



**REPORT
OF THE
COMPTROLLER
AND
AUDITOR GENERAL OF INDIA**

**FOR THE YEAR ENDED
31 MARCH 1995**

NO. 3

1995

GOVERNMENT OF INDIA





REPORT

OF THE

COMPTROLLER AND

AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED

31 MARCH 1995

No. 3

(Civil)

GOVERNMENT OF HARYANA



Table of contents

	Reference to	
	Paragraph(s)	Page(s)
PREFATORY REMARKS		(vii)
OVERVIEW		(ix-xxi)
CHAPTER-I		
ACCOUNTS OF THE STATE GOVERNMENT		
Summarised financial position	1.1	1-12
Assets and Liabilities of the State	1.2	12-13
Révenue surplus/deficit	1.3	13-15
Revenue expenditure	1.4	15
Growth of revenue expenditure	1.5	16-17
Non-Plan/Plan revenue expenditure	1.6	17-20
Financial assistance to local bodies and others	1.7	21
Interest payments	1.8	22-23
Capital expenditure	1.9	23
Revenue receipts	1.10	23-25
Tax revenue	1.11	25-26
Non-tax revenue	1.12	27
Investments and returns	1.13	28
Financial results of irrigation works	1.14	29
Public debt and other liabilities	1.15	29-31
Debt servicing	1.16	31-33
Ways and Means Advances and Overdraft	1.17	33-35
Loans and Advances by the State Government	1.18	35-36
Guarantees given by the State Government	1.19	36-37
CHAPTER II		
APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE		
General	2.1	38
Results of appropriation audit	2.2	39-52
Retention of funds outside Government account	2.3	52-53

Table of contents

	Reference to	
	Paragraph(s)	Page(s)
CHAPTER III		
CIVIL DEPARTMENTS		
Industries Department		
Incentives to Industrial Units	3.1	54-66
Women and Child Development Department		
Supplementary Nutrition Programme	3.2	66-79
Agriculture Department		
Loss due to late sowing of sunflower seed	3.3	79-80
Outstanding inspection reports/paragraphs	3.4	80-82
Animal Husbandry Department		
Uneconomical working of liquid Nitrogen Gas Plants	3.5	82-83
Education Department		
Inadmissible payment of prize money	3.6	83-84
Delay in construction of buildings	3.7	84-85
Forest Department		
Extra expenditure	3.8	86
Housing Department		
Avoidable liability of interest	3.9	86-88
Horticulture Department		
Idle equipments	3.10	88-89
Jail Department		
Injudicious purchase	3.11	89-90
Lotteries Department		
Delayed transfer of receipts to Government account	3.12	90-91
Revenue Department		
Inadmissible payment of gratuitous relief	3.13	92-93

Table of contents

	<u>Reference to</u>	
	<u>Paragraph(s)</u>	<u>Page(s)</u>
Social Defence and Security Department		
Pension disbursement allowance	3.14	93-94
General		
Misappropriation, defalcations, etc.	3.15	95
Write off of losses, revenue, etc.	3.16	95
Finance Department		
Follow-up on Audit Reports	3.17	96
CHAPTER IV		
WORKS EXPENDITURE		
Public Health Department		
Rural Water Supply Schemes	4.1	97-106
Recovery due from contractor	4.2	106-107
Unfruitful expenditure	4.3	108-109
Wasteful expenditure	4.4	109-110
Outstanding audit observations	4.5	110-111
Buildings and Roads Department		
Excess consumption of diesel	4.6	111-112
Blocking of Government funds	4.7	112-113
Irregular/excess expenditure on execution of works	4.8	113-115
Avoidable extra cost due to non-utilisation of available surplus earth	4.9	115-116
Outstanding inspection reports	4.10	116-119
Irrigation Department		
Unfruitful/extra expenditure	4.11	119-120
Unproductive/idle investment	4.12	121
Avoidable extra payment of land compensation	4.13	122-123
Defective lining	4.14	123-124
Extra expenditure	4.15	124-126

Table of contents

	Reference to	
	Paragraph(s)	Page(s)
CHAPTER V		
STORES AND STOCK		
Irrigation Department		
Stores and Stock	5.1	127-135
Shortage of material	5.2	135-136
Education Department		
Stores and Stock	5.3	136-141
Technical Education Department		
Shortage of stores	5.4	141-142
CHAPTER VI		
FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS		
General	6.1	143-144
Audit Under Section 14 of C&AG's (Duties, Powers and Conditions of Service) Act, 1971		
General	6.2	144-145
Industries Department		
(Haryana Khadi and Village Industries Board)		
Irregular release/Non-recovery of assistance.	6.3	145-146
Rural Development Department		
Unfruitful expenditure	6.4	146-148
Avoidable expenditure	6.5	148-149
Revenue Department		
(Mewat Development Agency)		
Excess payment of grant	6.6	149-150

Table of contents

	Reference to	
	Paragraph(s)	Page(s)
Town and Country Planning Department (Haryana Urban Development Authority)		
Construction of Buildings and Roads by HUDA	6.7	150-167
Non-recovery of compounding fee	6.8	167-168
Avoidable payment of interest	6.9	168-170
Excess payment due to incorrect application of rates	6.10	170-172
Industries/Town and Country Planning/Housing and Labour and Employment Department		
Non-presentation of Audit Reports of autonomous bodies to the Legislature	6.11	172
CHAPTER VII		
COMMERCIAL ACTIVITIES		
General	7.1	173
Transport Department (Haryana Roadways)		
Material management and Inventory control	7.2	174-180
Avoidable loss due to payment of penalty	7.3	180-181
Avoidable payment of compensation	7.4	181-182
Avoidable payment of compensation and interest thereon	7.5	182-183
Food and Supplies Department		
Extra expenditure	7.6	183-184
Printing and Stationery Department		
Infructuous expenditure	7.7	184-185
Supplies and Disposals Department		
Avoidable extra expenditure	7.8	186-187

Table of contents

		Page(s)
APPENDICES		
Appendix I	Unnecessary supplementary grants	189
Appendix II	Excessive supplementary grants	190
Appendix III	Insufficient supplementary grants	191
Appendix IV	Unutilised provisions and surrender thereof	192
Appendix V	Significant cases of shortfall/excess in recoveries	193
Appendix VI	Statement showing details of funds placed by the DOI at the disposal of HFC	194
Appendix VII	Statement showing cases of misappropriation, defalcations, etc. under departmental investigations	195
Appendix VIII	Statement showing cases representing losses due to theft, shortages, irrecoverable revenue, etc. written off	196
Appendix IX	Statement showing the names of departments where Action Taken Notes were awaited	197-198
Appendix X	Statement showing execution of works relating to reconstruction/rebuilding of damaged roads	199
Appendix XI	Statement showing utilisation certificates outstanding as on September 1995 for grants paid up to 31 March 1994	200
Appendix XII	Statement showing the names of the bodies and authorities, the accounts of which have not been received	201
Appendix XIII	Statement showing details of autonomous bodies whose Audit Reports have not been placed before State Legislature.	202
Appendix XIV	Summarised financial results of Government commercial/quasi-commercial departmental undertakings	203
Appendix XV	Glossary of abbreviations	204

PREFATORY REMARKS

This Report No.3 for the year ended 31 March 1995 has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts and Finance Accounts of the State for the year 1994-95, together with other points arising from the audit of financial transactions of Government of Haryana. It also includes certain points of interest arising from the Finance Accounts for the year 1994-95.

2. The Report containing the observations of Audit on Statutory Corporations and Government Companies and the Report containing the observations of Audit on Revenue Receipts are being presented separately.

3. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during 1994-95 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to 1994-95 have also been included, wherever considered necessary.

198

89

90

91

92

93

194

195

196

198

199

200

201

202

203

204



OVERVIEW

This Report includes two chapters on Finance and Appropriation Accounts of the Government of Haryana for the year 1994-95 and five other chapters comprising 4 reviews and 51 paragraphs, based on the audit of certain selected programmes and activities and of financial transactions of Government. A synopsis of the findings contained in the Report is presented in this Overview.

1. Accounts of the State Government

- *Revenue receipts of the State Government increased by 207 per cent, from Rs.1913.42 crores in 1990-91 to Rs.5882.41 crores in 1994-95 but revenue expenditure grew by 225 per cent over the same period from Rs.1933.07 crores in 1990-91 to Rs.6272.93 crores in 1994-95. The State had revenue deficit for all these years except 1993-94.*

(Paragraph 1.3)

- *Tax revenue (Rs.1887.85 crores) and non-tax revenue (Rs.3473.42 crores) raised by the State Government during 1994-95 constituted 32 and 59 per cent respectively of the total revenue receipts. While the receipts on account of tax revenue increased by Rs.298.94 crores (19 per cent) during 1994-95 over the previous year, non-tax revenue increased by Rs.2132.87 crores (159 per cent) during the same period. The steep rise in non-tax revenue realisation was due to new lottery schemes and interest receipts from the State Electricity Board. The State received Rs.521.14 crores in 1994-95 from the Government of India towards its share of taxes and duties and grants-in-aid, which accounted for 9 per cent of its total revenue receipts during the year.*

(Paragraphs 1.10, 1.11 and 1.12)

The abbreviations used in this Report are listed in the Glossary in Appendix - XV (Page 204)

- *Non-Plan expenditure increased by 259 per cent from Rs.1586.28 crores in 1990-91 to Rs.5694.94 crores in 1994-95 while the Plan expenditure increased at a slower pace from Rs.346.79 crores to Rs.577.99 crores during 1990-95, an increase of 67 per cent only.*

(Paragraph 1.5)

- *Assistance to local bodies during the five-year period ending 1994-95 ranged between 4 and 8 per cent of the revenue receipts as well as of revenue expenditure. In relation to 1990-91, the amount of assistance during 1994-95 had increased by Rs.170.64 crores, an increase of 225 per cent.*

(Paragraph 1.7)

- *By the end of 1994-95, the Public Debt and other liabilities had increased by Rs.1911.66 crores, from Rs.2821.04 crores (1990-91) to Rs.4732.70 crores (1994-95), an increase of 68 per cent. The outgo on account of interest payments had more than doubled in the last five years, from Rs.242.03 crores in 1990-91 to Rs.486.94 crores in 1994-95. The percentage of interest payment to the revenue expenditure, however, came down from 13 in 1990-91 to 8 in 1994-95. The repayments to the Government of India came to 81 per cent of the receipts of fresh loans from the Government of India in 1994-95.*

(Paragraphs 1.8, 1.15 and 1.16)

- *There was no occasion to take any overdraft from the Reserve Bank of India during the year. Ways and means advances had to be taken on three days.*

(Paragraph 1.17)

As on 31 March 1995, the total investment of Government in the share capital of statutory corporations, Government companies, joint stock companies, co-operative banks and societies, etc., stood at Rs.1463.75 crores. The dividend of Rs.7.02 crores received during 1994-95 worked out to the nominal 0.48 per cent of the investment whereas the rate of interest on Government borrowings during the year was 12.5 per cent.

(Paragraph 1.8)

Appropriation Audit and control over expenditure

The supplementary provisions of Rs.2626.50 crores obtained during 1994-95 constituted 40 per cent of the original budget provision. In 12 cases involving 11 grants/appropriations, the expenditure exceeded the budget provisions by Rs.32.36 crores; the excess requires regularisation under Article 205 of the Constitution of India.

Supplementary provision of Rs.0.16 crore obtained in 2 grants during the year proved unnecessary since the actual expenditure was less than even the original budget provision. In 11 other cases, supplementary provision aggregating Rs.2554.94 crores were obtained when the additional requirement of funds was only Rs.1553.36 crores, the saving in each case exceeded Rs.10 lakhs. On the other hand, in 8 cases, the supplementary provisions of Rs.56.56 crores proved insufficient by more than Rs.10 lakhs in each case.

(Paragraphs 2.2.2 and 2.2.3)

3.

Construction of Buildings and Roads by HUDA

- *The State Government constituted Haryana Urban Development Authority (HUDA) in April 1977 to look after the planned development of Urban areas. HUDA, after taking possession of land prepares a master plan for each urban estate and undertakes its development for residential, industrial and commercial purposes by providing all the infrastructural facilities. Besides selling residential plots to public for construction, HUDA also provides developed land to Haryana Housing Board for setting up residential colonies for different strata of society.*
- *Accounts of HUDA and Separate Audit Reports thereon, required to be presented to the State Legislature every year, were in arrears from 1990-91 to 1994-95.*
- *Expenditure on construction of buildings (Rs.2208.21 lakhs) fell short by 45 per cent over the provision of Rs.4047.46 lakhs and expenditure on construction of roads (Rs.4099.96 lakhs) was in excess by 3 per cent over the allotment of funds of Rs.3986.80 lakhs from 1990-91 to 1994-95.*
- *Failure to issue supply order for the purchase of 5,990 tonnes of cement within the validity period of the tender and failure to enforce risk purchase clause for non-supply of 3,810 tonnes of cement by the supplier resulted in extra expenditure of Rs.30.70 lakhs.*
- *Due to improper planning and lack of coordination, a cremation ground, partly constructed at the cost of Rs.10.83 lakhs in Panchkula, had to be abandoned (September 1993) to accommodate a golf course. However, the golf course had not been developed, nor was a new site chosen for the cremation ground.*

- A building at Panchkula, constructed and furnished in violation of the norms, at the cost of Rs.53.27 lakhs, without Government notification specifying it as an amenity, was handed over to a registered society 'Gymkhana Club' membership of which was not open to general public. Thus it did not serve the allottees. HUDA also did not charge any rent from the club.

- Recovery of rent aggregating Rs.73.17 lakhs in respect of 17 buildings/shops/booths was in arrears from October 1977 to March 1995.

- Due to not auctioning of 35 shops and showrooms constructed during September 1989 to June 1992, there was blockade of funds of Rs.65.31 lakhs spent on their construction.

- Lack of proper pursuance in regard to the construction of link road from Panchkula to Chandigarh railway station by HUDA, had resulted not only in inordinate delay in taking up the work but also in blockade of an advance of Rs.50.50 lakhs (for 46 months) with Chandigarh Administration. Interest on the advance, lost by HUDA, worked out to Rs.25.57 lakhs (August 1995).

- Retention of surplus labourers resulted in payment of idle wages amounting to Rs.190.11 lakhs from June 1993 to March 1995 and recurring monthly expenditure of Rs.8.67 lakhs per month thereafter.

(Paragraph 6.7)

4. Incentives to Industrial units

With a view to achieve a higher rate of economic growth through accelerated industrialisation, the State Government offers a package of incentives to small, medium and large scale industrial units in the private sector set up in the State.

- *The Director of Industries provided funds of Rs.3546.13 lakhs to the Haryana Financial Corporation for disbursement of subsidy during the period 1988-95. Actual disbursement by HFC amounted to Rs.3360.51 lakhs. Unspent balances kept in banks by HFC along with its own funds were heavy. Interest loss to Government on this account amounted to Rs.104.44 lakhs.*
- *1.23 lakh small scale industrial units had reportedly been set up in the State with investment of Rs.2154.81 crores, employing 7.39 lakh persons and with total production valued at Rs.3693.96 crores as of January 1995. These details were, however, not based on any survey and were not reliable.*
- *In the medium and large scale industrial sector, while the number of industrial units increased by 74 per cent from 391 in March 1990 to 680 in January 1995, the employment increased only by 24 per cent from 1.35 lakhs in March 1990 to 1.68 lakhs in January 1995. Slow generation of employment defeated one of the main objectives of industrialisation.*
- *After sanction, payment of subsidy of Rs.87.34 lakhs to 13 units was delayed over 12 months (upto 30 months), 20 units were only partly paid (Rs.90.50 lakhs) against the sanctioned subsidy of Rs.288.68 lakhs and, as of May 1995, 29 units had not been paid subsidy of Rs.138.89 lakhs even after lapse of 12 months or more after sanction.*
- *Forty seven units were paid inadmissible/irregular subsidy of Rs.33.53 lakhs.*
- *Thirteen units were paid capital investment subsidy of Rs.32.25 lakhs and 6 units were paid subsidy of Rs.2.40 lakhs for purchase of generating sets. These had closed down business within 5 years of production, but the*

Department had not recovered the subsidy, though required to do so under the rules.

(Paragraph 3.1)

Supplementary Nutrition Programme

To combat protein-calorie deficiency amongst children and expectant and nursing mothers, a special nutrition programme was introduced from 1970-71 by the Government of India in urban slums and rural areas. Initially launched as a Central Sector programme, it was transferred in 1975-76 to the State sector and merged with the Integrated Child Development Scheme (ICDS). Under ICDS, the special nutrition programme was re-named Supplementary Nutrition Programme (SNP).

- During 1990-95, expenditure of Rs.7371.12 lakhs was incurred. Against the target of 45.45 lakh beneficiaries (children: 36.79 lakhs; and nursing/expectant mothers: 8.66 lakhs), the actual coverage was 41.06 lakhs (children: 32.42 lakhs; and nursing/expectant mothers: 8.64 lakhs).
- Excess reporting of attendance in progress report of December 1994 in 24 out of 77 anganwadis test checked was 16, 19 and 34 per cent in respect of expectant mothers, nursing mothers and children (6 months to 3 years) respectively.
- Nutrition valued at Rs.5.91 lakhs was provided to children of normal health not requiring any assistance.
- 5770.58 quintals of ready-to-eat food, purchased between November 1993 and January 1994 at the cost of Rs.64.92 lakhs for supply to anganwadis, were found to be below standard.
- Despite switching over to ready-to-eat food from November 1993, the Department procured (June 1994) utensils for

cooking worth Rs.3.16 lakhs which were no longer required.

- Shortage of wheat, sugar and gram pulses in the Panjiri plant, Gharaunda valued at Rs.2.63 lakhs was under Departmental investigation for over 3 years.
- Due to wrong retrenchment action of daily labourers, the Department had to bear expenditure of Rs.1.94 lakhs for the period during which the labourers were not working for it.

(Paragraph 3.2)

6. Rural Water Supply Schemes

Rural Water Supply Scheme in villages were being executed under the 100 per cent Centrally sponsored Accelerated Rural Water Supply Programme (ARP) introduced from 1975-76, Desert Development Programme (DDP) introduced from 1977-78, and 100 per cent State funded Minimum Needs Programme (MNP) implemented from 1975-76. The main objective of these schemes was to provide 40 litres safe drinking water per head per day to all villages and, from July 1992, 110 litres per head per day to villages where the existing population was more than 5,000.

- During 1989-95, Rs.194.48 crores were spent on the scheme. However, Rs.10.36 crores earmarked for the scheme, were found to have been diverted by the Sanitary Board for maintenance of rural water supply schemes without approval of the State Government.
- As of March 1995, 1,637 villages were yet to get the prescribed quantity of 40 litres water per head per day.
- Nineteen water supply schemes sanctioned between March 1979 and March 1991 at the estimated cost of Rs.402.49 lakhs, and targetted for completion within 1-2 years, were

lying (March 1995) incomplete even after incurring an expenditure of Rs.478.05 lakhs.

- Cost over-run on 18 water supply schemes sanctioned between July 1973 and June 1993 (Rs.348.83 lakhs) aggregated Rs.121.33 lakhs, due to delay in completion.
- In 6 cases, there was infructuous expenditure of Rs.21.18 lakhs due to non-commissioning of tubewells, storage tanks lying idle for want of canal water, laying of pipeline not in use and construction of defective inlet channels.
- Water supply was augmented in a village, not covered by the norms laid down in the scheme resulting in avoidable expenditure of Rs.6.07 lakhs.

(Paragraph 4.1)

7. Other points of interest

- Late supply of 320 minikits of sunflower seeds to farmers and the consequential delayed sowing of the seeds in adverse weather conditions deprived farmers of the yield of crop valued at Rs.12.70 lakhs.

(Paragraph 3.3)

- The average cost of production per litre of two liquid Nitrogen Gas plants set up at Jagadhari (October 1988) and Karnal (January 1990) at the cost of Rs.52 lakhs ranged between Rs.13.37 and Rs.29.21 against comparatively lower market price between Rs.6.69 and Rs.10.02 during 1991-95 resulting in loss of Rs.3.97 lakhs on 46,353 litres of gas produced during the period.

(Paragraph 3.5)

- *In 12 forest divisions, inadmissible payments of Rs.17.55 lakhs were made on account of premium on carriage of soil, manure and plants while executing different works of afforestation and tree planting during 1992-94. On this being pointed out in audit, the Department issued orders (February 1995) for recovery of Rs.5.34 lakhs pertaining to 5 divisions.*

(Paragraph 3.8)

- *Late issue of sanctions/allocation under Low/Middle Income Group Housing and Rural Housing Schemes to the Deputy Commissioners by 6 to 12 months out of the borrowings from the Life Insurance Corporation and the General Insurance Corporation aggregating Rs.24.71 crores resulted in avoidable liability of interest of Rs.2.49 crores during 1993-95. Further, test-check in eight districts revealed delay in withdrawal of Rs.1260.23 lakhs from the treasuries by the Deputy Commissioners and retention thereof in saving bank accounts in banks/post offices at lower rates of interest, before actual disbursement to the beneficiaries. Such delay in drawal and disbursement involved further interest liability of Rs.113.48 lakhs.*

(Paragraph 3.9)

- *Inordinate delay (4 to 42 days) in transfer of sale proceeds of lottery tickets by outstation banks to Chandigarh and further delay (1 to 216 days) in remitting the same to Government account led to loss of interest of Rs.57.85 lakhs.*

(Paragraph 3.12)

- *The Revenue Department paid gratuitous relief amounting to Rs.6.41 lakhs in flood affected areas of Sirsa and*

Bhiwani, though the same was inadmissible as per the survey reports.

(Paragraph 3.13)

- Irrespective of delay in release of pension to pensioners, pension disbursement allowance amounting to Rs.17.26 lakhs was paid to disbursing staff. The very purpose of the scheme to disburse pension in time had not been ensured.

(Paragraph 3.14)

- The sewerage systems executed in Grain Markets, Babain and Ajrana Kalan, by Public Health Division, Naraingarh during September 1981 to March 1984 had not been made functional even after lapse of nine years due to certain defects identified by the Haryana State Agriculture Marketing Board in 1986. As a result, expenditure of Rs.11.60 lakhs remained unfruitful.

(Paragraph 4.3)

- No action had been taken (May 1995) by the Public Health Division No.1, Hisar after the work for providing storm water drainage scheme at Mandi Town Adampur was abandoned by the contractor in December 1987. Consequently, the expenditure of Rs.10.34 lakhs incurred on it remained wasteful.

(Paragraph 4.4)

- On the plea that spare bailey bridges were not available in stock, 3 bailey bridges were purchased in January 1992 at the cost of Rs.51.08 lakhs in Provincial Division No.1, Rohtak. It was, however, seen that 7 bailey bridges were already in reserve stock since December 1989. The



recoveries had been made (August 1995) on the basis of final accounts prepared so far.

(Paragraph 6.6)

- *470 plots were auctioned and allotted by Haryana Urban Development Authority between February 1988 and August 1992 even without having possession of the land up to January 1993 for development works and demarcation of plots. As a result, avoidable payment of interest (Rs.1.39 lakhs) had to be made by Haryana Urban Development Authority to three allottees. It also faced a further liability of Rs.5.49 crores in the remaining cases.*

(Paragraph 6.9)

- *Excess payment of Rs.99.50 lakhs on account of solatium and interest was made to land owners of Gurgaon district during February 1992 to April 1994 by the Land Acquisition Officer due to incorrect application of rates.*

(Paragraph 6.10)

- *Avoidable payment of compensation amounting to Rs.5.96 lakhs was made due to failure of the Haryana Roadways to evolve a suitable system ensuring that its drivers held valid driving licence at the time of driving. In the absence of that the insurance company could not be held liable.*

(Paragraph 7.4)

- *The offer of a Madhya Pradesh firm for supply of ordinary portland cement, which was inclusive of sales tax, was ignored (August 1993) though the rates worked out to be lowest after taking into account the reduced rate of sales tax of the M.P. Government with effect from 3 July 1993. Failure of the Supplies and Disposals Department to evolve a suitable mechanism to ensure correct computation of rates incorporating latest sales tax and other rates, led to avoidable extra expenditure of Rs.4.61 lakhs.*

(Paragraph 7.8)



CHAPTER-I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Summarised Financial Position

The financial position of the Government of Haryana as on 31 March 1995 emerging from the Appropriation Accounts and the Finance Accounts for the year 1994-95, the abstract of Receipts and Disbursements and the details of the sources and application of funds are given in the following statements:

I. Summarised Financial Position of the

Amount as on 31 March 1994	Liabilities	Amount as on 31 March 1995
(Rupees in crores)		
798.15	Internal Debt	873.67
582.05	Market loans bearing interest	691.00
0.91	Market loans not bearing interest	0.88
65.48	Loans from Life Insurance Corporation of India	61.84
149.71	Loans from other Institutions	119.95
2216.49	Loans and Advances from the Central Government	2542.26
302.58	Pre 1984-85 Loans	281.01
1202.54	Non-Plan loans	1416.82
689.93	Loans for State Plan Schemes	822.96
1.24	Loans for Central Plan Schemes	1.04
20.20	Loans for Centrally Sponsored Plan Schemes	20.43
10.00	Contingency Fund	10.00
1117.44	Small Savings, Provident funds, etc.	1316.77
141.26	Deposits	152.62
140.75	Reserve Funds	140.99
835.73 } 64.24 }	Surplus on Government Account	509.45
	Accumulated surplus upto 31 March 1994	899.97
	Deduct deficit of current year	(-) 390.52
	Miscellaneous Government account	**
5324.06		5545.76

* Adopted *pro forma* due to allocation of balances from Punjab Government under the Punjab Re-organisation Act, 1966.

** Rs. 10,959 only.

Government of Haryana as on 31 March 1995

Amount as on 31 March 1994	Assets	Amount as on 31 March 1995
		(Rupees in crores)
3935.72	Gross Capital Outlay	4142.30
1444.94	Investment in shares of Companies, Corporations, etc.	1463.75
2490.78	Other Capital Outlay	2678.55
1227.84 * 64.24}	Loans and Advances	1229.53
849.14 *64.24	Loans for Power Projects	839.27
345.79	Other Development Loans	351.70
32.91	Loans to Government Servants, etc.	38.56
0.06	Advances	0.10
26.51	Remittances balances	15.56
37.65	Suspense and Miscella- neous balances	30.79
32.04	Cash	127.48
(-) 0.11	Cash in Treasuries and Local Remittances	(-)0.06
(-)91.77	Deposits with Reserve Bank	(-)36.88
0.76	Departmental balances	3.28
0.07	Permanent cash imprest	0.07
123.09	Cash Balance Investment and other Reserve Fund Investment	161.07
5324.06		5545.76

Explanatory Notes

1. The summarised financial statements are based on the statements of the Finance Accounts and the Appropriation Accounts of the State Government and are subject to notes and explanations contained therein.

2. Government accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. Consequently, items payable and receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.

3. Although a part of revenue expenditure (grants) and the loans are used for capital formation by the recipients, its classification in the accounts of State Government remains unaffected by end use.

4. Under the Government system of accounting, the revenue surplus or deficit is closed annually to Government Account with the result that the cumulative position of such surplus or deficit is not ascertainable. The balancing figure of Rs.475.01 crores as on 31 March 1983 was, therefore, treated as cumulative surplus for drawing up the first instalment of financial position for 1983-84 which took the place of a Balance Sheet.

5. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of other states and others pending settlement, etc. The balance under Suspense and Miscellaneous had decreased from Rs.37.65 crores as on 31 March 1994 to Rs.30.79 crores as on 31 March 1995.

6. The closing cash balance as per Reserve Bank of India, was (-) Rs.38.96 crores against the general cash balance of (-) Rs. 36.88 crores shown in the accounts. The difference was yet to be reconciled (August 1995).

on the
of the
tained

s, the
basis.
ion or

id the
ion in

venue
h the
s not
March
e first
of a

eques
others
neous
30.79

II. Abstract of Receipts

RECEIPTS

(Rupees in crores)

Section-'A'

I.	Revenue Receipts		5882.41
	Tax Revenue	1887.85	
	Non-Tax Revenue	3473.42	
	State's Share of Union Taxes and Duties	317.14	
	Non-Plan Grants	12.93	
	Grants for State Plan Schemes	73.95	
	Grants for Central and Centrally Sponsored Plan Schemes	117.12	
II.	Revenue deficit		390.52

Total Section-A

6272.93

Section B

III.	Opening Cash Balance including Permanent Advance and Cash Balance Investment and Reserve Fund Investment		32.04
IV.	Recoveries of Loans and Advances		399.32
	From Power Projects	373.12	
	From Government Servants	17.70	
	From Others	8.50	

Receipts and Disbursements for the year 1994-95

DISBURSEMENTS

(Rupees in crores)

Revenue

I.	Revenue Expenditure Sector	Non-Plan	Plan	Total	
					6272.93*
	General Services	3473.84	10.94	3484.78	
	Social Services and Nutrition	836.25	331.75	1168.00	
	Agriculture and Allied Activities	105.45	93.87	199.32	
	Rural Development	16.60	45.89	62.49	
	Irrigation and Flood Control	461.62	59.91	521.53	
	Energy	455.00	0.47	455.47	
	Industry and Minerals	4.34	16.07	20.41	
	Transport	329.33	2.50	331.83	
	Science, Technology and Environment	0.08	2.84	2.92	
	General Economic Services	5.77	13.75	19.52	
	Grants-in-aid and contribution	6.66	-	6.66	
		5694.94	577.99	6272.93	6272.93

Others

II.	Capital Outlay Sector				
					206.58*
	General Services	0.03	6.21	6.24	
	Social Services	-	90.61	90.61	
	Agriculture and Allied Activities	(-)35.42	6.96	(-)28.46	
	Irrigation and Flood Control	0.13	87.88	88.01	
	Energy	-	0.99	0.99	
	Industry and Minerals	-	6.55	6.55	

These are net figures exclusive of recoveries adjusted in reduction of expenditure.

RECEIPTS

(Rupees in crores)

V.	Public Debt Receipts		636.96
	Internal Debt other than Ways and Means Advances	222.41	
	Ways and Means Advances	2.14	
	Loans and Advances from the Central Government	412.41	
VI	Public Accounts Receipts		2517.30
	Small Savings, Provident Funds, etc.	312.43	
	Reserve Funds	39.39	
	Suspense and Miscellaneous	233.46	
	Remittances	668.25	
	Deposits and Advances	1263.77	

Total Section - B Others

3585.62

DISBURSEMENTS

				(Rupees in crores)
36.96				
	Transport	0.41	40.33	40.74
	General Economic Services	-	1.90	1.90
		(-34.85)	241.43	206.58
III.	Loans and Advances Disbursed			336.77
	For Power Projects	299.01		
517.30	To Government Servants	23.35		
	To Others	14.41		
IV.	Revenue deficit brought down			390.52
V.	Repayment of Public Debt			235.67
	Internal Debt other than Ways and Means Advances	146.89		
	Ways and Means Advances	2.14		
	Repayment of Loans and Advances to Central Government	86.64		
VI.	Public Accounts Disbursements			2288.60
	Small Savings, Provident Funds, etc.		113.10	
	Reserve Funds		39.15	
	Suspense and Miscellaneous		226.60	
	Remittances		657.30	
	Deposits and Advances		1252.45	
VII.	Cash Balance at end			127.48
	Cash in Treasuries and Local Remittances		(-)0.06	
	Deposits with Reserve Bank		(-)36.88	
	Departmental Cash Balances		3.28	
	Permanent Cash Imprest		0.07	
85.62	Cash Balance Investment and Reserve Fund Investment		161.07	
				3585.62

III.Sources and Application

of fund

Sources			
			(Rupees in crores)
1.	Revenue Receipts		5882.41
2.	Recoveries of loans and advances		399.32
3.	Increase in Public Debt		401.29
4.	Net receipts from Public Accounts		228.70
	(i) Increase in Small Savings, Provident Funds, etc.	199.33	
	(ii) Increase in Deposits and Advances	11.32	
	(iii) Increase in Reserve Funds	0.24	
	(iv) Effect on Suspense and Miscellaneous Balances	6.86	
	(v) Effect on Remittance Balances	10.95	
Total			6911.72

Based on these statements and other supporting data, the following paragraphs in this Chapter present an analysis of the management of the finance of the State Government during 1994-95 relating it to the position obtaining in the earlier four years.

1.2 Assets and Liabilities of the State

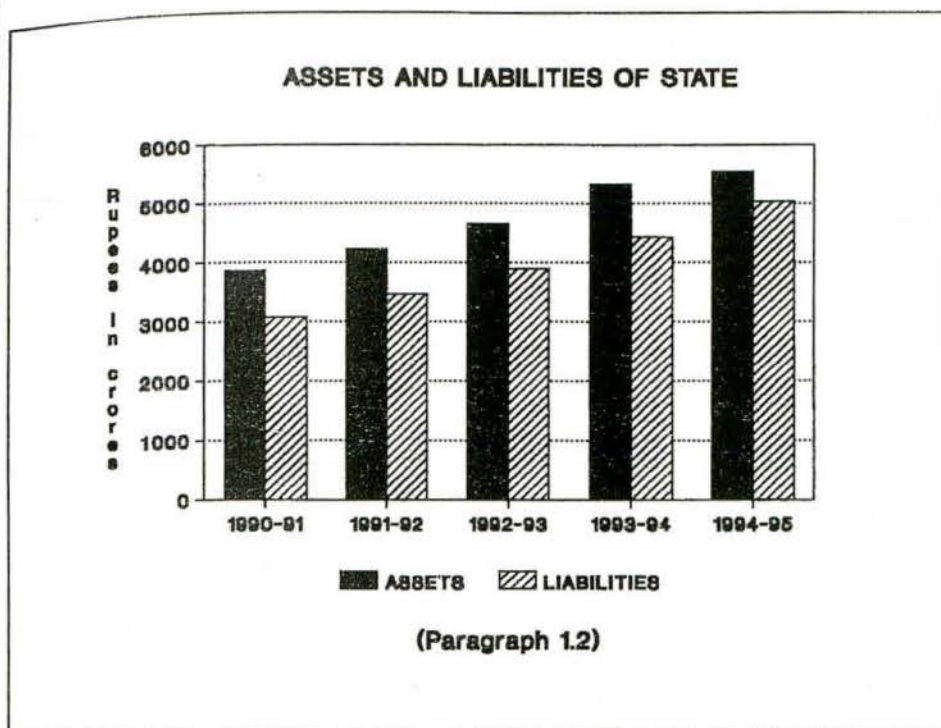
The assets comprising capital investments and loans advanced and the total liabilities of the State Government during the five year period (1990-95) were as follows:

At the end of	Assets	Liabilities
	(Rupees in crores)	
1990-91	3865.56	3075.92
1991-92	4229.28	3471.05
1992-93	4654.51	3899.24
1993-94	5324.06*	4424.09
1994-95	5545.76	5036.31

While the assets have grown by 43 per cent over the period of four years, the liabilities have grown by 64 per cent during the same period.

*

Differs due to adoption of balances from Punjab Government by way of *pro forma* adjustment under Punjab Re-organisation Act, 1966.



1.3 Revenue surplus/deficit

The importance of having saving on Government Account was emphasised by the Ninth Finance Commission which observed that revenue deficit on a large scale year after year implies infraction of one of the fundamental principles of sound public finance in any economy, particularly in a developing economy. The State had been continuously in the deficit from 1988-89 to 1994-95 except 1993-94 which closed with revenue surplus.

By the end of 1994-95, the revenue receipts had grown by 207 per cent over 1990-91 as against the growth of 225 per cent in the revenue expenditure during the same period. The year 1994-95 closed with revenue deficit of Rs.390.52 crores as against the revenue surplus of Rs.80.45 crores in 1993-94.

The position is summarised in the following table:

Year	Revenue		Deficit(-)/ Surplus(+)
	Receipts	Expendi- ture	
(Rupees in crores)			
1990-91	1913.42	1933.07	(-) 19.65
1991-92	2241.79	2274.02	(-) 32.23
1992-93	2377.64	2379.34	(-) 1.70
1993-94	3481.45	3401.00	(+) 80.45
1994-95	5882.41	6272.93	(-)390.52

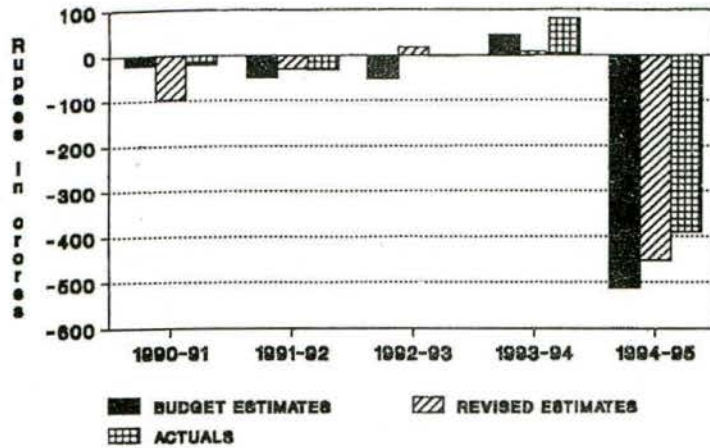
During the last five years there had been wide variations between the actual revenue deficit/surplus and the anticipated revenue deficit/surplus as indicated below:

Year	Revenue Deficit (-)/Surplus(+)		
	Budget Estimates	Revised Estimates	Actuals
(Rupees in crores)			
1990-91	(-)21.84	(-)97.18	(-)19.65
1991-92	(-)48.13	(-)30.25	(-)32.23
1992-93	(-)51.30	(+)16.69	(-)1.70
1993-94	(+)43.67	(+) 8.21	(+)80.45
1994-95	(-)512.27	(-)452.82	(-)390.52

1.4

Rs.5
supp-
The
(Rs
Rs.1
in s

REVENUE DEFICIT/SURPLUS



(Paragraph 1.3)

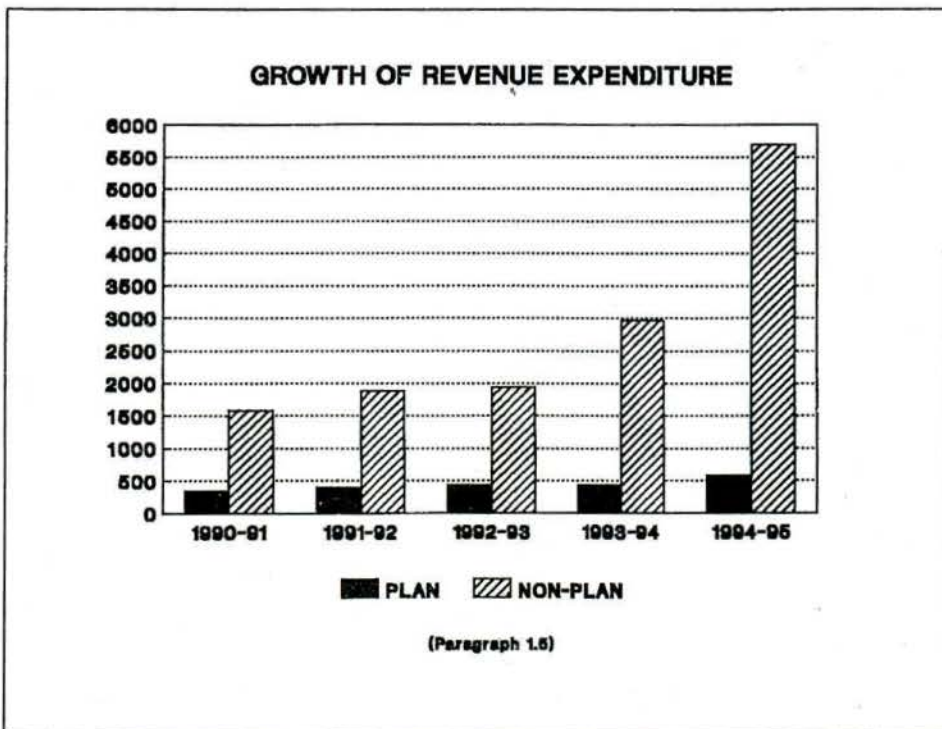
1.4 Revenue expenditure

The revenue expenditure (Plan) during 1994-95 was Rs.577.99 crores against budget estimates of Rs.699.72 crores (including supplementary Rs.43.73 crores) disclosing a shortfall of Rs.121.73 crores. The Non-Plan revenue expenditure during the year was Rs.5694.94 crores (Rs.2966.11 crores during the previous year) against the estimates of Rs.6730.28 crores (including supplementary Rs.2568.18 crores) resulting in shortfall of Rs.1035.34 crores.

1.5 Growth of revenue expenditure

The growth of revenue expenditure (both Plan and Non-Plan) in the last five years was as follows :

Year	Revenue Expenditure		
	Plan	Non-Plan	Total
(Rupees in crores)			
1990-91	346.79	1586.28	1933.07
1991-92	392.67	1881.35	2274.02
1992-93	434.04	1945.30	2379.34
1993-94	434.89	2966.11	3401.00
1994-95	577.99	5694.94	6272.93



(i) During the period 1990-95, the revenue expenditure (both Plan and Non-Plan) has grown by 225 per cent. While there was increase of 67 per cent under Plan expenditure in 1994-95 over the level of 1990-91, the Non-Plan expenditure increased by 259 per cent during the same period.

1.6 Non-Plan/Plan revenue expenditure

(a) The following table shows the details of Non-Plan revenue expenditure other than interest payment, where there has been significant increase over five years:

Category	1990-91	1994-95	Percentage increase
(Rupees in crores)			
2015-Elections	1.10	17.70	1509
2052-Secretariat-General services	7.44	20.43	175
2057-Supplies and Disposals	0.24	4.84	1917
2059-Public Works	10.77	24.05	123
2075-Miscellaneous General Services	119.34	2493.02	1989
2215-Water Supply and Sanitation	10.86	191.98	1668
2701-Major and medium irrigation	111.64	414.41	271
2801-Power	36.00	455.00	1164

The growing revenue expenditure was due mainly to (i) preparation and printing of electoral rolls and identity cards for voters, (ii) enhanced dearness allowance and bonus to employees, (iii) printing of more lottery tickets due to floating of more schemes and disbursement of more prize money, (iv) payment of arrears of energy charges not paid since 1990 due to non-allocation of funds, (v) development of irrigation projects and (vi) more assistance to the Haryana State Electricity Board.

(b) The projection of Ninth Finance Commission (NFC) in respect of interest payments from 1991-92 have been computed with reference to actual payments as per accounts for the year 1990-91 and growth of 12 *per cent per annum* thereafter. The projections in respect of other non-plan revenue expenditure (excluding interest payments) have been worked out at the annual growth rate of 7 *per cent* over the actuals of 1989-90.

While interest payments would be independent of variations in price rise, the other non-plan revenue expenditure would not be . The following equation has been used to adjust this component to neutralise the effect of variations in price rise and bring it to a level which can be compared with the projection of the NFC. The following equation has been used for this purpose:

$$\text{Other non-plan expenditure adjusted for changes in price rise} = \text{Other non-plan revenue expenditure} \times \frac{100 + \text{price rise assumed by NFC}}{100 + \text{price rise actuals}}$$

The following table would indicate year-wise comparison between the forecasts of the NFC and actuals in respect of non-plan revenue expenditure of 1990-95:

Year	Price rise (In percentage)		Interest Payment		Other non-plan revenue expenditure			Total overall non-plan revenue expenditure		
	Assumed	Actuals	NFC project- ions	Actuals	NFC project- ions	Actuals	Actuals adjusted for varia- tions in price rise assumed by NFC	NFC projec- tions	Actuals	Actuals adjusted for varia- tions in price rise assumed by NFC
(Rupees in crores)										
1990-91	5	10.2	242.03	242.03	1207.36	1344.25	1280.82	1449.39	1586.28	1522.85
1991-92	5	13.7	271.07	321.86	1291.88	1559.49	1440.16	1562.95	1881.35	1762.02
1992-93	5	10.1	303.60	343.31	1382.31	1601.99	1527.78	1685.91	1945.30	1871.09
1993-94	5	8.1	340.03	421.70	1479.07	2544.41	2471.44	1819.10	2966.11	2893.14
1994-95	5	10.9	380.83	486.94	1582.60	5208.00	4930.93	1963.43	5694.94	5417.87
Total			1537.56	1815.84	6943.22	12258.14	11651.13	8480.78	14073.98	13466.97

Thus, even after making adjustments for increased growth in prices than that assumed by NFC, the State Government has not been able to contain the non-plan revenue expenditure during 1990-95 within the limit assumed by NFC necessary for prudent management of their finances.

(c) Similarly for plan expenditure, the position which emerges after making the adjustments for variations in assumption relating to price rise using the same equation is as follows:

Year	Projections of NFC (Minimum)	Actuals	Actuals adjusted for variations in price rise from that assumed by NFC
(Rupees in crores)			
1990-91	146.82	346.79	330.43
1991-92	157.12	392.67	362.62
1992-93	168.12	434.04	413.93
1993-94	179.88	434.89	422.42
1994-95	192.46	577.99	547.24
Total	844.40	2186.38	2076.64

Thus, the plan expenditure after adjustment for variation in price rise assumed has exceeded the level projected by the NFC.

1.7. Financial assistance to local bodies and others

The quantum of assistance provided to different local bodies during the period of five years ended 1994-95 is given below :

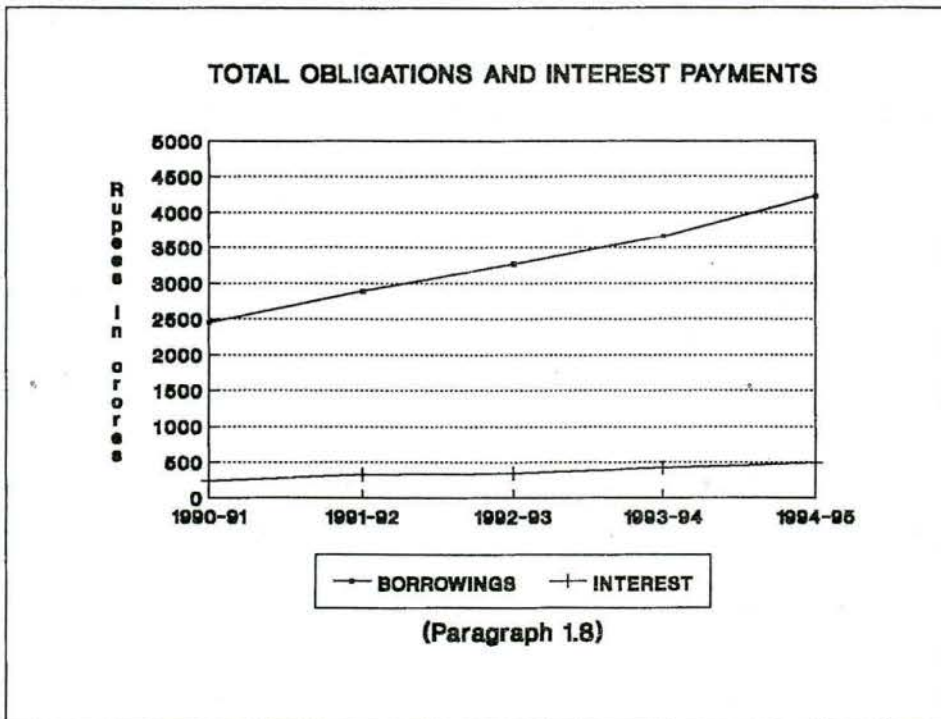
Name of body	1990-91	1991-92	1992-93	1993-94	1994-95
	(Rupees in crores)				
1. Educational institutions (including Universities)	33.43	79.97	44.47	37.04	47.55
2. Panchayati Raj Institutions	21.23	29.63	33.73	52.76	45.16
3. Municipal Councils/ Corporations	0.63	3.72	4.53	4.34	8.91
4. Other institutions (including statutory-bodies)	20.60	32.03	101.23	102.23	144.91
Total	75.89	145.35	183.96	196.37	246.53
5. Percentage growth over previous year	2	92	27	7	26
6. Revenue Receipts	1913.42	2241.79	2377.64	3481.45	5882.41
7. Percentage of assistance to Revenue Receipts	4	6	8	6	4
8. Revenue Expenditure	1933.07	2274.02	2379.34	3401.00	6272.93
9. Percentage of assistance to Revenue Expenditure	4	6	8	6	4

Thus, the total assistance at the end of 1994-95 has increased by 225 per cent over the level of 1990-91. The assistance to local bodies and others during 1990-91 to 1994-95 ranged between 4 and 8 per cent of the Revenue Receipts as well as of the Revenue Expenditure.

1.8 Interest payments

The quantum of interest payments on borrowings and other obligations in the last five years had been rising as indicated below :

Year	Interest payments	Opening balance as on 1 April each year					Total obligations	Percentage of Interest to total obligations
		Internal Debt	Small Savings, Provident Funds, etc.	Loans and Advances from Central Government (Rupees in crores)	Reserve Funds *	Other obligations*		
1990-91	242.03	416.53	552.90	1428.88	50.35	3.00	2451.66	10
1991-92	321.86	499.84	679.99	1641.21	59.02	10.10	2890.16	11
1992-93	343.31	547.98	814.81	1830.88	67.03	6.60	3267.30	11
1993-94	421.70	629.55	947.16	2004.76	76.37	6.60	3664.44	12
1994-95	486.94	798.15	1117.44	2216.49	94.37	6.60	4233.05	12



While the rate of interest of the market borrowings of the State Government for 1994-95 was 12.5 *per cent* per annum, the dividend and profit received during the year was Rs 7.02 crores on investment of Rs.1463.75 crores (as on 31 March 1995) on Statutory Corporations,

*

Represents interest bearing balances only.

Government Companies, Joint Stock Companies and Co-operative institutions which works out to 0.48 per cent.

1.9 Capital expenditure

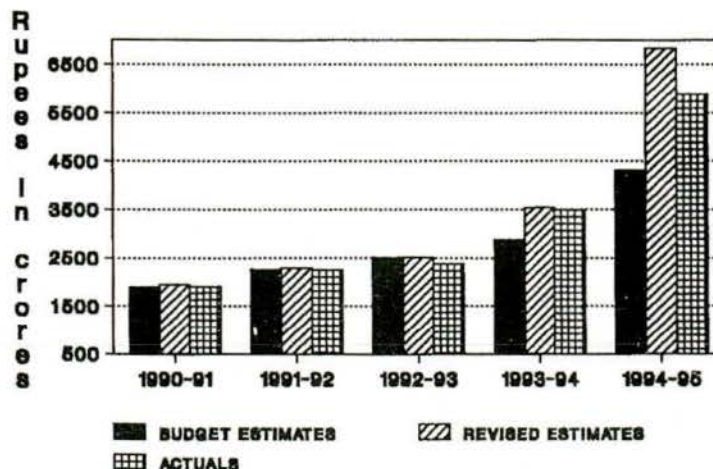
The capital expenditure during 1994-95 was Rs.206.58 crores against budget estimates of Rs.229.17 crores (including supplementary Rs.14.60 crores) disclosing a shortfall in expenditure by Rs.22.59 crores.

1.10 Revenue receipts

The actual revenue receipts during the five years ending 1994-95 are given below:

Year	Budget Estimates	Revised Estimates	Actuals	Percentage of growth over the previous year
(Rupees in crores)				
1990-91	1894.14	1946.10	1913.42	19
1991-92	2257.19	2281.55	2241.79	17
1992-93	2506.57	2506.11	2377.64	6
1993-94	2872.99	3541.43	3481.45	46
1994-95	4305.82	6836.56	5882.41	69

REVENUE RECEIPTS



(Paragraph 1.10)

The position of revenue raised by the State and of the State's share of taxes and duties and grants-in-aid received from the Government of India was as follows :

S. Particulars No.	1990-91	1991-92	1992-93	1993-94	1994-95
(Rupees in crores)					
I. Revenue raised by the State Government					
(a) Tax Revenue	1069.54	1300.21	1446.87	1588.91	1887.85
(b) Non-tax Revenue	511.10	546.09	460.27	1340.55	3473.42
Total	1580.64	1846.30	1907.14	2929.46	5361.27
II Receipts from the Government of India					
(a) State's share of -net proceeds of taxes on income other than Corporation tax	51.26	63.41	75.65	95.53	106.48
-Union Excise Duties	134.64	156.04	186.29	186.92	210.66
(b) Grants-in-aid	146.88	176.04	208.56	269.54	204.00
Total	332.78	395.49	470.50	551.99	521.14
III. Total receipts of the State Government (Revenue Account)	1913.42	2241.79	2377.64	3481.45	5882.41
IV. Percentage of revenue raised to total receipts	83	82	80	84	91

It would also be seen that the State's share of Union taxes and duties progressively increased by 71 *per cent* between 1990-91 (Rs. 185.90 crores) and 1994-95 (Rs. 317.14 crores). During 1994-95, the increase was 12 *per cent* over the preceding year (Rs. 282.45 crores). The

increase in grants-in-aid from the Central Government was from Rs. 146.88 crores in 1990-91 to Rs. 204.00 crores during 1994-95, an increase of 39 per cent. However, grants-in-aid, received during 1994-95 (Rs. 204.00 crores) was 24 per cent lower than the amount (Rs. 269.54 crores) received in the preceding year. The aggregate of the share of Union taxes and duties and grants-in-aid during the year represented 9 per cent and 8 per cent of the total revenue receipts and the revenue expenditure respectively. Tax revenue (Rs.1887.85 crores) and non-tax revenue (Rs.3473.42 crores) raised by the State Government during 1994-95 constituted 32 and 59 per cent respectively of the total revenue receipts.

1.11 Tax revenue

The growth of tax revenue in the last five years was as indicated below:

Year	Tax Revenue (Rupees in crores)	Percentage growth over previous year
1990-91	1069.54	18
1991-92	1300.21	22
1992-93	1446.87	11
1993-94	1588.91	10
1994-95	1887.85	19

The growth in tax revenue during 1990-95 was 77 per cent while the revenue receipts of Government increased by 69 per cent during 1994-95 in relation to 1993-94, the tax revenue increased by 19 per cent.

The analysis of tax revenue raised by the State Government is given below :

	1990-91	1991-92	1992-93	1993-94	1994-95
	(Rupees in crores)				
1. Sales Tax	494.70 (46)	620.30 (48)	676.41 (47)	768.51 (48)	890.08 (47)
2. State Excise	286.35 (27)	341.87 (26)	393.84 (27)	431.76 (27)	529.34 (28)
3. Taxes on Goods and Passengers	102.10 (10)	119.83 (9)	141.02 (10)	161.52 (10)	194.80 (10)
4. Stamps and Registration Fees	101.50 (10)	97.72 (8)	104.72 (7)	119.64 (8)	163.81 (9)
5. Taxes and Duties on Electricity	34.36 (3)	38.49 (3)	43.43 (3)	39.06 (3)	48.00 (3)
6. Taxes on Vehicles	35.78 (3)	68.47 (5)	71.15 (5)	52.17 (3)	45.58 (2)
7. Other Taxes	14.75 (1)	13.53 (1)	16.30 (1)	16.25 (1)	16.24 (1)
Total	1069.54 (100)	1300.21 (100)	1446.87 (100)	1588.91 (100)	1887.85 (100)

(Figures within the parenthesis represent the percentage of individual taxes to the total tax revenue)

The increase in tax revenue collections by Rs. 298.94 crores during 1994-95 in relation to the previous year was mainly attributable to additional realisation from Sales Tax (Rs. 121.57 crores), State Excise (Rs. 97.58 crores), Stamps and Registration Fees (Rs. 44.17 crores), Taxes on Goods and Passengers (Rs. 33.28 crores) and Taxes and Duties on Electricity (Rs. 8.94 crores).

It would also be seen that Sales Tax and State Excise have remained major contributors to the total tax revenue during 1990-95.

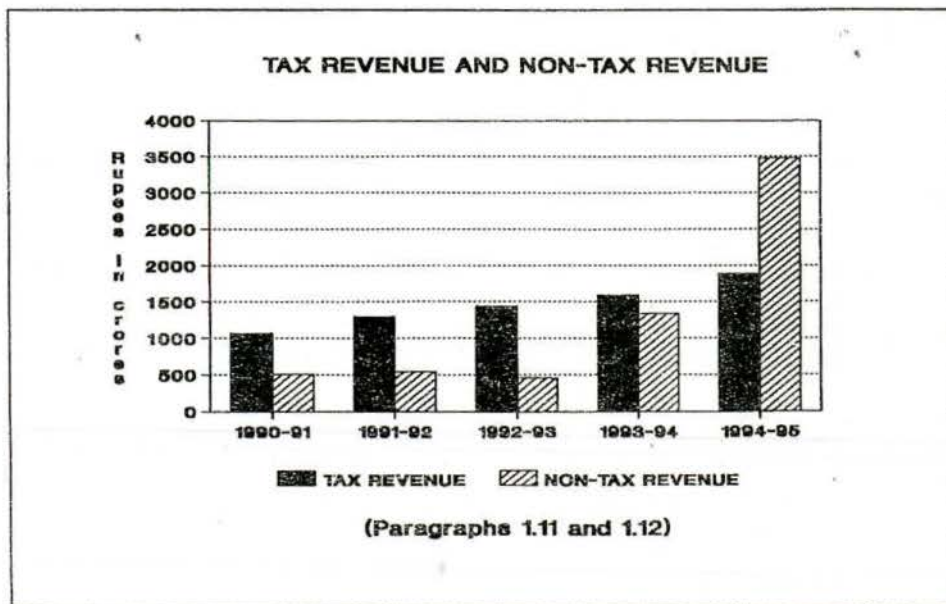
1.12 Non-tax revenue

The growth of Non-tax revenue in the last five years is indicated below:

Year	Non-tax revenue (Rupees in crores)	Percentage growth (+/ shortfall (-) over the previous year
1990-91	511.10	(+) 15
1991-92	546.09	(-) 7
1992-93	460.27	(-) 16
1993-94	1340.55	(+) 191
1994-95	3473.42	(+) 159

It would be seen that the growth of Non-tax revenue had been erratic during the period 1990-91 to 1994-95. The increase of Rs.2132.87 crores during the year 1994-95 over the previous year, was due mainly to sale of more lottery tickets consequent upon floating of new schemes (Rs.1722.49 crores), and receipt of interest from Haryana State Electricity Board (Rs.351.70 crores).

Growth of Tax and Non-Tax revenue for the last five years is depicted as below:



1.13 Investments and returns

During 1994-95, Government invested Rs.19.06 crores in the share capital of Statutory Corporations (Rs.4.11 crores), Government Companies (Rs.7.38 crores) and Co-operative Banks and Societies, etc. (Rs. 7.57 crores). On the other hand, investment of Rs 0.25 crore was retired during the year in respect of Joint Stock Companies. Thus, the net investment was Rs. 18.81 crores.

The total investment of Government in the share capital of different concerns and the dividend received thereon during the five year period 1990-95 were as follows:

At the end of	Investments	Dividend received during the year	Percentage of dividend received to the total investment
(Rupees in crores)			
1990-91	594.00	0.39	0.07
1991-92	605.70	0.68	0.11
1992-93	1427.65	0.85	0.06
1993-94	1444.94	0.95	0.07
1994-95	1463.75	7.02	0.48

The accumulated loss of 10 companies in which Government investment as on 31 March 1995 was Rs.44.59 crores as disclosed in the accounts rendered by them for various years from 1986-87 to 1993-94 was Rs.10.74 crores.

1.14

Financial results of irrigation works

The financial results of 7 major irrigation commercial projects* with total capital outlay of Rs.280.92 crores at the end of March 1995 showed that revenue realised (Rs.13.04 crores) from these projects during 1994-95 was 4.64 *per cent* of the Capital outlay and this was not sufficient even to cover the direct working expenses (Rs.19.11 crores). After meeting the working expenses and interest charges (Rs.33.42 crores), the 7 projects suffered a net aggregate loss of Rs.20.38 crores, though 2 of these, viz; Western Jamuna Canal Project and Naggal Lift Irrigation Project, earned a profit of Rs.2.59 crores and Rs 0.01 crore respectively.

1.15

Public debt and other liabilities

Under Article 293 (1) of the Constitution of India, a State may borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time be fixed by the Act of Legislature of the State. No law has been passed by the Haryana Legislature laying down such a limit.

Public debt of the State consists of internal debt and loans and advances from the Central Government. Internal debt comprise long-term loans raised in the open market and loans received from financial institutions, etc. This also includes ways and means advances from the Reserve Bank of India and other bonds issued by the State Government. Loans and Advances from the Central Government represent loans received from the Government of India for execution of various Plan and Non-Plan schemes. Besides, Government had other liabilities on account of funds raised through small savings, provident funds, etc.

* Western Jamuna Canal (Rs. 39.00 crores), Jui Canal (Rs. 11.38 crores), Jawahar Lal Nehru Canal (Rs. 137.08 crores), Sewani Lift Irrigation (Rs. 29.45 crores), Loharu Lift Irrigation (Rs. 38.72 crores), Gurgaon Canal (Rs. 18.91 crores) and Naggal Lift Irrigation (Rs. 6.38 crores).

In order to meet the increasing demands of expenditure and to bridge the resource gap, the State Government had been increasingly resorting to borrowings. The total liabilities of the State Government had increased by 68 *per cent* from Rs. 2821.04 crores in 1990-91 to Rs. 4732.70 crores in 1994-95. While the increase in the internal debt was 75 *per cent*, loans and advances from the Central Government and other liabilities increased by 55 *per cent* and 94 *per cent* respectively during the same period.

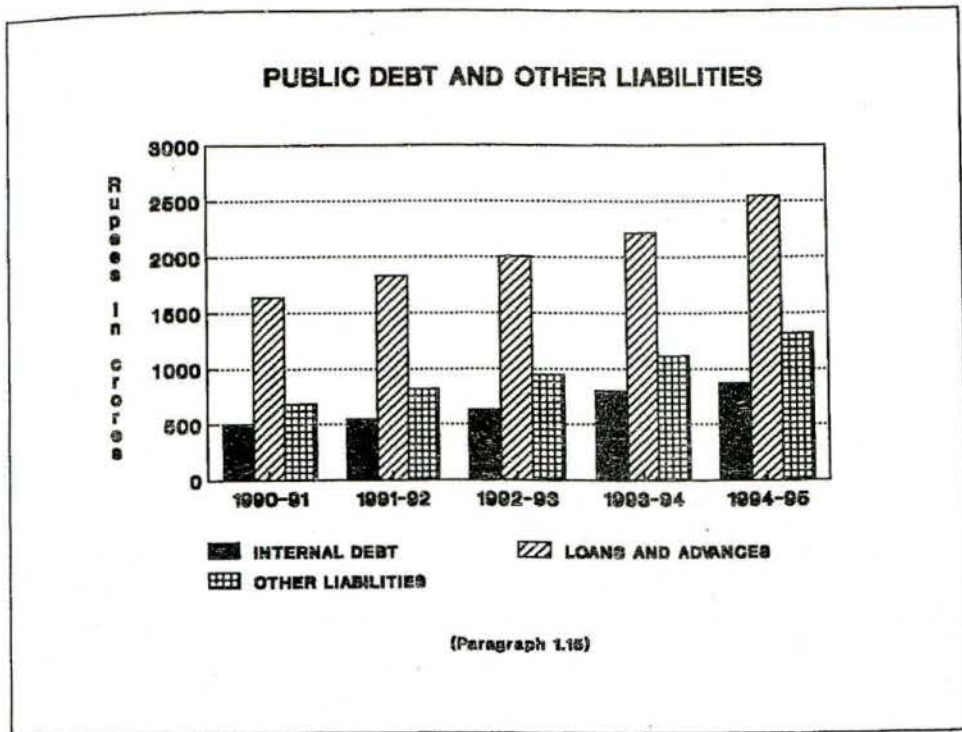
Details of such liabilities of the State Government during the five years ending March 1995 are given below:

At the end of	Internal Debt	Loans and Advances from the Central Government	Total Public Debt	Other liabilities	Total liabilities*
(Rupees in crores)					
1990-91	499.84	1641.21	2141.05	679.99	2821.04
1991-92	547.98	1830.88	2378.86	814.81	3193.67
1992-93	629.55	2004.76	2634.31	947.16	3581.47
1993-94	798.15	2216.49	3014.64	1117.44	4132.08
1994-95	873.67	2542.26	3415.93	1316.77	4732.70

*

Does not include Deposits, Reserve Funds, Other obligations, etc.

The variation of Public debt during the last five years is depicted graphically as below:



1.16 Debt servicing

The annual debt service obligation according to schedule of repayment of principal (Rs. 813.66 crores) and payment of interest (Rs. 381.71 crores) was Rs.1195.37 crores*. The actual discharge was Rs.588.09 crores (inclusive of interest of Rs. 352.42 crores) compared to Rs.587.59 crores during 1993-94.

* Represents interest payments on 'Internal Debt' and 'Loan and Advances from the Central Government'.

The State Government had made amortisation arrangements for the repayment of the following loans :

Name of the Sinking Fund	Balance as on 1 April 1994	Addition during the year	Withdrawals during the year	Balance as on 31 March 1995
(Rupees in crores)				
Loans received for Bhakra Nangal Project by the Composite State of Punjab	0.22	-	-	0.22
Loans received out of consolidated open market borrowings of the Government of India	1.87	0.01	-	1.88
Total	2.09	0.01	-	2.10

Out of total balance in the sinking fund for repayment of loans received from consolidated open market borrowings of the Government of India, Rs.0.50 crore was invested at the end of March 1995 in the securities of the Government of India.

The burden of debt had also increased the interest liability of the State Government. The outflow of funds on account of interest payments (gross) had been increasing progressively, the payments during 1994-95 being 101 *per cent* more than the level of outflow during 1990-91. The position is summarised in the following table :

Year	Revenue expenditure	Interest payments	Interest payments as a percentage of revenue expenditure
(Rupees in crores)			
1990-91	1933.07	242.03	13
1991-92	2274.02	321.86	14
1992-93	2379.34	343.31	14
1993-94	3401.00	421.70	12
1994-95	6272.93	486.94	8

The repayment of loans and advances received from the Government of India and payment of interest thereon by the State Government during the last five years was as follows:

Year	Repayments			Loans received during the year	Percentage of repayment to loans received
	Principal	Interest	Total		
(Rupees in crores)					
1990-91	69.02	119.31	188.33	281.35	67
1991-92	74.16	175.72	249.88	263.83	95
1992-93	81.24	192.14	273.38	255.12	107
1993-94	92.22	209.89	302.11	303.95	99
1994-95	86.64	246.56	333.20	412.41	81

It would be seen that 81 *per cent* of the fresh loans and advances received from the Central Government were consumed by the repayment of outstanding loans and advances and payment of interest thereon during 1994-95.

1.17 Ways and Means Advances and Overdraft

Under an agreement with the Reserve Bank of India, the State Government has to maintain with the Bank a minimum daily cash balance of Rs.30 lakhs. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking ordinary and special ways and means advances/overdraft from time to time. The limit was Rs.25.20 crores for ordinary and Rs.9.60 crores for special ways and means advances during 1994-95.

The extent to which the State Government maintained the minimum balance with the Bank during the period 1990-91 to 1994-95 is indicated below :

	1990-91	1991-92	1992-93	1993-94	1994-95
(i) Number of days on which minimum balance was maintained :					
(a) Without obtaining any advance	309	328	350	333	362
(b) By obtaining ways and means advances	37	37	11	16	3
(ii) Number of days on which overdraft was taken	19	1	4	16	---

The position of ways and means advances and overdraft taken by the State Government and interest paid thereon during 1990-91 to 1994-95 is detailed below :

	1990-91	1991-92	1992-93	1993-94	1994-95
	(Rupees in crores)				
<u>Ways and Means Advances</u>					
(i) Advances taken during the year (gross)	105.14	65.71	22.80	74.84	2.14
(ii) Advances outstanding at the end of the year	--	--	--	----	---
(iii) Interest paid	0.18	0.07	0.07	0.16	**

**

Rs. 0.19 lakh only

	1990-91	1991-92	1992-93	1993-94	1994-95
	(Rupees in crores)				
Overdraft					
(i) Overdraft taken during the year (gross)	34.77	0.94	5.35	60.85	-
(ii) Overdraft outstanding at the end of year	-	-	-	-	-
(iii) Interest paid	0.03	-	0.01	0.05	-

1.18 Loans and Advances by the State Government

The State Government have been advancing loans to Government companies, corporations, autonomous bodies, co-operatives, non-government institutions, etc., for developmental and non-developmental activities. The position of such loans for five years 1990-91 to 1994-95 is given below :

	1990-91	1991-92	1992-93	1993-94	1994-95
	(Rupees in crores)				
Opening balance	1180.06	1359.90	756.44*	970.44	1292.08**
Amount advanced during the year	203.38	227.04	245.02	289.36	336.77
Amount repaid during the year	23.54	30.50	31.02	31.96	399.32
Closing balance	1359.90	1556.44	970.44	1227.84	1229.53
Net addition (+)/ reduction (-)	(+)179.84	(+)196.54	(+)214.00	(+)257.40	(-)62.55
Interest received and credited to revenue	42.26	48.77	6.01	5.74	360.39

* Excludes Rs.800 crores transferred *pro forma* to capital section due to conversion of loan into share capital.

** Includes Rs 64.24 crores adopted *pro forma* due to allocation of balances from Punjab under the Punjab Re-organisation Act, 1966.

Of the loans advanced to various bodies, the detailed accounts of which are kept in the office of the Accountant General (Accounts and Entitlement), recovery of Rs.290.55 crores (Principal : Rs.77.36 crores and Interest : Rs.213.19 crores) was in arrears as on 31 March 1995.

According to the orders issued by Government, the administrative departments were required to intimate to the Accountant General (Accounts and Entitlement) by July each year the arrears in recovery of principal and interest of loans of which the detailed accounts were maintained by the departmental officers, as at the end of the preceding March. During 1994-95, 129 statements were due from 14 departmental officers out of which only 20 statements were received. According to these statements recovery of Rs.19.39 crores (Principal: Rs.13.47 crores and Interest: Rs.5.92 crores) was in arrears on 31 March 1995. The major part of the arrears related to loans for 'Co-operation' (Principal : Rs.5.86 crores and Interest : Rs.4.51 crores) and 'Revenue Department' (Principal : Rs.7.16 crores and Interest : Rs.0.35 crore).

1.19 Guarantees given by the State Government

The position of contingent liability for guarantees given by the State Government for repayment of loans and payment of interest thereon by the Statutory Corporations, Companies and Co-operatives, etc., was as follows :

As on 31 March	Maximum amount guaranteed (Principal only)	Amount outstanding	
		Principal	Interest
(Rupees in crores)			
1991	3800.48	1182.10	0.08
1992	3923.51	1263.41	0.09
1993	4108.09	1526.26	0.10
1994	4295.58	1855.99	0.12
1995	3238.26	1810.56	0.14

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2. General

2.1 The summarised position of actual expenditure during 1994-95 against grants/appropriations was as follows:

	Original grant/ appropriation	Supple- mentary grant/ appropriation	Total	Actual Expendi- ture*	Variations Saving(-)/ Excess (+)
(Rupees in crores)					
I. Revenue					
Voted	4296.34	2573.29	6869.63	5859.49	(-)1010.14
Charged	540.27	1.24	541.51	493.21	(-)48.30
II. Capital					
Voted	674.95	12.67	687.62	602.46	(-)85.16
Charged	0.46	1.93	2.39	2.19	(-)0.20
III. Public Debt					
Charged	813.67	-	813.67	235.67	(-)578.00
IV. Loans and Advances					
Voted	323.39	37.37	360.76	337.28	(-)23.48
Total	6649.08	2626.50	9275.58	7530.30	(-)1745.28

* These are gross figures inclusive of recoveries adjusted in reduction of expenditure viz., Revenue expenditure: Rs. 79.77 crores; Capital expenditure: Rs. 398.07 crores and Loans and Advances: Rs. 0.51 crore.

2.2

Results of appropriation audit

2.2.1

The overall saving of Rs. 1745.28 crores was the net result of saving of Rs. 1777.64 crores in 44 cases and excess of Rs. 32.36 crores in 12 cases as shown below:

	Savings		Excess		Net Savings	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
	(Rupees in crores)					
Voted	1042.12 (In 15 grants)	108.65 (In 11 grants)	31.98 (In 9 grants)	-	1010.14	108.65
Charged appropriations	48.36 (In 15 appropriations)	578.51 (In 3 appropriations)	0.07 (In 2 appropriations)	0.31 (In 1 appropriation)	48.29	578.20

2.2.2

Supplementary provision

The overall supplementary provision of Rs. 2626.50 crores obtained during 1994-95 constituted 40 *per cent* of the original provision (Rs. 6649.08 crores).

Supplementary provision of Rs.0.16 crore obtained (March 1995) in 2 grants proved unnecessary as the expenditure did not come up, in these cases, even to the level of the original provision as indicated in Appendix-I. In 11 other cases, where savings exceeded Rs.10 lakhs each, the additional funds required was Rs. 1553.36 crores against the supplementary provision of Rs. 2554.94 crores. Relevant details are given in Appendix-II.

The supplementary provision totalling Rs.56.56 crores obtained in 8 cases proved insufficient by more than Rs.10 lakhs in each case, leaving an aggregate uncovered excess expenditure of Rs. 32.22 crores as detailed in Appendix-III.

2.2.3 Excess over grants/appropriations

In Revenue Section, there was a total excess of Rs.31,98,12,624 in 9 grants and Rs. 6,79,544 in 2 appropriations while excess in the Capital Section amounted to Rs. 30,68,637 in one appropriation. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

S. No.	Number and name of Grant/Appropriation	Total Grant/Appropriation	Expenditure	Excess
(In rupees)				
<u>Revenue Section</u> (Voted)				
1.	3-Home	2,04,13,53,000	2,13,59,32,566	9,45,79,566
2.	5-Excise and Taxation	18,42,21,000	19,06,10,437	63,89,437
3.	6-Finance	1,44,80,55,000	1,48,11,58,109	3,31,03,109
4.	8-Buildings and Roads	98,26,63,000	1,05,65,94,672	7,39,31,672
5.	9-Education	5,26,00,49,000	5,36,03,22,941	10,02,73,941
6.	10-Medical and Public Health	3,40,87,55,990	3,40,91,01,494	3,45,504
7.	14-Food and Supplies	9,41,42,000	9,43,51,973	2,09,973
8.	18-Animal Husbandry	43,09,60,000	43,84,93,691	75,33,691
9.	22-Cooperation	14,94,77,000	15,29,22,731	34,45,731
	Total	13,99,96,75,990	14,31,94,88,614	31,98,12,624

S. No.	Number and name of Grant/ Appropriation	Total Grant/ Appropriation	Expenditure (In rupees)	Excess
<u>Revenue Section</u> (Charged)				
10.	3-Home	3,89,23,000	3,92,56,304	3,33,304
11.	13-Social Welfare and Rehabilitation	-	3,46,240	3,46,240
Total		3,89,23,000	3,96,02,544	6,79,544
<u>Capital Section</u> (Charged)				
12.	8-Buildings and Roads	79,46,360	1,10,14,997	30,68,637
Total		79,46,360	1,10,14,997	30,68,637

2.2.4 Unutilised provision and surrender thereof

(i) According to Punjab Budget Manual as applicable to Haryana, all savings should be surrendered as soon as the possibility of saving is foreseen from the trend of expenditure. It had, however, been noticed that in 7 cases only Rs. 116.36 crores were surrendered against the available saving of Rs. 148.14 crores whereas in other 2 cases, the entire savings aggregating Rs. 10.17 crores remained un-surrendered as detailed in Appendix-IV.

(ii) In three voted grants, Rs.13.65 crores were surrendered in excess of the savings. Besides, in four voted grants, Rs. 16.73 crores were surrendered although the expenditure exceeded the grant and no savings

were available for surrender. Relevant details are indicated below:

(a) **Surrender of funds more than available saving**

S.No.	Description of Grant/Appropriation	Savings	Amount surrendered (Rupees in crores)	Excess funds surrendered
<u>Revenue Section</u>				
(Voted)				
1.	4-Revenue	4.54	6.55	2.01
2.	16-Industries	1.81	6.28	4.47
<u>Capital Section</u>				
(Voted)				
3.	15-Irrigation	46.17	53.34	7.17
Total		52.52	66.17	13.65

(b) **Surrender of funds inspite of excess expenditure**

S.No.	Description of Grant/Appropriation	Excess Expenditure (Rupees in crores)	Amount surrendered
<u>Revenue Section</u>			
(Voted)			
1.	3-Home	9.46	4.51
2.	8-Buildings and Roads	7.39	0.35
3.	9-Education	10.03	10.48
4.	10-Medical and Public Health	0.03	1.39
Total		26.91	16.73

2.2.5 Injudicious re-appropriation

(i) A few instances of injudicious and inadequate re-appropriation where the expenditure still exceeded the total provision, by more than Rs.25 lakhs in each case, are given below:

Description of Grant	Major/Minor Head of account, etc.	Total provision	Total expenditure
(Rupees in crores)			
(a) Reappropriation proved inadequate			
3-Home	2055-Police 104-Special Police- Haryana Armed Police	20.70	25.22
	O 18.53 R 2.17		
7-Other Admini- strative Services	2070-Other Admini- strative Services 115-Guest Houses Haryana Niwas Chandigarh	0.61	1.34
	O 0.26 S 0.28 R 0.07		

Description of Grant	Major/Minor Head of account, etc.	Total provision	Total expenditure
		(Rupees in crores)	
8-Buildings and Roads	3054-Roads and Bridges 03-State Highways 337-Road Works O 4.74 R 3.46	8.20	10.51
8-Buildings and Roads	5054-Capital Outlay on Roads and Bridges 04-District and Other Roads 337-Road Works (ii) Rural Roads O 3.11 R 3.39	6.50	8.93
9-Education	2202-General Education 109-Government Secondary Schools Teaching Staff including other establishment O 119.90 S 8.12 R 0.02	128.04	137.45

Description of Grant	Major/Minor Head of account, etc.	Total provision	Total expenditure
(Rupees in crores)			
15-Irrigation	4701 -Capital Outlay on Major and Medium Irrigation 01-Major Irrigation- Commercial 223-Constructing of new minors Improvement of old / existing channels O 1.34 R 1.36	2.70	6.66
(b) Amount reappropriated out of a grant proved in excess of the saving available			
4-Revenue	2245-Relief on account of Natural Calamities 800-Other Expenditure 282-Public Health O 0.10 S 3.95 R (-)1.42	2.63	4.02

Description of Grant	Major/Minor Head of account, etc.	Total provision	Total expenditure
(Rupees in crores)			
6-Finance	2049-Interest payments 101-Interest on Market Loans O 81.31 R (-)9.45	71.86	73.05
10-Medical and Public Health	2215-Water Supply and Sanitation 102-Rural Water Supply Programmes Maintenance of rural water supply in hilly/sandy area O 104.00 S 3.08 R (-)8.94	98.14	104.29
(c) <u>No saving was available for reappropriation</u>			
5-Excise and Taxation	2040-Sales Tax 101-Collection Charges O 7.62 S 0.90 R (-)0.16	8.36	9.53

(ii) Significant cases of reappropriation which turned out to be excessive/injudicious on account of non-utilisation are given below:

Description of Grant	Major/Minor Head of account, etc.	Total provision (Rupees in crores)	Total expenditure
(a) Reappropriation proved inadequate			
4-Revenue	3475-Other General Economic Services 201-Land Ceilings Compensation to land owners O 0.43 R (-)0.17	0.26	Nil
5-Excise and Taxation	2040-Sales Tax 001-Direction and Administration Headquarter Staff O 1.44 S 2.00 R(-) 0.17	3.27	2.44
6-Finance	2049-Interest Payments 200-Interest on Other Internal Debts Ways and Means Advances from Reserve Bank of India O 4.40 R (-)1.38	3.02	Nil

Description of Grant	Major/Minor Head of account, etc.	Total provisions (Rupees in crores)	Total expenditure
(b) Amount reappropriated out of a grant proved in excess of the saving available			
10-Medical and Public Health	2215-Water Supply and Sanitation 102-Rural Water Supply Programmes Accelerated Rural Water Supply Programme O 0.90 R 0.40	1.30	Nil
23-Transport	3055-Road Transport 201-Haryana Roadways (b) Operation 2-Haryana Roadways Gurgaon O 8.31 S 1.13 R 0.15	9.59	8.25

"O" stands for original grant or appropriation

"S" stands for supplementary grant or appropriation

"R" stands for re-appropriation, withdrawals or surrenders sanctioned by a competent authority

2.2.0
clos
that
rang=

26 a
the l

S.
No

51

8

51

20

10

1.

2.

3.

4.

5.

6.

7.

8.

7.

8.

2.2

Go

gr

adj

rec

ant

cre

rec

2.2.6 Financial rules require that rush of expenditure during the closing months of the year should be prevented. It was, however, noticed that in the following cases, the expenditure incurred during March 1995 ranged between 29 and 97 *per cent* of the total expenditure and between 26 and 70 *per cent* of the total provision indicating a tendency to utilise the budget provision towards the close of financial year.

S. No.	Description of Grant	Total provision-	Total expenditure-	Expenditure during March	Percentage of expenditure during March to	
					Total provision	Total expenditure
(Rupees in crores)						
<u>Revenue Section</u>						
1.	6-Finance	144.81	148.12	87.06	60	59
2.	7-Other Administrative Services	3467.18	2512.77	2431.31	70	97
3.	16-Industries	30.13	28.32	8.21	27	29
4.	17-Agriculture	121.67	119.90	38.86	32	32
5.	21-Community Development	117.33	67.27	30.99	26	46
6.	24-Tourism	0.85	0.74	0.54	64	73
<u>Capital Section</u>						
7.	10-Medical and Public Health	56.97	47.59	36.78	65	77
8.	24-Tourism	2.60	1.90	1.05	40	55

2.2.7 Trend of recoveries and credits

Under the system of gross budgeting followed by Government the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates. The anticipated amount of such recoveries during 1994-95 was Rs.471.54 crores (Revenue: Rs.17.05 crores; Capital: Rs.454.49 crores). The actual recoveries during the year, however, were Rs.478.35 crores (Revenue:

Rs.79.77 crores; Capital: Rs.398.58 crores). Significant cases of shortfall/excess in recoveries have been given in Appendix-V. Reasons for shortfall/excess have not been intimated (September 1995).

2.2.8 :: New service/New instrument of service

Expenditure on any item coming under 'New Service/New Instrument of Service', if not included in the budget, should not be incurred without obtaining the specific approval of the Legislature in the form of supplementary demand for grant. In case of urgency, such a expenditure can be met out of advance from the Contingency Fund of the State pending authorisation by the Legislature. In respect of the cases detailed below, expenditure was not contemplated in the annual financial statement and no supplementary grant or advance from the Contingency Fund was obtained, though these cases attracted the limitation of New Service/New instrument of service.

S. No.	Name of Department	Grant Number	Head of Account	Actual expenditure (Rupees in crores)
1.	General Administration	2	3451-Secretariat Economic Services 102-District Planning Machinery 092-Other offices Haryana Finance Commission	0.25
2.	Irrigation	15	2701-Major and Medium Irrigation 01-Major Irrigation- Commerical 800-Other expenditure Improved upgradation O&M channels	6.98
3.	Home	3	2015-Elections 101-Election Commission Charges of conduct of Election for Panchayat Headquarter staff	5.79

Rs. 398.58 crores). Significant savings have been given in Appendix-1 and 2 as intimated (September 1995).

Instrument of service

Item coming under 'New Schemes' included in the budget, should require specific approval of the Legislature for grant. In case of urgency, the Government may draw funds from the Contingency Fund of the Legislature. In respect of schemes contemplated in the annual budget, the Government may draw funds or advance from the Contingency Fund. The Government has attracted the limitation of Rs. 100 crores for the year 1994-95.

Actual expenditure
(Rupees in crores)

0.25

6.98

5.79

Persistent savings

Persistent savings of 10 per cent or more were noticed in the following grants:

Following grants:

Number and Name of the Grant/Appropriation	Percentage of saving to total provision		
	1992-93	1993-94	1994-95
Revenue (Voted)			
12-Labour and Employment	10	20	12
Revenue (Charged)			
10-Medical and Public Health	97	50	14
Capital (Voted)			
10-Medical and Public Health	24	38	16
13-Social Welfare and Rehabilitation	26	50	49
24-Tourism	10	25	27
Capital (Charged)			
10-Medical and Public Health	100	100	100

10 Non-receipt of explanation for savings/excesses

After the close of the accounts for the financial year, the final Appropriation Accounts showing the final grants/appropriations, actual expenditure and the resultant variations are sent by the Accountant General to the Controlling Officers requesting them to explain the variations. In regard to Appropriation Accounts for the year 1994-95,

explanations were not received (November 1995) for 20 out of 26 grants/appropriations in which there were excesses or savings.

2.3 Retention of funds outside Government account

Financial rules provide that no money should be drawn from the treasury unless required for immediate disbursement. Any unspent amount not required for immediate disbursement is to be refunded into the treasury promptly. Retaining funds outside Government account is also irregular.

Mention was made in paragraph 2.9 of Report of the Comptroller and Auditor General of India (Civil) - Government of Haryana for the year ended 31 March 1991 about drawal of Rs. 4.76 lakhs in anticipation of receipt of supplies. During pursuance of the case, it was noticed (November 1994) that Rs. 4.59 lakhs (out of Rs. 4.76 lakhs) pertained to a supply order placed (March 1991) by Director, Supplies and Disposals (DS&D), Haryana against a rate contract on a firm for supply of 49 telephones and other accessories by 31 March 1991. According to the special instructions in the supply order, no direct payment was to be made to the supplying firm by the indenter/consignee. Notwithstanding these provisions, the Director General of Prisons, Haryana (consignee) drew (31 March 1991) Rs. 4.59 lakhs from the treasury and kept with him in the form of Remittance Transfer Receipt (RTR) irregularly. On receipt of confirmation from the firm that they had already received the payment by book adjustment through Director General, Supplies and Disposals, Delhi, the amount was refunded (November 1992) by the Department into the treasury.

In another case, on the basis of a sanction issued by Government in July 1993, Additional Director General of Prisons drew Rs. 11 lakhs from the treasury on 31 March 1994 and kept the amount in the shape of RTR but payment was made to the firm only in March 1995. Reasons for premature drawal of Rs. 11 lakhs had not been intimated as of March 1995.

26 Unnecessary/premature drawal of funds in the absence of immediate requirements was in violation of the rules. This had resulted in blockade of funds and loss of interest of Rs. 2.14 lakhs on retention of Rs.15.59 lakhs outside Government accounts for 11 to 19 months at average borrowing rates of interest during the period.

wn
ny
led
unt
The matter was referred to Government in June 1995; reply has not been received (August 1995).

the
of
hs
as
is)
nd
of
he
de
se
31
he
of
by
hi,
he
by
w
in
5.
of

CHAPTER III
CIVIL DEPARTMENTS

Industries Department

3.1 Incentives to industrial units

3.1.1 Introduction

With a view to achieve a higher rate of economic growth through accelerated industrialisation, the State Government offers package of incentives to small, medium and large scale industrial units in private sector set up in the State. The incentives, introduced in November 1983 and subsequently modified in April 1988 and in April 1992, mainly are :

- (i) Capital investment subsidy
- (ii) Subsidy for purchase of generating sets
- (iii) Exemption from/deferment of sales tax
- (iv) Exemption from payment of octroi
- (v) Exemption from payment of electricity duty

3.1.2 Organisational set up

The schemes are implemented at the district level by the General Managers, District Industries Centres (GMDIC), who are empowered to sanction capital investment subsidy upto Rs.2.50 lakhs and subsidy for generating sets upto Rs.1.00 lakh per beneficiary. At the State level, the Director of Industries (DOI) is in overall charge and is empowered to sanction capital investment subsidy upto the maximum limit which was Rs.25.00 lakhs since April 1988, subsequently raised to Rs.50.00 lakhs from April 1992, and subsidy for generating sets upto

The abbreviations used in this review have been listed in the Glossary in Appendix XV (Page 204)

Rs.15 lakhs since April 1988 per beneficiary. The GMDICs exercised their powers on the recommendations of the District Level Committees headed by Additional Deputy Commissioners and the DOI exercised his powers on the recommendations of the State Level Committee headed by the Commissioner and Secretary to Industries Department (Government of Haryana).

The sanctioned subsidies were placed by the DOI at the disposal of the Haryana Financial Corporation (HFC) in lump-sum, annually every year for disbursement thereof to the beneficiaries.

3.1.3 Audit coverage

Test-check of records, relating to schemes of subsidies under capital investment and for the purchase of generating sets, of the DOI, the HFC, 4 DICs¹ (out of 16 centres) and 5 branches² (out of 17) of HFC was conducted between November 1994 and May 1995 covering the period 1988-89 to 1994-95. The results are given in the succeeding paragraphs.

3.1.4 Highlights

- **The DOI provided funds of Rs.3546.13 lakhs to the HFC for disbursement of subsidy during the period, 1988-95. Actual disbursement by HFC amounted to Rs.3360.51 lakhs. Unspent balances, which were heavy, were kept by HFC in banks alongwith its own funds. On this account, interest loss to Government amounted to Rs.104.44 lakhs.**

(Paragraph 3.1.5)

- **1.23 lakh small scale industrial units had reportedly been set up in the State with aggregate investment of Rs.2154.81 crores, employing 7.39 lakh persons and with total production valued at Rs.3693.96 crores as of January 1995. These details were not based on any survey and, therefore, were not reliable.**

1

Ambala, Gurgaon, Rohtak and Sonapat

2

Ambala, Gurgaon, Panchkula, Rohtak and Sonapat.

- In the medium and large scale industrial sector, while the number of industrial units increased by 74 per cent from 391 in March 1990 to 680 in January 1995, the employment increased only by 24 per cent from 1.35 lakhs in March 1990 to 1.68 lakhs in January 1995.

(Paragraph 3.1.6)

- After sanction, payment of subsidy of Rs.87.34 lakhs to 13 units was delayed from 12 to 30 months, 20 units were only partly paid (Rs.90.50 lakhs) against the sanctioned subsidy of Rs.288.68 lakhs and, as of May 1995, 29 units had not been paid subsidy of Rs.138.89 lakhs even after 12 to 30 months of sanction.

(Paragraph 3.1.7 (ii))

- Forty seven units were paid inadmissible/irregular subsidy of Rs.33.53 lakhs.

(Paragraph 3.1.7 (iii))

- Thirteen units which were paid capital investment subsidy of Rs.32.25 lakhs and 6 units which were paid subsidy of Rs.2.40 lakhs for purchase of generating sets had closed down their business within 5 years of production. The Department did not recover the subsidy, though required to do so under the rules.

(Paragraphs 3.1.7 (iv) and 3.1.8 (a))

- Although the schemes of capital investment subsidy and subsidy for purchase of generating sets were in operation in the State from November 1983, monitoring and evaluation thereof had not been conducted by the Department. Monitoring cell was created by the Department only in July 1994.

(Paragraph 3.1.9)

3.1.5 Budget provision and expenditure

As of 1 April 1988, HFC had unspent balance of Rs.27.87 lakhs. It received funds aggregating Rs.3546.13 lakhs from the DOI during 1988-89 to 1994-95 (November 1994), and disbursed subsidy aggregating Rs.3360.51 lakhs leaving an unspent balance of Rs.213.49 lakhs as of November 1994. Year-wise and scheme-wise details were as indicated in Appendix - VI.

Rules prohibit drawal of funds in advance of requirement or at the end of the year to avoid lapse of appropriation as it adversely affects the ways and means position of Government. Contrary to this provision, funds were released in advance of requirement to HFC. The following table shows year-wise position of unspent average balance based on the minimum balance during each month for the years 1988-89 to 1994-95 (November 1994) as per the ledger maintained by HFC. This resulted in loss of interest to Government aggregating Rs.104.44 lakhs (November 1994) calculated at the prevailing rate of interest in respect of Government borrowings for the respective years.

AVERAGE UNSPENT BALANCE DURING YEAR

Year	Capital Investment Subsidy	Generating Set Subsidy	Total
1988-89	30.19	17.98	48.17
1989-90	34.93	77.71	112.64
1990-91	60.86	112.04	172.90
1991-92	76.97	25.50	102.47
1992-93	197.18	30.27	227.45
1993-94	2.91	69.23	72.14
1994-95 (upto November 1994)	97.12	76.38	173.50

HFC did not maintain any separate cash book for the funds received from the DOI nor keep the funds in separate bank account. The

funds were mixed up with the general account kept in bank enabling it to utilise the unspent balances for its own activities. This tantamounted to unauthorised aid to the HFC.

3.1.6 Non-conducting of survey

Specific targets were not fixed in respect of the incentives offered. However, the industrial position of the State in March 1985, March 1990, and January 1995 in terms of industrial units registered, employment generated, investments made, and production in respect of small scale units and medium and large scale units as intimated (February 1995) by the DOI were as depicted in succeeding table.

	Position as of		
	March 1985	March 1990	January 1995
a. Small Scale Units			
(i) Units registered (In numbers)	56,732	92,405	1,23,132
(ii) Employment generated (In numbers)	3,40,392	5,54,430	7,38,792
(iii) Investments (Rupees in crores)	992.81	1617.09	2154.81
(iv) Production (Rupees in crores)	1701.96	2772.15	3693.96
b. Medium and Large scale units			
(i) Units registered (In numbers)	307	391	680
(ii) Employment generated (In numbers)	NA	1,34,936	1,67,753
(iii) Investments (Rupees in crores)	NA	3247.66	4363.93
(iv) Production (Rupees in crores)	NA	NA	5807.32
NA- Not available			

No survey was found to have been conducted by the Department to assess the impact of the schemes on investment, employment generation, etc. It would, however, be seen that as of March 1985, March 1990 and January 1995, the number of small scale units were multiplied by a fixed factor of 6, 1.75 and 3 respectively to arrive at the figures of employment, investment and production in these units. The Department did not have any base/formula for the fixed factors followed to work out the figures of employment, investment and production. The information computed and supplied by the Department was thus not realistic.

In the medium and large scale sector, the Department did not have any information about employment, investment and production for the periods ended March 1985. The Department had also no information about actual production upto the period ended March 1990. The information made available by the Department indicated that while the number of units increased by 74 *per cent* from 391 (March 1990) to 680 (January 1995) and investment increased by 34 *per cent* (from Rs.3247.66 crores to Rs. 4363.93 crores), employment increased by only 24 *per cent* (from 1.35 lakhs to 1.68 lakhs) during this period.

Beneficiary units did not submit the annual progress reports though these reports were required to be received at the offices of GMDICS, for a period of 5 years from the date of commencement of production.

The Department set up a monitoring cell as late as in July 1994 to monitor employment generation and to assess the socio-economic benefits accruing through the units financed by the State Government. It was, however, noticed that the cell was engaged only in the compilation of data from the field offices.

3.1.7 Capital Investment Subsidy

(i) General

Under the Industrial Policy introduced in 1983, subsidy was admissible at the rate of 15 *per cent* of capital investment in land, buildings, plant and machinery limited to Rs. 15 lakhs. The limit was increased to 25 *per cent* subject to the maximum of Rs.25 lakhs from April 1988, but only for those units where capital investment was made after 1 April 1988. In April 1992, the Industrial Policy was further liberalised whereunder, *inter-alia*, the pioneer industries which had made investments from Rs. 10 crores to more than Rs. 100 crores were entitled to subsidy of Rs. 10 lakhs to Rs. 50 lakhs. However, electronic units, which went into production on or after 1 April 1988 were eligible for subsidy at the rate of 25 *per cent* of capital investment limited to Rs.30 lakhs if the unit was located in declared backward area and 15 *per cent* limited to Rs.15 lakhs in the non-backward areas.

For claiming subsidy, the entrepreneurs were required to submit to the GMDICs/DOI, applications in the prescribed *pro forma* duly supported by project reports, details of fixed assets, certificates from Chartered Accountants regarding capital expenditure, etc. These applications, after scrutiny by the GMDICs/DOI, HFC and HSIDC and after on-the-spot inspection, were placed before the District Level Committees/State Level Committee for recommendations.

(ii) Delay in disbursement of subsidy

Subsidy was sanctioned to 608 industrial units³ during 1988-95 (upto October 1994). Of these, in the districts test checked, subsidy of Rs.87.34 lakhs was disbursed to 13 units late by 12 to 30 months; 20 units had been paid part subsidy of Rs.90.50 lakhs against Rs.288.68 lakhs sanctioned, late by 4 to 20 months and the balance subsidy was not paid as of May 1995. Further, subsidy of Rs.138.89 lakhs though sanctioned 12 to 30 months back in respect of 29 units had not been paid as of May 1995.

3

1988-89 (14), 1989-90 (20), 1990-91 (45), 1991-92 (86), 1992-93 (153), 1993-94 (145) and 1994-95 (145).

(iii) Inadmissible/irregular payment of subsidy

In the districts test-checked, 47 units were paid inadmissible/irregular subsidy of Rs.33.53 lakhs as explained below:

(a) An industrial unit of Panchkula not having ownership rights over land (Rs.0.58 lakh) and buildings (Rs.22.92 lakhs) and, therefore, not entitled to subsidy on these components was paid (April 1993) subsidy of Rs. 5.88 lakhs. Similarly, another unit of Panchkula without ownership of land (Rs.0.32 lakh) and buildings (Rs.5.00 lakhs), and thus not eligible, was paid (March 1992) subsidy of Rs. 1.33 lakhs.

(b) Second-hand machinery qualifies for subsidy subject to the condition that (i) it is installed in the declared industrially backward areas, (ii) valuation takes into account depreciation duly verified by Chartered Accountants, and (iii) the first and subsequent owners have not received any subsidy for its purchase. Further, the effective life of the machinery should not have expired and the machinery should be in good condition capable of working for at least five years. An industrial unit of Gurgaon was paid subsidy of Rs.3.09 lakhs between May 1994 and January 1995 on capital investment of Rs.12.34 lakhs on the purchase of second-hand machinery. Gurgaon was not a backward area and the industrial unit did not fulfil the other prescribed condition regarding verification of depreciated value of machinery by the Chartered Accountant. The subsidy was, thus, not admissible.

The DOI in reply (January 1995) stated that the unit was agro-based and could, therefore, be located even in a non-backward area. The DOI also stated that the machinery was good enough to work for at least 10 years. The reply was not tenable since subsidy on second-hand machinery was governed under a separate set of instructions, which had not been fulfilled in the instant case. Further, the basis on which the life of the machinery had been worked out as at least 10 years was not found on record.

(c) A shoe manufacturing unit of Balana (Ambala district) set up in February 1988 commenced production in the same month and was expanded (April 1989 - November 1990) with capital investment of

Rs.46.13 lakhs on which subsidy of Rs.11.53 lakhs was paid in March 1992. Under the Industrial Policy of April 1988, units set up prior to April 1988 and expanded afterwards were eligible to only 15 *per cent* subsidy. The unit was, thus, entitled to subsidy of Rs.6.92 lakhs only and not Rs.11.53 lakhs, the resultant inadmissible payment being Rs.4.61 lakhs. The HFC stated (March 1995) that the unit set up in February 1988 was engaged on a different line of production and had started production of footwears only from June 1988 and, therefore, was eligible for 25 *per cent* subsidy. Since the date of setting up of the unit was the determining factor for subsidy and not the line of production, the reply of HFC was not tenable.

(d) Government declared (2 January 1991) that roller flour mills would not be eligible for any subsidy. A roller flour mill of Ambala, registered as a small scale industrial unit, was paid (February 1993) subsidy of Rs. 10.51 lakhs on capital investment of Rs.42.06 lakhs between January 1990 and July 1991. Up to the cut-off date of 2 January 1991 beyond which subsidy was not admissible, the actual capital investment worked out to Rs.37.90 lakhs on which permissible subsidy was only Rs. 9.47 lakhs. There was thus excess payment of subsidy of Rs.1.04 lakhs.

(e) Electronic units, which went into production on or after 1 April 1988 were eligible for subsidy at the rate of 25 *per cent* of capital investment limited to Rs. 30 lakhs if the unit was located in the declared backward area and 15 *per cent* limited to Rs. 15 lakhs in the non-backward areas. Up to April 1992, Bahadurgarh (Rohtak district) was not a declared backward area. An electronic unit of that town with capital investment of Rs.8.48 lakhs (March 1992) was paid (April 1993) subsidy of Rs. 2.12 lakhs at the rate of 25 *per cent* instead of Rs. 1.27 lakhs at the rate of 15 *per cent* which resulted in an overpayment of Rs. 0.85 lakh.

(f) The procedure prescribed required that before subsidy was sanctioned, the Department satisfied itself of the actual cost of the building through documentary and other authentic proof. In Ambala district, 8 units were paid subsidy of Rs. 5.24 lakhs (April 1992 - December 1993) on capital investment of Rs. 20.95 lakhs on the basis of

information submitted by the applicants without obtaining the requisite documentary evidence.

(g) According to the guidelines for sanctioning subsidy, capital investment was defined as investments in land, buildings, plants and machinery which, for the purpose of subsidy, were to be assessed to the extent needed for the Industrial unit. Ten units (Ambala : 2 and Rohtak : 8) were paid (January-June 1993) subsidy of Rs.1.39 lakhs on ineligible expenses of Rs.5.56 lakhs (pre-operative : Rs.3.72 lakhs; extension fee, raw material, etc. : Rs.1.84 lakhs). Further, subsidy of Rs.2.46 lakhs was paid to 14 units in Ambala (units : 12; Rs.2.25 lakhs) and Sonapat (units : 2; Rs.0.21 lakh) on capital investment of Rs.9.82 lakhs on ineligible items such as kitchen, roads, dining hall, labour quarters, etc. Similarly, an agro-based unit at Bawal (Rewari district) was paid subsidy of Rs.3.13 lakhs on advances paid to suppliers and pre-operative expenses of Rs.12.50 lakhs between February 1994 and January 1995.

(h) Under the guidelines, investments made after 31 March 1993 were not to be computed for any subsidy if the area of the unit's location lost the status of being industrially backward. In Ambala block, which ceased to be backward under these regulations, 3 units were paid subsidy of Rs.2.97 lakhs during 1994-95 on Rs.11.87 lakhs shown in the balance sheet (March 1993) against sundry creditors. In 5 other cases of Ambala (3 units: subsidy: Rs.1.27 lakhs) and Rohtak (2 units: subsidy: Rs.0.27 lakh) subsidy of Rs.1.54 lakhs was paid (1993-95) without verifying that the items had been actually paid for and no credit remained against the books of the units as on 31 March 1993.

(iv) Non-recovery of subsidy from closed units

Under the instructions issued (October 1992) by the Department, the subsidy paid was required to be recovered if the unit went out of production within 5 years from the date of commencement and if the same was prior to October 1992, from the date of disbursement. In the districts test-checked, 13 units⁴, which had received subsidies aggregating Rs.32.25 lakhs between July 1987 and July 1994, closed down their

4

Ambala: 7: Rs.28.60 lakhs; Gurgaon: 2:Rs.0.56 lakh; Rohtak: 1: Rs.1.25 lakhs and Sonapat 3: Rs.1.84 lakhs.

business within 5 years of commencement of production. No recovery had been made in any of these cases. HFC stated (March 1995) that notices for recoveries were being issued.

3.1.8 Subsidy for the purchase of generating sets

In order to meet the situation created by frequent power cuts, the State Government introduced (1 November 1983) a scheme of payment of subsidy to industrial units for the purchase of generating sets. Under the norms and the rates in force from April 1988, industrial units which purchased generating sets on or after 1 April 1988 were eligible to a subsidy of Rs.1,200 per KVA (small scale industrial units) and Rs.600 per KVA (medium and large scale industrial units) subject to the condition that the units would be eligible for subsidy upto 150 *per cent* of its connected load limited to the maximum of Rs.15 lakhs. In May 1991, ceiling limit of the subsidy was fixed at 50 *per cent* of the total cost of the generating set, the other conditions remaining the same. 2,791 units⁵ were sanctioned subsidy during 1988-95 (upto November 1994).

The following points emerged as a result of a test-check:

(a) Non-recovery of subsidy from closed units

According to the agreement bonds executed with the beneficiary units, generating sets purchased with the help of subsidy were not to be sold, mortgaged, let-out, disposed of, or transferred before the expiry of a period of 5 years from the date of disbursement of subsidy upto 17 March 1991 and thereafter from the date of commissioning of generating set. Five units of Gurgaon (2) and Rohtak (3) districts to whom subsidy of Rs.1.68 lakhs was disbursed between November 1986 and September 1992, had closed down their business within 5 years. No recovery had, however, been made. GMDIC, Gurgaon stated (October 1994) that recovery notices had been issued; further developments were awaited (June 1995).

5 1988-89: 571; 1989-90: 707; 1990-91: 339; 1991-92: 295; 1992-93: 480; 1993-94: 270 and 1994-95: 129.

of Rs. (closed the, sub

(b)

limited- orders paid fr quantu- (Janua orders sanction

units c lakh, purcha- the co

(c)

gener- this p- GMD would

3.1.9

subsic from

6

Similarly, a unit of Shazadpur (Ambala) was paid subsidy of Rs.0.72 lakh in August 1991. As per the records of HFC, the unit had closed down its business in September 1993. No action for recovery of the subsidy had been taken by GMDIC, Ambala (June 1995).

(b) Excess payment

The subsidy at 50 per cent of the cost of the generating set limited to Rs.15 lakhs was effective from the date of issue of Government orders (6 May 1991). Excess subsidy of Rs. 2.15 lakhs was, however, paid from July 1991 to June 1994 in 13 cases⁶ due to not limiting the quantum of subsidy to 50 per cent of the cost. According to the DOI (January 1995) all the sets concerned were purchased before issue of the orders dated 6 May 1991. The reply was not tenable as the date of sanction was the determining factor and not the date of purchase.

Further, excess subsidy of Rs. 0.45 lakh was released to 8 units during the period August 1992 to May 1994 (Ambala: 3 : Rs. 0.15 lakh, Gurgaon: 5: Rs. 0.30 lakh) as the capacity of the generating sets purchased by the units exceeded the permissible load of 150 per cent of the connected load.

(c) Non-insurance of generating sets

The beneficiary units were required to have their generating sets insured against fire. During test-check, it was noticed that this procedure was not being followed in any of the districts. The GMDICs Rohtak and Gurgaon stated (March - April 1995) that needful would be got done in future.

3.1.9 Monitoring and evaluation

Although the schemes of capital investment subsidy and subsidy for the purchase of generating sets were in operation in the State from November 1983, monitoring and evaluation thereof had not been

6 Ambala:Rs.0.26 lakh (3); Faridabad:Rs.0.20 lakh (1); Gurgaon:Rs.0.34 lakh (1); Hisar: Rs.0.30 lakh (1);Rohtak: Rs.0.35 lakh (3); Sirsa: Rs.0.67 lakh (3) and Sonapat : Rs.0.03 lakh (1).

conducted by the Department. DOI informed (May 1995) that a Monitoring Cell had been created (July 1994). Evaluation was yet to be conducted.

These points were referred to Government in July 1995; reply has not been received (August 1995).

Women and Child Development Department

3.2 Supplementary Nutrition Programme

3.2.1 Introduction

To combat protein-calorie deficiency amongst children and expectant and nursing mothers, a special nutrition programme was introduced from 1970-71 by the Government of India in urban slums and rural areas. Initially launched as a Central sector programme, it was transferred in 1975-76 to the State sector and merged with Integrated Child Development Services (ICDS) except in respect of 10 old projects for which nominal assistance was being provided by the Government of India up to 1993-94. Under ICDS, the special nutrition programme was re-named Supplementary Nutrition Programme, (SNP). The Supplementary Nutrition Programme intends to improve the health status of the malnourished as below :

- children in the age group of 6 months to 6 years by providing them 8 to 20 grams of protein and 300 to 600 calories per head per day; and
- expectant and nursing mothers upto 45 years of age belonging to the families of landless labourers, marginal farmers, scheduled castes, and families with income of less than Rs.500 per month by providing them 20 to 25 grams protein and 500 calories per head per day.

3.2.2 Organisational set up

At the State level, ICDS of which SNP is a component, is administered by the Director, Women and Child Development, Haryana, assisted by a Deputy Director. In the rural and urban areas, *anganwadi*, the primary unit of execution, is run by an *anganwadi* worker, assisted by a helper and is supervised by a circle supervisor. Block level control is exercised by the Child Development Project Officer (CDPO) who is incharge of each project. Each CDPO functions under the administrative control of a district level Programme Officer. The field formation had, as of 31 March 1995, a network of 16 Programme Officers at the district level, 108 Child Development Project Officers (CDPOs) at the block-level and 11,323 *anganwadis*. There were also two *Panjiri** Plants (Gurgaon and Gharaunda) each headed by a Manager.

3.2.3 Audit coverage

Mention about the Supplementary Nutrition Programme was made in paragraph 3.3.8 of the Report of the Comptroller and Auditor General of India (Civil) for the year 1987-88 - Government of Haryana. The Public Accounts Committee in their 36th Report presented to the State Legislature in March 1993 had observed that all the eligible children and women were not actually provided with supplementary nutrition and recommended that the officers of the Department should promptly visit the *anganwadis* and other centres and record their remarks on all aspects in the 'Inspection Book' and that action should be taken against the negligent officials and they should also ensure that no sub-standard food items were served to children and women in the *anganwadis*.

Test-check of records of the Directorate, 5 (out of 16) Programme Officers, 20 (out of 108) CDPOs, and 163 (out of 11,323) *anganwadis* in the selected blocks of 5 districts¹ and the two *Panjiri* Plants was conducted between October 1994 and April 1995 covering the period 1990-91 to 1994-95.

* *Panjiri* is a ready to eat food containing raw ingredients wheat flour: 45%, Bengal gram powder 25%, sugar: 20% and ground nut oil:10%

¹ Ambala, Faridabad, Hisar, Panipat and Rohtak.

The important points noticed are discussed in the succeeding paragraphs.

3.2.4 Highlights

- Expenditure of Rs.7371.12 lakhs was incurred on the project during 1990-95. Against the target of 45.45 lakhs beneficiaries (children: 36.79 lakhs; and nursing/expectant mothers: 8.66 lakhs), the coverage was 41.06 lakhs (children: 32.42 lakhs; and nursing/expectant mothers; 8.64 lakhs) during 1990-95.
- Excess reporting of attendance in progress report of December 1994 in 24 out of 77 *anganwadis* test- checked was 16, 19 and 34 *per cent* in respect of expectant mothers, nursing mothers and children (6 months to 3 years) respectively.
- Nutrition valued at Rs.5.91 lakhs was provided to children of normal health not requiring any assistance.

(Paragraphs 3.2.5(ii) and 3.2.6)

- Average protein content and calorific value of diet, per head per day, provided to the children and women was well below the norms prescribed. In 3 of the 5 districts test-checked, feeding was provided for 240 days only during 1994-95 against the prescribed 300 days.

(Paragraphs 3.2.7 and 3.2.8 (b))

- 5770.58 quintals of ready-to-eat food were purchased without tendering between November 1993 and January 1994 at the cost of Rs.64.92 lakhs for supply to *anganwadis*. The food was found to be below standard and was not liked by the beneficiaries.

Despite switching over to ready-to-eat food from November 1993, the Department procured (June 1994) utensils worth Rs.3.16 lakhs for cooking which were no longer required.

(Paragraph 3.2.8(a) & (c))

- Shortage of wheat, sugar and gram pulses in the *Panjiri* plant, Gharaunda valued at Rs.2.63 lakhs was under Departmental investigation for over 3 years.

(Paragraph 3.2.9(ii))

- Due to wrong retrenchment of daily labourers, the Department had to bear expenditure of Rs.1.94 lakhs on labour cost for the period during which labourers were not working.

(Paragraph 3.2.9(vi))

- Monitoring was inadequate and evaluation of the impact of the programme on the health status of children and nursing and expectant mothers had not been conducted.

(Paragraph 3.2.11)

3.2.5 Budget provision and expenditure

(i) Establishment

Of the 16 Programme Officers and 108 CDPOs, establishment expenditure on 12 programme officers and 56 CDPOs was entirely borne by the Government of India and that on the others was borne by the State Government. During 1990-95, the budget provision on establishment was Rs.5428.48 lakhs (State plan: Rs.587.41 lakhs; State non-plan: Rs.1864.32 lakhs; and Central grants-in-aid: Rs.2976.75 lakhs). The expenditure incurred there-against aggregated Rs.5427.57 lakhs (State plan: Rs.586.70 lakhs; State non-plan: Rs.1864.40 lakhs; and Central grants-in-aid: Rs.2976.47 lakhs). The entire establishment was engaged on providing a package of services under the ICDS such as immunisation,

health check-up, referral services and pre-school education, besides the component of supplementary nutrition.

(ii) Supplementary nutrition

Expenditure on supplementary nutrition was incurred by the State Government except in respect of 10 old projects for which nominal assistance was being provided by the Government of India upto 1993-94. The expenditure was mainly on the purchase of raw food stuff or ready-to-eat food. The year-wise details of budget provision and expenditure incurred thereagainst was as under:

Year	Budget provision			Expenditure		
	State	Central	Total	State	Central	Total
(Rupees in lakhs)						
1990-91	904.80	68.93	973.73	904.82	70.76	975.58
1991-92	1194.05	67.54	1261.59	1197.09	67.19	1264.28
1992-93	1513.39	91.96	1605.35	1513.39	91.96	1605.35
1993-94	1674.46	22.96	1697.42	1670.62	22.96	1693.58
1994-95	1832.33	---	1832.33	1832.33	---	1832.33
Total	7119.03	251.39	7370.42	7118.25	252.87	7371.12*

* Includes Rs.22.24 lakhs paid on account of salaries to the staff of the two Panjiri plants.

3.2.6 Targets and achievements

The targets fixed by the Department and achievements thereagainst were as under:

Year	Targetted number of beneficiaries			Number of beneficiaries covered			Shortfall(-)/ Excess (+)	
	Pregnant women & nursing mothers	Child- ren	Total	Pregnant women & nursing mothers	Child- ren	Total	Pregnant women & nursing mothers	Child- ren
(In lakhs)								
1990-91	1.34	5.71	7.05	1.42	4.88	6.30	(+)0.08	(-)0.83
1991-92	1.58	6.71	8.29	1.65	6.05	7.70	(+)0.07	(-)0.66
1992-93	1.81	7.68	9.49	1.74	6.47	8.21	(-)0.07	(-)1.21
1993-94	1.96	8.32	10.28	1.77	7.05	8.82	(-)0.19	(-)1.27
1994-95	1.97	8.37	10.34	2.06	7.97	10.03	(+)0.09	(-)0.40
Total	8.66	36.79	45.45	8.64	32.42	41.06	(-)0.02	(-)4.37

The following points were noticed in audit:

- (a) In 24 out of 77 *anganwadis* (Ambala: 32, Hisar: 30 and Rohtak: 15) test checked, the monthly progress reports for the month of December 1994 when compared with the attendance registers of the same month indicated the following variations.

	As per monthly progress reports	As per the attendance registers	Percentage variation with reference to attendance registers
Expectant mothers	102	76	34
Nursing mothers	62	52	19
Children (6 months to 3 years)	672	579	16
Children (3 years to 6 years)	399	423	(-)6

Reasons for such variations were not intimated (July 1995).

(b) In 152 *anganwadis* of 4 districts², 4,580 children of normal health (grade-I and above) not requiring any assistance, were provided supplementary nutrition valued at Rs.5.91 lakhs from January 1994 for one year.

3.2.7 Norms of supplementary nutrition

The feeding programme was for 300 days in a year. The scale of supplementary nutrition to be provided and the cost, per head per day, for different categories of beneficiaries was prescribed as follows:

		Scale of supplementary nutrition		Cost per head fixed by the			
		Protein (In grams)	Calories	Government of India		State Government	
				Upto 1991- 92	From 1992- 93	Upto 1991- 92	From 1992- 93
				(In rupees)			
(i)	Pregnant women/nursing mothers (from the day pregnancy is detected upto six months of lactation period)	20-25	500	1.05	1.15	0.95	1.05
(ii)	Children (6 months to 6 years)						
(a)	Normal weight (Grade I and above)	Nil	Nil	Nil	Nil	Nil	Nil
(b)	Underweight (Grade II)	8-10	300	0.75	0.95	0.65	0.80
(c)	Heavily underweight (Grade III and IV)	15-20	600	1.25	1.35	NA	NA
NA - Not available							

The rates, per head/per day, fixed by the State Government were lower in comparison to the rates fixed by the Government of India. The actuals, however, were still lower.

The position of average cost of nutrition provided against the average norms fixed by the State Government and the shortfall during 1990-91 to 1994-95 per beneficiary was as under:

Year	Average cost of nutrition provided	Average norms (In rupees)	Shortfall	Percentage
1990-91	0.52	0.69	0.17	24.63
1991-92	0.55	0.69	0.14	20.28
1992-93	0.63	0.85	0.22	25.88
1993-94	0.64	0.85	0.21	24.70
1994-95	0.62	0.85	0.23	27.05

In February and December 1992, the Department admitted that the value of nutrition provided to the beneficiaries during 1991-92 per day/per head was only 25 paise (Faridabad), 32 paise (Gurgaon), 33 Paise (Rewari), 39 paise (Rohtak), 47 paise (Yamuna Nagar), 48 paise (Karnal) and 49 paise (Kaithal and Jind). Further, during the period 1990-95, each nursing/expectant mother was provided on an average 15-16 grams of protein per day against the norm of 20-25 grams and each child was given only 11.55 grams protein against the norm of 8 to 20 grams protein, per day. The calorific value of the diet was as low as 268.30 per nursing/expectant mother per day against the norm of 500 calories and 204.70 calories per child per day against the minimum norm of 300 calories per child. Nutrition provided was thus not adequate.

3.2.8 Diet specifications

The guiding principle for the preparation of recipe was that it would be based on locally available food, be palatable, easily digestible, inexpensive and with minimum number of ingredients. Raw ingredients

were purchased by a district level purchase committee headed by the Deputy Commissioner; the suppliers despatched the material to the CDPOs for onward distribution among the *anganwadis*. The recipes included *dalia*, *khichdi*, boiled *chana*, *soyabean*, *loabia*, *gurpatti* and *panjiri* which were prepared at the *anganwadis*, daily or as required (except *panjiri* which was supplied by the Panjiri Plants). This continued upto November 1993 whereafter, due to arduous and dilatory procedures involved in the procurement of raw material, the Department decided to switch over to 'ready to eat' (RTE) food to be procured direct from the manufacturers. The RTE food consisted of (i) Sweet Ready Mix (SRM) made of wheat floor, groundnut floor, sugar and milk powder intended to be served to children in the age group of 6 months to 1 year (69 gms per day) and (ii) wheat puff, *soya* nuts, baked peanuts, etc. for children in the age group of 1-6 years (40-47 gms, per day) and expectant/nursing mothers (53-62 gms, per day).

The following points were noticed:

(a) Without inviting tenders and merely on the basis of a visit of Commissioner and Secretary to Government of Haryana (Social Welfare Department) in September, 1993 to a State Government undertaking of Andhra Pradesh, an order for the supply of 5,770.58 quintals of SRM (in powder form) at the cost of Rs.64.92 lakhs was placed (3 November 1993) by the Department on the said undertaking against their quotation dated 3 November 1993. The entire quantity, with shelf life of 60 days, was received by the CDPOs between 17 November 1993 and 13 January 1994 and the payment released to the undertaking. The supply order stipulated that samples of the supplies would be got tested in the State Government laboratory; however, no such test was conducted. After the receipt of two consignments (4,363 quintals), the Department informed (21 December 1993) the undertaking that the stuff was neither well roasted nor adequately sweetened and requested for the removal of these defects. The undertaking, however, despatched the remaining quantity of 1,407.58 quintals without removing these defects. According to the reports received (November/December 1994) from the Programme Officers, Panipat, Ambala and Rohtak, the stuff was not liked/accepted by the beneficiaries and the mothers reported cases of dysentery in children. In 6 CDPOs test-checked, it was noticed that

17,478 k

June 199

failure of

The expe

sample te

intended

bas

(b)

against th

food.

I

(c)

1993, the

However,

from a tr

publishing

Programn

regarding

(d)

Rs.1.99 1

nursing/ex

for the cor

3.2.9

Gharaunda

Rs.23.37

machinery

(1977-78)

the Social

production

that of the

3

4

17,478 kgs valued at Rs.1.96 lakhs was served between March 1994 and June 1994 to children, after 60 to 180 days of its shelf life, due to the failure of the Department to intimate the shelf life of the SRM to CDPOs. The expenditure of Rs.64.92 lakhs on ready to eat food procured without sample testing either before or after placing orders thus did not serve the intended purpose.

(b) In 3 districts³, feeding was provided for only 240 days against the prescribed 300 days during 1994-95 due to late receipt of RTE food.

(c) After switching over to the RTE food from November 1993, the Department no longer required utensils for cooking purposes. However, 913 *patilas* costing Rs.3.16 lakhs were purchased (June 1994) from a trading firm of Hisar engaged in the business of printing and publishing. 135 *patilas* (Rs.0.47 lakh) were lying idle in the office of the Programme Officer, Faridabad as of 31 December 1994. Information regarding the remaining *patilas* costing Rs.2.69 lakhs was not available.

(d) In 159 *anganwadis* of 4 districts⁴, baked *soyanuts* valued at Rs.1.99 lakhs, meant for children above the age of 1 year and nursing/expectant mothers, were shown issued (January-December 1994) for the consumption of infants under the age of 1 year.

3.2.9 Panjiri plants

There were 2 Panjiri plants, one each at Gurgaon and Gharaunda. The Gurgaon plant was set up in January 1983 at the cost of Rs.23.37 lakhs (land: Rs.6.29 lakhs; buildings: Rs.9.76 lakhs; and machinery: Rs.7.32 lakhs). The Gharaunda plant, originally installed (1977-78) by the Education Department was transferred (March 1991) to the Social Welfare (Women and Child Development) Department. The production capacity of the Gurgaon plant was 5,850 quintals per year, and that of the Gharaunda plant 5,520 quintals per year.

3 Faridabad, Panipat and Rohtak.

4 Ambala, Faridabad, Hisar, and Rohtak.

The following points were noticed:

(i) Loss due to fire and injudicious purchases

Due to leakage of an oil pipeline, fire broke out in the Gurgaon plant on 14 December 1992 damaging the building, boiler, electric motor, etc. Repairs were taken up from November 1993 and expenditure of Rs.1.65 lakhs was incurred on repair of the building (Rs.0.90 lakh) and repair/replacement of machinery (Rs.0.75 lakh). The plant re-started from 29 March 1994. For this fire and the consequential loss, the Department held (March 1995) the manager, the mechanical supervisor and the electrical supervisor responsible and out of the total loss of Rs.1.65 lakhs, Rs.0.33 lakh were ordered for recovery from the electrical supervisor. Further developments about the actual recovery from the electrical supervisor were awaited (May 1995).

Meanwhile, 2,90,593 kgs of wheat purchased at the cost of Rs.9.23 lakhs in March 1992 (Rs.3.23 lakhs) and March 1993 (Rs.6.00 lakhs) and 6,827 kgs gram-pulse (Rs.0.54 lakh) purchased in July 1992 for preparing *panjiri* remained in the godowns as of October 1994 and became unfit for human consumption. There was no justification for the purchase of wheat in March 1993 (Rs.6.00 lakhs) when wheat worth Rs.3.23 lakhs was already lying unused in the godowns and the plant was not working. In November-December 1994, the Haryana Supply and Marketing Federation (HAFED) lifted 2,78,238 kgs wheat (Rs.8.35 lakhs) and 6,171 kgs gram-pulse (Rs.0.34 lakh) against payment received in January-March 1995. Unnecessary purchase of wheat at the cost of Rs.6.00 lakhs in March 1993 resulted in blocking up of funds for 20 months (April 1993 to November 1994) on which Government lost Rs.1.35 lakhs by way of interest. The balance wheat and gram-pulse valued at Rs.0.88 lakh and Rs.0.20 lakh respectively was stated (December 1994) by the Manager, Panjiri plant as having perished due to prolonged storage and was proposed to be written off.

(ii) Shortage of stores

Physical verification of stores and stocks of the Gharaunda plant conducted by the internal audit cell of the Department in September-

Nove
at Rs
was r
been
May
had n
the ev

(iii)

manu
Rs.1.
Octo
const
harm
const
audit

(iv)

and
Of th
Octo
teste
cons
write
take-
(Ma

(v)

emp
plan-
199
fina

November 1991 revealed shortage of wheat, sugar and gram-pulses valued at Rs.2.63 lakhs. The Manager informed (October 1994) that the matter was receiving attention of the Department to whom these shortages had been reported in August 1992 and July 1993. The Department stated in May 1995 that the enquiry was being conducted. Thus, the Department had not finalised action even after more than 3 years of the occurrence of the event.

(iii) Consumption of panjiri beyond shelf life

The shelf life of *panjiri* is 90 days from the date of manufacture. Three CDPOs received 17,633 kgs *panjiri* valued at Rs.1.87 lakhs from Panjiri Plant Gurgaon, between February 1989 and October 1991. These were supplied late to beneficiaries and were consumed after a gap of 90 to 270 days during July 1989- May 1992. The harm caused to the children/expectant or nursing mothers due to consumption of *panjiri* after expiry of shelf life was not ascertainable in audit.

(iv) Loss due to long storage

Gharaunda *panjiri* plant purchased between October 1992 and March 1993, 393 quintals gram-pulses at the cost of Rs.3.92 lakhs. Of this, 46 quintals (Rs.0.52 lakh) remained unprocessed for *panjiri*. In October 1993, a sample of the unprocessed material was got chemically tested in the Government laboratory and was found unfit for human consumption. The Manager stated (October 1994) that the matter for write-off had been referred to the Department and further action would be taken on receipt of reply. Further developments were not made available (May 1995).

(v) Non-disposal of unusable items

3,427 used and empty tins, 11,695 gunny bags and 50 empty drums costing Rs.1.85 lakhs were awaiting disposal in the *Panjiri* plants since 1990-91. The Manager of the Gurgaon plant stated (October 1994) that these items could not be auctioned for want of adequate financial powers and that he had asked the Department to enhance his

auctioning powers. The Manager of Gharaunda plant stated (July 1995) that empty drums were being transferred to Programme Officer, Karnal for disposal. Further developments were not made available (May 1995).

(vi) **Idle wages**

The services of 7 daily labourers, who had rendered 16 months of services in the Panjiri plant, Gurgaon were terminated between June 1986 and July 1988 due to non-availability of work. At the time of retrenchment they were given neither any notice nor pay *in lieu* thereof nor retrenchment compensation. All the labourers filed (1989) suits in the Industrial Tribunal-cum-Labour court, Gurgaon which held (July 1993) the retrenchment illegal and *ultra vires* of the provisions of the Industrial Disputes Act, 1947 as all of them had rendered 240 days of continuous service. The award of the Labour Court was got implemented by the petitioners through the Hon'ble High Court of Punjab and Haryana and all the 7 labourers had to be taken back in service (December 1993) and arrears of back-wages aggregating Rs.1.94 lakhs were paid. Due to injudicious action in retrenching the staff against the procedure, the Department, had to bear the expenses for the period during which the labourers were not working.

3.2.10 **Drawal of funds in advance of requirement**

In March 1994, Rs.33.92 lakhs were drawn by the Director from the treasury for the purchase of steel trunks (Rs.10.09 lakhs), utensils (Rs.9.51 lakhs), pictorial charts (Rs.4.89 lakhs), iron buckets (Rs.2.78 lakhs) and miscellaneous items (Rs.6.65 lakhs). Of these, pictorial charts were purchased in May 1994 for Rs.4.89 lakhs and the balance Rs.29.03 lakhs was lying undisbursed (December 1994) in the shape of RTRs, entailing an interest loss of Rs.2.94 lakhs for the period April-December 1994.

3.2.11 **Monitoring and evaluation**

Anganwadis were the basic unit of the entire system and the quantum, quality and regularity of providing supplementary nutrition depended on their efficient functioning. The *anganwadi* workers submitted progress reports every month to CDPOs through supervisors for

checki
But th
officer
thé he
mothe
ascerta

reply l

3.3

Deve
cultiv
were
adver
obtai
and e
the I

mini
the I
after
mini
Dire
33 1
farn
lakh
acre
(Me
wou
sear
who
rair

checking and consolidation and for further reporting to the Directorate. But the accuracy of their reporting was never verified by any responsible officer of the Department. The impact of the programme on improving the health status of malnourished children, and expectant and nursing mothers had also not been evaluated by any agency of the Department to ascertain the gains of the programme.

These points were referred to Government in June 1995; reply has not been received (August 1995).

Agriculture Department

3.3 Loss due to late sowing of sunflower seed

Under the National Oilseed and Vegetable Oils Development Board (NOVOD) scheme for promotion of sunflower cultivation, hybrid sunflower mini-kits (packet of 2 kgs of hybrid seed) were supplied free of cost, to farmers for sowing. To avoid having adverse effect on sunflower crop quality and yield due to rains and to obtain higher yield, the crop was required to be sown between 15 January and end of February each year according to the production programme of the Department.

Under the aforesaid scheme, order for the distribution of minikits was, however, placed by the Director, Agriculture, Haryana with the Haryana Seeds Development Corporation on 24 February 1993 i.e. after the recommended sowing season was almost over. Of the 353 minikits received (March 1993) from the Corporation by the Deputy Director of Agriculture (DDA), Jind for sowing in Narwana sub-division, 33 minikits only could be supplied by the Department and sown by farmers in March 1993. The remaining 320 minikits valued at Rs. 0.97 lakh were supplied by the DDA and sown by farmers in an area of 320 acres, during July-August 1993. The Director of Agriculture stated (March 1995) that germination quality of the leftover sunflower seeds would have been destroyed if these were kept in stock for the next sowing season. However, according to production reports of the Department, the whole crop grown in the area of 320 acres was destroyed due to excessive rains.

Thus, late supply of 320 minikits to the farmers in July-August 1993 though received in March 1993 and consequential delayed sowing of crops in adverse weather conditions, resulted in loss of Rs. 0.97 lakh to Government and also deprived the farmers from yield of 1,494 quintals of crop with estimated value of Rs. 12.70 lakhs.

The matter was referred to Government in February 1995; reply has not been received (August 1995).

3.4 Outstanding inspection reports/paragraphs

Audit observations on financial irregularities and defects in the maintenance of initial accounts, noticed during local audit and not settled on the spot, are communicated to the heads of offices and to the next higher authorities through inspection reports for prompt action and settlement. Important irregularities are reported to the Heads of Department and Government. Half-Yearly reports of audit observations outstanding for more than six months are also sent to Government to get their settlement expedited.

A review of the outstanding inspection reports relating to the Agriculture Department revealed that action was pending as of June 1995 in respect of 522 paragraphs contained in 284 inspection reports issued upto December 1994, as detailed below:

Year	Number of inspection reports	Number of paragraphs	Money value (Rupees in lakhs)
Up to			
1989-90	83	126	489.85
1990-91	33	55	151.60
1991-92	54	87	244.87
1992-93	52	98	898.11
1993-94	45	116	2823.93
1994-95	17	40	177.24
(Up to December 1994)			
Total	284	522	4785.60

Of the 284 inspection reports issued upto December 1994, even the first replies to 28 inspection reports containing 84 paragraphs,

which were required to be submitted within six weeks, had not been received in Audit as of June 1995. In 12 other cases first replies were received with delay ranging between 20 days and 6 months.

The more important types of irregularities commented upon in inspection reports which are pending settlement broadly fall under the following categories.

Nature of irregularity	Number of paragraphs	Money value (Rupees in lakhs)
1. Non-receipt of utilisation certificates	4	2117.63
2. Recoveries outstanding from other departments/organisations/ individuals	39	855.28
3. Irregular/non-utilisation of subsidy	26	438.99
4. Non-observance of rules relating to custody and handling of cash reconciliation of withdrawals from treasury and maintenance of cash book	66	345.46
5. Irregular expenditure on defective expired pesticides	28	276.26
6. Drawal of funds from treasury to avoid lapse of budget grants	16	204.73
7. Irregular purchases/expenditure	92	184.60
8. Irregular payment of pay and allowances, travelling allowance and bonus	70	153.96
9. Amount held under objection for want of actual payees' receipts	44	122.58
10. Misappropriation/shortages/ losses/theft of cash/stores	48	30.14
11. Payment of idle wages	17	21.94
12. Blocking of funds/idle machinery	14	19.27
13. Non-adjustment of advances	19	7.96
14. Non-disposal of unserviceable store articles/vehicles	39	6.80
Total	522	4785.60

The matter was referred to Government in June 1995; reply has not been received (August 1995).

Animal Husbandry Department

3.5 Uneconomical working of Liquid Nitrogen Gas plants

For livestock breed improvement programme, the Department imported two Sulzer make Liquid Nitrogen Gas (LNG) plants (cost:Rs.52 lakhs) from United Kingdom which were set up at Jagadhri and Karnal in October 1988 and January 1990 respectively. According to the norms intimated (February 1995) by the Department, the production capacity of LNG was 10 litres per hour. The plants normally function for 289 days on an average in a year.

During audit of the records of the Semen Bank Officers, Animal Husbandry, Jagadhri and Karnal, it was noticed (February 1995) that against 2,312 available days, the two plants actually worked only for 790 days (34 per cent) during 1991-95 producing 46,353 litres of LNG at the cost of Rs.7.90 lakhs with average production ranging between 5.2 and 8.5 litres as against the normal production capacity of 10 litres per hour. Consequently, the Department had to purchase 48,814 litres gas from the market for meeting its requirement. Further, computed on the basis of direct and indirect expenditure incurred, the average cost of production of one litre LNG ranged between Rs.13.37 and Rs.19.83 (1991-92 and 1992-93), Rs.14.45 and Rs.29.21 (1993-94) and Rs.18.48 and Rs.18.50 (1994-95) against comparatively lower market price of Rs.6.69 to Rs.6.70 (1991-92 and 1992-93), Rs.9.02 to Rs.9.63 (1993-94) and Rs.9.99 to Rs.10.02 (1994-95). The market value of 46,353 litres of gas produced during the period 1991-95 works out to Rs.3.93 lakhs. Thus, the loss sustained by the Department on the quantity of gas produced was Rs 3.97 lakhs.

The running of the plants at lower than the normal capacity and lower production of LNG was attributed by the respective Semen Bank Officers (Jagadhri and Karnal) to frequent breakdowns, delay in after sales service and non-availability of spare parts in India. The Director, Animal Husbandry, Haryana, Chandigarh also observed (July

1992) that the erratic operation of these plants was adversely affecting the breeding programme of the Department.

Thus, due to lack of adequate and effective steps for improving the working of plants, the Department sustained loss of Rs.3.97 lakhs during 1991-95. Besides, investment of Rs.52 lakhs in setting up the plants remained largely unfruitful.

The matter was referred to Government in June 1995; reply has not been received (August 1995).

Education Department

3.6 Inadmissible payment of prize money

To enrol and retain girl students from scheduled caste community in primary classes in schools by giving them some monetary benefit, an incentive scheme of attendance prize was introduced in 1979-80 in the State. Under this scheme, scheduled caste girl students, whose parents/guardian's annual income did not exceed Rs.10,000 and whose attendance in a month was not less than 70 *per cent*, were entitled to attendance prize money at Rs.10 per month each. The payment of attendance prize money was not admissible during the summer vacation as the condition of 70 *per cent* of attendance would not be fulfilled.

During test-check of records in 23 blocks of six districts¹, it was noticed (September-December 1991) in audit that while the schools had remained closed for summer vacation from 25 May to 5 July each year (1984 to 1991), the prize money at Rs.10 per month continued to be paid during 1984 to 1991 in all the blocks for the month of June each year. The Department as such had made inadmissible payment of attendance prize money of Rs.11.32 lakhs.

On this being pointed out (January 1992) in audit, Government, after delay of two years, directed (May 1994) the Director, Primary Education, Haryana to fix responsibility for the inadmissible payments and take necessary action against the concerned

officials/officers. Neither any responsibility had been fixed nor any order issued for stoppage of future payments as of March 1995.

Further scrutiny of records revealed (August 1995) that out of 8 blocks of Gurgaon district, payment (Rs.1.99 lakhs) of prize money for the month of June was made in 6 blocks each in 1992 (Rs.0.74 lakh) and 1993 (Rs.0.72 lakh) and in 4 blocks in 1994 (Rs.0.53 lakh). Had timely directive been issued to the Director, Primary Education to stop future payments, overpayment of Rs.1.99 lakhs could have been avoided. The total overpayment might be much more if the figures are worked out for all districts.

3.7 Delay in construction of buildings

The Centrally sponsored scheme of 'Restructuring and Reorganisation of Teachers Education' introduced from 1987-88 envisaged, *inter alia*, setting up of District Institutes of Education and Training (DIETs) to provide pre-service and in-service training in the field of elementary, secondary, adult and non-formal education. For this purpose, the Government of India, Department of Education in the Ministry of Human Resource Development, sanctioned between March 1988 and January 1993, twelve DIETs¹ for Haryana State. Each DIET was to be set up in a new building comprising teaching blocks, boys and girls hostels, staff quarters, besides campus roads and boundary walls. For construction works, estimated at Rs.50 lakhs to Rs.62.50 lakhs per DIET, funds aggregating Rs.669 lakhs received as grants-in-aid from the Government of India were deposited with the Public Works Department (Buildings and Roads) during 1988-89 and 1990-91 to 1993-94; land was provided free of cost by the village *panchayats*.

It was noticed (February - April 1995) in audit that construction of buildings of 4 DIETs² had not been commenced as of 30 April 1995 and all these DIETs were functioning from the *panchayat/school* building. The building of the other DIETs were incomplete, (except the DIET at Gurgaon), in as much as :

1 March 1988 (2), March 1989 (6) and January 1993 (4)

2 Matrisham (Hisar), Pali (Faridabad), Palwal (Kurukshetra) and Shahpur (Karnal)

- (i) construction of boys hostel had not been commenced in 5 DIETs³;
- (ii) public health amenities (toilets and water supply) had not been provided in the girls hostel in 3 DIETs⁴;
- (iii) staff quarters had not been constructed or only partly constructed in six DIETs⁵,
- (iv) campus roads/ boundary walls had not been taken up for construction or were lying incomplete in all the DIETs except at Iccus.

These DIETs were, thus, functioning from incomplete buildings with poor infrastructural facilities which adversely affected the training programme and each DIET could set up only 3 academic branches against the prescribed 7 branches. Further, in all these DIETs only 531 candidates were admitted for 'Diploma in Education' and 'Language teacher' courses against the intake capacity of 1,800 candidates, and against the capacity of training 38,640 in-service candidates only 8,105 candidates were trained (1989-90 to 1994-95). The Engineer-in-Chief, Public Works Department (Buildings and Roads) attributed (January and July 1995) non-commencement/non-completion of works to inadequacy of funds and non receipt/delayed receipt of administrative approval and non-finalisation of sites. The reply was not, however, tenable as, out of the deposits of Rs.669 lakhs, the Public Works Department had an unspent balance of Rs.226.39 lakhs as of 31 March 1995. Further developments were awaited (August 1995).

The matter was referred to Government in June 1995; reply has not been received (August 1995).

3 Birhi-kalan (Bhiwani), Beeswanmil (Sonapat),Ding (Sirsa), Madina (Rohtak) and Mohindergarh

4 Beeswanmil (Sonapat), Ding (Sirsa) and Madina (Rohtak)

5 Birhi-kalan(Bhiwani),Beeswanmil (Sonapat), Ding (Sirsa),Iccus (Jind), Madina (Rohtak) and Mohra (Ambala).

Forest Department

3.8 Extra expenditure

In order to achieve the massive need based and time bound programme of afforestation and tree planting, with particular emphasis on fuel wood and fodder development on forest and non-forest land, the Department adopted (November 1984) a specific schedule of rate for different operations based on daily wage of Rs.13 per day. In case of increase in the daily wage, premium was to be allowed proportionately only on manual operations and not on the carriage of soil, manure and plants, etc. through tractors or on other mechanical operations.

During test-check of records in audit of 12* divisions in the State, it was noticed during June 1993 to January 1995 that premium was paid on items such as carriage of plants, soil and manure while executing different works between 1992-94. Thus, due to incorrect application of the premium, the Department had to bear an extra expenditure of Rs.17.55 lakhs.

On this being pointed out in audit, the Principal Chief Conservator of Forest issued (February 1995) orders for the recovery of Rs.5.34 lakhs pertaining to 5 divisions. Further developments were awaited (May 1995).

The matter was referred to Government in June 1995; reply has not been received (August 1995).

Housing Department

3.9 Avoidable liability of interest

To finance the Low/Middle Income Group Housing and Rural Housing schemes, the State Government raises loans from the Life Insurance Corporation of India (LIC) and the General Insurance Corporation (GIC) of India at an agreed rate of interest payable by the State Government. As per terms and conditions of agreement for the loans, the date of the cheque drawn by the lender or the date of telegraphic

* Social Forestry Projects Ambala, Faridabad, Territorial Divisions, Ambala, Bhiwani, Gurgaon, Mohindergarh, Rohtak (Arawali)- Dadri, Narnaul, Sohana, (Morni)-Pinjore, Seed collection, Pinjore.

transfer in disbursement of the loan is taken to be the date from which interest shall begin to accrue in favour of such lender. The loans are disbursed to the beneficiaries under these schemes by the Deputy Commissioners of the district after issue of sanction/allocation of funds to them by Government. The interest on loans becomes due from the beneficiaries only after receipt of the amounts of loans by them.

The following points were noticed in audit conducted during May 1994 to June 1995:

(i) The Department arranged loans of Rs.24.71 crores for the housing schemes through bank draft/cheques drawn by GIC/LIC during 1992-93 and 1993-94 for Rs.19.58 crores and Rs.5.13 crores, respectively. Sanctions/allocation of these funds to Deputy Commissioners for incurring expenditure under the schemes were, however, issued late, by Government during 1993-94 and 1994-95, the delay ranging between 6 to 12 months from the date of drawal of bank draft/cheque by the lenders. This resulted in avoidable liability of interest of Rs.2.49 crores, worked out at the rate of 13 to 13.41 *per cent* per annum during these years as the amount was not recoverable from the beneficiaries. Reasons for late issue of sanctions/ allocation of funds for disbursement were not intimated (April 1995).

(ii) Test-check of records in 8 selected districts* further revealed that the Deputy Commissioners drew Rs.1260.23 lakhs from the treasuries after delays ranging upto 7 months from the date of issue of sanction/allocation of funds by Government, thus creating further liability on the State for payment of interest amounting to Rs.30.24 lakhs during this period in these districts.

(iii) The amounts drawn by the Deputy Commissioners were kept in savings accounts in banks/post offices till their disbursement to beneficiaries, for periods ranging upto 12 months. In some cases, these were partly refunded to treasury. Delay in actual disbursement of amounts to beneficiaries resulted in further liability of payment of interest of Rs.83.24 lakhs, during the aforesaid two years (being the difference between the amount of interest payable at the rates of 13 to 13.41 *per cent*

*

Ambala, Bhiwani, Hisar, Karnal, Kaithal, Kurukshetra, Panipat and Yamuna Nagar.

per annum to the lenders and that earned at the rate of 5 to 5.5 per cent per annum on saving accounts) in the districts test-checked.

The Deputy Commissioners concerned stated (March 1995 and June 1995) that delay in disbursement of loans was due to submission of incomplete applications by the beneficiaries and time taken by them to complete other formalities for grant of loans. The contention of the Department was not acceptable since interest bearing loans should have only been borrowed/drawn after applications received from the beneficiaries had been processed and requirement of demand properly assessed. No record of assessment of the requirement of loan and demands sent to Government for the purpose had been maintained and shown to audit.

The matter was referred to Government in June 1995; reply has not been received (August 1995).

Horticulture Department

3.10 Idle equipments

The Government of India sanctioned Rs. 0.85 lakh (March 1983) and Rs. 1.80 lakhs (November 1986) as grant-in-aid for the purchase and installation of machinery to establish Food Processing and Nutrition Centre at Nasibpur (Mohindergarh district). It comprised 5 units viz., (i) Fruit and Vegetable preservation, (ii) Bakery, (iii) Weaning food, (iv) Oil extraction and (v) Nutrition education. The amounts were drawn by the Director of Horticulture, Haryana and passed on to the Chief Executive Officer, District Rural Development Agency (DRDA), Narnaul, the implementing agency during 1983-84 and 1986-87. The DRDA purchased between November 1986 and March 1987 different items of machinery and accessories valued at Rs. 2.19 lakhs for units at (ii) to (iv) *ibid.*

According to the report (December 1990) of the Deputy Technical Advisor, Department of Food, Government of India, the plant and machinery purchased for these three units had not been installed (July 1995). The building earmarked for the purpose was not sufficient to accommodate the units. The Director of Horticulture, Haryana informed (December 1991) the Government of India that there was inadequate

water supply and that production of fruits and vegetables, the main raw material, in areas around Nasibpur was minimal. It was further mentioned that it had been decided to shift the centre to Karnal. However, it was noticed (May 1994) in audit that the machinery was not installed at Karnal as the site was unsuitable, being far away from the city; it was later on shifted (October 1994) to Fatehpur near Panchkula.

The Director of Horticulture, Haryana, intimated (October 1994) that the machinery could not be installed as the staff had no expertise for installation of such machinery and that the machinery for unit (ii) to (iv) would be hired out to some private party.

Injudicious selection of sites for locating the centre and purchase of machinery in the absence of the required infrastructural facilities viz., raw material and trained manpower, resulted in the machinery lying idle for 8 years since 1986. It also defeated the basic objectives of the scheme depriving the beneficiaries of the benefits, with the expenditure of Rs.2.19 lakhs on purchase of machinery remaining infructuous.

The matter was referred to Government in May 1995; the reply has not been received (August 1995).

Jail Department

3.11 Injudicious purchase

Financial rules provided that stores should be purchased in accordance with definite requirement and that care should be taken not to purchase stores much in advance of actual requirement.

The Jail Manual, *inter alia*, provides that jail factories may manufacture articles to meet their own requirements and those of other departments and also for sale to public. Assessment of requirements/demand was, therefore, pre-requisite for purchase of raw material/manufacture of an article.

It was noticed (February 1995) in audit that in District Jail, Bhiwani, which could manufacture 19,000-20,000 metres of *tat-patti** in a

* Tat-patti is a type of floor mat woven out of sutli.

month consuming 100 quintals of *sutli*, 1,518.76 quintals of *sutli* was available in stores at the end of 31 March 1993. Average consumption of *sutli* per year during 1990-93 was 426 quintals, the maximum consumption being 561 quintals in 1990-91. Based on this average, the stock of *sutli* at the end of March 1993 was sufficient to meet the requirement for the next 3 years. Yet order for the supply of 1,300 quintals more of *sutli* was placed (September 1993) on a Calcutta based firm against which 822.85 quintals valued at Rs. 14.12 lakhs was received in June-July 1994 and accepted after prior inspection in October 1993. Order for the remaining quantity was cancelled (August 1994) as the firm failed to make further supply according to the approved specification. Between April 1993 and January 1995, only 488.15 quintals of *sutli* were consumed for manufacture of *tat-patti* leaving balance of 1,853.46 quintals; valued at Rs.31.81 lakhs sufficient for manufacturing over 3 lakh metres *tat-patti* at the end of January 1995.

Superintendent, District Jail, Bhiwani intimated (March-July 1995) that production of *tat-patti* had been held up since no order for supply was pending with the jail and that there was no other Government manufacturing unit where this raw material could be distributed. Purchase of 822.85 quintals of *sutli* was, thus, without requirement and was injudicious thereby resulting in blocking of Government funds of Rs.14.12 lakhs.

The matter was referred to Government in June 1995; reply has not been received (August 1995).

Lotteries Department

3.12 Delayed transfer of receipts to Government account

In order to facilitate the transfer of money collected on sale of lottery tickets by sales offices located outside the State to head office at Chandigarh, the Director of Lotteries, with the approval of Government, opened (September 1993) two bank accounts at Lucknow (Punjab National Bank) and Varanasi (Oriental Bank of Commerce). According to the instructions issued (October 1993) by the Director of Lotteries, the Manager of bank at Lucknow was required to transfer the money deposited by sales officers to its branch at Chandigarh, on every Tuesday

upto 15 November 1993 and thereafter as and when the balance exceeded Rs.0.10 lakh. On 3 December 1994, the Department opened two more accounts with Central Bank of India at Lucknow with directions to transfer the accumulated balances to its branch at Chandigarh at the end of each week, leaving a minimum balance of Rs.100.

Notwithstanding these instructions issued by the Department for prompt transfer of money, it was noticed (March 1995) in audit that the banks at Lucknow, besides retaining huge balances upto Rs.348.68 lakhs in the account during the period September 1993 to March 1995, took considerable time, 4 to 42 days, beyond the period/days specified as per directions of the Director, for the transfer of amounts to their branches at Chandigarh. Further, the bank branches at Chandigarh also considerably delayed (2 to 19 days) the accountal of the transferred amounts in their books. The matter regarding delay in remittance of money and retaining huge amounts by the banks at Lucknow and late accountal by Chandigarh banks was never taken up with the banks by the Director. The delays had resulted in undue benefit of interest to the banks and consequential interest loss to Government which worked out to Rs.36.66 lakhs for the period September 1993 to March 1995 calculated at the rate of 13.5 *per cent* for 1993-94 and 12.5 *per cent* for 1994-95.

It was further noticed that Director of Lotteries had issued cheques after 1 to 216 days of the accountal of transferred money by the Chandigarh branches of the respective banks for depositing the money in Government accounts. Delay in issuing cheques for depositing the amount of Rs.2359.49 lakhs in Government account for varying periods between December 1993 and March 1995 resulted in loss of interest of Rs.21.19 lakhs calculated at the rates *ibid*.

The records relating to deposits made by the sales officer, Varanasi with the Oriental Bank of Commerce and further transfer thereof to its branch at Chandigarh were not made available to audit.

The matter was referred to Government in June 1995; reply has not been received (August 1995).

Revenue Department

3.13 Inadmissible payment of gratuitous relief

According to the instructions issued (July 1993) by the State Government, gratuitous relief was admissible for repair of houses at Rs.2,000 per *pucca* house and Rs.1,200 per *kacha* house to those persons whose houses were substantially damaged by floods/heavy rains and who were not left with any habitable accommodation. Damage above 25 per cent was considered substantial. The relief was admissible to those persons only who could not resort to insurance and were unable to bear the loss.

Test-check of the records relating to the flood relief payments made by District Revenue Officers, Sirsa and Bhiwani, conducted in June-July 1994 revealed as under :

(i) In 199 cases of Sirsa district, damage to the houses, as per the survey reports, was found to be either 25 per cent or below 25 per cent and the beneficiaries were thus, not entitled to the relief of Rs.3.74 lakhs paid to them under the scheme.

(ii) Similarly, in 187 cases (Sirsa : 68, Bhiwani : 119) inadmissible payment of Rs.2.67 lakhs (Sirsa : Rs.1.00 lakh, Bhiwani : Rs.1.67 lakhs) had been made where, as per the survey reports, the beneficiaries owned one or more than one habitable accommodation after damage of one house for which gratuitous relief was allowed.

(iii) Apart from the above, there were no certificates on record that payments had been made only to those persons who could not resort to insurance and were unable to bear the loss.

On this being pointed out in audit in June-July 1994, the Deputy Commissioner, Bhiwani informed (January 1995) Government that the fact of owning more than one habitable accommodation was incorrectly mentioned in the survey reports due to clerical error. Similarly, the Deputy Commissioner, Sirsa intimated (April 1995) Government that in 144 cases (relief amount : Rs.2.80 lakhs) 25 per cent damage was shown in the survey reports due to clerical mistake and the

dama
(relie
whic

to Au
the s
docur
facts :

3.14

regula
disbur-
Depar-
the lo
superv
benef-
disbur
month
from
payab
disbur

despit
office

*

damage was actually more than 25 *per cent*. In the remaining 55 cases (relief amount : Rs.0.94 lakh) the irregular payments were admitted for which action was reported to be under way.

Replies in the both the cases were endorsed by Government to Audit in March and June 1995. The replies are, however, not tenable as the survey reports duly signed by authorised officers constitute basic documents and payment should have been regulated on the basis of the facts mentioned in these reports.

Social Defence and Security Department

3.14 Pension disbursement allowance

With a view to ensuring disbursement of old age pension regularly by 7th of every month and also to reduce the cost of disbursement of pensions being paid through money orders, the Department decided (November 1991) to disburse these pensions through the local Revenue Officers/staff. The Patwaries, designated as pension supervisors, were responsible for disbursement of pension to all the beneficiaries by 7th of every month and tender a certificate of disbursement. For this work, Revenue Officers/staff were to be paid each month pension disbursement allowance (PDA) at a monthly rate* ranging from Rs.50 to Rs. 200. As per sanctions issued by Government, PDA was payable only to those officers/officials who had actually handled pension disbursement work.

It was noticed in audit during June-August 1994 that despite paying monthly pension disbursement allowance to the officers/staff of the Revenue Department regularly, the disbursements of

* Chowkidar: Rs.50; Patwari: Rs.100; Kanungo: Rs.150 and Tehsildar/Naib-Tehsildar: Rs.200.

old age pension were delayed in the State during the period 1991-92 to 1993-94 as below :

Month of Pension	Month of disbursement
July 1991 to September 1991	October 1991
October 1991 and November 1991	December 1991
December 1991 and January 1992	February 1992
January 1993 and February 1993	May 1993
March 1993 and April 1993	July 1993
May 1993 and June 1993	August 1993
July 1993 and August 1993	October 1993

Thus, pension amounts required to be disbursed 15 times on 7th of every month during the above period of 15 months (July 1991 to January 1992 and January 1993 to August 1993) were actually paid only 7 times with bunching of the payments. Irrespective of the delay in releasing the pension payments, PDAs were paid to the local Revenue Officers/staff for all the 15 months. Avoidable overpayments on this account between July 1992 and October 1993 in ten districts* amounted to Rs.17.26 lakhs.

On this being pointed out in audit (December 1994 and March 1995), Government regularised (June 1995) the overpayment of PDA amounting to Rs.17.26 lakhs to the officials instead of effecting recovery. The Director, Social Defence and Security Department, Haryana further stated (August 1995) that Government had principally agreed to pay PDA on monthly basis with effect from 1 April 1995 irrespective of the fact whether pension was disbursed monthly or otherwise. The reply is not tenable as the order of Government does not ensure the timely disbursement of pension to the beneficiaries every month and defeats the very purpose of the scheme.

* Ambala, Bhiwani, Gurgaon, Karnal, Kurukshetra, Mohindergarh, Panipat, Rewari, Sirsa and Sonapat

General

3.15 Misappropriations, defalcations, etc.

Cases of misappropriation, defalcation, etc. of Government money reported to Audit upto the end of March 1995 on which final action was pending at the end of May 1995 were as under:

	Number	Amount (Rupees in lakhs)
1. Cases reported upto the end of March 1994 and outstanding on 31 May 1995	314	97.72
2. Cases reported between April 1994 and March 1995	9	14.99
Total	323	112.71
Cases closed between September 1994 and May 1995.	19	1.94
Balance	304	110.77

The department-wise break-up of the cases in which final action was pending at the end of May 1995 is indicated in Appendix-VII.

Of these, 185 cases (Rs.47.59 lakhs) were outstanding for more than 5 years.

233 cases involving Rs.69.60 lakhs were outstanding with Irrigation, Public Health, Education, Building and Roads, Transport and Forest departments.

The matter was referred to Government in June 1995; reply has not been received (August 1995).

3.16 Write off of losses, revenue, etc.

During 1994-95, Rs.1.74 lakhs, representing losses due to theft, shortages, irrecoverable revenue, etc. were written off in 10 cases, as per details given in Appendix - VIII.

Finance Department

3.17 Follow-up on Audit Reports

According to the instructions issued (December 1991) by the Finance Department and reiterated in February 1994, the Administrative Departments should initiate, *suo-motu*, positive and concrete action on all audit paragraphs and reviews figuring in the Comptroller and Auditor General's Audit Reports regardless of whether the cases are taken up for examination by the Public Accounts Committee or not. They should also furnish detailed notes, duly vetted by Audit, indicating the corrective/remedial action taken or proposed to be taken by them within a period of three months of the presentation of the Audit Reports to the Legislature.

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the Audit Reports up to the period ending 31 March 1993 revealed that though the Audit Reports for the period 1990-93 were presented to the State Legislature on 21 December 1992, 30 August 1993 and 12 September 1994 respectively, 19 Administrative Departments have not submitted the remedial/corrective Action Taken Notes on 91 paragraphs/reviews as per details given in the Appendix-IX.

The matter was referred to Government in September 1995; reply has not been received (November 1995).

4.1

4.1.1

census
these v
sponsor
from 1
1977-7
(MNP)=
was to
village
where

4.1.2

Sanita
rural &
also r
object
placed
funds
were
under

CHAPTER - IV

WORKS EXPENDITURE

Public Health Department

4.1 Rural Water Supply Schemes

4.1.1 Introduction

The number of villages in the State according to the 1991 census was 6,759 with 124.09 lakh inhabitants. Water supply schemes in these villages were being executed under the 100 *per cent* Centrally sponsored Accelerated Rural Water Supply Programme (ARP) introduced from 1975-76, Desert Development Programme (DDP) introduced from 1977-78, and 100 *per cent* State funded Minimum Needs Programme (MNP) implemented from 1975-76. The main objective of these schemes was to provide 40 litres safe drinking water, per head, per day to all the villages and, from July 1992, 110 litres per head, per day to villages where the existing population was more than 5,000.

4.1.2 Organisational set up

In January 1967, the State Government constituted a Sanitary Board to deal with water supply schemes in the urban and the rural areas. The schemes were to be approved by the Board which was also responsible for seeing that grants were properly expended on the objects for which they were released. The State Government annually placed a lump sum amount at the disposal of the Board which allotted funds for execution of individual water supply schemes. The schemes were executed through Executive Engineers of Public Health Divisions under the overall control of Engineer-in-chief.

The abbreviations used in this review have been listed in the Appendix-XV (Page 204).

4.1.3 Audit coverage

Mention of certain aspects of Rural Water Supply schemes was made in the Reports of the Comptroller and Auditor General of India (Civil) for the years 1988-89 (paragraph 4.11) and 1989-90 (paragraph 4.20). The recommendations of the Public Accounts Committee are contained in its 38th and 40th Reports presented to State Legislature in March 1994 and March 1995.

Implementation of the schemes during the period 1989-90 to 1994-95 was reviewed in audit between May 1994 and May 1995, based on test-check of records of the office of the Engineer-in-Chief and Public Health Divisions in 5 districts¹ (out of 16 districts) in the State. The results of test-check are given in the succeeding paragraphs.

4.1.4 Highlights

- **Against the budget provision of Rs.20643 lakhs from 1989-90 to 1994-95, the expenditure aggregated Rs.19447.82 lakhs, the shortfall in expenditure being 6 per cent. However, Rs.1035.50 lakhs were found to have been diverted and utilised for maintenance of rural water supply schemes.**

(Paragraph 4.1.5)

- **As of March 1993, 2,486 villages were not getting the prescribed quantity of 40 litres water per head per day as envisaged in the scheme. After implementation of the improvement scheme for 2 years, the number of villages still with inadequate supply was 1,637 as of March 1995.**

(Paragraph 4.1.6)

- **Nineteen water supply schemes sanctioned between March 1979 and March 1991 at the estimated cost of Rs.402.49 lakhs were still lying (March 1995)**

incomplete even after incurring expenditure of Rs.478.05 lakhs. These water supply schemes were targetted for completion within 1-2 years.

(Paragraph 4.1.7)

- Due to delay in completion, cost over-run on 18 water supply schemes, sanctioned at the estimated cost of Rs.348.83 lakhs between July 1973 and June 1993, aggregated Rs.121.33 lakhs.

(Paragraph 4.1.8)

- In 6 cases, there was infructuous expenditure of Rs.21.18 lakhs due to non-commissioning of tubewells, storage tanks lying idle for want of canal water, laying of pipeline not in use and construction of defective inlet channels.
- Water supply was augmented in one village though not required as per norms laid down in the scheme. The expenditure involved was Rs.6.07 lakhs.

(Paragraph 4.1.10)

Budget provision and expenditure

The Budget provision from 1989-90 to 1994-95 was against which Rs.20618 lakhs were placed at the disposal of the Sanitary Board (Board). The Board in turn released Rs.19802.50 lakhs to the Public Health Department against which the expenditure of Rs.19447.82 lakhs was incurred during the period. Shortfall in expenditure over the provision was 6 per cent.

Year-wise position of Budget provision, funds placed at the disposal of the Sanitary Board and funds released to the executing agency under MNP and ARP/DDP were as follows:

Year	Budget provision		Funds placed at the disposal of State Sanitary Board		Funds released by the Board to the Public Health Department		Expenditure	
	MNP	ARP/DDP	MNP	ARP/DDP	MNP	ARP/DDP	MNP	ARP/DDP
	(Rupees in lakhs)							
1989-90	2310	615	1906	615	1453.00	615	1488.00	587.57
1990-91	2850	479	2850	479	2850.00	479	2294.00	796.16
1991-92	2660	1108	3039	1108	3039.00	1108	3039.00	823.84
1992-93	2115	832	2115	832	2115.00	832	2117.00	1136.46
1993-94	2240	1831	2240	1831	1544.50	1831	1562.44	1581.76
1994-95	1577	2026	1577	2026	1910.00	2026	1910.34	2111.25
Total	13752	6891	13727	6891	12911.50	6891	12410.78	7037.04
Grand Total	20643		20618		19802.50		19447.82	

The Board sanctioned and allotted less funds (Rs.453 lakhs) than the allocations during 1989-90 (MNP) as Rs.340 lakhs were diverted to the maintenance of rural water supply schemes, Rs.101 lakhs were surrendered due to financial cut and Rs. 12 lakhs were kept in reserve for urgent works which lapsed to Government. During 1993-94, Rs.695.50 lakhs were diverted by the Board for maintenance of rural water supply schemes. Both these diversions were done irregularly without the approval of Government.

Less allocation than budget provisions during 1989-90 (MNP) was due to reduction of approved outlay by Government. Allocation exceeded the budget provision during 1991-92 (MNP) which was the last year for claiming re-imburement from the World Bank.

The Board sanctioned and allowed more funds during 1994-95 (MNP) than the allocation due to the assistance made available by Haryana Rural Development Fund.

The excess expenditure during 1989-90, 1992-93 and 1993-94 (MNP) with reference to the funds released by the Board was met from the funds available under other heads. Similarly, the excess expenditure (ARP/DDP) during 1990-91 and 1992-93 was incurred from the funds available from previous years to reduce the spill over which was allowed by the Government of India.

4.1.6 Targets and achievements

According to the State Government (June 1993) safe drinking water had been provided to all the problem and non-problem villages by March 1992. There were, however, 2,486 villages as of March 1993, where the average daily water supply per person was less than 40 litres. To improve the water supply in these villages, the Department fixed a target of 1,400 villages for 1993-94 (700) and 1994-95 (700) against which the achievement was shown as 1,420 villages (1993-94: 700; 1994-95: 720) covering a population of 27.85 lakhs. Thus, there were only 1,066 villages left over for augmentation of water supply as of March 1995.

It was, however, seen in audit from the quarterly progress reports ended March 1995 submitted by the Executive Engineers to the Engineer-in-Chief, Haryana PWD (Public Health Branch) that 1,637 villages were actually due for augmentation. The Department intimated (August 1995) that the increase in number of villages by 571 was due to depression of spring level and failure of underground source.

4.1.7 Delay in completion of schemes

Individual water supply schemes were targeted for completion within a period of 1 to 2 years. In 3 districts² test-checked, 19 schemes sanctioned between March 1979 and March 1991 (estimated cost: Rs.402.49 lakhs) were lying incomplete (March 1995) even after incurring expenditure of Rs.478.05 lakhs, the excess over original estimate in each scheme ranging between 6 per cent and 107 per cent. The delays were attributed (April 1995) by the Department to paucity of funds.

4.1.8 Cost over-run

In 3 Public Health Divisions³, 18 schemes sanctioned (estimated cost : Rs.348.83 lakhs) between July 1973 and June 1993 were completed between March 1990 and March 1995 at the cost of Rs.470.16 lakhs. The cost over-run of Rs.121.33 lakhs, due mainly to delays in completion of works, varied from 11 per cent to 92 per cent which was attributed (April 1995) by the Department to paucity of funds. The Department had not sanctioned the revised estimates as of May 1995.

4.1.9 Non-preparation of completion reports

Reports regarding completion of schemes are required to be submitted by the Executive Engineers to the next higher authority immediately after completion of the works. In 9 Public Health Divisions⁴ of 4 districts⁵, 52 water supply schemes were reported to have been

2 Hisar, Jind and Panipat.

3 Hisar, Jind and Mohindergarh.

4 Fatehabad, Hansi, Hisar-I, Hisar-II, Hisar-III, Jind, Narnaul, Narwana and Panipat.

5 Hisar, Jind, Mohindergarh and Panipat.

comple
reports
authori

4.1.10

(i)
(August-
after te
abandor-
Water T=
the wat-

quality
incurre

(ii)
group o
Board +
were to
March
Irrigati
the sho
cost of
of 13.0
1993) a
for war
second
tanks,
since th-

(iii)
water s
to Tura
pump
Decemb

completed between December 1989 and March 1995, but completion reports were found not prepared and submitted to the next higher authority.

4.1.10 Other points

(i) In Public Health Division, Kaithal a tubewell was drilled (August 1987) in Deoban village at the cost of Rs.0.66 lakh. The water, after testing, was found brackish and the tubewell was, therefore, abandoned. Another tubewell was drilled (March 1992) by the Ground Water Tubewell Division in the same village at the cost of Rs.2.01 lakhs, the water was again found brackish.

Drilling of the tubewell without surveying the area as to the quality of water, thus, resulted in unfruitful expenditure of Rs.2.01 lakhs incurred in March 1992.

(ii) Under a canal-based water supply scheme for Sandal Kalan group of 4 villages, administratively approved (June 1984) by the Sanitary Board for Rs.25.58 lakhs, *inter alia*, 2 storage and sedimentation tanks were to be constructed. Of these, construction of 1 tank was completed in March 1986 at the cost of Rs.2.74 lakhs but water was not released by the Irrigation Department due to inadequate water in the canal. To overcome the shortage of water, a shallow tubewell was installed (July 1990) at the cost of Rs.0.11 lakh. In spite of shortage of canal water, the second tank of 13.04 lakh gallons capacity was constructed (November 1992 to April 1993) at the cost of Rs.6.27 lakhs but was not commissioned (May 1995) for want of canal water. The Department, therefore, had to install a second tubewell at the cost of Rs.1.78 lakhs in December 1993. Both the tanks constructed at the cost of Rs.9.01 lakhs, thus, remained unutilised since the scheme was functioning mainly through this tubewell.

(iii) In April 1987, the Sanitary Board approved extension of water supply scheme from Madora covered under Nahra group of villages to Turakpur village. Tenders for laying pipeline, construction of tank and pump chambers at an estimated cost of Rs.0.75 lakh were invited in December 1987. The work was allotted to the lowest bidder in January

1988 and was to be completed within three months from the date of allotment. Up to September 1991, Rs.1.53 lakhs had been spent on laying of 7,216 feet pipeline and part construction of the tank. Meanwhile, on persistent demand of the residents of Turakpur village for independent water works, a separate estimate of Rs.2.84 lakhs for installation of a tubewell was framed. This estimate was approved (November 1991) by the Engineer-in-Chief subject, however, to the Executive Engineer justifying retention of the pipeline already laid. No such justification had been given by the Executive Engineer as of May 1995. In the meantime, the tubewell was installed and commissioned in July 1992 at the cost of Rs.1.58 lakhs rendering the expenditure of Rs.1.53 lakhs earlier incurred on laying the pipeline/part construction of the tank, infructuous.

(iv) In January 1992, Public Health Division, Panchkula awarded installation of a tubewell at the cost of Rs.4.87 lakhs to a contractor in Ratpur village. The drilling of the tubewell was to be executed by the contractor up to a depth of 100 metres which could be increased up to 130 metres with the approval of the Public Health Department. The contract stipulated that the final discharge of water from the tubewell would be 15,000 gallons per hour. After drilling up to 100 metres, only 8 feet water bearing strata was found which was insufficient for the installation of the tubewell capable of giving the requisite discharge. The drilling was, therefore, done up to 130 metres and the contract amount was enhanced (June 1992) from Rs.4.87 lakhs to Rs.5.95 lakhs.

In June 1992, the contractor intimated that drilling beyond 130 metres was not possible as the casing pipe had been gripped in hard layer and also stated that if the tubewell was installed in that strata, it would give a discharge of 10,000 gallons per hour. Rupees 3.65 lakhs were paid (July 1992) to the contractor for drilling up to the depth of 130 metres. In January 1994, the Sub-Divisional Engineer intimated the Executive Engineer that the tubewell had been commissioned (August 1993) but it was not capable of giving discharge of more than 1,500 gallons, per hour. The contractor was asked (February 1994) to either redevelop the tubewell or carry out additional drilling and failing that, to

agree
from
receiv

prelim
tubew
largely

(v)
Kherr
admir
Rs.11
schen
Howe
chan
the st
level
matte
const
of si
Engi
near
insta

(vi)
stor
in N
noti
prop
Exe
that
the
pip
was
the

agree to accept less payment in proportion to the decrease in discharge from 10,000 gallons to 1,500 gallons, per hour. No reply had been received from the contractor (May 1995).

Drilling of tubewell was taken up without carrying out the preliminary analysis regarding availability of water at the site of the tubewell and the lapse resulted in the expenditure of Rs.3.65 lakhs being largely infructuous.

(v) A canal-based scheme for water supply to Mattan and Kherman group of villages in Bahadurgarh tehsil of Rohtak district was administratively approved (August 1978) by the Sanitary Board for Rs.11.18 lakhs, subsequently revised to Rs.30.64 lakhs in May 1987. The scheme was commissioned (March 1985) at the cost of Rs.39.07 lakhs. However, owing to defective site selection for water works and the inlet channel not being capable of carrying the requisite 1.66 cusecs of water, the storage and sedimentation tank was not getting filled up to full supply level. The Chief Engineer conducted (May 1989) an enquiry into the matter and held the Executive Engineer responsible for the lapse of construction of defective inlet channel (Rs 3 lakhs) and defective selection of site. The chargesheet framed (May 1993) against the Executive Engineer concerned was not, however, served as of May 1995. In the meantime, to overcome the water shortage problem, a tubewell was installed in August 1993 at the cost of Rs.2.19 lakhs.

(vi) A RCC inlet pipeline of 12 inch internal diameter and a storage tank for water supply scheme to Banwasa village was completed in November 1986 at the cost of Rs.2.47 lakhs. In October 1991, it was noticed by the Sub-Divisional Engineer that the pipeline was not running properly due to negligible slope in the laying of the pipeline. The Executive Engineer after examining the matter (January-June 1992) found that the pipeline had choked due to accumulation of silt and negligence of the field staff in not clearing it. To overcome the problem of choking, the pipeline at RD 0-600 was raised on 75 pillars and an open brick channel was constructed from RD 601 to 3,400 at the cost of Rs.1.98 lakhs with the approval (November 1992) of the Superintending Engineer.

Due to initial defects in the laying of the RCC pipeline without proper slope and negligence of the field staff in not clearing silt from the pipeline, the Department had to incur extra expenditure of Rs.1.98 lakhs on the removal of these defects.

(vii) In July 1992, the State Government decided that villages having an existing population of more than 5,000 persons may be provided with 110 litres of water per head, per day. Under these orders, for the augmentation of water supply to village Bullana (Ambala district) two estimates for installation of tubewells were sanctioned by the Sanitary Board in September 1992 (Rs.5 lakhs) and June 1993 (Rs.4.90 lakhs). Both the tubewells were installed (up to May 1994) at the cost of Rs.3.39 lakhs and Rs.2.68 lakhs respectively.

The Department had prepared the estimate for augmentation of water supply scheme of village Bullana indicating therein the existing population of the village as 3,871 with the prospective population of 5,032 after 15 years (2007). The estimate was accordingly approved by Sanitary Board. The population of the village according to 1991 census report was, however, 3,336 which at an annual growth rate of 2 *per cent* would work out to 3,403 only for 1992. The augmentation works were, therefore, not required and the expenditure of Rs.6.07 lakhs on installation of two tubewells was uncalled for especially when some of the other areas of the State were not receiving even 40 litres of water.

These points were referred to Government in July 1995; reply has not been received (August 1995).

4.2 Recovery due from contractor

In Public Health Division, Narwana, 'construction of 32" internal diameter reinforced cement concrete circular sewer and all other work contingent thereto (approximate cost Rs. 7.50 lakhs) was allotted in October 1990 to a contractor on agreement basis after inviting tenders. The work was to be completed by 15 May 1991. Secured advance of Rs. 1.53 lakhs, being 75 *per cent* cost of 2.48 lakh bricks brought to site for use in the work, was paid (September 1991) to the contractor. The

contractor left (February 1992) the work incomplete and compensation of Rs. 0.75 lakh under clause 2 of the agreement for not completing the work in time, was levied (August 1993) against the contractor. The work was withdrawn in December 1993 for getting the balance work executed at the risk and cost of the contractor as per clause 3(c) of the agreement. The work has, however, not been allotted as of February 1995. According to the final measurements, work amounting to Rs. 2.99 lakhs was executed by the contractor against which on account payment of Rs. 2.83 lakhs was made up to September 1992 to the contractor. The payment included adjustment of secured advance of Rs. 0.40 lakh for 0.65 lakh bricks consumed on the work.

After conducting (April 1995) physical verification by the committee constituted in November 1994, 0.55 lakh bricks were taken over by the Department and the remaining 1.28 lakh bricks were not found at the site of work. A sum of Rs.0.32 lakh (up to February 1995) on account of interest at the rate of 12 *per cent* per annum on the balance amount of secured advance of Rs.0.80 lakh had also become due from the contractor as per condition for secured advance, pending account of the balance 1.28 lakh bricks unconsumed. In addition, recovery of balance material at penal rate issued to the contractor for use on work but not consumed amounted to Rs.1.25 lakhs.

Thus, due to failure of the Department to take any action against the contractor, Rs.3.12 lakhs (secured advance : Rs. 0.80 lakh, interest: Rs.0.32 lakh, cost of material: Rs.1.25 lakhs and compensation : Rs. 0.75 lakh) could not be recovered besides further liability to be borne by the Department due to execution of the balance work. However, an amount of Rs. 0.31 lakh was only available with the Department on account of security deposit (Rs. 0.15 lakh) and value of work done but not paid to the contractor (Rs. 0.16 lakh) .

The Executive Engineer stated (July 1995) that action against the concerned officer/official was under process.

The matter was referred to Government in May 1995; reply has not been received (August 1995).

4.3 Unfruitful expenditure

The works relating to providing water supply and sewerage facilities in the Grain Markets, Babain and Ajrana Kalan, were got executed by Public Health Division, Naraingarh as deposit works on behalf of Haryana State Agriculture Marketing Board (HSAMB) during September 1981 to March 1984 at the cost of Rs.30.16 lakhs (water supply: Rs.18.56 lakhs and sewerage scheme: Rs.11.60 lakhs).

The water supply schemes in both the markets were handed over to the HSAMB in November 1984 and June 1986 respectively. However, the sewerage system in both the markets, being non-functional due to certain defects identified in 1986, were not taken over by the HSAMB. The Executive Engineer, Public Health Division, Naraingarh directed (August 1990) the Sub-Divisional Engineer that as agreed (July 1990) by the Board, the sewerage system of the Babain Mandi be handed over to HSAMB after carrying out necessary repairs of the sewerline and manholes, but no action was taken. The schemes were transferred (February 1993) to Public Health Division 2, Kurukshetra. Before taking over the charge of the schemes, the Sub-Divisional Engineer under the control of Public Health Division 2, Kurukshetra reported in December 1992 that the two sewerage schemes could not be commissioned also due to non-construction of the sludge carrier and approach road to the site of disposal. The sewerage scheme in none of the grain markets had been made functional as of May 1995 even after lapse of nine years.

The Executive Engineer, Public Health Division, Kurukshetra intimated in February 1995 that estimate for making the sewerage scheme functional in both the grain markets were under process of preparation and the work would be resumed after sanction of the estimate.

Thus, due to defective execution of works and inordinate delay in making the sewerage systems functional, the expenditure of Rs.11.60 lakhs was rendered unfruitful.

has no

4.4

schen

admir

allotr

Color

contr

The

reck

prop

town

April

for F

Chie

HUL

Depa

slow

levie

cont

acco

with

risk

work

10.3

cont

wast

wate

func

reco

mad

The matter was referred to Government in June 1995; reply has not been received (August 1995).

4.4 Wasteful expenditure

The work relating to providing storm water drainage scheme in Mandi proper and township area at Mandi Town Adampur, was administratively approved (October 1981) for Rs. 30.90 lakhs. On allotment of funds amounting to Rs. 10.00 lakhs in October 1983 from the Colonisation Department, the work was allotted (March 1984) to a contractor by the Executive Engineer, Public Health Division No.I, Hisar. The work was to be completed within a period of six months to be reckoned with effect from 23 March 1984. On transfer of area of Mandi proper to Haryana State Agricultural Marketing Board (HSAMB) and township area to Haryana Urban Development Authority (HUDA) from April 1984 as per package deal finalised in June 1985, a revised estimate for Rs. 26.90 lakhs was submitted (October 1985) to the Engineer-in-Chief for approval by charging the cost to HSAMB (Rs. 5.82 lakhs) and HUDA (Rs. 21.08 lakhs). The work was to be executed by Public Health Department as deposit work on behalf of HSAMB and HUDA. Due to slow progress of work, compensation amounting to Rs. 0.49 lakh was levied (April 1986) on the contractor by the Executive Engineer. The contractor left the work incomplete after receiving (December 1987) on account payment of Rs. 2.83 lakhs. In August 1990, the work was withdrawn from the contractor and it was proposed to be executed at the risk and cost of the contractor. No further action to complete the balance work was taken by the Department as of May 1995. Expenditure of Rs. 10.34 lakhs incurred on the abandoned work towards cost of material, contractor's payment and miscellaneous charges had been rendered wasteful as no useful purpose was achieved (September 1995).

The Executive Engineer stated (May 1995) that the storm water drainage scheme could not be made functional due to non-deposit of funds by the concerned organisations since April 1984. Scrutiny of the records by Audit further revealed (June 1995) that no efforts had been made by the Department to obtain the funds for commissioning of the

scheme after the submission (October 1985) of estimate to the Engineer-in-Chief.

The matter was referred to Government in June 1995; reply has not been received (August 1995).

4.5 Outstanding audit observations

Audit observations on financial transactions are reported to Government so that appropriate action can be taken by the concerned departmental authorities to rectify defects and omissions. Half-yearly reports of such audit observations outstanding for more than six months are also sent to Government to get their final settlement expedited.

Audit observations in respect of Public Health Department involving an amount of Rs.94.93 lakhs issued up to December 1994, were outstanding as of June 1995.

The category-wise and year-wise break-up of the outstanding items was as under:

Period	For want of agreement		For want of vouchers		Total	
	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)	Number	Amount (Rupees in lakhs)
1984-85	-	-	2	0.05	2	0.05
1992-93	-	-	2	0.02	2	0.02
1993-94	13	9.69	2	1.90	15	11.59
1994-95	44	83.27	-	-	44	83.27
Total	57	92.96	6	1.97	63	94.93

An analysis of the system and procedure for monitoring and pursuance and final settlement of outstanding audit observations by the Finance Department revealed (January 1992) that checks prescribed by them requiring the administrative departments to maintain registers

containing the substance of all outstanding audit observations and details of action taken thereon, the reference made to subordinate offices, replies received from them, etc. were not exercised. Not satisfied with the pace of progress of settlement of audit observations, the Finance Department issued (January 1992) instructions to the Administrative Departments, *inter alia*, for arranging Audit Committee meetings and submission of progress reports to the former in the prescribed *pro forma* every quarter regarding action taken towards settlement of outstanding audit observations. However, it was noticed that despite instructions of the Finance Department, neither such meetings were arranged by the Administrative Department after 13 July 1993 nor were any progress reports submitted after the quarter ending September 1994.

The matter was referred to Government in April 1995; reply has not been received (August 1995).

Buildings and Roads Department

4.6 Excess consumption of diesel

In Mechanical Division, Hisar, the estimate for Rs.13.20 lakhs for the operation of one hot mix plant for the year 1992-93 was sanctioned in June 1992 by the Chief Engineer, Mechanical Branch, Karnal. The estimate provided that dryer burner (Unit I for heating *bazri*) and bitumen tank burner (Unit II for heating bitumen) would work for 600 hours each during the year. Thus, the working ratio of these two units was kept as 1:1 and the provision for consumption of High Speed Diesel (HSD) at the rate of 150 litres per hour for Unit I and 18 litres per hour for Unit II for 600 hours in respect of each unit was made in the sanctioned estimate.

It was, however, noticed (January 1994) in audit that during the year 1992-93 against the actual total working of 784 hours of Unit I, the Unit II worked for 1,876 hours. Accordingly, the operational ratio of the two units worked out to 100:239. Working of Unit II for 1,092 hours more than required by norms resulted in excess consumption of 19,656 litres HSD valued at Rs.1.24 lakhs. As the plant worked for

longer hours than estimated, revised estimate was submitted in August 1994 by the Executive Engineer to the Superintending Engineer (SE), Mechanical Circle, Karnal for approval. The SE observed (January 1995) that the actual consumption of diesel of 191.37 litres per hour by both the units calculated at the standard working ratio of 1:1 assuming that both units worked for 784 hours, against the estimated maximum consumption of 168 litres per hour was quite high and directed the Executive Engineer to fix responsibility for excess consumption and initiate action against the defaulter. Further developments were awaited (June 1995).

The matter was referred to Government in March 1995; reply has not been received (August 1995).

4.7 **Blocking of Government funds**

Financial Rules, *inter alia*, provide that purchases must be made in the most economical manner in accordance with specific requirement of public service. At the same time care is to be exercised not to purchase material much in advance of actual requirement if such purchases are likely to prove unprofitable to Government.

The Provincial Division No.I, Rohtak functions as a central store to cater to the requirement of bailey bridges throughout Haryana State, for providing flood relief and for avoiding dislocation of traffic during heavy rains. On the basis of certification given (June 1989) by the Executive Engineer in the rough cost estimate that most of the bailey bridges were in position and as such spare bailey bridges were not available in reserve stock, administrative approval for Rs.49.69 lakhs was obtained in November 1989 from Government for the purchase of three bailey bridges. Accordingly a purchase order was placed (November 1990) with a Calcutta based firm through the Director, Supplies and Disposals, Haryana. These bailey bridges were received (January 1992) in the division for which payment of Rs.51.08 lakhs was made to the firm.

Test-check of records of the division revealed (June 1992) that before the purchase order was placed, the division had seven bailey bridges in reserve stock since December 1989, out of which three bridges

had not been utilised after August 1987. The extent of utilisation in the case of four bailey bridges ranged from one month to 31 months only during the period from March 1981 to November 1989 as admitted (April 1995) by the Department. None of the ten bailey bridges, including three newly purchased in January 1992, was put to use after December 1989 due to non-receipt of any demand from other divisions and were lying in stock as of April 1995. As such there was no justification for the placement of order for three more bailey bridges in November 1990. The Executive Engineer/Superintending Engineer stated (May 1994) that the new bailey bridges were purchased to strengthen reserve stock position to meet any unforeseen requirement in future. The reply was not considered tenable as prior to placing supply order, seven bailey bridges were available in stock contrary to which wrong certificate was given by the Executive Engineer in the rough cost estimate. This led to unnecessary purchase of three bailey bridges and funds to the extent of Rs.51.08 lakhs were blocked.

The matter was referred to Government in May 1995; reply has not been received (August 1995).

4.8 Irregular/excess expenditure on execution of works

The reconstruction/rebuilding of damaged portion of five roads (estimated cost:Rs.26.25 lakhs) were executed by Provincial Division Jhajjar (Rohtak district) departmentally through casual labour during 1991-93. Sanctioned estimates prepared on the basis of actual site conditions after site inspection and the expenditure incurred in respect of each work has been detailed in the Appendix-X.

Test-check of records of the division revealed (January 1993) excess expenditure of Rs.4.45 lakhs as discussed below:

(a) Against the sanctioned estimates of works at serial nos. 1 to 3 for dismantling of existing portion of road due to settling down of subgrade, against 13,976 square metres 35,009 square metres were shown dismantled at the cost of Rs.0.85 lakh. This involved irregular expenditure of Rs.0.50 lakh on dismantling of 21,033 square metres in

excess of the estimated quantity without the approval of competent authority.

(b) The sanctioned estimates of the works at serial nos.1 to 4 provided for excavation of 12,382 cubic metres (cums) of earth below the damaged crust to be replaced by equal quantity of tibia sand to maintain original levels of the roads. However, 31,695 cums of earth were shown excavated at the cost of Rs.1.89 lakhs involving irregular expenditure of Rs.1.23 lakhs on excavation of 21,865 cums of earth work in excess of 9,830 cums of tibia sand which was actually filled in.

(c) Expenditure of Rs.1.38 lakhs on watch and ward in respect of works at serial nos 1 to 3 was incurred against the provision of Rs.0.33 lakh for contingency resulting in an excess expenditure of Rs.1.05 lakhs without the approval of the competent authority.

(d) Expenditure of Rs.0.55 lakh was incurred on work at serial no.1 on the employment of casual labour for the maintenance of service road in the absence of any provision in the sanctioned estimate.

(e) In respect of work at serial no.1, 5,076 cums of tibia sand were compacted after carriage of water from a lead of one kilometre. The payable amount as per Haryana Schedule of Rates and sanctioned premium worked out to Rs.0.03 lakh against which Rs.0.43 lakh were incurred resulting in excess expenditure of Rs.0.40 lakh.

(f) Further, an extra rate for carriage of water was to be paid if water was not available within one kilometre. Expenditure of Rs.0.43 lakh was incurred on casual labour for carriage/supply of water (in respect of roads at serial nos. 1,2 and 5) without specifying that the lead involved was more than one kilometre.

(g) Unauthorised expenditure of Rs.0.29 lakh was incurred on employment of casual labour for clearance of jungle on the existing roads at serial nos. 1 to 3 without specifying the density of jungles to be cleared as required.

On this being pointed out (January 1993) in audit, the Executive Engineer confirmed the facts. The Superintending Engineer stated (May 1994) that the field staff under whose incumbency the works were executed, did not exercise proper financial discipline. The Engineer-in-Chief, after conducting investigations, intimated (November 1994) that a Sub-divisional Engineer and a Junior Engineer were found involved in this case and chargesheets had been framed and were under the process of approval. Further developments were awaited (July 1995).

The matter was referred to Government in April 1995; reply has not been received (August 1995).

4.9 Avoidable extra cost due to non-utilisation of available surplus earth

In Provincial Division, Chandigarh, the lay out plans for the construction of residential houses for Integrated Water Shed (Kandi) Project in Sector-21 Panchkula were received (March 1991) from the Chief Architect, Haryana. Detailed Notice Inviting Tenders (DNIT) prepared by the division and based on the drawings approved (December 1991) by the Chief Architect were sanctioned by the Chief Engineer, Chandigarh in January 1992. After inviting tenders, the work was allotted to the contractor in March 1992. The area was low lying and sand/earth filling was required under the floor to maintain the level with the internal roads. Expenditure of Rs.1.35 lakhs was incurred during August 1992 and March 1993 on the supply of 2,554 cum crusher waste, filling, including Rs.0.16 lakh on its compaction after watering, and rolling in a depth of 0.90 metre to 1.38 metres by entrusting the work on work order basis after splitting it up instead of calling tenders.

It was noticed in audit (April 1993) that there was surplus earth available free of cost with the division in Sector-6 (1,300 cum) and in Sector-14 (2,834 cum). The earth was available in Sector-14 during 1990-91 and 1991-92 within a lead of one kilometre from the site of work in Sector-21. The Executive Engineer Provincial Division, without correlating and visualizing the requirement of earth for filling the low lying area of the work *ibid* in Sector-21, disposed of the earth (2,554 cum) available in Sector 14 considering it as waste during February - March

1992 involving expenditure of Rs.0.91 lakh. The carriage of surplus earth (2,554 cum) from Sector-14 to the site of work in Sector-21 and its filling, would have involved total cost of Rs.0.89 lakh including compaction after watering and rolling.

Thus, due to lack of planning and failure to utilise the surplus earth available with the division, the Department had to bear avoidable extra cost of Rs.1.37 lakhs.

The Engineer-in-Chief intimated (December 1994) that the work at two different sites was executed at different stages and sand/crusher waste filling was done under the floor in order to effect economy as it would have been costly to transport good earth which was available with longer lead. The reply was not tenable as the division was aware even prior to February 1992 on receipt of lay out plan, approved drawing and DNIT for the work that the area was low lying and required filling and had preferred use of crusher waste as against earth on the basis of comparative rates. As such use of surplus earth available with the division free of cost would have been more economical.

The matter was referred to Government in June 1995; reply has not been received (August 1995).

4.10 Outstanding inspection reports

Audit observations on financial irregularities and defects noticed in the initial accounts and records during local audit and not settled on the spot are communicated to the concerned Heads of Offices and next higher authorities through inspection reports so that appropriate action can be taken to rectify the defects and omissions. More important irregularities are also reported to the Heads of Departments and Government. Half-yearly reports of audit observations outstanding for more than six months are also sent to Government to get their settlement expedited.

A review of the inspection reports issued up to December 1994 pertaining to 60 divisions of the Buildings and Roads Department disclosed that 779 paragraphs relating to 302 inspection reports and

in
Th
re
rep
F
v
U
1
1
1
1
1
1
1
1
1
1
1
1
1
1
T

par
jni
not

involving Rs.9118.16 lakhs remained outstanding at the end of June 1995. These included 19 inspection reports containing 25 paragraphs which had remained unsettled for more than 10 years.

The year-wise position of unsettled inspection reports/paragraphs was as under:

Period during which issued	Number of inspection reports	Number of paragraphs	Amount involved (Rupees in lakhs)
Up to			
1984-85	19	25	82.34
1985-86	11	16	23.64
1986-87	11	11	10.76
1987-88	12	15	28.44
1988-89	24	34	67.64
1989-90	23	40	522.13
1990-91	27	43	149.75
1991-92	41	78	423.47
1992-93	44	106	1276.51
1993-94	47	183	1480.29
1994-95	43	228	5053.19
Total	302	779	9118.16

In respect of 39 inspection reports consisting of 278 paragraphs issued between August 1993 and December 1994, even the initial replies which were required to be furnished within nine weeks were not received as of June 1995.

The irregularities commented upon in the inspection reports which had not been settled as of June 1995 were of the following categories:

S.No.	Nature of irregularities	Number of paragraphs	Amount involved (Rupees in lakhs)
1.	Losses due to theft, misappropriation and embezzlement	35	72.05
2.	Loss of measurement books/muster rolls	19	0.44
3.	Non-accounting of material/securities	15	59.88
4.	Undue financial aid to contractors	11	331.51
5.	Extra and avoidable expenditure	85	913.68
6.	Infructuous expenditure and blockade of funds	37	420.32
7.	Execution of substandard works	17	40.26
8.	Irregular and injudicious purchases	24	245.66
9.	Unfruitful expenditure	37	213.44
10.	Excess expenditure on deposit works	13	126.75
11.	Non-closing of manufacturing accounts	4	17.57
12.	Short receipt of material	4	4.98
13.	Excess consumption of material	5	8.02
14.	Recoverable amount from contractors on account of excess payment, excess issue of material, cost of work done at their risk and cost, etc.	168	1,027.02
15.	Recoverable amount on account of shortages/excess payment to Government officials	58	74.79
16.	Non-recovery of sales tax/income tax from the contractors	8	7.74
17.	Irregular utilisation of departmental receipts	9	7.72
18.	Unsanctioned estimates	163	3,975.02
19.	Irregular and unauthorised expenditure	31	733.23
20.	Irregular allotment of works	7	51.37
21.	Fictitious adjustment of stock	23	303.94
22.	Non-reimbursement of claims	6	482.77
Total		779	9,118.16

Of the 779 outstanding paragraphs, 94 cases involving Rs.560.02 lakhs were pending with courts and arbitrators and 103 cases (Rs.926.07 lakhs) were pending with Government/Engineer-in-Chief/Superintending Engineer for their comments. The remaining 582 paragraphs rested with the divisional offices.

An analysis of the system and procedure for monitoring and pursuance and final settlement of inspection reports and paragraphs by the Finance Department revealed that checks prescribed by them requiring the administrative departments to maintain registers containing the substance of all outstanding objections and details of action taken thereon, the reference made to subordinate offices, replies received from them, etc. were not exercised. Not satisfied with the pace of progress of settlement of audit objections, the Finance Department issued (January 1992) instructions, *inter alia*, for the constitution of Departmental Audit Committees and their meetings to review and settle old Audit objections/paragraphs. It was noticed in audit that no such meetings were held after 27 April 1994.

The matter was referred to Government in July 1995; reply has not been received (August 1995).

Irrigation Department

4.11 Unfruitful/extra expenditure

Financial rules, *inter alia*, provide that no work should be commenced unless the estimate is financially/technically sanctioned by the competent authority. In contravention of these rules, the Executive Engineer (EE), Satluj Yamuna Link Canal Division, Kurukshetra (renamed Construction Division No.13, Kurukshetra) allotted (January 1989) construction of super passage at km 45.763 of main canal to a contractor on work order basis after inviting tenders (October 1988) in anticipation of technical sanction. The contractor executed earth work of 12,418 cubic metres (cum) during February-May 1989 for making cross bunds (allied work) and was paid (January 1990) on account payment of Rs.1.93 lakhs (6th running bill) at the unapproved rate of Rs.15.55 per cum.

The Superintending Engineer submitted (April 1990) the detailed estimate for Rs.19.01 lakhs, including the provision of 12,418 cum of earth work (already executed and paid for) at the rate of Rs.16.02 per cum for making cross bunds. The Chief Engineer reduced the earthwork quantity from 12,418 cum to 5,877 cum due to change in

design and approved (May 1990) the estimate for Rs.15.18 lakhs. Consequently, the payment of seventh running bill to the contractor for Rs.0.26 lakh (net payment) was withheld. In protest, the contractor abandoned (January 1990) the work and went in for arbitration in March 1991 against non-release of pending claims. He preferred (August 1991) a claim of Rs.2.50 lakhs against which the arbitrator gave (October 1992) a non-speaking award of Rs.0.91 lakh and interest at the rate of 12 *per cent* per annum in favour of the contractor. Accordingly after making the award rule of the court, Rs.1.21 lakhs (including interest Rs.0.30 lakh) were paid to him (June 1994). Meanwhile, the remaining work allotted (May 1991) to another contractor after inviting tenders was completed in November 1991 at the cost of Rs.5.29 lakhs involving extra expenditure of Rs.2.35 lakhs in comparison to the rates of the first contractor.

Further, inspite of the Executive Engineer explaining (March 1992) in the revised estimate submitted (June 1993) that the quantity of 12,418 cum of earth work was executed by the contractor as per actual recorded entries in the measurement book for which payment had been made, the Chief Engineer again (September 1993) did not agree and allowed 5,877 cum earth work as per original sanctioned estimate.

Thus, the Department had to incur unfruitful expenditure of Rs.1.02 lakhs on account of excess execution of earth work which would have been avoided if codal provisions regarding obtaining of prior sanction of competent authority for the estimate with the actual quantity of earth work to be executed had been followed. Besides, extra expenditure of Rs.2.35 lakhs was incurred due to execution of the balance work at higher rates in May 1991. No responsibility had been fixed as of June 1995.

The matter was referred to the Engineer-in-Chief/ Government in June 1993/June 1995; reply has not been received (August 1995).

cult
was
cana
side
Loh-
acq
Not
issu
eart
whe
(rer
aba
of
Jun
7 o
of
wo
inc

pur
cor
pur-
lak
ma-
tin

wc
* mi
no-

ha

4.12 Unproductive/Idle investment

With a view to providing irrigation to 2,110 acres culturable command area, through lift Irrigation, administrative approval was accorded (January 1987) by Government for the construction of canal Bass Lift Minor II (RD 0-12,500) starting from RD 58,500 on left side of Bond distributary. The work was started in August 1987 by Loharu Lift Irrigation Division, Charkhi Dadri from RD 0-8,500, without acquisition of land and payment of compensation to the owners. Notifications under Sections 4 and 6 of Land Acquisition Act, 1894, were issued in May/June 1988. Expenditure of Rs.6.27 lakhs was incurred on earth work and brick lining of the minor in RD 0-8,500 up to March 1989 when the work was transferred to Loharu Construction Division, Bhiwani (renamed as Loharu Water Services Division). Thereafter, the work was abandoned due to objection from the landowners because of non-payment of compensation. Both the notifications (valid for two years) lapsed in June 1990 due to delay in finalisation of award as no action under Section 7 of Land Acquisition Act *ibid*, which directs the Collector for acquisition of land, was taken in time by the Irrigation Department. The balance work in RD 8,500-12,500 had not been executed and the minor was lying incomplete (June 1995) due to non-issuance of fresh notifications.

In the meanwhile, the work relating to the construction of pump house building of the minor was taken up in May 1992 and completed (August 1993) at the cost of Rs.5.72 lakhs. For installation of pump house machinery, against the estimate of Rs.1.80 lakhs, Rs.1.00 lakh was paid (February 1987) to MITC. Installation of pump house machinery without the minor being constructed would add to the unproductive expenditure.

Thus, due to the improper action of starting execution of work without acquisition of land and payment of land compensation, the minor on which an expenditure of Rs.12.99 lakhs had been incurred was not serving any purpose rendering the investment unproductive/idle.

The matter was referred to Government in June 1995; reply was not been received (August 1995).

4.13 Avoidable extra payment of land compensation

For acquisition of land for public purposes, the State Government is required to issue a preliminary notification under Section 4 of the Land Acquisition Act, 1894, showing its intention to acquire the land. After hearing and settling objections, if any, received from the public or the interested parties, a final gazette notification for acquiring land is required to be published under Section 6. The notifications stand lapsed, if the award is not announced within the period of two years from the date of issue of notification under Section 6. Section 23 further stipulates that the amount of compensation payable to landowners shall be determined with reference to the market value of land prevailing on the date of notification published under Section 4.

For acquisition of 28.66 acres of land for the construction of new parallel Mammer-Khera distributary from RD 10,900-52,000 by the Construction Division No.II, Sirsa, notifications under Sections 4 and 6 of the Land Acquisition Act were issued in September 1987 and August 1988 respectively. The Land Acquisition Collector (LAC) informed (June 1990) the Executive Engineer that the Department had not deposited the cost of land and the validity of notifications would expire on 30th August 1990. The payment was, however, not made within the validity period and the notifications lapsed. The Executive Engineer stated (December 1990) that the compensation was not paid due to non-receipt of funds for the work.

Fresh notifications under Sections 4 and 6 of the Act *ibid* were again issued in February 1991 and September 1991 respectively for acquisition of 21.99 acres of land; reduction in area being due to utilisation of part of the existing distributary from RD 10,900 to RD 19,400. The Department deposited (May 1993) Rs.30.62 lakhs with the LAC and the awards were announced in September 1993. The payment of compensation was made at the rates prevalent in February/September 1991 for 21.2 acres and worked out to Rs.19.42 lakhs against Rs.9.97 lakhs payable at the market rate prevailing at the time of issue of notification in September 1987. There was thus extra payment of Rs.9.45 lakhs. The remaining amount of Rs.11.20 lakhs was refunded to the

Department in September 1993. It was noticed (December 1994) in audit that out of the total funds of Rs.252.25 lakhs provided by the Superintending Engineer, Canal Lining Circle, Sirsa during the period September 1988 to June 1990, Rs.168.75 lakhs (1988-89: Rs.19.50 lakhs; 1989-90: Rs.123.75 lakhs and 1990-91: Rs.25.50 lakhs) were not earmarked for any specific purposes. The amount of Rs.30.62 lakhs deposited for land compensation in May 1993 was, therefore, available in June 1990.

Thus, failure to make payments for land compensation within the validity period, even though sufficient funds were available, resulted in an avoidable extra payment of Rs.9.45 lakhs.

The matter was referred to Government in June 1995; reply has not been received (August 1995).

4.14 Defective lining

With a view to providing irrigation facilities to 12,538 hectares of culturable command area (CCA) with designed irrigation intensity of 5,266 hectares (42 *per cent* of CCA), Uttawar distributary (length 0 to 1,04,107 feet) starting at RD 1,47,100 on left side of Gurgaon Canal was lined during 1981-86 at the cost of Rs.65.09 lakhs. The work was completed in March 1986 by Lining Division, Gurgaon Canal, Faridabad merged with Faridabad Gurgaon Canal Division, Faridabad and renamed as Water Services Division, Faridabad in July 1994.

The distributary did not function properly since completion of lining work in 1986 and there were complaints from the beneficiaries of non-availability of water beyond RD 80,000. The portion of the distributary from RD 80,000 to tail end remained non-functional as water did not cross RD 80,000 due to defective lining. Further, the portion from RD 95,000 to tail end in fact remained abandoned since completion of lining with the lining work done not in existence. The hydraulic data/bed levels were got checked by the Superintending Engineer who observed (April 1987) that there were variations in the levels ranging from 0.50 to

1.25 feet at numerous sites in the entire reach due to which the distributary did not function efficiently.

An estimate for rectification of defects for Rs.37.00 lakhs was submitted (October 1993) to the Chief Engineer which envisaged raising of the existing top of lining/bank in a length of 38,000 feet and lowering of bed in a length of 44,000 feet after dismantling of existing lining. The repair work had not been taken up pending approval of estimate by the Chief Engineer (February 1995).

As against the annual irrigation of 5,266 hectares envisaged under the project, the actual area irrigated ranged from 1,323 to 2,159 hectares during the period 1987-88 to 1993-94. The shortfall thus ranged between 3,107 hectares and 3,943 hectares or 59 *per cent* and 74.88 *per cent*. The Executive Engineer, Water Services Division, Faridabad stated (February 1995) that the shortfall was mainly due to non-functioning of the distributary beyond RD 80,000 to tail end.

Thus, due to defective execution of lining work, expenditure of Rs.14.39 lakhs incurred on lining from RD 80,000 to tail end, as worked out by the Department, had been rendered unfruitful. Of that, expenditure of Rs.4.51 lakhs incurred on lining from RD 95,000 to tail end had gone waste. No action for fixing responsibility had been initiated as of January 1995.

The matter was referred to the Government in March 1995; reply has not been received (August 1995).

4.15 Extra expenditure

In Irrigation Department, a consolidated rate for each item of work (comprising all elements) known as Departmental Through Rate (DTR) based on Haryana Schedule of Rates (HSR), 1988 plus sanctioned premium is prepared for working out the estimated cost of work and to assess the reasonability of contractor's tendered rates at the time of acceptance of tenders.

In Western Jamuna Canal (WJC) Division, Dadupur (renamed as Water Services Division, Dadupur), the DTR for the digging/ collection of boulders from its controlled quarry up to 1991-92 for the work 'Repairing damaged forcing bunds after floods 1991' were prepared by adopting the basic rate of Rs.11 per cubic metre (cum) as approved by the Superintending Engineer in December 1988 for controlled quarry plus carriage charges (as per HSR, 1988). Accordingly, the DTR for the year 1991-92 was worked out to Rs.47.11 per cum for both sides of the bund against which the lowest tendered/ accepted rates were Rs.52.80 and Rs.59.60 per cum for left and right sides of the bund respectively.

It was, however, noticed (May 1994) in audit that for 1992-93 the basic rate of Rs.49.40 per cum, as applicable to private quarries as against Rs 11 per cum approved by Superintending Engineer for controlled quarry was adopted. After adding the element of carriage Rs.24.60 per cum (left side for a lead of one kilometre) and Rs.27.59 (right side for a lead of two kilometres) the DTRs for Rs.74.00 per cum (left side) and Rs.76.99 per cum (right side) were worked out. The estimate for repair of damaged forcing bund based on the above DTRs for 1992-93 was sanctioned by Superintending Engineer in September 1992 for Rs.8.65 lakhs. The lowest tendered rates of Rs.88.80 per cum for left side and Rs.94.20 per cum for right side were approved by the Superintending Engineer in September 1992 and the work was executed during October 1992 - March 1993 at the cost of Rs. 3.85 lakhs.

The Executive Engineer, Inspection and Control Division, Karnal in another similar work 'providing apron of loose boulders forcing bund' had pointed out (December 1992) that adoption of the basic rate at Rs.49.40 as applicable to private quarries in the DTR was incorrect. On the directions of the Chief Engineer (Canals) (April 1993) DTRs for 1993-94, were prepared as Rs.40.88 per cum for left side and Rs.44.40 per cum for right side by adopting the rate of Rs.14.25 per cum as applicable to controlled quarry. The lowest tendered rates being considered unworkable, the work was executed departmentally (September 1993 to April 1994). Comparison of this expenditure with that incurred for the works in 1992-93 revealed that the Department had incurred extra

expenditure of Rs.1.36 lakhs which was facilitated by the adoption of higher basic rate of Rs.49.40 per cum instead of the rate of Rs.11 per cum as approved by the Superintending Engineer in December 1988 for controlled quarry.

The Engineer-in-Chief intimated (May 1995) that the case had been examined and action against the defaulters involved was being contemplated.

The matter was referred to Government in June 1995; reply has not been received (August 1995).

CHAPTER-V

STORES AND STOCK

Irrigation Department

5.1 Stores and Stock

5.1.1 Introduction

Stores comprise all articles and material purchased or otherwise acquired for use on works. These include not only expendable and issuable articles in use or accumulated for specific purposes but also articles of dead stock of the nature of plant and machinery, instruments, furniture, equipment, fixtures, etc. On the basis of demand placed by field units, the material is purchased from approved sources/market or through the Director General, Supplies and Disposals (DGS&D), Government of India or the Director, Supplies and Disposals, Haryana. According to the procedure prescribed for maintenance of stock accounts, value of stores received is debited to 'Stock Suspense' and on issue, it is cleared by charge to work and other units. The valuation accounts of stores are kept in the Priced Store Ledger maintained at the Divisional level.

The position of receipts and issue of stores in 111 divisions of the State as depicted in the monthly accounts (Form PWA-29) 1994-95 was as under:

	Rupees in lakhs
Opening balance as on 1 April 1994	(-)101.77
Receipts	1117.55

Total	1015.78
Issues during 1994-95	946.18
Closing balance as on 31 March 1995	69.60

The closing balance did not represent the total value of stores as on 31 March 1995 as in 45 divisions there were minus closing balances aggregating Rs.628.17 lakhs as discussed in the succeeding paragraphs.

Mention was made of the working of Stores and Stock in paragraph 5.1 of the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1992.

Of the 111 divisions, records of 67 divisions were test-checked during April-May 1995 and the following points were noticed.

5.1.2 Minus balances

Minus balance in the stock account, which is worked out by adding/subtracting the value of stores received/issued during the month, is indicative of errors in account which may lead to concealment of frauds and misappropriations. Unless such balances are reconciled and adjusted, the correctness of stock accounts cannot be ensured. Minus balances of Rs.628.17 lakhs had accumulated in 45 divisions at the end of March 1995. The minus balances were mainly due to (i) non-adjustment of suspense slips issued by Accountant General for material received through DGS&D (Rs.264.07 lakhs), (ii) non-adjustment of profit/loss on stock (Rs.50.39 lakhs), (iii) non-adjustment of cost of material transferred to other divisions (Rs.41.48 lakhs) and (iv) reasons not investigated/intimated (Rs.272.23 lakhs). Delay in adjustment of transactions and non-clearance of minus balances were indicative of non-observance of prescribed procedures in maintenance of store accounts.

5.1.3 Priced store ledgers

Under the accounting procedure, the numerical quantities with their value showing opening balance, receipts, issues and closing balance are kept in the Priced Store Ledger (PSL) maintained in the Divisional Offices. This ledger is required to be closed both for quantity and for value at the end of each month and its balances reconciled half-yearly with the balances in the Bin Cards (quantitative accounts maintained at Sub-Divisional level).

(a) In 8¹ of the 67 divisions test-checked, value accounts in PSLs for 1994-95 (receipts: Rs.110.03 lakhs; issues: Rs.101.89 lakhs) were not maintained.

(b) In 12 divisions² (receipts: Rs.158.27 lakhs; issues: Rs.134.16 lakhs), the balances in the ledgers had not been reconciled with those shown in the Bin Cards maintained in the sub-divisions, allowing shortages, if any, to remain undetected.

5.1.4 Non-fixation/non-sanction of Reserve Stock Limit

With a view to having a proper inventory control, it is necessary to prescribe a monetary limit, known as Reserve Stock Limit (RSL), for individual divisions annually before the commencement of financial year. These limits are worked out by the Executive Engineers on the basis of work load in their divisions and are sanctioned by Government on the recommendations of the Engineer-in-Chief. In 45 of the 67 divisions test-checked, the RSL for 1994-95 had either not been worked out (18 divisions³) or had been worked out but not sanctioned by Government (27 divisions⁴) as of May 1995.

1 Fatehabad Water Services Division, Fatehabad; Construction Division No.7, Hisar; Sidhmukh Construction Division No.1, Hisar; Water Services Division, Jagadhri; Rohtak Water Services Division, Rohtak; Water Services Mechanical Division, Rohtak; Ghaggar Water Services Division, Sirsa and Sirsa Water Services Division, Sirsa.

2 Fatehabad Water Services Division, Fatehabad; Construction Division No.7, Hisar; Sidhmukh Construction Division No.1, Hisar; Water Services Division, Jagadhri; Construction Division No.13, Kurukshetra; Construction Division No.14, Kurukshetra; Construction Division No.20, Rohtak; Rohtak Water Services Division, Rohtak; Construction Division No.21, Rohtak; Water Services Mechanical Division, Rohtak; Ghaggar Water Services Division, Sirsa and Sirsa Water Services Division, Sirsa.

3 Loharu Water Services Division, Bhiwani; YWS Mechanical Division, Faridabad; Construction Division No.33, Faridabad; Adampur Water Services Division, Hisar; Hisar Water Services Mechanical Division, Hisar; Sidhmukh Construction Division No.1, Hisar; Hansi Water Services Division, Hansi; Construction Division No.25, Jind; Construction Division No.10, Kaithal; Mewat Water Services Division, Nuh; Construction Division No.20 Rohtak; Water Services Mechanical Division, Rohtak; Water Services Mechanical Division, Rewari; Construction Division No.2, Sirsa; Nehrana Water Services Division, Sirsa; Construction Division No.29, Sonapat; Construction Division No.1, Tohana and Water Services Division, Tohana.

5.1.5 Non-adjustment of storage charges

Storage charges are levied on all issues of stock after acquisition to cover actual expenses incurred on watch and ward, repair and maintenance of godown or yard, electricity, etc. These charges, fixed annually by the Executive Engineers for the divisions under their charge, are required to be adjusted finally in the accounts of the year as profit or loss on stock and no balance is to be carried forward to the following year.

It was, however, observed that 49 of the 67 divisions test-checked had not adjusted the balances at the close of the year 1994-95 either as a profit or loss on stock and, as of 31 March 1995, credit balances (profit) of Rs.35.48 lakhs and debit balance (loss) aggregating Rs.51.96 lakhs had accumulated in 18⁵ and

4 Water Services Division, Dadupur; Construction Division No.4 Fatehabad; Fatehabad Water Services Division, Fatehabad; Water Services Division, Gohana; Construction Division No.7, Hisar; Sidhmukh Construction Division No.1 Hisar; Hisar Water Services Division, Hisar; Water Services Division, Jagadhri; Construction Division No.25, Jind; Construction Division No. 26 Jind; Water Services Division, Jind; Construction Division No.13, Kurukshetra; Construction Division No.14, Kurukshetra; Construction Division 17, Karnal; Mohindergarh Canal Water Services Division, Mohindergarh; Mohindergarh Canal Water Services Division, Narnaul; Construction Division No.19, Rohtak; Construction Division No.20, Rohtak; Construction Division No.21, Rohtak; Sampla Water Services Division, Rohtak; Rohtak Water Services Division, Rohtak; Water Services Mechanical Division, Rohtak; Ghaggar Water Services Division Sirsa; Sirsa Water Services Division, Sirsa; Construction Division No.29, Sonapat; Construction Division No.18, Yamuna Nagar and Water Services Division, Yamuna Nagar.

5 Loharu Water Services Division, Bhiwani; YWS Mechanical Division, Faridabad; Construction Division No.33, Faridabad; Adampur Water Services Division, Hisar; Hisar Water Services Mechanical Division, Hisar; Sidhmukh Construction Division No.1, Hisar; Hansi Water Services Division, Hansi, Construction Division No.25, Jind; Construction Division No.10, Kaithal; Mewat Water Services Division, Nuh; Construction Division No.20 Rohtak; Water Services Mechanical Division, Rohtak; Water Services Mechanical Division, Rewari; Construction Division No.2, Sirsa; Nehrana Water Services Division, Sirsa; Construction Division No.29, Sonapat; Construction Division No.1, Tohana and Bhakra Water Services Division, Tohana.

31⁶ Divisions, respectively.

5.1.6 Tools and Plant returns

The numerical account of articles of Tools and Plant, both ordinary and special, is kept in a separate register. Every year ending September, a yearly tools and plant return is to be prepared for each Sub-Division and consolidated in Divisional Office. Non-preparation of Tools and Plant returns may lead to shortages and frauds remaining undetected. However, in 16⁷ of the divisions test-checked, the preparation of Tools and Plant returns was in arrears and the delay ranged from 1 to 32 years. Reasons for non-preparation of returns were attributed (May 1995) by the Executive Engineers to frequent changes of staff/non-availability of old balances.

5.1.7 Physical verification

Physical verification of stores is required to be conducted once in a year by an officer other than the incharge of the stores. It was,

6 Bhiwani Water Services Division, Bhiwani; Sewani Water Services Division, Bhiwani; Construction Division No.22, Bhiwani; Mohindergarh Canal Water Services Division, Charkhi Dadri; Loharu Water Services Division, Charkhi Dadri; Loharu Water Services Mechanical Division, Charkhi Dadri; Construction Division No.4, Fatehabad; Faridabad Water Services Division, Faridabad; Construction Division No.30, Gohana; GWS Division, Gurgaon; Construction Division No.5, Hansi; Construction Division No.6, Hisar; Construction Division, Jagadhri; Construction Division No.26, Jind; Construction Division No.16, Karnal; Construction Division No.17, Karnal; Nardak Water Services Division, Karnal; Indri Water Services Division, Karnal; Director, HIRTI, Kurukshetra; Kaithal Water Services Division, Kaithal; Construction Division No.11, Narwana; Mohindergarh Canal Water Services Division, Narnaul; Mohindergarh Canal Water Services Mechanical Division, Narnaul; Palwal Water Services Division, Palwal; Panipat Water Services Division, Panipat; Samalkha Water Services Division, Panipat; Water Services Division No.1, Rewari; Construction Division No.19, Rohtak; Construction Division No.21, Rohtak; Water Services Feeder Division, Rohtak and Water Services Division, Yamuna Nagar.

7 Fatehabad Water Services Division, Fatehabad; Hisar Water Services Division, Hisar; Adampur Water Services Division, Hisar; Construction Division No. 6 Hisar; Construction Division No. 7, Hisar; Jind Water Services Division, Jind; Construction Division No. 16, Karnal; Nardak Water Services Division, Karnal; Project Division No.1, Manimajra; Procurement and Disposal Division No.1, Manimajra; Rohtak Water Services Division, Rohtak; Water Services Mechanical Division, Rohtak; Sampla Water Services Mechanical Division, Rohtak; Construction Division No. 19, Rohtak; Construction Division No. 21, Rohtak and Sonapat Water Services Division, Sonapat.

however, noticed in test-check that out of 67 divisions, physical verification had not been conducted in 19 divisions⁸ (2 from 1986-87; 1 from 1990-91; 4 from 1992-93; 12 from 1993-94) as of March 1995.

5.1.8 Surplus materials

Rules provide that stores should not be held in excess of requirement and stores remaining in stock for more than one year should be declared surplus unless there were sufficient reasons to hold the same beyond that period. In 11 of the divisions test-checked materials valued at Rs.373.65 lakhs had been lying unutilised for the last 1 to over 20 years as detailed below:

S.No.	Name of Division	Amount (Rupees in lakhs)	Since when lying in stores
(i)	Loharu Water Services Mechanical Division, Charkhi Dadri	53.31	1984
(ii)	Fatehabad Water Services Division, Fatehabad	1.50	1980
(iii)	Construction Division No.25,Jind	49.32	1985
(iv)	Construction Division No.26, Jind	1.28	1987
(v)	Water Services Division, Jagadhari	8.95	1985
(vi)	Construction Division, Jagadhari	3.55 12.81 12.00	1992 1976 1991
(vii)	Construction Division No.17,Karnal	69.73 18.60	1974 1994
(viii)	Nardak Water Services Division,Karnal	10.40 21.73	1977 1981
(ix)	Construction Division No.20,Rohtak	52.22	1994
(x)	Construction Division No.3,Sirsa	24.82	1994
(xi)	Construction Division No.29,Sonepat	33.43	1972
Total		373.65	

⁸ Water Services Division, Dadupur; Fatehabad Water Services Division, Fatehabad; Water Services Division, Gohana; Water Services Division, Jagadhri; Water Services Division, Jind; Construction Division No. 25, Jind; Construction Division No. 26, Jind; Construction Division No. 13, Kurukshetra; Construction Division No. 14, Kurukshetra; Construction Division No. 17, Karnal; Mohindergarh Canal Water Services Division, Mohindergarh; Construction Division No. 19, Rohtak; Construction Division No. 20, Rohtak; Rohtak Water Services Division, Rohtak; Water Services Mechanical Division, Rohtak; Ghaggar Water Services Division, Sirsa; Sirsa Water Services Division, Sirsa; Construction Division No. 29, Sonepat and Water Services Division, Yamuna Nagar.

5.1.9 Other points**(a) Procurement of sub-standard mild steel wire**

An order for the supply of 30 tonnes (cost : Rs.4.25 lakhs) of mild steel wire was placed (May 1993) by the Executive Engineer, Western Jamuna Canal Division, Dadupur (renamed as Water Services Division, Dadupur) on Haryana Concast Limited, Hisar with the condition that the material be got inspected before delivery. Further, according to the instructions of the State Government, the material was also to be inspected by Super Inspection Committee on its receipt in the Division. Against the supply order, 28.710 tonnes of wire (cost: Rs.4.06 lakhs) was received on 2 June 1993 (7.990 tonnes) and 16 June 1993 (20.720 tonnes) without pre-delivery inspection. The Executive Engineer, Dadupur, however, on its receipt, asked (June 1993) the Committee for inspection of the material. The Committee took samples and got them examined by the Quality Marketing Centre for Engineering Goods, Jagadhari. The Committee in its report submitted to the Executive Engineer on 17 June 1993 stated that the supply did not conform to ISI specifications in as much as the diameter of the wire was 4.22 - 4.28 mm against the required diameter of 4 mm, the wire had imperfect edges and did not withstand the wrapping test. Meanwhile, out of the supplies received on 2 June 1993, 2.300 tonnes wire was consumed on various works up to 16 June 1993 and the balance 26.410 tonnes, even after the receipt of an adverse report of the Inspection Committee, was consumed on works from 17 June to 26 June 1993.

The Department stated (May 1995) that purchase was made from the approved source and the material was used on flood-control works which were required to be completed by 15 June 1993. The reply of the Department was not tenable since the Division had failed to inspect material before taking delivery resulting in use of sub-standard material which exposed sensitive works to risks.

(b) Blocking of Government funds

In Hathni Kund Barrage (HKB) Division No.3, Jagadhri, 950 metre high density polythene pipes of 200 mm diameter valued at Rs.2.05 lakhs were purchased (July 1987) through the Director, Supplies and Disposals, Haryana. The entire quantity was to be used on works of

linking the sewerage line of Canal Colony, Jagadhari with the main sewerage line to be executed by the Public Health (PH) Division, Yamuna Nagar. The Executive Engineer, PH Division, Yamuna Nagar informed (July 1989) the Executive Engineer, HKB that these pipes were not suitable for sewerage purpose. The material purchased in July 1987 at the cost of Rs.2.05 lakhs was thus lying unconsumed as of May 1995.

(c) Shortage of material

A Junior Engineer was posted (June 1979) in the Canal Lining (Mechanical) Division No.23, Rohtak; he held the charge of the stores of different works up to June 1986. During the period he held the charge (1979-1986), no physical verification was conducted. The 'material-at-site' account of the works concerned was also not submitted by him despite instructions (January 1985) of the Executive Engineer.

During test-check (August 1989) in audit shortage of material valued at Rs.9.54 lakhs was noticed. The Chief Engineer (Projects) intimated (August 1991) that investigations had been conducted and the Junior Engineer had been found responsible for the shortage of material. A further enquiry in the matter was conducted by the Executive Engineer, Construction Division No.5, Hansi who submitted his report to the Chief Engineer in September 1994. Final action on the report and the position of recovery from the Junior Engineer were awaited (July 1995).

(d) Shortage of tools and plant articles

(i) While checking the 'Tools and Plant' returns for the period ended September 1992, shortage of tools and plant articles (cost : Rs.5.84 lakhs) was detected (September 1993) during test-check of records of Sewani Lift Irrigation Division, Bhiwani. On this being pointed out (August 1995) in audit, the Executive Engineer intimated (August 1995) that of these shortages, Rs.0.34 lakh had been placed in 'Miscellaneous Public Works Advances' against the Junior Engineer concerned and recovery of the remaining amount of Rs.5.50 lakhs was under process and a chargesheet was being served on the defaulting official(s).

(ii) In Loharu Mechanical Division, Charkhi Dadri, reconciliation of balances of store material shown in the Bin Cards with the balances shown in the Priced Store Ledger up to March 1992 revealed

(July 1992) shortage of material valued at Rs.4.02 lakhs. The Executive Engineer directed (April 1993) the Sub-Divisional Officer to reconcile/clear the shortages. The Executive Engineer further informed (August 1995) the Audit that reconciliation was under process and shortages would be placed in the 'Miscellaneous Public Works Advances' against the Junior Engineer concerned.

These points were referred to Government in June 1995; their reply has not been received (August 1995).

5.2 Shortage of material

Financial rules provide that (i) materials issued to works in excess of requirements may either be transferred to stock or to other works in progress, (ii) unused materials be verified at least once a year and whenever the verification is made, a report be prepared for submission to divisional office, (iii) a detailed statement be maintained separately for each kind of material and the month's transactions be posted and got checked by the Sub-Divisional Engineer.

In Canal Mechanical Division No.20, renamed Construction Division No.17, Karnal, a Junior Engineer, incharge of work from February 1987 to May 1994 got issued 6,600.60 metre G I Pipes worth Rs.3.42 lakhs (3,056.60 metres during February 1987-February 1988, and 3,544 metres in July 1991) for laying, maintenance of pipe line and providing cavity type bore along Muana Distributary RD 0-2,500 and RD 43,777 to tail. Of this, 209.96 metre pipes were consumed and 2,887 metres were returned to store in April 1992 leaving a balance of 3,503.64 metres valued at Rs.1.60 lakhs. No physical verification of material during the execution of work, was conducted till February 1992. However, the physical verification conducted in March 1992 disclosed shortage of 3,503.64 metre pipes valued at Rs.1.60 lakhs, which was not returned to store after completion of the work in April 1993, in addition to shortage of tools and plants articles worth Rs.0.24 lakh. The amount of Rs.1.84 lakhs was placed in June 1992 and April 1993 in 'Miscellaneous Public Works Advances' recoverable from the Junior Engineer. He was placed under suspension in November 1993 but reinstated in March 1994 without prejudice to the pending disciplinary proceedings against him. On this being pointed out (May 1994) in audit chargesheet was served to the

Junior Engineer on 27 May 1994. Further development was awaited (June 1995).

In this case, there was failure of the Department (i) to ensure regular maintenance of monthly accounts by the Junior Engineer and their submission to the divisional office and (ii) to carry out annual physical verification of materials during execution of works, as envisaged in the rules.

The matter was referred to Government in June 1995; their reply has not been received (August 1995).

Education Department

5.3 Stores and Stock

5.3.1 Introduction

Stores in Education Department mainly comprise stock items like furniture and articles for use by students such as uniforms, books, tape recorders, science and carpentry kits, etc. Against budget

E
E
S
E
se
di
ar
B
sc
5.
pu
1

provision of Rs.1047.65 lakhs, expenditure of Rs.1047.73 lakhs was incurred during 1991-94 on the acquisition of stores and stock as under:

	1991-92	1992-93 (Rupees in lakhs)	1993-94	Total
<u>Budget provision</u>				
Plan:				
(i) Uniforms	132.49	149.50	126.50	408.49
(ii) Other material	191.05	166.44	134.42	491.91
Non-plan:				
Material other than uniforms	50.18	49.56	47.51	147.25
Total:	373.72	365.50	308.43	1047.65
<u>Expenditure</u>				
Plan:				
(i) Uniforms	132.49	149.50	126.50	408.49
(ii) Other material	191.05	166.77	135.34	493.16
Non-plan:				
Material other than uniforms	50.18	48.53	47.37	146.08
Total	373.72	364.80	309.21	1047.73

Purchases were effected by the Director, Primary Education, District Primary Education Officers (DPEOs) and Block Education Officers (BEOs) for primary education and by the Director of Secondary Education, District Education Officers (DEOs), Sub-Divisional Education Officers (SDEOs) and the Principals/Headmasters of secondary/high schools for secondary education. Test-check conducted during February-May 1995 of the records of Directors, Primary Education and Secondary Education, 22 offices (DEOs(3), DPEOs(3), SDEOs(8), BEOs(8)) out of 38 (DEOs(3), DPEOs(3), SDEOs(9), BEOs(23)) and 43 schools out of 760, in 3 districts¹ revealed the following:

5.3.2 Purchases without assessment of requirement

In spite of specific provision in the financial rules that purchases should be made in accordance with specific and immediate

requirements, stores valued at Rs.4.11 lakhs acquired between May 1987 and November 1994 remained unutilised as of May 1995 as under:

S. No. office	Particulars of store articles purchased	Period of purchase	Balance lying unutilised Quantity/ Number	Value (Rupees in lakhs)	Remarks
1. DPEO, Panipat	Library books	March 1993	4,373	0.44	Books were not issued to BEOs for further issue to schools.
2. 26 schools of Jind, Panipat and Hisar	Books for Book bank	Between August 1990 and August 1992	2,600	0.18	Books were not issued due to purchases without assessing their requirement.
3. 3 schools under DEOs, Jind and Hisar	Library books	May 1990 to October 1990	967	0.39	These books were not issued being in English language and of higher standard.
4. 23 schools/offices of Jind, Hisar and Panipat	Uniform cloth	Between May 1987 and November 1994	4,995	0.61	The cloth not issued to girl students of scheduled castes/backward classes.
5. 11 schools under DEO, Panipat	Duplicating machines	April 1993	11	0.17	Duplicating machines were not used due to purchase without assessing the requirement.
6. DPEO, Panipat	Miscellaneous store articles	Between September 1992 and March 1993	-	2.05	These articles were not issued by DPEO to schools.
7. 10 schools under DPEO, Panipat and one under BEO, Hisar	Carpentary kits	Between May 1991 and December 1993	31	0.15	These were not utilised as purchase were made without any requirement.
8. 8 schools under DPEO, Panipat	Tape recorders	Between November 1992 and September 1993	8	0.12	These were not utilised as purchases were made without any requirement.
	Total :			4.11	

5.3.3 Non-conducting of physical verification and non-maintenance of proper records.

Under the financial rules, physical verification is desirable at regular intervals and is compulsory at the close of financial year(s). All discrepancies detected during physical verification, are required to be investigated and a list of unserviceable/condemnable items is also required to be prepared.

(a) In 40 schools/offices in the districts test-checked, no physical verification was being carried out. In 21 of these schools/offices, 1,792 unserviceable items of the book value of Rs.2.28 lakhs were, however, found lying undisposed for 1 year to 29 years.

(b) On receipt of material, the storekeeper is required to examine, count, measure or weigh them and, thereafter, enter these in the appropriate stock registers under proper attestation. Articles purchased by the DPEO, Panipat for his office and 3 schools during March-October 1993 at the cost of Rs.1.20 lakhs were, however, found (May 1995) not accounted for in the stock registers.

(c) Property registers and Library accession registers, were found incomplete in 18 schools/offices and balances from old stock registers had not been carried over to new registers in 2 offices of Panipat district. In Jind and Panipat districts, articles were not being issued against proper requisitions but only on initials of the receiving officials in the stock registers (often undated). Thus, the prescribed procedure was not being followed in issue of books and other stock materials.

5.3.4 Losses

Stores are required to be kept in safe custody not only to guard these against thefts but also to protect the same from deterioration.

(a) In the office of the BEO, Nagoora (Jind), 12 two-in-one radio-cum-cassette players valued at Rs.0.18 lakh were stolen (16 December 1992) and 162 metres poplin cloth valued at Rs.0.03 lakh was stolen (9 July 1993) for which FIRs were lodged with the Police on 17 December 1992 and on 12 July 1993 respectively. In the former case, the police declared the goods as untraceable (April 1993) and in the latter case their report was awaited (May 1995). In neither case did the Department conduct any enquiry or took any remedial action (May 1995).

(b) In February 1990, poplin cloth measuring 1,486 metres valued at Rs.0.18 lakh was transferred by SDEO (Adult Education) Jind to DEO, Jind for issue to girl students belonging to scheduled castes/backward classes. The cloth was, however, not issued and with the passage of time and due to improper storage was rendered unusable (May 1995).

5.3.5 Shortages

DPEO, Panipat, suspecting shortages in the stores of his office, prepared (January 1995) lists of actual ground balances but did not tally them with the book balances to work out actual shortages. Comparison of both these sets of records by audit in test-check revealed shortage of 34 tape recorders (Rs.0.51 lakh), 100 mathematics kits (Rs.0.39 lakh) and 800 metres poplin cloth (Rs.0.12 lakh). No action had been initiated by the DPEO against the defaulting officials as of May 1995.

5.3.6 Suspected embezzlements

(a) Against *pro forma* invoice dated 30 March 1993 for 130 science kits, the DPEO, Panipat drew (31 March 1993) Rs.1.07 lakhs from the treasury. The entire amount was shown in the cash book, duly attested by the DPEO, as having been paid to the supplier on the same date. The entry in the cash book was apparently attested by the DPEO without verifying the receipt of material and proof of payment to the supplier. In the stock register, however, there was no entry of the receipt of the kits. There were no actual payees' receipts and also no other evidence in support of the amount having been paid to the supplier. On this being pointed out in audit (June 1995), the DPEO admitted non-receipt of kits. Further developments in the matter were awaited (July 1995).

(b) For the purchase of toys, science kits, charts, globes, etc. Rs.0.46 lakh were drawn (March 1992) by the DPEO, Panipat. The material was, however, not purchased and the entire amount was shown in the cash book as refunded (19 May 1992) into the treasury. Rules require that all drawals from and remittances into treasury should be reconciled by the drawing and disbursing officers, every month, with reference to the records of the treasury but no such reconciliation was done by the DPEO, Panipat. However, on an enquiry made by the DPEO in February 1994, the Treasury Officer informed (February 1994) that no such amount had been deposited; no action to fix responsibility for the loss was taken and details were awaited (July 1995).

(c) On 18 February 1993, Rs.4.02 lakhs were drawn by the DPEO, Panipat from the treasury for payment to a supplier for the

purchase of 23,857 metres poplin cloth. However, Rs.3.62 lakhs only representing 90 *per cent* payment were released (May 1993) to the supplier through bank draft. The balance of Rs.0.40 lakh was shown to have been paid in the cash book through another bank draft in September 1993 and the entry was attested by the DPEO, whereas the supplier informed (February 1994) the DPEO that draft of Rs.0.40 lakh was not received by him. An enquiry by Audit from the bank concerned revealed (June 1995) that no bank draft for this amount was issued.

Further, in January 1994, the Director of Primary Education allocated 20,097 metres poplin cloth to DPEO, Panipat and directed him to draw Rs.3.62 lakhs from the treasury before 31 March 1994 to make payment to the same supplier. The DPEO accordingly drew (March 1994) Rs.3.62 lakhs and obtained a bank draft. The bank draft was released after the receipt of cloth (August 1994). On unpacking the consignment, 2,500 metres poplin cloth valued at Rs.0.45 lakh was found short. The supplier admitted (August 1994) the shortage but demanded the pending payment of Rs.0.40 lakh for the supply made in 1993. Neither the short supply was recouped by the supplier nor action to investigate the suspected embezzlement of Rs.0.40 lakh in September 1993 taken by the Department.

5.3.7 Internal audit

Though the Departments of Primary and Secondary Education do have internal audit cells, the stores and stock of the districts test-checked had not been audited by the internal audit cells.

These points were referred to Government in June 1995; their reply has not been received (August 1995).

Technical Education Department

5.4 Shortage of stores

With a view to preventing losses of stores through fraud or otherwise and fixing responsibility for the loss of stores, financial rules require a Government employee in-charge of stores to ensure that all

quantities received in or issued from stores are entered in the stock account strictly in the order of occurrence on the dates the transactions take place and in the case of his transfer, the stores in his charge are made over correctly to his successor and a proper receipt is taken. Physical verification of stores should also be got done by the head of the department/office at least once in every year.

In Haryana Polytechnic, Nilokheri a store-keeper in-charge of stores since June 1974 did not hand over charge to his successor on his transfer (April 1989) to Sirsa. He was relieved of his duties in June 1989 without ensuring that he had handed over his charge properly. The last physical verification had, however, been conducted in March 1981. A committee was constituted (November 1990) by the Principal of the institute for taking over charge of the stores held by him and to work out the shortages, if any. The committee reported shortage of stores valued at Rs.8.52 lakhs in March 1992. Subsequently, it was found that certain indents against which stores material had been issued were not entered in stock register. For accountal of stores after entry of all indents, a separate committee was again constituted in December 1993 which finally assessed the shortages at Rs.1.37 lakhs. The official was chargesheeted in July 1990 for carelessness and delaying the handing over of the charge knowingly and again in January 1995 for delay in the posting of already approved indents as also for shortage of stores. The Principal, Government Institute of Engineering, Sonapat was appointed (February 1991) to hold departmental enquiry in respect of the chargesheet served to the official in July 1990, the outcome of which was awaited (April 1995). No final action either to fix responsibility or to recover the cost of material found short, had thus been taken by the Department as of April 1995.

Shortage of stores was facilitated due to non-observance of rules regarding maintenance of stores account and non-conducting of physical verification of stores after March 1981.

The matter was referred to Government in May 1995; reply has not been received (August 1995).

CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 General

During 1994-95, Government disbursed Rs.246.53 crores as grants to *panchayats*, municipalities, educational institutions and other institutions, etc. for the following broad purposes;

	Amount (Rupees in crores)
A. General Services	
Other Administrative Services	1.65
B. Social and Community Services :	
(a) General Education	41.09
(b) Medical	2.64
(c) Sports	1.65
(d) Family Welfare	0.19
(e) Art and Culture	0.04
(f) Social Security and Welfare	4.39
(g) Urban Development	8.91
(h) Housing	2.40
(i) Command Area Development Programme	33.91
(j) Technical Education	4.77
(k) Water Supply and Sanitation	47.43
C. Economic Services:	
(a) Other Scientific Research	2.05
(b) Other Rural Development Programmes	32.62
(c) Animal Husbandry	1.34
(d) Secretariat-Economic Services	12.89
(e) Ecology and Environment	0.08
(f) Industries/Village and Small Scale Industries	4.80
(g) Non-conventional Sources of Energy	0.47
(h) Rural Employment	12.54
(i) Agriculture Research	28.63
(j) Civil Aviation	0.34
(k) Fisheries	1.44
(l) Crop Husbandry	0.02
(m) Miscellaneous General Services	0.24
Total	246.53

Where grants are given for specific purposes, the administrative authorities are required under the financial rules of Government to furnish utilisation certificates to the Accountant General within a period of 18 months from the date of release of the grant stating that the grants were utilised for the purpose for which these were released. Utilisation certificates had, however, not been received (September 1995) for Rs. 290.25 crores (2,365 cases), out of Rs. 489.68 crores (3,422 cases) disbursed by Government as grants during the years 1986-87 to 1993-94. Of these, certificates for Rs. 29.04 crores (1,026 cases), were due for more than three years. The break-up of pending utilisation certificates is given in Appendix-XI.

Audit under Section 14 of C&AG's (Duties, Powers and Conditions of Service) Act, 1971

6.2 General

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, receipts and expenditure of bodies and authorities substantially financed by grants and loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General of India. A body or authority is deemed to be substantially financed from the Consolidated Fund if the aggregate amount of grants and loans paid to it in a year is not less than Rs.25 lakhs (Rs 5 lakhs prior to 1983-84) and also not less than 75 per cent of its total expenditure during the year. To enable the Comptroller and Auditor General of India to determine the applicability of Section 14 of the Act *ibid*, the accounts of bodies and authorities to which grants and loans of not less than Rs.25 lakhs (Rs 5 lakhs prior to 1983-84) had been paid by various departments in a financial year are to be obtained from the grantees by the Department and furnished to the Accountant General. On the basis of information available with Audit, 22 annual accounts for 15 bodies and authorities in respect of grants/loans exceeding the limits mentioned above during 1994-95 and earlier years have not been received as of August 1995 by the Accountant General. The details are given in Appendix-XII.

The matter was referred to Government in June 1995; reply has not been received (August 1995).

Of the 47 bodies/authorities, whose accounts for 1993-94 were received, 40 bodies/authorities were audited under Section 14 of the Act during 1994-95.

Industries Department

Haryana Khadi and Village Industries Board

6.3 Irregular release/non recovery of assistance

Under the scheme 'Village Pottery Industry', financial assistance (loan) is provided to individual potters for setting up 'Maidani Bhatties' for manufacturing of bricks and sale thereof, for which a licence is required to be obtained from the Food and Civil Supplies Department under the provisions of Haryana Control of Bricks Supplies Order, 1972. Section 21 (1) of the Air (Prevention and Control of Pollution) Act, 1981 also lays down that no person shall, without the previous consent of the State Pollution Control Board, operate any industrial plant for the purpose of any industry specified in the schedule in an air pollution control area.

Haryana Khadi and Village Industries Board (KVIB) sanctioned loans aggregating Rs.15 lakhs at the rate of Rs.0.15 lakh each, to 100 beneficiaries in 13 districts¹ between November 1991 and January 1992 for manufacturing bricks by setting up 'Maidani Bhatties'. According to the terms and conditions of the loan, the amount was to be utilised within six months of the release thereof failing which the entire amount was to be recovered with 4 *per cent* interest along with 5 *per cent* penal interest. Though obtaining of licence was a pre-requisite for the sale of bricks, the loans were released to all the beneficiaries between November 1991 and February 1992 by circumventing the procedure and obtaining simple undertaking to the effect that the loanees would produce the required licence if so directed by the Food and Supplies Department. Also no clearance was obtained by the loanees from the State Pollution Control Board though whole of the Haryana State had been declared (April 1985) as an air pollution control area.

1

Ambala, Bhiwani, Faridabad, Gurgaon, Hisar, Jind, Karnal, Kaithal
Kurukshetra, Mohindergarh, Rohtak, Sirsa and Sonapat

On this being pointed out in audit (October - November 1992), the KVIB intimated (February 1993) that a case for seeking exemption from obtaining licence in the case of 'Maidani Bhatties' was referred to the State Government in November 1990, and approval thereto was awaited as of August 1995

Of the 100 units financed, 77 units were functioning without the requisite licence from the Food and Supplies Department and without approval of the Pollution Control Board. The remaining 23 units with aggregate loan amount of Rs.3.45 lakhs neither established the brick kilns nor refunded the money with penal interest. The KVIB stated (January 1995) that out of 23 units, which did not set up 'Maidani Bhatties', in one case Rs.0.15 lakh has been received back and recovery of Rs.0.04 lakh had been made from another unit. Thus, the amount of Rs.4.16 lakhs inclusive of interest (Rs.0.37 lakh) and penal interest (Rs.0.53 lakh) was lying un-recovered (August 1995).

The first instalment of the recovery of loan from 77 units was due between November 1994 and March 1995. Of 65 cases in the 7 districts² reviewed (August 1995), Rs.1.13 lakhs had not been recovered in 25 cases (July 1995).

The matter was referred to Government in February 1995; reply has not been received (August 1995).

Rural Development Department

6.4 Unfruitful expenditure

Under the scheme for 'Training of Rural Youth for Self Employment' launched by the Government of India in July 1979 for imparting technical and entrepreneurial skills to rural youths, selection of different vocations for training was to be done keeping in view the demand for skills in nearby urban areas, industrial estates, growth centres and major projects and sectoral plans of different departments at the district level.

District Rural Development Agency (DRDA), Gurgaon set up during February - August 1990 two synthetic gem-cutting and polishing centres in Nagina and Mandi Khera villages (Gurgaon district) in collaboration with the Diamond and Gem Development Corporation (DGDC), Jaipur. The memorandum of understanding (MOU) signed in January 1990 between DRDA, Gurgaon and DGDC, Jaipur stipulated that the latter would, *inter alia*, provide comprehensive package of technical and market support to the training-cum-production centre of faceting and polishing. DGDC was also to provide job work of faceting and polishing to the artisans during and after the training.

The DRDA purchased 40 faceting and polishing machines costing Rs.4.80 lakhs from DGDC during April - September 1990 for the two centres. However, both the centres were closed (August 1991) as DGDC, Jaipur did not provide raw material for the job work to the artisans during and after training as envisaged in MOU. In the meanwhile, 74 youths were imparted training up to August 1991. A total expenditure of Rs.5.61 lakhs was incurred by the Agency (machinery: Rs.4.80 lakhs, generator: Rs.0.45 lakh, electric fitting and furniture: Rs.0.16 lakh, salaries of instructors: Rs.0.20 lakh) against the grant of Rs.7.04 lakhs released by the Government of India during March 1990 to March 1993. Balance of Rs.1.43 lakhs was lying unspent as of August 1994. Out of the 40 machines, 7 machines (value: Rs.0.84 lakh) were given to trained youths for self employment, who were required to deposit the cost thereof after taking loans from banks but they neither started any business of their own nor deposited the cost by availing of the loan facility. The Agency reported (August 1994) that 6 machines had been received back and out of 74 trained youths only 3 could be employed with these and on closure of the two centres they were now doing their own job at Jaipur.

Thus, the objective of the scheme was not fulfilled. The expenditure of Rs.5.61 lakhs incurred by the DRDA also became infructuous. There was no scope for utilisation of the idle machinery elsewhere as the Rural Development Department did not run any other such centre. The machinery was awaiting disposal as of November 1994.

The Joint Secretary - cum - Director, Directorate of Rural Development Haryana, Chandigarh stated (November 1994) that these

centres, started as non-traditional trades on experimental basis with the approval of the State Level Sanctioning Committee, were closed due to non-availability of raw material. Supply of raw material was the responsibility of the DGDC, Jaipur in terms of MOU for which no action had been taken by the Agency.

The matter was referred to Government in April 1995; reply has not been received (August 1995).

6.5 Avoidable expenditure

Jawahar Rojgar Yojana (JRY) is a Centrally sponsored programme with the primary objective of generating additional gainful employment for the unemployed and under-employed in rural areas. In order to provide full benefits to the rural poor, no contractors or intermediate agency were permitted to be engaged for execution of works under the programme. At the village level, the programme was to be implemented through village *panchayats* responsible for planning and execution of the *Yojana*. Technical supervision was the responsibility of the Block Development and *Panchayat* Office/District Rural Development Agency' (DRDA).

Test-check of the accounts of the Additional Deputy Commissioner-cum-Chief Executive Officer, DRDA, Faridabad who was responsible for implementation of the programme in the district revealed (January 1995) that the DRDA had released Rs.82.75 lakhs¹ to 'Nirman Kendra Faridabad' (neither a village *panchayat* nor an agency) for the construction of 83 rooms in 68 Government primary schools of five blocks² in Faridabad District.

The work was completed between February 1992 and December 1994 by the *Kendra* after spending Rs.73.12 lakhs. This included payment of Rs.8.98 lakhs as supervision/ administrative charges in contravention of the provisions of the scheme, as engagement of any intermediate agency in its implementation was precluded. This also

1 1991-92: Rs.38 lakhs and 1993-94: Rs.44.75 lakhs

2 Ballabgarh, Faridabad, Hathin, Hodel and Palwal

resulted in lower generation of employment by 0.27 lakh mandays at the minimum wage rate of Rs.33.45 per day. The balance amount of Rs.9.63 lakhs had not been utilised as of June 1995.

On this being pointed out in audit (January 1995), the Joint Secretary-cum-Director Rural Development, Government of Haryana stated (July 1995) that the Nirman Kendra, Faridabad could not be considered as a contractor or a middleman in implementation of schemes of JRY and that it was a voluntary organisation. The reply was not tenable as the activities of the Kendra according to its objectives relate to housing construction only and they also charged commission/supervisory charges or profit for construction work.

Revenue Department

(Mewat Development Agency)

6.6 Excess payment of grant

According to a decision taken by the Mewat Development Agency (MDA) in October 1985, deficit, if any, in the running of schools managed by Mewat Model School Society, Gurgaon in the area was to be met by the Agency.

It was noticed (September 1994) in audit that financial assistance to the schools was being released on the basis of tentative outlay received from the schools. No check was exercised, after receipt of final accounts/balance sheets from the schools, to regulate the financial assistance in accordance with actual deficit in the schools.

During 1990-91 to 1994-95, financial assistance aggregating Rs.104.39 lakhs was released to 6 model schools* on the basis of tentative financial outlays submitted by the schools to MDA. On the basis of final accounts/ balance sheets prepared by 5 schools during 1990-94 and one out of 6 schools during 1994-95 but not submitted to MDA, the actual deficit in these 6 schools during the period was Rs.59.95 lakhs only. No accounts had been prepared by the remaining 5 schools during

* Ferozepur Jhirka, Hathin, Nuh, Nagina (started from April 1994), Punhana and Taoru

1994-95 relating to grants aggregating Rs.22.85 lakhs. This resulted in excess release of financial aid of Rs.21.59 lakhs during 1990-95.

The Chief Executive Officer, Mewat Development Agency, Gurgaon stated (May 1995) that the excess payments made would be taken into account as and when the funds for the year 1995-96 were released to these institutions. However, the funds for the year 1995-96 have not been released by the Agency and no adjustment/recoveries have been made as of August 1995.

The matter was referred to Government in May 1995; reply has not been received (July 1995).

✓ **Audit under Section 19 of C&AG's
(Duties, Powers and Conditions of Service) Act, 1971**

General

The Comptroller and Auditor General of India undertakes the audit of accounts of statutory bodies established by law made by the State Legislature on the specific request of the State Government under Section 19 (3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. Important points emerging from such scrutiny are given in the following paragraphs.

Town and Country Planning Department

Haryana Urban Development Authority(HUDA)

6.7 Construction of Buildings and Roads by HUDA

6.7.1 Introduction

At the time of formation of Haryana State in November 1966, planned development of urban estates was being looked after by the Department of Urban Estates established in composite Punjab in the year 1962. The Department followed Government rules for financial sanctions, execution of works through Public Works Department etc.

which created delays and problems of co-ordination and resulted in slow growth of urban estates. To overcome these problems, the Haryana Urban Development Authority Act was enacted by the State Legislature in 1977 and the State Government constituted Haryana Urban Development Authority (HUDA) in April 1977 to look after the planned development of urban areas. HUDA has the power to acquire, hold and dispose of property to carry out its operations and to carry out by itself or through any agency on its behalf building, engineering, mining and other operations to execute works for services and amenities and generally to do anything with the proper approval or under directions from the State Government.

The basic purpose of development of urban estates is to stop or reduce the concentration of growing population in the already overpopulated cities and to provide modern living environments. HUDA, after taking possession of land from private landowners on payment of compensation, prepares a master plan for each urban estate and undertakes its development in accordance with the master plan for residential, industrial and commercial purposes by providing infrastructural facilities like roads, water supply, sewerage, storm water drainage, fire services, street lighting, electrification, community centres, schools, hospitals, recreational centres, parks, horticulture/plantation, etc. Besides residential plots sold to public for construction by individuals themselves, HUDA also provides developed land to Haryana Housing Board for setting up residential colonies by way of providing built-up accommodation (EWS/LIG/MIG/HIG) to different strata of society.

While developmental/ construction activities in the urban estates are being executed by HUDA, in other areas, rural as well as urban, other than those developed by HUDA, these are executed by Government through PWD (B&R/P.H.).

6.7.2 Organisational set up

The activity of construction of roads and buildings is managed by the Engineering Wing of HUDA headed by a Chief Engineer. There are 4 circles, 17 divisions and 51 sub-divisions headed by

Superintending Engineers, Executive Engineers and Sub-divisional Engineers, respectively.

Buildings constructed by Engineering Wing are handed over to the Estate Officer of HUDA for their subsequent utilisation. The urban areas developed by HUDA are divided into 6 Urban Estates each under the charge of an Administrator assisted by Estate Officers. The overall administration vests with the Chief Administrator, HUDA.

6.7.3 Audit coverage

Audit of HUDA is conducted under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and Separate Audit Reports on its accounts for each year are required to be laid on the table of the State Legislature. Separate Audit Reports of HUDA from 1990-91 to 1994-95 were in arrears (June 1995) due to non-finalisation of accounts.

Test-check of records of 1990-91 to 1994-95 relating to the construction of buildings and roads was conducted during July 1994 to March 1995 in the offices of the Chief Administrator, Chief Engineer, 5 (out of 17) construction divisions¹ and 3 (out of 6) estate offices². The results of audit are brought out in the following paragraphs.

6.7.4 Highlights

Accounts of HUDA and Separate Audit Reports thereon, required to be presented to the State Legislature every year, were in arrears from 1990-91 to 1994-95.

(Paragraph 6.7.3)

Expenditure on construction of buildings (Rs.2208.21 lakhs) fell short by 45 per cent over the provision of

1 Faridabad, Gurgaon, Karnal, Panchkula and Panipat

2 Hisar, Karnal and Panchkula

Rs.4047.46 lakhs and expenditure on construction of roads (Rs.4099.96 lakhs) was in excess by 3 per cent over the allotment of funds of Rs.3986.80 lakhs during 1990-91 to 1994-95.

(Paragraph 6.7.5)

- Failure to issue supply order for the purchase of 5,990 tonnes of cement within the validity period of the tender and failure to enforce risk purchase clause for non-supply of 3,810 tonnes of cement by the supplier resulted in extra expenditure of Rs.30.70 lakhs.

(Paragraph 6.7.7(a & b))

- Due to improper planning and lack of coordination, a cremation ground, partly constructed at the cost of Rs.10.83 lakhs in Panchkula, had to be abandoned (September 1993) to accommodate a golf course. However, the golf course had not been developed nor was a new site chosen for the cremation ground (July 1995).

(Paragraph 6.7.7.(c))

- A building at Panchkula, constructed and furnished in violation of the norms at the cost of Rs.53.27 lakhs, without Government notification specifying it an amenity, was handed over to a registered society 'Gymkhana Club', membership of which was not open to the general public. Thus it did not serve the allottees. HUDA was also not charging any rent from the club.

(Paragraph 6.7.7.(e))

- Recovery of rent aggregating Rs. 73.17 lakhs in respect of 17 buildings/shops/ booths was in arrears from October 1977 to March 1995.

(Paragraph 6.7.7(g))

- Due to not auctioning of 35 shops and showrooms constructed during September 1989 to June 1992, there was blockade of funds of Rs.65.31 lakhs spent on construction.

(Paragraph 6.7.7(h))

- Retention of surplus labourers resulted in payment of idle wages amounting to Rs.190.11 lakhs from June 1993 to March 1995 and recurring monthly expenditure of Rs.8.67 lakhs per month thereafter.

(Paragraph 6.7.8(a))

- Lack of proper pursuance in regard to the construction of link road from Panchkula to Chandigarh railway station by HUDA had resulted not only in inordinate delay in taking up the work but also in blockade of an advance of Rs.50.50 lakhs (for 46 months) with Chandigarh Administration. Interest on the advance, lost by HUDA, worked out to Rs.25.57 lakhs (August 1995).

(Paragraph 6.7.8(b))

- Monitoring and evaluation were lacking.

(Paragraph 6.7.10)

6.7.5 Budget provision and expenditure

HUDA generates its income mainly from the sale of plots, auction of commercial buildings, rent, fees and fine for unauthorised constructions/from unauthorised occupants, interest on bank deposits, loans from the State Government, etc. No grant-in-aid is received by HUDA from the State Government. Funds are kept in banks and unspent balances at the close of the year are carried over to the following year.

Accounts of HUDA were in arrears from 1990-91. However, year-wise details of budget provision and the expenditure incurred thereagainst in respect of 'Buildings' and 'Roads', as per details made available to Audit, were as follows:

Year	Buildings			Roads		
	Budget Provision	Expenditure	Excess(+)/ Saving(-)	Budget Provision	Expenditure	Excess(+)/ Saving(-)
(Rupees in lakhs)						
1990-91	263.32	190.93	(-)72.39	453.60	412.09	(-)41.51
1991-92	337.16	157.48	(-)179.68	796.55	662.79	(-)133.76
1992-93	970.25	487.03	(-)483.22	928.55	1179.56	(+)251.01
1993-94	1085.38	670.00	(-)415.38	922.50	826.34	(-)96.16
1994-95	1391.35	702.77	(-)688.58	885.60	1019.18	(+)133.58
Total	4047.46	2208.21		3986.80	4099.96	

It was observed in audit that the budget for construction of roads was not being exhibited separately. However, the details were compiled by audit from the accounts of individual works.

6.7.6 Targets and achievements

(i) Buildings

No specific targets for construction of buildings were fixed by HUDA. However, 60 major buildings were constructed during 1991-92 to 1994-95, viz. community centres/clubs/*janj-ghars* (23), schools (14), fire station (1), dispensaries/hospitals (3), office buildings (6), police posts (2), markets (4), open-air cafe/theatres (3), swimming pools (3) and cremation ground (1).

(ii) Roads

In the urban estates, 1,107.44 kilometres of roads had been constructed up to the end of 1989-90. Against the targets of 200.30 kms and 263.80 kms of roads, during 1990-91 and 1992-93 respectively, 102.66 kms and 253.27 kms of roads were constructed. However, the

information regarding targets and achievements for the years 1991-92, 1993-94 and 1994-95 was not available with HUDA.

6.7.7 Construction of buildings

Urban areas are developed in the form of sectors. The area of a sector normally consists of 250 acres of which 43 *per cent* is developed for residential purposes, 22 *per cent* for roads/streets/paths, 12 *per cent* for schools, 12 *per cent* for public open spaces, 5 *per cent* for commercial and institutional purposes, 4 *per cent* for shopping complex, and 2 *per cent* for special and religious institutions. Each sector has internal and external facilities like community buildings, police posts, post offices, telephone exchange, grid sub-station, fire station, etc. After construction, the buildings are put under the control of Estate Officers for maintenance, sale through auction, letting out, and transfer to other departments for public purposes.

The following points were noticed in audit:

(a) **Avoidable extra expenditure due to delay in issue of supply order of cement**

Tenders for the supply of 6,000 tonnes of ordinary portland cement were invited and opened on 7 June 1990 by the Chief Engineer, HUDA. Three firms quoted their rates, of which only one firm of Gurgaon submitted the earnest money. The rates quoted by this firm were valid for 90 days ended 4 September 1990. The Higher Purchase Committee (HPC) of HUDA recommended (2 August 1990) placement of supply orders with the firm but the case was submitted to the Chairman, HUDA for approval on 1 November 1990, when the validity period of the offer had expired. The Chairman accorded his approval on 8 November 1990 with the observation that approval should have been obtained before the expiry of the validity of tenders. However, a supply order was placed with the firm on 13 November 1990 for supply of 5,990 tonnes of cement at their quoted rates ranging from Rs.1,560 to Rs. 1,620 per tonne depending upon distance involved in destination. No supply of cement was made and the firm declined in writing on 15 August 1991 to make any supply due to expiry of validity period of their offer.

Meanwhile, to meet its requirement, HUDA had re-invited tenders in November 1990 and purchased 8,732 tonnes of cement during January-February 1991 at higher rates ranging between Rs. 1,860 and Rs. 1,940 per tonne. Compared to the earlier quoted rates of the Gurgaon based dealer, HUDA had to incur avoidable extra expenditure of Rs.18.67 lakhs on 5,990 tonnes. In spite of orders to that effect by the Superintending Engineer in November 1991, the responsibility for the omission in obtaining sanction in time had not been fixed as of April 1995.

(b) Loss due to non-receipt of security deposit

An order for supply of 5,895 tonnes of ordinary portland cement at rates ranging from Rs.1,540 to Rs.1,590 per tonne (including excise duty, freight and all taxes but excluding unloading charges) for various stations in Haryana, was placed on 13 July 1990 by the Chief Engineer, HUDA with a firm of Gurgaon. Under the conditions attached to supply order, the firm was required to deposit security of Rs.1.74 lakhs within 15 days from the date of receipt of order.

According to the agreement, the entire quantity of cement was to be supplied within a period of three months, i.e. by 12 October 1990 subsequently extended up to 31 December 1990, failing which the amount of earnest money and security was to be forfeited, besides which penal action including risk purchase proceedings was to be taken against the firm.

The firm did not deposit the required security amount and against the quantity of 5,895 tonnes of cement ordered, only 2,085 tonnes were supplied by July 1991. The balance quantity of 3,810 tonnes of cement was not supplied by the firm and was purchased subsequently (January-February 1991) at higher rates involving extra expenditure of Rs. 10.29 lakhs. Though the firm failed in the performance of the contract, HUDA released the full payment for the part supply without adjusting the security amount payable by the firm (Rs. 1.74 lakhs). HUDA also did not enforce the risk purchase clause. Thus, HUDA had to incur loss of Rs.12.03 lakhs due to non-enforcement of the conditions of agreement for supply order.

(c) Abandoned cremation ground

In February 1991, the Administrator, HUDA accorded administrative approval for Rs.9.82 lakhs for the construction of a cremation ground in Sector-3, Panchkula. Tenders for the work (estimated cost : Rs.7.70 lakhs) were invited (April 1991) and the work was awarded in May 1991 to the lowest bidder at 27 *per cent* above the ceiling rate with the stipulated date for completion as April 1992. Up to March 1992, the expenditure booked was Rs.10.83 lakhs but as the rates taken in the rough cost estimate were on the lower side, many items of work (1 covered pyre, 4 uncovered pyres, 1 wood store, metalled road, parking spaces, etc.) contemplated in the original estimate were not executed. A revised rough cost estimate for Rs.25.15 lakhs was, therefore, framed in December 1992 which was sanctioned by the Chief Administrator in March 1993. Tenders for the works not executed were invited in May 1993, but no further action was taken (July 1995).

Meanwhile, HUDA planned to develop a golf course (81.29 acres) just adjoining the cremation ground and the Chief Administrator decided (September 1993) to shift the cremation ground to another location. New site had not been selected (July 1995). The golf course, which had not been notified as an amenity under the Act, had also not been developed as of July 1995.

Thus, lack of comprehensive and co-ordinated planning resulted in wasteful expenditure of Rs.10.83 lakhs.

(d) Unfruitful expenditure

Under the HUDA Act, 1977 the objects and functions of the Authority (HUDA), are to undertake and secure the planned development of urban areas and to provide amenities which mainly include roads, water supply, street lighting, drainage, parks, land scaping, etc.

In contravention of these objectives, the Executive Engineer, HUDA Division No.II, Gurgaon with the approval of the Administrator, HUDA, Gurgaon purchased in April 1993, a tempo traveller, station wagon fully air conditioned at the cost of Rs.4.33 lakhs for setting up a mobile library in Urban Estate, Gurgaon. It was also to

serve as a mobile complaint centre for redressal of residents' grievances regarding maintenance of essential services as well as a cash collection centre for bills for water and sewerage charges.

A librarian-cum-driver and an attendant were employed during June-August 1993 incurring expenditure of Rs.0.42 lakh up to March 1995. Apart from this, expenditure of Rs.2.17 lakhs was incurred from May 1993 to October 1994 on the purchase of books (Rs.0.69 lakh), furniture (Rs.0.51 lakh), colour television (Rs.0.15 lakh), type writer (0.08 lakh) and other miscellaneous items like stationery, insurance, etc. (Rs.0.74 lakh). Against the requirement of only one table and one chair for the mobile van, 36 chairs and 3 tables at the cost of Rs.0.13 lakh were purchased. The chairs and tables were neither accounted for in the stock nor utilised for the mobile library van except one table and one chair. On this being pointed out (November 1994) in audit, the furniture was accounted for in stock in April 1995. The remaining furniture was transferred to Community Centre, Gurgaon, which was irregular as the scheme of Community Centre had no link with the mobile library van and was also not required to be furnished by HUDA. Similarly, 46 books valued at Rs.0.06 lakh were not accounted for in the accession register. Colour television was transferred to the Community Centre, Sector 14, Gurgaon which was irregular and type writer purchased for the purpose of mobile van was being used by the Executive Engineer for official purposes. Only 95 residents of various sectors enrolled themselves as members since operation of mobile library van in July 1993, indicating poor public response. No register for issue of books to members was maintained to show proper utilisation of books.

Air conditioning system of the mobile van went out of order on 8 November 1993 and had not been got repaired as of April 1995. Though the van was also to serve as a complaint centre for essential maintenance services and collection centre for water supply and sewerage bills, it was not utilised for this purpose.

Thus, setting up of a mobile library van, in contravention of the objects of HUDA, resulted in an infructuous expenditure of Rs.6.92 lakhs not covered by the Act.

(e) Construction and furnishing of Gymkhana Club

HUDA provides educational, medical, social and recreational amenities to the allottees from whom internal and external development charges are recovered at the time of allotment of plots. Under the HUDA Act, 1977, amenity includes roads, water supply, street lighting, drainage, sewerage, public works, tourist spots, open spaces, parks, land scaping, play fields and such other conveniences as the State Government may by notification, specify to be an amenity.

A plot of land (2.4 acres) originally valued at Rs.1.13 lakhs in 1970-71 in Sector 6, Panchkula was earmarked by HUDA for the construction of a Club building though its provision was not covered under the Act nor was any separate Government notification issued to specify it as an amenity. In February 1991, the rough cost estimate for Rs.32.17 lakhs (subsequently revised to Rs.47.58 lakhs in April 1993) for the building was approved by the Chief Administrator. Construction works, which commenced in June 1991 were completed in January 1994 at the cost of Rs.49.69 lakhs. In May 1994, the building was transferred by HUDA to a registered society 'Gymkhana Club'. The Chief Administrator, HUDA is the ex-officio president of the Club and the Estate Officer (HUDA, Panchkula) its General Secretary. The Club has a liquor bar, billiard room, squash court besides the usual amenities of dining hall, kitchen, indoor sports, spacious lawns, etc.

Though furnishing a building was not part of its activity, HUDA furnished the Club (December 1993 - January 1994) at the cost of Rs.1.80 lakhs and also shifted from its hostel at Gurgaon to the Club a billiard table with accessories, sofa-sets, television, and a music system; worth Rs.1.78 lakhs.

Further, though HUDA had declared the membership of the Club as open to all (above 21 years of age) living in a radius of 20 kilometres of Panchkula, the membership was restricted by imposing a fee of Rs.10,000 (Rs.4,000 for Class I officers of the State Government). Besides a monthly subscription of Rs.50 was collected quarterly. The amenity of the Club building provided by HUDA at the cost of Rs.53.27 lakhs was, thus, serving only a small section of the community of Panchkula, and not the allottees; also HUDA was not charging any rent for this building from the society.

(f) Non-realisation of bid money and rent

Two shop-cum-flats (SCFs) No.3 and 4 in Sector-4, Gurgaon constructed by Urban Estate Department, Haryana in 1968-69 for sale, were let out in February 1973 to the District Employment Officer, Gurgaon for office purpose without entering into any agreement/rent deed. No reason for non-execution of agreement/rent deed were on record. The assets of Urban Estate Department were later transferred to HUDA on its formation in April 1977.

In order to provide market facilities to the residents of Sector-4, both these SCFs were put to auction on 21 December 1988 by HUDA, without getting these vacated by the tenant. The highest bid was received from a New Delhi bidder for Rs.10.59 lakhs, and both the SCFs were allotted to him on 3 February 1989. In accordance with the terms and conditions of the auction notice, the bidder deposited Rs.1.06 lakhs (10 per cent) on 21 December 1988 and Rs.1.59 lakhs (15 per cent) on 3 March 1989. Allotment letter was issued on 3 February 1989 in terms of which possession was to be handed over within 90 days of its issue. However, the balance amount of Rs.7.94 lakhs being 75 per cent of the bid money was not paid by the allottee in lump sum (without interest) nor in 8 half-yearly equal instalments (with interest at 10 per cent per annum) due to the possession of these SCFs not being handed over to him by HUDA. The SCFs were vacated by the District Employment Officer, Gurgaon on 11 August 1994 but no rent for the period February 1973 to August 1994 had been demanded or recovered from him. HUDA, however, had not still handed over possession of these SCFs to the allottee as of April 1995 due to which the allottee filed a court case demanding interest on the amount of Rs.2.65 lakhs deposited by him in 1988-89.

Thus, putting these SCFs to auction without getting these vacated, first resulted in non-realisation of the balance bid money of Rs.7.94 lakhs.

(g) Non-realisation of rent

In the cases shown in the table below, recovery of rent amounting to Rs.73.17 lakhs relating to the period October 1977 to March 1995 in respect of various buildings of HUDA let out on rent or illegally occupied by other departments had not been made as of April 1995.

Description of the building	Name of the Department to whom let out	Date of letting out	Period for which rent due	Rate of monthly rent (In rupees)	Amount of rent (Rupees in lakhs)
(i) Higher Secondary School, Sector 4&7, Gurgaon.	Education Department, Haryana	October 1977	October 1977 to March 1995	25,450	53.45
(ii) Two SCFs in Urban Estate, Kurukshetra	District Town and Country Planning Officer	July 1988	July 1988 to March 1995	6,620	5.36
(iii) Ground Floors of SCF 2&3 in Sector 16, Faridabad.	Haryana State Electricity Board	August 1987	August 1987 to March 1995	2,300 (each SCF)	4.23
(iv) Six rooms of a school building, Sector-4 Gurgaon.	Rotary Service Trust, Gurgaon.	June 1981	June 1981 to May 1985	9,867	4.74
(v) First floors of SCF Nos 84,87 and 88, Sector-17, Faridabad	Police Department	September 1990	September 1990 to March 1995	2,300 (each SCF)	3.80
(vi)(a)2 booths in Sector 13, Karnal	-do-	January 1980	January 1980 to March 1995	380))))	1.59
(b)6 booths in Sector 6, Karnal	-do-	August 1988	August 1988 to March 1995	1120)	
Total					73.17

Rent in respect of buildings at serial No. (iii) and (v) had not been fixed by HUDA. The calculation of rent of these buildings is based on rent charged by HUDA for similar buildings in the same sectors during the same period.

(h) Blockade of funds due to construction without assessing public response

In Transport Nagar Sector - 25, Panipat, 14 showrooms and 21 shops constructed during September 1989 to June 1992 at the cost of Rs.65.31 lakhs (showrooms: Rs.55.98 lakhs; shops: Rs.9.33 lakhs) were put to auction after periods ranging between 2 and 6 years. All these commercial buildings were lying undisposed off as there was poor public response on account of high reserve price. Although Estate Officer, HUDA, Panipat, had requested (May 1994) the Administrator HUDA, Panchkula for reducing the reserve price reasonably in order to attract public response, the same had not been reduced (April 1995) resulting in non-auctioning of the showrooms constructed at the cost of Rs. 65.31 lakhs and resultant loss of revenue to the HUDA.

6.7.8 Test-check of records relating to construction of roads revealed as under:

(a) Idle wages

The work of construction and repair of roads in Urban Estate, Panchkula, was mainly done through departmental labour, either regular or on daily wage.

In June 1993, the Superintending Engineer, HUDA, Panchkula, informed the Chief Engineer, HUDA that 785 daily wage labourers working in 2 construction divisions of Panchkula (Division - I: 446; Division - II: 339) were surplus to requirements. Of these labourers, 680 were beldars/mazdoors and the remaining 105 were chowkidars, patrol man, fitters, masons, work mistry, etc. Despite the fact that they were declared surplus, 146 daily wage labourers (Division-I: 46; Division-II: 100) were made regular by the Superintending Engineer, HUDA, Panchkula in November 1993. The Superintending Engineer (SE),

HUDA, Panchkula circle requested (November 1993) the Chief Engineer, HUDA to transfer the surplus employees to other needy divisions as retrenchment of such a large number was likely to attract opposition from unions and the press media and as continuation of their services without any work was not proper. The surplus labour was shown as engaged on cleaning of berms, removal of malba, etc. which was not measurable and did not form part of regular work of HUDA.

It was decided (February 1994) to utilise the surplus departmental labour in other divisions and as a consequence surplus labour in respect of HUDA Division No.I, Panchkula decreased from 446 to 340 in March 1994. The requirement of labour from other HUDA circles was called for by SE, Panchkula circle in April 1994. The SE, Hisar circle asked for (July 1994) 30 beldars and HUDA division No.I, Gurgaon requisitioned (August 1994) 46 beldars, 2 masons and 2 carpenters. But despite repeated instructions from the Chief Engineer, HUDA, no surplus labour was transferred to other Urban Estates (March 1995). Their continuance in service without any fruitful work had resulted in payment of idle wages by HUDA amounting to Rs.190.11 lakhs from June 1993 to March 1995 and also recurring monthly expenditure of Rs.8.67 lakhs thereafter.

(b) Non-construction of link road

Linking of Panchkula town with Chandigarh railway station with a direct road passing through railway land and the land of Chandigarh Administration was a part of the approved master plan of Panchkula. HUDA was to bear the entire cost of land, construction of road, a bridge on Mauli rivulet and electrification, but the construction work was to be carried out by the Capital Project Division of Chandigarh Administration. After seeking permission of the railway authorities and on the basis of a decision taken by the Governing body of HUDA in June 1990, an advance of Rs.50.50 lakhs was deposited by HUDA with the Chandigarh Administration in October 1991. No action was, however, taken by Chandigarh Administration and even the alignment of road was not finalised. In January 1995, HUDA decided to take up the construction of road by itself and to request Chandigarh Administration to refund the advance; further developments about the refund of advance and construction of road were awaited (June 1995).

Thus, lack of pursuance and not taking up the construction of road by HUDA itself in the first instance resulted not only in blockade of Rs.50.50 lakhs from October 1991 but also consequential loss of interest to HUDA amounting to Rs.25.57 lakhs up to August 1995.

(c) Loss of interest due to non-recovery of advances

Bitumen for the construction of roads is procured by HUDA from Indian Oil Corporation (IOC), Bharat Petroleum Corporation (BPC) and Hindustan Petroleum Corporation (HPC). In 3 Divisions, 11 supply orders for the purchase of 8,020 tonnes of bitumen were issued to these Corporations during the period from August 1988 to August 1993, against which advance payments amounting to Rs.320.64 lakhs were made. Against 8,020 tonnes ordered, only 7,204.15 tonnes of bitumen worth Rs.299.27 lakhs were received up to December 1994. The balance of 815.85 tonnes was neither supplied by the oil companies nor was the balance amount of advance of Rs.21.37 lakhs (IOC: Rs.13.78 lakhs; BPC: Rs.4.41 lakhs; HPC: Rs.3.18 lakhs) refunded (March 1995). Non-recovery of the amount of advance had resulted in blockade of funds of Rs.21.37 lakhs for a period ranging between 1 1/2 to 6 1/2 years involving loss of interest to HUDA amounting to Rs.10.78 lakhs (March 1995).

6.7.9 Other points of interest

(a) Irregular enhancement in scope of work

Under the provision of departmental financial rules relating to departments of Public Works and Forest (adopted for execution of various works by HUDA), works up to Rs.20,000 were to be allotted on work order basis and those exceeding Rs.20,000 were to be allotted by calling open tenders on competitive rates.

The Chief Engineer, HUDA issued (December 1993) instructions that no work order should be converted into an agreement and enhancement of work, under no circumstances, should exceed 25 per cent of the agreemental amount without his prior approval.

Test-check of records of HUDA divisions revealed that works on 31 buildings and 45 roads relating to the years 1991-92 to

1993-94 with estimated cost up to Rs.0.20 lakh each (total cost: Rs.15.14 lakhs) in respect of 3 divisions were initially allotted on work order basis but subsequently converted into agreements as the scope of works were enhanced to Rs.86.53 lakhs (buildings: Rs.30.19 lakhs, roads: Rs.56.34 lakhs). This extended undue advantage to the contractors as works were allotted without inviting competitive rates through open tenders. The enhancement ranged from 36 per cent to 2,387 per cent in road works and 66 per cent to 895 per cent in building works.

In none of these cases of enhancements in the scope of work had approval of the Chief Engineer been applied for/obtained (April 1995).

(b) Unauthorised payment of contractors bills

HUDA is required to execute all its works on the pattern of Public Works Department (PWD) and in accordance with the Haryana Schedule of Rates. Under the PWD Rules, whenever a work is taken up, a rough cost estimate is prepared by the PWD for administrative approval. After administrative approval, detailed estimate is prepared and submitted to the Chief Engineer for technical sanction and only thereafter tenders are invited. Contrary to this, in HUDA, administrative approvals were being accorded on the condition that estimates would be got technically sanctioned within two months failing which the administrative approval would lapse. But, even this condition was not being observed as brought out in the following:

(i) In 41 cases in 4 HUDA Divisions³, payment of final bills amounting to Rs.233.38 lakhs for construction of roads (Rs.171.38 lakhs) and buildings (Rs.62.00 lakhs) was released to contractors during 1993-95 without getting the detailed estimates technically sanctioned. Of these, payment of Rs.117.38 lakhs for 24 final bills for roads (Rs.81.15 lakhs) and buildings (Rs.36.23 lakhs) was made merely on the basis of the instructions issued (January 1994) by the Administrator that final bills be released on the basis of a certificate from the Executive Engineer that the work was executed as per the approved DNIT and was technically correct.

(ii) In 43 other cases in 4 Divisions⁴, Rs.970.24 lakhs were spent on construction of roads (Rs.599.29 lakhs) and buildings (Rs.370.95 lakhs) during 1990-94 without technical sanction and the works were executed only on the basis of rough cost estimates.

6.7.10 Monitoring and Evaluation

To monitor the progress of the developmental works, a monitoring cell under the charge of Deputy Economic and Statistical Advisor functioned in the Head Office of the HUDA from 1981-82. The cell dealt with the compilation of performance data which was printed in the Administrative Reports for appraisal and future planning of urban development. No administrative report after the year 1989-90 had been prepared by the monitoring cell. No evaluation of the activities of construction of buildings and roads by HUDA by any outside agency had been got done.

These points were referred to Government in July 1995; reply has not been received (August 1995).

6.8 Non-recovery of compounding fee

Under the Haryana Development Authority (HUDA) (Erection of Buildings) Regulations, 1979, the owner of new buildings constructed on plots allotted by HUDA, shall neither occupy the building themselves nor allow any other person to occupy the building until such building has been certified by HUDA as having been completed in accordance with the sanctioned plan. In the case of minor violations in construction plan with reference to the prescribed specifications where the allottee is not in a position to rectify the same, he has to submit an application in this regard to the Estate Officer who levies compounding fee for regularising such deviation. After the compounding fee is deposited by the owner, the occupation certificate is issued by the Estate Officer or a provisional occupation certificate is granted for a period of six months against the security of such an amount which may cover the amount of compounding fee. Besides, a lump sum amount of Rs.5,000 is also chargeable on account of unauthorised occupation of a house.

During test-check of records of compounding fee in the office of Estate Officer, Karnal it was noticed (August 1994) that in 48 cases in which compounding fee of Rs.5.46 lakhs had been levied between July 1984 and May 1994, the owners had already occupied the houses without depositing the amounts of compounding fee and without obtaining occupation certificate or even provisional certificates for occupation. However, in the case of one house occupied in November 1991 compounding fee of Rs.0.04 lakh was recovered in March 1992.

On this being pointed out in audit the Estate Officer, Karnal reported (June 1995) recovery of Rs.0.27 lakh in other five cases between September 1994 and February 1995. Out of these six cases, occupation certificates in two cases were issued after recovery of the amounts of compounding fee. The balance amount of Rs.5.15 lakhs was still recoverable (May 1995). Further, Rs.2.40 lakhs were also recoverable from these cases for violation on account of unauthorised occupation of their houses. Thus, Rs.7.55 lakhs was recoverable from the defaulters for which no effective steps had been taken by HUDA as of May 1995.

The Estate Officer Karnal stated (May 1995) that three to four notices had been issued to each plot holder for recovery of compounding fee and departmental action against the concerned Junior Engineer was being contemplated. However, no action for recovery of charges for violations by way of unauthorised occupation of houses had been initiated (May 1995).

The matter was referred to Government in June 1995; reply has not been received (August 1995).

6.9 Avoidable payment of interest

Under the general scheme for alienation of surplus Government land and properties to Haryana Urban Development Authority (HUDA), the Government decided (February 1988) to transfer 111.4 acres of land along with building thereon of old Police Lines, Hisar to HUDA for developing the same for commercial and residential use. Of the 788 plots arrived at on the basis of the proposed layout plan, 470 plots were auctioned and allotted to different persons between February 1988

and August 1992 for a total price of Rs.8.80 crores. As per terms and conditions of sale by public auction, possession of the sites was to be delivered on payment of 25 *per cent* of sale price (10 *per cent* on-the-spot and 15 *per cent* within 30 days from the date of acceptance of bid) after which the purchasers were to enjoy the right of possession so long as they continued paying the balance of the price in fixed instalments on due dates. Physical possession of the plots was, however, to be offered within one year of the date of allotment on completion of development works in the area.

Though the plots were auctioned between February 1988 and August 1992 and 25 *per cent* sale price received, the Estate Officer, HUDA, Hisar could not hand over possession of plots to the allottees as even possession of the land had not been taken from the Police Department as of March 1994. Further developments were awaited (March 1995). Three allottees of 1988 and 1989 filed complaints in August 1992, September 1992 and March 1993 before the District Consumer Disputes Redressal Forum, Hisar against delay in getting possession of the plots. The case was decided (February/March 1993) in favour of the allottees as a case of negligence of the highest magnitude where without any development and demarcation, plots were auctioned and huge amounts collected with grant of possession being unduly delayed. HUDA was asked to pay interest at the rate of 10 *per cent* on the amounts deposited, till offer of possession. HUDA filed petition in the State Consumer Disputes Redressal Commission, Haryana, Chandigarh on the plea that there was no provision for payment of interest on the deposited amount where possession of plots was delayed and the possession was to be offered after completion of development works in the area. The petition was rejected and the rate of interest was enhanced (June 1993) to 18 *per cent* by the State Consumer Disputes Redressal Commission, Haryana, Chandigarh. Subsequently, the revision petitions filed by HUDA with the National Consumer Disputes Redressal Commission, New Delhi and in the Supreme Court of India were also dismissed in September 1993 and April 1994 respectively. Interest amounting to Rs.1.39 lakhs for the period from February/March 1993 (the date of announcement of judgement) to the dates of offer of possessions (November 1993, May 1994 and September 1994) was paid to the three allottees in September 1994.

Of the 470 plots, offer of possession had been made (August 1994) for 135 plots without approval of the zoning plan thereof and completing development works. Up to June 1994, 111 plot holders had filed cases in courts; decisions in these cases were pending (September 1994). On the total deposited amount of Rs.8.80 crores, there was interest liability of Rs.5.49 crores up to June 1994 as calculated by HUDA on the basis of the average interest paid in the 3 cases.

Thus, by not exercising due caution before putting the plots to auction and by not ensuring possession of land even after allotment of plots up to January 1993, HUDA had to pay interest of Rs.1.39 lakhs to three allottees; it also incurred the interest liability of Rs.5.49 crores besides subjecting itself to uncalled for litigations.

The Estate Officer, HUDA, Hisar confirmed (April 1995) facts of the case and stated that in 181 cases decision for making payment to the allottees of 18 *per cent* rate of interest had been received from the District Consumer Disputes Redressal Forum of which 91 cases had been decided by the Supreme Court of India also as far as the liability of HUDA was concerned. Further developments were awaited (April 1995).

The matter was referred to Government in March 1995; reply has not been received (August 1995).

6.10 Excess payment due to incorrect application of rates

Under the Land Acquisition Act, 1894, amount of compensation awarded for land acquired is determined on the basis of market value of the land on the date of publication of the notification under Section 4 of the Act. In addition to the market value of land, solatium in consideration of the compulsory nature of acquisition and interest from the date of possession of the land, are also admissible. In terms of amended Act 1984, the rate of solatium and interest payable were enhanced as under from 30 April 1982 and the revised rates were applicable in relation to any award made by the Collector or Court or to any order passed by the High Court or Supreme Court in appeal against any such award where the proceedings were pending on that date.

Solatium

15 per cent of compensation up to 29 April 1982 and 30 per cent thereafter

Interest

6 per cent up to 29 April 1982, and thereafter, 9 per cent for the first year and 15 per cent for the subsequent period till payment is made

Seventy-three landowners of Gurgaon district, whose lands had been acquired during the period March 1975 to January 1978 were awarded compensation by the Land Acquisition Officer (LAO), Gurgaon in March 1978, which was enhanced by the District Court on 31 July 1982 and 4 September 1982. They filed a civil appeal in July 1984 in the Supreme Court for enhancement of compensation. The Supreme Court awarded (September 1991) the payment of compensation at the enhanced rates together with solatium and interest as admissible in accordance with law. Enhanced compensation was paid during the period February 1992 to April 1994. Since the compensation in these cases had been awarded before 30 April 1982, solatium and interest in regard to the enhanced compensation was admissible at the pre-revised rates up to 29 April 1982 and at enhanced rates thereafter.

It was noticed (February 1994 and September 1995) in test check that the LAO, Gurgaon paid solatium: Rs.31 lakhs and interest: Rs.285.96 lakhs in sixty cases from the dates of taking possession of land during the period March 1975 to April 1978 after applying the revised rate of 30 per cent (solatium) and 9 per cent for the first year and 15 per cent thereafter (interest). This resulted in excess payment of Rs.99.50 lakhs (solatium:Rs.15.50 lakhs and interest:Rs.84.00 lakhs).

On this being pointed out in Audit, the LAO, Gurgaon stated (April 1994) that since the judgement/awards were announced by the District Court on 31 July 1982 and 4 September 1982 i.e. after 29 April 1982, the landowners were entitled to solatium and interest at revised rates. The reply of the Department was not correct as the award of the LAO had been announced prior to 30 April 1982. Moreover, in similar other cases it was held by the Hon'ble Supreme Court of India in January 1994 that the Statutory benefits of solatium and interest on

enhanced market value will be payable as prevailing prior to the amendment of the Land Acquisition Act, 1984.

The matter was referred to Government in March 1995; reply has not been received (August 1995).

Industries /Town and Country Planning/

Housing and Labour and Employment Departments

6.11 Non-presentation of Audit Reports of autonomous bodies to the Legislature

The certified annual accounts and the Audit Reports on the State autonomous bodies subject to audit under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 are required to be placed by the respective Administrative Department before the State Legislature within 9 months of the close of each accounting year.

Audit of 4 autonomous bodies for different periods between 1980-81 and 1992-93 was conducted under Section 19(3) of the Act *ibid*, and 13 Audit Reports (Appendix-XIII) on the accounts of these bodies along with certified annual accounts were sent to Government/respective Heads of the Department for placement before the State Legislature, between May 1987 and January 1995. But these had not been presented before the State Legislature (June 1995).

Besides, Haryana Urban Development Authority, Panchkula and Housing Board Haryana, Chandigarh had also not finalised and submitted to audit their annual accounts for the periods 1990-91 to 1993-94 and 1991-92 to 1993-94 respectively.

The matter was brought to the notice of the respective autonomous bodies in July 1995 and to Government (September 1995); their replies had not been received (November 1995).

CHAPTER-VII

COMMERCIAL ACTIVITIES

7.1 General

The Chapter deals with the audit of departmentally managed Government commercial and quasi-commercial undertakings.

There were 6 departmentally managed Government commercial and quasi-commercial undertakings in the State as on 31 March 1995. The extent of arrears in the submission of *pro forma* accounts by these undertakings is shown below :

S.No.	Name of Undertaking	Extent of arrears
1.	Colonisation Department*	1969-70 to 1983-84 (up to September 1983)
2.	Agriculture Department (Purchase and Distribution of Pesticides)	1979-80 to 1994-95
3.	Agriculture Department (Seed Depot Scheme)	1983-84 to 1994-95
4.	Haryana Roadways	1991-92 to 1994-95
5.	Printing and Stationery Department (Nationalised Text Books Scheme)	1991-92 to 1994-95
6.	Haryana Veterinary Vaccine Institute	1994-95

The summarised financial results of these undertakings on the basis of latest accounts made available as of December 1995 are given in Appendix - XIV.

* The Colonisation Department was wound up with effect from 13 September 1983 according to the State Government Notification No. 18/43/82TCP dated 19 September 1983.

Transport Department**(Haryana Roadways)****7.2 Material management and Inventory control**

Haryana Roadways has 19 Depots and annual expenditure on purchase of stores and stock for the running and maintenance of 3,498 buses was Rs.5970.77 lakhs during 1989-90. While the number of buses increased by 301 (9 *per cent*), the expenditure on this account increased by Rs.5260.04 lakhs (88.09 *per cent*) to Rs.11,230.81 lakhs by 1993-94, i.e. over a period of 4 years. Purchases were made by the Department from the firms on rate contract with the Association of State Road Transport Undertakings (ASRTU), Director General of Supplies and Disposals (DGS&D) and Director of Supplies and Disposals, Haryana (DS&D). Items for which there was no rate contract with any of them were, however, being purchased direct from the manufacturers/suppliers for which the procedure of inviting tenders etc. as prescribed in the financial rules was required to be followed. Supply orders were placed by the Transport Commissioner but the deliveries were received by the Depots which were also responsible for making the payments.

Test-check, conducted between October 1994 and April 1995 covering the period from 1989-90 to 1993-94, of the records of the Department disclosed irregularities as discussed in the succeeding paragraphs.

(i) Excess Inventory

Haryana Roadways had 19 Depots and each Depot had a workshop and a store of its own. The norms for holding inventory of Rs.0.10 lakh per bus for repair and maintenance was increased in August 1990 by the Transport Commissioner to Rs.0.12 lakh per bus. It was, however, observed that the inventory held by each depot during 1989-94 ranged between Rs.0.16 lakh and Rs.0.25 lakh per bus.

The inventory held in excess of the prescribed norms ranged between Rs.200.29 lakhs (1989-90) and Rs.484.63 lakhs (1993-94):

Quantum of inventory				
Year	Number of buses	Due as per the norms	Actually held	Excess
(Rupees in lakhs)				
1989-90	3,498	349.80	550.09	200.29
1990-91	3,556	426.72	732.12	305.40
1991-92	3,452	414.24	790.68	376.44
1992-93	3,758	450.96	743.40	292.44
1993-94	3,799	455.88	940.51	484.63

The following further points were noticed:

(a) To reduce maintenance cost, the entire fleet of Delhi depot comprising Ashok Leyland buses was replaced (April 1993) by a fleet of Tata-make buses. Spare parts valued at Rs.5.88 lakhs for Ashok Leyland buses which became surplus, however, had not been transferred to other depots with Ashok Leyland buses as of 31 July 1995.

(b) Tools were issued to drivers for emergent repairs and, as of 31 March 1994, their value aggregated Rs.94.16 lakhs. These were required to be physically verified, daily, at the time of outshedding of buses but no such physical verification had been carried out by the Department during 1989-94.

(ii) Extra expenditure on the purchase of batteries

For the purchase of different types of 1,312 batteries at the cost of Rs.21.42 lakhs, the Department placed two supply orders on 13 December 1991 on supplier 'A' for 875 batteries (Rs.13.93 lakhs) and on supplier 'B' for 437 batteries (Rs.7.49 lakhs). Both the suppliers were on

rate contract with ASRTU. Both these suppliers were also on rate contract with the DGS&D at much lower rates. Compared with the DGS&D rates of supplier 'A', the Department incurred extra expenditure of Rs.2.43 lakhs on the purchase of these items as indicated in the following table :

Types of batteries	ASRTU rates of 'A' and 'B'	DGS&D rates of 'A'	Difference	Number of batteries	Extra expenditure (Rupees in lakhs)
	(In rupees)				
6V 150 AH	'A' 1,076.27	965.60	110.67	550	0.61
12V 135 AH	'A' 2,033.99	1,839.75	194.24	93	0.18
12V 180 AH	'A' 2,635.00	2,252.59	382.41	232	0.89
6V 150 AH	'B' 1,069.12	965.60	103.52	273	0.28
12V 135 AH	'B' 1,983.25	1,839.75	143.50	46	0.07
12V 180 AH	'B' 2,594.03	2,252.59	341.44	118	0.40
Total					2.43

(iii) Loss on wreckers

In September 1989, the Department placed an indent on the DGS&D for the supply of 5 wreckers (recovery vans) duly mounted on Tata-make chassis. Five chassis were purchased (November 1990) for Rs.18.49 lakhs and the job for fabrication of bodies on 2 of these chassis was allotted (March 1990) by the DGS&D to a Delhi-based firm 'E' at the rate of Rs.1.22 lakhs each. Firm 'E', to whom the chassis were delivered in November 1990 and March 1991, completed the job and the chassis duly mounted with recovery equipment were delivered to the Department in February and May 1991.

The work of fabrication of bodies on the remaining 3 chassis was allotted (September 1989) by the DGS&D to another Delhi-based firm 'F' at the rate of Rs. 1.35 lakhs each with the stipulated date of completion as April 1991, but the firm had a lock out on their premises

from July 1990 and, as such, all the 3 chassis remained parked in the Delhi depot of the Department. On the basis of request from firm 'F' on 23 April 1991, DGS&D requested the Department for extension of time by two months which was granted without verifying whether the lock out was over or not; the Department also ignored the offer of firm 'E' (18 April 1991) to fabricate the bodies of these chassis at the rate of Rs. 1.85 lakhs each. The Department did not initiate any action for getting the chassis fabricated even after the expiry of extended period in June 1991. In August 1992, when firm 'F' went into liquidation and after inviting (October 1992) fresh tenders, the job was allotted (February 1993) to firm 'E' at the rate of Rs. 2.25 lakhs per chassis. Firm 'E' completed the work in April 1993.

Thus, by giving extension to firm 'F' without ascertaining the position of its lockout, the Department suffered loss of Rs.1.20 lakhs on 3 chassis, apart from delaying the work by two years.

(iv) Purchase of sub-standard tubes of butyl rubber

In November 1992, the Transport Commissioner invited 13 firms to quote their rates for the supply of 30,000 tubes of butyl rubber. All these firms were on rate contract or on trial rate contract with the ASRTU. The lowest quoted rate was of firm 'G' with the basic price of Rs.334 per piece which worked out to Rs.466.26 per piece after taking excise duty, Central sales tax and cash discount into account. The next lowest rate, after negotiations, was of firm 'H' with basic rate of Rs.339 per piece which after the duty, tax and cash discount finally worked out to Rs.486.46 per piece. Both firms 'G' and 'H' were medium scale industries and on trial rate contract with ASRTU and firm 'G' whose rates were lower by Rs.20.20 per piece was also duly registered with DGS&D. The Department, however, placed (December 1992) supply order for 30,000 tubes on firm 'H' ignoring the special discount offered and the lower basic price of firm 'G'. After receipt of the consignment, complaints about cracks and leakages in the joints and nozzles of the tubes started coming in from the Depots. Samples of the material were sent (May 1993) to the Central Institute of Road Transport, Pune which opined (September 1993) that 'bulge test' be included in the specifications to ensure quality. No such test was, however, prescribed and the Department placed repeat orders on the same firm for 17,000 tubes (January 1994) and 6,000 tubes

(May 1994). Complaints from the Depots, however, continued and the supply order was cancelled by the Department in September 1994 but by that time 47,000 tubes had already been supplied by firm 'H'.

Thus, by not placing supply order on firm 'G', whose rates were lower by Rs.20.20 per piece, the Department suffered loss of Rs.9.49 lakhs. Besides, owing to defective tubes, the Department suffered commercial loss of Rs.29.88 lakhs as intimated by General Managers of various depots to Transport Commissioner.

(v) Extra expenditure on the purchase of tube nozzles/valves

On 16 September 1991, the Transport Commissioner placed a supply order on firm 'T' for 70,800 tube valves at Rs.610 per 1,000 pieces and 9,750 nozzles at Rs.12,430 per 1,000 pieces (excise duty and Central sales tax extra) with the stipulation that 50 *per cent* of the quantities ordered be supplied immediately and the balance in March 1992. On 30 September 1991, the supplier expressed his inability to execute the order at these rates due to cost escalation and informed ASRTU of the revised rates of Rs.1,265 and Rs.17,335 respectively, per 1000 pieces. ASRTU approved (2 July 1992) the revised rates for the supplies made after 15 October 1991 but specified that supplies which were scheduled to be made before that date but were delayed would not be eligible for the price increase. The supplier, instead of executing the 50 *per cent* order immediately, delayed the delivery for the entire supply and charged higher rates which the Department paid. This resulted in an extra expenditure of Rs. 0.58 lakh, including excise duty and central sales tax.

(vi) Extra expenditure on the purchase of laminated safety glass

During January-September 1992, the Department purchased 12,925 square metres (6 mm thick) of laminated safety glass from firm 'J' (6,120 square metres) at Rs.489.20 per square metre and from firm 'K' (6,805 square metres) at Rs.547 per square metre. Both these firms were on rate contract with ASRTU. It was seen in audit that ASRTU had entered (April 1991) into a rate contract valid up to September 1992 with firm 'L' for laminated safety glass of the same specifications at Rs.420 per square metre. By not purchasing the glass

from firm 'L', the Department suffered a loss of Rs.12.88 lakhs. This apart, even if the Department had purchased the entire quantity from firm 'J' alone, it would have saved Rs.3.93 lakhs.

(vii) Extra expenditure on spring leaves

Expenditure on spring leaves of the buses from 1990-91 to 1993-94 in four depots and their sub-depots test-checked showed that the sub-depots had incurred excess expenditure of Rs.5.06 lakhs per year, compared with the expenditure by the main depots as shown in the following table:

	Average expenditure on spring leaves,* per bus, from 1990-91 to 1993-94		Difference	Average number of buses in sub-depots	Total extra expenditure (Rupees in lakhs)
	main depot	sub-depot			
	(Rupees in lakhs)				
Sonepat	0.06	0.09	0.03	66	1.98
Rohtak	0.05	0.09	0.04	44	1.76
Gurgaon	0.03	0.04	0.01	34	0.34
Faridabad	0.03 *	0.05	0.02	49	0.98
Total					5.06

* Data for the year 1989-90 not available.

Reasons for variations in expenditure of the main depots and the sub-depots had not been analysed by the Department (April 1995).

(viii) Excess consumption of tyre retreading material

As per the norms, 8.9 kilograms of tread rubber were to be used, per tyre, for retreading of tyres through hot process. Test-check of three retreading plants for the period 1989-90 to 1993-94 revealed excess consumption of rubber amounting to Rs.2.41 lakhs as tabulated below :

	Number of tyres retreaded (Size 9.00 x 20)	Quantity of rubber		excess consumption	Value of excess consumption at Rs.40.25* per kg (Rupees in lakhs)
		to be used as per the norms (In kilograms)	actually used		
Ambala	20,012	1,78,106	1,79,686	1,580	0.64
Chandigarh	15,184	1,35,137	1,37,005	1,868	0.75
Karnal	22,881	2,03,641	2,06,184	2,543	1.02
Total					2.41

* Average of consumption rates for the years 1989-94.

Excess consumption was due to sub-standard rubber (uneven thickness and dry cushion) purchased during the period covered under test-check from non-tyre manufacturing firms as reported by respective General Managers to Transport Commissioner. No action was taken by the Department against the concerned firms (April 1995).

These points were referred to Government in June 1995; reply has not been received (August 1995).

7.3**Avoidable loss due to payment of penalty**

Except in non-tax area, value of tickets issued to passengers is inclusive of passenger tax. The tax is required to be deposited with Excise and Taxation Department failing which penalty under the provisions of Punjab Passengers and Goods Tax Act, 1952, as applicable to Haryana State, is leviable.

Faridabad Depot of Haryana Roadways irregularly issued non-tax tickets meant for Delhi area (a tax free zone) for the journeys in the territory of Haryana during 1990-91 and from April 1993 to June 1993

for the whole amount inclusive of passenger tax applicable in Haryana. The fare on which tax was payable but not paid was determined by the assessing authority at Rs. 2.18 lakhs for 1990-91 and Rs. 3.26 lakhs for the period from April 1993 to June 1993 on which tax evaded worked out to Rs. 0.82 lakh and Rs. 1.22 lakhs respectively. During finalisation of the assessment of passenger tax, penalty of Rs. one lakh for tax evasion for 1990-91 and Rs. 1.50 lakhs for the period from April 1993 to June 1993 was levied in April 1994. The tax (Rs. 2.04 lakhs) and penalty (Rs. 2.50 lakhs) was deposited with the Excise and Taxation Department between May and September 1994.

Thus, due to improper action, the depot had to pay penalty of Rs.2.50 lakhs for which responsibility had not been fixed (February 1995).

The matter was referred to Government in April 1995; reply has not been received (August 1995).

7.4 Avoidable payment of compensation

Haryana Roadways gets its passenger carrying vehicles insured from the insurance companies under Motor Vehicle Act, 1988. In accordance with the provisions of the insurance policy, the company would indemnify the insured in the event of accident against all sums which the insured shall legally be liable to pay in the case of death of any person provided the insured or any other person authorised by the insured to drive holds an effective driving licence under the Act.

A Haryana Roadways bus of Sonapat depot, which was insured with an insurance company, met with an accident in August 1991 with a Maruti van resulting in death of two persons and injury to four others. A case was filed (December 1991) by the parties in Motor Accident Claims Tribunal (MACT). The MACT in its decision of January 1994 held the driver of the bus responsible for the accident on account of negligent driving and awarded Rs.4.52 lakhs as compensation to the aggrieved parties with interest at 12 *per cent*, which was payable jointly by the Haryana Roadways and the driver. Haryana Roadways filed (March 1994) an appeal with Punjab and Haryana High Court contesting

the decision of the MACT, on the grounds that the Roadways, not being a party in the claim petitions, was not liable for payment of compensation which was dismissed (May 1994). As a result, Rs.5.96 lakhs (including interest Rs.1.42 lakhs and costs Rs.0.02 lakh) was deposited (July 1994) by the Haryana Roadways with the MACT.

The insurance company could not be held liable to reimburse to Haryana Roadways the amount of compensation, in terms of provisions of the insurance policy, as the driver of the bus was not holding a valid driving licence at the time of accident. Consequently, the Roadways issued (November 1994) recovery order to the concerned driver which could not be enforced on account of *interim* general stay obtained (January 1995) by Workers' Union of the Roadways in such cases.

Failure of the Roadways to evolve a suitable system ensuring that its drivers held valid driving licence at the time of driving, in terms of the provisions of the insurance policy, thus resulted in loss of Rs.5.96 lakhs. Potentially, this also puts lives of members of the public in jeopardy.

The matter was referred to Government in May 1995; reply has not been received (August 1995).

7.5 Avoidable payment of compensation and interest thereon

According to conditions of the insurance cover, the insurance company is liable to indemnify the insured against all sums including claimant's cost and expenses which the insured shall become legally liable to pay in respect of death or bodily injury to any person caused by or arising out of the use of the motor vehicle. A notice was required to be given in writing to the company immediately upon the occurrence of any incident and in the event of any claim, every letter, claim/writ summons were to be forwarded to the company immediately on receipt by the insured.

Test-check of records of Chandigarh depot revealed (July 1994) that a bus hit a man in January 1990 near Sonapat resulting in his death. The bus stood insured with an insurance company for the period from June 1989 to May 1990. Despite this, the Haryana Roadways in its

written statement on the petition filed by the family members of the deceased in July 1990 before the Motor Accident Claims Tribunal, Sonapat mentioned (January 1992) that the bus had not been insured. As a result, the insurance company was not made a party to the claim. The tribunal held (October 1992) the driver responsible for the accident and awarded compensation of Rs.0.96 lakh with interest at the rate of 12 *per cent* per annum from date of petition till realisation. Payment of Rs.1.38 lakhs including interest of Rs. 0.42 lakh due to delayed initiation of action (December 1993) by the General Manager was accordingly made in January 1994.

Notwithstanding the fact that the insurance company was liable to pay the compensation awarded by the Tribunal, it was observed (July 1994) in audit that after the occurrence of the incident the Roadways had not given the required notice nor forwarded writ summons and claim petition to the insurance company.

On this being pointed out (July 1994) in audit, the matter was taken up with the insurance company in August 1994. Further developments were awaited (August 1995).

Thus, the Roadways had incurred expenditure of Rs.1.38 lakhs which could have been avoided, had they taken up the matter in January 1990 itself with the insurance company as required immediately after the occurrence of the incident.

The matter was referred to Government in May 1995; reply has not been received (August 1995).

Food and Supplies Department

7.6 Extra expenditure

Tenders for the execution of labour and cartage work for handling food grains at Ladwa centre (Kurukshehra circle) for 1992-93 were invited (February 1992) by the District Food and Supplies Controller (DFSC), Kurukshehra. According to one of the conditions of the tender notice, the Department could get the work done at the risk and cost of the contractor in case the latter failed to execute the assigned work during the year 1992-93. After evaluation of the offers received from five

contractors by a Committee constituted in March 1992, the contract was awarded to the lowest tenderer whose rates were 150 *per cent* above the basic rates determined by the Department. Accordingly, an agreement was executed (March 1992) with the contractor. However, the risk and cost clause was not included in the agreement.

The contractor abandoned the work on 23 April 1992. Due to urgency, the work was executed at the prevailing *mandi* rates* ranging up to 400 *per cent* above the basic rates from 23 April 1992 to 27 May 1992 in anticipation of sanction. Necessary approval for these rates was accorded on 26 May 1992 by the Director, Food and Supplies, Haryana, Chandigarh on the condition that the DFSC, Kurukshetra would be responsible for recovery of the extra cost from the first contractor. Thereafter, the work was awarded after inviting short tenders to a contractor at the rate of 299 *per cent* above the basic rates. As the risk and cost clause had not been incorporated in the agreement with the first contractor, the Department had to incur extra expenditure of Rs. 1.39 lakhs after forfeiting security (Rs.0.30 lakh) and pending payments (Rs.0.07 lakh), the recovery of which seemed to be doubtful. The notice issued by DFSC, Kurukshetra to the contractor in March 1995 for making up the loss according to the condition of tender could not be served due to his non-availability at the given address. No responsibility had been fixed for the lapse as of July 1995.

The matter was referred to Government in June 1995; reply has not been received (August 1995).

Printing and Stationery Department

7.7 Infertuous expenditure

On the basis of indent placed (May 1993) by the Director of Secondary Education (DSE), Haryana, the Department undertook (August 1993) the job of printing of 1.50 lakh copies of drawing book-7 containing 100 pages in Panchkula Press. For this purpose, 29,943 kgs of cream wove paper costing Rs.5.58 lakhs was issued (August 1993) from

* Prevailing labour rates of the Grain Market.

the stores to the press. The Department printed 1.32 lakh sets of pages from 21 to 28 and 1.47 lakh sets of pages from 85 to 92 on the basis of previous years' manuscript available with the press at the cost of Rs.1.50 lakhs (cost of paper:Rs. 0.90 lakh and printing charges:Rs. 0.60 lakh) between August 1993 and February 1994 by consuming 4,832 kgs of paper. However, the manuscript as revised by the DSE, was received in the press in May 1994. The unconsumed paper (25,111 kgs) was still lying with the press (August 1995). The balance printing work was awarded (3 June 1994) to a private printer on the grounds of urgency of making the book available before the commencement of academic session 1994. Pages already printed were to be utilised by the private printer. The paper for printing the book was to be supplied by the Department within 3 days and the printer was to supply the book by 17 June 1994. However, the pages already printed by the Department could not be utilised by the private printer due to change in the manuscript of the material and refusal of the DSE to utilise the old format (July 1994). 29,346 kgs of paper was, therefore, issued (August 1994) afresh to the private printer. The book was printed by the private printer and supplied to the sale depots of the Department after the commencement of the academic session, during October-November 1994. Thus, the very purpose of getting the book printed urgently from an external agency was defeated. Besides, expenditure of Rs.1.50 lakhs on cost of paper and printing charges had been rendered infructuous for which no responsibility had been fixed as of April 1995.

The Controller, Printing and Stationery Department, Haryana stated (July 1995) that due to heavy pressure for colour printing jobs of various departments, it was impossible for Government Press, Panchkula to print the drawing book completely for the next academic session commencing from April 1994. The reply was not tenable as the action of the Department in taking up the printing work in August 1993 without getting the approved manuscript from the DSE was not judicious.

The matter was referred to the Government (June 1995); reply has not been received (August 1995).

Supplies and Disposals Department

7.8 Avoidable extra expenditure

The Directorate of Supplies and Disposals (DS&D), Haryana is a central agency responsible for the purchase of stores required by all the departments of the State Government and their attached/subordinate offices including the work relating to the condemnation and disposal of unserviceable and surplus stores.

Press tenders for purchase of 73,105 tonnes of ordinary portland cement required by various Government departments and corporations were opened on 16 July 1993. Offers of 17 firms were evaluated on 20 July 1993 by the technical committee of the Department and the representatives of 12 firms participated in the meeting for clarifying terms of their offers.

It was noticed (April 1994-July 1994) in audit that the Government of Madhya Pradesh had reduced the rate of sales tax from 12 per cent to 8 per cent with effect from 3 July 1993. But while evaluating the offers this aspect was not kept in view and the case was submitted (August 1993) to the High Powered Purchase Committee for their consideration. The offer of the Madhya Pradesh firm was rejected as it was higher in comparison with the rates of other firms after including sales tax at 12 per cent instead of the revised, reduced rate of 8 per cent at which the rates of the firm were the lowest. Ignoring the offer of Madhya Pradesh firm, orders for part supply of 15,865 tonnes of cement were placed during August/September 1993 on four firms at comparatively higher rates involving extra cost of Rs.4.61 lakhs.

The Department stated (September 1994) that fact of reduction of sales tax was brought to their notice by the firm only in October 1993 after finalisation of the tenders. The reply was not tenable due to the fact that DS&D, Haryana being the central agency for purchase of stores on large scale should have known the prevailing rates of statutory levies of various states by evolving a suitable mechanism. Failure to introduce such system in the larger interest of the State led to

avoidable extra expenditure of Rs.4.61 lakhs. Further, the Department stated (June 1995) that the corrective system would be evolved in future.

The matter was referred to Government in June 1995; reply has not been received (August 1995).



(M. DEENA DAYALAN)
Accountant General (Audit) Haryana

Chandigarh
The

02 FEB 1996

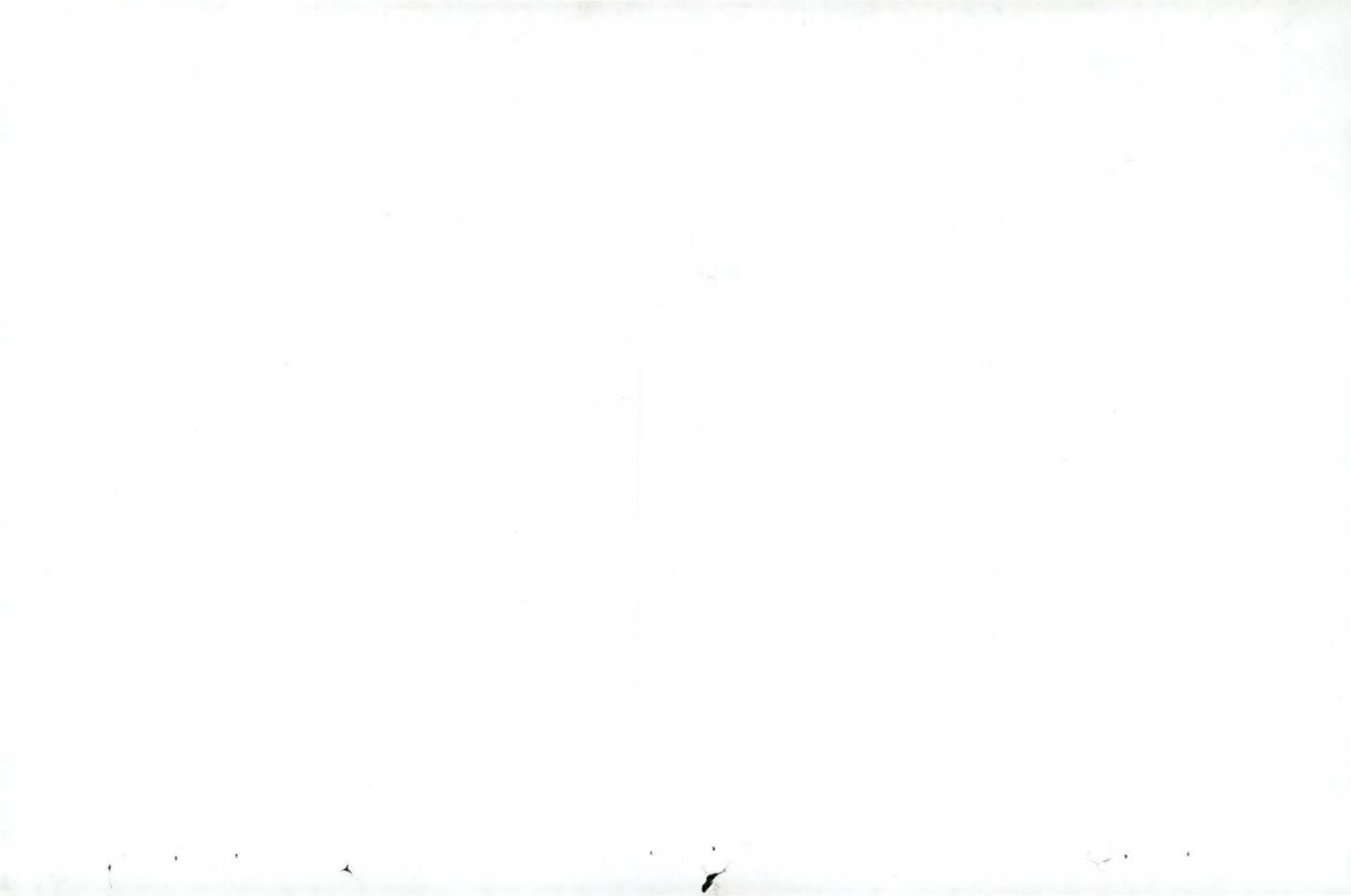
Countersigned



(C.G. SOMIAH)
Comptroller and Auditor General of India

New Delhi
The

07 FEB 1996



Appendix-I

(Refer paragraph 2.2.2; page 39)

Unnecessary supplementary grants

S. No.	Number and name of Grant/ Appropriation	Original Grant/ Appropriation	Supplementary provision	Total	Expenditure	Saving
(Rupees in crores)						
<u>Revenue Section</u>						
(Voted)						
1.	1-Vidhan Sabha	2.79	0.13	2.92	2.74	(-)0.18
2.	16-Industries	30.10	0.03	30.13	28.32	(-)1.81
Total		32.89	0.16	33.05	31.06	1.99

Appendix-II

(Refer paragraph 2.2.2; page 39)

Excessive supplementary grants

S.No.	Number and name of Grant/ Appropriation	Original Grant/ Appropriation	Supplementary provision	Total	Expenditure	Saving
(Rupees in crores)						
<u>Revenue Section</u>						
(Voted)						
1.	2-General Administration	55.53	15.37	70.90	69.98	0.92
2.	4-Revenue	34.85	17.91	52.76	48.22	4.54
3.	7-Other Administrative Services	1661.25	2405.93	3467.18	2512.77	954.41
4.	13-Social Welfare and Rehabilitation	193.34	39.15	232.49	226.82	5.67
5.	20-Forest	48.50	2.19	50.69	49.81	0.88
6.	23-Transport	254.84	23.25	278.09	277.62	0.47
7.	25-Loans and Advances by State Government	323.39	37.37	360.76	337.28	23.48
<u>Capital Section</u>						
(Voted)						
8.	7 - Other Administrative Services	0.10	1.20	1.30	0.14	1.16
9.	10-Medical and Public Health	46.38	10.59	56.97	47.59	9.38
10.	22-Co-operation	8.61	0.84	9.45	9.19	0.26
<u>Capital Section</u>						
(Charged)						
11.	15-Irrigation	0.36	1.14	1.50	1.09	0.41
Total		2027.15	2554.94	4582.09	3580.51	1001.58

Appendix-III

(Refer paragraph 2.2.2; page 39)

Insufficient supplementary grants

S. No.	Number and name of Grant/ Appropriation	Original Grant/ Appropriation	Supplementary provision	Total	Expenditure	Excess
(Rupees in crores)						
<u>Revenue Section</u>						
(Voted)						
1.	3-Home	196.11	8.03	204.14	213.59	9.45
2.	5-Excise and Taxation	14.58	3.84	18.42	19.06	0.64
3.	6-Finance	139.79	5.01	144.80	148.11	3.31
4.	8-Buildings and Roads	86.15	12.12	98.27	105.66	7.39
5.	9-Education	505.93	20.07	526.00	536.03	10.03
6.	18-Animal Husbandry	37.40	5.70	43.10	43.85	0.75
7.	22-Co-operation	13.95	1.00	14.95	15.29	0.34
<u>Capital Section</u>						
(Charged)						
8.	8-Buildings and Roads	-	0.79	0.79	1.10	0.31
Total		993.91	56.56	1050.47	1082.69	32.22

Appendix-IV

(Refer paragraph 2.2.4; page 41)

Unutilised provision and surrender thereof

S. No.	Description of Grant/Appropriation	Total amount of Grant/Appropriation	Saving	Amount surrendered
(Rupees in crores)				
(a) Savings partially surrendered				
Revenue Section (Voted)				
1.	12-Labour and Employment	29.97	3.73	3.16
2.	13-Social Welfare and Rehabilitation	232.49	5.67	5.35
3.	15-Irrigation	996.16	16.63	13.99
4.	21-Community Development	117.33	50.06	45.27
5.	23-Transport	278.09	0.47	0.03
Revenue Section (Charged)				
6.	6-Finance	535.05	48.10	27.25
Capital Section (Voted)				
7.	25-Loans and Advances	360.76	23.48	21.31
Total		2549.85	148.14	116.36
(b) Saving remaining unsundered				
Capital Section (Voted)				
1.	10-Medical and Public Health	56.97	9.38	-
2.	14-Food and Supplies	344.47	0.79	-
Total		401.44	10.17	-

Appendix - V

(Refer paragraph 2.2.7; page 50)

Significant cases of shortfall/excess in recoveries

S. No.	Description of of Grant/ Appropriation	Estimated recovery	Actual recovery	Excess (+)/ Shortfall (-) compared to estimates (percentage within brackets)
(Rupees in crores)				
<u>Revenue Section</u>				
1.	4-Revenue	10.62	21.67	(+) 11.05 (104)
2.	8-Buildings and Roads	Nil	8.21	(+) 8.21 (100)
3.	10-Medical and Public Health	0.78	4.12	(+) 3.34 (428)
4.	14-Food and Supplies	5.45	7.21	(+) 1.76 (32)
5.	15-Irrigation	Nil	38.36	(+) 38.36 (100)
<u>Capital Section</u>				
6.	14-Food and Supplies	437.11	379.14	(-) 57.97 (13)
7.	22-Co-operation	Nil	1.62	(+) 1.62 (100)

Statement showing details of funds placed by the DOI at the disposal of HFC

Year (i)	Opening balance with the HFC (ii)			Budget provision and funds placed by the DOI at the disposal of HFC (iii)			Total funds available with HFC (iv)			Disbursements to units (v)			Closing balance with HFC (vi)		
	CIS	GSS	TOTAL	CIS	GSS	TOTAL	CIS	GSS	TOTAL	CIS	GSS	TOTAL	CIS	GSS	TOTAL
1988-89	26.29	1.58	27.87	20.00	160.73	180.73	46.29	162.31	208.60	37.46	142.56	180.02	8.83	19.75	28.58
1989-90	8.83	19.75	28.58	140.00	284.60	424.60	148.83	304.35	453.18	34.38	252.37	286.75	114.45	51.98	166.43
1990-91	114.45	51.98	166.43	218.75	250.00	468.75	333.20	301.98	635.18	271.91	292.61	564.52	61.29	9.37	70.66
1991-92	61.29	9.37	70.66	250.00	291.50	541.50	311.29	300.87	612.16	209.65	301.20	510.85	101.64	(-)0.33	101.31
1992-93	101.64	(-)0.33	101.31	435.55	500.00	935.55	537.19	499.67	1036.86	247.78	477.38	725.16	289.41	22.29	311.70
1993-94	289.41	22.29	311.70	328.00	100.00	428.00	617.41	122.29	739.70	611.58	20.98	632.56	5.83	101.31	107.14
1994-95 (up to November 1994)	5.83	101.31	107.14	317.00	250.00	567.00	322.83	351.31	674.14	220.90	239.75	460.65	101.93	111.56	213.49
				1709.30	1836.83	3546.13				1633.66	1726.85	3360.51			
CIS: Capital investment subsidy															
GSS : Generating sets subsidy															

Appendix - VII

(Refer paragraph 3.15; Page 95)

Statement showing cases of misappropriation, defalcations, etc.
under departmental investigation

S. No.	Department	Departmental investigation cases pertaining to				Criminal Prosecution pertaining to				Grand Total	
		1989-90 and earlier years		1990-91 to 1994-95		1989-90 and earlier years		1990-91 to 1994-95		Num-ber	Amo-unt
		Num-ber	Amo-unt (Rup-ees in lakhs)	Num-ber	Amo-unt (Rup-ees in lakhs)	Num-ber	Amo-unt (Rup-ees in lakhs)	Num-ber	Amo-unt (Rup-ees in lakhs)		
1.	Agriculture	1	0.02	2	0.50	-	-	2	0.37	5	0.89
2.	Animal Husbandry	3	0.20	6	1.39	-	-	2	3.11	11	4.70
3.	District Administration	-	-	-	-	-	-	2	0.15	2	0.15
4.	Education	12	3.09	6	1.99	2	2.13	11	6.64	31	13.85
5.	Election	1	0.05	1	0.23	-	-	-	-	2	0.28
6.	Fisheries	2	0.38	2	0.17	-	-	-	-	4	0.55
7.	Food and Supplies	3	4.92	4	0.39	-	-	-	-	7	5.31
8.	Forest	14	3.80	5	2.42	1	0.07	1	1.99	21	8.28
9.	Industries	1	0.12	2	1.48	-	-	-	-	3	1.60
10.	Irrigation	49	7.32	21	5.02	18	3.25	7	0.05	95	15.64
11.	Labour and Employment	4	0.64	2	0.24	-	-	2	0.56	8	1.44
12.	Lotteries	-	-	1	0.13	-	-	-	-	1	0.13
13.	Medical and Health	3	0.57	9	13.35	1	4.07	1	0.47	14	18.46
14.	Panchayat	-	-	1	3.82	-	-	-	-	1	3.82
15.	Police	-	-	1	0.25	-	-	-	-	1	0.25
16.	Printing and Stationery	1	0.36	-	-	-	-	-	-	1	0.36
17.	Public Health	26	4.09	6	1.48	4	1.15	-	-	36	6.72
18.	Public Works (Buildings and Roads)	24	6.03	2	0.85	2	0.41	-	-	28	7.29
19.	Social Welfare	1	0.26	5	2.69	-	-	-	-	6	2.95
20.	Town and Country Planning	-	-	1	0.02	-	-	-	-	1	0.02
21.	Transport	9	3.18	8	2.32	2	1.47	3	10.85	22	17.82
22.	Treasury and Accounts	1	0.01	2	0.01	-	-	1	0.24	4	0.26
	Total	155	35.04	87	38.75	30	12.55	32	24.43	304	110.77

Appendix - VIII

(Refer paragraph 3.16; page 95)

Statement showing cases representing losses due to theft, shortages,
irrecoverable revenue, etc. written off

S.No.	Department	Number of cases	Amount (In rupees)
1.	Agriculture	1	26,027
2.	Animal Husbandry	1	17,373
3.	Education	4	43,746
4.	Excise and Taxation	1	66,292
5.	Home	1	900
6.	Industrial Training and Vocational Education	1	13,800
7.	Revenue	1	5,958
	Total	10	1,74,096

Appendix - IX

(Refer paragraph 3.17; page 96)

Statement showing the names of departments where
Action Taken Notes were awaited

S.No.	Name of the Administrative Department	Year of Audit Report	Number of Para- Reviews graphs	
1.	Agriculture	1990-91	1	-
		1991-92	2	1
2.	Co-operation	1991-92	2	-
		1992-93	1	-
3.	Education	1990-91	2	-
		1991-92	4	1
		1992-93	1	-
4.	Finance	1990-91	7	-
		1991-92	7	-
		1992-93	4	-
5.	Home	1990-91	1	-
		1992-93	3	-
6.	Health	1991-92	3	-
		1992-93	1	1
7.	Industrial Training and Vocational Education	1992-93	1	-
8.	Irrigation	1990-91	7	1
		1991-92	8	1
		1992-93	4	-
9.	Jail	1990-91	2	-
		1992-93	1	-
10.	Labour and Employment	1990-91	1	-
11.	Printing and Stationery	1990-91	3	-
		1991-92	2	-
		1992-93	2	-
12.	Revenue	1990-91	1	-

S.No.	Name of the Administrative Department	Year of Audit Report	Number of Para- Reviews graphs	
13.	Rural Development	1990-91	1	-
		1991-92	1	-
		1992-93	-	1
14.	Social Welfare	1991-92	2	-
		1992-93	-	1
15.	Supplies and Disposals	1990-91	1	-
		1991-92	2	-
16.	Sports and Youth Welfare	1990-91	1	-
17.	Town and Country Planning (HUDA)	1990-91	1	-
		1991-92	-	1
		1992-93	1	-
18.	Urban Development	1992-93	-	1
19.	Welfare of SCs & BCs	1992-93	-	1
Total			81	10

Appendix-X

(Refer paragraph 4.8; page 113)

Statement showing execution of works relating to reconstruction/rebuilding of damaged roads

S. No	Name of work	Estimated cost (Rupees in lakhs)	Period of execution	Expenditure (Rupees in lakhs)
1.	Rebuilding and additional crust on Jhajjar Farrakh Nagar road in 1(25), 16(200)17,18 km	6.17	April 1991 to December 1992	8.63
2.	Reconstruction of Yakubpur to Sondhi approach road from 0 - 2.508 km	9.98	September 1991 to December 1992	9.81
3.	Reconstruction of Aurangpur to Zahidpur approach road in RD 0 to 2.70	5.16	September 1991 to December 1992	5.94
4.	Providing additional crust on Jhajjar Farrakh Nagar road to Fatehpur in km 0.135 to 1.60 and 2 to 2.775	3.35	January 1992 to December 1992	2.89
5.	Providing additional crust on Jhajjar Farrakh Nagar road to Nangla Kutani in 0.077 to 1.70 km	1.59	December 1991 to December 1992	2.04

Appendix - XI

(Refer paragraph 6.1; page 144)

Statement showing utilisation certificates outstanding as on September 1995
for grants paid up to 31 March 1994

S. No.	Purpose	Outstanding utilisation certificates	
		Number	Amount (Rupees in crores)
1.	General Education	64	88.62
2.	Medical	23	3.07
3.	Urban Development	153	7.71
4.	Other Rural Development	529	33.73
5.	Rural Employment	1,185	41.07
6.	Other Administrative Services	25	5.79
7.	Sports	113	3.44
8.	Family Welfare	30	0.18
9.	Social Security and Welfare	50	2.42
10.	Command Area Development Programme	57	59.16
11.	Secretariat Economic Services	45	16.38
12.	Technical Education	24	6.18
13.	Others	67	22.50
	Total	2,365	290.25

Appendix - XII

(Refer paragraph 6.2 ; page 144)

Statement showing the names of the bodies and authorities, the accounts of which have not been received

S.No.	Name of body / authority	Year for which accounts have not been received	Grants and loans received (Rupees in lakhs)
1.	Municipal Committee, Narnaul	1988-89 1989-90	25.30 28.63
2.	Municipal Committee, Bahadurgarh	1986-87	35.93
3.	Municipal Committee, Rohtak	1987-88 1988-89 1989-90	34.00 37.61 32.35
4.	Municipal Committee, Karnal	1982-83 1988-89	7.00 32.61
5.	Municipal Committee, Bhiwani	1987-88 1988-89 1989-90	36.40 35.25 36.00
6.	Haryana State Co-operative Supply and Marketing Federation Limited, Chandigarh	1981-82 1982-83	46.00 74.85
7.	District Rural Development Agency, Narnaul	1994-95	236.39
8.	District Rural Development Agency, Rohtak	1994-95	322.16
9.	District Rural Development Agency, Hisar	1994-95	552.46
10.	District Rural Development Agency, Sirsa	1994-95	320.12
11.	District Rural Development Agency, Jind	1994-95	80.11
12.	District Rural Development Agency, Faridabad	1994-95	46.19
13.	District Rural Development Agency, Rewari	1994-95	237.87
14.	District Rural Development Agency, Sonapat	1994-95	98.03
15.	Maharaja Agarsen Institute of Medical Research and Education, Agroha	1993-94	30.00

Appendix - XIII

(Refer paragraph 6.11; page 172)

Statement showing details of autonomous bodies whose Audit Reports have not been placed before State Legislature

S. No.	Name of the Autonomous Bodies	Year of Audit Report	Date of submission of accounts	Date of sending of Audit Report to Government/ Department
1	Haryana Khadi and Village Industries Board, Panchkula	1991-92	6 December 1992	26 April 1993
		1992-93	22 November 1993	20 June 1994
2.	Haryana Urban Development Authority, Panchkula	1980-81 to 1982-83 and 1983-84	30 January 1989	9 October 1989
		1984-85 to 1986-87	1 April 1991	20 February 1992
		1987-88 to 1989-90	11 January 1994	9 January 1995
3.	Housing Board, Haryana, Chandigarh	1989-90	25 June 1993	31 January 1995
4.	Haryana Labour Welfare Board, Chandigarh.	1983-84 to 1985-86	5 September 1986	26 May 1987
		1986-87	5 October 1987	26 April 1988
		1987-88	3 October 1988	4 April 1989
		1988-89	28 November 1989	18 May 1990
		1989-90	18 September 1990	4 April 1991
		1990-91	13 September 1991	28 February 1992

Appendix -XIV

(Refer paragraph 7.1;page 173)

Summarised financial results of Government commercial and quasi-commercial departmental undertakings

S.No.	Name of undertaking	Period of accounts up to which finalised	Turnover (Rupees in lakhs)	Profit/ Loss
1.	Colonisation Department	1968-69	NA*	29.40
2.	Agriculture Department (Purchase and Distribution of Pesticides)	1978-79	43.42	(-)0.31 ✓
3.	Agriculture Department (Seed Depot Scheme)	1982-83	114.95	25.00 ✓
4.	Haryana Roadways	1990-91**	14606.98	<u>(-)1629.94</u>
5.	Printing and Stationery Department (Nationalised Text Books Scheme)	1990-91	370.48	<u>17.97</u>
6.	Food and Supplies Department (Grain supply scheme)	1994-95**	34806.15	3146.51
7.	Haryana Veterinary Vaccine Institute (Unaudited)	1993-94	9.44	<u>2.11</u>

* Not available.

** The position adopted as per accounts finalised as of December 1995

Appendix-XV

Glossary of Abbreviations

ARP	Accelerated Rural Water Supply Programme
ASRTU	Association of State Road Transport Undertakings
B & R	Buildings and Roads
CIS	Capital Investment Subsidy
CDPO	Child Development and Project Officer
DS&D	Director of Supplies and Disposals, Haryana
DGS&D	Director General of Supplies and Disposals
DDP	Desert Development Programme
DNIT	Detailed Notice Inviting Tenders
DOI	Director of Industries
EWS	Economically Weaker Section
GMDIC	General Manager, District Industries Centre
GSS	Generating Sets Subsidy
Gms	Grams
HFC	Haryana Financial Corporation
HUDA	Haryana Urban Development Authority
HIG	High Income Group
ICDS	Integrated Child Development Services
Kgs.	Kilograms
LIG	Low Income Group
LIC	Life Insurance Corporation
MIG	Middle Income Group
MNP	Minimum Needs Programme
NA	Not Available
NFC	Ninth Finance Commission
PWD	Public Works Department
PH	Public Health
P&S	Printing and Stationery
RTE	Ready to Eat
RCC	Re-inforced Cement Concrete
RD	Reduced Distance
SCFs	Shop-cum-Flats
SNP	Supplementary Nutrition Programme

Ni
At

Har
and
Indi
Boa

Har
Dev
Autl
Pan

Hou:
Hary
Char

Hary
Welf
Char

ERRATA

REPORT OF THE C&AG OF INDIA FOR THE YEAR ENDED
31 MARCH 1995-CIVIL
GOVERNMENT OF HARYANA

Reference to Page No., Line No. etc.	For	Read
Page V Table of contents	Insert	'Audit under Section 19 of C&AG's (Dut Powers and Conditions of Service) Act, 197 General at the top
Page XV Overview; Para 5; 15th line	16,19,34 per cent	34,19,16 per cent
Page 18 3rd line from bottom	Other non-plan expenditure	Other non-plan revenue expenditure
Page 68 Para 3.2.4 3rd line	lakhs	lakh
9th line	16,19,34 per cent	34,19,16 per cent





©
Comptroller and Auditor General of India
1996

Printed at : Haryana Govt. Press, Panchkula.