R. R. No. 80/66 A.S.O.

GOVERNMENT OF MADRAS

AUDIT REPORT

1966

34556

R. R. NO 80/66

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ERRATA TO THE AUDIT REPORT, 1966, OF THE GOVERNMENT OF MADRAS.

Page number and reference to paragraph, line etc.	*For*	*Read*
1 Heading below first paragraph.	*Aetuals*	*Actuals*
7 Statement below paragraph 5 (a)—Col. (4).	—6·85	—6·35
13 Table below paragraph 8 (c)—Column for 1964–65 last figure.	2 74	2·74
14 Paragraph 10—line 7.	the Fund.	in the Fund.
16 Paragraph 11—heading of the table.	RUFEES	RUPEES
17 Paragraph 13—last item.	*Add* the Serial number '6'	
22 Paragraph 16—line 16.	14 and 15	13 and 14
26 Line 16.	amuont	amount
29 Sub-paragraph (iv)—line 2.	sunk	sunk)
29 Do. line 12.	mutal	mutual
30 Paragraph 25—line 4	tetchnical	technical
30 Paragraph 26—line 6.	maternity	maturity
36 Paragraph 33—line 12.	has not yet been	has not been
37 Heading of the table.	RUPEES	RUPEES
39 Paragraph 37—line 4.	sanctoned	sanctioned
40 First statement, line (1) Col. (3).	35·609	35,609
40 Do. line (2) Col. (3).	49,058	49,158
41 Paragraph 39—line 7.	sanctoned	sanctioned
43 Paragraph 41—line 11.	the further	further
44 Second line from bottom.	*Omit* the words Rs. in the heading and *insert* Rs. before the figures 69,554 and 90,596.	
47 Line 27.	Rs. 9·071	Rs. 9,071
49 Item 1 of the statement, Col. (2).	2,560	2,500
49 Item 2 of the statement, Col. (1).	Iudustrial	Industrial
49 Do. Col. (4) line 16.	allowance	allowances
49 Sub-paragraph C, line 4.	Decmber	December
50 Line 26.	Rs. 1.08 lakhs	Rs. 0.18 lakh
50 Line 28.	December, 1965,	December, 1965;
53 Line 1.	assests	assets
57 Statement—Item 3, Col. (4).	19'88	19.88
57 Foot note (a) Col. (2)—last line.	Miscellansous	Miscellaneous
58 Item 4 (2) Col. (2) line (3).	grms	grams
59 Foot note (a), line 7.	rom	from
60 Heading of table.	*Insert* (IN LAKHS OF RUPEES) above the figures in Cols. 3 to 6	
61 Line 14.	2,032	2,082
63 Sub-paragraph of paragraph 65, line 3.	1962–65	1964–65
66 Line 3	15	17
67 Paragraph 69, line 8.	Form 'C',	Form 'C'.
74 Table below paragraph 80—heading.	*Pricipal*	*Principal*
75 Statement below paragraph 82, item 2—line 2.	rcports	reports
77 Heading of the table below paragraph 84.	*Amouut*	*Amount*

Page number and reference to paragraph, line, etc.	*For*	*Read*
78 Sub paragraph 84 (*a*), line 3.	*Insert* ' that ' between ' July, 1965 ' and ' the assistance '	
79 Second line from bottom.	presistently	persistently
80 Line 2.	52 82	52·82
86 Sixth line from bottom.	pofit	profit
87 Paragraph 98, line 6	54. Concerns	54 concerns
89 Line 6.	store ledgers	stores ledgers
91 Line 1.	in	from
91 Line 11.	disribution	distribution
93 Line 12.	*Delete* ' to ' at the end of the line	
94 Paragraph 103, line 1.	*excesive*	*excessive*
94 Paragraph 104, line 1.	certin	certain
98 Paragraph 110, line 3.	Village	and Village
99 Line 10.	loans	loan
99 Line 24.	loans	loan
99 Line 27.	loans	loan
100 Line 3.	of Rs. 1040 each	of Rs. 15 each, 1040
,,	*Insert* ') ' after Rs. 15,600	
100 Second line from bottom.	*Insert* ') ' after the words distributed, etc.,	
101 Line 11.	provious	previous
102 Table below paragraph 113, item 1, Col. (4) line 2.	unutilied	unutilised
102 Table below paragraph 113, item 3 Col. (1).	Institutec	Institute
103 Table below paragraph 114.	*Delete* braces and *insert* ' *Upto* ' above 1961–62.	
105 Table below paragraph 117	Ilome	Home
105 Last line.	o Audit	to Audit
106 Line 9.	afer	after
109 Table below sub-paragraph (ii).	2·90	2·98
110 Line 2.	reports, paragraphs.	reports/ paragraphs.
110 Table 1, line 1.	earliar	earlier
110 Line 2 after table 1.	Appendix X	Appendix XI.
111 Item (c) (iii) line 1.	maintenaco	maintenance
116 Heading.	*per ceut*	*per cent*
116 VII–Elections S.	3·30	0·30
117 Second line of the statement.	15'65	15·65
120 XL. Capital outlay—109. IV (ii) A (iv).	95 %	75 %
122 Item 8.	Indust ies	Industries
123 Item 9, column (4).	+ 2·86	+ 2·85
123 Item 11, column (4).	+ 2·38	+ 2·39
123 Item 19, column (4).	+ 16·34	+ 16·33
125 Heading, line 2.	98 Chapter VIII)	98 of Chapter VIII)
130 Heading, column (4).	*at closs*	*at close*
133 Item 7, column (4).	Machine	The machine
134 Heading, line 2	MACHINARY	MACHINERY
135 II table, column (5).	3,25·74	2,25·74
142 First item, line 3	Including	including

PREFATORY REMARKS.

This volume mainly relates to matters arising from the Appropriation Accounts for 1964–65 together with other points arising from audit of the financial transactions of Government of Madras. It also includes:

(i) certain points of interest arising from the Finance Accounts for the year 1964–65; and

(ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during the year 1964–65 as well as those which had come to notice in earlier years but could not be dealt with in previous Audit Reports; matters relating to the period subsequent to 1964–65 have also been included wherever considered necessary.

CHAPTER I

GENERAL

REVENUE

Budget and actuals.—The budget estimates and actuals in respect of revenue receipts, expenditure met from revenue and the net revenue surplus for the year 1964–65 are given below along with the corresponding figures for the years 1961-62 to 1963-64 :—

Year.		*Budget.*	*Actuals.*	*Variation.* *Amount.*	*Variation.* *Percentage.*
		(IN CRORES OF RUPEES)			
		Revenue Receipts.			
1961–62	..	87·50	92·18	+ 4·68	5·35
1962–63	..	1,13·15	1,17·97	+ 4·82	4·26
1963–64	..	1,24·45	1,34·77	+10·32	8·29
1964–65	..	1,38·48	1,53·88	+15·40	11·12

Year.		*Revenue Deficit (—) / Surplus (+)* *Budget.*	*Revenue Deficit (—) / Surplus (+)* *Actuals.*
		(IN CRORES OF RUPEES)	
1961–62	..	— 2·85	— 9·61
1962–63	..	— 2·86	— 3·84
1963–64	..	— 2·74	— 0·23
1964–65	..	— 2·34	+ 2·58

Expenditure met from Revenue.

Year.		*Budget.*	*Actuals.*	*Variation.* *Amount.*	*Variation.* *Percentage.*
1961–62	..	90·35	1,01·79	+ 11·44	12·66
1962–63	..	1,16·01	1,21·81	+ 5·80	5·00
1963–64	..	1,27·19	1,35·00	+ 7·81	6·14
1964–65	..	1,40·82	1,51·30	+ 10·48	7·44

It will be seen from the above figures of budget and actuals that the revenue realized and the expenditure on revenue account have consistently been more than that anticipated.

The revenue surplus during the year was Rs. 2.58 crores as against the deficit of Rs. 0.23 crore in 1963–64. The improvement was mainly due to larger amounts of grants-in-aid received from the Central Government for development schemes and increased receipts under State taxes particularly Sales tax; these were partly counterbalanced by more expenditure on development schemes, increased grants to non-Government schools and local bodies for primary and secondary education and payment of enhanced dearness allowance to Government servants.

2. *Revenue receipts.*—(*a*) During 1964–65, there was an increase of Rs. 19.11 crores (14 per cent) as compared with 1963–64 and Rs. 54.04 crores (54 per cent) as compared with 1961–62 as indicated below :—

	1961–62	1962–63	1963–64	1964–65	*Increase since* 1961–62
	(IN CRORES OF RUPEES)				
(i) *Receipts from the Central Government.*—					
(*a*) State's share of divisible Central Taxes.—					
Union Excise Duties ..	6·55	8·79	9·40	8·80	2·25
Taxes on income other than Corporation tax.	7·87	7·74	9·72	10·05	2·18
Estate duty	0·41	0·37	0·39	0·60	0·19
Grants in lieu of taxes on Railway passenger fares	0·81	0·81	0·81	0·81	..
(*b*) Grants-in-aid under Article 275 of the Constitution	0·03	3·00	3·05	3·09	3·06
(*c*) Other grants-in-aid ..	9·82	11·05	12·84	15·07	5·25
(ii) *Revenue raised by the State Government.*—					
(*a*) Taxes, duties and other principal sources	42·18	51·09	62·09	73·25	31·07
(*b*) Other receipts such as rents for buildings, etc.	32·17	35·12	36·47	42·21	10·04
Total ..	99·84*	1,17·97	1,34·77	1,53·88	54·04

The receipts from the Central Government during 1964–65 amounted to Rs. 38.42 crores (25 per cent of the total revenue receipts) as against Rs. 36.21 crores during 1963–64 (26.86 per cent of the revenues of that year).

An analysis of the revenue raised by the State Government from taxes, duties, etc., in 1963–64 and 1964–65 is given below :—

	1963–64	1964–65
	(IN CRORES OF RUPEES)	
Taxes on vehicles	12.34	13.00
Sales tax	27·02	35·30
Other taxes and duties	6·73	8·24
Stamps	6·68	7·75
Other heads	9·32	8·96

* The figures for 1961—62 have been recast in accordance with the revised classification adopted from 1962-63 as explained in paragraph 2 of chapter I of the Audit Report, 1964.

During 1964–65, the rate of sales tax on cotton waste, cotton yarn waste, artificial silk fibre yarn and staple fibre yarn was raised from 1 to 2 per cent and the additional revenue anticipated was Rs. 1 crore.

(*b*) *Arrears of revenue.*—The details of the arrears in the collection of revenue have not been received from the Forest and Co-operation departments (December, 1965). According to the figures furnished by other departments, the arrears amounted to Rs. 9.09 crores as on the 31st March 1965, out of which Rs. 5.60 crores related to sales tax and Rs. 2.22 crores to land revenue. The amounts pending recovery for over two years totalled Rs. 2·25 crores. Further particulars are furnished in paragraph 78 of Chapter VI.

3. *Expenditure on Revenue Account.*—The expenditure on Revenue Account during 1964–65 showed an increase of 12.1 per cent over that in 1963–64 and 38 per cent compared with 1961–62. The increase is analysed below :—

	1961–62	1962–63	1963–64	1964–65	*Increase since* 1961–62.
	(IN CRORES OF RUPEES)				
Collection of taxes and other principal revenues.	2·41	2·38	2·59	2·92	0·51
Administrative Services ..	16·77	17·59	17·71	20·21	3·44
Social and Developmental Services.	54·23	61·61	66·83	76·48	22·25
Other Services	36·04	40·23	47·87	51·69	15·65
Total ..	1,09.45*	1,21·81	1,35·00	1,51·30	41.85

The more important items which contributed to the increase are indicated below :—

(*a*) *Social and developmental services.*—

	1961–62	1962–63	1963–64	1964–65	*Increase since* 1961–62
	(IN CRORES OF RUPEES)				
Education	23.46	25.76	27.41	31·74	8·28

The increase was mainly due to more expenditure on grants to local bodies for primary and secondary education (Rs. 7.43 crores) and development schemes (Rs. 0.58 crore).

Medical and Public Health ..	8·68	9·58	10·62	11·47	2·79

The increase was mainly due to more expenditure on hospitals and dispensaries (Rs. 1.06 crores), Public Health establishment (Rs. 0.37 crore), Employees' State Insurance Scheme (Rs. 0.49 crore), and increased grants for public health purposes (Rs. 0.25 crore).

* The figures for 1961-62 have been recast in accordance with the revised classification adopted from 1962-63 as explained in paragraph 2 of chapter I of the Audit Report, 1964.

	1961–62	1962–63	1963–64	1964–65	*Increase since* 1961–62
			(IN CRORES OF RUPEES)		
Agriculture ..	4·17	5·41	6·82	8·42	4·25

The increase was mainly due to more expenditure on development schemes (Rs. 3.99 crores).

Industries ..	3·74	5·51	4·95	6·30	2·56

The increase occurred mainly under "Cottage and Small-scale Industries" (Rs. 1.12 crores) and "Development schemes" (Rs. 1.29 crores).

Community Development Projects, National Extension Service, etc.	5·44	6·40	6·69	6·81	1·37

The increase was mainly due to more expenditure on community development projects (Rs. 0.94 crore) and training and other development schemes (Rs. 0.81 crore) partly offset by less expenditure on local development works (Rs. 0.64 crore).

(b) Other services.

Debt Services ..	8·82	10·10	12·53	14·17	5·35

The increase was mainly due to more interest paid on loans from the Central Government (Rs. 3.68 crores) and on permanent loans (Rs. 0.44 crore) and more contributions to sinking funds (Rs. 0.26 crore). This was a consequence of progressive increase in the debt of the State (c.f. Paragraph 6).

Public Works ..	8·89	9·23	10·00	9·60	0·71
Transport and communications (other than roads) ..	3·47	4·30	5·36	6·51	3·04

The increase was mainly due to increased operational expenses of the Madras State Transport department (Rs. 2.62 crores).

Contributions and Miscellaneous adjustments ..	2·48	2·91	3·94	4·49	2·01

The increase was mainly due to larger payment of net proceeds of entertainment tax to local authorities (Rs. 2.04 crores) consequent on increase in the revenue realized from this tax.

EXPENDITURE OUTSIDE THE REVENUE ACCOUNT.

4. (a) The expenditure recorded outside the Revenue Account includes, besides capital expenditure, the amount disbursed by Government as loans and advances.

The expenditure on capital account during the four years ending with 1964–65 as compared with the budget estimates for these years is shown below :—

(Loans and advances are dealt with in paragraph 5).

Year.	*Budget.*	*Actuals.*	*Variation.* *Amount.*	*Variation.* *Percentage.*
		(IN CRORES OF RUPEES)		
1961–62 ..	18·10	17·62	— 0·48	— 2·65
1962–63 ..	18·85	18·94	0·09	0·48
1963–64 ..	18·87	23·64	4·77	25·28
1964–65 ..	24·04	30·98	6·94	28·87

During 1964–65, the capital expenditure showed an increase of Rs. 7.34 crores over that in 1963–64 and Rs. 13.36 crores compared with 1961–62. The increase occurred mainly under Irrigation Schemes (Commercial), Industrial Development and Schemes of Government Trading; besides, a sum of Rs. 3.50 crores was appropriated from Capital to increase the corpus of the Contingency Fund from Rs. 1.5 crores to Rs. 5 crores during this year.

The increase during the four years, ending with March, 1965 is analysed below :—

	1961–62	1962–63	1963–64	1964–65	*Increase since* 1961–62
			(IN CRORES OF RUPEES)		
Capital Outlay on Irrigation—					
Commercial ..	4·72	5·13	6·62	8·12	3·40
Non-commercial ..	1·95	2·35	3·00	2·78	0·83
Industrial Development.	0·96	1·23	1·07	1·56	0·60
Schemes of Government Trading	0·99	0·07	1·53	2·95	1·96
Road and Water Transport Schemes ..	0·63	0·15	1·56	1·56	0·93
Capital Outlay on other Works	1·28	2·08	3·24	3·55	2·27
Appropriation to the Contingency Fund ..	..	..	..	3·50	3·50

(b) An analysis of the expenditure outside the revenue account is given below :—

	During 1964–65	During 1961–62 to 1964–65	Progressive expenditure up to 1964–65.
	(IN CRORES OF RUPEES)		
I. Capital expenditure on—			
(i) Irrigation and Multipurpose Schemes.	10·90	34·67	92·92
(ii) Schemes of Government Trading, Industrial Development, Road and Water Transport and Agriculture.	6·30	14·61	10·83
(iii) Public Works and other Works.	9·65	29·35	64·55
(iv) Improvement of Public Health, Forests, Payment of compensation to land holders on the abolition of Zamindari System and Consumer Co-operatives ..	0·63	9·05	13·49
(v) Appropriation to the Contingency Fund	3·50	3·50	3·50
II. Net expenditure under "Loans and Advances by the State Government" after taking into account recoveries of loans.	24·36	78·27	2,36·89
Total ..	55·34	1,69·45	4,22·18

(c) The sources from which the total expenditure outside the revenue account was met during (i) 1964–65 and (ii) during the four year period ended with 1964–65 are indicated below :—

	1964–65	1961–62 to 1964–65
	(IN CRORES OF RUPEES)	
I. Net additions to—		
(i) Market loans	11·64	26·35
(ii) Floating debt	3.10	3·10
(iii) Loans from the Central Government	28·86	1,05·91
(iv) Loans from other sources and unfunded debt.	4·15	14·52
(v) Contingency Fund	3·50	3·50
II. Miscellaneous (mainly excess of deposits, etc., received by Government over repayments on this account).	7·22	25·19
III. Decrease (+)/Increase (—) in—		
(a) Cash balance	— 5·51	— 1·74
(b) Investments	— 0·20	+ 3·72
IV. Revenue Surplus (+) / Deficit (—)	+ 2·58	— 11·10
Net amount available for expenditure outside the Revenue Account.	55·34	1,69·45

LOANS AND ADVANCES BY THE STATE GOVERNMENT.

5. (a) The disbursements under "Loans and Advances by the State Government" and the recoveries thereof during the years 1961–62 to 1964–65 as compared with the corresponding budget estimates are given below :—

Year.	Disbursements. Budget.	Disbursements. Actuals.	Variation Percentage.	Recoveries. Budget.	Recoveries. Actuals.	Variation Percentage.
	(IN CRORES OF RUPEES.)			(IN CRORES OF RUPEES)		
1961–62	21·37	25·43	+ 19·00	6·57	10·53	+ 60·27
1962–63	24·55	22·99	— 6·35	9·16	7·79	— 17·58
1963–64	21·81	31·28	+ 43·42	8·00	7·50	— 6·25
1964–65	28·81	31·61	+ 9·72	8·99	7·25	— 8·23

The recoveries during 1964–65 fell short of the budget estimates by Rs. 1.74 crores mainly due to shortfall in repayments under "Advances to cultivators".

(b) The total loans and advances given by the State Government and outstanding on the 31st March, 1965 amounted to Rs. 2,36.89 crores, as indicated below :—

Category of loans and advances.	Amount outstanding on the 31st March 1965.
	(IN CRORES OF RUPEES)
1. Loans to local bodies, municipalities, etc.	33·38
2. Advances to cultivators	14·09
3. Loans under the control of the Registrar of Co-operative Societies	11·22
4. Loans under the control of Public Works Department	1,61·79
5. Loans and advances under the Community Development Programme.	4·81
6. Other loans	11·60
Total ..	2,36·89

The detailed accounts in respect of the loans falling under categories 2, 3, 5 and parts of 4 and 6 above, are maintained by the departmental officers.

(c) (i) The non-submission to Audit by the Heads of Departments of the annual statements (due to Audit in June each year) showing the amounts of overdue instalments of principal and interest in respect of loans disbursed has been mentioned in successive Audit Reports. While the Board of Revenue has furnished the statements in an incomplete shape, the other Heads of Departments have not yet sent the statements to Audit. From the returns received from the Board of Revenue, it was seen that a sum of Rs. 2,41.01 lakhs (including interest) was pending recovery as on the 31st March, 1965 as shown below :—

Schemes/Acts under which loans and advances were disbursed.	*Principal.*	*Interest.*
	(IN LAKHS OF RUPEES)	
Land Improvement Loans and Agriculturists' Loans Act and the Amendment Act, 1935.	1,40·17	18·47
Intensive Manuring Scheme ..	10·59	0·75
Schemes for distribution of agricultural implements and chemical fertilisers.	18·15	0·41
New Well Subsidy Scheme (Old)	19·58	0·31
New Well Subsidy Scheme (Revised).	20·00	1·41
Loans for installation of pumpsets	10·03	1·14
Total	2,18·52	22·49

(ii) In respect of loans, the detailed accounts of which are kept by the Audit Office, an amount of Rs. 30.83 lakhs (Principal : Rs. 8.41 lakhs and Interest : Rs. 22.42 lakhs) was pending recovery as on the 31st March 1965; out of this, an amount of Rs. 19.47 lakhs was in arrears for more than one year.

Certificates of acceptance of balances have not been furnished to Audit in respect of (*a*) advances to cultivators (209 cases), (*b*) revenue and special advances (280 cases) and (*c*) miscellaneous loans, etc. (734 cases) for the years from 1956–57 onwards as shown below :—

Year	*Number of cases*
1956–57	248
1957–58 to 1960–61 ..	563
1961–62 to 1963–64 ..	412

(iii) Some of the other important points noticed in audit are indicated below :—

(*a*) Ineffective watch over the recovery of Government dues under tractor hire-purchase scheme,

(*b*) sanction of loans without adequate security,

(*c*) failure to verify proper utilisation of loans,

(*d*) omission to realise penal interest,

(*e*) cases where recovery of loans appears doubtful, and

(*f*) large balances of loans to the Corporation of Madras and other local bodies remaining unutilised.

Further particulars are given in Chapter VII.

Debt Position

6. (*a*) The Public debt of Government increased by Rs. 45.57 crores during 1964–65, as shown below :—

	Loans *Raised*	*Loans* *Discharged*	Net—*Increase +* / *Decrease —*
	(IN CRORES OF RUPEES)		
Open market loans	14·33	2·69	+ 11·64
Loans from Central Government.	55·37	26·51	+ 28·86
Loans from autonomous corporations, etc.	2·46	0·49	+ 1·97
Floating debt	34·02	30·92	+ 3·10
Total	1,06·18	60·61	+ 45·57

A market loan of Rs. 14.33 crores bearing interest at $4\frac{3}{4}$ per cent per annum redeemable at par in 1976 was raised during the year at a discount of one-fourth per cent. Out of the total amount of Rs. 14.33 crores, a sum of Rs. 13.23 crores was realised in cash and the balance by conversion of the 4 per cent Madras Government Loan, 1964, which matured during the year and was notified for discharge.

Ways and Means Advances and Special Advances (forming part of the floating debt) amounting to Rs. 32.50 crores in all were obtained from the Reserve Bank of India on 59 occasions during the year; out of this, an amount of Rs. 29.40 crores was repaid during the year leaving a balance of Rs. 3.10 crores which was repaid on the 1st April, 1965. Interest at rates varying from $3\frac{1}{2}$ to 6 per cent amounting to Rs. 2.60 lakhs was paid to the Bank on these advances.

(*b*) The outstanding Public debt of the State Government amounted to Rs. 3,35.00 crores at the end of 1964–65. An analysis of the debt compared with the corresponding figures at the end of the three preceding years is given below :—

	Public debt as on the 31st March, 1962	1963	1964	1965
	(IN CRORES OF RUPEES)			
Open market loans	67·38	79·09	73·63	85·27
Loans from the Central Government.	1,44·96	1,66·32	2,04·69	2,33·55
Floating Debt	1·39	..	..	3·10
Loans from autonomous bodies.	5·73	8·50	11·11	13·08
Total	2,19·46	2,53·91	2,89·43	3,35·00

(c) *Loans from the Central Government.*—The amount of loans taken from the Central Government and outstanding on the 31st March, 1965 was Rs. 2,33.55 crores, which formed 56.7 per cent of the total debt.

The terms and conditions of repayment of 3 loans amounting to Rs. 4.07 lakhs advanced by the Government of India during the years 1962–63 and 1964–65 have not yet been settled. Besides, the Government of India have also given 17 lumpsum loans amounting to Rs. 4.65 crores, during the period from 1958–59 to 1964–65 for development of handloom, etc., industries. The terms and conditions of repayment of these loans are dependent on the particular schemes on which these loans are utilised by the State Government. The particulars of schemewise utilisation of the loans have not been furnished by the State Government, nor has any repayment of principal and payment of interest been made.

(d) In addition to the Public debt, the balances at the credit of accumulated funds to the extent to which they have not been invested but are merged in the general cash balance of Government, as also certain deposits, constitute liabilities of Government. Taking the Public debt and these liabilities together, the debt position of Government may be stated as follows :—

	Total debt on 31st March,			
	1962	1963	1964	1965
	(IN CRORES OF RUPEES)			
Public Debt	2,19·46	2,53·91	2,89·43	3,35·00
Unfunded Debt (mainly balances in Provident Funds).	10·54	10·97	13·34	15·52
Depreciation reserves and other earmarked funds.	20·30	18·73	16·75	17·60
Other deposits (mainly balances of autonomous bodies deposited with Government, Provident Fund deposits of employees of local bodies).	1·28	1·19	5·73	5·67
Deposits of local funds and Civil deposits.	26.73	28·25	33·20	38·16
Total	2,78·31	3,13·05	3,58·45	4,11·95

(e) *Service of debt.*—The table below shows the net burden of interest charges on debt and other obligations, on revenue :—

	1961–62	1962–63	1963–64	1964–65
	(IN CRORES OF RUPEES)			
(1) Interest paid on debt and other obligations.	8·36	9·53	11·66	13·13
(2) *Deduct*—Interest realised on loans and advances by State Government.	7·98	8·23	7·51	8.13
Interest realised on investment of cash balances.	0·23	0·03	0·01	0·04
Recovery from other Governments for servicing and repayment of debt.	0·54	0·49	0·37	0.22
(3) Net amount of interest charges.	—0·39	0·78	3·77	4·74
Percentage of revenue receipts.				
(4) Percentage of gross interest to total revenue receipts.	8·4	8·1	8·6	8·5
(5) Percentage of net interest to total revenue receipts.	—0·4	0·7	2·8	3·1

(f) *Amortisation arrangements.*—The following arrangements have been made for the amortisation of loans raised in the open market :—

(i) *Depreciation Fund.*—A sum equal to $1\frac{1}{2}$ per cent of the total nominal amount of the loans is set apart from Revenues annually to form a Depreciation Fund for purchasing the securities of the loans for cancellation.

(ii) *Sinking Fund.*—An annual contribution from Revenues is made to the Sinking Fund at such rates as the Government may decide from time to time.

The State Government have not considered any arrangements necessary for the amortisation of loans taken from the Central Government.

The balances in the Depreciation and Sinking Funds at the commencement and at the close of the year 1964–65, are shown below :—

	Opening balance (1st April, 1964).	*Additions.*		*Withdrawals.*	*Closing balance (31st March, 1965).*
		Contribution from Revenue.	*Interest on investment.*		
	(IN CRORES OF RUPEES)				
Depreciation Fund	5·58	1·12	..	0.87	5·83
Sinking Fund	5·71	0·21	0·10	0·59	5·43
Total	11·29	1·33	0·10	1·46	11·26

Out of the total balance of Rs. 11.26 crores, a sum of Rs. 2.53 crores has been invested in securities of the Government of India and other State Governments and in the bonds of the Industrial Finance Corporation of India.

7. *Guarantees given by Government.*—Besides the obligations mentioned in paragraph 6 (*d*) above, Government have contingent liabilities in respect of guarantees given by them for repayment of loans, share capital, etc., raised by Statutory Corporations, Joint Stock Companies and Co-operative Institutions. The payment of minimum dividend on the share capital of the Madras Industrial Investment Corporation Limited and cost of machinery purchased by certain institutions have also been guaranteed.

Brief particulars of the contingent liability in terms of the guarantees are given below. Further details are given in Statement No. 6 of the State Finance Accounts, 1964–65 :—

	Maximum amount guaranteed	*Sum guaranteed outstanding as on the 31st March 1965.*
	(IN CRORES OF RUPEES)	
(i) Statutory Corporations— Guarantee for the repayment (with interest) of bonds issued by Madras State Electricity Board	18·40	18·40
(ii) Government Company— Guarantee for the repayment of share capital of the Madras Industrial Investment Corporation and payment of dividend at 3 per cent thereon.	0·81	0·33
Guarantee for the repayment of bonds, fixed deposits, call deposits and cash certificates received by the Madras Industrial Investment Corporation	15·50	14·63
(iii) Joint Stock Companies— Guarantee for the repayment of long term loan (with interest) taken by the Madras Aluminium Company Limited from an Italian Bank for purchase of machinery	3·80	3·80
Guarantee for the repayment of principal with interest on the loan granted from the Minor Ports Fund to the Swadeshi Steamship Company Limited, Tuticorin	0·05	0·04
(iv) Co-operative Institutions— Guarantee for the repayment of loans advanced by Government of India, Reserve Bank, Life Insurance Corporation, etc., debentures, cash credit accommodation and letter of guarantee to suppliers of machinery for deferred payment.	66·83	41·13
Total	1,05·39	78·33

8. *Financial results of irrigation schemes.*—On the 31st March 1965, the investment of Government in 44 irrigation projects, for which capital and revenue accounts have been kept, amounted to Rs. 75·02 crores; this comprised—

(*a*) outlay of Rs. 72.11 crores on 40 projects which have become revenue earning,

(*b*) expenditure of Rs. 0.99 crore on the Araniar project, pending allocation between Andhra Pradesh and Madras Governments, and

(*c*) outlay of Rs. 1.92 crores on 3 projects which are still under construction and have not become revenue earning.

Out of the 40 projects which have become revenue earning, 38 projects during 1963–64 and 33 projects during 1964–65 showed deficits. The working results of these projects are given below :—

	1963–64.	1964–65.
	(IN CRORES OF RUPEES)	
Revenue	1·67	1·81
Working expenses	1·20	1·06
Net revenue before charging interest.	0·47	0·75
Interest on capital	3·13	3·49
Net loss after charging interest.	2·66	2·74

Further particulars are given in Statement No. 3 of the State Finance Accounts, 1964–65.

9. *Grants-in-aid.*—A total amount of Rs. 34.54 crores was paid as grants-in-aid during 1964–65 to local bodies, co-operative societies and other institutions.

The expenditure out of the grants paid to local bodies including Panchayat Union Councils is audited by the Examiner of Local Fund Accounts who is an officer of the State Government. He furnishes to Audit certificates showing the utilisation of the grants. In the case of grants to other institutions such certificates are furnished by the departmental officers. The certificates are awaited (December, 1965) in 281 cases involving a total amount of Rs. 34.71 lakhs paid during the period from 1961–62 to 1964–65. In addition, consolidated certificates of utilisation in respect of grants amounting to Rs. 49.79 crores paid to aided educational institutions and to mid-day meal centres during the period from 1959–60 to 1964–65 are awaited from the Director of Secondary Education (December, 1965).

Some of the important irregularities noticed by Audit and by the Examiner of Local Fund Accounts are indicated below :—

(i) overpayments/irregular payments of grants to educational institutions (Rs. 7.18 lakhs),

(ii) overpayments of grants to Panchayat Union Councils for developmental activities (Rs. 8.87 lakhs),

(iii) grants paid to private technical institutes lying unutilised (Rs. 3.55 lakhs), and

(iv) grants paid to local bodies, institutions, etc., held inadmissible by the Examiner of Local Fund Accounts (Rs. 2.60 crores).

Further details are given in Chapter IX.

10. *Famine Relief Fund.*—The Fund, set up under the Madras Famine Relief Fund Act, 1936 is intended to meet expenditure on gratuitous relief to those affected by famine, drought, flood, etc., and on protective irrigation and other works undertaken for the prevention of famine. It is credited with contributions made from the State revenues and interest realised on investment of balances the Fund.

On the basis of recommendation of the Second Finance Commission, the State Government has been contributing annually a sum of Rs. 50 lakhs to the Fund from 1958–59 except during the years 1961–62 and 1962–63 in which the annual contribution was restricted to Rs. 10 lakhs in view of unfavourable revenue position. The amounts credited to the Fund and the expenditure met therefrom during the period from 1961–62 to 1964–65 are given below :—

Year.		*Amounts credited to the Fund.*	*Expenditure out of the Fund.*
		(IN LAKHS OF RUPEES)	
1961–62	..	10·60	0·82
1962–63	..	10·73	1,23·98
1963–64	..	50·73	..
1964–65	..	50·91	35·96

The balance at the credit of the Fund on the 31st March, 1965 was Rs. 1,48.76 lakhs, out of which Rs. 20.70 lakhs stood invested in Government securities and the balance of Rs. 1,28.06 lakhs, was merged in the general cash balance of Government.

The expenditure met out of the Fund during 1964–65 was mainly on the relief measures undertaken for the victims of the cyclonic storm and tidal wave that hit the Rameswaram island and other parts of the East coast in December, 1964 and deepening of wells in Ramanathapuram district.

(*b*) An expenditure of Rs. 10.05 lakhs incurred by the Revenue department on relief measures during the period from April, 1956 to March, 1965 remains under audit objection (November, 1965) for want of sanctions, disbursement certificates and stamped acquittances.

CHAPTER II.

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE.

11. *Summary.*—The following table compares the expenditure during the year with the total of voted grants and charged appropriations :—

		Grants/Appropriations	*Actual expenditure*	*Saving — Excess +*	*Percentage [Columns (3) to (1)]*
		(1)	(2)	(3)	(4)
		(IN CRORES OF RUPEES)			
Voted—					
Original	1,95·33	2,42·43	2,22·12	— 20·31	8·4
Supplementary	47·10				
Charged—					
Original	*80·19*	*88·23*	*79·15*	— *9·08*	*10·3*
Supplementary	*8·04*				
Total		3,30·66	3,01·27	— 29·39	8·9

The saving amounting to Rs. 29.39 crores (8.9 per cent of the total amount of voted grants and charged appropriations) was the net result of savings in 37 grants and 28 appropriations (Rs. 30·05 crores) and excesses in 11 grants and 2 appropriations (Rs. 0.66 crore).

The savings in the preceding two years (1962–63 and 1963–64) amounted to 4.6 per cent and 2.8 per cent respectively.

12. *Supplementary grants/appropriations.*—Supplementary provision amounting to Rs. 55.11 crores was obtained during the year under 45 grants and 14 appropriations.

The details given in Appendix I indicate the following points :—

(i) The supplementary provision exceeding Rs. 1 lakh in each case, proved entirely unnecessary in 5 cases, as the expenditure did not come up even to the original grant/appropriation.

(ii) In 9 cases, the supplementary provision proved inadequate by more than Rs. 1 lakh in each case. In these cases, while the additional provision totalled Rs. 5.08 crores, the actual expenditure exceeded the total grant (including supplementary provision) by Rs. 0.65 crore.

13. *Excesses over voted grants.*—The following 11 cases of excesses over voted grants require to be regularised under Article 205 of the Constitution :—

(In this table 'O' stands for original grant and 'S' for supplementary grant.)

Serial number	*Number and name of grant*		*Total grant*	*Expenditure*	*Excess*	
					Amount	*Percentage*
			RS.	RS.	RS.	
1.	III. General Sales Tax and Other Taxes and duties—Administration—					
	O.	78,15,200	1,01,46,000	1,02,06,117	60,117	0·6
	S.	23,30,800				
2.	VIII. Head of State, Ministers and Head quarters Staff—					
	O.	2,13,25,100	2,46,13,200	2,52,37,139	6,23,939	2·5
	S.	32,88,100				

The excess occurred mainly under "Elections to Panchayats"; the reasons for the excess have not been furnished by the controlling officer (December, 1965).

3.	XVII. Fisheries—					
	O.	74,52,400	94,76,300	1,01,08,437	6,32,137	6·7
	S.	20,23,900				

The excess mainly related to expenditure on relief measures to fishermen affected by the cyclone, 1964. The department has not intimated why additional provision could not be obtained by a supplementary grant or by an advance from the Contingency Fund.

4.	XXV. Welfare of Scheduled Tribes, Castes and other Backward Classes—					
	O.	4,45,85,500	4,85,56,500	4,88,42,069	2,85,569	0·6
	S.	39,71,000				
5.	XXVI. Irrigation—					
	O.	5,72,83,300	6,47,76,800	6,51,50,246	3,73,446	0·6
	S.	74,93,500				
	XXVII. Public Works—Works—					
	O.	6,15,89,500	6,37,50,300	6,39,88,758	2,38,458	0·4
	S.	21,60,800				

Serial number	Number and name of grant	Total grant	Expenditure	Excess Amount	Excess Percentage
		RS.	RS.	RS.	
7.	XXVIII. Public Works— Establishment and Tools and Plant— O. 2,11,75,700 S. 26,83,900	2,38,59,600	2,46,78,892	8,19,292	3.4

The excess occurred mainly under "Executive establishment" (Rs. 2.49 lakhs) and "Tools and Plant—Repairs and carriage" (Rs. 4.91 lakhs). Reasons for the excess have not been furnished by the controlling officer (December, 1965).

Serial number	Number and name of grant	Total grant	Expenditure	Excess Amount	Excess Percentage
8.	XXXVI. Other Miscellaneous Contributions and Assignments— O. 3,67,54,900 S. 47,95,300	4,15,50,200	4,26,89,220	11,39,020	2·7

The excess was mainly due to larger payments of net proceeds of entertainment tax to local authorities consequent on increase in the revenue realised from this tax.

Serial number	Number and name of grant	Total grant	Expenditure	Excess Amount	Excess Percentage
9.	XXXIX. A. Capital Outlay on Consumer Co-operatives. O. .. S. 12,38,200	12,38,200	12,43,175	4,975	0·4
10.	XLI. Capital Outlay on Irrigation— O. 9,64,45,000 S. 1,67,77,800	11,32,22,800	11,48,56,316	16,33,516	1·4

The excess was mainly due to accelerated progress of works in Parambikulam-Aliyar Project.

Serial number	Number and name of grant	Total grant	Expenditure	Excess Amount	Excess Percentage
11.	XLIII. Capital Outlay on Road Transport Schemes.— O. 1,44,79,000 S. 75,71,000	2,20,50,000	2,28,42,310	7,92,310	3·6

The excess occurred mainly under "Suspense" and was attributed to larger purchase of stores owing to increase in the fleet strength; it was stated that it was difficult to assess beforehand accurately the quantities of stores to be purchased.

14. *Excesses over charged appropriations.*—Excesses over charged appropriations which occurred in the following two cases require regularisation :—

Serial number.	Number and name of appropriation	Total appropriation	Expenditure	Excess Amount	Excess Percentage
		RS.	RS.	RS.	
1.	XVI. Agriculture— *O.* *1,000* *S.* ..	*1,000*	*1,114*	*114*	*11·4*
2.	XXXVI. Other Miscellaneous Contributions and Assignments— *O.* *22,33,000* *S.* ..	*22,33,000*	*22,35,336*	*2,336*	*0·1*

15. *Savings in grants/appropriations.*—(*a*) Among voted grants, there were 13 cases in which the savings exceeded 10 per cent of the total grant (*vide* details in Appendix II). In 4 of these cases the savings exceeded 25 per cent of the total grant. The total savings in these 13 cases amounted to Rs. 16·90 crores forming 31 per cent of the total provision under these grants.

There were savings totalling Rs. 9·08 crores under 28 charged appropriations; the bulk (Rs. 8.54 crores) of the savings occurred under "Public Debt—Repayment" and was attributed to drawal of less Ways and Means Advances from the Reserve Bank and consequent less repayments and to delays in claiming repayment by holders of scrips of the loans notified for discharge on the 15th July, 1963.

(*b*) An analysis of the saving in the provision made for different groups of Government activity is given below :—

	Total provision	Saving Amount	Saving Percentage
	(IN CRORES OF RUPEES)		
I. Expenditure met from Revenue—			
(i) Administrative Services	21·45	0·49	2·3
(ii) Social and Developmental Services.	79·71	2·17	2·7
(iii) Other Services	58·77	1·67	2·9
II. Expenditure outside the Revenue Account—			
(i) Schemes of Government Trading.	32·99	12·81	38·8
(ii) Industrial Development	7·50	1·66	22·2
(iii) Other Capital Expenditure	21·47	0·27	1·2
(iv) Public Debt—Repayment	71·87	8·54	11·9
(v) Loans and Advances by the State Government.	33·40	1·78	5·3

(c) Some of the major schemes/items, the provision for which remained wholly or substantially unutilised are given below; some others are mentioned in Appendix III :—

Number, name of grant/ appropriation and description of item	Funds provided	Amount (and percentage of saving)	Reasons for saving
	(IN LAKHS OF RUPEES)		
Debt charges—			
17. a. B. General Sinking Fund.	*66·09*	*45·08* (68 %)	Reduction in the *ad hoc* annual contribution to the Sinking Fund in view of the changed revenue position, consequent on the grant of enhanced dearness allowance to Government servants.
XIII. Education—			
L. Grants to local bodies for primary education—G. Special Dearness Allowance Grant.	95·00	32·40 (34 %)	Non-receipt in time of applications for grants from several Panchayat Union Councils.
XV. Public Health—			
f. Development schemes—Schemes in the Third Five-Year Plan—B. Grants to Corporation for water-supply and drainage schemes.	60·00	22·07 (37 %)	Slow progress in the execution of various schemes, particularly "Installation of rapid mechanical filters" and "Construction of head-works for certain zones".
XVIII. Animal Husbandry—			
h. Development schemes—Schemes in the Third Five-Year Plan (Schemes under Crash Programme)-Scheme for setting up a piggery farm in Chingleput district-Schemes for starting a sheep farm and three sheep units-Establishment of poultry feed manufacturing unit-Establishment of poultry extension centres, etc.	1,05·72	1,01·08 (95 %)	Delay in implementation of the schemes under the Crash programme.
XXXII. Pensions—			
65. j. Old age pensions	1,66·00	50·90 (31 %)	(a) Stoppage of pensions in certain cases due to death, changed circumstances, facts on which pension was sanctioned having been found incorrect on verification, etc., and (b) difficulties in assessing the requirements correctly, as the number of persons who would be admitted to the scheme could not be correctly forecast.

Number, name of grant/ appropriation and description of item	Funds provided	Amount (and percentage of saving)	Reasons for saving
	(IN LAKHS OF RUPEES)		
XL. Capital Outlay on Industrial Development—			
109. II. b. A (xvii) Mechanised Brick Plant.	30·00	26·90 (90 %)	Non-receipt of certain machinery, postponement of purchase of machinery, etc.
109. I. b. (ii) Improvement of water facilities for industries (land acquisition near Red-Hills and Sholavaram tanks).	1,59·00	1,40·49 (90 %)	Delay in acquisition of land.
109. I. c. Miscellaneous departments—			
(iii) Union Government Rental Housing Scheme for low paid employees of the State Government.	40·00	39·98 (99 %)	Reasons are awaited (December, 1965).
109. IV. (ii). B. II (xxxviii) Industrial Estates, work-sheds and developed plots.	99·00	28·60 (29 %)	Reasons are awaited (December, 1965).
XLVI. Capital Outlay on Schemes of Government Trading—			
j. Other Miscellaneous Schemes—			
B. Purchase and distribution of chemical fertilisers.	9,83·21	2,22·08 (23 %)	The saving is due to non-receipt of supplies/debits for supplies to the full extent anticipated. It has been stated that there is difficulty in anticipating accurately the allocations of the Government of India and in assessing the supplies likely to be made by the Port Operation Officer against such allocations and uncertainty as to when the debits for the supplies would be actually raised by the Government of India.
a. Grain Supply Scheme —A.Rice.	18,00·00	9,48·75 (53 %)	Non-receipt of debit advices from the Government of India for supplies made.
j. F. III. Central Dairy	1,35·49	61·49 (45 %)	Heavy shortfall in procurement of milk owing to adverse seasonal conditions and outbreak of Rinderpest epidemic in the colony.

Number, name of grant/ appropriation and description of item	Funds provided	Amount (and percentage of saving)	Reasons for saving
	(IN LAKHS OF RUPEES)		
XLVII. Loans and advances by the State Government— a. B. Madras State Housing Board.	84·85	38·53 (45 %)	It was explained by Government that as against their demand of Rs. 300 lakhs from the Life Insurance Corporation of India for executing various housing schemes, the corporation allotted Rs. 150 lakhs only and this accounted for a less allocation of funds to the Housing Board for the Middle-Income and Low-Income Group Housing Schemes.

CONTROL OVER EXPENDITURE.

16. The object of control over expenditure is to secure as close an approximation as possible between the actual expenditure and the final grant/appropriation under each sub-head of appropriation. This is done by—

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

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

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

Cases where the total expenditure against a grant or appropriation as a whole exceeded the sanctioned amounts and require regularisation by the Legislature have been mentioned in paragraphs 14 and 15 above. It will be seen therefrom that excesses amounting to Rs. 0.66 crore remained uncovered by supplementary provision or by an advance from the Contingency Fund in 11 grants and 2 appropriations.

Cases where the additional funds provided, in the course of the year, by supplementary grant or appropriation, proved unnecessary have been indicated in paragraph 12 above.

The following points were noticed in connection with the surrender of amounts that remained unutilised :—

(a) Although the rules require that the unutilised amounts should be surrendered as soon as the possibility of savings is envisaged, the surrenders totalling Rs. 26.89 crores in all, were made only in the last month of the year.

(b) While in case of 16 grants and 3 appropriations amounts of Rs. 1 lakh or more in each case totalling in all Rs. 3.86 crores remained unsurrendered (details in Appendix IV), in 19 cases (details in Appendix V) amounts of Rs. 1 lakh or more in each case aggregating Rs. 2.43 crores were surrendered although there were (i) excesses over the grant in 7 cases (and no amount was available for surrender) or (ii) the savings ultimately found to be available were substantially less than the amounts surrendered in 12 cases.

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

17. *Reconciliation of departmental figures.*—Mention was made in the Audit Report, 1963 and the Audit Report, 1965 of the delay in reconciling by the controlling officers the figures of expenditure as recorded in their registers with those in the books of the Audit Office. The Public Accounts Committee (1964–65) took a serious note of the disregard of the prescribed procedure by the departments and suggested in their report of 14th July, 1965 that "effective steps should be taken to ensure that this important work is not neglected by the departments". Such delays, however, continue to persist. As at the end of December, 1965 the departmental accounts maintained by 8 controlling officers remained unreconciled for all the twelve months of 1964–65; in 54 other cases reconciliation was not done for periods ranging from 1 to 11 months. 663 certificates of reconciliation for 1964-65 are awaited. The certificates of reconciliation relating to past years have not also been received as indicated below, despite the position having been periodically brought to the notice of Government :—

Year.		Number of certificates due.
1960–61	... ...	8
1961–62	... ...	62
1962–63	... ...	183
1963–64	... ...	272

CHAPTER III

CIVIL DEPARTMENTS

Education and Public Health Department

18. *Scheme for free distribution of books to poor and needy children.*—The Government of India have been receiving since 1962–63 from the Governments of Australia and Sweden printing and cover paper as gift. The paper is distributed to the State Governments for printing text-books for use in the primary schools; the text books should be distributed free of charge to the poor and needy children to the extent of at least the value of the paper received as gift.

During the period from 1962–63 to 1964–65, the Government of Madras received 84,218 reams of paper valued at Rs. 54.85 lakhs (exclusive of carriage and incidental charges borne by the State Government). 47,498 reams of paper valued at Rs. 31.51 lakhs have not been utilised so far (October, 1965); the balance quantity of 36,720 reams (valued at Rs. 23.34 lakhs) was utilised (upto March, 1965) in printing text-books, but the books were not distributed free and are sold as priced publications.

In November, 1963, the State Government was required by the Government of India to take steps for free distribution of books at least during the school year, 1964–65; this has not, however, been done (January, 1966).

Shortages and damages were noticed in two consignments received in April, 1963 and July, 1964 from the Government of Sweden. The loss in respect of the first consignment was assessed as Rs. 10,500 and a suit filed in April, 1964 by the Government of Madras against the clearing agents. The loss in respect of the second consignment is estimated to be Rs. 1.30 lakhs. The State Government has reported (May, 1965) the cases to the Government of India and has asked for their concurrence for utilising the damaged paper for purposes other than printing text books.

19. *Publication of text-books by Government.*—Government publish text-books in English and Tamil for standards I to VII. The books are printed by the Stationery and Printing department and sold through approved agents on payment of commission on sales.

The scheme was started in 1960–61. The department has worked out the actual cost of publication only upto the year 1962–63. The *pro forma* accounts to ascertain the financial results of the scheme have not been prepared by the department for any year. Certain figures furnished by them in this connection for the years 1960–61 to 1962–63 are given below :—

Year.	*Total number of copies printed.*	*Total number of copies sold.*	*Cost of printing the total number of copies (including overhead expenses allocated).*	*Net sale receipts (after exclusion of commission).*	*Total commission paid.*
			RS.	RS.	RS.
1960–61	5,50,000	3,90,479	2,80,506	2,80,327	23,490
1961–62	6,00,000	5,54,421	2,46,180	3,27,309	33,296
1962–63	20,60,000	15,65,799	8,59,993	8,98,281	92,545

The following further points were noticed :—

(i) An account of the number of copies printed and distributed has not been maintained for the years 1960–61 and 1961–62. At the instance of Audit, the balance of copies that should be in stock in September, 1965 was worked out on the basis of the printing orders and the despatch invoices. The actual number of copies on hand as in September, 1965 was short of the book balance by 49,810 copies valued at Rs. 32,000. The shortage has not been regularised so far (January, 1966).

(ii) Tamil detailed and non-detailed text-books for VII standard are generally printed in metric A5 size. During the year 1962–63, 3.80 lakhs copies were printed in smaller size resulting in an extra expenditure of Rs. 18,700. It was explained that as all the big-sized machines were fully engaged in printing other text books before the reopening of schools, this book had to be got printed through other available machines.

(iii) For the academic year 1964–65, 2.45 lakhs copies of V standard English text-books were printed, out of which 45,000 copies were printed in August, 1964. 56,000 copies valued at Rs. 36,400 were left unsold at the end of the year; these could not be used for the year 1965–66 due to revision of the syllabus. Government ordered in July, 1965 that these copies be distributed free to school libraries.

(iv) The selling agents appointed in 1960–61 for a period of one year on the basis of tenders were continued for the years 1961–62 and 1962–63 without calling for fresh tenders. Fresh tenders were invited only in 1963–64 and the selling agents appointed for that year have been continued for the subsequent years.

20. *Scheme for strengthening science laboratories.*—The object of this centrally-sponsored scheme is to strengthen the science laboratory equipment in secondary schools to a prescribed norm so that students may receive better and more practical instruction in science subjects. 1,253 schools were proposed to be covered by the scheme, which was to be implemented by the State Government

as a "crash programme" during 1964-65 and 1965-66 at a total cost of Rs. 25.06 lakhs. A sum of Rs. 6.93 lakhs was received by the State Government as provisional assistance for 1964-65 from the Government of India. 70 district board high schools were selected and the entire assistance of Rs. 6.93 lakhs was paid to the schools as grants in-aid in March, 1965. Of this, a sum of Rs. 3.05 lakhs remained unspent in January, 1966. The disbursement of the entire amount in March, 1965 would appear to have been made to avoid lapse of budget grant.

While the ceiling fixed by the Government of India was Rs. 2,000 for each school, the State Government allowed a grant of Rs. 10,000 per school. As the Government of India did not agree to provide assistance on the basis of the enhanced limit, the State Government ordered in June, 1965 that the grant to the schools should be limited to Rs. 4,000 and that the excess amount of Rs. 4.13 lakhs paid already to the board high schools during 1964-65 should be recovered and redistributed among other schools. The department is reported to be taking action to implement these orders (January, 1966). Sanction of Government for implementing the scheme during 1965-66 has not been accorded so far (January, 1966).

The assistance drawn from the Government of India during 1964-65 in excess of the ceiling of Rs. 2,000 per school totalling Rs. 5.50 lakhs requires to be refunded.

21. *Nugatory expenditure.*—A two-year post-graduate course in Nagaswaram and Thavil was started in 1961-62 at the College of Karnataka Music, Madras, with provision for training 18 candidates, who were to be paid a stipend of Rs. 30 each per mensem.

Eleven candidates were admitted to the first batch started in November, 1961. Three of these, discontinued the course; all the remaining eight failed in the final examination held in April, 1963.

The Chairman of the Board of Examiners observed in May, 1963 that these candidates had learnt "next to nothing in theory" and they "seem to have had a good time for two years at the expense of the Government". These trainees did not possess the minimum qualifications prescribed for admission to the course.

In the second batch started in August, 1962 also, none of the seven candidates admitted, possessed the minimum qualifications; one of them discontinued the course (April, 1963) and the remaining six, who took the examination were unsuccessful. The course was abolished from 1964-65.

The expenditure incurred on the pay and allowances of the teaching staff and stipends in respect of the two batches amounted to Rs. 23,200.

22. *Additional surgical units under the family planning scheme.*—The scheme for the payment of subsidy to selected private medical practitioners for performing vasectomy operations in Madras City was abolished in August, 1962 on the recommendation of the Co-ordinating Committee on Family Planning. With a view to meeting the anticipated increase in the number of operations conducted in the Government hospitals, five additional surgical units were opened in four Government hospitals in the City, in September, 1962. The total expenditure incurred on the pay and allowances of the additional units amounted to Rs. 1.53 lakhs upto August, 1965. The total number of operations performed by the regular and additional surgical units during the period from September, 1962 to August, 1965 in the four hospitals is indicated below :—

Year.	*Number of operations performed.* *Regular units.*	*Additional units.*
September, 1962 to March, 1963.	**7,924**	**10,495**
1963-64.	**1,132**	**1,535**
1964-65.	**2,694**	**4,585**
April, 1965 to August, 1965.	**1,303**	**1,452**

The fall in the number of operations during the years 1963-65 was attributed to the abolition of "the canvassing system" on payment of remuneration to canvassers with effect from the 1st April, 1963.

It will be seen that the total number of operations performed both by the regular and additional units during the full year 1963-64 (2,667) was far less than the number of operations (7,924) performed by the regular units alone during the seven months from September, 1962 to March, 1963. Similarly, the operations performed in 1964-65 by both regular and additional units were only 7,279. In view of the appreciable fall in the number of operations, the justification for the continuance of the additional units is not clear.

It is also noticed that in the Royapettah Hospital, Madras the staff sanctioned for the second additional unit are being employed eventhough the additional unit has not been opened. The expenditure on this staff upto August, 1965 was about Rs. 11,000. (This is included in the total expenditure of Rs. 1.53 lakhs referred to in the first sub-para).

FINANCE DEPARTMENT

23. *Old age pension scheme.*—In April, 1962, Government introduced a scheme for the grant of pension at Rs. 20 per mensem to old persons who have no means of subsistence and have no relatives to support them. Under the scheme, destitutes of 65 years of age and over and destitutes of 60 years of age and over who are incapacitated due to blindness, leprosy, insanity, paralysis or loss of limb, are eligible for pension. During the period from April, 1962 to June, 1965, 65,330 persons were sanctioned pensions; the total amount paid was Rs. 3,18.07 lakhs.

The rules require that enquiries regarding the eligibility of a person for pension should be made before the pension is sanctioned. In March, 1963, the Board of Revenue issued instructions for periodical verification by gazetted officers of the Revenue department of the correctness of the facts, based on which pensions had been sanctioned. Such verifications carried out during the period from April, 1963 to June, 1965 indicated that till June, 1965, pensions had been disbursed/continued in 3,151 cases to persons not eligible for pension under the scheme either because the enquiries made before sanctioning pensions were defective or due to changed circumstances. Further payment of pension in these cases was stopped. The total amount of inadmissible payment in 764 cases (for which details are available) worked out to Rs. 1.78 lakhs.

FOOD AND AGRICULTURE DEPARTMENT

24. *Scheme for sinking artesian wells.*—In March, 1958, Government sanctioned a scheme for sinking artesian wells in South Arcot district for tapping the underground water sources for irrigation purposes. The scheme was extended to Udayarpalayam taluk in Tiruchirappalli district in 1961-62. The wells were to be sunk by the Agriculture department and after completion handed over for maintenance to the Revenue department; water rate at Rs. 22.50 per acre per annum was recoverable from the beneficiaries.

(ii) During the period from October, 1958 to August, 1963, 140 wells in South Arcot district and 12 wells in Tiruchirappalli district were sunk at a cost of Rs. 24.47 lakhs as indicated below :—

District.	*Year of sanction.*	*Period of construction.*	*Number of wells.*	
			Sanctioned.	*Constructed.*
South Arcot ..	1958-59	December, 1958 to May, 1960.	50	50
	1959-60	May, 1960 to February, 1962.	50	50
	1961-62	March, 1962 to August, 1963.	40	40
Tiruchirappalli.	1961-62	July, 1961 to June, 1962.	50	12

Each batch of wells was to be constructed within one year of sanction; this was not adhered to and there was delay in completing the work. This resulted in the special staff engaged on the work being retained for longer periods, involving an additional expenditure of Rs. 1.76 lakhs. The delay was attributed to non-availability of drills and their spares and frequent breakdown of the drills in use.

(iii) Out of 140 wells in South Arcot district, ayacut has been fixed only in respect of 59 wells. The area irrigated by these 59 wells during the four years ended 30th June, 1963, fell short of the target and consequently there was shortfall in the revenue, as indicated below :—

Period.	*Target.*	*Area irrigated.*	*Shortfall percentage.*	*Shortfall in revenue.*
	(ACRES)			RS.
July, 1959 to June, 1960	2,550	1,509	41	28,619
July, 1960 to June, 1961	4,765	3,139	34	39,976
July, 1961 to June, 1962	4,765	3,009	37	39,112
July, 1962 to June, 1963	4,765	2,377	51	50,083

The target of irrigation has not been fixed for the remaining wells; the Director of Agriculture has stated (September, 1965) that, as assured supply of water could not be made, the question of fixing ayacuts has been deferred by the Revenue department. However, based on an estimated area of 50 acres per well, contemplated in the scheme, the shortfall in respect of 62 wells (for which details of area irrigated are available) worked out to 2,234 acres for the period from the 1st July, 1959 to the 30th June, 1963. The shortfall in financial return was Rs. 61,904.

(iv) The Assistant Director (Drilling), Chidambaram, reported in January, 1962 (when 100 wells had been sunk to the Director of Agriculture that there was decline in flow in all the wells already sunk; the sinking of further wells in South Arcot district was, however, continued pending investigation into the causes for the decline in the flow of water and during the period from January, 1962 to August, 1963, 40 wells were sunk at a cost of Rs. 7.07 lakhs. An investigation was conducted more than a year later, in June-July, 1963, by the Assistant Geologist, Government of India. In his report submitted to Government in May, 1964 the Assistant Geologist pointed out that the wells had not been properly spaced and that "mutal interference amongst the wells would have been the main cause for decline in yields and heads of flowing wells." Government ordered in January, 1965 the formation of co-operative lift irrigation societies to take over the non-flowing wells and other wells with low discharge, and to improve the yield by installation of pumps. No society has been formed so far (December, 1965).

25. *Intensive agricultural district programme.*—The scheme, which is jointly financed by the Ford Foundation, the Central and the State Governments aims at intensification of agricultural production in Thanjavur district by providing technical guidance, timely credit facilities and fertilisers.

The scheme was introduced in 1960–61; the entire cultivated area of 17.07 lakh acres was to be covered by the scheme by 1964-65. However, only 12.99 lakh acres were covered by the end of 1964–65 and the expenditure incurred amounted to Rs. 69.73 lakhs. As the entire area has not been covered, the scheme is being continued beyond 1964–65; the provision made for 1965–66 is Rs. 22.11 lakhs.

The following further points are mentioned in this connection :—

(i) The provisional figure of the average yield per acre as at the end of 1964–65 furnished by the Director of Statistics was 1,568 lbs. This represented only 19 per cent increase over the yield of 1,316 lbs. of the base year (1958–59) as against 40 to 60 per cent anticipated.

(ii) Short-term and medium-term loans totalling Rs. 5,31.23 lakhs (upto 1964–65) were disbursed by the co-operative banks to cultivators for meeting cultivation expenses. These loans have been guaranteed by the State Government in regard to repayment of principal and interest. A sum of Rs. 61.01 lakhs was overdue for recovery (July, 1965); out of this, Rs. 1·65 lakhs was over 2 years old.

26. *Calf rearing scheme.*—With a view to increasing the stock of good quality milch animals in the Madhavaram Dairy and Milk Project, Government sanctioned in May, 1961 a scheme for rearing, at Government cost, selected calves obtained from the cattle owners in the colony. The calves were to be taken over by the department free of cost and maintained till maternity upto a maximum period of 36 months after which they were to be sold to the owners at a reasonable price.

During the period from August, 1961 to July, 1964, 244 calves were admitted to the scheme. The total expenditure incurred upto March, 1965 amounted to Rs. 4.05 lakhs as indicated below :—

		(In lakhs of rupees)
Maintenance charges	.. ..	1·30
Establishment charges	.. ..	0·34
Construction of sheds	.. ..	2·41
Total	..	4·05

The actual expenditure on maintenance of the calves worked out, on an average, to Rs. 25 per mensem per calf, as against the estimated cost of Rs. 15 per mensem fixed in 1960. This was attributed by the Milk Commissioner to increased cost of cattle feed, fodder, etc. Due to difficulty in disposing of the animals on account of increased cost, further admission of calves to the scheme was stopped from July, 1964.

Out of 244 calves taken up for rearing, 40 calves (maintenance cost—Rs. 7,393) died. 85 calves (maintenance cost—Rs. 35,969) were sold to the owners, 24 after recovering the full cost of Rs. 3,644 and the remaining 61 subject to recovery of the cost in instalments by deduction from the payments due to them for milk supplied by them; the amount recovered to end of June, 1965 was Rs.10,102. 10 calves (maintenance cost—Rs. 8,970) were disposed of in public auction at a loss of Rs. 5,364.

Out of 109 calves left in the colony as at the end of June, 1965, 40 have become overdue for sale. The expenditure incurred on the maintenance of these animals reckoned from the date fixed for their sale till June, 1965 amounted to Rs. 15,425. With a view to inducing the owners to take back the animals, Government have permitted the sale of the animals to the owners at a subsidised price, viz., after allowing a subsidy at Rs. 10 per calf per month for the period they were reared by Government.

Out of 95 animals disposed of, only 29 were retained by the owners in the milk colony. The original anticipation that the scheme would result in a substantial addition to the stock of milch animals in the colony has thus not been achieved.

27. *Calf subsidy scheme.*—This scheme was introduced in 1956 mainly with a view to securing good breeding bulls for use in departmental key village extension centres by giving incentive to cattle owners to rear their calves to maturity. Under the scheme, owners of selected calves are paid a subsidy of Rs. 10 per calf per month for a maximum period of 30 months. On maturity of the calves Government have the first preference for their purchase.

During the period from 1956–57 to 1964–65, a total subsidy of Rs. 32.87 lakhs was paid for 11,245 calves.

The object of the scheme to secure good breeding bulls for use in departmental key village centres has been achieved only to a limited extent, as only 40 per cent of the requirements could be met from the calves subsidised under the scheme; out of 8,245 calves for which subsidy amounting to about Rs. 29.12 lakhs was given till maturity (1964–65), only 1,426 were purchased. The department has stated that many of the mature calves were found unfit for breeding purposes.

According to the information furnished by the department, about 15 per cent (454) of the calves admitted during 1963–64 and 1964–65 alone, were found unfit for further maintenance and subsidy was discontinued in these cases. The subsidy already paid in these cases was Rs. 33,472 ; apparently this expenditure did not serve the intended purpose.

28. *The Livestock farm, Ootacamund.*—This dairy farm which was being run by the Ootacamund Municipality was taken over by Government in September, 1961 (on payment of its cost Rs. 1.28 lakhs). It was anticipated that the cost of maintenance of the farm could be met from the receipts realised by sale of milk and other farm products. This anticipation was not, however, realised; while the maintenance expenditure during the period from September, 1961 to March, 1965 was Rs. 6.10 lakhs, the receipts amounted to Rs. 2.85 lakhs only. The increase in the expenditure was attributed to the increase in the cost of maintenance, cost of fodder, etc.

The following other points were noticed in connection with the working of the farm :—

(i) In May 1962, 50 cows and 50 she-buffaloes of murrah-breed were purchased at a cost of Rs. 1.05 lakhs to meet the increased demand for milk. In February, 1964, the Superintendent of the farm reported to the Director of Animal Husbandry that the maintenance of these animals was uneconomical as their yield was poor and that there was no demand for buffaloes' milk. All the 43 buffaloes (which had survived out of the 50 purchased in May, 1962) were then transferred in April, 1964 to the livestock farm at Tirunelveli.

(ii) The surplus milk that could not be sold was supplied for feeding the calves. During the period from April, 1962 to September, 1964, 1,62,768 litres of milk were issued for feeding the calves; this represented 30 per cent of the total yield of milk. Individual calf-feeding account to verify the correctness of issues of milk was not maintained during the period. Such an account is stated to be maintained now (December, 1965).

(iii) Dairy equipment and machinery (valued at Rs. 15,456) purchased between January, 1962 and March, 1963 for introducing bottling system could not be put to use, due to delay in construction of additional buildings ; these were transferred in August, 1964 to the Hosur cattle farm.

(iv) During the year 1962–63 there was heavy mortality of livestock, the value of 102 animals which died being Rs. 10,200. The Superintendent of the farm reported to the Director of Animal Husbandry in December, 1963 that want of proper and adequate accommodation and seasonal conditions contributed to the mortality.

(v) The Ootacamund Municipality has been collecting cow-dung and farm manure from the dairy since September, 1961, but the terms of supply have not yet been finalised. The estimated value of the supply is about Rs. 46,000 upto December, 1965 ; no amount has been collected so far (January, 1966).

29. *Scheme for salvage of dry cows.*—(i) The object of the scheme (which has been functioning from 1944 onwards) is to prevent the cows (which are fit for further breeding) from being sold by the owners "for reasons of economy and want of space after they become dry". Dry cows are admitted in the salvage farm at Alamadhi on payment of the prescribed fees for maintenance, and returned to the owners after calving. The Central Council of Gosamvardhana has been giving grants from 1960-61 to meet 50 per cent of the net expenditure on the scheme, subject to a maximum of Rs. 7,500 per annum.

The average number admitted during the period from April, 1959 to March, 1965, was about 250 per year. The expenditure incurred during this period was Rs. 13.01 lakhs as shown below :—

	(IN LAKHS OF RUPEES).
Pay and allowances of staff, mazdoors and menials.	3·53
Other charges (cost of cattle feed, repairs and upkeep of van, transport, etc.).	9·48

The receipts, mainly salvage fees collected from the owners at the rate of Rs. 10 to 12 per month per animal and grants from the Central Council of Gosamvardhana, amounted to Rs. 1.62 lakhs.

(ii) The average expenditure incurred by the department on the maintenance of the animals (excluding the pay and allowances of staff and other overhead expenses) ranged from Rs. 23 in 1959–60 to Rs. 32 in 1963–64 per animal per month. It was stated that the increase in the cost of maintenance was mainly due to purchase of cattle feed and "concentrates" in large quantities from the open market owing to the non-availability of adequate fodder in the farm. Out of an area of 1,000 acres available in the farm for raising fodder, an area of 350 acres only has so far been brought under cultivation. This was attributed to lack of adequate water supply. A scheme sanctioned by Government as early as in April, 1956 for providing water supply is still to be implemented. In this connection it was observed that the estimates for the work were approved by the Public Works department in February, 1960 after a delay of about four years. The work was not undertaken and in June, 1965, a revised administrative sanction of Government was obtained for constructing a single well with a larger diameter instead of 2 wells originally contemplated.

Five borewells which were sunk in 1958 at a cost of Rs. 20,000 remained unused till 1963, for want of power supply to work the pumpset and were subsequently abandoned.

The draft paragraph was sent to Government in December, 1965 ; their reply is awaited (February, 1966).

30. *Loss.*—Mention was made in paragraph 21 of the Audit Report, 1963 about loss on account of heavy mortality of Bikaner sheep purchased in 1959-60 from Rajasthan ; one of the reasons attributed for heavy mortality was change in environment and climatic conditions.

Between February, 1963 and April, 1963, 150 Magra rams were purchased from Rajasthan for the Sheep and Wool Extension Centre at Tiruvannamalai. The total expenditure towards their cost and transport charges was about Rs. 9,200. Out of these rams, 4 died while in transit and 144, within three to four months of their arrival. Only one ram is reported to be now alive (July, 1965). The heavy mortality was attributed by the Veterinary Disease Investigation Officer (Sheep and Goats), to the environmental changes, malnutrition, etc.

31. *Scheme for supply of improved fishing boats.*—Under the scheme, mechanised fishing boats are supplied to fishermen in groups or through co-operatives, at subsidised rates. The cost is recoverable in 60 instalments spread over a period of seven years. Some points in connection with the working of the scheme were mentioned in paragraph 24 of the Audit Report, 1963. The following further points have since been noticed in audit :—

(i) *Delay in utilisation of boats and other equipment.*—(1) Against the target of 364 boats for the four years from 1961-62 to 1964-65, 231 boats were constructed, the total expenditure incurred during this period being Rs. 75.09 lakhs. The shortfall in construction of boats was attributed mainly to delay in completion of the departmental boat building yard at Royapuram and in procuring the engines. Out of 231 boats constructed, 166 boats had been distributed to fishermen and 8 boats retained for departmental use.

(2) 7 engines purchased in 1962 at a cost of Rs. 61,725 for being fitted on 25 foot boats are lying unutilised (November, 1965), as the department has stopped construction of this type of boats from 1963-64.

(3) Out of 60 trawl winches purchased in September, 1964 at a cost of Rs. 0.99 lakh, only 8 winches have been so far fitted to the boats (November, 1965). A further purchase of 42 winches was made in May, 1965 for Rs. 73,000.

It is seen from a report of the stock verification officer that the hire purchasers do not prefer the winches being fitted to the boats.

(4) 9 boats seized from fishermen between July, 1957 and July, 1963 due to default in payment of hire-purchase instalments, still (October, 1965) remain to be disposed of. 7 of these are stated to be under repairs.

(ii) *Other points.*—(1) The annual verification of stores in the boat building yard in the Marina was not conducted by the department since its establishment in 1956. The physical verification conducted in June 1965, by the Stock Verification Organisation under the control of the Examiner of Local Fund Accounts indicated shortages and excesses of stores to the extent of Rs. 19,200 and Rs. 12,300 respectively. These are awaiting investigation and regularisation (January, 1966).

(2) As at the end of March 1965, the overdue hire-purchase instalments amounted to Rs. 4.51 lakhs; of this, a sum of Rs. 0.89 lakh was in arrears for over two years.

(3) Hire-purchasers of 31 boats (valued at Rs. 4.83 lakhs) have not renewed the annual insurance policies against loss or damage (August, 1965), although this is required under the terms of the agreements.

32. *Poor utilisation of fish curing facilities.*—48 'pucca'' fish curing sheds, rooms and 64 tubs were constructed in the existing fish curing yards in four districts between August, 1962 and January, 1965, at a cost of Rs 1.81 lakhs. From the information furnished by the Director of Fisheries in September, 1965, it is seen that the sheds/rooms and tubs remain mostly unutilised due to lack of demand. During the period from June, 1962 to August, 1965, rent amounting to Rs. 359 only was recovered as against the total amount of Rs. 11,229, which would have been realised if the sheds/rooms and tubs had been fully utilised :—

Name of Division.	*Number of sheds/ rooms.*	*Number of tubs.*	*Remarks.*
Tuticorin	18 (sheds)	36	6 sheds and 12 tubs have never been let out since they were constructed in June, 1962, while the remaining have been used only occasionally.
Thanjavur	4 (sheds)	4	One shed remains unused since it was constructed in July, 1963. The utilisation of the other units has also been only about 16 per cent.
Chingleput	2 (sheds)	24	All the sheds and tubs remain unused since they were constructed during November, 1963 to June, 1964.
Ramanathapuram.	24 (rooms)	..	All the rooms which were ready for occupation from September—December, 1964 remain unutilised.

Besides, out of 20 rooms in the fish curing yard at Enayamputhenthurai, Kanyakumari district (which were taken over in

November, 1956 from the former Travancore-Cochin State), 16 rooms are lying vacant. The loss of rent upto August, 1965 works out to about Rs. 8,480.

33. *Scheme for improving production, distribution and hygienic handling of milk by the Madras Co-operative Milk Supply Union.*—Under this scheme, financial assistance amounting to Rs. 4.02 lakhs (loan—Rs. 1.60 lakhs and subsidy—Rs. 2.42 lakhs) was disbursed in March, 1960 to the Madras Co-operative Milk Supply Union for meeting the cost of installation of a chilling plant at Singaperumalkoil, purchase of a milk collecting van, a bottle washing and filling machine, and 12 lambrettas and for establishment of 10 depots with 'drop-in-milk' coolers.

The object of the assistance has not been achieved so far (October, 1965). The chilling plant constructed in April, 1962, at a cost of Rs. 1.53 lakhs has not yet been commissioned. It has been stated that the plant could not be commissioned for want of adequate supply of milk and that attempts of the Union to tap new sources of supply in the area were not successful due to competition from private traders. The location of the chilling plant would thus appear to have been decided without adequate preliminary investigation, resulting in building, machinery, etc., valued at Rs. 2.25 lakhs lying idle for over five years. The department stated in October, 1965 that the Union had not been responsive to its suggestions intended for improving the operational efficiency.

The loan is recoverable in 10 annual instalments commencing from March, 1961. The union has not paid so far (February, 1966) any amount towards the five instalments of principal and interest amounting in all to Rs. 1.03 lakhs which fell due by March, 1965.

34. *Scheme for installation of pasteurisation plants.*—Financial assistance amounting to Rs. 22.65 lakhs (loan—Rs. 12.97 lakhs, subsidy—Rs. 9.68 lakhs) was disbursed to Tiruchirappalli-Srirangam and Thanjavur Co-operative Milk Supply Unions during the period from March, 1962 to March, 1965 for installation of pasteurisation plants. According to the programme drawn up by the department, the civil works were to be completed and the plants commissioned by March, 1963 and October, 1964, respectively. The plant at Tiruchirappalli has not been commissioned so far (November, 1965) as the well water available has been found to be unfit for use. After testing the samples, the Chief Water Analyst reported in November, 1964 that arrangements should be made for softening and chlorinating the water to 'ensure hygienic safety'; an order for the supply of a water-softening plant with chlorination unit has been placed in August, 1965. The buildings in respect of the plant at Thanjavur are still under construction (December, 1965).

Particulars of the original estimated cost, the anticipated final outlay, etc., in respect of the two schemes are given below :—

	Tiruchirappalli Srirangam Scheme.	*Thanjavur Scheme.*
	(IN LAKHS OF RUPEES.)	
(i) Original estimated cost (for installing one main plant with 2 chilling stations).	12·00 (Sanctioned in October, 1961).	12·00 (Sanctioned in March, 1963).
(ii) Revised estimated cost (for installing one main plant with one chilling station).	16·50 (Approved in October, 1963).	19·43 (Approved in March, 1965).

It will be seen that there has been considerable increase in the estimated cost despite the reduction in the number of chilling stations from 2 to 1. It has been stated that this is mainly due to—

(i) rise in the cost of materials and labour since the estimates were originally prepared in 1958–59, and ,

(ii) provision for imported equipment instead of equipment of indigenous manufacture included in the original estimates.

The upward revision of the estimated cost has made the State Government liable for payment of additional assistance of Rs. 14.67 lakhs (loan—Rs. 7.34 lakhs, subsidy—Rs. 7.33 lakhs).

The recovery of equated annual instalments of loan given to the societies commences from the fourth year of drawal of the loan, but interest is recoverable during the interim period. As in November, 1965, a sum of Rs. 97,110 was overdue for recovery towards interest from the two societies; of this, a sum of Rs. 12,705 was in arrears for over two years and Rs. 34,205 for over one year. The request of the Tiruchirappalli–Srirangam Co-operative Union for the waiver of interest is reported to be under consideration by the Milk Commissioner (November, 1965). .

35. *Scheme for cultivation of green manure crops in forest areas.*—With a view to augmenting the supply of green manure seeds required by the Agriculture department, Government sanctioned in August, 1960, a pilot scheme for producing green manure seeds in forest lands. According to the orders of Government, the scheme was to be implemented over an area of 50 acres only in five forest ranges at a cost of about Rs. 39,250 (cultivation expenses—Rs. 3,250 and cost of well, oil engines, pumpsets and their maintenance—Rs. 36,000).

The scheme was, however, implemented over an area of 3,930 acres during the period from 1960–61 to 1962–63 without obtaining the sanction of Government; it was wound up in May, 1963 after incurring an expenditure of Rs. 3.83 lakhs, as the results were not considered satisfactory.

The department had estimated the annual yield per acre as 300 lbs.; the actual yield during the period 1960–61 to 1962–63 was, however, only 37 lbs. (total 1.46 lakh lbs. as against the estimate of 11.79 lakh lbs.) indicating a shortfall of 88 per cent. Particulars of acreage covered, estimated and actual yield during the three years are given below :—

Year.	Acreage covered.	Estimate.	Actual.	Shortfall percentage.
		(YIELD IN LBS.)		
1960-61 ..	563	1,68 900	30,395	82·0
1961-62 ..	1,563	4,68,900	30,897	93·4
1962-63 ..	1,804	5,41,200	84,752	84·3
Total ..	3,930	11,79,000	1,46,044	88·00

The poor results were attributed by the department to lack of irrigation facilities in the areas chosen for implementing the scheme and non-availability of suitable forest lands. The quantity of seeds sown was 60 per cent less than the prescribed scale of 25 lbs. per acre; this indicates that the cultivation was less intensive.

The shortfall in the yield has led to increase in the cost of raising seeds. As against the estimated cost of Rs. 65 for 300 lbs. of seeds in one acre (excluding capital expenditure on wells, pumpsets and their maintenance and establishment charges), the actual cost was Rs. 590.

While ratifying the expenditure of Rs. 3.83 lakhs on the scheme in October, 1964, Government observed as follows :—

" In view of the fact that the scheme had not yielded results in 1960–61 commensurate with the expenditure involved, the Government consider that the action of the Chief Conservator of Forests in having continued the scheme beyond that year was not appropriate. He could have either stopped further cultivation or reduced the acreage of cultivation in the subsequent years, which would have reduced the total loss on the venture. As the expenditure incurred during the subsequent years is a *fait accompli*, though not on a fruitful venture, the Government approve of the expenditure on the scheme."

They also called for a report in the matter of (a) effecting token recovery from the persons responsible for the loss sustained on the scheme, (b) enhancing the price of any other forest produce for a limited period to offset the loss; and (c) disposal of assets.

This report has not been submitted to Government so far (December, 1965).

The draft paragraph was sent to Government in July, 1965; their reply is awaited (February, 1966).

36. *Avoidable expenditure.*—The scheme for planting rubber in Nagercoil envisaged complete uprootal of weeds which grew around rubber plants. During the period 1960–62, however, the weeds were not completely uprooted, but were only cut; the cutting method proved ineffective as the weeds started growing vigorously and smothered the parent rubber crop. Complete uprootal of weeds was undertaken during 1963 at a total cost of Rs. 1.55 lakhs. If the weeds had been completely uprooted even in the first instance, bulk of the expenditure of Rs. 47,200 incurred on cutting operations could have possibly been saved. The General Manager of the Plantations stated (July, 1965) that eventhough it was known that the weeds required " drastic treatment, the amounts sanctioned were insufficient to carry out that type of work ".

HOME DEPARTMENT

37. *Infructuous expenditure.*—Under the Harijan Housing Scheme, 20 houses were constructed in March 1961, at Arungulam village in Tirunelveli district at a cost of Rs. 15,000; of this cost a sum of Rs. 11,000 was sanctoned as subsidy and the balance Rs. 4,000 as interest-free loan, recoverable from the beneficiaries in 80 equal monthly instalments.

19 houses collapsed soon after construction during 1961 itself before they could be occupied by the beneficiaries and the remaining one house was also vacated in 1964. The District Welfare Officer, who inspected the houses more than three years later in May, 1964 noticed that the construction had been faulty. At his instance, the Divisional Engineer (Highways), Tuticorin inspected the houses in August, 1964 and he reported that—

(a) the damage was due to hasty execution and inferior quality of the lime mortar used; and

(b) the houses were beyond ordinary repairs.

The cost of reconstruction was estimated by the Divisional Engineer at Rs. 24,000; final orders on the proposals submitted in this regard by the Collector in September 1964 to the Director of Harijan Welfare are awaited (February, 1966).

Departmental proceedings are reported to have been instituted by the Collector for " improper supervision " by the Minor Irrigation Overseer and the Tahsildar in charge of execution of the work (April, 1965).

Out of the loan of Rs. 4,000, a sum of Rs. 250 has been recovered so far from the beneficiaries and the recovery of the balance is stated to have been stopped, as there were protests against further collection of loan dues.

The draft paragraph was sent to Government in October, 1965; their reply is awaited (February, 1966).

INDUSTRIES, LABOUR AND CO-OPERATION DEPARTMENT

38. *Common lease shop.*—A Common Lease Shop was established in 1958 at the Industrial Estate, Guindy with the object of leasing specialised workshop machinery to the industrial units located in the Estate. The unit started functioning in August, 1958 with 31 machines (value not assessed by the department) received as gift from the Technical Co-operation Mission. 11 more machines were subsequently purchased at a cost of Rs. 1.46 lakhs and 4 (value about Rs. 0.16 lakh) were received on transfer from the Cottage Industries Research Institute. The recurring and non-recurring expenditure incurred on the unit upto March, 1965, amounted to Rs. 8.18 lakhs.

The receipts of the unit (1958–59 to 1964–65) by way of hire charges of the machinery lent to the industrial units have fallen short of the direct expenses and overhead charges (including interest on capital, depreciation, etc.) of the machinery by Rs. 2.73 lakhs, as indicated below :—

Period.	*Direct expenses and overhead charges.*	*Amount recovered.*	*Shortfall.*	*Percentage.*
	RS.	RS.	RS.	
1958–59 to 1961–62,	1,45,560	35,609	1,09,951	76
1962–63	95,608	49,058	46,450	49
1963–64	96,000	36,519	59,481	62
1964–65	1,02,000	44,736	57,264	56
Total ..	4,39,168	1,66,022	2,73,146	62

The heavy shortfall was due to poor utilization of the machines on account of lack of demand from private industrialists, breakdown of machines, etc. As against the total of 85,892 working hours (taking into account only the serviceable machinery) available during the period from 1962–63 to 1964–65 the machines worked for only 46,477 hours, as indicated below :—

Period.	*Total number of working hours.*	*Number of hours worked.*	*Idle hours.*
1962–63	24,223	11,097	13,126
1963–64	35,085	18,957	16,128
1964–65	26,584	16,423	10,161

Out of 46 machines acquired by the unit, only 15 were in use in July, 1965, 16 were lying idle and the others had either been auctioned or transferred to other departmental units.

The Public Accounts Committee (1960–61) had recommended that Government should lay down the appropriate period after which a small industrial unit would work without loss; Government ordered in April, 1962 that service units (like the Common Lease shop, Guindy) were not expected to run on commercial basis even after a period of time, but the machines in the units should be worked to full capacity within a period of five years.

39. *Delay in commissioning saw mills and consequent idle investment, etc.*—With a view to meeting the requirements of timber by the departmental industrial units, Government sanctioned in 1959–60, the setting up of four saw mills at Guindy, Pettai, Pollachi and Kargudi. Later in June, 1963 based on the proposals submitted by the Director of Industries and Commerce, Government ordered that the location of the mill sanctoned for Pettai might be shifted to Nagercoil and that the setting up of a mill at Guindy might be kept in abeyance. The saw mills in these places have not ben commissioned even after a lapse of two years; while the construction of the buildings for the mill at Nagercoil was reported to be nearing completion (August, 1965), the work had not been taken up in Pollachi and Kargudi. Owing to the delay in commissioning the departmental saw mills—

(*a*) the sawing and other machines (valued at Rs. 2 lakhs) purchased between February, 1963 and December, 1963 were lying idle; and

(*b*) the sawing of timber logs was continued to be arranged through private saw mills; the amount paid to private saw mills during 1963–64 was about Rs. 1.18 lakhs.

40. *Working of a model spinning unit.*—A pilot scheme for introduction of 100 "16 spindle model" spinning units (designed by a private entrepreneur) in rural areas of Coimbatore district was implemented in March, 1957, with a view to finding out how far these units could improve the earning capacity of the spinners. The scheme contemplated training of selected spinners and distribution of the units to them for being worked at their homes (the ownership of the units being retained by Government).

The scheme was to be run only for a period of 10 months. It was actually run for over seven years and was eventually abandoned in April, 1964. The total expenditure incurred on the scheme amounted to Rs 4.87 lakhs as indicated below :—

	(IN LAKHS OF RUPEES)
Pay and allowances of staff	1·59
Cost of spinning units and accessories	0·43
Subsidy to co-operative societies	1·18
Other charges (such as wages to spinners, raw materials, etc.)	1·67

Certain particulars relating to the working of the scheme and the circumstances in which it was eventually abandoned are mentioned below :—

(i) 26 units were distributed to weavers during the period from April, 1957 to December, 1957; the weavers were paid fixed wages and were required to produce and supply yarn according to the quantity fixed by Government. The working of the units by the weavers was not found successful; the department considered (December, 1959) that the weavers were not enthusiastic in working the units and that the cost of production of the yarn far exceeded the market rates due to high rates of wages paid to the weavers. The expenditure incurred on the pay and allowances of departmental staff, wages, raw materials, etc., was Rs. 2.72 lakhs upto December, 1959 (the receipts realised by sale of yarn during the same period amounted to Rs. 0.42 lakh), when Government decided that the unit should be worked by selected co-operative societies which would be given subsidy to meet the cost of staff and contingencies and difference between cost of production and market price of yarn in case of loss.

(ii) The spinning units were entrusted to two co-operative societies at Erode and Tiruchengode in February, 1960. These societies worked the units only for three and six months, respectively, as the members evinced no interest in working them. The subsidy paid by Government (including the cost of departmental staff lent to the societies free of cost) amounted to Rs. 49,000.

(iii) In January, 1961, it was decided that the full potentialities of the "16 spindle" spinning units could be exploited only if these units were converted into "32 spindle" units. In April, 1961 the units were converted into 32 spindle units at a cost of Rs. 6,500 and handed over to two weavers' co-operative societies at Tiruchengode and Kavandapadi; Government also undertook to provide free services of supervisory staff. These societies too stopped working the units in January, 1962, after operating them intermittently. The failure of the societies to work the units was attributed to—

(a) lack of interest on the part of the members to take spinning as a wholetime occupation;

(b) non-availability of cotton at competitive prices as the societies were not situated in cotton-growing areas; and

(c) high wages paid to spinners.

Although the societies stopped working the units in January, 1962, the special staff was continued to be employed till August, 1962. The expenditure on this staff during April, 1961 to August, 1962 amounted to Rs. 0.67 lakh; of which, the expenditure of Rs. 0.32 lakh was incurred after January, 1962.

(iv) The Additional Secretary to Government who went into the working of the scheme suggested in March, 1962, that the units should be located in cotton-growing areas where the wage levels were low and where there was no scope of alternative employment, so that the spinners would take to spinning as a wholetime occupation. The units were handed over in September, 1962 to a composite spinning-*cum*-weaving industrial co-operative society at Kannammapalayam which started functioning in November, 1962. The society functioned for about one year and has been dormant since November, 1963. During the period from September, 1962 to November, 1963, the society received the following financial assistance from Government :—

(a) free services of supervisory staff (estimated cost—Rs. 24,100);

(b) loan of Rs. 83,750 for meeting 50 per cent of the cost of the units, working capital, etc.; and

(c) subsidy of Rs. 69,200 for meeting the balance cost of the units, cost of accessories, contingencies, etc.

In December, 1963, a technical expert was asked to "inspect, evaluate and advise" on the working of the society. Based on his report, the Director of Handlooms reported to Government in February, 1964, that due to high wage level prevailing in the locality, "low productivity and inefficiency of the spinning units", they could not be worked economically. Government ordered in April, 1964 the winding up of the society. The assets of the society have not yet been disposed of and the entire loan of Rs. 83,750 is pending recovery (June, 1965).

The draft paragraph was sent to Government in August, 1965; their reply is awaited (February, 1966).

41. *Accelerated training programme.*—With a view to meeting the shortage of technical personnel in defence establishments and factories engaged in defence production, a short-term programme for training craftsmen in various engineering trades for six months was introduced by the Government of India in November, 1962. The expenditure on the scheme was to be borne by the Central and the State Governments in the ratio of 60 : 40. Two batches were trained for a period of six months each from February, 1963 and August, 1963, respectively. In the first batch, 1,057 civilians were trained at a total cost of Rs. 5.12 lakhs (recurring—Rs. 2.86 lakhs and non-recurring—Rs. 2.26 lakhs); the further continuance of the scheme of training civilians was stopped for the reasons that (i) it was not possible to turn out craftsmen with a reasonable standard of skill within a short period of six months; and (ii) the ordnance factories had no use for trainees who had undergone only six months' training. In the second batch, 288 soldier-trainees were trained at a total cost of Rs. 0.49 lakh (recurring : Rs. 0.35 lakh and non-recurring : Rs. 0.14 lakh). Even this limited scheme of training only soldiers was discontinued as the Defence department intimated that they would not need training facilities in the State institutions.

The object of the scheme to train craftsmen within a short time to meet the defence requirements was thus not achieved.

The value of tools and equipment (purchased for this scheme) held at the various training institutions on the closure of the scheme was Rs. 2.39 lakhs.

42. *High cost of training.*—Under the scheme for development of pottery industry, three training centres were started at Tiruvallur, Usilampatti and Panrutti Development blocks in 1958–59 with provision for training 15 persons a year in each centre.

The training centre at Tiruvallur block functioned for a period of six years and was closed in February, 1964. During this period, only 37 persons could be trained as against 90 stipulated to be trained. It has been stated that adequate number of artisans was not available in the locality. The total direct and indirect expenditure on the centre (comprising stipends to trainees, pay and allowances of training staff and cost of materials, depreciation, etc.) amounted to Rs. 1.04 lakhs. The cost per trainee varied from Rs. 1,733 to Rs. 4,684 as against the estimated cost of Rs. 1,235, as indicated below :—

Year.	*Number of trainees.*	*Cost per trainee.*
		RS.
1958–59	7	1,733
1959–60	8	2,106
1960–61	8	2,481
1961–62	4	4,684
1962–63	4	4,047
1963–64	6	3,412

Government have stated (December, 1965), that the building and equipment belonging to this unit are used by the Glazed Pottery Unit located in the same place and that proposals for the disposal of the other assets of this defunct unit are awaited from the Khadi Board.

There has been shortfall in the number of trainees in the other two centres at Panruti and Usilampatti also. Some particulars of the working of these centres are given below :—

	Panruti.	*Usilampatti*
	(Target : 15 trainees per year).	
Period ..	1959–60 to 1963–64 (unit was closed in February, 1964)	1958–59 to 1964–65.
	Rs.	Rs.
Total expenditure ..	69,554	90,596
Total number trained	33	47

43. *Weavers' housing scheme.*—This scheme sponsored by the All-India Handloom Board, is intended to improve the living standards of weavers by providing them with better house-*cum*-work-spots. The scheme is implemented by the State Government through Weavers' Co-operative Societies and is financed out of loans and subsidies received from the Government of India.

During the years 1961–62 and 1962–63, 11 schemes were sanctioned and till the end of March, 1965, a total amount of Rs. 32.60 lakhs (loan—Rs. 25.88 lakhs and subsidy—Rs. 6.72 lakhs) was disbursed to 11 societies for constructing 578 houses. No new scheme was sanctioned by the State Government after 1962–63 due to national Emergency.

The following points were noticed in this connection :—

(i) The houses were to be completed within 12 months of the receipt of first instalment of the loan. 6 societies which received a total assistance of Rs. 17.15 lakhs (loan—Rs. 13.59 lakhs and subsidy—Rs. 3.56 lakhs) to end of February, 1965, completed the construction of houses after delays extending upto 2½ years. The slow progress of work was attributed to delay in land acquisition, non-availability of building materials, etc. In one of these cases, the first instalment of the loan (Rs. 90,000) was disbursed in March, 1961, while land was acquired more than a year later in November, 1962.

(ii) In 13 out of 50 houses constructed in March, 1964 by the Arni Silk Weavers' Co-operative Society at a cost of Rs. 2.95 lakhs, cracks and leakages were reported by the President of the society in October, 1964. An inspection of these houses in December, 1964 by the departmental staff indicated that the original foundation needed to be strengthened. The society has been asked (January, 1965) to carry out necessary repairs and improvements.

(iii) The limit of the assistance admissible, viz., Rs. 5,000 per house fixed from April, 1961 was reduced to Rs. 3,600 per house from September, 1962 and the collection of a voluntary contribution of Rs. 350 per house or 10 per cent of the sanctioned cost, whichever is higher, was stipulated. Two societies which had been paid assistance during 1960–61 and 1961–62 at the rates in force before September, 1962 started construction of houses in February, 1963 and April, 1963 only. According to rules, the assistance in these cases was to be regulated with reference to the rates enforced from September, 1962 and the excess amount of assistance (Rs. 1.69 lakhs) recovered. This was not done. The Government of India refused to meet the additional commitment of Rs. 1.69 lakhs in these two cases on the ground that ' the schemes did not warrant to be treated as special or exceptional cases ". Consequently the expenditure was borne by the State Government.

(iv) According to the demand, collection and balance statement submitted to Government in April, 1965 by the Director of Handlooms, a sum of Rs. 4·73 lakhs was due for recovery from 36 co-operative societies in respect of demands raised upto the 31st December, 1964 towards instalments of loans and interest.

44. *Subsidised industrial housing scheme—Co-operative projects.*—Under the scheme, financial assistance to the exent of 90 per cent of the cost of tenements (65 per cent as loan and 25 per cent as subsidy) is paid to co-operative societies for distribution among their members towards the cost of construction of tenements. The loan, with interest, is recoverable in 25 equal annual instalments. During the period from 1956–57 to 1964–65, a total amount of Rs. 72.39 lakhs (Rs. 54.83 lakhs as loan and Rs. 17.56 lakhs as subsidy) was disbursed to 22 societies for constructing 1,943 tenements.

Inspection by the departmental officers in September, 1964 of 139 houses constructed by the Kovilpatti Loyal Textile Mills Industrial Housing Co-operative Society at a cost of Rs. 5.79 lakhs indicated leakages in all the houses; the leakages were attributed to non-adoption of the prescribed specifications for terrace work. The cost of repairs, which are yet to be carried out (September, 1965), has been estimated at Rs. 40,000.

As at the end of June, 1965, a sum of Rs. 2.08 lakhs was overdue for recovery towards instalments of loan and interest; of this, a sum of Rs. 26,418 was in arrears for over a year.

According to the rules for the allotment of houses constructed under the scheme, no worker is allowed to sublet a house allotted to him. From the particulars furnished by the Deputy Registrars of Co-operative Societies, it is seen that as in August, 1965, 151 tenements (out of 319 tenements constructed by four co-operative societies with a total financial assistance of Rs. 11.40 lakhs from Government) have been sublet by the workers. The department has reported (August, 1965) that action for the cancellation of the allotments in these cases is being taken.

The draft paragraph was sent to Government in October, 1965; their reply is awaited (February, 1966).

45. *Assistance to co-operative societies.—A. Farming societies.*—(*i*) A co-operative joint farming society at Pudupatti (Ramanathapuram district) was given financial assistance of Rs. 22,090 by Government (loan—Rs. 14,500 and subsidy—Rs. 7,590) between March 1961 and December, 1964. Government ... guaranteed cash credit accommodation from the District Co-operative Central Bank upto a maximum of Rs. 15,000.

In March, 1965, the balance of loan amount payable by the society to Government stood at Rs. 11,200 of which, a sum of Rs. 3,800 was overdue for recovery from March, 1964. In addition, the society owed to the District Co-operative Central Bank a sum of Rs. 32,000. The society has incurred upto March, 1965 a net loss of Rs 29,500 in its working, which has been attributed by the Registrar of Co-operative Societies to poor fertility of soil failure of monsoon and lack of irrigation facilities.

Loans and subsidies amounting to Rs. 4,420 paid in March, 1962 and December, 1964 for construction of cattle sheds and purchase of implements have remained unutilised (September, 1965).

Out of the loan of Rs. 4,000 paid in March, 1961 for the purchase of 10 pairs of bulls, a sum of Rs. 3,763 was spent by the society for purchase of 6 pairs of bulls. A sum of Rs. 1,600, being the loan amount utilised in excess of the scale admissible (Rs. 1,363) and the unspent balance of loan (Rs. 237) are recoverable from the society.

(ii) The Muthanampatti-Pudur Co-operative Joint Farming Society (Madurai district) which was started in October, 1960 was given financial assistance of Rs. 34,750 by Government during 1960–61 by way of—

(*a*) services of a senior inspector of co-operative societies and an agricultural fieldman (subject to recovery of cost) for two years from October, 1960 (expenditure—Rs. 9.071);

(*b*) loan of Rs. 27,100 and subsidy of Rs. 7,650 towards share capital, reclamation of land, purchase of bullocks, oil engines, etc.

Government also guaranteed the repayment of loan advanced by the Madurai District Central Bank to the extent of Rs. 10,000; the sum outstanding on the 31st January, 1965 was Rs. 10,000.

The society failed. The Registrar of Co-operative Societies reported to Government in November, 1964, that the results achieved by the society during the four years of its working had not been quite satisfactory and that there was no prospect of re-organising or rehabilitating it so as to conform to the standards prescribed for a genuine co-operative joint farming society. In June, 1965 Government approved the dissolution of the society and ordered that—

(1) the outstanding loan amount of Rs. 21,220 with penal interest on overdue instalments, and the subsidy of Rs. 7,650 should be recovered from the society

in 3 equal annual instalments, (In September, 1965, Government have permitted the society to pay the first instalment of the dues on or before the 31st March, 1966) and

(2) the balance (Rs. 7,484) of short-term loan obtained from the District Central Bank should be repaid immediately.

Government waived the recovery of cost of staff (Rs. 9,071) lent to the society; the Registrar of Co-operative Societies has stated that the society did not derive any benefit from the services of the supervisory staff.

(iii) Financial assistance amounting to Rs. 8,000 (Rs. 5,250 loan and Rs. 2,750 subsidy) was given in March, 1960 (Rs. 6,250) and October, 1961 (Rs. 1,750) to the Parikkal Co-operative Joint Farming Society (South Arcot district) formed in January, 1960 for the purchase of bulls and implements, construction of cattle shed and provision of irrigation facilities. From the report of inspection of the society by the Joint Registrar of Co-operative Societies in May, 1963, it was noticed that the amount actually utilised for these purposes was Rs. 3,200 only. The unutilised amount of Rs. 4,800 was not refunded. The society is dormant since 1963 and has applied for voluntary liquidation in April, 1965. The loss incurred by the society till March, 1963 has been estimated by the department as Rs. 5,673. The liabilities of the society as in March, 1965 were Rs. 10,043 (including Rs. 4,759 due to Government and Rs. 4,610 due to the District Central Co-operative Bank, repayment of which has been guaranteed by Government) while the value of the assets was Rs. 2,178 only.

(iv) Financial assistance amounting to Rs. 23,825 given by Government to the Tiruvamoor Co-operative Tenant Farming Society (South Arcot district) has remained unutilised to a substantial extent (September, 1965) as indicated below :—

Assistance (and period during which disbursed).	Amount. Rs.	*Purpose.*	*Remarks.*
Loan .. Subsidy ..	17,562 6,263 (September, 1963 to January, 1965),	For purchase of bulls, agricultural implements and sinking of wells.	An amount of Rs. 12,855 remains unutilised (September, 1965). It was observed in Audit that the society which was formed in March, 1960 has not yet started functioning effectively mainly (i) due to non-assignment of lands to it by Revenue department; and (ii) for want of irrigation facilities.

B. *Industrial Co-operative Societies.*—Financial assistance amounting to Rs. 42,605 given by Government to two Industrial Co-operative Societies has remained unutilised entirely or to a substantial extent (August, 1965) as indicated below :—

Name of the society.	*Assistance given.* *Amount (and month of payment).* Rs.	*Purpose.*	*Remarks.*
1. Industrial Co-operative Society for Viswakarma Workers, Puliangudy.	Loan : 2,560 Grant : 5,000 (November, 1959).	For purchase of tools, construction of a workshed and for working capital.	The society which was formed in September 1953 did not function satisfactorily mainly due to lack of funds. Even after the receipt of assistance from Government the society is reported to be dormant and the entire amount is lying unutilised (August, 1965).
2. Industrial Co-operative Society for barbers, Tirunelveli.	Loan ; 25,000 Grant ; 10,105 (March, 1964).	For purchase and distribution of implements to 200 members.	An amount of Rs. 19,535 is lying unutilised (August, 1965). Besides the loan and grant, the society was given free services of a junior inspector of co-operative societies. The Junior Inspector was appointed in March, 1964, a year before the society started. The expenditure on the pay and allowance of the Inspector for the period, when the society did not function, amounted to Rs. 2,028.

C. *Marketing Society.*—The Hill Tribes Co-operative Marketing Society, Varadampalayam in Coimbatore district was given a subsidy of Rs. 20,000 (Rs. 16,000 in March, 1962 and Rs. 4,000 in December, 1962) towards construction of two godowns. The society has so far (June, 1965) utilised a sum of Rs. 1,000 only for purchase of a site. The Registrar of Co-operative Societies stated in June, 1965, that a proposal of the society to construct a single large godown instead of two godowns was under consideration.

46. *Delay in rendering detailed accounts of temporary advances.*—According to financial rules, temporary advances drawn for the purpose of meeting contingent expenditure of a specified kind or on a specific occasion should be adjusted by submission of detailed bills and vouchers as soon as possible. During the years 1957–58, 1959–60, 1963–64 and 1964–65, temporary advances

amounting to Rs. 1·14 lakhs were drawn by the Director of Industries and Commerce for meeting expenses connected with the participation of the Industries department in certain exhibitions. These advances are still (November, 1965) outstanding in the books of the Pay and Accounts Officer, Madras, for want of detailed accounts supported by vouchers duly checked by the Accounts Officer of the Industries department.

A scrutiny of the records made available to Audit indicated the following position :—

	Rs.
(a) Amount for which vouchers have been sent to the Accounts Officer of the department after approval by the Director..	36,940
(b) (i) Unutilised amounts refunded after delays extending upto three years in some cases ..	18,913
(ii) Amount stated to have been refunded for which credit particulars are awaited ..	4,354
(iii) Unspent balance to be refunded	705
(c) Vouchers available with subordinate officers but not yet sent to the Accounts Officer ..	37,775
(d) Amount for which accounts and vouchers are still to be rendered by the officers concerned.	16,579

It was further noticed that no stock account had been kept of the exhibits, furniture and equipment acquired for the exhibitions. The expenditure incurred on these items for 3 exhibitions alone was Rs. 1.08 lakhs; total expenditure could not be ascertained for want of accounts.

The draft paragraph was sent to Government in December, 1965, their reply is awaited (February, 1966).

Public Works Department

47. *Non-revision of rates for publication of notifications in gazettes.*—According to the provisions of the Printing Manual, the actual cost of printing *plus* 25 per cent thereon is recovered from the University of Madras, Corporation of Madras and other local bodies for notices, etc., published in the *Fort St. George Gazette*. Upto February, 1965 the actual cost was determined with reference to the unit rates fixed more than 30 years ago in 1932. The need for revision of the rates was pointed out by Audit in 1955–56 but the rates were revised only in February, 1965. The annual loss of revenue due to delay in revision of rates was over a lakh of rupees.

Revenue Department

48. *Irregular payment of Beriz deductions.*—'Beriz deductions' are payments made out of land revenue collections, towards allowances to temples, etc., for services rendered by them. After the enactment of Inam (Assessment) Act, 1956, *beriz* was not payable by Government from the 1st July, 1956. During test-audit (October, 1962) of the accounts in Tiruchirappalli district, it was however, noticed that *beriz* payments were continued to be made even after the 1st July, 1956; the total amount paid upto July, 1964 and awaiting recovery was Rs. 28,842.

The Board of Revenue was requested in December, 1964 to ascertain if similar irregular payments had been made in other districts and to effect recovery; their reply is still awaited (January, 1966).

Rural Development and Local Administration Department

49. *Panchayat radio maintenance organisation.*—The State Broadcasting department, which was arranging the distribution of radio sets and attending to their maintenance, was abolished with effect from the 1st September, 1961 when the Panchayat Radio Maintenance Organisation was set up under the Rural Development and Local Administration department to attend to servicing and maintenance of sets and the panchayats were permitted to purchase radio receivers of their choice from the types and models approved by Government and claim subsidy from Government at the rate of Rs. 180 per set. As at the end of June, 1965, 14,000 sets had been installed; the total expenditure to end of March, 1965 on pay and allowances and other charges of the organisation amounted to Rs. 10.49 lakhs.

The following points were noticed in audit :—

(i) Servicing charges at Rs. 20 per annum are recoverable in advance each year from the panchayats. The rule has not been observed in many cases, and as at the end of October, 1965, a sum of Rs. 5.12 lakhs was overdue for recovery from the panchayats; of this, a sum of Rs. 1.64 lakhs was in arrears for over two years.

(ii) According to the quarterly progress reports received by the Chief Radio Officer, servicing and repairs remained to be done in respect of 623 out of 2,635 sets received by the organisation to end of June, 1965; the delay was attributed to non-supply of component parts by the panchayats.

(iii) (a) On the abolition of the State Broadcasting department, Government ordered in August, 1961 the transfer of the Radio Assembling Workshop to the Industries department along with the staff consisting of one foreman and two mechanics. The foreman and one of the mechanics were transferred in May, 1962; the other mechanic is still retained in the Panchayat Radio Maintenance Organisation pending final orders of his absorption in another office. The Chief Radio Officer reported to Government in August, 1964, that there was no scope of utilising his services in the Panchayat Radio Maintenance Organisation and that he was doing " odd jobs in the office ". The expenditure on his pay and allowances from September, 1961 to October, 1965 amounted to about Rs. 6,200.

(b) Stores (valued at Rs. 1.04 lakhs) belonging to the State Broadcasting department were transferred to the Public Works department in August, 1964, i.e., after a delay of nearly three years. The store-keeper was continued to be employed till August, 1964 and the expenditure on his pay and allowances for these three years amounted to about Rs. 8,800.

The draft paragraph was sent to Government in December, 1965; their reply is awaited (February, 1966).

50. *Unfruitful outlay due to delay in bringing into use hospital buildings.*—At the instance of the Shevaroys Panchayat in Salem district, buildings for a hospital and a maternity centre were constructed in 1959 (under the Local Development Programme) at a cost of about Rs. 31,800, of which Rs. 16,400 was met by contributions from the Panchayat and the beneficiaries. The Panchayat did not take over the hospital. The maternity centre handed over in June, 1959 to the Panchayat was not maintained by it, as required under the programme, for want of funds.

The buildings remain unutilised. In April, 1962, Government ordered that the buildings be handed over to a private party (on a nominal rent of Re. 1 per mensem) who had offered to run the hospital and maternity centre at its own expense. The orders were not implemented and in December, 1965, Government intimated that the handing over of the buildings to the party had been deferred and the question of putting them to proper use was under active consideration.

51. *Delay in realisation of assets of a defunct unit.*—The Leather Manufacturing Unit at Ghandhigram was closed in December, 1958, after it had run for 2½ years. Even after a lapse of over seven years, the accounts of the unit have not been finalised (October, 1965) ; an amount of Rs. 0.21 lakh is out-

standing for recovery from the institutions to which the assests were transferred on closure, as indicated below :—

Nature of asset.	*Value.*	*Remarks.*
	RS.	
(i) Raw materials, furniture and equipment.	9,200	These were transferred in April, 1959 to the Leather Consumers' Co-operative Society, Dindigul. It was stated in August, 1965 that the Co-operative Society was not financially sound to pay the amount.
(ii) Finished goods (Chappals).	12,000	On the closure of the unit, chappals valued at Rs. 51,000 were sent to the development blocks and the Industries department for sale on consignment basis. As at the end of August, 1965, a sum of Rs. 12,000 was due from the consignees. The Commissioner, Athoor Panchayat Union reported in August, 1965 that for want of correct accounts in the blocks, recovery could not be effected and that action was being taken to recover the dues through the Collectors.

The building of the unit (value : Rs. 5,470) was not put to use since December, 1958. In May, 1965, permission was given by the Khadi Board to the Athoor Panchayat Union to run its Carpentry Unit in the building.

52. *Recovery of cost of staff sanctioned for panchayat union works.*—Government ordered in September, 1961 that road inspectors borne on the cadre of the Highways and Rural Works department should attend to the maintenance works of the panchayat unions, subject to recovery of cost of the staff employed from the panchayat unions.

According to the report received from the Chief Engineer (Highways and Rural Works) in December, 1965, a sum of Rs. 6 lakhs was overdue for recovery from the panchayat unions towards cost of staff employed upto the 31st March, 1963; the amounts due for recovery in respect of the subsequent years, 1963–64 and 1964–65 totalled Rs. 2·47 lakhs.

CHAPTER IV

WORKS EXPENDITURE

53. *Works executed without Detailed/Revised Estimates.*—Expenditure amounting to Rs. 1·10 crores (upto March, 1965) was incurred on 367 works, the detailed estimates of which had not been sanctioned. In respect of another 1,536 works, expenditure was incurred in excess of the sanctioned estimates, the amount of excess expenditure (upto March, 1965) being Rs. 3.03 crores. A departmentwise analysis is shown below :—

Serial number and department.	*Want of sanctioned estimates.* Number of works.	Amount. (IN LAKHS OF RUPEES)	*Excess over sanctioned estimates.* Number of works.	Amount. (IN LAKHS OF RUPEES)
1. Public Works—Buildings ..	185	21·14	686	68·93
2. Irrigation	59	1·58	202	9·12
3. Highways	1	0·01	86	34·13
4. Public Health	6	2·82	129	47·50
5. Industries	21	44·77	73	31·85
6. Parambikulam-Aliyar Project	88	39·13	219	109·09
7. Food Production	7	0·17	141	2·62
Total ..	367	109·62	1,536	303·24

Yearwise analysis is given below :—

Year.	*Want of sanctioned estimates.* Number of works.	Amount. (IN LAKHS OF RUPEES)	*Excess over sanctioned estimates.* Number of works.	Amount. (IN LAKHS OF RUPEES)
Upto 1960–61 ..	3	0·05		
1961–62 ..	2	0·10	129	40·71
1962–63 ..	6	0·33	106	17·55
1963–64 ..	16	24·45	162	28·06
1964–65 ..	340	84·69	302	58·39
			837	1,58·53

54. *Breaches in anicuts in the Cumbum valley.*—13 anicuts across the Periyar river and its tributaries in Cumbum valley are maintained by the Public Works department. Till 1958 periodical repairs, such as, grouting, pointing, laying concrete, etc., to these anicuts were carried out after shutting down the waters from

Periyar lake. After the commissioning of the Periyar Hydro Electric Scheme in 1958, closure of waters was not effected; annual inspection and repairs to the anicuts were not carried out during the period from 1958 to 1961. Government stated, in December, 1965, that it was felt that the Electricity department might not agree to the closure of waters in view of shortage of power at that time. There were breaches in three of the anicuts in 1961–62, and these were attributed to inability of the department to carry out periodical and special repairs on account of continuous flow of water in the river. The Executive Engineer, Periyar-Vaigai division reported to the Superintending Engineer, Tiruchirappalli Circle in November, 1961, that unless special repairs were carried out the entire Cumbum valley irrigation would collapse. The damaged anicuts were repaired/reconstructed at a cost of Rs. 5.33 lakhs after Government ordered the closure of waters for short spells of 10 days each in March and April, 1962. The department has not assessed the extent of damage due to non-execution of periodical repairs.

55. *Unfruitful outlay on repairs to an irrigation tank.*—An expenditure of about Rs. 36,000 incurred on special repairs to a tank in an estate (Madurai district) taken over by Government under the Estates Abolition Act remains unfruitful. The work was undertaken in 1957, but was not completed even by April, 1964, when it had to be stopped, as the ownership of the tank and channel was claimed by a private party. This party obtained decrees from the District Court, Madurai and the High Court in his favour. An appeal preferred by Government is reported to be under the consideration of the High Court (January, 1966).

The draft paragraph was sent to Government in November, 1965; their reply is still awaited (February, 1966).

56. *Avoidable payment.*—The provisions of the Employees' State Insurance Act, 1948, were extended to the Pudukkottai area with effect from the 1st July, 1962. The scheme was, however, not implemented from this date in the Transport and Machinery Workshop, Pudukkottai of the Highways department.

Legal proceedings were instituted in September, 1963 by the Employees' State Insurance Corporation for the recovery of the employees' share of contributions for the period from July, 1962 to March, 1964 and interest thereon. The suit was decreed in favour of the Corporation and a sum of Rs. 5,453 was paid to the Corporation in March, 1964. (The Act does not permit recovery of arrears of contributions from the employees).

Government have issued orders for the implementation of the scheme in the workshop with effect from the 1st August, 1965 and also for the payment of the employers' and employees' contribution to the Corporation for the period from July, 1962 to July, 1965. The total amount payable works out to Rs. 19,000, inclusive of the amount of Rs. 5,453 already paid. The delay in implementing the scheme thus resulted in an avoidable liability on account of employees' contribution of Rs. 9,400. The employers' contribution of Rs. 9,600 was also infructuous as the benefits under the scheme were not enjoyed by the workers during the period.

57. *Extra expenditure.*—In the tender notice issued in July, 1962 for the work " formation of approaches to the railway over-bridge " in the Cauvery Bridge division, the rate per unit of earth work was required to be quoted for " stack measurement at site ". According to Standard Specifications in force in the department, a deduction of 20 to 30 per cent for voids is made from " stack measurements " to arrive at the quantity of earthwork to be paid for. No such deduction was made; it was explained by the Divisional Engineer in October, 1963 that the intention of the department was to make payment on the basis of measurement of loose stacks and that oral clarification to this effect had also been given by him to the tenderers.

It has been observed in audit that for similar items of work for which tenders were received subsequently in 1963-64 and where the department had specifically indicated in the tender notice that the measurement would be for stacks without deduction for voids, substantially lower rates were received.

The additional benefit which accrued to the contractor on account of non-deduction for voids, allowing for a deduction of 20 per cent for bulkage, amounted to about Rs. 75,000.

CHAPTER V

STORES AND STOCK ACCOUNTS

58. A synopsis of the important stores and stock accounts for 1964-65 (other than those relating to Government commercial and quasi-commercial departments/undertakings, etc.) is given below :—

Serial number and department.	*Description of stores.*	*Opening balance as on the 1st April, 1964.*	*Receipts during the year.*	*Issues during the year.*	*Closing balance as on the 31st March, 1965.*
		(IN LAKHS OF RUPEES)			
A. WORKS DEPARTMENTS.					
1 General and Buildings.	Building materials.	11·26 (*a*)	18·92	14·77	15·41
	Metals	34·32 (*a*)	54·48	50·53	38·27
	Miscellaneous stores	2,10·86 (*b*)	32·92	85·51	1,58·27
2 Highways ..	Miscellaneous stores.	14·57 (*a*)	33·25	32·59	15·23
3 Irrigation (*c*)	Building materials including timber.	1·72 (*a*)	12·33	11·29	2·76
	Metals	6·87 (*a*)	19·88	20·00	6·75
	Fuel	3·95 (*a*)	20·33	22·44	1·84
	Miscellaneous stores	38·06 (*a*)	1,35·91	1,30·63	43·34

(*a*) In cases marked (*a*), the opening balance shown here differs from the closing balance shown in the Audit Report, 1965 by the amounts indicated below :

Department.	*Description of stores.*	*Amount of difference.* (IN LAKHS OF RUPEES)
General and Buildings ..	Building materials ..	— 10·65
	Metals	— 2·62
Highways	Miscellaneous stores ..	+ 0·20
Irrigation	Building materials including timber.	— 0·60
	Metals	— 2·06
	Fuel	+ 0·02
	Miscellaneous stores ..	— 4·79

The differences are under reconciliation with the concerned divisions.

(*b*) Differs from the closing balance of the previous year by Rs. 1,69·26 lakhs due to omission to include in the opening balance of that year the balance relating to Public Health divisions.

(*c*) The stores accounts of the Irrigation department do not include the transactions of two divisions for want of categorywise particulars.

Serial number and department.	*Description of stores.*	*Opening balance as on the 1st April, 1964.*	*Receipts during the year.*	*Issues during the year.*	*Closing balance as on the 31st March, 1965.*
		(IN LAKHS OF RUPEES)			
B. CIVIL DEPARTMENTS.					
4 Revenue—					
(1) Madras Stamp Office.	Stamps	91·24	57·81	42·13	1,06·92
(2) Madras Taluk Treasury and other depots.	Stamps	23,66·44 (a)	8,19·72	10,67·66	21,18·50
	Opium (in kilogrms).	9·80 (b)	42·97	43·12	9·65
5. Forest ..	Sandalwood ..	1,67·72	2,16·38	1,88·09*	1,96·01
	Other produce ..	1,08·55	1,03·34	1,40·43	71·46
	Other stores ..	14·57	3·18	0.16	17·59

* (i) Includes loss of Rs. 68·55 lakhs due to revaluation of stocks of sandalwood based on the prevailing market rates and

(ii) Rs. 26·99 lakhs being the value of shortage, etc., written off during the year.

6. Agriculture	Seeds and plants	22·49	1,18·48	1,13·64	27·33
	Manure ..	2·48	6·41	6·27	2·62
	Tools and plant	23·58	5·78	13·40	15·96
	Chemicals and miscellaneous.	56·96	1,40·77	1,27·99	69·74
7. Animal Husbandry	Cattle feed ..	3·99 (c)	44·62	43·33	5·28
	Other consumable stores (medicines, clothing, etc).	4·24	5·46	3·23	6·47

(a) Differs by Rs. (+) 3,17·69 lakhs from the closing balance as on the 31st March, 1964 shown in the Audit Report, 1965 due to reconciliation of the figures according to the books kept by the Audit office with the figures shown in the Treasury account.

(b) Differs from the closing balance of 9·74 kilograms as on the 31st March, 1964 shown in the Audit Report, 1965 due to discrepancies in the balances of four Treasuries which are reported to be under reconciliation.

(c) Differs from the closing balance of Rs. 5·45 lakhs as on 31st March, 1964 shown in the Audit Report, 1965 due to the exclusion of the value of certain other consumable stores previously included under this category.

Serial number and department.	*Description of stores.*	*Opening balance as on the 1st April, 1964.*	*Receipts during the year.*	*Issues during the year.*	*Closing balance as on the 31st March, 1965.*
		(IN LAKHS OF RUPEES)			
8. Medical—					
Employees' State Insurance Dispensaries.	Medicines, drugs and dressings.	10·06	24·14	23·40	10·80
	Miscellaneous stores (diet articles, etc).	0.19	1·78	1·71	0·26
Other medical institutions.	Medicines, drugs and dressings.	73·14 (a)	1,43·23	1,37·72	78·65
	Miscellaneous stores (diet articles, etc.)	55·35 (a)	1,04·45	1,12·74	47·06
9 Approved Schools and Vigilance Services.	Maintenance— Ration articles	0·35	12·17	12·08	0·44
	Clothing and Bedding	0·49	1·51	1·56	0·44
	Manufactory—				
	Raw materials	0·94	0·74	0·87	0·81
	Manufactured articles	0·34	1·02	0·90	0·46
10 Jails	Maintenance—				
	Ration articles	2·16 (b)	43·71	43·14	2·73
	Medicines and surgical instruments	1·27 (b)	0·91	0·89	1·29
	Clothing and bedding	2·06 (b)	3·52	3·13	2·45
	Manufactory—				
	Raw materials	9·85 (b)	42.79	37·77	14·87
	Manufactured articles	9·58 (b)	47·98	48·19	9·37

(a) A consolidated stock account of stores held by all the medical institutions in the State is prepared annually by the Director of Medical Services based on the returns furnished by the subordinate officers. It was found in audit that the closing balances as per this consolidated stock account as on the 31st March, 1956, under 'medicines, drugs, etc.' and under 'miscellaneous stores' were in excess (by Rs. 0.85 lakh and Rs. 11·33 lakhs respectively) of the balances as worked out from the stock returns of individual institutions. These differences are being carried forward from year to year and are still to be reconciled by the department (January, 1966).

(b) Differs from the closing balance as on the 31st March, 1964 shown in the Audit Report, 1965 due to inclusion of value of stores held in Special Sub-jails, After-Care homes, etc.

Serial number and department.	Description of stores.	Opening balance as on the 1st April, 1964.	Receipts during the year.	Issues during the year.	Closing balance as on the 31st March, 1965.
11 Stationery Office	Stationery stores etc.	40·10	1,13.07	1,00·11	53·06
12 Government Press	Paper	6·14	55·04	51·50	9·68
	Binding materials and consumable stores.	3.61	7·64	7·54	3·71

59. *Idle machinery.*—Certain cases of delay in putting plant, machinery, equipment, etc., to effective use are given below :—

Serial number and name of the office.	Particulars of machinery, etc.	Value.	Date of acquisition.	Remarks.
		(IN LAKHS OF RUPEES)		
1 King Institute, Guindy.	Blood plasma drying plant.	1·10	August, 1963.	The plant was commissioned in October, 1965 after a delay of over two years due mainly to delay in constructing necessary buildings.
2 Government Erskine Hospital, Madurai.	(i) Rectangular steriliser.	0·93	January, 1963.	The plant is yet to be put to use (August, 1965) due to delay in erecting the steam boiler purchased in April, 1961 for Rs. 15,247.
	(ii) X-ray equipment.	1·96	July, 1964	The plant has not yet been commissioned (August, 1965) due to delay in completing civil and electrical works.
3 Engineering College, Guindy.	Meters, indicators and recorders.	0·10	February, 1952 and July, 1952.	At the time of verification conducted in July, 1964 by the stock verification organisation (under the control of the Examiner of Local Fund Accounts) the equipment had not been even unpacked.

60. *Irregularities in the maintenance of stock accounts and loss of stores.*—On receipt of a report from the Superintendent, Government Royapettah Hospital, Madras about falsification of stock accounts of drugs resulting in loss of about Rs. 3,790, the Director of Medical Services ordered in November, 1964 an investigation of

the stores accounts of medicines, etc., by the departmental audit organisation. This brought to notice a total loss of about Rs. 38,000 during the period from April, 1961 to October, 1964. The question of fixing responsibility is stated to be under examination (January, 1966).

Some of the important omissions, etc., noticed and the extent of loss in each case are indicated below :—

	RS.
Omission to carry forward balances or short accountal of stores while opening new stock registers.	16,658
Short accountal of receipts of stores ..	3,959
Fictitious and wrong entries of issues in the stock registers.	15,351
Incorrect striking of balances, etc. ..	2,032

The loss was facilitated by the non-observance of certain prescribed departmental checks as follows :—

(i) The entries in the stock register posted by the Junior Pharmacists attached to the Medical stores were not checked.

(ii) The correctness of the balances brought forward and of the entries of issue were not checked.

(iii) The entries of receipt in the stock books were not correlated with the suppliers' bills before their payment.

(iv) The physical verification of stock was not conducted regularly although the departmental instructions required that this should be done as often as possible and at least once a month.

61. *Excessive stock of liquid vaccine lymph.*—In the King Institute, Guindy, out of 26.61 million doses of liquid vaccine lymph manufactured between 1960 and February, 1963 at a cost of Rs. 5.46 lakhs, about 11.46 million doses valued at Rs. 2.43 lakhs remained unused (January, 1965).

The Director of the Institute stated in February, 1965 that large scale manufacture of this lymph had been undertaken expecting increased demand under National Small-pox Eradication Programme, but the demand from the Public Health department (which executes this programme) fell short of expectations due to the availability of freeze-dried small-pox vaccine received in April, 1962 as a gift from a foreign Government. It is noticed, however, that even after April, 1962 more than 7 millions doses were manufactured. Also, the Director of Public Health, Madras stated (March, 1965) that no specific request had been made to the Institute to increase production.

The Director of the Institute stated in December, 1965 that "the stock of liquid vaccine held at present comprises a number of batches and each will be tested periodically and when the potency goes down it will be discarded."

62. *Surplus stores.*—In the Government garment and holdall-making training centre attached to the After-Care Home, Vellore, raw materials valued at Rs. 21,000 were purchased between April, 1960 and August, 1962 for the manufacture of holdalls. In December, 1964, materials valued at Rs. 14,200 were declared surplus to requirements; after obtaining Government sanction, these were sold in public auction in October, 1965 for Rs. 4,670 resulting in a loss of Rs. 9,530. It would appear that materials were purchased in advance without a proper estimation of the requirements.

103 holdalls (valued at Rs. 2,300) manufactured in February, and March, 1964 are also still lying unsold (August, 1965). The Stock Verification Officer had pointed out in June, 1964 that the material used in these holdalls was of inferior quality.

63. *Loss of stores.*—During August-December, 1962, three Public Works/Highways divisions arranged for the transport of cement from a cement factory through a private contractor. Out of 253 tons of cement taken delivery of by the contractor from the factory, 108 tons valued at Rs. 12,800 did not reach the destinations. On a criminal prosecution initiated by Government, the contractor was convicted by the Court of Law in November, 1963 and sentenced to rigorous imprisonment for 18 months. The loss could not be recovered from the contractor and remains to be regularised.

The rules require that adequate security should be taken from contractors for the due fulfilment of the contract. While no security deposit was obtained in one division, in another division a sum of Rs. 150 only was obtained as security; information regarding the security, if any, taken by the third division is awaited (January, 1966).

64. *Extra expenditure and excessive stock.*—The financial rules of Government require that open tenders should be invited when the estimated value of the order for supply of stores is not less than Rs. 5,000. In April, 1964, the District Forest Officer, Tirunelveli South division, Palayamkottai, purchased about 5 lakhs of polythene bags at a total cost of Rs. 32,200 from two firms at Rs. 64 and Rs. 56 per thousand, after obtaining quotations from only five selected firms. In May, 1964, the department came to know from another Forest division that material of the same specification was available at Rs. 52 per thousand from another firm. Thus due to its failure to invite open tenders the department lost the benefit of competitive rates and had to incur an extra expenditure of about Rs. 6,000.

The purchase of 5 lakhs of bags also proved excessive as only 2.53 lakhs of bags were utilised during 1964-65.

CHAPTER VI

AUDIT OF RECEIPTS

Sales Tax Receipts

65. *Budget and actuals.*—The budget estimates and the actuals in respect of receipts under the Madras General Sales Tax and the Central Sales Tax for the year 1964-65 are given below along with the corresponding figures for the years 1961-62 to 1963-64 :—

Year.		*Madras General Sales Tax.*		*Central Sales Tax.*	
		Budget.	*Actuals.*	*Budget.*	*Actuals.*
		(IN CRORES OF RUPEES)			
1961-62	..	16·22	18·56	2·40	2·70
1962-63	..	20·18	21·69	3·01	3.11
1963-64	..	22·46	22·18	3·30	4·84
1964-65	..	24·90	29·15	5·15	6·15

The revenue receipts exceeded the budget estimates by about 17 per cent under General Sales Tax and 19 per cent under Central Sales Tax during 1962-65. The larger receipts are stated to be mainly due to increase in the rate of tax on certain commodities, larger collection of arrears and growth in trade and commerce in general.

66. *Under-assessment and non-assessment of General Sales Tax.*—(i) Electrically operated imported machinery and spare parts taxable at 6 per cent single point according to item 41 of the First Schedule to the Madras General Sales Tax Act, 1959, were taxed at 2 per cent multipoint in the office of the Joint Commercial Tax Officer, Madras Harbour. The amount short-collected worked out to Rs. 26,759 in respect of one assessee for the year 1959-60. A demand for this amount has since been raised against the dealer (October, 1965). The department has been asked to review similar cases.

(ii) Sales of vegetable seeds, fruit plants, flower seeds and flower plants have been exempted from payment of sales tax with effect from the 1st April, 1960. As cocoanut seedlings do not fall under the exempted categories, they should have been subject to tax at 2% multipoint. The tax not collected in two offices amounted to Rs. 2,459; particulars in regard to other offices are awaited (December, 1965).

(iii) G.I. pipes valued at Rs. 14.93 lakhs procured by a State Public Health division were supplied to the High Pressure Boiler Plant, Tiruchirappalli during February, 1963 to September, 1964. The transaction, which constituted an outright sale according to section 2 (g) of the Madras General Sales Tax Act, 1959, was taxable at 2 per cent multipoint. No tax was, however, collected on the sale of pipes and on the omission being pointed out by Audit, the department has addressed the Heavy Electricals to remit the tax of Rs. 29,800 (December, 1965).

(iv) According to section 2 (g) of the Madras General Sales Tax Act, 1959, as amended with effect from the 18th August, 1962, sales tax is leviable on all sales by the Central or State Government, whether or not in the course of business. Consequently sales of tender forms in Public Works and other offices were liable to tax at 2 per cent multipoint. It was noticed during test-check that tax had not been levied on such sales; the amount not collected in 24 offices during the period from the 18th August, 1962 to the 31st March, 1965 was Rs. 1,552. Particulars of non-collection of tax in other offices are awaited (October, 1965).

(v) (*a*) In cases where the returns filed by the dealers are found to be incorrect or incomplete, section 7 (1) of the Madras Sales of Motor Spirit Taxation Act, 1939 read with rule 22 made thereunder, stipulates that the assessing officer should call upon the dealer to produce his accounts and prove the correctness of the return submitted by him and then determine the tax payable by the assessee.

The returns filed by the oil companies were being accepted as correct without further scrutiny of the initial records. It was suggested by Audit in January, 1963 that the exemptions claimed by the dealers should be independently verified with the original records. Such a check conducted in 1965, by the Commercial Tax Officer, Madras, II Zone in the case of an oil company indicated that additional tax to the extent of Rs. 5.29 lakhs was due for recovery for the periods from January to May, 1963 and from August, 1963 and September, 1963 ; a demand for the amount has been raised against the dealer in August-September, 1965.

In addition, (i) proposals for the revision of the assessments relating to certain months during 1959–60 to 1961-62 involving an additional levy of Rs. 22.81 lakhs have been submitted to the Board for approval (August, 1965) : and (ii) in respect of certain months during 1959–60 to 1963–64 where no assessment orders have been passed on the basis of the returns furnished by the dealers, demands have been raised for the first time in August–September, 1965 for the additional tax of Rs. 15.60 lakhs.

(*b*) According to item 3 of the First Schedule to the Madras General Sales Tax Act, 1959, motor tyres and tubes are taxable

at 7 per cent single point upto the 31st August, 1963 and 10 per cent thereafter. In the office of the Deputy Commercial Tax Officer, Namakkal, tax was, however, collected during 1961–62 at 2 per cent multipoint from an assessee resulting in a short-collection of Rs. 2,010 (approx.). The assessment has been revised at the instance of Audit in February, 1965.

(*c*) Under section 3 (3) of the Madras General Sales Tax Act, 1959, sales of component parts (included in the First Schedule) for use in the manufacture (inside the State) of any other goods mentioned in that Schedule are taxable at a concessional rate of 1 per cent if covered by declaration in Form XVII. In the office of the Joint Commercial Tax Officer, Guindy, concessional rate was allowed to a dealer on a turnover of Rs. 66,483 for the year 1962–63 eventhough sales to the extent of Rs. 43,183 only were covered by declaration. The assessment has been revised at the instance of Audit and a demand for Rs. 1,398 raised in September, 1965.

(*d*) Sales of cuttings of hides and skins are liable to tax at 2 per cent multipoint under the Madras General Sales Tax Act, 1959. In three assessment offices, such sales were erroneously exempted from tax in eight cases during the years 1961–62 and 1962–63 on the ground that the dressed hides and skins had already suffered tax; a demand for Rs. 5,247 was raised between July, 1965 and September, 1965 at the instance of Audit.

(vi) Section 60 of the Madras General Sales Tax Act, 1959 and the notification issued thereunder provide that—

(*a*) in the case of sales on or after the 1st April, 1959 of the goods held in stock on the 31st March, 1959 which had suffered multipoint tax prior to the 1st April, 1959, additional tax should be levied to the extent of the difference between the rate of tax payable for such goods under the 1959 Act and the rate of tax which the goods had already suffered at the stage of sale to the dealer prior to the 1st April, 1959; and

(*b*) in the case of sales on or after the 1st April, 1959 of such of the goods held in stock on the 31st March, 1959 as had been purchased outside the State, tax at full rates specified in the 1959 Act should be levied.

In the office of the Joint Commercial Tax Officer, Esplanade-I, the differential tax as at (*a*) above was not levied on certain sales of electrical goods during 1959–60; in the office of the Commercial Tax Officer, North Madras, the sales during 1959–60 of electrical goods purchased outside the State and held in stock on the 31st March, 1959 by an assessee were omitted to be included in the taxable turnover. The under assessment in these cases worked out to Rs. 4,403; necessary demands for the amount have been raised in March, 1965.

(vii) Tea, in all its forms except tea drink, is taxable at 5 per cent single point under the Madras General Sales Tax Act, 1959. By means of a notification issued under sections 59 (1) and 15 of the said Act in October, 1959, Government proposed to bring the item under multipoint levy at 2 per cent. The bill to give effect to the alteration introduced under section 59 (2) of the Act was not approved by the Legislature. Government exempted in January, 1960 the dealers who had already collected sales tax at 2 per cent multipoint during the period from the 26th October, 1959 to the 27th January, 1960 from payment of tax at 5 per cent single-point. Though the exemption was not applicable to dealers who had not collected sales tax as a separate item, multipoint tax at 2 per cent only was collected in three cases in the office of the Commercial Tax Officer, Coimbatore (North). An additional demand for Rs. 40,382 was subsequently raised and collected (March, 1963).

The draft paragraphs [of items (i) to (iii), (v) and (vii)] were sent to Government between August, 1965 and November, 1965; replies are awaited (February, 1966).

67. *Loss of revenue.*—Based on the decisions of the Maharashtra High Court and of the Sales Tax Appellate Tribunal in 1962, transactions involved in bus-body building were held as liable to sales tax and instructions were issued by the Board of Revenue, Madras, in March, 1963, for recovery of tax in respect of past cases from the 1st April, 1959. When these instructions were sought to be implemented, writ petitions were filed by certain firms for the stay of collection of tax on the ground that no tax was collected by them based on the clarification given by the commercial tax authorities earlier in March, 1960, that if the contract was "an entire and indivisible one" there would be no case for assessment. Pending decision of the court on these petitions, Government ordered in February, 1964 that tax at 2 per cent multipoint might be collected in respect of the transactions upto March, 1960 and from February, 1964 onwards. When subsequently the writ petitions were dismissed as withdrawn, Government ordered in July, 1964 that 2 per cent multipoint tax might be collected in respect of the period from April, 1960 to February, 1964 also. The rate of levy at 2 per cent multipoint was reported to have been fixed on the advice of the Law department.

Bus-bodies built on chassis belonging to others, form component parts of motor vehicles and were therefore liable to single-point tax at 7 per cent upto August, 1963 and 10 per cent from September, 1963. This position had been pointed out to Government by Audit in April, 1964. Government finally issued orders for the levy of tax at 10 per cent from the 16th December, 1964. The loss of revenue due to the non-adoption of the higher rate of tax during the period from April, 1959 to March, 1964 in respect of 11 commercial tax districts (for which details are available) amounted to Rs. 17.08 lakhs.

68. *Incorrect exemption from tax.*—Sales of earth, gravel, laterite metal, sand and jelly involved in the execution of quarrying contracts for the supply of these articles have been exempted from the levy of sales tax by virtue of a notification issued by the State Government under section 17 of the Madras General Sales Tax Act, 1959. In the office of the Deputy Commercial Tax Officer (IV), Salem, the exemption was wrongly allowed in respect of sales of jelly amounting to Rs. 10.14 lakhs made by a contractor to the railways during the period from 1959–60 to 1963–64 from the quarries owned by him. A demand for Rs. 20,320 has been raised against the assessee, at the instance of Audit (September, 1965).

The draft paragraph was sent to Government in October, 1965; their reply is awaited (February, 1966).

69. *Under-assessment of Central Sales Tax.*—(*a*) According to section 8 of the Central Sales Tax Act, 1956 and the rules made thereunder, the concessional rate of 1 per cent tax (as against the normal rate of 7 per cent) on inter-State sales is admissible only in the cases where the sales are covered by declaration in Form 'C'. In the office of the Joint Commercial Tax Officer, Guindy, the turnover of Rs. 83,963 for 1962–63 of an assessee was not covered by Form 'C', Declaration forms in support of a turnover of Rs. 21,430 were subsequently produced; instead of assessing the balance of Rs. 62,533 at 7 per cent, the tax at 7 per cent was levied on a sum of Rs. 24,130 only resulting in an under-assessment of Rs. 2,304. Necessary demand has been raised in September, 1965.

(*b*) While arriving at the taxable turnover under the Madras General Sales Tax Act, 1959 in respect of an assessee, the amount of inter-State sales deducted by the Commercial Tax Officer, Coimbatore (South) for the year 1959–60 was Rs. 5,04,749, while the turnover actually assessed under the Central Sales Tax Act, 1956 was only Rs. 4,39,392. On the discrepancy being pointed out in Audit, a demand for an additional tax of Rs. 2,245 has been raised under the Central Sales Tax Act, 1956.

The draft paragraph was sent to Government in October, 1965; their reply is awaited (February, 1966).

70. *Demands raised at the instance of Audit.*—As a result of the audit objections raised upto the end of November, 1965, demands were raised for a total sum of Rs. 2.09 lakhs during the

period from the 1st December, 1964 to the 30th November, 1965, as indicated below :—

	Madras General Sales Tax (Number of offices involved—150)	*Central Sales Tax (Number of offices involved—48)*
	Rs.	Rs.
1 Additional demand raised to rectify incorrect exemption or omissions to include taxable turnover.	32,888	1,931
2 Levy of penalties provided in the Act.	76,034	3,599
3 Recovery of tax collected in excess by the dealers.	...	1,198
4 Revision of assessments made earlier based on defective/and duplicate declaration forms.	..	19,235
5 Revision of assessments incorrectly made at compounded rates, rectification of arithmetical mistakes, etc.	34,445	..
6 Rectification of mistakes in assessments, such as adoption of incorrect rates, etc.	33,871	134
7 Omission to collect registration and permit fees.	5,210	—
Total ..	1,82,448	26,097

71. *Write-off.*—During 1964-65, a total amount of Rs. 1.40 lakhs was written off.

Other receipts.

Food and Agriculture Department

72. *Supply of wattle bark to a private company.*—The Forest department entered into an agreement with a private company for the removal of bark from the wattle trees in the Nilgiris and Madurai (North) divisions for a period of ten years from January, 1964. The agreement provided that the company should pay for the trees made available for debarking at Rs. 304 per acre per year in two equal instalments on 1st January and 1st July of each year; penal interest at 6¼ per cent was leviable for belated payments. An area of 1,703 acres and 2,400 acres respectively was allotted to the company during the years 1964 and 1965. The company paid in full the first instalment of Rs. 2.59 lakhs for 1964 on the 6th January, 1964 and a sum of Rs. 1.09 lakhs only out of the second instalment on the 1st July, 1964. The balance amount due for the year 1964 and the amount due for 1965 have not yet been paid (October, 1965). The total amount due for recovery amounted to Rs. 8.80 lakhs.

The Chief Conservator of Forests has reported to Government in August, 1965 that the company has not commenced working the wattle coupes assigned to it and consequently, the leather trade has been affected and the regeneration operations have been dislocated. He has, therefore, recommended that the contract may be terminated if the company does not start working the coupes by the 1st October, 1965. Orders of Government are awaited (November, 1965).

73. *Loss of revenue.*—(i) The right of collection and removal of trees in the forest areas is sold in public auction by the Forest department. A 'fair price' for each block is also fixed based on the estimated quantities of timber in the block. In the auction conducted in March, 1964, for the sale of two blocks of matchwood coupes (47 and 46 acres) in Tirunelveli (South) Forest division, the highest offers of Rs. 351 and Rs. 501 per acre were rejected by the department as they were less than the fair price of Rs. 529 per acre. In the re-auction held in April, 1964, there was no bid for one block and for the other the offer was Rs. 355 per acre. Two months later, after an inspection of the coupes, the District Forest Officer reduced the fair price to Rs. 305 and Rs. 460 per acre, respectively as there was not much 'stocking' in the areas and there were also large tracts of abandoned cultivation. Despite a further reduction of the fair price to Rs. 280 and Rs. 395 per acre in 1965-66, there were no bidders for the coupes and the sale of the blocks was permanently dropped by the department.

The loss of revenue for the year 1964-65, consequent on the rejection of the highest offers received in March, 1964, amounted to Rs. 39,500; this could have been avoided if the fair price had been fixed after proper assessment of the blocks initially.

(ii) With a view to augmenting the revenues of the Forest department, Government ordered in March, 1963, that a fee of Rs. 20 should be collected for the registration/renewal of registration of contractors in Forest divisions. The Chief Conservator of Forests informed the Forest Officers in July, 1963 that the registration of contractors should be made after the draft rules in this regard submitted by him to Government in April, 1963 were approved. These rules have not yet been approved and the fees have not been collected by the department so far (October, 1965) The approximate amount of revenue lost during 1963-64 and 1964-65 in two forest divisions (for which details are available) is Rs. 31,040.

The draft paragraphs were sent to Government in September, 1965 and October, 1965; their reply is awaited (February, 1966)

Industries, Labour and Co-operation Department

74. *Loss of revenue.*—The delay in auctioning and in confirming the sales of the rights for quarrying sand and shells in Ponneri

taluks in two cases resulted in a loss of revenue of about Rs. 22,000. Particulars of the cases are given below :—

(i) The auction sale for quarrying shells in two blocks in Coromandal coast in Ponneri taluk for three years from July, 1962 was held about a year later in May, 1963 and the sale confirmed in June, 1963. On a representation from the successful bidder that he was allowed to quarry shells from February, 1964 only, Government ordered in April, 1965, that the lease amount might be collected from February, 1964 only. The total loss of revenue from July, 1962 to February, 1964 worked out to Rs. 12,000.

(ii) The auction sale of quarrying sand in Kortalayar river in Edyanchavadi village, Chingleput district during the period from the 1st July, 1961 to the 30th June, 1962 was held in June, 1961 and the lease awarded to the highest bidder. The sale was, however, confirmed and the lessee allowed to quarry from December, 1961. On a representation from the lessee, the proportionate lease amount of Rs. 9,634 for the period from July to December, 1961, when he did not quarry sand in the areas leased out, was refunded to him.

While sanctioning the refund in December, 1964, Government observed that failure to confirm the sales in time, collect the lease amounts and execute the agreements promptly, encouraged illicit quarrying of minerals and requests for refund of lease amount, and required the Collector of Chingleput to devise suitable administrative measures to avoid loss of revenue to Government by such lapses.

Public Works Department

75. *Non-revision of rent.*—When a Government building is let to private persons, local bodies, etc., rent is recoverable, in advance, at the rates prevailing in the locality for similar accommodation belonging to private owners and such rent shall not also be less than the "standard rent" as calculated under the departmental rules. The rent thus fixed in 1959 in respect of certain godowns, fumigation chambers and dry shed belonging to the North Presidency division, Madras, was not revised till it was pointed out by Audit in March, 1964. The rent was revised by the Executive Engineer with effect from the 1st April, 1964 and the revised rates were about five times the rates fixed in 1959.

The Executive Engineer has reported in November, 1965 that the tenants are not agreeable to pay rent at the enhanced rates. The arrears of rent pending recovery from April, 1964 in these cases amount to about Rs. 3.46 lakhs (upto October, 1965)

Revenue Department

76. *Remission of revenue.*—In March, 1965, Government waived the recovery of stamp duty amounting to Rs. 4.5 lakhs payable in respect of the mortgage deed executed by the Madras State Electricity Board for a loan of Rs. 2 crores obtained by it from the Life Insurance Corporation of India. The remission was made on the request of the Electricity Board that the interest (7 per cent) payable on the loan was heavy and payment of a large sum as stamp duty and registration charges might prove a discouraging factor in going in for the loan.

77. *Non-collection of dues.*—Under the Madras District Board Act, 1920 and the Elementary Education Act, 1920, land cess and education cess at prescribed rates are to be collected in respect of Government lands leased out to the public. The amounts collected by Government are later distributed among the local authorities concerned. No cess was collected by the Revenue department in respect of the lease of 8,400 acres of forest lands in Tirunelveli (South) Forest division to a private company and this was attributed to non-inclusion of the lease by the District Forest Officer in the list of leased lands furnished to the Collector as required under the departmental instructions.

When the demand for cess amounting to Rs. 44,500 for the period from 1952 to 1962 was raised by the Forest department in October, 1962, the lessee contended that the District Collector was the authority competent to raise the demand and that the arrears of Rs. 31,100 relating to the period prior to 1960 were barred by limitation of time under the Limitation Act. Therefore, the Collector of Tirunelveli was addressed in September, 1963 to revise the demand. The case is reported to be still pending with him (August, 1965).

The draft paragraph was sent to Government in September, 1965; their reply is awaited (February, 1966).

78. *Arrears of revenue*—(i) *Sales tax.*—From the demand, collection and balance statement submitted to Government by the Board of Revenue, it was noticed that as on the 31st March, 1965, tax to the extent of Rs. 4,62.71 lakhs and penalty to the extent of Rs. 97.17 lakhs were pending collection, as shown below :—

	Tax.	*Penalty.*
	(IN LAKHS OF RUPEES)	
Madras General Sales Tax ..	3,51·63	97·17
Central Sales Tax	1,11·08	..
Total ..	4,62·71	97·17

Yearwise details of the arrears in respect of Central Sales Tax are awaited from the department (November, 1965). As regards the General Sales Tax, out of a total sum of Rs. 4.49 crores due for recovery on account of tax and penalty on the 31st March, 1965, a sum of Rs. 1.65 crores related to 1962–63 and earlier years (dating back to 1944–45). The arrears were particularly heavy in the districts of Madras, North Arcot and Madurai.

(ii) *Other receipts.*—(1) From the particulars furnished to Audit by the departmental officers, it was noticed that the total arrears in the collection of land revenue, taxes, duties and other principal sources of revenue as at the end of March, 1965 amounted to Rs. 2,95.37 lakhs; of this, a sum of Rs. 57.44 lakhs was pending recovery for over two years. The details of the arrears are given below :—

Nature of revenue.	*Amount of arrears.* (IN LAKHS OF RUPEES)	*Remarks.*
(a) Land revenue ..	2,21·60	A sum of Rs. 0·82 lakh was waived during the year and a sum of Rs. 8·39 lakhs was reported to be irrecoverable. No reasons therefor have been furnished by the department. A sum of Rs 54·99 lakhs related to the period from 1955–56 to 1961–62 as shown below :—

	(IN LAKHS OF RUPEES)
1955–56 ..	2·11
1956–57 ..	13·77
1957–58 ..	5·85
1958–59 ..	5·12
1959–60 ..	7·89
1960–61 ..	8·62
1961–62 ..	11·63

Nature of revenue.	*Amount of arrears.*	*Remarks.*
(b) Taxes on motor vehicles.	48·90	It was reported by the Transport Commissioner that the arrears had been computed assuming that all the vehicles registered had plied on the roads and that necessary verification to find out whether the vehicles were on the road was in progress (December, 1965).
(c) Agricultural Income-tax.	24·87	It was reported by the Commissioner of Agricultural Income tax that in a majority of cases, action has been taken for the recovery of the dues under the Revenue Recovery Act.

(2) The arrears in collection as at the end of March, 1965, for supplies made and services rendered in respect of a few departments are indicated below :—

Department.	*Amount of arrears.* (IN LAKHS OF RUPEES)	*Remarks.*
(a) Stationery department.	24·74	Represents the dues from paying departments of the Madras Government and Andhra Pradesh Mysore and Kerala Governments.
(b) Jails department ..	15·51	The delay in adjustment of cost was attributed to non-receipt of countersigned invoices from the receiving departments. The arrears relating to 1961–62 and earlier years amounted to Rs. 2·40 lakhs.
(c) Public Health department.	7·86	Represents the amount due for recovery from local bodies.
(d) Medical department ..	3·01	Represents arrears in collection of hospital stoppages, medical college receipts, etc. A sum of Rs. 0·52 lakh was pending recovery for over two years.
(e) Electrical Inspectorate.	1·87	The arrears are reported to relate mainly to the Madras State Electricity Board.
(f) Town Planning department.	1·16	Represents centage charges recoverable for preparation of plans, layouts, etc.

CHAPTER VII

LOANS AND ADVANCES

79. The total amount of loans and advances given by the State Government to Statutory Corporations, Joint Stock Companies, Small Scale Industries, Local Bodies and Government servants etc., for various purposes as at the end of 1964–65 was Rs. 2,36.89 crores. An account of these loans will be found in Statement No. 18 of the State Finance Accounts, 1964–65 (at pages 180–188).

Loans and Advances in respect of which detailed accounts are kept by departments.

80. The annual statements showing the amount of overdue instalments of principal and interest to the end of 1964–65 and the reasons for the delay in collection have not been received (November, 1965) from the departments except the Board of Revenue (Land Revenue). In the absence of these returns, the position regarding the recovery of the loans and advances, according to the terms and conditions thereof could not be ascertained.

The statements received from the Board of Revenue are also incomplete. The instalments of loan and interest outstanding as on the 31st March, 1965 as indicated in these statements amounted to Rs. 2,41.01 lakhs (principal—Rs. 2,18.52 lakhs, interest—Rs. 22.49 lakhs) as shown below :—

Schemes/Acts under which loans and advances were disbursed.	*Pricipal.* (IN LAKHS OF RUPEES)	*Interest*
Land Improvement Loans and Agriculturists Loans Act and the Amendment Act, 1935.	1,40·17	18·47
Intensive Manuring Scheme	10·59	0·75
Schemes for distribution of agricultural implements and chemical fertilisers.	18·15	0·41
New well subsidy scheme (old)	19·58	0·31
New well subsidy scheme (Revised)	20·00	1·41
Loans for installation of pumpsets	10·03	1·14
Total ..	2,18·52	22·49

Out of this, arrears relating to 1961–62 and earlier years amounted to Rs. 60.74 lakhs (excluding Madurai district in respect of which year-wise particulars have not been furnished).

81. *Loans under plantation labour housing scheme.*— Under this scheme loans aggregating Rs. 1.31 lakhs were sanctioned in 1961–62 to small planters to meet the cost of construction of 68 houses for their resident-workers; the instalments disbursed to end of April, 1965 amounted to about Rs. 98,000. (Due to national Emergency, fresh loans were not sanctioned under the scheme after 1961–62).

The houses were to be constructed within one year from the date of receipt of the first instalment of the loan. Out of 68 houses, 36 have not been completed so far (July, 1965); in these cases upto September, 1962 the construction had reached the plinth level only and there has been no further progress thereafter, though the second instalments of loan amounting to Rs. 34,000 were also disbursed as early as in October, 1962. The remaining 32 had been constructed after delays extending upto 16 months.

The delay in construction of houses has been attributed to non-availability of building materials, labour unrest, rainy season, etc.

As at the end of June, 1965, the overdue instalments of loan amounted to about Rs. 0.60 lakh; of this, a sum of Rs. 0.20 lakh was in arrears for over two years.

82. *Irregularities in the maintenance of loan accounts.*—(i) During test-check in 1964–65 of the accounts of loans maintained in the offices of Tahsildars and Collectors, the following irregularities involving an amount of Rs. 6.68 lakhs were noticed :—

Serial number and nature of irregularity.	*Number of cases*	*Amount (in thousands of rupees).*
1 Sanction of loans without adequate security ..	47	21·8
2 Cases where recovery appears doubtful according to the reports of departmental officers.	..	91·8
3 Omission to obtain certificates of non-encumbrance.	4	4·0
4 Failure to verify proper utilisation	408	3,16·0
5 Non-recovery of even the first instalment in respect of loans disbursed during 1955–56 to 1961–62.	102	84·2
6 Non-enforcement of the condition of summary recovery in cases of default	460	1,49·8
7 Omission to collect penal interest	62,022	Not known

(ii) Two cases of loans disbursed during 1956–57 under the Harijan Housing Scheme in respect of which recovery appears doubtful are mentioned below :—

(*a*) A loan of Rs. 11,250 was disbursed to 15 harijans in March, 1957 for constructing houses on a piece of land (gifted) in Chinnanerkunam village (Chidambaram taluk). The houses were not occupied after construction. The Minor Irrigation Overseer who inspected them in 1960 reported that they had been built with "flimsy material" and were unfit for occupation. As the borrowers defaulted in repayment of loan dues, the hypothecated properties were auctioned in May, 1961. The bid amount being very low (Rs. 315), the properties were re-auctioned in May and July, 1962 but there was no response. The auction in January, 1963 of the private lands owned by nine of the borrowers fetched an amount of Rs. 1,216, but the sale was not confirmed due to procedural defects. The re-sale ordered in October, 1964 has not yet been conducted (February, 1966).

(*b*) A loan of Rs. 7,500 was paid in September, 1956, to 10 harijans in Keerapalayam village (Chidambaram taluk) for constructing houses on sites owned by them. The borrowers defaulted in repayment of the loans. The lands together with the houses constructed thereon were auctioned in April, 1964 but as there were no bidders, the property was purchased by Government for a nominal price of six paise. Proposals for writing off the loan dues are reported to be under consideration (January, 1966).

83. *Ineffective watch over the recovery of Government dues.*—Mention was made in paragraph 66 (*c*) of the Audit Report, 1964 about certain cases of delay in the recovery of Government dues on account of sale of tractors on hire-purchase terms.

Four similar cases since noticed are indicated below :—

(i) In respect of a tractor sold in February, 1958, the hire-purchaser defaulted repayment from the second instalment due in March, 1961. The District Agricultural Officer, Pattukkottai reported after his inspections conducted in December, 1963 and June, 1964, that the tractor was not available with the party. The Director of Agriculture was required by Government in September, 1964 to investigate and report the whereabouts of the tractor. In July, 1965, the Director intimated that the tractor had been sold by the hire-purchaser as scrap. Action for the recovery of the Government dues amounting to Rs. 13,600 under the Revenue Recovery Act is reported to be under consideration (November, 1965).

(ii) In Madurai district, a party to whom a tractor was sold in November, 1957 defaulted repayment even from the first instalment. The Assistant Agricultural Engineer reported to the Director of Agriculture in July, 1964 that the hire-purchaser had sold away the tractor in December, 1962 without the knowledge of the department. A claim for recovery of Government dues amounting to Rs. 25,000 filed by the department in February, 1964 is reported (January, 1966) to be pending with the Official Receiver, Madurai.

(iii) In Madurai district, a tractor sold in June, 1956 was allowed to remain with the hire-purchaser till April, 1960 (when it was seized) eventhough he had not paid a single instalment. The tractor has not yet been disposed of; the question of filing a civil suit for the recovery of Government dues of about Rs. 8,500 is reported to be under consideration (November, 1965).

(iv) in respect of a tractor sold in Chingleput district in March, 1957, the hire-purchaser defaulted repayment from the first instalment due in March, 1958. The Assistant Agricultural Engineer, Nandanam reported to the Director of Agriculture in February, 1964 that the party had disposed of the tractor without the knowledge of the department.

A sum of Rs. 7,974 has since been realised in instalments, the balance due for recovery is Rs. 11,896 (August, 1965).

Loans in respect of which detailed accounts are kept by the Audit office.

84. *Loans under low income group housing scheme—Local bodies.*—Under this scheme, loans are given to local bodies for meeting the cost of construction of houses/acquisition and development of house-sites for being let out/sold to their low-paid staff and to the public.

During the period from 1955-56 to 1961-62, loans amounting to Rs. 57.10 lakhs were disbursed to 35 local bodies for the construction of 1,614 houses and for acquisition and development of house sites. As at the end of March, 1965, 1,451 houses had been constructed and 791 plots had been developed.

According to the terms of the loans, the construction of buildings should be completed within 18 months and the acquisition and the development of house sites within 12 months from the date of drawal of the loan. According to the information furnished by the department in July, 1965, 17 local bodies which had received loans aggregating Rs. 22.31 lakhs upto March, 1962 had not utilised the assistance either fully or to a large extent as indicated below :—

Number of local bodies.	*Amount of loan (in lakhs of rupees) and period during which disbursed.*	*Remarks.*
4	2·71 June, 1959 to March, 1962.	The entire amount was unutilised (July, 1965) due to delay in acquisition of land.
3	2·38 February, 1958 to March, 1962.	52 Houses were to be constructed : only 21 houses have been constructed (July, 1965).

Number of local bodies.	Amount of loan (in lakhs of rupees) and period during which disbursed.	Remarks.
5	6·37 April, 1958 to March, 1962.	.. The loans remained unutilised due to non-availability of sites and were refunded after delays ranging upto four years.
4	9·10 April, 1956 to March, 1960.	.. The loans were paid for construction of 330 houses; construction of only 258 houses was taken up. Out of Rs. 1·99 lakhs which thus became refundable, only an amount of Rs. 0·47 lakh has been refunded (July, 1965).
1	1·75 December, 1960.	.. An amount of Rs. 1·04 lakhs was utilised upto December, 1961. Government permitted the retention of the balance of Rs. 71,000 upto September, 1965 and the re-payment of the entire loan was completed in October, 1965.

The following further points were noticed :—

(a) The loan assistance is to be limited to 80 per cent of the estimated cost of the house or Rs. 8,000 per house, whichever is less. It was noticed in audit in July, 1965 the assistance disbursed to 9 local bodies was in excess by Rs. 1.19 lakhs with reference to the actual cost of the construction of houses. The amount has not been refunded by the local bodies (November, 1965).

(b) Under the rules of the scheme, not more than 25 per cent of the houses constructed should be allotted to the employees of local bodies. All the 36 houses constructed by the Mannargudi municipality with a loan assistance of Rs. 56,360 have been allotted to its employees.

85. *Irregularities in the drawal and utilisation of loans to the Corporation of Madras and other local bodies.*—The Examiner of Local Fund Accounts audits the expenditure out of loans paid to local bodies and furnishes to the Accountant General a consolidated certificate of utilisation of the loans disbursed. The report accompanying the certificate for the year ended 31st March, 1964 received in September, 1965 indicated the following points :—

(i) Out of loans totalling Rs. 1,18.33 lakhs drawn by the Corporation of Madras, during the period from 1946–47 to 1963–64 for execution of water-supply and drainage schemes, road works, etc., an amount of Rs. 77.16 lakhs (65 per cent) remained unutilised at the end of 1963–64, as shown below :—

Year of drawal	Amount drawn	Unspent balance
	(IN LAKHS OF RUPEES)	
1959–60 and earlier years	15·50	7·49
1960–61	19·72	14·28
1961–62	25·46	11·70
1962–63	33·86	19·98
1963–64	23.79	23·71

This included (a) 6 cases (Rs. 24.45 lakhs) where the loan amounts remained entirely unutilised ; and (b) 11 cases (Rs. 40.01 lakhs) in which the extent of utilisation of the loans was less than 50 per cent.

(ii) Loan amounts of Rs. 1 lakh each drawn by the Tiruppur Municipality in March, 1962 for execution of Low Income Group Housing Scheme and by the Courtallam Township Committee in November, 1962 for constructing a rest house, remained wholly unutilised.

(iii) 5 local bodies which received loans amounting to Rs. 7.84 lakhs had utilised a total sum of Rs. 1.37 lakhs for purposes other than those for which the loans were granted.

86. *Arrears in recovery.*—(i) As on the 31st March, 1965, the overdue instalments of loans and interest granted to the State Housing Board, Municipal Councils, Town Panchayats and Panchayats amounted to Rs. 30.83 lakhs (principal : Rs. 8.41 lakhs and interest : Rs. 22.42 lakhs) as indicated below :—

	Amount overdue: for more than one year.	Amount overdue: less than a year.	Earliest year from which amounts are outstanding
	(IN LAKHS OF RUPEES)		
1. State Housing Board	4·08	0·89	1958-59
2. Municipalities	11·17	7·18	1962-63
3. Panchayat Union Councils, Town Panchayats and Panchayats.	4·22	3·29	1959-60
Total ..	19·47	11·36	

35 panchayats have presistently defaulted in repayment for more than three years.

(ii) Besides the outstandings referred to in (i) above, an amount of Rs. 52.82 lakhs is outstanding in respect of defunct District Boards. Pending settlement of their assets, liabilities, reconciliation of accounts, settlement of audit objections, etc., Government deferred recovery till the 31st December, 1965. The District Boards were abolished in October, 1961 and the matter is pending for over four years. The Committee on Public Accounts (1963–64) in their report, dated the 20th June, 1964 recommended that "the accounts may be finalised without further delay and the Government dues recovered early".

CHAPTER VIII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES.

SECTION A—GENERAL

87. This Chapter deals with the results of audit of

(i) Statutory Corporations/Boards,

(ii) Government Companies,

(iii) Departmentally managed Government Commercial/*Quasi*-Commercial Undertakings, and

(iv) Investments and guarantees by the State Government.

SECTION B—STATUTORY CORPORATIONS/BOARDS

88. On the 31st March, 1965, there were two Corporations/Boards in the State, viz.—

(i) Madras State Warehousing Corporation, and

(ii) Madras State Electricity Board.

MADRAS STATE WAREHOUSING CORPORATION

89. The Corporation has been incurring losses since its inception (except during the first year of its working, *viz.*, 1958–59) and the total loss incurred up to the end of March, 1965 is Rs. 4·60 lakhs. The accounts for the year, 1964–65 have however, not been certified by the professional auditors (December, 1965).

MADRAS STATE ELECTRICITY BOARD

90. *Working results.*—**Particulars of capital outlay, loans, reserves, etc., and working results of the Board for the years 1961–62 to 1963–64 (for which the accounts have been finalised) are given below :—**

	As on the 31st March, 1962.	*As on the 31st March, 1963.*	*As on the 31st March, 1964.*
	(IN LAKHS OF RUPEES)		
(i) Capital outlay	**1,46,55·21**	**1,69,67·59**	**2,01,41.97**
(ii) Loans—			
(a) From the Madras Government.	**1,19,39·66**	**1,28,49·66**	**1,46,19·66**
(b) Public loan under section 65 of the Electricity (Supply) Act.	**7,65·83**	**10,89·06**	**15,10·23**

	As on the 31st March, 1962.	As on the 31st March, 1963.	As on the 31st March, 1964.
	(IN LAKHS OF RUPEES)		
(c) Short-term loans.	..	..	3,00·00
(d) Overdrawal from Government	..	3,42·64	..
(iii) Reserves—			
(a) Depreciation Reserve	18,34·24	21,72·82	24,63·85
(b) Special Reserve	2,75·57	2,82·69	2,90·12
(c) General Reserve	2,38·11	3,07·65	3,80·71
(d) Pension Reserve	41·42	53·68	69·81
	1961–62	1962–63	1963–64
(iv) Working results—			
(a) Gross revenue ..	17,98·32	20,19·16	23,79·66
(b) Working expenses.	6,25·50	8,50·87	12,86·28
(c) Net revenue (a) minus (b).	11,72·82	11,68·29	10,93·38

(ii) The accounts for 1962–63 did not disclose any surplus after meeting all liabilities and appropriations as provided in the Electricity (Supply) Act, 1948. Interest amounting to Rs. 20.32 lakhs realised on investments of Depreciation Reserve Fund has been credited to the fund account instead of to the Revenue Account which has borne, the debit for interest at 3 per cent calculated on the entire opening balance in the fund as per the provisions of section 68 of the Electricity (Supply) Act, 1948.

(iii) The interest charges payable on the loans obtained from the State Government for the year 1963–64 amounted to Rs. 7.14 crores. According to the accounts for the year, a sum of Rs. 6.16 crores only was available for payment and of this, a sum of Rs. 4.96 crores was paid. Interest amounting to Rs. 20.54 lakhs realised on investments of balance in the Depreciation Reserve Fund has been credited to the Fund instead of to the Revenue accounts with consequent reduction in the net profits.

91. *Avoidable expenditure.*—The price of cement which is fixed f.o.r. destination station is uniform per tonne for delivery at all rail-heads and diversion of cement allotted to one project/

division to another by changing the destination is permitted within the same quarterly period. If the buyer takes delivery *ex*-factory, he is allowed rebate to the extent of railway freight upto the rail-head nearest to the destination.

The following cases of avoidable expenditure were noticed :—

(i) During 1963–64, 8,270 tonnes of cement were received in Parson's Valley Circle; of this, 983 tonnes were taken delivery of *ex*-factory, Madukkarai rail-head and 7,287 tonnes were supplied at the Mettupalayam rail-head and transported by road from Mettupalayam to the departmental stores. The nearest rail-head specified in the indents in these cases was Mettupalayam (about 42 miles from Parson's Valley) instead of Ootacamund (about 10 miles from Parson's Valley). Consequently rebate to the extent of railway freight up to Mettupalayam only was allowed by the suppliers, on 983 tons. By specifying Mettupalayam as the nearest rail-head instead of Ootacamund, the Board has suffered a total loss of Rs. 1·28 lakhs (Rs. 0·16 lakh on account of loss of rebate and Rs. 1.12 lakhs by way of transport charges from Mettupalayam to Ootacamund).

(ii) During the period from May, 1963 to October, 1964, 11,125 tonnes of cement were transported from various systems to Athikadavu for use in the Kundah Hydro Electric Scheme. With proper planning, these supplies could have been diverted to places of consumption directly. The extra expenditure on railway freight and lorry charges in transporting these consignments amounted to Rs. 1.52 lakhs.

92. *Extra expenditure.*—The Power House No. V and the transformer-yard of the Kundah Hydro-Electric Project are located in the site prepared by excavating hill sides. In July, 1963, when the work of concreting the foundations was in progress, a land slide occurred inundating the transformer yard and the power house with slushy soil. An expenditure of Rs. 1.08 lakhs was incurred on the clearance of slush. A retaining wall was subsequently constructed at a cost of Rs. 2.66 lakhs, so as to prevent recurrence of further land-slides. If adequate protection works had been provided in the first instance, the expenditure on the removal of slush could have been avoided.

The Electricity Board stated (January, 1966) that 'the formation of the sub-soil in the Nilgiris is such that geology is unpredictable and any amount of investigation could not have revealed the slide'.

93. *Infructuous expenditure.*—A contract for the supply and erection of hoists gates, penstock pipes, etc, (value, Rs. 63·29

lakhs) at the surge shaft in the Mettur Tunnel Scheme was entered into by the Electricity Board in March, 1964 with the local agents of a foreign firm of erectors. The contract provided for a guarantee period of 12 months and for the rectification or replacement, free of cost, of any defects due to faulty material or defective workmanship.

The erection of the gates was completed on the 3rd August, 1964. On the 8th August, 1964, when the water level rose to 760 feet, the liner plate at the top between the regular and emergency gates of pen stock No. 2 developed a bend, resulting in heavy leakage and flooding of the penstock tunnels and power house foundations. Similar defects developed on the 13th August, 1964 in the liner plate in pen stock No. 1. An expenditure of Rs. 3.67 lakhs was incurred on rectification works; a further expenditure of Rs. 2.84 lakhs was also incurred towards strengthening and supporting the liner plates in penstock tunnels to protect them against such damages.

The reasons for the leakage were discussed in September, 1964 with the representatives of the foreign firm. While the Board held that the main cause was the defective and inadequate anchoring of the liner plate, the firm attributed the failure to defective concrete. The Board decided that no further action was necessary in the matter of fixing relative responsibility.

94. *Delay in finalisation of tenders.*—In October 1962, tenders were invited for the supply of 800 kilometers of ACSR conductors. The firm which had quoted the lowest rate of Rs. 1,446 per k.m. had stipulated the following terms in regard to delivery and payment for supplies :—

(*a*) Supplies to commence in 14/16 months from the date of receipt of firm order and to be completed in 21 months;

(*b*) 90 per cent of the value of each consignment to be paid against railway receipt through the firm's bankers and the balance within one month after receipt of materials at site and physical verification thereof.

The Board which did not agree to the latter condition while placing the order on the 2nd May, 1963, finally agreed to it in December, 1963, but insisted that the delivery period for supply should be reckoned from May, 1963, when the order was placed with the firm. The firm informed the Board in July, 1964 that as it had received heavy orders from other Electricity Boards, the order which had not been finalised might be treated as cancelled. As there was no concluded contract between the Board and the firm, the question of imposing a penalty for non-compliance with

the purchase order was dropped after obtaining legal opinion and the purchase order was cancelled in January, 1965.

After inviting fresh tenders the Board has placed an order in March, 1965, with another firm at Rs. 1,728 per k.m. involving an extra cost of Rs. 2.18 lakhs. Considering the delivery period finally secured (*viz.* delivery to start in 22/25 months and be completed in 28/33 months, *i.e.*, by December, 1967) the delivery period of the former firm (*viz.*, by September, 1965 reckoned from December, 1963) would still have been advantageous to the Board.

95. *Idle machinery.*—(i) Six disintegrators valued at Rs. 23,400 were purchased in October, 1957 for the manufacture of surki powder for use on a dam. These were never put to use due to non-availability of good quality clay and were transferred in May, 1964 to another place, where also they were lying unutilised (December, 1965). The purchase of machinery without examining the possibility of their being used has resulted in unnecessary locking up of funds for over eight years.

The Board explained (December, 1965) that " exhaustive tests are being conducted on the use of surki powder on another dam and that after establishing the test results, manufacture will be undertaken with the help of the disintegrators ".

(ii) Two boats ' Minsakthi ' and ' Jalasakthi ' costing Rs. 8,374 and Rs. 31,359 respectively were acquired in January, 1960 in connection with the investigation of the Periyar pumped hydro electric scheme. As this scheme was dropped in December, 1960, the boats were ordered to be transferred to the Mettur Tunnel Scheme and Kodayar Scheme.

The boat 'Minsakthi', which was transferred to the Mettur Tunnel Scheme in January, 1961 for use during the diamond drilling operations in the Mettur lake, was damaged in a gale in April 1962. During the period from January, 1961 to April 1962, it was used only for 15 hours. A new boat in replacement was purchased in July, 1963 at a cost of Rs. 32,900 and this boat was also practically lying idle (during the period from July, 1963 to December, 1964, it was in use for 11 hours only). As the Board was aware that the boats belonging to the Public Works or Fisheries departments could be hired for its use, the purchase of a new boat in replacement of the damaged one does not appear to be justified.

The boat 'Jalasakthi' was not actually transferred to the Kodayar hydro-electric scheme. In October, 1963, it was ordered to be transferred to the Parambikulam-Aliyar hydro-electric scheme; but the transfer is yet to take place and the boat is lying idle.

96. *Recoveries effected at the instance of audit.*—Arithmetical mistakes, wrong computation of consumption of energy, non-levy of annual minimum charges and non-charging of excess lighting load in agricultural and industrial services were some of the types of irregularities pointed out during the test-check of the bills for current consumption charges.

The amounts short-recovered during the period from 1962-63 to 1964-65, as pointed out by Audit, worked to Rs. 4.84 lakhs. Out of this, a sum of Rs. 2·31 lakhs only has been recovered till March, 1965.

SECTION C

97. *Government companies.*—The financial results of the Madras Industrial Investment Corporation Limited for the year ended 30th June, 1965 are compared with those of the preceding two years in the table below :—

Date of incorporation :—26th March, 1949.

	30th June, 1963	30th June, 1964	30th June, 1965
	(IN LAKHS OF RUPEES)		
1. Paid-up capital	1,32·11	1,32·11	1,84·56
2. Loans	11,61·18	13,15·55	14,55·49
3. Free reserves	4·12	4·36	6·76
Total capital invested	12,97·41	14,52·02	16,46·81
4. Trade dues and other current liabilities.	7·98	15·04	8·85
5. Block assets (net)	0·41	0·40	0·36
6. Depreciation	0·17	0·22	0·26
7. Total excess of income over expenditure	4·42	1·70	3·51
8. Interest on loans	50·72	65·46	72·46
9. Total return (7+8).	55·14	67·16	75·97
10. Percentage of return on capital invested	4·24	4·61	4·61

The net pofit for the year available for distribution after providing for taxation, expenses, etc., was just sufficient to pay the minimum guaranteed dividend (amounting to Rs. 1,10,910) to non-Government share-holders. The arrears of dividend due to the State Government as at the end of the year amounted to Rs. 15.81 lakhs.

(ii) A sum of Rs. 4,98,839 representing the underwriting commission and brokerage received by the Corporation during the year, on shares which the Corporation had to subscribe as a result of obligations arising from underwriting contracts (owing to the absence of adequate response from the public) has been credited to the Profit and Loss Account as an income of the year, instead of being taken as a deduction from the cost of the relevant investment. If the same amount is taken against the cost of investment, the working of the Corporation during the year would show a loss of Rs. 1,48,158.

(iii) (*a*) According to the condition of grant of loans, sanction to a loan will lapse three months after the date of its sanction. In some cases, however, the Corporation has revalidated the sanctions. In such cases the rate of interest which prevailed at the time of the original sanction has been charged instead of the rate ruling at the time of revalidation/drawal. As the rate of interest charged to the borrowers has been on the increase, the charging of the old rate of interest has resulted in a loss to the Corporation; the amount involved in two cases in which the loans were kept open by revalidation for 12/29 months respectively was about Rs. 70,600.

(*b*) A temporary loan of Rs. 10 lakhs (repayable in one year) sanctioned in February, 1964 was paid to a firm in July, 1964 at 7½ per cent per annum. At the request of the borrower the loan was converted into a medium-term loan (repayable in five annual instalments) in April, 1965. The rate of interest obtained in April, 1965, was 9 per cent but the borrower was allowed to pay interest at the old rate resulting in loss of Rs. 45,000.

SECTION D—GOVERNMENT COMMERCIAL AND QUASI-COMMERCIAL DEPARTMENTS/UNDERTAKINGS

98. On the 31st March, 1965, there were 55 departmentally managed Government commercial and quasi-commercial undertakings. The *pro forma* accounts of the Madras Dairy and Milk Project for the years 1963-64 and 1964-65 have not so far been submitted to Audit (December, 1965).

54. Concerns which have furnished their *pro forma* accounts for 1964-65, earned a net profit of Rs. 13.41 lakhs giving a return of 0·81 per cent on the mean capital of Rs. 16,48 lakhs. 15 concerns in which Government capital (mean) amounted to Rs. 11,28 lakhs incurred losses amounting to Rs. 45·96 lakhs. 4 out of these 15 concerns showed increased losses during 1964-65. 39 concerns earned a net profit of Rs. 59·37 lakhs giving a return of 11.4 per cent on the Government capital of Rs. 5,20 lakhs. A synoptic statement showing the financial results of the 54 concerns is given in Appendix VI.

99. *Government bus service.*—(i) *Working results.*—The working results of the Government Bus Service, Madras, for the years 1962–63 to 1964–65 are compared below :—

	1962–63.	1963–64.	1964–65. *Government bus service.*	1964–65. *Long distance bus service.*	1964–65. *The two units taken together.*
1 Fleet strength as on 31st March.	694	830	815	125	940
2 Total revenue mileage (in lakhs).	2,54·58	3,07·20	2,92·79	67·21	3,60·00
3 Total receipts (in lakhs of rupees).	3,45·10	4,13·00	4,39·42	85·14	5,24·56
4 Total expenditure (in lakhs of rupees).	3,44·87	4,41·41	4,63·30	81·23	5,44·53
5 Net profit/loss (in lakhs of rupees).	0·23	—28·41	—23·88	3·91	—19·97
6 Average cost per mile (in rupees).	1·354	1·437	1·582	1·209	1·513
7 Average earning per mile (in rupees).	1·355	1·344	1·501	1·267	1·457
8 Average net earning per mile (in rupee).	0·001	—0·093	—0·081	0·058	—0·056
9 Percentage of profit to capital at commencement of the year.	0·06	..	..	5·6	..
10 Average vehicle mileage (monthly).	3,250	3,442	3,161	5,092	3,459
11 Average mileage obtained per litre of fuel consumed.	Not available.	2·52	2·45	2·58	2·49

NOTE.—The department has started preparing separate *pro forma* accounts in respect of 'long distance services' from the accounts for 1964–65.

As a result of the upward revision of fares with effect from the 1st April 1964, the department anticipated 25 per cent increase in the revenue by sale of tickets and a net revenue of Rs. 1.29 lakhs for the year 1964–65. There was, however, a loss of Rs. 19.97 lakhs during the year under review, which was mainly attributed to (a) fall in traffic by about 8 per cent (in spite of an increase in the fleet strength by about 13 per cent) and (b) to some extent the increased cost of operation mainly on account of enhancement of dearness allowance to staff with effect from May, 1964.

(ii) *Stores accounts.*—A test-check of the stores accounts indicated several deficiencies as mentioned below :—

(*a*) The reconciliation of the value of closing stock of stores according to the priced stores ledgers with the balance in the general ledger is in arrears from 1960–61 onwards. The balance of stock appearing in the general ledger has been adopted as the closing balance in the Balance Sheet.

Further, the reconciliation of the quantity balances appearing in the (Kardex) stores accounts with the balances in the priced store ledgers has not been made after March, 1964 in many cases; discrepancies noticed in respect of a few items are indicated below :—

Description of the item.	Quantity as per Priced stores ledgers.	Quantity as per Kardex.	Difference [Quantity/Value (Rs.)]
G.I. pipes 1"	8,020 (Metres)	4,066 (Metres)	3,954 / 8,144
M.S. rounds ½"	19,605 (Metres)	11,026 (Metres)	8,579 / 4,804
M.S. rounds ⅜"	40,159 (Metres)	37,658 (Metres)	2,501 / 2,125
M.S. rounds 12 mm. ×9/13 mm.	775 (Kgs.)	16,490 (Kgs.)	15,715 / 11,786

(*b*) The reconciliation between the balances as per the register of purchases and that as per the general accounts is in arrears since 1955–56 (when the unreconciled balance was written off). The department has stated in October, 1965 that owing to inadequate staff, the work has fallen into arrears and that it is proposed to work out the outstanding liabilities as on the 31st March, 1965 afresh and to adjust the differences, if any, under orders of Government.

(*c*) The prescribed 'weighted average method' has not been adopted in many cases in pricing the issues, which have been charged either at a single rate for the whole year or by adopting the "first-in, first-out" method.

(*d*) A number of mispostings and *minus* balances in the ledgers were noticed.

(*e*) With reference to paragraph 79 of the Audit Report, 1964, the Public Accounts Committee (1964–65) recommended in July, 1965 that strict instructions should be issued for taking action on the stock verification reports within the prescribed time-limit of three months. As on the 30th September 1965, 59 reports relating to the period from 1962–63 to 1965–66 were awaiting disposal.

(*f*) Obsolete spare parts (book value : Rs. 1.19 lakhs) were disposed of in public auction for Rs. 0.38 lakh during the year,

(iii) *Temporary advances.*—According to the orders of Government issued in July 1960, advances given to the Stores Officer by the Accounts branch for purposes of making advance payments to the principal suppliers of spare parts should be adjusted against supplies within a period of two months. A systematic record of the advances taken and the supplies received has not been kept by the Stores Officer with the result that the extent of unadjusted advances is not available with him. The following advances are pending adjustment (October, 1965) according to the books kept in the Accounts branch :—

Year of drawal.	Amount outstanding. (IN LAKHS OF RUPEES)
1962—63 and earlier years	1·10
1963—64	2·99
1964—65	9·20
1965—66 (upto July, 1965)	9·89

(iv) *Other points*—(1) *Irregular payment of house rent allowance.*—(a) In August, 1954, Government issued orders that Government servants paying rent at concessional rates should not be allowed house rent allowance, as the grant of the allowance in such cases amounted to a source of profit. Certain workers of the State Transport department who had been occupying the houses, constructed under the " Subsidised Industrial Housing Scheme ", from May, 1958 were paid house rent allowance in full even though they had been paying only concessional rates of rent admissible under the scheme. The irregularity was pointed out by Audit in April, 1960 and the payment of the allowance was stopped from October, 1963. It was again revived from November, 1963 on representations from the workers against its discontinuance. In April, 1964, Government ordered that workers who were occupying the houses under the subsidised industrial housing scheme in April 1964, might continue to draw the allowance. They also ratified in June, 1965, the payment of the allowance from May, 1958 to April, 1964, amounting to Rs. 53,380.

(b) According to the conditions for the grant of assistance for the construction of houses under the Subsidised Industrial Housing Scheme, interest at 4½ per cent is payable to Government of India on the subsidy received, in cases where the houses are allotted to ineligible persons. The workers belonging to the State Transport department are not eligible for allotment of the houses and consequently the State Government had to incur an extra liability of Rs. 30,000 towards interest payable for the period upto March, 1965.

(2) *Loss of revenue.*—Two cases of incorrect fixation of fares of express bus services have been noticed. In fixing the fares for the services between Nagapattinam and Ramanathapuram (operated from February, 1964) and Madurai and Salem (operated in June, 1964), the distance was adopted as 160 and 185 miles respectively, while the correct distance was 165 and 196 miles. The fares have been suitably revised on the Nagapattinam-Ramanathapuram route with effect from the 1st June, 1964. For the Madurai-Salem route, the department has reported in October, 1965 that revision of fares will be taken up when the existing service is extended upto Tuticorin. The loss of revenue in these cases amounted to Rs. 2,965 and Rs. 22,311 (upto September, 1965).

100. *Grain supply scheme.*—(1) The scheme for the purchase and disribution of rice and wheat was introduced with effect from October, 1964. During the period from October, 1964 to March 1965, 1·62 lakhs tonnes of rice and 0·70 lakh tonnes of wheat (valued at Rs. 10·83 crores/Rs. 2·96 crores respectively) were procured. As at the end of March 1965, there was a closing stock of about 0·99 lakh tonnes of rice (value—Rs. 6·61 crores) and 0·05 lakh tonnes of wheat (value—Rs. 0·19 crore).

(2) The form of the *pro forma* accounts of the scheme has not yet been prescribed and hence the accounts of the scheme for the year ending March, 1965 have not been finalised.

(3) A test-check of the accounts of the scheme revealed the following :—

(i) Though the formula for fixation of selling price provided for inclusion of sales tax, the selling price fixed in six districts did not include sales tax. This resulted in loss of revenue of about Rs. 58,000.

(ii) According to the orders issued by Government in October 1964, the stocks of foodgrains are to be released to the wholesalers on payment of cost in advance. A sum of Rs. 32·79 lakhs was, however, due for recovery in six districts towards cost of wheat and rice sold during the period from November, 1964 to June, 1965.

(iii) Consequent upon the revision of the issue price of wheat by the Government of India with effect from the 16th December 1964, the price differential was to be recovered from the wholesalers and retailers on the stocks held by them on the date of revision of price. In four districts a total sum of Rs. 0·90 lakh was pending recovery, on this account.

(iv) (a) The transit losses of rice and wheat pending regularisation worked out to Rs. 1·20 lakhs (six districts). Government have not so far prescribed any permissible percentage for such losses.

(b) The physical verification of stock for the quarter ended 30th June, 1965 conducted by the Revenue officials in Kanyakumari and Tirunelveli districts indicated shortages of rice and paddy valued at Rs. 92,000 in eight taluks. The shortages remain to be regularised (January, 1966).

(v) Out of a consignment of 374 tonnes of wheat received in November, 1964 in Madras City, a quantity of about 71 tonnes was transferred to Tirunelveli district in March 1965, where it was found to be in a deteriorated condition. An analysis of the sample by the King Institute, Guindy, indicated that the stock was badly damaged due to insect infestation and was unfit for human consumption or even for use as cattle feed. The District Supply Officer reported in December, 1965 that the entire stock was reconditioned and sold to the public incurring a loss of Rs. 6,200 which remains to be written off.

(vi) An extra expenditure of about Rs. 10,060 was incurred in March, 1965 in transporting 39,328 bags of paddy from Coimbatore junction goods shed to the Central Storage depot, Coimbatore. These stocks had been booked from the procurement centres in Thanjavur district to Coimbatore junction instead of Coimbatore (North) station which was nearer to the storage depot and also to the procurement centres. The Collector of Coimbatore reported in November, 1965 that these consignments had to be booked to Coimbatore junction as the godowns in which they had to be stored had not been decided upon when they were moved to Coimbatore, early in March, 1965.

101. *Government scientific glass apparatus factory, Guindy.*—Government sanctioned in January, 1957, the setting up of a scientific glass apparatus factory at Guindy at an estimated cost of Rs. 4·6 lakhs non-recurring and Rs. 3·94 lakhs per annum recurring, for the manufacture of scientific apparatus required by educational institutions and laboratories. The total non-recurring expenditure incurred upto March, 1965 was Rs. 7·83 lakhs and this exceeded the estimated cost by about 70 per cent.

The unit started production in September, 1964 and earned a small profit of Rs. 6,428 up to March, 1965. The delay of over seven years in starting the unit was attributed to the difficulties in the import of machinery, delay in the construction of the buildings and the high technical skill required in starting the plant. Delay in commissioning the unit resulted in machinery valued at Rs. 3.62 lakhs (purchased mostly during 1960–61 and 1961–62) remaining idle. The expenditure on the employment of the staff till the date of commencement of production amounted to Rs. 1.05 lakhs.

Production was stopped in April, 1965, as—

(a) there was heavy accumulation of finished goods due to poor sales; out of the total production valued at Rs. 5·1 lakhs, sales amounted to Rs. 0·60 lakh only; and

(b) the furnace needed repairs.

The unit has not yet resumed production (December, 1965). The skilled and unskilled workers and staff are continued to be employed; the total expenditure on their pay and allowances for the period from May, 1965 to December, 1965 was Rs. 1·14 lakhs.

With a view to promoting sales, a private firm was appointed in March, 1965 as sole selling agents on payment of commission at 15/20 per cent for sales within/outside the Madras State. The value of orders secured through the selling agents was Rs. 43,400 till December, 1965.

Shortages amounting to Rs. 7,595 were noticed at the time of taking over charge by the Superintendent of the unit in February, 1962. The Director of Industries and Commerce recommended to Government in January, 1965 that token recoveries amounting to Rs. 1,109 might be effected from the Superintendent of the unit and three storekeepers concerned and that the balance of Rs. 6,486 might be written off. Token recoveries amounting to Rs. 450 from three storekeepers were ordered by Government in May, 1965; orders for recovery from the *ex*-Superintendent of the unit and writing off the balance are awaited (October, 1965).

It was also noticed that—

(a) maintenance of the Stock Registers and the Register of finished goods was defective; and

(b) Goods Received book was not maintained prior to January, 1961 (the omission was condoned by Government in August, 1963).

102. *Excessive stocking of materials and consequent locking up of funds.*—Considerable overstocking of iron and steel materials was noticed in the following cases :—

Year	(a) *Government Galvanising Plant, Mettur Dam.* *Purchases.*	*Consumption.*	*Closing balance.*	(b) *Brassware and Cutlery Unit, Kumbakonam.* *Purchases.*	*Consumption.*	*Closing balance.*
	(IN TONNES)			(IN TONNES)		
1962–63	1,495	148	1,386	..	..	..
1963–64	2,918	514	3,790	74	12	65
1964–65	35	495	3,330 (Value: Rs. 24·57 lakhs.)	118	19	164 (Value: Rs. 2·29 lakhs.)

(a) *Government Galvanising Plant, Mettur Dam.*—The quantity consumed during the period from 1962–63 to 1964–65 represented about 26 per cent of the total quantity purchased. 2350 tonnes of material found surplus to requirements were ordered to be transferred to the Servicing Corporation, Guindy and the Raw Materials Depots at Madurai and Coimbatore for being supplied to private and departmental industrial units. The materials have not been transferred and are treated as being held on behalf of the other units.

(b) *Brassware and Cutlery Unit, Kumbakonam.*—The quantity consumed during the period 1963–65 represented about 16 per cent of the total quantity purchased. It was noticed that during 1964–65, the supplier was required to transport a quantity of about 43 tonnes (out of 118 tonnes purchased) by road instead of rail. The transport by road at an extra expenditure of Rs. 6,658 did not prove justified, as the quantity consumed during the year was less than even the opening balance as on the 1st April, 1964.

103. *Loss due to excesive purchase.*—Out of 13,960 c.ft., of timber logs purchased during the year 1958 by the Wood Working Unit, Guindy from the Forest Department, a quantity of 11,858 c.ft. only could be used till January, 1965 over a period of seven years. The Director of Industries and Commerce suggested to Government in January, 1965 that due to inadequate storage space the logs had to be kept in the open yard and hence the surplus stock of 2,102 c.ft. (valued at Rs. 16,200) might be disposed of in open auction. This was approved by Government and the stock was sold for Rs. 2,600 in June, 1965.

Purchase of stores far in excess of requirements resulted in locking up of Government money initially and a loss of Rs. 13,600 to Government finally.

104. *Loss of stores.*—Certin consignments of iron and steel materials valued at Rs. 7,500 reported to have been entrusted to a private contractor between 9th May, 1959 and 26th August, 1959 for transportation to three other departmental units did not reach the consignees. The criminal suit filed against the contractor in July, 1960 in the lower Court and the appeal in the High Court, in May, 1962 failed mainly because there was reasonable doubt about the physical entrustment of the goods to the contractor and the store-keeper of the Servicing Corporation had committed several misdeeds which made his evidence unrealistic.

No action has been taken against the store-keeper. The loss remains to be regularised. The department has proposed to adjust the security deposit (Rs. 2,331) and pending claims of the contractor (Rs. 2,052) against the value of stores lost (October, 1965).

105. *Injudicious purchase of machinery.*—On the advice of a foreign expert (who was assisting the Industries department in the setting up of small scale industrial units), a pressure die-casting machine was purchased in 1958 for the Brassware Unit, Kumbakonam, at a cost of Rs. 1.12 lakhs for undertaking small types of non-ferrous castings. The machine could not be commissioned as the department had no knowledge of operating it; nor were the services of the expert in this regard available. It was transferred in August, 1960 to the Pressure Die-Casting Unit, Guindy where also it could not be used. Another foreign expert who examined the machine reported that it was unsuitable for commercial production. The machine is now reported to be in use for demonstration in the Technical Training Centre, Guindy (January, 1965).

106. *Idle machinery.*—(1) In March, 1961, Government sanctioned the establishment of Tool Room Shops in the Industrial Colonies at Katpadi and Salem. Machinery and equipment costing Rs. 4.73 lakhs purchased for these units mostly during 1961–62 (Rs. 1·89 lakhs) and 1962–63 (Rs. 2·73 lakhs) could not be put to use as—

(i) the industrial colony at Salem could not be set up so far (July, 1965) due to delay in acquisition of land; and

(ii) Government ordered in December, 1963 that the Tool Room Shop at Katpadi should be let out to a private Relief Agency.

The machinery purchased for the two departmental units were, therefore, transferred to other industrial units. Machinery valued at Rs. 2·45 lakhs transferred to the Tool Room Shop, Ambattur between April, 1964 and August 1964 are reported to be in use from April, 1965.

(2) Plant and machinery valued at Rs. 6.61 lakhs purchased for several industrial units were lying unutilised for periods ranging from one to six years. Details of the cases are given in Appendix VII.

SECTION E—INVESTMENTS AND GUARANTEES BY THE STATE GOVERNMENT

107. *Investments of Government.*—(i) The figures of investments by the State Government in shares of Statutory Corporations, Government Companies, Joint Stock Companies, Co-operative Banks, Institutions, etc., at the end of the last three years are given below :—

	Statutory Corporations, Government Companies and Joint Stock Companies.	*Co-opertive institutions.*
	(IN LAKHS OF RUPEES)	
1962—63	**1,79·24**	**5,86·08**
1963—64	**1,88·05**	**6,88·94**
1964—65	**2,31·44**	**8,09·17**

The amount of dividend received during 1964-65 amounted to Rs. 11·09 lakhs as indicated below :—

	(IN LAKHS OF RUPEES)
Joint Stock Companies, Statutory Corporations, etc.	0·90
Co-operative institutions	10·19

(ii) *Investment in co-operative societies*.—(a) The accounts of these societies are required to be audited by auditors so authorised by the Registrar of Co-operative Societies. The audit is required to be completed within one year from the date of closure of the accounts. As in October 1965, the accounts of 325 societies for the year 1962–63 and 1,349 societies for 1963–64 remained to be audited. The delay in completion of audit was attributed to non-availability of trained personnel.

(*b*) A review of the audited accounts of 502 co-operative institutions in which Government had invested Rs. 4,98.83 lakhs as at 31st March, 1965 indicated that 166 institutions, in which the investment made was Rs. 73.14 lakhs, were working at loss as shown below :—

	Number of institutions.	*Total amount invested.*	*Loss incurred*	
			As on the 30th June, 1963.	*As on the 30th June, 1964.*
		(IN LAKHS OF RUPEES)		
1. Marketing institutions ..	9	2·62	2·49	*
2. Agricultural banks ..	37	3·70	1·58	*
3. Other societies	116	4·82	1·36	*
4. Sugar mills	2	40·00	..	68·00
5. Spinning mills	2	22·00	..	12·11

(* The accounts for the year ended 30th June, 1964 in respect of the institutions are awaited.)

(*c*) The Thanjavur Co-operative Marketing Federation in which Government investment stood at Rs. 7.55 lakhs on the 31st March, 1965 has been incurring losses year after year, the total loss as on the 31st March, 1963 being Rs. 3.38 lakhs.

(*d*) The details of investments as on the 31st March, 1965 are given in Statement No. 14 on pages 138–145 of the State Finance Accounts, 1964–65.

108. *Guarantees given by the State Government*.—The State Government have given guarantees in respect of share capital and loans raised by Statutory Corporations, Government Companies,

Co-operative institutions, etc., to the extent of Rs. 105.39 crores to end of 1964–65. Brief particulars are given below :—

Institutions on whose behalf guarantee was given.	*Maximum amount guaranteed as on*		*Sums guaranteed outstanding on*	
	31st March, 1964	*31st March,* 1965	*31st March,* 1964	*31st March,* 1965
	(IN CRORES OF RUPEES)			
1. Statutory Corporations	15·10	18·40	15·10	18·40
2. Government Companies	15·96	16·31	14·38	14·96
3. Co-operative institutions	56·20	66·83	27·97	41·13
4. Joint Stock Companies	3·85	3·85	3·84	3·84

More details are given in Statement No. 6 on pages 37–38 of the State Finance Accounts, 1964–65.

CHAPTER IX.

AUDIT OF GRANTS-IN-AID

109. A total amount of Rs. 34.54 crores was paid during 1964–65 as grants-in-aid to local bodies, co-operative societies and other institutions; this represented 23 per cent of the total revenue expenditure during the year. The audit of expenditure out of the grants paid to local bodies is conducted by the Examiner of Local Fund Accounts, who is under the administrative control of the Finance department.

Certain points noticed during the test-check conducted by Audit and some others reported by the Examiner of Local Fund Accounts to Government during 1964–65 are indicated in the succeeding paragraphs.

110. *Madras State Khadi and Village Industries Board.*—The Board was set up in September, 1960 under the Madras Khadi Village Industries Board Act, 1959. The Board receives assistance in the form of loans and grants from the State Government and the Khadi and Village Industries Commission; the assistance received during 1960–61 to 1964–65 amounted to Rs. 8,85.10 lakhs as indicated below :—

Assistance received from.	*Loans.*	*Grants.*
	(IN LAKHS OF	RUPEES)
State Government ..	1,80·78	1,94·16
Khadi and Village Industries Commission.	3,64·89	1,45·27
Total ..	5,45·67	3,39·43

(i) *Utilisation of loans and grants received by the Board.*—Mention was made in the Audit Reports 1964 and 1965 about the delay in utilisation or poor utilisation of loans and grants received from the Khadi and Village Industries Commission for the execution of Khadi and Village Industries Schemes.

With effect from April, 1964 the procedure for the release of assistance has been changed by the Commission. Under the revised procedure, funds are provided to the State Board in the shape of imprest advances to be recouped on the basis of monthly statements of expenditure on approved schemes. As at the end of March, 1964, the Board had with it an unutilised amount of Rs. 25·18 lakhs, out of assistance received from the Commission. This was refunded by the Board between October, 1964 and November, 1965.

As regards the amounts utilised, certificates of utilisation were due to be furnished to the Commission (October, 1965) for a total sum of Rs. 176·21 lakhs (loan : Rs. 91·07 lakhs and grant : Rs. 85.14 lakhs) received between 1961–62 and 1963–64; the non-submission of the certificates was attributed partly to non-receipt of audited accounts from the grantees and non-receipt of detailed accounts from subordinate officers.

(ii) *Utilisation of loans and grants disbursed by the Board.*—(a) Out of 159 co-operative societies (engaged in village oil industry), which were given a total assistance of Rs. 55·23 lakhs (loans—Rs. 42.34 lakhs; grant—Rs. 12.89 lakhs) during 1962–63 to 1964–65, 54 societies worked at loss, the total loss to end of March, 1965 being Rs. 1·52 lakhs. The overdue instalments of loan and interest from these societies amounted to Rs. 2·78 lakhs as on the 31st March, 1965. Yearwise particulars are awaited from the Board.

(*b*) Out of 128 societies (engaged in hand pounding of rice) which were given a total assistance of Rs. 30.85 lakhs (loan : Rs. 24·40 lakhs and grant : Rs. 6·45 lakhs) during 1962–63 to 1964–65, 43 societies have either not started production or are dormant. The total assistance received by these 43 societies was Rs. 2·81 lakhs.

(*c*) Out of 8 hand-made paper co-operative societies which were given a total assistance of Rs. 3.62 lakhs (loans; Rs. 1.65 lakhs and grant : Rs. 1.97 lakhs) during 1962–63 to 1964–65, 5 societies have not commenced production (June, 1965). Another society which received an assistance of Rs. 35,000 (loans : Rs. 17,500 and grant : Rs. 17,500) in March, 1963 has not yet purchased the site for constructing the building for the industry.

(*d*) A grant of Rs. 14,325 was paid in March, 1962 by the Board to the Carpentry and Blacksmithy Workers' Co-operative Society at Uttiramerur (Chingleput district) towards meeting 75 per cent of the cost of machinery (Rs. 12,525) and pay and allowances of an instructor for one year (Rs. 1,800). Under the conditions of assistance, the amount was to be utilised before December, 1962. The society spent only a sum of Rs. 2,197 upto March, 1964 on purchase of tools (Rs. 1,152) and salary of instructor (Rs. 1,045). A sum of Rs. 5,710 was unauthorisedly diverted in February, 1964 to the Uttiramerur Panchayat for running a tailoring unit. The unutilised grant of Rs. 6,547 (including interest of Rs. 129) which is lying with the Industrial Co-operative Bank, Guindy has not been recovered so far (December, 1965).

(iii) *Non-utilisation of sheds and beehives.*—(*a*) 4 tanning sheds constructed in 1961 at a cost of Rs. 10,000 in Thanthoni block remain unutilised for want of water supply. A proposal to dispose of the sheds in public auction is reported to be under consideration (January, 1966).

(b) Out of 4,400 beehives manufactured in the Saranjam Karyalayas in May, 1962 for distribution at a subsidised rate of Rs. 1,040 each (cost—Rs. 15,600 remain unsold (August, 1965).

(iv) *Shortages of stock, misappropriation of cash, etc.*—As on the 31st March, 1965, 59 cases of shortages of stock, misappropriation of cash, etc., involving a total amount of Rs. 1.96 lakhs were pending finalisation for periods extending upto eight years, as indicated below :—

Extent of delay.	*Number of cases.*	*Amount.*
		RS.
5 to 8 years	11	27,516
2 to 4 years	14	25,852
Over 1 year	18	1,00,728

The cases were of the following types—

	(IN LAKHS OF RUPEES)
Shortage of stock	1·64
Misappropriation of moneys ..	0.30
Other reasons	0·02

(v) *Outstanding dues.*—The outstanding dues of the Board were as follows :—

	(IN LAKHS OF RUPEES)	
Sale of khadi on credit ..	11·26*	As in October, 1965
Sale of charkas to spinners ..	5·26	As on 31st March, 1965
Overdue loans from co-operative societies.	7·36	As on 31st March, 1965

* Of this Rs. 2·88 lakhs related to 1962–63 and earlier years.

110. *Grants-in-aid to Panchayat Union Councils.*—(i) During a test-check of sanctions to grants-in-aid for execution of development schemes in 31 offices, conducted during the period from July, 1964 to October, 1965, it was noticed that there had been overpayments to the extent of Rs. 8.87 lakhs mainly as a result of (a) inclusion of inadmissible items of expenditure for purposes of grant, (b) payments of grants in excess of the prescribed limits, (c) non-compliance with prescribed conditions (such as non-collection of matching contributions from beneficiaries, payment of subsidy towards loss in the sale of implements, fruit seedlings, etc., even before they were distributed, etc., and (d) arithmetical inaccuracies, etc.

The overpayments have not been recovered/regularised (December, 1965). Similar overpayments pointed out during the period from 1961–62 to 1963–64 involving Rs. 8.96 lakhs also remain to be regularised.

(ii) Under the revised procedure for the release of midday meal grant to panchayat unions introduced from 1964–65, the Director of Secondary Education should disburse the grants in advance in four quarterly instalments and the Commissioners of panchayat unions should furnish to the Director by the 1st June of each year, a statement of actual payments made to the midday meal centres under their jurisdiction during the previous financial year; the recovery of excess grant paid or sanction of additional grant would be ordered by the Director on the basis of this statement.

The total advance grants paid during 1964–65 to 346 panchayat unions amounted to Rs. 143 lakhs. As in October, 1965, the accounts for 1964–65 have not been rendered to the Director by 163 panchayat unions for advances totalling Rs. 76 lakhs drawn by them; a sum of Rs. 6.01 lakhs found to have been overpaid, based on the accounts received from the other 183 panchayat unions has not also been recovered.

112. *Grants-in-aid to educational institutions.*—During the test-check of sanctions to grants-in-aid conducted between November, 1964 and November 1965 in the offices of the District Educational Officers, the Director of Secondary Education and the Director of Higher Education, the following irregularities involving overpayments/irregular payments of grants amounting to Rs. 7.18 lakhs were noticed. Out of this, amounts totalling Rs. 6.82 lakhs were pending recovery at the end of November, 1965.

Nature of irregularity.	*Amount (in thousands [illegible]).*
I. Grants sanctioned by the District Educational Officers.	
(a) Teaching grants—	
(i) Grants paid on the cost of staff in excess of the prescribed strength/scale of pay	91
(ii) Arithmetical inaccuracies and other omissions	30
(b) Maintenance grants— Arithmetical inaccuracies, inclusion of inadmissible items for purpose of Government grants, etc.	23
(c) Grants under the scheme for supply of school meals—	
(i) Overpayment of grants due to inclusion of cost of CARE articles (supplied free of cost) in total expenditure.	17

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Nature of irregularity.	*Amount (in thousands of rupees).*
(ii) Advance grants not adjusted	17
(iii) Arithmetical inaccuracies and other omissions	5
II. Grants sanctioned by the Director of Higher Education.	
(i) Grants paid on the cost of staff in excess of the prescribed strength.	53
(ii) Arithmetical inaccuracies, irregular fee concessions and other reasons.	62
III. Grants sanctioned by the Director of Secondary Education.	
(i) Incorrect computation of net deficit for the purpose of grant due to non-inclusion of certain items of receipts	7
(ii) Other reasons such as arithmetical inaccuracies, grants paid on the cost of staff in excess of the prescribed strength.	5

Overpayments and irregular payments pointed out during 1962–63 and 1963–64 involving Rs. 4.46 lakhs also remain to be recovered/regularised (December, 1965).

113. *Grants-in-aid to private technical institutions.*—Out of a total amount of Rs. 7.47 lakhs paid as grants-in-aid to 4 private technical institutions, a sum of Rs. 3.55 lakhs remained unutilised as indicated below :—

Name of Institution.	*Purpose of grant.*	*Amount (in lakhs of rupees) and year of payment.*	*Remarks.*
1. Coimbatore Institute of Technology, Coimbatore.	Purchase of equipment.	2.75 (Up to 1960–61). 1·45 (1961–62) 0·12 (1962–63) 0·50 (1963–64)	A sum of Rs. 1·26 lakhs is lying unutilised (September, 1965).
2. Alagappa Chettiar College of Engineering and Technology, Karaikudi.	Construction of buildings and purchase of equipment.	0·65 (March, 1962)	An amount of Rs. 45,200, is lying unutilised (August, 1965).
3. Seshasayee Institute of Technology, Tiruchirappalli.	Construction of buildings and purchase of equipment.	0·75 (March, 1962)	A sum of Rs. 58,825, remained unutilised (March, 1965).

Name of Institution.	*Purpose of grant.*	*Amount (in lakhs of rupees) and year of payment.*	*Remarks.*
4. P.S.G. College of Technology, Coimbatore.	Setting up an independent polytechnic.	0.75 (1961–62) 0·50 (1962–63)	The entire grant of Rs. 1·25 lakhs is lying, unutilised (August, 1965), pending orders of Government on the decision of the Governing Body to discontinue the diploma courses offered by the Institution. The refund of an excess grant of Rs. 13,509, received in earlier years towards purchase of equipment for the adjunct polytechnic has also not been made for the same reason.

114. *Grants to local bodies.*—On the basis of information furnished to Audit in September, 1965, the total amount held under objection by the Examiner of Local Fund Accounts due to grants found inadmissible or drawn in excess of requirements and for other reasons was Rs. 2,60.42 lakhs, as indicated below :—

Department which administers the grant.	*Up to* 1961–62.	1962–63.	1963–64.
	(IN LAKHS OF RUPEES)		
Rural Development and Local Administration.	7·11	14·54	6·78
Education	40·87	1,34·67	42·29
Health	0·07	..	1·41
Others	8·77	2·69	1·22

The types of irregularities reported by the Examiner in respect of grants drawn during 1963–64 are indicated below :—

Nature of irregularity.	*Number of cases.*	*Amount.* (IN LAKHS OF RUPEES)
(i) Amounts found inadmissible with reference to the actual expenditure.	296	44·91
(ii) Grants lying entirely unutilised ..	10	1·36
(iii) Amounts diverted for purposes other than those for which the grants were sanctioned.	9	0·38
(iv) Amounts held under objection for want of details of expenditure, non-production of account records, etc.	48	3·06

The audit of the accounts for the year 1963–64 relating to 59 institutions remained to be completed; in 18 of these cases, it was reported by the Examiner that either the accounts had not been made available for audit or they had been defectively maintained.

115. *Non-utilisation of grants.*—During the period from 1955–56 to 1964–65, Government grants totalling Rs. 16.40 lakhs were paid to 299 temples for renovation and repairs.

From the reports available in the office of the Commissioner, Hindu Religious and Charitable Endowments Board, it was noticed that out of Rs. 12·66 lakhs paid upto 1961–62 to 212 temples, certificates of utilisation in respect of grants amounting to Rs. 3·48 lakhs were awaited from 47 institutions (September, 1965), as indicated below :—

	Number of institutions.	*Amount.* (IN LAKHS OF RUPEES)
1958–59 and earlier years.	16	0·98
1960–61	20	0·96
1961–62	11	1·54

In 12 of the above cases, the estimates for the works have not been approved and in 11 other cases the work has not commenced (September, 1965); the grants remaining unutilised in these cases amounted to Rs. 1.29 lakhs.

The draft paragraph was sent to Government in November, 1965; their reply is awaited (February, 1966).

116. *Excess payment of grants.*—Under the rules of Government subsidy is payable to Panchayat Union equal to 75 per cent of the expenditure incurred on rural water-supply works. A subsidy of Rs. 73,848 was sanctioned and paid by the Revenue Divisional Officer, Virudhachalam, to the Kammapuram Panchayat Union in March, 1962 (Rs. 12,600) and in August, 1962 (Rs. 61,248); this was in full reimbursement of the cost of pipes purchased by the Panchayat Union. Apart from the fact that subsidy should have been paid only for the work executed, the subsidy exceeded the maximum amount admissible, *viz.*, 75 per cent of the expenditure by Rs. 18,500; no recovery has been made so far (January, 1966).

The grants are payable on post-execution basis. The expenditure on the purchase of pipes was incurred by the Panchayat Union in May–June, 1962. The payment of Rs. 12,600 in March, 1962 was, therefore, irregular.

The pipes were intended for use on 12 bore wells; work had not been commenced on 5 wells (April, 1965); the value of the unutilised stock of pipes in April, 1965 was Rs. 23,200. Besides, pipes of the value of Rs. 6,350 had been transferred to another Panchayat Union in November, 1964. Government subsidy amounting to Rs. 4,660 in respect of these pipes has not been refunded to Government (January, 1966).

The draft paragraph was sent to Government in September, 1965; their reply is still awaited (February, 1966).

117. *Utilisation certificates.*—(i) In 281 cases involving total grants of Rs. 34.71 lakhs disbursed to end of 1964–65, certificates that the grants have been utilised for the purposes intended have not been furnished to Audit (December, 1965), as indicated below :

Department.	*Year for which due.*	*Number of certificates due.*	*Amount.* (IN LAKHS OF RUPEES)
Education and Public Health.	1961–62	8	6·36
	1962–63	8	2·41
	1963–64	9	3·13
	1964–65	15	9·24
Food and Agriculture ..	1961–62	3	0·27
	1963–64	3	0·15
	1964–65	12	0·12
Home	1961–62	1	0·01
	1962–63	25	1·29
	1963–64	7	1·02
	1964–65	1	0·03
Industries, Labour and Co-operation.	1961–62	8	0·83
	1962–63	20	1·34
	1963–64	48	1·19
	1964–65	113	7·32

(ii) Mention was made in the Audit Report, 1965 about the non-receipt of consolidated utilisation certificates from the Director of Public Instruction in respect of the grants amounting to Rs. 40.49 crores disbursed to aided educational institutions and midday meals centres during the period from 1959–60 to 1963–64; the certificates for this period as also in respect of the grants amounting to Rs. 9.30 crores disbursed during 1964–65 have not been furnished o Audit so far. (December, 1965).

CHAPTER X

MISAPPROPRIATIONS OF GOVERNMENT MONEY, LOSSES, ETC.

118. (i) *Misappropriations.*—(*a*) In paragraph 103 of the Audit Report, 1965, it was mentioned that 458 cases of misappropriation and defalcation of Government money, involving a total amount of Rs. 10.65 lakhs were pending finalisation as in December, 1964. 83 further cases involving Rs. 1.46 lakhs were reported to Audit upto September, 1965. In 40 of these cases, preliminary reports were received in audit after delays ranging from three months to over two years, though the financial rules require that such reports should be sent immediately afer a case comes to notice.

As in September 1965, 408 cases involving Rs. 9.70 lakhs were pending finalisation. The departmentwise and the yearwise details of these outstanding cases are given in Appendix VIII. An analysis of the cases pending for more than five years (amount involved Rs. 3.24 lakhs) is given below :—

Reasons.	*Revenue department* *number of cases*	*Revenue department* *amount.*	*Other departments* *number of cases*	*Other departments* *amount.*
	(IN THOUSANDS OF RUPEES)			
1. Awaiting investigation	..		1	0·50
2. Awaiting action for laxity in supervision.	8	14·19	2	1·89
3. Awaiting write-off orders of Government (Proposals for writing off the amounts have been submitted by the departments).	4	29·51	1	17·38
4. Pending for recovery of the amounts ordered to be recovered.	81	2,42·78	7	11·64
5. Pending for want of information regarding recovery.	4	0·99	..	
6. Pending for other reasons	3	4·46	..	

(*b*) In addition, 123 cases (Rs. 5·65 lakhs) of shortages and theft of stores, damage to vehicles, etc., reported to Audit to end of September, 1965 were pending finalisation. Of these, 67 cases involving Rs. 1.88 lakhs related to the Agriculture department alone.

(ii) *Losses written off.*—During the year 1964–65, miscellaneous losses, etc., totalling Rs. 24·94 lakhs (504 cases) were written off by Government and other subordinate authorities. These include 23 cases involving sums exceeding Rs. 10,000 in each case, amounting to Rs. 13·91 lakhs; brief particulars of these cases are given in Appendix IX.

CHAPTER XI

OUTSTANDING AUDIT OBJECTIONS AND INSPECTION REPORTS

119. *Outstanding Audit Objections.*—(*a*) The number of audit objections raised in Central Audit (other than those reported through inspection reports) pertaining to the period up to the 31st March, 1965 awaiting settlement by departmental officers as in October, 1965 was 36,321 items involving a total amount of Rs. 9·75 crores.

Yearwise analysis of outstanding objections is given below :—

Year.	*Number of items.*	*Amount.* (IN LAKHS OF RUPEES)
1960-61 and earlier years ..	4,995	1,05·71
1961-62	2,796	88·29
1962-63	3,746	81·35
1963-64	6,877	2,23·58
1964-65	17,907	4,75·65

The objections are communicated to the departmental officers and reports of outstanding audit objections are forwarded half-yearly to the heads of departments for taking steps to expedite their settlement. It is necessary that the objections are settled expeditiously, as with the lapse of time it becomes difficult for the departments to settle the objections mainly on account of difficulty in locating the relevant records.

Departmentwise and yearwise analyses and nature of the items held under objection are given in Appendix X.

(*b*) The more important types of objections are indicated below :—

(i) *Non-submission of detailed contingent bills—(Rs. 3·54 crores).*—The amounts held under objection for want of detailed contingent bills represent, advances drawn by disbursing officers on abstract bills to meet certain types of contingent expenses, for which detailed accounts countersigned by the controlling authority (in token of approval to incurring of the expenditure) have not been furnished to Audit. The rules require that the detailed bills should reach the Audit office not later than one month from the date of drawal of an abstract bill. Detailed bills in 2,248 cases involving Rs. 91·00 lakhs have, however, not been furnished for over three years.

The outstandings are very heavy in respect of Food and Agriculture, Home and Revenue departments, as indicated below :—

	Number of items.	*Amount.* (IN LAKHS OF RUPEES)
Food and Agriculture ..	3,749	1,43·72
Home	2,361	33·25
Revenue	1,289	1,19·53

The non-submission of detailed contingent bills for long periods must be regarded as a serious lapse as no audit scrutiny can be exercised in the absence of these essential documents and there is a likelihood of serious irregularities remaining undetected for long periods.

(ii) *Non-receipt of vouchers in support of payments made at Treasuries, Public Works and Forest divisions.*—The number of items held under objection pertaining to the period upto March, 1965 and awaiting settlement as in October, 1965 is 625 involving an amount of Rs. 51·70 lakhs; yearwise analysis is given below :—

	Number of items.	*Amount.* (IN LAKHS OF RUPEES)
1960-61 and earlier years ..	142	16·74
1961-62	60	21·20
1962-63	70	2·90
1963-64	126	5·00
1964-65	227	5·78

The inordinate delay in furnishing vouchers in support of payments results in large amounts of expenditure escaping audit scrutiny for long periods and there is likelihood of serious irregularities remaining unnoticed.

120. *Outstanding Inspection Reports.*—(*a*) Important irregularities and defects in the accounts noticed during local audit and inspections are included in the inspection reports which are sent to the departmental officers and also to heads of departments and Government, where necessary. Of the inspection reports issued to end of March, 1965, 14,448 paragraphs in 2,580 inspection reports remained unsettled (November, 1965).

Some of these have been outstanding for considerably long periods: yearwise analysis of the outstanding reports, paragraphs is given below :—

Year.	*Number of outstanding.* *Inspection Reports.*	*Paragraphs.*
1960–61 and earliar years ..	320	1,233
1961–62	294	1,245
1962–63	357	1,672
1963–64	592	3,282
1964–65	1,017	7,016

Departmentwise details of the outstanding reports are given in Appendix X

It is necessary that points raised in the inspection reports are settled expeditiously by departmental officers as delay in this regard is likely to lead to the continuance of irregularities with attendant risk of loss to Government.

(b) The more important types of irregularities noticed during 1964–65 are mentioned below :—

	Number of treasuries/ divisions/ offices in which irregularities were noticed.
(a) *Treasuries*—(4 treasuries and 4 sub-treasuries were inspected during the year)—	
(i) Failure to obtain certificate of balances in respect of Personal Deposit Accounts and delay in closing the accounts which have not been operated for considerable periods.	2
(ii) Non-maintenance of the Register of Audit objections and delay in taking action on retrenchment orders issued by the Accountant General.	4
(iii) Defective maintenance of records relating to payment of interest on Government Promissory notes.	4
(iv) Defective maintenance of accounts relating to match excise banderols.	[illegible]

	Number of treasuries/ divisions/ offices in which irregularities were noticed.
(b) *Public Works Offices*—	
(i) Delay in recovery of rent of residential buildings.	19 (Rs. 2·52 lakhs)
(ii) Arrears in recovery of hire charges of tools and plant.	5 (Rs. 3·38 lakhs)
(iii) Non-recovery of lease amounts in respect of miscellaneous properties.	4 (Rs. 0·71 lakh)
(iv) Infructuous expenditure on idle staff ..	2 (Rs. 0·13 lakh)
(c) *Other departments*—	
(i) Overpayments/irregularities connected with sanctions to grants-in-aid.	13 cases (Rs. 0·50 lakh)
(ii) Drawal of funds in advance of requirements or to avoid the lapse of grant.	9 cases (Rs. 6·67 lakhs)
(iii) Defective maintenace of stock registers and omission to conduct periodical verification of stock.	17 cases
(iv) Delay in recovery of Government dues ..	15 cases (Rs. 2·63 lakhs)
(v) Security not obtained from persons handling cash and stores.	12 cases
(vi) Idle machinery/non-moving stock ..	10 cases (Rs. 2·70 lakhs)

Madras,
The 16 MAR 1966

HUSSAIN AGA,
Accountant General, Madras.

Countersigned.

New Delhi,
The 24 MAR 1966

A. K. ROY,
Comptroller and Auditor General of India.

APPENDIX I

Statement showing the particulars of Grants/Appropriations in which supplementary provision was obtained and the extent to which it was utilised.

(Referred to in paragraph 12 of Chapter II).

Particulars of Grant/Appropriation. Number and name.	*Amount of Grant/Appropriation.* Original.	Supplementary.	Total.	Actual expenditure.	*Saving.* Amount.	Percentage.
	(IN LAKHS OF RUPEES)					
(i) 5 *Grants/Appropriations in which supplementary provision proved wholly unnecessary.*—						
IV. Stamps—Administration (Voted)	32·21	3·30	35·51	31·64	3·87	10·9
XXIX. Public Works—Grants-in-aid (Voted)	2,16·88	12·00	2,28·88	2,12·91	15·97	7·0
XL. Capital Outlay on Industrial Development (Voted)	6,73·06	71·51	7,44·57	5,79·40	1,65·17	22·2
XLII. Capital Outlay on Public Works (*Charged*)	..	*1·39*	*1·39*	..	*1·39*	*100·0*
Public Debt—Repayment (*Charged*)	*63,96.99*	*7,89·69*	*71,86·68*	*63,32·61*	*8,54·07*	*11·9*
(ii) 12 *Grants/Appropriations in which the supplementary provision proved excessive and there was a final saving of more than 5 per cent.*						
VI. State Legislature (Voted)	14·08	3·16	17·24	15·99	1·25	7·3
IX. District Administration and Miscellaneous (Voted)	5,53·99	97·88	6,51·87	6,17·94	33·93	5·2
XV. Public Health (Voted)	2,99·70	43·78	3,43·48	3,08·20	35·28	10·3
XVIII. Animal Husbandry (Voted)	1,97·23	1,23·50	3,20·73	2,23·33	97·40	30·4
XXX. Road Transport Schemes (*Charged*)	..	*2·00*	*2·00*	*1·01*	*0·99*	*49·5*
XXXI. Famine Relief (Voted)	5·09	54·35	59·44	50·68	8·76	14·7
XXXIII. Miscellaneous (Voted)	2,52·78	1,11·63	3,64·41	3,38·00	26·41	7·2
XXXIV. Stationery and Printing (Voted)	1,68·59	38·73	2,07·32	1,78·32	29·00	14·0
XXXIX. Capital Outlay on Agriculture (Voted)	26·36	6·00	32·36	28·83	3·53	10·9
XLII. Capital Outlay on Public Works (Voted)	5,35·86	87·21	6,23·07	5,88·77	34·30	5·5
XLVI. Capital Outlay on Schemes of Government Trading (Voted).	11,80·80	21,18·21	32,99·01	20,18·31	12,80·70	38·8
XLVII. Loans and Advances by the State Government (Voted) ..	28,80·56	4,59·12	33,39·68	31,61·05	1,78·63	5·3

APPENDIX I.—*concld.*

STATEMENT SHOWING THE PARTICULARS OF GRANTS/APPROPRIATIONS IN WHICH SUPPLEMENTARY PROVISION WAS OBTAINED AND THE EXTENT TO WHICH IT WAS UTILISED—*concld.*

(Referred to in paragraph 12 of Chapter II)

(IN LAKHS OF RUPEES).

Particulars of Grant/Appropriation. *Number and name.*	*Amount of Grant/Appropriation.* *Original.*	*Supple-mentary.*	*Total.*	*Actual. expendi-ture.*	*Excess.* *Amount.*	*Percen-tage.*
(iii) 10 *Grants in which the supplementary provision obtained proved inadequate and the actual expenditure exceeded the total grant (including the supplementary provision).*						
III. General Sales Tax and other Taxes and Duties—Administration (Voted).	78·15	23·31	1,01·46	1,02·06	0·60	0·6
VIII. Head of State, Ministers and Headquarters Staff (Voted) ..	2,13·25	32·88	2,46·13	2,52·37	6·24	2·5
XVII. Fisheries (Voted)	74·52	20·24	94·76	1,01·08	6·32	6.7
XXV. Welfare of Scheduled Tribes, Castes and Other Backward Classes (Voted).	4,45·86	39·71	4,85·57	4,88·42	2·85	0·6
XXVI. Irrigation (Voted)	5,72·83	74.94	6,47·77	6,51·50	3·73	0·6
XXVII. Public Works—Works (Voted)	6,15·89	21·61	6,37·50	6,39·89	2·39	0·4
XXVIII. Public Works—Establishment and Tools and Plant (Voted).	2,11·76	26·84	2,38·60	2,46·79	8·19	3·4
XXXVI. Other Miscellaneous Contributions and Assignments (Voted).	3,67·55	47.95	4,15·50	4,26·89	11·39	2·7
XLI. Capital Outlay on Irrigation (Voted)	9,64·45	1,67·78	11,32·23	11,48·56	16·33	1·4
XLIII. Capital Outlay on Road Transport Schemes (Voted) ..	1.44·79	75·71	2,20·50	2,28·42	7.92	3·6

APPENDIX II.

STATEMENT SHOWING SAVINGS UNDER VOTED GRANTS.

(Referred to in paragraph 15 of Chapter II).

(IN LAKHS OF RUPEES).

Cases of savings exceeding 10 per cent of the total grant.

Number and name of grant.		*Original grant (O)* / *Supplementary grant (S)*	*Total grant.*	*Expenditure.*	*Saving.*	*Percentage of saving.*
IV. Stamps Administration ..	O.	32·21	35·51	31·64	3·87	10·9
	S.	3·30				
VII. Elections	O.	15·35	15·65	10·88	4·77	30·5
	S.	3·30				
XV. Public Health	O.	2,99·70	3,43·48	3,08·20	35·28	10·3
	S.	43·78				
XVIII. Animal Husbandry	O.	1,97·23	3,20·73	2,23·33	97·40	30·4
	S.	1,23·50				
XXXI. Famine Relief	O.	5·09	59·44	50·68	8·76	14·7
	S.	54·35				
XXXII. Pensions	O.	4,05·22	4,05·22	3,52·85	52·37	12·9
	S.	..				
XXXIV. Stationery and Printing ..	O.	1,68·59	2,07·32	1,78·32	29·00	14·0
	S.	38·73				
XXXVII. Compensation to Zamindars ..	O.	28·00	28·00	24·37	3·63	13·0
	S.	..				
XXXVIII. Capital Outlay on Public Health	O.	16·04	16·04	11·30	4·74	29·6
	S.	..				
XXXIX. Capital Outlay on Agriculture ..	O.	26·36	32·36	28·83	3·53	10·9
	S.	6·00				
XL. Capital Outlay on Industrial Development.	O.	6,73·06	7,44·57	5,79·40	1,65·17	22·2
	S.	71·51				
XLV. Commuted Value of Pensions	O.	6·02	6·02	4·96	1.06	17·6
	S.	..				
XLVI. Capital Outlay on Schemes of Government Trading.	O.	11,80·80	32,99·01	20,18·31	12,80·70	38·8
	S.	21,18·21				

APPENDIX III.

CASES OF NON-UTILISATION OF PROVISION.

(Referred to in paragraph 15 of Chapter II.)

Number and name of grant.	Description of item.	Funds provided.	Amount (and percentage) of saving.	Reasons for saving.
		(IN LAKHS OF RUPEES)		
VII. Elections ..	18. c.a.1. Preparation and printing of electoral rolls.	14·13	5·14 (36%)	Mainly due to a post-budget decision to change the procedure for summary revision of electoral rolls and consequent reduction in expenditure on staff, stationery, etc.
IX. District Administration and Miscellaneous.	19. q.A. III. Establishment for acquisition of land for Nuclear Power Station in Chingleput district.	15·73	15·44 (98%)	Non-finalisation of awards due to non-receipt of Government approval to the draft declaration relating to acquisition of land.
XVI. Agriculture ..	o. Development Schemes—Schemes in the Third Five-Year Plan—Establishment of State Seed Farms to supply improved seeds of paddy, millets, cotton, ground nut, etc.	21·18	7·96 (38%)	Non-utilisation in full of the provision for acquisition of lands due to delay in acquisition proceedings.
	Agricultural Research Schemes—Schemes financed wholly or partly by the Indian Council of Agricultural Research.	13·14	4·73 (36%)	Non-construction of glass house laboratory and other buildings and non-purchase of jeeps and other equipments.
	Scheme for the adoption of package programme for increasing the production of raw cotton in Madras State.	10·82	9·88 (91%)	Less demand for pesticides than anticipated and difficulty in assessing requirements of pesticides which depend on uncertain factors like incidence of pests, seasonal conditions, etc.

APPENDIX III—cont.

CASES OF NON-UTILISATION OF PROVISION—cont.

(Referred to in paragraph 15 of Chapter II)

Number and name of grant.	Description of item.	Funds provided.	Amount (and percentage) of saving.	Reasons for saving.
XX. Industries ..	a. Industries—XXXVII. Project for the manufacture of marine diesel engines near Madras	5·00	4·93 (99%)	Non-acquisition of land as a writ petition was pending in Court (Rs. 2 lakhs). Reasons for the balance saving are awaited.
	b. Cottage and Small Scale Industries — (i) Cottage Industries — XVII. Sales-*cum*-procurement depots for handicraft products.	5·63	4·18 (74%)	Reasons have not been furnished (December, 1965).
	b. (ii) Small Scale Industries—II. Model Carpentry and Blacksmithy Workshops (Cuddalore, Mannargudi and Pettai).	29·89	11·67 (39%)	Less purchases as a result of less production and non-receipt of invoices for timber supplied by the Forest department.
	IV. Galvanising Plant at Mettur.	51·97	18·24 (35%)	Less receipt of steel materials.
	j. Development Schemes—Schemes included in the Third Five-Year Plan—(ii) B. Small Scale Industries—Establishment of structural workshop at Madras.	43·05	10·72 (25%)	Do.
XXIX. Public Works—Grants-in-aid.	g. Grants-in-aid A. Miscellaneous grants to local bodies and others for road maintenance.	17·34	17·09 (99·7%)	A saving of Rs. 7·50 lakhs was explained as due to (i) the transfer of Poonamallee High Road from the Corporation of Madras to the State Public Works department and (ii) non-finalisation of plans and estimates for construction of subways at T'Nagar and Kannammapet. Reasons for the balance saving Rs. 9·59 lakhs are awaited (December, 1965).

APPENDIX III—*cont.*

Cases of non-utilisation of provision—*cont.*

(Referred to in paragraph 15 of Chapter II)

(in lakhs of rupees.)

Number and name of grant.	*Description of item.*	*Funds provided.*	*Amount (and percentage) of saving.*	*Reasons for saving.*
XXIX. Public Works grants-in-aid.	g. B. Grants to local bodies for roads and bridges (other than village communications).	21·00	8·84 (42%)	Reasons are awaited (December, 1965).
XXXIX. Capital Outlay on Agriculture.	95. c. Development Schemes— Schemes in the Third Five-Year Plan —Establishment of State Seed Farms to supply improved seeds of paddy, millets, cotton, groundnut, etc.	16·41	8·37 (51%)	Non-acquisition of land for 12 State Seed Farms to be established according to the recommendations of the expert committee appointed for the purpose of selection of sites.
XL, Capital Outlay on Industrial Development.	109. II. (a) (vi) b. Boats, engines, machinery, vans for the Indo-Norwegian Project.	10·00	9·60 (96%)	Non-receipt of engines, equipment, etc., from the Norwegian Foundation.
	109. IV. (ii) A. (ii). Tractor Hiring Scheme.	13·00	10·76 (83%)	Non-receipt of import licence for the purchase of Russian tractors.
	109. IV. (ii) A. (iv). Ice Plant and Cold storage facilities.	15·32	11·46 (95%)	Non-acceptance/late acceptance of tenders for the supply of machinery for ice plants and non-completion of building works due to delay in preparation of plans and estimates.
	109. IV. (ii). B.I. (xix) Expansion of State Geological department.	16·40	11·29 (69%)	Mainly non-receipt of machinery.
XLII. Capital Outlay on Public Works.	a. Original Works —Buildings— Co-operation.	12·00	12·00 (100%)	Reasons are awaited (December, 1965).

APPENDIX III—*concld.*

Cases of Non-utilisation of provision—*concld.*

(Referred to in paragraph 15 of Chapter II).

(in lakhs of rupees).

Number and name of grant.	*Description of item.*	*Funds provided.*	*Amount (and percentage) of saving.*	*Reasons for saving.*
XLVII. Loans and Advances by the State Government.	c. Loans to Municipalities— A. Loans for the construction of roads, bridges, markets and buildings, electric lighting, etc.	28·00	13·87 (50%)	Less disbursements due to reduction in demand and non-completion of preliminaries in respect of loans for remunerative enterprises and dustless surfacing of roads.

APPENDIX IV.

CASES IN WHICH THERE WERE UNSURRENDERED SAVINGS.

(Referred to in paragraph 16 of Chapter II).

Serial number.	*Number and name of grant/appropriation.*	*Total saving.*	*Amount surrendered.*	*Amount of unsurrendered saving.*
		(IN LAKHS OF RUPEES)		
1.	I. Land Revenue department—Voted.	1·80	0·64	1·16
2.	IV. Stamps — Administration — Voted	3·87	1·76	2·11
3.	Debt Charges—*Charged*	*49·14*	*23·17*	*25·97*
4.	XII. Police—Voted	16·07	7·64	8·43
5.	XIII. Education—Voted	33·55	3·98	29·57
6.	XVI. Agriculture—Voted	18·63	..	18·63
7.	XVIII. Animal Husbandry—Voted ..	97·40	89·16	8·24
8.	XX. Indust ies—Voted	21·41	17·19	4·22
9.	XXIII. Community Development Projects, etc.—Voted.	3·72	..	3·72
10.	XXXIII. Miscellaneous—Voted ..	26·41	14·29	12·12
11.	XXXIV. Stationery and Printing—Voted.	29·00	..	29·00
12.	XXXVIII. Capital Outlay on Public Health—Voted.	4·74	0·77	3·97
13.	XL. Capital Outlay on Industrial Development—Voted.	1,65·17	1,16·52	48·65
14.	XLII. Capital Outlay on Public Works—Voted..	34·30	2·88	31·42
	Charged	*1·39*	..	*1·39*
15.	XLV. Commuted Value of Pensions—Voted.	1·06	..	1·06
16.	XLVI. Capital Outlay on Schemes of Government Trading—Voted.	1,280·70	1,260·07	20·63
17.	XLVII. Loans and Advances by the State Government—Voted.	1,78·63	1,18·01	60·62
18.	Public Debt—Repayment—*Charged* ..	*8,54·07*	*7,78·71*	*75·36*
	Total	2,821·06	2,434·79	3,86·27

APPENDIX V.

STATEMENT SHOWING THE GRANTS IN WHICH THE SURRENDER WAS EITHER EXCESSIVE OR NOT JUSTIFIED.

(Referred to in paragraph 16 of Chapter II).

Serial number.	*Number and name of grant.*	*Total grant.*	*Saving — Excess +*	*Amount surrendered.*
		(IN LAKHS OF RUPEES).		
1.	III. General Sales Tax and Other Taxes and Duties—Administration.	1,01·46	+0·60	1·59
2.	VII. Elections	15·65	—4·77	5·66
3.	IX. District Administration and Miscellaneous.	6,51·87	—33·93	49·75
4.	X. Administration of Justice ..	1,55·64	—1·93	2·37
5.	XIV. Medical	8,68·28	—0·21	7·78
6.	XV. Public Health	3,43·48	—35·28	38·07
7.	XIX. Co-operation	2,80·57	—7·83	8·08
8.	XXIV. Labour including Factories.	1,52·81	—2·63	7·91
9.	XXV. Welfare of Scheduled Tribes, Castes and other Backward Classes.	4,85·57	+2·86	1·98
10.	XXVI. Irrigation	6,47·77	+3·73	3·06
11.	XXVII. Public Works—Works ..	6,37·50	+2·38	2·43
12.	XXVIII. Public Works—Establishment and Tools and Plant	2,38·60	+8·19	1·78
13.	XXIX. Public Works—Grants-in-aid.	2,28·88	—15·97	17·92
14.	XXX. Road Transport Schemes ..	6,53·23	—2·28	8·26
15.	XXXI. Famine Relief	59·44	—8·76	11·35
16.	XXXII. Pensions	4,05·22	—52·37	58·62
17.	XXXVI. Other Miscellaneous Contributions and Assignments.	4,15·50	+11·39	2·25
18.	XXXIX. Capital Outlay on Agriculture.	32·36	—3·53	4·39
19.	XLI. Capital Outlay on Irrigation ..	11,32·23	+16·34	9·32

APPENDIX VI.

(Referred to in paragraph 98 Chapter VIII)

SYNOPTIC FINANCIAL PICTURE OF GOVERNMENT COMMERCIAL AND QUASI-COMMERCIAL UNDERTAKINGS.

Serial number.	*Name of the Department/Unit.*	*Year of commencement.*	*Capital at close (as on the 31st March, 1965).*	*Net Block assets (as on the 31st March, 1965)*	*Depreciation (as on the 31st March, 1965)*	*Out-turn.*	*Net profit.* After charging interest on capital.	*Net profit.* Before charging interest on capital.	*Percentage of return on Mean Capital.* After charging interest on capital.	*Percentage of return on Mean Capital.* Before charging interest on capital.
			(IN THOUSANDS OF RUPEES)							
1.	Government Cinchona Department, Ootacamund.	1871	2,64,50	2,00,75	1,61,50	..	—16,20	—13,11	..	
2.	Madras State Transport Department—									
	(i) Government Bus Service	1947	6,00,13	3,26,62	2,59,53	4,07,89	—23,89	+3,55	..	0·7
	(ii) State Transport Central Workshop.	1947	58,73	16,15	14,24	63,41	7,21	9,13	14·27	18·07
	(iii) Kanyakumari Branch ..	1956	97,69	49,62	38,92	76,48	—28	4,24	..	4·43
	(iv) Long Distance Service ..	1964	92,30	62,86	32,23	83,54	3,91	8,23	4·86	10·22
3.	Agricultural Engineering Workshop, Madras.	..	6,79	3,86	3,74	4,34	82	1,02	13·33	16·58
4.	Pearl Fisheries	..	3	3	2	..	—38	—20	..	..
5.	Chank Fisheries	..	—	4,85	..	80	5,10	6,47	24·21	30·71
6.	State Trading Schemes— Schemes for purchase and distribution of chemical fertilisers.	..	—86,05	..	..	..	12,30	21,22	..	..
7.	Small-scale Industries—									
	(i) Model Carpentry Workshop, Pathamadai.	October, 1955	1,47	33	14	2,14	63	66	76·83	80·59
	(ii) Model Carpentry Workshop, Krishnagiri.	October, 1955.	2,09	45	13	1,86	55	61	49·55	54·95
	(iii) Government Foot-wear Production-*cum*-Training Centre, Perambur.	May, 1956	11,07	1,85	1,40	10,25	31	55	3·54	6·29
	(iv) Combined Carpentry and Blacksmithy Workshop, Pettai.	July, 1956.	—24	2,34	1,19	10,61	1,17	1,17	46·06	46·06

APPENDIX VI—*cont.*

Serial number.	Name of the Department/Unit.	Year of commencement.	Capital at close (as on the 31st March, 1965)	Net Block assets (as on the 31st March, 1965).	Depreciation (as on the 31st March, 1965)	Out-turn.	Net profit. After charging interest on capital.	Net profit. Before charging interest on capital.	Percentage of return on Mean Capital. After charging interest on capital.	Percentage of return on Mean Capital. Before charging interest on capital.
			(IN THOUSANDS OF RUPEES):							
(v)	Model Foot-wear Unit, Triplicane.	November, 1956.	2,18	27	14	89	1	9	0·53	4·77
(vi)	Pressed Metal Products Workshop Madras.	April, 1957.	15,21	6,35	2,99	9,94	1,68	2,08	14·23	17·61
(vii)	Combined Carpentry and Blacksmithy Workshop, Cuddalore.	April, 1957.	7,33	1,71	70	3,92	1,11	1,28	18·32	21·12
(viii)	General Purpose Engineering Workshop, Rajapalayam.	June, 1957.	15,29	2,61	1,23	6,75	1,55	2,03	13·84	18·12
(ix)	Government Lock Unit, Dindigul.	June, 1957.	7,75	2,56	32	2,01	39	66	5·64	9·54
			(Accounts not certified in audit)							
(x)	Tool Room Shop, Guindy.	October, 1957.	12,31	8,18	3,98	2,76	11	42	0·93	3·56
(xi)	Wood Working Unit, Guindy.	October, 1957.	7,53	2,94	1,11	4,15	64	93	8·70	12·64
(xii)	General Purpose Engineering Workshop, Vellore.	December, 1957.	16,85	5,10	1,30	9,70	1,60	2,07	10·71	13·86
(xiii)	Combined Carpentry and Blacksmithy Workshop, Mannargudi.	January, 1958.	6,33	1,61	77	3,78	1,23	1,46	21·06	25·00
(xiv)	Servicing Corporation and Central Stores, Guindy.	January, 1958.	64,23	3,00	53	..	77	3,54	1·34	6·15
(xv)	Model Foot-wear Unit, Pallavaram.	July, 1958.	3,76	55	22	1,65	19	29	7·3	11·15
(xvi)	Central Common Tool Room and Model Foundry, Erode.	September, 1958.	24,38	11,78	2,39	7,94	—19	66	..	3·67
(xvii)	Galvanizing Plant, Mettur.	October, 1958.	73,45	6,19	3,66	23,23	2,16	6,01	2·72	7·58
(xviii)	Brassware and Cutlery Unit, Kumbakonam.	January, 1959	15,94	4,95	1,21	4,88	1,12	1,74	8·70	13·51

APPENDIX VI—*cont.*

(IN THOUSANDS OF RUPEES)

Serial number.	*Name of the Department/ Unit.*	*Year of commencement.*	*Capital at close (as on the 31st March, 1965)*	*Net Block assets (as on the 31st March, 1965).*	*Depreciation (as on the 31st March, 1965)*	*Out-turn.*	*Net profit.* After charging interest on capital.	*Net profit.* Before charging interest on capital.	*Percentage of return on Mean Capital.* After charging interest on capital.	*Percentage of return on Mean Capital.* Before charging interest on capital.
(xix)	Service Centre for the manufacture of farm implements and agricultural machinery, Tiruchirappalli.	January, 1959	15,39	4,33	1,30	6,15	17	82	1·12	15·35
(xx)	Government Textile Mill Parts Unit, Madurai.	June, 1959.	10,06	2,72	1,25	5,15	56	87	5·77	8·97
(xxi)	Government Pressed Metal Products, Palani.	September, 1959.	10,55	2,08	93	5,27	80	1,10	8·47	11·64
(xxii)	Model Bolts and Nuts Unit, Erode.	September, 1959.	4,989	2,14	80	3,14	10	28	2·18	6·10
(xxiii)	Ceramic Centre, Vriddhachalam.	October, 1959.	19,99	8,80	3,33	4,53	51	1,21	2·89	6·85
(xxiv)	Service-*cum*-Training Centre for Tanning and Finishing Leather, Vinnamangalam.	April, 1959.	17,22	10,19	1,92	13,81	47	1,01	3·97	8·54
(xxv)	Service Centre for Electrical Goods Unit, Guindy.	August, 1960.	40,52	4,33	3,83	18,91	6,04	7,29	21·11	25·48
(xxvi)	Model Foundry, Guindy.	September, 1960.	18,46	10,94	95	4,63	31	1,00	2·7	8·5
(xxvii)	Pressure Die-casting Unit, Guindy.	July, 1959.	11,43	4,04	1,96	4,28	7	52	0·66	4·88
(xxviii)	Forge and Heat Treatment Shop, Guindy.	January, 1960.	11,76	7,18	2,03	2,28	—75	—31	..	..
(xxix)	Handloom Parts Factory, Salem.	October, 1960.	19,11	7,56	1,63	7,01	—81	10	..	0·51
(xxx)	Common Finishing Shop, Guindy.	November, 1960.	5,51	4,28	1,35	1,41	—68	—46	..	..
(xxxi)	Wool Processing Centre, Vinnamangalam.	December, 1960.	12,72	11,61	1,20	3,48	—1,31	—71	..	..
(xxxii)	Tool Room Shop, Tiruchirappalli.	April, 1961.	6,07	3,80	1,01	2,63	—7	17	..	2·59

APPENDIX VI—*concld.*

Serial number.	Name of the Department/Unit.	Year of commencement.	Capital at close (as on the 31st March, 1965)	Net Block assets (as on the 31st March, 1965)	Depreciation (as on the 31st March, 1965.)	Out-turn.	Net profit. After charging interest on capital.	Net profit. Before charging interest on capital.	Percentage of return on Mean Capital. After charging interest on capital.	Percentage of return on Mean Capital. Before charging interest on capital.
			(IN THOUSANDS OF RUPEES.)							
(xxxiii)	Wood Working Unit, Pollachi.	April, 1961.	9,79	2,39	58	4,55	1,32	1,57	19·24	22·88
(xxxiv)	Tool Room Shop, Pettai.	July, 1961.	4,83	3,02	78	1,54	–56	32	..	5·65
(xxxv)	Cycle Assembly Unit, Thanjavur.	November, 1962.	10,53	3,18	66	4,77	32	82	8·44	3·30
(xxxvi)	Tool Room Shop, Virudhunagar.	January, 1962.	6,24	4,08	89	2,16	4	26	0·68	4·42
(xxxvii)	Raw Materials Depot, Madurai.	September, 1962.	10,38	1,10	22	..	–10	26	..	3·84
(xxxviii)	Structural Engineering Workshop, Ambatur.	March, 1963.	52,75	17,47	39	19,20	3,37	5,52	8·49	13·91
(xxxix)	General Purpose Engineering Workshop, Tirupur.	July, 1963.	5,12	3,39	31	2,01	34	53	7·96	12·41
(xl)	Model Foundry, Thanjavur.	August, 1963.	3,83	2,21	14	2,17	27	48	9·00	16·77
(xli)	Model Foundry, Katpadi.	April, 1964.	5,00	2,62	10	1,71	6	25	1·75	7·6
(xlii)	Government Scientific and Glass Apparatus Factory, Guindy.	September, 1964.	13,08	6,97	42	2,02	6	39	0·53	3·45
(xliii)	Salt Glazed Pipe Factory, Vridhachalam.	September, 1964.	11,42	10,05	88	1,38	–28	2	..	0·02
(xliv)	Quartz Crushing Plant, Salem.	February, 1964.	2,75	2,33	15	1,02	–20	–5	..	..
			(Accounts not certified in audit.)							
(xlv)	Model Foundry, Pettai.	January, 1964.	3,47	1,87	10	1,30	–26	–7	..	..

APPENDIX VII.

Particulars of Idle Machinery

(Referred to in paragraph 106 of Chapter VIII)

Serial number and name of the industrial unit.	*Description of plant/machinery.*	*Value/date of purchase.*	*Remarks.*
1 General Purpose Engineering Workshop, Vellore.	Nickel and Chromium plating tanks—Polishing barrel and nickel plating barrel for cycle assembly units.	Rs. 20,000 September and May, 1959.	Machinery is reported to be not in working condition from the date of purchase. The question of replacement of defective parts has been taken up with the suppliers.
2 Service Centre for pressed metal products, Madras.	Anodising tanks.	Rs. 56,572 November, 1961.	The machines were purchased for a common service facility scheme intended to provide service facilities to small scale industrialists. The scheme was not, however, implemented in the unit for want of certain other machines. They were transferred to Common Tool Room Shop, Ambattur in May, 1965, where also they have not been put to use (October, 1965).
	"Allcut" band saw and filing machine.	Rs. 9,600 November, 1962.	The machine was transferred in December, 1963 to the Tool Room Shop, Virudhunagar, where also it was not put to use (May, 1965).
	Electric muffle furnace.	Rs. 23,700 October, 1963.	The machinery was transferred in February, 1964 to the Tool Room Shop Unit Ambattur, where also it was lying idle (May, 1965.

APPENDIX VII—*cont.*

Particulars of Idle Machinery—*cont.*

(Referred to in paragraph 106 of Chapter VIII)

Serial number and name of the industrial unit.	*Description of plant/machinery.*	*Value/date of purchase.*	*Remarks.*
3 General Purpose Engineering Workshop, Tirupur.	Pneumatic power hammer.	Rs. 13,000 March, 1962.	The machinery was not used in this unit. The department stated in June, 1965 that the question of its transfer to some other unit was being considered.
	Yugoslavian turret lathe.	Rs. 19,000 October, 1961.	The machine has not been put to use and its transfer to another unit is stated to be under consideration (September, 1965).
4 General Purpose Engineering Workshop, Rajapalayam.	Exhaust fan and enamelling oven.	Rs. 10,832 October, 1963 and January, 1964.	The machinery has not been erected pending arrangements for increased power supply.
5 Sports Goods Unit, Guindy.	Shoelast machine.	Rs. 47,938 1958–59.	The machine was used sparingly, till December, 1960 and was not used thereafter till July, 1963 when it was transferred to the Orthopaedic Centre at the Government General Hospital, Madras.
6 General Purpose Engineering Workshop, Namakkal.	Horizontal turret lathe.	Rs. 29,600 January, 1963.	The machine which was erected in September, 1964 is lying idle for want of work (October, 1965).
	Yugoslavian turret lathe.	Rs. 18,783 October, 1964.	Lying idle for want of work (October, 1965).
7 Government Tanning and Finishing Leather Unit, Vinnamangalam.	Pin wheel leather measuring machine.	Rs. 11,000 1957.	Machine was received in a damaged condition. The matter is stated to be under correspondence with the firm

APPENDIX VII—*concld.*

PARTICULARS OF IDLE MACHINARY—*concld.*

(Referred to in paragraph 106 of Chapter VIII)

Serial number and name of the industrial unit.	*Description of plant/machinery.*	*Value/date. of purchase.*	*Remarks.*
8 Footwear Unit, Pallavaram.	Machines for making chappals, etc.	Rs. 3,123	Machines are lying idle from 1962 for want of spare parts.
	Do.	Rs. 14,358	Fourteen machines used for making chappals are idle from 1963-64, as the unit has stopped the manufacture of chappals.
9 Footwear Unit, Perambur.	Drilling and surfacing machines.	Rs. 9,341 / August, 1964 and January, 1965.	The machines have not been put to use; their transfer to another industrial unit is stated to be under consideration.
10 Footwear Unit, Triplicane.	Stitching machines, etc.	Rs. 5,569	The machines could not be commissioned for want of power connection and are lying idle for over two years.
11 Madras Dairy and Milk Project.	Gobar Gas Plant	Rs. 82,000	The plant which was brought into use in May, 1964 stopped functioning in April, 1965 as it was found uneconomical. During the period of its working, supply of gas was made to 17 houses only as against the target of 70 houses. The loss sustained was about Rs. 8,000.
	Bulk coolers ..	Rs. 2·87 lakhs / September, 1964.	The coolers are lying idle due to delay in construction of building (September, 1965).

APPENDIX VIII.

(Referred to in paragraph 118(i) (*a*) of Chapter X.)

Statement showing details of cases of misappropriation of cash pending finalisation, as in September, 1965.

I. DEPARTMENTWISE ANALYSIS OF OUTSTANDING CASES.

Department.	*Number of cases.*	*Amount (in thousands of rupees).*
1. Land Revenue	350	7,90.88
2. Medical	5	2·73
3. Administration of Justice ..	3	8·40
4. Industries	2	19·88
5. Education	7	12·33
6. General Administration	6	4·98
7. Agriculture	6	6·89
8. Forest	2	14·93
9. Fisheries	3	1·27
10. Police	3	0·73
11. Treasury	3	39·31
12. Other departments	18	67·36
Total ..	408	9,69·69

II. YEARWISE ANALYSIS OF THE OUTSTANDING CASES.

Year in which the cases were reported.	*Misappropriated amount recovered but departmental action etc., is pending.*		*Other items.*	
	Number of cases.	*Amount (in thousands of rupees)*	*Number of cases.*	*Amount (in thousands of rupees)*
1959-60 and earlier years ..	10	12·86	65	3,25·74
1960-61	8	9·17	28	76·07
1961-62	18	33·04	22	42·08
1962-63	21	29·11	38	1,12·64
1963-64	18	23·61	29	86·72
1964-65	44	77·95	63	1,70·31
April to September, 1965	26	31·80	18	38·59
Total ..	145	2,17·54	263	7,52·15

APPENDIX IX.

STATEMENT OF MISCELLANEOUS LOSSES, ETC., EXCEEDING Rs. 10,000 IN EACH CASE WRITTEN OFF.

(Referred to in paragraph 118 (ii) of Chapter X).

Serial number and department.	*Number of items.* / *Period of occurrence.*	*Amount.*	*Brief particulars.*
		RS.	
1. Public Works ..	15 (April, 1951—February, 1965).	6,99,673	Irregular payment of compensatory allowance and travelling allowance to the Supervisors and Junior Engineers of the defunct bridge circle of the Highways department (Rs. 26,000). Losses due to natural causes like floods, cyclone, etc. (Rs. 5,73,033). Losses due to damages to Government property during the anti-Hindi agitation, demolition of A.R.P. sheds and other causes (Rs. 1,00,640).
2. Education and Public Health.	1 (December, 1962—October, 1963).	31,128	Interest on Government loans due from the Municipal Council, Palani, waived by Government in view of its unsatisfactory financial position.
3. Food and Agriculture.	5 (1956—1963).	6,24,859	Loss on account of articles condemned (Rs. 81,346), loss on account of livestock dead, culled out as uneconomic, etc. (Rs. 5,28,079), nugatory expenditure on bore wells which proved unsuccessful (Rs. 15,434).
4. Public Works (Electricity Board).	2 (November, 1963—April, 1964).	35,489	Loss on account of accidents to vehicles.
Total ..	23	13,91,149	

APPENDIX X.

APPENDIX A.

STATEMENT SHOWING ANALYSIS OF AUDIT OBJECTIONS TAKEN TO END OF 31ST MARCH, 1965, AWAITING SETTLEMENT AS IN OCTOBER, 1965.

(Referred to in paragraph 119 of Chapter XI).

I. Analysis showing nature of Audit Objections.

(AMOUNT IN LAKHS OF RUPEES).

Department.	*Non-submission of detailed contingent bills.*		*Non-submission of sub-vouchers and stamped receipts.*		*Non-submission of vouchers.*		*Want of sanction.*		*Other reasons.*		*Total.*	
	Items.	*Amount.*	*Items.*	*Amount.*	*Items.*	*Amount.*	*Items.*	*Amount.*	*Items.*	*Amount.*	*Items.*	*Amount.*
Rural Development and Local Administration.	54	0·46	934	8·08	..	..	440	4·19	1,618	4·59	3,046	17·32
Education and Public Health.	834	25·88	782	13·52	9	0.02	313	5·99	812	8·41	2,750	53·82
Home	2,361	33·25	771	11·70	2 (Rs. 100 only)		208	6·68	1,706	16·21	5,048	67·84
Industries, Labour and Co-operation.	323	29·96	985	1,00·46	18	2·58	210	42·98	790	39·32	2,326	2,15·30
Revenue	1,289	1,19·53	518	5·27	27	0·21	612	9·11	4,271	6·30	6,717	1,40·42
Food and Agriculture ..	3,749	1,43·72	1,619	35·21	17	0·12	1,275	26·26	1,979	10·54	8,639	2,15·85
Public Works	46	0·55	4,149	1,46·27	288	13·40	64	0·81	1,730	64·04	6,277	2,25·07
Finance	18	0·02	83	0.57	264	35·37	..	..	279	0·45	644	36·41
Public	86	0·24	35	0·13	..	..	..	..	753	2·18	874	2·55
Total ..	8,760	3,53·61	9,876	3,21·21	625	51·70	3,122	96·02	13,938	1,52·04	36,321	9,74·58

APPENDIX X—*concld.*

II. Departmentwise and yearwise analysis of Audit objections.

(Referred to in paragraph 119 of Chapter XI).

(AMOUNT IN LAKHS OF RUPEES).

Department.	1960–61 *and earlier years.*		1961–62		1962–63		1963–64		1964–65		Total.	
	Items.	*Amount.*	*Items.*	*Amount.*	*Items.*	*Amount.*	*Items.*	*Amount.*	*Items.*	*Amount.*	*Items.*	*Amount.*
Rural Development and Local Administration.	967	7·62	420	4·15	328	1·24	417	2·01	914	2·30	3,046	17·32
Education and Public Health.	155	3·35	144	4·05	289	3·75	565	13·48	1,597	29·19	2,750	53·82
Home	687	9·77	412	9·82	418	7·11	877	11·39	2,654	29·75	5,048	67·84
Industries, Labour and Co-operation.	656	17.71	190	16·27	190	20·33	336	65·43	954	95·56	2,326	2,15·30
Revenue	1,128	36·82	646	18·79	911	16·01	1,183	23·07	2,849	45·73	6,717	1,40·42
Food and Agriculture ..	723	9·82	372	7·03	980	19·21	1,806	41·23	4,758	1,38·56	8,639	2,15·85
Public Works	351	13·37	106	5·90	497	10·60	1,470	63·39	3,853	1,31·81	6,277	2,25·07
Finance	136	6·68	52	20·91	99	3·02	157	3·40	200	2·40	644	36·41
Public	192	0·57	454	1·37	34	0·08	66	0·18	128	0·35	874	2·55
Total ..	4,995	1,05·71	2,796	88·29	3,746	81·35	6,877	2,23·58	17,907	4,75·65	36,321	9,74·58

APPENDIX XI

STATEMENT SHOWING ANALYSIS OF INSPECTION REPORTS ISSUED TO END OF 31ST MARCH, 1965 AWAITING SETTLEMENT AS IN NOVEMBER, 1965.

(Referred to in paragraph 120(a) of Chapter XI).

Department.	1960–61 *and earlier years.*		1961–62		1962–63		1963–64		1964–65		Total.	
	Reports.	*Paragraphs.*	*Reports.*	*Paragraphs.*	*Reports.*	*Paragraphs.*	*Reports.*	*Paragraphs.*	*Reports.*	*Paragraphs.*	*Reports.*	*Paragraphs.*
Rural Development and Local Administration Including Khadi Board.	135	569	108	474	93	426	136	837	310	2,145	782	4,451
Education and Public Health.	20	38	29	77	37	128	80	383	127	862	293	1,488
Home	13	47	6	11	18	114	20	131	63	381	120	684
Industries, Labour and Co-operation.	5	14	37	132	62	256	98	538	139	1,053	341	1,993
Revenue	7	28	35	222	33	206	98	419	94	463	267	1,338
Food and Agriculture ..	79	432	43	224	47	341	92	728	157	1,106	418	2,831
Public Works	59	92	36	105	67	201	66	242	94	846	322	1,486
Finance including Treasuries.	..	..	..	..	..	..	..	..	31	148	31	148
Legislative Assembly ..	..	..	..	..	..	..	..	..	1	7	1	7
Public	2	13	..	..	..	..	2	4	1	5	5	22
Total ..	320	1,233	294	1,245	357	1,672	592	3,282	1,017	7,016	2,580	14,448

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