

Financial Irregularities In Madhya Pradesh

REVELATIONS IN AUDIT REPORT

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LAXITY in the control of State expenditure and financial irregularities have been revealed in the appropriation accounts for 1950-51 and the Audit Report for 1952 issued by the Accountant-General of Madhya Pradesh, Mr. V. T. Sreenivasan, countersigned by Mr. V. Narahari Rao, Comptroller and Auditor General of India.

The report states that an officer of the Government was appointed as the registered stockist for iron and steel required for the manufacture of *rahats* (water lifters) with the specific direction that the issue of these materials to the supplying firms should be restricted to the calculated quantity required for the manufacture of the stipulated number of *rahats*.

It was, however, observed that the iron and steel purchased to the extent of Rs. 4,73,412, was placed entirely at the disposal of the firms though materials worth Rs. 2,36,409 only were needed. The balance is lying with the firms for several years without being secured even by the execution of an agreement.

MATERIAL STORED

Out of the 1,415 *rahats* manufactured, only 551 have been disposed of so far. The rest of the material and *rahats* have been stored up so that lakhs of rupees have been locked up, and probably, lost.

In 1949, the State Government directed that orders for *rahats* should be placed with two specified firms with instructions that an officer of the Government should decide the price of each *rahat*.

"Such a selection of firms without inviting tenders and entrusting the subsequent fixation of price to a particular officer constitutes a serious financial irregularity," says the report.

It adds: "It is not known how the Department satisfied itself that the *rahats* could not be manufactured at a price lower than that fixed by the officer.

Among other irregularities mentioned by the report are the following: In most of the Public Works Divisions, the accounts of road materials were in arrears; the half-yearly checks were either not conducted or the results were not adjusted; important accounts were not up-to-date.

In the Public Works and Electricity Divisions, the report found irregular grant and payment of temporary advances without proper sanction; irregularities in checking attendance and progress shown in the muster-rolls; accounts of materials at site not maintained in respect of certain major works; advance payments were made for materials ordered without sanction of Government; irregularities in the record of measurements and check of progress of works; measurements recorded twice resulting in over-payment; wrong computation of quantities and contents of measurements resulting in over-payments; contractors' bills paid without taking detailed measurements; commencement of works prior to sanction of agreements and estimates and allotments without informing competent authorities; shortage of stores not investigated; delay in submission of schedules and vouchers for audit.

LARGE DISCREPANCY

The Forest Department showed large discrepancies between the Divisional and Range accounts; contractors were allowed to bid in auctions without payment of earnest money deposit and one contractor was permitted to stand surety for another even though not permitted under the rules; an abnormal delay in execution of contracts, in some cases, no agreements were executed.

The Food Department granted advances to godown superintendents without any security despite Government orders; heavy losses were sustained due to long storage of grains; stocks were not verified periodically as prescribed under rules; claims against the railways for transit shortages were not filed in time, thus causing loss.

Relief and Rehabilitation Department. Detailed accounts of the construction of hutments for displaced persons were not maintained properly; mortgage deeds and agreement bonds regarding loans to displaced persons were not properly drafted; loan cases were not maintained properly; in a few cases, loans were granted without obtaining sureties or even signatures of the borrowers on the loan application; certificates of verification regarding utilisation of the loan were not forthcoming in a number of cases; loans were granted in excess of the limits prescribed by the Government; cash books were not maintained properly; large amounts of rents were outstanding.

In respect of other departments, the report observed that a large stock of fertilisers worth about Rs 32 lakhs was lying idle with agricultural associations without being verified regularly; tenders were not called even in case of large purchases in the Medical and Agriculture Departments; staff cars were being utilised by high Government officials without payment of prescribed charges which were subsequently waived by the Government; amounts drawn in respect of bills were not disbursed to the parties but were utilised for purposes other than those for which they were drawn; large stores were in the custody of temporary personnel who had furnished an inadequate security.

In the Police Department, instances were noticed in which the rate of an article once accepted as per tender, was increased at the request of the contractor without proper sanction; heavy withdrawals at the end of the financial year were noticed and supplies were paid

before the full execution of the agreements.

The report further adds that cases of delay in the disposal of audit objections were brought to the notice of the Government but such delays persists in spite of instructions for their prompt disposal.

Controlling officers of many departments take "an unconscionably long time" in supplying the necessary material to the audit office with the result that the presentation of the Appropriation Accounts to the Legislative Assembly and their examination by the Public Accounts Committee were considerably delayed.