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REPORT

OF THE

COMPTROLLER

AND

AUDITOR GENERAL OF INDIA

For the Year 1981-82

(CIVIL)

Government of Haryana



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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1981-82 together with other points arising from audit of financial transactions of the Government of Haryana. It also includes certain points of interest arising from the Finance Accounts for the year 1981-82.

2. The Report containing the observations of Audit on Revenue Receipts is 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 1981-82 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 1981-82 have also been included, wherever considered necessary.

4. The points brought out in this Report are not intended to convey or to be understood as conveying any general reflection on the financial administration by the departments/bodies/authorities concerned.



CHAPTER I

GENERAL

1.1. Summary of transactions

A summary of transactions of the Government of Haryana during 1981-82 is given below with the corresponding figures for the preceding year :—

	1980-81	1981-82
	(in crores of rupees)	
(1) Revenue—		
Revenue receipts—		
Revenue raised by the State Government	3,53.22	4,28.60
Receipts from the Government of India	1,06.72	1,07.47
Total revenue receipts	4,59.94	5,36.07
Revenue expenditure—		
Non-Plan	3,34.38	3,90.17
Plan	66.35	95.36
Total revenue expenditure	4,00.73	4,85.53
Revenue surplus (+)	(+)59.21	(+)50.54
(2) Debt—		
(i) Internal Debt—		
Receipts	2,31.72	3,15.03
Repayments	2,08.93	2,75.66
Increase(+)	(+)22.79	(+)39.37
(ii) Loans from the Central Government		
Receipts	64.67	90.17
Repayments	21.77	31.37
Increase(+)	(+)42.90	(+)58.80

	1980-81	1981-82
	<i>(in crores of rupees)</i>	
Total Debt (net)—		
Increase(+)	(+)65.69	(+)98.17
(3) Capital expenditure—		
Non-Plan	(-)10.12	(-)9.31
Plan	1,12.38	1,22.55
Increase (—)	(-)1,02.26	(-)1,13.24
(4) Loans and Advances by the State Government—		
Disbursements	79.16	57.81
Recoveries	10.45	18.97
Net outgo (—)	(-)68.71	(-)38.84
(5) Contingency Fund (net)—		
Increase (+)/Decrease(—)	(+)0.99	(+)0.04
(6) Public Account—		
Receipts	5,27.57	6,63.60
Disbursements	4,98.88	6,63.03
Increase (+)/Decrease(—)	(+)28.69	(+)0.57
Net deficit (—)/surplus (+) during the year	(-)16.39	(-)2.76
Opening cash balance	(-)12.02	(-)28.41
Net deficit (—)/surplus (+) as above	(-)16.39	(-)2.76
Closing cash balance	(-)28.41	(-)31.17*

1.2. Revenue surplus/deficit

(a) *Revenue receipts*—The actuals of revenue receipts for 1981-82 as compared with (i) the budget estimates and (ii) the budget estimates plus additional taxation during the year alongwith the corresponding figures for 1979-80

*The closing cash balance was made up of cash in treasuries (Rs. 0.14 lakh), Remittances in transit-local (Rs. 0.24 lakh) and Deposits with Reserve Bank (Rs. (-) 31,17.24 lakhs). There was a difference of Rs. 35,61.66 lakhs between the figure reflected in the accounts (Rs. (-) 31,17.24 lakhs) and that intimated by the Reserve Bank (Rs. (-) 66,78.90 lakhs) regarding "Deposits with the Reserve Bank". The difference is under reconciliation (December 1982).

and 1980-81 are shown below :—

Year	Budget	Budget plus additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1979-80	3,91.95	3,98.16	4,02.13	(+)3.97	1
1980-81	4,33.32	4,42.31	4,59.94	(+)17.63	4
1981-82	5,18.24	5,19.01	5,36.07	(+)17.06	3

The receipts in 1981-82 exceeded the budget estimates *plus* additional taxation mainly under Sales Tax (Rs. 16.47 crores), State Excise (Rs. 6.99 crores) and Stamps and Registration Fees (Rs. 5.69 crores) and were partly offset by decrease under Taxes and Duties on Electricity (Rs. 5.69 crores), Land Revenue (Rs. 1.96 crores), Interest (Rs. 1.77 crores), Taxes on Goods and Passengers (Rs. 1.20 crores), Irrigation, Navigation, Drainage and Flood Control Projects (Rs. 0.96 crore) and Taxes on Vehicles (Rs. 0.50 crore).

(b) *Expenditure on revenue account*—The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provision during the year along with the corresponding figures for 1979-80 and 1980-81 is shown below :—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1979-80	3,28.97	3,64.63	3,17.80	(—)46.83	13
1980-81	3,65.38	4,14.38	4,00.73	(—)13.65	3
1981-82	4,34.35	4,84.53	4,85.53	(+)1.00	..

(c) The year ended with a revenue surplus of Rs. 50.54 crores against the surplus of Rs. 83.89 crores anticipated in the budget. In 1980-81 and 1979-80 also, there was surplus of Rs. 59.21 crores and Rs. 84.33 crores, respectively.

1.3. Revenue receipts

(i) Revenue receipts during 1981-82 (Rs. 5,36.07 crores) increased by Rs. 76.13 crores over those in 1980-81 (Rs. 4,59.94 crores) as shown below :—

(1)	Receipts		Increase(+)/ Decrease(-)
	1980-81	1981-82	
	(2)	(3)	(4)
	<i>(in crores of rupees)</i>		
(i) Revenue raised by the State Government—			
(a) Tax revenue	2,33.91	2,90.62	(+)56.71*
(b) Non-tax revenue	1,19.31	1,37.98	(+)18.67
(ii) Receipts from the Government of India—			
(a) Share of net proceeds of—			
(i) Taxes on income other than Corporation Tax	18.25	18.53	(+)0.28
(ii) Union Excise Duties	41.93	48.58	(+)6.65
(iii) Estate Duty	1.05	0.91	(-)0.14
(iv) Hotel Receipts Tax	..	0.01	(+)0.01
Total (a)	61.23	68.03	(+)6.80
(b) Grants—			
(i) Non-Plan grants	9.02	3.07	(-)5.95
(ii) Grants for State Plan Schemes	16.90	13.48	(-)3.42
(iii) Grants for Central Plan Schemes	7.68	9.17	(+)1.49
(iv) Grants for Centrally Sponsored Plan Schemes	11.89	13.72	(+)1.83
Total (b)	45.49	39.44	(-)6.05
Total (i) and (ii)	4,59.94	5,36.07	(+)76.13

*Increase in tax revenue was mainly under Sales Tax receipts (Rs. 33.54 crores), State Excise Duties (Rs. 9.01 crores), Stamps and Registration Fees (Rs. 7.62 crores) and Taxes on Goods and Passengers (Rs. 6.71 crores).

The receipts from the Government of India during 1981-82 (Rs. 1,07.47 crores) formed 20 per cent of the total revenue receipts in the year.

(ii) According to the information furnished by seven out of twelve revenue earning departments, arrears in collection of revenue at the end of March 1982 were Rs. 25.64 crores (Sales Tax : Rs. 14.89 crores ; Duties on Electricity : Rs. 4.25 crores ; State Excise : Rs. 2.26 crores, Agriculture: Rs. 2.67 crores; Land Revenue : Rs. 0.66 crore ; Animal Husbandry : Rs. 0.27 crore ; Taxes on Goods and Passengers : Rs. 0.35 crore ; Taxes on Immovable Property other than Agricultural Land : Rs. 0.12 crore ; Jails : Rs. 0.11 crore ; Other Taxes on Income and Expenditure : Rs. 0.06 crore).

More information on the subject will be found in the Report of the Comptroller and Auditor General of India for the year 1981-82 Revenue Receipts—Government of Haryana.

1.4. Expenditure on revenue account

The details of expenditure, Plan and Non-Plan, on revenue account during 1981-82 under the major sectors, as also the provision of funds, and corresponding expenditure in the preceding year are given in Appendix I-1. It would be seen that while there was excess of Rs. 21.09 crores over provision for non-Plan expenditure there was short fall of Rs. 20.09 crores in utilisation of Plan provision.

Significant variations in revenue expenditure during 1981-82 over the previous year, under broad sectors, are analysed below :—

A—PLAN

Serial number	Sector/Sub-sector of expenditure	Increase		Variations
		1980-81	1981-82	
		<i>Actuals</i>		
		(in crores of rupees)		
(1)	Social and Community Services	34.69	47.47	12.78
		Due mainly to more expenditure on Public Health, Sanitation and Water Supply (Rs. 8.02 crores), Education (Rs. 2.45 crores) and Social Security and Welfare (Rs. 2.35 crores).		
(2)	Agriculture and Allied Services	24.30	38.03	13.73
		Due mainly to more expenditure on Community Development (Rs. 3.96 crores), Forest (Rs. 2.60 crores), Area Development (Rs. 2.32 crores), Agriculture (Rs. 2.17 crores) and Soil and Water Conservation (Rs. 1.07 crores).		
(3)	General Economic Services	0.48	2.09	1.61

Due to more expenditure under Co-operation.

B—NON-PLAN

Serial number	Sector/Sub-sector of expenditure	Increase		Variations
		Actuals		
		1980-81	1981-82	

(in crores of rupees)

(1)	General Services	96.46	1,19.24	22.78
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Due mainly to more expenditure on Police (Rs. 4.93 crores), Other Administrative Services (Rs. 1.36 crores), Miscellaneous General Services (Rs. 1.19 crores), Elections (Rs. 0.90 crore), Stationery and Printing (Rs. 0.82 crore) and more payment of interest (Rs. 4.02 crores) and Pensions and other Retirement Benefits (Rs. 3.74 crores).

(2)	Social and Community Services	97.75	1,10.70	12.95
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Due mainly to more expenditure on Education (Rs. 7.77 crores), Medical (Rs. 2.14 crores), Relief on account of Natural Calamities (Rs. 1.24 crores), Other Social and Community Services (Rs. 1.04 crores) and Public Health, Sanitation and Water Supply (Rs. 0.78 crore).

(3)	Transport and Communications	63.09	77.90	14.81
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Due to increase in expenditure on Road and Water Transport Services (Rs. 13.96 crores) and Roads and Bridges (Rs. 0.85 crore).

(4)	Water and Power Development	46.00	53.22	7.22
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Due mainly to more expenditure on Irrigation (Rs. 6.34 crores) and Multipurpose River Projects (Rs. 1.08 crores).

Decrease

	Agriculture and Allied Services	26.36	24.77	1.59
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Due mainly to decrease in expenditure under Community Development (Rs. 2.97 crores) and Forest (Rs. 0.44 crore) partly offset by more expenditure under Animal Husbandry (Rs. 0.81 crore) and Agriculture (Rs. 0.53 crore).

1.5. Expenditure on capital account

(i) The capital expenditure during the three years ending 1981-82 as compared with (a) the budget estimates and (b) the budget estimates plus supple-

mentary provision is given below :—

Year	Budget	Budget plus Supple- mentary	Actuals	Variation between colo- umns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
<i>(in crores of rupees)</i>					
1979-80	94.46	98.13	1,07.67	(+)9.54	10
1980-81	99.67	1,09.91	1,02.26	(-)7.65	7
1981-82	1,19.06	1,24.40	1,13.24	(-)11.16	9

(ii) The details of expenditure, Plan and Non-Plan, on capital account during 1981-82 under the major sectors, as also the provision of funds, and corresponding expenditure in the preceding year are given in Appendix I-2.

Under non-Plan, against the provision for expenditure of Rs. 0.48 crore, there were net receipts and recoveries amounting to Rs. 9.31 crores mainly under Agriculture and Allied Services—Grain Supply Scheme.

The decrease in expenditure by Rs. 1.37 crores compared to Plan provision was mainly under Water and Power Development (Rs. 2.33 crores), General Economic Services (Rs. 1.73 crores) partly offset by increase under Agriculture and Allied Services (Rs. 1.11 crores) and Transport and Communications (Rs. 1.05 crores).

(iii) Significant variations in capital expenditure during 1981-82 over the previous year under broad sectors are analysed below :—

A—PLAN

Serial number	Sector/Sub-sector of expenditure	Actuals		Increase
		1980-81	1981-82	
<i>(in crores of rupees)</i>				
(1)	Water and Power Development	64.12	68.07	3.95

Due to more expenditure on Irrigation, Navigation, Drainage and Flood Control Projects.

(2)	Agriculture and Allied Services	5.75	8.29	2.54
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Due mainly to more expenditure on Minor Irrigation (Tubewells).

Serial number	Sector/Sub-sector of expenditure	Actuals		Increase
		1980-81	1981-82	
		<i>(in crores of rupees)</i>		
(3)	Industry and Minerals	1.25	2.91	1.66
	Due to increase in expenditure on Industrial Research and Development.			
(4)	Social and Community Services	7.86	9.40	1.54
	Due mainly to increase in expenditure on Medical (Rs. 1.04 crores) and Housing (Rs. 0.47 crore).			

1.6. Loans and advances by the Government

(a) (i) The actuals of disbursement of loans and advances by the Government in 1981-82 as compared with the budget estimates and the budget estimates *plus* supplementary provision alongwith the corresponding figures for 1979-80 and 1980-81 are shown below :—

Year	Budget	Budget <i>plus</i> Supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
				<i>(in crores of rupees)</i>	
1979-80	57.95	57.95	56.66	(—)1.29	2
1980-81	61.22	80.17	79.16	(—)1.01	1
1981-82	71.60	71.60	57.81	(—)13.79	19

The saving (column 5) during the year was mainly due to release of less loans for Power Projects (Rs. 17.63 crores) and Minor Irrigation (Rs. 3.52 crores) partly offset by larger loans for General Financial and Trading Institutions (Rs. 4.04 crores), Co-operatives (Rs. 2.13 crores) Agriculture (Rs. 1.00 crore) and Urban Development (Rs. 0.59 crore).

(ii) The budget provision and the actuals of recoveries of loans and advances for the three years ending 1981-82 are given below :—

Year	Budget	Actuals	Variations	
			Amount	Percentage
			<i>(in crores of rupees)</i>	
1979-80	10.06	9.57	(—)0.49	5
1980-81	13.45	10.45	(—)3.00	22
1981-82	24.75	18.97	(—)5.78	23

The shortfall in recoveries was mainly under Agriculture (Rs. 3.92 crores), Co-operative Societies (Rs. 2.37 crores) and Housing (Rs. 0.35 crore) partly offset by more realisation under Loans to Government Servants (Rs. 1.38 crores) and Loans to General Financial and Trading Institutions (Rs. 0.36 crore).

(iii) The details of disbursements of loans and advances and recoveries made during the three years ending 1981-82 under different categories, together with the outstandings at the beginning/end of each year are indicated below :—

Categories	1979-80			1980-81			1981-82			Out-standing balance on 31st March 1982
	Out-standing balance on 1st April 1979	Loans disbursed	Loans recovered	Out-standing balance on 31st March/1st April 1980	Loans disbursed	Loans recovered	Out-standing on 31st March/1st April 1981	Loans disbursed	Loans recovered	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(in crores of rupees)										
(i) Loans for Social and Community Services	20.76	3.70	0.89	23.57	3.68	0.97	26.28	3.42	0.83	28.87
(ii) Loans for Economic Services—										
(a) General Economic Services	7.63	5.72	3.14	10.21	11.60	4.96	16.85	15.35	13.32	18.88
(b) Agriculture and Allied Services	15.48	11.81	4.51	22.78	9.52	3.28	29.02	4.28	2.28	31.02
(c) Industry and Minerals	0.55	0.21	..	0.76	1.10	(—)0.01	1.87	0.61	..	2.48
(d) Water and Power Development	2,68.11	33.53	..	3,01.64	50.55	..	3,52.19	31.17	..	3,83.36(a)
(e) Transport and Communications	0.31	..	0.02	0.29	..	0.02	0.27	..	0.02	0.25
Total (ii)	2,92.08	51.27	7.67	3,35.68	72.77	8.25	4,00.20	51.41	15.62	4,35.99
(iii) Loans to Government servants	5.60	1.69	1.01	6.28	2.71	1.23	7.76	2.98	2.52	8.22
Total	3,18.44	56.66	9.57	3,65.53	79.16	10.45	4,34.24	57.81	18.97	4,73.08

(a) Represents loans outstanding against the Haryana State Electricity Board. According to the Board's Accounts, Rs. 4,45.29 crores were outstanding. The difference of Rs. 61.93 crores represents (i) Rs. 64.24 crores being the Board's share of the assets and liabilities of the Composite Punjab State Electricity Board accounted for by the Board in its accounts provisionally in the ratio fixed by the Government of India pending determination of the exact ratio in which these were to be apportioned amongst the successor States as on 31st March 1967 and (ii) Rs. (—)2.31 crores under reconciliation.

(iv) Recoveries in arrears

(a) The Audit Office maintains the detailed accounts of some of the loans and advances. Of these loans, recovery of Rs. 30.30 crores towards principal and Rs. 1,23.40 crores towards interest was in arrears at the end of March 1982 in respect of the following :—

	Year in which amount fell due	Principal	Interest
	(1)	(2)	(3)
(in lakhs of rupees)			
Loans for Public Health, Sanitation and Water Supply—			
Loans under the National Water Supply and Sanitation Scheme	1966-67 to 1981-82	35.84	53.68
Loans for Urban Development—			
(i) Loans to Improvement Trusts	1975-76 to 1981-82	12.66	4.27
(ii) Loans to Municipalities under the <i>Ad hoc</i> Revenue Earning Scheme	1975-76 to 1981-82	11.68	9.30
Loans for Power Projects—			
Loans to Haryana State Electricity Board	1969-70 to 1981-82	29,70.07	1,22,73.08
			(Rupees 37.57 crores have been paid towards interest so far).
Total		30,30.25	1,23,40.33

(b) The departmental officers maintain the detailed accounts of other loans and advances. According to the orders issued by the Government, the administrative departments are required to intimate to Audit, by July every year the arrears (as on 31st March) in recovery of principal and interest on loans. The matter was referred to the Heads of Departments in August 1982; replies are awaited (December 1982). Out of 93 statements due from 14 departmental officers, only 9 statements were received. According to these statements,

recovery of Rs. 2,03.47 lakhs (principal : Rs. 93.55 lakhs and interest : Rs. 1,09.92 lakhs) was in arrears on 31st March 1982. Year-wise break-up of the arrears has not been intimated (December 1982).

1.7. Sources of funds for capital expenditure and for net outgo under loans and advances

The sources from which the capital expenditure (Rs. 1,13.24 crores) and the net expenditure under "Loans and Advances by the Government" (Rs. 38.84 crores) during 1981-82 were met are shown below :—

	(in crores of rupees)
I. Net addition to—	
(i) Internal debt of the State Government	39.37
(ii) Loans from the Central Government	58.80
(iii) Small Savings, Provident Funds, etc.	22.95
II. Miscellaneous (mainly deposits, etc., received by Government less amounts refunded)	(—)22.38
III. Cash balance—decrease	2.76
IV. Contingency Fund	0.04
V. Revenue surplus	50.54
VI. Net amount available for expenditure	1,52.08

1.8. Debt position

Summary—

(a) The total debt liability of the Government at the close of 1981-82 was Rs. 8,73.63 crores against Rs. 7,49.86 crores at the end of previous year, an increase of 16 per cent. A comparative analysis of the debt liability as at the end of March 1980, 1981 and 1982 is given below :—

Nature of debt	Balance on 31st March		
	1980 (2)	1981 (3)	1982 (4)
(1)	(in crores of rupees)		
(1) Internal debt of the State Government	1,24.32	1,47.11	1,86.48
(2) Loans and advances from the Government of India	3,49.48	3,92.38	4,51.18

(1)	(2)	(3)	(4)
(i) Total debt	4,73.80	5,39.49	6,37.66
(ii) Provident Funds	79.35	98.62	1,21.57
(iii) Reserve Funds (interest bearing)	13.89	16.54	19.95
(iv) Non-interest bearing obligations such as civil deposits, deposits of local funds, other earmarked funds, etc.	90.38	95.21	94.45
Total debt	6,57.42	7,49.86	8,73.63

b) Ways and means advances, overdrafts and short term loans

Under an agreement with the Reserve Bank of India, the Government of Jharkhand has to maintain with the Bank a minimum balance of Rs. 30 lakhs on all days. When the balance falls below the agreed minimum, the deficiency is made good by the Bank by giving ordinary and special ways and means advances according to limit fixed by it from time to time. The limit is Rs. 6 crores for ordinary and Rs. 3 crores for special ways and means advances. Even after the maximum advance has been given, there is a shortfall in the minimum cash balance, the shortfall is left uncovered. Overdrafts are taken when the State has *minus* balance after availing of the maximum advance.

The extent to which the Government maintained minimum balance with the Bank in 1981-82 is given below :—

Number of days on which the minimum balance was maintained without obtaining any advance	Nil
Number of days on which the minimum balance was maintained by availing ordinary and special ways and means advances	4
Number of days on which the agreed minimum balance could not be maintained even after availing ordinary and special ways and means advances to the full extent	361

The Government had overdrafts on 361 days mentioned above. The maximum overdraft on any one occasion was Rs. 63.63 crores. Ways and means advances (including overdraft of Rs. 44.96 crores remained to be cleared on 31st March 1982.

Interest paid on ways and means advances, shortfalls and overdrafts during the years 1979-80 to 1981-82 was as below :—

Year	Amount (in lakhs of rupees)
1979-80	12.96
1980-81	35.37
1981-82	3,97.93

The State Government also obtained a temporary loan of Rs. 19.80 crores from the State Bank of India during 1981-82 for the purchase of foodgrains. The outstanding balance out of a similar loan at the end of previous year was Rs. 4.15 crores. After taking this into account, the total amount of temporary loans worked out to Rs. 23.95 crores, out of which Rs. 20.70 crores were repaid during the year leaving a balance of Rs. 3.25 crores. Rupees 1.26 crores were paid as interest (at the rate of $12\frac{1}{2}$ per cent per annum) on this temporary loan.

(c) *Interest charges.*—The table below shows the burden of interest charges on the revenue (with figures for the previous year) :—

	1980-81	1981-82
	(in crores of rupees)	
Interest paid by the State Government	37.00	45.54
Interest received by the State Government—		
(a) Interest received on loans and advances	2.47	2.11
(b) Interest received on investment of cash balance	0.28	0.25
Net burden of interest on revenue	34.25	43.18
Net interest as percentage of total revenue receipts	7.04	8.05

In addition, there were adjustments of interest charges (Rs. 37.52 crores) on account of interest received from departmental commercial undertakings ; if these are also taken into account, the net burden of interest on revenue was Rs. 5.66 crores.

1.9. Investments

The amount invested by the Government during 1981-82, the total investment as at the end of the year and the dividend/interest received therefrom during the year were as under :—

Categories of bodies	Investments during 1981-82		Investment as at the end of 1981-82		Dividend/Interest received during the year (percentage of return to cumulative investments in brackets) (in crores of rupees)
	Number	Amount (in crores of rupees)	Number	Amount (in crores of rupees)	
(i) Statutory Corporations—					
(a) Shares and Debentures	2	0.49	4	4.09	0.08 (2)
(b) Loans	..	..	..	..	..
(c) Total	2	0.49	4	4.09	0.08 (2)

Categories of bodies	Investment during 1981-82		Investment as at the end of 1981-82		Dividend/Interest received during the year (percentage of return to cumulative investments in brackets) (in crores of rupees)	
	Number	Amount (in crores of rupees)	Number	Amount (in crores of rupees)		
Government Companies—						
(a) Shares and Debentures	7	7.17	17	31.26	0.02	(0.06)
(b) Loans	4	3.47	7	27.94	(A)	
(c) Total	11	10.64	24	59.20	0.02	(0.03)
Joint Stock Companies—						
(a) Shares and Debentures	5	(B) 0.39	43	2.71	0.04	(1.47)
(b) Loans	..	..	..	..	..	..
(c) Total	5	0.39	43	2.71	0.04	(1.47)
Co-operative Institutions—						
(a) Shares and Debentures	70	5.66 (C)	2,795	45.64	0.94	(2.05)
(b) Loans	7	1.15	13	13.20	(A)	..
(c) Total	77	6.81	2,808	58.84	0.94	(1.59)
Grand Total—						
(a)	84	13.71	2,859	83.70	1.08	(1.17)
(b)	11	4.62	20	41.14	(A)	..
(c)	95	18.33	2,879	1,24.84	2.02	1.61

10. Guarantees given by the Government

The Government have given guarantees for repayment of loans, *etc.*, raised by statutory corporations, co-operative societies and others.

The guarantees are in the nature of contingent liabilities on the State revenues. Brief particulars of these contingent liabilities based on available information are given below (further details are given in Statement No. 6 of the Finance Accounts 1981-82) :—

(A) Information is awaited from the department.

(B) Investments made Rs. 0.46 crore less investments retired Rs. 0.07 crore.

(C) Investments made Rs. 7.03 crores less investments retired Rs. 1.37 crores.

Body on whose behalf guarantee was given	Maximum amount guaranteed	Sums guaranteed outstanding on 31st March 1982
	(in crores of rupees)	
Statutory Corporations and Boards	2,00.24	1,50.96
Government Companies	1,45.92	47.34
Co-operative institutions including Co-operative banks	4,93.58	2,60.57
Municipal Corporations, Municipalities and other local bodies	10.92	10.77
Other institutions including private companies and firms	0.02	0.02
Total	8,50.68	4,69.66

No guarantee commission is charged by the Government.

No guarantee was invoked during the year.

1.11. Plan performance

Against the Plan provision of Rs. 2,39.37 crores (both revenue and capital) during 1981-82, Rs. 2,17.91 crores were spent leaving Rs. 21.46 crores (8.93 per cent) unutilised. The shortfall was mainly under Water and Power Development (Rs. 8.33 crores under Revenue being 96 per cent of the provision) and under Agriculture and Allied Services (Rs. 8.41 crores under Revenue being 18 per cent of the provision of Rs. 46.44 crores) due mainly to less expenditure on Community Development (Rs. 7.59 crores), Area Development (Rs. 2.76 crores) and Agriculture (Rs. 2.85 crores) partly offset by more expenditure under Minor Irrigation (Rs. 0.69 crore), Soil and Water Conservation (Rs. 0.60 crore) and Forest (Rs. 0.53 crore).

1.12. Growth of non-Plan expenditure

The non-Plan expenditure (both revenue and capital) increased from Rs. 2,78.65 crores in 1979-80 to Rs. 3,24.26 crores in 1980-81 (increase of Rs. 45.61 crores) and again to Rs. 3,80.86 crores in 1981-82 (increase of Rs. 56.60 crores). Main increase was under revenue expenditure as detailed below :—

Sector of expenditure	Revenue expenditure during			Increase (+)/Decrease (—) over the previous year during	
	1979-80	1980-81	1981-82	1980-81	1981-82
	(in crores of rupees)				
A—General Services	67.25	96.46	1,19.24	(+)29.21	(+)22.78
B—Social and Community Services	78.75	97.15	1,10.70	(+)19.60	(+)12.95
C—Economic Services	1,24.15	1,39.71	1,59.86	(+)15.56	(+)20.15

The heads under which increase mainly occurred are detailed in paragraph 1.4.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. Summary

(a) The following table compares the total expenditure during the year with the totals of grants and charged appropriations :—

		<i>Grants/ Charged appropri- ations</i>	<i>Expenditure</i>	<i>Saving(—)/ Excess(+)</i>	<i>Percen- tage</i>
(in crores of rupees)					
<i>Voted—</i>					
Original	7,10·52	} 7,61·30	7,43·14	(—)18·16	2·4
Supplementary	50·78				
<i>Charged—</i>					
Original	3,42·99	} 4,15·77	3,58·70	(—)57·07	13·7
Supplementary	72·78				
Total		11,77·07	11,01·84	(—)75·23	6·4

The overall saving of Rs. 75.23 crores was the result of saving of Rs. 1,21·99 crores in 13 grants in revenue section (Rs. 21.95 crores), 5 grants in capital section (Rs. 42.70 crores), 17 charged appropriations in revenue section (0.12 crore) and 3 charged appropriations in capital section (Rs. 57.22 crores) partly counter balanced by excess of Rs. 46.76 crores in 11 grants in revenue section (Rs. 25.36 crores) and 4 grants in capital section (Rs. 21.13 crores) and 2 charged appropriations in revenue section (Rs. 0.27 crore).

(b) Further details are given below :—

	<i>Revenue</i>	<i>Capital</i>	<i>Loans and Advances</i>	<i>Public Debt</i>	<i>Total</i>
(in crores of rupees)					
<i>Authorised to be spent (grants and charged appropriations)</i>					
Original	4,48·05	2,37·53	71·85	2,96·08	10,53·51
Supplementary	50·18	5·34	..	68·04	1,23·56
Total	4,98·23	2,42·87	71·85	3,64·12	11,77·07

<i>Revenue</i>	<i>Capital</i>	<i>Loans and Advances</i>		<i>Public Debt</i>	<i>Total</i>
(in crores of rupees)					
Actual expenditure (grants and charged appropriations)	5,01.80	2,34.94	58.07	3,07.03	11,01.84
Shortfall (—)/ Excess (+)	(+)3.57	(—)7.93	(—)13.78	(—)57.09	(—)75.23

2.2. Excess over grants/charged appropriations requiring regularisation

There was excess of Rs. 25.36 crores in 11 grants in the revenue section and of Rs. 21.13 crores in 4 grants in the capital section. Also there was an excess of Rs. 0.27 crore in 2 charged appropriations in the revenue section. The excess requires regularisation under Article 205 of the Constitution. The items are listed in the summary portion and the grant-wise Appropriation Accounts 1981-82. The details of these grants are mentioned in Appendix II-1.

Further, the excess over voted grants/charged appropriations for 1978-79 (Rs. 4.12 crores in eight cases), 1979-80 (Rs. 8.34 crores in thirteen cases) and 1980-81 (Rs. 34.22 crores in twelve cases) have not been regularised (March 1983).

2.3. Supplementary grants/charged appropriations

Supplementary provision of Rs. 46.54 crores and Rs. 4.24 crores was obtained under 19 and 4 grants in the revenue and capital sections respectively. Supplementary appropriation of Rs. 3.64 crores and Rs. 1.10 crores was also obtained for charged expenditure under 7 and 2 appropriations in the revenue and capital sections respectively. In addition, charged appropriation of Rs. 68.04 crores was obtained under Public Debt.

The details of significant cases of excessive and inadequate supplementary grants/charged appropriations are given in Appendix II-2.

2.4. Savings in grants/charged appropriations

(a) The unutilised provision of Rs. 1,21.99 crores mentioned in paragraph 2.1 (a) was mainly in 8 grants and 1 charged appropriation in which the savings were more than 10 per cent of the provision and more than Rs. 25 lakhs each. The details of these cases are given in Appendix II-3.

(b) Substantial savings in three sectors are mentioned below :—

(i) *Social and Community Services—*

Saving mainly occurred under the Grants for Labour and Employment (Rs. 8.72 crores), Social Welfare and Rehabilitation (Rs. 2.72 crores) and

Urban Development (Rs. 1.68 crores). Some of the main schemes on which the provision remained substantially or wholly unutilised were as follows :—

Serial number	Grant/Scheme	Provision	Savings and its percentage	Reasons
(in crores of rupees)				
1	<i>Labour and Employment—</i>			
	National Rural Employment Programme (Revenue)	8.93	8.93(100)	Expenditure was to be accounted for under Community Development as per decision of the Government (September 1981).
2	<i>Social Welfare and Rehabilitation—</i>			
	(a) Welfare of Scheduled Castes			
	Subsidy to Special Project Cell for economic development of Scheduled Castes under Integrated Rural Development Programme (Revenue)	1.86	1.86(100)	Reasons for the saving of the entire supplementary provision obtained in March 1982 for expenditure on economic development of scheduled castes have not been intimated (December 1982).
	(b) Subsidy to Haryana Khadi and Village Industries Board for economic development of Scheduled Castes (Revenue)	0.40	0.40(100)	
3	<i>Urban Development—</i>			
	Grant-in-aid to H.U.D.A. (Revenue)	1.65	1.65(100)	Provision (Rs. 1.13 crores) was made for integrated development of small and medium towns in anticipation of availability of funds from the Government of India which were not released.
	(ii) <i>Economic Services—</i>			
	Significant savings in this sector are analysed below :—			
1	<i>Food and Supplies—</i>			
	Procurement and Supplies (Capital)	1,03.41	25.39(24)	Saving was reported to be due mainly to shortfall in procurement of foodgrains.
2	<i>Community Development—</i>			
	National Rural Employment Programme (Revenue)	7.11	2.97(41)	Saving was attributed mainly to reduction in Plan allocation by the State Government and release of less assistance by the Government of India.

Serial number	Grant/scheme	Provision	Savings and its percentage	Reasons
(in crores of rupees)				
3.	<i>Agriculture—</i>			
	(a) Ayacut Development— Scheme for the Integrated Development of Mawat Area-Grant-in-aid (Revenue)	2.00	1.44(72)	Reasons for the saving have not been intimated (December 1982).
	(b) Plant Protection— Scheme for the purchase of pesticide (Capital)	2.30	1.29(56)	Saving was attributed to purchase of less pesticides.
	(c) Horticulture—			
	Integrated Production-cum-Marketing Vegetables Products around Delhi (Revenue)	0.51	0.51(100)	Saving was due to delay in finalising the scheme.
4.	<i>Co-operation—</i>			
	Warehousing and Marketing Co-operatives—			
	(a) Scheme for distribution of Urea on account of debit to be raised (Capital)	0.65	0.65(100)	Saving was attributed to non-receipt of debits from the Government of India.
	(b) Government Contribution to the share capital of Marketing Societies to meet margin money requirement (Capital)	0.60	0.60(100)	Saving was attributed to non-sanction of assistance by the National Co-operative Development Corporation.
	(c) Credit Co-operatives— Primary Agricultural Societies (Capital)	0.99	0.52(53)	Saving was attributed to eligibility of less number of societies.

(iii) *Public Debt—*

Rupees 80 crores were provided for repayment of loans from the banks. Of this, Rs. 59.30 crores remained unutilised due to raising of less loans as per actual requirement for procurement of foodgrains and consequential less repayment. There were savings of Rs. 22 crores and Rs. 34.80 crores under this sector during 1979-80 and 1980-81 respectively.

2.5. Non-receipt of explanations for savings/excesses

After the close of each financial year, the detailed Appropriation Accounts showing final grants/charged appropriations, actual expenditure and resultant variations are sent to the Heads of Departments, requiring them to explain the variations. According to the Budget Manual of the Government, the Heads of Departments are required to furnish to the Accountant General precise, informative and reasonable explanations in respect of all variations for incorporation in the Appropriation Accounts.

In regard to the Appropriation Accounts 1981-82, the explanations for variations were not received (January 1983) in the case of 210 out of 370 heads. These formed 57 per cent of the number of heads, the variations under which required explanation. Such delay in submission of material for the Appropriation Accounts results in the Audit Report remaining incomplete in certain essential respects.

2.6. Shortfall/excess in recoveries

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 1981-82 was Rs. 1,31.62 crores (Revenue : Rs. 12.90 crores ; Capital : Rs. 1,18.72 crores). The actual recoveries during the year, however, were Rs. 1,38.22 crores (Revenue : Rs. 16.27 crores ; Capital : Rs. 1,21.95 crores). Significant cases of shortfall/excess in recoveries together with reasons, wherever received, have been given in Appendix II-4.

2.7. Drawal of funds in advance of requirement and purchases made in advance of requirement to utilise funds

(i) Financial rules of the Government stipulate that money should not be drawn from the treasury unless required for immediate disbursement or has already been paid from the permanent advance. Drawal of advance from the treasury for the execution of works, completion of which is likely to take considerable time is also inadmissible and unspent balance is required to be refunded into the treasury promptly. As detailed in Appendix II-5 funds aggregating Rs. 38.96 lakhs drawn during March 1975 to October 1981 for purchase of materials, execution of works and disbursement of grants/subsidy were retained in the form of cash or Remittance Treasury Receipts (R.T. Rs) etc. Out of the amount so retained Rs. 18.87 lakhs were disbursed and Rs. 6.63 lakhs were refunded into treasuries (July 1977 : Rs. 0.20 lakh ; December 1977 : Rs. 0.30 lakh ; February 1980 : Rs. 0.64 lakh ; April 1980 : Rs. 0.30 lakh ; December 1980 : Rs. 0.57 lakh ; July 1981 : Rs. 4.43 lakhs and October 1981 : Rs. 0.19 lakh).

(ii) Rules do not provide for the purchase of stores much in advance of actual requirements. Stores valuing Rs. 24.56 lakhs purchased during March 1978 to March 1981 were, however, retained and not utilised for periods ranging from 4 to 58 months as detailed in Appendix II-6.

The matter was reported to the department/Government in August 1982 and their reply was awaited.

CHAPTER III
CIVIL DEPARTMENTS
INDUSTRIES

3.1. District Industries Centres

(1) *Introductory*

In order to provide a focal point at the district level for promotion of small, village and cottage industries and to provide all services and support to the decentralised industrial sector under a single roof, Government of India launched (May 1978) a scheme for setting up of District Industries Centres (DICs). The DICs were to undertake economic investigation of the potentials for development of districts, including its raw materials and other resources, arrangements for machinery and equipment, credit facilities, marketing assistance and quality control, research, extension and entrepreneurial training.

Government of India was to provide a non-recurring grant of Rs. 5 lakhs per Centre to cover the cost of building and capital assets like furniture, fixtures, vehicles and a recurring grant of Rs. 5 lakhs to be shared between the Centre and the State Governments on 75 : 25 basis. *Cent per cent* funds were also to be provided by the Central Government for promotional schemes of incentives and loan assistance to small and cottage units. From 1979-80, the pattern of assistance was revised on the recommendations of the National Development Council and the share of the Centre and State for each financial component of DIC programme was fixed at 50 : 50 basis.

The State Government had decided (June 1978) to set up DICs in all the eleven districts then existing (one added subsequently). The DICs were opened in 4 districts (Ambala, Narnaul, Rohtak and Sirsa) in 1978-79, in 7 districts (Bhiwani, Faridabad, Hissar, Jind, Kurukshetra, Panipat and Sonapat) in 1979-80 and in 1 district (Gurgaon) in 1980-81.

The programme is being administered by the Director of Industries through the General Managers of District Industries Centres. District Advisory Committees headed by the Collectors of the concerned districts and consisting of District Level Officers of other Government departments and Semi-Government/Local Bodies like Electricity Board, Panchayat/Municipality Presidents, District Development Officers *etc.*, were to be set up to review the implementation of the programme. At the State level, Co-ordination Committee presided over by the Chief Minister/Minister of Industries as the Chairman and comprising of Chief Secretary, Industries Secretary, Director of Industries, Commissioners incharge of Agriculture/Rural Development and Energy Development, Commissioner incharge of Panchayati Raj institutions and Director Small Industries Service Institute was also to be formed to monitor the functioning of the programme at the State level.

A test check (March-April 1982) of the accounts and other records of implementation of the scheme at the offices of Directorate of Industries and the DIC of Ambala, Hissar and Sonapat revealed the following :—

(I) *Financial outlay*

Against a total outlay of Rs. 3,15.70 lakhs (Rs. 2,39.00 lakhs expenditure and Rs. 76.70 lakhs loan), the actual expenditure incurred on the implementation of the scheme is detailed in the table below :—

Expenditure and Central assistance

	1978-79		1979-80		1980-81		1981-82		Total	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
	(in lakhs of rupees)									
Non-recurring expenditure	*	1.64	*	11.78	*	13.66	*	9.14	*	36.22
Recurring expenditure on establishment	9.00	..	57.00	19.37	84.00	43.96	53.00	34.44	2,03.00	97.77
Promotional schemes	..	..	..	..	24.00	3.23	12.00	7.21	36.00	10.44
Total	9.00	1.64	57.00	31.15	1,08.00	60.85	65.00	50.79	2,39.00	1,44.43
Released by Central Government	..	71.50	..	23.40	..	..	..	18.92	..	1,13.82
D.I.C. loans	..	..	11.70	11.70	36.00	36.00	29.00	29.00	76.70	76.70
Central assistance sanctioned—										
—Grants	..	..	..	..	..	..	..	..	..	..
—Loans	..	31.50	..	5.50	..	..	..	14.50	..	51.50
Unutilised grant (Central Scheme)	..	31.50	..	(—)0.35	..	(—)18.00	..	..	..	13.15

*No separate budget provision for recurring and non-recurring expenditure:

Against the expenditure amounting to Rs. 2,21.13 lakhs (Rs. 1,44.43 lakhs expenditure and Rs. 76.70 lakhs loans), the share of Government of India worked out to Rs. 1,28.69 lakhs (Rs. 90.34 lakhs expenditure and Rs. 38.35 lakhs loans). The Government of India released a sum of Rs. 1,65.32 lakhs (Rs. 57.50 lakhs as non-recurring grant, Rs. 56.32 lakhs as recurring grant and Rs. 51.50 lakhs as loans). Thus, a sum of Rs. 36.63 lakhs (Rs. 21.27 lakhs non-recurring grant, Rs. 13.15 lakhs loans and Rs. 2.21 lakhs recurring grant) remained unutilised (March 1982).

The expenditure incurred on promotional schemes worked out to 9.7 per cent of the recurring expenditure (Rs. 1,08.21 lakhs) while expenditure on establishment was 44 per cent of the total expenditure.

(3) Management

(i) The staffing pattern suggested by Government of India for each district was one General Manager and 7 Functional Managers to look after different disciplines viz., (i) economic investigation, (ii) machinery and equipment, (iii) research extension and training, (iv) raw materials, (v) credit facilities, (vi) marketing and (vii) Khadi/Village Industrial Corporation/Rural Industrial Programme/Rural Artisans Programme (KVIC/RIP/RAP). Government of India had in April 1978 advised the State Government to make appointment to these posts so as to facilitate implementation of the scheme from 1st May 1978. The posts of General Managers, Functional Managers in most of the disciplines and Industrial Promotion Officers, however, remained unfilled.

The staff position vis-a-vis sanctioned strength for the State as a whole during 1978-79 to 1981-82 was as under :—

Serial number	Functionaries	Sanctioned	In position	Remarks
(i)	General Managers	12	3	
(ii)	Functional Managers	84	24	12 Functional Managers were provided by lead bank to look after the work of institutional finances, 9 were officiating as General Managers, one shifted to Headquarters and one each posted at Yamunanagar and Narnaul centres.

Sl. No.	Functionaries	Sanctioned	In position	Remarks
1	Industrial Promotion Officers	42	7	
2	Inspectors	84	75	The pattern approved by Government of India did not have provision for the appointment of Inspectors. The State Government, however, provided the posts of Inspectors in their proposal, cleared by the Central Government. Their duties remained undefined in the DIC set up.
3	Block Level Extension Officers (B L EO's)	71	64	

In the absence of Functional Managers (60 out of 84) for most of the disciplines, the functions attached to the post *viz.*, assessing the requirements of the machinery and equipments for various types of small scale and village industries could not be effectively attended to. Non-posting of the Industrial Promotion Officers (35 out of 42) adversely affected the implementation of promotional schemes. General Managers, DICs Hissar and Sonapat admitted that the work in various disciplines remained neglected for want of requisite staff. The department stated (December 1982) that the work was carried on through internal adjustments pending appointment of incumbents on regular basis. Non filling up of posts was attributed to non-finalisation of service rules (June 1982).

(ii) The General Managers and Functional Managers were to be given training in different areas of specialisation to enable them to have a clear perception of their duties and responsibilities. Against a total sanctioned strength of 12 General Managers and 84 Functional Managers, the number retained to the end of March 1982 was 2 (one retired in April 1981) and 5 respectively. Lack of training for the officers responsible for the scheme adversely affected the implementation of the programme.

(iii) In order to link up block level industrial activities with the DICs, the Government of India approved (January 1980) the creation of one post of Industrial Promotion Officer for each Tehsil and one Block Level Extension Officer for each block to assist the General Managers in implementing the programme at sub-districts level. 42 posts of Industrial Promotion Officers were to be attached to tehsils and 84 posts of Block Level Extension Officers

to blocks. Industrial Promotion Officers have not been posted to 35 out of 42 tehsils and linkage of tehsil level activities with the DICs set up has not been achieved.

(iv) The Government of India having realised that DICs had not provided benefits commensurate with expenditure, decided (August 1981) that each DIC should be brought under the revised staffing pattern of one General Manager, 4 Functional Managers and 3 Project Managers (PMs) by 1981-82 (extended upto 31st December 1982). The reorganisation is yet to be implemented (December 1982).

(4) Action Plans

The DICs were required to prepare and furnish action plans to bring out demand, skills and surplus resources of the districts and block-wise details of industrial development programme and needs for providing the inputs required for the development area by 31st March 1979. One action plan of Sonapat Centre was prepared in December 1978 by the Government of India for serving as a guide line for preparation of the other action plans in the State. However, action plans were finalised in 5 districts during 1979-80, in 4 districts in 1980-81 and in 1 district in 1981-82. In one district, action plan was finalised during 1982-83. The delay in preparation and finalisation of action plans in 11 DICs ranged between 1 to 3 years which handicapped the implementation of the programme in the districts in which the centres were set up. The department stated (December 1982), that pending finalisation of action plans, the DICs worked for the implementation of the Rural Industries Schemes. Rural Industrial Development Schemes were in operation long before the DICs were set up and were being implemented through the Haryana Small Scale Industries and Export Corporation during the period.

(5) Targets and achievements

(i) The progress made in the State in respect of the number of new units set up, additional employment generation, entrepreneurs identified and project profiles prepared as reported by the Director of Industries to Government of India was as follows :—

	1979-80		1980-81		1981-82	
	Targets	Achievements	Targets	Achievements	Targets	Achievements
(i) Number of units established	No targets	3,160	3,465	6,747	10,386	8,953

	1979-80		1980-81		1981-82	
	Targets	Achievements	Targets	Achievements	Targets	Achievements
(ii) Number of additional employment generated	No targets	22,043	23,310	19,587	63,371	53,145
(iii) Number of entrepreneurs identified	Do	7,020	No targets	10,000	No. targets	10,337
(iv) Number of Project profiles prepared	Do	1,838	Do	4,019	Do	5,223

The data relating to additional employment generation in rural industries supplied by the Department (December 1982) did not tally with the figures reported to Government of India as shown below :—

Year	Figures of additional employment generation reported to Government of India	Figures of additional employment generation supplied by the Department in January 1983	Difference Excess (+) Less (—)
1979-80	4,689	4,767	(—)78
1980-81	13,755	8,700	(+)5,055
1981-82	18,551	11,779	(+)6,772
Total	36,995	25,246	(+)11,749

(ii) Out of three DICs test checked no targets were laid down in respect of DIC Ambala as the Action Plan was under preparation till March 1982 while in respect of DIC Sonapat and Hissar targets had been laid down. The table below indicates the achievements, vis-a-vis, targets in respect of Hissar and Sonapat districts and achievements in respect of Ambala district for the year 1979-80 to 1981-82 :—

Name of DIC	Year	Targets for		Achievements (percentage)			
		Establishment of units	Employment generated	Establishment of units	*	Employment generated	*
Hissar	1980-81	2,521	53,300	498	20	2,697	5
	1981-82	3,100	64,100	273	9	958	1
Sonapat	1979-80	490	2,133	365	74	1,898	89
	1980-81	490	2,133	484	99	2,525	118
	1981-82	490	2,133	440	90	2,821	132

*Percentage of units set up vis-a-vis, targets.

Name of DIC	Year	Targets for		Achievements (Percentage)	
		Establishment of units	Employment generated	Establishment of units	Employment generated
Ambala	1979-80	Not laid down		81	405
	1980-81	Not laid down		152	760
	1981-82	Not laid down		1,012	2,884

The General Manager, DIC Hissar attributed the low percentage to inadequate strength of Functional Managers and supporting staff for follow up action for industries identified in the Action Plan and for liaisoning with the Banks.

(6) Construction of DIC buildings

Each DIC was to have its own building constructed at a cost of Rs. 2 lakhs by the end of March 1981 with an area of approximately 500 sq. meters in 1/2 hectare of land. Buildings for DIC Sonapat and Gurgaon were completed in March 1981 and October 1981 at a cost of Rs. 3.24 lakhs and Rs. 3.34 lakhs respectively. For 5 DIC's (Sirsa, Rohtak, Panipat, Kurukshetra and Jind) buildings were under construction, and selection of building sites of 2 DICs (Faridabad and Ambala), was yet to be made. Two DICs (Hissar and Bhiwani) have been housed in Mini Secretariat complexes (December 1982).

The delay in construction of buildings for DICs was reported by the department (December 1982) due to procedural delays in selection and acquisition of land, preparation of designs and estimates by the architectural department and Public Works Department.

(7) Implementation of Promotional Schemes

A comprehensive programme to select suitable persons for entrepreneurial training was drawn by the Government. In the case of artisans, the DICs were to provide technical advice, training in various crafts, subsidised tools and bank credit, etc. As against the target of Rs. 1,53.36 lakhs per annum to be spent on promotional schemes in all the DICs in the State Rs. 10.44 lakhs were spent (Rs. 3.23 lakhs in 1980-81 and Rs. 7.21 lakhs in 1981-82). The shortfall was attributed (September-1981) to non-availability of trained artisans. While in accordance with the instructions of the Government of India (December 1980) the artisans were to be identified and trained before allowing various types of subsidies to them, it was seen that no arrangement for identification and training of untrained artisans had been made. It was stated by the department (December 1982) that identification of suitable entrepreneurs required constant follow-up and motivation and the response in the initial stages had, therefore, to be slow and time consuming resulting in less utilisation.

In 3 districts (Ambala, Sonapat and Hissar) Rs. 1.68 lakhs were spent on the promotional schemes from 1980-81 to 1981-82. In Ambala and Sonapat, no expenditure was incurred during 1980-81. Fifty Rs. 0.05 lakh spent on publicity in Ambala included Rs. 0.03 lakh on repairs of vehicles stated to have been used for publicity. In Hissar Rs. 0.17 lakh were spent on training of 38 artisans in local RIS units instead of Industrial Training Institutes of selected factories. No effective steps were taken to attract skilled/unskilled workers to undergo training. The trainees were attached to the existing private units and were paid stipends but the type and content of training was left to the individual employer.

It was provided in the scheme that power subsidy (Rs. 0.17 lakh) was to be paid to artisans, small entrepreneurs presently not using power so that they could switch over to power operated units but the benefit of power subsidy was allowed to existing power operated units only.

District Industries Centres did not watch utilisation of subsidy of Rs. 0.23 lakh (tool kit : Rs. 0.05 lakh and machinery and equipments : Rs. 0.18 lakh) paid in 1980-81.

(8) Irregular drawal/disbursement of loans

Government of India released a sum of Rs. 51.50 lakhs (Rs. 31.50 lakhs in 1978-79, Rs. 5.50 lakhs in 1979-80 and Rs. 14.50 lakhs in 1981-82) for disbursement as loans under the programme. The State Government did not provide for the equal amount and contributed Rs. 38.35 lakhs (Rs. 5.85 lakhs in 1979-80, Rs. 18.00 lakhs in 1980-81 and 14.50 lakhs in 1981-82). Out of this, no amount was paid as loan during 1978-79. In April 1979, it was decided by the Government of India to divert the loan component under DIC scheme as seed/margin money for the promotion of small industries in semi-urban/rural areas and Rs. 76.70 lakhs were spent. However, out of this Rs. 14.35 lakhs (Rs. 11.70 lakhs in 1979-80 and Rs. 2.65 lakhs in 1980-81), were disbursed as loans of which Rs. 1.25 lakhs (Ambala : Rs. 0.32 lakh and Sonapat : Rs. 0.93 lakh) were disbursed (March 1981) in urban areas in contravention of the provisions for utilising the amount in semi-urban/ rural areas. The remaining amount of Rs. 62.35 lakhs (Rs. 33.35 lakhs in 1980-81 and Rs. 29.00 lakhs in 1981-82) was drawn by Director of Industries in March every year under Government sanction and transferred to Haryana State Small Industries and Export Corporation (HSSI&EC) for disbursement as seed/margin money.

The General Managers of District Industries Centres were also responsible for the implementation of State Scheme for grant of (i) seed/margin money, (ii) cash subsidy and (iii) interest subsidy to the entrepreneurs in rural areas. However, the State Government had placed Rs. 1,72.15 lakhs (seed money : Rs. 79.81 lakhs ; cash subsidy : Rs. 43.51 lakhs and interest subsidy :

Rs. 48.83 lakhs) at the disposal of HSSI & EC for implementation of the scheme. This included Rs. 1,63.40 lakhs drawn (Rs. 25.00 lakhs in March 1978, Rs. 24.86 lakhs in March 1980, Rs. 40.96 lakhs in March 1981 and Rs. 72.58 lakhs in March 1982) and disbursed to the Corporation under the sanction of the Government to avoid lapse of budget grant. Out of Rs. 2,34.50 lakhs (Rs. 62.35 lakhs under DIC Scheme and Rs. 1,72.15 lakhs under State schemes) a sum of Rs. 1,60.94 lakhs was disbursed covering 2,750 beneficiaries, a sum of Rs. 73.56 lakhs remained unutilised with the Corporation as on 31st March 1982. The Corporation retained Rs. 22.72 lakhs for a period of 3 years and Rs. 21.85 lakhs for one year instead of distributing the money to the beneficiaries and to that extent the scheme remained unimplemented.

(i) According to the scheme, seed money paid to a unit should be got refunded in full, if it discontinued production within 5 years from the date of commencement. Out of 98 units to whom Rs. 5.70 lakhs were paid during 1978-79 to 1981-82 as seed/margin money and subsidies, 42 units involving financial assistance of Rs. 1.74 lakhs (Ambala-4 : Rs. 0.30 lakh, Hissar-16 : Rs. 0.71 lakh and Sonapat-22 : Rs. 0.73 lakh) had closed down within 5 years, but recovery proceedings had not been initiated in any case. The remaining 56 units (Ambala-35 : Rs. 2.70 lakhs, Hissar-18 : Rs. 0.92 lakh and Sonapat-3 : Rs. 0.34 lakh) had not started production.

(ii) 15 per cent cash subsidy on fixed capital investment was admissible to an industrial unit after it had gone into production but with a view to assisting entrepreneurs belonging to lower strata in overcoming their financial difficulties, it was decided (May 1979) by the Government to allow cash subsidy advance upto Rs. 1,000 (to be adjusted against the final subsidy as may be admissible). It was noticed during test check of three DICs (Ambala, Sonapat and Hissar) that advance cash subsidy of Rs. 0.41 lakh was given to 74 Industrial units (Hissar-4 : Rs. 0.03 lakh and Sonapat-70 : Rs. 0.38 lakh) but the industrial units had not been set up. No action was initiated to recover the amount (August 1982).

(iii) As per provisions in the agreement forms each beneficiary unit was required to furnish an annual progress report of its continued working for a period of 5 years, it was not to effect any change in its location, it was precluded disposal of a substantial part of its fixed assets within a period of 5 years and the Government, through its officers, had right to inspect the unit at 24 hours notice, etc.

In Hissar, seed money assistance (Rs. 1.78 lakhs) was disbursed to 22 units without executing the agreement deeds. The department stated (December 1982) that the General Manager, DIC Hissar has intimated that the agreement deeds have been got executed by his office.

(iv) Follow-up action

(a) The industrial units receiving cash subsidy were required to furnish (i) utilisation certificate within one year of disbursement of subsidy and (ii) a quarterly progress report of the continued working of the unit for a period of five years.

In DICs Ambala and Sonapat a sum of Rs. 6.53 lakhs was disbursed to 140 units (Ambala-42 : Rs. 1.68 lakhs and Sonapat-98 : Rs. 4.85 lakhs) upto 1980-81, but the utilisation certificate and quarterly progress reports had not been obtained.

(b) In three DICs (Ambala, Hissar and Sonapat) a sum of Rs. 3,13.59 lakhs was arranged as institutional credit for 698 units set up under Rural Industries Scheme during 1979-80 to 1981-82.

The Department stated (May 1982) that the incentives allowed to units set up under the scheme *viz.*, (i) grant of seed money and subsidy, (ii) exemption from electricity duty, purchase/sales tax, *etc.*, were intended to make the units self sustaining and viable. No action had been taken to ensure that once a unit had been set up, it became self sustaining for further growth.

No data necessary for ascertaining the capacity of an industrial unit to repay the loans received from financial institutions had been kept. The percentage of recovery *vis-a-vis*, amount due for recovery in case of loans in Small-Scale Sector as per records of Punjab National Bank (which is the lead bank in respect of 10 out of 12 DICs in Haryana) was stated to be 22 *per cent* in 1979, 36 *per cent* in 1980 and 32 *per cent* in 1981.

The low percentage of recovery was attributed by the department (November 1982) to natural calamities, power shortage, labour problems, marketing fluctuations and indifferent attitude of some of the banks towards the problems of the entrepreneurs.

(9) Marketing assistance

The scheme envisaged the posting of a Manager (Marketing) to work as a liaison between producers and consumers to ensure the marketing facilities for these units. In the 3 DICs, (Ambala, Sonapat and Hissar) no officer had been posted. The Haryana State Small Industries and Export Corporation entrusted with the marketing work had registered only 880 units out of 8,782 set up under Rural Industries Scheme (1977-78 to 1981-82) for providing marketing assistance. The actual assistance, however, was provided to 382 units only. The General Managers of District Industries Centres Hissar and Sonapat reported (February/March 1982) that the Corporation was not playing any effective role in providing marketing assistance.

(10) Development of Industrial Complexes

Action plans of DICs Kurukshetra, Sonapat, Hissar, Bhiwani, Jind and Rohtak envisaged setting up of industrial complexes. The work relating to setting up of complexes had been assigned to Haryana State Small Industries and Export Corporation by the Government. The Government advanced Rs. 79.32 lakhs (1978-79 to 1981-82) to the Corporation for setting up Leather Garments and Ceramics in Gurgaon, Handloom goods at Rampura in Hissar, Sports goods at Sampla and Shoe Fabrication at Jhajjar in Rohtak and Crochet work/Punja Durree in Ambala.

None of these complexes were taken up for construction by the Corporation. The Corporation incurred an expenditure of Rs. 63.00 lakhs (November 1982) (Rs. 47.59 lakhs cost of development and Rs. 15.41 lakhs on the salaries of technical staff) for setting up Sports goods complex, Murtal, Sewing Machine Parts Complex, Panchkula, Builders Hardware Complex, Radaur (Kurukshetra) and Hosiery and Knitwear Complex, Kohand. These schemes were not provided for in the action plan nor were they set up in the rural areas.

Thus, the Corporation spent Rs. 15.41 lakhs on salaries of technical staff and retained Rs. 16.32 lakhs as unspent amount, which affected the performance of setting up the complexes as per programme.

(11) Revival of sick units

The DICs were responsible for the rehabilitation of sick units. Out of 11 DICs for which the action plans were finalised the action plans of two DICs (Gurgaon and Kurukshetra) did not propose any action for the rehabilitation of sick units. In two DICs (Bhiwani and Mohindergarh) although it was proposed to take remedial measures for the revival of the sick units, no data regarding number of units identified as sick had been incorporated. In the remaining seven DICs, 215 units (Faridabad 50, Hissar 55, Jind 20, Panipat 15, Rohtak 32, Sonapat 40, Sirsa 3) were reported as sick. The total number of sick units assisted as reported by the Department to Government of India was 88 during 1979-80 to 1981-82 (Bhiwani 17, Gurgaon 9, Hissar 2, Jind 10, Kurukshetra 1, Panipat 12, Rohtak 35 and Sirsa 2).

None of the sick units identified in Faridabad and Sonapat was revived. It was stated by the Department (December 1982) that action for the revival of sick units was being taken.

(12) Monitoring of the scheme

Against the requirement of formation of District Advisory/State Level Committees to supervise and monitor the functioning of the DICs, District Advisory Committees were not formed in 2 (Ambala and Hissar) out of 3 districts covered under test-check.

State Level Co-ordination Committee consisting of Chief Minister/ Minister of Industries as Chairman, Chief Secretary, Director of Industries, *etc.*, constituted in August 1978 and required to meet on six monthly basis, held only one meeting in July 1982.

Summing up

Out of an expenditure of Rs. 2,21.13 lakhs incurred upto 1981-82 on the programme, the expenditure on the establishment worked out to 44 *per cent* of the total expenditure. The Central assistance to the extent of Rs. 36.63 lakhs remained unutilised. The expenditure on promotional Schemes formed only 9.7 *per cent* of the recurring expenditure of Rs. 1,08.21 lakhs.

No Action Plan was drawn up in one DIC (Ambala) and there was a general delay ranging from 1 to 3 years in 10 other DICs.

Adequate and trained managerial staff was not posted in the DICs which adversely affected the implementation of the programme.

As against a target of 12 buildings only 2 buildings were constructed.

Out of Rs. 2,34.50 lakhs paid to HSSI & EC for disbursement as seed money, cash subsidy, interest subsidy, of Rs. 73.56 lakhs remained unutilised with the Corporation as on 31st March 1982.

Instead of setting up Industrial Complexes at the places (Gurgaon, Hissar, Rohtak and Ambala) approved by the State Government, HSSI & EC set up complexes at places different than those envisaged.

The State Level Co-ordination Committee to monitor the scheme which was required to meet once in six months had only one meeting since inception of the scheme.

Sick units were identified in 7 DICs and none of sick units in two DICs (Faridabad and Sonapat) was revived.

MEDICAL AND HEALTH

3.2. Community Health Volunteers/Health Guides Scheme

(1) Introductory

In order to improve the health of the rural population by making each individual realise and appreciate the need of sanitation, preventive, promotive and rehabilitative activities, the Government of India decided (April 1977) to involve the community in public health activities by introducing Community Health Volunteers (Jan Sawasthya Rakshak) (CHV). A CHV was to give treatment for minor ailments, educate people in village on family planning and prevention of communicable and infectious diseases. One Community Health Volunteer (CHV) for every 1,000 population was to be selected and imparted 200 hours training spread over three months at the

Primary Health Centre (PHC) concerned on payment of stipend of Rs. 200 per month during the period of training and honorarium of Rs. 50 per month thereafter. A manual on the commencement of the training for guidance in the discharge of functions and community health volunteer's kit on completion of training was to be given for each volunteer. On completion of training, each volunteer was to be given an initial supply of medicines (allopathic as well as Indian systems of medicine) to be supplemented by supply of medicines worth Rs. 150 quarterly.

The scheme was introduced in October 1977 in the State to be covered in 3 phases by March 1980 (1st phase: 1977-78—25 centres; 2nd phase: 1978-79—37 centres and 3rd phase: 1979-80—27 centres). It was, however, implemented in 69 centres out of 89 centres by March 1982. The scheme was fully financed by the Central Government during 1977-78 and 1978-79. For the period from April 1979 to November 1981, it was converted into a Centrally-aided scheme on 50 : 50 basis. It was restructured as Health Guide Scheme in August 1981 and 100 per cent assistance was restored from December 1981.

The implementation of the scheme was examined in audit by test-check of the records of the Director of Health Services, the offices of Chief Medical Officers at three districts Bhiwani, Hissar and Rohtak (27 centres). The results of audit are discussed in succeeding paragraphs.

(2) Organisation

The scheme is administered by the Directorate of Health Services through the Chief Medical Officers of the districts concerned. One additional medical officer in each PHC for imparting training to the CHVs was envisaged under the scheme. The Village Health Committee for each village consisting of members chosen by the Village Panchayat/Village Community/*Gaon* Sabha was to be set up for effective implementation of Health Guide Scheme.

Against the requirement of 69 Medical Officers for 69 centres covered under 3 phases up to March 1982, 42 Medical Officers had been in position (January 1983). In the case of districts covered by audit out of 27 centres checked in audit, there was no medical officer in 10 centres ever since the operation of the scheme. In 4 centres (Rohtak : 2, Hissar : 2) the medical officers had been provided after the training was completed. The pay of one medical officer (Hissar district) (Rs. 0.24 lakh up to February 1982) was charged to the scheme, although she worked in General Hospital, Adampur and not in connection with the scheme from September 1980 onwards. In 6 centres (Rohtak) Medical Officers were posted between March 1980 and September 1980 although no training had been organised in these centres during this period. The training programme in Rohtak and Hissar concluded on 31st March 1981, with the result that services of 16 Medical Officers provided in 16 centres (Rohtak : 9 ; Hissar : 7) to whom salaries and allowances of Rs. 2.50 lakhs were paid were not utilised for training.

On completion of training, the additional medical officers were to be posted in new dispensaries to be opened in rural areas at the rate of one per 25,000 population. No action to open such dispensaries had been taken till August 1982.

The Key* trainers were to receive an orientation training at the Central Training Institute of 6 days duration with a view to making them understand the operation of the scheme. In Bhiwani no officer received training during 1977-78 to 1981-82, while in Rohtak (10 centres) only one District level officer received this training during September 1977. In Hissar (11 centres) only 5 officers received the training. The Village Health Committees which were to monitor the functioning of Health Guides as per revised scheme were yet to be formed (November 1982).

(3) Financial outlay and expenditure

The budget provision made from 1977-78 to 1981-82, the expenditure incurred and Central assistance due and actually received are given below :—

Year	Budget allotment	Expenditure	Assistance due from the Government of India	Assistance received from the Government of India	Government of India assistance Excess(+)/ Saving(—)
(in lakhs of rupees)					
1977-78	10.57	6.17	6.17	10.82	(+)4.65
1978-79	32.66	17.11	17.11	53.54	(+)36.43
1979-80	60.90	61.28	30.64	57.94	(+)27.30
1980-81	80.00	75.41	37.71	35.70	(—) 2.01
1981-82	92.54	70.10**	58.53	48.80	(—) 9.73
Total	2,76.67	2,30.07	1,50.16	2,06.80	(+)56.64

According to Government of India, the Central assistance comprised of Rs. 1,56.43 lakhs in cash and Rs. 50.37 lakhs in the form of kits and medicinal packs.

The category-wise expenditure incurred is given below :—

	1977-78	1978-79	1979-80	1980-81	1981-82	Total
(in lakhs of rupees)						
(i) Salaries	0.01	3.30	1.46	4.25	7.19	16.21
(ii) Stipend/honorarium	5.13	13.49	31.27	33.04	34.15	1,17.08
(iii) Contingencies	0.16	0.32	1.08	0.58	0.66	2.80
(iv) Material and supplies	0.87		27.47	36.77	28.10	93.21
(v) Machinery and equipment				0.77		0.77
Total	6.17	17.11	61.28	75.41	70.10	2,30.07

*Key trainers include one district level officer/medical officer of the PHC, sanitary inspector, block extension educator, malaria inspector and lady health visitor.

**Expenditure of Rs. 70.10 lakhs comprises Rs. 23.13 lakhs up to November 1981 and Rs. 46.97 lakhs from December 1981 to March 1982.

Assistance from Central Government from 1977-78 to 1979-80 was far in excess of the amount actually due and the excess amount of Rs. 56.64 lakhs remained without any adjustment/refund (December 1982).

Reasons for excess assistance (Rs. 56.64 lakhs) demanded/received from Government of India are awaited from the Department (August 1982).

Out of assistance received (Rs. 2,06.80 lakhs) from the Central Government, purpose-wise break-up, viz., medicinal kits, equipments, etc., were not forthcoming from the Department.

The supply of kits and medicines required for CHVs up to the quarter ending 30th September 1979 was arranged by Government of India and their cost adjusted against their assistance due to the State. No consolidated record of its receipt/accountal was available with the Directorate. The Department stated (August 1982) that since these were supplied direct to the District Officers, no information was available with them.

(4) Coverage

The total number of CHVs trained and population covered (1971 census) was as under :—

Name of the District	Number of PHCs covered under the scheme			Total population covered by PHC as per 1971 census (in lakhs)	Number of volunteers trained	Average population per volunteer
	1977-78	1978-79	1981-82			
	I Phase	II Phase	III Phase			
Ambala	8	Nil	Nil	7.78	728	1,068
Kurukshetra	1	1	Nil	3.37	224	1,505
Karnal	1	1	Nil	2.21	193	1,148
Jind	1	1	Nil	2.05	170	1,204
Hissar	1	10	Nil	9.44	1,022	924
Sirsa	1	1	2	3.68*	306	1,204
Bhiwani	1	1	4	8.54	298	2,866
Sonepat	1	1	Nil	1.86	187	997
Rohtak	1	9	Nil	9.51	847	1,122
Narnaul	8	Nil	1	8.29	898	924
Gurgaon (including Faridabad)	1	12	Nil	10.58	818	1,293
	25	37	7	67.31	5,691	

*Actual population covered in 4 centres not available; hence figures are based upon average population covered.

The rural population of the State as per census of 1971 was 81.98 lakhs. The State Government planned to cover only 67.31 lakhs population. In 69 centres the number of volunteers trained was 5,691 against requirement of 6,731. The population coverage under certain volunteers was as high as 2,866 per volunteer against the norm of 1,000 stipulated in the scheme. The less coverage was stated to be due to the conversion of the scheme from 100 to 50 per cent Central assistance and on account of the financial constraints on the State. The State Government had received excess assistance of Rs. 56.64 lakhs during 1977-78 to 1981-82.

(5) *Selection and Training of Volunteers*

(A) *Selection*

In 27 Centres of the 3 districts covered by test-check (Bhiwani, Hissar and Rohtak), 2,167 volunteers were selected for training as against target of 2,749 (1971 census). The cases of non-fulfilment of conditions, before the selection of a CHV was made, are enumerated below :—

(a) The final selection of the volunteers (out of those recommended by village community) was to be made by the Medical Officer of the Centre jointly after consulting the Block Development Officer/the field staff and other Government Organisations (Village level workers, Basic Health Workers, etc.) working in the village. No selection committee was set up in 2 districts (Bhiwani and Hissar) and the selection was made by the Medical Officers of the centres. In 5 out of 10 centres (Rohtak) BDOs were not associated in the selection.

(b) The Government of India prescribed (December 1978) the minimum age for both male and female volunteers as 30 years. In 25 centres, 661 volunteers (152 Bhiwani, 439 Hissar and 70 Rohtak) were below 30 years of age to whom a stipend of Rs. 3.97 lakhs was paid. In 2 centres (Hissar) records of age of 114 volunteers to whom a stipend of Rs. 0.68 lakh was paid were not available.

(c) In 17 out of 27 centres covered no female candidate was selected, despite the preference to be given to female candidates for appointment as volunteers. In the remaining 10 centres the number of female candidates was 24 out of 931 candidates. The Chief Medical Officers, Bhiwani and Hissar stated (July 1982) that the female candidates were not forthcoming due to illiteracy and customs.

(B) *Training*

The scheme provided for training in allopathic, ayurvedic, unani, homeopathy and sidha systems of medicine but training was imparted in ayurvedic and allopathic systems only. No arrangements were made to impart training in other systems. The Community Health Volunteers training was to be adapted to the local situations prevailing in each State, if

necessary, by modifying the manual supplied by the Government of India. In 17 centres, out of 27 centres, the training was imparted to 1,320 volunteers without educational aids and manuals. They were not also supplied manuals either at the commencement of the training or even in its duration. No system was devised to assess the performance of volunteers during training at the centre.

(6) *Supply and purchase of medicines*

(a) According to the norms laid down, each volunteer was to be given an initial supply of medicines (allopathic as well as Indian system of medicine) immediately after the completion of training to be supplemented by quarterly supply of medicines worth Rs. 150 (Rs. 600 in a year).

The requirement of medicinal packs, vis-a-vis, actual supplies to 2,167 volunteers trained in 27 centres during 1977-78 to 1981-82 was as under :—

District	Number of centres	Number of volunteers	Requirement of medicines in packs	Actual packs supplied	Percentage of actual supplies to requirements
Bhiwani	6	298	4,698	2,934	62
Hissar	11	1,022	19,376	7,612	39
Rohtak	10	847	17,414	12,232	70
Total		2,167	41,488	22,778	

The short supply was attributed to non-finalisation of rate contracts by Controller of Stores. There was no system of control at Directorate and subordinate levels to ensure quarterly supply of medicinal packs to CHVs. It was also observed in audit that due to irregular and short supply of initial medicinal packs, 1,019 volunteers in 23 centres (Honorarium : Rs. 1.65 lakhs) remained without medicines for a period ranging from 1 to 24 months after completion of training. The delays in the replenishment of supplies of medicines to 1,886 volunteers in 23 centres ranged from 1 to 32 months. An honorarium of Rs. 12.43 lakhs (Rs. 1.02 lakhs—Bhiwani ; Rs. 6.03 lakhs—Hissar and Rs. 5.38 lakhs—Rohtak) was paid during the period they remained without medicines.

Medicinal composite packs were procured and supplied directly by Government of India during October 1977 to December 1979. Further procurement from January 1980 was to be arranged by the State Government. Action for the purchase of medicinal packs was initiated by the Directorate of Health Services in January 1980 with the result that no

rate contract was concluded for the year 1979-80. The rate contract for the supply of allopathic medicines for the year 1980-81 and 1981-82 was finalised in October 1980, but in the districts covered under test check (Bhiwani, Hissar and Rohtak) it was noticed that the medicinal packs were received in the month of March 1981 and March 1982. The rate contract for the supply of ayurvedic medicinal packs during 1980-81 was finalised in February 1981 on *ad hoc* basis while no rate contract could be finalised for 1981-82 as the firm recommended for the supply of packs had withdrawn the offer. The supply of medicinal packs to the volunteers remained suspended between January 1980 to February 1981.

The reasons for delays in the supply of medicines, delays in finalising the rate contract for ayurvedic medicines (1980-81) and action taken against the defaulting firm for withdrawing the offer for supply of ayurvedic packs (1981-82) are awaited (January 1983).

(b) The scheme envisaged strengthening the centres by the additional provision of medicines (Rs. 6,000 per annum per PHC) and for improving diagnostic facilities (non-recurring grant of Rs. 5,000) for its effective implementation. During 1977-78 to 1981-82, the State Government issued sanctions amounting to Rs. 15.66 lakhs (Rs. 12.21 lakhs for additional medicines and Rs. 3.45 lakhs for laboratory equipments). In 27 centres in 3 districts covered under test check, no expenditure was incurred on this account.

Medicines amounting to Rs. 4.22 lakhs were purchased (Bhiwani : Rs. 0.46 lakh, Hissar : Rs. 2.02 lakhs and Rohtak : Rs. 1.74 lakhs) in the months of February 1981/March 1980, 1981 and 1982 which included medicines worth Rs. 3.64 lakhs which were not prescribed in the kit component under the scheme.

(7) *Payment of honorarium*

Each CHV/Health Guide was to be paid honorarium at the rate of Rs. 50 per month after training in the nature of incentive and was to be paid regularly every month. In 18 centres out of 27 covered, payment was made after 2 to 5 months. In 3 centres payment of honorarium was delayed for more than 6 months. In 4 centres the training to volunteers was completed in March/April 1982 and the payment of honorarium was not made till July 1982.

The Government of India suggested (December 1978) the payment of honorarium to volunteers through Gram Panchayats or Village Committees, wherever these existed, to make the community more responsible towards their working. In case, however, the payment was made through the centres, the opportunity was to be utilised for providing continuing education and updating the knowledge of the volunteers.

While payment of honorarium was made through the centres, no action was taken to provide continuing education and updating the knowledge of the volunteers.

The records relating to disbursement of stipend and honorarium in two centres (Bhattu Kalan : Rs. 2.18 lakhs and Jakhal : Rs. 1.03 lakhs) in Hissar district were not available for scrutiny due to alleged embezzlement of Rs. 0.37 lakh out of which a sum of Rs. 0.20 lakh (Rs. 0.18 lakh : Bhattu Kalan and Rs. 0.02 lakh : Jakhal) represented amount of stipends and honorarium due to volunteers which was not disbursed to them. The records of one centre (Jakhal) were stated to be in police custody and the records of the other centre (Bhattu Kalan) had not been handed over by the Medical Officer consequent upon his transfer to another District. As no records for the period during which the embezzlement took place were produced, the extent of failure which facilitated the embezzlement could not be examined.

In Hissar, the disbursement of stipend and honorarium at the centres was not reconciled with the amount released for disbursement with the result that there was a difference of Rs. 0.07 lakh between the amount booked under the scheme (Rs. 18.20 lakhs) and that disbursed at centres (Rs. 18.13 lakhs). There was no system of monthly reconciliation.

(8) *Performance of volunteers*

No information regarding the performance of the volunteers and services rendered by them to the community in the improvement of their health through various promotive, preventive and elementary health care activities was available either at the centres or at the district headquarters as the volunteers were not required to send any periodical report of their work under the scheme. Thus, the actual number of beneficiaries under the scheme was not ascertainable. Supervision of their activities had been mainly entrusted to the community which they were required to serve. Failure to fill up the posts of additional Medical Officer in 10 out of 27 centres test checked rendered any check by them impossible nor was such check provided in the scheme. It was stated by the department (November 1982) that in centres where the additional Medical Officers had not been posted, the other Medical Officers supervised the work of volunteers. In these centres as well as in the centres where the additional Medical Officers were in position, there was nothing on record to indicate that such checks were exercised. Moreover, the performance report required to be obtained from the village sarpanch before releasing the monthly honorarium of a volunteer was also dispensed with (August 1980) by the Government of India.

(9) *Evaluation of the Scheme*

The scheme had been introduced on an experimental basis and periodic evaluation so as to ensure its effective continuance was envisaged. A

proper system of reporting was to be evolved to make it result oriented. No monitoring cell was created at the Directorate level to watch and report the implementation of the scheme. An evaluation report (January 1981) based on field study carried out during February 1980 and March 1980 by the State Government (Planning Department) emphasized the needs of (i) streamlining system for procurement and distribution of medicines, (ii) providing additional medical officers in all centres, (iii) arranging a refresher course for the volunteers and (iv) training in Unani, Sidha and Homoeopathy systems of medicines. No action was taken on the evaluation report and these deficiencies continued to persist (August 1982).

The scheme was revised (August 1981) as "Health Guides Scheme". A CHV (now redesignated as Health Guide) was not expected to send any periodic report about his work to any Government functionary. He was to send only a monthly summary report of his activities to Village Health Committee. In the absence of periodic reporting system, the effectiveness of the implementation of the scheme could not be ensured.

(10) *Summing up*

The CHV scheme intended to involve the Community in Public Health activities was implemented in 69 centres incurring an expenditure of Rs. 2,30.07 lakhs.

Central assistance of Rs. 56.64 lakhs received in excess during the period 1977-78 to 1981-82 remained without any adjustment/refund. The purposewise details of Central assistance (Rs. 2,06.80 lakhs) viz., medicinal packs, equipments, etc., were not available with the result that account of central assistance in kind at the districts was not susceptible of any check.

Contrary to the instructions in the scheme, ineligible candidates involving the payment of stipend amounting to Rs. 3.97 lakhs were appointed as volunteers. Additional Medical Officers who were to impart training to volunteers were not posted in 27 centres out of 69 covered (March 1982). The training imparted to volunteers was not according to the guidelines.

Initial supply of medicines to volunteers as well as its quarterly recoument was neither regular nor according to requirements. The delay in supply ranged from 1 to 32 months. Irregular and short supply of medicines to volunteers rendered the payment of honorarium (Rs. 14.08 lakhs) infructuous and also adversely affected the implementation of programme and anticipations therefrom. Medicines and equipments (Rs. 3.64 lakhs) were not utilised under the scheme.

Payments of honorarium were not only delayed but there was a case of an alleged embezzlement of Rs. 0.20 lakh in two centres.

No action to streamline the deficiencies pointed out in an evaluation conducted by the State Government (Planning Department) had been taken.

The matter was referred to the Government in October 1982 ; reply was awaited (February 1983).

FISHERIES

3.3. Development of fisheries

(1) *Introductory*

In order to step up protein rich food production, to uplift rural economy by providing employment opportunities to the unemployed rural people and to ensure more revenue to the State, the Government undertook a package programme consisting of establishment of seed farms, intensive fisheries development in village ponds, irrigation tanks, lakes, in marshy areas and along dry bunds and in abandoned canals. Other items in the programme were cat fish culture, education and training, fisheries extension, and research and investigation. The ultimate objective was to raise fish production from 1,250 tonnes per annum in 1975-76 to 12,000 tonnes per annum by the end of 6th Five Year Plan (1984-85).

(2) *Budgetted outlay and expenditure*

Details of funds provided and expenditure incurred on implementation of the schemes during 1976-77 to 1981-82 are as under :—

Year	Funds provided	Expenditure
	(in lakhs of Rupees)	
1976-77	27.87	24.44
1977-78	33.96	26.25
1978-79	55.39	37.01
1979-80	71.54	61.97
1980-81	69.77	66.81
1981-82	68.14	65.30
Total	3,26.67	2,81.78

(3) A test check of records in the Directorate of Fisheries and the offices of Fisheries Development Officers at Ambala, Rohtak, Faridabad and Kurukshetra districts was conducted during the period April 1982 to June 1982. Important points noticed are given in succeeding paragraphs.

(a) *Establishment of seed farms*

The scheme provided for strengthening of the existing farms and establishment of new farms for increasing seed production. At the beginning of Fifth Five-Year Plan (April 1974) six seed farms at Saidpur (Karnal : 1963-64), Badkhal (Faridabad : 1964-65), Bishangarh (Ambala : 1970-71), Ottu (Sirsa : 1961-62), Damdama (Gurgaon : 1971-72) and Sampla (Roh-tak : 1973-74) with 6.38 hectares of water area under nursery were functioning. By the end of Fifth Five Year Plan (March 1979) three more farms (cost: Rs. 6.21 lakhs) at Tohana (Hissar), Rohat (Sonapat) and Jyotisar (Kurukshetra) with 2.70 hectares of water area against 18.62 hectares as targetted in Fifth Plan were added in 1974-75, 1975-76 and 1977-78 respectively. Further, against the intended raising of the water area to 40 hectares at the end of Sixth Plan period, three more farms (cost : Rs 10.02 lakhs), viz., Jyotisar extension (Kurukshetra), Lahli (Rohtak), Kakroi (Sonapat) with 6.91 hectares water area were added during 1980-81, thus bringing the total water area to 15.99 hectares leaving the balance 24.01 hectares of water area to be achieved during the period 1982-83 to 1984-85. The total expenditure incurred was Rs. 28.94 lakhs. 1.31 hectares water area developed under this scheme during 1980-81 (Jyotisar extension farm) remained unutilised for want of water supply arrangements.

According to Director, Fisheries, Haryana (September 1982) 8 seed farms were established in the beginning on unproductive and saline land, as land owners were reluctant to part with their lands for establishing seed farms. Subsequently, four seed farms (Jyotisar, Jyotisar extension, Lahli and Kakroi) were established on agriculture land offered by the landowners.

As per Government of India findings production of fish seed on productive land should have been more than 10 lakhs per hectare.

The targets fixed by the Directorate, *vis-a-vis*, achievements of seed farms were as under :—

Year	Number of farms	Water area under nursery (in hectares)	Targets fixed by Directorate	Achievements* (in lakhs)	Percentage of shortfall as compared to targets
1976-77	8	6.98	17.50	N.A.	..
1977-78	8	6.98	16.50	17.04	No short-fall
1978-79	9	7.58	32.50	18.20	44
1979-80	9	7.58	29.80	11.92	60
1980-81	9	7.58	26.60	17.27	35
1981-82	12	14.49	36.30	33.78	7

*Note.—Production of Damdama farm has not been taken into consideration for working out achievements as it was established for research purposes.

Despite the lower targets fixed by the Directorate, the achievement substantially fell short of targets except in the years 1977-78 and 1981-82. The Department attributed the low production to low survival of fry from hatchlings at seed farms.

Besides collection of seed from natural sources, the programme envisaged production of seed at seed farms through induced* carp spawning with a view to produce adequate quantity of quality fish seed for successful fish farming. The National Commission on Agriculture (1976) had fixed survival rate of fry from hatchlings at 50 per cent. The production of fry from hatchlings in selected farms was as under :—

Year	Ambala		Rohtak		Faridabad		Kurukshetra	
	Production		Production		Production		Production	
	Hatch-ling	Fry (Percentage of survival)	Hatch-ling	Fry (Percentage of survival)	Hatch-ling	Fry (Percentage of survival)	Hatch-ling	Fry (Percentage of survival)
	(in lakhs)							
1976-77	0.90	0.22	6.50	0.52	5.57	1.30	..	..
		(24)		(8)		(23)		
1977-78	3.71	0.33	6.31	1.68	9.25	1.79	..	..
		(9)		(27)		(19)		
1978-79	6.30	2.21	3.66	0.18	13.77	3.23	8.93	3.36
		(35)		(5)		(23)		(38)
1979-80	3.00	1.50	6.16	0.65	13.88	4.82	8.78	2.99
		(50)		(11)		(35)		(34)
1980-81	4.60	0.55	2.14	0.60	23.57	4.72	7.35	2.03
		(12)		(28)		(20)		(28)
1981-82	8.00	1.29	6.00	1.60	22.93	4.27	23.70	14.48
		(16)		(27)		(19)		(61)

The percentage of survival was achieved only in Ambala (1979-80) and Kurukshetra (1981-82). It was as low as 5 per cent in Rohtak (1978-79). The department stated (November 1982) that reasons for fall in production in certain years in the above four districts were due to abrupt rise and fall in temperature, loss of dissolved oxygen and mixing of obnoxious gases in the breeding ponds or in the containers.

To keep the temperature uniform and to increase survival to 60 per cent a plastic bin/glass type hatchery was installed at Badkhal (Faridabad) and Jyotisar (Kurukshetra) during 1980-81. A modern hatchery was installed at Damdama (Gurgaon) in December 1981. It was noticed, however, that even

*Technique by which pure carp seed is produced from breeder carp fish by injecting them with extract of pituitary glands of the same or allied species of fish.

after installation of hatcheries, the survival rate continued to be 15 and 19 per cent at Damdama and Badkhal respectively, during 1981-82. Low survival rate was stated to be due to non-provision of exhaust fans and coolers at hatcheries to avoid temperature fluctuations, related to survival rate.

(b) *Intensive fisheries development programme in village ponds*

(i) The scheme originally provided renovation/improvement of village ponds and to bring them under fish culture. Subsequently, development of nurseries for producing fish seed for supplying to fish farmers/Panchayats for fish production was also provided during 1979-80. From 1980-81 onwards, the scheme also provided payment of 50 per cent matching contribution to fish farmers/Panchayats (not covered under the Fish Farmers Development Agencies) for renovation of village ponds subject to a ceiling of Rs 15,000 per hectare of water area. Details of funds provided and expenditure incurred on implementation of this scheme was as under :—

Year	Funds provided	Expenditure
	(in lakhs of rupees)	
1976-77	5.17	5.02
1977-78	5.59	5.10
1978-79	5.90	5.21
1979-80	25.52	16.09
1980-81	22.75	22.62
1981-82	16.64	16.28
Total	81.57	70.32

Saving during 1979-80 was due mainly to non-finalisation of formalities for construction of staff quarters.

(ii) In respect of districts test checked the land acquired, developed and utilised for establishing nurseries under this scheme was as under :—

Year	Land acquired	Land developed	Land used	Undeveloped land at the end of each year	Percentage of utilisation of developed land
	(in hectares)				
1979-80	14.53	7.84	..	6.69	Nil
1980-81	2.72	4.01	2.74	5.40	23
1981-82	..	0.92	5.23	4.48	41
Total	17.25	12.77			

Thus, there was no utilisation of the developed land during 1979-80 and it was 23 and 41 per cent during 1980-81 and 1981-82, respectively. Further, only 74 per cent of the land acquired was developed at the end of 1981-82.

The target fixed by the department, vis-a-vis, achievement for renovation of village ponds were as under :—

Year	Area renovated		
	Targets	Achievements (in hectares)	Number of ponds
1980-81	40	31.27	51
1981-82	20	16.39	26

A test check of the records of four districts revealed that expenditure of Rs. 1.39 lakhs over and above the prescribed ceiling limit was incurred by the department during 1980-81 and 1981-82 on renovation of 43 village ponds. The Department had no information to indicate as to whether the beneficiaries had contributed their share for the renovation work or completed them. The data regarding stocking and production of fish in these cases could not be furnished.

According to the scheme, fish seed was to be supplied to fish farmers/ Panchayats at the subsidised rate of Rs. 50 per thousand fry on payment. A test check of the records, however, showed that an amount of Rs. 0.29 lakh was outstanding (May 1982) against the fish farmers and Panchayats on account of sale on credit. According to the department, fish seed was also sold on credit as it could not be retained for long at farms. No action was, however, taken to recover the dues.

(c) *Scheme for development of lake and riverine fisheries*

(i) The main objective of the scheme is to develop fisheries in lakes and rivers for producing more food and to increase the revenue. The total water area of the lakes in Haryana is estimated at 500 hectares, irrigation canal system running over to 11,000 kilometres and drainage system running over to 2,600 kilometres. No specific targets were fixed for this scheme. Against the budget provision of Rs. 10.91 lakhs during 1976-77 to 1981-82, an expenditure of Rs. 10.74 lakhs was incurred. In respect of this scheme, an expenditure of Rs. 1.06 lakhs was incurred on employment of staff in the districts selected for test check but no physical progress was achieved.

Mention was made of implementation of Development of lake fisheries in paragraph 3.9 of Report of the Comptroller and Auditor General of India for the year 1975-76 (Civil)—Government of Haryana. The Public Accounts Committee in its 15th Report (1979-80) recommended that department should

1979-80. The development of land in marshy area and its utilisation for fish/seed production was as under :—

Year	Land developed	Land used	Percentage of utilisation of developed land
	(in hectares)		
1979-80	4.96	..	..
1980-81	1.32	..	..
1981-82	..	1.5	24
Total	6.28	1.5	24

There was thus no utilisation of developed land during 1979-80, 1980-81, and it was only 24 *per cent* during 1981-82. Further, only 37 *per cent* of the land acquired was developed at the end of 1981-82.

(e) *Development of fisheries in Irrigation tanks*

The scheme provides establishment of seed farms and development of fish culture in irrigation tanks and was introduced in the State during 1979-80. Against the budget provision of Rs. 11.05 lakhs, an expenditure of Rs. 9.96 lakhs has been incurred upto 1981-82. The development and utilisation of the land acquired under this scheme was as under :—

Year	Land acquired	Land developed	Land utilised	Undeveloped land at the end of each year	Percentage of utilisation of developed land
	(in hectares)				
1979-80	4	..	..	4	..
1980-81	..	0.92	..	3.08	..
1981-82	..	0.24	0.40	2.84	34
	4	1.16	0.40		

There was no utilisation of developed land during 1979-80 and 1980-81 and it was only 34 *per cent* during 1981-82. Further, only 29 *per cent* of the land acquired was developed at the end of 1981-82.

take effective steps to harvest fish crop from the lakes at Morni. The Committee had also suggested that the economic viability of fish seed production should first be examined, so that the expenditure may not become infructuous again. The department stated (November 1982) that experiments were conducted in February-March 1982 and the seed produced was released in Morni tanks and that further experiments would be made in February-March 1983 during their regular programme without involving extra expenditure. Further progress is awaited.

(ii) Lake and riverine waters in Haryana State are governed by the Fisheries Act 1914 and the rules framed thereunder. The fishing rights in the notified waters are auctioned every year for the period from 1st September to the 31st August of the following year and a person in whose favour the auction is closed is required to pay one third of the contract amount at the fall of the hammer and the remaining in two equal instalments—1st on or before 1st December and the 2nd by the 20th March of the succeeding year respectively. In case of default in payment of balance dues the licensee is liable to pay interest at the rate of 6 *per cent* per annum on the outstanding amount. In addition a security bond in the prescribed form is also required to be furnished for payment of the balance amount. In case of breach of rules by the licensee, the licence is liable to be cancelled and any loss sustained due to re-auction or otherwise is recoverable from the licensee. As per department's records, a sum of Rs. 11.68 lakhs (excluding interest) was recoverable from 19 contractors for the period from 1977-78 to 1981-82. Out of these 19 cases 2 were pending before trial courts, 16 were under process with the department and in one case out of the amount (Rs. 38,281 including interest) of decree awarded (May 1982) by the court, Rs. 7,500 had been recovered (upto November 1982) and the balance was being recovered in instalments.

Accumulation of outstanding recoveries was attributed to non-payment of balance two instalments of lease money (payable in December and March) and leaving of contracts by fish contractors after collecting the maximum fish during fish season (September to November) on one pretext or the other. Proposal of the department to recover the whole amount in lump sum was not approved by the Government (August 1980) on the ground that it would deprive small contractors to participate in auction and there was likelihood of loss of revenue due to limited competition.

(d) Development of fisheries in Marshy areas

The scheme aims at acquiring of land in marshy area and its development for fish seed production/fish production. The scheme was introduced in the State during 1979-80. Against the budget provision of Rs. 12.63 lakhs during 1979-80 to 1981-82, an expenditure of Rs. 11.32 lakhs was incurred. For implementation of this scheme 16.99 hectares land (cost : Rs. 1.24 lakhs) was acquired near Tajewala headworks (Ambala district) during

(h) Education, training and extension

The scheme provides giving wide publicity for bringing change in mode of thinking of people of Haryana being orthodox and training to departmental staff/fish farmers in fish farming. Details of funds provided and expenditure incurred on implementation of this scheme was as under :—

Year	Budget provision	Expenditure
	(in lakhs of rupees)	
1976-77	0.51	0.50
1977-78	0.65	0.39
1978-79	2.15	2.13
1979-80	3.00	2.09
1980-81	5.00	2.90
1981-82	3.12	1.90
Total	14.43	9.91

Saving during 1980-81 was due to non-receipt of approval for purchase of a truck and non-filling of certain sanctioned posts. Reasons for saving during 1981-82 were awaited.

An expenditure of Rs. 2.43 lakhs was incurred on employment of staff in the districts test checked but no physical progress was achieved.

(4) Fish production

(a) With the implementation of various schemes, the department intended to raise production of fish from the level of 1,250 tonnes per annum in 1975-76 to 12,000 tonnes per annum by the end of Sixth Five Year Plan (1984-85). No annual targets for raising fish production were fixed in Five Year Plans/annual plans. Collective targets fixed by the department in respect of all the schemes, *is-à-vis*, achievements made there against are as under :—

Year	Target	Achievement
	(in tonnes)	
6-77	1,550	1,550
7-78	1,650	1,650
8-79	2,000	2,000

(f) Development of fisheries in abandoned canals

The scheme which was introduced in 1978-79 envisaged development of abandoned canals for fish culture. Against the budget provision of Rs 8.38 lakhs during 1978-79 to 1981-82, an expenditure of Rs. 7.63 lakhs was incurred. The target fixed for improvement of land, vis-a-vis, land improved and utilised (in respect of districts test checked) was as under :—

Year	Target	Area improved	Area used	Percentage of utilisation of improved area
				(in hectares)
1979-80	20	8.28	..	..
1980-81	20	..	2	24
1981-82	..	2.50	5	46
Total	40	10.78		

Thus, there was no utilisation of the improved area during 1979-80 and it was 24 per cent and 46 per cent during 1980-81 and 1981-82 respectively. Further, only 27 per cent of the target for improvement of land was achieved at the end of 1981-82.

(g) Development of fisheries along dry bunds

The scheme envisaged establishment of fish seed production units near the outlet of dry bunds and was introduced in the State during 1979-80. Details of funds provided and expenditure incurred on implementation of this scheme was as under :—

Year	Funds provided (in lakhs rupees)	Expenditure
1979-80	2.00	2.00
1980-81	1.79	0.70
1981-82	1.82	1.80
Total	5.61	4.50

Saving during 1980-81 was due to non-execution of certain development works and non-filling of sanctioned post of Fisheries Development Officer. Under this scheme, an area of 1.65 hectare land was acquired in Gurgaon district during 1980-81 out of which 0.56 hectare was developed during 1981-82 and 0.08 hectare was only used.

The percentage of mortality in distribution of fish seed obtained from Calcutta was nil in Faridabad, whereas it ranged from 3 to 72 *per cent* in Ambala, Kurukshetra and Sonapat districts. The department stated in September 1982 that the variation in mortality during distribution/stocking was due to variation in environmental conditions and physico/biological factors.

(c) Non-development of the land/non-utilisation of the developed land resulted in less production of fish seed necessitating import of additional seed from other States to meet the internal requirements. The non-utilisation of developed land was mainly attributed to delay in getting outlets for utilisation of the land which could have been avoided had there been proper planning and co-ordination between the concerned departments.

(5) *Summing up*

(i) With a view to step up protein rich food production, a package programme aimed at raising production of fish from 1,250 tonnes per annum in 1975-76 to 12,000 tonnes per annum by the end of 1984-85 was undertaken. Against the total expenditure of Rs. 3,26.67 lakhs to be incurred during the year 1976-77 to 1981-82, an amount of Rs. 2,81.78 lakhs had been spent. However, the production of fish had reached a level of only 3,000 tonnes during the year 1981-82 as claimed by the Department.

(ii) Targets of production of seed at seed farms were not achieved.

(iii) Survival rate of fry from hatchlings in four districts was as low as 5 *per cent* against 50 *per cent* as fixed by the National Commission of Agriculture.

(iv) The data regarding stocking and production of fish in renovated ponds could not be furnished.

(v) Effective steps were not taken to recover the outstanding dues of Rs. 11.68 lakhs.

(vi) Physical progress under schemes "Education, Training and Extension" and "Development of lake and Riverine Fisheries" was not achieved.

(vii) Mortality of seed produced at seed farms during distribution/stocking was on the high side and ranged from 6 to 61 *per cent*.

(viii) Available developed land with the department was not fully utilised for fish seed production.

The matter was referred to the Government ; reply is awaited (February 1983).

Year	Target	Achievement (in tonnes)
1979-80	2,000	2,000
1980-81	2,250	2,250
1981-82	3,000	3,000
Total	12,450	12,450

No record regarding scheme-wise targets and achievements to assess the impact of the respective schemes was maintained by the department. The cent *per cent* achievement shown by the department was stated to be based upon verbal enquiries made by the field staff at random from Railway booking, transport agencies, production centres and fish markets, as such it could not be considered as authentic and verified in Audit. The cent *per cent* achievement shown by the department at the end of 1981-82 was only 25 *per cent* of the targeted Sixth Plan achievement at the end of 1984-85.

(b) *Mortality during distribution/stocking of fry*

For development of fisheries safe distribution/stocking of fry is as important as its production but norms indicating survival percentage of fry during distribution/stocking had not been fixed by the department. Fry produced and distributed/stocked in respect of selected seed farms for the period 1976-77 to 1981-82 is given below :—

Name of the district where farm is situated	Year	Number of fry produced (in lakhs)	Fry dis- tributed/ stocked
Ambala	1976-77 to 1981-82	6.10	6.10
Karnal (F.F.D.A. farm)	1976-77 to 1981-82	13.52	7.97
Kurukshetra	1978-79 to 1981-82	22.86	12.69
Rohtak	1976-77 to 1981-82	5.23	2.83

The percentage of mortality of fry was nil in Ambala, ranged from 11 to 61 *per cent* in Karnal, 15 to 55 *per cent* in Kurukshetra and 6 to 7.5 *per cent* in Rohtak.

EDUCATION

3.4. Embezzlement

The Headmaster, Government High School, Silana reported (20th October 1981) to the Treasury Officer, Sonapat to stop payment of a bill for Rs. 0.08 lakh, which was passed (19th October 1981) at the Treasury and delivered to a teacher of his school, as the same was found forged.

Thirteen bills amounting to Rs. 0.25 lakh paid between November 1979 to April 1980 were also found to be forged. The Treasury Officer, advised the District Education Officer, Sonapat in November 1981 for a detailed check of the records. The internal audit of the school accounts conducted in November 1981 further revealed that payment of ten more bills amounting to Rs. 0.61 lakh which had been also drawn against forged signatures, made. The amount included Rs. 0.50 lakh encashed from the treasury after 5th June 1980 when the concerned clerk had been transferred to another school.

Total embezzlement of Rs. 0.86 lakh was facilitated due to :—

- (i) Non-reconciliation of withdrawals from the treasury with the entries in the cash/bill book on monthly basis as required under the rules.
- (ii) Non-attestation of original/cancelled entries and non-recording of closing cash balance certificates in the cash book by the headmaster.

The headmaster and the clerk were suspended on 29th December 1981 and 12th November 1981 respectively. The case registered with the Police on 2nd January 1982 is under investigation (June 1982).

The matter was reported to the department/Government in February 1982; their reply was awaited (February 1983).

TECHNICAL EDUCATION

3.5. Avoidable expenditure

For imparting operational training in Mechanical Engineering, four boilers at a total cost of Rs. 2.01 lakhs (including installation charges: Rs. 0.32 lakh) were installed during 1962-63 to 1966-67 in four polytechnics (Ambala, Jhajjar, Nilokheri and Sirsa). The operational training was discontinued from the syllabus from 1973-74 and re-introduced during 1980. During 1973-74 to 1979, the use of the boilers was restricted to theoretical training, viz., dismantling and reassembling of the same varying from 20 to 30 days in a year. One boiler incharge each for the polytechnics Ambala, Sirsa and Jhajjar and one boiler attendant for Ambala continued to be deployed from May 1973 to March 1982, even after 1973-74 when there was no operational training. After reintroduction of operational training during 1980 in 2 (Ambala and Sirsa)

out of 3 institutions where the boiler incharge and boiler attendant were in position, the boiler stopped functioning due to defective water pump and non-purchase of hydraulic pumps respectively and in third (Jhajjar) the boiler was not fixed and services of boiler incharge and boiler attendant were used for other miscellaneous purposes. Between April 1973 to March 1982 an avoidable expenditure of Rs. 2.12 lakhs on pay and allowances was incurred for the idle period as under:—

Name of Polytechnic	Idle period	Posts in which deployed	Expenditure incurred for idle period (in lakhs of rupees)
Ambala City	May 1973 to March 1982	Boiler incharge and Boiler attendant	1.26
Jhajjar	April 1973 to March 1982	Boiler incharge	0.67
Sirsa	September 1979 to March 1982	Boiler incharge	0.19
	Total		2.12

The Chief Inspector of Boilers, Haryana clarified (June 1982) that under rule 9 of Punjab Boiler's Attendant's Rules 1961, a boiler shall be deemed to be in use when there is active fire in the furnace. Further, that when boilers were worked for limited period, one boiler attendant could attend to all the four boilers provided the programme is chalked out in such a way that boiler attendant is available at different polytechnics on different dates for working the boilers.

The Principal of the three polytechnics, (Ambala, Sirsa and Jhajjar), however, stated (January to June 1982) that the services of boiler-incharge/attendant during idle time were utilised in store, laboratory and for repair work, etc. During July/August 1982, it was stated that there was no vacant post in store/ laboratory where the idle staff could be utilised as full sanctioned staff strength provided was in position.

The matter was reported to the department/Government in December 1981 and April 1982 ; their reply was awaited (February 1983).

3.6. Misappropriations, defalcations, etc.

Cases of misappropriations, defalcations, etc., of Government money reported to Audit up to the end of March 1982, on which final action was pending at the end of August 1982 were as follows :—

	Number	Amount (in lakhs of rupees)
Cases reported up to the end of March 1981 and outstanding on 31st August 1981	100	12.91
Cases reported between April 1981 and March 1982	33	6.84
Total	133	19.75
Cases closed between September 1981 and August 1982	7	4.19
Balance	126	15.56

Of these :

- (i) Thirtyone cases (Rs. 3.68 lakhs) were outstanding for more than five years.
- (ii) One hundred thirteen cases (Rs. 14.65 lakhs) were outstanding with the Buildings and Roads, Irrigation, Transport, Education and Public Health Departments.

Appendix III—1 shows department-wise analysis of cases in which final action was pending at the end of August 1982.

3.7. Write off of losses, revenue, etc.

During 1981-82, Rs. 10.05 lakhs representing losses due to theft, fire, irrecoverable revenue duties, etc., were written off/or recoveries were waived. Details are given in Appendix III-2.

AGRICULTURE/CO-OPERATION

3.8. Outstanding audit observations

(a) Audit observations on financial transactions are reported to the departmental authorities concerned, so that appropriate action can be taken to rectify the defects and omissions. Half-yearly reports of such observations outstanding for more than six months are also forwarded to the Government to have their settlement expedited.

The audit observations in the Agriculture and Co-operation departments involving an amount of Rs. 21.41 crores issued up to March 1982 were outstanding at the end of December 1982. Some of the outstanding are as old as 1955-56. Year-wise break-up of outstanding item is as follows :—

Year	Number of observations		Amount (in crores of rupees)	
	Agriculture	Co-operation	Agriculture	Co-operation
1977-78 and earlier years	1,169	12	1.48	..
1978-79	630	3	2.56	..
1979-80	675	65	5.43	3.51
1980-81	444	..	5.76	..
1981-82	284	..	2.67	..
Total	3,202	80	17.90	3.51

The following are some of the major reasons for which audit observations have remained outstanding :—

Nature of observations	Number		Amount (in crores of rupees)	
	Agriculture	Co-operation	Agriculture	Co-operation
Payees' receipts not received	2,869	79	17.80	3.51
Detailed bills for lump sum draws on abstract bills not received	123	..	0.04	..

Nature of observations	Number		Amount (in crores of rupees)	
	Agriculture	Co-operation	Agriculture	Co-operation
3. Sanctions for reserve limits of stock not received	141	1	0.05	..
4. Advances on tour	13	..	..	..
5. Other reasons	56	..	0.01	..
Total	3,202	80	17.90	3.51

It will be seen that a sizable portion of outstandings is due to non-submission of payees' receipts and vouchers. In the absence of these receipts and vouchers, it is not possible for Audit to verify whether all the payments have been made or made for due consideration and in accordance with rules and regulations.

A sum of Rs. 3.85 lakhs was outstanding in the Agriculture Department on account of non-submission of detailed contingent bills. The facility of drawing advance on abstract contingent bill by the Disbursing Officers is intended to expedite payment in certain cases but the abstract contingent bills are to be followed by detailed contingent bills (containing all particulars of expenditure with supporting documents) which should be sent to the Audit Office by the 15th of the month following the month to which the abstract contingent bills relate. In the absence of detailed contingent bills, it is not possible for Audit to know whether the whole amount has been spent on the purpose or purposes for which the advances were drawn.

AGRICULTURE/SOCIAL WELFARE

3.9. Outstanding inspection reports

(a) Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the heads of offices and to the next higher departmental authorities through the audit inspection reports. The more important irregularities are reported to the heads of departments and the Government. The Government has prescribed that the first replies to inspection reports should be sent within six weeks.

At the end of November 1982, 570 inspection reports relating to Agriculture and Social Welfare departments, issued up to March 1982 still contained

unsettled paragraphs. Year-wise break-up of the outstanding inspection reports is given below :—

Year	Number of inspection reports		Number of paragraphs	
	Agriculture	Social Welfare	Agriculture	Social Welfare
1977-78 and earlier years	285	77	1,348	240
1978-79	20	8	183	24
1979-80	46	12	400	84
1980-81	38	15	499	62
1981-82	45	24	393	140
Total	434	136	2,823	550

These included 10 inspection reports for which even the first replies had not been received.

The more important types of irregularities noticed during inspection and local audit of Agriculture/Social Welfare Departments is summarised below :—

Serial number	Nature of irregularity	Number of offices in which irregularities were noticed	
		Agriculture Department	Social Welfare Department
(i)	Non-observance of rules relating to custody and handling of cash, posting and maintenance of cash books, reconciliation of departmental receipts and remittances with the treasury records, etc.	86	16
(ii)	Irregularities connected with purchase of stores	57	8
(iii)	Irregularities in the account of stores	74	11
(iv)	Irregular, excess and wasteful expenditure due to appointment of staff, etc.	85	14
(v)	Non-maintenance or improper maintenance of records	..	7
(vi)	Defective maintenance of log-books of vehicles	52	3

CHAPTER IV
WORKS EXPENDITURE
IRRIGATION

4.1. Pandit Jawahar Lal Nehru Lift Irrigation Scheme

(1) Introductory

Parts of Rohtak and Bhiwani districts and whole of Mohindergarh district are drought and famine prone. While the general country slope is from North-East to South-West, of the State, the above areas have a reverse slope which as such could not be irrigated by gravity flow. The Jawahar Lal Nehru Lift Irrigation Scheme was formulated to have a lift of 571.02 feet for providing irrigation facilities to these areas. The execution of the work in five stages was envisaged as under :—

Stage	Original estimated cost	Revised estimated cost	Culturable command area (in acres)	Number of pump houses	Discharge required with water allowance at the rate of 4.5 cusecs per thousand acres for 75 days for <i>Kharif</i> Crop (cusecs)
	(in crores of rupees)				
I	7.50	36.93	1,51,696	24	698
II	4.16	6.95	84,720	5	476
III	6.11	12.88	1,56,472	10	675
IV	12.23	13.47	1,79,840	60	792
V	3.75	4.91	44,800	40	211
	33.75	75.14	6,17,528	139	2,852
Add 10 per cent more for losses	..	..	..	..	285
Chargeable to other Scheme	..	(—)2.37	..	..	..
Total	33.75	72.77	6,17,528	139	3,137 or 0.471 m.a.f.

The other salient features of the Project were as under :—

	Yamuna	SYL	Total
(1) Total requirement of water in m.a.f.	0.471	1.049	1.520
(2) Intensity of irrigation	62 per cent		
(3) Length of channels (in K.M.)	1,378		

The Project was designed for (i) the utilisation of surplus flood water of river Yamuna, which was going waste down stream at Tajewala, for 65 days (in a year) and (ii) on the availability of Haryana's share of Ravi Beas waters to be conveyed through Sutlej Yamuna Link (SYL) Canal for the balance number of days. The scheme provided for bringing water from Tajewala through the existing system and from RD 145250 of Delhi Parallel Branch, Jawahar Lal Nehru Feeder would take off. The work on the Project was to be started in the year 1972-73 and all systems commissioned by 1975. Irrigation for *Kharif* crop was, however, to start from July 1973.

(2) Expenditure

The Project was under taken in 1972-73 at an estimated cost of Rs. 33.75 crores which was revised to Rs. 72.77 crores (in 1978) and it is further under revision for an estimated amount of Rs. 1,15 crores. An expenditure of Rs. 89.40 crores was incurred on the scheme upto March 1982.

The increase in cost of the project was attributed by the department to the following reasons :

- (a) In the original project estimate the water allowance was taken as 3.5 cusecs per thousand acres of CCA as against 4.5 cusecs per thousand acres in the revised estimate.
- (b) Against the provision of 975 Kms. of new channels in the original project estimate the revised project estimate provided construction of 1378 Kms. of channels.
- (c) The route of water supply was modified and an independent J.L.N. Feeder has taken off from tail of Delhi Parallel Branch instead of taking off from Bhalant sub-branch.
- (d) Increase in the provisions for pumps and machinery (Rs. 5,77.90 lakhs).
- (e) Increase in the provisions for acquisition of land from Rs. 3,000 per acre to Rs. 6,000 per acre (Rs. 3,65.75 lakhs).
- (f) Increase in the cost of labour, material and lubricants due to price escalation.

(3) Execution of Project

While the Project was taken up in 1972-73 and was to be completed by 1975, the Project estimate did not envisage the time schedule under which each stage of the scheme was to be commenced and completed. The Superintending Engineer, J.L.N. Circle No. II Rohtak intimated in August 1982 that part of Stage I and the work of Stage III and IV are under completion. It was further stated that the formal time schedule could not be adhered due to shortage of cement,

steel and slack coal. The delay resulted in price escalation necessitating revision of the Project estimate from Rs. 33.75 crores to Rs. 1,15 crores, apart from defeating the intended purpose of obtaining the benefits of additional irrigation.

Certain irregularities committed during the execution of the project are discussed below :—

(i) *Extra expenditure*

On the basis of measurements taken during November 1975 to July 1976, payment of Rs. 3.81 lakhs was made for earthwork of 76.12 lakh cubic feet done in reaches 180 to 200 and 255 to 275 of JLN Feeder by the Loharu Feeder Division, Rohtak. Subsequently, the work was transferred to Mohindergarh Canal Division, Rohtak. Fresh levels/measurements were taken by the Mohindergarh Canal Division in 1977-78 to get the remaining work executed. Check (May 1978 and July 1982) of the measurement books and cross sections revealed that the earthwork executed by the Loharu Division was only 57.10 lakh cubic feet against the quantity of 76.12 lakh cubic feet paid by that division. Earth-work shown to have been executed but not found at site was again got executed at a cost of Rs. 3.91 lakhs.

The department attributed (December 1978) the difference between the two sets of measurements to the wear and tear of the banks on account of running of the feeder and two monsoons during 1975 and 1976. However, departmental regulations neither envisage nor prescribe any norms for wear and tear of canal banks on account of running of canal or the monsoons.

(ii) *Injudicious purchases and issue of material without requirements*

Financial Rules of the State Government provide that purchases must be made in accordance with definite requirements of public service. In disregard of these requirements, items of stock valuing Rs. 4.84 lakhs such as G.I. sluice Valves, G.I. sockets, G.I. tees, G.I. bands and PVC cable, etc., were purchased in the Jawahar Lal Nehru Mechanical Division, Rohtak during August 1980 to August 1981 although adequate quantity of these items to meet the requirement as per estimates was available in stock.

On this being pointed out in audit during May 1981, the department issued bulk of these items to various works thereafter upto November 1981. The department intimated in March 1982 that material was purchased in accordance with the provisions of estimates of the works and had since been issued to the concerned works. Further investigations by Audit conducted in July 1982 disclosed that in 2 cases viz., G.I. reducers and PVC power cable (value : Rs. 3.37 lakhs), the material was issued without any provision in the estimates and in 9 cases viz., G.I. tees and other items valuing Rs. 1.75 lakhs, it was issued in excess ranging from 270 to 5200 per cent of the requirements of the sanctioned estimates.

(iii) Recoverable amount from kiln contractor

A contract agreement for the supply of 10 lakh tiles was executed with a contractor against sponsored coal which was later on enhanced to 14 lakh tiles. The Contractor was also asked to supply bricks against sponsored coal on the rates approved by the Director, Food and Civil Supplies, Haryana. The slack coal at the rate of 30/25 M.T. per lakh of accepted tiles/bricks was to be issued. The contractor supplied 11.97 lakh tiles and 5.49 lakh bricks against 586.20 M.T. sponsored coal. The required consumption of coal as per stipulation in agreement worked out to 496.35 M.T. resulting into excess consumption of 89.85 M.T. of coal. The bill of contractor was finalised for minus Rs. 0.84 lakh in November 1980. While scrutinising the bill, it was noticed in audit (June 1981) that the actual recovery due from the contractor worked out to Rs. 0.39 lakh after adjusting the security deposit of Rs. 0.05 lakh and cost of 100 M.T. coal wrongly debited to contractor's account (The department admitted (March 1982) that 100 M.T. coal was actually transferred to stock and was not recoverable from the contractor). The department lodged a claim for Rs. 0.22 lakh only with the Arbitrator in July 1981. It did not work out the amount recoverable on the basis of coal consumed in excess of requirement at penal rates. The decision of the Arbitrator was awaited (August 1982).

(iv) Non-utilisation of Rs. 22 lakhs for construction of water courses

On the basis of sanction accorded by the Government in March 1981, the department allocated Rs. 22 lakhs to be shared equally between two divisions (J.L.N. Division No. 2 and Division No. 3 Rewari) for the construction of water courses under command area of J.L.N. canal in Bhiwani and Gurgaon districts. Accordingly, an advance payment of Rs. 22 lakhs was made on 31st March 1981 by these divisions to the Haryana State Minor Irrigation, (Tubewells) Corporation Limited (HSMITC) for the construction of water courses. Instead of utilising the amount for construction of water courses the Corporation adjusted the entire amount towards payments due to them by the department on account of sale of pumps by the Corporation (December 1981). The department stated (January 1983) that the amount was received from HSMITC and was further distributed to various divisions during October 1982. The progress of work was, however, not intimated.

(v) Avoidable expenditure

The earth work excavation of Dewana distributory in reaches km. 22500 to 23375 was got executed partly by the department using the dragline and partly through contractor. 21,444 cum earthwork was excavated by the contractor during the period January 1981 to March 1982 and the earth so excavated was placed on the spoil bank. Out of this 12,586 cum earth was re-excavated

at the rate of Rs. 218.52 per thousand cum and re-handled by another contractor during July 1981 to March 1982 to a distance of 427.5 metres for constructing Diwana Minor km. 0.400 to 1.006. The cost of re-excavation of earth from spoil bank was Rs. 0.28 lakh. Had the execution of excavation of earth of Diwana Distributory and filling of reaches of Diwana Minor been done simultaneously, the department could have saved the amount of Rs. 0.28 lakh.

(vi) *Fraudulent drawal and loss due to delayed payment*

Audit of monthly accounts for October and December 1981 of Feeder Mechanical Division, Bhiwani disclosed a fraudulent drawal of Rs. 0.13 lakh by tempering with the figures of the amount paid in bills of electricity charges. Cash payment of Rs. 0.43 lakh and Rs. 5.41 lakhs were made in October and November 1981 respectively but these amounts in the original bills as well as in the receipts issued by the Haryana State Electricity Board were tempered with and altered to Rs. 0.46 lakh and Rs. 5.51 lakhs respectively and entered as such in the cash book resulting in fraudulent drawal and embezzlement of Rs. 0.13 lakh.

The bill for Rs. 5.41 lakhs also included unpaid arrears (Rs. 4.29 lakhs) of previous two bills. The non-payment of these bills on due dates resulted in loss of Rs. 0.12 lakh due to rebate not availed. Thus, the Government was put to a total loss of Rs. 0.25 lakh.

The fraud was rendered possible by not following the rules which required :—

- (a) payment of all bills of suppliers and contractors to be made by issue of Account Payees' cheques only ; and
- (b) attestation of all entries in the cash book with reference to pass order recorded on the bill.

The Superintending Engineer, appointed the Executive Engineer, Jui Mechanical Division, Bhiwani as an Enquiry Officer in May 1982 who submitted his report in August 1982. Further action on the report of the Enquiry Officer was awaited (January 1983).

(4) *Development of Irrigation*

The Project estimate provided for the irrigation of 3.83 lakh acres (62 per cent of CCA 6,17,528 acres) out of which 2.30 lakh acres was to be done during *Rabi* and 1.53 lakh acres during *Kharif*. The actual irrigation done during the year 1974-75 to 1980-81 was, however, much below the target. The

table below indicates the area to be irrigated as per CCA actually covered and the area actually irrigated :—

Year	CCA covered by infrastructure	Area to be irrigated	Area irrigated		Total	Percentage of area irrigated to the area to be irrigated
			Kharif	Rabi		
(in acres)						
1974-75	28,788	17,848	422	786	1,208	6.76
1975-76	28,788	17,848	228	2,944	3,172	17.33
1976-77	28,788	17,848	178	870	1,048	5.86
1977-78	28,788	17,848	124	756	880	4.93
1978-79	28,788	17,848	284	2,162	2,446	13.69
1979-80	3,02,051	1,87,271	5,168	18,294	23,462	12.52
1980-81	3,64,275	2,25,850	4,150	22,061	26,211	11.60
1981-82	5,82,404	3,61,090	8,312	37,277	45,589	12.63

The department attributed (February 1982) the low percentage due to non-availability of its share of Ravi-Beas water through SYL on account of inter-State dispute. It was, however, noticed in audit that the above reasons for shortfall during *Kharif* were not tenable as abundant water was available at Tajewala during monsoon for *Kharif* which escaped down stream into the river as cited in the succeeding paragraphs :—

(i) The Project estimate provided for the total requirement of water for irrigation of *Kharif* crop and sowing of *Rabi* for 75 days with a discharge of 3,137 cusecs per day. It worked out to 2.35 lakh cusec days. The position of flood water available, total requirement of water for *Kharif* crop for the culturable command area covered and water actually delivered to JLN Scheme was as under :—

Year	Total water escaping down stream Tajewala (July-October)	Total requirement of water for culturable command area covered during <i>Kharif</i>	Total water delivered for JLN Scheme during <i>Kharif</i>
	Cusec days in lakhs	Cusec days in lakhs	Cusec days in lakhs
1974	6.44	0.10	0.01
1975	30.54	0.10	0.01
1976	25.74	0.10	0.03

Year	Total water escaping down stream Taje-wala (July-October)	Total requirement of water for culturable command area covered during <i>Kharif</i>	Total water delivered for JLN Scheme during <i>Kharif</i>
1977	32.59	0.10	0.04
1978	47.61	0.10	0.08
1979	4.24	1.06	0.23
1980	14.76	1.28	0.10
1981	10.83	2.21	0.52

The department failed to utilise the water available as per requirements of completed infrastructure of the Project. The department stated (January 1983) that the low utilisation of the available water was due to less demand of water for *Kharif* crop owing to timely rains and that the project was of great relief to the farmers during the drought years of 1979-80 and 1980-81. It was, however, observed in audit that even during drought years of 1979-80 and 1980-81, the percentage of irrigation provided to the total area to be irrigated was 12.52 and 11.60 only and utilisation of water was 0.23 lakh cusec days and 0.10 lakh cusec days only against the envisaged requirement of water of 1.06 and 1.28 lakh cusec days in respective years.

(ii) Three channels, *viz.*, Delhi Parallel Branch down stream (1,782 cusecs), Bhalant Sub-branch (2052 cusecs) and JLN Feeder (3,241 cusecs) take off from RD 145250 of Delhi Parallel Branch. Delhi Parallel Branch from Munak head to RD 145250 was remodelled to a designed capacity of 5,156 cusecs. Thus, against the total requirement of 7,075 cusecs for all the three channels *viz.*, Delhi Parallel branch was 5,156 cusecs. This was further limited by the fact that its safe running capacity was 3,300 to 3,500 cusecs only. The carrier channel thus could not feed all the three systems efficiently. This aspect was not taken into consideration at the project inception stage.

(iii) Under the provisions of section 17 of the Haryana Canal and Drainage Act 1974, the department can on their own motion take up the construction and alignment of any water course/allotment of any areas to a water course or an outlet and such schemes, amongst other matter may set out the estimated cost thereof, alignment of the water courses, the site of the outlet and a sketch plan of the area to be covered by the scheme. Thus, water courses of the length of 5,467 Kms were required to be

constructed on JLN Scheme area to convey water from outlets to the fields against which the department constructed water courses in a length of 705 Kms. (July 1982) as per details below :—

Name of circle	Required Km.	Actual Km. completed	Percentage shortfall
J.L.N. Circle No. I, Rohtak	1,501	257	83
J.L.N. Circle No. II, Rohtak	3,966	448	89
Total	5,467	705	..

In J.L.N. Circle II, it was stated that the construction of water courses was taken up in 1981 on allotment of funds under Drought Relief.

(5) *Shortfall in production*

The Project envisaged the Production of *Kharif* crops valuing Rs. 21,72.92 lakhs per year in 1,53,147 acres on the completion of the Project (July 1975) against which *Kharif* crops valuing Rs. 28.84 lakhs in 4,150 acres was produced during 1980. Actual year-wise production of *Kharif* crop since 1975 was as under :—

Name of crop	1975	1976	1977	1978	1979	1980
Sugarcane (area in acres)	..	..	2.5	2.5	2.5	10
Value (Rupees in lakhs)	..	..	0.07	0.07	0.07	0.28
Rice (Area in acres)	..	..	..	15	2.5	..
Value (Rupees in lakhs)	..	..	..	0.16	0.63	..
Cotton (Area in acres)	..	..	..	..	2.5	..
Value (Rupees in lakhs)	..	..	..	..	0.04	..
<i>Bajra</i> (area in acres)	107	114	59	82	3,440	2,312
Value (Rupees in lakhs)	0.74	0.79	0.41	0.57	23.74	15.95
<i>Jawar</i> (Area in acres)	..	42	52	178	1,116	358
Value (Rupees in lakhs)	..	0.29	0.36	1.23	7.70	2.47
Miscellaneous crops (area in acres)	121	22	10	7	505	1,470
Value (Rupees in lakhs)	0.83	0.15	0.07	0.05	4.10	10.14
Total area (in acres)	228	178	123.5	284.5	5,168.5	4,150
Value of Production (Rupees in lakhs)	1.57	1.23	0.91	2.08	35.68	28.84

Note:—The value of Produce is based on the scale and rate given in the Project estimate except for item Nos. 5 and 6 for which the scale and rate of *Bajra* have been adopted.

The department stated (February 1982) that the anticipated benefits could not be achieved so far due to non-availability of Ravi-Beas water allocated for this scheme to be conveyed through the S.Y.L. Canal on account of Inter-State water dispute. This was, however, not tenable since as per project reports supplies for *Kharif* crops for the command area under J.L.N. Project were to be obtained from the surplus flood water from Tajewala which were to the extent of 172.75 lakh cusec days from 1974 to 1981 as against the requirement of 5.05 lakh cusec days during the same period.

Summing up

(i) The project envisaged to be taken up in the year 1972-73 and commissioning by 1975, was actually taken up in 1972-73 and is yet to be completed. The initial estimate of Rs. 33.75 crores was envisaged to Rs. 72.77 crores in 1978 and is proposed to be revised to Rs. 1.15 crores (December 1982).

(ii) As against the projected area of 3.83 lakh acres (1.53 lakh acres during *Kharif* and 2.30 lakh acres during *Rabi* seasons) based on the intensity of irrigation at 62 per cent, the average area irrigated was 23,462 acres (*Kharif* : 5,168 ; *Rabi* : 18,294) in 1979-80, 26,211 acres (*Kharif* : 4,150 ; *Rabi* : 22,061) in 1980-81 and 45,589 acres (*Kharif* : 8,312 ; *Rabi* : 37,277) in 1981-82.

(iii) While the envisaged value of production of *Kharif* crops was Rs. 21,72.92 lakhs per year the actual value of production during 1979 and 1980 was Rs. 35.68 lakhs and Rs. 28.84 lakhs respectively despite the fall in value of money.

(iv) Although sufficient water was available at Tajewala during monsoon for *Kharif* crop, it was not fully utilised.

(v) An extra expenditure of Rs. 3.91 lakhs was incurred on earth work on J.L.N. Feeder.

(vi) Material valuing Rs. 4.84 lakhs was injudiciously purchased without requirement.

(vii) A sum of Rs. 0.39 lakh was still recoverable from a kiln contractor.

(viii) An amount of Rs. 22 lakhs allocated for the construction of water courses was still lying unutilised.

(ix) A fraudulent drawal of Rs. 0.13 lakh by tampering with the records and loss of Rs. 0.12 lakh due to rebate not availed of in the payment of electricity bills was noticed.

The matter was reported to Government in October 1982 ; reply was awaited (February 1983).

4.2. Nagal Lift Irrigation Scheme

(1) *Introductory*

To provide irrigation to area lying on the left of Narwana-Branch between Ghaggar and Tangri rivulets in the Ambala District, not commandable by canal water, the Nagal Lift Irrigation Scheme was undertaken for execution during December 1975. Based on the share of Haryana State in the surplus Ravi-Beas waters to be carried through Sutlej Yamuna Link (SYL) canal, the scheme was planned to be executed in two stages. Stage I of the scheme envisaged construction of Kanwala Distributory (feeder channel) taking off at RD 1.9 km. of SYL Canal together with its five off-takes and was to be completed by March 1979. Further Stage II covered construction of Panjokhra minor taking off from Janwala distributory with its three sub-minors and also to supply water (20 cusecs each) to Ambala Cantt. and urban area of Ambala City for drinking purposes and was to be completed by 1980. The culturable command area under the scheme was 22932 hectares and at 62 per cent intensity, it was to provide irrigation to 14,218 hectares (Stage I : 9,100 hectares, Stage II : 5,118 hectares).

The original estimated cost of both Stage I and II of the project was Rs. 1,84.53 lakhs (Stage I : Rs. 1,28.00 lakhs ; Stage II : Rs. 56.53 lakhs). The Government sanctioned Stage I only for Rs. 1,28 lakhs. The cost of the project was revised to Rs. 3,94.52 lakhs (Stage I : Rs. 2,50.00 lakhs ; Stage II : Rs. 1,44.52 lakhs) in January 1982. The increased project cost was on account of the following:—

- (i) rise in the cost of material and labour, etc. (Rs. 56.53 lakhs) ;
- (ii) increase in the cost of land (Rs. 15.89 lakhs) ;
- (iii) increase in the number of bridges from 46 to 94 (Rs. 10.50 lakhs) ;
- (iv) increase in the number of cross drainage works and escapes and to meet the contingencies for failure of electricity (Rs. 21.86 lakhs) ;
- (v) increase in the cost of cross/head regulators (Rs. 15.77 lakhs) ;
- (vi) increase in the cost of pumps (Rs. 39.72 lakhs); and
- (vii) increase due to miscellaneous and indirect charges (Rs. 49.72 lakhs).

The total discharge required as per revised estimate (with water allowance of 2.4 cusecs per thousand acres) was 167.30 cusecs. The envisaged benefit cost ratio was 4.19 : 1 and 3.12 : 1 with 5 per cent and 10 per cent interest respectively.

According to the revised project report, the annual working expenses excluding interest on capital were estimated at Rs. 29.37 lakhs and revenue at Rs. 13.16 lakhs (both Stage I and II) thus leaving an annual shortfall of Rs. 16.21 lakhs excluding interest charges.

(2) *Expenditure*

An expenditure of Rs. 2,26.28 lakhs had been incurred on the scheme from its inception to 1981-82. Expenditure in excess of the original sanctioned estimate (Rs. 1.28 lakhs) was continued to be incurred after 1977-78 pending approval of revised estimate which was under process since 1978-79.

The flow of expenditure was slow during the years 1979-80 (Rs. 22.69 lakhs) 1980-81 (Rs. 12.56 lakhs) and 1981-82 (Rs. 20.98 lakhs) due to delay in the finalisation of drawings of 'pucca' works for Stage I and delay in the approval of Stage II by the Government.

(3) *Execution of Project*

The project estimate envisaged completion of 1st Stage by March 1979 but it was completed in June 1981. Stage II of the Project though scheduled for completion in 1980 has not been taken up. The Executive Engineer, SYL, Division No. II, Ambala informed in May 1982 that most of the works of 1st stage were completed by June 1980 but certain 'pucca' works like A.R. bridges, D.R. bridges and pump house No. V, drawings of which could not be finalised before June 1980, were completed as and when the drawings of these works were approved and countersigned by Buildings and Roads Department. It was further stated (May 1982) that the Government sanction for the second stage of the scheme was received in March 1982 and investigation works like approval of alignment, L—Section and capacity statement had been taken up. The actual execution of the work, according to the department, would be taken up in October 1982. The intended purpose of obtaining the additional irrigation benefits in the area which is to be irrigated through Stage II has not been achieved and the delay also resulted in price escalation necessitating revision of the project estimate.

(4) *Change in feeding system*

In the project report it was resumed that 167.30 cusecs water would be available for the system through S.Y.L. canal from Ravi-Beas waters. As the construction of S.Y.L. canal falling in Punjab territory, was not taken up, the department decided in July 1976 (approved by the State Government in January 1979) to divert part of available discharge from the existing Narwana Branch of the Bhakra Canal System to feed the Scheme, resulting in execution of certain additional works not envisaged in the project estimate at a cost of Rs. 24.94 lakhs as discussed below :—

- (i) Instead of running the Kanwala distributory through gravity flow from the S.Y.L. canal as originally planned, water was lifted from the Narwana Branch through electric pumps during the year 1976 to 1980-81. Their running and maintenance entailed an expenditure of Rs. 1.20 lakhs. The system of lifting

water through electric pumps having proved uneconomical and undependable, was replaced in July 1980 with that of gravity flow by embedding hume pipes in the common bank of Narwana Branch and S.Y.L. Canal. Two bunds were constructed in May/June 1980 at K.M. 1.796 and K.M. 3.0 of the S.Y.L. canal at a cost of Rs. 0.62 lakh in order to create a pond to feed Kanwala distributory through gravity flow. The department stated in June 1982 that the system of gravity flow could not be adopted earlier as the work in head reach near off-take point of Kanwala distributory viz., drainage crossing at K.M. 0.1 was completed in May 1980. As such, the bunds were constructed after the completion of the said work. Since Kanwala distributory stood completed in June 1978, the work of drainage crossing could have been planned for completion simultaneously and consequently the expenditure of Rs. 1.20 lakhs on installing, running and maintenance of pumps could have been avoided. Consequent upon diverting a part of supply of water from the Narwana Branch through Link Regulator at K.M. 1.708 of the S.Y.L. canal, these bunds were dismantled at a cost of Rs. 0.26 lakh in June 1982.

- (ii) In June 1981, the department decided to construct a cross-cum-link regulator at Narwana Branch so as to link with S.Y.L. Canal for the purpose of diversion of water from Narwana Branch to utilise S.Y.L. Canal and for feeding Nagal Lift Irrigation Scheme. It was completed in June 1982 at a cost of Rs. 22.86 lakhs and was charged to S.Y.L. Canal Project.

(5) Development of Irrigation

The scheme while still under execution was opened for irrigation from July 1976 by lifting water from Narwana Branch of the Bhakra Canal System. An area of 88 hectares was irrigated upto 1978-79. The discharge stipulated/available, the coverage of culturable command area with available discharge and irrigation potential created/actually utilised (based on the assessed area) upto March 1982 was as under :—

Year	Discharge		Coverage of culturable command area with available discharge	@Potential created with approved intensity (in hectares)	Potential utilised
	Stipulated (in cusecs)	Available			
1979-80	40	20	3,200	1,120	126
1980-81	50	30	4,800	1,680	963
1981-82	89	89	14,677	9,100	3,215

@During 1979-80 and 1980-81, the intensity was taken as 35 per cent (as fixed for non-perennial channels of Bhakra Canal System) of culturable command area while in 1982 it was 62 per cent.

The project report did not indicate year-wise phasing of development of irrigation. During execution, the concomitant/preparatory works on which creation/utilisation of potential directly depended were not carried out.

The low utilisation of potential created was due to the following reasons :—

- (i) For the purpose of having early and optimum utilisation of irrigation potential created by the construction of a new project, it is essential to take up works of development of command area such as land levelling and shaping etc., simultaneously with the stage-wise completion of the project. However, there was neither any provision in the project estimate nor any steps were taken by the department for execution of these items. The Superintending Engineer (Planning), Irrigation Department, Haryana, Chandigarh intimated (September 1982) that the areas falling under this scheme were not included under command area development programme as the scheme was still under execution.
- (ii) Section 17 of the Haryana Canal and Drainage Act, 1974 *inter alia* provides that the Divisional Canal Officer may, on his own motion or on the application of a shareholder prepare a draft scheme to provide for :
 - (a) the construction and alignment of any water course, and
 - (b) allotment of any new areas to a water course or an outlet.

Every such scheme shall, amongst other matter, set out the estimated cost thereof, the alignment of the proposed water course, the site of the outlet, the particulars of the shareholder to be benefitted and a sketch plan of the areas proposed to be covered by the scheme.

The department, however, did not take up any action for the preparation of 'Chakbandi' and carrying out of alignment of proposed water courses in regard to the command area covered by the scheme.

- (iii) After the completion of 'Chakbandi' and approval of alignment of water courses, the department is required to carry out 'warabandi' of each outlet under section 55 of the Haryana canal and Drainage Act 1974 for the distribution of water among all shareholders of a particular 'chak'. The department, however, has not taken any action in this regard so far. Due to non-carrying out of 'chakbandi' and 'warabandi', proper water courses could not be constructed even by the cultivators themselves and the water continued to be utilised by those cultivators whose lands happened to be near the head of outlets and the areas lying at a distance from the outlets were deprived of canal irrigation potential created.

The 'chakbandi' and 'warabandi' had not been carried out reportedly due to shortage of Revenue staff.

(6) Revenue

On the basis of the irrigation potential created as per completed infrastructure, a net revenue of Rs. 10.23 lakhs was expected to accrue from water rates during 1979-80 to 1981-82. The table below indicates the year-wise details of revenue expected, demand assessed and raised and revenue collected during the year 1979-80 to 1981-82 :—

Year	Revenue expected	Demand assessed and raised	Amount collected
(in lakhs of rupees)			
1979-80	2.20	0.09	0.09
1980-81	2.73	0.67	0.67
1981-82	5.30	2.22	1.14
Total	10.23	2.98	1.90

The demand for water rates was quite low due to under utilisation of potential created.

(7) Irregular execution and excess payment of ^{Rs.} 0.61 lakh

The work 'Constructing pump house at RD 12.328 of Kanwala distributory' was allotted to a contractor on work-order basis in November 1979 on the basis of rates obtained through tenders and recommended by the Executive Engineer to the Superintending Engineer for approval. The work was completed in March 1980. The Executive Engineer referred the rates for approval to be paid for various items during November 1979, which remained under correspondence between the Executive Engineer and the Superintending Engineer and the same were recommended by the latter to the Chief Engineer in November 1981. The final rates were approved by the Chief Engineer in February 1982 which were less than the provisional rates for various items of work on which the work had been allotted. Consequently, the contractor was found to have been overpaid Rs. 0.61 lakh. The pumps were received in July 1981 and installed in September 1981. Issue of work order on provisional basis and execution of work long before the pumps were received and belated approval of lower rates payable resulted in excess payment to the contractor, which was yet to be recovered.

(8) *Excess issue of coal*

Against an agreement entered into with a kiln agency in February 1977 for supply of 63 lakh tiles and 10 lakh bricks, the agency was to be issued 2,140 metric tonnes of slack coal at prescribed scale of 30 M.T./25 M.T. per lakh of accepted tiles/bricks. The agreement contemplated recovery of coal consumed in excess of the prescribed scale at penal rate, if not returned. It was noticed that 2,255.60 M.T. of coal was issued between November 1976 to June 1978. During March 1977 to September 1979, kiln agency supplied 54.93 lakh tiles and 9.51 lakh bricks for the manufacture of which 1,885.59 M. T. of coal was admissible as per scale. For the balance 370.01 M.T. of coal not returned and after adjusting the dues of agency, Rs. 0.43 lakh (Rs. 1.48 lakhs at penal rate recovery *minus* security deposit:Rs. 0.25 lakh and other dues : Rs. 0.80 lakh) were still outstanding against the contractor. Had the slack coal been issued at prescribed scales only for contracted quantity of bricks and tiles, the situation could be avoided.

Summing up

(i) The first stage of the project scheduled to be completed by March 1979 was completed in June 1981 at a cost of Rs. 2,26.28 lakhs as against the initial estimate of Rs. 1,28.00 lakhs.

(ii) The second stage of the project, though scheduled for completion by 1980 had not yet been taken up (September 1982).

(iii) Due to inter-State dispute regarding allocation of Ravi-Beas water, the feeding system of the scheme had to be changed necessitating carrying out of additional works at a cost of Rs. 24.94 lakhs.

(iv) Against the irrigation potential of 9,100 hectares created on the basis of available supplies by the end of 1981-82 an area of 3,215 hectares was actually irrigated. The low utilisation was attributed to non-development of command area. Non-commencement of second stage of the project has deprived 8,255 hectares (CCP) of irrigation potential.

(v) Revenue of Rs. 1.90 lakhs was actually collected for 1979-80 to 1981-82 against Rs. 10.23 lakhs expected.

(vi) Dues of Rs. 1.04 lakhs were outstanding against the contractors.

The matter was referred to the Government in October 1982 ; reply was awaited (February 1983).

4.3. New Tajewala Barrage at Hathnikund*(i) Introductory*

The regulation and distribution of the supplies of water of Jamuna river between the State of Haryana and Uttar Pradesh are made at century old Tajewala Headworks which has outlived its life. Further, the addition of various lift irrigation schemes and owing to increase in water allowance of the

old areas of Western Jamuna Canal in the recent years, the revised capacity of the canal has been calculated at 27,900 cusecs against the existing capacity of 14,000 cusecs. It was decided in September 1972 by the Government of India, in consultation with two State Governments, that a barrage might be constructed in place of the old headworks and the work was to be carried out by Haryana State. The cost of the project was to be shared by the Haryana and Uttar Pradesh Governments in the ratio of 2 : 1. In September 1974, the Government of India decided that the new barrage might be constructed at Hathnikund 3 Km. upstream of Tajewala.

The project report for the construction of the barrage at Hathnikund for Rs. 18,67.38 lakhs, prepared in June 1977, was sanctioned by the Government in November 1979. Details of estimated cost of the project, vis-a-vis, actual expenditure there against to the end of September 1982 was as under :—

	Estimated cost	Actual expenditure
	(in lakhs of rupees)	
(a) Establishment	1,94.30	1,06.64
(b) Works	16,68.42	85.59
(c) Machinery & Equipment	3,13.56	2,72.00
(d) Purchase of Stores	*	1,21.94
(e) Indirect charges	20.46	
Total	21,96.74	5,86.17
Deduct credit for machinery and buildings on completion of the project	3,29.36	
Grand Total	18,67.38	5,86.17

As per procedure laid down by the Planning Commission, no work on any scheme should be undertaken by the State Government unless the project report was cleared by the Advisory Committee of the Central Water and Power Commission after examining basic planning, main engineering works, inter-State angle, water availability, vis-a-vis, requirement, rates and costs estimates and the benefits expected to be derived from the scheme. After clearance by the advisory committee, the Planning Commission clears the project after checking up the provisions of funds in the Plan and general priorities during the Plan

*Expenditure on 'Purchase of Stores' has been amalgamated in Works expenditure in the estimate prepared by the Department.

period. The State Government undertook the project in 1975-76 and created (December 1978) one circle and 4 divisions (one more division was added in December 1979) for the execution of the work on the project even without approaching the Central Water and Power Commission and Planning Commission for getting the Project sanctioned.

The model studies are to be carried out to know the river behaviour under varying discharges when the barrage is in position and also for determining the devices for efficient sand exclusion in respect of the off-taking canals on either side. Such studies for the Tajewla barrage at Hathnikund were undertaken at Central Water and Power Research Station, Pune for assessing of the exact location of the barrage. The Research Station, in its report submitted in December 1979 recommended axis II-A and axis III-A (2.5 Km. and 2.3 Km. respectively upstream along the Central line of river Jamuna from Tajewala headworks) as possible two sites for location of the barrage. The Irrigation Department, Haryana decided (December 1979) to construct the barrage along axis II-A.

(2) Execution of work

(i) After receipt of a report from the Research Station, Pune in December 1979, regarding recommended location of the barrage it was decided (December 1979) by the Engineer-in-Chief/Chief Engineer, Drainage-I to utilise the remaining period of working season of the year *i.e.*, upto June 1980 for construction of a part of the barrage and advance action in this regard was taken up immediately to construct preliminary works of river diversion and to enclose the area with coffer dam for the construction of the barrage. No concurrence of the Uttar Pradesh State for starting the work on the scheme was obtained at the time of undertaking said works. The work of constructing diversion channel/coffer dam was taken in hand through a contractor as well as by deploying departmental machinery. When the work was in progress, the Uttar Pradesh State objected (December 1979) to its construction on the plea that the Haryana Irrigation Department had started the work in their territory without their consent when final decision from Central Water Power and Research Station regarding orientation and location of the barrage was awaited. It was thus decided (February 1980) by the department to commission the diversion channel with a reduced section. The diversion channel with a reduced section was put into operation in February 1980 and the upstream coffer dam was completed for a length of 195 metres with a reduced section and lower top level as compared to designs at a cost of Rs. 12.02 lakhs. Further, work on the coffer dam had to be abandoned again on the intervention (February 1980) of Uttar Pradesh Government and has not been started so far (December 1982). The whole of the coffer dam arm and the work done on diversion channel were washed away subsequently due to flood in June 1980. Thus, the expenditure of Rs. 12.02 lakhs (including Rs. 6.89 lakhs paid to the contractor) incurred on the construction of these works was rendered infructuous.

In view of the inconclusive state of inter-State consultations and the absence of an agreed decision as to the actual site of the proposed barrage, the execution of this isolated and small quantity of work in the river bed on U.P. side which was obviously prone to high floods, was unjustified and premature.

(ii) In February 1982, it was decided by the Government of India that the new barrage might be located at 75 metres downstream of III-A axis. Further, to decide the parameters of the barrage, the Government of India constituted (February 1982) a technical body comprising of 3 members (not connected with the States of Haryana and Uttar Pradesh) which was to submit its report by 20th March 1982. The report of the said body has not been received so far (November 1982) as a result of which the construction of the barrage has not been started (November 1982). Thus, due to delay in the settlement of inter-State dispute, the work on the barrage has not been taken up so far and water in the Western Jamuna Canal is being delivered through the old headworks.

(iii) The total expenditure incurred upto September 1982 was Rs. 1,06.64 lakhs which worked out to 124.6 per cent of works expenditure (Rs. 85.59 lakhs) although the project estimate provided for 10 per cent only. Further, out of Rs. 85.59 lakhs incurred on works upto September 1982, only Rs. 12.02 lakhs has been spent on the actual execution of the preliminary works for the construction of the barrage (as mentioned in the earlier paragraph) and the remaining expenditure has been incurred on survey, and investigation (Rs. 7.30 lakhs), buildings and roads (Rs. 36.11 lakhs), dewatering and water supply arrangement (Rs. 2.93 lakhs) and other miscellaneous works (Rs. 22.75 lakhs). Thus the creation of a large establishment, viz., one circle and five divisions (in December 1978 and December 1979) was excessive and was not based on a realistic assessment of the work load then or later.

(iv) An expenditure of Rs. 5,86.17 lakhs (including Rs. 1,06.64 lakhs on establishment) against total estimated expenditure of Rs. 18,67.38 lakhs, has been incurred on the project upto September 1982.

According to the decision (September 1972) of the Government of India, the cost of the project was to be shared by the Haryana and Uttar Pradesh State in the ratio of 2 : 1. However, the reimbursement by the Uttar Pradesh Government of its share (Rs. 1,95.39 lakhs) of expenditure has not been made so far. The department stated (July 1982) that the case for reimbursement of expenditure has been taken up (February 1981) with Uttar Pradesh Irrigation Department but no response has been received till July 1982.

(3) *Purchase of machinery and stores*

(i) Out of the machinery and equipment valuing Rs. 2.72 lakhs, machinery worth Rs. 62.54 lakhs (4 draglines : Rs. 35.59 lakhs, dozers :

Rs. 18.81 lakhs, motor graders : Rs. 3.47 lakhs, 1 shovel : Rs. 2.82 lakhs, 1 truck : Rs. 1.07 lakhs and 78 pumping sets : Rs. 0.78 lakh) had been transferred to the project from other divisions/projects in the State and the Beas Sutlej Link Project, during the period from December 1977 to January 1980. In addition to these items, new machinery and equipment valuing Rs. 1,93.93 lakhs (including imported machinery valuing Rs. 72 lakhs) was procured in October 1979 to September 1982, consisting of 4 draglines (Rs. 92.62 lakhs), 4 Crawler tractors (Rs. 72 lakhs), 11 Tata trucks (Rs. 18.49 lakhs) and 100 mono block diesel/electric pumping sets and diesel generating sets (Rs. 10.82 lakhs); two draglines, though not required by them, were diverted from Drainage Circle Karnal and were received in September 1982. In view of the availability of the transferred machinery and equipment already with the project and the stoppage of work in December 1979/ February 1980, the procurement of new equipment and machinery was unjustified and premature, leading to unnecessary blocking of funds which could have been diverted to other developmental works, and the risk of deterioration of machinery due to non-use could have been avoided. Further, other material like cement, steel and timber, etc., valuing Rs. 1,21.94 lakhs was in stock with the project in September 1982 even after periodical transfers of the allocated material to other divisions/works. Apart from the blocking of funds, the transfer of materials involved avoidable expenditure in handling/re-handling and transport to and from which, however, could not be ascertained in audit.

(ii) Two draglines were purchased at a cost of Rs. 46 lakhs. Under the term of purchase, the warranty period of the draglines was for a period of 9 months from the date the machinery left the company's works or for 6 months from the date the machine was commissioned or for 1,000 hours whichever was earlier. The machines have not been put to use so far (December 1982) but the warranty period for the same expired in June 1982. A request made in June 1982 by the Department to extend the warranty period beyond the contractual period as mentioned above was not agreed to (June 1982) by the supplier.

(4) *Damaged/rusted parts and shortage of one package of spare parts imported from U.K.*

The department placed (September 1979) an order for the supply of imported spare parts valuing Rs. 9.38 lakhs for tractors on a firm of New Delhi. The spare parts were to be despatched by their principals in England direct to the Project authorities. The firm despatched 18 packages of spare parts duly insured from U.K. by ship which arrived at Bombay port on 20th April 1980. Seventeen packages were got cleared from the docks between May 1980 and September 1981 and kept in a godown at Bombay.

One package was short landed and a short landing certificate was got issued from the dock authorities. Fifteen packages of spares were got cleared from Custom authorities in August 1981 (after 16 months of the date of landing

of ship at Bombay port) and despatched (August 1981) from Bombay for Yamunanagar. On opening (August 1981) these packages at destination the spare parts in 3 packages were found damaged/rusted. The matter was taken up (August 1981) with the firm for deputing a representative of the insurance company for inspection of the damaged parts. The Surveyor of the insurance company, after inspecting the material at Yamunanagar, held (October 1981) that spare parts had rusted as the packages of all the wooden cases were not watertight and sea-worthy. A claim for Rs. 0.79 lakh was lodged (January 1982) with the insurance company but it was rejected on the ground that there was no evidence that the loss/damage had occurred during insured transit. The supplier, when contacted, also refused (April 1982) to entertain the claim on the ground that damages were due to delay in clearance of the consignment and not due to sub-standard packing and further, their under-writers would not accept the claim made on them after a lapse of 18 months even presuming a defect in packing.

As regards short receipt of one package containing spares valuing Rs.0.27 lakh, the supplier refused to entertain the claim as it was a case of short landing and advised the department to take up the matter with the insurance company. The supplier also apprehended that insurance company would not accept the claim since it did not comply with the policy term i.e., the claim was not lodged within one month of the date of landing. The matter was, however, under correspondence with the Insurance Company/supplier.

Thus due to delay in the clearance of goods from Bombay port and not lodging the claim with the insurance company within one month of the date of landing as required under policy term there was a loss of Rs. 1.26 lakhs.

(5) Irregular exhibition of provisions as utilised

In order to avoid the lapse of budget grant for the year 1980-81, the Hathnikund Barrage Division No. 2, Yamunanagar made (20th March 1981) advance payments amounting to Rs. 43.04 lakhs to two firms on behalf of another division of Gurgaon, by placing the amount in Miscellaneous Public Works Advances against that division.

The amount of Rs. 43.64 lakhs was, however, refunded by the Gurgaon division in May 1981.

Summing up

The Hathnikund Barrage was intended to replace the century old head-works at Tajewala which has outlived its life and to enhance the capacity of the Western Jamuna Canal from the existing 14,000 cusecs to 27,900 cusecs. The Project was approved by Government of India in 1972 but was not taken up due to inter-State dispute between Haryana and Uttar Pradesh State Governments.

The construction of diversion channel/coffer dam in the river bed was taken up in December 1979 without approaching Central Water and Power Commission/Planning Commission and without agreement with the Uttar Pradesh Government. Part of the work costing Rs. 12.02 lakhs was completed by February 1980 when further work was stopped at the intervention of the Uttar Pradesh Government. The whole work was washed away in floods in June 1980. Thus the expenditure of Rs. 12.02 lakhs was rendered infructuous.

One circle and 4 divisions (one division was added later in December 1978) created for executing this and upto September 1982 an expenditure of Rs. 5,86.17 lakhs (including establishment expenditure of Rs. 1,06.64 lakhs) has been incurred on the project against the estimated expenditure of Rs. 18,67.38 lakhs though no work has been done so far. Further, one third share (Rs. 1,95.39 lakhs) of the expenditure was to be reimbursed by Uttar Pradesh State which has not been received so far.

New machinery and equipment valuing Rs. 1,93.93 lakhs was purchased between October 1979 and September 1982 even though old machinery valuing Rs. 62.54 lakhs received from other division/project of the State and Beas Sutlej Link Project during December 1977 to January 1980 was not being used by the project authorities.

A claim of Rs. 1.26 lakhs was not paid by the insurance company on the damaged/rusted parts and on material received short as there was delay in the clearance of material from Bombay Port and lodging of claim with the insurance company.

The matter was referred to Government in November 1982 ; reply was awaited (February 1983).

BUILDINGS AND ROADS

4.4. Excess payment

The department placed (August 1980 to November 1980) orders on four different firms A, B (Chandigarh based) C and D (Faridabad based) for supply of R.C.C. pipes NP-3 with collars to 6 divisions at the rates contained in their expired rate contract for the year 1979-80 with a condition that the payments made in accordance with the expired rate contract valid upto 31st March 1980 would be interim payments and the final payments would be made as per the rate contract for the year 1980-81. The rate contract for the year 1980-81 was finalised only on 30th January 1981. There was no rate contract from 1st April 1980 to 29th January 1981. 1,674 pipes were purchased from these firms during September to December 1980 at a cost of Rs. 19.81 lakhs. The Engineer-in-Chief clarified in April 1981 that the rates mentioned in 1980-81 rate contract were valid from 30th January 1981. The department allowed

the final payments at the rates contained in the rate contract operative from 30 January 1981 without ascertaining the market rates prevailing at the time of purchase.

The Firms A and B were on rate contract for the same material in the adjoining State of Punjab operative during the period from 14th March 1980 to 13th March 1982. The rates contained therein were market rates. It was noticed in audit that these rates were far less than those contained in the rate contract of Controller of Stores, Haryana, operative from 30th January 1981.

As per rules no contract involving an uncertain or indefinite liability or any condition of unusual character should be entered into. By committing themselves to an uncertain liability and payment according to a non-existent rate contract and at rates of subsequent rate contract which came in force from 30th January 1981, the department, after the dates of actual delivery, made an excess payment amounting to Rs. 2.93 lakhs as detailed below :—

Serial number	Division	Firm	Amount excess paid (in lakhs of Rupees)
1	Jagadhri Provincial Division, Yamunanagar	A	0.18
		B	0.26
2	Provincial Division, Naraingarh	A	0.24
3	Construction Division, Chandigarh	A	0.67
		B	0.30
4	Provincial Division, Fatehabad	C	0.45
5	Provincial Division, Gurgaon	D	0.32
6	Construction Division, Gurgaon	D	0.51
Total			2.93

The department intimated (May 1982) that the supply orders were placed in view of the urgent requirements of the Divisions, and the difference was paid as per condition of the supply order.

A check of departmental record, however, revealed that up to March 1981 the material had not been utilised in one division and in other four divisions the utilisation ranged between 22 per cent and 94 per cent. The position from the remaining one division was awaited (December 1982). On this being pointed out in audit the Government regularised the payments in October 1982 and advised the Indenting Officers to avoid such irregularities in future.

The matter was referred to the Government in September 1982; reply was awaited (February 1983).

4.5. Wasteful expenditure

In Provincial Division, Fatehabad, the work "Constructing a link road from Bamanwali on Bhattu Khera Kheri road to village Chabarwal" was administratively approved on 30th March 1978 but the same was started in December 1977 on unapproved alignment. The work was completed in November 1981 at a cost of Rs. 6.40 lakhs. On the basis of cross sections actually observed at every 30 metres, the technical estimate sanctioned in December 1978 (cost : Rs. 4.34 lakhs) for the road length of 4.51 kilometres, provided for 25,553 cubic metres of earth work.

During the course of audit scrutiny it was revealed that the quantity of earth work actually executed in the road length of 4.420 kilometres as per muster rolls, was, however, 40,777 cubic meters for which a payment of Rs. 0.98 lakh was made between January 1978 and July 1981. Thus, 15,224 cubic meters (40,777 minus 25,553) of earth work measuring in excess (60 per cent) of the quantity provided in the technically sanctioned estimate involved an extra expenditure of Rs. 0.37 lakh. In the revised estimate submitted by the Executive Engineer after a lapse of 7 months of the completion of the work in March 1982 for sanction by the higher authorities the provision of the earth work was kept as per original estimate *viz.*, 25,553 against 40,777 cubic meters actually executed. The department stated (August 1982) that the matter regarding non-providing of the actually executed quantity of earth work in the revised estimate was under investigation.

The matter was referred to Government in October 1982 ; reply was awaited (February 1983).

4.6. Extra liability

Provincial Division No. I, Kurukshetra invited tenders for the work of construction of Bal Bhawan at Kurukshetra with an estimated cost of Rs. 3.25 lakhs (March 1981) including sanctioned zonal premium against which 5 tenders were received.

Out of these five tenders, the lowest, second and third lowest, quotations were from contractors 'A', 'B' and 'C' for Rs. 3.27 lakhs, Rs. 3.28 lakhs and Rs. 3.31 lakhs respectively. The lowest tender of contractor 'A' was rejected by the Executive Engineer on grounds of incapability. The offers of other two contractors 'B' and 'C' were also rejected without holding negotiations.

Tenders for the work were again invited (May 1981). Only one tender (cost : Rs. 3.52 lakhs) was received from contractor 'C'. The Executive Engineer negotiated with contractor 'C' who agreed to offer a rebate of 3.43 per cent. The negotiation was conducted reportedly on anticipation of still higher rates. The recommendation of the Executive Engineer was not approved

by Superintending Engineer. Further negotiation with contractor 'C' led to increase of rebate to 5.85 *per cent* reducing the tendered cost of work to Rs. 3.31 lakhs. The offer of contractor 'C' was valid up to 25th August 1981. The Superintending Engineer did not accept the offer within the validity period. The contractor did not extend the period of validity nor reduced the offer as tried by the department afterwards.

In November 1981, the Superintending Engineer held Executive Engineer responsible for all consequences arising due to rejection of the lowest tender of contractor 'A' for which he was not competent. Tenders were recalled in December 1981, wherein out of two tenders received, the lowest offer was from contractor 'B' for Rs. 3.75 lakhs. After negotiation, contractor 'B' reduced the offer to Rs. 3.65 lakhs which was higher than the reduced offer of contractor 'C' by Rs. 0.34 lakh and of contractor 'A' by Rs. 0.38 lakh.

Thus due to unauthorised rejection of the offer of contractor 'A' at the first instance, the department lost Rs. 0.38 lakh. Out of this amount, Rs. 0.04 lakh could have been saved if Superintending Engineer accepted the offer of contractor 'C' within the validity period.

The matter was referred to the Government in August 1982 ; reply was awaited (February 1983).

PUBLIC HEALTH

4.7. Avoidable liability

According to the rules, the tenders should be finalised at all levels in such a manner so as to communicate the acceptance to the contractor within one month of the date of tender.

The tenders for the work of "Providing water supply scheme to Nalwa group of villages, construction of storage and sedimentation tank *etc.*" estimated to cost Rs. 1.42 lakhs at the current rate of sanctioned premium, with stipulation for completion of work within six months were invited (18th April 1979) by the Executive Engineer Public Health Division No. II, Bhiwani and the same were required to be received by 11th May 1979 with a validity period of three months *viz.*, 10th August 1979. Only one tender was received against the above enquiry. The tendered cost, after taking into account the financial implications of the various conditions quoted by the contractor worked out to Rs. 1.88 lakhs. The tendered cost being high, negotiations were held by the Executive Engineer with the tenderer and the amount was got reduced to Rs. 1.71 lakhs. The case was forwarded by the Executive Engineer to the Superintending Engineer for acceptance on 28th June 1979 but the Superintending Engineer advised (August 1979) that negotiations be carried out with the contractors to bring down the rates within the permissible zonal premium or alternatively the tender be recalled. By then the validity period of the tender (three

months) had practically expired and conducting negotiations with the contractors had no legal sanctity without the consent of the contractor to extend the validity period. The tenders were re-invited on 10th October 1979, when again one tender, with the restricted validity period of 15 days was received. After working out the financial implications, the tendered amount of the work was evaluated at Rs. 1.87 lakhs and the case was recommended to the Superintending Engineer for acceptance on 19th October 1979. The approval was accorded on 13th November 1979, when validity period as per tender had already expired. Tenders with time limit for completion of the work reduced to 3 months, were again recalled on 19th March 1981 and the work was allotted to the lowest tenderer at a cost of Rs. 2.03 lakhs and work commenced with effect from 1st September 1981.

Repeated delays in finalisation of the tenders by the departmental authorities had resulted in avoidable expenditure of Rs. 0.32 lakh (Rs. 2.03 lakhs minus Rs. 1.71 lakhs).

The department stated (January 1983) that the case remained under correspondence and no official was at fault.

The matter was referred to the Government in August 1982 ; reply was awaited (February 1983).

IRRIGATION

4.8. Outstanding audit observations

(a) Audit observations on financial transactions are reported to the departmental authorities concerned, so that appropriate action can be taken to rectify the defects and omissions. Half-yearly reports of such observations outstanding for more than six months are also forwarded to the Government to have their settlement expedited.

Audit observations involving an amount of Rs. 12,42.42 lakhs pertaining to Irrigation Department issued up to March 1982 were outstanding at the end of December 1982. Year-wise break-up of the outstanding items is as under :—

Year	Number of observations	Amount (in lakhs of rupees)
1977-78 and earlier years	789	85.83
1978-79	386	33.82
1979-80	1,002	1,57.84
1980-81	1,143	1,95.93
1981-82	2,233	7,69.00
Total	5,553	12,42.42

The following are some of the major reasons for which audit observations have remained outstanding :—

Serial number	Nature of observations	Number of items	Amount involved (in lakhs of rupees)
1.	Payees' receipts not received	3,745	4,90.88
2.	Vouchers not received	1,719	2,27.33
3.	Sanctions to reserve limit of stock not received	38	4,77.33
4.	Agreements of contractors/suppliers not received	51	46.88

It will be seen, that a sizable portion of the outstandings is due to non-submission of payees' receipts and vouchers. In the absence of these receipts and vouchers, it is not possible for Audit to verify whether all the payments have been made after due consideration.

PUBLIC HEALTH

4.9. Outstanding inspection reports

(a) Audit observations on financial irregularities and defects in initial accounts, noticed during local audit and not settled on the spot, are communicated to the heads of offices and to the next higher departmental authorities through the audit inspection reports. The more important irregularities are reported to the heads of departments and the Government. The Government has prescribed that the first replies to inspection reports should be sent within six weeks.

At the end of November 1982, two hundred and ninetyfour inspection reports relating to Public Health Department issued up to March 1982 still contained unsettled paragraphs. Year-wise break-up of the outstanding inspection reports is given below :—

Year	Number of inspection reports	Number of paragraphs
1976-77 and earlier years	173	446
1977-78	20	109
1978-79	20	120
1979-80	26	169
1980-81	26	246
1981-82	29	327
Total	294	1,417

These included 10 inspection reports for which even the first replies had not been received.

The more important types of irregularities noticed during inspection and local audit of Public Health Department is summarised below :—

Serial number	Nature of irregularity	Number of cases	Amount involved (in lakhs of rupees)
(i)	Expenditure on deposit works without or in excess of deposits	26	7,68.20
(ii)	Expenditure without approved/sanctioned estimates on purchases/works or without calling quotations/tenders	52	1,58.00
(iii)	Non-accountal of material	137	88.30
(iv)	Outstanding beneficiary shares	6	80.80
(v)	Excess/surplus/unserviceable material	24	61.10
(vi)	Amounts recoverable from contractors/suppliers towards cost of material not returned or material not received against advance payment	89	46.60
(vii)	Non-closing of manufacturing accounts due to non-adjustment of out-turns	6	35.10
(viii)	Wasteful and infructuous expenditure due to defective plans, designs, abandonment of works, changes in alignment, etc.	27	29.70
(ix)	Extra expenditure on account of change of specification and due to non-observance of rules/due to rejection of lowest tender, etc.	15	11.60
(x)	Compensation for delays not levied or short levy of compensation	26	9.70
(xi)	Unauthorised financial aid to contractors	12	3.10

CHAPTER—V
STORES AND STOCK
BUILDINGS AND ROADS

5.1. General

Stores like cement, steel, road metal and other material are procured by the Buildings and Roads Branch of the Public Works Department for the execution of various works. The stores are purchased by the departmental officers (according to the delegation of powers) for specific works and for general stores upto the limit of reserve stock specifically sanctioned for each division. Numerical or quantitative account of receipts, issues and balances is maintained by the divisional officers. The receipt and issue of the stores during the year 1981-82 were as under :—

	(in lakhs of rupees)
Opening balance	(—)2,86·56
Receipts	34,57·44
Total	31,70·88
Issues	33,95·03
Closing balance	(—)2,24·15*

The following points were noticed :—

- (i) The rules require that the value of stores held in stock by a division should not exceed the limit prescribed for that purpose and that the stock registers of the division should be closed at the end of each half-year and reviewed by the Divisional Officer to see that the stock consists of only serviceable and necessary articles and stores are priced according to the prevailing market rates. It was noticed that the limits for the year 1981-82 had not been prescribed for 55 out of 102 divisions holding stock. Further, half yearly stock returns were in arrears in 42 cases for the period ranging between 1969-70 and 1979-80 in 9 divisions.
- (ii) The stores are to be physically verified periodically by responsible officers independent of stock holders. The results of physical verification of stores during 1981-82 were not received (December 1982) by Audit from 22 out of 102 divisions.
- (iii) There were *minus* balances in the divisional stock registers in respect of 25 divisions to the extent of Rs. 2,23·32 lakhs.

**Minus* balance is continuing since 1973-74.

Reasons for *minus* balances were enquired (November 1982) from the department ; reply is awaited. However, the *minus* balances were attributable mainly to non-accountal of the value of stock materials received from the Director General of Supplies and Disposals, other divisions, *etc.* and non-adjustment of profit on stock due to issue rates being higher than procurement rates. Delays in the adjustment of transactions and non-clearance of *minus* balances are indicative of inaccuracies in accounts which call for urgent action for their clearance and rectification.

5.2. Idle/under utilised machinery and equipment

MEDICAL AND HEALTH

(i) Following items of machinery and equipment had been lying idle/under utilised in Civil hospitals/offices due to the reasons indicated against each :—

Serial number	Item	Cost (in lakhs of rupees)	Hospital/Office	Since when lying	Reasons
1.	100 M.A. X-Ray plant	1.10	General Hospital, Sirsa	March 1980	In September 1971, when the hospital was provincialised, there was only one X-Ray Plant. Two more plants, one of 50 M.A. and the other of 100 M.A. were added in September 1975 and March 1980 respectively. Between March 1979 and February 1980 (when two machines were available) average of X-Ray done worked out from 3 to 9 per day. Again between March 1980 and February 1982 (when 3 machines were available) the average X-Ray done per day was 6 to 8.
2.	Dental unit	0.12	Civil Hospital, Dabwali	January 1975	Plant which was installed in March 1972, went out of order in January 1975 and had been lying idle for want of repair for which even an estimate has not been prepared (November 1982).
3.	Operation theatre light	0.11	Civil Hospital, Dabwali	February 1980	Remained <i>uninstalled</i> as the Engineer of the supplier had not visited the hospital for technical guidance.
4.	Intercommunication telephone	0.11	Civil Hospital, Naraingarh	April 1976	Purchased in April 1974, went out of order after working for 2 years. Estimates for repair not yet obtained from firm.
5.	Community Health workers kits (complete)	0.91	Chief Medical Officer, Gurgaon	June 1979 and July and September 1979 to April 1982	Out of 1,170 kits (value: Rs. 2.19 lakhs) purchased between December 1978 and September, 1979, only 682 kits have been issued so far (between December 1978 to March 1981) leaving 488 kits at Primary Health Centre and headquarters due to non-availability of trained persons

The matter was reported to the department/Government during September 1980 to June 1982; their reply was awaited(February 1983).

TECHNICAL EDUCATION

(ii) The following items of equipment valuing Rs. 1.29 lakhs were lying idle in Government Institute of Surgical Instruments, Sonepat for reasons indicated against each :—

Serial number	Item of machinery and equipment remained idle	Value (in lakhs of rupees)	Idle period	Remarks
1.	Standard 20 utility van	0.62	March 1981 to June 1982	The van was purchased for transporting students to industrial units for practical demonstration and liaison with industry and Government departments. Except for a meagre coverage of 1,148 Kilometers with the help of loaned drivers, the van remained unutilised since no post of driver was got sanctioned (March 1982) and subsequently up to June 1982 due to delay in appointment of driver. The Government stated (December 1982) that action to appoint the driver was being taken.
2.	Electricity generating set	0.67	March 1981 to May 1982	The generating set was intended to regulate the supply of power but it could not be installed due to non-availability of room. The funds for the construction of new room by the P.W.D. were got earmarked in July 1981 and quotations for construction work called in May 1982. The Government stated (December 1982) that construction of room without floor had been completed and Electricity Board had been requested for grant of electricity connection.

5.3. Shortages

The following cases of shortages were noticed during the course of audit :—

AGRICULTURE

Serial number	Office	Period of audit	Audited during	Value (in lakhs of rupees)	Remarks
1.	Deputy Director, Agriculture, Rohtak	November 1979 to November 1980	December 1980	0.27	Between August 1977 to June 1979 three officials did not hand over complete charge of store articles. Subsequently (in March 1978 and September 1980) shortages were noticed. The matter was referred to the department in March 1981, further developments are awaited (February 1983).
2.	Assistant Plant Projection Officer, Hissar	February 1978 to February 1981	March 1981	0.16	In November 1978, a clerk handed over less items of spares of plant protection equipment (Rs. 0.12 lakh) and less pesticides (Rs. 0.04 lakh). The matter was reported to Department/Government in December 1981; further developments are awaited (February 1983).
3.	(i) Assistant Plant Protection Officer, Hissar	March 1981 to December 1981	January 1982	0.32	200 litres of Dimocrone transferred from a centre in September 1976 was not taken into account by the transferee centre. The non-accountal was noticed in July 1980 at the time of preparing <i>pro forma</i> accounts (April-July 1980).
	(ii) Assistant Plant Protection Officer, Hissar	March 1981 to December 1981	January 1982	0.26	In June 1981, spare parts of plant protection equipment were short handed over by an Agriculture Development Officer. Further report is awaited.

The matter was brought to the notice of the department in May 1982 ; further developments are awaited (February 1983).

IRRIGATION

Name of the division	Nature of material	Value of shortages (in lakhs of rupees)	When noticed	Remarks
(i) Augmentation Canal Division, Yamunanagar	Spare parts, accessories of machinery such as tractors, tuggers and generating sets	1.12	January 1975	Shortages were noticed in January 1975 at the time of changes incumbency and Departmental investigations finalised in May 1982 against 27 sectional officers. Police action (2 cases : Rs. 0.55 lakh) was under way after their whereabouts had been identified, show cause notices (8 cases: Rs. 0.30 lakh) were under issue, appointments (2 cases: Rs. 0.10 lakh) on <i>ad hoc</i> basis were terminated in January 1974 and March 1975 respectively without handing over of charge, recovery orders (2 cases: Rs. 0.02 lakh) had been passed on to the quarters concerned, write off action (2 case : Rs. 0.01 lakh) being taken and (2 cases) nothing was ultimately found recoverable. In twelve cases (Rs. 0.14 lakh though recovery was stated to have been effected, yet particulars of its credit to Government account were still (June 1982) awaited. The 27 cases (excluding of overlapping in which partial recovery was made) thus involved a shortage of Rs. 1.12 lakhs. *
(ii) Hathani Kund Barrage Division No. III, Yamunanagar	M.S. rounds angle iron flats and barbed wire	1.79	May 1980	Material purchased from open market during April 1979 to May 1980 or got transferred from other Divisions during 1979-80 found short when physically verified in April-May 1980. F.I.R. lodged with Police in June 1980. Investigation in process and <i>modus operandi</i> still (June 1982) not known. Junior Engineer concerned suspended. Recovery stated to be possible only if the persons responsible remain in service.

CHAPTER—VI

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION—A

GENERAL

6.1. This chapter deals with the results of audit of

—Statutory Corporations ;

—Government Companies ; and

—Departmentally—managed Government commercial/*quasi*-commercial undertakings.

SECTION B

STATUTORY CORPORATIONS

6.2. There were 3 Statutory Corporations in the State as on 31st March 1982, viz., Haryana State Electricity Board, Haryana Financial Corporation and Haryana Warehousing Corporation. A synoptic statement showing the summarised financial results of the Corporations based on the latest available accounts is given in Appendix VI—I.

(2) Haryana State Electricity Board

6.3. General

6.3.01. The Haryana State Electricity Board was constituted on 3rd May 1967 under Section 5(i) of the Electricity (Supply) Act, 1948. The accounts of the Board for the year 1981-82 duly certified, together with audit certificate and report thereon were forwarded to the State Government in March 1983 for being presented to the State Legislature in terms of Section 69(4) and (5) of the Act.

6.3.02. Capital

The capital requirements of the Board are provided in the form of loans from the State Government, the public, the banks and other financial institutions.

The aggregate of long-term loans (including loans from Government) obtained by the Board was Rs. 6,73,84.03 lakhs at the end of 1981-82 and represented an increase of Rs. 85,02.88 lakhs, i.e., 14.4 per cent over the long-term loans of Rs. 5,88,81.15 lakhs as at the end of the previous year. The details of

loans obtained from different sources and outstanding at the close of the two years up to 1981-82 are given below :

Source (1)	Amount outstanding as on 31st March		Percentage of increase (+)/decrease (-) (4)
	1981 (2)	1982 (3)	
(Rupees in lakhs)			
State Government (including capitalised interest charges)	4,14,15.44	4,45,29.13*	(+)7.5
Other sources—			
(i) Public Borrowings	63,80.50	74,25.50	(+)16.4
(ii) Loans from:			
(a) Life Insurance Corporation	52,89.63	61,73.47	(+)16.7
(b) R.E.C.	24,50.63	29,77.09	(+)21.5
(c) A.R.D.C.	8,05.25	7,99.55	(-)0.7
(d) HUDCO	4,28.29	4,28.59	(+)0.1
(iii) Bills discounted under IDBI scheme	11,02.00	13,80.00	(+)25.2
(iv) Others	10,09.41	36,70.70	(+)263.6
Total	5,88,81.15	6,73,84.03	14.4

Guarantees

6.3.03. The State Government had guaranteed the repayment of loans raised by the Board to the extent of Rs. 1,58,22.74 lakhs and the payment of interest thereon. The Amount of principal guaranteed and outstanding as on 31st March 1982 was Rs. 1,18,12.28 lakhs.

6.4. Financial position

The financial position of the Board at the close of 3 years up to 1981-82 is given below :

Liabilities	1979-80	1980-81	1981-82
(Rupees in lakhs)			
(a) Loans from Government	3,63,65.10	4,14,15.44	4,45,29.12
(b) Other long term loans**	1,50,47.97	1,77,44.32	2,32,11.80
(c) Reserves***	38,57.84	40,87.65	35,96.13
(d) Current liabilities	1,17,31.80	1,46,35.09	1,80,19.55
Total	6,70,02.71	7,78,82.50	8,93,56.60

*The outstanding amount as per Chapter I and statement number 18 of the Finance Accounts is Rs. 3,83.36 crores. The difference of Rs. 61.93 crores represents (i) Rs. 64.24 crores being the Board's share of the assets and liabilities of the Composite Punjab State Electricity Board accounted for by the Board in its accounts provisionally in the ratio fixed by the Government of India pending determination of the exact ratios in which these were to be apportioned amongst the successor States as on 31st March 1967; and (ii) Rs. (-)2.31 crores under reconciliation.

**Including bonds, consumers' contribution for service lines, subventions, etc.

***Includes Employees provident fund, reserve for repayment of institutional loans, investment allowance reserve, etc.

<i>Assets</i>			
(a) Gross fixed assets	4,10,90.24	5,15,36.14	5,60,34.86
(b) Less:			
depreciation	50,66.63	50,66.63	50,66.63
(c) Net fixed assets	3,60,23.61	4,64,69.51	5,09,68.23
(d) Capital works-in-progress	1,58,92.40	1,28,65.56	1,68,37.42£
(e) Current assets	1,50,86.70	1,85,47.43	2,15,50.95
Total	6,70,02.71	7,78,82.50	8,93,56.60
Capital employed@	3,93,78.51	5,03,81.85	5,44,99.63

6.5. Working results

6.5.01 The working results of the Board for three years up to 1981-82 are summarised below :

	1979 80	1980-81	1981-82
	(Rupees in lakhs)		
(a) Revenue receipts	73,42.95	93,32.84	1,19,12.20
(b) Revenue expenditure (including write off of intangible assets)	46,05.09	79,16.00	1,13,20.56*
(c) Gross surplus	27,37.86	14,16.84	5,91.64

The revenue receipts of the Board during the three years up to 1981-82 were not adequate, after meeting the operating, maintenance and management expenses (*i.e.*, gross surplus), to meet fully the other liabilities mentioned in Section 67 of the Electricity (Supply) Act, 1948 and, therefore, the Board distributed the available gross surplus towards the liabilities according to the priorities laid down therein, as detailed below :

	1979-80	1980-81	1981-82
	(Rupees in lakhs)		
Gross surplus available	27,37.86	14,16.84	5,91.64
Transfer from general reserve	..	..	8,51.77
Total available for appropriations	27,37.86	14,16.84	14,43.41
Appropriations—			
—Payment of interest on loans not guaranteed under Section 66	4,09.06	6,47.07	8,32.00
—Payment of Interest on loans guaranteed under Section 66	6,41.92	7,20.79	8,47.76
—Payment of interest on loans from Government	6,92.60	..	..

£ Includes uncovered loss towards interest on loans from Government to the extent of Rs. 2,36.35 lakhs as per balance Sheet.

@ Capital employed represents net fixed assets (excluding capital work-in-progress) plus working capital.

*Reduced by Rs. 18.33 lakhs on account of provision for bad and doubtful debts written back during the year.

	1979-80	1980-81	1981-82
	(Rupees in lakhs)		
—Total appropriations towards interest	17,43.58	13,67.86	16,79.76
—Appropriation towards repayment of loans raised under Section 65	9,94.28	48.98	..
—Total appropriation	27,37.86	14,16.84	16,79.76*
—Total return on capital employed	27,37.86	14,16.84 (Per cent)	5,91.64
—Rate of return	6.95	2.81	1.09

As the revenue receipts were not adequate to meet the revenue expenditure, including interest on Government loans and depreciation during the three years up to 1981-82, the following charges towards interest on Government loans and depreciation for the respective years were not being provided for in the accounts of the Board.

Particulars of charges not provided for	1979-80	1980-81	1981-82	Cumulative as on 31st March 1982
	(Rupees in lakhs)			
Interest on loans from Government	11,70.44	21,05.97	23,60.58	1,22,73.08
Depreciation on fixed assets (carried over in terms of section 68 of the Act)	9,39.89	10,69.51	14,08.40	42,50.41
Total	21,10.33	31,75.48	37,68.98	1,65,23.49

6.5.02. If the charges mentioned above are taken into account, the total actual return on capital employed for all the three years would be as depicted in the following table :—

	1979-80	1980-81	1981-82
	(Rupees in lakhs)		
(a) Gross surplus available	27,37.86	14,16.84	5,91.64
(b) Provision for interest	17,43.58	13,67.86	16,79.76
—Charges not provided towards interest and depreciation (<i>vide</i> , paragraph 6.5.01 <i>supra</i>)	21,10.33	31,75.48	37,68.98
Total	38,53.91	45,43.34	54,48.74
(c) Actual deficit if all charges are provided for ((a)-(b))	(—)11,16.05	(—)31,26.50	(—)48,57.10
(d) Add interest on long-term loans charged to profit and loss account	17,35.42	34,73.83	40,40.34
(e) Actual return ((c)+(d))	6,19.37	3,47.33 (Per cent)	(—)8,16.76
(f) Percentage of actual return on capital employed	1.57	0.69	Negative

*Excess appropriation (Rs. 2,36.35 lakhs) being deficit carried over to next year's accounts for being met from future surplus.

The rate of actual return expressed as a percentage of capital employed came down during 1980-81 and became negative during 1981-82 in spite of an appreciable increase in power sold during the two years compared to that in 1979-80. While the revenue receipts during 1981-82 increased by Rs. 25.79 crores compared to that in the preceding year (increase : 28 per cent) the revenue expenditure (excluding interest charges on loans and depreciations) increased by Rs. 34.04 crores over that in the preceding year (increase : 43 per cent). Further, there was an increase of 20.6 per cent in thermal power generation during 1981-82 compared to that in 1980-81, while the fuel cost during 1981-82 increased by 65.1 per cent over that of the year 1980-81, which contributed to the increased expenses on generation of power directly. To compensate the increase in the fuel cost, the Board imposed a fuel surcharge of 5 paise per KWH in August 1981 and another 0.5 paise per KWH in October 1981 on all consumers except small power, agricultural and domestic consumers.

6.6. Operational performance

6.6.01. The following table indicates the operational performance of the Board for three years up to 1981-82 :—

Particulars	1979-80	1980-81 (MW)	1981-82
(1) Installed capacity—			
Thermal	417.5	417.5	477.5
Hydro	654.0	654.0	696.0
Others	2.5	2.5	3.2
Total	1074.0	1074.0	1176.7
(2) Normal maximum demand	710.0	779.0	843.0
(3) Power generated—		(MKWH)	
Thermal	897.38	1302.45	1570.27
Hydro	3074.96	2966.62	3197.79
Others	..	0.11	0.04
Total	3972.34	4269.18	4768.10
Less: Auxiliary consumption	118.95	205.34	240.38
(4) Net power generated	3853.39	4063.84	4527.72
(5) Power purchased	147.37	120.42	147.30
(6) Total power available for sale (4+5)	4000.76	4184.26	4675.02
(7) Power sold (including power used on Board's works)	3269.66	3390.98	3866.77
(8) Transmission and distribution loss	731.10	793.28	808.25
(9) Percentage of transmission and distribution loss	18.3	(Per cent) 19.0	17.3
(10) Number of units generated per KW of installed capacity	3699	(KWH) 3975	4052

6.6.02. The following table gives other details about the working of the Board as at the end of the 3 years upto 1981-82 :—

Particulars	1979-80	1980-81	1981-82
	(Number)		
1. Villages/towns electrified	6,731	6,731	6,731
2. Pump sets/wells energised	2,04,340	2,26,469	2,37,229
3. Number of sub-stations	200	218	240
4. Transmission/distribution lines	(Kilometres)		
—High/medium voltage	39,758	41,301	41,748
—Low voltage	65,885	69,953	67,821
Total	1,05,643	1,11,254	1,09,569
	(MW)		
5. Connected load	2139.569	2357.737	2563.310
6. Number of consumers	10,93,630	12,19,173	13,46,223
7. Number of employees	22,875	26,321	32,378
8. Total expenditure on staff (Rupees in lakhs)	17,64.46	29,22.04	37,57.07
	(Per cent)		
9. Percentage of expenditure on staff to total revenue expenditure	38.32	36.91	33.19

6.6.03. The following table gives the details of power sold and revenue, expenses and profit/loss per KWH sold during 3 years upto 1981-82 :—

	1979-80	1980-81	1981-82
	(MKWH)		
1. Units sold			
(a) Agriculture	1350.40	972.27	1198.32
(b) Industrial	1086.38	1220.18	1357.61
(c) Commercial	67.40	72.95	82.75
(d) Domestic	188.54	227.20	272.86
(e) Others	576.94	898.38	955.23
Total	3269.66	3390.98	3866.77
	(Paise)		
2. Revenue per KWH	22.46*	27.52*	30.81*
3. Expenditure per KWH	14.06	23.33	29.28
4. Profit per KWH	8.40	4.19	1.53

* While revising tariff structure in May 1978 and in January 1981, the Board projected a revenue increase of 13.08 per cent and 11 per cent respectively from sale of power, against which the actual increase was 5.20 per cent, 4.32 per cent and 12.76 per cent during the 3 years 1978-79, 1979-80 and 1981-82, respectively.

6.7. Performance and achievement under 5th Five Year Plan**6.7.01. Plan outlay**

(i) The following table gives the outlay approved by the Planning Commission for the Fifth Five Year Plan and the annual plans for 1979-80 to 1981-82, together with the Budget provision and expenditure there against:

Particulars	(A) Multi-purpose power Schemes			(B) Power projects					Grand total
	Genera- tion	Transm- ission	Total	Genera- tion	Transm- ission	Sub-trans- mission, distribu- tion and rural electrifi- cation	Survey and investi- gation	Total	
Capital Outlay approved by the Planning Commission	(figures in crores of Rupees)								
1974-79	*	*	73.51	*	*	*	*	1,74.52	2,48.03
1979-80	4.17	0.87	5.04	24.61	10.61	17.79	0.70	53.71	58.75
1980-81	4.34	..	4.34	27.55	9.96	16.93	0.70	65.14	69.48
1981-82	5.03	6.97	12.00	42.42	9.64	15.60	0.80	68.46	80.46
Original Budget provision—									
1974-79	51.41	22.03	73.44	1,07.64	35.00	40.10	1.93	1,84.67	2,58.11
1979-80	4.08	1.31	5.39	30.90	12.50	12.11	0.70	56.21	61.60
1980-81	5.09	2.74	7.83	32.55	15.11	17.72	0.70	66.08	73.91
1981-82	5.03	6.97	12.00	42.42	9.64	15.60	0.80	68.46	80.46
Revised Budget provision—									**
1974-79	57.85	20.74	78.59	1,15.37	26.50	48.70	1.19	1,91.76	2,70.35
1979-80	4.17	0.87	5.04	24.61	10.61	20.09	0.70	56.01	61.05
1980-81	5.09	2.74	7.83	25.55	13.92	21.48	0.70	61.65	69.48
1981-82	6.00	6.00	12.00	41.83	10.23	15.60	0.80	68.46	80.46
Expenditure—									
1974-79	65.16	13.54	78.70	1,12.21	18.53	44.90	..	1,75.64	2,54.34
1979-80	4.17	0.88	5.05	23.05	8.13	20.18	..	51.36	56.41
1980-81	4.72	2.44	7.16	19.10	10.98	28.82	..	58.90	66.06
1981-82	9.58	2.12	11.70	28.42	15.82	30.26	..	74.50	86.20

* Break up of allocation made under these heads was not available. Hence only the total amount allocated has been indicated.

** Increased provision in the budget was mainly meant to meet the share of Haryana State in the expenditure on Bhakra Nangal Project. Reasons for further revisions of the budget provisions to Rs. 270.35 crores have not been furnished.

(ii) A comparison of the budget provision and the actual expenditure here against, as brought out in the table would show that :—

- (a) The actual expenditure, during the Fifth Five Year Plan on generation under Power Projects fell short just by 2.74 *per cent* (Expenditure : Rs. 112.21 crores against a provision of Rs. 1,15.37 crores) whereas the shortfall in the installed capacity compared to the projections as at the end of the plan was 33.39 *per cent* (754MW against 1132 MW planned). (Please refer to paragraph 6.7.04 *infra*).
- (b) The revised budget provision of Rs. 2,70.35 crores was not fully utilised and the actual expenditure fell short by Rs. 16.01 crores. Even during the subsequent years, *i.e.*, 1979-80 and 1980-81, budget provision could not be fully utilised because of the slow progress/delay in execution of generation and transmission schemes as brought out in the succeeding paragraphs.

6,7,02. Resource and Finance

(i) The table below indicates the resources proposed to be mobilised for the purpose of generating the requisite funds for the Fifth Five Year Plan period as well as the Annual Plans for 1979-80 to 1981-82 and the extent to which the resources could actually be mobilised :—

Source	Fifth Five Year Plan (1974—79)		Annual plan					
			1979-80		1980-81		1981-82	
	Estimated receipts	Actuals	Estimated receipts	Actuals	Estimated receipts	Actuals	Estimated receipts	Actuals
	(in crores of Rupees)							
External (from Government, LIC, Banks, Public)	2,58.76	2,75.64	65.75	66.29	73.85	88.65	1,04.21	1,02.02
Internal (depreciation, reserves, consumers' security)	31.95	31.74	1.50	1.46	1.25	1.48	3.00	3.10
Total	2,90.71	3,07.38	67.25	67.75	75.10	90.13	1,07.21	1,05.12

After a study of the working of various State Electricity Boards, specially with regard to the generation of internal resources, the Central Electricity Authority (CEA) in August 1978 emphasised that the State Electricity Boards should not only be financially solvent but should also meet a reasonable part of their capital requirement through internal resources. In this context, the CEA considered a percentage of around 20 to 25 of the annual programme to be an appropriate target of internal resources generation. To achieve this end, a time bound programme of 4 to 5 years so as to generate 5 to 8 per cent increase in internal resources over the previous year of performance was suggested. But, instead of coming up to these expectations, the percentage of internal resources actually diminished during 1979-80, 1980-81 and 1981-82 compared to the fifth plan period, as would be seen from the table below :—

Year	Actual capital outlay	Target of internal resources envisaged	Actual accretion of Internal resources	
		(Rupees in crores)	Amount	Percentage
1974-79	2,54.34	50.87	31.74	12.48
1979-80	56.41	11.28	1.46	2.59
1980-81	65.06	13.21	1.48	2.24
1981-82	86.20	17.24	3.10	3.60

The decline in the mobilisation of internal resources was in spite of the fact that the Board resorted to tariff revisions once in May 1978 and again, in January 1981 which were to generate an increase of approximately 13.8 and 11 per cent respectively in revenue from sale of energy.

(ii) The Resource Group of the Planning Commission worked out a commercial loss of Rs. 2,02.52 crores during 1980—85 without tariff revision as compared to estimated commercial loss of Rs. 40.88 crores in the previous plan period 1974-79. This loss included a commercial loss of Rs. 26.18 crores for 1980-81 against which actual commercial loss worked out to Rs. 31.21 crores in spite of enhancement of tariff by 11 per cent with effect from 1st January 1981. The table below gives comparative position of these losses for the two years 1980-81 and 1981-82. :

	As estimated by the Resource Group of the Planning Commission		Actuals	
	1980-81	1981-82	1980-81	1981-82
	(Rupees in crores)			
(a) Gross Revenue	84.16	99.57	93.33	1,19.12
(b) Revenue expenditure	62.90	79.25	79.10	1,13.14
(c) Gross operating surplus	21.26	20.32	14.23	5.98
(d) Interest to institutional investors	13.28	14.94	13.68	16.80
(e) Depreciation	14.18	16.23	10.70	14.08
(f) Interest on State Government loans	19.98	22.96	21.06	23.61
(g) Total	47.44	54.13	45.44	54.49
(h) Commercial loss (g—c)	26.18	33.81	31.21	48.51

(iii) Apart from the inadequate generation of funds from internal resources, and time-lag in mobilisation of funds from external resources, the following factors had also affected the Board's financial position :

(A) Maximum and minimum limits for various items of stock not having been fixed, the book balance of inventories, which at the close of 1974-75 stood at Rs. 21,29.66 lakhs, rose to Rs. 29,15.85 lakhs at the end of the Fifth Five Year Plan. By the end of 1981-82, it had registered a steep rise to Rs. 68,75.10 lakhs.

The inventories at the end of March 1982 included :

- (a) Stores valued Rs. 49.58 lakhs purchased for the 2x60 MW Thermal Plants at Faridabad, which were commissioned during 1974-75 and 1975-76 respectively, still lying (December 1982) unused.
- (b) Iron, copper, aluminium and lead scrap of the value of Rs. 51.59 lakhs as assessed by the Board (age-wise break up not available).
- (c) Obsolete and unserviceable materials valued Rs. 54.97 lakhs (age-wise break up not available).
- (d) Stores valued Rs. 89.00 lakhs were lying un-used for three to ten years as on 31st March 1981. Similar data at the close of March 1982 is not available.
- (e) Tower materials valuing Rs. 37.23 lakhs procured for transmission and distribution works lying unused (December 1981) in five sub-stores (out of 21 sub-stores) from one to three years.
- (f) Switch board panel (value : Rs. 1.74 lakhs) received in May 1979 in Central Store Ballabgarh, but not used on works because of non-rectification of defects of the trolley (cost of trolley being only Rs. 2,000) for whose operation the panel was procured.

(B) Sundry debtors for sale of energy and amounts recoverable from other State Electricity Boards, etc., had been increasing as may be seen from the following details :—

Year	Sale of energy	Sundry debtors for energy at the end of the year	Percentage of sundry debtors to sales	Amount recoverable from other State Electricity Boards, etc.
(Rupees in lakhs)				
1978-79 (at the end of the Fifth Plan)	64,37.15	4,43.80	6.89	46,79.25
1979-80	67,04.45	5,41.76	8.68	57,79.05
1980-81	85,06.71	9,54.51	11.22	72,37.12
1981-82	1,09,41.17	12,11.74	11.08	87,43.84

The sundry debtors at the close of 1981-82, included Rs. 9,30.52 lakhs outstanding against defaulting consumers. These included debts aggregating Rs. 94.99 lakhs outstanding for a period of more than three years. An amount of Rs. 1,41.00 lakhs was due from 213 debtors whose cases were pending in courts/arbitration as on 31st March 1981. Similar figures as on 31st March 1982 have not been compiled.

The Board decided (January 1982) to write off surcharge outstanding beyond six months and directed that the consumers' accounts be scrutinised. Neither action in this regard has yet (January 1983) been taken nor the extent of surcharge becoming non-recoverable on this account assessed.

6.7.03. Ways and means position

(i) In order to tide over financial stringency, pending floatation of bonds, receipt of loans from Life Insurance Corporation, etc., the Board had to resort to cash credit (over-draft) from Banks at high rates of interest (12.25 per cent to 19.50 per cent) as detailed below :

Year	Limit sanctioned	Amount outstanding at the end of the year	Interest paid (net) during the year
	(Rupees in lakhs)		
1974-75	3,21.00	1,46.88	16.88
1975-76	5,50.00	5,35.08	51.81
1976-77	5,00.00	5,08.34	22.53
1977-78	5,00.00	5,93.48	57.22
1978-79	5,00.00	3,38.51	20.74
1979-80	4,80.00	3,96.98	8.17
1980-81	5,00.00	8,66.05	78.35
1981-82	5,00.00	11,70.12	1,06.02

(ii) The Board could not repay in time a medium term loan of Rs. 3.00 crores obtained from a bank in January 1973 for meeting the capital requirements of Faridabad Power Station pending allocation of funds and floatation of bonds. After repayment of the first instalment of Rs. 1.00 crore during 1975-76, the repayment of the loan was got re-scheduled at an enhanced rate of interest of 14.5 per cent, against the original rate of 9.5 per cent, thus entailing an extra financial burden of Rs. 12.10 lakhs.

Similarly, in the case of four loans from other financial institutions, the Board was not in a position to discharge its liability of Rs. 4,98.17 lakhs towards repayment of principal and interest to lending agencies on due dates. The repayments had to be deferred entailing thereby payment of penal interest which amounted to Rs. 8.97 lakhs up to June 1982 (in one loan up to September 1982).

Particulars of the project	Date of commissioning Scheduled	Actual	Remarks
Faridabad Thermal Project Unit-III (60 MW)	March 1979	April 1982	Being run with oil support and the performance test (72 hours running on full load), necessary for declaring the unit commissioned for commercial operation, was carried out in May 1982 but the final results were awaited (December 1982). The delay which was attributed to non-supply of certain equipments and testing and commissioning problems entailed escalation in project cost to the extent of Rs. 13.16 crores which included Rs. 85.17 lakhs on account of construction staff kept engaged on jobs beyond original schedule.
Panipat Thermal Project-Stage-I (2 x 110 MW)	Unit-I, December 1977 Unit-II, June 1978	November 1979 March 1980	The delay in commissioning was attributed to late supply of equipments by major suppliers and prolonged strike in Instrumentation limited, Kota. Due to delay, the project cost rose from Rs. 46.57 crores to Rs. 80.75 crores (up to March 1982) which included Rs. 79.30 lakhs on account of construction staff kept engaged on jobs beyond original schedule.

5.7.05. Projections for and achievements during 1979-80 to 1981-82

To meet the system peak demand, a generating capacity of 2200 MW was considered necessary in the projections made by the Board for 1978-83 as against the installed generating capacity of 735 MW at the beginning of 1978-79. However, an additional capacity of 636 MW only was programmed to be added during 1978-83.

During 1979-80 to 1981-82, no new State Power Project was scheduled to be commissioned except the 3rd Unit of 60 MW at Faridabad. However, a 55 MW capacity was envisaged as Haryana's share in the Central Project (Multi-purpose River Project) at Baira Siul during 1980-81 and 1981-82, but this did not materialise.

Construction of Units III and IV of 110 MW each of Panipat Thermal Project Stage II (2 x 110 MW) was approved by the Planning Commission in March 1978 to be commissioned by September 1982 and March 1983 respectively. The Project was cleared in March 1978, consultants were appointed in April 1979, and the order for supply of boiler and turbo-generator finalised in November 1979. The Working Group of the Planning Commission later assessed (February 1981) that the units, as per progress achieved till then could at best be commissioned by March 1984 and September 1984.

6.7.06. Generation of Power

(i) The Seventh Annual Electric Power Survey (1972) had laid down standard generation per K.W. of installed capacity at 5500 kwh for new and efficient thermal generating sets and 3000 Kwh for more than 10 years old uneconomic generating units, against which the Board expected a generation of 2500 kwh per KW. of installed capacity of thermal generating sets during the first year of operation, 4000 kwh during second year, 5000 kwh during third year and 5500 Kwh during subsequent years of operation. Even these could not be achieved (except in the first year in first and second units of Faridabad Thermal Station and of Panipat Thermal Station) as seen from the table given below :—

Year of operation	Assumed generation per KW of installed capacity	<i>Actual generation per KW of installed capacity</i>			
		Faridabad Thermal Station		Panipat Thermal station	
		First unit (April 1975)	Second unit (May 1976)	First unit (November 1979)	Second unit (March 1980)
(Figures in kwh)					
First	2500	4491	4746	2655	3235
Second	4000	3198	3861	3477	3340
Third	5000	4791	1794		
Fourth	5500	2948	4074		
Fifth	5500	2009	2845		
Sixth	5500	2335	4355		
Seventh	5500	2633			

(ii) The table below indicates the details of forecasts of power generation for the Fifth Five-Year Plan (1974-79) and annual plans for 1979-80 to 1981-82 and the achievements thereagainst.

	Fifth Five year Plan		Annual Plans					
			1979-80		1980-81		1981-82	
	Projections	Actuals	Projection	Actuals	Projection	Actuals	Projection	Actuals
	(in MKWH)							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Installed capacity—								
(i) Hydro MW	2285	..	654	..	654	..	696	..
MKWH	20017	..	5729	..	5729	..	6097	..
(ii) Thermal MW	941	..	417	..	417	..	477	..
MKWH	8243	..	3653	..	3653	..	4179	..
2. Gross generation—								
(i) Hydro*	6635	7400	2580	3075	2720	2967	3020	3198
(ii) Thermal	4847	3844	1477	898	1675	1303	2085	1570
3. Auxiliary consumption.								
Thermal	383	372	118	119	132	205	216	240
4. Net generation	11099	10872	3939	3854	4263	4065	4869	4528
5. Purchase of Power	2440	1030	120	147	190	120	250	147
6. Transmission and distribution losses	2983	2569	832	731	891	794	998	808
7. Net power sold	10556	9333	3227	3270	3502	3391	4121	3867

*Excluding direct sale to common pool consumers.

While the hydel power is obtained from Bhakra Beas Management Board, the thermal power which is generated by the Board had been short of the plan projections throughout. The percentage of thermal power generated to installed capacity varied from 29.5 per cent to 50.1 per cent during the Fifth Five Year Plan. In the subsequent Annual Plans, it slumped to 33.2 per cent in 1979-80, 32.2 per cent in 1980-81 and 39.00 per cent in 1981-82. It is also evident from above that whereas the installed capacity of the Board's own generating units at the close of 31st March 1981 compared to that on 31st March 1974 had increased by 382.7 per cent the corresponding growth in actual generation was only 189.5 per cent.

(iii) Apart from the slippages in commissioning of various units as per scheduled programme, the following factors contributed to low generation and power availability :—

- (a) The first and second units (110 MW each) at Panipat had to be operated at half of their capacity for 5208 hours during November 1979 to April 1980 because hydrogen could not be charged and the units had to be run on air cooling. Both the units were, therefore, derated by 15 MW each since the date of commissioning as the H.P. heaters could not be charged (June 1982).
- (b) The actual plant availability* varied from 48.0 to 67.8 per cent during the Fifth Five-Year Plan and from 44.8 to 58.1 per cent (Faridabad Power Station) and 56.9 to 63.0 per cent (Panipat Power Station) during 1979-80 to 1981-82 compared to 88 per cent of available hours in a year prescribed by the Power Economy Committee of the Government of India (1971). A unit-wise analysis disclosed that the availability factor was as low as 44.1, 38.5 and 46.9 per cent in the case of Unit I at Faridabad during 1979-80, 1980-81 and 1981-82 respectively and 42.9 per cent in Unit II during 1980-81.
- (c) The projections for generation were worked out on the assumption that the plants would not be available for operation to the extent of 10 per cent on account of forced outages. The actual forced outages, in fact, were abnormally high as shown in the table below :—

Year	Faridabad			Panipat	
	Unit-I (60 MW each)	Unit-II	15 MW unit	Unit I (110 MW each)	Unit II
	(Percentage of forced outages to available hours)				
1978-79	29.2	70.0	11.1	..	..
1979-80	25.8	35.4	19.4	32.1	86.7
1980-81	46.0	39.1	35.0	40.5	41.2
1981-82	30.7	30.3	36.4	22.0	29.8

*Plant availability means the percentage of actual running hours to total hours in a year.

The heavy incidence of outages was attributed by project authorities from time to time to mechanical and electrical troubles and faults in instrumentation and control cables and other operational troubles.

- (d) Against the auxiliary consumption of 8 *per cent* assumed in the Plan projections during 1974-75 to 1980-81 and 10.5 *per cent* during 1981-82, the actual consumption in the system auxiliaries varied from 8.4 to 10.9 *per cent* during the Fifth Five-Year Plan and further increased to 13.3, 15.7 and 15.3 *per cent* during 1979-80, 1980-81 and 1981-82 respectively.

The Committee on Public Undertakings in its Fifth Report presented to the House on 30th March 1982 observed that there was scope for reducing the percentage of auxiliary consumption and recommended that suitable steps be taken to bring the percentage to a figure close to normal consumption. The consumption continued to be on the high side and the specific action taken to reduce the consumption and the results thereof are awaited.

- (e) The Central Water and Power Commission (CWPC) recommended (April 1967) for acceptance and adoption of 4 *per cent* for extra high tension (220, 132 and 66 KV) transmission losses and 11 *per cent* for sub-transmission below 66 KV and distribution lines, *i.e.*, 15 *per cent* in all. The Board, however, planned that during the course of Fifth Five-Year Plan, the system losses be reduced from 24.2 *per cent* in 1974-75 to 21 *per cent* at the end of the Fifth Plan, *i.e.*, 1978-79. A further reduction of half *per cent* per year was envisaged in the subsequent Annual Plans. Although the system losses at the end of 1978-79 came down to 19.9 *per cent* there had been spurt in the system losses during 1979-80, 1980-81 and 1981-82 when the percentages of loss increased to 21.0, 23.7 and 21.3 respectively.

(iv) The extent of system losses in financial terms at average selling rate was of the order of Rs. 1,03.03 crores during 1974-75 to 1981-82 of which loss to the tune of Rs. 31.99 crores was in respect of line losses in excess of the norm of 15 *per cent* laid down by CWPC.

As the heavy losses in distribution system were found to be mainly on account of tampering, stopping and poor maintenance of meters, poor power factor, low load factor, low demand factor, unplanned extension to 11 KV and below distribution net work and poor workmanship, the Board approached the Rural Electrification Corporation (REC) for financial assistance for system improvement schemes. During 1977-78 and 1978-79, 10 such schemes with financial assistance of Rs. 6,94.97 lakhs were sanctioned by the REC. The schemes were to be implemented within a period of two years. Against Rs. 6,94.97 lakhs sanctioned under these schemes, assistance to the extent of

Rs. 4,21.67 lakhs could have been drawn to the end of 1978-79. Even at the end of March 1982, assistance to the extent of Rs. 38.09 lakhs was not drawn as the progress under the schemes was not adequate as would be seen from the table below :—

	Targets	Achievements	Shortfall
(1) Augmentation of 33 KV sub-stations (Number)	13	10	3
(2) Construction of new 33 KV sub-stations (Number)	21	16	5
(3) 33 KV lines (Kms.)	292.500	190.575	101.925
(4) 11 KV lines (Kms.)	732.870	686.910	45.960
(5) Augmentation of 11 KV lines (Kms.)	586.230	511.235	74.995
(6) Distribution transformers (Number)	1542	1028	514

The Committee appointed in July 1973 at the fourth conference on "standardisation of specifications and construction practices on Rural Electrification" recommended large scale application of LT capacitors as one of the most economical methods of reduction of losses in the rural electrification system. Two schemes for the purchase and installation of 38,415 LT capacitors in five divisions were sanctioned by the REC in December 1977 with a loan assistance of Rs. 99.19 lakhs. The schemes were to be implemented within a period of two years. Against the total loan of Rs. 99.19 lakhs sanctioned, Rs. 46.90 lakhs only were drawn during 1977-78 and 1978-79. Further assistance aggregating Rs. 41.53 lakhs was drawn during 1979-80, *i.e.*, after a delay of one year and the balance amount of Rs. 10.76 lakhs could not be drawn at all because of non-achievement of targets of installations as envisaged in the scheme.

Orders for the purchase of 22,200 LT capacitors against these schemes were placed during March 1977 to October 1978; the capacitors were received during December 1977 to May 1980. The balance quantity (16,215) was ordered in February 1980 and received by November 1981. Up to the end of the prescribed period of two years, *i.e.*, 1979-80 only 5,405 capacitors were installed. Further, 21,243 capacitors were installed during the year 1980-81 and 1981-82 leaving a balance of 11,767 LT capacitors (shortfall being 30.63 per cent) yet to be installed.

6.7.07. Load growth

An analysis of the growth of services, connected load, pattern of consumption of energy and contribution to revenue revealed that the power consumption in agricultural sector remained almost static at 44.71 per cent during the Fifth Five-Year Plan and two years thereafter (44.10 per cent to

44.63 per cent) but the revenue realisation from this category came down to 20.51 per cent in 1978-79 and to 19.89 per cent in 1980-81 compared to 35.01 per cent at the beginning of the Fifth Five-Year Plan.

6.7.08. Transmission and distribution

The power grid consists of transmission lines of 220, 132, 66, 33 and 11 KV. Certain 220 KV lines which feed the State are under the control of the Bhakra Beas Management Board (BBMB). Distribution of power in the State is done mainly through 33 KV and 11 KV lines.

The table below indicates the programme for construction of 220 KV, 132 KV and 66 KV lines and sub-stations during the Fifth Five-Year Plan and the achievements there against :

	Number of sub-station	Lines in Km.
(a) Planned :		
220 KV	8	445.00
132 KV	24	517.04
66 KV	27	363.42
(b) Completed :		
220 KV	..	..
132 KV	10	288.36
66 KV	6	84.42
(c) Percentage of achievement :		
220 KV	..	..
132 KV	41.67	55.77
66 KV	22.22	23.23

The transmission works completed, thus, lagged far behind the targets fixed for the Fifth Five-Year Plan period. In the execution of these schemes, the following points were noticed during test audit :

6.7.09. Delay in completion/energisation of 220 KV sub-station, Karnal

A 220 KV sub-station at Karnal was constructed at a cost of Rs. 172.60 lakhs (testing carried out in December 1981). The sub-station was to be fed through a link line (loop-in and loop-out) erected at a cost of Rs. 12.03 lakhs in December 1981 on the existing 220 KV transmission lines between Pipli and Panipat of BBMB. However, because of certain controversy between

the Board and the BBMB with regard to control of the sub-station itself, the idea to connect the sub-station through loop-in and loop-out arrangement was abandoned and instead, the Board decided to construct another line (length: 50 Kms.) from Panipat Thermal Plant to feed the said sub-station at Karnal. The line has not been completed (October 1982). As such, neither the sub-station has been energised nor the loop-in^{once} loop-out arrangement has been put to use. The Board would, thus, be deprived of the saving in transformation/transmission losses to the extent of Rs. 70.84 lakhs annually, as assessed by it at the time of drawing projections.

(b) Idle line

While formulating the Fifth Five-Year Plan proposals, the Board anticipated that it would be able to secure 30 MW power (out of installed capacity for 60 MW) from the Bata Giri Project of Himachal Pradesh on a long-term basis. A proposal for erection of 132 KV line between Bata Giri in Himachal Pradesh to Abdullahpur in Haryana for transmission of power from this project to Haryana was approved by the Government of India (Planning Commission) in the Fifth Five-Year Plan proposals as an Inter-State transmission line to be financed out of loan assistance (Rs. 62 lakhs) under the Centrally Sponsored scheme, while the erection of one 45/60 MVA transformer at Abdullahpur was covered under Board's funds. Although no formal agreement with Himachal Pradesh State Electricity Board (HPSEB) for sale of power to Haryana was concluded, the Board went ahead with the erection of the line between Majri-Abdullahpur section (falling in Haryana) of the Bata Giri-Abdullahpur line and completed (October 1981) at a cost of Rs. 53.71 lakhs without ensuring laying of a matching line by the HPSEB from Bata Giri to Majri. The power transformer (cost : Rs. 45 lakhs) was also ready for energisation. Since the matching line in the Himachal area was not complete in all respect (power line carrier communication equipment received by HPSEB in September 1982 was still to be installed (December 1982) on the line completed in October 1981), the entire investment of Rs. 98.71 lakhs has remained un-remunerative (December 1982). The expenditure on watch and ward of the equipment of the line was estimated at Rs. 1.5 lakhs per annum.

(c) Ganguwal-Patiala-Narwana line

After considering the technical requirements for evacuation of power from the extension units of common pool project (Dehar Power Plant) for the Fifth Plan, the PSEB and HSEB in a meeting with Central Electricity Authority in October 1976 decided to construct a common line between Ganguwal and Patiala on cost sharing basis in the ratio of 54 : 46. It was also decided to construct another line between Patiala and Narwana to be financed by the HSEB.

The work on first part of the line, *i.e.*, Ganguwal-Patiala was taken up by the PSEB in October 1977 and a total expenditure of Rs. 1,80.11 lakhs was incurred up to March 1981, out of which the share of H.S.E.B. was Rs. 82.85 lakhs (not paid up to December 1982). Subsequently, the P.S.E.B. decided to tap the line at Gobindgarh which was not considered advantageous to H.S.E.B. as adequate power may not be available. Meanwhile, the Board had already taken up construction of Patiala-Narwana line during 1978-79 and an expenditure of Rs. 9.22 lakhs had been incurred up to March 1982. The Board had not, therefore, derived any benefit from the outlay incurred so far (December 1982).

(d) Delayed dismantlement of Sub-station

The consumers in Narwana area were getting load at 11 KV through a 33 KV Sub-station. Due to enhancement of load in the area, another 132 KV sub-station was installed and energised in May 1972, but no arrangement for 11 KV outlet from this sub-station was made. Thus, 33 KV Sub-station had to be continued simultaneously with the new 132 KV Sub-station. The 33 KV Sub-station was dismantled as late as in October 1981 when the 11KV transformers and panels were shifted to the new sub-station. The delay in dismantling the 33 KV sub-station resulted in avoidable expenditure of Rs. 3.54 lakhs on its establishment and maintenance from 1972 to 1981.

6.7.10. Rural electrification

(i) With the achievement of 100 *per cent* electrification of villages in Haryana in 1970-71 (29th November 1970), the emphasis on rural electrification was shifted towards energisation of tubewells and pumping sets.

The rural electrification programme was taken under the normal development plan outlay of the Board as also under the loan assistance from the REC. Of the overall target of 13 lakh irrigation pump sets to be energised during the 5th Plan all over India, 60,000 irrigation pump sets were to be energised in Haryana. In the post Fifth Plan period, 15,000 pump sets were to be energised during 1979-80 and 20,000 in each of the years 1980-81 and 1981-82. In addition, the energisation of tube-wells with the assistance from institutional finance, *viz.*, from Agricultural Refinance and Development Corporation (ARDC), Land Development Bank (LDB), etc., was also conceived, but the extent and anticipations of energisation of pump sets was not defined because the extent of availability of funds from these sources could not be precisely known. Subsequently, in 1976, however, the target of tubewells, under assistance from ARDC was fixed at 21,009. The capital outlay envisaged during

the Fifth Five Year Plan (1974-79) period and for subsequent years 1979-80 to 1981-82 and actual funds mobilised were as under:—

	Mobilisation of funds					
	Under the Fifth Five-Year Plan			1979-80 to 1981-82		
	Original budget	Revised budget	Actuals	Original budget	Revised budget	Actuals
	(Rupees in lakhs)					
REC Assistance	8,70	8,87	12,95.44	11,43.00	12,44.00	16,23.40
ARDC loans	2,00	3,46	3,54.89	3,60.00	7,15.00	6,51.22
Agricultural Finance Corporation loans	..	50	..	..	..	..

The progress towards energisation of tube-wells compared to the anticipations during the Fifth Five-Year Plan period, and subsequently, under normal State Plan and REC assistance and ARDC schemes were as under:—

Period	Tubewells anticipated to be energised		Actually energised (Progressive)	Shortfall (Progressive)	Percentage of short fall (Progressive)
	For the year	Progressive			
1974-79	81,009	81,009	53,778	27,231	33.61
1979-80	15,000	96,009	75,937	20,072	20.91
1980-81	20,000	1,16,009	98,066	17,943	15.47
1981-82	20,000	1,36,009	1,08,826	27,183	19.99

Reasons for such a heavy shortfall in the achievement of targets were awaited February 1983.

(ii) Schemes sanctioned by REC.

During the Fifth Five Year Plan period (1974—79), 60 schemes (involving construction of sub-stations/lines, providing electric connections and system improvements) covering 1576 villages were sanctioned with financial assistance aggregating Rs. 14,70.86 lakhs. The schemes were to be implemented within a period of 2 to 4 years from the date of sanction and the assistance was to be released in annual instalments, progressive release being based on utilisation of earlier instalments and achievements of required targets. During the plan period, 36 schemes (including 24 schemes sanctioned prior to this plan) were to be completed, but, no scheme was completed during the period and all the 84 incomplete schemes were carried forward to the subsequent plans. During the subsequent annual plans i.e. 1979-80, 1980-81 and 1981-82, 42 more schemes covering 2,409 villages with a financial assistance of Rs. 11,32.49 lakhs were sanctioned by the REC and as such total schemes under execution as on 31st March, 1982, were 126.

In the execution of these schemes, the following points were noticed:—

- (a) There had been delay in drawal of second and subsequent instalments of the loans ranging from 4 months to 24 months in 14 schemes because of non-fulfilment of the scheduled achievements. In the case of 60 schemes, loan assistance to the extent of Rs. 9,65.08 lakhs was availed of up to March 1979 but subsequent loan assistance to the extent of Rs. 17.88 lakhs in respect of 5 schemes could not be availed at all and their scheduled completion periods even expired in April 1979 (one scheme) December 1979 (2 schemes) and March 1980 (2 schemes).
- (b) REC, while sanctioning the schemes had periodically authorised the Board to float Rural Electrification Bonds to the extent of its own share of obligation (40 per cent share) in financing the schemes on terms to be approved by the Corporation. If the Board decided to do so, the corporation was agreeable to subscribe to the bonds so floated on a matching ratio of 50 per cent the remaining 50 per cent to be raised through public subscription. The rates of interest for public subscriptions and REC were 8.5 percent and 6 per cent respectively per annum. Instead of availing of this facility, the Board financed (Rs.3,37.50 lakhs) the schemes out of cash credit facilities entailing an interest of 15 per cent (1975-76) to 19.5 per cent (1981-82), the incidence of excess interest being Rs. 1,53.62 lakhs from 1975-76 to 1981-82.
- (c) In 52 schemes completed and closed up to March 1982, the delay in completion ranged from one to six years, leading to escalation in cost to the extent of 2.13 per cent to 283 .66 per cent of the approved outlay. Higher size of conductors, transformers and poles used in various schemes also contributed to the increase in the expenditure. In terms of the guidelines issued by the REC in November 1976, if the excess of expenditure over the outlay approved for the scheme was attributable to cost-escalation, the Board could get additional amount of loan from the Corporation before closure of the schemes. No attempt was, however, made to obtain additional loans.
- (d) In 14 schemes, distribution transformer capacity installed (aggregate : 47686 KVA) was more than that envisaged in the schemes (29293 KVA) by 6.12 to 1040 per cent, though load put on these transformers increased only by 5.09 per cent to 127.41 per cent.
- (e) In respect of 35 of the 52 schemes completed and closed up to March 1982, the records of which were available, the revenue

realisations fell short of the anticipated revenue by 0.95 to 98.84 per cent.

(iii) Harijan Bastis

The Board launched during the year 1980-81 a comprehensive programme for electrification of all the Harijan *bastis* (5604 *bastis*) in the State at an estimated cost of Rs. 3.20 crores. All the Harijan *bastis* were to be electrified by June 1981. But, 41 schemes were prepared from 20th February 1981 to 22nd September 1981 to provide street lighting in 5604 Harijan *bastis* at a cost of Rs. 4,12.75 lakhs.

The data below gives the expenditure actually incurred and the progress achieved up to the end of June 1981 and thereafter, *i.e.*, up to March 1982, against the sanctioned schemes :

(i) Total estimated cost	Rs. 4,12.75 lakhs
(ii) Loans sanctioned	Rs. 4,12.75 lakhs
(iii) Loan drawn up to March 1982	Rs. 3,99.69 lakhs
(iv) Expenditure up to March 1982	Rs. 4,57.14 lakhs
(v) Harijan <i>bastis</i> to be electrified under the schemes up to June 1981	5604
(vi) <i>Bastis</i> actually electrified:—	
(a) Up to June 1981	4083
(b) Up to June 1982	4937

Thus, although all the 5,604 Harijan *bastis* were scheduled to be electrified up to June 1981, and an expenditure in excess of the loans sanctioned had already been incurred up to March 1982, 667 *bastis* remained to be electrified even at the close of June 1982.

6.7.11. Fuel consumption

The cost of fuel consumed per unit (kwh) of power generated in the Board's thermal power stations fluctuated as under:—

Year	Cost of fuel per unit (kwh) generated (In paise)
1974-75	5.86
1975-76	10.57
1976-77	10.77
1977-78	10.83
1978-79	12.48
1979-80	13.31
1980-81	24.44
1981-82	33.48

A study of the pattern of consumption of coal and furnace oil of Faridabad and Panipat Thermal Power Stations during 1976-77 to 1981-82 disclosed that the quantity consumed per kwh of power produced had been rising from year to year as per table given below :—

Year	Coal consumed per Kwh generated			Secondary oil consumed per kwh generated		
	Faridabad		Panipat	Faridabad		Panipat
	(2x60MW)	(1x60MW) (3rd unit)	(2x110 MW)	(2x60 MW)	(1x60MW) (3rd unit)	(2x110MW)
	(1)	(2)	(3)	(4)	(5)	(6)
	(In grammes)			(In milli-litres)		
1976-77	495.98	..	..	11.19	..	..
1977-78	644.24	..	..	11.37	..	..
1978-79	677.44	..	..	17.05	..	..
1979-80	706.29	..	536.60	18.15	..	107.83
1980-81	733.88	..	570.01	16.56	..	85.75
1981-82	786.93	690.77	743.96	18.31	91.03	57.28

According to the Board, the loss on this account worked out to Rs. 35.04 crores during 1980-81, the reasons for which are under investigation (December 1982).

6.7.12. Establishment and administrative expenditure

(i) The incidence of establishment and administrative charges (both under hydel and thermal generation) varied as under :—

Year	Total expenditure (In crores of rupees)	Per Kwh of power sold	Per KW of in- stalled capa- city
		(In paise)	(In Rupees)
1974-75	9.58	5.61	194.80
1975-76	11.56	4.91	209.50
1976-77	14.47	5.69	236.90
1977-78	16.29	6.63	221.39
1978-79	17.54	5.45	232.38
1979-80	17.64	5.40	164.25
1980-81	29.22	8.62	272.07
1981-82	37.57	9.72	319.29

Considering the expenditure on establishment in the Thermal Plants at Faridabad and Panipat to be too high, the Board desired (July 1981) the Member

(Technical) to review the staffing pattern and suggest a suitable staffing pattern. The report submitted by him in January 1982 was under consideration (July 1982).

(ii) The expenditure on transmission and distribution varied from year to year as under :—

	1974-75 to 1978-79	1979-80	1980-81	1981-82
Expenditure (excluding depreciation) (Rupees in lakhs)	Ranging from Rs 9,54.92 lakhs to Rs. 16,72.93 lakhs	17,76,24	24,33.18	31,26.21
Per unit sold (In paise)	Ranging from 5.60 to 5.20 paise	5.43	7.18	8.08
Per Km. of line (In Rupees)	Ranging from 1,177 to 1,738 rupees	1,741	2,257	2,834

The increasing incidence of expenditure had not been analysed (July 1982).

(iii) Similarly, the expenditure per consumer on billing and collection of revenue recorded a rising trend as shown in the table below, which has also not been investigated (July 1982) :

Billing, accounting and collection cost	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
Total (in lakhs of Rupees)	1,83.84	1,76.78	1,96.57	2,37.82	2,50.64	2,92.51	3,51.59	4,80.06
Per unit sold (In paise)	1.50	1.09	1.04	1.20	0.95	1.06	1.22	1.41
Per consumer (In Rupees)	24.37	22.29	23.17	26.22	25.53	26.75	28.84	35.66

6.7.13. Summing up

(i) Although the estimated capital outlay for the Fifth Five Year Plan period on generation of power had almost been fully utilised, the generation capacity installed fell short by 33.39 per cent compared to the projections made.

(ii) The Central Electricity Authority had laid down a resource internal generation target of 20 to 25 per cent of the annual programme against which the internal resources generated were 12.48 per cent during the plan period of 1974-79 and came down to a meagre 2.24 to 3.60 per cent during 1979-80 to 1981-82.

(iii) Against the estimated commercial losses (without tariff revision) of Rs. 26.18 crores and Rs. 33.81 crores during 1980-81 and 1981-82, actual losses even after tariff revision by 11 per cent were Rs. 31.21 crores and Rs. 48.51 crores respectively.

(iv) Considerable funds had been locked up on the one hand in inventories, sundry debtors and other recoverables, whereas, on the other

hand, the Board had resorted to cash credit from Banks at high interest rates ranging up to 19.50 per cent (the incidence of interest in 1981-82 alone was Rs. 1,06.02 lakhs), re-scheduling of loans repayments entailing additional financial burden by way of penal interest (Rs. 21.07 lakhs).

(v) Compared to the State's power demand of 1506 MW at the end of the Fifth Five-Year Plan, i.e. 1978-79, the power potential planned to be built was 1132.5 MW. The capacity built till 1978-79 was still low at 754 MW.

(vi) The percentage of power generated to installed capacity varied from 29.5 per cent to 50.1 per cent during the Fifth Five-Year Plan period, and 32.2 per cent to 39.0 per cent during 1979-80 to 1981-82.

(vii) The first and second units (110 MW each) at Panipat were operated at half of their capacity for 5,208 hours during November 1979 to April 1980 because hydrogen could not be charged. Both these units were derated by 15 MW each since their commissioning as the H.P. heaters could not be charged.

(viii) Against the assumed forced outages of 10 per cent, the forced outages ranged from 11.1 per cent to 86.7 per cent of the available hours.

(ix) compared to the norm of 15 per cent in respect of system losses, actual losses during 1974-75 to 1981-82 varied between 19.9 per cent and 23.7 per cent. The extent of system losses in financial terms was of the order of Rs. 1,03.03 crores during 1974-75 to 1981-82.

(x) The power consumption in Agricultural sector remained almost static at 44.71 per cent during the Fifth Five-Year Plan and thereafter (44.10 per cent to 44.63 per cent) but the revenue realisations from this category came down to 20.51 per cent in 1978-79 and to 19.89 per cent in 1980-81 compared to 35.01 per cent at the beginning of the Fifth Five-Year Plan.

(xi) The transmission works lagged far behind the targets.

(xii) A sub-station at Karnal expected to effect saving in transmission losses to the extent of Rs. 70.84 lakhs annually could not be commissioned. Similarly, a transmission line between Majri-Abdullapur constructed at a cost of Rs. 53.71 lakhs could not be energised since September 1981.

(xiii) A common transmission line between Ganguwal and Patiala on cost sharing basis (HSEB's share : Rs. 82.85 lakhs up to March 1981) had not been utilised so far.

(xiv) The delay in dismantling a 33 KV Sub-Station resulted in an avoidable expenditure of Rs. 3.54 lakhs on establishment and maintenance during 1972 to 1981.

(xv) The shortfall in achievement of targets of energisation of tubewells during the Fifth Five-Year Plan period was 33.61 per cent and the shortfall during 1979-80 to 1981-82 ranged between 15.47 per cent to 20.91 per cent.

(xvi) In 5 schemes of rural electrification, loan assistance to the extent of Rs. 17.88 lakhs could not be drawn at all.

Instead of floating Rural Electrification Bonds as envisaged in the schemes, the Board borrowed funds from banks at an additional interest burden of Rs. 1,53.62 lakhs during 1975-76 to 1981-82. In 35 schemes, the revenue realisations did not come up to anticipations ; the shortfall extended up to 98.84 per cent. The electrification of Harijan Bastis lagged far behind the targets.

(xvii) (a) Revenue per KWH was less than the cost despite tariff revisions.

(b) Cost of fuel consumed per unit (KWH) in the Board's thermal power stations fluctuated widely from 5.86 paise per unit to 33.48 paise per unit during 1974-75 to 1981-82.

(c) The incidence of establishment and administrative expenditure both under hydel and thermal generation has been increasing year after year (4.91 paise per KWH during 1975-76 and 9.72 paise per KWH during 1981-82.).

6.8. Excavation of powerhouse pit

Tenders for excavation of pit at power house No. III (RD 7600) were invited in March 1980. The estimated quantity of earth work was indicated as 1.60 lakhs cum (with variation by 30 per cent) in the tender documents. The Hydel Purchase Committee recommended (March 1980) allotment of this work to the lowest tenderer, a firm of New Delhi. The Committee, however, directed that allotment letter should be issued to the firm only after approval of the drawings by the consultants. When the matter came up (April 1980) for discussion in the meeting of Hydel Standing Committee, the Director (Construction) of the Project explained that the estimated quantity of earth work excavation had been reduced and worked out to 0.88 lakh cum in view of the final drawings available at that time. Accordingly the work was allotted for the reduced quantity with 30 per cent variation to the firm in May 1980 at its quoted rate of Rs. 13.85 per cum for earth work excavation and Rs. 4.00 per cum for sorting and stacking of boulders.

The work was commenced in May 1980. The estimate of 0.88 lakh cum of earth excavation proved to be wrong and ultimately in June 1981, the firm, after excavating the contracted quantity including 30 per cent increase viz. 1.14 lakh cum demanded higher rate of Rs. 35 per cum for carrying out the balance work. The work was ultimately abandoned by the firm in November 1981 after excavating earth measuring 1.33 lakh cums. The balance work

(30,000 cums earth excavation and 6,000 cums sorting and stacking of boulders) was allotted to another firm in December 1981 (and work was almost completed in February 1983) at Rs. 16 per cum for earth work and Rs. 6 per cum for sorting and stacking of boulders resulting in an avoidable extra financial burden of Rs. 0.77 lakh.

6.9. Adoption of uncommon pattern of awarding work

Tenders for an estimated quantity of 1.11 lakh cums of earth work excavation of gravel and boulder to complete the design section of W.J.C. hydel channel including dressing and breaking of clods, etc. for R.D. 3200 M to RD 3700 M (estimated cost : Rs. 5.71 lakhs) were invited in February 1979. The lowest rate received from firm 'A' in March 1979 was Rs. 7.99 per cum. The notice inviting tenders (NIT) envisaged awarding the work on work-order basis which was contrary to the provisions contained in Board's delegation of powers under which no work exceeding Rs. 20,000 in value could be placed on work-order basis. The NIT also provided that for part payment on incomplete work, the approved rate would be reduced by at least 20 per cent. The lowest tenderer, however, offered a reduction of only 15 per cent while tendering the rate of Rs. 7.99 per cum. However, the work was allotted to firm 'A' in May 1979 at its tendered rate with a stipulation of 20 per cent reduction for part payments. The NIT stipulated that the work could be cancelled and stopped at any time by either party. Thus, no penalty could be imposed upon the firm for incomplete work. The firm, on receipt of the allotment letter, reiterated in May 1979 its earlier offer of 15 per cent reduction for part of complete work measured. The firm commenced the work in June 1979 and excavated only the top layer (0.26 lakh cum) which was easier to excavate, up to a depth of approximately one metre. Since the contractor had not carried out the work to the designed section and earth measuring 0.26 lakh cums only was excavated, the payment at reduced rate of Rs. 4.00 per cum based on actual lead involved consistent with 'departmental through rates' and tendered premium was made by the Board. The firm protested against this payment and ultimately stopped the work in November 1979. The left over work was allotted by the Board (July 1980) to firm 'B' at the rate of Rs. 10.85 per cum on contract basis. The work was almost completed in February 1983.

Thus, due to tendering and allotment of work on work-order basis with stipulation for cancellation of work by either side in the first instance instead of allotting the same on contract basis resulted in an overall extra expenditure of Rs. 1.45 lakhs.

No action against firm 'A' could be taken by the Board since there was no penal clause in the work-order. The Chief Engineer, Hydel, stated (June

1981) that the allotment of work on work-order was done on trial basis on irrigation pattern.

6.10. Extra payment of Rs. 3.82 lakhs to a contractor

Eight tenders were received in November 1980 for earth work excavation/filling/stone pitching between RD 16200M to 18150 M of the Hydel Channel and the rate of firm 'A' of Rs. 13.50 per cum for earth work excavation and filling was the lowest. This rate was, however, above the departmental through rate (Rs. 6.79 per cum) by about 100 per cent. The Hydel Purchase Committee recommended (February 1982) the allotment of this work only at 41.8 per cent above the departmental through rate (the rate allowed for similar works allotted earlier) for acceptance by the Hydel Standing Committee. The Hydel Standing Committee accepted these recommendations in April 1981 and the work was allotted (April 1981) to firm 'A' at the rate of Rs. 9.62 per cum, *i.e.*, 41.8 per cent above the departmental through rate.

The departmental through rate of Rs. 6.79 per cum, which formed the basis of the rate of Rs. 9.62 per cum was incorrectly worked out by assuming the soil strata of the entire reach from RD 16200 M to 18150 M to be of 40 per cent to 60 per cent gravel without taking into consideration the analysis results of the soil test conducted (reported in June 1980). An analysis of the soil strata done by the Central Soil Material Research Station, New Delhi and the L-Section prepared by the departmental survey and investigation wing as approved by the Central Water Commission in December 1978 and appended with tender documents revealed that the reach between RD 16550 M to 18000M had no gravel but consisted of only sand, silt and clay for the depth required to be excavated as per work schedule. The balance portion of the reach, *viz.*, between RD 16200 M and 16550 M and RD 18000 M to 18150M, consisted of soil strata comprising layers of silt, sand and clay as well as gravel. Thus, the assumption of 40 per cent to 60 per cent gravel was valid in respect of RD 16200 M to 16550 M and RD 18000 M to 18150 M and not for the entire reach and the total earth work involving gravel worked out to only 34,000 cums as against 2.23 lakhs cums (as revised in June 1982) adopted for allotment of the work. The overall composite rate with requisite premium for earth work for the entire reach, thus, works out to Rs. 7.48 per cum instead of Rs. 9.62 per cum allowed to the contractor. Earth work for 1.78 lakh cums executed upto June 1982, thus, entailed an extra payment of Rs. 3.82 lakhs which will go up to Rs. 4.78 lakhs when the entire job is completed.

The Chief Engineer, Hydel, stated (March 1982) that departmental through rate was worked out on the basis of the report of April 1980 of the Central Soil Material Research Station. Since the test as per this report was only in respect of RD 18124 M, *i.e.*, the tail point of the channel, it cannot be considered to be a fair guide for the entire reach when the report of June

1980 of this institute for other sections of this reach was also available before the formulation of rates.

The matter was reported to Government in August 1982; reply is awaited (February 1983).

6.11. Infructuous expenditure due to wrong planning

(a) The earth work for the channel under Hydel Project, Yamunanagar, consisted of three segments, viz., totally cutting reaches, partially cutting and partially filling reaches and totally filling reaches. Although it was known to the Project Authorities that some adjoining reaches would need filling, works for cutting and disposal of excavated earth in spoil banks alongside the cutting reaches in respect of four reaches falling in RD 3200 M to 4250 M and 7800 M to 9450 M, were allotted in May 1979, October 1979, February 1980 and July 1980 to three contractors A, B, and C. Two of the tenderers (B and C) to whom the works were allotted under RD 3200 M to 3700 M and RD 7800 M to 9450 M, had even quoted separate rates for disposal of excavated earth in filling reaches in view of the drawings appended with NIT. In spite of this, the Board failed to rectify its mistake in planning and no advantage was taken of this offer.

Subsequently, the works of excavation of earth from spoil banks and its carriage to filling reaches under RD 1750 M to 2850 M and RD 5475 M to 7400 M (estimated quantity : 5.02 lakh cums) were awarded to contractors D and E in August 1980 and December 1980 respectively. This excavation and carriage from spoil banks to filling reaches included 3.71 lakh cums of earth work deposited earlier on the spoil banks under the contracts awarded in May 1979 to July 1980. Out of 3.71 lakh cums of excavated earth, 1.80 lakhs cums which could initially be transported from cutting reaches to the filling reaches at rates ranging between Rs. 7 and Rs. 8.50 per cum was re-excavated and transported at Rs. 16.00 and Rs. 16.97 per cum up to September 1981 resulting in an infructuous expenditure of Rs. 16.16 lakhs. The infructuous expenditure would increase to Rs. 32.83 lakhs when the total earth deposited initially on the spoil banks (3.71 lakh cums) is finally excavated and transported.

(b) While tendering in February 1980 (work allotted in July 1980) for RD 3200 M to 3700 M contractor B had offered to carry the excavated earth to filling reaches at Rs. 5.00 per cum up to a lead of 1 km. with an extra amount of Rs. 2.18 per cum for every additional Kilometre. The Project Authorities, in July 1980, specifically rejected these carriage rates and awarded him only the excavation work at Rs. 10.85 per cum with disposal of earth in spoil banks only.

Subsequently, when the excavation of earth from spoil banks and the carriage thereof from this reach to the filling reach (RD 1750 M to 2800 M) was awarded to another contractor 'D' in August 1980, the Hydel Standing Committee, in its meeting held in November 1980, desired to take advantage of offer of contractor 'B' of February 1980 for carriage of earth also and wanted excavation as well as carriage to be conducted in a single operation considering it more economical. The quantity of earth work allotted to contractor 'D' was accordingly reduced (October 1980) and part work was allotted (November 1980) to contractor 'B' at a negotiated rate of Rs. 20 per cum for the two operations. Had this compact work been awarded in July 1980 itself, the work could have been accomplished at a rate of Rs. 15.85 per cum (lead of one Km. only). There was, thus, an avoidable extra expenditure of Rs. 2.41 lakhs in excavation and carriage of 0.58 lakh cums of earth up to August 1981. This will go up to Rs. 2.98 lakhs when the whole estimated earth work of 0.72 lakh cums is finally completed.

The Hydel Standing Committee observed in November 1980 that "discordant action flowing from imperfect planning could be substantially eliminated if the present practice of dividing the work into small sections is abandoned in favour of allotment of inter-related works through a single integrated tender".

The Board stated (March 1982) that work in all the reaches could not be taken up simultaneously due to non-availability of compaction arrangements.

The matter was reported to Government in August 1982 ; reply is awaited (February 1983).

6.12. Avoidable extra expenditure

Tenders for excavation in all kinds of soil comprising ordinary earth, shingle, gravel, boulders, etc., in two reaches from RD 11830 M to 12600 M and RD 12600 M to 13500 M of the Hydel Channel under W.J.C. Hydel Project were invited in March 1980. The quantity of earth work was estimated to be 9.18 lakh cums in both the reaches whereas the quantity of boulders was not specified. Subsequently, the quantity of boulders in the two reaches was assumed to be 75,000 cums and 63,000 cums respectively on the date of opening of the tenders (29th April 1980) and the tenderers were asked on the same date before opening tenders to quote separate rates for sorting and stacking of boulders. The overall lowest rates received in response were 46.13 per cent and 63.78 per cent above the departmental through rates (DTR) for the two reaches respectively. The same were considered high when compared to 35 per cent received on earlier occasions for other reaches and it was decided to reinvoke tenders. On reinvitation (May 1980) of tenders, the tenderers increased the rates for excavation

th but reduced the rates of sorting and stacking of boulders drastically. Comparison of the rates received on both the occasions is as under :—

Reach	Lowest rates against 1st enquiry		Lowest rates against II enquiry	
	Earth work	Sortings and stacking of boulders	Earth work	Sorting and stacking of boulders
	(Rupees per cubic metre)			
-330 M to -600 M	12.95	5.75	14.50	1.50
-600 M to -M	12.90	5.00	13.15	1.45

These rates which were, in fact, 52.32 per cent and 60.3 per cent above (compared to 46.13 per cent and 63.78 per cent above DTR obtained in the instance) were then considered (July 1980) reasonable by the Hydel Standing Committee on the ground that these reaches were more wet and that the increase per cent above DTRS allowed earlier was in respect of dry reaches. The was allotted to firms 'A' and 'B' in July 1980.

Up to September 1981, earth work to the extent of 2.77 lakh cums (against estimated quantity of 4.90 lakh cums) and 3.35 lakh cums under RD 11830 M-1300 M and RD 12600 M-13500 M respectively had been executed wherein boulders to the extent of only 104 cums (against estimated quantity of 0.75 lakh cums and 266 cums (against estimated quantity of 0.63 lakh cums) were entered and got stacked. The assumption of the Project Authorities existence of huge quantity of boulders, therefore, proved to be incorrect and the contractors took advantage of these mis-calculations by reducing the rates for sorting and stacking of boulders and increasing the rates for earth work.

The Board stated (March 1982) that samples of soil for analysis purposes had not been taken due to high permeability and the percentage of gravel boulders assumed as per the other reaches. It was, however, observed that the actual percentage of boulder on other reaches ranged between 10.16 and 6.01 per cent also showed a pronounced downward trend in the lower reaches.

The switchover from unspecified quantity of boulders to specified quantity when no firm estimate of the quantity involved could be made and without assigning any reasons therefor and the assumption of any high percentage of boulders which was not warranted with reference to the experience in other reaches resulted in extra expenditure of Rs. 5.14 lakhs which is likely to go up to Rs. 8.64 lakhs.

The matter was reported to Government in August 1982, reply was awaited (February 1983).

6.13. Import of generating sets

The Western Yamuna Canal Hydro Electric Project is to be completed in two stages, viz., first stage comprising of three powerhouses with six generating sets and second stage comprising of one powerhouse with two generating sets. Global tenders for procurement of eight bulb type generating sets were floated in November 1978. The offer of a Japanese firm was the lowest and technically acceptable. Acceptance for supply of six units for first stage was conveyed telegraphically in July 1979 even though clearance of the project from the Government of India had not been received. Clearance of the Government of India for first stage was, however, received in March 1980, while clearance for second stage was withheld till the Hathni Kund Project, linked with it, was cleared.

The terms and conditions of the offer of the Japanese firm, *inter alia*, provided that if order for the remaining two units was placed before 30th September 1980, the price therefor was to be same. In case purchase order was placed after this date but before 31st March 1981, the price was subject to increase by 10 per cent. Thereafter, the price was open to any escalation.

The Board, in March 1981, without waiting for Government of India clearance of second stage, placed an order for the remaining two units at a price covering 10 per cent escalation.

The Board could have saved Rupees 22.47 lakhs committed (which is going to be incurred in the purchase of these two generating sets) by placing order by September 1980, if the order for the units was placed before receipt of Government of India clearance. The Government of India accorded sanction for import of these two units (September 1982). Clearance of Government of India for the second stage was still awaited (December 1982).

6.14. Acceptance of inferior grade of oil

(i) High viscosity furnace oil (H.F.O.) is used in the Panipat Thermal Plant for its initial start and then to stabilise the flame when plant is run on low loads. As per the procedure for accounting of H.F.O. in force prior to June 1982, the stock entries of oil received were required to be made on the basis of the invoices.

The project authorities at Panipat Thermal Plant placed three purchase orders during July/August 1980 on Hindustan Petroleum Corporation Limited for supply of 10,500 KL of H.F.O. in seven rakes against allocations for the month of August 1980. Advance payments aggregating Rs. 2,03.00 lakhs were made in August 1980 towards the cost of oil. Against this, the project authorities received (August 1980) only two rakes of H.F.O. In August 1980, five rakes of low sulphur oil diverted from National Fertilizers Limited, Panipat,

were consigned to the Thermal Plant. Due to non-receipt of the relevant documents, the delivery thereof was taken (August 1980) on the strength of indemnity bond. At the time of taking delivery of oil and decantation, no efforts were made to ascertain the specification of oil received to ensure that the oil conformed to the required specifications. The oil was consumed during August/September 1980 after decanting it. In April 1981, provisional invoices in respect of these five rakes were obtained from the Company and 7,273.926 K.L. of oil valuing Rs. 1,39.35 lakhs was taken on stock as H.F.O. on the basis of quantities and specifications of oil shown in the provisional unsigned invoices without co-relating with quantities and specifications of oil actually received. Subsequently, in February 1982, when the details of wagons attached with the original invoices obtained from National Fertilizers Limited were compared with the provisional invoices, it was noticed by the Board that the 5 rakes decanted at the plant had contained 5,986.105 tonnes of low sulphur oil valuing Rs. 51.12 lakhs (four wagons containing 75.988 tonnes were received short with the rakes) instead of furnace oil. This meant that the project authorities had made advance payments in excess to the extent of Rs. 88.23 lakhs being the difference of cost of H.F.O. and low sulphur oil.

Besides, during July 1980 one rake containing 1,554.892 tonnes valuing Rs. 11.27 lakhs of cheap quality of oil (FO/FS) was also received though the same was taken on books as H.F.O. and payment amounting to Rs. 29.78 lakhs for 1,554.892 K.L. of H.F.O. was made. This was consumed during July 1980 after decanting the oil. This also resulted in extra advance payment of Rs. 18.51 lakhs.

A claim for refund of Rs. 87.58 lakhs in respect of five rakes received in August 1980 based on quantities consigned was lodged (April 1982) with the Hindustan Petroleum Corporation Limited which is yet to be accepted (May 1982). Further, claim in respect of quantity short consigned (Rs. 0.62 lakh for 75.988 tonnes) has also been lodged (September 1982) with the said Corporation; final outcome awaited (February 1983).

Thus, owing to lack of control on weighing, inspection, etc., and adoption of wrong accounting procedure, the Board's funds to the extent of Rs. 1,06.74 lakhs were blocked for a period of 22 months up to May 1982 resulting in loss of interest of Rs. 38.16 lakhs at the rate of Rs. 19.5 per cent (being the rate at which the Board has arranged funds through cash credit for meeting working Capital requirements).

(ii) The fuel oil system and the arrangements for decantation of oil at Panipat Thermal Plant were planned in such a manner that only High viscosity furnace oil (H.F.O.) is required to be used in the plant. At times when low sulphur oil (LSHS/FOFS) was diverted to plant railway sidings, the same was not being accepted because of decantation constraints and was being returned

to Railway authorities, as it was required to be heated at 75°C before being decanted. Further, any fall in temperature of oil at the time of decantation leads to formation of waxy crest of the oil towards the outer periphery in the wagons restricting proper decantation.

During July/August 1980, the Plant received 8,286.8 K.L. (7,540.9 tonnes) of LSHS/FOFS valuing Rs. 62.39 lakhs which was decanted at Panipat at a temperature of 30—35°C without verifying that the oil received was LSHS/FOFS and not H.F.O. However, as per the dip stick measurement of the storage tanks, in which the oil was decanted, a total quantity of 7,246.5 K.L. of oil was actually received leaving a difference of 1,040.3 K.L. valuing Rs. 7.46 lakhs.

The shortage of 1,040.3 K.L. of oil was attributable to temperature variation (248.6 K.L.), general wastage such as spillage (16.6 K.L.) and oil having gone back into wagons due to decantation at low temperature (775.1 K.L.).

The shortage of 775.1 K.L. valued at Rs. 6.11 lakhs due to decantation done at low temperature, was avoidable.

6.15. Purchase of switch board panel

Tenders for purchase of 133 switch board panels 11 K.V. Class were invited in January 1977 in two parts. In response, nine tenders were received. Part I tenders were opened on 22nd February 1977 and after discussion on the technical issues, seven firms were asked (May 1977) to submit clarifications and revised part II bids. Out of these, five firms submitted revised part II bids. The offer of the lowest firm 'A' (equivalent price : Rs. 2.40 lakhs per switch Board of 10 panels) was ignored on the ground that the performance of the items supplied by this firm to the Punjab State Electricity Board was not satisfactory. The second lowest offer of firm 'B' at equivalent rate of Rs. 2.72 lakhs per switch board of 10 panels and the offer of all other firms were also ignored on the ground that the performance of these firms was not known to the Board. Though the purchase was within the competence of the full Board, which was scheduled to meet on 29th September 1977, and offers of the firms were valid up to 24th September 1977, it was decided (20th September 1977) to re-invite tenders. Board's approval for re-invitation of tenders was not taken.

Fresh tenders for purchase of 140 panels (including 133 intended to be purchased earlier) were invited and opened in March 1978. Firm 'B' whose earlier tender of 1977 was ignored for lack of knowledge of performance by the Board was the lowest at an equivalent rate of Rs. 3.29 lakhs per switch^{correct} of 10 panels. Its tender was accepted (October 1978) and order for supply thereof (value : Rs. 4.75 lakhs) was placed in December 1978. There was no indication as to whether any enquiries had been made to ascertain the performance of the firm after 1977. Failure to place order in 1977 on B resulted in an extra expenditure of Rs. 7.98 lakhs.

The panels were received between January 1980 and March 1982 but the same have not been put to use so far (August 1982) as co-ordinated action to procure some other supporting equipments was not taken at the time of placing order for panels on firm 'B' in December 1978. Orders for these equipments were yet to be placed (December 1982).

6.16. Avoidable payment of interest

The Board issued (July 1969) detailed instructions regarding the procedure to be followed in depositing funds with DGS&D towards value of supplies to be effected and for issuing cancellation order and obtaining refund of such deposits. However, it was noticed (November 1981) in audit that in 15 out of 32 cases relating to supply of cement, there was delay ranging from 6 to 18 months in issuing the cancellation orders after the expiry of the period for which the allotment made by the Cement Controller was valid, resulting in delay in processing the claims for refunds of deposits made. Overall delay in excess of 3 months (considered to be necessary for processing the refund cases) reckoned from the expiry of authorisation period to the date of actual refund, ranged from 5 to 20 months resulting in blocking-up of Board's funds to the tune of Rs. 31.34 lakhs which, if realised in time, would have helped in reduction of the overdraft from bank to that extent and consequent saving of payment of interest charges thereon amounting to Rs. 4.35 lakhs.

The matter was reported to Government in July 1982; reply is awaited (February 1983).

6.17. Loss due to irregular sanction of contract demand

According to Sales Manual of the Board, connected load is the sum of the rated capacities of all the energy consuming apparatus in the consumer's installation which can be operated simultaneously. The contract demand is the maximum demand agreed to between the consumer and the Board. These provisions imply that the power to be supplied to a consumer cannot exceed the connected load, and, the contract demand, as such, should not be more than the connected load. Demand surcharge of 25 per cent ^{over} the supply of power is recoverable as per tariff if in any month the maximum demand exceeds by more than 7.5 per cent of the contract demand.

It was, however, observed in the case of a consumer that the connected load was 3205.620 KW. (3771.32 KVA) and the contract demand was kept at 4000 KVA which was irregular. The maximum demand recorded, as per Maximum Demand Indicator installed in the premises of the consumer, exceeded the connected load of 3771.32 KVA by more than 7.5 per cent during the months of July 1978 (4066.67 KVA), October 1978 (4111.11 KVA) and February 1979 (4080 KVA) but the demand surcharge of 25 per cent on the supply of power as per tariff schedule, could not be levied as the same did not exceed the

contract demand of 4000 KVA by more than 7.5 per cent. Owing to irregular sanction of contract demand in violation of the provisions of the sales Manual according to which a consumer was required to build up load to the extent of sanctioned load, which is *ipso facto* the connected load, the Board suffered a loss of Rs. 1.11 lakhs which could have been recovered as demand surcharge had the contract demand been fixed at 3771.32 KVA.

The Government stated (December 1982) that the consumer had the freedom to declare his contract demand even more than connected load for which demand charges/monthly minimum charges are to be recovered at higher rates and also that the consumer had been charged penalty of Rs. 10,735 for low power factor.

Imposition of nominal penalty for low power factor is in no way an adequate compensation for relinquishing the higher penalty of 25 per cent of supply of power when the maximum demand exceeded the connected load by 7.5 per cent, and fixation of the contract demand was irregular.

6.18. Loss due to delay in checking of meters

Under the provisions of the Sales Manual of the Board, as amended in April 1971, the Sub-Divisional Officer, Maintenance and Protection Division is required to check all meters including CT/CT-PT meters of large/medium supply consumers (above 70 KW) once in every six months.

It was noticed in the case of a medium supply consumer that the energy meter having been burnt was changed by the operational staff in July 1979. The meter was found (September 1979) to be defective and sticking. Therefore, the Maintenance and Protection Wing was approached (November 1979) by the Sub-Divisional authorities to check the same. However, the meter was checked by the Maintenance and Protection Division only in August 1981 when it was noticed that the polarity of phases in C.T. were in reversed condition and the meter was, as such, recording less consumption by 70 per cent. Thereafter the defects were set right in August 1981 itself. Upon receipt of the test report by Accounts Wing in September 1981, the accounts of the consumer was examined (November 1981) for the period August 1979 to August 1981 and short billing of Rs. 0.72 lakh (power charges : Rs. 0.59 lakh ; electricity duty : Rs. 0.13 lakh) was noticed. However, under the terms and conditions of supply of power, the Board raised the additional demand on the consumer (December 1981) only for a period of six months preceding the date of checking, i.e., from March 1981 to August 1981 amounting to Rs. 0.30 lakh (power charges : Rs. 0.24 lakh ; electricity duty : Rs. 0.06 lakh). This resulted in a loss of revenue of Rs. 0.42 lakh for the period August 1979 to February 1981.

The consumer had not made payment of Rs. 0.30 lakh for the period March 1981 to August 1981 (January 1983) as the case was under arbitration,

The Board has set up four maintenance and protection divisions under the supervisory control of a Superintending Engineer for checking the meters. In April, 1971, the Board introduced a system of site-checking of large/medium supply consumers by a Sub Divisional officer once in every six months. At the close of March 1982, out of 1629 meters in respect of large/medium consumers required to be checked, the Board was yet to check 793 meters.

The matter was reported to Government in July 1982 ; their reply is awaited (February 1983).

6.19 Incorrect computation of Demand Charges

The power meter installed in the premises of a large industrial supply consumer was found to be functioning correctly when checked by the Maintenance and Protection Division in March 1978, but on subsequent checking by the same Division in September 1978, it was found to be running slow due to defects in the meter and metering C.T.'s. Since the consumer did not agree to the findings of the Division, the Sub-Divisional Officer was asked (September 1978) to instal a check meter ; the check meter could, however, be installed only in September 1980 due to non-availability of meters.

It was found (October 1980) through the check meter, that the original energy meter was running slow by 11.34 per cent, KVAH meter by 84.71 per cent and maximum demand Indicator (M.D.I.) by 58.17 per cent. Accordingly, the account of the consumer was recast from March 1978 (being the date of last checking) and additional demand of Rs. 0.30 lakh (including electricity duty of Rs. 0.07 lakh) for the period from March 1978 to October 1980 was raised and realised in November 1980.

It was noticed in audit (March 1981) that the arrears for the period January 1980 to October 1980 had not been correctly computed as the enhanced M.D.I. as per check meter was not taken into consideration by the Sub-Divisional Officer while computing the additional demand. This resulted in short assessment of Rs. 0.47 lakh (energy charges : Rs. 0.37 lakh and electricity duty : Rs. 0.10 lakh). The short assessment, detected in audit, was however, subsequently realised from the consumer in August 1981.

6.20. Undue favour to a company-loss of interest

Under the conditions of supply of power, large supply consumers are allowed a grace period of seven days from the date of presentation of bills for payment. Any default in payment within due date attracts imposition of a surcharge of 2 per cent on the amount of the bill. Further, no outstation cheques towards payment of energy charges were acceptable.

In the case of a private company at Surajpur, falling under the category of large supply consumer, the Board had, however, issued instructions in July 1967 to the Sub-Divisional Officer, Kalka, to accept payment of

energy bills by cheque drawn at Chandigarh, as a special case, with definite directives that the cheque be presented at the bank at Chandigarh through a special messenger on the date of receipt of the cheque.

It was, however, noticed that since January 1980 the Sub-Divisional Officer deposited the outstanding cheques with their bankers at Kalka for collection instead of through special messenger as required. This involved a time lag of 2 to 30 days in getting credit of the money in Board's accounts.

On this being pointed out by Audit in February 1981, the Board rectified this lapse after June 1981. Since the monthly bill of the consumer ranged between Rs. 6.79 lakhs to Rs. 12.55 lakhs during January 1980 to June 1981, the Board lost an interest of Rs. 1.60 lakhs (calculated at the rate the Board is paying interest to the bank on overdrafts) on the delayed recovery of dues. The Board could not also recover surcharge from consumer since the consumer deposited the cheque with the Board on the last day of due date for payment of the Bill.

The matter was reported to Government in July 1982 ; reply was awaited (February 1983).

6.21. Misappropriation of stationery articles

According to the procedure in vogue in the Board prior to December 1981, stationery articles were issued against indents received from various offices of the Board. On receipt of indent, four copies of challan-cum-gate pass were prepared. One copy of the challan was retained by the stationery cell so as to serve as a voucher, second copy was to be handed over to the security staff as a gate pass and the remaining two copies were to be sent to the indentors along with the stationery articles. The recipients were required to return the duplicate copy of the challan duly countersigned and after recording a certificate that the relevant stationery had been taken in their stock.

The Superintending Engineer (Purchase) during a surprise visit to the stationery cell in July 1981, observed that the procedure prescribed had not been followed since long in as much as the recipients of stationery articles were not being given the duplicate copy of the challan for returning the same duly acknowledged and certified as required. Lack of this control in the stationery cell, thus, led to apprehensions of misappropriation of stationery items on a large scale.

The Headquarters of the Board does not have any consolidated record of detected cases of thefts including thefts of wires, transformers etc. Consequently, it has not been possible to ascertain during audit what is the total magnitude of money lost or losses incurred by the Board in this direction.

The Internal Audit Wing of the Board in the course of audit of stationery cell for the period April 1980 to August 1981, found (September 1981) that there were numerous cuttings and overwritings in the stationery issue register and that copies of gate pass challans preserved with the security staff had also been tampered with in a number of cases. To vouch the authenticity of the charges, confirmation of the quantity of stationery received by various recipients was called for and a comparison of the reports from 45 offices with the stationery issue register revealed misappropriation of stationery items valuing Rs. 6.13 lakhs. The misappropriation were computed as follows :

	Value (Rupees in lakhs)
(a) Preparation of bogus vouchers and tampering with the quantity in challans for issue of stationery	5.57
(b) Balances not carried forward and reduction in book balance without issue	0.03
(c) Shortages in stock detected during physical verification	0.53
Total	6.13

The two officials of the stationery cell were suspended (December 1981) and a case was registered with the Police in December 1981 which was still under investigation (February 1983).

The Board has introduced a new procedure (December 1981) of issuing stationery items afresh only after ensuring receipt of the acknowledgement for the issue made previously.

6.22. Arrears of electricity dues

The arrears of electricity dues as on 31st March 1982 were Rs. 12.72 crores. Of this, an amount of Rs. 9.31 crores was due to the Board from 18,156 consumers, out of which power supply to 12441 consumers (including 4849 consumers against whom Rs. 0.95 crore were outstanding for more than 3 years) had been disconnected by the Board for non-payment of dues of Rs. 1.77 crores. No such action had, however, been taken in regard to 5715 consumers against whom dues aggregating Rs. 7.54 crores were outstanding (March 1982). The number of consumers involved and the period for which the remaining amount of Rs. 3.41 crores was outstanding were not known.

6.23. Misappropriations, defalcations, etc.

The following are the details of cases of misappropriations, defalcations, etc., for which final action was pending as on 31st March 1982 :-

	Number of cases			Amount (Rs in lakhs)
	Evaluated	Pending evaluation	Total	
Cases pending as on 31st March 1981	2,694*	11	2,705	1,10.98
Addition during 1981-82	362	11	373	13.78
Total	3,056	22	3,078	1,24.76
Cases written off/cleared during 1981-82	50	8	58	37.94
Cases pending as on 31st March 1982	3,006	14	3,020	86.82

Of the 3,006 cases outstanding as on 31st March 1982, 1,778 cases were outstanding for over 3 years.

6.24. Outstanding inspection reports

Audit observations on financial irregularities and defects in initial accounts noticed during audit and not settled on the spot are communicated to the heads of offices and to the next higher departmental authorities through the inspection reports. The more important irregularities are reported to the Board. The Government has prescribed that the first replies to inspection reports should be sent within 6 weeks.

At the end of November 1982, inspection reports issued up to March 1982 still contained unsettled paragraphs as shown below with the corresponding figures for the preceding two years :-

	As at the end of November 1980	As at the end of November 1981	As at the end of November 1982
Number of inspection reports with unsettled paragraphs	819	856	817
Number of paragraphs	5,104	5,441	5,084

*Includes 3 cases omitted by the Board during 1980-81.

Year-wise break-up of the outstanding inspection reports is given below :—

	Number of inspection reports	Number of paragraphs
1978-79 and earlier years	477	2,725
1979-80	104	594
1980-81	111	826
1981-82	125	939
Total	817	5,084

Reports outstanding at the end of November 1982 included 211 inspection reports for which even the first replies had not been received.

6.25. Outstanding audit objections

As on 31st August 1982, 45,266 audit objections (Rs. 1,83.51 crores) raised by the Chief Accounts Officer of the Board (for the period up to 31st March 1982) were outstanding as per details given below :—

	Outstanding since (earliest year)	Amount (Rupees in crores)
(a) Want of sanctions	1967-68	1,26.43
(b) Want of detailed contingent bills/ Vouchers/documents	1967-68	0.75
(c) Want of payees' receipts	1973-74	3.07
(d) Want of agreements/purchase orders	1970-71	53.26
Total		1,83.51

(ii) Other Statutory Corporations

6.26. Haryana Financial Corporation

The Haryana Financial Corporation was established on 1st April 1967 under Section 3(1) of the State Financial Corporation Act, 1951.

6.26.01. Paid-up capital

The table below indicates the details of paid-up capital of the Corporation for the two years ending 31st March 1982 :

	1980-81	1981-82
	(Rupees in lakhs)	
(a) State Government	2,00.65	2,15.65*
(b) Industrial Development Bank of India (IDBI)	1,85.66	1,85.66
(c) Scheduled Banks, Insurance Companies, Cooperative Banks and other Financial institutions	34.26	34.26
(d) Parties other than (a) (b) and (c)	1.50	1.50
Total	4,22.07	4,37.07

6.26.02. Guarantees

The State Government had guaranteed the repayment of share capital of Rs. 4,37.07 lakhs under Section 6 of the Act and payment of minimum dividend thereon at the rate of 3 to 5 per cent. The table below indicates the details of other guarantees given by the Government for repayment of loans raised by the Corporation and payment of the interest thereon :—

Particulars	Year of guarantee	Amount guaranteed	Amount outstanding as on 31st March 1982
(Rupees in lakhs)			
Bonds and debentures	1968-69 to 1979-80	13,20.00	13,20.00
Fixed deposits	1967-68	1,00.00	49.41
Total		14,20.00	* 13,69.41

*Includes Rs. 30.00 lakhs (from the State Government) shares for which yet to be issued (November 1982)

6.26.03. Financial position

The table below summarises the financial position of the Corporation under broad headings for the 3 years upto 1981-82 :

Capital and liabilities	1979-80	1980-81	1981-82
	(Rupees in lakhs)		
(a) Paid-up capital	3,46.00	4,22.07	4,37.07
(b) Reserves and surplus	4,09.47	4,98.34	6,25.13
(c) Borrowings :			
—Bonds and debentures	13,75.00	13,20.00	13,20.00
—Deposits	56.97	49.42	49.42
—Others	9,19.97	10,29.39	12,41.79
(d) Other liabilities and provisions	5,83.53	5,01.69	6,20.46
Total	36,90.96	38,20.91	42,93.87
<i>Assets</i>			
(a) Cash and bank balances	1,62.41	1,71.16	1,52.12
(b) Investment	30.65	..	..
(c) Loans and advances	32,04.67	34,64.28	38,80.78
(d) Net fixed assets	6.42	10.19	10.62
(e) Other assets	2,86.81	1,75.28	250.35
Total	36,90.96	38,20.91	42,93.87
Capital employed*	29,80.29	31,41.05	33,86.09

6.26.04. Working results

The following table gives the details of the working results of the Corporation for 3 years up to 1981-82 :

Particulars	1979-80	1980-81	1981-82
	(Rupees in lakhs)		
1. Income			
Interest on loans and advances	3,68.42	4,22.61	4,75.93
Other income	1.06	3.35	15.29
Total	3,69.48	4,25.96	4,91.22

*Capital employed represents the mean of the aggregates of the opening and closing balances of paid up capital, bonds and debentures, free reserves, borrowings (including refinance) and deposits.

Particulars	1979-80	1980-81	1981-82
2. Expenses			
Interest on long-term loans	1,53.29	1,58.01	1,70.21
Other expenses	1,15.51	1,26.35	1,24.07
Total	2,68.80	2,84.36	2,94.28
3. Profit before tax	1,00.68	1,41.60	1,96.94
4. Surplus brought forward	0.09	0.11	0.01
5. Provision for tax	34.89	49.90	66.62
6. Other appropriations	52.87	78.82	1,16.70
7. Dividend (3 to 5 per cent)	12.91	12.98	13.63
8. Total return on capital employed	2,54.72	3,00.78	3,67.15
		(Per cent)	
Rate of return on Capital employed	8.55	9.58	10.84

6.2605. Disbursement and Recovery of Loans

The Performance of the Corporation in the disbursement/recovery of loans during the three years up to 1981-82 is indicated below :—

Serial number	Particulars	1979-80		1980-81		1981-82		Cumulative since inception	
		Num-ber	Amount (Rupees in lakhs)	Num-ber	Amount (Rupees in lakhs)	Num-ber	Amount (Rupees in lakhs)	Num-ber	Amount (Rupees in lakhs)
1	Applications pending at the beginning of the year	26	1,96.45	130	4,04.71	119	7,94.46	..	..
2	Applications received	533	13,26.91	531	20,01.03	600	44,00.75	4675*	1,70,59.95
	Total	559	15,23.36	661	24,05.74	719	51,95.21	4675	1,70,59.95
3	Applications sanctioned	307	6,34.17	380	10,55.33	401	21,40.72	3,207	91,15.56
4	Applications cancelled/withdrawn/rejected	122	4,02.21	162	4,53.64	181	11,79.47@	1,301	53,30.36
5	Applications pending at the close of the year	130	4,04.71	119	7,94.46	137	16,95.74	137	16,95.74
6	Loans disbursed	239	3,85.33	375	5,12.18	387	8,27.34	2,934	50,69.21

*Includes 13 applications (amount Rs. 77.02 lakhs) received from erstwhile Punjab Financial Corporation at the time of re-organisation of the States.

@Excludes part amount rejected (Rs. 1,79.28 lakhs).

Serial number	Particulars	1979-80		1980-81		1981-82		Cumulative since inception	
		Num-ber	Amount (Rupees in lakhs)	Num-ber	Amount (Rupees in lakhs)	Num-ber	Amount (Rupees in lakhs)	Num-ber	Amount (Rupees in lakhs)
7	Amount outstanding at the close of the year	1,089	31,55.32	1,246	34,05.84	1,387	38,21.31	1,387	38,21.31
8	Amount overdue for recovery (including suit filed cases)**	522	11,43.62	619	12,97.80	549	10,89.12	549	10,89.12
				(per cent)					
9	Percentage of defaults to total loans outstanding		36.24		38.11		28.50		
				(Numbers)					
10	Employment generated by the assisted units		4129		6182		9246		

The following is the age-wise analysis of the overdue amount (other than suit filed cases).

Period	Number of cases	Amount overdue for recovery		
		Principal*	Interest	Total
		(Rupees in lakhs)		
Up to 1 year	278	41.29	31.27	72.56
1 to 2 years	44	12.33	12.78	25.11
Over 2 years	23	79.11	82.09	1,61.20
Total	345	1,32.73	1,26.14	2,58.87

The above exclude Rs. 8,30.25 lakhs in respect of 204 cases in which suits had been filed for recovery of dues.

6.27. Haryana Warehousing Corporation

6.27.01 The Haryana Warehousing Corporation was established on 1st November 1967 under Section 18(1) of the Warehousing Corporations Act, 1962.

6.27.02. Paid-up capital

The paid-up capital of the Corporation as on 31st March 1982 was Rs 3,72.07 lakhs (State Government Rs. 1,86.04 lakhs ; Central Warehousing

*Excludes amounts which have not become due on account of sanction of moratorium in repayment of loans.

**Break up of principal and interest was not available.

Corporation Rs. 1,86.03 lakhs) as against a paid-up capital of Rs. 3,04.07 lakhs (State Government Rs. 1,52.04 lakhs, and Central Warehousing Corporation Rs. 1,52.03 lakhs) as on 31st March 1981.

6.27.03. Guarantees

The State Government had guaranteed the repayment of loans of Rs. 1,11.75 lakhs and Rs. 2,70.00 lakhs drawn during 1977-78 and 1979-80 respectively. The Corporation obtained loans of Rs. 2,64.50 lakhs from two nationalised banks (United Commercial Bank : Rs. 99.50 lakhs, Punjab National Bank : Rs. 1.65 lakhs). The loans were re-financed under a scheme sponsored by the Agricultural Refinance Development Corporation against which a sum of Rs. 1,95.96 lakhs was outstanding as on 31st March 1982.

6.27.04 Financial position

(a) The table below summarises the financial position of the Corporation under broad headings for the 3 years up to 1981-82 :

	1979-80	1980-81	1981-82
	(Rupees in lakhs)		
<i>Liabilities</i>			
(a) Paid-up capital	2,64.07	3,04.07	3,72.07
(b) Reserve and surplus	1,12.80	1,23.73	1,24.42
(c) Borrowings	1,01.28	1,67.29	2,12.50
(d) Trade dues and other current liabilities	1,42.52	1,65.97	1,04.76
Total	6,20.67	7,61.06	8,13.75
<i>Assets</i>			
(a) Gross block	4,35.86	4,70.33	7,03.22
(b) Less depreciation	59.21	70.41	86.07
(c) Net fixed assets	3,76.65	3,99.92	6,17.15
(d) Capital work-in-progress	23.86	1,29.58	0.77
(e) Investments	1.00	1.00	1.00
(f) Current assets, loans and advances	2,19.16	2,30.56	1,94.83
Total	6,20.67	7,61.06	8,13.75
Capital employed*	4,53.29	4,64.51	7,07.22

Working results

(b) The following table gives the details of the working results of the Corporation for 3 years up to 1981-82 :

	1979-80	1980-81	1981-82
	(Rupees in lakhs)		
<i>I. Income</i>			
Warehousing charges	1,71.05	1,50.46	1,51.16
Other income	5.10	4.17	4.83
Total	1,76.15	1,54.63	1,55.99

*Capital employed represents net fixed assets plus working capital.

1979-80 1980-81 1981-82

(Rupees in lakhs)

2. Expenses			
Establishment Charges	37.71	46.06	57.87
Interest	10.06	13.05	12.65
Other expenses	90.38	80.34	86.91
Total	1,38.15	1,39.45	1,57.43
3. Profit before tax	38.00	15.18	(-),1.44
4. Profit brought forward	0.99	0.55	0.48
5. Previous years' adjustment (net)	(-),0.08	(-),0.12	(+),10.97
6. Other appropriations (excluding profit taken into balance sheet)	31.25	11.00	7.09
7. Dividend paid	7.11	4.12	6.09
8. Total return on capital employed	48.06	28.23	11.21
9. Rate of return on		(Per cent)	
Capital employed	10.60	6.08	1.59

6.27.05. Operational performance

The following table gives details about the operational performance of the Corporation for the 3 years up to 1981-82 :

Particulars	1979-80	1980-81	1981-82
1. Number of stations covered	66	67	68
2. Storage capacity as at the end of the years		(Tonnes)	
(a) Owned	1,74,600	1,84,610	2,53,400
(b) Hired	2,23,692	1,73,433	1,80,693
Total	3,98,292	3,58,043	4,34,093
3. Average capacity utilised during the year*	4,30,704	3,56,837	3,70,923
4. Average expense per tonne	32.07	39.08	42.44
5. Average revenue per tonne	40.89	43.33	42.05

*Including that of godowns closed during the respective years.

SECTION C

GOVERNMENT COMPANIES

6.28 General**6.28.01. Introduction**

There were 18* Government Companies (including 6 subsidiaries) in the State as on 31st March 1982.

6.28.02. Compilation of accounts

Only 2 Companies (including 1 subsidiary) had finalised their accounts for 1981-82. In addition 10 Companies (including 5 subsidiaries) had finalised their accounts for earlier years. A synoptic statement showing the summarised financial results of 12 companies based on the latest available accounts is given in Appendix VI-2. The accounts of the following 15 companies (including 5 subsidiaries) were in arrears for the period noted against each.

Serial number	Name of the company	Extent of Arrears
1	Haryana State Minor Irrigation (Tubewells) Corporation Limited	1975-76 to 1981-82
2	Haryana Dairy Development Corporation Limited	1977-78 to 1981-82
3	Haryana Harijan Kalyan Nigam Limited	1977-78 to 1981-82
4	Haryana Television Limited	1978-79 to 1981-82
5	Haryana Tourism Corporation Limited	1978-79 to 1981-82
6	Haryana Concast Limited	1979-80 to 1981-82
7	Haryana Agro Industries Corporation Limited	1980-81 and 1981-82
8	Haryana Matches Limited	1980-81 and 1981-82
9	Haryana Tanneries Limited	1980-81 and 1981-82
10	Haryana Handloom and Handicrafts Corporation Limited	1981-82
11	Haryana Land Reclamation and Development Corporation Limited	1981-82
12	Haryana Minerals Limited	1981-82
13	Haryana Backward Classes Kalyan Nigam Limited	1981-82
14	Haryana State Small Industries and Export Corporation Limited	1981-82
15	Haryana Seeds Development Corporation Limited	1981-82

6.28.03. Paid-up capital

As against the aggregate paid-up capital of Rs. 29,32.24 lakhs in 17 Government Companies (including 6 subsidiaries) as on 31st March 1981 the aggregate

*Includes one company incorporated on 31st March 1982 the audit of which has not yet been taken up.

paid-up capital in 18 Government companies (including 6 subsidiaries) increased to Rs. 37,03.60 lakhs as detailed below :

Particulars	Number of companies	Investment made by			Total
		State Government	Central Government	Others	
(Rupees in lakhs)					
1. Companies wholly owned by State Government	8	28,12.01	..	..	28,12.01
2. Companies jointly owned by the Central Government and others	4	3,02.09	1,55.53	36.99	4,94.61
3. Subsidiary Companies	6	26.15	..	3,70.83	3,96.98
Total	18	31,40.25*	1,55.53	4,07.82	37,03.60

6.28.04. Loans

The balance of long-term loans outstanding in respect of 10 companies (excluding 6 subsidiaries) as on 31st March 1982 was Rs. 77,02.22 lakhs (State Government : Rs. 26,88.09 lakhs, other parties : Rs. 50,11.13 lakhs, deferred payment credit : Rs. 3.00 lakhs) as against Rs. 61,85.13 lakhs as on 31st March 1981.

6.28.05. Guarantees

The State Government had guaranteed the repayment of loans (and payment of interest thereon) raised by 6 companies. The total amount guaranteed and the amount outstanding as on 31st March, 1982 was Rs. 1,45,91.74 lakhs and Rs. 47,33.89 lakhs respectively as detailed below :

Name of the Company	Amount guaranteed	Amount outstanding as on 31st March 1982
(Rupees in lakhs)		
1. Haryana Agro Industries Corporation Limited	89.25	3.82
2. Haryana Breweries Limited	30.00	20.24
3. Haryana Dairy Development Corporation Limited	529.00	226.16
4. Haryana Land Reclamation and Development Corporation Limited	59.97	24.18
5. Haryana State Minor Irrigation (Tubewells) Corporation Limited	1,38,53.52	43,96.50
6. Haryana Tanneries Limited	30.00	62.99**
Total	1,45,91.74	47,33.89

*The amount as per Finance Accounts was Rs. 31,06.30 lakhs and the difference of Rs. 33.95 lakhs was under reconciliation.

**Includes interest on the Principal amount guaranteed (Rs. 32.59 lakhs).

6.28.06. Performance of the companies

(i) The following table gives details of 2 companies (including 1 subsidiary) which earned profits during 1981-82.

Name of the Company	Paid up capital		Profit		Percentage of profit to paid up capital	
	1980-81	1981-82	1980-81	1981-82	1980-81	1981-82
(Rupees in lakhs)						
1. Haryana State Industrial Development Corporation Limited	577.58	747.58	2.41	18.34	0.42	2.45
Subsidiary Company						
2. Haryana Breweries Limited	120.08	120.08	3.03	12.51	2.52	10.42

(ii) The working results of 10 companies (including 5 subsidiaries) which had finalised their accounts for earlier years are analysed in the table given below :—

Serial number	Name of the company	Year of accounts	Paid up Capital	Profit(+)/ Loss(-)	Percentage tage of profit/loss to paid up capital
(Rupees in lakhs)					
1	Haryana Agro Industries Corporation Limited	1979-80	209.66	(-)6.99	(-)3.33
2	Haryana Concast Limited	1978-79	169.96	(-)87.77	(-)51.64
3	Haryana Dairy Development Corporation Limited	1976-77	177.35	(-)53.76	(-)30.31
4	Haryana Handloom and Handicrafts Corporation Limited	1980-81	61.00	(-)0.03	(-)0.05
5	Haryana Matches Limited	1979-80	12.50	(-)1.38	(-)11.04
6	Haryana Minerals Limited	1980-81	24.03	(+)12.38	51.52
7	Haryana State Minor Irrigation (Tubewells) Corporation Limited	1974-75	382.34	(+)9.02	2.36
8	Haryana Tanneries Limited	1979-80	51.00	(-)43.93	(-)86.14
9	Haryana Television Limited	1977-78	25.00	(-)15.06	(-)60.24
10	Haryana Tourism Corporation Limited	1977-78	116.47	(-)4.51	(-)3.87

(iii) Under section 619 (4) of the Companies Act, 1956 the Comptroller and Auditor General has a right to comment upon or supplement the audit reports of the company auditors. Under this provision, review of the annual accounts

of Government companies is conducted in selected cases. Some of the important errors/omission, etc., noticed in the course of review of the accounts are indicated below :

Haryana Television Limited

(1) Current Assets included dead and obsolete items of raw materials (value : Rs. 1.26 lakhs), semi-finished products (value : Rs. 2.90 lakhs) and finished products (value : Rs. 7.60 lakhs) for which no provision for deterioration ~~was made~~ in value had been made.

(2) Haryana Tanneries Limited

The net loss had been understated by the over-valuation of finished leather (Rs. 2.30 lakhs) and non-provision of liabilities (Rs. 3.02 lakhs).

(3) Haryana Breweries Limited

(i) The plant and machinery of the Company included equipment coming into contact with corrosive chemicals on which depreciation should have been charged at the rate of 5.28 per cent as against the rate of 3.39 per cent adopted by the Company. The under charge of depreciation for year 1980-81 ^{worked} Rs. 0.15 lakh and Rs. 1.80 lakhs for the previous year.

(ii) 46,931 Cartons valuing Rs. 1.10 lakhs found short on physical verification had been treated as consumption without investigation.

(iii) The valuation of finished goods had been made at selling price which was higher and not at cost resulting in over valuation of finished goods and over statement of profits as on 31st March 1982 by Rs. 3.42 lakhs.

(4) Haryana Minerals Limited and Haryana Tourism Corporation Limited

The Sundry debtors included time-barred debts amounting to Rs. 2.65 lakhs (Haryana Minerals Limited: Rs. 2.32 lakhs and Haryana Tourism Corporation Limited : Rs. 0.33 lakh for which no provision had been made.

(5) Haryana Agro Industries Corporation Limited

The net profit of Rs. 3.77 lakhs had been arrived at without providing for liabilities (Rs. 3.64 lakhs), after capitalisation of interest on cost of machinery purchased in 1974 but not installed, including interest (Rs. 7.47 lakhs), by under charge of depreciation (Rs. 0.90 lakh) and shortages of wooden crates not written off (Rs. 0.44 lakh).

(6) Haryana State Minor Irrigation (Tubewells) Corporation Limited

The net loss of Company had been understated by the over-statement of receipts from cultivators for lining works (Rs. 2.85 lakhs) and non-provision of liabilities (Rs. 21.79 lakhs).

6.29. Haryana Agro-Industries Corporation Limited

6.29.01. Introduction

The Haryana Agro-Industries Corporation Limited was incorporated on 30th March 1967 with an authorised capital of Rs. 3 crores as on 30th June 1982, as a joint venture of the State Government and the Government of India with the main objects to undertake, assist and promote agro-industries, manufacture agricultural implements and sell the products of these industries, to organise or manage engineering or repair shops and to transact and carry on all kinds of agency business of any other company or concern.

The paid-up capital as on 30th June 1982 was Rs. 1,89.66 lakhs contributed equally by the Central and State Governments. Besides, the Company received Rs. 10 lakhs as loan from State Government in 1973-74, for the purchase of aircrafts to be used for aerial spray, which was later on (1976-77) converted into contribution towards share capital and further Rs. 10 lakhs as advance against share capital (Rs. 5 lakhs in 1978-79 and Rs. 5 lakhs in 1979-80). For want of matching contribution from Central Government, the shares have not been allotted so far (December 1982).

6.29.02. Borrowings

(a) The statement below gives the cumulative position of the borrowings made by the Company as at the end of each of the 3 years up to June 1982: —

	1979-80	1980-81	1981-82
		(tentative)	(tentative)
		(Rupees in lakhs)	
1. Secured loans from banks—			
Term loan	16.29	7.63	2.23
Cash credit	1,81.73	2,08.05	2,60.81
2. Unsecured Loans—			
From banks	5.11	..	2.08
Short-term loan from Haryana Government	2,00.00	2,16.00	3,50.00
Deferred payment credits	8.47	6.54	1.15
Total	4,11.60	4,38.22	6,16.27

The debt-equity ratio which was 1.96 : 1 in 1979-80 increased to 2.09 : 1 in 1980-81 and to 2.94 : 1 in 1981-82.

(b) *Secured loans*—(i) In 1974-75, the Company arranged cash credit upto a maximum limit of Rs. 48 lakhs with the Bank of India for financing new projects and for meeting working capital requirements. The Company started over-drawing the limit from October 1979 for which penal interest amounting to Rs. 1.26 lakhs was paid from January 1980 to March 1982.

(ii) The Company was having a current account with the State Bank of Patiala apart from a cash credit account with maximum limit of Rs. 90 lakhs. The excess drawal of cash credit beyond Rs. 90 lakhs was transferred by the bank to current account. The current account itself showed overdrafts in September 1981 (Rs. 6.54 lakhs), and from January 1982 to May 1982, it ranged between Rs. 45.41 lakhs and Rs. 38.06 lakhs. An additional amount of Rs. 0.34 lakh was charged by the bank as interest.

(c) *Short-term loan*—The State Government granted eight short-term loans aggregating Rs. 8,66 lakhs during March 1978 to February 1982 to the Company for purchase and distribution of agricultural inputs, viz, fertilizers, seeds and pesticides. Each loan was repayable in lump together with interest within a period of 6 months from the date of drawal. The normal rate of interest was $5\frac{1}{4}$ per cent ($5\frac{3}{4}$ per cent for loan of February 1982) and penal rate of interest was $7\frac{3}{4}$ per cent.

The Company could not repay the loans received in August 1978 (Rs. 1,00 lakhs), November 1980 (Rs. 66 lakhs), February 1981 (Rs. 1,50 lakhs) and July 1981 (Rs. 1,00 lakhs) and the same were adjusted out of the subsequent loans sanctioned in October 1981 (Rs. 1,00 lakhs) and February 1982 (Rs. 2,50 lakhs). The whole amount of Rs. 3,50 lakhs outstanding on 30th June 1982 was overdue for repayment (November 1982).

The total interest on the above short-term loans for the period from March 1978 to June 1982 worked out to Rs. 72.67 lakhs (including penal interest of Rs. 21.66 lakhs) as on 30th June 1982, out of which Rs. 47.67 lakhs are yet to be paid (July 1982). The management stated (November 1982) that loans could not be paid in time due to carry over of fertilizer stocks.

Out of loans of Rs. 1,00 lakhs each sanctioned in March 1978 and August 1978, amounts of Rs. 90 lakhs and Rs. 45.65 lakhs were kept in short-term deposits (for 3 and 6 months) and in savings bank account earning interest at $4\frac{1}{4}$ per cent per annum. On the other hand, the Company was paying $7\frac{3}{4}$ per cent interest to State Government resulting in loss of Rs. 1.45 lakhs. It was also observed that the interest paid on the proportionate amount of cash-credit/overdraft during the period worked out to Rs. 3.55 lakhs.

6.29.03. Working Results

6.29.03.1. The audited accounts of the Company were received up to 1979-80 only to the end of which the Company incurred an accumulated loss of Rs. 63.74 lakhs which worked out to 31 per cent of the paid-up capital (Rs. 209.66 lakhs) as on that date. The Company which incurred a loss of Rs. 12.90 lakhs during 1977-78 had made profits of Rs. 4.26 lakhs and Rs. 3.77 lakhs during 1978-79 and 1979-80 respectively.

The unit-wise analysis of the commercial activities of the Company during the four years upto 1980-81 is give below :—

Name of the unit	Profit(+)/Loss(—)			
	1977-78	1978-79	1979 80	1980-81 (Tentative)
	(Rupees in lakhs)			
1. Farmers Service Centres	(—)1.60	(+)28.27	(+)17.92	(+)16.99
2. Cattle Feed Plant, Jind	(—)0.17	(+)4.78	(+)14.36	(+)16.75
3. NPK Fertilizer Plant, Shahabad	(—)4.78	(—)2.92	(+)6.10	(+)3.99
4. Food and Fruit Processing Plant, Murthal	(—)0.62*	(—)16.48	(—)16.62	(—)18.99
5. Agro-Aviation Wing	(—)2.99	(—)4.82	(—)10.44	(—)1.50
6. Insecticides and Pesticides Plant, Shahabad	(+)0.34	(+)0.04	(—)2.89	(—)2.40
7. Agriculture Engineering Workshop	(+)0.50	(—)0.93	(—)0.17	(—)0.14
8. Solvent Extraction Plant Kaithal**	..	..	..	(—)15.57

It may be seen from the above that the loss in the operation of Food and Fruit processing plant, Murthal registered a steep rise from Rs. 0.62 lakh in 1977-78 to Rs. 18.99 lakhs in 1980-81. The loss in the operation of Agro-Aviation Wing which registered a steep rise from Rs. 2.99 lakhs in 1977-78 to Rs. 10.44 lakhs in 1979-80 has gone down to Rs. 1.50 lakhs in 1980-81. The main reasons as analysed in audit in respect of losses in the above two units are as under :-

6.29.03.2. Fruit and Food Processing Plant, Murthal

The main reasons for the losses in the plant may be attributed to (i) under utilisation of the capacity resulting in higher overhead expenditure, (ii) selling of material below cost and (iii) abnormal wastages.

The State Government also observed (June 1981) while considering request of the Company for enhancement of share capital contribution that the Company was not fulfilling the objectives for which it was constituted. It was further observed by the Government that raw material needed for food processing plant at Murthal was being brought from the other States and that most of the plants were running in heavy losses due to mismanagement and that the Company had failed to lift the allotted fertilizer although short-term loan was given, and that the combine harvesting work was beneficial to rich farmers only.

*For three months (April 1978 to June 1978).

**The unit was commissioned in May 1979 and was under trial operation during the year. The net expenditure of Rs.19.15 lakhs incurred during the year 1979-80 was treated as pre-operational expenses.

29.03.3. Agro-Aviation wing

The losses are mainly due to reduction in the area of aerial spray of crops (from 1.75 lakhs acres in 1977-78 to 0.66 lakh in 1979-80) and decrease in the availability of aircrafts due to frequent accidents. The reduction in loss in 1980-81 was mainly due to increase in the area of aerial spray of crop from 0.66 lakh acre in 1979-80 to 0.91 lakh acre in 1980-81 and decrease in operational expenditure due to reduction in number of aircrafts. The management, however, attributed the losses due to lower tariff fixed by Government of India for aerial spray as compared to the cost incurred. It has been observed that the cost of spraying per acre increased from Rs. 10.62 in 1977-78 to Rs. 33.52 in 1979-80 whereas the rates of aerial spray fixed per acre were ranging from Rs. 9.00 in 1977-78 to Rs. 11.00 in 1979-80.

29.04. Performance

The Company has so far taken up mainly the following activities:—

- (i) Purchase, and sale of tractors, spare parts, fertilizer, P.O.L., metallic bins, seeds *etc.*;
- (ii) custom hiring services of tractors, combines, bulldozers to farmers and aerial spray of crops;
- (iii) workshop services;
- (iv) manufacture, and sale of agricultural implements and other iron and steel items, N. P. K. granulated fertilizer, pesticides and insecticides *etc.*, foods and fruit products, and cattle and poultry feed; and
- (v) extraction of rice bran oil and sale thereof.

The Company has not undertaken any scheme to promote, assist, finance and develop agricultural, commercial and industrial enterprises such as poultry and dairy.

The turnover of the Company in respect of these activities for the three years up to 1979-80 are given below:—

Particulars	1977-78	1978-79	1979-80
	(Rupees in lakhs)		
Custom hiring and servicing	50.86	55.19	44.29
Sale of tractors	1,26.40	1,65.27	53.17
Sale of fertilizers	2,36.83	4,92.34	3,22.42
Sale of engines, motors, metallic bins, agricultural implements, tyres and tubes, spare parts, <i>etc.</i>	48.01	1,53.48	1,53.61
Sale of ingredients, seeds, delicia and raw materials	23.47	67.79	1,20.16
Total	4,85.57	9,34.07	6,93.65

6·29·05 Custom Services

Farmers Service Centres

There were 15 Farmers Service Centres as on 30th June 1982 which provides custom hiring services of tractors, combines and bulldozers and repairing facilities to farmers. Besides, sales of spare parts, cattle and poultry feed, seeds, fertilizers, *etc.*, are also conducted through the service centres.

(i) The table below indicates the extent of utilisation of tractors, combines and bulldozers as compared to the available capacity for the four years ending 1980-81:—

(a) TRACTORS

Year	Fleet strength	Available hours as per norms	Utilised hours	Percentage of utilisation to total hours available
1977-78	26	26,000	13,332	51·3
1978-79	26	26,000	12,363	47·6
1979-80	26	26,000	14,711	56·6
1980-81	26	26,000	14,071	54·1

The management attributed (April 1982) under-utilisation of tractors to the fact that Byelarus tractors (24 held as on 30th June 1981) with the Corporation were more than 10 years old and had outlived their lives. Further, imported spare parts were not easily available with the result that the tractors remained idle intermittently for want of repairs.

(b) COMBINES

Year	Fleet strength	Acres to be covered as per norms	Acres actually covered	Percentage of coverage
1977-78	14	9,800	8,621	88·0
1978-79	14	9,800	7,964	81·3
1979-80	14	9,800	8,142	83·1
1980-81	14	9,800	6,811	69·5
1981-82	14	9,800	7,556	77·1

The Management attributed under utilisation of combines to

- combines having outlived their lives ;
- prolonged rainy seasons; and
- rates were higher as compared to other agencies.

(c) BULLDOZERS

Year	Fleet strength	Available hours as per norms	Actual hours utilised	Percentage of utilisation
1977-78	16	16,000	17,413	108.8
1978-79	16	16,000	16,025	100.2
1979-80	16	16,000	10,526	65.8
1980-81	16	16,000	10,048	62.8
1981-82	16	16,000	9,517	59.5

The Management stated (January 1983) that low utilisation of bulldozers during 1979-80 onwards was due to lack of demand.

Fleet strength of 16 bulldozers include 3 bulldozers lying unutilised (2 from 1978-79 and 1 from 1980-81) in Gurgaon centre.

(ii) The table below indicates working results of custom hiring services:—

	1977-78	1978-79	1979-80	1980-81
	Profit(+)/ loss(-)	Profit(+)/ loss(-)	Profit(+)/ loss(-)	Profit(+)/ loss(-)
(Provisional)				
(Rupees in lakhs)				
Tractors	(-)0.89	(-)1.04	(-)1.45	(-)3.83
Combines	(+)1.86	(+)2.94	(+)8.14	(+)5.40
Bulldozers	(+)6.14	(+)6.08	(+)3.54	(+)5.26
Total	(+)7.11	(+)7.98	(+)10.23	(+)6.83

The losses on custom hiring of tractors are increasing year after year due to less utilisation of tractors, (due to increase in the number of tractors in the State) heavy repair and old tractors.

(iii) A test check of the records of Hissar and Rohtak centres revealed that against 2 to 4 tractors available at these centres during the years 1978-79 to 1981-82, nine operators were employed in these centres during these years.

This meant an extra expenditure of Rs. 2.64 lakhs during the years 1978-79 to 1981-82 towards retention of surplus staff.

6.29.06. Fertilizers

(i) The details of quantity allocated by Department of Agriculture, Haryana, lifted, vis-a-vis, sold during the period from *Rabi* 1979-80 to *Rabi* 1981-82 in respect of urea fertilizer are given below:—

Year	Opening balance	Allocated	Lifted	Sold	Balance
	(Quantity in tonnes)				
1979-80— <i>Rabi</i>	Nil	12,432	5,070	4,000	1,070
<i>Kharif</i>	1,070	9,650	1,604	1,000	1,674
1980-81— <i>Rabi</i>	1,674	11,280	6,325	4,000	3,999
<i>Kharif</i>	3,999	7,600	4,100	2,525	5,574
1981-82— <i>Rabi</i>	5,574	24,638	6,000	3,356	8,218

In *Rabi* 1981-82, the Company lifted 6,000 tonnes of fertilizers (Urea) in spite of having an unsold stock of 5,574 tonnes as on 30th June 1981. Against this, only 3,356 tonnes could be sold during the season leaving an unsold stock of 8,218 tonnes as on 28th February 1982, blocking Rs. 1.68 lakhs for 5 months upto July 1982 and causing a consequential loss of Rs. 6.72 lakhs on account of interest, storage, etc.

(ii) 3,571 bags (1,785.50 quintals) of Calcium Amonium Nitrate fertilizer (CAN) purchased in February 1980 for Rs. 1.66 lakhs were found sub-standard but were returned to the supplier only in April 1981. While returning, the material was found to be weighing 1,635.55 quintals resulting in a shortage of 149.95 quintals valuing Rs. 0.15 lakh. Neither the fertilizer has been replaced nor the amount refunded by the supplier so far (February 1983). This resulted in blocking of funds (Rs. 1.68 lakhs) for 29 months and consequential loss of interest.

The Company is yet to investigate the reasons for loss in weight.

(iii) 49.846 tonnes fertilizer (CAN) were received back in Shahabad Plant from different Farmer Service Centres in July 1976, October 1976 and November 1976. Out of this, 2.550 tonnes were used departmentally up to May 1982 and a quantity of 47.296 tonnes valuing Rs. 0.44 lakh was lying undisposed in the plant (February 1983). The material has become unfit to be used as fertilizer. There is nothing on record to indicate the action taken to dispose of the material.

(iv) The Government of India made an upward revision on the sale prices of various types of fertilizers with effect from 8th June 1980 and the Company also revised (9th June 1980) the prices accordingly. The Company had also intimated (8th June 1980) the Farmers Service Centres telegraphically to stop the sale till further orders. However, 6 centres in contravention of the Company's instructions sold 4,223 bags of fertilizers of various types at old rates after issue of the instructions resulting in a loss of Rs. 1.18 lakhs.

6.29.07. Seeds

In case of gram seed during 1979-80 and 1981-82 and in the case of wheat in 1981-82, the Company lifted inordinately low quantities as compared to allocated quantities as given below:—

Year	Variety	Quantity allocated	Quantity lifted
			(In quintals)
1979-80	Gram seed	1,750	870.16
1981-82	Gram seed	2,751	1,250.00
1981-82	Wheat	5,720	4,579.60

At the end of crop season of 1980-81, the Company had 1,544.06 quintals of paddy (62.10 quintals) wheat (1,449.60 quintals) and pulses seeds (32.36 quintals), which were sent to seed certification agency for revalidation. Out of these, 537.44 quintals of seeds were not certified by the certification agency as rejections due to loss of germination. Of these, 484.32 quintals of seeds valuing Rs. 1.02 lakhs were auctioned for Rs. 0.73 lakh resulting in a loss of Rs. 0.29 lakh. The balance 53.12 quintals (Value : Rs. 0.16 lakh) were transferred to cattle Feed Plant, Jind for Rs. 0.06 lakh resulting in further loss of Rs. 0.10 lakh.

6.29.08. Sale of tractors

(i) The purchase, vis-a-vis, sale of tractors during the three years ended June 1980 is tabulated below:—

Year	Opening balance	Purchases	Sales	Closing balance
		(Numbers)		
1977-78	20	292	296	16*
1978-79	14*	335	338	11
1979-80	11	122	84	49
1980-81	49	58	97	10

*The difference of 2 tractors in the closing balance of 1977-78 and opening balance of 1978-79 has not been reconciled by the Company (July 1982).

The Company stated (June 1977) that it was sole distributor in the State up to 1975-76 for sale of tractors manufactured by the Hindustan Machine Tools Limited (HMT) and thereafter, private dealers were also appointed as distributors by HMT and thus this explained why the purchases and sales performances decreased during 1979-80.

The management, however, observed (April 1982) that no organised efforts were being made by the units of the Company to promote sale of tractors.

Out of the tractors purchased during 1978-79, 3 tractors (value: Rs. 1.38 lakhs) have been lying with Rohtak, Palwal and Hissar centres. The model of these tractors was reported by the Management in September 1981 to be obsolete, and though the Company had offered discount, none of the tractors could be sold up to November 1982.

(ii) To meet the demand of the farmers for 54 tractors already registered with the Company which was included in the sales target of the ensuing year, a firm order for supply of 100 (Zetor 5711) imported tractors in March/April 1978 was placed on HMT in February 1978. The Company was to get a commission of Rs. 2,000 on the sale of each tractor. However, the HMT agreed to supply only 50 tractors during March/April 1978 provided the Company opened a letter of credit covering the cost thereof (Rs. 30.25 lakhs). The Company, instead of opening letter of credit as demanded, opened a revolving letter of credit of Rs. 5 lakhs valid up to 30th March 1978 (extended up to 30th June 1978). The HMT did not agree to this proposal and insisted (March 1978) on opening a fresh letter of credit covering cost of all the 50 tractors or to make payment through demand draft by 23rd March 1978. HMT also made it clear that in the event of payment not being received, the tractors would be diverted to other agencies.

As the Company failed to comply with the terms and conditions stipulated by HMT, only 8 tractors were supplied for which the revolving letter of credit was opened by the Company and the remaining tractors were diverted to other agencies. 9 more tractors were supplied to parties, already registered with the Company, out of purchase made in September 1978. Failure to open a letter of credit as desired by HMT had, thus, deprived the Company of earning a commission of Rs. 0.66 lakh on 33 tractors.

(iii) The Company had 127 tractors of different makes during 1975-76 for custom hiring work. The functioning of custom hiring activity was reviewed by the management in January 1976 and it was observed that the tractors (except Byelarus tractors) were not giving good results and may be grounded/sold. Out of these, 58 tractors were sold (Rs. 12.66 lakhs) to entrepreneurs, 5 to a State Government undertaking (Rs. 1.48 lakhs) and 17 by public auction (Rs. 1.70 lakhs) during the period April 1976—June 1976.

Quotations were invited four times during the period from May 1976 to April 1980 for disposal of 23 tractors which had been grounded in 1975-76. The following rates were quoted for these tractors by various firms:—

Make	Number of Tractors	Book value in Rs.		
		April 1976	June 1976	April 1980
(In rupees)				
U-500	1	970	No bid	10,000
David Brown	4	34,368	33,000	21,000
U-650	18	31,115	18,000 to 20,000	10,000 (16 tractors) 16,100 (1 tractor) 13,000 (1 tractor)

Sixteen U-650 tractors were sold for Rs. 10,000 each in April 1980 as against the offer of Rs. 18,000 to Rs. 20,000 each tractor received in June 1976 resulting in a loss of Rs. 1.28 lakhs as with the lapse of time, the condition of the tractors deteriorated further. Reasons for which the offers received in June 1976 were not accepted were not on record. The remaining 7 tractors were lying unsold with the Company (December 1982).

6.29.09. Manufacture of Agricultural implements

The workshop in Nilokheri which was attending to assembly of tractors since 1968 was converted to manufacture agricultural implements consequent on the transfer (August 1973) of the work of assembly of tractors to HMT. As on 30th June 1976, capital investment in the workshop was Rs. 7.84 lakhs. No production plan is drawn by the workshop and no production targets are fixed. Production of implements is undertaken on receipt of orders. To meet the requirements, the Company also purchases agricultural implements from outside.

The table below indicates the agricultural implements produced, purchased and sold during the three years up to 1979-80:—

Year	Opening balance	Purchases	Production	Total	Sales	Closing balance
(Rupees in lakhs)						
1977-78	8.65	2.45	6.82	17.92	12.50	8.76
1978-79	8.76	1.90	5.00	15.66	12.38	7.48
1979-80	7.48	..	6.47	13.95	11.77	5.40

6.29.10. Repair Workshops

(i) A test check of 4 centres revealed that the workshop services were running in loss as under:—

Unit	Expenditure including salary and wages			Income			Profit (+)/Loss(—)		
	1978-79	1979-80	1980-81	1978-79	1979-80	1980-81	1978-79	1979-80	1980-81
	(Rupees in lakhs)								
Palwal	0.10	0.20	0.20	..	..	0.02	(—)0.10	(—)0.20	(—)0.18
Gurgaon	0.28	0.28	0.28	0.02	..	0.01	(—)0.26	(—)0.28	(—)0.27
Rohtak	0.26	0.25	0.24	0.01	..	..	(—)0.25	(—)0.25	(—)0.24
Hissar	0.05	0.03	0.04	0.07	0.03	0.01	(+)0.02	..	(—)0.03

The management stated (June 1982) that efforts were being made to bring the workshops on more sound footing. No specific action taken, however, came to notice.

(ii) The State Government decided (June 1974) to transfer to the Company 24 common facility workshops being run by Industries Department, with building and plant and machinery valued Rs. 6.62 lakhs, free of cost, subject to the stipulation that these would remain the property of the State Government and expenditure on the running would be borne by the Company. The staff working in the workshops were to be absorbed by the Company. Accordingly, the Company took over for management 21 workshops (excluding 3 which were leather Tanning units) during the period from July 1976 to November 1976. None of the workshops was put to use after their management was taken over.

The Company incurred an expenditure of Rs. 13.46 lakhs from July 1976 to June 1981 on salary to the staff of common facility workshops.

Since the running of these workshops was not profitable, the Company took up (January 1978) the matter with the Industries Department for taking back these units. No decision has been taken so far (November 1982).

6.29.11. N.P.K. Fertilizer Plant, Shahabad

(a) The Company set up (March 1975) a plant for granulating fertilizers with di-ammonium phosphate, urea, potash, bentonite, etc., with an installed capacity of 50,000 tonnes annually (in three shifts) at a cost of Rs. 35.93 lakhs. The plant was transferred on lease basis valid for 7 years to Haryana State Co-operative Supply and Marketing Federation Limited (HAFED) in January 1977 which had also set up a similar plant with a view to avoid unhealthy competition, but, due to uneconomical proposition, the lease was foreclosed and the plant was taken back by the Company in April 1978. The table

below indicates the installed capacity, vis-a-vis, production for the years 1977-78 to 1981-82:—

Year	Capacity	Production	Sales	Closing balance	Percentage of capacity utilisation
			(In tonnes)		
1977-78 (May to June 1978)	12,500	331	314	73	2.6
1978-79	50,000	7,133	5,078	2,128	14.3
1979-80	50,000	5,798	6,571	1,355	11.6
1980-81	50,000	5,589	6,772	172	11.2
1981-82 (Upto May 1982)	45,000	4,871	4,358	685	10.6

The Company had not fixed any annual targets for production. Capacity utilization of the plant, however, ranged between 2.6 per cent and 14.3 per cent in these years, but labour required for filling, weighing and other operations was engaged on contract basis as required. The plant was to run for 300 days in a year as per project report, but it actually operated for 119 days in 1978-79, 100 days in 1979-80 and 74 days in 1980-81. The under-utilisation was seen to be due to lack of popularity and demand for the product. Efforts made by the Management to popularise the utility of the product and to increase the sales were not on record. It was also seen that the Project was set up without assessing demand from agriculturists and customer preference for the product.

(b) The selling prices of N.P.K. fertilizer vary with the variation in the price of a raw materials such as urea, potash, di-ammonium phosphate, dolomite, etc. Fixed expenses including interest charges and establishment expenses are included in the cost estimates keeping in view the full capacity of the plant for fixation of selling prices.

A comparison in audit, however, revealed that interest charges and establishment expenses as provided in the cost estimates of N.P.K. 12:32:16 fertilizer prepared in July 1981 were much lower, vis-a-vis, actual expenditure as per details given below:—

Item	Amount included in cost estimate	Actual expenditure (Base 1980-81)
	(Rupees per tonne)	
Interest	71.66	213
Establishment expenses	33.40	139

(c) *Storage facility*

(i) Up to 1974-75, the fertilizer plant had two storage godowns, having capacity of 2,000 tonnes each. One godown was added in 1975-76 with a capacity of 1,000 tonnes. The construction of two new godowns having

capacity of 2,000 tonnes each for storing fertilizers was started by the HAFED during the period January 1977 to April 1978 when the plant was with HAFED and completed in December 1978 (cost: Rs. 9.22 lakhs).

The first two godowns attached to the plant started leaking in the very first rainy season (i.e., July 1975). An enquiry conducted by the Executive Engineer revealed that the main causes of leakage of roof were defects in design, getting the work done hurriedly from certain agencies, defective hoisting of trusses, inferior sheeting work and lack of proper supervision. The case was also referred to the Vigilance Department who reported (December 1977) that major cause of leakage was defects in design. No action was taken by the Company on the report.

The godowns were repaired (January 1980) at a cost of Rs. 0.70 lakh but the leakage continued as, according to management, the bitumen had melted out and the repairs done were useless and wasteful.

(ii) The two godowns constructed in December 1978 were proposed (March 1979) to be rented out to Food Corporation of India/Haryana Warehousing Corporation at a rent of Rs. 8,000 per month as the space was surplus because of low production in the plant, but, these were not rented out because the General Manager reported (January 1979) that production of fertilizers was proposed to be increased necessitating full usage of godown space. Production did not, however, increase and therefore, the godowns remained unutilised subsequently. Thus, the Company is suffering a loss of Rs. 0.96 lakh per annum due to non-renting of godowns (Rs. 3.60 lakhs from March 1979 to December 1982). The godowns remained largely unutilised.

(iii) An order for the purchase of a weigh-bridge of 20 tonnes capacity was placed in January 1975 for Shahabad Plant for Rs. 0.95 lakh and it was received in October 1976. The work of construction of foundation for installation of the weigh-bridge was got completed in December 1979 only. After getting the weigh-bridge installed from the supplier, the same was put to use in August 1981 and, up to May 1982, only 54 trucks were weighed. Since the plant mostly receives standard material in bags and sells bagged material, the investment on the weigh-bridge cannot be justified particularly when weigh-bridge facilities are available outside at nominal rates. The plant has spent Rs. 1.15 lakhs on the purchase and installation of the weigh-bridge without assessing properly the need for its installation.

6.29.12. Insecticides and pesticides plant, Shahabad.

(a) The insecticides and pesticides plant set up at Shahabad in 1976-77 at a cost of Rs. 14 lakhs with an installed capacity of 4,000 tonnes of B.H.C. 10% and 50,000 litres of Malathion 50% per annum, commenced production during 1977-78. The Company had not fixed any annual targets for

production. The performance of the plant for the four years ended 1981-82 is tabulated below :—

Year	Installed capacity		Actual production		Percentage of production to installed capacity	
	B.H.C. 10%	Malathion	B.H.C. 10%	Malathion	B.H.C. 10%	Malathion
	Tonnes	Litres	Tonnes	Litres		
1978-79	4,000	50,000	151.550	1,674	3.78	3.34
1979-80	4,000	50,000	366.900	Nil	9.17	Nil
1980-81	4,000	50,000	289.000	4,000	7.2	8.0
1981-82	4,000	50,000	494.000	3,075	12.4	6.7

Capacity utilisation of the plants ranged between 3.8 per cent and 12.4 per cent, and up to 8 per cent respectively in the case of the two plants during the four years up to 1981-82. The under-utilisation of the plant was attributed to lack of demand for the products.

(b) During 1980-81, the Company purchased 331.769 tonnes of soapstone powder (value : Rs. 0.52 lakh) required for the production of BHC 10% at rates ranging between 150 to 185 per tonne, though soapstone which was available at cheaper rates had the same utility. During the same period, soapstone lump was available at the rate of Rs. 55 per tonne (plus sales tax at 4 per cent). The Company incurred an extra expenditure of Rs 0.34 lakh in the purchase of soapstone powder instead of lump. Reasons for purchase of soapstone powder were not on record.

(c) The particulars of production, vis-a-vis, sale of malathion for the four years ended 1981-82 were as follows :—

Year	Opening balance	Production	Consumption for reprocessing	Transfer	Sales	Closing balance
				(In litres)		
1978-79	3,494	1,674	..	113	2	5,053
1979-80	5,053	20	..	9	10	5,054
1980-81	5,054	4,000	3,723	..	..	5,331
1981-82	5,331	3,075	1,359	32	2,524	4,491

As there was no sale during the period 1978-79 to 1980-81, the Company reprocessed considerable quantity of material during 1980-81 but this material also could not be sold. Again during 1981-82, there was reprocessing of old material in addition to fresh production but only a part of the material could be sold. The production/reprocessing without obtaining confirmed order resulted in accumulation of stock valued Rs. 1.18 lakhs as on 30th June 1982.

6.29.13. Food and Fruit processing Plant, Murthal

(i) The plant with the rated capacity to produce 3 lakh bottles of beverages per month (mango, pineapple and orange) on single shift basis set up at a cost of Rs. 56.80 lakhs went into commercial production with effect from May 1975. Against the annual rated capacity of 36 lakh bottles, the actual production was as under :—

Year	Actual Production (in lakhs of bottles)	Percentage of utilisation to rated capacity
1975-76	9.17	26
1976-77	11.70	32
1977-78	22.96	64
1978-79	7.07	20
1979-80	3.84	11
1980-81	3.12	9

The Company had not fixed annual targets of production. It would appear from above that the percentage of utilisation, which rose to 64 in 1977-78 dropped to 9 in 1980-81. The decrease in production may be attributed to lack of demand of product. There was nothing on record to substantiate that the Management had assessed the demand before taking up these projects.

In order to make the plant economically viable, production of canned items such as mango juice, mango pulp, etc., was started (July 1976). The plant was transferred to HSIDC in April 1977 on sale basis as per the decision of the State Government and it was re-transferred to the Company in April 1978 as there was difference of opinion in regard to the terms and conditions of sale. During this period, the plant suffered a loss of Rs. 17.46 lakhs (unaudited figures) which has been treated as loss of the Company.

In the year 1979, a "Masala Plant" was also added to produce various spices for domestic consumption. In this year, further diversification was also done by introducing items such as vegetable in brine, fruit cocktail, *sarson-ka-saag*, etc., to build up export market. No orders were, however, anticipated or booked from foreign buyers before taking up the products. The year-wise

(iii) Mango pulp

(a) The plant purchases mangoes during the season for extraction of mango pulp. The particulars of spoilage and driage of mango were as under :—

Period	Mango purchased	Driage and spoilage	Percentage of spoilage and driage
	(Kilograms in lakhs)		
May 1978 to August 1978	2.33	0.21	9
May 1979 to August 1979	2.79	0.26	9
May 1980 to August 1980	1.33	0.07	5
May 1981 to August 1981	2.92	0.17	6
Total	9.37	0.71	

The value of spoilage/driage during the above period worked out to Rs. 1.42 lakhs. The varying rate of percentage of driage and spoilage may be attributed to unscientific storage conditions.

(b) A test check of accounts in respect of a few batches of mango pulp extracted revealed as under :—

	June 1980 to July 1980 (Totapuri)	May 1981 to June 1981 (Totapuri)	August 1981 to September 1981 (Hassina)	August 1981 to September 1981 (Neelam)
	(In Kilograms)			
Mango issued to production after driage and spoilage	54,100	89,997	1,58,873	18,814
Pulp extracted	26,063	40,441	90,879	6,606
	(Per cent)			
Percentage of pulp extracted	48	45	57	35

The recovery of mango pulp was to be maintained at 50 per cent according to the management but in respect of *Totapuri* it was not more than 48 per cent. In a batch crushed during May and June 1981 the management prescribed that recovery should be 48 per cent of the mangoes received, i.e., gross receipt without spoilage and driage. The management worked out the short recovery of pulp in May and June 1981 to the extent of 7,682.10 kilograms valuing Rs. 0.32 lakh. The Chairman in the meeting held in December 1981 ordered to recover the amount from General Manager; action regarding recovery is awaited (July 1982).

The percentage recovery of pulp in *Hassina* mangoes (Rs. 2,000—2,300 per tonne) was highest and it was very low in *Neelam* (Rs 2,400 per tonne)

mangoes. The management is yet to analyse the possibilities of purchasing mangoes having good pulp contents as it would reduce cost price of the product.

(iv) Costing system.

The Murthal Plant is producing about 26 items of food and fruit products. The cost estimates prepared by the plant were approved by the management for the first time in April 1982. The estimated rates were worked out taking into consideration the full capacity of plant. The selling rates were fixed by taking into consideration the prevailing rates of similar items of other concerns. The material was being sold either at very marginal profit or at par or at loss. A few instances are given below :—

Particulars	Estimated	Selling
	cost price	price
	(in rupees)	
(1) Pine apple juice (850 gms)	8.72	6.00
(2) Lemon squash (680 ml)	9.50	8.00
(3) Tomato Juice (850 gms)	5.87	5.50
(4) Mango Jam (500 gms)	7.86	7.60
(5) Pine apple jam (500 gms)	7.85	7.60
(6) Tomato ketchup (450 gms)	4.49	4.25
(7) Mixed fruit Jam (500 gms)	7.53	7.60
(8) Tomato ketchup (750 gms)	7.97	8.00

Though the actual production of the unit was below its capacity, the management had neither worked out cost price based on actual expenditure nor analysed reasons of higher cost of production.

(v) Sales policy

(a) The Company has appointed dealers for sale of beverages at various places and has obtained Rs. 10,000 as security from each. The goods are supplied on credit/cash basis. Credits were extended without limiting the outstanding dues at any time to the extent of security obtained. In some cases, the agreements entered into with the dealers were not revalidated but the supplies were continued. However, legal action was under process (January 1983) against 9 dealers from whom Rs. 2.43 lakhs were recoverable.

(b) In a departmental meeting held on 1st March 1982, it was reported that 7 lakh bottles including crates valuing Rs. 8 lakhs were lying with the dealers without possibility of recovery. The management decided (March 1982)

to bring this matter to the notice of Board for write off. No action in this matter has been taken so far (November 1982).

(vi) Export

As there was no good response to the products of the plant in the country, and to increase the turnover, the Company started (January 1977) exporting the products (foods and fruit products) to foreign market directly as well as through State Trading Corporation of India. The export of various products to different countries from 1978-79 to 1980-81 was Rs. 30.14 lakhs.

The following points were noticed :—

(a) Export of pineapple products

The Company obtained through a private firm an export order for 100 tonnes each of canned pineapple jam and canned pineapple slices to be completed by November 1981 ; 10 per cent penalty was leviable on value of non-executed order. The firm was to supply cans and a letter of credit was to be opened after the payment for cans was made by the Company. The firm supplied 2.40 lakh cans (value: Rs. 3.84 lakhs) in September 1981 but no payment was made by the Company due to paucity of funds with the plant. In the absence of payment, the letter of credit was not opened by the firm.

The Company despatched (May 1982) 111 tonnes of products valuing Rs. 11.22 lakhs for shipment though the firm did not open any letter of credit. It had also become liable to a penalty of Rs. 0.65 lakh as the Board decided not to manufacture these products further as it became uneconomical due to rise in the price of fruit, etc. The Company received the amount from the firm after adjusting Rs. 0.65 lakh on account of penalty for non-execution of balance order.

(b) Returned/rejected consignments

(i) In December 1979, the Company received an order through a firm of Bombay for supply of canned vegetables valued Rs. 3.53 lakhs to a buyer of U.K. and a letter of credit was opened by the foreign buyer in favour of the Bombay firm. The consignment was to be despatched by 28th February which was extended up to 15th May 1980.

Against the above order, the Company exported 1.745 cartons of *sarson-ka-saag* valuing Rs. 1.93 lakhs by the end of the extended period of letter of credit (15th May 1980). After the expiry of the letter of credit, the Company despatched (1st June 1980) to the Bombay agent the second consignment of 250 cartons (12,000 cans) valuing Rs. 0.37 lakh on collection basis. The cartons remained lying with the forwarding agent at Bombay and 11,820 cans (out of 12,000 cans) were received back at Murthal plant in February 1981. The Company incurred freight of Rs. 3,263.

Out of 11,820 cans received back, 368 cans were used as samples ; balance quantity of canned vegetables became unfit for human consumption. The case for write off and destruction of the balance cans was referred by the plant to head office in March 1982 and was awaiting approval (February 1983). Thus, the Company was put to an avoidable loss of Rs. 0.40 lakh.

(ii) The Company despatched 619 cartons of fruit cocktail and 790 cartons of mango to Bombay for shipment in December 1979 and February 1980 respectively, after expiry of the validity periods of letter of credits opened by the foreign buyer. The buyer did not extend their validity periods and the materials were brought back (July 1980) to Murthal plant resulting in an avoidable loss of transportation charges amounting to Rs. 0.19 lakh.

(iii) A firm of Bombay placed an order (December 1979) for supply of 400 cartons (48×450 gms) of *sarson-ka-saag* for export to Canada at the rate of Rs. 140 per carton. Instead of opening letter of credit, the firm agreed to remit 10 per cent payment in advance and 90 per cent after shipment against shipping documents.

The first consignment of 200 cartons was shipped in March 1980 and the payment was duly received. The firm remitted 10 per cent advance (Rs. 2,600) in May 1980 and asked for urgent despatch of second consignment of 200 cartons. The material was despatched to Bombay in June 1980, but the balance payment (Rs. 0.23 lakh) was not received. The firm disputed (March 1981) that material was not of good quality as stipulated in the Food and Drugs Act of Canada though its inspection was done by the department of Food, Government of India and it was approved for export. The firm lodged (March 1981) a claim with the Company for Rs. 0.93 lakh being the cost of material and shipping charges paid on both the consignments including interest. The Management had not taken any action so far (December 1982) to realise the amount due.

(vi) Packing material

The food and fruit products manufactured are packed in bottles and cans and then these are packed in crates/cartons.

(a) Cans

Production of canned juices/foods by the plant was started in July 1976. For this purpose, cans of 170, 450 and 850 gms. are used. As per the norms laid down by the plant, the maximum breakage/wastage is 1 per cent. The actual wastage during the years 1978-79 to 1980-81 ranged between 4.3 per cent to 13.2 per cent resulting in excess consumption of cans valuing Rs. 1.07 lakhs.

The management is yet to investigate the reasons for excess consumption of cans.

(b) *Empty bottles*

Mango pulp extracted is stored in the jericans and bottles. The table below indicates the bottles used and broken during the three years up to 1980-81 :—

Year	Bottles used	Breakage of bottles	Percentage of breakage to bottles used
1978-79	98,471	36,466	37
1979-80	63,085	23,500	37
1980-81	34,481	14,004	41

No norms have been laid down by the management for breakage of bottles. It will be observed from above that the percentage of breakage of bottles is very high. The management is yet to investigate the reasons for higher breakages.

(c) *Beverages bottles*

The Company had not fixed any targets^e for production of beverages. During 1979-80 and 1980-81, the Company^y purchased 0.67 lakh bottles (valued at Rs. 0.67 lakh) even though there was a stock of 9.91 lakh bottles in June 1979 and the production of beverage was 3.84 lakh^{bottles} in 1979-80 and 3.12 lakh^{bottles} in 1980-81. No norms for breakage of bottles with reference to production were fixed by the management but the Deputy General Manager of the Plant decided (January 1981) that the breakages should not exceed 3 per cent.

It has, however, been observed that out of 14.58 lakh of bottles purchased up to June 1981, 4.82 lakh bottles (value : Rs. 4.82 lakhs) were broken against the production of 57.99 lakh bottles^{of beverages} during the period 1974-75 to June 1981 resulting in excess breakage of 3.08 bottles valuing Rs. 3.08 lakhs (computed at the rate of 3 per cent fixed in January 1981) which has not been investigated.

(viii) **Reprocessing/spoilage of finished Products**

The material lying unsold for considerable period is reprocessed in order to avoid total loss of material.

During 1978-79 to 1981-82 (up to April 1982) 24,620 cans of beverages were reprocessed resulting in loss of Rs. 0.57 lakh on account of packing material, processing charges and product loss.

From July 1981 to September 1981, tomato ketchup was reprocessed into 350 gms. bottles^b resulting in loss of material and reprocessing charges to the extent of Rs. 0.17 lakh.

The General Manager, Murthal Plant submitted (March 1982) a list of finished goods valuing Rs. 1.74 lakhs produced during 1976-77 to 1978-79 which were either puffed due to long storage or not sold for want of demand. Items valued Rs. 0.81 lakh were destroyed during October to December 1981. The material valued Rs. 0.93 lakh was still lying with plant (July 1982).

(ix) Masala Plant

(a) Machines costing Rs. 0.48 lakh were purchased during September 1976 to 1978 for production of ready-to-use spices of different varieties and the plant went into regular production in September 1979. The plant was operated for 47 days in 1979-80 and 118 days in 1980-81. The unit has a capacity to grind 1.25 lakh kgs. of spices in a year (250 working days) on single shift basis. Against this, production was negligible as detailed below :—

Year	Capacity	Inputs of spices	Spices produced	Percentage of spices produced to capacity	Wastage and process loss	
					Quantity	Percentage
(in kilogrammes)						
1979-80 (September 1979 to June 1980)	1,00,000	2,024	1,840	2	184	10
1980-81	1,25,000	9,443	8,731	7	712	8
1981-82	1,25,000	6,189	5,724	5	465	8

The management has not fixed any norm for wastage and process loss. The management has not taken effective steps to popularise the product and increase its production and sales.

(b) Red chillies cartons

The Company purchased (May 1977) 2.11 lakh cartons of 100 gms. valued Rs. 0.28 lakh for packing red chillies. Up to May 1982, only 1,730 cartons were consumed, leaving a balance of 2.09 lakh. The paper cartons are bound to become unserviceable due to passage of time.

6.29.14. Transfer and Retransfer of Plants.

The State Government, in consultation with the Company decided in November 1976 to transfer the Cattle Feed Plant, Jind (book value: Rs. 34.87 lakhs) and N.P.K. Fertilizer Plant, Shahabad (book value: Rs. 35.93 lakhs) to HAFED which had also set up similar plants at Rohtak (Cattle Feed Plant) and Taraori (NPK fertilizer plant and insecticides and pesticides plant) with effect from January 1977 on lease with a view to avoid unhealthy competition. The annual lease money including interest was fixed at Rs. 7.50 lakhs on *ad hoc* basis. The lease money was revised in August 1977 to Rs. 11.00 lakhs per annum including interest which was also on *ad hoc* basis. The plants were retransferred to the Company in April 1978. HAFED paid lease money and interest of

Rs. 9.38 lakhs at the rate of Rs. 7.5 lakhs for 15 months. The Company lodged a claim (April 1979) for the balance amount of Rs 4.37 lakhs which has not been settled so far (December 1982). If depreciation and interest on investment (at 16 per cent per annum according to the Company) were taken into account, the lease money would work out to Rs 21.41 lakhs as against the *ad hoc* amount of Rs. 11.00 lakhs fixed in August 1977.

6.29.15. Solvent extraction plant, Kaithal

(i) The Company took up the setting up of a solvent extraction plant at Kaithal in 1975 and the plant was commissioned in May 1979 (against the target date of 15th October 1976) at a cost of Rs. 58 lakhs. It was under trial operation up to 30th June 1980. The projected capacity of the plant on three shift basis was 6,000 tonnes per annum for processing of rice bran. The Company had not fixed any annual targets for production.

The table below indicates the installed capacity to process rice bran, rice bran actually processed, actual production of rice bran oil and deoiled rice bran and sales thereof during the three years ending 1981-82 :—

Year	Installed capacity	Rice bran processed	Percentage of rice bran processed to installed capacity	Rice bran oil and deoiled rice bran available for sale	Sales
					(in tonnes)
1979-80	6,000	1,999*	33.32	1,979	2,071
1980-81	6,000	3,328	55.47	3,455	3,248
1981-82	6,000	3,442	57.37	3,573	3,293

The production losses (provisional) and total losses for the three years up to 1981-82 are given below :—

Year	Total expenditure	Total revenue realised	Total loss	Under recovery of	
				Variable overheads	Fixed overheads
(Rupees in lakhs)					
1979-80	44.72	25.57	**	..	..
1980-81 (provisional)	56.56	34.86	21.79	5.99	15.80
1981-82 (provisional)	62.49	44.92	17.57	1.66	15.91

The reasons for not achieving the installed capacity as projected and for the heavy losses were attributed by the management (March/November 1982) to :—

*During trial operation period.

**The net expenditure of Rs. 19.15 lakhs incurred during the year was treated as pre-operational expense.

- (a) Non-maintenance of vacuum continuously due to under utilisation of plant capacity ;
- (b) shortage of raw material for want of funds ; and
- (c) short supply of power.

(ii) *Purchase of rice bran*

The plant placed two orders for purchase of 2,000 quintals of rice bran (*Sella* variety) and 600 quintals of rice bran (raw) on 15th February 1980 on a firm of Kaithal. Against this, 1,000 quintals rice bran (*sella* : 500 quintals; raw : 500 quintals) valuing Rs. 1.15 lakhs were received.

The material supplied by the firm was not according to approved sample as per the test reports of the chemist of the plant. The oil contents in the rice bran (raw) ranged between 7.36 per cent to 9.06 per cent and in rice bran (*sella*) between 8.36 per cent to 10.55 per cent as against 13.08 per cent for raw and 16.96 per cent for *sella* respectively as per the samples approved by the purchase committee. The sub-standard material was accepted without any proportionate reduction in the price. This resulted in extra payment of Rs. 0.48 lakh.

The reasons for accepting the sub-standard material were not on record.

(iii) *Consumption of hexane*

As per cost estimates, 15 litres of hexane are required to process one tonne of rice bran. However, the actual consumption of hexane during 1980-81 and 1981-82 (up to June 1982) was in excess by 50,435 litres over the norm fixed (value : Rs. 2.39 lakhs).

The management has not analysed the reasons for excess consumption of hexane .

(iv) *Shortage of hexane*

A test check of the stock register for the year 1979-80 revealed that there was a shortage of 13,043 litres of hexane valuing Rs. 41,215. The stock register showed a book balance of 23,080 litres of hexane on 1st May 1980 whereas actual balance in the plant was 8,537 in mother tanks and 1500 litres in circulation.

Further, a quantity of 4,094 litres of hexane was short accounted for in the stock register during 1979-80 to 1981-82.

These shortages have neither been investigated nor written off in the accounts.

(v) *Unauthorised rebate to a party*

The Company allows credit up to 30 days on the sale of rice bran oil. The Company sold 9.320 tonnes of rice bran oil valuing Rs. 54,522 to a firm of Nuh

in January 1982. The party pledged (January 1982) a demand draft for Rs. 81,324.15 as security with the Company. Later on, the party tried to obtain the draft back without payment and a complaint against the party was lodged (February 1982) by the Company with the Police. However, the case was settled (March 1982) by allowing an unauthorised rebate of Rs. 13,239.74 to the party on account of moisture contents being more than 2 per cent. It may be mentioned that the plant authorities allowed this rebate without checking the moisture contents.

(vi) *Cake breaking machine*

The Company was using ejector for creating vacuum in the system. The project authorities suggested replacement of the system by vacuum pump called 'Rotovac System' which would save 40 per cent furnace oil. It was proposed that the 'Cake-breaker machine' (value : Rs. 0.45 lakh) fitted in the plant which was lying idle (since inception) and for which there were no chances of use, should be exchanged with the Rotovac System with marginal adjustment of prices in cash. The new machine (value : Rs. 0.47 lakh) received in December 1980 was commissioned in January 1981. However, the 'cake-breaker machine' was not returned to the supplier and was still lying idle resulting in the blocking up of funds (Rs. 0.45 lakh) besides, loss of interest thereon.

6.29.16. Cattle feed Plant, Jind

(i) The plant set up at a cost of Rs. 45.35 lakhs went into commercial production in July 1974 with an installed capacity of 36,000 tonnes per annum on three shifts basis. The company had not fixed any annual targets for production. The actual production for the years 1978-79 to 1981-82 against the installed capacity is given below :—

Year	Installed capacity	Production	Percentage of production to installed capacity
	(In tonnes)		
1978-79	36,000	4,830	13.42
1979-80	36,000	6,572	18.26
1980-81	36,000	8,459	23.50
1981-82	36,000	7,353	20.42

Reasons for under-utilisation of capacity have not been investigated by the management so far (February 1983).

(ii) The products manufactured are sold on cash basis to private parties and also on credit to Government Departments but, with a view to boost up

sales, credit was also allowed to the private parties with effect from 1st September 1975. The credit sale to private parties continued up to the end of 1976 and a sum of Rs. 0.64 lakh was still outstanding (July 1982) on this account.

(iii) Physical verification of stock conducted in June 1981 revealed shortages valued Rs. 0.59 lakhs. The shortages are yet to be investigated by the Management (February 1983).

6.29.17. Projects pending execution

(a) *Guar Gum Plant and Straw/Mill Board Plant*

The Company decided (September 1975) to set up *Guar Gum Plant* at Bhiwani and *Straw/Mill Board Plant* at Pehowa. Two project reports were got prepared by the consultant of Jaipur at a cost of Rs. 10,000 but due to change in the management and subsequent action taken by the Chairman-cum-Managing Director in 1976-77, the Company could not take up these projects. Again, a sum of Rs. 10,000 was spent (September 1981) for getting revised project reports prepared by a firm of Chandigarh. The Board of Directors constituted (December 1981) a Committee of three members to study the viability of the projects. The Committee was still to submit its report to the Board (February 1983).

(b) *Battery Plant, Panipat*

The project report prepared (September 1974) by a consultant of Jaipur at a cost of Rs. 10,000 for the setting up of a battery plant at Panipat involving a capital cost of Rs. 2.14 lakhs was approved by the Board in September 1974 for implementation. Production of batteries was done at small scale from 1973-74 to 1976-77 (451 batteries were manufactured) and the batteries were consumed in the centres of the Company. The Company has not so far (December 1982) taken action to set up the plant for want of funds.

(c) An expenditure of Rs. 0.44 lakh was incurred during 1974-75 towards solvent extraction plant project (Rs. 27,500) and cement project (Rs. 16,202). None of the projects had been executed so far (November 1982).

6.29.18. Agro-Aviation Wing

(i) The scheme of aerial spray of crops was introduced in Haryana in 1966, and till 1975, it was got done by Government from private operators. The work done by them was not found satisfactory and the work was entrusted (May 1975) to the Company. To start with, 5 Basant agricultural aircrafts costing Rs. 6.50 lakhs each were purchased in May 1975. The aerial spray of crops is done at the instance of the Agriculture Department. The first deployment was done in July 1975. Four out of five aircrafts crashed, one in August 1976, another in March 1980 and the third and the fourth in August 1981.

The amounts reimbursed (Rs. 11.70 lakhs) by the insurance company towards the first and second aircrafts were not utilised for purchasing new aircrafts with the result that the working capacity of aerial spray had been affected adversely. The yearly targets of spraying having thus been gradually declining year after year (150 thousand acres in 1977-78 to 40 thousand acres in 1981-82) resulted in non-achievement of the purpose of the Project.

As on 30th June 1981, an amount of Rs. 0.71 lakh was outstanding towards charges of aerial spray from the concerned departments including Rs. 0.38 lakh due from Agriculture Department for overspraying done. The matter is stated to be under correspondence.

(ii) The aviation wing is incurring heavy losses since its inception as given below :—

Year	Number of aircrafts	Expenditure	Income	Loss
			(Rupees in lakhs)	
1975-76	5	14.18	3.23	10.95
1976-77	5	20.20	18.19	2.01
1977-78	4	18.59	15.60	2.99
1978-79	4	22.55	17.73	4.81
1979-80	4	22.13	11.70	10.43
1980-81	3	17.20	15.70	1.50

The management attributed the loss mainly to the fact that the charges fixed by the Government of India for aerial spray of crops were much less as compared to the cost incurred by the Company.

The following points were noticed :—

- (a) The fuel consumption on ground runs of the aircrafts excluding fuel consumption of ferry and other flights during July 1980 to April 1981 was to the extent of 10 per cent as against a maximum of 10 per cent for all non-revenue flights including ferry and test flights.
- (b) A consignment of 3,000 litres of aviation fuel (value : 0.21 lakh) was received from the Indian Oil Corporation on 26th September 1980. In the stock register this consignment was shown as transferred to the Aviation clubs of Karnal and Hissar on the same date, whereas in fact, no fuel was transferred. A complaint was lodged against the store keeper with the Police in November 1981. Further developments are awaited.

(iii) The table below indicates the value of opening balance, purchases, consumption and closing balance of spare parts of aircrafts during the three years ended 1979-80 :—

Year	Number of aircrafts held (year-end position)	Opening balance	Purchases	Consumption	Closing balance
(Rupees in lakhs)					
1977-78	4	3.80	2.67	1.99	4.48
1978-79	4	4.48	6.38	3.81	7.05
1979-80	4	7.05	8.01	3.87	11.39
1980-81	3	11.39	0.49	0.89	10.99

It would appear that huge purchases were made though the consumption was far less resulting in blocking of the Company's funds.

For the operation of the aircrafts, the Company had 3 Pilots, 3 Agro-Aviation Engineers and 29 other staff in 1976-77. In spite of the crash of the aircrafts from time to time, the position of the crew and engineers remained the same, while other staff was reduced from 29 to 16 in June 1982. The total expenditure on staff during 1980-81 and 1981-82 was Rs. 2.76 lakhs and Rs. 3.91 lakhs respectively.

6.29.19. Agro-Training Centre

(i) An Agriculture training centre was established (January 1973) at Nilokheri for imparting training to un-employed engineers, technical personnel and diploma holders for setting up Agro-service centres. As per Government of India's instructions (December 1971) the Company was to undertake a programme of imparting training to selected entrepreneurs for three to four months. The cost of training was to be met by Government of India. During January 1973 to March 1980, 219 entrepreneurs were imparted training (no entrepreneur was imparted training after March 1980). Against the expenditure of Rs. 6.27 lakhs, the Government of India reimbursed Rs. 3.57 lakhs. The balance of Rs. 2.70 lakhs was yet to be reimbursed (November 1982). The scheme was transferred to State Government in 1979-80 but the training centre was not thereupon, closed. The Company incurred Rs. 0.90 lakh during 1980-81 and 1981-82 on staff salaries and incidentals though no entrepreneur was imparted any training during this period. The expenditure of Rs. 0.90 lakh was yet (December 1982) to be recovered from the State Government.

(ii) As per instructions (December 1971) of Government of India the entrepreneurs getting training must set up an agro-service centre. In case an entrepreneur does not do so, the cost of training was recoverable from him. A test check of records revealed that out of 237 entrepreneurs who were imparted training up to March 1980, only 128 entrepreneurs had established the centres. Cost of training amounting to Rs. 1.63 lakh (Rs. 1,500 per head) was, thus, recoverable from the remaining 109 entrepreneurs who had not established the centres. The Management was yet (December 1982) to recover the amount.

(iii) As per clause 4.3 of the scheme formulated by the Government of India for the establishment of agro-service centres, every entrepreneur who registers himself with the company for obtaining advance from financial institutions at subsidised rates was required to pay Rs. 100 as registration fee; 128 entrepreneurs, after training, opened agro-service centres but the registration fee had not been recovered from any of them so far (December 1982).

(iv) During 1975-76, the Company sold 58 old tractors to 40 entrepreneurs on hire-purchase basis at the book value of Rs. 12.66 lakhs. As per agreement executed with the entrepreneurs, the first instalment of Rs. 3.60 lakhs was to be paid by them in October 1976 and the balance in six half-yearly instalments, along with interest thereon. An amount of Rs. 2.04 lakhs has been recovered from the entrepreneurs so far (March 1982) leaving a balance of Rs. 14.78 lakhs (including interest up to March 1982).

6.29.20. Sundry Debtors

(a) The position of sundry debtors of the Company for the three years up to 1979-80 is tabulated below :—

Year	Sales including hiring	Sundry debtors	Percentage of sundry debtors to sales
	(Rupees in lakhs)		
1977-78	4,85.57	55.30	11.4
1978-79	9,34.07	66.12	7.0
1979-80	6,93.64	83.61	12.0

The company has not laid down any policy for credit sales.

(b) A test check of the records of some of farmer service centres revealed that though the centres are not allowed to make credit sales/hiring on credit,

yet, the same is being effected. The debts outstanding recovery at the end of the years from 1978-79 to 1980-81 were as given below :—

Unit	Debtors		
	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
Palwal	2.85	3.65	5.87
Gurgaon	5.02	7.96	7.99
Rohtak	3.63	4.15	Not available

It may be seen from the above that the debtors are increasing year after year. Reasons for giving credit facility by the units and non-realisation of amounts are yet to be investigated by the Company. The entire amount is doubtful of recovery as these are small amounts due from various private parties (about 12,000 parties) outstanding for many years, most of them from 1969-70 onwards. No age-wise details are available.

6.29.21. Inventory Control

(i) The table below shows the comparative position of inventory vis-a-vis, sales of the company at the close of each of the three years up to 1979-80:—

Description	1977-78	1978-79	1979-80
	(Rupees in lakhs)		
(a) Raw material and stores	55.57	1,05.85	1,08.33
(b) Work in progress	2.57	7.63	1.45
(c) Finished goods	1,18.83	1,20.72	1,29.01
(d) Goods in transit	1.68	19.42	0.71
Total	1,78.65	2,53.62	2,39.50
Sales	4,34.71	8,78.78	6,49.36

The stock in trade represented 4.9 months' sales in 1977-78, 3.5 months' sales in 1978-79 and 4.4 months' sales in 1979-80.

(ii) The stock position of spare parts, vis-a-vis, sales thereof for the three years ending June 1980 is given below :—

Year	Closing balance	Sales of spare parts
1977-78	36.83	11.99
1978-79	31.10	7.50
1979-80	29.84	5.23

The stock of spare parts represented 37 months' sales in 1977-78, 49 months' sales in 1978-79 and 68 months' sales in 1979-80.

The above spare parts included spare parts valued Rs. 16 lakhs (approximately) lying in various centres imported during the period from 1971 to 1974. The management observed (April 1982) that most of the parts are dead and in spite of offering discount, the demand was very poor. This had resulted in blockade of Company's funds to the tune of Rs. 16 lakhs and consequent loss of interest.

(iii) *Shortages.*

The following cases of shortages were noticed :—

Serial number	Name of Centre	Period	Particulars of item	Value	Remarks
				(Rupees in lakhs)	
1	Farmer Service Centre, Gurgaon	1979-80	Poultry feed	0.06	The case was under investigation (December 1982).
2	Farmer Service Centre, Gurgaon	1977-78 to 1980-81	P.O.L.	0.58	Out of these shortages, a case of shortage valued Rs. 0.30 lakh was under investigation (December 1982).
3	Farmer Service Centre, Palwal	..	Shortage of material	0.24	(i) One official from whom sum of Rs. 0.05 lakh on account of shortage is recoverable was no longer in service since 1977-78. (ii) Shortage of Rs. 12,303 against a salesman appointed on daily wages under investigation by the Police (December 1982)
4	Farmer Service Centre, Hissar	1976-77	Shortages of credit sales	0.47	The amount on account of shortages/under-sale are outstanding against 8 salesmen since 1976-77.

6·29·22. Accounts Manual

The Company is having multifarious activities and a number of units/plants, the accounts of which are being maintained by the respective units and consolidated at headquarters. However, no accounting manual has been prepared so far, though the Company is functioning from March 1967.

6·29·23. Other points of interest

(i) *Outstanding recovery against ex-chairman*

Terms and conditions for the use of vehicles and payment of travelling allowance to the Chairman of State Public Sector Undertakings were prescribed by the State Government from time to time. An amount of Rs. 0.33 lakh is outstanding against a Chairman (November 1978 to July 1979) for use of vehicles and travelling allowance paid beyond prescribed limits. The Company demanded (August 1982) payment from the incumbent, but settlement was still awaited (December 1982).

Similarly, an amount of Rs. 0.66 lakh was recoverable from another Chairman (September 1979 to February 1982) on account of use of vehicle and travelling allowance paid beyond prescribed limits. The Company stated (June 1982) that the matter was under correspondence with the State Government.

(ii) *Execution of work without work order*

In July 1976, the Company undertook the job of supply and erection of angular trusses for Municipal Committee, Karnal without settling any terms and conditions and the work was completed in October 1976. The bill for Rs. 0.91 lakh towards the construction and erection charges was sent in December 1976. The amount in question had not been recovered from the Municipal Committee (July 1982). There is nothing on record to indicate that any formal agreement/work order was placed on the company.

(iii) *possible misappropriation of cash*

A purchase committee visited Delhi in February 1978 and made certain purchases of spare parts from various sources including NAFED. As per records of the Company, spare parts valued Rs. 10,289.60 were purchased from NAFED on cash basis while the NAFED adjusted it as credit sales in their books. The case was under investigation (November 1982).

(iv) As per accounts of Cattle Feed Plant, Jind, there was a balance of Rs. 47,510.97 in the saving bank account with State Bank of Patiala, Chandigarh as on 31st December 1980 whereas, as per the pass book of the Bank, the balance was Rs. 17,510.97 which along with interest was merged in Head Office accounts in January 1981. The difference of Rs. 30,000 was yet to be reconciled (June 1982).

(v) *Non-utilisation/disposal of tractor*

One Polish make tractor (Ursus 385) was purchased (May 1976) by the Company from "Asia 1972" exhibition for Rs. 1.25 lakhs for its own use. In June 1976, it was decided to sell the tractor as it was no more required by the Company. It has not been disposed of so far (July 1982); tender bids received thrice were for Rs. 50,000 (July 1976), Rs. 1,00,000 (February 1978) and Rs. 1,00,000 (April 1980) but were found to be too low.

Besides blockade of funds, the tractor is deteriorating in condition with the efflux of time.

6.29.24. Summing up

The Haryana Agro-Industries Corporation Limited was established in March 1967 for promoting agro-industrial development in the State. Its main objects were to promote agro-industries such as poultry, dairy, land development, etc., and manufacture agricultural implements, and sell products of these industries, to organise repair workshops, to promote agricultural/commercial or industrial enterprises and to carry on agency business. The Company had up to 30th June 1981, set up 15 farmers service centres (which provided custom hiring services of mechanical equipment and supplied agricultural inputs to farmers) and several plants to manufacture fertilizers, pesticides and insecticides, processed food and fruit, cattle feed, to extract rice bran oil; besides, the Company had also set up Agro-training centres to impart training in setting up service centres, Agro-engineering workshop for manufacture of agricultural implements. It had also undertaken the work of aerial spray of crops.

The Company had not undertaken to promote, assist, finance and develop agricultural, commercial and industrial enterprises such as poultry and dairy. In the execution of the various plants, the following important points were worth recapitulation:—

- (1) Against the paid-up capital of Rs. 209.66 lakhs as on 30th June 1980, the accumulated losses were to the extent of Rs. 63.74 lakhs which worked out to 31 per cent of the paid-up capital. Agro-Aviation Wing, Food and Fruit Processing Plant at Murthal and Agro-Training Centre were running in losses continuously during the years 1977-78 to 1980-81.
- (2) The utilization of tractors hired during the four years up to 1980-81 was very low and ranged between 48 to 57 per cent of available norms. The losses on custom hiring of tractors increased from Rs. 0.89 lakh in 1977-78 to Rs. 3.83 lakhs in 1980-81.
- (3) There was significant drop in sales of tractors during 1979-80 compared to those in two earlier years due to cessation of sole distributorship for sale of tractors of HMT make.

- (4) Despite lifting of lesser quantity than allocated during 1979-80 to 1980-81, the Company could not sell fertilizers resulting in blocking^{up} of its stock valued Rs. 1,68 lakhs at the end of Rabi 1981-82^{JA} causing consequential burden of interest.
- (5) 21 common facility workshops taken over from the Industries Department, were running in losses. There was a recurring expenditure of Rs. 3 lakhs per annum on the salaries and wages of staff for these workshops.
- (6) The Company had no system of fixing targets of production for different plants to be achieved during each year.
- (7) The capacity utilisation of NPK Granulated Fertilizers Plant (set up at a cost of Rs. 35.93 lakhs in March 1975) ranged from 10 to 14 *per cent* during 1978-79 to 1981-82. Two godowns constructed in December 1978 (cost Rs. 9.22 lakhs) for storing fertilizers were neither fully utilised for lack of production nor rented out to Food Corporation of India which entailed loss of rent of Rs. 0.96 lakh per annum during the period from March 1979 to December 1982. They remained largely unutilised.
- (8) The capacity utilisation of ~~Insecticides~~/~~Pesticides~~ Plant set up at a cost of Rs. 14 lakhs ranged between 3 and 12 *per cent* during 1978-79 to 1981-82.
- (9) Breakage of empty bottles valuing Rs. 3.08 lakhs was in excess of the norms envisaged.
- (10) The capacity utilisation of food and ^{fruit} processing plant, Murthal (set up at a cost of Rs. 56.80 lakhs in 1974-75) ranged between 64 (1977-78) and 9 *per cent* (1980-81) during the period of six years up to 1980-81. The plant was operated by H.S.I.D.C. during the period April 1977 to April 1978 during which period the loss incurred amounted to Rs. 17.46 lakhs.
- (11) Some plants were transferred to HAFED in January 1977 on lease and retransferred in April 1978. An amount of Rs. 4.37 lakhs as lease money was still due to be received.
- (12) Percentage of production to installed capacity of Solvent Extraction plant set up at a cost of Rs. 58 lakhs in October 1976, ranged between 33 and 57 *per cent* during 1979-80 to 1981-82. The ~~plant~~ production losses and total losses in the plant during these three years amounted to Rs. 9.89 lakhs and Rs. 58.51 lakhs respectively. Hexane during 1980-81 and 1981-82 valuing

Rs. 2.39 lakhs was excess consumed.

- (13) Production to installed capacity of cattle feed plant set up at a cost of Rs. 45.35 lakhs in July 1974 ranged from 13.42 per cent to 23.50 per cent during the years 1978-79 to 1981-82.
- (14) Sundry debtors at the end of June 1980 amounted to Rs. 83.61 lakhs. Farmers Service Centres had extended credits to farmers without authority and the debts were increasing from year to year.

6.30. Haryana State Small Industries and Export Corporation Limited

6.30.01. Introduction

The Haryana State Small Industries and Export Corporation Limited was incorporated on 19th July 1967. The main objects of the Company are to

- establish, maintain or otherwise assist and protect the interest of small and medium scale industries in the State; establish industrial estates and emporia within the State, carry on the business of export of goods and commodities and import of goods required for the industrial development of the State;
- manufacture, produce, purchase, sell, import, export and deal in any material articles in connection with the business of the Company; and
- grant loans to or otherwise assist, by finances, the industrial or commercial undertakings.

6.30.02. Capital structure

(i) The authorised capital of the Company was Rs. 1,50 lakhs divided into 1.50 lakhs shares of Rs. 100 each. The paid-up capital of the Company as on 30th June 1981 was Rs. 43.75 lakhs which was contributed by the State Government (Rs. 33.75 lakhs) and All India Handicrafts Board (Rs. 10.00 lakhs).

(ii) In addition, the Company obtained a long-term loan of Rs. 2 lakhs from the State Government in March 1972 for providing machinery to the educated unemployed on hire-purchase basis. The outstanding amount of loan as on 30th June 1981 was Rs. 0.90 lakh.

The company also arranged (May 1980) cash credit (limit of Rs. 1,25 lakhs) from a bank against the hypothecation of stock of raw materials for meeting working capital requirements. The balance outstanding in cash credit account as on 30th June 1981 was Rs. 16.01 lakhs.

6.30.03. Working results

The working of the Company during the three years ended 30th June 1981 revealed profits of Rs. 24.77 lakhs, Rs. 21.57 lakhs and Rs. 53.49 lakhs respectively.

The reserves and surplus accumulated as on 30th June 1981 amounted to Rs. 87.81 lakhs as against Rs. 58.58 lakhs as on 30th June 1980 and Rs. 44.72 lakhs as on 30th June 1979.

The increase in the profit from Rs. 21.57 lakhs in 1979-80 to Rs. 53.49 lakhs in 1980-81 was mainly due to :—

- (i) increase in the selling prices of various categories of iron and steel material ranging from Rs. 22 to Rs. 389 per tonne from 14th July 1980 and again by 20 per cent from 8th February 1981;
- (ii) commission income of Rs. 4.88 lakhs on the sale of 6,448 tonnes of non-ferrous metals on behalf of Minerals and Metals Trading Corporation Limited; and
- (iii) adventitious gain (July 1980 to May 1981) of Rs. 4.91 lakhs on sale of paraffin wax.

6.30.04. Cash management

(i) The Company as at the close of 30th June 1981, had been operating 20 current accounts (16 accounts at outstation for collection of sale proceeds and 4 accounts with banks at Chandigarh) and one cash credit account. According to the instructions issued (August 1974) by the Company to the outstation banks balances in current account, at any time exceeding Rs. 1,000 were to be transferred to the current/cash credit account with the respective banks at Chandigarh.

A test check in audit of bank statements of current accounts as well as cash credit accounts for the period from July 1979 to June 1981 indicated that the outstation banks were not implementing the above instructions. Besides, the Company kept heavy balances in current accounts and simultaneously was withdrawing from cash credit account at Chandigarh. A study of daily balances during 1979-80 in current accounts with two banks and of three banks during 1980-81 indicated that on an average daily balances in current accounts ranged from Rs. 0.38 lakhs to Rs. 3.06 lakhs. Had the Company ensured (i) the transfer of balances exceeding Rs. 1,000 from outstation banks to accounts at Chandigarh, (ii) transfer of balances from current accounts at Chandigarh to cash credit account, it would have saved Rs. 1.20 lakhs (out of Rs. 11.40 lakhs) paid as interest on cash credit during 1979-80 and 1980-81. The saving would have been more if outstanding balances with the remaining banks are also taken into account.

6.30.05. The Company took up the following activities up to the period under report in pursuance of the objectives set out:—

- (1) procurement and distribution of raw materials to small scale industries,
- (2) marketing assistance to S.S.I. units,
- (3) setting up of sales emporia,
- (4) assistance to educated unemployed,
- (5) export promotion,
- (6) rural industrial scheme,
- (7) integrated and intensive rural development programme,
- (8) development of handicrafts , and
- (9) dolls and toys making centres.

Some of the points noticed in the execution of these schemes are discussed in the succeeding paragraphs .

6.30.06. Procurement and distribution of raw material

(A) The procurement of scarce raw materials such as iron and steel, pig iron, hard coke, fatty acid, cement, paraffin wax, white paper, *etc.*, and their distribution amongst Small Scale Industrial units (SSI)/Rural Industrial units(RI) on the basis of their requirements was the main activity of the Company as indicated below :—

Year	Total turnover	Turnover in raw materials		Percentage of raw material turnover to total turnover	
		Iron and steel	Others	Iron and steel	Others
(Rupees in lakhs)					
1978-79	17,00.19	14,04.75	1,22.41	82.7	7.1
1979-80	18,26.66	14,10.54	1,30.88	77.2	7.2
1980-81	23,56.44	18,51.65	1,11.48	78.6	4.7

The Industries Department assesses the capacity of each unit, on the basis of which the Company indents its requirement with the concerned authorities. The distribution of raw materials is done through the Company's 15 depots at various centres. Allocations are made by head office on the basis of assessed capacities and availability of raw materials. Industries Department/Regional Iron and Steel Controller watch the utilisation of raw materials by the units.

Besides, the Company also handled zinc and other non-ferrous metals on agency basis.

There were 2,155, 2,892 and 3,399 SSI/RI units registered with the Company for supply of scarce raw materials during the years 1978-79, 1979-80 and 1980-81 respectively; against this, raw materials were supplied to 1,609 (75 per cent) 2,132 (74 per cent) and 2,633 (77 per cent) units during the respective years.

It was noticed that there was no system for ensuring proper use of the controlled materials and that the Director of Industries debarred 340 and 504 units during 1980 and 1981 respectively from getting further supplies of steel items as the raw materials was not used for the purpose for which it was issued.

(B) Iron and Steel

(i) The turnover in iron and steel materials during the three years ended 30th June 1981 amounted to Rs. 14,04.75 lakhs, Rs. 14,10.54 lakhs and Rs. 18,51.65 lakhs respectively and represented 92 per cent, 91.5 per cent and 94.3 per cent of the turnover in raw material for these years.

(ii) On the basis of assessed capacities of SSI and RI units registered with the Company for supply of iron and steel, the Company places its demand with the Iron and Steel Controller and Joint Plant Committee (JPC). The allocation is made by these authorities on various steel plants. The table below indicates the quantity demanded, quantity allotted and quantity actually supplied by the steel plants during the three years ending 1980-81:—

Year	Quantity			Number of Units assisted	Percentage of quantity allocated to demanded
	Demanded	Allocated	Lifted		
	(In tonnes)				
1978-79	88,800	35,620	32,164	1,368	40.1
1979-80	1,03,000	36,200	37,315	1,877	35.1
1980-81	1,16,150	40,100	38,500	2,266	34.5

It would be seen from above that the percentage of quantity allocated by JPC was on the decline with reference to material demanded based on requirement of SSI/RI units.

(iii) As per the policy of Government of India, the Company was getting a rebate of Rs. 180 per tonne on iron and steel from producers, out of which Rs. 40 per tonne were to be passed on to the SSI/RI units. The Government of India decided in August 1981 that the Company need not pass on any rebate to the units, but the rates charged from the units should not exceed the stockyard issue rates. Accordingly, the Company stopped giving any rebate to SSI/RI units from 1st September 1981 onwards.

However, it was noticed that the rebate allowed earlier by the Company to the units (up to August 1981) as compared to the stockyard issue rate was only Rs. 30 per tonne. Subsequently, the Company charged at the rate of Rs. 10 per tonne over and above the stockyard issue rate. The rebate admissible but not allowed to the units and the excess amount charged by the Company from these units during the four years up to 1980-81 in contravention of the decision of the Government of India worked out to Rs. 12.79 lakhs.

(iv) Till October 1980, the Company was making 100 per cent advance payment to Steel Authority of India Limited (SAIL) against the quantity lifted without adjusting the rebate of Rs. 180 per tonne admissible. However, the Company started adjusting the rebate from the advance payments made for quantities lifted from November 1980 onwards. As on 31st May 1982 a sum of Rs. 6.82 lakhs pertaining to the years 1977-78 (Rs. 1.74 lakhs) and 1979-80 (Rs. 5.08 lakhs) were recoverable from SAIL towards rebate.

(v) Consequent upon the increase in the price of pig iron effected by the Government of India from 1st July 1979, the Company increased rates of the same from the same day with instructions to depots to issue debit notes in cases of supply at the old rates.

A test check of records in audit (May 1982) revealed that the rates charged by Faridabad depot during October 1979 and November 1979 on the sale of 1,081.485 tonnes of pig iron were less, ranging from Rs. 43 to Rs 98 per tonne, resulting in under billing by Rs. 0.59 lakh.

Similarly, in Ambala Depot, the sales for the period from July 1980 to October 1980 were made at the old rates, the difference in rates ranging from Rs. 8 to Rs. 63 per tonne resulting in under charge of Rs. 0.42 lakh. The Company issued debit notes at the instance of Audit; particulars of recovery were awaited (October 1982).

(vi) The Company invited open tenders on 10th January 1979 for the work of cutting of CR/HR coils into sheets. In response, four parties quoted their rates. The job was allotted (February 1979) to the lowest offerer (a firm of New Delhi) at the firm rate of Rs. 110.50 per tonne irrespective of the weight of the coil.

The firm approached (April 1979) the Company for increase in rate by Rs. 141.50 per tonne in respect of heavy coils (above 10 tonnes). After negotiations, an increase of Rs. 65.50 per tonne was allowed to the firm from May 1979 on a quantity of 3,336 tonnes of coils cut up to June 1979. The firm was aware of the job requirements while quoting the rate and had executed similar work for the Company earlier. The increase of Rs. 65.50 per tonne lacked justification and resulted in an extra expenditure of Rs. 0.22 lakh.

(vii) In August 1978, the Company entrusted the work of transportation of iron and steel materials from Faridabad/Ballabgarh stockyards of SAIL to various depots (up to June 1979) to a firm of Delhi after inviting tenders. The work was allotted to the same contractor during subsequent years (up to 1980-81) after inviting tenders/holding negotiations. There was no provision in the contract, except for the year 1980-81, for allowing increase in the rates of transportation consequent upon increase in the price of diesel. The agreement also included a clause that the Company could, at its discretion, extend the duration of contract at the same rate till finalisation of the contract for the next year.

It was, however, noticed that the Company allowed an increase of 10 per cent (1978-79) and 25 per cent (1979-80) over and above the agreed rates on the grounds of increase in diesel price even without co-relating the increase with actual hike in diesel rates. This resulted in an extra expenditure of Rs. 0.56 lakh.

The contract for the year 1980-81 included a clause that if the rates of diesel and lubricants are raised, the Company will increase the rates of transportation immediately after negotiation.

In January 1981, the contractor requested the Company for 25 per cent increase due to rise in the cost of diesel/lubricants. The Company agreed (April 1981) the increase of 16 per cent on the previous rates from 13th January 1981 onwards, whereas the actual increase applicable to the contracted rates worked out to 3.25 per cent resulting in excess payment of Rs. 0.86 lakh.

(C) Paraffin Wax

The State Government appointed (September 1978) the Company as the sole dealer for procurement and distribution of paraffin wax to small scale industries in the State. The selling price was fixed by the Company after obtaining approval of State Government on the basis of cost price, plus all the direct expenses and its own commission at the rate of 4 per cent (raised to 6 per cent after July 1980).

(a) The Company did not include in the issue rate, for the period from July 1980 to December 1980, the transit insurance charges at the rate of Rs. 15 per tonne on the insurance policy taken in July 1980. This resulted in short realisation of Rs. 0.13 lakh on the sale of 881.858 tonnes of paraffin wax during the above period.

(b) The Government of India decided (February 1979) that the benefit accrued to the dealers on the stock remaining with them as a result of subsequent hike in prices of paraffin wax should be transferred to wax pool account maintained by Balmer Lawrie and Co., Calcutta (Government of India Undertaking) and stipulated that the State Government should ensure the same. Although the Company enhanced its prices from time to time based on increase in basic price, the resultant gain was not transferred to the wax pool account.

In July 1980, the Government of India again directed the State Government to transfer the adventitious gain on stock lying as on 1st February 1979 and on the subsequent supplies. The Company earned an adventitious gain of Rs. 10.50 lakhs by selling 1,586.646 tonnes of paraffin wax during the period from February 1979 to July 1981 which is yet (January 1983) to be remitted to the pool account.

The Management stated (June 1982) that it was not possible for the Company to pass on the same as the Company's funds remained blocked for considerable time.

(D) Cement

The Company made advance payments periodically aggregating Rs. 9.85 lakhs during the period from November 1974 to August 1975 to a cement factory at Dadri for the purchase of cement (3,015 tonnes) against which 1,207.700 tonnes cement valuing Rs. 7.35 lakhs were received; no supplies were received against 515 tonnes indented in July 1975 against which Rs. 0.90 lakh were advanced in August 1975. The Company served a notice on the factory in August 1977 for the refund of the outstanding advance of Rs 2.50 lakhs as no supplies were received after 2nd June 1975. As the factory did not refund the amount, a suit for recovery of Rs. 3.54 lakhs (including interest: Rs. 0.98 lakh and court fee: Rs. 0.06 lakh) was filed in the High Court in November 1977. The factory remained closed from March 1976 to November 1976 and thereafter it was declared as a sick unit and was taken over (June 1981) by a Central Government Undertaking. The failure of the company to adjust the advance made in one quarter from the advances made in subsequent quarters largely resulted in accumulation of the outstanding advance to the extent of Rs. 1.60 lakhs.

6.30.07. Marketing assistance to SSI units

(a) The Company sponsored in 1975-76 a scheme to assist the SSI units in the State in marketing their products and to extend financial assistance. In pursuance of these objects, the Company had neither undertaken any market survey to identify markets for the products of SSI units nor published any promotional plans, etc.

The table below indicates the number of units registered, units assisted and orders executed during the three years up to 1980-81:—

Year	Number of units registered	Number of units assisted	Number and value of orders				Percentage of units assisted to units registered
			Procured		Executed		
			Number	Value (Rupees in lakhs)	Number	Value (Rupees in lakhs)	
1978-79	99	10	15	22.00	12	19.07	10.1
1979-80	225	17	16	45.00	18	39.74	7.5
1980-81	282	18	13	22.00	12	15.74	6.4

It will be observed from above that the Company rendered assistance only to 10 per cent or less of the units registered with it.

The management explained (January 1983) that it had not been able to compete in the open tender system for the products of the SSI units as the company was not entitled to price preference, while SSI units got this benefit directly.

(b) The scheme provided for registration of all the manufacturing units, desirous of availing of the services of the Company on payment of a nominal fee of Rs. 10 for registration and Rs. 5 as annual renewal charges. The units so registered were also required to furnish a security deposit Rs. 500 each.

It was observed (June 1982) that the Company had not received renewal fee (Rs 3,095) from units and security deposit Rs. 1.41 lakhs from units registered during the year 1978-79 to 1981-82. The Company, thus, failed to mobilize funds from amongst the units for its role of rendering marketing assistance.

(c) It was observed that :—

(i) The Company was not monitoring the production by SSI units registered with it.

(ii) The company had not undertaken any market survey to identify markets for the product of SSI units, render guidance to the units in marketing their products.

(iii) The company had no scheme for preparation of project reports, providing technical consultancy and technical know-how to the SSI units registered with it aimed at undertaking new projects and/or improving production by them.

(iv) It had not set up a Research and Development cell for assisting the SSI units registered with it by providing information on project ideas developed by national research institutions and laboratories, etc.

(d) The Chief Executive Officer, Small Farmers Development Agency (SFDA), Hissar placed (August 1978) an order on the Company for immediate supply of 1,200 wheat storage bins to Block Development Officers (BDOs) for distribution to farmers at rates ranging between Rs. 184.37 and Rs. 360 each according to size.

The Company was to get the storage bins fabricated through the SSI/RI units registered with it, but the supply orders for 250 bins and 950 bins were placed with two firms of Hissar including one firm which was not a registered SSI unit (250 bins valued Rs. 0.45 lakh). Against the above orders, one firm manufactured 175 bins (out of ~~250 bins~~ ordered) and Rs. 28,192 were released

(October 1978) to it. Similarly, the other firm manufactured only 97 bins (as against 950 allocated) and an amount of Rs. 20,000 was released (November 1978 and January 1979) to this firm. The balance portion of the orders was not executed by the firms.

All the 272 storage bins (valuing Rs. 58,281) were supplied (September 1978 to January 1979) to the B.D.Os but bills for only 89 storage bins amounting to Rs. 18,315 were raised (February 1979 to August 1979) by the Company. Out of this, only Rs. 14,097 had so far been received (October 1982) and balance amount of Rs. 0.44 lakh was still outstanding. Bills for 183 bins valuing Rs. 39,866 had not been rendered up to October 1982 as details of beneficiaries were not provided by the B.D.Os.

6.30.08. Sales Emporia

(a) Up to 1974-75, the Company had three emporia at Ambala, Delhi and Chandigarh. The Company subsequently set up four more emporia at Bombay, Agra, Ashoka Hotel, Delhi and Lucknow in July 1975, June 1976, February 1977 and August 1977 respectively. The emporium in Ashoka Hotel, Delhi was closed in June 1979.

The Government declared (July 1975) the Company as an approved source for supplies to Government offices, autonomous bodies *etc.*

(b) Operational results of emporia

(i) The goods such as tapestry, brass wares, carpets, crockery, leather articles, jewellery, *etc.*, sold at the emporia are either those purchased by the Company as a trading venture or kept on consignment basis for sale. The table below indicates the working results of six emporia for three years up to 1980-81 :—

Serial number	Name of Emporium	Sales		Profit (+)/ loss (—)	Supplies made to Government Departments/ other approved organisations (included in total sales)
		Target	Actuals		
(Rupees in lakhs)					
(1)	New Delhi				
	1978-79	50.00	64.83	(+)0.39	Not available
	1979-80	80.00	46.97	(+)1.81	35.47
	1980-81	60.00	49.72	(—)0.15	31.06
(2)	Chandigarh				
	1978-79	45.00	41.36	(—)0.01	Not available
	1979-80	60.73	29.84	(—)0.76	21.69
	1980-81	50.00	52.65	(—)0.10	26.07

Serial number	Name of Emporium	Sales		Profit (+)/ Loss (-)	Supply made to Government Departments/ other approved organisations (included in total sales)
		Target	Actuals		
(Rupees in lakhs)					
(3)	Ambala				
	1978-79	10.00	8.49	(-)0.03	Not available
	1979-80	14.50	10.14	(-)0.39	8.55
	1980-81	15.00	18.20	(+)0.27	14.66
(4)	Lucknow				
	1978-79	15.00	6.48	(-)0.13	Not available
	1979-80	15.00	6.13	(+)0.32	2.60
	1980-81	12.00	8.98	(+)0.05	1.88
(5)	Bombay				
	1978-79	7.00	5.76	(-)0.11	Not available
	1979-80	9.00	10.83	(+)1.63	Nil
	1980-81	15.00	13.22	(+)0.54	0.44
(6)	Agra				
	1978-79	3.00	2.11	(+)0.16	Not available
	1979-80	4.00	3.08	(+)0.18	Nil
	1980-81	5.00	3.84	(-)0.03	0.27

The Chandigarh Emporium is still incurring losses in spite of increase in sales. The Company had neither maintained records for assessing the quantity and value of goods purchased by it from the SSI/RI units for sale through the above Emporia nor collected the information.

(ii) From the foregoing table, it would be observed that the sales by three emporia (serial number 1 to 3) were mainly by supplies to Government Departments/Organisations. If the profit on supplies to Government Department/Organisations is excluded, the loss on sales from counters was very heavy as shown in the table given below :-

Serial number	Emporium	Year	Overall Profit (+)/ Loss (-)	Profit earned on Government sales	Loss (-)
(Rupees in lakhs)					
1	Chandigarh	1979-80	(-)0.76	3.22	(-)3.98
		1980-81	(-)0.10	2.44	(-)2.54
2	New Delhi	1979-80	(+)1.81	3.22	(-)1.41
		1980-81	(-)0.15	2.82	(-)2.97
3	Ambala	1979-80	(-)0.39	0.77	(-)1.16
		1980-81	(+)0.27	1.33	(-)1.06

(iii) The Company has not laid down any maximum, minimum and re-ordering levels of various items of stock held by each emporium.

(c) With a view to boost the sale of goods produced in the State such as tapestry, brass wares, carpets, crockery, leather articles, jewellery, etc., to foreigners, the Company opened (February 1977) an emporium at Ashoka Hotel, New Delhi by hiring a showroom on a licence fee of Rs. 0.83 lakh per annum. As the emporium was not found commercially viable, it was closed from 5th June 1979. During the period February 1977 to June 1979, the emporium incurred a loss of Rs. 1.27 lakhs on a turnover of Rs. 2.92 lakhs. Further, a sum of Rs. 0.31 lakh incurred by the Company (April-May 1977) on the renovation of the emporium also became largely infructuous.

(d) Old and damaged stock

As on 30th June 1981, the six emporia had a stock of old (left over for over three years) and damaged stock valued at Rs. 6.83 lakhs. Reasons for accumulation of old stock have not been investigated. The old items included jewellery items (value : Rs. 1.79 lakhs) which are lying unsold. The jewellery counters in the emporia have been allotted (April 1980 to December 1980) to private parties for the sale of their own jewellery items on commission basis.

As per the policy laid down, no credit sale was to be effected to private parties. However, the debtors of Chandigarh, New Delhi and Ambala emporia included Rs. 0.42 lakh representing credit sales to private parties.

6.30.09. Export promotion

(A) The table below gives the total turnover of the Company, the value of exports of the State and the value of exports canalised through the Company for three years up to 1980-81 :—

Year	Total turn-over of the Company	Export sales	Expenditure on export promotion	Total export of the State	Percentage of	
					Export by the Company to total export of the State	Export promotion expenses to total export
(Rupees in lakhs)						
1978-79	17,00.19	20.44	5.21	76.38	0.26	25.5
1979-80	18,26.66	14.35	5.58	85.00	0.16	38.9
1980-81	23,56.44	9.13	5.43	1,00.00	0.09	59.5

It would be seen from the above that the export by the Company declined from Rs. 20.44 lakhs (1.20 per cent of total turnover) in 1978-79 to

Rs. 9.13 lakhs (0.39 per cent of total turnover) in 1980-81 whereas the expenditure on export promotion increased from Rs. 5.21 lakhs in 1978-79 to Rs. 5.43 lakhs in 1980-81 and the Company's contribution in the total export of the State remained negligible throughout the period.

(B) Foreign tours

The Company participated in fairs/exhibitions held abroad and arranged display of industrial products therein. The Officers of the Company also conducted foreign tours for promoting sales. The table below gives details of expenditure on foreign visits and orders booked during three years up to 1980-81 :—

	1978-79	1979-80	1980-81
	(Rupees in lakhs)		
Orders booked/committed	13.11	23.72	76.00
Orders executed	1.46	7.27	9.42
	(Per cent)		
Percentage of orders executed to orders booked	11.15	30.63	12.39
	(Rupees in lakhs)		
Expenditure on foreign tours	2.03	2.71	1.84

The Management adduced (July 1982) the following general reasons for the poor performance in execution of the orders :—

- (i) product adaptation needed for goods to be as per international specifications ;
- (ii) power shortage thereby affecting production leading to untimely supply ;
- (iii) frequent escalation in prices of various industrial raw materials such as iron and steel, etc., leading to an order becoming uneconomical to execute ;
- (iv) fluctuation of foreign currency in relation to Indian Rupee ; and
- (v) lack of quality control with the concerned units.

(C) Certain points noticed on a review of some cases of exports made by the Company are given hereunder :—

- (i) An order for supply of ready-made garments valued Rs. 4.20 lakhs to a firm of Nottingham was booked in February-March 1980 by the General Manager during his visit to that place. In

pursuance of the order, the firm initially opened (May 1980) a letter of credit for Rs. 1.10 lakhs. The letter of credit *inter alia*, provided that the quality, design, colour, size, and quantity and other details should be got inspected by their local representative at New Delhi before despatch of consignment to Nottingham.

Ready-made garments valued Rs. 1.21 lakhs were got stitched by the Company and were air-lifted (June 1980). The foreign buyer, after receipt of the goods, rejected (July 1980) the same due to wrong marking on boys' shirts and shorts, shabby and irregular size of blouse tops and the bankers also refused to make the payment.

During audit, it was noticed that the readymade garments were not got inspected by the local representative of the foreign buyer before despatch as the representative was stated to be not available at the time of despatch of consignment. The documents could not, therefore, be got negotiated through its bankers. The goods were lying at Nottingham (September 1982).

The Management stated (July 1982) that the foreign buyer was ready to return the material provided the Company reimbursed the expenditure on storage, customs duty, *etc.*, incurred by the buyer (about Rs. 25,000). The Company was trying to sell the goods to some other customer in the U.K. (September 1982).

In the meantime, further garments valued Rs. 1.17 lakhs were got fabricated (April-May 1980) for the same buyer but the same were not sent, as the payment for the previous consignment had not been received. The material is lying in store in the export wing of the Company (September 1982).

The Management stated (May 1981) that the services of some officers of the Corporation had been terminated and action against other officials was being initiated. The management further stated (September 1982) that all possible efforts were being made to dispose of the goods.

(ii) The Manager, Export during his foreign tour in September/October 1978 (expenditure : Rs. 0.40 lakh) booked one order (value : Rs. 1.09 lakhs) for supply of 2,000 pairs of shoes to a firm of Kuwait as per approved samples.

The rate for sample No. 101 (order for 250 pairs) was U. S. \$10.35 per pair and for sample No. 102 (order for 1,750 pairs) was U.S. \$7.45 per pair. The firm opened a letter of credit in favour of the Company for U.S. \$15,625 valid up to 15th November 1979 (extended up to 15th December 1979 for the first consignment and 25th December 1979 for the second consignment). Against the above order, 250 pairs as per sample No. 101 valuing Rs. 19,804.83 were shipped on 20th November 1979 and the payment was released in December 1979. Consequent on rejection (February 1980) of the goods by the foreign

buyers on the ground that the shoes were "shabby, packing horrible and without the label indicating that the shoes were made in India" these were received back at Bombay port in April 1980. The consignment could not be reshipped as the defects were not rectified, and there was also shortage of 41 pairs (value: Rs. 3,248).

Second consignment of 350 pairs (against order for 1,750 pairs as per sample No. 102) valuing Rs. 20,599 was shipped to the buyer on 15th January 1980 against bill of exchange of 30 days' sight, as the letter of credit had already expired. The payment (Rs. 20,599) for the second consignment was, however, withheld by the foreign buyer due to non-receipt of 250 pairs of first consignment.

Since the Company did not lift the shoes from the Bombay port, Port Trust auctioned (February 1981) 209 pairs of shoes for Rs. 9,129 for meeting their wharfage charges. The Company lodged (August 1981) a claim for Rs. 19,100 with Dock Manager which was not accepted. Thus, the Company lost Rs. 0.21 lakh in this deal, apart from its failure to satisfy the foreign buyer either as to the quality of goods or delivery.

(iii) A firm of New Delhi approached (September 1978) the Company for arranging export of auto accessories (value U.S. \$66,115) to two buyers of Nigeria. The Company obtained (November 1978) a cover for the export from Export Credit and Guarantee Corporation (ECGC) Limited up to a credit limit of Rs. 3 lakhs for the export to one party whereas ECGC refused to give any cover in respect of the other.

Against the despatch of 74 cases of auto accessories valuing Rs. 1.15 lakhs by firm A to the shipping agent at Bombay, an advance of Rs. 0.92 lakh was given by the Company (November 1978) to the firm. Further, another 20 cases of auto accessories were sent by the firm to Bombay (January 1979). However, due to delay on the part of the firm in obtaining preshipment inspection certificate from General Superintendent Company and import licence from the foreign buyers, the goods could be shipped only in August 1979. The Company paid a further advance of Rs. 0.32 lakh (September 1979) to the firm to cover the shipping expenses. The despatch documents were given by the Company to its banker at Chandigarh (October 1979) for collection. As the payment (Rs. 1.24 lakhs) was not received by the Company, it withheld (December 1979) the shipping documents valuing £5,400 of a sister concern of the firm. These were, however, released by the Company on authorisation by the firm to the Bank at Chandigarh to pay Rs. 1.24 lakhs to the Company when realised from the foreign buyer. The firm revoked even this authority in January 1981. The Company did not take any legal action to recover Rs. 1.24 lakhs (June 1982).

(iv) An order for the supply of hand tools valuing U.S. \$7,933.41 was received from a firm of Sweden in August 1979. The goods were to be supplied immediately and payment was to be made against documents to be sent to the bankers of the foreign buyer in Gothenburg.

The Company procured (December 1979 and January 1980) through personal contacts by the officers of the Company, without observing the normal purchase procedure, the hand tools (value : Rs. 0.59 lakh) from manufacturers in Jullundur and Rajpura and shipped the goods to Sweden on 19th April 1980. The shipping documents were given to company's bankers on 25th April 1980 for forwarding to the buyers and collection of payment. The bank informed (20th August 1980) the Company that the foreign buyer was not ready to take delivery of the goods as these had been "delivered too late". However, the buyer informed (January 1981) the Company that he was willing to accept the tools on consignment basis which was not agreed to by the Company. In the meantime, the shipping agent in Bombay informed (March 1981) the Company that in case the consignment was not cleared before 1st April 1981, it would be sold by public auction. The bank returned the bill and shipping documents on 29th October 1981 as unpaid and stated that, as per their information, the goods had been sold by the ship owners because there was delay in getting them cleared.

Due to delay of eight months in the despatch of goods against the condition of immediate delivery, the Company incurred a loss of Rs. 0.98 lakh (cost of material : Rs. 0.59 lakh ; expenses : Rs. 0.39 lakh).

(v) An agreement-cum-indemnity bond was executed (February 1979) by the Company with a firm of Bombay for export of 160 diesel engines (value : Rs. 3.42 lakhs) to Egypt. As per the terms and conditions of the agreement, the company was to export engines on behalf of the firm at a commission of one and half per cent and the export was to be made either against confirmed/irrevocable letter of credit established by foreign buyers in favour of the Company or cash against documents. The agreement also provided for the payment by the Company to the firm 80 *per cent* of the export value against shipping documents. Consignment of 160 diesel engines (value : Rs. 3.42 lakhs) was shipped (January 1979) to Egypt on the basis of 'Documents against Acceptance' for 120 days basis in contravention of the provision of the agreement. Moreover, advance payment of Rs. 2.90 lakhs was made (February 1979) to the firm despite the fact that the contravention was in the knowledge of the Company.

The sale proceeds were due from the foreign buyer in April 1979 (extended by the Company till June 1979). On failing to receive the money from the foreign buyer, the claim for U.S. \$41,600 (invoice value) was lodged (January

1980) with the Export Credit and Guarantee Corporation Limited, which provided cover to the extent of 75 per cent of the value. The claim had not, however, been accepted by the Corporation so far (June 1982).

As per clause 8 of the agreement the firm was to pay to the Company interest at 11½ per cent up to 180 days and at bank rate thereafter on advance payment of Rs. 2.90 lakhs till the date of realisation of amount from foreign buyer. The amount of interest recoverable from the firm till June 1982 worked out to Rs. 1.65 lakhs, no claim was, however, preferred against the firm so far (September 1982).

As the transaction was for the promotion of an industry located outside Haryana it was not covered by the objects of the Company.

6.30.10. Rural industrial scheme

The State Government introduced (September 1977) a Rural Industrial Scheme since transferred to the company in September 1978 for implementation under which 11 different industrial complexes (at the rate of one each in a rural area in each district of the State) were to be set up during the period of 5 years between 1978-79 and 1982-83 for promoting growth of industries. The scheme provided for extension of assistance to entrepreneurs in the form of (i) institutional finance at subsidised rates of interest, (ii) seed money loan on low interest rate, (iii) cash subsidy, (iv) interest subsidy, (v) 100 per cent subsidy on stamping and registration charges, (vi) development of industrial complexes in selected trades for imparting short-term training to rural artisans and making available constructed sheds to them, (vii) opening of 15 sale depots at various centres in the State for the sale of the products manufactured by the tiny units set up under the scheme, and (viii) supply of essential raw material to the units.

Funds for implementation of the scheme are provided by State Government, and the Industries Department provides necessary assistance in the identification of entrepreneurs sponsoring their cases for assistance to the financial institutions, etc. The Company takes care of training of entrepreneurs, assists them in securing loans from financial institutions, helps them to set up rural industrial units. Against twelve centres to be established, the Company had taken up the establishment of five centres up to June 1982 of which a project taken up for execution in August 1980 was abandoned in December 1981 and an alternative was under consideration.

The table below indicates the amount received from the State Government, actual expenditure there against and balance lying unspent

with the Company from the date of inception of the scheme to 1980-81 :—

Serial number	Particulars	Receipts	Disbursement	Balance	Percentage of disbursement made to total amount available
				(Rupees in lakhs)	
(1)	Grant-in-aid for setting up of industries	76.52	38.95	37.57	51
(2)	Amount for disbursement to entrepreneurs as—				
	—seed money	88.16	57.52	30.64	65
	—Cash subsidy	22.16	17.42	4.74	79
	—interest subsidy	12.60	5.11	7.49	41
	—registration subsidy	1.20	0.22	0.98	18
	—margin money	8.75	0.08	8.67	1
	Total	2,09.39	1,19.30	90.09	57

While the grants-in-aid received remained unutilised (Rs. 37.57 lakhs) because the Company had not initiated plan of action for its full utilisation, the amount meant for disbursement to entrepreneurs (Rs. 52.52 lakhs) remained unutilised because the Industries Department had not identified entrepreneurs and sponsored their cases for assistance.

(b) Marketing assistance under R.I. scheme

In order to provide effective marketing assistance to the tiny/RI units set up under the scheme, the Company had opened 12* district marketing Centres up to June 1982.

The centres submit tenders to the prospective buyers in the name of the Company on the basis of quotations received from R.I. units and entrust the execution of the order received to the R.I. Units against fixed commission.

The following table indicates targets for marketing assistance and actual assistance provided by the 12 centres to R.I. Units during the three years ending 1980-81 :—

Period	Target for marketing assistance	Marketing assistance provided	Percentage of marketing assistance provided to the targets
		(Rupees in lakhs)	
1979-80	1,28.40	1,18.35	92
1980-81	3,48.00	2,12.09	61
1981-82	3,16.75	2,66.54	84

*12th district (Faridabad) was created after the formation of the scheme.

From the above table it would be seen that the targets fixed by the Management were not achieved in any of the three years. It may, however, be mentioned that the Company was not buying goods from the R.I. units during off season as was envisaged under the scheme.

(c) The position of establishment of five complexes being set up by the Company is as under :—

(i) **Shoe fabrication centre, Jhajjar**

The shoe fabrication centre was opened without getting the scheme approved from the Board and it started production in December 1978. Under the scheme, the centre was expected to impart regular training to rural artisans in batches to enable them either to set up their own units or to adopt the trade in which they are trained. The unit imparted short term training to 32 artisans in two batches of 23 and 9 each (up to June 1982), against the scheme of providing regular training of six months duration in batches.

The company did not take approval of the Government for limiting the scope of the scheme.

The Management stated (September 1982) that "since the trainees were to be employed in the centre itself, the centre was never proposed to have continuous session of trainees".

The table below indicates the capacity of the unit on the basis of machines installed, vis-a-vis, production for three years upto 1980-81 :—

Period	Number of machines installed (year-end)	Capacity	Actual production	Shortfall in production	Percentage of capacity utilisation
		(in pairs)			
1978-79 (from December 1978)	4	13,000	7,200	5,800	55.4
1979-80	4	26,000	11,468	14,532	44.1
1980-81	6	27,000	13,370	13,630	49.5

The utilisation of available facilities was on the low side due to the fact that the unit has been wholly dependent on one concern to which it is supplying shoes right from inception.

Test check in audit revealed that the Company had not made any efforts to diversify the production of this unit.

Further, as envisaged in the scheme, industrial sheds were to be made available to those trainees who intended to set up their own units. No action in this direction had been taken by the company.

(ii) Sports goods complex, Murthal

The Company decided (September 1978) to set up an Industrial complex for the production of sports goods. Initially, a training-cum-common facility centre was started at Sampla in May 1979. With a view to impart training for production of sports goods, 72 artisans were trained (between May 1979 and December 1980) by the Company at a cost of Rs. 2.01 lakhs at Sampla, but there is no follow up to indicate as to whether they adopted the trade or not.

As per project report approved by the Board (December 1981) for setting up the sports goods complex, 100 industrial units to be run by private entrepreneurs were to be established.

For the establishment of the complex, different sites in Sampla were surveyed by the Company. In the meantime, the Haryana State Industrial Development Corporation Limited (HSIDC) informed the Company (July 1980) that Sampla was flood-prone area. The Company, therefore, asked (August 1980) the Director of Industries to get approval of the State Government for the shifting of the complex from Sampla to Murthal. Approval of State Government was accorded only in December 1981.

Before receipt (December 1981) of approval from the State Government for shifting of the complex the Company had shifted (December 1980) the complex from Sampla to Murthal. Land measuring 10 acres valuing Rs. 2.66 lakhs was also purchased (December 1980) at Murthal from Haryana Urban Development Authority (HUDA). The work of construction of industrial sheds/training-cum-common facility centre at Murthal was given (October 1981) to HSIDC Ltd. The sheds are expected to be completed by early 1983.

The company had purchased (March 1980 to April 1982) machinery valued Rs. 1.54 lakhs for training-cum-common facility centre. The management stated (November 1982) that machinery was being utilised for training centre. However, machinery valued Rs. 0.85 lakhs was yet (November 1982) to be installed.

The State Government provided a grant of Rs. 0.72 lakh (December 1981) to the Company for opening a centre at Sampla and the Management decided (March 1982) to open an additional training centre at that place. But no progress has been made in this regard so far (February 1983).

(iii) Sewing machine parts complex, Panchkula

In order to set up a sewing machine parts complex including training-cum-common facility centre at Radaur in collaboration with a private concern which had to provide only technical and marketing assistance, land (5 acres) valuing Rs. 0.49 lakh was purchased at that place in May 1979. At the collaborator's

instance, the Company shifted the complex (September 1980) to Panchkula without conducting any survey or feasibility study. However, the collaborator backed out (December 1980), and in the absence of any agreement, the Company could not take any action against them.

The Company hired (September 1980) two sheds at Panchkula at Rs. 1,837 per month from HSIDC for setting up the training-cum-common facility centre. Machinery valued Rs. 6.53 lakhs were purchased during August 1980 to April 1982 and training of 42 entrepreneurs was started (April 1981). Out of 42 trainees, only 29 entrepreneurs completed the training by October 1981 and were called upon to deposit earnest money for allotment of sheds. Twentyfour entrepreneurs deposited Rs. 1.86 lakhs up to June 1982 for the allotment of sheds but no allotment had been made so far (June 1982) as sheds were still under construction. The poor response from the entrepreneurs was attributable to non-availability of rural industrial incentives as Panchkula is in urban area, which factor was not taken into account while shifting from Radaur. No further course of training has been started after October 1981. Since November 1981, the machinery is being partially utilised for job work of private parties and the value of total work done up to end of May 1982 was of the order of Rs. 1.03 lakhs only. Due to the failure in setting up of the complex, the services of the staff and Manager appointed since September 1979 are not being properly utilised.

(iv) Hosiery and Knitwear Project, Kohand (Karnal)

The Company decided to set up (September 1979) a training-cum-common facility centre in Karnal district at Kohand, for manufacture of hosiery and knitwear. Land measuring 3.2 acres (Value: Rs. 0.08 lakh) was purchased (January 1982) for the purpose.

In the meantime, 3 sheds were hired (December 1980) at Rs. 246 per month at Kohand for the running of training-cum-common facility centre and installation of machinery. However, no activity had been taken up and the sheds are lying idle (June 1982). Thus, there was wasteful expenditure of Rs. 0.25 lakh up to December 1982 on the salary of staff and rent of building.

(v) Electrical appliances and builders hardware complex

(a) The Company decided (August 1980) to set up an electrical appliances complex at Radaur in collaboration with a private firm which was to provide technical knowhow and marketing assistance. As per the terms and conditions settled with the collaborator, the Company was to get a plot allotted to the firm within the State near Delhi for assembling the components produced at Radaur and 60 per cent components manufactured by the complex were also to be purchased by them. A manager for the complex was posted in December 1980 and continued to function as such till November 1981. During

this period, only a project report was prepared by the manager. The Company did not get the plot allotted near Delhi to the firm and the contract was terminated (December 1981) by the Board as the party was not willing to provide technical knowhow and marketing assistance in the absence of allotment of an industrial plot near Delhi. The project was abandoned in December 1981. Thus, the expenditure of Rs. 0.19 lakh in the form of pay and allowances of the manager was rendered infructuous.

(b) The Company decided in November 1981 to establish a Builders Hardware Complex at Radaur (instead of at Bhiwani) in place of electrical appliances complex. The Board of directors approved the project report in March 1982. However, no further action has been taken in the matter (October 1982).

6.30.11. Integrated and intensive rural development programme

(i) With a view to generating maximum employment and disperse economic activity to the smaller towns and villages, a scheme for the promotion of Rural Industries was framed by the SFDA in six districts in November 1978. The implementation of the scheme was entrusted to the Company on agency basis in November 1978. Under the scheme, the Company was to (i) provide training to rural artisans in pre-selected trades, *viz.*, carpentry, blacksmithy, shoe making, pottery, weaving, *etc.*, to help them in setting up their own units, (ii) establish training-cum-common facility centres and (iii) provide marketing assistance for the products of the units set up under the scheme.

The table below indicates the amounts received from the SFDA, actual expenditure there against, and percentage of expenditure to available funds for the years 1978-79 to 1980-81 :—

Year	Opening balance	Receipts	Total	Expenditure	Percentage of expenditure to total receipts
(Rupees in lakhs)					
1978-79	..	23.83	23.83	11.56	49
1979-80	12.27	21.83	34.10	21.53	63
1980-81	12.57	17.51	30.08	18.32	61
		63.17		51.41	

Reasons for not utilising the funds to the full extent called for in September 1982, were awaited (February 1983).

(ii) Under the scheme, the Company was to train 8,000 rural artisans in the various trades during five years from 1978-79 to 1982-83. To achieve this objective, the Company opened 26 training centres between December 1978 and May 1980.

The table below indicates the number of centres run in each district, number of persons who could be trained, number of persons actually trained and number of persons who set up their units up to May 1982 :—

Serial number	District	Number of centre	Number of artisans to be trained	Number of artisans actually trained	Number of trainees who set up their units
1	Ambala	4	480	291	146
2	Bhiwani	5	600	293	60
3	Gurgaon	3	340	190	144
4	Hissar	6	660	438	145
5	Mohindergarh	4	460	300	189
6	Rohtak	4	480	200	53
	Total	26	3,020	1,712	737

Against 8,000 artisans who were to be trained between 1978-79 and 1982-83, the Company trained only 1,712 artisans up to May 1982, and, of this, only 737 could set up their own units. The reasons as to why the remaining trainees could not set up their units, called for from the management in September 1982, were awaited.

Out of 26 training centres, 6 had been closed by the Company between March 1981 and March 1982 on the recommendation of the financing agencies of the scheme because of their poor performance.

6.30.12. Development of handicrafts

A scheme for the promotion of certain handicrafts, *viz.*, *Mudha* making, *punja durrle*, artistic pottery, *etc.*, framed by the Director of Industries in December 1977 and entrusted to the Haryana State Handlooms and Handicrafts Corporation Limited (HSHHC) was transferred (November 1979) to the company as the former company expressed its inability to implement the scheme.

Under the scheme, the following facilities were to be provided to the craftsmen :—

- (i) opening of training-cum-production centres for imparting training and giving part-time/whole-time employment to the craftsmen ;

- (ii) supply of right type of raw material ;
- (iii) provision of marketing facilities ; and
- (iv) arranging financial assistance through banking institutions.

The Company received from the Government, as grant, Rs. 14.28 lakhs during 1979-80 (Rs. 10.78 lakhs) 1980-81 (Rs. 2 lakhs) and 1981-82 (Rs. 1.50 lakhs) but spent Rs. 9.77 lakhs during these years for the purpose.

The Company was to establish three training-cum-production centres for *Mudha* making, *punja durries* and artistic pottery. The training centres for the first two units have started (June 1980) operation. The third unit, proposed to be set up at Jhajjar is yet to be completed.

Against the anticipated expenditure of Rs. 14.24 lakhs on artistic pottery centre, the Company has spent Rs. 8.15 lakhs up to June 1982 which includes cost (Rs. 1.70 lakhs) of machinery purchased but not installed as the work on the building in which the machines are to be installed/put to use is in progress (November 1982).

6.30.13. Dolls and toys making centres

The Company had set up 3 centres for making dolls and toys and for training artisans. During the period 1974-75 to 1976-77, the Company received a sum of Rs. 1.50 lakhs as grant-in-aid (Rs. 0.50 lakh in each year) from the State Government for training-cum-production centre at Ambala. The Government stopped annual grant-in-aid with effect from 1st April 1977. As the centres were working on losses, the Management closed down the Chandigarh centre on 1st September 1977. The other centres continued to be run on losses. The loss incurred by these centres during the three years ended 1980-81 were Rs. 0.37 lakh, Rs. 0.66 lakh and Rs. 1.01 lakhs respectively. The Management stated (January 1983) that these centres were inherited from the Industries Department which was running them as a development activity, and that, because these centres were incurring losses, one centre was closed and staff reduced in others.

6.30.14. Budgetary control

The Company does not have any system of preparing budgets, setting the various objectives to be reached (both quantitative and financial) during the budget period. The Management stated (July 1982) that the main activity of the Company was procurement and distribution of scarce raw material for which targets could not be fixed, because the procurement was done on the basis of availability of raw material from steel plants against the allocation made by the State and therefore, it was not possible to have budgetary control.

30.15. Internal audit

Internal audit wing of the Company started functioning from 1978-79. However, audit of the transactions of the various sections of the head office was never covered by the Internal Audit since inception.

All internal audit reports were being submitted to the Controller of Accounts, whereas for effective internal audit this wing should be directly answerable to the top executive of the Company. There is no system of placing the internal audit reports before the Board of Directors.

30.16. Other topic of interest

Supply of wooden crates

The Company received (March 1981) an order for supply of 7,000 wooden crates from Haryana State Co-operative Supply and Marketing Federation Limited (HAFED) at the rate of Rs. 45.50 per crate. Supplies were to be made by 30th April 1981. On 24th March 1981, the General Manager (Technical) of the Company distributed the above order to five District Project Offices (DPOs) for execution through training-cum-common facility centres under them.

The DPO, Bhiwani expressed inability to manufacture the crates allocated (7,000) to it because of high cost. The other four DPOs purchased wood, nails, paint, etc., for the manufacture of 3,500 crates (value : Rs. 1.14 lakhs). However, only 2,996 crates valuing Rs. 1.36 lakhs were manufactured by them by July 1981. All these crates were rejected by HAFED during inspection as they were found to be undersize, infested with knots and cracks of uneven levels, etc. Out of these, only, 1,850 crates (value : Rs. 0.84 lakh) had been delivered to HAFED by February 1982 after the removal of defects, against which no payment had been received (November 1982). Further, 1,146 crates (value : Rs. 0.52 lakh) not accepted by the HAFED and raw material valuing Rs. 0.24 lakh were lying undisposed of with the Company (November 1982).

30.17. Summing up

(1) The Company was established in July 1967, *inter alia*, with the objects of aiding and promoting the interests of small and medium scale industries by providing financial assistance and infrastructure facilities to them, carrying on the business of export of goods and commodities and manufacturing, purchasing and selling of any material/article in connection with the business of the company.

(2) The company had so far taken up distribution of scarce raw materials, providing marketing facilities to SSI units. Besides, it had also set up emporia for selling of handloom and handicraft items and undertaken setting up of rural industries in each district, besides training artisans in selective trades and developing handicrafts, etc. The company had also undertaken export of goods

produced by SSI units. In the working of the company, several points were noticed as under :—

(3) The procurement of raw materials such as iron and steel, pig iron, hard coke, fatty acid, cement, paraffin wax, *etc.*, and their distribution amongst small scale industrial (SSI) units on the basis of their requirements was the main activity of the Company. However, the main item of raw material procured/distributed was iron steel which was 82.7 per cent, 77.2 per cent and 78.6 per cent of the total turnover during the years 1978-79, 1979-80 and 1980-81 respectively.

(4) The Company charged Rs. 12.79 lakhs in excess on the sale of iron and steel to SSI units during the year 1977-78 to 1980-81 on account of higher sale rate/less rebate in contravention of Government of India policy.

(5) The adventitious gain of Rs. 10.50 lakhs on the sale of paraffin wax during the period from February 1979 to July 1981 was not remitted to "wax pool account" in contravention of orders of the Government of India.

(6) The Company provided marketing assistance to only 10, 17 and 18 units during the years 1978-79, 1979-80 and 1980-81 respectively against 99, 225 and 282 units registered with the Company in the respective years.

(7) Most of the emporia opened by the Company at different places did not achieve targets for sales during the years 1978-79 and 1980-81.

(8) There was a gradual fall in the export sale whereas expenditure on export promotion had slightly increased during the years 1978-79 to 1980-81.

(9) The Company incurred losses to the extent of Rs. 2.40 lakhs in the export of goods. Further, there was blockade of Rs. 5.31 lakhs in various export deals as the amounts in respect of goods exported were yet to be realised.

(10) Out of funds of Rs. 2,09.39 lakhs provided by the State Government for implementation of Rural Industrial Scheme, the company spent Rs. 1,19.30 lakhs during the years 1978-79 to 1980-81 towards establishment/promotion of rural industries. Further, against 11 industrial complexes, (one complex in each district) which were to be set up in rural areas, the Company had undertaken the establishment of 4 complexes which were under various stages of execution.

(11) The Company had trained 1,712 trainees under the "integrated and intensive rural development programme" against the target of 3,020 trainees.

(12) Transfers of cash balances from outstation and local current accounts to cash Credit account at Chandigarh were not made properly.

6.31. HARYANA HARIJAN KALYAN NIGAM LIMITED

6.31.01. Introductory

The Haryana Harijan Kalyan Nigam Limited was incorporated on 2nd January 1971 to undertake the task of socio economic and educational uplift

of the Scheduled Castes in the State. This object was to be achieved by (i) advancing loans for higher education to the aspirants from the Scheduled Castes and to establish them in profession, and for purchase of tempos, scooters, taxis, *etc.*, and (ii) by undertaking such other activities as would promote and improve the economic conditions of the Scheduled Castes.

The Nigam, apart from advancing of loans/margin money for various trades and professions, *etc.*, has been running industrial unit *i.e.*, (i) Shoe Production Centre, Karnal (ii) Harkalyan Packages, Murthal and (iii) Harkalyan Binders and Printers, Panchkula.

6.31.02. Capital structure

The authorised capital of the Nigam was Rs. 5 crores divided into 5,000 equity shares of Rs. 1,000 each. As on 30th June 1981, the paid-up capital of the Nigam was Rs. 3,42.90 lakhs subscribed by the State Government (directly, Rs. 2,69.50 lakhs and out of Central assistance, Rs. 73.40 lakhs).

The Nigam obtained loans amounting to Rs. 77.40 lakhs up to 30th June 1981 from the State Government. These loans are free of interest for first five years and thereafter, interest is payable at 3 *per cent* per annum and are repayable in 15 years.

6.31.03. Working results

The audited account of the Nigam were received up to 1976-77 only. According to the provisional accounts drawn up to 1980-81, the Company had incurred an accumulated loss of Rs 4.98 lakhs in spite of earning of interest amounting to Rs. 25.49 lakhs during 1975-76 to 1980-81 on surplus funds.

The Company made profits during 1975-76 (Rs. 2.26 lakhs), 1976-77 (Rs. 2.85 lakhs) and 1979-80 (Rs. 0.86 lakh) but incurred losses during 1977-78 (Rs. 1.23 lakhs), 1978-79 (Rs. 6.54 lakhs) and 1980-81 (Rs 2.35 lakhs). The management attributed (November 1982) the losses to non-availability of sufficient orders and under utilisation of capacity of the production units.

6.31.04. Budgetary Control

The Nigam had no system of preparing financial budgets sufficiently before the period to which it related setting the various objectives to be achieved during the budget period. Due to non-preparation of financial budgets, the Nigam was not able to exercise control over the various activities expected of it such as utilising fund for achieving desired objectives, trading/manufacturing programmes of small scale industrial units, stock levels to be maintained, debts and their realisation, repayment of loans, *etc.*

6.31.05. Utilisation of funds

The table below indicates the position of funds available with the Nigam and the funds lying in deposits with the banks at the end of the four years ending 30th June 1980-81:

Year	Funds available	Funds lying with banks	Amount kept in fixed deposits	Interest received on fixed deposits during the year
	(Progressive)	(Year-end)	(Year-end)	
	(Rupees in lakhs)			
1977-78	1,75.52	53.26	45.00	2.32
1978-79	2,42.11	1,02.45	91.00	2.13
1979-80	3,30.76	1,70.19	1,57.00	4.83
1980-81	4,17.83	1,79.69	1,34.00	6.19

It will be seen from above that unutilised funds lying with the banks are increasing year after year indicating that the Nigam draws funds sanctioned by the Government without assessing its needs.

6.31.06. Loan operations

The population of Scheduled Castes in Haryana as per census of 1981 is 24.64 lakhs, *i.e.* 19.07 per cent of the total population of the State. The Nigam is required to create employment potential for Scheduled Caste communities and help them in the task of socio economic and educational uplift mainly by advancing loans on easy terms for various activities relating to agriculture, dairy and poultry farming, cattle and pig breeding, trades, business and higher education, *etc.* However, the Nigam had not undertaken any economic/employment survey or occupational analysis of the Scheduled Castes so as to lay down their targets/policies accordingly. Out of 259 persons in the service of Nigam as on 30th June 1982 (regular : 191; piece rate/daily wage workers : 68); only 133 (79 regular *plus* 54 piece rate/daily wage workers) belonged to Scheduled Castes.

(v) The table below indicates the details of loans application received, sanctioned, rejected and loans disbursed for the four years ended up to 1980-81 :—

Particulars	1977-78		1978-79		1979-80		1980-81		Cumulative since inception	
	Number of applications	Amount	Number* of applications	Amount	Number of applications	Amount	Number of applications	Amount	Number of applications	Amount
	(Amount : Rupees in lakhs)									
Received	2,551	*	5,757	*	6,203	*	6,563	*	47,896	*
Sanctioned	582	20.36	1,314	29.16	820	21.77	6,344	1,28.44	12,593	3,02.90
Rejected	1,969	*	4,443	*	5,383	*	219	*	35,303	*
Disbursed	442	12.83	815	18.50	656	15.61	3,589	76.51	7,882	1,91.66
Percentage of applications sanctioned to those received	22.8	..	22.8	..	13.2	..	96.5	..	26.3	..
Percentage of amount disbursed to amount sanctioned	..	63	..	63	..	72	..	60	..	63

*Indicates figures not available.

It will be observed from the above table that :—

- (a) Loans were sanctioned in 12,593 cases up to June 1981 representing 26.3 *per cent* of the number of applications received. Reasons for rejection of 35,303 applications since inception (amount not known) were not on record.
- (b) The percentage of loans disbursed to loans sanctioned increased to 72 *per cent* in 1979-80 but came down to 60 *per cent* in 1980-81. The Management attributed (November 1982) the decrease to non-completion of formalities by the loanees.
- (c) Out of the total population of Scheduled Castes of 24.64 lakhs, the Nigam has extended help to only 7,882 persons up to June 1981.

(ii) About 68.3 *per cent* of the total beneficiaries were given loans for dairy farming, sheep and goats, piggery and poultry while for higher studies it was only 0.35 *per cent*.

In accordance with the provisions of the agreements, a loanee is required to utilise the loans within one month from the date of disbursement. The Nigam has no follow up system to check the utilisation of loans. A test check in audit of 377 cases, revealed that utilisation certificates in respect of 279 cases, involving Rs. 6.05 lakhs disbursed during 1979-80 and 1980-81 had not been received from the loanees up to June 1982.

(iii) On receipt of instructions from the Government of India (December 1976) that the Nigam should have a wide range of promotional activities, a scheme of tie-up arrangement has been finalised (August 1981) with certain banks under which the applicants are to be identified by the Nigam. The Nigam is to advance margin money to the extent of 25 *per cent* of the loan and the balance 75 *per cent* is to be financed by the bank. During 1981-82, the Nigam distributed loans amounting to Rs. 4.08 lakhs (25 *per cent*) to 553 beneficiaries against the target for disbursement of loan to 12,000 beneficiaries.

6.31.07. Default in repayment of loans

(i) Out of cumulative amount of Rs. 57.41 lakhs (principal : Rs. 37.52 lakhs ; interest : Rs. 19.89 lakhs) due for recovery during the year 1980-81 from various loanees only Rs. 9.41 lakhs (principal : Rs. 6.58 lakhs ; interest : Rs. 2.83 lakhs) were recovered during the said year leaving an overdue amount of Rs. 48 lakhs (principal : Rs. 30.94 lakhs ; interest : Rs. 17.06 lakhs) from 7,109 loanees at the end of 30th June 1981. It has also been observed that the rate of recovery has come down from 30 *per cent* in 1978-79 to 18 *per cent* in 1980-81 in respect of principal and that of interest from 27 *per cent* to 14 *per cent*.

(ii) In 30 cases where loans aggregating Rs. 0.98 lakh were advanced during 1971-72 to 1975-76, the recovery of all instalments and interest amounting to Rs. 1.79 lakhs was in default (April 1982).

The Management stated (November 1982) that the cases of defaulters (including above 30 cases) have since been referred to the respective collectors for recovery of the amount as arrears of land revenue.

6.31.08. Purchase of plots

The following plots of land were purchased by the Nigam for setting up manufacturing/processing units :

Place	When purchased	Area (acres)	Cost (Rupees)	From whom purchased
1. Bhiwani	25th May 1973	2	64,380	HUDA
2. Tohana	7th December 1973	2	1,06,750	Colonisation Department
3. Murthal	28th January 1976	1.26	66,957	HSIDC
4. Panchkula	13th December 1976	1	56,277	HUDA
	Total		2,94,364	

No plan for development has yet been drawn in respect of Tohana (June 1982). The Nigam deposited Rs. 4.50 lakhs with Public Works Department (PWD)/Haryana State Industrial Development Corporation (HSIDC), Chandigarh for the purpose of construction of buildings at Murthal, (Rs. 2 lakhs in May 1977 and April 1978) Bhiwani (Rs. 1.50 lakhs in May 1975 and June 1975) and Panchkula (Rs. 1.00 lakh in April 1978). As no action for construction of buildings was taken by PWD/HSIDC, the amounts were got refunded (April 1977 and August 1981) without interest after lapse of 2 to 4 years.

In December 1978, Government of India directed the Nigam that it should engage itself mainly in promotional activities and need not run any industrial undertaking.

The HSIDC has resumed (December 1982) the plot at Murthal as the Nigam failed to construct its building on the said plot within a stipulated period. As regards plots at other places, the Nigam has not yet taken any decision regarding construction of buildings on these plots while it is incurring an expenditure of Rs. 3,350 per month towards rent on buildings at Murthal/Panchkula for running the manufacturing units.

6.31.09. Setting up of small scale industries

With a view to augment the sources of employment to persons belonging to Scheduled Caste community, the Nigam set up three small scale units at Karnal Murthal and Panchkula as detailed below :

6.31.10. Shoe production centre, Karnal

(i) The Nigam started a shoe production centre at Karnal in February 1973 at a cost of Rs. 3.70 lakhs (Rs. 3.28 lakhs for working capital, Rs. 0.40 lakh for machinery and Rs. 0.02 lakh for hiring of a building for 3 months).

The investment up to June 1981 was, however, to the extent of Rs. 43.30 lakhs (Rs. 0.76 lakh for furniture, Rs. 0.28 lakh for machinery, *etc.*, and Rs. 42.26 lakhs as working capital). The increase in working capital was mainly due to blocking of funds in finished goods (Rs. 14.45 lakhs), debtors (Rs. 13.43 lakhs), raw material (Rs. 7.40 lakhs) and heavy accumulated losses (Rs. 10.59 lakhs).

As on 30th June 1982, out of 25 regular posts in the centre, 10 were held by persons belonging to Scheduled Castes. Apart from it, the unit employs piece rate workers to the extent needed from time to time.

(ii) The centre commenced production of shoes from 28th May 1973 through piece rate workers. The details of shoes produced/sold and balance in stock for the four years up to 1980-81 were as under :—

Year	Opening balance	Production		Sales	Closing balance	
		(Number in pairs)			(in terms of months sales)	
1977-78	37,682	46,563*	27,804	56,440	24	
1978-79	56,440	26,747*	42,019	41,168	12	
1979-80	41,168	23,925*	21,806	43,287	24	
1980-81	43,287	28,266	40,957	30,596	9	

The average production of shoes per day was 63 to 94 pairs as against the average production capacity of 300 pairs per day (for 300 days).

The centre increased its production by 60 *per cent* in 1977-78 as compared to 1976-77 in order to meet the requirements of shoes' emporia opened at Yamunanagar, Jind, Rohtak, Karnal and Chandigarh during 1976-77 but, due to uneconomic functioning, three emporia (Yamunanagar, Jind and Karnal) were closed during 1978-79 and 1979-80.

(iii) The Nigam deputed (September 1981) an officer for preparing the list of old stock of shoes lying at the centre. The value of shoes manufactured up to 1979-80 but not sold up to 30th June 1981 was assessed at Rs. 7.61 lakhs (20,810 pairs).

The Nigam decided (November 1981) to dispose of the old stock at manufacturing cost but only 5,904 pairs (value : Rs. 2.16 lakhs) approximately could be sold up to March 1982.

(iv) A test check of records in audit revealed that 7,768 pairs of shoes/*chappals* valuing Rs. 2.19 lakhs were lying with the Nigam in damaged and

*Includes 4,000 and 4,800 pairs purchased from market in 1978-79 and 1979-80 respectively. Number of pairs purchased from market in 1977-78 was not separately available with the Nigam.

unsaleable condition at the close of 30th June 1982. The reasons which led to above mentioned accumulations are as under :—

- (a) 4,610 pairs of *chappals*/boots(Rs. 1.52 lakhs) manufactured between 1974-75 and 1977-78 on receipt of an indent from the Police Department were not lifted by them due to subsequent change in the pattern of the uniform for police personnel. These *chappals*/boots are not saleable to general public. Though the Nigam was not consulted before the change in the pattern of uniform of police personnel, it failed to take appropriate action to make the police department accept the goods manufactured for them.
- (b) The Nigam purchased 4,900 pairs of *chappals*(value : Rs. 0.78 lakh) during 1976-77 from a firm of Kanpur. Of these only 2,151 pairs could be sold so far(June 1982) and the balance 2,749 pairs(value : Rs. 0.51 lakh) are lying with the Nigam. The Management stated(November 1981) that the footwear purchased from the firm were of very poor quality and these *chappals* developed cracks within a short period of putting into use. The guarantee for any manufacturing defects in raw material was valid up to 60 days only from the date of supply. Further, the purchase of *chappals* from a source outside Haryana did not benefit the Scheduled Castes of the State in any manner.
- (c) The Centre manufactured 675 pairs of ladies sandals with wooden soles in 1979 without proper assessment of marketability. Out of these, the Nigam could sell only 266 pairs up to June 1982 and the remaining 409 pairs (value : Rs. 0.16 lakh) had not yet been disposed of (June 1982).

The management stated (June 1982) that the sandals have been eaten by white-ants and were not saleable.

(v) The centre incurred loss of Rs. 1.22 lakhs, Rs. 6.57 lakhs, Rs. 1.81 lakhs and Rs. 1.89 lakhs during the years 1977-78, 1978-79, 1979-80 and 1980-81 respectively. A perusal of the profit and loss accounts of the centre revealed that the ratio of overhead expenditure to direct cost during 1977-78 to 1980-81 varied from 25 to 51 *per cent*. The total overhead expenditure (Rs. 18.48 lakhs) and net loss(Rs. 11.49 lakhs) during the year 1977-78 to 1980-81 was more than the wages paid(Rs. 7.38 lakhs) during the said period. Thus, the centre has neither conferred benefits commensurate with the costs to the Scheduled Castes nor it has run on commercial lines.

(vi) The Nigam has not laid down any maximum, minimum and re-ordering levels for various items of raw materials. The value of closing stock of

raw materials in terms of month's consumption during the four years ending 1980-81 varied from 7 to 16 months.

(vii) There is no adequate financial control on the sales depots of the Nigam. Further, regular deposits of cash by the depots into the banks were also not watched. Again, there was no proper follow up system of reconciliation of debtors accounts. Two cases of embezzlement of cash and shortage of stocks noticed are mentioned below :—

- (a) The salesman of Chandigarh emporium left the emporium in November 1977 without handing over charge. Verification conducted (January 1978) by an officer of the Nigam revealed that Rs. 0.10 lakh were due from the salesman towards sale proceeds realised but not deposited (Rs. 0.09 lakh) and cost of shoes and leather found short (Rs. 0.01 lakh).

The Nigam terminated the services of the salesman on 17th January 1978. A case was got registered with the Police on 6th October 1978 which was under investigation (February 1982).

- (b) The salesman of Rohtak emporium absented himself from duty from 4th December 1982. An enquiry/physical verification conducted (December 1982) by an officer of the Nigam revealed (i) appropriation by the salesman of the value of three cheques (Rs. 34,929) in favour of the Nigam during the period from June 1980 to April 1981 ; (ii) short deposit of cash with bank (Rs. 365) and (iii) shortage of stores (Rs. 38,579). The salesman was suspended (December 1982) and the case has been handed over to the Police.

(viii) Physical verification of stores at the centre revealed (February/March 1980) that there were shortages of finished goods valued at Rs. 1.20 lakhs. The manager in-charge of the centre was charge-sheeted (April 1982). Further developments are awaited (June 1982).

6.31.11. Packages unit, Murthal

The Nigam established in June 1976, a unit for manufacture of various types of paper packages. The capital expenditure incurred on it up to June 1981 amounted to Rs. 3.46 lakhs (machinery : Rs. 2.96 lakhs ; sheds : Rs. 0.36 lakh and furniture : Rs. 0.14 lakh).

(i) The units commenced production in June 1976 with installed capacity of 4,000 corrugated boxes of 3 ply and 2,000 of 5 ply per day. This unit has generated employment potential for 14 persons only out of which 10 are

Scheduled Castes. The table below indicates the actual production, vis-a-vis, installed capacity during the four years ended 30th June 1981 :—

Quantity of corrugated boxes

	1977-78	1978-79	1979-80	1980-81
	(Number in lakhs)			
1. Installed capacity	18.00	18.00	18.00	18.00
2. Actual production	6.04	5.27	4.92	2.23
3. Shortfall	11.96	12.73	13.08	15.77
	(per cent)			
4. Percentage of production to installed capacity	33.6	29.3	27.3	12.4

It would be seen from the above that actual production was far below the capacity and the percentage of capacity utilisation had come down year after year.

The Management stated (May 1982) that the production could not be increased for want of supply orders.

(ii) No norms for the consumption of paper were fixed. The table below indicates the consumption of paper in kilogrammes as per job analysis, vis-a-vis, the paper consumed (as per accounts) for the four years ended 30th June 1981 :—

Year	Paper consumed as per accounts	Actual paper which should have been consumed as per job analysis	Excess consumption	Average rate per kilogramme (Rupees)	Value of excess consumption (Rupees in lakhs)	Percentage of excess consumption
	(In kilogrammes)					
1977-78	2,63,119	2,44,195	18,924	4.00	0.76	7.7
1978-79	2,45,175	2,21,459	23,716	5.55	1.32	10.7
1979-80	2,24,909	2,15,050	9,859	6.07	0.60	4.6
1980-81	1,11,477	97,642	13,835	5.94	0.82	14.2
	Total		66,334		3.50	

It would be seen from the above that the paper consumed in excess with reference to job analysis varied widely from 4.6 per cent (1979-80) to 14.2 per cent (1980-81), the reasons for which have not been investigated (June 1982).

(iii) There was no costing system/job cards to ascertain the cost of production for each type of boxes made. An exercise in audit revealed that the unit had on an average, incurred a loss of Re. 0.16 and Rs. 1.37 per box during the year 1979-80 and 1980-81 respectively and there was a total loss of Rs. 0.79 lakh and Rs. 3.04 lakhs during the respective years. It was also

noticed that during the year 1980-81, the unit was unable to recover even the prime cost to the extent of Rs. 1.16 lakhs.

The Nigam stated (December 1982) that the unusual increase in the rate per unit of the cost of production was due to higher overheads and lower rate of annual production which was, in turn, due to paucity of orders.

6.31.12. Binders and printers unit, Panchkula

The Nigam started (January 1976) a unit for manufacture and supply of various types of exercise books and answer books out of the quota paper allotted by the Central Government through State Government. The unit is also doing printing work.

With a view to meet the increased printing work, the Nigam decided (July 1979) to purchase an automatic printing machine. A firm of Ballabgarh quoted (July 1979) Rs. 0.90 lakh *ex factory* and the offer of the firm was valid for 60 days, i.e. upto 26th September 1979. The Nigam decided (July 1979) to obtain a quotation from Hindustan Machine Tools (HMT) and in September 1979, HMT's quotation was asked for and it quoted (3rd December 1979) rate of Rs. 3.20 lakhs after which the case for purchase of machine from the Ballabgarh firm was forwarded to Head Office in February 1980 and it was approved (March 1980).

An order was placed on the firm of Ballabgarh in March 1980 after expiry of validity of offer in September 1979. The firm informed (March 1980) that the current price of the machine had been revised to Rs. 1.20 lakhs *ex factory*, plus excise duty and taxes. The revised price was approved by the purchase committee (April 1980) and the order was placed (May 1980) at enhanced rate of Rs. 1.20 lakhs. Supply was completed on 9th December 1980.

The Nigam, thus, incurred additional expenditure of Rs. 0.35 lakh including taxes, due to delay in finalisation of the purchase.

6.31.13. Sundry debtors

The table below indicates the pattern of debts, vis-a-vis, sales for the six years up to 1980-81 :—

As on 30th June	Sales	Debtors	Percentage of debtors to sales
	(Rupees in lakhs)		
1976	11.93	10.85	90.9
1977	25.92	15.28	58.9
1978	31.80	21.11	66.4
1979	36.55	27.46	75.1
1980	36.73	28.37	77.2
1981	27.69	29.57	106.8

The table below indicates the amount which are recoverable but are under dispute :—

Recoverable from	Amount (Rupees in lakhs)	Remarks
(i) Government department	3.43	Amount not released by the department due to dispute regarding rates and defective supplies.
(ii) Boards, autonomous bodies and corporations	1.42	Dispute over supply of goods.
(iii) Co-operative institutions	1.39	Dispute regarding settlement of rate of commission and defective supply.
(iv) Private parties	0.14	Dispute regarding supply of goods.

6.31.14. Accounting procedure/records

There is no Accounts Manual prescribing the accounting procedure of the Nigam. In addition, the following omissions were noticed :

- (a) There is no purchase manual prescribing the purchase procedure.
- (b) There is no system of cost compilation to work out the unitwise cost of production and to fix the selling price thereof.
- (c) There is no system of allocation and apportionment of Head Office expenditure and overhead charges between the operational wing, viz., loans operations and the projects.
- (d) Physical verification of finished goods, store spares parts and raw material is not being conducted regularly.
- (e) No reconciliation of opening stock, purchases, consumption and closing stock had been made, and consequently, consumption could not be co-related to the products manufactured.
- (f) There is no adequate financial control on the sale depots and regular deposit of cash by the depots into the banks is not watched.

6.31.15. Internal audit

The Nigam does not have its own organisation of internal audit. The Nigam availed of services of chartered accountants on retainership basis from

time to time for internal audit. In November 1979, a firm of chartered accountants was appointed as internal auditor on a fee of Rs. 700 per month. Besides conducting internal audit, the firm was also required to help the Nigam in streamlining the accounting system and to prepare quarterly trial balance and profit and loss account and balance sheet. The firm was also to prepare the income-tax returns/appeals, etc.

The firm assisted the Company in the finalisation of annual accounts and the work of internal audit had been confined to routine checks.

6.31.16. Other topics of interest

(i) Pursuant to the provisions contained in the Nigam's bye-laws, dearness allowance and other allowances are admissible to all employees of the Nigam at Haryana Government rates or as decided by the Board from time to time. The employees of Haryana Government stationed at Murthal are not entitled to any house rent allowance nor the Board of Directors of the Nigam sanctioned house rent allowance for its employees working at Murthal.

It was, however, observed that the Nigam had been paying house rent allowance since July 1977 to its staff. The extent of irregular payment of house rent allowance worked out to Rs. 0.14 lakh up to February 1982. On being pointed out in audit (October 1981) the payment was stopped from March 1982 onwards.

(ii) Under the Haryana General Sales Tax Act, 1973, paper products are liable to tax at the first stage of sale. The Murthal unit, however, did not charge sales tax from 8 dealers during the years 1976-77 to 1978-79 but had to pay the sales tax amounting to Rs. 0.31 lakh on finalisation of assessment. The Nigam raised (June 1982) debits against the dealers, but recovery thereof is awaited (February 1983).

6.31.17. Summing up

(i) The Nigam was established in January 1971 with the objects to undertake tasks for socio-economic and educational upliftment of the Scheduled Castes in the State. As on 30th June 1981, the Nigam had mobilised equity loan capital (interest free) to the extent of Rs. 4,20.30 lakhs. The Company did not draw up any systematic plan of action annually to implement the schemes expected to be achieved. As on 30th June 1981, funds to the extent of Rs. 1,34.00 lakhs had been blocked in fixed deposits (against Rs. 1,57.00 lakhs as on 30th June 1980) without putting them to proper use for the purposes intended. The Company had drawn funds because budget provision had existed without assessing the needs.

(ii) The Nigam had sanctioned up to June 1981, loans to 12,593 applicants for an aggregate amount of Rs. 3,02.90 lakhs (26 per cent of applications received) against which Rs. 1,91.66 lakhs were disbursed to 7,882 beneficiaries ;

35,303 applications had been rejected since inception and the amount of assistance sought was not known and the reasons for their rejection were not on record.

(iii) The percentage of applications sanctioned to received ranged between 13.2 and 96.5 during the years 1977-78 to 1980-81.

(iv) Rupees 30.94 lakhs towards principal and Rs. 17.06 lakhs towards interest were overdue for recovery from 7,109 loanees as on 30th June 1981. The percentage of the amount of recovery of the instalments of principal and interest to the amount due ranged between 18 to 26 (principal) and 14 to 27 (interest).

(v) The Nigam had set up three small scale units for manufacturing shoes, corrugated boxes of gum tape and exercise books and answer books with a view to provide employment to Scheduled Castes community. The Nigam had, as on 30th June 1982, 259 persons on service of whom 133 belonged to Scheduled Caste community.

(vi) During the year 1978-79, even the prime cost to the extent of Rs. 1.60 lakhs could not be recovered from sales in the Shoe Production Centre at Karnal.

(vii) The installed capacity of production of corrugated packing cases was not utilised to the full capacity. Percentage of production of installed capacity ranged between 12.4 to 33.6 during the years 1977-78 to 1980-81. There was no costing system in the packaging unit. The loss per box varied from 0.16 paise (1979-80) and Rs. 1.37 (1980-81).

(viii) The audited accounts of the Company for the years 1977-78 to 1981-82 were not received.

The matter was referred to Government in August 1982 ; reply was awaited (February 1983).

HARYANA BREWERIES LIMITED

6.32. Abnormal wastage of cartons

The Company purchases its requirements of cartons from outside agencies including a State Government undertaking for packing beer bottles. In the purchase order, the Company specifies the quality of cardboard, size and weight, etc., of the cartons, and the quality of the cartons supplied was to be verified by the Company before taking delivery.

A test check of issues, consumption and wastage of cartons for the three years ended 31st March 1982 revealed as under :—

Year	Cartons issued	Cartons utilised	Cartons spoiled in handling	Cartons replaced to customers	Total (4+5)	Percentage of wastage to cartons issued
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1979-80	7,78,268	7,32,650	1,9,650	1,35,968	45,618	5.86
1980-81	7,74,635	7,09,033	1,12,600	1,53,002	65,602	8.47
1981-82	7,50,586	5,44,061	1,10,611	1,95,914	1,06,525	14.19

The percentage of wastage of cartons against the standard of 0.5 ~~per cent~~ fixed by the department was very high and ranged up to 14.19. Further, the extent of loss of beer due to breakage of bottles in transit owing to defective cartons has not been assessed by the management. The avoidable expenditure on cartons used in excess of the standard of 0.5 *per cent* works out to Rs. 5.46 lakhs for the above three years.

The Management stated (April 1982) that the excessive loss of cartons was mainly on account of cheaper quality of material used by the suppliers and that steps are being taken to ensure proper supplies in future. It was not clarified as to why cartons made of cheaper quality material, being substandard were not rejected.

The matter was reported to Government in June 1982; reply was awaited (February 1983).

6.33. Purchase of labels

The Company got printed labels for fixing on beer bottles from outside agencies at Rs. 24.25 per thousand (including paper) during the years 1977-78 to 1979-80 (299.15 lakh labels). A review of the General Stock Register of the Company revealed that 70.81 lakh labels (valuing Rs. 1.72 lakhs) held at the end of March 1980 could not be utilised and were discarded (April 1982). On audit query, the Company got reprinted (September 1981 onward) 23.33 lakh old labels out of the above stock (value : Rs. 0.57 lakh) at a cost of Rs. 0.22 lakh with changed marking of month of production and 43.35 lakh labels (value : Rs. 1.05 lakhs) were treated (April 1982) as obsolete as these could not be salvaged being old and rotten stuff. No decision about utilisation/discarding of balance 4.13 lakh labels was available on record (April 1982). Out of reprinted labels, only 19.52 lakh labels could be utilised and 3.81 lakh labels (value : Rs. 0.09 lakh) were re-transferred to old stock register from time to time.

The Management stated (July 1982) that 43.45 lakh labels became obsolete on account of additional requirement of printing of month and year on

labels, classification of labels for bond and otherwise for sales in specified areas, withdrawal of one of the brands, *etc.*, resulted in piling up of different types of labels and could not be used on first in first out basis. These labels remained in the stores for years together and became brittle, *i.e.*, unusable.

The argument is not tenable as most of the discarded labels were in respect of brands in production and could be used with changed marking of month and year on the labels. The loss of Rs. 1.36 lakhs was actually the result of prolonged storage due to which the labels became rotten and had to be discarded.

The matter was reported to Government in August 1982 ; reply was awaited (February 1983)•

6.34. Supply of defective beer

During 1980-81, the Company supplied 1,63,008 bottles of beer to a dealer of Hyderabad. In January 1981, the Company received complaint from the dealer that supplies made during October 1980 to December 1980 contained 2,549 bottles of beer which had sedimentary formation and 5,152 bottles of beer were found odourous on their opening. The Company thereafter allowed a rebate of Rs. 0.16 lakh being the cost of 2,549 spoilt bottles of beer to the dealer.

Again the same dealer on 24th September 1981, complained that 38,400 bottles of beer supplied during September 1981 had been spoilt due to :—

- (i) formation of sediments which had become a regular feature ;
- (ii) sedimentation taking place during one week of storage even in bottles which seemed to be clean at the time of receipt ; and
- (iii) existence of one big cork in one bottle and some foreign particles in some other bottles.

The Company, after obtaining clearance from Excise authorities, brought back (October 1981) the entire consignment from Hyderabad to its works for reprocessing which was done after incurring a further expenditure of Rs. 0.69 lakh. Beer was despatched to the dealer on 10th October 1981, *i.e.*, within 3 days after receipt of the rejected lot. An expenditure of Rs. 40,014 was incurred on its transportation (both sides).

Owing to spoilage of beer, the Company, thus suffered a loss of Rs. 1.25 lakhs. However, the Management had neither investigated the reasons for spoilage nor taken preventive steps to obviate such complaints and losses nor fixed any responsibility for the loss.

The matter was reported to Government in August 1982, reply was awaited (February 1983).

Haryana Land Reclamation and Development Corporation Limited

6.35. Purchase of defective bearings

On 26th June 1980, the Company placed two orders for supply (before 6th July 1980) of 1,312 bearings for tractors on two firms of Amritsar and Chandigarh for Rs. 0.81 lakh and Rs. 0.22 lakh respectively. In terms of the contract, the material was to be inspected by the service engineer of the Company at the suppliers' premises and 90 per cent payment was to be released against Railway Receipt duly supported by such inspection certificate. The suppliers were to replace, free of cost, the goods if those failed to come up to the requisite specification even after their receipt.

Supplies duly inspected (August-September 1980) by the service engineer were despatched to the Karnal unit of the Company in August and September 1980 (delivery period was extended by the Company). Ninety per cent payment amounting to Rs. 0.95 lakh was released by the Company in August-September 1980 through bank.

The bearings when used, created major defects and break down in the tractors. The Managing Director directed (February 1981) another service engineer of the Company to conduct a thorough investigation into the matter. The service engineer reported (27th March 1981) that bearings supplied by both the firms were defective and not genuine as those were under/over sized and got seized and noisy on use.

The firms were asked (May 1981) to replace the defective bearings as per the terms of the supply order. The Chandigarh firm declined (18th May 1981) to replace the bearings as the material was pre-inspected. The firm of Amritsar agreed (18th May 1981) to replace the bearings, if it was found that these were not up to the mark but the same had not yet been replaced (April 1982).

Out of the defective bearings valued Rs. 1.05 lakhs, bearings valuing Rs. 0.63 lakh were still lying ; the remaining are stated to have been consumed and found defective. The Management had not assessed the impact due to operation the tractors which were fitted with defective bearings.

The service engineer who had inspected the goods left (October 1980) the service of the Corporation.

The matter was reported to Government in June 1982 ; reply was awaited (February 1983).

SECTION-D

6.36. Departmentally managed Government Commercial/*Quasi-Commercial* Undertakings

6.36.01. Introduction

As on 31st March 1982, there were 7 departmentally managed commercial and *quasi-commercial* undertakings in the State. The *pro forma*

accounts of Haryana Roadways (1978-79) Colonization ~~Scheme~~ (1966-67 to 1968-69) Nationalised Text Book Scheme (1978-79 and 1979-80) and Haryana Veterinary Vaccine Institute Hissar (1981-82) had been received upto November 1982.

The extent of arrears in preparation/finalisation of the *pro forma* accounts of the undertakings are indicated below :—

<i>Name of the undertaking</i>	<i>Extent of arrears</i>
1) Purchase and Distribution of Pesticides	1966-67 to 1981-82
2) Seed Depot Scheme	1966-67 to 1981-82
3) Colonization Scheme	1969-70 to 1981-82
4) Haryana Roadways	1979-80 to 1981-82
5) Grain Supply Scheme	1980-81 to 1981-82
6) Nationalised Text Book Scheme	1980-81 to 1981-82

Summarised financial results of three undertakings on the basis of the latest accounts made available during the year are given in Appendix VI-3. The working of the Haryana Roadways, Haryana Veterinary Vaccine Institute, Hissar and Nationalised Text Book Scheme is discussed below :—

(a) Haryana Roadways

6.36.02. The Capital of the State Government invested in the Haryana Roadways as on 31st March 1979 was Rs. 34,09.08 lakhs as against the Capital of Rs. 29,14.52 lakhs as on 31st March 1980.

Financial Position

The table below summarises the financial position of the Roadways under broad headings for the 3 years up to 1978-79.

<i>Liabilities</i>	[1976-77	1977-78	1978-79
	(Rupees in lakhs)		
(a) Capital	23,94.90	29,14.51	34,09.08
(b) Motor Transport Reserve Fund.]	8.03	4.46	2.22
(c) Borrowings	2,52.84	..	..
(d) Trade dues and other liabilities	2,37.43	2,73.39	3,37.66
(e) Profit	..	37.17	48.68
Total	28,93.20	32,29.53	37,97.64

<i>Assets</i>	1976-77	1977-78	1978-79
	(Rupees in lakhs)		
(a) Grossblock	26,00·61	27,32·61	32,08·53
(b) <i>Less</i> : Depreciation reserve fund	8,13·28	9,93·40	11,78·05
(c) Net fixed assets	17,87·33	17,39·21	20,30·48
(d) Capital work-in-progress	50·06	1,82·72	2,10·09
(e) Current assets loans and advances	10,38·55	12,84·78	15,33·01
(f) Miscellaneous expenditure	15·74	22·82	24·06
(g) Accumulated loss	1·52	..	..
Total	28,93·20	32,29·53	37,97·64
 Capital employed*	 25,88·45	 27,50·60	 32,25·83

Working results

The following table gives details of the working results of the Roadways for the 3 years up to 1978-79 :—

<i>Particulars</i>	1976-77	1977-78	1978-79
	(Rupees in lakhs)		
1. (a) Operating			
Revenue	27,13·46	29,82·65	32,04·82
Expenditure	24,34·19	26,68·56	29,11·69
Surplus	2,79·27	3,14·09	2,93·13
(b) Non-operating			
Revenue	99·92	1,05·81	1,39·67
Expenditure	3,31·02	3,81·21	4,21·29
Deficit	2,31·10	2,75·40	2,81·62
(c) Total			
Revenue	28,13·38	30,88·46	33,44·49
Expenditure	27,65·21	30,49·77	33,32·98
Net Profit (+)/ loss (—)	(+)48·17	(+)38·69	(+)11·51
2. Interest on capital	1,20·03	1,47·97	1,87·83
3. Total return	1,68·20	1,86·66	1,99·34
		<i>per cent</i>	
4. Rate of return on Capital employed	6·50	6·88	6·27

*Capital employed represents the net fixed assets plus working capital.

Operational performance

The table below indicates the operational performance of the Roadways for the 3 years up to 1978-79 :—

	1976-77	1977-78	1978-79
1. Number of vehicles held at the year-end	2,041	1,961	2,100
2. Average number of vehicles on road	1,911	2,014	2,050
3. Kms. covered (in lakhs)			
(a) Gross	17,06.27	18,16.04	18,60.32
(b) Effective	16,64.11	17,72.87	18,10.02
(c) Dead	42.16	43.17	50.30
4. Percentage of dead Kms. to gross Kms.	2.47	2.38	2.70
5. Average effective Kms. per bus per day	238	241	242
6. Average revenue per Km. (paise)	169	174	185
7. Average expenditure per Km. (paise)	166	172	184
8. Profit(+)/loss (—) per Km. (paise)	(+)3	(+)2	(+)1
9. Number of operating depots	11	11	11
10. Average number of breakdowns per lakh Kms.	4.0	3.3	4.1
11. Average number of accidents per lakh Kms.	0.18	0.22	0.21

(b) Haryana Veterinary Vaccine Institute

6.36.03. The Haryana Veterinary Vaccine Institute, Hissar was set up in 1948 to cater to the requirements of various vaccines for the control of contagious diseases affecting the livestock in the State.

The Institute produces 14 types of vaccines, out of which accounts of two vaccines, *viz.*, anti-rabic single dose and anti-rabic full course, are maintained on commercial lines. The scheme is run on no-profit-no-loss basis.

The working of the 2 vaccines for the 3 years up to 1981-82, however, indicated that activities resulted in profits as detailed hereunder :

	1979-80	1980-81	1981-82
	(Rupees in lakhs)		
<i>Expenditure</i>			
(a) Opening stock	0.53	0.49	1.10
(b) Cost of finished stock manufactured	2.08	2.98	2.63
(c) Cost of bottles	0.12	0.13	0.18
(d) Administrative, selling and distribution expenses	0.35	0.48	0.69
Total	3.08	4.08	4.60

Receipts

(a) Sale of vaccines	4.47	5.35	5.90
(b) Miscellaneous receipts and sale of skin	0.38	0.42	0.34
(c) Closing stock	0.49	1.10	0.79
Total	5.34	6.87	7.03
Net Profit	2.26	2.79 (Per cent)	2.43
Percentage of net profit to sales	51	52	41

The selling prices of the vaccines were fixed by Government from time to time on estimated cost basis and there was no system to work out the cost.

(c) Nationalised Text Book Scheme

6.36.04. The Nationalised Text Book Scheme was introduced in 1952-53 by the Government of Composite Punjab State with the object of making text books up to 8th class available to students at cheap and uniform rates. On the re-organisation of erstwhile Punjab State on 1st November 1966, *i.e.*, the date of formation of Haryana state, the stores of various branches of Composite Printing and Stationery Department and Nationalised Text Book Scheme were physically divided in June 1968 and transferred to the successor States.

The table below summarises the working results of the scheme for the three years ended 1979-80 :—

	1977-78	1978-79	1979-80
	(Rupees in lakhs)		
<i>Expenditure</i>			
(i) Cost of books issued	48.53	58.20	45.20
(ii) Administrative and other expenses	11.30	10.40	11.94
Total	59.83	68.60	57.14
<i>Receipts</i>			
Sales	66.10	80.62	61.76
Miscellaneous receipts	0.02	0.02	0.02
Total	66.12	80.64	61.78
Net profit	6.29	12.04	4.64
Government capital	9.41	5.06 <i>per cent</i>	13.79
Percentage of net profit to sales	9.52	14.93	7.51

COLONIZATION

6.37. Development of Mandis

6.37.01. Introduction

In order to provide increased facilities for marketing agricultural produce, the erstwhile Government of Punjab took up in 1954-55, a scheme for the establishment of new *mandi* townships*. The scheme envisaged allotment of plots to the public for commercial, residential, industrial and recreational purposes in addition to development of main *mandi* areas. To regulate the development of new *mandi* townships, the erstwhile Punjab State Government enacted the Punjab New *Mandi* Townships (Development and Regulation) Act, 1960 which was also adopted by the Government of Haryana since November 1966.

The composite Punjab Government had 28 *mandis* (17 new *mandis* sanctioned by composite Punjab Government in addition to the then existing 11 old *mandis* established by the former princely States); of these, 5 old *mandis* were transferred to the respective Municipal Committees. The Haryana State Government sanctioned 39 *mandis* up to July 1975 and transferred 21 *mandis* up to 1980-81 (1 out of 17 *mandis* sanctioned by the erstwhile Punjab Government and 20 *mandis* out of those sanctioned by the Haryana Government) to the Haryana State Industrial Development Corporation Limited—one *mandi*—and Haryana State Agriculture Marketing Board (HSAMB)—20 *mandis*. The Colonisation Department was to develop the remaining 41 *mandis* (6 old *mandis* and 16 new *mandis* sanctioned by erstwhile Punjab State and 19 sanctioned by the Haryana State).

Only one of the old *mandi* (Satnali) has been developed so far even after 16 years, since their transfer from the erstwhile Punjab Government. In this case, out of the sanctioned area of 10.34 *acres*, the department developed 5 *acres* (65 plots) at a cost of Rs. 5.26 lakhs. Out of these, 21 plots were sold (January 1973) without getting the title deed of land transferred; in the absence of title, the possession of the plots sold could not be given to the respective allottees and the department had to refund the sale proceeds of Rs. 0.96 lakh, besides pay interest of Rs. 0.54 lakh. Consequently, the outlay of Rs. 5.26 lakhs has so far remained unfruitful.

In respect of 19 new *mandis* sanctioned by the Haryana Government (May 1970 to July 1975) and 16 new *mandis* transferred by the erstwhile Punjab Government, the overall development up to March 1982 was only about 48 *per cent* and 39 *per cent*, respectively. There was no development in respect of areas earmarked for residential and industrial purposes in

*Means any area declared to be a new *Mandi* Township by the State Government under Section 3(1) of the Punjab New *Mandi* Townships (Development and Regulation) Act, 1960.

mandis sanctioned by the Haryana Government. Similarly, development in areas earmarked for other different purposes, viz., warehouse, parks, schools, hospitals, etc., had not been taken up at all in any of the *mandis* except one *acre* developed for a plot of cinema at Adampur since the inception of the scheme. The slow progress was stated to be due to non-clearance of estimates and non-execution of works by the Public Works department and encroachments upon the lands.

The unutilised land on which construction of *mandis* was not contemplated in the near future, was generally being leased out for agricultural purposes. However, it was noticed that considerable areas which were not required for use for construction of *mandis* during various years were not even leased out for agricultural purposes as indicated below :—

Year	Number of <i>mandis</i>	Total land acquired during the year	Land under development	Vacant land available for leasing	Land leased out	Land not leased out
(In acres)						
1975-76	21	3,101	1,231	1,870	1,137	733
1976-77	23	2,897	1,483	1,414	1,072	342
1977-78	17	1,773	656	1,117	939	178
1978-79	19	1,762	631	1,131	797	334
1979-80	20	1,625	650	975	671	304
1980-81	13	1,324	439	885	659	226
1981-82	8	745	320	425	288	137

6.37.02. Sale of plots

Out of 15,367 plots available for sale, during the period from 1955-56 to 1981-82 in the 29 *mandis* (16* inherited from the erstwhile Punjab State and 13** sanctioned by the Haryana State), 11,709 plots were sold up to March 1982 leaving 3,658 plots (34 per cent) unsold. An expenditure of Rs. 2,33.53 lakhs was incurred on acquisition and development of the land in respect of these 3,658 plots.

In three new *mandis* (Tosham, Jhajjar and Amin), 581 plots were developed up to March 1977 at a cost of Rs. 47.92 lakhs of which only 91 plots were sold for Rs. 15.30 lakhs (March 1982).

*17 new *mandis* less one transferred in 1980-81.

**39 *mandis* sanctioned by the Haryana Government less 20 transferred in 1973-74 to 1980-81 minus 4 *mandis* for which land was not acquired and 2 *mandis* for which layout plan/estimates were not prepared and subsequently plots were not available for sale.

6.37.03. Fixation of reserve price and sale

The department, before auctioning plots, calculates the reserve price of plots in each *mandi* after considering (i) cost of land, (ii) land development charges, (iii) overhead charges at 9 per cent (14 per cent with effect from 28th August 1981), (iv) interest charges on (i) and (ii) above and (v) incidental charges at 10 per cent (12 per cent with effect from 28th August 1981). The reserve price, once fixed by the department, remains static. The department, however, stated in December 1982 that the auctioning officer while conducting the auction keeps in view the fact that the price received in respect of each plot should not be less than the approved reserve price/average price fetched in last auction. In addition, according to the New *Mandi* Townships (Development and Regulation) Rules, 1960, the Administrator has the right to reject any bid without assigning any reason or withdraw any property from auction.

The following points were noticed during the course of test-check in audit :—

(i) In Adampur and Ratia *mandis*, though the value of sale proceeds realised from the disposal of 24 plots (sold during the period from December 1980 to February 1982) was more than the reserve price fixed by the department, it was less than the average price of the same types of plots disposed of in the last auction held during the period March 1980 to December 1980. The percentage of reduction in prices with reference to the price obtained earlier ranged between 38 to 61.

One plot (measuring 30' x 60') included in the above was sold in Adampur *mandi* for Rs. 8,000 which was slightly more than the reserve price, viz., Rs. 7,800 but was abnormally less than the price fetched by the other 24 plots of similar size of same *mandi* and auctioned on the same day. The prices fetched by these 24 plots ranged between Rs. 28,300 and Rs. 38,500 each.

Similarly out of 30 shopping booths (measuring 12' x 20' each) sold on 23rd December 1981 at Adampur *Mandi*, 6 booths fetched price ranging from Rs. 11,000 to Rs. 11,900 as compared to the other 24 booths which fetched prices between Rs. 29,000 and Rs. 80,000.

(ii) Eleven industrial plots (6 of two *kanals* each, 3 of 4 *kanals* each and 2 of 8 *kanals* each) were auctioned at Ratia *Mandi* on 4th February 1982. The average price realised of different size of plots was Rs. 1.08 lakhs, Rs. 1.09 lakhs and Rs. 1.57 lakhs respectively. The department had not investigated into the reasons for the extremely low price fetched on the sale of 4 *kanal* plots and 8 *kanal* plots as compared to the amount fetched by two *kanal* plots.

(iii) One cinema plot measuring 2,189sq. yards at Adampur *mandi* was auctioned in December 1981 for Rs. 2.21 lakhs against the reserve price of Rs. 3.33 lakhs. While working out the reserve price, the department had not

taken into account additional compensation of Rs. 1.05 lakhs paid (November 1981) under orders of the Court and expenditure incurred up to September 1981 on water supply and sewerage system (Rs. 3.93 lakhs) and storm water drainage (Rs. 30.90 lakhs). After taking into account all the elements, the reserve price works out to Rs. 3.61 lakhs. Thus, the department suffered a loss of Rs. 1.40 lakhs on the sale of the cinema plot.

(iv) An area measuring 52 sq. yards of land adjoining the main shopping centre at Adampur *mandi* was under unauthorised occupation of a party. On rejection of the suit filed by the party in the Court, the party requested (December 1979) the department to allot the said land in its favour at a reasonable rate. The Government decided (June 1980) that the case might be regularised in accordance with the policy approved by the Finance Department, *i.e.*, at market rate plus 100 *per cent* penalty plus 20 *per cent* surcharge. However, instead of charging market rate (*viz.*, Rs. 665 per sq. yard), the department took into account the reserve price of the land (*viz.*, Rs. 64 per sq. yard) for working out the cost of the land (*viz.*, Rs. 7321) as per the formula prescribed by Finance Department resulting in extension of undue benefit to the party to the extent of Rs. 0.69 lakh.

(v) On receipt of complaints from residents of Adampur *mandi* that in the auction held on 20th December 1973, three industrial plots were sold to a firm at a very low rate ranging between Rs. 40,000 to Rs. 56,000 the said party surrendered the plots (February 1978). One more industrial plot was resumed in November 1978 on the ground that the instalments were not paid by the allottee on the due date. In the scheduled programme announced for auction to be held on 4th February 1981, these 4 plots were not included but the same were put to auction and sold on the said date for amounts ranging between Rs. 42,000 to Rs. 58,000. The price fetched was only Rs. 2,000 more than fetched in 1973, though the prices had gone up by 100 *per cent* to 200 *per cent*.

6.37.04. *Non-recovery of cost of land*

(i) The department had transferred 742.17 acres of land in 11 *mandis* valuing Rs. 144.57 lakhs to the HSAMB and the Transport Department. Against the recovery of Rs. 1,44.57 lakhs as cost of land, a sum of Rs. 1,08.00 lakhs was received as per details given below :—

Serial Number	Name of the <i>Mandi</i>	When transferred	To whom transferred	Area transferred (in acres)	Value of land (Rupees in lakhs)	Amount recovered	Remarks
1	Ratia	June 1979	HSAMB	7.40	5.53		Land was transferred without settling terms and conditions of sale.

Sl. No.	Name of the <i>Mandi</i>	When transferred	To whom transferred	Area transferred (in acres)	Value of land	Amount recovered	Remarks
(Rupees in lakhs)							
2	Tarauri, Beri, Babain, Samalkha, Assandh, Indri, Rania, Naraingarh and Barwala	March 1981	HSAMB	7,29.98	130.00	108.00	The matter is under correspondence.
3	Bhattu Kalan	March 1981	Transport Department	4.79	9.04	-	The Transport Department has stated that the price of land was very high and might be reduced. The matter is under correspondence.

The department has also not claimed interest amounting to Rs. 7.08 lakhs on the balance amount of Rs. 36.57 lakhs which remained unpaid up to December 1982.

(ii) Out of 97 plots in the shopping centre at Hissar *mandi*, 68 plots were transferred (February 1976) to HSAMB for Rs. 25.38 lakhs as per the decision taken by the State Government for development of *manais* by the latter. On receipt of representation from the HSAMB that the cost of land was too high, the price was reduced (June 1976) to Rs. 14.32 lakhs which was even below the reserve price of Rs. 20.37 lakhs resulting in a loss of Rs. 6.05 lakhs to the department. Pending receipt of the amount the title deed of the land was not transferred to the HSAMB, but, the plots were resold by the HSAMB in June 1976 along with 29 other plots which were the property of the department (July 1977). The department lodged (October 1977) a claim for Rs. 3.67 lakhs with the HSAMB being the value of 29 plots. The department realised a sum of Rs. 3.81 lakhs only so far against the total claim of Rs. 17.99 lakhs (May 1982).

5.37.05. Encroachment of Land

The department has not maintained complete records of encroachment cases, showing, *inter alia*, name of the party, number of cases involved, area encroached upon and period from which encroached upon, *etc.* However, during test check of records of 11 *mandis*, 1,082 cases of encroachment were noticed.

In this connection the following points were noticed :—

(i) In case of 3 *mandis* (Kanina, Satnali and Uchana) involving 409 cases, Government decided (August 1977) to sell the lands to the encroachers at the prevailing rate. Action on Government's decision has not been taken by the department so far (January 1983).

(ii) In case of 2 *mandis* (Kanina and Fatehabad) the local municipal committees were also charging rent from the unauthorised occupants since

September 1973 and October 1980, respectively. The amount recovered as rent by the committees up to March 1982 worked out to Rs. 0.68 lakh and Rs. 0.19 lakh respectively. The department has not claimed any compensation from concerned committees on this account.

(iii) In the remaining 673 cases, the department has not yet (May 1982) taken action to get the unauthorised possession vacated.

6.37.06. *Delay in auction of plots*

(a) During test check of records of 6 *mandis* (Jhajjar, Bhiwani, Amin, Hathin, Tosham and Kosli) it was noticed that the department was not notifying the detailed particulars and number of plots open to auction on each occasion. Further, it was also noticed that the time-gap between one auction and another ranged from 1 year to 8 years even though the plots were available for sale. In the case of one *mandi* (Bhiwani) last auction was held in December 1976, and thereafter, no auction was held though 94 plots were available for auction.

(b) Ninety plots of various categories were auctioned during the period January 1968 to December 1978 in 8 *mandis* for Rs. 11.23 lakhs. These plots were resumed during the period July 1969 to December 1979 as the allottees failed to deposit the amounts/instalments within the due dates prescribed. Though a period ranging from 3 to 13 years had since elapsed (March 1982), the department had not yet taken any action to re-sell these plots.

6.37.07. *Recoveries from plots holders*

Under the Rules, 25 *per cent* of the bid money in respect of sale of plot is to be paid at the fall of hammer and the remaining 75 *per cent* is payable in prescribed number of half-yearly/yearly instalments. In the event of non-payment of instalments after service of notice, the department can resume possession of the plot and forfeit the amount of the plot received to the extent of 10 *per cent* of the total.

It was, however, noticed that instalments aggregating Rs. 1,18.86 lakhs (excluding penalty and interest) in respect of plots sold upto 1981-82 were overdue as at the end of 31st March 1982.

The Public Accounts Committee had recommended (March 1979) in their 14th Report that all-out efforts should be made to recover the outstanding amount from the defaulters as early as possible.

A test check of the records revealed as under :—

(i) In 12 cases pertaining to three *mandis* (Sirsa, Bhiwani and Kalanwali), though the plots were auctioned during the period between December 1972 and January 1975, not even a single instalment (except 25 *per cent*

received at the time of auction) had been received so far (May 1982). A sum of Rs. 2.35 lakhs is overdue from these allottees.

(ii) In 11 cases of three *mandis* (Bhiwani Khera, Ambala City and Sirsa), the plots were auctioned during the period from January 1972 to December 1979 but a sum of Rs. 1.85 lakhs (after the receipt of one or two instalments, the payments were stopped) was still outstanding from the respective allottees.

No action had been taken by the department for the resumption of these plots (May 1982).

6.37.08. *Non-accountal of recoveries*

Under the Punjab New *Mandi* Township (Development and Regulation) Rules, 1960, (as applicable to Haryana), the consideration money for transfer of plots is to be paid either in cash or by bank draft drawn on scheduled banks. The department discontinued (October 1974) the practice of accepting payment in cash through treasury challans owing to lack of proper details in the challans. Even the payments received through cheques/drafts were also not adjusted in the accounts of the respective plot holders, and pending receipt of complete particulars, these were taken as miscellaneous receipts. The aggregate amount of unlinked credits up to the year 1980-81 worked out to Rs. 1.26 lakhs. The Public Accounts Committee in their 14th Report also recommended that outstanding items should be linked and adjusted in the accounts of the plot-holders to avoid unnecessary complications and harassment to them. However, no concerted action was taken (May 1982).

6.37.09. *Financial Results*

Pro forma accounts for the years 1969-70 to 1981-82 have not been finalised. *Pro forma* accounts for the year 1966-67 which showed a net loss of Rs. 1.15 lakhs and for the years 1967-68 and 1968-69 which showed a net profit of Rs. 22.87 lakhs and Rs. 29.40 lakhs respectively were finalised in December 1982. The major deficiencies noticed as a result of audit of these accounts are enumerated below :—

- (i) The opening balances of assets and liabilities shown in accounts as on 1st November 1966 (formation of Haryana) have not been reconciled with the balances appearing in the books of Punjab State.
- (ii) The opening and closing stock of developed land has been based on the amount of detailed estimates of works instead of on the actual expenditure incurred.
- (iii) The cost of land of 6 old *mandis* has not been brought into accounts.

- (iv) Basic commercial records, viz., Journal and ledger were not maintained.
- (v) Interest on capital has not been correctly worked out resulting in under-statement of loss by Rs. 1.25 lakhs during 1966-67 and over-statement of profit by Rs. 0.92 lakh and Rs. 2.91 lakhs during 1967-68 and 1968-69 respectively.

6.37.10. *Summing up*

(i) New *Mandi* townships were proposed at several places in the State with a view to increase facilities for marketing agricultural produce. The department had not drawn up any systematic plan of action to implement the scheme. The percentage of area developed to area planned for development in 16 new *mandis* transferred from composite Punjab State and 19 new *mandis* sanctioned after the formation of Haryana State was 39 and 48 respectively during the period from November 1966 to March 1982. In addition 5 old *mandis* sanctioned prior to formation of Haryana had not been developed at all.

(ii) Considerable areas, which were not required for immediate use for construction of *mandis* were not being leased out for agricultural purposes.

(iii) The percentage of plots sold to plots available for sale in 29 *mandis* was 66.

(iv) An amount of Rs. 50.75 lakhs on account of cost of land transferred to other departments/Board was recoverable.

(v) *Pro forma* accounts of the department for the years 1969-70 to 1981-82 were in arrears.

The matter was referred to Government in September 1982 ; reply was awaited (February 1983).

TRANSPORT

6.38. Theft of cash

An Assistant Cashier of a Depot of Haryana Roadways, after receiving Rs. 1,25,657.25 from the route conductors at 9.45 P.M. on 6th January 1982, kept the amount in an almirah in the cash section because there was no separate cash chest for lodging cash collections, and got the locks checked also from the gunman on duty. Out of this, a sum of Rs. 1,25,387 was allegedly burgled on the same night by breaking open the lock of the almirah though the lock of the cash section room was found intact.

The theft was noticed by the Assistant Cashier at about 6.45 A.M. on 7th January 1982 when he came for duty and a complaint was lodged

by the General Manager with the Police on the same day. The gunman and the *chowkidar* were taken into custody by the Police for investigation. The case is still (May 1982) under investigation.

The gunman on whose part negligence was noticed in a departmental enquiry was placed under suspension with effect from 7th January 1982 and was charge-sheeted. Subsequently, one more official was placed under suspension on 26th March 1982.

The General Manager of the Depot intimated, (May 1982) "strong room has now been built up and iron chests provided to safeguard Government money in future".

6.39. Irregular fixation of pay of re-employed staff

By a notification issued on 29th February 1980, the State Government revised the payscales of its employees with effect from 1st April 1979. As per rule 2(2)(f) of Haryana Civil Services (Revised Scales of Pay) Rules, 1980, the revised scales of pay were not applicable to the re-employed Government employees. In June 1981, the Government clarified that the employees who had been re-employed under the pre-revised scales of pay would not get the benefit of pay revision under the Haryana Civil Services (Revised Scales of Pay) Rules, 1980.

A test check of records of 11 depots (out of 13 depots) of Haryana Roadways revealed that the benefits of pay revision was given to the re-employed staff also in contravention of the rule 2(2)(f) *ibid* which resulted in excess payment of pay and allowances to the extent of Rs 19.48 lakhs (up to March 1982). The payment at the enhanced rates is still (September 1982) being made to the re-employed staff.

The matter was referred to Government in June 1982 ; reply was awaited (February 1983).

6.40. Allotment of Jai Jawan Stall

Under instructions of Government of Haryana (April 1972) suitable sites for construction of "Jai Jawan Stall" in busy places such as railway stations, bus stops, courts, cinema halls, schools, colleges, etc., were to be allotted to the disabled ex-servicemen at a nominal rent and the stalls thereon were to be erected by the allottees at their own cost.

On 13th May 1976, the Roadways allotted a site to an ex-serviceman for construction of "Jai Jawan Stall" at Panipat bus stand at a nominal rent of Re. 1 per month, and the allottee constructed a wooden stall for selling tea. Subsequently, (April 1979) the Department allotted for a period of three years from 1979-80 to this ex-serviceman one booth (in place of the earlier stall) constructed departmentally, at a nominal rent of Re. 1

per month. Previously, the said booth allotted to another individual had fetched a lease money of Rs. 3,005 per month during the period from April 1978 to March 1979.

The allotment of a *pucca* booth to the ex-serviceman was in contravention of the Government orders, particularly, when he had already been allotted a site. This has resulted in a loss of revenue in the shape of lease money amounting to Rs. 1.08 lakhs to the Department up to 31st March 1982. The irregular lease is continuing (January 1983).

The matter was reported to Government in July 1982; reply was awaited (February 1983).

GRAIN SUPPLY SCHEME

6.41. Misappropriation of wheat stocks

With a view to holding the price line and maintaining an uninterrupted supply of foodgrains to consumers at reasonable price, the department procures wheat for Central Pool for despatch to the Food Corporation of India. The following cases of shortages of wheat were noticed by the department :—

(i) The Inspector in-charge, Provincial Reserve Centre, Kurukshetra, during the period from 9th June 1978 to 1st August 1978, moved 74,696 bags of wheat of one quintal each to the railway station, Kurukshetra for despatch to other stations against the Government allocation, but actually, 74,223 bags were received by the Inspector in-charge at the railway station leaving a shortage of 473 bags (473 quintals) valuing Rs. 0.61 lakh.

(ii) The Inspector in-charge Kurukshetra railway station had 76,435 bags of wheat (including opening balance of 1,586 bags and excess of 626 bags due to moisture gains/sweeping, *etc.*) of one quintal each during 9th June 1978 to 1st August 1978 for despatch to outside stations, of which 76,032 bags were actually despatched leaving a balance of 403 bags. Out of 403 bags, 387 bags were returned to the Inspector in-charge, Provincial Reserve Centre, Kurukshetra, who received only 219 bags resulting in short receipt of 168 bags. The said inspector on transfer (1st August 1978) did not hand over the balance 16 bags of wheat to the Inspector in-charge P.R. Centre, Kurukshetra. Thus, the net shortage against the Inspector in-charge, Kurukshetra rail head was to the extent of 184 bags (184 quintals) valuing Rs. 0.24 lakh.

The Department, after receipt of State Vigilance Report (May 1980) issued (28th December 1981) charge-sheet to both the officials and departmental enquiry is in progress. Final outcome is awaited (October 1982).

As per special procedure for the removal of grain, the Inspector despatching stocks was required to obtain signatures of Inspector at receiving end at the close of each day. The procedure was not followed. Had this procedure been followed, the misappropriation could have been detected immediately.

6.42. Abnormal shortage/quality cuts on damaged wheat stocks

During *Rabi* 1977 (April 1977 to July 1977), the Smalkha centre procured 22,442.40 quintals of wheat (value: Rs. 25.30 lakhs) for Central pool for despatch to the Food Corporation of India (FCI) against allocation from Government. Out of it, 7,110 quintals (value : Rs. 8.02 lakhs) were despatched to FCI up to 16th October 1977 against allocation from the Government of India.

On inspection of the stock on 17th October 1977, formation of *atta* was detected but no action to prevent further deterioration in quality was taken. A further quantity of 5,969 quintals of wheat (value : Rs. 6.73 lakhs) was, however, despatched to FCI up to 7th April 1978. It was decided (May 1978) to get the balance stocks cleaned. When the stocks were taken out for cleaning, an abnormal storage shortage of 415.69 quintals (excluding normal shortage of 215.59 quintals) valuing Rs. 0.47 lakh was noticed. The cleaning which was carried out during 7th April 1978 to 24th July 1978, further resulted in net shortage of 783.21 quintals (excluding normal shortage of 76.35 quintals) valuing Rs. 0.88 lakh.

In view of the damaged condition of the stocks, the Director, Food and Supplies Department, Haryana declared the stocks on 1st May 1978 as of 'C & D' categories. The FCI levied a quality cut of Rs. 0.77 lakh on the issue of 4,692.80 quintals wheat out of balance quantity of 7,872.57 quintals despatched by the department during May 1978 and September 1978.

Thus the department suffered a loss of Rs. 2.12 lakhs, which could have been avoided considerably if timely action had been taken in October 1977 when formation of *atta* was noticed.

The department stated (July 1982) that a decision to effect recoveries of Rs. 1.35 lakhs on account of abnormal shortage and for quality cuts of Rs. 0.77 lakh had since been taken and a Senior Officer was being deputed to investigate into the matter.

Seed Depot Scheme

6.43. Sale of wheat seed

(i) During *Rabi* 1975-76, seed depots at Rohtak and Sonapat, procured for sale 3,629.50 quintals of wheat-seed for Rs. 7.99 lakhs.

The total quantity of wheat-seed available for sale was 3,996.98 quintals (including carryover of old stock of 367.48 quintals valuing Rs. 0.64 lakh). Of this, 1,666.64.500 quintals (value : Rs. 3.60 lakhs) could be sold as seed during *Rabi* 1975-76 and 71.20 quintals of seed (value : Rs. 0.13 lakh) were transferred to seed depot at Bhiwani. Of the balance (2,259.13.500 quintals), only 51.56.500 quintals could be sold as seed (value Rs. 0.11 lakh) during *Rabi* 1976-77.

Out of the balance quantity of 2,207.57 quintals which lost germination power, 2,109.14.150 quintals were sold in auctions as grain during the years 1976-77 to 1979-80 for Rs. 2.10 lakhs at rates ranging between Rs. 60.90 and Rs. 127.50 per quintal against the average cost price of Rs. 216 per quintal. The remaining quantity of 98.42.850 quintals (including shortage of 16.81.500 quintals valuing Rs. 4,802) which had become stale was not saleable.

Owing to purchase of wheat-seed without properly assessing the requirements for the ensuing season, the Department had suffered a loss of Rs. 2.69 lakhs.

The matter was referred to Government in July 1982 ; reply was awaited (February 1983).

(ii) During *Rabi* 1975-76, seed depot, Gurgaon, procured 2,037.38 quintals of wheat-seed (value : Rs. 4.66 lakhs) for sale. The total quantity of wheat-seed available for sale was 2,111.92 quintals including 74.54 quintals of carryover stock (value : Rs. 0.11 lakh).

Of this, 1,129.43.500 quintals were sold as seed for Rs. 2.42 lakhs during *Rabi* 1975-76 and 239.07 quintals during *Rabi* 1976-77 for Rs. 0.51 lakh. The balance quantity of 743.41.500 quintals of wheat-seed lost its germination power and could not be got revalidated. Out of it, 596.81.050 quintals were sold by auction as grain during the years 1976-77 to 1978-79 for Rs. 0.63 lakh (at rates ranging between Rs. 74 ^{and} Rs. 118 per quintal) against the average purchase price of Rs. 228.73 per quintal.

A test check in audit (July 1981) of the records of the depot revealed that the balance quantity of 146.60.450 quintals of wheat-seed was not physically available with the Department. The matter had neither been investigated nor the responsibility thereof fixed so far (September 1982).

Owing to purchase of wheat-seed without properly assessing the requirements for ensuing season and lack of control on stocks, the Department suffered a net loss of Rs. 1.21 lakhs on this deal.

The matter was reported to Government in July 1982 ; reply was awaited (February 1983).

CHAPTER VII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

7.1. Grants

During the year 1981-82, Rs. 25.70 crores (about 5 per cent of Revenue expenditure during the year) were paid as grants as shown below :—

	Amount (in crores of rupees)
Educational institutions (including universities)	17.02
Panchayati Raj institutions	2.71
Municipal Councils/Corporations	1.83
Other institutions (including statutory bodies)	4.14
Total	25.70

The broad purposes for which the grants were given were as under :—

	Amount (in crores of rupees)
(i) Social Community Services—	
(a) Education	15.07
(b) Health	0.22
(c) Medical	0.12
(d) Urban Development	1.83
(e) Social Security and Welfare	0.92
(ii) Economic Services—	
Industries and Minerals	1.15
(iii) Agriculture and Allied Services—	
(a) Agriculture	1.88
(b) Community Development	2.71
(c) Animal Husbandry	0.07
(d) Area Development	1.73
Total	25.70

The grants paid to educational institutions (including universities) constituted about 66 *per cent* of the total grants paid during the year.

7.2. Utilisation certificates

The financial rules of the Government require that certificates of proper utilisation of grants should be furnished to Audit by the departmental officers within 18 months from the date of payment of grants. Utilisation certificates had not been received (September 1982) for Rs. 55.65 crores (1,270 cases) out of Rs. 92.60 crores (5,606 cases) paid by the Government as grants during 1959-60 to 1980-81. Of these, certificates for Rs 6 crores (558 cases) were due for over three years. The department-wise break up of pending utilisation certificates is given in Appendix VII-I. In the absence of these certificates, it is not possible to verify to what extent the recipient bodies had spent the grants for the purpose(s) for which they were given.

7.3. Unspent balances of grants paid to local bodies

According to the information received from the Examiner, Local Fund Accounts, Rs. 6.72.97 lakhs remained unutilised as on 31st August 1982 out of grants given by the Government to Local Bodies, Improvement Trusts, etc., upto the end of March 1981. Year-wise break up of unspent balances is given below :—

Unspent amount of grants on 31st August 1982 and period of non-utilisation of grant

Department which paid the grant	For more than 10 years	For more than 5 years but less than 10 years	For more than 3 years but less than 5 years	For less than 3 years	Total
Sanitary Board	44.16	1,19.06	75.82	1,32.84	3,71.88
Local Government	1.35	31.85	3.94	1,54.72	1,91.86
Development and Panchayat	16.95	3.03	2.90	64.47	87.35
Health	0.41	0.35	..	..	0.76
Miscellaneous	4.99	3.35	5.43	7.35	21.12
Total	67.86	1,57.64	88.09	3,59.38	6,72.97

The unspent balances include Rs. 4,15.33 lakhs deposited by the local bodies with the Public Works Department for execution of works for which accounts of expenditure had not been rendered by Public Works Department to local bodies (August 1982).

These also include Rs. 5.53 lakhs which were utilised on the expiry of prescribed period without approval of the sanctioning authorities or was

reported to have been spent but accounts where of were not made available to Examiner, Local Fund Accounts.

7.4. Bodies and authorities substantially financed by Government grants and loans

For purposes of audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services) Act, 1971 information about the number of bodies/authorities which received grants/loans of not less than Rs. 5 lakhs in a year was called for from the Government in April 1974 but is still awaited (October 1982). On the basis of information about grants available with the Accountant General, 26 bodies/authorities for 1976-1977, 21 for 1977-78, 36 for 1978-79, 51 for 1979-80, 73 for 1980-81 and 75 for 1981-1982 which had received from the Government grants/loans of Rs. 5 lakhs or more were asked to submit their accounts to the Accountant General. However, accounts had not been received from 1 body for 1976-77, 2 bodies for 1977-78, 7 bodies for 1978-1979, 21 bodies for 1979-80, 28 bodies for 1980-81 and 65 bodies for 1981-82 (October 1982)—*vide* appendix VII-2.

Important points noticed during audit of Rural Development Agency are given in the succeeding paragraph.

AGRICULTURE

7.5. Desert Development Programme

The centrally sponsored "Desert Development Programme" which aimed at integrated development of desert areas through arresting the desert conditions on the one hand, and simultaneously conserving, harnessing, developing and utilising the resources in an integrated manner was started in Sirsa, Bhiwani, Rohtak and Hissar districts in 1977-78.

During 1977-78, the entire expenditure was to be initially provided by the State Government as grants-in-aid, which was reimbursable by the Government of India. In the year 1978-79 expenditure in the Agriculture sector was to be shared equally between the Centre and the State Governments.

Some of the important components of the programme were (i) ground water development and utilisation, (ii) water harvesting structure, (iii) afforestation, grass land development, sand dunes stabilisation, (iv) rural electrification, (v) communication linked with development programme, small scale and cottage industries, development of agriculture, horticulture and animal husbandry.

For the implementation of the programme in Sirsa district, the "Rural Development Agency, Sirsa" was registered in December 1977 under the Societies Registration Act, 1860. Existing agencies, i.e., Small Farmer Development Agency (SFDA), Hissar, Drought Prone Area Programme (DPAP), Bhiwani

and DPAP Rohtak were responsible for the implementation of the scheme in their respective areas. The receipts and expenditure of the agencies for the year 1977-78 and 1978-79 were as under :—

	RECEIPTS							
	1977-78				1978-79			
	Sirsa	Bhiwani	Rohtak	Hissar	Sirsa	Bhiwani	Rohtak	Hissar
	(in lakhs of rupees)							
Opening balance	..	..	..	..	0.69	0.16	0.29	8.32
Grants received	96.11	2.27	1.56	35.14	1,55.77	83.88	20.64	97.76
Interest received	..	..	..	..	2.32	0.09	0.01	0.20
Miscellaneous receipts	..	..	..	..	0.14	0.02	0.02	..
Receivable*	..	..	..	..	91.04	0.32	0.19	..
Total	96.11	2.27	1.56	35.14	2,49.96	84.47	21.15	106.28
	EXPENDITURE							
Advance to implementing agencies	91.04	0.32	0.19	26.27	83.39	64.14	6.83	39.90
Administrative Expenses	0.07	..	..	..	0.81	..	..	..
Capital Expenditure	0.64	1.13	0.56	0.55	4.41	0.16	0.14	..
Revenue Expenditure	3.66	0.64	0.52	..	67.60	11.95	4.11	24.60
Sundry debtors	0.01	..	..	..	1.48	..	..	..
Advance to staff	..	0.02	..	..	..	..	..	..
Closing balance	0.69	0.16	0.29	8.32	92.27	8.22	10.07	41.78
Total	96.11	2.27	1.56	35.14	2,49.96	84.47	21.15	106.28

Test check of the accounts of the agencies upto the end of 1978-79 was conducted in July—October 1980 and the points noticed are discussed in the succeeding paragraphs.

(1) (a) Out of grants totalling Rs. 4,93.13 lakhs given by the State Government during 1977-78 and 1978-79 only Rs. 1,46.53 lakhs were spent upto 31st March 1979.

*Represents amounts which remained with implementing agencies.

(b) Rupees 1,94.26 lakhs were advanced (1978-79) to executing agencies, viz., Haryana Minor Irrigation Tubewells Corporation (MITC), Dairy Development Corporation, ^{and the agencies under} Forest, Animal Husbandry and Agriculture etc., Departments. Information as to how much amount was spent by the executing agencies out of the advances given to them by the programme agencies was not available with the programme agencies.

(c) Rupees 1,52.34 lakhs were retained by the programme agencies as unspent. The Government of India allowed (March 1979) the utilisation of unspent balances for implementing the schemes, approved in 1978-79 but not completed, during the subsequent years.

Hissar agency furnished utilisation certificate for entire grant of Rs. 35.14 lakhs for 1977-78 although Rs. 34.59 lakhs remained unutilised as per accounts.

(2) Physical achievements

(a) Sixteen schemes with estimated cost of Rs. 2,60.86 lakhs were not implemented by the various executing agencies as per Appendix VII-3.

(b) In respect of the following schemes implemented by these agencies, shortfall in achievement ranged from 30 per cent to 100 per cent during these years.

Name of the Scheme	Year	Physical target fixed	Physical target achieved	Shortfall (percentage)
1. Establishment of Milk Chilling Centre, Sirsa	1977-78	1	..	100*
2. Bull Farm-Cum-Semen Bank, Hissar	1978-79	1	..	100
3. Distribution of Milch animals	1978-79	500	102	80
4. Horticulture Development	1978-79	50 hec.	20.5 hec.	59
5. Pasture Development	1978-79	655 hec.	300 hec.	54
6. Raising of Plants	1978-79	24 lakhs	7.69 lakhs	68
7. Training and Extension Hissar	1978-79	100	50	50
8. Raising of Plants in nurseries	1977-78	22 lakhs	16.12 lakhs	37
9. Sand dune fixation	1978-79	975 hec.	682 hec.	30

The Government attributed (January 1982) the non-implementation/shortfall in achievement to (i) late clearance of schemes by Government of India, (ii) late release of funds, (iii) non-availability of trained staff, and non-availability of land in time.

*Upto the end of 1977-78 expenditure of Rs. 13.76 lakhs was incurred. The centre was reported to have started functioning in April 1980 after incurring expenditure of Rs. 18.07 lakhs upto 1979-80.

(3) A Semen Bank-cum-Bull Farm with an equipped laboratory was to be set up at Fatehabad under Desert Development Programme Hissar for breeding facilities (outlay : Rs. 12.31 lakhs). Five buff bulls and four jersey bulls were purchased in October 1978 and March 1979 from Progeny Testing and Bull Farm, Hissar and Indo-Australian Project, Hissar at a cost of Rs 0.11 lakh and Rs. 0.15 lakh respectively. None of the animals could be utilised for collection of semen as the building and laboratory were not set up (October 1980). The animals were not even lifted from the place of purchase (Hissar). Rupees 0.36 lakh for maintenance and feeding charges were paid to Indo-Australian Breeding Farm, Hissar and Progeny Testing Bull Farm, Hissar from October 1978 to September 1980. In addition, Rs. 0.16 lakh were spent on pay and allowances of an official appointed to supervise the work of the Semen Bank.

The Deputy Director Sheep production, Hissar stated (November 1981) that the bulls were purchased to utilise the budget grant. Further, the Government stated (January 1982) that the construction of the farms could not be completed due to non-availability of cement.

(4) In Rural Development Agency, Sirsa, order for supply and erection of chilling plants at Sirsa and Bhuna was placed by the Managing Director, Haryana Dairy Development Co-operative Federation, Chandigarh in June 1978 on a Calcutta firm. The supply was F.O.R. Sirsa and Bhuna. The supply included 2 insulated milk storage tanks of 10,000 litres capacity. These tanks sent by the firm were held up at Uttar Pradesh border (Ghaziabad) reportedly due to a dispute between the supplier and implementing agency regarding retirement of documents and did not reach the site. The firm, after negotiations, claimed a sum of Rs. 0.48 lakh as demurrage charges which were paid by the department in August 1980 although under the agreement the material was to be supplied by firm FOR site and thus no demurrage charges were payable. The matter was to be referred to the arbitrator by the department. Government intimated (January 1982) that the amount has now been withheld from final bills of the firm pending decision by the Arbitrator who was yet to be appointed (October 1982).

(5) Rural Development Agency, Sirsa advanced, in March 1978, Rs. 4.20 lakhs to Intensive Cattle Development Project, Sirsa for the implementation of the scheme "Mini Intensive Cattle Development Project, Dabwali with 50 insemination cum first aid centres" which was not sanctioned by the Government of India during 1978-79 and 1979-80. Of this, Rs. 4.12 lakhs were spent by the Intensive Cattle Development Project, Sirsa on the purchase of certain material such as vehicles, furniture, medicine, etc., utilised on a work not connected with the activities of the programme, which resulted in unauthorised utilisation of funds.

(6) Under the scheme, plantations were to be grown on public land. These could also be done on private land, if proposals were formulated by the

Agency/State Government with techno economic justification and subsidy up to 25 and 33½ per cent allowed for small and marginal farmers respectively.

During 1977-78 and 1978-79, Rs. 8.02 lakhs were spent on plantation on private land under Desert Development Programme, Bhiwani (Rs.1.08 lakhs) and Hissar (Rs. 6.94 lakhs).

Success/progress of plantation raised on lands belonging to small/marginal farmers could not be vouched in audit as the concerned records were not produced. Even considering all the lands involved belonging to marginal farmers the maximum subsidy admissible was Rs. 2.67 lakhs (33½ per cent of total subsidy of Rs. 8.02 lakhs) resulting in excess expenditure of Rs. 5.35 lakhs.

Summing up

Out of grants totalling Rs. 4,93.13 lakhs given by Government during 1977-78 and 1978-79 only Rs. 1,46.53 lakhs were spent upto 31st March 1979.

Sixteen schemes involving total outlay of Rs. 2,60.86 lakhs in four districts were not implemented during the targeted years, there had been appreciable shortfall in achievement of physical targets of schemes implemented.

Rupees 0.80 lakh were spent on purchase and maintenance of bulls for the Semen Bank cum-Bull Farm but the farm was not set up.

Rupees 4.12 lakhs were spent on a scheme not approved by Government of India.

Excess subsidy of Rs. 5.35 lakhs was released to the farmers for plantation on their land.

The matter was referred to the Government in October 1982; reply was awaited (February 1983).

Section -II

7.6. Important points arising from scrutiny conducted under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, of the procedure by which the sanctioning authorities satisfy themselves as to the fulfilment of the conditions subject to which specific purpose grants or loans were given by them are set out in the succeeding paragraphs.

LOCAL GOVERNMENT

7.7. Grants and loans to local bodies

Rules for Grants-in-aid and Loans to Local Bodies, *inter alia*, provide that (i) every application from a committee for the grant of loan shall

be submitted with the details stating the purpose of loan, financial position of the local authority, estimate of the cost of entire work or such part of it as was proposed to be carried out from loan funds and the orders of the proper authority according administrative approval and technical sanction to the project for which loan was proposed to be raised through the Deputy Commissioner, and (ii) no grant-in-aid shall be credited to Municipal Funds until the administrative approval and technical sanction to the work for which grant was sought was accorded. State Financial rules also prohibited the drawal of money in advance of actual requirements.

During scrutiny (December 1980) of the records by Audit in Local Government Department it was observed that :—

(a) Loan of Rs. 56 lakhs was sanctioned in November 1979 to various Municipal Committees for Development works, i.e., construction and repairs of roads, drains, paving of streets, development of parks, etc. without obtaining regular applications supported with requisite information. The loan could be utilised within 2 years from the date of drawal and the balance was to be refunded into Government treasury. Position regarding utilisation of these loans was awaited from the Department (September 1982).

(b) Against the provision of Rs. 3.15 crores in the State Five-Year Plan 1978–83 for the scheme of the “Environmental Improvement of Urban scheme under the revised Minimum Need Programme,” grants of Rs. 10 lakhs and Rs. 5 lakhs (to be spent within one year) were released to Hissar and Narnaul Municipal Committees respectively in March 1980 for improvement of urban slums without formulation of any scheme or obtaining administrative approval there to. The grants were *inter alia* subject to following conditions :—

- (i) Deputy Commissioner concerned must satisfy himself that the benefit to the tune of 50 per cent accrued to the scheduled castes etc.
- (ii) The estimates did not include expenditure on departmental and supervision charges.
- (iii) Charges on account of contingencies should not exceed 3 per cent of the total estimated cost (excluding contingencies) of the project.
- (iv) Progress made was intimated from time to time to Government.

Information regarding the schemes formulated, administrative approvals accorded and utilisation of the grants was awaited (October 1982).

SPORTS

7.8. Grants to sports organisations

Rules provide that (i) only so much grant should be paid during any financial year as is likely to be expended during that year, (ii) no grants-in-aid

will be extended to any sports associations/organisation which does not submit accounts/utilisation certificates of the previous grants, (iii) association/organisation is a registered body under the Registration of Societies Act-XXI of 1860 or other appropriate Act, and (iv) the grant should not be utilised for any purpose other than that for which it is released.

Scrutiny of records of Sports Department relating to grants released during 1980-81 and 1981-82 disclosed (June 1982) as under :—

(a) Grants were paid to Stadium Committees year after year, *i.e.*, from 1969-70 to 1981-82 without ensuring the utilisation of previous grants paid to them. As on 31st March 1982 Rs. 16.42 lakhs paid as grants to four Stadium Committees for the construction of Stadia were lying unutilised in the absence of any land upon which these were to be constructed. The department stated (October 1982) that the stadium committees previously had lands but the sites were changed by them due to one or the other reasons ; thus the point regarding absence of land was not mentioned in proposals for further grant and furnishing of utilisation certificates was not insisted upon at the time of release of further grants.

(b) Grants totalling Rs. 13.78 lakhs were paid from 1977-78 to 1981-82 to Stadium Committee, Sirsa (Rs. 12.72 lakhs) and other thirteen Sports Associations (Rs. 1.06 lakhs) although none of the organisation was a registered body.

(c) One Stadium Committee was given grant of Rs. 1.00 lakh during 1976-77. After spending Rs. 0.57 lakh on opening ceremony and land levelling, the committee had to stop further construction on account of encroachment of land by the private parties. The committee was again sanctioned grant of Rs. 1.00 lakh (March 1981) even though it was in the knowledge of the department that the construction work of stadium had stopped due to encroachment of land and that there was unutilised balance of Rs. 0.43 lakh with the Committee. A proposal to shift the site of the stadium was under consideration (September 1982). Thus the expenditure of Rs. 0.57 lakh has become infructuous.

(d) One Stadium Committee was sanctioned a grant of Rs. 4.00 lakhs (to be spent within one year) in March 1978 for the construction of a Gymnasium Hall against which a tubewell was sunk for providing water to the swimming pool alongwith hydrants in the play ground and a Basketball ground completed in 1981-82 at a total cost of Rs. 2.33 lakhs. Thus the grant though partially utilised was not utilised for the purpose for which it was given.

In July 1982 the Government granted extension upto 31st March 1983, for the utilisation of the balance amount of Rs. 1.67 lakhs.

INDUSTRIES

7.9. Export production Project Panipat

For the development of Handloom Industry, Government of India approved (April 1976) the proposal of the Haryana Government for setting up an Export Production Project at Panipat with cent *per cent* assistance (loan : 75 *per cent*, grant: 25 *per cent*).

The main object of the project was to set up an Export Production Unit having one thousand handloom (including jacquard fitted) for boosting export of handloom goods in traditional markets and to introduce these in the virgin markets. Guidelines for the scheme provided for expenditure on building and establishment to be kept at the barest minimum and major portion of the funds to be used for modernisation of the looms. Training of weavers was also provided for.

According to the approved scheme, an outlay of Rs. 40.00 lakhs was to be spent during the years 1976-77 to 1978-79. The table below indicates the grants/loans received from Government of India *vis-a-vis*, expenditure incurred there-against during the years 1976-77 to 1980-81 :—

Year	Receipts from Government of India			Expenditure			Total
	Loan	Grant	Total	Land and other capital assets	Establishment charges	Interest paid on loan	
	(in lakhs of rupees)						
1976-77	7.50	2.50	10.00	0.03	0.50	0.06	0.59
1977-78	7.50	2.50	10.00	3.48	1.16	0.41	5.05
1978-79	..	..	..	0.13	1.16	0.82	2.11
1979-80	..	..	..	0.36	1.20	0.83	2.39
1980-81	..	..	..	0.30	1.29	0.81	2.40
Total	15.00	5.00	20.00	4.30	5.31	2.93	12.54

While no expenditure has been incurred so far on the modernisation of looms and training of weavers which were the basic items of the scheme, major expenditure was incurred on establishment [REDACTED]. The Department attributed (November 1981) the non-achievement of the main objective of the project to its running in a rented building insufficient for the project.

SECTION III

7.10. 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 (Duties, Powers and Conditions of Services) Act, 1971. Important points emerging from such scrutiny are given in the following paragraphs.

INDUSTRIES

11. Haryana Khadi and Village Industries Board

1) *Introductory*

Haryana Khadi and Village Industries Board was established on 1st February 1969 under the Punjab Khadi and Village Industries Board Act, 1955, its successor body to the composite Punjab Khadi and Village Industries Board.

The main functions of the Board were to undertake and encourage production of Khadi and development of Village Industry by grant of loans and other assistance, imparting of training, arranging market outlets for sale and publicity for popularising the products. The Board consisting of 15 official and non-official members appointed by the Government is headed by a Chairman.

The loans paid by the Commission for Khadi programmes are interest free whereas those paid for village industry carry interest at the rate of 4 per cent per annum. Period of repayment ranges from 6 months to 10 years. During the period February 1969 to March 1982 the Board received from the Commission Rs. 92.05 lakhs as grant and Rs. 8,16.99 lakhs as loan for Khadi and Village Industries. Besides Rs. 1,25.50 lakhs and Rs. 50.13 lakhs were received from the State Government to meet administrative expenses of the Board and rebate on sale of Khadi, respectively.

Mention was made in paragraph 7.13 of the Report of the Comptroller and Auditor General of India for the year 1979-80 about certain aspects of the working of the Khadi Board in the State. Further points noticed are mentioned in the succeeding sub-paragraphs.

2) *Finance*

The following amounts were received by the Board from the commission/State Government during 1979-82 :—

Year	From Commission				Total		State Government		Total
	<i>Khadi</i>		<i>Village Industry</i>		Grant	Loan	Rebate on sale of Khadi	Administrative expenses	
	Grant	Loan	Grant	Loan					
	(in lakhs of rupees)								
1979-80	0.90	2.43	7.25	84.01	8.15	86.44	5.85	13.59	19.44
1980-81	0.56	3.39	15.01	154.49	15.57	157.88	5.00	20.58	25.58
1981-82	1.27	..	16.64	156.53	17.91	156.53	5.00	19.51	24.51

Besides, Central assistance of Rs. 40 lakhs was also received through the State Government at the fag end of the year 1981-82 for the economic development of Scheduled Castes.

(3) Accounting procedure

The Act stipulates that the accounts of the Board and annual statement of accounts should be prepared in such a manner as may be prescribed by the State Government. The Board prepares its annual balance sheet but not the income expenditure statement or annual receipt and payment account despite being pointed out by Audit repeatedly. The Board stated (November 1982) that the annual accounts are being prepared in the proformae adopted from the composite Punjab Khadi and Village Industries Board and that no proformae for the preparation of accounts have been prescribed by the Government. The balance sheets as prepared were provisional pending division of assets and liabilities of the composite Board. Annual accounts for 1981-82 have not been finalised (November 1982).

4. Physical performance/working results

(a) Financial targets and disbursements

Financial targets as fixed by the Board and achievements made there against during the years 1979-80 to 1981-82 were as under :—

Year	Target fixed				Disbursement			
	Khadi		Village Industry		Khadi		Village Industry	
	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan
	(in lakhs of rupees)							
1979-80	0.51	14.95	14.98	1,07.63	0.51	13.36	11.77	1,04.59
1980-81	0.89	7.11	22.48	2,33.71	0.18	1.65	17.17	1,56.16
1981-82	0.61	9.49	26.33	2,87.36	0.20	1.10	14.57	1,67.14
Total	2.01	31.55	63.79	6,28.70	0.89	16.11	43.51	4,27.89
Year	Shortfall				Number of units financed			
	Khadi		Village Industry		Indivi- dual Per- cent	Co- opera- tive socie- ties	Insti- tutions	Total
	Grant	Loan	Per cent	Grant					Loan

(in lakhs of rupees)

1979-80	..	1.59	5	3.21	3.04	10	1,669	26	54	1,749
1980-81	0.71	5.46	67	5.31	77.55	32	2,569	16	99	2,684
1981-82	0.41	8.39	77	11.76	120.22	42	2,275	8	83	2,366
Total	1.12	15.44		20.28	200.81		6,513	50	236	6,799

From 1979-80 to 1981-82 the Board disbursed Rs. 4.44 lakhs as loan and Rs. 44.40 lakhs as grant amongst 6,513 individuals, 50 co-operative societies and 236 institutions. The amount of financial assistance provided in 1981-82 showed an increase of Rs. 7.85 lakhs (Rs. 1,83.01 minus Rs. 1,75.16), but the number of units financed decreased by 318 (2,684 minus 2,366) as compared to 1980-81 ; although targets fixed were on the high side yet there was sharp decline in the financial assistance provided to Khadi units during 1979-80 to 1981-82. Only two new Khadi units were financed during the last three years. The Board stated (August 1982) that units asking for financial assistance decreased. Moreover in respect of working capital loan the units did not achieve the desired level of production/sales as such there was decline in financial assistance to Khadi units.

(b) *Physical Targets and achievements*

Physical targets fixed for various industries including units to be set up and achievements made were as under :—

Year	Target fixed						Achievements				
	Indi- vidual	Socie- ties	Insti- tutions	Total	Produc- tion	Sales	Emp- loy- ment	Ear- nings	Indi- vidu- als	Socie- ties	
	(in number)			(in lakhs of rupees)		(in lakhs)		(in number)			
1979-80—											
Khadi	..	..	..	..	43.50	43.50	Not fixed	..	..	..
Village Industry	2110	65	..	2175	898.60	799.10	Do	1669	26	..	
1980-81—											
Khadi	..	..	..	..	35.60	35.60	Do	..	..	..
Village Industry	2214	99	..	2313	1271.55	1050.05	Do	2569	16	..	
1981-82—											
Khadi	..	..	..	..	45.25	50.15	Do	..	..	..
Village Industry	2603	122	..	2725	1746.30	1799.55	0.32 Not fixed	2275	8	..	
Year	Achievements						Short fall				
	Insti- tutions	Total	Produc- tion	Sales	Emp- loy- ment	Earn- ings	Units	Pro- duc- tion	Sale	Emp- loy- ment	Earn- ings
	(in number)		(in lakhs of rupees)		(in lakhs)		(in lakhs of rupees)				
1979-80—											
Khadi	1	1	27.78	17.62	0.02	5.74	..	15.72	25.88
Village Industry	53	1748	1086.93	1290.37	0.29	276.42	427
1980-81—											
Khadi	21.53	37.15	0.02	5.78	..	14.07
Village Industry	99	2684	1402.39	1630.07	0.33	321.61
1981-82—											
Khadi	1	1	21.51	28.42	0.01	5.80	..	13.74	11.73
Village Industry	82	2365	1606.90	1921.51	0.34	373.43	360

The production and employment levels achieved by the Board during 1979-80 in respect of Khadi units decreased during the year 1980-81 to 1981-82. Targets for financing units under village Industries were achieved less to the extent of 19 and 13 per cent during 1979-80 and 1981-82 respectively. The reasons were awaited from the Board (December 1982).

(c) There was considerable decline in employment in the following industries during 1980-81 :—

Serial number	Name of industry	Maximum employ-ment during		Employ-ment during 1980-81	Percentage of decrease
		Year	Number		
1	Khadi	1969-70	5,756	2,445	58
2	Village oil	1978-79	307	141	55
3	Fibre	1972-73	693	518	25
4	Soap	1970-71	455	365	20
5	Fruit preservation	1971-72	222	22	90

Reasons for decline in employment were not investigated by the Board and no action was taken to improve the trend of employment.

(d) *Hand made paper centre*

The Board is running only one production unit viz., Hand Made Paper Centre, Patti Kalyana which is producing different quality of paper and card sheets. No targets for production were fixed during the period 1979-80 to 1981-82 and the production was regulated against specific orders of the D.G.S & D. through the Commission. However, the production and sales at the centre during the year 1979-80 to 1981-82 were as under :—

Year	Production	Sales
	(in lakhs of rupees)	
1979-80	0.80	1.12
1980-81	0.72	0.84
1981-82	0.71	0.63

The Board stated (November 1982) that production was being limited to orders received and other market requirements as there was no ready market for disposal of the products.

(5) Repayment of loans

The Board received from the Commission and disbursed loan of Rs. 7,04.35 lakhs upto the end of March 1982. As on 31st March 1982, Rs. 6,94.57 lakhs (excluding interest/penal interest which was not worked out) were recoverable from various units of which Rs. 1,06.68 lakhs (16 per cent) were overdue for recovery. Of this Rs. 72.73 lakhs were involved in defunct units (1,271). Recovery proceedings involving delay of five to ten years have been initiated by the Board through collector Land Revenue. Only Rs. 8.65 lakhs were recovered during 1979-80 to 1981-82. The overdue recoveries and amount involved in defunct units increased over years as detailed below :—

Year	Amount of overdue loan instalment	Amount involved in defunct units	Number of units
	(in lakhs of rupees)		
1979-80	18.69	45.19	793
1980-81	16.16	60.33	1,065
1981-82	33.95	72.73	1,271

In addition at the end of 1981-82 an amount of Rs. 13.19 lakhs was involved in 622 units which have not utilised the financial assistance properly or have not gone into desired level of production and are not repaying the instalments of loan and interest as per fixed schedule. The loan amounts including interest recovered from the loanees are required to be passed on regularly to Khadi Commission. The amounts recovered from the loanees were not being remitted to the Commission in the same year but in the succeeding years. The Board has intimated (January 1983) that recoveries of loan and /or interest made in earlier years have since been remitted to the Commission. Rs. 25.39 lakhs recovered during 1981-82 has not been remitted to the Commission (December 1982).

(6) Confirmation of loan balances

At the end of March 1982 an amount of Rs. 6,94.57 lakhs was outstanding against 15,800 units. No proper action was initiated to get confirmation of the outstandings from loanees (July 1982).

(7) Irregularities in disbursement of loans/grants to units

The disbursement of financial assistance to the societies/institutions is to conform to specified pattern of assistance as laid down by the Commission. The loanee units which happen to be in default in repayment of loan instalments are

not to be given further assistance. A test check (June—August 1982) of loan cases revealed as under :—

(i) Central Government special assistance of Rs. 40 lakhs for economic development of scheduled castes for 1981-82 was received as grant-in-aid. The whole amount was shown as utilised but it was found during audit that Rs. 3.91 lakhs only was disbursed as grant and Rs. 34.13 lakhs was paid as loan to scheduled castes. The balance amount of Rs. 1.96 lakhs was kept under suspense head. Further, bank statement of April 1982 revealed that the total amount of Rs. 40 lakhs was credited by the bank in Board's account on 8th April 1982 and disbursed to recipients on 22nd April 1982, whereas the Board in their accounts showed the amount credited/dispursed on 31st March 1982. Board stated (November 1982) that the cheques were prepared in the name of the grantees/loanees on 31st March on the basis of Remittance Transfer Receipt received from the Government of India which was realised on 8th April 1982 only. The drafts were issued in favour of the grantees/loanees by the bank on 22nd April 1982.

(ii) An amount of Rs. 0.18 lakh was paid in July 1972 to Shakta Khera Agricultural Implements Co-operative Society Limited, Dhaswali as loan for manufacturing agricultural implements. The society was in default in repayment of this loan since 1976. A further loan of Rs. 0.60 lakh (Rs. 0.40 lakh for machinery and Rs. 0.20 lakh for godown) was paid on 31st March 1979 and approval of Khadi Commission sought which was awaited (July 1982). The society had neither purchased machinery nor refunded the amount (July 1982). Out of loan of Rs. 0.20 lakh for construction of godown, Rs. 0.17 lakh was spent for the construction of the same and balance not refunded (August 1982).

(iii) A licence for starting a match Industry is required for sanctioning working capital loan for it. An amount of Rs. 0.40 lakh as working capital loan was released to the Bhagwati Gram Udyog Mandal, Ellanabad for establishment of cottage match industry (March 1982) although licence for starting match unit had not so far been obtained by the party (July 1982).

(iv) As per decision of the Board, Central Marketing Depots were to be established for match industry to meet their requirements of raw material and to promote marketing of finished goods. Financial Assistance for establishing these depots was not to be given to match production units. Considering the requests received from different parties, the Board decided (February 1981) to establish two such depots at Hissar and Narwana to cater to the needs of match production units in Hissar and Karnal areas respectively. Grant of Rs. 0.66 lakh and loans of Rs. 1.68 lakhs for each of the depots was released on 31st March 1981.

Another grant of Rs. 0.04 lakh and loan of Rs. 1.68 lakhs for the establishment of a second marketing depot at Hissar was released (December 1981) to Hissar Match production Co-operative Industrial Society Limited, Hissar.

(v) Units/samities financed under *gur khandsari*, carpentry and blacksmithy were required to purchase new machinery/implements from the registered dealers. Defaulting units were required to refund the entire loan with penal interest at the rate of 9 per cent. During the scrutiny of the utilisation certificates, received in November 1980 and December 1980) it was noticed that in the following cases old machinery was purchased but utilisation certificates were accepted in disregard of these conditions :—

Sl. No.	Name of unit	Amount of loan (Rupees)	Date of sanction	Utilisation certificate accepted for (Rupees)	Value of old machinery (Rupees)
1	Bhim Singh Sonepat	4,850	31st March 1977	4,850	3,409.50
2	Dharam Singh Jind	10,000	Do	9,602	4,375.00
3	Bhai Ram Gurgaon	10,000	30th March 1980	10,000	4,400.00
4	Ram Rakha Chauli	15,000	31st May 1978	15,000	6,696.00
5	Joginder Singh Udhamgarh	13,100	31st March 1980	13,100	10,436.00
6	Hari Singh Gurgaon	9,500	29th March 1979	9,500	9,500.00

There was no indication from the records of the Board whether the purchase of the old machinery instead of new was taken note of, viz-a-viz., the conditions of the grant. It also could not be ascertained in Audit whether this affected the object for which grants were sanctioned.

Utilisation certificates

As on 31st March 1982 utilisation certificates for Rs. 2,71.87 lakhs were audited in respect of the loans and grant paid upto 1980-81. The year-wise outstandings were as under :—

Year	Number of beneficiaries	Amount of utilisation certificates		
		Grant	Loan	Total
		(in lakhs of rupees)		
-73	9	0.05	0.51	0.56
-74	4	0.03	0.05	0.08
-75	13	0.09	0.50	0.59
-76	69	0.30	1.43	1.73
-77	112	1.66	6.05	7.71
-78	248	1.72	9.19	10.91
-79	679	4.26	34.84	39.10
-80	1,023	6.14	53.84	59.98
-81	2,208	14.75	136.46	151.21
Total	4,365	29.00	2,42.87	2,71.87

(i) In certain cases fresh loans were released without verifying the utilisation of loans granted earlier.

(ii) An amount of Rs. 48.81 lakhs out of disbursement made upto 1980-81 had been misutilised by the parties. The interest/penal interest recoverable in these cases had not been worked out (July 1982) and no action was initiated for recovery. The Board stated that interest/penal interest could not be worked out due to shortage of staff.

(9) *Physical verification of stores*

No physical verification of stores was conducted for the years 1979-80 to 1981-82.

(10) *Training centres*

Details of training centres run and persons trained are as under :—

Serial number	Name of centre	Year	Number of persons trained
1	Fibre industry Kot Baswa Singh	1980-81	20
		1981-82	65
2	Village oil industry	1980-81	2
		1981-82	24
3	Processing of cereals and pulses industry	1980-81	3
		1981-82	..

Centre at serial number 3 has been closed down (1981-82) due to non-availability of trainees. The Board stated (November 1982) that the equipment and machinery was being utilised for demonstration purposes.

Summing up

The Board was established for the development of Khadi and Village Industries by providing financial and other assistance.

The Board, however, could not achieve the targets during 1979-80 to 1981-82 in both the sectors with a shortfall ranging from 5 per cent to 77 per cent in the Khadi sector and 10 per cent to 42 per cent in Village Industries during the above years.

Manner/forms for the preparation of annual accounts of the Board have not been prescribed by the State Government as required under the Act.

Financial assistance provided in 1981-82 increased by Rs. 7.85 lakhs over that in 1980-81 but the number of units financed decreased by 318.

Production and employment levels achieved by the Board during 1979-80 in Khadi units decreased during 1980-81 to 1981-82. Physical targets for financing units under Village Industries were short achieved to the extent of 13 and 19 per cent during 1979-80 and 1981-82 respectively.

No targets for production in respect of Hand Made Paper Centre were fixed and production declined.

Sixteen per cent (Rs. 1,06.68 lakhs) of the total amount of Rs. 6,94.57 lakhs outstanding as loan from various units was overdue for recovery. This included Rs. 72.73 lakhs involved in defunct units. Outstandings remained unconfirmed over years.

Central Government's special assistance of Rs. 40 lakhs for economic development of scheduled castes was mainly disbursed as loan instead of grant and was not properly accounted for.

Utilisation certificates for Rs. 2,71.87 lakhs were awaited in respect of loans and grants paid upto 1980-81.

HOUSING

7.12. Haryana Housing Board

Haryana Housing Board, a corporate body was established in August 1971 under the Haryana Housing Board Act, 1971 (Act) to provide for measures to be taken to deal with and satisfy the need for housing accommodation. The Board undertakes in any area the framing and execution of housing schemes independently or being entrusted by the State Government. The Board consists of a Chairman and twelve other members appointed by the State Government. The Act, *inter alia*, envisages drawal by the Board of annual housing programmes to be got sanctioned from the Government, publication of the schemes drawn by notification before execution, and taking measures for expediting construction of buildings and controlling the cost thereof.

The funds raised by the Board during the years 1971-72 to 1980-81 were as follows :—

Year	State Government	Housing and Urban Development Corporation	General Insurance Corporation	Debentures	Total
(in lakhs of rupees)					
1971-72 to 1977-78	1,33.03	9,97.58	..	1,30.00	14,60.61
1978-79	25.00	2,24.65	50.00	55.00	3,54.65
1979-80	12.00	2,71.61	60.00	55.00	3,98.61
1980-81	25.00	1,50.20	52.00	55.00	2,82.20
Total	1,95.03	16,44.04	1,62.00	4,95.00	24,96.07

Under the Act the rules for the maintenance of accounts and preparation of annual statement thereof by the Board are to be framed by the State Government. No rules have, however, been framed (January 1983).

(2) *Financial position and working results*

The accounts of the Board for the years 1979-80 and 1980-81 have not been finalised (November 1982). The financial results worked out by the Board for the year 1978-79 to 1980-81 were as under :—

	1978-79	1979-80	1980-81
	(in lakhs of rupees)		
(A) Income			
1. Interest net	18.81	36.08	63.32
2. Departmental Charges			
(i) Own works	18.45	19.87	22.28
(ii) Deposit Works	14.50	7.99	7.36
3. Other Income	1.19	3.53	6.60
Total	52.95	67.47	99.56
(B) Expenditure			
1. Establishment	20.87	21.92	26.49
2. Other expenditure	6.81	6.94	10.29
Total	27.68	28.86	36.78
Profit	25.27	38.61	62.78

The increase in profit is mainly on account of increase in earning of interest on the deposits not utilised.

(3) *Extent of Housing need*

(a) The housing need in Haryana as per 1971 census, number of households and the number of residential houses then occupied worked out as under :—

	Population ³	Number of households	Number of houses occupied	Balance need
	(in lakhs)			
(a) Rural	82.63	12.20	11.90	0.30
(b) Urban	17.72	3.33	2.78	0.55

Board formulates schemes for construction of houses in various industrial towns and district headquarters on the basis of applications from intending buyers, received in response to press notifications in this regard. During the years 1971 to 1981, 31,819 applicants were registered, 18,031 houses were planned for construction and 15,983 were actually taken up for construction. Of this, 12,006 houses had been constructed and 11,323 were allotted (December 1981) satisfying only 38 per cent of the applicants. The Board stated that the shortage of material/resources was the main reason for construction of lesser number of tenements.

(b) *Rural Housing*

In April 1981, 2 rural housing schemes for construction of 3,161 units (estimated cost : Rs. 1,25.77 lakhs) in 17 villages were got approved from HUDCO. While no activity was taken up in 12 villages involving 2,677 units, in 5 villages where 484 units were to be constructed, 476 applicants were registered. Construction of 367 units was started (June 1981 to February 1982) with target date of completion as December 1981. However, 78 houses have been completed so far (March 1982). The Board stated (December 1982) that the other houses were at an advanced stage and that their completion has been delayed due to various factors including non-availability of material.

(4) *Land acquisition and utilisation*

The applications for purchase of different types of houses to be constructed were generally called for registration after ascertaining land availability factor, and houses planned in relation to the land available irrespective of the number of the applicants registered. For raising housing colonies, 640.40 acres of land (cost : Rs. 7,12.99 lakhs) was acquired by the Board from various sources. The overall position of land acquired, utilised for construction of houses and lying unutilised was as under :—

When acquired	Area of land acquired	Utilised in construction of houses	Balance
		(in acres)	
1972 to 1978	416.22	229.31	186.91
1979	173.40	91.02	82.38
1980	13.15	6.67	6.48
1981	37.63	16.47	21.16
Total	640.40	343.47	296.93

Forty six *per cent* of the land acquired (proportionate cost Rs. 327.38 lakhs) thus remained unutilised which indicated imbalance between land availability and programme for construction of houses.

(5) *Construction and allotment of tenements*

The housing schemes of the Board for Higher Income Group (HIG) over Rs. 1,500 per month, Middle Income Group (MIG) from Rs. 601 to Rs. 1,500 per month, Lower Income Group (LIG) from Rs. 351 to Rs. 600 per month and Economically Weaker Section (EWS) below Rs. 350 per month, were being executed through contractors, time allowed for construction being 6 to 18 months. The position of construction/allotment of various types of houses as on 31st December 1981 was as under :—

	Types of houses				
	HIG	MIG	LIG	EWS	Total
(a) Number of applications registered	2,379	10,035	9,480	9,925	31,819
(b) Number of houses planned for construction	397	4,033	7,541	6,060	18,031
(c) Number of houses taken up for construction	302	3,314	6,307	6,060	15,983
(d) Number of houses constructed	61	2,481	3,530	5,934	12,006
(e) Number of houses under construction	241	833	2,777	126	3,977
(f) Number of houses allotted	61	2,446	3,081	5,735	11,323
(g) Number of houses lying unallotted	..	35	449	199	683

It was observed that :

- (i) Out of 12,006 constructd houses, 500 houses (cost : Rs. 87.63 lakhs) belonged to Madhuban Police complex and 65 to Sports School Rai, construction of which was executed by Public Works and Public Health Departments and the Board only provided funds for the purpose, which was not its normal function.
- (ii) The Board has not received from its subordinate offices information of completion of the 683 houses lying unallotted.
- (iii) Time schedule of construction of the scheme (6 to 18 months) was not adhered to. Out of 53 schemes taken up, there was

delay upto 32 months in the completion of 25 schemes involving 3,353 houses. 26 schemes involving 14,476 houses were in progress since 10 to 77 months (March 1982). Delay which was attributed by the Board to shortage of building material and late completion external services by HUDA, resulted in funds remaining unutilised besides causing inconvenience to intending buyers.

- (iv) Construction of 2,048 houses were stated not to have been taken up owing to non-approval of the complete scheme by the Board and non-availability of resources.
- (v) The State Government vide notification dated 18th April 1980 authorised the Chairman of the Board to allot 5 per cent of the total houses in a scheme at his discretion. 134 houses (Faridabad : 54, Panchkula : 58, Karnal : 21 and Sirsa : 1) were allotted in discretionary quota of the Chairman up to March 1982. However, the full records including the dates of allotment *i.e.*, prior to April 1980 or thereafter were not made available to Audit.

(6) *Non-fixation of final price*

Board's regulations provided for the revision of advertised price and fixation of final price, if necessary, on finalisation of accounts of the completed schemes.

Prices stated in the allotment letter of the houses are also shown as tentative and final prices are to be intimated to the buyers in due course. Out of 53 schemes comprising 12,127 houses (including 121 houses added in January 1982) completed and allotted, final prices of only 11 schemes in respect of 3,083 houses allotted upto 1976-77 were approved by the Board. Final prices in respect of remaining 9,044 houses of 42 schemes had not been fixed (March 1982) as the works accounts have not been closed and completion reports have not been prepared. Large amounts are likely to become recoverable from the allottees on fixation of final prices. Delay in final fixation of prices of houses allotted has caused avoidable inconvenience to the allottees.

(7) *Outstanding dues*

Register of Miscellaneous Public Works advances was not maintained to watch and pursue the recoveries from contractors and suppliers. A test check

(December 1981 to March 1982) in few cases revealed that as on 31st March 1982 following amounts had fallen due but not recovered by the Board:—

Serial number	Nature of recovery	Amount (in lakhs) of rupees)	Date upto which due but not paid	Remarks
1	329 cases of hire purchase instalments	1.03	31st December 1981	Of 329 cases, 31 cases involving Rs. 0.20 lakh were more than 2 months old. Eviction proceedings in respect of 22 tenants not initiated (March 1982).
2	18 booths auctioned	2.49	31st December 1981	Of 18 cases, 15 had been referred to Collector and one was pending in High Court.
3	Cinema site in Sector 22, Faridabad	11.94	7th February 1982	Site auctioned on 27th November 1978 for Rs. 11.30 lakhs. Bidder paid Rs. 1.00 lakh on the same day and Rs. 3.52 lakhs (Due on 20th December 1978) on 11th January 1979. Thereafter no annual instalment was paid.

(8) *Avoidable payment of Rs. 0.60 lakh*

The Board applied for a loan of Rs. 1,38.69 lakhs to HUDCO in January 1979 for a composite Housing Scheme in two Sectors of Panchkula. The HUDCO in turn advised the Board (April 1979) to start completing loan agreement documents pending approval of the loan. Loan was sanctioned by HUDCO in June 1979 and the loan agreement was to be executed and security furnished within four months failing which commitment charges at the rate of one *per cent* per annum on the full amount was leviable from 4th October 1979 to the date of completing all the requirements. Sanction of the State Government to raise the loan and guarantee deed was finalised in February 1980. The Commitment charges of Rs. 0.54 lakh were deducted by HUDCO from the first instalment of loan released to the Board on 23rd February 1980. Similarly in other 6 cases commitment charges of Rs. 0.06 lakh were paid to HUDCO. Circumstances leading to delay in execution of loan agreement document were not on record.

(9) *Irregular Purchase of debentures*

As per loan agreement between HUDCO and Board, the Board was required to obtain from its contractors at least 40 *per cent* of security to be deposited by them in the form of HUDCO debentures. The Board had accordingly put this as one of the conditions at the time of entering into agreement with the contractors, but its compliance was not got made and no amount of the security

deposits was invested by the contractors in HUDCO debentures. The security deposits were generally released on becoming due in normal course. The Board, however, purchased HUDCO debentures worth Rs. 4.15 lakhs (Rs. 2.15 lakhs : August 1978; Rs. 1 lakh : November 1978 and Rs. 1 lakh : October 1979) from its funds. The management intimated (December 1982) that the investment in HUDCO debentures was made out of their own funds after approval of the Board.

(10) *Revision of demand on account of revision of cost of land*

During the year 1978-79 to 1981-82 HUDA claimed Rs. 87.73 lakhs as additional cost of land owing to award of court for increase in land compensation in 7 cases. Out of this, Rs. 36.90 lakhs were paid by the Board during April 1979 to May 1981 and the remaining amount was due to be paid along with interest. No demand for the recovery of increased cost was, however, raised (March 1982) on the residents of the respective colonies though provision existed for its recovery. The Board intimated (December 1982) that additional cost of land paid/payable to HUDA will be recovered from the allottees while working out the final cost of the houses.

(11) *Other points of interest*

(i) *Extra expenditure of Rs. 0.84 lakh*

In the sanctioned estimates/approved notice inviting tenders of certain works executed in Panchkula and Faridabad divisions, there was a specific provision for striking joints.

The contractor, however, chose not to undertake this item of work along with the masonry work and instead carried out cement pointing work with the approval of the Executive Engineer concerned. The payment was allowed at the rate applicable to cement pointing resulting in an extra expenditure of Rs. 0.60 lakh. This also resulted in excess consumption of cement valuing Rs. 0.24 lakh. It was stated by the Board (December 1982) that cement pointing was done to make the walls damp proof. It was, however, clearly provided in the P.W.D. specifications and N.I.T. that if the contractor selected for his own convenience not to do the striking joints as the work progressed but completed the pointing at a subsequent date he was to be allowed payment at the rate of striking joints only.

(ii) *Irregularities in purchase of cement*

The Government of India instructions provided that cement producers should accept advance payments from parties, only when they were in position to supply cement and should not insist on payment of full advance while booking orders. The cement producers were also required to pay interest at the rate of 14 per cent on advances received and retained by them for more than 15 days. However, in disregard to these instructions the Board paid the full cost in advance to cement companies while booking the order for supply. Though the material was not supplied within 15 days, the Board did not take any action to recover the interest amounting to Rs. 3.35 lakhs on advances retained beyond 15 days.

Against order for supply of cement during 1979-80 and 1980-81, 1,241.20 tonnes of cement was received short for the value of Rs. 5.06 lakhs at the average rate of Rs. 408 per tonne. Refund of Rs. 3.24 lakhs out of the advance paid for the said quantity was also awaited. No action was taken to recover from the cement companies interest of 14 per cent on advances retained by them for more than 15 days. The Board stated (December 1982) that the question of recovery of interest has been taken up with the cement companies.

Summing up

The satisfaction was only 38 per cent of the applicants in the level allowed by the Housing Board in urban areas and 16 per cent of the applicants in the rural areas. Construction of only 2.5 per cent of the approved units was taken up in the latter.

Out of 640.40 acres of land acquired during 1972 to 1981, 296.93 acres remained unutilised (December 1981).

Of 18,031 houses planned for construction 12,006 houses were constructed and 11,323 were allotted (December 1981). Delay in completion (upto 32 months) of various schemes resulted *inter alia* in enhancement of the cost of construction.

No rules had been framed for maintenance of proper books of accounts and preparation of annual statement of accounts.

Final prices of 9,044 houses (42 schemes) had not been fixed (March 1982) as the relevant work accounts have not been closed for 1 to 5 years.

The matter was referred to the Government in October 1982; reply was awaited (February 1983).

CO-OPERATION

7-13. Financial assistance to co-operative societies

Investment by the Government in the share capital and debentures of co-operative societies at the close of 1979-80, 1980-81 and 1981-82 and the return thereon were as under :—

Year	Number of societies	Amount invested as at the end of the year	Dividend/ interest received during the year	Percentage
		(in crores of rupees)		
1979-80	2,633	34.23	0.82(a)	2.4
1980-81	2,724	40.02	0.84(b)	2.1
1981-82	2,794	45.68	0.93(c)	2.0

According to the department, the loans and subsidies/grant paid by the Government to various co-operative societies other than industrial co-operative societies (for which information was not available) during 1979-80, 1980-81 and

(a) From 32 Societies.

(b) From 31 Societies

(c) From 43 Societies

1981-82 were as under:—

LOANS

Year	Balance at the end of the previous year	Disbursed during the year	Repaid during the year	Balance at the end of the year	Subsidies/* grant paid during the year
	(in lakhs of rupees)				
1979-80	3,85.20	2,31.00	5.49	6,10.71	90.12
1980-81	6,10.71	3,36.57	13.55	9,33.73	78.60
1981-82	9,33.73	1,14.79	36.16	10,12.36	1,69.97

According to the information furnished by the Department, the principal and interest, overdue for recovery as on 31st March 1982 amounted to Rs. 72.31 lakhs and Rs. 88.78 lakhs respectively. The break up of these amounts was not available.

7.14. Co-operative Banks

As on 30th June 1981 there were 13 Central Co-operative Banks in the State, acting as financing bodies for primary societies. Besides, there were two apex institutions namely the Haryana State Co-operative Bank Limited and the Haryana State Co-operative Land Development Bank Limited. The former provides medium and short term finance to the co-operative institutions while the latter provides long term finance to the agriculturists.

According to their audited accounts, the Government investment in the institutions as on 30th June 1980 and 30th June 1981 and other financial data as on these dates were as under:—

Serial number	Institution	Number	Paid up capital	
			30th June 1980	30th June 1981
			(in lakhs of rupees)	
1.	Central Co-operative Banks	13	11,57.10	12,54.60
2.	Haryana State Co-operative Bank Limited	1	2,78.31	N.A.**
3.	Haryana State Co-operative Land Development Bank Limited	1	3,98.70	4,62.02

Government investment in share capital		Loan by Government		Net Profit***		Reserves	
30th June 1980	30th June 1981	1979-80	1980-81	1979-80	1980-81	30th June 1980	30th June 1981
				(in lakhs of rupees)			
4,86.90	5,23.70	0.03	0.03	7,77.96	5,71.65	6,20.88	8,98.02
1,12.90	N. A.	Nil	N.A.	3,68.09	N.A.	5,05.46	N. A.
69.78	69.78	Nil	Nil	2,59.73	4,55.01	3,52.27	3,52.60

*Departmental figures.

**Audit for the year 1980-81 of the Haryana State Co-operative Bank Limited has not yet been conducted by the departmental auditors (July 1982).

***Including undistributed profits of previous year.

The amounts of overdue loans and interest as on 30th June 1981 of the 13 Central Co-operative Banks was Rs. 39,12.04 lakhs and Rs. 2,83.74 lakhs respectively. Out of these Rs. 4,13.18 lakhs (13 banks) and Rs. 20.16 lakhs (2 banks) were outstanding for more than three years.

In respect of 13 Central Co-operative Banks (except Karnal, Rohtak and Sonapat Central Co-operative Bank for which the information was not available), there were 3,914 indebted Co-operative Societies as on 30th June 1981. Out of these, 2,950 societies had defaulted in repayment of loans. Debts considered bad and doubtful amounted to Rs. 7,14.78 lakhs (principal: Rs. 5,89.59 lakhs and interest : Rs. 1,25.19 lakhs) against which there was a reserve of Rs. 2,78.53 lakhs only.

A perusal of the audited accounts of all these banks for the year 1980-81 disclosed the following:—

- (i) The amount embezzled in six Central Co-operative Banks (Sirsa, Bhiwani, Rohtak, Hissar, Ambala and Kurukshetra) aggregated Rs. 41.48 lakhs.
- (ii) Shortage of store and stock, *etc.* in six Central Co-operative Banks (Mohindergarh, Bhiwani, Hissar, Ambala, Faridabad and Kurukshetra) amounted to Rs. 0.76 lakh.
- (iii) At the time of audit of various branches of Karnal Central Co-operative Bank, Limited, mutilated currency notes worth Rs. 1.11 lakhs were found by the departmental auditors.
- (iv) During the audit of various branches of Hissar, Central Co-operative Bank, Limited the departmental auditors noticed that an amount of Rs. 0.14 lakh had been misappropriated.

7.15. Co-operative Consumer Stores

There were 33 Central Co-operative Consumers Stores in the State as on 30th June 1981 against 32 Central Co-operative consumers stores in the State as on 30th June 1980. Besides, there was one apex institution, namely the Haryana State Federation of Consumers Co-operative Whole-sale Stores Limited, Chandigarh.

According to the audited accounts, the financial data of the Central Co-operative consumers stores for the years 1978-79, 1979-80 and 1980-81 were as under:—

Year	Number of stores	Paid-up capital	Government investment in share capital	Loans obtained from Government and outstanding	Net profit	Reserves	Turnover
(in lakhs of rupees)							
1978-79	22(a)	14.53	11.12	7.13	(—)1.98	₹5.39	1,01.44
1979-80	32(b)	20.85	18.44	25.45	(—)0.98	3.84	3,56.55
1980-81	33(c)	21.89	18.39	7.72	(—)6.63	9.89	4,40.73

During 1980-81, out of four Central Co-operative Consumer Stores, one store (Karnal) earned profit of Rs. 0.55 lakh while three stores (Panipat, Faridabad and Rohtak) sustained a loss of Rs. 7.18 lakhs.

A perusal of the audited accounts of these stores for the year ended 30th June 1981 disclosed the following:—

- (i) Shortages in three stores (Karnal, Faridabad and Panipat) against salesman and storekeepers (including *ex* employees) amounted to Rs. 5.44 lakhs.
- (ii) In one store (Panipat) the closing stock valuing Rs. 2.12 lakhs included dead/damaged stock valuing Rs. 0.83 lakh.
- (iii) In three stores (Karnal), Panipat and Rohtak debts amounting Rs. 8.98 lakhs had been assessed as bad and doubtful against which there was a provision of Rs. 2.00 lakhs only.
- (iv) The amount embezzled in two stores (Faridabad and Rohtak) as on 30th June 1981 amounted to Rs. 0.28 lakh.

7.16. Co-operative Sugar Mills

There were (30th June 1981) four Co-operative Sugar Mills in the State located at Karnal, Panipat, Rohtak and Sonapat. According to the

-
- (a) The financial data is in respect of three stores.
 - (b) The financial data is in respect of four stores.
 - (c) The financial data is in respect of four stores; the audited accounts of remaining stores were not made available (July 1982).

audited accounts, the financial data of the Sugar Mills as on 30th June 1979 and 30th June 1980 is as under :—

Serial number	Particulars	Rohtak	
		30th June	
(1)	(2)	1979 (3)	1980 (4)
		(in lakhs of rupees)	
1	Paid up Capital	153.52	163.49
2	Government Investment	20.00	20.00
3	Free Reserves	315.67	335.53
4	Capital Investment (1+3)	469.19	499.02
5	Profit (+)/Loss(—)	(—)164.26	(—)233.80
6	Percentage of return on capital invested (5 ÷ 4)		
7	Cane crushed	(in lakhs of quintals)	
		24.74	8.89
8	Percentage of recovery	(per cent)	
		9.03	9.50

Panipat		Karnal		Sonepat	
30th June		30th June		30th June	
1979 (5)	1980* (6)	1979 (7)	1980 (8)	1979 (9)	1980* (10)
		(in lakhs of rupees)			
84.05		228.81	246.79	223.38	
20.00		146.00	161.00	155.00	
351.69		285.38	331.24	255.25	
435.74		514.19	578.03	478.63	
(—)314.23		(—)495.96	(—)549.41	(—)534.16	
		(in lakhs of quintals)		N.A.	
20.19		14.23	8.83	11.59	
		(Per cent)			
8.42		9.07	8.77	8.10	

A perusal of the audited accounts of these Sugar Mills disclosed the following:—

1. There were shortages of 8,575 quintals of cane valuing Rs. 0.90 lakh in Haryana Co-operative Sugar Mills, Rohtak.

*Audited accounts not made available.

In Haryana Co-operative Sugar Mills Limited, Sonapat it was noted that a sum of Rs. 0.38 lakh was paid in excess to the various cane growers over and above the purchase rate approved by the Government during the year 1978-79.

2. In two Co-operative Sugar Mills (Rohtak and Karnal) shortages and excesses amounted to Rs. 4.51 lakhs and Rs. 1.66 lakhs respectively during 1978-79 and 1979-80.



(J. D. SUD)

Accountant General, Haryana

CHANDIGARH,
The 4th June 1983

Countersigned



(GIAN PRAKASH)

NEW DELHI,
The 13th June 1983 Comptroller and Auditor General of India



APPENDICES

APPENDIX
EXPENDITURE ON
(Reference : Paragraph
Plan

Head of expenditure	Budget estimates	Budget <i>plus</i> Supplementary
(1)	(2)	(3)
A—General Services	1.62	1.63
B—Social and Community Services	39.60	49.78
C—Economic Services—		
(a) General Economic Services	2.71	2.71
(b) Agriculture and Allied Services	46.36	46.44
(c) Industry and Minerals	3.62	4.66
(d) Water and Power Development	8.66	8.66
(e) Transport and Communications	1.07	1.57
D—Grants-in-aid and Contributions	..	..
Total	1,03.64	1,15.45

*The figures within brackets indicate the expenditure during 1980-81.

REVENUE ACCOUNT

page 5)

Plan

Non-Plan

Actuals*	Variations	Budget estimates	Budget Plus supplementary	Actuals*	Variations
(4)	(5)	(6)	(7)	(8)	(9)
(in crores of rupees)					
1.62 (1.54)	(-)0.01	1,03.32	1,17.66	1,19.24 (96.46)	(+)1.58
47.47 (34.69)	(-)2.31	91.68	1,09.15	1,10.70 (97.75)	(+)1.55
2.09 (0.48)	(-)0.62	2.70	2.74	2.92 (3.33)	(+)0.18
38.03 (24.30)	(-)8.41	22.05	23.37	24.77 (26.36)	(+)1.40
4.43 (4.83)	(-)0.23	0.99	1.00	1.05 (0.93)	(+)0.05
0.33 (..)	(-)8.33	45.36	46.05	53.22 46.00	+7.17
1.39 (0.51)	(-)0.18	64.16	68.66	77.90 (63.09)	(+)9.24
..	..	0.45	0.45	(0.37) (0.46)	(-)0.08
95.36 (66.35)	(-)20.09	3,30.71	3,69.08	3,90.17 (3,34.38)	(+)21.09

APPENDIX
EXPENDITURE ON
(Reference : Paragraph
Plan

Head of expenditure.

(1)	Budget estimates (2)	Budget <i>Plus</i> supplementary (3)
A—General Services	2·83	2·90
B—Social and Community Services	8·46	8·87
C—Economic Services—		
(a) General Economic Services	6·54	7·39
(b) Agriculture and Allied Services	7·18	7·18
(c) Industry and Minerals	2·73	2·73
(d) Water and Power Development	68·34	70·40
(e) Transport and Communications	23·25	24·45
Total	1,19·33	1,23·92

1-2

CAPITAL ACCOUNT

1.5 ; page 7)

Plan		Non Plan			
Actuals*	Variations	Budget estimates	Budget <i>Plus</i> supplementary	Actuals*	Variations
(4)	(5)	(6)	(7)	(8)	(9)
(in crores of rupees)					
2.72 (2.23)	(-)0.18	0.03	0.03	0.04 (0.06)	(+)0.01
9.40 (7.86)	(+)0.53	..	0.18	0.50 (0.29)	(+)0.32
5.66 (5.98)	(-)1.73	..	..	(-)0.03 (0.05)	(-)0.03
8.29 (5.75)	(+)1.11	(-)0.54	0.02	(-)10.08 (-)10.65	(-)10.10
2.91 (1.25)	(+)0.18	..	0.01	0.02 (..)	(+)0.01
68.07 (64.12)	(-)2.33	0.07	0.07	0.11 (0.05)	(+)0.04
25.50 (25.19)	(+)1.05	0.17	0.17	0.13 (0.08)	(-)0.04
1,22.55 (1,12,38)	(-)1.37	(-)0.27	0.48	(-)9.31 (-)10.12)	(-)9.79

*The figures within brackets indicate the expenditure for 1980-81 *

APPENDIX II-1

(Reference : Paragraph 2.2; page 18)

GRANTS/CHARGED APPROPRIATION WHERE EXCESS
REQUIRES REGULARISATION

Grants

Serial Number	Number and name of grants	Total grants	Expenditure	Excess
(in rupees)				
<i>Revenue</i>				
(i)	2—General Administration			
	Original 7,57,22,270	} 9,01,38,771	9,12,61,285	11,22,514
	Supplementary 1,44,16,501			

Excess was mainly on District Establishment under which Rs. 2,49.49 lakhs were spent against provision of Rs, 2,26.79 lakhs.

(ii) 3—Home

Original	23,28,65,195	} 28,03,67,461	29,11,14,972	1,07,47,511
Supplementary	4,75,02,266			

Main excess was on Haryana Armed Police (Rs. 34.12 lakhs), Crime and Order Police (Rs. 15.55 lakhs) Police Radio Staff (Rs. 13.16 lakhs), Jails (Rs. 12.37 lakhs) and District Session Judges (Rs. 4.19 lakhs). Excess occurred due mainly to revision of pay scales, payment of additional dearness allowance, increase in the prices of various articles and creation of additional posts.

(iii) 4—Revenue

Original	4,80,26,935	} 12,72,22,222	13,76,10,448	1,03,88,226
Supplementary	7,91,95,287			

More expenditure than anticipated on relief works and payment of gratuitous relief accounted for the excess expenditure.

(iv) 5—Excise and Taxation

Original	2,51,31,020	} 2,98,60,180	3,11,85,193	13,25,013
Supplementary	47,29,160			

Excess was mainly due to employment of additional staff to curb evasion of taxes, mobilisation of more resources for revenue and payment of additional dearness allowance.

Serial number	Number and name of grant	Total grants	Expenditure	Excess
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(in rupees)

(v) 6—Finance

Original	7,40,35,625	} 8,89,25,130	10,86,75,783	1,97,50,653
Supplementary	1,48,89,505			

Excess was due mainly to finalisation of more cases of pension, gratuities, commutation of pension than anticipated and grant of *ad hoc* relief to pensioners.

(vi) 7—Other Administrative Services,

Original	6,40,19,880	} 8,40,10,289	8,68,09,602	27,99,313
Supplementary	1,99,90,409			

On purchase and supply of stationery stores Rs, 1,83.38 lakhs were spent against the provision of Rs. 1,44.68 lakhs.

(vii) 8—Buildings and Roads

Original	21,04,31,000	} 21,61,50,000	25,97,56,221	4,36,06,221
Supplementary	57,19,000			

Excess was due mainly to purchase of more stock materials than provided for and adjustment of establishment/tools and plant charges on *pro rata* basis.

(viii) 14—Food and Supplies

Original	1,32,06,000	} 1,61,03,000	1,65,63,961	4,60,961
Supplementary	28,97,000			

Reasons for the excess have not been intimated (January 1983).

(ix) 15—Irrigation

Original	54,10,22,665	} 54,78,93,710	65,45,61,324	10,66,67,614
Supplementary	68,71,045			

Excess was due mainly to payment of more interest charges and adjustment of *pro rata* establishment charges.

(x) 20—Forest

Original	6,95,28,230	} 7,44,64,370	7,96,87,171	52,22,801
Supplementary	49,36,140			

Serial number	Number and name of grant	Total grant	Expenditure	Excess
---------------	--------------------------	-------------	-------------	--------

(in rupees)

Excess was mainly on account of drought relief works for which no provision was made.

(xi) 23—Transport

Original	54,12,64,795	} 58,74,48,850	63,90,08,952	5,15,60,102
Supplementary	4,61,84,055			

For operation charges of Haryana Roadways, Faridabad, a newly created depot, the supplementary provision of Rs. 24.29 lakhs proved to be very much inadequate as the final expenditure was Rs. 4,01.22 lakhs (operation) Rs. 79.61 lakhs (repairs, maintenance and other expenditure).

Capital

(i) 8—Buildings and Roads

Original	26,62,24,600	} 27,53,27,600	28,41,87,548	88,59,948
Supplementary	91,03,000			

On rural roads Rs. 13.07 crores were spent against provisions of Rs. 10.05 crores mainly for completion of link roads and execution of drought relief works.

(ii) 15—Irrigation

Original	81,10,50,250	} 84,01,28,150	1,03,74,90,417	19,73,62,267
Supplementary	2,90,77,900			

Excess was due mainly to more expenditure on Beas Project (Rs 27.06 crores against provision of Rs. 6.66 crores) and adjustment of establishment charges Rs. 10.62 crores on *pro rata* basis for which no provision was made. On *pro rata* charges Rs. 8.70 crores were adjusted during 1980-81 also and no provision was made therefor.

(iii) 16—Industries

Original	2,27,05,600	} 2,27,05,600	2,69,02,800	41,97,200
Supplementary	..			

Excess was due mainly to adjustment of expenditure of Rs. 30.00 lakhs for the year 1980-81

Serial Number	Number and name of grant	Total grant	Expenditure (in rupees)	Excess
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v) 23—Transport

Original	10,34,66,000	} 10,47,16,000	10,55,51,066	8,35,066
Supplementary	12,50,000			

Main excess was on account of more expenditure on construction of bus stands in various towns.

CHARGED APPROPRIATIONS

Serial Number	Number and name of appropriation	Total appropriation	Expenditure (in rupees)	Excess
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Revenue

i) 3—Home

Original	38,43,690	} 41,86,764	42,46,433	59,669
Supplementary	3,43,074			

Excess was due mainly to revision of pay scales of certain categories of employees and payment of additional dearness allowance.

ii) 6—Finance

Original	45,96,21,900	} 49,35,59,776	49,61,80,656	26,20,880
Supplementary	3,39,37,876			

Excess was mainly due to payment of more interest on market loans (Rs. 8.56 crores against provision of Rs. 6.68 crores) and on ways and means advances from the Reserve Bank of India (excess of Rs. 0.58 crore). The excess was partly offset by saving due to less payment of interest to commercial banks (Rs. 1.26 crores against provision of Rs. 3.40 crores) because of need for less loans for procurement of foodgrains.

APPENDIX II-2

(Reference : Paragraph 2.3; Page 18)

SIGNIFICANT CASES OF EXCESSIVE AND INADEQUATE
SUPPLEMENTARY PROVISION

(a) Supplementary provision which proved excessive—

In the following cases the supplementary grant/charged appropriation proved substantially excessive :—

Serial number	Number and name of grant	Original provision	Supplementary provision (in lakhs of rupees)	Expenditure	Saving
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Revenue (Voted)

(i) 11—Urban Development		1,74.23	2,13.65	2,19.83	1,68.05
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Saving was attributed to non-receipt of sanction from the Government of India for the payments of grants to H.U.D.A.

(ii) 13—Social Welfare and Rehabilitation		7,53.19	4,67.69	9,49.29	2,71.59
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Saving was due mainly to non-utilisation of funds for the economic development of Scheduled Castes.

REVENUE (CHARGED APPROPRIATION)

Name of charged appropriation	Original provision	Supplementary provision	Expenditure	Saving
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(in lakhs of rupees)

<i>Public Debt</i>	2,96.08	68.04	3,07.03	57.09
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Saving was stated to be due mainly to less repayment of loans consequent on less loans raised for procurement of foodgrains.

(b) Supplementary provision which proved inadequate—

In the following 8 grants (Revenue) and 2 grants (Capital), the supplementary grants of Rs. 22,52.86 lakhs and Rs. 3,81.81 lakhs proved inadequate the final uncovered excess (reasons to the extent received mentioned in Appendix II-1) was Rs. 25,07.43 lakhs and Rs. 20,62.22 lakhs respectively. In addition, in the Revenue Section the supplementary *charged* appropriation of Rs. 3,39.38 lakhs proved inadequate, the final uncovered excess being Rs. 26.21 lakhs.

<i>Revenue (Voted)</i>				
Serial Number and name of grant	Original provision	Supplementary provision	Expenditure	Excess
	(In lakhs of rupees)			
3—Home	23,28·65	4,75·02	29,11·15	1,07·48
4—Revenue	4,80·27	7,91·95	13,76·10	1,03·88
6—Finance	7,40·36	1,48·89	10,86·76	1,97·51
7—Other Administrative Services	6,40·20	1,99·90	8,68·09	27·99
8—Buildings and Roads	21,04·31	57·19	25,97·56	4,36·06
15—Irrigation	54,10·22	68·71	65,45·61	10,66·68
a) 20—Forest	6,95·28	49·36	7,96·87	52·23
ii) 23—Transport	54,12·65	4,61·84	63,90·09	5,15·60
Capital (Voted)				
8—Buildings and Roads	26,62·25	91·03	28,41·88	88·60
15—Irrigation	81,10·50	2,90·78	1,03,74·90	19,73·62
Revenue (Charged appropriation)				
<i>Name of charged appropriation</i>	<i>Original provision</i>	<i>Supplementary provision</i>	<i>Expenditure</i>	<i>Excess</i>
	(in lakhs of rupees)			
—Finance	45,96·22	3,39·38	49,61·81	26·21

APPENDIX II-3

(Reference : Paragraph 2.4 (a); Page 18)

Savings (More than Rs. 25 lakhs in each case) under grants and Charged appropriations

Serial number	Number and name of grant/charged appropriation	Total provision	Expenditure	Saving	Percentage of saving
(in lakhs of rupees)					
<i>Revenue</i>					
(i)	11—Urban Development— Voted	3,87·88	2,19·83	1,68·05	43
(ii)	12—Labour and Employment—Voted	12,56·86	3,84·45	8,72·41	69
(iii)	13—Social Welfare and Rehabilitation—Voted	12,20·88	9,49·29	2,71·59	22
(iv)	17—Agriculture—Voted	37,55·02	32,21·13	5,33·89	14
(v)	19—Fisheries—Voted	1,41·32	65·30	76·02	54
<i>Capital</i>					
(i)	14—Food and Supplies— Voted	1,03,41·00	78,02·17	25,38·83	25
(ii)	17—Agriculture—Voted	2,85·72	1,57·81	1,27·91	45
(iii)	22—Co-operation—Voted	9,06·03	7,04·29	2,01·74	22
(iv)	Public Debt (Charged)	3,64,11·56	3,07,03·15	57,08·41	16

APPENDIX II—4

(Reference : Paragraph 2.6 ; page 21)

Significant cases of shortfall/Excess in Recoveries

Serial number	Number and name of grant	Estimated recovery	Actual recovery	Amount of excess (+)/shortfall (—) as compared to estimates	Remarks
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
<i>Revenue</i>					
(1)	8—Buildings and Roads	..	2.47	(+)2.47	The amount represents recovery of establishment and tools and plant charges. Reasons for not making any provision have not been intimated (December 1982).
(2)	10—Medical and Public Health	3.29	1.28	(—)2.01	Reasons have not been intimated (December 1982).
(3)	12—Labour and Employment	8.93	..	(—)8.93	Shortfall was due to change in the accounting procedure relating to food for work Programme/National Rural Employment Programme as advised by the Government of India, after the finalisation of State Budget.
(4)	15—Irrigation	0.08	11.90	(+)11.82	The excess was due mainly to recovery having not been estimated in revenue section for the establishment charges transferred to the capital head on <i>pro rata</i> basis.
<i>Capital</i>					
(5)	14—Food and Supplies	104.00	85.19	(—)18.81	Reasons for the shortfall have not been intimated (January 1983).
(6)	15—Irrigation	5.90	28.09	(+)22.19	Due mainly to more recovery on account of advance from the Haryana State Electricity Board and Beas Construction Board.
(7)	17—Agriculture	3.60	4.94	(+)1.34	Reasons have not been intimated (January 1983).
(8)	22—Co-operation	2.51	1.41	(—)1.10	Reasons have not ^{been} intimated (January 1983).

APPENDIX II-5

(Reference : Paragraph 2.7 ; page 21)

Drawal of funds in advance of requirements and purchases made in advance of requirements to utilise funds

Department/Office	Month of drawal	Amount (in lakhs of rupees)	Remarks
(1)	(2)	(3)	(4)
Welfare of Scheduled Castes and Backward Classes			
Director, Welfare of Scheduled Castes and Backward Classes, Haryana, Chandigarh	March 1975	0.30	Drawn for giving grants and for providing hostel accommodation to scheduled castes and scheduled tribe girls studying in middle to University stages of education through voluntary organisations and were kept in the form of RTRs. These were subsequently refunded during December 1977, July 1977 and April 1980 respectively.
	March 1976	0.20	
	March 1977	0.30	
Agriculture			
Joint Director of Agriculture (Cotton), Sirsa	March 1981	3.01	Retained as RTR and refunded during July 1981 (Subsidy).
	March 1981	2.37	Retained as RTRs. Rs. 1.79 lakhs disbursed in July 1981 and Rs 0.58 lakh refunded during the same month (subsidy).
Hospitality			
Director Hospitality Organisation, Haryana, Chandigarh	March 1981	0.84	Retained as RTR. On the firm's refusal (May 1981) to supply the van the amount was refunded in July 1981.
Home			
Inspector General of Police, Haryana, Chandigarh	March 1981	1.10	Converted into RTRs. Two cars were purchased and paid for in July and August 1981.
	March 1981	1.51	Two station wagons were received and paid for in July 1981.
	March 1981	0.73 1.64	Uniform cloth received and paid for in June and July 1981.
	March 1981	1.24	Retained as RTRs. Two cars and a motor cycle not received till September 1981.
Education			
Director, School Education, Haryana, Chandigarh	March 1979	2.64	Retained as RTRs. Jeeps were received in January 1981. Unspent balance of Rs. 0.57 lakh was, however, refunded into treasury in December 1980.

Department/Office	Month of drawal	Amount (In lakhs of rupees)	Remarks
(1)	(2)	(3)	(4)
District Education Officer, Sirsa	March 1979	0.55	Amounts drawn against firm's <i>proforma</i> invoices for the purchase of a jeep without a stipulated date of supply. Rates fluctuated when the firm asked to take delivery by 18th March 1980 by paying Rs. 0.64 lakh. Delivery could not be taken as revised sanction was received on 28th March 1980, resulting into further increase in cost by Rs. 0.10 lakh by January 1981.
	March 1980	0.02	
	January 1981	0.12	
	March 1981	0.05	
District Education Officer, Narnaul	March 1979	0.64	Converted into RTRs for payment against purchase of school material but refunded into treasury in February 1980 due to non-receipt of supply.
Sub-Divisional Education Officer, Hissar	March 1981	2.43	Retained as RTRs for various purchases. Rs. 2.01 lakhs paid during April and May 1981 and Rs. 0.25 lakh during June to August 1981. Balance of Rs. 0.17 lakh refunded in treasury in October 1981.
Sub-Divisional Education Officer, Hansi	March 1981	0.87	Retained as RTRs for various purchases. Rs. 0.85 lakh paid during April to October 1981 and Rs. 0.02 lakh refunded in treasury during October 1981.
Animal Husbandry			
Deputy Director, Intensive Cattle Development Project, Gurgaon	March 1978	2.89	The amount was drawn for disbursement as subsidy under Poultry Rearing and Development and placed at the disposal of Small Farmers Development Agency (S.F.D.A.) which already had a previous balance of Rs. 3.86 lakhs. Rupees 4.68 lakhs were disbursed during 1978-79 leaving a balance of Rs. 2.07 lakhs.
	March 1979	3.10	
	March 1979	1.82	
	March 1980	2.04	
			With a previous balance of Rs. 2.07 lakhs, further Rs. 3.10 lakhs were paid for disbursement as subsidy against which Rs. 3.29 lakhs were disbursed during 1978-79 leaving a balance of Rs. 1.88 lakhs.
			Amount drawn for payment as Calf Rearing subsidy and placed at the disposal of S.F.D.A. when there was already a balance of Rs. 0.62 lakh. Rs. 1.36 lakhs were disbursed during 1978-79 leaving a balance of Rs. 1.08 lakhs.
			With a previous balance of Rs. 1.08 lakhs further Rs. 2.04 lakhs were paid for disbursement. Rupees 2.60 lakhs were disbursed during 1979-80 leaving a balance of Rs. 0.52 lakh.

Department/Office	Month of drawal	Amount (in lakhs of rupees)	Remarks
(1)	(2)	(3)	(4)
	March 1981	3.01	With a previous balance of Rs. 0.52 lakh, the total amount for disbursement amounted to Rs. 3.53 lakhs out of which Rs. 2.25 lakhs were disbursed during 1980-81 leaving a balance of Rs. 1.28 lakhs.
	October 1981	1.00	Including the previous balance of Rs. 1.28 lakhs the total amount available for payment amounted to Rs. 2.28 lakhs out of which Rs. 0.62 lakh were disbursed up to December 1981 leaving a balance of Rs. 1.66 lakhs.
Deputy Director, Intensive Cattle Development Project, Karnal	March 1980	4.54	Amount drawn for payment as Calf Rearing subsidy when there was already a previous balance of Rs. 8.87 lakhs. Rs. 9.02 lakhs were disbursed in 1980-81 leaving a balance of Rs. 4.39 lakhs.
	Total	38.96	

APPENDIX II—6

(Reference : Paragraph 2·7; page 21)

Purchase of Stores not required for immediate use

Department/Office	Month of drawal	Amount (in lakhs of rupees)	Remarks
1	2	3	4
Chief Medical Officer,	March 1981	23·64	Medicines for flood relief purchased in March 1981 though not required for immediate use, those valuing Rs. 12·39 lakhs were distributed to various Chief Medical Officers in July 1981, for Rs. 2·68 lakhs in February 1982 and the remaining for Rs. 8·57 lakhs between April and June 1982. Actual utilisation after the dates of distribution was not known.
Zoology Director, Archaeology, Chandigarh	March 1980	0·48	Construction of sheds for which the material was purchased was yet to be taken up (January 1983).
Education Divisional Officer, Ambala	March 1978	0·44	Science material for 10+2+3 system of education was purchased in March 1978 but the system is yet (January 1983) to be introduced.
	Total	24·56	

APPENDIX

(Reference :

Cases of Misappropriations, Defalcations, etc., under Departmental

(Position at the end of

Serial number	Department	Departmental investigation cases pertaining to			
		1976-77 and earlier years		1977-78 to 1981-82	
		Number	Amount	Number	Amount
1.	Buildings and Roads	6	1.49	20	3.22
2.	Irrigation	3	0.10	19	2.30
3.	Transport	3	0.06	4	0.64
4.	Education	2	0.02	4	0.34
5.	Public Health	—	—	10	1.97
6.	Development and Panchayat	1	0.03	2	0.04
7.	Food and Supplies	1	0.16	2	0.22
8.	Forest	—	—	1	0.30
9.	Land Revenue	—	—	—	—
10.	Land Acquisition	—	—	—	—
11.	Police	—	—	—	—
12.	Printing and Stationery	—	—	—	—
13.	Home Guards	—	—	1	0.01
	Total	16	1.86	63	9.04

III-1

Paragraph 3.6; page 55)

Investigation or criminal prosecution

August 1982)

Criminal prosecution cases pertaining to

Grand Total

- 1976-77 and earlier years

1977-78 to 1981-82

1976-77 and earlier years		1977-78 to 1981-82		Grand Total	
Number	Amount	Number	Amount	Number	Amount
—	—	5	0.41	31	5.12
1	0.08	6	0.43	29	2.91
5	0.35	12	1.63	24	2.68
7	1.22	4	0.24	17	1.82
1	0.14	1	0.01	12	2.12
1	0.03	—	—	4	0.10
—	—	—	—	3	0.38
—	—	—	—	1	0.30
—	—	1	0.06	1	0.06
—	—	1	0.01	1	0.01
—	—	1	0.03	1	0.03
—	—	1	0.02	1	0.02
—	—	—	—	1	0.01
15	1.82	32	2.84	126	15.56

APPENDIX III-2*(Reference : Paragraph 3.7 ; Page 55)***Losses due to Theft, Fire, Irrecoverable Revenue, Duties, etc., written off/recoveries waived during 1981-82**

Serial number	Department	Write off of losses/irrecoverable revenue, duties etc.	
		Number of cases	Amount (Rupees)
1.	Food and Supplies	157	5,90,697
2.	Home	1	4,07,800
3.	Industries	1	664
4.	Hospitality	3	1,008
5.	Printing and Stationery	2	4,857
	Total	164	10,05,026

APPENDIX VI--1

APPENDIX

Reference :

SUMMARISED FINANCIAL RESULTS OF

Serial number	Name of the Corporation	Name of the Department	Year of incorporation	Period of account	Total capital invested (A)	Profit (j) Lacs (-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
					(Figures in columns 6 to 12 are in	
1	Haryana State Electricity Board	Irrigation & Power	1967	1981-82	6,99,67.66	(-) 2,36.35
2	Haryana Warehousing Corporation	Agriculture	1967	1981-82	7,08.82	(+) 9.53
3	Haryana Financial Corporation	Industries	1967	1981-82	35,45.69	(+) 1,96.94

*Excludes Rs. 8,51.77 lakhs transferred from General Reserve.

(A) Capital invested represents paid-up capital *plus* long-term loans and free reserves.

(B) Capital employed represents net fixed assets (excluding ^{capital} work-in-progress) plus working capital.

(C) Represents mean of aggregate of opening and closing balances of (i) paid-up capital, (ii) bonds and debentures, (iii) free reserves, (iv) borrowings including refinance, and (v) deposits.

-1

Paragraph 6.2; page 90)

STATUTORY CORPORATIONS

Total adjusted profit and loss account (8)	Interest on long- term loans (9)	Total return on capital invested (10) (7+9)	Capital employed (B) (11)	Total return on capital employed (12) (7+8)	Percentage of total return on capital in- vested (13)	Percentage of total return on capital employed (14)
(in lakhs of rupees)						
27.99*	15,73.74	13,37.39	5,44,99.63	5,91.64	1.91	1.09
12.65	12.65	22.18	7,07.05	22.18	3.13	3.14
1,70.21	1,70.21	3,67.15	(C) 33,86.09	3,67.15	10.35	10.84

APPENDIX

(Reference :

SUMMARISED FINANCIAL RESULTS

Serial number	Name of the Company	Name of Department	Year of incorporation	Year of Accounts	Total Capital invested (A)
(1)	(2)	(3)	(4)	(5)	(6)
I. Running Concerns					
1.	Haryana Dairy Development Corporation Limited.	Animal Husbandry	1969	1976-77 (April-March)	5,46.10
2.	Haryana State Handloom & Handicrafts Corporation Limited.	Industries	1976	1980-81 (April-March)	1,34.10
3.	Haryana Agro-Industries Corporation Limited.	Agriculture	1967	1979-80 (July-June)	2,50.43
4.	Haryana State Minor Irrigation Tubewells Corporation Limited	Irrigation	1970	1974-75 (April-March)	1649.09
5.	Haryana Tourism Corporation Limited	Tourism	1974	1977-78 (April-March)	1,47.57
II. Promotional/Development Undertaking					
6.	Haryana State Industries Development Corporation Limited.	Industries	1970	1981-82 (April-March)	..
III. Subsidiaries of Haryana State Industrial Development Corporation Limited					
7.	Haryana Minerals Limited	Industries	1972	1980-81 (April-March)	30.99
8.	Haryana Television Limited	Industries	1977	1977-78 (April-March)	35.80
9.	Haryana Tanneries Limited	Industries	1972	1979-80 (April-March)	1,19.94
10.	Haryana Matches Limited	Industries	1970	1979-80 (April-March)	14.97
11.	Haryana Concast Limited	Industries	1973	1978-79 (April-March)	3,75.66
12.	Haryana Breweries Limited	Industries	1970	1981-82 (April-March)	1,96.70

(A) Capital invested represents paid-up capital plus long term loans and free reserves.

(B) Capital employed represents net fixed assets (excluding ^{capital} work-in-progress) plus Working Capital.

(C) Represents mean capital employed i.e. mean of the aggregate of opening and closing balances of (i) paid-up capital, (ii) Reserves and Surplus, and (iii) Borrowings.

(D) Represents net profit before charging interest, tax provisions and reserves under Sections 36(i) (viii) of the 'Income Tax Act'.

VI-2

Paragraph 6.28.02; page 142)

OF GOVERNMENT COMPANIES

Profit(+)/ loss(-)	Total interest charged to profit and loss account	Interest on long- term Loans	Total return on capital invested (6+8)	Capital employed (B)	Total return on capital employed (6+7)	Percentage of total return on capital invested	Percentage of total return on capital employed
(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(Rupees in lakhs)							
(-)53.76	15.82	13.15	(-)40.61	442.08	(-)37.94	(-)7.44	(-)8.58
(-)0.10	3.05	3.05	(+)3.15	1,32.99	(+)3.15	2.35	2.37
(-)6.99	34.02	3.79	(-)3.20	441.53	(+)27.03	(-)1.28	6.12
(+)9.02	80.33	80.33	(+)89.35	13,64.80	(+)89.35	5.42	6.55
(-)4.51	2.31	2.31	(-)2.20	1,23.67	(-)2.20	(-)1.49	(-)1.78
(+)18.34	31.33	..	..	(C) 11,48.32	(D) (+)49.67	..	..
(+)12.38	3.11	3.11	(+)15.49	12.96	(+)15.49	50.00	119.52
(-)15.06	7.34	3.54	(-)11.52	29.04	(-)7.72	(-)32.18	(-)26.58
(-)43.93	24.26	14.08	(-)29.85	51.87	(-)19.67	(-)24.89	(-)37.92
(-)1.38	0.18	0.09	(-)1.29	2.98	(-)1.20	(-)8.62	(-)40.27
(-)87.77	60.78	78.11	(-)59.66	2,64.28	(-)26.99	(-)15.88	10.21
(+)12.51	21.77	7.49	(+)20.00	221.89	(+)34.28	10.17	15.45

APPENDIX

(Reference : Paragraph

SUMMARISED FINANCIAL RESULTS OF GOVERNMENT

Serial number	Name	Period of Account	Government capital	Mean Capital excluding interest on capital
(1)	(2)	(3)	(4)	(5)
(Figures in column 4 to 9				
1	Haryana Veterinary Vaccine Institute, Hissar	1981-82	2.28	1.05
2	Haryana Roadways	1981-82	34,09.08	20,36.94
3	Nationalised Text Book Scheme	1979-80	13.79	6.78

VI-3

6.36.01; page 221)

COMMERCIAL/QUASI-COMMERCIAL DEPARTMENTAL UNDERTAKINGS

Block assets	Cominulative depreciation	Turn over	Profit (+)/ Loss(-)	Percentage of profit to mean capital
(6)	(7)	(8)	(9)	(10)
are in lakhs of Rupees)				
0.80	0.57	5.90	(+)2.43	231.43
32,08.53	11,78.05	33,44.49	(+)11.51	0.57
0.41	0.39	61.76	(+)4.64	68.44

APPENDIX VII—1

*(Reference : Paragraph 7.2 ; page 238)*UTILISATION CERTIFICATES FOR GRANTS PAID UP TO 31ST MARCH 1981
OUTSTANDING AS ON 30TH SEPTEMBER 1982

Serial number	Department	Utilisation certificates awaited	
		Number	Amount (in lakhs of rupees)
1.	Medical and Health—		
	(a) Public Health	112	17,19.07
	(b) Medical	181	12,37.60
2.	Agriculture	25	6,95.81
3.	Education	252	7,49.10
4.	Industries	45	4,26.08
5.	Development and Panchayat	38	2,97.01
6.	Social Welfare	97	1,15.29
7.	Animal Husbandry	471	1,03.93
8.	Urban Development	18	2,10.39
9.	Other departments (Area Development)	30	10.45
	Total	1,270	55,64.73

APPENDIX VII-2

(Reference : Paragraph 7.4., ; page 239)

1. NAMES OF BODIES OR AUTHORITIES THE ACCOUNTS OF WHICH HAVE
NOT BEEN RECEIVED

Name of the body or authority	Year(s) for which accounts have not been received
Maharishi Dayanand University, Rohtak	1976-77, 1977-78, 1978-79, 1979-80, 1980-81, and 1981- 82
Haryana State Agricultural Marketing Board, Chandigarh	1977-78, 1978-79, 1979-80, 1980-81 and 1981-82
Command Area Development Authority, Bhiwani	1978-79, 1979-80, 1980-81 and 1981-82
Small Farmers Development Agency, Gurgaon	1978-79, 1979-80 and 1980-81
Treasurer, Charitable Endowments, Haryana, Chandigarh	1979-80 and 1981-82
Municipal Committee, Karnal	1978-79, 1979-80, 1980-81 and 1981-82
Municipal Committee, Hissar	1978-79, 1979-80, 1980-81 and 1981-82
Municipal Committee, Rohtak	1978-79, 1979-80, 1980-81, and 1981-82
Haryana Welfare Society for Deaf and Dumb, Chandigarh	1979-80
Municipal Committee, Faridabad	1979-80
Haryana Agricultural University, Hissar	1979-80, 1980-81 and 1981-82
Command Area Development Authority, Gurgaon	1979-80, 1980-81 and 1981-82
Drought Prone Area Programme, Bhiwani	1980-81 and 1981-82
Small Farmers Development Agency, Ambala City	1979-80 and 1980-81
Small Farmers Development Agency, Bhiwani	1979-80 and 1980-81
D.D.P., Bhiwani	1979-80, 1980-81 and 1981-82
I.I.R.D., Ambala City	1979-80
I.I.R.D., Bhiwani	1979-80, 1980-81 and 1981-82
I.I.R.D., Gurgaon	1979-80, 1980-81 and 1981-82
Municipal Committee, Bhiwani	1979-80, 1980-81 and 1981-82
Municipal Committee, Ambala	1979-80, 1980-81 and 1981-82
Municipal Committee, Panipat	1979-80 and 1980-81
G.M.N. College, Ambala Cantt.	1980-81 and 1981-82
S.D. College, Ambala Cantt.	1980-81 and 1981-82
D.A.V. College, Ambala City	1930-81 and 1981-82
S.A. Jain College, Ambala City	1980-81

Serial number	Name of the body or authority	Year(s) for which accounts have not been received
27.	D.N. College, Hissar	1980-81 and 1981-82
28.	Arya College, Panipat	1980-81
29.	A.I. Jat Heroes Memorial College, Rohtak	1980-81
30.	Hindu College, Sonapat	1980-81 and 1981-82
31.	Municipal Committee, Narnaul	1980-81
32.	Municipal Committee, Gurgaon	1980-81 and 1981-82
33.	Faridabad Complex, Faridabad	1980-81 and 1981-82
34.	Vaish College, Rohtak	
35.	M.L.N. College, Yamunanagar	
36.	Vaish College, Bhiwani	
37.	C.R.M. Jat College, Hissar	
38.	D.S. College, Karnal	
39.	R.K.S.D. College, Kaithal	
40.	K.L.P. College, Rewari	
41.	C.R.A. College, Sonapat	
42.	G.G.D.S.D. College, Palwal	
43.	Vaish Technical Institute, Rohtak	
44.	Y.M.C.A. Institute of Engineering, Faridabad	
45.	Chhotu Ram Polytechnic, Rohtak	
46.	Bharat Scouts and Guides, Association, Haryana Chandigarh	1981-82
47.	Sanjay Gandhi Memorial Institute, Bhiwani	
48.	Battle of Panipat Memorial Society (Regd.), Haryana, Chandigarh	
49.	Kurukshetra University, Kurukshetra	
50.	Municipal Committee, Sonapat	
51.	Municipal Committee, Jind	
52.	Municipal Committee, Kalka	
53.	Municipal Committee, Rewari	
54.	Municipal Committee, Charkhi Dadri	
55.	Haryana State Co-operative Supply and Marketing Federation, Chandigarh	
56.	Kurukshetra Development Board	
57.	I.I.R.D., Kurukshetra	
58.	I.I.R.D., Jind	
59.	I.I.R.D., Sonapat	
60.	I.I.R.D., Faridabad	

Serial number	Name of the body or authority	Year(s) for which accounts have not been received
62.	I.I.R.D., Hissar	1981-82
63.	D.P.A.P., Narnaul	
64.	D.D.P., Hissar	
65.	Special Scheduled Castes Component Programme, Kurukshetra	
	Special Scheduled Castes Component Programme, Jind	
67.	Special Scheduled Castes Component Programme, Sonapat	
68.	Special Scheduled Castes Component Programme, Rohtak	
69.	Special Scheduled Castes Component Programme, Faridabad	
70.	Special Scheduled Castes Component Programme, Gurgaon	
71.	Special Scheduled Castes Component Programme, Narnaul	
72.	Special Scheduled Castes Component Programme, Bhiwani	
73.	Special Scheduled Castes Component Programme, Hissar	
74.	Haryana State Board for the prevention and Control of Water Pollution, Haryana, Chandigarh	
75.	Minor Irrigation Scheme with D.R.D.A., Sirsa	
76.	Mewat Development Agency, Gurgaon	

APPENDIX VII-3

(Reference : Paragraph 7.5 ; page 241)

POSITION OF SCHEME NOT IMPLEMENTED OR PROGRESS
NOT AVAILABLE (BASED ON PROGRESS REPORT OF THE AGENCIES)

Serial number	Name of Scheme	Sirsa		Bhiwani		Rohtak		Hissar	
		Fixed Targets		Fixed Targets		Fixed Targets		Fixed Targets	
		Phy- sical	Finan- cial	Phy- sical	Finan- cial	Phy- sical	Finan- cial	Phy- sical	Finan- cial
(Amount in lakhs of rupees)									
Year 1977-78									
1.	Establishment of Milk Chilling Centres	..	..	..	..	..	..	1	21.00
2.	Horticulture, <i>Ber</i> Plantation	..	..	..	..	..	..	50(H)	0.27
Year 1978-79									
1.	Sheep Shearing Units	1	1.60	N.A.	2.73	..	..	..	..
2.	Scheme for the Control of Surru Pica and deworming	..	..	..	..	N.A.	0.50	..	..
3.	Establishment of Co-operative Societies	..	..	80	13.72	40	6.86	80	13.72
4.	Establishment of Milk Unions	80	10.25	N.A.	10.25	..	..	N.A.	10.25
5.	Establishment of Milk Powder Plant	1	50.00	N.A.	30.00	..	..	..	..
6.	Transfer / expansion of Chilling Centres	..	..	..	..	1	7.00	1	10.00
7.	Provisions of Tanker	2	8.00	2	8.00	..	..	..	..
8.	Horticulture <i>Ber</i> Cultivation	..	..	..	..	..	..	N.A.	0.24
9.	Supply of Agriculture Implements	..	..	300 (No.)	1.20	..	..	..	..
10.	Crop Production (Subsidy on Fertilisers)	..	..	8,300 (Ha)	1.82	..	..	..	..
11.	Underground Pipe Lines	..	..	150 (No.)	1.75	..	..	..	..
12.	Dry Land Farming	..	..	..	..	..	..	N.A.	9.36
13.	Camel Breeding Centres	4	1.04	..	..	..	..	..	..
14.	Mule Breeding Centres	6	1.56	..	..	..	..	..	..
15.	Establishment of Cattle Feed Plant	1	25.00	..	..	..	..	..	..
16.	Organisation of Co-operative Societies and Technical In-put Programme	2	13.74	..	..	..	..	..	..
Total		1,12.19		69.47		14.36		64.84	
Total Rs. 2,60.86									