Procurement

7.3.2.1 Milk was procured under the scheme from individual farmers, co-operative societies, federations, etc., and also from other sister schemes. About 54 per cent of the milk procured was despatched to Bombay for the Greater Bombay Milk Scheme (GBMS).

7.3.2.2 The targets for procurement of milk, actual procurement and utilisation of installed capacity during the three years ending 1978-79 were as under :

		1976-77		1977-78		1978-79	
		Target	Actual	Target	Actual	Target	Actual
		(in lakhs of litres)					
Total	annual procurement	386.17	381.24	374.29	376.64	349.30	356.18
Average	procurement per day	1.06	1.04	1.03	1.03	0.96	0.98
Installed	capacity per day		1.20		1.20		1.20
Percentage	of capacity utilisation		86.7		85.8		81.7

Source.—Performance budgets of Government and *pro-forma* accounts of the scheme.

The decline in procurement during 1978-79 was mainly because, with the addition of a road tanker fleet by the department, the sister schemes started supplying milk directly to the GBMS instead of routing it through the Pune Scheme. The procurement may be expected to fall further as supplies from the Satara District (82.75 lakh litres in 1978-79), at present handled by the Pune Scheme, would not be available when the Government dairy now being set up in that district goes into operation in 1979-80. It would appear that the expansion programme at Pune, the introduction of the road tanker fleet and the setting up of a dairy at Satara had not been co-ordinated.

7.3.3 Procurement and distribution

Details of the quantities of milk received and distributed and the milk products distributed by the scheme during the three years ending 1978-79 were as under:

	1976-77	1977-78	1978-79
1. Milk received (in lakhs of litres)			
(a) from federations, societies and individuals			
(i) Buffalo milk	90.09	83.23	77.92
(ii) Cow milk	105.23	140.71	101.04
(b) from milk supply schemes			
(i) Buffalo milk	110.73	74.72	43.43
(ii) Cow milk	75.19	77.98	133.79
(c) Total			
(i) Buffalo milk	200.82	157.95	121.35
(ii) Cow milk	180.42	218.69	234.83
(d) Total procurement	381.24	376.64	356.18

	1976-77	1977-78	1978-79
2. Milk distributed (in lakhs of litres)			
(a) Local distribution	170.22 (172.56)	181.51 (283.63)	187.70 (207.75)
(b) Sent to the GBMS	230.97	213.21	168.01
Total	401.19	394.72	355.71
Milk products (in lakhs of kg.) ..	1.41	0.33	0.88

(Figures in brackets represent targets fixed).

The following points were noticed:

(i) Though the percentages of fat and solids-not-fat (SNF) contents in cow milk are lower than those in buffalo milk, the prices paid for both were the same (since November 1971). This was based on a policy decision taken by the Government to benefit the farmers as it was stated to be relatively cheaper to maintain a cow. As a consequence, the cow milk procured increased both in absolute terms and in relative terms from 47.3 per cent in 1976-77 to 58.1 per cent in 1977-78 and 65.93 per cent in 1978-79.

(ii) With a view to discouraging diversion of milk by the suppliers to open market during the lean season, the Government ordered in April 1974 that if the quantity of milk supplied in flush season (October-January) was more than double the quantity supplied in the preceding lean season, the excess quantity could be purchased at a reduced price at the discretion of the Dairy Development Commissioner. However, no such reduction in price was made in respect of the excess quantity of milk (84.52 lakh litres; amount of reduction at 10 paise per litre : Rs. 8.45 lakhs) supplied during the flush seasons of 1974-75 to 1977-78.

(iii) Quantitatively, all the milk received from the other schemes was transferred to the GBMS. One of the factors that affected the local distribution by the scheme could be the establishment in 1972, at Katraj near Pune, of a dairy (capacity : 0.20 lakh litres per day) in the co-operative sector. The local annual distribution by this dairy during 1976-77 and 1977-78 was 54.59 and 64.94 lakh litres respectively. This also was apparently not kept in view while sanctioning the expansion programme mentioned in paragraph 7.3.1.

7.3.4 Working results

7.3.4.1 The financial results of the operation of the scheme during the three years ending 1978-79 were as under:

	1976-77	1977-78	1978-79
	(in lakhs of rupees)		
Cost of milk and milk products ..	9,36.82 (90.1)	9,16.48 (88.0)	8,06.18 (85.4)
Overheads (procurement, processing, administration, sales and interest on capital less sale of bottles)	1,02.43 (9.9)	1,24.83 (12.0)	1,38.15 (14.6)
Total (cost of sales) ..	10,39.25 (100)	10,41.31 (100)	9,44.33 (100)
Sales and other receipts ..	10,19.05 (98.1)	9,98.61 (95.9)	9,21.96 (97.6)
Net loss ..	20.20 (1.9)	42.70 (4.1)	22.37 (2.4)
Previous period adjustments (net debit (+)/ net credit (—))	+3.10 (0.3)	+8.17 (0.8)	—0.37
Total net loss ..	23.30 (2.2)	50.87 (4.9)	22.00 (2.3)

Note.—Figures in brackets indicate percentages to total cost of sales.

Although the scheme has been declared 'commercial' and is expected to run on 'no profit no loss' basis it has been incurring substantial losses. The aggregate loss during the five years (upto 1978-79) of the Fifth Five Year Plan amounted to Rs. 208.67 lakhs on sales of 1,680 lakh of milk litres (including despatches to the GBMS) during this period. This works out to 12.42 paise per litre of milk sold.

7.3.4.2 *Cost trends.*—The object-wise break up of the overhead expenditure in the cost of sales during the three years ending 1978-79 was as under:

	Cost (in lakhs of rupees)			Percentage of increase over previous year			Cost (in paise per litre handled)		
	1976-77	1977-78	1978-79	1976-77	1977-78	1978-79	1976-77	1977-78	1978-79
1. Staff cost (including local distribution centres) ..	34.57	40.26	47.24	14.4	16.5	17.34	8.51	10.08	12.60
2. Stores, spares, consumables, etc. ..	25.62	28.34	23.92	25.2	10.6	(—)15.60	6.31	7.10	6.37
3. Other charges ..	25.28	38.11	41.36	30.1	50.8	8.53	6.23	9.55	11.02
4. Indirect charges (depreciation, interest on capital, supervision, audit fee) ..	16.96	18.12	25.63	9.0	6.8	41.39	4.18	4.54	6.83
Total ..	1,02.43	1,24.83	1,38.15	19.7	21.9	10.67	25.23	31.27	36.82
Total quantity of milk handled (in lakhs of litres) ..	4,05.74	3,99.17	3,75.22	25.1	(—)1.7	(—)6.0			
Cost (in paise per litre)	25.23	31.27	36.82	(—)0.47	23.9	17.7			

Source.—*Pro forma* accounts of the scheme.

Despite the quantity of milk handled being less by 1.7 per cent during 1977-78 than in 1976-77 and by 6.0 per cent during 1978-79 than in 1977-78, the overheads had gone up by 21.9 per cent in 1977-78 over those during 1976-77 and by 10.7 per cent in 1978-79 over those during 1977-78 practically under all heads. Steps proposed to review the overheads, especially considering that the milk handled is likely to decrease (*see* paragraph 7.3.2.2) were not stated.

7.3.4.3 *Losses*.—The losses of milk in excess of the norms during various stages of handling during the three years ending 1978-79 were as under:

Nature of loss	Permissible limit of loss as fixed by the department (per cent)	Quantity handled (in lakhs of litres)	Loss	Value of milk lost (in lakhs of rupees)	Percentage of loss to quantity handled	Value of loss over the permissible limit (in lakhs of rupees)
Procurement (Government collection)						
..	0.2					
1976-77 ..		49.47	0.44	1.14	0.9	0.89
1977-78 ..		75.84	0.93	2.38	1.2	1.98
1978-79 ..		1,03.80	0.56	1.15	0.5	0.72
Transit (to GBMS)						
by tankers .. 0.1						
1977-78 ..		79.90	0.19	0.50	0.2	0.25
1978-79 ..		1,07.08	0.47	1.17	0.4	0.90
Transit (to GBMS)						
by trucks .. 0.3						
1976-77 ..		1,67.27	0.67	1.71	0.4	0.43
1977-78 ..		1,33.32	1.14	2.94	0.9	1.96
1978-79 ..		60.85	0.66	1.64	1.1	1.18
Curdling .. 0.1						
1976-77 ..		4,05.94	2.57*	4.51	0.6	3.76
1977-78 ..		3,99.17	2.78	5.07	0.7	4.35
1978-79 ..		3,75.22	2.16	4.56	0.6	3.68
Total						
1976-77 ..		4,05.94	3.68	7.36	0.9	5.08
1977-78 ..		3,99.17	5.04	10.89	1.3	8.54
1978-79 ..		3,75.22	3.85	8.52	1.0	6.48

* The quantity of curdling loss in 1976-77 as per the department's Annual Cost Report (28th July 1978) was 2.98 lakh litres. The difference is under reconciliation (December 1979).

Losses in excess of norms in various stages of handling milk increased from Rs. 7.36 lakhs or 1.8 paise per litre in 1976-77 to Rs. 10.89 lakhs or 2.7 paise per litre in 1977-78 though there was reduction in the quantity of milk handled from 4,05.94 lakh litres to 3,99.17 lakh litres. However, loss in excess of norms decreased to Rs. 8.52 lakhs or 2.3 paise per litre in 1978-79.

The higher percentage of curdling loss during 1977-78 was attributed (December 1978) by the authorities to longer transit time taken for collection from remote/distant centres and melting of ice on way resulting in increase in temperature and acidity of milk procured. With the establishment of chilling centres in the mofussil, the authorities expect that these losses would be reduced. Sanctions of the competent authority for losses in excess of the permissible limits since 1971-72 were awaited (January 1980).

7.3.5 Disposal of scrap.—During 1978-79, the scheme disposed of 12 items of scrap for Rs. 4.43 lakhs on the basis of tenders invited (August 1978) by the Regional Dairy Development Officer, Pune. Of this, Rs. 2.23 lakhs were realised by sale of 774 tonnes of glass scrap (mostly from broken milk bottles) against the tendered quantity of 370 tonnes, at Rs. 280 per tonne. The accepted rate was lower (by about 39 per cent) than that (Rs. 466 per tonne) obtained in the previous sale (295 tonnes) by tender in June 1974 (no sales thereafter till 1978-79) although the price of new glass bottles had gone up by nearly 35 per cent during the period of four years since 1974. On the basis of the difference in the two rates, the fall in sale realisation amounted to Rs. 1.44 lakhs. Reasons for the sizable increase in quantity over that indicated in the tender and acceptance of a much lower rate called for (May 1979) were awaited (December 1979).

7.3.6 Other topics of interest

7.3.6.1 Shortage in milk despatched to the GBMS through a transport contractor.—A three year contract was entered into (November 1974) with a local transport contractor for transporting milk in cans to the GBMS at the rate of Rs. 1.04 per km. for 110 cans of 40 litres each. Shortages were noticed between the quantity of milk despatched from the scheme and that received by the GBMS. The quality of milk received

at the GBMS was also found to be inferior. A check by the Assistant Dairy Manager, Worli in August 1975 revealed shortages ranging from 20 to 328 litres per truck carrying 110 to 180 cans. The transport contractor contended that the cans were not fully filled and sealed and that the quantity was less by 1 to 2 litres per can.

The cost of milk received, short/of inferior quality, by the GBMS, during October 1974 to March 1976 was estimated by the department at Rs. 7.47 lakhs and Rs. 3.07 lakhs respectively. During April 1976 to November 1977, further shortages of 61,363 litres (cost : Rs. 1.41 lakhs) were noticed. As per terms and conditions of the contract, the value of the entire difference in quantity and quality of milk despatched from the scheme to the GBMS was recoverable from the contractor. However, Rs. 1.89 lakhs only out of Rs. 11.95 lakhs had been recovered from the contractor. Since the contractor contended that cans were not sealed, the Regional Dairy Development Officer has been asked by the department to investigate the matter.

The department stated (October 1978) that the Regional Dairy Development Officer, Pune had been requested to investigate and submit a detailed report; further information was awaited (December 1979).

7.3.6.2 *Idle machinery.*—In November 1975, the Dairy Development Commissioner placed an order (cost : Rs. 0.86 lakh) for a stainless steel butter churn of 600 litre capacity for the scheme although no indent for it had been sent by it. The Regional Dairy Development Officer, Pune was informed (December 1975) by the Dairy Manager that the machine was small for its requirement of 1,000 litres and suggested that, in case the order could not be changed, it might be transferred to a smaller scheme. Though this proposal was approved (January 1976), the butter churn received in June 1976 was lying unutilised the scheme having neither installed it nor received any orders for its transfer to any other scheme (December 1979).

7.3.7 *Summing up.*—(i) The utilisation capacity (1.20 lakh litres per day) at the Milk Supply Scheme, Pune declined from 86.7 per cent in 1976-77 to 81.7 per cent in 1978-79 due to factors such as direct transport of milk to Bombay by sister schemes following provision of

tanker fleet, establishment of a Government dairy at Satara and permission given to a co-operative society to process and distribute milk locally in Pune. These had apparently not been kept in view when sanctioning further increase in the capacity of the scheme from 1.20 to 1.50 lakh litres per day at a cost of Rs. 66.50 lakhs.

(ii) The working results showed that the scheme, intended to be worked on "no profit no loss" basis, incurred loss amounting to Rs. 2,08.67 lakhs in the five years ending 1978-79 on account of payment of uniform procurement prices both for buffalo and cow milk, higher prices for B grade milk, etc. Further, despite the quantity of milk handled being less during 1977-78 and 1978-79 than in 1976-77 and 1977-78, respectively the overheads had gone up during these years.

(iii) Shortages (value : Rs. 8.88 lakhs) were noticed on receipt of the milk despatched to the GBMS through a transport contractor. The milk received was also found to be of inferior quality (Rs. 3.07 lakhs). Only a sum of Rs. 1.89 lakhs had been recovered leaving a balance of Rs. 10.06 lakhs.

The matter was referred to the Government in September 1979; reply was awaited (December 1979).

FOOD AND CIVIL SUPPLIES DEPARTMENT

Procurement, Distribution and Price Control Schemes, Bombay City and Mofussil

7.4 Purchase and sale of rice

7.4.1 *Purchase, procurement and supply.*—Requirements of rice for distribution in statutory rationing areas are generally met from supplies made by the Food Corporation of India (FCI) at rates fixed by the Government of India. Rice milled from paddy procured in the State is distributed within the procuring districts and other consuming areas covered by informal distribution. Purchases are also made from other States for meeting eventualities of scarcity or for augmenting the stocks so as to provide for grant of a liberal quantum of rice to the consumers.

The following table gives details regarding supplies of rice from the FCI *vis-a-vis* allotments made by the Government of India,

local purchases and purchases from other States during the five years ending 1978-79 :

Year	Supplies from FCI			Local purchases (levy and open market purchases)	Purchases from other States	Total
	Allotments	Despatches				
		Bombay and Thane	Mofussil areas	(in tonnes)		
1974-75 ..	1,59,000	1,37,331	20,593	79,005	18,523	2,55,452
1975-76 ..	1,24,000	1,04,690	19,008	63,309	55,585	2,42,592
1976-77 ..	2,57,000	1,80,951	57,198	28,377	69,031	3,35,557
1977-78 ..	4,30,000	2,31,755	80,579	1,167*	14,540	3,28,041
1978-79 ..	3,88,418	1,75,504	48,531	11,272*	Nil	2,35,307

Details regarding monthly availability of rice, *i.e.*, average opening stock *plus* average receipts less average monthly offtakes from Government godowns in mofussil areas during the five years ending 1978-79 were as indicated below :

Year	Opening stock	Receipts			Total	Oftakes
		FCI	Procurement	Other purchases		
1974-75 ..	42,596	1,716	6,584	1,544	52,440	12,131
1975-76 ..	44,111	1,584	5,276	4,632	55,603	7,019
1976-77 ..	1,17,641	4,766	2,365	5,753	1,30,525	6,938
1977-78 ..	1,04,645	6,715	97	1,212	1,12,669	9,975
1978-79 ..	74,154	4,044	940	Nil	79,138	5,838

The stocks held in mofussil areas during 1976-77 to 1978-79 were very high; in some districts they exceeded even one year's requirements.

§ Rice is taken at 70 per cent of paddy procured.

* Procured under price support scheme.

In March 1977, the department assessed that a stock of 50,860 tonnes (out of a total of 1,34,599 tonnes) was showing signs of deterioration due to long storage. This comprised mainly (i) levy-free rice purchased at higher prices from surplus States during 1974-75 and 1975-76, and (ii) open market purchases at higher prices during 1974-75 and 1975-76 within the State. A major factor which contributed to poor offtakes and consequent accumulation of rice was that as against the *ex-godown* price of Rs. 159.00 per quintal for the FCI rice, the selling (economic) prices of these varieties ranged from Rs. 169.50 to Rs. 391.50 per quintal.

7.4.2 *Movement of rice to Bombay.*—Consequent on the accumulation of rice in mofussil areas, which could not be sold at the economic (*ex-godown*) prices, the Government decided (December 1976) that the entire stock of rice lying in mofussil areas should be brought to Bombay and pooled with the rice in godowns in Bombay rationing area for issue to the consumers in Bombay and Thane against the normal ration quantum. It was later decided (March 1977) that the pooled rice, classified into four groups, *viz.*, superfine and fine, medium, coarse and boiled, should be issued to the consumers over and above the normal ration quantum at average selling prices arrived at on the basis of the pooled *ex-godown* price for various lots. Between January and June 1977, 18,100 tonnes of rice were transported to Bombay at a cost of Rs. 13.88 lakhs. Of the rice transported, only 3,736 tonnes could be sold upto January 1978 at the economic prices fixed (April 1977) by the Government. There was also a transit loss of 88.42 tonnes of rice valued at Rs. 2.71 lakhs.

7.4.3 *Sales at uneconomic rates.*—In order to promote sales, the Government decided (January 1978) that the *ex-godown* prices of the four groups of rice should be reduced to the level of the issue prices of the corresponding varieties of rice supplied by the FCI, the anticipated loss being Rs. 6.24 crores. Between February and April 1978, about 19,920 tonnes of rice costing Rs. 5,91.96 lakhs were sold for Rs. 3,48.33 lakhs resulting in a loss of Rs. 2,43.63 lakhs.

7.4.4 *Disposal by open tenders.*—With a view to liquidating the balance of the accumulated rice, the Government invited tenders (June/July/September 1978) in three instalments of about 10,000 tonnes each

and accepted (July/August/October 1978) the highest rates offered. About 29,371 tonnes of rice (cost: Rs. 8,21.17 lakhs) were sold for Rs. 3,71.17 lakhs resulting in a loss of Rs. 4,50.00 lakhs.

7.4.5 The total loss of Rs. 6,95 lakhs was due mainly to large scale open market purchases within and outside the State at rates far higher than those of the FCI purchases with inadequate regard to the prospects of their sale at those prices.

The matter was referred to the Government in September 1979; reply was awaited (December 1979).

CHAPTER VIII
OUTSTANDING AUDIT OBSERVATIONS AND
INSPECTION REPORTS

8.1 Outstanding audit observations

(a) Audit observations on financial transactions of the Government are reported to the departmental authorities concerned so that appropriate action is taken to rectify the defects and omissions.

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

	As at the end of September 1977	As at the end of September 1978	As at the end of September 1979
Number of observations	85,196	95,746	1,05,777
Amount involved (in crores of rupees) ..	2,42.85	1,99.12	2,23.18

Year-wise break-up of the items is as follows :

Year		Number of observations	Amount involved (in crores of rupees)
(1)		(2)	(3)
1974-75 and earlier years	..	16,227	25.01
1975-76	.. ..	5,524	10.55
1976-77	.. ..	9,923	24.72
1977-78	.. ..	22,431	42.96
1978-79	.. ..	51,672	1,19.94
Total	..	1,05,777	2,23.18

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

Serial No.	Department	Number	Amount involved (in crores of rupees)
(1)	(2)	(3)	(4)
1	Education, Employment and Youth Services	.. 10,797	40.76
2	Agriculture and Co-operation	.. .. 17,683	33.47
3	Urban Development and Public Health	.. 17,369	25.35
4	Industries, Energy and Labour	.. .. 3,032	24.64
5	Revenue and Forests	.. .. 15,007	23.32
6	Irrigation	.. .. 7,087	16.46

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

Serial No.	Nature of observation	Number	Amount involved (in crores of rupees)
(1)	(2)	(3)	(4)
1	Payees' receipts and vouchers not received	.. 59,385	1,34.85
2	Detailed bills for lump sum drawals not received	38,264	69.58

(d) A sizable portion of the total outstandings is due to non-submission of payees' receipts and vouchers. The departments with comparatively heavy outstandings on this account are :

Serial No.	Department	Number	Amount involved (in crores of rupees)
(1)	(2)	(3)	(4)
1	Education, Employment and Youth Services	.. 8,419	38.67
2	Urban Development and Public Health	.. 13,867	22.29
3	Agriculture and Co-operation	.. .. 7,496	17.41
4	Industries, Energy and Labour	.. .. 2,388	13.06
5	Irrigation	.. .. 6,254	11.09
6	Food and Civil Supplies	.. .. 902	10.15

(e) The facility of drawing amounts as advances on abstract contingent bills by Disbursing Officers is intended to expedite payments in certain cases but they are to be followed by detailed contingent bills (containing all particulars of expenditure with supporting documents) which should be sent to the Audit Office by the 15th of the second month succeeding that to which the abstract contingent bills relate. In the absence of detailed contingent bills it is not practicable for Audit to know whether the amounts have been spent wholly on the purpose or purposes for which the advances were drawn. Rupees 69.58 crores are held under observation

as detailed contingent bills have not been received in the Audit Office. The departments with comparatively heavy outstandings are :

Serial No.	Department	Number	Amount involved (in crores of rupees)
(1)	(2)	(3)	(4)
1	Revenue and Forests	8,238	16.90
2	Agriculture and Co-operation	9,353	15.91
3	Planning	4,936	11.65
4	Rural Development	4,537	9.72

8.2 Outstanding inspection reports

(a) Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the Heads of Offices and to the next higher departmental authorities through audit inspection reports. The more important irregularities are also reported to the Heads of Departments and the Government.

The Government has prescribed that the first reply to an inspection report should be received in the Audit Office within one month from the date of issue of the report.

At the end of September 1979, 9,251 reports issued upto March 1979 still contained unsettled paragraphs as shown below with the corresponding figures for the earlier two years :

(1)	As at the end of September 1977	As at the end of September 1978	As at the end of September 1979
(1)	(2)	(3)	(4)
Number of inspection reports with unsettled paragraphs	9,479	9,863	9,251
Number of paragraphs	33,182	35,523	31,655

Year-wise break-up of the outstanding inspection reports is given below:

Year			Number of inspection reports	Number of paragraphs
(1)			(2)	(3)
Upto 1974-75	..	..	2,618	6,454
1975-76	..	..	1,285	3,990
1976-77	..	..	1,406	4,899
1977-78	..	..	1,784	6,654
1978-79	..	..	2,158	9,658
		Total	9,251	31,655

(b) The following departments had comparatively heavy outstanding inspection reports :

Serial number	Department		Number of inspection reports	Number of paragraphs
(1)		(2)	(3)	(4)
1	Revenue and Forests	.. ..	1,794	5,774
2	Rural Development	.. ..	1,314	6,248
3	Education, Employment and Youth Services	.. ..	1,216	3,032
4	Agriculture and Co-operation	.. ..	1,068	3,632
5	Irrigation	.. ..	771	2,631
6	Urban Development and Public Health	.. ..	732	2,397
7	Finance	.. ..	656	2,605
8	Home	.. ..	615	2,226
9	Public Works and Housing	.. ..	357	1,150
10	Social Welfare, Cultural Affairs, Sports and Tourism	.. ..	282	846
11	Industries, Energy and Labour	.. ..	246	675

(c) Of the 9,251 reports outstanding at the end of September 1979, 6,662 reports related to Civil Departments, 255 to Commercial Departments and 2,334 to Revenue Receipts. These included 628 inspection reports (563-Civil, 9-Commercial and 56-Revenue Receipts), first replies for which had not been received till the end of September 1979.



(K. R. AYYAR)

Accountant General (I), Maharashtra

Bombay,

The 28 MAR 1980

Countersigned

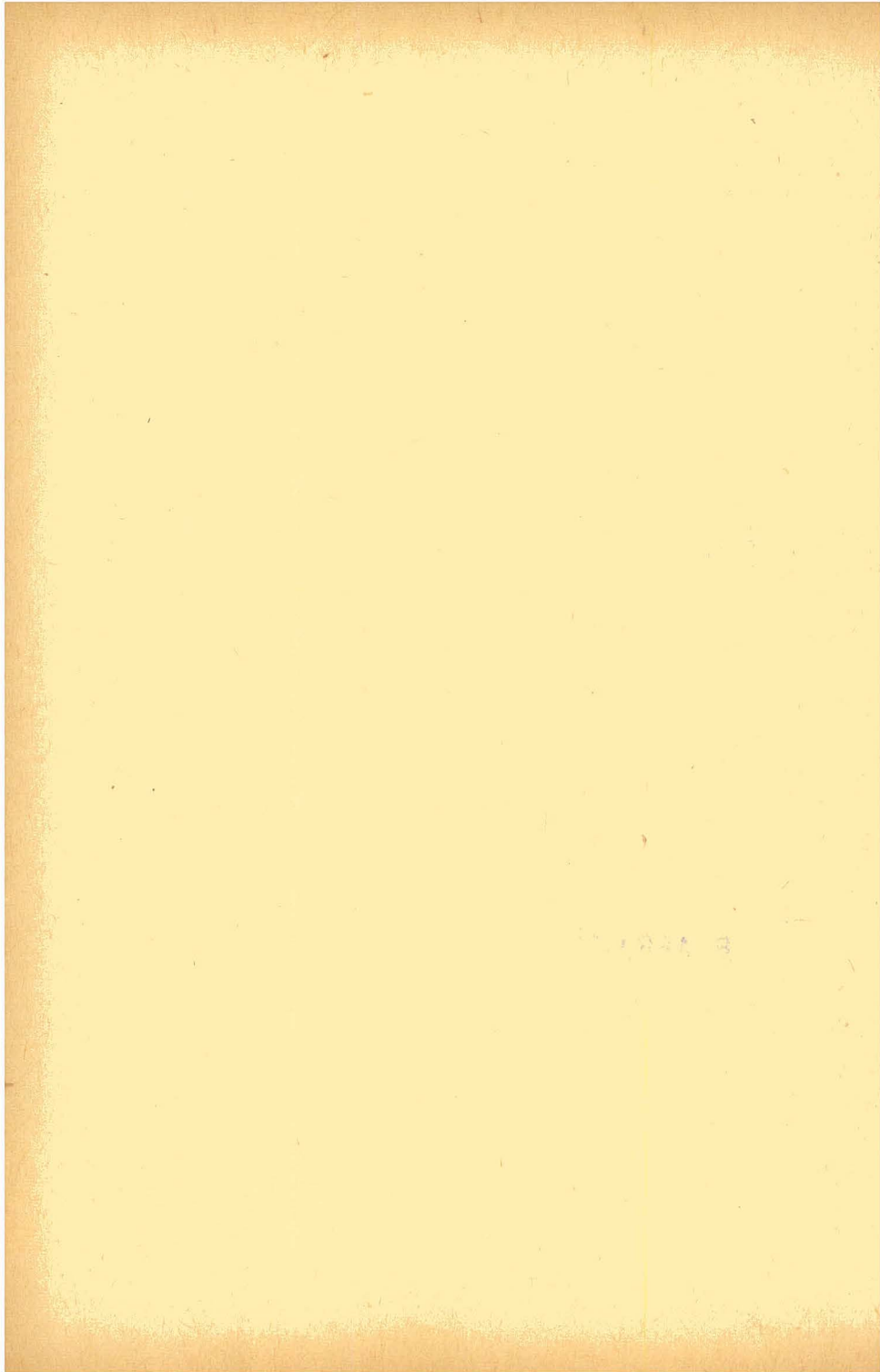


(GIAN PRAKASH)

New Delhi,

The 8 APR 1980

Comptroller and Auditor General of India



APPENDICES



APPENDIX I

(Reference : Paragraph 1.4 (ii), Page 7)

Statement showing major variations in revenue expenditure

Sector of account	Variation over previous year's expenditure: increase (+)/ decrease (—) (in crores of rupees)	Remarks
(1)	(2)	(3)
I Plan		
B-Social and Community Services	+16.89	The increase was mainly on Social Security and Welfare (Rs. 3.95 crores), Education (Rs. 3.70 crores), Public Health, Sanitation and Water Supply (Rs. 2.70 crores), Medical (Rs. 2.65 crores), Family Welfare (Rs. 2.56 crores) and Housing (Rs. 1.12 crores).
C-Economic Services	.. +11.43	The increase was mainly on Co-operation (Rs. 5.58 crores), Agriculture (Rs. 5.36 crores), Area Development (Rs. 2.44 crores), Community Development (Rs. 1.36 crores), Village and Small Industries (Rs. 1.14 crores), Soil and Water Conservation (Rs. 1.07 crores), partly offset by decrease on Roads and Bridges (Rs. 8.47 crores).
II Non-Plan		
A-General Services	.. +1,07.11	The increase was mainly on Interest and Servicing of Debt (Rs. 42.56 crores), Police (Rs. 16.62 crores), District Administration (Rs. 13.44 crores), Public Works (Rs. 9.68 crores), Taxes on Vehicles (Rs. 5.13 crores), Land Revenue (Rs. 4.66 crores), Other Taxes and Duties on Commodities and Services (Rs. 4.23 crores), Administration of Justice (Rs. 3.70 crores), Aid Materials and Equipments (Rs. 2.80 crores), Pensions

APPENDIX I—concl'd.

Sector of account	Variation over previous year's expenditure: increase (+)/decrease (—) (in crores of rupees)	Remarks
(1)	(2)	(3)
B-Social and Community Services	+74.53	<p>and Other Retirement Benefits (Rs. 2.63 crores), Stationery and Printing (Rs. 1.78 crores), Treasury and Accounts Administration (Rs. 1.74 crores), Collection of Taxes on Income and Expenditure (Rs. 1.33 crores), Secretariat—General Services (Rs. 1.26 crores), Miscellaneous General Services (Rs. 1.22 crores) and Other Fiscal Services (Rs. 1.11 crores), partly offset by decrease on Elections (Rs. 6.04 crores) and Sales Tax (Rs. 3.17 crores).</p> <p>The increase was mainly on Education (Rs. 50.44 crores), Medical (Rs. 10.90 crores), Public Health, Sanitation and Water Supply (Rs. 9.80 crores), Labour and Employment (Rs. 2.33 crores), Relief on account of Natural Calamities (Rs. 1.97 crores), Urban Development (Rs. 1.57 crores), partly offset by decrease on Housing (Rs. 4.91 crores).</p>
C-Economic Services	+68.18	<p>The increase was mainly on Dairy Development (Rs. 21.31 crores), Co-operation (Rs. 16.48 crores), Soil and Water Conservation (Rs. 12.60 crores), Irrigation, Navigation, Drainage and Flood Control Projects (Rs. 10.86 crores), Community Development (Rs. 4.27 crores), Water and Power Development (Rs. 3.69 crores), Agriculture (Rs. 3.55 crores), Food (Rs. 2.55 crores), Animal Husbandry (Rs. 1.88 crores), partly offset by decrease on Roads and Bridges (Rs. 5.16 crores), Forest (Rs. 3.91 crores) and Other General Economic Services (Rs. 2.71 crores).</p>

APPENDIX II

(Reference : Paragraph 1.5 (iii), Page 8)

Statement showing major variations in capital expenditure

Sector of account	Variation over previous year's expenditure: increase (+)/decrease (—) (in crores of rupees)	Remarks
(1)	(2)	(3)
I Plan		
General Services ..	+1.44	The increase was mainly on Public Works (Rs. 1.43 crores).
General Economic Services	—3.65	The decrease was on Co-operation.
Agriculture and Allied Services	—1.62	The decrease was mainly on Dairy Development (Rs. 1.09 crores).
Industry and Minerals ..	+1.54	The increase was mainly on Industrial Research and Development (Rs. 1.75 crores).
Water and Power Development	+7.40	The increase was mainly on Irrigation, Navigation, Drainage and Flood Control Projects (Rs. 8.54 crores), partly offset by decrease on Power Projects (Rs. 1.16 crores).
Transport and Communications	+21.21	The increase was mainly on Roads and Bridges (Rs. 20.24 crores) and Road and Water Transport Services (Rs. 1.09 crores).
II Non-Plan		
Social and Community Services	+5.62	The increase was mainly on Housing (Rs. 6.91 crores).
Agriculture and Allied Services	+21.69	The increase was mainly on Food (Rs. 14.71 crores) and Agriculture (Rs. 6.97 crores).

APPENDIX III

(Reference : Paragraph 2.2, Pages 21 and 24)

**Statement showing details of excess (not exceeding Rs. 1 crore each)
in various grants/appropriations**

(a) Grants

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.

Revenue Section

GENERAL ADMINISTRATION DEPARTMENT

1 2-Council of Ministers—

Original ..	43,00,000	} 53,19,000	54,15,956	96,956
Supplementary	10,19,000			

The excess was reported to be due to more expenditure on telephone bills and repairs to cars.

This was the fifth year in succession in which excess occurred under this grant.

2 3-Elections—

Original ..	77,65,000	} 1,26,75,000	1,37,46,812	10,71,812
Supplementary	49,10,000			

Reasons for the excess, which occurred mainly under charges for conduct of election for Lok Sabha and State/Union Territory Legislative Assemblies when held simultaneously, have not been intimated (December 1979).

3 8-District Administration—

Original ..	32,18,000	33,91,542	1,73,542
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The excess occurred under the head “ Other establishment-Staff for Urban Land (Ceiling and Regulation) Act, 1976 ”, reasons for which have not been intimated (December 1979).

APPENDIX III—*contd.*

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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GENERAL ADMINISTRATION DEPARTMENT—*concl'd.*

4	9-Other Administrative Services—			
	Original .. 63,39,000	} 63,91,000	70,44,085	6,53,085
	Supplementary 52,000			

The excess was stated to be due mainly to revision of payscales and increase in the rates of dearness allowance.

5	10-Miscellaneous General Services—			
	Original	2,37,000	3,22,260	85,260

Reasons for the excess, which occurred mainly under “Cash allowances and political pensions”, have not been intimated (December 1979).

HOME DEPARTMENT

6	17-Administration of Justice—			
	Original .. 8,18,000	} 8,50,000	8,78,381	28,381
	Supplementary 32,000			

The excess was reported to be due mainly to revision of payscales and adjustment to the final head of account of salary for the strike period paid in 1977-78 as advance to Government employees.

7	19-Taxes on Vehicles—			
	Original .. 1,95,11,000	} 2,21,63,010	2,29,10,237	7,47,227
	Supplementary 26,52,010			

The excess occurred under “Collection charges—Inter Accounts Transfers”, reasons for which have not been intimated (December 1979).

APPENDIX III—*contd.*

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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REVENUE AND FORESTS DEPARTMENT

8 35-Land Revenue—

Original	8,37,45,000	9,47,27,010	10,34,23,060	86,96,050
Supplementary	1,09,82,010			

Reasons for the excess, which occurred mainly under “ District Land Records ” and “ Tagai Establishment ”, have not been intimated (December 1979).

9 36-Stamps and Registration—

Original	..	1,30,82,000	1,50,48,616	19,66,616
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Reasons for the excess, which occurred mainly under “ cost of stamps ” have not been intimated (December 1979).

10 38-Other Taxes and Duties on
Commodities and Services—

Original	40,57,000	42,12,024	1,55,024
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The excess was reported to be due mainly to more expenditure on account of revision of payscales and increase in the rates of dearness allowance.

11 41-Secretariat-General Services—

Original	.. 58,63,000	69,94,010	73,23,973	3,29,963
Supplementary	11,31,010			

Reasons for the excess, which occurred under “ Secretariat-Revenue and Forests Department ”, have not been intimated (December 1979).

APPENDIX—III—*contd.*

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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REVENUE AND FORESTS DEPARTMENT—*concl'd.*

12	45-Other Administrative Services—			
	Original ..	90,000	1,04,562	14,562

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

13	53-Agriculture—			
	Original .. 17,57,000	22,57,000	23,35,077	78,077
	Supplementary 5,00,000			

Reasons for the excess, which occurred under “ Resettlement of Landless Agricultural Labourers in forest lands ”, have not been intimated (December 1979).

14	54-Forest—			
	Original .. 18,86,09,000	21,63,60,000	22,18,49,409	54,89,409
	Supplementary 2,77,51,000			

Reasons for the excess, which occurred mainly under “ Administration and protection ”, have not been intimated (December 1979).

EDUCATION AND YOUTH SERVICES DEPARTMENT

15	70-Secretariat-Social and Community Services—			
	Original .. 43,21,000	45,73,020	46,60,051	87,031
	Supplementary 2,52,020			

Excess occurred under “ Secretariat—Education Department ”, reasons for which have not been intimated (December 1979).

APPENDIX III—*contd.*

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs	Rs.
EDUCATION AND YOUTH SERVICES DEPARTMENT— <i>concl'd.</i>				
16	72-Art and Culture—			
	Original 1,88,93,000	1,97,78,000	1,99,07,963	1,29,963
	Supplementary 8,85,000			

The excess was stated to be due to payment of *ad-hoc* grants to district and taluka libraries.

17	73-Labour and Employment—			
	Original 4,51,91,000	5,27,40,000	5,69,36,740	41,96,740
	Supplementary 75,49,000			

The excess was stated to be due to revision of payscales and increase in the cost of raw materials required for practical training of craftsmen and apprentices.

URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT

18	79-Secretariat-Social and Community Services—			
	Original .. 34,78,000	35,52,000	42,73,709	7,21,709
	Supplementary 74,000			

The excess was reported to be due to revision of payscales and increase in the rates of dearness allowance.

19	86-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions—			
	Original	4,47,56,000	4,64,05,468	16,49,468

Reasons for the excess, which occurred under “ Other miscellaneous compensations and assignments ”, have not been intimated (December 1979).

APPENDIX III—*contd.*

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.

FINANCE DEPARTMENT

20 91-Interest Payments—

Original	20,00,000	23,90,484	3,90,484
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Excess occurred under “ Interest on Small Savings, Provident Funds, etc.—Incentive Bonus to Provident Fund subscribers-State Provident Funds ” and was stated to be due to larger number of subscribers qualifying for incentive bonus owing to lesser withdrawals from Provident Fund Accounts.

In 1977-78 also, excess of Rs. 2.43 lakhs occurred under this grant.

PUBLIC WORKS AND HOUSING DEPARTMENT

21 103-Other Administrative Services—

Original ..	17,09,000	18,45,902	1,36,902
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Reasons for the excess, which occurred under “ General Tax on account of Central and State Government Buildings ”, have not been intimated (December 1979).

22 106-Other Social and Community Services—

Original .. 26,09,000	} 31,74,000	32,00,006	26,006
Supplementary 5,65,000			

Reasons for the excess, which occurred under “ Superintendent—Parks and Gardens”, have not been intimated (December 1979).

23 107-Secretariat—Economic Services—

Original .. 49,57,000	} 58,80,000	60,13,926	1,33,926
Supplementary 9,23,000			

Excess occurred under “ Secretariat—Public Works and Housing Department ”, reasons for which have not been intimated (December 1979).

APPENDIX III—*contd.*

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
IRRIGATION DEPARTMENT				
24	113-Social Security and Welfare—			
	Original .. 50,000	90,000	90,984	984
	Supplementary 40,000			
25	116-Minor Irrigation—			
	Original 1,96,37,000	2,00,11,000	2,13,19,993	13,08,993
	Supplementary 3,74,000			

Reasons for the excess, which occurred under “ Other Minor Irrigation Works ”, have not been intimated (December 1979).

26	119-Water and Power Development—			
	Original 23,40,18,000	30,69,57,030	30,70,21,458	64,428
	Supplementary 7,29,39,030			

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

This was the third year in succession during which excess occurred under this grant.

LAW AND JUDICIARY DEPARTMENT

27	121-Administration of Justice—			
	Original 7,39,71,000	8,40,48,010	8,64,63,217	24,15,207
	Supplementary 1,00,77,010			

The excess was stated to be due to payment of arrears of pay and allowances consequent on the revision of payscales, increased rates of dearness allowance and adjustment to the final head of account of salary for the strike period paid in 1977-78 as advance to Government employees.

APPENDIX III—*contd.*

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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LAW AND JUDICIARY DEPARTMENT—*concl'd.*

28	122—Secretariat—General Services—			
	Original	31,20,000	35,36,000	36,96,518
	Supplementary	4,16,000		
				1,60,518

The excess was stated to be due to payment of arrears on account of revision of payscales, increase in the rates of dearness allowance and adjustment to the final head of account of salary for the strike period paid in 1977-78 as advance to Government employees.

29	124—Social Security and Welfare—			
	Original	.. .. 1,10,000	1,11,392	1,392

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

30	125—Other Social and Community Services—			
	Original	.. .. 1,65,000	1,69,042	4,042

The excess was reported to be due to payment of arrears arising out of revision of payscales, increase in the rates of dearness allowance and adjustment to the final head of account of salary for the strike period paid in 1977-78 as advance to Government employees.

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

31	132—Miscellaneous General Services—			
	Original	.. .. 7,000	8,684	1,684

Excess was stated to be due to payment of arrears on account of increase in the rates of dearness allowance to the staff of ' Surplus Cadre Cell '.

APPENDIX III—*contd.*

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT—*concl'd.*

32	135-Secretariat—Economic Services—			
	Original .. 21,42,000	} 27,47,000	27,64,557	17,557
	Supplementary 6,05,000			

The excess was stated to be due to more expenditure on telephone bills, leave encashment and payment of arrears on account of revision of pay scales.

33	138-Mines and Minerals—			
	Original	1,08,08,000	1,08,35,323	27,323

The excess was due to revision of payscales, increase in rates of dearness allowance and adjustment to the final head of account of salary for the strike period paid in 1977-78 as advance to Government employees.

RURAL DEVELOPMENT DEPARTMENT

34	150-Secretariat—Economic Services—			
	Original .. 30,87,000	} 38,57,010	38,90,123	33,113
	Supplementary 7,70,010			

Reasons for the excess, which occurred under “Secretariat-Rural Development Department”, have not been intimated (December 1979).

35	152-Minor Irrigation—			
	Original 6,62,18,000	} 7,20,85,000	7,22,38,051	1,53,051
	Supplementary 58,67,000			

Reasons for the excess, which occurred mainly under “Installation of pumping sets schemes subsidy”, have not been intimated (December 1979).

APPENDIX III—*contd.*

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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FOOD AND CIVIL SUPPLIES DEPARTMENT

36	162-Secretariat—Economic Services—			
	Original	19,28,000	20,71,000	23,10,554
	Supplementary	1,43,000		
				2,39,554

The excess was stated to be due to adjustment to the final head of account of salary for the strike period paid in 1977-78 as advance to Government employees.

37	163-Other General Economic Services—			
	Original	29,31,000	35,24,000	36,31,390
	Supplementary	5,93,000		
				1,07,390

Reasons for the excess, which occurred under “ Regulation of weights and measures ”, have not been intimated (December 1979).

SOCIAL WELFARE, CULTURAL AFFAIRS, SPORTS AND TOURISM DEPARTMENT

38	168-Secretariat—Social and Community Services—			
	Original	16,20,000	19,42,000	19,83,821
	Supplementary	3,22,000		
				41,821

Reasons for the excess, which occurred under “ Secretariat-Social Welfare, Cultural Affairs, Sports and Tourism Department ”, have not been intimated (December 1979).

39	172-Co-operation—			
	Original	35,78,000	41,76,000	46,68,308
	Supplementary	5,98,000		
				4,92,308

Reasons for the excess, which occurred mainly under “ Financial Assistance to the Co-operative Housing Societies—Scheduled Castes ”, have not been intimated (December 1979).

APPENDIX III—*contd.*

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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PLANNING DEPARTMENT

40	175-Aid Materials and Equipments—			
	Original	1,78,00,000	1,78,37,425	37,425

The excess was due to the cost of the foodgrains received from the CARE being more than the funds provided for its adjustment.

Capital Section

HOME DEPARTMENT

1	187-Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects—			
	Original	27,08,000	27,32,653	24,653

Reasons for the excess, which occurred under “Anti-Sea-Erosion Works—Major Works (Plan)”, have not been intimated (December 1979).

In 1977-78 also, excess of Rs. 0.30 lakh occurred under this grant.

2	189-Capital Outlay on Road and Water Transport Services			
	Original	1,15,44,000	1,16,53,129	1,09,129

The excess occurred under “Development of Inland Water Transport”, reasons for which have not been intimated (December 1979).

REVENUE AND FORESTS DEPARTMENT

3	192-Capital Outlay on Forests—			
	Original 1,20,28,000	3,95,02,000	4,00,08,752	5,06,752
	Supplementary 2,74,74,000			

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

APPENDIX III—*contd.*

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT				
4	200-Capital Outlay on Public Health, Sanitation and Water Supply—			
	Original	6,79,88,000	7,25,64,000	7,95,97,602
	Supplementary	45,76,000		
				70,33,602

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

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

5	213-Capital Outlay on Consumer Industries—			
	Original	1,00,00,000	1,50,00,000	1,50,03,964
	Supplementary	50,00,000		
				3,964

The excess was stated to be due to payment of the balance amount outstanding in the personal ledger account of the Narsinggirjee Mills, Solapur to the Maharashtra State Textile Corporation Ltd. consequent on transfer of the ownership of the Mills to the Corporation.

RURAL DEVELOPMENT DEPARTMENT

6	216-Capital Outlay on Minor Irrigation, Soil Conservation and Area Development—			
	Original	2,76,82,000	3,35,54,910	3,44,56,193
	Supplementary	58,72,910		
				9,01,283

Reasons for the excess, which occurred under "Scheme for appraisal of Ground Water Resources (Task Force Scheme)", have not been intimated (December 1979).

In 1977-78 also, excess of Rs. 8.24 lakhs occurred under this grant.

APPENDIX III—*contd.*

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.

Loans and Advances Section

REVENUE AND FORESTS DEPARTMENT

1	228-Loans for Social Security and Welfare—			
	Original	12,13,000	} 1,50,16,000	1,65,33,246
	Supplementary	1,38,03,000		
				15,17,246

Excess occurred under “Financial assistance to the assignees of Surplus Land (Centrally Sponsored Scheme)”, reasons for which have not been intimated (December 1979).

In 1977-78 also there was excess of Rs. 5.16 lakhs under this grant.

URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT

2	245-Loans to Government Servants—			
	Original	.. .. 38,93,000	45,14,459	6,21,459

Excess occurred under “Festival Advances”, reasons for which have not been intimated (December 1979).

RURAL DEVELOPMENT DEPARTMENT

3	266-Loans for Housing—			
	Original	.. .. 6,00,000	6,18,000	18,000

Excess occurred under “House Building Advance to Zilla Parishad Servants”, reasons for which have not been intimated (December 1979).

4	269-Loans to Government Servants—			
	Original	.. .. 2,65,000	2,90,595	25,595

Excess occurred under “Festival Advances”, reasons for which have not been intimated (December 1979).

APPENDIX III—*contd.*

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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FOOD AND CIVIL SUPPLIES DEPARTMENT

5	272-Loans to Government Servants—			
	Original	6,40,000	6,45,070	5,070

SOCIAL WELFARE, CULTURAL AFFAIRS, SPORTS
AND TOURISM DEPARTMENT

6	277-Loans to Government Servants—			
	Original	5,45,000	5,73,444	28,444

The excess was reported to be due to more demand for house building advances from Government servants.

(b) Charged appropriations—

Serial number	Number and name of appropriation	Total appropriation Rs.	Expenditure Rs.	Excess Rs.
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Revenue Section

GENERAL ADMINISTRATION DEPARTMENT

1	6-Public Service Commission—			
	Original	17,04,000	25,53,000	25,77,277
	Supplementary	8,49,000			24,277

The excess was reported to be due to payment of arrears of rent and air conditioning charges for the year 1977-78.

HOME DEPARTMENT

2	22-Police—			
	Original	21,000	88,413	1,02,582
	Supplementary	67,413			14,169

Excess occurred under "District Police Force", reasons for which have not been intimated (December 1979).

APPENDIX III—*contd.*

Serial number	Number and name of appropriation	Total appropriation <i>Rs.</i>	Expenditure <i>Rs.</i>	Excess <i>Rs.</i>
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REVENUE AND FORESTS DEPARTMENT

3 40-Interest Payments—

<i>Original</i>	7,50,000	7,71,819	21,819
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Reasons for the excess, which occurred under “ Interest on Compensation Bonds issued under the Maharashtra Agricultural Lands (Ceiling on Holdings) Act, 1961 ”, have not been intimated (December 1979).

FINANCE DEPARTMENT

4 95-Pensions and Other Retirement Benefits—

<i>Original</i>	71,62,000	} 91,62,000	1,07,14,689	15,52,689
<i>Supplementary</i>	20,00,000			

Excess occurred mainly under “ Superannuation and Retirement allowances ” and was reported to be due to increase in the payments made to other States in accordance with the provisions of States Reorganisation Acts and provision made for increase in pensionary benefits sanctioned from time to time and also as a result of revision of pay scales proving inadequate.

This was the fourth year in succession during which excess occurred under this appropriation.

LAW AND JUDICIARY DEPARTMENT

5 121-Administration of Justice—

<i>Original</i>	.. 1,20,64,000	} 1,35,41,000	1,37,45,589	2,04,589
<i>Supplementary</i>	14,77,000			

The excess was reported to be due to payment of arrears of pay and allowances consequent on the revision of payscales, increased rates of dearness allowance and adjustment to the final head of account of salary for the strike period paid in 1977-78 as advance to Government employees.

APPENDIX III—concl'd.

Serial number	Number and name of appropriation	Total appropriation Rs.	Expenditure Rs.	Excess Rs.
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RURAL DEVELOPMENT DEPARTMENT

6	158-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions—			
	<i>Original</i> .. 46,69,000	71,37,000	72,76,903	1,39,903
	<i>Supplementary</i> 24,68,000			

Reasons for the excess, which occurred under “ Stamp Duty Grants to Zilla Parishads under Section 158 of the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961 ”, have not been intimated (December 1979).

Capital Section

AGRICULTURE AND CO-OPERATION DEPARTMENT

1	194-Capital Outlay on Agriculture—			
	<i>Supplementary</i>	20,123	21,700	1,577

The excess was reported to be due to smaller provision obtained by supplementary appropriation for a decretal payment through inadvertance.

Public Debt Section

REVENUE AND FORESTS DEPARTMENT

1	227-Internal Debt of the State Government—			
	<i>Original</i>	17,76,000	19,14,615	1,38,615

Reasons for the excess, which occurred under “ Compensation Bonds issued under the Maharashtra Agricultural Lands (Ceiling on Holdings) Act, 1961 ”, have not been intimated (December 1979).

FINANCE DEPARTMENT

2	250-Inter-State Settlement—			
	<i>Original</i>	25,36,000	25,36,970	970

APPENDIX IV

(Reference: Paragraph 2.3, Page 24)

Statement showing significant cases of unnecessary, excessive and inadequate supplementary grants/appropriation (final saving/ excess upto Rs. 5 crores each)

(i) Unnecessary supplementary grants:

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
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(in lakhs of rupees)

Revenue Section

IRRIGATION DEPARTMENT

1	118-Area Development ..	1,76.61	96.41	1,49.53	1,23.49
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Saving occurred mainly under "Ayacut Development—World Food Programme", reasons for which have not been intimated (December 1979).

Capital Section

AGRICULTURE AND CO-OPERATION DEPARTMENT

2	193-Capital Outlay on Co-operation	11,60.64	1,59.31	10,50.62	2,69.33
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Saving was stated to be due to (i) less floatation of debentures by the Land Development Bank, (ii) less demand for share capital by sugar factories, (iii) less release of funds by the National Co-operative Development Corporation for share capital contribution to Co-operative sugar factories and (iv) postponement of contribution to the share capital of the Maharashtra Oilseeds Commercial and Industrial Corporation.

APPENDIX IV—*contd.*

(ii) Supplementary grants/charged appropriation which proved excessive :

(a) Grants—

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
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(in lakhs of rupees)

Revenue Section

HOME DEPARTMENT

1	22-Police	.. 73,37.87	8,51.83	76,96.74	4,92.96
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Saving was due mainly to non-drawal of arrears of pay and allowances arising out of revision of payscales and vacant posts.

AGRICULTURE AND CO-OPERATION DEPARTMENT

2	60-Co-operation	.. 11,39.51	20,26.45	30,92.49	73.47
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Saving was due mainly to economy measures and non-drawal of arrears of pay and allowances on account of revision of payscales.

3	61-Agriculture	.. 27,17.54	5,03.19	31,06.53	1,14.20
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Saving was due mainly to less grants paid to Agricultural Universities and less demand for subsidy for plant protection measures.

EDUCATION AND YOUTH SERVICES DEPARTMENT

4	71-Education	.. 2,47,56.03	33,76.33	2,80,08.30	1,24.06
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Saving was due mainly to (i) late starting of the schemes of opening of *balwadis* in single teacher schools and of conversion of single teacher schools into two-teacher schools in rural areas and (ii) less payment of grants to non-Government colleges owing to the payscales of non-teaching staff not being revised.

APPENDIX IV—contd.

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
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(in lakhs of rupees)

FINANCE DEPARTMENT

5	88-Sales Tax ..	5,70.07	97.39	6,01.08	66.38
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Saving was due mainly to non-purchase of computer material and furniture, non-acquisition of accommodation in Bombay, non-drawal of arrears on account of revision of payscales and economy measures.

6	95-Pensions and Other retirement benefits ..	13,36.47	1,14.50	13,62.67	88.30
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Saving was reported to be due to the additional funds obtained by supplementary grant on account of increase in the pensionary benefits sanctioned from time to time and also as a result of revision of pay scales proving excessive.

PUBLIC WORKS AND HOUSING DEPARTMENT

7	110-Roads and Bridges ..	35,37.47	2,91.00	37,38.69	89.78
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Saving occurred mainly in the supplementary provision made for adjustment of establishment and tools and plant charges on *pro rata* basis under "Direction and Administration" and "Machinery and Equipment", reasons for which have not been intimated (December 1979).

IRRIGATION DEPARTMENT

8	120-Irrigation, Navigation and Flood Control Projects ..	51,37.95	6,33.80	55,85.85	1,85.90
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Saving occurred mainly under "Grants to Zilla Parishads for payment of local cess on water charges" and "Interest", reasons for which have not been intimated (December 1979).

APPENDIX IV—*contd.*

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
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(in lakhs of rupees)

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

9	136-Industries ..	4,17.30	73.36	4,25.13	65.53
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Saving was due mainly to non-payment of subsidy to industrial units in selected backward areas which did not create fixed assets.

RURAL DEVELOPMENT DEPARTMENT

10	155-Community Development	12,11.30	3,13.41	14,56.63	68.08
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Saving was stated to be due to discontinuance of the multipurpose programme by the Government of India.

Capital Section

PUBLIC WORKS AND HOUSING DEPARTMENT

11	204-Capital Outlay on Roads and Bridges ..	26,48.53	1,86.20	27,05.97	1,28.76
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Saving was mainly under "District and other Roads—(ii)—Ordinary-Major works" and was stated to be due to (i) delay in finalisation of new programmes, (ii) less number of executive agencies, (iii) late starting of cross drainage works on rural roads, (iv) less expenditure on spillover works and (v) shortage of machinery, cement, pipes, etc.

12	205-Capital Outlay on Public Works and Administrative and Functional Buildings	10,99.96	91.20	11,23.49	67.67
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Saving occurred mainly under "Construction—Jails", reasons for which have not been intimated (December 1979).

APPENDIX IV—*contd.*

Serial number	Number and name of grant/ appropriation	Original grant/ appropriation	Supplemen- tary grant/ appropriation	Expenditure	Saving
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(in lakhs of rupees)

Loans and Advances Section

INDUSTRIES, ENERGY AND LABOUR DEPARTMENT

13	260-Loans for Industrial Research and Development	11,61.00	2,70.00	12,21.00	2,10.00
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Saving was due mainly to loans released to the State Industrial and Investment Corporation of Maharashtra Ltd. as additional allocation in 1977-78 being adjusted by releasing less loans to the Corporation in 1978-79.

(b) *Charged appropriation—*

Revenue Section

EDUCATION AND YOUTH SERVICES DEPARTMENT

1	68-Interest Payments ..	2,20.20	2,14.72	3,47.71	87.21
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Saving occurred under "Interest on Small Savings, Provident Funds, etc.—Interest on Provident Funds—Other Miscellaneous Provident Funds", reasons for which have not been intimated (December 1979).

(iii) *Supplementary grants which proved inadequate:*

In the following cases, supplementary grants proved inadequate by more than Rs. 50 lakhs in each case (reasons to the extent received have been mentioned in paragraph 2.2 and Appendix III):

APPENDIX IV—*concl'd.*

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Excess
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(in lakhs of rupees)

Revenue Section

REVENUE AND FORESTS DEPARTMENT

1	35-Land Revenue ..	8,37.45	1,09.82	10,34.23	86.96
2	42-District Administration	18,04.81	3,09.83	23,26.25	2,11.61
3	54-Forest	18,86.09	2,77.51	22,18.49	54.89

PUBLIC WORKS AND HOUSING DEPARTMENT

4	111-Public Works and Administrative and Functional Buildings	49,10.83	19,78.27	72,37.89	3,48.79
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PLANNING DEPARTMENT

5	179-Agriculture ..	10,61.64	10.39	11,90.14	1,18.11
6	181-Community Development	60,00.00	7,78.50	70,73.85	2,95.35

Capital Section

IRRIGATION DEPARTMENT

7	207-Capital Outlay on Minor Irrigation, Soil Conservation and Area Development ..	7,79.04	7.50	10,45.95	2,59.41
8	209-Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects ..	2,02,71.88	48,22.09	2,55,52.33	4,58.36

APPENDIX V

(Reference: Paragraph 2.4 (ii), Page 27)

Statement showing grants/appropriations in which savings (more than Rs. 50 lakhs in each case) exceeded 10 per cent of the total provision

Serial number	Number and name of grant	Total grant	Saving	Percentage of saving
1	2	3	4	5
			(in lakhs of rupees)	
GRANTS				
Revenue Section				
REVENUE AND FORESTS DEPARTMENT				
1	44-Public Works	15,99.76	5,71.65	36
AGRICULTURE AND CO-OPERATION DEPARTMENT				
2	66-Dairy Development	1,95,19.23	35,07.20	18
3	67-Fisheries	2,46.95	75.07	30
URBAN DEVELOPMENT AND PUBLIC HEALTH DEPARTMENT				
4	81-Family Welfare	11,77.23	2,88.70	25
FINANCE DEPARTMENT				
5	94-Other Administrative Services ..	83,15.05	82,90.82	100
PUBLIC WORKS AND HOUSING DEPARTMENT				
6	104-Housing	35,70.73	11,85.15	33
IRRIGATION DEPARTMENT				
7	118-Area Development	2,73.02	1,23.49	45
INDUSTRIES, ENERGY AND LABOUR DEPARTMENT				
8	133-Labour and Employment ..	5,70.03	2,05.02	36
9	136-Industries	4,90.66	65.53	13
RURAL DEVELOPMENT DEPARTMENT				
10	146-Education	2,61.67	1,30.79	50
SOCIAL WELFARE, CULTURAL AFFAIRS, SPORTS AND TOURISM DEPARTMENT				
11	174-Revenue Expenditure on Tribal Area Development Sub-Plan ..	26,50.51	8,03.68	30

APPENDIX V—*contd.*

Serial number	Number and name of grant	Total grant	Saving	Percentage of saving
1	2	3	4	5
(in lakhs of rupees)				
GRANTS—<i>contd.</i>				
PLANNING DEPARTMENT				
12	175-A-Labour and Employment ..	5,63.00	5,63.00	100
Capital Section				
REVENUE AND FORESTS DEPARTMENT				
13	190-Capital Outlay on Social Security and Welfare ..	3,18.14	2,82.33	89
14	191-Capital Outlay on Other General Economic Services ..	2,30.50	1,77.57	77
AGRICULTURE AND CO-OPERATION DEPARTMENT				
15	193-Capital Outlay on Co-operation ..	13,19.95	2,69.33	20
16	194-Capital Outlay on Agriculture ..	13,24.91	4,73.48	36
17	197-Capital Outlay on Dairy Development ..	5,84.34	1,11.51	19
INDUSTRIES, ENERGY AND LABOUR DEPARTMENT				
18	215-Capital Outlay on Power Projects ..	44,55.67	8,06.33	18
FOOD AND CIVIL SUPPLIES DEPARTMENT				
19	217-Capital Outlay on Food ..	2,44,27.45	1,04,54.95	43
SOCIAL WELFARE, CULTURAL AFFAIRS, SPORTS AND TOURISM DEPARTMENT				
20	221-Capital Outlay on Tribal Area Development Sub-Plan ..	22,04.18	6,60.46	30
Loans and Advances Section				
AGRICULTURE AND CO-OPERATION DEPARTMENT				
21	237-Loans for Minor Irrigation, Soil Conservation and Area Development ..	9,00.00	5,01.64	56

APPENDIX V—*concl.*

Serial number	Number and name of grant/ appropriation	Total grant/ appropriation	Saving	Percentage of saving
1	2	3	4	5
(in lakhs of rupees)				
GRANTS—<i>concl.</i>				
INDUSTRIES, ENERGY AND LABOUR DEPARTMENT				
22	260-Loans for Industrial Research and Development	14,31.00	2,10.00	15
RURAL DEVELOPMENT DEPARTMENT				
23	270-Miscellaneous Loans	2,03,35.30	21,23.38	10.4
APPROPRIATIONS				
Revenue Section				
HOME DEPARTMENT				
1	19-Taxes on Vehicles	29,52.21	3,48.98	12
REVENUE AND FORESTS DEPARTMENT				
2	35-Land Revenue	2,31.12	2,05.98	89
3	38-Other Taxes and Duties on Commodities and Services	19,55.45	5,11.21	26
EDUCATION AND YOUTH SERVICES DEPARTMENT				
4	68-Interest Payments	4,34.92	87.21	20
FOOD AND CIVIL SUPPLIES DEPARTMENT				
5	159-Interest Payments	5,40.00	3,68.60	68
PLANNING DEPARTMENT				
6	178-Other General Economic Services	38,60.58	7,21.16	19
Debt Section				
FOOD AND CIVIL SUPPLIES DEPARTMENT				
7	271-Internal Debt of the State Govern- ment	60,00.00	40,00.00	67

APPENDIX VI

(Reference: Paragraph 3.8, Page 58)

Statement showing outlay provided and expenditure incurred under the WGDP

Serial number	Sector	Estimated project cost	Outlay during 1974-79	Actual expenditure incurred during 1974-79	Number of schemes	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
1	Minor irrigation	3,76.68	2,60.59	2,56.56	24	Normal Plan Schemes.
2	Agriculture ..	3,06.61	1,09.66	1,08.13	2	Normal Plan schemes.
3	Roads ..	2,15.00	91.62	91.46	3	Normal Plan schemes.
4	Tourism ..	70.24	23.28	23.28	5	.....
5	Dairy development ..	64.25	55.46	54.50	6	.....
6	Industries ..	34.83	34.83	34.83	4	Partly Centrally sponsored schemes.
7	Water supply ..	32.73	16.77	14.01	2	Partly Centrally sponsored schemes.
8	Forestry ..	27.78	17.41	14.63	6	Partly normal Plan schemes.
9	Animal Husbandry ..	24.52	20.11	15.91	4	.....
10	Techno-economic survey ..	1.25	5.82	4.67	1	.....
11	Western Ghat Secretariat ..	.....	0.28	0.27	.....	...
	Total ..	11,53.89	6,35.83	6,18.25	57	

APPENDIX

(Reference:

Cases of misappropriations reported upto March

Name of Department	Reported upto September 1974		Reported during October 1974 to March 1975		Reported in 1975-76	
	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Revenue and Forests ..	107	8,61,162	9	51,575	22	2,35,741
Urban Development and Public Health	14	7,78,693	1	17,144	3	16,255
Agriculture and Co-operation	45	5,19,057	2	61,505	10	1,13,847
Education, Employment and Youth Services	4	3,79,948	..	..	2	8,616
Rural Development ..	12	3,14,351	2	2,32,824	6	64,152
Home	9	1,84,075	1	5,864	8	1,97,964
Food and Civil Supplies ..	14	2,86,516	1	926	2	5,969
Social Welfare, Cultural Affairs, Sports and Tourism	..	..	..	..	1	1,43,142
Finance .. ..	..	..	..	..	..	..
Irrigation	1	2,596	..	..	..	..
Industries, Energy and Labour	2	21,747	..	..	..	..
Law and Judiciary	1	10,013	..	..	..	..
Public Works and Housing ..	..	..	..	..	1	4,478
General Administration ..	..	..	1	5,211	..	..
Total ..	209	33,58,158	17	3,75,049	55	7,90,164

VII

Paragraph 3.13, Page 71)

1979 and awaiting finalisation on 30th September 1979

Reported in 1976-77		Reported in 1977-78		Reported in 1978-79		Total	
No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
50	3,91,191	44	5,17,042	39	4,23,095	271	24,79,806
..	..	6	56,249	..	..	24	8,68,341
5	60,533	3	8,788	2	49,320	67	8,13,050
..	..	..	..	2	2,57,506	8	6,46,070
..	..	..	..	..	..	20	6,11,327
5	37,027	2	40,727	1	12,093	26	4,77,750
2	19,797	1	3,792	4	64,731	24	3,81,731
..	..	..	..	1	31,422	2	1,74,564
2	26,500	1	70,085	..	..	3	96,585
..	..	2	42,067	..	..	3	44,663
..	..	1	2,853	..	..	3	24,600
..	..	1	4,000	..	..	2	14,013
1	1,105	1	4,041	..	..	3	9,624
..	..	..	..	..	..	1	5,211
65	5,36,153	62	7,49,644	49	8,38,167	457	66,47,335

(G.C.P.) H 4980—15(1530—380)

APPENDIX VIII

(Reference: Paragraph 3.13, Page 71)

Statement showing a few significant cases of misappropriation noticed in audit

Serial number	Nature of irregularity	Period	Amount (in lakhs of rupees)	Remarks
(1)	(2)	(3)	(4)	(5)
REVENUE AND FORESTS DEPARTMENT				
1	Materials like cement and steel valuing Rs. 0.84 lakh were issued by the East Nashik Forest Division to piece workers though supply of materials to piece workers is prohibited under the rules. The cost was not also recovered in advance. Part of the cost (Rs. 0.41 lakh) was yet to be recovered from the piece workers	1976-77	0.41	The Government stated (February 1979) that departmental proceedings were in progress.
2	The East Nashik Division paid Rs. 0.88 lakh in 1974-75 for 9.69 lakh bricks stated to have been purchased against the estimated quantity of 3.18 lakh bricks for the concerned works. About 5.98 lakh bricks costing Rs. 0.62 lakh were not found at site during the Sub-divisional Forest Officer's inspection in September 1975. While	1974-75	0.62	

an amount of Rs. 0.55 lakh was recovered from the supplier of bricks in December 1975/March 1976, the balance remained to be recovered (April 1979). The fraud was facilitated by incomplete maintenance of stock registers including non-verification of stock at periodical intervals as required under the rules

- 3 (a) In Harsul Range of West Nashik Forest Division, payments for exploitation of forest growth in regularised encroachment plots were made for quantities far in excess of quantities actually executed 1973-74 and 1974-75 1.03 Marking, felling, logging, conversion and measurement registers and carting challans had not been maintained. An amount of Rs. 0.81 lakh only was recovered in three instalments from the concerned Range Forest Officer.
- (b) In the same Range, no measurements were recorded in support of an expenditure of Rs. 0.87 lakh incurred on widening of three roads. Existence of measurements against payments made was also not verified by superior officers, as required October 1972 to August 1973 0.87
- (c) In the same Range, shortage of 355 tonnes of treated teak seed out of 1,182 tonnes procured was noticed (March 1976) by the department 1969-70 to 1974-75 3.11 No stock registers were kept and periodical physical verification was not conducted as prescribed in the rules. A departmental enquiry was in progress (April 1979).

APPENDIX IX

(Reference: Paragraph 3.14, Page 71)

Miscellaneous irregularities, writes-off of losses, etc.*Part I—Miscellaneous Irregularities*

Department	Amount (in lakhs of rupees)	Brief particulars
(1)	(2)	(3)
Agriculture and Co-operation	3.82	Represents hire charges of 53 power sprayers upto July 1979 not recovered from the Zilla Parishad, Nagpur (November 1979). The implements were hired to the Zilla Parishad between August 1966 and July 1972 under the Plant Protection Scheme. Of these, 13 sprayers were returned to the department by August 1976. The department suggested (January 1977) to the Government that the dues may be adjusted against ways and means advances paid to the Zilla Parishad by the Government. Further developments were awaited (February 1980).
	1.39	Represents excess payment to piece-workers executing soil conservation works in Aurangabad and Osmanabad districts in 1977-78 and 1978-79. Owing to defective description of one of the items in the schedule of task work approved by the Directorate of Agriculture in September 1976, the rates payable for excavation in uncultivable area or in wet soil were worked out and paid at 220 per cent of the normal rates instead of 120 per cent of the normal rates. The Government stated (October 1979) that it was not possible to recover the amounts overpaid to the mazdoors and the amounts had been charged to individual cultivators' accounts for recovery.
Urban Development and Public Health	0.73	Represents irregular payment of special camp allowance to the staff of the Mobile Hospital at Aurangabad from June 1971 to July 1979, for the

APPENDIX IX—*contd.*

Department	Amount (in lakhs of rupees)	Brief particulars
(1)	(2)	(3)
		<p>period the staff remained at headquarters. The allowance was sanctioned (June 1971) by the Government in lieu of daily allowance and Government had clarified in February 1974 that the allowance was admissible only when the staff was away from the headquarters on tour. The allowance was, however, paid for all the months of the year covering even periods when the staff remained at headquarters.</p>
		<p>The matter was referred to the Government in August 1979; reply was awaited (February 1980).</p>
General Administration	0.39	<p>Represents avoidable payment of hire charges on 1,648 ballot boxes for the period from 1st April 1978 to 23rd November 1978 paid to the Government of Gujarat in March 1979. The boxes were received by the Collector, Bhandara in February 1978 for use in connection with the Maharashtra State Assembly Elections on 25th February 1978. The boxes were returned only in November 1978. The department stated (October 1979) that the return of the boxes was delayed for want of instructions from the Government of Maharashtra.</p>
	0.30	<p>Represents the amount paid (December 1978) by the Controller of Accommodation as compensation for the period from 6th September 1975 to 17th December 1975 for two flats in Bombay requisitioned for housing the State Government offices. Possession of the flats was taken on 18th December 1975 only and not earlier for the following reasons :</p> <p>(a) The representation of the landlord to the Government on 9th September 1975 for release of the premises from requisitioning was considered and rejected by the Government on 4th October 1975.</p>

APPENDIX IX—*contd.*

Department	Amount (in lakhs of rupees)	Brief particulars
(1)	(2)	(3)
		<p>(b) On inspection of the premises on 11th September 1975, it was proposed to convert the premises for residential use. After approval by the Government on 15th September 1975, the Bombay Municipal Corporation was approached for permission to change the use of premises from non-residential to residential.</p>
		<p>(c) However, the Government decided to allot the premises for office purposes to the Maharashtra State Co-operative Marketing Federation Limited.</p>
		<p>The circumstances in which premises requisitioned for housing State Government offices were sought to be converted into residential ones, and ultimately allotted to a non-Government office, were not clear.</p>
Education, Employment and Youth Services	0.42	<p>Represents expenditure incurred by the Librarian, Government Divisional Library, Nashik on rent for private accommodation requisitioned by the Collector of Nashik but not occupied from 1st October 1978 (upto February 1980).</p>

The Government Divisional Library, established in 1974, was accommodated temporarily in the premises of the Public Library, Nashik City, till its transfer (February 1978) to the accommodation offered by the Nashik Road-Deolali Municipal Council in its building (at Nashik Road, 9 km. away from Nashik City) on a token rent of rupee one per month. In September 1978, the Collector of Nashik requisitioned a private building in Nashik City for accommodating the library from 1st October 1978; the rent payable was Rs. 2,478 per month. The Nashik Road Municipal Council opposed the move to shift the library from

APPENDIX IX—*contd.*

Department	Amount (in lakhs of rupees)	Brief particulars
(1)	(2)	(3)
Home	0.28	<p>Nashik Road to Nashik City. Though the Government stated (April 1979) that the library was being shifted to Nashik City according to a decision taken by the Government in January 1979, it had not been shifted (February 1980). The Government further stated (January 1980) that it had not yet taken any decision regarding location of the Government Divisional Library, Nashik at Nashik City or Nashik Road.</p> <p>Further developments were awaited (February 1980)</p> <p>Represents extra expenditure incurred by the Commissioner of Police, Greater Bombay on the work of body building on 10 police motor vehicle chassis. The work of body building on 12 motor vehicle chassis, at the rate of 2 to 3 vehicles a month, was entrusted to a contractor in August 1976 by the Commissioner of Police. Of the three chassis handed over in September 1976, work on two chassis was completed (November 1976) and one chassis was returned without any work having been done. The incomplete work on 10 chassis was got done (July-November 1977) through another contractor at an extra cost of Rs. 0.28 lakh, without issuing a notice to the original contractor (reasons not on record) that the work would be got executed elsewhere at his risk and cost, as required under the agreement. The Commissioner of Police stated (February 1979) that Government sanction to file a suit against the contractor for the recovery of extra cost demanded from him (May 1978) was awaited.</p> <p>The Government stated (October 1979) that the question of taking legal action against the contractor was under consideration, as the contractor had failed to respond to the notice (May 1978) demanding reimbursement of the loss incurred by the Government.</p>

APPENDIX IX—*contd.*

Department	Amount (in lakhs of rupees)	Brief particulars
(1)	(2)	(3)
0.19	Represents extra expenditure incurred by the Commissioner of Police on the work of supplying, erecting and repairing various sign boards like 'No Parking' and 'No Entry' as a result of rejection of the lowest tender. Separate tenders for the work for two zones, (i) South Bombay and (ii) Eastern and Western suburbs, for the year 1975-76 were floated in November 1974 by the Commissioner. The tender of contractor 'A' which was the lowest for both the zones was accepted for Eastern and Western suburbs, whereas for South Bombay the tender of the second lowest tenderer 'B' was accepted, on the ground that the sample produced by him was superior to that of the lowest tenderer 'A'.	When the sample produced by the tenderer was found good enough for the Eastern and Western suburbs, it is not known how it was not found acceptable for South Bombay as well.
		The department stated (September 1978) that different contractors were decided to be appointed for each zone for 1975-76 since it was felt that one contractor would be unable to cover the entire area adequately.
		However, rejection of the offer of 'A' for South Bombay was not on this ground, but on the ground that his sample was inferior. The tender notice issued by the department did not also contain any provision indicating that both the zones would not be entrusted to the same contractor. Moreover, from 1978-79, the work for the whole area was entrusted to one contractor.
		The Government only stated (July 1979) that it was an omission on the part of the Commissioner of Police that a specific mention regarding separate contractor had not been made in the tender notice for 1975-76.

APPENDIX IX—*concl'd.**Part II—Other cases*

During 1978-79, in 2,31,423 cases of losses due to theft, fire, death, irrecoverable revenue, duties and advances, etc., were written off or *ex-gratia* payments made, the total amount involved being Rs. 10,72.24 lakhs. The details are given below:

Department (1)	Writes-off of losses, irrecoverable revenue, advances, etc.		Waiver of recovery		<i>Ex-gratia</i> payments	
	Cases (2)	Amount (3) Rs.	Cases (4)	Amount (5) Rs.	Cases (6)	Amount (7) Rs.
Agriculture and Co-operation ..	2,13,560	9,51,20,077	5	33,750	..	..
Food and Civil Supplies	17,562	1,04,60,591	3	10,869	..	..
Revenue and Forests ..	130	6,36,695	28	1,20,541	..	..
Home	9	6,979	1	1,269	7	3,78,620
Finance	1	2,00,000	..	..	..	..
Industries, Energy and Labour	63	1,74,503	1	572	..	..
Education, Employment and Youth Services	32	29,970	1	22,963	..	..
Rural Development ..	2	7,535	..	..	..	..
Irrigation	10	7,360	..	..	..	..
Urban Development and Public Health ..	2	4,207	..	..	..	..
General Administration	3	3,753	..	..	..	..
Law and Judiciary ..	3	3,544	..	..	..	..
Total ..	2,31,377	10,66,55,214	39	1,89,964	7	3,78,620

APPENDIX X

(Reference: Paragraph 7.1, Page 133)

**Commercial and quasi-commercial undertakings
for which *pro forma* accounts were awaited**

Serial number	Name of the undertaking	Year for which accounts were awaited
AGRICULTURE AND CO-OPERATION DEPARTMENT		
1	Government Milk Scheme, Ahmednagar	1978-79
2	Government Milk Scheme, Akola	1978-79
3	Government Milk Scheme, Aurangabad	1978-79
4	Greater Bombay Milk Scheme, Bombay	1978-79
5	Dairy Project, Dapchari	1978-79
6	Government Milk Scheme, Mahabaleshwar	1978-79
7	Government Milk Scheme, Udgir	1978-79
REVENUE AND FORESTS DEPARTMENT		
8	Rehabilitation Production Centres	1978-79
9	Allapalli and Pedigundam Forest Ranges of Allapalli Forest Division including Saw Mill and Timber Depot	{ 1977-78 1978-79
10	Integrated Unit, Ballarshah	1978-79

APPENDIX XI

APPENDIX

(Reference:

Summarised financial results
commercial/quasi-

Serial number	Name	Year of commencement	Period of account	Government capital (mean capital)
(1)	(2)	(3)	(4)	(5)

(amounts in lakhs)

AGRICULTURE AND

A—Milk Schemes

1	Greater Bombay Milk Scheme, Bombay	1947	1977-78	12,23.55
<i>Bombay Region</i>				
2	Government Milk Scheme, Chalisgaon ..	1969	1978-79	6.66
3	Government Milk Scheme, Chiplun ..	1964	1978-79	62.67
4	Dairy Project, Dapchari	1960	1977-78	7,27.34
5	Government Milk Scheme, Dhule ..	1962	1978-79	1,63.96
6	Government Milk Scheme, Kankavli ..	1967	1978-79	29.84
7	Government Milk Scheme, Khalapur ..	1966	1978-79	25.28
8	Government Milk Scheme, Mahad ..	1966	1978-79	30.65
9	Government Milk Scheme, Nashik ..	1960	1978-79	1,02.71
10	Government Milk Scheme, Ratnagiri ..	1966	1978-79	18.94
11	Government Milk Scheme, Vani ..	1978	1978-79	19.24
<i>Pune Region</i>				
12	Government Milk Scheme, Kolhapur ..	1961	1978-79	1,07.85
13	Government Milk Scheme, Miraj ..	1961	1978-79	6,54.75
14	Government Milk Scheme, Pune ..	1950	1978-79	1,87.13
15	Government Milk Scheme, Solapur ..	1960	1978-79	1,80.57

(A) Represents the balance at the credit of Depreciation Reserve Fund.

XI

Paragraph 7.1, Page 133)

**of departmentally managed
commercial undertakings**

Block assets at depreciated cost	Cumulative depreciation	Turnover	Net profit (+)/ net loss (-)	Interest on capital	Total return (9+10)	Percentage of return on mean capital
(6)	(7)	(8)	(9)	(10)	(11)	(12)

of rupees)

CO-OPERATION DEPARTMENT

10,19.14	7,08.59(A)	70,00.70	(-)4,59.55	84.25	(-)3,75.30	
7.73	0.76(B)	90.24	(-)7.35	0.48	(-)6.87	
35.17	3.68(B)	78.32	(-)13.73	4.54	(-)9.19	
6,91.66	28.17(A)	58.97	(-)96.65	47.28	(-)49.37	
1,42.52	10.63(B)	11,12.91	(-)31.97	10.66	(-)21.31	
22.61	1.76(B)	26.38	(-)12.23	2.16	(-)10.07	
14.61	0.68(B)	53.44	(-)6.23	1.83	(-)4.40	
24.43	0.61(B)	28.36	(-)5.84	2.22	(-)3.62	
50.46	6.22(B)	3,49.24	(-)4.17	7.45	(+)3.28	3.19
21.24	0.46(B)	17.31	(-)9.63	1.37	(-)8.26	
29.30	1.03(B)	27.15	(-)2.98	1.39	(-)1.59	
47.42	5.08(B)	5,88.09	(-)5.15	7.82	(+)2.67	2.48
1,02.94	10.45(B)	7,07.53	(-)43.02	47.47	(+)4.45	0.68
2,02.91	10.89(B)	8,98.62	(-)22.37	13.57	(-)8.80	
1,16.50	36.46(B)	4,52.87	(-)11.79	13.09	(+)1.30	0.72

(B) Represents the depreciation provided for the year only.

APPENDIX

Serial number	Name	Year of commencement	Period of account	Government capital (mean capital)
(1)	(2)	(3)	(4)	(5)
(amounts in lakhs)				
<i>Nagpur Region</i>				
16	Government Milk Scheme, Akola	.. 1962	1977-78	1,73.24
17	Government Milk Scheme, Amravati	.. 1962	1978-79	89.76
18	Government Milk Scheme, Nagpur	.. 1958	1978-79	1,62.39
19	Government Milk Scheme, Nandura	.. 1978	1978-79	14.86
20	Government Milk Scheme, Wardha	.. 1976	1978-79	62.10
<i>Aurangabad Region</i>				
21	Government Milk Scheme, Bhir	.. 1977	1978-79	1,93.52
22	Government Milk Scheme, Udgir	.. 1971	1977-78	2,29.67
B—Others				
23	Land Development by Bulldozer Scheme, Aurangabad	1960	1978-79	37.57
24	Land Development by Bulldozer Scheme, Pune	1944	1978-79	80.38
FOOD AND CIVIL				
25	Procurement, Distribution and Price Control Scheme (Mofussil)	1957	1978-79	3,59.98
26	Procurement, Distribution and Price Control Scheme (City)	1959	1978-79	16,75.47
REVENUE AND FORESTS				
27	Allapalli and Pedigundum Forest Ranges of Allapalli Forest Division including Saw Mill and Timber Depot	1926	1976-77	2,18.17
28	Integrated Unit, Dahanu	.. 1962	1978-79	13.79
29	Integrated Unit, Paratwada	.. 1962	1978-79	23.22

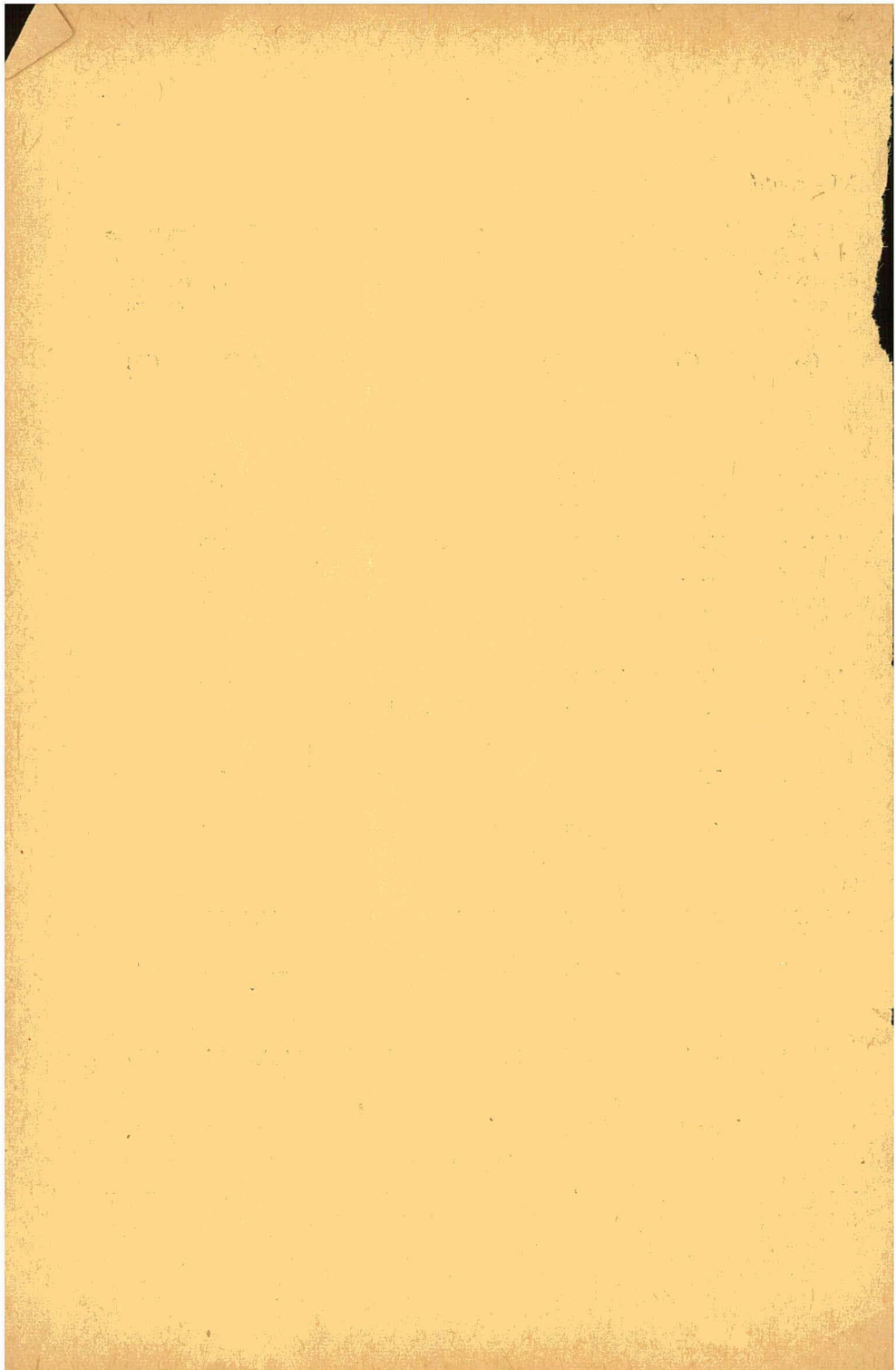
(A) Represents the balance at the credit of Depreciation Reserve Fund.

(B) Represents the depreciation provided for the year only.

XI—contd.

Block assets at depreciated cost	Cumulative depreciation	Turnover	Net profit (+)/ net loss (—)	Interest on capital	Total return (9+10)	Percentage of return on mean capital
(6)	(7)	(8)	(9)	(10)	(11)	(12)
of rupees)						
1,28.12	6.84(A)	1,90.39	(—)17.34	7.59	(—)9.75	
53.09	1.56(B)	92.87	(—)12.53	6.51	(—)6.02	
1,29.50	44.19(A)	4,85.69	(—)51.83	12.18	(—)39.65	
15.88	....	36.35	(—)1.20	1.08	(—)0.12	
44.88	2.31(A)	1,47.76	(—)8.27	4.04	(—)4.23	
1,03.58	4.97(B)	2,41.17	(—)58.08	18.38	(—)39.70	
1,98.07	5.28(B)	2,90.15	(—)21.52	14.93	(—)6.59	
9.22	2.34(B)	12.57	(—)3.94	2.51	(—)1.43	
43.95	4.62(B)	34.18	(—)7.02	5.22	(—)1.80	
SUPPLIES DEPARTMENT						
25.54	2.61(B)	41,85.22	(—)11,41.91	(C)	(—)11,41.91	
6.41	0.71(B)	41,55.42	(—)4,29.06	(C)	(—)4,29.06	
DEPARTMENT						
14.89	7.51	247.45	(+)1,37.23	14.11	(+)1,51.34	69.37
8.76	8.47(A)	15.27	(+)2.68	0.93	(+)3.61	26.18
8.13	0.50	32.28	(+)10.76	1.57	(+)12.33	53.10

(C) No interest on Government capital has been charged in the *pro forma* accounts of the Scheme.





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