REPORT OF

THE

COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 1994

NO. 2

(COMMERCIAL)

GOVERNMENT OF HARYANA

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PREFACE

Government commercial concerns, the accounts of which are subject to audit by the Comptroller and Auditor General of India, fall under the following categories :

- Government companies ;
- Statutory corporations ; and
- Departmentally managed commercial undertakings.

2. This Report deals with the results of audit of Government companies and Statutory corporations including Haryana State Electricity Board and has been prepared for submission to the Government of Haryana for presentation to the Legislature under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time. The results of audit relating to

departmentally managed commercial undertakings are contained in the Report of the Comptroller and Auditor General of India (Civil) - Government of Haryana.

3. There are, however, certain companies which inspite of Government investment are not subject to audit by the Comptroller and Auditor General of India as Government or Government owned/controlled companies/corporations hold less than 51 per cent of the shares. A list of such undertakings in which Government investment was more than Rs. 10 lakhs as on 31 March 1994 is given in Annexure - 1.

4. In respect of the Haryana State Electricity Board which is a Statutory corporation, the Comptroller and Auditor General of India is the sole auditor. In respect of Haryana Financial Corporation and Haryana Warehousing Corporation he has the right to conduct

the audit of their accounts independently of the audit conducted by the Chartered Accountants appointed under the respective Acts. The Audit Reports on the annual accounts of all the corporations are forwarded separately, as per respective Acts, to the Government of Haryana.

5. The cases mentioned in this Report are those which came to notice in the course of audit of accounts during the year 1993-94 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 1993-94 have also been included, wherever considered necessary.

OVERVIEW

1. The State had 23 Government companies (including five subsidiaries) and three Statutory corporations as on 31 March 1994. The aggregate paid-up capital of the Government companies was Rs.126.85 crores, of which Rs.111.01 crores were invested by the State Government, Rs.4.81 crores by the Central Government and Rs.11.03 crores by others. The State Government loans to the extent of Rs.105.14 crores were outstanding as on 31 March 1994 against 15 companies. The State Government had also guaranteed repayment of loans raised by nine companies and payment of interest thereon; the amounts guaranteed and outstanding thereagainst as on 31 March 1994 were Rs.320.35 crores and Rs.78.26 crores, respectively.

(Paragraphs 1.2.1, 1.2.2 and 1.3.1)

Six companies (including one subsidiary) had finalised their accounts for the year 1993-94; the accounts of remaining 17 companies were in arrears for periods ranging from one year to eight years.

(Paragraph 1.2.3)

Out of six companies which had finalised accounts for the year 1993-94, five companies had earned an aggregate profit of Rs.7.01 crores and one company incurred loss of Rs.1.16 crores. According to the latest available accounts, the cumulative losses of Rs.53.18 crores incurred by five companies had exceeded their paid-up capital of Rs.21.05 crores.

(Paragraphs 1.2.4.1 and 1.2.4.2)

The accounts of Haryana State Electricity Board for the year 1993-94 showed a deficit of Rs.408.32 crores (Provisional) while the accounts of Haryana Financial Corporation and Haryana Warehousing Corporation showed a profit of Rs.1.94 crores and Rs.11.43 crores, respectively, for the year 1993-94.

(Paragraphs 1.4 to 1.6)

2. The activities of Haryana Roadways Engineering Corporation Limited, delay in finalisation of accounts by selected Government companies and performance of Billing and Collection in Haryana State Electricity Board were reviewed in audit.

2.1 The <u>Haryana Roadways Engineering Corporation Limited</u> was incorporated on 27 November 1987 as a wholly owned State Government Company with the main objective of procuring chassis and fabricating bus bodies.

(Paragraph 2A.1)

The Company had suffered operational losses of Rs.31.25 lakhs during the four years up to 1992-93. The losses are provisional as the Company was yet to finalise its accounts for these four years.

(Paragraph 2A.6)

The Company deployed workers in excess of norms for fabrication of bus bodies. This resulted in extra expenditure of Rs.37.50 lakhs on wages during the five years up to 1992-93.

(Paragraph 2A.7.1)

The Company suffered a loss of Rs.23.25 lakhs on fabrication of 90 bus bodies for Rajasthan State Road Transport Corporation during 1990-91 and 1991-92 as it had undertaken the work without working out the estimated cost of fabrication of these bus bodies.

(Paragraph 2A.7.2)

The cost accounts of the Company were not reconciled with its financial accounts. Consequently, there was under recovery of cost of fabrication of Rs.42.65 lakhs from the Transport Department.

(Paragraph 2A.8.1)

2.2 The position of finalisation of accounts of five companies, which were chronically in arrears, ranging between three and eight years, was reviewed. In the absence of these accounts, the result of Government investment of Rs.195.77 crores in these companies was not known.

(Paragraphs 2B.2 and 2B.6)

These companies finalised their accounts for adoption after delay of 11 to 114 months. The companies also took 35 to 432 days in holding their Annual General Meetings, after the issue of comments of the Comptroller and Auditor General of India (CAG).

(Paragraph 2B.5)

To help the companies to overtake the arrears in accounts, Statutory Auditors were appointed from time to time, as a special case for two or more years, on the advice of the CAG. Even this advance action failed to make any impact on the position of arrears in the accounts.

(Paragraph 2B.7)

Except Haryana State Minor Irrigation and Tubewells Corporation Limited, none of these companies had prepared an Accounting Manual.

(Paragraph 2B.8)

2.3 The Haryana State Electricity Board carried out its operations relating to billing and collection of revenue through a network of 210 Sub-divisions.

(Paragraph 3.1)

The Board suffered a loss in the sale of energy which was 13.52 paise per unit in 1988-89 and had increased to 40.08 paise in 1992-93. According to the Board, the loss was due mainly to supply of power to agriculture sector at subsidised rates, non-revision of tariff commensurate with increased cost of generation and increased losses in transmision and distribution. The Board, thus, failed to generate any surplus and its revenue deficit increased from Rs.54.40 crores in 1988-89 to Rs.335.67 crores in 1992-93.

(Paragraphs 3.4.1 and 3.4.2)

An analysis in audit showed that the Board suffered a loss of Rs.363.09 crores between April 1988 and December 1993 due to charging lower tariff rates for non-domestic supply (Rs.4.05 crores); delay in fixing the minimum monthly rates for tubewells of Haryana State Minor Irrigation and Tubewells Corporation Limited (Rs.8.26 crores); short realisation of fuel surcharge on the increased cost of coal and fuel oil for thermal generation of power (Rs.347.78 crores) and late introduction of surcharge for exemption from power cut during peak load hours (Rs. 3 crores).

(Paragraph 3.5)

Due to application of lower tariff applicable to industrial consumers in case of seven non-domestic consumers (who were charged at the rate of 88 to 110 paise per unit applicable to industrial consumers instead of 90 to 120 paise per unit applicable to non-domestic consumers), the Board was deprived of the revenue of Rs.47.84 lakhs.

(Paragraph 3.6.4)

The Board was unable to recover an amount of Rs.31.71 lakhs on account of installation charges from 3.13 lakh consumers in whose premises their own meters were installed because the officials concerned failed to act according to the provisions of its Sales Manual.

(Paragraph 3.7.1)

The amount recovered (Rs.25.97 lakhs) by the Board on account of low power factor charge was not sufficient to cover the value of power lost (Rs.85.06 lakhs) due to fall in power factor in respect of 74 consumers.

(Paragraph 3.8(a) and (b))

The Board was unable to recover interest of Rs.36.53 lakhs on outstanding inspection, operation and maintenance charges in respect of colonies developed by colonisers as it had failed to provide for levy of interest on delayed payment of such charges.

(Paragraph 3.13)

Due to delays in transferring cash from the collecting branches/banks to the cash credit accounts, there was a loss of interest of Rs.85.54 lakhs during the period from April 1992 to March 1993.

(Paragraph 3.16)

The Board's cash receipts of Rs.101.17 lakhs from consumers were misappropriated by cashiers and others in four Sub-divisions between July 1985 and December 1992 as the Engineers-in-charge/Upper Division Clerks failed to carry out the required checks of the posting of cash realisations with the consumers' ledgers.

(Paragraph 3.17)

3. Besides the reviews mentioned above, test-check of the records of Government companies and Statutory corporations in general disclosed the following points:

3.1 The Haryana State Minor Irrigation and Tubewells Corporation Limited made an avoidable payment of minimum energy charges of Rs.9.20 lakhs on 132 augmentation tubewells not put to use between April 1985 and October 1992 for want of demand from the Irrigation Department.

(Paragraph 4.1.1)

3.2 The Haryana Breweries Limited incurred an extra expenditure of Rs.6.92 lakhs on the purchase of 32.55 lakh beer bottles due to a disadvantageous compromise made with a supplier of these bottles.

(Paragraph 4.2.2.)

3.3 The Haryana State Electricity Board (Board) incurred an extra expenditure of Rs.11.30 lakhs on the acquisition of land because it failed to make payment of the cost thereof at the time of taking possession of the land.

(Paragraph 4.7.1)

3.4 The Board did not submit the quarterly information statements, as agreed to by it with a Bank while seeking the grant of cash credit facility and consequently had to make an avoidable payment of penal interest amounting to Rs.5.90 lakhs.

(Paragraph 4.7.2)

3.5 The Haryana Warehousing Corporation incurred a loss of interest of Rs.7.93 lakhs, on a loan of rupees one crore advanced by it to Haryana State Federation of Co-operative Sugar Mills Limited, Meham (SUGARFED), in accordance with a sanction of the State Government as the rate of interest payable by SUGARFED was lower than that paid by the Corporation on cash credit. Even against the interest of Rs.48.26 lakhs accrued, the Corporation had received only Rs.13 lakhs. The loan due for repayment by May 1992 had also not been repaid by SUGARFED as of August 1994.

(Paragraph 4.8.3)

CHAPTER I

GENERAL VIEW OF GOVRNMENT COMPANIES AND STATUTORY CORPORATIONS

CHAPTER I

1. General view of Government companies and Statutory corporations

1.1 Introduction

This chapter contains particulars about the investment, state of accounts, etc., of the State Government companies and Statutory corporations. Paragraph 1.2 gives a general view of Government companies, paragraph 1.3 deals with general aspects relating to the Statutory corporations and paragraphs 1.4 to 1.6 give more details about each Statutory corporation including its financial and operational performance.

1.2 Government companies - general view

1.2.1 There were 23 Government companies (including five subsidiaries) as on 31 March 1994 as against 22 Government companies (including five subsidiaries) as on 31 March 1993. During the year 1993-94, control of a company viz. Punjab State Irons Limited wholly owned by Punjab Government was transferred to the Government of Haryana.

1.2.2 The particulars of up-to-date paid-up capital, outstanding loans, amount of guarantees given and outstanding thereagainst, working results, etc., in respect of all the Government companies are given in Annexure - 2. The position is summarised as under :

(a) As against the aggregate paid-up capital of Rs. 110.28 crores in 22 companies (including five subsidiaries) as on 31 March 1993, the aggregate paid-up capital as on 31 March 1994 stood at Rs.126.85 crores in 23 companies as per the particulars given below :

Particulars	Number of companies	Amounts invested by State Government	Central Government	Others	Total investment
		(Rupees in crores)			
1. Companies wholly owned by the State Government	11	95.54	-	-	95.54
2. Companies jointly owned with the Central Government/others	7	12.46	4.81	0.77	18.04
3. Subsidiary companies	5	3.01	-	*10.26	13.27
Total	**23**	****111.01**	**4.81**	**11.03**	**126.85**

* This includes Rs. 9.03 crores invested by holding companies.

** The figure as per Finance Accounts is Rs.105.91 crores; the difference is under reconciliation.

(b) The balance of long-term loans outstanding against 15 companies (including two subsidiaries) as on 31 March 1994 was Rs.168.05 crores (State Government : Rs.105.14 crores; others : Rs.17.24 crores and deferred credit : Rs.45.67 crores) as against Rs.230.03 crores in respect of 15 companies (including two subsidiaries) as on 31 March 1993.

(c) The State Government had guaranteed the repayment of loans raised by nine companies and payment of interest thereon. The amounts guaranteed and outstanding thereagainst as on 31 March 1994 were Rs.320.35 crores and Rs.78.26 crores, respectively, as shown in Annexure-2.

1.2.3 A synoptic statement showing the financial results of all the 23 companies based on their latest available accounts is given in Annexure - 3.

Six companies (including one subsidiary) had finalised their accounts for the year 1993-94 (Serial numbers 5, 7, 13, 14, 15 and 23 of Annexure - 3). In addition, ten companies (including three subsidiaries) had finalised their accounts for earlier years since the previous Report (Serial numbers 1, 2, 3, 4, 11, 14, 16, 19, 20 and 21 of (Annexure - 3).

It would be observed from Annexures 2 and 3 that the accounts of seventeen companies (including four subsidiaries) were in arrears as on 30 September 1994. The position is summarised as under:

Serial number	Extent of arrears	Number of years involved	Number of companies involved	
			Companies	Subsidiaries
1.	1986-87 to 1993-94	8	1	-
2.	1989-90 to 1993-94	5	3	-
3.	1990-91 to 1993-94	4	2	-
4.	1991-92 to 1993-94	3	1	-
5.	1992-93 to 1993-94	2	1	1
6.	1993-94	1	5	3
	Total		**13**	**4**

Amounts Investment by						Reference
State Government		Central Government		Holding companies		to serial
Capital	Loan	Capital	Loan	Capital	Loan	number of Annexure 3
(Rupees in Crores)						
17.00	1.04	-	-	-	-	1
9.20	2.17	1.10	-	-	-	4,6,9
10.89	95.46	-	-	-	-	2,18
0.20	-	-	-	-	-	10
1.65	1.17	0.89	-	0.13	-	17,19
26.46	3.97	1.60	-	9.22	-	3,8,11,12, 16,18,20,21
65.40	**103.81**	**3.59**		**9.35**		

In the absence of the accounts, the productivity of investment of Rs.182.15 crores (capital : Rs.78.34 crores; loans : Rs.103.81 crores) by the State Government, Central Government and holding companies in these companies was not susceptible to scrutiny.

The situation of arrears in finalisation of accounts was last brought to the notice of Government in July 1994.

1.2.4 In regard to working results of the six companies which finalised the accounts for 1993-94,the following further points are made :

1.2.4.1 (i) Five companies (including one subsidiary) earned profit of Rs.7.01 crores as against Rs.3.95 crores during the previous year as indicated below:

	Name of company	Paid-up capital		Profit		Percentage of profit to paid-up capital	
		1992-93	1993-94	1992-93	1993-94	1992-93	1993-94
		(Rupees in crores)					
1.	Haryana State Industrial Development Corporation Limited	33.00	36.50	1.88	2.68	5.7	7.3
2.	Haryana Minerals Limited	0.24	0.24	0.21	1.94	87.5	808.3

Name of company		Paid-up capital		Profit		Percentage of profit to paid-up capital	
		1992-93	1993-94	1992-93	1993-94	1992-93	1993-94
		(Rupees in crores)					
3.	Haryana Land Reclamation and Development Corporation Limited	1.56	1.56	1.13	1.25	72.4	80.1
4.	Haryana State Electronics Development Corporation Limited	2.90	3.90	0.11	0.08	3.8	2.1
5.	Haryana Seeds Development Corporation Limited	4.25	4.26	0.62	1.06	14.6	24.9
	Total			**3.95**	**7.01**		

One company which had finalised the accounts for the year 1993-94 incurred a loss of Rs.1.16 crores as against Rs.0.69 crore during the previous year as indicated below :

Name of company	Paid-up capital		Loss	
	1992-93	1993-94	1992-93	1993-94
	(Rupees in crores)			
Haryana State Small Industries and Export Corporation Limited	1.11	1.18	0.69	1.16

(ii) During the year 1993-94, one subsidiary company had declared dividend as per particulars given below :

Name of company	Distributable surplus	Amount retained in business	Dividend declared	Percentage of dividend to paid-up capital of the company
		(Rupees in lakhs)		
Haryana Minerals Limited	130.37	127.97	2.40	10

1.2.4.2 Accumulated losses in respect of the following five companies (including two subsidiaries) as reflected in the accounts received up to the period noted against each had exceeded their paid-up capital as at the close of that year:

Name of company	Year up to which accounts prepared	Paid-up capital at the close of the year	Accumulated loss	Serial number of Annexure-2
		(Rupees in crores)		
1. Haryana State Minor Irrigation and Tubewells Corporation Limited	1989-90	10.89	33.78	2
2 Haryana Dairy Development Corporation Limited	1992-93	5.57	8.46	8
3. Haryana Tanneries Limited	1992-93	1.35	7.02	16
4. Haryana Matches Limited	1991-92	0.13	0.16	20
5. Haryana Concast Limited	1992-93	3.11	3.76	21
Total		**21.05**	**53.18**	

1.2.5 Some of the important points made by the Statutory Auditors and the Comptroller and Auditor General of India in respect of the companies whose annual accounts were audited during the year are indicated below:

(i) The Companies Act, 1956, empowers the Comptroller and Auditor General of India to issue directions to the Statutory Auditors of Government companies in regard to performance of their functions. In pursuance of the directives so issued, special reports of the Statutory Auditors on the accounts of five companies for the years 1991-92 to 1992-93 were received during the year. The important points noticed in these reports are summarised below :

Serial number	Nature of defect	Number of companies in which defect was noticed	Reference to serial number of companies as per Annexure-3
1.	Absence of accounts manual	2	7,12
2.	Absence of regular costing system	3	12,21,22
3.	Absence of adequate budgeting system	1	7
4.	Absence of Internal Audit Manual	3	12,21,22
5.	Retention of manpower in excess of norms	1	21
6.	Absence of Internal Audit system	2	21,22

Serial number	Nature of defect	Number of companies in which defect was noticed	Reference to serial number of companies as per Annexure-3
7.	Non-confirmation of outstanding debts	2	12,21
8.	Non-maintenance / defective maintenance of property/land/asset register	2	8,12

(ii) Under Section 619(4) of the Companies Act, 1956, the Comptroller and Auditor General of India has the right to comment upon or supplement the Audit Reports of the Statutory Auditors. Under this provision, the review of annual accounts of Government companies is being conducted in selected cases. Accounts relating to 12 companies were selected for such review during the period from October 1993 to September 1994.

Some of the major errors/omissions noticed in the course of review of annual accounts of some of these companies, not pointed out by the Statutory Auditors, were as under :

Haryana Harijan Kalyan Nigam Limited (accounts for the year 1985-86)

Accumulated loss was understated by Rs.5.17 lakhs due to non-provision of arrears of pay and allowances (Rs.1.41 lakhs) and arrears of employees provident fund dues including penalty (Rs.3.76 lakhs).

Haryana State Minor Irrigation and Tubewells Corporation Limited (accounts for the year 1988-89)

Loss was understated by Rs. 1.75 lakhs due to non-provision of depreciation on buildings in use.

Haryana Backward Classes Kalyan Nigam Limited (accounts for the year 1988-89)

Loss was understated by Rs.162.18 lakhs by not giving effect of loans and advances and interest accrued thereon written off by the State Government.

Haryana Seeds Development Corporation Limited (accounts for the year 1992-93)

Profit was overstated by Rs.10.34 lakhs due to overvaluation of stock of seeds, fertilizers and weedicides (Rs.2.69 lakhs) and work-in-progress (Rs.7.65 lakhs).

1.2.6 There are six other companies where the Government has invested more than Rs. 10 lakhs but the accounts of which are not subject to audit by the Comptroller and Auditor General of India as Government or Government owned/ controlled companies/ corporations held less than 51 *per cent* shares (Annexure - 1). The details of Government investment, working results, etc. as per their latest available accounts were as under:

Serial Number	Name of company	Year of accont ending	Government investment	Profit(+)/ Loss (-)	Accumulated loss	Divident paid		
						Year	Percentage	Amount
			(Rupees in crores)					
1.	Indo Swiss Times Limited, Gurgaon	31 March 1992	0.15	0.34	0.85	-	-	-
2..	Sehgal Papers Limited, Dharuhera	31 March 1981	0.25	2.07	1.16	-	-	-
3.	Rama Fibres Limited, Hisar	31 March 1991	0.20	1.25	6.09	-	-	-
4.	Victor Cables Limited, Dharuhera	31 March 1991	0.13	1.49	4.85	-	-	-
5.	Heyen India Limited, Rewari	31 March 1991	0.12	1.05	1.47	-	-	-
6.	Hind Protective Coating Limited, Dharuhera	31 March 1991	0.20	0.36	-	-	-	-

1.3 Statutory corporations - general aspects

1.3.1 There were three Statutory corporations in the State as on 31 March 1994, viz.,

- Haryana State Electricity Board ;
- Haryana Financial Corporation ; and
- Haryana Warehousing Corporation.

1.3.2 The Haryana State Electricity Board was constituted on 3 May 1967 under Section 5(i) of the Electricity (Supply) Act, 1948.

Under the Act, the audit of the accounts of the Board vests solely with the Comptroller and Auditor General of India. Separate Audit Report, mainly incorporating the comments on its annual accounts of each year, is issued separately to the Board and to the Government.

The annual accounts for the year 1993-94 were received on 9 August 1994 and Separate Audit Report was under finalisation (September 1994). Separate Audit Report on the accounts of the Board relating to the year 1992-93, which was issued to Government and Board in January 1994, was laid before the State Legislature on 8 March 1994.

1.3.3 The Haryana Financial Corporation was constituted on 1 April 1967 under Section 3(i) of the State Financial Corporations Act, 1951, and the Haryana Warehousing Corporation was constituted on 1 November 1967 under Section 18 (1) of the Warehousing Corporations Act, 1962. Under the respective Acts, the accounts of the corporations are audited by the Chartered Accountants appointed by the State Government in

consultation with the Comptroller and Auditor General of India and the latter may also undertake audit of the corporations separately. Separate Audit Reports in respect of these corporations are also issued by the Comptroller and Auditor General of India. The annual accounts of Haryana Financial Corporation and Haryana Warehousing Corporation had been certified by the Chartered Accountants up to 1993-94. Separate Audit Reports for the years 1990-91, 1991-92 and 1992-93 in respect of Haryana Financial Corporation, issued to the Government on 26 March 1992, 15 March 1993 and 24 January 1994, respectively, were yet to be presented to the State Legislature (September 1994). Separate Audit Report for the year 1993-94 was under finalisation. Separate Audit Reports for the years 1991-92 and 1992-93 in respect of Haryana Warehousing Corporation, issued to the Government on 28 January 1993 and 24 January 1994, respectively, were yet to be presented (September 1994). Separate Audit Report for the year 1993-94 was under finalisation.

1.3.4 The working results of these three Statutory corporations for the year for which accounts have been finalised are summarised in Annexure-4.

Salient points about the accounts and physical performance of these Statutory corporations are given in paragraphs 1.4 to 1.6.

1.4 Haryana State Electricity Board

1.4.1 The State Government loans amounting to Rs. 1190 crores were converted into capital of the Board under Sections 12(A) and 66(A) of the Electricity (Supply) Act, 1948 (Rs. 390 crores during the year 1988-89 and Rs. 800 crores during 1992-93).

The additional capital requirements of the Board are met by way of loans from Government, public, commercial banks and other financial institutions.

The aggregate of long-term loans (including loans from Government) obtained by the Board and outstanding at the close of each of the two years up to 31 March 1994 were as follows:

Source	**Amount outstanding as on 31 March**		**Percentage increase(+)/ decrease(-)**
	1993	**1994 (Provisional)**	
	(Rupees in crores)		
State Government	681.52	911.52	(+)33.75
Other sources			
- Loans from Life Insurance Corporation of India	132.21	145.68	(+)10.19
- Loans from Rural Electrification Corporation Limited	148.05	143.30	(-)3.21
- Bonds and other loans	487.80	561.26	(+)15.06
Total	**1449.58**	**1761.76**	**(+) 21.54**

The Government had guaranteed the repayment of loans raised by the Board to the extent of Rs.1163.86 crores and the payment of interest thereon. The amount of principal guaranteed and outstanding as on 31 March 1994 was Rs. 624.05 crores.

1.4.2 The table below summarises the financial position of the Board at the end of each of the three years up to 1993-94:

Source	**1991-92**	**1992-93**	**1993-94 (Provisional)**
	(Rupees in crores)		
A. Liabilities			
1. Capital	390.00	1190.00	1190.00
2. Long-term loans :			
- from Government	1292.08	681.52	911.52
- others	670.16	734.66	799.31
- deposits from public institutions	33.44	33.40	50.93
3. Other loans including consumers' contribution	424.29	522.62	564.48
4. Reserve and reserve funds	113.98	136.66	162.54
5. Current liabilities	799.37	916.05	1208.99
Total-A	**3723.32**	**4214.91**	**4887.77**

Source	1991-92	1992-93	1993-94 (Provisional)
	(Rupees in crores)		
B. Assets			
1. Gross fixed assets	1922.11	2080.09	2184.73
Less: depreciation	376.06	455.41	535.00
2. Net fixed assets	1546.05	1624.68	1649.73
3. Capital works-in-progress	315.79	379.18	415.32 #
4. Current assets	838.28	852.18	1055.53
5. Accumulated deficit	1023.20	1358.87	1767.19
Total-B	**3723.32**	**4214.91**	**4887.77**
C. Capital employed*	**1584.96**	**1560.81**	**1496.27**
D. Capital invested**	**2385.68**	**2639.58**	**2951.76**

Includes deferred cost of Rs.0.03 crore.

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

** Capital invested represents paid-up capital plus long-term loans and free reserves.

1.4.3 The working results of the Board for each of the three years up to 1993-94 are summarised below :

			1991-92	**1992-93**	**1993-94 (Provisional)**
			(Rupees in crores)		
1.	(a)	Revenue receipts	618.45	755.58	856.49
	(b)	Subsidy from the State Government	40.03	35.23	71.78
		Total	**658.48**	**790.81**	**928.27**
2.		Revenue expenditure including write off of intangible assets	701.40	937.83	1114.31
3.		Gross deficit for the year (1-2)	42.92	147.02	186.04
4.		Appropriations :			
	(a)	Interest on Government loans	75.11	56.18	51.16
	(b)	Interest on other loans	86.38	107.25	119.76
	(c)	Contribution to repayment of loans under Section 65 of the Act	-	-	-
		Total	**161.49**	**163.43**	**170.92**

		1991-92	1992-93	1993-94 (Provisional)
		(Rupees in crores)		
5.	Deficit for the year (3+4)	204.41	310.45	356.96
6.	Net prior period adjustment (Debit)	2.43	25.21	51.36
7.	Net deficit (5+6)	206.84	335.66	408.32
8.	Total return on :			
-	Capital employed	(-)45.35	(-)172.23	(-)237.40
-	Capital invested	(-)57.65	(-)191.97	(-)257.45
9.	Percentage of return on :			
-	Capital employed	-		-
-	Capital invested	-	-	-

1.4.4 The table below indicates the physical performance of the Board during each of the three years up to 1993-94:

Serial number	Particulars	1991-92	1992-93	1993-94 (Provisional)
1.	Installed capacity		(MW)	
	- Thermal	877.5	1217.3	1241.1
	- Hydel	879.0	1020.5	1020.5
	- Nuclear	-	30.0	30.0
	Total	**1756.5**	**2267.8**	**2291.6**

Serial number	Particulars	1991-92	1992-93	1993-94 (Provisional)
2.	Power generated :		(MKWH)	
	- Thermal	3606	3890	3154
	- Hydel	3996	3927	3398
	Total	**7602**	**7817**	**6552**
3.	Auxiliary consumption	385	417	357
4.	Net power generated (2-3)	7217	7400	6195
5.	Power purchased/procured from other sources	3336	4158	4888
6.	Total power available for sale (4+5)	10553	11558	11083
			(MW)	
7.	Normal maximum demand	1660	1855	1855
			(MKWH)	
8.	Power sold including power supplied free to own works	7741	8625	8328

Serial number	Particulars	1991-92	1992-93	1993-94 (Provisional)
			(MKWH)	
9.	Transmission and distribution losses	2812	2933	2755
			(Per cent)	
10.	Load factor:			
(a)	For Panipat Thermal Plant	43.07	46.97	37.70
(b)	For Faridabad Thermal Plant	56.35	62.09	51.08
11.	Percentage of transmission and distribution losses to total power available for sale	26.6	25.4	24.9
			(KWH)	
12.	Number of units generated per KW of installed capacity	4328	3447	2859
			(Number)	
13.	Villages/ towns electrified	7154	7154	7154
14.	Pump sets/ wells :			
	- energised	366976	379780	381791
	- awaiting energisation	57395	62936	70360

Serial number		Particulars	1991-92	1992-93	1993-94 (Provisional)
				(Number)	
15.		Substations (33 KV and above)	356	352	366
16.		Transmission/ distribution lines :		(Kilometres)	
	(i)	High/medium voltage	58016	59797	60343
	(ii)	Low voltage	98958	100332	101151
				(MW)	
17.	(i)	Connected load	4968	5295	5566
				(KW)	
	(ii)	Load awaiting energisation	621301	N.A.	N.A.
				(Number)	
18.		Consumers	2690095	2843656	2973476
19.		Employees	46176	51558	54452
				(Rupees in Lakhs)	
20.		Total expenditure on staff	16954.50	19451.63	22541.77

Serial number	Particulars	1991-92	1992-93	1993-94 (Provisional)
			(Per cent)	
21.	Percentage of expenditure on staff to total revenue expenditure	24.2	20.7	20.2
22.	Break-up of sale of energy according to category of consumers :		(MKWH)	
	(a) Agriculture	3535.494	4062.704	3959.210
	(b) Industrial	1767.563	1914.327	1719.231
	(c) Commercial	204.148	226.769	221.718
	(d) Domestic	1291.761	1485.593	1549.745
	(e) Others*	942.123	935.432	878.394
	Total	**7741.089**	**8624.825**	**8328.298**

* Includes free supply to Board's staff and officers.

Serial number		Particulars	1991-92	1992-93	1993-94 (Provisional)
				(In paise)	
23.	(a)	Revenue per KWH*	79.89	87.60	102.84
	(b)	Expenditure per KWH**	111.47	127.68	154.33
	(c)	Loss per KWH	31.58	40.08	51.49

1.5 Haryana Financial Corporation

1.5.1 The paid-up capital of the Corporation as on 31 March 1994 was Rs.17.58 crores (State Government : Rs. 12.74 crores; Industrial Development Bank of India : Rs.4.33 crores; Others : Rs.0.51 crore) as against Rs. 15.91 crores as on 31 March 1993 (State Government : Rs.11.22 crores; Industrial Development Bank of India : Rs.4.33 crores; others : Rs. 0.36 crore).

1.5.2 The State Government had guaranteed the repayment of Rs. 8.38 crores of share capital and payment of minimum dividend thereon at three to five *per cent* under Section 6(i) of the Act, ibid.

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* The revenue per KWH sold has been arrived at after excluding subsidy from State Government on account of rural electrification losses.

** This includes charges on account of depreciation and interest.

Government had also guaranteed the repayment of market loans (through bonds) of Rs. 94.33 crores raised by the Corporation. Amount of principal outstanding thereagainst as on 31 March 1994 was Rs.94.33 crores.

1.5.3 The table below summarises the financial position of the Corporation at the end of each of the three years up to 1993-94:

		1991-92	**1992-93**	**1993-94**
			(Rupees in crores)	
A.	**Liabilities**			
1.	Paid-up capital	12.21	15.91	17.58
2.	Reserve fund, other reserves and surplus	16.29	13.04	14.67
3.	Borrowings			
	(i) Bonds	58:63	74.58	91.59
	(ii) Others	86.83	131.58	196.13
4.	Other liabilities and provisions	10.36	17.83	9.25
	Total-A	**184.32**	**252.94**	**329.22**
B.	**Assets**			
1.	Cash and bank balances	4.90	7.85	10.15
2.	Loans and advances	176.20	240.49	312.14

		1991-92	1992-93	1993-94
		(Rupees in crores)		
3.	Net fixed assets	0.33	0.30	0.67
4.	Other assets	2.89	4.30	6.26
	Total-B	**184.32**	**252.94**	**329.22**
C.	**Capital employed***	157.14	200.97	273.98
D.	**Capital invested****	172.04	229.81	314.30

1.5.4 The following table gives details of the working results of the Corporation for each of the three years up to 1993-94:

	Particulars	**1991-92**	**1992-93**	**1993-94**
			(Rupees in crores)	
1.	**Income**			
	(a) Interest on loans and advances	17.52	23.06	36.13
	(b) Other income	1.06	1.39	1.44
	Total-1	**18.58**	**24.45**	**37.57**

* Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, reserves and borrowings.

** Capital invested represents paid-up capital plus long-term loans plus free reserves.

Particulars		1991-92	1992-93	1993-94
			(Rupees in crores)	
2.	**Expenditure**			
(a)	Interest on long-term loans	12.20	17.72	29.48
(b)	Other expenses	3.75	4.06	6.15
	Total-2	**15.95**	**21.78**	**35.63**
3.	Profit before tax	2.63	2.67	1.94
4.	Provision for tax	0.73	0.74	0.71
5.	Other appropriations	1.60	1.93	1.23
6.	Amount available for dividend	0.30	-	-
7.	Dividend paid	0.30	-	-
8.	Total return on :			
	- Capital employed	14.83	20.39	31.42
	- Capital invested	14.83	20.39	31.42
9.	Percentage return on :			
	- Capital employed	9.4	10.1	11.5
	- Capital invested	8.6	8.9	10.0

1.5.5 The operational performance of the Corporation in the disbursement/recovery of loans during each of the three years up to 1993-94 is indicated below :

Serial number	Particulars	1991-92		1992-93		1993-94		Cumulative	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
		(Amount in crores of rupees)							
1.	Applications pending at the beginning of the year	166	26.97	239	69.59	186*	72.13*	-	-
2.	Applications received	1188	203.31	1124	169.95	1039	162.81	15910	1277.14
3.	Total	1354	230.28	1363	239.54	1225	234.94	16335	1418.86
4.	Applications sanctioned	741	114.41	990	172.46	792	134.33	11230	840.29
5.	Applications withdrawn/rejected	374	46.28	214	17.18	252	53.62	4526	374.50
6.	Applications pending at the close of the year	239	69.59	159	49.90	181	46.99	340	96.89
7.	Loans disbursed	694	51.67	650	91.82	623	155.18	9577	542.68
8.	Amount outstanding at the close of the year	4116	175.41	4324	239.70	4906	311.38	4906	311.38
9.	Amount overdue for recovery at the close of the year	1512	49.03	1912	88.36	1559	103.09	1559	31.24
10.	Percentage of default to total loans outstanding	-	28.0	-	36.9	-	33.1	-	-

* Includes 27 applications amounting to Rs.22.23 crores which were in transit as on 31 March 1993.

1.6 Haryana Warehousing Corporation

1.6.1 The paid-up capital of the Corporation, as on 31 March 1993 and also as on 31 March 1994 was Rs. 5.84 crores (State Government : Rs.2.92 crores; Central Warehousing Corporation : Rs. 2.92 crores).

1.6.2 The table below summarises the financial position of the Corporation at the end of each of the three years up to 1993-94:

Particulars			**1991-92**	**1992-93**	**1993-94**
				(Rupees in crores)	
A.	**Liabilities**				
	1.	Paid-up capital	5.84	5.84	5.84
	2.	Reserves and surplus	36.35	40.38	51.33
	3.	Borrowings	17.53	3.08	11.83
	4.	Trade dues and current liabilities	10.03	10.80	12.87
	Total-A		**69.75**	**60.10**	**81.87**
B.	**Assets**				
	1.	Gross block	27.69	28.71	30.01
	2.	Less: depreciation	5.36	6.03	6.68

Particulars			1991-92	1992-93	1993-94
				(Rupees in crores)	
	3.	Net fixed assets	22.33	22.68	23.33
	4.	Capital works-in-progress	0.01	0.60	0.69
	5.	Investment	1.00	1.00	1.00
	6.	Current assets, loans and advances	46.41	35.82	56.85
		Total - B	**69.75**	**60.10**	**81.87**
C.	**Capital employed***		**58.71**	**47.70**	**67.31**
D.	**Capital invested****		**43.99**	**46.77**	**56.99**

* Capital employed represents net fixed assets plus working capital.

** Capital invested represents paid-up capital plus free reserves plus long-term loans.

1.6.3 The following table gives details of the working results of the Corporation for each of the three years up to 1993-94:

Particulars			**1991-92**	**1992-93**	**1993-94**
				(Rupees in crores)	
1.	**Income**				
	(i)	Warehousing charges	7.66	6.50	10.23
	(ii)	Other receipts	9.12	3.19	10.58
		Total-1	**16.78**	**9.69**	**20.81**
2.	**Expenditure**				
	(i)	Establishment charges	2.71	3.10	3.48
	(ii)	Interest	0.53	0.50	0.52
	(iii)	Other expenses	2.17	2.37	5.38
		Total - 2	**5.41**	**5.97**	**9.38**
3.	Profit before tax		11.37	3.72	11.43
4.	Previous year adjustment (Net)		(+)0.07	(+)0.98	(+)0.15
5.	Other appropriations (excluding profit transferred to Balance Sheet)		11.44	4.70	11.58

Particulars		1991-92	1992-93	1993-94
			(Rupees in crores)	
6.	Dividend paid	0.58	0.58	**0.58 (payable)**
7.	Return on capital employed (2(ii)+3)	11.90	4.22	11.95
8.	Percentage of return on capital employed	20.3	8.8	17.8

1.6.4 The following table gives details about the operational performance of the Corporation during each of the three years up to 1993-94 :

Serial Number	Particulars	1991-92	1992-93	1993-94
			(Number)	
1.	Number of stations covered	104	103	104
2.	Storage capacity created up to the end of the year:		(lakh tonnes)	
	(a) Owned	5.63	5.67	5.71
	(b) Hired	3.41	2.56	3.96
	Total	9.04	8.23	9.67

Serial Number	Particulars	1991-92	1992-93	1993-94
			(Number)	
3.	Average storage capacity* utilised during the year	6.88	5.39	8.56
			(Per cent)	
4.	Percentage of utilisation of average capacity	76.1	66.0	88.5
			(Rupees)	
5.	Average expenses per tonne	78.63	112.62	109.58
6.	Average income per tonne	243.89	179.78	243.11

* Includes that of godowns closed during the respective years.

CHAPTER II

REVIEWS RELATING TO GOVERNMENT COMPANIES

This chapter contains two reviews as below :

2A - HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

2B - DELAY IN FINALISATION OF ACCOUNTS BY SELECTED GOVERNMENT COMPANIES

CHAPTER II

2. Reviews relating to Government companies

This chapter contains reviews on the working of the following companies:

2A. Haryana Roadways Engineering Corporation Limited

2B. Delay in finalisation of accounts by selected Government companies

2A. HARYANA ROADWAYS ENGINEERING CORPORATION LIMITED

Highlights

The Company was incorporated on 27 November 1987 as a wholly owned State Government Company with the main objective of procuring chassis from the manufacturers and fabricating bus bodies.

The annual accounts of the Company were in arrears from 1989-90 onwards. According to its provisional accounts, the Company had suffered operational losses of Rs.31.25 lakhs during the four years up to 1992-93. However, the Company earned overall profit of Rs.5.96 lakhs, Rs.8.32 lakhs and Rs.22.46 lakhs during the years 1989-90, 1991-92 and 1992-93, respectively except during 1990-91 when it suffered a loss of Rs.4.02 lakhs. The profits were earned mainly from interest on fixed deposits with banks.

The Company deployed workers in excess of norms for fabrication of bus bodies. This resulted in extra expenditure of Rs.37.50 lakhs on wages during the five years up to 1992-93.

The Company suffered a loss of Rs.23.25 lakhs on fabrication of 90 bus bodies for Rajasthan State Road Transport Corporation during the years 1990-91 and 1991-92 as it had undertaken the work without working out the estimated cost of these bus bodies.

The Company also undertook during 1988-89 the fabrication work of Pepsu Road Transport Corporation (PRTC) without settlement of terms and conditions of payment. As a result, recovery of Rs.4.59 lakhs on account of fabrication of bus bodies from PRTC became doubtful.

The actual cost of fabrication recoverable from the Transport Department was to be computed by a committee for every quarter and was to form the adhoc amount for recovery in the subsequent quarter. The cost was not worked out quarterly and as a result there was delay in raising the supplementary bills. The delay involved a loss of interest of Rs. 28.06 lakhs.

The cost accounts of the Company were not reconciled during the period 1988-89 to 1990-91 with its financial accounts. Consequently, there was under recovery of cost of fabrication of Rs.42.65 lakhs from the Transport Department.

Against actual working capital of Rs. 2 crores provided by the Government, actual requirement worked out to Rs.62 lakhs. As a result, huge amounts of Rs.97 lakhs to

Rs.226 lakhs were kept in fixed deposits with banks during the period from February 1989 to March 1993.

2A.1 Introduction

The Transport Department of the State Government had set up in November 1978 its own Body Building Workshop at Gurgaon for producing quality bus bodies, hitherto being got fabricated from private body builders. Later on, in order to relieve the State budget from heavy financial burden on account of purchase of chassis and to avail financial facility from Industrial Development Bank of India (IDBI), the erstwhile Body Building Workshop was converted into a wholly owned Government Company by the name Haryana Roadways Engineering Corporation Limited (Company) on 27 November 1987 under the Companies Act 1956. Assets of the workshop valued at Rs.87.21 lakhs were transferred free of cost to the Company.

2A.2 Objects

The main objects of the Company are to:

- promote, establish, administer and manage bus body building workshop;
- manufacture bus bodies and to import and export buses;
- procure chassis from the manufacturers and all of raw material used in the fabrication of bus kind bodies;
- sell or give on hire-purchase completed buses with bodies; and
- undertake contract carriage operation.

		1988-89	1989-90	1990-91	1991-92	1992-93
		(	Provisional			)
		(Rupees in lakhs)				
	(c) Borrowings	1628.47	2874.49	2912.70	3294.49	4900.64
	(d) Current liabilities and provisions	262.83	352.70	397.51	628.60	571.44
	Total	2185.07	3476.41	3613.53	4134.73	5786.18
B	Assets					
	(a) Gross block	26.39	33.16	36.12	46.38	49.06
	(b) Less depreciation	9.35	13.30	18.69	24.30	28.84
	(c) Net block	17.04	19.86	17.43	22.08	20.22
	(d) Capital works-in-progress	-	0.16	3.85	2.64	4.21
	(e) Current assets, loans and advances	2167.01	3456.12	3593.02	4209.82	5741.60
	(f) Miscellaneous expenditure	1.02	0.27	0.23	0.19	0.15
	Total	2185.07	3476.41	3613.53	4234.73	5766.18

		1988-89	1989-90	1990-91	1991-92	1992-93
			(	Provisional		)
				(Rupees in lakhs)		
C	Capital employed*	292.75	298.79	300.24	308.81	329.74
D	Net worth**	292.75	298.95	303.09	311.45	333.95

Even though there was a loss of Rs.4.02 lakhs during the year 1990-91, yet as per its provisional accounts, the Company had increased the reserves and surplus by Rs.4.10 lakhs.

(b) Working results

The table given below indicates the working results of the Company for the five years up to 1992-93:

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* (i) Capital employed represents net fixed assets plus working capital.

  (ii) While computing working capital, borrowings which are recoverable from the Transport Department and included in the current assets, loans and advances, have been taken into consideration.

** Net worth represents paid-up capital plus reserves less intangible assets.

Particulars		1988-89	1989-90	1990-91	1991-92	1992-93
		(		Provisional		)
			(Rupees in lakhs)			
Income						
(a)	Sales	2008.87	2582.14	1098.61	1485.56	3647.07
(b)	Interest on deposits	8.13	10.38	11.98	13.13	24.99
(c)	Other income	2.25	1.22	0.51	0.94	0.82
	Total	**2019.25**	**2593.74**	**1111.10**	**1499.63**	**3672.88**
Expenditure						
(a)	Consumption of chassis	1398.08	1765.83	656.57	1028.75	3016.57
(b)	Raw material, stores and spares consumed	457.02	627.09	334.97	353.57	499.78
(c)	Manufacturing expenses	3.33	3.34	2.51	3.60	5.63
(d)	Personnel expenses	62.47	84.15	71.71	65.45	97.15
(e)	Excise duty	52.29	59.80	26.92	13.26	17.12
(f)	Other expenses	33.59	47.57	22.44	26.68	14.17
	Total	**2006.78**	**2587.78**	**1115.12**	**1491.31**	**3650.42**
Profit (+)/ Loss (-)		(+) 12.47	(+) 5.96	(-) 4.02	(+) 8.32	(+)22.46

The Company has not analysed the reasons for decline in profit during 1989-90 and 1991-92 and for loss during 1990-91. It would, however, be seen from the above table that the profit mainly accrued from [illegible] interest earned on investment. Operational profits were low due to non-recovery of actual cost of fabrication (see para [illegible]) and as a result the Company could not recover [illegible] (including service charges) [illegible] actual cost of fabrication as provided in the agreement with the Transport Department of the State. The operational profit [illegible] lakhs during 1988-89, while during 1989-90 to 1992-93, the Company incurred operational losses of [illegible] lakhs, [illegible] lakhs, Rs.5.75 lakhs and Rs.3.3[illegible] lakhs respectively.

Further, sharp decline in profit during 1989-90 was due to non-recovery of interest imposed by the chassis suppliers (Rs.23.20 lakhs) recoverable from the Transport Department (see paragraph [illegible]). Loss during 1990-91 and low profit during 1991-92 were attributable to loss incurred in fabrication of bus bodies for the Rajasthan State Road Transport Corporation {see para 2A.7.2(b)}.

2A.7 Production performance

2A.7.1 Manpower and capacity utilisation

(a) Manpower

According to the Project Report of the Company, it has a flexible capacity for fabrication of bus bodies. The Company can undertake as much work as it wants to, by employing labour according to need. For fabricating a composite bus body per month, a norm of seven personnel (three skilled, two semi-skilled and two unskilled) as approved by the State Government (October 1985) was adopted by the Company. On its formulation, the Company had accepted [illegible] skilled, [illegible] semi-skilled and [illegible] unskilled workers (in the ratio of 1 : 0.9 : 2.6) from the Transport Department. Norms for fabrication of all metal and mini bus bodies were not fixed.

From February 1991, the Company switched over from composite bus bodies to all metal bodies. The existing norm of seven personnel was retained (September 1992) by the Board of Directors who decided to give some production incentive to the staff and to get some work done on sub-contracts.

The Company had deployed workers in excess of the requirement of staff based on the norm of seven personnel per bus per month, as detailed below :

Year	Skilled			Semi skilled			Unskilled			Overall excess deployment
	Number of workers required as per norm	Actual deployment	Excess(+)/ Short (-)	Number of workers required as per norm	Actual deployment	Excess(+)/ Short (-)	Number of workers required as per norm	Actual deployment	Excess(+)/ Short (-)	
1988-89	1854	700	(-)1154	1236	639	(-)597	1236	4005	(+)2769	1018
1989-90	2103	597	(-)1506	1402	886	(-)516	1402	3943	(+)2541	519
1990-91	1170	541	(-)629	780	1072	(+)292	780	2748	(+)1968	1631
1991-92	825	623	(-)202	550	636	(+)86	550	1839	(+)1289	1173
1992-93	1110	403	(-)707	740	466	(-)274	740	2077	(+)1337	356

The table above indicates that overall, the Company had deployed 1018, 519, 1631, 1173 and 356 excess workers during the five years ending 1992-93, respectively, which involved extra expenditure of Rs.37.50 lakhs (calculated at minimum wage rates for an unskilled worker). It is also evident that the Company had not adjusted the staff as per the requirement. The Company had served charge sheets (January and July 1991) on two officers for the excess deployment; final action had not yet been taken (July 1994).

(b) Capacity utilisation

The table below indicates the position of bus bodies required to be fabricated as per the norm of seven personnel per bus per month, bodies actually fabricated and shortfall during the five years up to 1992-93 :

		1988-89	**1989-90**	**1990-91**	**1991-92**	**1992-93**
		(Figures in numbers)				
(i)	Bus bodies required to be fabricated as per norm	763	773	622	441	422
(ii)	Bus bodies actually fabricated	618	701	390	275	370
(iii)	Shortfall	145	72	232	166	52
(iv)	Percentage of shortfall	19	9	37	38	12

Reasons for shortfall were not investigated; only actual fabrication was being reported to the Board. The shortfall during 1990-91 was attributed by the Management to non-availability of chassis.

As regards shortfall during the years 1991-92 and 1992-93, the Company procured 421 and 713 chassis for Haryana Roadways but could fabricate only 275 and 370 bus bodies as against available capacity for fabrication of 441 and 422 bus bodies, respectively, during these years. Instead, the Company allowed 125 and 479 chassis of Haryana Roadways to be fabricated from outside agencies (see paragraph 2A.7.3).

The Company intimated (February 1994) that the production could not be fully achieved due to employment of unskilled staff in much more ratio than approved and further stated that the production was also low owing to changes in design as the staff was not familiar with the fabrication of new design.

2A.7.2 Fabrication of bus bodies for other concerns

The Company had fabricated 146 bus bodies (1988-89: 28, 1989-90 : 10, 1990-91 : 18 and 1991-92 : 90) of outside agencies during the five years up to 1992-93 as per details given below :

Particulars	Number of bus bodies
Rajasthan State Road Transport Corporation (RSRTC)	90
PEPSU Road Transport Corporation(PRTC)	25

Particulars	Number of bus bodies
Haryana Police Department	16
Haryana Government Departments	8
Others	7
Total	**146**

The following points were noticed in audit :

(a) Fabrication of bus bodies for Rajasthan State Road Transport Corporation (RSRTC)

The Company, without working out economics, entered into an agreement (November 1990) with RSRTC for fabrication of bus bodies on Leyland and TATA chassis for Rs.1,75,095 and Rs.1,69,815 per bus body, respectively (inclusive of all taxes, insurance and transportation). The Management informed the Board during informal discussion (October 1990) that there would be a marginal profit of Rs.5000 per bus body if the rates fixed by the RSRTC were accepted. The terms and conditions of the agreement, inter alia, provided the completion of bus bodies on 90 chassis within 50 days of the receipt of chassis, failing which penalty at the rate of Rs.750 per bus per day for the delayed period was leviable.

The Company fabricated 76 Leyland and 14 TATA bus bodies between December 1990 and August 1991 and sustained a loss of Rs.16.06 lakhs despite an earlier claim (October 1990) of marginal profit of Rs.4.50 lakhs (at the rate of

Rs.5000 per bus) as their cost of fabrication was more than the amount received from RSRTC.

As the Company could not complete the work within the specified period, RSRTC initially deducted from the bills Rs.23.01 lakhs on account of delay and Rs.2.59 lakhs for deviations/poor workmanship. The penalty for delay was subsequently reduced to Rs.4.60 lakhs.

The delay in fabrication and the loss were attributed by the Management (April 1992) to non-availability of phosphating plant, cutting and bending machines and skilled labour, delayed receipt of supply of raw material, transporters' strike, etc.

The fabrication work undertaken without proper costing and infrastructure had resulted in loss of Rs.23.25 lakhs.

(b) Fabrication of bus bodies for Pepsu Road Transport Corporation (PRTC)

The Company accepted (May 1988) fabrication work of bus bodies for PRTC, on the basis of actual cost of fabrication plus 10 *per cent* service charges. The Company was to charge provisionally on the basis of average cost for the quarter ending March 1988 but the actual cost was subject to revision when the rates for the quarter ending June 1988 were computed. Other terms and conditions relating to payment of fabrication charges such as removal of defects, warranty period, etc., were not, however, settled before undertaking the fabrication work. The Company fabricated 25 bus bodies from May 1988 to July 1988 at a tentative cost of Rs.31.18 lakhs against which Rs.25 lakhs were received in May and July 1988. The Company worked out final fabrication charges at Rs.29.59 lakhs and demanded (January 1989) balance payment of Rs.4.59 lakhs from the PRTC. The fabrication charges were worked out

by including 7.5 *per cent* service charges for which no reasons were furnished. The PRTC pointed out (December 1988) certain defects which were stated to have been removed (April 1989) by the Company. The payment was not received despite repeated reminders. On the other hand, the PRTC, while pointing out non-removal of the defects, claimed (June 1992) Rs.1.52 lakhs from the Company on the ground that Rs.6.11 lakhs had been spent by it on removal of defects in the bus bodies. Further action was found not to have been taken by the Company (January 1994).

Non-settlement of terms and conditions before taking up fabrication work had, thus, rendered the recovery of Rs.4.59 lakhs doubtful.

2A.7.3 Sale of chassis to Transport Department

According to its project report, the Company had a "flexible" capacity and could undertake fabrication work by deploying contract labour or by getting the work done on sub-contracts. It was envisaged that the Company would sell complete buses to the State Transport Department and also cater to the needs of the neighbouring States.

It was, however, noticed in audit that the Company could not fully cater even to the needs of the State Transport Department. During the years 1991-92 and 1992-93, the Department got 604 all-metal bus bodies (1991-92: 125 and 1992-93: 479) fabricated, on chassis procured by the Company, from private fabricators on the plea that the Company would not be able to fabricate the required bus bodies due to non-availability of experienced manpower with it. Accordingly, the Company sold the 604 chassis to the Transport Department without fabrication of the bus bodies thereon. This deprived the

Company of the profit margin of Rs.38.66 lakhs that could have been earned by it on the fabrication of these bodies.

The plea of the Department was not tenable because as per the Project Report, the Company could undertake as much work as it wanted to' by deploying labour on contract basis according to need. Further, the Company had the requisite expertise as it had fabricated 647 all-metal bus bodies (1990-91: 19, 1991-92: 258 and 1992-93: 370) during the period from February 1991 to March 1993.

2A.7.4 Delay in delivery of fabricated buses

The fabricated buses were to be handed over to the Transport Department immediately after completion of fabrication. The Company did not maintain any records to indicate the dates on which the vehicles were ready for delivery after completion of fabrication work and actually delivered/handed over except during the years 1989-90 and 1990-91. The delay (after allowing five days to meet any contingency) in handing over buses to the Transport Department during these two years was as indicated below :

Year	1 to 5 days		6 to 10 days		11 to 25 days		Above 25 days	
	Number of buses	Total delay	Number of buses	Total delay	Number of buses	Total delay	Number of buses	Total delay
	(Delay in days)							
1989-90	68	196	38	297	44	655	1	64
1990-91	79	254	41	322	81	1296	75	3450

During 1990-91, 23 buses were delivered after delays ranging between 61 and 86 days. Delayed handing over had not only resulted in locking up of funds but also caused loss of revenue as well as non-fulfilment of social obligation of providing transport facility to the general public. As a result of late delivery, the Company also lost interest of Rs.2.26 lakhs during these two years, calculated from the date of completion of fabrication to the date of actual delivery at 12 *per cent* per annum as per agreement of February 1988. Reasons for delay in handing over possession of buses immediately after fabrication were neither investigated nor brought on record.

2A.8 Costing system

According to the agreement (February 1988) between the Company and the State Transport Department, the former was to recover actual cost of fabrication of bus body plus an additional five *per cent* of such cost to cover service charges and profit. The actual cost of fabrication was to be computed by a committee comprising Chief Accounts Officer of the Transport Department and Accounts Executive of the Company for every quarter and was to form the adhoc amount for recovery in the subsequent quarter. The difference between the actual cost and the adhoc cost was to be adjusted every time the cost was computed.

The Company entered into another agreement on 20 March 1993, applicable with effect from 1 April 1989, that price of the bus was to be determined from time to time taking into account cost of chassis and fabrication charges, mode of payment, etc., and various other commercial considerations.

The system outlined in agreement of February 1988 was, however, not being followed. The cost of fabrication up to 1988-89 was finalised on quarterly basis, for 1989-90 and 1990-91 on annual basis and that for 1991-92 and onwards had not been finalised (May 1994), the reasons for which though called for (January 1994) were not intimated (November 1994). Supplementary bills amounting to Rs.12.54 lakhs (claimed in excess), Rs.1.51 lakhs and Rs.7.88 lakhs for the quarters ending September 1988, December 1988 and March 1989, respectively, and Rs.105.91 lakhs for the year 1989-90, were raised in June 1991. The payment thereagainst was received up to December 1991. Supplementary bill amounting to Rs.89.49 lakhs for the year 1990-91 was raised and payment therefor received in March 1992. This delay also involved loss of interest (calculated at 12 *per cent* as per agreement of February 1988) of Rs.28.06 lakhs.

This also highlighted the need for introduction of a system of job costings with a view, inter alia, to have a comparison of costs, job-wise, so as to exercise proper control over utilisation of inputs

2A.8.1 Under recovery of cost of fabrication

Cost of fabrication was finalised on the basis of initial records of expenses without correlating it with the figures shown in annual financial accounts due to delay in finalisation of the same. This resulted in under recovery of cost of fabrication of Rs.42.65 lakhs during the years 1988-89 to 1990-91 (the cost accounts for the years 1991-92 and 1992-93 had not been finalised as of January 1994) as detailed below :

Year	Amount of expenses as per			Remarks
	Financial accounts	Costing finalised and claimed	Under recovery	
	(Rupees in lakhs)			
1988-89	532.67	517.86	14.81	(a)Interest of Rs.9.28 lakhs paid by the Company to the suppliers of chassis not recovered. (b) Rs.5 lakhs less recovered on account of depreciation. (c) Rs.0.53 lakh not recovered on account of other expenses.
1989-90	732.90	707.77	25.13	(a) Rs.1.93 lakhs less recovered on account of depreciation. (b) Provision of Rs.23.20 lakhs for payment of interest claimed by the chassis suppliers not charged in costing.
1990-91	412.62	409.91	2.71	Expenses less recovered.
Total	**1678.19**	**1635.54**	**42.65**	

2A.9 Cash management

The Company had not evolved any system for preparation of cash/funds flow statements to keep close watch on the funds position and to utilise surplus funds in a profitable manner. The Company had also not made any attempt to assess requirement of Government funds for its working capital.

In the Project Report (September 1989), requirement of working capital of the Company during the first five years was estimated at Rs.2.57 crores, Rs.3.26 crores, Rs.3.86 crores, Rs.3.49 crores and Rs.2.69 crores, respectively, after accounting for the projected income of Rs.52.14 crores during these years. The working capital was proposed to be utilised for stores expenses, 10 *per cent* advance payment to chassis manufacturers, payment of interest to banks, repayment of loan instalments to IDBI and purchase of fixed assets. On that basis, the State Government contributed Rs.2 crores towards equity share capital of the Company in November 1987 (Rs.80 lakhs) and May 1988 (Rs.120 lakhs). The contribution of Rs.2 crores turned out to be much in excess of requirement because:

- the Government transferred assets valued at Rs.87.21 lakhs (fixed assets : Rs.16.92 lakhs and stores/inventory : Rs.70.29 lakhs) free of cost, to the Company on its formation;

- 10 *per cent* advance payment, loan repayment instalments and interest were to be paid by the Company after recovery from the Transport Department in terms of the agreement (February 1988) between the former and the latter; and

- 95 *per cent* cost of fabrication along with five *per cent* profit margin was to be recovered by the Company from the Transport Department at the time of delivery of buses in terms of the above agreement.

A more realistic assessment of the initial working capital requirement would have shown that a sum of Rs.62 lakhs should have sufficed the purpose vide the working below:

Particulars		**Amount** (Rupees in lakhs)	
(a)	Preliminary expenses	2.51	
(b)	Inventory holding for two months	76.17	
(c)	Personnel and other expenses for two months	24.12	
(d)	Fixed assets	40.37	
	Total	**143.17**	
Less:	Stores and fixed assets transferred free of cost by the State Government	87.21	
		55.96	
Add:	10 *per cent* for contingencies	5.60	
		61.56	**Say Rs.62 lakhs**

The Company kept huge balances on account of contribution from the State Government in excess of its requirement (Rs 97 lakhs to Rs. 226 lakhs) in fixed deposits during the period from February 1989 to March 1993.

This highlighted the need for the management to review the position of working capital with a view to reducing the burden of interest (though recovered from the Transport Department), being paid by the Company to IDBI under the Bills Rediscounting Scheme whereas the Company had invested its excess working capital in fixed deposits with banks at lower rates of interest.

2A.10 Purchases

The purchase procedure adopted (January 1989) by the Company, inter alia, provided that:

- purchases should be made from firms on the rate contracts finalised by Standing Committee of All India State Road Transport Undertakings (ASRTU) or sources approved by Government of Haryana;

- material (up to Rs.50000 per item) should be procured by inviting tenders through press when material on rate contract/approved source is not available; and

- local purchases should be made for the items not on the rate contract/approved sources by inviting quotations. Value of such items should not exceed Rs.5000 at a time.

2A.10.1 Extra expenditure

The Company had been purchasing rubber glazing from only one firm on the rate contract of ASRTU.. From May 1992, six other firms also stood registered with the ASRTU on trial rate contract. After the receipt of trial rate contracts, the Company started purchasing rubber from three firms including the firm on rate contract at rates ranging between Rs.72.03 and Rs.79.23 per kg. The Company purchased 15618.5 kgs.of material valued at Rs.11.68 lakhs between September 1992 and December 1993. Offer of Ajit Rubber Industries, Ballabgarh (also on the trial rate contract of ASRTU) having the lowest rate of Rs.65.32 per kg. was not considered on the grounds that its rate contract was not available on the records till July 1993. Thereafter, its quality was tested (September 1993) and found good.

The Company continued to purchase rubber glazing from other firms up to December 1993 at higher rates though the Managing Director had ordered (April 1993) not to ignore the lowest rates. By not purchasing rubber glazing from the Ballabgarh firm, the Company had incurred extra expenditure of Rs.1.48 lakhs between September 1992 and December 1993.

The Management stated (February 1994) that the lowest firm was left due to non-receipt of the rate contract circular. The reply is, however, not tenable as the Company should have made some standing arrangement to obtain all such rate contracts from ASRTU at its own level before issue of purchase orders.

2A.11 Inventory control

The Company had not fixed maximum, minimum and re-ordering levels of inventory items. The table given below indicates the position of raw material and stores and spares purchased and consumed during the five years up to 1992-93:

Year	Closing balance	Consumption	Closing stock in terms of months' consumption
		(Rupees in lakhs)	
1988-89	73.27	457.02	1.9
1989-90	81.14	627.09	1.6
1990-91	122.40	334.97	4.4
1991-92	131.77	353.57	4.5
1992-93	118.48	499.78	2.8

It would be seen from the above that the inventory holding of stores ranged between 1.6 and 4.5 months' consumption.

The following points were also noticed in audit :

(i) Closing stock of Rs.118.48 lakhs included non-moving and slow-moving stores valued at Rs.13.71 lakhs and Rs.5.02 lakhs, respectively, as on 31 March 1993.

(ii) Random check of 23 non-moving items revealed that against purchases of Rs.10.33 lakhs for these items of stores during 1988-89(Rs.0.16 lakh), 1989-90 (Rs.2.42 lakhs) and 1990-91 (Rs.7.75 lakhs) besides opening balance of such items

worth Rs.2.72 lakhs, the consumption was only Rs.1.48 lakhs (November 1993). Of these, stores valued at Rs.4.83 lakhs had been transferred to the State Transport Department. This not only resulted in blockade of funds but also entailed loss of interest (calculated at lending rates of IDBI) of Rs.2.90 lakhs.

The Management stated (February 1994) that the stores became surplus due to abrupt changes in designs of bus bodies during the years 1990-91 and 1991-92. The reply is not tenable because the Company had never insisted upon the Transport Department for liquidation of its inventory at the time of change of designs.

2A.12 Sundry debtors

The Company had not framed its credit sales policy for its customers except with State Transport Department for sale of fabricated buses. For recovering cost of chassis and fabrication, the Company entered (February 1988) into an agreement with the Transport Department. According to the agreement, the cost of chassis was to be received from the Transport Department (in half-yearly instalments) 15 days in advance of the due date for payment to the financial institutions financing the purchase of chassis, 95 *per cent* of the adhoc cost of fabrication was to be paid by the Department to the Company at the time of handing over the buses and the remaining cost of fabrication along with interest thereon at 12 *per cent* per annum was payable by the Transport Department after five years.

The table below indicates the position of book debts and turnover of the Company during the five years up to 1992-93 :

Year	Book debts at the end of the year	Turnover	Book debts in terms of months' turnover
	(Rupees in lakhs)		
1988-89	1651.55	2008.87	9.9
1989-90	3134.82	2582.14	14.6
1990-91	3228.89	1098.61	35.3
1991-92	3176.31	1485.56	25.7
1992-93	5092.17*	3647.07	16.8

An analysis of the debtors disclosed that :

(a) This includes Rs.132.91 lakhs as on 31 March 1993 representing five *per cent* balance cost of fabrication recoverable from the Transport Department. Of this, Rs.6.53 lakhs pertained to vehicles fabricated up to 31 March 1988, but recovery thereof was awaited (January 1994). The Company had not asked the Department to make payment of this amount.

(b) Rupees 13.78 lakhs were due from other departments/parties for bus body fabrication charges pertaining to the period from September 1988 to March 1992 due to non-settlement of terms of payment before taking up fabrication work.

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* Includes Rs.4885.66 lakhs on account of cost of chassis not due for recovery.

(c) Rupees 5.80 lakhs were recoverable from the Transport Department on account of arrears paid to the employees, for the period prior to incorporation of the Company on behalf of the erstwhile Body Building Workshop, during the period from 1988-89 to 1991-92. The Company had not claimed reimbursement of the amount from the Department (January 1994).

2A.13 Accounting system and internal audit

The Company had not prepared any Manual to streamline its accounting system and internal audit. The State Government issued instructions in May 1981 for introduction of Internal Audit system in all public sector undertakings in the State for independent appraisal and review of financial operations.

It was seen in audit that action had not been taken by the Company to set up its own Internal Audit wing (January 1994). The Company instead appointed firms of Chartered Accountants, every year, for conducting internal audit at a fee of Rs.0.10 lakh per annum since its incorporation. The reports submitted by the auditors were of routine nature. The Statutory Auditors in their reports on the accounts of the Company for the years 1988-89 and 1989-90 had also emphasised the need for strengthening the Internal Audit system but action in this regard had not been taken by the Company.

The above matters were reported to the Company and Government in April 1994; their replies had not been received (November 1994).

2B DELAY IN FINALISATION OF ACCOUNTS BY SELECTED GOVERNMENT COMPANIES

Highlights

The accounts of five companies were chronically in arrears for periods ranging between three and eight years (1986-87 to 1992-93). In the absence of these accounts, the result of Government investment of Rs.195.77 crores in these companies was not known.

These companies finalised their accounts for the years 1980-81 to 1988-89 for adoption in Annual General Meetings (AGMs) after delay of 11 to 114 months. The companies also took 35 to 432 days in holding their AGMs, after the issue of comments of the Comptroller and Auditor General of India (CAG).

To help companies to overtake the arrears in accounts, Statutory Auditors were appointed from time to time, as a special case for two or more years, on the advice of the CAG. Even this advance action failed to make any impact on the position of arrears in the accounts.

Except Haryana State Minor Irrigation and Tubewells Corporation Limited, none of these companies had prepared an accounting manual.

2B.1 Introduction

According to provisions of Section 210 (3) read with Section 166 of the Companies Act, 1956, audited accounts of a company should be approved and adopted in the Annual General Meeting (AGM) of the shareholders within six months of the close of its financial year. Further, as per provision of

Section 619 A (3) of the Act, ibid, the State Government should place an annual report on the working and affairs of each State Government company before the Legislature together with a copy of the Audit Report and comments thereon made by the Comptroller and Auditor General of India (CAG) within three months of receipt of such report. Some of the Government companies have not finalised their accounts within this stipulated period and are in arrears for long periods.

2B.2 Extent of arrears

As on 31 March 1994 out of the 24 Government companies in the State, only 13 companies finalised their accounts for the year 1992-93 and 11 companies were in arrears for accounting periods ranging from one year to eight years. Six of these companies were chronically in arrears and had not finalised their accounts for three years or more as detailed below:

	Name of company	Period of accounts in arrears
1.	Haryana Television Limited	1985-86 to 1991-92
2.	Haryana State Minor Irrigation and Tubewells Corporation Limited (HSMITC)	1989-90 to 1992-93
3.	Haryana Harijan Kalyan Nigam Limited (HHKN)	1985-86 to 1992-93*

* Accounts for the year 1985-86 finalised in June 1994.

	Name of company	Period of accounts in arrears
4.	Haryana Backward Classes Kalyan Nigam Limited (HBCKN)	1989-90 to [illegible]
5.	Haryana Women Development Corporation Limited (HWDC)	1989-90 to 1992-93
6.	Haryana Roadways Engineering Corporation Limited (HREC)	1989-90 TO 1992-[illegible]

One company viz. Haryana Television Limited ceased to be a Government company from 1992-93. The remaining five companies were selected for review on delay in the finalisation of accounts.

2B.3 Objective of the study

The objective of the study was to examine reasons for abnormal delay and failure of the companies in finalising their accounts. The question as to whether the Management of these companies and controlling agencies of the Government took effective steps to control the delay and ensure early finalisation of accounts in arrears also formed the subject matter of the study.

2B.4 Procedure of finalisation of accounts

Of the five companies selected for review, three (HHKN, HBCKN and HWDC) were under the Social Welfare Department, one (HREC) under the Transport Department and one (HSMITC) under the Irrigation Department. In the companies namely HHKN, HBCKN, HWDC and HSMITC, the basic accounting records were maintained in field units/centres. Based on the initial accounting information furnished by these units, the corporate office (commonly known as Head Office) compiled the final accounts after carrying out various adjustments. However, HREC has no field unit.

The annual accounts are approved by the Board of Directors of the company and are then audited by the Statutory Auditors who are appointed by the Company Law Board on the recommendation of the CAG. As per provisions of Section 619(4) of the Act,ibid, the CAG conducts supplementary audit of the accounts of the company on selective basis and such accounts along with the comments of the CAG are placed before the AGM of the company for adoption. Thereafter, in terms of Section 619 A(3) of the Act, ibid, annual accounts are presented to State Legislature.

2B.5 Delay in finalisation of accounts

The summarised details in connection with finalisation of accounts as on 31 March 1994 in respect of the five companies for the period of five years (up to the latest finalised accounts) are given in Annexure-5. A review of Annexure would reveal that delay in finalisation of accounts for adoption in AGM each year in respect of these five companies ranged between 11 and 114 months.

2B.5.1 Delay in completion of statutory audit

In terms of Government of India's instructions (April 1987), Statutory Auditors are expected to complete their audit within two months of closure of the accounts by the companies so that supplementary audit under Section 619(4) of the Companies Act, 1956, could be completed by the CAG and audited accounts together with Statutory Auditors' report be placed in the AGM within the prescribed time limit of six months. The table below summarises the time taken by Statutory Auditors for completion of audit each year (interval in certification of accounts between two successive years):

Year of accounts	Haryana Harijan Kalyan Nigam Limited	Haryana Women Development Corporation Limited	Haryana Backward Classes Kalyan Nigam Limited	Haryana State Minor Irrigation and Tubewells Corporation Limited	Haryana Roadways Engineering Corporation Limited
			(Months)		
1981-82	24	-	-	-	-
1982-83	17	-	-	-	-
1983-84	17	-	-	-	-
1984-85	6	7	26	16	-
1985-86	6	20	13	20	-
1986-87	-	11	17	10	-
1987-88	-	16	27	2	-
1988-89	-	24	6	16	5
Average	**14.0**	**15.6**	**17.8**	**12.8**	**5**

The Statutory Auditors on an average took 12.8 months (HSMITC), 14.0 months (HHKN), 17.8 months

(HBCKN) and 15.6 months (HWDC) for completion of one year's audit.

The reasons for such delay were non-furnishing of requisite information to the auditors by field units (HBCKN), dispute regarding fixation of remuneration of auditors (HREC) and heavy burden on accounts staff in connection with internal audit work (HWDC).

Such delays could have been avoided had the companies coordinated properly with Statutory Auditors after their appointment.

2B.5.2 Delay in holding the AGM

Section 171 of the Companies Act, 1956 provides that an AGM of a company may be called by giving not less than 21 days' notice in writing or a shorter notice if so consented by all the members entitled to vote. Thus, a Government company could hold its AGM within a maximum period of 30 days of receipt of comments of the CAG.

The table below indicates the name of companies, date of issue of non-review certificate/comments and date of holding AGM for the last five years' finalised accounts:

Serial number	Name of company	Year	Date of issue of non-review certificate/ comments	Date of holding AGM	Number of days took to hold AGM
	Haryana State	1984-85	13.07.1990	10.10.1990	89
	Minor Irrigation	1985-86	10.10.1991	17.12.1991	68
	and Tubewells	1986-87	28.07.1992	17.03.1993	232
	Corporation	1987-88	25.08.1993	29.09.1993	35
	Limited	1988-89	07.03.1994	20.05.1994	74

Serial number	Name of company	Year	Date of issue of non-review certificate/ comments	Date of holding AGM	Number of days took to hold AGM
2.	Haryana Harijan Kalyan Nigam Limited	1980-81	06.01.1989	25.09.1989	262
		1981-82	14.09.1990	21.12.1990	98
		1982-83	23.01.1992	30.03.1993	432
		1983-84	12.07.1993	26.11.1993	137
		1984-85	25.01.1994	18.05.1994	113
3.	Haryana Backward Classes Kalyan Nigam Limited	1984-85	11.10.1988	16.01.1989	97
		1985-86	21.11.1989	27.12.1989	36
		1986-87	25.02.1991	09.04.1991	43
		1987-88	11.06.1993	24.08.1993	74
		1988-89	07.03.1994	30.05.1994	84
4.	Haryana Women Development Corporation Limited	1984-85	28.05.1986	25.08.1986	89
		1985-86	29.04.1988	17.06.1988	49
		1986-87	10.02.1989	20.03.1989	38
		1987-88	15.05.1990	30.08.1990	107
		1988-89	03.09.1992	15.10.1992	42
5.	Haryana Roadways Engineering Corporation Limited	1987-88	16.03.1992	06.05.1992	51
		1988-89	09.09.1992	01.10.1992	22

The companies failed to hold their AGM within 30 days, except in case of HREC for the year 1988-89. The companies took 35 to 432 days to hold their AGMs. This adversely affected the clearance of arrears of accounts.

2B.6 Comparative position of clearance of arrears

The table below indicates a comparative position of arrears in finalisation of accounts for the five years ended 31 March 1994:

Serial number	Name of company	As on 31.3.90		As on 31.3.91	
		Accounts in arrears	Number of accounts in arrears	Accounts in arrear	Number of accounts in arrears
1.	Haryana Harijan Kalyan Nigam Limited	1981-82 to 1988-89	8	1982-83 to 1989-90	8
2.	Haryana Women Development Corporation Limited	1987-88 to 1988-89	2	1988-89 to 1989-90	2
3.	Haryana Backward Classes Kalyan Nigam Limited	1986-87 to 1988-89	3	1987-88 to 1989-90	3
4.	Haryana State Minor Irrigation and Tubewells Corporation Limited	1984-85 to 1988-89	5	1985-86 to 1989-90	5
5.	Haryana Roadways Engineering Corporation Limited	1987-88 to 1988-89	2	1987-88 to 1989-90	3
		Total	**20**		**21**

As on 31.3.92		As on 31.3.93		As on 31.3.94	
Accounts in arrear	**Number of accounts in arrears**	**Accounts in arrear**	**Number of accounts in arrears**	**Accounts in arrear**	**Number of accounts in arrears**
1983-84 to 1990-91	8	1983-84 to 1991-92	9	1985-86 to 1992-93	8
1988-89 to 1990-91	3	1989-90 to 1991-92	3	1989-90 to 1992-93	4
1987-88 to 1990-91	4	1987-88 to 1991-92	5	1989-90 to 1992-93	4
1986-87 to 1990-91	5	1987-88 to 1991-92	5	1988-89 to 1992-93	5
1988-89 to 1990-91	3	1989-90 to 1991-92	3	1989-90 to 1992-93	4
	23		**25**		**25**

The table indicates that (i) HHKN and HSMITC whose accounts were in arrears for eight and five years, respectively, at the end of March 1990 failed to clear the arrears and could finalise only one year's accounts each year up to March 1994 and (ii) for HWDC, HBCKN and HREC whose accounts were in arrear for two, three and two years as on 31 March 1990, the arrears increased to four, five and four years, respectively, at the end of March 1994. Thus, these companies had not improved the position and are saddled with long periods of incomplete accounts.

In the absence of finalised accounts, Government's investment of Rs.19577.12 lakhs by way of share capital (Rs.3456.11 lakhs) and loans (Rs.16121.01 lakhs) as on 31 March 1993 in these companies had remained outside public scrutiny.

2B.7 Steps taken by Government

The Government exercises its control over the companies through the concerned Administrative Department and the Finance Department. The Bureau of Public Enterprises (BPE) is the nodal agency which reviews the working of the companies on behalf of the Finance Department.

In terms of Memorandum and Articles of Association of these companies, the Government has the powers to issue directives in the interest of the company. To fulfil these obligations, the Government was expected to take concrete steps to ensure that the accounts of the companies were finalised in due time.

On the basis of the lists of defaulting companies furnished by the Accountant General, Haryana to the Chief Secretary and Bureau of Public Enterprises every six months

from April 1984 onwards, directions were issued by the Government from May 1984 onwards for expediting the finalisation of accounts but the matter was not followed up. In December 1986, the Commissioner and Secretary to Haryana Government, Social Welfare Department informed the Accountant General that the accounts of HHKN for the year 1981-82 would be finalised during 1986-87 and targets were fixed so as to complete the finalisation of accounts for the years from 1982-83 to 1984-85 during the year 1987-88 and for the years from 1985-86 to 1987-88 during 1988-89. Follow up action was not taken to adhere to these targets and till June 1994, accounts only up to year 1985-86 were finalised.

The Managing Director of HWDC proposed to follow the following time schedule for finalisation of accounts for the four years up to 1992-93:

Year of account	**To be put up before the Board of Directors**	**To be placed before AGM**
1989-90	March 1992	June 1992
1990-91	September 1992	December 1992
1991-92	March 1993	June 1993
1992-93	September 1993	December 1993

Till July 1994, none of the above accounts were finalised.

It was observed that before fixing time-bound programmes, no study was made to ascertain the reasons for failure of these companies to finalise the overdue accounts. The target dates were fixed presumably on the basis of assurance from the Management and not on the basis of realistic assessment of reasons of delay or the Management's ability to achieve the targets.

In order to help companies in overtaking the arrears of accounts, Statutory Auditors were appointed, as a special case for two or more years, in some of these companies on the advice of CAG of India. This advance action had not made any impact on the arrear position and none of the Companies had been able to overtake the arrears.

2B.8 Weakness in accounting, management set-up and functions

In the matter of bank reconciliation, the companies followed monthly system of reconciliation. In one unit of HBCKN test checked in audit, it was observed that bank reconciliation was pending for more than two years. In HHKN, a number of bank accounts were being operated by the field units which complicated the bank reconciliation.

It was also noticed that in HBCKN and HWDC, the accounts were maintained by clerical staff and no qualified accounts staff was posted.

Except HSMITC, no other company had prepared an Accounting Manual (March 1994).

The above matters were reported to the Companies and Government in August 1994; their replies had not been received (November 1994).

CHAPTER III

REVIEW RELATING TO A STATUTORY CORPORATION

This Chapter contains one review on :

HARYANA STATE ELECTRICITY BOARD - BILLING AND COLLECTION

CHAPTER-III

3. Review relating to a Statutory corporation

This chapter contains a review on Billing and Collection in Haryana State Electricity Board.

Billing and Collection

Highlights

The Haryana State Electricity Board (Board) carried out its operations relating to billing and collection of revenue through a network of 210 Sub-divisions.

The Board suffered a loss in the sale of energy which was 13.52 paise per unit in 1988-89 and had increased to 40.08 paise in 1992-93. According to the Board, the loss was due mainly to supply of power to agriculture sector at subsidised rates, non-revision of tariff commensurate with increased cost of generation and increased losses in transmission and distribution. The Board, thus, failed to generate any surplus and its revenue deficit increased from Rs.54.40 crores in 1988-89 to Rs.335.67 crores in 1992-93.

An analysis in audit showed that the Board suffered a loss of Rs.363.09 crores between April 1988 and December 1993 due to charging lower tariff rates for non-domestic supply (Rs.4.05 crores); delay in fixing the minimum monthly rates for tubewells of Haryana State Minor Irrigation and Tubewells Corporation Limited (Rs.8.26 crores); short realisation of fuel surcharge on the increased cost of coal and fuel oil for thermal generation of power (Rs.347.78 crores) and late introduction of surcharge

for exemption from power cut during peak load hours (Rs.3 crores).

Due to application of lower tariff applicable to industrial consumers in case of seven non-domestic consumers (who were charged at the rate of 88 to 110 paise per unit applicable to industrial consumers instead of 90 to 120 paise per unit applicable to non-domestic consumers), the Board was deprived of the revenue of Rs.47.84 lakhs.

The Board was unable to recover an amount of Rs.31.71 lakhs on account of installation charges from 3.13 lakh consumers in whose premises their own meters were installed because the officials concerned failed to act according to the provisions of its Sales Manual.

The amount recovered (Rs.25.97 lakhs) by the Board on account of low power factor charge was not sufficient to cover the value of power lost (Rs.85.06 lakhs) due to fall in power factor in respect of 74 consumers.

The Board was unable to recover interest of Rs.36.53 lakhs on outstanding inspection, operation and maintenance charges in respect of colonies developed by colonisers as it had failed to provide for levy of interest on delayed payment of such charges.

Due to delays in transferring cash from the collecting branches/banks to the cash credit accounts, there was a loss of interest of Rs.85.54 lakhs during the period from April 1992 to March 1993.

The Board's cash receipts of Rs.101.17 lakhs from consumers were misappropriated by cashiers and

others in four Sub-divisions between July 1985 and December 1992 as the Engineers-in-charge/Upper Division clerks failed to carry out the required checks of the posting of cash realisations with the consumers' ledgers.

3.1 Introduction

Sale of power is made according to tariff fixed by the Board from time to time. As on 31 March 1993, the assessment, billing and collection of revenue for sale of energy was being carried out through 210 Sub-divisions scattered all over the State. The number of consumers increased from 21.70 lakhs in 1988-89 to 28.44 lakhs in 1992-93 and revenue from sale of power increased from Rs.361.04 crores in 1988-89 to Rs.659.87 crores in 1992-93.

3.2 Organisational set-up

The operation wing of the Board, under the supervision of Member Technical (Operation) and overall guidance of Chairman of the Board, controls the activities of supply of power through its three zones. The Member Technical (Operation) is assisted by three Chief Engineers, 13 Superintending Engineers, 49 Executive Engineers and 210 Assistant Executive Engineers/Assistant Engineers for the operation and maintenance of the entire supply system in the State. Construction of high tension lines up to 33 KV, low tension lines, execution of deposit works, etc., have also been entrusted to the operation wing. Besides, checking of accuracy of energy meters, their repairs and maintenance is done by nine Maintenance and Protection (M&P) divisions, each headed by an Executive Engineer, under the supervision of three

Superintending Engineers (M&P). The commercial directorate under the overall control of Member (Finance and Commercial) is, inter alia, responsible for the revision and application of tariff, checking of pilferage of energy through flying squads, sanction of bulk supply connections and deals with inter-State matters, etc.

3.3 Scope of Audit

Mention was made in paragraph 7.02 of the Report of the Comptroller and Auditor General of India for the year 1984-85 (Commercial)- Government of Haryana about certain aspects of billing and collection of revenue by the HSEB. The review was discussed by the Committee on Public Undertakings during 1991-92. The present review covers billing and collection of revenue for the five years ended March 1993. The results of Audit, based on test check of records, are given in the succeeding paragraphs.

3.4 Sale of power

3.4.1 The Board is required to carry out its operations and adjust its tariff according to Section 59 of the Electricity (Supply) Act, 1948. The total revenue, in any year of account, after meeting all expenses, should leave such surplus which is not less than three *per cent* or any higher percentage, fixed by the State Government, of the value of fixed assets of the Board in use at the beginning of the year. State Government had fixed (April 1985) the revenue surplus at three *per cent*. The table below indicates the value of fixed assets, revenue surplus fixed by the State Government and actual thereagainst during the five years up to 31 March 1993 :

Particulars		1988-89	1989-90	1990-91	1991-92	1992-93
			(Rupees in crores)			
(a)	Fixed assets use at the beginning of the year	932.49	1005.74	1039.02	1424.80	1536.45
(b)	Revenue surplus fixed by the State Government	27.97	30.17	31.17	42.74	46.09
(c)	Actual revenue deficit	54.40	154.08	91.73	206.84	335.67

It would be observed from the above that the Board failed to generate any surplus revenue and its revenue deficit increased from Rs.54.40 crores in 1988-89 to Rs.335.67 crores in 1992-93.

Accumulated losses of the Board at the end of March 1993 were Rs.1358.87 crores after adjusting revenue subsidy of Rs.253.61 crores granted by the State Government.

3.4.2 The table below indicates number of units sold, number of consumers, revenue realised and expenditure per unit during the five years ended 31 March 1993:

Particulars	1988-89	1989-90	1990-91	1991-92	1992-93
Units sold (in millions)	5690	5983	6641	7741	8625
Number of consumers (in thousands)	2170	2347	2514	2690	2844
Revenue realised per unit (in paise)	68.71	69.26	78.82	79.89	87.60
Expenditure per unit (in paise)	82.23	99.81	96.67	111.47	127.68
Loss per unit (in paise)	13.52	30.55	17.85	31.58	40.08

The loss per unit of energy sold which was 13.52 paise in 1988-89 increased to 40.08 paise in 1992-93. The main reasons for loss per unit were attributed by the Board to :

- supply of power to agriculture sector at subsidised rates;
- non-revision of tariff linked with increased cost of generation; and
- increased losses in the transmission and distribution of power.

Test check of records of office of the Chief Engineer (Commercial), Banking and Collection cell at

Panchkula, 12 Operation divisions and 55 operation Sub-divisions of the Board revealed a loss of revenue aggregating Rs.1219.96 crores due to various reasons as tabulated below:

	Reasons	Loss of revenue (Rupees in crores)
(i)	Domestic and agriculture supply during four years ending March 1993 and public lighting during 1992-93 not covering the average expenditure per unit	657.40
(ii)	Non-recovery of the energy charges even at the lowest tariff rates in respect of non-domestic consumers	4.05
(iii)	Non-recovery of energy charges in respect of tubewells on average running hours basis	176.63
(iv)	Abolishing demand charges for maintenance of service lines of tubewells and pumps of agriculture consumers	9.38
(v)	Delay in fixing of monthly minimum rates for tubewells of Haryana State Minor Irrigation and Tubewells Corporation Limited (HSMITC)	8.26
(vi)	Inadequate provision of fuel surcharge	347.78

	Reasons		Loss of revenue (Rupees in crores)
(vii)	Delay in fixing peak load exemption rates		3.00
(viii)	Incorrect application of tariff		
(a)	Non-clubbing of connections	0.10	
(b)	Short/non-levy of penalty for exceeding contract demand	0.02	
(c)	Non-levy of surcharge on steel furnaces	0.18	
(d)	Application of industrial tariff in place of non-domestic tariff for mixed load connections comprising of general load and power in seven cases	0.48	
(e)	Non/short recovery of surcharge for unauthorised extension of load	0.02	0.80
(ix)	Non-fixation of rates for meter installation charges		0.32
(x)	Incorrect billing in case of defective meters		0.06

	Reasons	Loss of revenue (Rupees in crores)	
(xi)(a)	Inadequate quantum of surcharge for low power factor and non provision of rates for capacitor surcharge where capacitors were either defective or of inadequate capacity	0.72	
(b)	Non-installation of capacitors lying in stores	0.09	0.81
(xii)	Avoidable payment of interest on security deposits		9.11
(xiii)	Non-levy of surcharge for belated payments fee for priority connections of tubewells		0.06
(xiv)	Non/short recovery of service rentals for general service connections		0.03
(xv)	Loss of interest on outstanding inspection charges and annual operation and maintenance charges for electrification of colonies		0.37

	Reasons	Loss of revenue (Rupees in crores)
(xvi)	Loss of interest for delay in raising demand in respect of deposit works	0.03
(xvii)	Loss of interest due to delayed transfer of funds by banks	0.86
(xviii)	Non-exercise of prescribed checks by revenue collecting authorities in respect of four Sub-divisions	1.01
	Total	**1219.96**

3.5 Tariff fixation

(a) The Board had not formulated any guidelines in terms of Section 79 of the Electricity (Supply) Act, 1948 laying down the basis for fixation of tariff. The tariff revisions in December 1990, June 1992 and January 1994 were made on adhoc basis without reference to the average cost of power supplied to various categories of consumers.

The table below indicates the category of consumers, units sold, percentage of units sold to total units sold, average revenue and average expenditure per unit and profit and loss per unit during the four years up to March 1993 :

Serial number	Category of consumer	Years	Units sold (million units)	Percentage of units sold to total units sold**	Average revenue earned per unit (Paise)	Average expenditure per unit* (Paise)	Profit(+)/ Loss (-) per unit (Paise)
1.	Domestic supply	1989-90	963.71	16.11	55.44	84.44	(-)29.00
		1990-91	1137.55	17.13	61.09	80.44	(-)29.35
		1991-92	1291.76	16.69	67.80	92.85	(-)25.05
		1992-93	1485.59	17.22	70.12	111.46	(-)41.34
2.	Non-domestic supply	1989-90	160.96	2.69	115.72	84.44	(+)31.28
		1990-91	174.90	2.63	133.05	80.44	(+)52.61
		1991-92	204.15	2.64	139.50	92.85	(+)46.65
		1992-93	226.77	2.63	149.61	111.46	(+)37.15
3.	Low tension industrial supply	1989-90	421.47	7.04	103.56	84.44	(+)19.12
		1990-91	478.41	7.20	113.69	80.44	(+)33.25
		1991-92	500.32	6.46	129.52	92.85	(+)36.67
		1992-93	537.63	6.23	149.85	111.46	(+)38.39

* Average expenditure per unit has been arrived at after excluding income from meter rent, service line rental, miscellaneous charges, revenue subsidy, delayed payment surcharge, etc., not directly related to revenue per unit.

** Total units sold during the years 1989-90, 1990-91, 1991-92 and 1992-93 were 5982.56 MUs, 6641.32 MUs, 7741.09 MUs and 8624.83 MUs, respectively.

Serial number	Category of consumer	Years	Units sold (million units)	Percentage of units sold to total units sold	Average revenue earned per unit (Paise)	Average expenditure per unit (Paise)	Profit(+)/ Loss (-) per unit (Paise)
4.	High tension industrial supply	1989-90	1051.28	17.57	138.87	84.44	(+)54.43
		1990-91	1266.69	10.07	142.93	80.44	(+)62.49
		1991-92	1267.25	16.37	162.32	92.85	(+)69.47
		1992-93	1376.69	15.96	179.27	111.46	(+)67.81
5.	Public lighting	1989-90	22.75	0.38	85.15	84.44	(+) 0.71
		1990-91	23.41	0.35	98.21	80.44	(+)17.77
		1991-92	27.76	0.36	109.93	92.85	(+)17.08
		1992-93	36.77	0.43	105.25	111.46	(-) 6.21
6.	Bulk supply	1989-90	107.62	1.80	86.19	84.44	(+) 1.75
		1990-91	70.66	1.07	154.15	80.44	(+)73.71
		1991-92	106.26	1.37	122.37	92.85	(+)29.52
		1992-93	126.46	1.47	125.41	111.46	(+)13.95
7.	Public water works and sewerage	1989-90	68.11	1.14	89.00	84.44	(+) 4.56
		1990-91	83.83	1.26	102.98	80.44	(+)22.54
		1991-92	97.23	1.26	130.39	92.85	(+)37.54
		1992-93	120.68	1.40	144.10	111.46	(+)32.64

Serial number	Category of consumer	Years	Units sold (million units)	Percentage of units sold to total units sold	Average revenue earned per unit (Paise)	Average expenditure per unit (Paise)	Profit(+)/ Loss (-) per unit (Paise)
8.	Railway traction*	1990-91	61.97	0.93	103.29	80.44	(+)22.85
		1991-92	65.07	0.84	160.84	92.85	(+)67.99
		1992-93	68.01	0.79	162.84	111.46	(+)51.38
9.	Irrigation/ Agriculture	1989-90	2543.26	42.51	21.46	84.44	(-)62.98
		1990-91	2711.78	40.83	20.51	80.44	(-)59.93
		1991-92	3535.49	45.67	16.17	92.85	(-)76.68
		1992-93	4062.70	47.10	21.97	111.46	(-)89.49

Audit analysis disclosed the following:

(i) The domestic and agriculture/irrigation supply during all the four years ending March 1993 and public lighting during 1992-93 did not cover the average expenditure per unit. These three categories of consumers accounted for overall loss of Rs.117.26 crores, Rs.70.96 crores, Rs.175.82 crores and Rs.293.36 crores after adjusting the profit of Rs.70.86 crores, Rs.113.57 crores, Rs.127.58 crores and Rs.131.84 crores from other categories of consumers during 1989-90, 1990-91, 1991-92 and 1992-93, respectively.

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* Connection to the 'Railway traction' was given in 1989-90.

(ii) The lowest tariff rates inclusive of fuel surcharge during the years 1989-90, 1991-92 and 1992-93 for non-domestic supply were 118 paise, 146 paise and 160 paise per unit against the average revenue of 115.72 paise, 139.50 paise and 149.61 paise, earned per unit, respectively. It follows from this that there was an underassessment of revenue of Rs.4.05 crores (1989-90 : Rs.0.37 crore, 1991-92 : Rs.1.33 crores and 1992-93 : Rs.2.35 crores). The Board had not investigated the matter.

(b) The tariff for agricultural sector was fixed (November 1988) at 30 paise per unit in general and Rs.25 per BHP per month for unmetered supplies. Rate of Rs.25 per BHP per month was based on 3.50 hours of daily supply of power.

It was, however, noticed that the average running hours worked out to 6.94, 8.31 and 8.80 in 1990-91, 1991-92 and 1992-93. The table below indicates consumption of power booked, anticipated consumption of power based on 3.50 hours' supply, average running hours and excess consumption of power for the three years ended 31 March 1993:

Serial number	Particulars	1990-91	1991-92	1992-93
1.	Consumption of power booked (units in lakhs)	20812.50	28340.68	34242.73
2.	Average load in BHP	1099279	1247737	1426220
3.	Anticipated consumption of power* (units in lakhs)	10476.29	11923.70	13592.09

* Anticipated consumption of power (in units) = Average load in BHP x Number of days in a year x 0.746 x Number of anticipated hours

Serial number	Particulars	1990-91	1991-92	1992-93
4.	Average daily running hours**	6.94	8.31	8.80
5.	Excess consumption of power (units in lakhs)	10336.21	16416.98	20650.64
6.	Loss of revenue (Rupees in lakhs)	3100.96	4925.09	9636.96

Since the Board did not revise the tariff based on average daily running hours, it could not recover revenue to the extent of Rs.17663.01 lakhs. The Board revised its rate only in June 1992 for agricultural sector from 30 to 50 paise for metered supply and from Rs.25 per BHP per month to Rs.35 per BHP per month for unmetered supply, based on 3.50 hours of daily supply of power

(c) Demand charges in lieu of service rentals and maintenance of service lines for tubewells and pumps at Rs.two per BHP per month were levied in June 1976 for agricultural consumers getting metered/unmetered supply up to 20 KW. These were revised to Rs.four per BHP per month from 1 September 1985.

** Average daily running hours = $\dfrac{\text{Consumption of power booked}}{\text{Average load in BHP x Number of days in a year x 0.746}}$

1 BHP = 0.746 KWH (unit)

The demand charges levied earlier were abolished from 1 June 1993 as decided by the State Government. The Board was, thus, put to a loss of Rs.938.03 lakhs between June 1993 and March 1994.

Action was, however, not taken by the Board to get compensation from the State Government.

(d) Minimum charges per BHP per month were not fixed in case of Haryana State Minor Irrigation and Tubewells Corporation Limited (HSMITC). Billing of energy, where the meter became defective or unmetered supply was given, was done on the following basis :

- Actual number of working hours as recorded in the log register of HSMITC, or
- 16 hours' daily working of the full load in case log register was not maintained/made available by HSMITC authorities.

In May 1990, the Chief Engineer (Operation) had reported to the Chairman of the Board that the meters installed on the tubewells of HSMITC were mostly damaged and hours intimated by HSMITC were very low as compared to actual running hours of the irrigation feeders. The Board continued to bill HSMITC at running hours as intimated by HSMITC, even though the average running hours worked out by Board were more.

It was only in January 1994 that the Board revised the tariff for HSMITC tubewells from 40 to 80 paise per unit with minimum monthly charges of Rs.70 per BHP per month.

Due to delay in fixing the minimum monthly charges, the Board was deprived of the revenue to the extent of Rs.826.16 lakhs during the period from April 1991 to December 1993.

(e) With a view to recovering additional cost of fuel for thermal generation of power and avoiding frequent revision of tariff, the Board after discussion with the Planning Commission, decided (October 1980) to introduce fuel surcharge clause in the tariff. The Board devised (January 1981) a formula which provided that for every ten *per cent* increase in the cost of coal and fuel oil in preceding six months, the cost of energy per KWH would be raised by one paise and 0.5 paise, respectively. Based on the increased cost of coal and fuel oil from February 1981, fuel surcharge was levied by the Board from August 1981 in respect of all categories of consumers except agricultural, domestic and small power consumers. The fuel surcharge was also levied on the small power consumers from September 1988. The Board, at the time of revision of fuel surcharge in March 1989, observed that with the above formula, increase in the cost of coal was not fully recovered. The fuel surcharge per KWH was, therefore, raised (March 1989) to 1.4 paise for every ten *per cent* increase in the cost of coal in the preceding six months. Further, fuel surcharge on domestic consumers was levied from November 1993.

The table below indicates the units of thermal generation, units on which fuel surcharge was recovered, total fuel surcharge recoverable, fuel surcharge recoverable on units on which fuel surcharge was recovered, amount of fuel surcharge actually recovered, short recovery of fuel surcharge due to inadequate provision during each of the five years up to 1992-93:

Year	Thermal generation	Units on which fuel surcharge recovered	Fuel surcharge recoverable on units in column 2	Fuel surcharge recoverable on units in column 3	Fuel surcharge actually recovered on units in column 3	Short realisation of fuel surcharge	
						Gross amount	Due to inadequate provision
1.	2.	3	4	5	6	(4-6)	(5-6)
	(Million units)			*(Rupees in lakhs)*			
1988-89	2471	1762.06	11984.35	8545.99	6783.93	5200.42	1762.06
1989-90	2466	1832.19	14179.50	10535.10	8702.91	5476.59	1832.19
1990-91	2645	2159.88	16872.22	14022.65	12062.19	4810.03	1960.46
1991-92	3277	2268.04	23251.30	16092.55	14278.12	8973.18	1814.43
1992-93	3571	2493.01	29335.94	20589.52	19018.59	10317.35	1570.93
Total	**14430**	**10515.18**	**95623.31**	**69785.81**	**60845.74**	**34777.57**	**8940.07**

From the above, it would be seen that with the initial fuel surcharge formula during 1988-89, the Board could recover fuel surcharge of Rs.67.84 crores on the sale of 1762.06 million units as against Rs.85.46 crores recoverable on the basis of actual increase in cost of fuel, thereby resulting in short recovery of Rs.17.62 crores and during the four years ending 1992-93, even with the modified formula, the Board could recover fuel surcharge of Rs.540.62 crores on the sale of 8753.12 million units as against Rs.612.40 crores recoverable on the basis of actual increase in cost of fuel, thereby resulting in short recovery of Rs.71.78 crores.

The Board, thus, could not recover the increased cost of fuel as per formula for recovery of fuel surcharge which resulted in short recovery of Rs.89.40 crores. The Board did not take any step to set off the short recovery of Rs.258.38 crores.

(f) Peak load exemption charges

Special relaxation/ exemption was allowed (April 1992) to run an industry during peak load hours in evening where its process demanded continuous supply of power.

During April 1992, 77 industrial consumers were given special dispensation ranging from 10 to 20 *per cent* of their normal load. Besides, the Board also granted (April 1992) relaxation from power cut to industrial units located in "Power Cut Free Zone" comprising of 18 industrial estates, two growth centres and the entire district of Gurgaon. However, the Board decided only in September 1993 to levy peak load exemption charges from December 1993 at rupee one per unit on the industrial consumers who were being supplied power during evening peak load hours.

Due to late introduction of peak load exemption charges, the Board had to forego peak load exemption charges, of Rs.49.50 lakhs during the period from April 1992 to November 1993 from these 77 industrial consumers on the consumption of 49.50 lakh units. Similarly, in case of industrial units located in the "Power Cut Free Zone", the Board had to forego recovery of Rs.250.62 lakhs during the period from September 1992 to November 1993.

3.6 Incorrect application of tariff

3.6.1 Non-clubbing of connections

Instructions to the field staff were issued (January 1981) to club the industrial connections existing in the same premises after giving three months' notice.

The consumers were classified (February 1988) as small, medium and large for load up to 20 KW, 70 KW and above 70 KW, respectively.

It was noticed (October-December 1993) in audit that in six cases, the consumers were having more than one connection in the same premises which were not clubbed. This had resulted in loss of revenue of Rs.9.56 lakhs as per details given below :

Serial number	Name of sub division	Name of consumer	Account number	Connected load (in KW)	
1.	City 'OP', Jagadhri	Jai Ganesh Metal Industry	TMS-50	68.100	133.105
			TMS-51	65.005	
2.	'OP'-I, Rohtak	Friends Ice Factory	MS-23	69.012	71.410
			WAP-1158	2.398	
3.	Industrial area, Gurgaon	Yadav Exhibitor	ASP-2/ 193	12.920	70.816
			AMS-36	57.896	
4.	Mathura Road, Faridabad	Shivani Metal	2-MS-J- 248	69.182	137.682
			2-MS-J- 250	68.500	
5.	'OP' New Colony, Gurgaon	Bharat Box Factory	CMS-40	31.685	142.478
			CMS-41	69.162	
			CMS-49	41.631	
6.	'OP'-II, Kaithal	Durga Rice Mill	MS-36	44.760	100.710
			MS-37	55.950	

Period of loss	Loss (Rupees in lakhs)	Remarks
March 1990 to December 1993	1.06	Load has not been clubbed though the consumer had requested on 29th June 1988 for its clubbing.
May 1989 to September 1993	1.45	Load of 2.398 KW for tubewell water being used for cooling and cleaning purposes of ice factory was not clubbed.
February 1991 to September 1993	1.08	Motive loads of the two connections were running in the same premises but had not been clubbed.
June 1990 to September 1993	1.34	Load had not been clubbed though vigilance wing pointed out in September 1991 that second connection with connected load of 68.500 released in May 1990 was running in the same premises.
December 1991 to September 1993	1.46	Load had not been clubbed though vigilance wing pointed out in December 1991 for clubbing of the three connections and notices were issued in December 1991 to the consumer.
September 1989 to August 1993	3.17	The load of two connections was running in the same premises but had not been clubbed.
Total	**9.56**	

3.6.2 Short levy/non-levy of surcharge for exceeding the contract demand

Surcharge at the rate of 25 per cent of the monthly energy charges was leviable in case a large supply consumer exceeded his contract demand beyond 2.5 per cent during a month. The margin of 2.5 per cent over the contract demand was withdrawn from 1 January [illegible]. The consumers, however, the Board allowed [illegible] Further, the Board [illegible] for a period [illegible] month immediately preceding the date of checking [illegible] beyond [illegible] below.

(a) [illegible] August 1965 when [illegible] contract demand [illegible] a consumer in Rohtak [illegible] actual demand ranged between [illegible] KVA and [illegible] KVA [illegible] purposes after increase of three [illegible] per cent [illegible] account for [illegible] contract demand of [illegible] KVA [illegible] levy of surcharge at the [illegible] supply [illegible]. The surcharge was, however, not levied resulting in short billing of Rs. [illegible]

(b) Monthly [illegible] contract load of [illegible] contract demand of [illegible] KVA was checked (11 September [illegible]) by the Executive Engineer, M&P Division, Panipat [illegible] showing [illegible] portion of the meter [illegible] found [illegible] demand of [illegible] only [illegible] surcharge for the period [illegible] on the basis of [illegible] KVA [illegible]

[illegible] KWH [illegible]

KVAH portion of the meter had a direct relation with maximum demand indicator (MDI) portion of the meter, the sub-divisional office did not work out the maximum demand by taking into account the slowness of the KVAH meter. As per computation made in audit, the maximum demand which was recorded at 172.08 KVA to 201 KVA during the period from April to December 1992, worked out between 338.27 and 395.12 KVA (after taking into account the slowness of the meter) as against the sanctioned contract demand of 200 KVA. On the energy charges of Rs.4.64 lakhs, a surcharge amounting to Rs.1.16 lakhs for exceeding the contract demand was recoverable from the consumer but no demand had been raised (July 1994).

3.6.3 Non-levy of surcharge on steel furnaces

Tariff surcharge in case of arc steel furnaces and mixed load of arc steel furnaces and steel rolling mills for supply of energy to large supply consumers getting supply on 11 KV was raised (June 1992) to 15 paise per unit from 10 paise per unit effective from May 1985. In this connection, following points were noticed :

(a) A consumer of Bahalgarh was running the unit with a contract demand of 1500 KVA since November 1989. The consumer raised its contract demand to 2500 KVA in January 1990.

A study of Memorandum and Articles of Association of the consumer revealed that the Consumer was authorised to carry on the business as manufacturer and dealer in all kinds of alloys, ferrous and non-ferrous, metallic and non-metallic. It was, thus, clear that the unit had an arc furnace as part of the process which was covered under the clause of tariff surcharge. Surcharge was not levied even though the Chief Engineer (Commercial) had also confirmed its levy. The connection of the consumer already stood permanently disconnected in November 1991 on account of default in payment of energy charges. A sum of Rs.12.81 lakhs on account of steel furnace surcharge for the period from November 1989 to October 1991 was charged to the consumer in August 1992 but was not received (March 1994).

(b) Scrutiny of records maintained in Sub Urban Division, Jagadhri revealed that eleven consumers had stainless steel rolling process, with connected load between 70 KW and 100 KW as on 31 January 1988 but were categorised as medium supply consumers. Although the Board had classified the consumers in February 1988 having connected load between 70 KW and above as large supply consumers, yet the demand amounting to Rs.5.65 lakhs for the period from February 1988 to January 1993 was raised in February 1993 in respect of eleven firms. Four firms deposited the surcharge (Rs.0.33 lakh) while seven firms obtained (February and March 1993) stay order from courts on the ground that levy of surcharge was to be decided after a meeting between Chairman of the Board and the representative of the firms. There was nothing on record to show that meeting was ever held and that efforts were made to get the stay vacated.

Thus, due to non-levy of the surcharge in the first instance, recovery amounting to Rs.5.32 lakhs was rendered doubtful.

3.6.4 Loss of revenue due to incorrect charging of industrial tariff

Tariff for non-domestic supply which is higher than industrial supply tariff, was required to be charged from the consumers for mixed load comprising of general load and power load such as business houses, cinemas, clubs, public offices, schools, hospitals, etc. Industrial tariff was to be applied only for power consumption provided a separate circuit was installed for power load.

It was noticed in audit that seven consumers who were covered under non-domestic supply category, had been allowed connection under industrial category though no separate circuits were provided. Due to application of lower tariff applicable to industrial consumers in case of these seven non-domestic consumers (who were charged at the rate of 88 to 110 paise applicable to industrial consumers instead of 90 to 120 paise applicable to non-domestic consumers), the Board was deprived of the revenue of Rs.47.84 lakhs (including electricity duty of Rs.8.11 lakhs) for the period from April 1989 to February 1994.

3.6.5 Loss due to unauthorised extension of load

Instructions issued on 13 December 1989 by the Board provided for recovery of surcharge of Rs.50 per BHP per month of the unauthorised load detected during the period of its use or for six months prior to the date of its checking.

The premises of Haryana Acrylic Manufacturing, Sonepat was checked by Deputy Director/Vigilance of the Board on 8th May 1987 when an unauthorised load of 192.24 BHP was detected. Accordingly, a surcharge of Rs.0.58 lakh at the rate of Rs.50 per BHP was charged (May 1987) for a period of six months for the unauthorised load. The consumer protested the computation of unauthorised load and the matter was referred (November 1987) to the Arbitrator. The Arbitrator decided (September 1992) that the unauthorised load of 145 BHP should be charged together with late payment surcharge.

It was, however, noticed in audit that neither penalty for unauthorised load together with late payment surcharge which worked out (October 1992) to Rs.1.58 lakhs, was recovered nor an application under Section 14(2) of the Arbitration Act was filed to make the award; rule of the court as of December 1993. The stipulated date for filing of the application had expired on 17 October 1992.

3.7 Installation and operation of meters

3.7.1 Non-recovery of meter installation charges

Sales Manual of the Board provided for recovery of installation charges, in case a consumer desired to instal his own meter. The Board never considered this and did not provide for the rate of recovery of meter installation charges in its schedule of general and service charges.

During the four years ended 1992-93, the Board released 6.03 lakh general service connections, against which the meters provided by the consumers for installation numbered 3.13 lakhs. Due to non-implementation of provision of Sales Manual, expenditure of Rs.31.71 lakhs incurred on installation of these meters could not be recovered.

3.7.2 Loss of revenue

(a) Terms and conditions of supply appended to the standard agreement with the consumer provide that account of a consumer where the accuracy of three-phase meter is found to be incorrect could be adjusted as per test results for a period not exceeding six months prior to the date of checking.

The meter of Haryana Steel Alloys, Murthal was checked during November 1988 and was found working normal. During the check/raid conducted on 2nd/3rd March 1989 by the M&P/Vigilance wing of the Board, consumer's meter was found slower to an extent of 21.37 *per cent* to which the consumer did not agree. Instead of installing a check meter pending replacement of defective meter, the supply of the consumer was disconnected. On the appeal of the consumer, the Board decided

(10 March 1989) to restore the supply to the consumer. Supply was restored to the consumer on 17 March 1989 and a check meter was installed on 19 May 1989. As a result of the checking, the meter was found slow by 6.94 *per cent*.

The consumer was charged Rs.1.25 lakhs on the basis of test results of 6.94 *per cent* slowness for the month of March 1989 only whereas consumer's account required overhauling from the date of previous checking i.e. from November 1988 to March 1989 for Rs.5.46 lakhs. The Board was put to a loss of Rs.4.21 lakhs.

(b) Premises of Sangra Rice Mills, Thol was checked (February 1985) by M&P staff and the meter was found running slow by 72 *per cent*. The account of the consumer was not correctly overhauled and a demand for Rs.0.17 lakh for 25288 units was raised against 125435 units worked out on the basis of 72 *per cent* slowness. The consumer challenged the demand in the court of Senior Sub Judge, Kurukshetra and obtained (September 1985) stay for recovery of demand charges. The court appointed (May 1987) the Chief Engineer (P&C) Hisar or his nominee as arbitrator and directed that the award be sent to the court within four months from the date of the order. The Chief Engineer (P&C) appointed (February 1988) Superintending Engineer ('Op'), Kurukshetra as arbitrator who announced his award in July 1988 on the basis of 72 *per cent* slowness of the meter.

Thereafter, the Board filed (July 1988) an application in the court of Senior Sub Judge, Kurukshetra for making the award, rule of the court. The court dismissed (11 May 1990) the case and set aside the award on the plea that the award was given in July 1988 after the stipulated time schedule of four months from the date of its decision (May 1987). The appeal filed (July 1990) in the court of District Judge, Kurukshetra by the Board was also dismissed (August 1993) on the ground that the appeal was barred by limitation. The non-compliance of Court's order resulted in loss of revenue of Rs.1.69 lakhs (including surcharge of Rs.0.85 lakh).

3.8 Power factor

(a) As per provision of sales circular issued in August 1981, large, medium and small industrial and agricultural supply consumers had to maintain power factor of not less than 85 *per cent*. In case of large supply industrial consumers, KVAH meters were installed to work out the actual power factor. If the actual power factor fell below 85 *per cent*, the consumers were to be charged a surcharge of half *per cent* on the billed amount for each one *per cent* decrease in power factor.

A test check in audit of large supply industrial consumers revealed that in case of 74 consumers, the average monthly power factor was less than 85 *per cent* during the period from February 1990 to November 1993 which resulted in loss of 5.22 MU's valued at Rs.85.06 lakhs. The amount recovered (Rs.25.97 lakhs) by the Board from these consumers on account of low power factor charge was not sufficient to cover the value of power lost (Rs.85.06 lakhs) due to fall in power factor.

(b) Medium and small industrial consumers were required (January 1985) to instal shunt capacitors to achieve the required power factor and a surcharge of Rs.4 per KW was to be levied in case of default. However, no provision for levy of surcharge was made by the Board for those cases where capacitors installed were inadequate/ defective and the power factor of 85 *per cent* was not achieved. In case of 241 medium supply connections under 14 operation Sub-divisions, shunt capacitors installed were inadequate/defective with the result the power factor remained below 85 *per cent*. As such, the Board could not levy capacitor surcharge of Rs.13.39 lakhs on these consumers during the period from April 1989 to November 1993.

(c) Monthly rentals at the prescribed rates were required to be charged from the agricultural consumers in cases where shunt capacitors were installed at Board's cost. It was seen in audit that 6978 shunt capacitors valued at Rs.10.58 lakhs procured between June 1989 and October 1991 were lying uninstalled (December 1993). Non-installation of these capacitors had resulted in non-recovery of rental charges aggregating to Rs.8.62 lakhs during the period from January 1992 to December 1993.

Reasons for non-installation of these capacitors though enquired (January 1994) by audit were not intimated. Responsibility for the lapse had also not been fixed by the Board (May 1994).

3.9 Interest on security deposits

The Central Electricity Authority (CEA) advised (April 1977) the Electricity Boards that interest on security deposits for energy charges should not be allowed to the consumers. There was nothing on record to show why action, as advised by the CEA, was not taken.

However, the Board stopped payment of interest on security deposits for energy charges with effect from October 1992. Due to delay in acting upon the advice of the CEA, the Board had to pay interest of Rs.910.55 lakhs to the consumers during the period from April 1988 to September 1992.

3.10 Non-levy of late payment surcharge

The fee for priority connections for tubewells at different rates depending upon the cable length was recoverable in two instalments i.e. 50 *per cent* of the amount along with the application and 50 *per cent* within six months of the release of connection. The Board did not make provision for payment of surcharge at the rate of two *per cent* per month for late payment of the balance fee.

During test check of records of 10 operation sub divisions, it was noticed that in 896 cases of tubewell connections released during April 1989 to January 1993, the recovery of 50 *per cent* charges was realised after a gap of 1 month to 45 months (after allowing grace period of six months) from the date of release of connections. In the absence of enabling provision, the Board could not realise surcharge to the extent of Rs.5.81 lakhs for the belated payments.

3.11 Non-recovery/short recovery of service rentals

Under the provisions of the Sales Manual of the Board, a consumer had the option either to pay the cost of material, labour and service line (in excess of 30.48 metres) in lump sum or to pay monthly service rentals as per schedule of general service charges.

During test check of records of five operation divisions, it was noticed that 4807 general service connections were released during the period from April 1990 to November 1993 with service lengths ranging from 40 to 425 metres. The Board had neither recovered Rs.2.81 lakhs on account of labour cost for laying service lines in excess of 30.48 metre length nor recovered service rental thereon which worked out to Rs.2.38 lakhs.

3.12 Temporary supply consumers

Sales Manual of the Board provides that monthly bills should be rendered regularly for payment and while granting temporary connections, it may be ensured that the amount of

security should be sufficient enough to cover the charges which might become due from the consumer if he did not make payment.

During test check of records of eight operation Sub-divisions, it was noticed that Rs.9.11 lakhs in respect of 260 temporary consumers were recoverable as on 31 December 1993 after adjusting the securities taken from them. As the connections already stood disconnected, the chances of recovery of Rs.9.11 lakhs were remote.

3.13 Electrification of colonies

The Board, for carrying out inspection and to ensure quality of material used in electrification, issued instructions (July 1987) to recover inspection charges at 1.5 *per cent* of the cost of electrification from the private colonisers.

Further, for first five years, cost of material required for maintenance of local distribution system and annual operation and maintenance charges at five *per cent* of the cost of electrification were also to be recovered yearly. These instructions were also made applicable (August 1988) to colonies developed by Haryana Urban Development Authority (HUDA) and Housing Board, Haryana.

The Board, with a view to ensuring the recovery, decided (March 1989) that yearly operation and maintenance charges leviable for five years be recovered in advance in lump sum at 25 *per cent* of the estimated cost. The instructions were further revised in May 1991 to the extent that in case of HUDA, maintenance charges would be recovered at five *per cent* annually till 90 *per cent* of the houses were provided with electric connections by the Board in the colony/sector.

It was observed in audit that the Board had not maintained any record centrally at its Headquarters to watch the progress of such recoveries and had not made any enabling provision for levy of interest charges where payment was delayed by the colonisers. A test check of records of Operation Sub-Urban Division, Gurgaon revealed that at the end of August 1993, 19 works for development of colonies were executed between 1987-88 and 1992-93 by seven colonisers. Against an amount of Rs.316.86 lakhs recoverable from the colonisers, the Board had recovered only Rs.143.91 lakhs leaving a balance of Rs.172.95 lakhs.

Out of Rs.172.95 lakhs, Rs.50.74 lakhs were outstanding for more than three years. The Board was unable to recover interest of Rs.36.53 lakhs for the period from April 1990 to March 1994 on outstanding inspection, operation and maintenance charges in respect of these colonies developed by colonisers as the Board had failed to provide the levy of interest on delayed payment of such charges.

3.14 Delay in raising demand in respect of deposit works

Accounts Manual of the Board provides for (i) recovery of estimated expenditure in lump sum or in instalments before starting the execution of deposit works and (ii) limiting of expenditure on deposit works to the amount of deposits received and immediate recovery of excess expenditure over the deposits received. It was seen in audit that provisions of the Accounts Manual were not being observed as discussed below :

(a) Under Operation Division, Ballabgarh, a sum of Rs.3.98 lakhs was deposited by five consumers of Faridabad during the period from January 1981 to May 1985 for arranging 11 KV independent feeders. The works were completed during

1986-87 at a cost of Rs.6.55 lakhs against the estimated cost of Rs.5.30 lakhs. The difference of Rs.2.57 lakhs was not recovered. Though, ommission was pointed out by Audit in December 1986, the Board preferred claims for Rs.2.57 lakhs only in September 1992, the recovery of which was awaited (July 1994). Had the Board recovered the outstanding amount of Rs.2.57 lakhs immediately on completion of the works, it could have saved Rs.3.24 lakhs on account of interest at the rate of 18 *per cent* per annum up to March 1993.

(b) Further, test check of records of nine operation divisions revealed that while 68 deposit works involving Rs.19.57 lakhs were executed up to 1990-91 without receipt of any deposit, in another 42 deposit works involving expenditure of Rs.93.12 lakhs incurred up to 1990-91, an amount of Rs.30.88 lakhs was still to be recovered (December 1993).

3.15 Collection and arrears from consumers

(a) The table below indicates balance outstanding at the beginning of the year, revenue assessed during the year, amount collected during the year and balance outstanding at the end of each of the five years up to 1992-93 :

Serial number	Particulars	1988-89	1989-90	1990-91	1991-92	1992-93
		(Rupees in crores)				
1.	Balance outstanding at the beginning of the year	96.81	136.65	189.89	263.10	342.53
2.	Revenue assessed during the year	324.34	368.47	451.27	525.91	647.01
3.	Total amount due for collection	421.15	505.12	641.16	789.01	989.54

Serial number	Particulars	1988-89	1989-90	1990-91	1991-92	1992-93
		(Rupees in crores)				
4.	Amount collected during the year	284.50	315.23	378.05	446.48	557.53
5.	Balance outstanding at the end of the year	136.65	189.89	263.10	342.53	432.01
6.	Percentage of collection to total due for collection	67.55	62.41	58.96	56.59	56.34
7.	Average monthly demand	35.10	42.09	53.43	65.75	82.46
8.	Balance at the end of the year in terms of months' demand	3.89	4.51	4.92	5.21	5.24

Thus, the balance outstanding at the end of each of the five years represented 3.89, 4.51, 4.92, 5.21 and 5.24 months' demand, respectively, which was indicative of the downward trend of realisation of revenue, thereby affecting ways and means position of the Board adversely. The percentage of recovery had also come down from 67.55 *per cent* in 1988-89 to 56 34 *per cent* in 1992-93.

(b) Amount in default

The conditions of supply of energy envisage that the arrears of revenue should not be allowed to accumulate. In case a consumer fails to make the payment of his dues by the due date, the supply of power to his premises should be disconnected. It was, however, noticed in audit that arrears of revenue were increasing from year to year as detailed below :

	Category of consumer	1989-90	1990-91	1991-92	1992-93
		(Rupees in lakhs)			
1.	Municipal committees and other local bodies	544.15	817.56	1512.47	2277.07
2.	Irrigation and public health departments	10973.97	15137.07	19264.36	27955.83
3.	HSMITC	1102.81	1477.74	1992.46	2461.10
4.	Other Government departments	919.63	2429.02	4174.16	339.47
		13540.56	**19861.39**	**26943.45**	**33033.47**
	Other consumers				
5.	General	306.64	966.45	1310.02	1916.96
6.	Agricultural	505.17	1138.21	1293.80	2173.75
7.	Industrial	1914.98	2534.68	2976.30	3741.64
8.	Others	246.95	362.29	326.53	0.75
		2973.74	**5001.63**	**5906.65**	**7833.10**
	Grand Total	**16514.30**	**24863.02**	**32850.10**	**40866.57**

From the above, it may be seen that amount of arrears increased from Rs.16514.30 lakhs in 1989-90 to Rs.40866.57 lakhs in 1992-93.

At the end of 1992-93, the age-wise break up of the amount in default where connections were disconnected and where connections were not disconnected was as under :

Age of outstanding	Amount outstanding		
	Against dis-connected consumers	Against connected consumers	Total
		(Rupees in lakhs)	
More than 6 years	499.56	9081.64	9581.20
3 to 6 years	291.35	11371.40	11662.75
Less than 3 years	1416.48	18206.14	19622.62
Total	**2207.39**	**38659.18**	**40866.57**

Out of default of Rs.40866.57 lakhs, Rs.2943.92 lakhs were recoverable from 3174 consumers whose cases were pending in courts/ with arbitrators whereas for recovery of another amount of Rs.507.83 lakhs due from 3794 consumers, demand notices under Haryana Government Electrical Undertakings (Dues Recovery) Act, 1970, were issued up to March 1993.

A few cases relating to default in recovery of dues are discussed below :

(i) Haryana Electro Steel Limited, Larsoli, a large supply industrial consumer, defaulted in paying monthly energy bills from June 1982. The payment was received in instalments in contravention of the Board's rules. The outstanding amount on account of energy bills increased from Rs.3.62 lakhs in June 1982 to Rs.21.47 lakhs in July 1984 after adjusting part payments

of Rs.51.07 lakhs made during the same period. The power supply of the consumer was disconnected in August 1984. After adjusting security deposit of Rs.one lakh, Rs.45.53 lakhs on account of energy charges (Rs.25.58 lakhs) and electricity duty (Rs.19.95 lakhs) were recoverable. On a petition filed by the Board, the Civil Court, Sonepat awarded (December 1987) a decree for recovery of Rs.45.53 lakhs along with interest at 12 *per cent* per annum from April 1984. Recovery had, however, not been made (March 1994).

(ii) Dabriwala Steel and Engineering Company, Faridabad was required to pay tariff in two parts viz. demand charges and energy charges based on actual metered consumption of energy.

In pursuance of the directions issued by the Supreme Court in 1975, the Board evolved a formula according to which proportionate relief was given to the consumer in the demand charges, based on normal monthly consumption of non-power cut period and of power cut period.

Against the monthly bills raised by the Board for demand charges and energy charges, the consumer made the payment of energy charges up to January 1983 but challenged the payment of demand charges (which had accumulated to Rs.10.15 lakhs) in the Supreme Court on the plea that normal consumption of scheduled power cut did not include unannounced power cut, load restrictions imposed by Bhakra Beas Management Board (BBMB), peak load restrictions and break-downs, etc., from time to time. The Supreme Court in its order (24 January 1983) granted stay for the recovery of demand charges and advised the Board to examine the power cut formula evolved by it. Though, stay was not granted for recovery of the energy charges, the consumer was allowed to make part payment of energy charges from February 1983. The outstanding amount on account of energy charges increased from Rs.2.46 lakhs in February 1983 to

Rs.34.88 lakhs in May 1985 after adjusting part payments of Rs.74.14 lakhs made during the same period. The power supply was permanently disconnected in May 1985 due to non-payment of energy charges. Thus, neither the Board examined the power cut formula evolved by it as per orders of the Supreme Court nor took any steps to get the stay vacated. After adjusting security deposit of Rs.4.04 lakhs, recoverable amount at the end of November 1985 was Rs.42.01 lakhs (Energy charges: Rs.34.88 lakhs and Electricity duty : Rs.7.13 lakhs) excluding demand charges. Chances of recovery were remote as on an application made by the Company for its rehabilitation under Sick Industrial Companies (Special Provisions) Act, 1985, the Board for Industrial and Financial Reconstruction had observed (May 1993) that the Company had become technically, economically and commercially a non-viable Company on account of its large accumulated losses and liabilities and should be wound up.

(iii) Ajit Cinema, Gurgaon did not make payment of bill for the months from August 1984 to April 1985. The Sub Divisional Officer did not disconnect its connection and continued to accept part payments. The amount in default accumulated to Rs.4.24 lakhs up to October 1993.

Action against the concerned Sub Divisional Officer for his failure to disconnect the connection had not been taken by the Board (April 1994).

3.16 Cash management

The Board had opened 210 deposit accounts in 11 nationalised banks in the field offices for depositing revenue collections. The collecting branches were required to transfer

3.17 Misappropriation of revenue

To curb the tendency of misappropriating Board's money by employees, the Board issued instructions in June 1982 that Upper Divisional Clerks and Engineers-in-charge of sub divisions should check, 100 *per cent* and 10 *per cent*, respectively, of the posting of cash realised by the cashiers with the consumers' ledgers posted by ledger clerks. The Engineer-in-charge is required to ensure that the total monthly realisation of cash as posted in the consumers' ledger agrees with the total monthly receipts as per Consumers Cash Receipt Book (CCR Book) and that the unpaid balances against the defaulting consumers are carried forward. The Engineer-in-charge is also required to verify the remittance of cash to the bank as shown in the cash book with reference to the receipted copy of the pay-in-slip and initial the cash book against the entry as well as the pay-in-slip and remittance register.

It was noticed in audit that the required checks were not being exercised by the concerned Upper Divisional Clerks/Engineers-in-charge of the sub divisions. Consequently, in four sub divisions (in 3144 cases) receipts amounting to Rs.101.17 lakhs had been misappropriated by Cashiers/ledger Clerks/Commercial Assistants/ Revenue Accountants between July 1985 and December 1992 by quoting fake receipts in consumers' ledgers (88 cases : Rs.50.24 lakhs), by short/non-accountal of amount of bills received from the consumers (209 cases : Rs.6.26 lakhs), by less totalling of CCR Book (33 cases : Rs.3.01 lakhs), by less/non-transferring of amount from CCR Book to Revenue cash book (2716 cases : Rs.15.63 lakhs), by omitting to carry forward outstanding balance (89 cases : Rs.24.32 lakhs) and less/non-remittance of cash into bank accounts (9 cases : Rs.1.71 lakhs).

The Board's cash receipts of Rs.101.17 lakhs from consumers were misappropriated by cashiers and others in four Sub-divisions between July 1985 and December 1992 as the Engineers-in-charge/Upper Division Clerks failed to carry out the required checks on the posting of cash realisations with the consumers' ledgers.

3.18 Robbery of cash

To avoid chances of robbery, instructions issued (June 1985) by the Board for depositing cash into bank require that Sub-Divisional Officer would provide Board's vehicle, police escort and Peon/Chowkidar to the cashier for accompanying him to the bank. The instructions were, however, not being followed in field offices.

Test check of records revealed that on 20 June 1991, a lineman under Kirmich Sub Office was deputed to deposit Rs.0.79 lakh. Out of this, Rs.0.77 lakh in a hand bag and balance Rs.0.02 lakh were kept in pocket. On the way to the bank, three miscreants snatched (20 June 1991) the hand bag and fled away. First information report (FIR) of the robbery was lodged (20 June 1991) with the police who declared the miscreants untraceable.

Similarly, on 17 November 1992, cashier and a daily wage worker of Operation Sub-Division No. 2, Faridabad were deputed to deposit Rs.1.74 lakhs in the bank. While the officials were on the way to bank on a moped, two miscreants snatched (17 November 1992) the brief case containing the cash at pistol point and fled away. An FIR was lodged with the police on the same day. Results of police investigation were awaited (April 1994).

Thus, due to non-observance of the instructions, the Board was put to a loss of Rs.2.21 lakhs.

Responsibility for the lapse and the loss had not been fixed by the Board (April 1994).

The above matters were reported to the Board and Government in June 1994; their replies had not been received (November 1994).

CHAPTER IV

MISCELLANEOUS TOPICS OF INTEREST RELATING TO GOVERNMENT COMPANIES AND STATUTORY CORPORATIONS

CHAPTER IV

4. Miscellaneous topics of interest relating to Government companies and Statutory corporations

A - GOVERNMENT COMPANIES

4.1 Haryana State Minor Irrigation and Tubewells Corporation Limited

4.1.1 Avoidable payment of energy charges

The Company had installed a number of tubewells for augmentation of water supplies in canals according to the requirement of the Irrigation Department. Minimum energy charges i.e. meter rent, service line charges, etc. were to be paid to the Haryana State Electricity Board (Board) by the Company in case the tubewells were not put to use.

A test check in audit revealed that in Karnal Tubewell Division of the Company, 132 number augmentation tubewells having independent meters were not put to use since 1984-85 for want of demand from the Irrigation Department and the Company continued to pay minimum energy charges on these tubewells. This matter was brought to the notice of the Management by Audit in January 1990 and December 1991 but action to get the electricity connections disconnected was not taken by the Company. The Company initiated action in January 1992 and got these disconnected between July and October 1992. By that time, the Company had paid a sum of Rs.9.20 lakhs for the period from April 1985 to October 1992 for which the Company derived no benefit. Due to the laxity of the Division, the Company had to make avoidable payment of energy charges of Rs.9.20 lakhs.

The matter was reported to the Company and Government in July 1994; their replies had not been received (November 1994).

4.1.2 Unfruitful expenditure on lining of a watercourse

The Company, under a World Bank sponsored project, lined a watercourse at RD 7168-R Jahangirpur Minor in April 1986 for a length of 10490 feet at a cost of Rs.2.44 lakhs as against the total length of 11719 feet at an estimated cost of Rs.2.89 lakhs. The watercourse could not be completed up to full length because beneficiaries disputed its alignment. To avoid leakage of water from the watercourse, a sum of Rs.0.02 lakh was spent in January 1988 on special repairs. Even then the beneficiaries continued to complain about the faulty construction of the watercourse. The Sub Divisional Officer, Rohtak intimated (July 1991) that the watercourse required remodelling as there were differences between the constructed bed level and the designed bed level. The bed level was constructed 0.02 metre to 0.20 metre lower than the designed level.

In order to redress the grievances of the beneficiaries, the Executive Engineer, Rohtak submitted (March 1992) an estimate for Rs.1.65 lakhs for special repairs through Superintending Engineer, Rohtak in July 1992 to the Chief Engineer (Lining) Chandigarh. The Chief Engineer desired (July 1992) to fix the responsibility for wrong construction and asked to submit a proposal for remodelling of the watercourse. While the matter regarding fixing of responsibility was under process, the Executive Engineer submitted (October 1992) a revised estimate of Rs.2.13 lakhs for special repairs (including labour

component) as beneficiaries were not coming forward to provide voluntary labour as was being done earlier.

The Chief Engineer accorded (February 1993) administrative approval for special repairs subject to the condition that expenditure would be recovered from the defaulters after disciplinary proceedings. Two Sub–divisional officers responsible for faulty construction had already retired (July 1992) and two junior engineers were to be chargesheeted for their lapse (July 1994). The work of special repairs had not been taken up (April 1994).

Due to faulty construction, the watercourse could not be put to use from the very beginning and resulted in unfruitful expenditure of Rs.2.46 lakhs incurred on its lining.

Neither the work of repairs/remodelling was taken up nor any action against the delinquent officials taken (June 1994).

The matter was reported to the Company and Government in June 1994; their replies had not been received (November 1994).

4.2 Haryana Breweries Limited

4.2.1 Sale without any security and non-pursuance of debt

The Company was supplying beer to a firm of Swai Madhopur on terms of sale approved by the Company from time to time. Formal agreement was not entered into with the firm. Even bank guarantee or security was not obtained from the firm to safeguard the Company's interest.

A test check in audit revealed (December 1993) that the Company supplied 3475 dozen bottles of beer valued at Rs.4.15 lakhs to the firm during the period from May 1991 to October 1991. The firm paid (September/October 1991) a sum of Rs.1.12 lakhs by cheque and Rs.1 lakh by two bank drafts. The cheque for Rs.1.12 lakhs was dishonoured by the firm's banker, thereby leaving an outstanding balance of Rs.3.15 lakhs against the firm. No legal action was, however, taken against the firm for dishonoured cheque.

The firm ceased on 31 March 1993 to be a licensee on the implementation of new excise policy (1993-94) and was not traceable.

The recovery of outstanding amount was not pursued with the firm by the Company during the period from November 1991 to March 1993. The outstanding amount of Rs.2.68 lakhs (after allowing rebate aggregating Rs.0.47 lakh) was written off by the Board in August 1993.

Thus, due to non-obtaining bank guarantee/security and non-pursuance of recovery of outstanding amount from the firm, the Company was put to a loss of Rs.2.68 lakhs.

The matter was reported to the Company and Government in June 1994; their replies had not been received (November 1994).

employer by way of penalty such damages not exceeding the amount of arrear, as may be specified in the scheme provided that before levying and recovering such damages, the employer shall be given a reasonable opportunity of being heard.

Shoe Production Centre, Karnal, a unit of the Company set-up in February 1973, came under the purview of Employees' Provident Funds and Miscellaneous Provisions Act, 1952 with effect from March 1976.

The provident fund authorities determined the amount due from the Company's unit under Section 7-A of the Act, ibid, in February 1980 (Rs.1.59 lakhs), March 1981 (Rs.0.21 lakh), December 1981 (Rs.0.21 lakh) and October 1983 (Rs.0.80 lakh) for the periods from March 1976 to June 1979, July 1979 to May 1980, June 1980 to July 1981 and August 1981 to April 1983, respectively. Against the dues of Rs.2.81 lakhs, the Company deposited a sum of Rs.1.01 lakhs (Rs.0.43 lakh in August 1980, Rs.0.42 lakh in June 1984 and Rs.0.16 lakh in July 1986) leaving a balance of Rs.1.80 lakhs. The provident fund authorities asked (November 1987) the Company to deposit a sum of Rs.1.80 lakhs on account of arrears of Provident Fund contributions. The Company deposited (November 1990) only employer's share amounting to Rs.0.90 lakh and requested for waiver of employees' share on the ground that it was not deducted and that employees had left the service and their whereabouts were not known. The Regional Provident Fund Commissioner did not accept the plea of the Company and levied (October 1991) damages of Rs.1.96 lakhs (including administrative charges) for non-depositing the amount in time. The amount was deposited in May 1992 under protest. The Company, however, did not file appeal with the Appellate Authorities under the Act.

Thus, the Company had to pay damages of Rs.1.96 lakhs which could have been avoided had the Company deposited employer's and the employees' contribution towards provident fund, family pension and deposit-linked insurance contribution and administrative charges within 15 days of the close of every month as provided in Section 6 of the Act, ibid.

The matter was reported to the Company and Government in May 1994; their replies had not been received (November 1994).

4.4 Haryana State Small Industries and Export Corporation Limited

4.4.1 Loss in exports

The Company procured an export order of scientific instruments and laboratory equipments at CIF value of Rs.76.08 lakhs in December 1989 from Director, Projects Implementation Unit (PIU), Nairobi (Kenya). The Company envisaged a net profit of Rs.2.70 lakhs after considering various components of expenditure and income. The export order was executed by the Company in December 1990.

The Director, PIU, Nairobi (Kenya) also placed (March 1991) an additional order of CIF value of Rs.25.36 lakhs on which the Company anticipated a profit of Rs.1.32 lakhs. The supply against the order was completed in May 1991.

While working out the economics of the two transactions, the Company had taken into account the likely receipt of Cash Compensatory Support (CCS) of Rs.5.60 lakhs and Rs.1.79 lakhs on these orders from Government of India, considering that the goods fall under the classification where CCS at the rate of eight *per cent* was admissible as per the

prevalent CCS list. However, it was not ensured whether any CCS was admissible on items falling under these export orders. The Company preferred claims of CCS for Rs.6.76 lakhs in March 1991 (Rs.4.98 lakhs) and September 1991 (Rs.1.78 lakhs) which were rejected (March 1992) by the Joint Chief Controller of Imports and Exports, Ministry of Commerce, Ludhiana on the ground that the items exported were normally used in laboratory experiments and were not eligible for CCS with effect from I April 1989. Appeal made (May 1992) by the Company was rejected (February 1993) by the Chief Controller of Imports and Exports, Ministry of Commerce, New Delhi on the ground that items exported were educational aids and not eligible for CCS. The Company had, therefore, sustained a net loss of Rs.4.39 lakhs due to increase in expenditure and non-receipt of CCS as wrongly envisaged in the projections.

The matter was reported to the Company and Government in July 1994; their replies had not been received (November 1994).

4.5 Haryana Agro Industries Corporation Limited

4.5.1 Loss in the sale of Sarson-ka-saag

The food and fruit processing plant of the Company at Murthal, engaged in the production of various food and fruit products for sale at home and abroad since July 1976, offered (April 1992) its rate FOR destination exclusive of excise duty and sales tax for supply of Sarson-ka-saag (Saag) at Rs.24.32 per Kg. packed in cans, in response to a tender inquiry floated by the Army Purchase Organisation, New Delhi (defence authorities). On acceptance of offer (May 1992) by the defence authorities, the Company agreed to supply 85 tonne Saag in November 1992 (40 tonnes) and December 1992 (45 tonnes) as per ASC Specification No.197. The Company also furnished (July 1992) a bank guarantee of Rs.2.07 lakhs in favour of the defence authorities for fulfillment of the contract.

As the Company failed to supply 40 tonne Saag in November 1992, the defence authorities extended (8 December 1992) the delivery period (of 40 tonnes) up to 31 January 1993 without prejudice to the rights and remedies available to them under the terms and conditions of the contract.

The Company offered 70.65 tonne Saag for inspection between December 1992 and February 1993. The defence authorities rejected the material as its samples did not conform to the ASC Specification.

The defence authorities, however, agreed (April 1993) to accept 45.46 tonne Saag on 20 *per cent* price reduction in writing. The Company agreed (May 1993) for reduction in price which worked out to Rs.2.21 lakhs. Besides, the defence authorities levied a penalty of Rs.0.52 lakh for late delivery of the material. Out of total quantity of 70.83 tonnes produced, 23.82 tonne Saag (excluding quantity of 1.55 tonnes sold and issued as samples) valued at Rs.5.79 lakhs was awaiting its disposal (July 1994).

Thus, the Company had to bear a loss of Rs.2.73 lakhs due to non-production of the Saag conforming to ASC Specification No.197 and delayed supply.

Responsibility for the lapse and the loss had not been fixed by the Management (July 1994).

The matter was reported to the Company and Government in June 1994; their replies had not been received (November 1994).

4.6 Haryana Seeds Development Corporation Limited

4.6.1 Extra expenditure

Tenders for purchase of 3.50 lakh jute bags were opened on 18 January 1991. The order for 3.25 lakh jute bags was placed (23 January 1991) at the rate of Rs.839 per 100 bags offered by firm 'A' of Calcutta and was accepted by the firm on the same day. Terms and conditions of the purchase order/NIT, inter alia, provided as under:

- The contract for supply shall be deemed to come into existence on the date the supply order is issued;

- The supplier will deposit five *per cent* security amount (including earnest money) of the total value of the order within 10 days of issue of purchase order failing which it shall be lawful for the Company to forfeit the earnest money and cancel the order without giving any notice; and

- In case of non/defective/short/delayed supplies, the Company shall be entitled at its discretion to impose penalty of two *per cent* of the total value of unexecuted order per week or part thereof subject to a maximum of 20 *per cent* and effect risk purchase at the cost of the supplier.

As the firm did not deposit security, the Company issued (15 February 1991) a telegram for depositing the balance amount (Rs.0.75 lakh) failing which order would be cancelled and earnest money forfeited without prejudice to the right of the Company to take any action in accordance with the terms and conditions of the purchase order but no response was received.

The Company cancelled (12 March 1991) the purchase order and forfeited the earnest money of Rs. 0.61 lakh but it did not give notice of risk purchase to the firm.

To meet with the requirement of jute bags, short term tenders were invited and opened on 19 March 1991. The order was placed (26 March 1991) at the lowest negotiated rate of Rs.925 per 100 bags with firm 'B' of Calcutta for 3.25 lakh bags. 324866 bags were procured between April and June 1991 at an extra expenditure of Rs.2.79 lakhs.

Failure of the Company to effect risk purchase resulted in an extra expenditure of Rs. 2.18 lakhs.

The Company stated (July 1994) that since the party failed to deposit the security amount, supply order did not become a valid contract and the Company could not insist for risk purchase and the earnest money was forfeited by the Company. The reply is not tenable because as per terms and conditions, the contract for supply came into existence on the date of issue of supply order and in case of non-supply, the Company could effect purchase at the risk and cost of the supplier.

The matter was reported to Government in May 1994; reply had not been received (November 1994).

B - STATUTORY CORPORATIONS

4.7. Haryana State Electricity Board

4.7.1 Extra expenditure on the acquisition of land

On the request of the Board, the Gram Panchayat, Adampur resolved on 8th November 1982 to sell 4.25 acres of land at the then prevalent market rates. The possession of the land was taken in November 1982 by the Board.

The Board, after two years, requested (November 1984) the DC, Hisar to intimate the market rate of the land prevailing during 1982-83. The DC, Hisar intimated (October 1985) the rate of land at Rs.0.20 lakh per acre. The Board requested (March 1986) the Gram Panchayat to receive the payment and get the land registered in favour of the Board.

The Gram Panchayat declined (March 1986) to accept the payment and demanded Rs.0.50 lakh per acre. The Superintending Engineer, Construction, Hisar directed (April 1986) the Executive Engineer, Civil Works Division, Hisar to deposit the amount at the rate of Rs.0.20 lakh per acre with the DC, Hisar for onward disbursement to the Gram Panchayat but no action was taken by the latter to deposit the amount. The Gram Panchayat resolved in February 1988 and March 1988 to sell the land at Rs.1 lakh and Rs.1.04 lakhs per acre, respectively. Subsequently, the Chairman of the Board directed (March 1993) to ascertain latest prevailing market rates and make payment to the Gram Panchayat. The Executive Engineer, Civil works, Hisar after ascertaining the prevalent market rate from the DC, Hisar made payment (November 1993) aggregating Rs.13.81

lakhs at the rate of Rs.3.25 lakhs per acre prevailing during June 1993. The extra expenditure on the purchase of land worked out to Rs.11.30 lakhs (excluding the cost of land and interest thereon).

The Board had taken 11 years in settling the payment of land. Thus, due to non-finalisation of the sale at the time of possession of land in November 1982, the Board had to incur an extra expenditure of Rs.11.30 lakhs in the purchase of land.

The matter was reported to the Board and Government in August 1994; their replies had not been received (November 1994).

4.7.2 Avoidable payment of penal interest

The Board has been obtaining cash credit facility from State Bank of Patiala (hereinafter referred to as Bank). As per the directives of Reserve Bank of India, the borrower enjoying credit facilities for its working capital, was required to submit quarterly statements of stocks and store in the proforma prescribed by Bank, under the Quarterly Information System (QIS) to the Bank and also to furnish and verify statements, reports, returns, certificates and information as required by the Bank.

The Bank requested the Board from time to time to submit stock statements under QIS. The Board, however, requested (September 1987) the Bank to take up the matter of submission of returns with Reserve Bank of India as it was not in a position to supply quarterly statements because its accounts were being compiled at the end of financial year. This plea was not accepted by the Bank and Board was asked (November 1988) to submit the quarterly information statements regularly within the [illegible] time periods failing which penal interest at the rate of [illegible] per cent per annum on the daily balances of loans outstanding was to be charged by the Bank.

The Board did not file the statements containing these [illegible] for the last three quarters ended March 1991 within the prescribed time. The Bank debited (May 1991) Board's account with penal interest aggregating Rs 5.90 lakhs. Subsequently, the Board started submitting the return under QIS regularly.

Thus, failure of the Board to submit quarterly information statements as agreed to with the Bank while availing cash credit resulted in avoidable payment of penal interest amounting to Rs 5.90 lakhs.

In reply to an Audit query, the Board stated (September 1993) that the matter for refund of penal interest had been taken up (June 1991) with the Bank. The refund had, however, not been made by the Bank (February 1994).

The matter was reported to the Board and Government in May 1994; their replies had not been received (November 1994).

4.[illegible].3 Avoidable payment of commitment charges

In order to execute various development schemes, the Board had been getting loans from Power Finance Corporation Limited (PFC) on the terms and conditions which, inter alia, provided that in the event of the Board not drawing the entire loan, the PFC would recover commitment charges at the rate of one per cent per annum on the amount remaining undrawn from the date of agreement.

A test check of two loan cases sanctioned by PFC during July 1991 and June 1992 revealed that as against loan amount of Rs.14.71 crores scheduled to be drawn in instalments by the end of March 1993, the Board was able to draw only Rs.9.83 crores between July 1991 and March 1993 and Rs.3.98 crores between May 1993 and September 1993 resulting in short drawal of Rs.0.90 crore till October 1993. The Board had to pay commitment charges amounting to Rs.6.45 lakhs up to November 1993 on the undrawn amount of loan. Reasons for non-drawal of loans though called for (November 1993) by Audit were not intimated by the Board.

Had the Board correctly assessed the requirement of loans and drawn accordingly, the payment of commitment charges to the extent of Rs.6.45 lakhs could have been avoided.

The matter was reported to the Board and Government in May 1994; their replies had not been received (November 1994).

4.7.4 Loss due to non-replacement/delay in dismantlement of copper conductor

To prevent theft of costly material, the Board decided (July 1972) that the copper conductor lines in the field be replaced with Aluminium Conductor Steel Reinforced (ACSR). Accordingly, instructions were issued to all engineering officers of Operation organisation in July 1973.

Executive Engineer, Operation division I, Hisar did not comply with the instructions of the Board till August 1989. In October 1989, he requested Chief Engineer (Planning), Panchkula to accord approval for dismantlement of Hisar-Agroha 33 KV copper conductor line which was idle since January 1984.

Chief Engineer (Planning) observed (November 1989) that Hisar-Agroha-Adampur line would be required to feed 33 KV Sub station, Siswal.

In view of the decision of the Chief Engineer (Planning), the Executive Engineer Operation Division I asked (January 1990) the Sub station Engineer to frame a special estimate for replacement of copper conductor with ACSR conductor for getting the same sanctioned and arranging for the ACSR conductor, but no estimate was framed by the Sub station Engineer. Thefts of conductor took place in September 1990 (2695 metres), October 1991 (3816 metres) and January 1992 (4437 metres) valued at Rs.1.11 lakhs, Rs.1.59 lakhs and Rs.1.83 lakhs, respectively. Complaints of thefts were lodged with the police from time to time but no trace of culprit/material could be found by the police.

An estimate for Rs.8.73 lakhs for dismantlement of the line beyond tap off point was sanctioned in April 1993 and work for dismantlement was completed by September 1993.

Non-compliance of instructions of the Board in the first instance and inordinate delay in dismantlement of the line subsequently resulted in a loss of Rs.4.53 lakhs to the Board.

The matter was reported to the Board and Government in June 1994; their replies had not been received (November 1994).

4.7.5 Avoidable extra expenditure

Tenders for the supply of various sizes (21) of copper strips were opened on 14 December 1990. Six firms with validity period of 90 days, tendered their rates. The offer of M/s Bee Kay Conductors, Delhi (firm 'A') was found to be the lowest for 15 sizes. The Board requested (7 March 1991) all the firms to extend their validity up to 31 March 1991. Two firms did not respond, firm 'A' declined on 9 March 1991 to extend its validity period beyond 13 March 1991 and the other three firms extended their validity.

The Management decided to purchase on 14 March 1991, eleven sizes of copper strips from firm 'A' at its quoted rates. A telegraphic order was issued on 14 March 1991 followed by a detailed purchase order on 15 April 1991 on firm 'A' which refused (18 March 1991) to accept the order as the validity period of its offer had expired.

Subsequently, the Board procured between October 1991 and September 1992 from two firms, after retendering, the copper strips incurring a total extra expenditure of Rs.4.62 lakhs.

Thus, non-placement of the purchase order on firm 'A' within the validity period resulted in an avoidable extra expenditure of Rs. 4.62 lakhs.

The matter was reported to the Board and Government in May 1994; their replies had not been received (November 1994).

4.7.6 Extra expenditure due to non-availing of concessional loan and locking up of funds

A computer system was to be established by the Board for study and analysis of its distribution system under a scheme of Rural Electrification Corporation (REC) for

improving the quality of services in rural distribution. Under the Scheme, the REC approved (February 1988) a total loan assistance of Rs.25 lakhs at the concessional interest rate of 10.25 *per cent* per annum. The capital expenditure was to be reimbursed by REC on submission of requisite documents. The Scheme was to expire in March 1990

The Board procured the computer system from a Chandigarh firm in January 1990 at an aggregate cost of Rs.14.45 lakhs which was installed in June 1990. Action was not taken for availing of loan at lower rate of interest even in January 1990 by submitting the related documents to REC. As the Scheme expired in March 1990 the entire expenditure was met from cash credit account at 18 *per cent* interest.

It further came to notice in audit that out of the complete system, one digitiser and one plotter purchased (May 1990) at an aggregate cost of Rs.3.07 lakhs and the specially designed software packages CAPSI and AUTOCAD costing Rs.1.30 lakhs were not put to use since their installation in June 1990 except for training imparted by the supplier to engineering staff of the Board in the use of software packages. The engineering staff, however, failed to use the hardware as well as the software packages. The Board had paid annual maintenance charges on digitiser and plotter of Rs.0.75 lakh for the period from August 1991 to July 1993. The Board decided (July 1993) to dispose of the equipment costing Rs.4.37 lakhs. However, the equipment were still lying idle and awaiting disposal (July 1994).

Thus, due to non-availing of the funds at concessional rate of interest and non-use of equipment worth Rs.4.37 lakhs, the Board had to pay excess interest of Rs.6.27

lakhs up to June 1994, apart from locking up its funds amounting to Rs.4.37 lakhs.

The matter was reported to the Board and Government in August 1994; their replies had not been received (November 1994).

4.7.7 Avoidable expenditure

On instructions of the Board, a 10/16 MVA 132/33 KV transformer installed at 220 KV Sub-station, Narnaul was dismantled and shifted to Dabwali in July 1993 on damage of a transformer of 16/20 MVA capacity at Dabwali. On its shifting, the existing load at Narnaul was transferred on to 132 KV Sub-station, Mohindergarh. Within a few days of its shifting to and installation at Dabwali, but before it could be energised there, the transformer was reshifted to Narnaul where another transformer had got damaged in the meanwhile. On its re-shifting, the load of the damaged transformer at Dabwali was fed from Sub-station, Sirsa. The shifting and re-shifting of the transformer involved an expenditure of Rs.0.99 lakh on transportation, dismantlement and installation.

Further, when the transformer was put on dehydration before energisation at Narnaul, its insulating resistance value was found to be very low. As such, the entire oil of the transformer had to be changed at a net cost of Rs.2.40 lakhs (the cost of fresh transformer oil: Rs.3.05 lakhs minus the disposable value of the oil replaced: Rs.0.65 lakh). The transformer was finally energised at Narnaul on 29 August 1993.

It would be observed from the above that load of the damaged transformer at Dabwali could initially also have

been fed from Sub-station, Sirsa. The shifting and re-shifting of the transformer from Narnaul to Dabwali and back was thus avoidable and had resulted in an avoidable expenditure of Rs.3.39 lakhs.

The matter was reported to the Board and Government in August 1994; their replies had not been received (November 1994).

4.7.8 Loss due to theft of material of abandoned work

The work of construction of 66 KV, 16 Km. long Palwal Hathin line, taken up in August 1990, was abandoned (June 1993) after completing 21 out of 57 locations for which 16 km. Aluminium Conductor Steel Reinforced (ACSR) was sagged. The work was abandoned (June 1993) due to diversion of allocated ACSR for some other emergent work in Ambala Division in May 1993.

The partly constructed line was not energised. In the meantime, thefts took place and 4990 metres of ACSR valued at Rs.2.08 lakhs were stolen between March 1994 and June 1994. The matter of thefts was reported to the Police authorities from time to time but their findings were still awaited (July 1994).

Thus, non-energisation of the sagged line on low voltage resulted in theft of conductor from the line resulting in loss of Rs.2.08 lakhs to the Board.

The matter was reported to the Board and Government in August 1994; their replies had not been received (November 1994).

4.7.9 Avoidable payment of project allowance

The Board sanctioned (February 1981) project allowance from November 1979 at the rate of ten *per cent* and five *per cent* to the staff directly and indirectly connected with planning and construction (P & C) works, respectively.

Under these orders, staff working in P&C organisation were drawing the project allowance. However, the administrative control of the Carrier Communication division was transferred with effect from 13 December 1984 from Maintenance and Protection (M & P) circle to Carrier circle under the Chief Engineer (P & C). The employees working in the Carrier Communication division too were allowed (January 1985) project allowance provisionally from December 1984 by the Superintending Engineer, Carrier circle, Hisar pending final decision of the full Board. The Whole Time Members of the Board after considering the issue of project allowance directed (November 1985) to stop the payment of the allowance to the staff of the aforesaid division forthwith. On that basis, the Superintending Engineer ordered (December 1985) to stop payment of the allowance and further directed to recover the amount already paid. Against the orders of the Superintending Engineer, some of the employees appealed (January 1986) in the Labour Court. The Court decided (August 1988) the case in favour of the employees on the plea that whereas original orders for grant of the allowance were issued with the approval of the full Board while the recovery orders were issued by the Superintending Engineer without Board's approval. The Board filed (October 1988) an appeal in the District Court. While, upholding the decision of the Labour Court, the District Court observed (March 1991) that the issue, whether the applicants were entitled to the amount claimed was not challenged in the appeal. Further appeal was not filed by the Board. An amount of Rs.1.62 lakhs was paid (December 1984 to March 1990) as

project allowance to staff of the Carrier Communication division and Rs.0.03 lakh was incurred as legal charges.

However, the Board modified the original orders of February 1981 and decided (July 1990) to grant project allowance to staff exclusively engaged with construction of Carrier System from April 1990.

Thus, due to defective orders issued and not challenging the entitlement of project allowance in the appeal, the Board incurred an avoidable expenditure of Rs.1.65 lakhs.

The matter was reported to the Board and Government in May 1994; their replies had not been received (November 1994).

4.8 Haryana Warehousing Corporation

4.8.1 Extra expenditure on purchase of land

The Corporation had generally been acquiring land for construction of godowns through acquisition proceedings under the Land Acquisition Act, 1894, through the Collector (district Deputy Commissioner). After selection of site, a notification to acquire land under section 6 of the Act, ibid, is published by the Agriculture Department. Subsequently, the Collector determines the price of the land on the basis of prevailing market rates and announces his award under section 12 of Act.

It was noticed in audit that without referring the case to the Collector for acquisition of land, the Corporation directed (October 1991) the Manager, incharge of its warehouse at Pundri to select a piece of land, preferably Panchayat land, for construction of a godown. On being requested by the Manager, the Gram Panchayat, Nissing (Karnal district), passed (February 1992) a resolution to sell 4.4 acres of land to the Corporation at rates to be approved by the Deputy Commissioner (DC). The DC, Karnal, fixed the rate at Rs.1.15 lakhs per acre after taking into account the prevailing market rates and sought (November 1992) approval of the Director, Development and Panchayats, Haryana, for sale of the land. The Commissioner and Secretary, Development and Panchayats, Haryana, however, increased (December 1992) this rate to Rs.1.75 lakhs per acre on the grounds that the rate fixed by the DC was on the lower side. The reasons as to how the rate fixed by DC was lower were not enquired by the Corporation and were also not available on record with the Director, Development and Panchayats. The payment for the land was made by the Corporation in February 1993.

The action of the Corporation to accept the enhanced rate without any justification and its failure to go in for acquisition of land under the Act resulted in an extra expenditure of Rs.2.64 lakhs.

The matter was reported to the Corporation and Government in August 1994; their replies had not been received (November 1994).

4.8.2 Avoidable expenditure on construction of godown

The work of construction of a godown of 15000-tonne capacity, ancillary buildings, roads and boundary walls at Kaithal at an estimated cost of Rs.54 lakhs based on quantities of various items as per standard specification, was awarded

(September 1987) to a contractor of Sonepat for Rs.51.86 lakhs with a completion schedule of 12 months from 4 October 1987. The detailed estimates of quantitites for various items of work, based on survey of the site was, however, not prepared and included in the agreement before allotment of the work. The agreement with the contractor, inter alia, provided that in case of non or part execution of work, the unexecuted work would be got completed at the risk and cost of the contractor, besides forfeiture of the security deposit.

The contractor abandoned (23 July 1990) the work after completing the job consisting of the main godown for Rs.59.86 lakhs (tendered cost: Rs.41.60 lakhs). The risk and cost clause and forfeiture of security (Rs.2.83 lakhs) could not be enforced by the corporation mainly because of non-inclusion of quantities for various items, based on survey of site. It was observed in audit that increase in the volume of work to the extent of Rs.18.26 lakhs in the construction of the main godown alone was due to the site being low-lying which the Corporation had failed to take into account.

The left-over work valued at Rs.10.26 lakhs was allotted (April 1992), after inviting tenders in February 1992, to another contractor who completed (November 1992) it at a cost of Rs.16.47 lakhs.

Thus, non-preparation of detailed cost estimates, quantity wise for various items of work, based on survey of the site had resulted in an extra expenditure of Rs.6.21 lakhs.

The matter was reported to the Corporation and Government in August 1994; their replies had not been received (November 1994).

4.8.3 Loss of interest on loan to Sugarfed

As per sanction of the State Government (6 March 1991), the Corporation advanced (26 March 1991) a loan of Rs.100 lakhs to Haryana State Federation of Co-operative Sugar Mills Limited, Meham (Sugarfed) for a period of 14 months with interest at 16 *per cent* per annum, equivalent to the rate of interest then being paid by the Corporation to the bank on cash credit (CC) limit being availed of by it.

Since the bank raised the rate of interest chargeable on CC, first to 17 *per cent* from 13 April 1991, and thrice thereafter, to 21.75 from 9 October 1991, the Corporation requested (January 1992) the State Government also to increase the rate of interest on its loan to Sugarfed to bring it at par with the rate charged by the bank from the Corporation. The request elicited no response and the matter was not pursued by the Corporation any further.

On the CC of Rs.100 lakhs availed of by it, the Corporation had to pay interest aggregating Rs.56.19 lakhs as against the interest of Rs.48.26 lakhs accruing to it from Sugarfed during the period from 26 March 1991 to 31 March 1994. Further, the Corporation had received only Rs.13 lakhs (August 1993: Rs.8 lakhs and April 1994: Rs.5 lakhs) from the Sugarfed. Thus, in the absence of interest escalation clause in the sanction issued by Government, the corporation had to incur a

loss of Rs.7.93 lakhs. The amount of loan and further interest thereon which had become overdue for repayment had also not been repaid to it by Sugarfed as of August 1994.

The matter was reported to the Corporation and Government in August 1994; their replies had not been received (November 1994).

(M. DEENA DAYALAN)
CHANDIGARH **Accountant General (Audit) Haryana**
The 10 FEB 1995

Countersigned

(C.G. SOMIAH)
NEW DELHI **Comptroller and Auditor General of India**
The 13 FEB 1995

ANNEXURES

ANNEXURE-1

List of companies in which Government's investment was more than Rs. 10 lakhs

(Referred to in paragraph 3 of the Preface and paragraph 1.2.6)

Serial number	**Name of company**	**Total investment up to 1993-94** (Rupees in lakhs)
1.	Indo Swiss Times Limited, Gurgaon	15.00
2.	Sehgal Papers Limited, Dharuhera	25.00
3.	Rama Fibres Limited, Hisar	19.50
4.	Victor Cables Limited, Dharuhera	12.75
5.	Heyen India Limited, Rewari	11.85
8.	Hind Protective Coating Limited, Dharuhera	20.00

ANNEXURE

Statement showing particulars of up-to date paid-up capital, and amounts outstanding thereagainst, (Referred to in para-

Serial number	Name of company	Paid-up capital as at the end of current year State Government	Central Government	Others	Total	Loans outstanding at the close of the current year	Amount of guarantees given
1	2	3(a)	3(b)	3(c)	3(d)	4	5(a)
						(Figures in columns 3 to	
1.	Haryana Harijan Kalyan Nigam Limited	1699.84	-	-	1699.84	103.94	457.01
2.	Haryana State Minor Irrigation and Tubewells Corporation Limited	1089.10	-	-	1089.10	10148.82	17048.39
3.	Haryana Tourism Corpo -ration Limited (HTC)	957.02	-	-	957.02	-	-
4.	Haryana Backward Classes Kalyan Nigam Limited	529.99	-	-	529.99	217.14	150.00
5.	Haryana State Electronics Development Corporation Limited	390.41	-	-	390.41	53.37	-
6.	Haryana Women Development Corporation Limited	189.72	109.98	-	299.70	-	-
7.	Haryana State Industrial Development Corporation Limited (HSIDC)	3649.74	-	-	3649.74	324.72	-
8.	Haryana Dairy Development Corporation Limited	557.48	-	-	557.48	63.00	529.00

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outstanding loans, amount of guarantees given by Government working results, *etc.*, of the companies. graph 1.2.2.)

Amount of guarantees outstanding at the close of the current year	Outstanding guarantee commission payable at the close of the current year	Position at the end of year for which accounts were finalised			
		Year for which accounts were finalised	Paid-up capital at the end of the year	Accumulated profit (+)/ loss (-)	Any excess of loss over paid-up capital
5(b)	5(c)	6(a)	6(b)	6(c)	6(d)
6(b to d) are in lakhs of rupees)					
-	-	1984-85	717.60	(+)16.15	-
		1985-86	717.60	(-)460.42	-
786.63	-	1988-89	1089.10	(-)2932.39	1843.29
		1989-90	1089.10	(-)3377.76	2288.66
-	-	1992-93	897.02	(+)155.99	-
-	-	1988-89	399.99	(-)120.02	-
-	-	1993-94	390.41	(+)23.33	-
-	-	1988-89	174.72	(-)120.56	-
-	-	1993-94	3649.74	(+)153.28	-
484.00	-	1992-93	557.48	(-)846.35	288.87

Serial number	Name of company	Paid-up capital as at the end of current year State Government	Central Government	Others	Total	Loans outstanding at the close of the current year	Amount of guarantees given
1	2	3(a)	3(b)	3(c)	3(d)	4	5(a)
						(Figures in columns 3 to	
9.	Haryana Roadways EngineeringCorporation Limited	200.00	-	-	200.00	4566.67	13322.00
10.	Haryana Forest Development Corporation Limited	20.00	-	-	20.00	-	-
11.	Haryana Police Housing Corporation Limited	460.00	-	-	460.00	-	-
12.	Haryana Agro Industries Corporation Limited	253.83	160.21	-	414.04	396.78	-
13.	Haryana State Small Industries and Export Corporation Limited	107.95	10.00	-	117.95	187.50	350.00
14.	Haryana Seeds Corporation Limited	275.87	111.50	39.08	426.45	289.48	87.64
15.	Haryana Land Reclamation and Development Corporation Limited	136.64	-	19.66	156.30	35.20	61.00
16.	Haryana Tanneries Limited	117.15	-	18.00	135.15	39.00	30.00
17.	Haryana State Handloom and Handicrafts Corporation Limited	165.00	89.00	-	254.00	122.50	-
18.	Punjab State Irons Limited	0.40	-	-	0.40	-	-

Amount of guarantees outstanding at the close of the current year	Outstanding guarantee commission payable at the close of the current year	Position at the end of year for which accounts were finalised Year for which accounts were finalised	Paid-up capital at the end of the year	Accumulated profit (+)/ loss (-)	Any excess of loss over paid-up capital
5(b)	5(c)	6(a)	6(b)	6(c)	6(d)
6(b to d) are in lakhs of rupees)					
6281.00	-	1988-89	200.00	(+)6.55	-
-	-	1990-91 (December 1989 to March 1991)	20.00	(-)0.81	-
-	-	1992-93	460.00	-	-
-	-	1992-93	414.04	(+)109.85	-
193.63	-	1993-94	117.95	(-)55.53	-
45.60	-	1992-93 1993-94	425.41 426.45	(-)259.76 (-)141.17	-
35.22	-	1993-94	156.30	(+)349.13	-
-	-	1991-92 1992-93	135.15 135.15	(-)817.43 (-)701.76	682.28 566.61
-	-	1991-92	247.00	(-)176.45	-

Serial number	Name of company	Paid-up capital as at the end of current year: State Government	Central Government	Others	Total	Loans outstanding at the close of the current year	Amount of guarantees given
1	2	3(a)	3(b)	3(c)	3(d)	4	5(a)

(Figures in columns 3 to

SUBSIDIARIES

19.	Haryana Hotels Limited (Holding Company HTC)	-	-	362.91	362.91	-	-
20.	Haryana Matches Limited (Holding Company HSIDC)	-	-	12.50	12.50	-	-
21.	Haryana Concast Limited (Holding Company HSIDC)	290.00	-	395.50	685.50	207.25	-
22.	Haryana Breweries Limited (Holding Company HSIDC)	11.15	-	230.97	242.12	49.21	-
23.	Haryana Minerals Limited (Holding Company HSIDC)	-	-	24.04	24.04	-	-
	Total	**11101.29***	**480.69**	**1102.66**	**12684.64**	**16804.87**	**32035.04**

* This includes Rs. 533.29 lakhs in respect of share application money.

Amount of guarantees outstanding at the close of the current year	Outstanding guarantee commission payable at the close of the current year	Position at the end of year for which accounts were finalised			
		Year for which accounts were finalised	Paid-up capital at the end of the year	Accumulated profit (+)/ loss (-)	Any excess of loss over paid-up capital
5(b)	5(c)	6(a)	6(b)	6(c)	6(d)

6(b to d) are rupees in lakhs)

-	-	1992-93	362.91	(+)117.89	-
-	-	1991-92	12.50	(-)15.81	3.31
-	-	1992-93	311.15	(-)375.56	64.41
-	-	1992-93	242.01	(+)10.56	-
-	-	1993-94	24.04	(+)185.39	-

7826.08

ANNEXURE

Summarised financial results of the Government companies
(Referred to in

Serial number	Name of company	Name of the department	Date of incorporation	Period of accounts	Year in which finalised	Total capital invested at the end of the year of accounts
1	2	3	4	5	6	7A
						(Figures
1.	Haryana Harijan Kalyan Nigam Limited	Social Welfare	2 January 1971	1984-85 1985-86	1993 1994	836.56 356.12
2.	Haryana State Minor Irrigation and Tube-wells Corporation Limited	Irrigation	9 January 1970	1988-89 1989-90	1994 1994	9688.07 8471.29
3.	Haryana Tourism Corporation Limited	Tourism	1 May 1974	1992-93	1993	1053.01
4.	Haryana Backward Classes Kalyan Nigam Limited	Social Welfare	10 December 1980	1988-89	1994	279.97
5.	Haryana State Electronics Development Corporation Limited	Industries	15 May 1982	1993-94	1994	467.11

Annexure - 5

Statement showing delay in finalisation of accounts (Referred to in paragraph 2B.5.)

Serial number	Name of company	Year of account	Due date of AGM	Actual date of AGM	Delay in months
1.	Haryana Harijan Kalyan Nigam Limited	1980-81	30.6.81	25.9.89	99
		1981-82	30.6.82	21.12.90	102
		1982-83	30.9.83	30.3.93	114
		1983-84	30.9.84	26.11.93	110
		1984-85	30.9.85	18.5.94	104
2.	Haryana Women Development Corporation Limited	1984-85	30.9.85	25.8.86	11
		1985-86	30.9.86	17.6.88	21
		1986-87	30.9.87	20.3.89	18
		1987-88	30.9.88	30.8.90	23
		1988-89	30.9.89	15.10.92	37
3.	Haryana Backward Classes Kalyan Nigam Limited	1984-85	30.9.85	16.1.89	40
		1985-86	30.9.86	27.12.89	39
		1986-87	30.9.87	9.4.91	43
		1987-88	30.9.88	24.8.93	59
		1988-89	30.9.89	30.5.94	56
4.	Haryana State Minor Irrigation and Tubewells Corporation Limited	1984-85	30.9.85	10.10.90	61
		1985-86	30.9.86	17.12.91	63
		1986-87	30.9.87	17.3.93	66
		1987-88	30.9.88	29.9.93	60
		1988-89	30.9.89	20.5.94	56
5.	Haryana Roadways* Engineering Corporation Limited	1987-88	30.9.88	6.5.92	44
		1988-89	30.9.89	1.10.92	36

* The company was incorporated on 27th November 1987.

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for the latest year for which annual accounts were finalised.
1.3.4.)

Profit(+)/ loss(-)	Total interest charged to profit and loss account	Interest on long-term loans	Total return on capital invested (7 + 9)	Capital employed	Total return on capital employed (7 + 8)	Percentage of total return on	
						Capital invested	Capital employed
7	8	9	10	11[B]	12	13	14
in	columns 6 to	12 are	in Crores	of rupees	)		
(-)408.32	170.92	150.87	(-)257.45	1496.27	(-)237.40	-	-
(+)1.94	29.48	29.48	31.42	273.98[C]	31.42	10.00	11.5
(+)11.43	0.52	0.52	11.95	67.31	11.95	20.97	17.75

(excluding capital works-in-progress) *plus* working capital.

and closing balances of (i) paid-up capital, (ii) bonds, (iii) reserves and (iv) borrowings.

ANNEXURE

Summarised financial results of Statutory corporations
(Referred to in paragraph

Serial number	Name of the Corporation/Board	Name of department	Date of incorporation	Period of accounts	Total capital invested
1	2	3	4	5	6[A]
					(Figures
1.	Haryana State Electricity Board	Irrigation and Power	3 May 1967	1993-94 (Provisional)	2951.76
2.	Haryana Financial Corporation	Industries	1 April 1967	1993-94	314.30
3.	Haryana Warehousing Corporation	Agriculture	1 November 1967	1993-94	56.99

A. Capital invested represents paid-up capital *plus* long-term loans *plus* free reserves.

B. Capital employed (except in the case of Haryana Financial Corporation) represents net fixed assets

C. In case of Haryana Financial Corporation, capital employed represents mean of aggregate of opening

Profit(+)/ loss(-)	Total interest charged to profit and loss account	Interest on long-term loans	Total return on capital invested (8 + 10)	Capital employed	Total return on capital employed (8 + 9)	Percentage of total return on Capital invested	Percentage of total return on Capital employed
8	9	10	11	12^{B}	13	14	15
in columns 7 to 13 are in lakhs of rupees)							
(+)10.68	151.68	132.94	143.62	1931.06	162.36	25.9	8.4
(+)52.15	30.67	11.16	63.31	483.75	82.82	19.4	17.1
(+)194.27	0.21	-	194.27	226.13	194.48	92.8	86.0

Note :

(A) Capital invested represents paid-up capital plus long-term loans plus 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 agreegate of opening and closing balances of (i) paid-up capital, (ii) reserve and surplus and (iii) borrowings.

Serial number	Name of company	Name of the department	Date of incorporation	Period of accounts	Year in which finalised	Total capital invested at the end of the year of accounts
1	2	3	4	5	6	7A
						(Figures
21.	Haryana Concast Limited	Industries	29 November 1973	1992-93	1993	554.18
22.	Haryana Breweries Limited	Industries	14 September 1970	1992-93	1993	326.22
23.	Haryana Minerals Limited	Industries	2 December 1972	1993-94	1994	209.43

Profit(+)/ loss(-)	Total interest charged to profit and loss account	Interest on long-term loans	Total return on capital invested (8 + 10)	Capital employed	Total return on capital employed (8 + 9)	Percentage of total return on Capital invested	Percentage of total return on Capital employed
8	9	10	11	12B	13	14	15
in columns 7 to 13 are in lakhs of rupees)							
(-)116.05	49.39	24.53	(-)91.52	1071.49	(-)66.66	-	-
(+)62.01	137.15	57.33	119.34	1178.39	199.16	24.8	16.9
(+)106.47	162.34	47.50	153.97	1200.85	268.81	28.1	22.4
(+)122.21	15.02	7.40	129.61	592.51	137.23	24.0	23.2
(+)114.27	75.86	75.86	190.13	32.15	190.13	1016.7	591.4
(+)115.67	0.63	0.63	116.30	22.73	116.30	1253.2	511.7
(-)27.63	9.84	9.84	(-)17.79	284.14	(-)17.79	-	-
-	-	-	-	-	-	-	-
(+)79.80	-	-	79.80	480.75	79.80	16.6	16.6
(-)0.01	-	-	(-)0.01	(-)1.00	(-)0.01	-	-

Serial number	Name of company	Name of the department	Date of incorporation	Period of accounts	Year in which finalised	Total capital invested at the end of the year of accounts
1	2	3	4	5	6	7A
						(Figures
13.	Haryana State Small Industries and Export Corporation Limited	Industries	10 September 1967	1993-94	1994	249.92
14.	Haryana Seeds Devlopment Corporation Limited	Agriculture	12 September 1974	1992-93 1993-94	1993 1994	481.94 547.61
15.	Haryana Land Reclamation and Development Corporation Limited	Agriculture	27 March 1974	1993-94	1994	540.65
16.	Haryana Tanneries Limited	Industries	12 September 1972	1991-92 1992-93	1993 1994	18.70 9.28
17.	Haryana State Handloom and Handicrafts Corporation Limited	Industries	20 February 1976	1991-92	1993	272.29
18.	Punjab State Irons Limited	Industries	1 July 1965	-	-	-
19.	Haryana Hotels Limited	Tourism	11 April 1983	1992-93	1993	480.80
20.	Haryana Matches Limited	Industries	17 November 1970	1991-92	1994	14.80

Profit(+)/ loss(-)	Total interest charged to profit and loss account	Interest on long-term loans	Total return on capital invested (8 + 10)	Capital employed	Total return on capital employed (8 + 9)	Percentage of total return on Capital invested	Capital employed
8	9	10	11	12B	13	14	15
in columns 7 to 13 are in lakhs of rupees)							
-	-	-	-	55.40	-	-	-
(+)267.53	670.41	670.41	937.94C	10619.53	937.94	9.2	8.8
(-)46.21	53.88	53.88	7.67	345.80	7.67	4.4	2.2
(+)12.47	9.28	9.28	21.75	1921.23	21.75	1.2	1.1
(-)0.81	-	-	(-)0.81	19.28	(-)0.81	-	-
-	-	-	-	146.58	-	-	-
(+)314.66	509.79	72.55	387.21	1840.06	824.45	44.8	31.9

Serial number	Name of company	Name of the department	Date of incorporation	Period of accounts	Year in which finalised	Total capital invested at the end of the year of accounts
1	2	3	4	5	6	7A
						(Figures
6.	Haryana Women Development Corporation Limited	Social Welfare	31 March 1982	1988-89	1992	54.16
7.	Haryana State Industrial Development Corporation Limited (HSIDC)	Industries	8 March 1967	1993-94	1994	10205.05
8.	Haryana Dairy Development Corporation Limited	Animal Husbandary	3 November 1969	1992-93	1993	173.16
9.	Haryana Roadways Engineering Corporation Limited	Transport	27 November 1987	1988-89	1992	1835.03
10.	Haryana Forest Development Corporation Limited .	Forest	7 December 1989	1990-91 (December 1989 to March 1991)	1993	19.19
11.	Haryana Police Housing Corporation Limited	Home	29 December 1989	1992-93	1994	100.00
12.	Haryana Agro Industries Corporation Limited	Agriculture	30 March 1967	1992-93	1993	1241.31

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for the latest year for which accounts were finalised.
paragraph 1.2.3.)

Profit(+)/ loss(-)	Total interest charged to profit and loss account	Interest on long-term loans	Total return on capital invested (8 + 10)	Capital employed	Total return on capital employed (8 + 9)	Percentage of total return on Capital invested	Percentage of total return on Capital employed
8	9	10	11	12B	13	14	15
in columns 7 to 13 are in lakhs of rupees)							
(+)7.24	1.38	1.38	8.62	1008.56	8.62	1.0	0.9
(-)476.57	1.29	1.29	(-)475.28	454.50	(-)475.28	-	-
(-)512.73	1147.55	1147.55	634.82	12861.95	634.82	6.6	4.9
(-)445.36	1076.54	1076.54	631.18	11720.30	631.18	7.5	5.4
(+)46.59	-	-	46.59	805.78	46.59	4.4	5.8
(-)11.89	-	-	(-)11.89	279.96	(-)11.89	-	-
(+)7.90	-	-	7.90	405.19	7.90	1.7	1.9