



**REPORT**

OF THE

**COMPTROLLER**

AND

**AUDITOR GENERAL OF INDIA**

**For the Year 1979—80**

**(CIVIL)**

*( Presented on 16-3-82 )*

**Government of Haryana**

REPORT

COMPTROLLER

AT DIRECTOR GENERAL OF INDIA

For the year 1979-80

(PART I)

(Number 138)

Government of India

## TABLE OF CONTENTS

	Paragraph (s)	Page (s)
Prefatory Remarks		(ix)
<b>CHAPTER I</b>		
<b>General</b>		
Summary of transactions	.. 1.1	1—3
Revenue surplus/deficit	.. 1.2	3—4
Revenue receipts	.. 1.3	4—6
Expenditure on revenue account	.. 1.4	6—7
Expenditure on capital account	.. 1.5	7—8
Loans and advances by the Government	.. 1.6	8—12
Sources of funds for capital expenditure and for net outgo under loans and advances	.. 1.7	12—13
Debt position	.. 1.8	13—15
Investments	.. 1.9	15—16
Guarantees given by the Government	.. 1.10	16—17
Plan performance	.. 1.11	17
Growth of non-Plan expenditure	.. 1.12	17—18
Financial results of Western Jamuna Canal (including remodelling)	.. 1.13	18
<b>CHAPTER II</b>		
<b>Appropriation Audit and Control over Expenditure</b>		
Summary	.. 2.1	19—20
Excess over grants/charged appropriations requiring regularisation	.. 2.2	20—23
Supplementary grants/charged appropriations	.. 2.3	24—25
Savings in grants/charged appropriations	.. 2.4	25—28
Advances from Contingency Fund	.. 2.5	28
Non-receipt of explanations for savings/excesses	.. 2.6	28—29
Shortfall/excess in recoveries	.. 2.7	29
Drawal of funds in advance of requirements	.. 2.8	29
<b>CHAPTER III</b>		
<b>Civil Departments</b>		
<b>Revenue Department—</b>		
Food for work programme	.. 3.1	30—38

## (ii)

	Paragraph (s)	Page (s)
<b>Agriculture Department—</b>		
Intensive Oil Seeds Development Programme	.. 3.2	38—45
Loss due to leakage of pesticides	.. 3.3	45—46
<b>Animal Husbandry Department—</b>		
Intensive cattle development project	.. 3.4	46—51
<b>Home Department—</b>		
Police hospital	.. 3.5	51—52
<b>Industries Department—</b>		
Industrial estates	.. 3.6	52—54
Design centre for fancy leather goods, Rewari	.. 3.7	54—55
Supply of sub-standard material	.. 3.8	55
<b>Industrial Training Department—</b>		
Industrial Training Institutes	.. 3.9	55—60
<b>Technical Education Department—</b>		
Polytechnics	.. 3.10	60—63
<b>Medical and Health Department—</b>		
Drugs control in Haryana	.. 3.11	63—68
Mobile dispensaries in Haryana	.. 3.12	69—73
<b>General—</b>		
Misappropriations, defalcations, etc.	.. 3.13	74
Write off of losses, revenue, etc.	.. 3.14	74

## CHAPTER IV

## Works Expenditure

<b>Irrigation Department—</b>		
Remodelling and lining of Hansi Branch	.. 4.1	75—77
Construction of Sewana Majra Minor	.. 4.2	77
Penal recovery of cost of coal issued to kiln contractors in excess of requirements	.. 4.3	77—78
Acquisition of land	.. 4.4	79

## CHAPTER V

## Stores and Stock

Synopsis of important stores accounts	.. 5.1	80—82
Stores accounts of Public Works divisions	.. 5.2	82—85

(iii)

	Paragraph (s)	Page (s)
Physical verification of stores	.. 5.3	85
<b>Medical and Health Department—</b>		
Shortages in stores	.. 5.4	85—86
Idle machinery	.. 5.5	86—87
<b>Irrigation/Buildings and Roads Departments—</b>		
Shortages	.. 5.6	87—89

## CHAPTER VI

### Government Commercial and Trading Activities

Section A—General	.. 6.1	90
Section B—Statutory Corporations	.. 6.2	90
<b>Haryana State Electricity Board—</b>		
General	.. 6.3	90—91
Financial position	.. 6.4	92
Working results	.. 6.5	93—94
Operational performance	.. 6.6	94—96
Manufacture and performance of transformers	.. 6.7	96—114
Maintenance and protection organisation	.. 6.8	114—117
Rural Electrification Schemes	.. 6.9	117—125
Extra expenditure	.. 6.10	125—126
Extra expenditure in the construction of staff quarters	.. 6.11	126—127
Arrears of electricity dues	.. 6.12	127—128
Misappropriations, defalcations, etc.	.. 6.13	128
Outstanding inspection reports	.. 6.14	128—129
Outstanding audit objections	.. 6.15	129
<b>Other Statutory Corporations—</b>		
<b>Haryana Financial Corporation—</b>		
General	.. 6.16	130—134
Ex-gratia payments to the employees	.. 6.17	134—135
Haryana Warehousing Corporation	.. 6.18	136—139
<b>Section C—Government Companies</b>		
General	.. 6.19	140—144
Haryana Tanneries Limited	.. 6.20	144—162
Haryana Tourism Corporation Limited	.. 6.21	162—177

	Paragraph (s)	Page (s)
<b>Haryana Seed Development Corporation Limited—</b>		
Purchase of hybrid bajra	.. 6.22	177—178
Sale of wheat seed	.. 6.23	178—179
<b>Section D—Departmentally managed</b>		
<b>Government Commercial/quasi-commercial undertakings</b>		
General	.. 6.24	179—185
<b>Transport Department—</b>		
Theft of cash	.. 6.25	185
<b>Transport/Printing and Stationery Departments—</b>		
Avoidable expenditure	.. 6.26	185—186
<b>Seed Depot Scheme—</b>		
Alleged mis-appropriation of cash and stores	.. 6.27	186
<b>CHAPTER VII</b>		
<b>Financial Assistance to Local Bodies and Others</b>		
Grants	.. 7.1	187—188
Utilisation certificates	.. 7.2	188
Unspent balances of grants paid to local bodies	.. 7.3	188—189
Bodies and authorities substantially financed by Government grants and loans	.. 7.4	189—190
<b>Section II—</b>		
General	.. 7.5	190
<b>Medical and Health Department—</b>		
Grant to the Ayurvedic Development Board	.. 7.6	190—191
Grants to Post Graduate Institute of Medical Education and Research, Chandigarh	.. 7.7	191
<b>Sports Department—</b>		
Grants for sports competitions	.. 7.8	192
<b>Industries Department—</b>		
Excess grants	.. 7.9	193—194

	Paragraph (s)	Page (s)
<b>Public Health Department—</b>		
Grants/Loans for water supply and sewerage schemes	.. 7.10	194—197
<b>Agriculture Department—</b>		
Excess release/payment of financial assistance	.. 7.11	197—200
<b>Housing Department—</b>		
Non-utilisation of loan	... 7.12	200
<b>Section III—</b>		
<b>Industries Department—</b>		
Haryana Khadi and Village Industries Board	.. 7.13	201—205
<b>Section IV—</b>		
<b>Co-operation Department—</b>		
Financial assistance to co-operative societies	.. 7.14	205—206
Co-operative banks	.. 7.15	206—207
Co-operative consumers stores	.. 7.16	207—209
Haryana State Federation of Consumers Co-operative Wholesale Stores Limited, Chandigarh	.. 7.17	209—210

## CHAPTER VIII

### Outstanding audit observations and inspection reports

Outstanding audit observations	.. 8.1	211—214
Outstanding inspection reports	.. 8.2	214—217

1912

1912

1912

1912

1912

1912

1912

1912

1912

1912

1912

1912

1912

1912

1912

1912

1912

1912

1912

1912

1912



## APPENDICES

	Page (s)
I Significant variations in revenue expenditure during 1979-80 over the previous year under broad sectors ..	221—222
II Significant variations in capital expenditure during 1979-80 over the previous year under broad sectors ..	223
III Savings (more than Rs. 10 lakhs in each case) under grants and charged appropriations ..	224
IV Significant cases of shortfall/excess in recoveries ..	225—226
V Drawal of funds in advance of requirements ..	227—229
VI Cases of misappropriations, defalcations, etc., under departmental investigation or criminal prosecution ..	230—231
VII Losses due to theft, fire, irrecoverable revenue, duties, etc., written off/recoveries waived during 1979-80	232
VIII Summarised financial results of Statutory Corporations ..	234—235
IX Summarised financial results of Government Companies ..	236—239
X Summarised financial results of Government Commercial/ <i>Quasi-Commercial</i> Departmental Undertakings ..	240—241
XI Utilisation certificates for grants paid up to 31st March 1979 outstanding as on 30th September 1980 ..	242

CONTENTS

185-186	Introduction
187-188	Chapter I. The Department of Agriculture
189-190	Chapter II. The Department of Commerce
191-192	Chapter III. The Department of Education
193-194	Chapter IV. The Department of Health
195-196	Chapter V. The Department of Labor
197-198	Chapter VI. The Department of Justice
199-200	Chapter VII. The Department of State
201-202	Chapter VIII. The Department of War
203-204	Chapter IX. The Department of the Interior
205-206	Chapter X. The Department of the Navy
207-208	Chapter XI. The Department of the Army

## PREFATORY REMARKS

This Report has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for 1979-80 together with other points arising from audit of financial transactions of the Government of Haryana. It also includes certain points of interest arising from the Finance Accounts for the year 1979-80.

The Report containing the observations of Audit on Revenue Receipts is being presented separately.

The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during 1979-80 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 1979-80 have also been included, wherever considered necessary.

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

PRELIMINARY REMARKS

The Commission has been requested to submit to the Government a report on the state of the economy in the year 1934. The Commission has the honor to acknowledge the interest of the Government in the work of the Commission and to express its appreciation for the facilities and information which have been placed at its disposal.

The report contains a summary of the work of the Commission during the year 1934 and a statement of the results of its investigations.

The Commission has endeavored to give a full and accurate account of the state of the economy in the year 1934. It has done this by a study of the various branches of the economy and by a comparison of the results of its investigations with the results of the investigations of other countries.

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## CHAPTER I

### GENERAL

#### 1.1. Summary of transactions

A summary of transactions of the Government of Haryana during 1979-80 is given below with the corresponding figures for the preceding year :—

	1978-79	1979-80
	<i>(in crores of rupees)</i>	
<b>(1) Revenue—</b>		
Revenue raised by the State Government	2,63.96	3,09.09
Receipts from the Government of India	70.87	93.04
<b>Total Revenue</b>	3,34.83	4,02.13
Revenue expenditure		
Non-Plan	2,31.85	2,69.96
Plan	49.77	47.84
<b>Total Revenue expenditure</b>	2,81.62	3,17.80
<b>Revenue surplus (+)</b>	(+) <b>53.21</b>	(+) <b>84.33</b>
<b>(2) Debt—</b>		
<b>(i) Internal Debt—</b>		
Receipts	1,11.17	1,50.25
Repayments	99.78	1,30.83
<b>Increase(+)</b>	(+) <b>11.39</b>	(+) <b>19.42</b>

1978-79      1979-80  
(in crores of rupees)

(ii) Loans from the Central Government—		
Receipts	61.17	60.07
Repayments	23.92	25.48
Increase(+)	<u>(+)37.25</u>	<u>(+)34.59</u>
Total Debt (net)—		
Increase(+)	(+)48.64	(+)54.01
(3) Capital expenditure—		
Non-Plan	(—)2.84	8.69
Plan	83.28	98.98
Increase(—)	<u>(—)80.44</u>	<u>(—)1,07.67</u>
(4) Loans and Advances by the State Government—		
Recoveries	4.35	9.57
Disbursements	68.92	56.66
Net outgo(—)	<u>(—)64.57</u>	<u>(—)47.09</u>
(5) Transfer to Contingency Fund (net)—	..	(—)7.00
(6) Contingency Fund (net)—		
Increase(+)/Decrease(—)	(—)1.81	(+)8.38
(7) Public Account—		
Receipts	5,00.34	5,19.69
Disbursements	4,47.77	5,11.25
Increase(+)/Decrease(—)	<u>(+)52.57</u>	<u>(+)8.44</u>

	1978-79	1979-80
	<i>(in crores of rupees)</i>	
(8) Inter-State Settlement (net)—	(—)1.36	...
Net deficit(—)/surplus(+) during the year	(+)6.24	(—)6.60
Opening cash balance	(—)11.66	(—)5.42
Net deficit(—)/surplus(+) as above	(+)6.24	(—)6.60
Closing cash balance	(—)5.42	(—)12.02*

### 1.2. Revenue surplus/deficit

(a) *Revenue receipts* —The actuals of revenue receipts for 1979-80 as compared with (i) the budget estimates and (ii) the budget estimates *plus* additional taxation during the year alongwith the corresponding figures for 1977-78 and 1978-79 are shown below :—

Year	Budget	Budget plus additional taxation	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
<i>(in crores of rupees)</i>					
1977-78	2,94.05	2,95.81	2,95.84	(+)0.03	..
1978-79	3,31.92	3,35.14	3,34.83	(—)0.31	..
1979-80	3,91.95	3,98.16	4,02.13	(+)3.97	1

\*Comprises mainly Deposits with Reserve Bank. There was a difference of Rs. (—)1.07 crores between the figure reflected in the accounts (Rs. (—)12.02 crores) and that intimated by the Reserve Bank (Rs. (—) 10.95 crores) regarding "Deposits with Reserve Bank" (included in the cash balance). Difference to the extent of Rs. 0.88 crore has since been reconciled. The remaining difference is under reconciliation (February 1981).

The receipts in 1979-80 exceeded the budget estimates *plus* additional taxation mainly under State Excise (Rs. 16.52 crores) and Taxes on Goods and Passengers (Rs. 2.10 crores) partly offset by decrease under Interest (Rs. 3.78 crores), Road and Water Transport Services (Rs. 2.41 crores), Multipurpose River Projects (Rs. 1.83 crores), Irrigation, Navigation, Drainage and Flood Control Projects (Rs. 1.77 crores) and Taxes and Duties on Electricity (Rs. 1.75 crores).

(b) *Expenditure on revenue account*—The expenditure on revenue account as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provision during the year alongwith the corresponding figures for 1977-78 and 1978-79 is shown below :—

Year	Budget	Budget plus supple- mentary	Actuals	Variation between columns (4) and (3)	
				Amount	Percent- age
(1)	(2)	(3)	(4)	(5)	(6)
(in crores of rupees)					
1977-78	2,38.91	2,49.22	2,31.05	(—)18.17	8
1978-79	2,78.20	2,99.05	2,81.62	(—)17.43	6
1979-80	3,28.97	3,64.63	3,17.80	(—)46.83	13

(c) The year ended with a revenue surplus of Rs. 84.33 crores against the surplus of Rs. 62.98 crores anticipated in the budget. In 1978-79 and 1977-78 also, there was surplus of Rs. 53.21 crores and 64.79 crores respectively.

### 1.3. Revenue receipts

(i) Revenue receipts during 1979-80 (Rs. 4,02.13 crores) increased by Rs. 67.30 crores over those in 1978-79 (Rs. 3,34.83



crores) as shown below :—

(1)	Receipts		Increase(+) / Decrease (—)
	1978-79 (2)	1979-80 (3)	(4)
<i>(in crores of rupees)</i>			
(i) Revenue raised by the State Government—			
(a) Tax revenue	1,70.57	1,97.30	(+)26.73
(b) Non-tax revenue	93.39	1,11.79	(+)18.40
(ii) Receipts from the Government of India—			
(a) Share of net proceeds of—			
(i) Taxes on income other than Corporation Tax	12.51	15.73	(+)3.22
(ii) Union Excise Duties	20.20	38.17	(+)17.97
(iii) Estate Duty	0.35	0.16	(—)0.19
Total(a)	33.06	54.06	(+)21.00
(b) Grants—			
(i) Non-Plan grants	3.67	10.96	(+)7.29
(ii) Grants for State Plan schemes	19.60	13.54	(—)6.06
(iii) Grants for Central Plan schemes	6.05	4.84	(—)1.21
(iv) Grants for Centrally sponsored Plan schemes	8.49	9.64	(+)1.15
Total(b)	37.81	38.98	(+)1.17
Total (i) and (ii)	3,34.83	4,02.13	(+)67.30

The receipts from the Government of India during 1979-80 (Rs. 93.04 crores) formed 23 per cent of the total revenue receipts in the year.

(ii) According to the information furnished by some departments, arrears in collection of revenue at the end of March 1980 were Rs. 22.05 crores (Sales Tax : Rs. 11.14 crores; Multi-purpose River Projects, Irrigation, Navigation, Drainage and

Flood Control Projects: Rs. 3.08 crores; Electricity Duty : Rs. 2.61 crores; State Excise : Rs. 2.60 crores; and other revenue : Rs. 2.62 crores).

More information on the subject will be found in the Report of the Comptroller and Auditor General of India for the year 1979-80, Revenue Receipts—Government of Haryana.

#### 1.4. Expenditure on revenue account

The following table compares the expenditure on revenue account during 1979-80 under broad headings with the provision of funds made thereunder and also with the expenditure during 1978-79 :—

Head of expenditure	Plan				Non-Plan			
	Budget estimates	Budget plus supplementary	Actuals *	Variations	Budget estimates	Budget plus supplementary	Actuals *	Variations
	( in crores of rupees )							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A—General Services	1.49	1.49	1.11 (0.89)	(—) 0.38	78.92	83.68	67.25 (74.61)	(—) 16.43
B—Social and Community Services	28.86	29.50	25.80 (24.50)	(—) 3.70	69.53	86.42	78.15 (60.28)	(—) 8.27
C—Economic Services—								
(a) General Economic Services	1.12	1.12	1.01 (0.61)	(—) 0.11	2.37	2.37	2.15 (1.82)	(—) 0.22
(b) Agriculture and Allied Services	29.79	30.79	16.90 (21.78)	(—) 13.89	18.39	30.72	30.28 (15.63)	(—) 0.44
(c) Industry and Minerals	3.22	3.22	2.41 (1.67)	(—) 0.81	0.98	0.98	0.82 (0.91)	(—) 0.16
(d) Water and Power Development	6.63	6.63	.. (A)	(—) 6.63	37.52	37.52	39.59 (32.59)	(+) 2.07
(e) Transport and Communications	1.08	1.12	0.61 (0.32)	(—) 0.51	48.56	48.56	51.31 (45.52)	(+) 2.75
D—Grants-in-aid and Contributions	..	..	..	..	0.51	0.51	0.41 (0.49)	(—) 0.10
Total	72.19	73.87	47.84 (49.77)	(—) 26.03	2,56.78	2,90.76	2,69.96 (2,31.85)	(—) 20.80

\*The figures within brackets indicate the expenditure during 1978-79.

(A) Rupees 1,020 only.

The shortfall in non-Plan expenditure (Rs. 20.80 crores) was 7.2 per cent of the provision whereas the shortfall (Rs. 26.03 crores) in Plan expenditure was 35.2 per cent of the provision.

Significant variations in expenditure during 1979-80 over the previous year, under broad sectors, are analysed in Appendix I.

### 1.5. Expenditure on capital account

(i) The capital expenditure during the three years ending 1979-80 as compared with (i) the budget estimates and (ii) the budget estimates *plus* supplementary provision is given below:—

Year	Budget	Budget plus supplementary	Actuals	Variation between columns (4) and (3)	
				Amount	Percentage
(1)	(2)	(3)	(4)	(5)	(6)
			(in crores of rupees)		
1977-78	63.95	69.28	52.10	(—)17.18	25
1978-79	94.14	99.54	80.44	(—)19.10	19
1979-80	94.46	98.13	1,07.67	(+)9.54	10

(ii) The following table compares the expenditure on capital account during 1979-80 under broad headings with the provision of funds made thereunder:—

Head of expenditure	Plan				Non-Plan			
	Budget estimates	Budget plus supplementary	Actuals *	Variations	Budget estimates	Budget plus supplementary	Actuals *	Variations
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	( in crores of rupees )							
A—General Services	1.37	1.38	1.42 (1.62)	(+)0.04	0.03	0.03	0.03 (0.03)	..
B—Social and Community Services	4.74	4.74	3.49 (2.33)	(—)1.25	..	0.45	1.09 (0.40)	(+)0.64

\*The figures within brackets indicate the expenditure during 1978-79.

(1)	(2)	(3)	(4)*	(5)	(6)	(7)	(8)*	(9)
(in crores of rupees)								
C—Economic Services—								
(a) General Economic Services								
	4.15	5.15	4.93 (2.41)	(-)0.22	..	..	0.01 (0.30)	(+)0.01
(b) Agriculture and Allied Services								
	1.58	1.58	2.27 (1.98)	(+)0.69	(-)0.43	1.78	7.42 (-3.81)	(+)5.64
(c) Industry and Minerals								
	1.81	1.81	1.48 (1.52)	(-)0.33	..	..	(B) (0.12)	..
(d) Water and Power Development								
	72.44	72.44	65.55 (64.63)	(-)6.89	0.04	0.04	0.06 (0.02)	(+)0.02
(e) Transport and Communications								
	8.57	8.57	19.84 (8.79)	(+)11.27	0.16	0.16	0.08 (0.10)	(-)0.08
Total	94.66	95.67	98.98 (83.28)	(+) 3.31	(-)0.20	2.46	8.69 (-2.84)	(+)6.23

The excess (Rs. 3.31 crores) in Plan expenditure was 3.5 per cent of the provision and in non-Plan expenditure (Rs. 6.23 crores) was 253 per cent of the provision. The excess expenditure under non-Plan occurred mainly under Agriculture and Allied Services due mainly to more expenditure on procurement and supply of food. The excess expenditure over Plan provision was mainly under Transport and Communications due to more expenditure on Roads and Bridges.

Significant variations in expenditure during 1979-80 over the previous year, under broad sectors, are given in Appendix II.

### 1.6. Loans and advances by the Government

(i) The actuals of disbursement of loans and advances by the Government in 1979-80 as compared with the budget estimates and the budget estimates *plus* supplementary provision

\*The figures within brackets indicate the expenditure during 1978-79,  
(B) Rupees 797 only.

alongwith the corresponding figures for 1977-78 and 1978-79 are shown below :—

Year	Budget	Budget plus suppleme- ntary	Actuals	Variation between columns (4) and (3)	
				Amount	Percent- age
(1)	(2)	(3)	(4)	(5)	(6)
		(in crores of rupees)			
1977-78	41.15	41.15	39.23	(—)1.92	5
1978-79	51.42	71.91	68.92	(—)2.99	4
1979-80	57.95	57.95	56.66	(—)1.29	2

The saving (column 5) during the year was mainly due to release of less loan for Power Projects (Rs. 10.59 crores) partly offset by larger loans for Co-operation (Rs. 5.31 crores) and for Agriculture (Rs. 4.34 crores).

(ii) The budget and the actuals of recoveries of loans and advances for the three years ending 1979-80 are given below :—

Year	Budget	Actuals	Variation	
			Amount	Percent- age
(1)	(2)	(3)	(4)	(5)
	(in crores of rupees)			
1977-78	8.38	5.21	(—)3.17	38
1978-79	11.08	4.35	(—)6.73	61
1979-80	10.06	9.57	(—)0.49	5

The decrease in recoveries was mainly under Loans to General Financial and Trading Institutions (Rs. 0.96 crore), Loans for Housing (Rs. 0.87 crore) and Loans for Village and Small Industries (Rs. 0.25 crore), partly offset by more realisation under Loans for Co-operation (Rs. 0.99 crore) and Loans for Agriculture (Rs. 0.59 crore).

(iii) The details of disbursements of loans and advances and recoveries made during the three years ending 1979-80

under different categories together with the outstandings at the beginning/end of each year are indicated below :—

Categories	1977—78			1978—79			1979—80			Outstanding balance on 31st March 1980
	Outstanding balance on 1st April 1977	Loans disbursed	Loans recovered	Outstanding balance on 31st March/ 1st April 1978	Loans disbursed	Loans recovered	Outstanding balance on 31st March/ 1st April 1979	Loans disbursed	Loans recovered	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
( in crores of rupees )										
(i) Loans for Social and Community Services	16.78	2.17	0.75	18.20	3.32	0.76	20.76	3.70	0.89	23.57
(ii) Loans for Economic Services—										
(a) General Economic Services	0.53	1.20	0.09	1.64	6.10	0.11	7.63	5.72	3.14	10.21
(b) Agriculture and Allied Services	7.29	4.14	3.53	7.90	10.17	2.59	15.48	11.81	4.51	22.78
(c) Industry and Minerals	0.10	0.16	**	0.26	0.29	***	0.55	0.21	..	0.76
(d) Water and Power Development	1,88.10	30.14	..	2,18.24 *2.46	47.41	..	2,68.11	33.53	..	3,01.64 <sup>@</sup>
(e) Transport and Communications	0.33	0.02	0.02	0.33	..	0.02	0.31	..	0.02	0.29
Total (ii)	1,96.35	35.66	3.64	2,28.37 *2.46	63.97	2.72	2,92.08	51.27	7.67	3,35.68
(iii) Loans to Government Servants	4.25	1.40	0.81	4.84	1.63	0.87	5.60	1.69	1.01	6.28
(iv) Loans for miscellaneous purposes	..	..	..	..	..	..	..	..	..	..
Total	2,17.38	39.23	5.20	2,51.41 *2.46	68.92	4.35	3,18.44	56.66	9.57	3,65.53

\* Adopted *pro forma* due to allocation of balances under the Punjab Reorganisation Act, 1966.

\*\* Rupees 950 only.

\*\*\* Rupees 3,433 only.

@ Represents loans outstanding against the Haryana State Electricity Board. According to the Board's accounts, Rs. 3,63.65 crores were outstanding which included Rs. 64.24 crores adopted *pro forma* by the Board in respect of its share in the liability of the composite Punjab State Electricity Board as on 31st March 1967. The remaining difference of Rs. (—) 2.23 crores is under reconciliation.

## (iv) Recoveries in arrears

(a) The Audit Office maintains the detailed accounts of some of the loans and advances. Of these loans, recovery of Rs. 17.14 crores towards principal and Rs. 0.44 crore towards interest was in arrears at the end of March 1980 in respect of the following :—

	<i>Years in which amounts fell due</i>	<i>Principal</i>	<i>Interest</i>
	(1)	(2)	(3)
	<i>(in lakhs of rupees)</i>		
Loans for Public Health, Sanitation and Water Supply— Loans under the National Water Supply and Sanitation Scheme	1966-67 to 1979-80	23.23	35.46
Loans for Urban Develop- ment—			
(i) Loans to Improvement Trusts	1975-76 to 1979-80	10.86	3.87
(ii) Loans to Municipalities under the <i>Ad hoc</i> Revenue Earning Scheme	1971-72 to 1979-80	4.29	5.01
Loans for Power Projects—			
Loans to the Haryana State Electricity Board	1969-70 to 1979-80	16,75.20	Penal rate for in- terest had not yet been decided

(1) (2) (3)  
(in lakhs of rupees)

by the  
Government (October 1980).  
Rupees 8.95  
crores have  
been paid  
towards  
interest so  
far.

Total	17,13.58	44.34
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(b) The departmental officers maintain the detailed accounts of other loans and advances. According to the orders issued by the Government, the administrative departments are required to intimate to Audit by July every year the arrears (as on 31st March) in recovery of principal and interest on loans. The matter was referred to the Heads of Departments in May 1980 and again in August/September 1980, replies are awaited (December 1980). Out of 93 statements due from 14 departmental officers, only 12 statements were received. According to these statements, recovery of Rs. 1,12.89 lakhs (principal : Rs. 55.15 lakhs and interest : Rs. 57.74 lakhs) was in arrears on 31st March 1980. Year-wise break-up of the arrears has not been intimated (December 1980).

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

The sources from which the capital expenditure (Rs. 1,07.67 crores) and the net expenditure under "Loans and advances by the State Government" (Rs. 47.09 crores) during 1979-80 were met are shown below :—

(in crores of rupees)

#### I. Net addition to

(i) Internal Debt of the State Government	(+)19.42
(ii) Loans from the Central Government	(+)34.59



(iii) Small Savings, Provident Funds, etc.	(+)12.91
II. Miscellaneous (mainly deposits, etc., received by Government <i>less</i> amounts refunded)	(—)4.47
III. Cash balance—decrease	(+)6.60
IV. Contingency Fund	(+)8.38
V. Appropriations to Contingency Fund	(—)7.00
VI. Revenue Surplus	(+)84.33
VII. Net amount available for expenditure	1,54.76

### 1.8. Debt position

(a) The total debt liability of the Government at the close of 1979-80 was Rs. 6,57.42 crores. A comparative analysis of the debt liability as at the end of March 1978, 1979 and 1980 is given below :—

<i>Nature of debt</i>	<i>Balance on 31st March</i>		
	1978	1979	1980
	<i>(in crores of rupees)</i>		
(1) Internal debt of the State Government	93.51	1,04.90	1,24.32
(2) Loans and advances from the Government of India	2,77.64	3,14.89	3,49.48
(i) Total Public debt	3,71.15	4,19.79	4,73.80
(ii) Provident Funds	45.68	66.44	79.35
(iii) Reserve Funds (interest bearing)	9.63	11.63	13.89
(iv) Non-interest bearing obligations such as civil deposits, deposits of local funds, other earmarked funds, etc.	73.20	83.45	90.38
Total Debt	4,99.66	5,81.31	6,57.42

(b) *Ways and means advances, overdrafts and term loans*

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

The extent to which the Government maintained the minimum balance with the Bank in 1979-80 is given below :—

Number of days on which the minimum balance was maintained without obtaining any advance	236
Number of days on which the minimum balance was maintained by taking ordinary and special ways and means advances	112
Number of days on which the agreed minimum balance could not be maintained even after availing ordinary and special ways and means advances to the full extent	18

The Government had overdrafts on 17 out of 18 days mentioned above. The maximum overdraft on any one occasion was Rs. 5.91 crores.

Interest paid on ways and means advances, shortfalls and overdrafts during the years 1977-78 to 1979-80 was as below :—

<i>Year</i>	<i>Amount</i> (in lakhs of rupees)
1977-78	59.79
1978-79	29.54
1979-80	12.96

The State Government also obtained a temporary loan of Rs. 58.50 crores from the State Bank of India during 1979-80 for the purchase of foodgrains, out of which, an amount of Rs. 48 crores was repaid during the year leaving a balance of Rs. 10.50 crores. Rupees 2.38 crores were paid as interest (at the rate of 11 per cent per annum) on this temporary loan.

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

	1978-79	1979-80
	<i>(in crores of rupees)</i>	
Interest paid by the State Government	35.76	21.52
Interest received by the State Government—		
(a) Interest received on loans and advances	10.20	10.68
(b) Interest received on investment of cash balance	0.42	0.71
Net burden of interest on revenue	25.14	10.13
Net interest as percentage of total revenue receipts	7.5	2.5

In addition, there were adjustments of interest charges (Rs. 30.77 crores) on account of interest received from departmental commercial undertakings.

### 1.9. Investments

The amount invested by Government during 1979-80, the total investment as at the end of the year and the dividend/interest received therefrom during the year were as

under :—

Category of bodies	Investment				Dividend/interest received during the year with percentage of return on cumulative investments in brackets (in crores of rupees)	
	During 1979-80		To end of 1979-80			
	Number of concerns	Amount (in crores of rupees)	Number of concerns	Amount (in crores of rupees)		
(i) Statutory Corporations	2	0.41	4	3.25	0.01	(0.3)
(ii) Government Companies	5	1.72	15	21.43	0.01	(0.5)
(iii) Joint Stock Companies	1	0.07	36	2.12	0.06	(3)
(iv) Co-operative institutions	(B)	(A)				
	..	5.20 (net)	2,633	34.23	0.82	(2.4)
Total		7.40	2,688	61.03	0.90	(1.5)

### 1.10. Guarantees given by the Government

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

The guarantees are in the nature of contingent liabilities on the State revenues. Brief particulars of these contingent liabilities based on available information are given below (further details are given in Statement No. 6 of the Finance Accounts 1979-80) :—

<i>Body on whose behalf guarantee was given</i>	<i>Maximum Sums amount guaranteed guaranteed outstanding on 31st March 1980</i>	
	<i>(in crores of rupees)</i>	
Statutory Corporations and Boards	1,52.61	1,21.73
Government Companies	90.24	24.18
Co-operative institutions including Co-operative banks	3,68.69	1,78.92
Municipal Corporations, Municipalities and other local bodies	8.86	8.86
Other institutions including private companies and firms	0.02	0.03
Total	6,20.42	3,33.72

(A) Investments made Rs. 6.86 crores less investments retired Rs. 1.66 crores.

(B) Number of Co-operative institutions not made available.

No guarantee commission is charged by the Government.

No guarantee was invoked during the year.

### 1.11. Plan performance

Against the Plan provision of Rs. 1,69.54 crores (both revenue and capital) during 1979-80, Rs. 1,46.82 crores were spent leaving Rs. 22.72 crores (13.4 per cent) unutilised. The shortfall was mainly under 'Agriculture and Allied Services' (Rs. 13.89 crores under revenue, being 45 per cent of the provision of Rs. 30.79 crores) due mainly to the provision for "Intensive Integrated Rural Development in Haryana", "Strengthening of Agriculture Projects and Administration" and "Production of Pulses crops in Haryana" remaining largely unutilised. Under "Water and Power Development", the entire provision (revenue) of Rs. 6.63 crores pertaining to "Direction and Administration" remained unutilised, reasons for which have not been intimated (February 1981).

### 1.12. Growth of non-Plan expenditure

The non-Plan expenditure (both revenue and capital) increased from Rs. 1,88.87 crores in 1977-78 to Rs. 2,29.01 crores in 1978-79 (increase of Rs. 40.14 crores) and again to Rs. 2,78.65 crores in 1979-80 (increase of Rs. 49.64 crores). Main increase was under revenue expenditure as detailed below :—

Sector of expenditure	Revenue expenditure during			Increase (+)/decrease (—) over the previous year during	
	1977-78	1978-79	1979-80	1978-79	1979-80
	(in crores of rupees)				
A—General Services	54.15	74.61	67.25	(+)20.46	(—)7.36
B—Social and Community Services	56.74	60.28	78.15	(+) 3.54	(+)17.87
C—Economic Services	82.30	96.47	1,24.15	(+)14.17	(+)27.68
D—Grants-in-aid and Contributions	1.04	0.49	0.41	(—)0.55	(—)0.08

The increase under Economic Services (1979-80) was mainly on Community Development (Rs. 10.08 crores) for accelerated execution of rural works programme, Irrigation, Navigation,

Drainage and Flood Control projects (Rs. 5.82 crores), Road and Water Transport Services (Rs. 4.40 crores), Agriculture (Rs. 2.60 crores), Animal Husbandry (Rs. 1.41 crores) and Roads and Bridges (Rs. 1.17 crores).

The increase under Social and Community Services (1979-80) was mainly on Education (Rs. 9.55 crores), Relief on account of natural calamities (Rs. 5.56 crores) and Medical (Rs. 1.46 crores).

### 1.13. Financial results of Western Jamuna Canal (including remodelling)

The intensity of irrigation actually achieved from the Western Jamuna Canal during 1977-78, 1978-79 and 1979-80 was 57, 61 and 50 per cent respectively.

The table below gives the working results for 1979-80 and the preceding two years of this project :—

	1977-78	1978-79	1979-80
Progressive capital outlay (in crores of rupees)	30.33	30.38	30.47
Total revenue receipts (in crores of rupees)	3.20	3.11	2.29
Direct working expenses (in crores of rupees)	4.18	4.71	5.69
Net revenue before charging interest on capital (in crores of rupees)	(—)0.98	(—)1.60	(—)3.40
Return as percentage of outlay	(—)3.21	(—)5.28	(—)11.15
Interest on capital (in crores of rupees)	1.73	1.76	1.76
Net profit (+)/loss (—) after meeting interest on capital (in crores of rupees)	(—)2.71	(—)3.36	(—)5.16
Percentage of net return (+)/deficit (—) after meeting interest on capital outlay	(—)8.93	(—)11.06	(—)16.93

## CHAPTER II

### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

#### 2.1. Summary

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

		<i>Grants/ charged appropriations</i>	<i>Expen- diture</i>	<i>Saving (—)/ Excess (+)</i>	<i>Percent- age</i>
(in crores of rupees)					
<i>Voted—</i>					
Original	5,61.59	} 5,99.43	5,82.70	(—)16.73	2.8
Supplementary	37.84				
<i>Amount transferred to the Contingency Fund under the Haryana Contingency Fund (Amendment) Act, 1979</i>					
		7.00	7.00	..	..
<i>Charged—</i>					
Original	2,14.41	} 2,15.90	1,83.78	(—)32.12	14.9
Supplementary	1.49				
Total		8,22.33	7,73.48	(—)48.85	5.9

The overall saving of Rs. 48.85 crores was the result of saving of Rs. 57.19 crores in 17 grants in revenue section (Rs. 22.48 crores), 7 grants in capital section (Rs. 2.55 crores), 13 charged appropriations in revenue section (Rs. 11.59 crores) and 2 charged appropriations in capital section (Rs. 20.57 crores) partly counterbalanced by excess of Rs. 8.34 crores in 7 grants in revenue section (Rs. 4.79 crores), 3 grants in capital section (Rs. 3.51 crores) and 3 charged appropriations in revenue section (Rs. 0.04 crore).

(b) Further details are given below :—

	Revenue	Capital	Loans and advances	Transfer to Contingency Fund	Public Debt	Total
	(	in	crores	of	rupees	)
Authorised to be spent (grants and charged appropriations)						
Original	3,31.46	2,09.41	58.25	..	1,76.88	7,76.00
Supplementary	35.66	3.67	..	..	..	39.33
Amount transferred to the Contingency Fund under the Haryana Contingency Fund (Amendment) Act, 1979	..	..	..	7.00	..	7.00
<b>Total</b>	<b>3,67.12</b>	<b>2,13.08</b>	<b>58.25</b>	<b>7.00</b>	<b>1,76.88</b>	<b>8,22.33</b>
Actual expenditure (grants and charged appropriations)	3,37.84	2,15.38	56.95	7.00	1,56.31	7,73.48
Shortfall (—)/ Excess (+)	(—)29.28	(+)2.30	(—)1.30	..	(—)20.57	(—)48.85

## 2.2. Excess over grants/charged appropriations requiring regularisation

(a) *Grants*—The excess of Rs. 4,79,26,253 in 7 grants in the revenue section and of Rs. 3,50,91,685 in 3 grants in the capital section requires regularisation under Article 205 of the Constitution. The details are given below :—

Serial number	Number and name of grant	Total grant Rs.	Expenditure Rs.	Excess Rs.
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### Revenue

#### (i) 3-Home

Original	15,76,09,960	17,18,68,835	17,23,43,330	4,74,495
Supplementary	1,42,58,875			

Excess was attributed mainly to higher expenses on conduct of mid-term general elections to the Lok Sabha.



Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.

## (ii) 4-Revenue

Original	4,31,98,990	9,78,29,670	10,13,39,703	35,10,033
Supplementary	5,46,30,680			

Excess was due mainly to payment of relief on account of damage to standing crops by hail storm.

## (iii) 8-Buildings and Roads

Original	19,02,48,400	19,11,42,190	19,76,46,696	65,04,506
Supplementary	8,93,790			

Excess was due mainly to increase in the cost of bitumen and replacement of obsolete machinery.

## (iv) 9-Education

Original	54,45,72,990	54,60,17,380	55,57,10,479	96,93,099
Supplementary	14,44,390			

Excess was due mainly to payment of additional dearness allowance to staff and upgradation of schools.

## (v) 15-Irrigation

Original	44,21,90,695	44,21,90,695	46,94,98,100	2,73,07,405
Supplementary	..			

Excess was due mainly to adjustment of *pro rata* establishment charges on projects for which no provision was made (reasons therefor not intimated) and to meet expenditure on 'Food for Work Programme'.

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
(vi) 22-Co-operation				
Original	2,31,26,020	2,31,26,020	2,35,27,671	4,01,651
Supplementary	..			

Excess was due mainly to grant of more assistance to farmers in the shape of agricultural loans.

(vii) 24-Tourism

Original	33,22,260	37,67,700	38,02,764	35,064
Supplementary	4,45,440			

Reasons for the excess have not been intimated (February 1981).

### Capital

(i) 8-Buildings and Roads

Original	19,03,45,760	19,03,45,760	19,48,44,171	44,98,411
Supplementary	..			

Excess was due mainly to construction/completion of link roads to all the villages.

(ii) 15-Irrigation

Original	79,15,54,320	79,15,54,320	82,10,79,344	2,95,25,024
Supplementary	..			

Excess was stated to be due mainly to more expenditure on (a) modernisation of channels in drought affected areas and (b) Beas Project.

Serial number	Number and name of grant	Total grant	Expenditure	Excess
		Rs.	Rs.	Rs.
(iii) 17-Agriculture				
Original	1,31,50,000	1,31,50,000	1,42,18,250	10,68,250
Supplementary	..			

Excess was attributed mainly to purchase of more pesticides.

(b) *Charged appropriations*—The excess of Rs. 3,39,066 in 3 charged appropriations in capital section as detailed below also requires regularisation :—

Serial number	Number and name of charged appropriation	Total provision	Expenditure	Excess
		Rs.	Rs.	Rs.
(i) 8-Buildings and Roads				
Original	..	1,12,905	2,82,701	1,69,796
Supplementary	1,12,905			

Reasons for the excess have not been intimated (February 1981).

(ii) 11-Urban Development

Original	..	...	1,69,259	1,69,259
Supplementary	..			

(iii) 15-Irrigation

Original	..	..	11	11
Supplementary	..			

Reasons for incurring expenditure without provision in the above two cases have not been intimated (February 1981).

### 2.3. Supplementary grants/charged appropriations

Supplementary provision of Rs. 34.49 crores and Rs. 3.35 crores was obtained under 15 and 9 grants in the revenue and capital sections respectively. Supplementary appropriation of Rs. 1.17 crores and Rs. 0.32 crore was also obtained for charged expenditure under 4 and 2 appropriations in the revenue and capital sections respectively.

The details of significant cases of unnecessary and excessive supplementary grants are given below :—

(a) *Unnecessary supplementary grants*—In the following three grants the supplementary grant of Rs. 84.24 lakhs remained wholly unutilised as the expenditure did not come up even to the original provision :—

Serial number	Number and name of grant	Original grant	Supplementary grant	Expenditure	Saving
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(in lakhs of rupees)

#### Revenue

(i)	2-General Administration	6,07.14	8.03	5,94.65	20.52
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Saving was due mainly to abolition of the Directorate of Languages during the year and certain posts of field staff in Planning department kept vacant.

(ii)	17-Agriculture	29,34.65	72.55	20,01.18	10,06.02
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Saving was due mainly to non-setting up of Desert Development agencies in the State for which a provision of Rs. 5.01 crores was made and late implementation of World Bank Extension Project for strengthening of agricultural extension and administration.

(iii)	20-Forest	3,98.72	3.66	3,49.75	52.63
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Saving was due mainly to reduction in Plan provision under the scheme for mixed plantation in suitable waste lands, panchayat lands, etc.

(b) *Supplementary grants which proved excessive*—In the following four grants, the supplementary grants proved excessive :—

<i>Serial number</i>	<i>Number and name of grant</i>	<i>Original grant</i>	<i>Supplementary grant</i>	<i>Expenditure</i>	<i>Saving</i>
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(in lakhs of rupees)

#### Revenue

(i)	12-Labour and Employment	2,89.70	11,09.73	12,23.69	1,75.74
(ii)	21-Community Development	6,82.44	12,56.58	16,78.72	2,60.30

Saving in the above two cases was due mainly to less expenditure on "Food for Work Programme" than anticipated, reasons for which have not been intimated (February 1981).

#### Capital

(i)	14-Food and Supplies	93,82.84	1,89.29	94,89.29	82.84
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Saving was due to receipt of less debit for the purchase of gunny bags.

(ii)	22-Co-operation	5,83.99	1,00.03	6,61.15	22.87
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Saving was due mainly to less assistance provided by Government of India for purchase of ordinary debentures of Haryana State Co-operative Land Development Bank.

### 2.4. Savings in grants/charged appropriations

(a) The unutilised provision of Rs. 57.19 crores mentioned in paragraph 2.1 (a) was mainly in 7 grants and 2 charged appropriations in which the savings (more than Rs. 10 lakhs each) were more than 10 per cent of the total provision. The details of these grants and charged appropriations are given in Appendix III.

(b) Substantial savings in some of the sectors are mentioned below :—

(i) *Social and Community Services—*

Saving mainly occurred under Medical and Public Health (Rs. 3 crores) and Labour and Employment (Rs. 1.76 crores). Some of the main schemes on which provision remained substantially or wholly unutilised were as follows :—

<i>Serial number</i>	<i>Head/scheme</i>	<i>Provision</i>	<i>Saving and its percentage</i>	<i>Reasons</i>
(in crores of rupees)				
1.	<i>Medical and Public Health</i>			
	Prevention and control of diseases-Malaria	3.97	1.69(43)	Saving was due mainly to receipt of less machinery and materials from the Government of India and vacancies remaining un-filled.
2.	<i>Labour and Employment</i>			
	Food for Work Programme	11.10	1.38(12)	Reasons for the saving have not been intimated (February 1981).

(ii) *Economic Services—*

Significant savings in this sector are analysed below :—

<i>Serial number</i>	<i>Head/scheme</i>	<i>Provision</i>	<i>Saving and its percentage</i>	<i>Reasons</i>
(1)	(2)	(3)	(4)	(5)
(in crores of rupees)				
1.	<i>Agriculture</i>			
(a)	Development of desert areas	5.01	4.91(98)	Non-setting up of "Desert Development agencies".

(1)	(2)	(3)	(4)	(5)
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(in crores of rupees)

(b)	World Bank Project for strengthening of Agriculture Extension and Administration	4.05	2.76(68)	Mainly due to late establishment of various offices.
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## 2. Animal Husbandry

(a)	Self-employment for rural education through poultry production	0.57	0.57(100)	Non-approval of the scheme.
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(b)	Centrally sponsored scheme for implementation of cross-bred, calf rearing and poultry, piggery and sheep production	0.85	0.32(39)	Less assistance from Government of India.
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(c)	Special employment to educated young men/women of rural areas under Dairy Development	0.36	0.34(97)	Late approval of the scheme by State Government.
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## 3. Community Development

	Food for Work Programme	11.56	1.21(10)	Reasons for the saving have not been intimated (February 1981).
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**(iii) General Services—**

Interest payments  
and servicing of debt

Against the provision of Rs. 15.69 crores for payment of interest on loans from the Central Government, Rs. 10.48 crores remained unutilised, reasons for which have not been intimated (February 1981).

**(iv) Public debt—**

Rupees 70 crores were provided for repayment of loans to the banks. Of this Rs. 22 crores remained unutilised due to raising of less loans as per requirement for procurement of foodgrains and consequent less repayment. There were also savings of Rs. 24.12 crores and Rs. 43.00 crores under this sector during 1977-78 and 1978-79 respectively.

**2.5. Advances from Contingency Fund**

The Contingency Fund placed at the disposal of the Government is intended to meet unforeseen expenditure (including expenditure on 'New Service' items) pending authorisation by the State Legislature.

The corpus of the fund was increased from Rs. 3 crores to Rs. 10 crores by the Haryana Contingency Fund (Amendment) Act, 1979.

Some significant points noticed in the scrutiny of sanctions for advances and expenditure from the Contingency Fund are given below :—

- (i) Two sanctions for Rs. 3 lakhs issued in May and August 1979 were subsequently cancelled in September 1979.
- (ii) Out of Rs. 8,27.15 lakhs drawn during the year against 27 sanctions (sanctioned amount : Rs. 8,59.28 lakhs), Rs. 1,07.21 lakhs against seven sanctions (sanctioned amount : Rs. 1,07.54 lakhs) were not recouped to the Fund till the close of the year.

**2.6. Non-receipt of explanations for savings/excesses**

After the close of each financial year, the detailed Appropriation Accounts showing final grants/charged appropriations, actual expenditure and resultant variations are sent to the Heads of Departments, requiring them to explain the variations. According to the Budget Manual of the Government, the Heads



of Departments are required to furnish to the Accountant General precise, informative and reasonable explanations in respect of all variations for incorporation in the Appropriation Accounts.

In regard to the Appropriation Accounts for 1979-80, explanations for variations were not received (February 1981) in the case of 121 out of 288 heads. These formed 42 per cent of the number of heads, the variations under which required explanation. Such delay in submission of material for the Appropriation Accounts results in the Audit Report remaining incomplete in certain essential respects.

### **2.7. Shortfall/excess in recoveries**

Under the system of gross budgeting followed by Government, the demands for grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries which are adjusted in the accounts in reduction of expenditure; the anticipated recoveries and credits are shown separately in the budget estimates. The anticipated amount of such recoveries during 1979-80 was Rs. 1,17.86 crores (Revenue : Rs. 2.49 crores; Capital : Rs. 1,15.37 crores). Actual recoveries during the year, however, were Rs. 1,28.04 crores (Revenue : Rs. 20.04 crores; Capital : Rs. 1,08.00 crores). Significant cases of shortfall/excess in recoveries together with reasons, wherever received, have been given in Appendix IV.

### **2.8. Drawal of funds in advance of requirements**

The financial rules of the Government stipulate that no money should be drawn from the treasury unless it is required for immediate disbursement or has already been paid out of permanent advance. Any unspent balance is required to be refunded into the treasury promptly. As detailed in Appendix V, funds aggregating Rs. 5.63 lakhs drawn for purchase of materials and for disbursement of incentive awards were retained in the form of cash or Remittance Treasury Receipts (R.T.Rs.), etc. Out of the amount so retained, Rs. 2.49 lakhs were disbursed during the period from April 1977 to March 1980, Rs. 1.18 lakhs were refunded into treasury in September 1979 (Rs. 0.30 lakh), November 1979 (Rs. 0.83 lakh), and July 1980 (Rs. 0.05 lakh) and Rs. 1.96 lakhs were lying unutilised (February 1981).

## CHAPTER III

### CIVIL DEPARTMENTS

#### REVENUE

#### 3.1. Food for work programme

##### 3.1.1. *Introductory*

With a view to generating gainful employment in the rural areas, creating durable community assets and strengthening the rural infrastructure, the Government of India launched in April 1977 the 'Food for work programme'. The programme was taken up in Haryana State in November 1978. The programme aimed at augmentation of the State funds for implementation of on-going plan and non-plan schemes and new items of capital works. Under the programme, foodgrains made available by the Central Government free of cost were to be utilised for payment of part or whole of the wages of the labour. The cash component required to meet the cost of material, tools, implements, machinery for works and transportation of foodgrains was to be borne by the State Government.

##### 3.1.2. *Organisation, planning, selection and execution of works*

The guidelines framed by the Government of India envisaged setting up of steering Committees at the State level and district level. The main task of the steering Committees was to plan the works to be taken up under the programme and to see that the progress of these works did not suffer for any reason. In Haryana, Revenue Department was designated as the Nodal Department and execution of the works under the programme was entrusted to Public Works Department (all branches), Forest, Fisheries and Development and Panchayat Departments. Guidelines further envisaged entrustment of execution of works under the programme to Village Panchayats, *Gram Sabhas*, etc., on specific request by them, which would be considered by District Steering Committee. Works to be undertaken by panchayats were to be supervised by the Block Development and Panchayat Officers. The technical estimates for these works were to be prepared by their technical staff.

3.1.3. The following paragraphs give the results of a review of the programme and a test-check carried out (April to July 1980) in three districts, namely, Ambala, Bhiwani and Kurukshetra of the works executed under the programme.

#### 3.1.4. Allocation and release of foodgrains

Up to end of March 1980, the Government of India allotted 90,025 metric tonnes (M.T.) of foodgrains (1978-79 : 20,000 M.T. wheat; 1979-80 : 64,025 M.T. wheat and 6,000 M.T. rice) valuing Rs. 10.72 crores. The quantity of foodgrains lifted and utilised by the State Government to end of March 1980 was as under :—

Year	Com- modity	Serial number	Name of depart- ment	Quan- tity allotted	Quan- tity lifted	Quan- tity utilised	Balance un- utilised
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(in metric tonnes)							
1978- 79	Wheat	1.	Public Works (Irrigation)	3,500	3,500	3,438	62
		2.	Public Works (Buildings and Roads)	1,500	1,310	1,310	NIL
		3.	Public Works (Public Health)	500	500	500	NIL
		4.	Forest	2,800	2,800	2,800	NIL
		5.	Fisheries	500	500	500	NIL
		6.	Development and Panchayat	11,200	11,200	11,153	47
			Total	20,000	19,810	19,701	109

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Value (in crores of rupees)	2.20	2.18	2.17	0.01
				<i>(in metric tonnes)</i>			
1979-80	Wheat	1. Public Works (Irrigation)		1,000	400	244	156
		2. Public Works (Buildings and Roads)		350	540 <small>(includes 190 of 1978-79)</small>	383	157
		3. Public Works (Public Health)		..	..	..	..
		4. Forest		210	210	210	NIL
		5. Fisheries		425	425	273	152
		6. Development and Panchayat		62,040	58,750	52,155	6,595
		Total		64,025	60,325	53,265	7,060
			Value (in crores of rupees)	7.68	7.24	6.39	0.85
				<i>(in metric tonnes)</i>			
	Rice	Development and Panchayat		6,000	5,478	3,719	1,759
			Value (in crores of rupees)	0.84	0.77	0.52	0.25
		Grand Total Value (in crores of rupees)		10.72	10.19	9.08	1.11

Following discrepancies were noticed between the figures reported to the Nodal Department by the collectors/implementing agencies and figures reported by the State Government to the Government of India.

Serial number	Department	Year	Quantity reported by collectors/implementing agencies to Nodal Department		Quantity reported by State Government to Government of India		Variation	
			Lifted	Utilised	Lifted	Utilised	Lifted	Utilised
(in metric tonnes)								
<b>WHEAT</b>								
1.	Public Works Department							
	(Irrigation)	1979-80	400	294	400	108	..	(—)186
2.	Development and Panchayat Department	1979-80	58,750	52,155	61,570	57,552	(+)2,820	(+)5,397
<b>RICE</b>								
			5,478	3,719	5,783	3,565	(+)305	(—)154

Reasons for variations were not intimated.

### 3.1.5. *Generation of additional gainful employment leading to additionality in project size and assets creation*

#### (a) *Additionality*

According to the guidelines, the State Government had to demonstrate clearly that foodgrains allotted to it under the programme had been utilised for augmenting the expenditure on existing plan and non-plan schemes and, in case the total expenditure during a particular year was equal to or less than the provision which already existed for the works undertaken under the programme, the value of the foodgrains released was recoverable from the State Government. The total expenditure of Public Works Department (Irrigation) during 1978-79 was Rs. 77.17 crores which was less than the budget provision of Rs. 82.75 crores. There was, therefore, no additionality in

respect of this department for the year 1978-79. The Revenue Department (Nodal Department) admitted (October 1980) that no additionality had been achieved by the Irrigation Department during 1978-79 as the wheat released under the programme had partly been utilized for distribution to contractors' labour. The value of foodgrains utilised by the Irrigation Department during 1978-79 was Rs. 38.00 lakhs.

(b) *Generation of additional employment*

(i) According to the report sent by the State Government to the Government of India, additional employment to the extent of 30.40 lakh mandays and 124.19 lakh mandays was generated from the works undertaken in the State under the programme during the years 1978-79 and 1979-80.

(ii) It was noticed that 5,875 M.T. of foodgrains (1978-79 : 5,248 M.T. wheat valuing Rs. 57.73 lakhs; 1979-80 : 627 M.T. wheat valuing Rs. 7.52 lakhs) was utilised by Public Works Department (all branches) for payment of wages to work charged staff and contractors' labour already engaged on on-going works, and as such, no additional employment was generated. However, as seen from the report of the State Government to the Government of India, 14.10 lakh mandays of additional employment were claimed to have been generated in respect of this department under this programme during the year 1978-79. In the case of Development and Panchayat Department, additional employment claimed in the three districts covered under the test-check was as under :—

Name of district	Foodgrains						Mandays generated		
	(Wheat and Rice)								
	Lifted			Utilised					
	1978-79	1979-80		1978-79	1979-80	1978-79	1979-80		
	Wheat	Wheat	Rice	Wheat	Wheat	Rice	Wheat	Wheat	Rice
	(in metric tonnes)						(in lakhs)		
1. Ambala	800	5,300	740	800	5,159	740	1.33	8.60	1.48
2. Bhiwani	625	9,300	750	625	8,983	742	1.04	14.97	1.48
3. Kurukshetra	1,000	3,260	533	1,000	2,410	Nil	1.67	4.02	..
Total	2,425	17,860	2,023	2,425	16,552	1,482	4.04	27.59	2.96
	19,883			18,034			30.55		

It was, however, noticed that out of total quantity of foodgrains lifted by Block Development and Panchayat Officers of these three districts, as indicated above, 578.2 M.T. wheat (value : Rs. 6.70 lakhs) and 348.4 M.T. rice (value : Rs. 4.87 lakhs) were actually lying in stock (June 1980) but shown as utilised. Similarly, foodgrains to the extent of 239.99 M.T. wheat (value : Rs. 2.89 lakhs) and 134.71 M.T. rice (value : Rs. 1.88 lakhs), not actually disbursed to the labourers but lying in stock with 143 panchayats (out of 489 panchayats), whose records were scrutinised, had been shown as utilised. Thus, utilisation of foodgrains and mandays generated were overstated to the extent of Rs. 16.34 lakhs and 2.33 lakhs respectively.

(c) *Execution of works*

(i) Only such works were to be taken up under the programme as were productive in nature and resulted in creation of durable assets and strengthened rural infrastructure. It was noticed that works executed by the Development and Panchayat Department were mainly earthwork, which by itself, did not constitute a durable asset. It may be mentioned in this connection that the State Government was expected to provide cash component towards payment of a part of the wages in cash, cost of materials like cement, bricks, coaltar and tools and machinery, etc. The State Government sanctioned cash component of Rs. 2 crores to various panchayats during 1979-80 to meet the cost of materials like bricks, cement, machinery, etc., for making the community assets durable against which Rs. 1.67 crores were disbursed. The amount was quite inadequate as compared with the value of foodgrains lifted and utilised, viz., Rs. 10.19 crores and Rs. 9.08 crores respectively. Out of 4,767 works executed under the programme in the three districts reviewed, 2,715 works (57 per cent) involved execution of earthwork, link roads, streets and circular roads, etc.

(ii) The table given below indicates the position of works for which estimates were not prepared :—

<i>Name of district</i>	<i>Total number of works undertaken</i>		<i>Number of works for which estimates were not prepared</i>		<i>Percentage of works for which estimates were not prepared</i>	
	1978-79	1979-80	1978-79	1979-80	1978-79	1979-80
Ambala	519	1,366	425	1,151	82	84
Bhiwani	209	1,830	160	1,316	77	72
Kurukshetra	193	650	135	337	70	52
<b>Total</b>	<b>921</b>	<b>3,846</b>	<b>720</b>	<b>2,804</b>	<b>78</b>	<b>73</b>

(iii) Against 4,767 works reportedly undertaken in the said three districts, involving distribution of 22,675 M.T. of foodgrains valuing Rs. 2,76.08 lakhs, it was noticed that measurements were not recorded in 4,038 cases (85 per cent) involving distribution of 20,455 M.T. (90 per cent) of foodgrains valuing Rs. 2,47.04 lakhs (89.5 per cent). Besides, completion of all the 4,767 works could not be verified in the absence of prescribed records relating to their execution such as scheme-wise/panchayat-wise works registers and utilisation certificates. The State Government stated (October 1980) that measurements and utilisation certificates could not be recorded/issued due to shortage of technical staff.

On receipt of complaints about malpractices and misappropriations of foodgrains, the Development and Panchayat Department issued (April 1980) instructions to all the Deputy Commissioners to get the measurements recorded, within 15 days, of twenty per cent works executed under the programme by allotting one or two blocks to certain officers. Further developments are awaited (September 1980).

### 3.1.6. *Distribution of foodgrains*

(i) The guidelines envisaged that distribution of foodgrains to the labourers should preferably be through coupon system. The Development and Panchayat Department, however, distributed wheat through village panchayats without introducing coupon system, reportedly because of practical difficulties in following the same, such as absence of feeding points (fair price shops) or location of the fair price shops at a great distance from work sites in numerous villages in each block. Non-availability of coupons in required number was another factor.

(ii) The Government of India issued orders in March 1979, prohibiting the issue of foodgrains through contractors, but in three districts covered by test-check, the Public Works Department issued 107 M.T. of wheat to contractors beyond March 1979.

(iii) Recovery of cost of wheat issued to the contractors was to be made at the rate of Rs. 1,200 per M.T. with effect from 1st April 1979. It was noticed that in two Sutlej Yamuna Link Divisions at Ambala and Kurukshetra, it was made at Rs. 1,000 per M.T. (for 180.49 M.T. of wheat) resulting in short realisation of Rs. 0.36 lakh. The State Government



informed (October 1980) that the balance amount was being recovered from the contractors.

### 3.1.7. Other points of interest

#### (a) Monitoring of the scheme

In Development and Panchayat Department :—

- (i) Works registers had not been maintained at block/panchayat level.
- (ii) Muster rolls maintained by panchayats did not indicate physical progress of work done although it was required as per instructions and this prevented assessment of the work done against wages (foodgrains) disbursed to labour.
- (iii) Periodical physical verification of stocks of foodgrains with Block Development and Panchayat Officers as well as panchayats had not been conducted.

(b) There was no proper accountal of gunny bags and adequate steps were not taken for their disposal. In one unit each in Ambala and Kurukshetra districts, gunny bags of value of Rs. 0.47 lakh (approximate) were awaiting disposal.

#### Summing up

1. Additionality had not been achieved by Public Works Department (Irrigation) in the State during 1978-79 and Rs. 38.00 lakhs were refundable to Government of India.

2. Utilisation of foodgrains and mandays generated had been overstated to the tune of Rs. 16.34 lakhs and 2.33 lakhs respectively in the Development and Panchayat Department.

3. Estimates were not prepared in 78 and 73 per cent cases during the years 1978-79 and 1979-80 respectively. Measurements were not recorded in 85 per cent of works executed by Development and Panchayat Department (in the three districts).

4. Out of 4,767 works taken up by the Development and Panchayat Department, 2,715 works (57 per cent) related to earthwork, link roads, circular roads, etc.

5. 107 M.T. wheat valuing Rs. 1.28 lakhs were distributed through contractors even though there was an embargo on issue of foodgrains through contractors beyond March 1979.

## AGRICULTURE

### 3.2. Intensive Oil Seeds Development Programme

#### 3.2.1. *Introductory*

Intensive Oil Seeds Development programme, a Centrally sponsored scheme, was launched in 1974 with the object of increasing production in potential areas in selected States through (i) raising productivity of existing oil seeds crop by adopting improved agronomic techniques, (ii) increasing the acreage by popularising multiple cropping patterns, including oil seeds, and (iii) introduction of non-traditional oil seeds with least disturbance to other oil seeds crop. The entire expenditure on the scheme, during the Fifth Five Year Plan (1974-75 to 1978-79), was borne by the Government of India. From 1979-80, the expenditure is to be shared equally between the Central and State Governments.

The scheme envisaged :— (a) adequate supply of improved varieties of oil seeds, (b) making available the inputs on time to every farmer, (c) organising plant protection measures on a campaign basis, (d) laying out problem oriented demonstrations and (e) providing technical advice and service particularly in locating factors hampering high productivity. It was taken up in Gurgaon, Mohindergarh and Hissar Districts from 1974-75, 1976-77 and 1979-80 respectively. Reasons for not taking up the scheme in Mohindergarh in 1974-75 itself even though it was intended to be launched simultaneously in Gurgaon and Mohindergarh districts are not known.

3.2.2. Points noticed in test-check (June 1980) of the accounts and other records of implementation of the scheme during 1974-75 to 1979-80 at the offices of the Deputy Director of Agriculture, Gurgaon, and Project Officer, Narnaul, are detailed in the succeeding paragraphs :—

#### 3.2.3. *Financial Outlay*

Against the approved outlay of Rs. 57.36 lakhs from 1974-75 to 1979-80, the actual expenditure was Rs. 19.90 lakhs (Rs. 18.59 lakhs to be borne by Government of India) and the

amount released by the Government of India was Rs. 23.09 lakhs which was Rs. 4.50 lakhs more than the share of the Central Government under the scheme.

Reasons for non-implementation of the programme as per approved outlay and for excess release of assistance from Government of India are awaited (July 1980).

### 3.2.4. Targets and achievements

Particulars of the area covered and production reported by the department are given below :—

Targets	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	
Additional area (in thousand hectares)	10	20	30	40	50	57	
Additional production (in thousand tonnes)	3	6	9	12	15	Not specified	
Achievements	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
(a) Total area covered under the scheme (in thousand hectares)							
Gurgaon	22	33	18	15	16	13	16 (*)
Mohindergarh	27	37	16	16	27	16	15
	49	70	34	31	43	29	31
Hissar (base year 1978-79 with area 33,000 hectares)							27 58
(b) Additional area covered under the scheme (base year 1973-74/1978-79)		21	(-)15	(-)18	(-)6	(-)20	(-)24
(c) (+) Increase/ (-) decrease with reference to target		(+)11	(-)35	(-)48	(-)46	(-)70	(-)81

(\*) Includes area in Faridabad district.

	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80
(d) Total production (in thousand tonnes)							
Gurgaon	7	25	9	6	7	11	11(*)
Mohindergarh	8	31	8	11	12	13	8
	15	56	17	17	19	24	19
Hissar (base year 1978-79 production 22,000 tonnes)							18
							37
(e) Additional production (base year 1973-74/1978-79)		41	2	2	4	9	Nil
(f) Total increase (+)/decrease (-) with reference to target		(+)38	(-)4	(-)7	(-)8	(-)6	..

The area covered under oil seeds crop using improved seeds decreased from 70,000 hectares (1974-75) to 31,000 hectares (1979-80) in Gurgaon and Mohindergarh districts, and the total production in these areas also decreased from 56,000 tonnes to 19,000 tonnes. In Hissar district, the acreage decreased from 33,000 hectares (1978-79) to 27,000 hectares (1979-80) and the production from 22,000 to 18,000 tonnes. The average yield per hectare ranged from 0.44 tonne (1977-78) to 0.83 tonne (1978-79).

The decrease in acreage under oil seeds crop and production of oil seeds was reported by the department to be due to the rainfall pattern, adverse agroclimatic conditions, unfavourable market price and the oil seeds crop being risky due to aphid attack and frost. The supply of improved variety was limited by availability from seed producing agencies and this also affected the production.

### 3.2.5. Demonstration plots

With a view to educating farmers in production technology for realising higher yields, large sized demonstration

(\*) Includes area in Faridabad district.

plots were to be laid out at the rate of one hectare for every 100 hectares of additional area taken up each year. The demonstration plots were to be problem oriented and were to be planned after taking into account the findings of diagnostic team with a view to suggesting corrective measures. An assistance of Rs. 125 per hectare was provided for this purpose.

An expenditure of Rs. 1.94 lakhs (Mohindergarh : Rs. 0.81 lakh; Gurgaon : Rs. 1.13 lakhs) was incurred on laying out 4,068 (Mohindergarh : 1,713 and Gurgaon : 2,355) demonstration plots (0.4 hectare each) between 1974-75 to 1979-80.

Neither was any diagnostic team constituted nor was there any record to show that plots were inspected by an expert. From 1974-75 to 1976-77, in the absence of improved variety of seed, the assistance for demonstration plots was given in the form of subsidy on the cost of fertilizer purchased by the farmers. From 1977-78, 2 Kgs. of seed and fertilizers were supplied up to the ceiling of Rs. 50 per plot of one acre. The results of demonstration plots in case of Gurgaon for the years 1974-75 to 1978-79, were not made available to Audit.

### 3.2.6. *Distribution of minikits*

One of the objectives of the scheme was to familiarise the growers with 2 or 3 newly released/recommended varieties or new oil seeds so as to ascertain their choice of the most suitable variety for their area. For this purpose, minikits containing adequate seed duly treated with fungicide to cover half an acre, packed in a bag along with printed copy of leaflet, indicating the recommended package of practices were to be distributed free of cost to the farmers. The programme formulated by the Government of India did not envisage any physical targets for the distribution of minikits. While the scheme was implemented from 1974-75, the programme for distribution of minikits started in 1977-78 only. Delay in conducting minikits trials was attributed to non-availability of seed.

Against the provision of Rs. 2.03 lakhs (1976-77 to 1979-80), an expenditure of Rs. 1.44 lakhs was incurred on distribution of minikits. An area of 6,476 hectares was covered under minikits distribution programme against the target of 9,713 hectares fixed by the department.

There was no record with the department to show that the seed supplied in the minikits was duly treated with fungicide. The minikits did not contain even the relevant material, viz., the leaflets indicating recommended package of practices.

### 3.2.7. Seed production programme

The programme aimed at maintaining the genetic purity and quality of improved varieties of seed of rape-mustard. Seed multiplication was taken up at 3 stages namely, (a) nucleus seed, (b) foundation seed and (c) certified seed.

#### (a) Nucleus seed and Foundation seed

The work of production of nucleus and foundation seed was entrusted to Haryana Agricultural University, Hissar, which was paid Rs. 1.65 lakhs for this purpose. However, no target was fixed for the production of nucleus and foundation seeds.

There was no record with the department to indicate the measures adopted by it for multiplication of the foundation seed produced by the University. The detailed account of the expenditure incurred by the University was not made available to Audit. The details of area to be covered, area cultivated, and the amount paid as subsidy were as under :—

#### *Nucleus seed*

<i>Year</i>	<i>Area expected to be covered</i>	<i>Area actually covered</i>	<i>Subsidy admissi- ble</i>	<i>Subsidy paid</i>	<i>Subsidy paid excess</i>
	<i>(in hectares)</i>			<i>(in rupees)</i>	
1976-77	1	0.55	6,050	11,000	4,950
1977-78	2	1.75	19,250	22,000	2,750
1978-79	2	1.05	11,550	22,000	10,450
1979-80	2	1.85	20,350	22,000	1,650
<b>Total</b>	<b>7</b>	<b>5.20</b>	<b>57,200</b>	<b>77,000</b>	<b>19,800</b>

*Foundation seed*

<i>Year</i>	<i>Area expected to be covered</i>	<i>Area actually covered</i>	<i>Subsidy admissible</i>	<i>Subsidy paid</i>	<i>Subsidy paid excess</i>
	<i>(in hectares)</i>		<i>(in rupees)</i>		
1976-77	16	1.90	2,612	22,000	19,388
1977-78	16	4.50	6,187	22,000	15,813
1978-79	16	9.00	12,375	22,000	9,625
1979-80	16	10.45	14,370	22,000	7,630
Total	64	25.85	35,544	88,000	52,456

The area covered was significantly less than the target. Subsidy to the extent of Rs. 0.72 lakh was paid in excess.

*(b) Certified seed*

The programme envisaged a number of incentives by way of subsidies in order to raise the production of certified oil seeds. Premium of Rs. 30 per quintal was provided to the farmers for transport, handling and processing of certified seeds in case the multiplication and distribution of certified seed was organised with the village as a unit by the Project Staff. Alternatively, subsidy of Rs. 150 per quintal was available on the cost of certified seed at source of production, i.e., National Seed Corporation/State Farmers Corporation of India. These incentives were not availed of by the farmers in Gurgaon and Mohindergarh (Narnaul) districts.

No assessment of year-wise requirement of seeds related to the targets appeared to have been made by the department. Only 1 to 12 per cent of the requirements of seed was met by

the department as indicated below :—

<i>Year</i>	<i>Area under oil seed (in thousand hectares)</i>	<i>Approximate requirement of seeds at the rate of 5 Kgs. per hectare</i>	<i>Seed distributed by the Government</i>	<i>Percentage of columns (4) to (3)</i>
(1)	(2)	(3)	(4)	(5)
		<i>(in quintals)</i>		
1974-75	70	3,500	35	1
1975-76	34	1,700	40	2.5
1976-77	31	1,550	72	4.5
1977-78	43	2,150	108	5.0
1978-79	29	1,450	93	6.4
1979-80	31	1,550	187	12.0

### 3.2.8. Evaluation

Though the programme was executed from 1974-75 onwards, no evaluation of work done/achievements had been conducted to assess the impact of the programme.

### 3.2.9. Unadjusted advances (Rs. 0.67 lakh)

In the case of Mohindergarh and Gurgaon Districts, amounts of Rs. 0.68 lakh (Mohindergarh : Rs. 0.46 lakh and Gurgaon : Rs. 0.22 lakh) were drawn and paid as advances to the staff between December 1976 and February 1980 towards expenditure on demonstration plots/aerial spray; the detailed accounts for these advances are still awaited (June 1980).

### Summing up

(i) The programme was not implemented as intended, only 34.69 per cent of the approved outlay of Rs. 57.36 lakhs having been utilised during the period 1974-75 to 1979-80. The targets in respect of additional acreage and additional



production were not achieved. The area under oil seeds crop in respect of Gurgaon and Mohindergarh districts, (covered under the scheme) decreased from 70,000 hectares (1974-75) to 31,000 (1979-80) and the production from 56,000 tonnes (1974-75) to 19,000 (1979-80). In Hissar district, the area decreased from 33,000 hectares (1978-79) to 27,000 hectares (1979-80) and the production from 22,000 tonnes (1978-79) to 18,000 tonnes (1979-80).

(ii) The prescribed requirements for laying out demonstration plots were not followed.

(iii) No minikits distribution programme was implemented from 1974-75 to 1976-77.

(iv) The detailed accounts of Rs. 1.65 lakhs (1976-77 to 1979-80), placed at the disposal of Haryana Agricultural University for the production of nucleus and foundation seeds, were still awaited. Subsidy paid to it on the basis of area covered was paid in excess (Rs. 0.72 lakh). The supply of certified seeds ranged from 1 to 12 per cent of the requirement.

(v) No evaluation was conducted to assess the impact of the programme.

The points mentioned above were reported to Government in July 1980; reply is awaited (March 1981).

### 3.3. Loss due to leakage of pesticides

Pesticides are stored in various places in districts for distribution/sale. The records of the Plant Protection Inspectors Ambala, Barara, Naraingarh, Yamunanagar and Pinjore showed that as compared with the stock of 5,669 litres (value : Rs. 2.05 lakhs) in March 1978, 676 litres (value : Rs. 0.30 lakh) leaked out from containers during March 1972 to May 1977. The value of the pesticides/insecticides which had leaked increased to Rs. 0.40 lakh on physical verification conducted in March 1978 by the Assistant Plant Protection Officer, Ambala, on the suggestion of Audit. Further scrutiny in July 1980 revealed that the leakage upto June 1980 increased to 1,348 litres (value : Rs. 0.59 lakh) compared with stock of 8,256 litres (value : Rs. 3.47 lakhs). The department stated (November 1980) that the net cost of these pesticides worked out to Rs. 0.47 lakh (details not supplied). No permissible evaporation/leakage

limit had been fixed by the department. The shortages were not investigated (November 1980).

The department attributed (November 1980) the leakage to natural factors and longer duration of storage.

The matter was referred to Government in September 1978; reply is awaited (March 1981).

## ANIMAL HUSBANDRY

### 3.4. Intensive cattle development project

3.4.1. With a view mainly to increasing milk production around Delhi, two intensive cattle development projects were started at Gurgaon and Karnal from 1967-68. The main activities envisaged in the project were (a) preliminary survey in the project area, (b) controlled breeding by artificial insemination, veterinary aid, etc., (c) castration of scrub bulls, (d) systematic registration and recording of milk yield of all milch animals, (e) feed and fodder development and (f) dairy extension activities. Mention was made of the working of the project during 1970-71 to 1973-74 in paragraph 3.3 of the Audit Report for the year 1973-74.

3.4.2. From 1974-75 to 1979-80, the projects concentrated mainly on breeding programme through artificial insemination and providing veterinary aid. Each of these projects which had 4 Regional Artificial Insemination Centres and 100 sub-centres aimed at an annual coverage of one lakh breedable cows and buffaloes and an overall increase of 30 per cent in milk production over a period of 5 years. Expenditure of Rs. 1,62.13 lakhs (salaries and wages : Rs. 1,34.96 lakhs; contingencies : Rs. 27.17 lakhs) was incurred on the two projects during 1974-75 to 1979-80.

#### 3.4.3. *Village to village survey*

The model scheme of the Government of India contemplated as a first task of the programme, village to village survey to verify and establish the existence of conditions conducive to good cattle raising, increasing levels of milk production, etc. The survey was to be repeated annually. However, no such survey was conducted in either of the two projects.

Important points noticed in test-check conducted by Audit in February-June 1979 are mentioned below :

## 3.4.4. (i) Performance analysis of sub-centres

From the Regional Artificial Insemination Centres, diluted semen is supplied to sub-centres. Each sub-centre is expected to cover 1,000 breedable cows and buffaloes in a year. The performance of the sub-centres is summarised below :—

Name of the project	Year	Total number of sub-centres	Number of sub-centres where insemination done were			
			Above 500	101 to 500	Above 51 to 100	50 or below
Gurgaon	1974-75	99	..	58	20	21
	1975-76	99	..	32	33	34
	1976-77	99	..	49	27	23
	1977-78	100	..	11	32	57
	1978-79	100	..	34	35	31
	1979-80	129*	..	12	43	74*
Average		104	..	33	32	40
Karnal	1974-75	100	..	90	9	1
	1975-76	100	..	89	6	5
	1976-77	100	1	93	5	1
	1977-78	100	..	87	11	2
	1978-79	100	..	61	34	5
	1979-80	100	2	89	9	..
Average		100	..	85	12	2

\*Includes 29 centres opened in March 1980.

None of the sub-centres attained the prescribed annual coverage of 1,000 breedable animals and in almost all sub-centres the coverage was very poor.

(ii) *Artificial insemination*

The main strategy for improving breed under the programme was artificial insemination of breedable cows and buffaloes, and for this purpose, coverage of at least 60 per cent of the breedable population was envisaged at the initial stages. However, the actual coverage even after about ten years was much below the target as shown below:—

Project	year	Total breedable population (in lakhs)		Total number of artificial inseminations (in lakhs)		Percentage of artificial inseminations done to breedable population	
		Cows	Buffaloes	Cows	Buffaloes	Cows	Buffaloes
Karnal	1974-75	0.45	1.02	0.20	0.10	45	10
	1975-76	0.69	1.43	0.22	0.10	32	7
	1976-77	0.69	1.43	0.22	0.09	32	6
	1977-78	0.76	1.68	0.20	0.09	26	5
	1978-79	0.76	1.68	0.21	0.09	28	5
	1979-80	0.76	1.68	0.26	0.09	34	5
Gurgaon	1974-75	0.32	0.72	0.09	0.11	28	15
	1975-76	0.32	0.72	0.08	0.06	25	8
	1976-77	0.33	0.75	0.09	0.07	27	9
	1977-78	0.34	0.76	0.08	0.05	24	7
	1978-79	0.34	0.76	0.09	0.07	26	9
	1979-80	0.36	0.77	0.10	0.06	28	8

Low coverage was stated to be due to :

- (a) aversion to artificial insemination, and
- (b) presence of scrub bulls. In terms of the scheme, mass castration of scrub bulls was to be organised throughout the project area as soon as the preliminary survey was complete but there was nothing on record to indicate the action taken by the department in this direction.

(iii) *Efficiency of artificial insemination*

The Public Accounts Committee in its Eleventh Report 1977-78 expressed concern over low percentage of successful insemination. The percentage of successful artificial insemination continued to be low as indicated in the table given below;—

Project	Year	Inseminations done (in lakhs)		Percentage of conception to insemination done		Percentage of calving to insemination done	
		Cows	Buffaloes	Cows	Buffaloes	Cows	Buffaloes
Karnal	1974-75	0.20	0.10	35	31	20	31
	1975-76	0.22	0.10	31	43	27	40
	1976-77	0.22	0.09	42	53	23	42
	1977-78	0.20	0.09	42	44	25	37
	1978-79	0.21	0.09	44	47	31	39
	1979-80	0.26	0.09	46	50	28	40
Gurgaon	1974-75	0.09	0.11	NA	NA	20	27
	1975-76	0.08	0.06	37	75	20	54
	1976-77	0.09	0.07	39	39	20	30
	1977-78	0.08	0.05	50	61	31	51
	1978-79	0.09	0.07	37	32	20	21
	1979-80	0.10	0.06	39	44	23	37

The department stated (December 1979) that all the animals inseminated were not brought for pregnancy diagnosis and large number of animals were sold and had gone outside the project area before calving. Other factors responsible for low percentage of conception and calving were reported to be (a) non-production of animals for insemination when in heat, (b) nutritional deficiency in animals, and (c) non-availability of good workers (stockmen).

(iv) *Wastage of diluted semen*

Neat semen is collected from the bulls maintained at the semen banks and is diluted in the laboratories. Diluted semen is sent to sub-centres for use in artificial inseminations. The diluted semen goes waste if not used within 48 hours. The table below would show the quantity of diluted semen actually used in artificial inseminations programme :—

Project	Quantity of diluted semen prepared	Used in sub-centres	Discarded	Percentage of semen used
	1974-75 to 1979-80	(in lakhs ccs)		
Karnal	14.36	5.82	8.54	41
Gurgaon	6.40	2.02	4.38	32
Total	20.76	7.84	12.92	38

According to project authorities, the cost of production of 1 cc diluted semen was 25 paise. Based on this, the cost of diluted semen which went waste was Rs. 3.23 lakhs.

The department explained that diluted semen was supplied to sub-centres in the hope that sufficient number of animals in heat would be brought for insemination and the actual utilisation was related to the number of animals actually brought.

(v) *Other points of interest*

Rupees 1.20 lakhs was drawn in March 1977 towards cost of spare parts for a liquid nitrogen plant to be obtained from Holland through an Indian firm. Out of this, Rs. 0.59 lakh was paid in April 1977 to the Indian firm as advance payment and the remaining amount (Rs. 0.61 lakh) was retained in the cash chest in the shape of Remittance Transfer Receipt

for payment of custom duty, etc. The indent was placed on the Indian firm (April 1977) which in turn placed an order with the firm in Holland (June 1978) and the material was received in January 1980.

#### *Summing up*

(i) No village to village survey was conducted to establish the conditions necessary for success of the programme;

(ii) As against the envisaged coverage (artificial insemination) of at least 60 per cent of the breedable cattle population at the initial stages, the coverage was 34 per cent (cows) and 5 per cent (buffaloes) in Karnal Project area and 28 per cent (cows) 8 per cent (buffaloes) in Gurgaon Project area even during 1979-80;

(iii) The percentage of conception and calving to inseminations done was low;

(iv) The utilisation of the available diluted semen ranged between 32 to 41 per cent only. Semen worth Rs. 3.23 lakhs was not used during the period 1974-75 to 1979-80 and went waste.

Points mentioned above were referred to Government in July 1979; reply is awaited (March 1981).

### HOME

#### **3.5. Police hospital**

A six bedded hospital in the Police campus at Jind, constructed by Public Works Department at a cost of Rs. 1.75 lakhs was handed over to the Police Department in November 1974. No equipment, beds, furniture, etc., were provided. No whole time or part time doctor was posted (October 1980). The Government turned down (May 1977) due to financial stringency, a proposal of the Department for a whole time doctor. Part time doctor could not also be made available from the General Hospital, Jind due to shortage of medical officers there. A compounder and a ward attendant were appointed in December 1976. While the compounder attended to routine outdoor patients, the ward attendant had no work as there was no indoor patient.

Due to non-availability of a doctor and proper equipment, the hospital constructed at a cost of Rs. 1.75 lakhs has not been brought into effective use (November 1980). Expenditure of Rs. 0.13 lakh on the pay and allowances of the ward attendant from December 1976 to June 1980 was also wasteful.

The matter was reported to Government in August 1980; reply is awaited (March 1981).

## INDUSTRIES

### 3.6. Industrial estates

Fifteen industrial estates set up during the Second/Third Five Year Plans through Public Works Department at a cost of Rs. 58.56 lakhs (6 urban estates : Rs. 46.82 lakhs; 9 rural estates : Rs. 11.74 lakhs) were intended to stimulate industrial activity in the State by making available, initially, on rental basis, factory accommodation and other basic amenities to small entrepreneurs.

Mention was made in paragraph 36 of the Audit Report for the year 1969-70, Government of Haryana regarding utilisation of the industrial estates and realisation of arrears of rent for the sheds. Pursuant to the recommendations of the Public Accounts Committee from time to time, the Government decided (September 1976) to dispose of the sheds on hire purchase basis.

The latest position (May 1980) of these fifteen industrial estates was as under :—

	<i>Industrial estates</i>		
	<i>Urban</i>	<i>Rural</i>	<i>Total</i>
(i) Number of estates	6	9	15
(ii) Number of sheds constructed	148	78	226
(iii) Number of sheds given on hire purchase basis	60	9	69
(iv) Percentage of achievement	40.54	11.54	30.53
(v) Number of sheds given on rent (Lease)	80	22	102
(vi) Sheds occupied by Government/ Semi-Government institutions	8	28	36
(vii) Number of sheds lying vacant	..	19	19



Achievement in terms of the disposal of the sheds on hire purchase basis over a period of 4 years was only 30.53 per cent. However, in respect of 7 estates (urban : 1; rural : 6) the percentage of achievement ranged from 0.00 to 2.5.

Test-check conducted by Audit in May 1980 revealed the following :—

(a) *Default in payment of instalments*

Against the total recoverable amount of Rs. 7.09 lakhs up to March 1980 in eight estates (urban : 5; rural : 3), covering 45 sheds (urban : 38; rural : 7), Rs. 3.94 lakhs were awaiting recovery (March 1980). A sum of Rs. 1.27 lakhs was due (March 1980) on account of interest on belated instalments in respect of 45 defaulters.

(b) *Outstanding rent*

The rent due and penal interest recoverable thereon from the allottees as on 31st March 1980 was Rs. 36.20 lakhs as per details given below :—

	<i>Rent</i> <i>( in lakhs of rupees )</i>	<i>Interest</i>
Urban	19.88	12.36
Rural	2.50	1.46
Total	22.38	13.82

The department stated (December 1980) that proceedings for the recovery of an amount of Rs. 16.64 lakhs from 40 defaulters of 2 urban estates have been instituted in courts.

(c) *Loss of rent*

The loss of rent on account of sheds remaining vacant from 2 to 139 months in 13 (information in respect of 2 not available) industrial estates as on 31st March 1980 amounted to Rs. 7.14 lakhs (5 urban : Rs. 3.97 lakhs; 8 rural : Rs. 3.17 lakhs).

Non-occupation of sheds was attributed (December 1980) to (i) high rent of sheds, (ii) difficulty in procuring skilled labour, (iii) non-availability of raw material, and (iv) industrial development having not picked up to the desired level in rural areas.

### Summing up

(i) Although Government decided in 1976 to dispose of the sheds on hire purchase basis, the percentage of disposal in 7 estates (urban : 1; rural : 6) ranged from 0.00 to 2.5. A sum of Rs. 3.94 lakhs towards hire purchase instalments and Rs. 1.27 lakhs on account of interest was awaiting recovery (March 1980) in 45 cases.

(ii) Total rent recoverable as on 31st March 1980 was Rs. 22.38 lakhs (urban : Rs. 19.88 lakhs; rural : Rs. 2.50 lakhs) on which interest of Rs. 13.82 lakhs had accrued.

### 3.7. Design centre for fancy leather goods, Rewari

A Design Centre for fancy leather goods was set up at Rewari in January 1972 to promote manufacture of leather goods of latest designs in *Zari* and *Tilla* embroidery to cater to the export market. The Centre was to be equipped with modern machines and tools and a designer assisted by a technician was to be employed for developing new designs. Between 1974-75 and 1979-80, expenditure of Rs. 1.76 lakhs (establishment : Rs. 1.04 lakhs ; contingencies including material : Rs. 0.66 lakh and machinery : Rs. 0.06 lakh) was incurred.

During test-check (June 1980), the following points were noticed :—

- (i) A designer was in position from January 1972 to June 1973 (when there was no technician) and from May 1974 to March 1975 only, but no designing work was done during this period. The Principal of the Centre, however, stated that the technician prepared 138 samples from April 1975 to March 1980 even though there was no designer. During inspection in June 1977, the Development Officer observed that the technician neither knew designing nor possessed minimum qualification for the post of designer and that the designs were got prepared on payment.
- (ii) No targets for training of artisans and for production were fixed. Only one batch of artisans has so far been trained at the Centre for four months. During 1975-76 to 1979-80, 669 items valuing Rs. 0.18 lakh were manufactured of which 316 valuing Rs. 0.08 lakh were lying unsold (March 1980).

The matter was reported to Government in August 1980; reply is awaited (March 1981).

### **3.8. Supply of sub-standard material**

In February 1977, the Controller of Stores placed an order on a firm for supply of three items of country medicines to the Animal Husbandry Department.

According to the terms of supply, 90 per cent payment was to be made against railway receipt duly supported by inspection note. Inspection was to be conducted by the indenting department at the premises of the firm.

Supplies duly inspected (March 1977) by the departmental representative were despatched by the firm to various consignees of Animal Husbandry Department. Ninety per cent payment amounting to Rs. 0.35 lakh was released by the department on 4th April 1977 through bank, against which material worth Rs. 0.31 lakh was received. Subsequently (12th April 1977), the supplies were found to be of sub-standard quality when compared with counter samples. Material worth Rs. 0.27 lakh was, therefore, returned to the firm for replacement (December 1977). The firm did not replace the sub-standard material and sent a crossed cheque for Rs. 0.10 lakh to the Director, Animal Husbandry. Neither could the cheque be encashed as the department was not operating any account in the name of Director, nor was it substituted by the firm.

The matter was reported by the indenting department to the Police who, however, refused to register the case (December 1979) on the ground that as the material was pre-inspected, no case of cheating against the firm was established. The Government intimated (February 1981) that the case was registered with the Police at Hissar on 10th February 1981.

## **INDUSTRIAL TRAINING**

### **3.9. Industrial Training Institutes**

#### *3.9.1. Introductory*

The scheme for training of Craftsmen which has been in operation in Haryana State from November 1966, aims at (i) ensuring a steady flow of skilled workers in different trades for industry, (ii) raising the quality and quantity of industrial

production by systematic training of workers, (iii) reduction of unemployment among the educated youth by equipping them for suitable industrial employment and for starting self employment projects. This was a Centrally sponsored scheme till March 1969 with Government of India meeting 60 per cent of the cost. From the commencement of the Fourth Five Year Plan (1969-70), it is being implemented as a State scheme. On its formation in November 1966, Haryana State inherited 17 Industrial Training Institutes (I.T.Is.) from the composite Punjab State with an annual intake capacity of 7,648 trainees. The training was imparted in 42 engineering and non-engineering courses of one and two years duration on a uniform all India pattern. Three more I.T.Is. were added (1978-79 : 2 ; 1979-80 : 1) raising the total intake capacity of all 20 institutes to 8,448 in 38 trades. During the period 1975 to 1979, 16,888 candidates were trained in the industrial training institutes. The expenditure incurred on the scheme during the five years ending March 1980 was Rs. 6,44.10 lakhs.

Test-check by Audit of the accounts and records in the Directorate of Industrial Training, Haryana and six I.T.Is. (Ambala, Faridabad, Nathusari Chopta, Rohtak, Sirsa and Yamunanagar) disclosed the following :—

### 3.9.2. Drop outs and failures

(a) The position regarding the number of trainees admitted, drop outs and failures during the period August 1975 to July 1979 is indicated in the table given below :—

Year	Number of trainees admitted	Number of drop outs	Number of failures in final trade test	Percentage to admission	
				Drop outs	Failures
August 1975 to July 1976	9,923	3,039	1,232	30	12
August 1976 to July 1977	9,448	1,705	2,488	18	26
August 1977 to July 1978	9,798	2,137	3,807	22	39
August 1978 to July 1979	6,596	1,143	3,326	17	50

It would be seen that wastage on account of drop outs and failures was continuously on the increase and ranged from 42 per cent in 1975 to 67 per cent in 1978.

The department stated (December 1979) that the wastage was mainly due to domestic problems of the students and trainees having left the institutes of their own accord. An aptitude test for candidates which was in vogue since the beginning to adjudge candidates' aptitude was dispensed with by the department in November 1978. The Government attributed (November 1980) the rise in percentage of failures to introduction of centralised system of examinations in more and more trades compared with the system of internal examinations which was in vogue up to 1976.

(b) According to the bonds furnished by the trainees at the time of admission, those who dropped out any time after completing one month but before taking the final trade test were liable to refund the cost of training at the rate of Rs. 35 per month in the case of stipend holders and Rs. 25 per month in the case of others subject to a ceiling of Rs. 300 for two years courses and Rs. 200 for others. A sum of Rs. 1.81 lakhs was awaiting recovery from 1,721 trainees who abandoned the training in 6 I.T.Is. during the period from 1962-63 to 1979-80.

### 3.9.3. *Standard of training*

#### (a) *Inadequate training expenses*

The National Council of Training in Vocational Trades recommended (August 1974) enhancement of the norms fixed in 1963 for raw materials to Rs. 25 and Rs. 20 per trainee for engineering and non-engineering trades respectively. Departmental rules also require maintenance of a library of technical books for each institute for which expenditure of 25 paise per month per trainee was allowed.

In 6 Institutes test-checked, expenditure on raw materials from 1975 to 1980 was Rs. 29.91 lakhs against Rs. 50.47 lakhs according to the norms; the expenditure on library books in 5 institutes (information for I.T.I., Ambala was not available) during the same period was Rs. 0.07 lakh against Rs. 0.42 lakh based on the norms.

#### (b) *Inadequate equipment*

The Principals of the six institutes reported (February-June

1980) that there were shortages in the equipment and machinery as compared to the requirement on the basis of norms prescribed by the Government of India. The number of machinery short was 510 in 51 trades.

There was no equipment for imparting training in the following trades although there were trainees for these trades.

<i>Name of the institute</i>	<i>Name of the trade</i>
Faridabad	Draftsman
Nathusari Chopta	(i) Fitter
	(ii) Motor Mechanic
	(iii) T.V. Mechanic
Rohtak	Mechanic General Electronic
Sirsa	Diesel Mechanic
Yamunanagar	(i) Millwright
	(ii) Tool and Die Maker

The major trade-wise break up of the machinery found short was as follows:—

<i>Trade</i>	<i>Number</i>
Turner	76
Electrician	48
Surveyor	45
Tool and Die Maker	37
Motor Mechanic	36
Draftsman Civil	36
Welder	27
Fitter	26
Draftsman Mechanical	26
Tractor Mechanic	22
Others	131
Total	<hr/> 510 <hr/>

While admitting that it had not been possible to achieve the ideal norms laid down by the Government of India due to financial constraints, the Government stated (November 1980) that shortages in equipment at I.T.I., Faridabad for Draftsmen classes, at I.T.I., Nathusari Chopta have since been made up and that adequate tools and equipment were available at Sirsa.

#### 3.9.4. *Employment of successful trainees*

Record cards are required to be maintained in respect of ex-trainees who are eligible to secure employment. If the ex-trainees fail to secure employment, the record cards should show the whereabouts of unemployed trainees.

Except at Ambala and Faridabad where they were maintained from July 1979 only, such records were not maintained in any of the other institutes. The impact of the scheme on employment of educated youth could not, therefore, be assessed precisely.

The position of unemployment among I.T.I. certificate holders at the end of each year as reflected in live registers of State Employment exchanges was as indicated below :—

<i>Year ending</i>	<i>Number of certificate holders as per employment exchanges</i>	<i>Percentage of increase (base year December 1974)</i>
31st December 1974	6,756	..
31st December 1975	8,237	22
31st December 1976	8,539	26
31st December 1977	8,899	32
31st December 1978	9,179	36
31st December 1979	10,912	62

#### 3.9.6. *Unserviceable stores (Rs. 0.76 lakh)*

Unserviceable stores and other equipment worth Rs. 0.76

lakh (Ambala : Rs. 0.24 lakh; Faridabad : Rs. 0.49 lakh and Yamunanagar: Rs. 0.03 lakh) relating to periods far as back as 1961-62 and 1,040 items of unserviceable stores and equipment (value not known) in I.T.I., Rohtak were awaiting disposal (February-May 1980).

### *Summing up*

(i) The wastage on account of drop outs and failures was high and ranged from 42 to 67 per cent. A sum of Rs. 1.81 lakhs was awaiting recovery from drop outs.

(ii) There was shortage of equipment and instructional staff and expenditure on training was below the norms.

(iii) The craftsman training scheme was undertaken mainly to ensure steady flow of skilled workers for the industry so as to increase production and to reduce unemployment among the educated youth by training them for suitable industrial employment. The department did not maintain any systematic record of passed out trainees. The records of the State employment exchanges showed increasing unemployment amongst I.T.I. certificate holders.

## TECHNICAL EDUCATION

### 3.10. Polytechnics

3.10.1. Technical education is imparted in the State up to diploma level through 4 Government Polytechnics at Ambala, Jhajjar, Nilokheri and Sirsa (apart from private institutions).

During 1974-75 to 1979-80, Rs. 3,55.34 lakhs were spent on Government Polytechnics.

Test-check by Audit of the accounts and records of the three Government Polytechnics at Ambala, Jhajjar and Nilokheri disclosed the following :—

#### (i) *Intake capacity and total wastage*

The intake capacity and total wastage on account of drop outs and failures in the final year in the three polytechnics was



as under :—

<i>Serial Name num- of ber Poly- technic</i>	<i>Particulars</i>	<i>1974- 75</i>	<i>1975- 76</i>	<i>1976- 77</i>	<i>1977- 78</i>	<i>1978- 79</i>
1. Govern- ment Poly- technic, Ambala	(i) Admitted	161	253	188	246	253
	(ii) Wastage					
	(a) Drop outs	2	4	5	11	7
	(b) Failures	40	77	24	67	83
	(iii) Percentage of wastage to admis- sions	26	32	15	32	36
2. Govern- ment Poly- technic, Jhajjar	(i) Admitted	78	124	88	144	122
	(ii) Wastage					
	(a) Drop outs	4	9	0	0	1
	(b) Failures	25	39	24	28	48
	(iii) Percentage of wastage to admis- sions	37	39	27	19	40
3. Govern- ment Poly- technic, Nilokheri	(i) Admitted	140	188	178	230	260
	(ii) Wastage					
	(a) Drop outs	5	2	1	4	0
	(b) Failures	47	48	39	60	82
	(iii) Percentage of wastage to admissions	37	27	22	27	31

The reasons for the high rate of failures were not made known to Audit.

### *3.10.2. Diversion of machinery purchased for sandwich course*

With a view to diversifying technical courses to suit the requirements of industries, the Government of India advised (May 1970) all the State Governments to start sandwich courses with emphasis on in-plant training at the industries in their respective areas.

Machinery purchased at a cost of Rs. 8.39 lakhs during 1976-77 to 1978-79 for sandwich course at the Polytechnic at Jhajjar were diverted in January 1979 to the workshop for training of final year students of mechanical diploma courses.

### *3.10.3. Employment prospects*

The Technical Education Department did not have information on the employment or absorption in industries of students passing out from the institutions. No liaison was maintained with the employing departments like Public Works Department or the Industries/Labour Departments with a view to assessing the demand in each discipline and adjusting the intake capacity according to the demand. The number of unemployed diploma holders registered with State employment exchanges registered an increase from 706 as on 31st December 1974 to 1,519 on 31st December 1978.

### *3.10.4. Other points*

The Technical Institute for Women, Ambala City, was placed under the administrative control of the Technical Education Department in October 1978. This institute offered courses in Pharmacy, Library Science, Commercial Practices and Interior Decoration and Display (intake capacity in each discipline : 30). The percentage of drop outs was 36 in 1977-78 and 38 in 1978-79. The drop outs in the discipline of Interior Decoration and Display (introduced from the year 1977-78) was as high as 86.67 per cent in 1978-79. The reasons for the high percentage of drop outs were not made available.

### *Summing up*

(i) The wastage on account of drop outs and failures in the final year ranged between 15 and 63 per cent (Ambala) 19

and 40 per cent (Jhajjar) and 22 and 37 per cent (Nilokheri) of the students enrolled. In the Technical Institute for Women, Ambala City, percentage of drop outs in the discipline of Interior Decoration and Display was as high as 86.67 per cent in 1978-79.

(ii) Machinery valuing Rs. 8.39 lakhs purchased (1976-77 to 1978-79) for introducing a sandwich pattern course in the Government Polytechnic at Jhajjar was diverted (January 1979) for training of final year students of mechanical diploma course as the sandwich course could not be started.

(iii) The Technical Education Department had not maintained any liaison with the main employing departments and industrial units with a view to adjusting the intake capacity to actual requirements. The number of unemployed diploma holders increased by 115 per cent between 1974 and 1978.

## MEDICAL AND HEALTH

### 3.11. Drugs control in Haryana

#### 3.11.1. *Introductory*

With a view to ensuring prescribed standard and quality of drugs and cosmetics manufactured, sold and distributed, the "Drugs and Cosmetics Act, 1940" was passed and Government of India framed the "Drugs and Cosmetics Rules, 1945". In Haryana State, the administration and enforcement of the Act has been entrusted to the Director of Health Services as State Drugs Controller. The State Drugs Controller is the licensing authority for issue and renewal of wholesale licences and licences for manufacturing drugs whereas the Chief Medical Officers are the licensing authorities for issue and renewal of retail drugs licences. The samples (biological and non-biological products) are tested/analysed at the State owned Drugs Laboratory at Chandigarh.

#### 3.11.2. *Financial outlay*

During the period 1975-76 to 1979-80, an expenditure of Rs. 31.11 lakhs was incurred on the Drugs Control Organisation.

#### 3.11.3. Following points were noticed in test-check (May

1980) of the records of State Drugs Laboratory and the Drugs Inspectors of 4 District Headquarters (Ambala, Karnal, Gurgaon and Rohtak) for the years 1975-76 to 1979-80.

(a) *Sampling of drugs*

(i) According to the guidelines issued by the Government of India, one Drugs Inspector should have jurisdiction over 200 drugs selling units or 50 drugs manufacturing units. The number of Inspectors in position in the State which had 166 manufacturing units and 2,453 wholesale selling units was, however, only 10 at the close of 1979-80. The number of retail units presently engaged in selling drugs was not available with the State Drugs Controller (May 1980).

(ii) Information furnished by the State Drugs Laboratory, Chandigarh, disclosed wide variations in the number of samples received from the different Drugs Inspectors as indicated below :—

Number of samples of drugs drawn (group)	1975-76		1976-77		1977-78		1978-79		1979-80	
	Number of Inspectors	Number of samples drawn	Number of Inspectors	Number of samples drawn	Number of Inspectors	Number of samples drawn	Number of Inspectors	Number of samples drawn	Number of Inspectors	Number of samples drawn
1-6	2	7	..	..	..	..	..	..	..	..
7-50	..	..	1	45	..	..	..	..	..	..
51-100	..	..	..	..	7	556	2	150	2	173
101-119	1	116	1	104	2	219	5	528	6	679
120 and above	6	1,340	9	1,498	2	292	4	596	2	301
	<u>1,463</u>		<u>1,647</u>		<u>1,067</u>		<u>1,274</u>		<u>1,153</u>	

No separate records were maintained showing the number of samples drawn from manufacturing units.

(iii) *Sub-standard drugs*

The position of samples received from Drugs Inspectors for analysis and found sub-standard is indicated below :—

<i>Year</i>	<i>Number of samples analysed</i>	<i>Number of samples declared sub-standard</i>	<i>Percentage of sub-standard drugs</i>
1975-76	1,182	359	30
1976-77	1,458	391	27
1977-78	1,414	410	29
1978-79	1,125	296	26
1979-80	1,322	395	30

In spite of an increase in the number of manufacturing and wholesale selling units, the number of samples analysed during 1978-79 and 1979-80 actually showed a downward trend in comparison with the figures for 1976-77 and 1977-78.

(iv) In four districts covered by test-check, 698 samples of drugs out of 2,888 samples analysed during the period from 1975-76 to 1979-80, were declared sub-standard. The manufacturers in respect of 174 sub-standard drugs were situated in the State, and the remaining 524 were outside. Information on action taken by the State Drugs Controller in respect of these sub-standard drugs (698) was not furnished to Audit. While no information was supplied by the State Drugs Controller, information supplied by the Drugs Inspectors of these districts revealed that show cause notices were issued to manufacturing units situated in Haryana in respect of 139 samples of sub-standard drugs. In case of 383 sub-standard samples pertaining to the manufacturers situated outside Haryana, information on action taken against the defaulting units was available for 36 cases only. Complete picture of follow up action taken to ensure withdrawal of sub-standard drugs from the market was not made available.

3.11.4. *Testing of samples of drugs*

No time limit has been prescribed for reporting the results

of tests on drugs samples received by the Government Analyst at State Drugs Laboratory, Chandigarh. Out of 9,666 samples received from Drugs Inspectors and other sources tested by the Government Analyst during 1975-76 to 1979-80, the test results were reported as under :—

- (a) 3,726 samples (39 per cent) within 30 days ;
- (b) 3,163 samples (33 per cent) between 1 to 3 months ;
- (c) 2,121 samples (22 per cent) between 3 to 6 months; and
- (d) 656 samples (7 per cent) after 6 months.

The Government Analyst attributed (May 1980) the delay to (i) shortage of analytical staff; (ii) shortage of funds; and (iii) time taken by the manufacturing units in intimating the methods of preparing non-pharmacopical drugs. Although the rules provide for the right to appeal against the findings of the State Drugs Laboratory, Chandigarh to the Central Drugs Laboratory, Calcutta, the Department did not have any information regarding the number of cases where appeals were filed.

The State Government stated (January 1981) that the vacancies were likely to be filled in shortly.

### 3.11.5. *Inspection*

#### (i) *Manufacturing units*

The Drugs and Cosmetics Rules, 1945 (Section 52) stipulate that the Inspector authorised to inspect the manufacturing units shall inspect not less than twice a year the premises of the manufacturing units functioning within the allotted area. In Haryana, only the Deputy State Drugs Controller (posted at Headquarters) has been authorised to inspect the premises of the manufacturing units. Details supplied by the department regarding manufacturing units, number of inspections of units required as per norms and inspections actually conducted, etc.,

are given below :—

Year	Number of manufacturing units	Number of visits required to be made	Number of visits made	Shortfall in visits (percentage)
As on 1st April 1975	128	256	186 (1975-76)	70 (27)
As on 1st April 1976	139	278	175 (1976-77)	103 (37)
As on 1st April 1977	127	254	167 (1977-78)	87 (34)
As on 1st April 1978	145	290	145 (1978-79)	145 (50)
As on 1st April 1979	156	312	188 (1979-80)	124 (40)

Percentage of shortfall in visits ranged from 27 to 50.

The results of the inspections conducted were not available.

(ii) *Inspection of selling units (wholesale and retail units)*

The Drugs Inspector is required to visit each selling unit falling within his jurisdiction at least twice in a year. Except in case of Rohtak and Jind for 1979-80, the department did not have the year-wise information of total number of selling units in a district, the number of inspections carried out by the Drugs Inspectors. In these two districts, only 64 units (out of 217 units; Rohtak : 153 and Jind : 64), i.e., 29 per cent were inspected by inspectors twice or more.

### 3.11.6. Launching of prosecutions

The position of prosecutions launched during 1975-76 to 1978-79 and decisions thereon was as follows :—

Year	Number of cases launched	Decided	Number of cases acquitted	Number of cases of imprisonment/ fine	Number of cases placed on probation	Total number of cases pending
1975-76	16	11	1	9	1	26
1976-77	17	8	..	8	..	35
1977-78	26	8	..	6	2	53
1978-79	21	13	3	9	1	61

Information in respect of prosecution against wholesale selling units for 1979-80 was not available with the State Drugs Controller (May 1980).

#### Summing up

(i) The percentage of sub-standard drugs in tested samples varied from 26 to 30 during the 5 years ending March 1980. No separate records were maintained showing the number of samples drawn from manufacturing units. Complete picture of follow up action taken to ensure withdrawal of sub-standard drugs from the market was not available.

(ii) There was delay of more than 30 days in communicating the results of analysis in the case of more than 60 per cent of the samples.

(iii) There was shortfall of 27 to 50 per cent in the inspection of drugs manufacturing units.

The matter was referred to Government (June 1980) ; reply is still awaited (March 1981).



### 3.12. Mobile dispensaries in Haryana

#### 3.12.1. *Introductory*

With a view to providing medical, surgical and other specialized services to the rural population, two mobile dispensaries and one specialized mobile dispensary were set up in January 1971 in three districts, Bhiwani, Gurgaon and Rohtak. In March 1973, the mobile dispensary at Rohtak was transferred to Narnaul.

An expenditure of Rs. 13.87 lakhs was incurred on the dispensaries during 1970-71 to 1979-80.

3.12.2. Test-check (May 1980) of the records of Chief Medical Officers in the three districts of Bhiwani, Gurgaon and Narnaul revealed the following :—

#### (i) *Utilisation of vehicles*

Five vehicles were acquired at a total cost of Rs. 2.86 lakhs between March 1971 and February 1973. Two of these were sent to Bhiwani in October 1971 and February 1973 and one each to Gurgaon and Rohtak in October 1971. One vehicle was transferred from Rohtak to Narnaul in March 1973 on shifting of operational area.

No information was made available regarding the whereabouts of the fifth vehicle acquired at a cost of Rs. 0.55 lakh and the purpose for which it was being utilised.

#### (ii) *Performance of mobile dispensaries*

The mobile dispensaries were to function for 5 days in a week, i.e., 260 days in a year. The actual functioning of these

dispensaries was as under :—

District	Year	Total number of villages in the area of operation	Number of villages covered	Number of days on which mobile dispensaries worked	Percentage of age of villages with reference to total number of villages	Number of patients attended	Average number of patients attended per day
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Bhiwani	1971-72	473	25	60	5	1,342	22
	1972-73		41	107	9	3,515	33
	1973-74		130	202	27	7,999	39
	1974-75		57	57	12	2,935	51
	1975-76*		89	233	19	8,678	37
	1976-77*		104	164	22	8,128	49
	1977-78		102	237	22	16,937	71
	1978-79*		78	216	16	13,111	61
	1979-80		94	163	20	9,932	61
Gurgaon	1970-71	225	15	15	7	857	57
	1971-72		18	91	8	4,593	50

\*This includes the work done by the mobile dispensaries in connection with *mela* camps and flood area in these years.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	1972-73		25	55	11	2,472	45
	1973-74		50	128	22	6,017	47
	1974-75		21	46	9	1,583	34
	1975-76		25	37	11	3,737	101
	1976-77		22	21	10	2,244	107
Narnaul	1973-74	768	41	116	5	7,092	61
	1974-75		22	61	3	2,458	40
	1975-76		10	77	NA	7,373	96

As would be seen from the table, the number of days on which the three dispensaries functioned during different years was much less than the target of 260 days per year. The target was not achieved reportedly due to non-availability of doctor(s) and other staff and vehicles having remained off the road because of repairs, etc. In Gurgaon, the utilisation of the vehicle for the purpose of mobile dispensary during January 1975 to August 1978 was only 11 per cent of the total mileage run by the vehicle. The remaining journeys were performed for purposes not connected with the functioning of these dispensaries, like shifting of stores, distribution of medicines, etc., in the district.

(iii) *Infructuous expenditure (Rs. 2.32 lakhs)*

(a) *Closure of two dispensaries*

The mobile dispensary, Gurgaon stopped functioning in March 1977. The vehicle was used for purposes not connected with the functioning of the scheme from April 1977 to August 1978, and thereafter, it went out of order. The vehicle was not got repaired, but instead, a case for the condemnation of the same was initiated in December 1979 when it had run about 83,319 Kms. only. Final decision in the matter was awaited (January 1980). An expenditure of Rs. 0.85 lakh (Rs. 0.82 lakh salaries and Rs. 0.03 lakh P.O.L.) was incurred after the mobile dispensary had stopped functioning. The Chief

Medical Officer (C.M.O.), Gurgaon, stated that services of the staff of mobile dispensary were utilised in General Hospital, Nuh, while the mobile dispensary could not work due to non-availability of both van and medical officer or either of the two.

Mobile dispensary, Narnaul, functioned up to 10th December 1975. The vehicle was sent to the directorate for repairs in April 1976 and the repairs had not been carried out (January 1981). An expenditure of Rs. 1.08 lakhs (Rs. 0.78 lakh salaries, Rs. 0.30 lakh medicines) was incurred after the dispensary ceased to exist and up to March 1980. The Chief Medical Officer, Narnaul stated that the staff was utilised in General Hospital, Narnaul in addition to the sanctioned posts and that the medicines were actually used in district hospitals/ dispensaries although the expenditure was debited to the scheme.

(b) *Idle staff (Rs. 0.39 lakh)*

The van for mobile dispensary, Rohtak, was received in Rohtak in October 1971 whereas the staff was employed from March 1971. An expenditure of Rs. 0.36 lakh was incurred on pay and allowances of the doctor and the staff up to October 1971. The Chief Medical Officer, Rohtak, stated that the staff was utilised in Civil Hospital, Rohtak, in public interest.

(iv) *Non-performance of inoculation and public health functions*

The two main functions of the mobile dispensary, viz., (a) inoculation and vaccinations against T.B., Cholera, Tetanus, etc., for prevention of communicable diseases and (b) education of people with regard to environmental sanitation and hygienical living to promote positive health were not at all performed in Gurgaon and Narnaul districts.

(v) *Activities of specialized mobile dispensary*

(a) *Non-existence of specialized services*

The specialized mobile dispensary was to provide specialized surgical, medical and diagnostic facilities in the area of operation and specialists in different diseases were to visit the rural areas on different days. It was, however, noticed that no specialized services were ever provided by the mobile dispensary started at Bhiwani (October 1971) and no specialist ever visited the rural areas in connection with this programme.

(b) A mention was made in Paragraph 3.14 of Audit Report 1976-77 that the sanctioned staff for a mobile X-Ray van, except for the dark-room attendant, which was ready for use in March 1973 had not been appointed and that no X-Rays were taken. Subsequent examination has revealed that the X-Ray plant went out of order in September 1976. Although it had not been repaired (May 1980), one driver and one radiographer were appointed in April 1978 and October 1979 respectively. Expenditure of Rs. 0.26 lakh incurred on the pay and allowances of the staff (dark-room attendant, driver, radiographer) up to April 1980 has proved infructuous. Government accorded approval in April 1980 for the repair of the plant at a cost of Rs. 0.19 lakh but it remained unrepaired (December 1980).

(vi) *Evaluation*

No evaluation of the performance of these dispensaries had been done either at the State or at the district level.

*Summing up*

(a) Out of five vehicles purchased, only 4 were utilised for the scheme. The functioning of the mobile dispensaries in terms of days was much below the norms and the actual coverage of villages ranged between 5 and 27 per cent only. Information regarding whereabouts of the fifth vehicle (cost : Rs. 0.35 lakh) and purpose for which it was being used was not available.

(b) The specialized mobile dispensary operated without any specialist and the X-Ray plant (cost : Rs. 1.39 lakhs) purchased for this dispensary remained unutilised, and expenditure of Rs. 0.26 lakh incurred on the staff proved infructuous.

(c) In two districts (Gurgaon and Narnaul) an expenditure of Rs. 1.93 lakhs was incurred (Rs. 1.60 lakhs salaries ; Rs. 0.30 lakh medicines and Rs. 0.03 lakh P.O.L.) after the mobile dispensaries at these places ceased functioning. In Rohtak, an expenditure of Rs. 0.36 lakh was incurred on salaries although there was no van available for the mobile dispensary.

The facts mentioned above were reported to Government in September 1980; reply is awaited (March 1981).

### 3.13. Misappropriations, defalcations, etc.

Cases of misappropriations, defalcations, etc., of Government money reported to Audit up to the end of March 1980, on which final action was pending at the end of August 1980 were as follows :—

	<i>Number</i>	<i>Amount (in lakhs of rupees)</i>
Cases reported up to the end of March 1979 and outstanding on 31st August 1979	103	15.92
Cases reported between April 1979 and March 1980	20	0.99
Total	123	16.91
Cases closed between September 1979 and August 1980	15	2.73
Balance	108	14.18

Of these :

- (i) Twenty cases (Rs. 1.39 lakhs) were outstanding for more than five years.
- (ii) Seventynine cases (Rs. 13.07 lakhs) were outstanding with the departments of Buildings and Roads, Transport, Education, Irrigation, Food and Supplies and Medical.

Appendix VI shows department-wise analysis of cases in which final action was pending at the end of August 1980.

### 3.14. Write off of losses, revenue, etc.

During 1979-80, Rs. 2.71 lakhs representing losses due to theft, fire, irrecoverable revenue, duties, etc., were written off/recoveries were waived. Details are given in Appendix VII.

CHAPTER IV  
WORKS EXPENDITURE  
IRRIGATION

**4.1. Remodelling and lining of Hansi Branch**

*4.1.0.* As a part of the decision taken in 1972 to remodel and sideline the Hansi Branch, the work of sidelining of Hansi Branch from RD 0 to 5000 and remodelling of head regulator was executed during 1972-73 to 1973-74 at a cost of Rs. 8.72 lakhs.

In December 1973, the department decided to shift the site of the head regulator from the Western Jamuna Canal to the newly constructed Munak complex resulting in abandonment of works executed earlier. The Department initiated action (March 1974) to remove the serviceable concrete blocks from the abandoned portion for use in other reaches, but the proposal was dropped after removing 3,590 blocks at a cost of Rs. 0.06 lakh as it was considered uneconomical.

The Executive Engineer stated (May 1980) that the structures of existing head regulator were found unsuitable for remodelling and that it was decided by the Department to shift the regulator to a new site about 1,100 feet away which resulted in abandonment of existing Hansi Branch from RD 0 to 3000 and the existing head regulator.

Thus, the expenditure incurred on the remodelling of Hansi Branch (RD 0 to 3000) and head regulator to the extent of Rs. 6.75 lakhs on proportionate basis was rendered wasteful as a result of failure to select a proper site before taking up the remodelling work.

The abandoned portion was levelled at a cost of Rs. 0.59 lakh with the idea of either leasing it to agriculturists or selling it. But no action had been taken (June 1980) in this direction resulting in loss of revenue.

*4.1.1.* There was a breach in the Hansi Branch on 10th

June 1976 at RD 235700. According to the Executive Engineer, Remodelling Division No. I, Jind, the cause of the breach was a *dhak* tree standing on the site at a distance of about 18 feet from the berm of the channel. Water rushed through the roots of the tree uncontrollably and the bank gave way. A sum of Rs. 0.63 lakh was spent on the closure of the breach and on compensation paid to cultivators whose crops were damaged.

The Magistrate, Jind, who conducted an enquiry in June 1976 noted that in the process of widening the channel the inside of the bank was being cut before the outside had been compacted completely. There was a hole in the old bank through which water seeped into the roots of the *dhak* tree which fell down resulting in the cutting of the bank. The tree should have been cut and it should have been ensured that there was no hole, etc., before taking up the remodelling work and cutting of the old bank. A copy of magisterial enquiry report was sent (February 1977) by the Chief Secretary to the Administrative Secretary for fixing responsibility but no action had been taken thereon (July 1980).

4.1.2. The bed lining down stream of the fall at RD 22500 of Hansi Branch was done during April 1976. After the canal was closed and dewatered, it was observed (January 1977) that 19,835 sft. bed lining and two side channels on left side down stream of the fall had been damaged. The damages were stated to have been caused by scouring to the extent of 4—5 feet due to heavy thrust of water.

In order to rectify the damages and the safety of the fall, the department incurred an expenditure of Rs. 0.70 lakh on protection works after changing the design.

4.1.3. A Sectional Officer of Construction Division No. III, Panipat, did not hand over charge of stores in his custody on his transfer in January 1979. The Executive Engineer ordered (March 1979) physical verification of the stores by two Sub-divisional Officers. Physical verification of stores conducted in March 1979 revealed that 36,000 cft. of Kota stone valuing Rs. 0.41 lakh was found short. The amount was placed under Miscellaneous Public Works Advances as recoverable from the Sectional Officer.

The Executive Engineer stated (May 1980) that the



Superintending Engineer had been requested (March 1980) to entrust the enquiry to two Executive Engineers. Further development is awaited (July 1980).

The matter was reported to Government in September 1980; reply is awaited (March 1981).

#### **4.2. Construction of Sewana Majra Minor**

With a view to providing irrigation facilities to the villages situated at the tail of Kahnaur distributary, an estimate of Rs. 3.52 lakhs was sanctioned for constructing Sewana Majra Minor branching at RD 2450 R of Dubaldhan Minor and linking the same with Kahnaur distributary. The project envisaged irrigation of 2,874 acres against 529 acres irrigated on an average and was to be a productive one. On completion of the work (except masonry works) in December 1978 at a cost of Rs. 2.20 lakhs, it was noticed that the newly constructed Sewana Majra Minor would be in a position to carry only 7 to 8 cusecs against the expected discharge of 15 cusecs. The area irrigated in 1979-80 was 930 acres. Lower discharge through the channel was attributed to non-construction of head regulator of Bakra Minor and aqueduct across Loharu Feeder for which provision was not made in the original estimate.

While rejecting revised estimate of Rs. 6.02 lakhs incorporating these items of work, the Chief Engineer observed (June and July 1979) that (i) the area could be served adequately from the lift installed on Kahnaur distributary and there was no advantage in transferring it from one lift scheme to another, (ii) the entire expenditure was infructuous, and (iii) responsibility for misleading the Government as a result of which avoidable expenditure was incurred would have to be fixed.

#### **4.3. Penal recovery of cost of coal issued to kiln contractors in excess of requirements**

(i) As per the procedure in vogue in the Irrigation Department, contract for supply of bricks is awarded to kiln contractors and slack coal for burning of bricks is supplied by the department on a prescribed scale which is 25 M.T. per lakh of accepted type of first class bricks and cost of coal consumed in excess of the prescribed scale is recovered at penal rate. It was, however, noticed (July 1979) that Sutlej Yamuna

Link Division No. 2, Ambala, placed four supply orders on a kiln contractor during June 1978 to November 1978 for supply of 6.5 lakh bricks without including the penal clause, reasons for this being not known. Out of these, one supply order for 2 lakh bricks was cancelled on 21st February 1979. 162.50 M.T. of coal as per the prescribed scale which included the requirement of coal for 2 lakh bricks, order for which was cancelled, was offered by the Division between September 1978 and February 1979 without taking safeguards for recovering the cost of the same.

During June 1978 to December 1979, the kiln contractor supplied 2.07 lakh bricks for the manufacture of which only 51.68 M.T. of coal was required. Balance quantity of coal, i.e., 110.82 M.T. (value at penal rate Rs. 0.44 lakh) was not returned by the contractor. Using this coal, the contractor could have manufactured 4.43 lakh bricks and sold them elsewhere.

Due to non-inclusion of penal clause in the work order as required under departmental rules, penal recovery amounting to Rs. 0.44 lakh could not be made.

Against the recoverable amount of Rs. 0.44 lakh, only Rs. 0.05 lakh (Rs. 0.01 lakh as security deposit and Rs. 0.04 lakh pending dues) was available with the department. The Division stated (July 1980) that 122.46 M.T. of coal lying at kiln site was issued to avoid rehandling charges.

The matter was reported to Government in August 1980; reply is awaited (March 1981).

(ii) A sum of Rs. 0.47 lakh on account of cost of coal (at penal rate) used in excess was recoverable from a contractor in Sutlej Yamuna Link Division No. 6, Ambala. Against this, a sum of Rs. 0.11 lakh representing security deposit (Rs. 0.04 lakh) and contractor's assets lying at kiln site (Rs. 0.07 lakh) was stated to be available with the department for adjustment. The department proposed (March 1979) to recover the outstanding dues from the contractor through arbitration. However, no arbitrator has been appointed by the department so far (December 1980). Further developments are awaited.

The matter was reported to Government in July 1980; reply is awaited (March 1981).

#### 4.4. Acquisition of land

Land measuring 11.69 acres (cost : Rs. 1.01 lakhs) in village Regheri (District Kurukshetra) was acquired in November 1971 by Augmentation Canal Division No. 1, Yamunanagar (now defunct) directly for setting up a kiln. Soil analysis was, however, not done before acquisition. The contractor to whom the work of manufacturing and supplying bricks was allotted (October 1971) before acquisition of land did not start the work as the soil was found to be unfit for moulding bricks.

The land was declared surplus in August 1972 and the department was directed by the Government to dispose of it through civil authorities in accordance with the rules. In the meantime, a sum of Rs. 0.46 lakh was deposited (January 1972) by one of the original owners of land towards proportionate cost of his share of land. Other owners of the land were also contacted, but they did not agree to pay back the compensation amounts already received by them. The department stated (August 1980) that even after its purchase, the physical possession of the land remained with the owners, who were using it since November 1971.

The records of the defunct division had been taken over by the Executive Engineer, Augmentation Canal Division, Yamunanagar, who stated that the circumstances in which samples of soil were not got tested before acquisition of land were not forthcoming from the records and that it was intended to recover the cost of land along with interest from the owners.

Due to failure of the department to get the soil analysis done before acquisition of the land, it acquired land which was not useful for setting up brick kiln at a cost of Rs. 1.01 lakhs. Further, land costing Rs. 0.55 lakh was not in possession of the department even after payment of compensation to the land owners.

The matter was reported to Government in September 1980; reply is awaited (March 1981).

## CHAPTER V

### STORES AND STOCK

#### 5.1. Synopsis of important stores accounts

A synopsis of stores and stock accounts in respect of Stamps, Irrigation, Public Health, Forest, Buildings and Roads, Printing and Stationery and Public Relations Departments for the latest years for which accounts have been rendered by them is given below :—

Serial number	Department/ Stores	Year of account	Opening balance	Receipts	Issues	Closing balance
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(1)	(2)	(3)	(4)	(5)	(6)	(7)
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(in lakhs of rupees)

#### 1. Stamps—

Revenue, judicial  
and non-judicial  
stamps

1979-80	77,47.61	11,59.19	27,53.60	61,53.20
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#### 2. Irrigation—

(a) Bhakra Canals-  
Building mate-  
rials, timber,  
fuel, lubri-  
cants, paints,  
electrical  
goods, etc.

1979-80	4.84	44.98	35.58	14.24
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(b) Other than Bhakra  
Canals-  
Cement, iron,  
bricks and  
miscellaneous  
stores

1979-80	3,30.86	37,92.57	34,05.48	7,17.95
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(1)	(2)	(3)	(4)	(5)	(6)	(7)
( in lakhs of rupees )						
3.	Public Health—					
	Iron, cement, bricks, stone, timber, pipes, fuel, lubricants, paints, sanitary fittings, etc.	1979-80	1,40.73	11,32.18	11,61.35	1,11.56
4.	Forest—					
	Consumable stores, felled timber and other produce collected depart- mentally including livestock and non- consumable stores	1979-80	43.17	1,36.49	86.12	93.54
5.	Buildings and Roads—					
	Iron, cement, bricks, stone, timber, fuel, lubricants, paints, electri- cal goods, etc.	1979-80	(—)1,94.36	16,15.82	16,21.81	(—)2,00.35*
6.	Printing and Stationery—					
	(a) Stationery stores	1978-79	0.27	65.81	53.24	12.84
	(b) General stores	1978-79	8.62	25.58	24.58	9.62
	(c) Government publications including gazettes	1978-79	4.74	10.40	10.16	4.98
7.	Public Relations—					
	Stores, films and vans, etc.	1978-79	22.79	13.19	23.25	12.73

\*Please see comments on *minus* balances in paragraph 5.2 (iii) *infra*.

Stores accounts of the following departments for the years indicated against each had not been received (December 1980).

<i>Department</i>	<i>Year(s) for which stores accounts not received</i>
Animal Husbandry	1969-70 to 1979-80
Industrial Training	1969-70 to 1979-80
Medical and Health	1969-70 to 1979-80
Printing and Stationery	1979-80
Jails	1978-79 and 1979-80
Police	1976-77 to 1979-80
Public Relations	1979-80

In the absence of proper accounts, there exists a risk of misappropriation and frauds going unnoticed.

## 5.2. Stores accounts of Public Works divisions

The rules require that the value of stores held in stock by a division should not exceed the limit prescribed for that purpose and that the stock registers of the division should be closed at the end of each half-year and reviewed by the Divisional Officer to see that the stock consists only of serviceable and necessary articles and the stores are priced having regard to the prevailing market rates. It was noticed that :—

- (i) the limits for the year 1979-80 had not been prescribed for 153 out of 199 divisions holding stock. In 7 divisions the value of stock at the end of 1979-80 exceeded the prescribed limits. The

details are given below :—

Serial number	Department	Total number of divisions in which stock was held	Number of divisions for which ceiling limits were not prescribed for 1979-80	Divisions in which value of stock held exceeded the prescribed limit	
				Number	Excess amount (in lakhs of rupees)
1.	Public Health ✓	30	14	2	19.46
2.	Irrigation—				
	(a) Bhakra Canals	7	7	...	...
	(b) Other than Bhakra Canals	109	102	1	2.96
3.	Buildings and Roads	53	30	4	23.04
Total		199	153	7	45.46

(ii) stock registers had not been closed in a number of divisions for several years although, to expedite clearance of arrears, the Government had been granting relaxation from time to time exempting exhibition of value of stores in the stock registers. The arrears in the closing of these registers at the end of March 1980 and the preceding two years

were as under :—

Serial number	Department	Number of registers closing of which was in arrears at the end of			Number of divisions in which arrears existed at the end of 1979-80	Earliest month to which the arrears pertained
		1977-78	1978-79	1979-80		
1.	Irrigation—					
	(a) Bhakra Canals	105	111	74	5	March 1967
	(b) Other than Bhakra Canals	163	201	235	62	March 1973
2.	Buildings and Roads	173	54	30	6	March 1969
	Total	441	366	339	73	

(iii) there were *minus* balances in the divisional stock registers of the following departments at the end of March 1980 :—

Serial number	Department	Number of divisions	Minus balance at the end of March 1980 (in lakhs of rupees)
1.	Buildings and Roads	18	1,60.42
2.	Irrigation (other than Bhakra Canals)	48	2,75.19
3.	Public Health	12	1,81.45
4.	Irrigation (Bhakra Canals)	3	6.19



The *minus* balances were mainly due to non-accountal of (i) the value of stock materials received from the Director General of Supplies and Disposals, other divisions, etc., and (ii) profit on stock due to issue rates being higher than the procurement rates. Delays in the adjustment of transactions and non-clearance of *minus* balances are fraught with serious risks and are indicative of inaccuracies in accounts which call for urgent action for their clearance and rectification.

### 5.3. Physical verification of stores

The stores are required to be physically verified periodically by responsible officers independent of the stock-holders. The results of physical verification of stores during 1979-80 were not received by Audit (December 1980) from 106 out of 199 Public Works divisions as shown below :—

1. Irrigation—	
(a) Bhakra Canals	6
(b) Other than Bhakra Canals	66
2. Buildings and Roads	13
3. Public Health	21
	106
Total	106

## MEDICAL AND HEALTH

### 5.4. Shortages in stores

(i) During the course of audit (April 1979) of accounts of District Malaria Officer, Hissar, it was noticed that the balance quantity of an insecticide (B.H.C. 50 per cent) as on 1st July 1977 was worked out as 1,334 drums of 50 Kgs. capacity each instead of 1,337 drums, and on 2nd September 1977, the balance of this insecticide was worked out as 73 drums. In a new register opened subsequently this balance was not carried over. There was thus misappropriation of 76 drums (value : Rs. 0.23 lakh). The District Malaria Officer, Hissar, considered (January 1980) the store keeper to be responsible for the misappropriation. The case was reported to the Police (January 1981).

(ii) In the offices of District Malaria Officers at Ambala, Gurgaon, Karnal and Rohtak, 23,322 empty drums were lying undisposed of. In Hissar Office, 7,056 empty drums remained unaccounted for. The approximate value of these 30,378 empty drums was Rs. 0.10 lakh.

The matter was reported to Government in August 1980; reply is awaited (March 1981).

### 5.5. Idle machinery

The following items of equipment were lying idle in two civil hospitals for the reasons indicated against each :—

<i>Serial number</i>	<i>Item</i>	<i>Cost (in lakhs of rupees)</i>	<i>Hospital</i>	<i>Since when lying idle</i>	<i>Reasons</i>
1.	One X-ray plant	0.48	Civil Hospital, Chautala (District Sirsa)	April 1978	As the machine was not required at Bhiwani, it was transferred to Civil Hospital, Chautala in April 1978 and was lying idle there for want of a radiographer, films and a developer.
2.	15 Binocular microscopes	0.32	Civil Hospital, Jind	March 1979	Purchased in March 1979 through Medical Stores Depot, Karnal. Chief Medical Officer informed the Depot Manager that these were defective and were giving double vision. Defect has not been set right yet (March 1980).

The matter was reported to Government in September 1980; reply is awaited (March 1981).

### 5.6. Shortages

Four cases of shortages of material valuing Rs. 1.37 lakhs were noticed in three divisions mentioned below :—

#### IRRIGATION

<i>Name of the division</i>	<i>Nature of material</i>	<i>Value of shortages (in lakhs of rupees)</i>	<i>When noticed</i>	<i>Remarks</i>
(1)	(2)	(3)	(4)	(5)
(i) Augmentation Mechanical Division No. 2, Karnal (defunct)	Electric motor, diesel engine, concrete mixer and accessories	0.53	December 1974	Shortages of material valuing Rs. 0.55 lakh were noticed by the departmental authorities in December 1974 against a Sectional Officer (appointed on <i>ad hoc</i> basis) after termination of his services in May 1973. The Sectional Officer left without handing over charge. A police case could not be registered. The Sectional Officer cleared shortages valuing Rs. 0.02 lakh in January 1977. His whereabouts were not known.

The matter was reported to Government in September 1980; reply is awaited (March 1981).

(1)	(2)	(3)	(4)	(5)
(ii) B.N.C. Feeder Division, Hissar	(i) Tiles, cement bags, sleepers and miscellaneous articles of stores	0.41	April 1975 and March 1976	Shortages of material valuing Rs. 0.88 lakh were noticed by the departmental authorities in April 1975 and March 1976 at the time of change of incumbency of two Sectional Officers, who did not hand over charge of stores to their successors. The division intimated in December 1977 that the two Sectional Officers cleared shortages valuing Rs. 0.47 lakh, leaving a balance of Rs. 0.41 lakh. The shortages remained undetected due to non-submission of monthly stock accounts in time by Sectional Officers and failure to observe rules regarding physical verification. Charge sheets were served on Sectional Officers in August 1977. Final decision is still awaited (December 1980).
(iii)	(ii) Tiles, empty cement	0.22	December 1975	Shortages of materials valuing Rs. 0.30 lakh were

(1)	(2)	(3)	(4)	(5)
	bags, tools and plant articles			noticed in December 1975 against a Sectional Officer. After reconciliation of accounts, the division intimated (January 1977) that shortages to the extent of Rs. 0.22 lakh stood against the Sectional Officer who reportedly tampered with the records and showed fictitious issues of stores. Reports were lodged with the Police in December 1977 and January 1978. Results are awaited (December 1980).

#### BUILDINGS AND ROADS

(iv)	Provincial Division, Bhiwani	Coal	0.21	February 1980	On the eve of transfer of a Sectional Officer, shortage of coal of 106.88 M.T. valuing Rs. 0.21 lakh was noticed. The division stated (November 1980) that disciplinary action was being taken against the official held responsible for the shortage.
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The cases were reported to Government in July 1980; reply is awaited (March 1981).

## CHAPTER VI

### GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

#### SECTION A

#### GENERAL

6.1. This chapter deals with the results of audit of :

- Statutory Corporations ;
- Government Companies; and
- Departmentally-managed Government commercial/  
*quasi-commercial* undertakings.

#### SECTION B

#### STATUTORY CORPORATIONS

6.2. There were 3 Statutory Corporations in the State as on 31st March 1980, viz., Haryana State Electricity Board, Haryana Financial Corporation and Haryana Warehousing Corporation. A synoptic statement showing the summarised financial results of the 3 Corporations based on the latest available accounts is given in Appendix VIII.

#### (i) Haryana State Electricity Board

#### 6.3. General

6.3.01. The Haryana State Electricity Board was constituted on 3rd May 1967 under Section 5(1) of the Electricity (Supply) Act, 1948. The accounts of the Board for the year 1979-80, duly certified, together with the audit certificate and report thereon were forwarded to the State Government in January 1981 for being presented to the State Legislature in terms of Section 69(4) and (5) of the Electricity (Supply) Act, 1948.

### 6.3.02. Capital

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

The aggregate of long-term loans (including loans from Government) obtained by the Board was Rs. 5,11,33.11 lakhs at the end of 1979-80 and represented an increase of Rs. 54,77.44 lakhs, *i.e.*, 12.0 per cent on the long-term loans of Rs. 4,56,55.67 lakhs as at the end of the previous year. Details of loans obtained from different sources and outstanding at the close of the two years up to 1979-80 are given below :

Source	Amount outstanding as on 31st March		Percentage of increase
	1979	1980	
	(Rupees in lakhs)		
State Government	3,30,48.77	3,63,65.10*	10.0
Other sources	1,26,06.90	1,47,68.01	17.1
Total	4,56,55.67	5,11,33.11	12.0

### 6.3.03. Guarantees

The State Government had guaranteed the repayment of loans raised by the Board to the extent of Rs. 1,16,95.05 lakhs and the payment of interest thereon. The amount of principal guaranteed and outstanding as on 31st March 1980 was Rs. 91,79.10 lakhs.

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\*The outstanding amount as per Chapter I and Statement No. 18 of the Finance Accounts is Rs. 3,01.64 crores. The difference of Rs. 62.01 crores is due to (i) Rs. 64.24 crores adopted *pro forma* by the Board in respect of its share in the liabilities of the composite Punjab State Electricity Board as on 31st March 1967 and (ii) (—) Rs. 2.23 crores which is still under reconciliation.

#### 6.4. Financial position

The financial position of the Board at the close of 3 years up to 1979-80 is given below :

	1977-78	1978-79	1979-80
	(Rupees in lakhs)		
<i>Liabilities</i>			
(a) Loans from Government	2,83,07.88	3,30,48.77	3,63,65.10
(b) Other long-term loans*	1,10,79.86	1,27,30.42	1,50,47.97
(c) Reserves and surplus	17,23.10	27,26.20	38,57.84
(d) Current liabilities	89,96.76	1,00,85.20	1,17,31.80
Total	<u>5,01,07.60</u>	<u>5,85,90.59</u>	<u>6,70,02.71</u>
<i>Assets</i>			
(a) Gross fixed assets	2,75,89.74	3,46,67.59	4,10,90.24
(b) Less : Depreciation	50,66.63	50,66.63	50,66.63
(c) Net fixed assets	2,25,23.11	2,96,00.96	3,60,23.61
(d) Capital works-in-progress	1,77,29.27	1,63,45.76	1,58,92.40
(e) Current assets	98,55.22	1,26,43.87	1,50,86.70
Total	<u>5,01,07.60</u>	<u>5,85,90.59</u>	<u>6,70,02.71</u>
Capital employed**	2,33,81.57	3,21,59.63	3,93,78.51
Capital invested†	4,05,50.45	4,78,14.42	5,44,42.58

\*Including bonds, consumers' contribution for service lines and other capital receipts including subventions.

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

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



### 6.5. Working results

The working results of the Board for the 3 years up to 1979-80 are summarised below :

	1977-78	1978-79	1979-80
	(Rupees in lakhs)		
(a) Revenue receipts	53,00.18	70,54.54	73,42.95
(b) Revenue expenditure	40,37.51	40,08.68	45,98.57
(c) Gross surplus	12,62.67	30,45.86	27,44.38
(d) Appropriations			
—Interest on loans guaranteed under Section 66	4,96.33	5,96.52	6,41.92
—Interest on loans from Government	32.67	12,21.30	6,92.60
—Interest on loans (not guaranteed)	3,41.21	3,49.28	4,09.06
—Contribution to repayment of loans redeemed during the year	—	8,72.52	9,94.28
—Intangible assets written off	5.91	6.24	6.52
—Contribution to Investment allowance reserve	2,48.60	—	—
—General reserve	1,37.95	—	—
Total	12,62.67	30,45.86	27,44.38
(e) Total return on capital employed	12,56.76	30,39.62	27,37.87
(f) Total return on capital invested	11,99.54	30,18.87	27,29.70

Rate of return on :	(Per cent)		
—Capital employed	5.38	9.45	6.95
—Capital invested	2.96	6.31	5.01

As on 31st March 1980 the Board had a cumulative contingent liability of Rs. 95,79.03 lakhs as detailed below :

	For the year 1979-80	Cumulative as on 31st March 1980
	(Rupees in lakhs)	
Interest on Government loans	11,70.44	78,06.53
Depreciation	9,39.89	17,72.50
Total	21,10.33	95,79.03

## 6.6. Operational performance

6.6.01. The following table indicates the operational performance of the Board for the 3 years up to 1979-80 :

Particulars	1977-78	1978-79	1979-80
	(MW)		
1. Installed capacity			
Thermal	204.3	204.3	417.5
Hydel	528.3	547.3	654.0
Others	3.2	3.2	2.5
Total	735.8	754.8	1074.0
2. Normal maximum demand	511.0	630.0	710.0
3. Power generated	(Mkwh)		
Thermal	1016.79	695.26	897.38
Hydel	1983.45	3133.48	3074.96
Others	0.15	0.96	—
Total	3000.39	3829.70	3972.34

	1977-78	1978-79 (Mkwh)	1979-80
<i>Less</i> : Auxiliary consumption	102.69	75.74	118.95
4. Net power generated	2897.70	3753.96	3853.39
5. Power purchased	77.83	115.91	147.37
6. Total power available for sale (4+5)	2975.53	3869.87	4000.76
7. Power sold (including power used on Board's works)	2456.05	3217.66	3269.66
8. Transmission and distribution loss	519.48	652.21	731.10
9. Percentage of transmission and distribution loss	17.5	(Per cent) 16.9	18.3
10. Number of units generated per KW of installed capacity	4044	(KWH) 5074	3699

6.6.02. The following table gives other details about the working of the Board as at the end of the 3 years up to 1979-80:

<i>Particulars</i>	1978	1979 (Number)	1980
1. Villages/towns electrified	6,731	6,731	6,731
2. Pump sets/wells energised	1,67,532	1,82,181	2,04,340
3. Number of sub-stations	187	193	200
4. Transmission/distribution lines		(Kilometers)	
—High/medium voltage	37,473	38,419	39,758
—Low voltage	55,115	57,833	65,885
<b>Total</b>	<b>92,588</b>	<b>96,252</b>	<b>1,05,643</b>

	1978	1979 (MW) (Number)	1980
5. Connected load	1798.867	1950.906	2139.569
6. Number of consumers	9,07,027	9,81,671	10,93,630
7. Number of employees	22,006	21,941	22,875

6.6.03. The following table gives the details of power sold, revenue, expenses and profit per Kwh sold during the 3 years up to 1979-80 :

	1977-78	1978-79	1979-80
	(Mkwh)		
1. Units sold			
Agriculture	6913.47	9408.08	13504.02
Industrial	9260.31	11635.85	10863.79
Commercial	626.06	706.05	674.02
Domestic	1572.35	1819.77	1885.43
Others	6188.34	8606.82	5769.32
Total	<u>24560.53</u>	<u>32176.57</u>	<u>32696.58</u>

(Paise)

2. Revenue per kwh	21.58	21.92	22.46
3. Expenditure per kwh	16.44	12.46	14.06
4. Profit per kwh	5.14	9.46	8.40

## 6.7. Manufacture and performance of transformers

### 6.7.01. Introduction

While power is usually generated at 11 KV it is converted into high voltage by the use of 'step-up' transformers so as to

reduce the line losses during transmission. The voltage is brought down at the receiving sub-stations, by using 'step-down' transformers. The transformers used for this 'stepping-up' and 'stepping-down' are called power transformers and are generally rated above 1000 KVA.

Since power to the actual consumers is supplied at 11 KV to 220 volts, it is 'stepped-down' before being fed into the distribution network. This is done by the use of distribution transformers which are generally rated below 1000 KVA.

#### 6.7.02. Growth of transformer capacity

(i) At the end of March 1975 the Board had 260 power transformers (aggregate capacity : 1298 MVA) and 21,724 distribution transformers (aggregate capacity : 1586 MVA) of various ratings which increased at the end of March 1980 to 358 power transformers (aggregate capacity : 2119 MVA) and 29,160 distribution transformers (aggregate capacity : 2214 MVA) respectively.

#### (ii) Installed capacity vis-a-vis demand and connected load

The power generated by the various generating stations or received from the common pool projects is distributed through a network of transmission/distribution lines and sub-stations. The table below indicates the growth of transformation, distribution and generation capacities, maximum demand and connected load during the five years ending 1979-80:

Particulars	1974-75	1979-80	Percentage of increase
(i) Installed capacity (power generation)	492	1074	118
(ii) Maximum demand on the grid	400	710	78
(iii) Transformation capacity	1038	1695	63
(iv) Distribution capacity	1269	1771	40
(v) Connected load	1452	2140	47

It would be seen from the above that against a 118 per cent increase in installed capacity, 63 per cent increase in the transformation capacity and 40 per cent increase in the distribution capacity during the 5 years up to 1979-80, the connected load on the system had increased by 47 per cent.

A test-check of 765 distribution transformers in Karnal Circle revealed that during 1979-80 the capacity utilisation of 109 transformers (14 per cent) was less than 50 per cent and only 25 per cent in the case of 45 transformers.

### 6.7.03. Performance of transformers

#### (A) Power transformers

Some cases noticed in test audit relating to the performance of power transformers and of delays in their repairs are indicated below :

(i) One 16/20 MVA power transformer (cost : Rs. 17.40 lakhs) was received from the supplier at the Central Stores, Ballabgarh, on 7th February 1978 in a damaged condition. The transformer was taken on stock in September 1978 after some of the shortages/damages were made good by the supplier.

The transformer was issued to the Construction Sub-Division, Gurgaon, in June 1979. After installation it was checked for commissioning in July 1979 but the temperature of oil and I.R. value were found to be unsatisfactory. Since the readings did not improve despite dehydration, the matter was taken up with the supplier (October 1979).

Initially, the supplier declined to do anything because the warranty period had expired (August 1979) but later, after inspection of the transformer in October 1979, stated (April 1980) that the test results were quite all right and the transformer could be energised.

The Chief Engineer (P&C) accepted the contention of the firm and advised the divisional authorities (May 1980) to energise the transformer with all due precautions.

The division, after energising the transformer, intimated the Chief Engineer (July 1980) that the I.R. values had not improved and sought further advice in the matter. Further developments are awaited (March 1981).

(ii) One 8 MVA power transformer (approximate cost : Rs. 8.00 lakhs) installed at 66 KV Sub-station, Rewari (December 1969) was damaged on 10th August 1972. The transformer was, however, consigned to the supplier for repairs only on 30th April 1974.

After repairs (cost and dates not available) it was allotted to the 66 KV Sub-station, Dharuhera, but could not be installed at the sub-station as some of its accessories were found to be missing. The Power Transformer Workshop, Ballabgarh, through whom the repairs were arranged, intimated the Executive Engineer, Construction Division, Gurgaon (September 1979) that the said accessories had not been shifted to the workshop at the time of repairs by the Operation Division, Rewari. The spares required were reported to be not available (February 1980) and the transformer was lying at the upgraded 132 KV Sub-station, Rewari (January 1981).

(iii) A 10/16 MVA power transformer (approximate cost : Rs. 12.37 lakhs) installed in February 1979 at the 132 KV Sub-station, Gharaunda, was damaged within the warranty period in October 1979 because of some internal defects. The matter was taken up with the supplier (October 1979). The supplier asked (July 1980) the Board to send the transformer to their workshop at Bombay which was sent in November 1980. The transformer was lying (January 1981) for repairs with the supplier.

(B) *Distribution transformers*

(i) The table below indicates the number of distribution transformers installed, damaged and the incidence of damage during the four years up to 1979-80 :

<i>Year</i>	<i>Total number of transformers installed at the beginning of the year</i>	<i>Number of transformers damaged during the year</i>	<i>Percentage</i>
1976-77	22,968	2,409	10.5
1977-78	24,634	2,517	10.2
1978-79	26,082	2,946	11.3
1979-80	27,493	3,359	12.2

It would be seen that the percentage of transformers damaged had recorded an increasing trend since 1977-78.

The Chief Engineer (Research) and the Additional Chief Engineer, Dhulkote Workshop, who conducted a review of the causes of damage to distribution transformers, attributed these (September 1980) to :

- un-authorized connections ;
- fixing fuses of improper capacity ;
- poor maintenance of transformers and low oil level in the transformers; and
- improper handling in transit.

The Government, however, stated (February 1981) that the percentage of damage to distribution transformers depended upon the type of area in which these were installed and that the incidence of damage was more in rural areas than in urban areas.

A review in audit of the incidence of damage in respect of 12 divisions of Delhi, Faridabad and Karnal Circles for 1978-79 and 1979-80, however, disclosed that :

- (a) the damage rate varied widely from division to division (6.9 *per cent* in Panipat City Division as against 16.5 *per cent* in Rewari Operation Division during 1978-79 and 19.7 *per cent* in 1979-80); and
- (b) though in the reports/statements of the Circles/Divisions to the Chief Engineer, Operation, the damages were attributed to internal defects, a review in audit of maintenance and other records revealed that the damages were also attributable to (i) overloading of transformers; and (ii) the oil in the transformers being less than the minimum/prescribed level.

The Government stated (February 1981) that efforts were being made to arrange to keep the connected load on the transformers up to 75 per cent of the rated capacity so as to eliminate the risk of damage due to overloading.



(ii) A further review of the records of the damaged transformers revealed that out of 2,946 distribution transformers damaged during 1978-79, 520 transformers (17.7 per cent) were damaged within 15 days to 1 year of installation as per details given below :

<i>Damaged</i>	<i>Number</i>
Within 15 days	56
15 days to 1 month	42
1 to 2 months	62
2 to 3 months	63
3 to 6 months	114
6 to 12 months	183
Total	<hr/> 520 <hr/>

(iii) A test-check of the incidence of damaged transformers during 1978-79 and 1979-80, capacity-wise (for 5 of the 6 circles) and make-wise (for 2 of the 6 circles) revealed the following :

(a) *Capacity-wise*

<i>Capacity (in KVA)</i>	<i>Incidence of damage ( per cent )</i>				
	<i>Delhi Circle</i>	<i>Farida- bad Circle</i>	<i>Hissar Circle</i>	<i>Ambala Circle</i>	<i>Karnal Circle</i>
(1)	(2)	(3)	(4)	(5)	(6)
15	31.2	22.8	21.3	13.8	26.7
25	31.6	24.2	19.9	23.5	23.2
40	43.2	31.6	23.3	14.0	24.1
50	25.3	19.4	16.3	16.5	21.3
63	30.6	33.3	24.5	9.4	19.9

(1)	(2)	(3)	(4)	(5)	(6)
75	3.5	28.5	17.1	10.5	17.6
100	24.0	24.7	14.9	15.4	18.0
160	44.4	25.9	31.0	10.7	23.5
163	100.0	—	—	—	—
200	13.1	11.3	11.3	4.6	12.5
250	10.0	37.5	3.8	7.3	12.0
300	17.6	—	2.9	66.7*	14.3
315	25.0	30.3	—	—	12.5

It will be seen that the incidence of damage varied from circle to circle and was quite high in transformers below 100 KVA capacity and was the highest in the case of 40 KVA transformers.

(b) *Make-wise*

Firm	Number of transformers installed at the beginning of the year		Transformers damaged during the year		Per cent	
	1978-79	1979-80	1978-79	1979-80	1978-79	1979-80
A	2,363	2,605	171	244	7.24	9.37
B	1,240	1,323	52	72	4.19	5.44
C	303	339	44	38	14.52	11.21
D	91	94	4	3	4.40	3.91
E	512	601	28	37	5.47	6.16
F	75	79	11	14	14.67	17.72
G	104	123	9	2	8.65	1.62
H	144	161	14	8	9.72	4.87
I	61	72	9	—	14.75	—
J	34	34	3	2	8.82	5.88
HSEB	2,538	3,012	262	399	10.32	13.25
Others	500	530	49	49	9.80	9.25

\*8 of the 12 transformers were damaged.

The incidence of damage in the transformers purchased from outside agencies was the highest (in 1978-79) in respect of those purchased from firm 'T' of Bombay followed by those supplied by firms 'F' and 'C' of Bombay and 'H' of New Delhi. The transformers manufactured by the Board's own workshop also recorded a high percentage of damage.

#### *6.7.04 Transformers damaged within the warranty period*

The purchase orders for the transformers contain a 'warranty clause' which stipulates that the supplier shall be responsible to replace, free of cost, the transformers, which under normal and proper use and maintenance, prove defective in material and workmanship within 12 months from the date of installation or 18 months from the date of despatch, whichever is earlier. This clause envisages further that in case the supplier fails to repair/replace the transformer within 1 month, repairs can be carried out at the cost of the supplier. The procedure prescribed by the Board requires that the damaged transformers sent by the Divisions/Sub-divisions to the repair workshops are accompanied by a challan indicating particulars of the Purchase Order and whether the same was damaged within the warranty period. The repair workshop is required to maintain a separate register for the transformers damaged within the warranty period and the repair charges incurred thereon and to furnish the same to the Centralised Payment Cell of the Board for initiating action to effect recoveries from the suppliers.

(a) From the statements of damaged distribution transformers furnished by the field offices to the Chief Engineer, Operation, during 1976-77 to 1979-80 it was observed that 226 transformers had been damaged within the warranty period. Proper records were, however, not maintained to keep a watch for invoking the warranty clause by getting the transformers repaired from the suppliers or to recover the repair charges. In respect of 92 such transformers repaired at one of the workshops, the Board had incurred an expenditure of Rs. 1.50 lakhs towards repairs, but there was no record to show whether these charges were recovered from the suppliers.

(b) (i) A test-check of some of the cases revealed that an expenditure of Rs. 9.13 lakhs was incurred on the repair of two 40 MVA transformers purchased from BHEL which were damaged immediately after their installation but the repair

charges could not be claimed from the supplier as the installation of the transformers was carried out after the expiry of the warranty period :

<i>Location</i>	<i>Date of purchase</i>	<i>Date of installation</i>	<i>When repaired</i>	<i>Repair charges</i> <i>(Rupees in lakhs)</i>
Karnal	December 1967	December 1969	March 1980	1.67
Pinjore	Do	January 1972	Do	7.46

(ii) 110 transformers (cost : Rs. 5.39 lakhs) supplied by firm 'A' against various supply orders got damaged within the warranty period. Out of these, repair charges in respect of 18 transformers were yet (January 1981) to be ascertained and recovered from the firm.

(iii) Against an order placed in September 1968, firm 'F' supplied 550 nos. of 50 KVA outdoor transformers at a cost of Rs. 18.85 lakhs. The transformers received by May 1969 were found to be below specifications (lower thickness of the plates used for tank's sides and bottom and low weight of the transformers), but were accepted subject to a price reduction of Rs. 0.97 lakh (Rs. 0.55 lakh as compensation for deviations from specifications; Rs. 0.06 lakh for delay in supply and Rs. 0.36 lakh for other recoveries including repair charges). However, only Rs. 0.25 lakh could be recovered from the firm in September 1970 by invoking the bank guarantee and details of the recovery of the balance of Rs. 0.72 lakh (if any) were not available (May 1980).

In addition, Rs. 0.05 lakh representing repair charges of 4 transformers damaged within the warranty period was also recoverable from the same firm but had not been recovered. There were 16 other transformers which had got damaged within the warranty period, for which the repair charges were neither ascertained nor claimed from the firm (January 1981).

(iv) In the following cases, the transformers were damaged within the warranty period but were awaiting repairs by the

suppliers :

<i>Name of Division/Sub-division</i>	<i>Capacity</i>	<i>Approximate cost (Rupees in lakhs)</i>	<i>Date of purchase</i>	<i>Date of installation</i>	<i>Date of damage</i>
1. Newal Sub-division	250 KVA	0.22	February 1976	August 1976	April 1977
2. Newal Sub-division	63 KVA	0.08	January 1979	February 1979	March 1979
3. Newal Sub-division	100 KVA	0.09	October 1978	December 1978	March 1979
4. Newal Sub-division	63 KVA	0.07	January 1978	March 1978	October 1978
5. Newal Sub-division	250 KVA	0.20	June 1978	September 1978	September 1978
6. Operation Division, Ambala	500 KVA	0.70	NA	November 1970	May 1971
7. Sub-Division, Ismailabad	63 KVA	0.08	March 1974	August 1974	March 1975

#### 6.7.05. Installation of transformers

(i) The Board has been procuring transformers on the basis of estimated requirements. The transformers are initially received in stores from where these are issued to the sub-divisions/sub-stations for installation as and when required. It was noticed in the course of test audit that the following

transformers had not been issued so far (November 1980) :

<i>Year of receipt</i>	<i>Number of trans- formers</i>	<i>Approximate value</i>  <i>(Rupees in lakhs)</i>
Pre-1966	4	0.50
1971	3	0.44
1972	1	0.04
1977	2	21.46
1978	3	2.63

(ii) A test-check revealed further that 10 distribution transformers (cost : about Rs. 0.63 lakh) and 2 power transformers (cost : about Rs. 13.00 lakhs) were installed after delays ranging from 18 to 150 months from the dates of their receipt in the stores, i.e., after the suppliers' warranties had lapsed. Due to non-maintenance of movement cards/history sheets of the transformers it could not be ascertained as to how many of these transformers had failed due to manufacturing defects and how much expenditure had been incurred on their repairs.

#### *6.7.06. Transformer Manufacturing Workshop, Dhulkote*

A workshop for the manufacture of 100, 63 and 40 KVA capacity transformers set up at Dhulkote at a cost of Rs. 5.28 lakhs commenced operation in August 1971. Mention was made in para 6.8 of the Audit Report (Civil) for the year 1975-76 regarding the utilisation of the manufacturing capacity of the workshop during 1973-74 to 1975-76. A further review of the working of the workshop is dealt with below :

(i) The Board frames estimates/targets for the manufacture of transformers every year on the basis of the requirements of the operational wing. The table below indicates the actual achievements against the targets for the 3 years up to

1979-80:

Year	Capacity (KVA)	Target as per annual estimates		Actuals		Percentage of achieve- ment	Average number of staff deplo- yed during the year
		Number	Total capacity (MVA)	Num- ber	Capa- city (MVA)		
1977-78	100	425	42.5	452	45.2	103.2	69
	63	500	31.5	496	31.2		
			74.0		76.4		
1978-79	100	365	36.5	236	23.6	62.4	64
	63	235	14.8	134	8.4		
			51.3		32.0		
1979-80	100	600	60.0	572	57.2	64.1	70
	63	600	37.8	88	5.5		
			97.8		62.7		

It may be seen that the achievement during 1978-79 and 1979-80 lagged behind the targets fixed. The Government stated (February 1981) that the main reason for non-achievement of targets was the irregular flow of raw materials which affected the production schedule.

(ii) *Cost of manufacture*

(a) The workshop does not have a proper system to evaluate the performance and utilisation of manpower, material and plant and machinery. Under the system in vogue, the material issued is priced at pre-determined rates based on the market price *plus* a certain percentage for handling and storage. Labour and overhead charges are also booked at pre-determined rates. Necessary accounting adjustments are not made for the cost variances on the basis of actuals at the end of the year. A proposal for the introduction of a proper costing system was initiated by the Superintending Engineer, Workshop Circle in September 1970. The Chief Accounts Officer, however, was of the view (June 1977) that the costing system as existing was satisfactory.

A review of the costing system revealed the following deficiencies :

- (i) absence of a systematic cost investigation for realistic estimates and cost control for a feed back to the workshop for future estimates ;

- (ii) absence of record of wastages/rejections and of the expenditure incurred on rework ;
- (iii) no system of ascertaining idle time for labour and machinery (with reasons) ;
- (iv) absence of log books for the machines; and
- (v) absence of any scientific evaluation of labour requirements.

(b) The results of a review in audit to compare the prices of transformers manufactured during 1976-77 to 1979-80 in the workshop with those prevailing in the open market are indicated below :

<i>Year</i>	<i>Capacity (In KVA)</i>	<i>Trans- formers manufact- ured</i>	<i>Manufact- uring cost per trans- former</i>	<i>Weighted average market rate per trans- former (in- cluding excise duty/ sales tax)</i>
				<i>(In rupees)</i>
1976-77	100 63	287 502	11,352 8,371	11,134 8,006
1977-78	100 63	452 496	10,703 8,496	9,929 7,690
1978-79	100 63	236 134	11,296 9,654	10,976 9,068
1979-80	100 63	572 88	13,417 10,142	12,685 9,858

It will be seen that the cost of manufacture in the Board's own workshop was higher than the purchase prices (including excise duty and sales tax) in all the years. The Board has not been paying any excise duty on the transformers manufactured in its workshop on the plea that the same are for its own use. The Board's plea for exemption from excise duty was rejected by the Central Excise Department, Ambala, in June 1980. The



Board proposes to approach the Government of India and if the Board's plea is not accepted it would become liable for excise duty of Rs. 16.83 lakhs in respect of the transformers manufactured during 1975-76 to 1979-80.

The Superintending Engineer, Workshop Circle, stated in July 1978 that the Board attaches greater importance to quality than the economy in the price of purchased transformers. As discussed earlier this has to be viewed in the context of the heavy incidence of damage in the transformers manufactured by the Workshop.

#### 6.7.07. Transformer Repair Workshops

(a) The Board has 4 transformer repair workshops located at Dhulkote, Hissar, Faridabad and Ballabgarh. While the Dhulkote workshop existed before the formation of the Board, the remaining 3 workshops started functioning in January 1969. The workshop at Ballabgarh repairs power transformers while the other 3 workshops undertake repairs of distribution transformers. The rated capacity has not been fixed by the Board in respect of any workshop except the one at Dhulkote.

#### (b) Accumulation of un-repaired transformers

(i) At the end of 31st March 1980, 2,031 damaged distribution transformers (value: Rs. 35.94 lakhs) were lying with various workshops for repairs as per details given below :

	1977-78	1978-79	1979-80
	(Numbers)		
Transformers awaiting repairs at the beginning of the year	1,850	1,673	2,021
Damaged transformers received during the year	2,592	3,736	3,666
Total	4,442	5,409	5,687
Transformers repaired	2,769	3,388	3,656
Balance awaiting repairs at the close of the year	1,673	2,021	2,031

The transformers awaiting repairs as on 31st March 1980 include 989 distribution transformers (value : Rs. 17.64 lakhs) received for repairs during 1968-69 to 1978-79. Further, 12 power transformers (value : Rs. 53.60 lakhs) received during 1973-74 to 1978-79 were also awaiting repairs as on 31st March 1980. The accumulation of unrepaired transformers was attributed by the workshops (May 1980) to non-availability of raw materials.

(ii) Besides, large numbers of damaged transformers were lying in the central/sub-stores and sub-divisional offices which had not been sent to the workshops for repair. An age-wise break-up of such accumulations in 5 field offices (in respect of which information was available) revealed that there were 186 transformers awaiting repairs of which 46 were held over for over 6 months (4 for over 2 years).

Further, 10 damaged transformers lying unclaimed at the sub-store, Karnal (May 1980) had neither been taken into stock nor sent to the workshop for repairs.

The accumulation of damaged transformers awaiting despatch to the workshops was attributed (May 1980) to heavy inflow of damaged transformers in the stores besides transportation constraints.

#### 6.7.08. *Survey off of transformers*

Under the Electricity (Supply) Act, 1948, the life of transformers below 100 KVA and above 100 KVA has, for the purpose of depreciation, been prescribed as 25 years and 35 years respectively.

According to the information furnished by the various workshops (May 1980), 110 transformers considered beyond economical repairs were being written off by the Board. Detailed particulars of the exact period for which these transformers had been in use was available in respect of only 41 transformers which revealed that the period of service rendered ranged from 5 to 15 years (up to 5 years : 16 transformers ; 5-15 years : 25 transformers).

Thus no transformer had completed the prescribed life. Reasons for the premature failure of these transformers had not been investigated (May 1980).

### 6.7.09. *Inventory control*

To meet the requirements of various workshops, a separate store has been functioning under the charge of an Assistant Engineer at Dhulkote since 1970. The table below indicates the position of inventory at the close of each year vis-a-vis the annual consumption of materials during 1975-76 to 1979-80 :

<i>Year</i>	<i>Opening stock</i>	<i>Receipts during the year</i>	<i>Consumption during the year</i>	<i>Closing stock</i>	<i>Stock in terms of months' consumption</i>
<i>(Rupees in lakhs)</i>					
1977-78	55.19	1,72.43	1,78.46	49.16	3.3
1978-79	49.16	82.18	1,00.81	30.53	3.6
1979-80	30.53	2,08.76	1,27.41	1,11.88	10.5

The Board had not laid down any maximum and minimum stock limits for various items of stores and the closing stock of stores has been increasing. While (as mentioned earlier) the heavy accumulation of unrepaired transformers was attributed to non-availability of raw materials, the Government stated (February 1981) that excessive inventory was kept to avoid outages on account of shortages of one item or the other.

### 6.7.10. *Shortage of parts/oil in damaged transformers*

(a) Damaged transformers are sent to the repair workshops through the respective stores; the workshops intimate (after checking up the transformers) the extent and value of missing parts, etc., to the concerned operation division/sub-division for investigation and action for write off or to fix responsibility for negligence, etc. Such shortages are also recorded in the store return warrants at the time of handing over the transformers to the repair workshops.

During 1967-68 to 1979-80, parts valued at Rs. 11.27 lakhs were found broken/short for which no action had been taken to investigate, fix responsibility or to effect recoveries from the officials concerned.

(b) In addition, there was a shortage of transformer oil valued at Rs. 77.17 lakhs in the damaged transformers during 1972-73 to 1979-80.

A proposal for the write off of transformer oil valued at Rs. 9.91 lakhs found short up to July 1974 was initiated by the Superintending Engineer, Workshop Circle, Dhulkote in September 1977; further developments were awaited (March 1981).

The Government stated (February 1981) that the responsibility for shortages cannot be fixed because the transformers were installed by some other officials in the past but at the time of damages the same were returned by other officials who were not responsible for missing parts, etc.

(c) *Theft of transformers/parts*

During 1971-72 to 1978-79, 1,816 cases of thefts of transformers/parts (value : Rs. 48.14 lakhs) were reported by various field offices of the Board. Of these, only 102 cases involving Rs. 2.70 lakhs had been investigated and written off up to May 1980. Action in regard to the remaining cases, as detailed below, was awaited (January 1981) :

<i>Year</i>	<i>Number of cases</i>	<i>Amount</i> <i>(Rupees</i> <i>in lakhs)</i>
1971-72	322	4.59
1972-73	108	1.89
1973-74	183	4.76
1974-75	299	7.12
1975-76	242	6.00
1976-77	235	6.73
1977-78	138	6.11
1978-79	187	8.24
<b>Total</b>	<b>1,714</b>	<b>45.44</b>

### 6.7.11. *Summing up*

(i) The percentage of damaged distribution transformers to the total number installed had increased from 10.2 in 1977-78 to 12.2 in 1979-80.

(ii) A capacity-wise analysis of damaged transformers (5 circles) disclosed that the incidence of damage varied widely from circle to circle and was quite high in transformers below 100 KVA capacity and was the highest in the case of 40 KVA transformers. Similarly, a make-wise analysis of damaged transformers revealed high incidence of damage in respect of a few suppliers.

(iii) In a number of cases of power transformers, the benefit of free repairs during the warranty period could not be availed of due to delays in the commissioning of transformers. In two such cases, the Board had incurred an expenditure of Rs. 9.13 lakhs on rectification of defects noticed at the time of installation. In some other cases of power transformers the suppliers were reluctant to rectify the transformers damaged within the warranty period with the result that the transformers had been lying unrepaired since long. Besides, there were delays in moving the transformers to the workshops for repairs, in undertaking repairs and in the return of the transformers after repairs.

(iv) The actual manufacture of transformers in the Board's workshop during 1978-79 and 1979-80 had lagged behind the targets. Further, the cost of manufacture was higher than the purchase prices (including excise duty and sales tax) of similar capacity transformers from the open market. The incidence of damage in the transformers manufactured by the workshop had been more than those supplied by some of the firms.

(v) As on 31st March 1980, 1,001 distribution and power transformers (value : Rs. 71.24 lakhs) received at the workshops during 1968-69 to 1978-79 were awaiting repairs.

(vi) According to the information furnished by various workshops, 110 damaged transformers were considered beyond economical repairs and were in the process of being surveyed off. Out of these, 41 transformers (for which information was available) had become unserviceable within a life span of

5 to 15 years as against 25 to 35 years envisaged in the Electricity (Supply) Act, 1948.

(vii) The value of inventory in the workshops at <sup>the</sup> end of 1979-80 was equivalent to 10.5 months' consumption.

(viii) Shortages/damages of transformer parts valued at Rs. 11.27 lakhs detected during 1967-68 to 1979-80, were awaiting investigation/write off. Besides, shortage of transformer oil valued at Rs. 77.17 lakhs had also been noticed in the damaged transformers during the years 1972-73 to 1979-80.

(ix) 1,714 cases of thefts of transformers/parts (value : Rs. 45.44 lakhs) reported during 1971-72 to 1978-79 were awaiting investigation and write off.

## 6.8. Maintenance and protection organisation

### 6.8.01. Organisation

With a view to ensuring periodical checking of meters and their up-keep, one Circle office of the maintenance and protection organisation was formed in December 1970 with a re-organisation of the then existing Protection Divisions and Maintenance and Transmission sub-divisions. The organisation is headed by a Superintending Engineer who is assisted by 4 Executive Engineers incharge of divisions located at Panipat, Faridabad, Rohtak and Hissar.

### 6.8.02. Main functions

The main functions of this organisation are :

- testing and commissioning of protection equipment installed at all the new 33, 66, 132/220 KV sub-stations;
- carrying out periodical testing of all 33, 66,132/220 KV sub-stations in the State as well as in the adjacent part of Himachal Pradesh;
- to attend to the faults at various sub-stations;
- checking of current transformer (CT) connected meters installed at the premises of various consumers including the power factor ;

—providing tele-metering equipment at the various sub-stations; and

—supply of tested meters in the field.

### 6.8.03. Repairing/testing of meters

In May 1976 the Superintending Engineer, Maintenance, stipulated that 16 meters per day per head (i.e., 4,336 per year per head for 271 working days) should be repaired/tested. The position of equivalent meters received, repaired/tested and the backlog of untested meters during the 3 years up to 1979-80 was as under :

Name of Division	Year	Repairing capacity with reference to staff in position	Meters received for repair/testing including backlog	Actual out-turn	Awaiting repairs at the close of the year*	Percentage of achievement to capacity (col. 3) to input (col. 4)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		(In equivalent meters)					
Panipat	1977-78	4,07,584	2,99,759	2,34,076	57,257	57.43	78.09
	1978-79	4,50,944	2,97,238	2,07,480	37,198	46.01	69.80
	1979-80	4,11,920	2,59,557	2,18,671	16,223	53.09	84.25
Faridabad	1977-78	1,73,440	1,31,809	96,682	21,477	55.74	73.35
	1978-79	1,64,768	1,41,961	86,760	34,619	52.66	61.12
	1979-80	1,60,432	1,48,232	1,14,522	22,351	71.38	77.26
Rohtak	1977-78	1,73,440	1,26,937	1,06,594	14,666	61.46	83.97
	1978-79	1,77,776	1,06,002	92,860	8,182	52.23	87.60
	1979-80	1,77,776	94,028	87,195	2,232	49.05	92.73
Hissar	1977-78	1,25,744	1,12,048	96,896	1,195	77.05	86.48
	1978-79	1,21,408	74,460	59,287	8,412	48.83	79.62
	1979-80	1,21,408	93,662	82,584	2,135	68.02	88.17

It will be seen that the percentage of achievement with reference to capacity ranged between 46.01 to 77.05 and between 61.12 to 92.73 per cent with reference to the inputs resulting in heavy accumulation of backlog of un-repaired meters.

\*These figures exclude the equivalent meters surveyed off as beyond economical repairs.

The Superintending Engineer, Maintenance, stated, however, (May 1980) that the accumulation of un-repaired meters was due to some meters being difficult to repair besides non-availability of spare parts in some cases.

#### 6.8.04. *Checking of CT/CT-PT Connected Meters*

With a view to ensure regular and systematic checking of meters and power factor, in April 1971 the Board decided to introduce a system of site checking of large/medium supply consumers (above 70 KW) with M.D.I. and grid/bulk supply consumers and all other CT/CT-PT meters by a sub-divisional officer of the Maintenance and Protection Division once in every 6 months.

It was, however, noticed that the prescribed checks were not being carried out and there were heavy arrears at the end of 1978-79 and 1979-80 as indicated below :

<i>Name of the Division</i>	<i>1978-79</i>		<i>1979-80</i>	
	<i>Approximate number of CT/CT-PT connections</i>	<i>Arrears at the end of the year</i>	<i>Approximate number of CT/CT-PT connections</i>	<i>Arrears at the end of the year</i>
Panipat	253	26	286	16
Faridabad	420	170	420	216
Rohtak	200	69	200	123
Hissar	253	136	263	178

The periodical site checking of CT/CT-PT connected meters has a bearing on the Board's revenues as under the terms and conditions of supply of power, no recovery on account of slow running of meters can be made from the consumers for more than 6 months preceding the date of meter checking. A test-check of cases where meters were not checked in time revealed that in 3 cases (Faridabad and Ballabgarh Divisions) the percentage of error in meters ranged from 12.4 to 56.9 and the delay in checking ranged from 7



months to 21 months resulting in a loss of revenue of Rs. 4.02 lakhs besides a loss of Rs. 1.76 lakhs on account of electricity duty to the State Government.

Reasons for abnormal delays in the checking of these meters were, however, not on record.

#### 6.8.05. *Loss of revenue*

The Board's tariff (applicable up to April 1978) provided that the power factor of the consumer shall not be less than 85 *per cent* at any time. In case the power factor fell below 85 *per cent* the consumer was to pay a surcharge at 1/2 *per cent* of sale of power charges for each 1 *per cent* decrease in the power factor. Further, the Board was required to give a week's notice to the consumer for the measurement of power factor on the above basis. If the consumer failed to provide the required load, the power factor as measured under the load conditions actually obtaining in the consumer's premises was to be taken into account for the purpose of billing.

A test-check in Faridabad division revealed that due to the failure to serve the required notices, the Board had in 6 cases (in one case the failure to serve notice occurred on as many as 5 occasions) lost a revenue of Rs. 99,071 and the State Government Rs. 23,284 towards electricity duty.

Reasons for the lapse in serving the required notices were awaited from the Board (March 1981).

### 6.9. Rural Electrification Schemes

#### 6.9.01. *Introductory*

The Rural Electrification schemes executed by the Board from 1969-70 (first scheme sanctioned on 28th March 1970) onwards are financed mainly by loan assistance from the Rural Electrification Corporation (REC). The REC provides 100 *per cent* of the estimated cost in respect of first scheme, and up to 60 *per cent* in respect of the subsequent schemes in a district (80 *per cent* in the case of special system improvement schemes), the balance being met from the Board's own funds. Special projects-agriculture schemes are also eligible for financial assistance under the participation programme; these schemes are financed either by REC alone or by REC and the participating commercial banks in the ratio of 1 : 2.

The funds provided by REC bear interest on a sliding scale ranging from 2 to  $10\frac{1}{2}$  per cent and are released in 2-4 instalments, the release of the second and subsequent instalments being related to actual progress towards the implementation of the schemes. The loans (guaranteed by the State Government) are repayable in instalments over a period of 5-20 years.

The table below indicates the loan assistance sanctioned by the REC in respect of various schemes between 1969-70 and 1979-80, the amounts drawn and actual expenditure incurred by the Board up to 31st March 1980 :

Serial number	Particulars	Number of schemes	Number of villages to be covered	Estimated capital outlay	Amount of loan sanctioned by REC	Amount of loan drawn by the Board	Expenditure up to 31st March 1980
(Rupees in lakhs)							
<b>A. Schemes for agricultural and other connections</b>							
1.	Ordinary advanced areas	41	2,428	15,66.43	11,74.17	11,28.79	20,75.26
2.	Ordinary backward areas	1	50	56.81	56.81	52.50	72.27
3.	Mini farm lift irrigation	17	194	1,53.56	1,53.56	1,45.62	2,29.15
4.	Special project—agriculture	12	785	2,65.22	1,15.16	79.14	2,64.40
5.	Special system improvement	3	—	53.74	42.99	42.99	86.87
6.	Special project—industry	5	—	73.34	73.34	57.58	46.11
<b>B. Other schemes</b>							
7.	Special project—drinking water	3	385	53.78	53.78	21.51	2.44
8.	Setting up of Lineman Training Centres	2	—	13.23	13.23	4.93	3.76
9.	System improvement	10	—	6,94.97	6,94.97	4,93.17	2,77.74
10.	Purchase and installation of L. T. Capacitors	2	—	99.19	99.19	88.43	46.90
<b>Total</b>		<b>96</b>	<b>3,842</b>	<b>30,30.27</b>	<b>24,77.20</b>	<b>21,14.66</b>	<b>31,04.90</b>

The excess expenditure had not been claimed from the REC since the Board had not revised the cost estimates of the schemes.

#### 6.9.02. *Progress of the schemes*

It was noticed that separate annual estimates were not being prepared for works relating to schemes covered under "Ordinary advanced areas" (41) and "Ordinary backward areas" (1) and the entire expenditure was also being booked together. Further, the Sub-divisions and divisions operating these schemes did not maintain any systematic and methodical record of physical/financial progress.

The monitoring teams of REC had observed (June 1977) that the periodical physical progress reports in regard to release of connections and other items of work were often not based on any initial records and at times details of the location or areas covered by these works were not made available. The instructions issued by the Chief Accounts Officer of the Board (June 1977) for the proper maintenance of records of the progress of various works had not been implemented. In the absence of separate records, the authenticity of physical/financial progress of the works was not susceptible of verification. The Government stated (November 1980) that the estimates and actual expenditure in respect of the above schemes could not be prepared/maintained as these were comprehensive schemes for giving different types of service connections (such as agricultural, industrial, domestic, commercial and public lighting, etc.) and the works were executed by the same agency.

It may be mentioned, however, that the approved schemes contain full details regarding the works to be executed and the areas to be covered and there should not have been any difficulty in the preparation of estimates and booking of expenditure accordingly.

The REC pointed out (November 1977) that in the case of projects sanctioned in the initial years of functioning of the REC, the projections made by the Board, were generally over-optimistic and recommended reappraisal of such projects (both in respect of works and service connections), with a view to revising the targets to realistic levels and also extending the period of implementation of projects, wherever necessary. While analysing the schemes sanctioned during 1969-70 to

1973-74, in January 1978, the REC identified the schemes which had not registered adequate progress and categorised them with reference to performance as bad (8 schemes) and very bad (6 schemes), and suggested a revision for a realistic view of the operation of each of the listed schemes. No action had, however, been taken by the Board for the revision of these schemes so far. The Government stated (November 1980) that projects sanctioned in the initial years were over-optimistic and in the absence of detailed load surveys the schemes were prepared on an *ad hoc* basis.

However, physical progress in respect of some of the schemes as reported by the Board to REC in March 1980 was as follows :

(A) *Schemes for agricultural and other connections*

	<i>Number of schemes</i>	<i>Target</i>	<i>Achieve- ment</i>
		(In Kms.)	
H.T. lines	79	3,781	4,380
L.T. lines	76	8,971	9,835
		(In numbers)	
Sub-stations	79	4,222	4,726
Energisation of tubewells	71	44,716	46,147
Other connections	59	71,373	79,508

## (B) Other Schemes (system improvement)

	Number of schemes	Target	Achieve- ment
		(In numbers)	
<i>Sub-stations</i>			
132 KV augmentation	10	2	2
66 KV augmentation	10	1	1
33 KV augmentation	10	13	10
33 KV new	10	21	2
		(In Kms.)	
<i>Transmission lines</i>			
33 KV new	10	292	26
33 KV augmentation	10	15	—
11 KV new	10	733	394
11 KV augmentation	10	586	232
		(In numbers)	
L.T. Capacitors	2	38,415	5,405

While the progress (as reported by the Board) in respect of schemes for agricultural and other connections was much higher than the targets, no completion reports in respect of any of the schemes had been prepared so far (January 1981). The Government stated (November 1980) that the works executed under the REC-financed schemes constituted Board's works and rules and regulations with regard to the preparation of completion reports applied *mutatis mutandis* to these works, and that the omissions on this account were being watched by the internal auditors of the Board.

6.9.03. Certain points relating to the implementation

of the schemes are mentioned below :

- (i) The capital expenditure incurred on the following schemes sanctioned between 1969-70 and 1978-79 had exceeded the estimated cost :

<i>Category of scheme</i>	<i>Number of schemes</i>	<i>Estimated cost</i>	<i>Actual expenditure</i>	<i>Excess</i>	<i>Percentage</i>
<i>(Rupees in lakhs)</i>					
Ordinary advance areas	24	8,64.50	14,42.92	5,78.42	66.9
Ordinary backward areas	1	56.81	72.27	15.46	27.2
Special system improvement	2	47.73	78.82	31.09	65.1
Mini farm lift-irrigation	12	85.44	1,73.21	87.77	102.7
Special project—agriculture	1	27.80	61.24	33.44	120.3
Total	40	10,82.28	18,28.46	7,46.18	68.9

The Board stated (August 1980) that the excess expenditure was attributable to actual execution of works depending upon the demand for connections.

- (ii) A test-check of the following 6 schemes which were proposed to be closed with effect from 31st March 1979, revealed that the capital outlay on these

schemes had exceeded the estimated cost by 12.7 to 229.3 per cent.

<i>Name of the scheme</i>	<i>Estimated cost</i>	<i>Actual expenditure</i>	<i>Excess</i>	<i>Percentage</i>
<i>(Rupees in lakhs)</i>				
Kurukshetra (HSEB-22)	47.59	1,06.56	58.97	123.9
Karnal (HSEB-40)	39.88	52.07	12.19	30.6
Kurukshetra (HSEB-91)	17.27	56.87	39.60	229.3
Rohtak (HSEB-97)	53.31	49.71	—	—
Rohtak (HSEB-98)	56.76	63.96	7.20	12.7
Karnal (HSEB-102)	41.34	60.86	19.52	47.2

(iii) Variations were also noticed by REC in the financial progress reported in respect of certain schemes. The REC monitoring team observed (August 1977) that in respect of one scheme the half-yearly return for September 1976 submitted by the Board reported an expenditure of Rs. 20.33 lakhs whereas the expenditure in the next half-yearly return (for March 1977) was shown as Rs. 12.88 lakhs. Similarly, in respect of another scheme, the expenditure in the half-yearly statement for March 1977 was shown as Rs. 34.74 lakhs against an actual expenditure of Rs. 29.75 lakhs.

(iv) A test-check of 6 schemes revealed that though the Board had anticipated a return of 26.5 to 102 per cent on the estimated cost during the years 1976-77 to 1979-80 the revenue realised ranged between 0.8 to 65.2 per cent with reference to the

estimated cost and between 0.9 to 49.9 per cent with reference to the actual cost of the schemes as per details given below :

## (A) Revenue

Scheme	1976-77		1977-78		1978-79		1979-80	
	Anticipated	Actual	Anticipated	Actual	Anticipated	Actual	Anticipated	Actual
	(Rupees in lakhs)							
Kurukshetra (HSEB-22)	12.59 (26.5)	3.25	12.59 (26.5)	4.21	24.98 (52.5)	6.82	24.98 (52.5)	10.56
Kurukshetra (HSEB-91)	13.97 (80.9)	2.55	13.23 (88.2)	4.39	15.88 (91.9)	6.17	17.61 (102.0)	10.78
Karnal (HSEB-40)	23.41 (58.7)	9.62	23.45 (63.6)	18.07	27.16 (68.1)	26.02	28.57 (71.6)	11.73
Karnal (HSEB-102)	41.16 (99.6)	NA	41.16 (99.6)	13.75	41.16 (99.6)	16.50	41.16 (99.6)	15.30
Rohtak (HSEB-97)	19.14 (35.9)	0.45	27.61 (51.8)	3.24	27.82 (52.2)	2.58	28.47 (53.4)	3.98
Rohtak (HSEB-98)	23.57 (41.5)	0.68	32.11 (56.6)	5.80	32.43 (57.1)	7.38	33.51 (59.0)	5.68

Note : Figures in parenthesis represent the percentage to the estimated cost.

(B) Percentage of actual revenue to estimated and actual cost :

Scheme	1976-77		1977-78		1978-79		1979-80	
	Estimated	Actual	Estimated	Actual	Estimated	Actual	Estimated	Actual
	( Per cent )							
Kurukshetra (HSEB-22)	6.8	3.0	8.8	3.9	14.3	6.4	22.2	9.9
Kurukshetra (HSEB-91)	14.8	4.5	25.4	7.7	35.7	10.8	62.4	18.9
Karnal (HSEB-40)	24.1	18.5	45.3	34.7	65.2	49.9	29.4	22.5
Karnal (HSEB-102)	NA	NA	33.3	22.6	39.9	27.1	37.0	25.1
Rohtak (HSEB-97)	0.8	0.9	6.0	6.5	4.8	5.2	7.5	8.0
Rohtak (HSEB-98)	1.2	1.1	10.2	9.1	13.0	11.5	10.0	8.9



The Board stated (January 1980) that the schemes were undertaken as a socio-economic measure in the interest of the development of the State. The Government stated (November 1980) that the shortfall in revenue in the early years of operation was attributable to lower 'load growth' in the scheme areas. It may be mentioned, however, that the shortfalls continued during the years 1978-79 and 1979-80 as well.

#### 6.9.04. *Non-implementation of the schemes for Harijan bastis*

Under a special scheme for electrification of Harijan *bastis* adjoining the already electrified villages, REC sanctioned 6 schemes (cost : Rs. 33.58 lakhs) covering 673 Harijan *bastis* in the State. As against the total loans of Rs. 33.58 lakhs sanctioned, the Board had drawn Rs. 13.63 lakhs up to February 1973.

Although the schemes were sanctioned during the years 1972-73 and 1973-74, only 2 Harijan *bastis* (out of 673) were electrified up to March 1976 at a cost of Rs. 0.02 lakh and even these 2 were disconnected subsequently due to non-payment of electricity charges for street lighting by the concerned panchayats.

In view of the poor performance, the REC cancelled 4 schemes (cost : Rs. 19.95 lakhs) in October 1976 against which no loan had been drawn by the Board and also asked the Board for the refund of Rs. 13.63 lakhs advanced in February 1973.

The viability of the schemes was not assessed at the time the schemes were drawn up and it was found later that the schemes were unremunerative. The Board requested the State Government (September 1973) to subsidise the loss to which the Government did not agree (June 1974). The entire loan of Rs. 13.63 lakhs (with interest of Rs. 2.33 lakhs) was, therefore, refunded to the REC (in 4 instalments) during February 1973 to November 1976.

#### 6.10. **Extra expenditure**

Tenders called for in February 1977 for the supply of 2,600 Kms. of 'Rabbit' conductor (to meet the requirements

for 1977-78) were opened in March-April 1977. After considering the recommendations of the Store Purchase Committee, the Board decided (July 1977) to place an order for 500 Kms. on firm 'A' (the lowest tenderer) at Rs. 2,549 per Km. and for the balance quantity, it was decided to place the orders on other Haryana firms at Rs. 2,690 per km. (at the rate quoted by firm 'B', the second lowest non-Haryana tenderer) as firm 'A' had quoted Rs. 2,730 per km. for the quantity in excess of 500 kms. All the firms were asked to communicate their acceptance of the counter-offer of Rs. 2,690 per km. by 12th July 1977.

None of the firms accepted the alternative rate and the Board, therefore, decided on 15th July 1977 to place the orders on the basis of rates quoted in the original tenders.

Telegraphic orders asking the firms to 'convey their acceptance' (followed by detailed purchase orders) for the supply of 2,600 kms. of conductor were placed on the first 4 lowest tenderers within the validity period at the rates quoted by them. Only 2 of them, i.e., firms 'A' and 'B' accepted the orders placed for 1,300 Kms. of conductor and the other 2 firms 'C' and 'D' while acknowledging the telegraphic orders imposed some new conditions. The Board could not initiate any risk purchase action against these firms, since the Board's telegraphic orders seeking the firms' acceptance constituted a counter offer, and no legally binding agreement had come into being. The Board's legal section was also of the same opinion (November 1977). The balance requirement of 1,300 Kms. of conductor was then purchased (August 1978) from 4 firms (including firm 'D' which had imposed conditions earlier) at higher rates involving an extra expenditure of Rs. 7.41 lakhs.

The Board stated (July 1979) that offering of the alternative rates/asking for acceptance of telegraphic orders was done in the interest of the Board.

#### **6.11. Extra expenditure in the construction of staff quarters**

Tenders were invited on 6th June 1973 for the construction of 6 'Category II' quarters at Nuh sub-station on 'through rate' basis by the Executive Engineer, C.W.T. Division, Gurgaon and these were opened on 16th July 1973. In response, 3 contractors submitted their offers and the lowest offer, worked out on the basis of the tendered rates, was for Rs. 0.79

lakh which was recommended by the Divisional Office for acceptance in August 1973. The Superintending Engineer while accepting the proposal in November 1973, omitted to return the comparative statement of tenders, which was collected by the Divisional Office in January 1974, and the work was awarded to the contractor on 18th April 1974. In the meantime, the contractor informed the Board (January 1974) that the validity period of 90 days having expired, his tender should be treated as cancelled. On receipt of the allotment order, the contractor refused to accept the job (April 1974) and obtained a refund of the earnest money.

The work was re-tendered in January 1976. Of the 3 offers received, the Divisional Office recommended the acceptance of the lowest offer of Rs. 1.04 lakhs (April 1976). The offer was not accepted by the Superintending Engineer (August 1976) on the ground that the tenderer was not a contractor of the appropriate class even though he had paid the registration fee for the appropriate class in February 1976. The Superintending Engineer also ordered that the work be executed departmentally. The work was executed departmentally and completed at a cost of Rs. 1.46 lakhs (October 1977). The departmental execution of work involved an extra expenditure of Rs. 0.67 lakh with reference to the tendered rate of July 1973 and of Rs. 0.42 lakh with reference to the tendered rate of January 1976.

While recommending the offer, the Divisional Office had stated (April 1976) that cement and steel (to be supplied to the contractor) were available with the Division. The Chief Engineer, however, stated (February 1980) that the work was executed departmentally due to shortage of material including cement.

## 6.12. Arrears of electricity dues

The arrears of electricity dues as on 31st March 1980 were Rs. 6.20 crores. Of this, an amount of Rs. 5.35 crores was due to the Board from 18,624 consumers (including Rs. 1.17 crores outstanding against 4,671 consumers for more than 3 years). Power supply to 12,826 consumers had been disconnected by the Board for non-payment of dues of Rs. 2.28 crores. No such action had, however, been taken in regard to 5,798 consumers against whom dues aggregating Rs. 3.07 crores were outstanding (March 1980). The number of

consumers involved and the period for which the remaining amount of Rs. 0.85 crore was outstanding were not known.

### 6.13. Misappropriations, defalcations, etc.

The following are the details of cases of misappropriations, defalcations, etc., for which final action was pending:

	<i>Number of cases</i>		<i>Total</i>	<i>Amount (Rupees in lakhs)</i>
	<i>Valued</i>	<i>Value not known</i>		
Cases pending as on 31st March 1979	1,970	2	1,972	55.82
Addition during 1979-80	383	19	402	49.25
<b>Total</b>	<b>2,353</b>	<b>21</b>	<b>2,374</b>	<b>1,05.07</b>
Cases written off/cleared during 1979-80	102	..	102	2.96
Cases pending as on 31st March 1980	2,251	21	2,272	1,02.11

Of these, 1,387 cases were outstanding for over 3 years.

### 6.14. Outstanding inspection reports

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

At the end of November 1980, inspection reports issued up to March 1980 still contained unsettled paragraphs as shown

below with the corresponding period of preceding two years.

	<i>As at the end of November 1978</i>	<i>As at the end of November 1979</i>	<i>As at the end of November 1980</i>
Number of inspection reports with unsettled paragraphs	875	766	819
Number of paragraphs	6,482	4,937	5,104

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

	<i>Number of inspection reports</i>	<i>Number of paragraphs</i>
1976-77 and earlier years	500	2,927
1977-78	88	653
1978-79	85	497
1979-80	146	1,027
Total	819	5,104

Reports outstanding at the end of November 1980, included 196 inspection reports for which even the first replies had not been received.

#### 6.15. Outstanding audit objections

As on 31st August 1980, 35,173 audit objections (Rs. 71.19 crores) raised by the Chief Accounts Officer of the Board (for the period up to 31st March 1980) were outstanding as per details given below :

	<i>Outstanding since (ear- liest year)</i>	<i>Amount (Rupees in crores)</i>
(a) Want of sanctions	1967-68	66.02
(b) Want of detailed contingent bills	1967-68	0.66
(c) Want of payees' receipts	1973-74	2.85
(d) Want of agreements/purchase orders	1968-69	1.66
Total		71.19

## (ii) Other Statutory Corporations

## 6.16. Haryana Financial Corporation

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

## 6.16.01. Paid-up capital

The paid-up capital of the Corporation as on 31st March 1980 was Rs. 3,46.00 lakhs (State Government : Rs. 1,64.32\* lakhs, Industrial Development Bank of India (IDBI) : Rs. 1,45.92 lakhs and others : Rs. 35.76 lakhs) as against the paid-up capital of Rs. 3,30.00 lakhs (State Government : Rs. 1,56.33 lakhs, IDBI : Rs. 1,37.91 lakhs and others : Rs. 35.76 lakhs) as on 31st March 1979.

## 6.16.02. Guarantees

The State Government has guaranteed the repayment of share capital of Rs. 3,46 lakhs under Section 6 of the Act and payment of minimum dividend thereon at the rate of 3 to 5 per cent. The table below indicates the details of other guarantees given by the Government for repayment of loans raised by the Corporation and payment of interest thereon :

<i>Particulars</i>	<i>Year of guarantee</i>	<i>Amount guaranteed</i>	<i>Amount outstanding as on 31st March 1980</i>
		<i>(Rupees in lakhs)</i>	
Bonds and Debentures	1968-69 to 1979-80	13,75.00	13,75.00
Fixed Deposits	1967-68	1,00.00	56.96
	Total	14,75.00	14,31.96

\*The State Government's investment as per the Finance Accounts is Rs. 1,85.65 lakhs. The difference of Rs. 21.33 lakhs represents contribution towards special share capital, shares for which were yet to be issued (March 1981).

6.16.03. *Financial position*

The table below summarises the financial position of the Corporation under broad headings for the 3 years up to 1979-80 :

	1977-78	1978-79	1979-80
	(Rupees in lakhs)		
<i>Capital and Liabilities</i>			
(a) Paid-up capital	3,30.00	3,30.00	3,46.00
(b) Reserves and Surplus	2,78.07	3,46.49	4,09.47
(c) Borrowings			
Bonds and debentures	12,37.50	13,75.00	13,75.00
Deposits	49.03	55.97	56.97
Others	8,72.56	8,79.99	9,19.97
(d) Other liabilities and provisions	2,85.08	3,82.65	5,83.55
Total	30,52.24	33,70.10	36,90.96
<i>Assets</i>			
(a) Cash and Bank balances	1,33.31	1,61.54	1,62.41
(b) Investment	2.00	2.00	30.65
(c) Loans and Advances	27,10.79	29,47.24	32,04.67
(d) Debentures, shares, etc., acquired under-writing agreements	10.64	7.47	..
(e) Net fixed assets	2.73	2.93	6.42
(f) Other assets	1,92.77	2,48.92	2,86.81
Total	30,52.24	33,70.10	36,90.96
Capital employed*	26,74.71	28,23.04	29,80.29
Capital invested**	27,19.77	29,26.31	30,34.27

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

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

## 6.16.04. Working results

The following table gives the details of the working results of the Corporation for the 3 years up to 1979-80 :

<i>Particulars</i>	<i>1977-78</i>	<i>1978-79</i>	<i>1979-80</i>
	<i>(Rupees in lakhs)</i>		
1. Income			
—Interest on loans and advances	3,12.01	3,31.62	3,68.42
—Other income	0.62	0.83	1.06
Total	3,12.63	3,32.45	3,69.48
2. Expenses			
—Interest on long-term loans	1,37.23	1,39.98	1,53.29
—Other expenses	66.35	88.12	1,15.51
Total	2,03.58	2,28.10	2,68.80
3. Profit before tax	1,09.05	1,04.35	1,00.68
4. Surplus brought forward	0.08	..	0.09
5. Provision for tax	37.79	36.16	34.89
6. Other appropriations	58.91	55.67	52.87
7. Amount available for dividend	12.43	12.52	13.01
8. Dividend paid	12.43	12.43	12.91
9. Total return on capital employed	2,46.92	2,45.04	2,54.72
10. Total return on capital invested	2,46.28	2,44.33	2,53.97
	<i>(Per cent)</i>		
Rate of return on:			
—Capital employed	9.23	8.68	8.55
—Capital invested	9.05	8.35	8.37



## 6.16.05 Disbursement and recovery of loans

The performance of the Corporation in the disbursement/recovery of loans during the 3 years up to 1979-80 is indicated below :

Particulars	1977-78		1978-79		1979-80		Cumulative since inception	
	Num-ber	Amount (Rupees in lakhs)	Num-ber	Amount (Rupees in lakhs)	Num-ber	Amount (Rupees in lakhs)	Num-ber	Amount (Rupees in lakhs)
1. Applications pending at the beginning of the year	17	1,58.61	44	2,09.73	26	1,96.45	..	..
2. Applications received	187	8,53.52	197	8,02.93	533	13,26.91	3,514*	1,06,58.17
3. Total	204	10,12.13	241	10,12.66	559	15,23.36	3,514	1,06,58.17
4. Applications sanctioned	111	3,68.46	145	3,99.32	307	6,34.17	2,426	59,19.51
5. Applications cancelled/withdrawn/rejected	49	3,78.91	70	3,63.26	122	4,02.21	958	36,97.25
6. Applications pending at the close of the year	44	2,09.73	26	1,96.45	130	4,04.71	130	4,04.71
7. Loans disbursed	150	2,75.84	173	3,13.72	239	3,85.33	2,172	37,29.69
8. Amount outstanding at the close of the year	950	26,84.82	1,009	29,12.45	1,089	31,55.32	1,089	31,55.32
9. Amount over due for recovery (including suit filed cases)**	489	8,05.42	561	11,20.34	522	11,43.62	522	11,43.62
Percentage of defaults to total loans outstanding		30.00		38.47		36.24		

\*Include 13 applications (amount Rs. 77.02 lakhs) received from erstwhile Punjab Financial Corporation at the time of reorganisation.

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

The following is the age-wise analysis of the over-due amount (other than suit filed cases) :

<i>Period</i>	<i>Amount due for recovery</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
	<i>(Rupees in lakhs)</i>		
Up to 1 year	30.90	18.80	49.70
1 to 2 years	21.40	20.60	42.00
Over 2 years	2,64.30	1,95.21	4,59.51
Total	3,16.60	2,34.61	5,51.21

The above excludes Rs. 5,92.41 lakhs in respect of 92 cases in which suits have been filed for the recovery of dues.

#### 6.17. Ex-gratia payments to the employees

The employees of the State Financial Corporations are not eligible for bonus under the payment of Bonus Act, 1965. In respect of employees of public sector undertakings who are not covered by the provisions of the Payment of Bonus Act, Government of India issued instructions (September 1976) that ex-gratia payment (in lieu of bonus) for the accounting year commencing in 1975 be limited to a maximum of 10 *per cent* of the salary/wages. The ex-gratia was payable to only those employees whose salary/wages did not exceed Rs. 1,600 per month; for those whose salary/wages exceeded Rs. 750 per month, the ex-gratia amount was to be calculated as if the salary/wages were Rs. 750 per month.

The Corporation has, however, been making ex-gratia payments to its officers (other than the Managing Director) and employees at the rate of 25 *per cent* (3 months pay and allowances) irrespective of the quantum of profits. Particulars of profits earned by the Corporation and the amount of ex-gratia paid during each of the years from 1974-75 to 1979-80

are given below :

<i>Year</i>	<i>Profit for the year (Rupees in lakhs)</i>	<i>Total amount of ex-gratia payments (In rupees)</i>
1975-76	80.52	2,16,887
1976-77	95.25	2,34,859
1977-78	1,09.05	2,42,365
1978-79	1,04.35	2,55,553
1979-80	1,00.68	4,04,507

In this connection the following points were noticed :

- (i) Such payments are not covered by the Regulations framed by the Corporation (in consultation with the State Government and the IDBI) in terms of Section 48 (i) of the State Financial Corporation Act, 1951.
- (ii) The payments were made without the sanction of the State Government.
- (iii) During the years 1975-76 to 1979-80 the ex-gratia payment was even higher than the maximum of 20 *per cent* prescribed in the Payment of Bonus Act. The amount excess paid was Rs. 8.13 lakhs.
- (iv) There was an extra payment of Rs. 0.53 lakh during the period from 1975-76 to 1979-80 due to the criterion of Rs. 750 per month for the computation of *ex-gratia* payment having been disregarded.

The Management stated (August 1980) that no instructions had been received from the State Government in this behalf and that the payments had been made with the approval of the Board of Directors.

## 6.18. Haryana Warehousing Corporation

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

### 6.18.01. Paid-up capital

The paid-up capital of the Corporation as on 31st March 1980 was Rs. 2,64.07 lakhs (State Government : Rs. 1,24.00 lakhs\*; Central Warehousing Corporation : Rs. 1,24.00 lakhs and inherited from the erstwhile Punjab State Warehousing Corporation : Rs. 16.07 lakhs) as against a paid-up capital of Rs. 2,12.07 lakhs (State Government : Rs. 1,04.00 lakhs; Central Warehousing Corporation : Rs. 92.00 lakhs and inherited from the erstwhile Punjab State Warehousing Corporation : Rs. 16.07 lakhs) as on 31st March 1979.

### 6.18.02. Guarantees

The State Government gave guarantee for a loan of Rs. 1,11.75 lakhs obtained during 1977-78 from a bank under the Agricultural Refinance Development Corporation scheme against which a sum of Rs. 59.54 lakhs (Principal : Rs. 55.59 lakhs and Interest : Rs. 3.95 lakhs) was outstanding as on 31st March 1980.

In consideration of the guarantee given by the State Government the Corporation had to pay guarantee fee to the extent of Rs. 0.56 lakh in the year 1977-78 (@  $\frac{1}{2}$  per cent on the guaranteed amount).

### 6.18.03. Financial position

The table given below summarises the financial position of the Corporation under broad headings for the 3 years

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\*The amount as per Finance Accounts is Rs. 1,32.04 lakhs; the difference of Rs. 8.04 lakhs represents the amount for which shares are yet to be issued (January 1981).

up to 1979-80 :

	1977-78	1978-79	1979-80
<i>(Rupees in lakhs)</i>			
<i>Liabilities</i>			
(a) Paid-up capital	2,00.07	2,12.07	264.07
(b) Reserve and surplus	59.59	81.99	1,12.80
(c) Borrowings	1,23.97	1,00.76	1,01.28
(d) Trade dues and other current liabilities	1,19.43	1,32.19	1,42.52
Total	5,03.06	5,27.01	6,20.67
<i>Assets</i>			
(a) Gross block	3,93.35	4,18.93	4,35.86
(b) Less : Depreciation	40.39	47.93	59.21
(c) Net fixed assests	3,52.96	3,71.00	3,76.65
(d) Capital work -in-progress	10.73	4.56	23.86
(e) Investments	1.00	1.00	1.00
(f) Current assets, loans and advances	1,38.37	1,50.45	2,19.16
Total	5,03.06	5,27.01	6,20.67
Capital employed*	3,71.90	3,89.26	4,53.29
Capital invested**	3,83.63	3,94.82	4,78.15

\* Capital employed represents the net fixed assets *plus* working capital.

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

## 6.18.04. Working results

The following table gives the details of the working results of the Corporation for the 3 years up to 1979-80 :

	1977-78	1978-79	1979-80
	(Rupees in lakhs)		
1. Income			
—Warehousing charges	1,55.37	1,51.39	1,71.05
—Other income	2.30	4.79	5.10
Total	1,57.67	1,56.18	1,76.15
2. Expenses			
—Establishment charges	30.62	34.83	37.71
—Interest	6.20	13.42	10.06
—Other expenses	1,11.94	79.23	90.38
Total	1,48.76	1,27.48	1,38.15
3. Profit before tax	8.91	28.70	38.00
Profit brought forward	0.54	0.60	0.99
Previous years' adjustments	10.80	..	0.35
4. Provision for tax	0.26	..	..
5. Other appropriations	15.39	22.30	31.68
6. Amount available for dividend	4.60	7.00	7.66
7. Dividend paid	4.00	6.01	7.11
8. Total return on capital employed	15.11	42.12	48.06
9. Total return on capital invested	15.11	42.12	48.06
Rate of return on :	(Per cent)		
—Capital employed	4.06	10.82	10.60
—Capital invested	3.94	10.67	10.05

## 6.18.05 Operational performance

The following table gives details about the operational performance of the Corporation for the 3 years up to 1979-80 :

<i>Particulars</i>	<i>1977-78</i>	<i>1978-79</i>	<i>1979-80</i>
1. Number of stations covered	58	66	66
		(Tonnes)	
2. Storage capacity as at the end of the year			
(a) Owned	1,70,600	1,74,600	1,74,600
(b) Hired	2,39,141	2,21,764	2,23,692
Total	4,09,741	3,96,364	3,98,292
3. Average capacity utilised during the year*	4,24,201	4,06,440	4,30,704
		(Rupees)	
4. Average expenses per tonne	35.08	31.36	32.07
5. Average revenue per tonne	37.17	38.42	40.89

\*Includes godowns closed during the year.

## SECTION-C

## GOVERNMENT COMPANIES

## 6.19. General

## 6.19.01 Introduction

There were 16 Government companies (including 6 subsidiaries) in the State as on 31st March 1980.

## 6.19.02 Compilation of accounts

Only 5 companies (including 1 subsidiary) had finalised their accounts for 1979-80. In addition, 7 companies (including 2 subsidiaries) had finalised their accounts for earlier years. A synoptic statement showing the summarised financial results of 12 companies, based on the latest available accounts, is given in Appendix IX. The accounts of the following 11 companies (including 5 subsidiaries) were in arrears for the periods noted against each :

<i>Serial number</i>	<i>Name of the company</i>	<i>Extent of arrears</i>
1.	Haryana State Minor Irrigation (Tubewells) Corporation Limited	1973-74 to 1979-80
2.	Haryana Dairy Development Corporation Limited	1976-77 to 1979-80
3.	Haryana Harijan Kalyan Nigam Limited	1976-77 to 1979-80
4.	Haryana Tourism Corporation Limited	1977-78 to 1979-80
5.	Haryana Television Limited	1977-78 to 1979-80
6.	Haryana Matches Limited	1978-79 and 1979-80
7.	Haryana Tanneries Limited	1978-79 and 1979-80
8.	Haryana Concast Limited	1978-79 and 1979-80
9.	Haryana Agro-Industries Corporation Limited	1979-80
10.	Haryana State Small Industries and Export Corporation Limited	1979-80
11.	Haryana Minerals Limited	1979-80



The position of arrears in the finalisation of accounts was last brought to the notice of Government in October 1980.

#### 6.19.03. Paid-up capital

As against the aggregate paid-up capital of Rs. 20,60.73 lakhs in 10 Government companies (excluding 6 subsidiaries) as on 31st March 1979, the aggregate paid-up capital as on 31st March 1980 increased to Rs. 22,89.36 lakhs as detailed below :

Particulars	Number of companies	Invested by*			Total
		State Govern- ment	Central Govern- ment	Others	
(Rupees in lakhs)					
(i) Companies wholly owned by State Government	6	18,64.52	..	..	18,64.52
(ii) Companies jointly owned with the Central Government/ others	4	2,60.45	1,35.18	29.21	4,24.84
Total	10	21,24.97*	1,35.18	29.21	22,89.36

#### 6.19.04. Loans

The balance of long term loans outstanding in respect of 9 companies (excluding 6 subsidiaries) as on 31st March 1980 was Rs. 41,66.04 lakhs (State Government : Rs. 15,20.90 lakhs, other parties : Rs. 26,36.67 lakhs, deferred payment credit : Rs. 8.47 lakhs) as against Rs. 28,35.77 lakhs as on 31st March 1979.

\*The amount as per the Finance Accounts is Rs. 20,96.95 lakhs and the difference of Rs. 28.02 lakhs is under reconciliation.

## 6.19.05. Guarantees

The State Government had guaranteed the repayment of loans (and payment of interest thereon) raised by 7 companies. The total amount guaranteed and the amount outstanding as on 31st March 1980 was Rs. 90,23.80 lakhs and Rs. 24,48.98 lakhs respectively as detailed below :

<i>Name of the Company</i>	<i>Amount guaranteed</i>	<i>Amount outstanding as on 31st March 1980</i>
	<i>(Rupees in lakhs)</i>	
1. Haryana State Minor Irrigation (Tubewells) Corporation Limited	82,93.32	21,31.32
2. Haryana Dairy Development Corporation Limited	5,29.00	1,88.02
3. Haryana Agro-Industries Corporation Limited	89.25	16.65
4. Haryana Land Reclamation and Development Corporation Limited	42.23	15.83
5. Haryana Tanneries Limited	30.00	48.49*
6. Haryana Breweries Limited	20.00	21.20*
7. Haryana Minerals Limited	20.00	27.47*
Total	90,23.80	24,48.98

## 6.19.06. Performance of the companies

The following table gives details of 5 companies (including 1 subsidiary) which earned a profit during 1979-80 and the

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\*Including interest.

comparative position for 1978-79 :

Particulars	Name of the company	Paid-up capital		Profit		Percentage of profit to paid-up capital	
		1978-79	1979-80	1978-79	1979-80	1978-79	1979-80
1. Haryana Land Reclamation and Development Corporation Limited		66.00	71.00	7.07	13.89	10.71	19.56
2. Haryana State Handloom and Handicrafts Corporation Limited		61.00	61.00	0.93	3.43	1.52	5.46
3. Haryana Seed Development Corporation Limited		88.76	1,10.43	11.48	37.74	12.93	34.17
4. Haryana State Industrial Development Corporation Limited		3,66.58	4,69.58	0.25	1.54	0.07	0.33
5. Haryana Breweries Limited (Subsidiary)		1,20.06	1,20.07	7.89	11.79	6.57	9.82
Total		7,02.40	8,32.08	27.62	68.39		

(Rupees in lakhs)

During the year, only 1 Company, viz., Haryana Seed Development Corporation Limited had declared a dividend of Rs. 2.89 lakhs.

6.19.07. Under Section 619 (4) of the Companies Act, 1956, the Comptroller and Auditor General of India has

a right to comment upon or supplement the audit reports of the Company auditors. Under this provision, a review of the annual accounts of Government companies is conducted in selected cases. Some of the important errors/omissions, etc., noticed in the course of review of the accounts are indicated below :

- (i) Amounts recoverable from a party were incorrectly adjusted from the share capital contribution received from the party.
- (ii) Unspent balances of grants-in-aid received through the State Government, had not been disclosed distinctly.
- (iii) Interest accrued and due had been incorrectly included under Cash and Bank balance.
- (iv) Statutory requirement regarding disclosure of interest income had not been complied with in the preparation of the Profit and Loss Account.
- (v) Credit sales which should have been classified as sundry debtors had been incorrectly shown under advances.
- (vi) Statutory requirement regarding (a) advances considered good in respect of which the company was fully secured ; (b) advances considered good for which the company held no security other than party's personal security; and (c) the advances considered doubtful and bad, had not been complied with in the preparation of balance sheet.

## 6.20. Haryana Tanneries Limited

### 6.20.01. Introductory

The Haryana Tanneries Limited was incorporated on 12th September 1972 as a subsidiary of the Haryana State Industrial Development Corporation Limited (HSIDC) with the following main objects :

- to carry on business as dealers, importers, manufacturers and processors of hides, skins, foam leather and other leather articles; and

—to take up business as dealers and manufacturers of rexine, foam rubber, furs, plastics, human and animal hairs and articles made therefrom.

The Company commenced commercial production of finished leather from 1st December 1976 and had confined its activities to the processing of only smaller skins (*viz.*, goat, sheep, cow and buff) into leather.

#### 6.20.02. Organisational set up

The management of the Company is vested in a Board of Directors headed by the Chairman, and the Managing Director functions as the chief executive. The financial organisation is headed by the Financial Controller working under the overall charge of the Managing Director.

#### 6.20.03. Capital structure

In December 1978 the authorised capital of the Company was raised from Rs. 75 lakhs to Rs. 100 lakhs divided into 8,50,000 equity shares of Rs. 10 each and 15,000 cumulative redeemable preference shares of Rs. 100 each.

As on 31st March 1980 the Company had a paid-up capital of Rs. 51 lakhs subscribed as under :

<i>Subscribed by</i>	<i>Number of equity shares</i>	<i>Amount (Rupees in lakhs)</i>	<i>Percentage of holding</i>
1. H.S.I.D.C. (holding company)	2,80,000	28.00	54.90
2. Haryana State Co-operative Supply and Marketing Federa- tion Limited	1,20,000	12.00	23.54
3. Haryana Agricul- tural Marketing Board	50,000	5.00	9.80
4. State Government	50,000	5.00	9.80
5. Haryana Ware- housing Corporation	10,000	1.00	1.96
Total	5,10,000	51.00	

The Company received Rs. 12.79 lakhs (March 1975/February 1977) as capital subsidy from the Government of India under the central investment subsidy scheme for setting up of the industrial unit in a backward area. Further, the Company had also borrowed moneys from the holding company, Haryana Financial Corporation (HFC) and from commercial banks, etc., against hypothecation of fixed assets/ Government guarantee. The table below summarises the loans obtained and outstanding at the end of 1979-80 :

	<i>Term loans</i>				<i>Bridging finance</i>			
	<i>HFC</i>	<i>Com- mercial banks</i>	<i>School Educa- tion Board</i>	<i>Total</i>	<i>HSIDC</i>	<i>Com- mercial banks</i>	<i>Others</i>	<i>Total</i>
	(Rupees in lakhs)							
Loans received	30.00	26.75	10.00	66.75	14.60	20.00	1.00	35.60
Outstanding :								
—Principal	30.00	26.75	10.00	66.75	14.60	20.00	1.00	35.60
—Interest Total	18.80	23.95	1.77	44.52	8.21	10.87	0.44	19.52
	48.80	50.70	11.77	1,11.27	22.81	30.87	1.44	55.12

Besides, the Company had cash credit arrangements with a commercial bank up to a limit of Rs. 20 lakhs (against hypothecation of stocks and stores) to meet its working capital requirements; the amount outstanding at the end of 1979-80 was Rs. 16.97 lakhs. Apart from this, the Company was sanctioned packing credit facility from a bank up to a limit of Rs. 5.00 lakhs against export orders received. Against this, a sum of Rs. 0.50 lakh was outstanding as on 31st March 1980.

The Company could not repay any of the loans; it had become liable for penal interest of Rs. 0.68 lakh on the outstanding loans from HFC and the commercial banks, as on 31st March 1980, which had not been paid so far (November 1980).

#### 6.20.04. *Project, planning and execution*

(i) A letter of intent for the processing of 6 lakh skins per year (2,000 skins per day on the basis of

300 working days) granted by the Government of India in January 1971 was converted into an industrial licence in February 1974. In September 1974 the Company engaged the Central Leather Research Institute, Madras (CLRI) to prepare a Project Report for setting up a tannery with a processing capacity of 15 lakh skins per year (5,000 skins per day). The Project was estimated (February 1975) to cost Rs. 1,22.69 lakhs (including a margin of Rs. 36.64 lakhs towards working capital) which was revised to Rs. 150 lakhs in March 1977 and again to Rs. 1,60 lakhs in March 1978. The actual expenditure incurred up to 31st March 1980 was Rs. 1,44.06 lakhs against which a processing capacity of 3,500 skins per day was developed (by September 1976). The proportionately high expenditure (for a lower processing capacity) was attributed by the Management (March 1977) to higher pre-operative expenses and higher cost of the effluent system.

In March 1977 the Company approached the Government of India for enhancement of the licensed capacity from 2,000 to 5,000 skins per day with a view to achieving full utilisation of the enhanced capacity already created; the Government of India did not, however, agree (November 1978) as the decentralised processing of hides/skins up to semi-finished stage was to be encouraged and confined to the small scale sector.

(ii) The following points relating to the expenditure of the project came to notice :

(a) The holding Company (HSIDC) entered into a provisional agreement with a Bulgarian firm for the supply of machinery and equipment, lay-out plans, technical know-how, technological design and documentation, etc., (July 1969) at a total cost of Rs. 11.18 lakhs (including Rs. 2.72 lakhs for technical design and documentation) for establishing a tannery in Haryana.

In September 1974, due to non-acceptability of certain items of machinery offered by the Collaborators, the value of machinery to be supplied was reduced from Rs. 8.46 to Rs. 2.06 lakhs and the scope of collaboration agreement was curtailed by deleting all other items from its scope. Simultaneously, the Company entrusted the work of consultancy to the CLRI. The technical design and documents supplied by the foreign Collaborators at a cost of Rs. 2.72 lakhs could not be used as these were at variance with the designs subsequently finalised by the Company in consultation with the CLRI.

(b) For implementing the project (based on the process technology to be supplied by the Bulgarian Collaborators) the National Industrial Development Corporation Limited (NIDC) was engaged (December 1971) as technical Consultants at a total fee of Rs. 3 lakhs. A sum of Rs. 0.30 lakh (10 per cent of the total fee) was paid to NIDC in terms of the contract (April 1972). Subsequently (May 1974), this arrangement was discontinued as it was felt by the Board that the nature of various jobs to be performed by the two agencies (foreign Collaborator and NIDC) was overlapping. NIDC, however, refused to refund the payment of Rs. 0.30 lakh and made a counter-claim of Rs. 0.76 lakh (April 1975) towards deployment of manpower. The matter has not yet been resolved (January 1981).

#### 6.20.05. Production performance

The tannery was set up to process 10.50 lakh skins per annum (3,500 skins per day). The commercial production scheduled to commence in September 1975 was started in December 1976 due to difficulties in securing finance.

(i) The table below indicates the installed capacity, vis-a-vis, actual production and capacity utilised during the 4 years up to 1979-80 :

<i>Year</i>	<i>Installed capacity</i>	<i>Actual production</i>	<i>Percentage</i>
	<i>(Number of skins)</i>		
1976-77 (December 1976 to March 1977)	10,50,000	10,686	3.1
1977-78	10,50,000	1,00,339	9.6
1978-79	10,50,000	55,503	5.3
1979-80	10,50,000	25,923	2.5

It will be seen from the above that the actual production was far below the capacity and the percentage of utilisation



of capacity had come down year after year. The break-even production level per day was assessed by 3 different agencies engaged by the Company as 1,947 skins in April 1977 (5.84 lakhs per annum\*), 3,040 skins in March 1979 (9.12 lakhs per annum\*) and 3,500 skins in April 1980 (10.50 lakhs per annum\*).

The Management attributed (April 1980) the shortfall(s) in capacity utilisation to the lack of adequate and timely availability of finance as financial institutions were reluctant to provide finance till the licence was revised to provide for a viable capacity.

(ii) The table below indicates the overall process losses on the basis of number of raw skins processed/putrified (damaged) during 1976-77 to 1979-80:

Year	Number of skins processed	Number of skins putrified/damaged		Percentage
		Number	Value on raw basis (Rupees in lakhs)	
1976-77	10,743	57	0.01	0.53
1977-78	1,00,950	611	0.23	0.61
1978-79	55,581	78	0.04	0.14
1979-80	26,538	615	0.27	2.32

The management had not fixed any norms for process losses. The reasons for high percentage of skins putrified/damaged during 1979-80 had not also been investigated (January 1981).

#### 6.20.06. Financial position

(a) The accounts of the company for the years 1978-79 and 1979-80 were in arrears (March 1981).

\*On the basis of 300 working days in a year.

The table below summarises the financial position of the Company for the 4 years up to 1979-80 :

	1976-77	1977-78	1978-79	1979-80
<i>Liabilities</i>				
			(Provisional)	
			(Rupees in lakhs)	
(a) Paid-up capital	17.50	39.25	51.00	51.00
(b) Subsidy	12.19	12.19	12.19	12.19
(c) Borrowings	1,01.93	1,14.14	1,25.85	1,30.69
(d) Trades dues and current liabilities (including provisions)	27.37	48.91	55.70	66.23
<b>Total</b>	<b>1,58.99</b>	<b>2,14.49</b>	<b>2,44.74</b>	<b>2,60.11</b>
<i>Assets</i>				
(a) Gross block	1,20.03	1,22.88	1,23.35	1,24.96
(b) Less : Depreciation	1.48	5.24	9.03	12.63
(c) Net fixed assets	1,18.55	1,17.64	1,14.32	1,12.33
(d) Current assets, loans and advances	31.47	53.60	45.04	20.85
(e) <i>Intangible assets</i>				
—Preliminary expenses not written off	4.00	3.60	3.20	2.80
—Cumulative losses	4.97	39.65	82.18	1,24.13
<b>Total</b>	<b>1,58.99</b>	<b>2,14.49</b>	<b>2,44.74</b>	<b>2,60.11</b>
Capital employed*	1,22.65	1,22.33	1,03.66	66.95
Net worth**	20.72	8.19	(—)22.19	(—)63.74

\* Capital employed represents net fixed assets plus working capital.

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

*(b) Working results*

The table below summarises the working results of the Company for the 4 years up to 1979-80 :

	1976-77	1977-78	1978-79	1979-80
				<i>(Provisional)</i>
	<i>(Rupees in lakhs)</i>			
<i>A. Income</i>				
Sales (including job works)	1.17	29.50	36.79	26.26
Other income	0.07	0.08	0.14	0.30
Total	1.24	29.58	36.93	26.56
<i>B. Expenditure</i>				
Manufacturing expenses	15.71	47.91	41.39	22.88
Salary, wages, allowances	7.94	7.91	8.23	6.61
Managerial expenses	0.42	0.31	0.33	0.20
Interest charges	13.19	18.19	20.85	22.50
Depreciation	1.28	3.72	3.79	3.80
Accretion/ Decretion in stock	(—)15.26	(—)13.78	(+)4.87	(+)12.52
Total	23.28	64.26	79.46	68.51
<i>Less expenditure capitalised</i>	17.07	..	..	..
Net expenditure	6.21	64.26	79.46	68.51
<i>C. Loss</i>	4.97	34.68	42.53	41.95
<i>D. Cumulative loss</i>	4.97	39.65	82.18	1,24.13

The cumulative loss of Rs. 1,24.13 lakhs at the end of 31st March 1980 represented 243.39 per cent of the Company's paid-up capital.

The reasons for losses were attributed by the management (June 1980) to :

- diversion of working capital funds to meet the increased cost of the project;
- mounting burden of interest on loans; and
- imbalance in the licenced and installed capacity.

It was observed, however, that the losses were also due to (i) under-utilisation of available capacity and non-availability of raw skins within the State as envisaged in the feasibility report; and (ii) payment of idle wages of Rs. 3.45 lakhs during October 1979—March 1980 when production had remained suspended for want of working capital.

#### 6.20.07. *Purchase of raw skins*

(i) In December 1977, the Board of Directors constituted a purchase committee comprising the Managing Director, the General Manager and the Financial Controller for formulating the purchase programme for raw skins. It also desired that purchases of the required quality should be effected by a team comprising the General Manager or a technically qualified officer of the Company along with the selectors (technical staff) in the raw skin markets on a competitive basis. The Board further resolved that a Managing Committee consisting of the Managing Director of the Company, the holding Company and the HFC be constituted for a periodical review of the effective functioning of the purchase committee and sale activities, etc. The Committee has, however, not functioned so far (March 1981).

An analysis of the purchases of skins revealed that :

- (a) proper controls up to the finishing stage of raw skins had not been evolved to ascertain the relative quality of skins procured from different sources; and
- (b) all purchases were effected from a single market at a time (Hapur or Amritsar or Kanpur).

(ii) The Company does not have any approved sources for the purchase of raw skins and purchases are effected by visits to the raw hide markets of Hapur, Amritsar, Kanpur, etc. The skins are graded and selected for purchases on the 'raw basis', i.e., in the form available with the suppliers. The table below indicates the number of skins purchased and the average price per skin paid during the good (October-April) as well as the lean (May-September) seasons from 1976-77 to 1979-80.

Seasons (period)	Cow		Buff		Goat		Sheep	
	Num- ber purch- ased	Avera- ge price per skin	Num- ber purch- ased	Avera- ge price per skin	Num- ber purch- ased	Avera- ge price per skin	Num- ber purch- ased	Avera- ge price per skin
	(Rupees)		(Rupees)		(Rupees)		(Rupees)	
Good Season (October 1976— April 1977)	4,145	33.06	9,368	25.24	16,955	20.75	8,853	15.41
Lean Season (May 1977— September 1977)	7,845	55.43	..	..	44,300	23.09	117	14.40
(Good Season October 1977— April 1978)	19,258	41.30	100	48.33	19,569	25.35	..	..
Lean Season (May 1978— September 1978)	13,369	49.53	6,784	32.26	..	..	..	..
Good Season (October 1978— April 1979)	20,465	58.34	3,193	48.81	..	..	..	..
Lean Season (May 1979— September 1979)	7,927	63.10	10,438	54.92	..	..	..	..
Good Season (October 1979— April 1980)	..	No	purchases	were	effected	..	..	..

The Management attributed (June 1980) the imbalanced procurement to financial constraints and non-availability of credit facilities.

6.20.08. *Cost of production*

The Company has not introduced any costing system so far (January 1981). The table below indicates the element-wise cost and the cost per finished skin for the 4 years up to 1979-80 :

	1976-77	1977-78	1978-79	1979-80
				(Provisional)
Number of skins processed	10,686	1,00,339	55,503	25,923
	(Rupees in lakhs)			
Cost of raw skins	8.13	28.49	23.59	12.90
Stores consumed	1.51	10.43	11.47	6.16
Wages	0.50	0.90	0.84	0.33
Factory overheads	2.48	9.18	9.60	9.22
General overheads	5.04	26.88	29.56	29.32
Total expenses	17.66	75.88	75.06	57.93
Accretion(—)/ Decretion (+) in skins-in- process	(—)9.01	(+)0.28	(+)3.32	(+)5.37
Total cost of Production	8.65	76.16	78.38	63.30
	(Rupees)			
Cost per skin	80.94	75.90	141.22	244.18
Sale price per skin (average)	26.55	35.58	63.33	75.10
Loss per skin	54.39	40.32	77.89	169.08

It was observed that the selling prices were fixed according to the prevailing market rates.

#### 6.20.09. Sales performance

The sales activities are managed by the Marketing Manager at the headquarters. The Company has no arrangement for market research and development.

The table below indicates the comparative position of the value of production to the cost of production for the 4 years up to 1979-80 :

Year	Cost of production	Value of production at the average sale price	Percentage of value of production to cost of production
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(Rupees in lakhs)

1976-77	8.65	2.84	32.8
1977-78	76.16	35.70	46.9
1978-79 *	78.38	35.15	44.8
1979-80 *	63.30	19.47	30.8

The percentage of value of production to cost of production fluctuated from 46.9 per cent in 1977-78 to 30.8 per cent in 1979-80.

#### 6.20.10. Exports

(i) According to the terms of the industrial licence 50 per cent of the production of finished leather was to be exported. The table below indicates the skins exported during the 4 years

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\*Provisional.

up to 1979-80 :

<i>Year</i>	<i>Total quantity manufactured</i>	<i>Quantity to be exported (50 per cent)</i>	<i>Quantity exported</i>	<i>Percentage of short-fall in export</i>
1976-77	10,686	5,343	Nil	100
1977-78	1,00,339	50,169	Nil	100
1978-79	55,503	27,751	2,295	91.7
1979-80	25,923	12,961	7,385	43.0

The Government of India have, however, not been approached by the Company for relaxing the stipulations regarding exports laid down in the industrial licence.

(ii) The export prices of skins are negotiated through the State Trading Corporation of India. In the absence of any costing system the Company has not assessed the loss sustained by it on exports. An analysis in audit, however, revealed that the Company had lost heavily as per details given below :

<i>Year</i>	<i>Number of skins exported</i>	<i>Cost price</i>	<i>Value realised</i>	<i>Loss</i>
		<i>(Rupees in lakhs)</i>		
1978-79*	2,295	3.24	1.13	2.11
1979-80*	7,385	18.03	5.00	13.03
Total		21.27	6.13	15.14

#### 6.20.11. Manpower analysis

The table below indicates the manpower as envisaged in the Project Report (on the basis of 5,000 skins a day) and as

\*Provisional.



actually deployed for the 3 years up to 1979-80 :

As on 31st March	Staff strength as per project Report			Rated capacity per head per day (Number of skins)	Staff actually employed			Actual produ- ction per head per day (Nu- mber of skins)
	Indus- trial	others	Total		Indus- trial	Oth- ers	Total	
1978	242	93	335	15	79	68	147	2.3
1979	242	93	335	15	78	61	139	1.3
1980	242	93	335	15	71	45	116	0.7

In this connection the following observations are made :

- (i) No steps have been taken by the Management so far to assess the manpower requirements on a realistic and scientific basis (November 1980).
- (ii) It is evident, however, that the staff strength being proportionately more than that envisaged in the Project Report and the actual production being far below the capacity, there was gross under-utilisation of labour.

#### 6.20.12. Inventory control

(i) The Company has not laid down any maximum, minimum and re-ordering levels for various items of raw materials and stores.

The table below indicates the position of inventory of raw materials and finished stocks held at the end of 4 years up to 1979-80 :

#### (a) Raw material

Year	Closing stock		Consumption		Stock in term of month's con- sumption	
	Raw skins	Chemi- cals	Raw skins	Chemi- cals	Raw skins	Chemi- cals
	(Rupees in lakhs)					
1976-77	2.89	0.91	8.13	1.51	4.2	7.2
1977-78	1.77	4.19	28.49	10.43	0.7	4.8
1978-79*	1.30	4.19	23.59	11.47	0.7	4.4
1979-80*	..	3.55	12.90	6.16	..	6.9

\*Provisional.

(b) *Finished goods*

Year	Closing stock including work- in-process	Sales during the year	Percentage of stock to sales
	(Rupees in lakhs)		
1976-77	11.45	0.68	1,684
1977-78	23.08	29.32	79
1978-79*	18.68	36.62	51
1979-80*	8.10	25.84	31

It was noticed that the stocks as on 31st March 1980 included processed leather valued at Rs. 2.82 lakhs which was lying unsold for over 2½ years. The Management stated (June 1980) that this stock could not be sold as the items were processed during the initial stages without any specific orders and had deteriorated due to prolonged storage.

(ii) *Purchase of defective machinery*

The following items of machinery installed in 1976 have not been put to use due to the reasons indicated against each :

Name of machinery	Value	Remarks
	(Rupees in lakhs)	
Shaving machine**	0.45	Machine when put to use caused many defects in the skin processed.
Scudding machine**	0.73	
Tanning drums**	6.40	Drums failed in performance even at very limited loads.
Total	<u>7.58</u>	

These have not been got repaired/replaced from the suppliers so far (January 1981).

\*Provisional.

\*\*Particulars of the actual number of days for which the machinery/equipment were put to use were not available.

(iii) *Surplus stores*

The following items of stores were awaiting disposal :

<i>Nature of stores</i>	<i>Period of purchase</i>	<i>Value</i> ( <i>Rupees in lakhs</i> )
Chemicals	1976-77 to 1979-80	3.37
Building material	1975-76	0.70
Condemned construction material	..	0.44

The chemicals included old stocks valued at Rs. 2.04 lakhs not used for more than 2 years.

The Board of Directors in their meeting held in March 1980 constituted a committee of officers for the disposal of these stores but the committee is yet to take any decision in the matter (November 1980).

6.20.13. *Shortages*

(a) A reconciliation (by Audit) of the figures of total number of skins purchased, number of skins processed and sent to the warehouse with the number of skins sold and the balance held in the godown revealed a shortage of 2,502 skins valued at Rs. 6.11 lakhs.

The Management had neither investigated these shortages nor fixed any responsibility (November 1980).

(b) A physical verification of chemical stores in March 1980 revealed shortages valued at Rs. 0.12 lakh.

6.20.14. *Sundry debtors*

The Management has not laid down any policy for credit sales. The position of sundry debtors for the 4 years up to

1979-80 was as under :

<i>As on 31st March</i>	<i>Total book debts</i>		
	<i>More than a year old</i>	<i>Less than a year old</i>	<i>Total</i>
	<i>(Rupees in lakhs)</i>		
1977	..	0.89	0.89
1978	0.53	5.09	5.62
1979*	1.55	6.50	8.05
1980*	2.73	1.34	4.07

It will be observed that out of debts amounting to Rs. 4.07 lakhs at the end of 1979-80, Rs. 2.73 lakhs (67.1 per cent) were over a 1 year old and all the debts pertained to private parties. The Company had also not obtained confirmation of these balances from the debtors.

#### *6.20.15. Accounting and Internal Audit*

The Company has not prepared any accounting manual so far.

In March 1977, the Company appointed a firm of Chartered Accountants on a fee of Rs. 2,000 for a period of 6 months to :

- devise and suggest ways and means to streamline the accounting system ;
- finalise its annual accounts; and
- advise on financial and cost analysis.

The same firm was again appointed (July 1978) for the year 1978-79 on a fee of Rs. 400 per month with effect from 1st August 1978. Except for routine reports, the firm had not carried out the task assigned to it. Its reports were also not placed before the Board of Directors.

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\*Provisional.

6.20.16. *Other topic of interest**Loss on job-work*

In November 1976, *i.e.*, before commencing commercial production (1st December 1976), the Company undertook the processing of skins on behalf of a firm of Palwal. Out of 10,940 skins sent by the party, 1,000 skins were completely damaged during processing. The party had withheld Rs. 0.20 lakh (out of Rs. 0.49 lakh) pending settlement of the case of damaged skins (November 1980). Responsibility for the loss has not been fixed (November 1980).

6.20.17. *Summing up*

- (i) Against the licensed capacity to produce 6 lakh skins per year, the installed capacity created was for 10.50 lakh skins per year. Average production as compared to the installed capacity ranged between 2.5 and 9.6 *per cent* during the years 1976-77 to 1979-80.
- (ii) Technical designs and documents supplied at a cost of Rs. 2.72 lakhs by the foreign collaborator could not be put to any use.
- (iii) The accounts of the Company were in arrears for the years 1978-79 and 1979-80.
- (iv) The Company has been incurring losses since inception. The accumulated losses (provisional) as on 31st March 1980 were Rs. 1,24.13 lakhs representing 243.39 *per cent* of the paid-up capital of Rs. 51 lakhs.
- (v) Idle wages of Rs. 3.45 lakhs were paid during October 1979 and March 1980 when production was suspended for want of working capital.
- (vi) The Company has not introduced any costing system. The loss per skin varied from Rs. 40.32 (1977-78) to Rs. 1,69.08 (1979-80).
- (vii) Machinery worth Rs. 7.58 lakhs installed in 1976 being defective, could not be put to use.
- (viii) Shortages amounting to Rs. 6.11 lakhs (2,502 skins) and Rs. 0.12 lakh in chemicals had not been investigated.

The matter was reported to Government in September 1980; reply is awaited (March 1981).

## **6.21. Haryana Tourism Corporation Limited**

### *6.21.01 Introduction*

The Haryana Tourism Corporation Limited was incorporated on 1st May 1974 with the following as its main objects :

- to purchase, acquire and administer restaurants, bars, liquor vends, bonded warehouses, cafeterias, petrol pumps, emporia, tourist bungalows and other places of tourist interest in the State and elsewhere;
- to provide entertainment by way of cultural shows, excursions, sight seeing trips, tours, etc., for tourists; and
- to promote establishments, undertakings and enterprises connected with activities of tourist interest.

### *6.21.02 Organisational set up*

The management of the Company is vested in a Board of 11 Directors appointed by the State Government. The Board is headed by a Chairman (non-official) and the Managing Director is the chief executive. The Finance and Accounts department is headed by an Assistant Accounts Officer. The statutory Auditors in their report to the members on the accounts for 1975-76 and 1976-77 had pointed to the need for strengthening the accounts cell at the Head Office and the field offices.

### *6.21.03. Capital structure*

The Company has an authorised capital of Rs. 5 crores divided into 5,00,000 equity shares of Rs. 100 each.

The paid-up Capital of the Company as on 31st March 1980 was Rs. 1,16.39 lakhs, wholly contributed by the State Government in cash (Rs. 2 lakhs) and in the shape of fixed assets transferred to the Company on its formation (Rs. 1,14.39 lakhs).

The State Government advanced loans of Rs. 27.00 lakhs and Rs. 5.00 lakhs to the Company in July 1974 and August 1976 respectively towards working capital. The loans and interest thereon are repayable in 30 half-yearly equated instalments with a moratorium of 3 years for repayment of the principal. Both the loans carry interest at 9 per cent per annum with a rebate of 1.25 per cent for payment on the due date. Penal interest is chargeable at 2.5 per cent (over 9 per cent in case of delayed payments).

The outstanding loans as on 31st March 1980 aggregated Rs. 27.50 lakhs.

#### 6.21.04. Financial position

There have been inordinate delays in the finalisation of its annual accounts by the Company as indicated below :

<i>Year of Accounts</i>	<i>Approved by the Board in</i>
1974-75	May 1977
1975-76	February 1980
1976-77	September 1980

The Company's accounts for the year 1977-78 onwards are in arrears (January 1981).

The table below summarises the financial position of the Company for the 3 years up to 1978-79 :

	1976-77	1977-78	1978-79 (Provisional)
<i>Liabilities</i>			
	<i>(Rupees in lakhs)</i>		
(a) Paid-up capital	1,14.46	1,16.39	1,16.39
(b) Borrowings	32.00	31.10	29.30
(c) Trade dues and other current liabilities (including provisions)	43.08	42.62	58.36
Total	1,89.54	1,90.11	2,04.05

*Assets*

(a) Gross block	1,19.72	1,24.03	1,27.35
(b) <i>Less</i> : Depreciation	12.82	18.23	24.59
(c) Net fixed assets	1,06.90	1,05.80	1,02.76
(d) Current assets, loans and advances	63.19	61.26	70.38
(e) Intangible assets :			
—Miscellaneous expenses	0.56	0.88	0.79
—Accumulated losses	18.89	22.17	30.12
Total	1,89.54	1,90.11	2,04.05

Capital employed 1,27.01 1,24.44 1,14.78

Net worth 95.01 93.34 85.48

Notes : Capital employed represents net fixed assets plus working capital.

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

### 6.21.05. Working results

The working results of the Company for the 3 years up to



1978-79 are given below :

	1976-77	1977-78	1978-79
	(Provisional)		
	(Rupees in lakhs)		
<b>A. Income</b>			
(a) Sale of			
—Wine and minerals	77.26	72.82	60.27
—Food stuff	64.79	77.34	76.99
—Petrol and diesel	35.75	46.40	48.43
General merchandise	0.96	3.46	6.42
(b) Other income	16.76	7.43	9.66
<b>Total</b>	<b>1,95.52</b>	<b>2,07.45</b>	<b>2,01.77</b>
<b>B. Expenditure</b>			
(a) Purchase of			
—Wine and minerals	63.71	58.66	52.86
—Food stuff (including coal, gas and fuel)	47.14	51.55	51.63
—Petrol and diesel	35.55	44.52	47.31
—General merchandise	7.83	3.18	4.78
(b) Administrative expenses			
—Salaries and wages	23.78	27.84	29.98
—Business promotion expenses	0.83	0.96	0.37
—Others	11.36	9.33	10.50
(c) Loss on non-commercial activities	4.03	0.41	0.89
(d) Interest on loan	2.33	2.26	2.20
(e) Depreciation	5.57	5.93	6.36
(f) Other expenses	3.49	3.76	7.50*
(g) Accretion/decretion in stock	(—)1.07	(+)2.33	(—)4.66
<b>Total</b>	<b>2,04.55</b>	<b>2,10.73</b>	<b>2,09.72</b>
<b>C. Loss</b>	<b>(—)9.03</b>	<b>(—)3.28</b>	<b>(—)7.95</b>
<b>D. Accumulated loss</b>	<b>(—)18.89</b>	<b>(—)22.17</b>	<b>(—)30.12</b>

\*Includes expenditure of Rs. 2.52 lakhs pertaining to the previous years.

The losses were attributed by the Management (June 1980) to :

- provision of meals and accommodation to 'budget' tourists at subsidised rates;
- provision of accommodation to the State Government-officers, Members of Legislature and VIPs at rates lower than the actual cost; and
- gestation period and frequent power shut downs.

A review in Audit revealed that, besides the above, other reasons for losses were :

- heavy indirect (overhead) expenses both on commercial and non-commercial activities;
- inadequate internal controls; and
- lack of cost control due to non-preparation of working results of individual activities.

#### 6.21.06. *Performance analysis*

The Company started functioning from 1st September 1974 and has so far taken up the following activities :

- running and maintenance of commercial units, viz., restaurants, bars, liquor vends, petrol pumps, cafeterias, golf course, etc., at various places;
- management of non-commercial units, viz., tourist bungalows, huts, motels, rest houses, etc., as an agent of the State Government;
- running of an art gallery at Delhi; and
- running of a consultancy wing.

#### 6.21.07. *Running and maintenance of commercial units*

(i) On its formation the Company took over 27 tourist complexes from the State Tourism Department. The number increased to 29 in 1976-77, 30 in 1977-78 and dropped to 28 in

1978-79. While each complex deals with several commercial activities, viz., restaurants, bars, canteens, petrol pumps, liquor vends, etc., the Management had not assessed the working results of individual activities at each complex to assess their relative profitability or otherwise at any stage.

The working results of commercial complexes for the three years up to 1978-79 are indicated in the table given below :

	1976-77	1977-78	1978-79
	(Provisional)		
	(Rupees in lakhs)		
<i>Income</i>	1,85.39	2,00.00	1,96.93
<i>Expenditure</i>			
Operating expenses	1,77.52	1,88.42	1,84.55
Overheads	12.87	14.46	16.92
Total	1,90.39	2,02.88	2,01.47
Loss	(—)5.00	(—)2.88	(—)4.54

The operational results of individual units (which could not even meet the operating expenses) revealed losses of Rs. 0.69 lakh in 6 units in 1976-77, Rs. 0.32 lakh in 5 units in 1977-78\* and Rs. 0.39 lakh in 6 units in 1978-79\*.

Due to heavy losses the Company closed 5 liquor vends, a canteen and a bakery during 1975-76 and 1976-77; 4 liquor vends were closed from April 1978 due to anticipated losses and 3 liquor vends were closed from April 1979 as the complex could not compete (in the auction) with private bidders. Besides, a bonded warehouse was transferred to a brewery in April 1976. The Management attributed (June 1980) the losses in the running of commercial units to the gestation period and frequent power shut downs.

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\*Figures are provisional.

(ii) While the selling prices were being fixed on the basis of prevailing market rates, the Company had not framed any standard costs to monitor the actual expenditure and variances with a view to control costs.

The table below indicates the margins on the sales of two main items of trade during the three years up to 1978-79 :

	Year	Cost of material	Sale proceeds	Margin (Percentage)
		(Rupees in lakhs)		
(i) Wine and minerals	1976-77	50.81	77.26	52.1
	1977-78*	46.06	72.82	58.1
	1978-79*	34.30	60.27	75.7
(ii) Food stuff	1976-77	42.98	64.79	50.7
	197-778*	46.01	77.34	68.1
	1978-79*	44.98	76.99	71.2

In spite of margins of 50.7 to 75.7 per cent the Company was not able to break even because of heavy direct and indirect overhead expenses.

(iii) *Massage*

The massage facility was introduced by the Company at Badkhal from November 1976 and at Sohna from February 1977. The economic viability report and the justification for taking up this activity were not put up to the Board of Directors. Two masseurs were employed at Badkhal and one at Sohna. The activity at sohna was closed in April 1979 after sustaining a loss of Rs. 0.09 lakh due to negligible clientele. The activity at Badkhal had sustained a loss of Rs. 0.38 lakh (provisional) up to 1979-80.

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\*Figures are provisional.

The Management stated (August 1980) that all out efforts were being made to make this facility popular through advertisements.

(iv) *Golf course*

In October 1977 the Company acquired a golf course at its Surajkund complex at a cost of Rs. 3.88 lakhs. This activity has been incurring losses since its inception (Rs. 0.25 lakh up to 1979-80).

The Management stated (August 1980) that efforts were being made to make this activity popular.

6.21.08. *Non-commercial units*

The Company took over 13 non-commercial units, viz., tourist bungalows, huts, motels, rest houses, etc., from the Tourism Department from 1st September 1974, for managing these as an agent of the State Government. The Company received a loan of Rs. 2.00 lakhs from the State Government in 1974-75 as working capital and the Government also agreed to subsidise the losses, if any, on the running of these units. 10 additional units were handed over to the Company up to 1978-79. One unit at Hathnikund was, however, closed in 1977-78 after it had sustained a loss of Rs. 0.16 lakh.

The working results of these non-commercial units for the three years up to 1978-79 are given below :

	1976-77	1977-78	1978-79
		(Provisional)	
	(Rupees in lakhs)		
<i>A—Revenue</i>			
(a) Operating	11.40	15.22	18.86
(b) Subsidy	2.50	2.50	2.50
Total	13.90	17.72	21.36
<i>B—Expenses</i>			
(a) Operating	6.75	7.39	8.53
(b) Overheads	11.18	10.74	13.72
	(166)	(145)	(161)
Total	17.93	18.13	22.25
Loss	(—)4.03	(—)0.41	(—)0.89
Note : Figures in parenthesis denote percentage to operating expenses.			

It will be seen that while the operating expenses went up from Rs. 7.39 lakhs in 1977-78 to Rs. 8.53 lakhs in 1978-79 (1.9 per cent), the overheads had increased from Rs. 10.74 lakhs to Rs. 13.72 lakhs (27.7 per cent) during the same period.

The Government had subsidised the losses to the extent of Rs. 2.50 lakhs per annum as against the loss of Rs. 6.53 lakhs in 1976-77, Rs. 2.91 lakhs in 1977-78\* and Rs. 3.39 lakhs in 1978-79\*.

The operational results of individual units revealed a loss of Rs. 3.02 lakhs (11 units) in 1976-77, Rs. 1.42 lakhs (9 units) in 1977-78\* and Rs. 1.04 lakhs (8 units) in 1978-79\*.

The Management attributed the losses (June 1980) to gestation period, provision of accommodation to the Ministers, MLAs and the State Government officers, at rates lower than the actual cost and non-closure of the losing units.

#### 6.21.09. *Other activities*

##### (i) *Running of Art Gallery at New Delhi*

With a view to displaying tourism literature, paintings, organising film shows, art exhibitions, travel conferences, etc., the Company took over (August 1975) an art gallery at New Delhi (together with the staff) from another State Government undertaking on a monthly rental of Rs. 500.

From August 1975 to July 1977 the Company had incurred a loss of Rs. 0.33 lakh on the running of the gallery. The Management having reviewed the working of the art gallery in November 1977 decided that efforts should be made to run it on profitable and commercial lines. The Company, however, sustained a further loss of Rs. 0.19 lakh in 1977-78 and the gallery was closed down in March 1978 and returned to the owners in May 1978/July 1979.

##### (ii) *Consultancy wing*

The Company operated a consultancy wing including landscaping and civil works (June 1976) with a view to

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\*Figures are provisional.

providing technical services in the field of tourism to other State Governments/institutions.

From June 1976 to March 1979, the Company took up the work of providing consultancy to 12 units of Uttar Pradesh, one unit of the State Government and 3 units of other organisations.

The table given below indicates the working results of the consultancy wing for the three years up to 1978-79 :

Year	Work car- ried over	Value of work recei- ved	Value of work done	Opera- tional expen- ses	Total income	Profit (+)/loss (-)
(Rupees in lakhs)						
1976-77	..	14.03	5.21	1.06	3.04 (287)	(+)1.98
1977-78*	8.82	10.39	8.76	2.81	1.28 (46)	(-)-1.53
1978-79*	10.45	1.67	1.79	2.20	0.21 (10)	(-)-1.99

Note : Figures in parenthesis indicate percentage to operational expenses.

While the drop in income was attributed to decrease in the receipt of further consultancy work during 1977-78 and 1978-79 it would be seen that the value of work done in 1978-79 (Rs. 1.79 lakhs) amounted to only 14.8 per cent of the work in hand (Rs. 12.12 lakhs).

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\*Figures are provisional.

6.21.10. *Embezzlements, mis-appropriations and shortages*

The following cases involving embezzlements, mis-appropriations and shortages of store were noticed :

<i>Serial number</i>	<i>Name of the complex</i>	<i>Brief particulars</i>	<i>Amount (Rupees in lakhs)</i>	<i>Remarks</i>
(1)	(2)	(3)	(4)	(5)
1.	Uchana	Sale proceeds, cash receipts, cash in hand and unpaid salary from September 1974 to October 1977 were short/ not accounted for by the cashier	0.30	The cashier* was placed under suspension in November 1977 but reinstated in March 1978 pending disciplinary proceedings against him. The official submitted his resignation in August 1979 which was not accepted. He is, however, absent from duty since then. Further report is awaited (March 1981).
2.	Badkhal	(a) Mis-appropriation of sale proceeds during 1977-78 and 1978-79	0.24	Rs. 0.21 lakh was recovered from the defaulters up to November 1980. Balance amount was awaiting recovery (November 1980).

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\*In addition cheques and drafts for Rs. 1.29 lakhs were deposited in bank during April 1976 to April 1977 but had not been accounted for in the cash book.



(1)	(2)	(3)	(4)	(5)
		(b) Shortages of stores (Rs. 0.23 lakh in Mayur, Rs. 0.24 lakh in Grey Falcon, Rs. 0.28 lakh in Surajkund, Rs. 0.93 lakh in Hodel) detected in December 1979	1.68	The Project Officer was asked (February 1980) to fix responsibility for the shortages. Final action is awaited (March 1981).
		(c) Against the cash book balances of Rs. 31,313 at Badkhal (25th January 1980) and Rs. 32,056 at Hodel (26th January 1980), the actual cash in hand was Rs. 405 and Rs. 11,162 respectively. The balance amounts were reported to have been irregularly advanced to staff and others on 'hand receipt' basis		Final action is awaited (March 1981).
3. Badkhal and Pinjore		Shortages of stock of soft drinks, wines and minerals during December 1974 to October 1977	0.19	Rs. 0.13 lakh was recovered from the defaulting officials up to June 1980 and the balance of Rs. 0.06 lakh was awaiting recovery (November 1980).
4. Narnaul		Embezzlement of cash and stores during June 1979 to April 1980	0.13	Rs. 0.03 lakh was recovered and the case was registered with the Police in April 1980. The

(1)	(2)	(3)	(4)	(5)
				official was placed under suspension in May 1980. Further progress is awaited (March 1981).
5.	Panipat Mis-appropriation of cash during February 1975 to May 1978		0.06	Rs. 0.04 lakh was recovered in April 1980. Another official, who was responsible for a mis-appropriation of Rs. 0.02 lakh had since left the Company's services. The matter was reported to the Police in September 1980.
6.	Dharuhera Shortages of stores during 1975-76 to 1977-78		0.20	The charge of the emporium and L-2 vend were taken over from the counter clerk in November 1977 and January 1978 respectively. The Project Officer, Gurgaon lodged the F.I.R. with the Police in March 1978. The results of police investigation are awaited (March 1981).

#### 6.21.11. Accounting system and internal audit

The Accounting Manual of the Company was compiled in 1975.

The Company appointed a firm of Chartered Accountants in October 1974 to work as internal auditors for the year 1974-75

at a consolidated fee of Rs. 3,500 per annum. The services of the same firm were extended thereafter on an annual fee (*plus* travelling and daily allowances) of Rs. 3,500 each for the years 1975-76 to 1977-78, whereafter another firm was appointed for 1978-79 on a remuneration of Rs. 6,000.

The internal audit reports were not made available to Audit. There is also no procedure of bringing important findings of internal audit to the notice of the Board of Directors.

#### 6.21.12. *Other topics of interest*

##### (i) *Avoidable payment of sales tax*

The complexes of the Company were registered as dealers under the Sales Tax Act up to 1977-78 (levy of sales tax by restaurants was discontinued thereafter under a Court decision). Under the provisions of the Act, the units of the Company could purchase articles for re-processing and sale by issue of requisite declaration forms without payment of tax.

It was noticed that the facility of making purchases without payment of tax had not been availed of by certain units of the Company resulting in an avoidable payment of sales tax of Rs. 0.17 lakh during 1974-75 to 1977-78.

The Management stated (November 1980) that the concerned officers had been directed to claim the refund while finalising their annual sales tax returns.

##### (ii) *Setting up of Folk Art Museum*

In November 1976 the Tourism Department, Haryana, entrusted the work of setting up 2 folk art museums at Rohtak and Hodel to the Company. A sum of Rs. 3.50 lakhs (Rohtak: Rs. 1.00 lakh and Hodel: Rs. 2.50 lakhs) was placed at the disposal of the Company for this purpose. The Company purchased art and artifacts worth Rs. 0.19 lakh and had incurred an expenditure of Rs. 0.20 lakh on pay and allowances, furniture, conveyance, etc., up to January 1977. Due to the sites for setting up the museums not having been selected by the Company, no concrete steps could be taken towards the implementation of the project.

The Management stated (November 1980) that some sites

were under consideration for setting up the museums but final selection was yet to be made (November 1980).

(iii) *Irregularity in recovery of rent charges*

(a) According to rules, the rent charges for stay in a motel are recoverable in advance. In one case, a tourist was allowed to stay in a motel from 11th December 1976 to 22nd January 1977 without advance payment of rental charges. He left the motel with the assurance that charges amounting to Rs. 0.09 lakh would be paid by his employer. The employer stated that the rental charges, etc., should be recovered from him. In January 1979 the Company filed a civil suit for recovery which was pending in the Court (November 1980).

(b) In another case a tourist stayed at Surajkund motel from 16th to 25th January 1977. A sum of Rs. 2,460 became due from him. He gave a cheque of Rs. 1,200 and left the place with one room locked. The cheque when presented for payment (January 1977) was dishonoured by the bank. The tourist did not return and the room was unlocked on 14th April 1977.

After over 2 years (June 1979) the Company filed a civil suit for the recovery of Rs. 7,200 (including room rent up to 14th April 1977) and the case is pending (November 1980).

6.21.13. *Summing up*

- (i) The accounts of Company for the years 1977-78 to 1979-80 were in arrears.
- (ii) The accumulated losses (provisional) as on 31st March 1979 amounted to Rs. 30.12 lakhs.
- (iii) The commercial complexes had incurred a loss of Rs. 12.42 lakhs during the years 1976-77 to 1978-79. Due to heavy losses the 12 liquor vends, a bakery and a canteen had to be closed down.
- (iv) Due to heavy direct and indirect expenses the Company could not break even inspite of substantial margins on the sales of wines and minerals/foodstuff.
- (v) The operational results of non-commercial units

revealed a loss of Rs. 3.02 lakhs in 11 units in 1976-77, Rs. 1.42 lakhs in 9 units in 1977-78 and Rs. 1.04 lakhs in 8 units in 1978-79.

- (vi) The income earned by the consultancy wing amounted to 46 *per cent* of the operational expenses in 1977-78 and 10 *per cent* in 1978-79.
- (vii) Mis-appropriations of cash and shortages of stores valuing Rs. 2.80 lakhs were noticed in 6 units of the Company.

The matter was reported to Government in September 1980; reply is awaited (March 1981).

#### HARYANA SEED DEVELOPMENT CORPORATION LIMITED

#### 6.22. Purchase of hybrid bajra

In response to an unsolicited offer of 27th January 1976 the Company asked firm 'A' of Bangalore (6th February 1976) to quote for PHB-14 seed along with the quantity and the date by which the seed could be supplied. In response the firm offered 1,000-1,500 quintals of seed at Rs. 750 per quintal (12th February 1976). Another firm 'B' of Bangalore also voluntarily offered to supply 1,500 quintals of the said seed at Rs. 700 per quintal (26th April 1976). A proposal to depute an official to Bangalore for inspection of stocks and verification of firm's credentials, etc., (29th April 1976) was not agreed to by the officiating Managing Director on the ground that the seed certification agency of Andhra Pradesh had not certified the said seed due to female sterility problem.

On 19th May 1976, firm 'B' offered to supply 500 quintals of PHB-14 seed (certified in May 1976) as against 1,500 quintals offered earlier as 70 *per cent* of their production plots were reported to have been rejected due to the presence of pollen shedders. At the instance of the regular Managing Director, a telegram was issued to firm 'B' on 1st June 1976, requesting it to reserve 500 quintals of seed and a draft for Rs. 0.35 lakh (10 *per cent* advance payment) was also sent to the firm. The seed was intended to be sold during the ensuing *Kharif* 1976 season (mid-June to third week of July). The firm was telegraphically asked (4th/7th June 1976) to despatch 100 quintals

of seed each to Hissar, Sirsa and Bhiwani and 200 quintals to Gurgaon within 2-3 days as the rains had set in. The firm finally supplied 299.88 quintals of seed (value : Rs. 2.08 lakhs) up to 26th June 1976 and the order for the balance quantity was cancelled on 30th June 1976.

The Company was able to sell only 31.85 quintals of seed (value : Rs. 0.32 lakh) up to 30th June 1977 at Rs. 1,000 per quintal. Further, 44.23 quintals were sold during 1977-78 and 1978-79 for Rs. 0.21 lakh (at rates ranging from Rs. 347 to Rs. 900 per quintal). The balance quantity (223.80 quintals) was declared as condemned seed as it had lost its germination power and was sold through auction during February 1979 to June 1980 for Rs. 0.18 lakh. Thus the Company sustained a loss of Rs. 1.37 lakhs in this transaction.

The Government stated (September 1980) that climatic condition in June and July 1976 adversely affected the sale of seed and that this variety of seed became outdated in the next sowing season because of the introduction of a new variety of seed.

### 6.23. Sale of wheat seed

In August 1975 the Company appointed a firm of Calcutta as its distributor (on commission basis) for the sale of 5,000 quintals of wheat seed in West Bengal. The agreement (valid for one year from 1st October 1975) provided *inter alia* that the firm would make 10 *per cent* advance payment towards the cost of seed and would be liable for a penalty at the rate of 3 *per cent* for any shortfall on the contracted quantity of 5,000 quintals. In a meeting held on 29th August 1975, the firm also agreed to send detailed despatch instructions by 15th September 1975 for the movement of seed to Calcutta and other dealers' points.

On 27th September 1975, without waiting for despatch instructions and payment of the full amount of 10 *per cent* advance (Rs. 0.10 lakh against Rs. 1.44 lakhs due were received in September 1975), the Company despatched 4,956 quintals of wheat seed (value : Rs. 14.37 lakhs) to Calcutta. The firm, however, took delivery of 440 quintals (October 1975) and the remaining quantity was stored in the godowns of the West Bengal State Warehousing Corporation under the custody of a bank, pledged to the account of the Company, and the firm

was allowed (October 1975) to take deliveries in instalments against payments.

To the end of February 1976, 1,382 quintals (value : Rs. 3.61 lakhs) of wheat seed could be sold by the firm. In February 1976 it was decided that the unsold stock (3,574 quintals valuing Rs. 8.73 lakhs) be brought back to Nilokheri as it had been infested due to poor storage conditions and an expenditure of Rs. 0.48 lakh was incurred towards handling, cartage and freight charges on re-transportation.

Out of 3,574 quintals, the Company could sell 340 quintals (value : Rs. 0.85 lakh) as seed and 600 quintals (value : Rs. 0.90 lakh) as truthfully labelled seed while 2,572 quintals were sold in auction (January 1977) as grain at rates ranging between Rs. 83 and Rs. 120 per quintal (value : Rs. 1.72 lakhs) against the purchase price of Rs. 244.37 per quintal (62 quintals valuing Rs. 0.15 lakh were lost in storage and transit). Thus, the Company sustained a loss of Rs. 6.66 lakhs in this transaction including transportation charges of seed from Haryana to West Bengal (Rs. 0.52 lakh), re-transportation (Rs. 0.48 lakh), storage charges in West Bengal (Rs. 0.11 lakh), storage charges at Nilokheri (Rs. 0.30 lakh), shortages (Rs. 0.15 lakh) and loss in the sale of stocks at lower rates (Rs. 5.10 lakhs). In April 1978 the Company asked the firm to make good the loss of Rs. 6.09 lakhs (excluding 3 per cent penalty for which no claim was preferred) after adjusting the amount of Rs. 0.57 lakh claimed by the firm on account of expenses incurred by them on sales promotion, etc.

According to the legal advice stated to have been obtained by the Company (March 1978) only Rs. 0.27 lakh could be recovered from the firm. Government intimated (September 1980) that a civil suit had been filed against the firm and that the Board had constituted a Committee to investigate the losses. The report of the Committee is awaited (March 1981).

## SECTION D

### 6.24. Departmentally managed Government Commercial/*quasi*-Commercial undertakings

#### 6.24.01. Introduction

As on 31st March 1980 there were 7 departmentally—managed commercial and *quasi*-commercial undertakings in

the State. The *pro forma* accounts of Haryana Roadways for the year 1977-78, Grain Supply Scheme for 1978-79 and Haryana Veterinary Vaccine Institute, Hissar for 1979-80 had been received up to October 1980.

The arrears in the preparation/finalisation of the *pro forma* accounts of the undertakings are indicated below :

<i>Name of the undertaking</i>	<i>Extent of arrears</i>
Seed Depot Scheme	1966-67 to 1979-80
Colonization Scheme	1966-67 to 1979-80
Purchase and distribution of pesticides	1966-67 to 1979-80
Nationalised Text Book Scheme	1974-75 to 1979-80
Haryana Roadways	1978-79 to 1979-80
Grain Supply Scheme	1979-80

The summarised financial results of 3 undertakings on the basis of the latest accounts made available during the year are given in Appendix X.

(a) *Haryana Roadways*

6.24.02. The net investment of the State Government in the Haryana Roadways as on 31st March 1980 was Rs. 26,37.16 lakhs as against the net investment of Rs. 22,62.94 lakhs as on 31st March 1979.

6.24.03. *Financial position*

The *pro forma* accounts for 1978-79 and 1979-80 are in arrears. The table below summarises the financial position of the Roadways under broad headings for the 3 years up to 1977-78 :

<i>Liabilities</i>	<i>1975-76</i>	<i>1976-77</i>	<i>1977-78</i>
	<i>(Rupees in lakhs)</i>		
(a) Capital	18,89.91	23,94.90	29,14.51
(b) Motor Transport Reserve Fund	6.28	8.03	4.46
(c) Borrowings	2,15.08	2,52.84	. .
(d) Trade dues and current liabilities (including profit)	2,28.38	2,37.44	3,10.56
Total	<u>23,39.65</u>	<u>28,93.21</u>	<u>32,29.53</u>



1975-76      1976-77      1977-78

(Rupees in lakhs)

*Assets*

(a) Gross block	20,65.17	26,00.61	27,32.61
(b) <i>Less</i> : Depreciation reserve fund	6,85.59	8,13.28	9,93.40
(c) Net fixed assets	13,79.58	17,87.33	17,39.21
(d) Capital work-in-progress	40.75	50.06	1,82.72
(e) Current assets, loans and advances	8,55.92	10,38.55	12,84.78
(f) Miscellaneous expenditure	13.70	15.74	22.82
(g) Accumulated losses	49.70	1.53	..
Total	23,39.65	28,93.21	32,29.53
Capital employed*	20,07.12	25,88.44	27,13.43
Capital invested**	12,04.32	15,81.62	19,21.11

*6.24.04. Working results*

The following table gives details of the working results of the Roadways for the 3 years up to 1977 78 :

<i>Particulars</i>	1975-76	1976-77	1977-78
	<i>(Rupees in lakhs)</i>		
1. (a) Operating			
Revenue	22,66.78	27,13.46	29,82.65
Expenditure	21,13.08	24,34.19	26,68.56
Surplus	1,53.70	2,79.27	3,14.09

\*Capital employed represents the net fixed assets *plus* working capital.

\*\*Capital invested represents the Government capital *less* Depreciation Reserve Fund.

1975-76      1976-77      1977-78

*(Rupees in lakhs)*

(b) Non-operating			
Revenue	82.62	99.92	1,05.81
Expenditure	2,86.02	3,31.02	3,81.21
Deficit	<u>2,03.40</u>	<u>2,31.10</u>	<u>2,75.40</u>
(c) Total			
Revenue	23,49.40	28,13.38	30,88.46
Expenditure	<u>23,99.10</u>	<u>27,65.21</u>	<u>30,49.77</u>
Net profit(+)/ loss(-)	(-) <u>49.70</u>	(+) <u>48.17</u>	(+) <u>38.69</u>
2. Interest on capital	1,03.14	1,20.03	1,47.97
3. Total return	53.44	1,68.20	1,86.66
4. Rate of return on :	<i>(Per cent)</i>		
—Capital employed	2.66	6.50	6.88
—Capital invested	4.44	10.63	9.72

#### 6.24.05. Operational performance

The table below indicates the operational performance of the Roadways for the 3 years up to 1977-78 :

	1975-76	1976-77	1977-78
1. Number of vehicles held at year-end	1,680	2,041	1,961
2. Average number of vehicles on road	1,689	1,911	2,014

3. Kms. covered (in lakhs)			
(a) Gross	14,93.28	17,06.27	18,16.04
(b) Effective	14,57.66	16,64.11	17,72.87
(c) Dead	35.62	42.16	43.17
4. Percentage of dead kms.	2.39	2.47	2.38
5. Average effective kms. per bus per day	236	238	241
6. Average revenue per km. (Paise)	161	169	174
7. Average expenditure per km. (Paise)	164	166	172
8. Profit (+)/Loss(—) per km. (Paise)	(—)3	(+)3	(+)2
9. Number of operating depots	10	11	11
10. Average number of breakdowns per lakh kms.	6.2	4.0	3.3
11. Average number of accidents per lakh kms.	0.16	0.18	0.22

(b) *Grain Supply Scheme*

6.24.06. The Grain Supply Scheme aims at creating a reserve of foodgrains in the State with a view to holding the price line and maintaining an uninterrupted supply to consumers at reasonable prices on "no-profit-no-loss" basis.

The working results of the scheme for the 3 years up to

1978-79 were as under :

	1976-77	1977-78	1978-79
	( <i>Rupees in lakhs</i> )		
Opening stock	13,73.63	12,85.70	5,19.05
Purchases	77,02.72	64,88.53	64,70.24
Administrative expenses and other liabilities (included in purchases)	2,94.47	2,19.80	1,76.00
Closing stock	12,85.70	5,19.05	2,63.65
Cost of sales	77,90.65	72,55.18	67,25.64
Turnover	79,47.85	74,10.98	67,80.48
Net profit	1,57.20	1,55.80	54.84
	( <i>Per cent</i> )		
Percentage of profit to turnover	1.97	2.10	0.81

(c) *Haryana Veterinary Vaccine Institute*

6.24.07. The Haryana Veterinary Vaccine Institute, Hissar, was set up in 1948 to cater to the requirements (on a 'no-profit-no-loss' basis) of various vaccines for the control of contagious diseases affecting the livestock in the State.

The Institute produces 14 types of vaccines out of which accounts of two vaccines, viz., anti-rabic single dose and anti-rabic full course are maintained on commercial lines.

The working results of the 2 vaccines for the 3 years up to 1979-80 were as under :

	1977-78	1978-79	1979-80
	( <i>Rupees in lakhs</i> )		
<i>A. Expenditure</i>			
(a) Opening stock	0.11	0.57	0.53
(b) Cost of finished stock manufactured	1.03	1.29	2.08
(c) Cost of bottles	0.07	0.05	0.12
(d) Administrative, selling and distribution expenses	0.37	0.38	0.35
Total	1.58	2.29	3.08

	1977-78	1978-79	1979-80
	( <i>Rupees in lakhs</i> )		
<b>B. Receipts</b>			
(a) Sale of vaccine	2.79	3.43	4.47
(b) Miscellaneous receipts and sale of skin	0.17	0.21	0.38
(c) Closing stock	0.57	0.53	0.49
Total	3.53	4.17	5.34
<b>C. Net profit</b>	1.95	1.88	2.26
Percentage of net profit to sales	70	55	51

## TRANSPORT

### 6.25. Theft of cash

The cash chest belonging to the General Manager, Haryana Roadways, Chandigarh and kept in the premises of Chandigarh bus stand (under the administrative control of Union Territory Administration) was burgled on the night of 25-26th July 1976. The burglary was reported to Haryana Transport authorities on 26th July 1976 and cash amounting to Rs. 0.77 lakh out of Rs. 1.13 lakhs, representing collections at Chandigarh bus stand on account of sale proceeds of tickets (inclusive of taxes) for two days, i.e., 24th and 25th July 1976 was found missing. The matter was reported to the Police on 26th July 1976 and is still under investigation (October 1980). Meanwhile the services of the cashier and the chowkidar were terminated in October 1977 and August 1979 respectively.

The matter was reported to Government in July 1980; reply is awaited (March 1981).

## TRANSPORT/PRINTING AND STATIONERY

### 6.26. Avoidable expenditure

Against a tender received on 5th June 1978 an order was placed by the Controller, Printing and Stationery, Haryana,

on 3rd November 1978 for the supply of 200 M.T. of coloured mottled paper (at the rate of Rs. 6.37 per Kg.) for printing of bus tickets. The order was not accepted by the firm as it was placed after the expiry of the validity of the tender, i.e., 5th August 1978.

After inviting fresh tenders (December 1978), 201.464 M.T. of paper was purchased (March-April 1979) from the same firm at Rs. 6.51 per Kg. resulting in an avoidable expenditure of Rs. 0.29 lakh. The delay in the placement of the order was attributable to late approval of the purchase by the Transport department.

### SEED DEPOT SCHEME

#### 6.27. Alleged mis-appropriation of cash and stores

The Agriculture Development Officer incharge of Bapora Centre (Bhiwani block) on his promotion as District Agriculture Officer (May 1976) did not hand over charge of the stores in his custody. After repeated reminders, the charge was ultimately made over in December 1979. On a report from the Director of Agriculture (March 1980) regarding mis-appropriation of Rs. 10,313 the said officer was placed under suspension (April 1980).

A test-check in audit (July 1980) of the records of the Centre for the period September 1973 to May 1976 (during which the officer was posted at the Centre) revealed mis-appropriations aggregating Rs. 0.51 lakh :

- sale proceeds of seeds for Rs. 0.40 lakh had not been accounted for;
- seeds valuing Rs. 0.07 lakh received were not taken into stock; and
- Rs. 0.04 lakh drawn from the cash chest was not accounted for.

The matter was reported to Government in September 1980; reply is awaited (March 1981).

## CHAPTER VII

### FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

#### 7.1. Grants

During the year 1979-80, Rs. 33.18 crores (about 10 per cent of Revenue expenditure during the year) were paid as grants as shown below :—

	<i>Amount</i> (in crores of rupees)
Educational institutions (including universities)	16.68
<i>Panchayati raj</i> institutions	5.08
Municipal Councils/Corporations	1.41
Other institutions (including statutory bodies)	10.01
Total	<hr/> 33.18 <hr/>

The broad purposes for which the grants were given were as under :—

	<i>Amount</i> (in crores of rupees)
(i) Social Community Services—	
(a) Education	8.35
(b) Health	5.35
(c) Medical	1.92
(d) Urban development	1.41
(e) Social security/welfare	0.65

*Amount*

(ii) Economic Services—	(in crores of rupees)
Industries and Minerals	0.72
(iii) Agriculture and Allied Services—	
(a) Agriculture	9.40
(b) Community development	5.08
(c) Animal husbandry	0.30
Total	<hr/> 33.18 <hr/>

The grants paid to educational institutions (including universities) constituted about 50 per cent of the total grants paid during the year.

### 7.2. Utilisation certificates

The financial rules of the Government require that certificate of proper utilisation of grants should be furnished to Audit by the departmental officers within 18 months from the date of payment of grants. Utilisation certificates had not been received (September 1980) for Rs. 45.66 crores (6,817 cases) out of Rs. 63.13 crores (7,239 cases) paid by the Government as grants during 1959-60 to 1978-79. Of these, certificates for Rs. 10.86 crores (4,949 cases) were due for over three years. The department-wise break up of pending utilisation certificates is given in Appendix XI. In the absence of these certificates, it is not possible to verify to what extent the recipient bodies had spent the grants for the purpose(s) for which they were given.

### 7.3. Unspent balances of grants paid to local bodies

According to the information received from the Examiner, Local Fund Accounts, Rs. 4,55.94 lakhs remained unutilised as on 31st August 1980 out of grants given by Government to Local Bodies, Improvement Trusts, etc., up to the end of March 1979. Year-wise break up of unspent balances is given



below :—

*Department which paid the grant*      *Unspent amount of grants on 31st August 1980 and period of non-utilisation of grant*

	<i>For more than 10 years</i>	<i>For more than 5 years but less than 10 years</i>	<i>For more than 3 years but less than 5 years</i>	<i>For less than 3 years</i>	<i>Total</i>
	<i>(in lakhs of rupees)</i>				
Sanitary Board	14.85	1,20.34	45.65	93.45	2,74.29
Local Government	0.60	15.97	30.41	33.28	80.26
Development and Panchayat	14.20	6.22	12.21	43.89	76.52
Health	0.41	0.25	0.10	..	0.76
Miscellaneous	3.97	5.93	5.94	8.27	24.11
	<u>34.03</u>	<u>1,48.71</u>	<u>94.31</u>	<u>1,78.89</u>	<u>4,55.94</u>

The unspent balances include Rs. 3,07.49 lakhs deposited by the local bodies with the Public Works Department for execution of works for which accounts of expenditure had not been rendered by Public Works Department to local bodies (August 1980).

#### **7.4. Bodies and authorities substantially financed by Government grants and loans**

For purposes of audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, information about the number of bodies/authorities which received grants/loans not less than 5 lakhs in a year was called from the Government in April 1974 and is awaited (October 1980). On the basis of information about grants available with the Accountant General, 26 bodies/authorities for 1976-77, 21 for 1977-78, 36 for 1978-79 and 46 for 1979-80 which had received from the Government grants/

loans of Rs. 5 lakhs or more were asked to submit their accounts to the Accountant General. However, accounts had not been received from 2 bodies for 1976-77, 3 bodies for 1977-78, 16 bodies for 1978-79 and all the 46 bodies for 1979-80 (October 1980).

## SECTION II

7.5. Important points arising from scrutiny conducted under Section 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, of the procedure by which the sanctioning authorities satisfy themselves as to the fulfilment of the conditions subject to which specific purpose grants or loans were given by them are set out in the succeeding paragraphs.

### 7.6. Grant to the Ayurvedic Development Board

Ayurvedic Development Board, Haryana was constituted by Government in October 1978 with the object of looking after the education in the field of Ayurvedic system and also supervising the work of research and running of pharmacies, etc.

The Department of Health sanctioned grants totalling Rs. 16.50 lakhs (Rs. 16 lakhs for establishing a college at Sirsa and Rs. 0.50 lakh for day to day expenses of the Board during 1978-79) in March 1979.

The Board was dissolved in July 1979.

Following points were noticed by Audit (February 1980) :—

- (a) No site plan and cost estimates for the College building had been prepared by the Board for submission to Government.
- (b) No expenditure was incurred during 1978-79 out of the grant of Rs. 0.50 lakh. The Board sought permission from Government (June 1979) to utilise the grant during 1979-80. A sum of Rs. 0.10 lakh was, however, spent in 1979-80 without such permission having been accorded by Government.
- (c) Rupees 0.31 lakh were refunded to Government in

November 1979. A sum of Rs. 16.60 lakhs (including interest up to December 1979) was still (June 1980) lying in the account of the defunct Board with a Scheduled Bank.

### 7.7. Grants to Post Graduate Institute of Medical Education and Research, Chandigarh

Grants totalling Rs. 39 lakhs were given by Medical and Health Department to the Institute between 1971-72 and 1977-78 for its development as also purchase of essential equipment. The following points were noticed (October 1978) in this connection :—

- (i) Under the financial rules, the department should have obtained audited statement of accounts of the Institute with a view to ensuring that (a) the grants previously sanctioned had been spent for the purposes for which they were sanctioned and (b) fresh grants were justified by the financial position of the Institute. Even though the audited statement of accounts was not furnished by the Institute, grants were released in each of these years.
- (ii) The grantee institution had not furnished reports about assets created out of these grants nor had the department called for this information.
- (iii) Rules require that grant should be paid during any financial year only to the extent it is likely to be spent during that year. Up to March 1979, the Institute had spent only Rs. 17.43 lakhs out of Rs. 39.00 lakhs leaving an unspent balance of Rs. 21.57 lakhs relating to the years 1974-75 to 1977-78. The department, however, furnished to Audit (between April 1974 and June 1976) utilisation certificates for Rs. 21 lakhs. Reasons for issue of utilisation certificates for an amount more than what was actually utilised are awaited (March 1980).

The matter was reported to Government in July 1980; reply is awaited (March 1981).

## SPORTS

**7.8. Grants for sports competitions**

Grants totalling Rs. 2.85 lakhs were paid during 1978-79 by Sports Department to 39 registered associations to enable the latter to hold sports competitions and field their teams in National Championships. Payment was subject, *inter alia*, to the following conditions—(a) Grants will be utilised during 1978-79 and the unspent balance, if any, will be deposited into the treasury before 31st March 1979; (b) the grants will be supplemented by associations by matching contributions and (c) reports on sports activities undertaken will be furnished to the department in justification of utilisation of the grant.

The following facts were noticed during test-check by Audit (January 1980) of the records of the sanctioning authority.

- (i) The grants were sanctioned and drawn by the department towards the close of March 1979 and bank drafts sent to the associations on 30th March 1979 in four cases and between April 1979 and December 1979 in the remaining cases against predated receipts.

The department stated (July 1980) that as sports events take place from November to February, the associations incur expenditure in anticipation of receipt of grant and send acknowledgements in advance. The plea was not tenable as the sanctions to grants could have been issued earlier and the sanctions did not provide for recoupment of expenditure already incurred.

- (ii) Accounts rendered by 16 associations showed that, after taking into account matching contributions, 12 associations had unutilised grants to the tune of Rs. 0.46 lakh which was not refunded by them.

The department stated (July 1980) that these associations had been directed either to send the statement of accounts for utilisation of the balance or to refund the same.

- (iii) Neither were reports on the sports activities undertaken submitted by the grantee associations nor were these called for by the department.

The matter was reported to Government in August 1980; reply is awaited (March 1981).

## INDUSTRIES

## 7.9. Excess grants

(i) For the setting up of a Testing-cum-Developing Centre for electronics at Gurgaon, grants totalling Rs. 37.63 lakhs were paid between 1975-76 and 1979-80 to Haryana State Industrial Development Corporation by the State Government and Government of India. Unspent balance with the Corporation as on 31st March 1980 was Rs. 20.99 lakhs, as indicated below :—

Year	Grants paid by			Grants utilised	Unspent balance at the end of the year (progressive)
	Government of India	Government of Haryana	Total		
(in lakhs of rupees)					
1975-76	6.25	6.00	12.25	1.12	11.13
1976-77	2.74	6.00	8.74	6.96	12.91
1977-78	..	5.64	5.64	1.57	16.98
1978-79	..	6.00	6.00	2.37	20.61
1979-80	..	5.00	5.00	4.62	20.99
<b>Total</b>	<b>8.99</b>	<b>28.64</b>	<b>37.63</b>	<b>16.64</b>	<b>20.99</b>

(ii) Similarly, for the establishment of Rural Industries Promotional Centres, grants totalling Rs. 53.65 lakhs were released to Haryana Small Industries and Export Corporation in March 1979 (Rs. 8.35 lakhs) and August 1979 (Rs. 45.30 lakhs). Grants not utilised up to 31st March 1980 amounted to Rs. 39.14 lakhs.

Scrutiny of the records of the sanctioning authority (November-December 1979) in these two cases revealed the

following :—

- (a) Under the financial rules, the sanctioning authority should keep a watch over the utilisation of assistance given by obtaining progress reports and audited accounts and through verification by departmental officers. The sanctioning authority had not maintained any record to watch the utilisation of grants released or evolved any other procedure for ascertaining the progress of the schemes.
- (b) While unsigned statements of expenditure in lieu of proper accounts and utilisation certificates furnished by Haryana State Industrial Development Corporation were accepted, utilisation certificates due from the Haryana Small Industries and Export Corporation for the entire amount of Rs. 53.65 lakhs were still awaited (June 1980).
- (c) Grants were to be released only to the extent they were likely to be utilised during the same financial year. Grants were, however, released far in excess of the yearly requirements.
- (d) It was not ensured that unspent grants were refunded into the treasury at the end of the year.
- (e) Record of assets created out of grants was not maintained.

The matter was reported to Government in September 1980; reply is awaited (March 1981).

## PUBLIC HEALTH

### 7.10. Grants/Loans for water supply and sewerage schemes

Grants/loans totalling Rs. 23,50.78 lakhs were sanctioned by the Public Health Department during 1971-72 to 1978-79 for rural water supply and urban water supply and sewerage

schemes, as under :—

Nature of scheme	Amount sanctioned	
	Grants (in lakhs of rupees)	Loans
(i) Rural water supply schemes	18,31.55	..
(ii) Urban water supply and sewerage schemes	2,44.44	2,74.79
Total	20,75.99	2,74.79

The grants were sanctioned by a high powered committee, namely, Sanitary Board (Board) constituted by the State Government in January 1967 to deal, *inter alia*, with the following matters :—

- (a) to select water supply and sewerage schemes for execution in rural and urban areas ;
- (b) to accord administrative approval to each scheme ;
- (c) to sanction grants in favour of panchayats and local bodies (these grants, after sanction, are placed at the disposal of Public Health divisions concerned for the execution of schemes on behalf of panchayats and local bodies as 'deposit works'); and
- (d) to see that grants are properly utilised.

The loans were sanctioned by Government on the recommendations of the Board. Loan amounts received by Local bodies were to be deposited with the Public Health divisions for execution of works as 'Deposit Works'.

A scrutiny by Audit (November 1978 and March 1980) of the procedure followed by the Board for sanctioning the grants and verifying the utilisation of the grants disclosed the following :—

- (1) The Board had neither evolved any procedure for keeping a watch over the release and utilisation of grants nor kept any records of schemes approved from time to time, grants released therefor and expenditure incurred on the same. No procedure for obtaining

completion reports in respect of schemes for which grants were released had been evolved nor was any time limit for completion of individual schemes stipulated while sanctioning the grants.

- (2) Financial rules of the Government provide that grants should be released according to needs. However, in respect of 70 rural water supply schemes and 66 urban water supply and sewerage schemes, Rs. 1,37.85 lakhs were lying unspent with Public Health divisions as on 31st March 1978.
- (3) In respect of rural water supply schemes, the grants accounted for 88 per cent of the capital cost, the balance 12 per cent being met by the panchayats in the shape of land and labour (7 per cent) and cash contribution (5 per cent) except in problem/distressed villages and in drought affected, hilly and sandy areas where the cash contribution was also provided by the Government. The Board had not evolved any procedure to ensure that the panchayats contributed their share. As on 31st March 1978, Rs. 41.77 lakhs were due from panchayats in respect of 101 completed works and 23 works in progress.
- (4) The urban water supply and sewerage schemes are either Life Insurance Corporation (L.I.C.) aided or Government aided. In respect of the L.I.C. aided schemes, the L.I.C. loan, Government loan and local body's contributions constitute 66 per cent, 29 per cent and 5 per cent respectively of the total cost. In respect of Government aided schemes, the Government meets 50 per cent of the cost as grant and/or loan and the balance 50 per cent is borne by local body itself. No procedure was evolved by the Board to ensure that local bodies' contributions and L.I.C./Government loans were deposited with the executing divisions in time. Rupees 1,79.50 lakhs, released as loan during 1976-77 and 1977-78 by L.I.C. were not deposited by local bodies with the divisions (September 1978) and contributions amounting to Rs. 48.99 lakhs in respect of 18 completed and 61 works in progress were due for realisation as on 31st March 1978.
- (5) Besides scrutinising the projects for urban water supply



and sewerage schemes, the Board was expected to take into account the financial position of the local body with a view to assessing whether or not it would be able to bear its share of expenditure on original works and maintenance. The Board had, however, not received from local bodies the applications with financial statement and grants (Rs. 2,44.44 lakhs) and loans (Rs. 2,74.79 lakhs) were released without ascertaining their financial position. Recovery of Rs. 1,67.03 lakhs due from 49 local bodies was in arrears on 31st March 1978 on account of maintenance charges and Rs. 53.46 lakhs on account of excess expenditure on original works.

The above points were referred to Government in September 1980; reply is awaited (March 1981).

## AGRICULTURE

### 7.11. Excess release/payment of financial assistance

Financial assistance aggregating Rs. 17,12.27 lakhs (grant : Rs. 12,17.53 lakhs ; subsidy : Rs. 4,54.05 lakhs ; loan : Rs. 40.69 lakhs) was disbursed by the Agriculture Department to bodies, authorities and individuals under thirty different schemes during the year 1978-79. The following points were noticed in audit (March 1980) : —

- (i) Under the financial rules, the sanctioning authority is required to ascertain the requirements of the grantee institutions and to release only so much grant as is likely to be expended during the year. The department had neither evolved any effective procedure to ascertain whether the financial assistance asked for by grantees was justified by the programmes to be executed by them nor introduced any system of administrative inspection to ensure that the grants paid were being utilised properly and in time. In eight cases tabulated below, the grant/subsidy released during the year 1978-79 was Rs. 11,90.20 lakhs. Rupees 5,72.57 lakhs, however, remained unutilised as on 31st March 1979. Neither were unspent balances refunded by the grantees nor were refunds ordered

by the department.

Particulars of grantee	Purpose of grant/subsidy	Opening balance on 1st April 1978	Grants released during 1978-79	Total	Expenditure during 1978-79	Unutilised balance on 31st March 1979
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(in lakhs of rupees)

(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(A) Grants</i>						
1. Desert Development Programme Agencies, Bhiwani, Rohtak, Hissar and Sirsa	Area development	95.15	3,61.47	4,56.62	1,28.49	3,28.13
2. Drought Prone Area Programme Agencies, Bhiwani, Rohtak and Narnaul	Area development	21.87	4,00.13	4,22.00	3,16.44	1,05.56
3. Small Farmers Development Agencies, Jind, Rohtak and Sonapat	Financial assistance to small/marginal farmers and agricultural labourers	0.81	16.68	17.49	12.27	5.22
4. Haryana Agricultural University, Hissar	University administration	NA	3,36.16	3,36.16	2,87.63	48.53
5. Haryana Agricultural University, Hissar	Sugarcane development	0.50	0.76	1.26	0.75	0.51
6. Haryana Agricultural University, Hissar	Cotton development	1.14	8.00	9.14	7.15	1.99

@Includes temporary advances (Rs. 90.03 lakhs) and P.W. advances (Rs. 53.73 lakhs).

(1)	(2)	(3)	(4)	(5)	(6)	(7)	
(in lakhs of rupees)							
7. Haryana Agricultural Marketing Board, Chandigarh	Development of markets	..	21.00	21.00	..	21.00*	
Total (A)			1,19.47	11,44.20	12,63.67	7,52.73	5,10.94
<i>(B) Subsidy</i>							
8. Haryana Land Reclamation and Development Corporation, Chandigarh	Inputs	44.17	46.00	90.17	28.54	61.63	
Grand Total			1,63.64	11,90.20	13,53.84	7,81.27	5,72.57

The shortfall in respect of some of these schemes was explained by Government (November 1980) as indicated below:-

Desert Development Programme	Non-installation of deep tubewells by Minor Irrigation Tubewell Corporation (M.I.T.C.), late release of funds to agencies by the Government of India and change in pattern of central assistance.
Drought Prone Area Programme	Non-posting of staff, non-receipt of equipment for Semen Bank and Mobile Units from the concerned firms, shortage of cement and late invitation of tenders by M.I.T.C. for deep tubewell boring.
Small Farmers Development Agencies	Late establishment of agency (Sonepat).

The Haryana Land Reclamation and Development Corporation, Chandigarh stated (October 1980) that the amount

\*R.T.Rs. for the entire amount were got prepared in March 1979 and released to grantee institution in June 1979.

of Rs. 61.63 lakhs had already been advanced to Fertilizer Corporation of India for supply of gypsum.

(ii) The minimum statutory price payable by sugar mills to cane growers during 1978-79 was fixed by the Government at Rs. 12.50 per quintal (fresh cane) and Rs. 9 per quintal (old cane). As this price was uneconomical to the mills, the Government decided (December 1978) to pay subsidy to sugar mills at (a) rates ranging from Rs. 1.32 to Rs. 2.50 per quintal of fresh cane purchased and (b) Rs. 2 per quintal of old cane purchased up to 15th January 1979. Subsidy aggregating Rs. 1,75.94 lakhs (fresh cane : Rs. 1,18.96 lakhs; old cane: Rs. 56.98 lakhs) was released in March 1979 to five sugar mills. It was noticed that old cane weighing only 25.18 lakh quintals was purchased up to 15th January 1979 on which subsidy of Rs. 56.98 lakhs was paid to two mills against Rs. 50.36 lakhs actually admissible resulting in excess subsidy of Rs. 6.62 lakhs. The excess payment occurred as subsidy was paid on the cane purchased even after the specified date.

The above points were referred to Government in June 1980; final reply is awaited (March 1981).

## HOUSING

### 7.12. Non-utilisation of loan

For construction of houses for economically weaker sections of society, a loan of Rs. 50 lakhs was obtained (January 1979) by Haryana Housing Department from General Insurance Corporation through Government of India. The loan carried interest at 8 per cent per annum and was repayable in 25 years. The scheme was to be executed by Haryana Housing Board to whom the entire loan was sanctioned, on the same terms, in March 1979.

Test-check (January 1980) of the records of the sanctioning authority revealed the following position :—

- (i) The amount was advanced (March 1979) to the Board without any agreement; and
- (ii) the scheme for the construction of houses had not been finalised and the entire loan was lying unutilised with the Board (July 1980).

Government informed Audit (November 1980) that the scheme for the construction of houses was being finalised.

## SECTION III

## INDUSTRIES

**7.13. Haryana Khadi and Village Industries Board**

Haryana Khadi and Village Industries Board was established on 1st February 1969 under the Punjab Khadi and Village Industries Board Act, 1955, as a successor body to the composite Punjab Khadi and Village Industries Board. The Board implements programmes for the development of Khadi and Village Industries through individual artisans, registered institutions and co-operative industrial societies by providing them financial assistance for which funds are provided by Khadi and Village Industries Commission (Commission). Financial assistance (grant and/or loan) is admissible to beneficiaries in accordance with the norms and scales prescribed by the Commission from time to time. Funds for administration of Board and for allowing rebate on the sale of Khadi are provided by Government.

2. The main functions of the Board, *inter alia*, are :—
- (a) to conduct training centres and to train people thereat with a view to equipping them with necessary knowledge for starting or carrying on Khadi and Village Industries;
  - (b) to manufacture tools and implements ;
  - (c) to sell and to arrange for the sale of products of these industries; and
  - (d) to arrange for publicity and popularisation of finished products of Khadi and Village Industries by opening stores, shops, emporia or exhibitions.

3. The Act stipulates that the accounts of the Board and annual statement of accounts should be prepared in such manner as may be prescribed by the State Government. The Board prepares its annual balance sheet but not the income and expenditure statement or annual receipt and payment account. The balance sheets as prepared, were provisional pending division of assets and liabilities of the composite Punjab Khadi and Village Industries Board.

The accounts of the Board for the years 1977-78 and 1978-79 were audited (March-April 1980) under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The expenditure of the Board during these two years was as under :—

<i>Particulars</i>	<i>1977-78</i>	<i>1978-79</i>
	<i>(in lakhs of rupees)</i>	
A. Industrial development		
(i) Loans	64.55	95.59
(ii) Grants	8.54	12.74
B. Rebate on sale of khadi	4.37	5.54
C. Administration	10.38	13.28
Total	87.84	1,27.15

4. The following points were noticed during the test-check conducted by Audit.

(1) *Industrial Development*

From 1968-69 to 1978-79, the Board paid Rs. 3,72.99 lakhs as loans and Rs. 57.27 lakhs as grants to 8,191 individuals, 663 societies and 146 institutions.

It was noticed that :—

- (i) The number of persons in employment in the units assisted by the Board (including self employed artisans) during the year 1978-79 was 27,585 against 13,349 persons in 1968-69. During the eleven years, financial assistance of Rs. 4,30.26 lakhs was provided to these units/self employed artisans.

At the end of 1978-79, while three industries, namely, Gur and Khandsari, Pottery and Leather accounted for 80.5 per cent of total employment generated against 49.3 per cent of financial assistance provided, the remaining 12 industries accounted for only 19.5 per cent of total employment generated against 50.7 per cent of financial assistance provided. The department had not reviewed the pattern of financial assistance in the light of this position.

- (ii) Defunct units and weak units had increased between 1970-71 and 1978-79 as indicated below :—

	1970-71		1978-79	
	Number of units	Assistance (in lakhs of rupees)	Number of units	Assistance (in lakhs of rupees)
Defunct units	243	5.37	616	33.74
Weak units	66	1.37	667	21.20

It was noticed that :—

- (a) There was delay ranging from 5 to 10 years in initiating recovery proceedings in respect of loan and interest against defunct units and between 1974-75 and 1978-79, only a sum of Rs. 5.76 lakhs was recovered out of loan of Rs. 33.74 lakhs (exclusive of interest).
- (b) Amount of interest/penal interest due on principal had not been worked out by the Board in respect of any of the defunct units.
- (c) Reasons for 667 units having become weak and steps taken to revitalise them were not on record with the Board.
- (iii) Utilisation certificates from 3,036 units (details given below) involving financial assistance of Rs. 1,45.46 lakhs (grant : Rs. 16.49 lakhs; loan : Rs. 1,28.97 lakhs) were awaited :

Year	Utilisation certificates awaited for			Number of beneficiaries in default
	Grant	Loan	Total	
	(in lakhs of rupees)			
1968-69 to 1974-75	0.64	2.96	3.60	113
1975-76	0.59	6.11	6.70	211
1976-77	2.32	16.61	18.93	472
1977-78	3.25	28.30	31.55	1,036
1978-79	9.69	74.99	84.68	1,204
<b>Total</b>	<b>16.49</b>	<b>1,28.97</b>	<b>1,45.46</b>	<b>3,036</b>

- (iv) The Act defines village industries as industries which generally form the normal occupation of any class of rural population. A large proportion of the units financed by the Board, however, were located in urban notified areas. In respect of 5 industries, viz., cereal and pulses, soap, carpentry and blacksmithy, lime and matches which accounted for Rs. 1,78.25 lakhs out of a total assistance of Rs. 4,30.26 lakhs from 1968-69 to 1978-79, it was noticed that percentage of assistance disbursed in urban areas to total assistance during the period 1968-69 to 1978-79 was 68.7, 56.8, 43.9, 53.3 and 74.6 respectively. In respect of khadi industry, the corresponding percentage was 87.2.
- (v) The beneficiaries were required to have their assets insured against risk of fire and theft to the extent of assistance provided failing which the Board was free to get the assets insured at the cost of beneficiaries. Non-compliance was pointed out to Board by Audit (December 1977). The Board stated (June 1978) that necessary steps were being taken in this regard. The position had, however, not changed (March 1980).
- (vi) Two important functions of the Board, viz., conducting training centres and arranging for publicity and popularisation of finished products were mostly not carried out.

## (2) *Rebate on sale of khadi*

During the years 1968-69 to 1978-79, an amount of Rs. 34.36 lakhs was paid by the Board as rebate to 17 societies/institutions engaged on the production and sale of khadi in Haryana on the basis of statements of sales furnished by the societies/institutions concerned without verifying the same with reference to the original records. The checks could not be exercised reportedly due to shortage of staff in the internal audit wing of the Board.

## (3) *Outstanding loan balances*

At the end of 1978-79, the outstanding amount of loan advanced by the Commission to the Board was Rs. 3,31.70 lakhs. Out of this, Rs. 3,19.26 lakhs were outstanding against the beneficiaries to whom the Board had advanced loans. However, out of this Rs. 90.37 lakhs only had been confirmed by the loanees of the Board.



The matter was reported to Government in July 1980; reply is awaited (March 1981).

#### SECTION IV CO-OPERATION

##### 7.14. Financial assistance to co-operative societies

Investment by the Government in the share capital and debentures of co-operative societies at the close of 1977-78, 1978-79 and 1979-80 and the return thereon were as under :—

Year	Number of societies	Amount invested as at the end of the year	Dividend/ interest received during the year	Percentage
		(in crores of rupees)		
1977-78	2,402	26.62	0.63(a)	2.4
1978-79	2,461	29.03	0.76(b)	2.7
1979-80	2,633	34.23	0.82(c)	2.4

According to the department, the loan and subsidies/grants paid by the Government to various co-operative societies other than industrial co-operative societies (for which information was not available) during 1977-78, 1978-79 and 1979-80 were as under :—

Year	Loans			*Subsidies/ grants paid	
	Balance at the end of the previous year	Disbursed during the year	Repaid during the year	Balance at the end of the year	during the year
	(in lakhs of rupees)				
1977-78	76.31	20.00	6.30	90.01	40.16
1978-79	90.01	3,01.50	6.31	3,85.20	25.72
1979-80	3,85.20	2,31.00	5.49	6,10.71	90.12

According to the information furnished by the department, the principal and interest overdue for recovery as on 31st March 1980 amounted to Rs. 22.56 lakhs and Rs. 37.78 lakhs

- (a) From 27 societies.  
 (b) From 38 societies.  
 (c) From 32 societies.  
 (\*) Departmental figures.

respectively. The break-up of these amounts was not available.

### 7.15. Co-operative banks

As on 30th June 1979, there were 12 Central Co-operative Banks in the State acting as financing bodies for primary societies. Besides, there were two apex institutions, namely, the Haryana State Co-operative Bank Limited and the Haryana State Co-operative Land Development Bank Limited. The former provides medium and short term finance to the co-operative institutions while the latter provides long term finance to agriculturists. According to their audited accounts, the Government investment in these institutions as on 30th June 1978 and 30th June 1979 and other financial data as on these dates were as under :—

Serial number	Institutions	Number	Paid-up capital		Government investment in share capital	
			30th June 1978	30th June 1979	30th June 1978	30th June 1979
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(in lakhs of rupees)						
1.	Central Co-operative Banks	12	9,70.38	10,52.84	3,68.29	4,24.10
2.	Haryana State Co-operative Bank Limited	1	2,67.57	2,67.57	1,12.90	1,12.90
3.	Haryana State Co-operative Land Development Bank Limited	1	3,34.47	3,56.23	69.78	69.78
<i>Loans by the Government</i>			<i>*Net profit</i>		<i>Reserves</i>	
			1977-78	1978-79	30th June 1978	30th June 1979
(8)	(9)		(10)	(11)	(12)	(13)
(in lakhs of rupees)						
	0.33	0.03	5,10.33	6,72.49	5,02.87	5,37.32
	0.38	Nil	2,36.94	2,56.82	3,31.23	4,14.84
	Nil	Nil	2,78.93	2,44.20	1,31.94	2,53.84

\*Including undistributed profit of previous years.

The amounts of overdue loans and interest as on 30th June 1979 of the 12 Central Co-operative Banks was Rs. 26,67.97 lakhs and Rs. 1,35.87 lakhs respectively. Out of these, Rs. 1,44.24 lakhs (9 banks) and Rs. 24.55 lakhs (5 banks) were outstanding for more than 3 years.

In respect of the 11 Central Co-operative Banks (except Sirsa Central Co-operative Bank for which information was not available in the departmental audit reports) there were 4,700 indebted co-operative societies as on 30th June 1979. Out of these 3,079 societies had defaulted in repayment of loans. Debts considered bad and doubtful amounted to Rs. 4,31.93 lakhs (principal : Rs. 3,14.49 lakhs and interest : Rs. 1,17.44 lakhs) against which there was a reserve of Rs. 1,65.27 lakhs only.

A perusal of the audited accounts of all these banks for the year ended 30th June 1979 disclosed the following :—

- (i) Sirsa Central Co-operative Bank Limited had 61 notes of 1000 rupee denomination even after they were demonetised. Responsibility for this loss had not been fixed (August 1980).
- (ii) An amount of Rs. 31.20 lakhs had been embezzled in five Central Co-operative Banks (Ambala, Bhiwani, Karnal, Kurukshetra and Rohtak).
- (iii) In Karnal Central Co-operative Bank Limited, mutilated currency notes worth Rs. 0.70 lakh were found at the time of physical verification of cash balance.

#### 7.16. Co-operative consumers stores

There were 22 Central co-operative consumers stores in the State as on 30th June 1979 (out of these 4 were registered in June 1979). Besides, there was one apex institution, namely, the Haryana State Federation of Consumers Co-operative Wholesale Stores Limited, Chandigarh.

According to the audited accounts, the financial data of the Central Co-operative Stores for the years 1976-77, 1977-78

and 1978-79 were as under :—

Year	Number of stores	Paid-up capital	Government investment in share capital	Loans obtained from Government and outstanding	Net profit	Reserves	Turnover
(in lakhs of rupees)							

1976-77	16(a)	38.78	30.95	11.90	0.73	10.46	7,82.58
1977-78	18(b)	25.53	19.98	11.66	(—)0.11	9.71	3,70.64
1978-79	22(c)	14.53	11.12	7.13	(—)1.98	5.39	1,01.44

During 1978-79, out of three Central co-operative consumers stores, one store (Rohtak) earned profit of Rs.0.17 lakh while the other two stores (Panipat and Yamunanagar) sustained a loss of Rs. 2.15 lakhs.

A perusal of the audited accounts of these stores for the year ended 30th June 1979 disclosed the following :—

- (i) In case of Panipat and Rohtak Central Co-operative Stores, debts to the extent of Rs. 3.73 lakhs were considered bad and doubtful against which there was a provision for bad debt of Rs. 0.99 lakh only.
- (ii) In three stores, the closing stock valuing Rs. 14.90 lakhs included dead/damaged stock valuing Rs. 0.67 lakh.

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- (a) The financial data is in respect of 8 stores.
  - (b) The financial data is in respect of 6 stores.
  - (c) The financial data is in respect of 3 stores; the audited accounts of the remaining stores were not made available (August 1980).

- (iii) Out of total shortages of Rs. 3.18 lakhs in two stores recoverable from staff (including ex-employees), shortages amounting to Rs. 1.93 lakhs had been assessed as bad and doubtful of recovery by the departmental auditors.

#### 7.17. Haryana State Federation of Consumers Co-operative Wholesale Stores Limited, Chandigarh

This apex institution was registered in October 1966 mainly to co-ordinate and facilitate the working of affiliated co-operative consumers stores and to assist in the promotion, organisation and development of co-operative consumers stores in the State.

According to its audited accounts, the financial data of the Federation for the three years ending 30th June 1978 was as under :—

<i>Year</i>	<i>Paid-up share capital</i>	<i>Government investment in share capital</i>	<i>Profit during the year</i>	<i>Reserves and funds</i>	<i>Turnover</i>
<i>(in lakhs of rupees)</i>					
1975-76	7.97	6.77	3.84	4.49	30.34
1976-77	8.42	6.77	2.32	5.22	24.13
1977-78	8.52	6.77	1.23	5.63	19.27
1978-79*					

The percentage of profit to capital employed during 1977-78 was 8.7 per cent as against 17.01 per cent in 1976-77 and 30.81 per cent in 1975-76.

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\*Audit for the year 1978-79 has not been conducted by the departmental auditors (August 1980).

A perusal of the audited accounts for 1977-78 revealed the following :—

- (a) As per the estimate of departmental auditors, bad and doubtful debts amounted to Rs. 2.04 lakhs as against which there was a reserve for bad and doubtful debts of Rs. 1.71 lakhs only.
- (b) There were shortages of stores of value Rs. 1.55 lakhs. No concrete steps had been taken by the Management for their recovery.

## CHAPTER VIII

### OUTSTANDING AUDIT OBSERVATIONS AND INSPECTION REPORTS

#### 8.1. Outstanding audit observations

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

The following table shows the number of audit observations issued up to the end of March 1980 and outstanding at the end of November 1980 as compared with the corresponding position indicated in the two preceding Reports :—

	<i>As at the end of November 1978</i>	<i>As at the end of November 1979</i>	<i>As at the end of November 1980</i>
Number of observations	27,680	33,729	38,269
Amount involved (in crores of rupees)	43.82	72.25	1,09.00

The increase was mainly in Transport (Rs. 16.17 crores), Agriculture (Rs. 5.38 crores), Revenue (Rs. 5.27 crores), Irrigation (Rs. 2.83 crores), Medical (Rs. 1.32 crores) and Buildings and Roads (Rs. 1.21 crores) departments.

Year-wise break-up of the outstanding items is as follows:—

<i>Year</i>	<i>Number of observations</i>	<i>Amount (in crores of rupees)</i>
1975-76 and earlier years	5,558	8.39
1976-77	4,103	6.60
1977-78	5,001	8.61
1978-79	9,060	30.61
1979-80	14,547	54.79
Total	38,269	1,09.00

(b) The following departments have comparatively heavy outstanding observations :—

<i>Serial number</i>	<i>Department</i>	<i>Number</i>	<i>Amount involved (in crores of rupees)</i>
1.	Transport	10,596	43.92
2.	Agriculture	2,995	12.01
3.	Irrigation	6,297	10.09
4.	Revenue	625	9.91
5.	Buildings and Roads	3,509	9.70
6.	Medical	3,400	4.23
7.	Animal Husbandry	1,813	4.21
8.	Education	3,670	3.86
9.	Co-operation	99	3.55
10.	Public Health	1,494	2.64
11.	Social Security and Welfare	363	1.40

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

<i>Serial number</i>	<i>Nature of observations</i>	<i>Number</i>	<i>Amount involved (in crores of rupees)</i>
1.	Payees' receipts not received	24,193	47.32
2.	Detailed bills for lumpsum draws on abstract bills not received	3,968	42.45



<i>Serial number</i>	<i>Nature of observations</i>	<i>Number</i>	<i>Amount involved (in crores of rupees)</i>
3.	Agreements with contractors/suppliers not received	861	5.97
4.	Sanctions for reserve limit of stock not received	79	5.96
5.	Vouchers not received	2,558	4.78
6.	Sanctions for establishment not received	2,439	0.82

(d) It will be seen that a sizable portion of the outstandings is due to non-submission of payees' receipts and vouchers. In the absence of these receipts and vouchers, it is not possible for Audit to verify whether all the payments have been made or made for due consideration and in accordance with rules and regulations. The departments with comparatively heavy outstandings on this account are :—

<i>Serial number</i>	<i>Department</i>	<i>Number</i>	<i>Amount involved (in crores of rupees)</i>
1.	Agriculture	2,657	11.92
2.	Revenue	563	9.74
3.	Buildings and Roads	3,066	5.16
4.	Transport	2,523	5.10
5.	Irrigation	6,225	4.54
6.	Animal Husbandry	1,668	4.52
7.	Medical	3,186	3.64
8.	Education	2,841	2.71
9.	Social Security and Welfare	341	1.28

(e) Rupees 42.45 crores are held under observation (November 1980) as detailed contingent bills have not been received in the Audit Office. A major part of this outstanding (Rs. 38.78 crores) pertains to the Transport Department. The facility of drawing advances on abstract contingent bill by the Disbursing Officers is intended to expedite payment in

certain cases but the abstract contingent bills are to be followed by detailed contingent bills (containing all particulars of expenditure with supporting documents), which should be sent to the Audit Office by the 15th of the month following the month to which the abstract contingent bills relate. In the absence of detailed contingent bills, it is not possible for Audit to know whether the whole amount has been spent on the purpose or purposes for which the advances were drawn.

## 8.2. Outstanding inspection reports

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

At the end of November 1980, six thousand six hundred and two inspection reports issued up to March 1980 still contained unsettled paragraphs as shown below with corresponding figures in the two preceding Reports.

	<i>As at the end of November 1978</i>	<i>As at the end of November 1979</i>	<i>As at the end of November 1980</i>
Number of inspection reports with unsettled paragraphs	7,830	7,823	6,602
Number of paragraphs	38,691	38,373	29,100

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

<i>Year</i>	<i>Number of inspection reports</i>	<i>Number of paragraphs</i>
1975-76 and earlier years	4,215	13,100
1976-77	557	2,702
1977-78	480	3,053
1978-79	491	3,544
1979-80	859	6,701
Total	6,602	29,100

(b) The following departments have comparatively heavy outstanding inspection reports :—

<i>Serial number</i>	<i>Department</i>	<i>Number of inspection reports</i>	<i>Number of paragraphs</i>
1.	Education	1,770	5,775
2.	Medical and Health	515	3,421
3.	Agriculture	508	2,564
4.	Irrigation	488	2,704
5.	Buildings and Roads	336	1,883
6.	Revenue	391	1,617
7.	Development	417	1,396

(c) Of the 6,602 reports outstanding at the end of November 1980, 6,336 reports related to civil departments and 266 to commercial departments. These included 228 inspection reports (civil) for which even the first replies had not been received.

(d) The more important types of irregularities noticed during inspection and local audit of Irrigation divisions and units of Revenue, Medical and Health and Transport departments are summarised below :—

*A. Public Works Department*

*Irrigation divisions*

<i>Serial number</i>	<i>Nature of irregularity</i>	<i>Number of cases</i>	<i>Amount involved (in lakhs ₹ rupees)</i>
(1)	(2)	(3)	(4)
(i)	Irregular advance payments	11	5,05.57
(ii)	Non-recovery of Government dues	66	1,31.88
(iii)	Non-disposal of surplus/unserviceable material	58	1,16.95
(iv)	Works executed without estimates	46	55.55
(v)	Non-accountal of material	32	52.80

(1)	(2)	(3)	(4)
(vi)	Amounts recoverable from contractors/suppliers towards cost of material not returned or material not received against advance payment	79	30.55
(vii)	Expenditure on deposit works without or in excess of deposits	4	19.59
(viii)	Unauthorised financial aid to contractors	29	17.29
(ix)	Non-closing of manufacturing accounts due to non-adjustment of outturns	6	16.29
(x)	Compensation for delays not levied or short levy of compensation	11	3.05

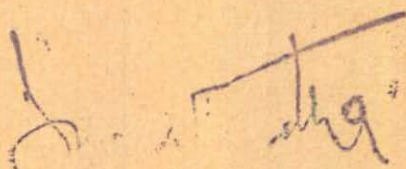
*B. Other Civil Departments*

Serial number	Nature of irregularity	Number of offices in which irregularities were noticed		
		Revenue department	Medical and Health department	Transport department
(1)	(2)	(3)	(4)	(5)
(i)	Non-observance of rules relating to custody and handling of cash, posting and maintenance of cash books, reconciliation of departmental receipts and remittances with the treasury records, etc.	35	68	9
(ii)	Irregularities connected with purchase of stores	35	48	10
(iii)	Irregularities in the accountal of stores	29	64	11
(iv)	Irregular, excess and wasteful expenditure due to appointment of staff, etc.	11	34	10

(1)	(2)	(3)	(4)	(5)
(v)	Non-maintenance or improper maintenance of records	46	..	..
(vi)	Defective maintenance of log-books of vehicles	32	24	..

CHANDIGARH,

The 25 NOV 1981



(D.S. MALHOTRA)

Accountant General, Haryana

Countersigned

NEW DELHI,

(GIAN PRAKASH)

The

26 NOV 1981

Comptroller and Auditor General of India



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## APPENDICES

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## APPENDIX I

(Reference : Paragraph 1.4; page 7)

SIGNIFICANT VARIATIONS IN REVENUE EXPENDITURE DURING  
1979-80 OVER THE PREVIOUS YEAR UNDER BROAD SECTORS

## A-PLAN

## Decrease

Sector/Sub-sector of expenditure	Actuals		Variations
	1978-79	1979-80	
	(in crores of rupees)		
Agriculture and Allied Services	21.78	16.90	4.88

Due mainly to decrease in expenditure under Area Development (Rs. 5.42 crores) partly offset by more expenditure under Agriculture (Rs. 1.29 crores).

## B-NON-PLAN

## Increase

Serial number	Sector/Sub-sector of expenditure	Actuals		Variations
		1978-79	1979-80	
(1)	(2)	(3)	(4)	(5)
		(in crores of rupees)		
(1)	Social and Community Services	60.28	78.15	17.87

Due mainly to more expenditure on Education (Rs. 9.55 crores), Relief on account of natural calamities (Rs.5.56 crores) and Medical (Rs. 1.46 crores).

(2)	Agriculture and Allied Services	15.63	30.28	14.65
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Due mainly to more expenditure on Community Development (Rs.10.08 crores), Agriculture (Rs. 2.60 crores) and Animal Husbandry (Rs. 1.41 crores).

(3)	Water and power Development	32.59	39.59	7.00
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Due mainly to more expenditure on Irrigation (Rs. 5.82 crores) and Multipurpose River Projects (Rs.1.18 crores).

(4)	Transport and Communications	45.52	51.31	5.79
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Due mainly to increase in expenditure on Road Transport (Rs. 4.40 crores) and Roads and Bridges (Rs. 1.17 crores).

(1)	(2)	(3)	(4)	(5)
<i>Decrease</i>				
<i>(in crores of rupees)</i>				
(5) General Services		74.61	67.25	7.36

Due mainly to less payment of Interest (Rs. 14.24 crores) partly offset by more expenditure on Public Works (Rs. 1.53 crores), Police (Rs. 1.85 crores) and Pensions and Other Retirement Benefits (Rs. 1.45 crores).

## APPENDIX II

(Reference : Paragraph 1.5 (ii); page 8)

SIGNIFICANT VARIATIONS IN CAPITAL EXPENDITURE DURING  
1979-80 OVER THE PREVIOUS YEAR UNDER BROAD SECTORS

## PLAN

*Decrease*

Serial number	Sector/Sub-sector of expenditure	Actuals		Variations
		1978-79	1979-80	

*(in crores of rupees)*

(1)	Transport and Communications	8.79	19.84	11.05
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Due mainly to increase in expenditure on Roads and Bridges  
(Rs. 9.88 crores).

(2)	General Economic Services	2.41	4.93	2.52
-----	---------------------------	------	------	------

Due to more investments mainly in Warehousing and Marketing  
Co-operatives (Rs. 1.18 crores) and Credit Co-operatives  
(Rs. 0.96 crore).

## APPENDIX III

(Reference : Paragraph 2.4 (a) ; page 25)

## SAVINGS (MORE THAN RS. 10 LAKHS IN EACH CASE) UNDER GRANTS AND CHARGED APPROPRIATIONS

Serial number	Number and name of grant/charged appropriation	Total provision	Expenditure	saving	Percentage of saving
(in lakhs of rupees)					
<i>Revenue</i>					
(i)	5—Excise and Taxation Voted	2,30.72	2,00.28	30.44	13
(ii)	6—Finance Charged	37,82.65	26,32.00	11,50.65	30
(iii)	12—Labour and Employment Voted	13,99.43	12,23.69	1,75.74	13
(iv)	16—Industries Voted	4,33.74	3,35.00	98.74	23
(v)	17—Agriculture Voted	30,07.20	20,01.18	10,06.02	33
(vi)	18—Animal Husbandry Voted	6,95.87	5,83.18	1,12.69	16
(vii)	20—Forest Voted	4,02.38	3,49.75	52.63	13
(viii)	21—Community Development Voted	19,39.02	16,78.72	2,60.30	13
(ix)	Public Debt Charged	1,76,87.82	1,56,30.87	20,56.95	12

## APPENDIX IV

(Reference : Paragraph 2.7; page 29)

## SIGNIFICANT CASES OF SHORTFALL/EXCESS IN RECOVERIES

Serial Number and name of grant	Estimated recovery	Actual recovery	Amount of excess (+) / shortfall (-) as compared to estimates	Remarks	
(1)	(2)	(3)	(4)	(5)	(6)
<i>Revenue</i>					
(1) 8—Buildings and Roads	Nil	1.66	(+)1.66	The amount represents recovery of establishment and tools and plant charges. Reasons for not making any provision have not been intimated (February 1981).	
(2) 10—Medical and Public Health	1.95	0.90	(-)1.05	Reasons have not been intimated (February 1981).	
(3) 12—Labour and Employment	Nil	9.74	(+)9.74	The amount represents adjustments on account of foodgrains supplied to different departments under "Food for Work Programme."	
(4) 15—Irrigation	0.07	7.36	(+)7.29	The excess was due mainly to recovery having not been estimated in revenue section for the establishment charges transferred to the capital head on <i>pro rata</i> basis.	
<i>Capital</i>					
(5) 8—Buildings and Roads	9.53	0.02	(-)9.51	Shortfall was due to non-recovery of expenditure on district and other	

(1)	(2)	(3)	(4)	(5)	(6)
		<i>(in crores of rupees)</i>			
					roads from the market fee deposits as per decision of the Government.
(6) 14—Food and Supplies		94.39	86.62	(—)7.77	Due mainly to less procurement of food-grains and consequent less issues/sales resulting in less recoveries.
(7) 15—Irrigation		5.67	14.56	(+)8.89	Due mainly to more expenditure on Beas Project and consequent more recoveries.
(8) 17—Agriculture		1.76	3.20	(+)1.44	Reasons have not been intimated (February 1981).

## APPENDIX V

(Reference : Paragraph 2.8; page 29)

## DRAWAL OF FUNDS IN ADVANCE OF REQUIREMENTS

<i>Department/ Office</i>	<i>Month of drawal from trea- sury</i>	<i>Amount (in lakhs of rupees)</i>	<i>Remarks</i>
<i>Education</i>			
District Education Officer, Hissar	March 1979	2.65	Amount drawn was converted into Remittance Treasury Receipts (R.T.Rs) on placing orders for scientific material. Out of this, R.T.Rs. for Rs. 0.83 lakh were deposited into treasury in November 1979. R.T.Rs. for the balance amount of Rs. 1.82 lakhs were lying undisbursed (March 1980).
<i>Agriculture</i>			
Deputy Director of Agriculture, Sonapat	March 1979	0.30	Amount drawn for construction of godowns (for storage of seeds and <i>bhusa</i> ) was refunded into treasury in September, 1979.
Assistant Soil Conservation Officer, Karnal	March 1976	0.07	] Amounts drawn for grant of subsidy on sprinkler sets and soil conservation were disbursed in April 1977 and June-August 1977 respectively.
	March 1977	0.04	
<i>Development</i>			
State Community Development Training Centre, Nilokheri	March 1975	0.21	] Amounts drawn for incentive awards to <i>Mahila Mandals</i> were disbursed (Rs. 0.78 lakh) during 1977-78.
	March 1976	0.31	
	March 1977	0.31	

## Appendix V—Contd.

Department/ Office	Month of drawal from treasury	Amount (in lakhs of rupees)	Remarks
			Balance of Rs. 0.05 lakh was refunded into treasury in July 1980.
	March 1979	0.74	Amount disbursed from January 1980 onwards as incentive awards to <i>Mahila Mandals</i> .
<i>Industries</i>			
Senior Technical Officer, Government Quality Marking Centre, Ambala Cantt.	March 1977	0.34	} Order for supply of accessories was placed on 11th March 1977 for which Rs. 0.34 lakh were drawn on 31st March 1977. Supplies were received on 24th March 1978. Another sum of Rs. 0.24 lakh was drawn on 31st March 1978 for additional requirements. The total amount of Rs. 0.58 lakh was, however, disbursed on 28th March 1979.
	March 1978	0.24	
<i>Police</i>			
Deputy Inspector General of Police (C.I.D.)Haryana, Chandigarh	March 1979	0.14	Amount drawn for purchase of 'Finger-print' boxes was lying undisbursed (September 1979) due to non-receipt of material.
<i>Technical Education</i>			
Government Polytechnic, Jhajjar	March 1979	0.28	Three supply orders for accessories for Rs. 0.19 lakh (on 3rd and 29th March 1979) and equipment for Rs. 0.09 lakh (24th March 1979)



## Appendix V—Concl'd.

Department/ Office	Month of drawal from treasury	Amount (in lakhs of rupees)	Remarks
			were placed on firms without specifying the period of supply. Rupees 0.24 lakh were disbursed in September 1979 on receipt of accessories and equipments.
			For accessories costing Rs. 0.04 lakh, payment was made in September 1979 although Railway Receipt was actually received in October 1979 and goods in February 1980.
<b>Total</b>		<u>5.63</u>	

## APPENDIX

(Reference : Paragraph

## CASES OF MISAPPROPRIATIONS, DEFALCATIONS, ETC., UNDER

(Position at the end

Serial number	Department	Departmental investigation cases pertaining to			
		1974-75 and earlier years		1975-76 to 1979-80	
		Number	Amount	Number	Amount (amounts in lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
1.	Buildings and Roads	3	0.32	14	0.53
2.	Food and Supplies	—	—	5	2.20
3.	Medical	—	—	—	—
4.	Transport	—	—	12	0.45
5.	Education	1	0.01	8	0.35
6.	Irrigation	1	0.03	9	0.42
7.	Election	—	—	—	—
8.	Fisheries	1	amount not known	—	—
9.	P.W.D. (Public Health)	—	—	3	0.03
10.	Land Acquisition	—	—	—	—
11.	Industries	—	—	1	0.12
12.	Development and Panchayat	1	0.04	2	0.04
13.	Revenue	—	—	—	—
14.	Land Revenue	—	—	—	—
15.	Agriculture	—	—	—	—
16.	Home Guard	—	—	—	—
17.	Police	—	—	—	—
	Total	7	0.40	54	4.14

## VI

3.13; page 74)

**DEPARTMENTAL INVESTIGATION OR CRIMINAL PROSECUTION  
of August 1980)**

<i>Criminal prosecution cases pertaining to</i>				<i>Grand total</i>	
<i>1974-75 and earlier years</i>		<i>1975-76 to 1979-80</i>			
<i>Number of rupees)</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>
(7)	(8)	(9)	(10)	(11)	(12)
2	0.11	11	3.97	30	4.93
—	—	—	—	5	2.20
—	—	5	2.22	5	2.22
2	0.13	4	0.96	18	1.54
2	0.19	6	1.02	17	1.57
4	0.16	—	—	14	0.61
1	0.17	1	0.12	2	0.29
1	0.23	—	—	2	0.23
—	—	1	0.14	4	0.17
—	—	1	0.01	1	0.01
—	—	—	—	1	0.12
—	—	1	0.03	4	0.11
—	—	1	0.05	1	0.05
—	—	1	0.06	1	0.06
1	0.02	—	—	1	0.02
—	—	1	0.02	1	0.02
—	—	1	0.03	1	0.03
13	1.01	34	8.63	108	14.18

## APPENDIX VII

(Reference : Paragraph 3.14; Page 74)

**LOSSES DUE TO THEFT, FIRE, IRRECOVERABLE REVENUE, DUTIES,  
ETC., WRITTEN OFF/RECOVERIES WAIVED DURING 1979-80**

Serial number	Department	Write off of losses/irre- coverable revenue, duties, advances, etc.	
		Number of cases	Amount Rs.
1.	Food and Supplies	33	2,70,070
2.	Industries	2	1,371
3.	Revenue	1	4
	Total	36	2,71,445

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MEMORANDUM

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**APPENDIX VIII**

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## APPENDIX

(Reference : Paragraph

## SUMMARISED FINANCIAL

Serial number	Name of the Corporation	Name of the Department	Year of incorporation	Period of account	Total capital invested (A)	Profit (C)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
					(Figures in columns 6 to (C)	
1.	Haryana State Electricity Board	Irrigation and Power	1967	1979-80	5,44,42.58	9,94.28
2.	Haryana Warehousing Corporation	Agriculture	1967	1979-80	4,78.15	38.00
3.	Haryana Financial Corporation	Industries	1967	1979-80	30,34.27	1,00.68

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

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

(C) Represents contribution to general reserve.

(D) Represents mean of aggregate of opening and closing balances of (i) paid-up capital, (ii) bonds and debentures, (iii) free reserves, (iv) borrowings including refinance and (v) deposits.

## VIII

6.2 ; page 90)

## RESULTS OF STATUTORY CORPORATIONS

<i>Total in- terest charged to profit and loss account</i>	<i>Interest on long term loans</i>	<i>Total return on capital invested (7+9)</i>	<i>Capital employed (B)</i>	<i>Total return on capital employed (7+8)</i>	<i>Percentage of total return on capital invested</i>	<i>Percentage of total return on capital employed</i>
(8)	(9)	(10)	(11)	(12)	(13)	(14)
<i>12 are in lakhs of rupees )</i>						
17,43.59	17,35.42	27,29.70	3,93,78.51	27,37.87	5.01	6.95
10.06	10.06	48.06	4,53.29	48.06	10.05	10.60
1,54.04	1,53.29	2,53.97	(D) 29,80.29	2,54.72	8.37	8.55

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## APPENDIX

(Reference : Paragraphs)

## SUMMARISED FINANCIAL RESULTS OF

Serial number	Name of the Company	Name of Department	Date of incorporation	Year of accounts	Total capital invested (A)	Profit(+)/Loss(-)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
				<i>(Figures in columns 6 to 12)</i>		
<i>I. Running Concerns</i>						
1.	Haryana Land Reclamation and Development Corporation Limited	Agriculture	1974	1979-80 (April-March)	1,24.87	(+)13.89
2.	Haryana Harijan Kalyan Nigam	Social Welfare	1971	1975-76 (July-June)	1,29.63	(+)0.77
3.	Haryana Tourism Corporation Limited	Tourism	1974	1975-76 (April-March)	1,28.01	(-)4.87
				1976-77 (April-March)	1,46.46	(-)9.03
4.	Haryana Agro-Industries Corporation Limited	Agriculture	1967	1976-77 (July-June)	2,87.04	(-)24.31
				1977-78 (July-June)	2,79.01	(-)11.87
				1978-79 (July-June)	2,66.77	(+)3.21

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

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

(C) Includes long term loan of Rs. 29.30 lakhs from Haryana Government (free of interest for first five years).



## IX

6.19.02 ; page 140)

## GOVERNMENT COMPANIES

<i>Total interest charged to profit and loss account</i>	<i>Interest on long term loans</i>	<i>Total return on capital invested (7+9)</i>	<i>Capital employed (B)</i>	<i>Total return on capital employed (7+8)</i>	<i>Percentage of total return on capital invested</i>	<i>Percentage of total return on capital employed</i>
(8)	(9)	(10)	(11)	(12)	(13)	(14)
<i>are in lakhs of rupees)</i>						
2.10	2.02	15.91	1,06.80	15.99	12.74	14.97
—	(C) —	0.77	1,29.53	0.77	0.59	0.59
1.56	1.56	(—)3.31	1,17.52	(—)3.31	—	—
2.33	2.33	(—)6.70	1,27.01	(—)6.70	—	—
18.60	6.36	(—)17.95	2,98.84	(—)5.71	—	—
6.24	5.82	(—)6.05	3,82.62	(—)5.63	—	—
23.36	3.74	(+)6.95	4,39.67	26.57	2.61	6.04

(1)	(2)	(3)	(4)	(5)	(6)	(7)
<i>(Figures in columns 6 to</i>						
5.	Haryana Dairy Development Corporation Limited	Animal Husbandry	1969	1975-76 (April-March)	4,95.12	(-)19.58
6.	Haryana State Small Industries and Export Corporation Limited	Industries	1967	1978-79 (July-June)	67.68	23.86
7.	Haryana State Handloom and Handicrafts Corporation Limited	Industries	1976	1979-80 (April-March)	1,17.35	(+)3.43
8.	Haryana Seeds Development Corporation Limited	Agriculture	1974	1979-80 (July-June)	2,23.92	(+)37.74

### II. Promotional and Development Undertaking

9.	Haryana State Industrial development Corporation Limited	Industries	1970	1979-80 (April-March)	—	(+)1.54
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### III. Subsidiaries of Haryana State Industrial Development Corporation Limited

10.	Haryana Minerals Limited	Industries	1972	1978-79 (April-March)	43.97	(+)2.06
11.	Haryana Tanneries Limited	Industries	1972	1977-78 (April-March)	98.19	(-)34.68
12.	Haryana Breweries Limited	Industries	1970	1979-80 (April-March)	2,08.11	(+)11.79

(D) Represents mean capital employed, *i.e.*, mean of the aggregate of opening and closing balances of (i) paid-up capital, (ii) reserves and surplus and (iii) borrowings.

(E) Represents net profit before charging interest, tax provision and reserves under Section 36(i)(viii) of the Income Tax Act.

(8)	(9)	(10)	(11)	(12)	(13)	(14)
<i>12 are in lakhs of rupees)</i>						
15.35	11.24	(-)8.34	3,92.42	(-)4.23	—	—
11.06	0.07	(+)23.93	1,73.55	34.92	35.36	20.12
3.09	3.09	(+)6.52	1,52.17	(+)6.52	5.54	4.28
5.67	—	(+)37.74	2,05.02	(+)43.41	16.85	21.17
0.04	—	—	(D) 4,45.59	(E) 6.48	—	—
5.00	2.79	4.85	13.43	7.06	11.03	52.57
18.08	10.09	(-)24.59	1,46.29	(-)16.60	—	—
19.52	14.23	(+)26.02	2,07.61	31.31	12.50	15.08

## APPENDIX

(Reference : paragraph

## SUMMARISED FINANCIAL RESULTS OF GOVERNMENT COMMER-

<i>Serial number</i>	<i>Name</i>	<i>Period of account</i>	<i>Government capital</i>
(1)	(2)	(3)	(4)
(Figures in columns 4 to			
1.	Haryana Roadways	1977-78	29,14.51
2.	Haryana Veterinary Vaccine Institute, Hissar	1979-80	1.21
3.	Grain Supply Scheme	1978-79	—

X

6.24.01; page 180)

**CIAL/QUASI—COMMERCIAL DEPARTMENTAL UNDERTAKINGS**

<i>Mean capital excluding interest on capital</i>	<i>Block assets</i>	<i>Cumulative depreciation</i>	<i>Turnover</i>	<i>Profit(+)/ Loss(-)</i>	<i>Percentage of profit to mean capital</i>
(5)	(6)	(7)	(8)	(9)	(10)

9 are in lakhs of rupees)

17,51.58	17,39.21	9,93.40	30,88.46	(+)38.69	2.21
0.09	0.80	0.50	4.47	(+)2.26	2511
—	—	—	67,80.48	(+)54.84	—

## APPENDIX XI

( Reference : Paragraph 7.2; page 188)

UTILISATION CERTIFICATES FOR GRANTS PAID UP TO 31ST MARCH  
1979 OUTSTANDING AS ON 30TH SEPTEMBER 1980

Serial number	Department	Awaited utilisation certificates	
		Number	Amount (in lakhs of rupees)
1.	Agriculture	129	20,77.32
2.	Development and Panchayat	5,798	10,76.87
3.	Medical and Health—		
	(a) Medical	97	7,51.64
	(b) Health	6	31.88
4.	Education—		
	(a) Education	102	3,84.49
	(b) N.S.S. Education	2	4.19
5.	Local Government	53	57.98
6.	Animal Husbandry	461	46.21
7.	Technical Education	16	45.50
8.	Industries	28	28.18
9.	Social Welfare	67	24.33
10.	Housing	4	11.75
11.	Political	7	10.84
12.	General Administration	2	5.15
13.	Other Departments	45	9.47
	Total	6,817	45,65.80