

# PUBLIC ACCOUNTS COMMITTEE

(1967-68)

## FOURTH REPORT

(FOURTH ASSEMBLY)

Report of the Public Accounts Committee on the Audit Report, 1966, Appropriation Accounts, 1964-65 and Finance Accounts, 1964-65 of the Government of Assam relating to Finance, Public Works (R. and B. Wing), Supply, Agriculture, Development (Panchayat and Community Project), Appointment, General Administration, Revenue (Para 83), Forests, Town and Country Planning, Social Welfare, Co-operation, Power (Electricity) Mines and Minerals Department, Assam Construction Transport, Public Works (Flood Control and Irrigation Wing) Tribal Areas and Industries Departments

Presented to the Assembly on 30.2.68



ASSEMBLY SECRETARIAT, ASSAM  
SHILLONG

March, 1968  
Phalguna/Chaitra 1889 (Saka)



## COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE, 1967-68

### **Chairman:**

1. Shri Gaurisankar Bhattacharyya.

### **Members:**

2. M. Shamsul Huda.
3. Shri Malia Tanti.
4. Shri Tilok Gogoi.
5. Shri Surendra Chandra Barua.
6. Shri Dulal Chandra Barua.
7. Shri Durgeswar Saikia.

### **Secretariat:**

1. Shri U. Tahbildar, Secretary.
2. Shri P. D. Barua, Under-Secretary.
3. Shri N. Deuri Bora, Committee Officer.



**REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE  
AUDIT REPORT, 1966, APPROPRIATION ACCOUNTS, 1964-65  
AND THE FINANCE ACCOUNTS, 1964-65**

**INTRODUCTION**

I, the Chairman of the Public Accounts Committee do present on behalf of the Committee, its Report on the Audit Report, 1966, Appropriation Accounts, 1964-65 of the Government of Assam in so far as they relate to the Departments of Finance, Public Works (Road and Building Wing), Supply, Agriculture, Development (Panchayat and Community Project), Appointment, General Administration, Revenue (Paragraph 83), Forests, Town and Country Planning, Social Welfare, Co-operation, Assam State Electricity Board, Assam Marketing Corporation, Assam Construction Corporation, Transport, Public Works (Flood Control and Irrigation Wing), Tribal Areas and Industries.

2. The Accounts and Report were laid on the table of the House on the 13th September, 1966. The Committee presented its first Report on these accounts and Report relating to the Departments of Health, Animal Husbandry and Veterinary, Fishery, Revenue, Home (Police), Home (Jails), Education (General), Education (P. T. M.) and Sericulture and Weaving on 10th November, 1967. The Committee examined the remaining Departments at its sittings held on 5th August, 7th, 8th, 21st, 22nd and 23rd September, 6th, 7th and 25th October, 18th November, 15th 16th and 18th December, 1967 and 8th, 10th, 20th, 21st and 22nd February and 6th March, 1968. A list of Officers examined and time taken for examination has been appended to this Report as Annexures I and II.

3. The Committee considered and finalised the Report at its sitting held on 6th March, 1968.

4. A statement showing the summary of the comments and recommendations together with the observation of the Committee is given in Part II of this Report.

5. The Committee places on record its appreciation of the assistance rendered to it in the examination of these accounts by Shri G. B. Singh, I. A., and A. S., the Accountant General, Assam and Nagaland and his staff. The Committee also expresses its thanks to the Officers of the Departments concerned for the co-operation extended by them in giving information to the Committee during the course of evidence.

SHILLONG:

The 6th March, 1968.

**GAURISANKAR BHATTACHARYYA,**  
Chairman,  
Public Accounts Committee.



## FINANCIAL RESULT OF THE GOVERNMENT OF ASSAM 1964-65

The following table compares the expenditure during 1964-65 with the total of voted grants and charged appropriations for that year :—

|  |     |    |       | Total<br>Grants/<br>Appropriation | Actual<br>Expenditure | Excess +<br>Saving— | Percentage |
|--|-----|----|-------|-----------------------------------|-----------------------|---------------------|------------|
| Voted—   |     |    |       |                                   |                       |                     |            |
| Original   | ... | .. | 97.88 | 1,12.79                           | 1,05.42               | -7.37               | 6.5        |
| Supplementary  | ..  | .. | 10.91 |                                   |                       |                     |            |
| Amount authorised by the Governor under Ordinances to increase temporarily the Corpus of the Contingency Fund. |     |    | 4.00  |                                   |                       |                     |            |
|  |     |    |       |                                   |                       |                     |            |
| Charged—   |     |    |       |                                   |                       |                     |            |
| Original   | ... | .. | 15.49 | 52.58                             | 64.23                 | +11.65              | 21         |
| Supplementary  | ..  | .. | 37.09 |                                   |                       |                     |            |
| Total  | ..  | .. |       | 1,65.37                           | 1,69.65               | +4.28               | 2.5        |

The overall excess of Rs.4.28 crores was the result of excess in 10 grants/appropriations amounting to Rs.17.88 crores and savings in 90 grants/appropriations amounting to 13.60 crores.

The excess of Rs.4.28 crores was equal to 2.5 per cent of the total amount of the voted grants and charged appropriations ; in the preceding years the excess was 5.4 per cent.



## GENERAL RECOMMENDATION

### 1: Control over expenditure

#### (a) Saving:—

1.1. During the year under report, savings in the voted grants were Rs.13.34 crores. These included savings in grants obtained for State Plan Schemes/Centrally Sponsored Schemes. The reasons for the savings given to the Committee were generally the same as were given in the past, i.e. non-filling of posts, non-implementation or late implementation of Schemes, non-receipt of material and equipment, delayed issue of sanctions, etc.

From the discussion at the Public Accounts Committee meetings the Committee cannot help feeling that savings occurred due perhaps to an unrealistic appraisal by the departments of their own capacity.

1.2. The Committee recommends that for effective control over expenditure, major aspects of the Schemes to be implemented during the year should be carefully examined well ahead of the Budget. When delays are likely, as in the case of acquisition of land, recruitment of technical personnel, and/or other doubtful factors, it may be considered why only a token provision should not be included in the original budget estimates, supplementary grant being obtained later, as the year progresses.

1.3. The Committee also feels that the issue of sanctions late in the financial year, often in the month of March, leads often to hurried and unplanned spending. Suitable measures should be taken to issue the sanctions for items included in the budget of the year well in time so that the authorities responsible are in a position to act judiciously. Government might also consider prescribing a calendar for processing all sanctions and a last date for submission of proposals by the Heads of Departments and for issue of sanctions by Government.

#### (b) Excesses—

2.1. Inspite of past recommendations, excesses occurred in a large number of cases, as indicated in Annexure III.

The Committee reiterates its earlier recommendation contained in paragraph 1.7 of its Report of February, 1967 (at page 4) and recommends that Government should in suitable cases, take such disciplinary action against the officers responsible as would inhibit the laxity in control over expenditure. The Committee feels that greater and better efforts are called for and trusts that the departments will give this important matter the attention it deserves.



2.3. Subject to these remarks, the excesses mentioned in Annexure III should be regularised by taking the approval of the Legislature.

2.4. The Committee was also given to understand that the Accountant General could not, as expected of him, assist the Controlling Officers in the matter of control of expenditure against grants/appropriations, as the expenditure figures recorded in his books from month to month during the course of a year did not reflect the correct expenditure upto the end of such month, due mainly to delay in submission of treasury accounts. Hardly any of the 11 treasuries in the State submit their accounts in time to the Accountant General. The main defaulter in this respect is the Kamrup Treasury where the delay in submission of accounts ranged from 120 to 170 days every month during 1966-67. The Committee have had occasions to comment adversely on the functioning of some of the treasuries and would wish to refer to their recommendations, contained in the Report of February, 1967. Now that Kamrup Treasury has been split up into two treasuries with effect from October, 1967, the Committee would urge the Government to take all means at their command to ensure that the treasuries do not fail in this regard any longer. The Committee would like to hope that the Kamrup treasury would be geared into an ideal treasury and would give a lead to the other treasuries so far as proper functioning of treasuries is concerned.

### **Recovery of loans and advances and arrears of revenue**

3.1. The Committee has repeatedly been expressing concern over the very unsatisfactory state of realisation of principal and interest pertaining to loans and advances given by the Government to various bodies/institutions. Despite the ever increasing magnitude of such transactions, the situation has shown little improvement whatever. The Committee feels that cases of non-maintenance of primary records of loans as brought out in paragraph 83 and 86 of the Audit Report, 1966 are serious. The Committee notes with concern the slackness on the part of the departmental authorities who are responsible for the maintenance of detailed accounts of loans. The Committee attributes the default in respect of realisation of principal and interest to improper maintenance of the basic records. The unsatisfactory state of affairs would be evident from the fact that departmental officers have failed even to reconcile the balances of these loans and interests thereon with Accountant General's figures.



3.2. The Committee also feels that the failure to ensure timely repayments of principal and interest by the loanee institutions puts undue strain on the resources of the State Government. The Committee feels that in respect of loans financed by the Government of India especially where the State Government is obliged to repay these on due dates their failure to effect corresponding recovery from the loanee institutions puts an avoidable strain on the ways and means position of State Government.

3.3 The Committee would urge upon Government to deal with firmly the laxity and non-observance of the rules by the departmental authorities by fixing responsibility on the individual officers at fault.

3.4 The Committee further gathered the impression that considerable amounts of Government dues transferred to Bakijai for collection remain unrealised for very long periods. The Committee is convinced that the Bakijai machinery needs to be streamlined to expedite collections.

3.5 The Committee also considers it desirable that the Finance Department be made responsible for a periodical analysis and review of the outstanding loans and advances and arrears of revenue, so that resource potential of the State Government can be mobilised to the best advantage.

## ADMINISTRATIVE REPORTS OF THE DEPARTMENTS —EVALUATION OF PERFORMANCE

4.1 In course of examination the Committee noticed that the departments were not always in a position to give comprehensive appreciation of the performances and progress of various activities of the Government. The Committee is aware that the existing pattern of administrative machinery has so far laid emphasis only on the financial aspects of such schemes, etc. The Committee feels that with the change in the nature of Government activity, there is need for supplementing the existing manner of presentation. With this end in view, it is recommended that a gradual shift should be attempted towards evaluating Government activity on physical lines as well. In order to examine how far a particular scheme is yielding the results expected of it, it would be desirable to ascertain among other things,

- (i) whether physical targets have been achieved within the estimated time and money,



- (ii) how far any returns, where these were anticipated, have actually materialised, and
- (iii) how far the physical purpose or object of the expenditure has been achieved.

For instance, in the case of the irrigation-cum-Electricity Project, it should be ascertained if the estimated supply of water for irrigation purpose and power has actually become available as a result of completion of the projects and whether their actual utilisation is to the extent anticipated. Such a shift towards evaluating Government performance and presenting it in this fashion would, the Committee feels, besides creating healthy public opinion and awareness, go a long way to help in projective planning and realistic budgeting.

4.2 The Committee noted with satisfaction that a beginning has already been made in this direction and the department have been required to compile reports indicating targets aimed at and achievement made and examine how far the expenditure was commensurate with such achievement. But the Committee noted with concern that out of 108 reports on financial stock taking of big projects and scheme due, only four were received (*vide* Para 62 of the Audit Report, 1966). The Committee feels that such a state of affairs is not very encouraging and recommends that the submission of these reports should be watched warily.

4.3 An evaluation report of the Small Scale Industries was brought to the notice of the Committee and the Committee feels that there is a great scope for extending such reviews to other departments also.

## OUTSTANDING AUDIT OBJECTIONS AND INSPECTION REPORTS

5.1 The Committee observes that although some improvement has been effected by a few departments in bringing down the number of audit objections and inspection reports, others have yet to show any appreciable results in this regard.

5.2 The Committee reiterates its recommendation contained at pages 4-5 of its Report of March, 1966 on the Audit Report, 1964 and urge upon the Government to settle the outstanding items as early as possible. Responsibility for non-settlement of old objections by the Departmental Officers should be fixed by Government and greater liaison with audit should be fostered.



## NON-SUBMISSION OF UTILISATION CERTIFICATES

6.1 Most of the departments do not seem to be alive to the situation that the Legislature is very much interested in seeing that money given away as grants to non-Government Institution/Bodies has been utilised for the purpose for which it was granted. The Committee regrets to note that few departments have a satisfactory machinery to exercise an effective check over the proper and regular utilisation of these grants.

6.2 The Committee reiterates its recommendation contained in para 1.10 of its Report of February, 1967 and would like to impress upon the Government that failure on the part of the Departmental Officers to submit the outstanding utilisation certificates to Audit within the next six months should be taken serious note of. A report in this regard should be submitted to the Committee within three months of the placing of this Report to the House.

### **Reply to draft paragraphs issued by the Accountant General**

7.1. The Committee views with concern the scant attention paid by most Departments to replying to the Draft Audit paragraphs. The time limit of six weeks, for replying as fixed by the Government was rarely observed.

7.2. It was also brought to our notice that replies to draft paragraphs when furnished, emanated at a junior level inspite of Government instructions and there was never an indication that such a reply had received the approval of the Secretary/Joint Secretary concerned.

7.3. The Committee would like to draw the attention of Government to paragraph 1.32 at page 9 of its Report of February, 1967 and emphasis the need to give the audit paragraphs which are ultimately meant for the consideration of the Legislature, the respect they deserve.

**Departmental Witnesses not coming posted with full details, delay in furnishing details called for by the Committee, etc.**

8. The Committee was disappointed to note that often the representatives of Government who appeared as witnesses before the Committee did not come posted with full details on the items under discussion with the result that the Committee had to be content with calling for further written



reports, which were received very late in most cases or were not received at all. The Committee recommends that Government should issue strict instructions in the matter and see that officers responsible for undue delays in furnishing the information required by the Committee are dealt with firmly.

### General Remarks

9. The general impression gained by the Committee as a result of its deliberations and discussions with the Officers was that the standard of efficiency and sense of responsibility in dealing with public funds in many departments left much to be desired. While there was slight improvement in certain departments and the Officers had taken pains to go through the Audit Report and reports of the Committee, in the majority of cases no serious attention seemed to have been given to different observations and recommendations. Information promised was not furnished in time. There was no timely review of the work turned out, results of investments made on certain schemes and particularly with regard to loans due to Government.

### FINANCE DEPARTMENT

#### Paragraph 2 (c) at Page 4 of the Audit Report, 1966—

10.1 The Audit Paragraph indicates that there were heavy arrears in the collection of revenue under several heads and arrears at the end of March 1965, amounted to Rs. 9.12 crores as against Rs. 5.73 crores as at the end of March, 1964.

10.2 The Committee wanted to know the present position of realisation of arrears of revenue. The Departmental witness stated that the position had improved very considerably in some sectors but not so in some other sectors. The collection of arrears in respect of Sales Tax and Agricultural Income Tax improved very much and there had been considerably improvement of collection of land revenue arrears in 1966.

### RECOMMENDATION

10.3 The Committee is glad to hear that energetic steps have been taken by the Finance Department in collection of Government revenues. The Committee would like to know the further progress made by the Department in this regard.

#### Paragraph 5 (c) at page 10 of the Audit Report, 1966—

10.4 The Audit Paragraph indicates that recoveries to the extent of Principal of Rs.28.93 lakhs and interest Rs.16.26 lakhs in respect of loans to Municipalities, Local Bodies, etc., and (ii) Rs. 9.69 crores in respect of loans



(Principal) under the head (a) Advances to cultivators (Rs. 1.84 crores), (b) Rehabilitation loans (Rs. 0.65 crores), (c) Industrial loans (Rs. 0.36 crores), (d) loan to displaced persons (Rs. 6.73 crores), (e) other loans (Rs. 0.11 crores) were in arrears as on 31st March, 1965. Outstanding amount of interest as on 31st March, 1965 on these loans amounted to Rs. 0.70 crores (excluding interest on loans to displaced persons). The total loans and advances given by the State Government outstanding as on the 31st March, 1965 amounted to Rs. 61.20 crores. In respect of Assam Electricity Board interest on loans accrued on 31st March, 1964 (Rs. 3.14 crores) has not yet been realised.

10.5 Sub-paragraph (d) of the paragraph also brings out that the departmental officers administering the loans and advances had not accepted the balances outstanding for recovery in their jurisdiction as communicated to them by Audit in contravention of the provisions of sub-para 2 of Rule 368 of Assam Financial Rules.

10.6 The Committee wanted to know as to the reasons for such heavy accumulation of arrears with regard to the State Electricity Board. The Departmental witness stated that so long the last stage of a project was not completed returns could not be expected and consequently the arrear could not be cleared up. Asked as to whether Government proposed to take any step to realise the heavy outstanding, the Departmental witness stated in reply except giving more money to complete their quantum early there was nothing to do. Asked as to whether Government proposed to write off the arrears or to give moratorium, the Departmental witness stated in reply that the Government was not thinking of writing off the arrear atleast for the next three or four years, with regard to moratorium, the Secretary felt that in view of present Financial difficulty of the Board moratorium should be given.

10.7 The Committee then wanted to know as to the position of realisation of Industrial loan. The Departmental witness stated that the position was not satisfactory rather it was very bad. Asked as to whether there was any mal-utilisation of the loans, the Departmental witness replied that there was no denying the fact that there was mal-utilisation of loans. Sometime Industrial loans were utilised for other purposes such as house building and purchasing of bus, etc. The evaluation unit of Government had been looking into the matter and they used to submit reports to Government from time to time. On the recommendation of evaluation unit, Departments had taken certain policy decisions. Asked as to whether there was any machinery to see that the Finance Department instructions were followed by the Heads of Department for maintaining of proper loan accounts to avoid recurrence of defects in future, the Departmental witness stated in reply that there was no such machinery.

## COMMENTS AND RECOMMENDATION

10.8 The Committee observes that huge accumulation of loans and interests given to State Electricity Board is a matter to be given serious thought of by Government. The Government should immediately decide its further policy in giving loans to the Board considering the huge outstanding.



10.9 The Committee is of the opinion that the Industrial loans have not been respectfully utilised by the Board and in many cases undeserving persons were given industrial loans.

The report of the evaluation unit of Government has revealed an alarming position in respect of utilisation and sanction of such loans. It has been reported that Government has proposed to take certain policy decision based on the recommendation of the evaluation unit.

10.10 The Committee, therefore, recommends :—

- (1) The evaluation unit of Government should be engaged to examine and submit its report with regard to other loans, i. e., Rehabilitation loans, loans to Municipalities, etc.
- (2) Loans should be given in instalments.
- (3) There should be follow up of the loans. There should be a machinery to ensure that the loanee institutions carry on with their affairs as to be able to repay the loans regularly.
- (4) No further instalment should be given unless the Government is satisfied that the earlier instalment has been purposefully utilised.
- (5) With regard to maintenance of loan accounts in different Departments, the Finance Department should examine as to whether any machinery would be required to see and ensure that the various Department keep proper accounts.
- (6) The action taken should be reported to the Committee within three months from the date of submission of this Report to the House.

#### **Paragraph 62 at page 56 of the Audit Report, 1966**

10.11 The Audit Paragraph brings out that although the Finance Department asked the Administrative Departments to furnish half-yearly reports on Financial Stock-taking of certain projects, 104 reports were not submitted by the Administrative Department. Of the four reports received, 2 were incomplete.

10.12 Asked as to the position of the matter, the Departmental witness stated that he never knew that such a statement was to come. The witness further stated that the matter was reviewed in the Development Committees. The witness assured the committee that he would pursue the matter.

### **RECOMMENDATION**

10.13. The Committee regrets that such serious matter was not known to the Departmental witness till it was pointed out by the Committee. This reveals a dismal picture of the affairs of the Department which deserves serious attention of Government.



10.14. The Committee is glad that the Finance Secretary has assured them to pursue the matter and the Committee would like to know the action taken by the Department within three months from the date of submission of the report to the House.

**Paragraph 63 (b) and (c) at Page 57 and Paragraphs 73, 74 and 75 at Page 63-64 of the Audit Report, 1966**

### RECOMMENDATION

10.15. The Committee recommends that the progress made by the Department should be reported to the Committee from time to time through the Accountant General, Assam and Nagaland.

**Page 125 at page 98 of the Audit Report, 1966**

10.15. The Audit Paragraph indicates cases of delay in finalisation of pension cases. The Committee wanted to know the present position of disposal of pension cases. The Departmental witness stated in evidence that the cases referred to in the Audit Report had been finalised. The Government had given directives to submit pensions application who had completed 54 years of age and asked the competent authorities to observe all formalities and forward the cases to Accountant General with intimation to the Finance Department. It had been suggested by Government to keep all service records of Government employees other than Gazetted Officers in duplicate whenever any recordable event took place like increment, promotion and leave it would be in the interest of the officer concerned to see that such events were recorded. On a query the Departmental witness stated that if a Government servant on transfer and joining the new post submitted proper joining report, the Accountant General's office did not take time in issuing pay slips.

### RECOMMENDATION

10.16. The Committee is glad to know that effective steps have been taken by the Finance Department in finally settling the outstanding pension cases and new procedure has been adopted for quick disposal of the pension cases. Many misunderstandings of Government servants as to the actual time for submission of pension papers have been removed by issuing circulars, etc. The Committee would like to know the progress made by the Finance Department in this regard.

### ASSAM GOVERNMENT CONSTRUCTION CORPORATION LIMITED

**Para 106 at page 81 of the Audit Report, 1966**

11.1. Assam Government Construction Corporation Limited:—

- (i) *Financial result.*—The Company (incorporated on 24th March, 1964, with a view to execute civil and other engineering works by obtaining contracts from Government and other parties) incurred a net loss of Rs. 5,585 during the year (1964-65). The preliminary expenses amounting to Rs. 16,870 remained to be written off.



- (ii) *Avoidable extra expenditure.*—Tenders were invited in June, 1964 for the purchase of 8 numbers Double Drum Power Winches (5-ton capacity). Three firms quoted different rates and periods for the supply of the machinery, as indicated below:—

| Tenderer | Rate   | Period of supply  |
|----------|--|---|
| First    | Rs.<br>... 35,000 each   | ... Two to four number per month after 2 months of receipts of order. |
| Second   | ... 35,000 each  | ... Two numbers in 3 months and for balance one per month.            |
| Third    | ... 45,000 each and }<br>37,500 each for }<br>3-tons capacity. } | One Winch 6 to 8 weeks.   |

11.2 The Company, however, purchased 2 numbers each of 3-tons capacity and 5-tons capacity in September-October, 1964 from the highest tenderer (*viz.*, Rs. 37,500 and Rs. 45,000), although the Purchase Committee had recommended the lowest tenderer. An amount of Rs. 1,65,000 was paid during October, 1964 to January, 1965 to the highest tenderer for 4 Power Winches, including 2 of lower capacity of 3-tons each, as against Rs. 1,40,000 which would have come payable to the lowest tenderer for 4-Winches 5 tons capacity each. This resulted in an avoidable extra expenditure of Rs. 25,000.

Reason for purchasing from the highest tenderer has not been intimated to Audit (January, 1966).

11.3 On being asked by the Committee regarding the usefulness of the Corporation, the Managing Director pointed out that because of emergency construction corporation, certain types of special works, hitherto monopolised by certain firms were taken up by this corporation and monopoly of these firms was broken.

## RECOMMENDATION

11.4 For a proper appreciation of the functioning of the Corporation, the Committee would like to have the following information from the Government. This may be done within 3 months from the date of presentation of this report before the House.

11.5 Instances of works on both bridges and buildings (with major analyses) where expenditure has come down held in check on the basis of rates of the corporation *vis-a-vis* the rates paid to other firms for similar works and the extent of saving thus achieved.

11.6 How the number of such special works entrusted to the corporation compared with the total number of such works inclusive of those awarded to other firms.



**Paragraph 57 at Pages 52-53 of the Audit Report, 1966—Loss**

12.10. The Audit Paragraph brings out that an explosive magazine at Garbhanga (under Gauhati Roads and Building Division) was blown off in August, 1963 in an explosion resulting in a loss of Rs. 5 lakhs (explosive Rs. 4.01 lakhs; trucks Rs. 0.75 lakh; building Rs. 0.17 lakh; Tools and Plant Rs. 0.07 lakh). The Executive Engineer of the Division reported to the Chief Engineer in September 1963 that the Chief Inspector of Explosives of the Government of India observed "that Explosives Rules and safety devices in handling and issuing explosives are not properly observed in the Public Works Department". From a report furnished by Government to Audit in January, 1967, it is seen that there was no careful and efficient supervision for safety of the magazine.

12.11. The Committee wanted to know the finding of the one man Commission. The Departmental witness read out the relevant portion from the report of the one man Commission and stated that the Commission could not find out the causes of explosion. The Committee then enquired as to whether the Commission could find out that there was non-observance of the prescribed rules and there was general slackness in dealing with the high explosives. The Departmental witness stated in reply that the Commission observed that there was ignorance of the rules relating to explosives and the Commission did not say who was responsible for blowing off the magazine.

### OBSERVATION

12.12. The Committee is glad to learn that the Department has taken action on the recommendation of the one man Commission. A copy of the instruction issued by Government to ensure that such irregularity does not recur in future should be sent to the Committee for appraisal.

**Paragraph 59 at Page 53 of the Audit Report, 1966—**

12.13. The Audit Paragraph indicates that two Marboat P-6 engines purchased for Rs. 0.29 lakh by the Executive Engineer, Mechanical Division, Jorhat in June-August, 1961, were transferred to the Executive Engineer, Mechanical Division, Gauhati in October, 1961. An inspection of the engines on their receipt by the latter Division indicated that the engines were second-hand; the market-value of the engines was assessed at not more than Rs. 12,000.

12.14. In June, 1965, Government stated that the Departmental proceedings had been drawn against a Subdivisional Officer (Mechanical), the result of the Departmental proceedings was awaited.

12.15. The Committee wanted to know when the two Marboat P-6 had been purchased and who certified them to be in good condition. The Departmental witness stated in evidence that the two Marboat P-6 were purchased on 18th May, 1961. The Subdivisional Officer, Mechanical Sub-division, Jorhat was responsible for giving the certificate.



## COMMENTS AND RECOMMENDATION

12.16. In this case two Marboat P-6 engines were required by the Subdivisional Officer, Mechanical Subdivision, Tezpur in 1961. At that time, such machines were not available at Tezpur. Therefore, the Subdivisional Officer sent a requisition on 18th July, 1961 to the Subdivisional Officer, Mechanical Subdivision, Jorhat requesting "please despatch (1) two P-6 engines and (2) Chesis, etc. Regarding P-6 engines kindly note that only new engines will be accepted. Reconditioned or locally assembled engines will serve no purpose. Hence even if certified will be sent back".

12.17. As per the above requisition, the Executive Engineer, Mechanical Division, Jorhat indented for one engine and supplied another from his own stock (but the order was only for brand new P-6). The Executive Engineer placed order for one machine with M/S Jayesree Motor Parts and Accessories, Jorhat and he directed that the Engines should be supplied in consultation with the Subdivisional Officer, Mechanical Subdivision, Jorhat and the bill in duplicate be submitted direct to the consigner *i.e.*, the Subdivisional Officer, Jorhat after delivery of the Machines. It went direct to Tezpur. At that time, the Subdivisional Officer, Mechanical Subdivision, Tezpur was under the Gauhati Mechanical Division. When the two engines reached Tezpur, they were examined by the Executive Engineer, Mechanical Division, Gauhati and it was found that both the engines were second-hand and did not conform to the terms of the requisition of the Subdivisional Officer, Tezpur referred to above.

12.18. The Committee could not understand how and why the Subdivisional Officer, Tezpur instead of placing order through proper channel, that is through the Executive Engineer as required by the usual procedure directly wrote to his counterpart at Jorhat. So far as the quality of the machine is concerned, the Subdivisional Officer, Tezpur was however, very clear and categorical as he made it clear in his requisition that reconditioned or locally assembled machine would not serve his purpose. In spite of that, machine from the stock of the Executive Engineer, Jorhat was sent which did not conform to the terms of the requisition. Further more, though the Executive Engineer, Jorhat asked the Firm to supply only brand new machine to his Subdivisional Officer, he did not, as it appears, care to see that the machine supplied was really brand new.



12.19. The Committee, therefore, observes that if any Officer was to be made primarily responsible and departmentally dealt with, it was the Executive Engineer, Jorhat. The Committee is surprised to note that the Department has not considered this aspect of the matter at all.

12.20. The Executive Engineer, Jorhat however, asked the Firm to supply the machine with a Bill in duplicate to his Subdivisional Officer at Jorhat. The Committee observes that it was, therefore, the duty of the Subdivisional Officer, Jorhat to see that the machine was supplied as per order. The Subdivisional Officer, Jorhat thus committed delinquency in his duty, if not more.

12.21. The Departmental witness in evidence, has referred to a letter of the Superintending Engineer, Jorhat which reads as follows:—

"I have the honour to request you kindly to transfer the following Marboat Engines with spares from the Executive Engineer, Machanical Division, Jorhat Workshop to the Executive Engineer, Tezpur Division immediately".

12.22. It was, as the Department reported, understood that there were some machines available in Jorhat Mechanical Division Workshop and the machines were urgently required by the Tezpur Division from the above, it appears that even the Superintending Engineer's intention was not to purchase but only to transfer these machines.

### RECOMMENDATION

12.23. The Committee, therefore, recommends that in view of the above, the whole matter requires a more exhaustive and thorough probe by an independent agency for fixation of responsibility and also to lay out in details precautionary measure so that such things may not recur in future. The action taken may be intimated to the Committee within six months from the date of submission of the Report before the House.

#### **Paragraph 60 at Pages 54-55—Delay in adjustment of transactions between Public Works Division and other Departments.**

12.24. The audit paragraph brings out the persistent delay in the adjustment of inter-Divisional transaction and transaction between Public Works Department and other Departments of Government.

12.25. The Committee wanted to know about the present position. The Departmental witness stated in evidence that an amount of Rs. 2.76 crores was outstanding on this account on 31st March, 1965. Out of the amount, a sum of Rs. 1.68 crore had since been adjusted. The Departmental witness further stated in respect of inter-Departmental adjustment, a sum of Rs. 3.34 crores was outstanding against Public Works Department (R. and B. Wing) and out of that one crore and some odd had been adjusted.



## RECOMMENDATION

12-26. The Committee expresses its dissatisfaction at the slow rate of progress made by the Department in adjusting transactions between them and other Departments. In spite of the definite instructions issued by the Department to the Subordinate Officers the matters have not improved to the desired level. The Departmental witness has also informed that up till now no schedule for clearance of the old item has been drawn up. The Committee is constrained to note that there is apparent lack of supervision and control over the Divisional Offices by the headquarters at-least in regard to the matter raised above.

12-27. The Committee, therefore, recommends that the Chief Engineer should take more vigorous steps by taking stern action against defaulting and delinquent Officers. The progress made in this regard should be intimated through the Accountant General, Assam and Nagaland to the Committee from time to time.

**Paragraph 61 at Page 55 of the Audit Report, 1966—Delay  
in effecting monthly settlement with the  
treasuries for remittances.**

12-28. It transpired from the evidence tendered by the Departmental witness that except Kamrup Treasury, other Treasuries have shown improvement which is of course subject to audit verification.

## RECOMMENDATION

12-29. The Committee therefore recommends that matters be settled with the Kamrup Treasury by taking special steps and the Accountant General be informed of the settlement.

**Paragraph 64 at Page 58 of the Audit Report, 1966—Stock register  
and stock verification**

12-30. It appears that the Department had issued a circular in February, 1966 to all Executive Engineers urging upon them for timely completion of the Registers and Physical verification of the stocks and the Departmental witness stated in evidence that the circular brought some good result in some of the Divisions.

## RECOMMENDATION

12-31. The Committee would like to know further progress made by the Department in this regard.



**Note 6 at Page 94 of the Appropriation Accounts, 1964-65—Suspense transactions**

**RECOMMENDATION**

12.32. The Committee is unhappy to note that the Department has not been able to settle the accounts up till now which shows lack of control over the Divisions. The Department should take adequate care to settle the accounts immediately as it is not proper that old items should not be adjusted even by 1967. The information about settlement should be sent to the Committee through the Audit within six months from the date of presentation of this Report to the House.

**Grant No. 66—Page 129 of the Appropriation Accounts.**

**RECOMMENDATION**

12.33. The Committee noticed that savings remain unsurrendered in this Department which shows that there is no proper budgetary control. In 1961-62 there was a saving of Rs.1.04 crores, in 1962-63 Rs.1.05 crores, in 1963-64 Rs.0.77 crores and in the year under review it was Rs.2.29 crores. As a rule savings should be surrendered in time. The chronic feature of such breach of rule in this Department is regrettable which calls for effective steps at the Departmental level for alerting all concerned so that such chronic feature is discontinued.

**PUBLIC WORKS (R. and B. WING) DEPARTMENT AND  
PUBLIC HEALTH (ENGINEERING BRANCH)**

**Paragraph 65 at Page 59 of the Audit Report, 1966—Excessive Stocks**

13.1. The Audit Paragraph brings out that in 22 Divisions, stock exceeded the sanctioned limit.

13.2. The Committee wanted to know how could orders be passed for a quantity which was not being sanctioned. The Departmental witness stated that they used to give sanction for a particular period but sometimes the materials did not arrive during the period and as such the materials of previous years were added to the present year's stock. In the case of 21 Divisions, all the stocks had since been regularised.

13.3. The Committee then wanted to know why the materials had been kept in stock instead of being utilised in these 22 Divisions. The Departmental witness replied that most of the Divisions could not come for sanction in time due to unforeseen circumstances. Asked as to whether in view of the increased demand, the stock limit would be raised. The Departmental witness replied that the limit had already been raised and revised sanction had been issued.

13.4. The Committee observes that in future the Departmental Officers should not exceed the limit fixed by the Department particularly when the earlier limit was raised to suit the requirements of the Departmental Officers.



## SUPPLY DEPARTMENT

**Paragraph 45 at Page 47 of the Audit Report, 1966**

14.1. The Audit Paragraph brings out loss of food-stuffs valued at Rs.0.52 lakhs in Karimganj Subdivision in three cases.

14.2. In the first case, food-stuffs valued at Rs.21,374 received during August-October, 1963 became unfit for human and animal consumption.

14.3. In the second case, food-stuffs valued at Rs.29,458 were found in deteriorated condition in August-October, 1962 and December, 1963 due to long storage. The deteriorated food-stuffs were disposed of at a cost of Rs. 375 only.

14.4. In the third case, 30 bags of rice valued at Rs.1,339 were found (during September-October, 1962) to have been damaged during transit. The settlement of a claim for loss preferred against the carrier has not been intimated to audit.

14.5. The Committee at the outset, wanted to know about the quantity of food-stuff received during August, 1963 and out of that how much became unfit for human and animal consumption to which the Departmental witness replied that 4,472.27 quintals of Atta was received during that period and 446.60 quintals were found unfit for human and animal consumption. Asked as to the date on which it was checked and found the food-stuff to be unfit for consumption, the Departmental witness replied that it was in the middle of December, 1963 that 4,46.60 quintals of Atta was found to be unfit for human and even for animal consumption. At this stage the Committee pointed out to the Departmental witness that the date indicated in the Audit Report did not tally with the date stated by the Department. The Departmental witness stated that the date shown by the Audit was not correct. The Committee then rebutted that as a rule the Department ought to have pointed out the mistake to Audit in time instead of controverting it before the Committee.

14.6. The Committee then wanted to know the reasons for non-utilisation of the food-stuffs for one full year. The Secretary stated "Frankly speaking, there is no explanation".

14.7. Asked as to whether the Supply Department had received any information from the Subdivisional Officer, Karimganj that there was a huge stock of Atta and that further quantity of Atta should not be sent to Karimganj, the Departmental witness stated in reply that on 1st August, 1963, and on 6th August, 1963 the Department sent telegrams to the Deputy Director of Supply and the Supplier that no further quantity of Atta should be sent to Karimganj. "But possibly", the Departmental witness continued, "by that time some quantity of Atta was in the process of transit".

14.8. The Committee then wanted to know that in view of the fact that on 4th December, 1963 the Subdivisional Officer, Karimganj sent a message to the Director of Supply that there was a large quantity of Atta lying in the Godown and if it would not be lifted in time, it would not, why did the Government allow the food-stuff to remain there for 9 or 10 months to rot.



in spite of the message referred to above. The Departmental witness stated that the Subdivisional Officer was requested to sell that quantity of Atta on auction but not to cause any loss though apparently there was the loss. Asked as to whether any higher Officers than Local Officers made any inspection of the food-stuff, the Departmental witness replied "nothing is seen from the records".

14.9. The Committee then wanted to know specifically whether the Department had investigated into the loss and if not why the Department thought that it did not call for any investigation. The Departmental witness replied that this had not been done.

14.10. The Committee wanted to know why it was not possible for the Department to divert the quantity of Atta to other areas in spite of the requests made by the Local Officer in December, 1963. The Departmental witness stated that by that time the stock deteriorated. Asked as to whether earliest arrivals were the earliest disposals, the Departmental witness stated that they had nothing in record to show.

14.11. Asked as to whether it was a fact that 'the first comes first goes' principle was not followed; the Departmental witness replied that they could neither deny nor confirm but there was a circular that first in should first go.

14.12. The Committee then wanted to know what was the food-stuff for deterioration of which Government had to incur a loss of Rs.29,458. The Departmental witness replied that the amount shown in the Audit Report is the value of essential commodities like Mustard Oil, Mug Dal and Masur Dal. This stock was disposed of at a lesser price because of deterioration.

14.13. The Committee wanted to know what was the advice of the Government of India with regard to the rice and when the rice was milled and how long it would be kept in Godown without damage. The Departmental witness stated in reply that there was nothing on the record. Asked as to when the shipment of rice started, the Departmental witness stated in reply that the information was not available. Asked as to whether there was any instruction or direction of the Government that the rice would have to be distributed for consumption within certain specific time, the Departmental witness stated that normal direction was that the rice should be distributed within three months from the milling time but detailed instructions were not given.

14.14. The Committee wanted to know whether there was any time limit for storage fixed by the Government of India who had supplied this quantity. The Departmental witness stated that no Sali/Amon rice was to remain in storage for more than three months. Asked as to when it was examined, the Departmental witness replied that it was examined on 12th March 1963. The Committee then wanted to know why did the Department keep the wet and damaged rice for full one year though according to instructions even dry rice should not be kept for more than three months. The Departmental witness stated that the Department wanted to dispose of it earlier but then the Finance Department wanted to dispose of it on auction. Asked as to whether the attention of the Finance Department was drawn to the effect that the rice could not be stored more than three months, the Departmental witness replied that the Departmental record did not show anything about that. Asked as to what was the amount spent in destroying the damaged stock, the Departmental witness stated that there was no indication.



14.15. The Committee then wanted to know the loss in transit. The Departmental witness informed that transit loss would be about 12.8 per cent. Asked as to the present position of the claim preferred against the Railways for the loss, the Departmental witness stated that they paid Rs. 336 only.

### COMMENTS AND RECOMMENDATION

14.16. In this case, it transpired from the evidence that on 4th December 1963, the Subdivisional Officer, Karimganj sent a message to the Director of Supply that there was a large quantity of Atta lying in the Godown and if it would not be lifted in time it would rot. But the Atta remained there for 9 or 10 months to rot in spite of the message of the Subdivisional Officer. The Subdivisional Officer was requested to sell the Atta on auction without causing any loss to Government. The Committee feels that in this particular case, the Subdivisional Officer was keen to save the situation but he received an order from Shillong which was practically impossible to carry out i.e., to sell the quantity of Atta in auction without causing loss to Government with the result that entire food-stuff valued at Rs. 21,374 became unfit for human and animal consumption entailing a great loss to Government. The case was not investigated by the Government so as to ascertain the cause of deterioration and for fixing responsibility for the loss sustained by Government. Though there was existing instruction that in dealing with the food-stuff, the Departmental Officers should adhere to the principle of "first in first go". It transpired from the evidence that the Department did not know whether such principle was followed in this case. In the second case the Government had to incur a loss of Rs.29,488 for deterioration of food-stuff like Mustard Oil, Mug Dal and Masur Dal. In the third case there was loss also for deterioration of rice stocked by Government. As a general rule, the rice should not be allowed to remain in stock for more than three months. In this particular case, the rice was sent by Government of India with a clear instruction that it should be distributed within three months. It transpired from the evidence that the Supply Department was advised by the Finance Department to sell the rice on auction for which they could not dispose of the rice in time.

14.17. The Committee recommends that the matter should be enquired into properly by the Chief Secretary so as to ascertain whether the Government instructions issued with regard to the disposal of the deteriorated food-stuff were practicable and sound in the Government's financial interest and if



not, the Officer/Officers responsible for giving such impracticable and unsound orders should be properly dealt with. The precautionary measures should be laid out for future guidance. It should also be found out as to why the Departmental investigation was not conducted to ascertain the causes of loss for fixing responsibility. Action taken should be intimated to the Committee within three months from the date of presentation of the Report to the House.

**Paragraph 46 at Page 47 of the Audit Report, 1966**

14-18. The Audit paragraph brings out loss of Rs.10,296 in the Hailakandi Subdivision in three cases detailed below:—

In the first case, Arhar Dal costing Rs.58,193 purchased during April-November, 1963 deteriorated; the entire quantity was sold for Rs.52,955 resulting in loss of Rs.5,238. In the second case, 169 quintals Mustard Oil costing Rs.42,554 purchased during May-June, 1963 were sold after December, 1963 for Rs.40,633, resulting in loss of Rs.1,921. The third case brings out loss of 96 quintals of rice due to (i) transit loss (13 quintals) (ii) storage loss (36 quintals) and (iii) storage shortage (47 quintals) stated to be permissible.

14-19. The Committee while taking up the first case, wanted to know at the outset why it could not be disposed of by about February, 1964 according to the Government directions. The Departmental witness in explaining the matter in brief stated that the price of stock purchased by the Government through their agency was always higher than the market price. Because of this difficulty the stock could not be disposed of according to terms of the Government's instructions. Asked as to whether Government had any scheme for subsidy at the time of sale, the Departmental witness replied in the negative. The Committee then wanted to know the dates of arrivals of stock. The Departmental witness furnished the dates as follows:—

|                   |     |                    |     |                  |
|-------------------|-----|--------------------|-----|------------------|
| 2nd May, 1963     | ... | First consignment  | ... | 144.44 quintals. |
| 4th June, 1963    | ... | Second consignment | ... | 144.44 quintals. |
| 28th June, 1963   | ... | Third consignment  | ... | 444.36 quintals. |
| 10th August, 1963 | ... | Fourth consignment | ... | 144.44 quintals. |

14-20. The Departmental witness further stated in reply to a query that the disposal started on the 16th July, 1963 and ended in February, 1964. Asked as to when the deterioration was detected, the Departmental witness stated that on 29th November, 1963 the Subdivisional Officer concerned sent a telegram to the effect that 193 quintals of Arhar Dal was deteriorating which could not be disposed of at cost price. Asked as to whether there was any follow up in the line of the telegram, the Departmental witness replied that the Department sent the telegram to S.D.O., Karimganj to the effect that in supersession of all previous instructions, he should dispose of only deteriorating stocks at best available price. Asked as to when the stocks were actually disposed of between January, and February, 1964, the Departmental witness stated in reply that the stocks were sold on 16th January, 1964, 17th January, 1964, 25th January, 1964, 30th January, 1964 and 14th January, 1964. Asked as to whether the Supply Department brought their circular to the notice of Government that it was impracticable and that it could not be implemented, the Departmental witness replied in negative. Asked as to why the stock was not released when there was scarcity in the market, the Departmental witness replied that before the stock could be released, the business community possessed the commodity,



14-21. With regard to the transit loss, storage loss, and storage shortage of rice, the Committee enquired as to whether any investigation was made. The Departmental witness stated that no investigation was made as the rice was sent at sender's risk. Asked as to when it was found out there was shortage of 39 quintals, the Departmental witness stated that after disposal of the stock it was detected. Since the rule permitted 10 per cent loss per month, the loss was within the permissible limit. Asked as to whether the record showed that the closing entries in the stock book was attested by any higher authority in token of his check, the Departmental Officer replied in negative. Asked as to whether any enquiry was made so as to fix responsibility as suggested by the Audit, the Departmental witness stated in reply that the matter was not pursued.

## COMMENTS AND RECOMMENDATION

14-22 This case also brings out that due to impracticable and unsound rules, the Government had to incur a heavy loss. Dal is a perishable commodity which cannot be stored for an indefinite period of time. Moreover, Government knew that they had to purchase this commodity at a rate higher than the market price and Government had no scheme of subsidising at the time of sale. Even knowing fully well the above factors, the Government issued specific order *vide* their order No.SDB/EC/16/63/160, dated 26th July, 1963 for disposal of the stock at a price not lower than the cost price even when it had deteriorated. The principle enunciated in the circular is not workable.

14-23 The Committee feels such impracticable theory which does not conform to the practice should not have been indulged by Government which ultimately led to heavy loss to the exchequer. When the rules are framed, it should be made in such a way that it is most practicable and sound and rules should be scrupulously followed otherwise let there be no rule, let the commonsense prevail. The Department being the Adviser to the Government ought to have brought to the notice of the Government that the rules framed are not workable and they should have either modified or withdrawn the rules so as to make it practicable. These matters were not dealt with in the Departmental level, which calls for investigation for fixation of responsibility for the loss sustained by Government. The transit loss sustained by Government was not investigated into. The Committee recommends that an enquiry should be made as to why investigation was not carried out so as to ascertain the cause of the loss and for fixation of responsibility, if any. With regard to the storage loss of 36 quintals the Department seems to be satisfied because it was within permissible limit.



14.24. The Committee recommends that even if the loss was within permissible limit there should be proper explanation for the loss to prevent any corruptive methods under the guise of permissible limit. The Committee is also constrained to observe that there was no check at any level over the entries in the stock-book which calls for immediate steps to prevent any future loss to Government. Though the Audit suggested that immediate steps should be taken to enquire into the loss and the results of enquiry should be intimated to Audit and responsibility fixed yet the matter was not pursued by Department till 6th October 1967 when the Departmental witness deposed before the Committee. The Committee takes a serious view of the matter and recommends that Government should enquire as to why audit instructions were not followed by the Department till 6th October, 1967 and person or persons responsible for such connivance should be dealt with Departmentally.

14.25. The action taken on the recommendations should be intimated to the Committee within three months from the date of presentation of this Report before the House.

**Paragraph 47 at Page 48 of the Audit Report, 1966**

14.26. The Audit paragraph brings out loss of food grains costing Rs.1.04 lakhs during transit of food grains during 1962-63 to 1964-65. Of the claims for the losses preferred against the Railway claims for Rs.0.73 lakh were rejected on account of defective packing of goods by the consigners (Rs.0.53 lakh) and delivery of articles being taken by the consignee on clear receipts. In September, 1966, Government intimated to Audit that claim cases amounting to Rs.32,727 were still to be settled.

14.27. The Committee wanted to know from the Departmental witness as to why did the Officer accept the consignment on clear receipt when it was found that the sender despatched the goods in defective packing. The Departmental witness replied that the loss could not be attributed to the Railways so long as the seals remained intact and the Officer found that the seals were intact. Asked as to what was the actual position of the claims preferred against the railways, the Departmental witness stated in reply that there was no proper weightment at the time of taking delivery. As a matter of fact, no weightment was allowed by the railways. Asked as to whether any part of Rs.73,000 had been accepted by the Railways, the Departmental witness stated that no part of Rs.73,000 had been accepted by the Railways.

14.28. The Committee then wanted to know whether the defective packing was noticed at the time of taking delivery, the Departmental witness replied in the affirmative. Asked as to whether delivery of the goods was taken after proper weightment, the Departmental witness replied that delivery of articles was taken without weightment and without any remarks. In reply to another question, the Departmental witness stated that as a matter of fact, no weightment was allowed so long as seals



remained in tact. Asked as to when the delivery was taken, the Departmental witness stated that the Departmental records did not show as to when such delivery took place. The Committee wanted to know as to whether the loss due to bad packing was brought to the notice of the consigner. The Departmental witness also stated that there was nothing on record to show whether it was brought to the notice of the consigner. Asked as to whether the consigner knew that there was defect in packing due to which there was a heavy loss, the Departmental witness replied that there was nothing on record about this. The Committee then wanted to know why the goods were not packed according to the Railway instructions. The Departmental witness stated in reply that due to double packing, the cost of rice would increase which the Department did not want. Asked as to whether this was the only instance the Departmental witness stated in reply that such loss had been a recurring feature of this Department.

### COMMENTS AND RECOMMENDATION

14-29. The Committee is constrained to observe that the Departmental witness could not reply to a large number of question raised by the Committee as there was nothing in their records. It only reveals that such matters were not dealt with in right earnest in the Department which is a serious matter to be looked into by proper authority. The Departmental witness stated in his evidence on a query made by the Committee "This is not the first instance. Loss is a recurring feature of this Department". If that is the case, the Committee is irresistably drawn to the conclusion that the Departmental Heads are aware of such loss from a long time and they did not care to prevent incurring of such loss by formulating precautionary measures but on the other hand, they seemed to have been satisfied that 'Loss is a recurring feature of the Department'. The Committee is convinced that there is callousness and utter frustration in the Departmental level and they indulge in extreme slackness for which Government had to sustain loss to the tune of Rs.1.04 lakh. This matter requires a thorough probe by the Finance Department so as to fix responsibility for not taking effective steps to prevent such recurring loss and for detailing out proper procedure, if necessary by taking up the matter with the Railways so that the Government does not incur such avoidable loss in future and this 'recurring feature' be totally stopped for times to come.

The action taken on the recommendation should be intimated to the Committee within three months from the date of submission of this Report to the House.

### Paragraph 48 at Page 48 of the Audit Report, 1966

14-30. The Audit Paragraph brings out that delivery of 13,991 maunds of rice despatches to Silchar (from Nimtalaghat) was taken in October, 1960 by a Departmental Officer on clear receipt on actual



weightment of the consignment in October, 1960, 560 maunds of rice valued at Rs.10,951 were found short. The claim for the loss preferred against the carrier (a Steamer Company) was rejected.

14.31. The Committee wanted to know as to why the delivery of the articles was taken without making weightment. The Departmental witness states that if any article came with the seals intact, the Steamer Company refused to permit the Departmental Officers to make weightment. In this case, the articles came in a sealed condition. Asked as to the date of taking delivery the Departmental witness stated that the dates of weightment were 3rd, 7th, 13th and 17th October. Asked as to whether any Departmental investigation regarding loss was made, the Departmental witness replied in negative.

14.32. The Committee feels that there seems to be some defect in the procedure of taking delivery of the goods from the Railways or from the Steamer Company as the carrier does not allow any weightment if the seals are found to be intact. The difficulty experienced by the Department owing to defective procedure was not looked into by the Government and loss was allowed to be incurred on the plea of difficulties. The Committee feels that Department ought to have properly gone into the matter with a view to find out precautionary measures even by taking up the matter with the Government of India. The Committee understand that there was no Department investigation for the loss incurred by Government.

### RECOMMENDATIONS

14.33. The Committee therefore recommends that the Committee should be apprised of the reasons for which the Department did not institute any departmental investigation for the loss and in future when any such loss occurs the Department should institute Departmental investigation so as to ascertain the cause of such loss and any deviation from the above should be dealt with properly.

14.34. The Committee would also like to know about the steps taken by the Government to overcome the defective procedure in taking delivery of Government goods either from Railways or Steamer Companies so that Government may not incur any loss in future as it was felt that the present procedure was advantageous only to the carrier.

### Paragraph 49 at Page 49 of the Audit Report, 1966

14.35. The Audit Paragraph brings out payment of Rs 36,145 to a firm owing to non-execution of a formal agreement by the Department with the firm.



14.36. The Committee wanted to know why was the firm appointed as distributor for sugar, salt and wheat without entering into a formal agreement and whether any responsibility been fixed. The Departmental witness stated in reply that the letter written to the firm was considered as in agreement except clause 7. Asked as to whether any responsibility had been fixed for not getting the agreement executed in time and whether the Government had business with this firm on previous occasion, the Departmental witness states in reply that from the record available he could not say.

### COMMENTS AND RECOMMENDATION

14.37. The Committee feels that the Government failed in its duty by not calling upon the party to execute an agreement as envisaged under Clause 7 of the letter of appointment and it appears that when the matter came to Legal Remembrancer prior to the filing of this suit, the Legal Remembrancer did not carefully go through the letter.

14.38. It was of course not known whether the letter was at all placed before the Legal Remembrancer. This matter ought to have been properly investigated into so that the same should not recur in future. This reflects that there is no proper administrative control in the Department and the Departmental has completely failed to discharge his normal responsibility. This matter calls for an enquiry so as to fix responsibility and the action taken should be reported to the Committee within three months from the date of presentation of this Report.

#### Paragraph 67 at Page 60 of the Audit Report, 1966

14.39. The Audit Paragraph brings out shortage of C.I. sheets valued at Rs. 17,282. In February, 1966, Government intimated that steps were being taken to fix responsibility on the Supply Officer concerned for the loss.

14.40. The Committee wanted to know the present position of the matter. The Departmental witness while explaining in brief the actual position with regard to the matter stated that no responsibility had been fixed and it was under investigation of Deputy Director, Supply, Gauhati and the Departmental witness assured that within three months he would intimate the result of the investigation and action taken by Government.

### RECOMMENDATION

14.41. The result of the investigation together with action taken should be intimated to the Committee as assured by the Departmental witness.

#### Paragraph 109 at Page 83 of the Audit Report, 1966

14.42. The Audit Paragraph shows that the following amounts were lying outstanding under Sundry Debtors at the end of 31st March, 1964.

|                       |     |     |     | Rs.            |
|-----------------------|-----|-----|-----|----------------|
| Grain storage scheme  | ... | ... | ... | 1,34.57 lakhs. |
| Consumer goods scheme | ... | ... | ... | 16.43 lakhs.   |



14.43. The Committee wanted to know what was the present position. The Departmental witness stated that it had passed on to Food Corporation.

### RECOMMENDATION

14.44. Energetic steps should be taken to realise the outstandings from the Sundry Debtors and position of realisation should be intimated to the Committee through the Accountant General, Assam from time to time.

#### Paragraph 110 (b) at page 83 of the Audit Report, 1966

14.45. The Audit Paragraph brings out losses under the scheme for maintenance of buffer stock of essential commodities as follows:—

|         |     |     |     |     |     | Rs.      |
|---------|-----|-----|-----|-----|-----|----------|
| 1962-63 | ... | ... | ... | ... | ... | 1,19,677 |
| 1963-64 | ... | ... | ... | ... | ... | 87,516   |

14.46. The Committee at the outset wanted to know what was the present position. The Departmental witness stated that no final decision to abandon the scheme had been taken. Asked as to whether Government launched upon this scheme in order to meet the situation arising out of last national emergency or it was with the idea of storing certain essential commodities which could not be produced in Assam, the Departmental witness stated that the idea of buffer stock was confined to the minimum in order to meet the necessity in case of any emergency. The Departmental witness further stated that the buffer stock consisted of salt, pulses and mustard oil which were produced in other states and Government had to purchase these articles through their agency. The Committee then wanted to know why deteriorated quality of gram and gram-dal was being sold in the various Co-operative Societies. The Departmental witness stated that the deterioration was not because of long storage. The position was that the F. C. I. procured the allotment for the last year and it was distributed now. The Departmental witness further stated that with regard to Gram and Gram Dal, the Department brought a little quantity last year and the bigger quantity was left to the trade but many of the trader did not bring it last year as they thought it was uneconomic.

14.47. The Committee observed that either the Traders should bring it or they should pay a penalty for obtaining a license and not operating it.

### COMMENTS AND RECOMMENDATION

14.48. The present Public Accounts Committee perused the recommendation of the previous Committee with regard to the loss incurred on this scheme by Government and an enquiry report as suggested by the Public Accounts Committee was placed before the Committee which was also perused by the Committee.



14.49. The Committee therefore recommends that Government should decide whether in view of such loss it would be desirable to continue this scheme any more particularly when the emergency is over. The Committee feels that Government should only handle salt and cereals which are scarce commodity and leave other commodities to the private dealers, because the Committee does not see any reason of going with the scheme when there was no proper storage facility and due to delay in disposal of deteriorated commodities caused by bad storage, Government has been incurring heavy loss. Moreover the traders are in an advantageous position than the Government so far as the price factor is concerned. The decision of rolling the stock every two months could not be respected by the Department itself due to price factor, which ultimately led to deterioration of stuff and loss to Government. The whole matter should be placed before the Cabinet for early decision and action taken by Government should be intimated to the Committee within three months from the date of placing the Report before the House.

**Paragraph 111 (b) at Page 84 of the Audit Report, 1966**

14.50. The Audit Paragraph brings out that during 1957-58 to 1963-64 claims for shortages of materials, valued at Rs. 1.80 lakhs were preferred against these insurers; against these, a sum of Rs. 24 only was settled.

14.51. The Committee wanted to know the total amount paid to the insurers. The Departmental witness stated that the total amount paid to the insurers was Rs. 1,02,470.32p. Asked as to whether it was the standing policy of Government to go for insurance to cover the risks, the Departmental witness stated that it was to cover risks in case of fire accident, etc., and to substantiate the loss in transit or due to theft or pilferage.

## RECOMMENDATION

14.52. The Committee would reiterate its recommendation made in its Report published in 1961 wherein the Committee suggested to the Government that insurance might be discontinued in view of the normal policy of the Government to carry their own risks. Though the previous recommendation related to the Public Works Department, yet the Committee feels that it is better to create a common pool to cover all risks instead of going for insurance.



**Paragraph 111(c) at page 84-85 of the Audit Report, 1966**

14.53. The Committee recommends that the Department should look into the matter and report to the Committee within three months from the date of submission of this Report to the House.

**Paragraph 52 at Page 50 read with Appendix V of item 2 at Page 112**

14.54. The Audit paragraph brings out loss of Rs. 7,707 as follows:—

- (a) Transit loss (Rs. 3,106) claim preferred against the carrier was rejected.
- (b) Loss of rice (Rs. 3,669) in the process of separating waste materials at a cost of Rs. 932.

14.55. The Committee wanted to know as to whether the losses had been investigated and responsibility fixed. The Departmental witness stated that as the Finance Department was not satisfied with the explanation of the Department in course of a proposal for write off, the Department proposed to make further enquiry.

## COMMENTS AND RECOMMENDATION

14.56. The Committee feels that in such a case Government should not drag on things for years instead the Department should take prompt action. The matter should either be promptly dealt with or disposed of. The Committee would like to hear the result of the enquiry together with the action taken thereon.

### AGRICULTURE DEPARTMENT

**Paragraph 22 at Page 36 of the Audit Report, 1966**  
**Extra Expenditure**

15.1. The Audit Paragraph brings out that 9 bighas of land which was available for Rs. 14,392 in 1961 was not acquired as the proposal for acquiring it was alleged to be defective. Subsequently (during 1961 and 1965), the same land was acquired piece meal at a total cost of Rs. 26,300, resulting in an extra expenditure of Rs. 11,908. In February, 1966, Government stated that acquisition of the land took more time than usual and an enquiry was being held for fixing responsibilities on the Officers at fault. The Committee wanted to know as to whether the enquiry has been completed by Government to fix responsibility for the loss. The Departmental witness stated in reply that the matter was entrusted to the Director of Land Records for enquiry and report.

## RECOMMENDATION

15.2. The Committee would like to be apprised of the result of the enquiry and the action taken thereon within three months from the date of presentation of the Report to the House.



**Paragraph 23 at Page 36 of the Audit Report, 1966—Power Pump Irrigation Scheme**

15.3. The Audit Paragraph brings out uneconomic working of the scheme during 1955-56 to 1964-65 ; the working of the scheme was also commented upon in Audit Report, 1959. The uneconomic working of the scheme was primarily attributed by the Department to (i) fixation of hire charges at rates less than the actual running cost and (ii) pumps remaining idle.

12.4. The Committee wanted to know what steps had been taken by Government to ensure that pumps were utilised to the maximum advantage. The Departmental witness stated that an Agro-industrial Corporation with an *ex-officio* Director had been formed. There would be some pumps for hire and some for purchase. On a query, the Departmental witness informed that three training centres were opened for training in the use of pumps.

### RECOMMENDATION

15.4. The Committee feels that it would require sometime to see the result achieved by the Agro-industrial Corporation. The Committee recommends that the high rate of charge for hiring power pump may be considered as to whether there is any scope for reduction of the rate charged at present to popularise the scheme.

**Paragraph 24 at Page 37 of the Audit Report, 1966--Buraliksan Sugarcane Farm**

15.5. The Audit Paragraph brings out that the firm incurred losses amounting to Rs.0.85 lakh upto 1963-64, without taking indirect charges into account, and that reasons for losses incurred by the farm were not intimated to Audit. In August, 1966, the Government intimated to audit that the farm was an experimental one. In reply to a query made by the Committee, the Departmental witness replied that it was a research project to propagate.

### COMMENTS AND RECOMMENDATION

15.6. The Committee could not understand why the Department informed Audit that the farm was an experimental one only in 1966 if it was a research project as stated by the Departmental witness. The Committee recommends that the Committee may be apprised of the following :—

- (1) Whether it was provided in the scheme that it was an experimental farm and losses anticipated in the scheme and what was the standard of loss.



(2) If the farm was intended to be an experimental one how much of the estimated cost was for experimental measures with a view to yield improved variety of cane and how much for the established method of cultivation.

(3) What statistics are there in the Department to show the crop results under the improved method of cultivation and whether any examination was made if so by whom and what is the result ?

(4) Whether any appreciable impact had been felt on the production of sugar by virtue of supply of improved varieties of cane to sugar Mill ?

(5) Whether the Department was satisfied on the financial results of the farm during 1964-65 to 1966-67 and why the indirect charges were not taken into account.

(6) Whether it is not desirable to run such project if not on profit but on no profit no loss basis, if not, why ?

12.8. The Departmental report should be sent to the Committee through the Accountant General within three months from the date of presentation of this Report to the House.

#### **DEVELOPMENT (PANCHAYAT AND COMMUNITY DEVELOPMENT) DEPARTMENT**

##### **Paragraph 28 at Page 39 of the Audit Report, 1966.**

16.1. The Audit Paragraph brings out that while a Cinema projector was purchased by Block Development Officer, Rangram in October, 1961, the generating set required for its operation was purchased in June, 1962 (after eight months) at Rs.7,239.00. In September, 1962, when an operator was appointed, it was noticed that the generating set was out of order. A sum of Rs.324 was spent on the repair of the generating set in July-October, 1963 but it could not be put into working condition. The set had been lying unrepared and consequently the Cinema Projector also remained idle. The infructuous expenditure on account of pay and allowances of the Operator for about 2½ years from September, 1962 amounted to Rs.5,200. In March 1966, the Audit was informed by the Directorate that generating set, was found quite in order at the time of taking delivery but the machine went out of order during transit due to bad transport.

16.2 The Committee at the outset wanted to know as to why the Cinema Projector and the generating set could not be purchased simultaneously and the Cinema Operator appointed soon after with a view to utilise the Projector for the purpose for which it was purchased,



without loss of time. The Departmental witness stated in reply that it was a serious case of irregularity which had been looked into with a view to pin-point the responsibility. The witness further stated that in addition to the objection raised by the Audit, the cost of it also appeared to be very high. Asked as to whether before the Audit pointed out the irregularity the Department could get any indication from its own internal Audit, the Departmental witness stated that the matter would be thoroughly gone into at the time of Departmental enquiry. Asked as to whether there was any guarantee for the machine, the Departmental witness replied that he did not think that there was any guarantee.

## RECOMMENDATION

16.3. The Committee is constrained to observe that no responsibility has yet been fixed by the Department which should have been done by the Department long ago. The internal Audit of the Department also could not detect the irregularity and no attempt was made to enquire into this default of the department.

16.4. The Committee reiterates its recommendation made at Page 50 of this Report on the Audit Report, 1964, Appropriation Accounts 1962-63, etc., and further recommends that no machinery should be purchased without guarantee from the sellers in future. The result of the investigation should be intimated to the Committee within three months from the date of presentation of this Report to the House.

### Paragraph 29 at Pages 39-40 of the Audit Report, 1966

16.5. The Audit Paragraph brings out that the Block Development Officer, Diyung Valley Development Block drew a sum of Rs.36,000.00 in March, 1963 for the construction of a fishery tank at Maibang; no-sanction was obtained from the Government for the expenditure and no technical sanction to the work was obtained from the Public Works Department. Government sanction was received in May, 1963 for Rs.30,960.00 only, i.e., after two months of start of work. The amount of Rs.5,040 drawn in excess was not refunded.

16.6. A sum of Rs 21,000.00 was advanced to the Contractor during April-July, 1963 by the Block Development Officer for work done but not measured; the balance amount of Rs 15,000 was kept under "Revenue Deposit" in July, 1965 (a head of account to which the transaction did not pertain).

16.7. The Contractor abandoned the work in July, 1963; a measurement of the work in February, 1964 indicated that the Contractor had been paid in excess to the extent of Rs.8,661. The work done by the Contractor was also reported by the Fishery Officer to be far below the



specification. The Audit reported the case to the Government in March, 1965. The Committee wanted to know about the present position. The Departmental witness stated in reply that the Officer responsible was placed under suspension and proceedings under drawn of against him. Three increments were also stopped. Notice had been issued to the Contractor for refund of the amount and legal steps would be taken in case of his refusal. The Departmental witness also informed that the amount lying in the Revenue Deposit had been adjusted in July, 1964.

### RECOMMENDATION

16.8. The Committee would like to know whether the Government could realise the money from the Contractor concerned.

**Paragraph 31 at Page 40 of the Audit Report, 1966**

16.9. The Audit Paragraph brings out that two contingent Bills aggregating Rs.10,484 drawn from the Treasury in September, 1961 and December, 1961 had not been accounted for in the Cash Book and connected accounts of Boko-Bongaon Development Block. The Accountant was placed under suspension and was stated to have been arrested by the police. The first case (amount Rs.5,849) is reported to be sub-judice and the second one (Rs.4,635) under Departmental investigation.

16.10. The Committee at the outset wanted to know about the police case—the Departmental witness stated in reply that the case was sub-judiced and the Departmental proceedings were also pending because of the Court case. Asked as to whether there was any regular system of check of cash book and other relevant records, the Departmental witness stated that there was regular check but in this case the Accountant put an extra number in the transit Register sent to the Treasury and afterwards it was struck off. Asked as to why the Departmental Officers could not detect the second case, the Departmental witness replied that there was no record of the second case in the Office and even it was not entered into the Bill Register nor a copy of the Bill was kept in the Office. On a query as to how then the Treasury could pass the Bill, the Departmental witness stated that was most surprising in the matter. Asked that as a general rule the Accountant was not to handle cash and in that case how he could handle the cash, the Departmental witness stated that it was also another irregularity.

### RECOMMENDATION

16.11. The Committee feels that the Finance Department should be requested by the Department to make an enquiry as to whether there was any lapse in the Treasury in this case and result of enquiry should be sent to the Committee. The final action taken in the matter should be intimated to the Committee within three months from the date of submission of this Report to the House.



**Paragraph 32 at Page 40 of the Audit Report, 1966**

16.12. The Audit Paragraph brings out a case relating to alleged fraudulent drawals of money (Rs.6,922) during November, 1962 by allegedly forging the signature of the Block Development Officer, Chaygaon Block. The case was reported to Police in April, 1964 ; The Cashier of the Block was placed under suspension in March, 1964.

16.13. The Committee wanted to know whether the Police had given report. The Departmental witness stated that the Police case was not yet over. The Departmental proceedings had been drawn up but not yet completed. In this case B.D.O. was negligent.

**RECOMMENDATION**

16.14. Though the case was reported to police in April, 1964, the case is pending with the Police till 7th September, 1967. The Departmental proceedings had been drawn but have not yet been finalised. All these reflect that no earnest effort has been made to finalise the matter though the fact of fraudulent drawal of money came to the notice of the Department in March, 1964, and actual drawal took place in November, 1963. Such type of slackness on the part of the Departmental authority calls for an enquiry for fixation of responsibility if any and Government should instruct the Police Department to accelerate investigation so that due to lapse of time, real culprits do not escape. The final result of the case should be intimated to the Committee.

**Paragraph 80 at Page 67 of the Audit Report, 1966**

16.15. The Audit Paragraph brings out that a ferry-ghat in Golaghat Subdivision was leased for three years from 1961-62 for Rs.17,050.00 (payable in 12 equal instalments) without executing a formal agreement with the lessee of the settled amount, the lessee paid only Rs. 9,889.10 (including Rs.1,705 as security money) upto March, 1963. As the lessee did not pay the balance amount of Rs.8,866 within the specified date, the ferry-ghat was re-auctioned in August, 1963 for Rs.3,000.00 for the period from September, 1963 to April, 1964. This resulted in a loss amounting to Rs.5,866. In October, 1965 Government stated that attachment order had been issued against the lessee for realisation of Rs.4,161. The security money of Rs.1,705 was stated to have been forfeited in March, 1966.



16.16. The Committee wanted to know as to why formal agreement was not drawn up with the lessee. The Departmental witness stated that the Department called for an explanation and Departmental proceedings had been drawn against the Assistant concerned. In explaining the position, the Departmental witness stated that the first lessee was not traceable and he had no movable property. So the Department would be required to attach the immovable property.

## RECOMMENDATION

16.17. The Committee feels that such cases should not be dragged for a long time and they deserve prompt action. The Department should note that all should be alerted accordingly so that such cases are finalised in proper time. The Committee would like to hear about the final action taken by the Department.

### **Paragraph 121 at Page 93 of the Audit Report, 1966**

16.18. The Audit Paragraph brings out the unsatisfactory financial position of most of the Panchayats which are mainly dependent upon Government grants as revealed from the reports of the Examiner, Local Accounts. No action was taken by the Panchayats to collect various taxes, fees, cesses, etc., as provided for in the Assam Panchayat Act, 1959. Most of the Panchayats did not maintain registers of conditional grants, fixed demand register, contractor's ledger, Register of works. As a result of non-maintenance of these accounts, etc., full check of the transactions of the Panchayats could not be conducted by the Examiner. There was also fourteen cases of misappropriation of money from Panchayat funds involving a sum of Rs.15,202, detected by the Examiner, Local Accounts, of this, a sum of Rs.4,477 had been recovered.

16.19. The Committee wanted to know what steps had been taken by the Government to restore and improve the financial position of the Panchayats. The Departmental witness stated that about the improvement of resources Government appointed a Committee headed by Mr. K. Santhanam to examine the position. But the Panchayats did not realise the taxes properly and arrear had been accumulating year after year. The Departmental internal Auditors were the Financial Advisers of the Panchayats but because of lack of adequate number of Auditors frequent examination was not possible.



## RECOMMENDATION

16.20. The Committee observes that the state of affairs as revealed in the Audit Report are very alarming and it is high time that Government should find out proper measures to ensure effective financial control on the Panchayats. A large number of grants are given yearly to these Panchayats and unless adequate examination of account is done, it would be unwise on the part of the Government to release money without knowing its purposeful utilisation. The matter calls for examination at the high level and things should be set right before it becomes uncontrollable.

16.21. The action taken should be intimated to the Committee within three months from the date of submission of the Report to the House.

## TRIBAL AREAS DEPARTMENT

## Paragraph 21 at Page 35

17.1. The Audit paragraph brings out that the Deputy Commissioner, United Khasi and Jaintia Hills, drew a sum of Rs.60,000 on 26th March, 1964 (sanctioned by the Government on the 6th March, 1964) for the construction of Balat-Maheshkhola Road before preparation of any detailed plan or estimates. The P. W. D. did not agree to undertake the work as the road belongs to Forest Department. The amount in question was refunded by the Deputy Commissioner to the Treasury after seven months. In July, 1967, the Deputy Commissioner stated that the delay in refunding the amount was unfortunate.

17.2. At the outset the Committee wanted to know as to how the Road could be sanctioned without knowing whether it belonged to P. W. D. or Forest Department. The Departmental witness stated that the road was sanctioned under the Border programme and informed the Committee that at the time when the money was sanctioned the details were not available *i.e.*, whether that road belonged to the P. W. D. or Forest and the road was subsequently abandoned. Moreover the amount granted by the Government of India under Art 275 of the Constitution was sanctioned only at the far end of the financial year (6th March, 1964) and the amount was drawn from Treasury on 26th March, 1964, *i.e.*, four days, before the end of financial year. Thus the amount was drawn from the Treasury with the sole intention to avoid lapse.



## RECOMMENDATION

17.3 The Committee recommends that the Department should submit a report to the Committee through the Accountant General on the following points :

- (1) Why sanction was delayed ?
- (2) Why Forest Department was not consulted ?
- (3) Why the Scheme was sanctioned without detailed plan and estimate ?
- (4) Why the Deputy Commissioner concerned could refund the amount to treasury only after seven months.

The remedial action taken by the Department should also be reported to the Committee.

## Paragraph 88 at Pages 71-72

17.4 The audit para brings out that during the year 1952-53 to 1962-63, Government paid loans to District/Regional Councils amounting to Rs.6.89 lakhs (bearing interest at 4 per cent) for undertaking development schemes in the Sixth Schedule (Part A) and Rs.10.32 lakhs (interest free) for running their day to-day administration. The position showing recover-of the amounts which fell due by 31st March, 1965 is shown below :

|                         | Amount<br>which fell<br>due for<br>recovery | Recovery<br>in arrears<br>as on 31st<br>March, 1965 | Remarks  |
|-------------------------|---|---|--|
|                         | (1)<br>In lakhs of Rupees                   | (2)   | (3)  |
| Loans bearing interest— |   |   |  |
| Principal ...           | 1.79  | 1.77  | } Only Rs.2,000<br>were recovered.<br>No repayment<br>was made after<br>March, 1961. |
| Interest ...            | 1.26  | 1.26  |  |
| Loans not bearing—      |   |   |  |
| Interest ...            | 8.87  | 7.48  | No repayment<br>was made after<br>July, 1958.  |

17.5. The Committee at the outset desired to know as to why it was not possible on the part of the Government to realise more than Rs.2,000 in the 1st case and no amount in the second case and the steps taken to realise the outstanding amounts of interest and principal.

17.6. The Departmental witness stated that there were two kinds of loans one was granted for running day to-day administration and the other interest bearing loan was meant for developmental activities and it was expected that these councils would be in a position to repay the loans when the financial position of the District Councils would improve but since their position did not improve the loans could not be repaid.



17.7. The Committee wanted to know as to whether Government has any machinery to study the actual economic condition of the District Councils when the District Council misused the loans and grants to which the Departmental witness replied in the negative and further informed the Committee that this was one of the recommendations of the Pataskar Commission and some times back the Government appointed the Vaghaiwalla Committee which recommended certain measures.

## COMMENTS AND RECOMMENDATION

17.8. The Committee observes that it transpired from the evidence that the Finance Committee constituted in June, 1959 to examine the financial conditions of the District/Regional Councils had submitted their report in September, 1962 and on the basis of that report, Government decided in April, 1964 to recover the outstanding loans from them by adjustment against their dues in respect of royalties on minerals, taxes on Motor Vehicles, etc. The Departmental witness informed the Committee that when the Government tried to carry out this recommendation, the District/Regional Council submitted representations stating that this would act very harshly on them and their financial difficulties would increase. On such representation the Government decided in February, 1967 not to pursue for realisation of the loans for the present. The Committee therefore recommends that the Department should see that the financial Rules are strictly followed in realisation of Government loans. The Committee further recommends that Government should set up a machinery to study the actual financial condition of the District Councils and whether the District Councils have utilised the loans and grants purposefully. The action taken should be reported to the Committee within three months from the date of placing this Report to the House.

**Paragraph 52 at page 50 read with item 1 of Appendix V  
at page 112**

17.9. The audit paragraph brings out that in order to implement the scheme for establishment of lime making industry at Umkiong, the Department drew a sum of Rs.4,000 in May, 1962 for acquisition of land and C. I. Sheets valued 3,625 were purchased for construction of sheds. But the land was not acquired and the C. I. Sheets also remained unutilised.

17.10. At the outset the Committee wanted to know whether those C. I. Sheets were still there. The Departmental witness stated that the C. I. Sheets were utilised by the Industries Department and of had agreed to replace C.I. Sheets out of their stocks or otherwise to pay back the value. About



Rs.4,000 held in cash by the Assistant Director, the Departmental witness stated that who promised to refund the same to the Treasury. Asked as to how the money was kept, the Departmental witness stated that the money was kept in the chest. The Committee observed that the practice of keeping Government money in chest for a considerable long period was very unsafe to which the Departmental witness informed the Committee that instructions had been issued to Deputy Commissioners and Subdivisional Officers that the amount should always be kept in Treasury.

## RECOMMENDATION

17.11. The Committee recommends that the final action taken to dispose of the matter should be intimated to the Committee within three months from the date of presentation of this Report to the House.

## SOCIAL WELFARE DEPARTMENT

### Paragraph 116 at page 91 of Audit Report, 1966

18.1. The Audit paragraph brings out that the amount of Rs.28,000 drawn by the Deputy Commissioner, Jorhat in March, 1959 for opening and maintenance a district after care shelter at Jorhat (through a managing Committee), an amount of Rs.10,122 was not utilised till April, 1965 i.e. even after 6 years of its drawal. In September, 1966 the Department intimated that the amount of Rs.10,122 was refunded into Treasury in July, 1965. The Committee wanted to know as to where was the amount of Rs.10,122 kept from 1959 to 1965. The Departmental witness in explaining the matter stated that the amount was drawn by the Deputy Commissioner, Sibsagar and the Deputy Commissioner handed over the money to a non-official organisation called the District Shelter Home at Jorhat. The organisation did not spend the amount at all and deposited the money in the Bank. Asked as to whether the Deputy Commissioner gave the utilisation certificate, the Departmental witness could not furnish any information. Asked as to why the balance of Rs.10,121.77 could not be refunded earlier, the Departmental witness replied "Once the money is given or handed over to a private body, the Government have no control over it". Asked as to whether Departmental rules and regulations under which the money was sanctioned were followed properly, the Departmental witness replied that the money was sanctioned during the early part of Second Five Year period when rules and regulations were not followed properly. The Committee then wanted to know as to the reason why the utilisation certificate for the money spent in 1961 could be obtained only in the end of 1966. The Departmental witness replied "actually there is always delay to get utilisation certificate from the non-official organisations". Asked as to whether there was any time limit to return the money, the Departmental witness stated in reply that the amount was sanctioned according to the pattern laid down by the Government of India but not according to the rules and regulations framed for the purpose of the Shelter.



## COMMENTS AND RECOMMENDATION

18.2. The committee feels that this solitary case reveals that in the early part of plan period, the Government used to distribute money as grants and loans to non-official organisation without appropriate rules and regulations and there was no effective control on the purposeful utilisation of the grants by the non-official organisations. The Departmental witness in his evidence categorically stated "Once the money is given or handed over to a private body, the Government have no control over it". The Committee observes that a tendency has developed to give more and more money to non-official organisations over which the Government have no control.

18.3. The Committee recommends that the Government should always see that the financial rules are strictly observed in dealing with Government funds by the persons concerned, be it an official or non-official organisation and effective steps as required under rules should be taken against the defaulters. No grants or loans should under any circumstances be issued without proper rules.

The action taken should be intimated to the Committee within three months from the date of submission of the Report to the House.

### APPOINTMENT DEPARTMENT

#### Para 25 at page 38 of the Audit Report, 1966

19.1 This para brings out that during 1960-61 an expenditure of Rs.31,195 was incurred by the Deputy Commissioner, Sibsagar in connection with purchase of foodstuffs issued for distribution among the flood affected people. No account was produced for audit showing the actual quantities of food stuffs issued to the different distributing centre (1961).

19.2. This paragraph further brings out that a sum of Rs.90,000 was paid by the Deputy Commissioner, Sibsagar to the Subdivisional Officer, Golaghat (Rs.47,500) and Sibsagar (Rs.42,500) for requisition of vehicles in connection with the language disturbances in Assam (1960) detailed account of the expenditure was not produced to Audit (1961).

19.3 The cases were reported to the Commissioner of Plains Division in August and September (1961) but no reply had been received (1966)<sup>n</sup>. Even on subsequent local audit of the Office in June 1962, August (1962), August (1964) and June (1965) no records were produced.

19.4. Enquired by the Committee as to who actually made the purchase and what agency actually carried out the distribution of foodstuff, the Departmental witness stated that actually it was the Revenue Department who had to clarify the position. The Revenue Department wrote to Finance Department in respect of first case that an expenditure of Rs.26,091



was actually incurred by the Deputy Commissioner on flood relief work and 1,139½ maunds of rice was distributed. The Deputy Commissioner further stated that accounts were maintained by different offices at different levels like the B. D. Os., S. D. Cs., Extension Offices, etc. and it was very difficult to get the accounts in time.

19.5. The Committee then pointed out that during the course of check of records by the Audit in September 1967, vouchers of only 75 mds. were found out as against 1,139½ mds. and wanted to know the reason for not producing these to Audit. The Departmental Officer stated that it was very difficult to collect the accounts from different Officers engaged in different nature of duties during the time of calamity. But now the Deputy Commissioner had informed that he had collected all vouchers but not yet received by the Department.

19.6. Then the Committee wanted to know as to why detailed accounts of expenditure were not maintained. The Departmental witness stated that the distribution was done at the time of natural calamity like big floods, etc. and officers were busy with the works and found little time to keep a detailed Accounts.

## RECOMMENDATION

19.7. The Committee is surprised to note that even upto June, 1965 the detailed accounts had not been submitted and the actual utilisation report of food-stuff had not been received by Audit. In 1967 during the course of check of records by audit only 75 maunds of food stuff were found out as against 1139½.

19.8. The Committee is not at all satisfied with the reply given by the Departmental witness that it was very difficult to collect the accounts from different Officers engaged in different nature of work during the time of calamity like flood, etc.

19.9. The Committee therefore feels that in view of the complicated nature of accounts and difficulty of getting the required information from different Officers, at different centre and at different times, Government should make a thorough probe and report of the investigation should be sent to the Committee within three months from the date of presentation of this Report to the House.

19.10. As regards item No. (ii) the Committee would like to know why the accounts could not be produced to Audit and what is the present position.

### **Paragraph 31 at page 67 of the Audit Report, 1966 – Alleged misappropriation of Revenue**

19.11. This paragraph brings out that during the period from November, 1964, January, 1965, a sum of Rs. 10,240 collected by Mauzadars of



Kamrup District on account of land revenue and local rates was alleged to have been misappropriated by the Assistant Bakijai Nazir to whom the amount in question was handed over for crediting the same into Government accounts. In May, 1965, the Assistant Bakijai Nazir was put under suspension; result of the Departmental investigation instituted in May, 1965 were awaited. Of the misappropriated amount, Rs. 1,324 only was deposited in June, 1965. No further realisation could be made.

19.12 The Committee at the outset wanted to be apprised of the present position of Departmental investigation. The Departmental witness stated in reply that the person alleged to have misappropriated was found guilty and discharged from service and the proceedings drawn against him were dropped. Then the Committee wanted to know as to whether they were temporary hands. The Departmental witness replied in the affirmative. The Committee was of the view that even though he was a temporary hands, he could not be discharged like that. He might go to High Court. The Committee further observes that though guilty person should not be allowed to escape scot free but individuals should get adequate opportunity of defending themselves. The Departmental witness stated in reply that they had asked for clarification as they felt that the person would come with an appeal.

19.13 Enquired by the Committee as to whether the money collected by the Mauzadars was handed over to the Assistant Bakijai Nazir at a time or more than once. The Departmental stated that it was presumably at one time but could not say categorically as the details were not available. He further stated that the matter was reported by the Deputy Commissioner in accordance with Rule 466 of the Assam Financial Rules.

## RECOMMENDATION

19.14 It transpired from the evidence tendered by the Departmental witness that no adequate opportunity was given to the person discharged to defend his case. Though guilty, the proceedings drawn against him should not have been dropped, so as to allow him to defend his case as usually permitted under the law.

19.15 The Committee therefore recommends that this case should be looked into by the Department and remedial measures should be laid out to avoid future trouble. The action taken should be intimated to the Committee within three months from the date of presentation of this Report to the House.

### Paragraph 35 at Page 42 of the Audit Report, 1966

19.16 This paragraph brings out that due to delay in finalisation of the proceedings against two Officers Government had to incur avoidable expenditure to the extent of Rs.30,162. In February, 1966, Government



intimated that action was being taken against the persons due to whose fault the proceedings had to be dropped and that steps were being taken to recover the excess subsistence paid to Officers.

19-17. On a query, the Departmental witness stated that in the 1st case, one Assistant Secretary was placed under suspension with effect from 19th August 1958, i.e., one day prior to his retirement, pending drawal of departmental proceedings. He was initially retained in service for a period of six months for finalisation of the proceedings. The retention was made after the date of superannuation. The Departmental witness further submitted that there seemed to be two matters involved in these cases firstly, the delay in the proceedings and secondly the extension was not given in proper time. The first case, went up to the Cabinet. After 19th February 1959 the Officer must have deemed to have retired from Service and therefore all further extensions were in fact, infructuous in law. At that time the Government did not amend Rule 56 of the Fundamental Rule which provided the automatic extension of service of all Officers considered guilty of mis-conduct and they were assumed to continue in service till the proceeding are terminated. The revision of the Fundamental Rules came at the end of 1963 and it came into force from 1964. Therefore in view of the decision of the High Court of Assam which was upheld by the Supreme Court in Padma Bora's case, anybody who would have gone to the Court would not have been deemed to have been in service if the extension was not given in proper time. In Hiren Sen's case, all the 12 extensions given after 19th February 1959 was administratively wrong and there was laxity in this regard. The Officer continued to draw subsistence allowance and submitted himself to the proceedings. Both the Officers and the Government did not realise till Padma Bora's case was decided by the Supreme Court that it was not a paper formality that the services can be extended even after the period had expired. Extension should have been given before the period expiry but it was not done in any case and no Officer challenged the proceedings in this issue. The Departmental witness stated that this aspect of the matter was not given due consideration and administratively it was wrong and later on, as had been shown, it was legally impermissible. Therefore, the decision taken to extend the service from 19th February 1959 in itself extensions was wrong. In the case of Padma Bora, unfortunately that person was dismissed from service. When he was dismissed, he challenged it was an extra post facts sanction and he had gone an appeal to the Supreme Court. The Supreme Court upheld the decision in his favour. So this lapso was there and in the case of Hiren Sen it was incurable and lost.

19-18. On being questioned as to whether the service ends on the date of superannuation, unless and until it was extended prior to the date superannuation, the Departmental witness stated that the first extension was his date of superannuation, i.e., 20th August, 1958. There was a background to this case. This matter pertained to certain syndicate operations of some past years—1943 to 1945. Certain action had been taken by this gentleman as the then Assistant Secretary. Now on this it was felt that these transactions were not proper. So, the Government in the Finance Department had an independent enquiry made by an expert Mr. Rangachari. As a result of the Report of Mr.



Rangachari, certain factors came into the hands of the Finance Department. It led them to think that these transactions in regard to the Syndicate affairs were not proper, and therefore, this matter should be pursued against the Assistant Secretary concerned. The Supply Department along with the Finance Department framed charges. The framing of these charges took quite some time because both the Departments had to know the background of the case. In the light of the orders which had been passed on the Assistant Secretary's matter in the Syndicate case, a probe into the Syndicate affairs by an outside agency had to be undertaken. So normally charges were framed and formulation of the charges took time because they had to be done by the Supply Department and the Finance Department. Because it was a very old and complicated case, special person borrowed from the Auditor General of India had to come to investigate into the Syndicate's case and he found that certain things were not right. On the basis of this background, the Finance Department and the Supply Department could have the nap of the matter as to what could be the charges and what relation the Assistant Secretary had with the Syndicate.

19-19 The Committee wanted to know when the probe was started whether it was felt that further probe was necessary. The Departmental witness stated that the charges were only framed on 19th February, 1959 and when the actual charges could be framed against the Assistant Secretary, this gentleman got very ill. He was suffering from high blood pressure. The Civil Surgeon examined him and found that he had an eye stroke and felt he was physically incapable of entering into any defence. It was only by January, 1960 that the proceedings could be started against him. Then it went to the enquiry Officer and he asked for his defence statement. Shri Sen then submitted his defence statement on 19th February, 1960 and it was received by the Enquiry Officer on 26th February, 1960. The Enquiry Officer took seven months to assess his defence statement. After assessment of all the factors the Enquiry Officer submitted his report on the 26th of September, 1960. Then between that period and the submission of the report and the examination of witnesses, examination of Mr. Hiren Sen himself and so on some time elapsed, and in a complicated case of this kind, this was not an unreasonable time. The Enquiry Officer came to certain conclusions, and these conclusions were in favour of the person. As the enquiry was conducted at the initiative of the Finance Department, the matter had to be referred to the Finance Department and the Finance Department came to a completely contrary conclusion that the enquiry report itself should not be accepted and that serious view should be taken for reasons and factors which were painted out by the Finance Department. The Enquiry Officer's report which took quite a long time again came to the Appointment Department and the Appointment Department consulted the Public Service Commission at the initial stage. The Public Service Commission directed to consult the L. R. as the decision of the Government and the Enquiry Officer were apparently at complete variance or diametrically opposite. The L. R. indicated that this is not a legal matter on which the Commission could advice because the conclusion must be arrived at by the appointing authority as to whether they accept or modify or do not accept the Enquiry Officer's report. The matter therefore rested with the appointing authority to take a decision. At that time it was known to Government that they had to go the Supreme Court with regard to Shri Padma Bora. So it was felt at that time that the decision of the whole thing should be awaited till the final decision of the Supreme



Court. Only after the decision of the Supreme it became clear to Government that anybody who would have gone to the Court would not have been deemed to have been in service if the extension was not given in time. After the Supreme Court's judgment, the Government gave its findings and the proceedings have been dropped.

19.20. On a query as to what was the realisation of his subsistence allowance drawn by him during the period, the Departmental witness replied that the decision of the Government was that as he was not in service after 1959 and as he continued to draw the subsistence allowance from that time, those allowance should be recovered. The Government had already held up his gratuities.

19.21. The Committee then wanted to know if he did not like to pay himself, Government could not realise the amount unless and until it took the help of the Court. The Departmental witness in his reply stated that the matter would be decided by the Court. In the meantime, the Finance Department had now been thinking to compromise with him.

19.22. On question being put as to whether there had been any laxity on the part of the Government, the Departmental witness replied that it was due to a bungling of both the Under Secy. and the Superintendent of the Department who were warned and the warning was recorded in their character Rolls.

## RECOMMENDATION

19.23. The Committee is not happy in the way the Government has tackled the cases. Due to wrongful action on the part of the Department it became administratively unjustified and legally untanable. Due to want of timely action the cases became complicated and led Government to incur a huge amount of avoidable expenditure. There is slackness on the part of the Department by taking things for granted. The Committee therefore recommends that such things should not recur in future. The progress of realisation of subsistence allowance should be intimated to the Committee within three months from the date of submission of this Report to the House.

### POWER (ELECTRICITY) MINES AND MINERALS DEPARTMENT (ASSAM STATE ELECTRICITY BOARD)

#### Paragraph 94 at Page 75 of the Audit Report, 1966

20.1. The Audit Paragraph brings out that the surplus gross revenue of Assam State Electricity Board was not sufficient to cover the provision for depreciation (Rs.29.39 lakhs) and as such the working of the Board resulted in a net loss of Rs. 11.64 lakhs. The unabsorbed depreciation at the end of 1963-64 amounted to Rs. 21.17 lakhs. The same paragraph further brings out that for want of the requisite surplus in revenue, no



provision was made in accounts for payment of interest (I) on Government loans and (II) on loans bonds. The Board also did not create loan redemption fund for the purpose of repayment of loans as required under Clause 20 of the prospectus relating to the bonds. Government granted moratorium for repayment of the interest on loans paid by them to the Board for a period of 7 years from the date of creation of the Board.

20.2. The Committee at the outset wanted to know as to the reasons for increase in loss during 1963-64 as compared to 1962-63. The Departmental witness stated that the reason was due to the fact that owing to increase in the depreciation the net surplus had gone down. There was also marked increase in the operating expenditure. The Departmental witness further stated that the Board had to take up some emergency risk insurance scheme during emergency which raised the operational cost. Asked as to what steps had been taken by Government to make the Board pay its way through, the Departmental witness stated in evidence that actually Government had not taken any concrete step to ensure that the Electricity Board must make profits. The Departmental witness further stated that considering the need for developing power in the state, Government expected that in course of time, if not immediately, the Board would be able to pay for itself. Asked as to the position of payment of interest to the Government by the Board, the Departmental witness stated that the present position was that no interest had been paid. Asked as to whether Government had taken any steps, the Departmental witness stated that the Government had not taken any concrete step in this regard, except extending the period of moratorium. The Board expected to pay interest on Government loan from 1972-73 onwards. Asked as to whether Government was satisfied that the Board even after long years of experience had been running with efficiency and economy, the Departmental witness stated that Government had not formed any view either way.

## COMMENTS AND RECOMMENDATION

20.3. It transpired from the evidence that the Government has not yet looked into the continuous loss incurred by the State Electricity Board and the causes for non-payment of interest on Government loans and has not determined as yet whether the Board is functioning effectively and efficiently so as to satisfy itself about the real circumstances leading to such loss. The Committee sees no reason as to why the Government could not cause an enquiry into the affairs of the Board as yet.

20.4. The Committee therefore recommends that the Government should examine the whole matter and issue necessary directives to the Board to take concrete steps to minimise the loss and a report showing the action taken by the Department should be sent to the Committee within three months from the date of submission of this report to the House.



**Paragraph 95 at page 76 of the Audit Report, 1966**

20.5. The Audit paragraph brings out transmission and distribution losses incurred by the Board during 1961-62 to 1963-64. In May, 1966 Government stated that certain action has been taken for reducing the transmission and distribution losses.

20.6. The Committee wanted to know what exactly were the measures taken by the Government. The Departmental witness stated that they had been changing the distribution line to heavier conductor. Asked as to the action taken to minimise the waste, the Departmental witness stated that they were shutting down the diesel stations.

**RECOMMENDATION**

20.7. The Committee would like to know the result achieved by the Board in reducing the transmission and distribution losses. The Committee also recommends that the causes for using distribution line with low conductor and old equipments which attributed to transmission loss should be enquired so as to determine whether there was any lapse on the part of the official of the Board. The action taken should be reported to the Committee within three months from the date of presentation of this Report to the House.

**Paragraph 97 at page 77 of the Audit Report, 1966**

20.8. The Audit Paragraph brings out that machinery and equipment valued at Rs.4.91 lakhs purchased during 1962-64 for Meter Factory remained unutilised for want of certain equipment to be imported. In May, 1966, Government intimated that for want of necessary foreign exchange, necessary equipment could not be imported.

20.9. The Committee wanted to know the present position. The Departmental witness stated that all the machineries had been received and most of the components required were now manufactured in the factory. Asked as to the feasibility envisaged in the project report, the Departmental witness stated that the project report envisaged a monthly target of 10,000 meters and yearly 1,20,000 meters and it was expected to cost Rs.33.58P. per unit. Asked as to the basis on which the experts made the assessment that the cost of a meter would be Rs.33 whereas in reality it came up to Rs.52, the Departmental witness stated in evidence that the Department also agreed that the implementation of the project failed to live upto the project report. Asked as to whether Government made any enquiry, the Departmental witness stated that Government did not make any enquiry. The Departmental witness further stated "Yes, Sir, it is very unfortunate. The Board as well as the Government have been thinking of diversify the scope of the factory so as to make it a viable unit. But no such scheme has yet been prepared". Asked as to the cost of assembling, the Departmental witness stated in evidence that it would be about Rs.98 per meter in 1966-67.



## RECOMMENDATION

20.10. It transpired from the evidence that the Government has not made any enquiry as to the causes of failure of the Meter Factory Scheme which envisaged production of quality meter at cheaper price than the price prevailing in the market. The Committee also came to know that no other Electricity Board in India has taken up such project. The project was taken up on a wrong assessment that the cost would be Rs.33 per meter whereas in reality cost went up to Rs.98 per meter in 1966-67.

20.11. The Committee therefore recommends that the Finance Department should enquire into the matter thoroughly and ascertain the real causes of loss and high cost of production and pin-point the lapses, if any, of the person or persons for fixation of responsibility. The action taken by Government should be intimated to the Committee within three months from the date of presentation of this Report to the House.

### Paragraph 98 at page 77 of the Audit Report, 1966

20.12. The Audit paragraph brings out that due to operation of the Diesel generating sets by high speed diesel oil instead of light diesel oil the Board incurred avoidable expenditure. In May, 1966 Government intimated to the Audit that the process of obtaining duty free light diesel oil involved a number of time consuming formalities under the Central Excise Rules, which had since been completed and that there were technical limitations in switching over from H. S. D. to light Diesel oil.

20.13. The Committee wanted to know why the Divisions made so much delay in switching over from H. S. D. to light Diesel oil. The Departmental witness stated that there were some difficulties with the Divisions for switching over to light Diesel oil. The witness admitted that they took a long time. Explaining the present position, the witness stated that except the small ones which could not be so easily converted all the others had been converted. Asked as to whether the Board took any action against the Divisions which made delay, the Departmental witness stated that the Board had proposed to draw up proceedings against one Executive Engineer.

## RECOMMENDATION

20.14. The Committee recommends that the irregularity mentioned in the Audit para should be investigated by an independent body with a view to fix responsibility for the losses incurred. The Committee further recommends that in future such defaulting Officers should be dealt with properly by the Board so that the Board is not put to loss due to fault of its Officers.

### Paragraph 99 at Page 77 of the Audit Report, 1966

20.15. This Audit Paragraph reveals that due to non-purchase of lightning arrestors from the lowest tenders in May, 1962, the Board incurred avoidable expenditure of Rs.57,900.



20.16. On a query, the Departmental witness admitted that it was wrong on the part of the Officer for not recording the reasons for non-acceptance of lowest tender and subsequently the Board issued instructions to the effect that the reasons should be recorded.

## RECOMMENDATION

20.17. The Committee has failed to understand why no action was taken against the Officer for not recording the reasons for non-acceptance of the lowest tender as required under the rules. The Board should see that the officers who do not strictly follow rules without appropriate reasons should not be allowed to go without proper action. The Officers should be made alert accordingly.

## GENERAL ADMINISTRATION DEPARTMENT

### Paragraph 38 at page 43 of the Audit Report, 1966

21.1. This Paragraph brings out that in connection with a Scheme for construction of houses to provide residential accommodation to Government employees, a loan of Rs.10 lakhs (repayable in 20 equal instalments) leaving interest at  $5\frac{1}{2}$  per cent per annum was obtained in March, 1964 from the Life Insurance Corporation of India. Necessary scheme had not been prepared even upto August, 1965, till October, 1965 the only progress made was originally expected. In the meantime Government had to pay Rs.0.55 lakhs to the Life Insurance Corporation towards interest on the loan upto March, 1965.

21.2. Enquired by the Committee as to why the Government drew a sum of Rs.10 lakh from the Life Insurance Corporation of India even before the scheme was drawn up, incurring unnecessary liability of interest, the Departmental witness stated in evidence that as early as 1964, an area at Umpling, Shillong was selected with an estimated cost of 4 lakhs with the hope that the loan taken from Life Insurance Corporation would be spent for the purpose but the owners of the land objected to taking over their land. The Departmental witness further informed the Committee that the Deputy Commissioner selected another site at Polo Ground area but that also was abandoned due to scarcity of water after detailed survey. The Government had to give up the idea of taking up that land at a prohibitive cost on water supply scheme. It was then thought of taking up 27 bighas of sarkari land at Gauhati. The departmental witness further stated that though Government had to pay as an interest for loan, the money did not remain idle but the Finance Department was using the money for other Government purposes and since land had been obtained at Gauhati the money would be utilised in right earnest.

21.3. The Committee then observed that there was no detailed planning with regard to water supply and other consideration at the time of taking over the land to which the Departmental witness agreed that no detailed pre-planning was there to get land with suitable water source and other facilities. But he also stated that due to repeated requests for accommodation from the employees the Government was anxious to provide them



accommodation as early as possible. At that time no Government land was available and land was purchased on the assumption that it would serve the purpose but unfortunately that did not materialise.

21.4. The Departmental witness further informed the Committee that in the meantime, the Government spent about a lakh of rupees for purchasing a property with houses for the purpose of providing residential accommodation to the Officers and in future the compound of the area could be utilised for providing accommodation to the third and fourth grade employees of the State.

## RECOMMENDATION

21.5. Though the Committee appreciates the desire of the Government to provide residential accommodation to its employees with a loan taken from the Life Insurance Corporation yet the Committee feels that the loan should not have been taken before finalisation of the Scheme. Moreover the scheme has not yet been approved by the authority concerned.

21.6. The Committee therefore recommends that the matter should be expedited in right earnest and the Government should submit a report to the Committee about the progress made.

## FOREST DEPARTMENT

### Paragraph 2(c) at Page 4 of the Audit Report, 1966

22.1 The Audits Paragraph brings out arrears of Forest Revenue at the end of 31st March 1965.

The Committee at the outset wanted to know the present position of realisation of arrears of revenue. The Departmental witness stated in reply that the position of realisation of arrears of revenue was improved. The total arrears as stood in March, 1967 was Rs. 44 lakhs. Asked as to reason for delay in realisation of arrears, the Departmental witness stated that the contractors who incurred loss on the auction sale were not capable of paying the revenue. The Department had to realise the outstanding arrears by issuing Bakijai proceedings in the Courts. Asked as to whether there was any clause in the agreement entered into between the contractors and the Government to the effect that if contractors incurred any loss they would be entitled to remission, the Departmental witness stated that there was no such provision in the agreement, but under some special circumstances, they used to get remission. On a query, the Departmental witness stated that the defaulters in payment of revenue were not allowed to be contractors in the Department.

## COMMENTS AND RECOMMENDATION

22.2 The Committee is surprised to learn that there are arrears of revenue which date back to 1943-44. This shows that no effective steps were taken to realise the outstanding revenues. The Committee therefore recommends that the defaulters



who have not cared to clear their arrears must not be allowed to be contractors of the Department. The Department should issue necessary instructions to all Divisions that any deviation from the above would be dealt with severely. Immediate steps should be taken to realise the arrears of revenue. The action taken should be reported to the Committee within three months from the date of presentation of this Report to the House.

**Paragraph 82 at Page 67 of the Audit Report, 1966-Loss of Revenue**

22.3 The Audit Paragraph brings out that in December, 1963 two forest coupes, viz.. Tilapara squatted area dead and green Forest Coupe No. 1 of 1963-64 and Tilapara squatted area dead and Forest Coupe of 1963-64 under the Garo Hills-Goalpara Forest Division were settled at Rs. 7,775 and Rs. 6,796 for the year 1963-64 after rejecting the highest offer of Rs. 11,379 and Rs. 12,557 respectively on the ground that they were considered exorbitant and reckless and likely to result in illegal felling and loss of Government revenues. By excepting the lowest offers, the Government sustained loss of Rs. 9,365. On a query, the Departmental witness stated that the Divisional Forest Officer concerned calculated that if the highest bid was accepted, the cost would have been Rs. 16,000 whereas by sale of that number of timbers it would have fetched only Rs. 11,000.00. So he did not recommend the acceptance. Asked as to whether there was any machinery to check illegal felling, the Departmental witness replied in the affirmative.

**RECOMMENDATION**

22.4 The Department should introduce an effective machinery to detect and check all cases of illegal felling and the contractors found guilty should not be given any coupe in future and he should be punished by cancellation of his coupe. The action taken should be reported to the Committee.

**Grant No.49 at Page 107 of the Appropriation Accounts, 1964-65.**

22.5. The Committee observes that some strict measure is called for to restrict the Supplementary Demand according to actual requirement.

**TOWN AND COUNTRY PLANNING DEPARTMENT**

**Paragraph 84 at page 68 of the Audit Report, 1966**

23.1. The Audit Paragraph brings out that in respect of loans totalling Rs.2.11 lakhs disbursed during 1955-56 to 1961-62 under Low Income Group Housing Scheme (Account maintained by the Deputy Commissioner, Housing, Kamrup) the principal and interest due for recovery upto June, 1964 amounted to Rs.4.29 lakhs (principal Rs.2.11 lakhs and interest Rs.2.18 lakhs) ; of this only Rs.0.46 lakh (principal Rs.0.28 lakh and interest Rs.0.18 lakh) was recovered till December, 1964. In November, 1965 Government stated that effective steps for improving the recovery of arrears could not be taken by the Department earlier due to paucity of staff and that effective



steps were being taken to realise the arrears. The Committee wanted to know as to what improvement had been made by the Department in the machinery and processes of realisation of loans and interest. The Departmental witness stated in reply that as a measure of improvement in the machinery three accountants and five supervisory and other staff had been newly appointed to improve the position of collection of arrears. Asked as to in how many cases, land and houses were put on sale, the departmental witness replied that 566 cases had been instituted for recovery of loans. The Departmental witness further stated that in most of the cases the loanees had been allowed to pay up in monthly instalments by the Deputy Commissioners.

### RECOMMENDATION

23.2. The Committee recommends that the Department should make satisfactory progress in realisation of the loans by taking coercive measures and progress made should be reported to the Committee from time to time through the Accountant General, Assam and Nagaland.

**Grant No.35 at Page 71 Note 3(1) of the Appropriation Accounts, 1964-65**

23.3. It transpired from the evidence that the amount allotted for the execution of certain Schemes *viz.*, land acquisition and Development works and Slum Clearance Schemes remained unutilised due to post budget decision to execute the Schemes through the Gauhati Development Authority and then it was diverted for Tinsukia. The Departmental witness could not say the reasons for Government decision to bifurcate for Tinsukia. It also transpired from the evidence that though the Government decided in 1963 that these Schemes were to be executed by the Gauhati Development Authority and by the Tinsukia Development Authority, the decisions of the Government was not kept in view and the amount was not provided under the appropriate head, in the Budget. The Department further reported that during 1965-66, the Finance Department agreed to the grant of the amounts to the Gauhati and Tinsukia Development Authorities under the Local Authority Loans Rules. None of the Authorities could be given any loans as the provision originally made was lapsed and no provision could be made due to inadequacy of Funds.

### COMMENTS AND RECOMMENDATION

23.4. It is evident now from the Departmental note submitted to the Committee subsequent to the deposition of evidence by the Departmental witness that none of the Authorities (*i. e.*, Gauhati Development and Tinsukia Development) could be given any loans for Slum Clearance Scheme so far as the provision originally made lapsed and subsequently no provision could be made due to inadequacy of Fund. The Committee is constrained to observe that Government should not make budget provision for any Scheme which it cannot implement due to their own limitations. The Schemes which are not mature should not be provided in the budget because unnecessary blocking of Government money entails loss to Government. The Department should therefore note the observation of the Committee and should be careful in future in preparing its own budget.



## INDUSTRIES DEPARTMENT

**Para 71 at page 62 of the Audit Report, 1966**

24.1. The Audit paragraph brings out that in Government Emporium, North Lakhimpur, shortages of Stock valued at Rs.5,017 and damaged Soiled Stock valued at Rs.3,058 were noticed during physical verification (Departmental) of stores conducted in June-July, 1964. Earlier in 1959 also stores costing Rs.5,498 were found short during physical verification. In March, 1963 the Director of Industries ordered the entire amount of loss should be recovered from the Manager and Salesman in equal proportion, upto November, 1965, only a sum of Rs. 636 was recovered from them.

24.2. On a query relating to the future precautionary measures taken by the Department after the 1959 incident, the Departmental witness stated that in 1963 a departmental enquiry was made and as result of which the Director of Industries ordered to realise the entire amount of loss from the Manager and the Salesman in equal proportion. In reply to another question, the departmental witness stated that due to death of the manager his dues could not be realised. The witness further stated that after recovery of two instalments that Salesman was suspended and proceedings was pending against him.

24.3. Asked as to why the matter was not reported to police, the departmental witness stated that departmental proceedings were still pending in the Directorate.

## RECOMMENDATION

24.4. The case should be finalised as early as possible and a report furnished to the Committee not later than six months from the date of presentation of this Report before the House.

The Committee further feels that when this sort of misappropriation takes place, Government should not be satisfied with the drawing of departmental proceedings alone. Desirability of criminal proceedings must also be considered simultaneously to deter such delinquency.

**Paragraph 89 at page 72 of the Audit Report, 1966**

24.5. According to the Audit Paragraph, an amount of Rs. 10.18 lakhs was drawn in March, 1962 by the Director of Industries, Assam for advancing to displaced persons. The amount was deposited in the Assam Co-operative Apex Bank and a sum amounting to Rs. 9.59 lakhs was disbursed during March-November, 1962 and the balance of Rs. 0.59 lakh was refunded into Treasury in March, 1963 (Rs. 0.27 lakh) and in December, 1964 (0.32 lakh). Although in respect of loans paid interest, became due for realisation, no amount was recovered. It was also noticed by Audit that accounts of the loanees have also not been maintained. The Committee wanted to know as to why the amount of Rs. 10.18 lakhs was drawn by the Director in excess of actual requirement. The Departmental witness



stated in evidence that some loan applications could not be processed but it was thought that these would be utilised. They did not come and complete the bond and other formalities. Asked as to why interest accruing on the loans was not realised, the Departmental witness stated in evidence that before audit pointed out the difficulty it was a fact that nothing was done for realising the interest due. After that steps had been taken in some cases through Bakijai Proceedings to realise the interest and the instalments. Asked as to why the accounts of loanes were not prepared by the Department the departmental witness stated that after the audit had pointed out, the loan accounts had been prepared and maintained. The Committee then wanted to know as to whether there was any machinery to follow up the loan cases. The Departmental witness stated that the Assistant Directors in the various districts were required to submit report relating to recoveries. Some cases were sent to Bakijai. The witness further informed that the Department had accepted the recommendations of the Industrial Loans Evaluation unit of Government.

24.6 Then the Committee pointed out to a cheating case relating to issue of 25 cheques. The Departmental witness informed that the persons were found guilty and the case was disposed of in 1967. Asked as to whether according to the judgements any action was taken, the Departmental witness stated that the Department was going to take steps with regard to the reasons for non-refund of unutilised portion of the loan amounting to Rs.0.60 lakh to the Government of India, the Departmental witness informed that it was refunded under the same head under which it was drawn. It was reimbursed later to the Government of India. Hence it was a procedural mistake. The Government of India had been requested to make proper adjustments.

## RECOMMENDATION

24.7 The Committee recommends that proper follow up of the realisation of loans and interests in time should be made by the Department.

24.8 The Committee further observe that in spite of adverse remarks in the judgement relating to check book case, the department did not take any action against the officer at fault. The Department however proposes to take some steps. The Committee hopes that action taken will be informed to the Committee as soon as done with.

**Paragraph 101 at page 80 of the Audit Report, 1966—Assam Cement Ltd.**

24.9 During June-September, 1963 Government paid loans for Rs.40 lakhs to the Company for purchasing plant and machinery, etc. This amount was converted by Government into share Capital in March, 1964. But the interest accrued on loans upto March, 1964 amounting to Rs.1.27 lakhs which was not realised and for payment of this Government granted moratorium upto June 1965.



24.10. Asked as to whether interest had been realised, the Departmental witness stated in evidence that the moratorium had been extended upto June, 1968. The Departmental witness on a query stated that the factory had a capacity of 250 tones of Cement per day and it had gone upto 200 tones per day. Transport from Cherrapunjee had proved to be the bottleneck. For ropeway, preliminary survey was done in 1962 but that was not followed up. The Committee then wanted to know as to the dates of actual payment of wharfage charges. The Departmental witness stated that between 28th June, 1963 and 22nd August, 1966 as many as 25 payments were made. The total amount spent on this account was Rs.35,515.

## COMMENTS AND RECOMMENDATION

24.11 It transpired from the evidence that the factory is experiencing difficulties in transporting its products and as a result full load of production could not be discharged by the factory which may ultimately result in loss. The Department should take effective steps for removing the present obstacle so that the factory can earn reasonable profit in near future.

### **Paragraph 102 at page 80 of the Audit Report, 1966**

24.12 This Audit paragraph brings out that financial results of the company during the year revealed a net profit of Rs.11,689 but arrear depreciation on water works amounting to Rs.25,650 pertaining to the years 1962-63 and 1963-64 were not provided for.

The Committee wanted to know about the present position of the mill. The Departmental witness stated in evidence that in 1965-66 there was marginal profit and in 1966-67 there was marginal loss. This loss was due to taking into account of entire depreciation that had to be charged.

## RECOMMENDATION

24.13 The Committee recommends that effective steps should be taken to improve the working of the Mill so that it earns some profit in real sense.

### **Paragraph 105 (a) at page 81 of the Audit Report, 1966**

24.14 The Audit paragraph brings out that two wings of the Company, Viz., Jax Board Factory and Match Splint Factory incurred losses, amounting Rs 43,073 during 1964-65.

24.15 Asked as to who prepared the projects reports, the Departmental witness stated in reply that the present report of the Jax Board Factory was prepared by M/S. Jax itself and the report of the Match Splint Factory was prepared by the Small Industries Development Corporation itself.



24.16 The Committee then wanted to know about the estimated annual production of Sale to which the Departmental witness stated that according to the project report, the Jax Board Factory should have produced 10,500 sq.ft. per annum out of 10 lakh target, production was 2,48,000 sq.ft. in 1964-65, 4 lakhs 2 thousand sq.ft. in 1965-66 and 1966-67 it was only 27,00 sq ft. Now the production had been stopped.

24.17 Asked as to what was the anticipated cost per square foot envisaged by the project report, the Departmental witness stated that the cost of production according to the project report was 14.20 per 100 sq.ft. but no in reality average cost per 100 sq. feet was Rs. 27. Asked at to what was the sale price per 100 sq.ft. the Departmental witness stated that the present sale price per 100 sq. ft. was Rs. 26. On a query the Departmental witness stated that the main reason for not working the project upto the optimum point of production was due to low sale. The Departmental witness on a question informed the Committee that at the time of making the project report, the Corporation made certain assessment of sale proceeds of the Jax Boards but the experience belied such hopes. With regard to the Match Splint Factory the Departmental witness stated in evidence that it presented a much better picture than Jax Board Factory.

### COMMENTS AND RECOMMENDATION

24.18. In this case, when the project report was prepared, the Corporation made certain assessment of saleable exponents of this Jax Board but experience belied all such hopes. Even the Public Works Department of the Government which was expected to be the corporation's bulk purchaser did not oblige the Corporation by placing orders for Jax Board. M.E.S. has made some symbolic purchase. The Corporation could not get expected market. The Committee is of opinion that wishes are not always horses and before public money is spent in such a sort of project, some meticulous care should be taken from all points of view.

24.19. In future the Government should carefully examine project reports keeping in view the profitability of the scheme and no guess work should be made in finally approving projects of such nature. The action taken by Government should be informed to the Committee as early as possible.

#### **Paragraph 105 (b) at page 81 of the Audit Report, 1966**

24.20. During 1964-65, an expenditure of Rs. 29,768 was incurred by the Company on purchase of tools and equipments for establishment of a mirror factory. The tools and equipment remained unutilised (April 1966). The Managing Director in his report dated 7th July, 1965 stated that for want of mirror expert the production could not be started and the efforts were being made to obtain an expert for the plant.

25.21. The Departmental witness informed the Committee that the amount remaining idle was not for tools and equipments but for the raw materials like Plate, glass and Chemicals. Tools and equipments were never purchased.



## COMMENTS AND RECOMMENDATION

24.22. The Corporation received mirror licence of Plate Glass valued at Rs.25,607.50 P. and according to the Director of Corporation all necessary tools and equipments were purchased. But the Committee is surprised to find that the Director's report and the evidence given by the Departmental witness is at variance. The Director further stated that it was only due to want of mirror expert production could not be started. This sort of varying and contrary report of the Secretary of the Department and the Director of the Corporation put the Committee in very difficult position to appreciate the real state of affairs. This sort of fun with public money should be avoided under all circumstances. The Committee expects that in future the Department witness should come prepared with proper facts to help the Committee in clarifying matters.

### **Paragraph 107 at Page 82 of the Audit Report, 1966**

24.23. The Audit Paragraph brings out that the Company incurred net loss of Rs.38,597 during 1964-65. The loss does not include (i) Liability on account of rent of premises occupied by the Company at Gauhati and Silchar.

(ii) Sub-standard goods were valued at cost price of Rs.15,000 instead of their market price.

(iii) Provision for bad and doubtful debts amounting to Rs.21,728 was not made.

24.24. The Committee wanted to know as to the reason for which actual financial results were not worked out by the Corporations. The Departmental witness stated in evidence that for sometime the Corporation did not make provision of the bad and doubtful debts when they were not showing profit. With regard to loss of cash at Badarpur, the Departmental witness informed that regarding Badarpur case, they had to realise the money from the man but the man went to Pakistan. Luckily they found that he had some money here.

## RECOMMENDATION

24.25. The Committee feels that every effort should be made either to raise the Corporation to the real commercial basis, if necessary by closing down the losing branches or if it is not possible the Corporation should be wound up. The Committee has been given to understand that the Department has been considering for amalgamation of it with the Small Industries Corporation.

24.26. The Committee hopes that Government should keep a close watch over the Corporation. The Committee further feels that mere shifting of the emporium to Assam House, Calcutta from its original place may not prove sufficiently remunerative.



**Paragraph 15 (ii) at page 32 of the Audit Report, 1966—  
Expenditure on New Service**

24.27. This Audit Paragraph brings out that an expenditure of Rs.20 lakhs was incurred by the Department during 1964-65 for participation in the share of the Assam Major Industrial Enterprises Corporation Ltd., without obtaining specific budget provision. As such, this expenditure has been held by Audit as on a 'New Service' requiring specific vote of Legislature.

24.28. The Committee wanted to know as to why Supplementary grant had not been obtained for the expenditure. The Departmental witness stated that the view taken by the Department at that time, in consultation with the Finance Department was that since there was budget provision for participation in private sector companies, and since one of the functions of the Assam Industrial Development Corporation was to participate in private sector companies, this was not a new service and re-appropriation of Funds from savings was regular.

## RECOMMENDATION

24.29. The Committee is of the opinion that the case was on a New Service. The Committee recommends that in future, the Legislature should be given an opportunity for studying the implications of New Service and suggests that this sort of diversion of fund from one head to another which was not contemplated in the budget and without obtaining specific vote of Legislature should be considered as 'New Service'.

**Para 70 at Pages 61-62 of the Audit Report, 1966**

24.30. The Audit Paragraph brings out that machinery costing Rs. 37,459 purchased for 3 productions centres remained unutilised for period ranging from 3 to 6 years. In one centre (*viz.*, North Lakhimpur) certain essential components of machinery though received from the supplier had been taken elsewhere through mistake. In April, 1966, Government however stated that there was no shortage in supply of the machinery parts in respect of North Lakhimpur Training-cum-Production Centre; the machinery were installed in 1961 and the parts in question were replaced subsequently. In Bheragaon Centre building for installing the machinery was constructed 3 years after, whereas building for the same purpose for Charduar Centre had not been constructed till December 1965. The actual position of utilisation of the machinery could not be pointed out to Audit even in June, 1966. The Committee wanted to know as to whether the parts of the machinery were replaced and if so at what cost. The Departmental witness stated that there was no shortage of supply of machinery but through mistake only some parts were taken elsewhere and subsequently the Department explained the actual position to Audit in April, 1966. Asked as to why the machinery had been purchased well in advance of actual requirement, the Departmental



witness stated that due to delay in construction of buildings, the machinery could not be installed in time. In reply to a query, the Departmental witness stated that shifting of machinery from North Lakhimpur to Bheragaon and other places before completion of the buildings was done according to the advice of the State Advisory Board. The machinery was utilised in a rented house. The Departmental witness further informed the Committee that the buildings were completed and machines were operating in full-scale.

## COMMENTS AND RECOMMENDATION

24.31. The Committee observes that the Department should not have gone for industry without arranging requisite things in advance. In this case machineries were purchased in advance of actual requirements. The Committee recommends that the Department should lay out directives for Departmental Officers indicating the phase of work to be taken up by them in establishing any production centre so that for the default of officers, the Government is not required to incur any loss. The action taken should be reported to the Committee.

## TRANSPORT DEPARTMENT

### Paragraph 12 (a) at Page 22 of the Audit Report, 1966

25.1 The original grant was Rs.10,28,800 and then a Supplementary grants both in September and in March were taken totalling a sum of Rs.43,000 and the total grant agreed to by the Legislature was Rs. 10,71,800. But the Department spent Rs. 10,78,373 in spite of the fact that the Department took two Supplementary Grants in March at the far end of the financial year, yet there had been excess of Rs. 6,573.

25.2. The Committee wanted to know the reasons for which more fund could not be provided to cover the excess through the Supplementary Demands taken at the end of the year. The Departmental witness stated that the excess occurred was due to the drawal of arrear pay by the D. T. O. and other staff who did not submit their bills in time.

25.3. Asked as to whether the amount pertained to Transport Department alone or only a part of it, the Departmental witness informed that the Department of Tourism also was involved. He also stated that the Secretary, Labour is the Director of Tourism although previously Tourism was part of the Transport Department.

## RECOMMENDATION

25.4. The Committee is not satisfied with the reasons put forward by the Department and recommends that the Department should be more alert about the control over expenditure in future.



**Paragraph 112 (a) at page 85 of the Audit Report, 1966**

25.5. It appears that in 1964-65 only 43 per cent of the amount under Depreciation Reserve Fund has been invested. In 1962-63 the investment was to the extent of 60 per cent and in 1963-64 it was to the extent of 59 per cent.

25.6. The Committee wanted to know why 43 per cent only of the amount under "Depreciation Reserve Fund" has been invested in 1964-65 and why the entire fund could not be invested. The Departmental witness stated that there was only slight shortfall in the provision which was less than what the Department actually asked for. The Depreciation Reserve Fund cannot be utilised for any and every purposes. The Committee then pointed out that the rule provides that certain percentage should be invested as Depreciation Reserve Fund for some specific purposes; why then that amount was not invested? Why was it not invested for the purpose for which it was sanctioned? The Departmental witness replied that the State Transport is a Government Department and it is run as a commercial concern. Had it be a Corporation, it would have been possible to invest the entire money. Actually, every year the State Transport used to credit certain amount of money for some specific purposes like renewal of vehicles, etc. During the year it purchased about 75 buses and depreciation was more in that year than previous years.

25.7. The Committee thereafter wanted to know why the Government found it difficult to follow up the earmarked provision for certain purposes? What was the reason for not investing the fund which was specially earmarked for the purpose for which it was sanctioned? The Departmental witness stated that during this particular year there was heavy withdrawal. In future, however, special provision would be made in the budget.

The percentage of net profit to Government capital was as follows—

| Year    |     |     |     |     | Percentage of profit |
|---------|-----|-----|-----|-----|----------------------|
|         |     |     |     |     | Rs.                  |
| 1962-63 | ..  | ..  | ... | ... | 3.01                 |
| 1963-64 | ..  | ... | ... | ... | 2.69                 |
| 1964-65 | ... | ... | ... | ... | 1.51                 |

25.8. The profit during the years 1962-63 to 1964-65 was as follows—

| Year    |     |     |     |     | Percentage of profit |
|---------|-----|-----|-----|-----|----------------------|
|         |     |     |     |     | Rs.                  |
| 1962-63 | ... | ... | ... | ... | 8.40 lakhs           |
| 1963-64 | ... | ... | ..  | ... | 9.16 "               |
| 1964-65 | ... | ... | ..  | ... | 5.71 "               |



25.9. The Committee wanted to know why the percentage of net profit to capital so small and whether it was a profitable business; and the reasons for which the profit had come down? The Departmental witness replied that during the year 1964-65 new pay scales came into being because of the recommendations of the Pay Committee and some interim relief had to be given to the employees which had increased the establishment charges. The second reason was that the Department had to apply the Motor Transport Workers' Act which provides for the supply of uniform to the Drivers and Linesmen and reduction of hours of work. The third reason was that there was abnormal increase in the cost of spare parts, etc., and many parts had to be replaced because many vehicles were old. The fourth reason was the abnormal increase in the interest rate.

25.10. The Committee then wanted to know the following:—

- (1) The unit cost per mile for the passenger buses in the plains and hills sections.
- (2) The unit cost per ton/mile or freight.
- (3) Whether the unit cost include administrative overheads.
- (4) The basis for fixing passenger/freight rates and whether these are related to unit cost.
- (5) The percentage of shut down vehicles excluding the minimum percentage (fixed by the Board) during the three years ending 1964-65. The reasons for this and the remedial measures adopted to ensure that maximum services are derived from each vehicle.
- (6) The average expectation of output of each vehicle in terms of mileage.

25.11. The breakup of unit cost per mile for the passenger buses in the plains and hill sections was as follows:—

|                            |                                |                       |  |
|----------------------------|--------------------------------|-----------------------|--|
| Fare Plain:                | (1) Metalled road              | ...                   | Average unit cost per mile is Re.1.50 P. |
|                            | (2) Gravelled Road             | ...                   | Average unit cost per mile is Re.1.69 P. |
| Hill section:              | Gauhati-hillong Road           | ...                   | Average unit cost per mile is Rs 1.71 P. |
| Other Roads:               |                                |                       |  |
|                            | Shillong-Jowai-Khliehriat Road | }                     | Average unit cost per mile is Re.1.91 P. |
|                            | Shillong-Dawki-Tamabil Road    |                       |  |
| Silchar-Aijal-Lungleh Road | ...                            | Unit cost per mile is | Rs 2.02 P.                               |

25.12. The Departmental witness also stated that unit cost include administrative overheads and the percentage of administrative overheads to the total cost was 20 per cent. The basis for fixing the passengers freight rates by Government was that after collection of data from the State Transport and from other private operators freight is fixed with reference to the unit cost plus the rate of fare or freight charged by the private operators and also the establishment charges.

25.14. On a query as to whether there were some roads both in the plains and in the hills sections and these roads were kept only due to political pressure or due to public pressure even though they were uneconomical, the Departmental witness replied that these roads were kept due to public pressures.



### Comment and recommendation

25.15. The Committee observes that the percentage of depreciation reserve fund investment in the year under review is less than previous years whereas the other items have increased. Even out of the reduced amount only 43 per cent was invested. While the money was available, the Department could not utilise it although many of the vehicles of the Department were out of order for want of replacement. The total expenditure in the previous year was Rs. 1.97 lakhs and in the year under review was Rs. 2.05 lakhs. Therefore the difference is not a big figure.

25.16. The Committee is not happy over the explanation for the short fall of profit and recommends that the State Transport Organisation being a commercial enterprise of the Government every effort should be made to earn more profit. The increase of expenditure speaks of the top heavy administration and unnecessary entertainment of staff which should be taken care of. Remedial measures should be adopted to ensure that maximum services are derived from each vehicle and to find out ways and means to improve the organisation so that it can earn more profit.

25.17. The Committee also recommends that there should be a condition in the service of the Drivers that they should know little bit of mechanism to repair the minor defects of the vehicle which they are to attend whenever necessity arises.

25.18. The Committee likes to be apprised of the action taken within six months from the date of presentation of this report to the House.

### Paragraph 112 (b) and (c) at Pages 86-88

25.19. These paragraphs bring out that during 1964-65 out of 8 Sections, only one earned profit while remaining seven ran at loss.

25.20. The Committee wanted to know as to whether it was a fact that while seven sections were running at a loss the Department was proposing to introduce air conditioned and Deluxe buses on these routes. The Departmental witness stated that there was a proposal to run air-conditioned and Deluxe buses to attract tourists and give them comforts.

25.21. On a question being put as to what steps the Department had taken to stop illegal carrying of goods on Shillong-Gauhati route and about issue license to individuals to carry goods in the name of agricultural produce, the Departmental witness replied that the check-post at Nongpoh had already detected 30 cases and they had been punished by suspending their license. The Department does not issue permits.



## RECOMMENDATION

25.22 The Committee recommends that the organisation should adopt remedial measures to avoid losses. The issue of permits to allow private trucks to ply on the Shillong-Gauhati Route on this or that ground will lead to complicity, as such, this practice should be stopped. The Committee would like to be apprised of the action taken within three months from the date of presentation of this Report to the House.

**Paragraph 112 (d) at Page 88**

25.23 This Paragraph brings out provision for meeting the liability of Rs. 3.38 lakhs being the amount of arrear pay of the employees was not made. The Para also brings out depreciation to the extent of Rs. 3.31 lakhs was charged less due to mistake in calculation.

25.24 The Committee wanted to know how the correct financial position could be worked out if the chargeable amounts were not brought to account and what would be the financial results if these two items were taken into account. The Departmental witness stated that in this year, the revision of pay was given effect to from April and total requirement worked out to Rs 5 lakhs. Out of this amount Rs 1,62,000 was drawn and paid during the year and the balance was adjusted in the subsequent two years. The Department opined that deferred payment was not illegal and irregular. If those two items would have been taken into account, there would have been no profit at all.

## RECOMMENDATION

25.25 The Committee observes that the figures shown as profit is deceptive. The claim made by Department that they are running at a profit is not correct. It is a matter of regret that though the State Transport Organisation which is getting certain advantage as a commercial concern of the Government yet it could not compete with the private operators who are to pay extra tax. The Committee therefore recommends that the State Transport Organisation show real profit in their accounts without concealing some items of expenditure. The Government should properly examine the actual state of financial position of the organisation.

**Paragraph 113 at Page 88 of the Audit Report, 1966**

25.26 This para brings out idle outlay as follows:—

|                           |     |     |     |     |     | Rs.         |
|---------------------------|-----|-----|-----|-----|-----|-------------|
| (i) Stores                | ... | ... | ... | ... | ... | 4.62 lakhs. |
| (ii) Land—Two plots       | ... | ... | ... | ... | ... | 0.67 lakh.  |
| (iii) Plant and machinery | ... | ... | ... | ... | ... | 0.16 lakh.  |



25.27 The Committee asked about the period in which these stores were purchased and why in excess of requirements. The Departmental witness stated that these stores were purchased before 1961 on the basis of engineering estimates of the Chief Automobile Engineer.

25.28 On being asked as to what was the present position of the utilisation of stores and whether an investigation had been made the Departmental witness stated that due to dieselisation of vehicles and consequent change in the type of make of vehicles by the Government of India, some spare parts purchased for different type of vehicles, became absolute and surplus. Some stores were disposed of through the D. G. S. D. No investigation was made to establish whether there was excessive procurement.

25.29 Asked as to why it was not possible to find market for serviceable stores, and what efforts were made to find a market, the Departmental witness stated that some parts were absolute and that was why it was very difficult to find market. Notice was circulated throughout India, but there was no response. So, with the sanction of Finance some stores were disposed of through D. G. S. D. The model generally belonged to (1) Petrol driven vehicles of different makes and (2) Diesel driven commercial vehicles.

25.30 On a query the Departmental witness stated that the policy of the Department was to clear the stores within six months and in case it exceeds six months, an indent is sent to the Controller of Stores who would receive the old ones and determine the value of the stores. In course of evidence the Departmental witness also stated that the value of the stores in hand was Rs.30 lakhs approximately.

25.31 The Committee then wanted to know about the two plots of land purchased by the Department in the year 1967 to establish stations and why should land be kept fallow which could not be used for profitable purpose. The Departmental witness informed that a decision had already been taken to dispose of the land by public sale notice. About the land at Silchar the estimates for the workshop had been prepared but money had not yet been received.

25.32 Asked whether this piece of land was sufficient to cover both the station and the workshop, the Departmental witness replied that there would be only one station and one workshop in the same place.

## RECOMMENDATION

25.33. The Committee is constrained to note that due to lack of foresight the Department had to incur an avoidable loss of about Rs. 5.44 lakhs. The Committee recommends that an enquiry should be made to pin point the responsibility of the Officers due to whose fault this loss had to occurred.

25.34. The Committee would like to be informed of the action taken within three months from the date of presentation of this Report to the House.



**Paragraph 114 at page 38 (Avoidable Expenditure)**

25.35. This paragraph brings out avoidable expenditure of about Rs. 2 lakhs upto March, 1965, due to non-conversion of 24 sub-stations into conductor's booking centres. This resulted in having at least one booking Assistant and one Grade IV extra in the employment at each substation.

25.36. The Committee, at the outset, wanted to know why the 24 sub-stations were not converted to conductor's stations, as per decision of the State Road Transport Board ; who were responsible for the large avoidable expenditure and what is the present position of these 24 sub-stations.

25.37. The Departmental witness stated that these 24 sub-stations were not converted as conductors' station as there was no public agitation.

25.38. Asked as to why the decision of the Board taken in 1958 was not implemented the Departmental witness stated that actually at a meeting on 3rd May 1958, a resolution was adopted in respect of a proposal for entrusting of booking of passengers at small sub-stations which did not justify the entertainment of one or two office Assistants at the sub-stations. The Board decided the booking of passengers in all sub-stations in the State Transport where the daily sale is less than Rs. 150 per day should be done by the conductors of the respective buses as was done in case of way side stoppages. The Assistants working in such sub-stations should be withdrawn to the main office keeping a chowkider and one or two porters in such sub-stations to look to the comfort of the passengers. The quarter meant for the incharge, if there be any, should be occupied by the line checkers. The Board took the decision on 3rd May 1958. On 28th May, 1958, the Director issued a circular order to all Divisional Superintendents, State Transport (Gauhati, Jorhat & Tezpur) and the Station Superintendents asking them to comply with the resolution adopted by the Board and there were 23 such sub-stations to be effected by this resolution.

25.39. On a query as to when was this 24th sub-station added ? The Departmental witness state that when the Director's order of 28th May, 1958 was issued there were only 23 sub-stations, another was added later on, out of this 23 only 8 remained.

25.40. On being asked the Departmental witness stated that this decision of the Board as conveyed by the order of the Director dated 28th May, 1958, was given effect to by the Field Officers concerned only in respect of some and not all. There were only two exceptions, Chaygaon and Palasbari. Another sub-station, viz. Kamargaon was opened with the opening of Golaghat-Kamargaon route.

25.41. Some more sub-stations were revived, e. g., Dimow, Teok, Chabua, Khowang and Demaguri. Dimow, Teok and Chabua were revived in 1960 and Demaguri in 1961 and Khowang in 1965. During 1965 it was found that the 8 sub-stations as well as some more sub-stations became uneconomic.



25.42 The Committee wanted to know that by whose order they were re-opened ? Whether they were re-opened by the order of the Board or by somebody else's order ? The Departmental witness stated that on the recommendation of the Divisional Superintendents, the order was given by the Director and they were found to be uneconomic again in 1964-65. When the passenger fare increased some of them which were uneconomic became more than Rs.150 per day. So, the Director wanted to review the position.

25.43 The Departmental witness farther stated that since the Board had taken certain decision, that decision normally ought to be implemented in to. If there had been some difficulties in implementing that decision, the proper way would have been to refer it to the Board. But that had not been done. The only thing that the Department could do now was to place the matter again before the Board. On 20th August 1966, the order of the Minister was taken to extend the time to the out-stations in order to increase the earnings.

25.44. On being asked as to what is the number of such uneconomic sub-stations at present, the Departmental witness stated that there were 31. Of these, two sub-stations are earning more than Rs.190 per day and 29 sub-stations are uneconomic on the standard of Rs.190 per day and 14 sub-stations are uneconomic on the standard of Rs.150 per day.

### RECOMMENDATION

25.45. The avoidable expenditure of about Rs.2 lakhs upto March 1965 was incurred due to non-conversion of 24 sub-station into Conductor's booking centre although the State Road Transport Board decided in the year 1958 to close down and to convert these sub-stations to conductor's stations as a means of precaution against the said loss. The Department on 20th August, 1966 (i.e., after a lapse of about eight years) obtained the orders of the Chairman of the Board to maintain *status-quo* of their earlier decision. The Committee could not but to express grave concern over the State of Affairs and recommends that this is a case of gross indiscipline and a thorough enquiry conducted to investigate into the following matter amongst others :--

(a) Why the decision of the Board was not implemented for which the organisation had to incur a heavy loss.

(b) 25.46. Responsibility should be fixed and the loss may be made good from the officer or officers due to whose fault the organisation had to bear the loss.

25.47. The Committee would like to be apprised of the action taken within six months from the date of presentation of this Report to the House.



**Para 112 at pages 85-86 read with Appendix X at page 129**

25.48. It transpires from the Audit Report that in the previous year Sundry Debtors stood at Rs.63,82,120 and during the year under review it is Rs.1,18,42,204.

25.49. The Committee wanted to know the principal Sundry Debtors. The Departmental witness stated that the principal Sundry Debtors were the Superintendents of Police, Deputy Inspector Generals of Police and other Police Officers.

25.50. On a query as to what steps had been taken to get these outstanding arrears adjusted or realised, and whether the matter had been placed before the Board the Departmental witness stated that reminders have been issued, in case of big outstandings the Department had taken up the matter with the concerning Departments and in case of small outstandings, correspondence with the concerning Departments is going on. The Department had not up till now contemplated to place the matter before the Board.

## RECOMMENDATION

25.51. The Committee recommends that vigorous steps should be taken to realise the arrear and the Committee would like to be apprised of the progress made.

### PUBLIC WORKS (FLOOD CONTROL AND IRRIGATION) DEPARTMENT

**Paragraph 53 at Page 51 of the Audit Report, 1966—Expenditure incurred without or in excess of detailed estimates**

26.1. In this case it is found that Rules are not being scrupulously followed by the Department. According to Assam Financial Rule 240 a detailed estimate must be prepared for the sanction known as technical sanction of the competent authority. It is irregular to commence work or incur any liability on a work till its detailed estimate has been sanctioned. Again an expenditure over 5 per cent of sanctioned estimate upto March, 1965 amounting to Rs.29.77 lakhs was incurred on 9 works in utter violation of Financial Rule 278. The Departmental witness explained that in view of the extensive and intensive nature of work, the rules could not be followed.

## RECOMMENDATION

26.2. The Committee recommends that so long the rules have not been amended, any violation should be investigated and proper action should be taken for such violation but if rules have become impracticable, Government may be moved to amend the rule under changing circumstances. The matter may be thoroughly examined and views of the Department should be intimated to the Committee.



**Paragraph 55 at Page 52 of the Audit Report, 1966**

26.3. An expenditure of Rs.16,708 was incurred by the Executive Engineer, Investigation, Embankment and Drainage Division, Jorhat, during March, 1965 to October, 1965 on the pay and allowances of some of the crew members of a launch which could not be put to use for want of a driver. During the said period, further expenditure of Rs.27,178 was incurred on maintenance of the launch. The Committee wanted to know why the driver of the launch could not be appointed. The Departmental witness stated in reply that all attempts were made to recruit a licensed driver but could not be obtained. Letters were written to the Managing Director, R. S. N. Company Ltd., and port trust, Calcutta and Mercantile Marine Department. These attempts were made since 1963 but the licensed driver could not be found uptil now. This crew for the period had to be paid for little work done.

**RECOMMENDATION**

26.4. It transpired from the evidence tendered that there is utter lack of vision and management of the affairs of the Department which calls for effective steps to set the things right. The action taken should be intimated to the Committee within three months from the date of submission of this Report to the House.

**Paragraph 56 at Page 52 of the Audit Report, 1966**

26.5. The Audit Paragraph brings out that in Nowgong Embankment and Drainage Division, a sluice Culvert constructed in June, 1958 at a cost of Rs. 0.91 lakh was damaged by floods in August, 1963. An expenditure of Rs. 0.40 lakh was incurred on repairing the breach. A commission enquired into the cases of damage and opined that the culvert had not been constructed according to plan and specification and the culvert was not suitable for the site and that the culvert was not maintained. The Government intimated to Audit that all Officers were directed to be alert against the particular contractor at the time of allotment of work to him in future. Four Officers of the Department were severely warned for their lapses.

26.6 The Departmental witness while explaining the matter stated that the design was not suitable for the particular site and it was a type design made for the first time. Asked as to why then the Officers were warned, the Departmental witness stated that they were warned because certain defects were found. The Departmental witness further informed that the Government did not accept the Commission's finding in this respect.



## RECOMMENDATION

26.7. It transpired from the evidence tendered that the Government did not accept the finding of the Commission and the Department held that the design was not suitable for that particular site. The Committee could not understand why the findings of the Commission were not accepted by the Government and why the Officers were warned. The Departmental witness could not convince the Committee as to the circumstances or reasons for which findings of the Committee were not accepted.

26.8. The Committee therefore recommends that findings of the Commission should be sent to the Finance Department who would make an enquiry of the matter and report to the Committee within three months from the date of presentation of this Report to the House.

## GENERAL OBSERVATION AND RECOMMENDATIONS

26.9. The Public Works Department (Flood Control and Irrigation Wing) is a developing and a fairly big and major spending Department. The Committee feels that in the context of its importance and the works undertaken by it in recent years, it would be appropriate if at least an annual analysis of achievement aimed at and realised be published for appraisal by the public. The Committee recommends that an annual reports detailing the activities and achievements of the Department should be published for information of the general public.

**Paragraph 124 read with Appendix XIII at Pages 139-40 of the Audit Report, 1966**

26.10. The Committee desires that Government should expedite examination/investigation of the pending cases and send their comments within three months from the date of presentation of this Report to the House.

**Note 8(b) at Pages 84-85 of the Appropriation Accounts, 1964-65**

26.11. The Committee desires that more vigorous steps should be taken to minimise the suspense accounts of the Divisions.



## CO-OPERATION DEPARTMENT

**Paragraph 115(iii)(a) at page 89 read with item No.20 at pages 116-117 of Finance Accounts, 1964-65**

27.1 The para brings out that in Assam Co-operative Apex Bank the Government invested Rs.22 lakhs upto the end of March, 1965. The Bank declared dividends of Rs.3.08 lakhs four years ending on 30th June, 1963; the amount had not been paid to Government till December, 1965, although it earned a net profit of Rs.8.88 lakhs during the year ending on 30th June, 1964.

27.2 The Committee wanted to know as to why the amount payable to Government had not been paid by the Bank; what steps had been taken to realise the dues and whether the Bank was called upon to pay interest on unpaid dividends. The Departmental witness stated that the position was that the Bank had given rural credit to a large extent. In principle (As a matter of accepted policy) as far as possible, the returns from the Co-operative institutions should be ploughed back for Co-operative Development. On that basis the Bank moved Government for investing the amount of dividends into the Credit Stabilisation Fund. It was with the Finance Department which wanted to discuss the matter on 11th September when they would take a final decision whether it should be paid back to the Government or credited into the Credit Stabilisation Fund.

27.3 The Departmental witness stated that though four years had passed in the meantime. The Department in consultation with the Finance Department on 11th September, 1966 had decided that the dividend earned by State Government during the years 1959-60, 1960-61, 1961-62 1962-63, 1963-64, 1964-65 and 1965-66 on the shares held in Assam Co-operative Apex Bank Ltd., need not be credited to Government and that the said may be deposited in the Bad Debt Reserved Fund created by the Bank for the purpose of strengthening its Bad Debt Reserves.

27.4 The Committee also wanted to know the amount of dividend declared by the Co-operative Societies other than Apex. The Departmental witness stated that out of 537 Societies only 316 had been audited upto the year 1964-65. Of the 316 Societies so far audited, only 134 earned profit and of them also only 9 Societies declared dividend on their paid-up share capital. But the exact amount of dividend earned on Government share was available in respect of only four Societies. The remaining five Societies though declared dividend the amount due to Government on this account is yet to be apportioned and the concerned field officers have not yet furnished report in this regard to the Government.

## RECOMMENDATION

27.5 The Committee expresses surprise that the Department has not sufficient control over its field officers so as to bring in Reports in-time, particularly when they have their own field audit staff. It transpired from the evidence that instead of taking the decision about the dividend earned by



the State Government in time, Government have taken decisions for seven years together. It would be more appropriate if decisions would have been taken year by year. The Committee hopes that in future decision would be taken promptly and timely.

27.6 The Committee perused the note on the Shillong Fish Dealers' Association Ltd., which is annexed (Annexure IV) to this Report. The Committee has not been informed as to whether the meeting which was to be held in the first week of November, 1967 has really been held and whether the Society has been recognised so as to include the genuine fish dealers. Steps taken in this regard and also in regard to the improvement and financial condition of the Society should be reported to the Committee within three months from the date of presentation of this Report to the House.

**Paragraph 115 (iii) (b) at page 90**

27.7 This paragraph indicates that the Assam Co-operative Sugar Mills Ltd., Barua Bamongaon, in which the Government investment stood at Rs.29 lakhs (upto March, 1965) incurred losses totalling Rs.37.61 lakhs upto June, 1963. Results of the working of the Mill for the year ending June, 1964 were not made available to audit.

27.8 The Committee asked the Department to submit particulars in respect of the Assam Co-operative Sugar Mills Ltd. The Department had supplied a note on the working of the Assam Co-operative Sugar Mills Ltd. which is annexed as Annexure V. From the note it appears that the Society is managed by a Board of Directors consisting of 21 members including six representatives of Co-operative Societies and 7 members elected from the cane producers' share holders and five members elected from non-producers' share holders. The managing Director is a Government officer and is also an *ex-officio* member of the Executive Committee consisting of 7 members. The Managing Director belongs to the A.C.S. Cadre. The General Secretary of the Society also is a Government officer and he belongs to the Co-operation Department. Thus the Government has the controlling hand over the Society. The Society was formed and registered in 1955 and started actual working since 1958-59.

## RECOMMENDATION

27.9 The profit and loss account submitted for 9 years shows that except in one year, *i. e.*, in 1965-66, the Society has been running at a loss. In these 8 years the total loss has come up to Rs.45,75,884.24 P. After deducting the profit of Rs.2,51,217.91 P. earned in 1965-66 the total net loss till the end of 1966-67 amounts to Rs.43,24,666.33 P. This is not an encouraging picture for the co-operative movement and requires more thorough probe into the matter. The Committee proposes to make a spot verification of the mill in course of time. The Committee would like to be informed of the ways and means adopted to put the mill on an economic footing.



**Paragraph 115 (iii) (c) at page 90**

27-10 This paragraph indicates that the Assam Co-operative Apex Marketing Society Ltd. in which Government invested Rs. 9 lakhs sustained loss of Rs.4-63 lakhs upto June, 1962. The para further brings out that the result of working of the Society for the year ended June, 1963, June, 1964 were not made available to audit.

27-11 The Committee wanted a general note on the latest position of the Assam Co-operative Apex Marketing Society Ltd., and its performance. The Department has since submitted a brief note. (Annexure VI). From the note the performance of the Society since 1958-59 is seen as hereunder:—

| Kharif year | Area   | Total quantity of paddy procured   |
|-------------|--|--|
| 1958-59     | Nowgong District   | 11 lakhs mds.  |
| 1959-60     | Nowgong, Darrang, Kamrup, Cachar Districts and North-Lakhimpur Subdivision and South Bank of Goalpara. | 45-67 lakh mds. Sali and 6-08 lakh mds. of Ahu.  |
| 1960-61     | All the Plain districts and Mikir Hills.   | 51.09 lakh mds.  |
| 1961-62     | Do   | 34-58 lakh mds. In the midst of season policy was revised and millers procuring simultaneously and service Co-operatives were tagged to kills. |
| 1962-63     | Do   | 33-80 Do.  |
| 1963-64     | Do   | 45-71 policy was changed on 11th May, 1964 and since that date Co-operative stopped procurement.   |
| 1964-65     | Do   | 82-90 lakh mds.  |
| 1965-66     | Do   | 52-49 policy was changed on 20th May, 1966 and since that date no procurement was made by Co-operatives.                                       |
| 1966-67     | Food Corporation India.  | of 16-00 lakhs. Apex Marketing has since then been out of the picture from second half of January, 1967.                                       |

27-12 The Apex Marketing Society had received all possible help and assistance from the Government. The Society obtained clear advance on Government guarantee from the Apex Bank for purchasing paddy as agent of the Governments and also obtained cash credit accommodation from the Reserve Bank of India on pledge of stock, etc. But partly due to inexperience, partly due to inclusion into it none too good elements the Society could not show results upto expectation. It could not repay in full the clean advance outstanding at the close of the season and the present outstanding stands at Rs.60-26 lakhs of which Rs.38-35 lakhs accounts for principal and Rs.21-98 lakhs for interest.



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27-13 Quite a number of primary Marketing Societies affiliated to the Apex Marketing Society became defaulters and the Apex Marketing Society has had to file arbitration cases against them which are now pending with the Co-operative Department.

27-14 The Society is no longer the monopoly agent of the Government for the whole State. Last year it was replaced by the Food Corporation of India. This year it has been given agency only for a few districts. The Society has also taken to other ancillary business as detailed in the note.

## RECOMMENDATION

27-15 The Committee recommends that the Department should watch the progress of the Society with sympathy and should help it to overcome the present difficulties and enable it to stand on a firm footing. Steps should be taken to realise the outstanding arrears from the defaulting Primary Marketing Societies.

### Paragraph 115(iii)(d) at Page 90

27-16 This Paragraph brings out that an amount of Rs.1.86 lakhs was recoverable from the employees of 28—Co-operative Societies on account of shortage of cash and stores.

27-17 The Committee wanted to know whether the amounts involved have been recovered from the persons concerned. The Departmental witness stated that the persons concerned are the office bearers of the Society and instructions had been issued to recover the amounts by pursuasion, arbitration cases and to start Bakijai cases, if necessary by criminal proceedings.

## RECOMMENDATION

27-18 The Committee would like to be apprised of the latest position and progress made in recovery.

### Paragraph 93 at Page 75

27-19 The paragraph brings out that in addition to the capital of Rs.38 lakhs held by the Assam Warehousing Corporation as on 31st March, 1965, (contributed by the State Government and the Central Warehousing Corporation in equal shares) a sum of Rs.5 lakhs was received from the State Government in March, 1964 on account of share money. This additional amount was kept in 'share money advance account' as the Central Warehousing Corporation did not agree to the proposal for raising additional funds by issuing further shares because it felt that the Assam State Warehousing Corporation had enough funds to carry on its activities. Bulk of the paid-up capital (Rs.23.19 lakhs) was lying in fixed deposits (Rs.14 lakhs) and current account (Rs.9.19 lakhs) with two banks on 31st March, 1965.

- \*1. State Bank of India.
2. Assam Co-operative Apex Bank, Limited.



27-20 The Committee perused the note submitted by the Department on the working of the Assam State Warehousing Corporation which is annexed as Annexure VII. From the note it transpired that the Assam State Warehousing Corporation was established in 1958-59 with an authorised share capital of Rs.2 crores. The up-to-date subscribed and paid-up capital is Rs.42 lakhs. The State Government has, up till now, subscribed and paid Rs.21 lakhs and an equal amount has been subscribed and paid by the Central Ware Housing Corporation. The Corporation has now 14 godowns with the capacity of 11,250 metric tonnes distributed in 8 different places. In addition to the above, the Corporation has arranged to purchase a new Ware House with a capacity of 1,600 metric tonnes in two units constructed by the Food Department of the Government of India.

27-21 The main customs handled in the Ware Houses are paddy, rice, jute, pulses, mustard seed, mustard oil, cement, fertilizers, sugar, salt, etc. But paddy is by and large the main commodity stored in the Ware Houses. Due to defects in the storage there cropped up several cases of deterioration in sugar, pulses and mustard seeds and mustard oil.

### RECOMMENDATION

27-22 The Committee recommends that some godowns of the Corporation proved to be uneconomic and two of them had to be closed down, others are in the review. The profit and loss account shows that in 1966-67 a small profit of Rs.51,319-63P. was earned by the Corporation. This does not appear to be a good return for a paid-up capital of Rs.42 lakhs. The Committee hopes more profit as there is ample room for economy and improvement. The Committee would like to be apprised of the progress made.

### REVENUE AND AGRICULTURE DEPARTMENTS

Para 83 at page 68 (Arrears in recovery and defective maintenance of loan ledgers.)

### RECOMMENDATION

The Committee, recommends that vigorous steps should be taken for realisation of the outstanding loans without further delay.

The Committee likes to make it clear that the loan bonds should invariably be obtained at the time of disbursing the loans.



## PART II

## Summary of Recommendations

The Committee

The Committee

The Committee

(1)

(2)

(3)

## FINANCIAL RECOMMENDATIONS

## (FINANCIAL RECOMMENDATIONS)

The Committee has considered the recommendations of the Committee on the Finance of the Government and has found them to be of great value. It has also considered the recommendations of the Committee on the Finance of the Government and has found them to be of great value.

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## PART II

## Summary of Recommendations, etc.

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## GENERAL RECOMMENDATION

## (FINANCE DEPARTMENT)

1. Control over expenditure  
(a) saving. The Committee recommends that for effective control over expenditure, major aspects of the schemes to be implemented during the year should be carefully examined well ahead of the Budget. When delays are likely, as in the case of acquisition of land, recruitment of technical personnel, and/or other doubtful factors, it may be considered why only a token provision should not be included in the original budget estimates, supplementary grant being obtained later as the year progresses.

The Committee also feels that the issue of sanctions late in the financial year, often in the month of March, leads often to hurried and unplanned spending. Suitable measures can and should be taken to issue the sanctions for items included in the budget of the year well in time so that the authorities responsible are in a position to act judiciously. Government might also consider prescribing a calendar for processing all sanctions and a last date for submission of proposals by the Heads of Departments and for issue of sanctions by Government.

2. (b) Excesses In spite of past recommendations, excesses occurred in a large number of cases as indicated in Annexure III.

The Committee reiterates its earlier recommendation contained in Paragraph 1.7 of



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its Report of February, 1967 (at page 4) and recommends that Government should in suitable cases, take such disciplinary action against the officers responsible as would inhibit the laxity in control over expenditure. The Committee feels that greater and better efforts are called for and trusts that the Departments will give this important matter the attention it deserves.

Subjects to these remarks, the excesses mentioned in Annexure III should be regularised by taking the approval of the Legislature.

The Committee was also given to understand that the Accountant General could not, as expected of him, assist the Controlling Officers in the matter of control of expenditure against grants/appropriations, as the expenditure figures recorded in his books from month to month during the course of a year did not reflect the correct expenditure upto the end of such month, due mainly to delay in submission of treasury accounts. Hardly any of the II treasuries in the State submit their accounts in time to the Accountant General. The main defaulter in this respect is the Kamrup Treasury where the delay in submission of accounts ranged from 120 to 170 days every month during 1966-67. The Committee have had occasions to comment adversely on the functioning of some of the treasuries and would wish to refer to their recommendations, contained in the Report of February, 1967. Now that Kamrup Treasury has been split up into two treasuries with effect from October, 1967, the Committee would urge the Government to take all means at their command



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to ensure that the treasuries do not fall in this regard any longer. The Committee would like to hope that the Kamrup Treasury would be geared into an ideal treasury and would give a lead to the other treasuries so far as proper functioning of treasuries is concerned.

3. Recovery of loans and advances and arrears of revenue. The Committee has repeatedly been expressing concern over the very unsatisfactory state of realisation of principal and interest pertaining to loans and advances given by the Government to various bodies/institutions. Despite the ever increasing magnitude of such transactions, the situation has shown little improvement whatever. The Committee feels that cases of non-maintenance of primary records of loans as brought out in paragraph 83 and 86 of the Audit Report, 1966 are serious. The Committee notes with concern the slackness on the part of the departmental authorities who are responsible for the maintenance of detailed accounts of loans. The Committee attributes the default in respect of realisation of principal and interest to improper maintenance of the basic records. The unsatisfactory state of affairs would be evident from the fact that departmental officers have failed even to reconcile the balances of these loans and interests thereon with Accountant General's figures.

The Committee also feels that the failure to ensure timely repayments of principal and interest by the loanee institutions puts undue strain on the resources of the State Government. The Committee feels that in respect of loans financed by the Government of India especially where the State Government is obliged to repay these on due dates their failure to effect corresponding recovery from the loanee



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institutions put an avoidable strain on the ways and means position of the State Government.

The Committee would urge upon Government to deal with firmly the laxity and non-observance of the rules by the Departmental authorities by fixing responsibility on the individual officers at fault.

The Committee further gathered the impression that considerable amounts of Government dues transferred to Bakijai for collection remain unrealised for very long periods. The Committee is convinced that the Bakijai machinery needs to be streamlined to expedite collections.

The Committee also considers it desirable that the Finance Department be made responsible for a periodical analysis and review of the outstanding loans and advances and arrears of revenue, so that the resource potential of the State Government can be mobilised to the best advantage.

4. Administrative reports of the Department - Evaluation of performance. In course of examination the Committee noticed that the departments were not always in a position to give a comprehensive appreciation of the performances and progress of the various activities of the Government. The Committee is aware that the existing pattern of administrative machinery has so far laid emphasis only on the financial aspects of such schemes, etc. The Committee feels that with the change in the nature of Government activity, there is need for supplementing the existing manner of presentation. With these end in view, it is recommended that a gradual shift should be attempted towards evaluating



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Government activity on physical lines as well. In order to examine how far a particular scheme is yielding the results expected of it, it would be desirable to ascertain among other things.

- (i) whether physical targets have been achieved within the estimated time and money.
- (ii) how far any returns, where these were anticipated, have actually materialised, and
- (iii) how far the physical purpose or object of the expenditure has been achieved.

For instance, in the case of the irrigation-cum-Electricity Project, it should be ascertained if the estimated supply of water for irrigation purpose and power has actually become available as a result of completion of the projects and whether their actual utilisation is to the extent anticipated. Such a shift towards evaluating Government performance and presenting it in this fashion would, the Committee feels, besides creating healthy public opinion and awareness, go a long way to help in projective planning and realistic budgetting.

The Committee noted with satisfaction that a beginning has already been made in this direction and the Departments have been required to compile report indicating targets aimed at and achievement made and examine how far the expenditure was commensurate with such achievement. But the Committee noted with concern that out of 108 reports on financial stock taking of big projects and schemes due, only 4 were received (*vide*



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Para 62 of the Audit Report, 1966).

The Committee feels that such a state of affairs is not very encouraging and recommends that the submission of these reports should be watched warily.

An evaluation report of the Small Scale Industries was brought to the notice of the Committee and the Committee feels that there is a great scope for extending such reviews to other departments also.

5. Outstanding audit objections and inspections reports.

The Committee observes that although some improvement has been effected by a few departments in bringing down the number of audit objections and inspection reports, others have yet to show any appreciable results in this regard.

The Committee reiterates its recommendation contained at Pages 4-5 of its Report of March, 1966 on the Audit Report, 1964 and urge upon the Government to settle the outstanding items as early as possible. Responsibility for non-settlement of old objections by the Departmental Officers should be fixed by Government and greater liaison with audit should be fostered.

6. Non-submission of utilisation certificates.

Most of the departments do not seem to be alive to the situation that the Legislature is very much interested in seeing that money given away as grants to non-Government Institutions/Bodies has been utilised for the purpose for which it was granted. The Committee regrets to note that few departments have a satisfactory machinery to exercise an effective check over the proper and regular utilisation of these grants.

The Committee reiterates its recommendation contained in Para 1.10 of its Report of February, 1967 and would like to impress upon the Government that failure on the part of the Departmental Officers to submit the outstanding utilisation certificates to Audit



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|  |           | within the next six months should be taken serious note of. A report in this regard should be submitted to the Committee within three months of the placing of this Report of the House.  |
| 7. Reply to draft paras issued by the Accountant General.  |           | <p>The Committee views with concern the scant attention paid by most Departments to replying to the Draft Audit Paras. The time limit of six weeks, for replying as fixed by the Government was rarely observed.</p> <p>It was also brought to our notice that replies to Draft Paras when furnished, emanated a junior level in spite of Government instructions and there was never an indication that such a reply had received the approval of the Secretary/Joint Secretary concerned.</p> <p>The Committee would like to draw the attention of Government to Para 1.32 at page 9 of its Report of February, 1967 and emphasise the need to give the audit paras which are ultimately meant for the consideration of the Legislature the respect they deserve.</p> |
| 8. Departmental witnesses not coming posted with full details, delay in furnishing details called for by the Committee, etc. |           | <p>The Committee was disappointed to note that often the representatives of Government who appeared as witnesses before the Committee did not come posted with full details on the items under discussion with the result that the Committee had to be content with calling for further written reports, which were received very late in most cases or were not received at all. The Committee recommends that Government should issue strict instructions in the matter and see that officers responsible for undue delays in furnishing the information required by the Committee are dealt with firmly.</p>   |



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| 9. General re-<br>marks.   | re-       | The general impression gained by the Committee as a result of its deliberations and discussions with the Officers was that the standard of efficiency and sense of responsibility in dealing with public funds in many departments left much to be desired. While there was slight improvement in certain departments and the Officers had taken pains to go through the Audit Report and reports of the Committee, in the majority of cases no serious attention seemed to have been given to different observations and recommendations. Information promised was not furnished in time. There was no timely review of the work turned out, results of investments made on certain schemes and particularly with regard to loans due to Government. |
| 10. Paragraph 2(c)<br>at page 4<br>of the Audit<br>Report,<br>1966.  |           | The Committee is glad to hear that energetic steps have been taken by the Finance Department in collection of Government revenues. The Committee would like to know the further progress made by the Department in this regard.   |
| 11. Paragraph 5(c)<br>at page 10<br>of the Audit<br>Report,<br>1966. |           | The Committee observed that huge accumulation of loans and interests given to State Electricity Board is a matter to be given serious thought of by Government. The Government should immediately decide its further policy in giving loans to the Board considering the huge outstanding.  |
|  |           | The Committee is of the opinion that the Industrial loans have not been respectfully utilised by the Board and in many cases undeserving persons were given   |



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industrial loans. The report of the Evaluation unit of Government has revealed an alarming position in respect of utilisation and sanction of such loans. It has been reported that Government has proposed to take certain policy decision based on the recommendation of the Evaluation unit.

The Committee therefore recommends :—

- (1) The evaluation unit of Government should be engaged to examine and submit its report with regard to other loans, *i. e.*, Rehabilitation loans, loans to Municipalities, etc.
- (2) Loans should be given in instalments.
- (3) There should be follow up of the loans. There should be a machinery to ensure that the loanee institutions carry on with their affairs as to be able to repay the loans regularly.
- (4) No further instalment should be given unless the Government is satisfied that the earlier instalment has been propose-fully utilised.
- (5) With regard to maintenance of loan accounts in different Departments, the Finance Department should examine as to whether any machinery would be required to see and ensure that the various Departments keep proper accounts.
- (6) The action taken should be reported to the Committee within three months from the date of submission of this Report to the House.



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| 12 Paragraph 62<br>at page 56<br>of the Audit<br>Report, 1966.   | The Committee regrets that such serious matter was not known to the Departmental witness till it was pointed out by the Committee. This reveals a dismal picture of the affairs of the Department which deserves serious attention of Government.  |                |
|  | The Committee is glad that the Finance Secretary has assured them to pursue the matter and the Committee would like to know the action taken by the Department within three months from the date of submission of the Report to the House.   |                |
| 13 Paragraph 125<br>at page 98<br>of the Audit<br>Report,<br>1966.   | The Committee is glad to know that effective steps have been taken by the Finance Department in finally setting the outstanding pension cases and new procedure has been adopted for quick disposal of the pension cases. Many misunderstandings of Government servants as to the actual time for submission of pension papers have been removed by issuing circulars, etc. The Committee would like to know the progress made by the Finance Department in this regard. |                |
| 14 Paragraph<br>63(b) and<br>(c) at page<br>57 and<br>paragraphs<br>73, 74 and<br>95 at pages<br>63-64 of<br>the Audit<br>Report,<br>1966. | The Committee recommends that the progress made by the Department should be reported to the Committee from time to time through the Accountant General, Assam and Nagaland.  |                |



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| <b>FINANCE AND P. W. (R. &amp; B. WING) DEPARTMENTS</b> |   |   |
| 15  | Paragraph 12<br>(a)-Items 6<br>and 7 at<br>pages 23-24<br>of the Audit<br>Report, 1966. | The Committee, therefore, recommends that the excess expenditure be regularised by taking the approval of the Legislature as required under the Constitution.   |
| 16  | Paragraph 53<br>at page 51 of<br>the Audit<br>Report, 1966.                             | The Committee was convinced that due to peculiar circumstances existing in this State such as weather condition etc., the rules could not be strictly followed by the Department. However, the Department should take up the matter with the Finance Department whether it would be desirable to amend the existing rules in view of the practical difficulties experienced by the Public Works Department. The Departmental witness assured the Committee that there would be no violation of the rules in future and in view of that the Committee decided that the objection be waived.  |
| 17  | Paragraph 54<br>at pages 51-52<br>of the Audit<br>Report, 1966.                         | The Government of Assam appointed a Commission of Enquiry to enquire into and report about the causes of the collapse of two bridges, among others, or parts thereof under construction, by 1st January, 1966. It is also understood that the Commission has completed its enquiry and has submitted its report to the Government. This Committee, however, has not yet received any copy of the report and therefore, is not in a position to finally decide upon the matter. In view of the above, the Committee would like to know the action taken by Government on the Report of the Commission of Enquiry as early as possible. |
| 18  | Paragraph 57<br>at pages 52-53<br>of the Audit<br>Report, 1966.                         | The Committee is glad to learn that the Department has taken action on the recommendation of the one-man Commission.  |



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|   |                  | A copy of the instruction issued by Government to ensure that such irregularity does not recur in future should be sent to the Committee for appraisal.  |
| 19 Paragraph 59 at page 53 of the Audit Report, 1966. |                  | In this case two Marboat P—6 engines were required by the Sub-divisional Officer, Mechanical Sub-division, Tezpur in 1961. At that time, such machines were not available at Tezpur. Therefore, the Subdivisional Officer sent a requisition on 18th July 1961 to the Sub-Divisional Officer, Mechanical Subdivision, Jorhat requesting "Please despatch (1) two P—6 engines and (2) Chesis etc. Regarding P—6 engines kindly note that only new engines will be accepted. Reconditioned or locally assembled engines will serve no purpose. Hence even if certified will be sent back."   |
|   |                  | As per the above requisition, the Executive Engineer, Mechanical Division Jorhat indented for one engine and supplied another from his own stock (but the order was only for brand new P—6). The Executive Engineer placed order for one machine with M/S Jayosree Motor Parts and Accesories, Jorhat and he directed that the Engines should be supplied in consultation with the Sub-divisional Officer, Mechanical Sub-division, Jorhat and the bill in duplicate be submitted direct to the consignee, i.e., the Sub-divisional Officer, Jorhat after delivery of Mechines. It went direct to Tezpur. At that time, the Sub-divisional, Officer, Mechanical Sub-division, Tezpur was under the Gauhati Mechanical Division. When the two engines reached Tezpur, they were examined by the Executive Engineer, Mechanical Division, Gauhati and it was |



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found that both the engines were second-hand and did not conform to the terms of the requisition of the Sub-divisional Officer, Tezpur referred to above.

The Committee could not understand now and why Sub-divisional Officer, Tezpur instead of placing order through proper channel, that is, through the Executive Engineer as required by the usual procedure directly wrote to his counterpart at Jorhat. So far as the quality of the machine is concerned, the Sub-divisional Officer, Tezpur was however, very clear and categorical as he made it clear in his requisition that reconditioned or locally assembled machine would not serve his purpose. In spite of that, a machine from the stock of the Executive Engineer, Jorhat was sent which did not conform to the terms of the requisition. Further more, though the Executive Engineer, Jorhat asked the Firm to supply only brand new machine to his Sub-divisional Officer, he did not, as it appears, care to see that the machine supplied was really brand new.

The committee, therefore observes that if any Officer was to be made primarily responsible and departmentally dealt with, it was the Executive Engineer, Jorhat. The Committee is surprised to note that the Department has not considered this aspect of the matter at all.

The Executive Engineer, Jorhat however asked the Firm to supply the machine with a Bill in duplicate to his Sub-divisional Officer at Jorhat. The Committee observes that it was, therefore, the



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duty of the Subdivisional Officer, Jorhat to see that the machine was supplied as per order. The Sub-divisional Officer, Jorhat thus committed delinquency in his duty, if not more.

The Committee, therefore, recommends that in view of the above, the whole matter requires a more exhaustive and thorough probe by an independent agency for fixation of responsibility and also to lay out in details precautionary measures so that such things may not recur in future. The action taken may be intimated to the Committee within six months from the date of submission of the Report before the House.

20 Paragraph 60  
at pages 54-  
55 of the  
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port, 1966.

The Committee expresses its dissatisfaction at the slow rate of progress made by the Department in adjusting transactions between them and other Departments. In spite of the definite instructions issued by the Department to the Subordinate Officers the matter have not improved to the desired level. The Departmental witness has also informed that up till now no schedule for clearance of the old items has been drawn up. The Committee is constrained to note that there is apparent lack of supervision and control over the Divisional Officers by the headquarters atleast in regard to the matter raised above.

The Committee, therefore, recommends that the Chief Engineer should take more vigorous steps by taking stern action against defaulting and delinquent Officers. The progress made in this regard should be intimated through the Accountant General, Assam and Nagaland to the Committee from time to time.



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| 21 Paragraph 61<br>at page 55 of<br>the Audit Re-<br>port, 1966.               | The Committee, therefore, recommends that<br>matter be settled with the Kamrup Trea-<br>sury by taking special steps and the<br>Accountant General be informed of the<br>settlement.  |                       |
| 22 Paragraph 64<br>at page 58 of<br>the Audit Re-<br>port, 1966.               | The Committee, would like to know further<br>progress made by the Department in this<br>regard.   |                       |
| 23 Paragraph 65<br>at page 59 of<br>the Audit<br>R e p o r t,<br>1966.         | The Committee observes that in future the<br>Departmental Officers should not exceed<br>the limit fixed by the Department parti-<br>cularly when the earlier limit was raised<br>to suit the requirements of the Depart-<br>mental Officers.<br>The Committee is unhappy to note that the<br>Department has not been able to settle<br>the accounts up till now which shows<br>lack of control over the Divisions. The<br>Department should take adequate care to<br>settle the accounts immediately as it is<br>not proper that old items should not be<br>adjusted even by 1967.                        |                       |
| 24 Note 6 Page<br>94 of the Ap-<br>propriation<br>A c c o u n t s,<br>1964-65. | The information about settlement should be<br>sent to the Committee through the Audit<br>within six months from the date of pre-<br>sentation of this Report to the House.  |                       |
| 25 Grant No. 66<br>at Page 129 of<br>the Approp-<br>riation<br>Accounts.       | The Committee noticed that savings remain<br>unsurrendered in this Department which<br>shows that there is no proper budgetary<br>control. In 1961-62 there was a saving<br>of Rs. 1.04 crores in 1962-63, Rs. 1.05<br>crores in 1963-64, Rs. 0.77 crores and in<br>the year under review it was Rs. 2.29<br>crores. As a rule savings should be sur-<br>rendered in time. The chronic feature of<br>such breach of rule in this Department is<br>regrettable which calls for effective steps<br>at the Departmental level for alerting all<br>concerned so that such chronic feature is<br>discontinued. |                       |



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## CONSTRUCTION CORPORATION

26 Paragraph 106 at Page 81 of the Audit Report, 1966.

For a proper appreciation of the functioning of the Corporation, the Committee would like to have the following information from the Government. This may be done within three months from the date presentation of this report before the House.

1. Instances of works on both bridges and buildings (with major analyses) where expenditure has come down held in check on the basis of rates of the corporation *vis-a-vis* the rates paid to other firms for similar works and the extent of saving thus achieved.

2. How the number of such special works entrusted to the corporation compared with the total number of such works, inclusive of those awarded to other firms. The Committee recommends that the Government may consider desirability of appointing a Committee of experts to review the advantages that were intended and have actually accrued as a result of the setting up of Assam Government Construction Corporation Limited especially with a view to ensure that for the works other than special works, the introduction of this corporation does not result in another middle-man agency, thus increasing the overheads.

## Supply Department

27 Paragraph 45 at page 47 of the Audit Report, 1966.

In this case, it transpired from the evidence that on 4th December 1963, the Sub-divisional Officer, Karimganj sent a message to the Director of Supply that there was a large quantity of Atta lying in the Godown and if it would



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not be lifted in time it would rot. But the Atta remained there for 9 or 10 months to rot inspite of the message of the Subdivisional Officer. The Subdivisional Officer was requested to sell the Atta in auction without causing any loss to Government. The Committee feels that in this particular case, the Subdivisional Officer was keen to save the situation but he received an order from Shillong which was practically impossible to carry out i.e., to sell the quantity of Atta in auction without loss causing to Government with the result that entire food-stuff valued at Rs.21,374 became unfit for human and animal consumption entailing a great loss to Government. The case was not investigated by the Government so as to ascertain the cause of deterioration and for fixing responsibility for the loss sustained by Government. Though there was existing instruction that in dealing with the food-stuff, the Departmental Officers should adhere to the principle of 'first in first go' it transpired from the evidence that the Department did not know whether such principle was followed in this case. In the second case the Government had to incur a loss of Rs.29,458 for deterioration of food-stuff like Mustard Oil, Mug Dal and Masur Dal. In the third case, there was loss also for deterioration of rice stocked by Government. As a general rule, the rice should not be allowed to remain stock for more than three months. In this particular case, the rice was sent by Government of India with a clear instruction that it should be distributed within three months. It transpired from



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the evidence that the Supply Department was advised by the Finance Department to sell the rice in auction for which they could not dispose of the rice in time.

The Committee recommends that the matter should be enquired into properly by the Chief Secretary so as to ascertain whether the Government instructions issued with regard to the disposal of the deteriorated food-stuff were practicable and sound in the Government's financial interest and if not, the Officer/Officers responsible for giving such impracticable and unsound orders should be properly dealt with and precautionary measures should be laid out for future guidance. It should also be found out as to why the Departmental investigation was not conducted to ascertain the causes of loss for fixing responsibility. Action taken should be intimated to the Committee within three months from the date of presentation of the Report to the House.

28. Paragraph 46  
at page 47  
of the Audit  
Report, 1966.

This case also brings out that due to impracticable and unsound rules, the Government had to incur a heavy loss. Dal is a perishable commodity which cannot be stored for an indefinite period of time. Moreover, Government knew that they had to purchase this commodity at a rate higher than the market price and Government had no scheme of subsidising at the time of sale. Even knowing fully well the above factors, the Government issued specific order *vide* their Order No. SDB/EC/16/63/160, dated 26th July, 1963 for disposal of the stock at a price not lower than the cost price even when it had deteriorated. The principle enunciated in the circular is not workable. The Committee feels



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such impracticable theory which does not conform to the practice should not have been indulged by Government which ultimately led to heavy loss to the exchequer. When the rules are framed, it should be made in such a way that it is most practicable and sound and rules should be scrupulously followed; otherwise let there be no rule let the commonsense prevail. The Department being the Adviser to the Government ought to have brought to the Government that the rules framed are not workable and they should have either modified or withdrawn the rules so as to make it practicable. These matters were not dealt with in the Departmental level, which calls for investigation for fixation of responsibility for the loss sustained by Government. The transit loss sustained by Government was not investigated into. The Committee recommends that an enquiry should be made as to why investigation was not carried out so as to ascertain the cause of the loss and for fixation of responsibility, if any. With regard to the storage loss of 36 quintals the Department seems to be satisfied because it was within permissible limit. The Committee recommends that even if the loss was within permissible limit there should be proper explanation for the loss to prevent any corruptive methods under the guise of permissible limit. The Committee is also constrained to observe that there was no check at any level over the entries in the stock-book which calls for but immediate steps to prevent any future loss to Government. Though the



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Audit suggested that immediate steps should be taken to enquire into the loss and the results of enquiry should be intimated to Audit and responsibility fixed yet the matter was not pursued by the Department till 6th October 1967 when the Departmental witness deposed before the Committee. The Committee takes a serious view of the matter and recommends that Government should enquire as to why audit instructions were not followed by the Department till 6th October, 1967 and person or persons responsible for such connivance should be dealt with Departmentally.

The action taken on the recommendation should be intimated to the Committee within three months from the date of presentation of this Report before the House.

29. Paragraph 47 at Page 48 of the Audit Report, 1966. The Committee is constrained to observe that the Departmental witness could not reply to a large number of questions raised by the Committee as there was nothing in their records. It only reveals that such matters were not dealt with in right earnest in the Department which is a serious matter to be looked into by proper authority. The Departmental witness stated in his evidence on a query made by the Committee "This is not the first instance. Loss is a recurring feature of this Department". If that is the case, the Committee is irresistably



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drawn to the conclusion that the Departmental Heads are aware of such loss from a long time and they did not care to prevent incurring of such loss by formulating precautionary measures ; but on the other hand, they seemed to have been satisfied that 'Loss is a recurring feature of the Department'. The Committee is convinced that there is callousness and utter frustration in the Departmental level and they indulge in extreme slackness for which Government had to sustain loss to the tune of Rs.1.04 lakh. This matter requires a thorough probe by the Finance Department so as to fix responsibility for not taking effective steps to prevent such recurring loss and for detailing out proper procedure, if necessary by taking up the matter with the Railways so that the Government does not incur such avoidable loss in future and this 'recurring feature' be totally stopped for times to come.

The action taken on the recommendation should be intimated to the Committee within the months from the date of submission of this Report to the House.

30 Paragraph  
48 at page  
48 of the  
Audit Re-  
port, 1966.

The Committee therefore recommends that the Committee should be apprised of the reasons for which the Department did not institute any departmental investigation for the loss and in future when any such loss occurs the Department should institute Departmental investigation so as to ascertain the cause of such loss and any deviation from the above should be dealt with properly.

The Committee would also like to know about the steps taken by the Government to overcome the defective procedure in taking delivery of Government goods



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|   |   | either from Railways or Steamer Companies so that Government may not incur any loss in future for as it was felt that the present procedure was advantageous only to the carrier. |
| 31. Paragraph 49 at page 49 of the Audit Report, 1966,  | The Committee feels that the Government failed in its duty by not calling upon the party to execute an agreement as envisaged under Clause 7 of the letter of appointment and it appears that when the matter came to Legal Remembrancer prior to the filling of this suit, the Legal Remembrancer did not carefully go through the letter. It was of course not known whether the letter was at all placed before the Legal Remembrancer. This matter ought to have been properly investigated into so that the same should not recur in future. This reflects that there is no proper administrative control in the Department and the Departmental has completely failed to discharge his normal responsibility. This matter calls for an enquiry so as to fix responsibility and the action taken should be reported to the Committee within three months from the date of presentation of this Report. |   |
| 32. Paragraph 67 at page 60 of the Audit Report, 1966.  | The result of the investigation together with action taken should be intimated to the Committee as assured by the Departmental witness.   |   |
| 33. Paragraph 109 at page 83 of the Audit Report, 1966. | Energetic steps should be taken to realise the outstanding from the Sundry Debtor and position of realisation should be intimated to the Committee through the Accountant General, Assam from time to time.   |   |



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| 34. Paragraph 110<br>(b) at page<br>83 of the<br>Audit Re-<br>port, 1966. |           | <p>The present Public Accounts Committee perused the recommendation of the previous Committee with regard to the loss incurred on this scheme by Government and an enquiry report as suggested by the Public Accounts Committee was placed before the Committee which was also perused by the Committee.</p> <p>The Committee therefore recommends that Government should decide whether in view of such loss it would be desirable to continue this scheme any more particularly when the emergency is over. The Committee feels that Government should only handle salt and cereals which are scarce commodity and leave other commodities to the private dealers, because the Committee does not see any reason of going with the scheme when there was no proper storage facility and due to delay in disposal of deteriorated commodities caused by bad storage, Government has been incurring heavy loss. Moreover the traders are in an advantageous position than the Government so far as the price factor is concerned. The decision of rolling the stock every two months could not be respected by the Department itself one to price factor, which ultimately led to deterioration of staff and loss to Government. The whole matter should be placed before the Cabinet for early decision and action taken by Government should be intimated to the Committee within three months from the date of placing the Report before the House.</p> |
| 35. Paragraph 111<br>(b) at page<br>84 of the<br>Audit Re-<br>port, 1966. |           | <p>The Committee would reiterate its recommendation made in its Report published in 1961 where in the Committee suggested to the Government that insurance might be discontinued in view of</p>  |



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|                      |   | the normal policy of the Government to carry their own risks. Though the previous recommendation related to the Public Works Department, yet the Committee feels that it is better to create a common pool to cover all risks instead of going for insurance.  |
| 36.                  | Paragraph 111 (c) at pages 84-85 of the Audit Report, 1966.                         | The Committee recommends that the Department should look into the matter and report to the Committee within three months from the date of submission of this Report to the House.  |
| 37.                  | 52 at page 50 read with Item 2 of Appendix V at page 112 of the Audit Report, 1966. | The Committee feels that in such a case Government should not drag on things for years instead the Department should take prompt action. The matter should either be promptly dealt with or dispose of. The Committee would like to hear the result of the enquiry together with the action taken thereon. |

### AGRICULTURE DEPARTMENT

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| 38. | Paragraph 22 at page 36 of the Audit Report, 1966. | The Committee would like to be apprised of the result of the enquiry and the action taken thereon within three months from the date of presentation of this report to the House.  |
| 39. | Paragraph 23 at page 36 of the Audit Report, 1966. | The Committee feels that it would require sometime to see the result achieved by the Agro-industrial Corporation. The Committee recommends that the high rate of charge for hiring power pump may be considered as to whether there is any scope for reduction of the rate charged at present to popularise the scheme. |
| 40. | Paragraph 24 at Page 37 of the Audit Report, 1966. | The Committee could not understand why the Department informed Audit that the farm was an experimental one only in 1966 if it was a research project as stated by the Departmental witness. The   |



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|                      |                  | Committee recommends that the Committee may be apprised of the following :—   |
|                      |                  | (1) Whether it was provided in the scheme that it was an experimental farm and losses anticipated in the scheme and what was the standard of loss.  |
|                      |                  | (2) If the farm was intended to be an experimental one how much of the estimated cost was for experimental measures with a view to yield improved variety of cane and how much for the established method of cultivation. |
|                      |                  | (3) What statistics are there in the Department to show the crop results under the improved methods of cultivation and whether any examination was made if so by whom and what is the result ?                            |
|                      |                  | (4) Whether any appreciable impact had been felt on the production of sugar by virtue of supply of improved varieties of cane to sugar Mill ?   |
|                      |                  | (5) Whether the Department was satisfied on the financial results of the farm during 1964-65 to 1966-67 and why the indirect charges were not taken into account.   |
|                      |                  | (6) Whether it is not desirable to run such project if not on profit but on no profit no loss basis, if not why ?   |
|                      |                  | The Departmental report should be sent to the Committee through the Accountant General within three months from the date of presentation of this Report to the House.   |

#### DEVELOPMENT (PANCHAYAT & COMMUNITY DEVELOPMENT) DEPARTMENT

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| 41. Paragraph 28 at page 39 of the Audit Report, 1966. | The Committee is constrained to observe that no responsibility has yet been fixed by the Department which should have been done by the Department long ago. The internal Audit of the Department |
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also could not detect the irregularity and no attempt was made to enquire into this default of the Department.

The Committee reiterates its recommendation made at page 50 of this Report on the Audit Report, 1964, Appropriation Accounts, 1962-63, etc., and further recommends that no machinery should be purchased without guarantee from the sellers in future. The result of the investigation should be intimated to the Committee within three months from the date of presentation of this Report to the House.

42. Paragraph 29 at pages 39-40 of the Audit Report, 1966. The Committee would like to know whether the Government could realise the money from the contractor concerned.

43. Paragraph 31 at page 40 of the Audit Report, 1966. The Committee feels that the Finance Department should be requested by the Department to make an enquiry as to whether there was any lapse in the Treasury in this case and result of enquiry should be sent to the committee. The final action taken in the matter should be intimated to the Committee within three months from the date of submission of this Report to the House.

44. Paragraph 32 at page 40 of the Audit Report, 1966. Though the case was reported to Police. in April, 1964, the case is pending with the Police till 7th September, 1967. The Departmental proceedings had been drawn but have not yet been finalised. All these reflect that no earnest effort has been made to finalise the matter though the fact of fraudulent drawal of money came to the notice of the



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|                   |   | Department in March, 1964, and actual drawal took place in November, 1963. Such type of slackness on the part of the Departmental authority calls for an enquiry for fixation of responsibility if any and Government should instruct the Police Department to accelerate investigation so that due to lapse of time, real culprits is not escaped. The final result of the case should be intimated to the Committee.  |
| 45.               | Paragraph 80 at page 67 of the Audit Report, 1966.  | The Committee feels that such cases should not be dragged for a long time and they deserve prompt action. The Department should note that all should be alerted accordingly so that such cases are finalised in proper time. The Committee would like to hear about the final action taken by the Department.   |
| 46.               | Paragraph 121 at page 93 of the Audit Report, 1966. | The Committee observes that the state of affairs as revealed in the Audit Report are very alarming and it is high time that Government should find out proper measures to ensure effective financial control on the Panchayats. A large number of grants are given yearly to these Panchayats and unless adequate examination of account is done, it would be unwise on the part of the Government to release money without knowing its purposeful utilisation. The matter calls for examination at the high level and things should be set right before it becomes uncontrollable. |
|                   |   | The action taken should be intimated to the Committee within three months from the date of placing this Report before the House.  |



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## TRIBAL AREAS DEPARTMENT

47. Paragraph 21 at page 35 of the Audit Report, 1966. The Committee recommends that the Department should submit a report to the Committee through the Accountant General on the following points:

- (1) Why sanction was delayed ?
- (2) Why Forest Department was not consulted ?
- (3) Why the scheme was sanctioned without detailed plan and estimate ?
- (4) Why the Deputy Commissioner concerned could refund the amount to treasury only after seven months.

The remedial action taken by the Department should also be reported to the Committee.

48. Paragraph 88 at pages 71-72 of the Audit Report, 1966. The Committee observes that it transpired from the evidence that the Finance Committee constituted in June, 1959 to examine the financial conditions of the District/Regional Councils had submitted their report in September, 1962 and on the basis of that report, Government decided in April, 1964 to recover the outstanding loans from them by adjustment against their dues in respect of royalties on minerals, taxes on Motor Vehicles, etc. The Departmental witness informed the Committee that when the Government tried to carry out this recommendation, the District/Regional Council submitted representations stating that this would act very harshly on them and their financial difficulties would increase. On such representation the Government decided in February, 1967 not to pursue for realisation of the loans for the present. The Committee therefore recommends



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|               |   | that the Department should see that the financial Rules are strictly followed in realisation of Government loans. The Committee further recommends that Government should set up a machinery to study the actual financial condition of the District Councils and whether the District Councils have utilised the loans and grants purposefully. The action taken should be reported to the Committee within three months from the date of placing this Report to the House. |
| 49.           | Paragraph 52 at page 50 read with item 1 of Appendix V at page 112 of the Audit Report, 1966. | The Committee recommends that the final action taken to dispose of the matter should be intimated to the Committee within three months from the date of presentation of this Report to the House.  |

#### SOCIAL WELFARE DEPARTMENT

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| 50. | Paragraph 116 at page 91 of the Audit Report, 1966. | <p>The Committee feels that this solitary case reveals that in the early part of plan period, the Government used to distribute money as grants and loans to non-official organisations without appropriate rules and regulations and there was no effective control of the purposeful utilisation of the grants by the non-official organisations. The Departmental witness in his evidence categorically stated "Once the money is given or handed over to a private body, the Government have no control over it". The Committee observes that a tendency has developed to give more and more money to non-official organisations over which the Government have no control.</p> <p>The Committee recommends that the Government should always see that the financial rules are strictly observed in dealing with Government funds by the persons concerned, be it official or non-official organisation and effective steps as required under rules should be</p> |
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taken against the defaulters. No grants or loan should under any circumstances be issued without proper rules.

The action taken should be intimated to the Committee within three months from the date of submission of this Report to the House.

51. Paragraph 25 at page 38 of the Audit Report, 1966.

#### APPOINTMENT DEPARTMENT

The Committee is surprised to note that even upto June, 1965 the detailed accounts had not been submitted and the actual utilisation report of food-stuff had not been received by Audit. In 1967 during the course of check of records by audit only 75 maunds of food-stuff were found out as against 1139½ maunds. The Committee is not at all satisfied with the reply given by the Departmental witness that it was very difficult to collect the accounts from different officers engaged in different nature of work during the time of calamity like flood, etc.

The Committee therefore feels that in view of the complicated nature of accounts and difficulty of getting the required information from different Officers, at different centres and at different times, Government should make a thorough probe and report of the investigation should be sent to the Committee within three months from the date of presentation of this Report to the House.

As regards Item No. (ii) the Committee would like to know why the accounts could not be produced to Audit and what is the present position.



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| 52.                  | Para 81 at Page 67 of the Audit Report 1966.  | It transpired from the evidence tendered by the Departmental witness that no adequate opportunity was given to the person discharged to defend his case. Though guilty, the proceedings drawn against him should not have been dropped, so as to allow him to defend his case as usually permitted under the law.<br>The Committee, therefore recommends that this case should be looked into by Department and remedial measures should be laid out to avoid future trouble. The action taken should be sent to the Committee within three months from the date of presentation of this Report to the House.  |
| 53.                  | Para 35 at page 42 of the Audit Report, 1966. | The Committee is not happy in the way the Government has tackled the cases. Due to wrongful action on the part of the Department it became administratively unjustified and legally untenable. Due to want of timely action the cases became complicated and led Government to incur a huge amount of avoidable expenditure. There is slackness on the part of the Department by taking things for granted. The Committee therefore recommends that such things should not recur in future. The progress of realisation of subsistence allowance should be intimated to the Committee within three months from the date of submission of this Report to the House. |

**POWER (ELECTRICITY) MINES AND MINERALS  
DEPARTMENT  
(ASSAM STATE ELECTRICITY BOARD)**

|     |   |  |
|-----|---|--|
| 54. | Para 94 at page 75 of the Audit Report, 1966. | It transpired from the evidence that the Government has not yet looked into the continuous loss incurred by the State Electricity Board and the causes for non-payment of interest on Government |
|-----|---|--|



| Serial<br>No.<br>(1)                              | Reference<br>(2) | Recommendation<br>(3)   |
|---|------------------|---|
|   |                  | <p>loans and has not determined as yet whether the Board is functioning effectively and efficiently so as to satisfy itself about the real circumstances leading to such loss. The Committee sees no reason as to why the Government could not cause an enquiry into the affairs of the Board as yet.</p> <p>The Committee, therefore recommends that the Government should examine the whole matter and issue necessary directives to the Board to take concrete steps to minimise the loss and a report showing the action taken by the Department should be sent to the Committee within three months from date of submission of this Report to the House.</p> |
| 55. Para 95 at page 76 of the Audit Report, 1966. |                  | <p>The Committee would like to know the result achieved by the Board in reducing the transmission and distribution losses. The Committee also recommends that the causes for using distribution line with low conductor and old equipments which attributed to transmission loss should be enquired so as to determine whether there was any lapse on the part of the official of the Board. The action taken should be reported to the Committee within three months from the date of presentation of this Report to the House.</p>  |
| 56. Para 97 at page 77 of the Audit Report, 1966. |                  | <p>It transpired from the evidence that the Government has not made any enquiry as to the causes of failure of the Meter Factory Scheme which envisaged production of quality meter at cheaper price than the price prevailing in the market. The Committee also came to know that no other Electricity Board in India has taken up such project. The project was taken up on a wrong assessment that the cost would be Rs.33 per meter whereas in reality the cost went up to Rs.98 per meter in 1966-67.</p>  |



| Serial<br>No.<br>(1) | Reference<br>(2) | Recommendation<br>(3) |
|----------------------|------------------|-----------------------|
|----------------------|------------------|-----------------------|

The Committee, therefore recommends that the Finance Department should enquire into the matter thoroughly and ascertain the real causes of loss and high cost of production and pin-point the lapses, if any, of the person or persons for fixation of responsibility. The action taken by Government should be intimated to the Committee within three months from the date of presentation of this Report to the House.

57. Para 98 at page 77 of the Audit Report, 1966. The Committee recommends that the irregularity mentioned in the Audit para should be investigated by an independent body with a view to fix responsibility for the losses incurred. The Committee further recommends that in future such defaulting Officers should be dealt with properly by the Board so that the Board is not put to loss due to fault of its Officers.

58. Para 99 at Page 77 of the Audit Report, 1966. The Committee has failed to understand why no action was taken against the Officer for not recording the reasons for non-acceptance of the lowest tender as required under the rules. The Board should see that the officers who do not strictly follow rules without appropriate reasons should not be allowed to go without proper action. The Officers should be made alert accordingly.

#### GENERAL ADMINISTRATION DEPARTMENT

59. Para 38 at page 43 of the Audit Report, 1966. Though the Committee appreciates the desire of Government to provide residential accommodation to its employees with a loan taken from the Life Insurance Corporation yet the Committee feels that the loan should not have been taken before finalisation of the Scheme. Moreover the Scheme has not yet been approved by the authority concerned.



| Serial<br>No. | Reference | Recommendation |
|---------------|-----------|----------------|
| (1)           | (2)       | (3)            |

The Committee, therefore recommends that the matter should be expedited in right earnest and the Government should submit a report to the Committee about the progress made.

## FOREST DEPARTMENT

60. Paragraph 2 (c) at page 4 of the Audit Report, 1966. The Committee is surprised to learn that there are arrears of revenue which date back to 1943-44. This shows that no effective steps were taken to realise the outstanding revenues. The Committee therefore recommends that the defaulters who have not cared to clear their arrears must not be allowed to be contractors of the Department. The Department should issue necessary instructions to all Divisions that any deviation from the above would be dealt with severely. Immediate steps should be taken to realise the arrears of revenue. The action taken should be reported to the Committee within three months from the date of presentation of this Report to the House.
61. Paragraph 82 at page 67 of the Audit Report, 1966. The Department should introduce an effective machinery to detect and check all cases of illegal felling and the contractors found guilty should not be given any coupe in future and he should be furnished by cancellation of his coupe. The action taken should be reported to the Committee.
62. Grant No. 49 at page 107 of the Appropriation Account, (1964-65). The Committee observes that some strict measure is called for to restrict the Supplementary Demand according to actual requirement.



| Serial<br>No.<br>(1) | Reference<br>(2) | Recommendation<br>(3) |
|----------------------|------------------|-----------------------|
|----------------------|------------------|-----------------------|

## TOWN AND COUNTRY PLANNING DEPARTMENT

63. Paragraph 84 at page 68 of the Audit Report, 1966. The Committee recommends that the Department should make satisfactory progress in realisation of the loans by taking coercive measures and progress made should be reported to the Committee from time to time through the Accountant General, Assam and Nagaland.
64. Grant No.35 at page 71 Note 3(1) of the Appropriation Accounts, 1964-65. It is evident now from the Departmental note submitted to the Committee subsequent to the deposition of evidence by the Departmental witness that none of the Authorities (*i. e.*, Gauhati Development and Tinsukia Development) could be given any loans for slum Clearance scheme so far as the provision originally made lapsed and subsequently no provision could be made due to inadequacy of fund. The Committee is constrained to observe that Government should not make budget provision for any scheme which it cannot implement due to their own limitations. The scheme which are not mature should not be provided in the budget because unnecessary blocking of Government money entails loss to Government. The Department should therefore note the observation of the Committee and should be careful in future in preparing its own budget.

## INDUSTRIES DEPARTMENT

65. Paragraph 15 (ii) at page 32 of the Audit Report, 1966. The Committee is of the opinion that the case was on a New Service.
- The Committee recommends that in future, the Legislature should be given an opportunity for studying the implications of New Service and suggests that this sort of diversion of fund from one head to



| Serial<br>No.<br>(1)   | Reference<br>(2) | Recommendations<br>(3)   |
|--|------------------|--|
|  |                  | <p>another which was not contemplated in the budget and without obtaining specific vote of Legislature should be considered as 'New Service'.</p>  |
| 66 Paragraph 70<br>at pages 61-<br>62 of the Au-<br>dit Report,<br>1966. |                  | <p>The Committee observes that the Department should not have gone for industry without arranging requisite things for it. In this case machineries were purchased in advance of actual requirements. The Committee recommends that the Department should lay out directives for Departmental Officers indicating the phase of work to be taken up by them in establishing any production centre so that for the default of officers the Government is not required to incur any loss. The action taken should be reported to the Committee.</p> |
| 67 Paragraph 71<br>at page 62<br>of the Audit<br>Report,<br>1966.        |                  | <p>The case should be finalised as early as possible and a report furnished to the Committee not later than six months from the date of presentation of this Report before the House. The Committee further feels that when this sort of misappropriation takes place, Government should not be satisfied with the drawing of departmental proceedings also. Desirability of criminal proceedings must also be considered simultaneously to deter such delinquency.</p>  |
| 68 Paragraph 89<br>at page 72<br>of the Audit<br>Report,<br>1966.        |                  | <p>The Committee recommends that proper follow up of the realisation of loans and interest in time should be made by the Department. The Committee further observes that inspite of adverse remarks in the judgment relating to check book case, the department did not take any action against the officer at fault. The Department however proposes to take some steps. The Committee hopes that action taken will be informed to the Committee as soon as done with.</p>  |



| Serial<br>No. | Reference   | Recommendations   |
|---------------|---|---|
| (1)           | (2)   | (3)   |
| 69            | Paragraph 101 at page 80 of the Audit Report, 1966.     | It transpired from the evidence that the factory is experiencing difficulties in transporting its products and as a result full load of production could not be discharged by the factory which ultimately resulted in loss. The Department should take effective steps for removing the present obstacle so that the factory can earn reasonable profit in near future.  |
| 70            | Paragraph 102 at page 80 of the Audit Report, 1966.     | The Committee recommends that effective steps should be taken to improve the working of the Mill so that it earns some profit in real sense.  |
| 71            | Paragraph 105 at page 81 of the Audit Report, 1966.     | In this case, when the project report was prepared, the Corporation made certain assessment of salable exponents of this Jax Board but experience belied all such hopes. Even the Public Works Department of the Government which was expected to be the comparison's bulk purchaser did not oblige the corporation by placing orders for Jax Board. M. E. S. has made some symbolic purchase. The Corporation could not get expected market. The Committee is of opinion that wishes are not always heresy and before public money is spent in such a sort of project, some meticulous care should be taken from all points of view.<br>In future the Government should carefully examine project report keeping in view the profitability of the scheme and no guest work should be made in finally approving projects of such nature. The action taken by the Government should be informed to the Committee as early as possible. |
| 72            | Paragraph 105 (b) at page 81 of the Audit Report, 1966. | The Corporation received mirror license of Plate Glass valued at Rs. 25,607.50 P. And according to the Director of Corporation all necessary tools and equipments were purchased. But the Committee is surprised to find that the Director's report and   |



| Serial<br>No.<br>(1) | Reference<br>(2)                              | Recommendation<br>(3)  |
|----------------------|---|--|
|                      |   | <p>the evidence given by the Departmental witness is at variance. The Director further stated that it was only due to want of mirror expert production could not be started. This sort of varying and contrary report of the Secretary of the Department and the Director of the Corporation put the Committee in every difficult position to appreciate the real state of affairs. This sort of fun with public money should be avoided under all circumstances. The Committee expects that in future the Departmental witness should come prepared with proper facts to help the Committee in clarifying matters.</p>                        |
| 73                   | Para 107 at page 82 of the Audit Report, 1966 | <p>The Committee feels that every efforts should be made either to raise the corporation to the real commercial basis, if necessary by closing down the losing branches or if it is not possible the corporation should be wound up. The Committee has been given to understand that the Department has been considering for amalgamation of it with the small Industries Corporation.</p> <p>The Committee hopes that Government should keep a close watch over the Corporation. The Committee further feels that mere shifting of the emporium to Assam House, Calcutta from its original place may not prove sufficiently remunerative.</p> |

#### TRANSPORT DEPARTMENT

|    |  |   |
|----|--|---|
| 74 | Para 12 (a) at Page 22 of the Audit Report, 1966.  | The Committee is not satisfied with the reasons put forward by the Department and recommends that the Department should be more alert about the control over expenditure in future. |
| 75 | Para 112 (a) at page 85 of the Audit Report, 1966. | The Committee observes that the percentage of depreciation reserve fund investment in the year under review is less than previous years whereas                                     |



| Serial<br>No.<br>(1)   | Reference<br>(2) | Recommendation<br>(3)  |
|--|------------------|--|
|  |                  | <p>the other items have increased. Even out of the reduced amount only 43 per cent was invested. While the money was available the Department could not utilise it although many of the vehicles of the Department were out of order for want of replacement. The total expenditure in the previous year was Rs. 1.97 lakhs and in the year under review was Rs. 2.05 lakhs. Therefore the difference is not a big figure.</p> <p>The Committee is not happy over the explanation for the short fall of profit and recommends that the State Transport Organisation being a commercial enterprise of the Government every efforts should be made to earn more profit. The increase of expenditure speaks of the top heavy administration and unnecessary entertainment of staff which should be taken care of. Remedial measures should be adopted to ensure that maximum services are derived from each vehicle and to find out ways and means to improve the organisation so that it can earn more profit.</p> <p>The Committee also recommends that there should be a condition in the service of the Drivers that they should know little bit of mechanism to repair the minor defects of the vehicle which they are to attend whenever necessity arises.</p> <p>The Committee likes to be apprised of the action taken within six months from the date of presentation of this report to the House.</p> |
| 76 Paragraph 112 (b) and (c) at pages 86-88 of the Audit Report, 1966. |                  | <p>The Committee recommends that the organisation should adopt remedial measures to avoid losses. The issue of permits to allow private trucks to ply on the Shillong-Gauhati Route on this or that ground</p>   |



| Serial No. | Reference   | Recommendation  |
|------------|---|---|
|            |   | will lead to complicity, as such, this practice should be stopped. The Committee would like to be apprised of the action taken within three months from the date of presentation of this Report to the House.   |
| 77         | Para 112 (d) at Page 88 of the Audit Report, 1966.  | The Committee observes that the figure shown as profit is deceptive. The claim made by Department that they are running at a profit is not correct. It is a matter of regret that though the State Transport Organisation which is getting certain advantage as a commercial concern of the Government yet it could not compete with the private operators who are to pay extra tax. The Committee therefore recommends that the State Transport Organisation should show real project in their accounts without concealing some items of expenditure. The Government should properly examine the actual state of financial position of the organisation. |
| 78         | Para 113 at Page 88 of the Audit Report, 1966.      | The Committee is constrained to note that due to lack of foresight the Department had to incur the avoidable loss of about Rs.5.44 lakhs. The Committee recommends that an enquiry should be made to pin point the responsibility of the officer or Officers due to whose fault this loss had occurred.<br>The Committee would like to be informed of the action taken within three months from the date of presentation of this Report to the House.   |
| 79         | Paragraph 114 at page 88 of the Audit Report, 1966. | The avoidable expenditure of about Rs. 2 lakhs upto March, 1965 was incurred due to non-conversion of 24 sub-stations into Conductor's booking centre although the State Road Transport Board decided in the year 1958 to close down and to convert these sub-stations to conductor's stations as a measure of precaution against the said  |



| Sl. No. | Reference | Recommendation  |
|---------|-----------|---|
| (1)     | (2)       | (3)   |
|         |           | loss. The Department on 20th August 1966 ( <i>i. e.</i> , after a lapse of about eight years) obtained the orders of the Chairman of the Board to maintain status-quo of their earlier decision. The Committee could not but to express grave concern over the State of Affairs and recommends that this is a case of gross indiscipline and thorough enquiry be conducted to investigate into the following matter amongst others— |
|         |           | (a) Why the decision of the Board was not implemented for which the organisation had to incur a heavy loss.   |
|         |           | (b) Responsibility should be fixed and the loss may be made good from the officer or officers due to whose fault the organisation had to bear the loss.   |
|         |           | The Committee would like to be apprised of the action taken within six months from the date of presentation of this Report to the House.  |

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|---|--|
| 80 Paragraph 112 at pages 85-86 read with Appendix X at page 129. | The Committee recommends that vigorous steps should be taken to realise the arrear and the Committee would like to be apprised of the progress made. |
|---|--|

#### PUBLIC WORKS (FLOOD CONTROL AND IRRIGATION) DEPARTMENT

- |   |  |
|---|--|
| 81 Paragraph 53 at page 51 of the Audit Report, 1966. | The Committee recommends that so long the rules have not been amended, any violation should be investigated and proper action should be taken for such violation but if rules have become impracticable, Government may be moved to amend the rule under changing circumstances. The matter may be thoroughly examined and views of the Department should be intimated to the Committee, |
|---|--|



| Serial<br>No.<br>(1) | Reference<br>(2)                                   | Recommendation<br>(3)   |
|----------------------|--|---|
| 82                   | Paragraph 55 at page 52 of the Audit Report, 1966. | It transpired from the evidence tendered that there is utter lack of vision and management of the affairs of the Department which calls for effective steps to set the things right. The action taken should be intimated to the Committee within three months from the date of submission of this Report to the House. |

|    |  |   |
|----|--|---|
| 83 | Paragraph 56 at page 52 of the Audit Report, 1966. | It transpired from the evidence tendered that the Government did not accept the finding of the Commission and the Department held the design was not suitable for that particular site. The Committee could not understand why the findings of the Commission were not accepted by the Government and why the Officers were warned. The Departmental witness could not convince the Committee as to the circumstances or reasons for which findings of the Committee were not accepted. |
|----|--|---|

The Committee therefore recommends that findings of the Commission should be sent to the Finance Department who would make an enquiry of the matter and report to the Committee within three months from the date of presentation of this Report to the House.

#### GENERAL OBSERVATION AND RECOMMENDATIONS

|    |                                    |  |
|----|------------------------------------|--|
| 84 | P.W. (F. C. & I. Wing) Department. | The Public Works Department (Flood Control and Irrigation Wing) is a developing and a fairly big and major spending Department. The Committee feels that in the context of its importance and the works undertaken by it in recent years, it would be appropriate if at least an annual analysis of achievements aimed |
|----|------------------------------------|--|



| Serial<br>No<br>(1) | Reference<br>(2)   | Recommendation<br>(3)  |
|---------------------|--|--|
|                     |  | at and realised be published for appraisal by the public. The Committee recommends that an annual reports detailing the activities and achievements of the Department should be published for information of the general public. |
| 85                  | Paragraph 124 read with Appendix XIII at Pages 139-40 of the Audit Report, 1966. | The Committee desires that Government should expedite examination/investigation of the pending cases and send their comments within three months from the date of presentation of this Report to the House.                      |
| 86                  | Note 8 (b) at Pages 84-85 of the Appropriation Accounts, 1964-65.                | The Committee desires that more vigorous steps should be taken to minimise the suspense accounts of the Divisions.   |

### CO-OPERATION DEPARTMENT

|    |   |   |
|----|---|---|
| 87 | Paragraph 115 (iii) (a) at Page 89 read with Item No. 20 at Pages 116-117 of Finance Accounts, 1964-65. | The Committee expresses surprise that the Department has not sufficient control over its field officers so as to bring in Reports in time, particularly when they have their own field audit staff. It transpired from the evidence that instead of taking the decision about the dividend earned by the State Government in time, Government have taken decision for seven years together. It would be more appropriate if decisions would have been taken year by year. The Committee hopes that in future decision would be taken promptly and timely. |
|    |   | The Committee perused the note on the Shillong Fish Dealers Association Limited, which is annexed (Annexure IV) to this Report. The Committee has not been  |



| Serial<br>No.   | Reference | Recommendation  |
|---|-----------|---|
| (1)   | (2)       | (3)   |
|   |           | <p>informed as to whether the meeting which was to be held in the first week of November, 1967 has really been held and whether the Society has been recognised so as to include the genuine fish dealers. Steps taken in this regard and also in regard to the improvement and financial condition of the Society should be reported to the Committee within three months from the date of presentation of this Report to the House.</p>   |
| <p>88 Paragraph 115<br/>(iii) (b) at<br/>Page 90.</p> |           | <p>The profit and loss Account submitted for 9 years show that except in one year, <i>i.e.</i>, in 1965-66, the Society has been running at a loss. In these 8 years the total loss has come up to Rs.45,75,884.24 P. After deducting the profit of Rs.2,51,217.91 P. earned in 1965-66 the total net loss till the end of 1966-67 amounts to Rs.43,24,666.33 P. This is not an encouraging picture for the Co-operative movement and requires more thorough probe into the matter. The Committee proposes to make a spot verification of the mill in course of time. The Committee would like to be informed of the ways and means adopted to put the mill on an economic footing.</p> |
| <p>89 Paragraph 115<br/>(iii) (c) at<br/>Page 90.</p> |           | <p>The Committee recommends that the Department should watch the progress of the Society with sympathy and should help it to overcome the present difficulties and unable it to stand on a firm footing. Steps should be taken to realise the outstanding arrears from the defaulting Primary Marketing Societies.</p>  |



| Serial<br>No.<br>(1) | Reference<br>(2)                    | Recommendation<br>(3)  |
|----------------------|-------------------------------------|--|
| 90                   | Paragraph 115 (iii) (d) at Page 90. | The Committee would like to be apprised of the latest position and progress made in recovery.  |
| 91                   | Paragraph 93 at Page 75.            | The Committee recommends that some go-downs of the Co-operative proved to be uneconomic and two of them had to be closed down, others are in the review. The profit and loss account shows that in 1966-67 a small profit of Rs.51,319.63 P. was earned by the Co-operative. This does not appear to be a good return for a paid up capital of Rs.42 lakhs. The Committee hopes profit as there is ample room for economy and improvement. The Committee would like to be apprised of the progress made. |

#### REVENUE AND AGRICULTURE DEPARTMENTS

- 92 Paragraph 83 at page 68 of the Audit Report, 1966. The Committee, recommends that more vigorous steps should be taken for realisation of the outstanding loans without further delay.

The Committee likes to make it clear that the loan bonds should invariably be obtained at the time of disbursing the loans.



## ANNEXURE I

**List of Officers who were Examined by the Public Accounts Committee**

| Serial No. | Designation of Officers  | Date of Examination   |
|------------|--|---|
| 1          | 2  | 3   |
| 1          | Secretary to the Government of Assam in the Agriculture Department.                  | 7th September, 1967.  |
| 2          | Secretary, Development (C.P.) ... ..   | 7th September, 1967.  |
| 3          | Director Panchayat and C.D. Department ... ..  | 8th September, 1967.  |
| 4          | Secretary to the Government of Assam T.A. and W.B.C. Department.                     | 8th September, 1967.  |
| 5          | Secretary to the Government of Assam in the Co-operation Department.                 | 8th September, 1967.  |
| 6          | Registrar, Co-operative Societies .. ...   | 8th September, 1967.  |
| 7          | Secretary to the Government of Assam Supply Department                               | 21st September, 1967.<br>6th October, 1967.<br>18th November, 1967. |
| 8          | Secretary to the Government of Assam, Social Welfare Department.                     | 22nd September, 1967.   |
| 9          | Secretary to the Government of Assam, Transport Department.                          | 22nd September, 1967.<br>25th October, 1967.                        |
| 10         | Director, Transport Department ... ..  | 25th October, 1967.   |
| 11         | Deputy Secretary to the Government of Assam in the Appointment Department.           | 23rd September, 1967.<br>7th October, 1967.                         |
| 12         | Secretary and Chief Engineer, P.W.D. (R. and B.) Wing                                | 23rd September, 1967.<br>6th October, 1967.<br>18th November, 1967. |
| 13         | Chief Secretary to the Government of Assam in the Appointment Department.            | 7th October, 1967<br>(para 35 of the A.R. 1966).                    |
| 14         | Secretary and Chief Engineer, P.W.D. (F.C. and I ) ...                               | 8th February, 1968.   |
| 15         | Managing Director, Assam Construction Corporation ..                                 | 8th February, 1968.   |
| 16         | Chief Secretary to the Government of Assam in the General Administration Department. | 10th February, 1968.  |
| 17         | Secretary to the Government of Assam in the Forest Department.                       | 10th February, 1968.  |
| 18         | Chief Conservator of Forest ... ..   | 10th February, 1968.  |
| 19         | Secretary, Finance Department .. ...   | 20th and 21st February 1968.  |
| 20         | Secretary to the Government of Assam, Town and Country Planning Department.          | 21st February, 1968.  |
| 21         | Secretary to the Government of Assam, Industries Department.                         | 22nd February, 1968.<br>6th March, 1968.                            |
| 22         | Deputy Secretary to the Government of Assam, Revenue Department.                     | 6th March, 1968.<br>(para 83 of the A.R. 1966).                     |



## ANNEXURE II

## Time Devoted to each Day's Meeting

| Date                     | Time of meeting  | Total time                               |
|--------------------------|--|--|
| 1                        | 2  | 3  |
| 5th September, 1967 ...  | } 10-30 hours to 13-00 hours<br>} 14-30 hours to 17-00 hours | 2 hours 30 minutes<br>2 hours            |
| 7th September, 1967 ..   | } 09-30 hours to 11-30 hours<br>} 14-30 hours to 17-20 hours | 2 hours 30 minutes<br>2 hour 50 minutes  |
| 8th September, 1967 ..   | .. 10-30 hours to 12-20 hours                                | 1 hour 50 minutes                        |
| 21st September, 1967 ..  | ... 10-30 hours to 12-50 hours                               | 2 hours 20 minutes                       |
| 22nd September, 1967 ..  | } 10-30 hours to 12-00 hours<br>} 14-15 hours to 17-15 hours | 1 hours 30 minutes<br>3 hours            |
| 23rd September, 1967 ... | .. 10-30 hours to 12-45 hours                                | 2 hours 15 minutes                       |
| 25th September, 1967 ... | ... 10-30 hours to 14-50 hours                               | 1 hours 20 minutes                       |
| 5th October, 1967 ...    | } 10-00 hours to 13-00 hours<br>} 14-30 hours to 17-00 hours | 3 hours 45 minutes<br>2 hours 30 minutes |
| 7th October, 1967 ...    | ... 12-00 hours to 12-50 hours                               | 50 minutes                               |
| 18th November, 1967 ..   | .. 10-30 hours to 12-50 hours                                | 2 hours 20 minutes                       |
| 15th December, 1967 ..   | ... 10-30 hours to 14-30 hours                               | 3 hours 30 minutes                       |
| 16th December, 1967 ..   | .. 10-30 hours to 12-36 hours                                | 2 hours 16 minutes                       |
| 18th December 1967 ..    | .. 14-30 hours to 16-15 hours                                | 1 hour 45 minutes                        |
| 19th December, 1967 ...  | .. 10-30 hours to 12-30 hours                                | 2 hours                                  |
| 8th February, 1968 ...   | } 10-30 hours to 13-45 hours<br>} 14-30 hours to 15-30 hours | 3 hours 15 minutes<br>1 hour             |
| 10th February, 1968 ..   | .. 10-30 hours to 13-00 hours                                | 2 hours 30 minutes                       |
| 20th February, 1968 ...  | .. 14-00 hours to 16-35 hours                                | 2 hours 35 minutes                       |
| 21st February, 1968 ..   | ... 14-00 hours to 16-05 hours                               | 2 hours 5 minutes                        |
| 22nd February, 1968 ..   | ... 14-00 hours to 16-00 hours                               | 2 hours                                  |
| 6th March, 1968 ..       | .. 13-30 hours to 17-30 hours                                | 4 hours                                  |
| Total ...                |  | 55 Hours 11 minutes                      |



## ANNEXURE III

## Excess over voted

| Serial<br>No. | No. and name of grant   | Total<br>grant | Expenditure  | Excess      |            |
|---------------|---|----------------|--------------|-------------|------------|
|               |   |                |              | Amount      | Percentage |
| 1             | 2   | 3              | 4            | 5           | 6          |
| 1             | 4.—Taxes on Vehicles—   |                |              |             |            |
|               | O. 10,28,800  | Rs.            | Rs.          | Rs.         |            |
|               | S. 43,000   | 10,71,800      | 10,87,373    | 6,573       | ..         |
| 2             | 5.—Sales Tax and other Taxes<br>and Duties—                             |                |              |             |            |
|               | O. 14,63,000  |                |              |             |            |
|               | S. 83,850   | 15,46,850      | 15,70,075    | 23,225      | 1.5        |
| 3             | 6.—Stamps—  |                |              |             |            |
|               | O. 1,83,700   | 1,83,700       | 1,85,746     | 2,046       | 1          |
| 4             | 19.—Public Health—  |                |              |             |            |
|               | O. 1,94,58,400  | 1,94,59,400    | 2,25,16,245  | 30,57,845   | 16         |
| 5             | 39.—Miscellaneous—IX.—Pooled<br>Transport and Tourism—                  |                |              |             |            |
|               | O. 3,62,300   |                |              |             |            |
|               | S. 1,39,869   | 5,02,169       | 5,16,626     | 14,457      | 3          |
| 6             | 42.—Public Works (excluding<br>Tools and Plant and Estab-<br>lishment)— |                |              |             |            |
|               | O. 9,62,30,500  |                |              |             |            |
|               | S. 1,98,52,172  | 11,60,82,672   | 17,25,61,537 | 5,64,78,865 | 48         |
| 7             | 43.—Public Works Establishment<br>and Tools and Plant—                  |                |              |             |            |
|               | O. 1,58,36,600  |                |              |             |            |
|               | S. 13,53,000  | 1,71,89,600    | 1,72,06,188  | 16,588      | ...        |



**Excess over charged appropriation**

| Serial<br>No. | No. and name of appropriation                                    | Total<br>appropria-<br>tion | Expenditure  | Excess       |            |
|---------------|--|-----------------------------|--------------|--------------|------------|
|               |  |                             |              | Amount       | Percentage |
| 1             | 2  | 3                           | 4            | 5            | 6          |
| 1             | 10.—Administration of Justice—                                   | Rs.                         | Rs.          | Rs.          |            |
|               | O. 6,47,000  | 6,47,000                    | 6,48,190     | 1,190        | ..         |
| 2             | 41.—Irrigation, Navigation,<br>Embankment and Drainage<br>Works— |                             |              |              |            |
|               | S. 1,72,471  | 1,72,471                    | 1,72,530     | 59           | ...        |
| 3             | Repayment of Debt,—  |                             |              |              |            |
|               | O. 10,02,89,900  |                             |              |              |            |
|               | S. 35,77,30,879  | 45,80,20,770                | 57,72,34,542 | 11,92,13,772 | 26         |



## ANNEXURE IV

**A short Report on the Shillong Fish Dealers' Co-operative Association Ltd.**

The Shillong Fish Dealers' Co-operative Association Ltd., was organised in the year 1964 and it was registered on 14th February, 1964. The organisation of the Society was taken up on request of a number of Fish Dealers who complained that there was a monopoly of a particular individual in fish trade and they expected that by organising themselves into a Co-operative Society, they could break the monopoly.

The Society has a membership of 169 (all fish dealers) and the paid up Share Capital from members was Rs.30,075. The Government has also taken up Share in the Society during 1964-65 to the tune of Rs.30,000. Besides this, the Government has also given grants-in-aid of Rs.2,500 and a loan of Rs.7,500.

The Society also purchased a truck on the hire purchase system for Rs.41,545.40 and also spent Rs.2,160.00. on body making-thus the society spent altogether Rs.43,705.40 p.

The Society was doing very excellent work when the fish trade between India and Pakistan was in flow; in fact up to the end of June, 1964 the Society purchased fish worth Rs.3,69,217.54 and during that year up to the end of June, 1964 the Society earned a net profit of Rs.4,257.59. But after the fish trade with Pakistan was closed the business of the Society has more or less come to a stand still. The Society tried to get fish from Nowgong, Mangaldai and Gauhati but it has not been very successful.

Some times in the 1st week of October, 1967 some of the female members of the Society who are genuine fish dealers in Barabazar, contacted the Joint Registrar of Co-operative Societies for Hills with a view to re-organise the Society and the Joint Registrar of Co-operative Societies for Hills has told them to arrange a meeting in the Society's premises sometime in the first week of November, 1967 so that the whole affairs of the Society can be threshed out.

The Society has a pucca concrete building of its own at Barabazar near fish market and at present it has a Bank balance in the United Bank of India Ltd., Shillong, of Rs.28.57 in Account No 1 and Rs.199.50 in Account No.2. The truck of the Society is in good running condition at this moment, as reported by Chairman of the Society Mr. H. Hynniewta, is lying idle in the garage.

The audit of the Society for the year 1964-65, 1965-66 and 1966-67 is still pending. The Assistant Registrar of Co-operative Societies, Shillong is being asked to depute one officer to take up the pending audit as early as possible.

(Vide letter No.Co-op.95/66/119, dated 8th November, 1967).



## ANNEXURE V

**A Note on the working of the Assam: Cooperative Sugar Mills Ltd. Baruabamungaon, Golaghat, Assam. (Vide letter No. Co-op. 95/66/115, dated 7th November, 1967)**

**Organisation :**

The feasibility of establishing a sugar Mill was enquired into by a technical Committee of Government of India. This Committee was headed by Shri Lal Singh. The Committee after studying the various local conditions recommended setting up of Vaquam Pan Factory at Baruabamungaon.

This followed the work of organisation and registration of the Assam Cooperative Sugar Mill in 1955 with its Head Office at Baruabamungaon. The area of operation of the Mill is whole of Assam. It was granted a licensee under the Industries Act on 1st August, 1956 for establishing a Sugar Factory with the licensed capacity of 800 to 1000 tons of cane crushed per day. The Mill entered into an agreement with M/s Skeda of Czechoslovakia who supplied the machinery in 1956. Erection of the mill was completed in 1958. It went into production in the crushing season of 1958-59.

**2. Membership :**

The mill has two classes of members namely :

- (i) Producer-members.
- (ii) Ordinary members, *i.e.*, those other than producer members including individuals, firms, corporations, co-operative societies and Public Institutions.

**Classes of Shares :**

The authorised Share Capital of the mill is Rs.2 crores divided into 10 lakhs of shares of Rs.20 each classed as under :

- (i) Redeemable preference shares which are to be paid up fully and issued only to the Government of Assam.
- (ii) Cumulative preference shares which are to be paid up fully and issued to public Institutions and Co-operative Societies at Guaranteed dividend of 4 per cent per annum ; and
- (iii) Ordinary Shares.

**4. Funds :**

The funds of the mill are raised from the following sources :

- (i) Money realised by transfer of shares.
- (ii) Deposit from Members.
- (iii) Loans from Government of Assam, Co-operative Apex Bank, Jorhat Central Bank and Industrial Finance Corporation.
- (iv) Share-money collected from members.
- (v) Admission fees.



The mill collected its capital mainly by selling shares and taking loans from different sources. In order to augment its share capital continually, a system of compulsory deduction from the price of cane was introduced in 1960. Up till now, on account of this compulsory deduction, the total amount collected is Rs.5,91,155-91 paise. The share-money, so, far, collected from different classes of members and loan raised from and repaid to various sources are shown below:

The details of membership and share capital contribution are given below:

|                                 | No.  | Amount of share capital paid | Percentage | Remarks                                    |
|---------------------------------|------|------------------------------|------------|--|
|                                 |      | Rupees in lakhs              |            |  |
| 1. Producer member .. ..        | 5150 | 9.75                         | 16.63      | ...  |
| 2. Non-producer member ... ..   | 2565 | 5.20                         | 8.87       | ...  |
| 3. Cooperative Societies ... .. | 974  | 6.05                         | 10.32      | ..   |
| 4. Government .. ..             | 1    | 37.63                        | 64.18      | (Includes Rs.8.63 lakh for the distiller). |
| Total, .. ..                    | 8690 | 58.63                        | ...        |  |

The details of loans raised from various sources are shown as under:

|  | Rupees in lakhs |        |
|--|-----------------|--------|
| (1) Industrial Finance Corporation of India ... .. | ...             | 60.00  |
| (2) State Government (S. T. & M. T. Loans) ... ..  | ...             | 26.58  |
| (3) Apex Bank ... ..                               | ...             | 17.11  |
| (4) Jorhat Central Bank (S. T. Loan) ... ..        | ...             | 2.25   |
| Total ... ..                                       | ...             | 105.94 |

Loans repaid are shown as under:

|                             |     |       |
|-----------------------------|-----|-------|
| (1) I. F. C. ... ..         | ... | 31.50 |
| (2) State Government ... .. | ... | 00.50 |
| (3) Apex Bank ... ..        | ... | 1.61  |
| Total ... ..                | ... | 33.61 |

Besides repayment of the said principal, the mill paid interest of Rs 27,05,000 to I. F. C. and Rs.50,000 to the Jorhat Central Bank on the said loan. From the above statement, it will be observed that the Mill out of a total loan of Rs.105.94 lakhs repaid Rs.33.61 lakhs. The outstanding amount of loans payable by the mill stands at Rs.72.33 lakhs.



### 5. Assets:

The mill created the following fixed assets with book values noted below;

|                          |       |     |     |     |     | Rupees in lakhs |
|--------------------------|-------|-----|-----|-----|-----|-----------------|
| (1) Land                 | ...   | ... | ... | ... | ... | 61,728.79       |
| (2) Buildings            | ...   | ... | ..  | ..  | ... | 17,06,223.26    |
| (3) Plants and Machinery |       | ..  | ... | ... | ... | 83,04,194.29    |
| (4) Miscellaneous Assets |       | ... | ... | ... | ... | 14,04,749.26    |
|                          | Total | ... | ... | ... | ... | 114,26,795.60   |

### 6. General Meeting:

The annual general meeting is to be held generally within 4 months from the close of the Co-operative year. The Mill has held, so far, 3 annual general meetings. The last general meeting was held on 17th December, 1966.

### 7. Board of Management:

The Board Consists of 21 members as under:

1. Seven members elected from producer share-holders.
2. Five members elected from non-producers share-holders.
3. Two Nominees of Registrar of Cooperative Societies.
4. One Nominee of the Local Financing Agency.
5. Six Representative of Cooperative Societies.

The first Board is to be nominated by the Registrar of Co-operative Societies and shall hold office for 3 years, but the Registrar of Co-operative Societies, in the interest of the Mill, can extend the term of office or nominate a new Board annually until such time as he deems proper. From the beginning, 44 sittings of the Board have been held.

### 8. Executive Committee:

The executive Committee consists of 7 members as under:

- (1) The Chairman.
- (2) The General Secretary.
- (3) Four members of the Board.
- (4) One nominee of the Registrar of Co-operative Societies.

In addition to the aforesaid members, the Managing Director has been appointed as *Ex-Officio* member of the Executive Committee as well as the Board or management. So far, 87 session of the executive Committee have been held.



The mills working has been divided into 6 groups.

They are, (1) Manufacturing Section, (2) Engineering Section, (3) Cane Section, (4) Administrative, (5) Miscellaneous Section and (5) Seasonal Workers Section. The details of staff in each section are shown below :—

(1) **Manufacturing Section—**

|                               |           |
|-------------------------------|-----------|
| Chief Chemist ... ..          | 1         |
| Manufacturing Chemist ... ..  | 1         |
| Laboratory Chemist ... ..     | 1         |
| Assistant Chemist ... ..      | 1         |
| Panman ... ..                 | 11        |
| Sugar Godown-in-charge ... .. | 1         |
| House clerk ... ..            | 4         |
| <b>Total</b> ... ..           | <b>20</b> |

(2) **Engineering Section—**

|                           |           |
|---------------------------|-----------|
| Chief Engineer ... ..     | 1         |
| Assistant Engineer ... .. | 4         |
| Foreman ... ..            | 1         |
| Fitters ... ..            | 27        |
| <b>Total</b> ... ..       | <b>33</b> |

(3) **Cane Section —**

|                             |           |
|-----------------------------|-----------|
| Cane Manager ... ..         | 1         |
| Agricultural Officer ... .. | 2         |
| Supervisor ... ..           | 3         |
| Field Assistants ... ..     | 21        |
| Research Assistant ... ..   | 1         |
| <b>Total</b> ... ..         | <b>28</b> |

(4) **Administration—**

|                              |                  |
|------------------------------|------------------|
| Managing Director ... ..     | 1 (A.C.S. Cadre) |
| General Secretary ... ..     | 1 (Coop. Deptt.) |
| Chief Accountant ... ..      | 1                |
| Head Assistant ... ..        | 1                |
| Accountants ... ..           | 4                |
| Office Assistants ... ..     | 13               |
| Line Keeper ... ..           | 4                |
| Assistant Line Keeper ... .. | 4                |
| Choukidars ... ..            | 21               |
| <b>Total</b> ... ..          | <b>50</b>        |



**(5) Miscellaneous Section—**

In addition to these, there are other officials of the Mill engaged in different jobs. They are under:—

|                            |     |     |     |    |
|----------------------------|-----|-----|-----|----|
| Medical Officer ...        | ... | ... | ... | 1  |
| Compounder ...             | ... | ... | ... | 1  |
| Choukidar ...              | ... | ... | ... | 1  |
| Store Officer ...          | ... | ... | ... | 1  |
| Store Keeper ...           | ... | ... | ... | 1  |
| Assistant Store Keeper ... | ... | ... | ... | 5  |
| Overseer ...               | ... | ... | ... | 1  |
| Building Supervisors ...   | ... | ... | ... | 2  |
| Mason ...                  | ... | ... | ... | 3  |
| Total ...                  |     |     |     | 16 |

**(7) Seasonal Workers—**

Further, the mill engages during the crushing season on an average 250 seasonal workers.

**Supply of Cane—**

The following statement will show the quantity of canes obtained by Cart, Truck and Rail. It is very much apparent that due to shortage of supply of cane, the mill is working at its partial capacity. The mill should crush 14 lakhs quintals of cane in six months.

| Season  |     |     |     | Total quantity purchased |             |             |              |
|---------|-----|-----|-----|--------------------------|-------------|-------------|--------------|
|         |     |     |     | Cart                     | Truck       | Rail        | Total        |
| (1)     |     |     |     | (2)                      | (3)         | (4)         | (5)          |
|         |     |     |     | Quintals                 | Quintals    | Quintals    | Quintals     |
| 1958-59 | ..  | ..  | ... | 18,300.99                | 69,581.06   | 1,64,271.96 | 2,52,144.01  |
| 1959-60 | ... | ... | ... | 39,803.02                | 2,70,477.01 | 3,03,371.64 | 6,12,811.67  |
| 1960-61 | ..  | ..  | ... | 85,124.86                | 3,72,784.91 | 3,86,292.28 | 8,44,839.05  |
| 1961-62 | ... | ... | ..  | 75,441.81                | 4,81,639.90 | 71,842.81   | 6,31,024.51  |
| 1962-63 | ... | ... | ... | 85,482.88                | 2,69,485.12 | 91,442.86   | 4,49,710.36  |
| 1963-64 | ... | ..  | ... | 65,414.25                | 2,87,527.91 | 1,28,114.38 | 4,78,059.04  |
| 1964-65 | ... | ... | ..  | 1,00,195.22              | 5,97,255.70 | 1,63,521.65 | 6,71,092.57  |
| 1965-66 | ... | ... | ..  | 1,88,404.63              | 6,08,688.37 | 2,06,771.64 | 10,02,863.64 |
| 1966-67 | ... | ... | ... | 1,16,313.38              | 5,79,407.26 | ..          | 6,96,220.64  |



| Total Cane price | Total quantity crushed | Pilferage on out station rail supply | Percentage of pilferage   | Loss in pilferage |
|------------------|------------------------|--------------------------------------|---------------------------|-------------------|
| 6                | 7                      | 8                                    | 9                         | 10                |
| Rs               | Quintals               | Quintals                             | Per cent                  | Rs.               |
| 9,22,281.95      | 2,35,309.15            | 16,844.86                            | 10.52 Per cent            | 86,651.52         |
| 25,29,725.86     | 5,86,064.19            | 26,747.48                            | 8.82 „                    | 1,41,829.76       |
| 35,27,962.75     | 8,27,383.64            | 27,455.41                            | 4.77 „                    | 86,050.36         |
| 24,78,069.40     | 6,31,024.51            | Rail cane                            | purchased at factory gate |                   |
| 16,97,475.14     | 4,40,778.00            | 8,932.36                             | 9.42 „                    | 42,813.98         |
| 22,54,652.82     | 4,77,826.61            | 732.45                               | .57 „                     | 3,870.24          |
| 34,30,240.78     | 6,66,972.48            | 4,120.89                             | 2.52 „                    | 22,618.80         |
| 52,14,623.64     | 9,93,708.00            | 9,156.64                             | 4.45 „                    | 90,546.64         |
|                  | 55,54,787.22           | 79,990.07                            | ..                        | 4,74,444.30       |

Loss sustained in pilferage amounts to Rs.4,74,444.30 lakhs.

Rail cane largely account for this pilferage. To avert this loss, the system of transporting canes by rail has been abolished from 1966-67.

## (II) Production Loan :

The mill has been financing the Sugar cane Growers since 1962-63, out of funds obtained from the Assam Cooperative Apex Bank against hypothecation of crop.

Production advance given to the growers year wise and recoveries made thereof are in the following table :

| Year       | Issued       | Repaid       | Balance     | Percentage of recovery   |
|------------|--------------|--------------|-------------|--------------------------|
| 1          | 2            | 3            | 4           | 5                        |
|            | (Rs.)        | (Rs.)        | (Rs.)       |                          |
| 1958-59 .. | ..           | ..           | ..          | ..                       |
| 1959-60 .. | ..           | ..           | ..          | ..                       |
| 1960-61 .. | ..           | ..           | ..          | ..                       |
| 1961-62 .. | ..           | ..           | ..          | ..                       |
| 1962-63 .. | 62,630.00    | 59,802.37    | 2,827.88    | 95.45 Per cent           |
| 1963-64 .. | 6,00,226.04  | 5,89,780.29  | 10,445.75   | 98.25 „                  |
| 1964-65 .. | 9,05,619.25  | 8,96,658.04  | 8,960.31    | 99.01 „                  |
| 1965-66 .. | 13,22,625.15 | 12,88,069.44 | 34,555.71   | 97.38 „                  |
| 1966-67 .. | 15,73,761.35 | 13,68,179.44 | 2,05,581.91 | 86.93 „                  |
| 1967-68 .. | 9,69,207.65  | ..           | 9,69,207.65 | Repayment not fallen due |



Arbitration cases against the intentional defaulters have been failed. Some are supplying canes in the coming season. No fresh loan in 1967-68 is advanced to the defaulters. Production requirements are supplied to those growers whose past performances were satisfactory.

**12. Compulsory Export quota :—**Government of India allotted export quota to each mill for exporting to foreign countries. The price of the export quota was lower than the cost of production. It was fixed by Government of India. The quantity of sugar appropriated on this account and loss sustained by the mill are shown below :

| Year           | Quantity<br>appropriated | Loss incurred in the<br>Export |
|----------------|--------------------------|--------------------------------|
| (1)            | (2)                      | (3)<br>Rs. p.                  |
| 1958-59 ... .. | 112 bags                 | 4,167.69                       |
| 1959-60 ... .. | 1,716 bags               | 43,901.72                      |
| 1960-61 ... .. | 6,005                    | 93,109.20                      |
| 1961-62 ... .. | 8,091 bags               | 41,461.40                      |
| 1963-64 ... .. | 8,091 bags               | 1,96,191.03                    |
| 1964-65 ... .. | 6,199 bags               | 1,58,685.25                    |
| Total ... ..   | ...                      | 5,47,516.29                    |

**13. Payment of Central Excise Duty :—**Payment of Central Excise Duty from the beginning is indicated below :

| Year           | Amount paid year-<br>wise | Rate of Centra<br>Excise duty |
|----------------|---------------------------|-------------------------------|
|                | Rs.                       |                               |
| 1958-59 ... .. | 5,05,089.00               | 28.75                         |
| 1959-60 ... .. | 12,40,046.00              | 28.34                         |
| 1960-61 ... .. | 85,02,809.00              | 23.09                         |
| 1961-62 ... .. | 15,72,138.00              | 27.28                         |
| 1962-63 ... .. | 12,22,953.00              | 28.05                         |
| 1963-64 ... .. | 12,49,484.00              | 28.78                         |
| 1964-65 ... .. | 14,68,574.00              | 24.16                         |
| 1965-66 ... .. | 25,88,412.00              | 28.65                         |
| 1966-67 ... .. | 23,95,380.00              | 37.00                         |
| Total ... ..   | 1,38,44,885.00            | ...                           |



**14. Sale Proceeds of Sugar :**

| Year    |     | Quantity and<br>quintals | Value<br>Rs. | Rate per quintals<br>(Excluding Excise<br>duty) |
|---------|-----|--------------------------|--------------|---|
| 1958-59 | ... | 17,564                   | 13,34,864.00 | 76.0  |
| 1959-60 | ... | 43,760                   | 36,17,639.20 | 827.61  |
| 1960-61 | ... | 65,082                   | 51,25,207.50 | 78.75   |
| 1961-52 | ... | 56,375                   | 46,01,891.25 | 81.63   |
| 1962-63 | ..  | 42,892                   | 35,50,330.90 | 82.60   |
| 1963-64 | ..  | 43,404                   | 40,99,941.84 | 94.46   |
| 1964-65 | ... | 60,783                   | 63,45,745.20 | 104.40  |
| 1965-66 | ... | 90,346                   | 98,21,513.66 | 108.71  |
| 1966-67 | ... | 64,740                   | 72,81,307.80 | 112.47  |



## PROFIT AND LOSS

| Year    | Cash loss    | Cash gain    | Description  | Profit          | Aggregate loss |
|---------|--------------|--------------|--------------|-----------------|----------------|
| (1)     | (2)<br>Rs.   | (3)<br>Rs.   | (4)<br>Rs.   | (5)<br>Rs.      | (6)<br>Rs.     |
| 1958-59 | ...          | ...          | ...          | Nil             | 11,19,348.52   |
| 1959-60 | ...          | ...          | ...          | Nil             | 11,04,930.64   |
| 1960-61 | ...          | ...          | ...          | Nil             | 8,88,750.85    |
| 1961-62 | ...          | ...          | ...          | Nil             | 2,65,176.77    |
| 1962-63 | ...          | ...          | ...          | Nil             | 3,39,768.88    |
| 1963-64 | ...          | ...          | ...          | Nil             | 4,66,119.51    |
| 1964-65 | ...          | ...          | ...          | Nil             | 2,34,149.79    |
| 1965-66 | ...          | ...          | ...          | (+ ) 251,217.91 | Nil            |
| 1966-67 | ...          | ...          | ...          | Nil             | 1,57,739.28*   |
| Total   | 15,79,279.21 | 13,65,984.20 | 41,11,271.32 | 2,51,217.91     | 45,75,884.24   |

**\*Provincial Figures:**

The total loss is Rs.43,24,666.33 after deducting the profit of Rs.2,51,217.91 from the aggregate loss of Rs.45,75,334.24.

**17. Distillery:**—in order to enable the mill to use its molasses as by-product, Government have sanctioned a distillery. The total cost of the distillery has been estimated at Rs. 9.3 lakhs. Of this, Rs. 8.83 lakhs has been released. The mill has started construction of the distillery.



## ANNEXURE VI

## BRIEF NOTE ON ASSAM CO-OPERATIVE APEX MARKETING SOCIETY LTD., GAUHATI AND ITS PERFORMANCE.

The State Trading of Paddy in Assam, in accordance with the decision of National Development Corporation, was undertaken since 1958-59 through the agency of the Co-operatives. In the first year it was done only in Nowgong district on an experimental basis. In the year 1959-60 the area was extended to the districts of Darrang, Kamrup and Cachar and North Lakhimpur Subdivision and South Bank of Goalpara. In the year 1960-61 all the plains Districts and North Cachar and Mikir Hills were covered by this scheme.

The present share capital structure of the Society is of the order of Rs. 12.40 lakhs of which Government contribution accounts for 9 lakhs.

The performance of Apex Marketing Society since 1958-59 may be seen hereunder:

| Kharif year | ... | Area   | ...   | Total quantity of paddy procured.  |
|-------------|-----|--|-------|--|
| 1958-59     |     | Nowgong District   |       | 11 lakhs maunds.   |
| 1959-60     |     | Nowgong, Darrang, Kamrup<br>Cachar districts and North Lakhimpur Subdivision and South bank of Goalpara. |       | 45.67 lakhs maunds Sali and<br>6.08 lakhs maunds Ahu.  |
| 1960-61     |     | All the plains districts and Mikir Hills.  |       | 51.09 lakhs maunds.  |
| 1961-62     |     | All the plain district and Mikir Hills.  |       | 34.58 lakhs maunds. In the midst of season policy was revised and millers were procuring simultaneously and service co-operative were tagged to mills. |
| 1962-63     | ... | All the plain districts and Mikir Hills.   |       | 33.80 lakhs maunds. In the midst of season policy was revised and millers were procuring simultaneously and service co-operative were tagged to mills. |
| 1963-64     | ... | All the plain district and Mikir Hills.  | ...   | 45.71 Policy was changed on 11th May, 1964 and since that date Co-operative stopped procurement.   |
| 1964-65     | ..  | All the plain districts and Mikir Hills.   | 82.90 | ...  |
| 1965-66     | ..  | All the plain districts and Mikir Hills.   | 52.49 | Policy was changed on 20th May, 1966 and since that date no procurement was made by Co-operatives.   |
| 1966-67     | ... | Food Corporation of India  |       | 16.00 lakhs Apex Marketing has since that been put of the picture from second half of January 1967.  |



The Apex Marketing Society obtained clear advance on Government guarantee from the Apex Bank for purchasing paddy as agent of the Government and also obtained cash credit accommodation, from the same bank on pledge of stock. The Apex Marketing could not repay in full, the clean advance outstanding at the close of a season and the outstanding stood at 52.17 lakhs on the close of 1962-63 season. The Apex Marketing repaid in full whatever amounts of clean advance it drew in 1963-64 and 1964-65 and also brought down the previous outstanding to 39.70 lakhs. During 1965-66 the Apex Marketing could not repay in full the clean advance it drew as monopoly procurement was withdrawn on the 20th June, 1966. In the year 1966-67 it had repaid almost the full amount it drew in the year. Hence the present outstanding stands at Rs. 60.26 lakhs of which Rs. 38.35 accounts for principal amount and the balance Rs. 21.91 lakhs account for interest.

The society has filed arbitration cases against many of the defaulting affiliated primary marketing societies and these cases are being attended to by the Co-operative Department.

Besides, paddy, the Apex Marketing Society has been dealing with Rice, Pulse, Gram, Salt, Sugar, Cement, dry fish, etc. The Society imported betel nuts from Malasia and dry fish from Pakistan. From 1962-63 the society has been implementing the price support scheme of Jute sponsored by the State Trading Corporation of India. During the period of Chinese aggression the society played a vital role in ensuring minimum fair price to Jute growers. For large scale commercial marketing of Jute, the Apex Marketing Society drew up a scheme with the help of the State Government but due to surging of price of Jute it is now purchasing Jute under the price support Scheme.

The society has taken up marketing of mustard seeds, hill produces like Potato, Honey, Battlenut, Chilli, Pineapple in selected places. In almost all cases the society had to go for outright purchases of the commodities and as a result they had to incur heavy loss on certain commodities.

In the year 1964-65 and 1965-66 the Apex Marketing Society was appointed as the sole Wholesaler of rice in the five important towns, viz, Shillong, Gauhati, Nowgong, Tezpur and Dibrugarh.

In the past the Society took up distribution of fertiliser but as the margin allowed was not sufficient to cover the bare cost, the society gave up the business.

In the year 1961 the State Government brought 1,000 giant (8'25" x 20" x 12") Polish tyre of Russian origin to meet the situation and to stabilise the market price when there was acute shortage of tyres in Assam. At first Government allotted these to some Private Dealers, but getting no response from the dealers, Government appointed Apex Marketing Society as a handling agent with a commission of 2 per cent on the actual amount paid by them in addition to other incidental charges. The first consignment was disposed of by the Government. Thereafter the State Government allotted 2nd consignment of 500 tyres (7'50" x 20" x 20") to the Apex Marketing Society with the assurance that Government will arrange to dispose the same within 15 days. But the Transport Department failed to dispose as assured.



Apex Marketing Society failed to dispose of the tyres in spite of discount offered. Hence the Apex Marketing Society incurred a heavy loss in this business.

### PRESENT ACTIVITIES

**Cold Storage Plant.**—A cold storage plant is being installed by the Assam Co-operative Apex Marketing Society at Gauhati. Upto the end of 1966-67 the State Government has already released a total amount of Rs. 6.50 lakhs for the said plant. Rs. 2.50 lakhs is proposed to be released during the plan period of 1967-68.

**Common Cadre of Key Personnel.**—The Assam Co-operative Apex Marketing Society intend to create a common Cadre of Key Personnel of Co-operative Marketing/Processing Societies including 3 Categories of personnel such as (i) Mill Managers-cum-Secretaries (ii) Accounts and (iii) Secretaries of the Primary Marketing Societies. Some progress has already been made with regard to implementation of the scheme. As per approval of Registrar of Co-operative Societies, Assam-14 persons have been recruited for training as Mill Manager-cum-Secretaries and are being given training since 1st August 1967. During the period of training the trainees will be entitled to stipend Rs. 175 P.M.

### PRESENT COMMERCIAL ACTIVITIES

(i) **Rice wholesalership.**—At present the Assam Co-operative Apex Marketing Society has been doing wholesalership of rice along with trader Wholesalers in Gauhati, Nowgong and Dibrugarh. Moreover the Assam Co-operative Apex Marketing Society has submitted a memorandum to the Government urging to appoint them as sole wholesaler of rice in other places viz. Dibrugarh town, Greater Gauhati, Nowgong town; Golaghat town, North Lakhimpur town, Tezpur town, Silchar Town, Dhubri town, and Kokrajhar town. The matter is under consideration of the Government.

(ii) **Jute business.**—The Assam Co-operative Apex Marketing Society has started the procurement of jute under the price support scheme of Government. The procurement of jute will be made by some selected Marketing Societies. Which will operate as agents of Apex Marketing Society in the main jute growing areas. The selection of Marketing societies is being made by the Apex Marketing Society.

(iii) **Pulses, Gram, Gramdal etc.,**—The Apex Marketing Society has taken up wholesale agency of Pulses, Gram and Gramdal. The required fund for taking up this business, has been provided by the Assam Co-operative Apex Bank. The Distribution of Commodities will be made through the Co-operative Consumers Stores and other societies doing consumer business.



A statement of profit and loss from 1956-57 to 1965-66 is appended herewith:

**THE RESULT OF THE WORKING OF THE SOCIETY  
DURING THE PERIOD FROM 1956-57 to 1965-66**

| Year    | Profit |             | Loss |             |
|---------|--------|-------------|------|-------------|
|         | Rs.    |             | Rs.  |             |
| 1956-57 | ...    | 10,581.99   | ...  | ...         |
| 1957-58 | ...    | 7,032.27    | ...  | ...         |
| 1958-59 | ...    | 2,01,662.79 | ...  | ...         |
| 1959-60 | ...    | ...         | ...  | 2,98,484.57 |
| 1960-61 | ...    | 82,390.87   | ...  | ...         |
| 1961-62 | ...    | ...         | ...  | 2,64,542.94 |
| 1962-63 | ...    | 35,071.66   | ...  | ...         |
| 1963-64 | ...    | 5,44,687.56 | ...  | ...         |
| 1964-55 | ...    | 2,50,000.00 | ...  | ...         |
| 1965-66 | ...    | 3,88,750.00 | ...  | ...         |

A sum of Rs.5 lakhs was made available to 500 Gaon Panchayats for purchasing C. I. Sheets for construction of rural godowns at Rs.1,000 each. These godowns were to be made available to Service Co-operatives for their use for the purpose of storing seeds, manure, fertilizer etc. But non-availability of C. I. Sheets impeded construction of godowns.

In the meantime in 1963, December, the Panchayat and the community Development Department sanctioned for construction of office building Rs.1,500 to Gaon Panchayat which received loan of Rs.1,000 from the Co-operative Department. It was also added that if any Panchayat received the same but had not utilised the amount and the Panchayat was willing to refund the amount such Panchayat would be eligible for loan of Rs.1,500. After correspondence it was gathered from the Panchayat Department that no direction had been issued to any Panchayat to surrender the unutilised amount.

Hence the co-operative Department instructed this District staff to direct Panchayats either to surrender the unutilised amount of Rs.1,000 or to complete construction of godowns as early as possible. Information so far received indicates the position as shown below :—

| No. of godowns that was to be constructed, | No. of godowns that has been constructed. | No. of godowns under construction. | No. of godowns whose construction not yet taken up. | No. of Panchayats who have refunded the amount. |
|--|---|------------------------------------|---|---|
| 500  | 123                                       | 64                                 | 257   | 56  |

The matter is being followed up for getting refund without any further delay. Further, the matter is being taken up with the Panchayat Department for instructing those Panchayats who have not taken up construction as yet to refund the amounts.



## A BRIEF ON THE POSITION RELATING TO THE RECOVERY OF THE DEFALCATED AMOUNTS

An amount of Rs.1,861 is recoverable from employees and office-bearers of 28 Co-operative Societies scattered in 13 subdivision. The concerning Assistant Registrars have been instructed to initiate action for recovery of the amounts by resorting to Section 71 of the Co-operative Societies Act and by instituting criminal cases., if necessary.

The report received so far indicate the position as under :—

|                     |     |     |     |     |           |
|---------------------|-----|-----|-----|-----|-----------|
| Amount Realise      | ... | ... | ..  | ... | 2,794.01  |
| F. I. R. Lodged for | ... | ..  | ... | ... | 15,715.19 |
| Award issued for    | ... | ... | ... | ... | 6,379.66  |
| C. D. C. issued for | ... | ... | ... | ... | 18,070.47 |

The matter is being followed-up for speedy realisation of the involved amount.



## ANNEXURE VII

## A note on the general working of the Assam State Warehousing Corporation

**1. Establishment of the Assam State Warehousing Corporation.**—The Assam State Warehousing Corporation was established in 1958-59. The authorised share capital of the Corporation is 2 (two) crores. The present subscribed and paid-up capital is Rs.42 (forty-two) lakhs. The State Government have subscribed and paid Rs.21 (twenty-one) lakhs and an equal amount has been subscribed and paid by the Central Warehousing Corporation.

**2. Progress made (a) Opening of Warehouse Centres.**—The Corporation has so far opened 32 Warehouse Centres in different parts of the State. Of these, 3 centres (1) Titabar, (2) Dhing and (3) Lakhimganj were closed as sufficient custom was not available.

**(b) Construction of Warehouses.**—Construction of 14 (fourteen) Warehouse godowns have been completed till the end of 1966-67 with a total storage capacity 11250 m/tons as detailed below:—

| Place                     | No. of Godown | Capacity    |
|---------------------------|---------------|-------------|
| 1. Hojai ... ..           | 4             | 3,000 m/t.  |
| 2. Howraghat ... ..       | 2             | 2,000 m/t.  |
| 3. Kharupetia ... ..      | 2             | 1,500 m/t.  |
| 4. Goalpara ... ..        | 1             | 1,000 m/t.  |
| 5. North Lakhimpur ... .. | 1             | 750 m/t.    |
| 6. Machkhowa (Lakhimpur)  | 1             | 1,000 m/t.  |
| 7. Bordalani ... ..       | 1             | 1,000 m/t.  |
| 8. Sibsagar ... ..        | 2             | 1,000 m/t.  |
| Total ..                  | 14            | 11,250 m/t. |

In addition to the above the Corporation has arranged to purchase new warehouse with a capacity of 1,600 m/tons in two units, constructed by the Food Department, Government of India. This Warehouse is already under occupation of the Corporation since 1965 and after the sale deed executed the total number of constructed godowns of the Corporation will come to 16 (sixteen) nos. with a total — storage capacity of 12,860 m/ton in 9 centres in the state.

**(c) Acquisition of land.**—Lands suitable for Warehouse have been acquired in many places for future construction of Warehouses. A list of such places is given below:—

|                   |   |                                     |
|-------------------|---|-------------------------------------|
| 1. Diphu ..       | United Mikir and North Cachar Hills District. | } Allotted by the District Council. |
| 2. Langhing ..    |   |                                     |
| 3. Barpathar ..   | Sibsagar District                             | } Allotted by the State Government. |
| 4. Tangla ..      | Darrang District                              |                                     |
| 5. Barpeta ...    | Kamrup District                               |                                     |
| 6. Bongaigaon ... | Goalpara District                             |                                     |
| 7. Raha ...       | Nowgong District                              | } Purchase by State Governments     |
|                   |   |                                     |

In addition to the above, the District Council, Garo Hills Tura, have allotted lands at the following places which the Corporation will take possession shortly.—

- (1) Tura.
- (2) Garobanda.
- (3) Mandipathar.



Proposals for allotment of lands at (1) Dhekiajhuli (District Darrang), (2) Narayanpur and (3) Laluk (Lakhimpur District), (4) Rangia (Kamrup District), (5) Haflong (North Cachar Hills District) have been submitted and are under consideration of the State Government.

In October, 1965 the C. W. C. intimated us that due to emergency and, need to economise in terms of both funds and materials, construction programme should be reviewed and all projects, where work had not been stated should be abandoned. Following this, the C. W. C. has not given concurrence to our proposals for construction of warehouses during 1965-66, 1966-67 and 1967-68, in spite of the State Government's strong recommendations that a special case should be made in respect of Assam. The C. W. C. has not also given concurrence for issue of shares during 1966-67.

(d) **Custom handled in the Warehouses.**—The main custom handled in the Warehouses are paddy, Rice, Jute, Pulses, M. Seed M. Oil, Cement Fertilisers, G. C. I. sheets, B. C. sheets, Sugar, Wheat, Salt, etc., Spices, Tea in chests, Sagoo, Poppy seed, Oil cakes, Sun-hemp seeds are also received in small quantities.

From the working experience it is found that occupancy in the warehouses is largely dependent on the Government policy regarding procurement and storage of paddy and other essential commodities as well as on the quantity of paddy procured. While the essential commodities procured by the Supply Department is stored in some of the Warehouses, in most of the Department store the goods in godowns hired directly by them and although instructions were given by the Director of Supply not to hire godowns where warehouse facility is available, the local officers hire private godowns in preference to the storage of goods in the warehouses.

Another important fact which affects the occupancy of the warehouses is the curb imposed by the Reserved Bank of India from time to time, on the advances against Paddy, Rice and other Foodgrains.

Nevertheless the handling of custom and earnings from warehouses charges have increased from year to year as shown below:

|         |     |     |     | Storage capacity<br>at the end of<br>the year |        | Custom handles<br>during the<br>year |        | Warehouse charges<br>earned during<br>the year |
|---------|-----|-----|-----|---|--------|--------------------------------------|--------|--|
|         | 1   |     |     | 2   |        | 3                                    |        | 4  |
|         |     |     |     |   |        |                                      |        | Rs.  |
| 1960-61 | ..  | ..  | ... | 10,588  | m/tons | 17,978                               | m/tons | 1,20,300                                       |
| 1961-62 | ... | ..  | ..  | 12,788  | „      | 28,597                               | „      | 1,75,800                                       |
| 1962-63 | ..  | ... | ..  | 14,937  | „      | 16,658                               | „      | 2,18,600                                       |
| 1963-64 | ... | ..  | ... | 16,479  | „      | 17,339                               | „      | 2,33,600                                       |
| 1964-65 | ..  | ... | ... | 17,621  | „      | 20,063                               | „      | 2,69,800                                       |
| 1965-66 | ... | ..  | ... | 43,978  | „      | 49,276                               | „      | 3,48,000                                       |
| 1966-67 | ... | ... | ... | 38,756  | „      | 87,627                               | „      | 4,94,700                                       |



Profit and loss position year by year is shown below:

| 1              | 2   | 3            | 4  | 5   |
|----------------|---|--------------|--|---|
|                | Profit and Loss before providing depreciation | Depreciation | Profit and Loss after providing depreciation | Net profit and Loss after taxation and squaring up previous losses if any |
|                |   |              |  | Rs.   |
| 1960-61 ... .. | (+)48,435.30                                  | 501.51       | +47,933.79                                   | +20,807.55  |
| 1961-62 ... .. | (+)52,719.79                                  | 516.98       | +52,202.81                                   | +26,101.40  |
| 1962-63 ... .. | (+)23,892.50                                  | 4,194.51     | +19,397.99                                   | +9,699.00   |
| 1963-64 ... .. | (+)16,251.82                                  | 12,303.73    | +3,948.09                                    | +1,648.09   |
| 1964-65 .. ... | (+)18,491.36                                  | 24,864.72    | (-)43,356.08                                 | (-)43,356.08  |
| 1965-66 ... .. | (+)35,411.05                                  | 38,628.26    | (-)3,217.21                                  | (-)3,217.21   |
| 1966-67 .. ... | (+)1,09,751.30                                | 58,431.67    | (+)51,319.63                                 | (+)14,002.38  |

A statement of Profit and Loss of all the Warehousing Corporation in India is enclosed.

**(f) Closure of uneconomic centres.**—In the current year the Corporation has decided to close down two centres at Barpeta Road and Karimganj which were showing loss year after year.

The position of some other centres will be reviewed by the Board, Executive Committee within November, 1967.

A general review showed that in most of the centres where procurement of paddy is good in a year, the custom in the warehouse increases and where the procurement is not good the custom goes down. As already stated above paddy is the main commodity stored in the warehouses. During the last two years storage of rice was very much less due to the fall in production. Further, due to curb on the advances by the Banks, storage of good, by traders have also gone down. The occupancy by the Co-operative were very small as the Marketing Co-operative were not storing any paddy in their own a/c.

The godown rents paid annually for godown hire is shown below—

|                | Rs.      |
|----------------|----------|
| 1960-61 ... .. | 57,200   |
| 1961-62 ... .. | 56,700   |
| 1962-63 ... .. | 71,900   |
| 1963-64 ... .. | 72,200   |
| 1964-65 ... .. | 1,14,600 |
| 1965-66 ... .. | 1,27,700 |
| 1966-67 ... .. | 1,51,370 |

(Vide letter No. Co-op.47/67/pt./9, dated 19-10-67)



### Profit and Loss position of the State Warehousing Corporations in India—year by year as per published Balance Sheet

| Name of Warehousing Corporation.                 | 1960-61                      | 1961-62                     | 1962-63                      | 1963-64                     | 1964-65                      |
|--|------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|
| 1  | 2                            | 3                           | 4                            | 5                           | 6                            |
| 1. Assam State Warehousing Corporation.          | R <sub>s</sub> , + 47,933·79 | R <sub>s</sub> , + 5,202·81 | R <sub>s</sub> , + 19,397·99 | R <sub>s</sub> , + 3,948·09 | R <sub>s</sub> , + 43,356·08 |
| 2. Uttar Pradesh State Warehousing Corporation,  | + 9,689·93                   | - 20,004·81                 | + 39,422·52                  | - 25,315·14                 | + 1,791·89                   |
| 3. Punjab State Warehousing Corporation.         | + 55,219·98                  | + 1,71,220·94               | + 1,93,823·05                | Not received                | Not received                 |
| 4. Bihar State Warehousing Corporation.          | - 1,63,723·80                | - 2,11,872·38               | - 3,00,795·49                | - 2,65,926·01               | - 4,68,675·07                |
| 5. Mysore State Warehousing Corporation.         | - 56,517·63                  | - 26,095·19                 | - 87,492·07                  | - 1,25,701·94               | - 2,92,414·69                |
| 6. Kerala State Warehousing Corporation.         | - 41,487·27                  | - 44,500·85                 | - 67,245·14                  | - 88,768·92                 | - 91,448·62                  |
| 7. Andhra Pradesh State Warehousing Corporation. | - 59,702·00                  | - 5,888·00                  | + 78,115·00                  | - 48,069·00                 | + 13,479·00                  |
|  |                              |                             |                              |                             | - (Loss) + (Profit)          |



**Profit and Loss position of the State Warehousing Corporations in India—year by year as per published Balance Sheet**

| 1 | Name of Warehousing Corporation              | 2            |               |  | Remarks |
|---|--|--------------|---------------|--|---------|
|   |  | 1965-66      | 1966-67       | Accumulated loss if any                                |         |
| 7 | 8  | 9            | 10            | 11   | 12      |
| 1 | Assam State Warehousing Corporation          | Rs. 3,217.21 | Rs. 51,319.60 | Nil  |         |
| 2 | Uttar Pradesh State Warehousing Corporation  | Not received | Not received  | Nil  |         |
| 3 | Punjab State Warehousing Corporation         | Not received | Not received  | Nil  |         |
| 4 | Bihar State Warehousing Corporation          | Not received | Not received  | Accumulated loss upto 1964—65 (—)<br>Rs. 15,08,937.62. |         |
| 5 | Mysore State Warehousing Corporation         | —3,24,118.63 | Not received  | Accumulated loss upto 1965—66 (—)<br>Rs. 9,82,337.57   |         |
| 6 | Kerala State Warehousing Corporation         | —63,643.93   | Not received  | Accumulated loss upto 1965—66 (—)<br>Rs. 1,02,650.49   |         |
| 7 | Andhra Pradesh State Warehousing Corporation | Not received | Not received  | Accumulated loss upto 1964—65 (—)<br>Rs. 75,304.00     |         |
| 8 | Orissa State Warehousing Corporation         | Not received | Not received  | Accumulated loss upto 1964—65 (—)<br>Rs. 31,46.70      |         |







# **Profit and Loss position of the State Warehousing Corporations in India—year by year as per published Balance Sheet**

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| Name of Warehousing Corporation                 |     | 1965-66             | 1966-67             | Remarks   | Accumulated loss if any |
|---|-----|---------------------|---------------------|---|-------------------------|
| 1   | 2   | 7                   | 8                   | 9   |                         |
| 9. Madhya Pradesh State Warehousing Corporation | ... | Rs.<br>Not received | Rs.<br>Not received | Accumulated loss upto 1964—65 (—)<br>Rs. 7,37,059.50  |                         |
| 10. Gujarat State Warehousing Corporation       | ... | Not received        | Not received        | Accumulated loss upto 1963—64 (—)<br>Rs. 70,272.00    |                         |
| 11. Maharashtra State Warehousing Corporation   | ... | +1,12,174.54        | Not received        | Accumulated loss upto 1965—66 (—)<br>Rs. 2,91,586.73  |                         |
| 12. Madras State Warehousing Corporation        | ... | +1,88,310.72        | Not received        | Accumulated loss upto 1965—66 (—)<br>Rs. 3,82,771.83  |                         |
| 13. West Bengal State Warehousing Corporation   | ... | Not received        | Not received        | Accumulated loss upto 1963—64 (—)<br>Rs. 4,11,518.17  |                         |
| 14. Rajasthan State Warehousing Corporation     | ... | +2,60,311.29        | Not received        | Nil   |                         |
| 15. Central Warehousing Corporation             | ... | —4,09,484.00        | Not received        | Accumulated loss upto 1965—66 (—)<br>Rs. 28,24,138.00 |                         |
| —(Loss) + (Profit).                             |     |                     |                     |   |                         |

(Vide letter No. Co-op. 47/67/Pt./9 dated 19th October 1967)

AGP (LA) No.661/67—550—20-4-1968.