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

FOR THE YEAR ENDED 31 MARCH 2008

(CIVIL)

GOVERNMENT OF HARYANA

Audit Report (Civil) Haryana 2007-08

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**COMPTROLLER AND AUDITOR GENERAL OF INDIA
2008**

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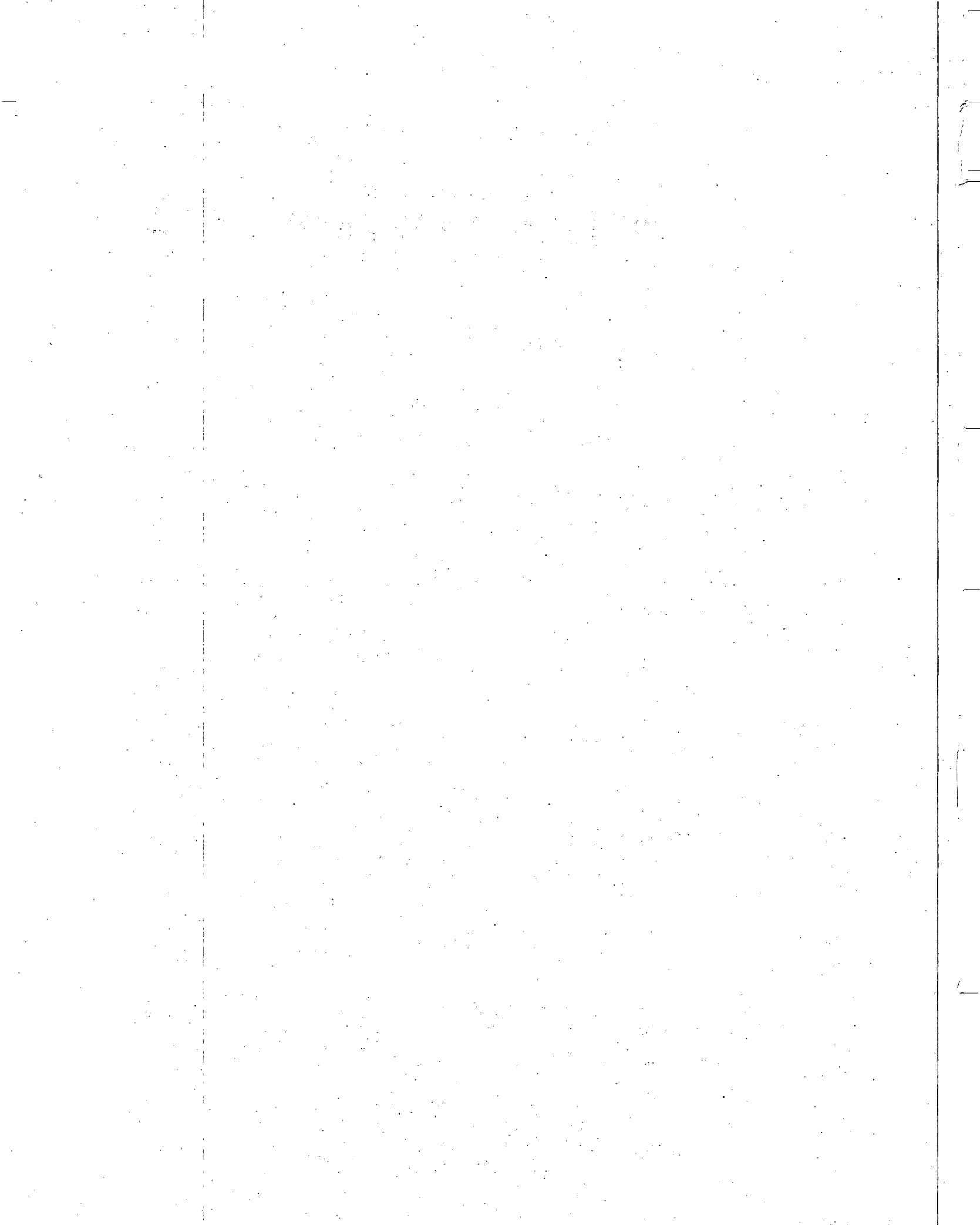


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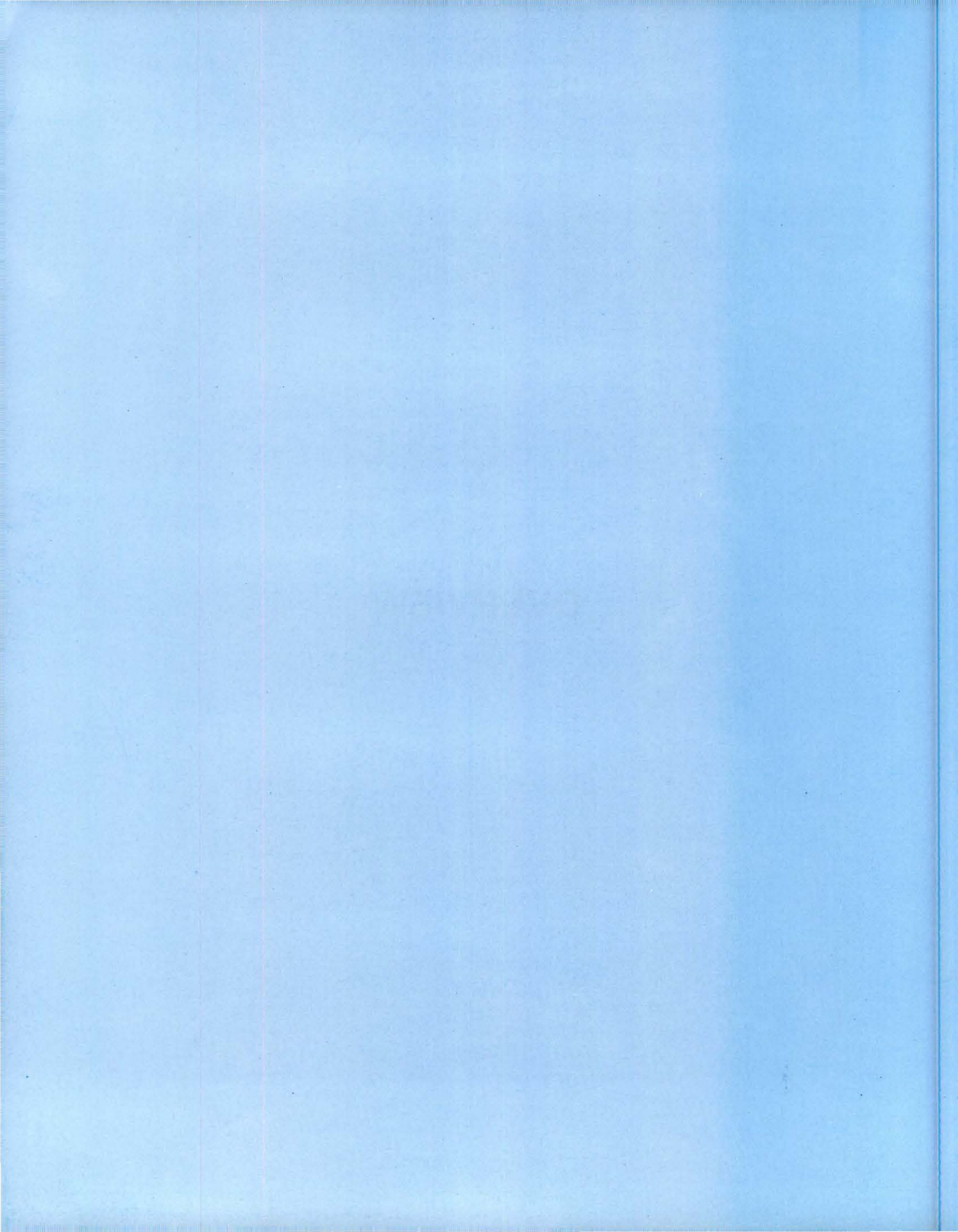
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PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution of India.
2. Chapters I and II of this Report respectively contain Audit observations on matters arising from an examination of the Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2008.
3. Chapter III deals with the findings on performance audit in various departments while Chapter IV deals with the findings on audit of transactions in the various departments including the Public Works and Irrigation Departments, audit of Autonomous Bodies and departmentally run commercial undertakings. Chapter V deals with comments on internal control mechanism existing in selected departments in the State.
4. The Report containing 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 of accounts during the year 2007-08 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 2007-08 have also been included wherever necessary.

OVERVIEW



OVERVIEW

The Report includes two Chapters containing observations on Finance and Appropriation Accounts of the Government of Haryana for the year 2007-08 and three others comprising 4 reviews and 24 paragraphs dealing with the results of performance audit of selected programmes and schemes as well as audit of the financial transactions of Government.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgement basis. Audit conclusions have been drawn and recommendations made taking into consideration the views of the Government.

A summary of the financial position of the State and the audit findings is given below:

1. Finances of the State Government

The fiscal position of the State, viewed in terms of the trends in fiscal parameters revenue, fiscal and primary deficit/surplus indicated a mixed trend as in 2007-08 relative to the previous year. Fiscal surplus turned into deficit of Rs 1,264 crore; primary surplus though maintained, declined sharply by Rs 2,362 crore while revenue surplus increased by Rs 634 crore. The State maintained an increase in revenue surplus mainly due to improvement in mobilization of its own resources and keeping the growth in revenue expenditure (seven *per cent*) at the lowest during the last five years (2003-08). However, a cushion of Rs 2,034 crore by way of recovery of loans from power projects through book adjustments available in 2006-07 vanished during the current year as a result of which fiscal deficit increased sharply and primary surplus dwindled in 2007-08 over the previous year. The expenditure pattern of the State reveals that though the revenue expenditure as a percentage to total expenditure indicated a declining trend, it still constituted around 82.5 *per cent* of the total expenditure during 2007-08 and its Non-Plan Revenue Expenditure (NPRE) component at Rs 14,351 crore during 2007-08 exceeded significantly both the normative projection of the Twelfth Finance Commission for the State (Rs 9,602 crore) and the State's projection in its Fiscal Correction Path (FCP) (Rs 13,000 crore). Moreover, about 79 *per cent* of NPRE consisted of four components—salary expenditure, pension liabilities, interest payments and subsidies during 2007-08. Again, 84 *per cent* (Rs 2,568 crore) of the total subsidies were for the power and energy sector which was more than 1.5 times the State's own projection of Rs 1,530 crore in FCP for 2007-08. These trends in expenditure highlight the need for changing allocative priorities. Similarly, although expenditure under the capital head has increased by Rs 998 crore during 2007-08 over the previous year, yet a major proportion (85 *per cent*) of the incremental capital expenditure was in the form of investment in equity shares of various power corporations. The investments in statutory

corporations, joint stock companies and co-operatives increased by 30 *per cent* during the year 2007-08 over the previous year, but the return on these investments was negligible (less than one *per cent*) vis-à-vis the higher cost of borrowed funds putting directly or indirectly a strain on the fiscal budget of the State and therefore a cause of concern.

2. Allocative Priorities and Appropriation

As against the total appropriation of Rs 25,846.76 crore, the actual expenditure during 2007-08 was Rs 23,650.73 crore resulting in a final saving of Rs 2,196.03 crore. Supplementary provision of Rs 78.53 crore obtained in four cases during the year proved unnecessary as the expenditure in each case was less than the original provision. In 11 cases, the entire budget provision aggregating to Rs 1,658.71 crore remained unutilised.

The expenditure of the Government exceeded the budget provision during the year in six cases involving five grants/appropriations by Rs 429.72 crore. Such excesses aggregating to Rs 885.61 crore pertaining to the years 2005-06 and 2006-07 had not been regularised (July 2008).

3. Haryana Community Forestry Project

Performance Audit of Haryana Community Forestry Project brought out mixed results in the implementation of the project. Although the physical targets under most of the plantation components were more or less achieved but survival of plants was 17.58, 13.98 and 33.69 *per cent* under Farm Forestry, Kitchen Garden/Homestead plots and poplar plantation against the norm of 70 *per cent*. Proportionate expenditure of Rs 2.99 crore incurred on these plantations was, therefore, rendered wasteful. An expenditure of Rs 1.10 crore was incurred on plantation in the areas which did not fulfil the selection criteria. Plantation of over 7,880.70 hectare area was not handed over to the Village Resources Management Committees (VRMCs) even after the lapse of the prescribed period of three years of plantation. The overall capability of most of the VRMCs was evaluated as satisfactory though on some critical indicators their capacity to take over the responsibility of managing natural resources had declined over the years. The scheme of improved cooking technology was not successful as only half of the households utilised improved cooking *chulhas*. Use of alternative energy sources was not adopted, as a result of which pressure remained on the use of fuel wood and cowdung. Impact of the project on the environment was also not encouraging.

(Paragraph 3.1)

4. National Rural Employment Guarantee Scheme (NREGS)

The basic objective of NREGS was to enhance livelihood security in rural areas by providing 100 days guaranteed employment, besides creating durable community assets. The performance audit disclosed that the scheme started in Mahendragarh and Sirsa districts (February 2006), lost momentum in the second year. Though employment was provided to 36 *per cent* households but assets created were not by and large beneficial to the community. District perspective plan for five years and annual plans for implementation of the scheme were not prepared. There were cases of over payment of wages, double payment of wages to the same persons and payments shown as disbursed without obtaining signatures/ thumb impressions of workers. Similarly, there were a large number of complaints regarding use of machines in execution of works and insertion of bogus names in muster rolls. Ponds dug up at a cost of Rs 8.37 crore in Mahendragarh district were without water. The works of digging and desilting of distributaries worth Rs 1.73 crore were not executed systematically in consultation with line departments. Compaction of earth was not done on rural road works executed at a cost of Rs 18.13 crore. Works worth Rs 1.90 crore were executed either without obtaining technical sanctions or were split up to avoid sanction of higher authorities.

(Paragraph 3.2)

5. Working of the Housing Board Haryana

Performance audit of the activities of Housing Board Haryana showed that there was substantial improvement in the financial position of the Board. However, there were weaknesses in planning, financial management, contract management and execution of works. The Board incurred an expenditure of Rs 5.68 crore on establishment of Construction Division, Panchkula in excess of norms. Due to non-deposit of advance Income Tax, the Board had to pay a penalty amounting to Rs 42.04 lakh. Against the target of construction of 26,304 houses during 2003-08, construction of only 6,269 houses (24 *per cent*) was taken up during this period. Construction of houses at Taoru without any demand survey resulted in a loss of Rs 1.56 crore. Land for 1,636 plots meant for the Economically Weaker Sections allotted by Haryana Urban Development Authority at a concessional rate was utilised for construction of houses for Low Income Group. The Estate Manager, Rewari allotted adjoining land to house owners at rates lower than the rates fixed by the Chief Administrator, which resulted in a loss of Rs 64.16 lakh.

(Paragraph 3.3)

6. Internal Controls in Jail Department

Internal Control is an integral component of an organization's management processes which are established in order to provide reasonable assurance that the operations are carried out effectively and efficiently and the applicable laws and regulations are complied with. A review of internal controls in selected areas of the Jail Department revealed non-compliance to budget and expenditure controls, rush of expenditure in the month of March, non-compliance to provisions of the Jail Manual, etc. Maintenance of cash-book and its reconciliation with the treasury schedules was found to be deficient giving rise to the possibility of misappropriation of funds remaining undetected. No action was taken to transfer prisoners from overcrowded jails to other jails to keep the number of prisoners balanced in all the jails. Out of 148 prisoners released on parole/furlough, 93 did not report back due to lack of co-ordination between Police and Jail Departments. No system was adopted to post employees in various jails on the basis of capacity or actual number of prisoners. Internal Audit was also non-functional despite staff being in position.

(Paragraph 5.1)

7. Results of Transaction Audit

Audit of financial transactions, subjected to test-check, in various departments of the Government and their field functionaries revealed instances of losses and wasteful spending of Rs 30.11 crore as mentioned below:

There were three cases of loss of Rs 0.93 crore due to suspected embezzlement, payment of interest and mobilisation advance.

There were nine cases of excess, wasteful, unfruitful and extra expenditure of Rs 11.87 crore which includes wasteful expenditure on conducting Below Poverty Line household survey due to scrapping of the survey.

Cases of undue favour to contractor and avoidable expenditure of Rs 4.01 crore include instances of inadmissible payment to Government employees and avoidable payment of bank commission on demand drafts.

There were two cases of blocking of funds of Rs 13.14 crore including one case of Rs 12.33 crore on blocking of funds due to tardy implementation of Hisar-Ghaggar drain project.

Audit also came across instances of regulatory and other issues amounting to Rs 15.90 lakh.

CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

CHARTER

BY THE
GOVERNOR OF THE

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account as explained in *Appendix I Part A*. The Finance Accounts of the Government of Haryana are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Account of the State of Haryana. The lay out of the Finance Accounts is depicted in *Appendix I Part B*.

1.1.1 Summary of Receipts and Disbursements

Table-1.1 summarises the finances of the Government of Haryana for the year 2007-08 covering revenue receipts and expenditure, capital receipts and expenditure and public account receipts/disbursements as emerging from Statement-I of Finance Accounts and other detailed statements.

Table 1.1 Summary of Receipts and Disbursements for the year 2007-08

(Rupees in crore)

2006-07	Receipts	2007-08	2006-07	Disbursements	2007-08		
Section-A: Revenue							
					<u>Non-Plan</u>	<u>Plan</u>	<u>Total</u>
17,952.43	I. Revenue Receipts	19,750.74	16,362.15	I. Revenue Expenditure	14,351.36	3,175.51	17,526.87
10,927.76	Tax revenue	11,617.82	4,845.05	General Services	5,188.05	41.63	5,229.68
4,590.76	Non-tax revenue	5,097.08	4,615.40	Social Services	3,526.54	2,212.13	5,738.67
1,295.64	Share of Union Taxes/Duties	1,634.36	6,626.89	Economic Services	5,300.13	921.75	6,221.88
1,138.27	Grants from Government of India	1,401.48	274.81	Grants-in-aid/Contributions	336.64	-	336.64
Section-B: Capital							
--	II. Misc. Capital Receipts	10.15	2,427.60	II. Capital Outlay	15.43	3,410.74	3,426.17
2,200.74	III. Recoveries of Loans and Advances	213.80	184.72	III. Loans and Advances Disbursed	259.58	25.92	285.50
2,011.89	IV. Public Debt Receipts	843.50	1,113.77	IV. Repayment of Public Debt	840.92	-	840.92
-	V. Contingency Fund	-	-	V. Contingency Fund	-	-	-
6,732.30	VI. Public Account Receipts	9,432.73	5,395.14	VI. Public Account Disbursements	8,818.08	-	8,818.08
3,732.70	Opening Cash Balance	7,146.68	7,146.68	Closing Cash Balance	6,500.06	-	6,500.06
32,630.06	Total	37,397.60	32,630.06	Total	30,785.43	6,612.17	37,397.60

Following are the major changes during 2007-08 over the previous year:

- Revenue Receipts increased by Rs 1,799 crore due to increase in Tax Revenue (Rs 690 crore), Non-Tax Revenue (Rs 506 crore) including a credit entry of Rs 96.66 crore on account of debt waiver under DCRF, share of Union Taxes and Duties (Rs 338 crore) and grants from Government of India (Rs 264 crore).
- Revenue expenditure increased by Rs 1,165 crore, mainly due to increase in expenditure on Social Services (Rs 1,124 crore). However, revenue expenditure on Economic Services decreased by Rs 405 crore.
- There was an increase of Rs 998 crore in Capital Expenditure due to increase of expenditure mainly under Economic Services (Rs 644 crore) especially under Major and Medium Irrigation (Rs 325 crore).
- Recovery of loans and advances declined sharply during the current year to Rs 214 crore from Rs 2,201 crore in the previous year. The decline was observed mainly on account of decrease in recovery of loans and advances from the Power Sector.
- Public debt receipts decreased by Rs 1,168 crore in 2007-08 over the previous year mainly due to decline in internal debt receipt by Rs 1,214 crore. The repayment of public debt has also decreased by Rs 273 crore resulting in a decline of Rs 895 crore in net public debt receipts during the current year.
- Public Account receipts and disbursement at the end of the current year were Rs 9,432.73 crore and Rs 8,818.08 crore against Rs 6,732.30 crore and Rs 5,395.14 crore respectively during 2006-07. Net receipts under Public Account decreased by Rs 723 crore during 2007-08 relative to the previous year.
- Cash balance of the State at the close of the current year decreased by Rs 647 crore over the previous year due to the fiscal transactions of the Government listed above. Out of a total cash balance of Rs 6,500 crore at the end of current year, the State Government had invested Rs 6,354 crore in the securities of Government of India and interest earned on such investments was Rs 410 crore.

1.1.2 State fiscal position by key indicators

The fiscal position of the State Government as reflected by key fiscal indicators during the current year as compared to the previous year is given in **Table 1.2**.

Table 1.2

(Rupees in crore)

2006-07	Sr. No	Major Aggregates	2007-08
17,952	1	Revenue Receipts (2+3+4)	19,751
10,928	2	Tax Revenue	11,618
4,590	3	Non-Tax Revenue	5,097
2,434	4	Other Receipts	3,036
2,201	5	Non-Debt Capital Receipts	224
2,201	6	Of which recovery of loans	214
20,153	7	Total Receipts (1+5)	19,975
13,999	8	Non-Plan Expenditure (9+11)	14,626
13,908	9	On Revenue Account	14,351
2,265	10	Of which Interest Payments	2,346
91	11	On Capital Account	275
150	12	Of which loans disbursed	259
4,975	13	Plan Expenditure (14+15)	6,613
2,454	14	On Revenue Account	3,176
2,521	15	On Capital Account	3,437
35	16	Of which loans disbursed	26
18,974	17	Total Expenditure (13+8)	21,239
1,590	18	Revenue Surplus (+) [1-(14+9)]	2,224
1,179	19	Fiscal Deficit /Surplus (+) [(1+5)-17]	(-) 1,264
3,444	20	Primary Deficit/Surplus (+) [(1+5)-(17-10)]	1,082

Table-1.2 shows that revenue receipts increased by Rs 1,799 (10 per cent) during 2007-08 while revenue expenditure increased by Rs 1,165 crore (seven per cent) over the previous year resulting in an improvement in revenue surplus by Rs 634 crore during the current year from the level of Rs 1,590 crore in the previous year. Given the increase of Rs 634 crore in revenue surplus, a decrease of Rs 1,977 crore under non-debt capital receipts accompanied with an increase of Rs 1,099 crore in capital expenditure and disbursement of loans and advances resulted in a fiscal deficit of Rs 1,264 crore in 2007-08 from the fiscal surplus of Rs 1,179 crore in 2006-07. The steep increase in fiscal deficit also led to a sharp decline in primary surplus from Rs 3,444 crore in 2006-07 to Rs 1,082 crore in 2007-08 despite an increase of Rs 81 crore in interest payments.

1.2 Methodology adopted for the assessment of fiscal position

The trends in the major fiscal aggregates of receipts and expenditure as emerging from the Statements of Finance Accounts have been analysed wherever necessary over the period of the last five years and observations have been made on their behaviour. In its Restructuring Plan of State finances, Twelfth Finance Commission (TFC) recommended the norms/ceiling for some fiscal aggregates and also made normative projections for others. In addition, TFC also recommended that all States are required to enact the Fiscal Responsibility Acts and draw their fiscal correction path accordingly for the five year period (2005-06 to 2009-10) so that the fiscal position of the States could be improved as committed in their respective FRBM Acts/Rules. The norms/ceilings prescribed by the TFC as well as its projections for fiscal aggregates along with the commitments/ projections made by the State Governments in their Fiscal

Responsibility Acts and in other Statements required to be laid in the legislature under the Act are used to make qualitative assessment of the trends and pattern of major fiscal aggregates during the current year. Assuming that Gross State Domestic Product (GSDP)¹ is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as a percentage of the GSDP at current market prices. The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure, etc. with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure, etc. are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The New GSDP series with 1999-2000 as base (Table 1.3) as published by the Directorate of Economics and Statistics of the State Government have been used in estimating these percentages and buoyancy ratios.

Table 1.3: Gross State Domestic Product (GSDP) at current prices—Growth Trends

Estimates	2003-04	2004-05	2005-06	2006-07	2007-08
Gross State Domestic Product (GSDP) (Rupees in crore)	82,468	93,627	1,06,385	1,26,475	1,47,576
Rates of Growth GSDP (<i>per cent</i>)	13.68	13.53	13.63	18.88	16.68

Source: Directorate of Economics and Statistics, Government of Haryana.

Note: Figures for 2003-04 to 2005-06 are provisional estimates, for 2006-07 quick and for 2007-08 advance estimates.

The key fiscal aggregates for the purpose have been grouped under four major heads: (i) Trends and composition of aggregate receipts, (ii) Application of Resources, (iii) Assets and Liabilities, and (iv) Management of Deficits. The overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given in *Appendix I Part C*.

The summarised financial position of the Government i.e. assets and liabilities, abstracts of receipts and disbursements for the year 2007-08, sources and application of funds and time series data is given in *Appendix II to V*.

1.2.1 *The Haryana Fiscal Responsibility and Budget Management Act, 2005*

The State Government has enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 in July 2005 to ensure prudence in fiscal management and fiscal stability by progressive elimination of revenue deficit, reduction in fiscal deficit, prudent debt management consistent with fiscal

¹ GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production.

sustainability, greater fiscal transparency in fiscal operation of the Government and conduct of fiscal policy in a medium term framework. The Act prescribes the following fiscal targets for the State Government:

- Progressively reduce revenue deficit from the financial year 2005-06, so as to bring it down to zero by 2008-09 and generate revenue surplus thereafter;
- Progressively reduce fiscal deficit from the financial year 2005-06, so as to bring it down to not more than three *per cent* of GSDP by 31 March 2010; and
- Ensure that within a period of five years, beginning from the financial year 2005-06 and ending on 31 March 2010, the outstanding total debt including contingent liabilities does not exceed 28 *per cent* of estimated GSDP for that year.

1.2.1.1 Fiscal Policy Statement(s) 2007-08

As prescribed in the Act, the State Government has laid *inter-alia* the following three statements of fiscal policy alongwith the Budget of the Government for 2007-08 before the legislature:

- a) Macroeconomic Framework Statement containing an overview of the State economy, analysis of growth and sectoral composition of GSDP.
- b) Medium Term Fiscal Policy Statement containing fiscal indicators and assumptions underlying the fiscal indicators.
- c) Fiscal Policy Strategy Statement containing fiscal policy of the State for ensuing year relating to taxation, expenditure, borrowing and other liabilities, lending, investment, other contingent liability, etc.

1.2.1.2 Roadmap to achieve the fiscal targets as laid down in FRBM Act/Rules

Keeping in view the fiscal targets laid down in the FRBM Act and the rules made there under, the State Government has developed its Own Fiscal Correction Path indicating the milestones of outcome indicators with target dates of implementation during the period from 2004-05 to 2009-10 (*Appendix VI*).

The targets framed in Mid-Term Fiscal Policy for the year 2007-08 for various variables alongwith projections made by the State Government in Fiscal Correction Path as well as by TFC are being used to present the comparative analysis of actual performance vis-à-vis targets and projections in Table 1.4.

Table 1.4

Fiscal Parameters	Projection in TFC/FRBM	Projection as per MTFPS	Projection as per FCP	Actual	Percentage variation of actuals over		
					TFC	MTFPS	FCP
Own Tax Revenue	11,186	12,251	10,800	11,618	3.86	(-) 5.17	7.57
Own Non-Tax Revenue	1,802	2,925	2,080	5,097	182.85	74.26	145.05
Revenue Expenditure	-	16,769	15,425	17,527	-	4.52	13.63
NPRE	9,602	13,618	13,000	14,351	49.46	5.38	10.39
Revenue Deficit (-)/ Surplus (+) as per cent of GSDP (As per State) FRBM Act	0.0 (by 2008-09)	Revenue surplus	(-) 0.14 (Rs 165 crore)	(+) 2,224	Revenue Surplus	Revenue Surplus	Revenue Surplus
Fiscal Deficit (-)/ Surplus (+) as per cent of GSDP (As per State) FRBM Act	Not more than 3 per cent by 2009-10	(-) 1.24 (Rs 1830 crore)	(-) 1.84 (Rs 2145 crore)	(-) (0.85) (Rs 1,264 crore)	FRBM Targets achieved prior to target 2009-10	MTFPS target Achieved	FCP target achieved
Consolidated Debt (including Guarantees) as per cent of GSDP (As per State) FRBM Act	28.0	22.3 (Rs 32,923 crore)	29.32 (Rs 34,200 crore)	23.0 (Rs 33,520 crore)	FRBM Targets achieved prior to target date 31 st March 2010	Slightly higher than the MTFPS target but within the FCP limit	

The trends presented in the table reveal that the targets/norms set by TFC and State FRBM Act as well as by the State Government's in its MTFPS-2007-08 and FCP are achieved in case of almost all the fiscal parameters. In fact, the State has achieved the fiscal targets laid down in FRBM Act, 2005 four years prior to the schedule envisaged in the Act. Similarly, the outstanding fiscal liabilities including guarantees at 23 per cent of GSDP are also well within the limit of 28 per cent of GSDP to be achieved by 2009-10 as envisaged in the Act. The State Government has received a debt waiver of Rs 96.66 crore during the year linked to its fiscal performance under Debt Consolidation and Relief Facility².

1.3 Trends and composition of aggregate receipts

The aggregate receipts of State Government comprise of revenue receipts and capital receipts; revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India (GOI). Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from GOI as well as

² In pursuance of the recommendations of the Twelfth Finance Commission (TFC) for fiscal consolidation and elimination of revenue deficit of the States, Government of India formulated a scheme "The States' Debt Consolidation and Relief Facility (DCRF) (2005-06 to 2009-10)" under which general debt relief is provided by consolidating and rescheduling at substantially reduced rates of interest the Central loans granted to States on enacting the FRBM Act and debt waiver is granted based on fiscal performance, linked to the reduction of revenue deficits of States.

accruals from Public Account. To mop up additional revenue, a Resource Mobilisation Committee has been set up under the Chairmanship of the Chief Minister of the State. Table-1.5 shows that the total receipts of the State Government for the year 2007-08 were Rs 30,252 crore. Of these, the revenue receipts were Rs 19,751 crore, constituting 65 per cent of total receipts. The balance came from capital receipts, borrowings and receipts from Public Account.

Table 1.5: Trends in Growth and Composition of Aggregate Receipts

(Rupees in crore)					
Sources of State's Receipts	2003-04	2004-05	2005-06	2006-07	2007-08
I Revenue Receipts	9,843	11,149	13,853	17,952	19,751
II Capital Receipts	6,441	4,632	3,639	4,213	1,068
Recovery of Loans and Advances	156	157	290	2,201	214
Public Debt Receipts	6,285	4,475	3,349	2,012	844
Miscellaneous Capital Receipts	-	-	-	-	10
III Contingency Fund	-	-	-	-	-
IV Public Account Receipts	7,662	5,973	5,461	6,732	9,433
a. Small Savings, Provident Fund, etc.	1,000	1,040	1,166	1,245	1,274
b. Reserve Fund	177	196	244	280	234
c. Deposits and Advances	4,457	2,278	1,893	1,936	2,786
d. Suspense and Miscellaneous	194	628	(-) 349	197	292
e. Remittances	1,834	1,831	2,507	3,074	4,847
Total Receipts	23,946	21,754	22,953	28,897	30,252

The total receipts of the State Government increased by 26 per cent from Rs 23,946 crore in 2003-04 to Rs 30,252 crore in 2007-08, of which Revenue Receipts increased by 101 per cent from Rs 9,843 crore in 2003-04 to Rs 19,751 crore in 2007-08. While non-debt receipts increased by 44 per cent from Rs 156 crore in 2003-04 to Rs 224 crore (recovery of Loans and Advances Rs 214 crore plus Miscellaneous Capital Receipts Rs 10 crore) in 2007-08, the Public Account receipts increased by 23 per cent from Rs 7,662 crore in 2003-04 to Rs 9,433 crore in 2007-08. The debt capital receipts, which create future repayment obligations, decreased from Rs 6,285 crore in 2003-04 to Rs 844 crore in 2007-08 which is an indicative of an improvement in the fiscal position of the State. The recovery of loans and advances has decreased by Rs 1,987 crore over the previous year as the cushion of Rs 2,034 crore recovered from the power sector during 2006-07 was not available during the current year.

1.3.1 Revenue Receipts

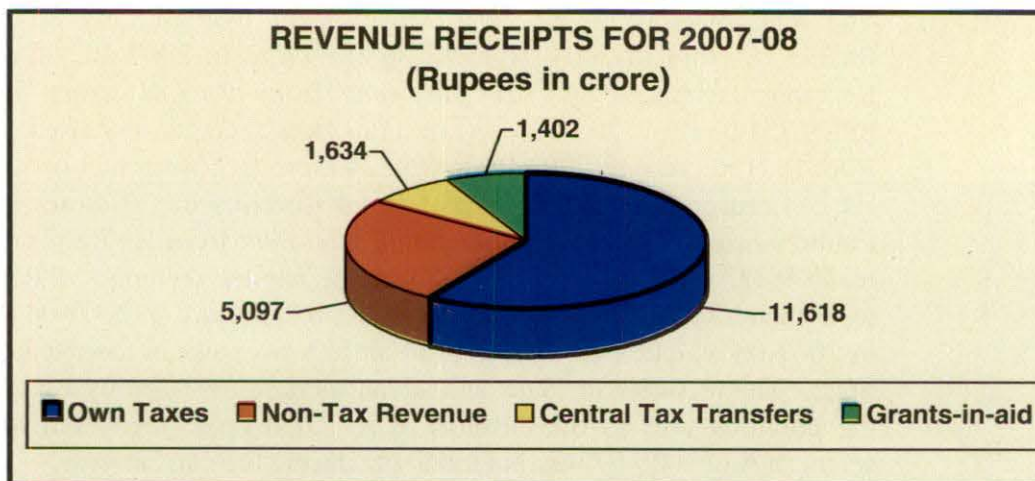
Statement 11 of the Finance Accounts details the revenue receipts of the Government. The Revenue Receipts consist of its own tax and non-tax revenues, central tax transfers and grants-in-aid from Government of India. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the State's Gross Domestic Product and its buoyancies are indicated in Table 1.6.

Table 1.6: Revenue Receipts – Basic Parameters

	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Receipts (RR) (Rupees in crore)	9,843	11,149	13,853	17,952	19,751
Own taxes (<i>per cent</i>)	6,348(64)	7,440(67)	9,079(65)	10,928(61)	11,618(59)
Non-Tax Revenue (<i>per cent</i>)	2,223(23)	2,544(23)	2,458(18)	4,590(26)	5,097(26)
Central Tax Transfers (<i>per cent</i>)	601(6)	619(5)	1,201(9)	1,296(7)	1,634(8)
Grants-in-aid (<i>per cent</i>)	671(7)	545(5)	1,115(8)	1,138(6)	1,402(7)
Rate of growth of RR (<i>per cent</i>)	13.70	13.27	24.25	29.58	10.02
R R/GSDP (<i>per cent</i>)	11.93	11.91	13.02	14.19	13.38
Buoyancy Ratios³					
Revenue Buoyancy w.r.t GSDP	1.001	0.980	1.779	1.566	0.601
State's Own Tax Buoyancy w.r.t GSDP	1.051	1.271	1.616	1.078	0.378
Revenue Buoyancy with reference to State's own taxes	0.953	0.772	1.101	1.453	1.588

General Trends

The revenue receipts of the State have shown an increasing trend over the period 2003-08 with an average 63 *per cent* share of its own taxes, 23 *per cent* share of non-tax revenue, seven *per cent* each of central tax transfer and grants-in-aid. The increase of Rs 1,799 crore (10 *per cent*) in revenue receipts in 2007-08 was mainly on account of an increase in the States own taxes Rs 690 crore (six *per cent*) and non-tax revenue Rs 507 crore (11 *per cent*).



Tax Revenue

The Tax Revenue has increased by six *per cent* during the current year (Rs 11,618 crore) over previous year (Rs 10,928 crore). The revenue from sales taxes not only contributed the major share of tax revenue (67 *per cent*) but also increased by 13 *per cent* over the previous year. The value added tax (VAT)

³ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance revenue buoyancy at 0.601 during 2007-08 implies that revenue receipts tend to increase by 0.601 percentage points if the GSDP increases by one *per cent*.

introduced in April 2003 had enhanced the buoyancy of sales tax revenue and generated a higher collection of Rs 868 crore during 2007-08. Receipt under tax on goods and passenger decreased by 49 *per cent* from Rs 738 crore in 2006-07 to Rs 379 crore in 2007-08 mainly due to reduction in rates of passenger tax and lesser collections under goods tax and local area development tax. Other components exhibited relative stability with insignificant increase/decrease during the year. Table 1.7 below shows the trends in the composition of tax revenue of the State during 2003-08.

Table 1.7: Tax Revenue

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Sales Tax	3,838	4,761	5,604	6,853	7,721
Taxes on goods and passengers	660	705	758	738	379
Stamps and Registration	696	727	1,340	1,765	1,763
State Excise	923	1,013	1,107	1,217	1,379
Taxes on Vehicles	132	140	172	224	234
Other Taxes *	99	94	98	131	142
Total	6,348	7,440	9,079	10,928	11,618

* Other Taxes includes land revenue, taxes and duties on electricity and other taxes on duties and commodities and services.

Non-Tax Revenue

The Non-Tax Revenue which constituted 26 *per cent* of total revenue receipts during 2007-08 increased by Rs 506 crore (11 *per cent*) over the previous year. The increase in non-tax revenue was mainly on account of an increase of Rs 243 crore in receipts under the major head Urban Development on account of larger receipts on applications from investors for grant of licence for change of land use and increase in rate of fee and charges and recovery of outstanding dues from Haryana Urban Development Authority (HUDA) on account of services rendered by Urban Estate Department of the Government. Increase of Rs 109 crore in Interest Receipts was mainly due to more 'interest realised on investment of cash balances' and 'interest from Departmental Commercial Undertakings' and increase of Rs 79 crore in Non-ferrous mining and metallurgical industries was due to receipt of high bids on minor mineral quarries. It may, however, also be noted that the high receipts of Rs 623 crore under transport during the year were offset by an equally high expenditure of Rs 732 crore under Transport as Haryana does not have a Road Transport Corporation and the State buses are being run departmentally.

The State's own revenue receipts vis-à-vis assessments made by TFC and State Government are given below:

Table 1.8

(Rupees in crore)

	Assessments made by TFC	Projections by State Government in		Actuals
		MTFP	FCP	
Tax Revenue	11,186	12,251	10,800	11,618
Non-Tax Revenue	1,802	2,925	2,080	5,097

The State's own tax revenue receipts exceeded the assessments made by TFC as well as the projections made by the State Government in FCP but was less than the projection in MTFPS by Rs 633 crore. However, the non-tax revenue exceeded the projections made by TFC and by the State Government in FCP and MTFPS by Rs 3,295 crore, Rs 3,017 crore and Rs 2,172 crore respectively. The increase in non-tax revenue relative to the projections was mainly on account of more receipts under Urban Development owing to increasing urbanisation in the State.

Central Tax Transfers

The Central Tax transfers increased by Rs 338 crore (from Rs 1,296 crore to Rs 1,634 crore) during the year and constituted eight *per cent* of revenue receipts. The increase was mainly under Corporation Tax (Rs 114 crore), Taxes on Income other than Corporation Tax (Rs 103 crore), Customs (Rs 56 crore), Service Tax (Rs 39 crore) and Union Excise Duty (Rs 26 crore).

Grants-in-aid

The grants-in-aid from Government of India (GOI) increased from Rs 1,138 crore in 2006-07 to Rs 1,402 crore in the current year. The increase of Rs 264 crore was under Centrally Sponsored Schemes (Rs 123 crore), non-plan grants (Rs 122 crore), Central Schemes (Rs 10 crore) and State plan schemes (Rupees nine crore). Details of grants-in-aid from GOI are given in Table 1.9.

Table No 1.9: Grants-in-aid from GOI

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Grants for State plan schemes	338	201	511	630	639
Non-Plan grants	117	84	269	130	252
Grants for Central Schemes	61	7	10	5	15
Grants for Central and Centrally Sponsored Schemes	156	253	325	373	496
Total	672	545	1,115	1,138	1,402
Percentage of increase/decrease over previous year	23.76	(-) 18.90	104.59	2.06	23.20

Arrears of revenue

The arrears of revenue have increased by 133 *per cent* from Rs 851 crore in 2003-04 to Rs 1,982 crore⁴ at the end of 2007-08. Of these, Rs 424 crore (21 *per cent*) were outstanding for a period of more than five years. Arrears were

⁴ Figures are as per Audit Report (Revenue Receipts)

mainly in respect of taxes on sales, trade, etc. (Rs 1,591.87 crore), tax on entry of goods into local areas (Rs 157.37 crore), taxes and duties on electricity (Rs 85.72 crore) and State Excise (Rs 52.31 crore). Demands for Rs 342 crore were stayed by High Court, Judicial and other authorities. Collection of arrears of revenue needs attention alongwith effective measures for their realisation.

1.4 Application of resources

1.4.1 Growth of Expenditure

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. Total expenditure of the State increased from Rs 12,932 crore in 2003-04 to Rs 21,239 crore in 2007-08. The total expenditure, its annual growth rate and ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in Table 1.10.

Table 1.10: Total Expenditure – Basic Parameters

	2003-04	2004-05	2005-06	2006-07	2007-08
Total Expenditure (TE) * (Rupees in crore)	12,932	12,512	14,429	18,975	21,239
Rate of Growth (per cent)	26.36	**(-) 3.25	15.32	31.51	11.93
TE/GSDP (per cent)	15.68	13.36	13.56	15.00	14.39
Revenue Receipts/TE (Per cent)	76.11	89.11	96.00	94.61	92.99
Buoyancy of total expenditure with reference to					
GSDP (ratio)	1.927	(-) 0.240	1.124	1.668	0.715
Revenue Receipts (ratio)	1.924	(-) 0.245	0.632	1.065	1.191

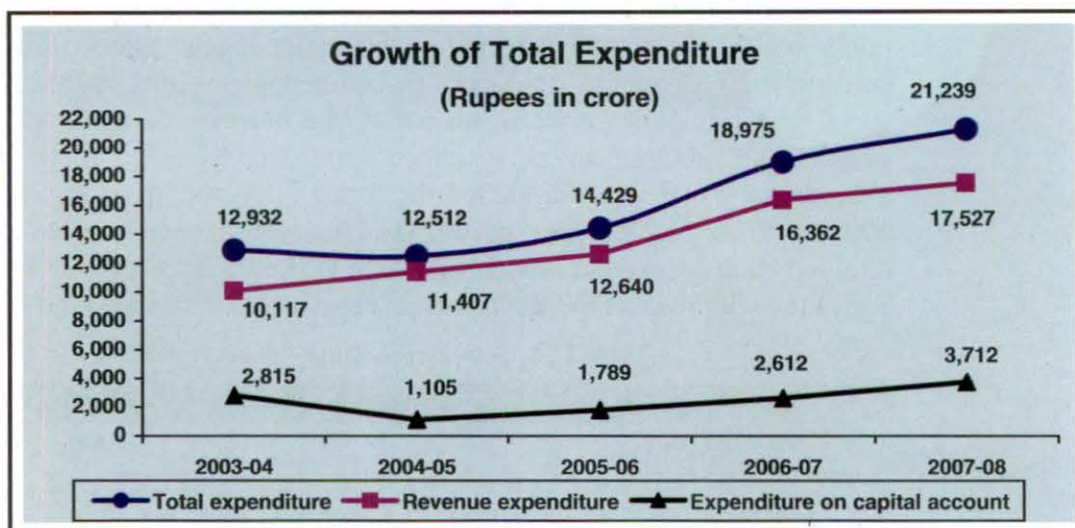
* Total expenditure includes Revenue Expenditure, Capital Expenditure and Loans and Advances.

** Rate of growth of total expenditure was negative in 2004-05.

The total expenditure during the current year at Rs 21,239 crore has increased by Rs 2,264 crore (12 per cent) over the previous year. Of the total increase, revenue expenditure contributed Rs 1,165 crore (51 per cent), capital expenditure shared Rs 998 crore (44 per cent) with the remaining Rs 101 crore (five per cent) being contributed by loans and advances. The bifurcation of total expenditure into plan and non-plan expenditure revealed that the share of plan and non-plan expenditure was 31 per cent and 69 per cent respectively. The increase in total expenditure was due to an increase in revenue expenditure mainly on establishment, appointment of new teachers and implementation of Sarva Shiksha Abhiyan (Rs 434 crore); more assistance to credit Co-operatives (Rs 390 crore) and more expenditure on Panchayati Raj and Community Development Programmes

(Rs 244 crore) and increase in capital expenditure on Major/Medium Irrigation (Rs 325 crore) and Water Supply and Sanitation (Rs 119 crore).

There was an upward trend in the ratio of revenue receipts to total expenditure from 76 per cent in 2003-04 to 93 per cent in 2007-08 with inter year variations indicating decreasing reliance on borrowed funds. On the other hand, ratio of total expenditure to GSDP indicated a downward trend from 16 per cent in 2003-04 to 14 per cent in 2007-08. The buoyancy of total expenditure with reference to revenue receipts has been increasing in recent years, growing from a negative ratio in 2004-05 which was due to negative growth of total expenditure during that year to Rs 1.191crore in 2007-08, which indicated increasing propensity of the Government to spend with the increase in revenue receipts.



Note: Expenditure on Capital Account=Capital Expenditure + Disbursement of Loans and Advances.

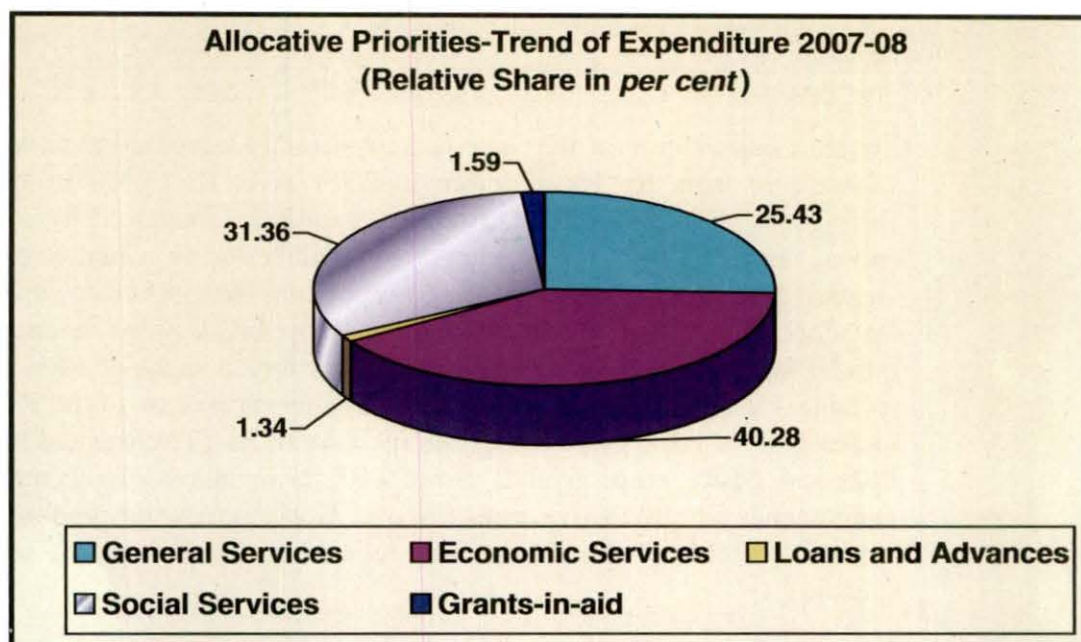
Trends in Total Expenditure by activities: In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. Relative share of these components in total expenditure is indicated in **Table 1.11**

Table 1.11: Components of expenditure – Relative Share

	(In per cent)				
	2003-04	2004-05	2005-06	2006-07	2007-08
General Services	34.29	39.61	32.31	26.00	25.43
Of which interest payments	16.34	17.86	14.55	11.94	11.05
Social Services	25.43	28.01	30.73	27.74	31.36
Economic Services	21.13	29.98	34.00	43.82	40.28
Grants-in-aid	0.37	0.73	1.73	1.45	1.59
Loans and Advances	18.78	1.67	1.23	0.99	1.34

The movement of relative share of the various components of expenditure indicated that while the share of General Services including interest payment

declined from 34 *per cent* in 2003-04 to 25 *per cent* in 2007-08, the share of economic services increased from 21 *per cent* to 40 *per cent* mainly due to steep increase in expenditure on power projects. The share of social services expenditure, though remaining almost stable with minor variations, indicated a marginal increase during 2007-08 as compared to the preceding year. The combined share of social and economic services, which represents the development expenditure, has increased from 47 *per cent* in 2003-04 to 72 *per cent* in 2007-08, though there was no substantial increase in 2007-08 from its level in the previous year. The share of loans and advances consistently declining from 18.78 *per cent* in 2003-04 to 0.99 *per cent* in 2006-07 went up to 1.34 *per cent* in 2007-08.



1.4.2 Incidence of revenue expenditure

Revenue expenditure had a predominant share in the total expenditure. Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations and as such does not result in any addition to the States infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in **Table 1.12**.

Table 1.12: Revenue Expenditure–Basic Parameters

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Expenditure (RE)	10,117	11,407	12,640	16,362	17,527
Of which					
Non-plan Revenue Expenditure (NPRE)	8,993	9,954	10,625	13,908	14,351
Plan Revenue Expenditure (PRE)	1,124	1,453	2,015	2,454	3,176
Rate of Growth (<i>per cent</i>)	8.30	12.75	10.81	29.45	7.12
NPRE	8.44	10.69	6.74	30.90	3.19
PRE	7.15	29.27	38.68	21.79	29.42
RE/TE (<i>per cent</i>)	78.23	91.17	87.60	86.23	82.52
NPRE/ GSDP (<i>per cent</i>)	10.90	10.63	9.99	11.00	9.72
NPRE as <i>per cent</i> of TE	69.54	79.56	73.64	73.30	67.57
NPRE as <i>per cent</i> to RR	91.36	89.28	76.70	77.47	72.66
Buoyancy of Revenue expenditure with reference to					
GSDP (ratio)	0.607	0.942	0.793	1.560	0.427
Revenue Receipts (ratio)	0.606	0.961	0.445	0.996	0.711

Revenue expenditure of the State has consistently increased at an average rate of 18 *per cent* from Rs 10,117 crore in 2003-04 to Rs 17,527 crore in 2007-08. During the year 2007-08 the revenue expenditure increased by Rs 1,165 crore (seven *per cent*) over the previous year mainly due to a higher expenditure on General Education (Rs 434 crore), Co-operation (Rs 390 crore) and Other Rural Development Programme (Rs 244 crore). The break up of revenue expenditure into NPRE and PRE showed that the proportionate share of PRE in increase of revenue expenditure was substantially higher than that of NPRE. The total increase of Rs 1,165 crore comprised increase of Rs 722 crore and Rs 443 crore in PRE and NPRE respectively. Since PRE is inclusive of the money spent on maintenance of productive assets of the Government, its predominance in the increase in revenue expenditure was reflective of better quality of Government spending.

The non-plan revenue expenditure in 2006-07 and 2007-08 vis-à-vis assessment made by TFC and State Government for the year revealed that NPRE was higher than both the normative assessment of TFC and the projection of State Government made in FCP/MTFPS.

Table 1.13

	(Rupees in crore)		
Year	Assessments made by TFC	Assessments made by State Government in MTFPS/Fiscal Correction Path	Actual NPRE
2006-07	8,351	11,833/11,833	13,908
2007-08	9,602	13,618/13,000	14,351

Though the ratio of Non-Plan revenue expenditure to revenue receipts declined during 2003-08, the revenue expenditure continued to grow and the expenditure on salaries (Rs 4,597 crore), interest payments (Rs 2,346 crore), pensions (Rs 1,298 crore) and subsidy (Rs 3,057 crore) alone consumed 57 *per cent* of total revenue receipts of the State during 2007-08. The relatively lower buoyancy ratios of revenue expenditure with reference to GSDP and the revenue receipts

especially in the current year indicate a tendency of the Government to check its current revenue expenditure.

1.4.3 Committed expenditure

1.4.3.1 Expenditure on Salaries

Table 1.14: Expenditure on Salaries

Heads	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on Salaries	3,255.96	3,714.10	3,893.35	4,153.12	4,596.97
Of which					
Non-Plan Head	3,000.45	3,308.12	3,584.47	3,810.62	4,322.83
Plan Head	255.51	405.98	308.88	342.50	274.14
As per cent of GSDP	3.95	3.97	3.66	3.28	3.11
As per cent of Revenue Receipts	33.07	33.31	28.10	23.13	23.27

The trends in Table 1.14 indicate that the expenditure on salaries increased by 41 per cent from Rs 3,256 crore in 2003-04 to Rs 4,597 crore in 2007-08. Actual salary expenditure at Rs 4,597 crore in 2007-08 was, however, higher than the projections in the State's Own Fiscal Correction Path (Rs 4,450 crore) and slightly lower than that envisaged in Medium Term Fiscal Policy Statement of the State Government (Rs 4,649 crore). The total non-plan salary bill relative to revenue expenditure net of interest payments and pension was 31 per cent which was within the norm of 35 per cent envisaged by the Twelfth Finance Commission.

1.4.3.2 Pension payments

Table 1.15: Expenditure on Pensions

Heads	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on Pensions	765.70	901.93	1,033.13	1,173.32	1,297.51
As per cent of GSDP	0.93	0.96	0.97	0.93	0.88
As per cent of RR	7.78	8.09	7.46	6.54	6.57
As per cent of RE	7.57	7.91	8.17	7.17	7.40

Table 1.15 indicates that pension payments increased by 69 per cent from Rs 766 crore in 2003-04 to Rs 1,298 crore in 2007-08. The expenditure on pension payments at Rs 1,298 crore in 2007-08 was lower than the projections made in the State's Own FCP/MTFPS, and higher by little more than 11 per cent than the normative assessment made by TFC for the year (Table 1.16).

Table 1.16: Pension Payments vis-à-vis Projections

Head	(Rupees in crore)			
	Assessments made by TFC	Assessments made by State Government in Fiscal Correction Path	Assessments made by State Government in MTFPS	Actual Expenditure on pensions
Pension payments	1,165	1,300	1,314	1,298

With the increase in the number of retirees, the pension liabilities are likely to increase further in future. To meet the increasing pension liabilities, a new

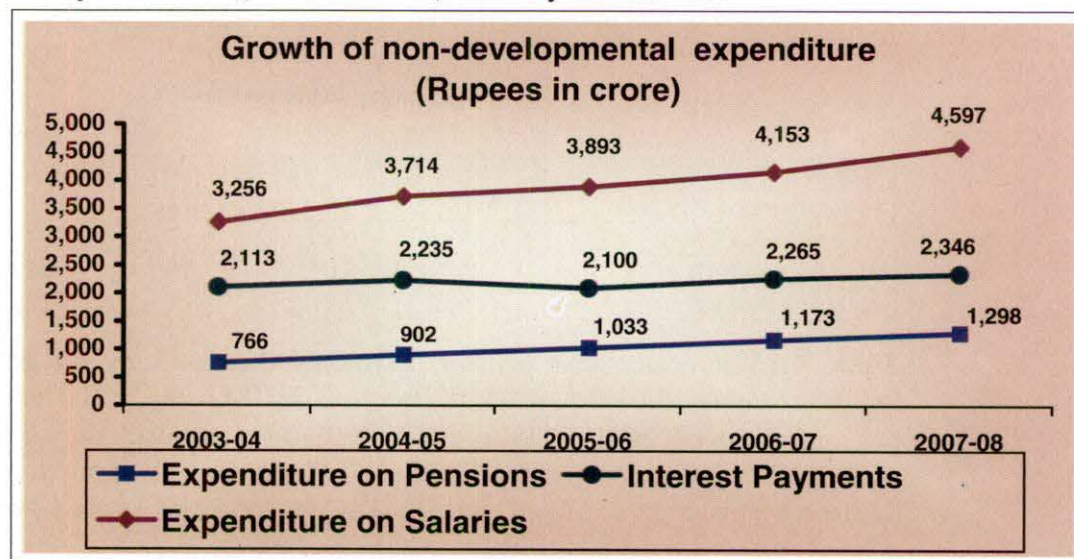
Contributory Pension Scheme has been introduced by the State with effect from 1 January 2006.

1.4.3.3 Interest Payments

Table 1.17: Interest Payments

Year	Total revenue receipts	Interest Payments	Percentage of interest payments with reference to	
	(Rupees in crore)		Total Revenue Receipts	Revenue Expenditure
2003-04	9,843	2,113	21	21
2004-05	11,149	2,235	20	20
2005-06	13,853	2,100	15	17
2006-07	17,952	2,265	13	14
2007-08	19,751	2,346	12	13

The interest payments increased by 11 *per cent* from Rs 2,113 crore in 2003-04 to Rs 2,346 crore in 2007-08. However, interest payments increased by four *per cent* (Rs 81 crore) during the year over previous year due mainly to increase in the payment of interest on Internal Debt (Rs 40 crore), Small Saving and Provident Fund (Rs 22 crore) and on Loans and Advances from Government of India (Rs 14 crore). It was observed that interest payments as a percentage of revenue receipts had progressively decreased from 21 *per cent* in 2003-04 to 12 *per cent* in 2007-08 which is within the medium term target of 15 *per cent* of revenue receipts by 2009-10 envisaged by TFC. Moreover, interest payments at Rs 2,346 crore during 2007-08 were within the projections by the State in its FCP (Rs 2,565 crore) and a little lower than the projection in the Medium Term Fiscal Policy Statement (Rs 2,359 crore) for the year 2007-08.



1.4.3.4 Subsidies

The trends in the subsidies given by the State Government are given in Table 1.18.

Table 1.18: Subsidies

Year	Amount (Rupees in crore)	Percentage increase (+)/decrease (-) over previous year	Percentage of subsidy in total expenditure
2003-04	957.44	8	7
2004-05	1,156.97	21	9
2005-06	1,465.74	27	10
2006-07	3,852.45	163	20
2007-08	3,057.20	(-) 21	14

Trends in Table 1.18 indicate a decrease in the payment of subsidies during 2007-08 over the previous year. It constituted 14 per cent of the total expenditure. Out of total subsidies of Rs 3,057 crore, Rs 2,568 crore (84 per cent) were for power and energy sector, bulk of which was for rural electrification (Rs 2,371.42 crore) and under electricity arrear waiver scheme (Rs 188.76 crore). The actual subsidy to power and energy sector was more than 1.5 times (Rs 2,568.36 crore) the projection of Rs 1,530 crore in State's Own Fiscal Correction Path. The general subsidy at Rs 489 crore was also nearly five times of the projection of Rs 100 crore in FCP for the year.

1.5 Expenditure by Allocative Priorities

1.5.1 Quality of expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore, ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure being spent on running efficiently and effectively the existing social and economic services would determine the quality of expenditure. Higher the ratio of these components to total expenditure and GSDP better is the quality of expenditure. Table 1.19 gives these ratios during 2003-08.

Table 1.19: Indicators of Quality of expenditure

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Capital Expenditure	386	897	1,612	2,428	3,426
Revenue Expenditure, of which	10,117	11,407	12,640	16,362	17,527
Social and Economic Service with	5,701	6,417	7,810	11,242	11,961
i) Salary component	2,464	2,813	2,928	3,123	3,450
ii) Non-Salary component	3,237	3,604	4,882	8,119	8,511
As per cent of total expenditure					
Capital Expenditure	2.98	7.17	11.17	12.80	16.13
Revenue Expenditure	78.23	91.17	87.60	86.23	82.52
As per cent of GSDP					
Capital Expenditure	0.47	0.96	1.52	1.92	2.32
Revenue Expenditure	12.27	12.18	11.88	12.94	11.88

Though, no norms for prioritisation of capital expenditure have been laid in the FRBM Act, the percentage of capital expenditure to total expenditure shows an increasing trend from 2.98 per cent in 2003-04 to 16.13 per cent in 2007-08. Relative to GSDP also, the capital expenditure reflects an increasing trend but is still less than the norms of three per cent to be achieved by all States by 2009-10

as envisaged by TFC. Expenditure on non-salary component of revenue expenditure net of subsidies also consistently increased despite the fact that subsidies have also increased during the period 2003-08. These trends indicate the improvement in the quality of expenditure and the impetus being given to asset formation by the State.

1.5.2 Expenditure on Social Services

Given the fact that the human development indicators such as access to basic education, health services and drinking water and sanitation facilities, etc. have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. **Table 1.20** summarises the expenditure incurred by the State Government in expanding and strengthening of Social Services in the State during 2003-08.

Table 1.20: Expenditure on Social Services

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Education, Sports, Art and Culture	1,541	1,681	1,993	2,330	2,838
Revenue Expenditure	1,536	1,675	1,970	2,292	2,753
Of which					
(a) Salary component	1,233	1,311	1,393	1,571	1,726
(b) Non-Salary component	303	364	577	721	1,027
Capital Expenditure	5	6	23	38	85
Of which General Education	1,508	1,651	1,957	2,287	2,620
Revenue Expenditure	1,503	1,645	1,934	2,249	2,588
Of which					
(a) Salary component	-	-	1,375	1,551	1,684
(b) Non-Salary component	-	-	569	698	904
Capital Expenditure	5	6	23	38	32
Health and Family Welfare	359	393	467	488	580
Revenue Expenditure	350	381	449	467	529
Of which					
(a) Salary component	268	290	307	326	368
(b) Non-Salary component	82	91	142	141	161
Capital Expenditure	9	12	18	21	51
Water Supply, Sanitation, Housing and Urban Development	691	644	865	1,128	1,641
Revenue Expenditure	421	385	484	556	934
Of which					
(a) Salary component	151	178	194	203	222
(b) Non-Salary component	270	207	290	353	712
Capital Expenditure	270	259	381	572	707
Other Social Services	699	787	1,109	1,318	1,602
Revenue Expenditure	689	777	1,092	1,300	1,523
Of which					
(a) Salary component	104	112	117	126	145
(b) Non-Salary component	585	665	975	1,174	1,378
Capital Expenditure	10	10	17	18	79
Total (Social Services)	3,290	3,505	4,435	5,264	6,661
Revenue Expenditure	2,996	3,218	3,996	4,615	5,739
Of which					
(a) Salary component	1,756	1,891	2,011	2,226	2,461
(b) Non-Salary component	1,240	1,327	1,985	2,389	3,278
Capital Expenditure	294	287	439	649	922

The expenditure on social sector increased from Rs 3,290 crore in 2003-04 to Rs 6,661 crore in 2007-08 with a sharp increase from 2005-06 onwards. Expenditure on social sector during current year (Rs 6,661 crore) accounted for 31 *per cent* of total expenditure and 44 *per cent* of developmental expenditure⁵. Of the total increase of Rs 1,397 crore on social services in 2007-08 over the previous year, expenditure on Water Supply and Sanitation increased by Rs 513 crore (37 *per cent*) mainly due to more expenditure on Rural and Urban Water Supply Programmes followed by increase in General Education by Rs 333 crore (24 *per cent*) and Health and Family Welfare by Rs 92 crore (seven *per cent*).

Recognising the need to improve the quality of education and health services, TFC had recommended that the non-plan salary expenditure under education and health and family welfare should increase only by five to six *per cent* while non-salary expenditure under non-plan heads should increase by 30 *per cent* per annum during the award period. However, trends in expenditure (taking expenditure under both plan and non-plan heads) reveal that the salary component under education sector increased by nine *per cent* over 2006-07 while non-salary component increased by 30 *per cent*. Similarly under health and family welfare sector, the salary component increased by 13 *per cent* but the non-salary component increased by only 14 *per cent* in 2007-08 over the previous year. The expenditure pattern, both in education and health services has not been as per the norms of TFC and needs correction in the ensuing years.

1.5.3 *Expenditure on Economic Services*

The expenditure on Economic Services includes all expenditure which promotes directly or indirectly the productive capacity within the States' economy. The expenditure on Economic Services (Rs 8,555 crore) accounted for 40 *per cent* of the total expenditure (Table 1.21). More than 90 *per cent* of this was spent on Agriculture and Allied activities, Irrigation and Flood Control, Energy and Transport.

⁵ Developmental expenditure is defined as total expenditure made on social and economic services.

Table 1.21: Expenditure on Economic Sector

(Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Agriculture and Allied Activities	(-) 252	219	507	572	1,109
Revenue Expenditure	423	463	537	625	1,075
Of which					
(a) Salary component	243	262	273	307	326
(b) Non- Salary component	180	201	264	318	749
Capital Expenditure	(-) 675	(-) 244	(-) 30	(-) 53	34
Irrigation and Flood Control	641	709	966	1,108	1,595
Revenue Expenditure	417	446	497	552	708
Of which					
(a) Salary component	196	363	222	225	243
(b) Non- Salary component	221	83	275	327	465
Capital Expenditure	224	263	469	556	887
Power and Energy	1,146	1,439	1,693	4,548	3,420
Revenue Expenditure	983	1,206	1,418	3,762	2,571
Of which					
(a) Salary component	1	1	*	2	*
(b) Non- Salary component	982	1,205	1,418	3,760	2,571
Capital Expenditure	163	233	275	786	849
Transport	993	1,132	1,276	1,535	1,636
Revenue Expenditure	683	840	915	1,156	1,154
Of which					
(a) Salary component	177	198	342	278	326
(b) Non- Salary component	506	642	573	878	828
Capital Expenditure	310	292	361	379	482
Other Economic Services	204	252	464	552	795
Revenue Expenditure	200	244	448	532	714
Of which					
(a) Salary component	91	98	79	85	95
(b) Non- Salary component	109	146	369	447	619
Capital Expenditure	4	8	16	20	81
Total (Economic Services)	2,732	3,751	4,906	8,315	8,555
Revenue Expenditure	2,706	3,199	3,815	6,627	6,222
Of which					
(a) Salary component	708	922	916	897	990
(b) Non- Salary component	1,998	2,277	2,899	5,730	5,232
Capital Expenditure	26	552	1,091	1,688	2,333

* Rs 0.13 and 0.20 crore only, which are below Rupees one crore.

The expenditure on Economic Services accounted for 40 per cent of the total expenditure of the State of which revenue expenditure accounted for 73 per cent with capital expenditure accounting for the remaining 27 per cent. The expenditure on Economic Services is also to be viewed in the light of the fact that subsidy on Power and Energy constitutes a major portion of the revenue expenditure. During 2007-08, subsidy amounted to Rs 2,568 crore which was 41 per cent of the total revenue expenditure of Rs 6,222 crore as compared to the subsidy of Rs 3,759 crore (57 per cent) out of revenue expenditure of Rs 6,627 crore in 2006-07. Curtailment of expenditure on subsidy by about 16 per cent is considered as good/sound financial management.

1.5.4 Financial assistance by the State Government to local bodies and other institutions

The quantum of assistance provided by way of grants and loans to local bodies and other institutions during the five years period 2003-08 is presented in Table 1.22.

Table 1.22: Financial Assistance

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	242.31	72.91	244.06	247.53	459.65
Municipal Corporations and Municipalities	175.96	180.00	Nil*	125.63	103.22
Zila Parishads and Other Panchayati Raj Institutions	59.25	29.42	73.12	135.02	93.88
Development Agencies	114.68	121.28	303.31	231.93	520.33
Hospitals and other Charitable Institutions	10.55	22.32	25.28	20.32	49.46
Other Institutions	124.46	92.19	196.29	161.51	345.05
Total	727.21	518.12	842.06	921.94	1,571.59
Assistance as percentage of RE	7	5	7	6	9

* No grants-in-aid were given under capital outlay on water supply and sanitation.

Though the financial assistance to local bodies and other institutions increased from Rs 727.21 crore in 2003-04 to Rs 1,571.59 crore in 2007-08 (116 per cent), its percentage to revenue expenditure ranged around five to nine per cent during 2003-08. The sharp increase of 70 per cent in payment of financial assistance was due to release of more funds for implementation of Sarva Shiksha Abhiyan (Rs 150 crore) and Integrated Housing and Slum Programme (Rs 93.41 crore).

1.5.5 Delay in furnishing utilisation certificates

Of the 3,836 utilisation certificates (UCs) due in respect of grants and loans aggregating Rs 2,233.33 crore paid upto 2006-07, 2,246 UCs for an aggregate amount of Rs 1,602.41 crore were in arrears. Details of department-wise break up of outstanding UCs are given in *Appendix VII*.

1.5.6 Non-submission of accounts

In order to identify the institutions which attract audit under Section 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/Heads of the Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions.

The accounts of 53 bodies/authorities, which were received for the year 2006-07, attracted audit by Comptroller and Auditor General of India. All of these, 53 bodies/authorities, audit of which was due, were audited during 2007-08.

Two hundred and thirty eight annual accounts of 92 autonomous bodies/authorities for 2007-08 and earlier years had not been received as of July 2008 by the Accountant General (Audit). The details are given in *Appendix VIII*. Of these bodies/authorities, 11⁶ Municipal Committees and two⁷ Aided Colleges did not submit their accounts for five years or more.

1.5.7 Abstract of performance of the autonomous bodies

The audit of accounts of twenty-eight bodies in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report and its placement in the Legislature are indicated in *Appendix IX*.

1.5.8 Non-furnishing of accounts of utilisation of grants

Out of 286 autonomous bodies to whom various Government departments released grants-in-aid of Rs 1,515.19 crore during the year 2007-08, as detailed in *Appendix X*, 261 did not render the accounts for the utilisation of grants to the concerned departments as of June 2008.

1.6 Misappropriation, losses, defalcations, etc.

The State Government reported 220 cases of misappropriations, defalcations, etc. involving Government money amounting to Rs 1.99 crore up to the period March 2008 on which final action was pending at the end of June 2008. The department-wise break up of pending cases is given in *Appendix XI (A&B)*.

1.6.1 Write off of losses, etc.

As reported to Audit, losses due to theft, fire and irrecoverable revenue, etc. in respect of one case of Forest Department amounting to Rs 2.47 lakh was written off during 2007-08 by competent authority.

1.7 Assets and liabilities

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. As per FRBM Act 2005, total liabilities consist of liabilities under the Consolidated Fund and Public Account of the State and also include borrowings by the Public Sector Undertakings and the special purpose vehicles and other equivalent instruments including guarantees

⁶ Sr. No. 1 to 4, 6, 7, 9, 14, 15, 19 and 36 of *Appendix VIII*.

⁷ Sr. No 70 and 80 of *Appendix VIII*.

where the principal and/or interest are to be serviced out of the State Budget. *Appendix II* gives an abstract of such liabilities and the assets as on 31 March 2008, compared with the corresponding position on 31 March 2007. While the liabilities in this consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. *Appendix V* depicts the time series data on State Government finances for the period 2003-08.

1.7.1 *Financial Results of Irrigation Works*

The financial results of 7 out of 33 irrigation projects with a capital outlay of Rs 374.60 crore at the end of March 2008 showed that revenue realised from these projects during 2007-08 (Rs 43.41 crore) was 12 *per cent* of the capital outlay. After meeting the working and maintenance expenditure (Rs 248.11 crore) and interest charges (Rs 19 crore), there was a loss of Rs 223.70 crore, which was 59.72 *per cent* of capital outlay on these projects.

1.7.1.1 *Incomplete Projects*

The department-wise information pertaining to incomplete projects as on 31 March 2008 is given in Table 1.23.

Table 1.23: Department-wise profile of incomplete projects

Department	Number of incomplete projects	(Rupees in crore)		
		Initial budgeted cost	Revised budgeted cost	Actual expenditure as on 31 March 2008
Buildings and Roads	17	63.39	72.32	53.39
Irrigation	6	10.91	25.96	21.35
Total	23	74.30	98.28	74.74

Out of 23 incomplete works, the costs of nine works were revised from Rs 34.23 crore to 58.21 crore. Of the nine incomplete projects, five projects pertain to minor irrigation where the initial budgeted cost was revised from Rs 9 crore to Rs 24 crore, cost overruns amounted to more than 250 *per cent* while in case of the remaining four road projects the initial budgeted cost was revised from Rs 25 crore to Rs 34 crore involving cost overruns amounting to Rupees nine crore (36 *per cent*). The targeted dates of completion of these projects were between June 2006 and March 2008, but these were still lying incomplete involving time overruns varying from five to nine months in case of irrigation projects while it was within the range of one to twenty months for road projects. Reasons for delay in completion of these projects were not intimated by the Departments.

1.7.2 *Financial Analysis of Government Investments*

1.7.2.1 *Departmental Commercial Undertakings*

Activities of quasi-commercial nature are performed by the departmental undertakings of certain Government departments. These undertakings are required

to prepare annual proforma accounts in the prescribed format showing the results of financial operations so that the Government can assess the results of their working.

As of March 2008, there were six undertakings/schemes in which Government had invested Rs 1,320.84 crore at the end of financial year upto which their accounts were completed. The proforma accounts of Haryana Roadways having Government investment of Rs 344.44 crore as on 31 March 2002, were in arrear from 2002-03. The proforma account for the year 2007-08 in respect of Food and Supplies Department (Grain Supply Scheme) having Government investment of Rs 969 crore as on 31 March 2007 was also in arrear. Department-wise position of arrears in preparation of proforma accounts and the investment made by the Government are given in *Appendix XII*.

1.7.2.2 Investments and returns

As of 31 March 2008, Government had invested Rs 3,988.43 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (Table 1.24). While investment has more than doubled from Rs 1,689.51 crore in 2003-04 to Rs 3,988.43 crore, the return from the investment has increased from Rupees four crore to Rupees six crore only. The return on this investment was a meagre 0.09 to 0.24 *per cent* during the last five years, while the Government paid interest at the average rate of 7.43 to 9.20 *per cent* on its borrowings during 2003-08. Of these, one Statutory Corporation and 13 Government Companies with an aggregate investment of Rs 3,621.56 crore upto 2007-08 were incurring losses and their accumulated losses amounted to Rs 2,536.75 crore as per the accounts furnished by these companies upto 2007-08 (*Appendix XIII*). It is pertinent to note that Rs 849 crore of total investment (85 *per cent*) in 2007-08 was made by the State Government in the equity capital of Uttar Haryana Bijli Vitran Nigam Limited (Rs 147 crore), Dakshin Haryana Bijli Vitran Nigam Limited (Rs 133 crore), Haryana Vidyut Prasaran Nigam Limited (Rs 73 crore) and Haryana Power Generation Limited (Rs 496 crore) and their accumulated losses amounted to Rs 1,060 crore, Rs 714 crore, Rs 221 crore and Rs 88 crore respectively for the years for which their accounts were finalized till 2007-08 and losses of these four power distribution companies constituted 82 *per cent* of the total losses of Government's statutory corporations and government companies during the year. No reasons were intimated for losses in these companies. Thus, Government needs not only to invest the high cost borrowings more judiciously to get better results, but also consider disinvesting its equity in loss-making units.

Table 1.24: Return on Investment

Year	Investment at the end of the year	Return	Percentage of return	Weighted rate of interest ⁸ on Government borrowings	Difference between interest rate and return
	(Rupees in crore)			(Per cent)	
2003-04	1,689.51	4.11	0.24	9.11	8.87
2004-05	1,861.34	2.35	0.13	8.49	8.36
2005-06	2,261.44	1.92	0.09	8.95	8.86
2006-07	3,058.05	5.62	0.18	9.20	9.02
2007-08	3,988.43	6.05	0.15	7.43	7.28

1.7.2.3 Loans and Advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, Government has also been providing loans and advances to many of these institutions/organisations. Total outstanding loans and advances as on 31 March 2008 was Rs 1,897 crore against an outstanding amount of Rs 1,825 crore as on 31 March 2007. Interest received against the loans advanced was 1.13 *per cent* in the current year and is below the weighted rate of interest of 7.43 *per cent* on Government borrowings during the current year. Out of Rs 286 crore advanced during 2007-08, Rs 156 crore was advanced to Government Servants and the balance Rs 130 crore was advanced mainly for Consumer Industry (Rs 110 crore), for Village and Small Scale Industry (Rs 9.51 crore), for Power Projects (Rs 2.51 crore), for Co-operation (Rs 5.71 crore) and for other Rural Development Programmes (Rs 2.19 crore).

Table 1.25: Average interest received on loans advanced by the State Government

	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Opening Balance	1,630	3,903	3,954	3,841	1,825
Amount advanced during the year	2,429	208	177	185	286
Amount repaid during the year	156	157	290	2,201	214
Closing Balance	3,903	3,954	3,841	1,825	1,897
Net Addition (+) / Reduction (-)	2,273	51	(-) 113	(-) 2,016	72
Interest received	95	206	47	95	21
Interest received as <i>per cent</i> to outstanding Loans and Advances	3.43	5.24	1.21	3.35	1.13
Weighted rate of interest (in <i>per cent</i>) paid on borrowings by State Government	9.11	8.49	8.95	9.20	7.43
Difference between weighted interest paid and received (<i>per cent</i>)	5.68	3.25	7.74	5.85	6.30

⁸ Weighted Rate of Interest (I_w) $I_w = \sum_i^n I_i W_i$, where I_i is the rate of interest on the i^{th} stock of debt and W_i is the share of i^{th} stock in the total debt stock of the State.

1.7.3 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMA)-ordinary and special-from Reserve Bank of India has been put in place. The operative limit for Normal Ways and Means Advances is reckoned on the three year average of revenue receipts and the operative limit for Special Ways and Means Advances is fixed by Reserve Bank of India from time to time depending on the holding of Government securities. The limit was revised to Rs 4,676.80 crore for special and Rs 295 crore for ordinary Ways and Means Advances during the year 2007-08. No Ways and Means Advances and Over Draft were availed of during 2004-05 to 2007-08.

The cash balances of the State Government at the end of the year decreased by Rs 647 crore (*nine per cent*) from the level of Rs 7,147 crore in the previous year. However the cash balance investment of the State Government had increased from Rs 7,138 crore in 2006-07 to Rs 7,221 crore at the end of current year. The State Government had invested Rs 6,354 crore in the GOI securities under Cash Balance Investment Account and earned an interest of Rs 410 crore.

1.8 Undischarged liabilities

“Total liabilities” as defined in Haryana Fiscal Responsibility and Budget Management Act, 2005 (FRBM Act) means the liabilities under the Consolidated Fund of the State and the Public Account of the State and also includes borrowings by the public sector undertakings and the special purpose vehicles and other equivalent instruments including guarantees where principal and/or interest are to be serviced out of the State budgets.

1.8.1 Fiscal Liabilities

There are two sets of liabilities namely Public debt and other liabilities. Public debt consists of internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund-Capital Accounts. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by an Act of its Legislature and give guarantees within such limits as may be fixed. Other liabilities, which are a part of Public Account, include deposits under small savings scheme, provident funds and other deposits.

Table 1.26 gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

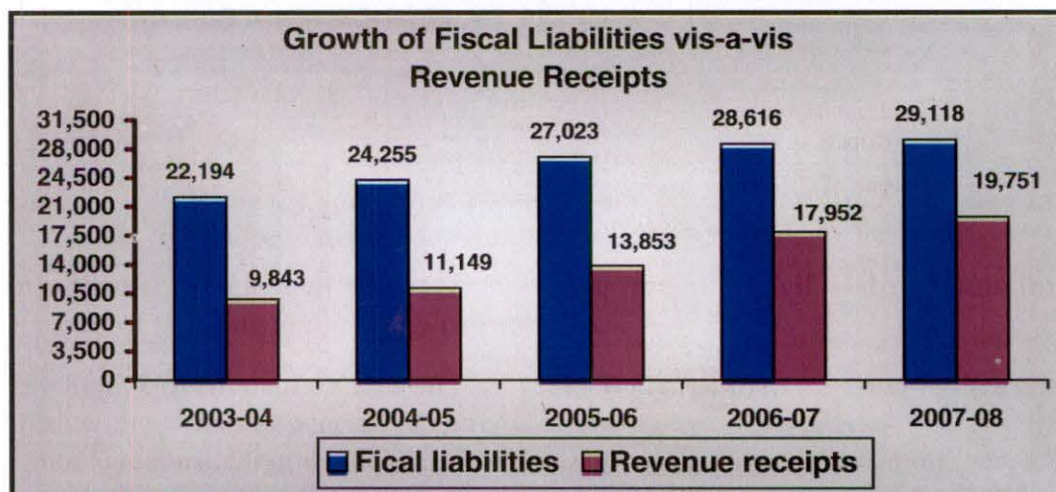
Table 1.26: Fiscal Liabilities—Basic Parameters

	2003-04	2004-05	2005-06	2006-07	2007-08
Fiscal Liabilities ⁹ (Rupees in crore)	22,194	24,255	27,023	28,616	29,118
Rate of Growth (<i>per cent</i>)	15.43	9.29	11.41	5.90	1.75
Ratio of fiscal liabilities to					
GSDP (<i>per cent</i>)	26.91	25.91	25.40	22.63	19.73
Revenue Receipts (<i>per cent</i>)	225.5	217.6	195.1	159.40	147.43
Own Resources (<i>per cent</i>)	258.9	242.9	234.2	184.39	174.20
Buoyancy of fiscal liabilities to					
GSDP (ratio)	1.128	0.687	0.837	0.313	0.105
Revenue Receipts (ratio)	0.538	0.70	0.470	0.199	0.175
Own Resources (ratio)	0.936	0.563	0.733	0.171	0.228

Overall fiscal liabilities of the State increased from Rs 22,194 crore in 2003-04 to Rs 29,118 crore in 2007-08. The growth rate was 1.75 *per cent* during 2007-08 over previous year mainly due to reduction in incremental public debt receipts from Rs 898 crore in 2006-07 to Rs 2.6 crore and in incremental receipts in deposits from Rs 378 crore to Rs 185 crore. The ratio of fiscal liabilities to GSDP has shown a consistently decreasing trend and decreased from 26.91 *per cent* in 2003-04 to 19.73 *per cent* in 2007-08. These liabilities stood at 1.47 times the revenue receipts and 1.74 times of States own resources as at the end of 2007-08. Payment of interest on the fiscal liabilities was Rs 2,346 crore (eight *per cent*) during the year 2007-08. It is, however, significant to note that during the last five years (2003-08), the total fiscal liabilities at Rs 29,118 crore in 2007-08 were within the limit of Rs 30,600 crore projected in the State's Fiscal Correction Path.

The State Government set up a consolidated sinking fund during 2002-03. A sum equal to one *per cent* of the outstanding market borrowings as on 31 March of preceding year is deposited in the fund every year. As on 31 March 2008, the outstanding balance in the sinking fund was Rs 231.26 crore. It is, however, pertinent to mention in this context that the scheme of Sinking Fund was revised in 2006 to incorporate the recommendations of TFC relating to all loans.

⁹ Includes internal debt (market loans, loans from NSSF and loans from other financial institutions); loans and advances from GOI, the liabilities arising from the transactions in the Public Account of the State



1.8.2 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended.

As per Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of year since 2003-04 is given in **Table 1.27**.

Table 1.27: Guarantees given by the Government of Haryana

(Rupees in crore)			
Year	Maximum amount guaranteed	Outstanding amount of guarantees	Percentage of maximum amount guaranteed to total Revenue Receipts
2003-04	9,457	5,907	96
2004-05	6,742	4,249	60
2005-06	8,448	5,644	61
2006-07	12,694	5,074	71
2007-08	6,341	4,402	32

No amount was paid by the Government towards guarantees during 2007-08. The maximum amount guaranteed by the State Government varied from Rs 6,341 crore to Rs 12,694 crore. Outstanding amount of Rs 4,402 crore of guarantees as on 31 March 2008 was in respect of Corporations and Boards (Rs 138.32 crore), Government Companies (Rs 2,519.20 crore), Co-operative Banks and Societies (Rs 1,744.29 crore). No law under Article 293 of the Constitution has been passed by the State Legislature laying down the limit within which Government may give guarantee on the security of Consolidated Fund of State.

The State Government has constituted Guarantee Redemption Fund during 2003-04 to meet the contingent liabilities arising out of the total liabilities. As per the terms of the Guarantee Redemption Fund, the State Government was required to contribute an amount equal to at least 1/5th of the outstanding invoked guarantees plus an amount likely to be invoked as a result of the incremental guarantees during the year. State Government had invested only an amount of

Rs 54.99 crore as on 31 March 2008 which was only two *per cent* of outstanding guarantees. However, the outstanding guarantees at Rs 4,402 crore as on 31 March 2008 were higher than the projection of Rs 3,600 crore given in the State's Fiscal Correction Path for the year. Total liabilities including guarantees during 2007-08 at Rs 33,520 crore stood at 23 *per cent* of the GSDP which was well within the limit of 28 *per cent* envisaged in State FRBM Act to be achieved by 31 March 2010.

1.9 Debt Sustainability

Debt sustainability is defined as the ability of the State to maintain a constant debt-GSDP ratio over a period of time and also embodies the concern about the ability to service its debt. Sustainability of debt, therefore, also refers to sufficiency of liquid assets to meet current or committed obligations and the capacity to keep balance between costs of additional borrowings with returns from such borrowings. It means that rise in fiscal deficit should match with the increase in capacity to service the debt. A prior condition for debt sustainability is debt stabilisation in terms of debt/GSDP ratio.

1.9.1 Debt Stabilisation

A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GSDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the interest spread (GSDP growth rate-interest rate) and quantum spread (Debt x interest spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. Trends in fiscal variables indicating the progress towards the debt stabilization are indicated in Table 1.28.

Table 1.28: Debt Sustainability – Interest Rate and GSDP Growth

	(In per cent)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Weighted Interest Rate	9.11	8.49	8.95	9.20	7.43
GSDP Growth	13.68	13.53	13.63	18.88	16.68
Interest spread	4.57	5.04	4.68	9.68	9.25
Quantum Spread (Rs in crore)	879	1,119	1,135	2,616	2,647
Primary Deficit (-)/Surplus (+) (Rupees in crore)	(-) 820	(+) 1,029	(+) 1,814	(+) 3,444	(+) 1,082

Table 1.28 reveals that quantum spread together with primary deficit remained positive during the period 2003-08. The debt-GSDP ratio, as a result consistently

declined during 2003-08 as indicated in table 1.26. The emergence of positive sum of quantum spread and primary surplus since 2003-04 indicates a tendency towards debt stabilisation which would eventually improve the debt sustainability of the State in the medium to long run.

1.9.2 Sufficiency of Non-debt Receipts

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. Table 1.29 indicates the resource gap as defined for the period 2003-08.

Table 1.29: Incremental Revenue Receipts and Revenue Expenditure

(Rupees in crore)

Period	Incremental				Resource Gap
	Non-Debt Receipts	Primary Expenditure	Interest Payments	Total Expenditure	
2003-04	1,236	2,531	167	2,698	(-) 1,462
2004-05	1,307	(-) 542	122	(-) 420	1,727
2005-06	2,837	2,052	(-) 135	1,917	920
2006-07	6,010	4,381	165	4,546	1,464
2007-08	(-) 178	2,184	81	2,265	(-) 2,443

A persistent negative resource gap indicates the non-sustainability of debt while a positive resource gap strengthens the capacity of the State to sustain the debt. During the period 2003-08, the resource gap remained negative in two of the five years. It is significant to note that during 2007-08 the non-debt receipts even declined and the primary expenditure of the State was partially met out of borrowed funds indicating the fact that the State needs to step up its resource mobilization efforts to ensure debt stability and in turn sustainability in the medium to short run.

1.9.3 Net Availability of Funds

The debt sustainability of the State also depends on (i) the ratio of the debt redemption (Principal plus Interest Payments) to total debt receipts and (ii) application of available borrowed funds. The ratio of debt redemption to debt receipts indicates the extent to which the debt receipts are used in debt redemption indicating the net availability of borrowed funds. The solution to the Government debt problem lies in application of borrowed funds, i.e. these are (a) not being used for financing revenue expenditure; and (b) being used efficiently and productively for capital expenditure which either provides returns directly or results in increased productivity of the economy in general which may result in increase in Government revenue.

Table 1.30 gives the position of the receipt and repayment of internal debt and other fiscal liabilities of the State as well as the net availability of the borrowed funds over the last five years.

Table 1.30: Net Availability of Borrowed Funds

(Rupees in crore)					
	2003-04	2004-05	2005-06	2006-07	2007-08
Internal Debt					
Receipts	5,864	4,178	3,309	1,990	776
Repayments (Principal + Interest)	2,820	2,687	2,462	2,652	2,418
Net Funds Available	3,044	1,491	847	(-) 662	(-) 1,642
Net Funds Available (<i>per cent</i>)	52	36	26	(-) 33	(-) 212
Loans and Advances from GOI					
Receipts	421	296	40	22	68
Repayments (Principal + Interest)	2,684	2,163	310	265	280
Net Funds Available	(-) 2,263	(-) 1,867	(-) 270	(-) 243	(-) 212
Net Funds Available (<i>per cent</i>)	(-) 538	(-) 631	(-) 675	(-) 1,105	(-) 312
Other Obligations					
Receipts	5,563	3,424	3,249	3,405	4,218
Repayments (Principal + Interest)	5,331	3,170	3,007	2,892	4,073
Net Funds Available	232	254	242	513	145
Net Funds Available (<i>per cent</i>)	4	7	7	15	3
Total liabilities					
Receipts	11,848	7,898	6,598	5,417	5,062
Repayments (Principal + Interest)	10,835	8,020	5,779	5,809	6,771
Net Funds Available	1,013	(-)122	819	(-) 392	(-) 1,709
Net Funds Available (<i>per cent</i>)	9	(-)2	12	(-) 7	(-) 34

Debt redemption ratio being greater than one during the period 2004-08 except in 2005-06 indicates that the repayment of past debt liabilities were far in excess of fresh debt receipts during these years. The State Government did not raise market loans during the current year but receipts of Rs 776 crore under internal debt were mainly on account of loans from National Capital Region Development Board (Rs 374 crore), NABARD (Rs 230 crore) and on account of securities issued to NSSF (Rs 172 crore). Against these receipts, Government discharged the past debt obligations (principal plus interest) amounting to Rs 2,418 crore resulting in negative net funds available under the debt account.

During the current year the Government repaid Government of India loans including interest amounting to Rs 280 crore and also discharged other obligations of Rs 4,073 crore along with interest obligations which were less than the total receipts resulting in negative net availability of funds during the year. In view of the large cash balances, the focus of the Government during 2007-08 seemed to be on discharging the past debt obligations both on account of principal and interest payment on loans raised from the market as well as from the Government of India.

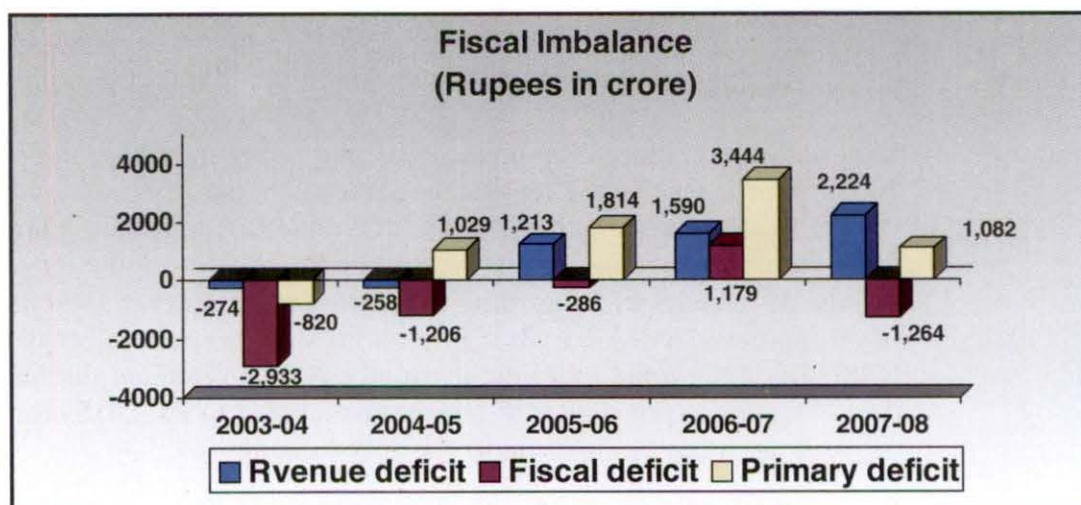
1.10 Management of deficits

The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied are important pointers to the fiscal health. The trends in fiscal parameters depicting the position of fiscal equilibrium in the State are presented in **Table 1.31**.

Table 1.31: Fiscal Imbalances – Basic Parameters

Parameters	(Rupees in crore)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Deficit (RD)(-)/Surplus (+)	(-) 274	(-) 258	(+) 1,213	(+)1,590	(+)2,224
Fiscal Deficit (-)/Surplus (+)	(-) 2,933	(-) 1,206	(-) 286	(+)1,179	(-)1,264
Primary Deficit (PD) (-)/Surplus (+)	(-) 820	(+) 1,029	(+) 1,814	(+)3,444	(+)1,082
RD/GSDP (per cent)	(-)0.332	(-)0.276	(+)1.140	(+)1.257	(+)1.507
FD/GSDP (per cent)	(-)3.557	(-)1.288	(-)0.269	(+)0.932	(-)0.857
PD/GSDP (per cent)	(-)0.994	(+)1.099	(+)1.705	(+)2.723	(+)0.733
RD/FD (per cent)	(+) 9.34	(+) 21.39	*	(+)134.86	*

* There was Revenue Surplus during 2005-06 and 2007-08



1.10.1 Trends in Deficits

Table 1.31 reveals that the revenue account experienced a consistent improvement in terms of declining deficit during the period 2003-05 and thereafter it turned into a huge surplus of Rs 1,213 crore during 2005-06 which consistently increased to Rs 2,224 crore in the current year. An improvement in the revenue surplus of Rs 634 crore during the current year was mainly on account of increase of Rs 1,799 (10 per cent) in revenue receipts during 2007-08 against an increase of Rs 1,165 crore (7 per cent) in revenue expenditure over the previous year. Two-third of incremental Revenue Receipts during 2007-08 was

on account of increase in SORs comprising tax revenue and non-tax receipts. The enhanced revenue receipts were able to improve the revenue surplus despite the step up of non-plan and plan revenue expenditure by 3 and 29 per cent respectively during 2007-08 over the previous year.

The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, turned into a surplus of Rs 1,179 crore in 2006-07 mainly on account of a cushion of Rs 2034 crore available by way of recovery of loans from power projects through book adjustments during the year. As this cushion vanished as reflected by sharp decline in recovery of Loans and Advances (Rs 1,987 crore) along with an increase in Capital Expenditure (Rs 998 crore) and disbursement of Loans and Advances (Rs 101 crore), fiscal surplus again turned into huge deficit of Rs 1,264 crore in 2007-08.

The primary deficit¹⁰, except in the year 2003-04, remained surplus during the period 2003-08. A fiscal deficit of Rs. 1,264 crore mainly resulted into a steep decline of Rs 2,362 crore in primary surplus in 2007-08 from the level of Rs 3,444 crore in 2006-07 despite an increase of Rs 81 crore in interest payments during the year.

1.10.2 Quality of deficit/surplus

The ratio of revenue deficit to fiscal deficit and the decomposition of primary deficit into primary revenue deficit¹¹ and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. Since the State is experiencing revenue surplus for the last two years, the surplus Revenue Receipts are used to finance the expenditure in capital account of the State Government. The fiscal deficit/surplus during these years was on account of changes in non-debt capital receipts, capital expenditure and disbursement of loans and advances.

The bifurcation of the factors resulting in primary deficit or surplus of the State during the period 2003-08 reveals (Table 1.32) that the State has not only experienced a primary revenue surplus throughout this period but it increased significantly from Rs 1,995 crore in 2003-04 to Rs 4,794 crore in 2007-08 after reaching the peak level of Rs 6057 crore in 2006-07. In other words, non-debt receipts of the State were not only enough to meet the primary expenditure¹² requirements in the revenue account, some revenue receipts were used to meet the

¹⁰ Primary deficit defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the State during the course of the year.

¹¹ Primary revenue deficit defined as gap between non-interest revenue expenditure of the State and its non-debt receipts indicates the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.

¹² Primary expenditure of the State defined as the total expenditure net of the interest payments indicates the expenditure incurred on the transactions undertaken during the year.

expenditure under the capital account. It was only in 2003-04 that the State experienced a primary deficit when total non-debt receipts fell short of the total primary expenditure. These trends indicate that the State has met its primary expenditure requirement out of its non-debt receipts and borrowed funds were largely used to meet its past debt obligations as reflected by debt-redemption ratio being greater than unity.

Table 1.32: Primary deficit/surplus-Bifurcation of factors

(Rupees in crore)

Year	Non-debt receipts	Primary revenue expenditure	Capital expenditure	Loans and Advances	Primary expenditure	Primary revenue deficit (-)/ surplus (+)	Primary deficit (-) /surplus (+)
1	2	3	4	5	6(3+4+5)	7 (2-3)	8 (2-6)
2003-04	9,999	8,004	386	2,429	10,819	(+) 1,995	(-) 820
2004-05	11,306	9,172	897	208	10,277	(+) 2,134	(+) 1,029
2005-06	14,143	10,540	1,612	177	12,329	(+) 3,603	(+) 1,814
2006-07	20,153	14,096	2,428	185	16,709	(+) 6,057	(+) 3,444
2007-08	19,975	15,181	3,426	286	18,893	(+) 4,794	(+) 1,082

1.11 Fiscal ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table 1.33 below presents a summarized position of Government finances during 2003-08, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications, highlights areas of concern and captures its important facts.

Table 1.33: Indicators of Fiscal Health

Fiscal Indicators	(In per cent)				
	2003-04	2004-05	2005-06	2006-07	2007-08
Resource Mobilisation					
Revenue Receipts/GSDP	11.93	11.91	13.02	14.19	13.38
Revenue Buoyancy	1.001	0.980	1.779	1.566	0.601
Own Tax/GSDP	7.70	7.95	8.53	8.64	7.87
Expenditure Management					
Total Expenditure/GSDP	15.68	13.36	13.56	15.00	14.39
Total Expenditure/Revenue Receipts	131.38	112.23	104.16	105.70	107.53
Revenue Expenditure/Total Expenditure	78.23	91.17	87.60	86.23	82.52
Salary expenditure on Social and Economic Services/ Revenue Expenditure	24.36	24.66	23.16	19.09	19.69
Non-Salary expenditure on Social and Economic Services/ Revenue Expenditure	32.01	30.72	38.64	49.62	48.55
Capital Expenditure/Total Expenditure	2.99	7.17	11.17	12.80	16.13
Capital expenditure on Social and Economic Services/ Total Expenditure	2.47	6.71	10.60	12.32	15.33
Buoyancy of TE with RR	1.924	(-) 0.245	0.632	1.065	1.191
Buoyancy of RE with RR	0.606	0.961	0.445	0.996	0.711
Management of Fiscal Imbalances					
Revenue deficit (-)/Surplus (+) (Rs in crore)	(-) 274	(-) 258	(+) 1,213	(+)1,590	(+)2224
Fiscal deficit (-)/Surplus (+) (Rs in crore)	(-) 2,933	(-) 1,206	(-) 286	(+) 1,179	(-)1264
Primary Deficit (-)/Surplus (+) (Rs in crore)	(-) 820	(+)1,029	(+) 1,814	(+) 3,444	(+)1082
Revenue Deficit/Fiscal Deficit	(+) 9.34	(+) 21.39	*	(+) 134.86	*
Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	26.91	25.91	25.40	22.63	19.73
Fiscal Liabilities/RR	225.5	217.6	195.1	159.40	147.43
Buoyancy of FL with RR	0.538	0.70	0.470	0.199	0.175
Buoyancy of FL with own Receipt	0.936	0.563	0.733	0.171	0.228
Sum of Primary Deficit and quantum spread (Rupees in crore)	59	2,148	2,949	6,060	3,729
Net Fund Available	9	(-) 2	12	(-) 7	(-)34
Other Fiscal Health Indicators					
Return on Investment (Rupees in crore)	4.11	2.35	1.92	5.62	6.05
Balance from Current Revenue (Rs in crore)	326	786	2,424	3,087	4300
Financial Assets/Liabilities	0.71	0.72	0.79	0.86	0.94

* There was revenue surplus and fiscal deficit.

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy and accessibility of the state to resources. Revenue receipts are comprised not only of the tax and non-tax resources of the State but also transfers from the Union Government. The ratio of revenue receipts to GSDP during the current year was 13.38 per cent; a decrease of 0.81 percentage point over the previous year. During 2003-07, the ratio of own taxes to GSDP showed continued improvement indicating reforms in tax laws and procedures especially in sales tax (implementation of VAT since April 2003) resulting in a higher degree of compliance and collections during the period. A slight decline in the

ratio in 2007-08 was observed mainly due to less realisation of tax on entry of goods into local areas.

Various ratios concerning the expenditure management of the State indicate the quality of its expenditure and sustainability of these in relation to its resource mobilisation efforts. The revenue expenditure as a percentage to total expenditure indicates an overall decline since 2004-05. The adequacy of revenue receipts to finance the total expenditure, which amounts to 93 *per cent* during 2007-08, indicates decreasing reliance on borrowed funds. Increasing proportion of capital expenditure in the total expenditure indicates improvement in both developmental and quality of expenditure which is also reflected by the increasing asset back of the financial liabilities during the period 2003-08.

A consistent improvement in financial position of the State especially with regard to its revenue account along with positive balance from current revenue is a pointer towards financial stability and sustainability of the State during the period. The low return on the Government investments vis-à-vis the cost of the borrowed funds however still continues to be a cause of concern.

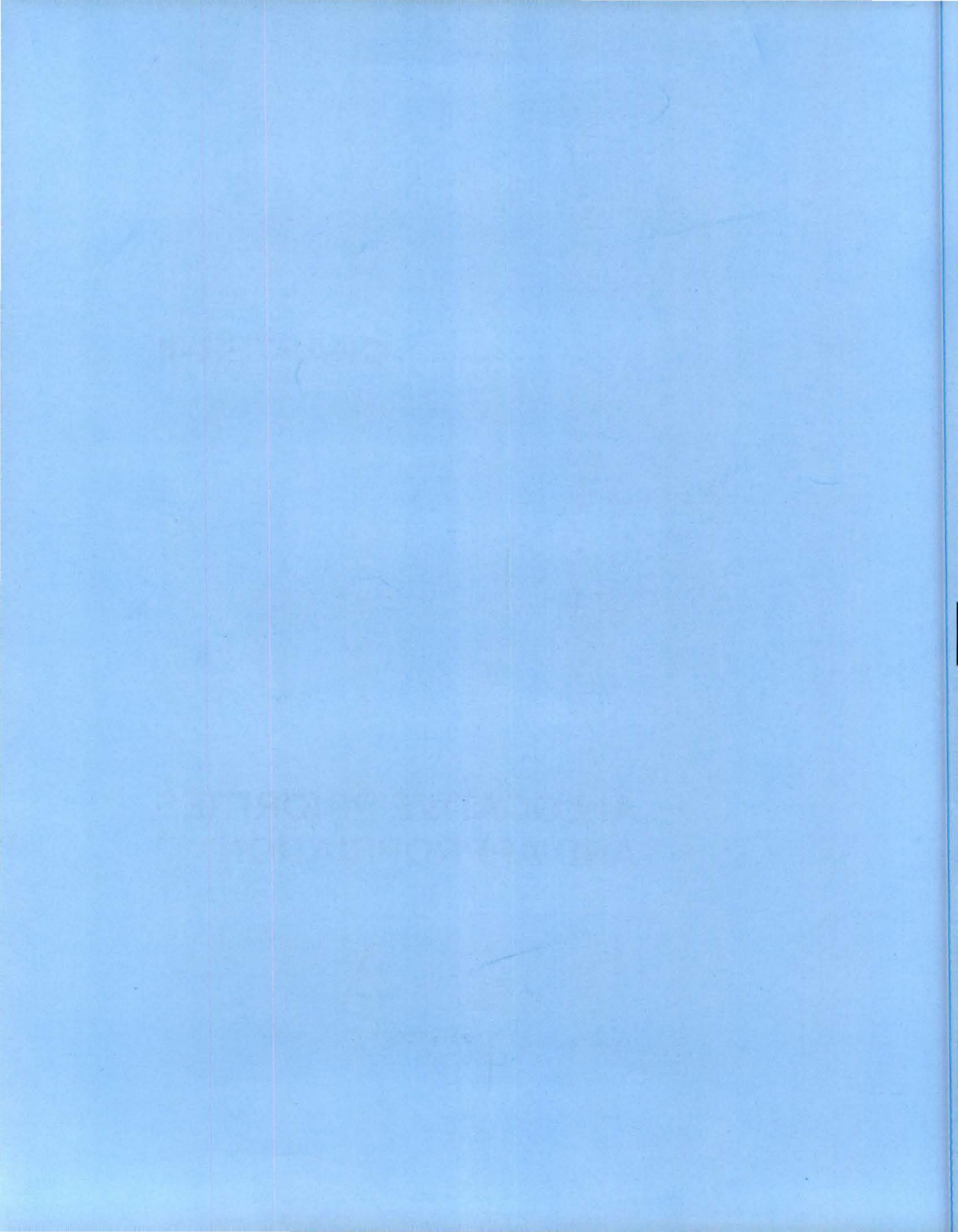
1.12 Conclusions

The fiscal position of the State, viewed in terms of the trends in fiscal parameters revenue, fiscal and primary deficit/surplus indicated a mixed trend as in 2007-08 relative to the previous year fiscal surplus turned into deficit of Rs 1,264 crore; although the primary surplus was maintained, it declined sharply by Rs 2,362 crore while revenue surplus increased by Rs 634 crore. The State maintained an increase in revenue surplus mainly due to improvement in mobilization of its own resources and keeping the growth in revenue expenditure (seven *per cent*) at the lowest during the last five years (2003-08). However, a cushion of Rs 2,034 crore by way of recovery of loans from power projects through book adjustments available in 2006-07 vanished during the current year as a result of which fiscal deficit increased sharply and primary surplus dwindled in 2007-08 over the previous year. The expenditure pattern of the State reveals that though the revenue expenditure as a percentage to total expenditure indicated a declining trend, it still constituted around 82.5 *per cent* of the total expenditure during 2007-08 and its NPRES component at Rs 14,351 crore during 2007-08 exceeded significantly both the normative projection of the TFC for the State (Rs 9,602 crore) and the State's projection in its FCP (Rs 13,000 crore). Within the non-plan revenue expenditure, four components—salary expenditure, pension liabilities, interest payments and subsidies—constituted about 79 *per cent* of NPRES during 2007-08. Moreover, 84 *per cent* (Rs 2,568 crore) of total subsidies were for power and energy sector which was more than 1.5 times the State's own projection of Rs 1,530 crore in Fiscal Correction Path for 2007-08. These trends in expenditure indicate the need for changing allocative priorities. Similarly, although expenditure under capital head has increased by Rs 998 crore during 2007-08 over the previous year, a major proportion (85 *per cent*) of the

incremental capital expenditure was in the form of investment in equity shares of various power corporations. The investments in statutory corporations, joint stock companies and co-operatives increased by 30 *per cent* during the year 2007-08 over the previous year, but the return on these investments was negligible (less than one *per cent*) vis-à-vis the higher cost of the borrowed funds putting directly or indirectly a strain on the fiscal budget of the State and therefore a cause of concern.

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION



CHAPTER - II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

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

Audit of Appropriation Accounts by Comptroller and Auditor General of India seeks to ascertain whether the expenditure incurred under various grants was within the authorisation given under the Appropriation Act by the State Legislature for that year and the expenditure required to be charged under the provisions of the Constitution was so charged. It also ascertains whether the expenditure so incurred was in conformity with the law, relevant rules, regulations and instructions.

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2007-08 against 26 grants/appropriations was as follows:

Nature of expenditure		Original grants/appropriations	Supplementary grants/appropriations	Total	Actual expenditure	Saving(-)/Excess(+)
(Rupees in crore)						
Voted	I. Revenue	14,342.55	1,591.80	15,934.35	15,218.42	(-) 715.93
	11. Capital	4,475.51	277.55	4,753.06	4,828.67	(+) 75.61
	III. Loans and Advances	187.04	111.03	298.07	285.85	(-) 12.22
Total Voted		19,005.10	1,980.38	20,985.48	20,332.94	(-) 652.54
Charged	IV. Revenue	2,583.25	2.94	2,586.19	2,422.21	(-) 163.98
	V Capital	27.00	32.00	59.00	54.66	(-) 4.34
	VI Public Debt	2,216.09	-	2,216.09	840.92	(-) 1,375.17
Total Charged		4,826.34	34.94	4,861.28	3,317.79	(-) 1,543.49
Grand Total		23,831.44	2,015.32	25,846.76	23,650.73	(-) 2,196.03

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue heads (Rs 113.76 crore) and Capital Heads (Rs 1,457.51 crore).

The overall saving of Rs 2,196.03 crore was the net result of saving of Rs 2,625.75 crore (49 cases) of 26 grants/appropriations offset by excess of Rs 429.72 crore in six cases of five grants/appropriations.

Supplementary provisions of Rs 2,015.32 crore obtained during the year constituted eight per cent of the original provision as against 16 per cent in the previous year.

- Genuineness of expenditure of Rs 51.25 lakh drawn on 15 Abstract Contingent (AC) bills during 2004-05 (4 AC bills for Rs 18.07 lakh), 2005-06 (8 AC bills for Rs 23.09 lakh) and 2006-07 (3 AC bills for Rs 10.09 lakh) could not be verified as Detailed Contingent bills with supporting vouchers were not submitted (June 2008).

2.3 Appropriation by allocative priorities

2.3.1 Grants/Appropriation where there were substantial savings

Grant Number 9-Education

(Rupees in crore)

Revenue (Voted)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	2,911.98	2,976.61	2,753.45	223.16
Supplementary	64.63			

Savings occurred mainly under '2202-General Education-Elementary Education' (Rs 152.33 crore), 'University and Higher Education' (Rs 28.27 crore) and 'Secondary Education' (Rs 26.87 crore). Savings were mainly due to extra provision of funds for vacant posts in primary and middle school classes, less release of funds by GOI, receipt of less number of claims of medical reimbursement and Leave Travel Concession, etc.

Grant Number 14-Food and Supplies

(Rupees in crore)

Capital (Voted)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	1,622.82	1,622.82	1,421.19	201.63
Supplementary	Nil			

Savings occurred mainly under '4408-Capital Outlay on Food Storage and Warehousing-Grain Supply Scheme' (Rs 174.84 crore) and 'Interest on Capital' (Rs 29.05 crore). Saving was mainly due to less purchase of wheat under Food Storage and Warehousing (Grain Supply Scheme).

Grant Number 15-Irrigation

(Rupees in crore)

Revenue (Voted)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	2,989.78	3,399.93	3,221.41	178.52
Supplementary	410.15			

Savings occurred mainly under '2701-Medium Irrigation-Improvement of Old/Existing Channels under NABARD' (Rs 84.50 crore) and '2700-Major Irrigation-Jawahar Lal Nehru Project (Commercial)' (Rs 71.03 crore). Savings were mainly due to non-release of grants by GOI, financial constraints and due to posts being kept vacant, etc.

Grant Number 6-Finance

(Rupees in crore)

Revenue (Charged)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	2,555.17	2,555.17	2,395.74	159.43
Supplementary	Nil			

Savings occurred mainly under '2049-Interest Payments-Interest on Loans and Advances from Central Government' (Rs 116.61 crore) and 'Interest on Internal Debt' (Rs 69.94 crore). Savings were mainly due to less payment of interest decline in the receipt of loans from Government of India (GOI) and NABARD.

Grant Number 22-Co-operation

(Rupees in crore)

Revenue (Voted)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	84.24	583.29	429.98	153.31
Supplementary	499.05			

Savings occurred mainly under '2425-Co-operation-Assistance to Credit Co-operatives-Assistance to Scheduled Castes Labour and Construction Societies' (Rs 117.73 crore) and 'Rebate on rate of Interest regarding short term crop loans advanced by Co-operative Banks' (Rs 30.00 crore). Savings were mainly due to less demand of funds from Haryana State Co-operative and Rural Development Bank and Haryana State Co-operative Apex Bank Limited, cut imposed on plan outlay, etc.

Appropriation-Public Debt

(Rupees in crore)

Revenue (Voted)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	2,216.09	2,216.09	840.92	1,375.17
Supplementary	Nil			

Savings were mainly due to non-availing of Cash Credit Limit for procurement.

2.3.2 Substantial saving

In 41 cases, expenditure fell short by more than Rs 10 crore in each case and also by more than 10 per cent of the original provision as indicated in *Appendix XIV*. In 11 cases¹, the entire provision totalling Rs 1,658.71 crore remained unutilised.

2.3.3 Persistent savings

In two cases, there were persistent savings of Rs 10 lakh and above (10 per cent)

¹ Sr. No. 3, 6, 7, 15, 16, 26, 32, 33, 38, 39 and 41 of *Appendix XIV*.

due to excess provisions in the last three years. Details are given below:

Sr. No.	Number and name of grants/appropriations	Percentage of saving to total provision (amount of savings - Rupees in crore)		
		2005-06	2006-07	2007-08
Revenue (Voted)				
1.	19-Fisheries	10 (1.44)	19 (2.85)	13 (2.18)
Capital (Charged)				
2.	Public debt	30 (475.43)	38 (684.02)	62 (1,375.17)

Persistent savings indicated inappropriate budget assumptions.

2.3.4 *Unsurrendered Savings*

According to rules, the spending departments are required to surrender the grants/appropriations or portions thereof every year to the Finance Department as and when the savings are anticipated.

However, in 12 cases, against the available savings of Rs 905.59 crore, only Rs 604.64 crore were surrendered leaving savings of Rs 300.95 crore unsurrendered as given below:

Sr. No.	Name of the grants/appropriations	Saving	Surrender	Saving remained un-surrendered (Rupees in crore)
Revenue (Voted)				
1.	6-Finance	22.14	5.79	16.35
2.	9-Education	223.16	133.69	89.47
3.	15-Irrigation	178.52	14.31	164.21
4.	17-Agriculture	86.89	72.74	14.15
5.	19-Fisheries	2.18	1.92	0.26
6.	21-Community Development	3.80	2.76	1.04
7.	23-Transport	12.19	11.97	0.22
Capital (Voted)				
8.	13-Social Welfare and Rehabilitation	2.01	1.51	0.50
9.	14-Food and Supplies	201.63	201.32	0.31
10.	23-Transport	1.43	1.10	0.33
11.	25-Loans and Advances by State Government	12.21	11.42	0.79
Revenue (Charged)				
12.	6-Finance	159.43	146.11	13.32
Total		905.59	604.64	300.95

Though such failures had been pointed out in earlier Audit Reports, the deficiencies/shortcomings continue to persist year after year. This indicated that expenditure control mechanism and State level budgetary control process were ineffective.

2.3.5 Excessive supplementary provisions

Supplementary provisions of Rs 78.53 crore in four cases proved unnecessary as the expenditure in each case was less than the original provision as detailed below:

Sr. No.	Number and name of grant	Original grant	Supplementary provision	Total	Expenditure	Saving
(Rupees in crore)						
Revenue (Voted)						
1	1-Vidhan Sabha	14.80	0.31	15.11	14.56	0.55
2	9-Education	2,911.98	64.63	2,976.61	2,753.45	223.16
3	16-Industries	96.69	5.95	102.64	83.57	19.07
Capital (Voted)						
4	10-Medical and Public Health	714.10	7.64	721.74	683.68	38.06
Total		3,737.57	78.53	3,816.10	3,535.26	280.84

2.3.6 Unnecessary augmentation of funds

In 16 cases, against additional requirement of Rs 1,249.46 crore, supplementary provisions of Rs 1,695.43 crore were obtained resulting in savings (in each case exceeding Rs 50 lakh) aggregating Rs 445.97 crore. Details of these cases are given below:

Sr. No.	Number and name of grants/appropriations	Original grants/appropriations	Supplementary provision	Total	Expenditure	Saving
(Rupees in crore)						
Revenue (Voted)						
1.	3-Home	886.65	25.55	912.20	911.39	0.81
2.	4-Revenue	333.69	60.40	394.09	383.35	10.74
3.	5-Excise and Taxation	60.87	6.47	67.34	65.89	1.45
4.	6-Finance	1,257.52	88.81	1,346.33	1,324.19	22.14
5.	7-Other Administrative Services	40.04	8.96	49.00	47.77	1.23
6.	11-Urban Department	269.56	112.76	382.32	370.89	11.43
7.	13-Social Welfare and Rehabilitation	1,108.69	41.28	1,149.97	1,112.58	37.39
8.	15-Irrigation	2,989.78	410.15	3,399.93	3,221.41	178.52
9.	20-Forest	156.97	2.73	159.70	157.78	1.92
10.	21-Community Development	728.19	184.37	912.56	908.76	3.80
11.	22-Co-operation	84.24	499.05	583.29	429.98	153.31
Capital (Voted)						
12.	16-Industries	1.31	65.00	66.31	65.76	0.55
13.	22-Co-operation	18.14	7.19	25.33	19.56	5.77
14.	23-Transport	94.58	39.68	134.26	132.84	1.42
15.	25-Loans and Advances by State Government	187.03	111.03	298.06	285.85	12.21
Capital (Charged)						
16.	15-Irrigation	25.00	32.00	57.00	53.72	3.28
Total		8,242.26	1,695.43	9,937.69	9,491.72	445.97

2.3.7 Excess expenditure over provisions of previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, excess expenditure amounting to Rs 885.61 crore for the years 2005-06 and 2006-07, as detailed below was yet to be regularised (July 2008). This was breach of legislative control over appropriations.

Year	Number of grants/ appropriations	Amount of excess	Amount for which expenditure not furnished to PAC
2005-06	3, 8, 10 and 15	2,68,86,50,000	Furnished
2006-07	3, 6, 10, 15 and 20	6,16,73,66,040	3,79,91,86,588

2.3.8 Excess expenditure over provisions of 2007-08 requiring regularisation

The excess of Rs 4,29,72,47,782 involving five grants/appropriations required regularisation under Article 205 of the Constitution. Details are given below:

Sr. No	Number and name of grants/appropriations	Total grants/ appropriations	Actual expenditure	Excess
(In Rupees)				
Revenue (Voted)				
1.	8-Buildings and Roads	6,14,39,48,000	6,58,90,29,816	44,50,81,816
2.	10-Medical and Public Health	10,43,94,83,000	10,98,21,84,578	54,27,01,578
Revenue (Charged)				
1.	3-Home	15,48,87,000	16,50,20,920	1,01,33,920
Sub-Total		16,73,83,18,000	17,73,62,35,314	99,79,17,314
Capital (Voted)				
1.	8-Buildings and Roads	6,98,68,83,000	7,49,80,04,349	51,11,21,349
2.	15-Irrigation	14,03,90,00,000	16,82,62,22,585	2,78,72,22,585
3.	24-Tourism	15,00,00,000	15,09,86,534	9,86,534
Sub-Total		21,17,58,83,000	24,47,52,13,468	3,29,93,30,468
Grand-Total				4,29,72,47,782

Government did not furnish reasons for excess expenditure (July 2008).

2.3.9 Substantial excesses

In 32 cases, the expenditure exceeded the original provision by Rupees five crore or 10 per cent. Huge variation between the budget provision and final expenditure indicate poor budget projection. Details of these are given in *Appendix XV*.

2.3.10 Injudicious surrender of funds

In 12 cases, funds were surrendered injudiciously in excess of the available savings as detailed in *Appendix XVI*. In three such cases, Rs 17.74 crore² were surrendered despite excess expenditure of Rs 377.50 crore. The injudicious

² Item No. 3, 4, and 11 of *Appendix XVI*.

surrender of funds indicates inadequacy in the financial and budgetary control practices in the departments.

2.3.11 *Injudicious reappropriation 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 resulted in excesses/savings by over Rupees one crore in each case, are given in *Appendix XVII*.

2.3.12 *Expenditure without provision*

As envisaged in the Budget Manual, expenditure should not be incurred on any scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs 104.53 crore was incurred in five cases, as detailed in *Appendix XVIII*, without provision in the original estimates/supplementary demands and no reappropriation orders were issued.

2.4 *Trend of recoveries*

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

In two grants³, the actual recoveries adjusted in reduction of expenditure (Rs 49.50 crore) exceeded the estimated recoveries (Rs 39.42 crore) by Rs 10.08 crore. Though no recovery was provided in the budget estimates in respect of grant number '15-Irrigation' for the year 2007-08, recovery of Rs 27.85 crore was made. Further, in respect of six grants⁴, the actual recoveries (Rs 1,442.92 crore) were less than the estimated recoveries (Rs 1,773.07 crore) by Rs 330.15 crore. Details of recoveries are given in appendix to the Appropriation Accounts. Huge variation between the estimated recoveries and actual realisation indicated faulty budgeting.

2.5 *Excesses/savings without explanation*

After the close of accounts of each financial year, the detailed Appropriation Accounts showing the final grants/appropriations, the actual expenditure and

³ 10-Medical and Public Health (Revenue) and 14-Food and Supplies (Revenue).

⁴ 4-Revenue, 8-Buildings and Roads, 14-Food and Supplies, 17-Agriculture, 22-Co-operation and 25-Loans and Advances by State Government.

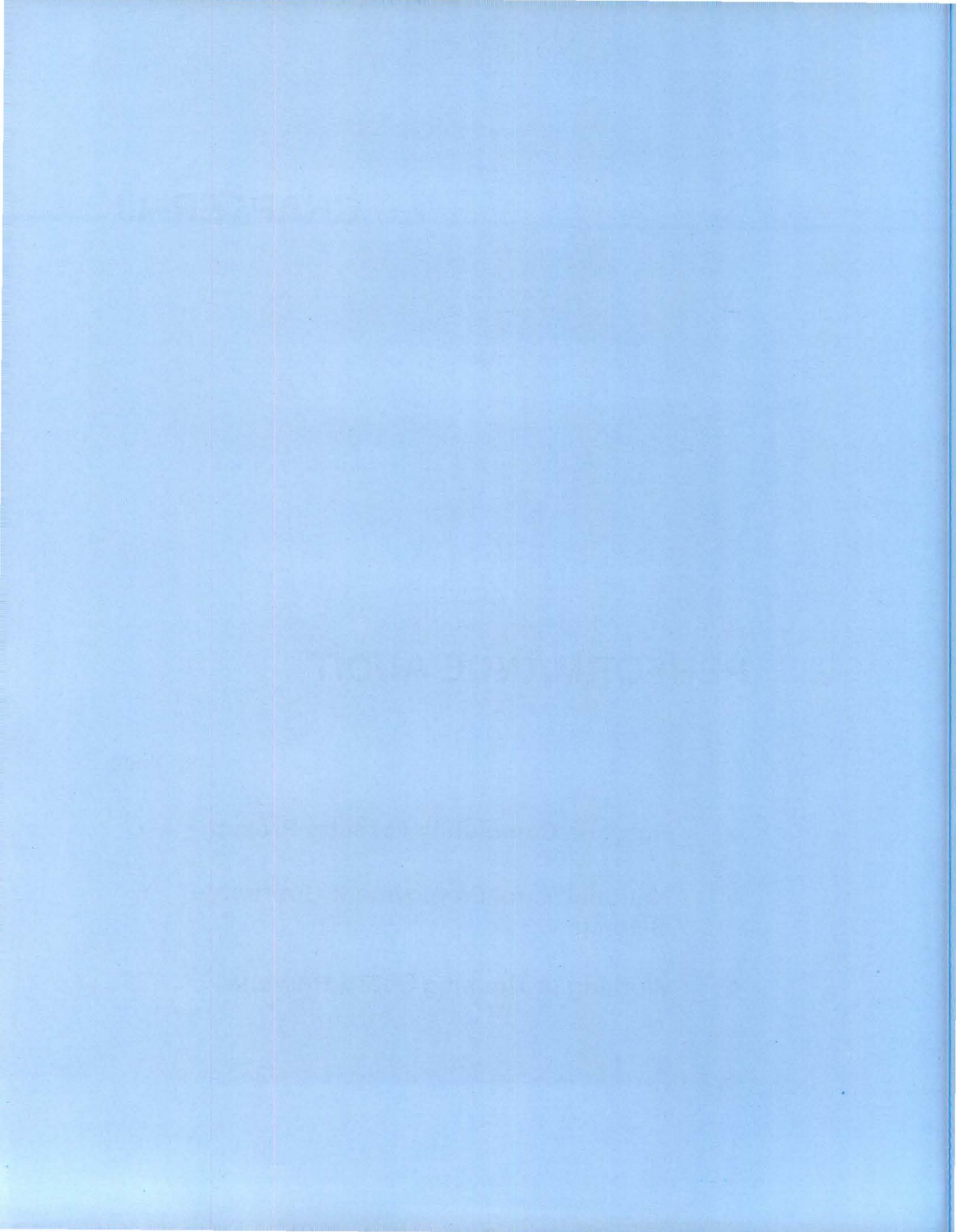
resultant variations are sent to the Controlling Officers, requiring them to explain the variations in general and those under important heads/sub-heads in particular.

Explanations for excesses and savings in respect of the Appropriation Accounts for the year 2007-08 were not received in respect of 175 heads/sub-heads against the total of 723 heads/sub-heads of account.

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PERFORMANCE AUDIT

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CHAPTER III

PERFORMANCE AUDIT

Forest Department

3.1 Haryana Community Forestry Project

Highlights

Performance Audit of Haryana Community Forestry Project brought out mixed results in the implementation of the project. Although the physical targets under some of the plantation components were more or less achieved, the survival rate of plants was very low. The plantations, which were to be handed over to the village communities, were not handed over. There were cases of expenditure in violation of project guidelines on construction of coffer dams, plantation after expiry of the project, etc. Funds were spent on plantation in the areas which did not fulfill the selection criteria. The overall capability of Village Resources Management Committees (VRMCs) was evaluated as satisfactory though on some critical indicators their capacity to take over the responsibility of managing natural resources had declined over the years. The scheme of improved cooking technology was not successful, use of alternative energy sources was not adopted, as a result of which pressure remained on use of fuel wood and cowdung.

- An expenditure of Rs 1.10 crore was incurred on plantation in the areas which did not fulfil the selection criteria under the project.

(Paragraph 3.1.7)

- Survival of plants was 17.53, 13.98 and 33.69 per cent under Farm Forestry, Kitchen Garden/Homestead plots and poplar plantation against the norm of 70 per cent. Proportionate expenditure of Rs 2.99 crore was rendered wasteful.

(Paragraph 3.1.8.1)

- Plantation over 7,880.70 hectare area was not handed over to the VRMCs even after the lapse of prescribed period of three years of plantation.

(Paragraph 3.1.9.1)

- The Department failed to motivate the households to use smokeless chulhas, other energy sources and improved crematoria to reduce the pressure on fuel wood. Against the distribution of 3,551 chulhas, 1,690 chulhas were not utilised by the households.

(Paragraph 3.1.10.1 and 3.1.10.2)

- An expenditure of Rs 1.96 crore was incurred in violation of project guidelines on construction of coffer dams, labour charges on construction works, plantation after expiry of prescribed period and on the land blocks less than the prescribed size and construction of conference hall at the fag end of the project.

(Paragraph 3.1.11)

- Impact of the project on the environment was also not encouraging, as an average of 1.12 problems were resolved against the existence of average six problems in each village.

(Paragraph 3.1.12)

3.1.1 Introduction

Haryana Community Forestry Project (the Project) was made operational from November 1998 with the objective to build up the capacity of rural communities to improve natural environment and maintain land fertility through sustainable management of natural resources undertaken in a participatory manner. To achieve these objectives, the project planned to adopt an integrated approach to establish plantations of village wood lots, farm forestry, stabilise sand dune, raise poplar nurseries, tree groves, kitchen gardens and construct water harvesting dams to improve irrigation water supplies. Other project activities also included river bank plantation and energy conservation through introduction of improved cooking stoves and crematoria.

The project was implemented in 338 villages of 37 rural Community Development Blocks (CDB) in 11¹ districts. The total area of common land under the project was about 1,25,000 hectares, of which 39,000 hectares was cultivable and the balance uncultivable. The project was closed in June 2008.

¹ Panchkula, Ambala, Yamunanagar and Kurukshetra in the North, Sirsa, Fatehabad and Hisar in the West, Bhiwani (Siwani, Loharu and Bhiwani CDBs), Mahendragarh (Kanina CDB), Rewari and Jhajjar (Jatusana and Nahar CDBs) in the Southwest and South.

3.1.2 Organisational set up

The State Government was responsible for the project and Haryana Forest Department (HFD) was the implementation agency. The Government appointed a steering committee to co-ordinate the development of the project and provide guidance on policy issues, besides approving the financial statements and Auditor's reports, progress reports, work plans and budgets. HFD established a functionally autonomous Project Management Unit (PMU) with its headquarters at Panchkula. In order to ensure proper co-ordination between the Project and other line departments and state agencies, a state level Policy Review Committee and district level implementation committees were constituted to meet at least once and twice a year respectively.

The PMU was delegated financial, administrative and technical responsibilities for implementation of the project. The PMU, headed by a Project Director, was supported by a technical expert and Project Manager. The Project Director was assisted by three Conservators of Forests, one for monitoring, evaluation, training, publicity and extension and the other two for carrying out field operations.

3.1.3 Audit objectives

The Audit objectives were to ascertain whether:

- resources were utilised in an economical and efficient manner;
- proper assistance was provided to villages with sufficient common land and adequate steps were taken to involve the community in the project;
- project components were implemented effectively so as to achieve their respective objectives;
- Village Resources Management Committees (VRMC) were constituted for the implementation of the project;
- energy efficient technology was adopted to reduce the consumption of fuel wood and cowdung cakes, and
- an effective monitoring system existed.

3.1.4 Audit criteria

To achieve the Audit objectives, the following audit criteria were adopted:

- provisions of budget manual and financial rules;
- prescribed criteria for selection of area for operation of project;

- ⊙ targets and achievements of various components of the project;
- ⊙ State Government's policy for involvement of women, scheduled castes, and landless farmers in decision making;
- ⊙ rules, regulations and instructions of Government for implementation of various components of the project;
- ⊙ adherence to a system of periodical monitoring at various levels; and
- ⊙ overall workplan, annual workplans, annual progress reports, tree survival survey reports, other survey and monitoring reports and various studies conducted by PMU/ outsource agencies, etc.

3.1.5 Audit scope and methodology

Performance of various components of the project since its inception to March 2008 was reviewed through scrutiny of records maintained by the Project Director and all the five² plantation divisions during November 2007-March 2008.

The methodology adopted was to test-check records with reference to provisions of project guidelines, departmental code, State Financial Rules, Government orders and instructions. The sample for audit *inter-alia* covered records including various registers required to be maintained under the project guidelines.

An introductory meeting was held in January 2008 with Principal Chief Conservator of Forests (PCCF) in which important issues regarding implementation of various components of the project, audit objectives and audit criteria were discussed. Exit conference was held in July 2008 with Additional PCCF to discuss the audit findings and their views were considered while finalising the review report. The results of scrutiny are discussed in succeeding paragraphs.

Audit findings

3.1.6 Financial management

The project was launched with financial assistance from European Union. The total project cost was estimated at Euro 30.10 Million (Rs 141.47 crore) of which the European Commission (EC) grant consisted of Euro 23.30³ million

² Ambala, Bhiwani, Hisar, Jatusana and Kurukshetra.

³ Project Management Unit : Euro 17.39 Million, European Commission, Delhi : Euro 2.91 Million and contingencies :Euro 3 Million.

(Rs 109.51 crore) and the financial commitment of State Government amounted to Euro 6.80 million (Rs 31.96 crore). Year-wise details of budget provision, expenditure and receipt of grants from EC for the period 1998-2008 were as under:

(Rupees in crore)

Year	Budget provision	Expenditure	Savings	Receipt of EC Share
1998-99	1.49	0.44	1.05	-
1999-2000	9.31	3.64	5.67	-
2000-01	15.06	8.72	6.34	6.54
2001-02	16.13	12.57	3.56	9.13
2002-03	19.82	15.48	4.34	11.35
2003-04	24.48	20.33	4.15	13.51
2004-05	26.50	22.41	4.09	17.2
2005-06	23.04	18.19	4.85	5.29
2006-07	17.34	14.90	2.44	15.34
2007-08	16.87	13.39	3.48	7.34
Total	170.04	130.07	39.97	85.70

The Department failed to utilise about 24 per cent of funds during the project period because of weak project management. Grants from EC could not be obtained in the initial years of project due to non-opening of interest bearing project capital account and project current expenses account. The Project Director stated (July 2008) that most of the project funds had been utilised, hence the progress of the project was not slow and that utmost efforts were made for opening the project capital account at the earliest but the account could be opened only in May 2000. The reply was not tenable as overall 24 per cent savings in all the project years was quite high and it took about two years in opening the project capital account which was not justified.

3.1.7 Selection of villages

As laid down in the overall work plan of the project, the first step in the implementation of the project was to identify villages that had sufficient common land or were affected by wind erosion from sand dunes or were suitable for water harvesting dams or poplar plantations. Selected villages were to be further screened for being socially and economically backward, measured by two proxy indicators of poverty, namely the percentage of scheduled castes and agriculture labourers to total population. Villages that met these criteria were to be put to a rapid appraisal (RA) to confirm the preliminary findings and to assess the willingness of the community to participate in the project. Community Entry Point Activities (EPA) were to be initiated through participatory assessment (PA) and micro-planning and VRMCs were to be formulated for smooth working. After following these criteria, the work of plantation was to be carried out in the selected villages. Scrutiny of records revealed that the criteria were not followed in the following cases:

Hisar Division carried out plantation over 349.5 hectare land in village Khedar, Hisar during 2003-07 at a cost of Rs 1.06 crore under village wood lots and sand dune fixation components. The land belonged to Haryana Vidyut Prasaran Nigam

An expenditure of Rs 1.10 crore was incurred on plantation in the area which did not fulfil the selection criteria.

Limited (HVPNL) and was earmarked for construction of coal based Thermal Power Plant (TPP). With the commencement of work of construction of TPP in August 2007, the plantations on this land were uprooted. As a result of this, the expenditure of Rs 1.06 crore was rendered wasteful. The Project Director stated (July 2008) that selection criteria were applicable to the community land and not to the Institutional land and that the plantation on the said land was carried out on the request of Chief Engineer of HVPN. The reply was not tenable as selection criteria was applicable for all kind of lands. Further, the department had not ensured that the plantation would be maintained upto maturity of plants to achieve the project objectives as the land was earmarked for construction of coal based TPP.

Similarly, plantations over seven hectare area under village woodlots component were carried out during 2004-07 at a cost of Rs 3.60 lakh on the land belonging to Kurukshetra University and Railway workshop at Jagadhari. The area was, however, not selected under the project. The Project Director stated (July 2008) that the plantation over the Institutional land was envisaged in the overall work plan to improve the natural environment. The reply was not tenable as this area was not selected as per project guidelines and no community participation was possible in the case.

3.1.8 Implementation of project components

3.1.8.1 Physical targets and achievements

Against the targets of plantation over 7,400 hectare under Village Wood Lots, 5,300 hectare under Farm Forestry, 5,000 hectare under Sand Dune Fixation, 5,000 hectare under poplar, 47,500 plants under Tree Groves and 36,000 house holds under Kitchen Garden, set under Overall Work Plan (OWP), the department fixed annual targets separately which did not match with that of OWP as detailed below:

Year	Village Wood Lots		Farm Forestry		Sand Dune fixation ⁴		Poplar		Tree Groves/ Linear Tree Groves		Kitchen Garden			
	(Land in hectares)										(Number of plants)		(House holds)	
	T	A	T	A	T	A	T	A	T	A	T	A		
2000-01	600	419.60	500	315.13	600	131.50	400	414	3,800	3,876	2,800	5,105		
2001-02	1,300	1,120.52	1,000	860.01	1,100	389.80	900	890.05	8,740	8,588	16,000	13,872		
2002-03	1,550	1,475.70	1,825	1,872.20	1,460	775.15	2,000	1,851.83	16,800	31,235	15,000	14,369		
2003-04	2,100	2,035.30	2,000	2,106.36	2,130	1,533.15	1,500	1,441.60	47,858	37,149	15,000	20,468		
2004-05	2,100	1,910.75	1,900	1,938.70	1,785	1,417.75	1,200	1,179.15	87,510	76,574	20,000	22,567		
2005-06	1,500	1,376.55	1,750	1,888.20	1,000	791.5	600	552.93	84,900	69,130	20,000	17,312		
2006-07	-	-	1,500	1,544.90	-	-	600	614.88	84,900	93,366	20,000	13,860		
Total	9,150	8,338.42	10,475	10,525.5	8,075	5,038.85	7,200	6,944.44	3,34,508	3,19,918	1,08,800	1,07,553		
OWP	7,400		5,300		5,000⁵		5,000		47,500		36,000			

T: Targets A: Achievements

⁴ These includes targets and achievements of modified SDF.

⁵ Targets were reduced in 2001-02 from 9,300 to 5,000 due to non-availability of land.

Targets fixed under OWP were not realistic as these had no bearing to the actual potential under the various components. The achievements under most of the components were much higher than those fixed under OWP. The target of plantation under Sand Dune Fixation was reduced with the introduction of Modified Sand Dune Fixation scheme, as discussed in subsequent paragraphs. However, no corresponding increase was made in the targets for other components to utilise the resources released due to the reduction of target under this component.

An analysis of the data revealed that there was a shortfall in the achievements of annual targets fixed by the department by 38 *per cent* in respect of sand dune fixation component. Although the targets of plantation were by and large achieved in respect of other components, the survival of plants in some components was not up to the mark as discussed below:

Village wood lots

Village wood lots (VWL) were to be established on land belonging to Panchayat and common land of the village to meet immediate requirement of the community like providing grass, fuel wood, small timber, etc. Of the plantation of 83.17 lakh plants during 2000-06, 67.23 lakh plants were registered as survived, showing an average survival rate of 80.83 *per cent*.

Kurukshetra Division spent (2002-05) Rs 0.62 lakh for plantations of village wood lots in village Antheri (Block Ladwa) on 2.5 hectare land without preparing Micro Plan and constituting VRMC. The Project Director while admitting the facts stated (July 2008) that the plantation was carried out on a small piece of land, therefore, normal procedure was not followed. The reply was not tenable as plantation was required to be carried out according to the prescribed procedure.

Farm forestry

Farm Forestry was aimed to involve privately owned farmland owners to augment wood supplies and to reduce pressure on Government forests. Seedling of suitable fuel wood, fodder, fruit and small timber species were to be provided to the farmers for planting on the field boundaries or in blocks.

In three⁶ divisions of Hisar circle, survival rate of plants under this component was only 17.53 *per cent* as compared to the norm of 70 *per cent* fixed by Principal Chief Conservator of Forest in July 1993. Year-wise details of survival of plants are given in *Appendix XIX*. An expenditure of Rs 1.06 crore was incurred on plantation during 2000-06. Low survival rate of plants was indicative of ineffective implementation of the scheme rendering the proportionate expenditure of Rs 79.45 lakh as wasteful.

Proportionate expenditure of Rs 79.45 lakh rendered wasteful as only 17.53 *per cent* plants survived against the norms of 70 *per cent*.

⁶ Bhiwani, Hisar and Jatusana.

In Bhiwani Division, out of total plantation of 7.26 lakh plants on which expenditure of Rs 12.39 lakh was incurred, only 0.64 lakh plants survived registering a very low average survival rate of 8.84 *per cent* during 2000-07. The year-wise survival rate was only 0.51, 2.06 and 4.55 *per cent* in 2000-01, 2001-02 and 2002-03 respectively (*Appendix XX*).

Survival of plants in respect of 2,048 farmers of Hisar and Ambala was zero *per cent*.

Further detailed analysis of records relating to 7,784 farmers of Hisar and Ambala divisions revealed that survival rate of plants was zero *per cent* in respect of 2,048 farmers during the years 2003-04 and 2004-05 as detailed in *Appendix XXI*. Expenditure of Rs 5.31 lakh incurred on these plants, thus, went waste.

The PCCF stated (July 2008) that low survival of plants under this component was due to the area being arid and severely affected by natural calamities (droughts and frosts). In spite of best efforts, the survival of plants remained low. Further, the norm of 70 *per cent survival* of plants was not applicable in the cases where the plants were supplied to farmers/beneficiaries. The plea of the department that norm of 70 *per cent survival* was not applicable in these cases was not convincing as the department was responsible to ensure high survival rate of plants to make the project successful.

Sand dune fixation

Sand Dune Fixation (SDF) component was aimed at stabilizing the moving sand dunes and improving the productivity on community and private lands in 160 villages of seven⁷ western project districts. Suitable species of fuel wood, fodder, oilseed and fruit were to be planted at a spacing of 4 x 2.5 metres to cover 1,000 plants per hectare. Due to non-availability of sand dune land, a modified SDF model with lower plant density (500 plants per hectare) was proposed in 2001-02, so that the farmers could use the land for agricultural purpose also. Thereafter SDF and modified SDF were implemented simultaneously according to availability of land.

Survival survey report brought out (March 2008) that overall survival rate under SDF was 76.10 *per cent* during 2000-06 (*Appendix XXII*), whereas it was only 49.13 *per cent* under modified SDF during 2001-06 (*Appendix XXIII*), which showed that the modified SDF had not been successful. During 2001-05, survival rates of plants ranged between 31.3 and 49.9 *per cent* in Jatusana Division while it was between 39.10 and 53 *per cent* in Bhiwani Division in comparison to the norm of 70 *per cent*. Low survival rate of plants under modified SDF rendered the proportionate expenditure of Rs 58.35 lakh wasteful and also indicated that the department failed in creating awareness among community about the benefits of plantation. Reasons for low survival rate under modified SDF were attributed mainly to ploughing by the farmers in order to accommodate the agricultural crops, plantation damaged by farmers, blue bull (Neelgai) menace, etc. These common factors in plantation should have been taken care of by the department.

⁷

Bhiwani, Fatehabad, Hisar, Jhajjar, Mahendragarh, Rewari and Sirsa.

Poplar plantation

Failure of the department to protect plants from diseases/insect attacks resulted in low survival of plants.

The objective of the poplar plantation was to generate additional income and also to provide fuel wood to farmers. Under this component, improved clones of poplar for raising plantation on prime agricultural land were to be provided to the farmers. An expenditure of Rs 2.64 crore was incurred on the component during 2000-07. Out of 32.56 lakh poplar plants supplied to the farmers during 2000-07, only 10.97 lakh plants (33.69 per cent against the norm of 70 per cent) survived as detailed in *Appendix XXIV*.

Due to low survival of plants, proportionate expenditure of Rs 1.37 crore was rendered wasteful and objective of generating additional income to farmers could not be achieved. Low survival of plants was mainly due to plant damage during agricultural operations, diseases, insect attacks, etc.

Tree groves

Tree groves were to be planted on panchayat and community lands near the ponds at bus shelters, on the *chetna kendra* compounds, on village peripheries, etc. to provide shade. This component was intended as a community 'entry point' towards creating awareness and winning confidence. Groves of 0.08 hectare with 19 tall plants of important indigenous species were to be planted. Tree survival survey report indicated (March 2008) that survival rate under tree groves were 85.38 per cent.

Kitchen gardens

Kitchen gardens/homestead plots were intended to create awareness on tree planting and other benefits to individual households and also to improve living and nutritional standards of the villagers. The approach was to provide five plants of grafted fruits trees per homestead. An expenditure of Rs 1.03 crore was incurred under this component during 2000-07. Out of total 4.78 lakh plants distributed during 2000-07, only 0.67 lakh plants survived and survival rate of plants under this component was only 13.98 per cent against the norm of 70 per cent as indicated in *Appendix XXV*.

Kitchen Garden/Homestead plots was not successful as survival rate of plants was only 13.98 per cent.

Such low survival of plants was indicative of failure of the scheme and rendered the proportionate expenditure of Rs 82.43 lakh as wasteful. According to the report of Monitoring and Evaluation Division, low survival rate of plants was due to lack of proper space in the backyard, lack of care by householders, delay in supply of plants and supply of damaged and dried plants by the department to householders. Thus, the low survival was apparently due to failure of the department to provide fresh and good quality plants and to make the households aware of the benefits of plantation.

Out of the six forestry components, three components, namely village woodlots, sand dune fixation and tree groves, which were handled by the department itself and had no direct community participation, performed well.

However, the results under the other three components, namely farm forestry, poplar plantation and kitchen gardens, which had direct community participation, were poor. Even under SDF, the modified SDF which was implemented on agricultural land and required farmers' involvement for its success, lagged in comparison. It was, therefore, debatable whether the key objective of the project of creating awareness and winning the confidence of the community was achieved.

3.1.8.2 Fire protection measures not taken

To guard against fire hazard, it was envisaged in the project that a strip of about 2.5 metres width and fire line of one-two metres width should be laid to clear the inflammable material around the plantation area. It was, however, noticed that the department had not taken such fire protection measures in any plantation under the project.

It was noticed in Kurukshetra division that a plantation of over 56.5 hectare area carried out at a cost of Rs 13.84 lakh in seven villages was destroyed by fire during 2000-05 due to electric sparking and throwing of burning *beedies* by some persons. Had the fire protection measures been taken, loss due to fire could have been minimised. The Project Director stated (July 2008) that although protection measures were provided in the manual, provision for this activity was not made.

3.1.9 Community institution strengthening process

3.1.9.1 Village Resource Management Committees

The Village Resource Management Committees (VRMCs) were to be constituted with an executive committee of 11-13 members, of which atleast four were to be women and three from scheduled castes and landless households. It was, however, noticed that out of a total of 328 VRMCs formed in the State, 62 were formed with less than the prescribed number of executive members and 68⁸ VRMCs had less than four women as executive members. Thus, VRMCs were not formed with adequate executive members and women were also not given adequate representation.

The community was to be encouraged and enabled to assume responsibility for the management of planted tree resources. Each VRMC was to be provided initial incentive with a fund of Rs 30,000. Release of this money was conditional to the community agreeing for a mechanism for future community contribution to the funds. It was noticed that out of 328 VRMCs in the State, funds for this purpose were not provided to 37 VRMCs. Further, funds of Rs 87.30 lakh provided to 291 VRMCs could not be utilised for maintenance of plantations as no plantation was transferred to them and the funds provided were kept in term deposits. The Project

⁸ Bhiwani: 26, Jatusana: 18, Kurukshetra: 10, Hisar: 9 and Ambala: 5.

Director stated (July 2008) that funds to 37 VRMCs were not provided as these VRMCs could not provide 10 hectare land or their 50 *per cent* members did not contribute to the fund as envisaged in the project guidelines. The reply showed that the department failed to motivate the community to contribute to the fund.

As per project guidelines, the plantations raised on common panchayat land were to be maintained for three years by the department and thereafter handed over to VRMCs. The plantations in 7,880.70 *hectares* under village wood lots and sand dune fixation and 0.81 lakh plants under tree groves carried out during 2001-02 to 2003-04, which were required to be handed over to VRMCs, were yet to be handed over.

Plantations were not handed over to VRMCs after the prescribed period of three years of plantation.

Non-handing over of plants to VRMCs resulted in extra expenditure on operations like pruning, thinning, watch and ward, etc. and failed to make the community responsible for management of plants. This indicated failure of the objective of sustainable management of natural resources through community participation. The community was also deprived of the benefits which were to accrue to them from these plantations. The Project Director stated (July 2008) that the plantations were not handed over to the VRMCs as it was decided (July 2004) by the Government that Forest Department would maintain the plantation till their maturity. The decision of the Government was against the basic objective of the project as a result of which community participation on this aspect was missing. The plantations carried out had various tree species and some of them like Shisham (10.46 lakh plants), Kikar (16.47 lakh plants), Eucalyptus (81.40 lakh plants), Poplar (34.75 lakh plants) had maturity periods of 60 years, 15-20 years, 10 years and 8 years respectively. This meant that these plantations would continue to be under the care of the Forest Department for long periods instead of their transfer to the village communities. Thus, even those plantations which had no direct community participation to start with, would also remain out of the community's ambit for its entire lifetime.

3.1.9.2 *Capability assessment of VRMCs*

Capability assessment of existing VRMCs was carried out by the Technical Assistance Team of the Project in October-November 2001 and again in 2003, 2004 and 2005. For the final assessment, made in September 2007, nine indicators such as village resource planning, conflict resolution, VRMC management, community resource monitoring, natural resource protection, rehabilitation, etc with 55 sub-indicators of capability were taken into account. As per final assessment, overall capability of 24 *per cent* VRMCs was considered good or mature, 70.5 *per cent* moderate and 5.5 *per cent* weak.

Capability to access and mobilise finances for resource management was weak in respect of 83 *per cent* VRMCs.

An analysis of assessment revealed that in respect of the indicator, "capability to access and mobilize finances for resource management", only two *per cent* of VRMCs had been rated as good and 83 *per cent* as weak. Out of 55 sub-indicators, 14 which were crucial for long term sustainability of the VRMCs had declined from the 2005 level. These related mainly to planning

capabilities (3 sub-indicators), conflict resolution capabilities (2 sub-indicator), organisational management (1 sub-indicator), financial resource mobilisation (2 sub-indicators), monitoring and transparency (3 sub-indicators), resource protection (2 sub-indicators) and support of the disadvantaged (1 sub indicators). This was indicative of weakening of the community's involvement in the project. The team recommended that these general system weaknesses needed to be discussed, negotiated and agreed upon between all the stakeholders and VRMCs should take up all the responsibilities without which the efforts of a decade would dissipate.

3.1.10 Energy efficient technology

3.1.10.1 Improved cooking technology

One of the aims of the Project was to reduce the consumption of fuel wood and cowdung cakes by introducing improved domestic cooking stoves and other alternative energy sources in order to reduce the smoky environment in the houses.

In test checked divisions, 8,431 improved chulhas were distributed in 153 villages under improved cooking technology at a cost of Rs 98.24 lakh. A survey conducted by the department in December 2007 and January 2008 regarding utilisation of improved chulhas in 70 of these 153 villages revealed that 48 per cent smokeless *chullhas* (1,690 out of 3,551 *chullhas* distributed to villagers) were not being utilised by the villagers as detailed in *Appendix XXVI*. Thus, the department failed to motivate the rural communities to adopt the use of smokeless chulhas, which resulted in unfruitful expenditure of Rs 19.69 lakh incurred on these 1,690 chulhas.

One of the aims of the project was to reduce the consumption of fuelwood and cowdung in rural communities by introducing improved domestic cooking stoves. A study of improved cooking technologies was to be conducted to ascertain the options available in the market. Energy Research Centre, Punjab University, Chandigarh was contracted to conduct the study to assess energy supply and demand situation in the villages, usage of fuelwood, charcoal, cowdung and agricultural crop waste as sources of energy and identify new energy efficient technologies which could be adopted in rural areas with emphasis on household cooking stoves, crematoria and village based industries using fuelwood. The study conducted (1999-2000) recommended that there was an urgent need to propagate the use of energy efficient devices such as pressure cookers, family size solid phase biogas plants, solar cookers and solar water heaters in the household sectors. It was observed in audit that no expenditure other than the payment of Rs 2.80 lakh on conducting the study was incurred on the component. This coupled with the project's relative failure in promoting the use of smokeless chulhas, indicated that there was no effective initiative in reducing the reliance of rural population on fuel wood and cowdung as source of energy.

Non-utilisation of 48 per cent smokeless chullhas rendered the expenditure of Rs 19.69 lakh unfruitful.

The component regarding the use of other alternative energy sources was not implemented.

3.1.10.2 Improved crematoria

The department failed to create awareness regarding the use of improved crematoria.

The study conducted by Energy Research Centre, Panjab University, Chandigarh, in 1999-2000 also observed that 94 *per cent* households were against the use of fuel efficient crematoria due to tradition, *biradari* and superstitions and emphasised the need to create greater awareness of the benefits of improved crematoria amongst the users.

It was, however, observed that only seven improved crematoria at a cost of Rs 3.95 lakh were installed during 2000-04 under the project. The Project Director stated (April 2008) that energy saving crematoria proved less successful due to non-adoption by the community. Thus, the department failed to create awareness among the community about the use of improved crematoria.

3.1.11 Expenditure in violation of project guidelines

As per project guidelines, funds were not to be spent on i) construction of coffer dams, ii) labour charges on development of *johads* (village ponds) and construction of *chetna kendras*, iii) plantation after seventh year of project, iv) plantation on the land blocks less than the prescribed size and v) construction of buildings at the fag end of the project. During audit scrutiny it was observed that funds amounting to Rs 1.96 crore were spent on these items in violation of project guidelines as discussed below:

3.1.11.1 Wasteful expenditure on construction of coffer dam

To save Bunga bandh from silt, Ambala Division constructed a coffer dam 800 metre up stream of the bandh in June 2004 at a cost of Rs 4.25 lakh. A six inch wide plastic pipe used on the work was not fixed with any pillars, as a result of which the joints of this pipe opened and due to leakage of water the coffer dam got damaged.

Similarly, to avoid silt in a dam constructed in village Bharauli, a coffer dam was constructed at a cost of Rs 3.21 lakh in May 2004. Likewise this coffer dam was also damaged in August 2004 due to heavy rains rendering the expenditure wasteful. The Project Director stated (July 2008) that the work of coffer dams was taken up on demand of the community on an experimental basis and that action had been initiated against the defaulters. The reply was not convincing as there was no provision for construction of coffer dams under the project.

3.1.11.2 Expenditure on labour on construction works

According to project guidelines, villagers were to contribute voluntary labour for development of *johads* and construction of *Chetna Kendra*. Out of total

expenditure of Rs 3.52 crore incurred on these works, Rs 1.06 crore⁹ was incurred on labour component, which was against the project guidelines. The Project Director stated (July 2008) that villagers were not required to contribute voluntary labour on these works. The reply was not acceptable as provision of the para 3.2.5.9 of OWP envisaged community participation in the form of labour for these constructions.

3.1.11.3 Plantation carried out in contravention of project guidelines

According to project guidelines, plantation was to be raised during second to seventh year of the project. Plantation in respect of Village Woodlots, Sand Dunes Fixation and Tree Groves only were allowed in eighth and ninth year for replacement of plant mortality.

In five¹⁰ divisions, plantation of Farm Forestry, Kitchen Gardens and Poplar was carried out in the eighth year (2006-07) and an expenditure of Rs 51.20 lakh¹¹ was incurred in contravention of the project guidelines.

For better governance including inspection, maintenance and monitoring, plantations under Village Woodlots and SDF were to be carried out on land blocks not less than five hectares in selected villages. Test-check of records revealed that plantations in respect of above components were done on land blocks, which were less than five hectares in 48¹² villages at a cost of Rs 17.47 lakh during 2003-06 in contravention of project guidelines.

Similarly, according to para 8.2 of OWP, construction work of office buildings, etc. was to be carried out in first and second year of the Project. A conference hall was constructed at Hisar during 2006-07 at a cost of Rs 14.15 lakh for imparting training and holding workshops and conferences. Construction of conference hall at the fag end of the Project was against the project guidelines.

3.1.12 Environment impact

A baseline Environment Impact Assessment Study, as envisaged in the Project, was got conducted in the year 2000 from Institute for Sustainable Development, New Delhi. The study was conducted in 56 villages and 22 environmental problems were identified. Out of 22 problems, there were on an average, six problems in each of the 56 villages. Another study in the same villages

⁹ Ambala: Rs 9.98 lakh; Bhiwani: Rs 12.31 lakh; Hisar: Rs 70.08; Jatusana: Rs 5.10 lakh; and Kurukshetra: Rs 8.62 lakh.

¹⁰ Ambala, Bhiwani, Hisar, Jatusana and Kurukshetra.

¹¹ Ambala: Rs 12.89 lakh; Bhiwani: Rs 3.18 lakh; Hisar: Rs 19.56 lakh; Jatusana: Rs 7.79 lakh and Kurukshetra: Rs 7.78 lakh.

¹² Hisar: 11 villages; Kurukshetra: 5 villages, Bhiwani: 7 villages and Jatusana: 25 villages.

brought out (December 2007) that average number of problems in each village had reduced to 4.88 only. Thus, average of 1.12 problems were resolved through the project in these 56 villages. The major problems like damage by wild life/blue bulls (in 46 villages), pollution of *johads* (in 28 villages), termite attack on trees (in 26 villages), wastage of domestic water (in 22 villages), drainage of domestic waste water (in 21 villages), quality of drinking water (in 17 villages) and fuel wood pressure on forest resources (in 17 villages) were still persisting. Although the project was near completion, these environmental problems could not be resolved. Thus, there was no significant achievement in resolving environmental problems through the project.

3.1.13 Monitoring and evaluation

Monitoring and Evaluation (M and E) Circle was functioning at Headquarters and M and E Division at Ambala was conducting tree survival survey in respect of all the components. Scrutiny of tree survival survey reports revealed that there was variation in figures of plantation of poplars to the extent of 1.38 plants appearing in Monitoring Reports of March 2006 (25.89 lakh plants) and March 2008 (27.27 lakh plants). Further, tree species growth rate surveys were to be carried out at sites in the fourth year of the project. The survey was, however, conducted only in four villages out of 338 project villages. Though low survival of plants was reported in the survey reports yet appropriate remedial action was not taken by the department to keep survival rate within the norms. Thus, monitoring was neither adequate nor effective. Internal audit system was also not in existence.

3.1.14 Conclusions

The objective of the project of building up the capacity of rural communities to improve natural environment was not achieved fully as survival rate of plants was low under the components which required community participation. The project could achieve reasonable success in creation of VRMCs at the village level as most of these committees were evaluated to be good or moderate, though on a few indicators their capacity had declined over the years. However, this capability of VRMCs would largely remain unutilised as the plantations made on panchayat and village common lands were not and may not be handed over to them. Therefore, a significant objective of the project to involve the communities in sustainable management of natural resources had remained unresolved. There was no significant achievement in either attending to the environmental problems through the project or promoting energy efficient cooking devices among the rural populace.

3.1.15 Recommendations

Since the project has already been closed, it is recommended that the Government may reconsider its decision to not hand over the plantations to the rural communities and hand these over to the respective VRMCs to make the communities responsible for management of natural resources.

These points were reported demi-officially to the Commissioner and Secretary to Government of Haryana, Forest Department in May 2008; their reply had not been received (August 2008).

Rural Development Department

3.2 National Rural Employment Guarantee Scheme (NREGS)

Highlights

The basic objective of NREGS is to enhance livelihood security in rural areas by providing 100 days guaranteed employment, besides creating durable community assets. The performance audit disclosed that there was an absence of proper planning mechanism for the implementation of the scheme. The scheme lost momentum in the second year in Mahendragarh and Sirsa districts. Though employment was provided to 36 per cent households, the assets created were by and large not beneficial to the community. There were cases of delay in payment of wages, non-payment of unemployment allowance, use of machines in labour oriented works, preparation of bogus muster rolls, payment of wages without obtaining signatures/thumb impressions from workers, double payment of wages, etc. Records in regard to muster rolls and generation of persondays were not maintained properly to ensure transparency and accountability.

- District perspective plan for five years and annual plans for implementation of the scheme were not prepared.

(Paragraph 3.2.6)

- The expenditure on the scheme declined in Sirsa and Mahendragarh districts from Rs 36.29 crore in 2006-07 to Rs 25.21 crore in 2007-08. Similarly, persondays generation also declined to 18.57 lakh in 2007-08 from 24.13 lakh in 2006-07 in these districts.

(Paragraphs 3.2.7.1 and 3.2.7.2)

- There were cases of over payment of wages, double payment of wages to same persons and payments shown as disbursed without obtaining proper receipt/signatures/thumb impressions of workers. Similarly, large number of complaints regarding use of machines in execution of works and insertion of bogus names in muster rolls who were not deployed on the works were also observed.

(Paragraphs 3.2.8.1 & 3.2.8.2)

○ Ponds dug up at a cost of Rs 8.37 crore in Mahendragarh district were without water. The works of digging and desilting of distributaries worth Rs 1.73 crore were not executed systematically in consultation with line departments. Compaction of earth was not done on rural road works executed at a cost of Rs 18.13 crore.

(Paragraph 3.2.10.1)

○ Works worth Rs 1.90 crore were executed in test checked *gram panchayats* without obtaining technical sanctions and the works were split up to avoid sanction of higher authorities.

(Paragraph 3.2.10.2)

3.2.1 Introduction

The National Rural Employment Guarantee Act, 2005 (the Act) guarantees 100 days of employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. The basic objective of the scheme is to enhance livelihood security in rural areas besides generating productive assets, protecting the environment, empowering rural women and fostering social equity among others. The Central Government is to bear all costs other than 25 per cent of the cost of material and wages for skilled and semi-skilled workers, unemployment allowance and administrative expenses of the State Employment Guarantee Council (SEGC). In Haryana, the Act came into force in Mahendragarh and Sirsa districts from 2 February 2006, in Ambala and Mewat districts from 15 May 2007 and in the remaining districts from 1 April 2008.

3.2.2 Organisational set up

The Director, Rural Development Department, Haryana exercises general superintendence over the implementation of the scheme. Deputy Commissioners (DCs) have been designated as District Programme Co-ordinators, Additional Deputy Commissioners (ADCs) as Additional Programme Co-ordinators and Block Development and Panchayat Officers (BDPOs) as Block Programme Co-ordinators. The scheme is being implemented by District Rural Development Agencies (DRDAs) through BDPOs and *Gram Panchayats* (GPs).

3.2.3 Audit objectives

The main audit objectives for the performance audit were to ascertain whether:

- effective preparatory steps for planning and implementation had been undertaken and the procedure adopted for preparing perspective and annual plan at different levels were adequate and effective;
- funds released were accounted for and utilised as per the guidelines;
- an effective system for registration of households, allotment of job cards and allocation of employment was in place and wages and unemployment allowance were paid as per guidelines;
- the works were executed economically, efficiently and effectively; and
- there was an adequate and effective mechanism at different levels for monitoring and evaluation and for social audit and grievances redressal.

3.2.4 Audit criteria

With a view to achieve the audit objectives, following audit criteria were adopted:

- National Rural Employment Guarantee Act and notifications issued thereunder;
- Operational guidelines of the Act; and
- Circulars, documents and muster roll watch guidelines issued by the Ministry of Rural Development.

3.2.5 Audit scope, sampling and methodology

Two blocks each from Sirsa, Mahendragarh and Mewat districts (totalling six¹³ blocks) and 95 *Panchayats* were selected for test check using Probability Proportionate to Size sampling method. Audit of the records of DRDAs, blocks and *Panchayats* for the period from February 2006 to March 2008 was conducted during May-July 2007 and April -May 2008.

The methodology adopted was to test-check of records with reference to provisions of scheme guidelines, departmental code, State Financial Rules, Public Works Accounts Code and Government orders and instructions. The sample for

¹³ Sirsa district: Baragudha and Nathusari Chopta; Mahendragarh district: Mahendragarh and Ateli; Mewat: Nuh and Nagina.

audit *inter-alia*, covered records including various registers required to be maintained under scheme guidelines.

An introductory meeting was held on 18 May 2007 with the Director of Rural Development, Haryana in which important issues regarding implementation of the scheme, audit objectives and audit criteria were discussed. Exit conference was held in August 2008 with Director, Rural Development Department to discuss the audit findings and their views were considered while finalising the review report.

3.2.6 Planning

As per the provisions of the Act, the State Government was to notify the scheme within six months from September 2005 and frame rules thereunder. State Government could, however, notify the Scheme (NREGS) only on 16 March 2007 after 18 months. Rules thereunder had not yet been framed (August 2008).

State Government was required to set up the SEGC for advising the Government on the implementation, evaluation and monitoring of the scheme and to decide on preferred works to be executed under the scheme. The SEGC was set up only in April 2008. Further, Programme Officers and Administrative Assistants at each block for implementation of the scheme were not appointed as envisaged in the scheme.

District perspective plan and annual plan had not been prepared.

As per the operational guidelines of the scheme, department was required to prepare a five year district perspective plan (DPP) to facilitate advance planning by identifying the types of works which would be beneficial to the community, provide long-term employment generation and sustainable development of the area. Though funds of Rs 10 lakh for each district were released by GOI, yet DPP had not been prepared in any of the test-checked districts. Further, documented annual plan (AP) and district plans indicating time frame, persondays to be generated and cost of each project as envisaged in the guidelines had also not been prepared in test checked districts and *Panchayats*. In the absence of DPP and AP, the ADCs were releasing the funds on the basis of list of works approved by the *Panchayats*.

The absence of SEGC at the State level, coupled with the lack of DPP and AP at the district level, resulted in the *Panchayats* taking up works in an *ad hoc* manner, which did not result in creation of productive assets in many cases, as discussed in paragraph 3.2.10. The ADCs, Mewat and Sirsa while admitting the facts stated (April and May 2008) that DPPs were under preparation.

3.2.7 Financial and physical performance

3.2.7.1 Financial performance

Position of year-wise release of funds by GOI and State Government vis-à-vis utilisation thereof for the period 2005-08 was as under:

(Rupees in crore)

Year	Name of district	Opening balance	GOI Share	State Share	Miscellaneous receipts	Total funds available	Expenditure	Closing balance
2005-06	Sirsa	-	5.56 ¹⁴	0.56	0.03 ¹⁵	6.15	Nil	6.15
	Mahendragarh	-	3.55 ¹⁶	-	0.05	3.60	0.30	3.30
2006-07	Sirsa	6.15	22.32	2.23	0.01	30.71	21.19	9.52
	Mahendragarh	3.30	9.02	0.90	2.64 ¹⁷	15.86	15.10	0.76
2007-08	Sirsa	9.52	7.98	0.80	-	18.30	16.73	1.57
	Mahendragarh	0.76	8.22	0.82	0.22	10.02	8.48	1.54
	Ambala	1.01 ¹⁸	10.47	1.05	0.04	12.57	12.04	0.53
	Mewat	1.10 ¹⁸	14.41	1.44	0.13	17.08	15.10	1.98
Total			81.53	7.80	3.12		88.94	

Expenditure during 2007-08 declined in Mahendragarh and Sirsa district.

As is evident from the above table, against the availability of Rs 94.56 crore during 2005-08, Rs 88.94 crore (94 per cent) were spent. The expenditure declined from Rs 21.19 crore in 2006-07 to Rs 16.73 crore in 2007-08 in Sirsa district and from Rs 15.10 crore to Rs 8.48 crore in Mahendragarh district. This indicated less generation of mandays in the year 2007-08.

3.2.7.2 Physical performance

Number of households registered under this scheme vis-à-vis number of households who earned 100 days employment under the Act up to 31 March 2008 was as under:

Year	Name of District	(Number of households)				Persondays generated (in lakh)	Average days per household
		Job cards issued	Employment Demanded	Employment provided	Completed 100 days employment		
2005-06	Sirsa	57,597	402	-	-	Nil	Nil
	Mahendragarh	16,804	6,602	5,586	-	0.23	4
	Sub total	74,401	7,004	5,586		0.23	4
2006-07	Sirsa	60,964	31,513	31,513	1,693	13.55	43
	Mahendragarh	45,808	19,252	19,252	3,933	10.58	55
	Sub total	1,06,772	50,765	50,765	5,626	24.13	48
2007-08	Sirsa	63,209	21,837	21,837	557	12.54	57
	Mahendragarh	50,763	9,922	9,922	380	6.03	61
	Ambala	22,473	18,364	18,364	3,294	7.96	43
	Mewat	25,000	17,760	17,760	3,171	9.23	52
	Sub total	1,61,445	67,883	67,883	7,402	35.76	53
Total						60.12	

¹⁴ Includes Rs 21.47 lakh released by GOI in 2005-06 but received in 2006-07.

¹⁵ This represents unspent grant of SGRY.

¹⁶ Includes Rs 15.70 lakh released by GOI in 2005-06 but received in 2006-07.

¹⁷ This includes unspent grant of Rs 2.62 crore of NFFWP.

¹⁸ These represent unspent funds under SGRY.

Scheme lost its momentum in 2007-08 as persondays generated declined during the year.

Analysis of above data revealed that 48 *per cent* job card holders during 2006-07 and 42 *per cent* during 2007-08 got employment, out of which only 11 *per cent* completed employment for 100 days in both the years. Average number of days of employment per household to whom employment was provided was 4, 48 and 53 in 2005-06, 2006-07 and 2007-08 respectively against the guarantee of providing 100 days employment.

Further, the scheme lost its momentum in Sirsa and Mahendragarh districts during 2007-08 as compared to the year 2006-07. Though number of registered households increased from 1,06,772 in 2006-07 to 1,13,972 in the year 2007-08, number of persondays generated declined from 24.13 lakh in the year 2006-07 to 18.57 lakh in 2007-08. Similarly, the number of households to whom employment was provided also declined from 31,513 and 19,252 in 2006-07 to 21,837 and 9,922 during 2007-08 in Sirsa and Mahendragarh districts respectively. The decline in employment generation as analysed in audit was mainly due to delay in making payment to workers and non-providing employment to workers who demanded employment as discussed in para 3.2.7.3. In Mewat district, the scheme had been implemented only in 271 out of 369 GPs. Out of these 271 GPs, no funds were released to 26 GPs, while funds of Rs 67 lakh released to 10 GPs during 2007-08 had not been utilised at all by them.

3.2.7.3 Employment generation in selected Gram Panchayats

Position of employment generation during 2006-08 in 92 of the 95 GPs test checked is depicted in *Appendix XXVII*. An analysis of data revealed the following:

- Against the legal guarantee of 100 days employment provided in the Act, average mandays earned per household were 48 in 2006-07 and 42 in 2007-08 in Sirsa and Mahendragarh districts respectively. Further, 64 *per cent* of households in 2006-07 and 70 *per cent* in 2007-08 were provided employment for less than 50 days in these districts. In Mewat district, 30 *per cent* of households were not provided employment and 51 *per cent* got the employment for less than 50 days during 2007-08.
- Contrary to the guidelines, 618 households in 2006-07 and 420 households in 2007-08 were deployed for more than 100 days in a year (*Appendix XXVIII*). On the other hand some households of Ateli, Baragudha and Sirsa blocks were not provided employment even for a single day as discussed in the sub para below. Further, average mandays earned by these households ranged between 111 and 139 mandays per household while the percentage of mandays earned by these households to the total mandays generated was 28 and 17 in 2006-07 and 2007-08 respectively. Maximum employment of 438 mandays was provided to a single household in GP, Dukhera in Nangal Chowdhry block in 2006-07. This indicated that a substantial proportion of employment generated was cornered by a relatively small number of households. Complaints about the non-providing of

employment were also received from registered households in the GPs of these blocks. As employment registers were either not maintained or were incomplete, employment provided to each household could not be monitored by GPs. The ADC, Narnaul stated (May 2008) that all the blocks and GPs were being directed to restrict employment to 100 days to a household.

- Data analysis of these selected GPs further revealed that 873 out of 1,747 households (50 per cent) in Mahendragarh district and 1,799 out of 4,076 households (44 per cent) in Sirsa district who worked during 2006-07 did not opt to work during 2007-08. Following factors could have contributed to the decline of employment in 2007-08:
- Workers were not paid wages in time due to shortage of funds. Instances of delay in making payment of wages are shown in *Appendix XXIX*. State Government, while addressing to various complaints received regarding non-payment of wages, also observed (October 2007) that payment of wages was not being made in time and instructed all BDPOs to avoid such delays.
- In four blocks, 45¹⁹ households were not issued job cards in 2006-07 though they were willing to do work under the scheme. Though the monthly progress reports submitted to GOI showed that all the households who demanded employment were provided work, audit scrutiny, however, revealed that 247²⁰ registered households, who demanded employment, were not provided work. Proper mechanism had, thus, not been evolved to ensure that employment is provided to all the registered workers and for payment of employment allowance to workers who could not be provided employment.

3.2.7.4 Registration of minors

Under the scheme, only adult members of the household could register themselves and apply for work. Analysis of data of all the sampled *Panchayats* revealed that in 155 households of GP Bayal in Nangal Chowdhry block, minors had been registered for doing manual work which was not only contrary to the guidelines of the scheme but also in violation of the Child Labour (Prohibition and Regulation) Act, 1986. The ADC, Narnaul stated (May 2008) that instructions were being issued to concerned blocks and GPs for not registering the minors. The names of already registered minors need to be deleted from the job cards/register.

¹⁹ Ateli: 3; Ellenabad: 1; Sirsa: 20; and Baragudha: 21.

²⁰ Ateli: 1; Sirsa: 118; Dabawali: 96; and Odhan: 32.

3.2.8 Muster rolls

3.2.8.1 General

Online entry of muster rolls had not been started in test checked GPs.

- In order to ensure transparency and accountability, it was envisaged that muster rolls would be entered online in MIS Software designed by NIC within 15 days of their payment in every *Gram Panchayat* and in the office of the Programme Officer. Online entry of muster rolls had, however, not been started so far in any of the districts test-checked (April 2008). As per scheme guidelines, blocks were to issue digitised muster rolls with a unique identity number. In Mewat district, this provision was not followed.
- Government of India directed (November 2006) to make payment of wages through banks or post offices. Though the State Government reiterated (January 2007) these instructions, payment of wages continued to be made in cash as of April 2008 in the districts test checked.
- Superintending Engineer (SE), Panchayati Raj, during inspection (February 2008) of the works of GP Gohana and Mandi Khera of Nagina block, district Mewat pointed out that instead of authentic muster rolls, *kuchha* muster rolls were being used at sites. Similarly, District Revenue Officer, Sirsa during inspection of the works of GP Panihari of Sirsa block observed that payments to workers were made without recording details of works done, amount paid, etc in muster rolls. Likewise SDO, Panchayati Raj, Sirsa pointed out during his inspection in January 2007 that in GP Dhani Charso of Sirsa block, payment to workers was made without obtaining signatures/thumb impressions of workers.

Test-check of muster rolls of selected GPs revealed the following irregularities:

- Over payment of Rs 6,768 was made in four²¹ GPs due to calculation mistakes. Double payment of Rs 9,100 was made in two²² GPs to the same workers during the same period. Payment of Rs 1,03,309 was made by three²³ GPs to 66 workers in July 2007 without obtaining their signatures or thumb impressions.
- In GP Ferozpur Rajpoot of Hathin block, job card numbers had not been entered in three muster rolls for the months of November 2007 and January 2008 involving payment of Rs 26,805.

There were overpayments due to incorrect calculations and double payments to same workers.

²¹ *Gram Panchayat* Tigra of Ateli Block: Rs 1,140; GP, Chapra Salimpur of Ateli Block: Rs 4,728; GP, Kotla of Nuh block: Rs 600 and GP, Doharkalan of Narnaul block: Rs 300.

²² *Gram Panchayat* Umari of Nagina block: Rs 3,780 and GP Ateli of Ateli block: Rs 5,320.

²³ GP, Sabras of Taouru block: Rs 46,615; Maholi of Ferozpur Zhirka block; 54,810 and GP blashar of Rania block 1,884.

- In GP Dhanur in Rania block, payment of wages of Rs 1.27 lakh was made against muster rolls (numbers 31410 to 31412 and 32932 to 32934). The muster rolls were, however, not signed by any authority viz.; Sarpanch, Panch, JE or members of Monitoring Committee.

Thus, the muster rolls were not authentic and possibility of mis-appropriation of scheme funds could not be ruled out.

Complaints regarding use of machines in execution of works and preparation of bogus muster rolls were observed.

3.2.8.2 Suspected bogus muster rolls

In GP, Baghot of Kanina block of Mahendragarh district, payment of Rs 20.40 lakh was made through muster rolls during June 2006 to September 2007 on execution of works. Thirty-four job card holders complained to the ADC, Mahendragarh that they had neither been employed on these works nor received any payment, but their names were appearing in Muster Rolls. Audit scrutiny of muster rolls revealed that out of these 34, names of 20 such job card holders were appearing in the muster rolls which indicated that an amount of Rs 50,299 shown as paid to the workers could have been embezzled. Nine earth movers/tractor owners also complained to the ADC, Mahendragarh that they had executed the work to the extent of Rs 5.39 lakh through machines/tractors and received part payment of Rs 2.27 lakh only. No such payments were, however, shown in record as having been made to earth movers/tractor owners. This not only confirmed bogus payments and preparation of bogus muster rolls but also indicated that labour oriented works were being done through machines in contravention of scheme guidelines. The entire payment of Rs 20.40 lakh, therefore, needs to be thoroughly investigated.

There were also cases of utilisation of earth movers/tractors in labour oriented works in GP Rambas, GP Bhojawas of Nangal Chaudhary block and GP Dochana of Narnaul block. Complaints regarding names of workers appearing in muster rolls, who were not actually deployed on jobs were lodged with ADC Sirsa in respect of GP Dhani Bachan Singh of Ellenabad block. Similarly, villagers of GP Mallekan in Ellenabad block complained to the ADC, Sirsa in August 2006 that bogus muster rolls were being prepared in the work relating to desilting of minors in the year 2006-07 and mentioned names of six persons whose names were appearing in the muster rolls but who were not actually deployed on the job. An expenditure of Rs 5.89 lakh had been shown as incurred. Action had not been taken (April 2008) by the ADCs on these complaints, which needed to be investigated.

3.2.9 Maintenance of records

In Mahendragarh district, records showing segregation of expenditure on wages and material was not maintained. Figures of expenditure on wages and material mentioned in the returns submitted to GOI were being arrived at without any basis. On being pointed out in audit, expenditure on material and wages for the period

February 2006 to March 2007 was segregated in 74 GPs of Ateli Nangal block. A comparison of figures of employment generation, after segregation of expenditure on wages and material, with the figures reported in monthly progress reports in these *Panchayats* revealed inflated reporting of 5,541²⁴ mandays in 34 GPs.

In Mahendragarh and Sirsa districts, segregation of labourers under various categories viz.; scheduled castes, women and mandays generated of these categories was not being indicated in the muster rolls. In the absence of these statistics, reports of deployment of SCs and women being sent to GOI were not verifiable.

GP-wise generation of persondays not complied in Mahendragarh and Sirsa districts during 2007-08.

The GP-wise persondays generated had not been compiled in Sirsa and Mahendragarh districts in the year 2007-08 and the figure of persondays generated was not worked out on actual basis. In the absence of this, accuracy of management information reports on employment generation could not be vouched in audit.

Photocopies of the muster rolls required to be kept at GP/Block level for public inspection had not been kept in any of the blocks test checked.

In Mahendragarh district, duplicate copies of job cards were not retained in GPs. This was essential to ensure transparency and to protect labourers from fraud. In Nangal Chaudhary, Rania and Dabawali blocks, employment registers had not been issued to GPs in 2007-08 to monitor mandays earned by households.

Maintenance of records particularly at GP level was not up to the mark due to shortage of Gram Sahayaks. In test checked *Panchayats*, photographs in 2,257 cases were not attached and in 1,305 cases signatures/thumb impressions of the job card holders were not available on record. Employment, asset, complaint and muster roll registers had not been maintained in test checked GPs of Sirsa and Mahendragarh districts and three²⁵ GPs of Mewat district. ADC, Sirsa and Mahendragarh stated (April-May 2008) that in about 10 per cent cases photographs could not be affixed.

3.2.10 Execution of works

Ponds in Mahendragarh district were dug up without ensuring the availability of water.

3.2.10.1 Works undertaken

An expenditure of Rs 86.19 crore was incurred on execution of 4,456 works during 2005-08 in the State. In test checked GPs, 416 works were executed at a cost of Rs 7.86 crore. Though these works provided employment but the secondary objective of creating durable assets beneficial for community was not fully achieved as discussed below:

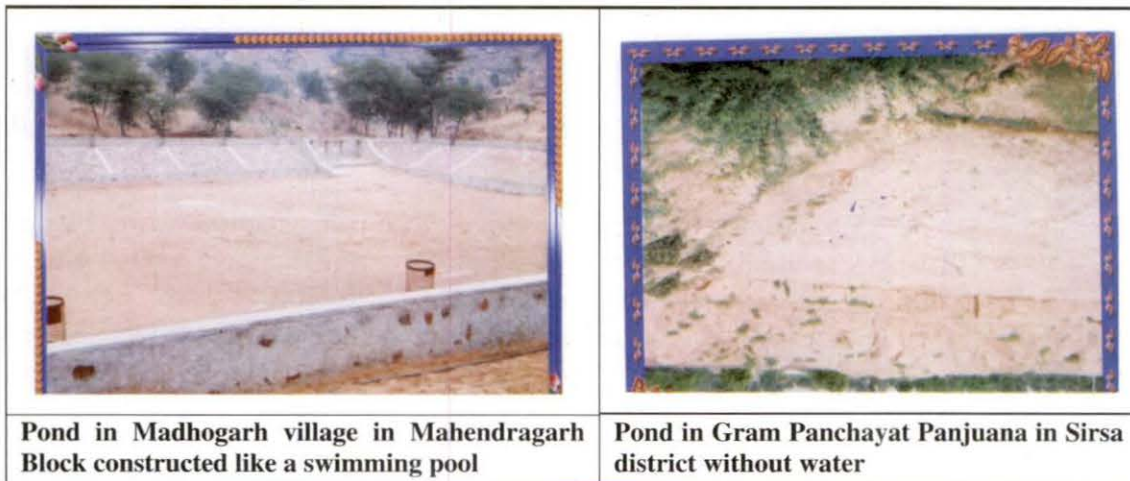
²⁴ Ateli Nangal: Reported mandays; MPR: 91,593 Actual: 86,052 Difference: 5,541.

²⁵ Nagina, Umari and Gumat Bihari.

An expenditure of Rs 8.37 crore²⁶ was incurred during 2006-08 on digging and desilting of 458 ponds in Mahendragarh district though the ponds dug up prior to implementation of NREGS in the same locality were without water. The Engineer-in-Chief, Irrigation Department intimated (February, 2006) the Revenue Department that since the area was undulating and sandy, construction of *pucca* watercourses with RCC pipe would be required for filling up these ponds with water for which additional financial assistance was needed, which was not provided. In these circumstances, proposal for digging up 458 ponds mooted by *Gram Panchayats* and approved by District Programme Coordinators without ascertaining the source of recharging of these ponds was not justifiable and rendered the expenditure of Rs 8.37 crore on these works infructuous. BDPOs of Mahendragarh and Ateli Nangal blocks admitted (September 2007) the above facts.

Expenditure on digging up of ponds without any planning rendered wasteful.

Detailed analysis of execution of these works in test checked districts revealed that while approving the works of digging of ponds, factors like necessity, catchments area, source of water, etc of these ponds were not conceptualised as detailed in *Appendix XXX* as a result of which ponds dug up in 10 villages at a cost of Rs 67.77 lakh were lying without water and rendered the expenditure wasteful.



Works of digging and desilting of distributaries were not executed systematically in consultation with line departments.

A sum of Rs 1.73 crore was spent on digging and desilting of distributaries during 2007-08 in Mewat district. Though NREGS guidelines provided for association of line departments, the works were executed by GPs in patches without associating line departments having expertise in the field. The works were not executed in a systematic manner and resulted in non-consolidation of embankments and digging of distributaries at irregular depths, which would hamper contiguity and regular flow of water at tail end.

In Sirsa district, works relating to desilting of canals, consolidation of embankments and digging at Ottu weir was executed without involving the EE, Panchayati Raj. The work relating to strengthening the embankments of Ghaggar River was executed by GP Panihari at a cost of Rs 24.01 lakh. It was noticed that

²⁶ Digging: Rs 6.82 crore and Desilting: Rs 1.55 crore.

instead of bringing sand from other place, it was managed by cutting the *bundh* nearby with the result that the *bundh* weakened.

Compaction of earth was not done on rural road works.

A sum of Rs 18.13 crore²⁷ had been spent on earth filling works on rural roads in Mahendragarh and Mewat districts. Compaction of earth, was, however, not done with the result that these roads were not able to provide all weather access. In selected Panchayats, a sum of Rs 19.44 lakh (2006-07: Rs 10.98 lakh and 2007-08: Rs 8.46 lakh) was paid to camel cart owners for carrying out earthwork. This was against the provisions of the scheme and resulted in generation of less person days.

Survival of plants was very low in test checked GPs.

A sum Rs 5.06 crore was spent on plantation during 2006-08. Out of 95 GPs, test checked, plantation was carried out in 5 GPs at a cost of Rs 3.87 lakh. The percentage of survival of plants ranged between zero and fifty in these GPs as detailed in *Appendix XXXI*. Concerned GPs attributed (April 2008) low survival of plants to non-maintenance of plants due to non-receipt of funds for the purpose. Thus, the expenditure on this component by and large was rendered unfruitful.

Under the scheme, funds were also to be used for making provision of irrigation facilities to farmers of scheduled caste families. A meagre sum of Rs 11 lakh was spent in 2007-08 on this component in Sirsa district. In the remaining districts, no expenditure was incurred for providing irrigation facilities to farmers belonging to scheduled caste families.

3.2.10.2 *Execution of works without technical sanctions and splitting of works*

As per instructions of State Government, technical sanction was to be obtained for all works at Junior Engineer (JE), Sub-Division Engineer (SDE) and Executive Engineer (EE) level for the works up to Rs 3 lakh, Rs 5 lakh and Rs 10 lakh respectively. Similarly, Administrative Approvals were to be accorded by *Gram Panchayat*, *Panchayat samiti* and *Zila Parishad* for the works up to Rs 3 lakh, Rs 5 lakh and Rs 10 lakh respectively.

Works were executed without technical sanctions and the works were split up to avoid sanction of higher authorities.

Test check of GPs revealed that an expenditure of Rs 1.90 crore was incurred on 141 works in which either expenditure exceeding Rs 3 lakh was split up or works were executed without obtaining technical and administrative sanctions as per details given in *Appendix XXXII*. The ADC, Sirsa, stated (April 2008) that all the BDPOs had been directed to get the approval of higher authorities and to avoid splitting of works.

²⁷ Mahendragarh: 2006-07: Rs 8.73 crore and 2007-08: Rs 3.87 crore and Mewat: 2007-08: Rs 5.53 crore.

3.2.11 Expenditure in contravention to scheme guidelines

Unspent funds of NFFWP were not utilised as per NREGS guidelines.

While releasing second instalment of Rs 1.57 crore under National Food for Work Programme (NFFWP), Ministry of Rural Development issued instructions (February 2006) that unutilised funds as on 2 February 2006 along with funds being released as second instalment would become part of NREGS. DRDA, Mahendragarh released²⁸ (February-March 2006) Rs 1.14 crore to Assistant Soil Conservation Officers (ASCOs) without imposing the condition that work would be executed through workers registered under NREGS. Scrutiny of records of ASCO Mahendragarh revealed that workers registered under NREGS were not engaged. Further, instead of engaging manual labour, tractors and camel carts were engaged on development of *kuchha* roads and payment of Rupees eight lakh was made to such camel cart/tractor owners through muster rolls.

As per guidelines, the scheme funds should not be used as a substitute for departmental plan funds of different departments and agencies. Funds from other programmes could be dovetailed with NREGS funds but not vice versa. Scrutiny of records revealed that Rs 8.50 lakh²⁹ were diverted and spent on laying of pipelines under water shed programme in contravention of scheme guidelines.

3.2.12 Grievance redressal, Social Audit, Monitoring and evaluation

3.2.12.1 Grievance redressal

As per guidelines, complaint registers were to be maintained at GP, Block and district level in which details of names, addresses of complainants, nature and date of complaints were to be entered. Aggrieved persons were to be given a dated and numbered receipt. After the disposal of grievances, date and nature of disposals were to be communicated to the complainants. Audit observed that complaint registers had not been maintained at any level in the districts test checked. There were numerous complaints of irregularities in muster rolls, non-issue of job cards and non-providing of employment by GPs, but no monitoring mechanism existed to ensure the redressal of complaints.

3.2.12.2 Social Audit

With a view to ensure public accountability and continuous public vigilance in the implementation of project, 'Social Audit' has been given a central role under the Act. Gram Sabha meetings were to be held at least once in every six months to review all aspects of social audit in which summaries of muster rolls, original bills and original files were to be produced for cross checking. Audit scrutiny revealed that social audit had not been conducted in test checked GPs of Mewat district. In

²⁸ Narnaul: Rs 0.37 crore and Mahendragarh: Rs 0.77 crore.

²⁹ GP, Kaluana of Dabawali Block: Rs 7.94 lakh and GP, Jhornali of Sirsa: Rs 0.56 lakh.

other districts, though the social audit system was in place, but it was not effective as public grievances and complaints were not addressed in the social audit reports being sent to GOI.

3.2.12.3 Monitoring and evaluation

According to guidelines, works were required to be inspected 100 *per cent* at block level, 10 *per cent* at district level and 2 *per cent* by State level officers every year. Audit scrutiny revealed that the inspections were deficient as the block level, district level and state level officers carried out inspections of 19, 7 and less than one *per cent* of works respectively. No mechanism was evolved to ensure that the shortcomings noticed during inspections were rectified. Further, District Internal Audit Cells were to be constituted to scrutinise the reports of GPs which was also not done.

State Government had not ascertained the expected outcomes as a result of implementation of the scheme such as creation of durable assets, reduction in the migration of people, strengthening of livelihood resource, increase in women's participation, purchasing power, etc.

3.2.13 Conclusions

The objective of the scheme to provide livelihood security to rural poor and creation of useful assets was not fully achieved. The scheme lost its momentum in 2007-08 as persondays generation declined during the year. Due to the absence of a proper planning mechanism at the State and district level, the assets created were by and large not beneficial to the community. Cases of delay in payment of wages, non-payment of unemployment allowance, use of machinery in labour oriented works, preparation of bogus muster rolls, payment of wages without obtaining signatures/thumb impressions from workers, double payment of wages, non-maintenance of records to bring about transparency and accountability, etc. were indicative of lack of checking and monitoring of the scheme at all levels.

3.2.14 Recommendations

- Perspective plan for five years and annual action plan of the districts should be prepared so as to achieve the objectives of the scheme fully.
- Proper maintenance of employment demanded and employment provided registers should be insisted upon.
- Job cards and correctness of details of households posted on these cards need to be reviewed.

- Line departments should be involved in execution of works to derive full benefits of the assets created.
- The vigilance mechanism and monitoring system should be strengthened to control malpractices in muster rolls and inquiries of the complaints regarding muster rolls should be conducted.

These points were referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Rural Development Department in July 2008; reply had not been received (August 2008).

Housing Department

3.3 Working of Housing Board Haryana

Highlights

Performance audit of the activities of Housing Board Haryana showed that the Board has been making substantial profits. However, there were weaknesses in planning, financial management, contract management and execution of works. Achievement of physical targets in terms of construction of houses was far from satisfactory. There were cases of construction of houses without conducting demand survey, blocking of funds, excess expenditure on establishment of works division, etc. Besides, cases such as floating of new schemes without taking physical possession of land, execution of works at higher rates, etc. also indicated deficient working of the Board.

- The Board incurred an expenditure of Rs 5.68 crore on establishment of Construction Division, Panchkula in excess of norms during 2003-08.

(Paragraph 3.3.6.5)

- Due to non-deposit of advance Income Tax, the Board had to pay penalty amounting to Rs 42.04 lakh.

(Paragraph 3.3.6.6)

- Against the target of construction of 26,304 houses during 2003-08, construction of 6,269 houses was taken up registering a shortfall of 76 per cent during this period.

(Paragraph 3.3.8.1)

- Due to construction of houses at Taoru without any demand survey, the houses had to be sold at lower rates, which resulted in a loss of Rs 1.56 crore.

(Paragraph 3.3.8.2)

- Land for 1,636 plots meant for Economically Weaker Sections allotted by Haryana Urban Development Authority at a concessional rate was utilised for construction of houses for Low Income Group.

(Paragraph 3.3.8.3)

- The Board purchased land worth Rs 73.08 lakh in Gurgaon which was under litigation.

(Paragraph 3.3.9.1)

- The Estate Manager, Rewari allotted adjoining land to house owners at the rates lower than the rates fixed by the Chief Administrator, which resulted in a loss of Rs 64.16 lakh to the Board.

(Paragraph 3.3.11.1)

3.3.1 Introduction

The Housing Board Haryana (the Board) was set up in August 1971 under Haryana Housing Board Act 1971 with the main objective of providing built up houses to citizens of different income groups in the State, particularly to the Economically Weaker Sections (EWS) and Low Income Group (LIG).

The Board depends mainly on Haryana Urban Development Authority (HUDA) for purchase of land for construction of housing colonies.

3.3.2 Organisational set up

The Financial Commissioner and Principal Secretary to Government of Haryana, Housing Department is the administrative head at Government level. A Board consisting of members appointed by the State Government under Section 3 of the Act decides all policy matters. The Chief Administrator (CA) is the Chief Executive assisted by Chief Engineer, Secretary, Town Planner, Architect and Chief Accounts Officer at the Headquarters. In the field, there are five Construction Divisions located at Faridabad, Gurgaon, Karnal, Panchkula and Rohtak. The revenue and other dues from the allottees are collected by 12 Estate Managers (EM) which are under the charge of these Construction Divisions.

3.3.3 Audit objectives

The main objectives of audit were to check:

- the existence of a sound financial system;
- the efficacy of planning and survey and investigation for carrying out various housing schemes;
- adherence to the system for purchase/acquisition of land for housing schemes and utilisation thereof;

- ⊙ execution of works in an efficient and economic manner;
- ⊙ whether the dues from allottees were recovered correctly and in time; and
- ⊙ the existence of monitoring and internal control system.

3.3.4 Audit criteria

To achieve the audit objectives, following audit criteria were adopted:

- ⊙ Provisions of the Haryana Housing Board Act 1971;
- ⊙ Budget and fund management directions and procedures;
- ⊙ Provisions of Land Acquisition Act and other directions of the Board;
- ⊙ Implementation of scheme guidelines, contract management guidelines and procedures;
- ⊙ Policy of the Board for allotment of houses to public; and
- ⊙ Monitoring and internal control systems prescribed by the Board.

3.3.5 Scope of audit and methodology

Records relating to financial management, survey and planning, purchase of land, execution of works, allotment of built up houses to public and recoveries of dues from allottees for the period 2003-08 were scrutinised during November 2007-March 2008 in the offices of Chief Administrator of the Board located at Panchkula and four³⁰ Construction Divisions along with 10³¹ Estate Managers under them.

Construction Divisions for test-check were selected on the basis of expenditure incurred by these divisions and their geographical location in view of housing problems in the areas.

An introductory meeting was held in January 2008 with the Chief Administrator of Board in which important issues regarding functioning of the Board, audit objectives and audit criteria were discussed. Exit conference was held in August 2008 with the Chief Administrator of the Board to discuss the audit findings. The views of the Board were duly considered while finalising the review report.

³⁰ Faridabad, Gurgaon, Karnal and Panchkula.

³¹ Ambala, Faridabad (Sector-3: Palwal; Sector-23 and Sector-55), Gurgaon, Karnal, Kurukshetra, Panchkula, Panipat and Rewari.

Audit findings

3.3.6 Financial and physical performance

3.3.6.1 Profitability and working results

Housing Board Haryana is a profit making Board. Its profitability stems from the fact that it conducts its business on a cost plus basis. All costs incurred in construction of houses are passed on to the customers. The profitability of the Board is, therefore, not necessarily an indicator of its operational efficiency. The overall profit of the Board and its profit from construction of houses during the last five years is tabulated below:

	2003-04	2004-05	2005-06	2006-07	2007-08
Profit on sale of houses	5.99	3.55	4.91	8.26	Accounts not prepared
Overall excess of income over expenditure	13.13	13.88	22.10	25.74	

Besides the profit on sale of houses, the other major sources of income for the Board were the interest from allottees and from its investments, and auction of houses and booths. As a result of consistent profits, the Capital Fund of the Board had increased from Rs 131.14 crore as on 31st March 2003 to Rs 202.90 crore as on 31st March 2007 registering an all time high profit growth of 54 per cent mainly due to a boom in the real estate market.

In spite of making profit on construction and sale of houses on an overall basis, the Gurgaon and Faridabad Divisions of the Board incurred losses of Rs 21.10 lakh (Faridabad), Rs 22.99 lakh and Rs 117.06 lakh (Gurgaon) during the years 2003-04, 2004-05 and 2005-06 respectively, as discussed in paragraph 3.3.8.2 below.

3.3.6.2 Financial outlay and expenditure

The Board generates its income from the sale of houses, auction of commercial buildings, rent, interest on bank deposits and also raises loans from Banks/Financial Institutions.

Audit scrutiny of financial management brought out loss of interest due to delay in transfer of funds to head office, extra expenditure on interest, avoidable loss due to delay in deposit of advance tax, etc. as detailed below:

Year-wise budget provision and expenditure of the Board was as under:

Year	Budget provision	Actual expenditure	Savings
2003-04	55.71	46.50	9.21
2004-05	52.20	40.33	11.87
2005-06	73.87	62.18	11.69
2006-07	112.65	98.15	14.50
2007-08	123.08	113.21	9.87
Total	417.51	360.37	57.14

Audit observed that out of the total expenditure of Rs 360.37 crore, Rs 58.24 crore (16 *per cent*) were spent on purchase of land, Rs 168.80 crore (47 *per cent*) on works, Rs 76.32 crore (21 *per cent*) on payment of Income Tax and Rs 54.91 crore (15 *per cent*) on establishment expenditure and Rs 2.10 crore on other miscellaneous payments during 2003-08.

3.3.6.3 *Loss of interest due to delay in transfer of funds to head office*

Funds collected by the Estate Managers through banks on account of instalments of houses and other receipts were kept in current account, on which no interest was earned. Funds from branches were being transferred to the head office account and surplus funds out of this account were being invested in Fixed Deposits by the head office.

The Chief Accounts Officer of the Board after receiving the bank statements from the concerned Estate Managers issued cheques after the 10th of the following month to respective banks for transfer of funds to the head office account. It was noticed that HUDA had made arrangements with banks for automatic transfer of funds from its branch offices to head office on weekly basis but no such arrangement was made by the Board. A few cases scrutinised by audit revealed that due to absence of such an arrangement of automatic transfer of funds from branch offices to head office, delays ranging between 1 to 34 days occurred in transfer of funds during this period. As a result of this, the Board suffered a loss of interest of Rs 17.05 lakh.

The Chief Administrator of the Board issued (April 2007) instructions to make arrangement for automatic transfer of funds from branch offices to head office but no action had been taken in this regard so far (March 2008).

3.3.6.4 *Extra expenditure on interest*

During 1988-90, the Board raised a loan of Rs 1.10 crore (Rs 55 lakh in each year) from banks as debentures at the interest rate of 11.5 *per cent* for 20 years. Interest of Rs 6,32,500 (half yearly) was being paid to the banks regularly. Even though the interest rates had been falling progressively in recent years, the Board made no attempt to surrender these debentures prematurely. It was noticed that the Board had sufficient funds in Fixed Deposit Receipts on which the rate of interest was less as compared to the rate on debentures. A bank had allowed pre-payment of debentures to Punjab Financial Corporation but since the Board had not pursued the matter with the banks for pre-payment of debentures, it lost Rs 18.42 lakh on excess payment of interest during the period 2003-08 (Rs 63.25 lakh paid as interest on debentures less Rs 44.83 lakh earned on FDRs).

3.3.6.5 *Excess expenditure on works establishment*

Public Works Department Code provides that unless the Government directs otherwise, the provision to be made for establishment expenditure should be limited to 25 *per cent* of the works expenditure.

In Construction Division, Panchkula, an expenditure of Rs 5.68 crore was incurred during 2003-08 over and above the norms on the establishment as per details given below:

(Rupees in crore)

Year	Works expenditure	Establishment expenditure	Expenditure on establishment to be incurred as per norms	Excess expenditure on establishment
2003-04	2.88	1.82	0.72	1.10
2004-05	3.17	1.79	0.79	1.00
2005-06	2.54	1.72	0.63	1.09
2006-07	0.74	1.60	0.18	1.42
2007-08	1.79	1.52	0.45	1.07
Total	11.12	8.45	2.77	5.68

An expenditure of Rs 8.45 crore was incurred on works establishment against the norm of spending Rs 2.77 crore.

The Chief Administrator stated (August 2008) that efforts were being made to reduce the expenditure on establishment by reorganising the staff.

3.3.6.6 Avoidable loss due to delay in deposit of advance tax

As per the provisions of Income Tax Act, every person is liable to pay advance tax if tax payable amounts to Rs 5,000 or more. In case of default, interest/ penalty is leviable. The Board did not deposit the advance income tax on due dates and consequently had to pay interest/penalty of Rs 42.04 lakh as detailed below:

Non-deposit of advance Income Tax resulted in payment of penalty of Rs 42.04 lakh.

Sr. No.	Financial Year	Assessment Year	Amount of penalty (Rupees in lakh)
1.	2003-04	2004-05	18.40
2.	2004-05	2005-06	9.66
3.	2005-06	2006-07	8.24
4.	2006-07	2007-08	5.74
Total			42.04

Chief Administrator of the Board stated (July 2008) that the matter regarding registration of the Board as a charitable institution was pending with the Income Tax Department and as such advance tax was not deposited on the advice of tax consultant. Reply was not tenable as advance payment of the tax was mandatory irrespective of the pendency of the case under the Income Tax Act. Moreover, the Board was penalised year after year but still did not take any action to avoid payment of penalty during the coming years.

3.3.7 Operational Performance

The main objective of the Board is to provide housing to the general public residing in the State with particular emphasis on housing for the weaker and lower income sections of the Society. Out of a total 65,570 houses constructed by the Board from its inception, as many as 33,473 houses (51 per cent) were meant for LIG. However, only 11,641 houses were built for EWS which was relatively small (18 per cent). Out of the 3,499 houses completed during 2003-08, only 454 (13 per cent) were meant for EWS. All these houses too were completed only in 2007-08. Thus, during the five year period of 2003-08, no houses were made available to EWS category for four years from 2003-07. The benefit of housing

could, therefore, not be extended to the most vulnerable sections of the society to the extent desirable.

A typical housing project of the Board involves the stages of planning and survey, acquisition of land, execution of works and thereafter allotment of houses. The operational performance of the Board was, therefore, assessed in audit with reference to its performance in each of these stages. Important findings are discussed below.

3.3.8 Planning and survey

The Board does not prepare a perspective plan for the projects to be undertaken by it, depending upon the paucity or demand for housing at various locations under different categories. It prepares an annual housing programme, budget and fixes the annual target for taking up construction of houses for different categories. This annual programme is based upon the availability of land from HUDA rather than any survey of requirement and demand. The fickleness of this planning is further compounded by the fact that audit came across no evidence to suggest that there were any firm commitments from HUDA regarding making land available to the Board for construction of houses. In these times of real estate boom and a demand driven scenario, this approach does not pose any serious risks. However, it would stand exposed in times of slump in the real estate market if suitable systemic corrections are not made to ensure taking up of demand based projects.

Besides this strategic planning issue, audit came across a number of instances which were indicative of deficient planning at the project level which resulted in either the objectives of the scheme not being met or caused financial loss.

3.3.8.1 Non-achievement of financial and physical targets of construction of houses

The year-wise position of financial and physical targets set in annual housing programme of the Board and achievements in respect of houses constructed during 2003-08 was as under:

Year	(Rupees in crore)			(Number of houses)		
	Budget provision	Expenditure	Shortfall	Target for taking up construction of houses	Taken up during the year	Shortfall
2003-04	19.49	13.84	5.65	3,750	794	2,956
2004-05	17.03	14.79	2.24	3,226	566	2,660
2005-06	26.38	25.28	1.10	4,104	2,328	1,776
2006-07	54.52	51.39	3.13	6,338	743	5,595
2007-08	54.65	63.50	(-)8.85	8,886	1,838	7,048
Total	172.07	168.80	3.27	26,304	6,269	20,035

There was 76 per cent shortfall in achievement of targets of construction of houses.

There was shortfall in achievement of targets to the extent of 20,035 houses (76 per cent). Audit observed that there was no co-relation between the targets and achievements in any of the years and thus, the process of setting the targets and preparing the action plan for their achievement was ineffective. Since the Board depended mainly on HUDA for purchase of land, shortfall in achievement of targets of construction of houses was to an extent attributable to availability of land by HUDA. There was also an imbalance between the achievement of financial targets vis-à-vis physical targets as the shortfall in financial targets (1.90 per cent) was much lower than the shortfall in physical targets.

The expenditure incurred per dwelling unit taken up for construction during the year and the rate of completion of houses with reference to the houses under construction at the start of the year is shown below:

Years	Expenditure	Under progress at the start of the year	Taken up during the year	Under construction during the year	Completed during the year	In progress at the close of year	Expenditure per house under construction (2/5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	(Rupees in crore)	(Number of houses)					(Rupees in lakh)
2003-04	13.84	452	794	1,246	513	733	1.11
2004-05	14.79	733	566	1,299	477	822	1.14
2005-06	25.28	822	2,328	3,150	633	2,517	0.80
2006-07	51.39	2,517	743	3,260	714	2,546	1.58
2007-08	63.50	2,546	1,838	4,384	1,162	3,222	1.45

The above analysis indicated that while the construction expenditure incurred on each house during the year had increased, the physical pace of construction had decreased as the houses completed during the year as compared to the houses in progress at the start of the year had gone down over the five years.

The Chief Administrator stated (August 2008) that since the Board depended mainly on HUDA for purchase of land, shortfall in achievement of targets for construction of houses was due to non-availability of land in adequate quantity. The reply indicated lack of co-ordination between the Board and HUDA, which was necessary for successful implementation of housing schemes.

3.3.8.2 Construction of houses without demand survey

Any housing project has to be preceded by a demand survey to determine the extent of demand for houses in the area. Failure to do so could result in houses not being sold.

Out of 140 houses constructed (1996) at Taoru, 51 LIG and 69 MIG built up houses had to be allotted (2003-06) at a price of Rs 2.43 crore against the actual cost of Rs 3.99 crore due to low demand of houses in the area. Construction of houses without carrying out a demand survey, thus, resulted in loss of Rs 1.56 crore to the Board.

Loss of Rs 1.56 crore due to construction of houses without demand survey.

The Executive Engineer, HBH Division, Gurgaon attributed (March 2008) the loss to fall of rates of property in the market. Reply was not convincing as the price of houses fixed by the Board was not based on the market price/fluctuation at all.

Similarly, in another case, the Board, without specific demand, constructed 3,033 houses in 1980 at 44 places under Rural Housing Scheme at a cost of Rs 1.85 crore, out of which only 1,797 houses were sold. The remaining 1,236 houses were dismantled and the loss of Rs 57.10 lakh was written off by the Board in March 2006.

3.3.8.3 Utilisation of land meant for EWS houses towards LIG houses

Land worth Rs 3.85 crore meant for EWS category houses was utilised for construction of LIG category houses.

Haryana Urban Development Authority allotted (January-February 2002) land for 1,636 plots of one, two and three *marla* size at Faridabad (1,227 plots) and Hisar (409 plots) for construction of houses for EWS category at a concessional rate of Rs 3.85 crore. The land was utilised by the Board for construction of LIG houses. Alternate site for EWS houses had not been identified. Thus, not only were the people of EWS deprived of housing, the benefit of subsidised land was also diverted away from the weaker section of the society.

3.3.8.4 Expenditure incurred on activities not covered under the Act

As per Section 20 of the Haryana Housing Board Act, the Board is to frame and execute such housing schemes as it may consider necessary from time to time or as may be entrusted to it by the State Government by notification.

Construction Division, Panchkula, however, incurred an expenditure of Rs 18.76 lakh during 2003-06 on the maintenance of Netaji Subhash Chander Park at Ambala Cantt. belonging to Municipal Committee without any notification of the State Government, which was in violation of the provisions of the *ibid* Act. The Chief Administrator stated (August 2008) that the expenditure on the work was incurred on the directions of the then Chief Minister. The reply was not acceptable as the expenditure should have been incurred only after the notification of the Government as provided for in the Act.

3.3.9 Acquisition and purchase of land

The position of financial/physical targets and achievements relating to land purchased/possessed during 2003-08 was as under:

Year	(Rupees in crore)			(Area of land in acre)		
	Financial targets/achievements			Physical targets/achievements		
	Targets fixed	Achieved	Short fall	Targets fixed	Achieved	Short fall
2003-04	17.29	17.26	0.03	41.17	16.28	24.89
2004-05	12.28	2.63	9.65	81.89	16.27	65.62
2005-06	21.17	11.32	9.85	57.52	21.12	36.40
2006-07	20.49	12.61	7.88	78.77	16.44	62.33
2007-08	25.15	14.42	10.73	143.52	10.00	133.52
Total	96.38	58.24	38.14	402.87	80.11	322.76

As is evident from the above table, against the target of spending Rs 96.38 crore on purchase of land, Rs 58.24 crore were actually spent. Further, there was shortfall of 80 *per cent* in achievement of physical targets for purchase of land. It could also be seen that the actual cost of land was much higher than that provided for while fixing the targets each year. Though a part of it could be ascribed to payment of enhanced land compensation and increase in cost of land from time to time, yet it indicated a lack of dove-tailing between the financial and physical targets.

As already mentioned, the Board is dependent upon HUDA for the availability of land. Audit came across instances where projects floated by the Board had to be shelved or altered due to problems with the land allotted by HUDA.

3.3.9.1 *Purchase of land under litigation*

The EWS houses could not be constructed due to purchase of land under litigation.

The Board purchased (December 2004) 188 plots of 3 *marla* size from HUDA for Rs 73.08 lakh in Sector 52, Gurgaon for construction of EWS houses. Of these, approach road to 140 plots was under litigation as of July 2008 due to which construction of houses could not be taken up. The Board floated (November-December 2004) the scheme and 28,052 applications were received in response thereto. Draw of lots for allotment of houses was held in September 2005. The scheme, however, could not be implemented as the land was under litigation as of July 2008 and the funds remained blocked. As the earnest money of the applicants had not been refunded, the Board would also be liable to pay interest in case of non-allotment of houses within two years from the closing date of registration.

3.3.9.2 *Floating of scheme without availability of land*

The scheme for allotment of houses was floated without obtaining physical possession of land.

The Estate Officer, HUDA, Gurgaon allotted (March 2004) 109 plots (2 *marla*: 48 and 3 *marla*: 61) in Sector 10, Gurgaon to the Board for construction of houses for EWS category. Rupees 9.06 lakh (25 *per cent* of total cost of land) were deposited (March 2004) by the Board with HUDA. The Board floated (November 2004) the scheme for allotment of houses to be constructed on this land and declared (September 2005) the names of 236 successful applicants. When the construction wing of the Board approached HUDA for physical possession of this land, it was found that HUDA had already allotted the said plots to the public in 1994-95. The allotment was later withdrawn (May 2005) by HUDA and an alternate site was allotted (August 2005) in Sector 9, Gurgaon, but the physical possession of this site had not been handed over so far (March 2008). It was observed in audit that the Board floated the scheme without obtaining the physical possession of land. The Board also failed in obtaining the physical possession of plots at the alternate site even after the lapse of two and half years of allotment which resulted in non-implementation of the scheme for EWS category. The Board was also liable to pay interest to applicants on their deposits from the closing date of registration of the scheme i.e. December 2004.

3.3.10 Execution of works

The Board follows PWD Code alongwith relevant financial rules and manuals. The Board undertakes construction of houses on the land developed by HUDA. The colonies developed by the Board are maintained by HUDA except in a few cases where colonies are maintained by the Board itself. The overall position as regards the construction of houses by the Board has already been discussed in paragraph 3.3.8.1. A micro level analysis of the execution of various individual works undertaken by the sampled divisions of the Board during the period under review brought out cases of allotment of work at higher rates, losses due to delay in construction, execution of works without technical sanctions, non-recovery of compensation from contractors, etc. as discussed in the following paragraphs.

3.3.10.1 Extra expenditure due to allotment of work at higher rates

Extra expenditure of Rs 1.84 crore was incurred due to execution of a work at higher rates.

Construction Division, Rohtak invited tenders (December 2005) for "construction of 298 various types of houses in Sector 7, Bahadurgarh" and cost of construction was worked out to Rs 10.89 crore on the basis of rates of lowest tenderer. The lowest tenderer M/s Sai Constructions, however, refused (March 2006) to execute the work at these rates and also did not deposit the balance earnest money of Rs 19.20 lakh. Consequently, earnest money of Rupees five lakh deposited by the contractor was forfeited. The Board did not consider the allotment of work to the second lowest tenderer who had quoted Rs 12.18 crore and invited fresh tenders and finally the work was allotted (October 2006) to a fresh contractor at a cost of Rs 14.02 crore. Had the work been allotted to the second lowest tenderer in the first instance, an extra expenditure of Rs 1.84 crore could have been avoided. During the exit conference, the Chief Administrator agreed with the audit contention.

3.3.10.2 Loss of rebate of interest due to delay in construction

Non-completion of construction of houses within stipulated period resulted in rebate of interest of Rs 29.55 lakh.

Regulation 5(2) of the Housing Board (Allotment, Management and Sale of Tenements) Regulations, 1972 lays down that the applicant shall not be entitled to any interest on the amount of earnest money or such initial payment where the Board allots him/her a house within a period of two years from the closing date of registration. In other cases, where the Board fails to allot houses within the stipulated period, interest on earnest money or such other deposits for the allotment of a house shall be payable for the period from the closing date of registration to the date of allotment or date of refund.

Registration of various categories of houses for Sector 7, Bahadurgarh (Phase-III) was done during May-June 2004. The houses, however, were allotted in September 2007 i.e. after the expiry of more than three years of registration. Accordingly, rebate of interest of Rs 29.55 lakh had to be given at the time of calculating allotment-cum-final cost on these houses. Had the houses been completed within a period of two years, interest rebate of Rs 29.55 lakh could have been avoided.

3.3.10.3 Irregular expenditure on works

Paragraph 2.89 of the PWD Code lays down that no work should be commenced and expenditure incurred unless detailed estimate is prepared and technically sanctioned by the competent authority. It was, however, noticed in audit that this procedure was not being followed in the Board.

During 2006-08, test checked divisions had undertaken the execution of 13 works involving an expenditure of Rs 39.85 crore on the basis of administrative approvals. Neither any detailed estimates were prepared nor technical sanctions were obtained from the competent authority. The EE, Construction Division, Gurgaon stated (March 2008) that the technical sanctions would be obtained from the competent authority on the basis of actual quantities. The reply was not convincing as the technical sanctions were required to be obtained before start of the works.

3.3.10.4 Non-availing of rebate due to delay in construction of houses

For the construction of 256 nine storey flats in Housing Complex, Sector-43, Gurgaon, the Board purchased (August 2003) 5.66 acre of land from HUDA at a cost of Rs 8.13 crore. As per condition of allotment, 20 per cent rebate on the cost of land was available in case buildings were constructed within a period of three years. Assuming that Board would be able to complete the project within the prescribed period of three years, Rs 6.50 crore (80 per cent cost of land) were paid by the Board. The project was required to be completed by August 2006 but is still under construction (March 2008) as the Board took more than one year in finalising the tender.

Failure to complete the construction of houses within stipulated period resulted in non-availing of rebate of Rs 2.03 crore.

The Board would not, therefore, be able to avail the rebate of Rs 1.63 crore and would also be liable to pay interest of Rs 1.10 crore on account of delay in making the payment of rebate already availed. The Chief Administrator stated (August 2008) that being a big project, it could not be completed within the stipulated period. The reply was not acceptable as the matter was not taken up with HUDA for extension of time for availing the rebate.

Similarly, a four acre land was purchased by the Board for construction of houses under group housing scheme at Sector 46, Faridabad. Rupees two crore were paid to HUDA in May 1996. The construction work was to be completed up to May 2001 (extended due to court stay) to enable the Board to avail 20 per cent rebate on the cost of land. The work was, however, completed in October 2004. As a result of this, the rebate of Rs 40 lakh had to be foregone by the Board. Scrutiny of the records revealed that the EE, Faridabad Division was held responsible for the delay in the construction of houses by CE. However, no further action was taken against the EE.

3.3.10.5 Non-recovery of compensation from contractors

The Board failed to recover compensation amounting to Rs 3.64 crore.

As per the provisions contained in clause-2 of the contract agreement, compensation at the rate of 10 per cent of the agreement amount was recoverable from the contractor for not completing the work within the scheduled time.

It was noticed in 10 cases in two divisions (Faridabad four and Gurgaon six) that the contractors did not complete the works within the scheduled time/extended time limit. Further time extension had also not been granted by the competent authority. A period ranging between 6 and 17 months had elapsed but compensation amounting to Rs 3.64 crore had not been recovered so far (March 2008). Non-recovery of compensation amounted to grant of undue favour to the contractors.

3.3.10.6 Fire fighting systems remaining non-functional

The work for providing fire fighting systems in Housing Board Colony, Sector 14 and Awas Bhawan, Sector-6, Panchkula were allotted (November 1994) to M/s Fire Guard Engineers, Chandigarh without calling tenders. An expenditure of Rs 91.99 lakh (Rs 53.59 lakh and Rs 38.40 lakh) was incurred on both the works which were completed in 1995 and 1997 respectively.

The Fire Officer, Urban Development, Haryana during inspection pointed out (April 2002) that the fire extinguishers were never tested/refilled, delivery hose pipes had turned unserviceable, branch pipes were not provided in the hose cabinet, surrounding of buildings were not cleared for the movement of fire vehicles and pressure switches and pressure gauge were out of order.

The Board prepared (September 2002 and May 2002) two estimates for Rs 26.75 lakh and Rs 1.55 lakh respectively to make the systems functional. However, the systems remained non-functional, as these estimates had not yet been approved (March 2008). The Executive Engineer, Construction Division, Panchkula while admitting stated (December 2007) that the system requires repairs. Thus, the fire fighting infrastructure created at a cost of 91.99 lakh was lying idle in the absence of which the buildings had no protection against fire hazard.

3.3.11 Allotment of houses

Built up houses are allotted by draw of lots from the applications received from the public. All the successful applicants are issued a letter of allotment indicating all terms and conditions of allotment and the mode of payment. The details of number of houses constructed and allotted by the

Board during 2003-08 were as under:

Year	Opening balance	Constructed during the year	Total	Allotted/sold out	Balance
2003-04	1,114	513	1,627	1,558	69
2004-05	69	477	546	546	-
2005-06	-	633	633	534	99
2006-07	99	714	813	765	48
2007-08	48	1,162	1,210	83	1,127

Against the availability of 1,210 constructed houses, only 83 were allotted during 2007-08. Audit scrutiny revealed that houses could not be allotted due to non-issuance of completion certificates in most of the houses by the engineering wing of the Board.

3.3.11.1 Loss due to sale of adjacent land to house allottees at lower rates

There was some open land belonging to the Board adjacent to five houses in Housing Board Colony Sector-4, Rewari. It was noticed that the Estate Manager, Rewari allotted (October 2006) the land adjacent to these houses at the rate of Rs 2,968 per sq. yd instead of Rs 7,500 per sq. yard as fixed (September 2006) by Chief Administrator of the Board. This caused a loss of Rs 64.16 lakh to the Board as detailed below:

(Rupees in lakh)

Sr. No.	House Number	Amount charged in the allotment letter	Amount chargeable at the rate Rs 7,500/- per sq. yard	Amount less charged
1.	2267	3.47	19.93	16.46
2.	2302	1.04	13.84	12.80
3.	2153	1.09	11.69	10.60
4.	2221	1.06	11.61	10.55
5.	2196	3.19	16.94	13.75
Total		9.85	74.01	64.16

Allotment of land adjoining to houses at lower rates resulted in a loss of Rs 64.16 lakh.

Efforts made by the Board to cancel the allotment were turned down (October 2007) by the District Consumer Disputes Redressal Forum, Rewari. No action had been taken so far (March 2008) against the officers/officials responsible for this lapse. The Chief Administrator of the Board stated (August 2008) that the then Estate Manager was being charge sheeted for the loss caused to the Board.

3.3.11.2 Non-compliance of allotment conditions

Allottees of built up houses of the Board were required to comply with the conditions mentioned in the allotment letters which, *inter alia*, provided that the allottee would not make any alteration in the tenement without prior approval of the Board and also of the concerned local authority. The allottees, however, violated these conditions and made alterations and additions in their tenements without approval of the concerned authority. In a case, the allottee of a house at Gurgaon even constructed a basement after demolishing the original house and



House No. 609, Saraswati Vihar, Gurgaon
Basement being constructed after demolishing
the original structures

House No. 655, Saraswati Vihar, Gurgaon
First and second floors constructed without
permission

also covered the adjoining land under construction of the house. In many cases first and second floors were constructed. These additions/alterations were made without any permission from the Board. The Board had not evolved any policy to levy compounding fee on violators of terms and conditions on the pattern of HUDA. The concerned local authority or the Board did not stop construction of these unauthorised structures at any stage.

3.3.12 Recovery of dues from allottees

Year-wise position in respect of instalments due from allottees and actual recoveries made is given below:

(Rupees in crore)

Year	Total demand	Recovery	Arrears	Percentage of recovery
2003-04	33.92	32.98	0.94	97.23
2004-05	37.31	36.47	0.84	97.75
2005-06	43.63	43.07	0.56	98.72
2006-07	39.58	38.83	0.75	98.11
2007-08	37.17	36.43	0.74	98.00

The Board accounts for the total sale value of the houses at the time of the sale and the amount recoverable in instalments is then included in sundry debtors. The position of sundry debtors in so far as it pertained to house and booth allottees over the five year period was as under:

(Rupees in crore)

Year	2003-04	2004-05	2005-06	2006-07	2007-08
House allottees	127.02	115.69	114.78	117.19	Accounts not prepared
Plot and booth allottees	16.67	14.16	15.13	20.17	
Total	143.69	129.85	129.91	137.36	

The progressive increase in sundry debtors from 2004-05 onwards was attributable to rising number of houses completed during these years. The Board had not made any further provision for bad and doubtful debts in any of the last five years which indicated that it considered the entire amount due from the allottees as recoverable. However, all the debtors were unreconciled and unconfirmed and the allottee wise registers maintained by the Board were incomplete.

3.3.13 Monitoring and internal control

No monitoring cell was created in the Board to watch the progress of works and actual possession of land purchased from the HUDA and to monitor recoveries of dues from the allottees.

Internal Control System in the Board was deficient. The receipts of instalments and other dues entered in the allottees' ledgers (Demand and Recovery Register), maintained in the Estate Offices, were not reconciled with the bank statements. Outstanding dues were not being worked out in these ledgers and entries made in the ledgers were not being attested by the concerned Estate Managers. Because of this, embezzlement of Rs 1.15 crore in Estate Office, Karnal during 2004-06 and Rs 11.24 lakh in Estate Office, Palwal during 2002-05 had taken place. The staff posted in these Estate Offices used to make fraudulent entries of the receipts in the ledgers, which remained unnoticed for years together. No steps were taken by the Board to plug these loopholes in the maintenance of records in Estate Offices of the Board.

3.3.14 Conclusions

Housing Board Haryana is a profit making organization. However, its profitability can be attributed primarily to the sector in which it operates, which has seen a boom in recent times, and to the sale of houses on cost plus basis. The Board lacked a long term planning perspective as its annual planning was based merely on availability of land made by HUDA and not on demand or requirement for housing, which can be an area of risk at the time of tight market conditions. While it had done well in building houses for the lower income groups, a thrust on providing housing to the economically weaker sections of the society was lacking and in fact, audit threw up cases where projects initially planned for this category were either abandoned or diverted for other categories. The audit review of the various projects undertaken by the Board also brought out areas of inefficiency at various stages. The Board lacked an integrated approach in the management of its finances as its system of transfer of funds was slow and it was carrying high cost loans while it had large amounts invested in lower yielding instruments. Unlike other urban development agencies, the Board had no system of levying compounding fee for violation of building by-laws.

3.3.15 Recommendations

Based on the performance audit of the Board, following recommendations are made:

- ⊙ The Board needs to formulate its plans on a longer term perspective keeping in view the requirement of housing at various locations and for various categories, which can then be broken down into annual action or work plans;
- ⊙ the Board should take up the construction of houses only after proper demand survey and ensuring the demand of houses in the particular area;
- ⊙ housing for economically weaker sections of the society should receive the same priority, if not more, as for other categories;
- ⊙ proper system should be devised in consultation with banks for automatic transfer of funds to head office from branch offices;
- ⊙ the Board should frame a policy to levy compounding fee for the violation of building by-laws on the pattern of HUDA; and
- ⊙ vigilance mechanism and monitoring system should be strengthened to avoid delayed execution of works.

These points were reported demi-officially to the Financial Commissioner and Principal Secretary to Government of Haryana, Housing Department in May 2008; their reply had not been received (August 2008).

CHAPTER-IV

AUDIT OF TRANSACTIONS

Chapter -IV

AUDIT OF TRANSACTIONS

Audit of the transactions of the Departments of Government, their field formations as well as that of the autonomous bodies brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads.

4.1 Fraud/misappropriation/embezzlement/losses detected in audit

Education Department, Industrial Training and Vocational Education Department and Irrigation Department (Command Area Development Authority)

4.1.1 Loss due to suspected embezzlement

Failure of the Drawing and Disbursing Officers in observing norms as prescribed in Financial Rules, lack of proper checks, etc. facilitated the suspected mis-appropriation of Rs 5.90 lakh.

Punjab Financial Rules (PFR) as applicable to Haryana, *inter-alia*, require the Drawing and Disbursing Officer (DDO) to satisfy himself that every payment voucher should bear or have attached to it an acknowledgement of payment and all monetary transactions should be entered in the cash-book as soon as they occur and should be attested by the DDO. Further, cash-book should be completely checked and closed regularly. A consolidated receipt of all remittances made during the previous month should be obtained from the treasury by the 15 of every month and compared with the entries in the cash-book.

Education Department

To ensure education amongst the students of Scheduled Castes and other Economically Weaker Sections of the society, the State Government formulated various schemes and released incentive money to the respective Block Education Officers (BEOs) for distribution to incharges of the primary schools (Centre Incharge) under their charge for onward disbursement to the eligible students.

Scrutiny of records between June 2006 and February 2008 of five BEOs relating to disbursement of incentive money revealed that the incentive money returned by the Centre Incharges to the BEOs was not taken in the cash-book and thus, there was suspected mis-appropriation of Government money of Rs 4.55 lakh as per details given in *Appendix XXXIII*. Thus, non-

adherence to Financial Rules as discussed above and non-exercising of proper checks by the DDOs facilitated mis-appropriation of Rs 4.55 lakh.

On being pointed out in audit, four BEOs¹ deposited (August 2007-March 2008) the entire/part mis-appropriated amount aggregating Rs 3.67 lakh and supplied copies of treasury challans in support of the amounts deposited in treasury and an amount of Rs 0.16 lakh shown as deposited into treasury on 31 March 2007 was disbursed after being pointed in audit (July 2007). Further, appropriate action to be taken against the officers/officials at fault and recovery of balance mis-appropriated money was awaited.

Industrial Training and Vocational Education Department

Scrutiny of the records (July 2007) of the Principal, Industrial Training Institute, Faridabad revealed that Rs 55,000 was drawn from Central Co-operative Bank, Faridabad vide cheque number 365986 dated 24 February 2007 from account number 353 (relating to Scholarship account of students) by making a forged signature of the ex-Principal on the cheque. The amount so drawn was not taken in the cash-book. The Principal intimated (July 2007) that his predecessor had retired in November 2006 and his specimen signatures were yet to be sent to the bank as the said bank account was not being operated regularly. Thus, Rs. 55,000 was mis-appropriated.

On being pointed out (20 July 2007) in audit, the Director, Industrial Training and Vocational Education Department intimated (November 2007) that Rs 55,000 had been deposited in the said account number of the bank on 24 July 2007 and supplied a copy of bank receipt in support of the amount deposited in the bank. He further stated that Principal of the institute had been directed to investigate the matter and register a First Information Report (FIR) with the police. Final outcome was awaited (May 2008).

Irrigation Department (Command Area Development Authority)

Scrutiny of records (October 2007) of Administrator, Command Area Development Authority (CADA) revealed that Rs 80,000 were embezzled by the cashier during July 2005. Against the supporting payment voucher of Rs 810, an amount of Rs 40,810 was shown as paid on 19 July 2005 on account of telephone and office expenses. An amount of Rs 40,000 was further misappropriated by showing the total of cash-book on 19 July 2005 as Rs 1,08,746 instead of Rs 68,746.

On being pointed out (10 October 2007) in audit, the Chief Accounts Officer, CADA intimated (October 2007) that the amount had been recovered from the defaulting official through pay order dated 17 October 2007. The

¹ BEO, Fatehabad: Rs 2,71,325; BEO, Bawal: Rs 47,780; BEO, Assandh: Rs 33,150 and BEO, Ratia: Rs 14,830.

Administrator, CADA intimated (March 2008) that the official had been suspended (December 2007) and charge sheeted on 25 January 2008. Further developments were awaited (May 2008).

Thus, there was total mis-appropriation of Rs 5.90 lakh out of which Rs 5.02 lakh had been deposited by the defaulters and an amount of Rs 0.16 lakh was disbursed after being pointed in audit. Action taken against the officers/officials at fault and further recovery of balance mis-appropriated amount of Rs 0.72 lakh was awaited.

The misappropriation of Rs 5.90 lakh was facilitated due to:

- o Non-checking and non-attesting of entries in cash-book by the DDOs.
- o Non-checking of totals of cash-book by the DDO.
- o Failure of the DDO to obtain treasury receipts in respect of amount deposited into treasury and its comparison with entries in cash-book.
- o Failure of the DDO to keep the cheque book in his personal custody.

All the above points were demi-officially reported to the Financial Commissioner and Principal Secretaries to Government of Haryana of the Departments concerned in April 2008; reply had not been received (August 2008).

Town and Country Planning Department (Haryana Urban Development Authority)

4.1.2 Loss due to non-removal of encroachment and non-completion of developmental works

Due to allotment of site without ensuring that the land was free from encroachment and offering the possession of sites without providing the basic amenities and development of area, Haryana Urban Development Authority had to suffer a loss of Rs 52.40 lakh on account of interest.

Clause 13 of Haryana Urban Development (Disposal of land and building) Regulations, 1978 provides that the possession of the land should be delivered to the transferee or lessee as soon as development works in the area where the land is situated are completed. The standard terms and conditions of allotment letter of commercial site contain the clause that the development work in the area has been completed and possession of plot would be offered immediately after deposit of 15 per cent of cost of plot.

Scrutiny of records (November 2006 and January 2008) of two Estate officers², Haryana Urban Development Authority (EO, HUDA) revealed that HUDA allotted 4 sites without ensuring that these were free from encroachment and were fully developed. As a result, HUDA had to pay Rs 52.40 lakh as interest compensation.

(a) Estate officer, HUDA, Panchkula

i) The EO, HUDA allotted (April 2001) a shop-cum-office (SCO), a commercial site in Sector 20 Panchkula on free hold basis through auction at a cost of Rs 54.10 lakh. Scrutiny of records (October 2007) of EO revealed that the allottee of the SCO paid 10 *per cent* of the cost amounting to Rs 5.41 lakh in February 2001 at the fall of hammer in auction and 15 *per cent* cost amounting to Rs 8.12 lakh in May 2001 after receipt of allotment letter. The allottee made the balance payment of Rs 40.57 lakh in eight half yearly instalments at Rs 5.07 lakh during the period from October 2001 to October 2004 under protest on the plea that development works on the site were incomplete and *jhuggies* in front of SCO had not been removed.

Simultaneously, the allottee filed (January 2002) a complaint in the District Consumer Disputes Redressal Forum (DCDRF) alleging that the possession of the plot was not handed over and development work was not done as *jhuggies* in front of the SCO existed. The allottee requested for compensation as it could not start its business. The DCDRF decided (April 2003) the case in favour of the allottee and awarded interest compensation at the rate of 18 *per cent* per annum on the deposited amount from the date of deposit till development was completed and encroachment/*jhuggies* in front of SCO were removed. HUDA was also directed not to charge penal interest from the allottee. HUDA filed (June 2003) an appeal in the State Consumer Disputes Redressal Forum (SCDRF) against the decision of the DCDRF. The SCDRF dismissed (May 2006) the appeal on the plea that requisite fee as required under section 15 of the Consumer Protection Act, 1986 was not deposited by HUDA at the time of filing the appeal. As a result of this, HUDA had to pay (June 2007) Rs 27.73 lakh as interest compensation for the period from October 2001 to March 2007.

The Financial Commissioner and Principal Secretary to Government of Haryana, Town and Country Planning Department while admitting the facts stated (July 2008) that the physical possession of the site could not be given due to the existence of *Jhuggie* dwellers at the site. The *jhuggies* would be replaced by providing them dwelling units under rehabilitation scheme which was under process as per approval of Government. Reply was not acceptable as the department should have ensured that the land was free from encroachers before allotment.

ii) Similarly, a shop-cum-office (SCO) was allotted (May 2000) in Sector 20, Panchkula on free hold basis through auction at a cost of Rs 63.70 lakh. Scrutiny

² Faridabad and Panchkula.

of records (November 2006) of EO revealed that the allottee of the SCO paid 10 *per cent* of the cost amounting to Rs 6.37 lakh in March 2000 at the fall of hammer in auction and 15 *per cent* cost amounting to Rs 9.55 lakh in June 2000 after receipt of allotment letter. The balance 75 *per cent* was to be deposited in eight half yearly instalments with 15 *per cent* interest per annum. The allottee deposited Rs 34.56 lakh between December 2000 and July 2004. The balance amount of Rs 13.22 lakh was not paid on the plea that development works on the site were incomplete.

The allottee filed (January 2002) a complaint in DCDRF alleging that there were no basic infrastructural facilities i.e. road, water supply, street light, drainage, sewerage, etc. and only paper possession of the site was handed over to them. The DCDRF decided (May 2003) the case in favour of the allottee and awarded interest compensation at the rate of 12 *per cent* per annum on the deposited amount from the date of deposit till the development was completed. HUDA was also directed not to charge any interest whatsoever till development work was completed. HUDA filed an appeal in the SCDRC against the decision of the DCDRF but the same was dismissed (October 2004). A revision petition filed by HUDA in National Consumer Disputes Redressal Commission (NCDRC) was dismissed (April 2005). The revision petition filed against the above decision in the Supreme Court of India was also dismissed (March 2006).

In the meantime, HUDA paid (September 2005) Rs 20.17 lakh as interest compensation for the period from March 2000 to August 2005.

(b) Estate officer, HUDA Faridabad

Audit scrutiny (January 2008) of the records of EO, HUDA revealed that the EO allotted (August 1992) two residential plots in Sector 21-C-III and Sector 48 for Rs 3.44 lakh and Rs 1.39 lakh respectively but failed to give their physical possession due to non-completion of development works. The allottees approached DCDRF which awarded (April/ May 2002) an interest compensation at the rate of 12 *per cent* per annum on the amount deposited from the date of deposit till realisation. Appeals filed by HUDA in the SCDRC/NCDRC against the decision were dismissed between June 2004 and February 2005. HUDA paid interest of Rs 2.47 lakh in July 2005 and Rs 2.03 lakh in June 2006 to the allottees for the period from 20 January 1992 to 22 March 2001 and 15 September 1992 to 5 June 2006 respectively.

These points were demi-officially reported to the Financial Commissioner and Principal Secretary to Government of Haryana, Town and Country Planning Department in April/May 2008; reply to sub-para (a) (ii) and (b) had not been received (August 2008).

Public Works Department (Buildings and Roads Branch)

4.1.3 Loss due to non-recovery of mobilisation advance

Release of payment to the contractor without checking validity of bank guarantees by the Public Works Department (Buildings and Roads Branch) resulted in non-recovery of mobilisation advance and a loss of Rs 35 lakh.

Under Secretary Government of India, Ministry of Shipping, Road Transport and Highways administratively approved (June 2005) the work, "Improvement by widening and strengthening of Badli-Iqbalpur Road Km 17.900 to 27.860" for Rs 6.50 crore under Central Road Fund. The work was allotted to a contractor (December 2005) at a cost of Rs 6.99 crore with a completion time limit of four months. As per agreement executed with the contractor, mobilisation advance upto 10 per cent of the contract price was to be given to the contractor on submission of un-conditional bank guarantee which was to be recovered as soon as 20 per cent payment of the contract price was made to him or six months from the date of payment, whichever period concluded earlier.

Scrutiny of records (February 2008) of the Executive Engineer, Provincial Division, Jhajjar (EE) revealed that mobilisation advance amounting to Rs 35 lakh was paid to the contractor in February 2006 against three Bank Guarantees for Rs 36 lakh with validity period of four months (valid upto 5 May 2006) given by him. The contractor completed only 5 km of the widening work upto May 2006 and did not execute further work because of hindrance of trees, which were not cut down by the Department and delay in design of flexible pavement of road which was finalised by the Department only in November 2006. Due to this time gap of four months, the contractor did not resume the work after execution of work for Rs 52.82 lakh on the ground that the prices of material had increased sharply. Payment of Rs 47.32 lakh was made to him in June 2006. In the meantime, the bank guarantees furnished by the contractor had expired in May 2006 and no efforts were made by the Department to get these extended well in time. The contract was terminated in April 2007. Against the prescribed completion period of four months, the clause for recovery of mobilisation advance within six months inserted in the agreement was defective. Moreover, payment of Rs 47.32 lakh in June 2006 was released to the contractor after the expiry of the bank guarantees and the Department did not withhold this payment till their revalidation. Even earnest money of Rs 14.20 lakh was also refunded to the contractor after allotment of work.

On being pointed out in audit (April 2008), the EE stated (August 2008) that the contention that delayed finalisation of design of flexible pavement was a reason for the contractor abandoning the work was not correct, as the design of flexible pavement was already finalised and available in the estimate of work. The reply was not acceptable as the design of flexible pavement was approved by the National Institute of Technology, Kurukshetra in November 2006.

Thus, due to department's failure in making the loss good by withholding of payment of Rs 47.32 and earnest money of Rs 14.20 lakh, the Department suffered a loss of Rs 35 lakh.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Public Works Department (Buildings and Roads Branch) in May 2008; reply had not been received (August 2008).

4.2 Excess payment/wasteful/infructuous expenditure

Town and Country Planning Department (Haryana Urban Development Authority)

4.2.1 Excess payment of bonus/performance award

Grant of bonus in excess of statutory rate by Haryana Urban Development Authority, resulted in excess payment of Rs 3.64 crore.

The State Government issued (November 2002) instructions authorising Board of Directors of the concerned Public Enterprises to sanction payment of bonus, wherever applicable, at the statutory rate of 8.33 *per cent*. However, if the bonus was proposed to be paid above the statutory rate, the concerned Public Enterprise was required to send the case through Administrative Department for prior approval of Finance Department.

Scrutiny of records (November 2007) of Chief Administrator (CA), Haryana Urban Development Authority (HUDA) and subsequent information collected revealed that HUDA decided (March 2007) to grant bonus/performance award to the employees at the rate of 15 *per cent* of their annual salary for the year 2005-06 without obtaining the required approval of the Finance Department (FD). Accordingly, payment of Rs 8.18 crore for the year 2005-06 was made during the year 2006-08 at the rate of 15 *per cent* instead of the statutory rate of 8.33 *per cent*, which resulted in excess payment of bonus of Rs 3.64 crore.

The CA, HUDA stated (April 2008) that the matter referred to Finance Department, Haryana Bureau of Public Enterprises (HBPE) in February 2007 is still pending.

Thus, the grant of bonus in excess of statutory rate without prior approval of the Finance Department by HUDA, resulted in an excess payment of Rs 3.64 crore.

The matter was demi-officially reported to the Financial Commissioner and Principal Secretary to Government of Haryana, Town and Country Planning Department (May 2008); reply had not been received (August 2008).

Rural Development Department (District Rural Development Agencies)

4.2.2 Wasteful expenditure on Below Poverty Line census

Omissions in conducting the Below Poverty Line survey in the year 2004, forced the State Government to scrap the survey, which resulted in wasteful expenditure of Rs 86.45 lakh.

Government of India (GOI), Ministry of Rural Development directed (September 2002) the State Government to identify families who were living Below the Poverty Line (BPL) for the Tenth Five Year Plan 2002-07 and who could be assisted under various anti-poverty programmes. The GOI issued guidelines and released (January-March 2003) funds of Rs 1.80 crore for conducting BPL census 2002.

Scrutiny of records (February-December 2007) of six³ District Rural Development Agencies (DRDAs) and subsequent information collected from Director, Rural Development Department revealed that a door to door survey was conducted by staff of various Government Departments during the year 2003-04 for identification of BPL families. However, the publishing of BPL data was held up as per directions (May 2005) received from GOI due to stay orders issued (5 May 2003) by the Supreme Court. In order to address the complaints received regarding non-inclusion of eligible families in BPL list, the State Government directed (August 2005) all the Deputy Commissioners (DCs) in the State to ensure that no family is left out from the purview of BPL survey. The GOI, consequent on vacation the stay by the Apex Court vide orders dated 14 February 2006, directed the State Government to finalise the BPL lists as per original guidelines. The State Government directed (April 2006) all the DCs to display the collected BPL data in all the *Gram Panchayats* for correction and updation of the data based on the objections received from all *Gram Panchayats*. An expenditure of Rs 86.45 lakh was incurred on the BPL survey during the years 2003-04 to 2006-07.

However, in view of innumerable complaints received from almost all the districts that many eligible families had been left out and large number of ineligible families found place in the BPL lists, the State Government decided (14 February 2007) to scrap the BPL survey conducted during the year 2004 and issued instructions (19 February 2007) for conducting a fresh rural house hold survey through Haryana Ex-Servicemen League. Expenditure of Rs 2.45 crore had been incurred upto August 2008 on conducting the fresh BPL survey, the data of which was yet to be finalised.

Director and Special Secretary, Rural Development Department stated (April 2008) that the scrapping of the earlier survey conducted by the DRDAs through the Government functionaries was not a wasteful expenditure as there were some omissions noticed in the survey and to ensure that the benefits of

³ DRDA Fatehabad, Gurgaon, Hisar, Jind, Kurukshetra and Rohtak.

various rural development schemes reached the target groups, the State Government decided to conduct the fresh survey in public interest. The reply was an admission of the fact that a fresh survey had to be ordered due to Government's failure in conducting the survey of BPL families accurately and finalising the list of BPL families without any omission. Even the second chance given by the GOI/Supreme Court could not help in finalising an accurate list of BPL families. A proper mechanism to verify the correctness of survey data was not evolved by the department. Action to fix responsibility on the Officers/Officials who were responsible for the inaccurate first survey had not been taken by the Government.

Thus, omissions noticed in conducting the BPL survey in the year 2004 forced the State Government to scrap the survey and resulted in wasteful expenditure of Rs 86.45 lakh. The State Government could not finalise the BPL data although the Tenth Five Year Plan had expired, resulting in denial of benefits to the deserving families who were entitled for inclusion in the BPL lists as per guidelines.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Rural Development Department in July 2008; reply had not been received (August 2008).

Public Works Department (Irrigation Branch)

4.2.3 *Extra expenditure due to defective tendering*

Had the Department inserted the clause regarding revision of L-Section on the advice of IIT, Roorkee, dispute of excess quantities would not have arisen and extra expenditure of Rs 42.50 lakh due to allotment of work at higher rates on re-tendering could have been avoided.

Financial Commissioner and Principal Secretary to Government Haryana, Irrigation Department sanctioned (July 2005) a project for Rs 259 crore for construction of Bhakra Main Line - Hansi - Butana Branch multipurpose link channel (the channel) to provide equal distribution of available canal water for irrigation in the entire State particularly in South-West area which was suffering due to shortage of water in Rabi crop period. The Chief Engineer, Bhakra Water Services, sanctioned (October 2005) the estimates for constructing the channel from RD 332452 to RD 340162 and RD 349912 to RD 357612 for Rs 2.54 crore and Rs 2.63 crore respectively. After finalisation and approval of L-Section and estimates for construction of channel, Indian Institute of Technology (IIT), Roorkee was requested (November 2005) to scrutinise the design of various proposed structures and examine the adequacy of channel to carry the design discharge of 2086 cusecs. Without waiting for the expert advice of IIT Roorkee, tenders were invited in December 2005. The IIT, Roorkee suggested (January 2006) a revision in the L-Section and accordingly, the Department revised (March 2006) the L-Section. The Chief Engineer (Co-ordination) Irrigation Department, Haryana approved (March 2006) to allot the works to

Shri Om Parkash Contractor and M/S Universal Construction Company for Rs 3.22 crore and Rs 3.28 crore respectively. The Executive Engineer, Construction Division 26, Panipat (XEN) issued letters of acceptance to both the contractors in March and April 2006. Both the contractors refused (March-April 2006) to execute the work on the ground that due to revision of L-Section after submission of tenders by them, the scope of work had been enhanced and requested to release their earnest money.

During the course of Central Audit (December 2006) and scrutiny of records (October 2007) of the XEN, it was noticed that the decision of the Department to call the tenders in anticipation of finalisation of L-Section without waiting for the expert advice of IIT, Roorkee was injudicious and resulted in a dispute. Consequently, contractors refused to execute the work. As both the contractors had refused to execute the work, tenders for both the works were re-invited in May and June 2006 and works were allotted in August and September 2006 for Rs 4.14 crore and Rs 3.64 crore respectively. The works were completed in December 2007 and September 2007 after incurring expenditure of Rs 3.76 crore and Rs 3.84 crore respectively.

Thus, the change of L-Section of the work increased the scope of work as a result of which the agencies refused to execute the work at the rates approved (March 2006) by the Chief Engineer. On re-tendering, the works were allotted at much higher rates, which resulted in extra expenditure of Rs 52.79 lakh as per details given below:

(Amount in Rupees)								
Sr. No.	Name of work	Item of work	Quantity executed (In sqm)	Rates paid	Rates as per tender dated January 2006	Difference in rates	Extra payment	
1	RD 332452 to 340162	S/L B/L in side slopes	57,794.87	231.50	194	37.50	21,67,308	
2	RD 332452 to 340162	S/L B/L in side slopes in bed	6,090.70	204	174	30	1,82,721	
3	RD 349212 to 357612	S/L B/L in side slopes	58,383.34	240	195	45	26,27,250	
4	RD 349212 to 357612	S/L B/L in side slopes in bed	6,149.76	225	176	49	3,01,338	
Total								52,78,617

However, after adjustment of forfeiture of security of Rs 10.29 lakh of previous contractors, the extra expenditure incurred was Rs 42.50 lakh.

On being pointed out (October 2007) in audit, the Engineer-in-Chief (EIC), Public Works Department (Irrigation Branch) stated (April 2008) that under clause 32 of the bid document, the contractor was bound to execute the additional quantities on already approved rates after approval by the competent sanctioning authority. Therefore, backing out by the lowest tendering agencies was not on account of revision of L-Section but was to avoid losses on account of lower tender rates as compared to rates of adjoining reaches. The reply was not acceptable because clause 32 of bid document stipulated the rates at which exceeded quantities of work were to be executed after start of work and did not require the contractor to execute the additional quantities. The agencies did not refuse to execute the work because of lower rates but due to revision of L-Section after submission of tenders

by them. The dispute arose due to the injudicious decision of the Department of not inserting the clause regarding revision of L-Section on the advice of IIT, Roorkee in the tender notice.

Had the Department inserted the clause regarding revision of L-Section on the advice of IIT, Roorkee, dispute of excess quantities would not have arisen and extra expenditure of Rs 42.50 lakh due to allotment of work at higher rates on re-tendering could have been avoided.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Public Works Department, Irrigation Branch in May 2008; reply had not been received (August 2008).

Transport Department

4.2.4 *Extra financial burden on State exchequer*

Non-disclosure of the fact regarding pendency of the court case in respect of enhancement of cost of land compensation while transferring the land to Uttar Haryana Bijli Vitran Nigam Limited (the transferee company), resulted in an extra financial burden of Rs 23.04 lakh on the Transport Department.

The Transport Department acquired (May 1981) 16 *kanal* land at Kurukshetra at a cost of Rs 0.78 lakh to set up a bus stand. The land owner filed a case for enhanced land compensation in 1986 in the court of Additional District Judge, Kurukshetra (ADJ). Not satisfied with the decision (August 1986) of ADJ, the land owner filed revision appeal in 1986 in Punjab and Haryana High Court (the court) for further enhancement of land compensation. While the case was pending in the court, Government of Haryana on the request (April 2003) of Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) approved (April 2004) the transfer of the land on its initial cost for setting up of a 33 KW sub-station. The title of the land was transferred (August 2004) to UHBVNL on receipt of a demand draft of Rs 0.78 lakh (the initial cost of the land).

Scrutiny of records (May 2007) of Haryana Roadways, Kurukshetra revealed that the court announced (March 2004) enhancement of land compensation to the land owner. General Manager, Haryana Roadways, Kurukshetra (GM) asked (May 2005) UHBVNL for the payment of enhanced land compensation to the land owner which was refused (August 2005) on the plea that the Transport Department had not provided any information regarding pendency of litigation for enhanced land compensation at the time of depositing the initial cost of land and also at the time of transfer of land, though the court case was decided in favour of the land owner in March 2004, much before the transfer of land. On the execution petition filed by the land owner, the ADJ decided (September 2005) that the Transport Department was liable to make the payment. Accordingly, the

Transport Department paid Rs 23.04 lakh (between January 2006 and May 2007) to the land owner on account of enhanced land compensation and interest.

Thus, non-disclosure of the fact regarding pendency of the court case in respect of enhancement of cost of land compensation while transferring the land to UHBVNL, resulted in an extra financial burden of Rs 23.04 lakh on the Transport Department.

Transport Commissioner, Haryana stated (May 2008) that department was not aware about the court case relating to this land. The reply was not acceptable as the matter regarding filing of appeal by the land owner in the court was brought to notice of GM, Kaithal on 5 February 1987 by the Land Acquisition Collector, Thanesar and thus the Transport Department had full knowledge about the pending court case. Besides, while transferring the land (April 2004) to UHBVNL a clause to the effect that liabilities, if any, arising in future relating to the land would be borne by UHBVNL, should have been incorporated in the transfer deed.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Transport Department in February 2008; reply had not been received (August 2008).

Public Works Department (Buildings and Roads Branch)

4.2.5 Wasteful expenditure due to wrong selection of site

Starting construction on a site, which had not been approved by the building committee of Punjab and Haryana High Court, resulted in wasteful expenditure of Rs 21.08 lakh.

Public Works Department Code (Code) provides that the selection of site of every building should, if possible, be approved before the detailed designs and estimate are prepared.

Financial Commissioner and Principal Secretary to Government of Haryana, Revenue Department accorded administrative approval (August 2004) for Rs 3.94 crore for the work 'construction of Mini-Secretariat, Sub-Divisional Office (Civil) Tehsil Complex (complex)' at Hansi. Construction of building was proposed by Public Works Department on Government land of about eight *acre* on Hansi-Umra Road to avoid expenditure on acquisition of private land. Though the site was required to be approved from the building committee of Punjab and Haryana High Court (the Committee) before awarding the work, the department allotted the work to the contractor in October 2005 with completion period of 24 months at a cost of Rs 2.28 crore. The work was started in October 2005 and an expenditure of Rs 21.08 lakh had been incurred upto February 2006 on inauguration, advertisement, approval of structural drawings and designs,

earthwork and construction of boundary wall, though payments were made upto November 2006.

Scrutiny of records (June 2007) of the Executive Engineer, Provincial Division, Public Works Department (Buildings and Roads Branch), Hansi revealed that the Committee visited the site of complex in February 2006 and rejected the site of the Mini-Secretariat as being unsuitable. The Committee selected (April 2006) another site adjacent to Hisar-Delhi and Hansi-Jind road, owned by Haryana Urban Development Authority and foundation stone was laid (March 2008) by the Chief Justice, Punjab and Haryana High Court. The work on the old site was stopped after the selection of site was disapproved (February 2006) by the Committee. Starting the work on a site selected without the consent of the Committee resulted in wasteful expenditure of Rs 21.08 lakh.

Engineer-in-Chief, Haryana, Public Works Department (Buildings and Roads Branch) stated (February 2008) that work was started after being administratively approved, allotment of funds made and lay out plan of the building was approved by the client department. Reply was not acceptable because the fact remained that the site (Hansi-Umra Road) was not got approved by the Committee before preparation of designs and estimate as laid down in the code *ibid*.

Financial Commissioner and Principal Secretary to Government of Haryana, Public Works Department (Buildings and Roads Branch) while confirming the facts stated (August 2008) that expenditure incurred on boundary wall was keeping the land intact. Reply was not tenable because funds provided by the client department were not meant for protection of land.

Thus, starting construction on a site, which had not been approved by the Committee, resulted in wasteful expenditure of Rs 21.08 lakh. Had the site been settled before preparation of detailed design and estimate as laid down in the Code, the wasteful expenditure incurred could have been avoided.

Public Works Department (Water Supply and Sanitation Branch)

4.2.6 *Infructuous expenditure on construction of incomplete drain*

Non-availability of land rendered an expenditure of Rs 15.98 lakh incurred on construction of part of drain infructuous.

To dispose off storm water and sullage discharge, State Government administratively approved (June 2005) a scheme for the construction of drain from Friends Colony in Kaithal city to Geong drain at an estimated cost of Rs 36 lakh. The work was allotted (September 2005) to the contractor at a cost of Rs 32.58 lakh with the completion period of six months. The work was commenced on 8 September 2005 and an expenditure of Rs 15.98 lakh had been incurred on this work upto February 2008.

Scrutiny of records (October 2006) of the Executive Engineer, Water Supply and Sanitation Division, Kaithal revealed that the work was started (September 2005)

without ensuring the availability of land from the Haryana Urban Development Authority (HUDA) as part of the land through which the drain was to pass, had already been acquired by HUDA in July 2005. The required permission for construction of drain was sought from HUDA in January 2006. HUDA refused (June 2006) to make the land available as the Master Plan of the Sector-18, through which the proposed drain was to pass, had not been approved by the Chief Administrator, HUDA and Town and Country Planning Department. Consequently, the work was stopped and had been lying abandoned for the last 24 months. The Master Plan of Sector-18 was approved in December 2006 but no provision for the said drain was made therein. Resultantly, the expenditure of Rs 15.98 lakh incurred on part of drain was rendered infructuous as the proposed drain could not be linked with Geong drain.

On being pointed in audit (October 2006), the Engineer-in-Chief, Haryana Public Works Department, Water Supply and Sanitation Branch stated (August 2008) that provision for construction of drain was covered in two parts. In Part-I, main drain having total length of 1800 rft was got constructed which passed through Subhash Nagar. This drain had now been connected to Geong drain and was functioning. In Part-II, drain was to pass from Friends Colony which could not be got constructed as the major portion of the alignment of this drain was to pass through Sector-18 of HUDA. The reply of the Department was not acceptable because there was no mention of construction of the drain in two parts in the estimate. Moreover, as per estimate, 5150 rft drain was to be constructed from Friends Colony to Geong drain in order to drain out rainy water of catchment area of Mini-Secretariat complex, Amargarh Gamri, Jullandhari Mohalla and Subash Nagar but only 1800 rft drain had been constructed covering Subash Nagar only. It is also not understood as to how the drain was connected with the Geong drain without incurring any further expenditure.

Thus, starting the work of construction of drain without ensuring the availability of land from HUDA, rendered an expenditure of Rs 15.98 lakh incurred on construction of part of a drain infructuous in the absence of any provision of drain in approved Master Plan of Sector-18.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Water Supply and Sanitation Branch in April 2008; reply had not been received (August 2008).

Public Works Department (Irrigation Branch)

4.2.7 Extra expenditure due to allotment of work without proper survey

Defective framing of specifications/scope of work and injudicious decision of terminating the contract, resulted in extra expenditure of Rs 1.53 crore on account of payment of interest and litigation charges, etc.

Public Works Department (PWD) Code provides that a work should consist of a specification, a detailed statement of measurements, quantities and rates and a report stating in clear terms the object to be gained by the execution of work

estimated for and explain any peculiarities which require elucidation. Preliminary operations including the survey of soil should be completed before submission of a project. The Chief Engineer, Irrigation Branch sanctioned (February 1995) an estimate for Rs 64.78 lakh revised to Rs 1.46 crore (November 1995) for clearance of silt and to enhance the capacity of Western Jamuna Canal Main Branch from RD 1,26,430 to 1,52,715. The work was allotted (27 November 1995) to a contractor with the condition to complete it within four months.

Scrutiny of records (July 2006) of Executive Engineer, Construction Division-17, Karnal (EE) revealed that proper survey to identify the items of work to be got executed was not conducted before finalising the estimate. Instead of clearance of slush and *daldal*, the contractor was allotted the work of silt clearance in the agreement. The contractor could not complete the work on the scheduled date due to unfavourable and slushy conditions at site. The contractor executed only 2,35,667 cum work against an estimated 4,36,789 cum silt work by the scheduled date of completion. The EE terminated the contract on 29 March 1996 as the contractor could not complete the work on scheduled date and an amount of Rs 76.59 lakh was paid to the contractor in June 1996. Floating of tenders and allotment of work without identifying the specific items to be got executed resulted in the execution of defective agreement due to which work could not be completed within the validity period of agreement.

Aggrieved by the decision of the department, the contractor went into Arbitration on the plea that breach of contract by the department resulted in heavy losses to him because he was paid lower rates for removal of slush/*daldal* in place of removal of silt. The agreement was executed for Rs 1.42 crore but the payment was made for Rs 76.59 lakh. He had arranged labour, machinery and staff to complete the work to the order of agreement amount. Announcing the award in favour of the contractor, the Arbitrator directed (December 2002) the department to pay Rs 73.14 lakh on account of loss of profit, interest on capital investment and difference of rates of *daldal* and silt clearance, etc. alongwith interest at the rate of 12 *per cent* per annum upto the date of award. He further awarded interest at the rate of 15 *per cent* per annum from the date of award till actual payment. The department challenged (March 2003) the award in the Court of Additional District Judge, Karnal but the court dismissed the petition in March 2006. In compliance of Arbitrator's award, the department paid Rs 2.13 crore (Rs 2.01 crore in March 2007 and Rs 0.12 crore in August 2007) to the contractor.

On being pointed out in audit, the EE stated (December 2007) that while observing X-Sections during closure, it was found that usable sand was available in the bed of the canal and scope of work was likely to be reduced. Since the agency had failed to complete the work within stipulated period, the contract was terminated. Reply was not acceptable because the department should have taken care to identify the items of work to be executed and assessed the scope of work before floating the tenders and allotting the work to the contractor as laid down in PWD Code, which was not done.

Thus, due to defective framing of specifications and scope of work and injudicious decision of terminating the contract, the department incurred an extra

expenditure of Rs 1.53 crore[#] on account of payment of interest and litigation charges, etc.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Public Works Department, Irrigation Branch in April 2008; reply had not been received (August 2008).

Finance Department

4.2.8 Overpayment of pensionery benefits

Failure of Treasury Officers/Banks in exercising proper checks as required under financial and treasury rules and orders resulted in overpayment of pensionery benefits amounting to Rs 15.27 lakh.

As per Punjab Treasury Rules/Financial Rules applicable to Haryana and the scheme for pension payment by Public Sector Banks, the Treasury Officers (TOs) and the Banks are responsible for ensuring the correctness of the payments made with reference to the records maintained by them before incorporating the transactions in their accounts.

Inspection of 21 District Treasuries including Sub-Treasuries conducted by Accountant General (Accounts and Entitlement), Haryana and 34 branches of nationalised banks conducted by Accountant General (Audit), Haryana during April 2007 to May 2008 revealed an overpayment of pensionery benefits of Rs 15.27 lakh to 166 pensioners/family pensioners in 15 Districts Treasuries including Sub-Treasuries and 11 branches of nationalised banks as discussed below:

- According to State Civil Service Rules, higher rate of family pension is payable from the date following the date of death of employee/pensioner for a period of seven years or till the date on which he would have attained the age of 65 years had he survived, whichever was earlier. Thereafter, normal rate of family pension is payable to them. However, 41 family pensioners were paid family pension at higher rate beyond the periods prescribed under the rules which resulted in overpayment of Rs 4.09 lakh to them.
- According to State Civil Service Rules, the amount of commutation is to be reduced from the amount of pension from the date of payment of the commuted value of the pension to the pensioners or three months after the issue of authority asking the pensioner to collect the commuted value of pension, whichever is earlier. Contrary to this, full pension was paid to 18 pensioners without reducing the amount of commutation after the payment

[#] Interest on loss of profit: Rs 9,78,970 plus interest on capital investment: Rs 2,12,500 plus litigation charges: Rs 1,79,550 plus interest payment on award of Rs 73.14 lakh: Rs 1,39,37,569 = Rs 1, 53, 08,589.

of commuted value of pension, which resulted in overpayment of Rs 1.79 lakh.

- Overpayment amounting to Rs 8.87 lakh was made to 101 pensioners due to wrong calculation of the amount of pension.
- An overpayment of gratuity of Rs 0.50 lakh made in five cases was not recovered from the pensioners. Besides, medical allowance of Rs 0.02 lakh was paid to a pensioner who was employed on compassionate grounds. The medical allowance was, however, not admissible to such pensioners.

The matter was reported to Financial Commissioner and Principal Secretary to Government of Haryana, Finance Department in June 2008; reply had not been received (August 2008).

Public Works Department (Irrigation Branch)

4.2.9 Extra/avoidable expenditure on land acquisition

Delay in announcement of awards resulted in extra expenditure of Rs 3.46 crore and lack of title of the land in revenue records resulted in avoidable expenditure of Rs 1.20 crore.

Government issued a notification for acquiring 26.94 acre land for construction of Sultanpur link drain under Section 4 in May 1999. The Land Acquisition Collector (LAC), Bhiwani demanded (March 2000) a sum of Rs 1.05 crore for awarding land compensation. The amount was deposited (March 2001) by the Executive Engineer, Mewat Water Services Division, Nuh. Instead of making the full award, the LAC made a payment of Rs 22.67 lakh to the landowners who approached the court for land compensation, as a result of which the notification lapsed. Notifications under Section 4, 6 and 7 were issued de novo in July 2004 and January 2005 respectively. The Department deposited (September-November 2006) an additional amount of Rs 3.28 crore on account of land compensation. The LAC announced (December 2006) three awards for 17.54 acre land only and made payment of Rs 4.14 crore to land owners. Thus, delay in announcement of awards resulted in extra expenditure of Rs 3.46 crore. Meanwhile notifications under Sections 4, 6 and 7 had lapsed again and 9.40 acre land still remained to be acquired (May 2008).

Similarly, in Mewat Water Service Division, Nuh, the villagers of Mankrola offered their land free of cost for construction of Sultanpur Link drain provided the alignment of the drain was according to their proposal. The alignment of the drain was changed (November 1982) and the land was provided free of cost by the landowners through written undertakings. The Department constructed the drain but did not get the title of the land formally transferred in favour of Government. The land owners subsequently demanded land compensation and since, in the absence of a clear title, the department could not establish its title to the land, it had to pay a sum of Rs 1.20 crore (December 2006) towards land

compensation. Had the title of land been transferred in the revenue records, this expenditure could have been avoided. Thus, avoidable expenditure of Rs 1.20 crore was incurred.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Irrigation Department in June 2008; reply had not been received (August 2008).

4.3 Violation of contractual obligations/undue favour to contractors/avoidable expenditure

Public Works Department (Buildings and Roads Branch)

4.3.1 Inadmissible payment of interest to the entrepreneur

Executive Engineer, Provincial Division-II, Public Works Department, Buildings and Roads Branch, Kurukshetra made inadmissible payment of Rs 1.31 crore to the entrepreneur in violation of provisions of the agreement.

The work "Construction of Additional two lane Road Over Bridge (ROB) including its approaches, at level crossing Number 95-B on Delhi-Ambala Railway line at Kurukshetra" was allotted (August 2002) to an entrepreneur on Build, Operate and Transfer (BOT) basis vide concession agreement dated 12 September 2002. Besides other conditions, it was also mentioned in the agreement that approval of designs and drawings of bridge proper in Railway portion would be issued by the Railways and the entrepreneur would be personally responsible for arranging approval of the same from Railways and that the Railway's decision regarding approval of designs/drawings would not be a matter of dispute.

The cost of the project was Rs 13.86 crore and the work was to be completed within 15 months from 10 January 2003. The Government authorised the entrepreneur to collect and retain the cost of project during the concession period of 7 years 10 months and 16 days including construction period of 15 months, which was to expire on 25 November 2010. The work was started on 11 January 2003 and completed on 10 March 2007.

Scrutiny of records (July 2007) of the Executive Engineer, Provincial Division-II, Public Works Department, Buildings and Roads Branch, Kurukshetra revealed that in view of resentment of general public against toll collection, the Government decided (May 2007) to make ROB toll free in public interest. The Steering Group while exercising the powers under clause 3.12 of the concession agreement decided (February 2007) to take over the ROB and to pay a sum of Rs 15.17 crore to the entrepreneur on account of buy back of the project. Accordingly, an agreement to buy back the ROB was executed with the entrepreneur on 10 May 2007 and a sum of Rs 14.16 crore was paid (May 2007) after deducting sales tax, income tax, etc. This payment included Rs 1.31 crore

on account of interest at the rate of nine *per cent* for 15 months, the period for which finalisation of drawings was delayed whereas, as per agreement, the entrepreneur was personally responsible for arranging the approval of drawings of bridge over Railway portion.

On being pointed out, Engineer-in-Chief, Public Works Department, Buildings and Roads Branch (EIC) stated (February 2008) that bridge over Railway portion was to be constructed by the agency as per directions of Railway authorities. The work was delayed due to non-receipt of permission on account of technical problems and as such the agency could not be held responsible. The Financial Commissioner and Principal Secretary to Government Haryana, Public Works Department, Buildings and Roads Branch in his reply (June 2008) reiterated the reply given by the EIC. The reply was not acceptable because as per agreement, the entrepreneur was personally responsible for arranging the approval of drawings and it was irregular on the part of the Department to bear the burden for delay in getting the drawings approved from Railways. Moreover, in a Public Private Partnership (PPP) project of this nature, there is an equitable distribution of risks and the construction risks are allocated to the concessionaire. Even in the normal course, the delay caused in the approval of the drawings would have been on concessionaire's account as it would have eaten into the concession period since the agreement provided for a fixed concession period including the construction time. Hence, the payment of interest to the concessionaire for the period of delay in the finalization of drawings, which was his responsibility according to the allocation of risks in a PPP project and which in this case was formalized by the insertion of a specific clause in the agreement to that effect, was irregular.

Thus, the Department made inadmissible payment of Rs 1.31 crore to the entrepreneur in violation of provisions of the agreement.

Home Department

4.3.2 Inadmissible payment to dependents of deceased Government employees

Police department made inadmissible payment of Rs 96.55 lakh as compassionate assistance to the ineligible dependents of deceased Government employees with a view to assist the family of deceased Government employee.

With a view to assist the family of deceased Government employee, Haryana Compassionate Assistance to the Dependents of Deceased Government Employees Rules, 2006 (Rules) were made applicable from 01 August 2006. The Rules provided that on the death of any Government employee, the family of the deceased employee would continue to receive a sum equal to the pay and other allowances that was last drawn by the deceased employee as financial assistance for a period of 15 years/12 years/7 years depending upon the age of the employee

at the time of death. The Rules *ibid* do not extend such benefit to the case where the PPO/FPO was issued before 1 August 2006. The calculation of the period and payment was to be made to such cases from the date of notification of these rules. The Chief Secretary to Government of Haryana also clarified on 8 June 2007 that cases where death happened prior to 1 August 2006 and where Pension Payment Order/Gratuity Payment Order (PPO/GPO) had been issued, could not be covered under the new scheme.

Scrutiny of records (May 2007 and May 2008) and further information collected from 17⁴ offices of Superintendents of Police (SP)/Commandant, Haryana Armed Police Battalions revealed that the dependents of deceased Government employees were paid as monthly financial assistance, the pay and other allowances last drawn by the deceased employees though their PPOs/GPOs were issued prior to 1 August 2006. This resulted in an inadmissible payment of Rs 96.55 lakh in 61 cases between August 2006 and March 2008 as detailed in *Appendix XXXIV*.

On being pointed out in audit, the Director General of Police, Haryana stated (March 2008) that the payments had been made in accordance with the new Rules. The reply was not acceptable as the department gave the monthly financial assistance to the dependents of deceased Government employees whose PPOs/GPOs were issued prior to 01 August 2006 and thus were not eligible for monthly financial assistance as clarified by the Chief Secretary. However, SP, Bhiwani, Kurukshetra, Commandant 2nd Battalion (HAP) and Commandant 4th Battalion (HAP), Madhuban recovered the entire monthly assistance paid, amounting to Rs 7.03 lakh in seven cases between December 2007 and March 2008.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Home Department in February 2008; reply had not been received (August 2008).

Transport Department

4.3.3 Extra expenditure on purchase of retreading material

Non-placement of supply order to the lowest tenderer as per High Powered Purchase Committee's decision and failure of the department to invoke the risk/ cost clause against the defaulting supplier put extra burden of Rs 64.05 lakh on State exchequer.

The Transport Commissioner (TC) invited tenders (September 2005) for purchase of 400 Metric Tonne (MT) precured tread rubber along with other retreading

⁴ Superintendents of Police, Ambala; Bhiwani; Fatehabad; Faridabad; Hisar; Jhajjar; Jind; Kaithal; Kurukshetra; Narnaul; Telecommunication, Panchkula; Rewari; Sirsa; Sonapat, Yamunanagar; Commandant 2nd Battalion, Madhuban and Commandant 4th Battalion, Madhuban.

material for retreading 4,000 tyres per month. According to terms and conditions of the tender document, the offered rates were applicable for one year. Successful bidder was to furnish bank guarantee/security equal to 10 per cent of the value of the order. In case of delay/non-supply, the material was to be purchased at the risk and cost of the defaulting firm and extra expenditure involved was to be recovered from pending payments/bank guarantee.

The Department received (October 2005) five valid tenders and retreading rate quoted by them ranged between Rs 943.06 and Rs 1,119.70 per tyre. Pending approval of tender from the High Powered Purchase Committee (HPPC), the Department placed (December 2005) a purchase order for 35 MT precured tread rubber along with other retreading material valuing Rs 34.48 lakh at retreading landed rate of Rs 943.06 per tyre with M/s Jagdamba Tyre Retreading Company, Dhanbad (lowest tenderer) and obtained a bank guarantee of Rs 3.50 lakh for a validity period of six months. The HPPC in its meeting held on 08 February 2006, after negotiations with firm, decided to purchase 400 MT precured tread rubber along with other retreading material valuing Rs 3.94 crore at retreading landed rate of Rs 943 per tyre from the lowest tenderer. The firm also agreed to supply 50 MT precured tread rubber along with other retreading material per month. The Department instead of placing order for the entire requirement of precured tread rubber along with other retreading material for one year indicating the quantity of material to be supplied per month, placed (February 2006) supply order for only 70 MT valuing Rs 68.97 lakh, which was the requirement of two months, after obtaining a bank guarantee of Rupees seven lakh.

The Dhanbad based firm supplied only 95 MT retreading material against the order of 105 MT. Due to non-receipt of material in adequate quantity from the firm, the Department purchased (March-April 2006) retreading material worth Rs 39.49 lakh in emergency from a Delhi based firm at retreading landed rate of Rs 1,103.83 per tyre and also invited (April 2006) fresh tenders. The HPPC ultimately finalised (August 2006) the annual contract at the retreading landed rate of Rs 1,231 per tyre. The Department had to incur an extra expenditure of Rs 89.63 lakh from March 2006 to January 2007 on purchase of 312.695 MT precured tread rubber along with other retreading material at higher rates. The Transport Commissioner did not invoke the risk and cost clause against the defaulting supplier as directed by the HPPC in its meeting held on 22 June 2006, for which reasons were not on record.

Scrutiny of records revealed (August 2007) that against an extra expenditure of Rs 89.63 lakh, the Department could make good the loss of Rs 25.58 lakh only (Rupees seven lakh on account of forfeiture of bank guarantee and Rs 18.58 lakh on account of balance payment of the firm against supplies received). The department also failed to forfeit the bank guarantee of Rs 3.50 lakh in time as the same expired in June 2006.

The Department in its reply (March 2008) stated that purchase of tyre retreading material was made from other firms for running of buses and to avoid extra losses due to non-availability of retreaded tyres. It was further stated

(5 September 2008) that legal notice for deposit of balance amount of risk purchase was being issued to the firm. The reply was not acceptable as due to non-placement of supply order for the entire quantity to the lowest tenderer and non-invoking of risk and cost clause against the defaulting supplier as per HPPC decisions, the department failed to make good the loss sustained. Further, the legal notice for recovery of balance amount under risk and cost clause purchase was yet to be issued to the defaulting supplier and had become invalid as the limitation period within which the risk purchase was to be effected had already elapsed and the chances of recovery, therefore, at this belated stage were very remote.

The incorrect procedure adopted for not placing the supply order for entire quantity to the lowest tenderer after obtaining due bank guarantee of Rs 39.40 lakh by violating the decision of the HPPC and failure of the department to invoke risk and cost clause against the defaulting supplier put extra burden of Rs 64.05 lakh on State exchequer.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Transport Department in April 2008; reply had not been received (August 2008).

Food and Supplies Department

4.3.4 Undue favour to rice millers

Injudicious decision to allow less out turn ratio of rice on fair average quality paddy resulted in undue favour to the millers and a loss of Rs 36.47 lakh to State exchequer.

Food and Supplies Department procures paddy as per specifications of Government of India (GOI) for Central Pool and provides the same to millers, who in turn deliver rice to Food Corporation of India (FCI) at a fixed out turn ratio of paddy. The GOI conveyed (1 September 2005) uniform specifications of paddy and rice for Kharif Marketing Seasons (KMS) 2005-06 which were circulated (9 September 2005) to procuring agencies by the Director, Food and Supplies, Haryana, Chandigarh. Before the commencement of procurement (from 1 October 2005), the State Government approached (26 September 2005) the GOI for grant of relaxation in specifications of paddy/rice and to lower the out turn ratio of rice due to unprecedented and incessant rains during September 2005 to avoid distress sale of paddy by farmers.

Pending grant of relaxation in specifications, the Department started procuring paddy of Fair Average Quality (FAQ) as per specifications. The GOI relaxed (6 October 2005) the specifications of paddy for procurement from 6 October to 24 October 2005 and directed the procuring agencies to stock and account for separately the stocks procured up to 5 October 2005, up to 24 October 2005 and thereafter. The State Government again approached (14 and 24 October 2005) the GOI to extend the relaxation beyond 24 October 2005 to

cover the entire period of KMS 2005-06. The GOI decided (28 October 2005) to extend the relaxation up to 15 November 2005 and to reduce the out turn ratio to 66 per cent for paddy procured by State procuring agencies with the relaxed specifications. On further approaching (28 November 2005) by the State Government, the GOI also agreed (5 December 2005) to allow relaxation for the period from 1 October to 5 October and further extended the relaxation upto 30 November 2005. No such relaxation was admissible on FAQ paddy procured by procuring agencies as per standard specifications prescribed by GOI, on which out turn ratio of 67 per cent was to be obtained from the millers. The financial burden on account of reduction in out turn ratio was to be shared equally by the State Government and GOI. The department had procured 68,950⁵ Metric Tonnes (MT) paddy of FAQ and 5,84,513 MT of paddy with relaxed specifications from 1 October 2005 to 30 November 2005.

Audit observed (January 2008) that benefit of reduced out turn ratio to millers was extended even on FAQ Paddy (68,950 MT) alongwith paddy procured with relaxed specifications on the ground that Punjab had given this benefit. The decision of the State Government lacked justification as the Department had procured paddy during 1 October to 5 October and from 16 November to 30 November 2005 as per specifications laid down by the GOI which had out turn ratio of 67 per cent.

Thus, injudicious decision to extend the benefit of reduced out turn ratio had resulted in undue favour to the millers and a loss of Rs 36.47 lakh to the State exchequer.

The Financial Commissioner and Principal Secretary to Government Haryana, Food and Supplies Department stated (May 2008) that relaxation in paddy and rice was sought owing to untimely and unseasonal rains in the interest of farmers and grant of relaxation did not result any undue benefit to the Rice Millers. The reply was not acceptable as the GOI allowed the benefit of reduced out turn ratio on the paddy procured under relaxed specifications (URS) only whereas the State Government procured FAQ paddy during the extended relaxed period on which the benefit was not admissible.

Social Justice and Empowerment Department

4.3.5 Avoidable payment of bank commission on demand drafts

Department made an avoidable payment of Rs 26.53 lakh as commission on preparation of demand drafts to State Bank of India, Mini Secretariat branch, Yamunanagar.

Reserve Bank of India, Department of Government and Bank Accounts, Central Office, Mumbai (RBI) issued (March 2001) guidelines for the issue of demand

⁵ 62,950 MTs during 1 October to 5 October 2005 and 6,000 MTs during 16 November to 30 November 2005.

drafts at par to Government Departments by State Bank of India and Associates, if the branch was equipped with currency chest, irrespective of accreditation of the Government department seeking remittance facility, the branch was required to provide it at par under Reserve Bank of India Remittance Facility Scheme 1975 and if the branch was not equipped with currency chest but was accredited to do Government business, the branch was required to provide at par remittance facility to the Government department concerned under their own remittance facility scheme. The Commission was payable only when the branch of the bank was not equipped with currency chest and was not accredited to do Government business.

Scrutiny of records (March 2008) of District Social Welfare Officer (DSWO), Yamunanagar revealed that commission charges to the State Bank of India, Mini Secretariat branch, Yamunanagar (Bank) were being paid on the demand drafts made in favour of Block Development and Panchayat Officers/Tehsildars/Naib Tehsildars/Municipal Committees to disburse old age pension, handicap pension and benefits under Rajiv Bima Yojana, etc. Though the Bank was accredited to do Government business and was required to issue demand drafts at par, yet it charged commission amounting to Rs 26.53 lakh for preparation of demand drafts for the period from January 2005 to January 2008.

The DSWO stated (March 2008) that the matter was taken up with the Bank (November 2005) but the Bank did not agree and informed that the commission was not payable only in cases where the draft was issued from a branch equipped with currency chest. The reply was not convincing in view of clear guidelines of RBI on the subject. The Department should have taken up the matter with higher authorities of the bank to avail of the facility of obtaining demand drafts at par, thereby avoiding the payment of Rs 26.53 lakh on this account.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Social Justice and Empowerment Department in March 2008; reply had not been received (August 2008).

Home Department

4.3.6 Inadmissible payment of conveyance allowance to the newly recruited constables during basic training period.

The Department made inadmissible payment of Rs 25.41 lakh on account of conveyance allowance to the newly recruited constables in violation of the provisions of State Civil Services Rules.

Travelling Allowance Rules provide that a competent authority may grant on such conditions as it may think fit to impose, a monthly conveyance allowance to any Government employee who is required to travel extensively at or within a short distance from his Headquarters under conditions, which do not render him eligible for daily allowance. Punjab Civil Services Rules, as applicable in Haryana,

further provide that no conveyance allowance should be drawn for the period of absence on leave or training.

Scrutiny of records (October-November 2007) of Commandants I, II, IV and V Battalion of Haryana Armed Police stationed at Ambala and Madhuban and subsequent information collected between November 2007 and July 2008 revealed that 4,714⁶ constables were recruited between January 2004 and December 2007 and provided basic training for nine months. The Pay Bills prepared by all these Commandants showed that sum of Rs 25.41 lakh on account of conveyance allowance, as detailed below, was paid to the constables during basic training period between January 2004 and June 2008 in contravention of the above rules. This had resulted in an inadmissible payment of conveyance allowance of Rs 25.41 lakh.

Sr. No.	Name of office	Number of constables on training	Amount of conveyance allowance (Rupees in lakh)
1.	Commandant, I Battalion, HAP, Ambala	1,168	6.29
2.	Commandant, II Battalion, HAP, Madhuban	1,062	5.73
3.	Commandant, IV Battalion, HAP, Madhuban	1,106	5.97
4.	Commandant, V Battalion, HAP, Madhuban	1,378	7.42
Total		4,714	25.41

On being pointed out in audit, the Director General of Police stated (June 2008) that conveyance allowance had been allowed to the newly recruited constables keeping in view extensive travelling by them during field training and rapid deployment during emergent situation for which they have to travel extensively within short distance. The reply was not acceptable as basic training of nine months duration was provided at the basic training centre only. Moreover, no conveyance allowance was paid by the 3rd Battalion during basic training period, which substantiated the audit view point that conveyance allowance was not payable during basic training period.

Thus, due to non-following the provisions of *ibid* Rules, inadmissible payment of Rs 25.41 lakh on account of conveyance allowance to the newly recruited constables was made.

The matter was demi-officially reported to the Financial Commissioner and Principal Secretary to Government of Haryana, Home Department in April 2008; reply had not been received (August 2008).

⁶ Commandant I: 1,168; Commandant II: 1,062; Commandant IV: 1,106 and Commandant V: 1,378.

Public Relations and Cultural Affairs Department

4.3.7 Payment made in contravention of provisions of contract agreement

Decision of the Government to release part payment for unsatisfactory service rendered by a Public Relations Company was not in consonance with the provisions of the agreement. The amount of Rs 21.05 lakh paid, therefore, was inadmissible.

With the aim of designing and executing publicity campaigns as well as other public relation work for proper projection of the policies and programmes of the Government and to involve people from different walks of life in the shared vision of the development of the State, Public Relations and Cultural Affairs Department engaged (June 2006) a Company for this job. Terms and conditions of the agreement executed on 5 July 2006 between the Department and the Company stipulated that payment at the rate of Rs 4.50 lakh per month would be made provided the Company submitted a quarterly progress report to the satisfaction of the Government.

Scrutiny of records (July 2007) of Director, Public Relations and Cultural Affairs Department revealed that the Department never accepted the progress reports submitted by the Company as it failed to provide any service for most part of the contract period and whatever services were provided were not to the satisfaction of the Department. Much of the work claimed by the Company to have been accomplished had actually been done by the Department itself. The Department terminated (15 March 2007) the contract and released Rs 21.05 lakh on 31 March 2007 for the period from 5 July 2006 to 15 March 2007 after deducting 50 per cent of the payable amount as penalty on account of default in performance of the agreed contract.

The decision of the Department was not in consonance with the provisions of the agreement, which had no provision for making partial payment on account of non-performance or deficient service. Clause 1.4 (iii) (a) of the agreement, provided that if the quality of the progress report was not to the satisfaction of the Government department, no payment would be made to the Company. As such, no amount on account of the work performance was payable to the Company. This had resulted in inadmissible payment of Rs 21.05 lakh.

The Director stated (December 2007) that repeated efforts were made to help the Company and make relationship work but on seeing their unsatisfactory performance, the Department had no other alternative except to terminate their services. The decision to make 50 per cent payment to the Company was got approved from the Government. The Commissioner and Secretary to Government Haryana, Public Relations and Cultural Affairs Department stated (April 2008) that the agency could not substantiate its worth by complying with the scope of work agreed upon and agreement was terminated in sub-clause (d) of clause (iii) of condition 1.4 of the agreement. The reply was not acceptable as the decision for making payment was not in order because the performance report of the

Company was never found satisfactory by the Department. Moreover, no rational basis was available on record to justify the release of 50 per cent of the payable amount.

4.4 Idle investments/idle establishment/blocking of funds

Public Works Department (Water Supply and Sanitation Branch)

4.4.1 Unfruitful expenditure incurred on Electrodialysis based Desalination Plants

Due to non-conducting of survey and pre-feasibility study to ensure the sufficient quantity and quality of surface and ground water sources by the Department, expenditure of Rs 80.63 lakh incurred on installation of Electrodialysis based Desalination plants and connected civil works was rendered unfruitful.

Manual on Water Supply and Treatment provides that projects should be identified and prepared in adequate detail in order to enable timely and proper implementation. Pre-feasibility study should be carried out to ensure quantity and quality of surface and ground water resources, actual and potential in the project area and vicinity.

To provide potable drinking water to the inhabitants of the villages having deficient water sources in Mewat area, Mewat Development Agency (MDA) administratively approved two estimates amounting to Rs 79.50 lakh and Rs 20.34 lakh for installation of Electrodialysis based Desalination Plants (ED plants) and tube-wells in four villages in March 2001 and September 2001 respectively. The brackish raw water generated by tube-wells was to be treated by ED plants for making the water potable. Provision was made in the estimates for the installation of three ED plants of 2,000 litres per hour (LPH) capacity in villages Salamba, Salaheri, Jaivant and one ED plant of 1,000 LPH capacity in village Madhi, tube-wells, generating sets and construction of underground feed storage tanks, chambers for installation of plants and generating sets. The civil works in respect of village Madhi were allotted to the agency (July 2001). The work of designing, supplying, installation, testing and commissioning of three⁷ ED plants was allotted (September 2001) to an agency for Rs 40 lakh. The civil works in respect of villages Salaheri and Jaivant were allotted to different contracting agencies between October 2001 and January 2002. Total expenditure of Rs 80.63 lakh was incurred on these works.

Scrutiny of records (June 2007) of the Executive Engineer, Water Supply and Sanitation Division-I, Nuh, revealed that the division did not conduct any survey/

⁷ Villages Salaheri, Madhi and Jaivant.

pre-feasibility study to ensure the availability of sufficient quantity of water required to operate the ED plants notwithstanding the fact that the Department was aware of the shortage of water in this area. Though the ED plants were installed between November 2001 and March 2002, the raw water to be treated by these plants was not available. As a result, ED plants installed in these villages could not be made operational due to non-availability of raw water and thus the objective of the scheme to provide potable water to the villagers was not achieved.

On being pointed out in audit, the Engineer-in-Chief, PWD, Water Supply and Sanitation Branch stated (August 2008) that though preliminary survey appears to have been conducted to ensure the availability of water but the fact remains that plant at Madhi was non-functional since its installation and plants at Salaheri and Jaiwant had remained operational for a short period i.e. less than one year and thereafter remained non-functional. He further stated that disciplinary action was also being taken against officers at fault. Reply was not acceptable because required quantity of raw water to operate these plants was not ensured before installation of these plants and no proper/detailed survey and pre-feasibility study was carried out.

Thus, due to non conducting of survey and pre-feasibility study to ensure the quantity and quality of surface and ground water sources by the Department, expenditure of Rs 80.63 lakh incurred on installation of ED plants and connected civil works was rendered unfruitful, as the potable water could not be supplied to the inhabitants of the villages because of non-functioning of ED plants.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Water Supply and Sanitation Branch, in June 2008; reply had not been received (August 2008).

Public Works Department (Irrigation Branch)

4.4.2 *Blocking of funds due to tardy implementation of Hisar-Ghaggar drain project*

A portion of the Hisar-Ghaggar Drain constructed at a cost of Rs 12.33 crore could not be put to use due to non-completion of the other portion.

Construction of Hisar Ghaggar drain from RD 0 to 360000 envisaged as a comprehensive drainage scheme to cover the Ghaggar and Internal Drainage tracts was approved (November 2002) by the Government at a project cost of Rs 164 crore, with the financial assistance of National Bank of Agriculture and Rural Development (NABARD). The project, targeted to be completed by March 2005, envisaged to carry flood water and sewage water of towns falling on route of Hansi, Bhiwani, Hisar, etc. and to meet the demand of water for

irrigation. The department, however, failed to complete the project within the stipulated period despite timely sanction of loan by NABARD in March 2003.

Scrutiny of records of the Executive Engineers, Construction Division No. 6 and 7, Hisar (EE) revealed that Hisar-Ghaggar Drain was to be constructed from RD 0 to 360000, out of which a portion RD 0 to 109000 was completed in October 2007 at a cost of Rs 12.33 crore. However, the drain could not be made functional due to non-completion of the remaining portion of drain from RD 109000 to 360000 by Construction Circle, Hisar.



Non-functional Hisar Ghaggar drain at RD 83450

On being pointed out in audit (June 2008) the Superintendent Engineer, Construction Circle, Hisar stated (August 2008) that the remaining portion of the drain could not be completed as the work of construction of village road bridges and foot bridges were still in progress. The reply indicates that the implementation of the project was delayed due to non-synchronisation of various components of the work.

Thus, non-completion of a portion of the Hisar-Ghaggar drain resulted in blocking of funds of Rs 12.33 crore.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government of Haryana, Irrigation Department in June 2008; reply had not been received (August 2008).

4.5 Regulatory issues and others

Co-operation Department

4.5.1 Injudicious payment on account of training and managerial subsidies to Self Help Groups

Injudicious payment of Rs 15.90 lakh was made to Self Help Groups on account of training and managerial subsidies.

The State Government decided to organise Self Help Groups (SHGs) in the rural areas with the aim to generate additional employment. Each SHG was to engage in homogenous activities like carpentry, *zari jooti* making, shoe making, *masala* and pickle making, rosary beads of *tulsi* and sandal wood, quality earthen wares, *moodha* making, etc. Each SHG was to get Rs 10,000 as training subsidy, Rs 25,000 as managerial subsidy and Rs 65,000 as interest subsidy on the loans borrowed by them from the financial institutions/co-operative banks. As stipulated in the sanction orders of subsidy, Haryana Co-operative Development Federation (HARCOFED) was to organise training programmes for the workers/members of SHGs.

Scrutiny of records (July 2006-April and May 2007) of Registrar, Co-operative Societies Haryana, Panchkula (the Registrar) revealed that the department constituted 75 SHGs in 2005-06 and 42 SHGs in 2006-07. Out of these, training and managerial subsidies Rs 11.60 lakh⁸ and Rs 28.21 lakh⁹ were released to 116 and 113 SHGs respectively during 2005-07. Training subsidy amounting to Rs 11.60 lakh was not deposited with HARCOFED after recovering from the SHGs. Even HARCOFED was not requested to chalk out any training programme as of May 2008 and as such no training was provided to workers/members of SHGs.

Scrutiny of applications submitted by SHGs for release of managerial subsidy revealed that in 23 cases, the SHGs had clearly indicated monthly salary payable to manager (managerial subsidy) less than Rs 25,000 per annum but the Registrar released Rs 25,000 to each group which resulted in excess release of subsidy of Rs 1.50 lakh. Similarly, in 16 cases the SHGs had not demanded any amount of managerial subsidy whereas the Registrar released the subsidy to them at the rate of Rs 25,000, which amounted to Rupees four lakh. Thus, the Registrar released excess subsidy Rs 5.50 lakh on account of managerial subsidy.

On being pointed out in audit, the Registrar stated (between September 2007 and June 2008) that efforts were being made to get the training imparted from HARCOFED by recovering the amount from SHGs. As regards managerial subsidy, orders for recovery of the amount had been issued (December 2007).

⁸ Training subsidy; 2005-06: Rs 7.50 lakh; 75 SGHs and 2006-07: Rs 4.10 lakh; 41 SHGs.

⁹ Managerial subsidy; 2005-06: Rs 17.72 lakh; 71 SGHs and 2006-07: Rs 10.49 lakh; 42 SHGs.

However, the fact remains that even if the recovery is made and training is imparted, the purpose of training at this belated stage would not be served as the SHGs had been working for the last one to two years. As regards recovery of amount from SHGs, training subsidy of Rs 1.20 lakh only had been recovered (between April 2007 and June 2008) from 12 SHGs and Rupees one lakh deposited into Government treasury and Rs 0.20 lakh with HARCOFED. The balance amount of Rs 15.90 lakh was yet to be recovered (June 2008).

Thus, training and managerial subsidies amounting to Rs 15.90 lakh was released injudiciously to SHGs.

The matter was demi-officially reported to Financial Commissioner and Principal Secretary to Government of Haryana, Co-operation Department in December 2007; reply had not been received (August 2008).

Public Works Department (Irrigation, Buildings and Roads and Water Supply and Sanitation Branches)

4.5.2 Miscellaneous Public Works Advances

4.5.2.1 Introduction

'Miscellaneous Public Works Advances' (MPWA) is a suspense head under Major Head-2059 Public Works, which is intended to record (i) transactions relating to sales on credit; (ii) expenditure incurred on deposit works in excess of deposits received; (iii) losses, retrenchments, errors, etc. and (iv) other items of expenditure, the allocation of which is not known and which can not immediately be adjusted to the final head of account. Records relating to unclassified transactions, sales on credit, losses, other items of expenditure, etc. placed under MPWA during the year 2003-08 in 47 out of 190¹⁰ divisions {Irrigation: 15 divisions, Buildings and Roads (B&R): 20 divisions, and Water Supply and Sanitation (WSS): 12 divisions} were test checked during January-March 2008.

In 190 divisions in the State, a sum of Rs 180.85 crore was outstanding under MPWA as on 31 March 2008 as shown below:

Sr. No.	Description	Irrigation	B&R	WSS	Total
		(Rupees in crore)			
1.	Sales on credit	--	0.01	0.06	0.07
2.	Expenditure on deposit works in excess of deposits received	0.17	--	1.44	1.61
3.	Losses, retrenchments, errors, etc.	0.21	0.13	0.45	0.79
4.	Other items ¹¹	94.36	41.81	42.21	178.38
	Total	94.74	41.95	44.16	180.85

¹⁰ Irrigation: 89 divisions; B&R: 57 divisions and WSS: 44 divisions.

¹¹ Other items include debits, the classification of which could not be determined at once, recoverable debits not pertaining to the accounts of a work and recoverable outstanding pertaining to works accounts of which were closed.

As per MPWA registers maintained by the divisions test checked, 1,658 items involving Rs 50.17 crore are outstanding as of 31 March 2008. Category-wise outstanding items are given in *Appendix XXXV*.

Addition to and clearance from the outstanding balances as per Form PWA-32 during 2003-08 in divisions test checked is as under:

Year	Opening balance as on 1 April	Addition during the year	Clearance during the year	Closing balance as on 31 March
(Rupees in crore)				
2003-04	37.63	14.29	12.57	39.35
2004-05	39.35	5.50	12.11	32.74
2005-06	32.74	22.40	13.13	42.01
2006-07	42.01	38.09	28.55	51.55
2007-08	51.55	49.10	50.63	50.02

The above table showed that balances under this head increased from Rs 37.63 crore to Rs 50.02 crore during 2003-08, an increase of nearly 33 per cent.

The outstanding balances reported through monthly account (Form PWA-32) for March 2008 did not agree with those shown in the MPWA register in 19 out of 47 test checked divisions as detailed below:

Number of divisions	Outstanding balances as per monthly account	Outstanding balances as per MPWA register	Difference excess (+)/ less (-)
(Rupees in crore)			
8	27.82	27.03	(+) 0.79
11	3.56	3.93	(-) 0.37

Similarly, in 10 divisions, the balances of MPWA had not been carried over correctly resulting in difference in the balances of miscellaneous advances as per monthly accounts for March 2008 as indicated below:

Number of divisions	Outstanding balances ¹²	Outstanding balances as per monthly account	Difference excess (+)/ less (-)
(Rupees in crore)			
5	1.14	2.02	(-) 0.88
5	2.76	2.45	(+) 0.31

Thus, there was a net difference of Rs 0.15 crore due to improper maintenance of MPWA registers and non-reconciliation of balances with Form PWA- 32 and 41.

4.5.2.2 Analysis of outstanding balances

As laid down in paragraph 10.23 of the Manual of Orders of PWD, B&R, the Divisional Officer is required to take effective steps to clear the outstanding items under MPWA within reasonable time. However, it was noticed that Rs 7.42 crore (1,051 items) were outstanding for more than 10 years in the test checked

¹²

Worked out by taking opening balances as on 1 April 2003 and total additions and clearances during 2003-04 to 2007-08 (as depicted in Form PWA-41).

divisions including 124 items of Rs 0.31 crore outstanding since November 1966 or earlier years.

Persistent increases in outstanding balances and delay in their clearance were attributable mainly to non-availability of details of items with the concerned divisions, non-adjustment of advances released to suppliers/contractors, advance payments made to other divisions/departments, shortage/non-accountal of material, non-recovery of amounts against non/short supply of material by firms/contractors, etc. Effective steps to clear these balances were, thus, not taken by the divisions test checked. Some of the significant cases are discussed below:

• *Insufficient details of items*

An amount of Rs 29.34 lakh was outstanding since 1965-66 in WSS Division-I, Rohtak and another amount of Rs 7.85 lakh was outstanding in Provincial Division-I, Ambala since 1997-98 and earlier years. This was also pointed out vide para 4.18.5 (A) of the Report of the Comptroller and Auditor General of India for the year ended March 1997 (Civil), Government of Haryana. The Public Accounts Committee (PAC) in its 52nd report (March 2002), desired that the detailed report about recoveries of the balance amount in each case be intimated to them within six months but the Government has not been able to respond to PAC recommendations even after six years.

The Engineer-in-Chief (EIC), WSS stated (August 2008) that efforts were being made to recover the outstanding amount from concerned departments/parties. The EIC, PWD-B&R stated (August 2008) that the details of the outstanding amount were not available with the divisions as old record was destroyed in fire. The reply was not acceptable as no adequate efforts had been taken by the divisions to trace out the details of persons/departments/parties from whom these amounts were recoverable.

• *Embezzlement/misappropriation of Government money*

In WSS Division-II, Bhiwani, a sum of Rs 3.28 lakh was outstanding against an official (fitter coolie) on account of fraudulent collection of water bills. Though the fraud came to the notice of the department in July 2003, First Information Report was lodged (July 2005) with the police (Bhiwani) and charge sheet under Rule 7 of the Haryana Civil Services (Punishment and Appeal) Rules, 1987 was issued in January 2006. Neither any inquiry nor any action had been taken and the amount was placed in MPWA in May 2006. The official was on duty in the same circle but recovery had not been started so far (June 2008).

• *Non-adjustment of advance payment to firms*

In 33 divisions, 197 items amounting to Rs 12.66 crore were outstanding against various firms/suppliers for want of receipt of material or due to non-adjustment of

material. The branch-wise position was as under:

(Rupees in crore)			
Branch	Number of Divisions	Number of items	Amount outstanding
Irrigation	6	19	0.10
B&R	17	105	7.70
WSS	10	73	4.86
Total	33	197	12.66

Some cases of delay in clearance of outstanding balances were as under:

(Rupees in crore)						
Name of division	Amount of advance	Date of payment	Name of firm	Purpose	Amount adjusted	Balance outstanding
Provincial Division III, (NH), Rohtak	1.50	During 1999-2001	Indian Oil Corporation Limited (IOCL), Karnal	Supply of bitumen	0.82 (between September 2004 and July 2006)	0.68
Provincial Division II, Hisar	0.06	December 2002	IOCL, Panipat	Do	-	0.06
WSS Division, Charkhi Dadri	0.13	March 2002	Shree Cement	Supply of cement	-	0.13
	1.15	March 2004	J. K. Cement	Do	-	1.15
WSS Division, Panchkula	0.04	June 2001	Gujrat Ambuja Cement Limited,	Do	-	0.04
	0.03	March 2004	Shree Cement	Do	-	0.03

No efforts were made by these divisions to obtain the material or to adjust the outstanding advances.

- ***Non-recovery for shortages/non-accountal of material from departmental officers/officials/suppliers and contractors***

Rupees 10.62 crore were outstanding against 1,216 items on account of shortages/non-accountal of stores/non-handing over charge of stores, etc. by the departmental officers/officials, non-recovery from suppliers and contractors. Reasons for outstanding balances in some of the cases were as under:

Number of divisions	Number of items	Amount outstanding (Rupees in lakh)	Reasons
20	243	19.27 ¹³	Whereabouts of the officers/officials were not known to the divisions.
27	124	44.33 ¹⁴	Officers/officials who stood retired/dismissed or expired.
8	49	10.63 ¹⁵	Shortage of stores detected during physical verification or at the time of transfer of officers/officials and outstanding for over five years.
25	342	128.73 ¹⁶	Short/non-supply of material/defective supply of material, excess payment, etc.
23	191	821.07 ¹⁷	Works got done under risk and cost clause of the agreements, damages levied for delay in execution of works, etc.

¹³ Buildings and Roads Branch: 5 divisions, 70 items, Rs 4.23 lakh; Irrigation: 10 divisions, 150 items, Rs 13.77 lakh and WSS: 5 divisions, 23 items, Rs 1.27 lakh.

¹⁴ Buildings and Roads Branch: 7 divisions, 41 cases, Rs 3.88 lakh; Irrigation: 13 divisions, 61 cases, Rs 39.29 lakh and WSS: 7 divisions, 22 cases, Rs 1.16 lakh.

¹⁵ Buildings and Roads Branch: 2 divisions, 11 cases, Rs 0.65 lakh; Irrigation: 4 divisions, 34 cases, Rs 8.90 lakh and WSS: 2 divisions, 4 cases, Rs 1.08 lakh

¹⁶ Irrigation: 103 items, Rs 24.46 lakh; B&R: 66 items, Rs 14.74 lakh and WSS: 173 items, Rs 89.53 lakh.

¹⁷ Irrigation: 24 items, Rs 44.20 lakh, B&R: 62 items, Rs 630.49 lakh and WSS: 105 items, Rs 146.38 lakh.

Although these cases were brought to notice of the department through inspection reports but no concrete actions to clear them were taken.

◦ *Outstanding balances against other divisions/departments/ corporations*

One hundred and seventy six items of Rs 23.62 crore¹⁸ were outstanding on account of advances made to Haryana Vidyut Prasaran Nigam Limited (HVPNL), Haryana State Electronics Development Corporation Limited (HARTRON), Railways, Public Works Divisions and other departments for supply of stores, adjustment of energy charges, etc. Some of the cases are discussed below:

- Public Health Division, Panchkula made advance payment of Rs 20.15 crore to Haryana State Electricity Board (HSEB) during April 1992 to July 1993 on account of energy charges for clearance of part dues of maintenance of Rural Water Supply Scheme in the State. Of this, Rs 14.85 crore were adjusted and balance Rs 5.30 crore were outstanding. The PAC in its 52nd report (March 2002) had desired that the recoveries of the balance amount in each case be settled at the earliest and detailed report be intimated to them within six months. Further, WSS Division, Panchkula made advance payment of Rs 25 crore in March 2002 on account of outstanding arrears of energy charges on behalf of all WSS Divisions in Haryana to HVPNL. Out of this, an amount of Rs 8.88 crore in respect of 18 sub-divisions of 11 divisions was adjusted during September 2002-October 2004 and balance amount of Rs 16.12 crore was still outstanding (March 2008). The EIC, WSS stated (August 2008) that the balance amount of Rs 5.30 crore could not be adjusted due to non-availability of exact figures of energy charges. This showed that inspite of recommendations of the Committee no efforts were made by the department to adjust the balance amount.
- The WSS Division, Ambala advanced Rs 7.90 lakh in February 2005 for installation of tubewell to Mechanical WSS Division, Ambala. The advance was not adjusted/recovered even after lapse of a period of three years.
- Construction Division-21, Rohtak paid advance of Rs 27.88 lakh during May 1997 to April 1999 for construction of bridge on Lakhan Majra link drain at km 86.7 of National Highway-10 to Provincial Division-III, Rohtak, which was completed and expenditure of Rs 17.57 lakh incurred was adjusted in March 2008. But no action had been taken to get the balance amount of Rs 10.31 lakh refunded.

¹⁸ Irrigation: 48 items, Rs 1.30 crore; B&R: 69 items, Rs 0.18 crore and WSS: 59 items, Rs 22.14 crore.

4.5.2.3 Other points of interest

- ◉ The WSS Division-III, Hisar was shifted in February 2006 to Nuh (Mewat) and the works/records were transferred to WSS Division-I and II, Hisar. MPWA of Rs 24.80 lakh (as per form PWA-32 in monthly account of January 2006) was required to be transferred to concerned WSS Divisions at Hisar through proforma accounts. A perusal of records revealed that the balance was neither carried over by the Division at Nuh nor transferred to Hisar Division. As a result of this, an amount of Rs 24.80 lakh was left unaccounted for without affecting any recovery since February 2006.
- ◉ Construction Division-VII, Hisar deposited (March 2002) Rs 10 lakh with District Revenue Officer-cum-Land Acquisition Officer, Hisar for acquisition of land for Sidhmukh-Nohar irrigation project and Rs 3.61 lakh was utilised in 2003 for payment of compensation for land. The balance amount of Rs 6.39 lakh was not recovered even after lapse of more than four years.

4.5.2.4 Monitoring

As laid down under Article 196 of Account Code Volume III, the Executive Engineer (EE) is required to review the register of MPWA every month to ensure speedy clearance of items placed therein. It was, however, noticed that MPWA registers were not maintained properly in 20 out of 47 divisions test checked as monthly abstracts were not prepared and submitted to the EE every month. As such registers were not reviewed by the concerned EE/Divisional Accounts Officer in these divisions to take effective steps for clearance of old outstanding items.

The position of outstanding items under the suspense head 'MPWA' was reported by the concerned divisions to the respective Superintending Engineers through quarterly progress returns for onward transmission to the Engineers-in-Chief (EIC) of WSS, Irrigation and B&R branches, indicating increase and decrease in balances. However, the monitoring for the clearance of items was not being done either at circle level or at EICs level. Old items involving substantial amounts were not analysed and adequate efforts were not made to locate the officers/officials responsible for such long outstanding items.

There was rising trend in the accumulation under MPWA during 2003-08. The increase was primarily due to lack of follow up action by the concerned Divisional Officers. Some divisions had not even maintained MPWA registers properly, as a result of which, the Divisional Officers could not review those registers. Monitoring to clear the items of MPWA was weak at all levels including that of EICs as no effective steps were taken by them to clear the outstanding items. There were variations between the figures shown in monthly accounts and those included in MPWA registers. There were heavy outstanding against firms,

supplies and contractors on various accounts and also against officials whose whereabouts were not known and who stood retired/dismissed and expired.

With a view to reduce the accumulation in MPWA, following recommendation are made:

- The Department should review the accounts of suppliers and pursue with them to settle the accounts.
- Inquiry against officers/officials for shortage of material or unauthorised expenditure should be conducted speedily and recoveries made.
- Matter regarding recovery of dues from other Government Departments/Corporations should be taken up at Government level.
- Money paid in advance to contractors /suppliers before delivery of supplies or executing of works should be backed by adequate security/bond guarantee to protect the interests of the Government.
- Monitoring system should be made effective at all levels to reduce the outstanding items.

The above observations were demi-officially referred to the Financial Commissioners and Principal Secretaries to Government of Haryana, Public Works Department (Irrigation, Buildings and Roads and Water Supply and Sanitation Branches) in June 2008; reply had not been received (August 2008).

4.6 General

4.6.1 Finance Department and Animal Husbandry and Dairying Department

- *Follow-up on Audit Reports/Non-responsiveness to audit findings and observations resulting in erosion of accountability*
 - (a) According to the instructions issued (October 1995) by the Finance Department and reiterated in March 1997 and July 2001, the Administrative Departments were to initiate *suo moto* positive and concrete action on all Audit Paragraphs and Reviews featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether the cases were taken up for examination by the Public Accounts Committee or not. They were also to furnish detailed notes, duly vetted by audit indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the ARs to the Legislature.

A review of the position regarding receipt of Action taken Notes (ATNs) on the paragraphs included in the ARs upto the period ended 31 March 2007 revealed

that the ARs for the period 2004-07 were presented¹⁹ to State Legislature. Of the 107 paragraphs and reviews of 28 Administrative Departments included in ARs 2004-07, 17 Administrative Departments had not submitted the ATNs on 28 paragraphs and reviews as per details given in the **Appendix XXXVI**. The administrative departments namely Public Works Department (Buildings and Roads), Irrigation, Agriculture, Education and Finance had not submitted the ATNs on 12 out of 28 paragraphs/reviews. Six Administrative Departments, out of those who had submitted the ATNs, had not taken any action to recover the amount of Rs 207.27 crore in respect of 10 paragraphs and reviews as per details given in the **Appendix XXXVII**. Further the response of Administrative departments towards the recommendations of PAC was not encouraging as 463 recommendations relating to Audit Reports 1970-71 to 2002-03 were still pending for want of final action by the concerned Administrative Departments as per details given in **Appendix XXXVIII**.

(b) After periodical inspection of the Government Departments, Accountant General (Audit) (AG) issues Inspection Reports (IRs) to the heads of offices audited, with a copy to the next higher authorities. The executive authorities are expected to rectify promptly the defects and omissions pointed out and report compliance to the AG within six weeks. A half-yearly report of IRs pending for more than six months is also sent to the concerned Administrative Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

A review of IRs issued upto March 2008 of various offices of 20 districts of Animal Husbandry and Dairying Department disclosed that 624 paragraphs of 261 IRs with money value of Rs 76.76 crore (**Appendix XXXIX**) remained outstanding at the end of June 2008. Of these, 104 IRs containing 216 paragraphs were more than 5 years old.

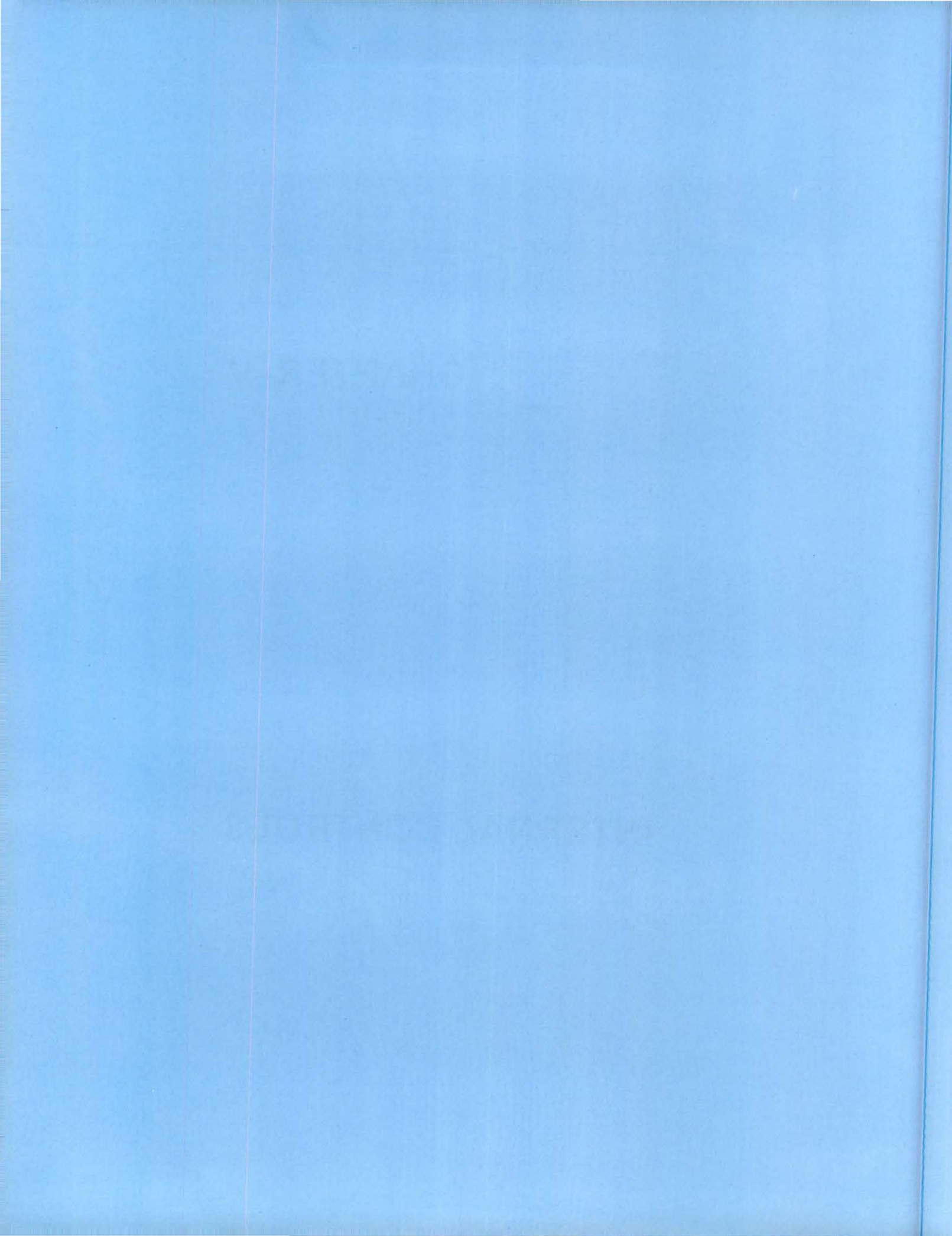
The Administrative Secretary of the Department, who was informed of the position through half yearly reports, failed to ensure prompt and timely action by the departmental officers. Out of total irregularities of Rs 76.76 crore as detailed in **Appendix XL** which had not been settled as on 30 June 2008, serious irregularities such as non-recovery/short recovery of excess payment of pay and allowances, short recovery of artificial insemination, outstanding recovery of loan/seed and margin money, etc. were for Rs 29.55 crore.

The matter was demi-officially referred to Financial Commissioner and Principal Secretary to Government of Haryana, Animal Husbandry and Dairying Department in July 2008; reply had not been received (August 2008).

¹⁹ Audit Report 2003-04: March 2005, Audit Report 2004-05: March 2006, Audit Report 2005-06: March 2007 and Audit Report 2006-07: March 2008.

CHAPTER-V

INTERNAL CONTROLS



CHAPTER-V

INTERNAL CONTROLS

JAIL DEPARTMENT

5.1 Internal Controls in Jail Department

Highlights

Internal Control is an integral component of an organization's management processes which are established in order to provide reasonable assurance that the operations are carried out effectively and efficiently, financial reports and operational data is reliable and the applicable laws and regulations are complied with so as to achieve organizational objectives. A review of internal controls in selected areas of Jail Department showed non-compliance of budget and expenditure controls, rush of expenditure in the month of March, non-reconciliation of drawal of funds with treasuries, non-compliance of provisions of Jail Manual, etc. Internal Audit was also non-functional despite staff being in position.

- Maintenance of cash-book and its reconciliation with the treasury schedules were found to be deficient which was fraught with the risk of misappropriation of funds remaining undetected.

(Paragraphs 5.1.5.5 and 5.1.5.6)

- There was overall congestion in prisons despite construction of additional jail buildings. No action was taken to transfer the prisoners from overcrowded jails to other jails to keep the number of prisoners balanced in all the jails.

(Paragraph 5.1.7.1)

- Out of 148 prisoners released on parole/furlough, 93 prisoners did not report back due to lack of co-ordination between Police and Jail Departments.

(Paragraph 5.1.7.2)

- Twenty six *per cent* shortage of security staff was observed in State jails. Further, no system was adopted to post employees in various jails on the basis of capacity of prisoners or actual number of prisoners.

(Paragraph 5.1.7.6)

- **Internal Audit was not conducted inspite of posting of an Accounts Officer and Section Officer by the Finance Department for the purpose.**

(Paragraph 5.1.8.4)

5.1.1 Introduction

Internal Control is a system within an organization that governs its activities to effectively achieve its objectives. A built-in internal control mechanism and strict adherence to statutes, codes and manuals provide reasonable assurance to the department about compliance with applicable norms and rules thus achieving reliability of financial reporting and effectiveness and efficiency in departmental operations.

Jails form part of the criminal justice system and provide custodial care to offenders and persons under trial apart from their reform and rehabilitation. Jails in the country endeavour to reform and reassimilate offenders in the social milieu by giving them appropriate correctional treatment.

5.1.2 Organizational set up

The Financial Commissioner and Principal Secretary to Government of Haryana, Jail Department is the administrative head of the department and is responsible for implementation of Government's policies and programmes relating to the department. The Director General of Prisons (DGP) heads the department and is assisted by the Additional Director General of Prisons (ADGP), Deputy Inspector General of Prisons, Additional Inspector General of Prisons and Chief Probation Officer. There are two¹ Central Jails, twelve² District Jails, one Borstal Jail at Hisar, four³ Sub-Jails, one Jail Training School at Hisar and eight⁴ District Probation Officers. Each Central Jail and District Jail function under the control of a Superintendent while the Sub-Jails are managed by Superintendents/Deputy Superintendents under the overall control of the DGP.

¹ Ambala and Hisar.

² Bhiwani, Gurgaon, Hisar, Jind, Kaithal, Kurukshetra, Mohindergarh, Narnaul, Rewari, Rohtak, Sirsa and Sonipat.

³ Ballabgarh, Jagadhari, Palwal and Panipat.

⁴ Ambala, Bhiwani, Gurgaon, Hisar, Jind, Karnal, Rohtak, and Sirsa.

5.1.3 Audit objectives

Audit objectives were to assess whether:

- the budgetary control and cash control were effective and efficient to ensure financial discipline;
- the operational controls were adequate to achieve the objectives of the department in an economic, efficient and effective manner;
- administration including establishment manpower and inventory related controls were complied with; and
- the monitoring, internal audit and vigilance arrangements were effective in ensuring smooth functioning of the department.

5.1.4 Scope of audit and methodology

Internal control structure of the Department was reviewed during October 2007 to March 2008 through test-check of records in the office of the Director General (Prisons) and eight⁵ other units for the period 2003-08 selected from four different strata on the basis of Monetary Unit Sampling.

The methodology adopted was to test-check the records with reference to the provisions of the departmental codes, State Budget Manual, State Financial Rules, Treasury Rules, Government orders and instructions. The sample for audit *inter-alia* covered records relating to budget and expenditure, manpower policies, inventory control, internal audit and various prescribed control registers.

An introductory meeting was held in December 2007 with Director General of Prisons, Haryana and subsequently the audit findings and recommendations of audit were discussed in the exit conference held in July 2008 with Financial Commissioner and Principal Secretary to Government of Haryana, Jail Department and their views were considered while finalising the review report. Results of test-check are embodied in the succeeding paragraphs.

Audit findings

5.1.5 Financial management and budgetary control

Budget sets the annual financial agenda for each department and is the most important tool for ensuring financial discipline. It is, therefore, imperative that its

⁵ District Jails, Gurgaon, Hisar, Karnal, Rohtak, and Sirsa; Borstal Jail, Hisar; Sub-Jail, Jagadhari and Jail Training School, Hisar.

preparation is marked by due care and diligence. Monitoring the progress of expenditure against well formulated budget targets is an important management oversight function. Poor budgetary control not only results in inefficient use of scarce financial resources but also hampers achievement of organisational objectives.

5.1.5.1 Budget provision and expenditure

As laid down in para 5.3 of the Punjab Budget Manual, the budget estimates of ordinary expenditure should be framed as accurately as possible. All items of expenditure that can be foreseen should be provided for and included under the proper sub-heads. Details of budget estimates, revised estimates and expenditure under various heads of accounts⁶ during 2003-08 were as under:

(Rupees in crore)

Year	Budget estimates (BE)		Revised budget estimates (RE)		Expenditure		Percentage of excess/less expenditure with respect to BE		Percentage of excess/less expenditure with respect to RE	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2003-04	9.40	24.12	28.43	26.11	12.19	26.93	(+) 29.69	(+) 11.65	(-) 57.12	(+) 3.14
2004-05	25.23	33.19	19.32	35.00	18.36	35.14	(-) 27.23	(+) 5.88	(-) 4.97	(+) 0.4
2005-06	22.54	35.83	22.53	39.18	22.85	39.29	(+) 1.37	(+) 9.66	(+) 1.42	(+) 0.28
2006-07	25.03	40.47	28.42	43.13	13.37	42.97	(-) 46.58	(+) 6.18	(-) 52.96	(-) 0.37
2007-08	25.91	44.43	27.02	49.22	45.45	49.44	(+) 75.41	(+) 11.28	(+) 68.21	(+) 0.45
Total	108.11	178.04	125.72	192.64	112.22	193.77	3.80	8.84	10.74	0.59

Budget estimates were prepared without providing funds for liabilities, etc.

Audit, however, observed that the department did not prepare budget estimates accurately as increase in number of prisoners, the rate of dietary items, rate of raw material, rates of diesel/petrol, purchase of new vehicles (motor cycles), telephone and electricity charges, payment of DA arrears, etc. were not foreseen, as a result of which expenditure under non-plan exceeded the budget provision during 2003-08 (except 2006-07). While admitting the facts, the DGP stated that there was shortage of staff and the available staff was not trained in dealing with budgetary and financial transactions. A proposal for additional staff was being sent to the Government.

Further, it was noticed that reconciliation in respect of plan expenditure with the expenditure booked by AG (A&E) was not conducted by the DGP during the

⁶ Funds for non-plan expenditure are provided under the head "2056 Jails" while for plan expenditure, these are provided under the heads "2056 Jails, 4059 Capital Outlay on Public Works" and "4216 Capital Outlay on Housing".

period 2003-08 and there was difference of Rs 30.06 crore as detailed below:

(Rupees in crore)			
Year	Departmental figures	AG (A&E) figures	Difference
2003-04	27.44	12.19	15.25
2004-05	18.62	18.36	0.26
2005-06	23.23	22.85	0.38
2006-07	28.52	13.37	15.15
2007-08	44.47	45.45	(-) 0.98
Total	142.28	112.22	30.06

The DGP stated (February 2008) that the reconciliation of accounts was the responsibility of Engineer-in-Chief, Public Works Department as these head of accounts were being operated by him. Non-reconciliation, therefore, depicted that there was lack of co-ordination between DGP and Engineer-in-Chief and as such this control mechanism was missing in the department.

Effective budget preparation, budgetary control and financial management is dependent upon the efficacy of a number of subsidiary financial controls and any shortcoming at these levels has an upward cascading effect. The deficiencies in the budgetary processes in the department could, therefore, be attributed to the following factors.

5.1.5.2 Register of liabilities not maintained

Para 12.11 of the Punjab Budget Manual requires each Drawing and Disbursing Officer (DDO) to maintain a Register of Liabilities in a prescribed format. Liabilities at the time of budget preparation and those anticipated to arise during the year are to be incorporated in the register to facilitate both expenditure control and preparation of budget estimates and is thus an important control to ensure that all outstanding obligations are provided for in budget formulation.

Audit observed that neither liabilities Register was being maintained nor any provision for pending liabilities was being made in the budget estimates/provision in any of the offices (except DGP) test checked, although claims were pending in District Jails, Karnal and Rohtak during the review period. The concerned heads of offices assured (November 2007- March 2008) that Liabilities Register would be maintained in future.

5.1.5.3 Belated submission of budget estimates

According to the Punjab Budget Manual (Para 3.6 and 1.12) and instructions of the Government from time to time, the Head of the Department is required to send the schedule of new expenditure to respective Administrative Department and budget estimates to Finance Department (FD) each year by 28 August and 6 November respectively. It was, however, noticed that submission of budget estimates and schedule of new expenditure was delayed by 10 days to 30 days and

Deficient budgetary control led to belated submission of estimates.

7 days to 103 days respectively as detailed below:

Year	Actual date of submission of BEs to FD	Delay (Number of days)	Actual date of submission of schedule of new expenditure to FD	Delay (Number of days)
2003-04	Not available	-	9 December 2002	103
2004-05	29 October 2003	-	28 August 2003	-
2005-06	7 December 2004	30	16 July 2004	-
2006-07	2 December 2005	26	13 October 2005	45
2007-08	16 November 2006	10	4 September 2006	7

The DGP assured (December 2007) that appropriate vigil would be taken in this regard in future. Thus, provisions of the Punjab Budget Manual were not adhered to either by the field units or at Headquarters.

In addition to the above, the following features were reflective of inadequate financial management in the department.

5.1.5.4 Rush of expenditure in March

Control mechanism for preventing rush of expenditure in March was not effective.

Budget Manual (Paragraph 1.34) provides that rush of expenditure in the month of March should be avoided. Expenditure on contingencies should be staggered throughout the year and should not exceed 8.33 per cent of the total budget provision in the month of March.

However, there was rush of expenditure in the month of March in the offices test checked as per details given below:

District	2003-04	2004-05	2005-06	2006-07	2007-08
D.G.P, Haryana, Panchkula	4	5	11	21	38
Central Jail, Hisar	16	10	18	9	10
District Jail, Karnal	9	20	11	8	10
District Jail, Gurgaon	21	5	12	10	09
District Jail, Rohtak	18	14	14	29	11
Borstal Jail, Hisar	10	19	11	6	16
Sub Jail, Jagadhari	16	22	12	2	15
Jail Training School, Hisar	5	No expenditure	No expenditure	15	21

Note: Figure shows percentage of expenditure in March with reference to total budget provision during the year.

The expenditure in the month of March was beyond the prescribed limit in many cases during 2003-04 to 2007-08. The concerned heads of field offices assured (November 2007-June 2008) that efforts would be made to avoid rush of expenditure in March. The DGP, however, stated (December 2007) that sanctions for remaining budget were received in the last quarter of the year and as such most of the expenditure was incurred in March. Such hefty spending during the last quarter was imprudent as it was likely to lead to incurring of expenditure without due planning and merely with the objective of exhausting budget provisions. This also indicated that there was a need to systematise the procedure of according sanctions at Government level to ensure uniform phasing of expenditure throughout the year and avoiding rush of expenditure in March.

5.1.5.5 Deficiencies in the maintenance of cash-book

Periodical check of cash-book was not conducted.

Rule 2.2(iv) of State Financial Rules provides that at the end of each month, the head of the office should verify the cash balance in the cash-book and record a signed and dated certificate to that effect.

The examination of the cash-book of test checked offices for the period 2003-08, however, revealed that closing balances of the cash-book had neither been verified nor signed by any body with dated certificate in the cash-book. Further, transactions appearing in the cash-book of DGP office were not attested by the DDO as required under Rule 2.2 (ii) of State Financial Rules. Frequent surprise check of cash balances which is an effective internal control to minimise the possibility of embezzlement had not been exercised by the department/units during the review period. This was fraught with the risk of mistakes remaining undetected leading to possible misappropriation of funds.

5.1.5.6 Reconciliation of treasury schedules with cash-book not done.

Reconciliation of treasury schedules with cash-book was not done by the offices test checked.

As provided in the Financial Rules (Rule 2.31), the head of office is required to ensure that all amounts drawn from the treasury are entered in the cash-book. For the purpose, the head of the office/DDO is required to obtain from the treasury by 15th of every month, a list of all bills (treasury schedules) drawn by him during the previous month and trace all the amounts in the cash-book and record a certificate on the list of treasury schedules to that effect. This is an important control to detect and deter the occurrence of major financial irregularities including fraud, embezzlement etc. It was noticed that treasury schedules obtained from the treasury were not reconciled with the cash-book during 2003-2008 by any of the offices (except District Jail, Gurgaon) test checked. Besides, no certificate regarding reconciliation had been recorded on the treasury schedules in these cases. The concerned heads of offices while admitting the lapses stated (November 2007-February 2008) that necessary compliance would be made in future.

5.1.5.7 Non-cancellation of paid vouchers

The State Financial Rules [Rules 2.21(5) and 8.13] provide that all paid vouchers must be stamped as "Paid and cancelled" so as to avoid their misuse again for presenting fraudulent claims. Further, as per these rules, contingent sub-vouchers for items not exceeding Rs 1,000 are retained in the offices of drawing officers.

It was, however, noticed in audit that paid vouchers retained in the offices had not been marked as "Paid and cancelled" as per the requirement of Financial Rules by five⁷ out of nine offices test checked. The persons incharge of the concerned offices while admitting the lapse stated (November 2007 to February 2008) that compliance would be made in future. Non-compliance of these financial rules compromised an important internal control and could result in fraud, misappropriation, etc.

⁷ DGP, District Jails, Karnal, Sirsa; Borstal Jail, Hisar and Jail Training School, Hisar.

5.1.6 Compliance with State Treasury Rules

5.1.6.1 Security from the cashier not obtained

As per provisions in the State Treasury Rules (Rule 3.5), employees entrusted with the receipt and custody of cash are required to furnish security of an amount not less than 10 per cent of the maximum amount to be handled by them. This is required to secure public interest in the event of cash shortage or misappropriation of public money by the cashier. Audit observed that no security from cashiers had been obtained in any of the test checked offices. The DGP stated (June 2008) that there was no sanctioned post of cashier and the work of cashier was being carried out by clerks/assistants and hence no security was obtained from them. The reply was not tenable as security should have been obtained from the official holding the charge of the cashier. In the absence of such security, immediate recovery of cash shortage or misappropriated amount, if any, from the cashier is not possible.

5.1.7 Operational controls

The Jails are administered under the provisions of the Punjab Jail Manual incorporating mainly the provisions of Prisoners Act, 1894 and Prisoners Act, 1900. Model Prison Manual approved (December 2003) by the Government of India (GOI) for adoption by all States on priority basis was not adopted by the Department as of August 2008. A review of compliance with provisions of departmental manual revealed the following:

5.1.7.1 Congestion in prisons

During the years 2003 to 2007, the jails in the State were overcrowded as depicted in the table given below:

Year	Authorised capacity of all Jails in the State	Total convicts	Total under trail	Grand total	Excess	Percentage of excess
2003	5,567	4,157	7,241	11,398	5,831	105
2004	6,882	4,492	7,551	12,043	5,161	75
2005	10,587	4,789	7,661	12,450	1,863	18
2006	10,587	5,030	7,662	12,692	2,105	20
2007	10,778	5,009	8,126	13,135	2,357	22

Note: Capacity increased from 2005 due to construction of new District Jails at Gurgaon, Karnal and Narnaul.

Though the State Government addressed to overcrowding in jails by constructing new jail buildings yet the overcrowding persisted.

No action was taken to transfer prisoners from overcrowded jails to other jails to keep the number of prisoners balanced in all the jails.

It was further observed in test checked jails that occupancy in District Jail, Rohtak and Central Jail, Hisar was in excess by 214 and 41 per cent respectively of the capacity while it was only six per cent in District Jail, Sirsa and even less than the capacity by 28 per cent in District Jail, Karnal during 2007. Overcrowding in jails is a security hazard as the workload of the custodian staff is increased affecting their ability to control crime and violence within the prison. It also puts

pressure on utilities such as water supply and sewerage system and affects the physical and mental health of prisoners. No efforts were made to transfer inmates from one jail to another to keep their number balanced in all the jails. On being pointed out, the DGP stated (February 2008) that some prisoners from overcrowded jails were being transferred to other jails with less population and the position would further improve with the completion of new District Jails at Faridabad, Jhajjar and Yamunanagar which were nearing completion.

5.1.7.2 Non-reporting back of prisoners on parole and furlough

Haryana Good Conduct Prisoners (Temporary Release) Act, 1988 provides for temporary release of prisoners for good conduct on certain conditions on parole or furlough on the execution of security and surety bonds.

Ninety-three prisoners released on parole and furlough did not return to jails.

In five jails⁸, 148 prisoners were temporarily released on parole/furlough during 2003-08 after obtaining security/surety bonds. Of these, 54 prisoners were rearrested/recaptured/surrendered/acquitted and one prisoner died but the remaining 93 prisoners had not reported back as yet (March 2008). It was further seen that of these 93, 63 offenders were involved in heinous crimes and were sentenced to life imprisonment. The DGP stated (July 2008) that in case the prisoners on parole abscond, the Police Department was required to rearrest such prisoners. Audit observed that in spite of informing the Police Department regarding the prisoners released on parole, the Police Department did not monitor their whereabouts. There should, therefore, be proper co-ordination between the Jail Department and Police Department to re-arrest the offenders as these offenders could pose a serious threat to the society.

5.1.7.3 Industrial training to prisoners not provided

Model Jail Manual formulated in 2003 by Bureau of Police Research and Development, Ministry of Home affairs, Government of India for streamlining the prison administration and bringing prison reforms, envisages that technical education for the development of vocational skills and diversified programmes of productive work is an important component of the reformatory process for economic rehabilitation. Vocational training programme in self-employing trades and occupation is to be organised in every central and district prison for employable convicts. Due to non-adoption of the Manual in the State, industrial training could not be provided to prisoners in any of the jails test checked and a progressive measure in the area of prison reforms was not undertaken in jail administration in Haryana. The DGP while admitting the facts assured that some activities for providing vocational skills would be started.

5.1.7.4 Non-checking of stock and store

Para 78 of Jail Manual requires the Superintendent to check every article of stock at least once in six months and record in the store register whether the balance

⁸ Central Jail, Hisar; District Jail, Sirsa; District Jail, Karnal; District Jail, Gurgaon and District Jail, Rohtak.

checked on a certain date is correct and discrepancies, if any, are also to be noted. Further, checking of articles is to be so arranged that the Superintendent checks one half in one quarter while the Deputy Superintendent checks the remaining half in the second quarter and vice versa. In three jails checking of stock and plant was not done regularly as detailed below:

Name of Jail	Deputy Superintendent's Checkings		Superintendent's Checkings	
	Required	Done	Required	Done
Central Jail, Hisar	10	7	10	6
District Jail, Karnal	10	10	10	6
Borstal Jail, Hisar	10	-	10	-
Total	30	17	30	12

Thus, the control mechanism prescribed in the jail manual for proper custody and accountal of stores was not fully adhered to. In the absence of physical verification of stores and stock, actual status of the existence and custody of stores, and losses, if any, due to theft, embezzlement etc. was not available. The concerned Superintendents stated (November 2007-June 2008) that compliance of this provision would be made in future.

5.1.7.5 Security, custody and detention of prisoners

Custody being the basic function of prisons, appropriate security arrangements are to be made in accordance with the need in different types of jails. An appraisal of the security procedure in the jails revealed that most of the procedures and practices being followed were out of date and not in tune with the current security and surveillance needs as detailed below:

- *Lack of modern equipment*

Modern equipment such as gadgets, facilities for X-ray screening, explosive detection and binoculars were not available even in Central Jails to prevent entry of prohibited articles into the jails. In District Jail, Sirsa and Rohtak, 18 cases (16+2) of seizure of cash, sim card, mobile charger, intoxicant pills, torch cell, mobile and charas were detected during 2003-07.

- *Lack of foolproof system for identification of prisoners*

Modern scientific identification methods like biometric finger identification system had not been adopted in any of the jails test checked. In the absence of modern scientific mode of identification, wrong identification or mistaken identity could not be ruled out and recapturing of escaped prisoners would be difficult. On being pointed out, the Superintendent of four Jails⁹ replied (March 2008) that identification of prisoners on admission was done by pasting the photo and thumb impression, while the other Superintendents stated (March 2008) that feasibility of installing biometric system had not been considered in the jails so far.

⁹ District Jail, Gurgaon, Karnal, Sirsa and Borstal Jail, Hisar.

◦ *Secured meeting room for visitors not provided*

In the Sub Jail, Jagadhari, separate interview room was not provided for the prisoners to meet the visitors. Absence of proper interview room having screen or wire mesh to physically separate prisoners and visitors could facilitate passage or exchange of prohibited articles between visitors and prisoners.

◦ *Equipment for emergency*

Para 12.03 of Model Jail Manual provides that each prison shall be properly equipped with fire fighting equipment, emergency light arrangements, search lights, steel helmets, canes, teargas equipment, telephone, inter communication system and walkie-talkie, arms and ammunition, ladders, alarm and sirens and first aid kits to meet any emergency at any moment in the jail. Teargas equipment and steel helmets were not available in any of the jails test checked. Similarly, searchlight was not available in five jails¹⁰. Vehicle to shift the seriously ill prisoners to hospital in emergency was also not available with District Jail Sirsa.

◦ *Watch tower*

Model Jail Manual stipulates construction of watch tower in high security prisons and provision of searchlight and binoculars for sentries posted on the tower. It was observed that no watch tower was constructed in Sub-Jail, Jagadhari and only one watch tower in one corner was erected in Borstal Jail, Hisar. It was further seen that provision of searchlight and binoculars for sentries posted on the tower was also not available in jails test checked, which compromised the effectiveness of the watch towers.

◦ *Escape and recapture*

Out of seven jails test checked, 18 prisoners escaped in five¹¹ jails between 2003-07 during Court attendance and treatment in hospital while one prisoner escaped from police custody while in transit. Out of these 19 prisoners, 12 were recaptured and 6 could not be rearrested and one prisoner died in police encounter. The safe custody of prisoners especially during transit and visits outside the jail premises, therefore, requires improvement by bringing about large scale improvements in the control mechanism.

The features brought out in audit were reflective of inadequacy of operational controls as regards security, custody and detention of prisoners. These shortcomings were primarily a result of lack of proper and modern infrastructure in most of the jails.

¹⁰ Central Jail, Hisar; District Jail, Gurgaon, Rohtak and Sirsa; and Borstal Jail, Hisar.

¹¹ Central Jail, Hisar; District Jail, Karnal, Rohtak and Sirsa; and Borstal Jail Hisar.

5.1.7.6 Variation in ratio of security staff

Para 4.02 of Model Jail Manual provides that the strength of custodial/guarding staff be determined keeping in view the requirements of security, discipline, programme emphasis, duty posts, work load and distribution of functions. The manual recommends, in principle, one guarding staff for every six prisoners.

The Department had a sanctioned strength of 2,777 employees against which 2,176 were in position but no centralized record of sanctioned strength vis-à-vis men in position in different jails was maintained. Against the sanctioned strength of 2,359 security personnel, 1,867 were in position. The position of sanctioned strength of security personnel, men in position and number of prisoners during 2003-07 in jails test checked was as under:

Name of jails	Average security personnel		Average prisoners' position		Average ratio of prisoners	
	Sanctioned	Men in position	Authorised	Actual	Authorised capacity to sanctioned staff	Actual population to staff in position
Central Jail, Hisar	219	218	1,020	1,506	5:1	7:1
District Jail, Sirsa	82	79	413	701	5:1	9:1
District Jail, Karnal	319	276	1,540	1,182	5:1	4:1
District Jail Gurgaon	397	327	2,412	2,005	6:1	6:1
District Jail, Rohtak	168	127	370	1,105	2:1	9:1
Sub Jail, Jagadhari	21	20	35	93	2:1	5:1
Borstal Jail, Hisar	76	60	355	207	5:1	3:1

While there was shortage of more than 26 per cent of security staff in State jails, the shortage in the test-check jails was 16 per cent.

The security staff sanctioned for a jail and men-in-position did not bear any relation to the authorised capacity of the jails and actual population of the prisoners. Prescribing and maintaining an optimum ratio of security staff to prisoners would help in proper discharge of custodial duties on one hand and prevent excess deployment of personnel on the other. The DGP stated (July 2008) that the Department would take action to fix norms for inmate-warder ratio.

5.1.7.7 Health status

Medical Officer's visit to jail and its premises

Para 96 of the Jail Manual provides that subject to the control of the Superintendent, the Medical Officer shall have charge of the sanitary administration of the prison and shall perform such duties as may be prescribed by rules made by local Government under section 60 of the Prison Act.

Para 99 of the Jail Manual requires the Medical Officers (MO) to visit every part of jail and its premises at least once a day except on Sunday and also when ever required. The MO was also required to take all such measures, as may be necessary or expedient for the maintenance of the jail and its surroundings in a thoroughly sanitary state and to keep the prisoners in sound health.

In five jails¹², Medical Officers were not visiting the jails and its premises once a day as required under the provisions of the manual. The Superintendent, Borstal Jail, Hisar stated (February 2008) that doctors visited the Jail premises daily but record thereof was not maintained. Superintendent, District Jail, Rohtak stated (February 2008) that the doctor visited the jail premises weekly while Superintendents of other test check jails stated that compliance would be made in future.

5.1.8 Monitoring including Internal Audit and Vigilance arrangement

5.1.8.1 Monitoring

The Jail Manual prescribes reports/returns and inspections for monitoring the operation of prisons. Audit observed the following deficiencies in this regard:

- Annual administrative reports for the year 2004-07 on administrative matters and statistical details pertaining to prisoners' conduct/discipline/health/escape etc. were not prepared for submission to the Government as required under paragraph 35 of the Manual.
- Arms and ammunition left out for emergent use were not being inspected daily by the Head Warders in charge of the Armoury and weekly by the concerned Superintendents and Deputy Superintendents of jails in any of the test checked jails during the year 2003-07 as required under paragraph 372 of the Manual. Further, annual report for the years 2003-07 on quantity and conditions of arms and ammunition due to the DGP on 1 December every year had not been sent by the Superintendents of any of the jails test checked as required under paragraph 373 of the Manual. The concerned Superintendents/Deputy Superintendents stated (November 2007-February 2008) that compliance of these provisions would be made in future.
- As per paragraph 48 (2) of Jail Manual, District and Sub Divisional Magistrate or Magistrate subordinate to them and appointed by them on this behalf was to visit the jail in their jurisdictions once a week to satisfy himself that provisions of Prison Act, 1894 and all rules, regulations, directions and orders made or issued thereunder applicable to such jails were duly observed and enforced. It was seen that visits by the Magistrate in the jails test checked ranged between 6 and 67 per cent during 2003 to 2007.

Similarly, DGP was to visit and inspect every jail at least once in a year. The DGP, however, had not complied with the provisions of the Manual and visited only 2 to 12 jails out of 19 jails during 2003 to 2007.

¹² District Jails, Gurgaon; Karnal; Rohtak; Borstal Jail, Hisar and Sub-Jail, Jagadhari.

- o Section 15 of Prison Act, 1894 requires that on the death of any prisoner the Medical Officer shall record in a register the various particulars i.e. day on which the deceased first complained of illness or was observed to be ill, the labour on which engaged on that day, the scale of diet, day of admission in hospital, nature of disease when the prisoner died, etc. Such registers were, however, not being maintained in any of the test checked jails. The Superintendents, Central Jail, Hisar and District Jail, Sirsa stated that due to shortage of Medical Officer, it was not possible to maintain the whole record, while Superintendents of other Jails test checked replied that such register would be maintained in future.

5.1.8.2 Non-Maintenance of calendar of returns/charts of statement

According to instructions (April 1989 and March 2007) of Administrative Reforms Department, each Government office is required to prepare calendar of returns/charts of statement to ensure timely submission of returns and statements to the concerned higher authorities. It was observed that the calendar of returns/charts of statement was not prepared in any of the offices test checked with the result that prescribed annual returns such as sickness and mortality among prisoners, report on the character and qualification of warder establishment, losses due to shortage of grains, etc. were not being received in the DGP office as required under paragraph 1131 of Jail Manual. The concerned heads of offices while admitting the fact stated (November 2007 to February 2008) that required registers would be maintained in future.

5.1.8.3 System for monitoring disposal of files not adhered

Haryana Government instructions issued in July 1996, require each Government office to attach a calendar of dates of disposal with each file (in prescribed form) so that the time taken at each stage could become clear and delay avoided. Moreover, the reasons for delaying the files for more than three days are also to be recorded by the officials concerned. Audit scrutiny, however, disclosed that these instructions were not being followed and the 'calendar of dates' was not being used in any of the offices test checked although there were cases of delay in disposal in all the jails test checked (except Borstal Jail, Hisar). In the absence of this system, the delay in disposal of cases, if any, could not be brought on record thereby making it difficult to take remedial measures. The heads of concerned offices, while admitting the facts stated (November 2007 to February 2008) that instructions would be followed in future.

5.1.8.4 Internal Audit Arrangement

Internal Audit was not conducted despite the audit staff being in position.

One Chief Accounts Officer, one Accounts Officer and one Section Officer were posted by the State Finance Department for conducting internal audit of the accounts kept in the office of the Head of the Department and its subordinate offices in the field. These officers never conducted internal audit of the Directorate and its subordinate offices as internal audit wing was not provided with junior auditors for the internal audit. This not only rendered the deployment

of these relatively senior personnel redundant but also denied the Management of an independent internal feed back on operations.

On being pointed out in audit, the department conducted (December 2007) internal audit of one District Jail and two Sub-Jails.

5.1.8.5 Vigilance arrangements

No vigilance cell was in existence as Haryana Government had not issued any instructions to create vigilance cell. It may be mentioned here that the Government of the neighbouring State of Punjab had made it mandatory to create vigilance wing in each department. In the absence of vigilance cell, the department could not keep proper vigil over the functioning of the department.

5.1.9 Conclusions

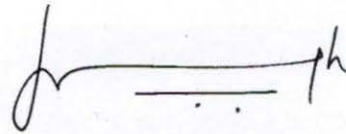
Internal Controls is a body of prescriptions contained in various rules, regulations, provisions of manuals and generally accepted best practices. The efficacy of controls is, therefore, dependent upon the extent of compliance to these prescriptions. While the Government had taken steps to provide additional capacity by undertaking construction of new jails to overcome overcrowding in the existing jails, audit review, however, revealed that there was scope for improvement in the operation of financial and operational controls in the Jail Department. The risks associated with laxity in such controls ranged from potential for fraud and embezzlement of public funds to compromising the security and custody of prisoners, besides breeding inefficiencies in the administration and management of budget, personnel, purchases and stores and stock. The department, on being highlighted in audit, initiated corrective measures in some of these areas.

5.1.10 Recommendations

- The department should maintain the Liability Register so that liabilities could be factored in while framing budget estimates. The system of regular reconciliation of drawal of funds with treasury to avoid chances of misappropriation should be streamlined;
- The department should prescribe a suitable ratio of warders in place to prisoners;
- The department should check congestion of prisoners in jails by their transfer to less congested jails from time to time;
- Government should consider adoption of provisions of the Model Jail Manual on a selective basis.

- The department should ensure that DGP, District Magistrate and Sub Divisional Magistrate inspect the jails as per the provision of Jail Manual.
- Internal Audit system should be strengthened and Vigilance Cell should be created to keep a vigil over the Directorate and field offices

These points were reported demi-officially to the Financial Commissioner and Principal Secretary to Government of Haryana, Jail Department in April 2008; their reply had not been received (August 2008).



Chandigarh

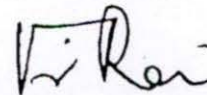
Dated:

02 DEC 2008

(Jagbans Singh)

Accountant General (Audit), Haryana

Countersigned



New Delhi

Dated:

04 DEC 2008

(Vinod Rai)

Comptroller and Auditor General of India

APPENDICES

Appendix I-Part A

Part A: Structure and Form of Government Accounts

(Reference: Paragraph 1.1 Page 1)

Structure of Government Accounts: 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 revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part II: Contingency Fund

Contingency Fund of State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by the Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part III: Public Account

Receipts and disbursements in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, remittances, etc. which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

Part B

Layout of Finance Accounts

(Reference: Paragraph 1.1 Page 1)

Statement	Lay Out
Statement No.1	Presents the summary of transactions of the State Government –receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarized statement of capital outlay showing progressive expenditure to the end of 2007-08.
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
Statement No.4	Indicates the summary of debt position of the State which includes borrowing from internal debt, Government of India, other obligations and servicing of debt.
Statement No. 5	Gives the summary of loans and advances given by the State Government during the year repayments made, recoveries in arrears, etc.
Statement No.6	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No.7	Gives the summary of cash balances and investments made out of such balances.
Statement No.8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2008
Statement No.9	Shows the revenue and expenditure under different heads for the year 2007-08 as a percentage of total revenue/expenditure.
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No.11	Indicates the detailed account of revenue receipts by minor heads.
Statement No.12	Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head wise.
Statement No.13	Depicts the detailed capital expenditure incurred during and to the end of 2007-08.
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2007-08.
Statement No.15	Depicts the capital and other expenditure to the end of 2007-08 and the principal sources from which the funds were provided for that expenditure.
Statement No.16	Gives the detailed account of receipts disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.
Statement No.17	Presents detailed account of debt and other interest bearing obligations of the Government of Haryana.
Statement No.18	Provides the detailed account of loans and advances given by the Government of Haryana, the amount of loan repaid during the year, the balance as on 31 March 2008.
Statement No.19	Gives the details of earmarked balances of reserve funds.

Part C

List of terms used in the Chapter I and basis of their calculation

(Reference: Paragraph 1.2 Page 4)

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/ GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment / $[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Weighted Interest Rate (I_w)	$I_w = \sum_i^n I_i W_i$ where I_i is the rate of interest on the i^{th} stock of debt and W_i is the share of i^{th} stock in the total debt stock of the State.
Interest spread	GSDP growth – Weighted Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received / $[(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

APPENDIX II
(Refer paragraph 1.2; page 4)
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF HARYANA

(Rupees in crore)

As on 31 March 2007	<u>Liabilities</u>		As on 31 March 2008
18,363.23		Internal Debt	18,410.80
	4,994.44	Market Loans bearing interest	4,741.01
	2.65	Market Loans not bearing interest	2.36
	22.23	Loans from LIC	19.09
	13,343.91	Loans from other Institutions, etc.	13,648.34
2,123.32		Loans and Advances from Central Government	2,078.33
	0.43	Pre 1984-85 Loans	0.43
	39.69	Non-plan Loans	38.05
	2,035.11	Loans for State Plan Schemes	1,990.73
	19.10	Loans for Central Plan Schemes	17.19
	28.99	Loans for Centrally Sponsored Plan Schemes	31.93
10.00		Contingency Fund	10.00
5,957.73		Small Savings, Provident Funds, etc.	6,257.05
1,820.38		Deposits	2,005.10
1,082.33		Reserve Funds	1,232.47
29,356.99			29,993.75
As on 31 March 2007	<u>Assets</u>		As on 31 March 2008
16,270.85		Gross Capital Outlay	19,682.99*
	3058.05	Investments in shares of Companies, Corporations, etc.	3,988.43
	13212.80	Other Capital Outlay	15,694.56
1,825.04		Loans and Advances	1,896.74
	262.79	Loans for Power Projects	248.74
	1,203.85	Other Development Loans	1,243.83
	358.40	Loans to Government Servants, etc.	404.17
0.87		Advances	0.87
42.94		Suspense and Miscellaneous Balances	76.75
-5.42		Remittance Balances	(-) 19.70
7,146.68		Cash	6,500.06
	0.54	Cash in Treasuries and Local Remittances	0.54
	7.46	Departmental Balances	4.59
	0.09	Permanent Cash Imprest	0.09
	7,138.32	Cash Balance Investment and other Reserve Fund Investment	7,220.60
4,076.03		Deposits with Reserve Bank	(-) 725.76
		Deficit on Government Accounts	1,856.04
	(-) 1,590.28	(i) Revenue Surplus of the Current Year	(-) 2,223.87
	5,666.31	(ii) Accumulated deficit up to preceding year	4,079.91*
29,356.99		Total	29,993.75

* This includes Rs 3.88 crore deducted from the opening balance of total capital outlay due to rectification of misclassification of previous year [Foot note (a) at page 34 of Finance Accounts 2007-08].

APPENDIX III
(Refer paragraph 1.2; page 4)
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2007-08
(Rupees in crore)

Receipts			Disbursements				
2006-07		2007-08	2006-07	2007-08	Non-Plan	Plan	2007-08
17,952.43	Section A: Revenue		Total	16,362.15	14,351.36	3175.51	Total
	I. Revenue Receipts						17,526.87
10,927.76	Tax Revenue	11,617.82	4,845.05	I. Revenue Expenditure	5,188.05	41.63	5,229.68
4,590.76	Non-Tax Revenue	5,097.08	4,615.40	General Services	3,526.54	2212.13	5,738.67
1,295.64	State's share of Union	1,634.36	2,292.08	Social Services	2,010.88	742.56	2,753.44
	Taxes and Duties			Education, Sports, Art and Culture			
129.73	Non-Plan Grants	251.68	466.56	Health and Family Welfare	372.07	156.82	528.89
630.28	Grants for State Plan Schemes	639.00	555.56	Water Supply, Sanitation, Housing and Urban Development	624.11	310.37	934.48
378.26	Grants for Central Plan and Centrally Sponsored Plan Schemes	510.80	22.96	Information and Broadcasting	20.73	15.24	35.97
			123.95	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	30.31	112.03	142.34
			104.09	Labour and Labour Welfare	86.57	18.87	105.44
			1,046.27	Social Welfare and Nutrition	378.17	856.24	1,234.41
			3.93	Others	3.70	-	3.70
			6,626.89	Economic Services	5,300.13	921.75	6,221.88
			624.91	Agriculture and allied activities	831.72	243.31	1,075.03
			325.40	Rural Development	195.75	389.47	585.22
			551.98	Irrigation and Flood Control	568.67	138.91	707.58
			3,762.36	Energy	2,566.40	4.32	2,570.72
			161.53	Industry and Minerals	26.67	40.65	67.32
			1,155.74	Transport	1,091.80	62.28	1,154.08
			8.37	Science, Technology and Environment	1.61	6.05	7.66
			36.60	General Economic Services	17.51	36.76	54.27
			274.81	Grants-in-aid and Contributions	336.64	-	336.64
	II. Revenue Deficit carried over to Section B		1,590.28	Revenue surplus carried over to Section B	2,223.87	-	2,223.87
17,952.43	Total Section A	19,750.74	17,952.43	16,575.23	3175.51	19,750.74	
	Section B - Others						
3,732.70	III. Opening Cash Balance including Permanent Advances and Cash-Balance investment	7,146.68	2,427.60	II. Capital Outlay	15.43	3410.74	3,426.17
			89.90	General Services	-	170.77	170.77
			649.35	Social Services	-	922.18	922.18
			37.99	Education, Sports, Art and Culture	-	84.63	84.63
			21.23	Health and Family Welfare	-	50.60	50.60
			571.87	Water Supply, Sanitation, Housing and Urban Development	-	706.58	706.58
			3.00	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	2.65	2.65
			8.86	Social Welfare and Nutrition	-	13.64	13.64
			6.40	Others	-	64.08	64.08
			1,688.35	Economic Services	15.43	2317.79	2,333.22
			(-):52.90	Agriculture and allied activities	14.83	19.52	34.35
			556.41	Irrigation and Flood Control	-	887.44	887.44
			785.80	Energy	-	848.90	848.90
			4.03	Industry and Minerals	-	65.84	65.84
			379.01	Transport	0.60	480.99	481.59
			16.00	General Economic Services	-	15.10	15.10

Audit Report (Civil) for the year ended 31 March 2008

Receipts				Disbursements			
2006-07			2007-08	2006-07			2007-08
	IV Capital Receipt		10.15				
2,200.74	V. Recoveries of Loans and Advances		213.80	184.72	III. Loans and Advances Disbursed		285.50
2,033.56	From Power Projects	16.56		5.00	For Power Projects	2.51	
93.89	From Government Servants	109.81		149.65	To Government Servants	155.58	
73.29	From others	87.43		30.07	To others	127.41	
2,011.89	VI Public Debt Receipts		843.50	—	IV. Revenue Deficit brought down	-	--
1,990.28	Internal Debt other than Ways and Means Advances and Overdraft	775.75		1,113.77	V. Repayment of Public Debt		840.92
	Net transaction under Ways and Means Advances and Overdraft			1,001.94	Internal Debt other than Ways and Means Advances and Overdraft	728.17	
	Loans and Advances from Central Government	67.75		--	Net transaction under Ways and Means Advances and Overdraft	-	--
21.61				111.83	Repayment of Loans and Advances to Central Government	112.75	
6,732.30	VII. Public Accounts Receipts		9,432.73	5,395.14	VI. Public Account Disbursements		8,818.08
1,245.11	Small Savings, Provident Fund, etc.	1,274.05		880.29	Small Savings, Provident Fund, etc.	974.73	
279.71	Reserve Funds	233.35		47.37	Reserve Funds	83.21	
1,936.15	Deposits and Advances	2,786.11		1,558.44	Deposits and Advances	2,601.39	
196.60	Suspense and Miscellaneous	291.99		(-)181.32	Suspense and Miscellaneous	325.81	
3,074.73	Remittances	4847.23		3,090.36	Remittances	4,832.94	
1,590.28	VIII Revenue Surplus brought down		2,223.87	7,146.68	VII. Cash Balance at end		6,500.06
				0.54	Cash in Treasuries and Local Remittances	0.54	
				0.27	Deposits with Reserve Bank	(-) 725.76	
				7.55	Departmental Cash Balance including Permanent Advances, etc.	4.68	
				7,138.32	Cash Balance Investment	7,220.60	
16,267.91	Total - Section B		19,870.73		Total		19,870.73

Appendix IV

(Refer paragraph 1.2; page 4)

SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2006-07	Sources		2007-08
17,952.43		Revenue Receipts	19,750.74
		Capital Receipt	10.15
2,200.74		Recoveries of Loans and Advances	213.80
898.12		Increase in Public debt	2.58
1,337.16		Net Receipts from Public Account -	614.65
	364.82	Increase in Small Savings, Provident Funds, etc.	299.32
	377.71	Increase in Deposits and Advances	184.72
	232.34	Increase in Reserve funds	150.14
	377.92	Net effect of Suspense and Miscellaneous transactions	(-) 33.82
	(-) 15.63	Net effect of Remittance transactions	14.29
22,388.45	Total		20,591.92
2006-07	Application		2007-08
16,362.15		Revenue expenditure	17,526.87
184.72		Lending for development and other purposes	285.50
2,427.60		Capital expenditure	3,426.17
3,413.98		Decrease in cash balance	(-) 646.62
22,388.45	Total		20,591.92

Explanatory Notes for Appendix II, III and IV:

1. The abridged accounts in the foregoing Appendices have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the deficit on Government accounts, as shown in Appendix-II, 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 difference of Rs 55.47 crore (Credit) between the figures reflected in the accounts and that intimated by the RBI under Deposits with Reserve Bank. The difference is under reconciliation (July 2008).

Appendix V
(Refer paragraph 1.2; page 4)

TIME SERIES DATA ON STATE GOVERNMENT FINANCES (Rupees in crore)

	2003-04	2004-05	2005-06	2006-07	2007-08
Part A. Receipts					
I. Revenue Receipts	9,843	11,149	13,853	17,952	19,751
(i) Tax Revenue	6,348 (64)	7,440(67)	9,079(65)	10,928 (61)	11,618(59)
Taxes on Sales, Trade, etc.	3,838 (61)	4,761(64)	5,604(62)	6,853 (63)	7,721(67)
State Excise	923 (15)	1,013(14)	1,107(12)	1,217 (11)	1,379(12)
Taxes on Vehicles	132 (2)	140(2)	172(2)	224 (2)	234(2)
Stamps duty and Registration fees	696(11)	727(10)	1,340(15)	1,765 (16)	1,763(15)
Land Revenue	20	12	13	13 (-)	9 (-)
Taxes on goods and passengers	660 (10)	705(10)	758 (8)	738 (7)	379(3)
Taxes and duties on Electricity	59 (1)	62(1)	62(1)	98 (1)	108(1)
Other Taxes	20	20	23	20	25
(ii) Non-Tax Revenue	2,223 (23)	2,544(23)	2,458(18)	4,591 (26)	5,097(26)
(iii) State's share in Union taxes and duties	601 (6)	619(6)	1,201(9)	1,296 (7)	1,634(8)
(iv) Grants-in-aid from Government of India	671 (7)	545(5)	1,115(8)	1,138 (6)	1,402(7)
2. Misc. Capital Receipts	-	-	-	-	10
3. Total Revenue and Non debt capital receipt (1+2)	9,843	11,149	13,853	17,952	19,761
4. Recoveries of Loans and Advances	156	157	290	2,201	214
5. Public Debt Receipts	6,285	4,474	3,349	2,012	844
Internal Debt (excluding Ways and Means Advances and Overdrafts)	5,864 (93)	4,178(93)	3,309(99)	1,990 (99)	776(92)
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India ¹	421 (7)	296(7)	40(1)	22 (1)	68(8)
6. Total Receipts in the Consolidated Fund (3+4+5)	16,284	15,780	17,492	22,165	20,819
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Accounts receipts	7,662	5,973	5,461	6,732	9,433
9. Total receipts of the State (6+7+8)	23,946	21,754	22,953	28,897	30,252
Part B. Expenditure					
10. Revenue Expenditure	10,117	11,407	12,640	16,362	17,527
Plan	1,124 (11)	1,453(13)	2,015(16)	2,454 (15)	3,176(18)
Non-plan	8,993 (89)	9,954(87)	10,625(84)	13,908 (85)	14,351(82)
General Services (including Interests payments)	4,368 (43)	4,898(43)	4,580(36)	4,845 (30)	5,230(30)
Economic Services	2,706(27)	3,199(28)	3,815(31)	6,627 (40)	6,222(35)
Social Services	2,995 (30)	3,218(28)	3,995(32)	4,615 (28)	5,739(33)
Grants-in-aid and contributions	48	92(1)	250(1)	275 (2)	337(2)
11. Capital Expenditure	386	897	1,612	2,428	3,426
Plan	1,054 (273)	1,142(127)	1,652(102)	2,486 (102)	3,411(100)
Non-plan	(-) 668 (-)	(-) 245 (-) (27)	(-)40 (-) (2)	(-) 59 (-2)	15
General Services	66 (17)	58(6)	82(5)	90 (4)	171(5)
Economic Services	26 (7)	552(62)	1,091(68)	1,689 (68)	2,333(68)
Social Services	294 (76)	287(32)	439(27)	649 (26)	922(27)
12. Disbursement of Loans and Advances	2429	208	177	185	286
13. Total (10+11+12)	12,932	12,512	14,429	18,975	21,239
14. Repayments of Public Debt	3,790	3,014	1,107	1,114	841
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1,733 (46)	1,307(43)	997(90)	1,002 (90)	728(87)
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-
Loans and Advances from Government of India	2,057 (54)	1,707(57)	110(10)	112 (10)	113(13)
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	16,722	15,526	15,536	20,089	22,080
17. Contingency Fund disbursements	-	-	-	-	-
18. Public Accounts disbursements	6,573	5,031	5,564	5,395	8,818
19. Total disbursement by the State (16+17+18)	23,295	20,557	21,100	25,484	30,898
Part C. Deficits/Surplus					
20. Revenue Deficit (-)/Surplus (+) (1-10)	(-) 274	(-) 258	(+) 1,213	(+) 1,590	(+) 2,224
21. Fiscal Deficit (3+4-13) / Surplus	(-) 2,933	(-) 1,206	(-) 286	(+) 1,179	(-) 1,264
22. Primary Deficit (-)/surplus (+) (21-23))	(-) 820	1,029	1,814	(+) 3,444	(+) 1,082
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	2,113	2,235	2,100	2,265	2,346
24. Arrears of Revenue (Percentage of Tax and non-tax Revenue Receipts)	851 (6)	1,087 (11)	1,432 (12)	1,602 (10)	1,982 (12)
25. Financial Assistance to local bodies etc.	727	518	842	922	1,572
26. Ways and Means Advances (WMA)/Overdraft availed (days)	27	-	-	-	-
27. Interest on WMA/Overdraft	0.26	-	-	-	-
28. Gross State Domestic Product (GSDP)²	78,816	89,431	1,00,676	1,16,247	1,47,576
29. Outstanding Debt (year end)	22,194	24,255	27,023	28,616	29,118
30. Outstanding guarantees including interest (year end)	5,907	4,249	5,644	5,074	4,402
31. Maximum amount guaranteed (year end)	9,457	6,742	8,448	12,694	6,341
32. Number of incomplete projects	5	25	22	20	23
33. Capital blocked in incomplete projects	35.25	105.75	43.65	36.30	74.74

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

¹ Includes Ways and Means Advances from GOI.

² Revised figures of GSDP for the period 2003-04 to 2007-08 adopted as provided in Budget of Haryana Government for the year 2008-09.

APPENDIX VI

(Reference: Paragraph 1.2.1.2 Page 5)

Outcome indicators of the State's Own Fiscal Correction Path

	Base year estimate 2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
1.	2.	3.	4.	5.	6.	7.	8.
A. STATE REVENUE ACCOUNT:							
1. Own Tax Revenue	5,581.09	7,440.15	8,527.55	9,582.30	10,800.00	12,200.00	13,700.00
2. Own Non-tax Revenue	1,890.45	2,544.37	2,188.28	1,980.96	2,080.00	2,185.00	2,300.00
3. Own Tax + Non-tax Revenue(1+2)	7,471.54	9,984.52	10,715.83	11,563.26	12,880.00	14,385.00	16,000.00
4. Share in Central Taxes and Duties	603.00	619.38	1,021.55	1,103.55	1,235.00	1,380.00	1,550.00
5. Plan Grants	464.75	460.93	684.16	824.17	870.00	930.00	1,040.00
6. Non Plan Grants	136.35	84.23	224.26	255.67	275.00	305.00	345.00
7. Total Central Transfer (4 to 5)	1,204.10	1,164.54	1,929.97	2,183.39	2,380.00	2,615.00	2,935.00
8. Total Revenue Receipts (3+7)	8,675.64	11,149.06	12,645.80	13,746.65	15,260.00	17,000.00	18,935.00
9. Plan Expenditure	1,207.28	1,452.70	2,115.49	2,233.87	2,425.00	2,600.00	2,800.00
10. Non Plan Expenditure	8,350.10	9,954.40	11,133.64	11,832.79	13,000.00	14,400.00	15,930.00
11. Salary Expenditure	3,212.61	3,658.40	3,945.52	4,274.18	4,450.00	4,770.00	5,080.00
12. Pension	737.65	901.93	1,055.61	1,151.17	1,300.00	1,430.00	1,575.00
13. Interest Payments	1,918.90	2,234.50	2,187.13	2,400.18	2,565.00	2,706.00	2,840.00
14. Subsidies General	61.55	54.94	78.27	82.61	100.00	110.00	120.00
15. Subsidies-Power	838.84	1,102.00	1,313.39	1,464.80	1,530.00	1,670.00	1,840.00
16. Total revenue Expenditure (9+10)	9,557.38	11,407.10	13,249.13	14,066.66	15,425.00	17,000.00	18,730.00
17. Salary + Interest + Pensions (11+12+13)	5,869.16	6,794.83	7,188.26	7,825.53	8,365.00	8,956.00	9,565.00
18. As percentage of Revenue Receipts (17/8)	67.65	60.95	56.84	56.93	55.45	52.68	50.52
19. Revenue Surplus(+)Deficit(-)(8-16)	(-881.74)	(-258.04)	(-603.33)	(-320.01)	(-165.00)	0.00	205.00
B. CONSOLIDATED REVENUE ACCOUNT							
1. Power Sector Loss/Profit Net of Actual Subsidy transfer	127.23	(-413.79)	(-467.15)	(-1,115.25)	(-850.80)	(-663.48)	(-448.89)
2. Increase in debtors during the year in Power utility Accounts [Increase (-)]	(-299.43)	(-751.74)	(-360.70)	(-287.28)	(-453.39)	(-508.27)	(-643.97)
3. Interest Payment on off budget borrowings and SPV borrowings made by PSU/SPUs outside budget	1,219.64	1,196.05	1,442.06	1,472.47	1,498.33	1,559.43	1,598.18
4. Total (1 to 3)	1,391.84	2,361.58	2,269.91	2,875.00	2,802.52	2,731.18	2,691.04
5. Consolidated Revenue deficit (A.19+B.4)	2,273.58	2,619.62	2,873.24	3,195.01	2,967.52	2,731.18	2,486.04
C. CONSOLIDATED DEBT							
1. Outstanding debt and liability	18,900.38	23,319.59	25,741.73	28,045.63	30,600.00	33,400.00	36,400.00
2. Total outstanding guarantee of which (a) guarantee on account of budgeted borrowing and SVP borrowings	7,384.65	4,209.49	3,999.02	3,799.07	3,600.00	3,400.00	3,200.00
D. CAPITAL ACCOUNT							
1. Capital Outlay	723.93	896.92	1,230.49	1,526.97	1,825.00	2,150.00	2,500.00
2. Disbursement of loans and advances	356.75	208.07	217.83	185.14	225.00	250.00	275.00
3. Recovery of loans and advances	109.60	157.11	179.11	183.79	225.00	250.00	275.00
4. Other Capital Receipts	-	-	-	-	-	-	-
E. GROSS FISCAL DEFICIT (GFD)	2,381.23	1,205.92	1,872.54	1,848.33	2,145.01	2,150.00	2,295.00
GSDP at current prices	66,899.00	83,003	92,963	1,04,119	1,16,613	1,30,606	1,46,279
Actual/Assumed Nominal growth rate (per cent)	3.56	1.45	2.01	1.78	1.84	1.65	1.57

Appendix VII

(Refer paragraph 1.5.5; page 21)

Details of utilisation certificates required, received and outstanding

Sr. No.	Name of the department	Year	Utilisation certificates due		Utilisation certificates received		Utilisation certificates outstanding	
			Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)
1	Housing	2006-07	8	26.77	0	0.00	8	26.77
2	Urban Development	1998-99	15	569.21	11	309.22	4	259.99
		1999-2000	115	631.77	38	118.10	77	513.67
		2000-01	132	1,094.00	19	78.90	113	1,015.10
		2001-02	457	1,478.26	5	111.03	452	1,367.23
		2002-03	293	3,432.58	17	67.64	276	3,364.94
		2003-04	186	3,219.02	34	549.61	152	2,669.41
		2004-05	117	4,291.53	111	3,298.20	6	993.33
		2005-06	420	9,233.80	286	3,694.83	134	5,538.97
3	Irrigation	2006-07	201	11,914.72	79	1,792.08	122	10,122.64
		2003-04	2	2,139.62	0	0.00	2	2,139.62
		2004-05	6	2,418.86	0	0.00	6	2,418.86
		2005-06	9	4,469.83	0	0.00	9	4,469.83
4	Power	2006-07	13	5,627.37	0	0.00	13	5,627.37
		2001-02	5	2,537.36	5	2,537.36	0	0.00
		2002-03	5	1,880.30	5	1,880.30	0	0.00
		2003-04	8	5,392.87	8	5,392.87	0	0.00
		2004-05	60	995.38	60	995.38	0	0.00
5	Agriculture	2005-06	2	1,873.50	2	1,873.50	0	0.00
		2006-07	11	10,865.67	0	0.00	11	10,865.67
		2001-02	1	13.53	0	0.00	1	13.53
		2002-03	1	1.69	0	0.00	1	1.69
		2004-05	7	1,120.65	0	0.00	7	1,120.65
		2005-06	127	2,919.17	0	0.00	127	2,919.17
6	Rural Development	2006-07	47	6,812.89	0	0.00	47	6,812.89
		2002-03	3	502.06	0	0.00	3	502.06
		2003-04	16	10,095.18	0	0.00	16	10,095.18
		2004-05	13	6,884.90	0	0.00	13	6,884.90
		2005-06	41	15,710.98	0	0.00	41	15,710.98
7	Development and Panchayat	2006-07	11	14,150.03	0	0.00	11	14,150.03
		2004-05	11	2.00	5	0.96	6	1.04
		2005-06	49	11.99	15	10.82	34	1.17
		2006-07	20	2,000.00	6	1,639.35	14	360.65
8	Economic and Statistical Advisor	2002-03	1	100.00	0	0.00	1	100.00
		2003-04	2	8.31	0	0.00	2	8.31
		2004-05	1	56.48	1	56.48	0	0.00
		2005-06	5	211.61	0	0.00	5	211.61
		2006-07	11	495.79	11	495.79	0	0.00
9	Medical	2003-04	6	52.34	6	52.34	0	0.00
		2004-05	3	45.75	3	45.75	0	0.00
		2005-06	30	7,730.37	25	7,178.86	5	551.51
		2006-07	296	21,476.00	102	2,705.35	194	18,770.65
10	Education	2003-04	6	52.34	6	52.34	0	0.00
		2004-05	3	45.75	3	45.75	0	0.00
		2005-06	30	7,730.37	25	7,178.86	5	551.51
		2006-07	296	21,476.00	102	2,705.35	194	18,770.65

Sr. No.	Name of the department	Year	Utilisation certificates due		Utilisation certificates received		Utilisation certificates outstanding	
			Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)
11	Revenue	2006-07	3	184.41	3	184.41	0	0.00
12	Social Security and Welfare	2000-01	10	653.86	0	0.00	10	653.86
		2001-02	6	606.55	0	0.00	6	606.55
		2002-03	11	280.81	0	0.00	11	280.81
		2003-04	21	525.38	0	0.00	21	525.38
		2004-05	18	1,574.96	1	31.00	17	1,543.96
		2005-06	73	1,439.99	31	269.92	42	1,170.07
		2006-07	53	1,536.08	0	0.00	53	1,536.08
13	Technical Education	2004-05	1	875.00	0	0.00	1	875.00
		2006-07	41	2,935.69	36	2,389.04	5	546.65
14	Sports	2004-05	2	30.99	1	25.00	1	5.99
		2005-06	4	38.50	1	17.00	3	21.50
		2006-07	10	326.54	0	0.00	10	326.54
15	Science and Technology	2003-04	4	376.20	4	376.20	0	0.00
		2004-05	6	248.85	6	248.85	0	0.00
		2005-06	7	224.14	7	224.14	0	0.00
		2006-07	8	240.00	5	203.68	3	36.32
16	Ecology and Environment	2004-05	5	15.74	5	15.74	0	0.00
		2006-07	2	7.16	0	0.00	2	7.16
17	Tourism	2006-07	4	21.00	0	0.00	4	21.00
18	Water Supply and Sanitation	2001-02	3	329.34	3	329.34	0	0.00
		2002-03	4	1,696.53	4	1,696.53	0	0.00
		2003-04	193	9,175.92	168	7,896.30	25	1,279.62
		2004-05	358	14,263.28	334	12,810.69	24	1,452.59
19	Art and Culture	2005-06	3	15.00	0	0.00	3	15.00
		2006-07	1	15.00	0	0.00	1	15.00
20	Animal Husbandry	2006-07	13	488.50	13	488.50	0	0.00
21	Fisheries	2002-03	1	0.28	1	0.28	0	0.00
		2004-05	20	49.39	19	43.38	1	6.01
		2005-06	54	352.59	48	328.01	6	24.58
		2006-07	41	228.29	18	144.22	23	84.07
22	Non-Conventional Sources of Energy	1993-94	1	1.99	0	0.00	1	1.99
		2004-05	3	14.64	0	0.00	3	14.64
		2005-06	9	70.86	2	3.24	7	67.62
		2006-07	22	391.99	8	46.00	14	345.99
23	Village and Small Scale Industries	2000-01	1	0.14	0	0.00	1	0.14
		2005-06	14	7,152.90	0	0.00	14	7,152.90
		2006-07	26	12,409.40	5	395.00	21	12,014.40
24	Civil Aviation	2006-07	13	41.00	13	41.00	0	0.00
Total Say			3,836	2,23,333.03 Rs 2,233.33 crore	1,590	63,092.19 Rs 630.92 crore	2,246	1,60,240.84 Rs 1,602.41 crore

Appendix VIII

(Refer paragraph: 1.5.6; page: 22)

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 received (Rupees in lakh)
1.	Municipal Committee, Bahadurgarh	1986-87 1993-94 1996-97 1997-98 1999-2000 2000-01 2003-04 2004-05 2005-06 2006-07 2007-08	35.93 34.08 50.00 25.95 49.50 48.93 304.10 33.12 221.34 51.00 223.47
2.	Municipal Committee, Bhiwani	1987-88 1988-89 1989-90 1995-96 1997-98 1998-99 1999-2000 2000-01 2007-08	36.40 33.25 36.00 50.00 27.56 72.00 1,156.87 247.58 48.45
3.	Municipal Committee, Karnal	1982-83 1988-89 1997-98 1998-99 2000-01 2007-08	7.00 32.61 36.12 26.25 60.08 1,038.41
4.	Municipal Committee, Narnaul	1988-89 1989-90 2005-06 2006-07 2007-08	25.30 28.63 192.58 201.00 25.90
5.	Municipal Committee, Rohtak	2004-05 2007-08	140.58 1,215.88

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
6.	Municipal Corporation, Faridabad	1995-96 1996-97 1997-98 1998-99 1999-2000 2000-01 2002-03 2003-04 2004-05 2005-06 2006-07 2007-08	39.38 50.00 30.00 669.00 394.00 111.61 93.29 175.14 121.80 404.28 202.45 4,443.62
7.	Municipal Committee, Sonapat	1997-98 1998-99 1999-2000 2000-01 2002-03 2003-04 2004-05 2005-06 2006-07 2007-08	69.93 326.25 263.23 167.82 132.73 70.77 50.43 206.72 41.25 178.73
8.	Municipal Committee, Jagadhri	2004-05 2005-06 2007-08	33.46 54.92 37.10
9.	Municipal Committee, Panipat	2003-04 2004-05 2005-06 2006-07 2007-08	78.09 57.06 238.95 50.23 145.86
10.	Municipal Committee, Gurgaon	2006-07 2007-08	38.72 173.69
11.	Municipal Committee, Yamuna Nagar	2007-08	1,841.67
12.	Municipal Committee, Palwal	2007-08	60.19
13.	Municipal Committee, Charkhi Dadri (Bhiwani)	1995-96 1999-2000 2000-01 2001-02	33.33 50.00 43.14 50.00
14.	Municipal Committee, Rewari	1996-97 1997-98 1999-2000 2000-01 2003-04 2004-05 2005-06 2007-08	50.00 38.82 229.73 84.17 48.40 35.70 133.45 191.91

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Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
15.	Municipal Committee, Thanesar	2003-04	31.01
		2004-05	163.32
		2005-06	89.72
		2006-07	51.00
		2007-08	29.33
16.	Municipal Committee, Ambala City	2005-06	148.50
		2006-07	26.70
		2007-08	39.80
17.	Municipal Committee, Ambala Cantt	2002-03	26.43
		2005-06	239.80
		2007-08	56.85
18.	Municipal Committee, Kurukshetra	1998-99	33.75
		2005-06	133.48
		2006-07	180.00
		2007-08	375.00
19.	Municipal Committee, Kaithal	1998-99	62.25
		1999-2000	638.42
		2000-01	98.95
		2003-04	198.12
		2004-05	33.98
		2005-06	103.66
		2006-07	176.00
		2007-08	72.78
20.	Municipal Committee, Gannaur	2002-03	41.16
		2006-07	40.00
21.	Municipal Committee, Gohana	2005-06	69.99
		2006-07	116.98
22.	Municipal Committee, Bawani Khera	1998-99	32.03
		1999-2000	40.00
23.	Municipal Committee, Kharkhoda	1998-99	50.00
		2005-06	46.41
24.	Municipal Committee, Sirsa	2006-07	30.85
		2007-08	58.87
25.	Municipal Committee, Dabwali	2002-03	140.23
		2003-04	158.58
		2007-08	69.71
26.	Municipal Committee, Taoru	1999-2000	40.00
		2005-06	59.95
27.	Municipal Committee, Uchana	1999-2000	30.00
		2006-07	46.22
28.	Municipal Committee, Asandh	1999-2000	120.00
		2003-04	74.54
		2004-05	44.06
29.	Municipal Committee, Naraingarh	2005-06	70.10

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
30.	Municipal Committee, Kalanaur	1999-2000	40.00
31.	Municipal Committee, Tosham	1999-2000	28.40
32.	Municipal Committee, Ladwa	2000-01	45.16
33.	Municipal Committee, Narwana	2000-01 2007-08	60.58 43.41
34.	Municipal Committee, Hansi	2006-07	51.17
35.	Municipal Committee, Mohindergarh	2005-06 2007-08	61.26 48.77
36.	Municipal Committee, Jind	2002-03 2003-04 2004-05 2005-06 2006-07 2007-08	57.39 25.01 41.85 133.74 26.35 102.82
37.	Municipal Committee, Fatehabad	2000-01 2002-03 2004-05 2006-07	50.23 40.16 89.71 33.33
38.	Municipal Committee, Ellenabad	2000-01	43.10
39.	Municipal Council, Panchkula	2001-02 2005-06 2006-07 2007-08	116.06 160.54 27.04 51.61
40.	Municipal Committee, Cheeka	2003-04 2004-05	158.28 81.00
41.	Municipal Committee, Indri	2003-04 2005-06 2006-07	74.01 54.21 46.51
42.	Municipal Committee, Pinjore	2003-04	34.60
43.	Municipal Committee, Bawal	2006-07	40.00
44.	Municipal Committee, Hisar	2006-07 2007-08	49.28 123.35
45.	Municipal Committee, Hodal	2006-07	40.00
46.	Municipal Committee, Kalka	2006-07	25.06
47.	Municipal Committee, Kalayat	2006-07	47.05
48.	Municipal Committee, Nuh	2006-07	40.00
49.	Municipal Committee, Pundri	2006-07	47.07
50.	Municipal Committee, Pinjore	2006-07	73.93
51.	Shri Bhuteshwar Temple Tirath, Jind	1994-95	25.29
52.	Aravali Vikas Sangathan, Gurgaon	1995-96	100.00
53.	Software Technology Park of India, New Delhi	2002-03	250.00

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Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
54.	Haryana Slum Clearance Board, Chandigarh	1998-99	700.48
55.	District Council for Child Welfare, Rewari	1999-2000	38.75
56.	Fish Farm Development Agency, Gurgaon	2000-01	45.85
57.	Charitable Endowment, Haryana, Manimajra	2001-02 2002-03	478.00 478.00
58.	Society for I.T. Initiative fund for e-Governance, Chandigarh	2002-03 2003-04 2004-05	165.55 60.00 25.00
59.	Haryana Energy Development Agency, Chandigarh	2001-02 2002-03 2003-04 2004-05	67.30 41.50 384.37 25.00
60.	Board of Trustees (SOS) Children Villages Bal-Gram Rai (at Chandigarh)	2003-04	240.00
61.	Saket Hospital, Panchkula	2004-05	50.00
62.	Director, Haryana Institute of Rural Development, Nilokheri	2004-05	40.00
63.	Fish Farm Development Agency, Hisar	2005-06	42.54
64.	Haryana State Council of Science and Technology	2005-06	170.00
65.	Blood Transfusion Council, Panchkula	2005-06	150.00
66.	Non-Conventional Energy Sources, Haryana, Chandigarh	2006-07	49.89
67.	Director of Electronics, Haryana, Chandigarh	2006-07	378.00
Private Aided Colleges			
68.	S.L.D.A.V. College of Education, Ambala City	2007-08	50.07
69.	M.P.N. College, Mullana (Ambala)	2005-06 2006-07 2007-08	54.29 58.40 66.58
70.	Maharaja Aggarsein College, Jagadhri	2003-04 2004-05 2005-06 2006-07 2007-08	49.13 41.68 44.55 53.10 52.89
71.	APJ Saraswati College of Education, Charkhi Dadri	2003-04 2005-06 2006-07 2007-08	40.73 43.99 28.20 41.62
72.	B.L.J. Suiwala College, Tosham (Bhiwani)	2003-04 2005-06 2006-07 2007-08	30.20 30.63 38.10 49.60

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
73.	RLS College of Education, Sidhrawali (Gurgaon)	2007-08	52.67
74.	DAV Centenary College, Faridabad	2005-06 2006-07 2007-08	66.70 73.90 89.71
75.	Saraswati Mahila Mahavidyala, Palwal	2005-06 2006-07 2007-08	57.30 53.55 60.09
76.	SD Mahila Mahavidyalya, Hansi (Hisar)	2006-07 2007-08	67.25 68.02
77.	CR College of Education, Hisar	2007-08	43.92
78.	DAV College, Pundri (Kaithal)	2007-08	51.38
79.	DAV College, Cheeka (Kaithal)	2007-08	81.63
80.	Bhagwan Parshu Ram College, Kurukshetra	1999-2000 2000-01 2002-03 2003-04 2004-05 2005-06 2006-07 2007-08	37.30 44.30 44.30 67.43 56.99 68.09 76.60 100.68
81.	CR College of Education, Rohtak	2007-08	45.25
82.	MK Jat Kanya Mahavidyalya, Rohtak	2007-08	88.93
83.	Guru Hari Singh Mahavidyalya, Jiwan Nagar, Sirsa	2007-08	55.21
84.	M.A College for Women, Jhajjar	2007-08	67.35
85.	TR College of Education, Sonipat	2007-08	34.41
86.	CIS Kanya Mahavidhalya, Fatehpur Pundri (Kaithal)	2007-08	73.80
87.	Vaish College of Education, Rohtak	2004-05 2007-08	26.61 25.06
88.	KM College of Education, Bhiwani	2006-07 2007-08	30.98 33.87
89.	Dr. Ganesh Dass DAV College of Education, Karnal	2006-07 2007-08	36.40 28.39
90.	Vaish Girls College, Smalkha	2006-07 2007-08	28.45 38.32
91.	Kanya Mahavidyalaya, Kharkhoda	2006-07 2007-08	27.75 33.16
92.	MLN College, Radaur	2007-08	59.43

Appendix IX

(Refer paragraph 1.5.7; page 22)

Details with status of accounts submitted by Autonomous bodies to State Legislature

Sr. No.	Name of the body	Period of entrustment of audit of accounts to CAG	Year for 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 Report
1.	Haryana Khadi and Village Industries (Board), Manimajra, Chandigarh	2007-08 to 2011-12	2005-06 to 2006-07 to 2007-08	2004-05	2004-05	2002-03	*
2.	Haryana Labour Welfare Board, Chandigarh	2002-03 to 2007-08	2007-08	2005-06 to 2006-07	2004-05	2004-05	-
3.	Haryana Urban Development Authority, Panchkula	2007-08 to 2011-12	2007-08	2006-07	2006-07	2005-06	-
4.	Haryana Housing Board, Panchkula	2004-05 to 2008-09	2007-08	2006-07	2006-07	2005-06	-
5.	Haryana State Agricultural Marketing Board, Panchkula	2005-06 to 2009-10	2007-08	2006-07	2005-06	Not yet submitted since 1995-96	*
6.	Mewat Development Agency, Nuh, (Gurgaon)	2005-06 to 2009-10	2004-05 to 2007-08	2003-04	2003-04	Not Applicable	-
7.	Haryana State Legal Service Authority, Chandigarh	1996-97 to 2000-01 ³	2006-07 to 2007-08	2005-06	2005-06	2005-06	-
8.	Haryana Urdu Academy, Panchkula	Under process	1996-97 to 2005-06	-	-	Not Applicable	-
9 to 24	Chief Judicial Magistrate-cum-Secretary, District Legal Services Authority, Ambala, Bhiwani, Fatehabad, Gurgaon, Faridabad, Kaithal, Jind, Panchkula, Kurukshetra, Jhajjar, Narnaul, Sonapat, Yamunanagar, Panipat, Rohtak and Rewari	Not required	1996-97 to 2007-08	-	-	-	-
25 to 27	Chief Judicial Magistrate-cum-Secretary, District Legal Services Authority, Hisar, Sirsa and Karnal	Not required	2007-08	2006-07	-	-	-
28	Haryana Wakf Board, Ambala Cantt	2003-04 to 2007-08	2007-08	2006-07	2006-07	Not applicable	-

* Matter reported to their respective Financial Commissioner and Principal Secretary, Government of Haryana for submission of approved accounts/non-laying of certified accounts on the table of State Legislature.

³ No further entrustment is required as the audit is required to be undertaken under Section 19(2) of CAG's Act, 1971.

Appendix X
(Refer paragraph 1.5.8; page 22)

Details and status of grants-in-aid released by State Government

Sr. No.	Name of the Department	Total number of bodies	Did not render the accounts/ year of accounts	Did not render accounts in prescribed format	Did not utilise 50 per cent of grants given in a year	Which diverted/ misutilised the funds (including grants released by GOI)/ amount diverted/ misutilised	Defaulted repayment of loans/ amount overdue (Rupees in crore)	Which did not maintain cash book/ maintained irregularly	Which did not invest its surplus funds/retained huge balance in cash chest/ average amount of surplus funds	Any other interesting point noticed from the audit of accounts	Grant paid (Rupees in crore)
1	2	3	4	5	6	7	8	9	10	11	12
1.	Medical	13	13	Nil	Nil	Nil	Nil	Nil	Nil	Nil	27.87
2.	Technical Education	17	17	Nil	Nil	Nil	Nil	Nil	Nil	Nil	76.56
3	Sports	20	20	Nil	Nil	Nil	Nil	Nil	Nil	Nil	8.00
4.	Urban Development	78	78	Nil	Nil	Nil	Nil	Nil	Nil	Nil	325.26
5.	Rural Development	20	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	136.73
6.	Education	96	96	Nil	Nil	Nil	Nil	Nil	Nil	Nil	95.23
7.	Science and Technology	2	2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	2.25
8.	Animal Husbandry	2	2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	4.59
9	Public Relations & Cultural Affairs	5	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.04
10	Public Works Department (Public Health) Sanitary Board	33	33	Nil	Nil	Nil	Nil	Nil	Nil	Nil	838.66
Total		286	261	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1,515.19

Appendix XI-A
(Refer paragraph 1.6; page 22)

Department-wise/year-wise break up of the cases in which final action was pending at the end of June 2008

Name of the department	Upto 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years to more	Total
Animal Husbandry	2 (6.52)	1 (0.52)	1 (2.91)	2 (0.31)	-	-	6 (10.26)
Education	14 (5.78)	7 (6.55)	3 (1.81)	6 (3.13)	2 (1.76)	4 (1.92)	36 (20.95)
Fisheries	1 (8.06)	-	-	-	-	-	1 (8.06)
Forest	4 (0.59)	7 (11.40)	2 (0.70)	6 (1.12)	1 (0.15)	-	20 (13.96)
Irrigation	21 (7.17)	15 (15.15)	9 (0.16)	32 (6.77)	14 (5.24)	8 (1.89)	99 (36.38)
Labour and Employment	-	-	-	1 (0.02)	1 (0.14)	-	2 (0.16)
Medical	4 (2.04)	-	1 (1.50)	2 (11.92)	-	-	7 (15.46)
Police	1 (3.79)	-	-	-	-	-	1 (3.79)
Public Health	5 (3.54)	-	1 (-)	3 (0.29)	-	1 (0.72)	10 (4.55)
Public Relations	3 (4.32)	1 (0.08)	-	-	-	-	4 (4.40)
Public Works (B&R)	5 (0.71)	-	-	-	-	-	5 (0.71)
Revenue	1 (1.24)	1 (9.28)	-	-	-	-	2 (10.52)
Social Welfare	-	-	-	1 (-)	-	-	1 (-)
Sports and Youth Welfare	2 (0.87)	-	-	-	-	-	2 (0.87)
Technical Education	9 (43.58)	8 (20.34)	1 (0.19)	-	1 (0.03)	-	19 (64.14)
Transport	2 (0.41)	1 (3.16)	-	-	1 (0.60)	-	4 (4.17)
Women and Child Welfare	-	1 (0.12)	-	-	-	-	1 (0.12)
Total	74 (88.62)	42 (66.60)	18 (7.27)	53 (23.56)	20 (7.92)	13 (4.53)	220 (198.50) say Rs 1.99 crore

(Figures in bracket are Rupees in lakh)

Appendix XI-B

(Refer paragraph 1.6; page 22)

Department-wise details in respect of cases relating to theft, misappropriation/loss of Government material and fire/accident at the end of June 2008

Name of the Department	Theft cases		Misappropriation/loss of Government material		Fire/Accident	
	Number of cases	Amount (Rs in lakh)	Number of cases	Amount (Rs in lakh)	Number of cases	Amount (Rs in lakh)
Animal Husbandry	2	2.93	4	7.33	-	-
Education	27	15.37	8	5.51	1	0.07
Fisheries	-	-	-	-	1	8.06
Forest	3	4.70	1	0.15	16	9.11
Irrigation	64	15.85	29	8.58	6	11.95
Labour and Employment	2	0.16	-	-	-	-
Medical and Public Health	2	2.04	3	1.50	2	11.92
Police	-	-	-	-	1	3.79
Public Health	8	1.79	2	2.76	-	-
Public Relations	3	4.32	-	-	1	0.08
Public Works (B&R)	3	0.71	2	-	-	-
Revenue	-	-	2	10.52	-	-
Social Welfare	-	-	1	-	-	-
Sports and Youth Welfare	2	0.87	-	-	-	-
Technical Education	16	52.32	3	11.82	-	-
Transport	1	0.36	2	3.21	1	0.60
Women and Child welfare	1	0.12	-	-	-	-
Total	134	101.54	57	51.38	29	45.58

Appendix XII

(Refer paragraph 1.7.2.1; page 24)

Statement showing department-wise position of arrear of proforma accounts and investments made by Government

Department	No. of undertakings/ schemes under the department	Accounts not finalised (name of undertakings/ schemes)	Year upto which accounts finalised	Investment as per last accounts (Rupees in crore)
Agriculture	2	(i) Purchase and Distribution of Pesticides ⁴	1985-86	2.53
		(ii) Seed Depot Scheme ⁴	1987-88	NA
Printing and Stationery	1	Text Book Organisation	2004-05	4.87
Transport	1	Haryana Roadways	2001-02	344.44
Animal Husbandry	1	Veterinary Vaccine Institute, Hisar		*
Food and Supplies	1	Grain Supply Scheme	2006-07	969.00
Total				1,320.84

* Less than Rupees one crore (Rs 0.19 lakh)

⁴ These schemes are defunct since 1986-87 (Purchase and distribution of pesticides) and 1984-85 (Seed Depot scheme).

Appendix XIII

(Refer paragraph 1.7.2.2; page 24)

Details of Statutory Corporations and Government Companies with Government investments, which are in loss

		Investment (upto 2007-08)	Accumulated Loss	Year of Account
		(Rupees in crore)		
I. Statutory Corporations				
1.	Haryana Financial Corporation, Chandigarh.	106.12	132.19	2007-08
II. Government Companies				
1.	Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Limited, Chandigarh.	13.66	5.10	2002-03
2.	Haryana State Minor Irrigation (Tube wells) Corporation Limited, Chandigarh.	10.89	207.56	2003-04
3.	Haryana Tanneries Limited, Chandigarh.	1.17	10.56	2006-07
4.	Haryana State Roads and Bridges Development Corporation Limited, Chandigarh.	113.70	66.64	2006-07
5.	Haryana State Small Industries and Export Corporation Limited, Chandigarh.	1.81	20.53	2005-06
6.	Haryana State Handloom and Handicrafts Corporation Limited, Chandigarh.	2.65	6.10	2005-06
7.	Pig Iron Project, Hisar.	0.17	0.04	2004-05
8.	Haryana Scheduled Castes and Finance Development Corporation Limited, Chandigarh.	20.29	3.03	2004-05
9.	Haryana Power Generation Limited, Panchkula.	1,788.17	87.74	2005-06
10.	Haryana Vidhyut Prasaran Nigam Limited, Panchkula.	876.51	220.76	2006-07
11.	Uttar Haryana Bijli Vitran Nigam Limited, Panchkula.	308.45	1,059.97	2006-07
12.	Dakshin Haryana Bijli Vitran Nigam Limited, Hisar.	369.14	714.34	2006-07
13.	Haryana State Electronics Development Corporation Limited, Chandigarh	8.83	2.19	2004-05
Total		3,621.56	2,536.75	

Appendix XIV
(Refer paragraph 2.3.2; page 41)

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 provision

Sr. No.	Number and name of grants/ appropriations	Major/Minor Head of Account, etc.	Original provision	Savings (per cent)
			(Rupees in crore)	
1.	2-General Administration	3451-Secretariate-Economic Services 102-District Planning Machinery 99-Decentralised Planning 98-Establishment Expenses	100.00	65.00 (65.00)
2.	6-Finance	2049-Interst payments 04-Interest on Loans and Advances from Central Government- 101-Interest on Loans for State/Union Territory Plan Schemes- 99-Block Loans-	143.13	116.61 (81.47)
3.		104- Interest on Loans for Non-Plan Schemes- 99-Small Saving Collections--	13.85	13.85 (100)
4.		01-Interest on Internal Debt- 200-Interest on Other Internal Debts- 95-Loans from State Bank of India and other banks-	70.00	69.94 (99.91)
5.		101-Interest on Market Loans- 99-Interest on Market Loans Bearing Interest-	460.41	66.75 (14.50)
6.	8-Buildings and Roads	2059-Public Works 60-Other Buildings- 053-Maintenance and Repairs- 99- Maintenance and Repairs-	81.25	81.25 (100)
7.		3054-Roads and Bridges 04-District and Other Roads 337-Road Works 96-Grants-in-Aid to HUDCO for Repayment of Road works due to shortfall in Toll Collection	50.00	50.00 (100)
8.		99-District Roads-	37.10	17.42 (46.95)

9.		5054-Capital Outlay on Roads and Bridges 03-State Highways- 337-Road Works- 99-Widening and Strengthening Panipat-Asandh Road from km 0.44 in Karnal and Jind District-	138.26	107.00 (77.39)
10.	9-Education	2202-General Education 01-Elementary Education- 101-Government Primary Schools- 90-Sarva Shiksha Abhiyan-	200.00	88.40 (44.20)
11.		95-Expansion of Facilities Classes VI-VIII (Full Time)-	15.95	13.20 (82.76)
12.		800-Other Expenditure- 96-Mid-Day Meal for Primary School Children-	97.17	29.39 (30.25)
13.		03-University and Higher Education- 103-Government Colleges and Institutes- 99-Institutes-	89.71	28.27 (31.51)
14.		02-Secondary Education- 109-Government Secondary Schools- 99-Teaching Staff including other Establishments- 99-Information Technology-	13.00	11.16 (85.85)
15.		88-Sarva Shiksha Abhiyan-	20.00	20.00 (100)
16.		89-Edusat Project for Secondary Education-	10.50	10.50 (100)
17.		2203-Technical Education 105-Polytechnics- 57-Special Component Plan for SC Categories- 96-Reimbursement of Fee-	14.50	12.40 (85.52)
18.	10-Medical and Public Health	4215-Capital Outlay on Water Supply and Sanitation 01-Water Supply- 101- Urban Water Supply- 94-National Capital Region-	140.00	31.53 (22.52)
19.		102-Rural Water Supply- 93-Rural Water Supply-	262.75	28.15 (10.71)

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20.		87-National Capital Region-	150.00	15.00 (10.00)
21.		02-Sewerage and Sanitation- 101-Urban Sanitation Services- 92-Sewerage Treatment YAP-	20.00	12.50 (62.50)
22.	11-Urban Development	2217-Urban Development 80-General- 800-Other Expenditure- 86-Urban Solid Waste Management- 98-SCSP Component-	19.90	17.90 (89.95)
23.		99-Normal Plan-	22.87	16.32 (71.36)
24.	14-Food and Supplies	4408-Capital Outlay on Food Storage and Warehousing 01-Food- 101-Procurement and Supply- 99-Grain Supply Scheme-	1,523.40	174.84 (11.48)
25.		97-Interest on Capital-	70.00	29.05 (41.50)
26.	15-Irrigation	2700-Major Irrigation 15-Lining of Channels- 800-Other expenditure- 99-Interest-	60.21	60.21 (100)
27.		02-Western Jamuna Circle Project (Commercial)- 001-Direction and Administration- 98-Execution Irrigation-	115.73	54.43 (47.03)
28.		96-Special Revenue Staff-	22.41	13.00 (58.00)
29.		18-Non-Commercial Irrigation Projects- 001-Direction and Administration- 97-Execution Irrigation-	29.68	28.52 (96.09)
30.		01-Multipurpose River Project (Commercial)- 001-Direction and Administration- 97-Execution Irrigation-	23.80	18.41 (77.35)
31.		96-Special Revenue Staff-	11.86	11.26 (94.94)

32.		4700-Capital Outlay on Major Irrigation- 13-Modernisation and lining of Canal Systems- 800-Other expenditure- 98-Construction of Canal-	13.35	13.35 (100)
33.	16-Industries	2852-Industries 07-Telecommunication and Electronic Industries- 202-Electronics- 89-National e-Governance Action Plan	11.28	11.28 (100)
34.	17-Agriculture	2705-Command Area Development 190-Assistance to Public Sector and Other Undertaking- 96-Area Development-Programme (CADA) for Jui Canal Area (50 per cent basis)-	100.00	50.94 (50.94)
35.		2401-Crop Husbandry 119-Horticulture and Vegetable Crops- 69-Scheme for National Horticulture Mission-	35.72	22.05 (61.73)
36.	22-Co-operation	2425-Co-operation 107-Assistance to Credit Co-operatives- 85-Assistance to Scheduled Castes Labour and Construction Societies-	490.31	117.73 (24.01)
37.		89-Rebate on rate of interest regarding short term crop loans advanced by Co-operative Banks-	50.00	30.00 (60.00)
38.	Public Debt	6003-Internal debt of the State Government 107-Loans from the State Bank of India and other Banks-	1,378.00	1,378.00 (100)
39.		110-Ways and Means Advances from the Reserve Bank of India-	10.00	10.00 (100)
40.		6004-Loans and advances from the Central Government- 02-Loans for State/Union Territory Plan Schemes- 101-Block Loans-	90.37	82.65 (91.46)

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41.		01-Non-Plan Loans- 102-Share of Small Savings Collections-	10.27	10.27 (100)
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Appendix XV

(Refer paragraph: 2.3.9; page: 44)

Statement of various grants/appropriations where expenditure exceeded the original provision by Rupees five crore or more and also by more than 10 per cent of the original provision

Sr. No.	Number and name of grants/appropriations	Major/Minor Head of Account, etc.	Original budget provision	Total expenditure	Percentage
			(Rupees in crore)		
1.	3-Home	2014-Administration of Justice 105-Civil and Session Courts- 99-District and Sessions Judges-	27.94	33.09	18.42
2.	4-Revenue	2506-Land Reforms 012-Statics and Evaluation- 98-Scheme for strengthening of Revenue Administration and Updating of land records-	1.34	7.52	461.19
3.		2245-Relief on account of Natural Calamities 80-General- 800-Other expenditure- 99-Hail Storm Relief-	48.00	145.47	203.06
4.	6-Finance	2071-Pension and other Retirement Benefits 01-Civil- 104-Gratuities-	187.37	223.93	19.51
5.	8-Buidlings and Roads	3054-Roads and Bridges 04-District and Other Roads- 337-Roadworks- 98-Rural Roads-	85.13	189.27	122.94
6.		5054-Capital Outlay on Roads and Bridges 04-District and Other Roads- 337-Roadworks- 98-Rural Roads-	183.00	239.93	31.11
7.		4210-Capital Outlay on Medical and Public Health 03-Medical Education, Training and Research- 105-Allopathy- 99-Buildings-	14.00	28.66	104.71

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8.		4202-Capital Outlay on Education, Sports, Art and Culture 01-General Education- 203-University and Higher Education- 99-College Buildings-	14.70	30.83	109.73
9.		4216-Capital Outlay on Housing 01-Government Residential Buildings- 106-General Pool Accommodation- 98-District Administration-	4.25	15.04	253.88
10.		4059-Capital Outlay on Public Works 01-Office Buildings- 051-Construction- 99-District Administration-	14.40	50.44	268.82
11.		60-Other Buildings- 051-Construction- 98-Administration of Justice-	9.20	26.23	185.11
12.		96-Jails-	25.40	45.33	78.46
13.		4202-Capital Outlay on Education, Sports, Art and Culture 02-Technical Education- 104-Polytechnics- 99- Polytechnics Buildings-	17.00	48.51	185.35
14.	9-Education	2202-General Education 03-University and Higher Education- 102-Assistance to Universities- 92-Setting up of Bhagat Phool Singh Women University of Khanpur Kalan (Sonipat)-	14.70	123.90	742.86
15.		97-Development of Kurukshetra University including PGRC, Sirsa-	11.50	42.52	269.74
16.		96-Assistance to MDU, Rohtak including RC, Meerpur (Rewari)-	10.25	20.25	97.56
17.		93-Chaudhary Devi Lal University, Sirsa-	13.75	19.75	43.64
18.		02-Secondary Education- 109-Government Secondary Schools- 91-Opening of Model Schools in the State-	12.00	47.89	299.08

19.	10-Medical and Public Health	2215-Water Supply and Sanitation 102-Rural Water Supply Programmes- 97-Rural Water Supply Programmes -	114.55	178.61	55.92
20.		2210-Medical and Public Health 06-Public Health- 003-Training- 95-Induction and Promotional Training Faculty for Medical and Para Medical Staff-	0.85	24.28	2,756.47
21.		4215-Capital Outlay on Water Supply and Sanitation 02-Sewerage and Sanitation- 101-Urban Sanitation Services- 94-Sewerage and Sanitation-	45.00	72.00	60.00
22.		95- Sewerage Treatment- 99- Sewerage Treatment (YAP)-	0.50	6.46	1,192.00
23.		98- Accelerated Rural Water Supply-	43.50	57.65	32.53
24.		96-Desert Development Programme-	18.00	28.50	58.33
25.	11-Urban Development	80-General- 800-Other expenditure- 80-Jawahar Lal Nehru National Urban Renewal Mission- 99-Normal Plan-	11.99	32.57	171.64
26.		81-Integrated Housing and Slum Development Programme- 99-Normal Plan-	5.50	12.88	134.18
27.	5-Irrigation	04-Loharu Canal Project (Commercial)- 800-Other Expenditure- 98-Energy Charges-	25.34	39.30	55.09
28.		4700-Capital Outlay on Major Irrigation 15-Lining of Channels- 800-Other Expenditure- 98-BML-Hansi Branch-Butana Branch Multipurpose Link Channel-	140.00	210.58	50.41

29.	18-Animal Husbandry	2403-Animal Husbandry 101-Vetrinary Services and Animal Health- 93-Conversion of Veterinary Dispensaries/Stockmen Centres into Hospital-cum-Breeding Centres-	19.22	25.76	34.02
30.	21-Community Development	2515-Other Rural Development Programmes 102-Community Development- 91-Special Component Plan for SC Category- 98-Scheme for Employment Generation for SC's SCSP-	0.10	8.95	8,850.00
31.	23-Transport	5055-Capital Outlay on Road Transport 102-Acquisition of Fleet- 98-Haryana Roadways, Gurgaon-	5.13	12.29	139.57
32.	25-Loans and Advances by State Government	7610-Loans to Government Servants, etc. 201-House Building Advances- 99-Advances to Government Servants other than All India Services Officers-	65.00	71.33	9.74

Appendix XVI
(Refer paragraph 2.3.10; page 44)

Details of surrender in excess of actual savings in the grants

Sr. No.	Name of the grant	Savings (-)/Excess (+)	Injudicious surrender	Excess surrender
Revenue (Voted)				
1.	3-Home	(-) 0.81	1.13	0.32
2.	4-Revenue	(-) 10.74	12.20	1.46
3.	8-Buildings and Roads	(+) 44.51	4.54	49.05
4.	10-Medical and Public Health	(+) 54.27	9.58	63.85
5.	11-Urban Development	(-) 11.43	14.30	2.87
6.	12-Labour and Employment	(-) 7.76	8.74	0.98
7.	13-Social Welfare and Rehabilitation	(-) 37.39	37.75	0.36
8.	18-Animal Husbandry	(-) 2.54	3.14	0.60
9.	20-Forest	(-) 1.92	5.07	3.15
10.	22-Co-operation	(-) 153.31	153.55	0.24
Capital (Voted)				
11.	15-Irrigation	(+) 278.72	3.62	282.34
Capital (Charged)				
12.	Public Debt	(-) 1,375.17	1,484.28	109.11
Total		(-) 1,223.57	1,737.90	514.33

Appendix XVII

(Refer paragraph: 2.3.11; page: 45)

Cases of injudicious reappropriation of funds resulting in excesses/savings by more than Rupees one crore in each case

Sr. No.	Number and name of the Grant	Major Head of account and sub-head	Provision	Actual expenditure	Excess (+)/ Saving (-)	
			O: Original S: Supplementary R: Reappropriation			
(Rupees in crore)						
1.	3-Home	2014-Administration of Justice 102-High Courts- 98-Establishment Expenses-	(O) 11.49 (S) 2.11 (R) 0.07 13.67	14.68	(+) 1.01	
2.	4-Revenue	2245-Relief on account of Natural Calamities 02-Flood, Cyclones, etc.- 122-Reapies and restoration of damaged irrigation and Flood Control Works-	(O) 5.00 (R) (-) 5.00 Nil	1.89	(+) 1.89	
3.	6-Finance	2071-Pension and other Retirement Benefits 01-Civil- 102-Commuted Value of Pensions-	(O) 170.01 (S) 10.99 181.00	173.08	(-) 7.92	
4.		104-Gratuities-	(O) 187.37 (S) 42.63 230.00	223.93	(-) 6.07	
5.		2049-Interest Payments 01-Interest on Internal Debt- 101-Interest on Market Loans- 99-Interest on Market Loans Bearing Interest-	(O) 460.41 (R) (-) 56.22 404.19	393.67	(-) 10.52	
6.		200-Interest on Other Internal Debts- 92-Interest on Loans from NCRPB-	(O) 17.96 (R) 3.26 21.22	19.99	(-) 1.23	
7.		8-Buildings and Roads	3054-Roads and Bridges 04-District and Other Roads- 337-Road Works- 98-Rural Roads-	(O) 85.13 (R) 52.66 137.79	189.27	(+) 51.48
8.			800-Other Expenditure- 99- Other Expenditure-	(O) 2.50 (R) (-) 2.47 0.03	6.60	(+) 6.57
9.	2059-Public Works 80-General- 053-Maintenance and Repairs- 99-Maintenance and Repairs-		(O) 40.00 (R) 2.16 42.16	123.45	(+) 81.29	

10.	799-Suspense-	(O) 1.00 (R) 4.47 5.47	19.13	(+) 13.66
11.	96-Execution-	(O) 132.66 (R) 3.05 135.71	133.93	(-) 1.78
12.	2216-Housing 05-General Pool Accommodation- 053-Maintenance and Repairs- 99-Other Maintenance Expenditure- 88-General Maintenance and Repairs-	(O) 8.55 (R) 1.07 9.62	11.02	(+) 1.40
13.	3054-Roads and Bridges 04-District and Other Roads- 337-Roadworks- 99-District Roads-	(O) 37.10 (R) (-) 21.91 15.19	19.68	(+) 4.49
14.	80-General- 797-Transfer to/from Reserve Funds and Deposit Accounts- 99-Transfer to/from CRF-Inter Account Transfer-	(O) 70.00 (R) (-) 19.60 50.40	60.28	(+) 9.88
15.	03-State Highways- 337-Roadworks-	(O) 79.39 (R) (-) 15.36 64.03	71.70	(+) 7.67
16.	5054-Capital Outlay on Roads and Bridges 04-District and Other Roads- 337-Road Works- 98-Rural Roads-	(O) 183.00 (R) 81.66 264.66	239.93	(-) 24.73
17.	03-State Highways- 101-Bridges- 99-Construction of HL Bridge over Tangri Nadi on Ambala- Naraingarh Road-	(O) 25.00 (R) (-) 11.50 13.50	63.40	(+) 49.90
18.	80-General- 004-Research- 99-Research-	(O) 1.00 (R) (-) 1.00 Nil	5.93	(+) 5.93
19.	4250-Capital Outlay on Other Social Services 800-Other Expenditure- 99-Training Building- 99-Works-	(O) 21.66 (R) 2.76 24.42	44.14	(+) 19.72

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20.	4210- Capital Outlay on Medical and Public Health 03-Medical Education Training and Research- 105-Allopathy- 99-Buildings-	(O) 14.00 (R) 10.66 24.66	28.66	(+) 4.00
21.	01-Urban Health Services- 110-Hospital and Dispensaries- 99-Buildings-	(O) 5.24 (R) 2.26 7.50	8.91	(+) 1.41
22.	02-Rural Health Services- 101-Health Sub-centres- 99-Buildings-	(O) 0.50 (R) (-) 0.36 0.14	2.84	(+) 2.70
23.	4202-Capital Outlay on Education, Sports, Art and Culture 01-General Education- 203-University and Higher Education- 99-College Buildings-	(O) 14.70 (S) 5.00 (R) 0.30 20.00	30.83	(+) 10.83
24.	04-Art and Culture- 105-Public Libraries- 99-Buildings (Public Libraries)-	(O) 0.20 (S) 0.10 (R) 0.60 0.90	2.74	(+) 1.84
25.	4216-Capital Outlay on Housing 01-Government Residential Buildings- 106-General Pool Accommodation- 98-District Administration-	(O) 4.25 (R) 13.41 17.66	15.04	(-) 2.62
26.	4059-Capital Outlay on Public Works 60-Other Buildings- 051-Construction- 99-Public Works-	(O) 2.58 (R) 1.66 4.24	12.92	(+) 8.68
27.	01-Office Buildings- 051- Construction- 99-District Administration-	(O) 14.40 (S) 27.72 (R) 10.99 53.11	50.45	(-) 2.66
28.	5053-Capital Outlay on Civil Aviation 60-Other Aeronautical Services- 800-Other expenditure- 99-Maintenance of Aerodromes	(O) 0.05 (R) (-) 0.05 Nil	2.94	(+) 2.94

29.		4235-Capital Outlay on Social Security and Welfare 02-Social Welfare- 102-Child Welfare- 99-Construction of Anganwari Centres-	(O) 9.33 (R) (-) 0.05 9.28	10.96	(+) 1.68
30.		5054-Capital Outlay on Roads and Bridges 03-State Highways- 337-Road Works- 99-Widening and strengthening Panipat-Asandh Road from KM 0.44 in Karnal and Jind District-	(O) 138.26 (R) (-) 87.52 50.74	31.26	(-) 19.48
31.		04-District and Other Roads- 337-Road Works- 99-District Roads-	(O) 58.50 (R) (-) 15.24 43.26	55.16	(+) 11.90
32.		4202-Capital Outlay on Education, Sports, Art and Culture 01-Central Education- 203-University and Higher Education- 98-Construction of Building of Shiksha Sadan at Panchkula-	(O) 2.00 (R) 3.03 5.03	0.27	(-) 4.76
33.		4210-Capital Outlay on Medical and Public Health 02-Rural Health Services- 104-Community Health Centres- 99-Buildings-	(O) 4.50 (R) (-) 0.65 3.85	1.47	(-) 2.38
34.		4059-Capital Outlay on Public Works 60-Other Buildings- 051-Construction- 96-Jails-	(O) 25.40 (S) 20.00 (R) (-) 1.11 44.29	45.33	(+) 1.04
35.		4202-Capital Outlay on Education, Sports, Art and Culture 02-Technical Education- 104-Polytechnics- 99- Polytechnics Buildings-	(O) 17.00 (S) 30.82 (R) (-) 0.97 46.85	48.51	(+) 1.66
36.	9-Education	2202-General Education 01-Elementary Education- 98-Middle Education Classes VI to VIII- 98-Establishment Expenses-	(O) 391.65 (R) (-) 15.04 376.61	354.17	(-) 22.44

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37.		99-Class I to V-	(O) 545.17 (R) (-) 5.52 539.65	518.70	(-) 20.95
38.		03-University and Higher Education- 103-Government Colleges and Institutes- 99-Institutes-	(O) 89.71 (R) (-) 6.95 82.76	61.44	(-) 21.32
39.		001-Direction and Administration- 99-Administrative Staff-	(O) 13.16 (R) (-) 0.75 12.41	7.28	(-) 5.13
40.		02-Secondary Education- 109-Government Secondary Schools- 99-Teaching Staff including Other Establishments- 98-Establishment Expenses-	(O) 720.08 (S) (-)13.00 707.08	693.21	(-) 13.87
41.	10-Medical and Public Health	2215-Water Supply and Sanitation 01-Water Supply- 799-Suspanse-	(O) 0.27 (R) 0.23 0.50	56.13	(+) 55.63
42.		102-Rural Water Supply Programmes- 97- Rural Water Supply Programmes-	(O) 114.55 (S) 51.95 166.50	178.61	(+) 12.11
43.		2210-Medical and Public Health 06- Public Health- 101-Prevention and Control of diseases- 99-Malaria-	(O) 38.92 (R) 1.44 40.36	39.16	(-) 1.20
44.	11-Urban Development	2217-Urban Development. 80-General- 800-Other Expenditure- 81-Integrated Housing and Slum Development Programme- 99-Normal Plan-	(O) 5.50 (R) 6.20 11.70	12.88	(+) 1.18
45.	13-Social Welfare and Rehabilitation	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes 01-Welfare of Scheduled Castes- 277-Education- 95-Scholarship/Opportunity to Scheduled Castes Students studying in 6 th to 8 th Classes-	(O) 13.83 (R) 2.31 16.14	15.03	(-) 1.11

46.	15-Irrigation	2701-Medium Irrigation 08-Jui Canal Project- 800-Other Expenditure- 98-Energy Charges-	(O) 15.41 (S) 5.50 20.91	11.30	(-) 9.61
47.		2700-Major Irrigation 05-Jawahar Lal Nehru Project (Commercial)- 800-Other Expenditure- 98-Energy Charges-	(O) 57.37 (S) 67.27 124.64	53.61	(-) 71.03
48.		15-Lining of Channels- 800-Other Expenditure- 99-Interest-	(O) 60.21 (S) 5.00 65.21	Nil	(-) 65.21
49.		02-Western Jamuna Canal Project (Commercial)- 001-Direction and Administration- 98-Execution Irrigation-	(O) 115.73 (S) 6.87 (R) 8.74 131.34	61.30	(-) 70.04
50.		96-Special Revenue Staff-	(O) 22.41 (S) 0.12 (R) (-) 4.20 18.33	9.40	(-) 8.93
51.		99-Supervision Irrigation-	(O) 13.75 (S) 0.27 (R) (-) 2.21 11.81	4.51	(-) 7.30
52.		18-Non-Commercial Irrigation Projects- 001- Direction and Administration- 97-Execution Irrigation-	(O) 29.68 (R) 0.48 30.16	1.16	(-) 29.00
53.		98-Supervision Irrigation-	(O) 3.66 (R) (-) 0.24 3.42	0.08	(-) 3.34
54.		01-Multipurpose River Project (Commercial)- 001- Direction and Administration- 97-Execution Irrigation-	(O) 23.80 (R) 2.99 26.79	5.39	(-) 21.40
55.		95-Special Revenue Staff-	(O) 11.86 (R) (-) 1.21 10.65	0.60	(-) 10.05
56.		98-Superintending Irrigation-	(O) 1.88 (R) (-) 0.33 1.55	0.29	(-) 1.26

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57.	101-Maintenance and Repairs- 98-Other Maintenance Expenditure- 98-Punjab Portion-	(O) 6.74 (R) (-) 3.20 3.54	Nil	(-) 3.54
58.	04-Loharu Canal Project (Commercial)- 800-Other Expenditure- 98-Energy Charges-	(O) 25.34 (S) 26.29 51.63	30.30	(-) 12.33
59.	12-Flood Control Project (Commercial)- 800-Other Expenditure- 99-Interest on Capital and Expenditure on Extension and Improvement-	(O) 10.01 (S) 0.99 11.00	Nil	(-) 11.00
60.	80-General- 001-Direction and Administration- 99-Chief Engineers Common Establishment-	(O) 13.81 (S) 2.57 (R) 0.56 16.94	6.25	(-) 10.69
61.	14-Dadupur Nalvi Irrigation Projects- 800-Other Expenditure- 99-Interest-	(O) 8.86 (S) 0.14 9.00	Nil	(-) 9.00
62.	2702-Minor Irrigation 03-Maintenance- 103-Tube Wells- 99-Loans for Power Project Transmission and Distribution of Lines-	(O) 7.35 (S) 0.28 7.63	Nil	(-) 7.63
63.	2700-Major Irrigation 80-General- 800-Other Expenditure- 99-Interest-	(O) 34.18 (S) 4.40 38.58	259.76	(+) 221.18
64.	98-Improvement, Upgradation, operation and maintenance-	(O) 20.00 (R) (-) 3.15 16.85	35.66	(+) 18.81
65.	02-Western Jamuna Canal Project (Commercial)- 800-Other Expenditure- 98-Energy Charges-	(O) 10.78 (S) 2.92 13.70	84.77	(+) 71.07
66.	4701-Capital Outlay on Major and Medium Irrigation 07-Improvement of old/existing channels under NABARD- 800-Other Expenditure- 98-Construction of Canal-	(O) 145.00 (S) 15.00 (R) (-) 2.30 157.70	308.43	(+) 150.73

67.	4700- Capital Outlay on Major Irrigation 15-Lining of Channels- 800-Other Expenditure- 97-BML-Hansi Branch-Butana Branch Multipurpose Link Channels-	(O) 140.00 (R) 16.04 156.04	210.58	(+) 54.54
68.	16-Rehabilitation of Existing Channels/Drainage Scheme- 800-Other Expenditure- 98-Construction of Canals-	(O) 65.45 (R) (-) 0.03 65.42	120.98	(+) 55.56
69.	05-Jawahar Lal Nehru Project (Commercial)- 800-Other Expenditure- 98-Dam and Apprutenant Works-	(O) 15.20 (R) 3.48 18.68	22.92	(+) 4.24
70.	4711-Capital Outlay on Flood Control Projects 01-Flood Control- 201-Drainage and Flood Control Project- 99-Flood Protection and Disaster Preparedness-	(O) 37.00 (R) (-) 0.02 36.98	64.49	(+) 27.51
71.	4700-Capital Outlay on Major Irrigation 13-Modernisation and lining of Canal Systems- 800-Other Expenditure- 98-Construction of Canal-	(O) 13.35 (R) (-) 2.86 10.49	Nil	(-) 10.49
72.	15-Lining of Channels- 800-Other Expenditure- 98-Resotration Capacity of BML-	(O) 2.00 (R) 1.00 3.00	Nil	(-) 3.00
73.	4701-Capital Outlay on Major and Medium Irrigation 06-New Minor for Equitable distribution of water- 800-Other Expenditure- 98-Construction of Canal-	(O) 3.00 (S) 8.90 (R) 8.79 20.69	1.88	(-) 18.81
74.	4700-Capital Outlay on Minor Irrigation 14-Dadupur Nalvi Irrigation Project- 800-Other Expenditure- 98-Construction of Canals-	(O) 80.00 (R) (-)25.90 54.10	73.19	(+) 19.09

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75.	17-Agriculture	2705-Command Area Development 190-Assistance to Public Sector Undertaking- 96-Area Development Programme (CADA) for Jui Canal Area (50 per cent Basis)-	(O) 100.00 (R) (-) 43.86 56.14	49.06	(-) 7.08
76.		2415-Agricultural Research and Education 01-Crop Husbandry- 277-Education- 99-Grants-in-aid to Haryana Agricultural University	(O) 130.64 (R) 3.59 134.23	128.23	(-) 6.00
77.	Public Debt	6003-Internal Debt of the State Government 105-Loans from the National Bank for Agricultural and Rural Development- 99-Loans from NABARD-	(O) 97.45 (R) 0.37 97.82	107.87	(+) 10.05

Appendix XVIII
(Refer paragraph: 2.3.12; page: 45)

Cases where expenditure was incurred without any provision of funds

Sr. No.	Number and name of the Grant	Head of account	Expenditure (Rupees in crore)
1.	8-Buildings and Roads	5054- Capital Outlay on Roads and Bridges 04-District and Other Roads- 80-General- 004-Research- 99- Research-	5.93
2.	10-Medical and Public Health	2210-Medical and Public Health 04-Rural Health Services- Other System of Medicine- 101-Ayurveda- 88-Pilot Scheme-Supply of Essential drugs of ISM&H Dispensaries-	1.31
3.	15-Irrigation	4700-Capital Outlay on Major Irrigation 04-Loharu Canal Project (Commercial)- 800-Other Expenditure- 98-Construction of Canal-	0.33
4.	5-Public Debt	6004-Loans and Advances from the Central Government 02-Loans for State/Union Territory Plan Schemes- 105-State Plan Loans Consolidated in terms of Recommendations of 12 th Finance Commission-	96.66
5.		6003-Internal Debt of the State Government 101-Market Loans- 98-Market Loans not Bearing Interest- 83-9.75 per cent Haryana Development Loan-1998-	0.30
Total			104.53

Appendix XIX

(Refer paragraph: 3.1.8.1; page: 53)

Statement showing the low survival of plants under Farm Forestry

Year	Total number of plants	Expenditure (Rupees in lakh)	Number of plants survived	Percentage of survival
2000-01	1,21,210	2.55	2,932	2.42
2001-02	3,85,048	8.70	18,877	4.90
2002-03	9,70,924	23.39	89,442	9.21
2003-04	8,78,501	23.05	1,40,720	16.02
2004-05	9,32,732	24.94	2,09,918	22.51
2005-06	8,16,115	23.46	2,57,835	31.59
Total	41,04,530	106.09	7,19,724	17.53

Appendix XX

(Refer paragraph: 3.1.8.1; page: 54)

Statement showing low survival of plants under Farm Forestry in Bhiwani Division

Year	Total Number of Plants Supplied	Expenditure (Rupees in lakh)	Number of Plants Survived	Percentage of Survival
2000-01	25,671	0.42	138	0.51
2001-02	1,14,498	1.80	2,348	2.06
2002-03	1,81,620	2.71	8,262	4.55
2003-04	1,36,720	2.43	9,609	7.03
2004-05	1,36,795	2.43	18,515	13.53
2005-06	1,30,212	2.60	25,261	19.40
Total	7,25,516	12.39	64,133	8.84

Appendix XXI

(Refer paragraph: 3.1.8.1; page: 54)

Statement showing the zero per cent survival of plants under Farm Forestry

Year	Name of the division	Total No. of villages	Total No. of farmers to whom plants supplied	Total No. of plants supplied	No. of farmers with Zero per cent survival of plant	Total No. of plants supplied to such farmers	Cost of such plants (Rupees in lakh)
2003-04	Hisar	33	2,399	4,18,330	535	62,485	2.02
2004-05	Hisar	38	3,994	4,10,622	1,220	67,488	2.20
2003-04	Ambala	24	716	4,08,390	160	86,064	0.96
2004-05	Ambala	21	675	2,82,953	133	31,590	0.13
Total			7,784	15,20,295	2,048	2,47,627	5.31

Appendix XXII

(Refer paragraph: 3.1.8.1; page: 54)

Statement showing survival of plants under Sand Dune Fixation

Year	Total Number of Plants Supplied	Survival Number	Survival Percentage
2000-01	1,31,224	72,143	54.98
2001-02	2,44,667	1,82,526	74.60
2002-03	4,06,800	2,88,395	70.89
2003-04	9,31,300	6,93,789	74.50
2004-05	9,68,050	7,78,268	80.40
2005-06	5,68,500	4,58,500	80.65
Total	32,50,541	24,73,621	76.10

Appendix XXIII

(Refer paragraph: 3.1.8.1; page: 54)

Statement showing low survival of plants under Modified Sand Dune Fixation

Year	Total Number of Plants Supplied	Number of plants survived	Survival Percentage
2001-02	57,000	21,270	37.32
2002-03	1,98,370	87,083	43.90
2003-04	2,93,475	1,43,791	49.00
2004-05	1,51,206	80,589	53.30
2005-06	72,766	46,922	64.48
Total	7,72,817	3,79,655	49.13

Details of survival rate of plants in Jatusana and Bhiwani Divisions

Year	Total number of plants supplied		Number of plants survived		Percentage of survival	
	Jatusana	Bhiwani	Jatusana	Bhiwani	Jatusana	Bhiwani
2001-02	30,000	27,000	10,705	10,565	35.70	39.10
2002-03	67,500	1,02,870	23,475	45,043	34.80	43.80
2003-04	70,000	1,76,025	21,876	92,770	31.30	52.70
2004-05	48,014	60,928	23,959	32,296	49.90	53.00
Total	2,15,514	3,66,823	80,015	1,80,674	37.10	49.30

Appendix XXIV

(Refer paragraph: 3.1.8.1; page: 55)

Statement showing low survival of plants under Poplar Plantation

Year	Expenditure (Rupees in crore)	Number of plants supplied	Survival (Number)	Survival (per cent)
2000-01	0.34	2,06,540	1,09,463	53.0
2001-02	0.65	4,56,425	1,69,077	37.0
2002-03	0.57	9,13,305	2,45,862	26.9
2003-04	0.45	6,60,705	1,10,587	16.7
2004-05	0.30	4,89,875	1,62,267	33.1
2005-06	0.23	2,58,545	1,25,166	48.4
2006-07	0.10	2,70,211	1,74,512	64.6
Total	2.64	32,55,606	10,96,934	33.69

Appendix XXV

(Refer paragraph: 3.1.8.1; page: 55)

Statement showing low survival of plants under Kitchen Gardens

Year	Expenditure (Rupees in crore)	Number of plants supplied	Number of plants survived	Percentage of survival
2000-01	0.08	20,018	1,364	6.8
2001-02	0.13	57,243	3,806	6.6
2002-03	0.09	83,174	5,769	6.9
2003-04	0.17	89,866	7,540	8.4
2004-05	0.16	1,04,613	16,006	15.3
2005-06	0.13	61,287	13,646	22.3
2006-07	0.27	61,587	18,672	30.3
Total	1.03	4,77,788	66,803	13.98

Appendix XXVI

(Refer paragraph: 3.1.10.1; page: 58)

Statement showing the number of chullahs not working

Name of the Divisions	Total number of villages	Total number of Smokeless chulhas supplied	Number of villages surveyed	Total number of Chulhas Surveyed	Number of Chulhas not working
Hisar	32	1,691	28	1,495	580
Bhiwani	34	1,748	9	444	444
Jatusana	29	1,654	8	442	178
Ambala	34	2,005	13	607	248
Kurukshetra	24	1,333	12	563	240
Total	153	8,431	70	3,551	1,690

Appendix XXVII

(Refer paragraph: 3.2.7.3; Page: 68)

Statement showing the position of employment generation of 92 test checked GPs for the period 2006-07 and 2007-08

Name of Block	Number of GPs checked	Number of registered households checked	Number of registered households provided employment	Mandays generated	Average mandays generated	Number of households earning					
						Zero days	Upto 50 days	Upto 75 days	Upto 99 days	100 days	Above 100 days
2006-07											
Mahendragarh district											
Mahendragarh	8	1,270	304	14,109	46	966	209	30	14	0	51
Narnaul	6	1,187	455	26,752	59	732	244	53	82	1	75
Nangal Chaudhary	6	945	446	31,778	71	499	211	63	43	3	126
Kanina	5	762	218	9,255	42	544	177	15	6	0	20
Ateli	7	1,210	324	19,320	60	886	187	36	31	1	69
Sub total	32	5,374	1,747	1,01,214	58	3,627	1,028	197	176	5	341
Sirsa district											
Sirsa	5	1,023	394	15,456	39	629	278	51	31	1	33
Dabawali	5	2,009	1,333	56,837	43	676	908	253	104	1	67
Nathusari Chopta	5	1,384	495	28,176	57	889	270	64	58	6	97
Odhan	4	772	533	26,615	50	239	333	85	58	3	54
Rania	4	1,355	813	32,174	40	542	550	102	122	39	0
Baragudha	4	717	392	16,478	42	325	265	60	40	1	26
Ellenabad	4	387	116	3,483	30	271	101	12	1	2	0
Sub total	31	7,647	4,076	1,79,219	44	3,571	2,705	627	414	53	277
Total (2006-07)		13,021	5,823	2,80,433	48	7,198	3,733	824	590	58	618
2007-08											
Mahendragarh district											
Mahendragarh	8	1,350	347	15,583	45	1,003	233	49	32	0	33
Narnaul	6	1,187	293	9,822	34	894	237	36	12	0	8
Nangal Chaudhary	6	971	288	19,637	68	683	126	42	42	3	75
Kanina	5	822	191	7,500	39	631	136	34	15	0	6
Ateli	7	1,300	256	14,528	57	1,042	147	47	19	2	43
Sub total	32	5,630	1,375	67,070	49	4,253	879	208	120	5	165
Sirsa district											
Sirsa	5	1,023	309	10,953	35	714	233	39	21	3	13
Dabawali	5	2,009	491	14,449	29	1,518	397	58	23	0	13
Nathusari Chopta	5	1,384	330	24,438	74	1,054	138	45	46	2	99
Odhan	4	772	509	20,528	40	263	343	102	33	1	30
Rania	4	1,355	857	26,555	31	498	693	97	50	14	3
Baragudha	4	717	245	8,242	34	472	201	26	11	1	6
Ellenabad	4	387	79	3,634	46	308	48	12	8	3	8
Sub total	31	7,647	2,820	1,08,799	39	4,827	2,053	379	192	24	172
Total (2007-08)		13,277	4,195	1,75,869	42	9,080	2,932	587	312	29	337
Mewat district											
Nagina	5	404	311	14,050	45	93	192	61	50	8	0
Punhana	4	534	412	24,287	59	122	170	101	105	35	1
Nuh	8	975	735	41,981	57	240	341	130	155	74	35
Hathin	5	774	399	14,903	37	375	297	36	18	47	1
Tauru	3	242	111	4,264	38	131	84	19	6	0	2
Ferozpur Zhirka	4	440	379	25,968	69	61	115	77	131	12	44
Sub total	29	3,369	2,347	1,25,453	53	1,022	1,199	424	465	176	83
Total (2007-08)		16,646	6,542	3,01,322	46	10,102	4,131	1,011	777	205	420

Appendix XXVIII

(Refer paragraph: 3.2.7.3; Page: 68)

Statement showing the number of households provided employment for more than 100 days

Name of district	Mandays generated	Households earning more than 100 days			
		Number (percentage to total households granted employment)	Total mandays earned	Average mandays earned	Percentage to total mandays generated
2006-07					
Mahendragarh	1,01,214	341 (20)	47,489	139	47
Sirsa	1,79,219	277 (7)	30,794	111	17
Total	2,80,433	618 (11)	78,283	127	28
2007-08					
Mahendragarh	67,070	165 (12)	20,864	126	31
Sirsa	1,08,799	172 (6)	22,402	130	21
Mewat	1,25,453	83 (4)	9,368	113	7
Total	3,01,322	420 (6)	52,634	125	17

Appendix XXIX

(Refer paragraph: 3.2.7.3; Page: 69)

Statement showing delayed payment of wages

Name of Block	Name of GP	Period of work done	Date of actual payment	Amount (Rupees in lakh)	Delay in months
Nagina	Gumat Bihari	15 December 2007 to 30 January 2008	20 March 2008	2.00	3
Punhana	Kotla	17 January 2008 to 31 January 2008	15 March 2008	2.50	2
Nuh	Atta	15 February 2008 to 29 February 2008	No payment was made upto 11 April 2008	0.57	2
Ferozpur Zhirka	Kolgaon	17 January 2008 to 31 January 2008	22 March 2008	1.78	2
Hathin	Khaika	October 2007	Not paid upto 17 April 2008	0.17	6
Nangal Chaudhary	16 Panchayats	December 2007 to 25 April 2008	No payment was made upto April 2008	30.88	4

Appendix XXX

(Refer paragraph: 3.2.10.1; Page: 73)

Details of ponds excavated under NREGS lying without water

Name of district	Name of block	Name of village	Expenditure (Rs in lakh)	Remarks
Sirsa	Dabawali	Ganga	25.20	Though the village already had two ponds, yet the work of digging of nine ponds was taken up without any plan to utilise them.
	Sirsa	Jhordnali	1.28	Villagers lodged complaints that one more pond was lying unused and location of this pond was not suitable and would render cultivable land useless.
	Baragudha	Panjuana	1.77	No arrangement had been made for filling the pond with water.
	Nathu Sari Chopta	Rupawas	4.95	No arrangement had been made for filling the pond with water.
	Nathu Sari Chopta	Jhoriyan	6.37	No arrangement had been made for filling the pond with water.
	Ellenabad	Talwarakhurd	3.70	Villagers complained to Deputy Commissioner that there was no need of digging of this pond as three ponds were already existing in the village and due to further digging of ponds fertile <i>shamlat</i> land of 9 acre being leased out by Gram-Panchayat could not be given on lease.
Mahendragarh	Mahendragarh	Madhogarh	10.67	The Director, Rural Development department during his inspection observed (December, 2006) that it was not a pond but had become a swimming pool as almost 80 per cent of the expenditure was incurred on material and masonry works.
	Ateli	Sagarpur	1.88	There was no need of pond in village as one pond was existing at a vicinity of 100 metres of this pond.
Mewat	Ferozpur Zhirka	Chandaka	5.00	Site location was not appropriate with the result that the pond could not be filled with rain water.
	Nagina	Nagina	6.95	The expenditure was incurred during 2007-08 on excavation of 'Bangladok pond' belonging to GP Nagina. It was noticed that pond was already leased out in January 2005 for 10 years for fish farming to a private person. Spending of funds on digging of already leased out pond was not justified.
Total			67.77	

Appendix XXXI

(Refer paragraph: 3.2.10.1; Page: 74)

Statement showing the survival of plants

Sr. No.	District	Block	Gram Panchayat	Expenditure (Rs in Lakh)	Number of saplings planted	Number of plants survived	Percentage of survival
1	Mewat	Nuh	Kotla	1.62	9,500	4,750	50
2		Nuh	Dewla Nagli	1.62	9,000	1,530	17
3	Mahendragarh	Kanina	Gudha	0.04	800	401	50
4		Narnaul	Jakhni	0.29	600	0	0
5		Mahendragarh	Bawana	0.30	3,000	299	10
Total				3.87			

Appendix XXXII

(Refer paragraph: 3.2.10.2; Page: 74)

Statement showing the works executed without technical and administrative sanctions and splitting of works

Name of district	Name of block/GP	Year	Number of works	Amount (Rs in lakh)	Remarks
Sirsa	Baragudha	2006-07	129	153.00	Technical sanctions and administrative approvals were not obtained from competent authority.
Mewat	Nagina, GP Nagina	2007-08	3	9.78	Technical sanctions and administrative approvals were not obtained from SDE and Panchayat Samitis respectively.
Mewat	Ferozpur Zhirka, GP Kolgaon	2007-08	2	9.76	Work split up in two parts to avoid sanction of EE.
Mahendragarh	Kanina, GP Baghot	2007-08	7	17.50	Work split up in two parts to avoid sanction of EE.
	Total		141	190.04	

Appendix XXXIII
(Refer Paragraph: 4.1.1; page: 95)
Details of cases of misappropriation of Government money

Sr. No.	Name of office (Period of audit)	Amount	Amount recovered	Balance to be recovered	Gist of irregularity
1.	BEO, Fatehabad (March 2006 to December 2007)	2,71,325	2,71,325	-	Undisbursed incentive money of Rs 2,71,325 returned between 26 May 2006 and 24 January 2008 by the Centre Incharges to BEO, Fatehabad had not been accounted for in the cash-book or refunded to the treasury and was, thus, mis-appropriated. The BEO, Fatehabad intimated (April/July 2008) that Rs 1,99,843 and Rs 71,482 had been deposited in the treasury on 6 February 2008 and 5 April 2008 respectively.
2.	BEO, Bawal (April 2006 to December 2007)	47,780	47,780	-	Undisbursed incentive money of Rs 47,780 returned to BEO, Bawal between August 2006 and September 2007 had neither been accounted for in the cash-book nor refunded to the treasury. Thus, Rs. 47,780 were temporarily mis-appropriated. The BEO, Bawal intimated (January 2008) that the total amount had been deposited in the treasury on 16 January 2008
3.	BEO, Asandh (July 2005 to June 2007)	48,750	48,750	-	As per cash-book of BEO, Asandh, undisbursed incentive money of Rs 48,750 (Rs 32,750 + Rs 9,000 + Rs 7,000) was shown as deposited in the treasury on 31 March 2007 but the same was not actually done. The BEO, Asandh intimated (December 2007/ July 2008) that Rs 15,600 were sent to two schools on 31 March 2007 on the basis of demand received from them and Rs 33,150 had been deposited in the treasury on 17 August 2007. Further, verification of facts revealed that the cuttings were made in the cash book and payment of Rs 15,600 (Rs 8,100 + Rs 7,500) were shown as disbursed on 31 March 2007 whereas these amounts were disbursed to these schools after being pointed out in audit (July 2007) i.e. Rs 8,100 were actually disbursed on 27 September 2007 and Rs 7,500 were got received without any date.
4.	BEO, Ratia (March 2006 to December 2007)	14,830	14,830	-	Undisbursed incentive money of Rs 14,830 returned to BEO, Ratia between January 2007 and February 2008 by the Centre Incharges had not been accounted for in the cash-book or refunded to the treasury and was thus temporarily mis-appropriated. The BEO, Ratia intimated (April 2008) that total amount had been deposited in the treasury on 24 March 2008.

Sr. No.	Name of office (Period of audit)	Amount	Amount recovered	Balance to be recovered	Gist of irregularity
		(In Rupees)			
5.	BEO, Uchana (September 2004 to May 2006)	72,325	-	72,325	Incentive money of Rs 3,25,000 drawn from the treasury vide bills number 117 and 119 dated 09 September 2004 was shown as disbursed to Centre Incharges for disbursement amongst students. But only Rs 2,52,675 were actually disbursed to various Centre Incharges. Undisbursed amount of Rs 72,325 had neither been accounted for in the cash-book nor refunded to the treasury. The BEO, Uchana stated (June 2006/August 2008) that efforts were being made to recover the amount. But the amount had not been recovered so far (August 2008).
Total		4,55,010	3,82,685	72,325	

Appendix XXXIV
(Refer paragraph: 4.3.2; Page: 114)

Details of inadmissible payment to dependents of deceased Government employees

(Rupees in lakh)

Sr. No.	Name of the office	Number of cases	Period of payment	Amount of financial assistance paid
1	2	3	4	5
1.	S. P., Ambala	9	August 2006 to December 2007	13.86
2.	S. P., Bhiwani	3	August 2006 to February 2007	1.71
3.	S. P., Faridabad	3	August 2006 to December 2007	3.86
4.	S. P., Fatehabad	2	August 2006 to November 2007	3.08
5.	S. P., Hisar	7	August 2006 to March 2008	14.54
6.	S. P., Jhajjar	3	August 2006 to January 2008	4.66
7.	S. P., Jind	4	March 2007 to November 2007	2.96
8.	S. P., Kaithal	5	August 2006 to September 2007	7.02
9.	S. P., Kurukshetra	1	August 2006 to September 2007	1.37
10.	Commandant 2 nd Battalion, HAP, Madhuban	2	August 2006 to July 2007	2.24
11.	Commandant 4 th Battalion, HAP, Madhuban	1	August 2006 to October 2007	1.71
12.	S. P., Narnaul	5	August 2006 to February 2008	10.04
13.	S. P., (Telecommunication), Panchkula	2	May 2005 to September 2007	4.49
14.	S. P., Rewari	1	August 2006 to January 2008	3.56
15.	S. P., Sonipat	6	August 2006 to February 2008	12.57
16.	S.P., Sirsa	4	August 2006 to November 2007	5.68
17.	S. P., Yamunanagar	3	August 2006 to June 2007	3.20
Total		61		96.55

APPENDIX XXXV

(Refer Paragraph: 4.5.2.1; Page: 126)

Details of outstanding items in test checked divisions

Sr. No.	Category	Irrigation		B&R		WSS		Total	
		Number of items	Amount	Number of items	Amount	Number of items	Amount	Number of items	Amount
(Rupees in crore)									
1.	Suspected embezzlement/ Misappropriation of Government money	--	--	--	--	1	0.03	1	0.03
2.	Advance payments to firms, suppliers awaiting receipt of material or adjustment	19	0.10	105	7.70	73	4.86	197	12.66
3.	Amount recoverable from officials/officers on account of shortage/non-accountal of material	336	0.82	189	0.16	158	0.14	683	1.12
4.	Amount recoverable from various firms/suppliers/ contractors on account of short/ non-supply of material, excess payments to contractors, etc.	127	0.69	128	6.45	278	2.36	533	9.50
5.	Amount outstanding against other divisions/departments	48	1.30	69	0.18	59	22.14	176	23.62
6.	Amount recoverable from AEs/JEs on account of unauthorised expenditure incurred by them	--	--	11	0.01	1	0.01	12	0.02
7.	Miscellaneous items	7	2.65	31	0.24	18	0.33	56	3.22
Total		537	5.56	533	14.74	588	29.87	1,658	50.17

Appendix XXXVI

(Refer paragraph: 4.6.1; page: 132)

Statement showing the names of Departments where Action Taken Notes were awaited

Sr. No.	Name of Administrative Department	Year of Audit Report	Para Number	Number of paragraphs	Total
1.	Agriculture Department	2006-07	3.1,4.3.2,4.3.4	3	3
2.	Education Department	2006-07	3.4,4.3.3	2	2
3.	Environment Department	2006-07	3.3,4.2.3	2	2
4.	Excise and Taxation Department	2006-07	4.3.6*	1	1
5.	Finance Department	2006-07	4.5.7,4.6.2	2	2
6.	Food and Supply Department	2006-07	4.3.5	1	1
7.	General Administration Department	2006-07	4.4.2	1	1
8.	Home Department (Police)	2006-07	4.2.2**,4.3.6*, 4.5.2	2	2
9.	Irrigation Department	2004-05 2006-07	3.2 4.2.1,4.2.2**, 4.5.5	1 2	3
10.	Industries Department	2006-07	5.1	1	1
11.	Medical and Health Department	2006-07	4.3.6*, 4.5.3,4.6.1	2	2
12.	Public Works Department (Buildings and Roads)	2006-07	4.3.1,4.5.4	2	2
13.	Water Supply and Sanitation Department	2006-07	3.2,4.2.2**	1	1
14.	Revenue Department	2006-07	4.5.1	1	1
15.	Town and Country Planning (HUDA)	2004-05 2006-07	4.2.1 4.2.2**, 4.4.3	1 1	2
16.	Urban Development Department	2005-06	4.4.1	1	1
17.	Planning Department.	2005-06	4.2.10	1	1
Total				28	28

* Paragraph appears against three departments.

** Paragraph appearing against four departments

Appendix XXXVII

(Refer paragraph: 4.6.1; page: 132)

List of paragraphs where recovery has been pointed out but no action has been taken by the Administrative Departments

Sr. No.	Name of Administrative Department	Year of Audit Reports	Paragraph Number	Amount (Rupees in lakh)
1.	Agriculture	2000-01	6.3	40.45
			6.6	30.60
2.	Animal Husbandry	2000-01	3.4	21.96
		2001-02	6.3	747.00
3.	Finance	2001-02	3.3	5.62
4.	Food and Supplies	2002-03	4.6.8	23.89
5.	Rural Development (DRDA)	2001-02	6.1.11	0.54
		2003-04	4.5.1	273.00
6.	Town and Country Planning (HUDA)	2000-01	3.16	15,529.00
		2001-02	6.10	4,055.00
Total			10	20727.06

Appendix XXXVIII

(Refer paragraph: 4.6.1; page: 132)

Details of outstanding recommendations of Public Accounts Committee on which the Government is yet to take final decision

Sr. No.	PAC Report	Total No. of outstanding recommendations
1	7 th	1
2	9 th	1
3	11 th	1
4	14 th	1
5	16 th	1
6	18 th	1
7	19 th	1
8	21 st	1
9	22 nd	3
10	23 rd	2
11	25 th	5
12	26 th	2
13	28 th	3
14	29 th	4
15	32 nd	9
16	34 th	5
17	36 th	12
18	38 th	9
19	40 th	12
20	42 nd	17
21	44 th	19
22	46 th	11
23	48 th	7
24	50 th	51
25	52 nd	32
26	54 th	19
27	56 th	27
28	58 th	49
29	60 th	93
30	61 st	30
31	62 nd	34
Total		463

Appendix XXXIX

(Refer paragraph: 4.6.1; Page: 132)

Statement showing year wise breakup of outstanding Inspection Reports and Paragraphs

Sr. No.	Year	Inspection Reports	Paragraphs	Amount (Rupees in crore)
1.	1998-99	13	21	1.96
2.	1999-2000	22	53	5.62
3.	2000-01	15	31	1.17
4.	2001-02	25	54	5.38
5.	2002-03	29	57	3.31
6.	2003-04	25	43	3.61
7.	2004-05	38	87	8.99
8.	2005-06	34	78	4.35
9.	2006-07	38	126	26.66
10.	2007-08	22	74	15.71
	Total	261	624	76.76

Appendix XL
(Refer paragraph: 4.6.1; Page: 132)
Detail of serious irregularities pointed out through outstanding
Inspection Reports

Sr. No.	Nature of Irregularities	Number of Paragraphs	Amount (Rupees in crore)	Period
1.	Non-obtaining/non-production of utilisation certificate and wanting actual payees receipts from firms/departments	88	3.41	April 1998 to March 2008
2.	Non-recovery/short-recovery/outstanding recovery of loan/seed and margin money/interest free loan/subsidy	37	18.09	-do-
3.	Excess/irregular/wasteful expenditure on pay and allowances	137	11.46	-do-
4.	Irregular/wasteful/unfruitful/expenditure	78	6.89	-do-
5.	Non-production/Non-maintenance of records	28	1.46	-do-
6.	Non-condemnation of old/unserviceable articles/vehicles and non-disposal of condemned store articles/vehicles	29	0.46	-do-
7.	Irregular retention/Misutilisation/Non-utilisation of Government money/funds/ loans/ blockade of Government funds and excess expenditure over budget	54	10.78	-do-
8.	Non-adjustment of advance payments/ advances	10	2.02	-do-
9.	Miscellaneous irregularities/Cash-book	163	22.19	-do-
	Total	624	76.76	