



REPORT

OF THE

Comptroller & Auditor General of India

for the year 1974-75

Government of Haryana



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Page	Particulars	For	Read
2	Sr. No. 8, 2nd line	deficit	Deficit
3	Sub para (b), heading	account . -	account-
3	Table below para 1.2 (a) (Column 3)	Plus	plus
3	Sub para (b), 3rd line	alongwith	along with
5	Sub para (b), 2nd line	12th June, 1976	12th June 1976
5	Sub para (b) (ii), 2nd line	11th April, 1974	11th April 1974
5	7th line from the bottom	Excise duty	Excise duty :
7	Para 1.4 last line of the table, column (8)	(/)	(—)
7	Para 1.4 Table under Plan (column 2)	Plus	plus
9	Table under sub para (ii) column 4	Variation	Variation
9	Table under sub para (ii) (column 1)		(1)
10	9th line from the top	A—Capital Account of General services	A—Capital Account of General Services
10	14th Line from the top	B—Capital Account of Social and Community services	B—Capital Account of Social and Community Services
10	20th Line from the top	C—Capital Account of Economic services	C—Capital Account of Economic Services
11	Table under 1.6, heading of column 3	Plus	plus
12	1st line	Non-plan	Non-Plan
12	Table—heading of column 9	Increase (+)/ decrease (—) over the	Increase (+)/ decrease (—) over the
15	3rd sub para under para (c) 2nd line	31st October, 1966	31st October 1966
15	6th sub para under para (c) 4th—5th line	rec-conciled	re-conciled

(ii)

18	Footnote, first line	account	account
21	11th line from the bottom	department wise	department-wise
23	Para 2.2, heading	:—	:— to be deleted
24	Sl. No. (iv), 2nd line	original	original
26	3rd line from the bottom	Suppimentary	Supplementary
27	2nd line from the bottom	reduction	reduction
29	Sub para (i) below para 3.1	seeds	seed
29	2nd line from the bottom	actual expenditure,	actual expenditure
30	Last heading of the 1st table	Expend-diture	Expenditure
30	First table	(in lakhs of ruppees)	(in lakhs of rupees)
31	7th line of sub para 3(b)	worked to	worked out to
31	2nd line from the bottom	320	3.20
34	Table under sub para (ii)—1968-69	droug ht	drought
35	col. 11 of the table, 4th line	200	208
35	Sr. No. 4	Saugrcane	Sugarcane
36	Table, col. 2 heading	Name of project	Name of the Project
37	-do-	-do-	-do-
38	Table under sub para (4), column 3	thausand	thousand
38	Table under sub para (4), column 4	cul-tur/able	cul-tur-able
41	Para 3.4.3, 1st line	of annual	of the annual
43	2nd sub para under para 3.4.6, 1st line	Brjra	Bajra
44	3rd line from the top	6 cases	6 cases,
44	9th line from the top	Dcember	December
44	Para 3.6, 5th line from the bottom	terms	term
45	last line	from the 18th May 1971	from 18th May 1971
47	Sub para (d), 1st line	5.10 lakhs	5.10 lakhs,
47	Sub para e (ii), first line	reconciliation	reconciliation
48	1st Sub para, 8th line	deisred	desired
48	8th line from the bottom	subsequently	subsequently,
49	13th line from the top	non-fuilment	non-fulfilment
49	2nd line from the bottom	entires	entries
52	4th line from the bottom	construct-tion	constuc-tion
53	Para (ii) (a), 7th line	reciepients	recipients
57	2nd line	147.91	Rs. 1,47.91
63	Table—Sl. no. 4&5	}	Bracket to be deleted

(iii)

63	Last line	O—42000	O—42000
74	Para 6.7, 3rd line	1st December 1971	1st December 1971,
74	Para 6.7, 6th line	purchase	purchase
76	4th line from the top	1956	1956,
76	2nd sub para, 6th line	re-examination	re-examination,
81	Para 6.2 1(b) 4th line from the top	State Exise dues	State excise dues
81	Sub para (b) & (c) 3rd line	March, 1974	March 1974
87	Para (2), 6th line	there after	thereafter
90	2nd sub para of para (e), 6th line	ab-initio	ab initio
90	2nd line from the bottom	quarterly	quarterly
95	Table under sub para (6), 2nd col.	fund	funds
96	Para 7.13, 3rd line	Corpor-ration	Corporation
97	Para 7.15—heading	ground nut	groundnut
99	3rd line from the bottom	gurantee	guarantee
106	7th line from the bottom	viz.	viz.,
108	Table—4th col. of 1972-73	494.97	4,94.97
109	Sub para (b), 6th line	investigation	investigation,
109	10th line from the bottom	A. number of	A. Number of
109	6th line from the bottom	B. Number of buses :	B. Number of buses
115	First Table—7th col.	(In laks of rupees)	(In lakhs of rupees)
115	1st sub para, 2nd line	beon	been
115	2nd table, sl. No. (vi)	discout	discount
115	Foot note, 2nd line	not not	not
116	Sub para (6), 1st line	Composite	composite
116	Foot note, 2nd line	transfer	transfers
117	1st sub para, sl. no. (iv)	book	books
117	Foot note, 2nd line	transfered	transfer
118	Col. 4 of table, 5th line from the bottom	estimates	estimate
120	Sub para (c), 3rd line	consruction	construction
120	4th line from bottom	pl ts	plots
120	3rd line from bottom	for	in
121	1st para, 7th line	fetced	fetched
123	7th line from bottom	Fianance	Finance
124	Para (iii), 7th line	has	had
124	Last line	purchased	purchased,
124	Sub para (7), 11th line	incure	incur
125	Heading of para 7.22	Cotton	cotton

(iv)

128	Last para, 3rd line	23.31	23.41
129	8th line from bottom	Age wise	Age-wise
129	6th line from the bottom	—	(in lakhs of rupees) to be inserted in the table
129	Footnote, 2nd line	year now	year-now
131	Last line	30th June, 1974	30th June 1974
132	Para (2) 2nd line	—do—	—do—
132	Para 2 (iv), 2nd line	a dead	dead
134	1st sub para, 3rd line	30th June, 1974	30th June 1974
135	Para 2 (i), 2nd line	Oil Mill	oil mill
149	Appendix II Sl. No.2, 5th col.	140.86	1,40.86
149	Sl.No.1 below Capital portion	7-Other Administrative services	7-Other Administrative Services
150	Heading of col. 4	appropriation	appropriation
152-53	Appendix IV	(Amount in lakh of rupees)	(Amount in lakhs of rupees)
152-53	Sr. No. 21 & 22 (last column)	0.10 0.02	0.02 0.01
158	Appendix VIII Sl. No. 2	Corpora-ration	Corporation
158	Foot note @	profit charging	profit before charging
158	Foot note marked £ item No.(ii)	Revenue	Reserves
159	Heading of col. (14)	retun	return

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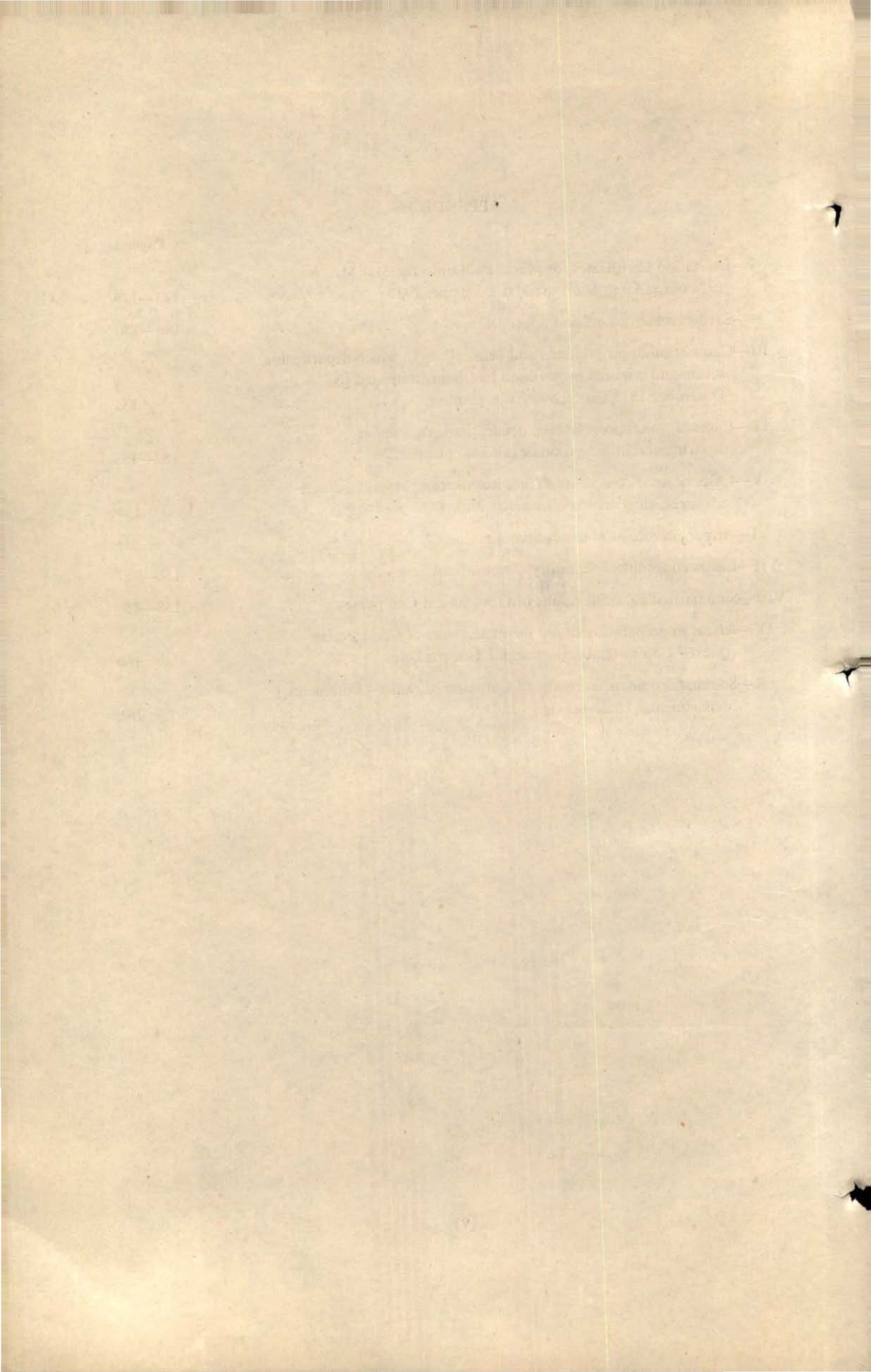
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PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1974-75 together with other points arising from audit of financial transactions of the Government of Haryana. It also includes certain points of interest arising from the Finance Accounts for the year 1974-75.

2. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 1974-75 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 1974-75 have also been included, wherever considered necessary.

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

CHAPTER I
GENERAL

1.1. Summary of transactions

Receipts, expenditure and surplus/deficit during 1974-75 are given below with corresponding figures of the preceding year :—

	*	
	1973-74	1974-75
	<i>(in crores of rupees)</i>	
(1) Revenue		
Revenue raised by the State Government	1,20.85	1,54.26
Receipts from the Government of India	34.84	32.85
Total Revenue	1,55.69	1,87.11
Revenue Expenditure		
Non-Plan	1,08.09	1,50.46
Plan	22.12	14.33
Total Revenue Expenditure	1,30.21	1,64.79
Revenue Surplus (+)	(+) 25.48	(+) 22.32
(2) Debt		
(i) Internal Debt—		
Receipts	78.93	75.17
Repayments	63.77	62.37
Increase(+)	(+) 15.16	(+) 12.80
(ii) Loans from the Central Government—		
Receipts	38.89	28.40
Repayments	21.63	21.97
Increase(+)	(+) 17.26	(+) 6.43
Total Debt (net) Increase(+)	(+) 32.42	(+) 19.23

* For facilitating comparison with corresponding figures for 1974-75, the figures for 1973-74 shown in this column are recast to the extent necessary according to the revised structure of classification adopted from 1974-75; the figures for 1973-74, therefore, differ in some cases from the figures shown for that year in the Audit Report for 1973-74.

	1973-74	1974-75
(3) Capital Expenditure		
Non-Plan	10.40	(-)0.41
Plan	40.86	26.26
Increase(-)	(-)51.26*	(-)25.85
(4) Appropriation to Contingency Fund—		
Increase(-)	..	(-)2.00
(5) Loans and Advances by the State Govern- ment		
Receipts	3.63	6.21
Disbursements	29.43	38.13
Increase(-)	(-)25.80	(-)31.92
(6) Contingency Fund (net)		
Increase(+)	(+)0.11	(+)0.90
(7) Public Account		
Receipts	2,31.57	4,14.03
Disbursements	2,19.34	3,96.47
Increase(+)	(+)12.23	(+)17.56
(8) Inter-State Settlement (net)		
Net Deficit(-) during the year	(-)6.82	(-)0.99
Opening Cash Balance	(-)3.82	(-)10.64**
Net Deficit(-) during the year	(-)6.82	(-)0.99
Closing Cash Balance	(-)10.64	(-)11.63**

* Figure has been recast according to revised classification. Please refer to footnote on page 1.

** There are differences between the figures reflected in the accounts and those intimated by the Reserve Bank regarding "Deposits with the Reserve Bank" (included in the Cash Balance). The discrepancies are under reconciliation.

1.2. Revenue surplus/deficit

(a) *Revenue receipts*—The actuals of revenue receipts for 1974-75 as compared with (i) the budget estimates and (ii) the budget estimates *plus* additional taxation during the year along with corresponding figures for 1972-73 and 1973-74 are shown below :—

Year	Budget	Budget Plus additional taxation	Actuals	Variation between Columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1972-73	1,41.41	1,41.53	1,37.38	(—)4.15	3
1973-74	1,47.12	1,52.21	1,55.69 *	(+)3.48	2
1974-75	1,66.11	1,67.41	1,87.11	(+)19.70	12

(b) *Expenditure on revenue account*—The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provision during the year along with the corresponding figures for 1972-73 and 1973-74 is shown below :—

Year	Budget	Budget plus supple- mentary	Actuals	Variation between Columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1972-73	1,25.71	1,30.95	1,17.04	(—)13.91	11
1973-74	1,41.59	1,45.34	1,30.21*	(—)15.13	10
1974-75	1,58.09	1,74.11	1,64.79	(—)9.32	5

(c) The year ended with a surplus of Rs. 22.32 crores against a surplus of Rs. 8.02 crores anticipated in the budget. In 1973-74 and 1972-73 also, there was surplus of Rs. 25.48* crores and Rs. 20.34 crores respectively.

1.3. Revenue receipts

(a) Revenue receipts during 1974-75 (Rs. 1,87.11 crores) increased by Rs. 31.42 crores over those of 1973-74 (Rs. 1,55.69* crores). The in-

* Figure has been recast according to revised classification. Please refer to footnote on page 1.

crease compared to 1973-74 is analysed below :—

	1973-74	1974-75	Amount of increase(+)/ decrease(—)
	(in crores of rupees)		
(i) Revenue raised by the State Government—			
(a) Tax Revenue	76.15*	99.11	(+)22.96
(b) Non Tax Revenue	44.70*	55.15	(+)10.45
(ii) Receipts from the Government of India—			
(a) State's share of divisible Union Taxes	18.90	20.77	(+)1.87
(b) Grants	15.94	12.08	(—)3.86
Total Revenue Receipts	1,55.69	1,87.11	(+)31.42

The receipts from Government of India formed 18 per cent of the total receipts of the State for the year. The corresponding percentage for 1973-74 was 22.

The tax revenues raised by the Government in 1974-75 accounted for 53 per cent of the total revenue receipts. The corresponding percentage for 1973-74 was 49.

Increase in the revenue receipts was mainly under the following heads :—

Head	Receipts during		Increase	
	1973-74	1974-75	Amount	Per-centage
	(in crores of rupees)			
Land Revenue	0.68	6.25	5.57	819

Due mainly to recovery of Land Revenue on three crops against two crops in the previous year.

State Excise Duties	14.99	19.04	4.05	27
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Due mainly to higher bids and lifting of larger stock of liquor by the vendors.

Sales Tax	30.51	38.05	7.54	25
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* Figure has been recast according to revised classification. Please refer to footnote on page 1.

Due mainly to enhancement of rate of tax on motor spirit and measures reportedly taken by the Government to check evasion of tax and to recover the arrears.

Taxes on Goods and Passengers	10.61	13.50	2.89	27
-------------------------------	-------	-------	------	----

Due mainly to more goods and passenger traffic and larger income from passenger tax due to increase in the bus fare.

Other Taxes and Duties on Commodities and Services	3.29	4.43	1.14	35
--	------	------	------	----

Due mainly to the change in the rate of show tax and reported tightening of anti-evasion measures.

Interest receipts	11.05	16.23	5.18	47
-------------------	-------	-------	------	----

Due mainly to increased receipts from the Electricity Board, other commercial departments and local bodies.

Road and Water Transport Services	15.39	20.03	4.64	30
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Due mainly to upward revision in the bus fare and expansion of State Transport services.

State's share of Union Excise Duties	9.70	11.48	1.78	18
--------------------------------------	------	-------	------	----

Due mainly to larger divisible pool.

(b) *Taxation changes during the year*—(i) The rate of show tax was revised to 10 per cent of the entertainment tax with effect from the 12th June 1974 (estimated additional yield in 1974-75 : Rs. 0.15 crore).

(ii) The rate of sales tax on motor spirit was enhanced from 6 paise per litre to 9 paise per litre with effect from the 11th April, 1974 (estimated additional yield in 1974-75 : Rs. 1.15 crores).

(c) *Arrears in collection of revenue*—According to the information furnished by some departments, arrears in collection of revenue at the end of March 1975 were Rs. 9.35 crores as follows :—

<i>Department</i>	<i>Amount (in crores of rupees)</i>	<i>Nature of revenue and other receipts</i>
Excise and Taxation	3.55	Sales tax : Rs. 3.31 crores ; Excise duty : Rs. 0.02 crore ; Taxes on goods and passengers : Rs. 0.04 crore ; Taxes on immovable property other than agricultural land : Rs. 0.14 crore ; other taxes on income and expenditure : Rs. 0.04 crore.

Revenue	2.12	Land revenue : Rs. 0.15 crore ; Land tax ; Rs. 1.02 crores ; <i>Abiana</i> : Rs. 0.34 crore and Betterment charges : Rs. 0.61 crore.
Irrigation	1.52	Water rates : Rs. 0.39 crore ; Owners' rate : Rs. 0.07 crore ; Betterment levy : Rs. 1.02 crores and miscellaneous receipts : Rs. 0.04 crore.
Chief Electrical Inspector	1.11	Electricity duty from the Haryana State Electricity Board.
Animal Husbandry	0.69	For supply of vaccine, manure, fodder, rent of land, milk and milk products and livestock.
Agriculture	<u>0.17</u>	Purchase tax on sugarcane.
Forest	0.13	Sale of forest produce.
Buildings and Roads	0.03	Rent of non-residential and residential buildings.
Education	0.02	Printing and stationery charges of text books.
Police	0.01	For additional (punitive) police posts located in disturbed areas.
Total	<u>9.35</u>	

Information about the extent of arrears was awaited (March 1976) from the following departments :—

1. Medical and Public Health
2. Industries
3. Transport
4. Finance

1.4. Expenditure on revenue account

(i) The break-up of the budget estimates of expenditure on revenue account *plus* supplementary provision obtained and actual expenditure between Plan and non-Plan for each of the three years ending March 1975 is given

below :—

Year	Plan				Non-Plan			
	Bud- get plus supple- mentary	Actu- als	Vari- ation between columns (3) and (2) : Amount with per- centage in bra- ckets	Incre- ase (+)/ decrease (—) over expendi- ture of the previous year (per- centage in bra- ckets)	Bud- get plus supple- mentary	Actu- als	Vari- ation between columns (7) and (6) : Amount with per- centage in brackets	Increase (+)/ dec- rease (—) over the pre- vious year (percen- tage in brackets)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(in crores of rupees)								
1972-73	25.42	18.34	(—) 7.08 (28)	(+) 1.50 (9)	105.53	98.70	(—)6.83 (6)	(+)8.46 (9)
1973-74	30.14	22.12*	(—)8.02 (26)	(+) 3.78 (20)	115.20	108.09*	(—)7.11 (6)	(+)9.39 (10)
1974-75	23.02	14.33*	(—)8.69 (38)	(—)7.79 (35)	151.09	150.46	(—)0.63 (5)	(+)42.37 (39)

(ii) The variations during 1974-75 and over the preceding year under broad sectors are analysed below :—

PLAN

Sector of Account	Budget plus supplementary	Actuals	Variation (percentage in brackets)	Increase(+)/ decrease(—) over 1973-74 (percentage in brackets)
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				
A—General Ser- vices	96.17	93.55	(—)2.62(3)	(+)6.71(8)
B—Social and Community Services	10,00.85	7,99.72	(—)2,01.13(20)	(—)6,31.02(44)

The saving under social and community services (column 4) was due mainly to reduction in Plan ceiling, posts kept vacant and other economy measures in Employees' State Insurance Scheme and family planning.

* Figure has been recast according to revised classification. Please refer to footnote on page 1.

The shortfall in expenditure over the previous year (column 5) occurred mainly under 277—Education and 288—Social Security and Welfare.

C—Economic

Services	12,05.28	5,39.32	(—)6,65.96(55)	(—)1,53.65(22)
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The saving (column 4) was due mainly to (i) non-release of subsidy for maximising production of cotton, (ii) less grants to Agriculture University, (iii) reduction in Plan ceiling, and (iv) posts kept vacant.

NON-PLAN

A—General

Services	46,79.08	45,74.27	(—)1,04.81(2)	(+)4,21.98(10)
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The saving (column 4) was due mainly to payment of less interest owing to lesser loans received.

The increase in expenditure over the previous year (column 5) was due mainly to raising of one batallion of Haryana Armed Police, sanctioning of additional staff and cost of wireless and other instruments for the Police Department.

B—Social and

Community Services	44,20.05	44,78.03	(+)57.98(1)	(+)16,29.09(57)
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The increase in expenditure over the previous year (column 5) was due mainly to (i) grant of additional dearness allowance to employees and (ii) more expenditure on account of drought conditions in the State.

C—Economic

Services	60,00.26	59,84.96	(—)15.30(7)	(+)21,83.91(57)
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The increase in expenditure over the previous year (column 5) was due mainly to (i) payment of wheat bonus to farmers sanctioned by the Government of India, (ii) larger expenditure on maintenance of irrigation projects and (iii) increase in the rates of fuel and spare parts for the Transport Department.

D—Grants-in-aid

and contributions	9.01	8.89	(—)0.12	(+)2.15(32)
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1.5. Capital expenditure

(i) The capital expenditure during the three years ending 1974-75 as compared with (i) the budget estimates and (ii) the budget estimates plus supplementary provision is shown below :—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3) : Amount	Percentage
(in crores of rupees)					
1972-73	47.04	61.56	25.44	(—)36.12	59
1973-74	21.16	31.37	51.26 *	(+)19.89	63
1974-75	9.24	34.64	25.85	(—) 8.79	25

* Figure has been recast according to revised classification. Please refer to footnote on page 1.

(ii) The break-up of budget plus supplementary provision and actuals shown above between Plan and non-Plan is given below :—

Year	Plan				Non-Plan			
	Budget plus supplementary	Actuals	Variation between columns (3) and (2) : Amount with percentage in brackets	Increase (+)/decrease (—) over expenditure of the previous year (percentage in brackets)	Budget plus supplementary	Actuals	Variation between columns (7) and (6) : Amount with percentage in brackets	Increase (+)/decrease (—) over the previous year (percentage in brackets)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(in crores of rupees)								
1972-73	61.02	41.71	(—)19.31 (32)	(—)3.60 (8)	0.54	(—)16.27	(—)16.81 (3078)	(—)15.30 (1577)
1973-74	32.62	40.86	(+)8.24 (25)	(—)0.85 (2)	(—)1.25	10.40*	(+)11.65 (932)	(+)26.67 (164)
1974-75	30.89	26.26	(—)4.63 (15)	(—)14.60 (36)	3.75	(—)0.41	(—)4.16 (111)	(—)10.81 (104)

(iii) The variation during 1974-75 as also over the preceding year under broad headings is analysed below :—

PLAN

Sector of Account	Budget plus supplementary	Actuals	Variation (percentage in brackets)	Increase (+)/decrease (—) over 1973-74 (percentage in brackets)
(1)	(2)	(3)	(4)	(5)
(in lakhs of rupees)				

A—Capital Account of General Services

1,35.00 52.33 (—)82.67(63) (+)47.98(1103)

B—Capital Account of Social and Community Services

4,18.91 2,93.55 (—)1,25.36(30) (+)55.03(23)

The saving under B—Capital Account of Social and Community services (column 4) occurred mainly under 482-Capital Outlay on Public Health, Sanitation and Water Supply.

C—Capital Account of Economic Services

25,35.27 22,80.40 (—)2,54.87(10) (—)15,62.61(41)

* Figure has been recast according to revised classification. Please refer to footnote on page 1.

The shortfall in expenditure over the previous year (column 5) occurred mainly under 532—Capital Outlay on Multipurpose River Projects and 533—Capital Outlay on Irrigation, Navigation, Drainage and Flood Control Projects.

NON-PLAN

A—Capital Account of General Services	12.65	(—)13.32	(—)25.97(205)	(+)7,37.55(98)
B—Capital Account of Social and Community Services	(—)1,97.50	(—)55.27	(+)1,42.23(72)	(—)8,44.96(107)

The shortfall in expenditure over the previous year (column 5) occurred mainly under 484—Capital Outlay on Urban Development.

C—Capital Account of Economic Services	5,59.77	27.54	(—)5,32.23(95)	(—)9,73.17(97)
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The saving (column 4) occurred mainly under 498—Capital Outlay on Co-operation and 509—Capital Outlay on Food and Nutrition.

The saving (column 5) occurred mainly under 509—Capital Outlay on Food and Nutrition.

(iv) Progressive Capital Outlay under various sectors is given below :—

	<i>During</i> 1974-75	<i>Progressive total</i> <i>to end of 1974-75*</i>
	<i>(in crores of rupees)</i>	
Capital expenditure on—		
A—General Services	0.39	(—)57.41**
B—Social and Community Services	2.38	42.11
C—Economic Services—		
(a) General Economic Services	4.04	17.98
(b) Agricultural and Allied Services	(—)1.51	6.50
(c) Industry and Mineral	1.48	6.37
(d) Water and Power Development	11.56@	1,25.38
(e) Transport and Communications	7.51	76.11
Total	25.85	2,17.04

* The figures in this column take into account the progressive capital expenditure so far allocated to Haryana.

** Minus expenditure is due to excess of receipts and recoveries which are booked in the accounts as reduction of expenditure.

@ Excludes Rs. 38 lakhs spent out of advance from Contingency Fund during 1974-75 but not recouped to the Fund till the close of the year.

and Non-Plan is given below :—

Year	Plan				Non-Plan			
	Budget plus supplementary	Actuals	Variation between columns (3) and (2) : Amount with percentage in brackets	Increase (+)/decrease (—) over the previous year (percentage in brackets)	Budget plus supplementary	Actuals	Variation between columns (7) and (6) : Amount with percentage in brackets	Increase (+)/decrease (—) over the previous year (percentage in brackets)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(in crores of rupees)								
1972-73	22.99	22.83	(—)0.16 (1)	(+)7.51 (49)	4.16	2.48	(—)1.68 (40)	(—)2.79 (53)
1973-74	25.80	27.04	(+)1.24 (5)	(+)4.21 (18)	6.21	2.39	(—)3.82 (62)	(—)0.09 (4)
1974-75	28.46	31.56	(+)3.10 (11)	(+)4.52 (17)	6.14	6.57	(+)0.43 (7)	(+)4.18 (175)

The excess in 1974-75 (column 4) was due mainly to more loans to Haryana State Electricity Board.

The increase in 1974-75 (column 5) in the Plan section over the expenditure of 1973-74 was due mainly to more loans for Urban Development, Animal Husbandry and Haryana State Electricity Board.

The increase in 1974-75 (column 9) in the Non-Plan section over the expenditure of 1973-74 was due mainly to more loans to Government employees for purchase of wheat and longer loans to Haryana State Electricity Board.

(c) The budget and actuals of recoveries of loans and advances for the three years ending March 1975 are given below :—

Year	Budget	Actuals	Variation : Amount	Percentage
(in crores of rupees)				
1972-73	4.77	4.41	(—) 0.36	8
1973-74	8.14	3.63	(—) 4.51	55
1974-75	4.31	6.21	(+) 1.90	44

(d) Loans and advances given by the Government and outstanding at

the end of March 1975 were Rs. 1,50.77* crores as shown below :—

	(in crores of rupees)
(i) Loans for Power Projects (including State Electricity Board Rs. 1,10.48)	1,22.98
(ii) Other loans	5.64
(iii) Loans for Agriculture	4.99
(iv) Loans to Municipal Corporations and Municipalities	3.90
(v) Loans to Government servants, etc.	3.38
(vi) Loans for Minor Irrigation and Soil Conservation	3.14
(vii) Loans for Housing	6.74
Total	1,50.77

1.7. Recoveries in arrears

(i) *Loans of which the detailed accounts are maintained by departmental officers*—The departmental officers were required by Government to furnish to Audit by July 1975 statements of arrears in recovery of loans as at the end of March 1975.

According to the information received (October 1975), recovery of Rs. 5,17.17 lakhs (principal : Rs. 4,03.58 lakhs and interest : Rs. 1,13.59 lakhs) was over-due at the end of March 1975 in respect of loans granted under 45 schemes. The scheme-wise details are available in Statement No. 5 of Finance Accounts 1974-75.

(ii) *Loans of which the detailed accounts are maintained in the Audit office.*

At the end of March 1975, recovery of Rs. 3,50.43 lakhs was over-due from the following :—

	Amount due		Total
	Principal	Interest	
	(in lakhs of rupees)		
Haryana State Electricity Board	2,84.39	..**	2,84.39
Municipal Corporations and Municipalities	13.13	24.79	37.92
Improvement Trusts	16.61	11.51	28.12
Total	3,14.13	36.30	3,50.43

* Includes amounts adopted *pro forma* on account of allocation of balances of the composite Punjab State outstanding on the 31st October 1966. The allocation is provisional.

** No interest was paid by the Board. Arrears of interest cannot be worked out as the rate of penal interest applicable to the loans has not been decided by the Government (March 1976).

1.8. Debt position

(a) The outstanding public debt of the Government at the end of 1974-75 was Rs. 3,07.67 crores. An analysis of the debt compared with the debt at the end of preceding two years is given below :—

	<i>Public debt on 31st March</i>		
	1973	1974	1975
	<i>(in crores of rupees)</i>		
Internal debt of the State Government	42.41	57.57	70.37
Loans from the Government of India	2,13.61	2,30.87	2,37.30
Total	2,56.02	2,88.44	3,07.67

The figures given above do not include the State's share in the permanent debt (open market loans) of the composite State of Punjab outstanding on the 31st October 1966. Under the Punjab Re-organisation Act, 1966, the permanent debt of the composite State of Punjab became the debt of the State of Punjab and the State of Haryana is to pay to the State of Punjab its share of the amount due from time to time for servicing and repayment of that debt. This share is not included in the accounts under public debt. Payment to the State of Punjab is made by debit to "G-Inter-State Settlement".

During 1974-75, Rs. 1.23 crores were paid to the Punjab Government as the State's share towards debt liability.

Details of the transactions under public debt during 1974-75 are given below :—

	<i>Loans</i>		<i>Net increase(+)/ decrease(-)</i>
	<i>Raised</i>	<i>Discharged</i>	
	<i>(in crores of rupees)</i>		
(i) Market Loans bearing interest	12.37	..	(+)12.37
(ii) Loans from banks	61.45	61.67	(-)0.22
(iii) Loans from the Government of India	28.40	21.97	(+)6.43
(iv) Loans from autonomous bodies (comprising loans from the Reserve Bank of India, National Co-operative Development Corporation, Life Insurance Corporation of India and Central Warehousing Corporation)	1.35	0.70	(+)0.65
Total—Public debt	1,03.57	84.34	(+)19.23

(b) *Market loans*—During the year a loan of Rs. 12.37 crores bearing 6 per cent interest per annum was raised by the Government at a discount of 1 per cent and was realised in cash. This is redeemable at par in 1984.

(c) *Loans from the Government of India*—Loans received from the Government of India and outstanding at the end of 1974-75 (Rs. 2,37.30 crores) formed 77 per cent of the total public debt of the State Government.

Rupees 4 crores were sanctioned by the Government of India in April 1974 as ways and means advance to the State Government to clear overdrafts with the Reserve Bank of India. The entire advance was repaid during the year by adjustment against the State's share of divisible taxes and other amounts due from the Government of India. Rupees 3.22 lakhs were paid as interest on this advance.

The loans received from the Government of India by the composite Punjab State and outstanding on the 31st October 1966 were allocable among the successor States in the ratio of capital expenditure in the respective areas. Pending determination of the capital expenditure in the respective areas, the share of liability for this debt has been provisionally allocated to Haryana State and is included in the amount of Rs. 2,37.30 crores.

The Government of India had advanced to the Government of the composite State of Punjab certain rehabilitation loans (rural, urban, housing and education) for payment to displaced persons from West Pakistan (now Pakistan). The terms and conditions of such loans sanctioned upto the 31st March 1956 provided that the State Government would pay back to the Government of India the amounts actually realised by it from the displaced persons.

In 1964-65, a package deal was entered into by the Government of India with the Government of the composite State of Punjab to cover the losses on these loans. It was agreed that an amount equal to 65 per cent of the loans outstanding against the displaced persons as on 1st January 1964 would be written off by the Government of India provided the Government of the composite State of Punjab paid to the Government of India the balance 35 per cent by the 31st March 1965. Realisation made from the displaced persons after the 1st January 1964 would be credited to the account of the Government of the composite state of Punjab and its liability to the Central Government for these loans would be deemed to have been cleared.

The amount outstanding against the displaced persons as on 1st January 1964 was tentatively reckoned as Rs. 1.67 crores on the basis of departmental figures supplied by the Government of the composite State of Punjab (the exact amount was to be finally determined after the departmental figures were reconciled with those of the Accountant General; reconciliation is still to be made (March 1976). The Government of the composite State of Punjab paid to the Government of India (in cash and by adjustment) Rs. 58 lakhs (35 per cent of the amount) by the 31st March 1965. Of the remaining Rs. 1.09 crores, Rs. 77 lakhs were written off by the Government of India in 1966-67. Decision about further amounts to be written off has not been taken so far (March 1976).

On re-organisation of the Punjab State in November 1966, the amounts outstanding against the composite State on account of rehabilitation loans

from the Government of India for displaced persons from West Pakistan (now Pakistan) were allocated among the successor States, Haryana's share being Rs. 33 lakhs. The amount written off by the Government of India (Rs. 77 lakhs in 1966-67, after the re-organisation) was likewise allocated to the successor States, Haryana's share being Rs. 28.96 lakhs.

(d) *Other debt and obligations*—In addition to public debt, the unfunded debt (comprising mainly the provident fund balances of Government servants) and balances at the credit of earmarked funds as also certain deposits, to the extent these have not been invested separately, constitute liabilities of the Government. Taking the public debt and these liabilities together, the debt position of the Government at the end of March 1973, 1974 and 1975 was as under :—

	<i>Total debt on the 31st March</i>		
	1973	1974	1975
	<i>(in crores of rupees)</i>		
Public debt—	2,56.02	2,88.44	3,07.67
Small savings, Provident Funds, etc.	14.15	19.24	25.30*
Other obligations—			
Interest bearing obligations such as depreciation reserve funds of commercial undertakings	3.80	4.54	5.59
Non-interest bearing obligations, such as deposits of local funds, civil deposits and other earmarked funds, etc.	47.53	54.04	54.34*
Total	3,21.50	3,66.26	3,92.90

(e) *Ways and means advances, overdrafts and short term loans*—Under an agreement with the Reserve Bank of India, the Government of Haryana has to maintain with the Bank a minimum balance of Rs. 15 lakhs on all days. When the balance falls below the agreed minimum, the deficiency is made good by the Bank by giving ordinary and special ways and means advances according to limits fixed by it from time to time (Rs. 1,80 lakhs as ordinary and Rs. 90 lakhs as special ways and means advances which is subject to enhancement by the Bank provided adequate Government of India securities are available with the State for being pledged) charging interest at one per cent below the Bank Rate. If even thereafter the Government is not able to maintain the minimum balance, the Bank allows overdrafts, the rate of interest being equal to the Bank Rate. If the Government overdraws its account continuously for a period of more than seven days, the Bank is at liberty to suspend, without any prior notice, payments pertaining to the Government at its offices and agencies and stop withdrawals from the currency chests at the non-banking treasuries

* These include amounts adopted *pro forma* on account of allocation of balances of the composite Punjab State outstanding on the 31st October 1966. The allocation is provisional.

for purposes of meeting payments on behalf of the Government (except payments to be made outside India).

The extent to which the Government maintained this minimum balance with the Bank in 1974-75 is shown below :—

Number of days on which the minimum balance was maintained without obtaining any advance	295
Number of days on which the minimum balance was maintained by taking ordinary and special ways and means advances	50
Number of days on which overdrafts had to be taken as minimum balance could not be maintained even after taking ordinary and special ways and means advances to the full extent	20

The maximum overdraft on any one occasion during 1974-75 was Rs. 4.60 crores.

At the end of the year, Rs. 2.35 crores were outstanding on account of ways and means advances.

Rupees 14.95 lakhs were paid as interest to the Bank on ways and means advances and overdrafts. The amount paid as interest during the preceding two years was as under :—

<i>Year</i>	<i>Amount (in lakhs of rupees)</i>
1973-74	9.37
1972-73	33.09

The State Government also obtained a temporary loan of Rs. 20.13 crores from the State Bank of India during the year for purchase of foodgrains for the Provincial Reserve of the State. Out of this, Rs. 16.50 crores were repaid during the year leaving a balance of Rs. 6.20 crores including the balance of Rs. 2.57 crores at the beginning of the year. Interest of Rs. 67.16 lakhs was paid (at the rate of 8½ per cent per annum) on this temporary loan.

1.9. Service of debt

The table below shows the net burden on revenue of interest charges on debt and other obligations during 1974-75 :—

	1974-75 (in crores of rupees)
Interest paid on debt and other obligations	16.07
Deduct—	
(i) Interest realised on loans and advances given by the Government	4.10
(ii) Interest realised on investment of cash balance	0.26
Net amount of interest charges	11.71

As against this, Rs. 11.87 crores were received as interest from investments in commercial departments, etc.

The Government also received Rs. 64.96 lakhs as dividend on investments in commercial undertakings.

1.10. Amortisation arrangements

The following arrangements have been made for amortisation of loans raised in the open market and loans received from the Government of India :—

(a) Open market loans

(i) *Depreciation fund*—A sum equal to 1½ per cent of the nominal value of the total open market loans raised is set apart to form depreciation fund for purchasing securities of the loans for cancellation.

(ii) *Sinking fund*—In addition to the annual contribution to the respective depreciation funds, an annual contribution (at rates decided by the Government from time to time) is made to a general sinking fund for amortisation of loans.

The balances in these funds at the commencement and close of the year are given below :—

<i>Name of fund</i>	<i>Balance on 1st April 1974</i>	<i>Addition</i>	<i>Withdrawal</i>	<i>Balance on 31st March 1975</i>
<i>(in lakhs of rupees)</i>				
Depreciation funds	2,08.09	51.01	20.20	2,38.90*
Sinking fund	11,76.42	3,90.20	1,12.20	14,54.42*
Total	13,84.51	4,41.21	1,32.40	16,93.32

Out of the total balance in the sinking fund, Rs. 13.60 lakhs were invested in securities of the Government of India. The balance fund was merged in the general cash balance of the State Government.

(b) Loans from the Government of India

The balance of loans taken from the Government of India at the end of 1974-75 was Rs. 2,37.30 crores. The State Government has made amortisation

* These include amounts adopted *pro forma* on account of allocation of balances of the composite Punjab State outstanding on the 31st October 1966. The allocation is provisional.

arrangements for repayment of certain of these loans as shown below :—

<i>Sinking fund</i>	<i>Balance on 1st April 1974</i>	<i>Addition</i>	<i>Withdrawal</i>	<i>Balance on 31st March 1975</i>
<i>(in lakhs of rupees)</i>				
1. Loans received for Bhakra Nangal Project	19,41.82	9.40	9,23.36	10,27.86
2. Loans received out of consolidated open market borrowings of Government of India	1,18.44	13.24	..	1,31.68
Total	20,60.26	22.64	9,23.36	11,59.54

Out of the balance in these sinking funds, Rs. 2,14.88 lakhs and Rs 52. 70 lakhs respectively were invested (at the end of March 1975) in the securities of the Government of India and other State Governments. The balance remained merged in the general cash balance of the State Government.

1.11. Guarantees given by the Government

Under Section 6 of the State Financial Corporations Act, 1951, the shares of the State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of annual dividend. Again, under section 7 of the above Act, the bonds and debentures of the State Financial Corporation are to be guaranteed by the State Government as to the repayment of principal and payment of interest. The total amounts guaranteed on behalf of Haryana Financial Corporation by the State Government on the 31st March 1975 were Rs. 10.78 crores.

Under Section 66 of the Electricity (Supply) Act, 1948, the State Government may guarantee in such manner as it thinks fit the repayment of principal and payment of interest on any loans proposed to be raised by the State Electricity Board or of either the principal or the interest. The actual amount covered by the guarantee given on behalf of the Haryana State Electricity Board by the State Government as on the 31st March 1975 under this section was Rs. 41.55 crores.

Under Section 60(5) of Haryana Housing Board Act, 1971, the State Government may guarantee the loans borrowed and debentures issued as to the repayment of principal and interest thereon. The total amount covered by the guarantee given by the State Government on behalf of the Haryana State Housing Board on the 31st March 1975 was Rs. 4.15 crores.

Apart from the above, the State Government had guaranteed (to third parties) to the end of 1974-75 the repayment of loans/bonds and payment of interest thereon, repayment of share capital and payment of minimum dividend thereon, cash credits, etc., on behalf of 2 Government companies, 1 joint stock

company, 3 co-operative banks and institutions, 51 municipalities and notified area committees and 1 private party. The maximum amount guaranteed on their behalf to the end of 1974-75 was Rs. 1,89.04 crores against which loans, etc., actually raised by them were for Rs. 83.93 crores. No guarantee was invoked during 1974-75. Further details are given in Statement No. 6 of Finance Accounts 1974-75.

1.12. Investments of the Government

In 1974-75, the Government invested Rs. 4.43 crores in Government companies (Rs. 89.12 lakhs), statutory corporations (Rs. 75 lakhs), joint stock companies (Rs. 29.99 lakhs) and co-operative institutions (Rs. 2,48.56 lakhs). Further, against the investment in co-operative institutions, Rs. 24.26 lakhs were retired during the year 1974-75. Details are available in Statement No. 14 of Finance Accounts 1974-75.

The total investment of the Government in the share capital and debentures of different concerns at the end of 1972-73, 1973-74 and 1974-75 was Rs. 21.34 crores, Rs. 26.13 crores and Rs. 30.31 crores respectively. Dividend/interest received therefrom was Rs. 58.37 lakhs (2.73 per cent), Rs. 37.82 lakhs (1.45 per cent) and Rs. 64.96 lakhs (2.14 per cent) respectively. Details of these amounts are also given in Statement No. 14 of Finance Accounts 1974-75.

1.13. Unspent balances of grants paid to Local Bodies, etc.

According to the information furnished by the Examiner, Local Fund Accounts, Rs. 2,57.55 lakhs remained unutilised on 31st March 1975 out of grants given to local bodies upto the end of March 1974. Yearwise analysis of the unspent balances is given below :—

Department which paid the grant	Unspent amount on 31st March 1975 and how long unspent				Total
	For more than 10 years	For more than 5 years but less than 10 years	For more than 3 years but less than 5 years	For less than 3 years	
	(in lakhs of rupees)				
Education	0.02	..	..	..	0.02
Health	0.25	0.16	..	0.25	0.66
Local Self Government	0.33	0.25	1.78	18.54	20.90
Development and Panchayat	4.34	13.25	6.01	57.41	81.01
Miscellaneous including Sanitary Board	10.76	8.30	32.54	1,03.36	1,54.96
Total	15.70	21.96	40.33	1,79.56	2,57.55

Out of the above unspent balances, Rs. 0.07 lakh were refunded by local bodies during 1974-75.

The unspent balances include Rs. 1,52.57 lakhs deposited by local bodies with the Public Works Department for execution of works for which accounts of expenditure had not been rendered by the Public Works Department to the local bodies (March 1975). These also include Rs. 0.64 lakh which were either utilised on the expiry of the prescribed period without approval of the Government or represent amounts reported to have been spent, but accounts thereof were not made available. These are yet to be regularised by the Government.

1.14. Utilisation certificates

During 1974-75, Rs. 7.65 crores were paid as grants to local bodies, *Zila Prishads*, *Panchayat Samitis* and other institutions. The financial rules of the Government require that certificates of grants having been utilised by the grantees for the purposes for which these were paid to them should be sent by the departmental officers to the Accountant General within 18 months from the date of sanction of grants.

Out of Rs. 33.63 crores (5,928 cases) paid as grants during 1957-58 to 1973-74 and in respect of which utilisation certificates were due, certificates for Rs. 15.40 crores (5,135 cases) are still awaited (December 1975). Of these, certificates for Rs. 9.91 crores (3,173 cases) are due for over three years. The department-wise outstandings are mentioned in Appendix I. Departments from which certificates for the bulk of the amount are awaited are Development and Panchayat Department (number of certificates : 4,326 ; amount : Rs. 9.19 crores), Agriculture Department (number of certificates : 35 ; amount : Rs. 2.90 crores), Technical Education Department (number of certificates : 33 ; amount : Rs. 1.08 crores), Local Government Department (number of certificates : 37 ; amount : Rs. 0.79 crore) and Education Department (number of certificates : 41 ; amount: Rs. 0.60 crore).

In the absence of the certificates, Audit is unable to state to what extent the recipients spent the grants for the purpose or purposes for which these were given.

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1. (a) Summary

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

		<i>Grants/ charged appropriations</i>	<i>Expendi- ture</i>	<i>Saving(—)/ Excess(+)</i>	<i>Percen- tage</i>	
<i>(in crores of rupees)</i>						
<i>Voted—</i>						
Original	3,18.15	}	3,66.15	3,37.29	(—)28.86	7.9
Supplementary	48.00					
<i>Amount transferred to the Contingency Fund</i>						
Original	..	}	2.00	2.00
Supplementary	2.00					
<i>Charged—</i>						
Original	1,31.16	}	1,31.18	1,06.61	(—)24.57	18.7
Supplementary	0.02					
Total			4,99.33	4,45.90	(—)53.43	10.7

The overall saving of Rs. 53.43 crores was the result of saving of Rs. 94.31 crores in 18 grants (Rs. 69.62 crores) and 12 charged appropriations (Rs. 24.69 crores) partly offset by excess of Rs. 40.88 crores in 12 grants (Rs. 40.76 crores) and 3 charged appropriations (Rs. 0.12 crore).

(b) Further details are given below :—

	Revenue	Capital	Loans and ad- vances	Transfer to the Conti- gency Fund	Public debt	Total
(in crores of rupees)						
Authorised to be spent (Grants and charged app- ropriations)						
Original	1,60.79	1,52.37	28.54	..	1,07.61	4,49.31
Supplementary	16.01	25.41	6.60	..	..	48.02
Amount transferred to the Conti- gency Fund	..	..	..	2.00	..	2.00
Total	1,76.80	1,77.78	35.14	2.00	1,07.61	4,99.33
Actual ex- penditure (Grants and charged appro- priations)	1,91.36	1,29.90	38.30	2.00	84.34	4,45.90
Shortfall(—)/ Excess(+)	(+)14.56	(—)47.88	(+)3.16	..	(—)23.27	(—)53.43

2.2. Excess over grants/charged appropriations requiring regularisation

(a) *Grants*—The excess of Rs. 23.90 crores in the following 7 grants in the revenue portion and the excess of Rs. 16.86 crores in the following 5 grants in the capital portion require regularisation under Article 205 of the Constitution.

Serial No.	Number and name of grant	Revenue portion		
		Total grant Rs.	Expenditure Rs.	Excess Rs.
(i) 2-General Administration	Original 3,74,19,570	3,74,19,570	3,77,84,971	3,65,401
	Supplementary ..			

The excess occurred mainly under three group-heads, which was due to additional expenditure on dearness allowance.

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Serial No.	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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(ii) 5-Excise and Taxation

Original	94,69,070	1,01,60,000	1,03,83,770	2,23,770
Supplementary	6,90,930			

Reasons for the excess have not been communicated (March 1976).

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(iii) 6-Finance

Original	2,70,60,220	2,77,89,000	2,83,68,274	5,79,274
Supplementary	7,28,780			

The excess occurred mainly under two group-heads. This was partly offset by savings mainly under four group-heads.

The excess was due mainly to *ad hoc* relief to pensioners and adjustment of previous year's debits received from Punjab Government.

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(iv) 8-Buildings and Roads

Original	10,23,51,400	10,25,95,810	33,54,57,795	23,28,61,985
Supplementary	2,44,410			

The excess occurred mainly under six group-heads. This was partly offset by savings mainly under four group-heads.

Reasons for the excess have not been communicated (March 1976).

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(v) 9-Education

Original	27,84,80,170	30,64,56,960	31,01,73,670	37,16,710
Supplementary	2,79,76,790			

The excess occurred mainly under two group-heads. This was partly offset by savings mainly under one group-head.

The excess was due mainly to grant of additional dearness allowance.

Excess occurred under this grant in 1973-74 (Rs. 0.89 crore) and 1972-73 (Rs. 0.12 crore) also.

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(vi) 20-Forest

Original	1,38,01,970	1,39,61,620	1,41,90,617	2,28,997
Supplementary	1,59,650			

The excess occurred mainly under one group-head which was due to additional expenditure on dearness allowance.

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Serial No.	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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(vii) 21-Community Development

Original	2,34,22,900	2,34,22,910	2,44,21,663	9,98,753
Supplementary	10			

The excess occurred mainly under two group-heads. This was partly offset by savings mainly under three group-heads.

Reasons for the excess have not been communicated (March 1976).

Capital portion

(i) 13-Social Welfare and Rehabilitation

Original	15,00,000	15,00,000	15,00,054	54
Supplementary	..			

(ii) 15-Irrigation

Original	23,57,01,440	28,41,27,860	42,11,70,994	13,70,43,134
Supplementary	4,84,26,420			

The excess occurred mainly under three group-heads. This was partly offset by savings mainly under four group-heads.

Reasons for the excess have not been communicated (March 1976).

Excess occurred under this grant in 1973-74 (Rs. 12.32 crores) and 1972-73 (Rs. 4.89 crores) also.

(iii) 18-Animal Husbandry

Original	14,00,000	14,00,000	14,10,445	10,445
Supplementary	..			

(iv) 23-Transport

Original	2,84,41,200	3,50,45,000	3,51,13,035	68,035
Supplementary	66,03,800			

(v) 25-Loans & Advances by State Government

Original	28,54,26,220	35,14,28,150	38,29,56,940	3,15,28,790
Supplementary	6,60,01,930			

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The excess occurred mainly under five group-heads. This was partly offset by savings mainly under twelve group-heads.

Reasons for the excess have not been communicated (March 1976).

(b) *Charged appropriations*—The excess of Rs. 0.07 crore over charged appropriation in the following 3 cases in the revenue portion and of Rs. 0.05 crore in one case in the capital portion also requires regularisation :—

Revenue portion

Serial No.	Number and name of charged appropriation	Total appropriation	Expenditure	Excess
		Rs.	Rs.	Rs.

P. 8 11/1/76	(i) 2-General Administration			
	Original	12,45,840	13,23,440	13,52,221
	Supplementary	77,600		
				28,781

The excess was due mainly to grant of additional dearness allowance.

P. 10 11/1/76	(ii) 3-Home			
	Original	16,40,890	16,40,890	21,52,661
	Supplementary	..		
				5,11,771

The excess occurred mainly under one group-head which was due to increase in the share of expenditure of common High Court of Punjab and Haryana and grant of additional dearness allowance to staff.

P. 20 11/1/76	(iii) 8-Buildings and Roads			
	Original	48,000	48,000	2,19,547
	Supplementary	..		
				1,71,547

The excess occurred mainly under one group-head due to payment of enhanced compensation for land as per court award.

Capital portion

P. 21 11/1/76	(i) 8-Buildings and Roads			
	Original	..	..	4,99,689
	Supplementary	..		
				4,99,689

The expenditure was incurred without provision of funds under one group-head to make payment of decretal charges.

2.3. Supplementary grants/charged appropriations

The supplementary provisions of Rs. 16 crores and Rs. 34 crores (12 and 19 per cent of original grant) were obtained under 14 and 7 grants in revenue and capital portion respectively. Supplementary appropriations of Rs. 1.73 lakhs and Rs. 0.55 lakh were also obtained for charged expenditure under 5 appropriations in the revenue portion and 1 appropriation in the capital portion respectively.

The details of significant cases of unnecessary, excessive and inadequate supplementary grants (no such case under charged appropriations) are given below :—

(a) *Unnecessary supplementary grants*—In the following cases the supplementary grants (exceeding Rs. 5 lakhs each) of Rs. 60 lakhs remained wholly unutilised as the expenditure did not come even upto the original provision.

Serial No.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Savings
(in lakhs of rupees)					
Revenue portion					
(i)	16-Industries	1,81.32	50.00	1,40.86	90.46

The shortfall was due mainly to reduction in plan ceiling, grant of less subsidies to small scale units, non-purchase of machinery and equipment, posts kept vacant and economy measures.

Capital portion					
(ii)	17-Agriculture	1,48.30	10.00	85.20	73.10

The shortfall was due mainly to non-purchase of pesticides and non-acquisition of land.

(b) *Supplementary grants which proved excessive*

In the following cases the supplementary grants (exceeding Rs. 5 lakhs each) proved excessive ; against the supplementary provision of Rs. 31,86.29 lakhs, Rs. 27,66.59 lakhs were actually utilised.

Revenue portion					
(i)	3-Home	8,37.92	1,13.03	9,43.73	7.22
(ii)	4-Revenue	1,75.37	3,97.27	5,66.52	6.12

The shortfall was due mainly to less expenditure on compensation to land owners/tenants.

(iii)	10-Medical and Public Health	12,39.39	1,57.88	12,56.91	1,40.36
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The shortfall was due mainly to (i) reduction in plan ceiling, (ii) posts kept vacant, and (iii) economy measures.

Serial No.	Number and name of grant	Original grant	Supplementary grant (in lakhs of rupees)	Expenditure	Savings
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P. 43 or P. 74 App. 14	(iv) 14-Food and Supplies	1,16.01	1,03.67	2,12.41	7.27
	(v) 23-Transport	18,75.65	4,80.00	23,09.36	46.29

The shortfall was due mainly to less purchase of vehicles and economy in grants to aviation clubs.

Capital portion

P. 72 App. 15	(i) 22-Co-operation	2,32.70	19,34.44	19,54.70	2,12.44
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The shortfall was due mainly to (i) non-purchase of fertilizers and chemicals, and (ii) less contribution to the share capital of marketing societies for the margin money requirement.

(c) Inadequate grants

In the following cases the supplementary grants (exceeding Rs. 5 lakhs in each case) of Rs. 15,04.29 lakhs proved inadequate; the final uncovered excess (reasons mentioned to the extent available in para 2.2) was Rs. 17,31.60 lakhs.

Revenue portion

Serial No.	Number and name of grant	Original grant	Supplementary grant	Expenditure	Excesses
P. 12	(i) 5-Excise and Taxation	94.69	6.91	1,03.84	2.24
P. 13	(ii) 6-Finance	2,70.60	7.29	2,83.68	5.79
P. 32	(iii) 9-Education	27,84.80	2,79.77	31,01.74	37.17

Capital portion

P. 45	(i) 15-Irrigation	23,57.02	4,84.26	42,11.71	13,70.43
P. 74	(ii) 23-Transport	2,84.41	66.04	3,51.13	0.68
P. 80 App. 14	(iii) 25-Loans and Advances	28,54.26	6,60.02	38,29.57	3,15.29

2.4. Unutilised provision

(i) Rupees 8.07 crores and Rs. 61.56 crores remained unutilised in 17 and 10 grants in revenue and capital portion respectively. Similarly Rs. 1.34 crores and Rs. 23.35 crores remained unutilised in 10 and 4 charged appropriations in revenue and capital portion respectively.

(ii) In 13 grants and 2 charged appropriations, the savings (more than Rs. 2 lakhs in each case) were more than 10 per cent of the total provision. The details of these grants and charged appropriations are given in Appendix II.

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CHAPTER III
CIVIL DEPARTMENTS
AGRICULTURE

3.1. Intensive Cotton District Programme

The Intensive Cotton District Programme, financed fully by grants from the Government of India, was undertaken in Hissar District from November 1971. The objective of the programme was to increase the annual production of long staple cotton in the district from 1.60 lakh bales* (base year 1970-71) to 3.20 lakh bales by the end of 1973-74.

The programme provided for —

- (i) the grant of subsidy on the cost of cotton seed, insecticides, cyocel, plant protection equipment and operational charges for aerial spraying; and
- (ii) the laying out of demonstration plots.

The rates of subsidy admissible under the programme were —

- (a) upto Rs. 25 per quintal on improved cotton seed;
- (b) twentyfive per cent of the cost of insecticides per spray for 3 sprays (thirtythree and one-third per cent of the cost per spray for subsequent sprays) and Rs. 7.50 per hectare towards operational charges for aerial spraying;
- (c) thirtythree and one-third per cent of the cost of cyocel and weedicides; and
- (d) twentyfive per cent of the cost of plant protection equipment subject to a maximum of Rs. 200 per item.

A test check (March-May 1975) of the programme for the period ending March 1974 disclosed the following :—

(1) *Outlay and expenditure*—The financial target, actual expenditure and the amount released by the Government of India during the three years

* One bale=180 kilograms

ending March 1974 were as follows :—

1971-72			1972-73			1973-74		
Financial target	Amount released by Government of India	Expenditure	Financial target	Amount released by Government of India	Expenditure	Financial target	Amount released by Government of India	Expenditure
(in lakhs of rupees)								
Pay and Allowances								
6.56	—	0.51	10.22	—	5.18	10.80	—	6.70
Contingencies and subsidy								
19.00	18.00	5.29	64.10	30.00	35.98	43.85	38.30	25.90*
Total :								
25.56	18.00	5.80	74.32	30.00	41.16	54.65	38.30	32.60

During the years 1971-72, 1972-73 and 1973-74, the department did not achieve the financial target to the extent of Rs. 19.76 lakhs, Rs. 33.16 lakhs and Rs. 22.05 lakhs respectively. The grant released by the Government of India was also not utilised to the extent of Rs. 12.20 lakhs in 1971-72 and Rs. 5.70 lakhs in 1973-74. Information as to adjustment/refund of the excess grant received from the Government of India is awaited (March 1976).

(2) Production

The programme aimed at increasing the annual production of long staple cotton progressively from 1.60 lakh bales (base year 1970-71) to 3.20 lakh bales by 1973-74, *inter alia*, by increasing the area under cultivation from 80,000 hectares during 1971-72 to 1,20,000 hectares by 1973-74. An area of 1,03,800 hectares, 1,09,000 hectares and 1,23,000 hectares was actually brought under cultivation during the years 1971-72, 1972-73 and 1973-74 respectively. According to the Haryana Statistical Abstracts, the additional production achieved was as under :—

Year	Total production (in thousand bales)			Additional production (in thousand bales)	
	Targets	Actuals	Percentage Excess(+)/ Shortfall(—)	Targets	Actuals
1970-71 (base year)	160	160			
1971-72	180	209	(+)16	20	49
1972-73	240	197	(—)18	80	37
1973-74 @	320	236	(—)26	160	76

*Includes Rs. 0.70 lakh redeposited into treasury in July 1974.

@Source : Director of Agriculture

The low production was attributed by the department (March 1976) to severe drought conditions during 1972-73 and non-availability of fertilizers during 1973-74.

The increase in the total production of cotton was also to be achieved by increasing the unit production of cotton lint from 360 kilograms per hectare (base year 1970-71) to 405 kilograms per hectare in 1971-72, 432 kilograms per hectare in 1972-73 and 480 kilograms per hectare in 1973-74. Actual average yield during these years was 354 kilograms, 321 kilograms and 345 kilograms per hectare respectively, which was even below the base level of 1970-71.

(3) Supply of cotton seed

(a) The programme envisaged coverage of the entire cotton area with pure long staple cotton seed to be supplied to the cultivators through departmental agencies. Against the target of distribution of 16,000, 20,000 and 24,000 quintals of seed during the years 1971-72 to 1973-74, the quantity actually supplied to the cultivators was 4,289, 5,267 and 3,388 quintals which worked out to about 25 per cent, 25 per cent and 13 per cent of the targets.

(b) During 1971-72 to 1973-74, 22,058 quintals of seed were purchased on which subsidy aggregating Rs. 4.95 lakhs at rates varying from Rs. 20 to Rs. 25 per quintal was paid at source to the State Marketing Board. Out of this, 12,944 quintals of seed, which had been purchased at rates ranging from Rs. 123 to Rs. 175 per quintal, were distributed among the cultivators at rates ranging from Rs. 100 to Rs. 195 per quintal. The amount of subsidy actually reaching the cultivators in these sales worked ^{out} to Rs. 0.26 lakh only against Rs. 3.01 lakhs paid to the Marketing Board. This was due to the Board fixing the sale price of seed on the basis of market prices irrespective of actual cost.

The balance 9,114 quintals of seeds, on which subsidy of Rs. 1.94 lakhs had been paid to the Marketing Board, was not sold to the cultivators and was either transferred out of the area of the programme or was disposed of through auction (loss in auction : Rs. 1.81 lakhs).

(c) The scheme envisaged payment of subsidy only on approved varieties of long staple cotton seed, viz., H-14 and F-320. The department, however, purchased 904.89 quintals of Jai cotton seed on which subsidy of Rs. 0.23 lakh was paid outside the scope of the programme.

(d) During 1972-73, 4,360.02 quintals of F-320 seed were purchased in Sirsa Zone in respect of which account for 4,219.20 quintals only was available with the Deputy Director of Agriculture, Sirsa, leaving 140.82 quintals unaccounted for.

(4) Subsidy on ground/aerial spray of cotton

Against an eight spray schedule recommended by the Government of India, the State Government decided to follow a four spray schedule for covering the entire area under this programme. On this basis, the gross area required to be sprayed worked out to 3.20 lakh, 4.00 lakh and 4.80 lakh hectares and the subsidy portion of the cost of pesticides to about Rs. 20 lakhs, Rs. 25

lakhs and Rs. 30 lakhs for the years 1971-72, 1972-73 and 1973-74 respectively. No coverage was made under this programme in 1971-72 though an expenditure of Rs. 2.63 lakhs on the subsidy portion of the pesticides was debited to the programme for this purpose. During 1972-73 and 1973-74, gross coverage made was 0.79 lakh hectares and 1.35 lakh hectares which was 20 per cent and 28 per cent of the physical targets for these years. The subsidy allowed to the cultivators during 1972-73 and 1973-74 was Rs. 4.53 lakhs and Rs. 10.73 lakhs which was 18 per cent and 31 per cent of the targets fixed.

(5) Purchase of plant protection equipment for being hired to cultivators

The programme envisaged supply of plant protection equipment to cotton cultivators at 25 per cent subsidy subject to a maximum of Rs. 200 per item. Where the cultivators were unable to purchase the plant protection equipment, the department was to create adequate stocks of plant protection equipment for issue to needy cultivators on loan for a nominal hire charge.

During 1972-73 and 1973-74, equipment costing Rs. 25.02 lakhs and Rs. 6.46 lakhs, which included 6,198 hand operated spray pumps (cost : Rs. 16.51 lakhs), was purchased for being lent on hire. During September 1973, 2,040 pumps were transferred to other districts to fight sugarcane pyrilla. The pumps had not been received back in the project area till May 1975 ; the disposal of the pumps subsequent to May 1975 is not known (March 1976).

The departmental instructions provided for the hire of hand/power spray pumps to the cultivators at a rental of Re. 1/Rs. 5 per day. No records were available to show the flow of demand for pumps, the period for which these remained in the custody of an individual and the amount of hire charges recoverable. It was, however, stated by the Deputy Directors of Agriculture, Sirsa and Hissar that rental charges amounting to Rs. 2,780 were recovered in Sirsa and Hissar Zones during 1972-73 and 1973-74 at 30 Paise/Rs. 2 per hand/power operated pump. These rates were lower than the prescribed rates. The department stated (March 1976) that the matter was being investigated.

The meagre amount of hire charges recovered indicates that the spray pumps purchased were largely in excess of demand and the bulk of them remained idle. A quantity of 519 hand operated pumps costing Rs. 1.47 lakhs was still (May 1975) lying in stock as unutilised.

(6) Demonstration plots

To demonstrate to the cultivators the advantages of sowing a plot under ideal conditions, the programme envisaged laying of demonstration plots in the farmers' fields at a cost not exceeding Rs. 400 per hectare. During 1972-73 and 1973-74, demonstration plots were laid in 106 and 115 hectares respectively. In 1972-73, against the permissible expenditure of Rs. 0.42 lakh, inputs costing Rs. 0.52 lakh were purchased whereas inputs for Rs. 0.32 lakh were actually utilized. Similarly, in 1973-74, against permissible expenditure of Rs. 0.46 lakh, inputs costing Rs. 1.32 lakhs were purchased, out of which inputs costing Rs. 0.22 lakh (figures of Hissar Zone awaited, March 1976) were actually utilised. Disposal of the balance inputs costing Rs. 0.79 lakh is awaited (March 1976).

The matter was referred to the Government in July 1975 and December 1975 ; reply is awaited (March 1976).

3.2. Pilot Project for Multiple Cropping

The total area of Haryana State is 44 lakh hectares of which about 37 lakh hectares were cultivated in 1968-69*. There being little scope for bringing more area under cultivation, any increase in agricultural production could come through intensive cultivation by adopting multiple cropping. To achieve this end, a Pilot Project for Multiple Cropping was undertaken in three blocks (Ganaur, Jind and Kathura) during 1971-72. The blocks were reorganised during the course of execution of the project and Safidon and Jullana blocks were also brought under the project.

Accelerated development of multiple cropping was proposed to be achieved through well organised extension efforts, streamlined input supplies, scientific demonstrations, integrated action programme of adaptive research trials and credit services.

The project was estimated to cost Rs. 12.06 lakhs over three years from 1971-72 to 1973-74; expenditure was Rs. 11.12 lakhs against budget allotment of Rs. 12.65 lakhs.

A test check by Audit brought out the following points.

(i) The project envisaged an increase in the intensity of cropping from 134 per cent (average of 1967-68 and 1968-69) to 170 per cent in 1973-74 in Jind and Kathura blocks and from 127 per cent to 160 per cent in Ganaur Block.

The year-wise and block-wise position of intensity of cropping from 1971-72 to 1973-74 was as under :—

Serial No.	Name of the block	Pre-project intensity of cropping average report of 1967-68 and 1968-69 (percentage as per project report)	Targets for 1973-74 as per project report	1971-72			1972-73			1973-74			
				Total cropped area	Net cultivable area	Percentage of intensity	Total cropped area	Net cultivable area	Percentage of intensity	Total cropped area	Net cultivable area	Percentage of intensity	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
				(Columns 5,6,8,9,11 and 12 are in thousand hectares)									
1.	Ganaur	127	160	36	29	124	42	29	145	45	29	155	
2.	Jind	134	170	90	70	129	59	38	155	62	38	163	
3.	Jullana	134 (assumed)	170	(Block not in existence)				47	34	138	49	36	136
4.	Kathura	134	170	41	30	137	43	30	143	25	18	139	
5.	Safidon	134 (assumed)	170	58	40	145	65	40	162	63	40	157	

* Project Report on Pilot Project for Multiple Cropping prepared by the Agriculture Department,

(ii) The project envisaged that about 4 lakh hectares of additional cropped area (including 0.58 lakh hectares in the project area) would be covered by multiple cropping in the entire State during the Fourth Five Year Plan (1969-74). The maximum area brought under multiple cropping during the Fourth Five Year Plan (16.33 lakh hectares in 1972-73) was just equal to the achievement in this regard during 1967-68 as indicated below :—

Year	Area under multiple cropping (hectares in lakhs)
1966-67	11.76
1967-68	16.36
1968-69	7.80 (fall stated to be due to drought)
1969-70	13.93
1970-71	13.92
1971-72	14.81
1972-73	16.33
1973-74	15.84

(iii) The objective of the project was to increase production. The average production* of the following principal crops showed considerable decrease not only with reference to the targets fixed but also when compared with the pre-project period output :—

Serial No.	Name of crop/block	Production before the project as per project report	Anticipated production in 1973-74	Average production			Short-fall in 1973-74	Area covered (thousand hectares)	Total short-fall production during 1973-74 (thousand quintals)	Rate per quintal	Value of short-fall
				1971-72	1972-73	1973-74					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I. Wheat											
	Ganaur	20	25	20	18	17	8	18	144	105	1,51.20
	Jind	25	30	21	18	16	14	18	252	130	3,27.60
	Jullana	@N.A.	30	21	17	16	14	9	126	130	1,63.80
	Kathura	20	30	26	25	20	10	9	90	106	94.50
	Safidon	@N.A.	30	21	17	16	14	25	350	130	4,55.00

*Source : Data supplied by the Deputy Directors of Agriculture, Sonapat and Jind.

@ NA = Not available ;

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
2. Gram											
Jind		10	10	8	7	6	4	8	32	208	66.56
Jullana	@N.A.	10	10	8	6	6	4	13	52	208	1,08.16
Kathura		10	10	8	10	3	7	3	21	200	42.00
Safidon	@N.A.	10	10	7	7	6	4	5	20	200	41.60
3. Bajra											
Ganaur		6	15	9	6	7	8	2	16	90	14.40
Jind		6	15	5	7	8	7	11	77	90	69.30
Jullana	@N.A.	15	15	7	7	9	6	10	60	90	54.00
Kathura		6	15	8	11	10	5	3	15	150	22.50
Safidon	@N.A.	15	15	7	6	8	7	7	49	90	44.10
4. Sugarcane											
Ganaur		600	750	399	373	409	341	4	1364	13	1,77.32
Jind		600	750	46	67	43	707	2	1414	13	1,83.82
Jullana	@N.A.	750	750	57	41	42	708	3	2124	13	2,76.12
Kathura		600	750	48	43	38	712	2	1424	13	1,85.12
Safidon	@N.A.	750	750	60	46	43	707	3	2121	13	2,75.73
5. Paddy											
Ganaur		20	40	22	23	25	15	2	30	80	24.00
Jind		25	50	15	10	16	34	2	68	79	53.72
Kathura		20	40	11	18	15	25	1	25	76	19.00
Safidon	@N.A.	50	50	17	13	15	35	6	210	79	1,65.90
											30,15.45

The decrease in production during 1973-74 was attributed by the Deputy Director of Agriculture, Sonapat, to unfavourable weather conditions and inadequate rainfall.

The matter was referred to the Government in April 1975; reply is awaited (March 1976).

3.3. Construction of katcha water courses

The Northern India Canal and Drainage Act, 1873, requires the cultivators to bear the cost of construction of field water courses to carry canal water to the open fields from the outlets provided on the irrigation channels. It was, however, observed by the Government (January 1971) that the irrigation facilities provided by various canal systems were not being fully utilised in certain areas due to undulating topography and ignorance and poor economic condition of farmers. The Government therefore decided (April 1971) to

@N.A. = Not available

take up construction of *katcha* water courses in the command areas of Jui Canal, Indira Gandhi Canal and Kairu Minor of Western Jamuna Canal systems. This facility was subsequently extended to the command areas of B.N. Chakravarti Canal and Gurgaon Canal systems during 1972-73 and Jhajjar Lift Irrigation Scheme during 1973-74. An expenditure of Rs. 53.58 lakhs was incurred on the construction of water courses to end of March 1975 against the provision of Rs. 54.44 lakhs.

A mention of *katcha* water courses constructed during 1971-72 and 1972-73 under the Crash Scheme for Rural Employment was made in paragraph 2(8) of the Advance Audit Report for the year 1972-73. Points noticed during further scrutiny of the programme of construction of *katcha* water courses are mentioned in the succeeding paragraphs.

(2) The targets fixed and the number of water courses actually constructed were as under :—

Serial No.	Name of the Project	1971-72		1972-73		1973-74		1974-75		Total	
		Tar-gets	Achi-eve-ments	Tar-gets	Achi-eve-ments	Tar-gets	Achi-eve-ments	Tar-gets	Achi-eve-ments	Tar-gets	Achi-eve-ments
1.	Jui Canal System (number)	171	139	21	21	109	89	94	81	395	330
2.	Indira Gandhi Canal System (number)	100	92	342	284	330	258	342	250	1114	884
3.	B.N. Chakravarti Canal System (number)	—	—	67	67	148	136	245	201	460	404
4.	Gurgaon Canal System (including Nigana Minor) (number)	—	—	170	168	135	117	156	156	461	441
5.	Jhajjar Lift Irrigation Scheme (number)	—	—	—	—	98	94	30	17	128	111
Grand Total										2,558	2,170

In most of the cases, the water courses were not dug to the full proposed length. Against the proposed length of 2,700 miles, the actual length excavated was 2,268 miles. The shortfall was attributed by the department (October 1975) to (i) resistance from the farmers due to standing crops; and (ii) the actual availability of water in those reaches not warranting excavation beyond the length dug.

(a) The Executive Engineer, Gurgaon Canal Division, Faridabad informed Audit (September 1975) that 29 water courses excavated at a cost of Rs. 0.67 lakh had not been dug according to the required level especially in reaches with heavy filling/cutting.

(b) Twentyfive water courses (15 on B.N. Chakravarti Canal, 5 on Gurgaon Canal, 4 on Jhajjar Lift Canal and 1 on Jui Canal System) constructed in 1973-74 and 1974-75 costing Rs. 0.69 lakh were such in respect of which

no outlet had been provided by the Irrigation Department (November 1975).

(c) In order that irrigation could be done throughout the length of a water course, it was necessary that culverts be provided over crossings simultaneously with the construction of the water course. The targets fixed in respect of the culverts and the achievements thereagainst during 1974-75 were as under :—

Serial No.	Name of ^{the} Project	Number of culverts to be constructed	Number of culverts constructed	Shortfall
(i)	Jui Canal System	25	25	..
(ii)	Indira Gandhi Canal System	35	18	17
(iii)	B.N. Chakravarti Canal System	30	..	30
(iv)	Gurgaon Canal System	25	35	(—)10
(v)	Jhajjar Lift Irrigation Scheme	30	1	29
				66

The shortfall in construction of the culverts was attributed by the department (November 1975) to

- (i) non-availability of construction materials like cement and bricks ;
- (ii) inadequate budget allocation ; and
- (iii) non-availability of labour required for *pucca* construction.

In the case of 40 water courses, excavation was done beyond the crossing-points though the culverts had not been constructed. Consequently, water could not run beyond the crossing points in 21 miles out of 38 miles (20 miles excavated in 1973-74 and 18 miles in 1974-75) of water courses. The approximate cost of excavation of these 21 miles of water courses was Rs. 0.48 lakh.

(3) (a) According to the concerned Executive Engineers of the Irrigation Department, no irrigation was done till *Rabi* 1974-75 through 77 out of a total of 1,465 water courses dug till then.

(b) The data relating to the culturable command area of the outlets provided on the Gurgaon Canal System and the irrigation achieved in *Rabi* 1974-75 through the water courses dug in its command showed that the irrigation achieved through 22 per cent of the total number of water courses was less than 10 per cent of the area commanded by them, for another 40 per cent of the total number of water courses irrigation achieved ranged between 10 and 30 per cent, while in the case of the remaining 38 per cent of the water courses the irrigation achieved was, in a majority of cases, between 31 and 60 per cent.

(4) The objective of the construction of water courses at Government cost was to expedite development of irrigation in the command area of the canals. The targets and achievements were as under :—

Serial No.	Name of the project	Gross command area (in thousand acres)	Culturable command area (in thousand acres)	Actual irrigated area (in thousand acres)							
				1971-72		1972-73		1973-74		1974-75	
				Target	Achievements	Target	Achievements	Target	Achievements	Target	Achievements
1.	Jui Canal System	82	66	6	6	12	12	20	19	25	18
2.	Indira Gandhi Canal System	330	264	46	4	46	13	163	21	163	24
3.	B. N. Chakravarti Canal System	240	182	@ NA	@ NA	@ NA	2	@ NA	13	@ NA	14
4.	Gurgaon Canal System	359	323	@ NA	18	26	21	33	25	41	37
5.	Jhajjar Lift Irrigation Scheme	36	29	..	..	..	..	@ NA	4	@ NA	1

The shortfall in irrigation was attributed by the department (November 1975) to

- (i) non-existence of "Wara Bandi",
- (ii) non-construction of water courses to cover the full command,
- (iii) less flow of water with resultant lower working head on outlets for considerable duration,
- (iv) the increasing length of canals/distributaries/minors every year resulting in the supply remaining below the designed full supply levels, despite increased average discharge,
- (v) frequent power break-downs, and
- (vi) light texture of soils coupled with unlevelled fields.

(5) The following points were also noticed :—

- (i) A sum of Rs. 0.10 lakh was paid in December 1974 to a firm for supply of 30 tonnes of cement. The material has, however, not been received so far (October 1975).
- (ii) Under the rules, measurements of work done as recorded by the Agricultural Sub Inspector were to be checked to the extent

@ NA = Not available.

of 25 per cent, 10 per cent and 2.5 per cent by the Agricultural Inspector, the Assistant Soil Conservation Officer and the Divisional Soil Conservation Officer respectively. In respect of measurements relating to digging of water courses on Gurgaon Canal, while no difference was reported by the Assistant Soil Conservation Officer, Gurgaon, as a result of his check, differences involving excess payment of Rs. 1,965 in a total payment of Rs. 8,330 were noticed by the Divisional Soil Conservation Officer in 5 out of 6 cases test checked by him during 1974-75.

The department stated in November 1975 that the recovery of excess payment was under progress.

The matter was referred to Government in December 1975 ; reply is awaited (March 1976).

3.4. Area Development Programme

An area of about 10 lakh acres in the district of Mohindergarh and in parts of Hissar, Bhiwani, Rohtak and Gurgaon districts is chronically drought prone with low and erratic rainfall. The subsoil water is generally insufficient, mostly brackish and unfit for irrigation. The construction of the following lift irrigation canals was, therefore, taken up during the Fourth Five Year Plan (1969-74) :—

Serial No.	Name of the Scheme	Discharge capacity (cusecs) perennial/monsoon	Estimated cost (in crores of rupees)	Actual expenditure upto December 1975 (in crores of rupees)	Date of commencement	Date of completion	Cultivable comm- and area (in thousand acres)	Date of release of water
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Jui Canal	250/410	5.81	5.40	October 1969	June 1971 (1st stage only)	74.6	June 1971
2.	Indira Gandhi Canal	1000/1315	18.00	15.29	October 1970	June 1974	263.7	August 1971
3.	B. N. Chakravarti Canal	635/806	16.00	12.96	August 1971	In progress (March 1976)	181.8	May 1973

The cultivators of the area were, however, by and large, not accustomed to cultivation under irrigated conditions and had seldom used improved seed, fertilisers, plant protection equipment and pesticides, etc. With a view to have integrated development and proper utilisation of the potential created by lift irrigation canals, an Area Development Programme (AYACUT) for the command area of Jui Canal was prepared in December 1970. The programme contemplated provision of special incentives to the farmers by way of subsidies

(25 per cent) and loans (75 per cent) towards the cost of

- (i) land shaping and levelling, and
- (ii) inputs, i.e., improved seeds, fertilizers and pesticides.

The programme also envisaged the training of farmers in the use of modern agricultural techniques through

- (a) crop demonstrations and introductory trials,
- (b) implements and machinery demonstrations, and
- (c) use of chemical and mechanical lining materials.

The programme was subsequently extended to the command areas of Indira Gandhi and B.N. Chaktavarti Canals from *kharif* 1971 and *kharif* 1972 respectively.

3.4.2. An expenditure of Rs. 17.52 lakhs as detailed below was incurred on the programme during the period 1971-72 to 1973-74.

Serial No.	Year	Allotment		Expenditure
		Original budget provision	Modified	
		(in lakhs of rupees)		
1.	1971-72	10.00	8.32	8.03
2.	1972-73	15.00	1.32	0.94
3.	1973-74	15.00	8.54	8.55
	Total	40.00	18.18	17.52

(a) Rupees 6 lakhs were withdrawn from the treasury at the close of March 1972, out of which Rs. 5.55 lakhs were deposited in a Post Office in the name of the Deputy Director of Agriculture, Bhiwani. During the next financial year, an amount of Rs. 0.67 lakh was spent on the programme. The balance was refunded into treasury between July 1972 and September 1975 except for a sum of Rs. 0.10 lakh outstanding against the Deputy Director of Agriculture.

Out of the sum of Rs. 5.55 lakhs deposited in the Post Office, a sum of Rs. 1 lakh was advanced to the Haryana Agro-Industries Corporation in June 1972 for land levelling work. Of this, Rs. 0.81 lakh were refunded by the corporation in April 1973 and for the balance a bill was submitted for work done by it.

(b) An order for the supply of implements was placed on a firm in March 1972. Although no advance payment was stipulated, a sum of Rs. 7,000 was advanced to the firm in March 1972. As the firm failed to supply the equipment till September 1972, the order was cancelled and the firm was asked to refund the amount together with interest at 12 per cent. The firm has not so far (March 1976) refunded the advance. The department stated (November 1975) that an amount of Rs. 0.07 lakh had been withheld from the gratuity payable to the officer who had made the advance to the firm.

(c) Out of the advance of Rs. 0.10 lakh drawn by the Deputy Director of Agriculture, Bhiwani in March 1972 for the purchase of groundnut seed, an account for Rs. 0.06 lakh only was stated (October 1975) to have been received from him. A sum of Rs. 0.04 lakh was outstanding against him though he had retired in the meantime. The department stated that recovery would be made from his gratuity which remains to be determined (March 1976).

3.4.3. For the implementation of ^{The} annual programme of 1972-73, sanction amounting to Rs. 8.49 lakhs was accorded by the Government in August 1972 against which funds to the extent of Rs. 0.94 lakh only were utilised. The department stated (November 1975) that funds were surrendered, *inter alia*, due to late receipt of sanction from Government when *khari* sowing was already over.

3.4.4. *Land levelling*—The Area Development Programme contemplated levelling an area of 13,000 acres during 1971-72 to 1973-74 in the command area of Jui Canal. It was estimated that the total cost of land levelling work would amount to Rs. 66 lakhs at the rate of about Rs. 500 per acre, of which Rs. 16.50 lakhs (25 per cent) were to be paid to the cultivators as subsidy while for the balance amount necessary loans were to be arranged for them through the co-operative banks.

The position of actual execution of land levelling work and the subsidy allowed for it was as under :—

		AREA		
Serial No.	Year	Area proposed in the project for Jui Canal (in acres)	Area proposed in annual programme for all canals (in acres)	Area actually levelled (in acres)
1.	1971-72	3600	1942	Nil
2.	1972-73	4800	N.A. @	107
3.	1973-74	4800	1000	602

		SUBSIDY		
Serial No.	Year	Amount provided in the project for Jui Canal	Amount provided in annual programme for all canals (in lakhs of rupees)	Actuals
1.	1971-72	4.50	2.43	Nil
2.	1972-73	6.00	N.A. @	0.08
3.	1973-74	6.00	0.60	0.18

Though water was let in Jui and Indira Gandhi Canals during June 1971 and August 1971 respectively, no land levelling work was done during the year 1971-72. The progress in this regard during the succeeding two years also fell short of targets anticipated in the project as well as in the annual programme. The department stated (November 1975) that no land levelling

@ N.A. = Not available.

work could be done during 1971-72 as the working season for land levelling was already over by the time the staff started functioning. The shortfall during 1972-73 and 1973-74 was attributed, *inter alia*, to inadequate machinery and lack of demand from the farmers for land levelling work.

3.4.5. *Subsidy on inputs*—Provision of Rs. 2.24 lakhs and Rs. 6.47 lakhs was made in the annual programme for 1971-72 and 1972-73 respectively for payment of subsidy to farmers for procuring the inputs. But no subsidies were given during these years and the amounts allocated were surrendered. The department stated (October 1975) that no subsidy was paid because the terms and conditions of grant of subsidy remained to be finalised till December 1973. The position regarding the payment of subsidy during 1973-74 was as under :—

Serial No.	Name of crop	Target as per project		Target as per annual programme		Achievement	
		Area (in thousand acres)	Amount (in lakhs of rupees)	Area (in thousand acres)	Amount (in lakhs of rupees)	Area (in thousand acres)	Amount (in lakhs of rupees)
SEEDS							
1.	Bajra	20	5.60	5 (includes guar and moong)	0.12	7	0.22
2.	Gram	20	3.35 (including sr no. 4 and 6 below)	40	3.36	18	1.76
3.	Rape and Mustard	..	..	2	0.03	Nil	Nil
FERTILIZERS							
4.	Gram	20	Included in Rs. 3.35 lakhs as per serial no. 2	7.5	0.78	Nil	Nil
5.	Rape and Mustard	..	..	1	0.07	Nil	Nil
PESTICIDES							
6.	Gram	20	Included in Rs. 3.35 lakhs as per serial no. 2	95	0.10	Nil	Nil

Against the envisaged payment of Rs. 3.51 lakhs as subsidy on seed, the amount actually paid was Rs. 1.98 lakhs (54 per cent). No subsidy was paid to the farmers in respect of fertilizers and pesticides although a provision of Rs. 0.95 lakh existed therefor in the annual programme.

3.4.6. *Demonstrations of crops*—Crop demonstrations in the fields of the farmers for better utilisation of irrigation to obtain the maximum returns covered 915, 640 and 1315 acres against the target of 3056, 440 and 1500 acres for the years 1971-72, 1972-73 and 1973-74 respectively. The shortfall was 70 per cent for the year 1971-72 and 12 per cent for the year 1973-74.

Out of 412 acres covered under hybrid *bajra* demonstrations during 1971-72, an area of 121 acres (29 per cent) showed 'kharaba'. This resulted in a loss of Rs. 0.18 lakh on account of cost of seed, fertilizers and the expenditure on labour, etc. The department stated (July 1975) that the plots failed due to heavy rainfall just after sowing and other climatic conditions.

The matter was referred to the Government in December 1975 ; reply is awaited (March 1976).

3.5. Trial Bore Scheme

With a view to studying the underground formation, permeability of strata, water yielding capacity of sands, quality of water, etc., a Trial Bore Scheme was introduced in 1971-72 to help farmers to find water suitable for irrigation and installation of tubewells. In the event of the bore being declared successful, 25 to 75 per cent of the direct cost, (depending upon the depth of the bore) was to be recovered from the beneficiary in six half yearly instalments commencing one year after the completion of the bore. In case the bore was declared unsuccessful, no charge was recoverable from the cultivator.

An expenditure of Rs. 2.65 lakhs on establishment and Rs. 6.30 lakhs on contingencies was incurred during the period 1971-72 to 1974-75.

The position regarding the targets fixed and the trial bores dug during 1971-72 to 1974-75 was as under :—

Year	Targets fixed (bores)	Number of bores tried	Number of unsuccessful bores	Direct expenditure incurred	
				On unsuccessful bores	On successful bores
(in lakhs of rupees)					
1971-72	20	3	3	0.20	..
1972-73	20	16	15	0.40	0.18
1973-74	20	15	8	0.41	1.94
1974-75	20	19	10	0.52	0.36
Total	80	53	36	1.53	2.48

The scheme envisaged that no trial bore should be dug under the scheme within a radius of 5 miles of any previous trial bore dug by any agency. It was, however, observed that in 6 cases, trial bores (cost : Rs. 0.17 lakh) were dug during 1973 and 1974 in the same village for the second time.

In 2 cases, bores (cost : Rs. 0.05 lakh) were dug on the fields of the same farmer in the same village.

In 2 cases, bores were dug at a cost of Rs. 4,602 for the benefit of an industrial concern which was not covered under the scheme.

The matter was referred to the Government in December 1975 ; reply is awaited (March 1976).

3.6. Avoidable expenditure

On the basis of a rate contract entered into by the Controller of Stores and valid for one year from 25th September 1972, an order for the supply of 15,000 litres malathion 50 per cent EC at Rs. 10.50 per litre was placed (May 1973) on a firm by the Locust Control and Plant Protection Officer, Chandigarh. After supplying 1,000 litres, the firm asked (June 1973) for enhancing the rate by Rs. 1.19 per litre due to increase in the price of technical material by the manufacturers. The Controller of Stores did not agree to this and issued notice to the firm (July 1973) for completion of supply within 14 days failing which risk purchase would be effected. There being no response, purchase of 62,000 litres was made from other firms on 17th September 1973, after inviting short term quotations, at rates varying from Rs. 15.00 to Rs. 16.15 per litre against the revised rate of Rs. 11.69 per litre offered by the firm on the rate contract. This resulted in an extra expenditure of Rs. 0.69 lakh over the contracted rates and Rs. 0.52 lakh over the revised offer of the firm for 14,000 litres not supplied by the firm.

The Government stated (March 1976) that an arbitrator had since been appointed and further progress would be intimated.

3.7. Time expired pesticides

Pesticides valuing Rs. 1.39 lakhs purchased between April 1967 to April 1973 remained unsold till the expiry of their life and were lying in stock (September 1975). Non-utilisation varied between 10 per cent and 85 per cent of the quantities purchased. The department stated in September 1975 that these could not be sold due to availability of cheaper but less effective substitutes from the open market and non-adoption of use of pesticides by cultivators.

One of the items valuing Rs. 0.73 lakh was found unfit for sale to the cultivators as a result of laboratory tests and the Government accorded sanction (November 1975) for its immediate disposal. Information regarding its disposal is awaited (March 1976). The department stated in September 1975 that the remaining pesticides can be utilised after adding revitaliser and efforts would be made to utilise the accumulated stocks in the *rabi* season 1975-76 to minimise the loss.

3.8. Non-recovery of discount

The Locust Control and Plant Protection Officer, Chandigarh placed an order (September 1973) for the supply of 16,000 litres of malathion 50 EC at the rate of Rs. 17 per litre with a discount of 5 per cent. The order was confirmed by the Controller of Stores. While making payment in March 1974 for the supplies received, no deduction was made on account of the discount (Rs. 0.14 lakh) admissible.

The department asked the firm in July 1974 to refund the overpayment, but it also informed the Controller of Stores (January 1975) that the condition of discount had been waived by the Director of Agriculture as the firm had refused to give the discount and as such the supply order needed an amendment. The Controller of Stores stated (September 1975) that the question of amending the supply order did not arise. Further developments are awaited (March 1976).

The matter was reported to the Government in October 1975 ; reply is awaited (March 1976).

3.9. Purchase of herbicide

Out of 2,000 litres (cost : Rs. 0.71 lakh) of a herbicide purchased in December 1973 for use in October-December to kill weeds before sowing of crops, 660 litres (cost : Rs. 0.23 lakh) were used upto September 1975 when the two year life of the herbicide expired. The department stated that according to the supplier the product remains active for three to four years if stored properly.

Though 2,000 litres were in stock in October 1974, another 1,974 litres (cost : Rs. 1.02 lakhs) were purchased in November 1974. A quantity of 3,107 litres (cost : Rs. 1.40 lakhs) was still (February 1976) in hand.

The department stated (November 1975) that the material could not be used being newly introduced and due to its high cost.

3.10. Purchase of spares

Spares for plant protection equipment valuing Rs. 1.13 lakhs and Rs. 2.50 lakhs were purchased in 1972-73 and 1973-74 respectively.

All the spare parts were lying unused (April 1975). During 1973-74, spares valuing Rs. 0.37 lakh were purchased for the second time when similar parts valuing Rs. 0.20 lakh purchased in 1972-73 were already in stock and were not required for immediate use.

The matter was referred to the Government in January 1976 ; reply is awaited (March 1976).

ELECTION

3.11. Embezzlement

The Cashier in the District Election Office, Karnal, absented himself from the office with effect from ~~the~~ 18th May 1971. The locks of the almirah

were broken open on 29th May 1971 and a sum of 13 paise only was found lying in the cash box. On completion of the cash book for 15th to 17th May 1971 which had not been written, it was found that an amount of Rs. 16,942 constituting un-disbursed amounts (Rs. 15,574) relating to drawals from February 1967 to May 1971 and miscellaneous receipts (Rs. 1,368) pertaining to the period from December 1970 to May 1971 was short. The embezzlement was facilitated by the following :—

- (i) non-provision of double locks, there being only one key to the safe which remained with the Cashier ;
- (ii) non-refunding of undisbursed pay and allowances, over three months old, by short drawal in the next bill ;
- (iii) non-crediting of the departmental receipts into the treasury promptly.

The first information report was lodged with the police on 1st June 1971. The case was challaned by the police in a court of law on the 19th April 1974; result is awaited (March 1976).

EDUCATION

3.12. Irregularities

Accounts and other records of 237 educational institutions/offices were test checked during 1974-75 and the following irregularities were noticed :—

(a) Overpayments

- (i) In one district, Rs. 1.24 lakhs were overpaid upto January 1974 to thirtyeight teachers due to erroneous grant of selection grades. The department stated (November 1974) that the exact amount of irregular payments was being worked out ; progress is awaited (March 1976).
- (ii) In thirty-eight institutions, overpayments/short recoveries on other accounts (contingencies, pay, fees, etc.) amounted to Rs. 0.18 lakh.

(b) Free supply of books

A committee set up to find out causes of lack of interest in schooling amongst Harijan students and young girls recommended in February 1971 free supply of books and stationery to them as an incentive. The books were not, however, to be taken home by the students. Rupees 9.72 lakhs were spent in March 1972 and March 1973 on the purchase of books, but the number of books distributed and left over was not on record (January 1974). The information has not been intimated to Audit so far (March 1976).

(c) Stores

- (i) Store articles valuing Rs. 0.16 lakh were either short accounted or were unaccounted for in 23 schools/offices.

- (ii) In fifty schools/offices, unserviceable articles costing Rs. 0.79 lakh were lying undisposed of for over two to three years.
- (iii) In five institutions, stores valuing Rs. 0.05 lakh purchased in February 1969, February 1972 and February 1973 under "Works Experience Scheme" were lying unutilised on the ground that teachers trained for the purpose were not available.

(d) *Drawal to avoid lapse of budget grant*

Rupees 5.10 lakhs, not required for immediate use, were drawn between March 1970 and March 1974 in 45 schools/offices. Rupees 0.94 lakh were spent after one to three years of drawal.

(e) *Other irregularities*

- (i) Defective maintenance of cash book including erasures, over-writings, non-checking of totals, omission to conduct physical verification of cash and the absence of surprise verification of cash, etc., were noticed in 124 institutions.
- (ii) Requirements regarding reconciliation of withdrawals from and remittances into treasuries were not observed in 105 schools/offices.
- (iii) In sixtyone cases, purchases (Rs. 1.92 lakhs) were made without inviting quotations.
- (iv) In fiftysix cases, security was not obtained from the officials handling cash/stores, etc.
- (v) In fortytwo cases, expenditure was incurred without or in excess of sanctions.
- (vi) Defective maintenance of stock and stores records was noticed in twelve cases and in twentyeight cases rules regarding physical verifications of stock and stores were not observed.

These cases were brought to the notice of concerned authorities and the Government between March 1974 and January 1976 ; their replies are awaited (March 1976).

INDUSTRIES

3.13. Purchase of defective material

An order for the supply of 5,134 metres Serge *Khaki* was placed (December 1973) on a firm by the Inspector General of Police through the Controller of Stores. According to the terms of the contract, 90 per cent payment was to be made against railway receipt duly supported with inspection note and the balance 10 per cent within 30 days of receipt of a satisfactory test report from the Government laboratory. The goods were inspected in December 1973 and January 1974 and were received by the consignees in January-February 1974. The inspection notes indicated that the acceptance of the cloth was

provisional subject to satisfactory test report from the Quality Marking Centre, Ludhiana. The test report of December 1973 inspection was received in January 1974 and the Controller of Stores informed (February 1974) the Inspector General of Police to release the balance payments as the test report was satisfactory.

On receipt of reports from the Superintendents of Police, Hissar, Narnaul and Sonapat, that the supplies received were of inferior quality, the Controller of Stores arranged inspection of samples from the Quality Marking Centre, Panipat and found that the supplies were below the specifications. The Controller of Stores proposed to the Government in August 1974 that the firm be blacklisted for five years and all pending payments forfeited. Government agreed in December 1974 to the proposal of the Controller of Stores and decided that, in addition to blacklisting the firm, its security deposit should also not be released. No security had, however, been obtained from the firm by the Controller of Stores though it was required to be obtained. The Government also held the Stores Inspection Officer (G) responsible for the lapse. Meanwhile, however, full payment was already released by six out of seven consignees. Further developments are awaited (March 1976).

3.14. Purchase of defective generating sets

Against an urgent indent of the Chief Engineer, Canals, short term quotations for generating sets were invited by the Controller of Stores in September 1972. On the basis of recommendations of the Purchase Committee, an order for the supply of 10 generating sets, with engines of Kirloskar make, at the rate of Rs. 35,080 each set *plus* sales tax (f.o.r. destination) was placed on a firm in October 1972. According to the terms of the supply order, the sets were to be inspected before despatch by the Executive Engineer, office of the Chief Engineer, Irrigation, Haryana or his representative at the premises of the firm and 98 per cent payment of the value of the order was to be made against Railway Receipt supported by inspection note. The purchase order also provided for deposit of 10 per cent value of the order as security (Rs. 0.35 lakh) within a week of the date of supply order ; no security was obtained by the department.

The firm offered 5 generating sets to the Augmentation Mechanical Sub-division, Yamunanagar, in October 1972. An inspection was carried out by the Sub-divisional Officer at the premises of the firm, but this had to be confined to visual examination only as there was no facility at the firm's premises for testing the generating sets on load. Rupees 1.77 lakhs (98 per cent) were paid to the firm on the strength of its assurance that necessary tests would be undertaken at the departmental workshop. In spite of repeated reminders, however, the generating sets were not put to load test by the firm. In November 1972, when one of the generating sets was commissioned, the coupling bolts broke immediately and the rectifier unit was also damaged subsequently. The Executive Engineer made enquiries in September 1973 from M/s Kirloskar Oil Engines Limited, Poona, which disclosed that two of the engines bearing the numbers quoted by the suppliers, had been exported and the remaining three had been supplied to other firms. The department felt that the firm had supplied generating sets of doubtful make and a report was lodged with the Police in September 1974 ; the case has been registered by the Police in January 1976.

3.15. Purchase of cotton yarn

The Controller of Stores placed an order on 15th May 1970 on a firm for the supply of 52 bales (400 lbs. each) of 14-S cotton yarn at the rate of Rs. 31.90 per 10 lbs. (f.o.r. destination) to the Jail Department. The firm was required to deposit Rs. 6,635 (10 per cent of the value of the order) as security, but no deposit was made nor were any efforts made to obtain the same from the firm. The supply was to be completed within 30 days. The firm supplied 5 bales only upto 15th September 1970. On 20th October 1970, the firm was notified to complete the supply within 15 days, failing which risk purchase would be made. The firm failed to effect further supply. An order for the balance quantity of 47 bales was placed in February 1971 on another firm at the rate of Rs. 48 per 10 lbs., ex-mill. The second firm supplied the material in March 1971 and January 1972. The non-fulfilment of contractual obligations by the first firm resulted in an extra expenditure of Rs. 0.32 lakh which has not so far (January 1976) been recovered.

Government suspended dealings with the defaulting firm for one year and appointed an arbitrator (January 1972) whose award is awaited (January 1976).

MEDICAL AND HEALTH

3.16. Embezzlement

During the course of audit of the office of the Chief Medical Officer, Hissar (July 1975) an embezzlement of Rs. 30,000 was noticed. In September 1974, a contingent bill for Rs. 4,171 was got passed from the treasury for Rs. 34,171 by tampering with the figures and payment obtained from the bank by a clerk in whose favour the bill had been endorsed. Against this, Rs. 4,171 only were accounted for in the cash book, bill register and other connected records thus resulting in an embezzlement of Rs. 30,000.

The Director of Health Services stated (October 1975) that a departmental enquiry in the case had been completed and action against the defaulters was being initiated. A case was registered with the Police in July 1975 and the same has been challaned in the Court of law ; result is awaited (March 1976).

The following lapses facilitated the embezzlement and prevented its earlier detection.

- (i) The amount in words did not bear the prefix 'Rupees'.
- (ii) Blank space was left both before the figure and the amount in words.
- (iii) The drawing and disbursing officer
 - (a) did not compare the amount passed by the Treasury Officer with the bill register, and
 - (b) did not compare the entries in the cash book with the treasury schedule.

3.17. Purchase of journals

Orders for the supply of foreign medical journals (for 1974) for the Medical College, Rohtak, were placed in February 1974 on four firms. Advance payments were to be made to the firms, who were to remit the same to their principals abroad and in the event of non-supply of journals within the year (1974), the amounts so paid were to be refunded with interest.

In March 1974, advance payments of Rs. 1.48 lakhs were made to the firms for arranging supply of 428 journals against which not even a single issue of 93 journals (Rs. 0.53 lakh) and 94 issues of 39 journals (Rs. 0.02 lakh) had been received (March 1976).

Against an earlier advance of Rs. 1.42 lakhs for 556 journals of 1973, six firms (including three of 1974) had also not supplied 92 journals (Rs. 0.22 lakh).

No agreement bonds had been executed with the firms to enforce timely supply of journals. The department stated (October 1975) that the firms had been asked to execute the bonds, supply the remaining journals or refund the advance. The department added that the journals are published every year serially and it will help the college in maintaining complete sets without break even if the journals are received late.

3.18. Sub-standard medicines

Medicines and bandages valuing Rs. 0.61 lakh were purchased from four firms by the Medical College Hospital, Rohtak during August 1973 to April 1974. Samples were taken by the Drugs Inspector for analysis during April 1974 to July 1974, when stocks valuing Rs. 0.25 lakh had already been consumed. The samples were declared as sub-standard, as per analytical reports of May 1974 to August 1974. During this period, further stocks valuing Rs. 0.18 lakh had also been consumed. Thus, sub-standard stocks valuing Rs. 0.43 lakh (medicines : Rs. 0.22 lakh and bandages : Rs. 0.21 lakh) were used.

The department stated (October 1975) that the Controller of Stores had directed withholding of payment to one firm against subsequent supplies. In the case of other three firms final action was awaited (October 1975).

The matter was referred to the Government in December 1975 ; reply is awaited (March 1976).

REVENUE

3.19. Subsidy against taccavi loans

Under the Land Improvement Loan Act, 1883, *taccavi* loans are advanced to cultivators for sinking of percolation wells or tubewells or for purchase of pumping sets and diesel engines. The State Government introduced, in January 1948, a scheme for sinking of surface percolation wells. The probable cost of such a well was estimated at Rs. 1,750 which was to be advanced as *taccavi* loan. Under the scheme, the loanee was further entitled to incentive in the shape of subsidy (remission in the recovery of the loan) as under :—

Amount of subsidy admissible

If the loanee was paying land revenue upto Rs. 25 per annum and completed the well within		If the loanee was paying land revenue more than Rs. 25 but less than Rs. 100 per annum and completed the well within	
12 months Rs. 875	15 months Rs. 437.50	12 months Rs. 437.50	15 months Rs. 218.75

The subsidy in respect of loans disbursed from 1961-62 onwards was revised to 25 per cent of the total amount of the loan in the case of a loanee who completed his well within one year from the date of receipt of the loan. From 1st April 1967, the grant of subsidy was restricted to only those loanees to whom *taccavi* loans were advanced upto March 1967.

The following points were noticed during test-audit of the accounts, records, etc., of the scheme in Gurgaon District :—

- (i) In March 1971 and March 1972, subsidies totalling Rs. 7,250 were sanctioned in favour of 13 loanees to whom *taccavi* loans were paid subsequent to April 1967. The department also allowed inadmissible interest relief to the extent of Rs. 4,251 to these loanees due to adjustment of subsidies.
- (ii) Subsidy is admissible at the prescribed scale/percentage of the total amount of *taccavi* loan and is to be adjusted through *pro forma* accounts in the last instalment of repayment of the loan. No other interest relief on the *taccavi* loan is provided in the scheme. It was, however, observed that while adjusting subsidies one to ten years after the advancement of *taccavi* loans, the principal amount of the loan in each case was reduced by the amount of subsidy right from the date of advancement of the loan. The individual loanees (609 cases) thus got inadmissible relief in the shape of interest to the tune of Rs. 1.23 lakhs.

The matter was referred to the Government in December 1975; reply is awaited (March 1976).

WELFARE OF SCHEDULED CASTES AND BACKWARD CLASSES

3.20. Uplift of scheduled castes and backward classes

For improving the socio-economic and educational standards of scheduled Castes and Backward Classes who constitute about 19 per cent of the State population, an expenditure of Rs. 2,73.39 lakhs was incurred on 21 schemes during the Fourth Five Year Plan. Year-wise details of expenditure incurred

and the number of beneficiaries were as under :—

Serial No.	Year	Expenditure (in lakhs of rupees)	Number of beneficiaries
1.	1969-70	41.40	26,150
2.	1970-71	49.72	30,043
3.	1971-72	48.20	29,779
4.	1972-73	65.87	39,021
5.	1973-74	68.20	29,363
Total		2,73.39	1,54,356

On the basis of the information furnished by the concerned offices, supplemented by test check of accounts records of those offices, the implementation of this programme was generally examined by Audit in May-June 1975 in the districts of Ambala and Hissar in respect of the following two schemes :—

- (i) Subsidy for construction of *chaupals*.
- (ii) Grant of loans for the purchase of agricultural land.

The results are stated below :—

- (i) *Subsidy for construction of chaupals*—With a view to providing accommodation to Harijans for marriage ceremonies, common gatherings, and marketing places for the disposal of their hand-made goods, a scheme for the grant of subsidy upto Rs. 5,000/ Rs. 2,000 for the construction of new *Chaupals*/repairing of existing *Chaupals* to villages having a population exceeding 2,000 was undertaken in 1970-71. An equal amount was to be contributed by the beneficiaries in the form of cash or voluntary labour. The scheme was to be implemented through village level Managing Committees headed by the Sub-divisional Officer (Civil) of the area. The construction/repair work was to be completed within a period of one year of the disbursement of the grant and accounts thereof supported by vouchers and sketch of the construction were to be submitted to the District Welfare Officer within three months from the completion of *chaupals*.

(a) Out of 288 villages (195 in Hissar District and 93 in Ambala District) granted subsidy during 1970-71 to 1973-74, the population of 218 villages (141 in Hissar and 77 in Ambala) did not exceed 2,000. Grants amounting to Rs. 6.94 lakhs were paid to the beneficiaries of these villages.

(b) Grants amounting to Rs. 0.71 lakh were sanctioned for construction/repair of *Chaupals* in urban areas of Bhiwani (Rs. 0.22 lakh), Hissar (Rs. 0.15 lakh), Sirsa (Rs. 0.09 lakh), Ambala (Rs. 0.08 lakh), Loharu (Rs. 0.05 lakh), Jagadhri (Rs. 0.05 lakh), Hansi (Rs. 0.03 lakh), Fatehabad

(Rs. 0.03 lakh) and Kalka (Rs. 0.01 lakh); grants were admissible for construction/repair of *chaupals* in rural areas only. While matching Contribution was not recovered by the Municipal Committee, Bhiwani, which was paid a grant of Rs. 0.18 lakh, the position in this regard in respect of the remaining cases was awaited (March 1976).

(c) In 10 cases where the beneficiaries failed to construct the *chaupals* with the amount of grant of Rs. 0.35 lakh paid during 1970-71 and 1971-72, an equivalent amount of grant was paid for the second time in 1972-73 and 1973-74. The *chaupals* were, however, still (October 1975) incomplete.

(d) Out of Rs. 9.27 lakhs disbursed to Sub-divisional Officers (Civil) and Block Development Officers for undertaking construction works, a sum of Rs. 1.46 lakhs was still (October 1975) lying unutilised with Sub-divisional Officers (Rs. 0.94 lakh) and Block Development Officers (Rs. 0.52 lakh) reportedly due to some rifts between the villagers or because they were unable to raise the matching contributions.

(e) Out of 288 cases involving payment of subsidy of Rs. 9.27 lakhs, in 74 cases (Rs. 2.26 lakhs) the *chaupals* were stated to be incomplete, in 163 cases (Rs. 5.24 lakhs) the *chaupals* were stated to be complete but the detailed accounts, supported by the construction plan, were awaited and in the remaining 51 cases, the information was still (March 1976) awaited from the department. In the absence of complete accounts, it could not be verified that the beneficiaries' share was forthcoming.

(ii) *Grant of loans for the purchase of agricultural land*—Under this scheme, Scheduled Caste landless agriculturists could be granted loans upto Rs. 6,000 at 3 per cent simple interest for the purchase of land measuring not less than 3 acres. Recovery of the loan, together with interest, was to be effected in 20 half yearly instalments commencing 4 years after the date of payment. The land so purchased was to remain under self-cultivation and was to be mortgaged with Government till the principal and interest thereon were fully paid.

(a) According to the scheme, only one person per village could be selected for benefit under this scheme. In the event of more than one person being selected from the same village, sanction of the Government was required. In 9 cases (7 in Hissar District and 2 in Ambala District) loans amounting to Rs. 0.44 lakh were advanced to the inhabitants of villages where benefit under the scheme had already been extended to the persons of the same village in earlier years. In 3 cases, the parentage of the recipients of the loans on the first and the second occasion were also the same which indicates that in these cases benefit under the scheme was extended to members of the same family. The sanction of Government for these departures from the scheme had not been obtained (March 1976).

(b) Loan ledger of the District Welfare Officer, Hissar, showed that out of Rs. 0.32 lakh that became due for recovery on 31st March 1975 (principal : Rs. 0.06 lakh and interest : Rs. 0.26 lakh), a sum of Rs. 0.25 lakh (principal : Rs. 0.06 lakh and interest : Rs. 0.19 lakh) was still to be recovered. In the office of the District Welfare Officer, Ambala, loan ledger was not maintained with the result that recoveries of the principal and interest in arrears on the 31st March 1975 could not be determined. The District Welfare Officer stated (February 1976) that action had been initiated to prepare the loan ledger.

(c) Certified copies of *Jamabandi* showing that the land purchased had actually been mortgaged in favour of Government were generally not available with the District Welfare Officers.

Occasional surveys were not conducted to verify that the land purchased remained under self-cultivation of the beneficiaries.

Certified copies of the sale deeds were generally not available in the individual files. The District Welfare Officer, Ambala informed Audit that out of 31 cases in which loan assistance was given during 1969-70 to 1972-73, land purchased was less than 3 acres in 9 cases.

The matter was referred to the Government in December 1975, reply is awaited (March 1976).

TOURISM

3.21. Sauna and Sulphur baths at Sohna

Sohna, District Gurgaon, is known for its hot springs and landscape. To attract tourists, five sauna baths and one sulphur bath each for gentlemen and ladies were constructed by the Tourism Department at a cost of Rs. 5.64 lakhs and were thrown open to tourists in April 1973. The number of tourists availing of the sauna and sulphur bath facilities till September 1975 was 1,798 (sauna bath 628 ; sulphur bath 1,170).

According to the department, the baths were expected to be run on commercial basis. However, during the period April 1973 to September 1975, the amount realised from tourists at Rs. 5 per head for sulphur bath, etc., and at Rs. 10 per head for sauna and steam baths was Rs. 0.12 lakh ; the maintenance expenditure for the same period was Rs. 1.09 lakhs thereby resulting in a loss of Rs. 0.97 lakh. The Project Officer stated in April 1974 that the sauna and sulphur baths were too expensive for the general public and were not popular with tourists either.

The matter was referred to the Government in October 1974 ; reply is awaited (March 1976).

3.22. Misappropriations, defalcations, etc.

Cases of Misappropriations, defalcations, etc., of Government money reported to Audit upto the end of March 1975 on which final action was pending at the end of December 1975 were as follows :—

	<i>Number of cases</i>	<i>Amount (in lakhs of rupees)</i>
Cases reported upto the end of March 1974 and outstanding on 30th April 1975	196	63.98
Cases reported between April 1974 and March 1975	56	4.38
Total	252	68.36
Cases closed between May 1975 and December 1975	18	0.95
Balance	234	67.41

Of these

- (i) 83 cases (Rs. 21.89 lakhs) were outstanding for more than five years.
- (ii) 178 cases (Rs. 55.13 lakhs) were outstanding with the Departments of Co-operation, Transport, Irrigation, Buildings and Roads, Agriculture and Education.

Appendix III shows department-wise and year-wise analysis of cases in which departmental action and criminal prosecution had been completed but recovery was pending on the 31st December 1975 and Appendix IV cases which were still under departmental investigation or criminal prosecution on that date.

3.23. Write off of losses, revenue, etc.

In 204 cases, losses (Rs. 6.99 lakhs) due to theft, fire, irrecoverable revenue, duties, advances, etc., were written off during the year. Details are given in Appendix V.

CHAPTER IV
WORKS EXPENDITURE
IRRIGATION

4.1. Loharu Lift Irrigation Project (Indira Gandhi Canal)

The State has an area of about 44,222 square kilometres. Of this about 8,227 square kilometres in the districts of Mohindergarh, Rohtak, Hissar, Bhiwani and Gurgaon are droughtprone. The Loharu Lift Irrigation Project (estimated cost : Rs. 11.24 crores) was one of the schemes undertaken by the Government to provide irrigation facilities in this area. The project covered part of Mohindergarh District and Dadri Tehsil of Bhiwani District.

The project envisaged provision of irrigation to 1.63 lakh acres by using the water of Drain No. 8 and the river Yamuna below Tajewala head-works. The project was sanctioned in June 1971 and was to be executed in two stages. Stage I covered construction of 109 miles of lined channels and remodelling of about 15 miles of unlined channels. Stage II covered construction of 180 miles of lined channels.

Work on the project was started in October 1970 and completed in June 1974 (expenditure booked till December 1975 : Rs. 15.29 crores).

The salient features of the project were as under :—

Serial No.	Particulars	Stage I	Stage II	Total
		Rs.	Rs.	Rs.
1.	Estimated cost	4.31 crores	6.93 crores	11.24 crores
2.	Culturable command area	74,559 acres	1,89,144 acres	2,63,703 acres
3.	Area to be irrigated with 62 per cent intensity	46,227 acres	1,17,269 acres	1,63,496 acres
4.	Discharge with water allowance of 3.5 cusecs per thousand acres	400 cusecs	600 cusecs	1,000 cusecs
5.	Benefit : cost ratio			
	(i) With 6 per cent interest p.a. on the capital at charge	5.25:1	4.1:1	4.45:1
	(ii) with 10 per cent interest p.a. on the capital at charge	4.15:1	3.4:1	3.70:1

2. According to the project report, the annual working expenses of the project were estimated at Rs. 147.91 lakhs excluding interest on capital. The revenue expected to be realised was Rs. 28.21 lakhs, thus showing an annual loss of Rs. 119.70 lakhs (excluding interest charges). The unproductive gap of Rs. 37.90 crores (capitalised value of annual loss : Rs. 19.95 crores, accumulated interest charges at 6 per cent per annum for 30 years : Rs. 17.95 crores) was proposed to be recovered through increase in water rate or by levying betterment levy at the rate of Rs. 38.50 per acre per crop for 30 years.

3. A test check of the accounts and records in the Chief Engineer's office and in the concerned Public Works divisions was carried out by Audit. The following points were noticed.

(i) According to the departmental records, the main items of work on which increases over the estimates occurred were as under :—

<i>Serial No.</i>	<i>Sub-head</i>	<i>Amount as per original estimate</i>	<i>Actual expenditure (upto September 1975)</i>	<i>Increase</i>
<i>(in lakhs of rupees)</i>				
1.	B—Land	104.11	121.87	17.76
2.	F—Drainage	9.00	65.01	56.01
3.	G—Bridges	47.16	87.91	40.75
4.	L—Earthwork	170.07	259.37	89.30
5.	L—(ii) Lining	267.47	357.18	89.71
6.	O—Miscellaneous	50.88	212.75	161.87
7.	VI—Special Tools and Plant	134.22	178.97	44.75
Total		782.91	1283.06	500.15

The increases were attributed by the Superintending Engineer, Loharu Circle (October 1974) to the following :—

- (a) construction of additional minors and sub-minors which were not envisaged in the original project,
- (b) construction of lined channels and *pushta* in the filling reaches, not provided in the original project,
- (c) increase of water allowance from 3.5 to 4.5 cusecs per thousand acres of culturable command area, and

(d) additional work of land-levelling and land-shaping.

(ii) Rupees 15.70 lakhs had been spent (March 1976) on 117 works (started between 1971-72 and 1974-75) the estimates for which had not been technically sanctioned (April 1976).

(iii) *Physical targets and achievements*

The area irrigated during the period 1971-72 to 1974-75 ranged between 9.2 and 28.9 per cent of the estimated area to be irrigated, as under :—

Year	Culturable command area	Estimated area to be irrigated (62 per cent of culturable command area)	Area actually irrigated	Percentage
	(in acres)	(in acres)	(in acres)	
1971-72	74,559	46,227	4,254	9.2
1972-73	74,559	46,227	13,279	28.7
1973-74	2,63,703	1,63,496	20,838	12.7
1974-75	2,63,703	1,63,496	23,545	14.4

(iv) The project has about 2.64 lakh acres of culturable command area. With an intensity of 62 per cent provided in the project report, 1.63 lakh acres were to be brought under irrigation. Water allowance was fixed at 3.5 cusecs per thousand acres at the distributary head and 3.05 cusecs per thousand acres at the outlet head. In September 1972 the water allowance was raised to 4.5 cusecs per thousand acres at the distributary head and to 4 cusecs per thousand acres at the outlet head.

It was noticed that during the years 1971-72 to 1974-75 the irrigation done through certain distributaries was, according to the departmental records, 21,523 acres which was considerably less than 46,620 acres that could be covered at the rate of water allowance referred to above resulting in a shortfall of irrigation to the extent of 25,097 acres.

(v) *Benefit-cost ratio and financial results*

The benefit-cost ratio in the project report with 6 per cent interest on capital was 5.25:1 and with 10 per cent interest on capital 4.15:1 for Stage I and 4.1:1 and 3.4:1 respectively for Stage II. The combined benefit-cost ratio as worked out with the available data for both the stages came to 4.45:1 and 3.70:1 with 6 per cent and 10 per cent interest on capital respectively.

The irrigation done through this project during *Kharif* and *Rabi* crops of 1974-75 was 23,545 acres (*Kharif* 5,855 and *Rabi* 17,690 acres). Even assuming that this land was earlier fallow, the net income in the form of additional

foodgrains would work out to Rs. 1,53.39 lakhs. Against this the anticipation as per project report was Rs. 9,89.43 lakhs. The benefit-cost ratio with 6 per cent and 10 per cent interest on capital during *Kharif* 1974 and *Rabi* 1974-75 works out to 0.96:1 and 0.70:1 respectively.

(vi) *Roopgarh Minor*

The Roopgarh Minor takes off from the Kitlana Distributary. According to the project report, the minor was designed to irrigate 2,969 acres of culturable command area. The head capacity was kept at 12.50 cusecs with water allowance at 4.5 cusecs per thousand acres.

Construction of the minor was taken up in February 1971 and completed in November 1973 at a cost of Rs. 6.13 lakhs. The Executive Engineer pointed out in October 1971 that the tail outlet of the channel taking off at RD18,000 covered the area falling under the command of the Jui Canal system. The minor was, therefore, constructed upto a length of 12,000 feet instead of the designed length of 18,000 feet. As a result an area of about 775 acres only remained under irrigation of this minor having a capacity of 12.50 cusecs. According to the water allowance fixed in the project report, a water channel with a capacity of 4 cusecs appeared adequate for irrigating 775 acres. Construction of a channel with a capacity of 4 cusecs instead of that of 12.50 cusecs as actually constructed would have cost about Rs. 4 lakhs less on a proportionate basis.

(vii) *Electric motors*

Two orders for the supply of 26 electric motors were placed through the Controller of Stores in December 1970 and March 1972 (cost : Rs. 15.47 lakhs). The motors were installed in June 1971 and June 1972. Out of 26 electric motors, 7 got burnt out during 1971-72 and 1972-73 due, according to the Sub-divisional Officer, Loharu Mechanical Sub-division No.2 to "variation in the head for which these were designed." Three more motors got burnt out during 1973-74.

In February 1975, 10 motors, including two motors once burnt out and repaired, got burnt out and the Executive Engineer, Mechanical Division, pointed out that the motors had burnt out due to manufacturing defects. He added that the pumps installed at pump-house No. 1 were not functioning efficiently due to frequent burning out of the motors. The motors were got repaired at a cost of Rs. 1.06 lakhs.

In April 1975, the Superintending Engineer observed that there might be some defect either in the design of the motors or in matching of pumps with motors and requested the suppliers to investigate the causes of frequent burning out of the motors. The result of the investigation is awaited (March 1976).

(viii) *Pump-houses*

(a) Eight pump-houses were constructed at various sites on the canal.

During the flow season of 1972, leakages occurred at some of the pump houses as the structure of these pump houses reportedly could not withstand the vibrations generated by the electric motors leading to development of cracks in the structure. To reduce the vibrations preventive measures were taken in

January 1973 at a cost of Rs. 12.18 lakhs which included (a) Rs. 1.33 lakhs spent as labour charges on dismantling work which had originally cost Rs. 1.29 lakhs and (b) Rs. 0.34 lakh spent on the purchase of steel utilised on strengthening the retaining walls.

(b) Construction of pump-house No. 3. at RD 49000 was completed in 1971. During the flow season of 1972, the downstream walls could not withstand the vibrations generated by the electric motors and cracks developed in some portion thereof. In the process of strengthening the walls, delivery pipes worth Rs. 0.77 lakh embedded in the walls, other material worth Rs. 0.69 lakh and the marine distributary board were damaged. The distributary board was repaired at a cost of Rs. 0.17 lakh. The dented pipes and other material were replaced at a cost of Rs. 1.42 lakhs (Rs. 0.73 lakh pipes, Rs. 0.69 lakh material). The dented pipes were used in the culverts provided in the Roopgarh Minor of Kitlana Distributary and 60 per cent of the cost of the pipes was credited to the original work. All this resulted in a loss of Rs. 1.16 lakhs (Rs. 0.30 lakh being 40 per cent cost of the pipes including sales tax ; Rs. 0.69 lakh on accessories of machines and Rs. 0.17 lakh on the distributary board).

In addition, the department also paid Rs. 0.27 lakh to a firm as re-erection charges for mechanical equipment in the pumphouse.

(ix) *Concrete lining*

To reduce seepage losses, Loharu Canal and its system were to be lined with tiles or bricks.

A test check of the accounts of Damakura Distributary disclosed that concrete lining was done in some reaches instead of tile lining involving an extra expenditure of Rs. 0.57 lakh. The department stated that concrete lining was done as the kiln contractors failed to supply the tiles. The circumstances leading to non-supply of tiles are not known (March 1976).

(x) *Extra Expenditure*

According to the project report, the lined channel of the main canal was to be designed keeping in view the future remodelling to meet the requirements of stage II. The height of the canal banks was to be 14 feet ultimately. In the first stage of construction started from January 1971, banks were laid to a height of 11 feet and were raised to 14 feet in the second stage of construction started in November 1971. To facilitate raising of the banks from 11 feet to 14 feet and lining the raised portion with tiles, a setback of 1.5 feet was given. To strengthen the banks, the setback was, however, filled up with cement concrete in certain reaches at a cost of Rs. 4.74 lakhs. Had the banks been constructed to a height of 14 feet at one stretch from January 1971 instead of constructing them first upto a height of 11 feet and then raising them to 14 feet, the expenditure on concrete filling would have been avoided.

(xi) *Consumption of coal*

With a view to obtain tiles and bricks for lining of the canal system, 35 departmental kilns were installed along the channels and the same were allotted to various contractors.

According to the terms of agreements, the department was to arrange

priority for movement of coal wagons or to supply coal, if available in the stores.

Six thousand six hundred and fortytwo tonne slack coal was issued to various kiln contractors between 1971-72 and 1973-74. Against this, 31.52 lakh *pucca* bricks and 130 lakh tiles were supplied to the department till November 1974 requiring, as per norms fixed by the Chief Engineer, 4,688 tonnes of coal. The kiln contractors were liable to pay at double the issue rates for the quantity of coal in excess of requirement. The recovery works out to Rs. 2.14 lakhs, which has not been made so far (November 1975).

(xii) *Remodelling of carrier system*

Drain No. 8 was remodelled at a cost of Rs. 71.19 lakhs in June 1975 for a discharge of 1,511 cusecs at RD 213000 where from the Indira Gandhi Feeder takes off. Out of 1,511 cusecs, the Loharu Lift Irrigation scheme was to carry 1,000 cusecs and the Farrukh Nagar Lift Irrigation Scheme 500 cusecs.

The Farrukh Nagar Lift Irrigation Scheme, on which an expenditure of Rs. 42.06 lakhs (Rs. 39.32 lakhs on the share of the carrier channel, Rs. 2.32 lakhs on survey work and Rs. 0.42 lakh on construction of Farrukh Nagar Canal) was incurred during 1971-72 and 1972-73 without administrative approval and technical sanction, was dropped subsequently. The expenditure of Rs. 42.06 lakhs thus proved unfruitful.

(xiii) *Shortage of stores*

(a) In three Public Works divisions of the Loharu Canal Project, stores worth Rs. 0.67 lakh were found short (i) during periodical physical verification of stock (Rs. 0.19 lakh) and (ii) at the time of handing over charge by Sectional Officers (Rs. 0.48 lakh) between November 1971 and February 1974. In one case the Superintending Engineer ordered (December 1974) that Rs. 0.08 lakh be recovered from the defaulting official. No recovery has been made so far (April 1976).

(b) Galvanised Iron Pipes of various sizes measuring 2,44,155 metres (cost : Rs. 56.17 lakhs) were purchased by or transferred to Loharu Mechanical Division, Charkhi Dadri for temporary water supply for labour, kilns and earthwork. Out of these, 64,636 metres pipes were transferred to other divisions of Jawahar Lal Nehru Lift Irrigation Scheme. The stock registers and material-at-site accounts included an account of 1,31,753 metres. The balance 47,766 metres (value : Rs. 11.88 lakhs) remained unaccounted (April 1976).

(xiv) *Unadjusted credits*

Special tools and plant, machinery and temporary buildings including stores, sheds, etc., were to be disposed of on completion of the project and credits at the rate of 80 per cent of the residual value of machinery and 40 per cent of the original value of buildings were to be given to the project. The main works of the project were completed during 1973-74 but the machinery was not diverted fully (April 1976); credit of Rs. 108.42 lakhs as detailed below

remained to be afforded to the work (April 1976).

<i>Serial No.</i>	<i>Particulars</i>	<i>Capital cost</i>	<i>Depreciated value</i>	<i>Value to be credited to the project</i>
(in lakhs of rupees)				
1.	Special tools and plant including machinery	178.97	134.23	107.38
2.	Temporary buildings including Stores, sheds, etc.	2.60	2.60	1.04

Besides, according to the project report, land measuring 57.38 acres acquired at a cost of Rs. 0.91 lakh for burning bricks and tiles was also to be disposed of ; it was remaining undisposed (March 1976).

The matter was referred to the Government in December 1975 ; reply is awaited (March 1976).

4.2. Link drain

The flood waters carried by Drain No. 8 had no proper outfall and the tail waters used to spread out in the fields of 10 villages lying in a depression called the Bhindwas Jheel inundating an area of nearly 6,400 acres with a population of about 30,000 (1971). The inundation thus caused would result in damage to *Kharif* crops and would also render sowing of *Rabi* crops difficult. The only possible outfall for the flood waters was the Najafgarh Jheel in Delhi. It was decided in December 1960 to divert about 450 cusecs of water from the tail of Drain No. 8 to Najafgarh Jheel by constructing a 32 miles long link drain. Work on the construction of the link drain was commenced during 1960-61 in anticipation of administrative approval which was accorded subsequently (October 1967) for Rs. 53.33 lakhs. The date of completion of the work was 31st March 1969 subject to availability of funds. The work is not yet (March 1976) completed. In a number of reaches the drain is to be excavated to the designed section, the inspection bank is incomplete and 11 out of 13 bridges provided in the project are yet to be constructed.

The construction was carried out in three stages. In the first stage undertaken during 1960-61 to 1962-63, a pilot channel was dug to a width of 15 feet (except in certain reaches where it was excavated to a width of 32 feet). The second stage undertaken during 1963-64 and 1965-66 covered widening of the drain to 40 feet. A few works of widening the drain to 70 feet were executed during 1966-67 to 1969-70 and the rest are being carried out from 1971 onwards (March 1976).

Against the estimated cost of Rs. 38.74 lakhs in respect of land, bridges, earthwork, etc., an amount of Rs. 42.79 lakhs was spent on the work upto

March 1975, as given below :—

Serial No.	Sub-head	Estimated Amount	Actual expenditure	Remarks
(in lakhs of rupees)				
1.	B—Land	10.15	7.00	Reasons for variation were awaited from the department (January 1976).
2.	C—Works (Village Road Bridges, District Road Bridges, Water course crossing and inlets)	11.46	1.07	
3.	D—Regulators	1.40	0.69	
4.	L—Earthwork	15.52	32.84	Increase due to higher tendered rates
5.	O—Miscellaneous	0.21	1.19	
Total		38.74	42.79	

A test check of the accounts and other records of the work brought out the following points :—

(i) *Excess expenditure on earthwork*

(a) Work on the construction of the drain was started in 1960, in anticipation of sanction to designs and estimates, on the basis of a longitudinal section (L—Section) of the drain prepared by the Executive Engineer, Haryana Division, in December 1960. A revised L—Section, subsequently prepared by the Executive Engineer in December 1961, was approved by the Chief Engineer, Irrigation, in January 1962. The project estimates prepared in 1960-61 were sanctioned by the Government in October 1967. The quantities of earthwork provided therein and the cost were not, however, revised with reference to the Natural Surface Levels (N.S.Ls.) indicated in the approved L—Section of the drain. An examination of the sanctioned detailed estimates relating to the third stage excavation works prepared in 1971-72 indicated that though these estimates contained reference to the L—Section approved by the Chief Engineer in January 1962, the N.S.Ls. adopted were generally higher than the ground levels indicated in the approved L—Section by 0.55 foot to 6.75 feet and were more or less equal to those in the L—Section prepared in December 1960. The adoption of higher N.S.Ls. resulted in extra earthwork to the extent of 69.39 lakh cubic feet costing Rs. 3.46 lakhs.

(b) The construction of the drain was commenced in Haryana Division during 1960-61 in anticipation of sanction to designs and estimates. The Executive Engineer, Haryana Division had proposed a bed width of 32 feet. Accordingly the drain was excavated in reach D-42000 to a bed

width of 32 feet and the earth excavated was placed on both sides in bank formation. Subsequently the Chief Engineer approved (January 1962) an increase of the bed width to 70 feet. Consequently, 15 lakh cubic feet of earth deposited on the right side of the drain had to be rehandled at the time of construction of the third stage of the drain during 1971 to 1973 involving an extra expenditure of Rs. 0.75 lakh.

(ii) *Tenders*

Tenders for the third stage work in reaches 0-7500, 7500-13500, 13500-20000, 20000-40000 and 40000 to 63250 were originally invited through the press on 28th April 1971, but no offer was received. Tenders were then re-invited by canal wire on 13th May 1971 and were opened on 17th May 1971. The amounts put to tenders, lowest offers received and the total payments made to contractors were as under :—

<i>Serial No.</i>	<i>Reach</i>	<i>Amount put to tender (in lakhs of rupees)</i>	<i>Lowest rate (per thousand and cft.)</i>	<i>Total payment made to contractors (in lakhs of rupees)</i>
1.	0-7500	0.32	Rs. 53.50	1.53
2.	7500-13500	0.24	Rs. 54.00	0.74
3.	13500-20000	0.24	Rs. 53.25	1.00
4.	20000-40000	0.32	Rs. 54.25	2.69
5.	40000-63250	0.24	Rs. 53.00	2.23

The departmental rate for work in the above reaches (including maximum premium fixed by the Zonal Committee) worked out to Rs. 44.70 to Rs. 50.44 per thousand cubic feet. A uniform rate of Rs. 52 per thousand cubic feet was, however, approved by the Superintending Engineer for all the reaches.

No details indicating the basis for determining the amounts put to tender with reference to quantities of earthwork involved and prevalent rates were available. The circumstances in which amounts put to tender were considerably lower than the cost of the works are not known (March 1976).

The Superintending Engineers are competent to accept tenders upto rupees one lakh in cases where tenders at rates higher than the maximum premium fixed by the Zonal Committee are received. Had the amount put to tender been realistic, the tenders for the works at serial numbers 1,4 and 5 costing Rs. 1.53 lakhs, Rs. 2.69 lakhs and Rs. 2.23 lakhs would have been beyond the competence of the Superintending Engineer and their acceptance needed approval of the Chief Engineer.

(iii) *Excess payment owing to incorrect measurements*

Earthwork in the reach 25000 to 27000 was entrusted to a contractor in June 1971. Six running payments amounting to Rs. 0.31 lakh were made to the contractor between June 1971 and June 1972 for 6.42 lakh cubic feet earthwork. Final bill of the contractor for 8.70 lakh cubic feet earthwork was prepared by the Sectional Officer on 21st July 1972. When the work was jointly check measured by two Sub-divisional Officers on 3rd August 1973, the quantity actually existing at site was found to be only 5.20 lakh cubic feet indicating an excess measurement of 3.50 lakh cubic feet (67 per cent). Neither any action was taken against the officers responsible for excess measurements nor was the amount of Rs. 5,832 paid in excess recovered from the contractor (March 1976).

(iv) *Benefits*

The construction of the link drain was expected to make available an additional area of 6,400 acres for *Rabi* cultivation in 10 villages lying at the tail of Drain No. 8. According to the information made available by Sub-divisional Officer (Civil), Jhajjar, the annual area assessed to revenue was 9,689 acres during 1959-60 to 1973-74 and 10,330 acres during 1974-75 (an addition of 641 acres).

The matter was referred to the Government in October 1975; reply is awaited (March 1976).

4.3. Excess payment on overburnt bricks

According to the specifications of the Public Works Department first class bricks shall be thoroughly burnt without being vitrified and second class bricks shall be "as well burnt as first class bricks or slightly over-burnt but not vitrified in any part."

In Rohtak Provincial Division, for slightly over-burnt bricks payment was made as for first class bricks though these were classifiable as second class bricks as per specifications stated above. This resulted in an overpayment of Rs. 0.53 lakh during the period from April 1971 to March 1972.

The matter was reported to the Government in January 1976; reply is awaited (March 1976).

BUILDINGS AND ROADS**4.4. Infructuous expenditure**

Administrative approval for the construction of a road linking Mandnaka village to Mandkola Hathin road, a length of 1.8 kilometres (estimated cost : Rs. 1.14 lakhs), was accorded by the Government in March 1971. The work was started in September 1971. After incurring an expenditure of Rs. 1,000, the department abandoned the alignment and, in November 1971, took up construction of the link road on a new alignment involving a length of 2.75 kilometres. The Government did not approve of the change in alignment and directed in June 1972 that the work should be executed according to the original alignment. Meanwhile, the work had progressed upto the

stage of surfacing first coat in a length of 2.20 kilometres of the revised alignment at a cost of Rs. 0.62 lakh; it was stopped in October 1973.

The matter was referred to the Government in February 1975; reply is awaited (March 1976).

4.5. Excess earthwork

Earthwork undertaken departmentally and paid for between November 1968 and February 1969 on an approach road from Jhajjar Suhana road to village Surethi was 56,240 cubic metres as per entries in the measurement books as against the estimated quantity of 28,700 cubic metres.

The department stated (April 1974) that according to the fresh levels taken the quantity of earthwork executed should have been 28,446 cubic metres against 56,240 cubic metres actually paid for. Additional expenditure on this account works out to Rs. 0.15 lakh. Further developments are awaited (March 1976).

4.6. Construction of staff quarters for Haryana Polytechnic, Nilokheri

The work of construction of staff quarters for the Haryana Polytechnic, Nilokheri, estimated to cost Rs. 1.20 lakhs, was allotted to a contractor in May 1970 with a time limit of 9 months for completion. In March 1971, the department levied a compensation amounting to Rs. 0.12 lakh on the contractor as he had hardly executed about 10 per cent of the work. The contractor abandoned the work in November 1970. According to the records of the department, the total value of work done by the contractor amounted to Rs. 0.19 lakh. In November 1971, the department cancelled the contract and intimated to the contractor that the remaining work would be executed departmentally at his risk and cost.

A quantity of 4.038 tonnes of steel was issued to the contractor in November 1970 and another 4 tonnes in May 1971. The contractor did not utilise any steel on the work. He also did not return the steel to Government. The department stated (June 1975) that the issue of steel to the contractor in the initial stage was unjustified and action for irregular issue of steel was being taken. Further, the department proposed to adjust the cost of steel amounting to Rs. 0.09 lakh against the contractor's dues leaving a balance of Rs. 0.02 lakh to be recovered from him.

The department has estimated the extra expenditure at about Rs. 0.19 lakh and has proposed to seek arbitration after completion of the work. Further progress of the case is awaited (March 1976).

CHAPTER V
STORES AND STOCK

5.1. Synopsis of important stores accounts

A synopsis of important stores accounts for 1974-75 (other than those relating to Government commercial and *quasi*-commercial departments/undertakings) received upto January 1976 is given below :—

Serial No.	Department/ Stores	Opening balance	Receipts	Issues	Closing balance
(in lakhs of rupees)					
1.	Stamps—				
	Revenue, judicial and non-judicial stamps	37,14.83	29,97.97	14,31.41	52,81.39
2.	Public Health—				
	Iron, cement, bricks, stone, timber, pipes, fuel, lubricants, paints, sanitary fittings, etc.	90.41	7,29.05	5,56.69	2,62.77
3.	Police—				
	(a) Clothing and equipment	25.04	23.98	25.37	23.65
	(b) Stationery and other miscellaneous articles	8.10	6.77	5.85	9.02
	(c) Radio equipment and other connected articles	24.17	13.84	15.45	22.56
4.	Printing and Stationery—				
	(a) Stationery stores	2.90	42.87	42.30	3.47
	(b) General stores	7.05	33.68	25.65	15.08
	(c) Government publications including gazettes	5.13	7.03	6.40	5.76
5.	Forest—				
	Consumable stores, felled timber and other produce collected departmentally including livestock and non-consumable stores	11.03	43.56	39.16	15.43

<i>Serial No.</i>	<i>Department/ Stores</i>	<i>Opening balance</i>	<i>Receipts</i>	<i>Issues</i>	<i>Closing balance</i>
<i>(in lakhs of rupees)</i>					
6.	Irrigation—				
	(a) Bhakra Canals—				
	Building materials, timber, fuel, lubricants, paints, electrical goods, etc.	24.63	9.78	8.58	25.83
	(b) Other than Bhakra Canals—				
	Cement, iron, bricks and miscellaneous stores	(—)79.03	10,79.16	11,20.18	(—)1,20.05
7.	Buildings and Roads—				
	Iron, cement, bricks, stone, timber, fuel, lubricants, paints, electrical goods, etc.	(—)85.06	11,79.68	12,21.26	(—)1,26.64

The position (January 1976) of arrears in receipt of stores accounts where the value of annual purchases exceeded Rs. 5 lakhs is given in Appendix VI.

5.2. Minus balances in stock registers

A minus balance in the stock register shows the possibility of inaccuracies in the stock account. Unless the minus balance is reconciled and adjusted, the correctness of the stock account cannot be ensured. There were large minus balances in a number of divisional stock registers of the following departments at the end of March 1975.

<i>Serial No.</i>	<i>Department</i>	<i>Number of divisions and the amount of minus balance at the end of March 1975</i>	
		<i>Number of divisions</i>	<i>Amount (in lakhs of rupees)</i>
1.	Irrigation (other than Bhakra Canals)	28	3,30.54
2.	Buildings and Roads	29	1,95.16
3.	Public Health	2	4.07

The minus balances were attributed by the departments to (i) non-adjustment of debits for the supplies received through Director General, Supplies and Disposals, and (ii) non-adjustment of advance payments made for supplies in various cases.

5.3. Reserve limit of stock

According to the rules of the Public Works Department, the value of stores held in stock by a division should not exceed the limit prescribed for that purpose. During 1974-75, limits had not been prescribed for 65 out of 136 divisions holding stock. In 8 divisions the value of stock (closing balance) held exceeded the prescribed limits. The details are given below :—

Serial No.	Department	Total number of divisions in which stock was held	Number of divisions for which ceiling limits were not prescribed during 1974-75	Divisions in which value of stock held exceeded the prescribed limit	
				Number	Excess amount (in lakhs of rupees)
1. Irrigation—					
	(a) Bhakra Canals	6	..	..	..
	(b) Other than Bhakra Canals	59	29	1	1.30
2.	Buildings and Roads	47	27	4	19.44
3.	Public Health	24	9	3	22.62
Total		136	65	8	43.36

5.4. Completion of half-yearly stock registers

The rules require that stock registers in Public Works divisions should be closed at the end of each half-year and reviewed by the Divisional Officer to see that the stock consists only of serviceable and necessary articles and the stores are priced having regard to the prevailing market rates. The stock registers have not, however, been closed in a number of divisions for several years although, to expedite clearance of arrears, the Government had been granting relaxation from time to time for exhibiting the value of stores in the stock registers. The arrears in completion of these registers at the end of March 1975 and the preceding two years are shown below :—

Serial No.	Department	Number of half-yearly registers of which closing was in arrears at the end of			Number of divisions in which the arrears existed in 1974-75	Earliest month to which the arrears on 31st March 1975 pertain
		1972—73	1973—74	1974—75		
1. Irrigation—						
	(a) Bhakra Canals	59	37	82	6	March 1967
	(b) Other than Bhakra Canals	148	166	88	22	March 1967
2.	Buildings and Roads	185	226	242	42	March 1968
3.	Public Health	62	45	49	6	March 1968
Total		454	474	461	76	

5.5. Physical verification of stores

The stores are required to be physically verified periodically by responsible officers independent of the stock-holders. The results of physical verification of stores during 1974-75 were not received by Audit from 72 out of 136 Public Works divisions as shown below :—

1. Irrigation—	
(a) Bhakra Canals	5
(b) Other than Bhakra Canals	34
2. Buildings and Roads	25
3. Public Health	8
	<hr/>
Total	72
	<hr/>

5.6. Idle machinery

MEDICAL

(a) For augmenting the capacity of the existing 50-line internal telephone exchange (cost : Rs. 0.40 lakh) installed in May 1963 at the Medical College, Rohtak, equipment for another 50-line telephone exchange was purchased from Indian Telephone Industries, Bangalore, in April 1972 (cost : Rs. 0.17 lakh). The equipment is lying unpacked (February 1976) though its guarantee period expired in April 1973. The Government stated (March 1976) that the idea of installing another 50-line exchange was abandoned as, due to expansion of the college, there was need for a 300-line exchange at the college and therefore 50-line exchange equipment was being transferred to another Government office.

INDUSTRIES

(b) In the Quality Marking Centre for Leather Goods, Karnal, machinery and equipment costing Rs. 0.66 lakh (Rs. 0.20 lakh, Rs. 0.17 lakh and Rs. 0.29 lakh purchased in March 1972, March 1974 and March 1975 respectively) was lying idle (March 1976) as its utilisation was dependent on other machines and equipment which could not be purchased so far reportedly for want of funds.

The matter was brought to the notice of the Government in October 1975; reply is awaited (March 1976).

5.7. Shortages

In the following cases, shortages were noticed during physical verification and/or at the time of change in incumbency of Sectional Officers :—

BUILDINGS AND ROADS

<i>Name of the division and amount of shortage</i>	<i>Remarks</i>
(i) Construction Division, Jagadhri Rs. 0.35 lakh	Two hundred and seventeen drums of bitumen valuing Rs. 0.35 lakh were found

Name of the division and amount of shortage

Remarks

(ii) Construction Division,
Tosham—Rs. 0.50
lakh

short at the time of physical verification of stores (January 1974).

Shortages of road metal and bricks valuing Rs. 0.41 lakh were noticed at the time of physical verification of stores in July and August 1973. In another case shortages of materials valuing Rs. 0.09 lakh were noticed at the time of handing over of charge by a Sectional Officer in May 1973. The matter was reported to the Government in July 1975; its reply is awaited (March 1976).

IRRIGATION

(iii) Drainage Division,
Kaithal—Rs. 0.66 lakh

Shortages in steel, cement, bricks, etc., valuing Rs. 0.57 lakh were noticed at the time of change in incumbency of a Sectional Officer in May 1974. It was also noticed that material worth Rs. 0.09 lakh was rendered unserviceable "due to negligence."

The Sectional Officer was suspended in June 1974. Further information is awaited (January 1976).

(iv) Haryana Division, W.J.C.
Rohtak—Rs. 0.22 lakh

Stores valuing Rs. 0.22 lakh were found unaccounted as under :—

(in lakhs of rupees)

(a) non-receipt of 1.66 lakh bricks for which payment was made in February 1972	0.13
(b) non-accountal of 300 bags of cement received in September 1966	0.06
(c) non-accountal of bricks salvaged from dismantled dry brick bridge work in August 1969	0.03
Total	0.22

The case was referred to the Government in October 1975; reply is awaited (March 1976).

CHAPTER VI

RECEIPTS

SALES TAX

6.1. Introductory

Sales tax is the principal source of tax revenue of the State. The receipts under the head "Sales Tax" comprise receipts under the Punjab General Sales Tax Act, 1948, as applicable to Haryana, the Central Sales Tax Act, 1956 and the Punjab Motor Spirit (Taxation of sales) Act, 1939. Under the Central Sales Tax Act, 1956, the Central Government have delegated to the State Government, the power to levy and collect tax including penalties and registration fees in this behalf on inter-State sales and have also authorised the State Government to appropriate the proceeds of the tax.

The net proceeds from sales tax during the year 1974-75 were Rs. 38.05 crores against Rs. 30.52 crores in 1973-74.

6.2. Results of test audit in general

A test check of the sales tax assessments of 11,758 cases (ten districts) conducted during 1974-75 revealed under-assessment of tax of Rs. 77,58,798 (405 cases) and over-assessment of tax of Rs. 367 (one case). The under-assessment of tax of Rs. 77,58,798 is due to mistakes broadly categorised under the following heads :—

	<i>Number of items</i>	<i>Amount Rs.</i>
1. Incorrect exemptions.	120	18,27,998
2. Incorrect computation of turn-over	122	21,26,776
3. Application of incorrect rate of tax	63	4,29,068
4. Mistakes in calculations	8	2,480
5. Non-levy/short levy of penalty	24	2,10,472
6. Under-assessment of Central Sales tax	68	31,62,004
Total	405	77,58,798

Some of the irregularities are mentioned in the following paragraphs.

6.3. Incorrect deduction of sales of stainless steel to registered dealers

Under the Punjab General Sales Tax Act, 1948, declared goods are taxable at the point of first sale in the State and as such the sale of such goods to registered dealers is not exempt from tax.

In the course of test check it was noticed that an assessing authority allowed deduction of Rs. 39,18,895 during 1970-71 to 1972-73 to a dealer of Karnal from his gross turnover on account of sale of stainless steel, a declared good, to the registered dealers. This resulted in under-assessment of tax of Rs. 1,17,567.

The matter was referred to the Government in May 1975. Reply is awaited (March 1976).

6.4. Under-assessment due to incorrect exemption

Under the Central Sales Tax Act, 1956, if under the sales tax law of the appropriate State the sale of any goods by a dealer is exempt from tax generally (not subject to any condition), no tax is leviable under the Central Act, 1956. It was, however, noticed that an assessing authority allowed exemption to a dealer of Faridabad from payment of tax in respect of sales aggregating Rs. 9,24,658 of aluminium conductors, cables and wires to the electric supply undertakings of other States though under the State Act such sales are exempt from tax subject to specified conditions. On this being pointed out in audit (January 1975), the department created an additional demand of Rs. 92,466 (September 1975).

It was also noticed that the assessing authority had allowed to this dealer an inadmissible deduction of Rs. 27,018 from his gross turnover on account of refund of excise duty. When this was pointed out in audit (January 1975), the department created an additional demand of Rs. 2,702. Particulars of recovery of the total amount of Rs. 95,168 are awaited (February 1976).

The matter was reported to Government in November 1975; reply is awaited (March 1976).

6.5. Under-assessment due to application of incorrect rate of tax

Under the Punjab General Sales Tax Act, 1948, mono-block pumping sets were taxable as luxury goods at 10 per cent from 1st September 1966 to 31st December 1968; from January 1969, these are taxable as ordinary goods at the general rate of 6 per cent.

During the course of audit (March 1975), it was noticed that in the case of an assessee of Karnal district, sales of mono-block pumping sets to unregistered dealers during 1967-68 amounting to Rs. 3,16,537 were taxed at 6 per cent instead of at 10 per cent. This resulted in under-assessment of tax of Rs. 12,662. It was suggested to the assessing authority that the case might be examined also for recovery of the under-assessment of tax on sales of mono-block pumping sets effected during (i) 1st September 1966 to the 31st March 1967; and (ii) 1st April 1968 to the 31st December 1968. On this being pointed out in audit (March 1975), the assessing authority created additional demand of Rs. 12,175 for 1967-68 and Rs. 10,137 for 1968-69 in June and August 1975 respectively. A sum of Rs. 12,175 was recovered in July 1975. Report regarding short recovery pertaining to 1966-67 and 1968-69 is awaited (March 1976).

The matter was reported to Government in October 1975; reply is awaited (March 1976).

6.6. Suppression of purchases resulting in under-assessment of tax

A dealer of Panipat engaged in manufacturing worsted yarn from raw material (wool tops), purchased wool tops free of tax on the basis of his registration certificate. He transferred yarn valuing Rs. 10,47,442 to his branches outside the State during 1972-73 and as such tax was levied on his purchases of wool tops within the State. Such purchases made during the year 1972-73 were shown by the dealer as amounting to Rs. 4,17,293 whereas scrutiny in audit of the assessment cases of the dealers from whom the purchases were stated to have been made disclosed that actually such purchases aggregated Rs. 8,78,656. When this was pointed out in audit (July 1974/October 1974), the assessing authority re-opened the case (October 1974) and created an additional demand of Rs. 18,751 including penalty of Rs. 3,500 imposed for suppressing the purchases. The dealer deposited the amount in November 1974.

The matter was reported to Government in July 1975; reply is awaited (March 1976).

6.7. Non-levy of surcharge on purchase tax

Levy of surcharge at the rate of two per cent on the amount of tax payable was provided for, for a period of one year commencing from 1st December 1971, by inserting a new Section in the Punjab General Sales Tax Act, 1948.

During the course of audit of the office of the Additional Excise and Taxation Officer, Kaithal it was noticed that the assessing authority did not levy surcharge on the tax levied on the purchase of paddy in sixteen cases in the assessment years 1971-72 and 1972-73. On the omission being pointed out in audit (July 1974), the assessing authority levied surcharge amounting to Rs. 10,063 in these cases, between 1974-75 and 1975-76.

The matter was reported to Government in May 1975; reply is awaited (March 1976).

6.8. Under-assessment due to excess deduction of sale value of tax-paid purchases

Medicines and pharmaceutical preparations are taxable at the point of first sale from 1st July 1969. Sale of such goods at a subsequent stage is exempt from tax provided the dealer furnishes a certificate in the prescribed form and manner to the effect that tax has been paid on sale at the first point.

During the course of audit, it was noticed that a dealer of Palwal made tax-paid purchases of medicines amounting to Rs. 7,67,154 from 1969-70 to 1973-74. His profit on these sales worked out to Rs. 45,890 and he was, as such, entitled to deduction of Rs. 8,13,044 (purchase price plus profit) from his turnover, against Rs. 9,50,952 actually allowed by the assessing authority. On this being pointed out in audit (June 1975), the assessing authority re-opened the case and created an additional demand of Rs. 8,815 in July 1975. Particulars of collection of the amount are awaited (March 1976).

The matter was reported to the Government in October 1975. Reply is awaited (March 1976).

6.9. Incorrect computation of tax

As per the third quarterly return for the year 1969-70 pertaining to central sales tax filed by a dealer of Hissar district, the tax payable amounted to Rs. 31,209. He deposited Rs. 23,741 into the treasury (January 1970) on the ground that he had paid tax in excess by Rs. 7,468 during the year 1968-69. As the dealer had not applied for refund adjustment order, Rs. 23,741 could only be computed towards the tax voluntarily paid. The assessing authority, however, took into account (March 1974) Rs. 31,209 as tax paid, resulting in creation of short demand of Rs. 7,468 for the year 1969-70. On this being pointed out in audit (December 1974), the assessing authority rectified the original order and created an additional demand of Rs. 7,468 which was deposited in January 1975.

An appeal filed by the dealer to claim refund of the tax paid in excess during the year 1968-69 was, however, rejected by the Appellate Authority (August 1975). The matter was reported to Government in January 1975; reply is awaited (March 1976).

6.10. Non-levy of tax on packing material

Under the Punjab General Sales Tax Act, 1948, sale of packing material and containers is exempt from tax when sold by a person who deals exclusively in goods declared tax-free but sells packing material and containers only as incidental to his main business. If, however, there is an explicit or implied contract for sale of packing material alongwith tax-free goods, tax is leviable on the sale of packing material.

(i) During the course of audit of the Office of the District Excise and Taxation Officer, Kurukshetra, it was noticed that in the case of ten dealers engaged in the sale of tax free goods, exemption was allowed for the years 1969-70 to 1972-73 on the sale of packing material without determining whether there was any explicit or implied contract for the sale of packing material. On this being pointed out in audit (January 1974), *suo motu* action was taken and an additional demand of Rs. 7,463 created in nine cases where such contracts existed and the amount recovered.

(ii) (a) A dealer of Panipat (not exclusively dealing in tax-free goods) was allowed deduction of Rs. 40,54,115 representing sale of blankets, a tax-free good, from his gross turnover for the year 1971-72. No tax was, however, levied on the value of *bardana* used in packing the blankets. On this being pointed out in audit (July 1974), an additional demand of Rs. 5,636 was raised in April 1975 and realised in May 1975.

(b) In the case of another such dealer of Karnal district the assessing authority did not levy tax on the value of bags sold alongwith fertilizers, a tax-free commodity, during 1967-68 to 1969-70. On this being pointed out in audit (June 1974), demand for Rs. 8,100 was created in September 1974 and realised in November 1974.

The cases were reported to Government in July 1975 and November 1975; reply is awaited (March 1976).

6.11. Under-assessment due to incorrect deduction of discount

In order to augment his sales a dealer of Gurgaon district decided in July 1967 to grant an incentive to his customers in the shape of a discount on the total turnover for the year ending 30th June 1967. An assessing authority, treating it as cash discount permissible under Central Sales Tax Act, 1956, allowed deduction of Rs. 1,66,767 from the gross turnover of the dealer for the year 1967-68.

When it was pointed out in audit (August 1973), that this discount had not been given in the normal course of business/trade and as such no deduction from gross turnover was admissible, the case was referred to the appellate authority for *suo motu* action. The appellate authority remanded (January 1975) the case to the assessing authority for re-examination, of the admissibility of deductions. On re-examination the assessing authority disallowed the deduction of discount and created an additional demand of Rs. 5,440 (May 1975) which was deposited in July 1975.

6.12. Non/short-levy of penalty

Under the Punjab General Sales Tax Act, 1948, as applicable to Haryana, if a dealer has maintained false or incorrect accounts with a view to suppressing his sales, purchases or stock of goods, or has concealed any particulars of his sales or purchases, or has furnished to, or produced before any authority under the Act or the rules made thereunder, any account, return or information which is false or incorrect, he is liable to pay by way of penalty in addition to the tax to which he is assessed or is liable to be assessed, an amount which shall not be less than ten per centum of the amount of tax to which he is assessed or is liable to be assessed.

(i) Consignment sales to the extent of Rs. 2,51,317 were not disclosed by a dealer of Safidon (district Jind) in his returns for the year 1970-71. The suppressed sales came to the notice of the assessing authority at the time of assessment and these were accordingly included by the assessing authority in the total consignment sales for the purpose of levy of tax. No penalty under the Act was, however, imposed. On the omission being pointed out in audit (May 1975), a penalty of Rs. 9,021 (10 per cent of the tax) was imposed on the 7th November 1975 by the assessing authority and the amount was deposited on the 28th November 1975.

(ii) In 39 cases relating to the years 1965-66 to 1972-73, the penalty leviable under the Act was either not levied, or was less than the prescribed minimum leviable to the extent of Rs. 81,166. When this was pointed out in audit (1974-75), the assessing authority levied penalties amounting to Rs. 30,910 in sixteen cases against which an amount of Rs. 5,800 (2 cases) was realised. Further, four cases involving penalty of Rs. 6,601 were referred to the appellate authority for appropriate action; the results of this reference are awaited (March 1976). The action in the remaining cases is yet to be taken (March 1976). Incidentally, there is no provision for prosecution in the Punjab General Sales Tax Act, 1948.

The cases were reported to Government in July 1975, November 1975 and January 1976; reply is awaited (March 1976).

6.13. Short levy of Central Sales Tax

Under the Central Sales Tax Act, 1956, inter-State sales to Government departments are taxable at the concessional rate of 3 per cent (against the general rate of 10 per cent) provided such sales are supported by valid declarations in the prescribed form from the purchasing party.

During the course of audit (March 1974) it was noticed that sales made by a dealer of Ambala Cantonment to certain autonomous bodies during 1968-69 were taxed at the concessional rate of 3 per cent treating them as Government departments. On this being pointed out in audit (March 1974), the case was re-assessed and such sales aggregating Rs. 5,58,240 were taxed at the general rate of 10 per cent resulting in creation of an additional demand of Rs. 39,077. Report regarding realisation of the amount is awaited (March 1976).

The matter was reported to Government in October 1975; reply is awaited (March 1976).

TAXES ON VEHICLES, PASSENGERS AND GOODS

6.14. Non-recovery of token tax on tractors

Token tax leviable at the rate of Rs. 150 per tractor per annum on tractors used solely for agricultural purposes was not levied resulting in non-levy of tax of Rs. 14.06 lakhs and Rs. 11.35 lakhs during the years 1973-74 and 1974-75 respectively.

When the matter was reported to Government (between February and July 1975), it was stated (December 1975) that an amount of Rs. 0.54 lakh had since been recovered and efforts were being made to liquidate the balance arrears. Particulars of recovery of the balance are awaited (March 1976).

6.15. Irregular exemption of road tax

The Punjab Motor Vehicles Taxation Rules, 1925, allow exemption from the payment of road tax to motor vehicles owned and kept for use by departments of the Central or State Government; but no such exemption has been envisaged in respect of vehicles owned and kept for use by autonomous bodies.

A test check of the records of three Registering Authorities revealed that tax amounting to Rs. 46,960 was not levied on the vehicles belonging to the Regional Engineering College, Kurukshetra (Rs. 28,911), Central State Farm, Hissar (Rs. 10,502) and Bhakra Management Board (Rs. 7,547).

The matter was referred to Government between March 1975 and June 1975; reply is awaited (March 1976).

6.16. Short recovery of road tax on vehicles plying as private carriers

Under the Punjab Motor Vehicles Taxation Rules, 1925, the rate of road tax on vehicles covered by private carrier permits used solely in the course of trade and industry for transport of goods is higher than the rate applicable to vehicles plying on public carrier permits. It was, however, noticed during test check that road tax for the period October 1968 to April 1975 in respect of

vehicles owned by the Haryana State Electricity Board, the Minor Irrigation Tubewells Corporation and two other Companies had been levied at the lower rate applicable to public carriers. This resulted in short recovery of tax amounting to Rs. 0.23 lakh.

The matter was reported to Government in June and July 1975. Reply is awaited (March 1976).

LAND REVENUE

6.17. Under-assessment of surcharge and special charges on land revenue

Under the Punjab Land Revenue (Surcharge) Act, 1954 and the Punjab Land Revenue (Special surcharges) Act, 1958 every land-owner who pays land revenue in excess of Rs. 10 and Rs. 50 respectively shall be liable to pay a surcharge thereon in accordance with the rates specified in the schedule thereto.

During the course of test check in three districts--Sonapat, Rohtak and Jind, it was noticed that the surcharge and special surcharge were under-assessed to the extent of Rs. 9,508 (surcharge : Rs. 4,919; special surcharge : Rs. 4,589).

When the matter was reported to Government in November 1975, it was stated (January 1976) that the amount had been recovered in full.

AGRICULTURE

6.18. Agricultural receipts

Receipts of the Agriculture Department are derived from plant protection services, sale of pesticides and seeds, fruits and crops produced at gardens and agriculture farms. Against the estimated receipts of Rs. 1,30.30 lakhs, an amount of Rs. 1,14.85 lakhs was received by the department during the year 1974-75.

(2) The irregularities noticed during test check of the records of receipts from Government farms were as under :—

(a) Agreements with the lessees of the Government Seed Farms (Karnal and Sirsa) provided for recovery of one-third share of the minimum prescribed yield of all crops except when there was a natural calamity. Though no natural calamity had occurred, no recovery on account of shortfall of Government share of produce, for the years 1973-74 and 1974-75 amounting to Rs. 0.71 lakh was effected in two districts.

(b) In one farm (Karnal), produce of 1974-75 valuing Rs. 9,000 was not accounted for in the books.

The matter was referred to Government in December 1975; reply is awaited (March 1976).

FISHERIES

6.19. Fisheries receipts

Receipts from auction of notified waters, sale of fish, licence fees and fines are the main sources of income of Fisheries Department.

Estimated and actual collections from 1972-73 to 1974-75 were as follows :—

Year	Estimated receipts (as per budget)	Actuals	Increase (+)/ Decrease (—)
	(in lakhs of rupees)		
1972-73	7.46	3.40	(—)4.06
1973-74	5.39	4.98	(—)0.41
1974-75	4.44	4.21	(—)0.23

A test check of the accounts of collections in six districts (Ambala, Kurukshetra, Sonapat, Hissar, Gurgaon and Karnal) disclosed the following irregularities :—

- (i) In one case of Gurgaon district, the last instalment (Rs. 0.37 lakh) of auction money due in March 1973 and interest thereon (Rs. 0.07 lakh) were not recovered (March 1976). No action was also taken to recover the amount by certificate proceedings.
- (ii) The department had been running three fish sale shops at tourist spots at Gurgaon, Uchana lake and Budkhal lake at the instance of the State Tourism Corporation. No profit and loss accounts were, however, prepared in respect of these shops. Accounts prepared by audit for 1974-75 showed a loss of Rs. 0.12 lakh, which did not include rent of shops and depreciation of refrigerators. The loss was mainly owing to average higher purchase price as compared to sale price. On this being pointed out in audit (September 1975), the department stated (September 1975) that these shops were opened on an experimental basis.

The matter was referred to Government in December 1975; reply is awaited (March 1976).

GENERAL

6.20. Arrears in assessments

The number of assessments finalised by the Excise and Taxation Department and those pending at the end of March 1975 as reported by the department are indicated below :—

	Number of assessments for disposal	Number of assessments completed	Number of assessments pending at the end of the year	Per- centage of 3 to 1
	(1)	(2)	(3)	(4)
Sales Tax	86,431	59,902	26,529	30.69
Taxes on Passengers and Goods	907	257	650	71.67

The following is the year-wise break-up of the pending cases.

Year	Sales Tax	Taxes on Passengers and Goods
Upto 1969-70	434	40
1970-71	899	73
1971-72	2,116	153
1972-73	4,871	169
1973-74	18,209	215
1974-75	..	..
Total	26,529	650

6.21. Arrears in collection of revenue

The total revenue collected and arrears of revenue pending collection as at the end of three years from 1972-73 to 1974-75 as reported by the Excise and Taxation department in respect of Sales Tax, Excise Duty and Passengers and Goods Tax are as shown below :—

Year	Amount collected	Arrears pending collection at the end of March	Percentage of arrears to total revenue
(in lakhs of rupees)			
1972-73	44,82.22	2,03.82	4.55
1973-74	56,63.12	2,79.58	4.94
1974-75	70,07.57	3,37.64	4.82

An analysis of arrears of revenue pending collection as on 31st March 1975 in respect of certain departments is given below :—

(a) *Sales Tax* : The demand raised but not collected as at the end of March 1975 under sales tax amounted to Rs. 3,31.46 lakhs as against Rs. 2,67.66 lakhs outstanding at the end of March 1974. Year-wise analysis of the outstanding amount is given below :—

Year	Arrears as on 31st March 1974	Arrears as on 31st March 1975
(in lakhs of rupees)		
Upto 1968-69	10.47	8.97
1969-70	3.70	2.87
1970-71	40.78	32.60
1971-72	38.54	36.82
1972-73	63.82	59.85
1973-74	1,10.35	85.42
1974-75	..	1,04.93
Total	2,67.66	3,31.46

Out of the outstanding amount of Rs. 3,31.46 lakhs, recovery in respect of Rs. 2,86.29 lakhs had been stayed by the various appellate authorities including Courts.

(b) *State Excise* : State Excise dues not realised as at the end of 31st March 1975 amounted to Rs. 2 lakhs as against Rs. 5.04 lakhs outstanding at the end of March, 1974. Year-wise analysis is given below :—

Year	Arrears as on	
	31st March 1974	31st March 1975
Upto	(in lakhs of rupees)	
1960-61	0.04	0.04
1970-71	0.19	..
1972-73	2.04	0.75
1973-74	2.77	..
1974-75	..	1.21
Total	5.04	2.00

Out of the outstanding amount of Rs. 2 lakhs, the recovery of Rs. 0.96 lakh has been stayed by the various appellate authorities including Courts.

(c) *Taxes on Passengers and Goods*

The arrears of tax due for collection under the Passengers and Goods Tax as at the end of 31st March 1975 was Rs. 4.18 lakhs as against Rs. 6.88 lakhs as at the end of March 1974. Year-wise analysis is given below :—

Year	Arrears as on	
	31st March 1974	31st March 1975
1961-62 to 1969-70	(in lakhs of rupees)	
1970-71	1.13	1.13
1971-72	0.25	0.25
1972-73	0.40	0.09
1972-73	1.22	0.41
1973-74	3.88	0.63
1974-75	..	1.67
Total	6.88	4.18

Out of the outstanding amount of Rs. 4.18 lakhs, the recovery of Rs. 0.20 lakh has been stayed by the High/Supreme Court.

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION A

GENERAL

7.1. This chapter deals with the results of audit of :—

- (i) Statutory Corporations,
- (ii) Government Companies ; and
- (iii) Departmentally managed Government commercial/*quasi*-commercial undertakings.

SECTION B

STATUTORY CORPORATIONS

7.2. There were three Statutory Corporations in the State on 31st March 1975, *viz.*, Haryana State Electricity Board, Haryana Financial Corporation and Haryana Warehousing Corporation.

A general analysis of the capital structure, working results, etc., of these Corporations is given as under, separately in respect of (i) Haryana State Electricity Board ; and (ii) Other Statutory Corporations.

(i) Haryana State Electricity Board

7.3. The Haryana State Electricity Board was formed on 3rd May 1967. The accounts of the Board for 1974-75, duly certified together with the audit certificate and report thereon, were forwarded to the State Government in September 1975 for being placed before the State Legislature in terms of Section 69(5) of the Electricity (Supply) Act, 1948.

7.4. Capital and borrowings

The capital of the Board comprises loans obtained from the State Government and borrowings from other sources. The table below indicates the balance of loans outstanding at the end of 1974-75 :—

<i>Source</i>	<i>Amount (in lakhs of rupees)</i>
State Government	1,87,54.91
Public borrowings (by issue of bonds)	26,21.11
Life Insurance Corporation of India, Commercial banks and others	43,44.00
Total	2,57,20.02

7.5. Working results

The working results of the Board for the three years ending 31st March 1975 are summarised below :—

	1972-73	1973-74	1974-75
	<i>(in lakhs of rupees)</i>		
(i) Revenue receipts	24,74.57	28,84.39	31,17.83
(ii) Revenue expenditure	18,70.47	21,88.48	26,17.09
(iii) Net surplus	6,04.10	6,95.91	5,00.74
(iv) Appropriation towards general reserve, interest on bonds, etc.	4,13.49	4,87.40	5,00.74
(v) Balance available towards interest on loans from Government	1,90.61	2,08.51	..
(vi) Interest due on loans from Government—			
(a) For the year	6,32.73	8,09.25	10,51.81
(b) Arrears for previous years	6,03.98	10,46.10	16,46.84
Total interest due	12,36.71	18,55.35	26,98.65
(vii) Arrears of interest on loans from Government shown in the accounts as contingent liability	10,46.10	16,46.84	26,98.65

A synoptic statement showing the summarised results of working of the Board for 1974-75 is given in Appendix VII(i).

7.6. Generation and sale of energy

The table below indicates the installed capacity for generation of power, power generated, power available for sale, power sold and lost in transmission and distribution for the three years upto 1974-75 :—

	1972-73	1973-74	1974-75
	<i>(In MkwH)</i>		
(i) Installed capacity—			
(a) Internal combustion (Diesel)	36.73	36.73	36.73
(b) Thermal generating sets	743.29	738.47	738.47
(c) Hydel	3,530.28	3,532.91	3,532.91
Total	4,310.30	4,308.11	4,308.11

	1972-73	1973-74 (In Mkw/h)	1974-75
(ii) Power generated—			
(a) Internal combustion (Diesel)	3.27	0.44	0.61
(b) Thermal generating sets	438.33	449.43	474.14
(c) Hydel	1,492.14	1,919.83	1,318.54
Total	1,933.74	2,369.70	1,793.29
(iii) Power used for auxiliaries	11.26	38.27	40.01
(iv) Power purchased	244.23	177.51	342.54
(v) Power available for sale	2,166.71	2,508.94	2,095.82
(vi) Power sold—			
(a) Within the State	1,246.23	1,425.74	1,215.78
(b) Outside the State (Share of power sold by the Bhakra Management Board to common pool consumers)	533.04	660.97	483.54
(c) Free supply to employees	5.98	5.46	6.18
Total sales	1,785.25	2,092.17	1,705.50
(vii) Loss in transmission and distribution	381.46	416.77	390.32
(viii) Percentage of power generated to installed capacity	44.9	55.0	41.6
(ix) Percentage of power generated to total power available	88.7	93.0	85.6
(x) Percentage of loss in transmission and distribution to—			
(a) power available for sale	23.3	22.6	24.2
(b) power sold	30.6	29.2	32.1
(xi) Cost of generation per Mkw/h (in rupees)	21,196	21,103	30,820

(xii) Cost of generation, transmission including interest on loans debited to net revenue and appropriation account—			
(a) Per Mkwk of power generated and purchased (in lakhs of rupees)	1.10	1.10	1.43
(b) Per Mkwk of power sold including free supply to employees (in lakhs of rupees)	1.34	1.34	1.79
(xiii) Revenue per Mkwk sold including free supply to employees (in lakhs of rupees)	1.38	1.38	1.83

7.7. Arrears of electricity dues

Rupees 1,47.06 lakhs were due to the Board from 26,651 consumers at the close of March 1975 (including Rs. 29.13 lakhs outstanding against 4,855 consumers for more than three years) ; power supply to 18,325 consumers had been disconnected (upto March 1975) by the Board for non-payment of dues of Rs. 73.93 lakhs. No action had (September 1975) been taken in regard to 8,326 consumers, against whom dues aggregating Rs. 73.13 lakhs were outstanding.

7.8. Store accounts

The value of stores held as on 31st March 1975 amounted to Rs. 21,17.20 lakhs out of which stores worth Rs. 11.22 lakhs have been declared as obsolete and unserviceable. Further, excesses and shortages amounting to Rs. 5.21 lakhs and Rs. 0.48 lakh respectively were awaiting adjustment at the end of March 1975.

7.9. Loss of revenue

Contract for sale and removal of ash and cinder from Steam Plant, Surajpur for 1972-73 was awarded to a contractor on 20th March 1972, by auction at the rate of Rs. 21.50 per truck load of 375 cft. capacity.

The contract was continued on the same terms upto January 1974 as auction scheduled to be held on 28th March 1973 for the next year, was cancelled on the ground of impending strike, even though the intending contractors were present at the site for participation in the auction.

Other contractors represented against the extension granted to the old contractor without holding auction, and offered to lift coal residue at higher rates. In the meantime, the Board decided to award the contract through open tenders. As a result of tenders opened on 21st January 1974, contract for the period from 18th February 1974 to 17th February 1975 was awarded to another contractor at Rs. 231.31 per truck load of 350 cft. to 375 cft. capacity. The non-finalisation of the contract for 1973-74 well in time may be said to have caused a loss of additional income to the extent of Rs. 1.69 lakhs on removal of 804 trucks of ash during April 1973 to January 1974.

(ii) Other Statutory Corporations

7.10. The accounts of the Haryana Warehousing Corporation for 1974-75 have not been prepared (February 1976). The Haryana Financial

Corporation made a net profit of Rs. 50.33 lakhs (before tax) during 1974-75 as against profit of Rs. 40.77 lakhs during 1973-74. This represented 16.8 per cent of the Corporation's paid up capital of Rs. 3 crores. The Corporation declared dividends of Rs. 5.01 lakhs during 1973-74 and Rs. 6.20 lakhs during 1974-75, including Rs. 2.25 lakhs and Rs. 2.72 lakhs respectively payable to the State Government.

A statement showing the summarised financial results of working of the the two Corporations on the basis of latest available accounts is given in Appendix VII(ii).

SECTION C GOVERNMENT COMPANIES

7.11. Introduction

On 31st March 1975, there were 14 Government Companies (including four subsidiaries) in the State. Two Government Companies, viz., Haryana Tourism Corporation Limited and Haryana Seed Development Corporation Limited were incorporated in May 1974 and September 1974 respectively. One subsidiary Company, viz., Haryana Polysteels Limited ceased to be a Government Company during 1974-75.

The accounts of the following Companies have not been prepared (December 1975) for the period shown against each :—

Haryana State Minor Irrigation (Tubewells) Corporation Limited	1972-73 to 1974-75
Haryana Harijan Kalyan Nigam Limited	1973-74 to 1974-75
Haryana Dairy Development Corporation Limited	1974-75
Haryana Tourism Corporation Limited	1974-75 (May 1974 to March 1975)
Haryana Seed Development Corporation Limited	1974-75 (September 1974 to June 1975)
Pig Iron Project, Hissar	Since 1966-67

A statement showing the summarised results of working of Government C companies on the basis of latest available accounts is given in Appendix VIII.

7.12. Haryana Harijan Kalyan Nigam Limited

(1) Introduction

Haryana Harijan Kalyan Nigam Limited was incorporated on 2nd January 1971 with the main object to :—

- (i) do and undertake the task of socio-economic and educational uplift of the scheduled castes in the State ;

- (ii) advance loans to such members of the scheduled castes who want to start the profession of doctors, engineers, lawyers, architects, chartered accountants, *etc.* ;
- (iii) advance loans and/or stand guarantee or surety for purchase by the members of scheduled castes of tempos, scooters, cycle rickshaws, taxis or some other vehicles to be used for business ;
- (iv) advance loans to members of the scheduled castes individually or collectively for industrial, agricultural, trades, business, commerce, professions or other skills or activities which may promote and improve the economic condition of scheduled castes ; and
- (v) plan, promote and undertake on its own or in collaboration with other scheduled castes organisations such programme and projects and such other trade or activity as may be deemed fit to provide employment to the members of the community.

(2) Capital structure

The authorised capital of the Nigam is Rs. 2 crores divided into 20,000 equity shares of Rs. 1,000 each. The paid-up capital of the Nigam as on 30th June 1975 was Rs. 84.55 lakhs, wholly subscribed by Government.

In addition, the Nigam obtained loans amounting to Rs. 20 lakhs (Rs. 5 lakhs each in 1971-72 and 1972-73 and Rs. 10 lakhs in 1974-75) from Government. The loans are free of interest for first five years and thereafter interest is payable at 3 per cent. The loans are repayable in 15 years.

(3) Grant of loans

(a) The Nigam gives financial assistance in the form of loans to harijans in the various fields of agricultural, dairy and poultry farming, cattle and pig breeding, business activities, trades, professions, higher education and industries. Loans are generally given against personal surety except in the case of loans for purchase of land where the land is mortgaged in favour of the Nigam. Tractors, taxis, tempos, *etc.*, are supplied to them on hire purchase basis.

The following table indicates the details of loan applications received, sanctioned, rejected and those pending at the end of each of the four years upto 1974-75 :—

<i>Particulars of loan applications</i>	1971-72	1972-73	1973-74	1974-75	<i>Since inception to end of 1974-75</i>
Received	12,228	5,127	2,902	2,616	22,873
Sanctioned	1,044	449	597	531	2,621
Rejected	11,184	4,678	644	1,130	17,636
Pending at the end of year	..	..	1,661	2,616	2,616

Loans were sanctioned in 2,621 cases upto 1974-75, representing 11.5 per cent of the number of applications received. Reasons for rejection of applications were not on record in individual cases. The Management stated (June 1975) that applications had been rejected either because these were incomplete or there was paucity of funds. The Nigam had, however, surplus funds in all these years which stood invested in fixed deposits as would be seen from paragraph (6).

(b) A comparison of the loans sanctioned against disbursement of loans during the four years upto 1974-75 is given below :—

	1971-72		1972-73		1973-74		1974-75		Total	
	Num-ber	Amo-unt	Num-ber	Amo-unt	Num-ber	Amo-unt	Num-ber	Amo-unt	Num-ber	Amo-unt
(Amount in lakhs of rupees)										
(i) Loan sanctioned	1,044	43.70	449	13.89	597	15.88	531	11.79	2,621	85.26
(ii) Amount disbursed	..	24.58	..	5.44	..	12.30	..	12.49	..	54.81
(iii) Percentage of disbursement to sanction	..	56.25	..	39.17	..	77.46	..	..	..	64.3

(c) The main object of the Nigam is the socio-economic upliftment of the scheduled castes by making them independent and self sufficient cultivators and increasing their occupational mobility. The table below indicates trade-wise distribution of loans upto 30th June 1975 :—

Name of the trade	Amount disbursed upto the 30th June 1975 (in lakhs of rupees)	Percentage of amount disbursed to total disbursement
Agriculture	1.91	3.5
Brick kiln	0.20	0.4
Dairy	18.89	34.5
Flour mill	1.21	2.2
Higher studies	0.49	0.9
Leather work	6.77	12.3
Land development	1.15	2.1
Piggery/poultry/sheep and goats	9.72	17.7
Resale of machinery/workshop	0.26	0.5
Tractors including sub-dealership/tempo/taxis	9.48	17.3
Miscellaneous	4.73	8.6
Total	54.81	100.0

The Nigam stopped advancing loans for purchase of tractors, tempos, etc. from February 1975 as their purchase price had become prohibitive and it was not in a position to advance loans of such high amounts to an appreciable number of loanees.

(3.2) Defaults in repayment of loans

(a) The table below indicates the total amount of equated instalments which fell due during the year and the default at the end of each year upto 1974-75 :—

Year		Amount of instalment which fell due	Amount recovered	Amount in default at the end of the year	Percentage of default
(in lakhs of rupees)					
1971-72	Principal	0.83	0.50	0.33	
	Interest	0.64	0.12	0.52	
	Total	1.47	0.62	0.85	58
1972-73	Principal	4.39	1.46	2.93	
	Interest	2.14	1.48	0.66	
	Total	6.53	2.94	3.59	55
1973-74	Principal	9.91	4.47	5.44	
	Interest	3.84	2.88	0.96	
	Total	13.75	7.35	6.40	47
1974-75	Principal	16.98	8.67	8.31	
	Interest	5.65	4.85	0.80	
	Total	22.63	13.52	9.11	40

(b) In 174 cases, where loans aggregating Rs. 7.43 lakhs were advanced, the entire recovery of instalments and interest was in default. The Nigam referred these cases to the District Collectors (in 1973-74 and 1974-75) for effecting recoveries as arrears of land revenue. Out of Rs. 8.40 lakhs (principal : Rs. 7.43 lakhs and interest : Rs. 0.97 lakh) due for recovery upto January 1974, Rs. 1.04 lakhs had been recovered upto December 1975.

(c) Three parties were advanced loans aggregating Rs. 0.44 lakh during 1971-72, without executing deed of hypothecation of goods/assets purchased or in stock, although the loan agreements provided for execution of such a hypothecation deed. An amount of Rs. 0.44 lakh (principal : Rs. 0.41 lakh and interest : Rs. 0.03 lakh) was still (January 1976) recoverable from them. The Management stated (February 1976) that the provision about execution of

hypothecation deed in the loan agreements was only discretionary. It did not, however, indicate the action to be taken for recovery in these cases.

(d) Loans aggregating Rs. 3.96 lakhs for purchase of tractors were advanced to 44 parties between April 1971 and January 1972 on the security of a single guarantor. The loans were repayable in equated quarterly/monthly instalments, inclusive of interest. The amount due for recovery as on the 30th June 1975 was Rs. 5.08 lakhs (including interest) against which Rs. 2.72 lakhs had been recovered (March 1976). The Management stated (April 1976) that two parties had paid the amount in full and effective steps had been taken to recover the amount from the remaining parties.

(e) With a view to helping in production of shoes against export orders obtained by the Haryana State Small Industries and Export Corporation Limited, the Nigam sanctioned short term loans aggregating Rs. 77,500 to six parties during October 1971 to January 1972, repayable with interest by June 1972 (period of loan-5 months in each case). One of these parties was also sanctioned a long term loan of Rs. 10,000. The agreements stipulated that the parties would execute deeds hypothecating the goods/assets purchased or in stock, if so required by the Nigam. The parties were not called upon to execute any such deed. The Management stated (February 1976) that "the loans are granted to the harijans on the personal guarantee mostly of the harijans. They being poor people do not own any property. In view of their poor economic position, the terms of agreement are not rigidly enforced".

All the parties failed to repay the principal and interest thereon within the stipulated period. Five of these parties represented that since they were investing money on export items again and again, it was not possible to repay the short term loans in lumpsum and requested for repayment in instalments. The Nigam decided in February 1973 that short term loans sanctioned to four parties (amount : Rs. 0.40 lakh) would be *ab initio* treated as long term loans on the condition that the instalments which would have fallen due were repaid immediately. This facility was not extended to the remaining two firms (Rs. 37,500). In one case the party (a co-operative society which had in addition been sanctioned a long term loan of Rs. 10,000) was reported to have misutilised the loan and in the other case the president and the members of the loanee society were stated to have shifted to some other place. Out of the four parties which were given the concession of conversion of the short term loans into long term loans, only two availed of the accommodation. From the remaining four parties (including the two who were not offered the accommodation), Rs. 83,676 (inclusive of interest) were due upto January 1974. Their cases were referred (January-February 1974) to District Collectors for recovery as arrears of land revenue.

The Management stated (April 1976) that Rs. 0.10 lakh had been received through the Collectors from three parties, and that no recovery had been made from the fourth party.

(f) Loans aggregating Rs. 1.08 lakhs were advanced at Rs. 10,000 each to nine parties for purchase of tempos and at Rs. 9,000 each to two parties for purchase of taxies on hire purchase basis between October 1971 and September 1972, on the security of a guarantor ; the loans were recoverable in 20 equated quarterly instalments commencing after one year/six months from the date of drawal. During the first year/half year only interest was payable in quarterly instalments. Against Rs. 0.82 lakh due for recovery upto June 1975, Rs 0.17

lakh were actually recovered. The Management stated in April 1975 that though there was adequate income from plying of the tempos/taxies, the loanees were deliberately not repaying the amounts due. It was also stated that the cases had been referred to the Collector for lumpsum recovery. Notices for seizure of the vehicles under the hire purchase agreement were also stated to have been issued (March 1975).

(3.3) Non-utilisation of loans by loanees

In accordance with the provisions of the agreements, a loanee is required to utilise the loan within one month from the date of disbursement. A test check, however, disclosed that Rs. 0.97 lakh disbursed in 34 cases during 1972-73 and 1973-74 had not been utilised by the loanees upto June 1975. In February 1976, the Management stated that the Nigam's field officers had been asked to verify whether the loanees were carrying on the trade or profession for which loans had been given. The Management further stated that in certain cases where loanees had ceased to carry on the respective trade, they had been reminded to utilise the loan properly failing which steps would be taken to recover the loan in lumpsum.

(4) Setting up of small scale industries

With a view to improving the lot of the scheduled caste community, and to provide employment to members of the scheduled castes, the Nigam decided to set up small scale industrial units as given below :—

(a) Shoe Production Centre, Karnal

In February 1973, the Board of Directors decided to set up a Shoe Production Centre at Karnal at a cost of Rs. 3.70 lakhs (Rs. 3.28 lakhs for working capital, Rs. 0.40 lakh for machinery and Rs. 0.02 lakh for hiring of a building for 3 months). The scheme contemplated that the Nigam would provide raw materials to the artisans engaged in this trade as loan in cash or kind and accept in return semi-finished goods from them. Final finishing was to be done at the centre by skilled labour and the shoes were to be marketed by the Nigam. The unit was expected to manufacture 200 pairs of shoes per day.

The investment upto June 1975 amounted to Rs. 6.37 lakhs (Rs. 0.20 lakh for machinery, Rs. 0.23 lakh for furniture and Rs. 5.94 lakhs as working capital). The Management stated (April 1976) that increase in investment of working capital was due to (i) blocking of funds in finished goods due to delay in inspection by various departments, (ii) late payment of sale proceeds and (iii) more investment in raw material.

The centre commenced production from 28th May 1973. The details of shoes produced, sold and the balance in stock for the two years 1973-74 and 1974-75 are as under :—

Year	Opening balance	Shoes produced	Shoes sold	Closing balance
		(<i>Figures in pairs</i>)		
1973-74	942	3,774 (Own production) 7,461 (purchased from market)	9,779	2,398
1974-75	2,398	21,997 (own production) 3,901 (purchased from market)	13,921	14,375

The average production of shoes worked out to 12 pairs per day during 1973-74 and 73 pairs per day in 1974-75 as against 200 pairs contemplated in the scheme. The value of finished goods lying in stock as on 30th June 1974 and 30th June 1975 were Rs. 0.50 lakh and Rs. 2.73 lakhs, being 21 and 55 per cent of the total production during the respective years.

The Management stated in February 1976 that stocks had accumulated and could not be cleared owing to poor workmanship. The shortfall in production was attributed to lack of accommodation, accumulation of old stock, want of requisite staff, shortage of raw materials, etc.

(b) The value of raw materials consumed and in stock at the end of each of the three years upto 1974-75 are given below :—

Year	Value of raw material consumed	Value of closing stock	In terms of number of months consumption
(in lakhs of rupees)			
1972-73	Nil	0.58	—
1973-74	0.86	0.48	7 months
1974-75	3.52	1.17	4 months

(c) The centre has not introduced any system of costing to work out the cost of different types of shoes manufactured. Selling price of shoes is fixed on *ad hoc* basis.

(d) No norms have been prescribed for issue of raw material for manufacture of shoes. There is no system of inventory control. During the physical verification of finished stock, work in progress and raw material, which was conducted for the first time in May 1975, shortages and excesses valuing Rs. 39,813 and Rs. 33,413 respectively were noticed which have not been investigated and reconciled (February 1976).

(e) The position regarding sundry debtors compared to sales is given below :—

Year	Sundry debtors at the end of the year	Sales during the year	Percentage of debtors to sales
(in lakhs of rupees)			
1972-73	0.02	0.02	100
1973-74	0.60	1.87	31.8
1974-75	1.82	4.07	44.8

(4.2.) On receipt of a directive from the State Government in April 1973 for setting up small scale industrial units for manufacture of spun pipes, straw board, coarse cloth, *niwar* and spindle tapes, P.V.C. pipes, etc., it was decided in July 1973 that in addition to the Karnal Centre, the Nigam should set up the following units :—

<i>Name of unit</i>	<i>Location</i>	<i>Estimated expenditure (in lakhs of rupees)</i>	<i>Number of persons to be employed</i>
Coarse (handloom) cloth unit	Bhiwani	3.96	108
<i>Niwar</i> tape and spindle tape unit	Gohana	2.69	19
Reinforced cement concrete pipe unit	Tohana	3.79	26
Straw board unit	Kaithal	4.93	42
Card board unit	Gohana	1.00	..

The present position is indicated below :—

(i) *Coarse (handloom) cloth unit, Bhiwani*

Rupees 2.11 lakhs have been incurred upto March 1976 representing cost of land (Rs. 0.61 lakh in June 1973) and Rs. 1.50 lakhs deposited with the Public Works Department in February-June 1975 for construction of a building. A rough cost estimate for Rs. 16.76 lakhs prepared by the Public Works Department was approved by the Nigam in May 1975.

(ii) *Niwar tape and spindle tape unit at Gohana*

The unit has not been set up as the land has not been allotted by the Director of Industries (March 1976).

(iii) *Pipe unit, Tohana*

Rupees 1.07 lakhs were spent upto June 1975 on land acquired in July 1974. The scheme was, however, dropped in April 1975 due to shortage of cement. Thereafter, the Nigam has been considering a proposal to set up a foundry unit or a handloom unit. No project report has been prepared (March 1976).

(iv) *Straw board unit, Kaithal*

Rupees 0.83 lakh were incurred upto March 1976 towards cost of land. In November 1974 the Nigam had decided to defer the scheme in view of the high cost involved and absence of easy market for straw board.

(v) *Card board unit*

The unit, which was earlier proposed to be set up at Gohana at an estimated cost of Rs. 1 lakh, is now being set up at Murthal. The Company has applied for a plot in the industrial estate at Murthal. In the meantime private accommodation has been taken on hire upto January 1976 and Rs. 11.74 lakhs have been invested in the project.

The Management stated (February 1976), "The setting up of an industry needs proper examination in regard to the feasibility of the project, planning and subsequent execution. Although the Board has fixed a target of setting up of 5 or 6 industries it was felt desirable to set up these industries in phased programme."

(5) **Financial results**

The Nigam has not prepared its accounts for 1974-75; accounts for 1973-74 have also not been finalised (February 1976). The table below summarises the financial position and the working results of the Nigam for the three years ending 30th June 1974 :—

<i>Liabilities—</i>	1971-72	1972-73	1973-74*
	<i>(in lakhs of rupees)</i>		
Paid-up capital	40.00	55.00	69.55
Reserve and surplus	0.31	0.30	0.32
Borrowings from Government	5.00	10.00	10.00
Current liabilities and provisions	0.97	0.57	0.70
Total	46.28	65.87	80.57
<i>Assets—</i>			
Gross block	0.20	0.73	3.39
<i>Less depreciation</i>	0.02	0.11	0.21
Net fixed assets	0.18	0.62	3.18
Current assets, loans and advances	45.94	65.03	76.76
Accumulated losses	..	0.07	0.50
Deferred revenue expenditure	0.16	0.15	0.13
Total	46.28	65.87	80.57

*Figures for 1973-74 are provisional.

*Capital employed	45.15	65.08	79.24
*Net worth	40.15	55.08	69.24
<i>Working results</i>	1971-72	1972-73	1973-74**
	<i>(in lakhs of rupees)</i>		
(i) Profit on sales, interest and miscellaneous income	2.19	2.73	4.47
(ii) Salaries and other expenses	0.70	2.78	4.88
(iii) Gross profit (+)/ Loss (—)	(+)1.49	(—)0.05	(—)0.41
(iv) Reserve for bad debts, development rebate reserve and special reserve under section 36(i) (viii) of Income tax Act, 1961	0.62	0.03	0.02
(v) Income tax	0.86	..	..
(vi) Net profit (+)/Loss (—)	(+)0.01	(—)0.08	(—)0.43

(6) Utilisation of funds

The table below indicates the position of funds available with the Nigam and funds lying in fixed deposits and in banks for the three years upto 30th June 1974 :—

<i>Year</i>	<i>Funds available i.e. capital, special reserve, surplus and borrowings</i>	<i>Funds lying in fixed deposits and in banks</i>
	<i>(in lakhs of rupees)</i>	
1971-72	45.31	20.97
1972-73	65.30	34.55
1973-74**	79.85	34.91

The Management stated (June 1975) that as loans were being given in instalments, the amounts received from Government for disbursement to harijans as loans were invested in interest bearing securities, the benefit of which would also go to harijans.

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

(ii) Net worth represents paid up capital *plus* reserves less intangible assets.

**Figures for the year 1973-74 are provisional since the accounts for this year have not been finalised (February 1976).

(7) Budgetary control

The Nigam does not prepare its budget every year indicating the amounts to be advanced as loans, projects to be started, funds available, interest expected to be received, repayment of loan amount and funds to be obtained for its loan operations. It sends its requirements of funds to Government for provision in the State Government budget on *ad hoc* basis.

(8) Internal audit

The Nigam does not have its own organisation of internal audit. In November 1973, a Chartered Accountant was appointed as internal auditor on retainership/assignment basis at Rs. 350 per month. The internal auditor was required to help in streamlining the accounting system and to prepare monthly trial balances and profit and loss account and balance sheet of the Nigam. The Internal Auditor has not yet prepared the final accounts for the year ending 30th June 1975 (February 1976).

HARYANA STATE SMALL INDUSTRIES AND EXPORT CORPORATION LIMITED

Industries

7.13. Shortages/Excesses in stock

In paragraph 7.13 (8) (i) of the Report of the Comptroller and Auditor General for the year 1973-74 mention was made of shortages worth Rs. 12,592 in the stores relating to the products of Haryana Dairy Development Corporation Limited being marketed by the Haryana State Small Industries and Export Corporation Limited through its emporium at Delhi. Suspecting some malpractice in the sale of these products at the emporium, internal audit of the accounts and stock registers was got conducted by the Company in March 1975 and thereafter by a firm of Chartered Accountants during April-August 1975 which revealed shortages of value Rs. 71,600, excesses valued Rs. 16,491 and embezzlement of cash of Rs. 3,926 during the period from 1st July 1974 to 21st March 1975. Shortages included two cases of fictitious credit sales for Rs. 28,502 and Rs. 2,814 thereby decreasing the stock while actually no sales had been effected.

The shortages/misappropriation were facilitated by the following :—

- (1) No control was being exercised on receipt, sale and storage of products received from the Haryana Dairy Development Corporation Limited.

It was noticed by the Manager, Haryana Emporium in October 1975 that the stock register for the period from July 1974 to October 1974 had been lost and the same had been reconstructed. The reconstructed stock register was stated to have been lost in March 1975 and it was again constructed. Further, it was found that some pages of cash sales register (1st January 1975 to 22nd January 1975) were torn out, some pages of counter sales cash book were substituted and certain cash memos had been tampered with.

- (2) Proper handing over/taking over reports by Storekeepers were not prepared or were not reviewed by the General Manager.

- (3) Posts of Storekeeper and Casheir were held by the same person for quite sometime.
- (4) Confirmation of credit balances in respect of credit sales was not obtained periodically.

The case was registered with the Police in April 1975. Results of police investigation are awaited (March 1976).

Indira
HARYANA BREWERIES LIMITED MURTHAL

7.14. Financial aid to supplier

In February 1972, Engineers India Limited (consultants of the Company) placed an order for supply of 27 aluminium tanks (of six different categories) on the lowest firm of Calcutta who had quoted Rs. 6.49 lakhs in response to an enquiry made in July 1971. In May 1973, the value of the order was brought down to Rs. 6.39 lakhs by excluding certain items.

As per the purchase order, supply was to be completed by the end of December 1972, failing which penalty equivalent to half per cent of value of stores not delivered for every week of delay, subject to maximum of 10 per cent of the total value of order, was leviable. The delivery period was later extended upto 31st March 1973. The supplies were made between July 1973 and August 1974 and the firm became liable to pay the maximum penalty of Rs. 0.64 lakh.

The purchase order had also stipulated that transportation charges would be borne by the Company at actuals not exceeding Rs. 2,475 per tank. Against the maximum amount due, viz., Rs. 0.67 lakh on account of transportation charges, the Company paid Rs. 1.36 lakhs, in view of the rise in transportation cost resulting in excess payment of Rs. 0.69 lakh.

In August 1974, the Company decided to waive the penalty for which no reasons were on record.

HARYANA AGRO INDUSTRIES CORPORATION
LIMITED

BM
7.15. Purchase of groundnut cake

In April 1972, the Company assessed its requirements of 6,000 quintals of groundnut cake (oiled) for the period from 1st April 1972 to 31st December 1972, for processing into cattle feed. Against this, the Company had 1,730 quintals in stock and it had placed orders for 1,800 quintals in March 1972, leaving 2,470 quintals to be procured subsequently.

An offer received from a firm of Delhi on 30th March 1972 for supply of 4,000 quintals of groundnut cake at Rs. 49.80 per quintal (f.o.r. destination) on ready delivery basis, was not accepted by the Company on the grounds that (i) there was no requirement, and (ii) the supplier being a middleman, the quality of cake could not be guaranteed.

6000
3530
2470

2470
850 - upto Aug.
1000 - Nov

The Company, however, purchased 1,850 quintals of groundnut cake from three other firms between May 1972 and November 1972, at rates varying from Rs. 59.43 to Rs. 90.97 per quintal which resulted in extra expenditure of Rs. 0.53 lakh as compared to the rates quoted by the Delhi firm on 30th March 1972.

The Management stated (October 1975) that against the balance requirement of 2,470 quintals, the Company received 850 quintals upto August 1972 from two other suppliers and this quantity was expected to last upto December 1972 but owing to sudden demand, 1,000 quintals had to be procured in November 1972 at a higher price.

HARYANA STATE MINOR IRRIGATION (TUBEWELLS) CORPORATION LIMITED

7.16. Infructuous expenditure

A contract of installation of tubewells in Bihar State, undertaken by the Company was completed in August 1973. Even after completion of the work, some of the staff was retained at Patna upto March 1974. Expenditure on the establishment retained at Patna from September 1973 to March 1974 was Rs. 4.33 lakhs. The Company had stated in May 1975 that the staff was retained for major overhauling and repairs of machinery, settlement of outstanding payments with the Government of Bihar and negotiations for installation of tubewells during 1973-74 in that State. In the absence of any firm commitment from the Bihar Government regarding payment, no further work was undertaken by the Company in Bihar.

In order to accommodate the staff on return from Bihar, a new circle with a division was opened in April/May 1974 for drilling tubewells along Hansi Branch. This circle was closed down with effect from 31st October 1974 to form Sirsa Lining Circle for lining of water courses in Sirsa Division. During the period from April 1974 to October 1974, Rs. 1.82 lakhs were incurred on regular and work-charged establishment while the expenditure on works during this period was Rs. 5,010. The matter was brought to the notice of Government in October 1975; reply is awaited (March 1976).

SECTION D

DEPARTMENTALLY MANAGED COMMERCIAL/QUASI-COMMERCIAL UNDERTAKINGS

7.17. Introduction

On 31st March 1975, there were eight departmentally managed commercial and quasi-commercial undertakings in the State. The *pro forma* accounts of only two undertakings, viz., Provincial Reserve Food Scheme and Veterinary Vaccine Institute, Hissar for 1974-75 have been received upto March 1976. Appendix IX indicates the arrears in preparation/finalisation of *pro forma* accounts of six undertakings. Summarised financial results of three undertakings on the basis of the latest available *pro forma* accounts are given in Appendix X.

TRANSPORT

7.18. Introductory

After re-organisation of the composite Punjab State, the Haryana Roadways was formed with effect from 1st November 1966, consisting of three depots. Seven new depots were opened upto March 1975. At the time of formation of the undertaking, buses were being run under agreements entered into between the erstwhile Punjab State and private operators on 50 : 50 basis. These agreements expired on 30th June 1969. It had, however, been decided in June 1969 that on the expiry of the agreements with the private operators, the routes till then operated by the private operators would be run and operated by Haryana Roadways. This decision was to be implemented by twelve schemes consisting of 276 routes covering 94,056 Kms. per day. For implementing the decision of complete nationalisation, the Department needed 449 additional buses. The State Government implemented its plan in phases and complete nationalisation was achieved upto 30th November 1972.

(2) Organisation

The Transport Controller is the Head of the Department, who also performs functions like issue of permits, registration of vehicles, etc. He is assisted by a Joint State Transport Controller, Deputy Transport Controller (Stores) and Deputy Transport Controller (Technical and Commercial). Each depot is under the charge of a General Manager.

(3) Financing arrangements

On 11th November 1969, the Department entered into an agreement with an Ambala firm (sole distributor of Ashok Leyland Chassis in Haryana) for purchase of 185 chassis. For financing this purchase an agreement was entered into on the same day between the distributor firm and a foreign bank in India for a term loan of Rs. 95.00 lakhs to be given to the firm upto March 1970. The State Government provided irrevocable continuing guarantee for repayment of principal and payment of interest on the loan at 3 per cent over the Bank rate, subject to minimum of 8 per cent. The terms of repayment included *inter alia* that the State Government, as guarantor, would make payment of all instalments of principal and interest directly to the bank, which would be credited to the borrower firm's loan account.

Similar arrangements for two additional loans of amounts upto Rs. 95 lakhs and Rs. 100 lakhs were made on 19th September 1970 and 23rd October 1971 respectively with a private party of Delhi and the Ambala Firm at 9½ to 10½ per cent interest per annum. Repayment of principal and payment of interest on these loans was also guaranteed by Government. Further, the department directly arranged a loan of Rs. 250 lakhs on 4th June 1973 from the same foreign bank on Government guarantee at 9½ to 14½ per cent interest for financing the purchase of chassis.

The details of the loans raised, balance outstanding and interest paid

thereon, upto 31st March 1975, are indicated below :—

Reference to agreement	Amount of loan	Loan raised		Repayment of principal	Interest paid	Balance loan outstanding as on 31st March 1975
		Year	Amount			
(in lakhs of rupees)						
Ist term loan	95.00	1969-70	33.93	31.67	4.53	
		1970-71	60.96	31.67	5.06	
		1971-72	..	31.55	1.49	Nil
II term loan	95.00	1970-71	50.34	31.67	3.87	
		1971-72	2.24	20.91	1.93	Nil
III term loan	1,00.00	1971-72	37.51	..	..
		1972-73	0.12	37.63	5.37	Nil
IV term loan	2,50.00	1972-73	87.75	..	..
		1973-74	169.00	24.92	2.52	
		1974-75	97.66	1,47.67	34.67	1,81.82

(4) *Financial position and working results*

(a) The financial position and the working results of the undertaking for the three years ending 1974-75 are given below :—

	1972-73	1973-74*	1974-75*
(in lakhs of rupees)			
<i>Liabilities—</i>			
Government capital	7,64.79	7,51.66	12,30.24
Loan from bank including interest	1,28.05	2,44.65	1,69.35
Motor Transport Reserve Fund	2.64	2.97	1.72
Depreciation Reserve Fund	3,68.87	4,92.98	5,41.80
Other liabilities	1,53.99	2,53.77	3,17.83
Total	14,18.34	17,46.03	22,60.94
<i>Assets—</i>			
Fixed assets	11,83.98	14,42.04	17,31.39
Miscellaneous assets	14.71	14.73	1,30.23
Sundry debtors and others	59.06	89.87	1,19.96
Stock in hand	1,46.26	1,73.20	2,72.75
Other current assets	14.33	26.19	6.61
Total	14,18.34	17,46.03	22,60.94

*Note: Figures for 1973-74 and 1974-75 are provisional.

	1972-73	1973-74*	1974-75*
(in lakhs of rupees)			
(b) Working results :			
(i) Revenue—			
(a) Operating	13,29.81	15,99.36	19,56.69
(b) Non operating	36.56	50.79	87.67
Total	13,66.37	16,50.15	20,44.36
(ii) Expenditure—			
(a) Operating	10,86.19	15,22.54	19,30.68
(b) Non operating	72.53	91.68	99.06
Total	11,58.72	16,14.22	20,29.74
(iii) Net profit—	2,07.65	35.93	14.62

The Department attributed (February 1976) the decline in the profitability to the following :—

- (i) payment of *ad hoc* relief to employees from time to time ;
- (ii) increase in token tax;
- (iii) higher rate of interest on loan account; and
- (iv) increase in the rates of oil and lubricants, tyres, tubes, spare parts, etc.

(5) Fleet

(a) The number of buses held at the beginning of the year, buses added, and buses at the close of each of the three years ending 1974-75 were as under :—

	1972-73	1973-74	1974-75
Number of buses held at the beginning of the year	1,217	1,388	1,571
New buses added (excluding buses replaced)	171	183	31
Number of buses at the close of the year	1,388	1,571	1,602

The fleet as on 31st March 1975 included 61 buses which had completed more than seven years running.

(b) The life of Tata Mercedes Benz (T.M.B.) and Leyland vehicles had been fixed as six and eight years respectively, prior to the re-organisation of Punjab State. In 1972-73, the life of all diesel vehicles was fixed at six lakh kilometres irrespective of the make of the vehicles. The table below shows

*Note : Figures for 1973-74 and 1974-75 are provisional.

the number of vehicles condemned before covering the prescribed distance during the three years upto 1974-75 :—

<i>Year</i>	<i>Number of vehicles condemned prematurely</i>	<i>Average kilometres run at the time of condemnation</i> (<i>Km. in lakhs</i>)
1972-73	102	4.70
1973-74	46	4.72
1974-75	90	4.86

(c) Leyland Comet model passenger chassis are purchased by Haryana Roadways from Madras at the Director General Supplies and Disposals rate contract rates. Upto the year 1973-74, these rates were inclusive of charges for one spare wheel rim and a tool kit. The rates per chassis from 1974-75 were exclusive of charges for tool kit. The Department purchased 265 chassis during November 1971 to March 1974 and 101 chassis from April 1974 to October 1974 against full payment. Out of 366 spare wheel rims and 265 tool kits, 222 wheel rims and 85 tool kits valued at Rs. 2.81 lakhs have not been received (February 1976).

According to the rate contract, the chassis were to be fitted with 900 x 20-10 ply tyres. Extra charges amounting to Rs. 0.23 lakh were paid for supply of 12 ply tyres in respect of 43 chassis received between August 1973 and June 1974 instead of 10 ply tyres. The firm, however, supplied chassis with 10 ply tyres but no refund has been obtained (February 1976).

(6) (a) *Vehicles utilisation*

(i) The table below shows the average number of buses held in depots, buses on the road, percentage of fleet utilisation and the average kilometres per bus on road per day for the three years ending 1974-75 :—

	1972-73	1973-74	1974-75
Average number of buses held	1,320	1,484	1,596
Average number of buses on road	1,241	1,410	1,516
Percentage of fleet utilisation	94	95	95
Average daily utilisation of each vehicle on road (in kilometres)	246	255	253
Total kilometres operated (in lakhs)	11,15.46	13,09.90	13,99.19
Effective kilometres operated (in lakhs)	10,92.63	12,66.73	13,56.94
Dead kilometres operated (in lakhs)	22.83	43.17	42.25
Percentage of dead kilometres to effective kilometres	2.09	3.41	3.11

(ii) The percentage of dead kilometres to effective kilometres during 1972-73 to 1974-75 varied from 0.31 to 5.58 in the various depots, as detailed below :—

Name of the Depot	Percentage of dead kilometres to effective kilometres		
	1972-73	1973-74	1974-75
Ambala	2.34	4.31	3.94
Gurgaon	3.37	3.93	3.96
Chandigarh	5.55	5.58	5.31
Rohtak	0.31	2.76	3.11
Karnal	2.01	3.00	2.56
Hissar	0.98	1.77	1.75
Rewari	1.38	2.44	2.09
Jind	2.34	4.44	3.16
Bhiwani	—	3.27	2.74
Kaithal	—	—	1.75

The Management stated (February 1976) that increase in the percentage of dead kilometres to effective kilometres was due to :—

- (i) increase in kilometres in road testing after repairs,
- (ii) increase in breakdowns attending,
- (iii) increase in kilometres from workshop to bus stand and vice versa at the start and termination of journey,
- (iv) increase in kilometres for taking fuel from other places where diesel pumps have not been installed, and
- (v) increase in kilometres as a result of introduction of quite a good number of services at Chandigarh, Ambala Cantt. and Delhi depots where workshops were situated at far off distances from the bus stands.

(b) *Performance efficiency*

Norms of performance in respect of engineering stores like tyres, engines, batteries and fuel injection pumps have not been fixed (February 1976).

The table below indicates the average performance during the three years ending 1974-75 :—

	1972-73	1973-74	1974-75
	(in kilometres)		
(i) Tyres			
(a) New tyres	56,284	53,122	58,966
(b) Retreaded tyres	22,998	32,674	31,565
(ii) Battery	N.A.	N.A.	1,06,692
(iii) Average engine life			
New engine			
Leyland	2,34,096	2,57,416	2,88,938
T.M.B.	1,77,261	1,63,221	1,70,808
Overhauled engines			
Leyland	1,39,540	1,46,200	1,32,806
T.M.B.	94,441	93,972	91,927
(iv) (a) Fuel Injection pumps (new)			
Leyland	2,65,906	2,90,955	3,53,260
T.M.B.	2,49,630	2,23,220	2,14,105
(b) Fuel injection pump (overhauled)			
Leyland	1,67,664	1,81,107	1,77,097
T.M.B.	1,21,793	1,28,481	1,39,134

The Department stated (February 1976) that the shortfall in the performance of new tyres during 1973-74 was due to scarcity of wheel bearings and other parts. Owing to scarcity of new tyres, old tyres could not be removed and retreaded in time. It was further stated that yearwise variation in respect of other items could not be explained as no such record was being maintained.

(c) Operational efficiency

The particulars of carrying capacity against the revenue earned per bus during the three years ending 1974-75 are indicated in the table given below :—

	1972-73	1973-74	1974-75
(A) Number of routes in operation at the close of the year	614	739	757

	1972-73	1973-74	1974-75
(B)(i) Effective kilometres (in lakhs)	10,92.63	12,66.73	13,56.94
(ii) Average carrying capacity per bus	53.0	50.5	52.0
(iii) Total seat Kilometres offered (in lakhs)	5,79,09.39	6,39,69.87	7,05,60.88
(iv) Number of passengers carried during the year (in lakhs)	9,31.23	12,16.33	14,65.31
(v) Average distance travelled by a passenger (in kilometres)	50.99	46.95	41.72
(vi) Total passenger Kilometres (in lakhs)	4,74,83.41	5,71,06.69	6,11,32.73
(vii) Occupancy ratio	82	89	87
(viii) Total traffic revenue (in lakhs of rupees)	13,29.51	15,99.14	19,56.26
(ix) Total cost of operations (in lakhs of rupees)	10,86.19	15,22.54	19,30.69
(x) Average revenue per effective Kilometre (in paise)	122	126	144
(xi) Average cost of operations per effective Kilometre (in paise)	99	120	142
(xii) Income per effective Kilometre (in paise)	23	6	2

The decline in income per effective kilometre has been attributed by the Department (February 1976) to :—

- (i) Sanction of *ad hoc* relief to employees from time to time.
- (ii) Increase in rate of token tax.
- (iii) Payment of higher rate of interest on the loan raised ; and
- (iv) Increase in cost of oil and lubricants, tyres, tubes and spare parts, etc.

(7) Fare structure

- (a) The maximum rates of fare and freight for stage carriages as fixed

by Government and charged by the Department from time to time were as follows :—

Period	Rate per passenger per kilometre					
	For all metalled road in the plains	For all un- metalled road in the plains	Express buses	Luxury coaches (deluxe)	Air-con- ditioned coaches	Freight of per- sonal luggage
(in paise)						
1st November 1966 to 29th November 1971	2.6	3.2	..	3.6	..	Half the fare per kilometre per 40 kilograms
30th November 1971 to 31st May 1974	2.8	3.4	..	3.8	6.6	-do-
1st June 1974 to 28th October 1974	3.3	4.1	..	4.5	7.9	-do-
29th October 1974 onwards	3.3	4.1	4.1	6.6	9.9	-do-

In addition to fare and freight charges, tax on passengers as levied by Government from time to time was as under :—

Period	Rate of tax	
1st November 1966 to 20th July 1967	25	per cent of fare/freight
21st July 1967 to 7th October 1969	35	-do-
8th October 1969 to 17th April 1973	40	-do-
18th April 1973 onwards	50	-do-

(b) *Undercharging of fares*

A survey of Rewari-Jhajjar-Rohtak route conducted by the General Manager, Rohtak in May 1974 disclosed that the Rewari Depot had been charging fares at lower rates on this route since its inception (1st December 1972) owing to adoption of incorrect distances. In two other routes, viz., Rewari-Chirya-Dadri and Rewari-Mohindergarh-Loharu, fare had been charged for less distances than the distances chargeable on the basis of surveys conducted by the Department during March/September 1970. The fares were revised upward by the Depot with effect from 1st June 1974, after adopting the correct distance except on Rewari-Mohindergarh-Loharu route, which was revised for 104 Km. against 106 Km. as per the survey reports. The loss of

revenue on four routes amounted to Rs. 1.76 lakhs for the period from December 1972 to December 1974, as detailed below :—

Name of route	Actual distance	Distance charged	Period of under charging	Loss of revenue	
				Traffic	Passenger tax
	(in kilometres)			(in rupees)	
Rewari-Jhajjar	50	47	December 1972 to May 1974	62,230	34,306
Jhajjar-Rohtak	36	35	-do-	24,656	7,983
Rewari-Chirya-Dadri	78	72	-do-	13,348	6,299
Rewari-Mohindergarh-Loharu	106	100	December 1972 to May 1974	18,046	8,786
		104	June 1974 to December 1974		
				1,18,280	57,374
			Total	1,75,654	

The matter was reported to Government in August 1975 ; reply is awaited (March 1976).

(8) Detention of vehicles

A workshop for carrying out repairs to vehicles is attached to each of the ten depots. The number of vehicles detained in the workshops for repairs for periods ranging from 4 to 45 days, 46 to 90 days and over 90 days during the three years ending 1974-75 were as under :—

Period of detention	Number of vehicles		
	1972-73	1973-74	1974-75
4 to 45 days	904	841	1,558
46 to 90 days	30	39	119
over 90 days	18	18	45

The Department stated (February 1976) that the abnormal detention was in respect of those vehicles which had either met with accident or were too old needing heavy repairs. Heavy detention during the year 1974-75 was stated to be mainly due to non-availability of spare parts.

(9) Inventory control

(a) Purchases, consumption and closing stock of stores and spares during each of the three years ending 1973-74 are given below :—

Serial No.	Particulars	1971-72			
		Petrol and diesel	Oil and Lubricants	Spares tyres and tubes	Total
(in lakhs of rupees)					
1.	Opening balance	1.72	4.77	79.34	85.83
2.	Purchases including inter-transfers/excesses	2,08.62	23.44	1,88.56	4,20.62
3.	Total	2,10.34	28.21	2,67.90	5,06.45
4.	Consumed	2,08.26	23.47	1,63.14	3,94.87
5.	Shortage	..	..	..	..
6.	Closing balance	2.08	4.74	1,04.76	1,11.58

1972-73				1973-74			
Petrol and diesel	Oil and Lubricants	Spares tyres and tubes	Total	Petrol and diesel	Oil and Lubricants	Spares tyres and tubes	Total
(in lakhs of rupees)							
2.08	4.74	1,04.76	1,11.58	1.75	5.85	1,25.36	1,32.96
2,53.75	36.30	2,26.85	5,16.90	3,01.02	57.59	2,76.65	6,35.26
2,55.83	41.04	3,31.61	6,28.48	3,02.77	63.44	4,02.01	7,68.22
2,54.05	35.18	2,05.74	494.97	3,00.76	51.81	2,54.34	6,06.91
0.03	0.01	0.51	0.55	..	..	0.16	0.16
1.75	5.85	1,25.36	1,32.96	2.01	11.63	1,47.51	1,61.15

(i) The overall closing stock was equal to 3.4, 3.2 and 3.2 months' consumption and closing stock of spares, tyres and tubes was equal to 7.7, 7.3 and 7.0 months' consumption during 1971-72, 1972-73 and 1973-74 respectively.

(ii) Maximum and minimum limits of stock had not been fixed.

(iii) Obsolete stores worth Rs. 6.35 lakhs were lying in various depots as at the end of February 1976.

The Department stated (February 1976) that list of obsolete spare parts have been circulated to other State transport undertakings/sister concerns and firms of repute in the trade for their disposal.

(b) *Mis-appropriation of stores*

Physical verification of stores of Rohtak depot conducted by the Chief Store Keeper in January 1975 revealed that main bearings and C. rod bearings valued at Rs. 30,928 were short. These were alleged to have been mis-appropriated by the Store Keeper. The loss was reported to the Police and the store keeper was taken into custody by the Police. After departmental investigation, the Store Purchase Officer alleged in his report that the Store Keeper had been pilfering the stores over the previous 10-12 months. It was also observed that costly items like main bearings and C. rod bearings were stored in a disorderly manner in open bins although steel almirahs were provided for keeping such stores under lock and key. The General Manager, Rohtak stated (February 1976) that the Store Keeper was noticed removing store articles and on interrogation he confessed having removed store articles of and on in pieces. The theft could not be detected earlier as stolen articles were Leyland parts lying apart as surplus store. It was further stated (February 1976) that the Police had completed necessary investigations and that the the Store keeper had been discharged by the court.

(10) *Manpower analysis*

(i) *Bus-staff ratio*

Different categories of staff employed (excluding the staff employed in head office) and the bus-staff ratio at the close of each of the three years upto 1974-75 are given below :—

A. Number of :	1972-73	1973-74	1974-75
(a) Workshop personnel	1,761	1,935	2,252
(b) Traffic personnel	4,485	5,124	5,514
(c) Administration personnel	935	1,030	1,037
Total	7,181	8,089	8,803
B. Number of buses	1,388	1,571	1,602
C. <i>Bus staff ratio</i> :			
(a) Maintenance staff	1.27	1.23	1.41
(b) Traffic staff	3.23	3.26	3.44
(c) Administration staff	0.67	0.66	0.65
Total	5.17	5.15	5.50

(ii) Steering crew

The norms fixed by Government for employment of drivers and conductors is 1.3 pairs per vehicle. For yard duty, two additional drivers for a depot and one additional driver for a sub-depot are allowed. Similarly, for box duty four additional conductors per depot are allowed. Analysis of the number of drivers/conductors employed revealed that the number of crew employed were much in excess of the norms fixed, as detailed below :—

	<i>As on 31st March</i>		
	1973	1974	1975
Number of vehicles	1,388	1,571	1,602
Number of drivers required for steering duty	1,804	2,042	2,082
Additional drivers for yard duty	29	33	34
Total drivers required as per norms	1,833	2,075	2,116
Actually employed	1,927	2,210	2,367
Excess employed	94	135	251
Number of conductors required	1,804	2,042	2,082
Additional for box duty	32	36	40
Total required as per norms	1,836	2,078	2,122
Actually employed	2,280	2,771	2,984
Excess employed	444	693	862

(iii) Payment of night/halt allowance to drivers and conductors

A review of the rotation charts of various depots for the year 1974-75 showed that there were 32 rotations on which vehicles started and terminated at the headquarters of the depots/sub-depots other than the depots/sub-depots to which the vehicles belonged. The drivers and conductors employed on such rotations spent nights on these depots/sub-depots and drew night allowance throughout the period they remained posted on such rotation. For instance one vehicle of Rewari Depot on Delhi-Rewari-Delhi route used to start and terminate at Delhi sub-depot of Gurgaon depot and two vehicles of the same depot on Kanhori-Jhajjar and Khudan-Jhajjar routes terminate at Jhajjar sub-depot of Rohtak depot.

Haryana Roadways has been incurring a recurring expenditure of Rs. 1.17 lakhs per annum for payment of night allowance to 32 pairs of drivers and conductors employed on such rotations at an average rate of Rs. 10 per pair per night. This recurring expenditure could perhaps be avoided by transferring operation of these routes to the other depots/sub-depots from where the vehicles start and terminate the journey.

(11) Avoidable payment

The Department entered into an agreement with an Ambala firm who were the selling agents of Ashok Leyland chassis for the State of Haryana, for supply of 185 'Leyland Comet' passenger chassis. As per the terms laid down in the indenture of sale dated 11th November 1969, the purchaser was to place orders on this firm through the Controller of Stores, Haryana with a copy to the manufacturers at Madras who were to despatch the chassis direct to the depots. State sales tax, payable by the Ambala firm was to be re-imbursed by the purchaser, viz., the Transport Department.

During 1969-70, the manufacturer supplied 67 chassis direct to various depots. The Ambala firm did not make any entry of the above transactions in his books on the ground that he acted only as an agent between the manufacturer (Madras) and the Haryana Roadways. The Sale Tax Assessing Authority, Haryana raised a demand of Rs. 1.01 lakhs towards three per cent sales tax on the ground that there were two sales, the first being from the manufacturer (Madras) to the Ambala firm and second from latter to the purchaser by effecting transfer of title to the goods during their movement from one State to another.

The vendor appealed against the assessment before the Sales Tax Tribunal which was rejected on 27th November 1973. The Tribunal, however, agreed that out of Rs. 33.61 lakhs worth of chassis supplied during 1969-70, no sales tax would be leviable by the State on chassis worth around Rs. 9.12 lakhs since invoices for these were made out by the vendor before the date of the issue of invoices by the manufacturer and as such these were not covered under section 3(b) of the Central Sales Tax Act, 1952. Excess payment of Rs. 0.27 lakh made in respect of chassis of Rs. 9.12 lakhs has not been adjusted/recovered (February 1976).

In respect of similar sale agreements entered into with the dealer in September 1970, October 1971 and September 1972, for supply of 180, 170 and 160 Ashok Leyland chassis respectively, additional sales tax paid amounted to Rs. 7.54 lakhs.

The Department stated (January 1975) that for implementing the scheme of nationalisation, credit facilities had to be arranged from the local market due to financial stringency. Before executing the agreement with the firm, the advice of the State Excise and Taxation Department in regard to the clause of the agreement dealing with payment of sales tax was sought. The opinion given was that no inter-State sales were involved. Accordingly, the Department accepted the clause regarding liability to re-imburse State sales tax, if leviable. The Assessing Authority, however, levied additional sales tax, which was paid after an appeal was rejected by the State Sales Tax Tribunal, and advice of the Excise and Taxation Commissioner was obtained. The Department further stated that negotiations had been held with the main dealers and that they had agreed to bear the additional three per cent sales tax on supplies made to Government with effect from 1st April 1974.

As regards recovery of excess payment of Rs. 0.27 lakh, the Department was considering obtaining the advice of the Legal Remembrancer (February 1976).

(12) *Restaurants*

Departmental restaurants were opened at the bus stands at Ambala City (December 1972), Karnal (November 1971) and Panipat (December 1972). These were to run on 'no profit no loss basis'. The restaurant at Ambala City bus stand suffered a loss of Rs. 0.25 lakh during the period from December 1972 to August 1973, whereafter it was shifted to the bus stand at Ambala Cantonment.

The table below indicates the working results of three restaurants during the period ending with 1974-75 :-

Particulars	Year	Restaurants at			Total
		Ambala	Karnal	Panipat	
(in lakhs of rupees)					
Expenditure	1972-73	0.21	1.75	0.35	2.31
Income		0.12	1.78	0.31	2.21
Profit (+)/Loss (-)		(-)0.09	(+)0.03	(-)0.04	(-)0.10
Expenditure	1973-74	1.63	1.86	2.16	5.65
Income		1.47	1.69	2.02	5.18
Profit (+) / Loss (-)		(-)0.16	(-)0.17	(-)0.14	(-)0.47
Expenditure	1974-75	3.48	2.81	2.96	9.25
Income		3.74	2.48	2.80	9.02
Profit (+)/Loss (-)		(+)0.26	(-)0.33	(-)0.16	(-)0.23

(13) *Internal audit*

Senior Auditors have been posted in each depot, to work as internal auditors under the General Manager of the depot. There is, however, no regular system of inspection, issue of reports and follow up thereof.

(14) *Extra expenditure*

The State Transport Controller placed an order on 30th June, 1973 for supply of 66,099 metres of *malmal* cloth at the rate of Rs. 1.68 per metre on an Amritsar firm against Controller of Stores, Haryana rate contract dated the 20th April 1973. Delivery of the cloth was to be made from ready stock in one month. On 14th July 1973, the firm approached the Controller of Stores to arrange for allotment of yarn due to the control on distribution of yarn imposed by Government. The Controller of Stores declined to accept the demand (October 1973) on the grounds that such assistance had neither been asked for by the firm in their offer, nor had it been included in the rate contract. The firm was asked to make supply within 15 days, failing which purchases could be effected at their risk and cost. As the firm did not make

any supply, risk purchase order for supply of 66,099 metres of cloth at the rate of Rs. 2.94 per metre was placed on another firm on 19th November 1973 for effecting supplies within one month from the date of order. The Department received 65,943.92 metres of *malmal* by the end of January 1974 from this firm at an extra expenditure of Rs. 0.83 lakh. After correspondence between the Controller of Stores and the Transport Controller, the Department approached the former in July 1975, to recover the excess expenditure from the Amritsar firm under the risk purchase clause of the rate contract. The firm was asked by the Controller of Stores in July 1975 to deposit the extra cost within 15 days failing which the matter was to be referred to arbitration/court of law. Neither any reply has been received from the firm nor any further action has been taken in the matter (February 1976).

PRINTING AND STATIONERY

7.19. Nationalised Text Books Scheme

Introductory—

The Nationalised Text Books Scheme was introduced in 1952-53 by the Government of composite Punjab with the object of making text books upto 8th class available to students at cheap and uniform rates. Printing and sale of text books was entrusted to the Printing and Stationery Department. After re-organisation of Punjab, stores of the various branches of the composite Printing and Stationery Department and the Nationalised Text Books Scheme were physically divided in June 1968 and transferred to the successor States, along with their staff. Thereafter, printing and sale of text books in Haryana State under the Scheme became the responsibility of the Haryana Government. However, the Department could not undertake printing of books upto 1969-70, for classes I, II, VI and VII, and for classes III, IV, V and VIII upto 1970-71, as copyrights of the books vested in the Punjab Government. The Department undertook printing of books for classes I,II,VI and VII from 1970-71 and for classes III,IV, V and VIII from 1971-72 academic sessions by prescribing its own books.

The value of text books in stock as on 1st November 1966 *i.e.*, the date of formation of the Haryana State, with the Printing and Stationery Department of composite Punjab was Rs. 47.52 lakhs, out of which the share of Haryana was Rs. 16.43 lakhs. Text books of value Rs. 10.83 lakhs were received in June 1968. Financial adjustment for the balance amount of Rs. 5.60 lakhs has not been made (February 1976).

(2) *Selection of books*

The subject matter of text books for various classes are invited from publishers/authors through advertisement in important newspapers. The books so received are examined by a High Level Committee and the selected books are prescribed throughout the State. For subjects on which good text books are not available, text books are got written from selected authors on commission basis. During 1973-74 for the first time, 13 books were got written on commission basis. No book was written by commissioned authors during 1974-75. The total payment made to the commissioned authors for 13 books written during 1973-74 was Rs. 29,115.

(3) *Assessment of demand of books*

The demand for various books is assessed by the Education Department after collecting data from the Controller of Printing and Stationery in regard to sales during the previous year and the balance in stock as on 1st August in respect of each book, keeping in view the number of students likely to be enrolled in Government and other recognised schools. The demand so worked out is increased by the Education Department to meet unforeseen contingencies. After assessing the demand, order for printing is issued to the Controller of Printing and Stationery for getting the books printed.

It was, however, observed that 31 'books' were printed in excess of the requirement. The stock of these books held by the Department, excluding the stock of obsolete books and after providing a margin equivalent to previous year's sales, was as under at the close of each of the five years ending 1974-75 :—

Year	Stock held	
	at sale price	at cost price*
	(in lakhs of rupees)	
1970-71	12.32	7.63
1971-72	21.30	13.07
1972-73	35.67	21.62
1973-74	31.12	19.03
1974-75	18.74	11.27

The Department stated (February 1976) that the matter regarding meagre sale of text books has been taken up with the Director of Public Instruction for taking adequate steps to promote the sale of such books. Books were, however, printed as per the indents of the Director of Public Instruction.

(4) *Printing of text books*

Printing of text books is arranged through Government Presses (Union Territory Press, Chandigarh and Government of India Text Books Press, Chandigarh) and private printers. The printing work is awarded to private printers after inviting tenders. The work is allotted to them keeping in view their rate and past performance. Major portion of the work of printing of text books was allotted to private printers as would be seen from

* Cost price represents only the cost of paper and printing charges which is 65 per cent of the sale price in case of books of I to V standard and 60 per cent of the sale price in case of books of VI to VIII standard. The other charges have not been included in cost price.

the data given below :—

Year	Total number of titles printed	Total printing charges (in lakhs of rupees)	Number of titles printed at private presses	Printing charges paid to private presses (in lakhs of rupees)	Number of titles printed at Government presses	Printing charges paid to Government presses (in lakhs of rupees)	Percentage of private printing charges to total printing charges
1970-71	42	5.32	41	5.26	1	0.06	98.9
1971-72	60	11.03	60	11.03	..	..	100.0
1972-73	35	10.63	34	10.39	1	0.24	97.7
1973-74	15	5.87	12	5.56	3	0.31	94.7
1974-75	30	17.71	22	8.86	8	8.85	50.0

The Department stated (October 1975) that most of the work entrusted to the Chandigarh Administration Press had been delayed. Printing of text books, being time-bound work was not entrusted to that press. Further, the Government of India Text Books Press was a regional press meant for printing of text books of the Northern Region. Printing of Haryana Government text books was entrusted to that Press according to its capacity.

(5) Working results

The table below summarises the working results of the Scheme for the five years ending 1974-75 :—

	1970-71	1971-72	1972-73	1973-74*	1974-75*
	(in lakhs of rupees from serial number (i) to (x)).				
(i) Cost of books sold	20.62	32.01	29.35	25.35	41.46
(ii) Cost of books printed	20.64	49.51	45.40	15.63	53.72
(iii) Gross sales (inclusive of trade discount)	36.16	59.62	52.14	45.22	67.37
(iv) Net sale (excluding trade discount)	32.70	53.76	47.71	41.04	61.32
(v) Closing stock (cost price)	23.43	40.93	56.98	47.26	59.52
(vi) Gross profit before trade discount (iii-i)	15.54	27.61	22.79	19.87	25.91
(vii) Gross profit after trade discount (iv-i)	12.08	21.75	18.36	15.69	19.85
(viii) Net profit	5.46	13.29	8.61	4.67	2.89
(ix) Government capital at the beginning of the year	14.80	18.95	29.25	38.58	35.96
(x) Mean capital	13.67	16.86	28.61	33.75	35.86

*Figures for the years 1973-74 and 1974-75 are provisional as the accounts for these years have ~~not~~ not been finalised.

(xi) Percentage of gross profit to gross sales	42.9	46.3	43.7	43.9	38.5
(xii) Percentage of net profit to net sale	16.7	24.7	18.1	11.4	4.7
(xiii) Percentage of net profit to mean capital	39.9	78.8	30.1	13.8	8.1

(6) Pricing policy

As per price fixation formula laid down by the Composite Punjab Government during 1962 and revised in 1966, selling price of text books printed by the Department is to be fixed as under :—

	Books for classes I to V	Books for classes VI to VIII
	(percentage)	
(i) Cost of paper, printing, etc.	65	60
(ii) Discount to agents	10	10
(iii) Royalty to authors	5	5
(iv) Departmental and unforeseen charges	20	20
(v) Profit	..	5

Books for classes I to V are to be sold on 'no profit no loss basis', whereas 5 per cent profit has to be charged in respect of books for classes VI to VIII.

The Department has not maintained any separate profit and loss account of books from I to V standard and VI to VIII standard. However, the profit disclosed by the *pro forma* accounts of the Scheme and the profit which should have been realised as per the pricing formula is detailed below :—

Year	^{**} Sale of books from VI to VIII standard	Profit as per <i>pro- forma</i> accounts	Profit as per pricing formula	Difference being excess profit
(in lakhs of rupees)				
1970-71	19.06	5.46	0.95	4.51
1971-72	21.59	13.29	1.08	12.21
1972-73	18.87	8.61	0.94	7.67
1973-74	17.35	4.67*	0.87	3.80
1974-75	12.91	2.89*	0.65	2.24

*Figures of net profit for 1973-74 and 1974-75 are provisional.

**The figures of sale are exclusive of free supply and transfer to Punjab Government at cost price.

The above table shows that the Scheme has made substantially higher profits than that envisaged in the pricing formula. The higher profits earned by the Scheme are mainly attributable to the following :—

- (i) While fixing prices of books rounding was done towards higher side so as to safeguard against losses.
- (ii) The price fixation formula included an element of 5 per cent towards bad debt and unforeseen charges. While there was no expenditure on this account during the years 1970-71 to 1973-74, Rs. 1.76 lakhs, Rs. 2.95 lakhs, Rs. 2.55 lakhs and Rs. 2.25 lakhs respectively had been included while fixing prices of books during these years.
- (iii) Fixation of sale price of books was based on the cost of printing in other Government presses though the cost of printing in private presses was lower than in Government presses.
- (iv) Expenditure on account of commission (10 per cent) payable to agents was less on sale of books to non-agents (mainly to Education Department, Haryana).

The scheme was to run on 'no profit no loss basis'. Though profits have been made since inception, there has been no review of the pricing policy (November 1975).

(7) Sales Organisation

Books are sold to the public at the printed price directly by the sale depots as well as through approved agents, who are appointed on the recommendations of the District Education Officers, under the standard terms and conditions. The agents are paid a commission of 10 per cent on the sale price.

On re-organisation of composite Punjab, only one sale depot was allotted to Haryana which was located at Rohtak. Since then the Department has opened eight text books sale depots upto March 1975.

Direct sales to the public made by the depots were, however, found to be negligible. A comparison of the sales made by the depots and the expenditure on them during the years 1970-71 to 1974-75 is indicated below :—

Year	Number of depots	Sales**	Expenditure	Percentage of expenditure to sales
			(in lakhs of rupees)	
1970-71	6	35.25	4.86	13.8
1971-72	6	59.07	5.50	9.3
1972-73	7	51.07	7.20	14.1
1973-74*	8	44.95	8.80	19.6
1974-75*	9	62.13	13.87	22.3

* Figures for the years 1973-74 and 1974-75 are provisional.

** The figures of sales are exclusive of free supply and transfer of books to Punjab Government at cost price.

COLONIZATION

7.20. Development of mandis

A scheme for establishment of new *mandi* townships in the areas served by Bhakra Nangal canals was taken up by the erstwhile composite State of Punjab in 1954-55 with the object of providing increased facilities for marketing of agricultural produce. To regulate the development of new *mandis*/townships, the erstwhile Punjab State Government enacted the Punjab New Mandi Townships (Development and Regulation) Act, 1960.

On re-organisation of the State in November 1966, 11 *mandis* (five fully developed and six partially developed) in Jind and Mohindergarh districts and 17 *mandis* which were in the process of development came to the share of Haryana. Thereafter, the department took up development of 14 more *mandis* in the State upto March 1975.

Some of the activities of the new *mandis* were reviewed in paragraph 43 of the Audit Report, 1970. The following points were noticed during test check of implementation of the Schemes :—

(2) Old Mandis

(a) Out of the 11 old *mandis* transferred to Haryana in November 1966, five, viz., at Narwana, Jind, Julana, Narnaul and Dadri were fully developed and were being maintained by the respective local municipal authorities.

The position of remaining six *mandis* as on 31st March 1975 was as follows :—

<i>Name of the mandi</i>	<i>Area of the mandi (in acres)</i>	<i>Date of taking possession</i>	<i>Present position</i>
1	2	3	4
Satnali	10.34	July 1959	Lay out plan covering an area of 5 acres for 65 plots was prepared in June 1972. Twenty-one plots have been sold in January 1973 and thereafter no plot was sold. Rupees 1.16 lakhs had been incurred upto 31st March 1976 on development of these plots by the Public Works Department (Buildings and Roads). The estimate for provision of water supply and sewerage have been approved but the work is yet to be started (February 1976).
Ateli	17.15	Not taken over (July 1975)	—

1	2	3	4
Kanina	2.13	September 1971	Lay out plans have not been prepared (July 1975).
Mohindergarh	7.13	—do—	—do—
Uchana	32.47	Possession of only 28.72 acres was taken in February 1975	Lay out plan carving out 190 Plots in the area taken over was prepared in June 1974. No Plot has been sold.
Safidon	2.03 0.94	25th April 1973 31st March 1975	0.94 acre of area was taken over in March 1975 but the plots laid down in it were sold prior to formation of the State. Sixtyfive plots were laid in the area of 2.03 acres in 1974 but no plot has been sold.

It would be seen from the above that though possession of lands had been taken over much earlier, the same had not been developed to the full extent (February 1976). The un-developed land is lying vacant and has not been made use of either for cultivation or otherwise (August 1975). The Department stated (March 1976) that the land could not be leased out as it was not fit for cultivation.

(b) *New Mandis* (i) The position in respect of acquisition of land and sale of plots in the 31 *mandis* (17 transferred at the time of re-organisation of State and 14 *mandis* taken up thereafter) as on 31st August 1975 was as under:—

<i>Particulars</i>	<i>17 mandis of composite Punjab</i>		<i>14 new mandis taken up after formation of the State</i>	
	<i>Area (in acres)</i>	<i>Cost (in lakhs of rupees)</i>	<i>Area (in acres)</i>	<i>Cost (in lakhs of rupees)</i>
Area acquired	3,618	28.30	857	64.29
Area developed	1,927	17.47	336	27.21
Area un-developed	1,691	10.83	521	37.08
Percentage of area not developed to the total area acquired	46.7	..	60.8	..

The Department did not consider leasing out temporarily the undeveloped land for agricultural/other purposes pending development.

(ii) The position regarding sale of developed plots upto 1974-75 was as under :—

Particulars	Number of plots			Expenditure incurred upto 31st March 1975 including cost of developed land		
	17 mandis	14 mandis	Total	17 mandis	14 mandis	Total
	(in lakhs of rupees)					
(a) Plots available for sale	6,998	2,838	9,836	2,91.06	1,54.09	4,45.15
(b) Plots sold	3,993	922	4,915	1,66.08	50.06	2,16.14
(c) Plots remaining unsold	3,005	1,916	4,921	1,24.98	1,04.03	2,29.01
Percentage of plots sold to the total plots available for sale	42.9	67.5	50.03			

It would be seen from the above that sale of plots in the *mandis* of the composite Punjab State as well as in new *mandis* taken up after the formation of Haryana had not been encouraging and Rs. 2,29.01 lakhs spent on development of 4,921 unsold plots had been locked up. The Department stated (March 1976) that plots were sold keeping in view the reserve price and demand of the people. Further, all the plots could not be put to auction at one time. First the development of *mandis* was taken up, which was a long process and then plots were carved out and put to auction in phases. If all the plots were put to auction at one time the price would be low and the department would not be in a position to meet the expenditure on development works and the scheme would go into loss.

(c) As per rules, plans for construction of shops, etc., on the plots sold are to be first got approved from the Administrator, New Mandi Townships, Haryana. The allottee is required to complete construction of the building within two years from the date of issue of allotment order. Since the formation of Haryana State in November 1966, 4,915 plots were sold upto March 1975. There was no record with the Department indicating the number of plots for which plans for construction had been approved and the number of plots on which construction had been completed. Development work in almost all the *mandis* was in progress (February 1976) even after nine years of the formation of the State.

The following may be stated in regard to slow progress in the coming up of these *mandis*:—

(i) The high percentage of land lying undeveloped and developed plots remaining unsold would suggest the question whether the Department had succeeded in making a proper assessment of land requirements.

(ii) The Department did not lay down any time bound schedule for development and completion of each *mandi*.

The Department stated (August 1975) that being a commercial undertaking its object was to earn profit on the sale of land. It was further stated that auction of the plots was so arranged that in the first instance a few plots were put to auction and after getting the development work completed, the plot holders were forced to complete the construction within two years. Once the area was fully developed and construction work on few plots completed, higher prices could be fetched by sale of the remaining plots, land being an ever appreciating asset. On the other hand, if all the land of the *mandi* was sold in one auction, the Department could in no circumstances earn any profit.

(3) *Recoveries from plot holders*

(a) In terms of the Punjab New Mandi Townships (Development and Regulation) Rules, 1960 (also applicable to Haryana State), the consideration money for transfer of plots is to be paid either by cash or by bank drafts drawn on scheduled banks. It was observed that in some cases, the plot holders had made direct deposits into the treasury and the same had not been linked by the Department due to particulars being incomplete and these were accounted for as miscellaneous receipts. The concerned plot holders were being shown as sundry debtors and subjected to penal interest. The amounts of unlinked credits year wise upto 1972-73 are indicated below:—

<i>Year</i>	<i>Amount</i>
	Rs.
1966-67	1,997.00
1967-68	584.00
1968-69	12,024.00
1969-70	26,234.00
1970-71	83,151.00
1971-72	1,21,807.00
1972-73	1,02,021.92
Total	3,47,818.92

(The data for 1973-74 and 1974-75 was not available with the Department).

The Department stated (August 1975) that all out efforts were being made to locate the particulars of the amounts taken under miscellaneous receipts and that it had stopped since October 1974 accepting payments through treasury challans.

(b) Under the rules, 25 per cent of the bid money in respect of sale of plot is to be paid at the fall of hammer and the remaining 75 per cent is payable in prescribed number of half-yearly/yearly instalments. In the event of

non-payment of instalments even after service of notice, the amount may be recovered as arrear of land revenue. The allotment letter also provides that if the transferee fails to observe the conditions of sale, the plot may be resumed and his deposit forfeited.

It was, however, seen that instalments aggregating Rs. 60.24 lakhs as detailed below (excluding penalty and interest) in respect of plots sold upto 1974-75, were outstanding as on 31st March 1975 :—

Year	Amount (in lakhs of rupees)
1963-64	0.46
1969-70	0.25
1970-71	0.74
1971-72	6.88
1972-73	8.23
1973-74	18.68
1974-75	25.00
Total	60.24

The Department stated (March 1976) that out of Rs. 60.24 lakhs, Rs. 20.60 lakhs had since been recovered. Further, plots worth Rs. 2.02 lakhs had been resumed and efforts were being made to recover the balance amount.

(4) Remission of recoverable interest

Plots in new *mandi* townships are sold by public auction. One-fourth of the sale price is collected on the spot and the balance sale price along with interest at 5 per cent thereon is recovered in instalments, in three years. The following table shows the *mandi* township plots sold on the dates noted against each :—

Name of <i>mandi</i>	Date of auction	Plots sold		Price at which sold	Amount realised at the time of auction	Balance amount of which payment was delayed
		Category	Number of plots			
(in lakhs of rupees)						
Hissar	12th January 1965	Shops	164	29.63	7.41	22.22
Guhla	3rd September 1959	Shops	23	0.70	0.18	0.52
	6th December 1961	Booths	18	0.28	0.07	0.21
Pehowa	7th November 1960	Shops	27	1.34	0.33	1.01
	-do-	Booths	18	0.63	0.16	0.47

The plot holders in these *mandi* townships failed to pay the remaining three-fourth of the sale price and interest thereon on due dates. Interest and penalty for default was, however, waived by Government as per the details given below :—

<i>Name of mandi</i>	<i>Amount waived off (in lakhs of rupees)</i>	<i>Date of Government orders</i>	<i>Reasons for not paying instalments on due dates</i>
Hissar	2.31	5th December 1969	Plots in the new <i>mandi</i> were put to auction on 12th January 1965 without first getting the area declared as new <i>mandi</i> township as required under the New Mandi Townships (Development and Regulation) Act, 1960. The auction was declared invalid in court of law. The plots were sold to the original bidders by negotiations at the same cost without charging interest.
Guhla	0.21	19th May 1969	Development works remained neglected for a pretty long time and the purchasers lost confidence in the scheme. The plots were resumed by Government but again restored without recovering interest.
Pehowa	0.37	15th June 1968	

(5) *Encroachment on colony land*

At Fatehabad, Guhla, Sirsa, Narwana and Satnali *Mandis*, the Department's lands were encroached upon by private persons and remained in unauthorised possession for several years. The land was got vacated from the encroachers but no action was taken to recover any rent, damages or penalty for the period the land was in their unauthorised possession in Satnali, Sirsa and Narwana *mandis*. In Guhla and Fatehabad *mandis*, recovery of Rs. 3.15 lakhs (Rs. 0.75 lakh as rent and Rs. 2.40 lakhs as penalty) was ordered to be made during the period from March 1967 to March 1969 in respect of 55 and 60 cases of encroachment respectively but recovery remains to be made (February 1976).

The Department has stated (August 1975) that strenuous efforts had been made to recover the amount but most of the encroachers had left the sites and their whereabouts were not known. Accordingly, the case for write off of the amounts was under correspondence with the Finance Department.

(6) *Financial results*

Pro forma accounts for the years 1967-68 to date have not been finalised. The *Pro forma* accounts for the years 1966-67 to 1972-73 submitted to Audit for check, were found deficient in many respects, some of which are as under :—

- (i) The form in which the accounts were to be prepared had not been got approved from the Finance Department.

- (ii) *Pro forma* accounts of the Scheme since its inception till the time of re-organisation of the composite Punjab State had not been prepared. Hence apportionment of assets and liabilities as on 1st November 1966 (date of bifurcation) has not been made.
- (iii) Audited value of land acquired, compensation paid, expenditure incurred on development of land in various *mandis*, value of land sold, amounts of principal, interest, penalty, lease money due, auction money realised and the balance recoverable as on 1st November 1966, were not available with the Department. Basic records relating to capital expenditure in providing various amenities for development of land had not been maintained by the Department for the period prior and after 1st November 1966. The Department stated (August 1975) that steps were being taken to complete the record and prepare correct *pro forma* accounts.
- (iv) Amounts shown as recovered from plot holders and remitted into the treasuries by the Department/plot holders had not been got confirmed from the respective Treasury Officers.
- (v) The total area of land acquired for development of new *mandis* as shown in the register of land acquired did not agree with that shown in the layout boundaries demarcated in the Master Plan of the respective *mandis*.
- (vi) The outstanding balances as on 1st November 1966 under "Sundry Debtors" had not been reconciled with the balances as appearing in the personal ledgers of plot holders.

(7) Reserve price for plots is fixed on the basis of estimated development expenditure without providing for filling, depressions, etc. At the time of auction of plots at Hissar, this condition was made known to the bidders alongwith other conditions of sale. Thus, different plots fetched different prices depending upon the condition of the site.

Subsequent to sale of plots, an estimate for filling up low lying areas was prepared by the Department and Rs. 0.63 lakh in all were incurred though not provided in the conditions of sale.

The Department stated (August 1975) that as it had received very good prices in the sale of plots in this *mandi* and the purchasers were pressing hard for filling up depressions, sanction to incur expenditure to the extent of Rs. 0.48 lakh was accorded in March 1970. The increase in the actual cost of filling by Rs. 0.15 lakh remains to be regularised (February 1976).

SEED DEPOT SCHEME

7.21. Purchase of poor quality wheat seed

Against an offer of October 1971 from the Seed Farm Hissar under the Haryana Agro Industries Corporation Limited, the Deputy Director of Agriculture, Karnal purchased in November 1971, 1,550 quintals of wheat seed

(Kalyana sona) labelled as of 100 per cent purity and 85 to 92 per cent germination, at the rate of Rs. 140 per quintal. Quality of the seed was not tested at the time of taking delivery though the Deputy Director of Agriculture, Ambala had complained in June 1971 about the poor quality of seed supplied by the farm during the previous year. Out of the 1,550 quintals purchased, 1,124.16 quintals were sold. Complaints were received by the Deputy Director, Karnal from customers that the quality of seed was poor. Subsequent tests carried out during December 1971 disclosed that the seed contained germination content ranging from 18 to 22 per cent. The remaining unsold stock of 425.84 quintals was sold by auction at rates ranging between Rs. 62.00 and Rs. 79.70 per quintal thereby resulting in a loss of Rs. 0.32 lakh.

The Director of Agriculture stated in July 1975 that the Department skipped over prior testing of seeds in good faith thinking that the suppliers, being a semi Government autonomous body, would be supplying truthfully labelled seed conforming to the standards.

7.22. Sale of Cotton seed

Against the target of 6,000 quintals and 15,000 quintals fixed for distribution of cotton seed in Sirsa Zone during 1971-72 and 1972-73 respectively, the Deputy Director of Agriculture, Sirsa, purchased 4,447 quintals and 10,140 quintals of cotton seed in March 1971 and March 1972 at the rate of Rs. 123 and Rs. 112.50 per quintal. The Department disposed of upto 1973-74 the bulk of the seed, i.e., 2,309 quintals (purchased in March 1971) and 5,157 quintals (purchased in March 1972), at reduced rates realising Rs. 2.17 lakhs and Rs. 4.95 lakhs and Rs. 6.34 lakhs respectively, resulting in loss of Rs. 1.82 lakhs.

Reasons for the sale at reduced rates are awaited from the Department (March 1976).

(against their cost of Rs. 2.60 Lakhs)

CHAPTER VIII

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

8.1. General

According to the provisions of Section 14 of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, bodies and authorities substantially financed by grants and loans from the consolidated fund are to be audited by the Comptroller and Auditor General. In paragraph 8.1 of the Audit Report, 1973-74 it was stated that information about grants and loans given to various bodies and authorities and their expenditure for each of the years since 1971-72 had been called for from the State Government in April 1974 but the same had not been furnished. Information in that regard is still (February 1976) awaited from the State Government.

LOCAL GOVERNMENT

8.2. Audit by the Examiner, Local Fund Accounts

(a) The Examiner, Local Fund Accounts is the auditor of the accounts of Municipal Committees, Agricultural University, Kurukshetra University, Agricultural Marketing Board, Market Committees, Board of School Education, Panchayat Samitis, Gram Panchayats and some other institutions. The following table shows the extent to which audit by the Examiner, Local Fund Accounts was in arrears as on 31st March 1976 :—

Category	Year	Number of institutions which were to be audited	Number of institutions remaining to be audited
Gram Panchayats	1971-72	2,074	807
	1972-73	3,743	2,541
	1973-74	2,803	1,167
Other institutions	1971-72	1,838	1,319
	1972-73	1,877	1,507
	1973-74	1,980	1,291

(b) Information regarding the total number of outstanding inspection reports and paras which remained to be settled was called for in January 1976; the same is awaited (April 1976).

(c) Recovery of audit fees by the Examiner, Local Fund Accounts

from various local bodies was in arrears as shown below :—

Year	Arrears as on 1st April	Demand for the year	Total (2+3)	Recoveries	Arrears (4-5)
(1)	(2)	(3)	(4)	(5)	(6)
(in lakhs of rupees)					
1971-72	8.37	12.30	20.67	15.23	5.44
1972-73	5.44	11.32	16.76	10.96	5.80
1973-74	5.80	14.18	19.98	13.94	6.04

(d) A review of the reports of the Examiner, Local Fund Accounts showed the following :—

(i) Conditional grants paid by Government upto 1972-73 were lying unutilised or were under objection to the extent of Rs. 2,57.01 lakhs as per particulars below :—

Year of payment	Health Depart- ment	Sanitary Board	Local Govern- ment	Develop- ment Depart- ment	Educa- tion Depart- ment	Mis- cell- aneous	Total
(in lakhs of rupees)							
upto 1967-68	0.48	12.64	0.33	16.70	0.02	3.80	33.97
1968-69	..	2.20	0.25	3.18	..	0.70	6.33
1969-70	..	3.65	0.04	2.27	..	0.89	6.85
1970-71	..	27.85	2.16	9.44	..	0.15	39.60
1971-72	..	61.75	5.56	18.97	..	0.36	86.64
1972-73	..	20.29	17.21	43.49	..	2.63	83.62
Total	0.48	1,28.38	25.55	94.05	0.02	8.53	2,57.01

The above includes Rs. 1,34.50 lakhs as outstanding for want of adjustment accounts from the Public Works Department, Rs. 2.57 lakhs as outstanding for want of sanctions and Rs. 10.85 lakhs as outstanding for non-settlement of audit objections.

(ii) Loans to the extent of Rs. 4,25.81 lakhs received from the Government and Rs. 2,32.50 lakhs received from the Life Insurance Corporation of India (guaranteed by the Government) were

lying unutilised as on 31st March 1974. Yearwise analysis of such loans is given below :—

<i>Year of payment</i>	<i>Loans from Govern- ment</i>	<i>Loans from Life Insurance Corpo- ration of India</i>
	(in lakhs of rupees)	
upto 1967-68	2,15.32	56.00
1968-69	11.85	6.00
1969-70	20.35	9.03
1970-71	54.57	5.68
1971-72	65.54	1,13.37
1972-73	58.18	42.42
Total	4,25.81	2,32.50

(iii) During 1971-72 to 1973-74, cases of embezzlements/likely embezzlements and misappropriations in 80 *Panchayat Samitis* and *Gram Panchayats* involving Rs. 1.57 lakhs and Rs. 8.58 lakhs respectively were noticed.

TECHNICAL EDUCATION

8.3. Y.M.C.A. Institute of Engineering, Faridabad

On the basis of quotations invited in January 1970, an order for the supply of acetylene/oxygen gas was placed on a firm in September 1970. Fresh quotations were invited on 4th August 1971 from four firms. Only one firm responded but that firm too expressed its inability to supply the gas because of limited production capacity. On 15th September 1971, a standing order, not specifying the period of supply was placed on the firm which had quoted for the supply in January 1970. The gas was to be supplied by the firm at the prevailing price list rates.

In October 1973 the Institute noticed that the quantity of gas per cylinder as shown in the bills was in excess of the actual capacity of the cylinders. As a result, the amount of eight pending bills for the period from 25th July 1973 to 8th October 1973 was reduced from Rs. 4,118 to Rs. 796. The reduction was accepted by the firm on 30th August 1974.

Between August 1970 and July 1973, the Institute had paid for the supply of 2,394 cubic metres of gas in 142 cylinders. The bills indicated that the quantity supplied per cylinder varied from 8.80 cubic metres to 23.41 cubic metres; the minimum and maximum capacity of the cylinders, however, varied from 6.5 cubic metres to 8.156 cubic metres. Even on the basis of 8.156 cubic metres capacity per cylinder, 142 cylinders could at the most have contained 1,158 cubic metres of gas as against 2,394 cubic metres for which payment had been made to the firm. The excess payment would thus work out to not less than Rs. 0.21 lakh.

The Institute observed (May 1975) that as the material was received by the then Heads of sections and the bills were passed on the basis of their verification, the supply could not be disputed now.

The matter was reported to Government in January 1976; reply is awaited (March 1976).

CO-OPERATIVE INSTITUTIONS

8.4. Financial assistance

(1) The Government investment in the share capital and debentures of co-operative institutions at the close of 1973-74 and 1974-75 was as under :—

Year	Number of institutions	Amount
1973-74	2,554	13,28.98 lakhs
1974-75	2,730	15,53.28 lakhs

Complete details of the capital due for retirement and the number of societies from which it was due were not intimated by the department. The department stated that out of 2,730 societies, 2,350 were small Agro-service/credit societies having Government investment ranging from Rs. 5,000 to Rs. 10,000. These societies could not retire the share capital in time due to their weak financial position while in some other cases, the terms and conditions of the investment remained to be settled.

The loans and subsidies paid by Government to various co-operative institutions during the years 1973-74 and 1974-75 were as under :—

Year	Balance at the end of previous year	Amount of loans disbursed during the year	Repayment during the year	Balance at the end of the year	Grant of subsidies during the year
(in lakhs of rupees)					
1973-74	95.54	8.45	5.41	98.58*	12.83
1974-75	93.58*	0.38	5.60	88.36	8.34

The principal and interest overdue for recovery upto 31st March 1975 were Rs. 18.42 lakhs and Rs. 11.50 lakhs respectively. Age wise analysis of the arrears was as follows :—

Period	Principal	Interest	Total
Below three years	11.77	5.89	17.66
More than three years - but less than five years	4.31	2.75	7.06
More than five years	2.34	2.86	5.20
Total	18.42	11.50	29.92

* Rs. 5 lakhs pertaining to industrial societies were inadvertently included in the previous year—now excluded.

(2) Interest and dividend received by Government

During the year 1974-75, the Government received interest on debentures amounting to Rs. 27.39 lakhs (from one institution) and dividend of Rs. 23.14 lakhs (from twentytwo institutions). Information in respect of 2,707 societies about the profits earned and dividend declared was not available (January 1976).

(3) Completion of audit

The accounts of the Co-operative Societies are required to be audited once in each year by the Chief Auditor, Co-operative Societies. The following table indicates the extent of arrears in audit upto 1974-75 :—

(i) Number of societies due for audit during the year 1974-75	14,291
(ii) Number of societies audited during 1974-75	13,886
(iii) Number of societies, audit in respect of which was in arrears	405

The period-wise break up of societies, audit in respect of which was in arrears is indicated as under :—

	Period of arrears			
	1 year	2 years	3 years	above 3 years
Number of societies	116	48	30	211

The Chief Auditor, Co-operative Societies stated (January 1976) that the main reasons for arrears were non-availability of books/custodians and records being with the police/courts.

8.5. Co-operative banks

(i) As on 30th June 1974, there were 12 Central Co-operative Banks in the State, acting as financing agencies of primary societies. Besides, there were two apex institutions, namely Haryana State Co-operative Bank Limited and Haryana State Land Development Bank Limited. The former provides medium and short term loans to the Co-operative Institutions while the latter provides long term finance to the agriculturists. As per accounts audited by the Chief Auditor, Co-operative Societies, the investments in these institutions as on 30th June 1974, and other financial data as on that date were as under :—

Serial No.	Name of the Institution	Number of banks	Paid up capital		Government investment in share capital	
			1972-73	1973-74	1972-73	1973-74
			(in lakhs of rupees)			
1	Central Co-operative Banks	12	5,20.21	6,10.66	1,50.68	1,35.77
2	Haryana State Co-operative Bank Limited	1	2,02.83	2,14.33	95.90	95.90
3	Haryana State Land Development Bank Limited	1	2,36.89	2,54.00	69.78	69.78

<i>Net profit</i>		<i>Reserves and Funds</i>		<i>Loans by Government</i>	
1972-73	1973-74	1972-73	1973-74	1972-73	1973-74
58.99	59.72	2,21.12	2,42.26	13.68	1.06
28.35	47.15	1,24.34	1,36.45	3.99	8.69
29.67	45.23	82.68	83.89	465.14	..

(2) In 12 Central Co-operative Banks and one apex institution, namely Haryana State Co-operative Bank Limited, the amounts of overdue loan and interest as on 30th June 1974 were Rs. 11,30.10 lakhs and Rs. 66.84 lakhs respectively. Out of these Rs. 1,44.95 lakhs and Rs. 3.17 lakhs were outstanding for more than three years.

(3) In respect of Central Co-operative Banks, there were 8,489 indebted Co-operative Societies as on 30th June 1974. Out of these, 5,620 societies were in default. The percentage of defaulting societies to the indebted societies ranged from 20.07 per cent to 83.98 per cent in respect of different Co-operative Banks. Debts considered bad and doubtful, amounted to Rs. 3,05.99 lakhs (principal : Rs. 2,61.47 lakhs and interest : Rs. 44.52 lakhs) against which there was a reserve of Rs. 91.62 lakhs only.

(4) The departmental auditors in their reports in respect of two Central Co-operative Banks brought out instances of embezzlement/shortages of cash to the extent of Rs. 26.51 lakhs as detailed below :—

	Rs.	
(i) Central Co-operative Bank, Gurgaon	17,500	Investigation in progress.
(ii) Central Co-operative Bank, Bhiwani	7,97,113	Embezzlement made in 1968 and 1973 under investigation.
	8,41,962	Under police investigation.
	8,96,548	Pending arbitration.
	98,200	Pending arbitration.

8.6. Co-operative consumers stores

(A) There were 10 Central Co-operative Consumers Stores in the State as on 30th June, 1974. Besides, there was one apex institution namely the

Haryana State Federation of Consumers Co-operative Wholesale Stores Limited.

(1) The financial results of the Central Co-operative Consumers Stores for the year 1972-73 and 1973-74 as per accounts audited by the Chief Auditor, Co-operative Societies were as under :—

<i>Year</i>	<i>Paid up capital</i>	<i>Government investment on share capital</i>	<i>Loans</i>	<i>Reserves and Funds</i>	<i>Net profit(+)/ Net loss(—)</i>
<i>(in lakhs of rupees)</i>					
1972-73	15.24	11.05	33.21	6.70	(+)1.70
1973-74	16.11	10.97	22.99	8.90	(+)2.64

Eight stores earned a net profit of Rs. 2.85 lakhs while the remaining two stores (Hissar and Gurgaon) sustained a net loss of Rs. 0.21 lakh during the year.

(2) A review of the audited accounts of these stores for the year ended 30th June 1974 disclosed the following :—

- (i) In eight stores, cash/stores worth Rs. 4.98 lakhs were alleged to have been found short/misappropriated/embezzled.
- (ii) In eight stores, debts to the extent of Rs. 5.91 lakhs were considered bad and doubtful against which there was a provision of Rs. 2.33 lakhs only.
- (iii) Four stores were advanced loans/subsidies aggregating Rs. 6.31 lakhs for the construction of godown buildings and acquisition of furniture etc. Out of this, a sum of Rs. 2.38 lakhs was being utilised for purposes other than for which it was intended.
- (iv) In ten stores, the closing stock aggregating Rs. 34.40 lakhs included dead/damaged stock to the extent of Rs. 1.22 lakhs.
- (v) At Faridabad Consumers Store, reconciliation of bank accounts revealed differences of Rs. 50,928 and Rs. 2,529 with the State Bank of India and Gurgaon Co-operative Bank, Faridabad respectively.

(B) *Haryana State Federation of Consumers Co-operative Wholesale Stores Limited.*

This apex institution was registered in October 1966 mainly to co-ordinate and facilitate the working of affiliated Co-operative Consumers Stores and to assist in the promotion, organisation and development of Co-operative Consumers Stores in Haryana State.

(1) According to the report of the departmental auditors, the working results of the Federation for the year ended 30th June 1974 as compared to the previous two years were as under :—

<i>Year</i>	<i>Paid up share capital</i>	<i>Government investment in share capital</i>	<i>Reserves and Funds</i>	<i>Loans from Government</i>	<i>Profit during the year</i>
(in lakhs of rupees)					
1971-72	4.31	3.41	0.85	0.06	0.44
1972-73	4.33	3.41	1.74	0.06	0.35
1973-74	4.58	3.41	3.18	..	0.47

The percentage of profit to capital during the year 1973-74 increased to 10.26 per cent from 8.08 per cent during the year 1972-73.

(2) The Audit Report for the year 1973-74 brought out the following deficiencies :—

(i) Recovery of Rs. 42,032 was not effected from an ex-employee. The case was pending with the police.

(ii) Supplies amounting to Rs. 2.45 lakhs made on credit basis to the Co-operative Stores had not been confirmed.

8.7. Co-operative sugar mills

There are four co-operative sugar mills in the State located at Rohtak, Panipat, Karnal and Sonapat. The total Government investment in the sugar mills as on 30th June 1974 was Rs. 1,30 lakhs.

The sugar mills at Rohtak and Panipat are already in production ; the other two are still under construction.

According to the reports of the departmental auditors, the financial position of the sugar mills at Rohtak and Panipat as on 30th June 1974 was

as under :—

<i>Particulars</i>	<i>Haryana Co-operative Sugar Mills Limited, Rohtak</i>	<i>Haryana Co-operative Sugar Mills Limited, Panipat</i>
	(in lakhs of rupees)	
Paid up capital	61.62	53.79
Government investment in share capital	20.00	20.00
Free Reserves	1,46.08	2,02.32
Capital invested	2,07.70	2,56.11
Profit during the year	11.68	17.40
Percentage of return on capital invested	5.62	6.79
Cane crushed (quintals in lakhs)	18.69	19.73
Percentage of recovery	8.04	8.86

Some of the important irregularities pointed out by the departmental auditors in their reports on the accounts of the sugar mill at Panipat for the year ended 30th June 1974 were as under :—

(a) *Sugar Unit*

- (i) A sum of Rs. 3.20 lakhs was outstanding against certain firms for more than three years and was considered doubtful.
- (ii) A sum of Rs. 1.78 lakhs towards loans paid for sugarcane seed was outstanding for more than three years against the cane growers.
- (iii) A sum of Rs. 0.29 lakh was outstanding against some officers of the mill for more than three years ; Rs. 0.04 lakh was due from an ex-employee.

(b) *Distillery Unit*

- (i) As per general ledger, value of straw covers was Rs. 0.42 lakh against which no stock existed as per inventory of 1972-73.
- (ii) Shortages of Rs. 0.24 lakh relating to laboratory chemicals for the years 1970-71 and 1971-72 were not investigated.

8.8. Haryana State Co-operative Supply and Marketing Federation Limited, Chandigarh

(1) The working results of the institution for the years 1971-72, 1972-73 and 1973-74 as per reports of the departmental auditors are given below :—

<i>Year of Account</i>	<i>Paid up Capital</i>	<i>Government investment</i>	<i>Reserves and Funds</i>	<i>Loans (cash credit)</i>	<i>Net profit</i>
<i>(in lakhs of rupees)</i>					
1971-72	1,30.68	1,19.54	42.30	12,48.24	6.46
1972-73	1,48.19	1,32.71	56.00	7,19.13	10.61
1973-74	1,86.39	1,67.71	86.84	9,79.55	23.92

(2) The report of the departmental auditors disclosed the following :—

- (i) There was a shortage of 511.49 quintals of *toria* (value :Rs. 1.40 lakhs) in the oil mill at Nuh. The shortage amounted to 12.7 per cent of the total purchase made and was stated to be due to driage.
- (ii) 14,400 gunny bags were stated to have been transferred by Taraori Rice Sheller to the Oil Mill Nuh, but the latter showed a receipt of only 7,205 gunny bags.
- (iii) The Federation had set up a harvesting combine unit at Taraori with a fleet of 25 imported combines. The unit suffered a loss of Rs. 1.84 lakhs during 1973-74 and was closed. The main reasons for the loss were stated to be lack of proper supervision, non-utilisation of the machines to the full capacity and for the whole season etc.

CHAPTER IX

OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

9.1. Outstanding audit observations

Audit observations on financial transactions are reported to the departmental authorities concerned so that appropriate action is taken to rectify the defects and omissions. Half yearly reports of such observations outstanding for more than six months are also forwarded to the Government to expedite their settlement.

The following table shows the number of audit observations issued upto the end of March 1975 and outstanding at the end of December 1975 as compared with the position indicated in two preceding Reports.

	<i>As at the end of August 1973</i>	<i>As at the end of December 1974</i>	<i>As at the end of December 1975</i>
Number of observations	18,840@	19,407@	16,483@
Amount involved (in crores of rupees)	30.56@	34.42@	26.66@

The following departments have comparatively heavy outstanding observations :—

<i>Serial No.</i>	<i>Department</i>	<i>Number</i>	<i>Amount in- volved (in lakhs of rupees)</i>
1.	Buildings and Roads	3,978	8,93.37
2.	Transport	1,460	6,31.88
3.	Co-operation	123	3,02.22

@Exclude those relating to Haryana State Electricity Board.

4. Irrigation	3,922	2,24.02
5. Agriculture	1,093	1,25.49
6. Public Health	1,110	1,22.58
7. Medical	553	92.36
8. Revenue	191	54.70

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

<i>Serial No.</i>	<i>Nature of observation</i>	<i>Number</i>	<i>Amount involved (in lakhs of rupees)</i>
1.	Payees' receipts not received	10,094	8,96.79
2.	Vouchers not received	2,330	4,90.07
3.	Detailed bills for lumpsum draws on abstract bills not received	921	4,10.73
4.	Agreements with contractors/suppliers not received	384	3,84.72

It will be seen that a sizable portion of the outstandings is due to non-submission of payees' receipts and vouchers. In the absence of these receipts and vouchers, it is not possible for Audit to verify whether payments have been made or made for due consideration. The departments with comparatively heavy outstandings on their accounts are :—

<i>Serial No.</i>	<i>Department</i>	<i>Number</i>	<i>Amount involved (in lakhs of rupees)</i>
1.	Buildings and Roads	3,706	5,59.05
2.	Transport	505	2,37.07
3.	Irrigation	3,802	1,48.27
4.	Agriculture	1,018	1,24.48

5. Medical	385	87.17
6. Public Health	938	38.23
7. Revenue	126	33.43
8. Animal Husbandry	354	32.20
9. Education	516	25.63
10. Printing and Stationery	63	25.51

The facility of drawing advances on abstract contingent bills by Disbursing Officers is intended to expedite payment in certain cases, but the abstract bills are to be followed by detailed contingent bills (containing all particulars of expenditure with supporting documents) which should be sent to the Audit Officer by the 15th of the month succeeding that to which the abstract contingent bills relate. In the absence of detailed contingent bills, it is not possible for Audit to know whether the amount has been spent on the purpose or purposes for which the advances were drawn. Rupees 4,10.73 lakhs are held under observation (December 1975) as detailed contingent bills have not been received in the Audit office. A major part (Rs. 3,88.28 lakhs) of this outstanding related to the Transport Department.

9.2. Outstanding inspection reports

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

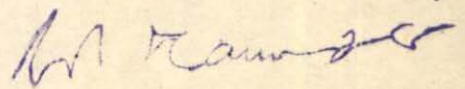
At the end of December 1975, six thousand six hundred twenty-nine inspection reports issued upto March 1975 were not settled fully as shown below with figures for the earlier two years :—

	<i>As at the end of August 1973</i>	<i>As at the end of December 1974</i>	<i>As at the end of December 1975</i>
Number of inspection reports	4,734	6,389*	6,629*
Number of paragraphs	19,106	27,645*	29,930*

*Include those relating to Haryana State Electricity Board,

Of the reports outstanding at the end of December 1975, 5,488 reports related to civil departments, 941 to commercial departments and 200 to revenue receipts. These included 314 inspection reports (101 civil, 203 commercial and 10 revenue receipts) for which the first replies had not been received.

CHANDIGARH :
Dated 24 JUN 1976



(R.S. MAUNDER)
Accountant General, Haryana.

Countersigned

NEW DELHI :
Dated 26 JUN 1976



(A. BAKSI)
Comptroller and Auditor General of India.

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A P P E N D I C E S

F R P L & D I C E S

APPENDIX I

(Reference : paragraph 1.14, page 21)

UTILISATION CERTIFICATES FOR GRANTS PAID UPTO THE 31ST MARCH 1974
OUTSTANDING AS ON THE 31ST DECEMBER 1975

CERTIFICATES

Department	Year of payment of grants	Due		Received		Outstanding	
		Number	Amount (in lakhs of rupees)	Number	Amount (in lakhs of rupees)	Number	Amount (in lakhs of rupees)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Development and Panchayat	1961-62	20	4.05	..	..	20	4.05
	1962-63	186	29.61	..	..	186	29.61
	1963-64	240	50.12	..	..	240	50.12
	1964-65	217	48.39	..	..	217	48.39
	1965-66	290	64.38	1	4.54	289	59.84
	1966-67	19	32.91	1	0.18	18	32.73
	1967-68	41	2,43.15	..	..	41	2,43.15
	1968-69	641	64.30	..	..	641	64.30
	1969-70	197	37.28	5	0.01	192	37.27
	1970-71	741	72.80	..	..	741	72.80
	1971-72	495	1,16.69	..	..	495	1,16.69
	1972-73	654	94.24	123	1.42	531	92.82
	1973-74	715	67.77	..	0.51	715	67.26
Total		4,456	9,25.69	130	6.66	4,326	9,19.03
Agriculture	1966-67	2	27.39	..	..	2	27.39
	1967-68	9	81.29	..	..	9	81.29
	1968-69	11	84.85	..	..	11	84.85
	1969-70	7	93.43	..	..	7	93.43
	1970-71	1	0.50	..	..	1	0.50

APPENDIX I—*contd.*

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	1971-72	16	2,42.94	14	2,42.25	2	0.69
	1972-73	11	2,15.97	10	2,15.62	1	0.35
	1973-74	10	2,21.59	8	2,20.17	2	1.42
	Total	67	9,67.96	32	6,78.04	35	2,89.92
Technical Education	1970-71	12	40.44	7	20.35	5	20.09
	1971-72	9	36.32	1	0.53	8	35.79
	1972-73	14	29.35	5	14.90	9	14.45
	1973-74	13	38.29	2	0.96	11	37.33
	Total	48	1,44.40	15	36.74	33	1,07.66
Local Government	1963-64	3	2.15	..	..	3	2.15
	1964-65	3	1.45	1	1.43	2	0.02
	1965-66	2	0.71	..	..	2	0.71
	1966-67	2	0.40	2	0.40	..	..
	1967-68	6	0.66	5	0.54	1	0.12
	1968-69	12	0.09	12	0.09	..	..
	1969-70	4	4.69	4	4.69	..	..
	1970-71	13	6.64	5	2.56	8	4.08
	1971-72	8	28.67	..	4.19	8	24.48
	1972-73	10	41.97	2	17.69	8	24.28
	1973-74	8	65.61	3	42.55	5	23.06
	Total	71	1,53.04	34	74.14	37	78.90
(a) Education	1965-66	55	3.24	51	3.12	4	0.12
	1966-67	11	0.92	9	0.57	2	0.35
	1967-68	7	3.07	7	3.07	..	..
	1968-69	13	64.29	13	64.29	..	..
	1969-70	38	1,13.32	34	1,13.30	4	0.02

APPENDIX I—contd.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	1970-71	41	1,70.05	39	1,69.77	2	0.28
	1971-72	55	2,00.83	50	1,98.25	5	2.58
	1972-73	41	1,42.70	31	1,19.40	10	23.30
	1973-74	48	2,02.08	34	1,68.44	14	33.64
	Total	309	9,00.50	268	8,40.21	41	60.29
(b) N.S.S. Education	1972-73	3	3.74	3	3.74	..	..
	1973-74	2	4.19	..	..	2	4.19
	Total	5	7.93	3	3.74	2	4.19
Animal Husbandry	1966-67	45	1.00	..	..	45	1.00
	1967-68	101	2.83	..	..	101	2.83
	1968-69	109	3.21	..	..	109	3.21
	1969-70	181	15.19	18	7.76	163	7.43
	1970-71	77	10.16	4	8.06	73	2.10
	1971-72	64	22.50	10	16.30	54	6.20
	1972-73	23	20.36	13	16.50	10	3.86
	1973-74	9	16.77	8	16.75	1	0.02
	Total	609	92.02	53	65.37	556	26.65
Political	1970-71	3	6.15	2	0.15	1	6.00
	1971-72	10	11.39	2	0.05	8	11.34
	1972-73	1	0.40	..	..	1	0.40
	1973-74	1	0.28	..	..	1	0.28
	Total	15	18.22	4	0.20	11	18.02
Industries	1959-60	1	1.63	..	..	1	1.63
	1960-61	1	2.31	..	..	1	2.31
	1961-62	1	1.09	..	..	1	1.09
	1967-68	2	1.29	1	1.28	1	0.01

APPENDIX I—contd.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	1968-69	1	0.06	..	..	1	0.06
	1969-70	2	0.58	..	..	2	0.58
	1970-71	2	0.11	..	..	2	0.11
	1971-72	3	1.08	..	0.06	3	1.02
	1972-73	6	1.21	1	0.11	5	1.10
	1973-74	12	13.60	8	12.19	4	1.41
	Total	31	22.96	10	13.64	21	9.32
Housing	1971-72	1	0.37	..	..	1	0.37
	1972-73	1	2.07	..	..	1	2.07
	1973-74	5	4.62	..	..	5	4.62
	Total	7	7.06	..	..	7	7.06
Civil Aviation	1964-65	1	0.20	1	0.20	..	..
	1965-66	2	0.36	2	0.36	..	..
	1966-67	6	0.78	6	0.78	..	..
	1967-68	4	0.80	4	0.80	..	..
	1970-71	8	1.30	..	..	8	1.30
	1971-72	6	2.00	..	..	6	2.00
	1972-73	8	4.00	2	1.25	6	2.75
	1973-74	7	3.45	6	2.95	1	0.50
	Total	42	12.89	21	6.34	21	6.55
Medical and Health—							
(a) Medical	1965-66	1	0.02	1	0.02	..	..
	1966-67	2	0.04	1	0.02	1	0.02
	1968-69	6	0.19	6	0.19	..	..
	1969-70	8	1.19	6	0.10	2	1.09
	1970-71	5	0.24	1	0.10	4	0.14

APPENDIX I—*contd.*

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	1971-72	6	0.22	6	0.22	..	..
	1972-73	4	0.56	2	0.12	2	0.44
	1973-74	24	11.43	23	6.68	1	4.75
	Total	56	13.89	46	7.45	10	6.44
(b) Health	1968-69	3	0.33	3	0.33	..	..
	1969-70	6	0.98	5	0.48	1	0.50
	1970-71	7	1.61	7	1.61	..	..
	1971-72	23	18.08	23	18.08	..	..
	1973-74	2	0.22	2	0.22	..	..
	Total	41	21.22	40	20.72	1	0.50
Social Welfare	1957-58	1	0.37	1	0.37	..	..
	1959-60	2	0.52	2	0.52	..	..
	1960-61	1	0.01	1	0.01	..	..
	1961-62	1	0.05	1	0.05	..	..
	1962-63	2	0.21	2	0.21	..	..
	1963-64	2	0.03	2	0.03	..	..
	1964-65	1	0.01	1	0.01	..	..
	1965-66	2	0.04	2	0.04	..	..
	1966-67	1	0.01	1	0.01	..	..
	1971-72	24	42.02	24	42.02	..	..
	1973-74	72	12.01	54	10.70	18	1.31
	Total	109	55.28	91	53.97	18	1.31
Home	1972-73	4	9.00	4	9.00	..	..
	1973-74	1	3.00	1	3.00	..	..
	Total	5	12.00	5	12.00	..	..

APPENDIX I—concl.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Other Departments	1959-60	2	0.21	2	0.21	..	..
	1961-62	1	0.01	1	0.01	..	..
	1962-63	2	0.04	2	0.04	..	..
	1965-66	2	1.27	..	..	2	1.27
	1966-67	5	0.17	5	0.17	..	..
	1969-70	1	0.02	..	..	1	0.02
	1970-71	8	0.22	..	..	8	0.22
	1971-72	16	3.65	15	2.65	1	1.00
	1972-73	9	2.29	8	0.77	1	1.52
	1973-74	11	0.32	8	0.25	3	0.07
	Total		57	8.20	41	4.10	16	4.10
Grand Total		5,928	33,63.26	793	18,23.32	5,135	15,39.94

APPENDIX II

(Reference : paragraph 2.4, page 28)

SAVINGS UNDER GRANTS AND APPROPRIATIONS

Serial No.	Number and name of grant/appropriation	Original/Supplementary	Total grant/appropriation	Expenditure	Saving	Percentage of saving
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(in lakhs of rupees)

Revenue portion

1. 11—Urban Development

Voted	O	69.09	}	69.09	57.83	11.26	16
	S	..					

2. 16—Industries

Voted	O	1,81.32	}	2,31.32	140.86	90.46	39
	S	50.00					

3. 17—Agriculture

Voted	O	9,52.66	}	9,52.66	6,40.18	3,12.48	33
	S	..					

4. 19—Fisheries

Voted	O	23.33	}	23.33	17.33	6.00	26
	S	..					

5. 22—Co-operation

Voted	O	1,26.23	}	1,26.23	96.31	29.92	24
	S	..					

6. 24—Tourism

Voted	O	1,40.69	}	1,40.69	1,01.07	39.62	28
	S	..					

Capital portion

1. 7—Other Administrative Services

Voted	O	14.65	}	14.65	1.78	12.87	88
	S	..					

2. 10—Medical and Public Health

Voted	O	1,57.88	}	1,57.88	..	1,57.88	100
	S	..					

P. 38

P. 56

P. 58

P. 68

P. 72

P. 79

P. 17

P. 34

APPNDIX II—concl'd.

Serial No.	Number and name of grant/appropriation		Original/Supplementary	Total grant/appropriation	Expenditure	Saving	Percentage of saving
P. 38	3. 11—Urban Development						
	Voted	O	13,50.00	13,50.00	5,17.71	8,32.29	62
		S	..				
P. 40	4. 12—Labour and Employment						
	Voted	O	2.92	2.92	0.90	2.02	69
		S	..				
P. 43	5. 14—Food and Supplies						
	Voted	O	94,61.74	94,61.74	46,69.11	47,92.63	51
		S	..				
P. 58	6. 17—Agriculture						
	Charged	O	8.00	8.00	..	8.00	100
		S	..				
	Voted	O	1,48.30	158.30	85.20	73.10	46
		S	10.00				
P. 79	7. 24—Tourism						
	Voted	O	42.00	42.00	..	42.00	100
		S	..				
P. 87	8. Public Debt						
	Charged	O	1,07,61.29	1,07,61.29	84,34.32	23,26.97	22
		S	..				

APP. II/15

APPENDIX III

(Reference : paragraph 3.22, page 54)

CASES OF MISAPPROPRIATIONS AND DEFALCATIONS IN WHICH DEPARTMENTAL ACTION AND CRIMINAL PROSECUTION HAD BEEN COMPLETED BY DECEMBER 1975 BUT RECOVERY WAS PENDING

Serial No.	Department	Cases pertaining to				Total	
		1969-70 and earlier years		1970-71 to 1974-75		Number	Amount
		Number	Amount	Number	Amount		
<i>(amount in lakhs of rupees)</i>							
1.	Transport	1	11.34	27	0.53	28	11.87
2.	Education	6	0.10	5	0.19	11	0.29
3.	Agriculture	7	0.13	2	0.12	9	0.25
4.	Medical	3	0.11	1	0.15	4	0.26
5.	Printing and Stationery	..	..	1	0.25	1	0.25
6.	Public Health	2	0.25	..	..	2	0.25
7.	Irrigation	1	0.12	2	0.12	3	0.24
8.	Police	1	0.10	1	0.13	2	0.23
9.	Industries	1	0.23	..	..	1	0.23
10.	Land Revenue	1	0.20	..	..	1	0.20
11.	Buildings and Roads	..	..	8	0.17	8	0.17
12.	Industrial Training	1	0.02	3	0.07	4	0.09
13.	Animal Husbandry	1	0.08	..	..	1	0.08
14.	Food and Supplies	..	..	2	0.07	2	0.07
15.	Development and Panchayats	1	0.03	..	..	1	0.03
16.	Civil Secretariat	1	0.01	..	..	1	0.01
17.	Revenue	1	0.01	..	..	1	0.01
	Total	28	12.73	52	1.80	80	14.53

APPENDIX

(Reference : paragraph

CASES OF MISAPPROPRIATIONS, DEFALCATIONS, ETC., UNDER DEPARTMENTAL
DECEMBER

Serial No.	Department	Departmental investigation cases pertaining to			
		1969-70 and earlier years		1970-71 to 1974-75	
		Number	Amount	Number	Amount
					(Amount
1.	Co-operation	..	..	1	33.74
2.	Food and Supplies	2	4.18	2	0.01
3.	Buildings and Roads	5	0.39	19	2.58
4.	Irrigation	29	1.24	22	1.69
5.	Lotteries	..	..	..	..
6.	Agriculture	..	..	..	..
7.	Transport	..	..	22	0.76
8.	Public Health	1	0.73	3	0.15
9.	Police	..	..	2	0.67
10.	Education	..	..	8	0.28
11.	Development and Panchayats	1	0.02	1	0.02
12.	Land Revenue	..	..	..	..
13.	Technical Education	..	..	1	0.32
14.	Fisheries	..	..	..	..
15.	Election	..	..	..	..
16.	Forest	2	0.15	..	..
17.	Housing	1	0.09	..	..
18.	Animal Husbandry	..	..	..	..
19.	Medical	..	..	..	..
20.	Industrial Training	..	..	..	..
21.	Industries	..	..	..	..
22.	Other Departments	..	..	..	..
	Total	41	6.80	81	40.22

IV

3.22, page 54)

INVESTIGATION OR CRIMINAL PROSECUTION (POSITION AT THE END OF 1975)

Criminal prosecution cases pertaining to

1969-70 and earlier years		1970-71 to 1974-75		Grand Total	
Number	Amount	Number	Amount	Number	Amount
<i>in lakhs of rupees)</i>					
..	..	..	..	1	33.74
1	0.12	..	..	5	4.31
..	..	..	..	24	2.97
..	..	..	..	51	2.93
..	..	2	2.89	2	2.89
2	1.18	..	..	2	1.18
3	0.14	1	0.03	26	0.93
..	..	..	..	4	0.88
..	..	..	..	2	0.67
1	0.15	6	0.13	15	0.56
2	0.17	1	0.15	5	0.36
1	0.32	..	..	1	0.32
..	..	..	..	1	0.32
3	0.26	1	N.A.	4	0.26
..	..	1	0.17	1	0.17
..	..	..	..	2	0.15
..	..	..	..	1	0.09
..	..	1	0.05	1	0.05
..	..	1	0.04	1	0.04
..	..	1	0.03	1	0.03
1	0.02	..	..	1	0.02
..	..	3	0.01	3	0.01
14	2.36	18	3.50	154	52.88

APPENDIX V

(Reference: paragraph 3.23, page 55)

CASES OF LOSSES DUE TO THEFT, FIRE, IRRECOVERABLE REVENUE, DUTIES, ADVANCES, ETC., WRITTEN OFF/WAIVED DURING THE YEAR

Serial No.	Department	Write off of losses/irrecoverable revenue, duties, advances, etc.	
		No. of cases	Amount Rs.
1.	Co-operation	1	5,90,000
2.	Food and Supplies	172	76,319
3.	Education	10	15,096
4.	Police	7	7,401
5.	Industrial Training	2	2,420
6.	Animal Husbandry	1	2,160
7.	Forest	1	1,680
8.	Public Relations	2	1,404
9.	Transport	3	1,131
10.	Other Departments	5	1,843
	Total	204	6,99,454

APPENDIX VI

(Reference : paragraph 5.1, page 67)

ARREARS IN RECEIPT OF STORES ACCOUNTS

<i>Serial No.</i>	<i>Name of the department</i>	<i>Period for which these are in arrears</i>
1.	Medical	1969-70 1970-71 1971-72 1972-73 1973-74 1974-75
2.	Animal Husbandry	1969-70 1970-71 1971-72 1972-73 1973-74 1974-75
3.	Agriculture	1969-70 1970-71 1971-72 1972-73 1973-74 1974-75
4.	Industrial Training	1969-70 1970-71 1971-72 1972-73 1973-74 1974-75
5.	Public Relations	1974-75
6.	Jails	1974-75

APPENDIX

(Reference : paragraphs

FINANCIAL RESULTS OF

Serial No.	Name of the Corporation	Name of the Department	Year of incorporation	Period of accounts	Total capital invested (A)	Profit (+)/ Loss(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Figures in columns 6 to 10,12 and 13 are in						
(i) Electricity Board						
1.	Haryana State Electricity Board	Irrigation and power	1967	1974-75	2,64,70.25	(+)57.78 (D)
(ii) Other Statutory Corporations						
2.	Haryana Financial Corporation	Industries	1967	1974-75	..	(+)50.33
3.	Haryana Warehousing Corporation	Agriculture	1967	1973-74	2,17.72	(-)13.26

(A) Capital invested represents paid up capital plus long term loan and free reserves.

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

(C) Represents mean capital employed i.e. mean of aggregate of opening and closing balances of (i) paid-up capital, (ii) bonds and debentures, (iii) reserves, (iv) borrowings including refinance, and (v) deposits.

(D) Represents contribution to General Reserve.

*Includes interest of Rs. 0.71 lakh on contributions by the consumers for service lines.

VII

7.5 & 7.10, page 83 & 85)

STATUTORY CORPORATIONS

<i>Total interest charged to profit and loss account</i>	<i>Interest on long term loan</i>	<i>Total return on capital invested</i>	<i>Percentage of total return on capital invested</i>	<i>Capital employed (B)</i>	<i>Total return on capital employed</i>	<i>Percentage of total return on capital employed</i>
(8)	(9)	(10)	(11)	(12)	(13)	(14)
<i>lakhs of rupees</i>						
4,39.27	4,22.39*	4,80.17	1.8	1,64,82.2	4,97.05	3
69.16	..	..	..	14,95.69 (C)	1,19.49 (C)	7.99
..	..	(-)-13.26	..	1,96.87	..	..

APPENDIX

(Reference : paragraph

SUMMARISED FINANCIAL RESULTS

Serial No.	Name of the Company	Name of the Department	Date of incorporation	Year of account	Total capital invested	Profit (+)/ Loss (-)
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(1)	(2)	(3)	(4)	(5)	(6)	(7)
-----	-----	-----	-----	-----	-----	-----

(Figures in columns 6 to 10, 12 and 13

I. Running Concerns

1.	Haryana State Small Industries and Export Corporation Limited	Industries	1967	1974-75 (Ended 30th June 1975)	59.93	(+)12.06
2.	Haryana Agro Industries Corporation Limited	Agriculture	1967	1974-75 (Ended 30th June 1975)	2,68.23	(-)11.19
3.	Haryana Dairy Development Corporation Limited	Animal Husbandry	1969	1974-75 (Ended 31st March 1975)	..	..
4.	Haryana Land Reclamation Development Corporation Limited	Agriculture	1974	1974-75	69.48	(-)7.73

II. Promotional and Development Undertakings

5.	Haryana State Industrial Development Corporation Limited	Industries	1967	1974-75 (Ended 31st March 1975)	..	(+)1.30
----	--	------------	------	---------------------------------	----	---------

III. Subsidiaries of Haryana State Industrial Development Corporation Limited

6.	Haryana Matches Limited	Industries	1970	1974-75 (Ended 31st March 1975)	10.50	(-)1.39
7.	Haryana Tanneries Limited	Industries	1972	1974-75 (Ended 31st March 1975)	22.48	(-)5.81*
8.	Haryana Minerals Private Limited	Industries	1972	1974-75 (Ended 31st March 1975)	25.12	(-)4.70
9.	Haryana Breweries Limited	Industries	1970	1974-75 (Ended 31st March 1975)	1,92.10	(-)31.52

Note : Capital invested represents paid up capital, long term loans and free reserves. Capital employed represents net fixed assets (excluding capital work in progress) plus working capital.

* The company being under construction, the loss is to be capitalised.

£ Represents mean capital employed i.e. mean of aggregate of opening and closing balances of (i) paid-up capital, (ii) Reserves and Surpluses and (iii) Borrowings.

@ Represents net profit charging interest, tax provision and reserve under section 36 (1) (VIII) of the Income Tax Act.

VIII

7.11, page 86)

OF GOVERNMENT COMPANIES

<i>Total interest charged to Profit and loss account</i>	<i>Interest on long term loans</i>	<i>Total return on capital invested (7+9)</i>	<i>Percentage of total return on capital invested</i>	<i>Capital employed</i>	<i>Total return on capital employed</i>	<i>Percentage of total return on capital employed</i>
(8)	(9)	(10)	(11)	(12)	(13)	(14)
<i>are in lakhs of rupees)</i>						
1.82	0.25	12.31	20.54	64.94	13.88	21.37
10.51	0.51	(—)10.68	..	3,90.83	(—)0.68	..
.....N.A.....						
1.10	..	(—)7.73	..	79.09	(—)6.63	..
..	..	..	..	£ 2,41.22	@ 1.30	0.54
0.01	..	(—)1.39	..	7.93	(—)1.38	..
..
0.43	0.09	(—)4.61	..	22.50	(—)4.27	..
16.76	15.18	(—)16.34	..	1,80.96	(—)14.76	..

APPENDIX IX

(Reference : paragraph 7.17, page 98)

**ARREARS IN PREPARATION OF PROFORMA ACCOUNTS OF COMMERCIAL/
QUASI-COMMERCIAL DEPARTMENTAL UNDERTAKINGS**

<i>Name of the Undertaking</i>	<i>Years for which accounts are in arrears</i>
Seed Depot Scheme	1966-67 to 1974-75
Colonisation Scheme	1966-67 to 1974-75
Purchase and distribution of pesticides	1966-67 to 1974-75
Nationalised Text Book Scheme	1973-74 and 1974-75
Typewriter workshop Scheme	1972-73 to 1974-75
Haryana Roadways	1973-74 (under check) 1974-75

APPENDIX X

(Reference : paragraph 7.17, page 98)

SUMMARISED FINANCIAL RESULTS OF THE COMMERCIAL/QUASI-COMMERCIAL DEPARTMENTAL UNDERTAKINGS

Serial No.	Name of the Concern	Period of accounts	Government capital	Mean capital excluding interest on capital	Block Assets	Cumulative Depreciation	Turnover	Profit(+)/ Loss (-)	Percentage of profit on mean capital
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(in lakhs of rupees)									
1.	Provincial Reserve Food Scheme	1974-75	..	---	..	..	48,29.17	(+)1,97.17	...
2.	Nationalised Text Book Scheme	1972-73	38.58	28.61	0.48	0.08	47.71	(+)8.61	30.09
3.	Haryana Veterinary Vaccine Institute, Hissar	1974-75	0.60	0.04	0.42	0.33	1.79	(+)0.67	1675

