REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2000

No. 2 (CIVIL)

GOVERNMENT OF HARYANA

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TABLE OF CONTENTS

APPENDICES

Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

2. Chapter I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2000.

3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Department, audit of Stores and Stock, audit of Autonomous Bodies and departmentally run commercial undertakings.

4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.

5. The cases mentioned in the Report are among those which came to notice in the course of test audit accounts during the year 1999-2000 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 1999-2000 have also been included wherever necessary.

OVERVIEW

The Report includes two Chapters on Finance and Appropriation Accounts of the Government of Haryana for the year 1999-2000 and five other Chapters comprising 8 reviews and 31 paragraphs, based on the audit of certain selected programmes and activities and financial transactions of Government. A synopsis of findings contained in the Report is presented in this Overview.

1. Review of the State's Finances

- Revenue receipts showed a modest increase from Rs 5,478.69 crore in 1998-99 to Rs 5,766.76 crore in 1999-2000. The share of tax revenue (Rs 3,517.61 crore) and non-tax revenue (Rs 1,259.06 crore) in total revenue receipts was 61 *per cent* and 22 *per cent* respectively in 1999-2000. Tax revenue increased from Rs 3,119.62 crore in 1998-99 to Rs 3,517.61 crore in 1999-2000, registering an increase of only 13 *per cent*. Non-tax revenue, however, decreased by Rs 258.96 crore during 1999-2000 over the previous year due mainly to less receipts from sale of single digit lottery schemes.

- During 1999-2000, Revenue Deficit was Rs 1,185.29 crore.

- Out of total arrears of revenue for Rs 312.14 crore as of March 2000, Rs 123.76 crore (40 *per cent*) were outstanding for more than five years indicating unsatisfactory tax compliance.

- Interest payments (Rs 1,357 crore) consumed 39 *per cent* of tax revenue and constituted 20 *per cent* of revenue expenditure of the State Government.

- Capital expenditure of the State Government already very low decreased further by 13 *per cent* from Rs 1,025.76 crore in 1998-99 to Rs 894.09 crore in 1999-2000. Productivity of Capital expenditure suffered due to net loss in irrigation works and insignificant return on capital.

- Government made investments of Rs 343.88 crore in Government companies and Co-operative banks and societies in 1999-2000. Dividend received from total investment of Rs 2,568.20 crore at the end of 1999-2000 was insignificant being less than even 1 *per cent* (Rs 7.78 crore). In 6 loss making companies, where Government invested Rs 52.80 crore, the accumulated losses amounted to Rs 95.34 crore.

- Assistance to *Zila Parishads* and *Panchayati Raj* institutions decreased drastically over the years.

- Amount of guarantees given by Government to Statutory Corporations and Boards. Co-operative Banks/Societies, etc. and Government Companies showed a quantum increase from Rs 4,755 crore to Rs 7,219 crore during 1995-2000, indicating a higher risk exposure.

- During 1995-2000, the non-plan revenue expenditure increased from Rs 4,695 crore to Rs 6,051 crore (29 *per cent*). Plan capital expenditure increased from Rs 344 crore to Rs 886 crore (158 *per cent*) during the same period. However, during the year revenue expenditure declined by Rs 67 crore.

- Fiscal deficit, being the excess of revenue and capital expenditure (including net loans given) over the revenue receipts, was Rs 2,132 crore during 1999-2000, up from Rs 986 crore in 1995-96 (116 *per cent*).

- The net addition to Public Debt during the year as adjusted by the effect of remittance, suspense balance, etc. was Rs 2,422.85 crore. After meeting the capital expenditure (Rs 894.09 crore) and lending for development and other purposes (Rs 286.31 crore) this generated a surplus of only Rs 1,242.45 crore. After meeting the Revenue Deficit of Rs 1,185.29 crore, there was increase of cash balance by Rs 57.16 crore.

- During 1995-2000, internal debt of the State Government grew by 142 *per cent*, loans and advances from Government of India by 77 *per cent* and other liabilities by 118 *per cent*.

- While the liabilities grew by 21 *per cent* the assets of the State Government grew by only 13 *per cent* over the previous year. The increasing gap between assets and liabilities was mainly on account of continued revenue deficits.

- Ways and Means Advances obtained by the State increased from Rs 497.89 crore in 1998-99 to Rs 1,211.78 crore in 1999-2000. Similarly, the overdraft increased from Rs 579.55 crore in 1998-99 to Rs 656.07 crore in 1999-2000. The State Government had to take advance receipt of Rs 100 crore from HUDA and a loan of Rs 45 crore from HSAMB to improve its ways and means position. This reflected significant mismatch between the receipts and disbursements of government.

(Paragraphs 1.1 to 1.10)

Indicators of financial position of the State

While the Government was able to bring down the negative BCR by Rs 368 crore as also the Revenue Deficit during the year, its fiscal performance is not satisfactory as evidenced by sharp decline in non-tax receipts (down from high of Rs 3,133 crore in 1996-97 to Rs 1,259 crore in 1999-2000). It also resorted to unusual methods of shoring its resources by raising Rs 45 crore through irregular loan from HSAMB and Rs 100 crore through irregular advance from HUDA. Restructuring of the HSEB into four companies instead of giving any relief to Government resulted in additional financial burden to it. In addition, Government stood guarantee for Rs 2,593.92 crore for the loans taken by these companies. Resultantly Government resorted to increased borrowings. All these factors added considerably to the vulnerability of state finances. On the other hand returns on investments remained negligible and this situation was not sustainable in the long run when investments are financed solely through borrowings.

(Paragraph 1.11)

2. Appropriation Audit and control over expenditure

- As of March 2000, excess expenditure of Rs 1,881.64 crore incurred during 1995-2000 was not regularised in terms of Article 205 of the Constitution. Explanations for excess expenditure of Rs 1,741.73 crore incurred during 1997-2000 had not been furnished to the Public Accounts Committee as of August 2000.

- Supplementary provisions of Rs 32.28 crore obtained in 4 cases during the year was unnecessary as the expenditure in each case was less than the original provision. In other 16 cases, additional funds of Rs 449.36 crore only were required while supplementary grants and appropriations were obtained for Rs 755.26 crore resulting in additional saving aggregating Rs 305.90 crore.

- In 6 cases the amount surrendered was in excess of actual savings by Rs 112.49 crore. Further, the savings of Rs 1,564.28 crore were surrendered on the last day of the year, indicating that expenditure control mechanism and State level budgetary control process was ineffective.

- Explanations for savings/excesses were either not received (77 heads) or were received incomplete (138 heads) in respect of 215 heads/sub-heads (37 *per cent*) against the 588 heads/sub-heads of accounts.

- Expenditure during 1997-2000 ranged between 38 and 77 *per cent* of the budget estimates proposed by the Technical Education Department which clearly indicated that the estimates were consistently over pitched in disregard of actual trend of expenditure.

(Paragraph 2.3.3 to 2.3.11 and 2.4)

3(A). Working of Education Department (Primary Education Wing)

To achieve the goal of universalisation of primary education, the education department increased target of enrolment of students but these targets were not achieved. Dropout rate of students was higher than the target of reducing to less than 10 *per cent*. Primary schools suffered from lack of infrastructural facilities such as proper building, water, toilet and electricity. Dropout rate among SC students was higher than that of non-SC students. Very few new schools were opened since 1997. Several schemes for concessions to SC and weaker sections were taken up on paper without adequate funds. Important audit findings are as under:

- Department increased the target of enrolment of students from 25.35 lakh in 1997-98 to 27.81 lakh in 1999-2000. But actually enrolment of students declined from 24.05 lakh in 1997-98 to 23.70 lakh in 1999-2000. In view of the declining trend in enrolment, there was remote possibility of achieving the target of universalisation of primary education by the end of 2002 AD.

- Ninth Five Year Plan period (1997-2002), provided for an outlay of Rs 34.75 crore for opening of 1,000 new primary schools. However, Government provided only Rs 45 lakh and 21 new schools were opened.

- Of the 2,541 government primary schools in 5 districts, 221 did not have proper buildings and 560 to 1,734 schools lacked facilities of water, toilet and electricity.

- Dropout rate among SC students was much higher compared to non-SC students and increased from 28 *per cent* to 32 *per cent* during 1997-2000.

- Out of 4.58 lakh SC students and 3.34 lakh weaker section students on roll during 1997-98 to 1999-2000 in 5 districts test-checked, 3.66 lakh SC students (80 *per cent*) and 3.31 lakh weaker section students (99 *per cent*) were not provided text books free of cost.

- The pass percentage of Government schools was lower by 2 to 16 *per cent* in comparison to private schools.

- Junior Basic teachers were deployed in excess of norms which resulted in extra expenditure on salaries amounting to Rs 14.39 crore during 1997-2000.

- Most of the SC and weaker section students were not provided with free text books.

(Paragraph 3.1A)

3(B). District Primary Education Programme

District Primary Education Programme was implemented in 7 educationally backward districts with main objectives to reduce overall dropout rate for students to less than 10 *per cent* and to provide access for all children to primary schooling or its equivalent non-formal education. There was shortfall in enrolment of eligible children between 12 and 20 *per cent*. Enrolment capacity of schools in comparison to population of eligible children for primary education was short by 19 to 25 *per cent;* dropout rate of SC and non-SC students had continuously increased from 20.83 *per cent* in 1997-98 to 44.5 *per cent* during 1999-2000 (for SC) and from 7.22 *per cent* in 1997-98 to 14.32 *per cent* in 1999-2000 (for non-SC students). Dropout rate among SC students was much higher than that of non-SC students. In both cases it was much above the 10 *per cent* goal set for the programme.

(Paragraph 3.1B)

4. National Family Welfare Programme

The programme aimed at stabilizing population and health for all through comprehensive primary health care services and an easy access to family welfare facilities. Though Rs 196.13 crore were spent on the programme during 1995-2000, goals of national health policy were not achieved. State was far behind the demographic goals set in the National Health Policy. Effective couple protection rate in the State declined from 54.4 *per cent* in 1995-96 to 49.7 *per cent* in 1998-99. Shortage of infrastructure like PHCs/CHCs, vacancies in the critical cadres of doctors and para medical staff in rural areas adversely affected the family welfare services. Deliveries handled in health institutions ranged from 9 to 16 *per cent* and infant mortality rate increased to 70 per thousand while the goal of 60 per thousand was to be achieved by year 2000 AD. Review and monitoring aspects of the programme were the weakest links. Important points as detected in audit are as under:

- Targets set under birth control methods were reduced from year to year. Targets for sterilisation and intra uterine device (IUD) were short achieved by 7 to 25 *per cent* and 8 to 21 *per cent* respectively during 1995-2000. Effective couple protection rate in the State declined from 54.4 *per cent* in 1995-96 to 49.7 *per cent* in 1998-99.

- Under Child Survival and Safe Motherhood programme, achievements of targets for prophylaxis against anaemia among women declined by 32 *per cent* in 1998-99 and for nutritional anaemia among children by 9 *per cent* during 1999-2000 in comparison to 1995-96. Thus, objective of reducing the incidence of disease/deaths among infants/women had a set back.

- Immunisation of mothers/expectant mothers for Tetanus Toxiod (TT) during 1995-2000 ranged between 79 and 89 *per cent* while immunisation for TT for children for 16 years of age was 63 to 87 *per cent* of the targets.

- Of the 10 Post Partum Centres (PPCs), performance of 3 PPCs was very low mainly due to shortage of doctors/lady health visitors.

- Under Reproductive and Child Health (RCH) Programme, out of Rs 22.16 crore released by GOI to State Committee on Voluntary Action (SCOVA) Rs 10.57 crore were spent.

- Ante-natal cases were registered for around 79 *per cent* of the total cases during 1995-2000. Deliveries handled at health institutions ranged between 9.32 and 16.47 *per cent* per unit only and those handled by other than doctors/trained workers or trained *dais* ranged between 12.97 and 21.40 *per cent*.

- In 5 districts, 40 *per cent* posts of doctors, 16 to 55 *per cent* posts of para medical staff were vacant in CHCs while in PHCs, 40 *per cent* posts of doctors, 50 to 51 *per cent* posts of staff nurses/laboratory technicians and 22 *per cent* MPHW (Male) were lying vacant as of March 2000.

(Paragraph 3.2)

5. Working of Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences, Rohtak (PGIMS)

Review of the working of PGIMS revealed that lack of superspecialities and non-availability of essential equipment/machinery deprived the patients of treatment and a large number of patients were referred to other institutions outside the State. Teaching activities were not upto the level of a Post Graduate Institute as a number of PG degree and PG diploma courses were not conducted. A number of critical level posts such as professors, teachers and residents were vacant which affected the medical education to the students. Financial management in the institute was poor. Important points noticed in audit are as under:

- Out of 11 superspecialities sanctioned by the State Government, 5 had no faculty (Associate Professor/Lecturer). Thus, the patients were deprived of the treatment at superspecialities level and were being referred to hospitals outside the State.

- Cardiac Surgery Department did not have angiography facility for heart patients due to lack of Cath Laboratory and therefore, 81 patients had to be referred to outside Institutes during 1997-2000.

- Against 44 Post graduate (PG) degree and 41 PG diploma courses, only 19 to 21 PG degree and 8 to 10 PG diploma courses were organised during 1994-99.

- The Dental College set up in 1977 had no Professor in any dental speciality and no Reader in oral pathology, oral medicine and community dentistry since its inception. No admissions were made in post graduate course in Dental College after 1995-96.

- There was huge vacancy in the cadre of Professors, Teachers, Registrars and Junior Residents. This affected the academic courses and health care services.

- Closing cash balance was not reconciled with physical cash balance. In March 1999, cash of Rs 0.43 lakh was embezzled. Heavy amounts were drawn from treasury without any immediate necessity. The Director, PGIMS, Rohtak did not submit DC bills for Rs 6.96 crore drawn through 111 Abstract Contingent (AC) bills during 1995-96 to 1999-2000.

(Paragraph 3.3)

6. Implementation of Prevention of Food Adulteration Act

Powers and duties of the implementing agencies i.e. DGHS/Local Bodies were not defined by the Government for implementation of Prevention of Food Adulteration Act in the State. There was little co-ordination between Local bodies and Health Department and samples were not seized in the prescribed ratio. The licenced establishments were not inspected. Government Food inspectors were short by 92 to 93 *per cent* against norms. Even those in position did not collect adequate samples. Capacity of the two laboratories to analyse food samples was grossly underutilized. There was no fool proof method for seizing adulterated articles immediately on receipt of reports of Public Analyst to prevent their sale. The impact of the programme to prevent food adulteration was highly inadequate due to both deficiencies in the implementation as also some gaps in the provisions. Test-checks revealed that adulteration actually increased. Important points noticed as a result of test-check are as follows:

- The State Government did not frame Prevention of Food Adulteration (PFA) Rules and the powers and duties of the Director General Health Services (DGHS), the Director Health Services and the local bodies (Municipal Committees/*Panchayat Samitis*) had no defined duties, powers and responsibilities.

- There was no mechanism of interaction between licencing authorities of food establishments and the Civil Surgeons and the DGHS (the State Food Authority).

- Government Food Inspectors (GFIs) were required to the extent of 368 to 396 as per the population of the State during 1995-99. However, only 26 to 29 GFIs/Tehsil Sanitary Inspectors (TSIs) were in position.

- 6,360 to 7,560 food samples were to be collected every year but only 2,085 to 4,511 samples were collected resulting in shortfall of 40 to 67 *per cent*.

- Though 40 *per cent* of the total samples were to be taken from manufacturers/wholesalers only 13 to 33 *per cent* samples were collected.

- Samples received in the State Food Laboratory, Chandigarh declined by 9 *per cent* during 1995-97 whereas in District Food Laboratory, Karnal samples declined by 30 *per cent* during 1995-99. The capacity of both the laboratories was underutilised to the extent of 17 and 36 *per cent* (average) respectively during 1995-99.

- Adulterated food samples increased from 12 *per cent* in 1995 to 19 *per cent* in 1999 of the total food samples analysed under PFA Act at State Food Laboratory, Chandigarh and District Food Laboratory, Karnal which indicated that the programme made little impact on prevention of adulteration of food items.

- Number of prosecution cases increased from 3,569 at the beginning of the year 1995 to 4,091 of July 1999. 1,985 cases were more than 5 year old.

(Paragraph 3.4)

7. Water Resources Consolidation Project

The objectives of the Water Resources Consolidation Project taken up in 1994 with the World Bank financial assistance were to generate 953 million M^3 additional surface water by reducing water seepage losses (through bank strengthening and lining of channels) and increase irrigated area by 1.56 lakh hectare. The department could generate 428 million M^3 (45 *per cent* of what was envisaged in the Project document) additional surface water. Though the Project life was already over in June 2000 (extension for another two years applied but not yet received), 44 *per cent* of the available World Bank credit remained unutilised as of June 2000. Monitoring by the High Level Committee was not effective. Main points are as under:

- Though 86 *per cent* of the budget provision of Rs 958.16 crore was spent during 1994-2000, physical progress on different components varied between 3 and 67 *per cent*.

- Under Rehabilitation component, shortfall in lining and bank strengthening works of main/branch canal in Western Yamuna Canal (WYC) area was 73 and 66 *per cent* respectively. Shortfall in providing structures for head regulators was 95 *per cent* and for bridges 67 *per cent*.

- For Bhakra Canal (BC) area, shortfall for lining of distributaries was 81 *per cent*, and for bank strengthening works between 26 and 69 *per cent* during 1994-2000.

- Under 'Modernisation' component, shortfall in lining of main/branch canals under WYC system was 74 *per cent* and under BC system, 98 *per cent* during 1994-2000.

- Though brick lining of 63 channels identified in the Project was not complete, the department brick lined 29.02 lakh sft area at a cost of Rs 7.16 crore of 14 channels not identified under the project.

- For 16 works quantities of works executed exceeded the permissible limit of 5 *per cent* involving extra expenditure of Rs 32.75 crore.

- Though Hathnikund Barrage was completed in June 1999 at a cost of Rs 208.19 crore, the water from HKB head regulator could not be delivered to Yamuna canal as yet (March 2000) due to delay in completion of the 'link channel' to carry water.

- Incorrect assessment of quantities of steel item of work in the agreement for the Hathnikund barrage resulted in extra expenditure of Rs 1.56 crore.

- Delay in revaluing the rates for variation in quantities actually executed vis-a-vis mentioned in agreement for Hathnikund Barrage work, resulted in excess payment of Rs 5.32 crore to the contractor.

- 77 works relating to silt clearance works involving expenditure of Rs 0.35 crore were irregularly split up into 212 estimates to avoid sanction of higher authorities.

- Cost of original works was irregularly charged to operation and maintenance component resulting in loss of financial assistance of Rs 1.06 crore from World Bank.

- Against Rs 179.50 crore recoverable towards operation and maintenance cost (through water tariffs) from the beneficiaries during 1995-99, only Rs 99.10 crore were recovered.

- As the consultants delayed the base line survey, their suggestions could not be implemented.

- Senior Management Group under the Chairmanship of Administrative Secretary, for close monitoring the progress on all components of the project, held only 5 meetings since December 1997 though 9 meetings were due.

(Paragraph 4.1)

8. Implementation of Environmental Acts and Rules relating to Water Pollution

Water is polluted by traditional organic waste, waste generated from industrial processes, chemical agents for fertilizers and pesticides for crop protection and silt from degraded catchments. While three fourths of the waste water is generated from municipal sources, industrial waste contributes over one half of the total pollutant load. There are two main rivers i.e. Yamuna and Ghaggar in the State. Industrial and sewage effluent being discharged in these rivers and their tributaries had been causing serious environmental degradation and health hazards. Implementation of Environmental Acts and Rules relating to Water Pollution was ineffective in Haryana. Out of more than 80 thousand industrial units, only 3.55 *per cent* units were identified for enforcing the Water Act. Out of these, only 1,854 units applied for discharging trade effluent and consent was granted to only 928 units. Though the remaining 926 units were either refused consent or directed to comply with directions of the Haryana State Pollution Control Board (Board) no action was taken against them except for 26 units. As on March 2000, 996 units installed effluent treatment plants. While 82 local bodies caused 65 *per cent* of the organic pollution in the State only 12 towns had or planned to have sewage treatment plants. Approximately 50 *per cent* posts in scientific and technical cadre in the Board remained vacant for periods more than six years. Following important points are noticed in audit:

- During 1994-2000, Rs 57.32 lakh only were spent on schemes related to water pollution by the Environment Department. Huge funds of Rs 16.27 crore had accumulated with the Board as of March 2000 but they did not take up any developmental work.

- State Government did not conduct any study on status and conservation of environment in the State and there was no state profile on environment.

- Out of 2,867 units which were required to apply for "consent" from the Board to operate, only 1,854 units applied for consent and consent was granted to only 928 units. The remaining units were either refused consent or directed to comply with the certain directions of the Board. But for non-compliance no coercive action was taken against them. Prosecution was launched in only 26 cases.

- Of 1,535 industries discharging effluent beyond prescribed standards, only 996 units had installed ETPs.

- Common Effluent Treatment Plant (CETP) constructed at Kundli Industrial Estate costing Rs 76.90 lakh could not meet the requirement of the Industrial Estate and 9 lakh litre effluent per day was being released untreated by the industrial units of this estate.

- Out of 197 cases placed before the Special Environmental Courts, 77 cases were decided. Of these, 73 went against the Board either due to non-appearance of complainant or lack of evidences and non-availability of witnesses.

- Of 82 local bodies in various towns of the State, only 12 took up setting up of Sewage Treatment Plants (STPs).

- During 1994-2000, 46 to 51 *per cent* posts in Scientific and Technical cadre remained vacant which affected the functioning of the Board.

(Paragraph 6.2)

9. Urban Employment Generation Programme

Government of India designed various urban employment generation schemes, programmes to alleviate urban poverty as well as to bring about a shift in sectoral distribution of work force through training and self employment. These programmes also aimed at creating basic infrastructure and providing civil amenities to urban poor. According to the Planning Commission estimates, Haryana had 7.31 lakh BPL population in 1993-94. Their number increased to 9.61 lakh in 1998-99. Allocation of funds for wage employment could cover only around 40 *per cent* of the identified BPL families in the urban areas. Wage employment was provided to 2.10 lakh mandays against the target of 3.70 lakh mandays during 1995-2000. Even then the figures were inflated. Targets for setting up of self employment ventures were not achieved. Under PMRY, recovery of bank loans declined from 54 *per cent* to 48 *per cent* during 1996-99 and 17 *per cent* of the ventures were closed down. The objectives of the programme to alleviate urban poverty through wage employment, self employment and training besides creating infrastructure and providing civic amenities to urban poor were not achieved. Important audit findings are as follows:

- Out of Rs 17.36 crore available under four schemes, Rs 3.24 crore remained unutilised due to slow progress towards wage employment and self employment components under these schemes.

- The Project Director, SUDS did not get his annual accounts prepared and audited since its inception in December 1991.

- Rs 6.34 crore allocated during 1995-2000 for alleviation of urban poverty were inadequate as the same could generate wage employment for 0.42 *per cent* of the 1.88 lakh identified BPL families.

- Chief Executive Officers of the concerned District Urban Development Authorities in 17 Municipal Committees sent highly inflated figures of employment generation to the State Level Committees.

- Under self employment component, against the target of setting up of 48,177 ventures under NRY, SJSRY and PMRY during 1995-2000, 36,647 ventures (76 *per cent*) were set up.

- Recovery of bank loans under PMRY declined from 54 *per cent* to 48 *per cent* during 1996-99. Further, in 12 districts, 2,684 ventures (17 *per cent* of the ventures set up) were closed down.

- Rs 0.56 crore available for upgradation of shelters for urban poor were not utilised as the executing agency could not be decided by SUDS.

(Paragraph 6.3)

Blocking of funds

- Due to non-availability of more funds from the Government, Rs 28.69 lakh invested by the Social Welfare Department on acquisition of land for expansion and development of welfare centre at Gurgaon remained blocked.

(Paragraph 3.11)

- HSAMB could not develop a new grain market in Safidon even though Rs 1.36 crore were spent on acquisition of land and construction of boundary wall.

(Paragraph 6.5)

- Houses constructed by Housing Board Haryana at Narnaul and Taoru at a cost of Rs 5 crore were in excess of requirement. These houses remained unallotted for over six years.

(Paragraph 6.8)

Loss of interest

- Due to delay in refund of unutilised amount of Rs 3.63 crore out of total loan of Rs 12.17 crore received from NABARD for contribution to share capital of co-operative credit institutions, the State Government had to bear additional interest burden of Rs 69.80 lakh.

(Paragraph 3.5)

- Director State Council of Education Research and Training, Gurgaon could not utilise GOI funds of Rs 4.60 crore meant for improvement of science education in schools during 1993-94. Unspent amount of Rs 2.61 crore was irregularly kept in saving bank account leading to loss of interest of Rs 11.52 lakh.

(Paragraph 3.6)

- Divisional Officer, Public Health Division, Nuh irregularly kept Rs 5.78 crore received from Mewat Development Agency for execution of water supply schemes as deposit work, in banks in violation of codal provisions. This resulted in a loss of interest of Rs 52.16 lakh.

(Paragraph 4.7)

Extra expenditure

- In a National Highway Division, Executive Engineer executed unnecessary item of work at extra expenditure of Rs 37.57 lakh. Beside, Rs 14.97 lakh were irregularly spent by him on items of works executed in excess of provisions in the sanctioned estimates.

(Paragraph 4.2)

- The Divisional officer did not provide for use of earth available from cutting of spoils towards filling of adjoining reaches of the same channels and Rs 42.66 lakh were spent unnecessarily for the same.

(Paragraph 4.3)

- Controller, Printing and Stationery Department purchased sub-standard paper valuing Rs 52.40 lakh. Besides, purchase of paper at higher rates resulted in extra expenditure Rs 14.89 lakh.

(Paragraph 5.1.4(ii))

Unfruitful expenditure

- By not raising upper reaches of feeder channels for release of additional water, expenditure of Rs 55.21 lakh incurred by Executive

Engineer, Siwani Water Services Division, Bhiwani on extension and repairs of irrigation channels became unfruitful.

(Paragraph 4.4)

- Due to non-availability of raw water from canals, Rs 52.76 lakh spent by Executive Engineer, Public Health Division of Jhajjar, Sonipat and Panipat on construction of three canal based water supply schemes proved unfruitful.

(Paragraph 4.5)

- Structures for sewerage scheme in Notified Area Committee, Samalkha constructed at a cost of Rs 24.28 lakh during 1986-2000 were lying unutilised

(Paragraph 4.6)

- Haryana State Co-operative Supply and Marketing Federation Limited (HAFED) spent Rs 47.80 lakh on construction of cold storage at Jagadhari without assessing the area under potato cultivation. Failure to decide the end use of the building rendered the entire expenditure unfruitful.

(Paragraph 6.7)

Short accounting of wheat

- Moisture gain on 30.41 lakh wheat bags supplied to Food Corporation of India (FCI) was short accounted for and consequently there was possibility of pilferage of 14,355 quintals of wheat valuing Rs 65.76 lakh.

(Paragraph 7.2)

Other points of Interest

- Controller, Printing and Stationery Department purchased 246.50 MT of paper valuing Rs 55.88 lakh in excess of requirement for printing ballot papers and spent Rs 11.06 lakh for printing 17.05 lakh unnecessary ballot papers

(Paragraph 5.1.4(i)(b))

- Failure to follow the prescribed procedure of receipt and checking of material in store before payment by Printing and Stationery

Department resulted in excess payment of Rs 16.99 lakh to private printer.

(Paragraph 5.1.5)

- Haryana State Agricultural Marketing Board (HSAMB) suffered an avoidable loss of Rs 12.33 crore for delayed payment to Haryana Urban Development Authority on account of enhanced cost of land.

(Paragraph 6.4)

- State Government delayed releasing the matching grant for implementing the Integrated Rural Development Programme. This led to poor utilisation of funds and loss of Central assistance of Rs 1.91 crore.

(Paragraph 6.9)

- Executive Engineer, Public Health Division III, Hisar drew Rs 53 lakh twice from Hisar treasury. The funds were meant for implementation of Rural Water Supply Schemes under Desert Development Programme but were spent on the other schemes.

(Paragraph 6.10)

- Under the direction of Haryana Government, Haryana Urban Development Authority advanced a loan of Rs 6 crore to Haryana State Electricity Board (HSEB). HSEB did not repay the loan for 9 years and the liability accumulated to Rs 12.88 crore including interest.

(Paragraph 6.11)

- HUDA failed to recover Rs 9.57 crore of cost of enhanced compensation of land including interest from HSEB.

(Paragraph 6.12)

CHAPTER - I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

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AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter discusses the financial position of the State Government, based on information contained in the Finance Accounts. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the Chapter also contains a section on the analysis of financial performance of Government, based on certain ratios and indices pertaining to some selected indicators developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this Chapter are explained in the Appendix - I.

1.2 Financial position of the State

In Government accounting system comprehensive accounting of the fixed assets like land and buildings etc., owned by Government is not done. However, Government accounts do capture the financial liabilities of Government and the assets created out of the expenditure incurred by Government. Exhibit 1 (Page 3) gives an abstract of such liabilities and the assets as on 31 March 2000, compared with the corresponding position on 31 March 1999. While the liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from Government of India, receipts from the Public Accounts and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from Exhibit I (Page 3) that while the liabilities grew by 21 *per cent* the assets grew by only 13 *per cent* during 1999 - 2000. This shows an overall deterioration in the financial position of Government as is brought out in succeeding paragraphs.

1.3 Financial operations of the State Government

1.3.1 Exhibit II (Page 4-5) details receipts and disbursements of the State Government. The Revenue expenditure (Rs 6,952 crore) during the year exceeded the revenue receipts (Rs 5,767 crore) resulting in a revenue deficit of Rs 1,185 crore. The Revenue receipts comprised tax revenue (Rs 3,518 crore), non-tax revenue (Rs 1,259 crore), State's share of Union taxes and duties (Rs 525 crore) and grants-in-aid from the Central Government (Rs 465 crore).

The main sources of tax revenue were Taxes on Sales, Trade etc. (Rs 1,968 crore : 56 *per cent*), State Excise (Rs 765 crore : 22 *per cent*) Taxes on Goods and Passengers (Rs 324 crore : 9 *per cent*) and Stamps duty and Registration Fee (Rs 310 crore: 9 *per cent*). Non-tax revenue came mainly from Road Transport (Rs 336 crore: 27 *per cent*), Miscellaneous General Services (Rs 254 crore: 20 *per cent)* and interest receipts (Rs 202 crore : 16 *per cent*).

1.3.2 The net addition to Public Debt as adjusted by the effect of remittance, suspense balance, etc. was Rs 2,422.85 crore. After meeting the capital expenditure (Rs 894.09 crore) and lending for development and other purposes (Rs 286.31 crore) this had generated a surplus of Rs 1,242.45 crore. After meeting the Revenue Deficit (Rs 1,185.29 crore), there was increase in cash balance by Rs 57.16 crore.

1.3.3 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Exhibit II and the time series data for the five year's period from 1995-96 to 1999-2000, presented in Exhibit IV (Page 7).

1.4 Sources and application of fund

1.4.1 Exhibit III (Page 6) gives the position of sources and applications of funds during the current and the preceding year. The main sources of funds include the revenue receipts of Government, recoveries of the loans and advances, public debt and the receipts in the Public Accounts. These are applied mainly on revenue and capital expenditure and the lending for developmental purposes. The revenue receipts contribute the most significant source of fund for the State Government. Their relative share in total funds increased from 66 *per cent* in 1998-99 to 71 *per cent* in 1999-2000. The share of recoveries of loans and advances declined from 7 *per cent* in 1998-99 to 3 *per cent* during 1999-2000. The receipt of public accounts decelerated from 13 *per cent* in 1998-99 to 9 *per cent* in 1999-2000. The receipts from public debt accelerated from 14 *per cent* to 18 *per cent*.

1.4.2 The funds were mainly applied to revenue expenditure which remained significantly higher than the revenue receipts which led to Revenue Deficit of Rs 1,185.29 crore. The percentage of capital expenditure to total available funds came down from 12 to 11, while lending for development purposes went up from 3 *per cent* in 1998-99 to 4 *per cent* in 1999-2000.

EXHIBIT-I

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF HARYANA AS ON 31 MARCH 2000

(Rupees in crore)

As on 31 March 1999		Liabilities		As on 31 March 2000
1,747.92		**Internal Debt**		**2,384.98**
	1,266.19	Market Loans bearing interest	1,545.80	
	2.39	Market Loans not bearing interest	2.58	
	48.25	Loans from LIC	44.89	
	412.68	Loans from other Institutions, etc.	682.30	
	18.41	Ways and Means Advances	109.41	
4,908.98		**Loans and Advances from Central Government**		**5,767.15**
	195.10	Pre 1984-85 Loans	173.61	
	2,984.34	Non-plan Loans	3,596.93	
	1,678.61	Loans for State Plan Schemes	1,948.09	
	31.35	Loans for Central Plan Schemes	30.45	
	19.58	Loans for Centrally Sponsored Plan Schemes	18.07	
10.00		**Contingency Fund**		**10.00**
2,837.64		**Small Savings, Provident Funds, etc.**		**3,403.17**
483.52		**Deposits**		**422.28**
272.29		**Reserve Funds**		**322.75**
13.01		**Remittance Balances**		**7.68**
---		**Suspense and Miscellaneous Balances**		**97.33**
1.82		*** Cash in Treasuries and Local Remittances**		**2.89**
157.86		*** Deposits with Reserve Bank**		**165.47**
10,433.04#		**Total**		**12,583.70**
As on 31 March 1999		**Assets**		**As on 31 March 2000**
6,706.20		**Gross Capital Outlay**		**7,600.29**
	2,224.32	Investments in shares of Companies, Corporations, etc.	2,568.20	
	4,481.88	Other Capital Outlay	5,032.09	
797.31		**Loans and Advances**		**850.43**
	182.82	Loans for Power Projects	98.87*	
	547.03	Other Development Loans	671.48	
	67.46	Loans to Government Servants, etc.	80.08	
0.24		**Advances**		**0.26**
46.48		**Suspense and Miscellaneous Balances**		---
71.56		**Cash**		**137.40**
	8.38	Departmental Balances	8.44	
	0.07	Permanent Cash Imprest	0.07	
	63.11	Cash Balance Investment and other Reserve Fund Investment	128.89	
2,811.25		**Deficit on Government Accounts**		**3,995.32**
		(i) Revenue Deficit of the Current Year	1,185.29	
		(ii) Accumulated deficit up to 31 March 2000	2,811.25	
		(iii) Miscellaneous Government Accounts	(-) 1.22@	
10,433.04		**Total**		**12,583.70**

* Included on liability side as the balances under "Cash in Treasuries and local remittances" and "Deposits with RBI" was in the negative.

\# Differs from previous years figures due to presentation of minus balances under "Cash in treasuries and local remittances" and "Deposits with RBI" as on 31 March 1999 on liability side.

@ Rs 1.22 crore represents adjustment made under the head "8680-Miscellaneous Government Accounts".

EXHIBIT-II

ABSTRACT OF RECEIPTS AND DISBURSEMENTS

(Rupees in crore)

1998-99			Receipts	1999-2000	
			Section-A: Revenue		
5,478.69		**1.**	**Revenue Receipts**		**5,766.76**
	3,119.62		-Tax Revenue	3,517.61	
	1,518.02		-Non-Tax Revenue	1,259.06	
	480.04		-State's share of Union Taxes and Duties	525.27	
	47.10		-Non-plan Grants	32.00	
	127.64		-Grants for State Plan Schemes	219.18	
	186.27		-Grants for Central and Centrally sponsored schemes	213.64	
1,540.20		**II.**	**Revenue deficit carried over to Section B**		**1,185.29**
7,018.89			**Total**		**6,952.05**

1998-99			Disbursement	1999-2000 Non-plan	Plan	Total
		I.	**Revenue Expenditure**			
2,778.45			**General Services**	**2,877.93**	**24.99**	**2,902.92**
2,084.76			**Social Services**	**1,703.79**	**553.40**	**2,257.19**
	1220.99		-Education, Sports, Art and Culture	1,062.04	187.03	1,249.07
	291.67		-Health and Family Welfare	204.82	79.11	283.93
	231.70		-Water Supply, Sanitation, Housing and Urban Development	256.40	30.23	286.63
	13.32		-Information and Broadcasting	11.40	3.06	14.46
	21.98		-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	14.37	13.02	27.39
	54.71		-Labour and Labour Welfare	33.78	17.13	50.91
	246.24		-Social Welfare and Nutrition	116.79	223.82	340.61
	4.15		-Others	4.19	-	4.19
2,155.19			**Economic Services**	**1,468.53**	**322.95**	**1,791.48**
	331.69		-Agriculture and Allied Activities	216.13	111.70	327.83
	62.85		-Rural Development	35.70	84.50	120.20
	298.81		-Irrigation and Flood Control	208.04	100.29	308.33
	847.65		-Energy	413.10	0.59	413.69
	38.33		-Industry and Minerals	12.52	12.38	24.90
	546.08		-Transport	571.49	0.05	571.54
	3.25		-Science, Technology and Environment	0.30	2.75	3.05
	26.53		-General Economic Services	11.25	10.69	21.94
0.49			**Grants-in-aid and Contributions**	**0.46**	-	**0.46**
7,018.89			**Total**	**6,050.71**	**901.34**	**6,952.05**

(Rupees in crore)

1998-99			Receipts		1999-2000
			Section-B: Capital		
(-) 41.59		III	**Opening Cash balance including Permanent Advances and Cash Balance Investment and Reserve Fund Investment**		(-) 88.12
553.31		IV	**Recoveries of Loans and Advances-**		233.19
	482.64		-From Power Projects.	180.00	
	35.67		-From Government Servants	38.93	
	35.00		-From others	14.26	
2,614.66		V.	**Public Debt Receipts**		3,815.19
	531.61		-Internal debt other than Ways and Means Advances	923.10	
	1,077.44		-Ways and Means Advances	1,867.85	
	1,005.61		-Loans and Advances from the Central Government	1,024.24	
3,539.75			**Public Account Receipts**		3,789.39
	1,011.40		-Small Savings, Provident Funds, etc.	951.43	
	67.24		-Reserve Funds	107.44	
	234.45		-Suspense and Miscellaneous	418.72	
	1,053.97		-Remittances	1,156.08	
	1,172.69		-Deposits and Advances	1,155.72	
6,666.13			**Total**		7,749.65

1998-99			Disbursement	Non-plan	Plan	Total	1999-2000
1,025.76		II	**Capital Outlay**	8.07	886.02	894.09	894.09
	27.95		**General Services**	-0.02	27.24	27.26	
	148.84		**Social Services**	-	164.49	164.49	
	23.05		-Education, Sports, Art and Culture	-	15.71	15.71	
	16.30		-Health and Family Welfare	-	10.02	10.02	
	107.15		-Water Supply, Sanitation, Housing and Urban Development	-	136.56	136.56	
	0.40		-Information and Broadcasting	-	0.76	0.76	
	0.25		-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	0.30	0.30	
	0.05		-Social Welfare and Nutrition	-	0.42	0.42	
	1.64		-Others	-	0.72	0.72	
	848.97		**Economic Services**	8.05	694.29	702.34	
	159.22		-Agriculture and Allied Activities	7.51	(-) 7.49	0.02	
	303.16		-Irrigation and Flood Control	-	313.28	313.28	
	325.24		-Energy		349.88	349.88	
	5.33		-Industry and Minerals	-	1.19	1.19	
	52.50		-Transport	0.54	35.43	35.97	
	3.52		-General Economic Services	-	2.00	2.00	
227.79		III	**Loans and Advances disbursed**				286.31
	92.71		-For Power Projects			96.05	
	43.89		-To Government Servants			51.55	
	91.19		-To Others			138.71	
1,540.20		IV	**Revenue deficit brought down**				1,185.29
1,495.85		V	**Repayment of Public Debt**				2,319.96
	190.48		-Internal debt other than Ways and Means Advances			377.05	
	1059.03		-Ways and Means Advances			1,776.85	
	246.34		-Repayment of Loans and Advances to Central Government			166.06	
2,464.65		VI	**Public Account disbursements**				3,094.96
	266.96		-Small Savings, Provident Funds, etc.			385.90	
	34.08		-Reserve Funds			56.99	
	192.57		-Suspense and Miscellaneous			273.70	
	1,041.95		-Remittances			1,161.40	
	929.09		-Deposits and Advances			1,216.97	
(-) 88.12		VII	**Cash Balance at end**				(-) 30.96
	(-) 1.82		-Cash in Treasuries and Local Remittances			(-) 2.89	
	(-) 157.86		-Deposits with Reserve Bank			(-) 165.47	
	8.45		-Departmental Cash Balance -Including Permanent Advances			8.44	
	63.11		-Cash Balance Investment and Other Reserve Fund Investment			128.96	
6,666.13			**Total**				7,749.65

EXHIBIT III

SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

1998-99		Sources		1999-2000
5,478.69		Revenue Receipts		5,766.76
553.31		Recoveries of Loans and Advances		233.19
1,118.81		Increase in Public debt		1,495.23
1,075.10		Net Receipts From Public Account		694.43
	744.44	Increase in Small Savings, Provident Funds, etc.	565.53	
	243.60	Increase in Deposits and Advances	(-) 61.25	
	33.16	Decrease in Reserve funds	50.45	
	41.88	Net effect of Suspense and Miscellaneous transactions	145.02	
	12.02	Net effect of Remittance transactions	(-) 5.32	
46.53		Decrease in cash balance		---
8,272.44		Total		8,189.61
1998-99		**Application**		**1999-2000**
7,018.89		Revenue expenditure		6,952.05
227.79		Lending for development and other purposes		286.31
1,025.76		Capital expenditure		894.09
---		Increase in cash balance		57.16
8,272.44		Total		8,189.61

Explanatory Notes for Exhibit I, II and III:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.

2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Exhibit I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.

3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement etc.

4. There was a difference of Rs 0.04 crore (net credit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank" (July 2000).

EXHIBIT IV

TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Part A. Receipts					
I. Revenue Receipts	5,015	6,048	5,898	5,479	5,767
(a) Tax Revenue	2,169(43)	2,143(35)	2,369(40)	3,120(57)	3,518 (61)
Taxes on Sales, Trade, etc.	1,055(49)	1,380(64)	1,553(65)	1,599(51)	1,968(56)
State Excise	553(26)	64(3)	50(2)	775(25)	765(22)
Taxes on Vehicles	53(2)	62(3)	67(3)	71(2)	85(2)
Stamps and Registration fees	245(11)	273(13)	302(13)	295(10)	310(9)
Land Revenue	1	2	4	4	4
Taxes on goods and passengers	201(9)	260(12)	331(14)	316(10)	324(9)
Taxes and Duties on Electricity	47(2)	35(2)	40(2)	45(1)	46(1)
Other Taxes	14(1)	67(3)	22(1)	15(1)	16(1)
(b) Non-Tax Revenue	2,187(44)	3,133(52)	2,631(45)	1,518(28)	1,259(22)
(c) State's share in Union taxes and duties	360(7)	432(7)	539(9)	480(9)	525(9)
(d) Grants in aid from GOI	299(6)	340(6)	359(6)	361(6)	465(8)
II. Capital Receipts	933	1161	1,667	2,608	2,460
Miscellaneous Capital receipts	--	--	--	--	--
Market Borrowings	258(28)	317(27)	472(28)	532(20)	923(37)
Loans and Advances from GOI	806(86)	532(46)	802(48)	1,006(39)	1,024(42)
Other Receipts	(-)131(-14)	312(27)	393(24)	1,070(41)	513(21)
Part B. Expenditure	5,648	7,214	7,109	8,045	7,846
I. Revenue Expenditure	5,362(95)	6,767(94)	6,617(93)	7,019(87)	6,952 (89)
Plan	667(12)	726(11)	645(10)	769(11)	901(13)
Non-plan	4,695(88)	6,041(89)	5,972(90)	6,250(89)	6,051(87)
General Services	2,565(48)	3,667(54)	3,261(49)	2,778(39)	2,903(42)
Economic Services	1,197(22)	1,696(25)	1,779(27)	2,155(31)	1,791(26)
Social Services	1,590(30)	1,396(21)	1,577(24)	2,085(30)	2,257(32)
Grants-in-aid and contributions	10	8	-	1	1
Interest Payments	556	716	820	997	1,357
Arrears of Revenue (% Tax & Non-Tax revenue receipt)	242(6)	218(4)	257(5)	307(7)	312 (7)
Financial Assistance to local bodies etc.	296	396	314	381	411
Loans and Advances given	382	395	438	228	286
II. Capital Expenditure	286(5)	447(6)	492(7)	1,026(13)	894 (11)
Plan	344(120)	482(108)	481(98)	866(84)	886(99)
Non-plan	(-) 58	(-) 35	11(2)	160(16)	8(1)
General Services	8(3)	18(4)	23(5)	28(3)	27(3)
Economic Services	184(64)	235(53)	339(69)	849(83)	702 (79)
Social Services	94(33)	194(43)	130(26)	149(14)	165 (18)
Part C. Deficits					
Revenue Deficit	347	719	719	1,540	1,185
Fiscal Deficit	986	1,099	1,128	2,240	2,132
Overall surplus(+)/deficit(-) (actuals)	(+) 42	(-) 79	(-) 36	(-) 49	(-) 9
Part D. Other data					
Ways and Means Advances (days)	3	11	22	84	148
Overdraft (days)	-	2	7	70	97
GSDP	29568(b)	35620(b)	37,928(b)	43,671(b)	49,763(c)
Outstanding Debt (year end)	6,115	6,957	8,063	10,199	12,249
Outstanding guarantees including interest at the year end	2,362	2,602	3,151	3,977	4,316
Guarantees given at the year end	4,755	5,543	6,453	6,906	7,219
Number of incomplete projects	N.A.**	N.A.**	6	6	6
Capital blocked in incomplete projects (Rs in crore)	N.A.**	N.A.**	8.82	8.82	8.82

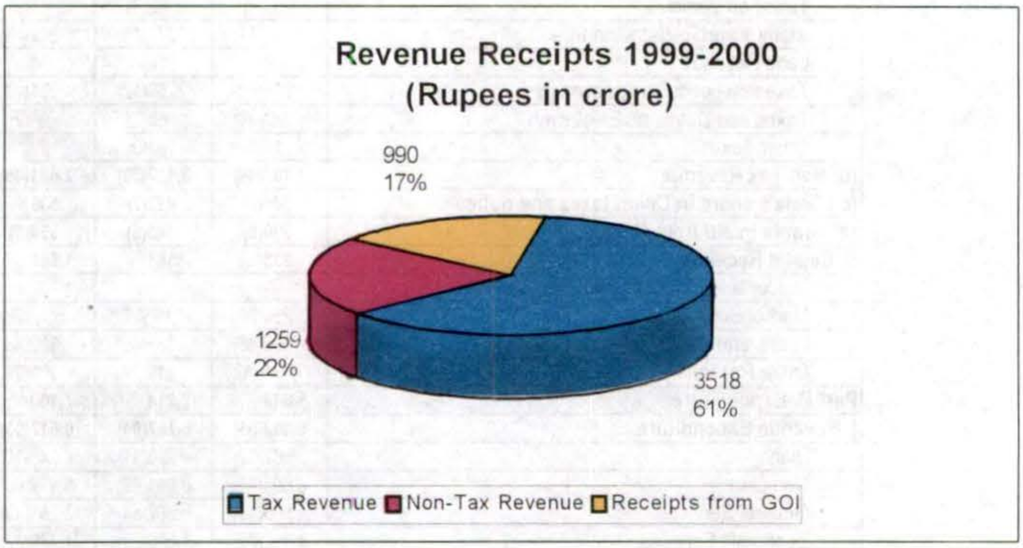
Note: Figures in brackets represent percentages (rounded) to total of each sub heading.

(b) GSDP for these years revised as base year changed from 1980 –81 to 1993 – 94.

(c) GSDP for 1999-2000 has been worked out by taking the average growth rate of 13.95 *per cent* during 1994-95 to 1998-99.

1.5 Revenue receipts

1.5.1 The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in Figure 1. During 1999-2000, the revenue receipts increased by 5 *per cent* over that of 1998-99.



Tax revenue

1.5.2 These constitute the major share (61 *per cent*) of the revenue receipts. During the period 1995-2000, it increased from Rs 2,169 crore in 1995-96 to Rs 3,518 crore in 1999-2000 registering increase of 62 *per cent*. The increase in tax revenue in 1999-2000 over 1998-99 was Rs 398 crore (13 *per cent*).

Non-tax revenue

1.5.3 The non-tax revenue constituted 22 *per cent* of the revenue receipts of Government. The non-tax revenue decreased from Rs 3,133 crore in 1996-97 to Rs 1,518 crore in 1998-99 (52 *per cent*) which has further decreased to Rs 1,259 crore in 1999-2000. This was due mainly to decrease in receipts from single digit lottery schemes.

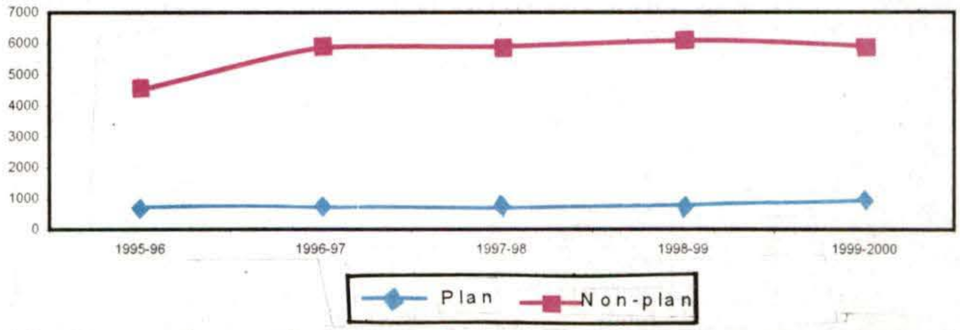
State's share of Union taxes and duties and grants-in-aid from the Central Government

1.5.4 The grants-in-aid from the Central Government increased by 29 *per cent* during the year while the State's share of union taxes and duties (excise duties and income and corporation taxes) increased by 9 *per cent* as compared to previous year. However, as a percentage of revenue receipts these receipts (taken together) went up from 13 *per cent* in 1995-96 to 17 *per cent* during 1999-2000. This was due to increase in State's share of Union taxes and duties and in grants-in-aid from GOI.

1.6 Revenue expenditure

1.6.1 The revenue expenditure increased from Rs 5,362 crore in 1995-96 to Rs 6,952 crore in 1999-2000 registering an increase of 30 *per cent* as detailed in Exhibit IV (Page 7). During the year, there was no appreciable change in total revenue expenditure (Rs 6,952.05 crore) in comparison to revenue expenditure of Rs 7,018.89 crore in 1998-99.

Growth of Plan and Non-plan revenue expenditure
(Rupees in crore)



1.6.2 Sector-wise analysis shows that expenditure on General Services increased by 13 *per cent* from Rs 2,565 crore in 1995-96 to Rs 2,903 crore in 1999-2000. Expenditure on Social Services and Economic Services increased by 42 and 50 *per cent* respectively during 1995-2000. Whereas under Economic Services expenditure during the year decreased by 17 *per cent* attributable to less expenditure under "Energy" (by Rs 433.96 crore), this is to be viewed in the face of the fact that Haryana State Electricity Board itself was restructured and broken into four companies; in addition a change in methodology in the calculation of subsidy paid by the Government to these companies on the power utilized by the agriculture consumers also reduced the burden of the subsidy for the Government. However, overall the energy was a beneficiary of higher Government outlay because the Government infused Rs 675 crore of fresh capital in these newly formed companies during 1998-2000. During 1999-2000, the expenditure under Social Welfare and Nutrition (Social Services) increased by 38 *per cent* due mainly to enhancement of the rate of old age pension and inclusion of new beneficiaries under this scheme.

As a proportion of total revenue expenditure, the share of Economic Services increased from 22 *per cent* in 1995-96 to 26 *per cent* in 1999-2000 and that of Social Services from 30 *per cent* in 1995-96 to 32 *per cent* in 1999-2000, whereas the share of General Services decreased from 48 *per cent* in 1995-96 to 42 *per cent* in 1999-2000. However, this decrease over the period of four years was due to suspension of sale of single digit lottery, etc.

Interest payments

1.6.3 Interest payments increased steadily by 144 *per cent* from Rs 556 crore in 1995-96 to Rs 1,357 crore in 1999-2000. During the year, interest payments consumed 39 *per cent* of tax revenue and constituted 20 *per cent* of revenue expenditure of the State Government. The increase in 1999-2000 was 36 *per cent* when compared to interest payments of Rs. 997 crore during

1998-99. Increase in interest payments (Rs 360 crore) during 1999-2000 in relation to 1998-99 was mainly on "Small Savings, PF, etc." (Rs 169 crore), "Loans and Advances from Central Government" (Rs 111 crore), Internal Debt (Rs 77 crore), etc. This is further discussed in the section on financial indicators.

Financial assistance to local bodies and other institutions

1.6.4 The quantum of assistance provided to different Bodies etc., during the period of five years ending 1999-2000 was as follows:

Sr. No.	Bodies/ authorities, etc.	1995-96	1996-97	1997-98	1998-99	1999-2000
		(Rupees in crore)				
1	Universities and Educational Institutions	90.25	94.48	101.55	102.12	130.43
2	Municipal Corporation and Municipalities	13.68	170.70	102.46	103.76	103.55
3	*Zila Parishads* and *Panchayati Raj* Institutions	31.71	11.28	1.44	2.67	4.97
4	Development Agencies	-	42.50	48.67	87.27	91.76
5	Hospitals and other Charitable Institutions	-	8.98	5.63	8.39	19.29
6	Other Institutions (including statutory bodies)	160.62	68.38	54.51	76.55	61.42
	Total	**296.26**	**396.32**	**314.26**	**380.76**	**411.42**
	Percentage of increase(+)/ decrease(-) over previous year	20	34	(-)21	21	8
	Assistance as a percentage of revenue receipts	6	7	5	7	7
	Percentage of assistance to revenue expenditure	6	6	5	5	6

Compared to 1995-96, assistance to *Zila Parishads* and *Panchayati Raj* institutions became insignificant (down by Rs 26.74 crore) while assistance to Municipal Corporations and Municipalities increased more than 7 times during 1999-2000. Overall assistance to local bodies and other institutions increased by 39 *per cent* during 1995-2000.

Loans and Advances by the State Government

1.6.5 Government gives loans and advances to Government companies, corporations, local bodies, autonomous bodies, co-operatives, non-Government institutions, etc. for developmental and non-developmental activities. The position for the last five years from 1995-96 to 1999-2000 shows that during 1999-2000 less recovery were made from the institutions than to the previous years as a result of which the closing balance of

1999-2000 increased by 7 *per cent* as compared to previous year.

	1995-96	1996-97	1997-98	1998-99	1999-2000
	(Rupees in crore)				
Opening balance	1,230	1,273@	1,207	1,123	797
Amount advanced during the year	382	395	438	228	286
Amount repaid during the year	29	461	522	554	233
Closing balance	1,583	1,207	1,123	797	850
Net addition(+)/ reduction(-)	353	(-)66	(-)84	(-)326	53
Interest received	113	117	108	7	7

According to the orders issued by Government, the administrative departments are required to intimate to the Principal Accountant General (Accounts and Entitlement) by July each year the arrears in recovery of principal and interest of loans of which the detailed accounts are maintained by the departmental officers at the end of preceding March. During 1999-2000, 130 statements were due from 14 departmental officers out of which only 16 statements from 2 departmental officers were received. According to these statements recovery of Rs 199.61 crore (principal : Rs 85.30 crore and interest : Rs 114.31 crore) was in arrears as on 31 March 2000.

1.7 Capital expenditure

1.7.1 Capital expenditure generally leads to asset creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government i.e. public sector undertakings (PSUs), corporations, etc. and loans and advances. Capital expenditure has grown from Rs 286 crore in 1995-96 to Rs 894 crore in 1999-2000 an increase of Rs 608 crore (213 *per cent*) as a result of which its share in total expenditure# has grown from 5 *per cent* in 1995-96 to 11 *per cent* in 1999-2000. However, during the year, capital expenditure decreased by 13 *per cent*. This reduction mainly pertains to non-plan capital expenditure attributable to reduction in net expenditure on procurement of foodgrains. Exhibit IV shows that most of the capital expenditure (79 *per cent*) had been on Economic Services and on the Plan side while on Social Services it declined from 33 *per cent* from 1995-96 to 18 *per cent* in 1999-2000.

1.8 Quality of Expenditure

1.8.1 Government spends money for different activities ranging from maintenance of law and order and regulatory functions to various developmental activities. Government expenditure is broadly classified into

@ Excludes Rs 310 crore transferred *pro forma* to capital section due to conversion of loan into share capital.

Revenue expenditure plus Capital expenditure.

Plan and Non-plan and revenue and capital. While the Plan and Capital expenditure are usually associated with asset creation, the non-plan and revenue expenditure are identified with expenditure on establishment, maintenance and services. By definition, therefore, in general, the Plan and Capital expenditure can be viewed as contributing to the quality of expenditure.

1.8.2 Wasteful in public expenditure, diversions of funds and funds blocked in incomplete projects impinge significantly on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account, after booking them as expenditure, can also to be considered in judging the quality of expenditure. As the expenditure was not actually incurred in the concerned year it should be excluded from the figures of expenditure for that year for purpose of financial achievements.

1.8.3 Details of revenue expenditure and capital expenditure under Non-plan and plan during 1995-2000 were as under:

	1995-96	1996-97	1997-98	1998-99	1999-2000
	(Rupees in crore)				
Revenue Expenditure					
Non-plan	4,695	6,041	5,972	6,250	6,051
Plan	667	726	645	769	901
Capital Expenditure					
Non-plan	(-)58	(-)35	11	160	8
Plan	344	482	481	866	886

The following table/lists out the trend in these indicators:

	1995-96	1996-97	1997-98	1998-99	1999-2000
1. Plan expenditure as a percentage of -Revenue expenditure -Capital expenditure	 12 120@	 11 108@	 10 98	 11 84	 13 99
2. Capital expenditure (*Per cent* of total expenditure)	5	6	7	13	11
3. Expenditure on General Services (*Per cent*) -Revenue -Capital	 48 3	 54 4	 49 5	 39 3	 42 3
	(Rupees in crore)				
4. Amount of wastages and diversion of funds, other irregularities, etc. detected during test audit	20.03	1.73	3.42	82.87	363
5. Non-remunerative expenditure on incomplete projects	NA	NA	8.82	8.82	8.82

NA: Not available.

It would be seen that the share of Plan expenditure on capital side has increased from 84 *per cent* in 1998-99 to 99 *per cent* in 1999-2000.

@ More than 100 *per cent* expenditure is due to minus expenditure in Non-plan expenditure.

1.8.4 Abstract /Detailed contingencies

Treasury Rules provides that contingent charges which are incurred without special sanction but require the approval and countersignature of superior authority before they can be admitted as legitimate expenditure against the Consolidated fund of India or State are known as countersigned contingencies. Countersignatures are obtained after the amounts are drawn and bills are paid. These are classified as "Abstract Contingent bills" and "Detailed contingent bills" commonly known as AC/DC bills. Vouchers for contingent charges when drawn through AC bills in a treasury are received in the office of Accountant General (AG) (A&E) with monthly accounts. The adjustment on DC bills against these AC bills required to be submitted by Drawing and Disbursing Officer (DDOs) in the following month is watched through objection books. State Government (Finance Department) are informed of monthly details of outstanding DC bills after compilation of accounts.

At the end of March 2000, Rs 7.77 crore drawn by 119 DDOs of 26 departments through 888 AC bills from various treasuries were awaiting adjustment through DC bills. 344 AC bills accounting for Rs 1.87 crore by 17 DDOs of 8 departments were checked in audit and following points were noticed in this regard:

(a) Detailed contingent bills not submitted

Against Rs 1.87 crore drawn by 17 DDOs of 8 departments through 344 AC bills during 1996-97 to 1999-2000, 277 DC bills (81 *per cent*) for Rs 1.40 crore (277 AC bills) were not submitted to Principal AG (A&E) (vide Appendix-II).

Out of 277 pending DC bills, 256 DC Bills (92 *per cent)* amounting to Rs 99 lakh pertained to the Director, Hospitality Organisation, Haryana, Chandigarh. Though 219 bills for Rs 42 lakh were adjusted by the department, the bills were not submitted in prescribed form directly to AG Office.

(b) In 58 cases, DC bills amounting to Rs 98 lakh were not submitted and it could not be vouched whether the amounts were utilised for bonafide purpose and unspent balances remitted to Government account. Possibility of misuse and even misappropriation of these amounts cannot be ruled out.

(c) A certificate is required to be attached to every AC bill to the effect that the DC bills had been submitted to the Controlling Officer in respect of AC bills drawn more than a month before the date of drawal that bill. No AC bill should be encashed by DDOs without this certificate. Four* departments did not furnish such certificate for DC bills worth Rs 1.29 crore since 1996-97 and the AC bills were pending adjustment as of July 2000. The concerned Treasury Officers did not check the recording of such certificates while

* 1. Director Hospitality Organisation, Chandigarh.
2. Deputy Commissioner, Jind.
3. ITI/Government Vocational Education Institute, Rohtak.
4. Deputy Commissioner-cum-Election Officer, Sonipat.

admitting fresh AC bills, and failed to ensure that the department has forward the DC bills to the AG with necessary vouchers within the prescribed time.

(d) *Delayed submission of DC bills*

Rs 36.23 lakh drawn through 27 AC bills by 5 DDOs for purchase of store material and petrol, oil and lubricants, etc. during 1996-99 adjustment was made late by 1 to 22 months. Director, Public Relations accounted for Rs 32.07 lakh drawn through 18 bills. This showed the indifference of the concerned officers towards compliance of rules and procedure.

(e) *Rush of drawal of AC bills in March*

Out of total amount of Rs 2.13 crore drawn on AC bills by the Director, Public Relations Haryana, Chandigarh during 1997-2000, Rs 89.81 lakh (42 *per cent*) were drawn in the months of March of respective years as detailed below:

Year (1)	Total amount drawn during the year (2)	Amount drawn in the month of March (3)	Percentage (Col. 3 to Col. 2) (4)
	(Rupees in lakh)		
1997-98	84.60	28.16	33
1998-99	71.45	25.81	36
1999-2000	57.30	35.84	63
Total	**213.35**	**89.81**	**42**

No DC bills were submitted for Rs 7.28 lakh drawn in March 2000 on 7 AC bills as of August 2000 and thus it is not sure whether these amounts were spent. Similarly, DC bills for Rs 78.93 lakh drawn on 36 AC bills in March 1998 (18), March 1999 (11) and March 2000 (7) were adjusted late by 1 to 22 months. The amounts were drawn only to avoid the lapse of budget grant. The provision of drawal of funds through AC bills was thus, grossly misused.

1.9 Financial Management

The issue of financial management in Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent chapters of this report deal extensively with these issues especially as they relate to the expenditure management in Government, based on the findings of the test audit. Some other parameters, which can be segregated from the accounts and other related financial information of Government are discussed in this section.

1.9.1 Investments and returns

Investments are made out of the capital outlay by Government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as under:

Sector	Number of concerns	Amount invested	
		As on 31.03.2000	During 1999-2000
		(Rupees in crore)	
Statutory Corporations	7	1,535.82	-
Government Companies	22	852.13	350.73
Joint Stock Companies	31	1.75	-
Co-operative Institutions	806	178.50	(-)6.85[$]
Total	**866**	**2,568.20**	**343.88**

The details of investments and the returns realised during the last five years by way of dividend and interest were as follows:

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (*per cent*)
	(Rupees in crore)			
1995-96	1,523.84	3.15	0.21	14.00
1996-97	1,865.90	4.53	0.24	13.85 and 13.75
1997-98	1,898.07	2.38	0.13	13.05 and 12.30
1998-99	2,224.32	2.21	0.10	12.15 and 12.50
1999-2000	2,568.20	7.78	0.30	11.85 and 12.25

Thus, while Government was raising high cost borrowings, its investments in Government companies, etc. fetched insignificant returns. As on 31 March 2000, 6 of Government companies in which Government invested Rs 52.80 crore, were running under loss with accumulated losses of Rs 95.34 crore as per the accounts furnished by these companies for various years from 1994-95 to 1998-99.

1.9.2 Financial results of irrigation works

The financial results of 7 major irrigation projects with a capital outlay of Rs 299.79 crore at the end of March 2000 showed that revenue realised from these projects during 1999-2000 (Rs 35.54 crore) was only 11.85 *per cent* of the capital outlay. After meeting the working and maintenance expenditure (Rs 49.05 crore) and interest charges (Rs 15.25 crore), the schemes suffered a net loss of Rs 28.76 crore.

1.9.3 Incomplete projects

As of 31 March 2000, there were 6 incomplete projects in which Rs 8.82 crore were blocked. The position did not improve since March 1998.

1.9.4 Arrears of revenue

The arrears of revenue for collection increased by 29 *per cent* during five years (Exhibit IV). Of the arrears of Rs 312.14 crore as of March 2000, Rs 123.76 crore (40 *per cent*) were pending for more than five years, and pertained mainly to 'Taxes on Sales, Trade etc.' (Rs 82.32 crore) and 'Taxes and Duties on Electricity' (Rs 23.54 crore). The overall deterioration in the

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$ Includes investment of Rs 9.38 crore and excludes Rs 16.68 crore being the capital retired during the year.

position of arrears of revenue showed a slackening of the revenue efforts of the State government and declining tax compliance.

1.9.5 Ways and means advances and overdraft

1.9.5.1 Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs 1.14 crore from 1 April 1999. If the balance fell below the agreed minimum on any day, the deficiency is made good by taking ordinary and special ways and means advances (WMA)/overdraft (OD) from time to time. The limit was Rs 99 crore for ordinary and Rs 10.41 crore for special ways and means advances from the year 1999-2000.

Analysis of ways and means advances and overdraft taken by the State Government and interest paid thereon showed that during 1999-2000 there was a huge increase under both these items compared to 1998-99 as shown in the table below:

Year	Ways and means advances			Overdraft		
	Advance taken during the year (gross)	Advance outstanding at the end of the year	Interest paid	Taken during the year (gross)	Outstanding at the end of the year	Interest paid
	(Rupees in crore)					
1995-96	8.05	-	-**	-	-	-
1996-97	94.19	6.40	0.11	39.30	-	0.03
1997-98	165.75	-	0.27	49.14	-	0.09
1998-99	497.89	18.41	0.66	579.55	-	0.28
1999-2000	1,211.78	109.41	2.09	656.07	-	1.57

1.9.5.2 Though Exhibit IV depicts a decrease of Rs 355 crore in revenue deficit during 1999-2000, the worsening position of ways and means advances and overdrafts showed that there was significant mismatch between the receipts and expenditure of the Government during the year. Over and above, the State Government had to take advance receipt of Rs. 100 crore from HUDA (Paragraph no. 1.9.6.3) and a loan of Rs 45 crore from HSAMB (Paragraph no. 1.10.2) to improve its ways and means position.

1.9.6 Deficit

1.9.6.1 Deficit in Government account is the gap between receipts and payments. The nature of deficit is an important indicator of the financial management process in Government. Further, the ways of financing the deficit and the application of the funds raised for the purpose are important pointer of the fiscal prudence of Government. The discussion in this section relates to three concepts of deficit viz., revenue deficit, fiscal deficit and primary deficit.

** Rs 0.57 lakh only.

1.9.6.2 Revenue Deficit is the excess of revenue expenditure over revenue receipts. Fiscal Deficit is the excess of revenue and capital expenditure (including net loans) over the revenue receipts (including grants-in-aid). Primary deficit is fiscal deficit less interest payments. The following exhibit gives a break-up of the deficit in Government account during1999-2000:

(Rupees in crore)

CONSOLIDATED FUND(CF)				
Receipts	**Amount**		**Disbursements**	**Amount**
Revenue	5,767	**Revenue deficit: 1185**	Revenue	6,952
Miscellaneous Capital receipts	-		Capital	894
Recovery of loans and advances	233		Loans and Advances disbursement	286
Sub-total	**6,000**	**Gross fiscal deficit: 2132**	**Sub Total**	**8,132**
Public debt	3,815		Public debt repayments	2,320
Total	**9,815**	**A: Deficit in CF:637**	**Total**	**10,452**
PUBLIC ACCOUNT				
Small savings, PF etc.	951		Small savings, PF etc	386
Deposit and Advances	1,156		Deposit and Advances	1,217
Reserve Funds	107		Reserve Funds	57
Suspense and Miscellaneous.	419		Suspense and Miscellaneous	274
Remittances	1,156		Remittances	1,161
Total	**3,789**	**B: Deficit in CF financed by Public Account: 694**	**Total**	**3,095**
Increase in cash balance (A-B):57				

The table shows that the Revenue Deficit of Rs 1,185 crore was entirely met from borrowings. The Fiscal Deficit of Rs 2,132 crore was financed by net proceeds of the public debt (Rs 1,495 crore) and partly by the surplus from Public Account (Rs 694 crore).

1.9.6.3 Revenue deficit decreased by Rs 355 crore (Exhibit IV) i.e. from Rs 1,540 crore in 1998-99 to Rs 1,185 crore in 1999-2000 due to increase in revenue receipt (Rs 288 crore) and decrease in revenue expenditure (Rs 67 crore). However, the decrease in revenue deficit is partially attributable to raising of revenue of Rs 100 crore as advance for licence fee, conversion charges and infrastructural development charges, under revenue receipts head[1] during 1999-2000 from HUDA, an autonomous body.

[1] 0070-Other Administrative Services – 60-Other receipts – 800 –Other receipts.

1.9.6.4 Application of the borrowed funds (Fiscal Deficit)

The fiscal deficit represents total net borrowings of Government. These borrowings are applied for meeting the Revenue Deficit (RD), for meeting the Capital Expenditure (CE) and for giving loans to various bodies for developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because continued borrowing for revenue expenditure would not be sustainable in the long run. The following table shows the position in respect of Government of Haryana for the last five years:

Ratio	1995-96	1996-97	1997-98	1998-99	1999-2000
RD/FD	0.35	0.65	0.64	0.69	0.56
CE/FD	0.29	0.41	0.44	0.46	0.42
Net loans/FD	0.36	(-) 0.06	(-) 0.08	(-) 0.15	0.02
Total	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**

It would be seen that 56 *per cent* of borrowed funds have been applied during the year for meeting the revenue expenditure. Further, the productivity of capital expenditure should be considered in the context of net loss in irrigation works and insignificant return on capital as discussed in Paragraph nos. 1.9.1 and 1.9.2.

1.9.7 Guarantees given by the State Government

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc. raised by the statutory corporations, Government companies and cooperative institutions etc. and payment of interest and minimum dividend by them. They constitute contingent liability of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. The amount of guarantees given by Government increased from Rs 4,755 crore to Rs 7,219 crore (52 *per cent* increase) during 1995-2000 (Exhibit-IV). The guarantees were given mostly for Haryana Financial Corporation, Statutory Corporations and Boards, Government Companies, Co-operative banks/societies, etc.

1.10 Public debt

1.10.1 The Constitution of India provides that a State may borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit. The details of the total liabilities of the State Government as at the end of the last five years are given in the following table. During the five years period, the total liabilities of Government had grown by 100 *per cent*. This was on account of 142 *per cent* growth in internal debt, 77 *per cent* growth in loans and advances from Government of India and 118 *per* *cent* growth in other liabilities. During 1999-2000, Government borrowed Rs 256.25 crore in the open market at interest rates of 12.25 and 11.85 *per cent* per annum.

Year	Internal Debt	Loans and advances from Central Government	Total Public Debt	Other liabilities*	Total Debt	Ratio of Debt to GSDP**
	(Rupees in crore)					
1995-96	984.08	3,255.47	4,239.55	1,875.37	6,114.92	0.21
1996-97	1,163.93	3,576.34	4,740.27	2,217.03	6,957.30	0.20
1997-98	1,388.38	4,149.71	5,538.09	2,524.77	8,062.86	0.21
1998-99	1,747.92	4,908.98	6,656.90	3,542.03	10,198.93	0.23
1999-2000	2,384.98	5,767.15	8,152.13	4,096.77	12,248.90	0.25

1.10.2 State Government raised an interest free loan of Rs 45 crore from Haryana State Agricultural Marketing Board (HSAMB) during 1999-2000 which was kept in the Deposit Account under head "8449 - Other Deposit, Deposits not bearing interest". Raising loan by the State Government from HSAMB when there was outstanding loan from GOI throughout the year was irregular and in violation of constitutional provision for which no permission was taken from the GOI.

1.10.3 The amount of funds raised through Debt, the amount of repayment and net funds available are given in the following table:

	1995-96	1996-97	1997-98	1998-99	1999-2000
	(Rupees in crore)				
Internal Debt##					
-Receipt	258	317	472	532	923
-Repayment (principal + interest)	257	271	404	397	555
-Net funds available (*per cent*)	(+) 1	46(15)	68(14)	135(25)	368(40)
Loans and Advances from GOI					
- Receipt during the year	806	532	802	1,006	1,024
- Repayment (principal + interest)	386	604	670	773	804
- Net funds available (*per cent*)	420(52)	(-) 72$^{\alpha}$	132(16)	233(23)	220(21)
Other liabilities					
- Receipt during the year	1,769	2,101	2,277	2,176	2,141
- Repayment + Interest paid	1,653	1,949	2,184	1,421	2,021
- Net funds available (*per cent*)	116(7)	152(7)	93(4)	755(35)	120(6)

It is seen that under GOI loans, the net available funds declined consistently from 52 *per cent* to 21 *per cent* during 1995-2000. As against this, net funds available from market borrowings increased mainly due to hightened borrowings in recent years when the repayments are yet to start. Considering

* Other liabilities include small savings, provident funds, reserve funds and deposits, etc.

** Differs with the previous year figures due to adoption of revised GSDP figures.

\## These represent borrowings from market and institutional borrowings excluding Ways and Means Advances and overdraft from Reserve Bank of India.

α Represents repayments (including interest paid) more than the receipts (Principal : Rs 211 crore + Interest : Rs 393 crore) during the year.

that the outstanding debt has been increasing year after year the net availability of funds through public borrowings is going to reduce further.

1.11 Indicators of the financial performance

1.11.1 A Government may either wish to maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity it would be necessary to know how far the means of financing are sustainable. Similarly, if Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing. Finally, Government's increased vulnerability in the process. All the State Governments continue to increase the level of their activity principally through Five Year Plans which translate to Annual development plans and are provided for in the State Budget. Broadly, it can be stated that non-plan expenditure represents Government maintaining the existing level of activity*, while plan expenditure entails expansion of activity. Both these activities require resource mobilization increasing Government's vulnerability. In short, financial health of a Government can be described in terms of sustainability, flexibility, vulnerability and transparency. These terms are defined as follows:

(i) Sustainability

Sustainability is the degree to which a Government can maintain existing programmes and meet existing creditor requirements without increasing the debt burden.

(ii) Flexibility

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.

(iii) Vulnerability

Vulnerability is the degree to which a Government becomes dependent on and therefore vulnerable to source of funding outside its control or influence, both domestic and international.

(iv) Transparency

The issue of transparencies concerns the issue of financial information provided by Government. This consists of annual Financial Statement (Budget) and the Accounts. As regards the budget, the important parameters are timely presentation indicating the efficiency of budgetary process and the accuracy of the estimates. As regards, accounts, timeliness in submission, for which milestones exist, and completeness of accounts would be the principal criteria.

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* There are exceptions to this notably transfer of Plan to Non-plan at the end of Plan period.

1.11.2 Information available in Finance Accounts can be used to flesh out Sustainability, Flexibility, and Vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in the Annexure (Page-26). The following table indicates the behaviour of these indices/ratios over the period from 1995-96 to 1999-2000.

	1995-96	1996-97	1997-98	1998-99	1999-2000
(1)	(3)	(4)	(5)	(6)	
Sustainability					
BCR (Rupees in crore)	92.00	(-) 304.00	(-) 402.00	(-) 1,085.00	(-) 717
Primary Deficit (PD) (Rupees in crore)	430.00	383.00	308.00	1,243.00	775
Interest Ratio	0.063	0.082	0.103	0.154	0.208
Capital outlay/Capital receipts	0.31	0.38	0.29	0.39	0.36
Total Tax receipts/GSDP*	0.09	0.07	0.08	0.08	0.08
State Tax Receipts/GSDP	0.07	0.06	0.06	0.07	0.07
Return on Investment	0.0021	0.0024	0.0013	0.0010	0.0030
Flexibility					
BCR (Rupees in crore)	92.00	(-) 304.00	(-) 402.00	(-) 1,085.00	(-) 717
Capital repayments/ Capital borrowings	0.23	0.42	0.37	0.28	0.28
State tax receipts/GSDP	0.07	0.06	0.06	0.07	0.07
Debt/GSDP*	0.21	0.20	0.21	0.23	0.25
Vulnerability					
Revenue Deficit(RD) (Rupees in crore)	347.00	719.00	719.00	1,540.00	1,185
Fiscal Deficit(FD) (Rupees in crore)	986.00	1,099.00	1,128.00	2,240.00	2,132
Primary Deficit(PD) (Rupees in crore)	430.00	383.00	308.00	1,243.00	775
PD/FD	0.44	0.35	0.27	0.55	0.36
RD/FD	0.35	0.65	0.64	0.69	0.56
Outstanding guarantees/revenue receipts	0.47	0.43	0.53	0.73	0.75
Assets/Liabilities	1.03	0.92	0.84	0.73	0.68

Note: 1. Fiscal deficit has been calculated as: Revenue expenditure + Capital expenditure + Net loans and advances – Revenue receipts.

2. In the ratio Capital outlay vs. Capital receipts, the denominator has been taken as Internal loans** + Loans and Advances from Government of India + Net receipts from small savings, PF etc., + Repayments received from loans advanced by the State Government – Loans advanced by State Government.

The implications of these indices/ratios for the State of the financial health of the State Government are discussed in the following paragraphs:

* Differs with the previous year's figures due to adoption of revised GSDP figures.

** Excluding Ways and Means Advances from RBI.

Sustainability

(i) Balance from current revenues (BCR)

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenue for meeting plan expenditure.

The table shows that BCR remained negative since 1996-97. This indicated that the State had no surplus from current revenues for funding its Annual Plans in these years.

(ii) Interest ratio

The higher the ratio the lesser the ability of Government to service any fresh debt and meet its revenue expenditure from its revenue receipts.

In the case of Haryana, interest ratio increased from 0.063 in 1995-96 to 0.208 in 1999-2000 indicating significant drop in availability of revenue receipts for programme spending (Discussion in paragraph 1.6.3 refers). This also is indicative of the fact that interest payments on past borrowings assumed serious proportion and had become a major constraint in the programme spending of Government.

(iii) Capital outlay/capital receipts

This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long term in as much as it would indicate that a part of the capital receipts was being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments were being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance.

In the case of Haryana, the ratio of capital outlay to capital receipts had been less than 1 indicating that in all these years large part of capital receipts was used to meet revenue expenditure. Further, the ratio has come down from 0.39 in 1998-99 to 0.36 in 1999-2000. This shows that position has further deteriorated. The decreased availability of capital should be considered also in the context of negligible return of capital investments (paragraphs 1.9.1 to 1.9.3).

(iv) Tax receipts Vs Gross State Domestic Product (GSDP)

Tax receipts consist of State taxes and State's share of Central taxes. The latter can also be viewed as Central taxes paid by people living in the State. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would have implications for the flexibility as well. While a low ratio would imply that Government can tax more, and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility.

Time series analysis shows that in case of Haryana ratio of total tax receipts has been in the range of 0.07-0.09. However, the ratio of State tax receipts compared to the GSDP has ranged between 0.06 and 0.07. The ratio suggests that the contribution of State's own taxes to the total tax collections of the State was insignificant. Further, in view of revenue deficits and low rate of State taxes, the State Government had to borrow heavily (which comes at a cost) for meeting its revenue expenditure.

(v) Return on Investment (ROI)

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability.

ROI in case of Government of Haryana was negligible and ranged between 0.10 *per cent* and 0.30 *per cent* during 1995-2000. Poor return on investments are not sustainable, especially when the investments are funded from borrowings.

Flexibility

(vi) Capital repayments Vs Capital borrowings

This ratio would indicate the extent to which the capital borrowings are available for investment, after repayment of capital. The lower the ratio, the higher the availability of capital for investment.

In case of Haryana, though this ratio has steadily decreased from 0.42 in 1996-97 to 0.28 in 1999-2000, it is to be viewed in the context of increased borrowings in the recent years (vide comments in paragraph 1.10.3) and the liability of repayment falling due in future. Consequently, pressure on the State revenues to meet high level of repayments will further increase in future.

(vii) Debt Vs Gross State Domestic Product (GSDP)

The GSDP is the total internal resource base of the State Government which can be used to service debt. An increasing ratio of Debt/GSDP would signify a reduction in Government's ability to meet its debt obligations and therefore increasing risk for the lender.

In the case of Haryana, this ratio increased from 0.21 in 1995-96 to 0.23 in 1998-99 to 0.25 in 1999-2000 which shows a very significant increase in the indebtedness of the Government. Apart from the increased liability of interest payment, the fact that borrowed funds were increasingly applied to meet the revenue expenditure over burdened the fiscal system.

(viii) Revenue deficit /Fiscal deficit

The revenue deficit is the excess of revenue expenditure over revenue receipts and represents the revenue expenditure financed by borrowings etc. Evidently, the higher the revenue deficit, the more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowing of Government are being used to finance non-productive revenue expenditure. Thus the higher the ratio the worse off the State because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State.

During 1995-2000, there was significant jump in the ratio from 0.35 to 0.56. This indicated a sharp decline in the fiscal position of the State. However, the ratio declined from 0.69 (1998-99) to 0.56 (1999-2000) mainly due to reduced revenue deficit. This reduction was achieved mainly due to reduction in subsidy to HSEB. However, HSEB was restructured into four companies and Government infused fresh capital in the shape of equity in these companies as discussed in Paragraph 1.6.2. Thus, the decline in Revenue Deficit did not result in proportionate decline in Fiscal Deficit.

(ix) Primary deficit Vs Fiscal deficit

Primary deficit is the fiscal deficit minus interest payments. This means that the less the value of the ratio the less the availability of funds for capital investment.

In case of Haryana, this ratio was less in all the preceding five years which was indicative of increased vulnerability since capital was being applied to meet revenue deficit rather than increasing the assets.

(x) Guarantees Vs Revenue receipts

Outstanding guarantees, including the letters of comfort issued by Government, indicate the risk exposure of the State Government and should therefore be compared with the ability of Government to pay viz., its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of Government would indicate the degree of vulnerability of the State Government.

In the case of Haryana, this ratio had been increasing since 1995-96. As a result guarantees covered an increasingly higher part of the revenue receipts. The trend shows an increase in the vulnerability of State's finances and higher risk exposure.

(xi) Assets Vs Liabilities

This ratio basically is related to financial assets and liabilities as indicated in Exhibit I and points towards the solvency of Government. A ratio of more than 1 would indicate that the State Government, is solvent (assets are more than the liabilities) while a ratio of less than 1 would be a contra indicator.

This ratio had come down to less than one since 1996-97 and has shown declining trend which is indicative of increase in vulnerability since capital was being applied to revenue deficit rather than for increasing the assets.

Transparency

(xii) Budget

Chapter II of this Report carries a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedure and control over expenditure. It indicates defective budgeting and inadequate control over expenditure, as evidenced by persistent resumptions (surrenders) of significant amounts every year vis-a-vis the final modified grant and a significant variations (excess/saving) between the final modified grant and actual expenditure as detailed below:

		Paragraph	(Rupees in crore)
(i)	Excess of provision requiring regularisation for the period 1995-2000	2.3.1	1,881.64
(ii)	Substantial savings	2.3.4(a)	1,525.26
(iii)	Substantial excess	2.3.4(b)	1,315.67
(iv)	Surrender of funds on the last day of financial year	2.3.6	1,564.28

(xiii) Accounts

There was no significant delay in submission of accounts by the treasuries/departments during 1999-2000. However, 2 treasuries (out of total 21 treasuries) and 13 divisions (out of total 217 divisions) submitted their accounts late during 1999-2000.

Conclusion

While the Government was able to bring down the negative BCR by Rs 368 crore as also the Revenue Deficit during the year, its fiscal performance is not satisfactory as evidenced by sharp decline in non-tax receipts (down from high of Rs 3,133 crore in 1996-97 to Rs 1,259 crore in 1999-2000). It also resorted to unusual methods of shoring its resources by raising Rs 45 crore through irregular loan from HSAMB and Rs 100 crore through irregular advance from HUDA. Restructuring of the HSEB into four companies instead of giving any relief to Government resulted in additional financial burden to it. In addition, Government stood guarantee for Rs 2,593.92 crore[*] for the loans taken by these companies. Resultantly Government resorted to increased borrowings. All these factors added considerably to the vulnerability of state finances. On the other hand returns on investments remained negligible and this situation was not sustainable in the long run when investments are financed solely through borrowings.

* 1998-99 : Rs 1,311.75 crore; 1999-2000 : Rs 1,282.17 crore.

Annexure

(Refer paragraph 1.11; page 21)

List of Indices/ratios and basis for their calculation

Indices/ratios		Basis for calculation
Sustainability		
Balance from the current revenue	B C R	Revenue Receipts minus all Plan grants (under Major Head 1601- 02,03,04) and Non-plan revenue expenditure
Primary Deficit	Primary Deficit	Fiscal Deficit minus interest payments
Interest Ratio		Interest payments - Interest receipts / Revenue receipts - Interest receipts
Capital Outlay Vs Capital receipts	Capital Outlay	Capital expenditure as per Statement No 13 of the Finance Accounts
	Capital receipts	Miscellaneous capital receipts + Internal Loans* (net of Ways and Means Advances) + Loans and Advances from Government of India + Net receipts from small savings, PF etc. + Repayments received of loans advanced by the State Government – Loans advanced by the State Government
Total tax receipts Vs GSDP	Total Tax Receipts	State Tax receipts plus State's share of Union Taxes
State tax receipts Vs GSDP	State Tax Receipt	Statement No. 11 of Finance Account
Flexibility		
-Balance from current revenue		As above
-Capital repayments Vs Capital borrowings	Capital Repayments	Disbursements under Major heads 6003 and 6004 minus repayments on account of Ways and Means Advances/ Overdraft under both the major heads
	Capital Borrowings	Addition under Major Heads 6003 & 6004 minus addition on accounts of Ways and Means Advances/ overdraft under both the major heads
Incomplete Projects		Paragraph no. 1.9.3
-Total Tax Receipts Vs GSDP		As above
-Debt Vs GSDP	Debt	Borrowings and other obligations at the end of the year (Statement No. 4 of the Finance Accounts)
Vulnerability		
-Revenue Deficit		Revenue deficit = Revenue expenditure - Revenue receipts
-Fiscal Deficit		Fiscal deficit = Revenue expenditure + Capital expenditure (including net loans given) - Revenue receipts
-Primary Deficit Vs Fiscal Deficit	Primary Deficit	As above
Total outstanding guarantees including letters of comfort Vs Total revenue receipts of the Government	Outstanding guarantees	Exhibit IV
	Revenue Receipts	Exhibit II
Assets Vs Liabilities	Assets and Liabilities	Exhibit I

* Excluding Ways and Means Advances from RBI.

CHAPTER - II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

CHAPTER - II

APPROPRIATION ACCOUNTS-1999-2000 AT A GLANCE

Total No. of grants/appropriation : 26

Total provision and actual expenditure

Provision	Amount (Rupees in crore)	Expenditure	Amount (Rupees in crore)
Original Supplementary	10,796.46 912.51		
Total gross provision	**11,708.97**	**Total gross expenditure**	**11,345.01**
Deduct-Estimated recoveries in reduction of expenditure	588.00	Deduct-Actual recoveries in reduction of expenditure	892.61
Total net provision	**11,120.97**	**Total net expenditure**	**10,452.40**

Voted and Charged provisions and expenditure

	Provision (Rupees in crore)		Expenditure (Rupees in crore)	
	Voted	Charged	Voted	Charged
Revenue	6,881.55	1,366.26	5,752.42	1,371.72
Capital	2,267.73	1,193.43	1,899.12	2,321.75
Total Gross	9,149.28	2,559.69	7,651.54	3,693.47
Deduct-recoveries in reduction of expenditure	588.00	-	892.61	-
Total: Net	**8,561.28**	**2,559.69**	**6,758.93**	**3,693.47**

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-à-vis those authorised by the Appropriation Act in respect of both charged as well as voted items of the budget.

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 1999-2000 against 26 grants/appropriation was as follows:

Nature of expenditure		Original grant/ appro-priation	Supplement-ary grant/ appropria-tion	Total	Actual expendi-ture	Saving(-) Excess(+)
		(Rupees in crore)				
Voted	I.Revenue	6,205.72	675.83	6,881.55	5,752.42	(-)1,129.13
	II.Capital	1,777.11	183.06	1,960.17	1,612.23	(-)347.94
	III.Loans and Advances	256.45	51.11	307.56	286.89	(-)20.67
Total Voted		**8,239.28**	**910.00**	**9,149.28**	**7,651.54**	**(-)1,497.74**
Charged	IV.Revenue	1,363.75	2.51	1,366.26	1,371.72	(+)5.46
	V Capital	2.25	-	2.25	1.79	(-)0.46
	VI Public Debt	1,191.18	-	1,191.18	2,319.96	(+)1,128.78
Total Charged		**2,557.18**	**2.51**	**2,559.69**	**3,693.47**	**(+)1,133.78**
Grand Total		**10,796.46**	**912.51**	**11,708.97**	**11,345.01**[1]	**(-)363.96**

1 These are gross expenditure inclusive of recoveries adjusted in reducction of expenditure viz; Revenue Expenditure : Rs 172.10 crore; Capital Expenditure : Rs 719.93 crore and Loans and Advances : Rs 0.58 crore.

2.3 Results of Appropriation Audit

2.3.1(a) Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, the excess expenditure amounting to Rs 727.82 crore for the years 1995-99 was yet to be regularised (August 2000).

Year	Number of Grants/ Appropriations	Grant/ Appropriation No.(s)	Amount of excess (Rupees in crore)	Amount for which explanations not furnished to PAC
1995-96	11	1, 3, 4, 5, 6, 8, 9, 13, 15, 18 and 23	60.34	-
1996-97	6	3, 6, 8, 9, 18 and 23	79.57	-
1997-98	10	2, 3, 5, 7, 8, 9, 15, 18, 20 and 25	137.95	137.95
1998-99	3	6, 2, Public Debt	449.96	449.96
		Total	**727.82**	**587.91**

Possibilities of financial irregularities remaining un-examined due to failure and long delay in furnishing explanations of un-regularised excess expenditure could not be ruled out.

(b) Excess over provision during 1999-2000 requiring regularisation

In Revenue Section, there was an excess of Rs 16,06,60,940 in six grants and Rs 7,73,30,306 in one appropriation. In Capital Section, there was an excess of Rs 11,30,01,65,242 in two appropriations. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

Sr. No	Number and name of grant/ appropriation	Total grant/ appropriation	Actual expenditure	Excess
	Revenue (Voted)	(In Rupees)		
1	3-Home	4,36,56,90,000	4,37,99,15,317	1,42,25,317
2.	4-Revenue	1,15,81,79,000	1,19,35,75,838	3,53,96,838
3.	9-Education	12,44,37,42,350	12,49,06,84,732	4,69,42,382
4.	14-Food and Supplies	19,32,76,000	19,75,97,157	43,21,157
5.	18-Animal Husbandry	90,89,42,000	95,12,65,986	4,23,23,986
6.	23-Transport	4,36,83,04,000	4,38,57,55,260	1,74,51,260
	(Charged)			
7.	6-Finance	13,49,68,03,000	13,57,41,33,306	7,73,30,306
	Capital (Charged)			
8.	8-Buildings and Roads	-	1,24,19,632	1,24,19,632
9.	Public Debt	11,91,18,39,000	23,19,95,84,610	11,28,77,45,610[2]
	Total	**48,84,67,75,350**	**60,38,49,31,838**	**11,53,81,56,488**

[2] Includes repayments towards Ways and Means Advances from RBI.

Reasons for excess expenditure had not been furnished by Government (August 2000).

2.3.2 Original budget and supplementary provision

The overall saving of Rs 363.96 crore was the result of saving of Rs 1,517.78 crore (48 cases) of 25 grants/appropriations offset by excess of Rs 1,153.82 crore (9 cases) of 9 grants/appropriations.

Supplementary provision made during the year constituted 8 *per cent* of the original provision as against 5 *per cent* in the previous year.

2.3.3 Unnecessary/excessive/inadequate supplementary provision

(a) Supplementary provision of Rs 32.28 crore made in 4 cases during the year proved unnecessary as the expenditure in each case was less than the original provision as detailed in Appendix III.

(b) In 16 cases, against additional requirement of Rs 449.36 crore, supplementary grants and appropriations of Rs 755.26 crore were obtained resulting in savings in each case exceeding Rs 10 lakh, aggregating Rs 305.90 crore. Details of these cases are given in Appendix IV.

2.3.4 Substantial savings/excesses

(a) In 24 cases, expenditure fell short by more than Rs 10 crore in each case and also by more than 10 *per cent* of the total provision as indicated in Appendix V. In 6 cases*, the entire provision totalling Rs 154.49 crore was not utilised due mainly to non-clearance of Mewat Lift Irrigation Scheme by the Central Ground Water Commission (Rs 60 crore), financial constraints and economy measures (Rs 28 crore), cut imposed on the Plan outlay by the Planning Department (Rs 36.64 crore) and disputed figures of outstanding dues of energy charges (Rs 29.83 crore) for various schemes, etc.

(b) In 9 cases, expenditure exceeded the provisions by Rs 5 crore or more and also by more than 10 *per cent* of the total provision. Details of these are given in Appendix VI.

2.3.5 Persistent savings

In 12 cases there were persistent savings of Rs 10 lakh and more in each case and 10 *per cent* or more of the provision. Details are given in Appendix VII.

2.3.6 Entire savings surrendered only on the last day of the year

According to rules framed by Government the spending departments are required to surrender the grants/appropriations or portion thereof to the Finance Department as and when the savings are anticipated.

* S.No. 13, 14, 16, 18, 21 and 22 of Appendix V.

It was, however, noticed that against the final savings of Rs 1,517.78 crore in 48 cases, Rs 1,564.28 crore were surrendered on the last day of financial year viz. 31 March 2000. In 7 cases, against the available savings of Rs 399.31 crore, savings aggregating Rs 173.43 crore (savings of Rs 1 crore and above in each case) was not surrendered (Details in Appendix VIII). This indicated that expenditure control mechanism and State Level budgetary control process was ineffective.

2.3.7 Surrender in excess of actual savings

In 6 cases, the amount surrendered was in excess of actual savings, indicating inadequate budgetary control. As against the total amount of actual savings of Rs 119.51 crore, the amount surrendered was Rs 232 crore resulting in excess surrender of Rs 112.49 crore. Most of these surrenders pertained to Medical and Health, Irrigation etc. (Capital-Voted). This indicated poor financial and budgetary control practices in the departments. Details are given in Appendix IX.

2.3.8 Injudicious re-appropriation of funds

Reappropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where injudicious reappropriation of funds proved excessive or resulted in savings by over Rs 20 lakh are as given in Appendix X.

2.3.9(a) New Service/New Instrument of Service

Article 205 of the Constitution provides that expenditure on a 'New Service' not contemplated in the Annual Financial Statement (Budget) can be incurred only after its specific authorisation by the Legislature. Government have issued orders based on recommendations of Public Accounts Committee laying down various critieria for determining items of 'New Service/New Instrument of Service'.

In the following two cases expenditure of Rs 5.30 crore which should have been treated as 'New Service'/'New Instrument of Service', was met by re-appropriation without obtaining the requisite approval of legislature:

Sr. No.	Name of grant/ appropriation	Major head of account	Amount (Rupees in crore)
1.	3-Home	2055-Police 800-Other expenditure	4.50
2.	15-Irrigation	2702-Minor Irrigation 02-Ground Water Scheme for Agriculture Intensification Programme under Water Resources Consolidation Project	0.80
	Total		**5.30**

2.3.9(b) Expenditure without provision

As envisaged in the Budget Manual, expenditure should not be incurred on a scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs 4.53 crore was incurred in 7 cases as detailed in Appendix XI, without provision having been made in the original estimates/supplementary demands and no reappropriation orders were issued.

2.3.10 Trend of recoveries

Under the system of gross budgeting followed by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts as reduction of expenditure. The anticipated recoveries and credits are shown separately in the budget estimates.

In 2 grants* the actual recoveries adjusted in reduction of expenditure (Rs 720.57 crore) exceeded the estimated recoveries (Rs 549.99 crore) by Rs 170.58 crore and in 4 grants** though no recoveries were provided in the budget estimates for the year 1999-2000, recoveries of Rs 138.17 crore were made. However, in 2 grants*** the actual recoveries (Rs 7.27 crore) were less than the estimated recoveries (Rs 11.40 crore) by Rs 4.13 crore. More details are given in Appendix of Appropriation Accounts.

2.3.11 Non -receipt of explanations for savings/excesses

After the close of the accounts of the each financial year, the Detailed Appropriation Accounts showing the final grants/appropriations, the actual expenditure and resultant variations are sent to the Controlling Officers, requiring them to explain the variation in general and those under important heads/sub-heads in particular.

Explanations for savings/excesses in respect of the Appropriation Accounts for the year 1999-2000 were either not received (77 heads) or were received incomplete (138 heads) in respect of 215 heads (37 *per cent*) against the total 588 heads/sub-heads.

2.4 Budget formulation and Expenditure control in Technical Education Department

2.4.1 Introduction

Director being the Head of the Department of Technical Education and the Controlling Officer was responsible for the preparation and submission of budget estimates to Finance Department through the Administrative Department. Funds for Technical Education are provided in the budget of the

* 4 - Revenue and 14 - Food and Supplies.

** 8 - Buildings and Roads, 15 - Irrigation, 17 - Agriculture and 22 - Co-operation.

*** 10 - Medical and Public Health and 25 - Loans and Advances by State Government.

department through Grant No. 9-Education under the major heads "2203-Technical Education".

2.4.2 Budget and expenditure

The overall position of budget proposal sent, funds allotted and expenditure incurred during 1997-2000 was as under:

Year	Department's Budget proposal	Budget provision		Actual expenditure	Excess (+)/ Saving (-) over the grant
		Original	Final		
Revenue (Voted)		(Rupees in crore)			
1997-98 (Plan) (Non-Plan)	48.47 11.14	23.01 11.14	17.19 11.68	16.01 11.66	(-) 7.00 (+) 0.52
1998-99 (Plan) (Non-Plan)	65.96 14.85	37.29 21.08	15.34 15.16	15.63 15.07	(-) 21.66 (-) 6.01
1999-2000 (Plan) (Non-Plan)	75.20 20.59	63.32 16.14	54.54 19.37	54.44 19.27	(-) 8.88 (+) 3.13

There were wide variations under Plan and Non-plan sections between the Budget estimates and final allotment. Against the final allotment of Rs 28.87 crore in 1997-98, Rs 5.28 crore were surrendered on 31 March 1998. During 1998-99 and 1999-2000, the budget provisions were increased to Rs 58.37 crore and Rs 79.46 crore mainly to purchase of machinery, filling up of vacant posts, etc. However, purchase of machinery and filling up of vacant posts did not materialise, and the Planning Department imposed cuts due to which Rs 27.87 crore and Rs 5.55 crore for these two years were surrendered at the end of the year.

Further, the expenditure during 1997-2000 ranged between 38 and 77 *per cent* of the budget estimates proposed by the department, which clearly indicated that the estimates were consistently over pitched in disregard of actual trend of expenditure.

2.4.3 Budget formulation

2.4.3(A) Defective Budgeting

(i) Non-submission of data required as per Budget Manual

According to the Punjab Budget Manual (BM), Finance Department was required to supply by I July each year blank forms BM-1 and BM-2 containing columns of original estimates of current year, accounts of previous two years, actuals of current year for first six months, actuals of previous year for the last six months, etc. Head of the Department was required to forward the detailed information in these forms to the Finance Department by Ist week of November each year. Scrutiny of budget estimates of Technical Education Directorate for 1997-2000 revealed that the requisite information was not included by Director in the budget estimates sent to the Finance Department.

The Controlling Officer (Director, Technical Education) was also required to send to the AG (A&E) two copies of the Appendix to the budget estimates relating to number of posts and scale of pay with abstract statement in form BM-3, did not send the same to Principal AG (A&E).

In the absence of the above details, proper estimation of staff and the expenditure thereon was not possible.

(ii) Surrender of funds on last day of financial year

Significant part of savings for the years 1997-2000 were surrendered on the last day of each financial year as detailed below:

Year	Budget Provision		Amount surrendered on the last day of the financial year	Percentage
	Original	Final		
	(Rupees in crore)			
1997-98	34.15	28.87	(-) 5.28	15
1998-99	58.37	30.50	(-) 27.87	48
1999-2000	79.46	73.91	(-) 5.55	7

As the department surrendered funds on the last day of the financial year, it deprived the Government to utilise the funds on other schemes.

Director, Technical Education (April 2000) stated that funds could be spent only after receipt of sanction of schedule of New Expenditure from Finance Department. As this was received towards the close of the financial year, the exact amount to be surrendered was known only at that time. Thus, there was no coordination between the department and the Finance Department.

(iii) Persistent savings

In the following 5 schemes persistently large amount of budgeted funds were not utilised during 1997-2000 as detailed below:

Sr. No.	Head of account/sub head of account of scheme etc.	Year	Original Budget allocation	Final grant	Actual expenditure	Saving/variation with reference to original budget estimate	Percentage
			(Rupees in lakh)				
1.	2203 Technical Education 105-Polytechnic (State Plan Scheme)	1997-98 1998-99	32.45 63.49	19.32 40.01	19.33 36.02	13.12 27.47	40 43
	Setting of Government Polytechnic, Manesar	1999-2000	60.00	31.99	31.91	28.09	47
2.	Diversification of courses	1997-98 1998-99 1999-2000	71.58 167.39 100.00	53.18 89.22 79.71	50.58 84.04 77.96	21.00 83.35 22.04	29 50 22
3.	Development of Government Women Polytechnic, Sirsa	1997-98 1998-99 1999-2000	82.34 161.95 75.82	73.37 66.91 63.23	70.60 64.53 62.50	11.74 97.42 13.32	14 60 18
4.	Establishment of Government Polytechnic for Women, Faridabad	1997-98 1998-99 1999-2000	84.14 54.00 412.00	37.97 43.98 59.98	15.13 41.50 59.98	69.01 12.50 352.02	82 23 85
5.	112-Technical Engineering College and Institutions (State Plan) Improvement and Development of C.R.State College of Engineering, Murthal	1997-98 1998-99 1999-2000	333.88 454.55 421.38	246.56 272.20 300.78	243.74 262.08 295.65	90.14 192.47 125.73	27 42 30

Such large savings indicated unreliable estimates and failure in expenditure management.

The Director, Technical Education stated (April 2000) that though budget estimates were prepared on the basis of demand/requirements from field offices the Planning Department imposed cut at a later stage. The Financial Commissioner and Secretary, Planning Department stated (June 2000) that cut was imposed on the total outlay depending upon the resources of the State and the scheme-wise allocation was made by the concerned department. Evidently, there was lack of coordination between the Department and the Finance and Planning Department, both at the stage of budget formulation and at subsequent stage which led to the department not adjusting their original outlays realistically in the final grants.

2.4.3(B) Budgetary control

(i) Lack of monitoring

Director, Technical Education Department was responsible for monitoring the progress of expenditure against each minor/sub-head in respect of all the 15 Drawing and Disbursing Officers (DDOs) in the department. To ensure proper control over the approved/allocated budget grants, a register of expenditure was required to be maintained in form BM 28 by the Controlling Officer indicating the DDOs-wise allotment of funds and actual expenditure under each unit of appropriation/sub-heads, etc.

Though all the 15 DDOs were sending monthly expenditure statements in form BM 26 and BM 29 to the Controlling Officers, the expenditure register in form BM 28 was not maintained by the Director. Evidently, these statements were not used by the Director and therefore, any monitoring of expenditure was unlikely.

(ii) Excess over grants/appropriations

During 1998-99, in the following five sub-heads the expenditure exceeded the approved provisions by more than 10 *per cent* of the total provision and the total excess expenditure of Rs 78.30 lakh ranged between 15 *per cent* and 100 *per cent*.

Sr. No.	Minor head of Account/Sub-head	Final grant	Expenditure	Excess	Percentage
		(Rupees in lakh)			
1.	104-Assistance to Non-Government Technical Colleges and Institution Modernisation of existing Polytechnics	-	6.67	6.67	100
2.	105-Polytechnics (i) Introduction of new diploma courses	145.82	167.70	21.88	15
	(ii) Establishment of S.S. Polytechnics, Narnaul	87.50	100.48	12.98	15
	(iii)Modernisation of existing Polytechnics	214.03	247.46	33.43	16
	(iv)Learning Resource Utilisation Centre in Polytechnics	15.89	19.23	3.34	21
	Total	**463.24**	**541.54**	**78.30**	**17**

The Director, Technical Education while admitting the excess expenditure stated (April 2000) that the excess expenditure was due to debit received by Principal AG (A&E) for the machinery and equipment purchased through

Director General, Supplies and Disposals (DGS&D) which came to notice during reconciliation with AG. The reply was not tenable as the excess expenditure was not got re-appropriated from Finance Department while saving was available within the grant.

CHAPTER - III

CIVIL DEPARTMENTS

SECTION - A
REVIEWS

CHAPTER – III

CIVIL DEPARTMENTS

Section – A

Audit Reviews

EDUCATION DEPARTMENT

3.1A Working of Education Department (Primary Education Wing) including Manpower Management

Highlights

To achieve the goal of universalisation of primary education, the department increased target of enrolment of students but these targets were short achieved to the extent of 5 to 15 per cent. In view of declining trend in enrolment, there was remote possibility of achieving the target of universalisation of primary education by the end of 2002 AD. Dropout rate of students ranged between 12 and 26 per cent though the target was to reduce it to less than 10 per cent. Infrastructural facilities such as proper building, water, toilet and electricity were lacking in large number of schools. Against proposed opening of 1000 new primary schools during IX plan period, only 21 schools were opened. Dropout rate among SC students was higher than that of non-SC students while several schemes for concession to children of SC and weaker sections were taken up on paper, Government failed to provide matching funds for these schemes. Important points noticed in audit are as under:

Against the budget provision of Rs 754.17 crore during 1997-2000, Rs 794,90 crore were spent, of which Rs 749.60 crore (94 *per cent*) were on salaries.

(Paragraph 3.1A.4 (ii))

To achieve the goal of universalisation of primary education, department increased target of enrolment of students from 25.35 lakh in 1997-98 to 27.81 lakh in 1999-2000. But actually enrolment of students declined from 24.05 lakh in 1997-98 to 23.70 lakh in 1999-2000.

In view of the declining trend in enrolment, there was remote possibility of achieving the target of universalisation of primary education by the end of 2002 AD.

(Paragraph 3.1A.5)

During 9th Five Year Plan period (1997-2002), against an outlay of Rs 34.75 crore for opening of 1000 new primary schools, provision of Rs 45 lakh only was made during 1999-2000 (no provision made during 1997-99) and only 21 new schools were opened during 1997-2000.

(Paragraph 3.1A.6 (i))

Of the 2541 Government Primary Schools in 5 districts test-checked (as of September 1999), 221 schools did not have proper buildings/rooms and 560 to 1,734 schools lacked facilities of water, toilet and electricity.

(Paragraph 3.1A.6 (iii))

The department neither monitored the utilisation of funds meant for repair/maintenance of school buildings nor did it know about the number of schools to be repaired and actually repaired.

(Paragraph 3.1A.6 (v))

Though Rs. 74 lakh (March 1997:Rs 41 lakh and March 1999:Rs 33 lakh) were lying unutilized with 17 DPEOs, Government sanctioned another Rs 50 lakh in March 2000 for purchase of *dari patti* (floor covering) from the same approved source who did not supply the material earlier. As of August 2000, material worth Rs 4 lakh only had been received by DPEOs of Karnal and Panipat.

(Paragraph 3.1A.6 (vi))

Dropout rate among non-SC students in the State increased from 17 *per cent* in 1997-98 to 23 *per cent* in 1999-2000 whereas the dropout rate among SC students was much higher and increased from 28 *per cent* to 32 *per cent* during the same period.

(Paragraph 3.1A.7)

Out of 4.58 lakh SC students and 3.34 lakh weaker section students on roll during 1997-98 to 1999-2000 in 5 districts test-checked, 3.66 lakh SC students (80 *per cent*) and 3.31 lakh weaker section students (99 *per cent*) were not provided text books free of cost.

(Paragraph 3.1A.8 (i))

The pass percentage of Government schools was always on the lower side by 2 to 16 *per cent* in comparison to private schools during 1997-98 to 1999-2000.

(Paragraph 3.1A.9)

Against sanctioned strength of 40,223 to 40,257 Junior Basic teachers/ head teachers during 1997-98 to 1999-2000, 2584 (6 *per cent*) to 3,206 (8 *per cent*) posts remained vacant.

(Paragraph 3.1A.12)

There was excess deployment of Junior Basic teachers in districts test-checked resulting in extra expenditure on their salaries to the extent of Rs 3.81 crore (539 JB teachers), Rs 5.18 crore (652 JB teachers), and Rs 5.40 crore (669 JB teachers) during 1997-2000 respectively.

(Paragraph 3.1A.13)

3.1A.1 Introduction

In 1988, a separate Directorate for Primary Education was created by the State Government to bring about qualitative improvement in Primary education in the State and to achieve the goal of universalisation of primary education at the earliest under the National Policy of Education, 1986 (NPE). State Government formulated a programme of Action 1994 and Annual Action Plans. During 9^{th} five year plan (FYP) emphasis was on enrolment, retention, qualitative improvement and provision of infrastructural facilities for achieving the goal of universalisation of primary education by the end of 9^{th} plan period.

As of September 1999, 8,621 Government primary schools were run with 37,051 teachers (including head teachers) while there was sanctioned strength of 40,257 teachers. Besides there were 1,778 Non-Government primary schools in the State. Expenditure on primary education ranged between 22 and 27 *per cent* of the expenditure on education and between 3 and 5 *per cent* of total expenditure in the State during 1997-2000.

3.1A.2 Organisational set-up

The Commissioner and Secretary, Education Department, Haryana was the administrative head of the Primary Education Department in the Government. The Director, Primary Education (DPE) was the head of primary education and was responsible for the implementation of the schemes. At district and block level, the DPE was assisted by 19 District Primary Education Officers (DPEOs) and 124 Block Education Officers (BEOs). The department had 144 Drawing and Disbursing Officers (DDOs). DPE was the Controlling Officer.

3.1A.3 Audit coverage

Records relating to implementation of the Primary Education Programme from 1997-98 to 1999-2000 were test-checked in the Directorate of Primary Education and in 5[1] out of 19 districts and 35 blocks (out of 124 blocks) during November 1999 to April 2000. The review also covers the District Primary Education programme (DPEP) in the State (Part B).

3.1A.4 Financial management and budgetary procedure

(i) Budgetary procedure

Submission of budget proposals was delayed

Scrutiny of the papers on budget estimates in the Directorate Office revealed that the budget demands (salary component) were not supported with nominal rolls in Form BM-10 by the DDOs. Thus, there was no scope to examine the reasonableness of estimates of staff cost. Expenditure figures of previous two years were also not sent to the Directorate.

Test-check of budget proposals sent by DPEOs/BEOs in five selected districts revealed the following deficiencies:

(a) The BEOs delayed submission of budget proposals to their respective DPEOs by one month to twelve months and the DPEOs delayed the submission of estimates to the DPEs by one month to 11 months. Thus, the system of obtaining estimates from BEO/DPEs lost all sanctity. The DPEs did not ensure that the budget estimates are obtained in time. Further, in absence of such inputs, budget estimates had no real basis. The DPE delayed submission of budget grants by 11 days to 7 months during the years 1997-2000 much after the due dates. The DPEs also delayed submission of excess and surrender and reappropriation statements to the Finance Department by 20 days to 2 months and 1 month 18 days respectively. Thus, there was gross failure in accountability in these areas.

(b) The failure in timely submission of budget estimates led to delayed and insufficient budget allotments to the DDOs during 1997-2000.

(c) The DPE was required to include in the budget estimates actuals for previous two years and actuals for the last six months of the previous year. However, the DPE sent budget proposals for 1997-2000 to the Finance Department without the said information. The Finance Department did not ensure that the DPE furnished complete information with the budget proposals.

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1 Ambala, Gurgaon, Hisar, Karnal and Rohtak.

(ii) Budget outlay and expenditure

Deficient budgeting led to substantial excess expenditure

The details of budget provision and expenditure for the Primary Education during 1997-2000 were as under:

Year	Budget Provision			Expenditure			Variation in relation to original and supplementary budget Excess (+) Saving (-)
	Original	Supplementary	Final	Plan	Non-plan	Total	
	(Rupees in crore)						
1997-98	176.75	12.72	193.93	19.70	199.87	219.57	(+) 30.10
1998-99	263.05	-	262.98	32.87	227.05	259.92	(-) 3.13
1999-2000	215.00	39.88	297.26	33.67	281.74	315.41	(+) 60.53
Total	654.80	52.60	754.17	86.24	708.66	794.90	

Excess expenditure of Rs 30.10 crore during 1997-98 and Rs 60.53 crore during 1999-2000 was attributable to grant of revised pay scales to employees as a result of implementation the recommendations of Vth Pay Commission. This is an indicator that the department failed to arrange adequate supplementary grants at the stage of Revised Estimates.

Of the total Plan and Non-plan expenditure of Rs 794.90 crore during 1997-98 to 1999-2000, expenditure on salaries was Rs 749.60 crore (94.30 *per cent*), on material and supply Rs 2.90 crore (0.36 *per cent*), on incentives and other contingencies Rs 15.34 crore (1.93 *per cent*), and on grants-in-aid Rs 27.06 crore (3.41 *per cent*).

(iii) Release of funds at the fag end of financial year

95 *per cent* plan expenditure incurred in March during 1997-2000

Of the total expenditure of Rs 24.38 crore (excluding expenditure on salaries) incurred under 9 plan schemes in operation in the department during 1997-98 to 1999-2000, Rs 23.11 crore (95 *per cent*) was incurred in the month of March of the respective years (as detailed in Appendix XII). Large number of irregularities were noticed in implementation of schemes which are contained in the paragraphs below against relevant schemes.

(iv) Expenditure control

Expenditure control was nearly non-existent and there was no compliance of the important expenditure control mechanism as explained below:

Director Primary Education, who was responsible for monitoring the progress of expenditure of the DDOs through a control register in Form BM-28, was not maintaining the control register. DPEOs were to consolidate the monthly expenditure of 124 BEOs functioning under them and submit monthly expenditure in Form BM-26 and BM-29 to the controlling officers. However, the DPEOs and BEOs in the districts test-checked were neither maintaining the expenditure control register nor submitting expenditure details in Form BM 26 and 29 to the controlling officers. As a result of absence of these important expenditure control mechanism, the system was amenable to serious irregularities including unjustified excess expenditure over budget provision.

Programme Management

Access to Primary Education

Access constitutes enrolment, opening of new primary schools, construction of schools buildings and providing of infrastructural facilities, etc.

3.1A.5 Enrolment of children in the age group of 6 to 11 years

Enrolment in Government schools declined whereas the same increased in non-Government recognised schools during 1997-2000

Primary Education Department had the goal of achieving universalisation of primary education in the State by end of IX plan i.e. in 2002. The department, therefore, launched enrolment and retention scheme to cover children in the age group of 6 to 11 years. The enrolment target was fixed equivalent to 120 *per cent* of the population in 6-11 years of age group of children projected to be 24.97 lakh by the end of 9th plan period. The targets and achievements during 1997-98 to 1999-2000 for the State were as under:

Category of children	Projected * Population	Target set by department	Achievements of enrolment in (percentage)				Percentage of shortfall
			Government Schools	Non-Government Schools recognised	Teaching[2] shops unrecognised Schools	Total	
	(Units in lakh)						
1997-98							
Boys	13.36	13.32	8.88 (67)	2.22 (17)	1.87 (14)	12.97 (97)	3
Girls	11.62	12.03	8.26 (69)	1.60 (13)	1.22 (10)	11.08 (92)	8
Total	24.98	25.35	17.14 (68)	3.82 (15)	3.09 (12)	24.05 (95)	5
1998-99							
Boys	13.45	13.99	8.82 (63)	2.28 (16)	1.73 (12)	12.83 (92)	8
Girls	11.73	12.53	8.31 (66)	1.62 (13)	1.15 (9)	11.08 (88)	12
Total	25.18	26.52	17.13 (65)	3.90 (15)	2.88 (11)	23.91 (90)	10
1999-2000							
Boys	13.53	14.78	8.60 (58)	2.39 (16)	1.73 (12)	12.72 (86)	14
Girls	11.85	13.03	8.08 (62)	1.75 (13)	1.15 (9)	10.98 (84)	16
Total	25.38	27.81	16.68 (60)	4.14 (15)	2.88** (10)	23.70 (85)	15

The shortfall in enrolment increased from 3 to 14 *per cent* among boys whereas among girls it increased from 8 to 16 *per cent* during 1997-98 to 1999-2000. Besides, enrolment in Government schools declined from 17.14 lakh in 1997-98 to 16.68 lakh in 1999-2000 though enrolment in non-Government

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* Source: (i) State Annual Plans of respective years.
(ii) 'Selected Educational Statistics' published by GOI, Ministry of Human Resource Development (Department of Education) Planning, Monitoring and Statistics Division, New Delhi.

2 Source : figures for teaching shop given by the department.

** Provisional figures.

recognised schools increased from 3.82 lakh to 4.14 lakh during the same period. Thus, there had been a shift in enrolment of students from Government to private schools.

Further enrolment in teaching shops/unrecognised schools was not authenticated, as no record was available with the DPE.

Position of enrolment of children in the five districts test-checked was as under:

Category of children	Projected Population	Target set by department	Achievements of enrolment in (percentage)				Percentage of shortfall
			Government Schools	Non-Government Schools Recognised	Teaching shops unrecognised schools	Total	
	(Units in lakh)						
1997-98							
Boys	4.05	4.04	2.78 (69)	0.57 (14)	0.67 (17)	4.02 (100)	-
Girls	3.53	3.65	2.45 (67)	0.45 (12)	0.39 (11)	3.29 (90)	10
Total	7.58	7.69	5.23 (68)	1.02 (13)	1.06 (14)	7.31 (95)	5
1998-99							
Boys	4.06	4.22	2.73 (65)	0.61 (15)	0.65 (15)	3.99 (95)	5
Girls	3.55	3.79	2.43 (64)	0.48 (13)	0.44 (11)	3.35 (88)	12
Total	7.61	8.01	5.16 (64)	1.09 (14)	1.09 (14)	7.34 (92)	8
1999-2000							
Boys	4.10	4.48	2.70 (60)	0.43 (10)	0.65 (14)	3.78 (84)	16
Girls	3.59	3.95	2.37 (60)	0.35 (9)	0.44 (11)	3.16 (80)	20
Total	7.69	8.43	5.07 (60)	0.78 (9)	1.09[3] (13)	6.94 (82)	18

The shortfall in enrolment increased from 5 to 16 *per cent* among boys in 1998-2000 and 10 to 20 *per cent* among girls during 1997-2000. Enrolment in Government schools declined from 5.23 lakh in 1997-98 to 5.07 lakh in 1999-2000. Enrolment in non-Government schools decreased from 1.09 lakh in 1998-99 to 0.78 lakh in 1999-2000. Enrolment in teaching shops/unrecognised schools was not authenticated as no record was available with the directorate as well as with the DPEOs/BEOs of districts test-checked. In view of the declining trend in enrolment, there was remote possibility of achieving the target of universalisation of primary education by the end of IX plan period i.e. 2002 A.D. Further, the enrolment figures increased due to the figures attributed to teaching shops – this is open to doubt.

The DPE/DPEOs of the concerned districts did not intimate reasons for shortfall in enrolment (August 2000).

[3] Provisional figures.

3.1A.6 Infrastructural facility to Government Primary Schools

(i) *Opening of new Primary Schools*

Against the Plan objective of opening 1000 new primary schools, only 21 new schools were opened

During 1997-2002, the Plan outlay was Rs 34.75 crore for opening of 1,000 new primary schools mainly for girls and in the areas which had low female literacy. However, this was not implemented as no budget provision for opening of new primary schools was made by the department in their annual action plans for the years 1997-99. In annual action plan for the year 1999-2000, Rs 45 lakh were provided for opening of 100 primary schools. Only 21 (8 girls and 13 boys) new primary schools were opened by the department during 1997-2000 in six districts. Thus, the Plan target for opening of new schools would not be met.

(ii) *Villages/Dhanis without schools*

Educational facilities were to be made available within a radius of 1.16 km to 1.18 km. However, out of a total 6,759 villages in the State, 153 villages/ *Dhanis* were without schools during 1999-2000.

Further, in 10 villages and 17 *dhanis/deras* (which had the population of 930 children in the age group of 6-11 years) of Gurgaon and Karnal districts (out of 5 districts test-checked), there was no school.

(iii) *Facilities in schools*

Large number of primary schools had no proper building, water, toilet and electricity

There were 8,621 primary schools in the State (September 1999). As per norms, each school was to have minimum of two rooms, one verandah, toilet, boundary wall and water and electricity facility. The position in respect of 2,541 schools in the districts test-checked was as under:

Sr. No.	Districts	Ambala	Gurgaon	Hisar	Karnal	Rohtak	Total	Percentage
1	Number of schools	495	807	485	517	237	2541	
A	Schools without room	18	20	-	1	-	39	
B	Schools with one room	54	93	1	32	2	182	
	Total (A+B)						**221**	**8.70**
C	School in Government buildings	377	762	482	467	228	2316	
D	School in *panchayat*/ religious places/rented buildings	100	25	3	49	9	186	
2	Schools without facilities i.e.							
A	Toilet	164	552	15	153	70	954	37.54
B	Water	66	405	15	44	30	560	22.04
C	Electricity	406	739	107	382	100	1734	68.24
D	Boundary Wall	209	379	30	66	15	699	27.51

As evident from the above table, 8.70 *per cent* schools were without proper buildings. Toilets, water and electricity facilities were not provided in 37.54 *per cent*, 22.04 *per cent* and 68.24 *per cent* schools respectively, while

27.51 *per cent* schools did not have boundary walls. There was no plan of Government to improve the condition of these schools.

(iv) Construction of rooms for primary schools

The IX FYP envisaged an outlay of Rs 25 crore for construction of 2,336 Government primary school buildings/rooms. Department made budget provision of Rs 3 crore during 1997-2000 for the purpose. However, no amount was sanctioned/released during 1997-98. Rs 2 crore were sanctioned during 1998-99 for construction of 463 rooms for primary schools on sharing basis i.e. 40 *per cent* to be borne by the State Government and 60 *per cent* by GOI. Against this sanction, Rs 72 lakh were drawn in March 1999 for construction of 167 rooms by the concerned DPEOs in the districts test-checked, Rs 54 lakh drawn by 4 DPEOs viz., Ambala, Gurgaon, Karnal and Rohtak for construction of 125 rooms remained unutilised as completion of construction of 125 rooms was not on record with the DPEOs (August 2000).

Further Rs 1 crore sanctioned for construction of 251 rooms as share of Education Department during 1999-2000 were credited in the receipt head of Rural Development Department in March 2000. No progress of construction of rooms was reported (August 2000).

Thus, the department did not adequately monitor the construction/completion of school rooms.

(v) Repair/maintenance of school buildings

Department sanctioned Rs 40 lakh each year during 1997-2000 for repair and maintenance of school buildings except during 1997-98 when no amount was sanctioned. During 1998-2000, Rs 11.92 lakh each year were allocated to the five districts test-checked. Out of Rs 11.92 lakh sanctioned for 1998-99 in these districts, Rs 3.57 lakh only were utilized and the balance amount of Rs 8.35 lakh was either not drawn (Rs 4 lakh) or remained unutilized (Rs 4.35 lakh) with head of the concerned schools. Rs 11.92 lakh drawn in March 2000 by DPEOs for 1999-2000 also remained unutilized in these districts as the amount was not disbursed by the DPEOs to the concerned BEOs/Head of schools.

The department neither monitored the utilization of funds nor did it know about the number of schools to be repaired and actually repaired under the scheme.

(vi) Providing of floor covering/tat patti in primary schools

Rs. 124 lakh sanctioned and released for purchase of *tat/dari patti* remained unutilised

During 1996-2000, Rs 1.28[4] crore were drawn by respective DPEOs for purchase of *tat/dari patti* (floor covering). However, material worth only Rs 4[5] lakh was received by two DPEOs, (Karnal and Panipat) in February 1998 and the balance amount of Rs 1.24 crore was lying unutilised with 17 DPEOs (August 2000).

Scrutiny revealed that though Rs 74[6] lakh for purchase of *tat/dari patti* were lying unutilized with the 17 DPEOs, yet Rs 50 lakh were released to the DPEOs during March 2000, for purchase of *dari patti* from the same approved source who failed earlier to supply *tat patti*. This was not brought to the notice of Finance Department by the DPE. Reasons for this were not intimated by the department (August 2000).

Non-supply of *tat/dari patti* deprived the children of proper sitting arrangement/amenity in primary schools as intended by the Government.

Participation of Students in Schools

3.1A.7 High dropout rate

Dropout rate increased though the target was to reduce it below 10 *per cent*

The overall dropout rate was targeted to be reduced to less than 10 *per cent* by the end of IX FYP (by 2002 AD). The department calculated the dropout rate by comparing the student enrolment in Class I[7] five years back to the enrolment in Class V five years later. According to this method, position of dropouts in the State during 1997-98 to 1999-2000 was as under:

Year	Enrolment Ist grade			Enrolment Vth grade			Dropout			Percentage of dropout		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
	(Units in thousands)											
Non-SC Children												
1997-98	168	145	313	140	119	259	28	26	54	17	18	17
1998-99	151	129	280	138	116	254	13	13	26	9	10	9
1999-2000	145	126	271	108	100	208	37	26	63	26	21	23
SC Children												
1997-98	59	50	109	42	36	78	17	14	31	29	28	28
1998-99	53	47	100	42	38	80	11	9	20	21	19	20
1999-2000	51	45	96	33	32	65	18	13	31	35	29	32
Total children of the State												
1997-98	227	195	422	182	155	337	45	40	85	20	21	20
1998-99	204	176	380	180	154	334	24	22	46	12	12	12
1999-2000	196	171	367	141	132	273	55	39	94	28	23	26

4 March 1997:Rs 45 lakh; March 1999:Rs. 33 lakh and March 2000:Rs. 50 lakh.

5 Out of Rs 45 lakh.

6 Rs 41 lakh + Rs 33 lakh.

7 Source – Seventy fifth report on the problems of dropout of the standing committee on Human Resources Development presented in *Rajya Sabha*.

It would be evident from the above table that the dropout rate was much higher than the targeted rate in the State. It increased from 20 *per cent* in 1997-98 to 26 *per cent* in 1999-2000. The dropout rate among SC students was very high and it increased from 28 *per cent* in 1997-98 to 32 *per cent* in 1999-2000.

However, in districts test-checked, dropouts in SC category ranged between 21 and 35 *per cent* among boys and between 19 and 29 *per cent* among girls during 1997-2000. In Karnal district, dropout in SC category during 1997-98 was as high as 39 *per cent* among boys and 38 *per cent* among girls.

The dropout rate was much more than the targeted dropout rate of 10 *per cent* to be achieved by 2002 AD. The high dropout rate was a further pointer to the non-achievement of the objective of universalisation of primary education by 2002 AD.

3.1A.8 Incentives to scheduled castes and weaker section students

(i) Book bank programme

80 *per cent* SC and 99 *per cent* weaker section students in districts test-checked not provided free text books

The programme which provides the distribution of free books to SC and weaker section students (both boys and girls) in the beginning of the academic session was grossly under provided. Out of Rs 65 lakh sanctioned for the purchase of books during 1997-2000, Rs 22.16 lakh were for the primary schools in five districts test-checked.

The DPEOs concerned, however, drew only Rs 17.13 lakh (out of Rs 22.16 lakh sanctioned) and the balance-sanctioned amount of Rs 5.03 lakh was not drawn/utilized. With this amount, only 20 *per cent* of 4.58 lakh SC students and 1 *per cent* of 3.34 lakh weaker section students on roll in these districts during 1997-2000 could be provided with free books. Apparently, there was no connection between the provision of funds and the requirement of funds to fulfill the goals.

The other flaw noticed was that the text books were not issued at the beginning of the academic session and their distribution was staggered upto the end of the academic sessions during 1997-98 to 1999-2000 in the districts test-checked.

(ii) Attendance allowance to nomadic tribes students

Attendance allowance to nomadic tribes students not paid on *daily* basis

Children from nomadic tribes were eligible for cash incentive of Re.1 per school day on *daily* basis for attending the school. Out of Rs 74 lakh sanctioned, Rs 20.97 lakh were allocated to the five districts test-checked during 1997-2000. In Karnal district, 687 eligible students (Indri Block:681 and Nilokheri Block:6) were not paid the nomadic tribes allowance during 1998-99. Of the total 4,420 nomadic students in 4* of the 5 selected districts, the attendance of 220 students was below 100 days, of another 1,058 students,

* Ambala, Gurgaon, Hisar and Karnal.

the attendance ranged between 101 and 150 days and of the another 1,617 students, it was between 151 to 200 days.

The incentive failed to ensure attendance as nomadic allowance was not paid on *dai*ly basis but given at the end of the year as lump sum payment when the sanction from the Government was received.

(iii) Free stationery and writing material

Free stationery and free uniforms to SC girls not provided to sufficient number of eligible beneficiaries

Cash incentive of Rs 10 per annum per student for purchase of stationery and writing materials was to be provided to students belonging to SC and weaker sections of the society.

Out of Rs 1.08 crore sanctioned during 1997-2000, Rs 33 ** lakh were allotted and drawn by concerned DPEOs in districts test-checked. However, only 62 *per cent* of 4.58 lakh SC and 10 *per cent* of 3.34 lakh weaker section students were given cash incentive during 1997-2000. Shortfall in coverage of SC and weaker section students, due to non-availability of funds, affected the objective of the scheme.

(iv) Free uniform to girl students

The scheme envisaged free supply of cloth for uniform to girl students belonging to SC and weaker section of the society. From 1994-95, cash incentive instead of supply of uniform at the rate of Rs 100 per girl student in class 1 to 2 and Rs 75 per girl student in class 3 to 5 for SC and class 1 to 5 for weaker section girl students was to be given.

The State Government sanctioned Rs 4.60 crore during 1997-98 to 1999-2000 of which Rs 1.40 crore were allotted to the DPEOs in five districts test-checked. It was noticed that in these districts, only 41 *per cent* of the total 3.75 lakh SC and weaker section girl students were given cash incentive during 1997-2000. Thus, 59 *per cent* of SC and weaker section girl students could not be provided cash incentive for uniform due to insufficient sanction of funds.

What emerges from the foregoing is that while a number of concessions for the welfare of children from SC and weaker sections were available on paper, the Government failed to provide matching funds to achieve the same.

Learning Achievement

3.1A.9 Pass percentage in class V

Examination of class V of primary education was conducted at district level. Scrutiny of the examination results of 2,541 schools of five districts test-

** 1997-98:Rs 12.75 lakh, 1998-99:Rs 12.75 lakh, 1999-2000:Rs 7.50 lakh.

checked revealed that average pass percentage of students ranged between 78 and 96 during 1997-2000. However, in 39 schools, result was zero *per cent* and in 304 schools it was below 50 *per cent*.

Further, comparison of result of Government schools with that of private schools revealed that the pass percentage of Government schools was always on the lower side by 2 to 16 *per cent* during 1997-98 to 1999-2000. It was further noticed that the pass percentage of Government schools was lower by 5 to 10 *per cent* in Gurgoan district whereas it was lower by 9 to 16 *per cent* in Karnal district. No reasons for low pass percentage were intimated by the department (August 2000).

3.1A.10 Literacy rate

The average female and male literacy percentage of the State as per 1991 census was 40.47 and 69.10 respectively. Of five districts test-checked, female literacy percentage was below average in Hisar (33.20) and Gurgaon (34.94) and male literacy percentage was below average in Hisar (64.87) and Karnal (67.02).

Test-check revealed that no survey had been conducted by the Education Department to ascertain the literacy rate after 1991 census and as such literacy rate for 1997-2000 was not available with the government.

3.1A.11 Internal Audit

There was no internal audit cell in the Primary Education Department. Thus, no internal audit was conducted during 1997-2000. Similarly, even though provided for, no annual inspection of schools by DPEO/BEO was carried out as required in audit of selected districts as detailed in paragraph 3.1A.16 below.

Manpower Management

3.1A.12 Sanctioned posts and actual strength

Against the sanctioned strength of 40,223, 40,249 and 40,257 JBT teachers/head teachers during 1997-98 to 1999-2000, actual strength was 37,639, 37,043 and 37,051 during the same period and 2,584 to 3,206 posts (6 to 8 *per cent*) remained vacant.

Till 1998-99, the Haryana Staff Selection Commission (HSSC) was required to conduct tests/interview, for appointment of teachers. However, no vacancies were intimated by the department to HSSC during 1998. During September/October 1999, the department decided to make recruitment of JBT teachers departmentally to expedite the recruitment and advertised 3,206 vacancies in November 1999. No recruitment of teachers was made so far. Reasons for delay in filling the vacant posts were not intimated (August 2000) by the DPE.

3.1A.13 Deployment of teachers beyond norms

Substantial number of JBTs were deployed in excess of norm in schools

(i) Rationalisation of posts of JBTs was required to be done as of 30 September every year on the basis of strength of students in each school as per norms laid down in the Education Code.

Records of schools of 5 districts test-checked revealed that in 328 schools, 539 teachers (involving salary expenditure of Rs 3.81 crore) during 1997-98, in 416 schools, 652 teachers (involving salary expenditure of Rs 5.18 crore) during 1998-99 and in 435 schools, 669 teachers (involving salary expenditure of Rs5.40 crore) during 1999-2000 were deployed over and above norms.

(ii) Underutilisation of teaching staff

As per norms prescribed in Haryana Education Code, one JBT for first 50 students was required in a primary school. Though student strength in 129, 122 and 145 schools in districts test-checked during 1997-98, 1998-99 and 1999-2000 was less than 50 students, two posts of JBT were sanctioned as per policy of the Government. As a result 221, 213 and 251 teachers remained deployed in these schools during 1997-98, 1998-99 and 1999-2000 respectively resulting in underutilisation of teaching staff. Further, student strength in 34 schools was very low and ranged between 6 and 29 only, even though two teachers were deployed in each school.

The reasons for non-rationalization, as required, were not intimated by the DPEOs (August 2000).

(iii) Diversion of teaching staff

In 5 districts test-checked, 42 teachers remained deployed in the offices of DPEOs/BEOs for period ranging from 1 to 36 months during 1997-2000. Reasons for diversion of teaching staff from schools to DPEOs/BEOs, which had adverse effect on the study of students, were not intimated by the concerned DPEOs/BEOs.

3.1A.14 In service training of JBTs

The State Action Programme, 1994, envisaged setting up of District Institutes of Education and Training (DIETs) to provide quality pre-service and in-service training to teachers. Twelve DIETs were functioning as of March 2000 in 19 districts of the State. DPE placed Rs 39.30 lakh at the disposal of SCERT, Gurgaon, for imparting in-service training to JBTs, etc. Out of this, Rs 15.94 lakh were not utilised by the SCERT till March 2000.

In four DIETs of districts test-checked, shortfall in conducting inservice training courses ranged between 25 and 85 *per cent* whereas 11 to 17 *per cent* JBTs did not attend the inservice training courses during 1997-2000.

Reasons for shortfall in conducting the courses and also in the number of participants were not intimated by the Director, SCERT.

3.1A.15 Annual inspection of schools by DPEOs/BEOs

There was 77 to 93 *per cent* shortfall in annual inspection of schools by BEOs

All block and district level officers were required to prepare their inspection plans in the beginning of each academic session. Block Education Officers were required to conduct annual inspections of all the primary schools under their charge.

In the five districts test-checked, no annual plan for inspection of schools was prepared by the BEOs/DPEOs.

Only DPEO, Rohtak conducted 200 inspections (39 in 1997-98; 92 in 1998-99 and 69 in 1999-2000) against the planned 290 inspections (80 in 1997-98, 110 in 1998-99 and 100 in 1999-2000) resulting in 31 *per cent* shortfall. Other four DPEOs did not conduct any annual inspection of schools.

Against the requirement of conducting 2,435 to 2,468 annual inspections of schools by 35 BEO's every year during 1997-98 to 1999-2000, actual annual inspections conducted were between 173 and 574 every year indicating a shortfall of 77 to 93 *per cent*.

Director and the State Government failed to ensure that annual inspections of schools were planned and conducted by the BEOs/DPEOs.

3.1A.16 Outstanding inspection reports

In respect of inspection reports (IRs) issued after audit of various DDOs of Primary Education Department, action was pending for 607 paragraphs involving money value of Rs 9.12 crore contained in 218 IRs issued upto March 2000.

Of these 218 IRs, even the first replies to 48 IRs (issued from April 1997 to December 1999 containing 185 paragraphs) were not received in audit from 48 DDOs (as of March 2000).

Important irregularities commented upon in these inspection reports fall under following categories:

Sr. No.	Nature of irregularities	Number of IRs	Number of Paragraphs	Amount (Rupees in lakh)
1.	Irregular payment of personal claims	63	227	62.25
2.	Wanting actual payee's receipt	48	68	481.09
3.	Irregular expenditure on purchases	30	37	11.65
4.	Irregular drawal of funds	20	26	133.14
5.	Excess expenditure over budget allotment	6	6	73.61
6.	Other miscellaneous irregularities	51	243	150.17
	Total	**218**	**607**	**911.91**

3.1A.17 Monitoring and evaluation

Annual and half-yearly information regarding enrolment of students of different categories, areas and streams, staff vacancy position of JBT teachers, etc. prescribed by the department were sent by DPEOs/BEOs to the DPE during 1997-98 to 1999-2000. However, no follow-up action on such returns for improving the enrolment of students, their pass percentage, etc. was initiated by the DPE except incorporating the statistical information in Annual Administrative Reports of the department.

Further, to evaluate the programme of primary education on teaching/learning process, a committee was to be constituted by the department in the State Council of Education Research and Training (SCERT), Gurgaon. No such evaluation committee was, however, formed as of August 2000.

3.1A.18 Conclusion

To achieve the goal of universalisation of primary education by the end of IX FYP, department increased target of enrolment of students every year during 1997-2000, but actual enrolment of students declined by 15 *per cent* during 1999-2000.

Against the target of opening of 1000 new Government Primary Schools during IX FYP, only 21 new schools were opened during 1997-2000. Significant number of Government Primary schools in districts test-checked lacked infrastructural facilities such as proper buildings, water, toilets and electricity. There was no plan of Government to improve the condition of these schools.

Although the department aimed at reducing the dropout rate of students below 10 *per cent* by the end of ninth five year plan (1997-2002), the actual dropout rate increased during 1997-2000. Consequently, more number of children in the age group of 6 to 11 years were being deprived of primary education. Due to decrease in enrolment and increase in dropout rate during 1997-2000, the retention of students decreased from 92 *per cent* in 1997-98 to 82 *per cent* in 1999-2000. In view of the declining trend in retention of students the objects of the scheme suffered.

These points were referred to Government in May 2000; their reply had not been received (August 2000).

3.1B District Primary Education Programme

Highlights

District Primary Education Programme was implemented in 7 educationally backward districts with main objective to reduce overall dropout rate for students to less than 10 per cent and to provide access for all children to primary schooling or its equivalent non-formal education. There was shortfall in enrolment of eligible children between 12 and 20 per cent. Enrolment capacity of schools in comparison to population of eligible children for primary education was short by 19 to 25 per cent, over all dropout rate was much above 10 per cent and dropout rate among SC students increased every year during 1997-2000 and was higher than that of non-SC students. Important audit findings are as under:

Against the norms of 6 *per cent* of the total expenditure of the programme for 'Management Cost,' actual expenditure was 16 *per cent* leading to extra expenditure of Rs 9.40 crore on this component.

(Paragraph 3.1B.7)

Capacity of schools in comparison to population of children eligible for primary education decreased from 81 *per cent* in 1995-96 to 75 *per cent* in 1999-2000 in districts test-checked.

(Paragraph 3.1B.8 (ii) (b))

Dropout rate was much above the targeted rate of less than 10 *per cent* and ranged between 12 and 38 *per cent* during 1996-97 to 1999-2000 in two districts test-checked.

In these districts again, dropout rate of SC and non-SC students had continuously increased from 20.83 *per cent* in 1997-98 to 44.56 *per cent* during 1999-2000 for SC students and from 7.22 *per cent* in 1997-98 to 14.32 *per cent* during 1999-2000 for non-SC students.

(Paragraph 3.1B.8(iv)(a))

Difference in dropout rate among SC and non-SC students ranged between 13.61 *per cent* and 30.24 *per cent* during 1997-2000 in districts test-checked which was much higher than the target difference of less than 5 *per cent.*

(Paragraph 3.1B.8 (iv)(b))

Though SC students and non-SC girl students were to be provided books free of cost, 93 *per cent* of the SC students and 40 *per cent* of the non-SC girl students were not so provided during 1995-99 in the districts test-checked.

(Paragraph 3.1B.8 (vi))

13 works (valued at Rs 3.85 crore) were allotted on single bidding during 1996-2000. Because of this, 3 works were got executed at higher rates resulting in extra expenditure of Rs 22.80 lakh.

(Paragraph 3.1B.9 (iii))

During 1998-99 and 1999-2000, against 543 existing Cluster Resource Centres (CRCs), 293 CRCs in 1998-99 and 92 CRCs in 1999-2000 were without cluster teachers.

(Paragraph 3.1B.10)

3.1B.1 Introduction

District Primary Education Programme (DPEP) was launched by Government of India as a Centrally sponsored scheme in 1994 to revitalise the primary education system for achieving the objective of universalisation of primary education. The programme envisaged an 'area-specific' approach with district as the unit of planning and aimed at covering, in a phased manner, the educationally backward districts where female literacy was below the national average of 39.29 *per cent*.

In Haryana, the DPEP initially covered 4 districts (Hisar, Jind, Kaithal and Sirsa) but in 1996 the programme was extended to 3 additional districts (Bhiwani, Gurgaon and Mohindergarh).

3.1B.2 Objectives

Main objectives of DPEP were:

- To reduce differences in enrolment, dropout and learning achievements among gender and social groups to less than 5 *per cent*;
- To reduce over all primary dropout rates for all students to less than 10 *per cent*;
- To raise average achievement levels by at least 25 *per cent* over measured baseline levels by ensuring achievements of basic literacy and numeracy competencies and a minimum of 40 *per cent* achievement level in other competencies by all primary school children;
- To provide access for all children to primary schooling or its equivalent non-formal education; and
- To provide free and compulsory education of satisfactory quality to all children upto 14 years of age before the start of 21st Century.

3.1B.3 Organisational set up

Financial Commissioner and Secretary, Education department Haryana, is responsible for the monitoring, evaluation and other policy matters relating to the programme. *Haryana Prathmik Shiksha Pariyojna Parishad* (HPSPP) with 27 members and Chief Minister as the President was set up in March 1994 and registered under Societies Registration Act to implement the programme.

The State Government constituted (July 1994) an Executive Committee to HPSPP of 19 members with Chief Secretary, Government of Haryana as its Chairman and the Director, Primary Education (State Project Director, DPEP) as its member Secretary to exercise control over the management of all the affairs and funds of HPSPP and had all administrative, financial and academic authority including powers to create posts and make appointments.

At district level, District Project Co-ordinators were to implement, monitor and evaluate the implementation of the programme. There were 53 Block Resource Centres (BRCs) (Phase- I: 28 and Phase-II:25) to provide training to teachers, prepare teaching/learning material, distribute text books, etc. Besides, 543 Cluster Resource Centres (CRCs) (Phase-I: 266 and Phase-II: 277) were functioning in the project districts as of March 2000 to monitor school activities.

District Education Project Committee headed by the Additional Deputy Commissioner was responsible for monitoring the implementation of the project.

3.1B.4 Audit coverage

Records relating to the implementation of the programme during 1994-95 to 1999-2000 were test-checked between October 1999 and April 2000 in the offices of the State Project Director, DPEP and 4* District Project Co-ordinators (Phase-I: 3 and Phase-II : 1) out of 7 districts where the programme was in operation to review the impact of its performance in the project area i.e. the districts which were educationally backward and had low female literacy. Important points noticed during audit are discussed in the succeeding paragraphs.

The services of the ORG centre for social research, a division of ORG-MARG Research Limited was commissioned by the Comptroller and Auditor General of India with a view to obtaining the beneficiary perception of the programme and related matters. The ORG-MARG carried out survey over a sample, determined on the basis of District Development Profile on Primary Education, Socio-economic compositions, incidence of school dropouts, etc. Findings of the survey on matters discussed in the report have been included in this review at appropriate places.

3.1B.5 Funding pattern

The programme cost is shared between Government of India (GOI) and the State Government in the ratio of 85:15 and is resourced through World Bank assistance. The expenditure on the implementation of the programme is initially met by GOI/State Government and re-imbursed subsequently by the World Bank for which re-imbursement claims are lodged by the State Project Director, DPEP to GOI. GOI and the State Government release their respective share of funds as grant-in-aid in favour of the Member Secretary, (who is also the State Project Director, DPEP) who allocates funds to the District Project Co-ordinators as per their approved annual work plans.

The programme for Haryana State was initially approved by GOI for Rs 174.56 crore (Phase -I: Rs 114.95 crore and Phase-II: Rs 59.61 crore). Actual expenditure upto the end of 1999-2000 was Rs 95.90 crore (Phase -I: Rs 75.75 crore and Phase-II: Rs 20.15 crore).

3.1B.6 Programme components and release of funds and expenditure

The GOI /State Government released respective share of funds without indicating component-wise allocation. Based on Annual Work Plans, the State Project Director, made allocation for each component.

* DPEP- Phase-I : Hisar, Jind and Sirsa, DPEP- Phase-II: Mohindergarh.

GOI/State Government released Rs 103.06 crore under DPEP-I and II during 1994-2000 against which allocation made in the annual work plans and expenditure incurred under each component during 1994-2000 was as under :

Sr. No.	Name of the component	Allocation	Expenditure
		(Rupees in crore)	
i.	Construction of class rooms and new school	53.19	37.47
ii.	Opening of the non-formal/alternative schooling centres	3.30	1.95
iii	Appointment of new teachers	Not available	0.09
iv.	Setting up of early childhood education centres	2.76	0.50
v.	Strengthening of State Councils of educational research and training (SCERTs)/ district institutes of educational training (DIETs)	4.86	3.02 1.31
vi.	Setting of block resource centres/ cluster resource centres	27.99	9.33 21.29
vii.	Development of teachers learning material	Not available	0.004
viii.	Teachers training	0.85	0.26
ix.	Research based interventions	Not available	0.24
x.	Special intervention for education of girl/schedule caste/ST, etc.	Not available	4.32
xi.	Integrated education to the disabled children	1.47	0.11
xii.	Distance education training	1.18	0.11
xiii.	Other miscellaneous activities	23.85	15.90
	Total	**119.45**	**95.90**

Of the total expenditure of Rs 95.90 crore, Rs 37.47 crore (39 *per cent*) were on civil works, Rs 34.47 crore (36 *per cent*) on salaries of staff, Rs 10.44 crore (11 *per cent*) on equipment, books and furniture and Rs 13.52 crore (14 *per cent*) on consultant services/training.

3.1B.7 Management cost in excess of norms

Management cost on Phase-I and Phase-II during 1994-95 to 1999-2000 was Rs 15.15 crore (16 *per cent*) out of an expenditure of Rs 95.90 crore which was in excess of the norm of 6 *per cent* and resulted in excess expenditure of Rs 9.40 crore on this account.

3.1B.8 Programme management

(i) Programme implementing units

District Project Co-ordinator heading the District Project Implementing Units (DPIUs) in all the districts of the Project were to implement, monitor and evaluate the implementation of the programme in the district and give necessary feedback to the State level project implementation unit.

(ii) Access to primary education

The programme aimed at providing access to every eligible children (age group 6 to 11 years) for universalisation of primary education. This objective was not achieved as discussed below:

Enrolment of eligible children

(a) Analysis of enrolment figures of 4 districts[8] (Appendices XIII and XIV) revealed that enrolment of girls in comparison to boys increased every year during 1996-97 to 1999-2000. Enrolment of SC students was less than the enrolment of non-SC students during 1995-96 to 1997-98. However, during 1998-99 and 1999-2000, enrolment of SC students was more in comparison to non-SC students. All the eligible children in the age group of 6-11 years could not be enrolled for primary education and thus the objective of providing access to all the children leading to universalisation of primary education by 2000 AD could not be achieved.

(b) One of the main objetives of the scheme was to provide access for all children to primary schooling or its equivalent non-formal education.

In the districts test-checked, position of population of children eligible for primary education, schooling capacity and enrolment of children was as under:

	Number of children eligible for Primary Education	Capacity of schools regarding enrolment	Percentage of capacity of schools to eligible children	Number of children enrolled	Percentage of children enrolled to eligible children
	(Figures in lakh)				
1995-96	4.50	3.65	81	3.58	80
1996-97	4.80	3.69	77	4.09	85
1997-98	6.23	4.75	76	5.41	87
1998-99	6.28	4.79	76	5.53	88
1999-2000	6.84	5.15	75	5.55	81

Though the targets for providing additional infrastructure and facilities for primary schools was reportedly achieved in districts test-checked, the intake capacity of schools in these districts was short of requirement. As was evident from the table above, capacity of primary schools for intake in districts test-checked was 75-81 *per cent* of population of eligible children for primary education, and also declined by 6 *per cent* during 1995-96 to 1999-2000.

8 Jind, Hisar, Mohindergarh and Sirsa.

Further during these years, enrolment of children was less than the population of children eligible for primary education and ranged between 80 and 88 *per cent*.

(iii) Non-Formal Education Centres

The Project provided for opening of the Non-Formal Education (NFE) Centres for schooling facilities to working children, migrant children, school dropout and those who could not have an access to school and were in the age group of 9-14 years. Though the scheme was launched during 1996-97, no target of opening of NFE Centres was fixed by the State Project Director, HPSPP.

During 1998-99 and 1999-2000, 550 NFE Centres were opened. While 11,000 (20 students *per centre* on average) students were to be covered in these centres, only 5,142 students were covered thereagainst. The District Project Co-ordinators failed to involve Village Education Committees for mobilization/motivation of children for attending the centres.

ORG-MARG survey pointed out that though access to formal schools was good, access to alternative schooling i.e. NFE was low (4 *per cent*).

(iv) Retention of students in schools

Dropout rate among primary students ranged between 12 and 38 *per cent*

(a) Programme objective was to reduce the overall dropout rate to less than 10 *per cent*. However, in districts test-checked, it ranged between 12 and 38 *per cent* during 1996-97 to 1999-2000 except for Jind (9 *per cent*), Hisar (5 *per cent*) in 1997-98.

SC dropout rate increased successively from 20.83 *per cent* in 1997-98 to 44.56 *per cent* in 1999-2000

The dropout rate had a upward trend and increased substantially from 20.83 *per cent* in 1997-98 to 44.56 *per cent* in 1999-2000 for SC students and from 7.22 *per cent* in 1997-98 to 14.32 *per cent* in 1999-2000 for non-SC students in the districts test-checked. Thus, one of the main objective of the programme was not achieved.

ORG-MARG survey found that one-fourth of the students enrolled continued to dropout. The dropout among SC students was above the overall average (30 *per cent*). About two-third of dropouts occurred in class I to III.

(b) The scheme also aimed to reduce the difference in dropout rate among gender and social groups to less than 5 *per cent*. In the districts test-checked, SC dropout rate increased successively every year from 20.83 *per cent* in 1997-98 to 44.56 *per cent* in 1999-2000 and was much higher as compared to 7.22 to 14.32 *per cent* for non-SC students. Thus, the difference in dropout rate among SC and non-SC students ranged between 13.61 and 30.24 *per cent* during 1997-2000. Year wise analysis revealed that in Jind district, the drop-out rate among SC students increasing every year from 33 *per cent* in 1997-98 to 42 *per cent* in 1999-2000 and was higher than the dropout rate of 1 to 3 *per cent* (except 26 *per cent* in 1998-99) for non-SC students during the same period.

In Sirsa district, dropout rate among SC students in 1997-98 was 26 *per cent* but had a steep rise in 1998-99 and increased to 46 *per cent*. However, the dropout rate declined marginally in 1999-2000 to 44 *per cent* and was higher than the non-SC dropout rate of 18 to 33 *per cent* during 1997-2000.

Thus, the difference in dropout rate among SC and non-SC students was much above the targeted difference of less than 5 *per cent*.

(v) Learning achievement

Another aim of the programme was to raise average achievement levels by atleast 25 *per cent* over measured baseline levels by ensuring achievements of basic literacy and numeracy competencies.

In districts test-checked, average achievement of class V students in language and mathematics as per Base Line Survey (1993-94) was between 20 and 22 *per cent*; 14 and 16 *per cent* respectively and as per Mid Term Survey (1997-98) was between 38 and 47 *per cent*; 40 and 61 *per cent* respectively showing an overall improvement in learning achievement.

(vi) Free distribution of books

The programme provides the distribution of free books to SC students (both boys and girls) and non-SC girl students in project districts. Scrutiny of records in the 4 districts test-checked revealed that out of 5.44 lakh SC students and 5.49 lakh non-SC girl students during 1995-99; 5.05 lakh SC students (93 *per cent*) and 2.18 lakh non-SC girl students (40 *per cent*) were not provided books free of cost. Thus, this component was practically a non-starter.

3.1B.9 Civil works

(i) Construction/repair works of school buildings

Civil construction works under DPEP Phase-I and Phase-II were taken up by three agencies viz the Engineering Cell of DPEP, *Panchayati Raj* Divisions and Village Construction Committees (VCCs). The works executed by *Panchayati Raj* Divisions and VCCs were co-ordinated by the District Project Co-ordiantors in the districts. During 1994-1995 to 1999-2000, Rs 37.47 crore were spent on civil works (DPEP-I : Rs 30.79 crore and DPEP-II: Rs 6.68

crore). The position of civil works was as detailed below:

Sr. No.	Type of work	Total number to be constructed	Completed upto March 2000	In progress	Not yet started
1.	New School Buildings	182	125	12	45
2.	Additional one class room	630	321	129	180
3.	Additional two class rooms	275	220	32	23
4.	Additional three class rooms	17	15	-	2
5.	Toilets	3,689	2,332	596	761
6.	Hand pumps and water tanks	1,627	884	287	456
7.	Block resource centres	53	28	14	11
8.	Cluster room centres	544	304	157	83
9.	Computer rooms	3	2	NIL	1
10.	Boundary wall	486	298	54	134
11.	Existing running school buildings	105	42	22	41
12.	Repairs of existing school buildings	1,715	545	69	1,101
13.	State Institute of Education and Management (SIEMT)	1	NIL	1	NIL
14.	Diet Auditorium and Hall	1	NIL	NIL	1
15.	Matching grant additional single room	60	Nil	Nil	60
	Total	**9,388**	**5,116**	**1,373**	**2,899**

The State Project Director stated (July 2000) that the delay in completion of works relating to phase II was due to late approval (September 1998) of drawings of buildings by Government of India. The reply was not tenable as the works were not completed even after lapse of more than one and half year after the approval of drawings.

Scrutiny revealed that the programme of construction was slow and consequently the capacity of enrolment did not increase as shown below:

District	New school buildings		Additional class room		Toilets		Hand pumps	
	Target	Completed (March 2000)	Target	Completed (March 2000)	Target	Completed (March 2000)	Target	Completed (March 2000)
Bhiwani	12	Nil	214	53	600	239	Nil	Nil
Gurgaon	20	Nil	120	44	650	442	160	Nil
Mohindergarh	5	Nil	104	35	500	101	403	Nil

Due to non-completion of new school buildings and shortfall in providing additional 'one' class room and other facilities as indicated in the above table, enrolment capacity did not increase and remained 34 to 39 *per cent* in Bhiwani district, 57 to 65 *per cent* in Gurgaon district and 82 to 94 *per cent* for Mohindergarh district during 1997-2000.

ORG-MARG survey indicated that provision for separate toilets for boys and girls were not available in 41 *per cent* of the sample schools. Drinking water was available in 80 *per cent* of the sample schools.

(ii) Expenditure incurred in excess of prescribed cost norms

State Project Director, Haryana *Prathmik Shiksha Pariyojna Parishad*, fixed norms for construction of double room at Rs 2.24 lakh. It was, however, noticed that the District Project Co-ordinator, Hisar spent Rs 3.51 crore on construction of 141 double rooms. Thus, each double room cost Rs 2.49 lakh with a total expenditure of Rs 3.51 crore.

(iii) Allotment of works on single bids

Civil Works Manual of DPEP provided that bidding for the expenditure of works was to be called through advertisement in national newspapers and the contract was to be awarded to the bidder whose bid had been determined to be substantially responsive to the bidding documents and who had offered the lowest evaluated bid price. Contrary to this, the State Project Director, *Haryana Prathmik Shiksha Pariyojna Parishad*, Chandigarh allotted 13 works for Rs 3.85 crore on the basis of single bidding instead of re-tendering the works.

Further, three contract agreements, the tenders for which were called for in July 1996 and single tender was received in each case, were allotted to the contracts at 47.97 *per cent*, 57.21 *per cent* and 57.45 *per cent* above DTR. In respect of contract agreement for similar works in the same district, works were awarded at 30.93 *per cent* on average above DTRs around the same period. Thus, the works allotted on single bidding were much on higher side. This resulted in extra expenditure of Rs 22.80 lakh in 3 contracts.

Thus, accepting the rate of single bidder was not competitive and was against the prescribed method of local competitive bidding.

(iv) Non-submission of works expenditure accounts by village construction committees

District Project Co-ordinator was required to watch the progress of expenditure against the funds allocated to VCCs/*Panchyati Raj* divisions for construction of civil works. District Project Co-ordinator of Jind, Mohindergarh and Sirsa released Rs 1.03 crore to 260 VCCs for construction of additional class rooms/boundary walls/pumps/toilets, etc during 1995-96 to 1999-2000. Of these, 240 VCCs had not rendered expenditure accounts for Rs 94.54 lakh as of March 2000. The Project Director, HPSPP replied (July 2000) that Rs 48.42 lakh pertaining to 131 VCCs had been adjusted after receipt of detailed accounts/UCs and the balance amount would be adjusted after reconciliation with the concerned VCCs.

3.1B.10 Appointment of teachers/instructors/staff

Against 543 CRCs existing in 1998-99 and 1999-2000, 293 CRCs in 1998-99 and 92 CRCs in 1999-2000 were without cluster teachers, thus, affecting the implementation of project activities at grass root level in these centres. The State Project Director replied (February 2000) that the Education Department did not provide the required number of teachers.

ORG-MARG survey pointed out that in more than half of the schools, all the sanctioned posts had not been filled. Higher percentage of female posts were lying vacant (46 *per cent*), as compared to male posts (26 *per cent*).

3.1B.11 Training

Training under the programme was provided at the State Council of Education, Research and Training, Gurgaon (SCERT) and by District Institute of Education and Training (DIETs) in the districts. Besides, Block Resource Centres were set up to serve as the extension units of the DIETs by catering to the inservice training needs of the teachers, head teachers, NFE Instructors, etc. working in the respective block area.

At the initial stage, SCERT decided to provide training in the language subject of Hindi to all the teachers, head teachers, BRC and CRC staff. Shortfall in training was to the extent indicated below:

Category of functionaries		Number of persons		Shortfall and its percentage
		(i) planned to be trained	(ii) actually trained	
(i)	Master trainers/Resource persons	1,166	922	244 (25)
(ii)	BRC/CRC staff	2,316	1,817	499 (22)
(iii)	Teachers	58,297	47,654	10,643 (10)
(iv)	Headmasters	5,896	5,077	819 (14)
(v)	NFE Instructors	948	441	507 (53)
(vi)	ECE Instructors	15,838	9,409	6,429 (41)
(vii)	VEC/NGO members	38,273	25,344	12,929 (34)

Shortfall in the categories of NFE instructors, ECE instructors and VEC/NGO members was substantial i.e. 53 *per cent*, 41 *per cent* and 34 *per cent* respectively during 1994-95 to 1999-2000. Thus, due attention towards training programme was not given under the project.

The State Project Director, attributed the shortfall in training to delay in developing package for the training by the State Project Office, non-sanction of centres, etc. The reply was not tenable as these shortcomings were required to be attended to.

3.1B.4 Audit coverage

Records relating to the implementation of the programme during 1994-95 to 1999-2000 were test-checked between October 1999 and April 2000 in the offices of the State Project Director, DPEP and 4* District Project Co-ordinators (Phase-I: 3 and Phase-II : 1) out of 7 districts where the programme was in operation to review the impact of its performance in the project area i.e. the districts which were educationally backward and had low female literacy. Important points noticed during audit are discussed in the succeeding paragraphs.

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The programme for Haryana State was initially approved by GOI for Rs 174.56 crore (Phase -I: Rs 114.95 crore and Phase-II: Rs 59.61 crore). Actual expenditure upto the end of 1999-2000 was Rs 95.90 crore (Phase -I: Rs 75.75 crore and Phase-II: Rs 20.15 crore).

3.1B.6 Programme components and release of funds and expenditure

The GOI /State Government released respective share of funds without indicating component-wise allocation. Based on Annual Work Plans, the State Project Director, made allocation for each component.

* DPEP- Phase-I : Hisar, Jind and Sirsa, DPEP- Phase-II: Mohindergarh.

GOI/State Government released Rs 103.06 crore under DPEP-I and II during 1994-2000 against which allocation made in the annual work plans and expenditure incurred under each component during 1994-2000 was as under :

Sr. No.	Name of the component	Allocation	Expenditure
		(Rupees in crore)	
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ii.	Opening of the non-formal/alternative schooling centres	3.30	1.95
iii	Appointment of new teachers	Not available	0.09
iv.	Setting up of early childhood education centres	2.76	0.50
v.	Strengthening of State Councils of educational research and training (SCERTs)/ district institutes of educational training (DIETs)	4.86	3.02 1.31
vi.	Setting of block resource centres/ cluster resource centres	27.99	9.33 21.29
vii.	Development of teachers learning material	Not available	0.004
viii.	Teachers training	0.85	0.26
ix.	Research based interventions	Not available	0.24
x.	Special intervention for education of girl/schedule caste/ST, etc.	Not available	4.32
xi.	Integrated education to the disabled children	1.47	0.11
xii.	Distance education training	1.18	0.11
xiii.	Other miscellaneous activities	23.85	15.90
	Total	**119.45**	**95.90**

Of the total expenditure of Rs 95.90 crore, Rs 37.47 crore (39 *per cent*) were on civil works, Rs 34.47 crore (36 *per cent*) on salaries of staff, Rs 10.44 crore (11 *per cent*) on equipment, books and furniture and Rs 13.52 crore (14 *per cent*) on consultant services/training.

3.1B.7 Management cost in excess of norms

Management cost on Phase-I and Phase-II during 1994-95 to 1999-2000 was Rs 15.15 crore (16 *per cent*) out of an expenditure of Rs 95.90 crore which was in excess of the norm of 6 *per cent* and resulted in excess expenditure of Rs 9.40 crore on this account.

3.1B.8 Programme management

(i) Programme implementing units

District Project Co-ordinator heading the District Project Implementing Units (DPIUs) in all the districts of the Project were to implement, monitor and evaluate the implementation of the programme in the district and give necessary feedback to the State level project implementation unit.

(ii) Access to primary education

The programme aimed at providing access to every eligible children (age group 6 to 11 years) for universalisation of primary education. This objective was not achieved as discussed below:

Enrolment of eligible children

(a) Analysis of enrolment figures of 4 districts[8] (Appendices XIII and XIV) revealed that enrolment of girls in comparison to boys increased every year during 1996-97 to 1999-2000. Enrolment of SC students was less than the enrolment of non-SC students during 1995-96 to 1997-98. However, during 1998-99 and 1999-2000, enrolment of SC students was more in comparison to non-SC students. All the eligible children in the age group of 6-11 years could not be enrolled for primary education and thus the objective of providing access to all the children leading to universalisation of primary education by 2000 AD could not be achieved.

(b) One of the main objetives of the scheme was to provide access for all children to primary schooling or its equivalent non-formal education.

In the districts test-checked, position of population of children eligible for primary education, schooling capacity and enrolment of children was as under:

	Number of children eligible for Primary Education	Capacity of schools regarding enrolment	Percentage of capacity of schools to eligible children	Number of children enrolled	Percentage of children enrolled to eligible children
	(Figures in lakh)				
1995-96	4.50	3.65	81	3.58	80
1996-97	4.80	3.69	77	4.09	85
1997-98	6.23	4.75	76	5.41	87
1998-99	6.28	4.79	76	5.53	88
1999-2000	6.84	5.15	75	5.55	81

Though the targets for providing additional infrastructure and facilities for primary schools was reportedly achieved in districts test-checked, the intake capacity of schools in these districts was short of requirement. As was evident from the table above, capacity of primary schools for intake in districts test-checked was 75-81 *per cent* of population of eligible children for primary education, and also declined by 6 *per cent* during 1995-96 to 1999-2000.

[8] Jind, Hisar, Mohindergarh and Sirsa.

Further during these years, enrolment of children was less than the population of children eligible for primary education and ranged between 80 and 88 *per cent*.

(iii) Non-Formal Education Centres

The Project provided for opening of the Non-Formal Education (NFE) Centres for schooling facilities to working children, migrant children, school dropout and those who could not have an access to school and were in the age group of 9-14 years. Though the scheme was launched during 1996-97, no target of opening of NFE Centres was fixed by the State Project Director, HPSPP.

During 1998-99 and 1999-2000, 550 NFE Centres were opened. While 11,000 (20 students *per centre* on average) students were to be covered in these centres, only 5,142 students were covered thereagainst. The District Project Co-ordinators failed to involve Village Education Committees for mobilization/motivation of children for attending the centres.

ORG-MARG survey pointed out that though access to formal schools was good, access to alternative schooling i.e. NFE was low (4 *per cent*).

(iv) Retention of students in schools

Dropout rate among primary students ranged between 12 and 38 *per cent*

(a) Programme objective was to reduce the overall dropout rate to less than 10 *per cent*. However, in districts test-checked, it ranged between 12 and 38 *per cent* during 1996-97 to 1999-2000 except for Jind (9 *per cent*), Hisar (5 *per cent*) in 1997-98.

SC dropout rate increased successively from 20.83 *per cent* in 1997-98 to 44.56 *per cent* in 1999-2000

The dropout rate had a upward trend and increased substantially from 20.83 *per cent* in 1997-98 to 44.56 *per cent* in 1999-2000 for SC students and from 7.22 *per cent* in 1997-98 to 14.32 *per cent* in 1999-2000 for non-SC students in the districts test-checked. Thus, one of the main objective of the programme was not achieved.

ORG-MARG survey found that one-fourth of the students enrolled continued to dropout. The dropout among SC students was above the overall average (30 *per cent*). About two-third of dropouts occurred in class I to III.

(b) The scheme also aimed to reduce the difference in dropout rate among gender and social groups to less than 5 *per cent*. In the districts test-checked, SC dropout rate increased successively every year from 20.83 *per cent* in 1997-98 to 44.56 *per cent* in 1999-2000 and was much higher as compared to 7.22 to 14.32 *per cent* for non-SC students. Thus, the difference in dropout rate among SC and non-SC students ranged between 13.61 and 30.24 *per cent* during 1997-2000. Year wise analysis revealed that in Jind district, the drop-out rate among SC students increasing every year from 33 *per cent* in 1997-98 to 42 *per cent* in 1999-2000 and was higher than the dropout rate of 1 to 3 *per cent* (except 26 *per cent* in 1998-99) for non-SC students during the same period.

In Sirsa district, dropout rate among SC students in 1997-98 was 26 *per cent* but had a steep rise in 1998-99 and increased to 46 *per cent*. However, the dropout rate declined marginally in 1999-2000 to 44 *per cent* and was higher than the non-SC dropout rate of 18 to 33 *per cent* during 1997-2000.

Thus, the difference in dropout rate among SC and non-SC students was much above the targeted difference of less than 5 *per cent*.

(v) Learning achievement

Another aim of the programme was to raise average achievement levels by atleast 25 *per cent* over measured baseline levels by ensuring achievements of basic literacy and numeracy competencies.

In districts test-checked, average achievement of class V students in language and mathematics as per Base Line Survey (1993-94) was between 20 and 22 *per cent*; 14 and 16 *per cent* respectively and as per Mid Term Survey (1997-98) was between 38 and 47 *per cent*; 40 and 61 *per cent* respectively showing an overall improvement in learning achievement.

(vi) Free distribution of books

The programme provides the distribution of free books to SC students (both boys and girls) and non-SC girl students in project districts. Scrutiny of records in the 4 districts test-checked revealed that out of 5.44 lakh SC students and 5.49 lakh non-SC girl students during 1995-99, 5.05 lakh SC students (93 *per cent*) and 2.18 lakh non-SC girl students (40 *per cent*) were not provided books free of cost. Thus, this component was practically a non-starter.

3.1B.9 Civil works

(i) Construction/repair works of school buildings

Civil construction works under DPEP Phase-I and Phase-II were taken up by three agencies viz the Engineering Cell of DPEP, *Panchayati Raj* Divisions and Village Construction Committees (VCCs). The works executed by *Panchayati Raj* Divisions and VCCs were co-ordinated by the District Project Co-ordiantors in the districts. During 1994-1995 to 1999-2000, Rs 37.47 crore were spent on civil works (DPEP-I : Rs 30.79 crore and DPEP-II: Rs 6.68

crore). The position of civil works was as detailed below:

Sr. No.	Type of work	Total number to be constructed	Completed upto March 2000	In progress	Not yet started
1.	New School Buildings	182	125	12	45
2.	Additional one class room	630	321	129	180
3.	Additional two class rooms	275	220	32	23
4.	Additional three class rooms	17	15	-	2
5.	Toilets	3,689	2,332	596	761
6.	Hand pumps and water tanks	1,627	884	287	456
7.	Block resource centres	53	28	14	11
8.	Cluster room centres	544	304	157	83
9.	Computer rooms	3	2	NIL	1
10.	Boundary wall	486	298	54	134
11.	Existing running school buildings	105	42	22	41
12.	Repairs of existing school buildings	1,715	545	69	1,101
13.	State Institute of Education and Management (SIEMT)	1	NIL	1	NIL
14.	Diet Auditorium and Hall	1	NIL	NIL	1
15.	Matching grant additional single room	60	Nil	Nil	60
	Total	**9,388**	**5,116**	**1,373**	**2,899**

The State Project Director stated (July 2000) that the delay in completion of works relating to phase II was due to late approval (September 1998) of drawings of buildings by Government of India. The reply was not tenable as the works were not completed even after lapse of more than one and half year after the approval of drawings.

Scrutiny revealed that the programme of construction was slow and consequently the capacity of enrolment did not increase as shown below:

District	New school buildings		Additional class room		Toilets		Hand pumps	
	Target	Completed (March 2000)	Target	Completed (March 2000)	Target	Completed (March 2000)	Target	Completed (March 2000)
Bhiwani	12	Nil	214	53	600	239	Nil	Nil
Gurgaon	20	Nil	120	44	650	442	160	Nil
Mohind-ergarh	5	Nil	104	35	500	101	403	Nil

Due to non-completion of new school buildings and shortfall in providing additional 'one' class room and other facilities as indicated in the above table, enrolment capacity did not increase and remained 34 to 39 *per cent* in Bhiwani district, 57 to 65 *per cent* in Gurgaon district and 82 to 94 *per cent* for Mohindergarh district during 1997-2000.

ORG-MARG survey indicated that provision for separate toilets for boys and girls were not available in 41 *per cent* of the sample schools. Drinking water was available in 80 *per cent* of the sample schools.

(ii) Expenditure incurred in excess of prescribed cost norms

State Project Director, Haryana *Prathmik Shiksha Pariyojna Parishad*, fixed norms for construction of double room at Rs 2.24 lakh. It was, however, noticed that the District Project Co-ordinator, Hisar spent Rs 3.51 crore on construction of 141 double rooms. Thus, each double room cost Rs 2.49 lakh with a total expenditure of Rs 3.51 crore.

(iii) Allotment of works on single bids

Civil Works Manual of DPEP provided that bidding for the expenditure of works was to be called through advertisement in national newspapers and the contract was to be awarded to the bidder whose bid had been determined to be substantially responsive to the bidding documents and who had offered the lowest evaluated bid price. Contrary to this, the State Project Director, *Haryana Prathmik Shiksha Pariyojna Parishad*, Chandigarh allotted 13 works for Rs 3.85 crore on the basis of single bidding instead of re-tendering the works.

Further, three contract agreements, the tenders for which were called for in July 1996 and single tender was received in each case, were allotted to the contracts at 47.97 *per cent*, 57.21 *per cent* and 57.45 *per cent* above DTR. In respect of contract agreement for similar works in the same district, works were awarded at 30.93 *per cent* on average above DTRs around the same period. Thus, the works allotted on single bidding were much on higher side. This resulted in extra expenditure of Rs 22.80 lakh in 3 contracts.

Thus, accepting the rate of single bidder was not competitive and was against the prescribed method of local competitive bidding.

(iv) Non-submission of works expenditure accounts by village construction committees

District Project Co-ordinator was required to watch the progress of expenditure against the funds allocated to VCCs/*Panchyati Raj* divisions for construction of civil works. District Project Co-ordinator of Jind, Mohindergarh and Sirsa released Rs 1.03 crore to 260 VCCs for construction of additional class rooms/boundary walls/pumps/toilets, etc during 1995-96 to 1999-2000. Of these, 240 VCCs had not rendered expenditure accounts for Rs 94.54 lakh as of March 2000. The Project Director, HPSPP replied (July 2000) that Rs 48.42 lakh pertaining to 131 VCCs had been adjusted after receipt of detailed accounts/UCs and the balance amount would be adjusted after reconciliation with the concerned VCCs.

3.1B.10 Appointment of teachers/instructors/staff

Against 543 CRCs existing in 1998-99 and 1999-2000, 293 CRCs in 1998-99 and 92 CRCs in 1999-2000 were without cluster teachers, thus, affecting the implementation of project activities at grass root level in these centres. The State Project Director replied (February 2000) that the Education Department did not provide the required number of teachers.

ORG-MARG survey pointed out that in more than half of the schools, all the sanctioned posts had not been filled. Higher percentage of female posts were lying vacant (46 *per cent*), as compared to male posts (26 *per cent*).

3.1B.11 Training

Training under the programme was provided at the State Council of Education, Research and Training, Gurgaon (SCERT) and by District Institute of Education and Training (DIETs) in the districts. Besides, Block Resource Centres were set up to serve as the extension units of the DIETs by catering to the inservice training needs of the teachers, head teachers, NFE Instructors, etc. working in the respective block area.

At the initial stage, SCERT decided to provide training in the language subject of Hindi to all the teachers, head teachers, BRC and CRC staff. Shortfall in training was to the extent indicated below:

Category of functionaries		Number of persons		Shortfall and its percentage
		(i) planned to be trained	(ii) actually trained	
(i)	Master trainers/Resource persons	1,166	922	244 (25)
(ii)	BRC/CRC staff	2,316	1,817	499 (22)
(iii)	Teachers	58,297	47,654	10,643 (10)
(iv)	Headmasters	5,896	5,077	819 (14)
(v)	NFE Instructors	948	441	507 (53)
(vi)	ECE Instructors	15,838	9,409	6,429 (41)
(vii)	VEC/NGO members	38,273	25,344	12,929 (34)

Shortfall in the categories of NFE instructors, ECE instructors and VEC/NGO members was substantial i.e. 53 *per cent*, 41 *per cent* and 34 *per cent* respectively during 1994-95 to 1999-2000. Thus, due attention towards training programme was not given under the project.

The State Project Director, attributed the shortfall in training to delay in developing package for the training by the State Project Office, non-sanction of centres, etc. The reply was not tenable as these shortcomings were required to be attended to.

the programme during 1995-96 to 1999-2000 were as under:

Year	Prophylaxis against anaemia among women		Prophylaxis against anaemia among Children		Against blindness	
	Target	Achievement	Target	Achievement	Target	Achievement
	(Number in lakh)					
1995-96	5.83	5.54	7.50	6.27	Ist dose 5.31 IInd dose 4.71	5.42 4.81
1996-97	5.93	5.71	7.50	6.84	Ist dose 5.30 IInd dose4.80	5.29 4.61
1997-98	6.04	5.50	7.55	5.15	Ist dose5.47 IInd dose4.87	4.80 4.37
1998-99	6.27	3.75	7.81	4.92	Ist dose5.66 IInd dose5.05	5.01 4.46
1999-2000	6.14	6.37	7.79	5.68	Ist dose5.20 IInd dose5.13	4.90 4.53

As evident from the above table, there was a decline in achievement for prophylaxis against anaemia among women and nutritional anaemia among children in the years 1997-99 as compared to 1995-96. There was a steep decline in achievements in 1998-99.

Prophylaxis against anaemia among women/children had steeply declined

The DGHS attributed (January 2000) the shortfall due to late supply of Iron Folic Acid (IFA) tablets by GOI during 1997-98 and 1998-99. This is not tenable as GOI allowed (June 1998) the State Government to purchase tablets locally but the department purchased (January 1999) only 30.43 lakh IFA tablets against requirement of 1.5 crore tablets.

(b) Universal immunisation programme

The Government of India launched Universal Immunisation Programme (UIP) in 1985-86 (in the same year in Haryana also) with a view to immunize 85 *per cent* infants with one dose of BCG and measles and three doses each of DPT/Oral Polio Vaccine (OPV), 100 *per cent* women with two doses of Tetanus Toxiod (TT) and to reduce neo-natal mortality rate to less than one per thousand live births. However, Ninth Five Year Plan (1997-2002) envisaged 100 *per cent* coverage for all vaccine preventable diseases. The physical performance on immunisation under this programme during 1995-96 to 1999-2000 was as indicated below:

(Figures in lakh) [11]

Name of vaccine	1995-96		1996-97		1997-98		1998-99		1999-2000	
For Children	T*	A* (Percentage)	T	A (Percentage)	T	A (Percentage)	T	A (Percentage)	T	A (Percentage)
DPT 3rd dose	5.30	4.70 (89)	5.38	5.23 (97)	5.47	5.42 (99)	5.66	5.20 (92)	5.20	5.50 (106)
OPV 3rd dose	5.30	4.70 (89)	5.38	5.26 (98)	5.47	5.42 (99)	5.66	5.33 (94)	5.20	5.50 (106)
Measles	5.30	4.24 (80)	5.38	4.81 (89)	5.47	4.90 (90)	5.66	5.00 (88)	5.20	5.11 (98)
BCG	5.30	5.18 (98)	5.38	5.81 (108)	5.47	5.93 (108)	5.66	5.90 (104)	5.20	5.92 (114)
DT	4.70	4.20 (89)	4.79	4.88 (102)	4.87	5.80 (119)	5.04	5.32 (106)	5.13	5.67 (111)
TT 10 years	4.33	3.36 (78)	4.41	3.90 (88)	4.49	4.44 (99)	4.65	4.24 (91)	5.13	4.58 (89)
TT 16 years	3.67	2.31 (63)	3.74	2.80 (75)	3.83	3.33 (87)	3.96	3.16 (80)	4.34	3.54 (82)
For Mothers										
TT	5.83	4.62 (79)	5.93	5.08 (86)	6.04	5.27 (87)	6.27	5.34 (85)	6.14	5.49 (89)

*T: Target; A: Achievement

Targets for immunisation of TT children for 16 years age was not met by 13 to 37 *per cent*

During 1995-2000, immunisation for TT for children for 16 years age was achieved by 63 to 87 *per cent* of targets. The goal of immunisation of 100 *per cent* mothers/expectant mothers with TT was short achieved by 11 to 21 *per cent* during 1995-2000. Reasons for shortfall were not intimated by the Director, Health Services, Family Welfare.

Basis for fixing targets was not on record with the department. It was not on record with the department as to whether the targets included all the children/mothers eligible for immunisation. Therefore, the extent of uncovered/left over children requiring immunisation was not known to the department. However, the infant mortality rate of 69 per thousand in 1995 increased to 70 per thousand live births in 1998 which was far from the goal of 60 per thousand live births set in the national health policy.

(III) All India Hospital Post Partum Programme

Post Partum Programme aims to motivate women within the reproductive age group of 15-44 years and their husbands for adopting small family norms through education and motivation during pre-natal, natal and post natal period and after medical termination of pregnancy (MTP).

In the State, 37 (13 district level and 24 sub-district level) Post Partum Centres were set up to provide an integral package of maternal, child health and family welfare services, inservices training to medical/para medical personnel, out

[11] Source : Departmental figures.

reach services to allotted population to promote birth spacing methods, to reduce infant mortality rate (IMR) and maternal mortality (MMR) rate, etc.

During 1995-96 to 1999-2000, Rs 14.14 crore were spent under post partum programme. The following points were noticed:

(i) Maternal and child health services

Under this component, expectant mothers were to be registered at PP Centres for ante natal and post natal services, immunisation, etc. and for early detection of complications of anaemia, bleeding, etc. among them. Newly born infants and all children visiting out patient department (OPD) and other children in the areas allotted to the centres were to be immunised.

Short achievement in immunisation of expectant mothers

It was, however, noticed that in 4 PP Centres of Bhiwani and Mohindergarh districts (out of 10 PP[12] Centres test-checked), 40,487 expectant mothers were registered during 1995-96 to 1999-2000 of which 32,922 (81 *per cent*) were immunized for tetanus toxiod. Reasons for short achievement were not informed.

(ii) Performance of post partum centres

(a) Family planning included provision of sterilisation methods and medical termination of pregnancy services besides provision for conventional contraceptives for spacing of births. In 10 PP Centres test-checked, actual achievements against the targets during 1995-2000 of birth control methods were as under:

Birth Control Methods	1995-96		1996-97		1997-98		1998-99		1999-2000	
	Target	Achievement (Percentage)	Target	Achievement (Percentage)	Target	Achievement (Percentage)	Target	Achievement (Percentage)	Target	Achievement (Percentage)
Sterilisation	2654	1901 (72)	2593	2348 (91)	2406	1645 (68)	2706	1696(63)	2652	1944 (73)
Intra Uterine Device	4900	3124 (64)	4414	3274 (74)	4005	3491 (87)	4311	3190 (74)	4371	4092 (94)
Oral Pill Users	1549	847 (55)	1568	951 (61)	1550	1200 (77)	1614	1209 (75)	1637	1253 (77)

Achievements were very low in all the three birth control methods

Achievements of sterilisation cases were very low in 3 PPCs i.e. Dabwali between 14 and 29 *per cent*, Gohana 28 to 34 *per cent* and Jagadhari 19 to 26 *per cent* of the targets. Achievements of intra uterine device was very low in 2 PPCs i.e. at Jagadhari 24 to 39 *per cent* and Yamunanagar from 46 to 53 *per cent*. Achievements of oral pills users was very low at PPC, Yamunanagar which ranged between 16 to 39 *per cent*.

As noticed in audit, low achievements at PPC, Dabwali were due to shortage of Doctor/Lady Health Visitors (LHV) and at Jagadhari due to vacancy of post of LHV.

12 PP Centres Bhiwani, Charkhi Dadri, Dabwali, Gohana, Jagadhari, Mohindergarh, Narnaul, Sirsa, Sonipat and Yamunanagar.

(b) Acceptors of sterilisation methods

To bring down the natural annual population growth rate to 1.2 *per cent* by 2000 AD, as envisaged in the national health policy, education and motivation of couples in the reproductive age group (15-44 years), immediately after they had two healthy children, was necessary.

PPCs failed to motivate the couples for adopting birth control methods

A scrutiny of records of 10 PP Centres in 5 districts test-checked revealed that the number of sterilisation cases done in the group of couples who already had three or more children was more i.e. 0.47 lakh (67 *per cent* of the total cases) than the cases from the couples having upto 2 healthy children i.e. 0.23 lakh (33 *per cent* of the total cases) during 1995-96 to 1999-2000. Thus, the PP Centres largely failed to motivate the couples, at the initial stage, when they had two healthy children.

(c) Workload in PP centres was low

Annual work load of obstetrics (OB) cases, abortion (AB) cases, direct acceptors achieved and tubectomies performed per bed per annum by an individual PP Centre were the performance indicators of each PP Centre.

Out of the 10 PP Centres test-checked in 5 districts, in the PP Centre Dabwali, the number of OB cases (61) and AB cases (113) during 1995-96 to 1999-2000 was extremely low because there was vacancy of Gynaecologist, LHV and laboratory technician during this period. Similarly, at PP Centre, Gohana also, number of OB cases (15) and AB cases (32) performed during the same period was insignificant.

At PP Centres, Gohana, Sonipat and Jagadhari, there were no direct acceptors of sterilisations, IUD and Oral Pill users during 1995-96 to 1999-2000. At PP Centre, Charkhi Dadri and Narnaul, percentage of direct acceptors was negligible i.e. 0.5 *per cent* of the total OB/AB cases and at the remaining 5 PP Centres, it was between 5 and 18 *per cent* of the total OB and AB cases during the above period.

ORG-MARG survey had pointed out that the services of paediatricians, anesthetist and specialist in Reproductive Tract Infection/Sexually Transmitted Diseases (RTI/STD) were found in few PPCs only. 24 hour emergency services were not available in half of the PPCs.

(IV) Reproductive and Child Health Programme

Out of Rs 22.16 crore released by GOI under RCH programme, Rs 11.88 crore were lying unutilised

In the Ninth Five Year Plan, CSSM programme was integrated with Reproductive and Child Health (RCH) Programme. The RCH programme incorporates various interventions in addition to components under CSSM programme. Funds for components of CSSM were provided by GOI, as grant in aid to the State Government. However, for other components, funds were being provided through bank drafts directly to the implementing agency (SCOVA).

The Programme was sanctioned for 5 years i.e. 1997-98 to 2001-2002 at an estimated cost of Rs 131.17 crore for Haryana State. During 1997-98 to 1999-2000 GOI released Rs 22.16 crore through bank drafts to SCOVA against which Rs 10.57 (48 *per cent*) crore were spent and Rs 11.88 crore (including interest) were lying unspent. The sluggish release and under utilization indicate the poor performance of the department.

In Haryana, two district projects i.e. Bhiwani and Faridabad urban were selected by GOI to upgrade them to a state level hospital facilities by strengthening infrastructure, inputs and facilities, etc. Besides, various interventions were to be implemented in 17 districts in a phased manner over a period of 3 years starting from 1997-98 (1997-98 : 6 districts, 1998-99: 5 districts and 1999-2000:6 districts).

The receipt of grant and expenditure on main components of the programme was as under:

S. No.	Name of Component	Receipt of grant	Expenditure	Unspent amount
		(Rupees in crore)		
1.	District projects	5.23	3.53[13]	1.70
2.	Contractual staff	5.31	3.29	2.02
3.	Minor civil works	1.60	0.02	1.58
4.	Training	3.06	0.86	2.20
5.	Pulse Polio Immunisation	4.58	2.49	2.09
6.	24 hour delivery services	0.57	0.01	0.56
7.	Referral transport	0.30	-	0.30

Progress under various activities

(a) District projects

(i) Civil works

Faridabad

GOI released Rs 0.95 crore in 1998-99 for construction of 2 first referral units (FRUs) at Faridabad. But no civil works were carried out. The Project Director RCH, sent the cost estimates of two FRUs, to GOI only in January 2000 for approval. Entire amount was lying with Project Director (RCH)/District RCH Coordination and Implementation Society as of March 2000. The Project Director stated (July 2000) that the estimates for the construction of FRUs had been approved by GOI in June 2000 and the allotment of works was under process in PWD (B&R).

Bhiwani

Further, GOI released Rs 0.35 crore in 1997-98 for repair of 4 CHCs, 7 PHCs and 129 Sub-Centres in Bhiwani district but no repair works were done. The delay has been attributed to non-preparation of estimates by PWD (B&R).

13 It includes Rs 1.25 crore transferred to India Population Project (IPP) VII.

(ii) *Negligible purchase of equipment/drugs*

Faridabad and Bhiwani

Similarly, against Rs 0.85 crore for equipment and Rs 0.91 crore for drugs received from GOI during 1997-98 to 1999-2000 under district project i.e. Faridabad and Bhiwani districts, only Rs 2.08 lakh were spent on purchase of drugs and balance of Rs 1.74 crore remained unutilised as no equipment/drug was purchased. Reasons for not making purchases of equipment/drugs were not intimated by the Project Director, RCH. Therefore, equipment and drugs for reproductive tract infection and sexually transmitted infections at RTI/STI clinics, equipment for emergency obstetric care, new born care in CHCs/PHCs were not supplied.

(b) *Minor civil works*

The progress in the work relating to provision of water supply/electricity facility and upgrading the facilities in labour rooms or repair of PHCs in 16 districts for which Rs 1.60 crore were released from GOI was dismal as only Rs 1.74 lakh were spent upto March 2000. The reply of the Project Director (July 2000) that rough cost estimates were yet to be prepared by the *Panchayati Raj* Divisions which were assigned this job (May 1999) as per decision taken by SCOVA, indicated that there was little likelihood of the provision of these facilities in near future.

(c) *Contractual staff*

Against receipt of Rs 5.31 crore, Rs 3.29 crore were spent upto March 2000. Less expenditure was attributable to non-filling of posts of medical and para medical staff. During 1998-99, against sanctioned posts of 376 ANMs and 120 Staff Nurses for 8 districts, 362 and 95 posts of ANMs and Staff Nurses respectively were filled. However, during 1999-2000, all the sanctioned 324 posts (ANM:264, Staff Nurse:46 and Laboratory Technicians:14) for implementation of programme in 6 additional districts were not filled.

(d) *Referral transport*

Under 'Referral Transport' component, the scheme intended to assist the referral of women from indigent families in rural areas. Lump sum assistance of Rs 1,000 to Rs 5,000 per year per village *panchayat* was to be given. Rs 30 lakh were received from GOI in 1998-99. In 3[14] of the 5 districts test-checked, DIOs released Rs 8.12 lakh to 252 village *Panchayats* in 1998-99 and 1999-2000 for procuring transport facility to carry pregnant women in rural areas to PHCs/CHCs at the time of delivery. No records were kept by the *panchayats* regarding any such facility of transport provided to such women nor any account for this purpose was rendered to concerned DIOs in support of expenditure incurred by them. In the absence of such records, the extent of this facility provided, if any, to the village women could not be verified in audit.

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14 Sonipat :Rs 2.10 lakh to 84 *panchayats*, Sirsa: Rs 2.37 lakh to 95 *panchayats* and Bhiwani: Rs 3.65 lakh to 73 *panchayats*.

(e) 24 hour delivery service not provided at PHCs/CHCs

24 hour delivery service not provided

The Medical and Health Department was required to evolve a mechanism for the doctor to be available on call, at least one nurse being available beyond normal working hours in the CHC/PHC. Honorarium to the CHC/PHC doctor at the rate of Rs 200 per delivery conducted during 8.00 p.m. and 7.00 a.m. (provided the doctor was not on night shift duty). During 1998-99 and 1999-2000, Rs 56.59 lakh were received from GOI by the Project Director, RCH against which only 0.75 lakh were spent. Thus, the facility of 24-hour delivery service at PHCs/CHCs was not provided.

(f) Inadequate prevalence and utilisation of services for treatment of RTIs/STDs

ORG-MARG survey found that 48 *per cent* of the women reported experiencing Reproductive Tract Infections (RTIs) or Sexually Transmitted Diseases (STDs). Out of the facilities surveyed, 46 *per cent* sought treatment for RTI/STD. Only one-fourth of the facilities were having laboratory equipment for diagnosing RTIs/STDs. RTI/STD check-up records were not maintained by a large number of facilities.

3.2.7 Performance indicators of maternal health services

The RCH programme envisaged a number of performance indicators for monitoring the progress of its implementation, the position with reference to these performance indicators of maternal health services in Haryana was as under:

Maternal health indicators

	1995-96	1996-97	1997-98	1998-99	1999-2000
Percentage of ante-natal cases registered to total	78.89	78.72	80.09	78.87	83.39
Institutional deliveries (Percentage to total)	9.79	9.32	11.36	10.03	16.47
Deliveries by:					
- Health workers (female)/ LHVs (Percentage to total)	14.14	14.45	16.77	15.43	18.34
- Trained *Dais* (Percentage to total)	54.67	57.71	55.67	58.06	52.22
- Others(Percentage to total)	21.40	18.52	16.20	16.49	12.97
Percentage of complicated cases of pregnancies referred/ treated at CHCs	-	-	2.03	1.61	2.32

Deliveries handled by other than doctors/trained workers/trained dais was high as compared to deliveries handled at health institutions

As evident from the table above, the percentage of ante-natal cases registered in various hospitals, CHCs, PHCs, etc. in the State during 1995-96 to 1999-2000 remained stagnant except a marginal increase in the year 1999-2000. Similarly, deliveries in hospitals, CHCs, PHCs, etc ranged between 9.32 *per cent* and 16.47 *per cent* of the total deliveries during the same period and hence improvement in this area was negligible. During 1995-2000, 12.97 *per cent* to 21.40 *per cent* of the total deliveries were through others and not in the health institutions or by health workers (LHVs/trained *dais*, etc.).

It was noticed that against the target of training of 13,000 *dais*, only 4,801 *dais* (37 *per cent*) were trained during 1995-97 and no *dai* was imparted training during 1997-2000. Thus, the department did not pay due attention towards safe deliveries in rural areas through trained workers.

ORG-MARG survey observed that achievements related to natal services such as institutional deliveries and medical assistance during delivery was not satisfactory.

3.2.8 Information, education and communication

Information, education and communication (IEC) activities were intended to generate awareness of family welfare programme and educate the eligible couples on voluntary acceptance of small family norms. During 1995-96 to 1999-2000, Rs 2.29 crore were spent under IEC.

There was decline in IEC activities during the years 1996-2000, no *Mahila Swasth Sangh* training was held during 1998-2000, no film shows were shown during 1996-98. Exhibitions and *jhankis* arranged during 1996-99 were negligible.

Further out of 182 posts sanctioned for IEC activities, 77 to 95 posts remained vacant during 1995-2000.

ORG-MARG survey stated that only 47 *per cent* of the women were aware of the sources of Medical Termination of Pregnancy (MTP) and exposure of women to village/local level activities was very low in urban as well as rural areas. Respondents were not aware about the existence of Non-Government Organisations (NGOs) providing family welfare services to the masses.

3.2.9 Manpower position

(a) Shortfall in Staff

In the State, 11,403 posts including 2,767 posts under Family Welfare Programme of doctors and para medical staff were sanctioned for providing general medical health as well as family welfare services. Out of these, 1,752 posts were vacant as of March 2000. Break-up of vacancy position under Family Welfare Programme and other health services was not supplied by DGHS as separate record for the same was not maintained.

(b) District level vacant posts

As of March 2000, against 17 sanctioned posts each of District Family Welfare Officer, District Immunisation Officer and District Training Officer, vacancies were 5, 3, and 4 respectively. This had an adverse effect on the implementation and monitoring of the programme at district level.

(c) Vacant posts in CHCs/PHCs

As per norms, the posts of one Senior Medical Officer, 4 to 5 Medical Officers, 6 Staff Nurses and one Laboratory Technician were sanctioned at each Community Health Centre. Two Medical Officers, one Staff Nurse and one Laboratory Technician were sanctioned at each Primary Health Centre.

In the 5 districts test-checked, in rural areas, the doctors and supporting para medical staff sanctioned and in position in the PHCs/CHCs during the years 1995-96 and 1999-2000 indicated that 40 *per cent* posts of doctors, 16 to 55 *per cent* posts of para medical staff were vacant in CHCs while in PHCs 40 *per cent* posts of doctors, 50 to 51 *per cent* posts of staff nurses/laboratory technicians and 22 *per cent* MPHW (Male) were lying vacant as of March 2000. (Appendix XV)

Though ban on recruitment of doctors was withdrawn in October 1996 by the State Government, there was no progress in filling up vacant posts of doctors during 1996-2000.

Vacancy in the posts of the doctors and para medical staff adversely affected the performance of family welfare programme in the districts test-checked. Shortfall in achievement of targets during 1995-2000 in these districts ranged between 6 and 19 *per cent* for sterilisation, 6 and 23 *per cent* for IUD and 14 and 30 *per cent* for oral pill users (except in 1999-2000).

Besides, immunisation programme were also affected where shortfall was 6 to 25 *per cent* for measles, 5 to 40 *per cent* for TT for children upto 16 years of age and 13 to 25 *per cent* for TT for pregnant women in these districts during the same period.

(d) Posts of Male Health Workers vacant at sub-centres

According to the instructions issued (October 1990) by GOI, a Sub-Centre was to be manned by 2 multi purpose health workers i.e. one male and one female. Out of 2,299 Sub Centres functioning in the State during 1995-96 to 1999-2000, male health workers were not posted in 513 to 551 (22 to 24 *per cent*) Sub-Centres by the State Government. In the absence of health workers, motivation of male persons remained weak as only 5,699 cases of vasectomy out of 4.83 lakh cases of sterilisation were done during 1995-2000. The

Director, Health Services, Malaria intimated (March 2000) that these posts could not be filled due to 10 *per cent* cut imposed (in July 1996) by Haryana Government. The reply was not tenable because the number of short posted MPHW(Male) was far above 10 *per cent* of the requirement.

3.2.10 Monitoring and evaluation

Demographic and Evaluation (D&E) Cell to undertake regular monitoring and evaluation of the programme existed at the directorate level. Except compiling and consolidating the prescribed reports/returns for sending to GOI, the D&E Cell was not carrying out any monitoring functions.

Further, co-ordination committees were required to be constituted at district/ sub-district PP Centres to evaluate the progress of the programme. The committees were to meet at least once in 3 months. In 3 districts namely Bhiwani, Sirsa and Yamunanagar, such committees were not constituted during 1995-96 to 1999-2000. In Mohindergarh district, though the committee was constituted, no meeting was held during the above mentioned period.

No evaluation of the programme was undertaken by the department during the period of review.

3.2.11 Conclusion

Target for crude birth rate (CBR) of 21 per thousand by 2000 set under national health policy was unlikely to be achieved as CBR was 27.6 per thousand in 1998. The infant mortality rate (IMR) went up from 69 per thousand in 1995 to 70 per thousand live births in 1998 whereas the target as set for the year 2000 was 60 per thousand. Similarly, child mortality rate (CMR) was 22 per thousand in 1995 against the goal of 10 per thousand set in the NHP. CMR for the period from 1996 onwards was not available and thus the impact of immunisation programme was not assessed after 1995.

Infrastructure of general health services in rural areas was short of required norms to the extent of 25 *per cent* for Sub-Centres, 21 *per cent* for PHCs and 50 *per cent* for CHCs, which affected the delivery of family welfare services. Further, 15 *per cent* vacancies existed in the posts of doctors and para medical staff in the existing PHCs and CHCs.

The State was far behind the demographic goals set in the national health policy. There was a decline in the effective couple protection rate from 54.4 *per cent* in 1995-96 to 49.7 *per cent* in 1998-99 which was far behind the goal of below 60 *per cent* set in the national health policy.

Performance indicators of maternal health revealed that percentage of registered ante-natal cases i.e. around 79 *per cent* remained stagnant during

1995-1999 indicating no improvement in the coverage of such population. Deliveries handled at health institutions ranged between only 9.32 *per cent* to 16.47 *per cent* and those by other than doctors/trained workers or trained *dai* was between 12.97 and 21.40 *per cent*. This trend was likely to continue and improved efforts to train the midwives/*dais* is required.

In conclusion, therefore, the performance of the Family Welfare Programme seemed far from satisfactory in Haryana. The State Government will do well to review the poor performance of the programme and plug the deficiencies at the earliest. Sadly the review and monitoring aspects of the programme are the weakest links.

These points were referred to Government (May 2000); their reply had not been received (August 2000).

3.3 Working of Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences, Rohtak

Highlights

The Medical College and Hospital Rohtak was upgraded as a Post Graduate Institute of Medical Sciences (PGIMS) in April 1995. Review of the working of PGIMS revealed that lack of superspecialities and non-availability of essential equipment machinery deprived the patients of treatment and a large number of patients were referred to other institutions outside the State. Teaching activities were not upto the level of a Post Graduate Institute as a number of PG degree and PG diploma courses were not conducted. No admissions were made in diploma and degree courses during 1999–2001 in Nursing College. Similarly in Dental College, no admissions were made in Post Graduate courses after 1995–96 for want of faculty. A number of critical level posts such as professors, teachers and residents were vacant which affected the medical education to the students. Important points noticed in audit were as under:

During 1995-2000, of the total Revenue expenditure of Rs 185.40 crore, Rs 141.35 crore (76 *per cent*) were on salaries and Rs 41.68 crore (23 *per cent*) were on machinery, equipment and medicines. Capital expenditure was Rs 6.52 crore during the same period.

(Paragraph 3.3.4(i))

Closing cash balance recorded in the cash books was not reconciled with physical cash balance. In March 1999, cash of Rs 0.43 lakh was found embezzled.

(Paragraph 3.3.6(i))

Heavy amounts were drawn from treasury without any immediate necessity. As a result amount ranging from Rs 5.61 lakh to Rs 13.15 lakh was lying in cash.

(Paragraph 3.3.6(ii))

The Director, PGIMS, Rohtak drew advance of Rs 6.96 crore through 111 Abstract Contingent (AC) bills during 1995-96 to 1999-2000, but Detailed Contingent (DC) bills in adjustment of the advance had not been submitted to the Principal Accountant General (A&E), Haryana.

(Paragraph 3.3.7(a))

Medical Council of India recommends 17 superspecialities against which only 11 superspecialities were sanctioned by the State Government. Of these, 5 had no faculty (Associate Professor/Lecturer). Thus, the patients were deprived of the treatment at superspecialities level and were being referred to hospitals outside the State.

(Paragraph 3.3.8)

Cardiac Surgery Department did not have angiography facility for heart patients due to lack of Cath Laboratory and therefore, 81 patients had to be referred to hospitals outside the State during 1997-2000.

(Paragraph 3.3.10)

Against 44 Post graduate (PG) degree and 41 PG diploma courses, only 19 to 21 PG degree and 8 to 10 PG diploma courses were organised during 1994-99.

(Paragraph 3.3.19(a))

Despite Government sanction for the upgradation of Nursing School to Nursing College from the session 1999, the Nursing College had not been started (July 2000). As the Nursing College was not started neither the admissions in diploma course nor admissions in B.Sc. (Nursing) were made in 1999-2000 and 2000-2001.

(Paragraph 3.3.19(b))

The Dental College set up in 1977 did not have a Principal (except during 1997 and 1998) and had no Professor in any dental speciality and no Reader in oral pathology, oral medicine and community dentistry since its inception. Due to non-availability of faculty, no admissions were made in post graduate course in Dental College after 1995-96.

(Paragraph 3.3.20)

There was huge vacancy in the cadre of Professors, Teachers, Registrars and Junior Residents. This affected the academic courses and health care services.

(Paragraph 3.3.22)

3.3.1 Introduction

The Medical College and Hospital (MCH), Rohtak was upgraded and renamed as Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences (PGIMS) in April 1995.

The Institute comprises a Medical College, Dental College, Pharmacy College and a Nursing School and offers post graduate degree (MD and MS) and diploma courses, undergraduate courses (MBBS and BDS) and other diploma courses and also provides training in General Nursing and Midwifery.

3.3.2 Organisational set up

The Commissioner and Secretary to the Government of Haryana, Health and Medical Education Department, Chandigarh is responsible for the overall administrative and financial management of the PGIMS. The Director, PGIMS, Rohtak is the Head as well as the Controlling Officer of the Institute and is assisted by a Medical Superintendent for hospital work and one Dean each of Medical College and Dental College.

3.3.3 Audit coverage

Records and activities relating to the working of the PGIMS, Rohtak for the period 1995-2000 were test-checked in audit during December 1999 to April 2000. Important points noticed in audit are discussed below:

3.3.4 Financial management and budgetary procedure

(i) Of the total expenditure of Rs 185.40 crore incurred by PGIMS during 1995-2000, Rs 141.35 crore (76 *per cent*) were spent on salaries, Rs 41.68 crore (23 *per cent*) on machinery, equipment and medicines and Rs 2.37 crore (1 *per cent*) towards grant-in-aid to various organizations. Capital expenditure was Rs 6.52 crore which was 3 *per cent* of the total expenditure during 1995-2000.

Entire budget provision of Rs 11.33 crore for 8 plan schemes either appropriated to non-plan or surrendered

(ii) The Institute made a budget provision of Rs 11.33 crore originally for 8 plan schemes during 1995-96 to 1999-2000, of which Rs 7.77 crore were transferred to non plan side through re-appropriations to meet expenditure towards payment of interim relief (Rs 0.73 crore), dearness allowance (Rs 4.86 crore), purchase of machinery and equipment (Rs 0.71 crore), arrears of salaries on account of revision of pay scales (Rs 0.27 crore) and payment of stipend to medical students (Rs 1.20 crore) while balance provision of Rs 3.56 crore was surrendered (refer Appendix-XVI). Thus, these schemes were not implemented.

3.3.5 Need for revision of X-ray and laboratory test charges

The rates of X-ray and laboratory tests had not been revised since 1989. Against the issue of 7.95 lakh X-ray films valued at Rs 1.44 crore during 1995-2000, actual receipt realised by way of X-ray charges was Rs 2.85 lakh (2 *per cent*) from the patients falling in the category of 'paid patients' as indicated in Appendix-XVII.

Similarly, the chargeable amount for 4.47 lakh tests conducted during 1995-96 to 1999-2000 worked out to Rs 2.24 crore against which actual receipt was merely Rs 2.87 lakh (1 *per cent*) from the patients falling in the category of 'paid patients' as indicated in Appendix–XVIII.

There is need to consider narrowing down the gap between the cost of laboratory tests, cost of X-ray films and the amount charged for these services.

3.3.6 Cash management

Following irregularities were noticed in the maintenance of cash book and handling of cash:

(i) Embezzlement of cash

Failure to carry out essential checks in cash book resulted in embezzlement of cash

The present drawing and disbursing officer i.e. Accounts Officer took over charge on 25 March 1999. At the time of taking over, closing cash balance as per cash book was Rs 48,18,335.65 whereas actual cash found on physical verification was Rs 51,12,776.55. No action was taken to reconcile the cash balance. At the instance of audit (February 2000), the Director investigated the matter and it was revealed (August 2000) that there had been a totalling mistake on 18 February 1999. Having taken into consideration the said totalling mistake, actual cash should have been Rs 51,55,835.65 instead of Rs 51,12,776.55 found in the cash chest at the time of taking over charge on 25 March 1999 by new Accounts Officer. Thus, there was embezzlement of Rs 43,059.10. The Director intimated (August 2000) that the amount of Rs 43,059.10 had been deposited in the cash chest by the cashier.

Audit scrutiny revealed that the details of undisbursed payments were not worked out since September 1996. No physical verification of cash balance was done during 1995-2000. Besides, totals were also not got checked regularly from some responsible official other than the writer of the cash book.

Evidently, the Director failed to ensure compliance of important checks/ controls which led to the embezzlement of cash.

(ii) Unnecessary drawal of funds

Huge amounts were drawn by Accounts Officer from the treasury without immediate requirement as a result of which cash ranging from Rs 7.84 lakh to Rs 21.94 lakh was lying in the cash chest at the end of every month during December 1997 to November 1999. Minimum cash in each month during the same period was also very high and ranged between Rs 5.61 lakh and Rs 13.15 lakh.

Director did not ensure that such large amount of cash are not retained in the cash chest. As no physical verification of cash was conducted, the possibility of misuse of Government funds for private purposes could not be ruled out. Retention of heavy cash in the cash chest continuously for a long period involved risk of theft and embezzlement.

3.3.7 Non-submission of detailed contingent bills

(a) Huge advance payments to suppliers

Abstract contingent bills not getting adjusted for a considerable period

The Director, PGIMS drew Rs 6.96 crore from Rohtak Treasury on 111 abstract contingent (AC) bills during 1995-2000 for the purchase of equipment, library books, medicines, etc. but did not submit detailed contingent (DC) bills to the Principal Accountant General (A&E) as required under the rules for adjustment of advances drawn on AC bills as of March 2000. Scrutiny revealed the following:

(i) Rs 2.21 crore (12 bills) were drawn during 1998-2000 for the purchase of machinery/equipment from abroad. The amount was lying in Fixed Deposit Receipts in Banks as the letter of credit (LOC) in favour of the foreign firms had not been opened as of March 2000.

(ii) Rs 4.28 crore pertaining to 29 bills were paid to various firms/suppliers towards purchase of medicines/material during 1997-98 to 1999-2000.

(iii) Rs 46.97 lakh (70 bills) were advanced to the officials/departments of the Institute for miscellaneous petty purchases, repair works, etc. and the adjustment bills were not received from them.

Inordinate delay in submission of DC bills raises doubt about genuineness of utilization of funds and needs to be investigated.

The matter of non-submission of DC bills for Rs 6.08 crore out of total advance of Rs 6.34 crore drawn on 86 AC bills during 1994-99 by the Director was commented in paragraph 1.8.4 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1999 – Civil - Government of Haryana. Despite this, fresh AC bills were drawn and DC bills were not submitted by the Director. The Director stated (July 2000) that these advances were being adjusted shortly by completing all the formalities.

(b) Blocking of Government funds

Director drew Rs 41.63 lakh on AC bills on 31 March 1999 and kept the amount in the State Bank of India in the shape of short term fixed deposit for opening a letter of credit in favour of a foreign firm for supply of a surgical operating microscope through an authorised Delhi based firm 'A'. Although the department came to know in April 1999 that firm 'A' ceased to be the authorised agent of the foreign firm, no action was taken either to cancel the supply order or to refund the amount of Rs 41.63 lakh into the treasury. Director stated (July 2000) that the Director General Supplies and Disposals (DGS&D), Haryana has been requested in May 2000 to cancel the supply order, but till date the supply order had not been cancelled.

Programme management

A. Hospital Services

The hospital attached to PGIMS, Rohtak provided general health care services to 37.56 lakh outdoor and 2.40 lakh indoor patients during 1995 – 99. It had 26 wards, 1,202 beds and 9 operation theatres besides rendering facilities for laboratory tests through 23 pathological laboratories.

3.3.8 Lack of superspecialities

Due to lack of superspecialities significant number of patients were referred to other institutions outside the state

The Medical Council of India (MCI) recommends 17 superspecialities for Post Graduate Institute of Medical Sciences. In PGIMS, Rohtak, only 11* superspecialities were sanctioned by the State Government. But against 11 superspecialities, only 6 faculty were in position and 5** superspecialities had no faculty during 1995-2000. Associate Professors and lecturers of these departments were either absenting or had resigned and the vacancies had not been filled so far. The Director stated (July 2000) that the posts had been advertised several times and with the existing pay structure and Non-Practicing Allowance (NPA), Specialist Doctors were not willing to join the hospital due

* Urology, Cardiac Surgery, Cardiology, Neurology, Gastroentrology, Nephrology, Clinical Haemotology, Nuclear Medicines, Paediatrics Surgery, Burn and Plastic Surgery and Neuro-Surgery.

** Urology, Neurology, Gastroentrology, Nuclear Medicine and Clinical Haematology.

to unattractive remuneration compared to private corporate hospitals in and around Delhi.

Due to lack of superspecialities, 1004[15] patients were referred by PGIMS to various other Institutions outside the State during 1995-2000. Out of these, 382 cases were referred by Cardiology Department alone.

Thus, the objective of upgradation of Medical College to PGIMS level to function as an Apex Referral Centre in the State was not fully achieved.

3.3.9 Paediatric Surgery - death due to post-operative infection

Number of post-operative infection cases in Paediatric Surgery Department during 1995-96 to 1999-2000 was as under:

Year	Number of infected cases	Deaths due to infection
1995-96	200	64
1996-97	212	52
1997-98	189	58
1998-99	192	40
1999-2000	189	45
	982	**259**

In paediatric surgery, 982 children developed post-operative infection during 1995-2000, which led to death of 259 (26 *per cent*) of them. The Director stated (February/July 2000) that the infection rate in neonates was higher because many of the neonates were referred late from rural areas where they were not diagnosed in time. However, follow up action such as 'barrier nursing in nursery', good antibiotics and prevention of hypothermia in paediatric age group was being taken to avoid post-operative infection.

3.3.10 Cardiac Surgery Department

Facility of angiography not provided to the heart patients

The department of Cardiac Surgery started from June 1997. The facility of angiography (an advanced technology for heart patients) was not being provided to the patients due to lack of Cardiac Cath[16] Laboratory in the department. The department also did not possess the essential machinery and equipment like Echo Colour Doppler, Cine Film Projector, Mechanical Heart Valves, High Pressure Auto Clave Sterilizer, Automatic Scrub Station, etc. as a result of which patients were being referred to outside Institutes for angiography. During 1997-98 to 1999-2000, 81 patients were referred to outside Institutes for angiography. Therefore, even though a Professor of Cardiology was in place, the effectiveness of cardiology was suffering due to absence of essential equipments.

15 This figure relates to cases of government employees only.

16 An equipment required for carrying out angiography of heart patients.

3.3.11 Neurology Department

The department had one EMG* evoked potential machine which was outdated and another EMG-MNCV**machine was lying out of order for the last 4 years, as a result of which EMG and MNCV tests to find out the muscle strength and velocity of the nerves in paralysed patients were not being carried out and the patients were being referred to other hospitals.

The post of the EMG technician was also lying vacant for the last one year.

Out of 4 EEG machines in the department, 2 were lying condemned for the last 4 years.

3.3.12 Nephrology Department

Nephrology department offers dialysis services for kidney patients. The department functions under the Department of Medicine and comprises three Hemodialysis machines and one Peritoneal Dialysis machine which were sufficient for emergency dialysis only. Essential facilities of maintenance dialysis and renal transplantation were not available due to non-sanctioning of posts of specialist doctors, dialysis technicians by the Government and lack of hemodialysis machines. The head of the department, Nephrology and Medicine stated (March 2000) that the proposal for the sanction of 4 posts of Registrars, 2 posts of Dialysis Technicians/House Surgeon was declined (February 1999) by the State Government.

3.3.13 Nuclear Medicine Department

Non-upgradation of nuclear medicine facilities

The Board of Radiation and Isotope Technology (BRIT), Department of Atomic Energy, Mumbai supplied a Gamma camera valued at Rs 30.83 lakh as grant to PGIMS, Rohtak in March 1996 for upgradation of medical facilities for the treatment of cancer patients. The camera was installed in February 1997 but could not be commissioned as of March 2000 as two posts of nuclear medicine technologists to operate the camera and one post of nuclear medicine specialist had not been filled. The camera was lying idle for the last three years.

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* Elector Myographic.

** Motor nerve conduction velocity.

3.3.14 Ophthalmology Department

Eye Bank

The department had one Eye Bank which had the facility to store donated eyes for 24 to 48 hours which was a short term storage method. The Eye Bank maintained a register indicating the names of patients on whom donated eyes were to be transplanted to ensure that Keratoplasty was performed strictly according to the seniority of waiting recipients . However, though during 1995--2000, 48 persons got themselves registered with the Eye Bank for Keratoplasty none of them was transplanted donated eyes. The donated eyes were transplanted on the patients available in the eye OPD ward according to the discretion of the concerned doctors. The Head of the Ophthalmology Department stated (March 2000) that registered recipients could not be contacted due to lack of transport, telephone, and non-existence of intermediate and long term storage facilities with the department.

3.3.15 Blood Bank

PGIMS was running a Blood Bank without licence from the Drug Controller, Government of India since 1997.

An important and essential screening test for Hepatitis 'C' virus was not being done at the blood bank due to non-availability of Hepatitis 'C' virus testing kits. The department stated (March 2000) that testing kits were purchased only once in 1998 and the tests were carried out during January 1999 to April 1999 only and stopped thereafter due to paucity of funds.

3.3.16 Radiology Department

A 192 bed hospital building which comprised 2 wards (ward nos. 16 and 17) was declared unsafe by PWD authorities during 1993. The whole building was vacated, but two X-ray units valued at Rs 19.22 lakh installed therein were not shifted out as the estimated cost of shifting (Rs 3.35 lakh) was considered uneconomical.

The building was repaired in December 1999 and one of the two X-ray units (valued Rs 8.29 lakh) became un-serviceable after remaining idle for six years. Thus, due to non-shifting, two x-ray units valued at Rs 19.22 lakh remained idle and one (valued at Rs 8.29 lakh) of the two became unserviceable.

3.3.17 Advanced Trauma Centre not established

The State Government accorded administrative approval for the construction of Trauma Centre for Rs 3.75 crore in February 1996. Though the building construction work for the centre targeted for completion by September 1998 was started by PWD in March 1997, it had not yet been completed (April 2000).

3.3.18 Computer Centre not set up

During 9th Five Year Plan (1997-2002), a Central Computer Centre, having an advance technology in the field of medical sciences was to be set up. The Computer Centre was not set up due to non-receipt of sanction from the State Government while budget provisions of Rs 10 lakh during 1996-97 and Rs 80 lakh during 1997-98 were diverted for the purchase of machinery and equipment, provision of Rs 60 lakh during 1998-99 and Rs 60 lakh during 1999-2000 was surrendered due to reduction of plan outlay.

B. Teaching activities

3.3.19(a) Shortfall in conducting post graduate degree and diploma courses

MCI recommends 44 post graduate (PG) degree and 41 PG diploma courses in various disciplines of medicine in a post graduate institute. Against this, 19 to 21 PG degree and 8 to 10 PG diploma courses were organized during 1994-99. The Director attributed (March 2000 and July 2000) the reasons to non-availability of staff, accommodation and resources, etc.

(b) Nursing School not upgraded

No admission made in diploma and degree courses during 1999-2001

Government accorded sanction for upgradation of the School of Nursing to Nursing College from the session 1999. Institute, however, did not fill 50 seats each for the first and second year students of nursing diploma courses in 1999-2000 and 2000-01 in anticipation of the upgradation of the School to Nursing College from 1999-2000 academic session. However, as the Nursing College was not started, neither the admission in the diploma course nor admission in B.Sc. (Nursing) were made in 1999-2000 and 2000-2001. The Director stated (July 2000) that the college was likely to start from August 2001.

3.3.20 Dental College

The Dental College of PGIMS was recognised by Dental Council of India (DCI) in November 1977 and was sanctioned 20 seats for Bachelor of Dental Surgery (BDS) course. Scrutiny of records of functioning of the college revealed the following:

Admissions in Master of Dental Surgery courses not made

No admission made in Master of Dental Surgery (MDS) after 1995-96

Dental College of the PGIMS had 11 full fledged teaching departments but had no Principal (except for the years 1997 and 1998), no Professor in any dental speciality and no Readers in the departments of oral pathology, oral medicine and community dentistry since its inception in 1977.

Only 3 admissions were made in MDS course during 1995-96 and no admissions were made thereafter as there was no Professor/Associate Professor in the college since 1996. Due to non-availability of Professors and Associate Professors, admissions for MDS course could not be made during the years 1996-2000. The Director stated (July 2000) that Professors were not willing to join the college in the existing pay structure. It was a non-starter.

3.3.21 Inventory control

Procurement of bulk material, equipment, machinery, medicines, etc. were made through the Director General, Supplies and Disposals (DGS&D) Haryana. Following irregularities were noticed in procurement of material, medicine, etc.:

(i) Avoidable extra expenditure on the purchase of Simulator

The Government sanctioned Rs 2.15 crore on 31 March 1998 for purchase of Simulator. The Director deposited only Rs 1.50 crore with the State Bank of India for opening LOC and diverted Rs 65 lakh for the purchase of other equipment. In November 1998, when the machine was purchased, the exchange rate for HFL (currency of Netherland) increased from Rs 19.25 to Rs 22.58. Thus, the Director had to pay Rs 2.49 crore i.e. Rs 34.56 lakh over and above the price of the machine payable in March 1998 for not depositing the full cost in the LOC at the outset.

(ii) Unfruitful expenditure

The Director, PGIMS purchased (May 1991) bleep paging system alongwith 30 pagers from a Delhi based private firm, an agent of USA based firm for Rs 5.67 lakh. Though the material was received in March 1992, inspection/demonstration was held in October 1994. It was then found that the range of written messages was audible upto a distance of two and half kilometres and verbal messages were not audible outside the campus of the PGIMS i.e. about half km, in place of tendered specification of 5 kms. The system was, therefore, not put to use and it was lying in the store since then. Director stated (July 2000) that the firm had been given final notice to replace the goods and refund the amount paid with interest. Legal action should be initiated for recovery of the amount.

Human Resource Management

3.3.22 Manpower management

Sizeable vacancies existed in the higher critical cadres

The Institute had a sanctioned strength of 3,703 employees in various cadres of medical, para-medical, ministerial and Class-IV staff against which 3,099 staff (84 *per cent*) were in position as of March 2000. Year-wise sanctioned strength during 1995-96 to 1999-2000 and the actual strength in various cadres was as indicated in Appendix – XIX.

The cadre-wise sanctioned strength and men-in-position at critical level i.e. Professors, Teachers, Senior and Junior Residents during 1995-2000 was as under:

Name of the Post	1995-96		1996-97		1997-98		1998-99		1999-2000	
	S*	F**	S	F	S	F	S	F	S	F
Professors	46	27	46	27	46	28	48	28	49	25
Teachers	200	176	200	160	201	142	201	142	203	169
Residents***	462	371	462	388	464	381	466	382	496	403

Huge vacancies at critical levels i.e. in the cadres of teaching staff (professors, teachers, registrars and junior residents) affected not only the medical education to the students of MBBS/BDS , MS/MD and MDS, but also affected adversely the health care services. The vacancies were attributed mainly to resignation of specialised staff, non-recommendation of suitable candidates by Haryana Public Service Commission and court cases regarding filling of posts of Professors.

Para medical staff was another critical area where also large vacancies existed. Department-wise vacancy position in various cadres was not available with the Director, PGIMS.

3.3.23 Internal audit

There was no internal audit Cell at PGIMS and, thus, no internal audit was conducted during 1995-96 to 1998-99. The department stated (February, 2000) that internal audit had been started with effect from July 1999.

* Sanctioned.

** Filled.

*** Residents includes Senior/Junior Residents.

3.3.24 Conclusion

Hospital services were poor due to lack of superspecialities, non-availability of essential machinery/equipment and shortage of specialised medical staff in various departments. Large number of patients were referred to other institutions outside the State for treatment. All these deficiencies left the local population without the fulfilment of their expectation and services from a Post Graduate Institute.

Teaching activities did not gear up to the level of a Post Graduate Institute as a number of PG degree and PG diploma courses were not conducted. No admissions were made in post graduate courses in Dental College after 1995-96 for want of faculty. Sizeable vacancies added to these problems.

Even after 5 years of its upgradation as a Post Graduate Institute, the Institute is still struggling to get established with shortages in critical higher level cadres, lack of equipment and other infrastructure. Mis-management in financial matters was very evident with embezzlement of cash and huge cash being retained in cash chest and advances drawn on AC bills not getting adjusted for a considerable period.

The matter was referred to Government in May 2000; their reply had not been received (July 2000).

3.4 Implementation of Prevention of Food Adulteration Act

Highlights

The State Government did not frame Rules under the PFA Act defining the powers and duties of the implementing agencies i.e. DGHS/Local Bodies. Due to lack of co-ordination between Local Bodies and Health Department samples were not seized in the prescribed ratio and licenced establishments were not inspected. Shortage of Government Food Inspectors was 92 to 93 per cent as per norms. Even those in position collected only 44 per cent on average of total required number of samples. As a result capacity of the two laboratories to analyse food samples was grossly underutilized. Government did not devise any fool proof method for seizing adulterated articles immediately on receipt of reports of Public Analyst to prevent their sale. Prosecution took a lot of time and by the time decisions were received, adulterated stocks were already sold. Thus, the impact of the programme to prevent food adulteration was highly inadequate and adulteration increased. Important points noticed as a result of test-check are as follows:

The State Government did not frame Prevention of Food Adulteration (PFA) Rules. The Director General Health Services (DGHS) who is the State Food Authority, the Director Health Services, who is the Local Health Authority; and the Local Bodies (Municipal Committees/ *Panchayat Samitis*) which issue/renew licences for manufacturing, distributing and selling of food articles, had no defined duties, powers and responsibilities. There was inadequate coordination among these agencies.

(Paragraph 3.4.6)

The State Government did not prescribe any mechanism of interaction between licencing authorities of food establishments and the Civil Surgeons and the DGHS (the State Food Authority). The Local Bodies failed to furnish details/names of units which were issued licences to manufacture, distribute and sell food articles to Health Department during 1995-2000. Therefore, coverage of all the eligible units for compliance of PFA Act was not ensured by DGHS.

(Paragraph 3.4.7(ii))

Requirement of Government Food Inspectors (GFIs) was between 368 and 396 based as per the population of the State during 1995-99. However, only 26 to 29 GFIs/Tehsil Sanitary Inspectors (TSIs) were in position. Thus, infrastructure i.e. the strength of inspectors was woefully inadequate to ensure systematic sampling and surveillance.

(Paragraph 3.4.8)

Based on the number of available GFIs and TSIs and the prescribed norms, 6,360 to 7,560 food samples were to be collected every year against which 2,085 to 4,511 samples were collected. Thus, shortfall was 40 to 67 *per cent*.

(Paragraph 3.4.9A(i))

There was no system for taking food samples to cover all the manufacturers, wholesale distributors and retailers of food articles. During 1995 to 1999, the GFIs and TSIs took food samples from units arbitrarily.

(Paragraph 3.4.9A(ii))

Though 40 *per cent* of the total samples were to be taken from manufacturers/wholesalers only 13 to 33 *per cent* samples were collected in 4 districts.

(Paragraph 3.4.9A(iii))

Against the capacity of 5,000 and 1,500 samples, samples received in the State Food laboratory, Chandigarh declined from 4175 to 3791 (9 *per cent*) during 1995-97 whereas in District Food Laboratory, Karnal samples declined from 1,185 to 824 (30 *per cent*) during 1995-99. As a result the capacity of both the laboratories was grossly underutilised.

(Paragraph 3.4.10B)

In 4 of the 5 districts test-checked, 261 food samples already tested/declared adulterated by State food laboratories were sent to Central food laboratory, Pune by the Courts for re-testing; and on re-testing 112 samples (43 *per cent*) were found to be unadulterated which indicated unreliable analysis of food samples at State laboratories.

(Paragraph 3.4.11)

Adulterated food samples increased from 12 *per cent* in 1995 to 19 *per cent* in 1999 of the total food samples analysed under PFA Act at State Food Laboratory, Chandigarh and District Food Laboratory, Karnal which indicated that the measures taken to prevent food adulteration were not effective. The Civil Surgeons/GFIs did not seize the stock of food articles (pertaining to adulterated samples) to prevent their sale.

(Paragraph 3.4.12 (i & iv))

Number of prosecution cases increased from 3,569 at the beginning of the year 1995 to 4,091 of July 1999. 1,985 cases were more than 5 year old.

(Paragraph 3.4.13(i))

Of the total 1,584 cases decided by various courts in the State during 1995-1999 (upto July 1999), 1,026 cases (65 *per cent*) ended in acquittal which indicated weak defence, lack of evidence and deficient/incorrect methodology for sample collection.

(Paragraph 3.4.13(ii))

3.4.1 Introduction

To ensure availability of unadulterated food and drink (other than drugs) to consumers, protect them from fraudulent trade practices and provide guidance/norms to the manufacturers/dealers of food articles, Government of India (GOI) enacted the Prevention of Food Adulteration (PFA) Act, 1954 and framed rules thereunder called Prevention of Food Adulteration (PFA) Rules, 1955. Implementation of PFA Act (the Act) was transferred to the State Governments in 1976. Haryana Government adopted PFA Rules framed by GOI.

The Act covers all the articles used as food or drink for human consumption, other than drugs and water and broadly includes beverages, spices and condiments, sugar and sweetening agents, milk and milk products, edible oils, fat products, cereals, pulses and its products, fruit products and mineral water. Standards of quality have been defined for about 12 broad categories of food items.

3.4.2 Objectives of the Act

Main objectives of PFA Act, as laid down in its preamble, are:

- to prevent adulteration of food stuff meant for human consumption;
- to ensure purity of articles of food to the public; and
- to prohibit misbranding of food stuffs to prevent fraud on the consumers.

To achieve these objectives, the Act provided for compliance of licencing provisions in regard to manufacture for sale, storage and distribution of food articles, adequate surveillance of seller/manufacturers/agents for delivery of food items, analysis and follow up on the testing of samples done by food laboratories and imparting consumer education in creation of awareness against the menace of adulteration.

3.4.3 Organisational set up

Prevention of Food Adulteration Programme is implemented in Haryana by the Medical and Health Department headed by Director General, Health Services (DGHS), the State Food Authority. The DGHS is assisted by one Director, Health Services (Laboratories) - the State Local Health Authority and one Deputy Director (EPI) who, for the implementation of PFA Act, works as Programme Officer in the directorate office. There is one State Food Laboratory at Chandigarh and one District Food Laboratory at Karnal, each headed by a Public Analyst, under the overall supervision/control of the Director Health Services (Laboratories). At the districts, the Programme is implemented through Civil Surgeons one in each district.

3.4.4 Audit coverage

Records relating to implementation of PFA Act for 1995-96 to 1999-2000 were test-checked (January to April 2000) in the offices of Director General Health Services, Chandigarh, Public Analyst, State Food Laboratory, Chandigarh, Public Analyst, District Food Laboratory, Karnal, 5[17] out of 19 Civil Surgeons, and 5 Municipal Committees. Important points noticed during audit are discussed in the succeeding paragraphs.

3.4.5 Financial outlay and expenditure

The Government spent Rs 4.40 crore on the implementation of PFA Act against the provision of Rs 4.73 crore during the years 1995-2000. Salaries accounted for 93 to 97 *per cent* of the total expenditure. Government did not make any budget provision for advertisement to generate public awareness, for laboratory infrastructure, for qualitative analysis of samples, and for training of Government Food Inspectors (GFIs) for properly defending the adulteration cases in the Courts of Law, and for setting up of legal cell to minimize acquittal cases and involvement of non-government organizations. Even GOI funds for Rs 39 lakh sanctioned for strengthening and modernization of laboratories was also lying unutilized with DGHS. As a result these aspects of the programme remained neglected.

3.4.6 PFA Rules not formulated by the State Government

Rules not framed regarding duties and powers of State Food Authority, etc.

The PFA Act, 1954, requires that the State Government make rules for the purpose of giving effect to the provisions of this Act particularly in regard to powers, duties of the State Food Authority, Local Health Authority, forms for licences for manufacture for sale, storage and distribution of food articles, etc.

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17 Bhiwani, Gurgaon, Hisar, Karnal and Rohtak.

Haryana Government did not frame any rules as envisaged in PFA Act, 1954 to define duties, powers and responsibilities of the DGHS, the Director Health Services, the local bodies (Municipal Committees/*Panchayat Samitis* in respect of prevention of food adulteration). The State Government was following GOI's PFA Rules, 1955. As a consequence, the State Food Authority/Local Health Authority had no power to direct the manufacturers, wholesalers, and retailers to deposit any sum as security for the performance of the conditions of licence and to impose fee/fines for contravention of the provisions of the Act.

3.4.7 Issue of licences

(i) Absence of licence records

PFA Act provides that the State Government would appoint licencing authorities. The Local Bodies i.e. Municipal Committees/*Panchayat Samitis* were empowered to issue and renew licences to manufacturers/wholesalers and retailers for a period of one year by charging prescribed fee of Rs 10, Rs 5 and Rs 2, Re 1 respectively which were last revised in 1966. The fees need revision due to increased cost of managing the programme.

No record for renewal of licences with municipalities/ *panchayat samitis*

In the districts test-checked[18], the Municipal Committees/*Panchayat Samitis* did not maintain the details of units issued fresh licences or the units whose licences were renewed during 1995-2000. Thus, an important control mechanism to keep track of units which got their licences and were required to renew the same was non-functional. There was no record to suggest that the authorities ever cancelled any licence for violation of provisions of PFA Act.

(ii) Lack of co-ordination among various authorities

Non-maintenance of record of licenced establishment

DGHS (State Food Authority) had no State wide record of the manufacturers, distributors, retailers and vendors for food articles in the State. The Municipal Committees/*Panchayat Samitis* did not send list of food establishments (for which licences were issued from time to time) to the Civil Surgeons and the DGHS during 1995-2000. The Civil Surgeons, Government Food Inspectors (GFIs) and Tehsil Sanitary Inspectors (TSIs) were not aware about the number of various types of food establishments/units in existence within their jurisdiction.

Lack of co-ordination between Local Bodies and State Food Authority/Civil Surgeons

There was no interaction and co-ordination between Municipalities, *Panchayat Samitis* and the Civil Surgeons/DGHS (State Food Authority) in regard to issue, renewal or cancellation of licences for manufacture and sale of food articles. Therefore, in the absence of State wide record of manufacturers, etc. of different food preparations the DGHS could not ensure coverage of all eligible units under implementation of PFA Act. Due to lack of co-ordination among various authorities samples were not seized in the prescribed ratio and

[18] Bhiwani, Gurgaon, Hisar, Karnal and Rohtak.

all licenced establishments were not inspected to satisfy that their premises were free from sanitary defects.

3.4.8 Huge shortage of Food Inspectors

Shortage in the Food Inspectors Cadres badly affected the systematic surveillance and sampling

As per the recommendation of the Task Force Committee set up by GOI and Central Health Council, one Food Inspector was required for 50,000 population for rural and urban areas. By this norm, Food Inspectors were short by 92 to 93 *per cent* during 1995-99 as indicated below:

Year	Population of the State (In crore)	Number of GFIs required	Number of GFIs/TSIs working in the State		Shortage of GFIs (percentage)
			GFIs	TSIs	
1995-96	1.84	368	17	12	339 (92)
1996-97	1.88	377	17	12	348 (92)
1997-98	1.93	386	17	12	357 (92)
1998-99	1.98	396	14	12	370 (93)

The State Government had a plan to recruit 247 GFIs in the State during ninth Five Year Plan (1997-2002). But no effective action had been taken in this regard. Even the proposal of DGHS (November 1998) for recruitment of 10 GFIs had not been acted upon by the State Government. The insufficient number of Food Inspectors contributed to inadequate sampling and surveillance as discussed below.

3.4.9(A) Inadequate collection of sample in the districts

(i) Each Government Food Inspector (GFI), Tehsil Sanitary Inspector (TSI) was to collect 30 and 10 food samples every month respectively. The department had only 7 to 8 *per cent* of Government Food Inspectors and Tehsil Sanitary Inspectors (compare to norms) in position (refer paragraph 3.4.8). Even the few GFI/TSI in position, collected only 44 *per cent* (on average) of the required number of samples during 1995 to 1999 as shown below:

Calendar year	Manpower authorised to seize food samples in the State		Number of food samples required to be taken		Total samples required to be taken	Number of samples taken	Shortfall to requirement (percentage)
	GFIs	TSIs	GFIs	TSIs			
1995	17	12	6,120	1,440	7,560	4,511	3,049 (40)
1996	17	12	6,120	1,440	7,560	3,736	3,824 (51)
1997	17	12	6,120	1,440	7,560	2,858	4,702 (62)
1998	Between 14 &16	12	5,430	1,440	6,870	2,443	4,427 (64)
1999	Between 13 &14	12	4,920	1,440	6,360	2,085	4,275 (67)
Total					**35,910**	**15,633**	**20,277 (56)**

Arbitrarily sampling

(ii) The DGHS did not prescribe any norms for seizing food samples in order to cover all the manufacturers, wholesale distributors, sellers of food articles over a given cycle of period. GFIs and TSIs seized samples from units arbitrarily.

Samples were collected mostly from retailers while manufacturers and wholesalers were spared

(iii) Government Food Inspectors were required to take food samples from manufacturers/wholesalers and retailers in the ratio of 40:60. Contrary to this, the number of samples taken from manufacturers/wholesalers and retailers in 4 districts of Gurgaon, Rohtak, Bhiwani and Hisar was in the ratio of 65:35, 33:67, 13:87 and 19:81 respectively during 1995-99. Except Gurgaon district, collection of samples was heavily biased in favour of retailers. Thus, the surveillance was poor in respect of the manufacturers and wholesalers though the most of the food stuff trade was controlled by them. Civil Surgeons reported these deviations to the Health Directorate but no action was taken by the DGHS/Director, Health Services to ensure the collection of samples as per prescribed ratio.

No targets or norms fixed for coverage in rural and urban areas

(iv) The department did not fix targets rural and urban area-wise for collection of food samples. As a result food adulteration prevention measures in rural areas were not monitored.

Not even a single sample collected for certain commodities

(v) There are 802 commodities as mentioned in PFA rules. Department divided all these commodities into 12 categories. Test-check of records of selected districts revealed that out of 802 commodities, only sample of 60 useable commodities were collected. Samples of popular food items like toffee, chocolate, dried ice cream, condensed milk and spices like *dal chini, long, elaichi, saunf,* other items like honey, saccharine, sodium, asfoetida, *khas-khas, etc.* were not taken.

(vi) Samples of 'salt' were seized mainly for prominent brands while samples seized for local brands of salt in five districts test-checked ranged between 3 and 20 *per cent* of the total salt samples seized during 1995-99.

(B) Collection of insufficient samples by Civil Surgeons

Civil Surgeons failed to take the prescribed number of samples of milk, edible oils and *pan masala/gutka*

The Civil Surgeons in each districts were also required (as per annual action plan) to seize 10 samples of essential commodities like milk and mustard/edible oils and 5 samples of pan masala/gutka every month and send separate reports to the DGHS. During September 1998 to March 1999, number of samples to be collected for mustard/edible oils was increased to 20 per month. Analysis of actual number of samples collected by the Civil Surgeons during 1996 to 1999 revealed that shortfall in collection of samples by Civil Surgeons ranged from 43 to 75 *per cent* for milk, 74 to 84 *per cent* for mustard/edible oils and 100 *per cent* for *Pan Masala/gutka* as shown below:

Calendar year	Number of Civil Surgeons in the State	Commodity	Number of samples required to be taken	Number of samples actually taken	Shortfall to requirement (percentage)
1996	17	Milk	1,530	864	666 (43)
1997	17 to 19	Milk	2,160	695	1,465 (68)
1998	19	Milk	2,280	503	1,777 (78)
		Mustard oil/ Edible oil	1,520	400	1,120 (74)
1999	19	Milk	2,280	562	1,718 (75)
		Mustard oil/ Edible oil	2,850	453	2,397 (84)
		Pan masala/ gutka	855	Nil	855 (100)
Total			**13,475**	**3,477**	**9,998 (74)**

Obviously, the quality and extent of check of food items including items of potential health hazard like *gutka* and *pan masala* were compromised. DGHS failed to enforce the compliance of the annual action plans. Government failed to monitor an important area of implementation of PFA Act.

Thus, due to shortage of Food Inspectors and failure of GFIs and Civil Surgeons to collect prescribed number of samples for important food items and indifference of DGHS to ensure compliance of the Government orders, any worthwhile enforcement of the provision of the Act was not possible.

3.4.10 Analysis of food samples

There are two food laboratories in the State, one at Chandigarh and another at Karnal, each headed by a Public Analyst. State Food Laboratory, Chandigarh analyses food samples collected by GFIs and TSIs in 14[19] (out of 19 districts in the State) while food samples from the remaining 5[20] districts are analysed by District Food Laboratory, Karnal. Analysis of work done by these laboratories during 1995 to 1999 revealed the following:

(A) State Food Laboratory, Chandigarh and District Food Laboratory, Karnal

Declining trend in receipt of samples

During 1995-2000, Rs 2.45 crore (SFL Chandigarh:Rs 2.16 crore + DFL Karnal:Rs 0.29 crore) were spent on the salaries of laboratory staff and Rs 2.18 lakh were spent on laboratory material, etc. Number of food samples received from GFIs/TSIs in Haryana State and analysed under PFA Act decreased by 33 *per cent* (3,505 in 1996 to 2,342 in 1999) in the State Food Laboratory,

19 Faridabad, Fatehabad, Gurgaon, Hisar, Jhajjar, Jind, Karnal, Kurukshetra, Mohindergarh, Panipat, Rewari, Rohtak, Sirsa and Yamunanagar.

20 Ambala, Bhiwani, Kaithal, Panchkula and Sonipat.

Chandigarh and by 34 *per cent* (1,155 in 1995 to 758 in 1999) in District Food Laboratory, Karnal.

DGHS attributed the decline in collection/analysis of food samples mainly to non-filling of vacant posts of GFIs. The reply was not tenable as the DGHS did not ensure that even the existing GFIs collect adequate samples as per targets fixed for them. Collection of insufficient samples and analysis increased the risk of non-detection of adulterated food.

(B) Underutilisation of the capacity of laboratories

Capacity of the laboratories underutilised

State Food Laboratory (SFL) Haryana, Chandigarh has an annual capacity of analysing 5,000 food samples whereas District Food Laboratory (DFL) Karnal has a capacity to analyse 1,500 samples in addition to water and liquor samples. Samples received in these laboratories declined from 4,175 to 3,791 (9 *per cent*) in SFL, Chandigarh during 1995 and 1997 after which it increased again. In DFL Karnal, the number of samples declined 1,185 to 824 (30 *per cent*) during 1995 and 1999. As a result, capacity of the laboratories were grossly underutilised as shown below:

	State Food Laboratory, Chandigarh			Districts Food Laboratory, Karnal		
Year	Number of samples received under PFA Act	Shortfall in relation to full capacity	Percentage of shortfall	Number of samples received	Shortfall in relation to full capacity	Percent-age of shortfall
1995	4,175	825	16	1,185	315	21
1996	4,464	536	11	1,121	379	25
1997	3,791	1,209	24	937	563	37
1998	4,226	774	15	751	749	50
1999	4,055	945	19	824	676	45

Capacity of the laboratories was not fully utilised in any year during 1995-99 as adequate number of samples were not collected and sent for analysis according to the targets fixed by DGHS.

Testing rates not revised since 1958

(C) Non-revision of sample testing rates

For analysing the food samples brought by private parties in the State or agencies from outside the State, Medical and Health Department charged Rs 16 per sample. During 1995-99, SFL Haryana, Chandigarh and District Food Laboratory, Karnal realised a meager amount of Rs 2.45 lakh (SFL Chandigarh: Rs 2.44 lakh and DFL, Karnal : Rs 0.01 lakh). The sample testing rates were not revised since 1958. The State Government should consider upward revision of rates of samples brought by private parties in line with the rising cost of staff and laboratory.

(D) *Non-utilisation of GOI funds for strengthening laboratory infrastructure*

Central assistance not utilised

According to an internal estimate of Public Analyst, Chandigarh and Karnal these laboratories needed strengthening/modernisation with additional equipments[21] costing about Rs 60 lakh. For this purpose, the GOI sanctioned grant of Rs 39 lakh during 1995-2000 (1995-96:Rs 9 lakh; 1996-97 : Rs 7 lakh, 1997-98 : Rs 5 lakh, 1998-99 : Rs 9 lakh, and 1999-2000 : Rs 9 lakh). No amount of the sanction was utilized by the DGHS to purchase the equipment. A scrutiny revealed that the DGHS did not obtain any proposal from Public Analysts to take it up with the Government for the purchase of equipment. Neither the DGHS nor the Health Commissioner furnished any reply as to why the amount was not utilized by them. Evidently they failed to ensure the use of funds to improve the infrastructure of analysis and testing.

3.4.11 Incorrect analysis of food samples by State Food Laboratories

Unreliable results of testing by the State Food Laboratory

The PFA Act provided that the court may, at the request of the accused (whose food sample was declared as adulterated by the State Food Laboratory), send the sample under its own seal to the Director, Central Food Laboratory (CFL), Pune who shall thereupon send a certificate to the court in the prescribed form within one month specifying the results of analysis. Certificate issued by the CFL shall supersede the report given by the State Laboratory. It was noticed that during 1995-99, in 4[22] of the 5 districts test-checked out of 261 samples sent by the courts to CFL for re-testing, 112 samples (43 *per cent*) were found to be unadulterated on re-testing.

Government conducted no investigations for improper and misleading results by the State Food Laboratory.

3.4.12 Increasing trend in food adulteration

Failure to check the sale of adulterated items encouraged adulteration

(i) As the collection/analysis of samples declined, there was a significant increase in the rate of adulteration from 12 to 19 *per cent* during 1995-1999 as shown below:

Calendar Year	Number of samples analysed	Samples found adulterated (Percentage to total)
1995	4,511	534 (12)
1996	4,600	653 (14)
1997	3,553	596 (17)
1998	3,346	512 (15)
1999	3,100	598 (19)

21 High pressure liquid chromatograph, atomic absorption spectrophotometer, gas liquid chromatograph, U.V. spectrophotometer, laminer flow cabinet, autoclaver vertical, one digital colony counter, two BOD incubator, conductivity meters and refrigerator, etc.

22 Civil Surgeon, Bhiwani did not furnish the information.

Adulteration in alcoholic beverage, milk and edible oils significantly increased

(ii) The various types of food which were analysed and found adulterated during 1995-99 and their percentage of adulteration noticed during testing of food samples are shown below:

Sr. No.	Category of Food	Percentage of Adulteration				
		1995	1996	1997	1998	1999
1	Beverages					
	(i) Alcoholic	25	6	-	33	47
	(ii) Non-Alcoholic	6	14	4	7	8
2	Spices and Condiments	23	17	18	22	18
3	Sweetening Agents	2	5	14	3	4
4	Tea, Coffee, Chicory	2	2	4	2	1
5	Milk	31	32	27	31	50
6	Butter, Ghee, Ice-cream and other milk products	19	17	18	22	24
7	Edible oil, fats and vanaspati	3	4	6	18	25
8	Cereals, Cereals products and pulses	10	25	31	31	12
9	Fruit products	7	2	1	0	3
10	Infant foods	6	0	0	9	0
11	Misc. other food articles	7	6	12	6	9
12	Edible salts	2	2	1	2	2

It would be seen that percentage of adulteration in milk increased from 31 to 50 *per cent*, beverages (alcoholic) from 25 to 47 *per cent*, edible oil fats vanaspati 3 to 25 *per cent*, butter ghee, ice cream and other milk products from 19 to 24 *per cent*. The trend in increase in adulteration should be seen in the context of inadequate samples collected and analysed. Had the number of samples been collected as per norms there was possibility detection of increased number of cases of adulteration. This indicates the ineffectiveness and mismanagement of the programme by the Government.

Non-seizing of adulterated stock

(iii) As prescribed in the Act, maximum period for analysing food sample by Food Laboratory was 40 days. This time gap provided the manufacturer/wholesaler/retailer an opportunity to sell the entire stock of adulterated food by the time the results of test report was available. A specific provision in the Act is required for seizure of the adulterated food items immediately on receipt of report from public analyst. The Government did nothing to prevent the sale of adulterated food items while samples are taken for analysis.

Adulterated stock cleared even after conviction

(iv) The Act lays down that GFI may seize and carry away or keep in safe custody of vendor such article which appears to be adulterated or misbranded. These powers are only discretionary and not mandatory and the GFIs failed to seize even a single adulterated stock in the entire State during the last 5 years i.e. 1995-2000. Provision should be made mandatory and GFIs did not utilise their discretion in favour of the Government. In fact, the adulterated stocks were not seized even where the persons were convicted under the Act.

3.4.13 Prosecution

Pending cases in courts increased. Deterrence through prosecution ineffective

(i) The total number of outstanding cases increased from 3,569 at the beginning of 1995 to 4,091 in 1999 (July 1999). Of 3,569 cases, 1,584 cases (44 *per cent*) were decided during 1995 to 1999 (upto July 1999) and 1,985 cases were pending for more than 5 years.

Further, in various courts during the above period 2,006 cases were added which was more than the cases decided (i.e. 1,584). Considering the increase in the number of prosecution cases launched every year and the fewer cases decided by courts, the deterrence through prosecution was ineffective.

Acquittal in prosecution was high

(ii) Of the total 1,584 cases decided by courts during 1995-99 (upto July 1999), 1,026 cases (65 *per cent*) ended in acquittal. Out of 1,026 cases, 437 cases were from the 5 districts test-checked of which 64 cases were analysed in audit to identify the factors attributable to such high percentages of acquital. In 17 cases of milk samples, the milk was not stirred properly as required. In another 6 cases of milk samples, fats and solids in milk taken together met the prescribed standards; in 4 cases the kind of milk (cow milk, buffalo milk, etc.) was not indicated; in 4 cases the laboratory reports did not declare the food stuffs unfit for human consumption; in 3 cases, the accused were not identified; in 7 cases, food standards were not prescribed in PFA Rules; and in other cases, lack of evidence, etc. The DGHS was expected to analyse the cases of failure in prosecution and strengthen the internal controls to ensure that remedial measures were taken to minimize the failure of cases.

3.4.14 Non-reporting of food poisoning cases to Health Department

The State Government violated the provision of the Act and did not notify any instructions for 27,145 private medical practitioners in Haryana (upto March 1999) to report case of food poisoning as no case of food poisoning was reported to the Civil Surgeon/DGHS by any medical practitioner during 1995-2000.

From Government hospitals, the Civil Surgeons reported to the Directorate of Health Services 12 cases of food poisoning during 1999. Action, if any, taken to identify the source of food stuffs for arranging samples for laboratory tests, and for seizing the stock and launching prosecutions in these cases was not intimated to audit.

3.4.15 Failure to create consumer awareness

(a) Director General Health Services, Haryana intimated (February 2000) that instructions received from GOI/State Government in relation to consumer awareness were sent to the Civil Surgeons for compliance. However, no such instructions were produced to audit. This was further corroborated by the fact that no expenditure was incurred by DGHS in the State and Civil Surgeons in the districts on advertisement, radio broadcast, publicity through television for public awareness about the danger of food adulteration.

(b) During 1995-2000, the Medical and Health Department did not involve any non-government organisation (NGO) in the implementation of prevention of food adulteration programme, no education to consumers were imparted about creation of awareness, and demonstration-cum-educational programmes were not organised to curb the menace of food adulteration.

3.4.16 In-service training

Training to GFIs/TSIs not imparted during 1995-2000

The Public Analyst imparted no training to the GFIs/TSIs from the State during 1995-2000 to update their knowledge with latest techniques of sampling and testing of food stuffs.

No reasons for not training their staff were intimated by the DGHS/Public Analyst. DGHS failed to monitor the upgradation of skills through training and took no action against the Public Analyst for this failure.

3.4.17 Monitoring

DGHS monitors the prevention of Food Adulteration Programme through annual Action Plans. The Action Plans for this purpose cover various returns from the Civil Surgeons relating to the number of samples seized (article wise), number of samples sent monthly to State/District Public Analysts, results of analysis of such samples, number of cases launched in the courts, number of cases decided, cases acquitted/convicted, etc.

These reports were sent regularly by the Civil Surgeons but were not analysed either by DGHS or Director Health Services. No instructions to bring about improvement were ever issued. Monitoring of the programme was thus, ineffective.

3.4.18 Conclusion

The State Government did not frame PFA Rules defining the powers and duties of the implementing agencies for implementation of PFA Act. There was lack of co-ordination between local bodies and Health Department as records relating to the number of licences issued, renewed, fee realisable, or actually realised was not maintained by Health Department. Thus, monitoring of important aspects of the Act was neglected.

Food adulteration is a public health issue and the extent to which its prevention can be addressed by Medical Officers of the Health Department, who are entirely engaged in curative treatment, has to be seen in the larger public interest due to the fact that severe time constraints prevents effective supervision and overlooking of the functions and duties assigned to them under PFA Act.

Department did not collect adequate samples from manufacturers/wholesalers and retailers and failed to verify the licenced establishments to see that prescribed sanitary conditions were being observed in the food vending establishments. Number of Government Food Inspectors (GFIs)/Tehsil Sanitary Inspectors (TSIs) was short by 92 to 93 *per cent* as per norms and even those in position did not collect prescribed number of samples. As a result the capacity of the two laboratories in the State were grossly underutilised. Samples were not analysed according to the standards laid down in PFA Rules. Samples of important food items were neither collected nor tested.

The Government did not devise any fool proof method for seizing of articles of adulteration immediately on receipt of report of Public Analysts to prevent their sale. Prosecution launched against the traders did not prove fruitful because decision in such cases took a lot of time and adulterated stock were already sold by then.

The matter was referred to Government in May 2000; their reply had not been received (August 2000).

CHAPTER - III

SECTION - B
AUDIT PARAGRAPHS

Section B

Audit Paragraphs

Co-operative Department

3.5 Avoidable payment of interest

Due to delay in refunding the unutilised amount to NABARD the State Government had to bear an additional interest burden of Rs 69.80 lakh.

National Bank for Agriculture and Rural Development (NABARD) is providing long term loans to the State Government at concessional rate of interest for contribution to share capital of co-operative Credit Institutions under NABARD Act, 1981. The funds were required to be utilised by the State Government for contribution to the equity base of respective Co-operative institutions and a certificate to that effect was to be furnished to NABARD within a period of 3 months from the date of drawal of funds from NABARD. In case the funds were not utilised, and lying unutilised either with the State Government or with any other intermediary institutions beyond 3 months from the date of drawal and not refunded to NABARD, the State Government had to pay a higher rate of interest at Bank rate.

Scrutiny of the records (July 1998) of Registrar Co-operative Societies in audit revealed that NABARD released a loan of Rs 12.17 crore at the rate of interest of 7.5 *per cent* per annum to the State Government in March 1997, repayable within a period of 12 years in equal annual instalments commencing on the expiry of 3 years from the date of drawal. The interest was payable at the end of each quarter.

Of this, the State Government could utilise only Rs 8.54 crore (1996-97: Rs 5.64 crore and Rs 1997-98: Rs 2.90 crore) within the stipulated period of 3 months i.e. upto 30 June 1997. The remaining amount of Rs 3.63 crore could not be utilised due to failure of the Co-operative Department to ensure adequate budget provision under this scheme. Registrar Co-operative Societies requested the Secretary, Co-operation Department to enhance the Plan outlay under the scheme in January 1997, but the department approved the proposal only towards the end of March 1997. Thus, because of late approval by the department sufficient provision for the purpose could not be made in the budget for 1997-98. The Co-operative Department did not refund the unutilised amount and sought extension to utilise the funds by 31 March 1998, to which NABARD did not agree (March 1998). Though the fresh limits/funds of Rs 6.82 crore were sanctioned by NABARD for 1998-99, no drawal from this limit was allowed until entire unutilised amount alongwith additional interest was refunded to NABARD. Ultimately, the State Government refunded the unutilised amount of Rs 3.63 crore and additional interest of Rs 15.34 lakh in March-May 1999 in addition to payment of normal interest of Rs 54.46 lakh.

Thus, due to failure of the Co-operative Department to ensure adequate budget provision under this scheme for the year 1997-98, the State Government did not utilise the loan fully. Further due to delay in refunding the unutilised amount, the State Government, had to bear an avoidable burden of interest of Rs 69.80 lakh (Rs 54.46 lakh + Rs 15.34 lakh).

The matter was referred to Government in March 2000; their reply had not been received (August 2000).

Education Department

3.6 Irregular retention of unspent Central funds

Rs 2.61 crore of GOI funds meant for improvement of Science Education in schools were irregularly retained in Saving Bank account resulting in non-implementation of the scheme and loss of interest of Rs 11.52 lakh.

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

State Government accorded (July 1998) sanction for incurring expenditure of Rs 2.68 crore out of Rs 4.60 crore sanctioned by Government of India (GOI) during 1993-94 for implementation of Centrally sponsored scheme "Improvement of Science Education in schools". In January 1999, GOI accorded sanction to utilise the unspent amount of Rs 2.68 crore with the condition that no further extension would be granted in any case beyond 31 March 1999. In case the State Government failed to utilise the funds within stipulated period, the unspent balance was to be refunded to Government of India.

Audit scrutiny of records of Director, State Council of Education Research and Training (SCERT), Gurgaon revealed (August 1999) that the SCERT, Gurgaon could utilise only Rs 6.20 lakh out of Rs 2.68 crore upto March 1999 on training of teachers. On receipt of directions from Director, Secondary Education Haryana, Chandigarh on 18 March 1999, the unspent amount of Rs 2.61 crore was drawn on 31 March 1999 by Director, SCERT, Gurgaon and was kept in the saving bank account outside the Government accounts. Instead of refunding the unspent amount, Rs 1.69 crore out of Rs 2.61 crore were utilised upto 2 June 2000 for purchase of material without the concurrence of GOI and Rs 0.92 crore were still lying unutilised.

Director, SCERT, Gurgaon stated (June 2000) that the amount was drawn and deposited in the bank on the orders of Director, Secondary Education.

Thus, due to drawal of funds without any immediate requirement, interest of Rs 11.52* lakh was lost. Besides the purpose of upgrading science laboratories to the secondary schools, for which the funds were sanctioned was not served.

The matter was referred to Government in April 2000; their reply had not been received (August 2000).

Finance Department

Inspection of Treasuries

3.7 Overpayment of pensionary benefits

As per Punjab Treasury Rules and Punjab Financial Rules applicable to Haryana State, Treasury Officers (TOs) were responsible for ensuring the correctness of the payments made with reference to the records maintained by them before incorporating the transactions in their accounts. TO was required to maintain a register in the prescribed *pro-forma* for keeping a comprehensive record of pension payments. In token of having applied the required checks, each entry of monthly payments registers was to be checked by the TO.

Inspection of 20 District Treasuries including sub-treasuries conducted by Principal Accountant General (A&E) Haryana, during 1999-2000 revealed that Rs 15.26 lakh of pensionary benefits were overpaid to 252 pensioners/family pensioners due to failure to observe rules/orders and their incorrect interpretation. Of this, overpayment of Rs 11.50 lakh was attributable to excess payment of pension/family pension/commutation pension in respect of 155 pensioners and Rs 3.76 lakh were attributable to payment of medical allowance, interim relief, etc. in respect of 97 pensioners.

In response to the comments of Principal AG (A&E), the Director, Treasuries and Accounts, Haryana took up the matter with the concerned TOs and directed them to explain under which circumstances these overpayments were made. TOs were also directed to pin-point the responsibility of the officials/officers for the overpayments and recover the same within 15 days. Rs 1.20 lakh had been recovered from the pensioners as of June 2000. Further developments were awaited.

The matter was referred to the Government in May 2000; their reply had not been received (August 2000).

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* 12 *per cent* per annum minus interest earned on saving bank account.

3.8 Operation of Personal Ledger Accounts

Personal Ledger Accounts (PLAs), are created by debit to the Consolidated Fund for discharging liabilities of the Government arising out of special enactments in consultation with Accountant General (Accounts and Entitlements) - AG (A&E). PLAs should be closed at the end of the financial year by writing back the balance to the relevant service heads in the Consolidated Fund. Necessary reconciliation of the balances in each Drawing and Disbursing Officer's (DDO's) PLA should be done with the balance as per treasury office and AG (A&E). For this purpose Treasury Officers are required to send Plus and Minus Memoranda of all PLAs in a prescribed format to AG (A&E).

During 1999-2000, 283 PLAs were in operation in 21 treasuries under the head "8443-Civil Deposits-106-Personal Deposits". Of these, only 55 PLAs (19 *per cent*) were opened in consultation with the AG (A&E). Details of 228 PLAs (81 *per cent*) operated without consultation with the AG during 1999-2000 are given in the Appendix-XX. Thus, this irregular practice was wide spread among all the treasuries in the State. As on 31 March 2000, Rs 71.47 crore were shown as available against these PLAs. During 1999-2000, Rs 41.56 crore were deposited and Rs 44.51 crore withdrawn under this head.

The deposits and withdrawals from 19 PLAs (out of 70 PLAs) under "Personal Deposits" relating to four treasuries* having closing balance of Rs 2.04 crore as on 31 March 2000 (details given in the Appendix XXI) were test-checked.

Audit scrutiny revealed that:

(i) In four treasuries*, 5 out of the 10 PLAs were not closed at the end of the financial year, instead these PLAs were carried forward by DDOs for one and more than two years irregularly as detailed in Appendix-XXII.

(ii) Of the 19 PLAs test-checked, 11 DDOs having 11 PLAs (Appendix XXIII) had not reconciled their balances as of April 2000 though there were differences between the treasury figures and the figures of the department. Besides, none of these DDOs reconciled the balances of PLAs with the books of Principal AG (A&E).

In the case of Rewari treasury, while reconciling the disbursement figures with the Accounts figures, Principal AG (A&E) detected a difference of Rs 1.18 crore in August 1999 under the head '8443-Civil Deposits - 106-Personal Deposit'. The difference was due to misclassification as these transactions related to other minor heads of deposit such as '101-Revenue Deposit' (Rs 0.30 lakh), '104-Civil Courts Deposits' (Rs 117.68 lakh) and '123-Deposits of Educational Institution' (Rs 0.02 lakh) but the TO had wrongly booked these transactions under the head '106-Personal Deposits'.

* Gurgaon, Jind, Rewari and Rohtak.

Similarly, difference of Rs 1.82 lakh in August 1999 in Jind treasury occurred mainly due to wrong booking of receipt of Rs 9.27 lakh and Rs 7.45 lakh under the head '106-Personal Deposit' and '104-Civil Court Deposit' by the TO though these pertained to '104-Civil Court Deposit' and '106-Personal Deposit' respectively.

(iii) The Treasury Officers of Gurgaon, Jind and Panchkula did not submit the Plus and Minus memoranda to the Principal AG (A&E) during 1999-2000 with the result the balances in PLA with various DDO's could not be reconciled with the balances shown in the books of Principal AG (A&E).

(iv) Irregular funding of PLA

General Managers (GMs) of Haryana Roadways Gurgaon, Jind, Rewari and Rohtak had drawn Rs 9.67 crore* during 1999-2000 from the Consolidated Fund of the State for the purchase of high speed diesel oil (HSD), tyres, tubes, spare parts, electricity bills, motor accidents claims, staff payment and for making payments of insurance, etc. These amounts were irregularly kept in PLAs meant for transactions connected with suspense receipts like special booking and passenger tax of other states. However, entire amount of Rs 9.67 crore (except Rs 43 thousand) were utilised as of March 2000.

(v) Irregular deposit of funds in PLA to avoid lapse of budget grant

Under the financial rules, money should not be drawn from treasury unless it is required for immediate disbursement. Financial rules also prohibit withdrawal of funds from treasury to avoid lapse of budget and keeping them in PLA.

GMs, Haryana Roadways, Gurgaon, Jind and Rewari drew Rs 22.89 lakh from the Consolidated Fund of the State for execution of works such as construction of water tank, sewerage disposal, maintenance of bus stands, special repairs of workshop, construction of queue shelter and purchase of land, etc. between March 1997 to February 2000. These amounts were kept under PLAs to avoid lapse of funds. Of Rs 22.89 lakh drawn, Rs 15.14 lakh were lying unutilised as of March 2000 as under:

Sr. No.	Name of DDOs	Period of withdrawal	Amount drawn	Amount lying** in PLAs as on 31 March 2000
			(Rupees in lakh)	
1.	General Manager, Haryana Roadways, Gurgaon	March 1998	1.19	1.19
2.	General Manager, Haryana Roadways, Jind	March 1997 March 1998 February 2000	10.40 1.72 0.15	2.65 1.72 0.15
3.	General Manager, Haryana Roadways, Rewari	March 1997 August 1999	9.08 0.35	9.08 0.35
	Total		**22.89**	**15.14**

* Gurgaon: Rs 4.93 crore; Jind: Rs 0.11 crore and Rewari: Rs 4.63 crore.
** Departmental figure.

The unspent funds showed that these amounts were not immediately required. The amounts were not transferred to the Consolidated Fund of the State at the end of the financial year as required and were partly utilised by the GM, Haryana Roadways, Jind in the next financial year without the concurrence/ sanction of the Government.

(vi) Misutilisation of funds from PLA

As per provision of Haryana Cattle Fairs Act, 1970, the collection on account of all fees, rents, donations or grants realised shall be kept in a PLA in Government treasury. The fund shall be utilised for purposes specified in the Act.

Test-check of PLA maintained by Cattle Fair Officer, Rohtak revealed that Rs 0.53 lakh were irregularly utilised for repair of vehicles which was not covered under the provision of said Act.

(vii) Irregular retention of money out of Government Accounts

Executive Engineer (EE), *Panchayati Raj* (JRY), Gurgaon received (January 2000) Rs 75 lakh from the Deputy Commissioner, Gurgaon for the execution of various developments works. Instead of keeping the amount in PLA, the amount was irregularly kept in saving bank accounts.

The matter was referred to Government in June 2000; their reply had not been received (August 2000).

Home Department
(Director General of Police)

3.9 Payment of idle wages

Irregular order of DGP to recruit wards of retiring police constables was quashed by High Court. Consequently, Department had to pay Rs 21.11 lakh to the retired persons, who were reinstated in service.

Punjab Police Rules, 1934 (adopted by Haryana State) authorised the Superintendents of Police (SPs) to appoint Head Constables and Constables by giving preference to the sons and near relatives of persons who have done good service in Police Department over the other candidates. The Director General of Police (DGP), Haryana issued orders (July 1995) without obtaining Government approval to all field offices to allow voluntary retirement to such constables who want to do so for getting their sons recruited in their place provided the applicants were ready to deposit three months salary and vacate their constabulary number for their sons.

Scrutiny of records of 16 SPs during December 1999 - March 2000 revealed that 56 police personnel in the offices of 7* SPs sought voluntary retirement during July 1995 to September 1995 for getting their wards recruited. The recruitments so made were challenged in Punjab and Haryana High Court in 1995 as the department did not advertise the vacancies so as to give an equal opportunity to the petitioner to compete for selection. Constitutional validity of the Police Rules was also challenged on the ground that they did not meet with the requirement of equality clause enshrined in the Constitution.

High Court of Punjab and Haryana reiterated the order of Supreme Court (1980) holding the said rules as unconstitutional and arbitrary as it did not provide equal opportunity to all citizens to get into public service. The High Court quashed (16 February 1996) the recruitments made by giving preference to the wards of voluntarily retired police personnel. They directed that the persons who took voluntary retirement to get their wards employed in the police service be reinstated immediately and also be treated on duty for the intervening period. Consequently, the newly recruited persons were discharged and the 56 police personnel who were voluntarily retired, on their own request, were taken back in service between February 1996 and May 1996.

Thus, illegal action of DGP to recruit the sons and relatives of police personnel who took voluntary retirement in disregard of the judgement of Supreme Court resulted in payment of Rs 21.11 lakh on account of pay and allowances for the idle period.

The matter was referred to Government in April 2000; their reply had not been received (August 2000).

3.10 Non-responsiveness to Audit findings and observations resulting in erosion of accountability

Accountant General (Audit) (AG) arranges to conduct periodical inspection of the Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs). When important irregularities, etc. detected during inspection are not settled on the spot, these IRs are issued to the Heads of offices inspected with a copy to the next higher authorities. The Rules/Orders of Government provide for prompt response by the executive to the IRs issued by the AG to ensure corrective action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. noticed during his inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by the office of the Accountant General (Audit). A half-yearly report of pending inspection reports

* Ambala cantt, Faridabad, Hisar, Panipat, Rewari, Sirsa and Sonipat.

is sent to the Secretary of the Department in respect of pending IRs, to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued upto June 2000 pertaining to 45 offices of Police Department disclosed that 824 paragraphs relating to 280 IRs remained outstanding at the end of June 2000. Of these 41 IRs containing 54 paragraphs had not been settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs are detailed in the Appendix-XXIV. Even the initial replies, which were required to be received from the Head of offices within six weeks from the date of issue were not received in respect of 20* IRs issued between December 1995 and April 2000. As a result the following serious irregularities commented upon in these IRs had not been settled as of June 2000.

Sr. No.	Nature of Irregularities	Number of paragraphs	Amount (Rupees in crore)
1.	Shortage/short receipt/Non-accounting of material	16	0.28
2.	Drawal of money from treasury to avoid budget grant	26	6.24
3.	Irregular, excess/wasteful expenditure on salaries/LTC/Medical allowances/Bonus	103	16.14
4.	Misutilisation of telephone/the Government money	62	0.69
5.	Irregular payment of motor vehicle/House Building Advances	42	2.29
6.	Irregular/injudicious purchase/expenditure	232	10.29
7.	Non-obtaining/production of actual payee receipts	14	1.92
8.	Blocking up of the Government money/ wasteful/avoidable expenditure	45	1.43
9.	Non-disposal of condemned/surplus stores/ articles	28	1.31
10.	Miscellaneous irregularities	256	31.56
	Total	**824**	**72.15**

A review of the pending IRs relating to Police Department, revealed that concerned Heads of offices, whose records were inspected and the Director General of Police (DGP) who is the head of the department, failed to discharge their due responsibility as they did not send any reply to a large number of IRs/paragraphs. At the instance of Audit, the DGP issued (March 2000) instructions in respect of pending IRs/paragraphs to all the field units of Police Department to expedite the replies. However, no replies to these paras

* 1. Director General of Police, Haryana, Panchkula, (2) Director, Police Training College, Madhuban, (3) Director, FSL, Madhuban, (4) Director, State Vigilance Bureau, Chandigarh, (5) Deputy Inspector General, Gurgaon (6) Deputy Inspector General, Rohtak (7) S.P., Ambala, (8) S.P. Railway, Ambala, (9) S.P., Yamunanagar, (10) S.P. Vigilance, Rohtak, (11) S.P., Karnal, (12) S.P., Sirsa, (13) S.P. Vigilance, Gurgaon, (14) S.P., Faridabad (15) S.P. Traffic, Karnal, (16) S.P. Vigilance, Hisar, (17) S.P. Operation/Commandant, Karnal, (18) Commandant Ist Battalion HAP, Madhuban (19) S.P., Jind, (20) Commandant 2nd Battalion HAP, Madhuban.

containing the defects, omissions and irregularities pointed out in the IRs have since been received as of June 2000. The Secretary, Home Department, who was informed of the position through half-yearly reports, also did not ensure that the concerned officers of the department take prompt and timely action.

Inaction against the defaulting officers facilitated continuation of serious financial irregularities and loss to Government though these were pointed out in audit.

It is recommended that Government should look into this matter and ensure that procedure exists for (a) action against officials who failed to send replies to IRs/Paras as per time schedule, (b) action to recover loss/outstanding advances/overpayments in a time bound manner and (c) revamping the system of proper response to the audit observations in the department.

The matter was referred to Government in June 2000; their reply had not been received (August 2000).

Social Welfare Department (Haryana Welfare Society for Hearing and Speech Handicapped)

3.11 Delay in expansion of Welfare Centre

Rs 28.69 lakh invested on acquisition of land for expansion and development of welfare centre remained blocked for want of funds.

Social Welfare Department, Haryana acquired (July 1982) 80 kanals and 8 marlas land at a cost of Rs 4.63 lakh for expansion and development of Haryana Welfare Centre for Deaf and Dumb Centre, Gurgaon. A building and a stadium was to be constructed on this land. During 1985-86 to 1998-99, the land owners were paid Rs 24.06 lakh on account of enhanced compensation awarded by the District Courts as well as High Court, from time to time.

Test-check of records (July 1999) of Haryana Welfare Society for Hearing and Speech Handicapped (HWSHSH) revealed that no activity for expansion and development of centre had been undertaken after acquisition of land in July 1982. The land was acquired without making any alternative arrangements of funds for the expansion of welfare Centre.

In October 1988, the Executive Committee of HWSHSH under the Chairmanship of Governor, decided to upgrade the Centre to Regional Centre as it had sufficient land and infrastructure. Accordingly, Director, Social Welfare Department requested (November 1989 - February 1990) the Government of India, Ministry of Home Affairs/Social Welfare for providing funds of Rs 3.13 crore for meeting the non-recurring and recurring expenditure of the project as the State Government was not in a position to provide the funds.

However, no funds had been provided as of March 2000 with the result Rs 28.69 lakh invested (between July 1982 and January 1999) on acquisition of land remained blocked besides the purpose for which land was acquired was also not served.

The HWSHSH admitted the facts and stated (March 2000) that due to non-availability of funds from the Government, the developmental works could not be carried out.

The matter was referred to Government in April 2000; their reply had not been received (August 2000).

General

3.12 Misappropriations, defalcations, etc.

Cases of misappropriations, defalcations, etc. of Government money reported to Audit upto the end of March 2000 on which final action was pending at the end of March 2000 were as under:

	Number	Amount (Rupees in lakh)
Cases reported up to the end of March 1999 and outstanding as on 30 June 1999	292	140.36
Cases reported between April 1999 and March 2000	12	14.25
Total	**304**	**154.61**
Cases disposed of between July 1999 and March 2000	15	4.57
Cases outstanding as on 31 March 2000	**289**	**150.04**

The department-wise break-up of the cases in which final action was pending at the end of March 2000 was as under:

Sr. No.	Name of the Department	Number of cases	Amount (Rupees in lakh)
1.	Education	35	17.97
2.	Forest	28	25.85
3.	Irrigation	91	15.86
4.	Public Health (PH)	38	6.95
5.	Public Works (PW) (B&R)	23	6.97
6.	Transport	25	25.93
7.	Others	49	50.51
	Total	**289**	**150.04**

Of these pending cases, 141 cases (Rs 42.08 lakh) and 28 cases (Rs 28.52 lakh) were under departmental and police investigation respectively, 32 cases (Rs 38.89 lakh) were pending in the courts, 65 cases (Rs 26.71 lakh) were sent to Government for writing off and in 23 cases (Rs 13.84 lakh) full recovery had not been made as of June 2000.

Of the 29 cases relating to shortages of store articles, theft, embezzlement, fire in godown, losses, etc. involving Rs 16.15 lakh of 11* departments (Appendix XXV) were scrutinised. These cases were pending with the department/Government for 5 to 25 years. The respective departments/ Government need to take suitable steps to finalise the cases in a time bound manner.

An analysis of these cases showed that (i) 18 cases involving Rs 8.55 lakh occurred due to theft and (ii) 11 cases involving Rs 7.60 lakh related to misappropriation. In PW and PH departments most of the cases pertained to theft of material or cash. The department need to strengthen the system of safekeeping of these assets.

3.13 Write off of losses, etc.

During 1999-2000, Rs 3.32 lakh representing losses due to theft, fire and irrecoverable revenue, etc. were written off in 6 cases by competent authorities as reported to audit by the Government. The relevant details were as under:

Sr. No.	Department	Number of cases	Amount (In Rupees)
1.	Education	1	49,969.40
2.	Medical	1	5,348.00
3.	Printing and Stationery	1	10,000.00
4.	Social Welfare	3	2,66,455.36
	Total	**3**	**3,31,772.76**

3.14 Follow-up on Audit Reports

According to the instructions issued (October 1995) by the Finance Department and reiterated in March 1996 and July 2000, the Administrative departments were to initiate, *suo-motu* positive and concrete action on all Audit paragraphs and reviews figuring in the Comptroller and Auditor General's Audit Reports regardless of whether the cases are taken up for examination by the Public Accounts Committee or not. They were also to furnish detailed notes, duly vetted by Audit indicating the corrective/remedial action taken or proposed to be taken by them within three months of the presentation of the Audit Reports to the legislature.

* 1. Animal Husbandry, 2. Education, 3. Forest, 4. Food and Supplies, 5. Labour and Employment, 6. Medical, 7. Police, 8. Transport, 9. Irrigation, 10. Public Health Department and 11. Public Works Department.

A review of the position regarding receipt of Action Taken Notes on the paragraphs included in the Audit Reports upto the period ending 31 March 1998 revealed that though the Audit Reports for the period 1996-98 were presented to State legislature on 5 March 1997, 21 July 1998 and 15 November 1999 respectively, 19 Administrative departments had not submitted the remedial/corrective Action Taken Notes on 65 paragraphs/reviews as per details given in the Appendix XXVI.

The matter was referred to the Government in June 2000; their reply had not been received (August 2000).

CHAPTER - IV

WORKS EXPENDITURE

SECTION - A
REVIEWS

CHAPTER – IV

Section – A

Audit Review

Public Works Department

(Irrigation Branch)

4.1 Water Resources Consolidation Project

Highlights

The objectives of the Water Resources Consolidation Project taken up in 1994 with the World Bank financial assistance were to generate 953 million M^3 additional surface water by reducing water seepage losses (through bank strengthening and lining of channels) and increase irrigated area by 1.56 lakh hectare. The department could generate 428 million M^3 (45 per cent of what was envisaged in the Project document) additional surface water. Though the Project life was already over in June 2000 (extension for another two years applied but not yet received), 44 per cent of the available world bank credit remained unutilised as of June 2000. Rs 54.98 crore were incurred as extra expenditure/avoidable expenditure on account of various factors like delays in decisions, defective estimates, delayed drawings, inadequate site surveys, poor contract management, etc. Monitoring by the High Level Committee was not effective. Implementation of the Project was not satisfactory in view of substantial shortfalls in achievement of targets. Important audit findings are as under:

Against the budget provision of Rs 958.16 crore during 1994-2000, Rs 821.05 crore (86 *per cent*) were spent whereas the physical progress varied between 3 and 67 *per cent* on different components.

(Paragraphs 4.1.5 and 4.1.6)

Under Rehabilitation component, shortfall in lining and bank strengthening works of main/branch canal in Western Yamuna Canal (WYC) area was 73 and 66 *per cent* respectively. Shortfall in providing structures for head regulators was 95 *per cent* and for bridges 67 *per cent*.

For Bhakra Canal (BC) area, shortfall for lining of distributaries was 81 *per cent*, and for bank strengthening works between 26 and 69 *per cent* during 1994-2000.

(Paragraph 4.1.7)

Under 'Modernisation' component, shortfall in lining of main/branch canals under WYC system was 74 *per cent* and under BC system, 98 *per cent* during 1994-2000.

(Paragraph 4.1.8 (i))

In Bhakra Canal System, there were 56 to 84 *per cent* shortfall in construction of structures "Regulators, bridges, *ghats*, outlets" etc. during 1994-2000.

(Paragraph 4.1.8(ii))

Though brick lining of 63 channels identified in the Project was not complete, the department brick lined 29.02 lakh sft area at a cost of Rs 7.16 crore of 14 channels not identified under the project.

(Paragraph 4.1.9)

In 14 divisions, quantities of works executed for 16 works exceeded the permissible limit of 5 *per cent* in comparison to those specified in the agreements and involved extra expenditure of Rs 32.75 crore which indicated inadequate site survey.

(Paragraph 4.1.11)

Though Hathnikund Barrage was completed in June 1999 at a cost of Rs 208.19 crore, the water from HKB head regulator could not be delivered to Yamuna canal as yet (March 2000) due to delay in completion of the 'link channel' to carry water.

(Paragraphs 4.1.12 and 4.1.12(a))

Incorrect assessment of quantities of steel item of work in the agreement for the Hathnikund barrage resulted in extra expenditure of Rs 1.56 crore.

(Paragraph 4.1.12(b))

Due to delay in revaluing the rates for variation in quantities actually executed vis-a-vis mentioned in agreement for Hathnikund Barrage work, excess payment of Rs 5.32 crore was made to the contractor.

(Paragraph 4.1.12(c)(i)(ii))

In 8 divisions test-checked, 77 works relating to silt clearance works involving expenditure of Rs 0.35 crore were irregularly split up into 212 estimates to avoid sanction of higher authorities.

(Paragraph 4.1.13 (iii))

Cost of original works was irregularly charged to operation and maintenance component resulting in loss of financial assistance of Rs 1.06 crore from World Bank.

(Paragraph 4.1.13 (iv))

Due to delay in formation of Water Users Association (WUA) for assuming full responsibility for upkeep, repairs and maintenance of water courses resulted in avoidable expenditure of Rs 14.69 crore during 1994-2000 by the department.

(Paragraph 4.1.13 (v))

Against Rs 179.50 crore recoverable towards operation and maintenance cost (through water tariffs) from the beneficiaries during 1995-99, only Rs 99.10 crore were recovered.

(Paragraph 4.1.13(vi))

Delay in completion of base line survey by consultants resulted in non-implementation of their suggestions for implementation of the Project.

(Paragraph 4.1.14)

Senior Management Group under the Chairmanship of Administrative Secretary was formed (December 1997) for close monitoring the progress on all components of the project, to identify the reasons for shortfall, for taking corrective action, etc. on monthly basis. However, against 9 meetings due to be held, only 5 meetings were held as of March 2000. Thus, the monitoring was inadequate.

(Paragraph 4.1.15)

4.1.1 Introduction

Water Resources Consolidation Project (WRCP) taken up with the World Bank assistance in June 1994 was to be implemented over a period of 6 years i.e. by June 2000. It aimed at achieving an increase in surface water supplies by 953 million M^3 by reducing seepage losses and increasing the water carrying capacities of major canals for increasing irrigated area by 1.56 lakh hectare, improving flood control by rehabilitating and augmenting maintenance and management of existing drainage structures and river control works. The department made a proposal for the extension of the Project by another two years to which the approval of the World Bank/GOI was awaited as of July 2000.

4.1.2 Organisational set up

The Secretary, Irrigation and Power had overall responsibility for the Project. The Engineer-in-Chief (EIC), Irrigation Branch, Public Works Department (PWD) was responsible for the implementation of the Project. The EIC was supported by the Chief Engineer (CE), Co-ordination Environmental Affairs, Water Services Policy Support and Quality Assurance. The Project was executed through 24 Superintending Engineers (SEs) in charge of circle offices and 82 Executive Engineers (EEs) in charge of 82 divisions (Construction: 34, Water Services: 46 and Hathnikund Barrage: 2).

4.1.3 Audit coverage

Records relating to implementation of WRCP for the period 1994-95 to 1999-2000 were test-checked in the offices of the Engineer–In–Chief, Irrigation Branch, two Superintending Engineers and 28* Executive Engineers (out of 82) during September 1999 to April 2000. In the divisions test-checked, expenditure of Rs 254.96 crore (out of Rs 821.05 crore) i.e. 31 *per cent* was covered in audit. Important points noticed in audit are discussed in the succeeding paragraphs.

4.1.4 Funding pattern

Out of the total Project cost of US $ 483.4 million equivalent to Rs 1,858.25 crore, Rs 975 crore (53 *per cent*) was to be borne by the IDA (according to

* Western Yamuna Canal-Construction Divisions No. 23 Panipat, No. 26 Jind, No. 28 Sonipat, No. 30 Gohana, No. 16 Karnal, Bhakra Canal- Construction Division No. 2 Sirsa, No. 3 Sirsa, No. 1 Tohana, No. 4 Fatehabad, No. 29 Fatehabad, No. 6 Hisar, No. 7 Hisar, No. 8 Tohana, No. 11 Narwana, No. 12 Kaithal, No. 13 Kurukshetra, Western Yamuna Canal-Water Services Division Dadupur, Gohana, Nardak Water Services Division Karnal. Bhakra Canal Water Services Division Kaithal, Fatehabad, Tohana, Jind, Narwana, Ghaggar Water Services Division, Sirsa, Nehrana, Water Services Division, Sirsa, Hathni-Kund Barrage Division No. 1 and 2 Jagadhri.

prescribed percentage for each activity) and Rs 883.25 crore (47 *per cent*) (including establishment cost of Rs 496 crore) was to be borne by the Haryana Government.

The credit was to be repaid by the State Government in semi annual instalment (at 1.25 *per cent* of credit upto March 2014 and at 2.5 *per cent* thereafter) commencing from September 2004 and to be completed by March 2029.

The expenditure incurred on the Project is reimbursed according to the prescribed[1] percentage for each activity by the World Bank through GOI on the basis of reimbursement claims submitted by the EIC, Irrigation Branch.

4.1.5 Financial outlay and expenditure

As laid down in the credit agreement, 100 *per cent* of the credit amount of US dollar 258 million was required to be utilised upto June 2000 whereas only US dollar 143.62 million (56 *per cent*) could be utilised (March 2000). World Bank had been requested by the State Government for grant of extension for another two years but their approval had not been received so far (July 2000).

Year wise budget provisions and expenditure during 1994-2000 was as under:

Year	Budget Provision	Expenditure
(Rupees in crore)		
1994-95	71.54	56.48
1995-96	117.75	115.47
1996-97	175.70	144.59
1997-98	196.26	155.51
1998-99	184.19	155.28
1999-2000	212.72	193.72
Total	**958.16**	**821.05**

Component wise budget provisions and expenditure is indicated in Appendix-XXVII. Most of the expenditure pertained to construction of Hathnikund Barrage, lining of canals, minors, distributaries, water courses, bank strengthening and repair of bridges, regulators, *ghats*, etc.

Shortfall in expenditure was attributable to slow progress of works. The EIC Irrigation Branch stated (June 2000) that variations in physical and financial achievements were bound to occur as different categories of works i.e. lining, strengthening, silt clearance and structures were involved which were not taken up simultaneously. The reply was not tenable as the works were spread

1 Expenditure reimbursement norms were:
Civil Works, rehabilitation and modernization-90 *per cent*,
Operation and Maintenance-90 *per cent* upto March 1995, 35 *per cent* upto March 1997 and 10 *per cent* thereafter
Expenditure on technical assistance, training, contracts, foreign expenditure ex-factory cost-100 *per cent* locally procured vehicles, equipment and furniture-80 *per cent*.

across long distances of several canals, distributaries, minors and water courses. Therefore, the works could have been taken simultaneously.

The department attributed (March 1999 and March 2000) the delay to non-clearance of project by Planning Commission upto January 1995 (9 months), investment clearance of the project by GOI in December 1995 (12 months), loss of six months due to unprecedented floods during 1995, slow flow of funds from the Finance Department, lengthy procurement procedure for civil works and delay in finalisation of consultancy services. The reply of the department was not factually correct as even the funds released by Government were not fully spent. Further, the department also failed to engage the consultant in time.

During 1994-2000, EIC released Rs 24.03[2] crore to HSMITC for rehabilitation of water courses, augmentation of tubewells, etc. However, actual expenditure incurred was Rs 2.38 crore (9.90 *per cent*) as of March 2000. Release of funds despite the meagre expenditure resulted in blocking of funds of Rs 21.65 crore.

4.1.6 Project implementation

In Haryana, water distribution for irrigation, industrial and domestic use is channelised through a net work of two canals[*] viz. Bhakra Canal (BC) and Western Yamuna Canal (WYC). To improve the water distribution and drainage system in the areas under the command of both these canals and upgrade institutional capacity for water management and planning, department implemented various components.

2 1994-95: Rs 6.86 crore, 1995-96 : Rs 6.70 crore, 1996-97 : Rs 4 crore, 1997-98 : Rs 1.05 crore, 1998-99 : Rs 2.28 crore and 1999-2000 : Rs 3.14 crore.

* BC System covers Ambala, Kurukshetra, Kaithal, Jind (partly), Hisar and Sirsa district whereas the remaining 13 districts are covered by the WYC System.

Budget provision, expenditure and physical achievements of various components during 1994-2000 were as under:

Component	Outlay (As per budget provision)	Actual expenditure	Average percentage of physical progress of works in relation to targets	Remarks
	(Rupees in crore)			
Rehabilitation of canals / drainage system **WYC** **BC** **MITC**	 106.00 49.37 17.80 173.17	 105.03 50.44 2.38 157.85 (91 *per cent*)	33 *per cent*	(i) Bids received from contractors were higher by 10 to 142 *per cent* over the departmental through rates. (ii) Scope of work increased over the quantities originally provided in the estimates during actual execution. (Paragraphs 4.1.10 and 4.1.11)
Modernization of existing canals **WYC** **BC** **MITC**	 26.36 44.13 170.60 241.09	 29.64 42.28 80.47 152.39 (63 *per cent*)	33 *per cent*	As above
Construction of Hathanikund Barrage and WJC link channel	193.11	208.19 (108 *per cent*)	Civil works: 95 *per cent* Gates and gearing : 34 *per cent*	Scope of work increased (Paragraphs 4.1.11, 4.1.12(b), (c) (i & ii))
Improved upgraded operation & maintenance **WYC** **BC** **MITC**	 138.54 111.35 81.52 331.41	 135.37 114.16 37.03 286.56 (86 *per cent*)	58 *per cent*	Works of silt clearance actually done were 165 *per cent* of the targets under BC system (Paragraph 4.1.13(iii))
Institutional strengthening **WYC** **BC**	14.81 0.44 15.25	14.08 0.25 14.33 (94 *per cent*)		There was delay in appointment of consultants for base line survey, modernisation of communication and information system and preparation of state water plan (Paragraph 4.1.14)
Research & development **BC**	4.13 4.13	1.73 1.73 (42 *per cent*)		--
Grand Total	958.16	821.05 (86 *per cent* of budget)		--

Physical progress under various components was less than the progress of expenditure due to slow progress of works, acceptance of higher bids, increase in scope of work. Also the appointments of consultants for various survey studies were delayed. Targets and achievements under these components during 1994-2000 are discussed in the succeeding paragraphs.

4.1.7 Rehabilitation of existing canals and drainage system

(i) The primary objective of the rehabilitation component was to invest in one time repair and rehabilitation of existing systems, both canals and drainage, and bring the systems back to acceptable performing standards.

During 1994-2000, against budget provision of Rs 173.17 crore, Rs 157.85 crore (91 *per cent*) were spent both for Western Yamuna Canal and Bhakra Canal systems.

The targets and achievements under this component during 1994-2000 were as under:

Activity	Western Yamuna Canal			Bhakra Canal		
	Target	Achievement	Percentage of achievement	Target	Achievement	Percentage of achievement
Canal Lining	(Sqm. in lakh)					
Main/Branch Canals	7.61	2.04	27	4.64	3.65	79
Distributaries	7.28	4.87	67	27.97	5.44	19
Minors	6.12	4.51	74	8.70	6.59	76
Total	**21.01**	**11.42**	**54**	**41.31**	**15.68**	**38**
Bank Strengthening	(Cum. in lakh)					
Main/Branch Canals	55.87	19.09	34	26.54	8.34	31
Distributaries	26.67	15.02	56	49.49	21.34	43
Minors	25.98	17.89	69	43.16	31.93	74
Total	**108.52**	**52.00**	**48**	**119.19**	**61.61**	**52**

73 *per cent* shortfall in lining of main/ branch canals under WYC system

Lining of main /branch canals was intended to consolidate the water resources by reducing the water seepage losses for enhancing water delivery to minors/distributaries. Shortfall of 73 *per cent* in lining work of main/branch canal under WYC system and 21 *per cent* under BC system was attributed by the Chief Engineer to non-availability of sufficient number/duration of closures of water flow in canals. The reply was not tenable as it was the responsibility of the department for arranging closures for sufficient duration during the lean period of irrigation between March to May every year.

Shortfall in bank strengthening of main/branch canals was 66 to 69 *per cent*

The work of strengthening of bank of main/branch canals was intended to prevent breaches and increase their water carrying capacities. There was shortfall of 66 *per cent* in the achievement of targets under WYC and 69 *per cent* under BC system during 1994-2000. Due to shortfall in achievements, desired objectives of the project could not be achieved.

Physical achievements against control structures i.e. head regulators, bridges, *ghats* was 5 , 33 and 61 respectively under WYC whereas under BC system, it was 9, 42 and 64 *per cent* respectively which was much less, which adversely affected the efficient and timely distribution/delivery of the irrigation supplies. The World Bank Mission also pointed out (December 1997) the reduced emphasis to structure maintenance. The department attributed (March 2000) the shortfall to taking up of works according to prevailing field conditions. Thus, the department failed to prepare plans for execution of works according to field conditions.

In 28 divisions test-checked, 130 works involving an expenditure of Rs 254.96 crore were checked and following irregularities were noticed under this component:

Execution of works below specification

Guidelines laid down by Ganga Flood Control Commission, Ministry of Water Resources provided that the embankment of rivers carrying flood water of more than 3000 cusecs should be designed with 6 feet free board. Accordingly, the Adviser, Irrigation Haryana, (February 1997) also recommended the EIC, Irrigation Department to follow these guidelines.

Contrary to the guidelines, the CE approved (January 1997) the free board of 4 feet for the work of bank strengthening of embankment of Yamuna River (reach 213-285). The work was accordingly got executed during April to July 1997 and payment of Rs 52.72 lakh was made to the contractor. This led to reducing the water carrying capacity of the river. The Chief Engineer admitted the failure (June 2000).

(ii) Rehabilitation of Drainage System

Drainage sub-component under WYC area was intended to increase the carrying capacities of drains in order to reduce the period of submergence of farmers field under water which caused agricultural losses.

During 1994-2000, 459.76 lakh cum work of internal clearance of drains was targeted to be completed against which merely 121.94 lakh cum (27 *per cent*) was done.

Similarly, against the target of providing 186 cross drainage, 10 regulators, 523 bridges and 58 outfalls, actual achievement was only 36, 1, 194 and 4 respectively.

The CE, Co-ordination replied (March 2000) that physical achievements were low due to shortage of funds which was not tenable as there was no significant variation between the annual budget provisions and the funds released by government. As analysed in audit, the shortfall was attributable mainly to improper planning of the works and less importance given to masonry works.

(a) Extra expenditure due to difference in rates

After the floods of 1995, the silt clearance work of diversion drain 8 was got done in two packages (reaches 175 - 195 and 195 - 225) at a cost of Rs 6.13 crore.

Tenders for both packages were opened on 25 April 1996. Although departmental through rate for the packages was Rs 31.50 per cum, yet without recording any reasons, the SE recommended rates of Rs 33.75 per cum for one reach and Rs 39.00 per cum for another reach . The CE approved (May 1996) different rates for both the reaches for which tenders were invited on same date. The work being on same drain in adjoining reaches, different rates were not justified. The approval of higher rate resulted in extra expenditure of Rs 45.41 lakh for 8.65 lakh cum work executed by the contractor.

(b) Excess payment of machinery charges

The field inspection note (July 1998) of the EIC Irrigation branch provide working capacity of Jaw cum bucket (JCB) as 60 cum per hour and that of poclain 200 cum per hour for deployment of these machines on hire basis.

During audit it was noticed that JCB and Poclain machine were deployed on hire basis for the work of internal silt clearance on 9 works and Rs 39.98 lakh (Rs 2.54 lakh for JCB and Rs 37.44 lakh for Poclain) were paid. The machine executed 2,09,689 cum of work for which 1,116 working hours were required but payment was made for 2,355 hours. This resulted in excess payment of Rs 20.73 lakh for 1,239 hours.

(c) Excess use of force account[3] by splitting up of works

Project Agreement and guidelines for procurement under WRCP provided for execution of small works, costing upto Rs 3 lakh (revised to Rs 4.25 lakh in January 1999) by the department under force account in cases where quantities of work could not be defined in advance and no contractor was willing to carry out the works, etc.

In 12[*] divisions test-checked, it was revealed that in contravention of the above guidelines, 226 works of raising and strengthening of river banks and channels, silt clearance, rehabilitation of channels, etc. valuing Rs 3.65 crore were got executed under force account through contractors and not departmentally as provided for in the Project. Scrutiny revealed that the cost of each work was more than the prescribed maximum limit yet the works were executed by splitting up the normal work by keeping the amount of each sub work within maximum limits.

4.1.8 Modernisation

The objective of modernisation component was to restrict the rise of sub soil water level by reducing water seepage losses and controlling salinity through lining of canals, distributaries, minors and strengthening of selected canal masonry structures leading to substantial water savings and better control of water delivery.

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3 To execute minor works upto certain limits fixed by World Bank in consultation with project executing agency.

* Construction Divisions No.3, Sirsa, No. 8, Tohana, No. 6, Hisar, No.2 Sirsa, No. 4, Fatehabad, No 32, Bahadurgarh, Water Services (WS) Divisions, Fatehabad, Gohana, Tohana, Dadupur, Nehrana WS Division, Sirsa, Ghaggar WS Division, Sirsa.

(i) The physical targets and achievements during 1994 - 2000 under canal lining was as under:

Activity	Western Yamuna Canal			Bhakra Canal		
	Targets	Achievements	Percentage Achievement	Targets	Achievements	Percentage Achievement
Lining of:	(Sft in lakhs)					
Main/Branch Canals	128.08	32.94	26	240.53	03.85	2
Distributaries	98.85	73.96	75	224.27	75.60	34
Minors	40.13	21.02	52	22.81	24.34	107
Total	**267.06**	**127.92**	**48**	**487.61**	**103.79**	**21**

As indicated in the table above, there was huge shortfall in lining works of main/branch canal. Shortfall of 74 *per cent* in lining of main/branch canals, under WYC and 98 *per cent* under BC, which were to deliver water to minor/distributaries, was alarming. Physical performance under this component was much less as compared to financial performance. Thus, the intended benefit of controlling rise of sub soil water in the areas around the canals and generating additional water by reducing seepage losses were not achieved. The Chief Engineer stated (June 2000) that low achievement of physical targets were due to non-obtaining of sufficient duration/number of closure for water discharge in the canals from the State Government.

(ii) Structures

Progress under various types of structures like regulators, falls, bridges, *ghats*, outlets targeted to be remodelled and strengthened under both canal systems during 1994-2000 was low and ranged between 16 and 44 *per cent*.

Shortfall resulted in non-achievement of intended purpose of proper water regulation at various control points at canals, distributaries and minors.

(iii) Water seepage losses

The project aimed at generating additional surface water by 953* million M^3 by reducing water seepage losses through lining of canals, distributaries, minors, sub-minors over an area of 762.05 lakh sft. and lining of 1,500 WCs (WYC 550 and BC 950) in a length of 6,858 km.

However, as intimated (June 2000) by the EIC Office, water seepage losses to the extent of 428** million M^3 were reduced after completion of lining works of canals and water courses. Shortfall in water seepage losses of 525 million M^3 of water thus, resulted in depriving the farmers of the intended benefit of irrigation over an increased area.

The department informed (June 2000) that balance targets of lining will be achieved if the extension of the project was approved.

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* Canal lining-312 million M^3, water course lining-307 million M^3, Narwana branch-286 million M^3 and feeder canals to be constructed-48 million M^3.

** 279 million M3 through canal lining and 149 million M^3 by lining of water courses.

4.1.9 Lining of unidentified channels

The project document envisaged bricklining of 63 channels (WYC: 25 and Bhakra: 38) over an area of 762.05 lakh sft (WYC: 318.97 lakh sft and Bhakra: 443.08 lakh sft) refer Appendix-XXVIII. Against this, 375.04 lakh sft lining work (WYC: 36.30 lakh sft and Bhakra: 338.74 lakh sft) in 44 channels was done. Though lining work over an area of 387.01 lakh sft (out of 762.05 lakh sft identified under the project) was yet to be done, the department bricklined another 29.02 lakh sft area at a cost of Rs 7.16 crore (as of March 2000) of 14 channels (WYC: 9 and Bhakra :5) which were not identified under the project (Appendices-XXIX and XXX).

4.1.10 Extra expenditure due to acceptance of tenders with rates above DTR

The general guidelines governing the IDA agreement provide that when the evaluated responsive bid exceeded pre bid cost estimates by a substantial margin, the course for re-inviting the bids or negotiating the scope with the lowest bidder should be adopted.

During the course of test-check of records of 4 circles, it was noticed that 42 work cost estimates were prepared and got sanctioned on the basis of Departmental Through Rates (DTRs). In all these cases, when works were put to tender, the concerned divisions accepted the offers of the contractors which were above DTRs by 10 to 142 *per cent*. This caused substantial cost increase of Rs 51.43 crore over the pre bid cost estimates of Rs 209.32 crore (based on DTRs) at the award stage. These bids were accepted even though higher than the estimated costs without any negotiation as negotiation of rates were not allowed as per World Bank guidelines.

4.1.11 Unauthorised excess execution of work in post tender stage

As laid down in PWD Code, the quantities of item of work provided in Bid of Quantities (BOQ) appended with the DNIT should not exceed or decrease by more than 5 *per cent*. If the variation is more than the permissible limit, it should be got regularised with the sanction of the competent authority by explaining/justifying such increase.

In 14 divisions, it was noticed that 16 works (rehabilitation of distributaries, drains falls, feeders, minors, HKB, restoration and construction of cross regulators, replacement of Pathrala dam and repair of damaged lining of augmentation canal) were got executed, where the variation between the quantities actually executed and that provided in Detailed Notice Inviting Tenders (DNIT) ranged between 6 *per cent* and 5,184 *per cent*. The department paid Rs 32.75 crore for execution of these works in excess of the permissible limits without approval of the competent authority viz. the CE/SE concerned. The increase in the quantities was mainly due to inadequate site survey, non-approval of drawing/design in time and revision of design during execution.

4.1.12 Hathnikund Barrage

The Project envisaged replacement of Tajewala Head Works (which serves 66 *per cent* of state's irrigated area) by constructing a new Barrage across the Yamuna river at Hathnikund about 3 km upstream of Tajewala Head Works at an initial estimated cost of Rs 138.33 crore.

The work of construction of Hathnikund Barrage (HKB) and its appurtenant works was allotted (September 1996) to Hindustan Construction Limited, Mumbai. Except appurtenant works (landscaping, other related works, etc.), the works of barrage construction was completed in June 1999 at a cost of Rs 208.19 crore. Following irregularities were noticed:

(a) The water delivery from HKB to Yamuna Canal system was to be linked through WYC link channel to be constructed over a length 3,890.59 metre at a cost of Rs 35 crore against which Rs 20.98 crore were spent (May 2000). However, the works of the link channel were started late i.e. in January 1999 which was not completed (March 2000). Water delivery from Yamuna river through link channel, therefore, could not be started. The Executive Engineer attributed (July 2000) the late start of work to delay in identification of wildlife sanctuary of Kaleshar forest range for which approval by GOI was given in February 1999.

(b) Avoidable extra expenditure

The agreement for the work 'construction of HKB and its appurtenant works' provided that when the quantities executed varied by more than 25 *per cent* and its effect was more than 2 *per cent* of the agreement amount (Rs 167.44 crore), the rates were to be revalued. On the basis of assessment made on the volume of work instead of drawings, the division included for steel item of work quantities as 17,006 mt in the agreement. However, on completion of the work, only 7,793.397 mt of steel was used. Variation in quantities being more than 25 *per cent*, the rates were re-valued and revised upward by the department to Rs 22,609.65 per mt against agreement of Rs 20,610 per mt leading to extra expenditure of Rs 1.56 crore.

The EE in reply (July 2000) stated that quantity of steel was assessed on percentage basis of volume of work as per prevailing practice instead of on the basis of specification drawings. From the reply, it was clear that the method adopted was incorrect. Government ought to look into the "prevailing practice" and direct the department to end this.

(c) Excess Payment

The agreement of the work constructing HKB provide that when the actual quantities of work executed exceeded by more than 25 *per cent* and resultant cost variation was more than 2 *per cent* of the agreement, the agreement rates were to be reduced by revaluing the same. In the following cases, excess payment was made to the contractor.

(i) The contractor executed 1.48 lakh cum M-10 cement concrete stone aggregate 40 mm against 46,677 cum provided in agreement. The division should have revalued the rates as soon as the quantities of work exceeded the agreement quantities by more than 25 *per cent*. The rates were not revalued and payment was continued to be made to the contractor at agreement rate. The department revalued the rates of Rs 1,300 per cum (agreement rate) and reduced it to Rs 977.03 per cum in June 2000. Delay in revaluing the rates resulted in excess payment of Rs 4.78 crore to the contractor. The matter needs investigation by Government and responsibility fixed.

(ii) Similarly, for cement concrete M-10 (lean concrete) which was not provided in the agreement but was similar to the above item, the Chief Engineer approved (November 1997) the rate of Rs 1,188.91 per cum instead of Rs 977.03 per cum (reduced rate). The payment was made to the contractor for 25,640.052 cum actually executed at approved rate instead of at the reduced rate which resulted in excess payment of Rs 54.33 lakh to the contractor at Rs 211.88 per cum.

(d) Delay in furnishing drawings resulted in additional liability

The agreement for the work 'Hathnikund Barrage' provided that whenever planning or execution of work was likely to be delayed or disrupted, the contractor would apply to the Engineer for extension of time by giving reasons for delay. The work of first milestone was due to be completed by September 1997 but was delayed due to non-supply of drawings, etc. by the division. The contractor, therefore, applied for extension of 6 months against which the SE allowed (May 1998) extension for 4 months i.e. upto January 1998.

The contractor submitted (September 1999) claim for Rs 16.14 crore (reduced to Rs 13.13 crore) on account of ownership cost of equipment for the extended period of 4 months to the Dispute Review Board, which awarded (12 September 2000) compensation of Rs 2.43 crore plus interest at 12 *per cent* per annum from 10 March 2000 to the date of payment (which was not yet made). The delay in supply of drawings by the department resulted in additional liability to Government. The Executive Engineer replied (September 2000) that drawings were to be supplied by the Central Water Commission (CWC), New Delhi and hence the delays.

4.1.13 Operation and maintenance

(i) The objective of Operation and Maintenance (O&M) component was to bring about improvement in service delivery performance for irrigation, through reorganised institutional and management arrangement and moving to pricing water services at cost.

Poor maintenance of structures under WYC

Under WYC system, shortfall in targets was between 51 and 97 *per cent*. Poor maintenance of structures and inadequate repair of lining of canals, distributaries, minors, etc. and their internal clearance hampered the free flow of water and its regulation defeating the objectives of the project.

Substantial shortfall in repair of structures under BC

Similarly, under BC system, there was shortfalls in repair of head regulators (92 *per cent*), bridges (96 *per cent*), falls (98 *per cent*), *ghats*, outlets (94 *per cent*) and cross drainage works (90 *per cent*) which indicated that operation and maintenance of these structures was not given due importance by the department.

Though maintenance of vital structures like bridges, *ghats*, falls, outlets was neglected, the maintenance works relating to silt clearance and bank strengthening under Bhakra Canal system were executed more by 165 *per cent* of the targets.

(ii) Payment made without recording quantities of works executed

As per codal provisions, each work executed was required to be recorded in the Measurement Book (MB) showing length, breadth, depth and extent of work executed. The payments to the contractors were required to be made on the basis of such entries in the MB.

Executed work quantities not recorded in MBs

During scrutiny of records of 4[*] divisions test-checked, it was noticed that 520 works of repair and strengthening of service roads, silt clearance, jungle clearance, deweeding of channels, etc. were got executed from contractors or through labourers on muster rolls and payment of Rs 0.80 crore made to them without recording quantity of work done in the MBs and daily progress reports. In the absence of entries of quantity of work done, it could not be verified in audit whether payments were made as per work actually executed.

(iii) Irregular splitting of work estimates

Works involving expenditure of Rs 0.35 crore irregularly split up

Splitting of works by the officers to keep the work estimates within their competence was prohibited under Public Works Department's Code. The Chief Vigilance Officer–cum-Joint Secretary, Irrigation Department also stressed (August 1996) this aspect regarding splitting of estimates relating to silt clearance, internal clearance, strengthening of banks, etc. The Executive Engineers (EEs) of the works divisions were empowered to sanction works of the nature of maintenance and repair to the extent of Rs 0.20 lakh for each work.

Test-check of records of 8[4] divisions revealed that the EEs split up 77[5] works (of 77 drains/channels) and sanctioned 212 estimates relating to silt clearance, internal clearance, bank strengthening, etc. during 1996-2000 involving expenditure of Rs 0.35 crore. These estimates were framed and sanctioned in

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* Ghaggar WS Division, Sirsa, Nahrana WS Division, Sirsa, Adampur WS Division, Hisar and Hisar WS Division, Hisar.

4 Ghaggar WS division, Sirsa, Nehrana WS division, Sirsa, WS division, Adampur, Hisar, Fatehabad, Jind, Narwana and Gohana.

5 One drain/channel in the jurisdiction of the division considered as one work.

such a manner as to keep them within their competency of Rs 0.20 lakh for each work in order to avoid the sanction of higher authority.

Irregular splitting of works deprived the department of competitive rates for execution of works.

(iv) Cost of original works charged to O&M

Less financial assistance of Rs 1.06 crore from WB due to irregular charge of expenditure to O&M

Under operation and maintenance component, only works such as maintenance of canals/drainage systems by silt clearance, bank strengthening, repair to lining, structures and maintenance of river control works, water courses, augmentation tubewells were to be executed. The works like replacement works and new works of lining, structures, drainage, river control works, etc. were to be executed under rehabilitation and modernisation components.

During test-check of records of 4 water services units, it was noticed that 107 works such as construction of cow *ghats*, staff quarters, minors, drains, bridges, extension of drains, etc. which fall under 'Modernisation and Rehabilitation components' were got executed at a cost of Rs 1.39 crore but the expenditure was charged under O&M component. This caused escalating O&M cost and increasing the amount of cost recovery from the beneficiaries. Since the percentage of O&M expenditure re-imbursed by the World Bank was less in comparison to works undertaken in rehabilitation and modernization component, charging of expenditure to O&M resulted in a less financial assistance from the World Bank to the extent of Rs 1.06 crore.

The World Bank Mission in its mid term review had also pointed out (March 1997) this aspect and expressed that such transfer of works would divert their attention from equally important functions of operation and maintenance and could also lead to wrong logging of expenditure.

(v) Farmers participation in irrigation management

As per provisions of Haryana Canal and Drainage Act, 1974, the maintenance and repair of water courses (WCs) is the responsibility of the farmers, alternatively the Act provides for the department to operate and maintain the system and charge farmers to cover the cost. For this purpose, the Project envisaged formation of Water Users Associations (WUAs) for assuming full responsibility of WCs for timely upkeep, repairs and maintenance (for which cost of Rs 60 per hectare was estimated) and regulation of water for farmers.

Upto February 2000, 1,114 WUAs were formed out of which 202 WUAs deposited their share of contribution and 149 WUAs were handed over WCs (length of 681.40 km) for maintenance.

During 1994-2000, lining works of WCs in a length of 3,317 km (against target of 6,858 km) and rehabilitation works in a length of 83.62 km (against target of 330 km) were completed. Of the total length of 3,400.62 km lined/rehabilitated, 681.40 km (20 *per cent*) length of WCs was handed over to WUAs for maintenance.

Due to delay in formation of WUAs, Rs 14.69 crore spent on operation and maintenance of water courses during 1994-2000 had to be borne by the department instead of WUAs. The CE, Irrigation Department replied (June 2000) that memoranda of understanding and rules and by-laws relating to formation of WUAs had been approved by the State Government in October 1998 and formation of WUAs would get boost.

(vi) Short recovery of O & M cost from beneficiaries

As laid down in the project document, O & M cost was to be recovered from the water users/beneficiaries (farmers for irrigation, industrialists for industrial use and other households) by increasing water tariff/charges at 30 *per cent*, 50 *per cent*, 60 *per cent*, 80 *per cent* and 100 *per cent* of O & M cost by the month of April of the years 1995,1996,1997,1998 and 1999 respectively.

Actual expenditure on O & M upto March 1999 was Rs 256.35 crore (as intimated by the department). Amount recoverable based on actual expenditure was Rs 179.50 crore whereas the amount actually recovered from beneficiaries was as Rs 99.10 crore. Thus, there was a shortfall of Rs 80.40 crore in recovery.

4.1.14 Institutional strengthening

One of the major objectives of the Project was to enhance institutional capacity and improve organisational structure of Haryana Irrigation Department (HID) to better manage the State's water resource by reorganising HID on functional lines. The Project also provided assistance for base line survey, planning and data collection, training, etc.

The Project envisaged completion of base line survey covering aspects of agriculture, irrigation, water use delivery, etc. by October 1994, modernisation of communication and information system by October 1998 and preparation of State Water Plan through data and information analysis by October 1995. For these purposes, works were assigned to different consultants in January 1996 (base line survey) and November 1997 (for modernisation of communication system and State Water Plan).

However, these surveys/studies were completed late i.e. baseline survey was completed in November 1997, modernisation of communication system in May 1999 and State Water Plan, 3rd interim report was submitted in February 2000. The consultants' suggestions were yet to be implemented (August 2000).

4.1.15 Monitoring and evaluation

In pursuance of agreed action on the recommendation of World Bank Mission (December 1997), a high level committee under chairmanship of the Chief Secretary was formed on 24 December 1997 for reviewing progress of the Project and decisions on issues requiring the State Government's approval involving more than one department. The committee was to meet once in three months. Similarly, Senior Management Group under the chairmanship of the Irrigation Secretary was required to meet regularly at least once a month for closely monitoring the progress on all component of the Project and identify reasons for shortfall, decide corrective action and assign responsibility for the same.

However, during December 1997 to December 1999, against 9 meeting of High Level Committee due to be held, only 5 meetings were held upto March 2000 whereas only 15 meetings of Senior Management group were held against 25 required during the same period. Thus, monitoring was not adequate.

4.1.16 Conclusion

The Project was to be completed in 6 years i.e. by June 2000, but due to slow progress the department has sent a proposal to the World Bank for extension of the Project by another 2 years to which approval had not been received.

Under Rehabilitation component, achievements were 27 *per cent* for lining of canals under Western Yamuna Canal (WYC) system, 31 to 34 *per cent* for Bank Strengthening works under both the canal systems (WYC and BC) and 5 to 64 *per cent* of the targets for various structures.

Under Modernisation component, achievement towards lining of main canal and branch canals was 26 *per cent* under WYC and 2 *per cent* under BC system against the targets.

14 channels not identified under the project were lined at a cost of Rs 7.16 crore though lining work of the channels identified under the Project was not completed.

In case of 16 works, quantities of works were not properly assessed while framing cost estimates which on actual execution increased beyond permissible limit of 5 *per cent* and led to increased cost by Rs 32.75 crore over original estimates.

Formation of Water Users Associations for assuming responsibilities for repair, maintenance of water courses was delayed and thus, WCs in a length of 3,400. 62 km for which lining/rehabilitation works were complete, could not be handed over (except in a length of 681.40 km) which led to non-participation of farmers in irrigation management besides the department having spent Rs 14.69 crore on their repair/maintenance during 1994-2000.

Against the target of generating 953 million M^3 additional surface water by reducing water seepage and by creating additional water carrying capacities of canals/minors/distributaries through brick lining, the department could generate only 428 million M^3 (45 *per cent*) additional surface water as of March 2000 due to the sluggish progress in the execution of the Project.

These points were referred to Government in May 2000; their reply had not been received so far (August 2000).

CHAPTER - IV

SECTION - B
AUDIT PARAGRAPHS

Section – B

Audit Paragraphs

Works Expenditure

Public Works Department (Buildings and Roads Branch)

4.2 Extra expenditure on unapproved items of work

Execution of an item of work not required at site resulted in extra expenditure of Rs 37.57 lakh besides irregular expenditure of Rs 14.97 lakh.

The Government of India, Ministry of Surface and Transport (MOST) administratively approved (March 1986) widening of the National Highways-I (NH I) to four lanes including strengthening of existing carriageway between km 50 to km 74.80 (Murthal to Smalkha) for Rs 9.90 crore. This work originally allotted (July 1987) to National Building Construction Company (NBCC) was withdrawn (October 1989) from them due to poor performance and flagrant violation of contract provisions. The balance work was allotted (April 1992) to Agency 'B' to be completed in 39 months. Detailed estimate approved for Rs 9.90 crore in August 1988 was also revised to Rs 18.74 crore in May 1992.

Due to increase in cost and additional items vis-a-vis changed specifications the estimate was re-revised and submitted (October 1996) to MOST by the Chief Engineer (NH), Haryana Public Works Department for Rs 27.89 crore. MOST, however, modified and accorded technical approval (December 1997) for Rs 27.32 crore. The work was still in progress and an expenditure of Rs 22.66 crore had been incurred (July 2000).

Scrutiny of latest bills paid to contractual agencies revealed excess quantities paid for, in respect of 22 items such as clearing and grubbing road land and embankment, earth work, providing cold twisted bars in deck slab, brick work, centering and shuttering, reinforced cement concrete, preparation of original grubbed ground etc. when compared with the approved quantities in the re-revised estimate involving Rs 52.54 lakh. As per comments in technical note of MOST it was noticed that the provision of Rs 52.07 lakh made for 'preparation of original grubbed ground' was deleted by MOST and a provision of Rs 14.50 lakh only for compaction of one layer of earth work in sub grade in km 50 to km 55 and compaction of loose earth in km 55 to km

72 was approved. It was made clear by MOST that the Agency 'B' was to do the clearing, grubbing and compact sub-grade after clearing one top layer of the earth only as per site requirements. MOST further stipulated that the original process for the whole earthwork executed by the previous agency was not required.

During audit (October 1999) of the Provincial Division No. II (WBP), Panipat it was revealed that this item of work (preparation of original grubbed ground) was, however, approved (April 1994) by the Chief Engineer (NH) as a non-scheduled item. Further, the concerned Executive Engineer without waiting for the final approval of MOST, paid (July 1996) Rs 52.07 lakh for the disallowed items of work against the provision of Rs 14.50 lakh. Thus, payment for the work not required to be executed, without properly examining the site requirements and before getting the job technically approved from MOST, resulted in extra expenditure of Rs 37.57 lakh. For this payment, no recovery orders had been issued by the department nor any action had been taken against the officers responsible for excess payment as of April 2000. Besides, irregular expenditure of Rs 14.97 lakh on the other items paid for in excess of the quantities provided in the sanctioned estimates had not been got regularised.

The matter was referred to Government in May 2000; their reply had not been received (August 2000).

(Irrigation Branch)

4.3 Avoidable expenditure due to incorrect sanction of estimates

Non-utilisation of earth available in cutting reaches towards filling of same channels resulted in extra expenditure of Rs 42.66 lakh.

Specification No. 6.2(8) of PWD specification, 1990 provides that when there are both cutting and embankment (filling), the spoil from the cutting shall, as far as economical, be utilised for the filling.

During audit of 4 divisions* in Bhiwani district (July to October 1999), it was noticed that while execution of the work (January 1997 to June 1999) on 25 channels for their extensions/new constructions involving 35 agreements/work orders, the prescribed procedure to utilise earth as laid down in the PWD specifications No. 6.2(8) was not followed.

*
- i) Construction Division No. I (NABARD), Bhiwani,
- ii) Siwani Water Services Division, Bhiwani,
- iii) Water Services Division, Bhiwani and
- iv) Loharu Water Services Division, Charkhi Dadri.

The earthwork in all these channels was in the nature of cutting and filling but the earth available on spoils (cutting) was not utilised in adjoining filling reaches. The disposal of earth in cutting was shown separately and earth for filling was reportedly brought separately. Payments of Rs 55.23 lakh were made to the contractors for earth shown to have been brought for filling which otherwise was available from cuttings of spoils in adjoining reaches. Against this, the expenditure would have been Rs 12.57 lakh only, had the available earth from cutting been utilised in filling. As the contractors for filling as well as cutting reaches were the same and in the absence of any proof of rejecting the cut earth, compensation paid for fresh earth, on its carriage, etc. to show the earth brought from other sources, the possibility of using the same earth from cuttings for fillings cannot be ruled out.

The (EIC) admitted (July 2000) the use of earth from spoils (cutting) in filling, where compaction was not required. However, he stated that in filling reaches where compaction is required, it is done after 25 centimetre layers to attain proper bonding and to achieve desired dry bulk density (DBD) before laying subsequent layer by adopting continuous process. This poses problem of stopping the job of execution if the credit of soil from cutting is afforded to filling reaches.

The reply was not tenable as in the specifications, no distinction has been made for cases requiring compaction or otherwise. As the work was not to be executed in one go, the same could have been planned in suitable portions for continuous and smooth working for achieving required DBD after compaction.

It was also noticed that in the same circle, the work on 2 channels (i) Nawa Garanpura Minor RD 0 to 19250 and (ii) Daryapur Minor RD 0 to 15000 where all these operations were involved, credit of earth for filling was afforded. The EIC stated (July 2000) that the credit of earth available in cutting was afforded in filling on experimental basis and as the works were got executed on agreemental basis, it was mandatory for contractors to complete them. He further stated that there were problems in execution and also the credit of earth in cutting to filling may result in quoting the higher rates, for future works. The reply was not tenable as the extent of difficulties in execution and affecting the tendered rates were presumption and were not based on facts.

Thus, irregular sanction of 25 estimates by the SE (3)/CE (19)/EIC (3), for not utilizing the earth available from the cutting of spoils for use in the filling of adjoining reaches, resulted in avoidable extra expenditure of Rs 42.66 lakh.

This was brought to the notice of the Government in August 1999; but their reply was awaited (August 2000).

4.4 Unfruitful expenditure on extension of existing channel

By not raising upper reaches of original channel expenditure of Rs 55.21 lakh incurred in Bhiwani district became unfruitful.

With a view to increase the irrigation potential, the project for extension of Mahu Distributary from RD 38000 to 44000 and 44000 to 47500 and Dhanger Minor from RD 16000 to 26000 were approved by the State Government in September 1986, May 1987 and April 1987 for Rs 8.60 lakh, Rs 10.76 lakh and Rs 16.88 lakh respectively. The work started in 1986 and 1987 were stopped and left incomplete after Rs 4.95 lakh and Rs 4.64 lakh were spent respectively due to shortage of funds. Thereafter, during 1996, the left over works were included in Rural Infrastructral Development Fund (RIDF)-II project financed by NABARD when it was found that the work already executed were damaged. The repair and balance works were completed during March 1997 to May 1998 at an expenditure of Rs 45.62 lakh.

During audit (May to July 1999) of Siwani Water Services Division, Bhiwani it was noticed that the upper reaches of the channel were not raised to accommodate the additional discharge of water required for extended portion, as a result of which water never reached in the extended portions of these channels and thus the very purpose of extension of the existing channels was defeated. The Engineer-in-Chief, Irrigation Department stated (November 1999) that the raising could not be done because it was not included in the original estimates sanctioned during 1986-87. The reasons for non-inclusion of the raising work in the estimates was not on record.

Separate project estimates for raising of these feeder channels had been included in RIDF V project approved (June 1999) by NABARD but the construction was yet to be taken up. Further, another project of Rs 6 crore had been reportedly sanctioned for the replacement of the old and outlived pumps of Siwani System. As per the department, after implementation of this work, the availability of water for the entire system will improve and there will be no shortage of water. However, the period of its implementation was not informed to audit and therefore, this possibility is uncertain.

Thus, the funds spent for additional water release in the distributary totalling Rs 55.21 lakh was rendered unfruitful due to department's negligence in the preparation of estimates (omission of the item raising of the channel) and damage to the works due to passage of time.

The matter was referred to Government in April 2000; their reply had not been received (August 2000).

Public Health Branch

4.5 Unfruitful expenditure on water supply schemes

Due to non-availability of raw water Rs 52.76 lakh spent on construction of three canal based water supply schemes were of no use since no supply of water has been made for over two decades of the scheme.

Scrutiny of the records of Public Health Divisions of Jhajjar, Sonipat and Panipat revealed that the three water supply schemes constructed in 80s were not functional due to non-availability of adequate quantity of raw water. This resulted in unfruitful expenditure of Rs 52.76 on structures in 3 water supply schemes as discussed below:

(i) For a canal water based scheme for providing safe and potable water to inhabitants of Silani group of two villages raw water was to be supplied from tail of Jhajjar Distributary at RD-73893. For this purpose, prior consent and sanction for outlet from the Irrigation Department was necessary. The Public Health Division, Jhajjar constructed the structures of the scheme (Storage and Sedimentation tank, Filter beds, High level tank, Pumping Machinery and Distribution System) at a cost of Rs 24.15 lakh without ensuring the availability of raw water. The outlet was sanctioned by the Irrigation Department in August 1989 but no water was made available for the water works which was located at the tail of the Distributary where canal water never reached.

Due to non-availability of raw water at the outlet of Jhajjar Distributary, the canal based water supply scheme was rendered non-functional. The water was being supplied to the villagers through tubewells drilled by the department. The Executive Engineer stated (April 2000) that the structures constructed were likely to be put to use by July-August 2000, after completion of raising work of Jhajjar Distributary by Irrigation Branch. This contention appeared doubtful as the structures (Storage and Sedimentation tank, Filter beds, High Level tank etc.) constructed 12 years ago at a cost of Rs 17.85 lakh were lying unused all these years and would require extensive renovation and repairs before these are put to use.

(ii) For a canal water based scheme for "providing water to Punchi Jattan Group of 3 villages" source of raw water was proposed from Sardhana Minor. The scheme, taken up for construction during 1981 without ensuring whether raw water was available remained incomplete for want of inlet channels though Rs 16.26 lakh were spent on various structures. The inlet channel could not be constructed initially for want of land.

In June 1995, the Haryana SSB approved a new scheme for 'Augmentation of water supply' in the same Group of Villages for Rs 49.60 lakh which included the construction of various additional structures and old pending inlet channel. The work of construction of inlet channel was allotted to a contractor in

January 1998 with a time limit of 6 months. However, the work was still in progress and Rs 25.14 lakh had already been spent (June 2000) on the same.

Though raw water connection from Sardhana Minor was sanctioned in May 2000 after remodelling of Sardhana Minor carried out by the Irrigation Department to accommodate additional discharge of raw water, it was still not possible to supply water from it as the construction of inlet channel and other structures were still incomplete (June 2000). The delay in the construction of the inlet channel and other structures were not explained by the department but an audit analysis revealed that it was mainly on account of the initial reluctance of the Irrigation Department (July 1999) to allow the outlet from Sardhana Minor due to remote possibility of getting water from the tail end of the minor. However, in May 2000 the department sanctioned the outlet from the same place. There was nothing to show what made the department change their view since the remodelling of the canal was underway since 1998 and completed in May 2000.

Audit scrutiny (August 1999 and June 2000) revealed that Rs 41.40 lakh had been spent on scheme. But so far only the distribution system and two shallow tubewells costing Rs 17.38 lakh could be made use of. The remaining expenditure of Rs 24.02 lakh on construction of other structures proved unfruitful as availability of raw water was uncertain.

(iii) A canal based scheme for providing safe drinking water to village Qawi, Panipat district based on raw water to be made available from Joshi Minor was constructed during 1987-97 at an expenditure of Rs 15.33 lakh. However, the Storage and Sedimentation (S&S) tank could not hold water for want of repairs.

Meanwhile drinking water was supplied from a shallow tubewell drilled in 1995 at a cost of Rs 0.55 lakh. For this purpose the supply lines laid at the cost of Rs 3.89 lakh were being used. The remaining structures constructed at the cost of Rs 10.89 lakh upto 1996-97 were lying abandoned. For augmentation of water supply based on shallow tubewell another estimate of Rs 6.56 lakh was framed in March 1999, which was yet to be sanctioned by the Government (April 2000).

Thus, Rs 52.76 lakh spent on 3 schemes without ensuring the availability of raw water from Irrigation Department was largely wasteful. There was yet no supply of water from any of these schemes and neither any proposal of such supply in near future.

These points were referred to Government in April 2000; the reply had not been received so far (June 2000).

4.6 Sewerage scheme lying incomplete for decades

Rs 24.28 lakh spent on constructing structure of sewerage scheme for NAC, Samalkha was not pursued affectively since 1985.

Work for the scheme of providing sewerage facilities in NAC, Samalkha town was taken up in 1985 but left incomplete by the contractor due to non-availability of land for disposal works and lack of knowledge of clear alignment. Municipal Committee, Samalkha made the land for the works available in November 1991. The balance work was allotted (July 1991) to another contractor who could lay sewer in 73 metre length up to June 1996 but could not finalise it due to his death (October 1997). The balance work had not been allotted as of April 2000. As of March 2000, Rs 24.28 lakh had been spent on the scheme. Branch sewer lines were laid only in 15 *per cent* of areas of the town and house to house connections of sewer had not yet been given. Thus, the work started in 1985 had no prospect of completion in near future.

The Executive Engineer stated (January 2000) that laying sewer was in progress, and the portion of laid sewer was functioning. He also stated that further completion depends on release of funds. However, in the absence of house to house connection and non-installation of pumping machinery for disposal of sewer the reply is not tenable. Further, against Rs 25.70 lakh released up to March 1999, the department could spent Rs 24.28 lakh only upto March 2000 and thus lack of funds was not a valid ground for non-completion of the works.

Thus, the structures constructed at a cost of Rs 24.28 lakh from 1986-87 to 1999-2000 were lying unutilised.

The matter was reported to the Government (May 2000). The reply was still awaited (August 2000).

4.7 Irregular retention of money out of Government accounts

Amount for deposit work kept in current account of bank resulting in loss of interest of Rs 52.16 lakh.

Public Works Department Code* provide that when a work is undertaken by the Public Works Department (PWD) as 'Deposit Works' the gross estimated cost of work should be recovered in advance by PWD either in lump sum or in instalments as authorised by the Government. The amount so received is required to be credited to the head 'Public Works Deposits' and subsequent expenditure debited to it out of the funds released by the Government through Letter of Credits (LOC).

* Paragraph 2.10.9 and 2.11.2(iv) of Public Works Department Code.

Test-check of records of the Public Health Division, Nuh revealed (July 1999) that various works of Water Supply scheme were executed as deposit works on behalf of Mewat Development Agency (MDA) Gurgaon - (client agency). The client agency deposited Rs 5.78 crore between July 1991 and April 2000 to the division for execution of works. Instead of depositing the amount under 'Public Works Deposits', the amount so received was kept in current accounts of two banks in the name of Executive Engineer, Public Health Division, Nuh. The payments for execution of works were made from these current accounts.

The Executive Engineer violated the codal provisions in keeping deposit amount in banks which apart from being a serious irregularity also led to a loss of interest of Rs 52.16 lakh to the Government (calculated at borrowing rate as prevalent during the period July 1991 - April 2000). The matter involving gross violation of government rules calls for investigation against officers responsible for this gross irregular action.

The matter was referred to the Government in March 2000; their reply had not been received (August 2000).

4.8 Non-responsiveness to Audit findings and observations resulting in erosion of accountability

Accountant General (Audit) (AG) arranges to conduct periodical inspection of the Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs). When important irregularities, etc. detected during inspection are not settled on the spot, these IRs are issued to the Heads of Offices inspected with a copy to the next higher authorities. The Rules/Orders of Government provide for prompt response by the executive to the IRs issued by the AG to ensure corrective action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. noticed during his inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by the office of the Accountant General (Audit). A half yearly report of pending inspection reports is sent to the Secretary of the Department in respect of pending IRs, to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued upto March 2000 pertaining to 43 divisions of Public Health Department disclosed that 784 paragraphs relating to 304 IRs remained outstanding at the end of June 2000. Of these 58 IRs containing 72 paragraphs had not been settled for more than 10 years. Year-wise position of the outstanding 304 IRs and 784 paragraphs are detailed in the Appendix XXXI.

Out of these IRs in respect of 36 divisions for 36 IRs issued between April 1999 and January 2000, even the initial replies, which were required to be received from the Head of offices within six weeks from the date of issue were not received. As a result the following serious irregularities commented upon in these IRs had not been settled as of June 2000:

Sr. No.	Nature of Irregularities	Number of paragraphs	Amount (Rupees in crore)
1.	Loss due to theft, misappropriation and embezzlement	33	0.39
2.	Recoverable amounts from contractors/agencies on account of excess payments, excess issue of material, cost of work done at their risk and cost and non-recovery of income tax, sales tax and liquidated charges	103	5.69
3.	Recoverable amounts on account of shortages/excess payments from government officials	20	0.42
4.	Non-observance of rules relating to custody and handling of cash, reconciliation of withdrawal from treasuries, maintenance of cash books and irregular utilisation of departmental receipts and non-observance of codal provisions	89	0.89
5.	Extra and avoidable expenditure, excess expenditure incurred on deposit works, non-reimbursement of funds, liabilities of Government, irregular, unauthorised and infructuous expenditure	342	130.89
6.	Irregular/injudicious purchases	25	1.38
7.	Undue financial aid to contractors	6	0.89
8.	Execution of sub-standard works	14	2.61
9.	Blocking of funds	24	4.16
10.	Non-accounting/short receipts of material	45	4.21
11.	Non-preparation of tools and plant (T&P) returns, non-closing of manufacturing accounts and under-utilisation of machinery	29	7.76
12.	Unsanctioned estimates and loss of measurement books	54	33.32
	Total	**784**	**192.61**

Analysis of the pending paragraphs of the Inspection Reports revealed the following:

(i) In 19 divisions, 33 paragraphs involving Rs 39.12 lakh relate to losses due to theft (19 paragraphs: Rs 21.55 lakh), pilferage/ misappropriation of stores etc. (13 paragraphs: Rs 17.24 lakh) and embezzlement (one paragraph : Rs 33 thousand). These were outstanding since 1979-2000 in absence of final action by the departmental officers.

In 4 cases, Rs 13.90 lakh were placed in "Miscellaneous Public Works Advances", but action to recover the amounts were awaited (June 2000). In 8 cases (Rs 15.99 lakh) the matter was under investigation by the department and in remaining 21 cases (Rs 9.23 lakh) the matter was stated to be under correspondence at various stages within the department.

(ii) Twenty paragraphs (Sr. No. 3) related to shortage of material and excess payment, etc. of Rs 42 lakh, which were recoverable from 54 officers/officials. In 28 cases involving Rs 8 thousand were outstanding for more than 10 years. Details of amount recoverable from various categories of officers/officials were as under:

Sr. No.	Name of officers/officials	Number of officers/officials	Amount (Rupees in crore)	Period for which outstanding
1.	Executive Engineers	3	0.02	Between October 1972 and March 1985
2.	Sub-Divisional Engineers	8	0.06	Between August 1971 and March 1985
3.	Junior Engineers	36	0.33	Between August 1971 and April 1998
4.	Others	7	0.01	Between January 1978 to March 1999
	Total	**54**	**0.42**	

These amounts were routinely included in the 'Miscellaneous Public Works Advances' shown against the concerned officials but no action was taken to recover them. As a result, possibility of permanent loss of large amounts of funds cannot be ruled out.

Further 784 paragraphs in 304 IRs pertaining to 1977-2000 were outstanding for want of comments from Head of the Department (31 paragraphs) and proper reply from divisional officers (753 paragraphs). This showed that even at the higher level of Government, response to serious matters brought out in audit is poor.

A Review of other pending IRs revealed that Heads of Offices of Public Health Department, whose records were inspected in audit, and the Superintending Engineers failed to discharge due responsibility by not replying to a large number of IRs/paragraphs and initiating action in regard to the defects, omissions and irregularities pointed out in audit. The Commissioner and Secretary to Government of Haryana, Public Health Department, who was informed of the position through half-yearly reports, also did not ensure that the concerned officers of the department take prompt and timely action in respect of the financial and other irregularities pointed out in audit.

The above inaction against the defaulting officers facilitated the continuation of serious financial irregularities and loss to Government though these were pointed out in audit.

With a view to settle the audit objections by holding meetings with the departmental officers at circle level a special review party was formed. As a result of meetings held at 4* stations (between January 1999 to February 1999) 144 paragraphs involving Rs 24.68 crore were settled.

The matter was referred to Government in May 2000; their reply had not been received (August 2000).

* Ambala, Gurgaon, Rohtak and Sirsa

CHAPTER - V

STORES AND STOCK AUDIT PARAGRAPHS

CHAPTER-V

Stores and Stock

5.1 Printing and Stationery Department

5.1.1 Introduction

The Printing and Stationery (P&S) Department is a service department responsible for the printing, distribution and sale of Government publications, Gazette notifications, and Text Books, etc.

The department is headed by the Controller, Printing and Stationery. There are three Government presses in the State located at Chandigarh, Karnal and Panchkula, Nationalised Text Books (NTB) scheme cell Panchkula and 21* Text Books Sales Depots.

Details of budget provisions and expenditure on printing and purchase of paper etc. for 1995-2000 were as under:

	Budget provision			Expenditure			
Year	2058-Printing & Stationery	2202-General Education	Total Budget provision	2058-Printing & Stationery	2202-General Education	Total Expenditure	Excess (+) Saving (-)
	(Rupees in crore)						
1995-96	4.55	10.54	15.09	4.55	10.80	15.35	(+) 0.26
1996-97	3.27	8.77	12.04	3.27	8.77	12.04	-
1997-98	3.55	7.52	11.07	2.58	3.72	6.30	(-)4.77
1998-99	2.90	10.83	13.73	2.82	7.38	10.20	(-) 3.53
1999-2000	2.90	9.13	12.03	1.89	6.79	8.68	(-)3.35
Total	17.17	46.79	63.96	15.11	37.46	52.57	(-)11.39

Scrutiny revealed Rs 4.77 crore, Rs 3.53 crore and Rs 3.35 crore of budget provision during 1997-98, 1998-99 and 1999-2000 respectively were not spent as the suppliers bills were not paid due to non-receipt of clearance from Finance Department. In 1999-2000, economy measures were imposed by Government and paper was purchased less by the department in view of existing stock.

5.1.2 Audit coverage

Records relating to purchase, custody, issue and management of stores and stock in the department for 1995-2000 and of two Text Books Sales Depots (Kurukshetra and Rewari) were test-checked in audit during December 1999 to February 2000. All major cases of purchases (more than Rs 5 lakh each)

* Details of text books sales depots located at various places in Haryana.
(1) Ambala, (2) Bhiwani, (3) Fatehabad, (4) Faridabad, (5) Gurgaon, (6) Hisar (7) Jind, (8) Jhajjar, (9) Kaithal, (10) Karnal, (11) Kurukshetra, (12) Narwana, (13) Narnaul, (14) Palwal, (15) Panchkula, (16) Panipat, (17) Rohtak, (18) Rewari, (19) Sonipat, (20) Sirsa, and (21) Yamunanagar.

amounting to Rs 14 crore were examined. Irregularities noticed in audit are mentioned in the succeeding paragraphs.

5.1.3 Store Accounts

All the departments are to furnish store accounts (in duplicate) by 15 May each year in respect of stores of value of Rs 5 lakh or more purchased in a year to the Accountant General. Though the P&S Department purchased stores exceeding Rs 5 lakh every year they did not prepare annual store accounts* since 1984-85. As a result, the stock as per the physical verification (other than NTB scheme) conducted by the department were not reconciled with the book balances.

In respect of NTB scheme, there were huge differences between closing balances as per stock ledgers and closing balances as per *pro-forma* accounts during 1992-93 to 1996-97. No *pro-forma* accounts were prepared after 1996-97.

The department had not analysed the reasons for these differences. Audit scrutiny revealed that these differences were due to non-maintenance of separate consumption account for paper required for NTB scheme and other printing works for free distribution of publication to other Government Departments.

5.1.4 Purchase Procedure

The P&S Department assesses its annual requirement on the basis of previous year's consumption and future demands. The stores are purchased through open tenders by three standing committees. Besides urgent purchases are made through short-term tenders or through approved sources.

Financial Rules provide that purchases must be made in the most economical manner in accordance with the definite requirements of the public service and care should be taken not to purchase stores much in advance of actual requirement. Scrutiny of purchase cases showed the following:

(i) Unjustified excess purchases

(a) Department does not make a proper assessment of requirement of paper. Thus, different types of paper were purchased by the department much in excess

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* Stationery Branch from 1987-88, Publication Branch from 1985-86, Haryana Government Press Panchkula from 1984-85, Government Press Madhuban, Karnal from 1990-91 and Government Press Sector 18, Chandigarh from 1993-94.

of actual requirement.

Sr. No	Name of articles	Month/Year of purchases	Purchases	Consumption/ period	Closing stock as on 31 May 2000	Value of closing stock (Rupees in lakh)	Percentage of consumption with purchases
			(Quantity in reams)				
1.	Sun lit Art Paper 23 X 36/34.6 Kg	September 1997	3,643	1,258 September 1997 to May 2000	2,385	40.78	35
2.	Sunlit Art Paper 23 X 33/22.3 Kg	March 1992	1,416	576 March 1992 to May 1997	840	8.08	41
3.	Off set paper 27 X 34/25.2 Kg	January-February 1996	4,102	2,774 August 1996 to May 2000	1,328	12.62	68
4.	Off set Paper 23½ X 33/25 Kg	August 1997 October 1999	2,200 480 2,680	1,400 April 1998 to May 2000	1,280	10.40	52
5.	Cream Wove Paper 27X 34/20.8 Kg	March 1998	2,916	731 April 1998 to May 2000	2,185	10.82	25
6.	Sun Shine Printing Paper 23 X 36/18.6 Kg	April-June 1994 January 1995 August 1995 August 1997 March 1998	2,535 1,879 1,678 1,883 5,370 13,345	8,396 August 1994 to May 2000	4,949*	46.62	63
7.	Crosskey Paper 20 X 30/27.2 Kg	March 1992	600	70 April 1998 to May 2000	530	5.77	12
	Total		**28,702**	**15,205**	**13,497**	**135.09**	**53**

The above table shows that out of 28,702 reams of paper purchased during 1992-99, only 15,205 reams of paper were consumed till May 2000 which was only 53 *per cent* of total purchases. Balance of 13,497 reams of paper valuing Rs 1.35 crore was lying (June 2000) in the store blocking Government funds.

In respect of Sun Shine Printing Paper (Sr. no. 6), though 2,300 reams were in stock in August 1997, still 7,253 reams were purchased unnecessarily at a cost of Rs 68.33** lakh during August 1997 and March 1998. This was done to exhaust the budget. As of May 2000, 4,949 reams valuing Rs 46.62 lakh were lying unused.

(b) Excess printing of ballot papers

For *Panchayat* Elections in Haryana State during November/December 1994, the department purchased (September to December 1994) 426.662 Metric Tonnes (MT) of paper for Rs 96.38 lakh for printing of 186.25 lakh ballot papers. However, against the requirement of 186.25 lakh ballot papers, 203.30 lakh ballot papers were unnecessarily printed on which 180.16 MT of paper valuing Rs 40.50 lakh was used. Thus, purchase of 246.50 MT of paper valuing Rs 55.88 lakh was unnecessary and unjustified.

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* There was an opening balance of 160 reams on 1 April 1994 which is included in the closing balance.

** (7,253 reams x Rs 942.10 per ream).

Excess purchases were made by Controller P&S Department without assessing how much was needed for consumption. Further, 105.51 MT of paper valuing Rs 23.45 lakh was utilised in March/April 2000 for subsequent *Panchayat* Elections. The balance of 140.99 MT of paper valuing Rs 32.43 lakh was lying unused as of June 2000. Besides, Rs 11.06 lakh were spent unjustifiably on printing and cost of paper used for 17.05 lakh (203.30 lakh – 186.25 lakh) ballot papers which were not needed.

(ii) Purchase of sub-standard paper at extra cost

The department invited (May 1996) tenders for purchase of 200 MT of type paper (ISI specification No. 1848-191 of 45 gsm). Ignoring the lowest offer of firm 'A' at Rs 26,500 per MT, the High Powered Purchase Committee (HPPC) approved the rates offered by firm 'B' whose rates (Rs 38,000 per MT) were second highest, without recording reasons for rejection of lowest offer. An order was placed with the firm 'B' (June 1996) for supply of 100 MT of paper at a negotiated rate of Rs 37,852.72 per MT and the firm supplied 91.541 MT at a cost of Rs 34.65 lakh.

The sample of papers supplied by the firm was neither got examined by the Technical Committee nor their test report was called for before submitting the case to HPPC for approval. The sample of the paper received (August 1996) from firm 'B' did not conform to the ISI specifications. As a result a penalty of half *per cent* amounting to Rs 1.16 lakh was imposed while making payment. Instead of rejecting the supply, the Controller, P&S placed another order (March 1997) with the same manufacturer for supply of 50 MT of paper at Rs 35,504.40 per MT.

The Controller P&S stated (June 2000) that the paper at higher rate was purchased on visual inspection. The paper was within ± 2.5 *per cent* tolerance and the recovery of Rs 1.16 lakh was not on account of penalty imposed but was due to short receipt of papers. The reply was not tenable as there was nothing on record to show the penalty was not imposed for substandard quality of paper. Moreover, the Manual of Supplies and Disposal (Paragraph 6.6.14) provides for rejection of tender received without test reports. Therefore, acceptance of offer on visual inspection instead of test reports of paper was not justified.

Thus, due to non-acceptance of the lowest offer of firm 'A' Rs 14.89* lakh was spent in excess by the department in purchase of sub-standard 'type paper' worth Rs 52.40** lakh.

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	Quantity	Difference of Rates (MT)	Amount (Rs in lakh)
(i)	91.541 MT	Rs 37,852.72 (-)26,500= 11,352.72	10.39
(ii)	49.999 MT	Rs 35,504.40 (-) 26,500= 9,004.40	4.50
	Total		**14.89**

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	Quantity	Rate (MT)	Amount (Rs in lakh)
(i)	91.541 MT	Rs 37,852.72	34.65
(ii)	49.999 MT	Rs 35,504.40	17.75
	Total		**52.40**

5.1.5 Excess payment due to failure in internal control system

On the basis of indent from Police Department, P&S Department, placed a print order in August 1998 for printing and supply of 5 types*** of forms in pads/bond registers with an approved private printer.

The firm delivered the material directly to the Police Department instead of supplying it in the store of P&S Department. The bills submitted by the printer were paid by Controller, P&S on the basis of approved samples in January to March 1999 at approved rates (October 1998 and March 1999).

Random checking by Controller P&S of samples of registers actually supplied by firm revealed that the registers did not conform to original samples. Therefore, the rates were re-fixed (August 1999) which were much lower than the rates earlier approved and paid to firm. Thus, Rs 8.42 lakh were paid in excess due to lower fixation of rates and Rs 8.57 lakh on account of less consumption of papers due to supply of registers with less number of leaves, allowing excess wastage and cost of unused binding material.

The department asked the firm (October 1999) for refund of amount excess paid but the firm refused (December 1999) to refund on the plea that the payment claimed was as per rates decided and intimated by the department and also that the material supplied was accepted without any objection.

Thus, failure of department to follow the prescribed procedure of receipt and checking of material in store before payment resulted in excess payment of Rs 16.99 lakh.

5.1.6 Excess issue of paper to private printers

As per para 4.1 of Manual of Printing and Stationery Department printing work was to be allotted only after assessing the state of work in Government presses and the paper for printing was to be supplied to the private printers after assessing the requirement.

During 1994-99, while 392.384 MT of paper was actually needed, the Controller, P&S supplied 500.438 MT of paper to five printers for various printing works. The Assistant Controller (OP Branch) failed to maintain Pending Job Register and to keep watch on the progress of jobs till their completion. The excess quantity of paper of 108.054 MT valuing Rs 27.65 lakh for the incomplete jobs had not been returned by the printer nor the cost thereof has been recovered from them (July 2000). Bank guarantees i.e. 25 *per cent* of value of paper obtained from the printers as security was also not renewed/invoked. Therefore, the chances of recovery of Rs 27.65 lakh from the printers are remote. At the instance of audit, action to recover the amount from the printer was initiated by the Controller, P&S (June 2000).

*** Form No. 22.48(i), 22.54-A (ii), 25.54(i) Part I, 25.54 (i) Part II and 27.36.

5.1.7 Non-disposal of Government publications

(i) For printing of Government priced publications, the Indenting Officers are responsible for assessing the quantity of publications to be printed and to ensure the disposal of old and obsolete books and publications.

Test-check of records of Publication Branch at Chandigarh revealed that as many as 62,493 copies of priced publications costing Rs 39.81 lakh were lying unsold in the stock for a period ranging between 5 and 20 years. The department did not review the disposal of unsold copies left in stock and had not taken up matter with the concerned departments who placed the orders. Thus, Government funds of Rs 39.81 lakh are blocked.

(ii) Out of 7198 books on "Census of India, 1991" printed from 1993 to 1995 by the Directorate of Census Operations, Haryana for 16 districts, 4,200 books worth Rs 17.61 lakh were still lying (April 2000) with the department awaiting disposal.

The Controller P&S stated (July 2000) that the concerned departments had been asked to dispose of their publications.

The matter was reported to Government in May 2000; their reply had not been received as of August 2000.

CHAPTER - VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

GENERAL

CHAPTER - VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 General

(a) Autonomous bodies and authorities perform non-commercial functions of public utility services. These bodies/authorities receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc. to implement various programmes of Government. The grants are given by Government mainly for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

During 1999-2000, Government provided financial assistance of Rs 411.42 crore to various autonomous bodies and others broadly grouped as under:

Sr. No.	Name of institutions	Amount of assistance paid (Rupees in crore)
1.	Universities and Educational Institutions	130.43
2.	Municipal Corporations and Municipalities	103.55
3.	*Zila Parishads* and *Panchayati Raj* Institutions	4.97
4.	Development Agencies	91.76
5.	Hospitals and other Charitable Institutions	19.29
6.	Other Institutions (including statutory bodies)	61.42
	Total	**411.42**

(b) Delay in furnishing utilisation certificates

The financial rules of Government require that where grants are given for specific purposes, certificates of utilisation are to be obtained by the departmental officers from the grantees and after verification, these should be forwarded to Accountant General (AG) within 15 months from the date of sanction of the grant unless specified otherwise.

Of 1,723 utilisation certificates due in respect of grants and loans of Rs 920.23 crore paid during 1986-87 to 1998-99, only 368 utilisation certificates for Rs 173.28 crore were furnished to AG by 30 June 2000 and 1,355 certificates for Rs 746.95 crore were in arrears. Department-wise and age-wise break-up of outstanding utilisation certificates was as under:

Department	Upto 1995-96		1996-97		1997-98		1998-99	
	Number of certific-ates	Amount (Rupees in crore)	Number of certi-ficates	Amount (Rupees in crore)	Number of certi-ficates	Amount (Rupees in crore)	Number of certi-ficates	Amount (Rupees in crore)
Education	-	-	6	14.67	6	18.93	18	74.73
Medical	43	6.16	-	-	3	0.04	26	0.55
Agriculture	1	0.01	-	-	-	-	-	-
Development and Panchayat	33	1.36	18	1.58	33	2.32	46	11.01
Command Area Development Agency	-	-	-	-	-	-	35	33.42
Economical and Statistical Advisor	140	40.97	34	5.00	9	3.48	20	13.80
Revenue	8	1.36	-	-	-	-	10	3.50
Social Security and Welfare	-	-	17	6.99	40	4.57	70	7.52
Sports	12	2.12	10	2.42	26	1.79	33	1.35
Public Health	58	65.56	57	170.69	52	102.46	55	103.75
Science and Technology	5	0.34	1	0.05	4	0.08	16	1.25
Art and Culture	-	-	-	-	1	0.08	2	0.06
Non-Conventional Sources of Energy	7	0.38	3	0.09	1	0.05	4	0.12
Ecology and Environment	-	-	-	-	3	0.13	7	0.35
Urban Development	98	7.67	80	1.01	76	1.01	64	16.55
Housing	2	0.17	-	-	-	-	-	-
Irrigation	-	-	-	-	-	-	2	1.00
Technical Education	-	-	-	-	-	-	22	6.10
Animal Husbandry	-	-	-	-	-	-	8	4.07
Fisheries	-	-	-	-	-	-	16	2.30
Village and Small Scale Industries	-	-	-	-	8	1.23	6	0.75
Total	**407**	**126.10**	**226**	**202.50**	**262**	**136.17**	**460**	**282.18**

Out of 21 departments, 9 departments were not furnishing utilisation certificates continuously for the last three years viz 1996-97 to 1998-99.

(c) Delay in submission of accounts

The status of submission of accounts by the autonomous bodies and submission of Audit Reports thereon to the State Legislature as of June 2000 was as under:

Sr. No.	Name of the body	Year upto which accounts due	Year upto which accounts submitted	Year upto which Audit Report issued	Year upto which Audit Report submitted to State Legislature	Reasons for non-finalisation of Audit Reports
1.	Haryana Khadi and Village Industries Board, Manimajra, Chandigarh	1999-2000	1998-99	1996-97	1996-97	Preparation of Draft Separate Audit Reports (SAR) for the year 1997-98 and 1998-99 are in process
2.	Haryana Labour Welfare Board, Chandigarh	1999-2000	1998-99	1997-98	1996-97	SAR for 1998-99 sent to headquarter's office for approval.
3.	Haryana Urban Development Authority, Panchkula	1999-2000	1996-97	1993-94	1989-90	SAR for the year 1994-95 has been sent to headquarter's office for approval and for 1995-96 and 1996-97 are under process.
4.	Housing Board Haryana, Panchkula	1998-99	1997-98	1997-98	1996-97	-
5.	Haryana State Agricultural Marketing Board, Panchkula	1999-2000	1998-99	1994-95	--	Draft SAR for the year 1995-96 to 1998-99 sent to headquarters office for approval.
6.	Haryana Prathmik Shiksha Pariyojna Parishad, Chandigarh	1999-2000	1998-99	1995-96	-	Preparation of Draft Separate Audit Report for the years 1996-97 and 1998-99 are in progress.
7.	Haryana Forest Development Board (Defunct)	1983-84 to 1986-87	1983-84 to 1986-87	1983-84 to 1986-87	-	-
8.	Mewat Development Agency, Nuh (Gurgaon)	1996-97 to 1999-2000	1996-97 to 1997-98	-	-	Preparation of Draft SAR for the years 1996-97 to 1997-98 are in process.

The audit of accounts of the following bodies had been entrusted to the Comptroller and Auditor General of India for a period of 5 years as detailed below:

Sr. No.	Name of body	Period of entrustment
1.	Haryana Khadi and Village Industries Board, Manimajra, Chandigarh	1997-98 to 2001-02
2.	Haryana Labour Welfare Board, Chandigarh	1998-99 to 2002-2003
3.	Haryana Urban Development Authority, Panchkula	1992-93 to 1996-97*
4.	Housing Board, Haryana, Panchkula	1994-95 to 1998-99*
5.	Haryana State Agricultural Marketing Board, Panchkula	1995-96 to 1999-2000
6.	Haryana Prathmik Shiksha Pariyojna Parishad, Chandigarh	1995-96 to 1999-2000
7.	Mewat Development Board, Nuh (Gurgaon)	1996-97 to 2001-2002

(d) *Audit arrangements*

The primary audit of local bodies (*Zila Parishad*, *Nagar Palikas*, Town Area/Notified Area committees), educational institutions, *Panchayati Raj* institutions and others was conducted by the Director, Local Audit, Haryana, Chandigarh. Audit of co-operative societies is conducted by the Registrar, Co-operative Societies, Haryana, Chandigarh.

Two hundred eleven bodies/authorities, whose accounts for 1998-99 were received, attracted audit by Comptroller and Auditor General of India. Of these 88 bodies/authorities were audited during 1999-2000. The audit of remaining 123 bodies/authorities had not fallen due.

Two hundred twelve annual accounts of 114 bodies/authorities for 1999-2000 and earlier years had not been received as of July 2000 by the Accountant General (Audit). The details are given in Appendix-XXXII. Of these bodies/authorities, Municipal Committee, Bhiwani did not submit accounts for 7 years, Municipal Committee, Karnal and Rohtak for 6 years and Municipal Committee, Bahadurgarh, Faridabad and Haryana Sahitya Academy, Chandigarh for 5 years, Municipal Committee, Narnaul, Hisar, Gurgaon, Integrated Women's Employment Development Project Haryana Chandigarh, Hindu Kanya MV Jind, DAV College, Karnal, KVA DAV College for Women Karnal, Gandhi Adarsh College Smalkha (Panipat), DAV College, Pehowa (Kurukshetra) IG National College, Ladwa, L.N.Hindu College, Rohtak, Hindu Mahila MV Sonipat and Gita Vidya Mandir KMV Sonipat for 4 years.

Certain interesting points arising out of audit are mentioned in the succeeding paragraphs.

* The audit of these autonomous bodies had not been entrusted from 1997-98 in respect of Sr.No. 3 and from 1999-2000 in respect of Sr. No. 4. Matter has been taken up with them in December 1999 and September 1999 respectively, their consent was awaited (June 2000).

CHAPTER - VI

SECTION - A
REVIEWS

Section – A

Audit Reviews

Environment Department

6.2 Implementation of Environmental Acts and Rules relating to Water Pollution

Highlights

Water is polluted by traditional organic waste, waste generated from industrial processes, chemical agents for fertilizers and pesticides for crop protection and silt from degraded catchments. While three fourths of the waste water is generated from municipal sources, industrial waste contributes over one half of the total pollutant load. There are two main rivers i.e. Yamuna and Ghaggar in the State. Industrial and sewage effluent being discharged in these rivers and their tributaries had been causing serious environmental degradation and health hazards. A review on implementation of Environmental Acts and Rules relating to Water Pollution revealed that out of 80,701 industrial units, only 2,867 units (3.55 per cent) were identified upto March 2000 for enforcing the Water Act. Of 2,867 units, only 1,854 units applied for discharging trade effluents and consent was granted to only 928 units. The remaining 926 units were either refused consent or directed to comply with certain directions of the Haryana State Pollution Control Board (Board). As on March 2000, 996 units out of 1,535 industrial units installed effluent treatment plants. Pollution control devices in industrial units were not interlinked with the production system, though directed by the Central Pollution Control Board. 82 local bodies in the State caused 65 per cent of the organic pollution but only 12 towns had or planned to have sewage treatment plants. Bacteriological tests of drinking water done by the PWD Public Health branch were grossly inadequate. Approximately 50 per cent posts in scientific and technical cadre in the Board remained vacant for periods more than six years. Following important points were noticed:

During 1994-2000, Rs 57.32 lakh only were spent on schemes related to water pollution by the Environment Department. The Board also played only a regulatory role and did not undertake any developmental work like loan assistance to units for installing ETPs, etc. to control water pollution in the State. As a result, huge fund of Rs 16.27 crore had accumulated with the Board as of March 2000.

(Paragraphs 6.2.4 (a), (b)and 6.2.8)

The State Government did not conduct any study on status and conservation of environment in the State as such there was no state profile on environment. Even the proposal of preparation of Environment Management Plan was dropped by the Government.

(Paragraph 6.2.5.1)

The Board identified 2,867 units which were required to apply for "consent" from the Board to operate. Of these, only 1,854 units applied for consent for discharging of trade effluent and consent was granted to only 928 units. The remaining 926 units were either refused consent or directed to comply with the certain directions of the Board. But for non-compliance no coercive action was taken against them except prosecution was launched in only 26 cases during 1994-2000.

(Paragraph 6.2.6 (a))

Of 1,535 industries discharging effluent beyond prescribed standards, only 996 units had installed ETPs and 539 units were discharging untreated trade effluent in water resources.

(Paragraph 6.2.6 (b))

Common Effluent Treatment Plant (CETP) constructed at Kundli Industrial Estate at a cost of Rs 76.90 lakh in February 1997 could not meet the requirement of the Industrial Estate fully. As a result 9 lakh litre effluent per day was being released untreated by the industrial units of this estate.

(Paragraph 6.2.6 (d))

Out of 197 cases placed before the Special Environmental Courts, 77 cases were decided. Of these 73 went against the Board either due to non-appearance of complainant or lack of evidences and non-availability of witnesses. Even four cases decided in favour of the Board were set aside in Sessions Courts and in no case penal action was ordered by the Court against any industrial unit.

(Paragraph 6.2.6 (e))

Of 82 local bodies in various towns of the State, setting up of Sewage Treatment Plants (STPs) had been taken up only in 12 towns. The remaining 70 local bodies did not construct STPs .

(Paragraph 6.2.7)

During 1994-2000, 46 to 51 *per cent* posts in Scientific and Technical cadre remained vacant which affected the functioning of the Board.

(Paragraph 6.2.12)

6.2.1 Introduction

Water is polluted by traditional organic waste, waste generated from industrial processes, chemical agents for fertilizers and pesticides for crop protection and silt from degraded catchments. While three fourths of the waste water is generated from municipal sources, industrial waste contributes over one half of the total pollutant load. There are two main rivers i.e. Yamuna and Ghaggar in the State. Industrial and sewage effluent being discharged in these rivers and their tributaries had been causing serious environmental degradation and health hazards.

To prevent and control water pollution and to maintain or restore wholesomeness of water, Government of India (GOI) enacted Water (Prevention and Control of Pollution) Act, 1974 which, *inter alia,* provides:

(a) to plan a comprehensive programme for prevention, control or abatement of pollution of streams and wells in the State and to secure the execution thereof;

(b) to collect and disseminate information relating to water pollution and prevention, control or abatement thereof;.

(c) to encourage, conduct, investigate and research relating to problems of water pollution and prevention, control or abatement of water pollution; etc.

For better, timely and efficient implementation of activities directly relating to conservation and preservation of the environment, the department of environment was set up in the State during 1983 and the Directorate of Environment was established in 1989.

6.2.2 Organisational set up

The nodal department co-ordinates various agencies/departments of the State Government and formulates schemes for conservation and preservation of the environment apart from the administrative control of Haryana State Pollution Control Board, Chandigarh (Board). Commissioner and Secretary to Government of Haryana, Environment Department is administrative head at Government level dealing with policy aspects and the Director, Environment Department is responsible for implementation of policies, programmes, etc. There are two Special Environmental Courts, one each at Faridabad and Hisar headed by the presiding officers (set up in 1995-96 and 1997-98 respectively) for speedy disposal of cases under various Environmental Acts.

The Board is 17 members body including one full time Chairman, Member Secretary, five members representing the State Government, five members nominated from the members of the local bodies, three non-officials to represent interest of industry, trade, etc. and two members representing Corporations, Boards, etc. The main functions of the Board are to plan, execute and advise the State Government on programmes for prevention and control or abatement of pollution of water, enforce pollution control of water bodies.

The other major department at Secretariat level concerned with environmental problems is Public Works Department (PWD) (Public Health Branch) headed by the Financial Commissioner and Secretary to Government of Haryana. The main function entrusted to this department is providing safe drinking water and hygienic sanitation facilities.

6.2.3 Audit coverage

With a view to assess the compliance of the various important provisions of the Acts and Rules relating to water pollution and quality of potable water in towns and cities of Haryana and to evaluate, *inter alia*, the efficiency of the performance of the Ganga Action Plan (Phase-II) records for the period 1994-2000 in the various offices viz; Environment Department at Secretariat and Directorate level, the Board, Engineer-in-Chief, PWD Public Health branch (all stationed at Chandigarh), five Regional Environmental Engineers (REEs)[1] and four Executive Engineers[2] of PWD Public Health Divisions were test-checked during March and April 2000. Important audit findings are discussed in the succeeding paragraphs.

6.2.4 Financial arrangements and expenditure

Environment department spent a negligible amount on the schemes relating to control of water pollution

(a) During the period 1994-2000, a budget provision of Rs 9.02 crore was made against which expenditure of Rs 4.65 crore was incurred by the Environment Department mainly on establishment, Special Environmental Courts, referral laboratory, etc. The total expenditure on the schemes relating to control of water pollution during last six years, was a negligible sum of Rs 57.32 lakh, bulk of which was on account of subsidy (Rs 52.26 lakh) for setting up of Common Effluent Treatment Plant.

Bulk of expenditure of the Board was on establishment and office expenses

(b) Apart from (a) an expenditure of Rs 13.65 crore was incurred by the Board on various activities including water pollution activities against a revenue of Rs 27.37 crore during the period 1994-2000 (as per details in Appendix-XXXIII). However, bulk of expenditure (87 *per cent*) of the Board during 1994-2000 was on establishment and office expenses.

As of March 2000, Board had a balance of Rs 16.27 crore from the receipt of water cess grant from the Central Government, other receipts and interest thereon. As per Government of India's instructions, the 50 *per cent* cess released to the Board upto March 1998 and 80 *per cent* released from April 1998 onwards was to be utilized for adopting pollution control measures, assisting industries in adoption of clean process technologies and sewage

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1 Stationed at Ballabgarh, Faridabad, Hisar, Panipat and Yamunanagar.

2 Stationed at Ambala , Gurgaon, Hisar and Panipat.

treatment system in class II and III towns. Board took up no developmental work related to prevention, control or abatement of water pollution by assisting the industrial units in adoption of clean process technologies, etc. Thus, huge funds were lying unutilized with the Board thereby defeating the purpose of collection of cess.

(c) Assessment and collection of water cess

Under the Water (Prevention and Control of Pollution) Cess Act, 1977, Board could levy a cess on every person carrying on any specified industry and every local authority consuming and utilising water.

A test-check of records of the Board revealed the following shortcomings/ irregularities:

(i) Non – installation of meters/furnishing of returns

Bills of water cess not being raised regularly

Though required under Water (Prevention and Control of Pollution) Cess Rules, 1978, no unit had installed meters or filed any return for water consumed in the previous month. REEs were submitting verification reports of water consumption to the assessing authority (Member Secretary) as per their convenience. So bills (for more than one month) of water cess in respect of various units were not being raised regularly. A test-check of 22 cases revealed that verification reports were delayed by 7 to 135 months while in 7 cases the reports were not submitted since December 1998.

Board stated (May 2000) that the water meters get choked and they did not work properly after some time due to which the reading become unreliable. Therefore, cess returns were verified as per average water consumption and production and working capacity of the tubewells. Thus, an important control mechanism was not operative.

(ii) Non-recovery of water cess

Due to dissolution of the Board, the Administrator of the Board acted as assessing authority for water cess since June 1998 and there was no appellate authority. In 72 cases, appeals were filed by the consumers against the assessment orders passed during September 1993 to February 2000 involving an amount of Rs 1.56 crore on account of water cess which could neither be decided nor realised.

(iii) Arrear in recovery of water cess

As of March 2000, Rs 2.34 crore of cess was outstanding out of which Rs 0.41 crore was recoverable from Municipal Committees (up to March 1993) and Rs 0.73 crore and Rs 1.20 crore as of March 2000 were recoverable from the various divisions of Public Health branch of PWD and industrial units respectively. Non-recovery of cess was stated to be due to poor financial condition of the local bodies, non-release of letter of credit to the Public Health Divisions and appeals of the industrial units pending with the Board.

(iv) Poor maintenance of cess records

Maintenance of accounts of water cess in the Board was poor

Maintenance of accounts of water cess in the Board was poor as no unit-wise ledger was maintained to show various details i.e. period of assessment, amount due and received, date of realisation, balance to be recovered, etc. Thus, the Board had no information in this regard and was totally dependent on the REEs who submitted assessment returns at their will. As a separate file was maintained for each unit instead of a combined ledgers/registers, the system was vulnerable to the risk of non-consideration of a unit's dues due to loss of the file. Besides, there was no central record of collectible dues.

6.2.5 Status of water pollution

6.2.5.1 No survey on status of water was done

State Government did not conduct any study on status and conservation of environment in the State

For the purpose of enabling the Board to perform the function conferred on it, the Board was to make survey of any area and gauge and keep records of the flow or volume and characteristics of stream or well in such area and to take steps for installation and maintenance of gauges/apparatus to carry out such surveys. However, Board since inception conducted no survey of ground or surface water and made no regulation regarding extraction and use of water.

Further, the State Government had also not conducted any study on status and conservation of environment in the State. On being asked, the Department stated (September 2000) that there was no State profile on environment. The proposals invited (March 1999) by the Environment Department from the consultants for preparation of Environment Management Plan for the State had also been dropped by the Government.

6.2.5.2 Pollution level in major rivers

Quality of water of two major rivers (Yamuna and Ghaggar) of the State was being monitored by the Central Pollution Control Board through the State Board under the scheme "Monitoring of Indian National Aquatic Resources" (MINAR). However, the Board, even though did not have the mechanism to monitor the continuous flow of pollution level at different stretches of Yamuna river, conducted periodical tests by taking samples of river water from selected places under the MINAR scheme.

Position of pollution level in Yamuna and Ghaggar river was as under:

Pollution in river Yamuna

During 1996-99, average Bio-chemical Oxygen Demand (BOD) at Agra Canal at Madanpur Khadar (near Badarpur Power unit) ranged between 4.9 mg/litre to 20 mg/litre, which was higher than the acceptable BOD level of 3 mg/litre. The objective of cleaning the polluted water of Yamuna river by reducing BOD to below 3 mg/litre level was not achieved as of March 1999, as the river was continuously fed by untreated sewage and domestic/industrial waste.

Pollution in River Ghaggar

Quarterly sampling of water of river Ghaggar under the MINAR scheme revealed that BOD value of water increased from 4.5 mg/litre to 28 mg/litre during September 1998 to December 1999.

As per Action Plan 1997-98, the Board was aware of the pollution being caused in river Ghaggar by discharge of untreated sewage and industrial effluent from Parwanoo in Himachal Pradesh, Patiala in Punjab and Sirsa in Haryana before it entered in Rajasthan territory where the water of this river was used for drinking purpose. But the Board failed to control the pollution because of involvement of other states.

6.2.6 Treatment of Industrial effluent

(a) Grant of consent for discharge of effluent

Section 25 of the Water (Prevention and Control of Pollution) Act, 1974 (amended in 1988) provided that no person shall without the previous consent of the State Board (a) establish or take any steps to establish any industry, operation or process or any treatment and disposal system or an extension or addition thereto which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land; or (b) bring into use any new or altered outlets for the discharge of sewage; or (c) begin to make any new discharge of sewage. Further, under sub section 4 of the Act, the State Board may grant permission subject to such conditions as it may impose or refuse such consent for reasons recorded in writing.

For implementation of the provisions of the Water Act, the Board has categorised the industrial units into highly polluting, polluting and less polluting industries. Accordingly, 17 industries e.g. fertilizer, cement, sugar, oil refineries, etc. had been categorised as highly polluting, whereas 19 industries e.g. dyeing and printing, electroplating, food processing, etc. had been classified as polluting industries and 98 industries e.g. sports goods, household appliances, umbrella, *agarbathi*, etc. have been categorised as less polluting industrial units.

Out of 80,701 industrial units established in the State, as intimated by the Director, Industries Department, only 2,867 industrial units (3.55 *per cent*) falling under highly polluting and polluting categories and other large and medium units were identified up to March 2000 by the Board for enforcing the provisions of the Water Act, without conducting actual survey of these units which caused water pollution. Out of 2,867 units identified by the Board under consent management, only 1,854 units applied for consent to the Board for discharging of trade effluent. Of 1,013 units including 20 large and medium units in the highly polluting category which did not apply for consent, 402 units including 19 large and medium units under highly polluting category (Appendix-XXXIV) were lying closed. Further, out of 1,854 units which applied for consent, 928 units were granted consent whereas 926 units were either refused consent (182 units) or were directed (744 units) to comply with certain directions* of the Board.

No coercive action taken by the Board against defaulting units

The Board could take coercive action, such as restraining the units to operate or stoppage of electricity and water, etc. against the defaulting units through legal means. However, no coercive action was taken against units, which failed to comply with the Board's directions and observations on the consent applications. Prosecutions were launched in only 26 cases during 1994-2000 for not observing provisions of the Water Act. Specific action taken against 182 units which were refused grant of consent during 1999-2000 was awaited (August 2000).

(b) Installation of effluent treatment plants

Section 24 of the Water Act provides that no person shall knowingly cause or permit any poisonous, noxious or polluting matter determined in accordance with standards laid down by the Board to enter (whether directly or indirectly) into any stream or well or sewer or on land. As such industrial units discharging effluent were required to install ETPs at the units.

A significant number of polluting industrial units were throwing untreated effluents and polluting the water resources of the state

The Board stated that there were 1,535 industrial units, which were polluting industries under the Water Act operating in the State. As on March 2000, ETPs had been installed only in 996 units and remaining 539 units had either no treatment facility (130 units) or had inadequate facilities (409 units) and were throwing their untreated trade effluent and polluting the water resources of the State. The Board launched prosecution against 7 units, issued closure orders against 100 units and issued show cause notices to 432 units.

However, to avoid industrial slow down and also unemployment in the State, it was decided (May 1998) by the Board that no industry, even if polluting and unresponsive would be closed. Thus, powers of the Board to close down the non-complying units were used sparingly due to adoption of policy which was *ultra vires* of the Water Act.

(c) Non-implementation of inter-locking system

Instructions in respect of inter locking system given by the CPCB were not implemented

Central Pollution Control Board (CPCB) issued instructions (November 1995) to all the State Boards that industries having pollution control devices would make arrangements for inter-locking the production system with the pollution control devices. Though the Board was bound to follow the instructions of the CPCB, it was decided in the meeting held (July 1996) by the Chief Minister with the Haryana Chamber of Commerce and Industries that consent to industrial units (excluding large and medium highly polluting units) who did not adopt inter-locking system, would be given on year to year basis. In June 1999, the CPCB again directed the Board to implement the inter-locking system in industrial units.

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* Such as non-installation of Effluent Treatment Plants (ETPs), modifications/ upgradation of ETPs, for want of proof of discharge in the sewer and permission from the Irrigation Department for discharge of effluents in to the streams, etc.

The Board stated (September 2000) that it had issued directions to the REEs for persuading the industries falling under their jurisdiction for arranging inter-locking the production system with pollution control devices. Inter locking system, if adopted by any such unit covered under the Water Act was, however, not intimated (August 2000).

(d) Construction of common effluent treatment plants

Ministry of Environment and Forests (MOEF), Government of India (GOI) had sponsored a scheme of financing the Common Effluent Treatment Plants (CETPs) for cluster of small scale industrial units wherein MOEF provided aid up to 25 *per cent* of the cost of CETP, the State contributed 25 *per cent* and rest of the cost was to be borne by the beneficiaries through their contributions/soft loan lending from financial institutions. The scheme was also made applicable for organised industrial sectors in the states.

Haryana State Industrial Development Corporation (HSIDC), which was responsible for setting up of industrial estates in the State, constructed (February 1997) the CETP at Kundli Industrial estate at a cost of Rs 76.90 lakh with capacity to treat 11.08 lakh litre of effluent per day. This was inadequate as 9 lakh litre effluent per day was still being released untreated by various units. The reason for not constructing the CETP for adequate capacity was not intimated by the HSIDC (August 2000).

Though Environment Department released Rs 21.64 lakh during 1997–98 to HSIDC as subsidy for construction of CETPs at Jind and Murthal for treatment of 4.63 lakh litre trade effluent per day, only the first part of CETP at Jind was complete and no CETP at Murthal was constructed as yet.

Therefore, untreated effluent of 13.63 lakh litre per day was being released in the industrial estates.

(e) Prosecutions under Water Act

Under the Water Act the Board was empowered to launch prosecution for restraining the persons who were likely to cause pollution. As on March 1994, there were 171 cases of water pollution pending under Water Act in the court of law. During six years (1994-2000), only 26 prosecutions were launched by the Board.

In order to ensure speedy disposal of cases concerning environmental offences, Government set up two Special Environmental Courts at Faridabad and Hisar from September 1995 and June 1997 respectively. Out of the total 197 cases pending/launched up to March 2000, 73 cases were decided against the Board, 82 cases were withdrawn by the Board, four cases were decided in favour of the Board and 38 cases were pending with the Special Environmental Courts. However, orders of convictions in these four cases were set aside by the Sessions Courts. Cases which were decided against the Board were mainly attributable to dismissal in default, non-appearance of complainant, non-availability of appropriate witnesses and launching of cases beyond the jurisdiction of the Board.

Government constituted a Committee (May 1995) for scanning cases suitable for withdrawal filed by the Board, and case could be withdrawn with the approval of the Chief Minister. Though 82 cases were reportedly withdrawn from 1994-2000, the recommendation of the committee and approval of the Chief Minister was not shown to audit.

(f) Environmental statements

Environmental auditing, now renamed as Environmental Statement, is a tool comprising a systematic, documented, periodic and objective evaluation of how well a unit is performing in order to achieve the objective of the waste prevention and reduction, assessing compliance with regulatory requirements and placing environmental information in public.

The preparation and submission of environmental audit report was mandatory under the Environment (Protection) Rules, 1986 (second amendment) since March 1992. The industrial units requiring consent under section 25 of the Water Act were required to submit environmental audit report for the financial year to the Board on or before the 15th day of May every year beginning from the year 1993. The Board had not maintained any consolidated record to verify the submission of environmental statements.

Though all the 2,867 industrial units identified by the Board under the consent management as on March 2000 were required to submit the environmental statement; the Board had identified only 445 industrial units for submitting environmental statement; of these only 144 units actually submitted and the remaining 301 units did not submit any environmental statement. No action was taken by the Board on statements received from the units.

The Board furnished no reasons for not complying the provision of the rules (August 2000).

6.2.7 Domestic sewage treatment plants

Of 82 towns in the state, only 12 towns were identified for setting up of STPs

Domestic sewage is one of the major sources of urban water pollution. Under the Water Act, local bodies in towns were required to install Sewage Treatment Plants (STPs) for controlling pollution caused by domestic sewage. There were 82[3] local bodies in various towns of State which were causing 65 *per cent* of organic pollution. Of these, 12 towns were situated along Yamuna river. Out of these, Government identified 6[4] major towns, which were directly, or indirectly discharging their effluent in river Yamuna and were included under Ganga Action Plan (GAP). Six[5] more towns were included (February 1996) at the direction of the Supreme Court. Following is the position regarding the status of sewage treatment plants in these cities of GAP:

3 81 Municipal Committees and one Municipal Corporation.

4 Faridabad, Gurgaon, Karnal, Panipat, Sonipat and Yamunanagar.

5 Chhachhrauli, Gharaunda, Gohana, Indri, Palwal and Radaur.

In four[6] towns out of six towns originally identified under the GAP, 7 STPs were commissioned and STPs in 8[7] towns were stated to be under construction as of May 2000.

There was no plan to construct STPs in the 70 local bodies and only the 12 towns identified under Ganga Action Plan were being covered under the plan. Though notices to all the local bodies in the State had been issued failing which action would be taken under the Water Act, there was remote possibility of enforcement of these notices.

The Board was monitoring the STPs by taking sample of the effluent from the outlets of STPs. Test reports of such samples (February – April 2000) revealed that BOD of treated sewage effluent ranged from 55 to 190 mg/litre against permissible limit of 30mg/litre.

Further, the following points were also noticed:

(i) Most of the areas of Panipat town either had no sewerage system or were not connected with the sewerage pipelines. Domestic sewage alongwith 2.37 million litre per day (mld) trade effluents from 162 units located in these areas which included large number of dyeing and processing units passed through the Panipat drain. As intimated by the Executive Engineer PWD, Public Health Division No. II Panipat, the discharge of the Panipat drain on a normal non-rainy day during July 2000 was 26 million litre per day. But the effluent of Panipat drain was not being taken in STP and remained untreated which polluted the water of river Yamuna. BOD level of effluent of Panipat drain in March 2000 was 145 mg/litre.

(ii) Sewage Treatment Plant, Zone II, Faridabad commissioned in December 1998, was tackling between 15 and 20 million litres sewage daily against the capacity of 45 mld sewage as the sewage from various Sectors (3,7 to 9,14,18 and 21) was not reaching the STP due to non-completion (December 1999) of ancillary works at intermediate pumping stations by HUDA and Municipal Corporation, Faridabad. The Executive Engineer, PWD Public Health, Division No. II, Faridabad intimated (September 2000) that pumps at intermediate pumping stations maintained by Municipal Corporation, Faridabad and HUDA were giving less discharge being worn out and more than 20 years old.

(iii) STP at Gurgaon, constructed and commissioned (August 1998) under the GAP, was tackling 30 mld sewage. Another STP with 68 mld sewage capacity being constructed by HUDA for areas falling under it and other colonies in the new township was still incomplete (January 2000). Therefore, untreated sewage was being thrown into Nazafgarh drain polluting the water earlier treated through the project STP.

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6 Faridabad, Gurgaon, Panipat and Sonipat.

7 Chhachhrauli, Gharaunda, Gohana, Indri, Karnal, Palwal, Radaur, and Yamunanagar.

6.2.8 Non-execution of developmental works

Sub section (2) of section 30 of the Water Act provides, that if a person without previous consent of the Board fails to establish process or any treatment and disposal system or any extension thereto for discharge of sewage or trade effluent into a stream or well or sewer or own land, the Board itself may execute or cause to be executed such work. All expenses incurred by the Board for the execution of the aforesaid work, together with interest may be recovered by the Board from the person concerned.

However, the Board did not undertake any such work of construction of ETP/CETP/STP, although there were 539 such industrial units in the State which did not install the ETPs or which required up-gradation and out of 82 local bodies in the towns of Haryana 70 did not have STPs.

6.2.9 Pollution due to agricultural run-off

The Water Act did not cover the agricultural run-off i.e. pollution of water due to traces of pesticides/insecticides washed out by rains. Thus, there was no check of any authority against pollution of water due to excessive use of pesticides/insecticides.

6.2.10 Inadequate sampling of water for drinking purpose

The laboratory examination of water sample comprised four types of tests; namely physical, chemical, bacteriological and biological. Bacteriological examination of water was necessary to check safety of water for consumption. Out of total seven laboratories of PWD (Public Health Branch), facility of bacteriological analysis of water existed in four laboratories only.

Bacteriological tests of drinking water conducted by PWD (Public Health Branch) were grossly inadequate

Prescribed* minimum sampling frequency from the water supply scheme for towns with population of more than one lakh was one sample per 10,000 of population per month whereas maximum interval between successive sampling was one day. However, the Engineer-in-Chief, PWD (Public Health Branch), Chandigarh, fixed frequency of bacteriological analysis as once in four months for each scheme which was very much lower than the prescribed norms. A total of 3,380 and 3,640 bacteriological tests were done in the entire State during 1998-99 and 1999-2000 respectively though number of tests required as per norms in 10 towns only with more than one lakh population (as per 1991 census) worked out to 3,650. Thus, the tests were grossly inadequate.

Percentage of failed samples of quality of water after bacteriological analysis done by the Health Department during 1998 and 1999 was 33.2 and 27.25

* "Manual on Water Supply and Treatment" – Ministry of Urban Development – Government of India.

respectively whereas as per tests carried out by the PWD (Public Health Branch) during 1998-99 and 1999-2000, the same were 8.58 and 7.55 *per cent* only which rendered the sampling done by PWD (Public Health Branch) unreliable.

6.2.11 Environment training, education and awareness

During 1994-2000, Rs 85.00 lakh[8] were allotted to Environment Department for environment training, education and awareness programmes and only Rs 37.96 lakh were utilized as grants to various agencies. The department, however, did not monitor whether the amount was actually spent for environmental training, education and awareness. Even utilization certificates in 51 cases amounting to Rs 14.52 lakh were still awaited (August 2000) from the concerned agencies.

6.2.12 Absence of qualified staff

Significant number of technical and scientific posts remained vacant for more than 6 years

Sanctioned strength of the Board during 1994 – 2000 was on average 268 posts, against which 172 to 198 officials/officers were in position and 26 *per cent* (in 1999-2000) to 36 *per cent* (in 1994-95) posts remained vacant. Analysis of vacancies in technical and scientific staff revealed that 46 to 51 *per cent* posts in cadres remained vacant for over 6 years. Lack of priority by Government to man the post could have affected the effective working of the Board.

Board stated (April 2000) that Government did not approve the filling of vacant posts and it was carrying out its activities with the skeleton staff. Even service regulations approved by the Board (December 1997) were still pending (May 2000) with Government for approval.

6.2.13 Non-finalisation of annual accounts/annual reports

The Board was required to prepare every year, Receipt and Payment Account, Income and Expenditure Account and the Balance Sheet and audited annual accounts were to be submitted to the State Government. Though the Board had prepared its annual accounts upto 1998-99, these were not audited since 1987-88. Auditors for the audit of annual accounts for 1987-89 were appointed by the State Government only in September 1998.

As per section 39 of Water Act, the Board was required to prepare for each financial year, annual report giving full accounts of its activities during the previous financial year and copies thereof were to be forwarded to the State Government within four months from the end of the financial year for being placed before the State Legislature within a period of nine months from the end of the financial year.

However, it was noticed that there was a delay of 9 to 15 months in submission of annual reports for the year 1994-95 to 1998-99. The annual

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[8] 1994-95: Rs 9 lakh, 1995-96: Rs 9 lakh, 1996-97: Rs 8 lakh, 1997-98 : Rs 12 lakh, 1998-99: Rs 25 lakh and 1999-2000: Rs 22 lakh.

reports for the years 1994-95 and 1995-96 were placed before the Legislature in January and October 1999 respectively and the annual reports for 1996-97 to 1998-99 were yet to be presented in the State Legislature.

6.2.14 Monitoring and evaluation

The Directorate of Environment was set up by the State Government in 1989 with the object of creating a nodal agency to co-ordinate the functioning of the Board and for effective implementation of the activities directly related to conservation of the environment. The Environment Department was also given the administrative control of the Board. Although the technical officers were posted in the Directorate for scrutinising the proposals of Board technically, Board was sending proposal directly to Commissioner and Secretary, Government of Haryana without routing through Environment Department.

Though the Board was functioning since September 1974 no internal or external monitoring or evaluation of the activities, working and functioning to judge the impact of implementation of its programme by the Board or by the State Government was conducted.

6.2.15 Conclusion

Environment Department had a limited role in implementing schemes relating to control of water pollution. They had not conducted any study on status and conservation of environment in the State.

The State Pollution Control Board was required to plan and execute programmes for prevention and control or abatement of pollution of water but it did not take up any developmental work though a huge fund of Rs 16.27 crore had accumulated with the Board.

The Board did not take coercive action against 926 industrial units which were either refused consent or directed to comply with the directions of the Board and were discharging untreated trade effluents.

Out of three Common Effluent Treatment Plants (CETPs) for cluster of small scale industrial units in the State, the capacity of one CETP was inadequate whereas CETPs at two other places were either incomplete or were not constructed. 13.63 lakh litres per day untreated effluent was being released by the industrial units at these places.

82 local bodies in the State caused 65 *per cent* of the organic pollution but only 12 towns had or planned to have Sewage Treatment Plants. The Board did not, however, take stringent action against local bodies.

Approximately 50 *per cent* posts in scientific and technical cadre in the Board remained vacant for periods of more than six years.

These points were referred to Government (May 2000); their reply had not been received (August 2000).

Local Self Government Department

6.3 Urban Employment Generation Programme

Highlights

Government of India designed various urban employment generation schemes, programmes to alleviate urban poverty as well as to bring about a shift in sectoral distribution of work force through training and self employment. These programmes also aimed at creating basic infrastructure and providing civil amenities to urban poor. According to the survey conducted by Expert Group of Planning Commission, GOI, urban population below poverty line (BPL) in Haryana was 7.31 lakh in 1993-94. However, the BPL population increased to 9.61 lakh in 1998-99. Wage employment was provided for 2.10 lakh mandays against the target of 3.70 lakh mandays during 1995-2000. Even these figures were inflated. Targets for setting up of self employment ventures were not achieved. Under PMRY, recovery percentage of bank loans declined from 54 per cent in 1996 to 48 per cent in 1999 and 17 per cent of the ventures were closed down. Thus, the objectives of the programme to alleviate urban poverty through wage employment, self employment and training besides creating infrastructure and providing civic amenities to urban poor were not achieved. Important audit findings are as under:

Out of Rs 17.36 crore available during 1995-96 to 1999-2000 under four schemes, Rs 3.24 crore remained unutilised due to slow progress towards wage employment and self employment components under these schemes.

(Paragraph 6.3.5 (i))

The Project Director, SUDS did not get his annual accounts prepared and audited since its inception in December 1991. Accounts of DUDAs, Faridabad and Kurukshetra were not got audited since 1995-96. Since SUDA and DUDAs were handling large amount of funds, non-finalisation of accounts for long period was fraught with the risk of serious financial irregularities. Secretary failed to effectively supervise the functioning of SUDA and DUDAs.

(Paragraph 6.3.6)

Allocation of Rs 6.34 crore during 1995-2000 for alleviation of urban poverty was inadequate as the same could generate wage employment merely for 0.42 *per cent* of the 1.88 lakh identified BPL families.

(Paragraph 6.3.9)

Wage employment was provided to 2.10 lakh mandays against the target of 3.70 lakh mandays during 1995-2000.

(Paragraph 6.3.9(a))

Chief Executive Officers/ADCs pertaining to 17 Municipal Committees inflated the employment figures by 150 *per cent* in their progress reports of the schemes sent to SUDS.

(Paragraph 6.3.9 (b))

In 5 districts, no reference of BPL families were included in the Muster Rolls. Actual expenditure on labour component was only 17 to 35 *per cent* under NRY and 15 to 27 *per cent* under SJSRY against norm of 40 *per cent*.

(Paragraph 6.3.9 (c) and (d))

27 *per cent* of funds for self employment schemes were not spent. Against the target of setting up of 48.1 thousand ventures under NRY, SJSRY and PMRY, only 36.6 thousand (76 *per cent*) ventures were set up during 1995-2000.

(Paragraph 6.3.10 (b))

Recovery percentage of bank loans under PMRY declined from 54 *per cent* as of December 1996 to 48 *per cent* as of December 1999. Further, in 12 of the 19 districts in the State, of the 15,644 ventures set up during 1995-99, 2,684 ventures (17 *per cent*) were closed down.

(Paragraph 6.3.11(b))

Rs. 0.56 crore meant for upgradation of shelters for urban poor were not utilised by SUDS. This deprived over two thousand BPL families of the benefit of uprgradation of their houses.

(Paragraph 6.3.13)

These schemes were poorly monitored by SUDS and DUDAs.

(Paragraph 6.3.14)

6.3.1 Introduction

Government of India (GOI), designed various urban employment generation schemes/programmes to alleviate urban poverty as well as to bring about a shift in sectoral distribution of work force through training and self employment. These programmes also aim at creating basic infrastructure and providing civic amenities to urban poor. The main urban employment generation programmes implemented in Haryana State include:

(i) *Swaran Jayanti Shahari Rozgar Yojna* (SJSRY) launched in December 1997 with which Nehru Rozgar Yojna (NRY) and Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) were merged (from December 1997).

(ii) Prime Minister's *Rozgar Yojna* (PMRY) launched in 1993 to provide employment to educated youth.

The former is concerned with wage employment as well as self employment whereas PMRY is for self-employment only.

According to the survey conducted by expert group of the Planning Commission (GOI) in 1993-94, urban population below poverty line in the State was 7.31 lakh, which increased to 9.61 lakh in 1998-99 (as per survey conducted by municipal committees).

6.3.2 Organisational set up

The Secretary, Local Self Government Department is responsible for co-ordination, implementation and monitoring of the programmes. A State level Urban Development Society (SUDS), headed by the Project Director, registered under Societies Registration Act is responsible for implementation of SJSRY. The Project Director, SUDS is responsible for administration of the Society. PMRY is implemented by the Director, Industries Department through General Managers at District Industries Centres (DICs).

In the districts, the schemes were implemented by District Urban Development Agency (DUDA). Besides, Municipal Committees/Corporations of respective towns executed the constructional works.

6.3.3 Audit coverage

Records relating to implementation of schemes for the period 1995-2000 were test-checked in the offices of the State Urban Development Society (SUDS), Director, Industries Department, DUDAs and DICs in 5[9] districts (out of 19 districts) in the State and 43 branches of the public sector banks during October 1999 to April 2000. Important audit findings noticed during test-check are discussed in the succeeding paragraphs.

6.3.4 Funding pattern

SJSRY and NRY are Centrally sponsored schemes and the expenditure is shared with State Government in the ratio of 75:25 and 60:40 respectively. PMRY is cent *per cent* Centrally sponsored. GOI releases their share of contribution to the Project Director, SUDS which, in turn, release funds to the Officers of DUDAs for implementation of the schemes.

[9] Bhiwani, Faridabad, Jind, Kurukshetra and Sonipat.

Under PMRY, for subsidy component against loan disbursed by various banks, funds are released by GOI through Reserve Bank of India for credit to the accounts of the concerned banks. For 'Training' and 'Contingency' under this scheme, GOI release funds to the Director, Industries Department who, in turn, disburse the same to the General Managers, District Industries Centres (DICs) for meeting expenses on training to entrepreneurs.

6.3.5 Financial outlay and expenditure

(i) Total funds available under various schemes and the total expenditure incurred during 1995-2000 were as under:[10]

Year	Opening balance	Funds received during the year			Total	Expenditure	Unspent Balance
		Central share	State share	Interest Receipt			
						(Rupees in lakh)	
1995-96	194.16	353.44	168.11	5.61	721.32	268.96	452.36
1996-97	-	245.43	100.12	5.42	350.97	338.76	12.21
1997-98	-	171.60	89.86	9.45	270.91	306.51[11]	(-) 35.60
1998-99	-	252.25	73.88	20.10	346.23	198.30	147.93
1999-2000	-	30.69	10.23	5.81	46.73	299.66	(-) 252.93
Total	**1,94.16**	**1,053.41**	**442.20**	**46.39**	**1,736.16**	**1,412.19**	**323.97**

Scheme wise details of expenditure are at Appendix-XXXV.

Unspent Funds

At the end of March 2000, Rs 3.24 crore (19 *per* cent) were not utilized due to slow progress of wage employment and self-employment components of these schemes. Under NRY, Rs 1.94 crore carried over from earlier years upto 1994-95 were not utilized till November 1997 when the scheme was discontinued.

From November 1997, NRY and PMIUPEP were discontinued and merged with SJSRY launched from December 1997. As on 30 November 1997, Rs 3.67 crore remained unspent (NRY: Rs 1.01 crore and PMIUPEP: Rs 2.66 crore) under these two schemes. Non-utilization of funds under these schemes indicated that schemes were not implemented properly. Out of total unspent amount of Rs 3.67 crore, Rs 2.38 crore were allocated (May 1998) by SUDS to field units for utilisation under the components of SJSRY and the balance of Rs 1.29 crore were not allocated to any DUDAs/executing agencies till March 2000. The unspent balances under the schemes with field offices were under reconciliation as of July 2000.

10 The figures of funds received and expenditure were based on information supplied by the Project Director, State Urban Development Society. Opening balance of NRY taken from bank pass book. Figures are unaudited and unreconciled.

11 Includes Rs 148.22 lakh pertaining to PMIUPEP scheme which was under reconciliation with DUDAs.

Delay in release of funds

(ii) Releases of GOI and State Government's share of funds by SUDS to the implementing agencies at districts were delayed by 3 to 12 months under SJSRY during May 1998 to January 2000.

According to sanction issued by GOI, the funds were to be utilized within one year of release. Due to delayed release of funds and investment of Rs 1.25 crore in fixed deposit for one year during 1999-2000 by SUDS, these funds could not be utilized within a year on scheme activities. Thus, opportunities for employment generation to urban poor families were not provided promptly as per the scheme.

6.3.6 Annual accounts not finalised since inception

SUDS did not finalise accounts since 1991

The Project Director, SUDS, was required to prepare annual accounts for audit by the statutory auditors. But he did not finalise the accounts since 1991. Resultantly, no audit could be carried out since its inception. Bank balances with cash book were not reconciled and cash book was not signed by the Drawing and Disbursing Officer from September 1995 to March 1997 and February 1998 to May 1999. Similarly, in districts test-checked, accounts of DUDAs, Faridabad and Kurukshetra were not got audited for the period 1995-99. In the absence of reconciliation of bank balances and audited accounts for so many years, cash balances in banks could not be verified in audit. Since SUDS/DUDAs were handling large amount of funds, non-finalisation of accounts for nearly nine years is fraught with the risk of serious financial irregularities, if any, not getting detected in time.

This failure also indicated that the Secretary, Local Self Government, who was in overall charge of monitoring the programme, failed to ensure compliance of statutory provisions and supervise the work of SUDS/DUDAs. The Project Directors of these societies, who are all serving government officers and who showed lack of accountabilities were not asked to explain their lapses by the Secretary, Local Self Government.

Test-check revealed that Rs 0.39 lakh drawn from bank by Project Director, SUDS during April 1998 to February 1999 through four cheques, was not entered in the cash book. There were no payment vouchers in support of expenditure having been incurred. On being pointed out by audit, the accountant deposited Rs 10,421 and submitted vouchers for the balance amount and the matter was under investigation. The concerned official was placed under suspension.

6.3.7 Expenditure on administration in excess of norms

SJSRY, launched in December 1997, envisaged that expenditure on administrative and office expenses by DUDAs was to be restricted upto 5 *per cent* of the total allocated funds. In 5[12] districts test-checked, expenses

12 Bhiwani, Faridabad, Jind, Kurukshetra and Sonipat.

on salary, traveling allowances, POL, maintenance expenses of the office, etc. ranged between 7 and 15 *per cent* of the total allocations during 1998-99.

Deviation from prescribed norms resulted in extra expenditure of Rs 4.22 lakh on administrative expenses under the scheme.

6.3.8 State Action Plan

State Action Plan not prepared

The Project Director, SUDS was required to prepare detailed State Action Plan for PMIUPEP (merged with SJSRY from December 1997) to eradicate urban poverty from the targeted towns, maximum use of resources available, participatory implementation, identification of training needs, etc. every year. State Action Plans were not prepared in any year during 1995-2000.

SUDS intimated (July 2000) that funds were released to the DUDAs on the basis of urban population in the districts.

Programme implementation

6.3.9 Wage Employment

Urban Wage Employment schemes covered urban poor families having annual income below Rs 11,850 at 1991-92 prices under NRY and PMIUPEP and Rs 337.42 per capita per month under SJSRY.

This Programme, implemented through Urban Local Bodies (ULBs), aimed at generating wage employment for the urban poor living below poverty line through creation of assets of public utility. The works included mainly pavement of streets, installation of hand pumps, construction of roads in municipal areas, construction of drains, etc. The ADC-cum-Chief Executive Officer, DUDAs were responsible for sanction of works proposed by ULBs. Funds allocated and expenditure incurred under various schemes for wage employment were as under:

Name of Scheme	Period	Funds allocated	Expenditure
		(Rupees in crore)	
NRY (SUWE)	1995-96 to November. 1997	2.10	2.37[13]
PMIUPEP	1995-96 to November 1997	2.01	1.60
SJSRY (UWEP)	1998-2000	2.23	1.74
Total		**6.34**	**5.71**

13 Excess expenditure under NRY was met from unspent funds of earlier years.

Funds allocated by GOI during 1995-2000 were inadequate and could cover only 0.42 *per cent* of BPL families

In urban areas of the State, there were 1.88 lakh BPL families (as per 1998 survey). At an average wage rate of Rs 65 per day, the available funds could generate employment for 3.90 lakh mandays during 1995-2000 (5 year period) which worked out to 0.78 lakh mandays in a year. Thus, only 780 families (100 days per family in a year) i.e. 0.42 *per cent* of the total 1.88 lakh identified BPL families in urban areas could be covered in a year. Funds allocated by GOI for wage employment component to alleviate urban poverty did not have any correlation with number of BPL families and were far short of actual requirements.

(a) Non – achievement of wage employment targets

Scheme for Urban Wage Employment (SUWE) was implemented mainly under NRY (upto November 1997) and SJSRY.

Under NRY, against the target of generating 1.94 lakh mandays employment during 1995-96 to 1997-98 (upto November 1997), 1.20 lakh (62 *per cent*) mandays were generated as intimated by the Project Director, SUDS.

SJSRY envisaged wage employment to persons living below poverty line. Against the target of 1.76 lakh mandays employment generation in 1998-2000, only 0.90 lakh mandays (51 *per cent*) were generated. Thus, the purpose of the scheme to provide employment to the unemployed urban poor was largely unachieved. The shortfall in achievement of targets was mainly due to non-adherence to material labour ratio of 60:40 as evidenced by the scrutiny in test-checked districts as discussed below.

(b) Reporting of inflated employment figures

Reporting of employment generation was inflated by 150 *per cent*

A scrutiny of wage payments made to labourers through muster rolls during 1998-99 under SJSRY scheme by 17 Municipal Committees (refer Appendix-XXXVI) revealed that under UWEP component, 5,883 mandays employment was generated based on actual attendance of labourers. However, Chief Executive Officers/ADC of these DUDAs, intimated employment generation of 14,687 mandays (150 *per cent* more) in their progress reports on estimate basis. Thus, DUDAs failed to maintain correct figures of employment generation and ADCs furnished inflated figures of employment.

(c) Employment generated for non-BPL families

Reference of BPL lists not given against the names of labourers in muster rolls

NRY and SJSRY were intended to extend benefit of employment generation to urban poor families identified by DUDAs as being below poverty line. In the 5 districts test-checked, no reference of BPL list was given in the muster rolls in any case nor the names of labourers employed were traceable in the BPL lists of the area and therefore, possibility of these names being fictitious cannot be ruled out. The matter calls for investigation. In the five districts test-checked, Rs 20.32 lakh under NRY during 1995-98 and Rs 5.74 lakh under SJSRY during 1998-2000 were paid as wages to such labourers for employment of 36,568 mandays.

(d) Low expenditure on labour

Under NRY and SJSRY schemes, expenditure on material and labour components was to be in the ratio of 60:40.

Under NRY expenditure on labour component was 17 to 35 *per cent*

Actual expenditure on labour component was, however, very low and ranged between 17 and 35 *per cent* under NRY during 1995-98 in 4[14] districts test-checked which led to generation of less employment by 11,492 mandays. In Jind and Kurukshetra districts expenditure under NRY on labour component was merely 25 *per cent* and 17 *per cent* respectively.

Under SJSRY, expenditure on labour component was 15 to 27 *per cent*

Under SJSRY, the expenditure on labour component during 1998-2000 varied between 15 *per cent* and 27 *per cent* of the total expenditure which led to generation of less employment by 7,683 mandays in the 5 districts test-checked. In Faridabad and Bhiwani districts, expenditure on labour was merely 15-16 *per cent* of the total expenditure.

6.3.10 Self employment schemes

Under self employment component, financial assistance (bank loan and subsidy) and training is provided to the poor unemployed persons for setting up of micro enterprises under various schemes.

Loan was provided by banks on the recommendation of DUDAs while subsidy was provided through ULBs under NRY and SJSRY schemes.Under PMRY, loan is provided by banks, on the recommendation of DICs, subsidy is claimed by banks from GOI through Reserve Bank of India, for further adjustment in loanees accounts.

Following points were noticed during audit:

(a) Analysis of funds allocated and expenditure incurred for this component was as under:

Name of Scheme	Period	Funds allocated	Expenditure
		(Rupees in crore)	
NRY (subsidy and training)	1995-96 to November 1997	1.41	1.83[15]
PMIUPEP (subsidy and training)	1995-96 to November 1997	2.12	0.92
SJSRY (i) (subsidy and training) (ii) (DWCUA) (subsidy and thrift and credit societies)	1998-2000	2.67 0.74	2.02 0.19
PMRY (training and contingency)	1995-2000	1.96	1.55
Total		**8.90**	**6.51**

14 Faridabad, Jind, Kurukshetra and Sonipat.

15 Excess expenditure under NRY was met from unspent funds of earlier years.

per cent of funds for self employment schemes not spent

As evident from the table, 27 *per cent* of the funds allocated during 1995-2000 were not spent. Out of this, of Rs 1.98 crore were lying with SUDS/DUDAs

(b) Against the target of setting up of 48,177 ventures under NRY, SJSRY and PMRY during 1995-2000, 36,647 ventures (76 *per cent*) were set up for which Rs 22.95 crore (NRY : Rs 1.23 crore, SJSRY : Rs 1.65 crore and PMRY : Rs 20.07[16] crore approximately) were disbursed as subsidy.

(c) DUDAs/DICs did not monitor the schemes to assess actual number of ventures running successfully to ascertain the impact of the programme.

6.3.11 Prime Minister's Rojgar Yojna

PMRY was launched in October 1993 to provide employment to educated unemployed youths who were matric passed or failed (from April 1999, Class VIII pass) and whose family income was upto Rs 24,000 per annum. The scheme mentioned 137 activities (industry: 75, business: 41 and service: 21) for which the ventures could be set up. The scheme laid down that in business sector micro enterprises should not exceed 30 *per cent* of the total enterprises. Amount of loan under PMRY was Rs 1 lakh (increased to Rs 2 lakh each for services and industry sector from April 1999) per youth.

(a) Diversion of loan/subsidy from industry/service sector to business sector

Loans were given mostly to business sector enterprises

In the 5 districts test-checked, out of 9,689 micro-enterprises, 6,168 cases (64 *per cent*) for which bank loans of Rs 31.58 crore were sanctioned during 1995-99 were for business sector as against the prescribed ceiling of 30 *per cent*. This resulted in diversion of financial assistance (loan/subsidy) of Rs 16.70[17] crore from industry and service sectors. GM of the DICs replied (November 1999 – March 2000) that the applicants were interested for setting up of business enterprises instead of industry and service enterprises because these sectors required technical knowledge, potentiality and good marketing prospectus.

The contention of the GMs was not tenable since Government policy had laid down certain priorities and ceiling in the matter of disbursement of loans and it was not within the GMs' competency to alter it.

(b) Defaulters in repayment of loans and closure of ventures

PMRY scheme was to provide loan facilities for setting up employment ventures. A task force, comprising General Manager, DIC, representatives of lead bank, two other leading banks, District Employment Officer and one member from Small Industries Service Institute, set up at district level invited applications from eligible persons through advertisements in local newspapers, etc. These applications were scrutinized by the taskforce for identifying the

16 Subsidy under PMRY is calculated on an average rate of Rs 7,020 per beneficiary.
17 On average basis at Rs 51 thousand per beneficiary.

targeted beneficiaries, examining the financial viability of the proposed ventures and recommending loans for sanction by banks. Besides there were District PMRY Committees to monitor and evaluate the scheme to ensure its effectiveness.

Bank loan recovery was declining every year and Rs 14.05 crore were overdue for recovery

A scrutiny of information furnished by the Punjab National Bank, (the lead bank in Haryana), revealed that recovery of bank loans came down from 54 *per cent* as of December 1996 to 48 *per cent* as of December 1999. Against the total demand of Rs 27.08 crore raised by the banks as of December 1999, Rs 14.05 crore were overdue.

Further, age analysis of loans (overdue for recovery) in respect of one major bank i.e. PNB revealed that of Rs 5.34 crore overdue for recovery as of March 2000, Rs 2.65 crore (50 *per cent*) was more than one year old.

17 *per cent* of the ventures in 12 districts closed down

A perusal of the information furnished by the Director, Industries Department revealed that in 12 of the 19 districts of the State, 15,644 ventures were set-up during 1995-99 of which 2,684 ventures (17 *per cent*) were closed down as of July 2000.

It was thus, evident that financial appraisal of the project reports by the task force committee at DIC level was not done properly before recommending the cases for sanction of loans by the banks.

6.3.12 Training

Shortfall in imparting training

PMIUPEP was launched in November 1995 in 9[18] selected towns of the State. The scheme envisaged self-employment through setting up of micro enterprises and skill development through appropriate training. The Project Director, SUDS did not maintain the information about the number of persons trained in the State under this scheme. However, in 3[19] towns test-checked, Rs 18.87 lakh (Rs 2,000 per trainee) were provided for imparting training to 943 persons against which Rs 11.84 lakh only were spent and 588 persons (62 *per cent* of expected number) were imparted training during 1995-98. Reasons for shortfall in achievements were not intimated.

6.3.13 Non-implementation of the shelter upgradation component

PMIUPEP provided for financial support to urban poor for shelter upgradation with a loan component of Rs 10,000 and subsidy at the rate of 25 *per cent* of unit/renovation/repair cost subject to a ceiling of Rs 2,500 per unit. During 1995-98, GOI (Rs 33.55 lakh) and the State Government (Rs 22.35 lakh) released Rs 55.90 lakh to the Project Director, SUDS Haryana for shelter

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18 Bahadurgarh, Hansi, Jind, Kaithal, Narnaul, Palwal, Panchkula, Rewari and Thanesar.

19 Jind, Palwal and Thanesar.

upgradation. The Project Director decided and released Rs 49.04[20] lakh to Haryana Housing Board (HHB) for taking up works of upgradation of shelters in 9 towns.

The entire amount of Rs 55.90 lakh was still lying unutilised with SUDS. Non-implementation of the scheme deprived atleast 2,236[21] BPL families of the benefit of upgradation of their shelters.

The Secretary, Housing Department informed (July 1996) the Secretary, Local Self Government Department, that since SUDS had come into existence for implementation of the scheme, therefore, this component should also be implemented by them. However, SUDS instead of taking up the works at its own level, continued to release the funds to HHB up to November 1997. The HHB ultimately returned the unutilized amount to the Project Director, SUDS in January 1998 (Rs 20.31 lakh) and October 1999 (Rs 28.73 lakh).

6.3.14 Monitoring and evaluation

Monitoring of PMRY was to be done by District PMRY Committee at district level and State PMRY Committee at State level. Monthly/quarterly progress reports were being sent by DICs to the Director, Industries Department. However, in large number of cases, the ventures were closed and reasons thereof were not analysed. Bank loanees were defaulters but the PMRY Monitoring Committees or the GMs, DICs did not know the reasons for non-repayment of loans.

The Project Director, SUDS was required to monitor the implementation of the SJSRY scheme at State level. The Chairman, DUDAs were to monitor the implementation at district level. However, in view of the large scale failure and irregularities in keeping of accounts and low achievements of targets, evidently the Project Director, SUDS and the Chairman, DUDAs failed to monitor the schemes.

Evaluation study of NRY was got conducted in 7 out of 19 districts during 1997. In the evaluation reports, it was recommended to provide sufficient funds for wage employment component but limited funds were provided during 1997-2000 for this component under SJSRY.

6.3.15 Conclusion

According to the survey conducted by expert group of the Planning Commission (GOI) in 1993-94, urban population below poverty line in the State was 7.31 lakh, which increased to 9.61 lakh in 1998-99 (as per survey

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20 February 1996: Rs 17.24 lakh, September 1997: Rs 12.05 lakh and November 1997: Rs 19.75 lakh.

21 Rs 55.90 lakh/Rs 2,500 subsidy per family = 2,236 families.

conducted by municipal committees). Thus, the schemes failed to have any appreciable impact.

The funds provided for wage employment component could cover only 0.42 *per cent* of the identified BPL families in urban areas. Against the target of generating employment of 3.70 lakh mandays, 2.10 lakh mandays (57 *per cent*) were generated under various wage employment schemes.

Against the target of setting up of 48,177 ventures under NRY, SJSRY and PMRY, 36,647 ventures (76 *per cent*) were set up.

Recovery of bank loans under PMRY was decreasing, it came down from 54 *per cent* in December 1996 to 48 *per cent* in December 1999. 17 *per cent* of the ventures set up in 12 districts during 1995-99 were closed down.

The Project Director, SUDS failed to discharge accountability as he did not prepare the annual accounts and get them audited since its inception in December 1991.

These points were referred to Government in May 2000; their reply had not been received (August 2000).

CHAPTER - VI

SECTION - B
AUDIT PARAGRAPHS

Section – B

Audit Paragraphs

Agriculture Department

(Haryana State Agricultural Marketing Board)

6.4 Avoidable loss due to delay in making payment of cost of land

By delaying payment to HUDA, HSAMB had to pay Rs 12.33 crore for enhanced cost of land.

Haryana Urban Development Authority (HUDA) allotted 13 acres of land to Haryana State Agricultural Marketing Board (HSAMB) in January 1987 for establishment of Grain Market and asked the Chief Administrator (CA) HSAMB to deposit the amount of Rs 0.80 crore by 31 January 1987. Against the required amount, the HSAMB deposited Rs 0.32* crore in three instalments. While releasing Rs 12 lakh in February 1990, it was made clear to HUDA that the balance amount would be deposited after the site was got vacated from unauthorised *Jhuggi* dwellers. Chief Administrator, HSAMB also advised (May 1990) Market Committee(MC), Faridabad to deposit the balance amount only after HUDA handed over the possession of land by removing the encroachments.

In June 1990, HUDA enhanced the price of land to Rs 22.10 lakh per acre. MC/HSAMB neither deposited the balance amount nor agreed to enhanced price. The possession of land measuring 13.3 acre was, however, allowed by HUDA in January 1992 after the encroachments by the *Jhuggi* dwellers were removed.

HUDA again raised the price of land in July 1992 to Rs 38 lakh per acre and asked HSAMB to deposit the balance amount, failing which 18 *per cent* interest would be charged on the delayed payment. The Market Committee did not deposit the balance amount because they did not want to pay the enhanced amount since it was unjustified in their view. Meanwhile, the amount accumulated to Rs 12.78 crore including interest upto July 1998. For recovery of outstanding amount from HSAMB, the Commissioner and Secretary, Town and Country Planning Department in a meeting held in September 1999 decided that the rate applicable for institutional site at the

* March 1987 : Rs 0.02 crore; August 1989 : Rs 0.18 crore and February 1990 : Rs 0.12 crore.

time of handing over the possession of the site be charged from HSAMB, besides charging of interest as per HUDA's policy. Accordingly, HUDA worked out the recoverable amount of Rs 12.81** crore (after adjusting the amount already deposited alongwith interest) being the cost of land at the institutional rate of Rs 28.73 lakh per acre as applicable in January 1992. HSAMB deposited Rs 12.81 crore in December 1999.

Thus, by not making timely payment to HUDA, HSAMB had to pay the enhanced cost of land and suffered an avoidable loss of Rs 12.33 crore i.e. Rs 28.73 lakh per acre and interest for delayed payment from the date HUDA took possession of the land (Rs 12.81 crore - Rs 0.48 crore).

Market Committee, Faridabad stated (January 2000) that as per directions of Chief Administrator, HSAMB, the balance amount was to be paid after taking possession of land and that HUDA had revised the cost of land unwarrantedly. The reply is not tenable since the balance payment was delayed by eight years even after taking possession of land in January 1992. The decision not to make the payment in January 1992, after the HSAMB got the possession was fraught with the consequence of interest outgo on delayed payment. In the light of this, a delay of 8 years in settling the matter to the advantage of HUDA proved very costly to the HSAMB. The risk involved in the decision of 1992 was not recognised and the option to make the payment under protest and fight the case of reduction in the rates subsequently was not thought of as in consequence, additional financial burden of Rs 10.19*** crore fell on the Board.

The matter was referred to Government in February 2000; their reply had not been received (August 2000).

6.5 Non-development of new grain market

As the New Grain Market was not developed at Safidon, Rs 1.36 crore remained blocked.

Market Committee (MC) Safidon acquired 52 acres of land at a cost of Rs 1.21* crore between August 1990 and December 1990 for establishment of New Grain Market (NGM) at Safidon and Rs 0.15 crore were incurred by the MC on construction of boundary wall completed in 1994.

Scrutiny of records of MC, Safidon revealed (August 1999) that construction of roads, platforms, provision of water supply and electrification were not carried out by the MC even after spending Rs 1.36 crore. As a result the NGM could not be developed in all these years. Non-development of NGM led to

** Including interest at the rate 18 *per cent* upto 31 December 1999.

*** (Total cost of land paid : Rs 13.13 crore - cost of land @ Rs 22.13 lakh per acre : Rs 2.94 crore = Rs 10.19 crore).

* Includes Rs 50.12 lakh paid on account of enhanced land compensation in November 1995.

blockade of funds to the tune of Rs 1.36 crore over a period of more than 9 years.

Executive Engineer, Haryana State Agricultural Marketing Board (HSAMB), Jind stated (July 2000) that the NGM at Safidon could not be developed as most of the dealers were reluctant to shift their business from Old Grain Market (OGM). While the HSAMB acquired land for the new campus, it has gone ahead with providing additional facilities to Old Grain Market at a cost of Rs 84.76 lakh between 1993 and 1998.

Meanwhile, a committee constituted for the development of the NGM at Safidon recommended (December 1998) to the HSAMB to develop it in a phased manner. Accordingly, a rough cost estimate for Rs 2.83 crore for development of NGM in first phase had been prepared and was awaiting administrative approval from the competent authority. Further developments were awaited (June 2000).

Thus by not taking cognizance of the dealers of OGM not only the expenditure of Rs 1.36 crore incurred on NGM remained blocked but HSAMB had also to incur Rs 0.85 crore in providing additional facilities at the OGM.

The matter was referred to Government in January 2000; their reply had not been received (August 2000).

Co-operative Department

(Haryana State Co-operative Supply and Marketing Federation Limited) (HAFED)

6.6 Storage gain on account of moisture in wheat stocks below norms

HAFED did not account for the storage gain and therefore, sustained loss of Rs 15.83 lakh.

Wheat stored in godowns gains in weight due to moisture content in the atmosphere. Districts Manager (DMs) were required to ensure proper storage gain through the field Inspector (Stores). Haryana State Co-operative and Marketing Federation Limited (HAFED) also fixed norms (June 1992) for storage gain in wheat between 800 grams and 1400 grams per quintal during the months of July to March. It was also clarified that where wheat with high moisture content was procured, the benefit of lesser gain would be given but only after enquiry by the concerned District Manager for fixing the responsibility of the concerned staff for the less accounting of moisture gains.

During audit of District Manager, HAFED, Panipat and Rewari (December 1999), it was noticed that 3,80,255.61 qtls and 48,043.51 qtls of wheat was despatched from these stores during 1993-99. As per norms fixed, storage gain on the wheat despatched from these stores worked out to 4,167.67 qtls and 623.36 qtls whereas the actual gain given by the Field Inspectors (Stores) was 2,068.92 qtls and 462.60 qtls respectively. Apart from this, 625.13 qtls of wheat was found short in Panipat stock during October 1995 to March 1997. Thus, there was shortage of 2,884.64 qtls (2,098.75 + 160.76 + 625.13 qtls) valued at Rs 15.83 lakh.

Chief Audit Officer, HAFED stated (February 2000) that disciplinary proceedings had been initiated against defaulters who were responsible for less accounting of moisture gains. Further developments were awaited (June 2000).

The matter was referred to Government in December 1999; their reply had not been received (August 2000).

6.7 Unfruitful expenditure on construction of cold storage

Rs 47.80 lakh spent on construction of cold storage without assessing the area under potato cultivation rendered unfruitful.

National Co-operative Development Corporation (NCDC) approved (December 1982) the proposal of HAFED with the concurrence of the State Government for setting up a cold storage of 4000 MT capacity at Jagadhari at an estimated cost of Rs 76.25 lakh in February 1987. For setting up the plant, funding pattern approved was 75 *per cent* loan from NCDC, 20 *per cent* by State Government from its Plan budget and 5 *per cent* by HAFED's own contribution.

Scrutiny of the records of HAFED revealed (July 1999) that after drawing Rs 63.25 lakh (Rs 45.75 lakh as loan from NCDC and Rs 17.50 lakh from State budget as share capital) the work started in March 1983. The Board of Directors (BODs) decided to stop any further construction in August 1988, on the ground that sufficient area under potato cultivation was not available. After incurring an expenditure of Rs 22 lakh on civil works and Rs 12.68 lakh on machinery, the Government decided to stop the work in August 1988. It was further decided by them to convert it into an ordinary godown and utilise it for other purposes. Refrigeration machinery worth Rs 6.47 lakh was shifted to Jatusana (Rewari) for Barley Malt Plant and the remaining machinery returned to the firm.

However, in view of expected increase in the level of potato production in the area, HAFED reviewed the incomplete project in April 1989, State Government reassessed the block cost of the project and revised estimate of Rs 116 lakh was sent (March 1990) to NCDC for approval. Due to escalated cost and inordinate delay in execution of the project, NCDC dropped (June 1993) the proposal as it was not found economically viable stating that the balance amount of loan sanctioned for this project may be refunded within three months. The matter was placed before Board of Administrators (BOA) of HAFED in October 1993 and it was decided to dispose of the existing structure through auction. As no offer was received, Board decided (July 1994) to make use of incomplete existing structure by making addition and alteration as godown and Districts Manager's office. The proposal had not materialised and was dropped (January 2000) by HAFED and even after incurring an expenditure of Rs 47.80* lakh the building was not considered safe and is still lying unutilized (June 2000).

HAFED stated (July 2000) that possibilities to dispose off the entire structure including land were being explored. The fact remains that the decision to set up the cold storage without proper assessment of area under potato cultivation was injudicious and further their failure to decide the end use of the building rendered the expenditure of Rs 47.80 lakh unfruitful.

The matter was referred to Government in November 1999; reply had not been received. (August 2000).

Housing Department

(Housing Board Haryana)

6.8 Blocking of funds due to injudicious decision for construction of houses

Construction of houses without proper planning and without ensuring development of area resulted in blocking of funds of Rs 5 crore.

Housing Board Haryana (HBH) may undertake housing scheme in any area considered necessary for allotment to public and co-operative societies, etc.

HBH accorded administrative approval for Rs 2.33 crore for the construction of Housing Board (HB) Colony at Narnaul Phase II (Rs 1.93 crore) alongwith execution of various development works (Rs 40 lakh) and at Taoru for Rs 1.10 crore alongwith development works for Rs 33 lakh in September 1992 and November 1994 respectively.

Against 165 registered applicants at Narnaul, 353 houses were constructed during September 1992 to March 1994 at a cost of Rs 1.60 crore. Development works including water supply were completed only in June 1999 at a cost of Rs 67.38 lakh against the original administrative approval of Rs 40 lakh.

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* Land : Rs 5.82 lakh; Building : Rs 28.11 lakh including overhead and interest Rs 13.87 lakh.

Scrutiny revealed that developmental works such as roads, external electrification, water supply and sewerage, etc. were not synchronised with the construction of houses with the result all the 353 houses remained unallotted during March 1994 to August 1999. It was only in September 1999 that 132 houses could be allotted and 221 houses remained unallotted for want of buyers as of August 2000. Of the 132 houses allotted, 13 houses were cancelled/surrendered by the allottees as of August 2000. Thus, only 34 *per cent* of the houses are allotted.

The Executive Engineer HBH, Gurgaon stated (March 1997 - July 1999) that the development works could not be carried out simultaneously with the construction of houses as the land on which the houses had been constructed was interconnected with the entire water supply/sewer scheme of the Narnaul town, being executed by Public Health Department. The off take of sewerage from HB Colony was a part of the whole scheme. Thus, the scheme was faulty *ab initio* due to poor survey of the ground conditions.

In Taoru (Gurgaon), 140 houses were constructed at a cost of Rs 1.21 crore in October 1996 and these were lying unallotted (June 2000) as no sewer disposal system existed in the colony. After laying sewer lines at a cost of Rs 11.86 lakh, the system was not found viable as it would result into contamination of underground water. Accordingly it was decided to entrust the work to PH Department but the work had not been commenced as of June 2000.

Scrutiny revealed that while approving the project, the Board did not include the work of disposal of sewerage of housing project. Instead the Board approved the provisions of septic tank within the housing colony and disposal through pumping in nearby fields. Thus, failure of the Board to provide appropriate sewerage system in the housing colony resulted in the houses remaining unallotted since construction.

Thus, the decision to construct houses in excess of requirement and without ensuring development of the area was flawed and taken without reckoning the financial burden of Rs 5 crore (Narnaul : Rs 3.79 crore and Taoru : Rs 1.21 crore since March 1994 and October 1996 respectively). This also deprived the Board of the opportunity of utilising this amount elsewhere needed.

The matter was referred to Government in January 2000; their reply had not been received (August 2000).

Rural Development Department

(District Rural Development Agency)

6.9 Loss of Central assistance under Integrated Rural Development Programme

Delay in release of matching grant by State Government led to poor utilisation of funds for IRDP and loss of Central share assistance

Expenditure of Integrated Rural Development Programme (IRDP), a Centrally sponsored programme being implemented in the State, was shared equally by the Central and the State Government. The funds were to be utilised at the rate of 15, 25, 35 and 25 *per cent* during first to fourth quarters of the financial year to avoid bunching of activities at the end of financial year. In case of shortfall in quarterly utilisation of funds, the second instalment of Central share was to be deducted proportionately by Government of India (GOI).

A part of IRDP allocation could be utilised for meeting expenditure on administrative infrastructure at State, DRDA and Block level according to the norms fixed by the State Government. These norms were to be restricted to 15, 12.5 and 10 *per cent* of the funds allocated during previous year for DRDAs having (i) 4 or fewer blocks, (ii) 5 to 7 blocks and (iii) 8 or more blocks respectively. Proposals for release of second instalment were to be sent to GOI by the end of December each year.

Scrutiny of records of DRDAs of the State (October 1999) revealed that GOI released the first instalment of Central assistance of Rs 4.51 crore (Rs 1.27 crore in May 1998 and Rs 3.24 crore in July 1998), but the State Government released matching contribution only in July 1998 and October 1998. Due to late release of matching grant by the State Government, in 16* out of 19 DRDAs, the quarterly utilisation of funds during 1998-99 for implementing the programme ranged between Rs 1.37 lakh and Rs 16.70 lakh in these districts which was less than the prescribed percentage laid down by GOI.

In 15 DRDAs, administrative expenditure exceeded by Rs 35.91 lakh during 1997-98 than the prescribed limits. Consequently, GOI deducted Rs 1.43 crore; Rs 1.07 crore on account of shortfall of quarterly utilisation of funds and Rs 35.91 lakh on account of excess administrative expenditure while releasing second instalment of Central assistance for the year 1998-99 during January 1999 to March 1999. GOI also deducted Rs 7.72 lakh in respect of

* Ambala, Bhiwani, Faridabad, Gurgaon, Hisar, Jind, Jhajjar, Kaithal, Kurukshetra, Mohindergarh, Panchkula, Rewari, Rohtak, Sirsa, Sonipat and Yamunanagar.

DRDA, Jhajjar on account of late submission (February 1999) of proposal for release of second instalment.

Besides, the second instalment of Central assistance of Rs 40.13 lakh (DRDA, Panipat : Rs 18.26 lakh; DRDA Karnal : Rs 21.87 lakh) for the year 1998-99 was not released due to non-submission of proposal in respect of Panipat and slow progress of expenditure in case of Karnal.

The Special Secretary and Director, Rural Development Department, Haryana stated (June 2000) that quarterly targets had never been reiterated by Central Government and crediting of Central funds to the DRDA's accounts after their release takes considerable time due to which DRDAs were not able to adhere quarterly targets. The reply was not tenable as IRDP manual provided for quarterly utilisation of funds and to avoid any delay GOI was crediting the Central share direct to the DRDAs bank accounts by telegraphic transfers. The delay of two months in releasing the matching contribution by the State Government slowed down the utilisation of funds and the progress of implementation of the programme. As a result, the State Government was deprived of the Central assistance of Rs 1.91 crore under IRDP during 1998-99.

The matter was referred to Government in March 2000; their reply had not been received (August 2000).

State Sanitary Board

(Public Health Department)

6.10 Double drawal of grant-in-aid

The EE, Public Health Division (PH), III, Hisar drew Rs 53 lakh twice from Hisar treasury and the Treasury Officer failed to detect it. The amount was diverted for other schemes.

The State Sanitary Board (SSB) requested (November 1995) the State Government to accord sanction for drawal of funds of Rs 4.60 crore released by Government of India for incurring expenditure for implementation of Rural Water Supply schemes under Desert Development Programme. An amount of Rs 53 lakh was recommended (November 1995) to be placed at the disposal of Executive Engineer (EE), PH III, Hisar. The State Government accorded sanction on 20 March 1996 and accordingly the SSB directed the concerned Executive Engineer (EE) to draw the amount by 31 March 1996.

The EE, PH Division III, Hisar drew Rs 53 lakh twice, firstly in February 1996 on the basis of SSB's recommendations sent to Government in November 1995 and again in March 1996 on receipt of Government's sanction endorsed by SSB on 25 March 1996. The amount so drawn was deposited under the head 'Public Works Deposits' and utilised on various schemes through Letter of Credits.

The SSB pointed out the double drawal in May 1996 to EE, PH Division III, Hisar and asked him to fix responsibility for the lapse. The EE, held the Deputy Superintendent of the division responsible for the lapse and requested the SSB in June 1996 to adjust the excess drawal in 1996-97. Instead of adjusting the amount immediately from future release of funds, SSB continued to release the funds for the schemes in the subsequent years. The EE, however, utilised the excess amount during 1996-2000 without the approval of Government on the 4 other schemes though not specified in the sanction and requested the SSB (December 1999) to adjust the funds against these 4 schemes to regularise the lapse.

Rules provide that the Drawing and Disbursing Officer (DDO) should record the sanction number and date for the claim and that the Treasury Officer (TO) should verify the sanction before allowing payment. The responsibility for quoting correct sanction rests with DDO. It was, however, noticed in audit that the DDO recorded on the bill SSB's recommendation letter number of November 1995 and TO failed to verify its correctness and released the payment of Rs 53 lakh for the second time.

SSB, while admitting the facts stated (January 2000) that the amount was drawn by the EE inadvertently and it would be adjusted against other schemes. Administrative action against the officials/officers at fault was being taken separately. However, neither the amount had been adjusted to other schemes nor any action initiated against the officials/officers as of June 2000.

The Treasury Officer, Hisar also admitted the lapse and stated (March 2000) that due to rush of work the prescribed checks could not be exercised.

The matter was referred to Government in February 2000; their reply had not been received (August 2000).

Town and Country Planning Department

(Haryana Urban Development Authority)

6.11 Payment of loan to HSEB from the funds of HUDA

HUDA advanced a loan of Rs 6 crore to HSEB without any safeguard for recovery.

Under the Haryana Urban Development Authority (HUDA) Act, 1977, the Authority may invest any portion of its funds in such securities or in such manner as may be prescribed. HUDA advanced a loan of Rs 1.00 crore to Haryana State Electricity Board (HSEB) in March 1982 for the electrification of the works of HUDA. As per agreement with HSEB, the principal amount alongwith interest was repayable in five annual instalments by HSEB after a moratorium of 5 years. In case of delayed payment, penal interest at the rate of 12 *per cent* was to be charged.

Scrutiny of the records of HUDA in May 1998 revealed that HSEB did not pay any amount on account of principal and interest thereon which accumulated to Rs 3.05 crore (Principal : Rs 1.00 crore and Interest : Rs 2.05 crore) as of April 2000.

In January 1991, on the direction of State Government, HUDA advanced another loan of Rs 5 crore to HSEB at the rate of Rs 10.5 *per cent* per annum for a period of 5½ years with the conditions that the HSEB shall pay interest to the authority every year and after 5½ years, the principal and interest due would be paid in lumpsum. The loan was not backed with any guarantee or any security from the HSEB.

At the end of the 5½ years, in October 1996 HSEB requested HUDA for the renewal of the loan of Rs 5 crore in the fixed deposit for a further period of 5½ years at the same rate of interest of 10.5 *per cent* per annum. HUDA did not agree with the proposal and asked HSEB that in case the amount was not refunded by 28 November 1996, penal interest at the rate of 18 *per cent* from the due date i.e. 28 July 1996 would be charged. HSEB did not repay the amount of principal and interest due thereon and it accumulated to Rs 9.83 crore (Principal : Rs 5 crore and Interest : Rs 4.83 crore) as of April 2000.

HUDA had not initiated any action to recover Rs 12.88 crore (Principal : Rs 6 crore and Interest : Rs 6.88 crore) from HSEB. Thus, due to their failure to obtain adequate security for the loan, HUDA took undue risk and failed to protect its interest.

The matter was referred to Government in February 2000; their reply had not been received (August 2000).

6.12 Non-recovery of enhanced compensation of land

HUDA failed to recover cost of enhanced compensation including interest of Rs 9.57 crore from HSEB.

Haryana Urban Development Authority (HUDA) allotted (March 1979) two plots of land measuring 112.71 acres and 28,168 square yards in Urban Estate II, Hisar at the cost of Rs 82 lakh to Haryana State Electricity Board (HSEB). As per terms and conditions of allotment letters, any enhancement in the cost of land awarded by the competent authority under Land Acquisition Act was payable by allottee proportionately as determined by the authority within 30 days of its demand. In case additional price was not paid within time, the Estate Officer (EO) was to take action for imposition of penalty and resumption of plot in accordance with the provisions of HUDA Act, 1977.

Test-check of records of Estate Officer, HUDA, Hisar (August 1999) showed that HUDA paid enhanced compensation of land amounting to Rs 1.62 crore awarded by the court. However, HSEB did not pay this amount as demanded by HUDA as per terms of the sanction between June 1987 and April 1989. HUDA issued a show cause notice in December 1994 on Executive Engineer, HSEB, Hisar imposing penalty of Rs 37.61 lakh, but took no further action to recover the amount or for resumption of land. In January 1999, Haryana *Vidyut Parasarn Nigam* Limited (HVPNL erstwhile HSEB) enquired about the dues and requested HUDA to waive the penalty/enhancement as they were not in a position to pay the same in the absence of funds due to financial crunch. EO, Hisar supplied (July 1999) the details of recoverable amount of Rs 8.42 crore including interest upto June 1999. However, no amount was recovered from HVPNL and the dues accumulated to Rs 9.57 crore as of May 2000. No action was also taken to resume the land.

The matter was referred to Government in March 2000; their reply had not been received (August 2000).

CHAPTER - VII

COMMERCIAL ACTIVITIES

GENERAL

CHAPTER – VII

COMMERCIAL ACTIVITIES

7.1 General

The Chapter deals with the audit of departmentally managed Government commercial and quasi-commercial undertakings. There were 6 departmentally managed Government commercial and quasi-commercial undertakings in the State as on 31 March 2000. The *pro forma* accounts of these undertakings are in arrears and the extent of arrears in preparing the *pro forma* accounts ranged between 1 year to 18 years.

The summarised financial results of all these undertakings on the basis of latest *pro forma* accounts as of May 2000 were as under:

Sr. No.	Name of undertaking	Period of accounts upto which finalised	Turnover	Profit(+)/ Loss (-)	Extent of arrears in the preparation of accounts
		(Rupees in lakh)			Number of years
1	Transport Department (Haryana Roadways)	1998-99*	32,197.80	(-) 9,102.23	1
2	Printing and Stationery Department (Nationalised Text Book Scheme)	1996-97	1,093.78	(+) 92.38	3
3	Animal Husbandry Department (Veterinary Vaccine Institute)	1997-98*	13.45	(-) 0.55	2
4	Food and Supplies Department (Grain Supply Scheme)	1999-2000	69,937.37	(+) 2,481.38	-
5	Agriculture Department (Purchase and Distribution of Pesticides)	1981-82	245.27	(+) 13.19	18
6	Agriculture Department (Seed Depot Scheme)	1984-85	31.51	(+) 0.11	15

The matter was referred to Government in May 2000; their reply had not been received (August 2000).

* Figures are provisional.

CHAPTER - VII

SECTION - B
AUDIT PARAGRAPHS

Section – B

Audit Paragraphs

Food and Supplies Department

7.2 Pilferage of large quantity of wheat due to manipulation of weight

Moisture gain on 30.41 lakh wheat bags supplied to FCI was short accounted and consequently there was possibility of pilferage of 14,355 quintals of wheat valuing Rs 65.76 lakh.

Food and Supplies Department has been procuring wheat on behalf of the Food Corporation of India for Central pool during the months of April to June each year. Wheat so procured is delivered directly to FCI and in case immediate despatch is not feasible, the wheat is stored and delivered on demand. During storage in godowns, the wheat gains weight during the rainy months on account of absorption of moisture. With a view to avoid pilferage of increased weight of wheat, the norms for excess in quantity were fixed (August 1993) at 900 grams per bag of wheat (95 kg) for despatches during the month of July and August and 1,100 grams per bag of wheat (95 kg) for despatches from September to March by the State Government for the year 1993-94. These norms were made applicable upto the year 1998-99 i.e. 31 March 1999. The excesses were to be considered with reference to despatch of wheat during the month.

During audit (September 1999 to December 1999) of six District Food and Supplies Controllers* it was noticed that 30.41 lakh bags of wheat were despatched during July 1996 to March 1999 by the department to Food Corporation of India. Excess weight in wheat due to moisture gains was taken as 17,844 quintals against 32,199 quintals as per prescribed norms. This resulted in shortage of 14,355 quintals of wheat valuing Rs 65.76 lakh. Possibility of pilferage of these quantity of wheat on the plea of less moisture gain can not be ruled out.

The department did not examine the reasons for less moisture gain than the prescribed norms. Similar lapse was commented upon in the Report of Comptroller and Auditor General of India for the year ended 31 March 1997-(Civil)-Government of Haryana, when it was noticed that Rs 14.31 lakh were lost due to excess moisture gains. No remedial measures were taken by Government in response to the Audit comments nor any responsibility for possible pilferage had been fixed (February 2000) by the Director, Food and Supplies against the officials incharge of the godowns in the field. As a result

* Ambala, Faridabad, Gurgaon, Hisar, Jind and Sonipat.

the malpractice continued in subsequent years causing further loss to Government.

The matter was reported to the Government in April 2000; their reply had not been received (August 2000).

Supplies and Disposal Department

7.3 Extra expenditure due to delay in finalising tenders

Delayed finalisation of rate contract by DS&D resulted in extra expenditure of Rs 10.69 lakh on purchase of tyres at higher rates by Transport Department.

The manual of office procedure for Supplies and Disposals of Stores provides that the rate contract should be renewed in time by drawing a time table for conclusion of such contracts. In fresh cases, it should be finalised at least one month before the expiry of the current rate contract so that there is no rush at the end of the financial year and the department can operate the contracts conveniently as it normally takes about three months to finalise a rate contract.

The State Transport Commissioner (STC) placed (January 1999) a demand for 24,000 tyres with Director, Supplies and Disposals (DS&D) being a Central agency responsible for purchases, condemnation and disposal of stores for all Government departments. The tyres were required to be supplied to various Haryana Roadways Depots in the State during the period April 1999 to March 2000. The previous rate contract of Rs 5,100 per tyre was valid upto 31 March 1999. The DS&D invited quotations on 16 March 1999 from the firms having rate contracts with Director General, Supplies and Disposals (DGS&D), Government of India. The High Powered Purchase Committee (HPPC) after negotiating the quoted rates of the firms approved (May 1999) the purchase of tyres at Rs 4,800 per tyre. The DS&D accordingly placed orders (May 1999) with three firms for supply of 24,000 tyres. Meanwhile the Transport Department purchased 2,609 tyres at the existing rate of Rs 5,100 per tyre during April and May 1999 involving extra expenditure of Rs 8.14 lakh.

Similarly the rate contract for tyres during 1997-98 was Rs 5,450 per tyre and was valid upto 31 January 1998. The STC placed demand of tyres for 1998-99 in January 1998 but the rate contract was finalised in March 1998 at the rate of Rs 5,100 per tyre. The Transport Department, however, purchased 700 tyres in February 1998 at Rs 5,450 per tyre involving an extra expenditure of Rs 2.55 lakh.

Thus, due to delay in placing demand for tyres by the Transport Department with DS&D for 1998-99 well in time and also delay in finalisation of rate contract for purchase of tyres by DS&D for 1999-2000, the Transport

Department incurred extra expenditure of Rs 10.69 lakh on purchase of 3,309 tyres at higher rates.

The Transport Department in its reply (June 2000) furnished no specific reasons for delayed submission of demand to DS&D but stated that at that time department had pending supplies from the tyre supplying companies. The reply was not tenable as by getting the rate contracts finalised in time the departments could have avoided the extra expenditure.

The matter was referred to Government in March 2000; their reply had not been received (August 2000).

Rita Mitra

Chandigarh
Dated:

(RITA MITRA)
Accountant General (Audit) Haryana

Countersigned

V. K. Shunglu

New Delhi
Dated:

(V.K. SHUNGLU)
Comptroller and Auditor General of India

APPENDICES

Appendix – I

(Refer paragraph 1.1; page 1)

Government Accounts

I. Structure: The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorization from the State Legislature. This part consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II. Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorization from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorized by the Legislature during the year was Rs 10 crore.

Part III. Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes *viz.*, the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government *vis-a-vis* the amounts authorized by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularization by the Legislature.

Appendix – II

(Refer paragraph 1.8.4(a); page 13)

Detailed Contingent bills not submitted

Sr. No.	Name of Offices	1996-97 DC bills awaited		1997-98 DC bills awaited		1998-99 DC bills awaited	
		Number of bills	Amount (Rupees in crore)	Number of bills	Amount (Rupees in crore)	Number of bills	Amount (Rupees in crore)
1.	Director, Hospitality Organisation, Haryana, Chandigarh	25	0.06	54	0.59	177	0.34
2.	District Election Officer, Rohtak	-	-	1	0.01	-	-
3.	Deputy Commissioner, Jind	-	-	-	-	6	0.09
4.	Deputy Commissioner/ Additional Deputy Commissioner, Gurgaon	-	-	-	-	4	0.02
5.	Director, SCERT, Gurgaon	-	-	-	-	1	0.06
6.	District Public Relation Officer, Rohtak	-	-			1	0.02
7.	ITI/Government Vocational Education Institute, Rohtak	-	-	6	0.10	-	-
8.	Deputy Commissioner/ Election Officer, Sonipat.	-	-	2	0.11	-	-
	Total	**25**	**0.06**	**63**	**0.81**	**189**	**0.53**
	Grand Total					**277**	**1.40**

Appendix - III

(Refer paragraph 2.3.3(a); page 30)

Unnecessary supplementary grants

Sr No.	Number and name of grant	Original grant	Supplementary provision	Total	Expenditure	Saving
		(Rupees in crore)				
	Revenue (Voted)					
1	10-Medical and Health	531.91	25.85	557.76	513.34	44.42
2	12-Labour and Employment	51.06	0.26	51.32	50.90	0.42
3	15-Irrigation	850.94	5.39	856.33	806.82	49.51
	(Charged)					
4.	3-Home	8.94	0.78	9.72	8.50	1.22
	Total	**1,442.85**	**32.28**	**1,475.13**	**1,379.56**	**95.57**

Appendix - IV

(Refer paragraph 2.3.3(b), page 30)

Excessive supplementary grants/appropriations

Sr. No.	Number and name of grant/ appropriation	Original grant/ appropriation	Supplementary provision	Total	Expenditure	Saving
		(Rupees in crore)				
	Revenue (Voted)					
1.	5-Excise and Taxation	35.49	9.18	44.67	44.36	0.31
2.	6-Finance	395.77	326.26	722.03	606.45	115.58
3.	10-Medical and Health	531.91	25.85	557.76	513.34	44.42
4.	11-Urban Development	46.84	23.84	70.68	55.75	14.93
5.	12-Labour and Employment	51.06	0.26	51.32	50.90	0.42
6.	13-Social Welfare and Rehabilitation	252.78	75.26	328.04	319.79	8.25
7.	15-Irrigation	850.94	5.39	856.33	806.82	49.51
8.	19-Fisheries	6.97	0.87	7.84	7.62	0.22
9.	21-Community Development	96.14	51.71	147.85	117.73	30.12
	(Charged)					
10.	2-General Administration	3.18	1.19	4.37	4.16	0.21
11.	3-Home	8.94	0.78	9.72	8.50	1.22
12.	15-Irrigation	1.00	0.50	1.50	1.10	0.40
	Capital (Voted)					
13.	2-General Administration	-	2.35	2.35	0.76	1.59
14.	10-Medical and Health	129.70	8.07	137.77	132.02	5.75
15.	14-Food and Supplies	524.02	172.64	696.66	684.36	12.30
16.	25-Loans and Advances by State Government	256.45	51.11	307.56	286.89	20.67
	Total	**3,191.19**	**755.26**	**3,946.45**	**3,640.55**	**305.90**

Appendix - V

(Refer paragraph 2.3.4(a); page 30)

Statement of various grants/appropriations where expenditure fell short by more than Rs 10 crore in each case and also by more than 10 *per cent* of the total provision

Sr. No.	Number and name of grant/ appropriation	Major/Minor Head of Account, etc	Total provision	Saving (*per cent*)
			(Rupees in crore)	
1.	6-Finance	2071-Pensions and other Retirement Benefits 01-Civil 101-Superannuation and Retirement Allowances	396.57	67.05 (17)
2.		102-Commuted value of pensions	117.73	30.61 (26)
3.		104-Gratuities	137.96	18.26 (13)
4.	7-Other Administrative Services	2075-Miscellaneous General Services 103-State Lotteries Expenditure in payment to agent, prizes money etc.	894.22	624.13 (70)
5.	8-Buildings and Roads	3054-Roads and Bridges 03-State Highways 337- Road Works	158.25	134.85 (85)
6.		5054-Capital outlay on Roads and Bridges 03-State Highways 337-Road works	174.00	164.44 (95)
7.		04-District and other Roads 337-Road works (ii)-Rural Roads	26.15	13.28 (51)
8.	9-Education	2202-General Education 03-University and Higher Education 103-Government Colleges and Institutes Institutes	78.82	33.42 (42)
9.	10-Medical and Public Health	2215-Water Supply and Sanitation 01-Water Supply 001-Direction and Administration Executive Engineer and their Establishment Regular/confirmed Mechanical staff	93.77	11.59 (12)
10.	15-Irrigation	2701-Major and Medium Irrigation 01-Major Irrigation Commercial 001-Direction and Administration B-Multi purpose River Project Executive Engineers	21.08	17.31 (82)

Sr. No.	Number and name of grant/ appropriation	Major/Minor Head of Account, etc	Total provision	Saving (*per cent*)
			(Rupees in crore)	
11.		Special Revenue staff	13.66	12.40 (91)
12.		02-Major Irrigation Non-commercial 001-Direction and Administration Execution	17.25	14.73 (85)
13.		4701-Capital outlay on Major and Medium Irrigation 01-Major Irrigation Commercial 207-Mewat Lift Irrigation scheme	60.00	60.00 (100)
14.		229-Institutional Strengthening such as data collection. Planning, Design and Administration etc.	28.00	28.00 (100)
15.		113-Modernisation and Lining of canal System	74.00	18.89 (26)
16		110-Sutlej Yamuna Link Project	16.66	16.66 (100)
17.		4702-Capital outlay on Minor Irrigation 800-Other Expenditure Subsidy to HSMITC for Lining of Water Courses etc.	60.00	18.00 (30)
18.	16-Industries	2851-Village and Small Industries 102-Small Scale Industries Grant of investment subsidy to Industrial Units	20.00	20.00 (100)
19.	17-Agriculture	2415-Agricultural Research and Education 01-Crop Husbandry 277-Euducation Grant-in aid to Haryana Agricultural University	74.69	36.25 (49)
20.		2705-Command Area Development 101-Mewat Development Board (ii)-Mewat Development Project International funds for Agriculture Development Rome	16.00	12.00 (75)
21.	21-Community Development	3604-Compensation and Assignment to Local Bodies and *Panchayati Raj* Institution 200-Other Miscellaneous Compensation and Assignments Assignment of Excise duty to Local Bodies in lieu of octroi on Indian made Foreign Liquor including Rum and Gin	19.48	19.48 (100)
22.		Assignment of Excise duty to *Panchayat Samities* in lieu of Tax on sales of Indian made Foreign Liquor and Country Liquor	10.35	10.35 (100)

Sr. No.	Number and name of grant/ appropriation	Major/Minor Head of Account, etc	Total provision	Saving (*per cent*)
			(Rupees in crore)	
23	Public Debt	6003-Internal debt of the State Government 107-Loan for State Bank of India and other Banks	378.80	62.00 (16)
24	25-Loans and Advances by State Government	6801-Loan for Power Projects 205-Transmission and distribution Grant of loan to Haryana Vidyut Prasaran Nigam Limited	150.00	81.58 (54)

Appendix - VI

(Refer paragraph 2.3.4(b);page 30)

Statement of various grants/appropriations where expenditure exceeded the provision by Rs 5 crore or more and also by more than 10 *per cent* of total provision

Sr. No.	Number and name of grant/ appropriation	Head of account	Amount of excess Percentage of provision within brackets (Rupees in crore)
1.	8-Buildings and Roads	3054.Roads and Bridges 80-General 001-Direction and Administration Establishment charges (Pro-rata) transferred from Major head 2059-Public works	12.15 (22)
2.	10-Medical and Public Health	2215-Water Supply and Sanitation 01-Water supply 001-Direction and Administration Executive Engineer and their establishment	7.68 (35)
3.		4215-Capital outlay on Water Supply and Sanitation 01-Water Supply 101-Urban Water Supply Urban Water Supply	17.91 (173)
4.	15-Irrigation	2701-Major and Medium Irrigation 01-Major Irrigation-Commercial 001-Direction and Administration Execution	24.66 (24)
5.		108-Jawahar Lal Nehru Canal Project Energy Charges	14.95 (172)
6.		4701-Capital outlay on Major and Medium Irrigation 01-Major Irrigation-Commercial 227-Construction of Hathnikund Barrage	32.68 (58)
7.		209-Improvement of old/existing channels	20.24 (70)
8.	Public Debt	6003-Internal debt of the State Government 110-Ways and Means Advances from the Reserve Bank of India	1,176.85 (196)
9.		105-Loan from the National Bank for Agricultural and Rural Development Loans from the National Rural Credit (LTO) Fund etc.	8.55 (250)

Appendix - VII

(Refer paragraph 2.3.5; page 30)

Persistent Savings

Sr. No.	Number and name of grants/appropriations	Percentage of saving to total provision/amounts of saving (Rupees in crore)		
		1997-98	1998-99	1999-2000
	Revenue (Voted)			
1	7-Other Administrative Services	54 (1,996.32)	19 (143.97)	68 (623.85)
2.	11-Urban Development	27 (12.38)	24 (13.29)	21 (14.93)
3.	16-Industries	32 (10.72)	26 (14.71)	57 (38.11)
4.	17-Agriculture	25 (49.38)	31 (77.81)	30 (68.43)
5.	21-Community Development	31 (29.18)	53 (68.41)	20 (30.13)
6.	24-Tourism	70 (0.71)	29 (0.16)	51 (0.78)
	(Charged)			
7.	17-Agriculture	100 (0.12)	100 (0.12)	100 (0.12)
	Capital (Voted)			
8.	8-Buildings and Roads	67 (118.42)	55 (104.14)	72 (191.28)
9.	13-Social Welfare and Rehabilitation	33 (0.98)	93 (3.45)	73 (1.60)
10.	16-Industries	37 (4.86)	61 (11.61)	94 (15.82)
	(Charged)			
11.	10-Medical and Health	100 (0.10)	100 (0.10)	100 (0.10)
12.	15-Irrigation	47 (1.41)	46 (2.29)	74 (1.60)

Appendix - VIII

(Refer paragraph 2.3.6; page 31)

Details of saving of Rupees 1 crore and above not surrendered

Sr. No.	Name of the grant/ appropriation	Saving	Surrender	Saving remained un-surrendered
		(Rupees in crore)		
	Revenue (Voted)			
1.	6-Finance	115.58	1.54	114.04
2.	8-Buildings and Roads	137.78	128.21	9.57
3.	10-Medical and Public Health	44.42	19.85	24.57
4.	15-Irrigation	49.51	29.03	20.48
5.	21-Community Development	30.13	28.86	1.27
	Revenue (Charged)			
6.	3-Home	1.22	0.05	1.17
	Capital (Voted)			
7.	25-Loans and Advances	20.67	18.34	2.33
	Total	**399.31**	**225.88**	**173.43**

Appendix - IX

(Refer paragraph 2.3.7; page 31)

Details of surrender in excess of actual saving in the grants/appropriation

Sr. No.	Name of the grant	Savings	Amount surrendered	Excess fund surrendered
		(Rupees in crore)		
	Revenue (Voted)			
1.	5-Excise and Taxation	0.31	0.80	0.49
2.	12-Labour and Employment	0.42	0.99	0.57
3.	22-Co-operation	2.34	2.86	0.52
	Capital (Voted)			
4.	3-Home	0.45	4.00	3.55
5.	10-Medical and Health	5.75	21.24	15.49
6.	15-Irrigation	110.24	202.11	91.87
	Total	**119.51**	**232.00**	**112.49**

Appendix - X

(Refer paragraph 2.3.8; page 31)

Cases where injudicious re-appropriation of funds proved excessive or resulted in savings

Sr. No.	Grant No.	Major Head of account and sub-head	Provision O:Original S: Supplementary R:Reappropriation	Actual expenditure	Excess (+) Saving (-)
			(Rupees in crore)		
	Injudicious re-appropriations				
1.	3-Home	2055-Police 114-Wireless and Computers	(O) 19.26 (R)(-) 0.86 **18.40**	20.10	(+) 1.70
2.		101-Criminal Investigation and Vigilance	(O) 20.94 (R) 0.86 **21.80**	19.97	(-)1.83
3.	4-Revenue	2245-Relief on account of Natural Calamities 02-Floods, Cyclones etc. 122-Repairs and restoration of damaged Irrigation and flood control works	(O) 1.00 (S) 13.80 (R)(-) 1.92 **12.88**	17.98	(+)5.10
4.		06-National Fund for Calamity Relief 797-Transfer to/from Reserve Funds and Deposit Accounts transfer to/from Natural Calamity	(O) 0.72 (R)(-) 0.72 --	0.72	(+) 0.72
5.	6-Finance	2049-Interest Payment 01-Interest on Internal Debt 200-Interest on other Internal Debts Loans from National Rural Credit (LTO) Fund of the NABARD	(O) 17.20 (R)(-) 4.79 **12.41**	20.35	(+)7.94
6.		03-Interest on Small Savings, Provident Funds etc. 104-Interst on State Provident Funds	(O) 389.95 (R)(-) 30.00 **359.95**	416.20	(+) 56.25

Sr. No.	Grant No.	Major Head of account and sub-head	Provision O:Original S: Supplementary R:Reappropriation	Actual expenditure	Excess (+) Saving (-)
			(Rupees in crore)		
7.	8-Buildings and Roads	5054-Capital Outlay on Roads and Bridges 03-State Highways 101-Bridges	(O) 1.00 (R) 1.50 **2.50**	0.36	(-) 2.14
8.		04-District and Other Roads 337-Road Works (i) District Roads	(O) 1.50 (R) 1.00 **2.50**	0.99	1.51
9.		101-Bridges (ii)-Rural Roads	(O) 1.00 (R)(-) 0.90 **0.10**	2.61	(+) 2.51
10.	10-Medical and Public Health	2215-Water Supply and Sanitation 01-Water Supply 001-Direction and Administration	(O) 4.33 (R) 0.43 **4.76**	2.05	(-) 2.71
11.		4215-Capital Outlay on Water Supply Sanitation 01-Water Supply 101-Urban Water Supply Urban Water Supply ACA for 3 towns	(O) -- (R) 12.28 **12.28**	-	(-) 12.28
12.		102-Rural Water Supply Rural Water Supply	(O) 34.50 (R) 0.38 **34.88**	30.59	(-)4.29
13.		Desert Development Programme	(O) 9.90 (S) 8.07 (R)(-) 6.13 **11.84**	19.52	(+)7.68
14.		Mini Mission Floursis	(O) 4.40 (R)(-) 2.35 **2.05**	4.63	(+) 2.58
15.		101-Urban Water Supply Urban Water Supply	(O) 11.50 (R)(-) 1.15 **10.35**	28.26	(+) 17.91
16.		02-Sewerage and Sanitation 101-Urban Sanitation Services Sewerage and Sanitation	(O) 4.15 (R)(-) 0.37 **3.78**	5.21	(+)1.43

Sr. No.	Grant No.	Major Head of account and sub-head	Provision O:Original S: Supplementary R:Reappropria-tion	Actual expenditure	Excess (+) Saving (-)
			(Rupees in crore)		
17.	15-Irrigation	2701-Major and Medium Irrigation 01-Major Irrigation - Commercial 115-Maintenance of Canals and Distributaries Multipurpose River Projects Maintenance Works	(O) 1.63 (R)(-) 0.80 **0.83**	3.77	(+) 2.94
18.		001-Direction and Administration A-Irrigation Special Revenue staff	(O) 18.44 (R)(-) 2.73 **15.71**	19.13	(+)3.42
19	18-Animal Husbandry	2403-Animal Husbandry 102-Cattle and Buffalo Development (vi)-Intensive Cattle Development Project Karnal and Gurgaon, etc.	(O) 4.47 (R)(-) 0.29 **4.18**	4.79	(+)0.61
20.		101-Veterinary Services and Animal Health 2(i)-Veterinary Hospitals and Dispensaries	(O) 7.91 (R)(-) 0.23 **7.68**	8.11	(+) 0.43
21.	Public Debt	6004-Loans and Advances from the Central Government 02-Loans for State/Union Territory Plan Scheme 104-1984-89 State Plan Loans Consolidated in terms of recommendation of the 9th Finance Commission.	(O) 18.58 (R)(-) 16.52 **2.06**	18.58	(+) 16.52

Appendix – XI

(Refer paragraph 2.3.9(b); page 32)

Statement of cases where expenditure was incurred without any provision of funds

Number and name of Grant	Head of account	Expenditure (Rupees in crore)
6-Finance	2049-Interest Payments 04-Interest on Loans and Advances from Central Government 103-Interest on loans for Centrally Sponsored Plan Schemes Soil Conservation in Himalayas	0.09
15-Irrigation	2701-Major and Medium Irrigation B-Multipurpose River Project Chief Engineers	0.20
	02-Major Irrigation Non-commercial 101-Drainage and Flood Control Maintenance	2.40
	001-Direction and Administration Special Revenue Staff	0.34
	799-Suspense	0.22
	4701-Capital Outlay on Major and Medium Irrigation 01-Major Irrigation-Commercial 223-Construction of New Minors	1.04
	Public Debt 6003-Internal debt of the State Government 105-Loans from NABARD 101-Market Loans Market loans not bearing interest	0.24
Total		**4.53**

Appendix - XII

(Refer paragraph 3.1A.4(iii); page 41)

Details of expenditure incurred on 9 plan schemes in March during 1997-2000

Sr. No.	Scheme	Expenditure			Total
		1997-98	1998-99	1999-2000	
		(Rupees in lakh)			
1.	General education (i) expansion of facilities class I-V provision of infrastructure (*dari patti*)	-	50	-	50.00
2.	Innovation/incentive and publicity enrolment drive	1	13.60	11.20	25.80
3.	Free stationary to SCs/WSs children	40	40	28	108.00
4.	Free uniform to girls students	160	160	140	460.00
5.	Attendance prize to SC girls students	160	160	140	460.00
6.	Attendance allowance to nomadic tribes students	30	30	11.75	71.75
7.	Construction of primary school buildings	-	200	100	300.00
8.	Socially useful productive work	4	3.20	2	9.20
9.	State share 15 *per cent* DPEP	166.59	150	509.87	826.46
	Total	**561.59**	**806.80**	**942.82**	**2,311.21**

Appendix - XIII

(Refer paragraph 3.1B.8 (a); page 59)

Statement regarding enrolment of students (gender-wise)

Year	Total population* of children between 6-11 years of age	Total number of children enrolled	Number of boys eligible for enrolment	Number of boys enrolled	Percentage of boys enrolled	Number of girls eligible for enrolment	Number of girls enrolled	Percentage of girls enrolled
1995-96	4,49,364	3,57,608	2,43,002	1,93,975	79.82	2,06,362	1,63,633	79.29
1996-97	4,80,239	4,09,054	2,58,931	2,20,187	85.04	2,21,308	1,88,867	85.34
1997-98	6,23,244	5,41,279	3,32,427	2,86,574	86.21	2,90,817	2,54,705	87.58
1998-99	6,27,644	5,52,622	3,36,243	2,90,691	86.45	2,91,401	2,61,931	89.89
1999-2000	6,83,974	5,55,104	3,68,081	2,92,829	79.55	3,15,893	2,62,275	83.03

* Figures for 1995-96 are for 3 districts and for 1997-2000 for 4 districts.

Appendix - XIV

(Refer paragraph 3.1B.8(a); page 59)

Statement regarding enrolment of students (social-wise)

Year	Number of SC* students eligible for enrolment	Number of SC students enrolled	Percentage of SC students enrolled	Number of other students eligible for enrolment	Number of other students enrolled	Percentage of other students enrolled	Reasons, if difference is more than 5 *per cent* between social groups (SC- others)
1995-96	1,49,942	1,12,130	74.78	2,99,422	2,45,478	81.98	(-) 7.20 Due to educationally backwardness of parents
1996-97	1,60,435	1,26,664	78.95	3,19,804	2,82,390	88.30	(-) 9.35 Due to educationally backwardness of parents
1997-98	1,85,594	1,63,172	87.92	4,37,650	3,78,107	86.39	(+) 1.53 Due to more awareness of SC parents
1998-99	1,81,078	1,69,136	93.40	4,46,566	3,83,486	85.87	(+) 7.53 Due to more awareness of SC parents
1999-2000	1,97,156	1,69,892	86.17	4,86,818	3,85,212	79.13	(+) 7.04 Due to more awareness of SC parents

* Figures for 1995-96 are for 3 districts and for 1997-2000 for 4 districts.

Appendix-XV

(Refer paragraph 3.2.9(c); page 81)

Staff Position at PHCs/CHCs of selected districts

Number of CHCs/ PHCs	Senior Medical Officer				Medical Officer				Staff Nurse				Laboratory Technicians				LHV/MPHS (Female)				MPHW (Female)				MPHW (Male)			
	1995-96		1999-2000		1995-96		1999-2000		1995-96		1999-2000		1995-96		1999-2000		1995-96		1999-2000		1995-96		1999-2000		1995-96		1999-2000	
	S	F	S	F	S	F	S	F	S	F	S	F	S	F	S	F	S	F	S	F	S	F	S	F	S	F	S	F
CHCs 23	22	12	22	14	90	66	99	59	152	107	156	107	32	28	32	27	108	60	110	50	-	-	-	-	-	-	-	-
PHCs 105	3	1	3	1	180	101	198	120	91	47	94	46	88	40	98	49	-	-	-	-	725	685	727	696	706	585	715	560

S: Sanctioned, F: Filled

Appendix - XVI

(Refer paragraph 3.3.4(ii);page 87)

Statement showing entire original budget provision surrendered/re-appropriated under Plan schemes during 1995-96 to 1998-99

Sr. No.	Major/Minor/Sub heads and Name of Scheme	1995-96		1996-97		1997-98		1998-99		1999-2000	
		(Rupees in lakh)									
	105 – Allopathy	Original	Surre-ndered	Original	Surren-dered	Original	Surren-dered	Original	Surren-dered	Original	Surren-dered
1.	Upgradation of Medical College Rohtak to PGI	27.35	27.35	33.92	33.92	66.36	66.36	74.70	74.70	84.30	84.30
2.	Establishment of Medical College at Panchkula/Dabwali	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
3.	Upliftment of medical care at Medical College Rohtak	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
4.	To upgrade the School of Nursing to a College of Nursing at Medical College Rohtak	8.00	8.00	8.94	8.94	9.36	9.36	10.86	10.86	11.51	11.51
5.	Setting up Training Centre in Psychiatric Department and Rehabilitation of Psychiatric Patients at Medical College Rohtak	2.00	2.00	2.17	2.17	2.34	2.34	2.92	2.92	3.02	3.02
6.	Establishment of Computer System at PGIMS Rohtak.	-	-	10.00	10.00	80.00	80.00	60.00	60.00	60.00	60.00
7.	Grants-in-Aid to Advance Institute of Traumatology and Super-Specialities Society, Rohtak	-	-	-	-	-	-	20.00	20.00	-	-
8.	Grants in aid									547.06	547.06
	Total	**39.35**	**39.35**	**57.03**	**57.03**	**160.06**	**160.06**	**169.48**	**169.48**	**706.89**	**706.89**

Re-appropriated from Plan to Non-plan

Year	Dearness allowance	Interim Relief	Machinery and equipment	Arrears on a/c of salary – revision of pay scale	Stipend
	(Rupees in lakh)				
1995-96	9.07	-	-	-	-
1996-97	42.00	73.00	71.00	-	-
1997-98	-	-	-	27.00	-
1999-2000	435.00	-	-		120.00
Total	**486.07**	**73.00**	**71.00**	**27.00**	**120.00**

Rs. 7.77 crore reappropriated & Rs 3.56 crore surrendered

Appendix – XVII

(Refer paragraph 3.3.5; page 87)

Details of X-ray films used and charges realised

Year	Number of X-ray films used	Value	Number of films issued free of cost	Value	Number of films issued on payments	Value
	(Number in lakh)	(Rupees in lakh)	(Number in lakh)	(Rupees in lakh)	(Number in lakh)	(Rupees in lakh)
1995-96	1.32	24.00	1.30	23.45	0.02	0.55
1996-97	1.62	30.31	1.59	29.71	0.03	0.60
1997-98	1.63	27.41	1.61	26.81	0.02	0.60
1998-99	1.75	32.26	1.73	31.66	0.02	0.60
1999-2000	1.63	29.62	1.61	29.12	0.02	0.50
Total	**7.95**	**143.60**	**7.84**	**140.75**	**0.11**	**2.85**

Appendix – XVIII

(Refer paragraph 3.3.5; page 87)

Details of laboratory tests conducted by Microbiology Department

Year	Total number of tests conducted	Amount chargeable at prescribed rates	Number of free tests	Amount chargeable at prescribed rates	Number of tests on payments	Amount charged
	(Number in lakh)	(Rupees in lakh)	(Number in lakh)	(Rupees in lakh)	(Number in lakh)	(Rupees in lakh)
1995-96	0.71	31.84	0.70	31.49	0.01	0.35
1996-97	0.88	35.92	0.87	35.56	0.01	0.37
1997-98	0.90	46.11	0.89	45.54	0.01	0.57
1998-99	0.89	50.02	0.88	49.26	0.01	0.77
1999-2000	1.09	60.16	1.08	59.35	0.01	0.81
Total	**4.47**	**224.05**	**4.42**	**221.20**	**0.05**	**2.87**

Appendix – XIX

(Refer paragraph 3.3.22; page 95)

Statement showing sanctioned strength and men-in-position during 1995-96 to 1999-2000.

	1995-96			1996-97			1997-98			1998-99			1999-2000		
	Sanctioned	**Filled**	**Vacant**	**Sanctioned**	**Filled**	**Vacant**	**Sanctioned**	**Filled**	**Vacant**	**Sanctioned**	**Filled**	**Vacant**	**Sanctioned**	**Filled**	**Vacant**
Director	1	1	-	1	1	-	1	1	-	1	1	-	1	1	-
Dean	-	-	-	-	-	-	1	1	-	1	1	-	1	1	-
Professors	41	27	14	41	27	14	41	28	13	43	28	15	44	24	20
Professor Dental	5	-	5	5	-	5	5	-	5	5	-	5	5	1	4
Teachers	184	163	21	184	147	37	185	129	56	185	129	56	187	158	29
Teachers Dental	16	13	3	16	13	3	16	13	3	16	13	3	16	11	5
Registrars/Sr. Residents	184	123	61	184	118	66	186	122	64	188	128	60	189	148	41
Junior Residents Ist, IInd IIIrd year	278	248	30	278	270	8	278	259	19	278	254	24	307	255	52
Lecturers in Pharmacy	11	9	2	11	9	2	11	9	2	11	9	2	11	9	2
Pharmacists Nurses	28	22	6	28	22	6	28	22	6	28	22	6	28	21	7
Staff Nurses	477	474	3	477	476	1	478	469	9	479	460	19	481	445	36
Lab Technicians	143	133	10	143	133	10	143	131	12	143	129	14	144	129	15
Drivers	32	25	7	32	25	7	32	25	7	32	32	-	32	31	1
Other Para Medical Staff	535	411	124	533	417	116	536	413	123	535	402	133	532	413	119
Ministerial Staff	308	253	55	310	255	55	313	262	51	315	268	47	316	267	49
Class IV	1,409	1,234	175	1,409	1,235	174	1,409	1,220	189	1,409	1,185	224	1,409	1,185	224
Total	**3,652**	**3,136**	**516**	**3,652**	**3,148**	**504**	**3,663**	**3,104**	**559**	**3,669**	**3,061**	**608**	**3,703**	**3,099**	**604**

Appendix – XX

(Refer paragraph 3.8; page 114)

Statement showing the details of PLAs operated with/without consultation with Accountant General

Sr. No.	Name of District/ Treasury	Total number of PLAs	Number of PLAs opened with consultation of AG	Number of PLAs opened without consultation with AG
1.	Ambala	29	3	26
2.	Bhiwani	14	2	12
3.	Chandigarh	7	4	3
4.	Delhi	1	-	1
5.	Faridabad	28	3	25
6.	Fatehabad	6	2	4
7.	Gurgaon	25	3	22
8.	Hisar	27	2	25
9.	Jagadhari	10	3	7
10.	Jind	14	5	9
11.	Jhajjar	9	-	9
12.	Kaithal	7	6	1
13.	Karnal	8	2	6
14.	Kurukshetra	12	2	10
15.	Narnaul	8	1	7
16.	Panipat	5	2	3
17.	Panchkula	7	2	5
18.	Rewari	9	2	7
19.	Rohtak	22	3	19
20.	Sirsa	12	5	7
21.	Sonipat	23	3	20
	Total	**283**	**55**	**228**

Appendix – XXI

(Refer paragraph 3.8; page 114)

Statement showing the names of DDO's whose PLAs were test-checked

Sr. No.	Name of treasury	Name of DDO's	Closing balance as on 31 March 2000 (Rupees in lakh)
1.	Gurgaon	(i) Cattle Fair Officer, Gurgaon at Rewari	11.09
		(ii) Executive Engineer, *Panchayati Raj* Gurgaon	7.83
		(iii) General Manager, Haryana Roadways, Gurgaon	1.18
		(iv) District Social Welfare Officer, Gurgaon	Nil
		(v) District Food and Supply Controller, Gurgaon	Nil
2.	Jind	(i) General Manager, Haryana Roadways, Jind	9.87
		(ii) Distirct Food and Supply Controller, Jind	7.30
		(iii) District Social Welfare Officer, Jind (old age pension)	Nil
		(iv) District Social Welfare Officer, Jind (Handicapped pension)	Nil
		(v) District Social Welfare Officer, Jind (widow pension)	Nil
3.	Rohtak	(i) Cattle Fair Officer, Rohtak	109.27
		(ii) P.G.I.M.S. Rohtak	23.81
		(iii) Principal Industrial Training Institute Rohtak	4.94
		(iv) Principal Government Vocational Education Institute, Rohtak	1.47
		(v) General Manager, Haryana Roadways, Rohtak	0.82
		(vi) District Social Welfare Officer, Rohtak	0.49
4.	Rewari	(i) General Manager, Haryana Roadways, Rewari	20.83
		(ii) Cattle Fair Officer, Rewari	4.80
		(iii) District Social Welfare Officer, Rewari	Nil
	Total		**203.70**

Appendix – XXII

(Refer paragraph 3.8; page 114)

List of PLAs funded from the Consolidated Fund of State not closed at the end of financial year

Sr. No.	Names of DDOs	Amount (Rupees in lakh)
1.	General Manager Haryana Roadways, Gurgaon	1.18
2.	General Manager Haryana Roadways, Jind	9.87
3.	District Social Welfare Officer, Rohtak	0.49
4.	General Manager Haryana Roadways, Rohtak	0.82
5.	General Manager Haryana Roadways, Rewari	20.83

Appendix - XXIII

(Refer paragraph 3.8; page 114)

Non-reconciliation of differences with treasury

Sr. No.	Name of DDOs	Treasury balances	Departm-ental balances	Differe
		(Rupees in lakh)		
1.	Cattle Fair Officer, Gurgaon at Rewari	11.09	19.15	8.06
2.	General Manager Haryana Roadways, Gurgaon	1.18	2.47	1.29
3.	General Manager Haryana Roadways, Jind	9.87	9.86	0.01
4.	Cattle Fair Officer, Rohtak	109.27	231.75	122.48
5.	Industrial Training Institute, Rohtak	4.94	6.11	1.17
6.	General Manager Haryana Roadways, Rohtak	0.82	3.55	2.73
7.	District Social Welfare Officer, Rohtak	0.49	-	0.49
8.	General Manager Haryana Roadways, Rewari	20.83	20.88	0.05
9.	Cattle Fair Officer, Rewari	4.80	3.65	1.15
10	Executive Engineer, Panchayati Raj (JRY), Gurgaon	7.83	6.67	1.16
11.	District Food and Supply Controller, Gurgaon	Nil	0.19	0.19

Appendix - XXIV

(Refer paragraph 3.10; page 118)

Year-wise position of outstanding Inspection Reports and Paragraphs as of June 2000

Year	Number of Inspection Reports	Number of paragraphs	Amount (Rupees in crore)
Upto 1989-90	41	54	1.31
1990-91	15	34	0.67
1991-92	18	29	0.35
1992-93	17	26	0.27
1993-94	20	46	0.66
1994-95	19	68	0.72
1995-96	23	60	10.66
1996-97	30	85	4.19
1997-98	27	78	3.41
1998-99	32	109	23.64
1999-2000	30	184	17.42
2000-2001 upto June 2000	8	51	8.85
Total	**280**	**824**	**72.15**

Appendix - XXV

(Refer paragraph 3.12; page 121)

Statement showing the details of misappropriation/defalcation etc. cases test-checked

Sr.No.	Name of Department	Number of cases	When noticed	Amount (In Rupees)	Remarks
1	Animal Husbandry	2	April 1990	68,340	Theft of 420 sheep. Police reported untraceable in September 1994. In February 1997, department referred the matter to Government to write off the amount. Further developments were awaited (June 2000).
			August 1994	2,91,100	Looting of Government money in transit. In preliminary inquiry two officials were held responsible for the loss (August 1994). No further action had been taken as of June 2000.
2.	Education	2	March 1984	1,54,543	Court convicted (July 1993) the clerk who embezzled the Government money. No further action had been taken by the department to made good the loss.
			March 1995	33,500	Theft of Government money in Bank premises. Police reported untraceable in (May 1997). No action had been taken to write off the amount.
3.	Forest	1	July 1988	96,836	Theft of Tractor in January 1987. Police reported (July 1987) untraceable. Department in its enquiry report (28 March 1990) did not find involvement of any official. No action had been taken to write off the amount.
4.	Food and Supplies	1	June 1988	2,00,168	Loss due to fire in godown. Department intimated (September 1999) that final action on the inquiry report had not been taken as of June 2000.
5.	Labour and Employment	1	February 1991	22,000	Looting of Government money in transit. Police reported untraceable (2 May 1991). The case had been sent to Government (August 1996) to write off the loss but no sanction had been accorded as of June 2000.

Sr.No.	Name of Department	Number of cases	When noticed	Amount (In Rupees)	Remarks
6.	Medical	2	February 1986	29,650	(i) Embezzlement of Government money in January 1982. Police's untraceable report (17 October 1984) accepted (30 January 1989) by the Court. (ii) Though the accused had deposited the embezzled amount with interest yet the findings of the enquiry report had not been intimated.
			September 1989	33,385	Theft of cash from chest. Police reported (April 1990) untraceable. As per preliminary enquiry report, two officials were held responsible. Charge-sheet was served upon one accused on 12 January 1993. Further developments and action against other official were awaited.
7.	Police	1	January 1991	72,400	Government Jeep was burnt (September 1990) in the anti reservation agitation. The case to write off the amount incurred on its repair was sent to Government in November 1998. No approval had been accorded as of June 2000.
8.	Transport	4	February 1975	4,482	Loss of spare parts in transit. Department issued recovery order in July 1981. The accused went into the court and the court held (February 1986) the orders as illegal. The official had also retired on 30 November 1983. Department referred (March 1993) the matter to the Government for write off the loss but the sanction had not been accorded as of June 2000.
			February 1979	21,785	Shortage of store articles was brought to the notice of the Government in August 1981. Even asked by the Transport Commissioner and the Government, the General Manager Haryana Roadways, Hisar had not submitted the latest information of the case.
			April 1977	15,242	Theft of Government money. Court convicted Sh. Mohinder Kumar conductor and the case had not been sent to the Government to write off the loss.

Sr.No.	Name of Department	Number of cases	When noticed	Amount (In Rupees)	Remarks
			March 1982	1,25,657	Court acquitted (2 December 1988) all the accused for theft of Government money The case had not been taken up with the Government to write off the loss by the department so far .
9.	Public Works Department Irrigation Branch	6	September 1998	32,291	Theft of store. Even after receipt of non-traceable report from Police and submission of proposal for action against defaulter and write off loss to the Superintending Engineer in May 1993, sanction was awaited (May 2000).
			November 1984	16,566	Misappropriation of store. Case submitted to Chief Engineer in December 1990. Further developments were awaited (June 2000).
			August 1989	24,850	Theft of aluminium pipe. On receipt of non-traceable report from Police in September 1990, estimate for write off the loss was sent to higher authorities. Further developments were awaited (June 2000).
			June 1989	24,761	Theft of aluminium pipe. On receipt of non-traceable report (October 1989) from the police, case for write off the loss was submitted (May 1990). Sanction from the competent authority was awaited (May 2000).
			December 1992	25,000	Theft of one OCB fitted on pump house. Though material declared as untraceable by police in June 1995, yet sanction for write off was still awaited (June 2000).
			June 1995	16,308	Theft of aluminium pipe. Police investigation report was still awaited (May 2000).
10.	Public Health Branch	5	January 1981	27,998	Theft of Government material of Rs 27,998 from store. Material worth Rs 7,895.97 traced (December 1983) by police and accounted for. For the balance material further investigation by police were pending.
			March 1981	71,777	Theft of CI pipe. Superintending Engineer held JE/SDO responsible for the loss. Disciplinary action against the defaulters was still pending and were under process.

Sr.No.	Name of Department	Number of cases	When noticed	Amount (In Rupees)	Remarks
			September 1982	30,000	Theft of PVC pipe. Non-traceable report was submitted (April 1987) by the police. In departmental enquiry, no official was found responsible (September 1988). Sanction to write off the loss was awaited.
			November 1986	33,460	Theft of Government material from store of water works. Despite receipt of non-traceable report from police in April 1988. Sanction for write off the loss was awaited from the competent authority.
			September 1986	4,635	Theft of electric Motor. Non-traceable report was received from Police in September 1987 and amount was placed in P.W. Misc advance against the J.E. Final action was still awaited.
H.	Public Works Department Buildings and Roads Branch	4	September 1978	10,217.70	Misappropriation of Government material worth Rs 10,217.70. Recovery case was decided (February 1982) by the Government from J.E. and S.D.O. The amount was recovered from S.D.O. and the J.E. had expired. Case for write off the amount submitted to higher authority. Final decision was still awaited.
			1976-77	99,440	Shortage of material against J.E. store. The Court inflicted punishment to the J.E. for two years rigorous imprisonment and fine of Rs 3,000. Department dismissed him from service. The concerned J.E. had expired and sanction for write off the loss was awaited.
			May 1989	24,753.50	Embezzlement of store articles (foodgrains). Final decision on the charge sheet served upon the J.E. was awaited as of June 2000.
			1989-90	4,155	Theft of material. On receipt of non-traceable report (September 1989) from police amount was kept in Misc. PW advance against the J.E. in May 1990. Recovery and final action was still awaited.
	Total			**16,15,300.20**	

Appendix – XXVI

(Refer paragraph 3.14; page 122)

Statement showing the names of departments where Action Taken Notes were awaited

Sr.No.	Name of the Administrative Department	Year of Audit Report	Number of Paragraphs
1.	Revenue	1995-96 1996-97 1997-98	1 1 3
2.	Building and Roads	1995-96 1996-97 1997-98	1 8 4
3.	Irrigation	1996-97 1997-98	8 6
4	Education	1996-97 1997-98	1 1
5.	Housing	1996-97	6
6	Forest	1996-97	1
7	Town and Country Planning (HUDA)	1996-97 1997-98	4 2
8	Haryana State Agricultural Marketing Board	1996-97 1997-98	1 3
9	Training	1996-97	1
10	Food and Supplies	1996-97	1
11	Transport	1997-98	2
12	Printing and Stationery	1997-98	1
13	Rural Development	1997-98	2
14	Industrial Training and Vocational Education	1997-98	1
15	Medical and Health	1997-98	2
16	Finance	1997-98	1
17	Civil Aviation	1997-98	1
18	Animal Husbandry	1997-98	1
19	Public Health	1997-98	1
		Total	**65**

Appendix – XXVII

(Refer paragraph 4.1.5; page 127)

A. Statement showing component-wise budget provision and expenditure incurred there against during 1994-2000

Irrigation Department(HID)			
Year	Budget Provision	Funds Released	Actual Expenditure
(Rupees in crore)			
Rehabilitation of Canals/drainage system			
1994-95	9.85	9.57	5.83
1995-96	20.27	20.21	20.53
1996-97	24.91	24.91	27.23
1997-98	41.48	38.52	41.59
1998-99	19.45	19.55	19.04
1999-2000	39.41	38.75	41.25
Total	**155.37**	**151.51**	**155.47**
Modernisation of existing channels			
1994-95	9.10	6.46	8.55
1995-96	6.55	5.68	7.24
1996-97	8.18	8.19	10.71
1997-98	8.75	8.37	7.56
1998-99	13.00	13.00	13.88
1999-2000	24.91	25.08	23.98
Total	**70.49**	**66.78**	**71.92**
Construction of Hathnikund Barrage			
1994-95	-	-	-
1995-96	1.73	1.45	1.51
1996-97	31.83	31.80	32.47
1997-98	49.24	49.90	56.07
1998-99	54.16	54.67	59.55
1999-2000	56.15	56.15	58.59
Total	**193.11**	**193.97**	**208.19**
Improved Upgraded Operation and maintenance			
1994-95	24.18	51.44	24.09
1995-96	45.75	85.16	46.00
1996-97	57.10	92.95	53.28
1997-98	38.68	61.30	39.60
1998-99	41.93	56.91	42.68
1999-2000	42.25	37.33	43.88
Total	**249.89**	**385.09**	**249.53**
Institutional Strengthening			
1994-95	-	-	-
1995-96	0.40	0.28	0.51
1996-97	1.79	1.79	1.63
1997-98	3.58	3.56	3.19
1998-99	4.74	3.47	4.12
1999-2000	4.74	4.51	4.88
Total	**15.25**	**13.61**	**14.33**
Research and Development			
1994-95	0.24	-	0.05
1995-96	1.68	1.37	1.36
1996-97	0.09	0.09	0.08
1997-98	0.04	0.03	0.04
1998-99	2.08	0.29	0.20
1999-2000	-	-	-
Total	**4.13**	**1.78**	**1.73**
Grand Total	**688.24**	**812.74**	**701.17**

(HSMITC) Haryana State Minor Irrigation and Tubewell Coirporation.		
Year	Budget Provision	Actual Expenditure
	(Rupees in crore)	
Rehabilitation of Canals/drainage system		
1994-95	-	-
1995-96	2.10	-
1996-97	3.20	0.07
1997-98	5.40	0.09
1998-99	4.10	0.22
1999-2000	3.00	2.00
Total	**17.80**	**2.38**
Modernisation of existing channels		
1994-95	21.00	11.12
1995-96	28.50	29.20
1996-97	33.00	10.46
1997-98	33.50	3.39
1998-99	27.60	10.30
1999-2000	27.00	16.00
Total	**170.60**	**80.47**
Operation and Maintenance		
1994-95	7.17	6.84
1995-96	10.77	9.12
1996-97	15.60	8.66
1997-98	15.59	3.98
1998-99	17.13	5.29
1999-2000	15.26	3.14
Total	**81.52**	**37.03**
Grand Total	**269.92**	**119.88**
	Abstract	
	Budget	**Expenditure**
A. HID	**688.24**	**701.17**
B. HSMITC	**269.92**	**119.88**
Total	**958.16**	**821.05**

B. Statement showing budget provision and expenditure figures under Bhakra/Yamuna Canal system

Component	Bhakra System		Yamuna Canal System		HSMITC		Total	
	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure
	(Rupees in crore)		(Rupees in crore)		(Rupees in crore)		(Rupees in crore)	
Rehabilitation	49.37	50.44	105.69 (+) 0.31 106.00	104.38 (+) 0.65 105.03	17.80	2.38	173.17	157.85
Modernisation	44.13	42.28	23.54 (+) 2.82 26.36	25.66 (+) 3.98 29.64	170.60	80.47	241.09	152.39
Hathnikund Barrage	-	-	193.11	208.19	-	-	193.11	208.19
Research and Development	1.60 (+) 2.53 4.13	1.23 (+) 0.50 1.73	-	-	-	-	4.13	1.73
Institutional Strengthening	0.44	0.25	1.11 (+) 13.70 14.81	1.52 (+) 12.56 14.08	-	-	15.25	14.33
Operation and Maintenance	111.35	114.16	101.88 (+) 36.66 138.54	100.11 (+) 35.26 135.37	81.52	37.03	331.41	286.56
Grand Total	**209.42**	**208.86**	**478.82**	**492.31**	**269.92**	**119.88**	**958.16**	**821.05**

* Others

Appendix - XXVIII

(Refer to Paragraph 4.1.9; page 134)

Haryana Water Resources Consolidation Project

Details of New Works (Modernisation)

Modernisation of Canal System

S.No.	Name of Canal	Length of Canal in Km	Area proposed for lining Lakh sqft.
A	**Bhakra Canal**		
1	Kaithal Distributary	15.98	14.5
2	Saraswati Distributary	28.96	41.0
3	Shudkan Distributary	46.33	2.0
4	Dhamtan Sub Branch	26.43	0.3
5	Sirsa Branch RD 189980-205646	4.78	6.00
6	Sirsa Branch RD 328200-342000	4.21	13.60
7	Pabra Distributary	40.37	15.52
8	Barwala Branch	42.55	93.34
9	Pabra Sub Branch	11.18	5.92
10	Balsamand Sub Branch (Raising)	21.01	1.2
11	Smrbara Distributary	16.61	4.60
12	Udaypur Minor	8.40	0.02
13	Lakkarwali Minor	8.40	1.38
14	Kewal Distributary	11.08	1.62
15	Phaggu Distributary	8.17	2.25
16	Bani Distributary	38.48	0.23
17	Rori Branch	33.38	12.3
18	Ratia Sub Branch	20.20	24.00
19	Gudha Distributary	23.78	0.10
20	Mammen Khera Distributary	61.98	6.55
21	Baruwali Distributary	27.13	15.10
22	Jandwal Distributary	17.01	27.47
23	Kaluwan Distributary	55.10	19.83
24	Sukhchain Distributary	46.10	55.20
25	Ottu Feeder	32.05	54.0
26	Rattangarh Distributary	24.97	1.66
27	Badalgarh Distributary	24.84	0.75
28	Mallekan Minor	3.01	1.91
29	Mangala Sub Minor	5.49	0.81
30	Rania Minor	7.71	2.7
31	Kishanpura Minor	5.33	1.26
32	Amritsar Minor	4.57	1.75
33	Surera Minor	3.06	1.00
34	Chuchal Minor	3.71	1.48
35	Ellenabad Distributary	16.62	10.12
36	Salarpur Minor	2.44	0.61
37	Warni Minor	2.29	0.39
38	Nakor Minor	2.90	0.61
	Total		**443.08 lakh sft**

S.No.	Name of Canal	Length of Canal in Km	Area proposed for lining Lakh sqft.
B	**WYC**		
39	Markanda Distributary	1.488	4.00
40	Sirsa Branch	304.80	50.00
41	Morkhi Minor	11.80	4.52
42	Butana Branch 83200-89000	2.68	3.40
43	Hansi Branch 60000-238326	54.35	66.03
44	Zahidpur Minor	14.02	1.50
45	Kasni Minor	11.06	0.75
46	Jhaggar Sub Minor	45.08	75.70
47	Jhajjar Distributary (0-172000)	5.25	4.46
48	Rampur Minor	8.00	4.95
49	Salhawas Lift Channel (16000-54595	11.76	9.91
50	Subana Minor	4.51	1.20
51	Rewari Khera Minor	8.99	1.45
52	Jui Feeder (88000-146000)	17.68	30.25
53	Kheri Kalan Minor	10.82	6.79
54	Mujheri Sub Minor	2.22	1.07
55	Faridpur Sub Minor	2.13	0.93
56	Rampur Distributary	30.55	21.75
57	Bullabgarh Distributary	10.11	5.09
58	Sikri Distributary	8.15	4.15
59	Harphala Minor	1.52	0.66
60	Sikrana Distributary	2.59	1.20
61	Marchandpur Distributary	17.07	14.20
62	Nekpur Minor	4.95	2.51
63	Fetehpur Minor	5.49	2.50
	Total		**318.97**
	Grand Total **Add 5 *per cent* for contingent areas** **Grand Total**		**762.05** **38.10** **800.15**

Appendix - XXIX

(Refer paragraph 4.1.9; page 134)

Statement showing details of New Channels under WYC system - not provided in project but executed

Sr. No.	Name of Canal	Length of canal (in km)	Area proposed for lining (lakh sqft)	Estimated cost (Rupees in lakh)	Area lined (sqft)	Expenditure incurred upto 31 March 2000	Works completed upto 31 March 2000
1	Jindran Sub Minor	--	0.73	12.92	73,168	14.53	Completed
2	Jhajjar Sub Branch	18.00	26.79	594.11	22,07,952	417.22	-do-
3	Kheri Kumar Minor	2.00	0.54	9.57	52,875	8.65	-do-
4	Karsola Minor 37000-72800	10.98	--	22.24	14,053	22.00	-do-
5	Uleta Distributary	--	0.25	49.94	24,500	39.53	-do-
6	Ujina Distributary	--	0.15	25.80	12,051	21.41	-do-
7	Julana Sub Minor	--	--	--	46,268	--	--
8	Chhampa Distributary 0-75000	22.84	1.49	239.82	61,250	48.10	In progress
9	Indri Distributary RD 0--tail	--	0.38	69.80	19,500	35.35	In progress
	Total		**30.33**	**1,024.20**	**25.12 lakh sft**	**606.79**	

Appendix - XXX

(Refer paragraph 4.1.9; page 134)

Statement showing the details of New Channels under Bhakra Canal System not provided in project but executed

Sr. No.	Name of Channel	Area to be lined (lakh sft)	Estimated cost	Total area lined (lakh sft)	Total expenditure (Rupees in lakh)
1	Fatehabad Branch RD 0-103881	0.03	63.12	0.03	45.67
2	Chaushal Minor RD 0-22380	1.41 (13,120 sqm)	9.66	3.26	50.13
3	Mattaur Minor RD 30800-47000	0.37	5.34	0.37	5.34
4	New Mohammad Minor RD 0-1700	0.18 (1,672)	4.20	0.18	4.64
5	Sadeva Distributary	0.01 (593 sqm)	2.50	0.06	3.35
	Total	**2.00**	**84.82**	**3.90**	**109.13**

Appendix – XXXI

(Refer paragraph 4.8; page 149)

Year-wise details of outstanding Inspection Reports (IRs) and Paragraphs

Year	Number of Inspection Reports	Number of paragraphs
1977-78 to 1989-90	58	72
1990-91	16	19
1991-92	06	05
1992-93	20	25
1993-94	24	26
1994-95	19	36
1995-96	21	32
1996-97	23	42
1997-98	34	95
1998-99	40	151
1999-2000	43	281
Total	**304**	**784**

Appendix – XXXII

(Refer paragraph 6.1 (d); page 161)

Statement showing names of bodies and authorities the accounts of which had not been received

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants and loans received (Rupees in lakh)
1	Municipal Committee, Bahadurgarh	1986-87 1993-94 1996-97 1997-98 1999-2000	35.93 34.08 50.00 25.95 49.50
2	Muncipal Committee, Bhiwani	1987-88 1988-89 1989-90 1995-96 1997-98 1998-99 1999-2000	36.40 33.25 36.00 50.00 27.56 72.00 1156.87
3	Municipal Committee, Karnal	1982-83 1988-89 1992-93 1997-98 1998-99 1999-2000	7.00 32.61 45.50 52.53 482.25 299.73
4	Municipal Committee, Narnaul	1988-89 1989-90 1997-98 1998-99	25.30 28.63 36.12 26.25
5	Municipal Committee, Rohtak	1987-88 1988-89 1989-90 1996-97 1997-98 1999-2000	34.00 37.61 32.35 25.08 78.44 266.56
6	Municipal Committee, Faridabad	1995-96 1996-97 1997-98 1998-99 1999-2000	39.38 50.00 30.00 669.00 394.40
7	Municipal Committee, Palwal	1995-96 1998-99 1999-2000	50.00 30.00 105.00
8	Municipal Committee, Sonipat	1997-98 1998-99 1999-2000	69.93 326.25 263.23
9	Municipal Committee, Charkhi Dadri	1995-96 1999-2000	33.33 50.00
10	Municipal Committee, Rewari	1996-97 1997-98 1999-2000	50.00 38.82 229.73

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants and loans received (Rupees in lakh)
11	Municipal Committee, Jagadhri	1996-97 1998-99 1999-2000	50.00 26.25 28.15
12	Municipal Committee, Panipat	1996-97 1998-99 1999-2000	65.00 528.00 306.30
13	Municipal Committee, Hisar	1996-97 1997-98 1998-99 1999-2000	50.00 48.31 58.25 61.81
14	Municipal Committee, Barwala	1996-97 1999-2000	33.33 50.00
15	Municipal Committee, Gurgaon	1996-97 1997-98 1998-99 1999-2000	31.69 42.78 471.25 235.76
16	Municipal Committee, Thanesar	1997-98 1999-2000	31.81 26.76
17	Municipal Committee, Ambala City	1998-99 1999-2000	70.25 51.04
18	Municipal Committee, Ambala Cantt	1999-2000	460.97
19	Municipal Committee, Kurukshetra	1998-99	33.75
20	Municipal Committee, Kaithal	1998-99 1999-2000	62.25 638.42
21	Municipal Committee, Gharonda	1999-2000	25.00
22	Municipal Committee, Yamunanagar	1998-99 1999-2000	350.00 578.66
23	Municipal Committee, Gohana	1999-2000	70.00
24	Municipal Committee, Bhiwani Khera	1998-99 1999-2000	32.03 40.00
25	Municipal Committee, Kharkhoda	1998-99	50.00
26	Municipal Committee, Pehowa	1999-2000	36.16
27	Municipal Committee, Jhajjar	1999-2000	180.00
28	Municipal Committee, Safidon	1999-2000	42.34
29	Municipal Committee, Sirsa	1999-2000	105.35
30	Municipal Committee, Mandi Dabwali	1999-2000	98.83
31	Municipal Committee, Taoru	1999-2000	40.00
32	Municipal Committee, Uchana	1999-2000	30.00
33	Municipal Committee, Assandh	1999-2000	120.00
34	Municipal Committee, Naraingarh	1999-2000	34.79
35	Municipal Committee, Kalanaur	1999-2000	40.00
36	Municipal Committee, Tosham	1999-2000	28.40
37	Municipal Committee, Ratia	1999-2000	30.00
38	Sainik School Kunjpura, Karnal	1998-99 1999-2000	140.00 810.71
39	Shri Bhuteshwar Temple Tirath, Jind	1994-95	25.29

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants and loans received (Rupees in lakh)
40	Haryana Sahitya Academy, Chandigarh.	1994-95 1995-96 1997-98 1998-99 1999-2000	26.00 30.00 30.21 28.31 36.75
41	Aravali Vikas Sangthan Gurgaon	1995-96	100.00
42	Haryana Irrigation Research and Management Institute, Kurukshetra	1998-99 1999-2000	100.00 120.00
43	Haryana Slum Clearance Board, Chandigarh	1998-99	700.48
44	Rajay Sainik Vocal Training Centre Panchkula	1998-99	46.25
45.	District Council for Child Welfare, Rewari	1999-2000	38.75
46	Integrated Womens Employment Development Project Haryana, Chandigarh.	1996-97 1997-98 1998-99 1999-2000	330.03 152.00 86.50 169.39
	Private Aided Colleges		
47.	DAV College, Ambala City	1998-99 1999-2000	85.25 146.00
48.	S.L.DAV College of Education, Ambala City.	1999-2000	53.00
49	M.P.N. College, Mullana (Ambala)	1999-2000	35.50
50	SM Lubana Khalsa Girls College, Barara (Ambala)	1998-99 1999-2000	25.35 34.60
51	Guru Nanak Khalsa Girls College, Yamunanagar	1998-99 1999-2000	61.15 102.40
52	Mahahraja Aggersain College, Jagadhri	1999-2000	48.60
53	Hindu Girls College, Jagadhri	1999-2000	67.50
54	MLN College, Yamunanagar	1998-99	110.90
55	DAV College, Sadhaura (Yamunanagar)	1999-2000	44.30
56	MLN College, Radaur (Ambala)	1999-2000	41.00
57	KM College of Education, Bhiwani	1999-2000	31.60
58	AP Saraswati KMV, Charkhi Dadri	1999-2000	31.80
59	RLS College of Education, Sidhrawali (Gurgaon)	1999-2000	33.00
60	GGDSD College, Palwal, (Gurgaon)	1999-2000	100.50
61	DN College for Women, Faridabad	1999-2000	86.00
62	DAV Centary College, Faridabad	1998-99 1999-2000	25.00 43.60
63	Saraswati Girls College, Palwal	1999-2000	34.80
64	DN College, Hisar	1998-99 1999-2000	121.90 185.00
65	FC College for Women, Hisar	1999-2000	68.00
66	SD Mahila, MV Hansi	1999-2000	40.50
67	CR College of Education, Hisar	1999-2000	26.40

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants and loans received (Rupees in lakh)
68	Hindu Kanya, MV, Jind	1996-97 1997-98 1998-99 1999-2000	32.20 35.20 31.60 58.00
69	SD Mahila MV Narwana, Jind	1999-2000	26.60
70	DAV College, Karnal	1996-97 1997-98 1998-99 1999-2000	29.20 33.80 37.25 66.00
71	Guru Nanak Khalsa, College, Karnal	1999-2000	75.00
72	Dayal Singh College, Karnal	1999-2000	154.00
73	KVA DAV College for Women, Karnal	1996-97 1997-98 1998-99 1999-2000	48.35 59.80 46.35 76.40
74	Arya College, Panipat	1999-2000	94.00
75	I.B. College, Panipat	1999-2000	104.50
76	Gandhi Adarsh College, Samalkha (Panipat)	1996-97 1997-98 1998-99 1999-2000	25.40 27.79 25.50 46.50
77	DAV College Pundri, Kaithal	1999-2000	30.00
78	Kanya MV Fatehpur Pundri (Kaithal)	1999-2000	39.40
79	RKSD College, Kaithal	1999-2000	133.00
80	IG Mahila MV Kaithal	1997-98 1998-99 1999-2000	32.10 25.10 47.60
81	BAR Janta College, Kaul (Kaithal)	1996-97 1999-2000	31.30 55.80
82	DAV College, Cheeka (Kaithal)	1999-2000	42.70
83	Kanya MV, Dhand (Kaithal)	1999-2000	31.40
84	DAV College, Pehowa, (Kurukshetra)	1996-97 1997-98 1998-99 1999-2000	32.60 31.90 36.70 59.20
85	IG National College, Ladwa(Kurukshetra)	1996-97 1997-98 1998-99 1999-2000	34.40 41.80 39.60 62.90
86	DN Mahila MV, Kurukshetra	1999-2000	75.50
87	MN College, Shahbad	1999-2000	57.50
88	Arya Kanya MV, Shahbad	1999-2000	48.20
89	Bhagwan Parsu Ram College, Kurukshetra	1999-2000	37.30
90	KLP College, Rewari	1999-2000	138.00
91	Ahir College, Rewari	1999-2000	56.70
92	RDS Public Girls Colllege, Rewari	1998-99 1999-2000	39.30 30.40

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants and loans received (Rupees in lakh)
93	GB Degree Colllege, Rewari	1996-97 1997-98 1998-99	29.90 31.70 31.30
94	GB Degree College, Rohtak	1999-2000	47.60
95	Sh. L.N. Hindu Colllege, Rohtak	1996-97 1997-98 1998-99 1999-2000	44.70 51.10 48.90 78.00
96	Vaish Colllege, Rohtak	1999-2000	106.00
97	Vaish Girls College, Rohtak	1999-2000	65.80
98	SJK College Kalanaur, Rohtak	1999-2000	67.50
99	C.R. Colllege of Education, Rohtak	1999-2000	31.00
100	MK Jat Kanya MV, Rohtak	1999-2000	50.50
101	Guru Hari Singh MV Jeevan Nagar Sirsa	1999-2000	32.10
102	CMK National Girls College, Sirsa	1999-2000	56.80
103	MP College for girls, Dabwali, Sirsa	1996-97 1999-2000	26.80 45.70
104	Vaish Arya Kanya MV Bahadurgarh, Jhajjar	1999-2000	27.00
105	MA College for Women, Jhajjar	1999-2000	34.90
106	MM College, Fatehabad	1999-2000	56.30
107	CRA Colllege, Sonipat	1999-2000	117.00
108	Hindu Colllege Sonipat	1999-2000	187.41
109	Hindu Colllege of Education, Sonipat.	1999-2000	28.00
110	Hindu Mahila MV, Sonipat	1996-97 1997-98 1998-99 1999-2000	96.10 105.30 97.55 142.00
111	Gita Vidya Mandir KMV, Sonipat	1996-97 1997-98 1998-99 1999-2000	46.90 56.10 47.00 81.50
112	TR Girls Colllege, Sonipat	1999-2000	33.10
113	Viveka Nand MV Nangal Choudhry (Mohindergarh)	1996-97	26.29
114	MAIMRE Agroha	1999-2000	150.00

Appendix - XXXIII

(Refer to paragraph 6.2.4 (b); page 165)

Statement showing the details of receipts and expenditure

Particulars	Years						
	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	Total
	(Rupees in lakh)						
Opening Balance	**255.53**	**319.11**	**391.37**	**547.12**	**795.24**	**1236.00**	
Receipts							
(a) Board's share of water cess	57.90	51.18	112.32	167.04	167.05	129.80	685.29
(b) Water consent fees	56.56	60.38	106.39	99.28	176.93	145.49	645.03
(c) Interest on deposits	48.74	53.75	59.00	56.59	115.73	77.82	411.63
(d) Other miscellaneous receipts i.e. Air consent/ sample testing/ appeal fees etc.	60.60	64.55	73.19	122.30	273.27	319.23	913.14
(e) Grant received from:							
(i) State Government	10.00	18.40	15.50	10.00	3.50	0.80	58.20
(ii) Central Government	-	0.25	-	13.10	-	-	13.35
(iii) Central Pollution Control Board	0.71	1.55	-	2.56	1.03	4.36	10.21
Total Receipts	**234.51**	**250.06**	**366.40**	**470.87**	**737.51**	**677.50**	**2736.85**
Expenditure							
(a) Salaries and allowances	88.73	117.80	133.68	141.73	225.70	191.32	898.96
(b) Office expenses	61.78	41.57	47.62	51.57	45.41	47.38	295.33
(c) Other misc. expenses	20.42	18.43	29.35	29.45	25.64	47.49	170.78
Total expenditure	**170.93**	**177.80**	**210.65**	**222.75**	**296.75**	**286.19**	**1365.07**
Closing balance	**319.11**	**391.37**	**547.12**	**795.24**	**1236.00**	**1627.31**	

Appendix - XXXIV

(Refer to paragraph 6.2.6(a); page 168)

List of large and medium highly polluting industrial units which did not apply for consent during 1999-2000.

Sr. No.	Name of the industrial unit	Category	Status as of August 2000
1.	Cebon India Ltd. 2, HSIDC Industrial Estate, Rewari	Drug and Pharmaceuticals	Temporarily Closed
2.	Cepharn Lab Ltd. Kundlu, Sonipat	Drug and Pharmaceuticals	Closed
3.	Cepharn Organics Ltd. Sonipat	Drug and Pharmaceuticals	Closed
4.	Prim Remedies Ltd. Karnal	Drug and Pharmaceuticals	Closed
5.	Swet Chim Antibiotics GT Road, Rai Sonipat	Drug and Pharmaceuticals	Closed
6.	Sandeep Paper Ltd. Vill. Dhatir, Teh Palwal Faridabad	Paper unit	Closed
7.	Rollatainers Ltd. Dharuhera, Rewari	Paper unit	Closed
8.	PSB Paper Mills Ltd. Faridabad	Paper unit	Closed
9.	Subhari Paper Ltd. Mank Manki, Ambala	Paper unit	Closed
10.	Kurukshetra Paper Mill Kurukshetra	Paper unit	Closure orders suspended after security and affidavit
11.	Risab Cement Pvt. Ltd. Gurgaon	Cement	Closed
12.	Nikita Cement (P) Ltd. Panchkula	Cement	Closed
13.	B.R. Cement Saha, Ambala	Cement	Temporarily Closed
14.	Lioyed Cement Barade, Ambala	Cement	Temporarily Closed
15.	Mamta Cement Khera, Ambala	Cement	Temporarily Closed
16.	Ratan Cement, Saha, Ambala	Cement	Temporarily Closed
17.	Aravali Alloys Ltd. VPO Ratera, Bhiwani	Cement	Closed
18.	Hisar Cement Ltd. Vill Chikanwas, Hisar	Cement	Closed
19.	Zodiac Cement Pvt. Ltd. Bhiwani	Cement	Closed
20.	Dev Paper Jind	Paper unit	Closed

Appendix - XXXV

(Refer paragraph 6.3.5(i); page 179)

Details of funds received and expenditure incurred scheme wise during 1995-96 to 1999-2000

Name of scheme	Year	Opening balance	Funds received during the year			Total	Expenditure	Unspent Balance at the end
			Central share	State share	Interest receipts			
		(Rupees in lakh)						
NRY	1995-96	194.16[1]	103.99	69.33	4.39	371.87	230.26	141.61
	1996-97	-	84.75	56.50	3.64	144.89	158.73	127.77
	1997-98 (upto November 1997)	-	59.99	39.99	3.09	103.07	129.51	101.33
Total:			**248.73**	**165.82**	**11.12**	**619.83**	**518.50**	--
PMIUPEP	1995-96	-	183.03	98.78	1.22	283.03	Nil	283.03
	1996-97	-	103.68	43.62	1.78	149.08	143.68	288.43
	1997-98 (upto November 1997)	-	69.57	49.87	6.36	125.80	148.22	266.01
Total:			**356.28**	**192.27**	**9.36**	**557.91**	**291.90**	-
SJSRY	1998-99		221.66	73.88	20.10	315.64	173.81	141.83
	1999-2000	-	30.69	10.23	5.81	46.73	273.32	(-) 84.76
Total:			**252.35**	**84.11**	**25.91**	**362.37**	**447.13**	--
PMRY	1995-96	-	66.42	-	-	66.42	38.70	27.72
	1996-97	-	57.00	-	-	57.00	36.35	48.37
	1997-98	-	42.04	-	-	42.04	28.78	61.63
	1998-99	-	30.59	-	-	30.59	24.49	67.73
	1999-2000		Nil			Nil	26.34	41.39
Total:			**196.05**			**196.05**	**154.66**	--
Grand Total:		**194.16**	**1,053.41**	**442.20**	**46.39**	**1,736.16**	**1,412.19**	**323.97**

[1] As per Bank Pass Book. Opening balance carried over from earlier years - Figures are unaudited.

Appendix - XXXVI

(Paragraph 6.3.9 (b); page 182)

Details of mandays employment generated as per muster rolls during 1998-99.

Sr. No.	District	Name of Municipal Committee	Number of mandays as per attendance of labourers mentioned in muster rolls	Numbers of mandays reported by DUDAs
1.	Bhiwani	Bhiwani	815	3,353
		Siwani	150	
		Charkhi Dadri	704	
		Loharu	204	
		Bawani Khera	262	
2	Jind	Jind	843	6,782
3	Faridabad	Palwal	195	2,500
		Hasanpur	156	
		Hodel	242	
		Hathin	224	
4	Sonipat	Sonipat	372	908
		Ganaur	316	
		Gohana	256	
5	Kurukshetra	Thanesar	395	1,144
		Pehowa	370	
		Shahbad	222	
		Ladwa	157	
		Total	**5,883**	**14,687**