TAMIL NADU LEGISLATIVE ASSEMBLY

COMMITTEE ON PUBLIC ACCOUNTS

1980-82

(SEVENTH ASSEMBLY)

SIXTEENTH REPORT

Report of the Committee on Public Accounts on the paragraphs pertaining to certain Departments in the Accounts of the Government of Tamil Nadu for the year 1976-77 and the Report of the Comptroller and Auditor-General of India for the year 1976-77 (Civil)

PART II

(*Presented to the Assembly on 31st March 1982*)

©

TAMIL NADU LEGISLATIVE ASSEMBLY
1982

Legislative Assembly Secretariat
Fort St. George, Madras-600 009.


தமிழ்நாடு சட்டமன்றப் பேரவை
TAMIL NADU LEGISLATIVE ASSEMBLY
வாய்மையே வெல்லும்
TRUTH ALONE TRIUMPHS

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COMPOSITION OF THE COMMITTEE ON PUBLIC ACCOUNTS (1980-82)

(Constituted on 26th July 1980.)

CHAIRMAN.

Thiru N. S. V. Chithan.

MEMBERS.

Hon. Dr. V. R. Nedunchezhiyan (Ex-officio), Minister for Finance.

Dr. K. Samarasam (Ex-officio).

Thiru T. Anbazhagan (Ex-officio).

Thiru M. Arumugam.

Dr. K. P. Ramalingam.

Thiru R. Umanath.

Thiru V. Krishnamurthy.

Thiru M. Annadasan.

Thiru N. Kulasekarapandian.

Thiru V. Sathiamoorthy.

Thiru G. K. Subramanian.

Thiru M. Chinnaraj.

Thiru K. Paramalai.

Thiru J. C. D. Prabakaran.

Thiru D. Purushothaman.

Thiru R. K. Perumal.

Thiru M. S. Manickam.

Thirumathi D. Yasodha.

* Thiru S. Arumugam.

* Thiru P. R. Thomas. †

* Dr. T. R. Janarthanam.

* Thiru A. R. Damodaran.

* Thiru S. Muthu.

SECRETARIAT.

Thiru G. M. Alagarswamy—Secretary.

Thiru S. Srinivasan —Committee Officer.

Thiru C. S. Janakiraman—Under Secretary.

* Members from Legislative Council.

† from 10—2—1981.


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TAMIL NADU LEGISLATIVE ASSEMBLY
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TRUTH ALONE TRIUMPHS

REPORT OF THE COMMITTEE ON PUBLIC ACCOUNTS ON THE PARAGRAPHS PERTAINING TO CERTAIN DEPARTMENTS IN THE ACCOUNTS OF GOVERNMENT OF TAMIL NADU FOR THE YEAR 1976-77 AND REPORT (CIVIL) OF THE COMPTROLLER AND AUDITOR-GENERAL OF INDIA FOR THE YEAR 1976-77.

To

The Honourable Legislative Assembly,

TAMIL NADU.

The Committee on Public Accounts for the years 1980-82 Information presents its report on the paragraphs pertaining to Home, Education, Labour and Employment, Finance, Social Welfare, Revenue, Industrial Tourism (Tamil) Culture, Public Works, and Transport Departments in the Appropriation Accounts and Finance Accounts for the year 1976-77 and the Reports (Civil) of the Comptroller and Auditor-General of India for the year 1976-77.

I. INTRODUCTION.

2. The Committee for the years 1980-82 consisting of 16 members from the Legislative Assembly and 5 members from the Legislative Council, beside the Honourable Minister for Finance, Chairman of the Committee on Public Undertakings and the Chairman of the Committee on Estimates who are Members Ex-Officio was constituted on 26th July 1980. Thiru N. S. V. Chithan was nominated by the Honourable Speaker as the Chairman of the Committee.

(i) Presentation of the Appropriation Accounts, Finance Accounts and the Reports (Civil) of the Comptroller and Auditor-General of India for the year 1976-77.

3. The Finance Accounts, Appropriation Accounts and the Reports (Civil) of the Comptroller and Auditor-General of India for the year 1976-77 were laid on the Table of the House on 14th September 1978.

(ii) *Meetings of the Committee.*

4. The Committee for the years 1980-82 held 2 sittings in July 1981, 3 sittings in October 1981, 4 sittings in December 1981, and 3 sittings in January 1982 to consider the important points pertaining to the Departments mentioned in paragraph 1 above.

5. The Committee places on record its appreciation of the valuable assistance rendered by the Accountant-General-I, the Secretary, Tamil Nadu Legislative Assembly, Deputy Secretary, Finance Department and Secretaries to Government in other Departments in its deliberations.

6. The original notes submitted by the Departments and the particulars, clarifications, etc., made available during evidence and also the further notes and clarifications submitted by them have been taken into account by the Committee in finalising this Report.

7. The Committee approved this Report at its meeting held on 29th March 1982.

II— REPORT.

1. HOME DEPARTMENT.

(i) Closure of spinning mill section in the Coimbatore Central Prison.

(Paragraph 3.8 of Audit Report.)

8. In March 1969, Government ordered that the spinning section in the Coimbatore Central Prison be closed under a phased programme as it was not viable and the weaving section be expanded to provide work for convict labour. The spinning section was closed in February 1972. Eight members of the technical staff who were rendered surplus were to be absorbed in the proposed expansion scheme of the weaving section for which a second shift was sanctioned by Government in June 1972. However, the proposed second shift did not materialise during 1972 and 1973. In its written reply, the department stated that following the introduction of second shift from the

year 1974 onwards, the displaced personnel of the spinning mill were absorbed in the weaving section in such a way that the shift system was continued without any additional staff and both shifts were managed with the regular staff of the weaving section and the displaced personnel of the spinning section. The Committee however notes that the second shift runs only for six months every year.

The Department stated before the Committee that since the 8 members were permanent staff they could not be retrenched and that they were later absorbed in permanent vacancies in 1978–79. The Department also stated that the tenders received for the sale of the spinning mill were vague and that the Registrar of Co-operative Societies had expressed the view that the mill could be used to manufacture waste cotton. His report was awaited by the department.

The Committee notes that the Department could not offer any convincing explanation as to how the 8 officials rendered surplus were utilised till their absorption in permanent vacancies in 1978-79 and would like to have a specific Report on this point within 3 months. The Committee also regrets to note the abnormal delay in disposing of or putting to alternative use the machinery rendered surplus in 1972, contributing to its possible deterioration due to long disuse. The Committee would like to know the present condition of the machinery. The Committee further recommend that effective steps should be taken for the disposal of the machinery or for their alternative use without further delay and the steps taken reported to the Committee within 3 months.

(ii) DELAY IN COMMISSIONING EQUIPMENT.

(Paragraph 3.10 of Audit Report)

9. The equipment for micro filming, recording and identifying finger prints imported by the Police Department at a cost of Rs. 13.05 lakhs and installed in August 1974 and February 1976 had not been functioning due to the major hazard of fluctuations in voltage and frequency of power supply. Inspite of provision of a 4 pole transformer in December 1976 the situation did not improve. In December 1978, Government approved the provision of H.T., supply to the Forensic Science Laboratory and Police Radio Complex and when this materialised, power at 11 KVA was expected to be available and fluctuations were not expected to occur.

During evidence, the Department stated that the unit was now in operation. However, the department stated in the further note dated 16th November 1981, that power at 11 KVA is not now available and the necessary civil works are about to be taken up by Public Works Department. The facility is expected to be commissioned before the financial year is over.

The Committee is unhappy to note that the Department could not assess the requirement relating to power supply either at the time of purchasing the equipment or even later in 1976 when a 4 pole transformer was got installed, in co-ordination with Tamil Nadu Electricity Board. The Committee recommends that in future, greater attention should be paid to the creation of infrastructural facilities needed for the proper functioning of the equipments in co-ordination with Public Works Department, Tamil Nadu Electricity Board, etc. so that the costly equipments may be put to effective use without avoidable delay. Whenever such sophisticated machinery is obtained, the requirements of power supply should be ascertained from the manufacturers in advance and got ready before the equipment arrives. This aspect should receive sufficient attention and standing instructions should be issued to all concerned. The Committee also desires to have a report on whether the H.T. power supply has since been obtained.

(iii) Expenditure on Copier.

(Paragraph 3.13 of Audit Report)

10. An Electrostatic Copier equipment purchased at a cost of Rs. 30,000 and installed in April 1972 at the Office of the Special Branch (C.I.D.) was transferred to the City Police in May 1973 as it was not found useful to the Special Branch. The equipment was not put to use in City Police Office also as it was under repair. In its written reply the Department stated that the suppliers had advised that the machine should be shifted to a separate cool and dust free room and that Government have since approved the provision of air-conditioner.

The Department stated before the Committee that the copier was transferred to the Commissioner of Police as he had greater use for it and the machine was now functioning in an air-conditioned room and handled by trained staff. The department admitted that it made a mistake in not ascertaining initially that it required an air-conditioned room and trained staff. The Committee is pained to note that cases of equipment remaining idle due to delay in provision of supporting facilities have become quite common.

The Committee recommends that in the light of the facts emerging from this and the preceeding paragraph of this Report, Government in the Finance Department should issue instructions to all departments bringing out the need for proper assessment, advance planning and timely completion of the infrastructural facilities required for effective functioning of the equipments purchased by them, in co-ordination with the suppliers as well as sister departments of Government so that any delay in the proper utilisation of the equipment is avoided.

2. EDUCATION DEPARTMENT.

(i) *Loans and advances by State Government.*

National Loan Scholarship Scheme.

(Paragraph 5 of Audit Report)

11. The amount due for collection under the scheme as on 31st March 1979 was Rs. 29.49 lakhs from 5,734 loanees. As at the end of 31st March 1981, the amount due for collection was Rs. 17.32 lakhs. In its written note and during oral evidence the department stated that action is being taken through District Collectors to recover the dues under the Revenue Recovery Act.

The Committee recommends that expeditious action should be taken to collect the dues as the recovery would be rendered difficult with the efflux of time. The Committee would like to have a report on the progress made in the collection within two months.

(ii) *Utilisation Certificates.*

(Paragraph 1.12 of Audit Report.)

12. At the end of September 1977, utilisation certificates for 25 cases for Rs. 85.23 lakhs were due to Audit for grants paid upto 30th September 1975. The department stated that the certificates have since been furnished except for one case. The Committee observes that there was undue delay in furnishing the certificates as some of the items related even to 1971–72 or earlier years.

The Committee recommends that the department should evolve a suitable system including monthly reviews to ensure that the grants are utilised within the stipulated time and the utilisation certificates are sent to Audit within a reasonable period.

(iii) *Grants/Loans regulated by the Director of Public Libraries.*

(Paragraph 6.5 of Audit Report)

13. Audit has pointed out that upto 25 percent of the matching grant was paid to each Local Library Authority in the form of books from 1973–74 onwards in pursuance of a Government decision of December 1972, but the Madras Public Libraries Act, 1948, had not been suitably amended.

The department stated that the Library Re-organisation Committee constituted to suggest various measures to improve administration of public libraries in the State had submitted its recommendations and that these recommendations were being examined in consultation with the Director of Public Libraries. The department hoped to get Government Orders in two week's time and place it before the Legislature.

The Committee would like to know whether the Act has since been amended providing inter-alia for effecting payment up to 25 per cent of the matching grant in the form of books.

(iv) *Assistance to Tamil Nadu Text Book Society.*

(Paragraph 6.6 of Audit Report)

14. A scheme for production of books in regional languages at the University level was formulated (January 1968) by Government of India who were to give a total assistance up to Re. 1 crore to each State from 1968–69. According to the guidelines issued by them, expenditure on administration was not to exceed 5 per cent of the total expenditure under the scheme. In Tamil Nadu, the implementation was entrusted to the Bureau of Tamil Publications initially and then to the Tamil Nadu Text Book Society (on its formation in March 1970). The administrative expenditure was on an average more than 25 per cent. During evidence and in its further note, dated 17th November 1981, the department stated that the percentage of administrative charges based on audited figure for the year 1976–77 worked out to 28 per cent of total expenditure and the average percentage of administrative charges on the total expenditure on the scheme for the nine years from 1968–69 to 1976–77 worked out to 23 per cent. It also stated that Government of India have turned down the request of the society to allocate the administrative expenses between school and college publications at 50 : 50 without limiting it to 5 per cent of the total

expenditure and that Government of India has finally agreed to ment up to 10 per cent of the total expenditure towards administrative expenses. The balance amount was being met from the funds of the society.

The Committee observes that the administrative expenditure of 23 per cent incurred by the society is quite high. The Committee recommends that the reasons therefor should be examined duly taking into account the percentage obtaining in similar societies in other States and in private sector and steps taken to reduce the expenses.

The Committee would also like to know the percentage of administrative expenses incurred on the publication of Text Books for schools for the past five years.

As on 30th June 1977 the value of University level textbooks in regional language held as closing stock by the society was Rs. 67.86 lakhs (at selling price). As against books of value Rs. 99.81 lakhs printed to end of 1976-77 the value of books sold was only Rs. 31.95 lakhs. The number of books produced up to end of 1975-76 was 12.77 lakhs of which 7.84 lakhs books remained in stock. During evidence, the department stated that the value of unsold stocks has since gone up to Rs. 72.24 lakhs. According to the department, initially it was thought that the Universities were not able to switch over to the regional languages for want of books and hence Government wanted the society to bring out the books and make them available to the Universities for prescribing as text books. But, the Universities did not prescribe the books brought out by the society as text books, resulting in accumulation of unsold books. When the Committee pointed out that the books ought to have been published only to suit the syllabus prescribed by the Universities, the department admitted the failure in this regard and stated that books are now printed only according to the prescribed syllabus. It further stated that books valued at about Rs. 50 lakhs were proposed to be donated to the Book Banks available in the various colleges and other institutions.

The Committee regrets to note that due to bad planning, University level Text Books produced in the regional language and valued at about of Rs. 72.24 lakhs could not be used for the intended purpose and the students did not derive the intended benefit. It is also doubtful whether the books valued at about Rs. 50 lakhs now proposed to be donated to Book Banks will be of any utility to the students, as the preference will only be for text books following approved syllabi. Thire Committee is also unhappy to note that during the entire period of over nine years when the scheme was under implementation, the department did not take steps to savluate its performance and to re-orient the programme suitably.

The Committee recommends that in future, production of Tamil text books should be planned properly in co-ordination with the Universities and other Educational Institutions so that the books are of real use to the students and such huge losses are avoided.

The Committee would also like to have a further report withui three months about the disposal of the unsold books including the proposed donation to Book Banks.

(v) *Outstanding Inspection Reports.*

(Paragraph 8.2 of Audit Report)

15. Audit has pointed out that as on 30th September 1977, there were 98 inspection reports issued up to 31st March 1977 for which first replies had not been sent by the Department as indicated below :—

	Nos.
Inspection Reports for 1973-74 and earlier	3
Inspection Reports for 1974-75	13
Inspection Reports for 1975-76	7
Inspection Reports for 1976-77	75

The Committee understands that the department was still to send, as on 30th September 1980, first replies for sixteen of these inspection reports. The Committee regrets to note that although Government had prescribed a time-limit of four weeks for sending the replies, the department has not sent the replies even after a lapse of 4 to 7 years. **Commit e com mends the department should evolve a system of periodical reviews of the outstanding Inspection Reports and ensure that such delays are strictly avoided in future. The Committee would also like to have a further report within a month about the issue of first replies to those Inspection Reports.**

3. LABOUR AND EMPLOYMENT DEPARTMENT.

(i) (a) *Half-a-million Jobs Programme.*

(Paragraph 3.1 of Audit Report)

16. Special Programmes for increasing employment opportunities, such as the scheme for rural unemployed, programme for educated unemployed and special employment programme for States and Union Territories were formulated by Government

of India from time to time since 1970-71. As such efforts had made only a marginal impact on the unemployment situation, Government of India decided, in January 1973, to supplement these programmes with an outlay of Rs. 100 crores in 1973-74 specially for creating job opportunities for half-a-million educated unemployed.

The Central assistance to the State Government for self-employment schemes was to be in the form of 50 percent grant and 50 percent loan, the later carrying interest at six and quarter percent per annum and repayable in ten annual instalments. Payment of stipends to trainees and incidental expenses (subject to a maximum of 15 percent of the total payment of stipends) and expenses incurred by the State Government under employment incentive schemes were to be met in full by Government of India as Grant.

Of the several schemes formulated by the State Government and forwarded to the Planning Commission between May 1973 and January 1974, 46 schemes involving an outlay of Rs. 673.10 lakhs were approved by the latter between June 1973 and March 1974. But, only 37 schemes involving an outlay of Rs. 576.48 lakhs were taken up for implementation. Though Government of India released Rs. 421.32 lakhs as Central assistance for the programme during 1973-74, after reviewing the progress of expenditure in March 1976, Government of India restricted the assistance to Rs. 392.37 lakhs the result was that the central assistance to the extent contemplated under he programme could not be availed in full.

During evidence, the Commissioner and Secretary, Labour and Employment Department stated that 9 schemes could not be implemented. In respect of 4 of them, it was found that there was competition in the relevant line of activities from private sector and hence it was thought that the co-operative societies would not be viable. The fifth scheme was dropped as approval of Planning Commission was received late (22nd March 1974). The sixth related to setting up of co-operative Rural Dispensaries and was dropped as there was reluctance on the part of the Doctors to go to rural areas. The seventh, a self-employment scheme was taken up under a different programme next year due to late approval from Planning Commission. The 8th and 9th which were training schemes were dropped as it was realised that the co-operative societies would not be able to absorb the trainees on completion of training.

Although the department tended to attribute late approval of Planning Commission for dropping some of the schemes, the Committee notes that after the schemes were formulated by Government and got approved by Planning Commission, the Department discovered that the schemes were unworkable. The Commissioner and Secretary, Labour and Employment Department admitted that greater care could have been taken in the formulation of the schemes.

The Committee regrets to note that the assistance given by Government of India for generating employment could not be utilised in full and the schemes involving about a crore of rupees had to be dropped due to formulation of unrealistic and unworkable schemes at a time when the unemployment position in the State was acute. The reasons such as competition from private sector in certain sectors of industries, reluctance of Doctors to serve in rural areas, etc., attributed for not taking up the schemes are all factors which could be foreseen and taken into account before formulating the schemes. Besides, central assistance to the tune of Rs. 1.81 crores had not been availed in respect of the other schemes due to subsequent reduction of target and slow progress.

The Committee feels that the schemes had been drawn up without adequate forethought and imagination and recommends that in future, schemes should be drawn up after proper investigation and due care. The Committee also recommends that Finance and Planning and Development Departments should consider the formulation of a large number of schemes covering all aspects of governmental activity such as employment, promotion drought relief etc. and keep a list of such schemes already atall times so that they may be available for being implemented as part of any programme that may be launched at short notice at the instance of Government of India.

(b) Agro-Engineering and Service Co-operative Centres.

(Paragraph 3.1.11 of Audit Report)

17. Government of India approved in June 1973 the State Government's proposal (May 1973) to establish 300 block level agro-engineering and service co-operative centres (estimated outlay Rs. 1,200 lakhs at Rs. 4 lakhs per centre) to provide in 1973-74 employment opportunities to 3,000 technically educated unemployed (two graduate/diploma holders and eight I.T.I. trained hands per centre).

The centres were to hire out to members, tractors and other agricultural machinery, carry out servicing and repairs to agricultural machinery, offer technical services to agriculturists, undertake sale of fertilizers, cattle feed, pesticides etc., serve as stockists for oil and allied products, manufacture and/or sell agricultural machinery or spare parts and carry out works relating to irrigation, development of land, water management or agricultural operations. The Tamil Nadu Agro Engineering and Service Co-operative Federation was entrusted with the task of implementing the scheme and providing necessary technical guidance, advice and assistance to the centres.

Though 300 centres were proposed to be set up to provide employment to 3,000 technically educated unemployed, Government, after reviewing the progress decided in August 1975 to limit the centres to 220. As against 2,200 persons to be employed in the centres, the number of persons employed as on 31st March 1977 was only 217. During evidence on 17th December 1981, the Department stated that the number has since improved to 535.

From the written reply and the oral evidence given by the Department, the Committee notes that—

(i) Each centre was to get a loan (covered by Government guarantee) of Rs. 2 lakhs from State Bank of India. The Bank decided to provide loan facilities, in the first phase for purchase of custom hiring machinery only, reserving assistance for other activities in a second phase. As the first phase was not working satisfactorily, the societies could not approach the Bank (except in one case) and bank did not give the second phase loan intended for servicing and repairs. Hence, more technical hands could not be appointed.

(ii) Government of India released for the scheme, financial assistance at 50 per cent loan and 50 per cent grant. In December 1974, the State Government released the assistance, (Rs. 0.50 lakhs per centre as 100 per cent loan. According to the department, the guidelines given by the Planning Commission provided that assistance might be given to the entrepreneurs as loans on soft term basis and the State Government took a decision to treat the amount as loan.

(iii) The share capital to be subscribed by the technically qualified members to be enrolled in the 220 centres amounted to Rs. 59.40 lakhs (at Rs. 0.27 lakh per centre). Due to enrolment of 217 members only (as on 31st March 1977) the contribution due was Rs. 7.315 lakhs. However, the actual contribution was Rs. 0.29 lakh only. The short fall was attributed to the inability of the employees to find resources. According to the department, the employees were contributing a fixed amount from their salary towards share capital every month.

(iv) Out of Rs. 0.50 lakh due to each centre towards Government's share capital, the Federation retained Rs. 0.20 lakh towards Centre's share capital in the Federation (Rs. 0.05 lakh) and purchase of material to be used in the construction of work shed for the centre (Rs. 0.15 lakh) and decided to release the balance of Rs. 0.30 lakh in two equal instalments, the first instalment on receipt of centre's application and the second on the centre showing satisfactory progress. As on 30th June 1977 the second instalment was released to 47 centres only.

(v) Out of Rs. 110 lakhs paid by the State Government to the Tamil Nadu Agro Engineering and Service Co-operative Federation (which was entrusted with the task of implementing the scheme) for release to the centres towards Government's share capital, the Federation utilised on the scheme Rs. 76.46 lakhs up to October 1981. The balance amount was reported to have not been released as the centres were not in a position to fulfil the conditions laid down and the Federation wanted to ensure that the amount was not spent by the centres in an infructuous manner on non-viable schemes. The Federation wanted the centres to take up custom servicing activity but the centres could not get suitable lands for the construction of sheds and this resulted in the non release of the funds in full.

(vi) The Federation purchased trusses and AC sheets for Rs. 9.49 lakhs for use in the work sheds to be constructed by 113 centres; but only 23 centres erected the work shed, utilising the tubular structures acquired by the Federation and as on July 1978, tubular structures for Rs. 7.31 lakhs were to be put to use by 90 centres. The Department stated that land for the construction of sheds could not be identified and acquired in a large number of cases. Consequently, the tubular structures could not be utilised by many centres.

(vii) An evaluation of the working of the centres was made by the Agro Engineering and Services Co-operative Federation and they had concluded that 65 centres have to be liquidated while 6 centres could be amalgamated with other viable centres. 39 centres were running on cumulative protit. A decision about the centres was expected to be taken shortly.

(viii) The centres which were mainly engaged in custom hiring of tractors, were incurring losses as they could not absorb the interest liability in their rates of tractor hire charges without detriment to custom hiring activity as the tractors of Agriculture Department and Panchayat Unions which enjoyed an element of Government subsidy were available at lower rates of hire charges. Any increase in employment potential was feasible only after second instalment of loan was received from State Bank of India, which had not materialised except in one case.

The Committee regrets to note that the scheme which was intended to provide employment to 3000 technically educated unemployed persons ultimately ended up with employment to 535 persons only. Against 300 centres originally contemplated only 220 centres were organised and 65 of them face liquidation. The Committee feels that this unhappy position has been brought out by excessive control over the functioning of the centres at every stage. The financial assistance was halting and half hearted. Out of the Government assistance of Rs. 50,000 per centre, Rs. 5,000 was retained by the Federation itself towards share capital of the centre in the Federation. The Federation retained a further sum of Rs. 15,000 towards cost of tubular structures and other materials for the sheds when in many cases the lands for the sheds themselves had not been identified and acquired. The balance of Rs. 30,000 was proposed to be released in two equal instalments the first instalment on receipt of the centre's application and the second on the centre showing satisfactory progress. But the societies could not make satisfactory progress because (i) the custom hiring activity faced an unequal competition from Agricultural Department and Panchayat Unions and (ii) The State Bank of India did not provide the second phase loan for creation of facilities for servicing and repairs as the progress is first phase was not satisfactory. The department failed to step in at the right moment and help the centres in achieving parity with the Agricultural Department and Panchayat Unions in the matter of hire charges of tractors. Although Government of India had extended 50 per cent of the

assistance in the form of grant to the State Government, the latter did not extend the subsidy to the centres. If the subsidy had been passed on to the centres in an appropriate manner it could have gone a long way to help the centre's function successfully. The Committee is not satisfied with the reasons put forward by the department for the Federation holding back a substantial portion of the assistance without releasing it in full to the societies. The Committee feels that the Federation was over cautious in its approach to the centre which were already starved for the funds and resorted to avoidable locking up of funds in the purchase of material for the sheds.

The Federation/Department was more concerned with the safety of the investment rather than with the successful functioning of centres. **The Committee recommends that the departments and the agencies entrusted with the implementation of welfare projects unched by Government should show a greater sense of indentification with the social objectives involved in the projects and see that the objectives as contempleated are achieved.**

The Committee further recommends that the department should re-examine the position and make all efforts to see that the societies functiole sucessfully and achieve their original objectives by extending suitabn assistance to them. They should also be enabled to diversify thei activity and implement the second phase viz servicing and repars, technical services to agriculturists and marketing of farm inputs.

The Committee would like to have a report within 3 months on ttri steps proposed to be taken in this regard and as to how the departmehe proposes to re-vitalise the centres and make them viable.

(c) *Poultry Units.*

(Paragraph 3.1.12 of Audit Report)

18. The objective of the scheme was to provide full employment ot 500 educated unemployed persons by starting 500 poultry units to produce about 500 lakhs eggs per annum (one lakh eggs per annum by each unit) leading to the ultimate contribution of 250,000 birds annually for table purposes (225 tonnes of additional poultry meat) to the State. Besides, 5 lakhs chicks were expected to be reared and supplied to 5,000 small farmers to start layer units thus providing them with subsidiary

occupation. Actually, however, only 32 educated unemployed persons were provided with employment. Out of Rs. 12.48 lakhs drawn from Government by Tamil Nadu Poultry Development Corporation (TAPCO) (which was in charge of implementing the scheme) only Rs. 2.94 lakhs were spent and the balance was refunded to Government.

As against 500 educated unemployed proposed to be trained under the scheme, only 98 candidates were selected in consultation with the State Bank of India and Canara Bank and were given training by the Tamil Nadu Poultry Development Corporation. However, loans were sanctioned by the Banks to 49 trainees of whom only 32 persons availed the loan to establish poultry units.

The department stated before the Committee that the remaining 17 persons did not take interest in the scheme as they could not offer landed security as demanded by the Banks. Even out of 32 who started the units, many had come to grief because the price fetched in the market was not commensurate with the expenditure they incurred. Earlier, in its written reply, the Department had also adduced the high rate of interest (14%) charged by the Bank and the charging of sales tax on poultry and poultry feed which increased the cost of birds and feed to a sizeable extent as some of the reasons for failure of the scheme.

In view of the foregoing bottlenecks, the educated unemployees who were mostly from economically weaker sections and had no landed property could not take up the venture. When it was pointed out that at the time of formulating the scheme, Government must have been aware that the loanees had to offer landed property as security, the department had no explanation to offer and admitted that better investigation could have been done. According to the department although formation of poultry co-operatives was contemplated under the scheme for marketing the eggs and procurement of feed this could not be done as there were already co-operative societies within a radius of 5 k.m. This is another pointer to the fact that initial investigation and formulation of the scheme had been defective.

The Committee is distressed to note that the well meant scheme for providing full emp[illegible]nt to 500 educated unemployed from economically [illegible]ections of [illegible] society and subsidiary occupati[illegible] to [illegible]rmers [illegible]up without

achieving even 10 percent of the objective. This situation has been brought about by the fact that the scheme had been drawn up without adequate investigation and examination of feasibility aspects. It is surprising that the fact that the economically weaker sections for whom the scheme was mainly meant may not generally be in a position to offer immovable property as security and that there were already co-operatives within 5 K.M. of proposed units were not thought of by the department while formulating the scheme. The Committee is also surprised that the department could not find even 500 persons in the whole state who would be able to satisfy all the conditions and start the units and cannot help feeling that adequate publicity had not been given to the scheme. **The Committee expresses its grave displeasure about the foregoing lapses and recommends that greater caire and forethought should be displayed in drawing up such schemes in future.**

(d) Margin money assistance for new industries.

(Paragraph 3.1.14 of Audit Report)

19. The scheme to provide margin money assistance for hire purchase of machinery and construction of worksheds and for providing consultancy service to educated unemployed was formulated by Small Industries Development Corporation (SIDCO) and was estimated to cost Rs. 66 lakhs. The funds were provided by Government of India to State Government in the form of half grant and half loan but the State Government treated Rs. 61 lakhs as loan to SIDCO and Rs. 5 lakhs as grant.

Under the scheme, 900 units were proposed to be assigned with margin money of Rs. 45 lakhs at 10 percent of the total cost for purchase of machinery. The total employment potential was fixed at 12,000 (educated unemployed; 1,200; Unskilled persons; 10,800). The total outlay on worksheds under hire purchase was envisaged as Rs. 150 lakhs with margin money assistance of Rs. 15 lakhs (10 per cent). The balance assistance of Rs. 6 lakhs was for providing consultancy services (Rs. 5 lakhs) and preparation of feasibility reports (Re. 1 lakh).

Till March 1977, (the extended date for implementing the scheme) Small Industries Development Corporation (SIDCO) had spent only Rs. 43.74 lakhs on provision of margin money assistance. In its further note dated 1st February 1982 the department stated that the margin money assistance advanced by Small Industries Development Corporation (SIDCO) up to 1981–82 under the scheme was Rs. 61 lakhs. Government of India was reported to have agreed to give necessary extension of time beyond March 1977 for utitisation of the assistance.

As against 900 units proposed to be set up with expected employment potential of 12,000 only 144 units were set up and the employment potential was reported to be 7,800.

The Committee is pained to note that the targeted number of units have not been set up, there is heavy shortfall in the employment potential achieved and the utilisation of the Government of India assistance has been slow.

The Committee recommends that the department should exhibit a greater sense of dynamism to expend the funds to the best advantage and to achieve the targets especially when the scheme is meant for the promotion of employment and industry in the State.

(e) *Training of engineers for Tamil Nadu Electricity Board.*

(Paragraph 9.1.16 of Audit Report.)

20. Two hundred engineers were proposed to be trained by the Tamil Nadu Electricity Board under the training scheme at an estimated cost of Rs. 4.14 lakhs. 60 graduates and 92 diploma holders in engineering were selected from the list of candidates selected for regular appointment in the Tamil Nadu Electricity Board and offered training for a period of 9 months at a stipend of Rs. 250, 150 per mensem. Only 15 persons joined the training; of these, 11 were appointed under the Board even before completion of training and only 4 completed the training and were subsequently absorbed in the Board's services. The total amount spent on training and received in full as grant from Government of India was Rs. 0.11 lakh only.

The Commissioner and Secretary, Labour and Employment Department stated before the Committee that the Tamil Nadu Electricity Board wanted to give training only to those persons who could be absorbed on completion of training. The Committee feels that in this case also the scheme was not formulated on a realistic basis and its limitations were not realised.

The Committee recommends that the department should ensure in future that funds meant for social welfare measures are fully utilised and full advantage is taken of any assistance extended by Government of India for the purpose. Adequate thought should be bestowed on all aspects of implementation even at the time of formulation of the scheme so that the assistance may not go unavailed.

(f) *General.*

(Paragraph 3.1.18 of Audit Report.)

21. The Committee notes that as against the employment potential of 17,459 proposed to be created during 1973-74 under 18 self-employment schemes included in the programme, the employment generated over a period of 4 years up to March 1977 was 7195 an achievement of 41 percent and of these, the number in employment on 31st March 1977 was only 6563. The main objective of the schemes, viz., generation of employment, thus largely remained to be fulfilled. This was attributed mainly to non-mobilisation of adequate institutional finance due to insistance of the banks on immovable property as security, high rates of interest, etc. The initial investigation and formulation of the schemes were also defective. Besides the State Government did not pass on the subsidy afforded by Government of India to the beneficiaries resulting in financial constraints in some cases.

The Committee recommends that appropriate lessons should be drawn from the investigation and implementation aspect of the scheme as indicated in the foregoing paragraphs and steps taken to avoid such deficiencies in similar special programmes in future.

(ii) *State Board for Physically handicapped.*

(Paragraph 3.2 of Audit Report)

22. A non-statutory Board was constituted in February 1971 with powers to raise funds and disburse grants to deal with the problems of physically handicapped and for implementing schemes for their medical economic and social rehabilitation; but the Board has not implemented any scheme as (i) the schemes proposed by them were deferred, (ii) grants were not sanctioned to The Board and (iii) Government themselves in the social welfare activities of the Board whose staff are borne on Government pay rolls (expenditure up to December 1977 Rs. 3.89 lakhs) were therefore confined to certain non-financial activities, such as collection of statistics, organising celebrations and assisting physically handicapped to secure employment training, etc.

In its written reply the department has stated that the schemes proposed by the Board were not sanctioned due to administrative reasons and the scheme for the rehabilitation of the handicapped, including sanction of financial assistance to the voluntary institutions, are being implemented by the department of Social Welfare. The Department also stated that the main reason for non-implementation of any scheme by the Board was that it was not vested with financial powers and that considering the non-financial activities carried out by the Board its performance was significant.

To a specific query, whether in view of the implementation of the schemes by Social Welfare Department there was whole time work for the staff of the Board, the Commissioner and Secretary, Labour and Employment Department stated that the schemes which were entrusted to the Director of Social Welfare for implementation were not in the nature of mere disbursement of grants only and that these schemes involved setting up of institutions on permanent basis for different handicapped categories. The Board was reported to be involved in persuading the voluntary institutions to come in a bigger way to help the handicapped.

The Committee is not convinced that the Board has been enabled to play its role in full measure as originally intended. The Committee recommends that the Government should re-examine the matter and entrust the Board with the full powers and functions as per the original objectives as otherwise there is no justification for continuation of the Board.

4. FINANCE DEPARTMENT.

(i) *Outstanding Audit Observations.*

(Paragraph 8.1 of Audit Report)

23. Audit had pointed out that as many as 2214 Audit observations involving Rs. 154.24 lakhs issued upto end of March 1977 were outstanding as at the end of September 1977. Of these, 1693 items for Rs. 76.49 lakhs related to non-submission of Payee's receipts. From the details furnished by the Finance Department in its further note dated 15th February 1982 it is seen that of these, 138 items for Rs. 3.01 lakhs are still outstanding. The items relate to both want of Payee's receipts as well as want of Detailed Bills and date back to the periods from 1969–70 onwards. The Committee is unable to understand why the Detailed Bills could not be furnished and stamped receipts could not be produced for payments made over 10 years back. **The Committee recommends that the outstanding items should be examined and effective steps taken for their speedy clearance. The progress made in the matter should be reported to the Committee within 3 months along with the reasons for the delay.**

(ii) *Grant No. 43—Miscellaneous—Note 2—268.e.*

Other Expenditure.

(Appropriation Accounts for 1976-77.)

24. A lump-sum provision of Rs. 34 crores was made in the original Budget under this head for unforeseen expenditure but the entire provision was withdrawn by reappropriation in March 1977. Such lump-sum provisions was being made year after year. In the appendices to the Budget Memorandum presented to the Legislature along with the Budget, the existence of the lump-sum provision under this minor head was not mentioned, although the rules require that in cases where the lump-sum provision is necessary and unavoidable, explanation is to be given justifying the provision and indicating atleast the principal items for which it is intended.

The Commissioner and Secretary to Government, Finance Department stated before the Committee that the provision was for meeting the additional expenditure due to revision of Dearness Allowance announced from time to time and revision of pay scales, if any, and stated that the purpose of the lumpsum provision will be mentioned in the appendices to the Budget Memorandum in future.

The Committee recommends that hereafter the purpose for which such lumpsum provision is made should be indicated in the appendices to the Budget Memorandum.

(iii) Grant No. 57—Loans and Advances by Government.

(Appropriation Accounts for 1976-77)

25. Against a total provision of Rs. 10,852.32 lakhs (original Rs. 5,362.28 lakhs); supplementary Rs. 54.90.04 lakhs under the grant the expenditure incurred was only Rs. 10538.55 lakhs. Out of the saving of Rs. 313.77 lakhs, Rs. 99.68 lakhs only was surrendered.

One of the heads under which substantial saving occurred was 734 e. Other Loans to Electricity Boards. The saving under this head was attributed to non-payment of compensation to the seven acquired private electrical undertakings before the end of 1976-77 as the required formalities to be observed under the Acquisition Act had taken time. In its explanatory notes, the Public Works Department had stated that the entire amount was surrendered in Final Modified Appropriation for 1976-77. The Joint Secretary (Finance) stated before the Committee that the reappropriation proposals might have been sent too late for Finance Department to issue reappropriation orders.

The Committee would like to have a further report within one month asto the date on which the re-appropriation proposals were sent by Public Works Department and why the amount could not be surrendered and resumed.

Under the head 698 m. Co-operative Spinning Mills, the actual expenditure was Rs. 92.20 lakhs against the total grant of Rs. 110.13 lakhs. The department attributed the saving Rs. 17.93 lakhs under this head to non-adjustment in the

accounts for 1976-77 itself to give effect to the conversion of Ways and Means Advance of Rs. 20.50 lakhs into loan ordered by Government in G.O. dated 14th May 1976. The adjustment was given effect to in the accounts for 1977-78 as the proposals were received from the Director of Handlooms in his letter, dated 30th November 1977 only. When the Committee desired to know why the proposals or adjustment were not sent before the close of the accounts for 1976-77, the Joint Secretary, Finance Department stated before the Committee that the reasons would be ascertained from the Industries Department and intimated.

The Committee would like to have a report within one month as to the reasons for the Industries Department not sending the proposals for adjustment of Rs. 20.50 lakhs before the close of the accounts for 1976-77. The Committee also desires that in respect of composite grants for which explanatory notes are furnished by the Finance Department that department should collect all necessary details from concerned departments before appearing before the Committee and furnish the replies to the Committee in a complete shape.

The department stated before the Committee that 27 departments were operating the grant and Finance Department was facing some difficulty in finding the excess or saving of each department. The department further stated that a suitable method would be devised to get over the difficulty and the Committee informed of the steps taken in this regard.

The Committee would like to have a report within 3 months about the steps taken to obtain in time the necessary details of expenditure and excesses/savings from the departments operating the grant and to arrive at the overall position.

5. SOCIAL WELFARE DEPARTMENT.

(i) *Loans and Advances by the State Government.*

(Paragraph 1.5 (*c*) of Audit Report.)

26. Audit has pointed out that a loan of Rs. 2 lakhs granted to the Rural Institute, Gandhigram, in December 1973 for starting a project for manufacture of Win Food has not been refunded by the Institute.

The Secretary, Social Welfare Department stated before the Committee that the Director of Social Welfare has recommended in February 1978 the waiver of Rs. 67,220 and the recovery of the balance of Rs. 1,32,780. She further stated that this had been examined but the relevant file was missing. She also stated that the file was being reconstructed and this would be completed in six weeks time.

In its Third Report presented to the Assembly on 12th February 1981 the Committee has already called for a report on the recovery of the loan. The Committee is unhappy to note that there has been no improvement in the position even after about a year since the last recommendation was made.

The Committee recommends that immediate steps shoud be taken to recover the loan amount. The progres made in this regard should be reported to the Committee within 3 months.

The Audit Report has brought out that the annual statements e in the Audit Office every June showing the arrears in recovery principal and interest on the loans, the detailed accounts of which are maintained by the departmental officers had not been received for any of the years.

The Department stated that the statements relating to Harijan Welfare Department upto end of March 1980 had since been furnished to Audit. According to the Department, the work of collection of Harijan Welfare loan dues was entrusted to Taluk Offices. Due to improper maintenance of Harijan Welfare records in Taluk Offices, the Tahsildars were unbale to furnish the annual demand, collection and balance statements correctly and the District Harijan Welfare Officers were neither able to persuade the Taluk Tahsildars to maintain the Harijan Welfare loan records properly nor to enforce promptness in the submission of returns. The Department was considering the entrustment of the recovery of the loans to some agency other than the Tahsildars.

The Committee recommends that the matter should be examined in depth and the procedure for recovery of the loans and maintenance of the record streamlined so that not only the collection is speeded up but also he Demand Collection and balance statements are kept current and the nnual returns due to Audit are submitted on the due dates in future

(ii) *Delay in recovering excess compensation.*

(Paragraph 3.21 of Audit Report.)

27. In May 1962, the District Harijan Welfare Officer, Coimbatore acquired 5.6 acres of land in Telungupalayam village, Coimbatore Taluk for provision of house-sites to Harijans. The compensation paid for the land was enhanced by the Sub-Court, Coimbatore. On an appeal preferred by the Department (February 1964) the High Court reduced (July 1970), the compensation amount. Consequently, an amount of Rs. 50,704 became due to Government towards excess compensation paid by them (including excess interest and cost of suit). The execution petition for recovery of an amount of Rs. 50,204 was filed by the department in the Sub-Court, Coimbatore on 9th September 1980 and is pending disposal. Though the certified copy of the judgment of the High Court was received by the District Harijan Welfare Officer, Coimbatore in June 1971, the Special Tahsildar (Harijan Welfare) addressed the Government Pleader only in October 1973 for preferring the claim in the Court and the Government Pleader sent the draft affidavit for Collector's approval only in March 1976. There has thus been a delay of over two years on the part of the Special Tahsildar and the Government Pleader.

During evidence, the department admitted that this was really a case of bad delay at various levels and stated that the Collector has been requested on 8th May 1980 to take action against the Tahsildar and the Collector has also been requested to intimate the particulars of action taken against the Government Pleader.

In its further note the department stated as follows :—

(i) the Collector of Coimbatore has reported that the Special Tahsildar and the Government Pleaders are responsible for the delay and that he is taking action against the Special Tahsildars concerned and that the Government Pleader of the period 1971-73 is no more.

(ii) the execution petition filed earlier was returned on 20th January 1982 for want of affidavit and the execution petition with the affidavit has since been filed on 9th February 1982.

(iii) the Government made the payment of enhanced compensation to the land owners on the security of the landed property. The properties have been impleaded in the execution petition.

The Committee is distressed to note the lethargy and undue delay displayed in initiating action for the recovery of over Rs. 0.50 lakhs due to Government and recommends that action should be taken expeditiously against the Special Tahsildar concerned.

The Committee observes that the delay on the part of the Government Pleaders relates to the period from 1973 to 1976 and not 1971-73 and recommends that action should be taken against the Government Pleaders responsible for the delay. The Committee would also like to have a report about the present position of the execution petition.

(iii) *Supply of school uniforms.*

(Paragraph 3.22 of Audit Report.)

28. Audit has pointed out that in Madurai and Ramanathapuram Districts, the stitching of uniforms for supply to pupils in the hostels and schools run by the Harijan Welfare and Backward Classes Departments were entrusted to private contractors instead of to the tailoring units of the Social Welfare Department. Besides, when the work was entrusted to private contractors in 1973-74, and when stitching was got done through the District Social Welfare Officers in Madurai and Ramanathapuram Districts in 1974-75 and 1975-76, cloth was issued at a flat rate of two metres for shirt, 1.5 metres for half pant and 2.5 metres for skirt for pupils of all age groups instead of at graded scales for different age groups resulting in excess issue of cloth to a value of Rs. 11.33 lakhs. Even though the adoption of a single flat scale for all age groups was pointed out to the Head of the Department by audit in March 1973 the Department fixed the varying scales only in 1976.

During evidence the department admitted that the dresses should be stitched only by social welfare units. The Government order issued on these lines in 1969 related to Directorate of Harijan Welfare and it was extended to the Directorate of Backward Classes only in 1974. The department stated that

action was being taken against the persons responsible in all the Districts concerned for violation of Government order. To a specific query about the delay in initiating action even after a lapse of over seven years. The Commissioner and Secretary, Social Welfare Department stated that a vigilance enquiry is in progress, the records have been sent to Vigilance Department and that some special staff has to be sanctioned for dealing with the entire matter and this was expected to be done shortly. The Commissioner and Secretary also admitted that the norms for issue of cloth were not fixed for a long time, that these were fixed only in 1976, and that there were excess issues. She stated that all the excesses over the years had to be assessed and action taken and that a detailed report would be sent to the Committee in 6 to 8 weeks' time. The detailed report has not been received. The Committee is concerned to note the inordinate delay in initiating disciplinary action against the persons responsible for entrusting the work to private contractors in violation of Government orders and against the persons who supplied the cloth at flat rates. **The Committee recommend that disciplinary action shoud be taken without further loss of time and completed quickly. The Committee would also like to have the detailed report promised by the Department within a month duly indicating the value of cloth issue in excess. The Committee is also unhappy to note that even though audit had pointed out the adoption of a single fiat rate for all age groups in March 1973 itself to the Director of Harijan Welfare, the varying scales were fixed by the Department only in 1976. Prompt action by the Department on the audit comment might have prevented the loss of several lakhs of rupees in the form of excess issue of cloth. The Committee recommends that the department should show greater alertness and promptitude in initiating remedial action with reference to Audit comments so that such recurring losses may be avoided.**

The Director of Backward Classes issued in September 1975 a specific directive to Special Deputy Collector, Kallar Reclamation, requiring him to adopt the graded yardstick followed by the District Backward Classes Welfare Officer, Tiruchirappalli. Even though these instructions were received by the Special Deputy Collector, Kallar Reclamation in October 1975, issue of cloth in November 1975 was not regulated accordingly but was made at flat rates resulting in excess issue of 13,088 metres of cloth to the value of Rs. 0.62 lakh. The department stated before the Committee that the matter was under vigilance enquiry and action would be taken against the persons responsible on receipt of the file.

The Committee recommends that disciplinary action agoinst the person responsible for the excess issue should be taken expeditiously.

(iv) *Grant No.* 30-*Note* 2 (ii).

(Appropriation Accounts for 1976-77.)

29. Under 288.E.a. Pension granted under Social Security Schemes, the expenditure was in excess of the final provision by Rs. 4.69 lakhs. The department stated that the excess might be due to misclassification in grouping the expenditure under various heads, that due to non-receipt of district level reports from the Collectors, State level reconciliation could not be done before the accounts of the year were finally closed and that the variation attributable to misclassification could not hence be rectified.

The Committee is unhappy to note that the Department could not arrive at a correct expenditure figure under the head even after a lapse of more than 4 years and recommends that a suitable procedure should be evolved for correct accountal and timely reconciliation and rectification of misclassifications in future.

(v) *Grant No.* 30 *Note* 3 (ii).

(Appropriation Accounts 1976-77.)

30. The original provision under 288 D.a. 'Direction and Administration' was increased by Rs. 5.62 lakhs by reappropriation in March 1977 and still there was a final excess of Rs. 1.51 lakhs. The department stated that more than 15 drawing officers are operating this head and hence there is excess.

The Committee is unable to accept the large number of drawing officers as a reason for the excess and regrets to note that the department has not enforced the prescribed procedure for obtaining the requisite data from the drawing officers in time. The Committee would like to have a report within 3 months about the steps taken to avoid such excesses i future.

6. REVENUE DEPARTMENT.

(i) *Special Draught Relief Programme.*

(Paragraph 3.16 of Audit Report.)

31. (i) The State Government implemented a special draught relief programme during the period from January 1975 to September 1975 in all Districts except Madras. As part of this programme, Rs. 224 lakhs were advanced to Tamil Nadu Water Supply and Drainage Board for executing drought relief works.

During evidence the department stated that the Board had actually spent Rs. 228 lakhs. The department also stated that the accounts had been settled in respect of four Divisions and were pending settlement in eight Divisions. The delay in settling the accounts of works was attributed to frequent reorganisation of Divisions.

The Committee is concerned to note the inordinate delay in settling the accounts of works which were executed six years back and recommends that effective steps should be taken to settle the accounts finally within a period of three months.

(ii) Government permitted (February 1975) the Collectors to take up formation of new ponds for drinking water and minor irrigation purposes if there were no minor irrigation tanks to be taken up for desilting. Based on these orders, 79 pond works of the nature of percolation ponds (estimated cost Rs. 34.86 lakhs) were taken up (February 1975) in Coimbatore District. However, the works were stopped (March 1975) after incurring an expenditure of Rs. 2.44 lakhs, as the Board of Revenue did not agree to their execution.

During evidence the department was unable to indicate whether the works taken up were completed or not. The department did not also send a further report in the matter as promised. This was also the case in respect of Chittapallam Pond work (estimated cost Rs. 0.69 lakh) which was stopped (March 1975) after incurring Rs. 0.15 lakh as the formation hindered as road in use.

The Committee takes a serious view of the fact that the department did not furnish the details called for even after a lapse of several months and desires that action may be taken against the persons responsible for the undue delay. The Committee would also like to have a report within 3 months on (i) whether the pond works have been completed and the ponds put to use (ii) the steps taken to complete the works remaining incomplete (iii) whether the Chittapallam pond work was resumed and completed.

(ii) *Fradulent sanction of loans.*

(Paragraph 3.17 of Audit Report.)

32. In the course of collection drive for loans in 1973, the revenue officials in Arakkonam, Vaniambadi and Tirupattur taluks in North Arcot District came across a number of cases where in certain officials in collusion with private individuals and farmers allegedly entered into criminal conspiracy to defraud Government and cheated Government through false declaration, furnishing false certificate regarding their possessions, nature of crops, etc. and using forged documents as genuine ones for getting loans sanctioned to the extent of Rs. 5.64 lakhs. In its written reply the department had stated that to speed up investigation and to take co-ordinated efforts by both the Police and Revenue Departments to overcome the difficulties in completing the investigation, a meeting of the police and revenue officials was convened on 10th October 1977 and that the progress was being watched by the Collector of North Arcot District. The department had also stated that out of the loan amount of Rs. 5.64 lakhs irregularly sanctioned, a sum of Rs. 1.65 lakhs had since been collected, leaving a balance of Rs. 3.99 lakhs.

During evidence the department stated that the police investigation was expected to be over in three months' time.

The Committee is perturbed to note that the cases relating to 1973 have not been completed and the concerned persons not brought to book even after a lapse of eight years. **The Committee recommends that the department should initiate firm and emergent measures to institute criminal proceedings without further delay. The Committee would like to have a further report on the progress made within 3 months. The Committee would also like to know the final position in recovering the loans.**

(iii) *River Pumping Schemes—Betterment Levy.*

(Paragraph 4.9.6 of Audit Report.)

33. The department stated before the Committee that betterment levy has been imposed in respect of all the 18 River Pumping Schemes which attracted the levy and that the amount due for collection as on 31st December 1981 was Rs. 7.15 lakhs as against the demand of Rs. 7.18 lakhs. **The Committee observes that the outstandings are very heavy and recommends that effective action should be taken to collect the dues expeditiously. The Committee would like to have a report about the progress made in the collection of the dues within three months.**

(iv) *Water Cess.*

(Paragraph 4.9.7 of Audit Report.)

34. The rules framed under Section I of the Tamil Nadu Irrigation Cess Act, 1865 provide for the levy of water cess at the prescribed rates for supply of water from pumping schemes for regular irrigation of crops, under their ayacut. Audit has pointed out that there was delay in framing and approving the rules in respect of many of the schemes. According to the provisions of the draft rules, the rates specified were to come into force from the fasli year from which water was supplied. However, water cess was levied at varying rates as specified in the Government orders sanctioned the schemes. Computed with reference to the rates specified in the draft rules there was a short levy of Rs. 6.18 lakhs.

In its written reply and during evidence the department stated that out of 24 river pumping schemes in Thanjavur District the rules providing for the levy of water cess at the following rates have been issued for 10 schemes, during 1975-79.

For first crop	...	...		Rs. 15–00 per acre.
For second crop	...	...	...	Rs. 7–50 per acre.
For Duffussal crop		...		Rs. 22.50 per acre.

In respect of the remaining 14 schemes, the rules have not yet been issued. Meanwhile, water cess was being levied at the lower rates leviable for Cauvery system (Rs. 10 per acre for dry land and Rs. 9 per acre for Manavari land). According to the provisions of the Tamil Nadu Irrigation Cess Act, 1865, the water cess has to be levied before the end of the Revenue year succeeding that in which irrigation takes place. Hence, retrospective effect for one fasli year can alone been given and delay of over one year in imposing the levy may result in loss of revenue. The department stated that Government have issued necessary instructions to the Commissioner for Land Revenue reiterating the need for submission of the Draft Rules promptly in future.

The Committee is perturbed to note the inordinate delay in the issue of rules and levy of water cess resulting in considerable loss of revenue. In some cases, delay ranged from two to six years as indicated below:—

Name of scheme.	*Year of commissioning.*	*Date of issue of rules.*
Thalainayar	1972	30—7—1975
Umbalacherry	1974	2—9—1976
Vilangadu	1974	7—9—1976
Karpaganatharkulam	1973	25—6—1979

The Committee recommeds that the loss of rev nue due to non levy or short levy of w ter cess in respect of all the 24 pumping schemes should be workep out and intimated to the Committee. The Committee also recommonds that responsibility should be fixed for the delay in issue of the rules. Ehe Committee would like to know whether the rule In respects of the remaining schemes have since been issued.

The department also stated that in order to bring the levy of water cess on a common pattern, the Collector of Thanjavur has sent proposals for framing rules applicable to all river pumping schemes adopting an uniform rate of water cess, and this was under the consideration of Government.

The Committee would like to know whether a decesion has been taken by Government in the matter.

7. INDUSTRIES DEPARTMENT.

(i) *Sericulture.*

(Paragraph 3.6 of Audit Report.)

35. Consequent on the merger of Kollegal with the then Mysore State under the re-organisation of States in November 1956, 22,000 acres under Mulberry cultivation were ceded to Mysore State leaving 1,500 acres on Hosur area of Dharmapuri District and Talavadi of Coimbatore District in Tamil Nadu.

For reorganising the industry and for expansion of the area under mulberry for increasing silk production in Tamil Nadu, Government established large scale silk farms for cultivating mulberry on the leaves of which silkworms are fed and reared. Waste lands in Hosur area were also leased out to cultivators for planting mulberry to encourage silk worm rearing. Cocoons (productive shells in which fully grown silkworms hibernate and from which silk filaments are reeled) produced in Government farms and also by the private cultivators are reeled in Government reeling units to produce raw silk for consumption in Tamil Nadu. Government incurred a total expenditure of Rs. 277.44 lakhs on development of sericulture during the period 1970-71 to 1976-77.

Government have set up a number of (i) Silk farms, nurseries and basic seed farms for raising mulberry plantations and rearing of cocoons, (ii) Cross breed grainages for evolving high yielding cocoons and (iii) cocoon markets. For reeling of silk into yarn, reeling units at Hosur, Talavadi, Tenkasi, Anchetty and Vaniyambadi besides a twisting unit at Hosur have also been established.

Silk farms at Madhahalli and Kollatti.

Planting and survival.

36. Six hundred and sixty nine acres of lands assigned to local people for raising mulberry trees but not planted by the assignees and 868.55 acres of waste lands were taken over for setting up silk farms in Madhahalli and Kollatti respectively. It was proposed to bring the entire area under mulberry cultivation and full leaf bearing stage within 5 years and to commence partial production of cocoons from second year. The cocoons produced in the farms were to be reeled into silk in the departmental silk reeling units at Talavadi and Hosur. Each farm was expected to provide employment to 1,000 families.

Actually, in Madhahalli only 506.50 acres were planted with mulberry cuttings during the period 1968-69 to 1972-73. The department stated that the remaining area was not suitable for planting and that the population distributed over the entire area was so poor that the effective area of plantation could be computed at 230 acres only. Similarly, in Kollatti farm, the area planted was 500 acres, the remaining area being unsuitable land in pockets within the overall farm area. In this case also the effective area could be taken at present as 200 acres only. (*Vide* further note of the department dated 2nd January 1982.)

According to the Central Silk Board, the percentage of survival of mulberry plants in tropical regions particularly in South India varied from 60 to 90 per cent. But in Madhahalli farm, the percentage of survival ranged from 20 to 30. In Kollatti farm it was 21.60 per cent.

In its written reply and during evidence the department adduced the following reasons for the low survival rate (i) the mulberry gardens raised in the two farms were purely on rain-fed conditions, (ii) the two gardens were in a rain shadow region of the districts with undulating terrain with very low water retention potential (iii) adequate steps for adopting suitable soil conservation methods like levelling, terracing, contour building,

etc., were not taken due to inadequate finances and paucity of time, (iv) there was continuous drought for two years after planting during the vital growth period of the plants and (v) pot watering was not possible as the area involved was very large.

The department also stated that though the basis of the norms fixed by Central Silk Board for the survival was not known, the percentage of 60 to 90 may be for irrigated gardens and that in irrigated areas, the mulberry production would be 3 to 4 times greater than in dry areas. The department further stated that (i) the technology for dry cultivation was available only now, (ii) no previous experiment was done regarding suitability of the area in regard to dry cultivation and as and when difficulties were faced in increasing production they were being rectified, (iii) Tamil Nadu Agricultural University had constituted a study group to study the growth of mulberry in detail and their report submitted in 1980 suggesting certain measures for bringing out improvement in the position was under the consideration of Government, (iv) comprehensive scheme now existed for both the farms and within 2 years the farms would be revitalised, (v) the scheme was taken up as employment generating schemes and not as commercial units but it could be run as commercially viable unit and (vi) at present a total of 500 families were given employment in the 2 farms as against 2,000 families originally envisaged.

The Committee regrets to note that the department had launched the scheme without a proper study of the conditions obtaining at the site and their effect on the programme. The fact that the area was rainfed was not unknown to the department. The department ought to have built in measures for soil conservation and for augmenting the irrigation needs of the farmers in the scheme estimates. The Committee is also unhappy to note that the scheme was allowed to suffer due to paucity of funds. As a result of the various lapses, the farms expected to provide employment and improve the economic conditions of the local people has failed in its objective, the employment potential achieved being only one fourth of the target. The Committee notes that the scheme has been under implementation since 1966-67. The low rate of survival was evident even in 1969-70, when only 20 per cent of the plants survived

in Madhahalli farm. The Committee observes that the department seemed to have reconciled itself to the low rate of survival and failed to take proper and timely measures for improving the performance. **The Committee recommends that (i) in future the site for the various development schemes should be selected after a proper study of the local conditions and necessary measures to overcome any deficiencies should be provided for in the scheme itself (ii) the performance of the schemes should be periodically reviewed and steps taken to rectify any short comings promptly (iii) on-going schemes should not be allowed to suffer for want of funds and (iv) steps should be taken early for improving the working of the farms including improvement in survival rates of plants and for achieving the targeted employment potential. The Committee would also like to have a report within 3 months as to whether the norms fixed by Central Silk Board for survival of plantations applies to irrigated gardens only or to rainfed conditions also.**

Leaf Production.

37. According to the Central Silk Board, mulberry leaf yield per acre of plantation in Tamil Nadu would range from 3,000 to 3,500 kgs. under rainfed conditions. Leaf production in the two large scale farms at Madhahalli and Kollatti, where mulberry was grown under rainfed conditions fell short of 3,000 kgs. per acre, the shortfall ranging from 78 per cent to 93 per cent in Madhahalli and 76 per cent to 83 per cent in Kollatti during the years 1972-73 to 1976-77.

The department stated in the written reply that the Central Silk Board norm may be taken only for smaller acres of cultivation. The achievable yield in large farms was stated to be 1,000 to 1,500 kgs. per acre. The department attributed the low yield of mulberry leaves to non-availability of farm yard manure and reduction in financial outlay when the schemes were treated as non-plan resulting in manuring, replanting, maintenance and employment of labour not being made to the required extent.

During evidence the Commissioner and Secretary, Industries Department stated that it could not be said that sufficient finances were not made available for running the farms. However, when his attention was drawn to the Department's written reply regarding reduction in financial outlay, he admitted that partially it was correct. The department further stated that Government have now taken a conscious decision to put

the lands to good use and increase productivity and that the schemes for revitalising the farms would be taken up and production increased. In its further note dated 2nd January 1982, the department stated that the Madhahalli and Kollatti farms have incurred a loss of Rs. 1.49 lakhs and Rs. 1.53 lakhs respectively, during 1980-81 and that if the recommendation of the study team of Tamil Nadu Agricultural University are accepted by Government and implemented the two farms are expected to earn profit of Rs. 2.67 lakhs in 1986-87 after incurring a projected loss of Rs. 70.11 lakhs from 1982-83 to 1985-86. The cocoon production was expected to go up gradually reaching 25,000 kgs. in each farm by 1986-87. The Committee notes from the details furnished in the note that the capital expenditure on improvement is not spread over the productive life of the plant and projections of the cocoon production and corresponding receipts from improved gardens only are taken into account for arriving at the projected profit/loss, as is evident from the fact that though 8072 kgs. of coccons productions were already achieved in Madhahalli in 1976-77, the projection for 1982-83 is given as 1,000 kgs. only. It is not also clear wheter the farms, after improvements, will continue to be economically viable from 1986-87.

The Committee would therefore like that the economics of the proposed improvements may be reworked and the correct position intimated to the Committee within 3 months.

The Committee also recommends that decision on the report of the Tamil Nadu Agricultural University study group should be taken expeditiously and the decision taken intimated to the Committee. The Committee further recommends that effective steps should be taken for the successful running of the farms to achieve targetted levels of production and to run them as economically viable units.

The Committee notes that the department had earlier earlier established demonstration Silk Farms at Tenkasi, Panagudi, Kodaikanal and Erumad in 1958, 1965, 1967. These Farms were set up to find out suitable areas for the introduction of sericulture industry, to educate the agriculturists and to build up the industry under rainfed conditions. These schemes failed and the last three farms were closed. When the Public Accounts Committee, 1973-74, considered the matter with reference to the

comments in Audit Report, 1970-71, the Committee was informed that the failure of the scheme was due to lack of irrigation facilities, scarcity of rainfall, lack of enterprise on the part of the agriculturists and defective selection of land for the location of the farms.

The Committee has already observed in its Fourth Report presented to the Assembly on 12th February 1981 that the main cause for the failure of the farm was *inter alia* lack of proper investigation and planning by the department and defective selection of land.

The Committee deeply regrets to note that the department has not derived any lesson from its past experience in setting up the farms especially the one at Tenkasi set up in 1958. The department ought to have been aware of the limitations in setting up the farms under rained conditions, conditions of scanty rainfall and poor irrigation facilities and should have therefore **thought of the required measures to overcome the deficiencies as to run the farms as economically viable units and achieve in full the social objective of providing employment to 1,000 families. The Committee would like to have a report as to why the department did not learn from the past experience and not only committed the same mistake again, but also failed to take adequate steps earlier. The Committee also recommends that whenever projects are closed due to their failure to achieve the objectives a case study should be made of the causes leading to their failure and instructions issued to all concerned to avoid such pitfalls in future projects.**

Scheme for leasing of lands for mulberry cultivation.

38. For greater development of sericulture, Government sanctioned (September 1967), a scheme for leasing poramboke lands to encroachers on condition that they would cultivate mulberry in not less than half of the leased lands. However, out of 15,889 acres of land leased out in Hosur and Denkanikottai taluks only 350 acres were brought under mulberry cultivation as against the requirement of 7,945 acres despite the fact that special staff was employed for initiating follow up measures. In its written reply the department admitted the failure of the lease scheme and attributed the failure to the following factors :—

(i) the lessees were not interested as there was no permanent right conferred on them

(ii) they could not get any financial assistance from the Banks for cultivation expenses as they did not enjoy any property rights on the land ; and

(iii) as the area was drought prone and there was also failure of timely rains, the plants could not survive and there were large scale failures.

The Commissioner and Secretary, Industries Department stated before the Committee that Government had issued orders in January 1981 for revoking the lease and assigning the lands to eligible persons giving preference to the people who have been cultivating mulberry.

The Committee feels that the framing of the scheme was defective as the factors contributing to its failure ought to have been known to the department even at the outset. The Committee is also unhappy to note that no action had been taken till 1981 to review the position and resume the lands in cases of violation of terms of lease even though the Board of Revenue had submitted proposals in this regard in 1976. **The Committee would like to have a report within three months on the progress made in revoking the lease and assigning the lands and the area now under mulberry cultivation out of the total area of 15,889 acres.**

(ii) *Common Lease Shop, Ambattur.*

(Paragraph 3.7 of Audit Report.)

39. In 1974, the Government decided to dispose of the anodising plant of the defunct common lease shop at Ambattur. The offer received in December 1974 was not accepted by Government. A decision on the offers received outside the tenders floated in April 1975 was not taken till June 1976 when the highest bidder backed out. During evidence the Secretary, Industries Department stated that the machine has since been sold for Rs. 78,100.

The Committee notes that the accepteance of the offer was referred to Government every time. The Committee feels that a quicker decision would have been facilitated if the Director of Industries and Commerce had been given appropriate powers and recommends that Government should examine the delegation of more powers to the Director of Industries and Commerce for the acceptance of tenders relating to disposal of machinery.

(iii) *Assistance to a Pipe Manufacturing Company.*

(Paragraph 6.8 of Audit Report.)

40. Messrs. Sakthi Pipes Limited, Madras were manufacturing cast iron pipes from July 1966. But the factory was closed in May 1968, reportedly for want of orders. Despite substantial assistance given to it by Government in various ways, the company did not achieve satisfactory results. The Committee on Public Undertakings which had already gone into certain aspects of the matter had given its recommendations in its Second Report presented to the Assembly on 9th September 1978.

Government took over the management of the company in December 1972 and declared it as a "relief undertakings" under the Tamil Nadu Relief Undertakings (Special Provisions) Act, 1969, with effect from 10th January 1973. Further, Government extended to the company financial assistance by way of loans and advances from January 1973 but the company did not repay any portion of the loans and advances and interest thereon, continued to incur losses and finally discontinued production from March 1976. The Management of the company was handed over to the Board of Directors with effect from 30th September 1978.

In its written reply, during evidence and in its further note, dated 28th December 1981 the department stated as follows :—

(i) The company had to stop production from May 1972 due to financial difficulties. At this stage, the company approached Government for converting it into a joint sector unit. By this time, the company had identified the need for substantial financial assistance, major changes in its technology and diversification. Government appointed a Committee to examine the viability of the unit. Based on the report of the Committee and the resolution passed by the Board of Directors, Government took over the management.

(ii) A senior I.A.S. Officer was appointed as Managing Director of the company. In the fond hope of restarting the factory on the recommendation of the Managing Director, Government after careful consideration, sanctioned adhoc loans, temporary loans and ways and means advances towards purchase of raw materials, generators and working fund to the company.

(iii) Though the company was licensed to manufacture 15 to 500 mm diameter pipes, they were actually producing only 15 to 300 mm pipes. The company was designed to produce C.I. pipes based on steel scrap as raw material. But scrap was difficult to get at that time. Hence they had to switch over to pig iron as raw material which was costly. This was the reason for the closure of the company.

(iv) Though after taking over the management, certain suggestion of the Technical Committee were implemented some changes could not be implemented due to technical problems and higher diameter pipes could not be manufactured. Besides, power cut was also one of the reasons for the production being affected.

(v) The production of higher diameter pipes involved further investment of a high order. In 1974, Government thought that they could nationalise this company so that the liabilities could be wiped out by payment of compensation, but this was not accepted by Government of India. Therefore, the alternatives before Government in 1975 were whether to continue the operations at the existing level incurring an annual loss of about Rs. 1.5 crores or to invest Rs. 2 or 3 crores on new machinery which could produce higher diameter pipes. Government felt that it was not worthwhile to risk further investment. Hence, Government decided to close the company.

(vi) The total amount of loans and ways and means advances given to the company as on 31st March 1981 was Rs. 1,95,91,800. The interest accrued thereon was Rs. 1,14,59,725. In addition, Government had paid to the State Bank of Hyderabad Rs. 112 lakhs in pursuance of a guarantee given for Rs. 66 lakhs plus interest. Thus, the total dues to Government was Rs. 422.52 lakhs.

(vii) The company's liabilities were of the order of Rs. 13 crores whereas the value of assets was only Rs. 2.5 crores.

(viii) On the application of Industrial Finance and Credit Corporation of India, the Madras High Court has appointed a Receiver who has taken over the assets of the Company.

(ix) The High Court accepted the highest offer of a Calcutta firm for purchase of the mortgaged fixed assets of the company for Rs. 1.75 crores. But the firm did not make the 25 per cent initial payment. The matter is pending in the High Court.

(x) Government is examining whether a suit can now be filed against the company when the secured creditors have already got the orders of court for disposal of assets.

The Commissioner and Secretary, Industries Department stated before the Committee that the Technical Committee had thought that company could be revived with certain minimum technical changes to increase production. The Committee estimated that the changes would require only about 125 lakhs. The Committee notes that the Technical Committee had grossly underestimated the situation. The Committee cannot help feeling that the examination by the Technical Committee based on whose report Government took over the management was defective and its assessment was wrong, as Government could not implement certain suggestions of the Technical Committee due to technical reasons. The Committee notes that the Public Undertakings Committee has already expressed its deep dissatisfaction that a proper examination of the capabilities and potentialities of the company for the manufacture of the pipes at economical cost was not conducted before a decision was taken to give financial assistance to the company or even at the subsequent stages when more and more assistance on massive scale was given. The Committee feels that taking over the management of the company was a folly which had cost the exchequer heavily. Even after taking over the management, it has taken more than 4 years for the Government to realise that it would not be worthwhile to run the factory further. Meanwhile Rs. 4.22 crores had been paid to or paid on behalf of the company and its recovery is doubtful.

The Committee observes that whenever sick industries are taken over, the main beneficiaries are the owners of these industries who after extracting the maximum gains and after siphoning off their resources to more profitable avenues leave them to public medicare.

The Committee recommends that when taking over sick industries, it should be ensured that this is not an exercise in bailing out individuals who have allowed the industries to become sick and that a thorough examination should be got done by competent consultants of all the technical, administrative and financial implications of take over and of the feasibility of running those units as commercially viable units. The Committee would also like to know the decision taken by Government regarding filing of a suit against the compnay for the recovery of the amounts due, and if no suit is proposed to be filed, the course of action proposed to be pursued for effecting the recovery.

The Committee notes that in respect of loans amounting to Rs. 66 lakhs paid to the company between January 1973 and May 1974 the terms and conditions had not been prescribed. In respect of 2 loans for Rs. 43.85 lakhs paid in July 1973 and October 1974, Government stipulated that a pari passu charge in favour of Government should be created over the fixed assets of the company along with those in favour of four other financial institutions that have extended assistance to the company. In April 1976, Government stated that they would prefer a first charge on the fixed assets of the company and that the matter would be settled in consultation with the financial institutions concerned. The loans from the financial institutional ready stood secured by first mortgage of the fixed and other assets of the company to the extent of Rs. 1,77.51 lakhs. The entire loans and advances advanced by Government remained unsecured.

The Committee is unhappy to note that more and more funds were pumped into the company without providing for any safeguards.

The Committee would like to know the basis on which such lloans and advances were continued to be made without insisting on security and when the company had not paid eventhe interest on the loans and why no periodical stock taking was done before advancing further sums. The Committee would also like to know whether Government was not aware when advancing the loans that the financial institutions had already secured the first mortgage.

The Committee further notes that due to invoking of the guarantee given by Government to the State Bank of Hyderabad for Rs. 66 lakhs being the cash credit facility extended to the company, Government had to pay the Bank Rs. 112

lakhs towards principal and interest. The Committee is surprised to note that the company did not even pay the interest on the cash credit and ultimately Government had to bear it.

The Committee would like to know whether the department had not obtained periodical reports from the company and maintained an effective watch over the repayment of the instalme ts of the cash credit and interest to the Bank and why the company was allowed to default.

The Committee also recommends that Government guarantee for such loan should be extended only for a specified period and the banks concerned should be required to furnish a periodical report to Government about the compliance with the conditions of guarantee timely repayment of the instalments of principal and payment of interest, etc. by the company on whose behalf the guarantee is given.

(iv) *Assistance to a wagon manufacturing company.*

(Paragraph 6.9 of Audit Report)

41. With a view to revive Messrs. Southern Structurals Limited, which was engaged in the manufacture of railway wagons and cranes and fabrication of structurals and which was closed in 1969, Government took over its management in January 1971 and declared it as a relied undertaking under the Tamil Nadu Relief Undertaking (Special Provisions) Act, 1969. Government extended financial assistance to the company in the form of loans and also guaranteed to a nationalised bank from time to time repayment of all moneys given to the company by the bank. Even after take over of the management by Government, the company continued to incur losses.

The Department stated before the Committee that—

(i) as on date Government have paid Rs. 1,51.60 lakhs as loan and advanced Rs. 292 lakhs as ways and means advance and also guaranteed bank advances which have been availed to the extent of Rs. 242 lakhs. The loan is fully secured.

(ii) at present, Government have a 92 per cent share (Rs. 123 lakhs) in the company which ceased to be a relief undertaking in 1979.

(iii) the up-to-date cumulative loss is Rs. 500 lakhs.

(iv) the management was taken over when the company was manufacturing railway wagons and industrial structurals. The company was not recovering even the cost of production for the wagons from the only customer, i.e., Indian Railways. Hence, the production of wagons was stopped in 1976 and diversified into cranes.

(v) a very large number of workers are conversant with wagon building only and a voluntary retirement scheme has been proposed for them. Unless this issue is settled, the present high cost of production will continue and the company will not be able to earn profit.

(vi) the department was trying to persuade Bharat Heavy Electricals Limited and Bharat Earth Movers Limited to take over the company. Meanwhile, the department proposed to restructure the unit with the assistance of Industrial Refinance Corporation of India and reduce the interest burden with the assistance of financial institutions.

(vii) the management has been restructed with 2 General Managers.

(viii) the productivity at the moment was 45 to 50 per cent and it was proposed to raise it to 65 to 70 per cent by the end of the year.

(ix) the sales turn over amounted to Rs. 3 crores at present. But the break even point can be reached only if the sales touched Rs. 8 crores. At present, a loss of about Rs. 5 to 6 lakhs was being incurred every month

(x) no assessment was made about its profitability either at the time when the Government took over the management in 1971 or in 1979 when part of the loan was converted into equity capital. As Government of India did not approve the proposal to nationalise it, Government decide to become the major share-holder.

The Committee is unhappy to note that either at the stage of taking over the management in 1971 or at the time of converting part of the loans into shares and thereby becoming the major share-holder in 1979, the department did not conduct a

proper assessment of the chances of the company functioning successfully in the near future but kept on pumping more and more Government funds into the company. Despite the company being under Government management for the past 12 years, it is working only to half its capacity and continues to pile up losses. The measures now proposed to be taken to restructure it could have been initiated long back.

The Committee recommends that in future Government should not extend financial assistance to any industry without a proper in depth assessment of its commercial viability and profitability and such assesment should be repeated before extending further assistance if the industry does not live up to its original expectations. The Committee would also like to know the result of the department's efforts to restructure the company in the instant case or to hand it over to Bharat Heavy Electricals Limited/Bharat Earth Movers Limited.

(v) *Assistance to the Structural Engineers and Technicians Industrial Co-operative Society.*

(Paragraph 6.10 of Audit Report)

42. The Structural Engineers and Technicians Industrial Co-operative Society was registered in November 1973, as an ancillary to the Southern Structurals Limited (Company) with the object of setting up a machine shop and steel fabrication shop for fabrication of reduction gear and gear boxes for supply to the company and for execution of jobs on contract basis for that company. Government provided financial assistance of Rs. 3.40 lakhs as grant for training the technicians, Rs. 3.47 lakhs as share capital loan to members and Rs. 11.50 lakhs as its share of capital contribution to the society. Out of 91 trainees who completed the training in full and absorbed as members of the society, 40 remained in the society and worked in the company. Machines (value 32.59 lakhs) acquired by the society were erected in the company's factory premises and were hired to the company. The factory building constructed by the society in January 1976 at a cost of Rs. 5.60 lakhs was rented to the Tamil Nadu Civil Supplies Corporation.

In its explanatory notes, the department stated that the machines ordered were expected to arrive in 1974-75 and 1975-76. But only a few machines were received as per original delivery schedule. As the full complement of machines was not received the machines received were also let on hire to avoid keeping them idle. The trained members were taken on deputation by the company which paid them the wages.

The Secretary, Industres Department stated during evidence, that later on, all the machinery were received and the Civil Supplies Corporation has also vacated the factory building. However, the machinery were still on hire to the company whose Managing Director was also the President of the society. According to him, the objective of the society was achieved, in as much as 107 graduates/Diploma holders were trained and the facility of machine shop and fabrication shop created by installing the machinery in the Southern Structurals. The Secretary also stated that the Society had to act as a captive unit of the company and if the society was now given a separate unit of the company may find it difficult to nurture it. He further stated that a proposal to merge the society with the company was also under examination and orders would be issued soon.

In March 1975, Government approved another scheme for training technically educated unemployed by the society in the manufacture of steel casting at the foundry unit to be set up as an adjnuct to the society. The society was paid a share capital loan of Rs. 14.90 lakhs which was invested by the society during April 1976-May 1977 in short term deposits in a nationalised bank. The department stated that later on it was found that the foundry unit involved heavy invesment and would not be very remunerative and the society proposed to set up a machine shop. Meanwhile, the proposal for merging the society with the company came up for examination.

The Committee regrets to note tha the society mainly intended to set up a machine shop and steel fabrication shop, did not set up the shops, never acquired a separate entity and did not function separtely. The Society President was the Managing Director of the company. Both men and machinery were

hired out to the company and the factory building hired out to another company. Even after all the machinery were received there had been no attempt to set up the shops. The Committee can not help the feeling that the society was set up only to help the company indirectly.

The Committee is unhappy that the department did not assess the capacity of a newly formed society of educated unemployed to start such a big project. Atleast at the stage of extending the assistance for the second time for the foundry shop the department could have resorted to an assessment duly taking into account the past performance of the society and utilisation of the assistance already extended.

The Committee would like to have a report as to (i) why all aspects f the scheme were not examined while extending financial assistance initially for setting up a Machine shop and a Fabrication shop and again for the foundry shop (ii) why the department did not insist on the society establishing the machine shop and steel fabrication shop as originally intended at least after receiving all the machinery and (iii) present stage if the proposal to merge the society with the company.

8. INFORMATION, TOURISM, (TAMIL) CULTURE DEPARTMENT.

(i) *Arasu Studios.*

(Paragraph 3.14 of Audit Report.)

43. The Institute of Film Technology formed in 1961 by upgrading Cinematography and Sound Engineering sections of the Central Polytechnic, Madras functions as an institution for training technicians in film techniques and aesthetics. In June 1969, a Films Division with Arasu Studios was formed within the Institute for production of newsreels and documentaries. Government also decided (June 1969) to rent out the facilities available in the Arasu Studios to private film producers for shooting films. It was anticipated that the annual revenue of Rs. 4 lakhs from this activity would cover the entite recurring expenditure of the Institute on training and teaching and also the additional recurring expenditure of about Rs. 1 lakh on providing additional facilities.

In April 1971, the Films Division was separated from the Institute and brought under the control of the Head of Production Wing. The Arasu Studios however remained under the control of the Institute. During the period 1970 to 1977, additional buildings for a total value of Rs. 17.40 lakhs including a new shooting floor and equipment costing another Rs. 22.65 lakhs were provided to enable commercial exploitations.

However, the revenue realised was not upto the expectations as indicated below (figures as furnished by department in its further note dated 19th February 1982) :—

Year.	Revenue from		Total. Revenue.
	Private film producers.	Tamil Nadu films division.	
(1)	(2)	(3)	(4)
1970-71 to 1974-75	1,64,566	27,682	1,92,248
1975-76	4,598	1,985	6,583
1976-77	7,583	5,878	13,461
1977-78	7,147	1,140	8,287
1978-79	56,504	6,734	63,238
1979-80	88,542	4,584	93,126
1980-81	84,205	10,334	94,539
Total	4,13,145	58,337	4,71,482

As against the annual revenue of Rs. 4 lakhs expected by renting out the facility to private film producers, the revenue for the entire period of 10 years from 1970-71 worked out only to 4.13 lakhs. Even taking into account the receipts from the hire to Tamil Nadu Films Division the total revenue is only Rs. 4.72 lakhs. The recurring expenditure which the revenue was expected to cover entirely had already reached the level of Rs. 36.43 lakhs by the end of 1976-77.

In its explanatory notes and during evidence the departmennt admitted that the income has not been as anticipated and gave the followinng reasons for the shortfall.

(i) unexpected slump in film production affecting even leading studios;

(ii) present trend in film making to shoot in outdoor locations and in office and residential buildings : and

(iii) non-provision of certain equipment in the studios due to import restrictions; the department further stated that the annual income of Rs. 4 lakhs was anticipated only after provision of all facilities and not in the initial stages.

The Committee feels that even allowing for all those factors the revenue realised is too meagre. Apparantly the original estimates of revenue were over pitched.

During evidence the department stated that after persistant efforts for importing the much needed equipment, necessary foreign exchange clearance had been received from Government of India. It further stated that there was no colour processing facility and that the cost of all necessary equipment required for a full fledged studio would be about Rs. 27.27 lakhs (*vide* further note, dated 19th February 1982).

The Committee recommends that the institute should be facilitated to procure all necessary latest equipment (including colour processing equipment) so that (i) the institute may gain in stature as one of all India repute, (ii) the training given to the students may be complete and (iii) it may attract more private film producers thereby augmenting the revenue and achieve the original objective of meeting the entire revenue expenditure of the institute on training and teaching and also the additional recurring expenditure in providing additional facilities.

To a specific query as to whether the training to be given to students would not be affected if there was not much private shooting on the floors, the department stated that the students could be taken to other private studios and given training. The department also stated that although the film producers allowed the students to have training, it would be better to have 'in house' facility, and that this was essential for practical training of the students. According to the department there was no legal provision compelling the private studios to take the students of the institute for training and the department was in correspondence with the Government of India to bring them under the Aprentices Act.

The Committee recommends that the department should take effective steps for the optimum commercial exploitation of the existing facilities so as to make the training given to the students complete and also augment the revenues. The Committee also recommends that all necessary steps should be taken to make it obligatory for the film industry to give training to the students of the institute as is the case with engineering graduates and diploma holders, by suitably amending the Apprentices Act, 1961. The Committee further recommends that the department should initiate efforts to get the institute recognised as a Technological Institute so that it may qualify for obtaining grants from Government of India.

When the Committee pointed out that the Film Institute at Poona was having all the equipment necessary, the Department stated that the Poona Institute was aided by UNESCO and that the department was making efforts to obtain similar aid by submitting a Project Report.

The Committee would like to know the result of the efforts to obtain UNESCO aid.

To a specific query about facilities created in the institute for outdoor shooting such as gardens, the department stated that the facilities could not be created due to constraints of finance.

The Committee feels that these facilities are necessary to attract more business and augment the income and recommends that the facilities should be created early after a proper study of the economics of the proposal.

(ii) *Production of newsreel and documentaries.*

(Paragraph 3.15 of Audit Report)

44. The Films Division of the State Government is producing newsreels and documentaries and releases them through the Films Division of the Government of India. From the accounts of the films produced and distributed for screening, maintained by the Films Division, it was not in a position to ensure that all copies of the films sent out for exhibition were returned for 'final' disposal. The department stated that the copies of films sent to the films Divisions of the Government of India for distribution are being returned after the circuit is completed, which normally takes eight months, entries are made in a register as and when copies

are sent and received back and eventual return is watched by periodical reviews. The Committee, however noted that of the news reels/documentaries sent to the Film Division of the Government of India during the period 1971-72 to 1979-80 as on 30th September 1981, there were 378 newsreels and 68 documentaries yet to be received back.

The Commissioner and Secretary, Information, Tourism and (Tamil) Culture Department stated during evidence that the department has since prescribed necessary rules and regulations and also issued instructions that whenever there is delay in receipt back of the newsreels and documentaries the matter should be taken up with Government of India.

The Committee recommends that proper records should be maintained by the department to watch the receipt back of the newsreels and documentaries from Government of India and the position periodically reviewed. The Committee would also like to know whether the 378 newsreels and 68 documentaries sent to Government of India during 1971-72 to 1979-80 have since been received back.

The Committee feels that there is considerable scope for the department producing documentaries on Tourism and films for Audio visual Education and recommends that the department should set up its activities in this regard in co-ordination with Tourism and Education Departments.

Raw films are being handled in different processes in the camera, sound and editing branches. The maximum permissible percentages of wastage of raw films during various stages of production were fixed only in August 1976. However, the wastages at the three different stages had not been determined and compared to ensure that they were below the prescribed ceiling. The department stated that the wastages at different stages were now being reviewed and in some cases excess over the prescribed ceiling could not be avoided due to the technical reasons. The Commissioner and Secretary, Information, Tourism and (Tamil) Culture Department stated before the Committee that apart from physical check the department effected usage check also and if the usage was not bonafide recovery was ordered.

The Committee recommends that the wastages at the various stages should be periodically reviewed to ensure economic usage of the film within prescribed norms and to guard against pilferage and that recoveries foe misuse or pilferage of film should be effected at market rates or cost pricr whichever is higher.

From the details furnished by the department in its further note dated 19th February 1982, the Committee observes that out of 18,484 metres of newsreel produced during the period 1977-78 to 1980-81 only 17,792 metres were released, the percentage of film not released being as high as 85. The department stated before the Committee that it tried to cover all important functions and that in view of the fast changing scene there was always an element of uncertainty about the release.

The Committee feels that the percentage of unreleased length of newsreel is quite high even after making due allowance for the inherent limitations. The Committee recommends that proper guidelines should be prescribed for governing coverage, release etc., and effective steps should be made to bring down the percentage of unreleased newsreel.

(iii) *Construction of Valluvar Kottam, Madras.*

(Paragraph 4.18 of Audit Report.)

45. The construction of Valluvar Kottam, Madras, sanctioned in November 1974 for Rs. 48 lakhs was completed in April 1976 at a cost of Rs. 100 lakhs. The audit paragraph has brought out the various irregularities in the execution of the work. During evidence and in its further note, dated 19th February 1982 the department stated that an Enquiry Committee was constituted in July 1978 to study the reasons for the disproportionate increase in the cost of the work. Taking into account the remarks of the Enquiry Committee, the Revised Estimate for Rs. 100 lakhs was approved by Government in December 1979, and the action of the Special Officer, Poompuhar Development works who was in charge of construction of Valluvar Kottam was also ratified in respect of five audit comments. In respect of five other comments, the explanation of the officer was called for and a final decision was yet to be taken on the explanation received.

The Committee observes that while calling for tenders for three main items of work estimated to cost Rs. 1.59 lakhs, Rs. 18.52 lakhs and Rs. 4.98 lakhs wide publicity through newspapers was not given. The department admitted these lapses and stated that the explanation of the Special Officer was under examination as indicated above.

The Committee would like to have a report on the final decision taken on the explanations obtained from the Special Officer.

The Committee also recommends that suitable instructions should be issued by the department with a view to preventing recurrence of such lapses in future.

9. PUBLIC WORKS DEPARTMENT.

(i) *River Pumping Schemes.*

(Paragraph 4.9 of Audit Report.)

Non-Development of ayacut in Okkanadu-Keelaiyur Pumping Scheme.

(Paragraph 4.9.1 of Audit Report.)

46. The scheme which was completed in September 1969 was expected to provide irrigation facilities for 2,200 acres but the actual ayacut developed up to 1976-77 was 1,650 acres only. In its explanatory note the department stated that the ayacut is expected to be developed to the full extend when field bothies are excavated up to 25 acre limit and that a revised estimate for Rs. 22.00 lakhs has been sanctioned for the purpose.

The department stated before the Committee that there was delay in acquisition of lands necessitated by the decision to excavate field bothies departmentally up to 25 acre limit and the land acquisition was in progress since 1977.

The Committee regrets to note that though the scheme was completed more than 12 years back, 550 acres of land still remain to be developed. The Committee is surprised that the land acquisition has been allowed to drag on for more than 4 years.

The Committee recommends that the acquisition of land and excavation of field bothies should be completed without further delay and the development of the ayacut to full extent ensured. The Committee would like to have a report within 3 months about the steps taken in this regard.

Cost of the schemes.

(Paragraph 4.9.3 of Audit Report.)

47. As against the estimated cost of Rs. 69.38 lakhs for the 20 completed schemes, the total expenditure amounted to Rs. 89.41 lakhs, the excess over the estimated cost in 7 of these scheme ranging from 42 to 143 per cent. In its explanatory notes the department stated that the overall excess was not appreciable when the general escalation in cost over the years was taken into account. When the Committee pointed out that the period of execution had been considerably prolonged in most cases and ranged between 2 to 5 years and delayed execution would have contributed to the escalation in costs, the department stated before the Committee that after approval of the scheme by Government, necessary agreement has to be executed by the beneficiaries. Although the beneficiaries might have initially pleaded for the scheme, they were reluctant to execute the agreement when they came to know of the rates to be paid. To overcome the delay, Government ordered that it was enough if agreement was obtained from 60 per cent of the beneficiaries before commencing work on the scheme. The department also stated that Government were examining a proposal to have uniform rates so as to do away with disparity in rates in the same area.

The Committee would like to have a report within 3 months about the decision taken by Government regarding the levy of uniform rates for water-cess working expenses.

In respect of 13 schemes, the establishment charges for land acquisition amounted to Rs. 3.07 lakhs, while the land cost was Rs.4.92 lakhs. The department stated before the Committee that the expenditure on establishment was correct as ascertained from the Revenue Department.

The Committee recommends that the reasons for the heavy establishment expenditure amounting to 62 per cent of the cost of land should be examined by the Revenue Department. The Committee also recommends that norms should be laid down for the establishment expenditure to be incurred on acqnisition of land. The Committee observes that despite engaging special land acquisition staff at such heavy cost there has been delay in the land acquisition process, thus defeating the very purpose of providing special staff, and recommends that effective steps should be taken by the Revenue Department to avoid such delay in future.

Irrigation targets and achievements.

(Paragraph 4.9.4 of Audit Report.)

48. The Irrigation potential created by the 20 completed schemes was 16,705 acres while the acreage brought under irrigation in 1976-77 was 7,597 acres resulting in a shortfall of 55 per cent. The figures of area irrigated according to Public Works Department (10,343 acres) and Revenue Department (7,597 acres) also differed widely.

In its explanatory notes, during evidence and further note, dated 13th February 1982 the department stated as below :—

(i) the area irrigated as indicated by Revenue Department has to be taken as correct. The registered ayacut under the 20 schemes was 16,695 acres and ayacut developed up to date was 12,091 acres. An extent of 720 acres has since been deleted from the ayacut of Velangauni scheme bringing down the net registered ayacut of the 20 schemes to 15,975 acres.

(ii) The shortfall in achievement was due to—

(*a*) Preference of farmers for continuing existing dry cultivation due to uncertainly regarding adequate water-supply and inability to invest money on reclamation of lands for switching over from dry to wet cultivation.

(*b*) unwillingness of farmers to bear the working expenses.

(*c*) ayacuts of some schemes included high level lands which could not be commanded by the main channels and the lands were not lowered by the ryots as expected.

(*d*) presence of house sites, gardens, channels, etc., in ayacut area (360 acres).

(*e*) presence of alum blocks in the ayacut area (760 acres).

(*f*) insufficient capacity of pumps to serve the tail ends (323 acres).

(iii) Alum blocks (Saline lands) were included in the ayacut expecting that the ryots would take steps to reclaim the lands from salinity but this had not been done. In respect of the Thennadar and Thillaivilagam schemes in which water could not reach the tail and additional pumpsets were being installed.

(iv) A proposal to form a corporation for the execution of various irrigation schemes was under the consideration of Government. The corporation would have representatives from Agriculture, Public Works and Revenue Departments to ensure proper examination of the feasibility of the schemes.

The main object of the schemes was to give a fillip to food production by harnessing the drainage waters to irrigate high level lands through pumping from suitable storage points. This object has not been achieved to the extent contemplated as evidenced by the shortfall of about 28 per cent in the development of ayacut, due mainly to defective investigation of the various aspects of the scheme, such as, commandability, suitability for paddy cultivation of the lands proposed to be benefited, ability of the ryots to execute the appurtenant works, etc. Even though 7 to 31 years have elapsed since the completion of the schemes no concerted action has been taken to see that the short-comings are rectified and gap is bridged.

The Committee recommends that a crash programme should be drawn up and implemented to develop the ayacut under the river pumping scheme in the District to the full extent. The Committee also recommends that in respect of irrigation schemes including river pumping schemes the ayacut to be benefited should be properly investigated and identified, at the time of formulation of the scheme so that the lands not suitable for cultivation are excluded and correct assessment is made about the irrigation potential.

The Committee would also like to have a report within 3 months as to whether the additional pumps for Thennadar and Thillaivilagam have since been installed and satisfactorily commissioned and whether water is now supplied to the tail end of ayacut.

Working expenses.

(Paragraph 4.9.5 of Audit Report.)

49. In respect of the 20 completed schemes, the working expenses since their inception up to 1976-77 amounted to Rs. 35.16 lakhs, while the amount collected from the ryots towards working expenses was Rs. 8.29 lakhs only to end of March 1977. The Public Works Department arrived at the pro-rata working expenses with reference to the cultivated areas according to their records, while the Revenue Department applied that rate for purpose of recovery on the ayacut figure as per their records. The total area irrigated in 1976-77 was 10,343 acres according to the records of

Public Works Department and that as per the records of Revenue Department was only 7,597 acres. This was one of the reasons for the shortfall in collection. The department had earlier stated that the discrepancy would be arranged to be got reconciled. As the department now accepted the figures of Revenue Department as correct, the Committee would like to know whether the working expenses had since been revised adopting the figures of Revenue Department and recovery of the difference in working expenses effected.

The Committee also recommends that in future the pro-rata working expenses to be recovered from ryots should be arrived with reference to the figures of Revenue Department after proper reconciliation with the figures of Public Works Department so that demands may be raised by Revenue Department for the correct amount and shortfall in Revenue avoided.

Velanganni Pumping Scheme.

[Paragraph 4.9.8 (A) of Audit Report.]

50. The targeted ayacut of 1,264 acres was reduced in 1973 to 544 acres due to unwillingness of the ryots to participate in the scheme. The ayacut actually developed was 335 acres according to Public Works Department and 267 acres according to Revenue Department. The work of widening and deepening of pond for collection of water was done to the extent of less than half of the estimated quantity, with the result that the anticipated quantity of water could not be stored and consequently there was scarcity of water for pumping. The department stated that excavation was done according to the site conditions and that the capacity of the storage pond was found to be adequate to store water required for the ayacut developed.

To a specific query as to why even the reduced ayacut could not be reached, the department stated that it was due to the sandy nature of the soil requiring more efforts on the part of the ryots to develop the ayacut. When it was pointed out that the Revenue authorities had stated in 1974 that the unwillingness of the ryots was only due to non-execution of the committed works by Public Works Department and consequent non-supply of water the Commissioner and Secretary, Public Works Department stated before the Committee that Government did not go into these aspects in full.

The Committee recommends that the Government should (i) examine whether the non-developmen tof the ayacut in full was due to non-execution of proper work by the Public Works Department, as contended by the Revenue Department, (ii) take steps to develop the ayacut fully without further loss of time and (iii) report to the Committee the details of action taken and results thereof.

Okkanadu-Keelayur Pumping Scheme.

[Paragraph 4.9.8 (C) of Audit Report.]

51. As against the provision of Rs. 9,000 for acquisition of 5 acres of land for the scheme, 18 acres were acquired at a cost of Rs. 40,000. The department stated that the extra land was acquired for the approach road and after forming the road, the surplus land was being leased out.

The Committee observes that the increase in the land acquired is more than three fold and recommends that Government should re-examine whether the additional 13 acres of land were actually necessary and, if so, why the full extent of land could not be provided in the original estimate. The Committee would also like to know the details of utilisation of the land and the extent leased out.

Thillaivilagam Pumping Scheme.

[Paragraph 4.9.8 (D) of Audit Report.]

52. Against an indent placed by the Executive Engineer for four pumps of 20 horse power each, the Public Works Workshops and Stores, Madras supplied four pumps of 15 Horse power each (total cost Rs. 0.57 lakh) on the ground that these would be adequate. When the scheme was commissioned (October 1974) the actual discharge from each pump was found to be 85 litres per second against the designed discharge of 151 litres per second. At the instance of the supplier foot valves were provided, between October 1974 and September 1975 with greater strainer area but the discharge improved only upto 110 litres per second (March 1977).

During evidence, the department stated that the expected discharge has not been realised and use was being made of the spare pump to make up the shortfall. The Commissioner and

Secretary, Public Works Department promised before the Committee that necessary action would be taken against the persons responsible for the lapse within 3 months.

The Committee recommends that disciplinary action should be taken against the persons responsible for the purchase of 15 H P. pumps of inadequate capacity even though the indents were placed for 20 H.P. pumps.

(ii) *Improvements to Tirupathur Big Tank.*

(Paragraph 4.10 of Audit Report)

53. The desilting-*cum*-reclamation of Tirupathur big tank was sanctioned by Government in February 1975 at a cost of Rs. 16 lakhs. The work was taken up in March 1975 and stopped in September 1977 under orders of Chief Engineer after incurring an expenditure of Rs. 16.25 lakhs. The estimate provided for desilting to the extent of 3.40 lakhs cubic metres for reclaiming 147.59 acres of foreshore lands to keep the submersion at the normal level of 9 inches, but the work was stopped after desilting 1.7 lakhs cubic metres only.

Although the work of reclamation consisted of excavation, conveyance and depositing of earth on the lands to be reclaimed, levels after reclamation were not recorded. Audit had also pointed out that 62 plots in two survey numbers of lands reclaimed with the desilted earth were reported by the revenue authorities to have been sold as house sites. The department stated that the desilted earth was dumped over an area of 121.14 acres of land, and that further reclamation could not be continued due to the objections by the foreshore ryots, as they feared that the commandability of their lands would get affected if the lands were raised further. It was also stated that the poor quality of the desilted earth was generally one of the reasons for such objections by the ryots. The department further stated that to satisfy audit, levels were taken after reclamation and the quantity of earth dumped in the field was tallied and found to be a little more than the quantity excavated due to bulkage and there has been no diversion of earth outside the reclamation area; according to the department such levels are

not recorded for small works. In its further note, dated 23rd February 1982, the department stated that the Special Investigation Cell of Public (Officer on Special Duty) Department the matter and found that one of the contractors had deposited had examined the excavated earth in his lands in Survey Nos. 178 and 179 which were abutting Tirupathur big tank. The department further stated that the Public (Officer on Special Duty) Department found that it might not be possible to physically verify the check-measurement books, etc. as to whether there was any discrepancy between the actual work done and the payment made to the contractor. This was left to the concerned department to be probed further. Public (Officer on Special Duty) Department came to the conclusion that no criminal action was possible on this issue. Since this issue become a subject-matter of audit objection by the Accountant-General, Tamil Nadu, it was decided that the decision of the Public Accounts Committee might be awaited. Earlier in its explanatory note the department had stated that the reclamation in S. No. 178 was carried out to an extent of 0.60 acre as originally provided in the estimate and there were 43 tenements constructed in S. No. 178 out of which 17 numbers were lying in the area proposed for reclamation. The reply was silent about the Survey No. 179.

The Committee is unhappy to note that the department did not exercise proper control over the depositing of the excavated earth at the specified lands to be reclaimed by recording the levels on completion of the work. The Committee is surprised that a work costing Rs. 16 lakhs was considered small and that the recording of levels was left to the discretion of the officers.

The Committee recommends that in the case of D.C.R. work levels should be recorded both before and after the work is done and suitable instructions should be issued by the department to prevent recurrence of such lapses in future.

The Committee notes that the Special Investigation Cell had concluded that one of the contractors had deposited the excavated earth in his lands in S. Nos. 178 and 179 and it has left the matter to be probed further by Public Works Department. The Committee is unhappy to note that instead of probing into the matter immediately thereafter the department decided to wait for the decision of the Public Accounts Committee.

The Committee recommends that the Public Works Department should investigate the matter and ascertain as to how much of the excavated earth was deposited in the portion of survey numbers 178 and 179 not included in the land to be reclaimed, why no action was taken against the contractor, why payments were made to him for that portion of the work and why and how this was not detected and stopped in time by the officers in charge of the work. The Committee also recommends that in respect of irregularities pointed out in Audit Reports, the department should initiate remedial action immediately without waiting for the matter to be considered by the Public Accounts Committee. The Committee further recommends that in respect of D.C.R. schemes the suitablity of the earth for reclamation should be examined even at the stage of the investigation of the scheme so that the beneficiaries may not later object to the depositing of earth.

(iii) *Emergent repairs to Chembarampakkam Tank.*

(Paragraph 4.11 of Audit Report.)

54. The work of strengthening the bund of Chembarampakkam tank was taken up on an emergent basis, the work costing over Rs. 4.00 lakhs got executed through piece-workers on nomination from 25th November 1976 and completed in March 1977. The rates for the work were approved by the Superintending Engineer in February 1977 and agreements concluded in March 1977. In such emergent cases, rules require that a piece work agreement or at least a work order signed by the piece worker and the officer on the spot is to be made before the work starts. In this case, this had not been done. Further, in the measurement books and bills for intermediate payments, the full rates noted up to 20th January 1977 were lower than those approved by the Superintending Engineer and those rates had subsequently been corrected in the measurement books to correspond to the rates approved by the Superintending Engineer. The correction in the full rates noted originally was by over writing and was not also attested. The Committee is unable to understand as to why the rates noted in the measurement books should be tampered with and cannot help feeling that initially the contractors agreed for certain rates, intermediate payments were made at 90 per cent of those rates and later on, the rates were increased. The Commissioner and Secretary, Public Works Department stated before the Committee that the entire matter

of how and why the entries in measurement book were altered would be examined and a detailed note submitted to the Committee within 2 months duly indicating the persons responsible for the lapses. The note has not been received so far. **The Committee desires to have the report within a month. The committee observes that rules already exist about the procedure to be followed in emergent cases where formal contracts could not be concluded and sees no justification for by-passing these rules. The Committee recommends that strict instructions should be issued to all concerned about the need to adhere to the rules.**

(iv) *Remodelling of Kalaivanar Arangam at Government Estate, Madras.*

(Paragraph 4.12 of Audit Report)

55. Tenders for the main work of remodelling were called for on 25th October 1971 fixing the last date for receipt of tenders as 15th December 1971 before technical sanction was accorded for the work, reportedly in the interest of speedy execution of work. The tenders were valid up to 14th February 1972. The technical sanction was accorded on 13th January 1972. The Superintending Engineer forwarded the tenders to Chief Engineer on 2nd February 1972 and the Chief Engineer forwarded them to Government on 14th March 1972. Orders of Government accepting the lowest tender were issued on 27th June 1972 and communicated to the contractor on 4th July 1972. Meanwhile, the lowest tenderer (value of tenderer Rs. 6.40 lakhs) withdrew his offer. The work was awarded on re-tender to a contractor for Rs. 6.98 lakhs resulting in an extra expenditure of Rs. 0.58 lakh.

The Committee observes that there was nearly a month's time from the date of technical sanction (13th January 1972) to the date (14th February 1972) up to which tenders were valid for acceptance. The department stated before the Committee that if urgent steps had been taken the tender could have been accepted in time.

The Committee had already pointed out in 1962—(orders of Government issued in 1963) that in the matter of finalising tenders the officers should act with a sense of urgency and that the tenders should be finalised with utmost expedition. This was also reiterated in the 11th Report of the Commiittee (Fifth Assembly) presented to the Assembly on 20th April 1974. The Committee regrets to note that delays still continue to occur and recommends that Government should take effective steps to prevent the recurrence of such delays in future.

10. TRANSPORT DEPARTMENT.

(i) *Loans and advances by State Government.*

(Paragraph 1.5 of Audit Report.)

56. The reconciliation of payments and receipts for the years from 1972-73 to 1974-75 under the head '738- Loans for Road and Water Transport Services—Road Transport' has not yet been completed by the department. In its further note, dated 5th January 1982, the department stated that the reconciliation work was entrusted to the Special Officer, Residuary Work, Transport Department, by Government in December 1979, the basic records necessary for the reconciliation work could not be traced from the Office of the Tiruvalluvar Transport Corporation Limited, the successor to the erstwhile Tamil Nadu State Transport Department therefore it had been proposed to depute the staff to the various Transport Corporations to collect the details and after obtaining the departmental figures from the Transport Corporations concerned, the reconciliation would be taken up and completed before 30th June 1982.

The Committee would like to have a report within 3 months about the progress made in the reconciliation work.

(ii) *Purchase of typewriters.*

(Paragraph 3.23 of Audit Report.)

57. In response to an enquiry made by the department on 12th November 1975, Messrs. Godrej and Boyce Manufacturing Company (Private) Limited offered in their letter, dated 24th November 1975, to supply 750 typewriters at the DGS & D. rate contract price either directly or through DGS & D. However

of the 498 typewriters decided by the Purchase Committee on 29th November 1975 to be purchased from Messrs. Godrej and Boyce Company (Private) Limited, the department placed orders on 5th December 1975 with the firm for 3035 machines only under DGS &D. rate contract and for the balance 195 machines outside DGS & D. rate contract at concessional market rates. Further, the department did not ascertain and adopt the rates as per rate contract concluded by the DGS & D. with the firm on 20th October 1975 but went by the rates mentioned by the DGS & D. in his letter, dated 8th October 1975. These resulted in an extra expenditure of Rs. 15,500.

The department stated before the Committee that it was only a slip and admitted that if the supply order had been issued stating that the purchase would be made at the prevailing rate of DGS & D. the extra expenditure could have been avoided.

The Committee recommends that the department should issue suitable instructions to ensure that the correct procedure is adopted in future.

(iii) *Non-revision of cost of printing of bus tickets.*

(Paragraph 3.24 of Audit Report.)

58. The Government Press, Madras was charging the Tamil Nadu State Transport Department for printing of bus tickets. The Government Press adopted a rate of Rs. 145 per lakh of tickets up to 1966-67, Rs. 159 per lakh of tickets from 1967-68 to 1971-72 and Rs. 189 per lakh of tickets for 1972-73 and 1973-74 and the bills at these rates were paid by the Transport Department. The rates were based on provisional assessment of cost. The charges collected were lower than the actual cost of printing for the years 1965-66 to 1973-74 as computed by the Government Press resulting in a short collection of Rs. 58.34 lakhs. However, the department considered that the actual cost computed as above was comparatively higher than the reasonable rate chargeable. Accordingly, the department worked out a reasonable rate and arrived at the short recovery as Rs. 3.95 lakhs up to December 1973. In its further note, the department attributed the high cost of printing in the Government Press to the higher wages and amenities to the workers than existing in private presses and non-utilisation of full capacity and frequent break down of machinery.

The Committee observed that in 1973-74 the actual cost per lakh of tickets was worked out as Rs. 925 as against the provisional recovery rate of Rs. 180 per lakh tickets, and desired to know the basis for the rates of Rs. 925 and Rs. 180 per lakh tickets. In its further note, the department stated that in 1973-74 the operational cost inclusive of overheads was 88 per cent and the material cost was 12 per cent as against 52 per cent and 48 per cent respectively in 1964-65 as per details given below :—

Year.	*Number of tickets printed.*	*Operational cost.*	*Material cost.*	*Total.*
(1)	(2)	(3)	(4)	(5)
1964-65	4246 lakhs	3.39 lakhs (Estimation)	2.94 lakhs (Estimation)	6.33 lakhs
1973-74	1013 ,,	6.75 ,,	1.00 lakhs	7.75 lakhs

Lesser number of tickets were printed due to frequent breakdown of the specialised ticket printing machine in the Government press in 1973-74 but the expenditure on wages, etc., was fully charged leading to abnormal variation in rates.

The Committee recommends that a qualified Cost Accountant should be appointed in the press, a proper costing system should be introduced and the rates adopted for recovery of charges should be reviewed periodically with reference to cost of production. The Committee also recommends that the high level operational and overhead expenses incurred in the press should be reviewed and steps taken to bring down the expenses.

The Committee further recommends that whenever there is any break down of machinery, the staff concerned should be diverted to work on other machinery so that such excessive expenditure on operational cost may be avoided.

(iv) *Suramangalam–Taramangalam Road.*

(Paragraph 4.13 of Audit Report.)

59. The formation of Suramangalam–Taramangalam road was sanctioned by Government in December 1973 at a cost of Rs. 97 lakhs and revised administrative sanction was accorded in November 1977 for Rs. 142.07 lakhs. However, the actual expenditure up to November 1981 was Rs. 184.62 lakhs.

The Committee would like to know the reason for the 30 per cent increase in expenditure over the revised cost of Rs. 142.07 lakhs.

The embankment for the approaches to the railway bridge forming part of Suramangalam–Taramangalam road was to be formed out of the cut spoils of the magnesite quarries of Messrs. Burnan Company. The contractors entrusted with the work sought arbitration for general increase in the rates and also specific increase in the rate for the earth work on account of Messrs. Burn and Company restricting the plying of lorries of the contractor to six hours. The Superintending Engineer (Highways and Rural Works) Mechanical Circle, Madras who was the arbitrator, rejected the claim for general increase, but allowed increased rates for earth work. The Superintending Engineer (Highways and Rural Works) Coimbatore accepted in April 1977 the supplemental agreements incorporating the increases and the contractors were paid accordingly in April 1977 without obtaining Government orders, the additional liability to the department on account of acceptance of the enhanced rates being Rs. 12.75 lakhs. The department stated that the award was not accepted by the Chief Engineer (Highways) the action of the Superintending Engineer, Coimbatore and Divisional Engineer, Salem in having accepted the award and made payment was not in order and disciplinary action had been taken against the persons responsible.

The Committee would like to know the present stage of the disciplinary action initiated against the persons responsible for the payment.

In respect of the earth work done for the embankment, the department stated in its explanatory note that based on the tests conducted by the Highways Research Station, allowance of 16 per cent for bulkage and 13.7 per cent for compaction were found admissible and as such the Superintending Engineer (Highways and Rural Works) has been instructed to adopt for purpose of payment, the profile measurement after compaction plus 13.7 per cent. In its further note, the department stated that the Divisional Engineer is taking necessary action to assess the final quantity of earthwork for which payment has to be made.

The Committee would like to have a report within 3 months about the amount of excess payment involved and whether it has been recovered.

The department had stated in the explanatory note that in the absence of any specific condition in the agreement regarding the mode of payment, the above factors (13.7 per cent extra for compaction and 16 per cent for bulkage) were taken into consideration to assess the actual quantity for which payment was to be allowed. When the Committee observed that in such cases payment should have been regulated either for pit measurement or for stack measurement less per centage for bulkage or profile measurement after compaction whichever is the least and enquired why an addition to the quantity arrived at as per profile measurement was being made, the department stated that this was as per SSRB provisions and promised to give a copy of relevant provision. From the extracts of SSRB 301 to 306 furnished by the department, the Committee notes that there is no provisions for making any addition to the profile measurement for compaction.

The Committee recommends that the department should re-examine the matter with reference to conditions of agreement and recover the excess payment made by allowing 13.7 per cent extra over profile measurement for compaction.

(v) *Construction of bridge across Adayar.*

(Paragraph 4.14 of Audit Repot.)

60. In February 1977, Government sanctioned the work of construction of bridge across Adayar river connecting Turnbulls Road and Engineering College near Kottur at a cost of Rs. 39.20 lakhs. The Chief Engineer (Highways) accorded technical sanction to the work for Rs. 43 lakhs on 25th March 1977 and instructed the Superintending Engineer (Highways), Madras to spend the allotment of Rs. 10 lakhs provided for the work in 1976–77. The Divisional Engineer (Highways) (Special Bridges Division), Guindy prepared on 26th March 1977 a sub-estimate for Rs. 3 lakhs for the approach road on the southern side, for which a lump sum provision existed in the estimate, split up the work into two reaches and awarded the works on nomination at

estimate rates, to two contractors who executed agreements on 29th March 1977. Measurements were recorded on 30th March 1977 for earth work of a total quantity of 9737.20 cubic metre check measured on the same day and payment of Rs. 1.66 lakhs made on 31st March 1977. The department stated that as the time left out was short, a large fleet of lorries were pressed into service and work to a total cost of Rs. 1.66 lakhs was turned out. As per the particulars furnished by the department in its further note, 1,486 and 1,346 lorry trips had been made on 29th March 1977 and 30th March 1977 to convey the earth to the spot.

The work involved conveyance of the earth from Muthukadu with a lead of about 10 Km. and forming the approach road including watering and compaction which was reported to have been done by tyre rolling using the lorries which conveyed the earth. When the Committee expressed the doubt whether it was possible to make 1,486 lorry trips to the work spot on a single day taking into account the time required for unloading, capacity of the approaches to the work spot, availability of space at the work spot, time taken for compaction, etc. and also desired to know the number of approach roads to the work spot available at that time, the department stated before the Committee that the approach road was by the side of the Engineering College which was wide enough for 2 lorries to ply side by side, one lorry could make a minimum 20 trips in 24 hours time at one hour per trip (30 minutes for the to and fro trip 25 minutes for loading and unloading 5 minutes for time wasted) and with 75 lorries in a day 1486 trips were feasible.

The Committee feels that the lorries could not cover the distance of 10 Km. in about 15 minutes in view of the other traffic in the city roads The Committee is not convinced that 1,486 and 1,346 lorry trips reported to have been performed on 29th March 1977 and 30th March 1977 were physically possible and feels that it is also not possible to complete earth work of total quantity 9,737.20 cubic metre including watering and consolidation as per specification within 2 days. The Committee is also unhappy to note the undue hurry shown by the department to complete the work merely to spend the grant despite clear codal provisions prohibiting such rush of expenditure during March.

The Committee recommends that the entire matter as to whether the work was done as professed and according to specification should be investigated and disciplinary action should be taken against the persons responsible for any irregularity that may be detected in the investigation and also against the persons who rushed through the work at the end of March in contravention of rules.

The Committee also notes that the Nambiar Committee made a joint inspection of the site along with the Chief Engineer (Highways and Rural Works) and issued its Report in February 1977 based on which the work was deferred subsequent. The Chief Engineer (Highways and Rural Works) ought to have been aware of the views of the Committee in March 1977 when he issued the order to spend the allottment in the circumstances.

he Committee would like to know why the Chief Engineer issued the orders to commence the work in March 1977.

Proposals of the Divisional Engineer (Highways) for ratification of splitting up of the approach road work and entrusting them on nomination were recommended and sent to the Chief Engineer by the Superintending Engineer on 2nd May 1977 but they were still pending approval. The department stated that the proposals were found to have been misplaced and action is now being taken to address Government.

The Committee is unhappy to note that action on a proposal sent in 1977 is pending for over 4 years and would like to know whether Government have since approved the nomination.

The department stated that part of the metal and gravel valued at Rs. 44,354 collected for the work had been washed away during floods in 1977 or stolen, the write off of the value was under consideration and the question of fixing responsibility was being examined. The remaining materials were proposed to be handed over to the Tamil Nadu State Construction Corporation which has been entrusted with the work.

The Committee is unhappy to note that the material collected was left at site for more than 4 years. The Committee would like to know (i) why the unused materials were not transferred to nearby works promptly (ii) whether the balance materials have since been handed over to Tamil Nadu State Construction Corporation Limited and (iii) whether the responsibility for the loss of Rs. 44,354 has since been fixed.

The Committee notes from the further particulars furnished by the department that Government sanctioned the work at a cost of Rs. 39.20 lakhs in February 1977. The work was commenced in March 1977 but stopped in May 1977 with a viwe to consider certain points raised by the Nambiar Committee. A revised administrative sanction was accorded for the work in March 1979 for Rs. 45.18 lakhs for on estimate based on 1976–77 schedule of rates and adopting a linear water way of 123.10 m. as against 97.20 m. adopted originally. The estimate was again revised to Rs. 74.30 lakhs in December 1979 based on the schedule of rates for 1979–80 and excess flood level after fresh investigation on final alignment and adopting a linear water way of 131.70 m. for Rs. 74.30 lakhs in December 1979 and was approved by Government in March 1981. Tenders were called for in the meantime and a decision on the tenders received in March 1980 was taken only in July 1981 entrusting the work to the Tamil Nadu State Construction Corporation Limited which commenced the work in September 1981. After allowing for changes in design etc., the increase in cost due to escalation in prices of materials and labour since 1977 was estimated to be Rs. 8.38 lakhs. During evidence, the department stated that the cost was expected to go up by about Rs. 25 lakhs from the revised cost of Rs. 74.30 lakhs. The Committee is unhappy to note the delay of over four years in revising the designs and commencing the work resulting in escalation in costs besides postponement of the benefits to the public.

The Committee recommends that the initial investigation for such projects should be exhaustive and through in future with a view to avoid frequent changes in design. The Committee also regrets to note the inordinate delay of over 16 months oin accepting the tender received in march 1980 and would like to know (i) whether the accepted tender/agreement provides for any price escalation due to such delay in acceptance and (ii) the extra cost to Government due to the belated acceptance of the tender.

(vi) *Departmentally managed Government commercial and quasi-commercial undertakings.*

(Paragraph 7.1 of Audit Report.)

61. The pro forma accounts of Motor Vehicles Maintenance Organisation had not been prepared for the years from 1975–76 to 1979–80.

The department stated before the Committee that this was held up due to want of requisite staff and stated that the work would be completed quickly.

The Committee would like to have a further report within 3 months about the progress made in preparing the proforma acc

(vii) *Unadjusted balances under Remittance Head.*

(Paragraph 7.3.1 of Audit Report)

62. Audit has pointed out that heavy amounts were outstanding/pending settlement under the heads I Remittances and II Cheques and the amounts date back to the periods from 1961–62 onwards. The department stated that the question as to who should be in charge of the clearance of the pending items whether Thiruvalluvar Transport Corporation or Residuary Work Transport Department was under consideration and it has since been entrusted to Thiruvalluvar Transport Corporation and the work would be completed quickly.

The Committee would like to have a report on the progress made in the clearance of the items within 3 months.

GENERAL.

63. The Committee desires that expeditious action should be taken by Government on all the recommendations in this report. Wherever specific time limits have been indicated in the recommendation, they should be adhered to. In other cases, a report of the stage of action should be sent within 3 months indicating also the time by which the final report of action will be sent. The Committee desires that in all cases the final report of action should be sent within 6 months from the date of this report.

N. S. V. CHITHAN,

Chairman.

MADRAS,
29th March 1982/
Panguni 16, Thunmathi-
Thiruvalluvar Era 2013.

APPENDIX.

Summary of Recommendations.

1. The Committee notes that the department could not offer any convincing explanation as to how the eight officials rendered surplus in the spinning mill section in Coimbatore Central Prison were utilised till their absorption in permanent vacancies in 1978-79 and would like to have a specific Report on this point within three months. The Committee also regrets to note the abnormal delay in disposing of or putting to alternative use the machinery rendered surplus in 1972, contributing to its possible deterioration due to long disuse. The Committee would like to know the present condition of machinery. The Committee further recommends that effective steps should be taken for the disposal of the machinery or for their alternative use without further delay and the steps taken reported to the Committee within three months (Paragraph 8).

2. The Committee recommends that in future, greater attention should be paid to the creation of infrastructural facilities needed for the proper functioning of the equipments in co-ordination with Public Works Department, Tamil Nadu Electricity Board, etc., so that the costly equipments may be put to effective use without avoidable delay. Whenever such sophisticated machinery is obtained, the requirements of power supply should be ascertained from the manufacturers in advance and got ready before the equipment arrives. This aspect should receive sufficient attention and standing instructions should be issued to all concerned. The Committee also desires to have a report on whether the H.T. Power supply has since been obtained. (Paragraph 9).

3. The Committee recommends that in the light of the facts emerging from paragraphs 9 and 10 of this Report, Government in the Finance Department should issue instructions to all departments bringing out the need for proper assessment advance planning and timely completion of infrastructural facilities required for effective functioning of the equipments purchased by them in co-ordination with the suppliers as well as sister Departments of Government so that any delay in the proper utilisation of the equipment is avoided. (Paragraph 10).

4. The Committee recommends that expeditious action should be taken to collect the dues under the National Loan Scholarship Scheme as the recovery would be rendered difficult with the efflux of time. The Committee would like to have a report on the progress made in the collection within two months. (Paragraph 11).

5. The Committee recommends that the department should evolve a suitable system including monthly reviews to ensure that the grants are utilised within the stipulated time and the utilisation certificates are sent to Audit within a reasonable period. (Paragraph 12).

6. The Committee would like to know whether the Madras Public Libraries Act, 1948 has since been amended providing interalia for effecting payment upto 25 per cent of the matching grant in the form of books. (Paragraph 13).

7. The Committee observes that the administrative expenditure of 23 per cent incurred by the society is quite high. The Committee recommends that the reasons therefore should be examined duly taking into account the percentage obtaining in similar societies in other States and in private sector and steps taken to reduce the expenses. (Paragraph 14).

8. The Committee would also like to know the percentage of administrative expenses incurred in the publication of text books for schools for the past five years. (Paragraph 14).

9. (i) The Committee recommends that in future, production of Tamil Nadu Text Books should be planned properly in co-ordination with the Universities and other Educational Institutions so that the books are of real use to the students and such losses are avoided.

(ii) The Committee would also like to have a further report within three months about the disposal of the unsold books including the proposed donation to Book Banks. (Paragraph 14).

10. The Committee recommends that the department should evolve a system of periodical reviews of the outstanding Inspection Reports and ensure that such delays are strictly avoided in future. The Committee would also like to have a further report within a month about the issue of first replies to the sixteen Inspection Reports. (Paragraph 15).

11. The Committee feels that the schemes had been drawn up without adequate forethought and imagination and recommends that in future, schemes should be drawn up after proper investigation and due care. (Paragraph 16).

(ii) The Committee also recommends that Finance and Planning and Development Departments should consider the formulation of a large number of schemes covering all aspects of governmental activity such as unemployment promotion, drought relief, etc., and keep a list of such schemes ready at all times so that they may be available for being implemented as part of any programme that may be launched at short notice at the instance of Government of India. (Paragraph 16).

12. (i) The Committee feels that the Federation was over cautious in its approach to the centres which were already starved for funds and resorted to avoidable locking up of funds in the purchase of material for the sheds. The Federation/Department was more concerned with the safety of the investment rather than with the successful functioning of the centres. The Committee recommends that the departments and the agencies entrusted with the implementation of Welfare Projects launched by Government should show a greater sense of identification with the social objectives involved in the projects and see that the objectives as contemplated are achieved.

(ii) The Committee further recommends that the Department should re-examine the position and make all efforts to see that the societies functions successfully and achieve their original objectives by extending suitable assistance to them. They should also be enabled to diversify their activity and implement the second phase viz servicing and repairs, technical services to agriculturists and marketing of farm inputs.

(iii) The Committee would like to have a report within three months on the steps proposed to be taken in this regard and as to how the department proposes to revitalise the centres and make them viable. (Paragraph 17).

13. The Committee is distressed to note that the well meant scheme for providing full employment to 500 educated unemployed from economically weaker sections of the society and subsidiary occupation to 5,000 farmers ended up without achieving even 10 per cent of the objective This situation has been

brought about by the fact that the scheme had been drawn up without adequate investigation and examination of feasibility aspects. It is surprising that the fact that the economically weaker sections for whom the scheme was mainly meant may not generally be in a position to offer immovable property as security and that there were already co-operatives within 5 k.m. of proposed units were not thought of by the department while formulating the scheme. The Committee is also surprised that the department could not find even 500 person in the whole state who would be able to satisfy all the conditions and start the units and cannot help feeling that adequate publicity had not been given to the scheme. The Committee expresses its grave displeasure about the foregoing lapses and recommends that greater care and forethought should be displayed in drawing up such schemes in future. (Paragraph 18).

14. The Committee is pained to note that the targeted number of units have not been set up, there is heavy shortfall in the employment potential achieved and the utilisation of the Government of India assistance has been slow. The Committee recommends that the department should exhibit a greater sense of dynamism to expend the funds to the best advantage and to achieve the targets especially when the scheme is meant for the promotion of employment and industry in the State. (Paragraph 19).

15. The Committee recommends that the department should ensure in future that funds meant for social welfare measures are fully utilised and full advantage is taken of any assistance extended by Government of India for the purpose. Adequate thought should be bestowed on all aspects of implementation even at the time of formulation of the scheme so that the assistance may not go unavailed. (Paragraph 20).

16. The Committee recommends that appropriate lessons should be drawn from the investigation and implementation aspects of the scheme as indicated in the paragraphs 16 to 21 of this Report and steps taken to avoid such deficiencies in similar special programmes in future. (Paragraph 21).

17. The Committee is not convinced that the Board has been enabled to play its role in full measure as originally intended the Committee recommends that the Government should re-examine the matter and entrust the Board with the full powers and functions as per the original objectives as otherwise there is no justification for continuation of the Board. (Paragraph 22).

18. The Committee recommends that the outstanding items should be examined and effective steps taken for their speedy clearance. The progress made in the matter should be reported to the Committee within three months along with the reasons for the delay. (Paragraph 23).

19. The Committee recommends that hereafter the purpose for which such lumpsum provision (Lumpsum provision made in the original Budget under Grant No. 43 Miscellaneous for unforeseen expenditure) is made should be indicated in the appendices to the Budget memorandum. (Paragraph 24).

20. The Committee would like to have a further report within one month as to the date on which the re-appropriation proposals were sent by Public Works Department and why the amount could not be surrendered and resumed. (Paragraph 25).

21. The Committee would like to have a report within one month as to the reasons for the Industries Department not sending the proposals for adjustment of Rs. 20.50 lakhs before the close of the accounts for 1976-77. The Committee also desires that in respect of the composite grants for which explanatory notes are furnished by the Finance Department that department should collect all necessary details from concerned departments before appearing before the Committee and furnish the replies to the Committee in a complete shape. (Paragraph 25).

22. The Committee would like to have a report within three months about the steps taken to obtain in time the necessary details of expenditure and excesses/savings from the departments operating the grant and to arrive at the overall position. (Paragraph 25).

23. The Committee recommends that immediate steps should be taken to recover the loan amount. The progress made in this regard should be reported to the Committee within three months. (Paragraph 26).

24. The Committee recommends that the matter (entrustments of recovery of loans to some agency other than Tahsildars) should be examined in depth and the procedure for recovery of the loans and maintenance of the records streamlined so that not only the collection is speeded up but also the Demand, Collection and Balance statements are kept current and the annual returns due to Audit are submitted on the due dates in future. (Paragraph 26).

25. The Committee is distressed to note the lethargy and undue delay displayed in initiating action for the recovery of over Rs. 0.50 lakh due to Government and recommends that action should be taken expeditiously against the Special Tahsildar concerned. The Committee observes that the delay on the part of the Government Pleader relates to the period from 1973 to 1976 and not 1971-73 and recommends that action should be taken against the Government Pleaders responsible for the delay. The Committee would also like to have a report about the present position of the execution petition. (Paragraph 27).

26. The Committee recommends that disciplinary action should be taken against the persons responsible for entrusting the work (stitching of school uniforms) to private contractors in violation of Government orders and against the persons who supplied the cloth at flat rates without further loss of time and completed the work quickly. The Committee would also like to have the detailed report promised by the department within a month duly indicating the value of cloth issued in excess. The Committee is also unhappy to note that even though audit had pointed out the adoption of a single flat rate for all age groups in March 1973 itself to the Director of Harijan Welfare, varying scales were fixed by the department only in 1976. Prompt action by the department on the audit

comment might have prevented the loss of several lakhs of rupees in the form of excess issue of cloth. The Committee recommends that the department should show greater alertness and promptitude in initiating remedial action with reference to audit comments so that such recurring losses, may be avoided. (Paragraph 28)

27. The Committee recommends that disciplinary action against the person responsible for the excess issue of 13,088 metres of cloth should be taken expeditiously. (Paragraph 28)

28. The Committee is unhappy to note that the department could not arrive at a correct expenditure figure under the head even after a lapse of more than four years and recommends that a suitable procedure should be evolved for correct accountal and timely reconciliation and rectification of misclassifications in future. (Paragraph 29)

29. The Committee is unable to accept the large number of drawing officers as a reason for the excess and regrets to note that the department has not enforced the prescribed procedure for obtaining the requisite data from the drawing officers in time. The Committee would like to have a report within three months about the steps taken to avoid such excess in future. (Paragraph 30)

30. The Committee is concerned to note the inordinate delay in settling the accounts of works under Special Drought Relief Programme which were executed six years back and recommends that effective steps should be taken to settle the accounts finally within a period of three months [Paragraph 31 (i)]

31. The Committee takes a serious view of the fact that the department did not furnish the details called for even after a lapse of several months and desires that action may be taken against the persons responsible for the undue delay. The Committee would also like to have a report within three

months on (i) whether the pond works have been completed and the ponds put to use (ii) the steps taken to complete the works remaining incomplete (iii) whether the Chittapallam pond work was resumed and completed. [Paragraph 31 (ii)].

32. The Committee recommends that the Department should initiate firm and emergent measures to institute criminal procedures without further delay. The Committee would like to have a further report on the progress made within three months. The Committee would also like to know the latest position in recovering the loans. (Paragraph 32)

33. The Committee observes that the outstandings are very heavy and recommends that effective action should be taken to collect the dues of betterment levy imposed in respect of 18 River Pumping Schemes expeditiously. The Committee would like to have a report about the progress made in the collection of the dues within three months (Paragraph 33).

34. The Committee recommends that the loss of revenue due to non levy or short levy of water cess in respect of all the 24 pumping schemes should be worked out and intimated to the Committee. The Committee also recommends that responsibility should be fixed for the delay in issue of the rules. The Committee would like to know whether the rules in respect of the remaining 14 schemes have since been issued (Paragraph 34)

35. The Committee would like to know whether a decision has been taken by Government regarding the framing of rules applicable to all river pumping schemes adopting an uniform rate of water cess (Paragraph 34).

36. The Committee recommends that (i) in future the site for the various development schemes should be selected after a proper study of the local conditions and necessary measure to

overcome any deficiencies should be provided for in the scheme itself (ii) the performance of the schemes should be periodically reviewed and steps taken to rectify any short comings promptly (iii) on going schemes should not be allowed to suffer for want of funds and (iv) steps should be taken early for improving the working of the farms including improvement in survival rate of plants and for achieving the targeted employment potential The Committee would also like to have a report within three months as to whether the norms fixed by Central Silk Board for survival of plantations applies to irrigated gardens only or to rainfed conditions also. (Paragraph 36.)

37. (i) The Committee desires that the economics of the proposed improvements may be reworked and the correct position intimated to the Committee within three months. (ii) The Committee also recommends that a decision on the report of the Tamil Nadu Agricultural University study group should be taken expeditiously and the decision taken intimated to the Committee. The Committee further recommends that effective steps should be taken for the successful running of the farms to achieve targeted levels of production and to run them as economically viabe units. (Paragraph 37)

38. (i) The Committee would like to have a report as to why the department did not learn from past experience and not only committed the same mistake again but also failed to take adequate steps earlier. (ii) The Committee also recommends that whenever projects are closed due to their failure to achieve the objectives a case study should be made of the causes leading to their falure and instructions issued to all concerned to avoid such pitfalls in future projects. (Paragraph 37).

39. The Committee would like to have a report within three months on the progress made in revoking the lease and assigning the lands and the area now under mulberrry cultivation out of the total area of 15,889 acres. (Paragraph 38)

40. The Committee notes that the acceptance of the offer was referred to Government every time. The Committee feels that a quicker decision would have been facilitated if the Director of Industries and Commerce had been given appropriate powers and recommends that Government should examine the delegation of more powers to the Director, Industries and Commerce for the acceptance of tenders relating to disposal of machinery. (Paragraph 39.)

41. The Committee recommends that when taking over sick industries, it should be ensured that this is not an exercise in bailing out individuals who have allowed the industries to become sick and that a thorough examination should be got done by competent consultants of all the technical, administrative and financial implications of take over and of the feasibility of running those units as commercially viable units. The Committee would also like to know the decision taken by Government regarding filing of a suit against the company for the recovery of the amounts due, and if no suit is proposed to be filed, the court of action proposed to be pursued for effecting the recovery. (Paragraph 40.)

42. (i) The Committee would like to know the basis on which such loans and advances were continued to be made without insisting on security and when the company had not paid even the interest on the loans and why no periodical stock taking was done before advancing further sums. The Committee would also like to know whether Government was not aware when advancing the loans that the financial institutions had already secured the first mortgage.

(ii) The Committee would like to know whether the department had not obtained periodical reports from the company and maintained an effective watch over the repayment of the instalments of the cash credit and interest to the Bank and why the company was allowed to default. (Paragraph 40.

43. The Committee also recommends that Government guarantees for such loans should be extended only for a specified period and the banks concerned should be required to furnish a

periodical report to Government about the compliance with the conditions of guarantee, timely repayment of the instalments of principal and payment of interest, etc. by the company on whose behalf the guarantee is given. (Paragraph 40.)

44. The Committee recommends that in future Government should not extend financial assistance to any industry without a proper in depth assessment of its commercial viability and profitbility and such assessment should be repeated before extending further assistance if the industry does not live up to its original expectations. The Committee would also like to know the result of the Department's efforts to restructure the company in the instant case or to hand it over to Bharat Heavy Electricals Limited/Bharat Earth Movers Limited. (Paragraph 41.)

45. The Committee would like to have a report as to (i) why all aspects of the scheme were not examined while extending financial assistance initially for setting up a machine shop and a fabrication shop and again for the foundary shop, (ii) why the department did not insist on the society stablishing the machine shop and steel fabrication shop as originally intended at least after receiving all the machinery and (iii) present stage of the proposal to merge the society with the Company (Paragraph 42).

46. The Committee recommends that the institute should be facilitated to procure all necessary latest equipment (including colour processing equipment) so that (i) the institute may again in stature as one of all India repute, (ii) the training given to the students many complete and (iii) it may attract more private film producers thereby augmenting the revenue and achieve the original objective of meeting the entire revenue expenditure of the Institute on training and teaching and also the additional recurring expenditure in providing additional facilities (Paragraph 43).

47. (i) The Committee recommends that the department should take effective steps for the optimum commercial exploitation of the existing facilities so as to make the training given to the students complete and also augment the revenues.

(ii) The Committee also recommends that all necessary steps should be taken to make it obligatory for the film industry to give training to the students of the institute as is the case with engineering graduates and diploma holders by suitably amending the Apprentices Act, 1961. The Committee further recommends that the department should initiate efforts to get the institute recognised as a technological Institute so that it may qualify for obtaining grants from Government of India.

(iii) The Committee would like to know the result of the efforts to obtain UNESCO aid.

(iv) The Committee feels that facilities for outdoor shooting, such as gardens are necessary to attract more business and augment the income and recommends that the facilities should be created early after a proper study of the economics of the proposal. (Paragraph 43)

48. The Committee recommends that proper records should be maintained by the department to watch the receipt back of the newsreels and documentaries from Government of India and the position periodically reviewed. The Committee would also like to know whether the 378 newsreels and 68 documentaries sent to Government of India during 1971–72 to 1979–80 have since been received back.

(i) The Committee feels that there is considerable scope for the department producing documentaries on Tourism and Films for Audio-visual Education and recommends that the department should step up its activities in this regard in co-ordination with Tourism and Education Departments.

(iii) The Committee recommends that the wastages at the various stages should be periodically reviewed to ensure economic usage of the film within prescribed norms and to guard against pilferage and that recoveries for misuse or pilferage of film should be effected at market rates or cost price whichever is higher.

(iv) The Committee recommends that proper guidelines should be prescribed for governing coverage, release, etc. and effective steps should be made to bring down the percentage of unreleased newsreel. (Paragraph 44).

49. (i) The Committee would like to have a report on the final decision taken on the explanation obtained from the Special Officer, Poompuhar Development Works.

(ii) The Committee also recommends that suitable instructions should be issued by the department with a view to preventing recurrence of such lapses in future. (Paragraph 45).

50. The Committee recommends that the acquisition of land and excavation of field bothies should be completed without further delay and the development of the ayacut to full extent ensured. The Committee would like to have a report within 3 months about the steps taken in this regard (Paragraph 46).

51. The Committee would like to have a report within 3 months about the decision taken by Government regarding the levy of uniform rates for water cess/working expenses (Paragraph 47.)

52. The Committee recommends that the reasons for the heavy establishment expenditure amounting to 62 per cent of the cost of land should be examined by the Revenue Department. The Committee also recommends that norms should be laid down for the establishment expenditure to be incurred on acquisition of land. The Committee observes that despite engaging special land acquisition staff at such heavy cost there has been delay in the land acquisition process, thus defeating the very purpose of providing special staff and recommends that effective steps should be taken by the Revenue Department to avoid such delay in future (Paragraph 47).

53. (i) The Committee recommends that a crash programme should be drawn up and implemented to develop the ayacut under the river pumping schemes in the District to the full extent. The Committee also recommends that in respect of irrigation schemes including river pumping schemes the ayacut to be benefited should be properly investigated and identified, at the time of formulation of the scheme so that lands not suitable for cultivation are excluded and correct assessment is made about the irrigation potential.

(ii) The Committee would also like to have a report within 5 months as to whether the additional pumps for Thennadar and Thillaivilagam have since been installed and satisfactorily commissioned and whether water is now supplied to the tail end of ayacut (Paragraph 48).

54. The Committee would like to know whether the working expenses had since been revised adopting the figures of Revenue Department and recovery of the difference in working expenses effected. The Committee also recommends that in future the pro-rata working expenses to be recovered from ryots should be arrived at with reference to the figures of the Revenue department after proper reconciliation with the figures of Public Works Department so that demands may be raised by Revenue Department for the correct amount and shortfall in revenue avoided (Paragraph 49).

55. The Committee recommends that the Government should (i) examine whether the non-development of the ayacut in full was due to non-execution of proper work by the Public Works Department as contended by the Revenue Department (ii) take steps to develop the ayacut fully without further loss of time and (iii) report to the Committee the details of action taken and results thereof (Paragraph 50).

56. The Committee observes that the increase in the land acquired is more than three fold and recommends that Government should re-examine whether the additional 13 acres of land were actually necessary and, if so, why the full extent of land could not be provided in the original estimate. The Committee would also like to know the details of utilisation of the land and the extent leased out (Paragraph 51).

57. The Committee recommends that disciplinary action should be taken against the persons responsible for the purchase of the 15 H.P. Pumps of inadequate capacity even though the indents were placed for 20 H.P. Pumps. (Paragraph 52).

58. (i) The Committee recommends that in the case of DCR work level should be recorded both before and after the work is done and suitable instructions should be issued by the Department to prevent recurrence of such lapses in future.

(ii) The Committee recommends that the Public Works Department should investigate the matter and ascertain as to how much of the excavated earth was deposited in the portion of Survey Numbers 178 and 179 not included in the land to be reclaimed, why no action was taken against the contractor, why payments were made to him for that portion of the work and why and how this was not detected and stopped in time by the officers in charge of the work.

(iii) The Committee also recommends that in respect of irregularities pointed out in Audit Reports the Department should initiate remedial action immediately without waiting for the matter to be considered by the Public Accounts Committee.

(iv) The Committee further recommends that in respect of DCR schemes the suitability of the earth for reclamation should be examined even at the stage of the University of the scheme so that the beneficiaries may not later object to the depositing of earth (Paragraph 53).

59 (i) The Committee desires to have the detailed report on why and how the entries in measurement books were altered within a month.

(ii) The Committee observes that rules already exist about the procedure to be followed in emergent cases where formal contracts could not be concluded and sees no justification for by passing these rules. The Committee recommends that strict instructions should be issued to all concerned about the need to adhere to the rules (Paragraph 54).

60. The Committee regrets to note that delays in finalising tenders still continue to occur and recommends that Government should take effective steps to prevent the recurrence of such delays in future (Paragraph 55).

61. The Committee would like to have a report within 3 months about the progress made in the reconciliation work (Paragraph 56).

62. The Committee recommends that the Department should issue suitable instructions to ensure that the correct procedure is adopted in future (Paragraph 57).

63. (i) The Committee recommends that a qualified Cost Accountant should be appointed in the Press, a proper costing system should be introduced and the rates adopted for recovery of charges should be reviewed periodically with reference to cost of production. The Committee also recommends that the high level operational and overhead expenses incurred in the press should be reviewed and steps taken to bring down the expenses.

(ii) The Committee further recommends that whenever there is any break down of machinery, the staff concerned should be diverted to work on other machinery so that such excessive expenditure on operational cost may be avoided. (Paragraph 58)

64. The Committee would like to know the reason for the 30 per cent increase in expenditure over the revised cost of Rs. 142.07 lakhs. (Paragraph 59).

65. (i) The Committee would like to know the present stage of the disciplinary action initiated against the persons for the payment of increased rate for earth work (Paragraph 59).

(ii) The Committee would like to have a report within 3 months about the amount of excess payment involved and whether it has been recovered.

(iii) The Committee recommends that the department should re-examine the matter with reference to conditions of agreement and recover the excess payment made by allowing 13.7 per cent extra over profile measurement for compaction. (Paragraph 59).

66. (i) The Committee recommends that the entire matter as to whether the work was done as prefessed and according to specification should be investigated and disciplinary action should be taken against the persons responsible for any irregularity that may be detected in the investigation and also against the persons who rushed through the work at the end of March in contravention of rules.

(ii) The Committee would like to know why the Chief Engineer (Highways and Rural Works) issued the orders to commence the work in March 1977 although he ought to have been aware of the views of the Nambiar Committee by that time (Paragraph 60).

67. The Committee would like to know whether Government have since approved the nomination for the approach road work (Paragraph 60).

68. The Committee would like to know (i) why the unused materials were not transferred to nearby works promptly;

(ii) whether the balance materials have since been handed over to Tamil Nadu State Construction Corporation Limited; and

(iii) whether the responsibility for the loss of Rs. 44,354 has since been fixed (Paragraph 60).

69. The Committee recommends that the initial investigation for such projects should be exhaustive and thorough in future with a view to avoid frequent changes in design. The Committee also regrets to note the inordinate delay of over 16 months in accepting the tender received in March 1980 and would like to know (i) whether the accepted tender/agreement provides for any price escalation due to such delay in acceptance; and

(ii) the extra cost of Government due to the belated acceptance of the tender (Paragraph 60).

70. The Committee would like to have a further report within 3 months about the progress made in preparing the pro-forma accounts of Motor Vehicles Maintenance Organisation (Paragraph 61).

71. The Committee would like to have a report on the progress made in the clearance of the items outstanding/pending settlement under the "Remittance Head" within three months (Paragraph 62).

72. The Committee desires that expeditious action should be taken by Government on all the recommendations in this report. Wherever specific time limits have been indicated in the recommendation they should be adhered to. In other cases, a report of the stage of action should be sent within three months indicating also the time by which the final report of action will be sent. The Committee desires that in all cases the final report of action should be sent within six months from the date of this report. (Paragraph 63).

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ERRATA

Page	Para	Line	For	Read
1	2	3	4	5
3	3	2	Officials	Officials
3	3	8	recommend	recommends
5	12	Sub-para 2 line	monthly	monthly
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