CHAPTER V

EVALUATION OF STATE BUDGETS
CHAPTER V
EVALUATION OF STATE BUDGETS

As discussed in Chapter II, once the adoption stage of policy process is over, the law/the rule/the order/the programme of action that has been adopted may be called as public policy. Although the content and effect of the policy may be changed during the next stage of policy process that is policy implementation.

Theoretically the implementing agencies are guided by budgetary provisions, in actual practice they are very often influenced by their own perceptions and various environmental and situational factors. Thus implementation can vary according to the composition disposition and interaction of actors and the condition of environment prevailing at the time of implementation.

The last stage of the policy process is policy evaluation. The evaluation is concerned with apprising the content of policy and its effects. The process of evaluation usually has two objectives (i) to determine the success or failure of the policy and (ii) to develop policy alternative.

Legislature is called upon to pass the Budget which is the financial expression of the public policies from time to time. It passes also the Appropriation Act to enable the Government to draw money from the Consolidated Fund and spend them as per budgetary allocations. In the interest of tax payers, it is expected that Legislature should satisfy itself that the moneys so voted for the policies embodied in the Budget and are spent prudently and economically. Thus the evaluation process commences with Audit by an independent evaluating agency i.e., the
Comptroller and Auditor General of India. Further the examination of his report is made by the standing Committee of the Legislature called the Public Accounts Committee. The evaluation by the Public Accounts Committee largely depends upon the information available to it from the Audit report of the Comptroller and Auditor General of India. He occupies a key position in the system of control exercised by the Public Accounts Committee. He acts as the hand, the guide, philosopher and friend of the Public Accounts Committee.

Further, the Estimate Committee, also works as a prenatal evaluating agency. After the Annual Financial Statement is said before the legislator this Committee of the legislature, examines estimates in order to.

(a) report to the House what economies, improvements in organisation, efficiency or administrative reform consistent with the policy underlying the estimates, may be effected.

(b) suggest alternative policies in order to bring efficiency and economy in administration,

(c) examine whether the money is well laid out within the limits of the policy implied in the estimates, and


(d) suggest the form in which estimates are to be presented to the Parliament or Legislative Assembly. Though, it examines estimates before the Budget is passed, yet its reports are available after a long lapse of time. But it helps the Legislative and Government as a future guidance.

The planned economic development which the Country adopted necessiated the setting up of numerous enterprises - industrial, agricultural, commercial’, controlled and managed by Government. Several corporations and Government Companies, commonly called public undertakings involving large sums of money (as the result of investment policies) have come into existence. Since crores of rupees invested in them are appropriated from the consolidated fund, it becomes the responsibility of the Legislature to have adequate control over their affairs. For this purpose, a Committee on public undertakings has been constituted.

The functions of the Committee are to examine the reports and accounts of public undertakings specified in the Rules of Procedure and Reports of Comptroller and Auditor General thereon, if any, and to examine in the context of autonomy and efficiency of public undertakings, whether the affairs of public undertakings are being managed in accordance with sound business principles and prudent commercial practices. The Committee may also examine such subjects or matters which may be specifically referred to it by the Legislature. The committee is, however, barred from examining and investigating matters of major Government policy as distinct from business or commercial functions of public undertakings or matters of day to day administration or matters for consideration of which machinery is established by any specific statute under which the particular
undertaking is established. The examination by the committee is generally in the nature of an evaluation of the undertaking covering all aspects like production, contribution to general economy, generation of employment, development of ancillaries, safeguarding of consumer interest etc. policies

Thus, for evaluation of the budgetary we have to evaluate policy which are reflected in the budget.

Let us now evaluate the budgets of governments of Orissa from 1970-71 to 1984-85. On the basis of the reports of C.A.G., Estimate Committee, Public Accounts Committee and Committee on Public undertakings, in order to find out the nature of relationship between the budgetary policy and budgetary implementation during the study period. While evaluating the budget, we lay stress on the revenue account and its implementation, capital account and failures of government agencies as per the report of C.A.G. We focus in this regard on tax revenue, public debt, and shared taxes, dependence on borrowed money and external resources and increase in the investment pattern in capital account. Wherever the C.A.G., Public Accounts Committee focus on the inconsistency between policy and implementation of any departmental expenditure or investment, such reports receive our special attention in evaluating the budgetary policy of the concerned department.

Coming to 1970-71 Budget of the State, the Revenue Receipt showed an increase of 47. (Rs. 4.71 crores) over those in 1969-70. Because in 1969-70, the Revenue Receipts of the Government were Rs. 131.12 crores.

Further, the expenditure incurred outside the Revenue Account in the year 1970-71 was Rs. 24.92 crores. Out of this total expenditure, a sum of Rs. 4.61 crores on Irrigation, Navigation, Embankment and Drainage works, Rs. 8.80 crores on Multipurpose River Schemes and Rs. 4.53 crores were spent on Public works respectively.

As Budgetary policy of the Government was rapid industrialisation of the State, an amount of Rs. 5.29 crores was spent on Industrial Development.

Further, till the end of March 1971, the capital invested in three major and fourteen medium irrigation projects was Rs. 67.20 crores. The financial management of these projects were unsatisfactory as per the report of the C.A.G.

---

8. Ibid., p.23.
It may be pointed out that during the year 1970-71, supplementary grants totalling Rs.13.00 were obtained under 51 grants (including 7 grants where token votes were obtained) in September 1970 (Rs.5.19 crores) and March 1971 (Rs.7.81 crores). Yet in fifteen grants supplementary provision (exceeding Rs.1 lakh in each case) proved unnecessary as expenditure did not come up even to the original grant, in eleven of these cases supplementary provision Rs. 1,49.04 lakhs were obtained as late as March 1971. In all these cases, the departments surrendered Rs.3,60.09 lakhs in excess of supplementary grants as surplus to the requirement.10

Similarly, in seven grants such as Capital Expenditure relating to Health Department, Elections and other expenditure relating to Home Department, Community Development projects, etc. compensation for Abolition of Zamindari system and other expenditure relating to Revenue Department, Land Revenue, Irrigation and Capital Outlay on Public works proved excessive. In all these cases Rs.1,42.66 lakhs out of the total supplementary provision of Rs. 5,24.26 remained unutilised. In all these cases, Supplementary grants of Rs.348.08 lakhs were taken as late as March 1971.11

---
10. Ibid.
11. Ibid., pp.112-113.
However, seven departments of Government including Planning and Co-ordination Department, works Department etc. had spent an excess amount Rs. 84.83 lakhs in addition to their respective vote of grants which required regularisation under Article 205 of the Constitution. The explanations given by the respective departments were not satisfactory as reported by the Comptroller and Auditor General of India in his report for the year 1970-71.\textsuperscript{12}

The report further points out that there were 24 grants in which more than 10 per cent of the provision remained unutilised, in ten of these cases, the unutilised provision ranged between 23 and 78 percent.\textsuperscript{13}

These matters were taken up by the Public Accounts Committee. In its first report to Sixth Assembly pointed out these facts and expressed its dissatisfaction. Accordingly, the Finance Department in its Memo No. B6. VI 25/76-22851 (901-F dt the 10th May 1976, issued instructions to all controlling officers to exercise effective control over the Budget as a result of which huge amount were surrendered at the end of the financial year. To avoid such incorrect budgeting, the controlling officer should locate savings in the 1st instance before formulating proposals for supplementary demand.\textsuperscript{14}

Let us now turn to the evaluation made by the Estimates Committee on a selected Department. In its 21st Report it reviewed the action taken by Government on the recommendations contained in the 10th Report on Community Development and Panchayatraj Deptt. 


\textsuperscript{13} Ibid.

\textsuperscript{14} Epitome of the Reports of The Committee on Public Accounts of State Legislature (Volume III), 1978, Orissa Legislative Assembly, Orissa Government Press, Cuttack, 1978, P-86.
10th Report on Community Development and Panchayati Raj Department. The Committee on Estimates in its 10th Report (Para No. 55) wanted to know about the action so far taken to set right the irregularities in the Bhubaneswar Block. The departmental representatives replied that the advance given for construction of office building and staff quarters had been made up to date and all subsidiary registers got maintained by the departmental auditors. The building accounts had been finalised and except submission of D.C. Bills which would be submitted after check measurement certificate was obtained from the Executive Engineer, R.E.O. The Committee on Estimates in its 21st Report observed that it was a matter of regret that D.C. Bills could not be submitted even after 10 year's of execution work without which the finalisation of accounts with the Accountant General would remain incomplete. This irregularity should be rectified as early as possible. Such evaluation of the EC shows how implementing authorities are apathetic towards implementing by committing technical and procedural errors.

In a report on Investment in Public Undertaking (1970-71) the Comptroller and Auditor General pointed out that an extra expenditure of ₹0.53 lakh of Orissa Mining Corporation had been made by not inviting tenders and entrusting the work to an outsider @ ₹2.25 per tonne.

The committee on Public undertakings wanted to know what was the reason for not inviting tender before entrusting the work to the contractor in December, 1968 and the basis on which the rate Rs. 2.25 per tonne was determined.

The Chairman O.I.C. explained that in order to meet the supplies on emergency basis and thus to increase the work load on the spot, the O.I.C. of the company contracted an outside party who agreed to take up the work of loading at Rs. 2.25 per tonne.

The committee remarked that the better course would have been to allow one or two loadings on this basis and rest should have been done by inviting tenders.\(^{16}\)

One of the interesting features of 1971-72 budget was that the revenue receipts (Rs. 151.32 crores) increased by 11 per cent over those in 1970-71 (135.83 crores)\(^ {17}\)

Coming to the side of Expenditure on Revenue Account, we may observe that the expenditure in 1971-72 (175.08 crores) increased by 257% as compared to 1970-71 (Rs. 139.88 crores). The increase was due to expenditure on new government colleges, Family Planning, Centres Crash Programme for rural employment Multipurpose River Schemes. However, the bulk of the expenditure was due to relief work for famine, drought and flood. This amount was increased from Rs. 1.5 crores to Rs. 16.29 crores which became a heavy burden on government treasury. The C.A.C. said that immediate expenditure contributed towards the stagnation of development process in Orissa.\(^ {18}\)

---

The expenditure outside the Revenue Account were totalled Rs. 29.86 crores during the year 1971-72, out of which Rs. 10.76 crores were spent on Multipurpose River schemes, Rs. 4.32 crores on Irrigation schemes, Rs. 3.94 crores on Agriculture, Rs. 5.91 crores on Public Works and Rs. 4.4 crores on Schemes of Industrial Development. It may be observed that compared to previous year, less amount of Rs. 0.88 crore was spent for Industrial Development. Similarly, much less amount to the extent of Rs. 0.28 crore was spent for irrigation schemes in comparison to last year's expenditure (Rs. 4.60 crores).\(^{19}\)

In 1971-72, Rs. 28.32 crores were paid as grants to non-Government bodies, institutions and individuals as against Rs. 22.63 crores paid during 1970-71. This formed 16% of Government's total Expenditure in Revenue Account. The chief beneficiaries of the grants given by Government were Panchayati Raj institutions which received Rs. 15.74 crores during 1971-72.\(^{20}\)

During the year 1971-72, supplementary grants totalling Rs. 63.99 crores were obtained under 56 grants (including 4 grants where token votes were obtained) in January 1972 (Rs. 50.60 crores) and March 1972 (Rs. 13.39 crores).\(^{21}\)

The C.A.G said that in seven grants supplementary provision of Rs. 17.61 lakhs (exceeding Rs. 5 lakhs in each case) proved unnecessary as the Expenditure did not come up even to the original grant.\(^{22}\)

In eight grants, supplementary provision proved excessive. In these cases, Rs. 6,37.25 lakhs out of the total supplementary


\(^{21}\) Ibid.

\(^{22}\) Ibid.
provision of Rs. 16, 71.88 lakhs remained unutilised. In all
these cases, supplementary grants of Rs. 1,94.45 lakhs were
taken in March 1972. 23

But ten departments of the Government had spent more than the
amount provided to them in the vote of grants. Out of the excess
which totalled upto Rs. 6.16 crores, the Public Works Department
alone spent an amount of Rs. 1.95 crores. 24

Out of the irrigation works (excluding Multipurpose Project,
Hirakud Dam Project) executed in the State on which capital outlay
to the end of 1971-72 was more than Rs. 1 crore. Delta Irrigation
Scheme, Orissa Canal Project and six medium irrigation projects
had been opened for service. But Comptroller and Auditor General
of India, in his report for the year 1971-72 pointed out that
out of the irrigation projects undertaken by the State, Delta
Irrigation Scheme was productive and the remaining projects were
unproductive. 25

In regard to the excess expenditure under Talcher Thermal
Project which was contributed to late receipt of shipments, not
anticipated at the Budget Stage, the Public Accounts Committee,
in its sixth report to fourth Assembly felt that it was not
correct to say that there was no time available to make provision.
The fundamental difficulty was that the authorities had not appa­
rently followed the correct budgeting principle, i.e. providing
money for the outstanding liabilities.

The committee observed that there should be some co-ordinating agency to calculate cut the outstanding liabilities of government department wise. It was also suggested that to facilitate the work, liability registers should be maintained so that liabilities were not lost sight of and provisions should be continued from year to year till the liability was discharged. 26

Referring to Controller and Auditor General’s report for the year 1971-72 on the working of State Ware Housing Corporation under the administrative control of Agriculture and Co-operation Department, the Committee on Public undertakings wanted to know on what consideration the location of godowns constructed by the corporation was decided particularly at places like Chandbali and Rampur where their utilisation had been nil and how did the rate of storage compare between private and Civil Supply godowns.

The representatives of the Company did not furnish specific reply to the committee.

Hence, the Committee come to the conclusion that the godowns at Chandbali and Rampur were constructed without any assessment of the demand. The Committee further observed that the corporation should construct godowns in future only of adequate assessment of the demand??.

The Revenue Receipts (Rs. 168.13 crores) of the Budget for 1972-73 showed an increase of Rs. 11% over those in 1971-72 (151.32 crores). 28

Government proposed at the budget stage to implement fresh measures during 1972-73 by was of (i) tax on agricultural land at a graduated scale (ii) re-introduction of compulsory basic water rate envisaged in the Orissa Irrigation Act and Rules, and (iii) increase in royalty on minor forest produce and minor minerals. These were expected to yield an additional revenue of Rs. 1.75 crores. Measures mentioned during 1972-73.29

Expenditure on Revenue Account in 1972-73 (Rs. 192.78 crores) was increased by 10% as compared with 1971-72 (Rs. 175.08 crores). The increase of Rs. 17.07 crores was the net result of increase under certain heads like Agriculture, Community Development projects, medical etc.30

Out of the total expenditure of Rs. 32.33 crores, which was capital outlay outside the Revenue Account, a sum of Rs.64.13 thousand was spent for improvement of Public Health, Rs. 4.70 crores for Industrial Development and Irrigation, Navigation Embankment and Drainage works contributed an expenditure of Rs. 5.43(crores).31

Similarly, in 1972-73, Rs. 27.13 crores were paid as grants to non-government bodies, institutions and individual against Rs. 28.22 crores paid during 1971-72. This formed 14% of Government's total expenditure on Revenue Account.32

Interestingly, the Supplementary provision (Rs. 111.12 crores) represented 37 per cent of the original provisions (Rs. 302.93 crores).  

During the year 1972-73, Supplementary Provision totalling Rs. 75.94 crores was obtained under sixty-three grants in September 1972 (Rs. 32.00 crores) and March 1973 (Rs. 43.94 crores).  

However, the C.A.G said that in eleven grants Supplementary provision of Rs. 3.27.68 lakhs proved unnecessary as the expenditure did not come up even to the original grant.  

In another eleven grants Supplementary provision proved excessive. In these cases Rs. 9.33.56 lakhs out of the total supplementary provision of Rs. 1984.07 lakhs remained unutilised. In all these cases Supplementary grants of Rs. 844.08 lakhs were taken in March 1973.  

It may be pointed out that Supplementary Appropriation of Rs. 35.18 crores was made during the year 1972-73 under twenty five appropriations.  

On the other hand, excess of Rs. 10.58 crores in the eight grants required regularisation under Article 205 of the Constitution. These departments included Political and Services Department, Forest Department, Urban Development Department, Revenue Department, Rural Development Department and Works Department.  

34. Ibid.  
36. Ibid.  
37. Ibid.  
38. Ibid.
An excess expenditure to the tune of Rs.1.71 crores, Rs.6.06 crores and Rs.1.47 crores took place in the departments like Rural Development, Works and Irrigation (Life Irrigation) respectively.  

The Comptroller and Auditor General of India in its report for the year 1972-73 made some serious comments regarding non-utilisation of funds meant for National Loan Scholarship by Education and Youth Services Department. The Committee on Public Accounts in its report observed that the State had not been able to utilise the amount of advance paid by the Government of India as interest free loan under the scheme. It was further remarked that between 1970-71 and 1972-73, due to non-submission of utilisation certificate the Education Department had lost Rs.61.43 lakhs from Government of India and the amount was ultimately paid from the State Government source which was unwarranted.

The Industrial Development Corporation (a) wholly owned Government Company has seven units. During 1972-73, the Company sustained a loss of Rs.135.65 lakhs against the loss of Rs.51.94 lakhs in the previous year. The accumulated losses at the end of 1972-73, Rs.519.76 lakhs, stood at Rs.200.48 lakhs.

The Committee on Public Undertakings viewed the poor performance of the Company very serious. It was of the opinion that the Company did not conduct any adequate pre-investment survey and also did not examine the economic viability of the projects before embarking upon the same and asked the Government to take steps for improving the performance of the Company.

---

Compared to the Budget of 1972-73 the Revenue Receipts of the State increased by Rs. 6.49 crores while the expenditure on Revenue Account increased by Rs. 19.68 crores during the year 1973-74. Compared to Budget Estimate, the revenue was less by Rs. 1.17 crores and the expenditure on Revenue Account was more by Rs. 5.67 crores.

It may be pointed out that even if additional/tax measures were introduced during the year 1973-74 the revenue had increased during the year.

Expenditure on Revenue Account in 1973-74 (Rs. 212.46 crores) was increased by Rs. 19.68 crores (10 per cent) over that in 1972-73 (Rs. 192.78 crores) and by Rs. 37.38 crores (21 per cent) over that in 1971-72 (Rs. 175.08 crores).

The increase of expenditure were mainly due to larger grants to non-government Secondary Schools and Other non-government bodies and institutions for payment of additional dearness allowance to teachers on execution of Special Welfare Schemes and tribal Welfare Work, Multipurpose River Schemes and on Electricity Schemes.

This was further added by the Supplementary Provision of Rs. 57.05 crores representing 16 per cent of the Original provision (Rs. 346.19 crores).

During the year 1973-74, excess of Rs. 9.23 crores required regularisation under Article 205 of the Constitution. The Departments which spent more than the amount voted were Rural Development,

Commerce, Works, Home, Health, Public Relations, Tourism and Tribal and Rural Welfare Department However, in works Department alone the excess of expenditure was Rs. 7.78 crores.47

The Comptroller and Auditor General's Report (civil) for 1973-74 pointed out 983 cases of misappropriations, losses of government money to the end of March 1974. The amount involved in it was to the extent of Rs. 88.98 lakhs.

It may be pointed out that in this connection the Public Accounts Committee took up these cases and desired that the Department should furnish a note mentioning the latest position of unsettled cases where no departmental action had been initiated and the cases where departmental action initiated but awaiting finalisation and the cases finalised.48

The Report of the Comptroller and Auditor General (civil) for the year 1973-74 indicates that expenditure on revenue account in 1973-74 (Rs. 212.46 crores) increased by Rs. 19.68 crores (10 percent) over that in 1972-73 (Rs. 192.78 crores and Rs. 37.38 crores) (21 percent) over that in 1971-72 (Rs. 175.08 crores).

The Committee on Public Accounts desired to know how it compared with budgetary provision for developmental and non-developmental expenditure. The departmental Secretary stated that the non-developmental and developmental expenditure on the revenue side are higher on account of higher plan as also the grant of D.A. & expenditure on natural calamities. The Committee then mentioned

that the government should specify as to what extent the increased expenditure in 1973-74 compares with 1972-73 both on developmental and non-developmental account. Secondly is, to what extent this increase in non-developmental expenditure compares with the increase in developmental expenditure and whether there has been any decrease in non-developmental expenditure. The department could satisfy the PAC and carried out an exercise on this aspect of the report. They misled the PAC by saying that "on both accounts, there was shortfall."

Thereupon the Public Accounts Committee observed that, the shortfall was greater on the development side than on the non-development side. The department had provided Rs. 19.15 crores in 1972-73 for development expenditure. The actual expenditure was Rs. 16.41 crores. In 1973-74, they provided for Rs. 21.41 crores but actual expenditure was Rs. 17.69 crores. The increase in 1973-74 as compared to 1972-73 was actual 7.8 per cent as against 0.8 per cent. There has been shortfall in non-development side, no doubt, but the shortfall was less than the development side. The PAC said, "The development expenditure has suffered a greater setback than the non-development expenditure". 49.

The financial rules of the government lay down that no money shall be drawn from treasury unless it is required for immediate disbursement and prohibit the withdrawal of money to prevent the lapse of budget grants. The report of Comptroller and

49. Report of the Public Accounts Committee (3rd Report), Seventh Assembly, Legislative Assembly Secretariat, Orissa Government Press, Cuttack, 1979, P-16
Auditor General (Civil) for the year 1973-74 points out that an amount of Rs. 74.03 lakhs was drawn from the treasury although there was no possibility of immediate disbursement. The Public Accounts Committee made a probe and the Secretary informed that the Supplementary came on the 29th March, 1973. So the Treasuries were authorised to withdraw the money. Then the Public Accounts Committee wanted to know what action the department was taking when the money was not utilised by the department. The Secretary replied that there were certain circumstances under which money was not utilised. For instance, amount remaining unspent for non-availability of machinery materials, were carried over to the next year.

The Public Accounts Committee found no justification for the infringement of the provision in the rules and drawal of money in advance of the requirements during the year concerned. The Finance Department would do well to convey to the departments the concern of the Public Accounts Committee about drawal of funds in advance of requirements thereby adversely affecting the ways and means position of government and advice them suitably.

The expenditure on revenue accounts as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision with corresponding figures of 1971-72 and 1972-73 is shown below as per the report of C.A.G. of India (Civil) for the year 1973-74.

51. Ibid.
Referring to Audit Comments the Public Accounts Committee pointed out that the expenditure has been invariably exceeding the overall budget. Departments have been taking Supplementary demand which are always proved excessive.

The committee further observed that during 1973-74, in 15 cases (exceeding Rs.5 lakhs each ) supplementary grants proved totally unnecessary. Similarly other 15 Supplementary grants proved excessive. In the anticipation if the budget had been fulfilled there would have been no saving which would have contributed to greater revenue deficit than what it was.

The Orissa Mining Corporation Ltd. was incorporated in May, 1956 as a fully owned Government company with the principal object of raising iron ore for export under the integrated scheme, drawn up for the purpose. The company had also been mining chromite ore, Manganese ore, Limestone etc. on a moderate scale. C.A.G found

that the financial position of the company was not in good shape. The para 7.1 of the Report (commercial) of Comptroller and Auditor General of India for the year 1973-74 stated that the accounts of the company had been finalised up to the year 1972-73 and the accounts for 1973-74 and 1974-75 were in arrears. With regard to Audit observations the Committee on Public undertakings desired a note about the reason for delay in finalising the accounts for 1973-74 and 1974-75 and steps taken for finalisation and how the company would improve the working results without a proper and timely evaluation of the financial results.

The Chairman, Orissa Manning Corporation stated that the Annual General Meeting of the Board would be held to consider the 1972-73 Report. They hoped to get it done soon. Further 1973-74 audit was going on. As such 1974-75 had not been taken up. This would be taken only after the appointment of statutory Auditor.

The Committee remarked that the main borrowing was from government sources. The company had been relying heavily on borrowings from government, and instead they should try to tap the sources for obtaining finance from financial institutions.

Observing the budgetary provision for the year 1974-75, we may find that the Revenue Receipts during 1974-75 (Rs. 227.37 crores) increased by by Rs. 52.75 crores (30 per cent) over those of 1973-74 (Rs. 174.62 crores). There was a fall of receipts from sources

such as Estate Duty, Income Tax and share from Union Excise Duties. But on the other hand, revenue receipt of the government increased due to the measures taken through increase in the rates of motor vehicle tax, surcharge on entertainment tax, revision of rates of court fee, enhancement of electricity duty. It may be pointed out that no taxation measures were introduced during the year 1974-75.

In 1974-75, the expenditure on Revenue Account (Rs.231.51 crores) was increased by Rs. 11.05 crores (5 per cent) over that in 1973-74 (Rs.212.46 crores). The increase was primarily on account of increase in the amount of National Loan Scholarships, block grants to universities, grants to non-government educational institutions for primary, Secondary & College education, implementation of the recommendations of the Pay Committee on revision of Pay Scales, high yielding varieties cropping programme, commercial crops and on agricultural education.

Out of the total amount spent for Capital Outlay outside the Revenue Account (Rs. 47.40 crores), Rs. 72,28 thousands, Rs.9.14 crores, Rs. 9.14 crores, Rs. 4.90 crores and Rs. 11.11 crores were spent for improvement of Public Health, Agricultural Improvement and Research, Industrial Development and Multipurpose River Schemes respectively.

The Supplementary provision of Rs. 53.04 crores was obtained under 63 grants (Rs. 52.21 grants) and 30 charged appropriations (Rs. 0.83 crores). On the total Supplementary grants and charged appropriations.

appropriations, Rs. 31.54 crores were obtained under 43 grants in the revenue section and Rs. 20.61 crores were obtained under 20 grants in the Capital Section. Supplementary Appropriations of Rs. 0.70 crores and Rs. 0.13 crores were also obtained for expenditure under 23 and 7 charged appropriations in the Revenue and Capital Sections respectively.

The Supplementary grants (exceeding Rs. 5 lakhs in each case) of Rs. 284.16 lakhs (Revenue 262.66 lakhs under 8 grants and Capital Rs. 21.50 lakhs under 2 grants) remained wholly unutilised as the expenditure did not come even up to the original provision.

However, in 4 cases the Supplementary grants (exceeding Rs. 5 lakhs in each case) of Rs. 569.94 lakhs proved inadequate, the final uncovered excess in these grants was Rs. 886.20 lakhs. The departments for which inadequate supplementary grants made were Works Department, Urban Development Department, Rural Development Department and Finance Department.

The audit para 7.6 of the report of Comptroller and Auditor General (Civil) for the year 1974-75 indicates that the Government while waiving the submission of audit statement of accounts and utilisation certificates for the purpose of payment of grants instructed to release the grant on the basis of certificates from the Inspecting Officers after administrative inspection to the effect that the institutions were being managed satisfactorily and qualifying expenditure (with details) that had been incurred.

58. Ibid
But the records relating to payment of grants, indicated that there was no evidence of any such inspection having been conducted in respect of any college, the grants were being released by the Director of Public Instruction without any recommendation from Inspecting Officer contemplated in government resolution.

The Departmental Representative replied that the concerned Heads of Departments were being instructed to issue rigid instructions to the Inspecting Officers to ensure administrative inspection and furnish certificate to the effect that "the institutions are being managed satisfactorily and qualifying for expenditure incurred."

While examining this fact, the Public Accounts Committee felt that unless proper attention in this regard was paid, the standard of education would also never improve. Some reformation was required to build up the standard of education as was as to create a faith in the minds of general public to that effect. To monitor this, regular inspection must be insisted upon.

The Audit para 4.16 of the report of the Comptroller and Auditor General of India (Civil) for the year 1974-75 pointed out that in the year 1974-75 in Bolangir Irrigation Division it was found that in several cases the materials issued to works in a year were actually not used on those works but were transferred to other works or taken back to the general store of the division subsequently.

The Public Accounts Committee expressed their strong objection in respect of materials which had been later diverted for other works. They observed that according to the rules laid down in P.W.D code materials issued to any particular work, should find place on the accounts register of the work. They should not be taken back to the general stores and diverted for other work.

It has been brought out in para 10.74 of audit report (commercial) of the Comptroller and Auditor General for the year 1974-75 that total number of break-downs of Orissa Road Transport Corporation during the 5 years upto 1974-75 were 1632, 1566, 13390, 1797 and 1577 respectively.

The break-downs were generally attributed to mechanical defects such as failure of engine, and engine parts, breaks, springs and other causes like failure of tyres, batteries etc. According to the information available in respect of 1973-74 and 1974-75, 1234 break-downs out of 1797 and 1405 break-downs out of 1577 constituting 72 per cent and 89 per cent respectively for the two years attributed to failure of mechanical, electrical systems. It was stated in evidence that bad condition was also a factor for break-downs.

The Committee on Public Undertakings enquired whether the condition of roads and their improvements was taken up with appropriate authorities.

The chairman threw blame on the P.W.D and P.W.D. was informed by the D.T. The Corporation was not sure if all the P.W.D. engineers were informed accordingly or not, but the corporation checked the road condition they decided to ply bus in a particular road. After all the roads were damaged after a few years due to poor maintenance.

The committee on public undertakings was not satisfied with the explanation given by the Corporation and suggested that necessary steps should be taken to move the appropriate authorities for proper maintenance of roads. The Committee further desired that corporation should take effective steps to prevent frequent breakdowns by a system of preventive action maintenance and other measures.

Let us now turn to the year 1975-76. While analysing the Budget for the year 1975-76, it may be observed that the Revenue Receipt for the year 1975-76 (Rs. 277.46 crores) registered an increase by 22 per cent (Rs. 50.99 crores) over those in 1974-75 (Rs. 227.37 crores).

On the other hand, the expenditure on Revenue Account in 1975-76 (Rs. 276.18 crores) increased by 24 per cent (Rs. 52.67 crores) as compared with that of 1974-75 (Rs. 223.51 crores).

In Education Department, an increase of Rs. 12.05 crores was noticed. This was due to opening of new educational institutions under Half a Million Jobs Programme and more assistance to universities on the basis of recommendation of the Block Grant Review Committee.

Similarly in the Medical Sphere, an increase of Rs. 2.94 crores was marked due to revision of scales of pay and rates of dearness allowances, appointment of more staff and specialists in medical colleges and higher plan outlay on purchase of equipment and apparatus.

In the field of Public Health, Sanitation and Water Supply, an increase of Rs. 2.63 crores was noticed. This increase was due to increased expenditure mainly on Rural Water Supply Scheme, enhanced rate of dearness allowances and cost of additional staff under Cholera Control Programme.

The Capital Outlay outside the Revenue Account for the year 1975-76 was Rs. 57.65 crores.

The Capital Expenditure of Government includes outlay on Paradeep Port, Lift Irrigation Projects, State Transport Service, Industrial Works at Hirakud and on the operational part of the Milk Union Scheme at Phulnakhara.

66. Ibid.
67. Ibid.
68. Ibid.
There were excesses of Rs. 8.71 crores in 4 grants in the Revenue Section and Rs. 544 crores in 4 grants in the Capital Section which required regularisation under Article 205 of the Constitution. However, under Revenue Section, an increase of 5.34 crores was noticed in Works Department alone.\(^{71}\)

During the year 1975-76, Supplementary provision of Rs. 113.00 crores (In November 1975: Rs. 39.23 crores and In March 1976: Rs. 73.77 crores) were obtained under 50 grants (Rs. 79.55 crores) and 31 appropriations (Rs. 33.45 crores), of the total Supplementary grants, Rs. 50.32 crores were obtained in 50 cases in the Revenue Section and Rs. 29.23 crores were obtained in 24 cases in the Capital Section. In the charged appropriation Rs. 0.13 crores were obtained in 26 cases in the Revenue Section and Rs. 33.32 crores were obtained in 9 cases in Capital Section.\(^{72}\)

It is found that Supplementary grants of Rs. 263.92 lakhs under grants in the Revenue Section and Rs. 639.52 lakhs under one grant in the Capital Section remained wholly unutilised as the expenditure did not come up to the original provision. In the Revenue Section, the short-fall was noticed in Finance, Agriculture and Co-operation and Tribal and Rural Welfare Department. Similarly, in the Capital Section the shortfall was noticed in Irrigation and Power Department.\(^{73}\)

Similarly, Supplementary grants (Revenue Section) for Education Department was proved excessive as saving of Rs. 234.43 lakhs

---

\(^{71}\) Report of the C.A.G. of India, Civil, 1975-76, op.cit., P-33
\(^{73}\) Report of the C.A.G. of India, Civil, 1975-76, op.cit., P-37
was noticed and a sum of Rs. 353.06 lakhs was proved excessive in Rural Development Department.\(^74\)

On the other hand, in 6 cases, the Supplementary grants (exceeding Rs. 5 lakhs in each case) of Rs. 43.73 crores proved inadequate, the final uncovered excess in these cases (5 grants & charged appropriation) was Rs. 34.99 crores. In Works Department alone a sum of Rs. 534.55 lakhs proved to be inadequate.\(^75\)

Para 3.3 of report 1975-76 the Comptroller and Auditor General (Civil) states about the less in Health and Family Welfare Department due to non-accountal of stock of insecticides and drugs. The Public Accounts Committee wanted to know whether the Department had so far reconciled between the allotment received upto 1974-75 from the Director NMEP, Delhi and the value of materials received from the Suppliers? The Public Accounts Committee desired to know what was the system of reconciliation between the quantities of stores shown as issued by the units and those accounted for by the receiving centres? It further asked if there was any system to check up or ensure that discrepancies did not occur. The representative of the department replied that at present DDT stocks were allotted to individual PHCS instead of Malaria units. The Malaria staff had been instructed to work under the P.H.C. Medical Officers. Stocks were also kept in the warehouses and their own storage house was not used for the same. Now the stocks were directly received

---

by the P.H.Cs. On being asked by the Public Accounts Committee about the cause of delay for finalisation of 32 cases pending so long the Secretary of the department informed that the present position was that out of the 32 cases 13 were awaiting departmental action, 2 were pending in the Court of Law. He admitted that it was not for lack of persons but for non-observance of financial rules.

The Public Accounts Committee asked the Department to furnish a note mentioning the latest position of unsettled cases where no departmental action had been initiated and the cases where departmental action initiated but awaiting finalisation and the cases finalised, recovery irrespective of which were in progress.

In all these 32 cases of theft the Committee asked to record about the time taken at each stage by the Department to take appropriate steps in dealing with such cases.

Audit Para 6.3.10 of the report of the Comptroller and Auditor General (Civil) for the year 1975-76 indicates about the loss of Text Book Press of Education Department due to non-registration as a registered dealer. The Public Accounts Committee desired to know about it. The Department confessed the ignorance of the provisions under Orissa Sales Tax Act. The press could not get itself registered as a dealer under the Act till November, 1975. However, things had been regularised since then.

The Public Accounts Committee expressed its unhappiness that due to ignorance on the part of the press authorities to know the provisions of Orissa Sales Tax Act, the department had ultimately to bear the loss. The Sales Tax instead of being paid by the buyer had to be paid by the seller at the cost of Public Exchequer which was highly irregular.

As regard the Estimates Committee's control over the budgetary process, it took up the irregularities in the working of the Jharani Minor Irrigation Project in Kodala Block of Ganjam District. It was one among 112 projects declared to have been completed by March 1975. The earth dam of this project was badly damaged on the 1st November 1975, after water was impounded in the reservoir. The Committee of Estimates visited this project on the 26th November 1975 for an on the spot study.

This project was investigated in 1971, by S.I.I. Division, Berhampur. The original estimate was sent by the Chief Engineer for administrative approval on 15th May 1972. Administrative approval was accorded for the project for Rs. 13,65,900 by the Rural Development Department on 13th May 1972. But tenders for the head works had been invited in January 1972, that is before the administrative approval had been received. It was clearly mentioned in the administrative approval in paragraph 4 that:

"No expenditure will be incurred unless technical sanction is accorded to the project under paragraph 61 of the Orissa P.W.D. Code".

But the Committee on Estimates were surprised to find that the project had not yet received technical sanction. The Committee could not find any approved drawing & design of the project. Furthermore, there had been several deviations from the original plan and estimate for which administrative approval had been given.

The Committee on Estimates further observed:

"The failure of the dam in the first filling is a matter to be enquired into by the technical experts and fixing responsibilities may take time. But the Committee are of the firm opinion that engineers from the level of the Executive Engineer, who were associated with the execution of the work, have not given serious attention to the technical side and the special rules of the works code have been grossly violated."

In another case of public undertaking, mention was made in paragraph of 4 of the Report of the Comptroller & Auditor General of India for the year 1975-76 (commercial) regarding power supply to Fero-Chrome Plant under Industrial Development Corporation. The report stated that for defaults in payment during the period November 1969 to December 1974, the Orissa State Electricity Board levied a surcharge of Rs. 49.62 lakhs (at 2 per cent month on the amounts outstanding). Of this, the Board recovered Rs. 24.37 lakhs by adjustment leaving a balance of Rs. 25.25 lakhs. The company's plea to the Board to waive the surcharge was not accepted.

(March, 1976)

On the question concerning non-execution of agreement with O.S.E.B. for which disputes occurred and the Government's decision in this regard the Corporation officials stated that the Corporation had applied to Government for supply of power at a concessional rate as applicable to power intensive industries of the State and since the appeal was pending with the Government no agreement could be executed.

The Committee on Public Undertakings observed that owing to non-execution of agreement for supply of Electricity, the O.S.E.B. could get a chance for levying a surcharge of Rs. 49.62 lakhs.

The Committee took an exception to the non-execution of agreement with O.S.E.B. towards supply of power and considered this action as serious lapse on the part of the corporation. Being a commercial organisation timely payment of electricity dues should have been made by the corporation to avoid surcharge payment.

Coming to the Budget of 1976-77, we may observe that Revenue Receipt of the Government for the year 1976-77 was Rs. 325.80 crores, It registered an increase of 17% (Rs. 48.34 crores) over those for 1975-76 (Rs. 227.46 crores).

The expenditure on Revenue Account in 1976-77 (Rs. 308.16 crores) increased by 12 per cent (Rs. 31.98 crores) as compared with that of 1975-76 (Rs. 276.18 crores).

An increase of 11 percent (Rs. 6.25 crores) in the Revenue Account side was noticed for Education Department in the year 1976-77 (Rs. 65.09 crores) as against Rs. 58.84 crores in the previous year.

82. Ibid., p. 5.
The increase was mainly due to payment of higher rates of dearness allowance to the teachers of primary and secondary schools, more assistance to universities, introduction of new syllabus and printing of additional text books.

In the Revenue Account side, for multipurpose river projects, an increase of 45% (Rs. 3.75 crores) was noticed for the year 1976-77 (Rs. 12.16 crores) as against 8.41 crores of the previous year. This increase in expenditure was due to more interest charges on capital employed on Hirakud Dam, Balimela Dam and Rengali multipurpose river project.

For irrigation, navigation, drainage & flood control project (Revenue Account) an increase of 19% (2.00 crores) was noticed in the year 1976-77. Increase was attributed to normal growth of expenditure on various projects.

Similarly, in Community Development Department (Revenue Account), an increase of about 18% was noticed in comparison to the previous year. Increase was mainly due to increased rate of dearness allowance and more assistance for relief works in drought affected areas.

In agriculture sphere (Revenue Account) also an increase of 18% was marked which was mainly due to payment of dearness allowances and travelling allowances at enhanced rates to government employees.

---

84. Ibid.
85. Ibid.
87. Ibid.
Thus, on the whole in every sphere, the increased expenditure in the Revenue Account side was for some other reasons other than development. Out of the total capital outlay outside the Revenue Account (Rs. 55.67 crores), the expenditure on Water and Power Development was 31.32 crores. Similarly, the expenditure for social and Community Services was Rs. 5.53 crores, an amount of Rs. 1.33 crores was spent for Industry & Minerals and the expenditure for Agriculture & allied Services was Rs. 5.16 crores.88

Five Departments such as Excise, Works, Urban Development, Forest & Animal Husbandry and Food & Civil Supplies spent an amount of Rs. 16.41 crores which required regularisation under 205 of the Constitution. Under Urban Development Department an excess of expenditure of Rs. 2,06,28,882 was noticed. However, it was reported by the Comptroller & Auditor General of India in his report for the year 1976-77 that the reason of such extra-expenditure was not intimated. Similarly an excess of Rs. 10,00,04,661 was spent for Food & Civil Supplies Department. The excess was mainly due to adjustment of cash credit accommodation of Rs. 15.75 crores in June 1976 (Rs. 6.00 crores) and March, 1977 (Rs. 9.75 crores) obtained from State Bank of India to finance the expenditure under Grain Purchase Scheme. Reasons for non-provision of funds had not been intimated (February 1978). On the other hand, an excess of Rs. 4,15,44,404 was noticed for expenditure relating to Forest and Animal Husbandry

Department. The excess was mainly due to larger expenditure on government Trading in Kendu leaves (Rs. 1,69.40 lakhs), marketing of fish under Exploitation and Marketing of Fish (Rs. 11.87 lakhs) and Plantations (Rs. 9.36 lakhs). Reasons for the excess had not been intimated (February 1978). The excess was partly offset by savings under other heads.89

There were excesses of Rs. 22.30 crores in two charged appropriations in the Capital Section such as Internal Debt of the State Government and Loans and Advances from the Central Government.90

These also required regularisation under Article 205 of the Constitution. The excess was due to repayment of more overdraft (Rs. 17.03.35 lakhs) obtained in March, 1977 than anticipated and more repayment of loans to State Bank of India (Rs. 8.47 lakhs). The excess was partly offset by savings under other items.90

The supplementary grants (exceeding Rs. 5 lakhs in each case) of Rs. 6.48.17 lakhs under five grants in the Revenue Section and Rs. 3,48.84 lakhs under one grant in the Capital Section were proved unnecessary as the expenditure did not come up even to the original provision.91

The Supplementary grants (exceeding Rs. 5 lakhs each) proved excessive. Against the Supplementary provision of Rs. 29,58.35 lakhs in the Revenue Section and Rs. 23,16.75 lakhs in Capital, Rs. 21,70.93 lakhs and Rs. 16,51.97 lakhs respectively were actually utilised

91. Ibid.
resulting in savings of Rs. 7,87,42 lakhs in the Revenue Section and Rs. 6,43,78 lakhs in the Capital Section.

In the Revenue Department (Revenue Account) a shortfall of Rs. 2,05,03 lakhs was mainly due to less requirement of funds under Relief Works (Rs. 131.30 lakhs) and reassessment of requirements for food and clothing under 'gratuitous relief' (Rs. 55.26 lakhs). Under Education Department (Revenue Account), an amount of Rs. 189.74 lakhs was proved excessive. The shortfall was due to less assistance to non-government primary schools and non-government secondary schools the reasons for which had not been intimated (February 1978). In Tribal and Rural Welfare Department (Revenue Account), a shortfall of Rs. 70.54 lakhs was noticed mainly due to reduction in plan allocations (Rs. 18.39 lakhs) and less number of student boarders (Rs. 4.06 lakhs). Reasons for the remaining savings had not been intimated. Similarly a shortfall of Rs. 139.37 lakhs was noticed for Health and Family Welfare Department (Revenue Account). The shortfall was mainly due to less number of cases for compensation under 'Family Planning' and less expenditure under the schemes for 'National Malaria Eradication Programme'. At the same time, a less amount of Rs. 52.91 lakhs than the original grant was spent for Community Development and Social Welfare Department (Revenue Account). The saving was mainly due to less payment of grants to State Council for Children's Welfare (Rs.16.82 lakhs).

non-finalisation of certain cases of old age destitutes (Rs. 5.38 lakhs) and vacancies in the cadre of Sub-Assistant Engineers. In Irrigation and Power Department, a less amount of Rs. 75.83 lakhs was spent in the Revenue Account Section. Saving was mainly due to less requirement for adjustment on interest in respect of Capital Outlay on Rengali Multipurpose River Project (Rs. 33.88 lakhs) and non-utilisation of funds for 'Fishing Harbour and Landing Facilities' (Rs. 34.20 lakhs). Reasons for less requirement/non-utilisation had not been intimated, (February, 1978).  

On the other hand, in Finance Department, a less amount of Rs. 370.66 lakhs (Capital Account) was spent. The shortfall was stated to be mainly due to reassessment of requirement of loans to State undertakings. Similarly, a shortfall of Rs. 294.12 lakhs was noticed for Agriculture & Co-operation Department (Capital Account). The saving was due to non-utilisation of funds provided for purchase and distribution of quality seeds to cultivators (Rs. 208.00 lakhs) and for construction of Cold Storage Plants (Rs. 46.40 lakhs), non-release of funds by the National Co-operative Development Corporation (Rs. 24.11 lakhs) and post budget decision of the Government to invest funds in Regional Rural Banks in stead of the Co-operative bodies (Rs. 11.25 lakhs).  

The Supplementary Grants/Charged Appropriations (exceeding Rs. 5 lakhs in each case) of Rs. 118.29 crores proved inadequate. The final uncovered excess in these cases was Rs. 28.70 crores.  

---

Rupees 60.76 crores remained unutilised in 26 grants (Revenue Rs. 43.38 crores and capital Rs. 15.26 crores) and 19 charged appropriations (Revenue Rs. 1.49 crores and capital Rs. 0.63 crores). In 11 grants the savings (more than Rs. 2 lakhs in each case) were more than 10 per cent of the total provision.\textsuperscript{96}

On the other hand, it was observed that government had spent more money in excess to the budgetary provision in Works Department (Rs. 18.76 lakhs), Urban Development Department (Rs. 206.29 lakhs) and Forest and Animal Husbandry Department (Rs. 415.44 lakhs).\textsuperscript{97}

Coming to the financial results of Multipurpose River Projects, Comptroller & Auditor General of India in the report for the year 1976-77 pointed out that the government incurred a loss of Rs. 5.31 crores on the Hirakud Dam project during 1976-77, after providing interest charges (Rs. 4.20 crores) on the capital and earned a net revenue of Rs. 6.30 crores from Balimela Power Project during 1976-77 after providing interest charges (Rs. 2.56 crores) on the capital.\textsuperscript{98}

Similarly, so far as the financial result of irrigation project was concerned, the government sustained a loss of Rs. 7.61 crores during the year 1976-77, after providing interest charges (Rs. 6.45 crores on the capital).\textsuperscript{99}

\textsuperscript{96} Report of the C.A.G. of India, Civil, 1976-77, P-34.
\textsuperscript{97} Report of the C.A.G. of India, Civil, 1976-77, P-34
\textsuperscript{98} Report of the C.A.G. of India, Civil, 1976-77, op.cit., P-25
\textsuperscript{99} Ibid.
Audit Para 2.4 (b) of the report of C.A.G. for the year 1976-77 pointed out that a saving of Rs. 10 lakhs occurred on Capital Outlay on Public Health, sanitation, Water Supply & Sewerage Schemes out of the total provision of Rs. 20 lakhs.

The Public Accounts Committee desired to know about this. But the Departmental Representative stated in their note that the total expenditure was Rs. 10.00 lakhs against the final grant of Rs. 10 lakhs, so there was no saving.

The committee were not satisfied with this misleading reply of the Department and desired that the Department should intimate the reasons for the saving of Rs. 10 lakhs for their appraisal.

The Committee on Estimates for 1976-77 in their first meeting held on the 12th April, 1976, decided to take up the examination of the estimates under Rushikulya System of Irrigation in Ganjam District.

During on the spot visit the Committee learnt that the work-charged staff of Bhanjanagar Irrigation Division (in charge of Rushikulya system) could not be paid their arrear dues in the revised pay scales during 1975-76 as there was no fund, Similarly in Berhampur Irrigation Division (also in charge of Rushikulya system), out of an allotment of Rs. 4.70 lakhs repair grant, the expenditure for work-charged staff was 2.15 lakhs in 1976-77, though there was no problem of paying any arrear dues in this Division. So,

the actual expenditure on repair works was to the tune of 50 percent of the grant. The Committee observed:

"It seems in the past indiscriminate appointment of work charged staff by the Executive Engineers has created the problem".\footnote{Report of the Committee on Estimates, Twenty Second Report, 7th Assembly, Orissa Legislative Assembly Secretariat, Cuttack, 1977, p. 3.}

It came to the notice of the Committee that 29 work-charged employees were retrenched after working for six months to one year in Bhanjanagar Division. The reason for retrenchment was that they had been irregularly appointed by the Executive Engineer disobeying the ban order of Government. The Committee recommended that the power of Executive Engineers to appoint work-charged staff should be within the prescribed limits for engaging staff charged to particular work. On necessity to appoint staff beyond the prescribed limit, the Executive Engineer should obtain sanction of the superior authority.\footnote{Ibid.}

In the financial year 1976-77, there was provision of Rs. 52 lakhs under the Head "533-Capital Outlay on Irrigation etc., State Plan(g) Modernisation of Rushikulya system (Page 614 of Civil Budget 1976-77 Vol. II and Page 90 of Irrigation Budget 1976-77). It is interesting to note here that in the 'plan and non-plan scheme 1976-77' Budget (at page 500) it has been explained that the provision of Rs. 52 lakhs was for continuing the Modernisation of Rushikulya and Hirakud systems and for taking up other Modernisation Schemes". In the First Supplementary Budget 1976-77 under the Head "532 Capital Outlay on Multipurpose River Project etc." there was a provision of Rs. 19.88 lakhs for Modernisation of Hirakud System. The Committee on Estimates observed:
"It is obvious that due care was not taken while preparing the Budget as a result of which money meant for Hirakud Modernisation Scheme was clubbed together with the money provided for Rushikulya System, though in the previous year i.e. 1975-76 both the Modernisation Schemes had provision of Rs. 5 lakhs each under two separate Heads (vide First Supplementary Budget 1975-76). Due to such bad budgetting money meant for Hirakud Modernisation Scheme could not be released till the Supplementary Budget for 1976-77 was passed."

The Audit. Para 5.1 of the report of C.A.G. of India for the year 1975-77 refers to construction of bridge over Surder River. The work relating to construction of a bridge over Surder River was awarded by government to Orissa Construction Corporation on lump sum contract for Rs. 18 lakhs. The work, originally scheduled to be completed by November 1971, was actually completed in August 1976, at a total expenditure of Rs. 26.92 lakhs (provisional). The delay in completion had not been regularised by the Roads & Buildings Department by grant of extension and an amount of Rs. 0.30 lakh was recovered from the Company as penalty.

To an enquiry of the Committee on Public Undertakings regarding regularisation of the delay in completion of the project, the Managing Director stated that the Company had applied for extension of time but the Department did not grant so far the extension.

The delay in completion was attributed by M.D. for delay in getting the designs approved. The Department considered extension application of the company and refunded Rs. 30,000 which was imposed as penalty and it was not conditional refund.

The Committee were however of the opinion that the company should obtain formal order allowing them extension of time as they asked for, and refund of penalty should be without prejudice to any future recoveries.

The budgetary provisions for the year 1977-78 shows that the Revenue Receipt of the Government for the year was Rs. 368.86 crores. It registered an increase of 13 per cent (Rs.43.06 crores) over those for 1976-77 (Rs.325.80 crores).

Similarly, the expenditure on Revenue Account for 1977-78 was Rs. 341.03 crores. It registered an increase of 11 per cent than the previous year.

In Education Department, an increase of expenditure of Rs. 6.77 crores was marked in comparison to the previous year. Increase was mainly due to expansion of primary education under Tribal Area 'Sub-Plan and increased assistance to non-Government Secondary Schools.

An increase of expenditure to the extent of Rs. 5.61 crores (as compared to the previous year) was marked in the field of Agriculture. This increase in expenditure was mainly due to more

107. Ibid.
expenditure under drought prone area programme, agriculture programme under tribal areas sub-plan and payment of pay, dearness allowance at enhanced rates to government employees. 108

Similarly, for minor irrigation, an increase of Rs. 3.95 crores was noticed. The increase was mainly due to more subsidy to Orissa Lift Irrigation Corporation for Lift Irrigation Schemes and more expenditure on investigation and development of ground water resources. 109

For Social Security & Welfare, an increase of expenditure to the tune of Rs. 2.94 crores was noticed. This increase was mainly due to increased expenditure on welfare of scheduled caste & scheduled tribe people and on rehabilitation of freed tribal bonded labour and implementation of integrated tribal development projects under tribal area sub-plan. 110

In the field of Public Health, Sanitation and Water Supply, an increase of expenditure to the extent of Rs. 2.43 crores was noticed. This increased amount of expenditure was mainly due to more expenditure under prevention and control of diseases, rural piped water supply, other rural water supply schemes under minimum needs programme and tribal areas sub-plan in order to provide protected drinking water to the people in drought affected areas. 111

On the other hand, the capital outlay outside the revenue account for the year 1977-78 was Rs. 82.41 crores. Out of this, the

109. Ibid.
111. Report of the C.A.G of India, 1977-78, Civil, op. cit.,
expenditure on Social and Community Services, Agriculture and allied Services, Industries and Minerals rural Water and Power Development were Rs. 6.51 crores, Rs. 7.53 crores, Rs. 2.60 crores and Rs. 47.30 crores respectively.\footnote{112}

During the year 1977-78, there was excess of Rs. 2.64 crores in three grants in the Revenue Section and Rs. 4.55 crores in 3 grants in Capital Section which required regularisation under Article 205 of the Constitution.\footnote{113}

An excess of amount of Rs. 2,22,34,764 was spent in the Urban Development Department during the year 1977-78 and the reasons for excess had not been intimated to the Comptroller and Auditor General of India till January 1979. It may also be pointed out that the excess also occurred under this grant during 1976-77 (Rs. 2,06.29 lakhs), 1975-76 (Rs. 2,34.14 lakhs) and 1974-75 (Rs. 41.28 lakhs).\footnote{114}

During the year 1977-78, Supplementary provision of Rs. 1,53.91 crores was obtained (February 1978) under 26 grants (Rs. 29.15 crores) and 15 appropriations (Rs. 124.76 crores). Of the total Supplementary Grants, Rs. 19.37 crores were obtained in 26 cases in the Revenue Section and Rs. 9.78 crores in 9 cases in Capital Section. In the charged appropriations, Supplementary provision of Rs. 0.11 crores was obtained in 13 cases in the Revenue Section and Rs. 1,24.65 crores in 6 cases in Capital Section.\footnote{115}


\footnote{113}{Report of the C.A.G. of India, 1977-78, Civil, op. cit., p. 29.}

\footnote{114}{Ibid.}

\footnote{115}{Ibid., p. 32.
During the year 1977-78, the Supplementary grants (exceeding Rs. 5 lakhs in each case) of Rs. 909.74 lakhs under 6 grants in the Revenue Section and Rs. 220.41 lakhs under one grant in Capital Section were proved unnecessary as the expenditure did not come upto the original provision. It may be pointed out that in Revenue Section, saving of Rs. 411.46 lakhs was noticed due to non-fixation of pay of college teachers in U.G.C. scale of pay (Rs. 25.80 lakhs), late appointment of certain categories of staff (Rs. 14.96 lakhs) and reassessment of requirement (Rs. 2.34 lakhs). Reasons of remaining savings had not been intimated to Comptroller & Auditor General of India till January 1972.  

In 1977-78, against the Supplementary provision of Rs. 144.47 lakhs in the Revenue Section and Rs. 745.07 lakhs in Capital Section, Rs. 89.05 lakhs and Rs. 439.27 lakhs respectfully were actually utilised resulting in savings of Rs. 55.42 lakhs in the Revenue section and Rs. 251.80 lakhs in the Capital Section.  

During the year 1977-78, the supplementary grants/charged appropriations (exceeding Rs. 5 lakhs in each case) of Rs. 129.14 crores proved inadequate, the final uncovered excess in these cases was Rs. 15.05 crores.  

It may also be noted that during the same year Rs. 36.21 crores remained unutilised in 26 grants (Revenue: Rs. 25.50 crores and Capital: Rs. 9.91 crores) and 19 charged appropriations

In 10 grants, the savings (more than Rs.2 lakhs in each case) were more than 10 per cent of the total provision.

The C.A.G.'s report for the year 1977-78 reveals that utilisation certificate was about in respect of grants paid up to 1975-76 for a total sum of Rs.98.75 lakhs to urban Local bodies under urban Development Department.

Though the department had been reminding the local bodies for submission of utilisation certificates stating that the future grants would not be released unless utilisation certificates were submitted to the department within the stipulated dates, the grants were being released in full every year, without receipt of the certificates for grants paid during earlier years.

The Public Accounts Committee examined this fact. The Committee were not satisfied with the replies given by the departmental Representative and recommend that the future grants would not be released unless the utilisation certificates are submitted to department within the 31st May, 1987. The department should also give adequate attention to finalise the old case after receipt of the utilisation certificate.

Para 3.14 at page 89 of the C.A.G.'s report for the year 1977-78 points out the loss due to delay in claims for shortages.

Certain consignments of medicines for the relief of people of flood affected areas despatched by the Medical Stores Depots at Madras and Calcutta by rail were received by the Director

of Health Services at Bhubaneswar between 4th & 29th September, 1975. Reports on shortages noticed in physical verification were, however, sent to the Department only in May, 1976 although under the rules, the loss or damage was required to be reported within three months from the date of despatch notice.

The Public Accounts Committee liked to know as to how the Department justify by the loss due to delay in claims for shortages? What investigations were made by Government to find out the reasons for the lapses?

The Secretary of the Department stated that there was no justification for losses. The Department had decided to draw disciplinary proceedings and the Government had ordered for an enquiry. But the Secretary of the Department should have been punished for such a lapse and loss.

The Committee again liked to know about the total amount of loss due to delay.

The Secretary informed that one case amounts to Rs.61,000 and the other Rs.9,000.

The Committee recommended that the Department should undertake an inquiry and take drastic action against the concerned officers. Adequate steps should be taken to avoid such delays in future.

Here, the Secretary of the Department should have been made accountable by the P. A. C.

Audit para 13.1 of the report of the C.A.G. (Commercial) for the year 1977-78 speaks about financing the purchase of fishing trawlers.

In accordance with the government feasibility report together with the report of the Director of Fisheries, the O.S.F.C. embarked on financing this project. At the initial stage things went smoothly and the profits were high. But subsequently the catch declined due to some ecological imbalance and the trawler owners were adversely affected. The second factor was with regard to the 'make' of the fishing trawlers and the third factor was due to the fact that the foreign importers of the prawn were unwilling to buy the stock at such high rates. The foreign buyers were afraid of bacteria contamination and subsequently this was solved but the price went down. An important feature was the fact that the Japanese, Korean and Thailand trawlers were exploiting the coast. The other problem was that the big business houses were withdrawing from this trade.

There upon the Committee on Public Undertakings wanted to know categorically whether the O.S.F.C. examined the issue from the angle of the financier or that of trawler owners. The Company official affirmed that the matter was duly examined but it was a fact that the trawler owners suffered losses due to adverse conditions. However, the O.S.F.C. started to collect the dues, but the owners could not pay. The Parliamentary Committee which investigated into the matter recommended that the loans be stopped and it was done. Subsequently, some case were sanctioned but when charges of nepotism was brought the sanction
was strictly made to fishermen on security of property. As regards the allegation that one family had got hold of more than one trawler, the official stated that efforts were being made to check them. The Committee wanted to know why the recovery rate was low and whether O.S.F.C. would suffer huge losses.

No specific reply was given but the company officials admitted that the trawler financing was a debacle. It is to be noted that chief of the company and the Controlling department in the secretariat should have been made accountable.

The Committee was unhappy over the trawler financing and inadequate action taken by the Corporation for recovery of the dues. The Committee was of the view that timely action for recovery of the dues would have reduced the dimension of the debacle.

The Committee urged the Corporation to be cautious in sanctioning loans. Before sanctioning loans it should be the duty of the Company to see that loans should go to the right persons and the loans should be covered by adequate security.

The Revenue Receipts of the Government for the year 1978-79 (₹447.44 crores) registered an increase of ₹21 percent (₹78.58 crores) over those of 1977-78 (₹368.86 crores).123

Similarly, the expenditure on Revenue Account was ₹402.34 crores for 1978-79 against ₹341.03 crores for the year 1977-78, thus indicating an increase of ₹61.31 crores.124

On the whole, the year 1978-79 ended with a revenue surplus of ₹45.10 crores as against the anticipated revenue surplus of ₹13.50 crores.125

The shortfall of ₹28.85 crores in plan expenditure was 22.7 percent of the provision. The shortfall was mainly under Social and Community Services (₹10.21 crores) and Agriculture and allied services (₹12.21 crores). The shortfall of ₹17.98 crores in non-plan expenditure (5.6 percent of the provision) was mainly under General Services (₹7.04 crores) and Agriculture and Allied Services ₹5.63 crores).126

Similarly, the capital expenditure during the year 1978-79 was ₹106.86 crores. The shortfall in plan expenditure (₹13.88 crores) was 12 percent of the provision, the main shortfall being water and Power Development (₹5.98 crores) and Transport and Communications (₹3.97 crores). The shortfall of ₹6.24 crores in non-plan expenditure was 55.8 percent of the provision, the main shortfall being under Agriculture and allied services (₹5.97 crores, which was 59.7

125. Ibid.
126. Ibid.,p.5.
percent of the provision of Rs.10 crores).\textsuperscript{127}

The excess of Rs.7.86 crores in 4 grants in the Revenue Section and Rs.0.08 crore in 2 grants in the Capital Section in 1978-79 required regularisation under Article 205 of the Constitution.\textsuperscript{128}

In Revenue Section, excess mainly occurred in works Department under surplus heads relating to Public Works (Rs.321.35 lakhs) and Roads and Bridges (Rs.71.89 lakhs). Excess also occurred under this grant during 1976-77 (Rs.18.75 lakhs), 1975-76 (Rs.534.55 lakhs) and 1974-75 (Rs.562.10 lakhs).\textsuperscript{129}

In Capital Section the excess mainly occurred in Urban Development Department under Urban Water Supply Schemes (Rs.13.63 lakhs), Allopathy (Rs.2.29 lakhs) and Construction under Capital outlay on Housing (Rs.5.26 lakhs).\textsuperscript{130}

During the year 1978-79, Supplementary provision of Rs.83.76 crores September 1978: Rs.38.76 crores and February 1979: Rs.45.00 crores) was obtained under 25 grants (Rs.83.10 crores) and 14 appropriations (Rs.0.66 crores). Of the total Supplementary grants, Rs.51.52 crores were obtained in 25 cases in Revenue Section and Rs.31.58 crores in 14 cases in the Capital Section. In the charged appropriations Supplementary provision of Rs.0.17 crore was obtained in 14 cases in the revenue and Rs.0.49 crore in 4 cases in the Capital Section.\textsuperscript{131}

The Supplementary grants of Rs.1679.42 lakhs under 6 grants in the Revenue Section were unnecessary as the expenditure did not come up even to the original provision.\textsuperscript{132}

\textsuperscript{128} Ibid., p.21.
\textsuperscript{129} Ibid., p.22.
\textsuperscript{130} Ibid.
\textsuperscript{131} Ibid., p.25.
\textsuperscript{132} Ibid.
In the year 1978-79 against the supplementary provision of Rs. 1732.42 lakhs in the Revenue Section and of Rs. 2920.04 lakhs in the Capital Section, Rs. 1135.96 lakhs and Rs. 1432.42 lakhs respectively were utilised resulting in savings of Rs. 596.46 lakhs in the Revenue Section and Rs. 1487.62 lakhs in the Capital Section.\(^\text{133}\)

On the whole, Rs. 161.07 crores remained unutilised in 7 grants in Revenue Section, 8 grants in Capital Section and 1 charged appropriation.\(^\text{134}\)

Some of the major schemes where provision where provision remained wholly unutilised were National Highways, Maintenance and Repairs (Public Works) and Tribal Sub-Plan.\(^\text{135}\)

It is revealed from para 3.15 of the report of the C.A.G. of India for the year 1978-79 that 8 cases of misappropriations, losses etc. involving Rs. 3.10 lakhs, reported upto March, 1979 were outstanding in Food and Civil Supplies Department.

The Public Accounts Committee examined this fact and desired that the Food and Civil Supplied Department should furnish a detailed note indicating the present position of these misappropriations, losses etc. and action by the Department on each item for their appraisal.\(^\text{136}\)

Mention was made in para 4.18 of the report C.A.G. of India for the year 1976-77 regarding extra liability to the extent of 1.06 lakhs in Works Department in construction of 50 bedded Central Hospital at Joda on account of non-acceptance of tenders within the period of 90 days for which the offers were valid.

---

134. Ibid., p.31.
135. Ibid., p.32.
The Public Accounts Committee examined this fact. The Departmental Representative informed that the Chief Engineer sent the tender papers to Government on 3rd July 1975. The validity of the tender was only for 90 days. Since this was to go to the tender Committee, there was delay. The tender Committee approved the lowest offer by which time, the validity period of days time-limit was over, which was unavoidable.137

The Committee recommended that there should not be any slackness in finalising tender cases and the department should ensure that the tender cases were finalised in tender Committee and all level below within the validity period so as to avoid any further complication. An instruction in this regard should be issued to all tender finalising authorities and it should be made clear to them without any plausible explanation, delay be seriously viewed.138 The P.A.C. appears to have forgotten the lapse of the Secretary of the Department concerned and only showed its teeth to the lower echelons of the Department.

It had been brought out in para 7 of the report of the C.A.G. of India that the work "Construction of circulating concrete water duct" awarded to Orissa Construction Corporation along with other Civil Works connected with Talcher Thermal Power Station (Expansion Project) of the Orissa State Electricity Board in July 1976 was withdrawn by O.S.E.B. in October 1978 due to delay in execution by the Company. As a


result, 'Acrow' steel shutters produced by the Company for the work in 1978 at a cost of Rs. 1.23 lakhs could not be utilised. These shutters could not be disposed of to O.S.E.B. as the latter had switched over to steel structures. The Company failed to dispose of the shutters and these were still lying in stock (APRIL, 1980).

When the Committee on Public Undertakings wanted to know the present position of the acrow steel shutters, the M.D. explained that the shutters were laying with the Company and the claim for compensation preferred by the Company would be decided at high level meeting. The M.D. further stated that the delay in execution of the work was due to labour trouble.

The Committee was of the opinion that before entering into the contract with O.S.E.B., the Company should have seen to the possibility of executing the job by going to the field itself before obtaining shutters. This idle investment could have been avoided if the Company had earlier investigated about increase in quantity of rock excavation. However, Committee would advise the Company either to dispose of the shutters or to utilise same in some other project where it might be necessary.

The Committee was not satisfied with regard to the explanation given by the Company for delaying execution of work due to labour trouble as stated by them. Nor did the Committee recommend measures against those who were responsible for such lapses.

Para 12.6 of the report of the Comptroller of Auditor General of India for the year 1978-79 deals with loan operation of Orissa State Financial Corporation, a Government of Orissa Undertaking. As per report, the amount of default as on the 31st March, 1979 was Rs.764.58 lakhs which included amount due in respect of (suit filed) cases (Rs.82.24 lakhs) and units taken over by the Corporation by invoking the provisions of Section 29 of the State Financial Corporation Act, 1951(Rs.44.20 lakhs). It also included Rs.202.56 lakhs (interest Rs.142.22 lakhs) recoverable from parties to whom loans were given for purchase of trawlers. In the case of 57 fishing trawler operations(amount due Rs.79.07 lakhs), the corporation proposed in August 1979 to seize the trawlers from the defaulters. The Corporation accordingly seized 14 trawlers(amount due Rs.7.50 lakhs).

The Committee on Public Undertaking wanted to know the method adopted for floating of loans on Land Mortgage. The Company official stated, "At first the right of wonership and other papers are verified and loans are granted but it so happens that due to forgery false papers are produced and the loan gets into wrong hands. The help of the vigilance is taken for recovery of the loans and cases are started. It may be appreciated that a number of small industries come forward for loans and it is extremely difficult to establish the facts".

The Committee recommended that proper care should be taken by the Inspecting Officers to find out the correct
persons to whom loans should be sanctioned. The Committee further recommended that the antecedents of the Small Industries Owners should be Carefully verified and effecting and speedy action taken for recovery of the loans interest thereon.\textsuperscript{140} The PUC seems to have abdicated its responsibility for suggesting penal measures for non-recurrence of such negligence of duty for which loans remained unrecovered.

During the year 1979-80, the Revenue Receipts of Government was 467.90 crores which registered an increase of 5 percent (Rs.20.46 crores) over those of 1978-79(Rs.447.44 crores).\textsuperscript{141}

On the other hand, the total expenditure on Revenue Account for the year 1979-80 was 449.31 crores as against Rs.402.34 crores of the previous year.\textsuperscript{142}

The shortfall of Rs.26.83 crores in plan expenditure (19.8 percent of the provision), was mainly under Social and Community Services (Rs.7.85 crores) and Agriculture and Allied Services (Rs.16.09 crores). The shortfall of Rs.33.48 crores in non-plan expenditure (8.9 percent of the provision) was mainly under General Services (Rs.5.35 crores), Social and Community Services (Rs.12.36 crores) and Agriculture and Allied Services(Rs.11.38 crores).\textsuperscript{143}

\textsuperscript{142} Ibid., p.5.
\textsuperscript{143} Ibid.
The expenditure on Capital Account was ₹129.7 crores. The shortfall in Plan expenditure (₹21.55 crores) was 14 percent of the provision, the main shortfall being under Social and Community Services (₹3.91 crores), Water and Power Development (₹10.34 crores) and Transport and Communication (₹4.9 crores). Though there was a net provision of ₹9.31 crores for non-plan expenditure under Agriculture and Allied Services (₹7.49 crores), the actual receipts and recoveries on Capital Account exceeded the expenditure in net recoveries of ₹2.90 crores which led to the variation of ₹12.21 crores over the provision of ₹9.31 crores. More recoveries were mainly under (i) Capital Outlay on Food Procurement and supply grain purchase scheme due to initial under estimation of recoveries, and (ii) Capital outlay on Multipurpose River Schemes due to recovery of 50 percent share of expenditure from the Government of Madhya Pradesh.\textsuperscript{144}

The excess of 18.43 crores in 4 grants in Revenue Section and ₹0.24 crore grants in Capital Section required regularisation under Article 205 of the Constitution.\textsuperscript{145}

In Revenue Account side, the excess occurred mainly in Commerce Department (₹59.04 lakhs), Urban Department (₹5.96 lakhs), Works Department (₹785.26 lakhs). On the other hand, in Capital Account side, the excess occurred mainly under Food and Civil Supplies Department (₹23.23 lakhs).\textsuperscript{146}

During the year, Supplementary provision of ₹90.03 crores (September 1979: ₹18.65 crores and March 1980: ₹71.38 crores) was obtained under 26 grants (₹83.49 crores) and 14

\textsuperscript{144} Report of the C.A.G. of India, 1979-80, Civil, op.cit., p.27.
\textsuperscript{145} Ibid.
\textsuperscript{146} Ibid., pp.27-29.
charged appropriations (Rs. 6.54 crores). Of the total supplementary grants, Rs. 54.79 crores were obtained in 26 cases in Revenue Section and Rs. 28.70 crores in 19 cases in Capital Section. In the charged appropriations, Supplementary provision of Rs. 3.99 crores was obtained in 10 cases in the Revenue Section and Rs. 2.55 crores in 8 cases in the Capital Section.

During the year 1979-80, the Supplementary grants of Rs. 886.76 lakhs under 7 grants (Revenue Section: 3 grants Rs. 421.34 lakhs, and Capital Section: 4 grants Rs. 465.42 lakhs) were unnecessary as the expenditure did not come up to the Original provision.\(^\text{147}\)

During the year, the Supplementary grants proved excessive. Against the Supplementary provision of Rs. 4503.82 lakhs in the Revenue Section and Rs. 1657.53 lakhs in the Capital Section, Rs. 1710.59 lakhs and Rs. 340.42 lakhs respectively were utilised resulting in savings of Rs. 2793.23 lakhs in the Capital Section.\(^\text{149}\)

Rupees 162.69 crores remained unutilised during 1979-80. Of the unutilised provision, Rs. 13.96 crores related to Social and Community Services (provision: Rs. 215.87 crores, expenditure: Rs. 201.91 crores) and Rs. 25.51 crores related to Agriculture and Allied Services (provision: Rs. 182.68 crores, expenditure: Rs. 157.11 crores).\(^\text{150}\)

Audit para 7.1 of the report of the Comptroller and Auditor General of India, Civil, (1979-80) pointed out

\(^{148}\) Ibid., p. 32.
\(^{149}\) Ibid., p. 34.
\(^{150}\) Ibid., p. 37.
that in 1979-80, Rs. 116.90 crores were paid as grants to non-Government bodies, institutions and others against Rs. 88.54 crores paid during 1978-79. This formed 26 percent of the Government's total expenditure on revenue accounts against 22 percent in 1978-79.

Referring to Audit Comments, the Public Account Committee desired to know the latest position about utilisation certificates.

The departmental representative stated that as on 31st March 1986 pending cases were 448 where utilisation certificates had not been submitted by recipient of the grant. The Committee further liked to know if it was a fact that utilisation certificates not being submitted for so many years, were these bodies continuing in getting assistance? The departmental representative explained that in case of non-assistance under non-remunerative scheme, they gave assistance and the utilisation certificate was not required but in case of assistance given for road development, certainly without utilisation certificate assistance should not be given.

The Committee suggested that the Department should take appropriate steps to reduce the number and ensure that it should not occur in future. But it failed to recommended punitive measures against the Departmental bosses whose negligence had caused such illegal expenditure.

Let us now turn our attention to the report of the Committee on Estimate. The Committee for 1980-81 in their first meeting decided to examine the working of Agriculture Farms under Agriculture Department of Government of Orissa.

The Committee visited Sadar Seed Farm, Sundargarh which was adjacent to Sundargarh town on the 10th August 1980. This farm was established in the year 1950-51.

The following is the details of profit and loss account of the farm for the last three years:
<table>
<thead>
<tr>
<th>Year</th>
<th>Cost of Establishment</th>
<th>Cost of Cropping</th>
<th>Total Value of Crops</th>
<th>Profit/Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977-78</td>
<td>5,176.60</td>
<td>60,412.08</td>
<td>65,618.68</td>
<td>+ 8,279.16</td>
</tr>
<tr>
<td>1978-79</td>
<td>15,464.50</td>
<td>7,765.76</td>
<td>82,230.00</td>
<td>+30,823.14</td>
</tr>
<tr>
<td>1979-80</td>
<td>22,289.60</td>
<td>84,534.64</td>
<td>106,824.24</td>
<td>+13,252.87</td>
</tr>
</tbody>
</table>
The Estimate Committee remarked that even though it was maintained that the seed farms were not commercial based this farm was rather making profit as it was apparent from the profit and loss account of the farm. If all the infrastructures were made available to the farm, the farm was expected to earn more profits.\footnote{Report of the Committee on Estimates, Twenty Third Report, Legislative Assembly Secretariat, Secretariat Branch, Bhubaneswar, 1980, p.8.}

The Estimate Committee visited the Kulipsh Extension Farm on 12.8.80. This farm was established in the year 1964-65.

In course of its examination, the Committee came to know that out of a sum of ₹4,91,000.06 which was deposited with R.E.O. upto the end of 1973-74 for different items of works like building, fencing, construction of well and irrigation channel a sum of ₹3,32,817.71 was spent till March 1975. Excepting the well for which a sum of ₹192/- in excess had been spent, balance amount was available in respect of the individual item of works amounting ₹158,132.29. Regarding the utilisation of the balance amount it was explained that the balance amount had been transferred towards fencing of the farm as per the suggestion Agriculture Production Commissioner.

The Committee observed that it was a matter of surprise that the money meant for completion of four items of work had been clubbed together and the Department proceeded spending money at its own sweet will. Out of the fencing provision of ₹1.37 lakhs only ₹40,000.00 was spent till
March 1975. When the farm was exposed to danger from all sides it was necessary to complete fencing against stray cattles, thieves and pailforages. The Committee recommended that fencing of the boundary should score priority.

The Committee were not happy to see incomplete works for which money was provided. It happened like that because before completing a scheme, money was diverted to other schemes. It resulted in haphazard work of no benefit either to the farm or to the Government.

The Committee recommended that money which was laid out within the policy should not be diverted and there should not be any deviation of the normal working procedure.

The Estimate Committee visited Gohira Agriculture Farm on 13.8.198. This farm was established in the year 1962-83.

It was explained to the Committee that a sum of Rs.20,000 which was placed with the Rural Engineering Organisation for Construction of Godown buildings of the farm in the year 1966-67 had not been completed and in fact the building which was constructed upto roof level in the year 1967-68 had completely collapsed. When the fact was intimated to R.E.O., they replied that due to sandy loam black soil, this had occurred.

The Committee wanted to know whether proper investigation was made before constructing the building and how this aspect of soil structure was over-looked and whether

the department was apprised of this fact by the Rural Engineering Organisation. The Departmental Representatives were yet to locate their own paper in this regard. The Committee expected that while taking up construction works, this aspect should never have been overlooked so as to cause loss to the State Exchequer. But the Committee did not recommend any preventive measure on such a serious issue.

The Committee also came to know that two numbers of 5 H.P. Electric Pumps which were installed during 1979-80 were not operating due to want of 3 phase electric service connection.

The Committee observed: "This is a clear case of lack of Co-ordination between the Electricity Department and authorities of Agriculture Department."

Let us now come to examine the report of Public Undertaking Committee. Audit para 7.3.2 of the report of the Comptroller and Auditor General of India (Commercial) for Orissa State Road Transport the year 1979-80 pointed out that the Corporation drew ways and means advance totalling Rs. 160 lakhs. On 5 occasions from the State Government from June 1975 to January 1980. These were repayable within a period of 2.9 months. As per the terms and conditions penal interest of 3 percent over and above normal interest was required to be levied on the overdue instalment of principal and interest. A penal interest of Rs. 0.98 lakh was levied in November, 1976 (Rs. 0.58 lakh) and

155. Ibid., p. 15.
March, 1988 (Rs.0.40 lakh) for belated payments, of which a sum of Rs.0.58 lakh was paid in November, 1978 and the balance of Rs.0.40 lakh was adjusted by the State Government against a fresh loan of Rs.40 lakhs sanctioned and drawn in September 1980.

The Corporation also obtained a short-term loan of Rs.75 lakhs from the State Government in March 1980 for purchase of a chasis. This was payable along with interest at 11.5 percent annum (less 2.5 percent for prompt payment) in one installment by March, 1981. The amount had not been repaid (June, 1981) and the Corporation had lost the benefit of reduced rate of interest for timely payment.

During the course of discussion, the Committee on Public Undertakings observed that loan of Rs.75 lakhs obtained from State Government in March, 1980 (for purchase of chasis) could not be repaid by Corporation in due time for financial stringency as a result Corporation could not avail the rebate as allowed on timely repayment and also desired to know:

(i) What were the financial difficulties to repay the loan in time and if Corporation had moved the matter to Government for Consideration.

(ii) What steps the Corporation had taken to strengthen its financial position?

In reply the Departmental Representatives stated that mainly due to operational problem and limitation of funds, the Corporation could not earn any profit during 1978-79 to 1987-88. As such the Corporation could not achieve the target income in all most all the routes during this
period. Since the income was less than that of the expenditure the Corporation could not be able to repay the loan in time. That apart the Corporation was facing the financial problem for inadequate provision of funds. This matter had been raised before the State Government but the Government could not meet the requirement. This had been discussed in a high level meeting where the Finance Department and Planning Department had been consulted in the matter and accordingly some funds had been provided.

In spite of this, the Corporation was facing financial difficulties.

The Committee recommended that the Corporation should prepare its plan outlay in a disciplined manner according to their available resources. It was only pious wish expressed by the Committee.

The Revenue Receipts (रू.621.35 crores) of the Government for the year 1980-81 registered an increase of 33 percent (रू.135.45 crores) over those of 1979-80 (रू.467.90 crores). On the other hand, the Revenue expenditure during 1980-81 increased by रू.97.54 crores (Plan:30.14 crores and non-plan:रू.67.40 crores). The expenditure in Revenue Account side for this year was रू.564.85 crores. However, compared to the final provision (budget plus supplementary) for 1980-81 there was a shortfall of रू.26.80 crores.

158. Ibid., p.5.
The expenditure on Capital Account for the year 1980-81 was ₹187.78 crores. However, the budget plus supplementary provision was ₹259.50 crores.¹⁵⁹

The shortfall in utilisation of plan provision was ₹21.45 crores and of non-plan provision of ₹50.27 crores. The shortfall in plan expenditure was mainly under Water and Power Development (₹15.48 crores), Industry and Allied Services (₹1.89 crores).

The shortfall under Water and Power Development was mainly due to less expenditure in Rengali Project (₹3.07 crores), Upper Kolab Project (₹1.94 crores), Industrial Research and Development (₹1.50 crores), Balimela Dam Joint Project (₹1.42 crores), Delta Irrigation Project (₹1.31 crores) and on Irrigation Project (₹0.32 crores).¹⁶⁰

Capital Expenditure (Plan) during 1980-81 (₹170.33 crores) was more by ₹38.11 crores than the expenditure in the previous year (₹132.22 crores) mainly under Water and Power Development (₹28.30 crores) due to more expenditure on Multipurpose River Projects and on Irrigation, Navigation, Drainage and Flood Control Projects.¹⁶¹

During the year 1980-81 the excess expenditure of ₹61.74 crores over the authorised provision in 8 grants in the Revenue Section and ₹1.09 crores in three grants in the Capital Section required regularisation under Article 205 of the Constitution. In Commerce Department alone (Revenue Section), excess of ₹42,29,454 occurred mainly under Govern-

¹⁶⁰. Ibid., p.7.
¹⁶¹. Ibid., p.7.
ment press (Rs. 36.84 lakhs) and purchase and supply of stationary stores (Rs. 11.38 lakhs). Excess was attributed to the accountant of cost of printing papers (Rs. 47.78 lakhs) received towards the end of the year and more expenditure (Rs. 0.44 lakh) towards reimbursement of cost of medicine and increased cost of printing materials. 162

During the year 1980-81, supplementary provision of Rs. 194.73 crores was obtained (March 1981) under 22 grants (Rs. 193.86 crores) and 6 charged appropriations (Rs. 0.87 crores). 163

During the year 1980-81, supplementary grants (exceeding Rs. 10 lakhs each) of Rs. 3.80 crores were unnecessary as the expenditure did not come up even to the original provision. In forest, fisheries and animal husbandry Department (Revenue Section), for 'Fishing Harbour and Lording Facilities' and 'Inland Fisheries' the entire provision of Rs. 49 lakhs and Rs. 14 lakhs respectively remained unutilised. The 'Plantation Schemes' accounted for shortfall of Rs. 26.02 lakhs. For plan Schemes in tribal areas provision of Rs. 45.18 lakhs was found to be surplus to requirement. Regarding expenditure of Agriculture and Co-operation Department (Revenue Section), saving occurred mainly under the schemes for 'Economic Rehabilitation of Rural Poor' (Rs. 1.86 crores) and Multiplication and Distribution of Seeds (Rs. 0.54 crores). Rupees 1.22 crores remained unutilised out of Rs. 2.54 crores provided for credit co-operatives. There was also saving of Rs. 0.13 crore under Tribal Area Sub-Plan. 164

163. Ibid., p. 29.
164. Ibid., pp. 27-28.
On the other hand, in Works (including Roads and Buildings) Department (Capital Section), out of the provision of ₹4.87 crores meant for various works relating to Roads and Bridges ₹1.65 crores remained unspent, part of the saving being attributed to receipt of less funds from Government of India.

It may also be pointed out that the entire provision of ₹1.52 crores for expenditure on Public Works remained unutilised mainly for want of administrative approval.165

During the year, Supplementary grants (exceeding ₹10 lakhs each) proved excessive. Against the Supplementary provision of ₹95.14 crores were utilised resulting in saving of ₹38.04 crores.166

In Revenue Section, with regard to the expenditure of Community Development and Rural Reconstruction (Community Development) Department, saving of ₹1.77 crores occurred. Saving was stated mainly due to postponement of execution of certain schemes under 'Food for Work Programme'.167

In Harijan and Tribal Welfare Department (Capital Section), on plan schemes for tribal areas under co-operation, the entire supplementary provision of ₹20 lakhs remained unutilised.168

Similarly, in Irrigation and Power (including Minor Irrigation) Department (Capital Section) saving of ₹24.02 crores was mainly attributed to post budget decision not to pay further loan to Orissa State Electricity Board

166. Ibid., p. 28.
167. Ibid., p. 29.
168. Ibid., p. 30.
(Rs. 12.06 crores), revision of programme of works due to reduction in plan allocation (Rs. 9.03 crores) and receipt of less food grains under the Food for Work Programme (Rs. 3.15 crores).\textsuperscript{169}

During the year 1980-81, Rs. 81.20 crores remained unutilised. In 5 grants in Revenue Section and 4 grants in Capital Section, the savings (more than Rs. 25 lakhs in each case) were more than 10 percent of the total provision.

Of the unutilised provision under Revenue and Capital Account, Rs. 62.88 crores related to Agriculture and Allied Services (Provision: Rs. 204.30 crores, expenditure: Rs. 141.92 crores) and Rs. 19.13 crores to 'Water and Power Development (provision: Rs. 140.93 crores, expenditure Rs. 121.80 crores).\textsuperscript{170}

Audit para 8.1 of the report of the Comptroller and Auditor General of India (Civil) for the year 1980-81 indicated that there were 2,359 audit observations amounting to Rs. 3.47 crores in Forest, Fisheries and Animal Husbandry Department. The Public Accounts Committee examined this fact and wanted to know about the latest position of Inspection reports and audit observations. The Departmental Representative explained that regarding Animal Husbandry Wing, the latest position as on 1st May 1986 was the D.C. bills which were 156 amounting to Rs. 53.87 lakhs were reduced to 133 amounting to Rs. 5.30 lakhs. The payees receipts which were 603 amounting to Rs. 44.56 lakhs were reduced to 573 amounting to Rs. 42.19 lakhs. The sanctions 818 amounting to

\textsuperscript{170} Ibid., p.31.
Rs.1.68 crores which were pending, were reduced to 758 amounting to 49.24 lakhs. 77 inspection reports had been disposed of out of 117 pending. 262 paras had been disposed of cut of 362. Out of the Inspection reports 140 nos. involving Rs.30.20 lakhs for general forest and 650 nos. involving Rs.60.20 lakhs had been finalised. In Kendu Leaf 123 audit observations involving Rs.65.95 lakhs were outstandings.

The Committee remarked that the progress was not good. They desired that the department should dispose of these outstanding audit observations and inspection reports and paras through Triangular Committee meetings and expedite a note to them for their appraisal. This is an instance whereas the PAC did not do anything to bring the delinquent officials to account.

Let us now turn our attention to the report of the Committee on Estimates. The Committee on Estimates visited Kashinagar and Gunupur areas on the 29th December 1980 to have on-the-spot study of the relief and rehabilitation measures taken by the Government for the flood affected persons and to see the restoration of developmental medias of the Government partially or fully damaged due to flood.

At Kashinagar some local people appeared before the Committee and said that 27 numbers of lift irrigation point had been damaged. Out of 27 Lift Irrigation points, 24 had already been restored and the rest were not in a position to be restored as they had not been damaged fully. By restoring these points after flood, 355 acres of land would be brought under irrigation. For installation of six

more Lift Irrigation Points in Kashinagar area, survey had been conducted and the proposal for installation had been submitted to the Government.

The Committee recommended that immediate action should be taken to allot funds for installation of the said six numbers of lift irrigation points, if not yet allotted towards promotion of agriculture in the flood striken area.\(^{172}\)

It was learnt by the Committee that 77 villages under Gunupur Sub-Division had been badly affected by the flood and relief measures were taken up in all such villages. It was learnt that some allotment for the Housing Scheme had been released but it had not reached the State Government.

The Committee recommended that the State Government should not sit idle over the matter of getting the sanctioned amount from the Centre and should not make delay in going for construction of houses to rehabilitate the homeless persons.\(^{173}\)

Let us now discuss the report of the Committee on Public Undertakings. During the review of the Audit objections of Leather Corporation, Government of Orissa Undertakings, the Committee on Public Undertakings desired to know upto what year the audit had been completed and the steps taken to bring the accounts up-to-date.

The departmental representative replied that they had completed the statutory report pertaining to 1976-77 and the same had been placed before the Assembly. Accounts

---


for 1977-78 had been sent to A.G. and they were awaiting their Comments after which the same would be finalised and placed before the House. Internal audit was in progress and compilation had been completed upto 1985-86. Balance sheet had been completed upto 1980-81. A programme had been drawn to pull up the arrears at the rate of 3 years in each year i.e. accounts for 1976-77 to 1978-79 would be cleared by December 1987, those for 1979-80 to 1981-82 by December 1988 and those for 1982-83 to 1984-85 by December 1989 and those for 1985-86 to 1987-88 by December 1990. The Company officials assured to bring the position upto date by the year 1993.

The Committee was not satisfied with this dismal performance of the Company and recommended that the arrear works be taken up forthwith and action taken reported to the Committee. But it did not recommended anything for penalising the persons responsible for such "dismal performance".

Revenue Receipts of the Government for the year 1981-82 (Rs. 601.54 crores) registered a decrease of 3 percent (Rs. 19.81 crores) from those of 1980-81 (Rs. 621.35 crores). The expenditure on Revenue Account for the year 1981-82 registered an increase of Rs. 26.71 crores over that of 1980-81 (Rs. 546.85 crores).

The Capital expenditure during 1981-82 was Rs. 167. 74 crores. The shortfall in utilisation of plan provision

176. Ibid.
was Rs.23.31 crores and of non-plan provision was Rs.3.32 crores. The shortfall in plan expenditure was mainly under Water and Power Development (Rs.21.84 crores).\textsuperscript{177}

The shortfall under water and power development was mainly due to less expenditure in Upper Kolab Dam Project (Rs.4.96 crores), Harbhangi Irrigation Project (Rs.5.77 crores), Potteru Irrigation Project (Rs.1.51 crores) and Romila Irrigation Project (Rs.1.47 crores).\textsuperscript{178}

Under non-plan, the shortfall in expenditure as compared to the final provision occurred mainly under Water and Power Development (Rs.3.17 crores) due to more receipts and recoveries on Capital Account.\textsuperscript{179}

Capital expenditure (Plan) during 1981-82 (Rs.167.51 crores) was less by Rs.2.82 crores than the expenditure in the previous year (Rs.170.33 crores), due to less expenditure on 'General Economic Service' (Rs.5.39 crore) and Agriculture and Allied Services (Rs.2.98 crores) and Social and Community Services (Rs.2.33 crores) partly offset by more expenditure on water and power development (Rs.7.20 crores).\textsuperscript{180}

During the year 1981-82, the excess expenditure of Rs.60.28 crores over the authorised provision in 8 grants in Revenue Section and Rs.0.41 crore in 1 grant in Capital Section required regularisation under Article 205 of the Constitution.\textsuperscript{181}

\textsuperscript{178} Ibid.
\textsuperscript{179} Ibid.
\textsuperscript{180} Ibid., p.7.
\textsuperscript{181} Ibid.
In the Commerce Department (Revenue Section) an excess of ₹136.37 lakhs occurred. Excess occurred mainly under Government Press (₹61.93 lakhs), 'Printing, Storage and Distribution of Forms' (₹61.38 lakhs) and 'Purchase and Supply of Stationery Store' (₹20.07 lakhs). Reasons for the excess in the former two cases were not known to the Comptroller and Auditor General of India (April 1983), in the latter case the reasons were attributed to adjustment of cost papers (₹20.03 lakhs) received through the Director General of Supplies and Disposal in the previous year.\(^{182}\)

In Commerce Department (Capital Section), excess to the extent of ₹41,24,982 was spent on 'Development of Minor Ports' ₹119.69 lakhs was spent, although provision of ₹78 lakhs was made.\(^{183}\)

During the year, Supplementary grants (exceeding ₹10 lakhs each) of ₹36,45 crores were unnecessary as the expenditure did not come up even to the original provision.\(^{184}\)

In Community Development and Rural Reconstruction (Community Development) Department (Revenue Section), out of the supplementary provision of ₹0.39 crore, the entire provision of ₹0.67 crore under Community Development Programme in Central Sector Plan had not been utilised. ₹0.15 crore was saved in Family and Child Welfare Programme due to less allocation of funds by the Government of India. Saving of ₹0.04 crore was also intimated to be due to less sanction of new Integrated Child Development Service Schemes. Remaining

\(^{183}\) Ibid.,p.26.  
\(^{184}\) Ibid.,p.28.
saving was mainly attributed due to reduction of plan ceiling under Agriculture, Roads, Minor Irrigation, Nutrition and Tribal Areas Sub-Plan.\textsuperscript{185}

In Agriculture and Co-operation Department (Revenue Section), saving of ₹4.17 crores occurred. Saving was stated to be due to non-release of Central assistance towards contribution to Agriculture Credit and Stabilisation Fund of Apex Co-operative Bank and marginal subsidy, less requirement of funds (reasons not stated) under multiplication and distribution of seeds, reduction in plan ceiling as per post budget decision under State Plan, non-receipt of allocation from Government of India under Tribal Area Sub-Plan and less need for payment of subsidy to cultivators for dug wells. Large saving in Revenue Section occurred in preceding 13 years also.\textsuperscript{186}

During the year, 1981-82, the Supplementary grants (exceeding ₹10 lakhs each) proved excessive. Against the Supplementary provision of ₹68.00 crores, ₹32.62 crores were utilised resulting in saving of ₹35.38 crores.\textsuperscript{187}

In Home Department (Revenue Section) saving of ₹1.61 crores occurred. Saving was stated to be mainly due to non-sanction/non-filling up of posts for upgradation of standards of administration.\textsuperscript{188}

In Education and Youth Services Department (Revenue Section) saving of ₹3.28 crores occurred. Saving was stated

\textsuperscript{185. Report of the C.A.G. of India, 1981-82, Civil, op. cit., p.29.}
\textsuperscript{186. Ibid., p.30.}
\textsuperscript{187. Ibid., p.32.}
\textsuperscript{188. Ibid.}
to be occurred mainly due to late opening of non-formal centres in the State, late appointment of teachers for additional sections in different Government High Schools, late appointment of teacher educators in training schools, non-implementation of the schemes for strengthening of scheduled tribe schools in tribal areas, late appointment of Hindi teachers and late opening of functional literacy centres for adult farmers.\textsuperscript{189}

In Finance Department (Capital Section) saving of Rs. 1.25 crores was stated to be due to less requirement of funds by State Undertakings towards ways and means Advances.  \textsuperscript{190}

Rupees 139.25 crores remained unutilised during 1981-82. In 4 grants in the Revenue Section and in 6 grants in the Capital Section, the savings (more than Rs. 25 lakhs in each case) were more than 10 per cent of the total provision.\textsuperscript{191}

Of the unutilised provision under Revenue and Capital Sections, Rs. 22.71 crores related to water and power Development (Provision: Rs. 149.95 crores, expenditure: Rs. 127.24 crores) and Rs. 10.38 crores to Agriculture and Allied Services (Provision: Rs. 127.13 crores; expenditure: Rs. 116.75 crores).\textsuperscript{192}

Let us now turn our attention to the reports of Public Accounts Committee.

The comparative position of total savings over final grants and charged appropriations of the last five years is given Table No.\textsuperscript{4}.

\textsuperscript{190} Ibid.,p.33.
\textsuperscript{191} Ibid.,p.35.
\textsuperscript{192} Ibid.
<table>
<thead>
<tr>
<th>Year</th>
<th>Grants/charged appropriation</th>
<th>Actual expenditure (in crores of rupees)</th>
<th>Various Savings(-) Excess(+) amount</th>
<th>Percentage of Variations Overall</th>
<th>Voted</th>
<th>Charged</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977-78</td>
<td>8.32.00</td>
<td>8.15.41</td>
<td>(-) 16.59</td>
<td>2</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>1978-79</td>
<td>8.91.99</td>
<td>7.38.89</td>
<td>(-)153.10</td>
<td>17</td>
<td>13</td>
<td>29</td>
</tr>
<tr>
<td>1979-80</td>
<td>8.93.15</td>
<td>7.49.13</td>
<td>(-)144.02</td>
<td>16</td>
<td>8</td>
<td>49</td>
</tr>
<tr>
<td>1980-81</td>
<td>10.90.61</td>
<td>11.28.92</td>
<td>(+) 38.31</td>
<td>35</td>
<td>1</td>
<td>37</td>
</tr>
<tr>
<td>1981-82</td>
<td>12.79.48</td>
<td>12.00.94</td>
<td>(-) 78.54</td>
<td>6</td>
<td>8</td>
<td>1</td>
</tr>
</tbody>
</table>
These percentages of saving indicate that over-budgeting has been a regular feature for the last few years. Public Accounts Committee examined this fact and expressed its unhappiness that despite repeated recommendations made by them in the past there was failure on the part of the departments for correctly assessing the quantum of expenditure likely to be incurred during the year at the time of framing the budget. Had the Departments initiated proper action at the budget stage the savings could have been avoided. We may observe here that the PAC was not performing its task of recommending penal measures for disciplining the erring official and bosses.

The Committee further felt that the Finance Department should issue suitable instructions to all Departments of Government to avoid over-budgeting for the purpose of budgeting control in future.193

The Audit para 1.13 of the report of the Comptroller and Auditor General of India (Civil) for the year 1981-82 reveals that there was delay up to 44 days in submission of the monthly accounts by 217 Public Works Divisions resulting the exclusion of the divisional accounts from the Consolidated accounts of the month to which they related. The Committee liked to know how many Irrigation Divisions were included in those 217 divisions. The Departmental Representative stated that there was delay in submission of accounts in 1981-82 but the same had been streamlined now.

The Committee were not satisfied with the reply. They opine that delay in submission of accounts means manipulation of accounts and not rendering them (accounts) as they arise from the day to day transactions. The Consolidated monthly civil accounts of the State should include all the monetary transactions that take place not only in the treasuries but also in the departmental offices such as Public Works and forest Division. It will not only help in controlling the ways and means position of the State but also will facilitate in reconciling the discrepancies in the figures looked by the Audit and also by the controlling officers. All the Divisional Officers of Public Works and Forest Departments should scrupulously adhere to the rules and should ensure that their accounts should reach the office of the Accountant General not later than 10th of the month following to which they relate.\textsuperscript{194}

Referring to Audit Para 4.12 of the report of the Comptroller and Auditor General of India for the year 1981-82, the Committee pointed out that information regarding finalisation of the rate contract by the Director, E.P.M. was to be received on the 5th February 1981 and desired to know how on the 10th February 1981, the Executive Engineer, EH. Division Balasore rush to purchase these things at of Rs. 3.92 lakhs? The cost was by E.P.M. rate contract. How it involved extra expenditure of Rs. 1.05 lakhs? The Department Representative stated that on that point tenders were called for in June 1980 and were finalised in

\textsuperscript{194} The Report of the Public Accounts Committee, Twenty-Sixth Report, Ninth Assembly, Legislative Assembly Secretariat, Secretariat Branch Press, Bhubaneswar, 1987, p. 5.
December, 1980. Orders were placed in February 1981, whereas the intimation about the E.P.M. rates contract was given only on the 4th May 1981.

To the second point, orders were placed in February 1981 and purchase was actually made in May 1981. There might have some difficulty for which it was delayed.

The Committee felt that there was no justification for delay but it was delayed just to favour the Contractor and desired that Government should fix up responsibility who was liable for the lapses and intimate it to the Committee for their appraisal.  

Let us now analyse the report of the Committee on Estimates. The Committee decided to take up examination of the Biological Park (Nandankanan), in their meeting on the 7th September 1981. Accordingly, the Committee paid a visit to Nandankanan on the 15th September 1981 to assess the activities and development there.

The Committee went through the statement depicting the budget provision, expenditure and receipts for the last three years of the Park as stated below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget Provision (both Plan and Non-Plan)</th>
<th>Actual Expenditure (both Plan and Non-Plan)</th>
<th>Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978-79</td>
<td>₹ 144,3093</td>
<td>₹ 144,459</td>
<td>₹ 3,29,932</td>
</tr>
<tr>
<td>1979-80</td>
<td>₹ 2,25,7922</td>
<td>₹ 2,25,5508</td>
<td>₹ 4,15,937</td>
</tr>
<tr>
<td>1980-81</td>
<td>₹ 2,40,065</td>
<td>₹ 2,21,0014</td>
<td>₹ 4,06,865</td>
</tr>
</tbody>
</table>


From the above statement, though it apparently seems that provision is increasing from year to year, the Committee felt that it was quite inadequate to meet the additional development costs that would have been needed for the betterment of the park, as the substantial portion of the provision had been spent towards payment of salary of staff and other establishment charges. The Committee therefore, recommended that there should be allocation of more funds for the betterment of the park so as to add new exhibits of mammals, birds and reptiles.\(^{195A}\)

The Committee on Estimates decided to take up examination of Marine Drive (Puri-Konark Road) in their meeting held on 20th August 1981. Accordingly, the Committee first paid a visit to Konark and Puri to see the progress of construction work of the Road of the Marine Drive (Puri-Konark Road) from Puri and Konark on the 28th August and 29th August 1981. Thereafter the Committee had also paid a visit to Konark, specifically to assess the construction works of the culverts on the Kushabhadra Bridge on the 15th February 1982.

The Committee were appraised that the Marine Drive with the alignment running close to the sea beach was estimated for construction at a cost of Rs.3.37 crores and at the initial stage this was treated as a Tourism Project, in as much as, its construction was funded from the outlay fixed for the Department of Tourism. In the year 1970 the construction of the road work was done to a length of 3 Kms. from Konark side and thereafter the work was stopped due to non-availability of funds.

The Committee observed that after a lapse of 5 years the Tourism Department became once more active in preparing a memorandum for the determination of the future of the Marine Drive for consideration in a High Level meeting. In the memorandum it was mainly suggested among other things: "......with a view to striking a compromise between economy and utility a discussion was held by the Secretary Tourism with Chief Engineer (Roads and Building), Orissa sometime ago. Both of them felt that by improving the existing road between Konark and Puri via Balighai, the objective of the project (Marine Drive) could be achieved.....".

During evidence tendered before the Committee, the Secretary Tourism expressed that under the revised alignment the tourists would be able to enjoy the sea and they would also be able to enjoy the countryside.

The Committee were apprised from the minutes of discussion regarding the realignment of Marine Drive and execution of work in the High level meeting held under the Chairmanship of Chief Secretary to Government of Orissa on the 9th October 1975 that the Department of Tourism were asked to obtain final orders on the following:

a) Approval of the revised alignment i.e., extension of the Marine Drive from Konark to river Kusabhadra via Ramchandi with a bridge across Kushabhadra right bank upto Balighai and thereafter on the existing P.W.D. road to puri.

b) The estimated cost of this project would be Rs.1.15 crores approximately as against the previous estimate of Rs.3.37 crores.
c) The approved plan ceiling of the R & B Department would be increased up to Rs. 1.5 crores which will be spread over as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975-76</td>
<td>Rs. 10.00 lakhs</td>
</tr>
<tr>
<td>1976-77</td>
<td>Rs. 60.00 lakhs</td>
</tr>
<tr>
<td>1977-78</td>
<td>Rs. 40.00 lakhs</td>
</tr>
<tr>
<td>1978-79</td>
<td>Rs. balance, if any.</td>
</tr>
</tbody>
</table>

d) The R & B Department may be authorised to go ahead with the work pending formalities.

The above suggestions made in the High Level Committee were approved on the 29th October 1975 and the Tourism Department endorsed the file to works Department for taking relevant extracts and further action in the matter on the 11th November 1975, with the request to keep the Tourism Department informed of the action taken by them for reference.

The Committee after appraisal of the facts stated in the foregoing paragraphs relating to the basic concept of a marine drive close to the sea beach and the subsequent charges made thereto, opined that the initiative taken by the Tourism Department for construction of the marine drive lost its ground both for the paucity of funds and want of enterprise. The memorandum placed before the high level Committee containing the suggestions to charge the allignment appeared not to be a compromise between the economy and utility but a compromise between the Tourism and Works Departments to carry on the work far away from the reality and similar to any other road of the State within a limited fund.
The Committee further opined that much harm was inflicted to the basic structure of Marine Drive which was rightly conceived from other marine drives in Bombay and Madras, so far in the revised alignment the marine drive could only maintain its basic structure for only a distance of 8 Kms. out of 32 Kms. of road from Puri to Konark. This also had been subjected for review in the realignment because of the portions now washed away due to last year flood and cyclone. It may be noted here that if the road was washed away by flood and cyclone, then the construction engineers failed to prove their sense of foresight and the blueprint was not scientifically prepared.

The Committee did not agree with the contention that in the revised alignment the tourists would be able to enjoy the countryside since there was nothing so much left of the sea and the countryside had not been so much developed yet to get the attraction of the tourists.\(^{196}\)

The Committee further opined that much harm was inflicted to the basic structure of marine drive which was rightly conceived from other marine drives in Bombay and Madras, so far in the revised alignment the marine drive could only maintain its basic structure for only a distance of 8 Kms. out of 32 Kms. of road from Puri to Konark. This also has been subjected for review in the realignment because of the portions now washed away due to last year flood and cyclone.\(^{197}\)

---


\(^{197}\) Ibid.
The Committee did not agree with the contention that in the revised alignment the tourists would be able to enjoy the sea and they would be able to enjoy the countryside since there was nothing so much left of the sea and the countryside had not been so much developed yet to get the attraction of the tourists.¹⁹⁸

In the original estimate for ₹2,01,55,000, a provision of ₹9.38 lakhs for construction of 27 nos. of culverts was there. But the Committees were apprised that as per the subsequent working estimate the cost of 19 nos. of culverts was calculated to be ₹19.13 lakhs. From the Statement supplied to the Committee it was seen that already 14 nos. of culverts had been completed with an expenditure of ₹16,73,631.00. This included 10 nos. of culverts from 3/0 to 10/0 Kms. from Konark side and 4 nos. of culverts from 2/0 kms. to 7/0 kms. from Puri side. About the construction of 5 nos. of culverts yet to be constructed it was stated that there may not be necessity for constructing all and it may be reduced.

The Committee were constrained to note that during their second visit to Marine Drive on the 15th February, 1982 they noticed that out of 10 culverts, which were said to have been constructed, actually 9 nos. of culverts had been completed and the work of construction in respect of the rest culvert was in progress. The Committee took it as a serious matter trying to mislead the Committee in facts.

and figures and suggested to take appropriate action on officials responsible in giving such a misleading statement to the Committee.199

Para 2.2. of the Comptroller and Auditor General's Report for the year 1981-82(Commercial) pointed out that the accounts of Orissa Lift Irrigation Corporation were in arrears from the year 1975-76 onwards. Provisional accounts prepared by the company upto the year 1979-80, indicated a cumulative loss of ₹429.06 lakhs upto that period.

Explaining to the queries of the Committee on Public Undertakings regarding the reasons of the cumulative loss of the Corporation, the departmental representatives explained that Lift Irrigation Schemes were labour intensive due to which the establishment expenditure went up. Capitalisation of Establishment and supervision charges towards Capital works were much less than that of Establishment Expenditure. Maintenance cost of machineries like drilling Rigs etc. was high. Besides the outcome of the Corporation was not quite commensurate with the investment made by the Corporation. That was due to the fact that lifting water was not economical. It was fixed by the Government i.e. during Rabi ₹120 while in Kharif the rate was ₹28. Apart from this, people did not come forward to sign the agreement unless there was some difficulties like drought etc. In some cases people entered into contract for 8 acres and subsequently transformed to 20 acres by raising an additional demand. If they did not deposit money, Amin made an assessment in the field. In fact,

the receipt was not signed by the Assistant Engineer who remained at a far away station. So the pump operator or the Section Officer received the money. So there was a time lag to grant the final receipt. In most of the cases, the people raised an additional demand.

The Committee was not satisfied with the explanation tendered by the representatives of O.L.I.C. and was of the opinion that due to lack of responsibility among the supervising officers of the Corporation, there was pilferage as a result of which establishment expenditure was higher than that of the investment and recommended that the supervising officers should be more vigilant and tried to reduce the establishment charges in relation to the increasing Capital cost.

Audit para 3.1 of the report (commercial) of the Comptroller and Auditor General of India, indicated that Orissa State Handloom Development Corporation, a Government of Orissa undertaking, obtained between 1978-79 and 1980-81 four loans aggregating ₹21.30 lakhs from the State Government at 7.75 to 8.5 per cent interest per annum. Under the terms of the loans, a rebate of 2 percent was admissible in case of timely repayment of principal and interest. The first instalment of principal (₹1.84 lakhs) was due to be paid in March 1980 but was paid only in March, 1982. The second instalment (₹1.84 lakhs) due to March, 1981 was not paid till March 1983. Due

to default in repayment on due dates, the company on the basis of demand raised by Government (April 1981/March 1982), paid interest (Rs.4.14 lakhs) up to March 1982, at normal rate of interest. The amount of rebate lost was Rs.1.27 lakhs. The management stated in March 1983 that Government had been requested in July 1982 to convert the outstanding loan into grant.

In respect of the above audit para, the Committee on Public undertakings understood that the Corporation were not able to repay the loan availed from the State Government amounting to Rs.21.88 lakhs in time due to the fact that the Corporation was incurring huge loss by that time. With a view to improve its financial position, the Corporation pursued the State Government on the matter for conversion of those loans into grants. Since it was not within the jurisdiction of State Government, the proposal of the Corporation was referred to Central Government for the purpose. But without awaiting the recommendation of Central Government in this regard, the management repaid the loan of State Government at a higher rate of interest, in the event, the Company availed neither the rebate of 2% as admissible nor the favour of Central Government. As a matter of fact, it sustained a loss of Rs.1.27 lakhs.

The Revenue Receipts of Government of Orissa for the year 1982-83 (Rs.801.62 crores) registered an increase of Rs.200.08 crores over that of 1981-82 (Rs.601.54 crores).

On the other hand, the expenditure on Revenue Account for the year 1982-83 was Rs. 824.60 crores. It also registered an increase of Rs. 251.04 crores over that of 1981-82 (Rs. 573.56 crores).

During the year 1982-83, excess expenditure Rs. 105.51 crores over the authorised provision in 5 grants in the Revenue Section and of Rs. 0.02 crore in one grant in the Capital Section required regularisation under Article 205 of the Constitution.

In Revenue Department (Revenue Section) excess expenditure of Rs. 2.06 crores was incurred on assistance for repair/reconstruction of houses. Repairs and restoration of damaged irrigation and flood control works and gratious relief accounted for excess expenditure of Rs. 1.82 crores and Rs. 1.45 crores respectively. On special nutrition, while there was no provision Rs. 0.89 crore was spent.

Reasons for the excess had not been intimated (April 1984). Excess was partly off set by savings under other heads.

In Works Department (Revenue Section), bulk of excess occurred under 'Public Works-Suspense' (Rs. 53.34 crores) and Roads and Bridges-Suspense' (Rs. 11.68 crores), reasons for which had not been intimated (February 1984). Excess was partly off set by savings under other heads.

Excess had been a recurring feature in this grant. Excess during earlier three years being Rs. 7.85 crores in 1979-80, Rs. 25.38 crores in 1980-81 and Rs. 34.58 crores in 1981-82.

---

204. Ibid., p. 15.
205. Ibid., p. 16.
In Housing and Urban Development Department (Revenue Section), excess of ₹29,43,91,802 occurred mainly under 'Sewerage and Water Supply Suspense' (₹28.96 crores). Reasons for excess acquisition of stock had not been intimated (April 1984).

In this grant too, the excess had occurred year after year the excess during the previous three years being ₹5.96 crores in 1979-80, ₹11.72 crores in 1980-81 and ₹16.67 crores in 1981-82.\(^{207}\)

During the year 1982-83, the excess expenditure of ₹65.04 crores over one charged appropriation in Revenue Section (₹.0.07 crore) and over 2 charged appropriations in Capital Section (₹.67.97 crores) also required regularization under Article 205 of the Constitution.\(^{208}\)

In 1982-83, the Supplementary grant exceeding ₹50 lakhs of ₹1.86 crores was unnecessary as the expenditure did not come upto the original provision.

In Planning and Co-ordination Department (Revenue Section) saving of ₹8.52 crores was incurred due to less requirement of State's share of expenditure in centrally sponsored planned Schemes.\(^{209}\)

During the year 1982-83, Supplementary grants (exceeding ₹50 lakhs each) proved excessive. Against the supplementary provision of ₹89.75 crores, ₹40.21 crores

\(^{208}\) Ibid., p.17.
\(^{209}\) Ibid., p.16.
were utilised resulting in saving of Rs.49.54 crores.\textsuperscript{210}

In the Home Department (Revenue Section), saving of Rs.1.99 crores was stated to be mainly due to non-building up of posts in various ranks in police services under the scheme for upgradation of standards of administration (Rs.88.29 lakhs) and curtailment of expenditure as measure of economy (Rs.67.87 lakhs).\textsuperscript{211}

In Education and Youth Services Department (Revenue Section) saving of Rs.4.29 crores was attributed mainly to less requirement for payment of grants to non-Government Secondary Schools due to non-finalisation of Provident Fund.\textsuperscript{212}

In Industries Department (Revenue Section) saving of Rs.1.26 crores was stated to be due to non-release of funds by National Co-operative Development Corporation and non-receipt of sanction from Government of India for share Capital Investment in Spinning Mills.\textsuperscript{213}

During the year, Supplementary provision (Exceeding Rs.50 lakhs each) of Rs.194.66 crores proved inadequate (by more than Rs.50 lakhs) as in these cases, excess of Rs.106.65 crores remained uncovered.\textsuperscript{214}

During the year 1982-83, Rs.193.61 crores remained unutilised. In 4 grants in Revenue Section and in 6 grants in Capital Section, the savings (more than Rs.50 lakhs in each case) were more than 10 per cent of the total provision.\textsuperscript{215}

\textsuperscript{210} Report of the C.A.G. of India for the year 1982-83, Civil, op.cit., p.16.
\textsuperscript{211} Ibid.
\textsuperscript{212} Ibid.
\textsuperscript{213} Ibid., p.21.
\textsuperscript{214} Ibid.
\textsuperscript{215} Ibid., p.24.
Of the unutilised provision under Revenue and Capital Sections, Rs.43.57 crores related to Water and Power Development (provision: Rs.137.37 crores, expenditure: Rs.129.77 crores), Rs.7.59 crores pertained to General Economic Services (provision: Rs.35.12 crores, expenditure: Rs.27.35 crores), Rs.14.82 crores to Social and Community Services (provision: Rs.481.90 crores, expenditure: Rs.467.08 crores).216

In Food and Civil Supplies Department Procurement and Supply (Major Head 509), saving of Rs.6547.32 lakhs was occurred as compared to the original provision saving was stated to be due to change in food policy of the State Government for Kharif year 1982-83 and less repayment of cash credit accommodation to State Bank of India for want of receipt of sale proceeds from Orissa State Civil Supplies Corporation.217

In Planning and Co-ordination Department (i) Community Development Roads (Major Head 314) and (ii) Tribal Areas Sub-Plan (Major Head 314), total provision of Rs.150.00 lakhs and Rs.162.15 lakhs were remained unutilised. The Reasons for unutilisation were not made known to Comptroller and Auditor General of India till April 1984.218

Audit para 2.3 of the report of the Comptroller and Auditor General of India (Civil) for the year 1982-83 indicated that under 459 - Capital outlay on Public Works- 1 General, the entire provision of Rs.1.35 crores remained unutilised due reportedly to late receipt/ non-receipt of administrative approval for improvement of Office buildings,

217. Ibid.
218. Ibid.
construction of 123 office-cum-residential buildings and new court buildings. For construction of modern polytechnic buildings and hostel at Talcher the supplementary provision of Rs. 81.75 lakhs made in February, 1983 remained wholly unutilised. Similarly provision of Rs. 33.72 lakhs meant for railway safety works fund could not be utilised (reasons not stated).

The Public Accounts Committee examined this fact and were unhappy at this state of affairs. The Committee recommended that in future steps should be taken to receive the amount and also the administrative approval much earlier so that the amount should not remain unutilised. But the PAC did not recommend any measure to bring the erring bosses to book.

Let us now come to analyse the report of Committee on Estimates. The Committee paid a visit to some of the cyclone affected areas of Cuttack and Balsore Districts from the 14th July, 1982.

The Committee was constrained to mention that the very purpose of giving emergent relief to the distressed people has been defeated due to callousness of the local officers who failed to assess the real situation of gravity or else decided things without proper reasoning which added much to the grief of cyclone hit people. To elucidate the facts, the Committee noticed that some villages in Sadar Sub-Division of Cuttack District namely, Jira, Paikarapur,

Bidyadharpur, Kusumpur and Raghunathpur under Mahanga Block remained marooned for nearly 7 days.

It was stated that population of ₹10,33,538 was benefited by relief. The Committee was at a loss to understand how this figure was arrived at when the entire population affected was said to be 10,08,000. This error was to be scrutinised.\textsuperscript{221}

The Committee particularly wanted to know about Jambu and Kantiapal areas where no relief could be availed of. It was explained that on transit it was seen that 9 quintals of rice fell short to the requirements and this was why the relief could not reach the affected areas in question. The Committee took it as a serious matter where under the alarming situation such type of misdeed had been recorded which should be seriously dealt with.\textsuperscript{222}

Let us now turn our attention to the report of the Committee on Public Undertakings. Para 7.2 of the report for the year 1982-83, (commercial) for the Comptroller and Auditor General of India pointed out that Leather Corporation (a Government of Orissa Undertaking) invested in April 1981 a sum of ₹50 lakhs in 5 term deposits of ₹10 lakhs each for a period of 3 years with its banker, carrying interest at 10 percent per annum payable monthly. However, monthly payment of instalments of interest was not released by the banker, nor its realisation

\textsuperscript{221} Report of the Committee on Estimates, Twenty-Ninth Report, op.cit., p.3.

\textsuperscript{222} Ibid.
watched by the Company till October, 1982, when the banker was instructed to credit the amount at quarterly intervals to the Company's Cash credit account which the Company was operating with the same bank since October 1980 incurring interest at 18 percent per annum. The banker released Rs.8.75 lakhs (Rs.5 lakhs) in October 1982, Rs.1.50 lakhs in December, 1982, Rs.10.00 lakhs in January 1983 and Rs.1.25 lakhs in February 1983, towards the interest due since inception to January, 1983).

Had the interest been realised on due dates, the Company would have saved interest charges to the extent of Rs.1.03 lakhs incurred on the cash credit account. (The Company paid Rs.1.75 lakhs towards interest on the cash credit account between April, 1981 and August 1982 alone).

On this being pointed out in audit (February 1983), the Management agreed to take up the matter with the banker.

The Committee on Public Undertakings wanted to know why the Company did not take steps in time to realise bank interest. As a result loss was incurred due to interest charges.

The representatives stated that the operation of cash credit account and that of fixed deposits were separate cases and was not thought of in the lines suggested by Accountant General. The presumption of Accountant General that deposit of interest at a particular rate in the bank could have been worked out to avoid loss due to payment of interest on the operation of cash credit. However the advise
of the A.G. audit that interest earned by the Corporation could be deposited every month in cash credit account to offset interest burden of the Corporation had been acted upon and the banks had been advised accordingly. The Committee was not convinced by this reply. The corporation had made fixed deposits and directed the banker to credit the monthly instalments of interest to the Corporation's Cash Credit account. This was not done by the banker nor was it ensured by the Corporation with the result. Corporation's revenue realisation was not watched and consequently interest on cash credit account could not have been saved to that extent.

It was surprising as to how the Accountant General's position was considered by the Corporation as presumptive. The Committee was of the opinion that the Managing Director should have seen to the interest of the Company and case should have been taken to avoid the loss to the Company. But the PUC left the M.D. without firing responsibility on him.

The Revenue Receipts of the Government of Orissa for the year 1983-84 (Rs. 783.11 crores) registered a decrease of Rs. 18.51 crores over that of 1982-83 (Rs. 801.62 crores).

On the other hand, the expenditure on Revenue Account for the year 1983-84 was Rs. 782.91 crores. It also registered a decrease of Rs. 31.69 crores over that of 1982-83 (Rs. 824.60 crores).

225. Ibid., p. 5.
Similarly, Capital outlay outside the Revenue Account for the year 1983-84 was Rs. 184.53 crores. During the last year it was Rs. 144.85 crores.226

Supplementary provision of Rs. 623.30 crores obtained during the year 1983-84 and it constituted 43 percent of the original budget provision, as against 32 percent in the year preceding. This included Rs. 375.66 crores on Public Debt and Rs. 40 crores on account of appropriation to Orissa Contingency Fund.227

It may be pointed out during the year 1983-84, supplementary provision of Rs. 67.55 crores (Revenue: Rs. 20.26 crores, Capital Rs. 47.02 crores and charged Appropriation: Rs. 0.27 crore) obtained in 16 cases during March 1984 proved unnecessary as the expenditure in these cases did not come up even to the original provision.228

During the same year, in 6 cases supplementary provision of Rs. 406.19 crores (Revenue: Rs. 29.52 crores, Capital Rs. 171 crores and charged appropriations: Rs. 374.96 crores) proved insufficient by more than Rs. 10 lakhs each, leaving an aggregate uncovered excess expenditure of Rs. 224.79 crores.229

The net saving of Rs. 31.43 crores was made up of an overall saving of Rs. 227.63 crores in 27 grants and 4 appropriations and excess of Rs. 246.20 crores in 6 grants and 3 appropriations. The excess required regularisation under Article 205 of the Constitution.230

228. Ibid.
229. Ibid.
230. Ibid.
During the year 1983-84, in 9 grants/appropriations, the expenditure fell short by more than ₹1 crore each and also by more than 10 per cent of the total provision.\(^{231}\)

In Revenue Department (Revenue Section), saving of ₹8.67 crores (12% of the original provision) occurred mainly due to transfer of the subject of 'Rehabilitation of Bonded Labourers' to Community Development Department and non-occurrence of drought in the State for which provision was made. Saving also occurred under relief on account of natural calamities like Flood, Cyclone etc. (₹2.15 crores) reasons for which was not made to the Comptroller and Auditor General of India till June 1985.\(^{232}\)

In Planning and Co-ordination Department (Revenue Section) saving of ₹18.14 crores (64% of the original provision) occurred mainly due to transfer of the scheme of National Rural Employment Programme to Community Development and Rural Reconstruction Department.\(^{233}\)

In Works Department (Capital Section) saving of ₹3.90 crores (11% of the original provision) occurred mainly under Roads and Inter State Importance (₹1.26 crores) as no release order was received from Government of India and non-utilisation of provision in other heads amounting to ₹2.73 crores, reasons for which had not been intimated to Comptroller and Auditor General of India till June 1985.\(^{234}\)

In Finance Department (Capital Section) saving of ₹139.19 crores (251% of the original provision) occurred mainly due to lapse of ordinances under Contingency Fund in

232. Ibid.
233. Ibid.
234. Ibid., p. 20.
April 1983 resulting in transfer of funds back to the Consolidated Fund.235

In Community Development and Rural Reconstruction Department (Capital Section) saving of Rs.17.65 crores (125% of the original provision) occurred mainly due to non-execution of other Social Security Welfare programmes (Rs.2.23 crores) under Centrally sponsored plan, non-receipt of Central assistance (Rs.11.71 crores and observance of economy measures under Rural Works Programme (Rs.2.74 crores).236

In addition to the cases mentioned above substantial saving occurred on account of either non-implementation or slow implementation of the following plan schemes.

Table No.3

<table>
<thead>
<tr>
<th>Grant of Appreciation</th>
<th>Name of the scheme</th>
<th>Amount of savings in (Rs. in crores)</th>
<th>Percentage of savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Section</td>
<td>Central Plan</td>
<td>1.29</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Assistance to</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local Bodies for</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Primary Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tribal Area</td>
<td>1.19</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Sub-Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Special Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adult Education</td>
<td>0.76</td>
<td>81</td>
</tr>
<tr>
<td>10.Education and</td>
<td>Central Plan</td>
<td>0.82</td>
<td>100</td>
</tr>
<tr>
<td>Youth Services</td>
<td>Family Welfare</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department</td>
<td>Programme</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tribal Area</td>
<td>0.20</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Sub-Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Leprosy Control</td>
<td>0.31</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Programme</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Centrally sponsored</td>
<td>0.13</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>National Filaria</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Control Plan</td>
<td>2.22</td>
<td>90</td>
</tr>
<tr>
<td></td>
<td>Medical Relief</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

236. Ibid.
<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>19. Industries Department</td>
<td>Centrally sponsored Plan</td>
<td>0.40</td>
<td>95</td>
</tr>
<tr>
<td></td>
<td>Technical Education in Polytechnique</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Forest, Fisheries and Animal</td>
<td>State Plan</td>
<td>1.40</td>
<td>36</td>
</tr>
<tr>
<td>Husbandry Department</td>
<td>Plantation Scheme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Agriculture Capital Section</td>
<td>Central Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Credit Co-operatives</td>
<td>0.75</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Agriculture Engineering</td>
<td>0.85</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ayacut Development</td>
<td>0.64</td>
<td></td>
</tr>
<tr>
<td>20. Irrigation and Power Department</td>
<td>State Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Upper Indravati Project</td>
<td>9.27</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td>Total Areas Sub-plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Central Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Potteru Irrigation Project</td>
<td>3.21</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>Total Area Sub-plan</td>
<td>3.23</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td>State Plan Subarnarekha Irrigation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Project</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


During the year 1983-84, in 3 grants/appropriations, the expenditure exceeded the approved provision by more than ₹1 crore and also by more than 10 percent of the total provision.
### Table 4

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Description of the Grant</th>
<th>Amount of Excess (Rupees in Crores)</th>
<th>Reasons for Excess</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Works Department (Regenue)</td>
<td>30.45 (60)</td>
<td>Excess mainly occurred under Public Works-Suspense (₹26.57 crores) and Roads and Bridges suspense (₹8.8 crores), reasons for which had not been intimated - June 1985.</td>
</tr>
<tr>
<td>2.</td>
<td>Forest, Fisheries and Animal Husbandry Department (Capital)</td>
<td>4.99 (16)</td>
<td>Excess occurred mainly under Government trading in Kendu Leaves (₹5.68 crores), reasons for which were awaited (June 1985).</td>
</tr>
<tr>
<td>3.</td>
<td>Appropriation Internal Debt of State Government (Charged)</td>
<td>204.75 (32)</td>
<td>Excess occurred mainly under overdraft with the Reserve Bank of India due to repayment of more overdraft than anticipated.</td>
</tr>
</tbody>
</table>


Appendix 2.1 at page 229 of the report of the C.A.G. of India for the year 1983-84 (Civil) pointed out grants charged appropriation where excess required regularisation under Article 205 of the Constitution. The Public Accounts Committee wanted to know why a huge amount i.e. ₹30,45,17,628 i.e. 50 per cent of their original grant had been incurred by works Department and what was the actual excess.
The Departmental representative informed the Committee that Rs.30 crores and odd was the gross figure. Under the suspense head the amount was more, that was Rs.26.57 crores.

The Chairman then wanted to know whether circulars had been issued to all divisions to submit monthly returns and how excess expenditure to the extent of Rs.26 crores was expedited.

The departmental representative replied that all the divisions were submitting monthly accounts regularly barring 4 or 5 divisions. With regard to excess expenditure, he pointed out that they got very little amount under suspense which should be increased. The suspense should be at least 70 percent, which they were not getting.

The Committee were not satisfied with the replies and observed that in no other State the excess was to this tune. There should not be unforeseen expenditure always. The Department should maintain a limit so far excess expenditure was concerned.

Audit para 1.8 of the report of Comptroller and Auditor General of India for the year 1983-84(Civil) pointed out that a lot of Motor Vehicle Tax were pending for collection. The Public Accounts Committee desired to know what was the present position.

The departmental representative explained that till date collection had been made from 6 districts. Collection from other districts would take time. They had informed the
Regional Transport Officers. In some cases, certificate cases had been lodged. Process of recovery had been started.

The Committee desired that the department should take vigorous steps to collect arrears and intimate the position to them for their appraisal.²³⁸

Let us come to analyse the report of Committee on Estimates. On the background of details of information submitted by Irrigation and Power Department, the Committee on Estimates paid a visit to Kalo Irrigation Project on the 7th July, 1983 and discussed its various aspects right from the beginning of the Construction till its completion and its present maintenance with the field officials.

With regard to delay in construction of project which was scheduled to be started in the year 1973 and to be completed in the year 1978 but started in the year 1975 and completed in 1983, the following reasons were offered:

1. Mainly the spailway work which was taken up by the Orissa Construction Corporation faced labour problems which took about 2 years for solution.

2. The work on the main Dam was also delayed for one year due to change in design.

3. Delay in deciding the tender quotations.

4. Land acquisition problems which were also not finalised till 31st March, 1984.

In the opinion of the Committee the delay due to charge of design of the main dam and due to finalisation of tenders could have been avoided had the department taken prompt action. The delay due to labour problems and land acquisition could have also been avoided, had there been

Co-ordination between the departments of Government involved in the matter. For such lack of administrative alertness to rise the occasion the State was forced to bear a huge amount of unnecessary expenditure.

The Committee further felt that in most of the cases where the construction work of irrigation projects were delayed similar reasons were advanced causing unwanted increase in the original estimate. It was high time that Government should find out a way to meet such situation effectively.\textsuperscript{239}

Para 12.5 of the C.A.G.'s report (Commercial) for the year 1983-84 pointed out that shortages valued \textcurrency{0.17} lakh noticed in Jeypore unit in 1981-82 were yet to be investigated.

In the Central workshop there was a charge in the incumbency of the store keeper in March, 1983 and according to the handing over report, there were shortages valued \textcurrency{0.27} lakh which had not yet been reconciled (March, 1985).

When the Committee on Public Undertakings desired to know about the position of shortages worth \textcurrency{17,000} and \textcurrency{27,000}, the Departmental Representatives stated that the shortages of \textcurrency{17,000} relating to the year 1981-82 was reconciled by the internal audit and shortages came to \textcurrency{4,288} which was to be recovered from Store Keeper.

The shortages of \textcurrency{27,000} related to the Central Workshop, but by internal audit the actual shortages were found to be \textcurrency{26,639}.

The Central Workshop Engineer was entrusted to recover it. But he had failed in his duty. So the Corporation had proceeded against the Engineer in charge.

The Committee expressed its grave concern over the misappropriation of Government money and recommended that stringent action should be taken against the officials liable for such lapses and be reported to Committee.240

The Revenue Receipts of the Government of Orissa for the year 1984-85 (Rs.823.51 crores) registered an increase of Rs.40.40 crores over that of 1983-84 (Rs.783.11 crores).241

On the other hand, the expenditure on Revenue Account for the year 1984-85 registered an increase of Rs.114.34 crores over that of 1983-84 (Rs.782.91 crores). However, the year 1984-85 ended with an overall Revenue deficit of Rs.73.74 crores.242

Similarly, the capital outlay for the year 1984-85 was Rs.235.78 crores. In the last year it was Rs.184.53 crores.243

It was emerged from the appropriation audit that supplementary provision of Rs.244.71 crores obtained during the year 1984-85 and it constituted 14 percent of the original budget provision as against 43 percent in the year preceding.244

242. Ibid., p.5.
243. Ibid., p.7.
244. Ibid., p.19.
Supplementary provision of Rs. 19.32 crores (Revenue: Rs. 8.97 crores, Capital: Rs. 10.35 crores) obtained in 11 cases during March 1985 unnecessary as the expenditure in these cases did not come up even the original provision. 245

In another 16 cases, additional fund required was only Rs. 80.02 crores (Revenue: Rs. 43.14 crores and Capital Rs. 36.88 crores) against the Supplementary grant of Rs. 154.74 crores obtained (Revenue: Rs. 79.12 crores and Capital: Rs. 75.62 crores), savings in each case exceeding Rs. 10 lakhs. 246

In 7 cases, supplementary provision of Rs. 36.77 crores (Revenue: Rs. 34.71 crores and capital Rs. 2.06 crores) proved insufficient by more than Rs. 10 lakhs each, leaving an aggregate uncovered excess of Rs. 27.92 crores. 247

The net excess of Rs. 20.44 crores composed of an overall excess of Rs. 179.93 crores in 10 grants and 2 appropriations and saving of Rs. 159.49 crores in 25 grants and 1 appropriation. The excess required regularisation under Article 205 of the Constitution. 248

During the year 1984-85, in 10 grants/appropriations, the expenditure fall short by more than Rs. 1 crore each and also by more than 10 percent of the total provision. 249

In Finance Department (Revenue Section), saving of Rs. 32.25 crores (54% of the original provisional was mainly due to non-utilisation of lump sum provision under salaries reasons for which had not been intimated to C.A.G. of India till February 1986. 250

246. Ibid.
247. Ibid.
248. Ibid.
249. Ibid., p. 20.
250. Ibid.
In Health and Family Welfare Department (Revenue Section) saving of ₹12.88 crores (16% of the Original provision) occurred mainly due to non-utilisation of provision under Central Plan Leprosy Control programme and Tribal Area Sub-plan; acceptance of sterilisation operation by less number of eligible couples; less receipt of Central allocation. Reasons for final savings were not intimated in these cases till February 1986 to Comptroller and Auditor General of India.\(^{251}\)

In Community Development and Rural Reconstruction Department (Revenue Section) saving of ₹20.61 (16% of the original provision) was mainly due to non-implementation of Rural Landless Employment Guarantee Programme (₹6.03 crores) on account of non-release of funds by Government of India; non-finalisation of scheme 'Special Rural Works Programme' (₹1.02 crores), non-utilisation of provision (₹7 crores) for which reasons were not stated to the C.A.G. of India till February 1986.\(^{252}\)

In Industries Department (Revenue Section), saving of ₹3.81 crores (11% of the Original provision) was mainly due to non-receipt of sanction from Government of India for Industrial Co-operatives (₹3.02 crores) and non-utilisation/less utilisation of lump sum provision for salaries appearing under Education, Labour and Employment, Employment and Training, Village and Small Industries (₹0.36 crores).\(^{253}\)
In Agriculture and Co-operation Department (Revenue Section), saving of Rs. 6.41 crores (11% of the original provision) occurred mainly due to non-sanction of National Agriculture Extension Programme - 2nd Phase World Bank I.D.A. assisted Project (Rs. 0.73 crore); non-receipt of Central assistance under credit co-operatives (Rs. 0.38 crore); non-receipt of Central Government sanction under National Oil Seed Development Project (Rs. 0.38 crore); non-appointment of staff and reduced sanction (Rs. 0.52 crore). Reasons for final savings in other cases had not been intimated to Comptroller and Auditor General of India till February 1986. 254

In Science Technology and Environment Department (Revenue Section) saving of Rs. 1.24 crores (31% of the original provision) was mainly due to non-release of funds by the Central Government under other Scientific services like Non-conventional Energy Sources, Construction of Urban Biogas Plants, popularisation of Solar Cookers appearing under Central Plan. 255

In Housing and Urban Development Department (Capital Section), saving of Rs. 2.37 crores (23% of the original provision) occurred due to non-execution of Cuttack Sewerage Scheme (Rs. 1.30 crores) Reasons for saving in the remaining cases had not been intimated to Comptroller and Auditor General of India. 256

In Industries Department (Capital Section), saving of 6.96 crores (25% of the original provision) was mainly

255. Ibid., p.23.
256. Ibid., p.24.
due to non-utilisation of full provision under other Co-operatives appearing under Central Plan attributed to non-receipt of sanction from Central Government (₹4.93 crores)\textsuperscript{257}.

In Agriculture and Co-operation Department (Capital Section), saving of ₹7.74 crores (26\% of the Original provision) was mainly due to non-utilisation of full provision under credit Co-operatives and Tribal Areas Sub-Plan appearing under State Plan (₹3.36 crores), attributed to non-receipt of Government sanction; non-release of additional funds from Government of India for Manures and Fertilisers (₹1.63 crores)\textsuperscript{258}.

In addition to the 10 cases where expenditure fell short by more than 1 crore each and also more than 10\% of the original provision, substantial saving occurred on account of either non-implementation or slow implementation of the following plan schemes.


\textsuperscript{258} Ibid., p.25.
<table>
<thead>
<tr>
<th>Revenue Section</th>
<th>STATE PLAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Revenue Department</td>
<td></td>
</tr>
<tr>
<td>Town and Regional Planning</td>
<td>0.70</td>
</tr>
<tr>
<td>Drinking Water Supply</td>
<td>1.00</td>
</tr>
<tr>
<td>Land Ceiling</td>
<td>0.33</td>
</tr>
<tr>
<td>CENTRAL PLAN</td>
<td></td>
</tr>
<tr>
<td>Family Welfare Programme</td>
<td>0.69</td>
</tr>
<tr>
<td>CENTRALLY SPONSORED PLAN</td>
<td></td>
</tr>
<tr>
<td>National Malaria Eradication Programme</td>
<td>0.88</td>
</tr>
<tr>
<td>National T.B. Control Programme</td>
<td>0.34</td>
</tr>
<tr>
<td>Medical Relief</td>
<td>0.73</td>
</tr>
<tr>
<td>STATE PLAN</td>
<td></td>
</tr>
<tr>
<td>15. Tourism, Sports and Culture Deptt.</td>
<td></td>
</tr>
<tr>
<td>Indoor Stadium Construction</td>
<td>0.28</td>
</tr>
<tr>
<td>CENTRALLY SPONSORED PLAN</td>
<td></td>
</tr>
<tr>
<td>18. Community Development and Rural Reconstruction Deptt.</td>
<td></td>
</tr>
<tr>
<td>National Rural Employment Programme</td>
<td>7.00</td>
</tr>
<tr>
<td>STATE PLAN</td>
<td></td>
</tr>
<tr>
<td>20. Irrigation and Power Department</td>
<td></td>
</tr>
<tr>
<td>Lift Irrigation Scheme</td>
<td>5.50</td>
</tr>
<tr>
<td>Flood Control and Anti-sea Erosion Projects.</td>
<td>1.33</td>
</tr>
<tr>
<td>STATE PLAN</td>
<td></td>
</tr>
<tr>
<td>27. Science, Technology &amp; Environment Deptt.</td>
<td></td>
</tr>
<tr>
<td>Implementation of Schemes for promotion of non-conventional energy sources</td>
<td>0.44</td>
</tr>
<tr>
<td>CENTRAL PLAN</td>
<td></td>
</tr>
<tr>
<td>Construction of Biogas Plants (Family Type)</td>
<td>0.53</td>
</tr>
<tr>
<td>CAPITAL SECTION</td>
<td></td>
</tr>
<tr>
<td>13. Housing and Urban Development Deptt.</td>
<td></td>
</tr>
<tr>
<td>Urban Development</td>
<td>0.69</td>
</tr>
<tr>
<td>Mahanadi Birupa Project</td>
<td>4.15</td>
</tr>
<tr>
<td>Rengali Dam</td>
<td>5.58</td>
</tr>
</tbody>
</table>

It may be pointed out that persistent savings involving substantial amounts were noticed in the following grants/appropriations.

<table>
<thead>
<tr>
<th>Grant or Appropriations</th>
<th>Percentage of savings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1982-83</td>
</tr>
<tr>
<td>(1) REVENUE SECTION</td>
<td></td>
</tr>
<tr>
<td>15. Tourism, Sports and Culture Dept.</td>
<td>5</td>
</tr>
<tr>
<td>18. Community Development and Rural Reconstruction (Community Development Department)</td>
<td>4</td>
</tr>
<tr>
<td>19. Industries Department</td>
<td>14</td>
</tr>
<tr>
<td>27. Science, Technology and Environment Department</td>
<td>55</td>
</tr>
<tr>
<td>(2) CAPITAL SECTION</td>
<td></td>
</tr>
<tr>
<td>10. Education and Youth Services Department</td>
<td>25</td>
</tr>
<tr>
<td>12. Health and Family Welfare Dept.</td>
<td>25</td>
</tr>
<tr>
<td>14. Labour and Employment Dept.</td>
<td>20</td>
</tr>
<tr>
<td>17. Community Development and Rural Reconstruction (Gram Panchayat) Dept.</td>
<td>21</td>
</tr>
<tr>
<td>18. Community Development and Rural Reconstruction (Community Development Department)</td>
<td>19</td>
</tr>
<tr>
<td>19. Industries Department</td>
<td>7</td>
</tr>
<tr>
<td>23. Agriculture and Co-operation Dept.</td>
<td>16</td>
</tr>
<tr>
<td>26. Excise Department</td>
<td>17</td>
</tr>
<tr>
<td>(3) CHARGED APPROPRIATIONS (REVENUE)</td>
<td></td>
</tr>
<tr>
<td>5. Finance Department</td>
<td>19</td>
</tr>
<tr>
<td>7. Works Department</td>
<td>4</td>
</tr>
<tr>
<td>8. Orissa Legislative Assembly</td>
<td>26</td>
</tr>
<tr>
<td>10. Education and Youth Services Dept.</td>
<td>97</td>
</tr>
<tr>
<td>12. Health and Family Welfare Dept.</td>
<td>100</td>
</tr>
<tr>
<td>22. Forest, Fisheries and Animal Husbandry Department</td>
<td>30</td>
</tr>
<tr>
<td>23. Agriculture and Co-operation Dept.</td>
<td>84</td>
</tr>
<tr>
<td>(4) CHARGED APPROPRIATIONS (CAPITAL)</td>
<td></td>
</tr>
<tr>
<td>9. Food and Civil Supplies Dept.</td>
<td>100</td>
</tr>
<tr>
<td>20. Irrigation and Power Department</td>
<td>39</td>
</tr>
</tbody>
</table>

During the year 1984-85, in the following grants/appropriations, the expenditure exceeded the approved provision by more than Rs. 1 crore and also by more than 10 percent of the total provision.

Table-7

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>Description of the grants</th>
<th>Amount of excess (Rupees in crores)</th>
<th>Reasons for excess (percentage of excess)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>13.Housing and Urban Development Deptt. (Revenue)</td>
<td>8.40 (16)</td>
<td>Excess mainly occurred under Public Health and Sanitation Suspense (Rs. 2.03 crores), 'Urban, Water Supply Programme' (Rs. 1.10 crores) Sewerage and Water Supply 'Other Expenditure' (Rs. 1.48 crores) and 'Sanitation and Water Supply Scheme' (Rs. 3.24 crores), reasons for which have not been intimated (February 1986)</td>
</tr>
<tr>
<td>2.</td>
<td>22.Forest, Fisheries and Animal Husbandry Department (Capital)</td>
<td>13.48 (49)</td>
<td>Excess occurred mainly under 'Government trading in Kendu Leaves' (Rs. 13.53 crores) due to more expenditure under suspense debit.</td>
</tr>
<tr>
<td>3.</td>
<td>Appropriation, Internal Debt of the State Government (charged)</td>
<td>149.29 (34)</td>
<td>Excess occurred mainly under ways and means advances from the Reserve Bank of India (Rs. 171.26 crores), reasons for which have not been stated (February 1986).</td>
</tr>
</tbody>
</table>

I may be pointed out that persistent excesses involving significant amounts were noticed in the following grants/appropriations.

Table-8

<table>
<thead>
<tr>
<th>Description of the Grant</th>
<th>Percentage of Excess</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1982-83</td>
</tr>
<tr>
<td>7. Works Department(Revenue)</td>
<td>123</td>
</tr>
<tr>
<td>13. Housing and Urban Development Department(Revenue)</td>
<td>79</td>
</tr>
<tr>
<td>20. Irrigation and Power Department (Revenue)</td>
<td>21</td>
</tr>
<tr>
<td>Appropriation Internal Debt of the State Government(Charged)</td>
<td>25</td>
</tr>
</tbody>
</table>


In 5 cases, expenditure of Rs. 265.03 lakhs was incurred without provision of funds in the budget; no reasons for incurring such expenditure had not been intimated to C.A.G. of India till May 1986. These departments included Works, Health and Family Welfare, Housing and Urban Development Department, Irrigation and Power Department.

Out of these five case, in Irrigation and Power Department(Capital Section) alone an amount expenditure to the extent of Rs. 135.00 lakhs was spent.

260. Ibid., p.34.
It is desirable to mention about some of the cases where injudicious, irregular or inadequate appropriations were done during the year 1984-85. A few instances are given below.

<table>
<thead>
<tr>
<th>Grant Heads effecting</th>
<th>Total grant (Rupees in Crores)</th>
<th>Expenditure</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant No.</td>
<td>Grant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 255-Police</td>
<td>(7)-F-Special Police</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Original 7.51</td>
<td>8.56</td>
<td>8.86</td>
</tr>
<tr>
<td></td>
<td>Supplementary 0.47</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Re-appropriation 0.58</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(8)-a-District Police</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0 21.62</td>
<td>27.12</td>
<td>28.71</td>
</tr>
<tr>
<td></td>
<td>S 2.34</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>R 3.16</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Additional funds provided by re-appropriation proved inadequate resulting in an uncovered excess of Rs.1.89 crores.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 267-Aid,Materials and Equipments (V)-F-National Filaria Control Programme</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0 0.13</td>
<td></td>
<td>Nil</td>
</tr>
<tr>
<td></td>
<td>RC 10.13</td>
<td></td>
<td>0.05</td>
</tr>
<tr>
<td>13 282-Public Health Sanitation and Water Supply Public Health and Sanitation (6) Centrally sponsored plan CC Sanitation and Water Supply Scheme</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0 6.12</td>
<td>7.46</td>
<td>10.70</td>
</tr>
<tr>
<td></td>
<td>S 2.69</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>R(-)1.35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 533-Capital outlay on Irrigation,Navigation, Drainage and Flood Control Projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Additional provision made by re-appropriation in these cases was unnecessary and irregular.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Withdrawal of entire provision by re-appropriation was injudicious.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Withdrawal of provision by re-appropriation was irregular resulting in an ultimate excess of Rs.3.24 crores.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 9 contd.

<table>
<thead>
<tr>
<th>STATE PLAN</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irrigation Project (Commercial)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) QQQQ-Ramial Irrigation Project</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>0.11</td>
<td></td>
<td></td>
<td></td>
<td>0.19</td>
</tr>
<tr>
<td>R</td>
<td>0.08</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) RRRR-Gohira Irrigation Project</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>0.05</td>
<td></td>
<td></td>
<td></td>
<td>0.06</td>
</tr>
<tr>
<td>R</td>
<td>0.01</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22 310-Animal Husbandry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-Direction and Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>0.75</td>
<td></td>
<td></td>
<td></td>
<td>0.84</td>
</tr>
<tr>
<td>R</td>
<td>0.09</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G. Veterinary Services and Animal Health</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>4.46</td>
<td></td>
<td>4.95</td>
<td>5.35</td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>0.49</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J-Cattle Development</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>0.27</td>
<td></td>
<td>3.01</td>
<td>3.19</td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>0.26</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>312-Fisheries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LL-Inland Fisheries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>0.65</td>
<td></td>
<td>0.72</td>
<td>0.75</td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>0.07</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>313-Forest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCC-Direction and Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>6.07</td>
<td></td>
<td>6.38</td>
<td>7.05</td>
<td></td>
</tr>
<tr>
<td>R</td>
<td>0.31</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Audit para 3.13 of the report of the Comptroller and Auditor General of India for the year 1984-85(civil) pointed out that the project taken upto boost indigenous production of cashew nuts on which an extra expenditure of ₹3.61 lakhs was incurred, proved to be unproductive due to lack of Co-ordination between Forest and Soil Conservation Department and defective selection of site.

Referring to Audit para, the public accounts Committee wanted to know:

i) Why prior approval of the Government was not obtained.

ii) Why land survey was not conducted before starting plantation; and

iii) Why Forest Department was not consulted?

In reply to the above points the departmental Representative stated that the first site was selected in consultation with the Soil Conservation Officer, Revenue Department Officer, etc. hoping that this site would get the approval of World Bank. In 1981 World Bank team visited the site. They considered it unsuitable because of its inaccessibility.

The Committee further desired to know about other Plantations raised in that area by the Soil Conservation Department.

In reply the departmental representative intimated that it was a fact that with ₹625 per hectare, it was difficult to sustain any plantation in that area provisionally maintenance investment would be of the order of ₹2,000 per hectare. They were getting only 1/3rd of it for 5 years
without expectation of any return from these plantations. With the funds left after expenditure on the first site, they could not develop the second site.

The Committee also wanted to know on what basis the Soil Conservation Department had taken a decision for plantation at the second site knowing fully well that previously in 1981 and 1982 Forest Department took up plantations but failed due to cyclone. The departmental representative replied that Cashew could be grown on waste land and on the sea coast. The department did commit a mistake at the second time. When thus took up Cashew Plantations they had to provide shelter belt plantation to break the winds. The same could not be done with the balance fund of 40% since by that time they had already spent 60% of the funds earlier on the first site.

The Committee were not satisfied with the explanation and recommended that a through enquiry should be instituted in regard to misutilisation of sanctioned funds and a report of the same should be submitted to the Committee for their consideration. The Committee were constrained to observe that department lacked foresight and advance planning in the matter.261

Let us come to analyse the report of Committee on Estimates. The Committee on Estimates in its meeting decided to pay a visit to the erstwhile Kalahandi District to review

---

the drought situation. Accordingly the Committee visited Komna, Nowpara, Boden and Sinapalli Blocks of the District. Following were the observations and recommendations of the Committee:

1. While reviewing the expenditure side of the Blocks, it was found that there was accumulation of huge unspent balances and targets had not been achieved at the block level projects. This should be checked and timely expenditure of Government money to different Departments should be ensured leading to employment to the unemployed poor in the rural sector. District authorities should have taken timely steps in this regard.

2. Labourers were getting Rs.3.00 per day as wage and there was complete exploitation of labourers by Contractor and the other departmental agencies. Minimum statutory wages should be insisted. It appeared that the labour department was very much callous by not insisting on minimum wages.

3. Ground water survey should be done, if not already taken to explore the irrigation potentiality.\textsuperscript{262}


For making the products with I.S.I. mark, testing of products to conform to the standards, as specified by the I.S.I. was prerequisite. To meet this requirement the Company purchased an impact testing machine at a cost of Rs.0.11 lakh.

only in August 1982. Since the date of its receipt the machine was not used as it was received in damaged condition and no action was taken to repair or replace the machine. Even before receipt of the impact machine, the Company engaged (July, 1982) a graduate in Arts as laboratory assistant who had neither previous experience nor the requisite expertise. He was also not trained in the line after his appointment. His services were utilised for some routine official work and a sum of ₹0.16 lakh was spent towards his pay and allowances till he resigned (May 1984). The Company did not produce any foot were with I.S.I. marking and the entire expenditure of ₹0.86 lakh incurred by the on this account become infructuous.

The Committee on Public Undertakings examined this fact and opined that the Corporation officials were paying scant regarding to the welfare of the of the Company, and recommended as follows:

1. The reason for paying registration renewal fees to I.S.I. for a period of 8 years and not producing any I.S.I. items and responsibility be fixed on the official for this delay and negligent attitude.

2. The details of purchase of impact testing machine in bad condition and the responsibility be fixed on the erring officer for this loss to the Company.

3. The reason for appointing a general candidate for a technical post and the responsibility be fixed on the persons for this loss.

So far, the budgets of each year are analysed. In course of our analysis, the following points emerged, which deserve special attention. These may be discussed under the following heads.

1) **Debt Position:**

It may be seen from the information furnished in the Table 11 that as on 31st March 1985, the State Government had the following outstanding loans from different sources.

<table>
<thead>
<tr>
<th>Sources of Debt</th>
<th>As on 31.3.1985</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Central Government</td>
<td>1324.06</td>
</tr>
<tr>
<td>2. Financial Institutions and Autonomous bodies (excluding</td>
<td>64.85</td>
</tr>
<tr>
<td>Floating Debt from Reserve Bank of India)</td>
<td></td>
</tr>
<tr>
<td>3. Open Market borrowings</td>
<td>294.07</td>
</tr>
<tr>
<td>4. Provident Fund</td>
<td>268.50</td>
</tr>
<tr>
<td>5. Reserve Bank of India (Floating Debt including adjusted over</td>
<td>53.25</td>
</tr>
<tr>
<td>drafts)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2004.73</strong></td>
</tr>
</tbody>
</table>

The bulk of outstanding loan was from Government of India. A substantial part of the total loan had been invested by the State Government in the creation of socio-economic infrastructures which were low yielding assets. A part of loans also related to works taken up for relief and restoration of natural calamities for which Central assistance was received in the form of Advance plan Assistance, which had a loan component of 70 percent. Investment made in certain industrial and commercial undertakings like Transport Corporation, Lift Irrigation Corporation, Tribal Development Corporation etc., had not been sufficiently productive to give

---

economic returns. In a State with a low level of gross domestic product and low per capita income, the investment decisions are influenced more by long term social and infrastructural needs than by considerations of quick and high economic returns. An underdeveloped economic base is also not sufficiently resilient to resource raising efforts through taxation measures. Cumulatively these account for the deficiency in the revenue budget to provide for the debt serving liabilities. The same factors also contribute non-plan capital gap from year to year. In fact, over the years the State Government are operating in a kind a debt trap in their non-plan Capital budget.

2. Growth of Non-Plan Expenditure:

The non-plan expenditure on Revenue Account was Rs. 144.1 crores for 1971-72 as against the non-plan expenditure of Rs. 558.8 crores for the year 1984-85. It would be observed from Orissa Budget in Brief published by Bureau of Statistics and Economics, Government of Orissa that the non-plan expenditure of the State maintains a rising trend throughout the period.

At the same time, it may be pointed out that the plan expenditure in Revenue Account was muchless in comparison to non-plan expenditure during the period.

3. Expenditure on Salaries:

It may be pointed out that expenditure on salaries alone constitute 65 percent of State's total revenue income,


265. The Samaj (Oriya), Cuttack, dt. 5.3.78.
inclusive of State's share of Central taxes. In fact, salaries outstrip the State Government's own tax and non-tax revenue earnings by about Rs.50 crores.266

4. Diversion of Funds:

Expenditure upto the entire ceiling of Rs.31,994.04 lakhs fixed as relief assistance by the Government of India during 1980-85 reported to have been spent.

Fund allotted for relief of distress caused by natural calamities were diverted on items like cost of establishment, purchase of equipment, etc., which did not fall within the scope of such expenditure. It is interesting to note that expenditure was incurred out of relief grants during the period where no calamity had been reported. The details of such diversion of funds are given in Appendix-I of the thesis.

5. Growth of Tax and Non-tax Revenue:

The total tax revenue of the State during 1970-71 was Rs.63.7 crores and it was increased to Rs.519.0 crores in 1984-85. It may be pointed out that State's tax revenue can be divided into two parts such as State's own tax revenue and shared taxes. State's own tax revenue consist of Taxes on Agricultural Income, Land Revenue, Stamps and Registration Fees, State's Excise Duties, Taxes on Vehicle, Taxes and Duties on Electricity, Taxes on goods and passengers, Entertainment Tax, State Sales Tax, Sales Tax on Motor Spirit and Central Sales Tax. On the other hand, shared

taxes consist of Union Excise Duties, Taxes on Income other than Corporation Tax and Estate Duty. The State's own tax revenue during 1970-71 was Rs.33.4 crores out of the total tax revenue of Rs.63.8 crores and it (State's own tax revenue) had increased to Rs.234.9 crores out of Rs.519.0 crores of total tax revenue in 1984-85. Similarly, the non-tax revenue of the State can be divided into two parts such as (i) Own non-tax and (ii) grants and contributions from Government of India. During the year 1970-71, the State's own non-tax revenue was Rs.33.2 crores grant's and contribution of from Government of India was Rs.38.9 crores. The same has increased to Rs.113.4 crores and Rs.189.9 crores respectively in 1984-85. Grants and contributions of Central Government and own non-tax contributing of about 54.7% and 45.4% respectively to the non-tax during 1970-71 to 61.1% and 38.9% respectively in 1984-85. This indicates the importance of grants in State Finance.

6. Misappropriations, Losses etc.

Cases of misappropriations, losses etc. of Government money reported to audit upto the end of March 1985 and on which final action was pending at the end of September 1985 were as follows:
A department-wise analysis of outstanding cases are given in Appendix-II of the thesis.

7. Outstanding Audit Observations and Inspection Reports.

(a) Outstanding Audit Observations

Audit observations on financial transactions of Government are reported to the departmental authorities so that appropriate action is taken to rectify the defects and Omissions.

Year-wise analysis of audit observations not settled upto 30th September 1981 is given below:

<table>
<thead>
<tr>
<th>Year of Issue</th>
<th>No. of Items</th>
<th>Amount (Rupees in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto 1976-77</td>
<td>81222</td>
<td>50.18</td>
</tr>
<tr>
<td>1977-78</td>
<td>3385</td>
<td>5.76</td>
</tr>
<tr>
<td>1978-79</td>
<td>4646</td>
<td>10.16</td>
</tr>
<tr>
<td>1979-80</td>
<td>6054</td>
<td>15.38</td>
</tr>
<tr>
<td>1980-81</td>
<td>12156</td>
<td>27.74</td>
</tr>
<tr>
<td>Total</td>
<td>107472</td>
<td>109.22</td>
</tr>
</tbody>
</table>

b) Outstanding Inspection Reports

Audit observations on financial irregularities and defects in initial accounts noticed during local audit which are not settled on the spot are communicated to heads of offices and higher departmental authorities through Audit Inspection Reports. Important irregularities are also reported to heads of departments and Government. Government have also prescribed that first replies to inspection reports should be sent within four weeks. At the end of September 1981, 9825 inspection reports issued upto March 1981 contained 42603 paragraphs which were not settled.

The year-wise analysis of outstanding inspection reports and paragraphs are given below:

<table>
<thead>
<tr>
<th>Year Upto</th>
<th>No. of Inspection Report</th>
<th>No. of Paragraphs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975-76</td>
<td>5397</td>
<td>17264</td>
</tr>
<tr>
<td>1976-77</td>
<td>510</td>
<td>3434</td>
</tr>
<tr>
<td>1977-78</td>
<td>799</td>
<td>3721</td>
</tr>
<tr>
<td>1978-79</td>
<td>1028</td>
<td>5747</td>
</tr>
<tr>
<td>1979-80</td>
<td>793</td>
<td>5464</td>
</tr>
<tr>
<td>1980-81</td>
<td>1118</td>
<td>7973</td>
</tr>
</tbody>
</table>


8. Stores and Stock Accounts

Under the Codal provisions, divisional officers are required to furnish to Audit every year by 30th June, a consolidated account showing the value of stores purchased
during the year, stores used for consumption and balance at the close of the year. Particulars of default of this account of Public Works division on this account are given below:

<table>
<thead>
<tr>
<th>Year for which consolidated accounts are sent</th>
<th>No. of Divisions</th>
<th>Value of stores held (Rupees in Lakhs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977-78</td>
<td>3</td>
<td>20.11</td>
</tr>
<tr>
<td>1978-79</td>
<td>3</td>
<td>12.36</td>
</tr>
<tr>
<td>1979-80</td>
<td>18</td>
<td>74.67</td>
</tr>
<tr>
<td>1980-81</td>
<td>30</td>
<td>83.10</td>
</tr>
<tr>
<td>1981-82</td>
<td>71</td>
<td>870.30</td>
</tr>
<tr>
<td>1982-83</td>
<td>101</td>
<td>1346.46</td>
</tr>
</tbody>
</table>


In the absence of proper accounts, there exists possibility of misappropriation, loss and even frauds especially where accounts are overdue for long period.

9. **Retention of Heavy Cash Balances and Rush of Expenditure**:

It is seen from the Audit Reports and Appropriation Accounts prepared by the Comptroller and Auditor General of India for the years from 1970-71 to 1984-85 and placed before the Legislature in accordance with Article 151 of the Constitution of India that in a number of cases grants voted by Legislature have remained unutilised partially or wholly. In a few cases expenditure in excess of the voted grants has also occurred requiring regularisation under Article 205 of the Constitution. This indicates that budget provision
has been made without due care and caution, keeping in view the capacity of the Department to utilise the grant during the year. It is explained by the Department concerned that savings have occurred mainly due to administrative approval not being accorded for different works or projects, non-sanction of fund by Government of India in respect of Centrally sponsored and Central schemes and various other reasons. Thus it is evident that provision in the budget is being made in anticipation of administrative approval, sanction of funds by Government of India and completion of other formalities etc. This is not a happy State of affairs. Under such circumstances the control of the Legislature over the Executive is bound to be unsatisfactory.

The expenditure shown to have been incurred does not in reality reflect the achievements in reaching the fiscal targets commensurate with the money spent for the following reasons.

1) In Departments other than Public Works, the authorities generally draw funds from the treasuries towards the close of the financial year and keep it with them in sealed bags for years together. This not only affects the ways and means position of the State Government but also brings in many other complications like misappropriation etc. Thus expenditure shown to have incurred has very little relation with the physical target envisages to be achieved. The information furnished by 197 drawing officers to audit brought out that there was heavy accumulation of cash to the extent of Rs. 1153.93 lakhs in hand as on 31st March 1982.
ii) In Public Works Departments like Works, Irrigation and Public Health, a peculiar system is followed in showing the expenditure as incurred in execution of the works. In order to avoid lapse of grant, these Departments who follow a different accounting procedure, issue materials to different works, irrespective of the fact that whether such materials are actually required or not. This irregularity is done just to show that the expenditure has been incurred, although no work has in fact been done. In subsequently years, these materials are withdrawn again. This is called fictitious adjustment as commented by Comptroller and Auditor General of India in almost all the audit reports. This pernicious system not only gives a wrong picture of the performance of the Departments in execution of various works but gives rise to various complications including large scale purchase of the materials at the bag end of the year at higher rates and misappropriation of such materials at some cases.

10. Keeping of Money In Revenue Deposit

It may be pointed out that contrary to the provisions in the financial rules that the money should not be drawn until and unless required for immediate disbursement, Government instructed in April 1983 that money under different projects should be drawn up and kept under Revenue Deposit apparently to avoid lapse of grant. Five disbursing Officers whose records were test checked, had retained, at the end of March 1984, Rs. 79.57 lakhs (A.D.M.O., Puri, Rs. 16.30 lakhs; Ganjam: Rs. 18.22 lakhs; Cuttack: Rs. 27.28 lakhs; Phulbani: Rs. 5.77 lakhs and Koraput: Rs. 12.00 lakhs) of which the balance
at the end August 1984 was ₹32.05 lakhs in the said deposit account.267

This procedure and also booking of materials against different works or project (as mentioned in preceding paragraph) are really a fraud on the legislature. Apart from affecting the ways and means position of Government this leads to misappropriation, embezzlement and many other financial irregularities.

11. Grants/Charged Appropriations where excess required Regularisation Under Article 205 of the Constitution:

Excess over grants/appropriations amounting ₹179-93 crores in 10 grants and 2 appropriations as given in Appendix III require regularisation under Article 205 of the Constitution. Excess of over grants/appropriations aggregating ₹596.99 crores, 1980-81(₹119.51 crores), 1981-82 (₹60.71 crores), 1982-83(₹107.57 crores) and 1983-84(₹246.20 crores) also remain to be regularised.

12. Unutilised Balances:

The Government of India while releasing assistance during 1982-83 laid down that expenditure incurred upto 31st March 1983 would only be taken into account for providing Central Assistance and any spill over beyond that date would have to be accommodated in the State Annual Plan. It was found that large amounts out of those drawn upto the end of March 1983 remained unutilised beyond that date and were spent subsequently. Cases where large unutilised balances

amounting to ₹ 1,547.25 lakhs remained with various departmental officers are given in Appendix-IV.

13. **Financial Assistance to Local Bodies:**

   i) **General**

   During 1982-83, ₹ 219.33 crores were paid as grants to non-government bodies/institutions. This formed 26.60 percent of the Government's total expenditure on revenue account. The corresponding figures for the previous year 1981-82 were ₹ 163.91 crores and 28.58 percent.

   ii) **Utilisation Certificate**

   Under the financial rules in all cases in which conditions are attached to grants, Utilisation certificates to the effect that grants have been utilised for the purpose for which they are paid, are required to be furnished by the departmental officers, to the Accountant General within a reasonable time. Despite mention in para 6.1(ii) of the Report of the Comptroller and Auditor General of India for the year 1981-82 (civil) and in the earlier Reports, these certificates still continue to remain outstanding for years together including those for the grants during the year 1981-82.

   In the absence of such certificates, there is not even prima facie evidence of the recipients, having spent the grants for the purpose or purposes for which these were given. The departments substantially in default in rendering utilisation certificate to Audit are Education and Youth

   **Civil, 1983-84,**

Services Department, Community and Rural Reconstruction Department, Agriculture and Co-operation Department, Harijan and Tribal Welfare Department and Housing and Urban Development Department.\(^{269}\)

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the accounts of the bodies and authorities substantially financed by grants and loans from consolidated fund of the State are to be audited by the Comptroller and Auditor General of India.

Mention was made in paragraph 7.1(b) of the Audit Report (Civil) for 1982-83 about non-receipt of information from Departments of Government regarding grants and loans to various bodies and authorities during 1971-72 to 1981-82 to determine the applicability of section 14 of audit in these cases. The position did not improve up to 1982-83. The details are given in Table 15.

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Bodies/Authorities</th>
<th>No. of Bodies whose accounts were received grants/ loans of not less than 5 lakhs in the year</th>
<th>Received in Audit</th>
<th>Not received in Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971-72</td>
<td>310</td>
<td>9</td>
<td>301</td>
<td></td>
</tr>
<tr>
<td>1972-73</td>
<td>290</td>
<td>9</td>
<td>281</td>
<td></td>
</tr>
<tr>
<td>1973-74</td>
<td>314</td>
<td>11</td>
<td>303</td>
<td></td>
</tr>
<tr>
<td>1974-75</td>
<td>308</td>
<td>11</td>
<td>297</td>
<td></td>
</tr>
<tr>
<td>1975-76</td>
<td>330</td>
<td>6</td>
<td>324</td>
<td></td>
</tr>
<tr>
<td>1976-77</td>
<td>346</td>
<td>14</td>
<td>332</td>
<td></td>
</tr>
<tr>
<td>1977-78</td>
<td>359</td>
<td>13</td>
<td>346</td>
<td></td>
</tr>
<tr>
<td>1978-79</td>
<td>358</td>
<td>5</td>
<td>353</td>
<td></td>
</tr>
<tr>
<td>1979-80</td>
<td>360</td>
<td>6</td>
<td>354</td>
<td></td>
</tr>
<tr>
<td>1980-81</td>
<td>392</td>
<td>9</td>
<td>383</td>
<td></td>
</tr>
<tr>
<td>1981-82</td>
<td>441</td>
<td>20</td>
<td>391</td>
<td></td>
</tr>
<tr>
<td>1982-83</td>
<td>413</td>
<td>20</td>
<td>393</td>
<td></td>
</tr>
</tbody>
</table>

14. **Avoidable Expenditure**

It has been observed from many audit reports that expenditure in many cases could be avoided if timely action was taken or Government were conscious of curbing expenditure. Reference may be made to para 4.17 of the audit report (civil) for the 1978-79 (Rs. 0.36 lakhs for a truck on its maintenance of Irrigation and Power Department during the idle period from December 1973 to June 1978) and similarly para 3.11 of audit report (civil) of audit report (civil) for the year 1979-80 indicated that an extra expenditure to Rs. 0.51 lakhs in Mining and Geology Department was incurred due to non-completion of work in time.

15. **Unfruitful Expenditure**

Audit reports of different years mention as to the unfruitful expenditure of Government in different spheres. Reference may be made to para 3.3 of Audit Report (civil) of 1981-82 where for want of assured water supply in the farm for cultivation of fodder for the animals at Chiplima (Sambalpur District) Cattle Breeding farm under Forest, Fishery and Animal Husbandry Department, the total investment of Rs. 5.98 lakhs on land reclamation, distribution canals and procurement of pump sets and power tiller, remained unfruitful. Similarly para 3.2 of Audit report (civil) for the year 1983-84 pointed out that expenditure of Rs. 4.49 lakhs under Agriculture and Co-operation Department was unfruitful due to heavy mortality of plants.

16. **Idle Establishment**

Mention was made in para 3.25 of the report of the Comptroller and Auditor General of India, Government of Orissa (civil) for the year 1977-78 regarding non-utilisation of
services for want of vehicles. Test check conducted in audit in some other offices disclosed that drivers were borne in the establishments' while their services could not be utilised for considerable period as the vehicles has been transferred to other offices or had become unserviceable, etc. The expenditure on the idle establishment in these cases was Rs. 1.75 lakhs. The details of these cases are given in Appendix-V.

17. Assets and Liabilities of State Government

The following table indicates the assets and liabilities of State Government from 31st March 1980 to 31 March 1985.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability</td>
<td>116466</td>
<td>129237</td>
<td>143818</td>
<td>169915</td>
<td>191767</td>
<td>221922</td>
</tr>
<tr>
<td>Assets</td>
<td>114998</td>
<td>135231</td>
<td>150335</td>
<td>165237</td>
<td>196146</td>
<td>21086</td>
</tr>
</tbody>
</table>

Table-6, Source: Notes on Subsidiary Points Presented to Ninth Finance Commission, Finance Department, Government of Orissa, Orissa Government Press, Cuttack, p.150.

One thing has emerged from the above analysis is that the liabilities of Government are more than that of assets. Assets are created for example by way of loans to Electricity Board, Road Transport Corporation, other Public Sector Undertakings, Co-operatives and Local bodies. But the return to the extent of loans to these institutions is very low. In fact, most of these institutions are running on loss.

18. Financial Position of Different Corporations/Companies:

Financial position of different Corporations/Companies may be taken into consideration. First of the case of four statutory corporations such as Orissa State
Electricity Board, Orissa State Warehousing Corporation, Orissa State Financial Corporation and Orissa Road Transport Corporation, let us come to analyse the financial positions of these statutory corporations one by one.

**Orissa State Electricity Board**

The following table indicates the net profit and loss of Orissa State Electricity Board from 1976-77 to 1984-85.

<table>
<thead>
<tr>
<th>Year</th>
<th>(Rupees in Crores) (Actuals)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976-77</td>
<td>(-)4.84</td>
</tr>
<tr>
<td>1977-78</td>
<td>(-)11.80</td>
</tr>
<tr>
<td>1978-79</td>
<td>(-)16.69</td>
</tr>
<tr>
<td>1979-80</td>
<td>(-)6.69</td>
</tr>
<tr>
<td>1980-81</td>
<td>(+)0.10</td>
</tr>
</tbody>
</table>

Table - 1


One thing has emerged from the above analysis is that the Board incurred loss from 1976-77 to 1984-85 except for the year 1980-81, when it earned a net profit of 0.10 crore.

**Orissa State Warehousing Corporation**

The Corporation earned net profit of Rs.6.55 lakhs during 1982-83. Accounts from 1983-84 were in arrears.

**Orissa State Financial Corporation:**

The Corporation sustained a loss of Rs.126.09 lakhs during the year 1984-85. The cumulative loss as on 31.3.1985 was Rs.256.30 lakhs.


271. Ibid., p.165.
Orissa State Road Transport Corporation

The following table gives the picture as to the profit and loss of the Company from 1979-80 to 1984-85.

Table - /8/ (Rupees in Lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>-123.85</td>
<td>-372.31</td>
<td>-406.61</td>
<td>-485.75</td>
<td>-726.70</td>
<td>-1027.63</td>
</tr>
</tbody>
</table>

Table - 18 Source: Notes on Subsidiary Points Presented to The Ninth Finance Commission, op.cit., p.11.

Now, let us come to analyse the financial position of other Companies/Corporation.

Orissa Mining Corporation

The Company is fully owned by Government. The accounts of the Corporation from 1982-83 are in arrears. The Company earned a net profit of Rs.47.41 lakhs during 1981-82.\textsuperscript{272}

Industrial Development Corporation of Orissa Limited

The Company is fully owned by Government. The Company earned a net profit of Rs.262.44 lakhs during 1980-81 and Rs.217.13 lakhs during 1981-82. The accounts from 1982-83 are in arrears.\textsuperscript{273}

Orissa Construction Corporation Limited

The Corporation is fully owned by Government. The accounts from 1983-84 are in arrears. The Company earned profit of Rs.156.42 lakhs in 1982-83.\textsuperscript{274}

\textsuperscript{272} Finance Accounts, 1984-85, op.cit., p.167.
\textsuperscript{273} Ibid.
\textsuperscript{274} Ibid., p.169.
Orissa Fisheries Development Corporation

The Company sustained a loss of ₹3.75 lakhs in 1982-83. The cumulative loss (₹64.86 lakhs) at the end of 1982-83 exceeded the paid up capital. The Company is under liquidation.

Orissa Forest Corporation

The Company is fully owned by Government. The Company earned a net profit of ₹1.73 lakhs during the year 1979-80. The accounts from 1980-81 onwards are in arrears.

Orissa State Commercial Transport Corporation Limited:

The Company sustained a loss of ₹13.29 lakhs during the year 1976-77. The accounts of the company are in arrears since 1977-78.

Orissa Wood Products Limited:

The Company is under liquidation.

Orissa Lift Irrigation Corporation:

Accounts from 1976-77 are in arrears. The Company sustained a loss of ₹28.23 lakhs, ₹39.39 lakhs and ₹27.28 lakhs during the year 1973-74, 1974-75 and 1975-76 respectively.

Orissa Small Industries Corporation Limited:

Accounts from 1978-79 onwards are in arrears. The cumulative loss upto 1977-78 was ₹45.54 lakhs.

276. Ibid.
277. Ibid.
278. Ibid.
279. Ibid.
280. Ibid., p.176.
Industrial Promotion and Investment Corporation of Orissa Limited:

The Company made a profit of Rs.11.77 lakhs during 1983-84 and the cumulative profit upto 1983-84 was Rs.0.09 lakh after adjustment of debit balances relating to previous year.281

Banana and Fruit Development Corporation:

The Company had no trading activity for the third year in succession upto 1980-81. The Company sustained a loss of Rs.8.02 lakhs during the year 1980-81 and cumulative loss upto the year 1980-81 was Rs.123.82 lakhs.282

Film Development Corporation

The Company earned a profit of Rs.2.16 lakhs during the year 1981-82. Accounts from 1982-83 are in arrears. The cumulative loss as on 31.03.1982 was Rs.2.51 lakhs.283

Leather Corporation of India Limited:

Accounts from 1976-77 are in arrears.284

Orissa State Handloom Development Corporation Limited:

Accounts of the Company from 1978-79 are in arrears.285

It has been observed from the above analysis that only a few companies are making profit. A large

282. Ibid.
283. Ibid., p. 179.
284. Ibid.
285. Ibid.
number of Companies are running on loss. The accounts of most of the Companies are in arrears. The Companies whose accounts are in arrears are given in Appendix-VI.

It may be pointed out that there has been no evaluation of Companies (which are under the direct management of the Government) by the Government agencies. A public opinion has therefore, been created by such a lapse to allege that these Corporations have become the "Institution of Corruption".

Let us now make general observation on the implementation, control, committees, performance and accountability on such budgetary indiscipline. This is based on the analysis of the important recommendations of Public Accounts Committee, Estimate Committee, and Committee on Public Undertakings. First of all, we may examine the important observations of Public Accounts Committee.

The Report of Comptroller and Auditor General (Civil) for the year 1973-74 pointed out that an amount of ₹74.03 lakhs was drawn from the treasury although there was no possibility of immediate disbursement. The Public Accounts Committee made a probe and found no justification for the infringement of the provision in the rules and drawal of money in advance of the requirements during the year concerned. The PAC only advised the Finance Department to convey to the Departments the concern of the Public Accounts Committee about drawal of 286. The Samaj(Oriya), dt. 7.9.1989.
funds in advance of requirements thereby adversely affecting the ways and means position of Government and advise them suitably. The Public Accounts Committee simply advised the Finance Department to convey its displeasure to other Departments regarding such irregular drawal of money. But it failed to suggest any disciplinary action against the officers who were responsible for such irregularity.

The Audit Para 4.16 of the report of the Comptroller and Auditor General of India (Civil) for the year 1974-75 pointed out that in the year 1974-75 in Bolangir Irrigation Division it was found that in several cases the materials issued to works in a year were actually not used on those works but were transferred to other works or taken back to the general store of the division subsequently.

The Public Accounts Committee expressed their strong objection in respect of materials which had been later diverted for other works, or taken back to the general store of the division in violation of Orissa Public Works Department Code.

The Public Accounts Committee had only expressed its unhappiness over the diversion of materials and other irregularities committed by authorities in Bolangir Irrigation Division in violation of Codal provision (P.W.D. Code). But, the Public Accounts Committee should

have suggested measures against the officers concerned who were responsible for such gross irregularity.

Audit para 2.4(b) of the C.A.G. for the year 1976-77 pointed out that there was a saving of Rs. 10 lakhs occurred on capital outlay on Public Health, Sanitation, Water Supply and Sewerage Schemes out of the total provision of Rs. 20 lakhs.

The Public Accounts Committee desired to know about this. But the Departmental Representative stated in their note that the total expenditure was Rs. 10,00 lakhs against the final grant of Rs. 10,00 lakhs, so there was not saving.

The Committee were not satisfied with this misleading reply of the Department and desired that the Department should intimate the reasons for their saving of Rs. 10 lakhs for their appraisal.\[289\]

The Public Accounts Committee simply expressed its displease as to the misleading reply of the departmental representative to it. To mislead the Public Accounts Committee, is a serious offence on the part of the officials. But it was a matter of surprise that Public Accounts Committee did not recommended any punishment for such action on the part of the officials.

It is revealed from para 3.15 of the report of the C.A.G. of India for the year 1978-79 that 8 cases of misappropriation, losses etc. involving Rs. 3.10 lakhs reported upto March 1979 were outstanding in Food and Civil Supplies Department.

---

The Public Accounts Committee examined this fact and desired that Food and Civil Supplies Department should furnish a detailed note indicating the present position of these misappropriations, losses etc. and action by the department on each item for their appraisal.

Audit para 7.1 of the report of the Comptroller and Auditor General of India for the year 1979-80(civil) pointed out that in 1979-80, Rs. 116.90 crores were paid as grants to non-government bodies, institutions and other against Rs. 88.54 crores paid during 1978-79. This formed 26 per cent of Government's total expenditure on revenue accounts against 22 percent in 1978-79.

Referring to Audit Comments, the Public Accounts Committee desired to know the latest position about utilisation certificates.

The Departmental Representative stated that as on 31st March, 1986, pending cases were 448 where utilisation certificates had not been submitted by recipient of the grant. The Committee further liked to know if it was fact that utilisation certificates not being submitted for so many years, were these bodies continuing in getting assistance. The Departmental Representative explained that in case of non-assistance under non-remunerative scheme, they gave assistance and utilisation

certificate was not required but in case of assistance given for road development, certainly without utilisation certificate assistance should not be given.

The Committee suggested that the Department should take appropriate steps to reduce the number and ensure that it should not occur in future. But it failed to recommend provocative measures against the Departmental bosses whose negligence had caused such illegal expenditure.

Let us now turn our attention to the recommendations of the Committee on Estimates. In its 21st Report, the Committee on Estimates reviewed the action taken by Government on the recommendations contained in the 10th Report on Community Development and Panchayati Raj Department. The Committee on Estimates in its 10th Report (Para No.55) wanted to know about the action so far taken to set right the irregularities in Bhubaneswar Block. The Departmental Representatives replied that the advance given for construction of office building and staff quarters had been made up to date and all subsidiary registers got maintained by the departmental auditors. The building accounts had been finalised and except submission of D.C.Bills which would be submitted after check measurement certificate was obtained from the Executive Engineer, Rural Engineering Organisation. The Committee on Estimates in its 21st Report observed that it was a matter of regret

that D.C. Bills could not be submitted even after 10 years of execution work without which the finalisation of accounts with the Accountant General would remain incomplete. This irregularity should be rectified as early as possible. The irregularity should be rectified as early as possible. Such evaluation of the Estimate Committee shows how implementing authorities are apathetic towards policy implementations by committing technical and procedural errors.

The Committee on Estimates for 1976-77, in their first meeting held on the 12th April 1976, decided to take up the examination of the estimates under Rushikulya System of Irrigation in Ganjam District.

In the financial year 1976-77, there was a provision of ₹52 lakhs under the Head "533-Capital Outlay on Irrigation etc., State Plan (g) Modernisation of Rushikulya System (Page 614 of Civil Budget 1976-77) Vol.II and (Page 90 of Irrigation Budget 1976-77). It is interesting to note that in the 'Plan and non-Plan scheme 1976-77' Budget (at page 500) it has been explained that the provision of ₹52 lakhs was for continuing the Modernisation of Rushikulya and Hirakud Systems and for taking up other Modernisation Schemes'. In the First Supplementary Budget 1976-77 under the Head '532- Capital outlay on Multipurpose River Project etc.' there was a provision of ₹19.88 lakhs for Modernisation of Hirakud.

system. The Committee on Estimates observed: "It is obvious that due care was not taken while preparing the Budget as a result of which money meant for Hirakud Modernisation Scheme was clubbed together with the money provided for Rushikulya System, though in the previous year i.e. 1975-76 both the modernisation schemes had provision of ₹5 lakhs each under two separate Heads (Vide First Supplementary Budget 1975-76). Due to such bad budgetting money meant for Hirakud Modernisation Scheme could not be released till the Supplementary Budget for 1976-77 was passed." 293

The Estimates Committee simply pointed out the facts but it did not make any recommendation for punish­ment against the officials whose negligence or igno­rance resulted in delay in modernisation of Hirakud Dam.

The Estimate Committee visited the Kulipush Extension Farm on 12.8.80. This farm was under the administrative control of Agriculture and Co-operation Department.

In course of its examination, the Committee came to know that out of a sum of ₹4,91,000.06 which was deposited with R.E.O. upto the end of 1973-74 for different items of works like building fencing, construc­tion of well and irrigation channel, a sum of ₹3,32,817.71 was spent till March 1975. Excepting the well for which a sum of ₹192/- in excess had been

spent, balance amount was available in respect of individual item of works amounting to Rs. 158,182.20. Regarding the utilisation of the balance amount it was explained that the balance amount had been transferred towards fencing of the farm as per suggestion of Agriculture production Commissioner.

The Committee observed that it was a matter of surprise that the money meant for completion of four item of work had been clubbed together and Department proceeded spending money at its own sweet will. Out of the fencing provision of Rs.1.37 lakhs only Rs.40,000/- was spent till March 1975. When the farm was exposed to danger from all sides it was necessary to complete fencing against stray cattles, thieves and pailforages. The Committee recommended that fencing of the boundary should score priority.

The Committee were not happy to see incomplete works for which money was provided. It happened like that because before completing a scheme, money was diverted to other scheme. It resulted in haphazard work of no benefit either to the Farm or to the Government.

The Committee recommended that money which was laid out within the policy should not be diverted and there should not be any deviation of the normal working procedure.294

The Estimates Committee expressed its displeasure as to the diversion of funds which was a gross financial irregularity. But it failed to recommend punishment for the officials who were responsible for such irregularities.

The Committee on Estimates visited Kasinagar and Gunupur areas on the 29th December 1980 to have on the spot study of the relief and rehabilitation measures taken by the Government for the flood affected persons and to see the restoration of development medias of the Government partially or fully damaged due to flood.

At Kashinagar some local people appeared before the Committee and said that 27 numbers of lift irrigation point have been damaged. Out of 27 Lift Irrigation points, 24 had been restored and the rest were not in a position to be restored as they had been completely damaged. By restoring these points after flood, 355 acres of land would be brought under irrigation. For installation of six more Lift Irrigation points in Kashinagar area, survey had been conducted and the proposal for installation had been submitted to the Government.

The Committee recommended that immediate action should be taken to allot funds for installation of the said six numbers of irrigation points, if not yet allotted towards promotion of agriculture in the flood stricken area.295

It was learnt by the Committee that 77 villages Gunupur Sub-Division had been badly affected by flood and relief measures were taken in all such villages. It was learnt that some allotment for the Housing Scheme had been released but it had not reached the State Government.

The Committee recommended that the State Government should not sit idle over the matter of getting the sanctioned amount from the centre and should not make delay in going for construction of houses to rehabilitate the homeless persons. 296

The Committee on Estimates decided to take up the examination of Marine Drive (Puri-Konark Road) in their meeting held on 20th August 1981. Accordingly the Committee paid its first visit to Konark and Puri on the 28th August 1981 and subsequently the second visit to Konark on the 15th February to specifically assess the construction of culverts on the Kushabhadra Bridge.

The Committee was constrained to note that during their second visit to Marine Drive on the 15th February 1982, they noticed that out of 10 culverts which were said to have been constructed, actually 5 nos. of culverts had been completed and the work of construction in respect of the rest culverts was in progress. The Committee took it as a serious matter trying to mislead the Committee in facts and figures and suggested to take appropriate action on officials responsible in giving

such a misleading statement to the Committee.297

The Committee on Estimates in its meeting decided to pay a visit to erstwhile Kalahandi District to review the drought, situation. Accordingly the committee visited Komna, Nowpara, Boden and Sinapalli Blocks of the District. Following were the observations and recommendations of the Committee:

1. While reviewing the expenditure side of the Blocks, it was found that there was accumulation of huge unspent balances and targets had not been achieved at the block level projects. This should be checked and timely expenditure of Government money to different Departments should be ensured leading to employment to the unemployed poor in the rural sector. District authorities should have taken timely steps in this regard.

2. Labourers were getting Rs.3.00 per day as wage and there was complete exploitation of labourers by contractors and other departmental agencies. Minimum statutory wages should be insisted. It appeared that the labour department was very much callous by not insisting on minimum wages.

3. Ground water survey should be done, if not already taken to explore the irrigation potentiality.298

Let us now turn our attention to the observations of Committee on Public Undertakings.


Mention was made in paragraph 4 of the Report of the Comptroller and Auditor General of India for the year 1975-76 (commercial) regarding power supply to Pero-Chrome Plan under Industrial Development Corporation Limited. The report stated that for defaulters in payment during the period November 1969 to December 1974, the Orissa State Electricity Board levied a surcharge of Rs.49.62 lakhs (at 2 percent per month on the amounts outstanding). Of this, the Board recovered Rs.24.37 lakhs by adjustment leaving a balance of Rs.25.25 lakhs. The Company's plea to the Board to waive the surcharge was not accepted (March, 1976).

On the question concerning non-execution of agreement with O.S.E.B. for which disputes occurred and the Government's decision in this regard, the Corporation officials stated that the Corporation had applied to Government for supply of power at a concessional rate as applicable to power intensive industries of the State and since the appeal was pending with the Government no agreement could be executed.

The Committee on Public Undertakings observed that owing to non-execution of agreement for supply of Electricity, the O.S.E.B. could get a chance for levying a surcharge of Rs.49.62 lakhs.

The Committee took an exception to the non-execution of agreement with Orissa State Electricity Board towards supply of power and considered this action as serious lapse on the part of the Corporation. Being a
Commercial organisation timely payment of electricity dues should have been made by the Corporation to avoid surcharge payment.299

Due to the negligence on the part of the officials of Industrial Development Corporation for non-execution of agreement for supply of Electricity, the O.S.E.B. could get a chance for levying a surcharge of Rs. 49.62 lakhs. The Committee on Public Undertakings simply expressed its displeasure in this regard but failed to recommend punishment for the officials for whose negligence the Corporation had to pay such huge amount to O.S.E.B.

Audit para 13.1 of the report of the Comptroller and Auditor General of India for the year 1977-78 (Commercial) dealt with the financing the purchase of fishing trawlers. Among other things, the report pointed out the irregularities in sanction loans for trawlers and slow progress of recovery rate as a result of which the corporation sustained a huge loss. The Committee on Public Undertakings examined this fact and asked the Company officials about this irregularity. No specific reply was given but the company officials admitted that the trawler financing was a debacle.

The Committee was unhappy over the trawler financing and inadequate action taken by the Corporation for recovery of the dues would have reduced the dimension of the debacle.

The Committee urged the Corporation to be cautious in sanctioning loans. Before sanctioning loans it should be the duty of the Company to see that loans should go to the right persons and the loans should be covered by adequate security.\(^300\)

The Committee on Public Undertakings admitted that trawler financing was a debacle. But it failed to recommend for stringent measures against the officials who were responsible for such debacle.

Para 2.2. of the Comptroller and Auditor General's report (Commercial) for the year 1981-82 pointed out that accounts of Orissa Lift Irrigation Corporation were in arrears from the year 1975-76 onwards. Provisional accounts prepared by the Company upto the year 1979-80, indicated a cumulative loss of ₹429.06 lakhs up to that period.

Explaining to the queries of the Committee on Public Undertakings regarding the reasons of the cumulative loss of the Corporation, the Departmental Representative explained that Lift Irrigation Schemes were labour intensive due to which the establishment expenditure went up. Capitalisation of Establishment and supervision charges towards capital works were much less than that of the Establishment Expenditure. Maintenance cost of machine- ries like drilling, rigs etc. was high. Besides the outcome of the Corporation was not quite commensurate with

investment made by the Corporation. That was due to the fact that lifting water was not economical. It was fixed by the Government i.e. during Rabi, ₹.120 while in Khariff the rate was ₹.28. Apart from this, people did not come forward to sign the agreement unless there was some difficulties like drought etc. In some cases people entered into Contract for 8 acres and subsequently transferred to 20 acres by raising an additional demand. If they did not deposit money Amin made an assessment in the field. In fact, the receipt was not signed by the Assistant Engineer who remained at a far away Station. So the pump operator or the Section Officer received the money. So there was a time lag to grant the final receipt. In most of the cases, the people raised an additional demand.

The Committee was not satisfied with the explanation tendered by the representatives of Orissa Lift Irrigation Corporation Limited and was of the Opinion that due to lack of responsibility among the supervising officers of the Corporation, there was pilferage as a result of which establishment expenditure was higher than that of the investment and recommended that the supervising officers should be more vigilant and tried to reduce the establishment charges in relation to the increasing capital cost. But it failed to recommend provocative measures against the officials who were responsible for it.

Para 12.5 of the C.A.G.'s report (commercial) for the year 1983-84 pointed out that storages valued Rs.0.17 lakh noticed in Jeypore unit of Orissa State Road Transport Corporation were yet to be investigated.

The report further stated that in the Central Workshop of S.S.R.T.C. there was a charge in the incumbency of the Store-keeper in March, 1983 and according to the handing-over report, there were shortages valued Rs.0.27 lakh which had not yet been reconciled.

When the Committee on Public Undertakings desired to know the position of shortages worth Rs.17,000 and Rs.27,000/- the Departmental Representatives stated that the shortages of Rs.17,000 relating to year 1981-82 was reconciled by the internal audit and shortages came to Rs.4,288 which was to be recovered from store-keeper.

The shortages of Rs.27,000 related to the Central Workshop, but by internal audit the actual shortages were found to be Rs.26,639.

The Central Workshop Engineer was entrusted to recover it. But he had failed in his duty. So the Corporation had proceeded against the Engineer in charge.

The Committee expressed its grave concern over the misappropriation of Government money and recommended that stringent action should be taken against the officials liable for such lapses and be reported to Committee. 302