

दिखावट में दिखाने के लिए
Presented to the Legislature
on 7-3-2008.....

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

FOR THE YEAR ENDED 31 MARCH 2007

(CIVIL)

GOVERNMENT OF HARYANA

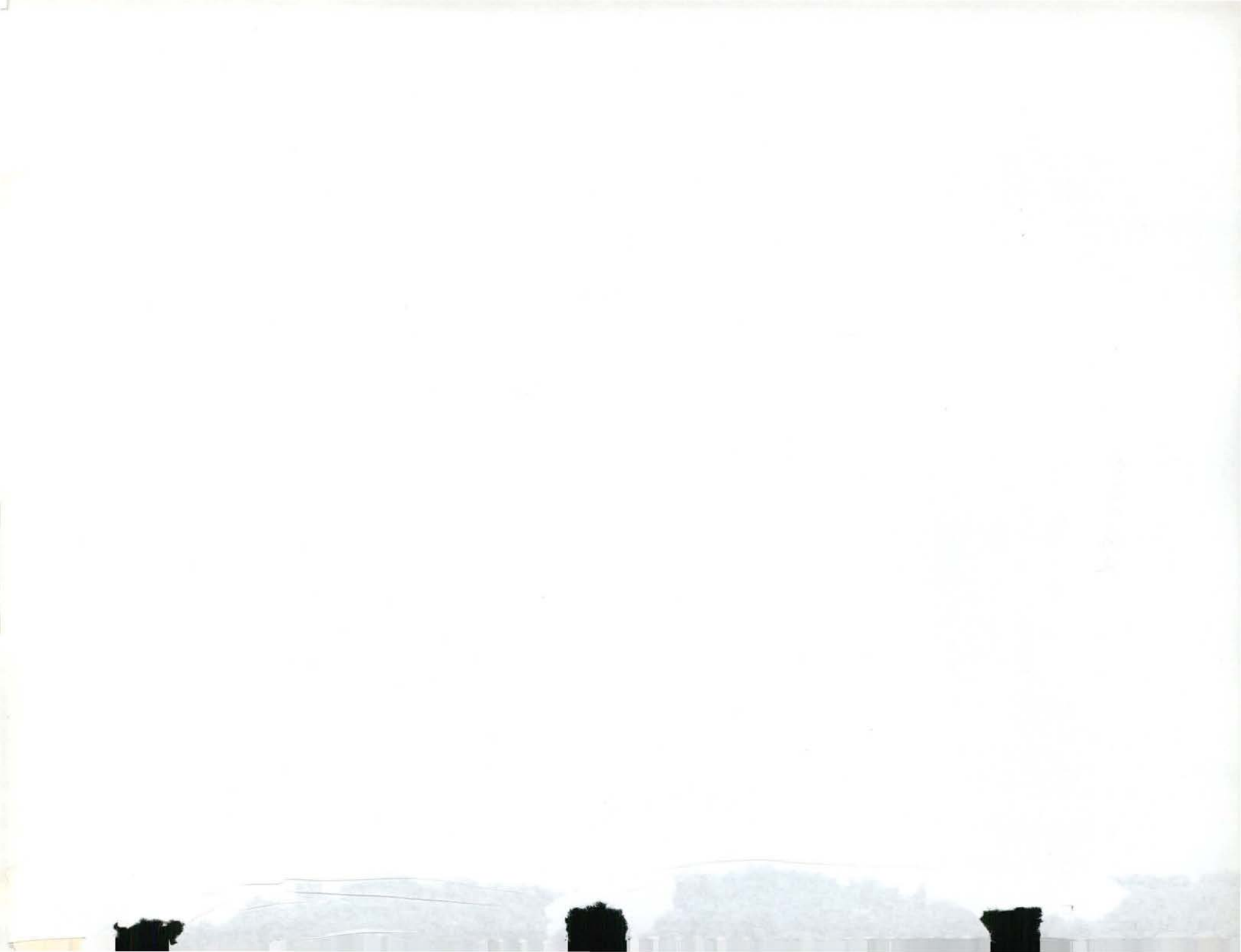


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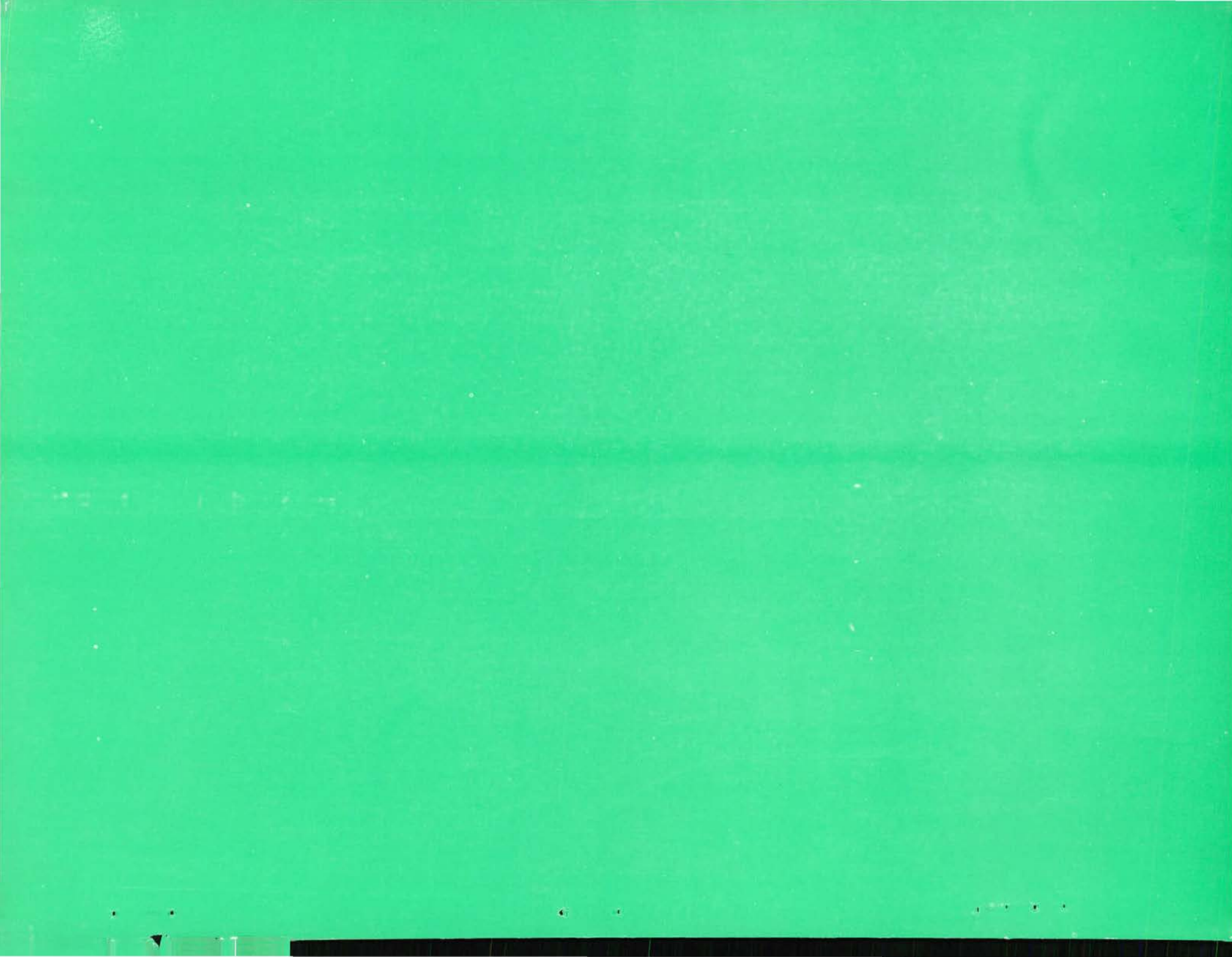
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PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution of India.
2. Chapters I and II of this Report respectively contain Audit observations on matter arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2007.
3. Chapter III deals with the findings of performance audit in various departments while Chapter IV deals with the findings of audit of transactions in the various departments including the Public Works and Irrigation Departments, audit of Autonomous Bodies and departmentally run commercial undertakings. Chapter V deals with the comments on internal control mechanism existing in selected departments in the State.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test-audit of accounts during the year 2006-07 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 2006-07 have also been included wherever necessary.

OVERVIEW



OVERVIEW

The Report includes two Chapters containing observations on Finance and Appropriation Accounts of the Government of Haryana for the year 2006-07 and three others comprising 5 reviews and 23 paragraphs dealing with the results of performance audit of selected programmes and schemes as well as audit of the financial transactions of Government.

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

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

1. Finances of the State Government

The fiscal position of the State viewed in terms of the trends in fiscal parameters—revenue, fiscal and primary deficit/surplus has shown consistent improvement during the period 2002-07. The emergence of fiscal surplus along with surplus in revenue account and a steep increase in primary surplus during 2006-07 indicates the robust fiscal health of the State. However, a further analysis reveals that fiscal surplus during the current year was mainly on account of a significant recovery of loans (Rs 2,034 crore) from the power projects which in turn resulted in the enhancement of non-debt receipts of the State by Rs 1,911 crore during the year. The pattern of expenditure of the State also indicates that expenditure on salaries, pensions, interest payments and subsidies amounted to 70 *per cent* of total revenue expenditure leaving relatively less resources for effective delivery and expansion of social and economic services. Moreover, a steep increase of Rs 2,387 crore in the subsidies was observed during 2006-07 thereby increasing the total expenditure on subsidies to Rs 3,852.45 crore. Out of total subsidies 98 *per cent* (Rs 3,759.34 crore) were for power and energy Sector which was more than 2.5 times against the State's own projection of Rs 1,464.80 crore in Fiscal Correction Path for 2006-07. Similarly, although expenditure under capital head has increased by Rs 816 crore during 2006-07 over the previous year but major proportion (62 *per cent*) of the incremental capital expenditure was in the form of investment in equity shares of various power corporations. The investments in statutory corporations, joint stock companies and co-operatives increased by 35 *per cent* during the year 2006-07 over the previous year, but the returns on these investments was negligible (less than one *per cent*) vis-à-vis the higher cost of the borrowed funds putting directly or indirectly the strain on the fiscal budget of the State and therefore is a cause of concern.

2. Allocative Priorities and Appropriation

As against the total appropriation of Rs 22,283.03 crore, the actual expenditure during 2006-07 was Rs 21,242.33 crore resulting in final saving of Rs 1,040.70 crore. Supplementary provision of Rs 86.80 crore obtained in five cases during the year proved unnecessary as the expenditure in each case was less than the original provision. In seven cases, the entire budget provision aggregating to Rs 277.87 crore remained unutilised.

The expenditure of the Government exceeded the budget provision during the year in nine grants/appropriations by Rs 616.74 crore. Such excesses aggregating to Rs 268.87 crore pertaining to the year 2005-06 had not been regularised (July 2007).

3. Working of Chaudhary Charan Singh Haryana Agricultural University, Hisar

Chaudhary Charan Singh Haryana Agricultural University, Hisar was established with the objectives to impart education in agricultural, veterinary and animal sciences, furtherance of learning and prosecution of research and to undertake extension of such sciences to the rural people in the State. Performance audit of the University brought out significant weaknesses in financial management, academic, research and extension activities, management of estate and other allied activities. There were cases of non-preparation of balance sheet, huge outstanding temporary advances, inadequate provision for pension fund, etc. Against the sanctioned strength of 1,218 teachers, only 851 were in position as on 31 March 2007. In four constituent colleges, in respect of six courses, shortfall in enrolment of students ranged between 11 and 74 *per cent*. Research activities were also not encouraging as there was decrease in production *per acre* in respect of major crops and seed production, inordinate delay in development of a new seed farm, etc. Seed of various varieties was sold as grain at lower rates, causing loss of Rs 42.02 lakh to the University. Establishment expenditure on construction wing was far in excess of norms as Rs 29.28 crore were spent on establishment against the norm of Rs 15.08 crore.

(Paragraph 3.1)

4. Urban and Rural Water Supply Schemes

The main objective of the Urban and Rural Water Supply schemes was to provide safe and adequate drinking water supply facility to entire population. A performance audit of implementation of water supply schemes in the State brought out that while providing drinking water, priority was not given to those villages deficient in drinking water supply. Five hundred ten villages covered

under the schemes were those which were not deficient in water supply while 868 villages remained deficient in water supply as on 31 March 2007. The water supply schemes of Narnaul town, Makrana group of villages and Nangal Dargu group of villages was taken up without ensuring availability of raw water. Delay in taking up the matter of outlet of raw water, deprived the habitants of Kalayat town of safe drinking water despite spending Rs 4.99 crore. Sub-standard execution of works of water tank costing Rs 1.39 crore for supply of water to Seehma group of villages deprived the habitants of safe drinking water. Eighty seven water supply schemes completed 4 to 37 months back at a cost of Rs 15.59 crore remained non-functional due to Department's slackness in obtaining electric connections. Excessive installation of stand posts led to wastage of water. Only 29 *per cent* of the targeted samples of water were collected and tested in seven laboratories, of which 14 *per cent* were found unfit. Monitoring, surveillance and information system was not efficient in the Department.

(Paragraph 3.2)

5. Waste Management

Wastes are a threat to environment and human health if not handled or disposed of properly as these contaminate surface water, ground water, soil and air. A review on "Waste Management" brought out department's/Board's failure in assessing the updated quantity of waste being generated in the State, non-projection of growth of waste based on growth of population, consumption pattern and industrial growth, absence of strategy to prevent or to reduce generation of waste, etc. Seventy six *per cent* of the hazardous waste generation units, 60 *per cent* of bio-medical wastes facilities and 100 *per cent* of the municipal solid waste operators were operating without obtaining authorisation for the disposal of wastes from the State Pollution Control Board. Solid waste of Udyog Vihar, Gurgaon was disposed of on the bank of a Nallah, while waste of industrial estate, Barwala, Kundli and Manesar was being disposed of in the open at unauthorised places. Sewage of Hisar town was being thrown in the unauthorised places while treated effluent of Panipat was being discharged in Nohra Drain causing water and air pollution. Nine hundred twenty one hand carts and 38 tricycles purchased without any demand from Municipal Committees/Councils at a cost Rs 44.43 lakh had been lying unused in six MCs since their purchase in 2003-04. Segregation, storage and disposal of waste was not being done in health institutions as per prescribed Rules. Besides, 26,870.4 tonnes of hazardous waste had been piled up in pits in absence of common treatment, storage and disposal facility.

(Paragraph 3.3)

6. Nutritional Support to Primary Education

Main objective of the National Programme for Nutritional Support to Primary Education to boost universalisation of primary education was not achieved as there was no improvement in enrolment of students in primary classes. Programme funds lying unspent in bank accounts in five districts test checked indicated tardy implementation of programme. While in four districts students were provided inadequate quantity of foodgrains in meals, in three districts students (364 Alternative and Innovative Education Centres) were not provided mid day meals during 2004-07. There were cases of incorrect reporting of enrolment figures to Government of India, non-supply of meals to students on all the school days because of non-maintaining of buffer stock, lack of infrastructure such as *pucca* kitchen, cooking gas facility, etc. Ninety two *per cent* schools reported that the programme was affecting teaching and learning as serving and taking mid day meals consumed more than prescribed time. District and block level Steering-cum-Monitoring Committees to monitor the implementation of the programme were not formed in test checked districts except district level committees in Faridabad and Jind.

(Paragraph 3.4)

7. Internal Controls in Industries and Commerce Department

A review of internal controls on selected areas of Industries and Commerce Department has shown that budget was not prepared on realistic basis as there were wide variations between original budget estimates and actual expenditure during 2004-07 under plan schemes. Maintenance of cash book and its reconciliation with the treasury schedules were found to be deficient which was fraught with the risk of misappropriation of funds remaining undetected. The Director drew funds of Rs 2.67 crore without immediate requirement in violation of Financial Rules, as a result of which the funds remained outside the Government Account. The State was deprived of central share of Rs 91 lakh due to inordinate delay in releasing State share under 'Market Development Assistance Scheme'. Internal audit was not conducted despite posting of an Accounts Officer and Section Officer by the Finance Department for the purpose.

(Paragraph 5.1)

8. Results of Transaction Audit

Audit of financial transactions, subjected to test-check, in various departments of the Government and their field functionaries revealed instances of losses and wasteful spending of Rs 90.98 crore as mentioned below:

There was a case of loss of Rs 3.35 crore due to lack of supervision and improper storage of wheat stock.

There were four cases of excess and avoidable payment of Rs 16.71 crore which includes a case of unfruitful expenditure due to non-construction of water courses.

Cases of undue favour to contractor and avoidable expenditure of Rs 8.93 crore includes a case of avoidable expenditure on premature laying of carpet on a road.

There were three cases of idle establishment and blocking of funds of Rs 2.09 crore.

Audit also came across instances of regulatory and other issues amounting to Rs 59.90 crore.

CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

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

1.1.1 Summary of Receipts and Disbursements

Table-1.1 summarises the finances of the Government of Haryana for the year 2006-07 covering revenue receipts and expenditure, capital receipts and expenditure and public account receipts/disbursements as emerging from Statement-I of Finance Accounts and other detailed statements.

Table 1.1 Summary of Receipts and Disbursements for the year 2006-07

(Rupees in crore)

2005-06	Receipts	2006-07	2005-06	Disbursements			
Section-A: Revenue					Non-Plan	Plan	Total
13,853.31	I. Revenue receipts	17,952.43	12,639.89	I. Revenue expenditure	13,908.03	2,454.12	16,362.15
9,078.65	Tax revenue	10,927.76	4,579.67	General Services	4,807.85	37.20	4,845.05
2,458.56	Non-tax revenue	4,590.76	3,995.60	Social Services	3,030.48	1,584.92	4,615.40
1,200.97	Share of Union Taxes/Duties	1,295.64	3,814.76	Economic Services	5,794.89	832.00	6,626.89
1,115.13	Grants from Government of India	1,138.27	249.86	Grants-in-aid/Contributions	274.81	--	274.81
Section-B: Capital							
-	II. Misc. Capital Receipts	-	1,612.30	II. Capital Outlay	-58.61	2,486.21	2,427.60
289.90	III. Recoveries of Loans and Advances	2,200.74	176.67	III. Loans and Advances disbursed	149.63	35.09	184.72
3,348.75	IV. Public Debt receipts	2,011.89	1,107.51	IV. Repayment of Public Debt	1,113.77	-	1,113.77
-	V. Contingency fund	-	-	V. Contingency fund	-	-	-
5,460.57	VI. Public account receipts	6,732.30	5,564.32	VI. Public account disbursements	5,395.14	-	5,395.14
1,880.86	Opening Cash Balance	3,732.70	3,732.70	Closing Cash Balance	7,146.68	-	7,146.68
24,833.39	Total	32,630.06	24,833.39	Total	27,654.64	4,975.42	32,630.06

Following are the major changes during 2006-07 over previous year:

- There had been an increase of Rs 4,099 crore in Revenue Receipts. Increase was mainly due to increase in Non-Tax Revenue (Rs 2,133 crore), Tax Revenue (Rs 1,849 crore), Share of Union Taxes and duties (Rs 94 crore) and grants from Government of India (Rs 23 crore).
- Revenue expenditure increased by Rs 3,722 crore, mainly due to increase in expenditure on Economic Services (Rs 2,812 crore), on Social Services (Rs 620 crore) and General Services (Rs 265 crore). Similarly, there was an increase of Rs 816 crore in Capital Expenditure, mainly due to increase of expenditure under Power Projects (Rs 510 crore) and Major and Medium Irrigation (Rs 100 crore) over previous year.
- Sharp increase in recovery of loans and advances were reported during current year (Rs 1,911 crore) as compared to previous year (Rs 133 crore). This was mainly due to the recovery of Rs 2,034 crore from Power Projects (Rs 1,914 crore excess over previous year).
- Government of India had given a Debt Waiver of Rs 96.67 crore and interest relief of Rs 35.31 crore during this year on the recommendations of Twelfth Finance Commission under Debt Consolidation and Relief Facility.
- Public debt receipts decreased by Rs 1,337 crore over previous year mainly due to decline in internal debt by Rs 1,319 crore and in borrowing from the Central Government by Rs 18 crore.
- Net receipts under Public Account increased by Rs 1,441 crore.
- Cash balance of the State increased by Rs 3,414 crore over previous year mainly due to increase in cash investments (Rs 2,879 crore) and reserve fund investments (Rs 281 crore). Out of total cash balance of Rs 7,147 crore at the end of current year, the State Government had invested Rs 6,407 crore in the securities of Government of India.

1.1.2 State Fiscal Position by Key Indicators

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

Table 1.2

(Rupees in crore)

2005-06	Sr. No	Major Aggregates	2006-07
13,853	1	Revenue Receipts (2+3+4)	17,952
9,079	2	Tax Revenue (net)	10,928
2,458	3	Non-Tax Revenue	4,590
2,316	4	Other Receipts	2,434
290	5	Non-Debt Capital Receipts	2,201
290	6	Of which recovery of loans	2,201
14,143	7	Total Receipts (1+5)	20,153
10,722	8	Non-Plan Expenditure (9+11)	13,999
10,625	9	On Revenue Account	13,908
2,100	10	Of which Interest Payments	2,265
97	11	On Capital Account	91
137*	12	Of which Loans disbursed	150*
3,707	13	Plan Expenditure (14+15)	4,975
2,015	14	On Revenue Account	2,454
1,692	15	On Capital Account	2,521
40	16	Of which loans disbursed	35
14,429	17	Total Expenditure (13+8)	18,974^s
1,213	18	Revenue Surplus (+) [1-(14+9)]	1,590
(-) 286	19	Fiscal Deficit /Surplus (+) [(1+5)-17]	1,179
1,814	20	Primary Deficit/Surplus (+) [19-(-10)]	3,444

Note: Non-plan capital expenditure (Rs (-) 59 crore) is due to realisation of recoveries more than non-plan capital expenditure.

\$ Lower rounding.

Table-1.2 shows that revenue receipts increased by Rs 4,099 (30 per cent) during 2006-07 while revenue expenditure increased by Rs 3,722 crore (29 per cent) over the previous year resulting in an improvement in revenue surplus by Rs 377 crore during the current year from the level of Rs 1,213 crore in the previous year. The incremental surplus of Rs 377 crore in revenue account in 2006-07 along with an increase of Rs 1,911 crore under non-debt capital receipts accompanied with an increase of Rs 823 crore in capital expenditure and disbursement of loans and advances resulted in fiscal surplus of Rs 1,179 crore in 2006-07 from the fiscal deficit of Rs 286 crore in 2005-06.

1.2 Methodology adopted for the assessment of Fiscal position

The trends in the major fiscal aggregates of receipts and expenditure as emerging from the Statements of Finance Accounts have been analysed wherever necessary over the period of last five years and observations have been made on their behaviour. In its Restructuring Plan of State finances, Twelfth Finance Commission (TFC) recommended the norms/ceiling for some fiscal aggregates and also made normative projections for others. In addition, TFC also recommended that all States are required to enact the Fiscal Responsibility Acts and draw their fiscal correction path accordingly for the five year period (2005-06

to 2009-10) so that fiscal position of the States could be improved as committed in their respective FRBM Acts/Rules during medium to long term. The norms/Ceilings prescribed by the TFC as well as its projections for fiscal aggregates along with the commitments/projections made by the State Governments in their Fiscal Responsibility Acts and in other Statements required to be laid in the legislature under the Act are used to make qualitative assessment of the trends and pattern of major fiscal aggregates during the current year. Assuming that Gross State Domestic Product (GSDP) is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP at current market prices. The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure, etc. with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure, etc. are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The New GSDP series with 1993-94 as base (**Table 1.3**) as published by the Directorate of Economics and Statistics of the State Government have been used in estimating these percentages and buoyancy ratios.

Table 1.3: Gross State Domestic Product (GSDP) – Growth Trends

Estimates	2002-03	2003-04	2004-05	2005-06	2006-07
Gross State Domestic Product (GSDP) (Rupees in crore)	69,953	78,816	89,431	1,00,676	1,16,247
Rates of Growth GSDP (<i>per cent</i>)	9.71	13.16	13.47	12.57	15.47

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

Note: Figures for 2002-03 to 2004-05 are provisional estimates, for 2005-06 and 2006-07 quick and advance estimates.

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

The summarised financial position of the Government i.e. assets and liabilities, abstracts of receipts and disbursements for the year 2006-07, sources and application of funds and time series data is given in **Appendix II to V**.

1.2.1 The Haryana Fiscal Responsibility and Budget Management Act, 2005

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

reduction in fiscal deficit, prudent debt management consistent with fiscal sustainability, greater fiscal transparency in fiscal operation of the Government and conduct of fiscal policy in a medium term framework. The Act prescribes the following fiscal targets for the State Government:

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

Besides enactment of FRBM ACT, 2005 as per recommendations of 12th Finance Commission, the State Government adopted VAT System with effect from 1 April 2003 and introduced a New Contributory Pension Scheme with effect from 1 January 2006. The State Government did not avail of Ways and Means Advances and Over Draft since June 2002. A Resource Mobilisation Committee has been set up under the Chairmanship of the Chief Minister of the State to mop up additional revenue.

1.2.1.1 Fiscal Policy Statement(s) 2006-07

As prescribed in the Act, the State Government has laid *inter-alia* the following three statements of fiscal policy alongwith the Budget of the Government for 2006-07 before the legislature:

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

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

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

The targets framed in Mid-Term Fiscal Policy for the year 2006-07 for various variables alongwith projections made by the State Government in Fiscal Correction Path as well as by TFC are being used to present the comparative analysis of actual performance vis-à-vis targets and projections in **Table 1.4**.

Table 1.4

Fiscal forecasts	Projection in TFC	Projection as per MTFPS	Projection as per FCP	Actual	Percentage variation of actuals over		
					TFC	MTFPS	FCP
Own Tax Revenue	9,727	10,686	9,582	10,928	12.34	2.26	14.05
Own Non-Tax Revenue	1,573	3,061	1,981	4,590	191.80	49.95	131.70
Revenue Expenditure	-	13,618	14,067	16,362	-	20.15	16.31
NPRE	8,351	11,833	11,833	13,908	66.54	17.54	17.54
Capital Expenditure	-	2,221	1,527	2,428	-	9.32	59.00
Revenue Deficit (-)/ Surplus (+)	To be wiped out by 2008-09	RD to be 2.33 per cent of RR	(-) 320	(+)1,590	*	*	*
Fiscal Deficit (-)/ Surplus (+)	To reduce to not more than 3 per cent of GSDP by 2008-09	FD to be 1.78 Per cent of GSDP	(-) 1,848	(+)1,179	*	*	*
Consolidated Debt (including Guarantees)	31 per cent of GSDP by 2008-09	32,645	31,845	33,690 (29 per cent of GSDP)	-	3.20	5.79

* **There was revenue surplus and fiscal surplus during the current year.**

The State Government achieved revenue and fiscal surplus against the deficit targets envisaged in FCP and MTFPS for the year 2006-07. In fact, the State has achieved the fiscal targets laid down in FRBM Act, 2005 three years prior to the schedule envisaged in the Act. As a result, the State Government received debt relief of Rs 131.98 crore (including interest relief of Rs 35.31 crore) linked to its fiscal performance. The outstanding fiscal liabilities including guarantees at 29 per cent although marginally exceeded the 28 per cent of GSDP as envisaged in the Act to be achieved by 2009-10. Although resources mobilized by the State during 2006-07 exceeded the projections, but the non-plan revenue expenditure of the State during 2006-07 was higher by 67 per cent over the normative projection of TFC and by 17.5 per cent over the projections made by the State Government in Medium Term Fiscal Policy Statement for 2006-07 and in its Fiscal Correction Path.

1.3 Trends and composition of aggregate receipts

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

institutions/commercial banks) and loans and advances from GOI as well as accruals from Public Account. **Table-1.5** shows that the total receipts of the State Government for the year 2006-07 were Rs 28,897 crore. Of these, the revenue receipts were Rs 17,952 crore, constituting 62 per cent of total receipts. The balance came from capital receipts, borrowings, receipts from Contingency Fund and Public Account.

Table 1.5: Trends in Growth and Composition of Aggregate Receipts

(Rupees in crore)

Sources of State's Receipts	2002-03	2003-04	2004-05	2005-06	2006-07
I Revenue Receipts	8,657	9,843	11,149	13,853	17,952
II Capital Receipts	3,755	6,441	4,632	3,639	4,213
Recovery of Loans and Advances	106	156	157	290	2,201
Public Debt Receipts	3,649	6,285	4,475	3,349	2,012
Miscellaneous Capital Receipts	-	-	-	-	-
III Contingency Fund	-	-	-	-	-
IV Public Account Receipts	4,921	7,662	5,973	5,461	6,732
a. Small Savings, Provident Fund, etc.	1,001	1,000	1,040	1,166	1,245
b. Reserve Fund	135	177	196	244	280
c. Deposits and Advances	2,142	4,457	2,278	1,893	1,936
d. Suspense and Miscellaneous	(-) 124	194	628	(-) 349	197
e. Remittances	1,767	1,834	1,831	2,507	3,074
Total Receipts	17,333	23,946	21,754	22,953	28,897

The total receipts of the State Government increased by 67 per cent from Rs 17,333 crore in 2002-03 to Rs 28,897 crore in 2006-07, of which Revenue Receipts increased by 107 per cent from Rs 8,657 crore in 2002-03 to Rs 17,952 crore in 2006-07.

While non- debt receipts increased by 1,976 per cent from Rs 106 crore in 2002-03 to Rs 2,201 crore in 2006-07, the Public Account receipts increased by 37 per cent from Rs 4,921 crore in 2002-03 to Rs 6,732 crore in 2006-07. The debt capital receipts, which create future repayment obligations, decreased from Rs 3,649 crore in 2002-03 to Rs 2,012 crore in 2006-07, which was indicative of the improving fiscal position of the State. The recovery of loans and advances has improved by Rs 1,911 crore over previous year.

1.3.1 Revenue Receipts

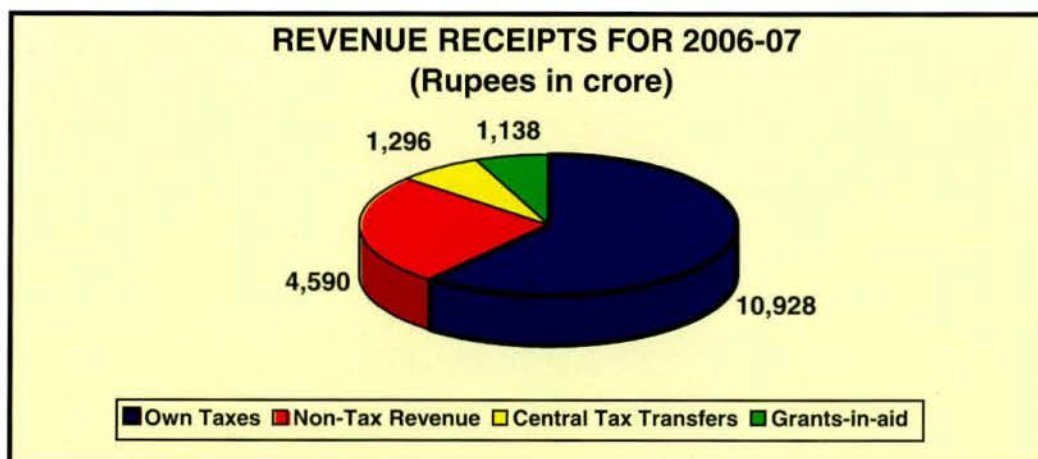
Statement 11 of the Finance Accounts details the revenue receipts of the Government. The Revenue Receipts consist of its own taxes and non-tax revenues, central tax transfers and grants-in-aid from Government of India. Overall revenue receipts, its annual rate of growth, ratio of these receipts to the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

Table 1.6: Revenue Receipts – Basic Parameters

	2002-03	2003-04	2004-05	2005-06	2006-07
Revenue Receipts (RR) (Rupees in crore)	8,657	9,843	11,149	13,853	17,952
Own taxes (<i>per cent</i>)	5,550(64)	6,348(64)	7,440(67)	9,079(65)	10,928(61)
Non-Tax Revenue (<i>per cent</i>)	1,808(21)	2,223(23)	2,544(23)	2,458(18)	4,590(26)
Central Tax Transfers (<i>per cent</i>)	756(9)	601(6)	619(5)	1,201(9)	1,296(7)
Grants-in-aid (<i>per cent</i>)	543(6)	671(7)	545(5)	1,115(8)	1,138(6)
Rate of Growth RR (<i>per cent</i>)	13.91	13.70	13.27	24.25	29.58
R R/GSDP (<i>per cent</i>)	12.42	12.48	12.47	13.76	15.44
Buoyancy Ratios¹					
Revenue Buoyancy w.r.t GSDP	1.434	1.042	0.985	1.929	1.913
State's Own Tax Buoyancy w.r.t GSDP	1.200	1.093	1.277	1.753	1.317
Revenue Buoyancy with reference to State's own taxes	1.194	0.953	0.772	1.101	1.452

General Trends

The revenue receipts of the State have shown an increasing trend over the period 2002-07 with on average 65 *per cent* share of its own taxes till 2005-06 which dipped to 61 *per cent* in the current year mainly on account of relatively significant increase in the share of non-tax revenue from 18 *per cent* in 2005-06 to 26 *per cent* during the current year. The sharp increase of about 30 *per cent* in revenue receipts during 2006-07 was mainly on account of an increase in State's own taxes (20 *per cent*) and non-tax revenue (87 *per cent*).



Tax Revenue

The Tax Revenue has increased by 20 *per cent* during the current year (Rs 10,928 crore) over previous year (Rs 9,079 crore). The revenue from sales taxes not only contributed the major share of tax revenue (63 *per cent*) but also increased by 22 *per cent* over the previous year. The value added tax (VAT)

¹ Buoyancy ratio indicates the elasticity or degree of responsiveness of a fiscal variable with respect to a given change in the base variable. For instance revenue buoyancy at 1.913 during 2006-07 implies that revenue receipts tend to increase by 1.913 percentage points if the GSDP increases by one *per cent*.

introduced in April 2003 had enhanced the buoyancy of sales tax revenue and generated higher collection of Rs 1,249 crore during 2006-07. **Table 1.7** below shows the trends in the composition of tax revenue of the State during 2002-07.

Table 1.7: Tax Revenue

	(Rupees in crore)				
	2002-03	2003-04	2004-05	2005-06	2006-07
Sales Tax	3,337	3,838	4,761	5,604	6,853
Taxes on goods and passengers	653	660	705	758	738
Stamps and Registration	541	696	727	1,340	1,765
State Excise	879	923	1,013	1,107	1,217
Taxes on Vehicles	114	132	140	172	224
Other Taxes *	26	99	94	98	131
Total	5,550	6,348	7,440	9,079	10,928

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

Non-Tax Revenue

The Non-Tax Revenue which constituted 26 *per cent* of total revenue receipts during 2006-07 increased by Rs 2,132 crore recording a growth rate of 87 *per cent* over previous year. The steep increase in non-tax revenue was mainly on account an increase of Rs 1,848 crore in receipts under the major head Urban Development due to more receipts on applications from investors for grant of licence for change of land use and increase in rate of fee and charges and recovery of outstanding dues from Haryana Urban Development Authority (HUDA) on account of services rendered by Urban Estate Department of the Government. As a result, the share of receipts under urban development has increased to 56 *per cent* (as compared to 29 *per cent* in 2005-06) followed by interest receipts (14 *per cent*) and Road Transport (12 *per cent*). The credit entry of debt waiver (Rs 96.97 crore) and interest relief of Rs 35.31 crore given by Government of India under DCRF as receipts from miscellaneous general services also led to an increase in non-tax revenue of the State. It may, however, also be noted that the high receipts of Rs 571.18 crore under transport during the year were offset by equally high expenditure of Rs 699.63 crore under Transport as Haryana does not have a Road Transport Corporation and the State buses are being run departmentally.

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

Table 1.8

	Assessments made by TFC	Projections by State Government in		Actuals
		(Rupees in crore)		
		MTFP	FCP	
Tax Revenue	9,727	10,686	9,582	10,928
Non-Tax Revenue	1,573	3,061	1,981	4,590

The State's own tax and non-tax revenue receipts exceeded both the assessments made by TFC as well as the projections made by the State Government in MTFPS and FCP for 2006-07. The steep increase in non-tax revenue relative to the projections was mainly on account of more receipts under Urban Development owing to increasing urbanization in the State.

Central Tax Transfers

The Central Tax transfers increased by Rs 95 crore over the previous year and constituted seven *per cent* of revenue receipts. The increase was mainly under corporation tax (Rs 67 crore), customs duties (Rs 34 crore) and service tax (Rs 39 crore) and partly offset by decrease in Union Excise duties (Rs 29 crore).

Grants-in-aid

The grants-in-aid from Government of India (GOI) increased from Rs 1,115 crore in 2005-06 to Rs 1,138 crore in the current year. The increase was mainly under State plan schemes (Rs 119 crore) and Centrally Sponsored Schemes (Rs 48 crore) which was partly offset by decrease in Non-Plan Grants (Rs 139 crore). Details of Grants-in-aid from GOI are given in **Table 1.9**.

Table No 1.9: Grants-in-aid from GOI

	(Rupees in crore)				
	2002-03	2003-04	2004-05	2005-06	2006-07
Grants for State plan schemes	214	338	201	511	630
Non- Plan grants	109	117	84	269	130
Grants for Central Schemes	17	61	7	10	5
Grants for Central and Centrally Sponsored Schemes	203	156	253	325	373
Total	543	672	545	1,115	1,138
Percentage of increase/decrease over previous year	5.85	23.76	(-) 18.90	104.59	2.06

Arrears of revenue

The arrears of revenue have increased by 178 *per cent* from Rs 577 crore in 2002-03 to Rs 1,602 crore² at the end of 2006-07. Of these, Rs 390 crore (24 *per cent*) were outstanding for a period of more than five years. Arrears were mainly in respect of taxes on sales, trade, etc. (Rs 1,269 crore), tax on entry of goods into local areas (Rs 122 crore), taxes and duties on electricity (Rs 90 crore) and State Excise (Rs 42 crore). Demands for Rs 398 crore were stayed by High Court, Judicial and other authorities. The deterioration in the position of collection of arrears of revenue needs attention and effective measures for their realisation.

² Figures are provisional as supplied by the State Government Departments.

1.4 Application of resources

1.4.1 Growth of Expenditure

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. Total expenditure of the State increased from Rs 10,234 crore in 2002-03 to Rs 18,975 crore in 2006-07. The total expenditure, its annual growth rate and ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in **Table 1.10**.

Table 1.10: Total Expenditure – Basic Parameters

	2002-03	2003-04	2004-05	2005-06	2006-07
Total Expenditure (TE) * (Rupees in crore)	10,234	12,932	12,512	14,429	18,975
Rate of Growth (<i>per cent</i>)	(-) 1.82 **	26.36	(-) 3.25	15.32	31.50
TE/GSDP ratio (<i>per cent</i>)	14.69	16.41	13.99	14.33	16.32
Revenue Receipts/TE ratio (<i>Per cent</i>)	84.59	76.11	89.11	96.00	94.61
Buoyancy of total expenditure with reference to					
GSDP (ratio)	(-) 0.187	2.003	(-) 0.241	1.219	2.036
Revenue Receipts (ratio)	(-) 0.131	1.924	(-) 0.245	0.632	1.065

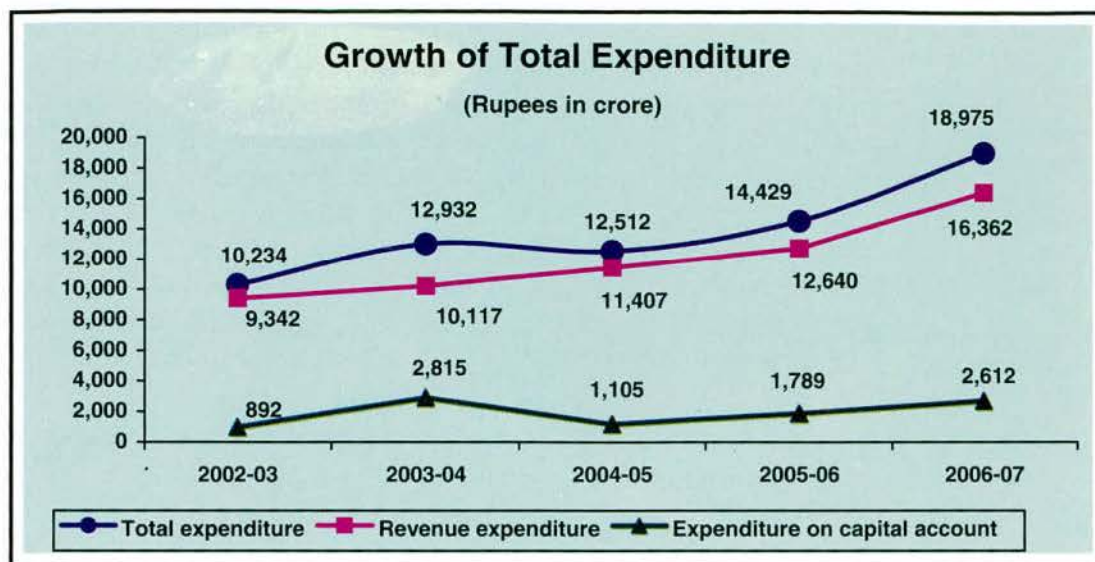
* **Total expenditure includes Revenue Expenditure, Capital Expenditure and Loans and Advances.**

** **Rate of growth of total expenditure was negative in 2002-03 and 2004-05.**

The total expenditure during the current year at Rs 18,975 crore has increased by Rs 4,546 crore (31 *per cent*) over previous year. Of the total increase, revenue expenditure contributed Rs 3,722 crore (82 *per cent*), capital expenditure shared Rs 816 crore (18 *per cent*) and remaining Rupees eight crore by loans and advances. The bifurcation of total expenditure into plan and non-plan expenditure revealed that the share of plan and non-plan expenditure was 26 *per cent* and 74 *per cent* respectively. The increase in total expenditure was mainly on account of increase in both capital expenditure (Rs 510 crore) and revenue expenditure (Rs 2,344 crore) on power projects during the year.

There was an upward trend in the ratio of revenue receipts to total expenditure from 85 *per cent* in 2002-03 to 95 *per cent* in 2006-07 with inter year variations indicating decreasing reliance on the borrowed funds and in 2006-07 the State's total expenditure was not only financed out of its non-debt receipts but it also resulted in a fiscal surplus of Rs 1,179 during the year. On the other hand ratio of total expenditure with GSDP indicated the upward trend from 14.69 *per cent* in 2002-03 to 16.32 *per cent* in 2006-07. The buoyancy of total expenditure with reference to GSDP and revenue receipts although widely fluctuated with negative ratio in 2002-03 and 2004-05 due to decline in total expenditure during these years but in the last two years it picked up and stood at 2.036 and 1.065 in 2006-

07 indicating increasing propensity of the Government to spend with the increase in GSDP and revenue receipts.



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

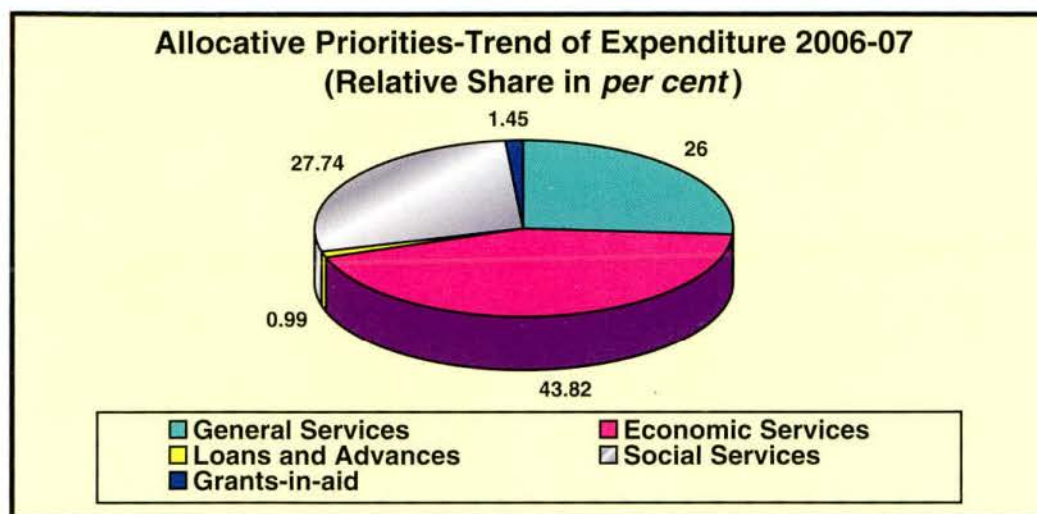
Trends in Total Expenditure by activities: In terms of the activities, total expenditure could be considered as being composed of expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. Relative share of these components in total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

Table 1.11: Components of expenditure – Relative Share

(In per cent)

	2002-03	2003-04	2004-05	2005-06	2006-07
General Services	39.47	34.29	39.61	32.31	26.00
Of which interest payments	19.01	16.34	17.86	14.55	11.94
Social Services	29.55	25.43	28.01	30.73	27.74
Economic Services	26.46	21.13	29.98	34.00	43.82
Grants-in-aid	0.06	0.37	0.73	1.73	1.45
Loans and Advances	4.46	18.78	1.67	1.23	0.99

The movement of relative share of the various components of expenditure indicated that while share of General Services including interest payment has declined from 39 per cent in 2002-03 to 26 per cent in 2006-07, the share of economic services has steeply increased from 26 per cent to 44 per cent during this period. The increase in share of economic services was mainly on account of steep increase in expenditure on the power projects. The shares of social services remained almost stable with minor inter year variations while the share of loans and advances consistently declined during the period with an exception of an unusual increase in 2003-04.



1.4.2 Incidence of revenue expenditure

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

Table 1.12: Revenue Expenditure—Basic Parameters

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Revenue Expenditure (RE)	9,342	10,117	11,407	12,640	16,362
Of which					
Non-plan Revenue Expenditure (NPRE)	8,293	8,993	9,954	10,625	13,908
Plan Revenue Expenditure (PRE)	1,049	1,124	1,453	2,015	2,454
Rate of Growth (<i>Per cent</i>)					
NPRE	7.93	8.30	12.75	10.81	29.45
PRE	11.18	8.44	10.69	6.74	30.90
	(-) 12.36	7.15	29.27	38.68	21.79
RE/TE (<i>per cent</i>)	91.28	78.23	91.17	87.60	86.23
NPRE/ GSDP (<i>Per cent</i>)	11.91	11.41	11.13	10.55	11.96
NPRE as <i>per cent</i> of TE	81.03	69.54	79.56	73.64	73.30
NPRE as <i>per cent</i> to RR	95.80	91.36	89.28	76.70	77.47
Buoyancy of Revenue expenditure with reference to					
GSDP (ratio)	0.817	0.631	0.947	0.860	1.904
Revenue Receipts (ratio)	0.570	0.606	0.961	0.445	0.996

Revenue expenditure of the State has consistently increased at an average rate of 15.6 *per cent* from Rs 9,342 crore in 2002-03 to Rs 16,362 crore in 2006-07. During the year 2006-07 the revenue expenditure increased by Rs 3,722 crore (29 *per cent*) over the previous year mainly due to more expenditure on Power (Rs 2,344 crore), General Education (Rs 293 crore), Roads and Bridges

(Rs 210 crore), Interest Payments (Rs 165 crore) and pensions and other retirement benefits (Rs 140 crore). The break up of revenue expenditure into NPRE and PRE has shown that while former increased by 31 *per cent* (Rs 3,283 crore), the latter by 22 *per cent* (Rs 439 crore) in 2006-07 over the previous year.

The non--plan revenue expenditure in 2005-06 and 2006-07 vis-à-vis assessment made by TFC and State Government for the year revealed that while NPRE was significantly higher than the normative assessment of TFC in both the years but it was lower than the State's projection in 2005-06. During the current year, NPRE was higher by little more than 17 *per cent* (Rs 2,075 crore) in 2006-07 over the projection in MTFPS/FCP due to steep enhancement in subsidies (Rs 2,369 crore) in power and energy sector.

Table 1.13

(Rupees in crore)

Year	Assessments made by TFC	Assessments made by State Government in MTFPS/Fiscal Correction Path	Actual NPRE
	(1)	(2)	(3)
2005-06	7,657	11,134	10,625
2006-07	8,351	11,833	13,908

Though the ratio of revenue expenditure to revenue receipts declined during 2002-07, the revenue expenditure continued to grow and the expenditure on salaries (Rs 4,153 crore), interest payments (Rs 2,265 crore), pensions (Rs 1,173 crore) and subsidy (Rs 3,852 crore) alone consumed 64 *per cent* of total revenue receipts of the State during 2006-07. The relatively higher buoyancy ratios of revenue expenditure with reference to GSDP and the revenue receipts especially in the current year indicate tendency of the Government to step up the current revenue expenditure.

1.4.3 Committed expenditure

1.4.3.1 Expenditure on Salaries

Table 1.14: Expenditure on Salaries

(Rupees in crore)

Heads	2002-03	2003-04	2004-05	2005-06	2006-07
Expenditure on Salaries	3,008.46	3,255.96	3,714.10	3,893.35	4,153.12
Of which					
Non-Plan Head	2,892.41	3,000.45	3,308.12	3,584.47	3,810.62
Plan Head	116.05	255.51	405.98	308.88	342.50
As <i>percent</i> of GSDP	4.32	4.13	4.15	3.86	3.57
As <i>percent</i> of Revenue Receipts	34.75	33.07	33.31	28.10	23.13

The trends in **Table 1.14** indicate that the expenditure on salaries increased by 38 *per cent* from Rs 3,008 crore in 2002-03 to Rs 4,153 crore in 2006-07. Expenditure on Salary both as percentage of GSDP and revenue receipts declined over the period 2002-07. Actual salary expenditure at Rs 4,153 crore in 2006-07 was, however, less than the projections in the State's Own Fiscal Correction Path

(Rs 4,274 crore) as well as of what was envisaged in Medium Term Fiscal Policy Statement of the State Government (Rs 4,190 crore). The total salary bill relative to revenue expenditure net of interest payments and pension was 32 *per cent* well within the norm of 35 *per cent* envisaged by the Twelfth Finance Commission.

1.4.3.2 Pension payments

Table 1.15: Expenditure on Pensions

(Rupees in crore)

Heads	2002-03	2003-04	2004-05	2005-06	2006-07
Expenditure on Pensions	745.91	765.70	901.93	1,033.13	1,173.32
As per cent of GSDP	1.07	0.97	1.01	1.03	1.01
As per cent of RR	8.62	7.78	8.09	7.46	6.54
As per cent of RE	7.98	7.57	7.91	8.17	7.17

Table 1.15 indicate that pension payments increased by 57 *per cent* from Rs 746 crore in 2002-03 to Rs 1,173 crore in 2006-07. The expenditure on pension payments at Rs 1,173 crore in 2006-07 was comparable with the projections made in the State's Own FCP/MTFPS, and higher by little more than 10 *per cent* than the normative assessment made by TFC for the year (Table 1.16).

Table 1.16: Pension Payments vis-à-vis Projections

(Rupees in crore)

	Assessments made by TFC	Assessments made by State Government in Fiscal Correction Path	Assessments made by State Government in MTFPS	Actual Expenditure on pensions
	(1)	(2)	(3)	(4)
Pension payments	1,059	1,151	1,113	1,173

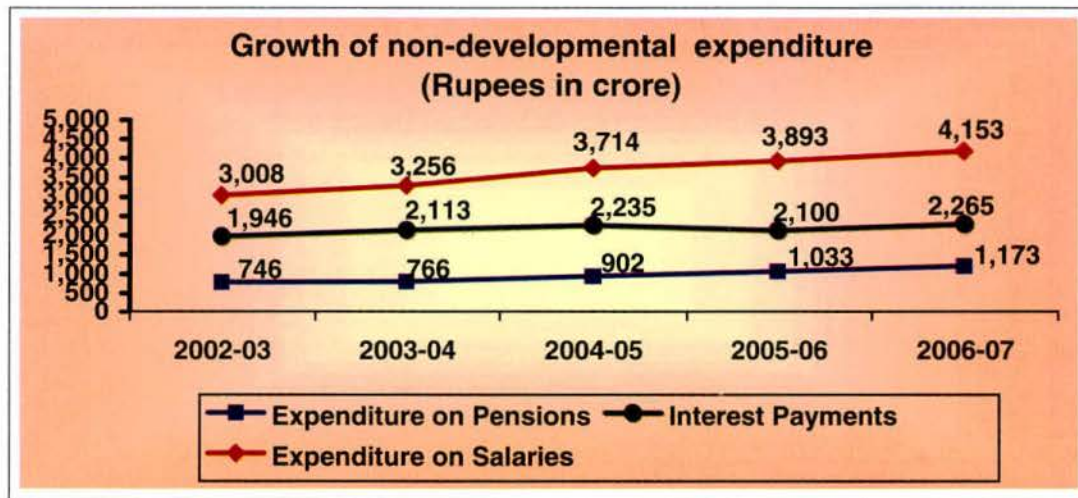
With the increase in the number of retirees, the pension liabilities are likely to increase further in future. To meet the increasing pension liabilities, a new Contributory Pension Scheme has been introduced by the State with effect from 1 January 2006.

1.4.3.3 Interest Payments

Table 1.17: Interest Payments

Year	Total revenue receipts	Interest Payments	Percentage of interest payments with reference to		
	(Rupees in crore)		Total Receipts	Revenue	Revenue Expenditure
2002-03	8,657	1,946	22	21	
2003-04	9,843	2,113	21	21	
2004-05	11,149	2,235	20	20	
2005-06	13,853	2,100	15	17	
2006-07	17,952	2,265	13	14	

The interest payments increased by 16 per cent from Rs 1,946 crore in 2002-03 to Rs 2,265 crore in 2006-07 but during the last four years these remained almost stable around an average of Rs 2,178 crore with minor inter year variations around this mean value. However, interest payment increased by eight per cent (Rs 165 crore) during the year over previous year due mainly to increase in the payment of interest on Internal Debt (Rs 185 crore) and Small Saving and Provident Fund (Rs 25 crore) offset by decrease in interest on Loans and Advances from Government of India (Rs 46 crore) on account of interest rate relief (Rs 35.31 crore) received by the State under DCRF. It was observed that interest payments as a percentage of revenue receipts had progressively decreased from 22 per cent in 2002-03 to 13 per cent in 2006-07 which is within the medium term target of 15 per cent of Revenue Receipts by 2009-10 envisaged by TFC. Moreover, interest payments at Rs 2,265 crore during 2006-07 were within the projections by the State in its FCP (Rs 2,400 crore) and Medium Term Fiscal Policy Statement (Rs 2,278 crore) for the year 2006-07.



1.4.3.4 Subsidies

State Government has been paying subsidies to the various Corporations, etc. The trends in the subsidies given by the State Government are given in **Table 1.18**.

Table 1.18: Subsidies

Year	Amount (Rupees in crore)	Percentage increase (+)/ decrease (-) over previous year	Percentage of subsidy in total expenditure
2002-03	883.52	3	9
2003-04	957.44	8	7
2004-05	1,156.97	21	9
2005-06	1,465.74	27	10
2006-07	3,852.45	163	20

Trends in **Table 1.18** indicate a steep rise in the payment of subsidies during 2006-07 over the previous year and constituted one fifth of the total expenditure. Out of total subsidies of Rs 3,852.45 crore, Rs 3,759.34 crore (98 per cent) were

for power and energy Sector, bulk of which was for rural electrification (Rs 1,544.37 crore), fuel surcharge adjustment (Rs 2,022.29 crore) and electricity arrear waiver scheme (Rs 188.76 crore). The actual expenditure on subsidy to power and energy sector was more than 2.5 times (Rs 3,759.34 crore) as against the projection of Rs 1,464.80 crore in State's own Fiscal Correction Path. The general subsidy at Rs 93.21 crore which is inclusive of the food subsidy of Rs 21.08 crore as recommended by the TFC also exceeds marginally by Rs 10.60 crore to the projection of Rs 82.61 crore in FCP for the year.

1.5 Expenditure by Allocative Priorities

1.5.1 Quality of Expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore ratio of capital expenditure to total expenditure as well as to GSDP and proportion of revenue expenditure being spent on running efficiently and effectively the existing social and economic services would determine the quality of expenditure. Higher the ratio of these components to total expenditure and GSDP better is the quality of expenditure. **Table 1.19** gives these ratios during 2002-07

Table 1.19: Indicators of Quality of expenditure

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Capital Expenditure	436	386	897	1,612	2,428
Revenue Expenditure, of Which	9,342	10,117	11,407	12,640	16,362
Social and Economic Service with	5,341	5,701	6,417	7,810	11,242
i) Salary component	2,271	2,464	2,813	2,928	3,123
ii) Non-Salary component	3,070	3,237	3,604	4,882	8,119
As per cent of total expenditure					
Capital Expenditure	4.26	2.98	7.17	11.17	12.80
Revenue Expenditure	91.28	78.23	91.17	87.60	86.23
As per cent of GSDP					
Capital Expenditure	0.62	0.49	1.00	1.60	2.09
Revenue Expenditure	13.41	12.84	12.75	12.55	14.08

Though, no norms for prioritisation of Capital Expenditure have been laid in the FRBM Act, the percentage of capital expenditure to total expenditure shows an increasing trend from 4.26 *per cent* in 2002-03 to 12.80 *per cent* in 2006-07. Relative to GSDP also, the capital expenditure reflects an increasing trend with inter year variations. Expenditure on non-salary component under revenue expenditure also consistently increased during 2002-07 and in the current year it was enhanced by 66 *per cent* over previous year from the level of Rs 4,882 crore in 2005-06. These trends indicate the improvement in the quality of expenditure and the impetus being given to asset formation by the State.

1.5.2 Expenditure on Social Services

Given the fact that the human development indicators such as access to basic education, health services and drinking water and sanitation facilities, etc. have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. **Table 1.20** summarises the expenditure incurred by the State Government in expanding and strengthening of Social Services in the State during 2002-07.

Table 1.20: Expenditure on Social Services

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Education, Sports, Art and Culture	1,455	1,541	1,681	1,993	2,330
Revenue Expenditure	1,447	1,536	1,675	1,970	2,292
Of which					
(a) Salary component	1,196	1,233	1,311	1,393	1,571
(b) Non-Salary component	251	303	364	577	721
Capital Expenditure	8	5	6	23	38
Of which General Education	1,427	1,508	1,651	1,957	2,287
Revenue Expenditure	1,419	1,503	1,645	1,934	2,249
Of which					
(a) Salary component	-	-	-	1,375	1,551
(b) Non-Salary component	-	-	-	569	698
Capital Expenditure	8	5	6	23	38
Health and Family Welfare	351	359	393	467	488
Revenue Expenditure	343	350	381	449	467
Of which					
(a) Salary component	255	268	290	307	326
(b) Non-Salary component	88	82	91	142	141
Capital Expenditure	8	9	12	18	21
Water Supply, Sanitation, Housing and Urban Development	562	691	644	865	1,128
Revenue Expenditure	367	421	385	484	556
Of which					
(a) Salary component	148	151	178	194	203
(b) Non-Salary component	219	270	207	290	353
Capital Expenditure	195	270	259	381	572
Other Social Services	656	699	787	1,109	1,318
Revenue Expenditure	652	689	777	1,092	1,300
Of which					
(a) Salary component	100	104	112	117	126
(b) Non-Salary component	552	585	665	975	1,174
Capital Expenditure	4	10	10	17	18
Total (Social Services)	3,024	3,290	3,505	4,435	5,264
Revenue Expenditure	2,809	2,996	3,218	3,996	4,615
Of which					
(a) Salary component	1,699	1,756	1,891	2,011	2,226
(b) Non-Salary component	1,110	1,240	1,327	1,985	2,389
Capital Expenditure	215	294	287	439	649

The expenditure on social sector increased from Rs 3,024 crore in 2002-03 to Rs 5,264 crore in 2006-07 with sharp increase in 2005-06 and the current year. These trends indicating the Government's increasing commitment to improve social well being of the society. Expenditure on Social Sector during current year (Rs 5,264 crore) accounted for 28 *per cent* of total expenditure and 39 *per cent* of developmental expenditure³. Of the total increase of Rs 829 crore on social services in 2006-07 over the previous year, expenditure on water supply and sanitation increased by Rs 263 crore (32 *per cent*) followed by on education by Rs 320 crore (40 *per cent*) and on health and family welfare by Rs 21 crore (2.5 *per cent*).

Recognising the need to improve the quality of education and health services, TFC recommended that the non-plan salary expenditure under education and health and family welfare should increase only by five to six *per cent* while non-salary expenditure under non-plan heads should increase by 30 *per cent* per annum during the award period. However, trends in expenditure (taking expenditure under both plan and non-plan heads) reveal that the salary component under education sector increased by 13 *per cent* over 2005-06 while non-salary component decreased by 25 *per cent*. Similarly under Health and Family Welfare sector, the salary component increased by six *per cent* but the non-salary component decreased by Rupees one crore in 2006-07 over the previous year. The expenditure pattern both in education and health services has not been as per the norms of the TFC which needs correction in the ensuing years.

1.5.3 Expenditure on Economic Services

The expenditure on economic services includes all such expenditures as to promote directly or indirectly, productive capacity within the States' economy. The expenditure on Economic Services (Rs 8,315 crore) accounted for 44 *per cent* of the total expenditure (Table 1.21). Of this, Agriculture and Allied activities, Irrigation and Flood Control, Energy and Transport consumed nearly 93 *per cent* of the expenditure.

Table 1.21: Expenditure on Economic Sector

	(Rupees in crore)				
	2002-03	2003-04	2004-05	2005-06	2006-07
Agriculture and Allied Activities	6	(-) 252	219	507	572
Revenue Expenditure	411	423	463	537	625
Of which					
(a) Salary component	235	243	262	273	307
(b) Non- Salary component	176	180	201	264	318
Capital Expenditure	(-) 405	(-) 675	(-) 244	(-) 30	(-) 53
Irrigation and Flood Control	703	641	709	966	1,108
Revenue Expenditure	475	417	446	497	552
Of which					
(a) Salary component	76	196	363	222	225
(b) Non- Salary component	399	221	83	275	327
Capital Expenditure	228	224	263	469	556

³ Development expenditure is defined as the total expenditure made on social and economic services.

	2002-03	2003-04	2004-05	2005-06	2006-07
Power and Energy	984	1,146	1,439	1,693	4,548
Revenue Expenditure	850	983	1,206	1,418	3,762
Of which					
(a) Salary component	-	1	1	*	2
(b) Non- Salary component	850	982	1,205	1,418	3,760
Capital Expenditure	134	163	233	275	786
Transport	809	993	1,132	1,276	1,535
Revenue Expenditure	593	683	840	915	1,156
Of which					
(a) Salary component	173	177	198	342	278
(b) Non- Salary component	420	506	642	573	878
Capital Expenditure	216	310	292	361	379
Other Economic Services	206	204	252	464	552
Revenue Expenditure	203	200	244	448	532
Of which					
(a) Salary component	88	91	98	79	85
(b) Non- Salary component	115	109	146	369	447
Capital Expenditure	3	4	8	16	20
Total (Economic Services)	2,708	2,732	3,751	4,906	8,315
Revenue Expenditure	2,532	2,706	3,199	3,815	6,627
Of which					
(a) Salary component	572	708	922	916	897
(b) Non- Salary component	1,960	1,998	2,277	2,899	5,730
Capital Expenditure	176	26	552	1,091	1,688

* Rs 0.13 crore only, which is below Rupees one crore.

The expenditure on Economic Sector during the year increased by 70 per cent (Rs 3,409 crore) over the previous year. The expenditure on Economic Services accounted for 44 per cent of the total expenditure of the State of which Revenue Expenditure accounted for 80 per cent with capital expenditure accounting for remaining 20 per cent. The steep increase in the expenditure on Economic Sector in the current year was predominantly on account of payment of subsidy amounting to Rs 3,759.34 crore for power and energy due to which non-salary component has also shown a jump of 165 per cent during the year in the sector and 98 per cent in economic services of the State. It is difficult to make a comment on the quality of expenditure on economic services due to a steep increase in subsidies to the power and energy sector.

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

The quantum of assistance provided by way of grants and loans to local bodies and other institutions during the five years period 2002-07 is presented in **Table 1.22**.

Table 1.22: Financial Assistance

	(Rupees in crore)				
	2002-03	2003-04	2004-05	2005-06	2006-07
Educational Institutions (Aided Schools, Aided Colleges, Universities, etc.)	190.14	242.31	72.91	244.06	247.53
Municipal Corporations and Municipalities	158.95	175.96	180.00	Nil*	125.63
Zila Parishads and Other Panchayati Raj Institutions	5.02	59.25	29.42	73.12	135.02
Development Agencies	116.82	114.68	121.28	303.31	231.93
Hospitals and other Charitable Institutions	16.26	10.55	22.32	25.28	20.32
Other Institutions	120.61	124.46	92.19	196.29	161.51
Total	607.80	727.21	518.12	842.06	921.94
Assistance as percentage of RE	7	7	5	7	6

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

Financial assistance to Local Bodies and Other institutions increased from Rs 607.80 crore in 2002-03 to Rs 921.94 crore in 2006-07 and ranged between five to seven *per cent* of revenue expenditure during the period 2002-07.

1.5.5 Delay in furnishing utilisation certificates

Of the 4,396 utilisation certificates (UCs) due in respect of grants and loans aggregating Rs 1,826.01 crore paid upto 2005-06, 2,981 UCs for an aggregate amount of Rs 1,311.39 crore were in arrears. Details of department-wise break up of outstanding UCs are given in *Appendix VII*.

1.5.6 Non-Submission of Accounts

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

The accounts of 76 bodies/authorities, which were received for the year 2005-06, attracted audit by Comptroller and Auditor General of India. All of these, 76 bodies/authorities, audit of which was due, were audited during 2006-07.

Three hundred and fifty annual accounts of 114 autonomous bodies/authorities for 2006-07 and earlier years had not been received as of July 2007 by the Accountant General (Audit). The details are given in *Appendix VIII*. Of these bodies/authorities, 22⁴ Municipal Committees and three⁵ Aided Colleges did not submit their accounts for five years or more.

⁴ Sr. No. 1 to 7, 9 to 17, 20, 28, 42, 43, 45 and 46 of *Appendix VII*.

⁵ Sr. No 88, 94 and 102 of *Appendix VII*.

1.5.7 Abstract of performance of the autonomous bodies

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

1.5.8 Non-furnishing of accounts of utilisation of grants

Out of 244 autonomous bodies to whom various Government departments released grants-in-aid of Rs 390.09 crore during the year 2006-07, as detailed in *Appendix X*, 220 did not render the accounts for the utilisation of grants to the concerned departments as of June 2007.

1.6 Misappropriation, losses, defalcations, etc.

The State Government reported 212 cases of misappropriations, defalcations, etc. involving Government money amounting to Rs 1.96 crore up to the period March 2007 on which final action was pending at the end of June 2007. The department-wise break up of pending cases is given in *Appendix XI (A&B)*.

1.6.1 Write off of losses, etc.

As reported to Audit, losses due to theft, fire and irrecoverable revenue, etc. in respect of Education Department amounting to Rs 2.34 lakh in two cases were written off during 2006-07 by competent authorities.

1.7 Assets and liabilities

In the Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. As per FRBM Act 2005, total liabilities consist of liabilities under the Consolidated Fund and Public Account of the State and also include borrowings by the Public Sector Undertakings and the special purpose vehicles and other equivalent instruments including guarantees where the principal and/or interest are to be serviced out of the State Budget. *Appendix II* gives an abstract of such liabilities and the assets as on 31 March 2007, compared with the corresponding position on 31 March 2006. While the liabilities in this consist mainly of internal borrowings, loans and advances from the GOI, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. *Appendix V* depicts the time series data on State Government finances for the period 2002-07.

Financial Results of Irrigation Works

Financial results of seven major irrigation projects with a capital outlay of Rs 1.34 crore at the end of March 2007 showed that revenue realised from these projects during 2006-07 (Rs 69.21 crore) was 20 per cent of the capital outlay. After meeting the working and maintenance expenditure (Rs 162.09 crore) and interest charges (Rs 17.83 crore), there was a loss of Rs 110.72 crore, which is 32 per cent of capital outlay on these projects.

1.7.1.1 Incomplete Projects

The department-wise information pertaining to incomplete projects as on 31 March 2007 is given in the **Table 1.23**.

Table 1.23: Department-wise profile of incomplete projects

(Rupees in crore)

Department	Number of Incomplete Projects	Initial Budgeted Cost	Actual expenditure as on 31 March 2007
Buildings and Roads	13	50.38	26.53
Irrigation	7	15.55	9.77
Total	20	65.93	36.30

The targeted dates of completion of these projects were between December 2005 and March 2007, but these were lying still incomplete. Even after their dates of completion were over, the sanctioned amount is also not fully utilised. Reasons for delay in completion of these projects were not intimated by the Departments.

1.7.2 Financial Analysis of Government Investments

1.7.2.1 Departmental Commercial Undertakings

Activities of quasi-commercial nature are performed by the departmental undertakings of certain Government departments. These undertakings are required to prepare annual *proforma* accounts in the prescribed format showing the results of financial operations so that the Government can assess the results of their working.

As of March 2007, there were six undertakings/schemes in which Government of Haryana had invested Rs 1,684.54 crore at the end of financial year upto which their accounts were completed. Department-wise position of arrears in preparation of proforma accounts and the investment made by the Government is given in **Appendix XII**.

1.7.2.2 Investments and returns

As of 31 March 2007, Government had invested Rs 3,058.05 crore in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives (**Table 1.24**). The investment increased from Rs 2,261.44 crore in 2005-06 to Rs 3,058.05 crore in 2006-07, their returns increased from Rs 1.92 crore to Rs 5.62 crore. The return on this investment was a meagre 0.06 to 0.24 per cent

during^{the} last five years, while the Government paid interest at the average rate of 8.49 to 10.33 *per cent* on its borrowings during 2002-07. Of these, one Statutory Corporation and 12 Government Companies with an aggregate investment of Rs 2,690.16 crore upto 2006-07 were incurring losses and their accumulated losses amounted to Rs 2,080.96 crore as per the accounts furnished by these companies upto 2006-07 (**Appendix XIII**). No reasons were intimated for losses in these companies. Uttar Haryana Bijli Vitran Nigam Limited, Dakshin Haryana Bijli Vitran Nigam Limited and Haryana Vidyut Prasaran Nigam Limited were major Government companies having accumulated losses of Rs 758 crore, Rs 601 crore and Rs 202 crore respectively. Thus, Government needs not only to invest the high cost borrowings more judiciously to get better results, but also consider disinvesting its equity in loss-making units.

Table 1.24: Return on Investment

Year	Investment at the end of the year	Return	Percentage of return	Weighted rate of interest ⁶ on Government borrowings	Difference between interest rate and return
	(Rupees in crore)			(Per cent)	
2002-03	3,067.25	1.73	0.06	10.33	10.27
2003-04	1,689.51	4.11	0.24	9.11	8.87
2004-05	1,861.34	2.35	0.13	8.49	8.36
2005-06	2,261.44	1.92	0.09	8.95	8.86
2006-07	3,058.05	5.62	0.18	9.20	9.02

1.7.2.3 Loans and Advances by State Government

In addition to investments in Co-operative Societies, Corporations and Companies, Government has also been providing loans and advances to many of these institutions/organisations. Total outstanding loans and advances as on 31 March 2007 was Rs 1,825 crore against outstanding amount of Rs 3,841 crore as on 31 March 2006. Reduction in outstanding loans and advances during the current year (Rs 2,012 crore) was mainly due to repayment of loans and advances of Rs 2,033.56 crore by the power and energy sector (**Table 1.25**). Interest received against the loans advanced although increased to five *per cent* during 2006-07 but it was mainly on account of a steep decline in outstanding loans and advances during the current year. This is still below the weighted rate of interest of 9.20 on Government borrowings during the current year. Out of Rs 185 crore advanced during 2006-07, Rs 150 crore were advanced to Government Servants and the balance of Rs 35 crore were advanced mainly for Industry and Mineral (Rs 24 crore), Energy (Rupees five crore) and Agriculture and Allied activities (Rupees five crore).

⁶ **Weighted Rate of Interest (I_w)** $I_w = \sum_i^n I_i W_i$, where I_i is the rate of interest on the i^{th} stock of debt and W_i is the share of i^{th} stock in the total debt stock of the State.

Table 1.25: Average Interest Received on Loans Advanced by the State Government

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
Opening Balance	1,279	1,630	3,903	3,954	3,841
Amount advanced during the year	457	2,429	208	177	185
Amount repaid during the year	106	156	157	290	2,201
Closing Balance	1,630	3,903	3,954	3,841	1,825
Net Addition (+) / Reduction (-)	350	2,273	51	(-) 113	(-) 2,016
Interest received	7	95	206	47	95
Interest received as <i>per cent</i> to outstanding Loans and Advances	0.43	2.43	5.21	1.22	5.20
Weighted rate of interest (in <i>per cent</i>) paid on borrowings by State Government	10.33	9.11	8.49	8.95	9.20
Difference between weighted interest paid and received (<i>per cent</i>)	9.90	6.68	3.28	7.73	4.00

1.7.3 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMA)-ordinary and special-from Reserve Bank of India has been put in place. The operative limit for Normal Ways and Means Advances is reckoned on the three year average of revenue receipts and the operative limit for Special Ways and Means Advances is fixed by Reserve Bank of India from time to time depending on the holding of Government securities. The limit was fixed at Rs 3,275.22 crore for special and Rs 295 crore for ordinary Ways and Means Advances during the year 2006-07. No Ways and Means Advances and Over Draft were availed of during 2004-05 to 2006-07.

Ways and Means Advances and Overdrafts availed, the number of occasions it was availed and interest paid by the State are detailed in **Table 1.26**.

Table 1.26: Ways and Means Advances and Overdrafts of the State

(Rupees in crore)

Ways and Means Advances	2002-03	2003-04	2004-05	2005-06	2006-07
Availed in the Year	633.97	238.98	-	-	-
Number of occasions	32	16	-	-	-
Outstanding WMAs, if any	-	-	-	-	-
Interest Paid	3.04	0.26	-	-	-
Number of days	50	27	-	-	-
Overdraft					
Availed in the Year	177.42	-	-	-	-
Number of occasions	21	-	-	-	-
Number of days	21	-	-	-	-
Interest Paid	0.79	-	-	-	-

The cash balances of the State Government at the end of current year increased by Rs 3,414 crore (91 *per cent*) from the level of Rs 3,733 crore in the previous year. The State Government's cash balance investment had increased

from Rs 3,979 crore in 2005-06 to Rs 7,138 crore at the end of current year. The State Government had invested Rs 6,407.02 crore in the GOI securities under cash balance Investment Account and earned an interest of Rs 302.12 crore.

1.8 Undischarged liabilities

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

1.8.1 Fiscal Liabilities

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

Table 1.27 gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

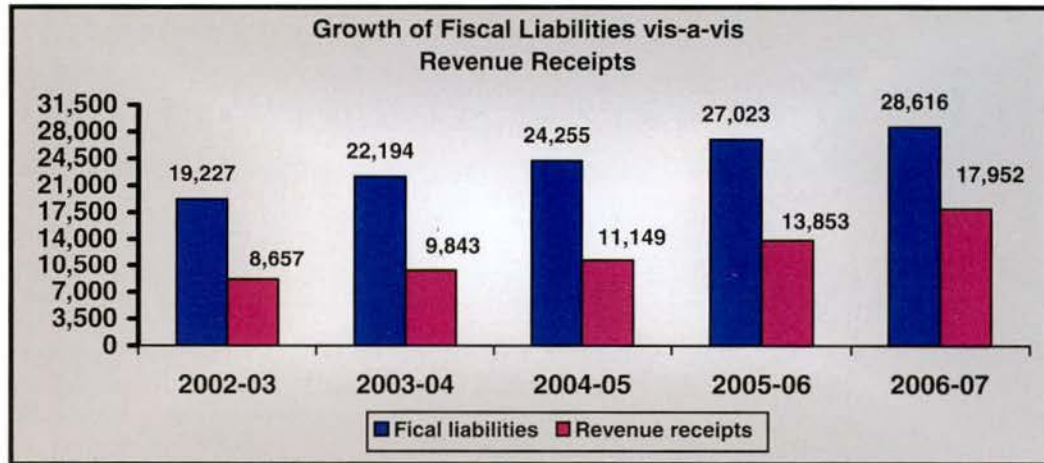
Table 1.27: Fiscal Liabilities–Basic Parameters

	2002-03	2003-04	2004-05	2005-06	2006-07
Fiscal Liabilities ⁷ (Rupees in crore)	19,227	22,194	24,255	27,023	28,616
Rate of Growth (<i>per cent</i>)	13.07	15.43	9.29	11.41	5.90
Ratio of fiscal liabilities to					
GSDP(<i>per cent</i>)	27.60	28.15	27.12	26.84	24.62
Revenue Receipts (<i>per cent</i>)	222.1	225.5	217.6	195.1	159.40
Own Resources (<i>per cent</i>)	261.3	258.9	242.9	234.2	184.39
Buoyancy of fiscal liabilities to					
GSDP (ratio)	1.347	1.173	0.689	0.908	0.381
Revenue Receipts (ratio)	0.940	0.538	0.70	0.470	0.199
Own Resources (ratio)	1.203	0.936	0.563	0.733	0.171

⁷ Includes internal debt (market loans, loans from NSSF and loans from other financial institutions), loans and advances for GOI, the liabilities arising from the transactions in the Public Account of the State.

Overall fiscal liabilities of the State increased from Rs 19,227 crore in 2002-03 to Rs 28,616 crore in 2006-07. The growth rate was 5.90 per cent during 2006-07 over previous year. The ratio of fiscal liabilities to GSDP also decreased from 27.60 per cent in 2002-03 to 24.62 per cent in 2006-07. These liabilities stood at 1.59 times the revenue receipts and 1.84 times of States own resources as at the end of 2006-07. Payment of interest on the fiscal liabilities was Rs 2,265 crore (eight per cent) during the year 2006-07.

The State Government set up a consolidated sinking fund during 2002-03. A sum equal to one per cent of the outstanding market borrowings as on 31 March of preceding year is deposited in the fund every year. As on 31 March 2007, the outstanding balance in the sinking fund was Rs 191.34 crore of current years. It is, however, pertinent to mention in this context that the Scheme of Sinking Fund was revised in 2006 to incorporate the recommendations of TFC relating to all loans (not just market borrowings) and State also needs to revise its scheme and enhance its contribution accordingly.



1.8.2 Status of Guarantees – Contingent liabilities

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

As per Statement 6 of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of year since 2002-03 is given in **Table 1.28**.

Table 1.28: Guarantees given by the Government of Haryana

(Rupees in crore)

Year	Maximum amount guaranteed	Outstanding amount of guarantees	Percentage of maximum amount guaranteed to total Revenue Receipts
2002-03	12,461	7,690	144
2003-04	9,457	5,907	96
2004-05	6,742	4,249	60
2005-06	8,448	5,644	61
2006-07	12,694	5,074	71

The maximum amount guaranteed by the State Government varied from Rs 6,742 crore to Rs 12,694 crore during 2004-05 to 2006-07. Outstanding amount of Rs 5,074 crore of guarantees as on 31 March 2007 was in respect of Corporations and Boards (Rs 76 crore), Government Companies (Rs 3,172 crore), Co-operative Banks and Societies (Rs 1,818 crore), Statutory and Municipal Corporations, Townships and other Local Bodies (Rs 8 crore). No law under Article 293 of the Constitution has been passed by the State Legislature laying down the limit within which Government may give guarantee on the security of Consolidated Fund of State.

The State Government has constituted Guarantee Redemption Fund during 2003-04 to meet the contingent liabilities arising out of the total liabilities. As per the terms of the Guarantee Redemption Fund, the State Government was required to contribute an amount equal at least to 1/5th of the outstanding invoked guarantees plus an amount likely to be invoked as a result of the incremental guarantees during the year. State Government had invested only an amount of Rs 48.67 crore as on 31 March 2007 against the requirement of Rs 1,015 crore, which was only one *per cent* of total outstanding contingent liabilities. The outstanding guarantees at Rs 5,074 crore as on 31 March 2007 were significantly higher than the projection of Rs 3,799 crore given in the State's Fiscal Correction Path for the year.

1.9 Debt Sustainability

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

1.9.1 Debt Stabilization

A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. Trends in fiscal variables indicating the progress towards the debt stabilization are indicated in **Table 1.29**.

Table 1.29: Debt Sustainability – Interest Rate and GSDP Growth

(In per cent)

	2002-03	2003-04	2004-05	2005-06	2006-07
Weighted Interest Rate	10.33	9.11	8.49	8.95	9.20
GSDP Growth	9.71	13.16	13.47	12.57	15.47
Interest spread	(-) 0.62	4.05	4.98	3.62	6.27
Quantum Spread (Rs Crore)	(-) 105	779	1,105	878	1,694
Primary Deficit (-)/ Surplus (+) (Rupees in crore)	(+) 475	(-) 820	(+) 1,029	(+) 1,814	(+) 3,444

Table 1.29 reveals that quantum spread together with primary deficit remained positive during the period 2002-07 except in a year 2003-04. The debt-GSDP ratio, as a result, after a slight increase in 2003-04, consistently declined thereafter. The emergence of increasing positive sum of quantum spread and primary deficit since 2003-04 indicates that the State was moving towards debt stabilization and consolidation.

1.9.2 Sufficiency of Non-debt Receipts

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. The debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest burden and the incremental primary expenditure. **Table 1.30** indicates the resource gap as defined for the period 2002-07.

Table 1.30: Incremental Revenue Receipts and Revenue Expenditure

(Rupees in crore)

Period	Incremental			Total Expenditure	Resource Gap
	Non-Debt Receipts	Primary Expenditure	Interest Payments		
2002-03	1,078	132	322	(-) 190	1,268
2003-04	1,236	2,531	167	2,698	(-) 1,462
2004-05	1,307	(-) 542	122	(-) 420	1,727
2005-06	2,837	2,052	(-) 135	1,917	920
2006-07	6,010	4,381	165	4,546	1,464

The persistent negative resource gap indicates the non-sustainability of debt while the positive resource gap strengthens the capacity of the State to sustain the debt. During the period 2002-07, except in the year 2003-04, the positive resource gap indicates towards the increasing capacity of the State to sustain the debt in the medium to long run.

1.9.3 Net Availability of Funds

The debt sustainability of the State also depends on (i) the ratio of the debt redemption (Principal + Interest Payments) to total debt receipts and (ii) application of available borrowed funds. The ratio of debt redemption to debt receipts indicates the extent to which the debt receipts are used in debt redemption

indicating the net availability of borrowed funds. The solution to the Government debt problem lies in application of borrowed funds, i.e. these are (a) not being used for financing revenue expenditure; and (b) being used efficiently and productively for capital expenditure which either provides returns directly or results in increased productivity of the economy in general which may result in increase in Government revenue.

Table 1.31 gives the position of the receipt and repayment of internal debt and other fiscal liabilities of the State as well as the net availability of the borrowed funds over the last five years.

Table 1.31: Net Availability of Borrowed Funds

(Rupees in crore)

Internal Debt	2002-03	2003-04	2004-05	2005-06	2006-07
Receipts	3,400	5,864	4,178	3,309	1,990
Repayments (Principal + Interest)	1,935	2,820	2,687	2,462	2,652
Net Funds Available	1,465	3,044	1,491	847	(-) 662
Net Funds Available (<i>per cent</i>)	43	52	36	26	(-) 33
Loans and Advances from GOI					
Receipts	249	421	296	40	22
Repayments (Principal + Interest)	947	2,684	2,163	310	265
Net Funds Available	(-) 698	(-) 2,263	(-) 1,867	(-) 270	(-) 243
Net Funds Available (<i>per cent</i>)	(-) 280	(-) 538	(-) 631	(-) 675	(-) 1,105
Other Obligations					
Receipts	2,249	4,563	2,384	2,337	2,160
Repayments (Principal + Interest)	2,097	8,384	2,067	2,166	2,292
Net Funds Available	152	(-) 3,821	317	171	(-) 132
Net Funds Available (<i>per cent</i>)	7	(-) 84	13	7	(-) 6
Total liabilities					
Receipts	5,898	10,848	6,858	5,686	4,172
Repayments (Principal + Interest)	4,979	13,888	6,917	4,938	5,209
Net Funds Available	919	(-) 3,040	(-) 59	748	(-) 1,037
Net Funds Available (<i>per cent</i>)	16	(-) 28	(-) 1	13	(-) 25

The net funds available on account of internal debt and loans and advances from Government of India and other obligations after providing for the interest and repayments of the principal declined from 13 *per cent* in 2005-06 to (-) 25 *per cent* indicating excess payments over the receipts during the year. The State Government did not raise market loans during the current year but receipts of Rs 1,990 crore under the internal debt were mainly on account of securities issued to NSSF (Rs 1,176 crore), loans from SBI (Rs 450 crore) and NABARD (Rs 192 crore). Against these receipts, Government discharged the past debt obligations (principal plus interest) amounting to Rs 2,652 crore resulting in negative net funds available under the debt account.

During the current year the Government repaid Government of India loans including interests amounting to Rs 265 crore⁸ and also discharged other obligations of Rs 2,292 crore along with interest obligations which were less than the total receipts resulting in negative net availability funds during the year.

⁸ Includes debt waiver and interest rate relief of Rs 131.98 crore received from Government of India under Debt Consolidation and Relief Facility relating to States.

During 2006-07, in view of the large cash balances, the focus of the Government seems to be on discharging the past debt obligations both on account of principal and interest payment on loans raised from the market as well as from the Government of India.

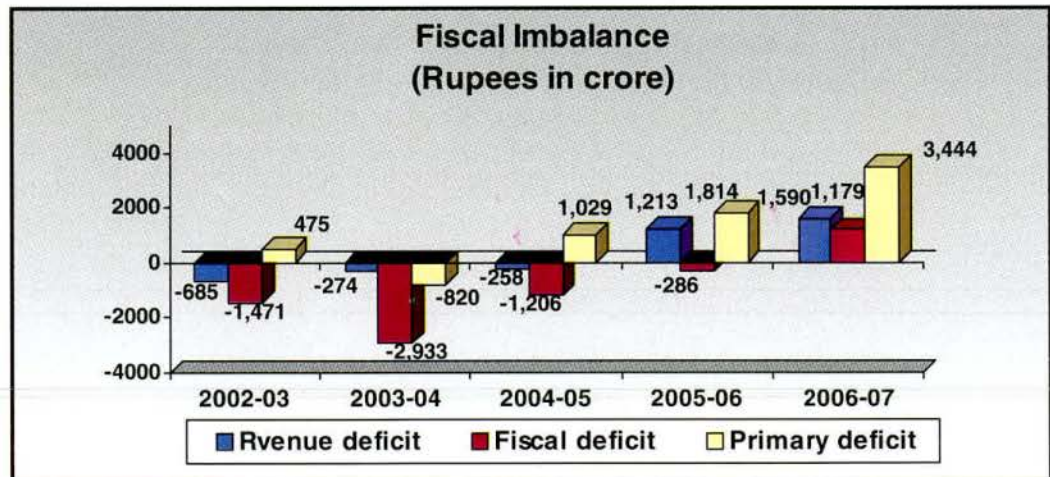
1.10 Management of deficits

The deficit in the Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied are important pointers to the fiscal health. The trends in fiscal parameters depicting the position of fiscal equilibrium in the State are presented in **Table 1.32**.

Table 1.32: Fiscal Imbalances – Basic Parameters

Parameters	(Rupees in crore)				
	2002-03	2003-04	2004-05	2005-06	2006-07
Revenue Deficit (RD)(-)/ surplus (+)	(-) 685	(-) 274	(-) 258	(+) 1,213	(+)1,590
Fiscal Deficit (-) / Surplus (+)	(-) 1,471	(-) 2,933	(-) 1,206	(-) 286	(+)1,179
Primary Deficit (PD) (-)/ Surplus (+)	(+) 475	(-) 820	(+) 1,029	(+) 1,814	(+)3,444
RD/GSDP (per cent)	(-) 0.983	(-) 0.347	(-) 0.288	(+) 1.204	(+)1.367
FD/GSDP (per cent)	(-) 2.111	(-) 3.721	(-) 1.348	(-) 0.284	(+)1.014
PD/GSDP (per cent)	(+) 0.681	(-) 1.040	(+) 1.150	(+) 1.801	(+) 2.962
RD/FD (per cent)	(+) 46.57	(+) 9.34	(+) 21.39	*	(+)134.86

* There was Revenue Surplus during 2005-06.



1.10.1 Trends in Deficits

Table 1.32 reveals that the revenue account experienced a consistent improvement in term of declining deficit during the period 2002-05 turning into a huge surplus of Rs 1,213 crore during 2005-06 which increased to Rs 1,590 crore in the current year. An improvement in the revenue surplus of Rs 377 crore during

the current year was mainly on account of increase of Rs 4,099 (30 *per cent*) in revenue receipts during 2006-07 against an increase of Rs 3,722 crore (29 *per cent*) in revenue expenditure over the previous year. The sharp increase in revenue receipts during 2006-07 was mainly on account of increase of collections under sale taxes (Rs 1,249 crore) as well as stamps and registration (Rs 425 crore) and increase in receipts under the head urban development (Rs 1,848 crore) followed by interest receipts (Rs 207 crore). The enhanced revenue receipts were able to improve the revenue surplus despite the step up of non-plan and plan revenue expenditure by 31 and 22 *per cent* respectively during 2006-07 over the previous year.

The fiscal deficit, which represents the total borrowing of the Government and its total resource gap, turned into a surplus of Rs 1,179 crore in 2006-07 from the marginal deficit of Rs 286 crore in 2005-06. The incremental surplus of Rs 377 crore in revenue account in 2006-07 along with an increase of recovery of loans and advances by Rs 1,911 crore largely from the power projects resulted in fiscal surplus of Rs 1,179 crore in 2006-07 despite an increase of Rs 823 crore in capital expenditure and disbursement of loans and advances.

The primary deficit⁹ except in the year 2003-04 remained surplus during the period 2002-07. A fiscal surplus of Rs 1,179 crore along with an increase of Rs 165 crore in interest payments resulted into steep increase of Rs 1,630 crore in primary surplus during 2006-07 from the level of Rs 1,814 crore in 2005-06.

1.10.2 Quality of Deficit/Surplus

The ratio of RD to FD and the decomposition of Primary deficit into primary revenue deficit¹⁰ and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. The ratio of RD to FD declined from 47 *per cent* in 2002-03 to 21 *per cent* in 2004-05 and thereafter the revenue account turned into surplus and revenue surplus was 135 *per cent* of the fiscal surplus attained during 2006-07. This trajectory shows a consistent improvement in the quality of the deficit during 2006-07 as the borrowed funds were used in activities resulting in expansion in the asset backup of the State.

The bifurcation of the factors resulting in primary deficit or surplus of the State during the period 2002-07 reveals (**Table 1.33**) that the State has not only experienced the primary revenue surplus throughout this period but it increased significantly from Rs 1,367 crore in 2002-03 to Rs 6,056 crore in 2006-07. In other words, non-debt receipts of the State were not only enough to meet the

⁹ Primary deficit defined as the fiscal deficit net of interest payments indicates the extent of deficit which is an outcome of the fiscal transactions of the States during the course of the year.

¹⁰ Primary revenue deficit defined as gap between non-interest revenue expenditure of the State and its non-debt receipts indicates the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.

primary expenditure¹¹ requirements in the revenue account but rather left some receipts to meet the expenditure under the capital account. It was only in 2003-04, the State experienced the primary deficit when total non-debt receipts fell short of the total primary expenditure. This indicates that the State has met its primary expenditure requirement out its non-debt receipts and borrowed funds were largely used to meet its past debt obligations.

Table 1.33: Primary deficit/surplus-Bifurcation of factors

(Rupees in crore)

Year	Non-debt receipts	Primary revenue expenditure	Capital expenditure	Loans and Advances	Primary Expenditure	Primary Revenue deficit (-) / surplus (+)	Primary deficit(-) /surplus (+)
1	2	3	4	5	6(3+4+5)	7 (2-3)	8 (2-6)
2002-03	8,763	7,396	436	456	8,288	(+) 1,367	(+) 475
2003-04	9,999	8,004	386	2,429	10,819	(+) 1,995	(-) 820
2004-05	11,306	9,172	897	208	10,277	(+) 2,134	(+) 1,029
2005-06	14,143	10,540	1,612	177	12,329	(+) 3,603	(+) 1,814
2006-07	20,153	14,096	2,428	185	16,709	(+) 6,057	(+) 3,444

1.11 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. **Table 1.34** below presents a summarized position of Government finances during 2002-07, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their applications, highlights areas of concern and captures its important facts.

Table 1.34: Indicators of Fiscal Health

(In per cent)

Fiscal Indicators	2002-03	2003-04	2004-05	2005-06	2006-07
Resource Mobilisation					
Revenue Receipts/GSDP	12.42	12.48	12.47	13.76	15.44
Revenue Buoyancy	1.434	1.042	0.985	1.929	1.913
Own Tax/GSDP	7.25	8.05	8.31	9.01	9.40
Expenditure Management					
Total Expenditure/GSDP	14.69	16.41	13.99	14.33	16.32
Total Expenditure/Revenue Receipts	118.22	131.38	112.23	104.16	105.70
Revenue Expenditure/Total Expenditure	91.28	78.23	91.17	87.60	86.23
Salary expenditure on Social and Economic Services/ Revenue Expenditure	23.24	24.36	24.66	23.16	19.09
Non-Salary expenditure on Social and Economic Services/ Revenue Expenditure	32.86	32.01	30.72	38.64	49.62
Capital Expenditure/Total Expenditure	4.26	2.99	7.17	11.17	12.80
Capital expenditure on Social and Economic Services/ Total Expenditure	3.82	2.47	6.71	10.60	12.32

¹¹ Primary expenditure of the State defined as the total expenditure net of the interest payments indicates the expenditure incurred on the transactions undertaken during the year.

Fiscal Indicators	2002-03	2003-04	2004-05	2005-06	2006-07
Buoyancy of TE with RR	(-) 0.131	1.924	(-) 0.245	0.632	1.065
Buoyancy of RE with RR	0.570	0.606	0.961	0.445	0.996
Management of Fiscal Imbalances					
Revenue deficit (-)/Surplus (+) (Rs in crore)	(-) 685	(-) 274	(-) 258	(+) 1,213	1,590
Fiscal deficit (-)/Surplus (+) (Rs in crore)	(-) 1,471	(-) 2,933	(-) 1,206	(-) 286	(+) 1,179
Primary Deficit (-)/Surplus (+) (Rs in crore)	(+) 475	(-) 820	(+)1,029	(+) 1,814	(+) 3,444
Revenue Deficit/Fiscal Deficit	(+) 46.57	(+) 9.34	(+) 21.39	(-) 424.12	(+) 134.86
Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	27.60	28.15	27.12	26.84	24.62
Fiscal Liabilities/RR	222.1	225.5	217.6	195.1	159.40
Buoyancy of FL with RR	0.940	0.538	0.70	0.470	0.199
Buoyancy of FL with own Receipt	1.203	0.936	0.563	0.733	0.171
Primary deficit vis-à-vis quantum spread (Ratio)	(-) 5	(-) 1	1	2	2
Net Fund Available	16	(-) 28	(-) 1	13	(-) 25
Other Fiscal Health Indicators					
Return on Investment	1.73	4.11	2.35	1.92	5.62
Balance from Current Revenue (Rs in crore)	70	326	786	2,424	3,087
Financial Assets/Liabilities	0.67	0.71	0.72	0.79	0.86

The ratios of revenue receipts and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of the revenue receipts indicates the nature of the tax regime and the State's increasing access to resources. Revenue receipts are comprised not only of the tax and non-tax resources of the State but also the transfers from Union Government. The ratio of revenue receipts to GSDP during the current year is 15.44 *per cent*; an increase of 1.68 percentage points over previous year. During 2002-07, the ratio of own taxes to GSDP showed continued improvement indicating reforms in tax laws and procedures especially in sales tax (implementation of VAT since April 2003) resulting in higher degree of compliance and collections during the period.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resource mobilisation efforts. The revenue expenditure as a percentage to total expenditure indicates overall declining during the period 2002-07. Increasing reliance on revenue receipts to finance the total expenditure which amounts to 95 *per cent* during 2006-07 indicates decreasing dependence on borrowed funds. The total expenditure during 2006-07 was met out of non-debt receipts of the State (revenue receipts plus miscellaneous capital receipts) and also resulted in fiscal surplus during the year. This is also reflected by the decreasing ratio of financial liabilities to revenue receipts. Increasing proportion of capital expenditure in the total expenditure also indicates improvement in both developmental and quality of expenditure which is also reflected by the increasing asset back of the financial liabilities during the period 2002-07.

A consistent improvement in fiscal position of the State viewed in terms of fiscal parameters - revenue, fiscal and primary deficit/surplus—along with positive Balance from Current Revenue are pointers of fiscal stability and sustainability of State during the period. The low return on the Government

investments vis-à-vis the cost of the borrowed funds still continued to be a cause of concern.

1.12 Conclusion

The fiscal position of the State viewed in terms of the trends in fiscal parameters-revenue, fiscal and primary deficit/surplus has shown consistent improvement during the period 2002-07. The emergence of fiscal surplus along with surplus in revenue account and a steep increase in primary surplus during 2006-07 indicates the robust fiscal health of the State. However further analysis reveals that fiscal surplus during the current year was mainly on account of a significant recovery of loans (Rs 2,034 crore) from the power projects which in turn resulted in the enhancement of non-debt receipts of the State by Rs 1,911 crore during the year. The pattern of expenditure of the State also indicates that expenditure on salaries, pensions, interest payments and subsidies amounted to 70 *per cent* of total revenue expenditure leaving relatively less resources for effective delivery and expansion of social and economic services. Moreover, a steep increase of Rs 2,387 crore in the subsidies was observed during 2006-07 thereby increasing the total expenditure on subsidies to Rs 3,852.45 crore. Out of total subsidies 98 *per cent* (Rs 3,759.34 crore) were for power and energy Sector which was more than 2.5 times against the State's own projection of Rs 1,464.80 crore in Fiscal Correction Path for 2006-07. Similarly, although expenditure under capital head has increased by Rs 816 crore during 2006-07 over the previous year but major proportion (62 *per cent*) of the incremental capital expenditure was in the form of investment in equity shares of various power corporations. The investments in statutory corporations, joint stock companies and co-operatives increased by 35 *per cent* during the year 2006-07 over the previous year, but the returns on these investments was negligible (less than one *per cent*) vis-à-vis the higher cost of the borrowed funds putting directly or indirectly the strain on the fiscal budget of the State and therefore continued to be a cause of concern.

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

CHAPTER – II

ALLOCATIVE PRIORITIES AND APPROPRIATION

2.1 Introduction

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

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2006-07 against 26 grants/appropriations was as follows:

Nature of expenditure		Original grants/ appropriations	Supplementary grants/ appropriations	Total	Actual expenditure	Saving(-) / Excess(+)
(Rupees in crore)						
Voted	I. Revenue	11,775.15	2,670.93	14,446.08	14,147.31	(-) 298.77
	II. Capital	2,914.04	441.46	3,355.50	3,428.04	(+) 72.54
	III. Loans and Advances	185.73	6.34	192.07	185.15	(-) 6.92
Total Voted		14,874.92	3,118.73	17,993.65	17,760.50	(-) 233.15
Charged	IV. Revenue	2,478.03	4.56	2,482.59	2,347.00	(-) 135.59
	V Capital	9.00	-	9.00	21.06	(+) 12.06
	VI Public Debt	1,797.79	-	1,797.79	1,113.77	(-) 684.02
Total Charged		4,284.82	4.56	4,289.38	3,481.83	(-) 807.55
Grand Total		19,159.74	3,123.29	22,283.03	21,242.33	(-) 1,040.70

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under revenue heads (Rs 132.16 crore) and Capital Heads (Rs 1,021.93 crore).

The overall saving of Rs 1,040.70 crore was the net result of saving of Rs 1,657.44 crore (43 cases) of 26 grants/appropriations offset by excess of Rs 616.74 crore in nine cases of seven grants/appropriations.

Supplementary provisions of Rs 3,123.29 crore obtained during the year which constituted 16 per cent of the original provision as against four per cent in the previous year.

- Genuineness of expenditure of Rs 3.67 crore drawn on 37 Abstract Contingent (AC) bills during 2004-05 (18 AC bills for Rs 0.42 crore) 2005-06 (11 AC bills for Rs 0.24 crore) and 2006-07 (8 AC bills for Rs 3.01 crore) could not be verified as Detailed Contingent bills were not submitted (July 2007).
- Similarly, Rs 3.67 crore drawn on 37 vouchers could not be verified as the vouchers in support of amounts drawn were not submitted.

2.3 Appropriation by allocative priorities

2.3.1 Grants where there were substantial savings

Grant Number 14-Food and Supplies

(Rupees in crore)

Capital (Voted)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	1,278.57	1,278.57	932.92	345.65
Supplementary	Nil			

Savings occurred mainly due to less purchase of wheat under Food Storage and Warehousing (Grain Supply Scheme).

Grant Number 6-Finance

(Rupees in crore)

Revenue (Charged)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	2,451.18	2,451.18	2,316.06	135.12
Supplementary	Nil			

Savings were mainly due to less payment of interest owing to less receipt of loans from State Bank of India, other banks and NABARD and also owing to lower rate of interest fixed by Reserve Bank of India and not availing of market borrowings.

Grant Number 15-Irrigation

(Rupees in crore)

Revenue (Voted)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	2,271.88	4,433.03	4,303.66	129.37
Supplementary	2,161.15			

Savings were mainly due to booking of expenditure under establishment on prorata basis.

Grant Number 11-Urban Development

(Rupees in crore)

Revenue (Voted)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	168.88	199.96	144.66	55.30
Supplementary	31.08			

Savings were mainly due to non-release of grants-in-aid by Government of India for Urban Infrastructure Development Scheme for Small and Medium Towns, Jawahar Lal Nehru National Urban Renewal Mission, Integrated Development of Small and Medium Towns, etc.

Grant Number 9-Education

(Rupees in crore)

Revenue (Voted)		Total (Original + Supplementary)	Actual expenditure	Saving
Original	2,323.05	2,346.00	2,292.08	53.92
Supplementary	22.95			

Savings were mainly due to keeping of posts vacant in primary and middle school classes, receipt of less medical reimbursement claims of employees, etc.

2.3.2 Substantial saving

In 26 cases, expenditure fell short by more than Rs 10 crore in each case and also by more than 10 per cent of the original provision as indicated in *Appendix XIV*. In seven cases, the entire provision totalling Rs 277.87 crore remained unutilised.

2.3.3 Persistent savings

In three cases, there was persistent savings of Rs 10 lakh and more and 10 per cent and more of the provisions in the last three years. Details are given below:

Sr. No.	Number and name of grants/appropriations	Percentage of saving to total provision (amount of savings - Rupees in crore)		
		2004-05	2005-06	2006-07
Revenue (Voted)				
1.	12-Labour and Employment	34 (38.01)	49 (96.01)	17 (21.87)
2.	18-Animal Husbandry	13 (18.28)	13 (19.85)	11 (18.45)
Capital (Charged)				
3.	Public debt	40 (2,005.86)	30 (475.43)	38 (684.02)

Persistent savings indicated inappropriate budget assumptions.

2.3.4 Unsurrendered Savings

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

However, in 12 cases, against the available savings of Rs 468.14 crore, only Rs 322.77 crore were surrendered leaving savings of Rs 145.37 crore

¹ Sr. No. 2, 8, 18, 19, 22, 25 and 26 of *Appendix XIV*.

unsurrendered as given below:

Sr. No.	Name of the grants/ appropriations	Saving	Surrender	Saving remained un-surrendered
		(Rupees in crore)		
Revenue (Voted)				
1.	2-General Administration	3.51	2.30	1.21
2.	9-Education	53.93	50.34	3.59
3.	10-Medical and Public Health	50.03	46.30	3.73
4.	12-Labour and Employment	21.87	19.30	2.57
5.	15-Irrigation	129.37	24.55	104.82
6.	17-Agriculture	34.79	27.55	7.24
7.	18-Animal Husbandry	18.45	17.66	0.79
8.	21-Community Development	1.96	0.27	1.69
9.	23-Transport	7.25	5.12	2.13
Capital (Voted)				
10.	25-Loans and Advances by State Government	6.92	3.47	3.45
Revenue (Charged)				
11.	6-Finance	135.12	122.77	12.35
Capital (Charged)				
12.	8-Buildings and Roads	4.94	3.14	1.80
Total		468.14	322.77	145.37

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

2.3.5 Excessive supplementary provisions

Supplementary provisions of Rs 86.80 crore in five cases proved unnecessary as the expenditure in each case was less than the original provision as detailed below:

Sr. No.	Number and name of grant	Original grant	Supplementary provision	Total	Expenditure	Saving
		(Rupees in crore)				
Revenue (Voted)						
1	3-Home	828.35	9.11	837.46	806.32	31.14
2	9-Education	2,323.05	22.95	2,346.00	2,292.07	53.93
3	11-Urban Development	168.88	31.08	199.96	144.66	55.30
4	17-Agriculture	324.49	17.32	341.81	307.02	34.79
Capital (Voted)						
5	25-Loans and Advances by State Government	185.74	6.34	192.08	185.15	6.93
Total		3,830.51	86.80	3,917.31	3,735.22	182.09

2.3.6 Unnecessary augmentation of funds

In nine cases, against additional requirement of Rs 2,338.39 crore, supplementary provisions of Rs 2,536.72 crore were obtained resulting in savings (in each case exceeding Rs 50 lakh) aggregating Rs 198.33 crore.

Details of these cases are given below:

Sr. No.	Number and name of grants/ appropriations	Original grants/ appropriations	Supplementary provision	Total	Expenditure	Saving
Revenue (Voted)						
1.	2-General Administration	178.04	10.53	188.57	185.06	3.51
2.	7-Other Administrative Services	38.96	3.72	42.68	41.09	1.59
3.	13-Social Welfare and Rehabilitation	799.86	188.67	988.53	954.19	34.34
4.	14-Food and Supplies	31.64	8.39	40.03	32.93	7.10
5.	15-Irrigation	2,271.88	2,161.15	4,433.03	4,303.66	129.37
6.	16-Industries	83.13	104.43	187.56	174.99	12.57
7	21-Community Development	548.78	44.68	593.46	591.50	1.96
8	23-Transport	704.07	11.04	715.11	707.86	7.25
Capital (Voted)						
9	16-Industries	2.69	4.11	6.80	6.16	0.64
Total		4,659.05	2,536.72	7,195.77	6,997.44	198.33

2.3.7 Excess expenditure over provisions of previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, excess expenditure amounting to Rs 268.87 crore in respect of four grants for the year 2005-06 was yet to be regularised (July 2007).

2.3.8 Excess expenditure over provisions of 2006-07 requiring regularisation

The excess of Rs 180.65 crore involving five grants under revenue account and Rs 436.09 crore under capital account in respect of four grants/ appropriations required regularisation under Article 205 of the Constitution. Details are given below:

Sr. No	Number and name of grants/appropriations	Total grants/ appropriations	Actual expenditure	Excess
Revenue (Voted)				
1.	6-Finance	11,83,24,96,000	11,99,51,27,770	16,26,31, 770
2.	8-Buildings and Roads	5,18,87,43,000	6,59,12,02,282	1,40,24,59,282
3.	20-Forest	1,50,30,55,000	1,73,56,21,301	23,25,66,301
Revenue (Charged)				
1.	3-Home	12,37,87,000	13,19,39,432	81,52,432
2.	7-Other Administrative Services	7,45,00,000	7,51,70,947	6,70,947
Total		18,72,25,81,000	20,52,90,61,732	1,80,64,80,732
Capital (Voted)				
1.	8-Buildings and Roads	3,59,68,50,000	4,56,18,99,223	96,50,49,223
2.	10-Medical and Public Health	4,24,50,00,000	5,64,27,18,308	1,39,77,18,308
3.	15-Irrigation	11,38,40,00,000	13,21,21,37,078	1,82,81,37,078
Capital (Charged)				
1.	15-Irrigation	4,00,00,000	20,99,80,699	16,99,80,699
Total		19,26,58,50,000	23,62,67,35,308	4,36,08,85,308

Government did not furnish reasons for excess expenditure (July 2007).

2.3.9 Substantial excesses

In 39 cases, the final modified grants exceeded the original provision by Rupees five crore or 10 *per cent*. Huge variation between the original budget provision and final allotment indicate poor budget projection. Details of these are given in *Appendix XV*.

2.3.10 Injudicious surrender of funds

In nine cases, funds were surrendered injudiciously in excess of the available savings as detailed in *Appendix XVI*. In such four cases, Rs 52.26 crore² were surrendered despite excess expenditure of Rs 319.54 crore. The injudicious surrender of funds indicate inadequacy in the financial and budgetary control practices in the departments.

2.3.11 Injudicious reappropriation of funds

Reappropriation is transfer of funds within a grant from one unit of appropriation where savings are anticipated to another unit where additional funds are needed. Cases where injudicious reappropriation of funds resulted in excesses/savings by over Rupees one crore in each case, are given in *Appendix XVII*.

2.3.12 Expenditure without provision

As envisaged in the Budget Manual, expenditure should not be incurred on any scheme/service without provision of funds therefor. It was, however, noticed that expenditure of Rs 273.05 crore was incurred in 17 cases, as detailed in *Appendix XVIII*, without provision in the original estimates/ supplementary demands and no reappropriation orders were issued.

2.4 Trend of recoveries

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

In three grants³, the actual recoveries adjusted in reduction of expenditure (Rs 54.32 crore) exceeded the estimated recoveries (Rs 44.98 crore) by Rs 9.34 crore. Though no recovery was provided in the budget estimates in respect of grant number '15-Irrigation' for the year 2006-07, recovery of

² Item No. 3, 4, 7 and 8 of *Appendix XVI*.

³ 10-Medical and Public Health (Revenue), 14-Food and Supplies (Revenue) and 22-Co-operation (Capital).

Rs 55.27 crore was made. Further, in respect of five grants⁴, the actual recoveries (Rs 1,027.54 crore) were less than the estimated recoveries (Rs 1,521.26 crore) by Rs 493.72 crore. Details of recoveries are given in *Appendix* to the Appropriation Accounts. Huge variation between the estimated recoveries and actual realisation indicated faulty budgeting.

2.5 Excesses/savings without explanation

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

Explanations for excesses and savings in respect of the Appropriation Accounts for the year 2006-07 were not received in respect of 191 heads/sub-heads against the total of 576 heads/sub-heads of account.

⁴ 4-Revenue, 8-Buildings and Roads, 14-Food and supplies, 17-Agriculture and 25-Loans and Advances by State Government.

CHAPTER-III

PERFORMANCE AUDIT

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CHAPTER III

PERFORMANCE AUDIT

Agriculture Department

3.1 Working of Chaudhary Charan Singh Haryana Agricultural University, Hisar

Highlights

A Performance Audit of the activities of the University brought out significant weaknesses in financial management, academic, research and extension activities, management of estate and other allied activities. There were cases of non-preparation of balance sheet, huge outstanding temporary advances, inadequate provision for pension fund, etc. There were deficiencies in the performance of academic activities such as shortage of teachers, upgradation of posts without the approval of ICAR, shortfall in enrolment of students, high dropout rate, etc. Research activities were also not encouraging as there was decrease in production per acre in respect of major crops and seed production, inordinate delay in development of a new seed farm, losses due to sale of seed as grain, etc. Besides, there were cases of expenditure on establishment of Works Wing far in excess of norms, running of University press in losses, non-utilisation of fallow land for seed production, etc.

- **The University did not prepare its balance sheet since its inception i.e. 1970 as a result of which the exact state of assets and liabilities was not known.**

(Paragraph 3.1.6.2)

- **University failed to recover the temporary advances to the tune of Rs 5.87 crore within prescribed time period.**

(Paragraph 3.1.6.4)

- **Against the sanctioned strength of 1,218 teachers, only 851 were in position as on 31 March 2007.**

(Paragraph 3.1.7.1)

Transport Officer, Printing Press, Campus Hospital, 12¹ out of 49 departments of CCs, 3² of 11 RRS/Sub-stations/Farm and 5³ of 20 Krishi Vigyan Kendras (KVKs) were test checked during December 2006 to May 2007. An introductory meeting was held in February 2007 with Registrar, Comptroller, all Deans and Directors of the University in which important issues regarding working of the University, audit objectives and audit criteria were discussed.

Audit findings

3.1.6 Financial management

3.1.6.1 – The University prepares annual budget on the basis of grants-in-aid received from the State Government, funds received against schemes/projects sponsored by Indian Council of Agricultural Research (ICAR) and other agencies and its anticipated income from various activities taken under ICARs, National Agriculture Technology Project (NATP), etc.

Receipts and expenditure incurred during the last five years (2002-07) were as under:

Year	Opening balance	Receipts					Expenditure	Closing balance
		Grants-in-aid		Other agencies	University income	Total		
		Non-Plan	Plan					
(Rupees in crore)								
2002-03	(-) 52.37	73.13	5.12	21.04	8.41	107.70	102.53	(-) 47.20
2003-04	(-) 47.20	74.84	6.00	21.25	8.91	111.00	106.26	(-) 42.46
2004-05	(-) 42.46	76.80	6.00	28.17	8.70	119.66	114.88	(-) 37.68
2005-06	(-) 37.68	95.69	8.00	34.76	9.13	147.59	131.03	(-) 21.12
2006-07	(-) 21.12	105.43	8.00	39.26	8.33	161.02	133.84	6.06
Total		425.89	33.12	144.48	43.48	646.97	588.54	

Note: Figures for the year 2006-07 are provisional.

University availed overdraft/loan from banks for meeting its day-to-day expenditure during 1997-2002.

Minus opening balance (April 2002) was mainly due to less receipt of grants than the expenditure from the State Government during 1997-98 and 2001-02. Deficit of income and expenditure was met by taking loans from the banks by pledging fixed deposit receipts (FDR) of Employees Provident Fund (EPF).

¹ College of Agriculture: Agronomy, Entomology, Extension Education, Plant Breeding, Soil Sciences and Vegetable crops; College of Basic Sciences and Humanities: Genetics, Sociology and Food Science & Technology; and College of Home Science: Home and Extension Education, Family Resource Management and Food & Nutrition.

² Regional Research Station, Bawal; Cotton Research Centre, Sirsa; and Rice Research Station, Kaul.

³ Faridabad, Kurukshetra, Kaithal, Ujha (Panipat) and Damla (Yamunanagar).

While the expenditure of the University rose from Rs 102.53 crore in 2002-03 to Rs 133.84 crore in 2006-07, the income of the University remained almost stagnant resulting in increased reliance on grants-in-aid from the State Government and funds from other agencies for meeting the hike in expenditure. The University had not reviewed the fee structure for various courses to match the rise in the expenditure.

3.1.6.2 *Non-preparation of Balance Sheet*

No balance sheet was prepared since inception.

Section 34(4) of the Haryana and Punjab Agricultural Universities Act, 1970 provides that accounts and balance sheet shall be submitted by Vice-Chancellor to the Government through the Board alongwith Board's comments for laying before the Legislature.

However, the required balance sheet had not been prepared by the University since inception. A mention was also made in the Audit Report (Civil) of Comptroller and Auditor General of India for the year ended 31 March 1997 regarding non-preparation of balance sheet (Paragraph 6.1.7.5). However, no action has been taken by the University so far. Further, accounts prepared every year were mere consolidation of transactions relating to receipts and payments, which neither reflected the assets and liabilities at the end of the financial year nor gave a true picture of developmental expenditure and receipts relating thereto. The University prepared Grants Utilisation Certificates (GUCs) every year and sent the same duly audited by Local Audit Department and on the basis of which the Government released grants.

3.1.6.3 *Unauthorised diversion of funds*

Rupees 19.50 lakh were spent on purchase of tractors and other farm equipments without prior approval of Council.

Indian Council of Agricultural Research sanctioned Rs 1.70 crore as the fourth instalment for the year 2004-05 under the scheme "Development and Strengthening of State Agricultural Universities" to upgrade the University Level Central Laboratory to the level of Regional Laboratory. The funds were to be utilised towards purchasing only those laboratory equipments which were in the list of items approved by the Council. An amount of Rs 19.50 lakh was spent for the purchase of tractors and other farm implements not included in the list of approved items without the prior approval of the Council.

3.1.6.4 *Outstanding temporary advances*

Advances amounting to Rs 5.87 crore were outstanding for a long time.

The total temporary advances outstanding as on 31 March 2007 were Rs 5.87 crore⁴ against 106 offices/departments of the University. The Comptroller of the University replied (March 2007) that efforts were being made for adjustment of advances. Temporary advances remaining outstanding for more than ^{the} prescribed period indicate poor monitoring of advances.

⁴ Zero to one year: Rs 494.07 lakh; one to two years: Rs 71.11 lakh; two to six years: Rs 21.59 lakh and six to sixteen years: Rs 0.24 lakh.

3.1.6.5 Non-recovery of miscellaneous advances

As per codal provisions, amount placed under miscellaneous advances against firms/ individual departments is required to be cleared at the earliest.

It was noticed that as on 31 December 2006 an amount of Rs 45.16 lakh was outstanding under miscellaneous advances against firms, departments, individuals, etc., out of which Rs 8.96 lakh⁵ had been outstanding since 1966-67. The outstanding advances were not being reviewed at the end of each financial year which indicated breach of established procedures. The Executive Engineer (EE) of the University replied (March 2007) that balances were very old and relevant record was not available and that an agenda item had been placed before an *ad-hoc* committee to write off the outstanding amount.

3.1.6.6 Inadequate provision for pension fund

Pension fund was deficit, but no arrangements were made to make the pension scheme sustainable.

The State Government introduced (January 1992) the pension scheme in the University in January 1992. The BOM in its 143 meeting held in May 1992 approved the introduction of the Pension Scheme in the University on self-supporting basis by establishing a Pension Fund out of the proceeds of the employees' Contributory Provident Fund (CPF).

It was noticed that due to revision of pay scales from 1 January 1996, ban on recruitment and increasing number of retiring employees every year, the balance of Pension Fund had decreased considerably. The balance in the Pension Fund as on January 2007 was Rs 41.76 crore. The contribution towards Pension Fund was Rs 41 lakh per month. The average income on account of interest was Rs 27 lakh per month. Thus, total monthly income was Rs 68 lakh and average expenditure was Rs 1.60 crore thereby leaving a deficit of Rs 92 lakh per month. The University had not made any arrangements to meet the rising pension liability and to make the pension scheme sustainable. The Comptroller of the University replied (March 2007) that efforts were being made since December 2003 to get the funds from the Government for strengthening the Pension Fund.

3.1.6.7 Non-recovery of expenditure incurred on the schemes

An amount of Rs 1.16 crore spent in excess of funds received were not recovered.

The research schemes/projects are mainly funded by ICAR and after a particular period and on submission of final progress reports, the schemes/projects are closed.

Scrutiny of records showed that an expenditure of Rs 39.24 lakh was incurred in excess of the funds received from ICAR in anticipation on 13 schemes, which were closed between 1986-87 and 2005-06. But the University could not obtain the funds from ICAR.

⁵ One to two years: Rs 0.35 lakh; two to six years: Rs 1.04 lakh and six to thirty two years: Rs 7.57 lakh.

Similarly, an amount of Rs 77.06 lakh was outstanding against 54 agencies/ Government Departments due to spending the amounts in excess of grants received during 2002-06. The University had not even claimed the amounts from the agencies concerned.

3.1.7 Academic activities

3.1.7.1 Strength of teachers

There was a shortfall of 367 posts (30 per cent) of teaching staff under different cadres as on 31 March 2007 as detailed below:

Sr. No.	Name of Cadre	Approved posts	In position	Excess (+)/ Shortfall (-)
1.	Professors-cum-Head of the Departments/ Senior Scientists	69	472	(+) 403
2.	Associate Professors/Scientists	241	308	(+) 67
3.	Assistant Professors/Assistant Scientists	908	71	(-) 837
Total		1,218	851	(-) 367

Further, the strength of Assistant Professors and Assistant Scientists, which were the feeding cadres for Professors and Research Scientists, declined from 189 in 2002-03 to 71 in 2006-07.

The men in position were in excess in the cadres of Senior Scientists, Scientists, Professors and Associate Professors over the sanctioned strength as per details given below:

	2002-03	2003-04	2004-05	2005-06	2006-07
(A) Professors/Senior Scientists					
Sanctioned	74	70	68	65	69
In position	487	492	457	418	472
Excess	413	422	389	353	403
(B) Associate Professors/Scientists					
Sanctioned	263	247	243	241	241
In position	388	357	328	314	308
Excess	125	110	85	73	67

The Vice-Chancellor, in anticipation of approval of the ICAR, upgraded ninety posts of Scientists/Assistant Professors/Assistant Scientists, Agronomists, etc. during 1989-2001. Their cases for approval were sent to ICAR from time to time, but the approval of ICAR had not been received (May 2007). In the absence of approval from the ICAR, upgradation of these posts and payment of salary in the upgraded posts was irregular.

The Registrar of the University attributed (April–May 2007) the shortage of lower cadre of teachers to non-recruitment of teachers, over staffing in higher cadres and promotion of teachers to the posts of Associate Professors and Professors by upgrading the posts. The reply was not tenable as the career advancement scheme permitted granting of next higher scale and not the promotion.

Against the sanctioned strength of 1,218 teachers only 851 were in position.

Against the sanctioned strength of 310 posts of Senior Scientists, Scientists, Professors, Associate Professors, 780 were in position.

Ninety posts of Scientists, Assistant Professors, etc. were upgraded without the approval of ICAR.

3.1.7.2 Enrolment of students

Shortfall in enrolment of students ranged between 11 and 74 per cent.

In four Constituent Colleges of the University, the number of students actually enrolled were far less than the intake capacity in different courses during 2002-07 as detailed below:

Sr. No.	Name of college	Name of course	Period	Intake capacity	Actual enrolment	Shortfall	Percentage of shortfall
1.	Animal Sciences	M. Sc.	2002-07	53	31	22	42
		Ph. D	2002-07	35	16	19	54
		Total		88	47	41	47
2.	Home Science	U.G/PG	2002-07	270	228	42	16
3.	Veterinary Sciences	Ph. D	2002-07	76	20	56	74
		PGS	2002-07	214	176	38	18
4.	Agricultural Engineering and Technology	B. Tech.	2002-07	180	161	19	11

As evident from above, less enrolment than intake capacity ranged between 11 and 74 per cent during 2002-07. In College of Agriculture, Kaul (Kaithal) the percentage of dropout students of the College ranged between 25 and 42 per cent during 2002-06.

Less enrolments were attributed (March 2007) to shortage of staff, migration of students from one college to another, leaving the colleges midway on their getting jobs, etc. The Dean, College of Agriculture, Kaul (Kaithal) replied (March 2007) that dropouts were due to non-maintenance of Overall Grade Point Average (OGPA), students leaving of their own will to get admission in high value courses i.e. MBBS, BDS, Engineering, etc. The fact remains that no concrete steps have been taken to improve the situation.

3.1.7.3 Delay in procurement of laboratory equipment

Delay in procurement of laboratory equipments led to non-start of courses of M. Sc. (Food Science and Technology).

The Ministry of Food Processing Industries, GOI sanctioned (March 2002) Rs 44.90 lakh to the Centre for Food Science and Technology (CFST) to impart better post-graduate education and training for M.Sc. (Food Science and Technology) classes. Under the project, a laboratory was to be set up by purchasing the equipment to start a course on EDP refresher and skill upgradation. Accordingly, GOI released (March 2002) Rs 24.90 lakh as first instalment and Rs 25.10 lakh in March 2005 as second instalment. The laboratory equipment was procured from the funds received between April 2003 and July 2006.

The University procured the laboratory equipments in a span of four years against the project implementation schedule of one year. Consequently, the course that was scheduled to be started four years back, had not started as of April 2007.

3.1.8 Research activities and seed production

3.1.8.1 Impact of improved varieties/hybrids

The University released 26 high yielding varieties of different crops like mustard, *kabuli chana*, cotton, wheat, barley, *bajra*, *guar*, *moong*, maize, *bajra* hybrid, American cotton variety H 1,226, gram HK₂, Sun Flower Hybrid, etc. during 2002-03 to 2006-07. The yield of wheat and oilseed crops sown in the University farm decreased as per details given below:

Name of crop	Year	Average yield per hectare (In Kilograms)	Year	Average yield per hectare (In Kilograms)
Wheat	2002-03	3,187	2006-07	2,835
Oilseed	2003-04	863	2006-07	423

It was apparent from the above that in spite of release of high varieties/hybrids, the yield of above crops per hectare had decreased.

3.1.8.2 Decrease in production of seed

Development of improved varieties/hybrids is the main research activity of the University. It released various improved varieties of seeds of wheat, rice, barley, cotton, *bajra*, *mung*, *guar*, gram and other pulses. Yields of the University farm for the year 2002-03 and 2006-07 are tabulated below:

Crop	2002-03			2006-07		
	Area (Acre)	Production (Q)	Yield/acre	Area (Acre)	Production (Q)	Yield/acre
<i>Bajra</i>	5	18	3.6	16	52	3.25
<i>Mung</i>	108	187	1.73	184	160	0.86
Rice	13	259	19.92	27	441	16.33
<i>Guar</i>	24	46	1.91	918	992	1.08

The table shows drop in yield per *acre* over 2002 to 2007 inspite of release of high yield varieties, thus, rendering the claims of the University regarding its improved varieties questionable.

The Director of Research replied (March 2007) that decrease in seed/crop was due to climatic reasons and adherence to regulations on isolation and removal of off-type plants for maintaining purity. The reply was not convincing as all these factors were prevalent in both the years in 2002-03 and 2006-07. Moreover, a large percentage of off type plants in the seed crops renders the quality of the seeds used and produced questionable.

3.1.8.3 Non-approval of projects

Research Projects numbering 160 were submitted to the ICAR for approval of which only 59 were approved. Similarly, 294 projects were submitted to the other agencies for approval, of which 81 were approved. The University replied (May 2007) that less approval of projects by ICAR and other agencies was due to discontinuation of financing *ad hoc* projects from AP Cess Fund, discretion of funding agencies and stiff competition to get funds from ICAR or other financing

Despite the introduction of improved varieties/hybrids yield had fallen, thus, forfeiting the objects of research.

University failed in increasing the productivity of various crops through improved varieties.

The research activities were not encouraging as against the submission of 454 projects, only 140 projects were approved by the ICAR/other agencies.

agencies. The University needs to carry out a self appraisal regarding high rejection of its projects and take suitable action.

3.1.8.4 *Less contribution of developed crop varieties in seed*

The main endeavour of the Department of Plant Breeding is research on developing high yielding quality crops of different agri-species. Many new varieties like BH 393 barley; HK R-46, 47; HSD paddy; sonak and WH 711 wheat, etc. have been developed/released during the years 1995-96 to 2004-05 by the University. But as is clear from the data below, contribution of developed crop varieties in seed chain has decreased:

Variety	Year	Percentage of Contribution	Year	Percentage of Contribution
Barley	1995-96	90	2004-05	70
Wheat	1995-96	45	2004-05	28
Paddy	1995-96	12.5	2004-05	7.5
Guar	1996-97	100	2004-05	40
Cotton	1996-97	80	2004-05	15
Gram	1997-98	100	2004-05	70
Green Gram	2003-04	30	2004-05	15

Thus, farmers of the State could not avail of the full benefits of high yielding varieties of crops. The Head of the Department of Plant Breeding stated (March 2007) that less contribution of crop varieties in the seed chain of the State was due to release of new high yielding varieties by other universities, reduction in cultivable crop area and less demand of new varieties by the people of the State. Reply indicated that the varieties developed by the University were not suitable for the State.

3.1.8.5 *Failure of crop varieties*

The seeds of the varieties of crops developed and released by the University as detailed below failed in germination tests conducted at the Seed Testing Laboratory, Karnal.

Sr. No.	Name of Crop	Variety	Year of release	Failure year	Reason for failure
1.	Cotton	H1117 HHH 287 H1226 HD 123 (F&C)	2002-03 2004-05 2004-05 1999-2000	2005-06 2006-07 2006-07 2006-07	Sub-standard germination.
2.	Wheat	W.H 711	Not released	2005-06	Failed in germination due to development of Karnal Bunt Disease.

This was indicative of inadequate field trials of these varieties before release. Haste in release of seeds of field crop varieties may have adverse consequences on crops and farmers.

3.1.8.6 Production of seed varieties below norms

Crop improvement and quality seed production are key activities of the University. The task of production of quality seed and seed processing has been assigned by the University to its Krishi Vigyan Kendras (KVKs).

Scrutiny of records of KVKs at Jind, Ujha (Panipat) and Sirsa showed that the seed production of the different crop varieties raised during 2002-03 to 2005-06 was far below the norms fixed by the University. On an average the production of different crops (12 crops) raised ranged between 3.71 and 52.61 *per cent* for KVK, Jind, 19.65 and 61.30 *per cent* (five crops) for KVK, Sirsa and for Ujha (Panipat) between 34.83 and 68.87 *per cent* (three crops). The KVK, Jind and Ujha (Panipat) attributed (February/March 2007) the low production to shortage of irrigation, undulated land and alkaline and saline patches. However, the University is expected to overcome these constraints and to make full use of the land provided and ensure optimum production.

3.1.8.7 Increase in undersize grains

Scrutiny of records of Director, Farm, Hisar showed that percentage of undersized grains in the production of quality seeds of various crops increased over a time from 2002-03 to 2005-06 as detailed below:

2002-03			2003-04			2004-05			2005-06		
Figure of production in quintals											
Total	Under Size	Percentage	Total	Under Size	Percentage	Total	Under Size	Percentage	Total	Under Size	Percentage
Wheat											
4,413.70	623.17	14.12	4,090.00	789.78	19.31	4,853.80	1,095.65	22.57	6,589.15	1,543.15	23.42
Barley											
324.55	49.05	15.11	1,493.95	275.15	18.42	418.60	90.30	21.57	538.70	176.80	32.82
Bajra											
-	-	-	4.80	0.48	10.00	12.00	1.82	15.17	35.00	8.85	25.29

As a result of increasing production of undersize seeds, even large proportions of seed was being sold as undersize grain, reducing availability of quality seed to the farmers.

The Director, Farm attributed (May 2007) the increase in undersize grain to long dry spell and lack of irrigation facilities. The response was not tenable as the seeds production programme should have been taken up on the selected lands with optimal resources needed for maximising quality seeds production.

3.1.8.8 Loss due to sale of seeds as grain

As per the instructions of the Vice-Chancellor (March 1993), the surplus seeds in excess of the demand of the Haryana Seeds Development Corporation (HSDC) was to be sold as seed to the farmers/other agencies to avoid loss to the University. The Director, Farm was to frame modalities.

Test-check of records of Regional Research Station, Bawal; Ram Dhan Singh Seeds Farm and Director, Farm of the University showed that after meeting the demand of HSDC, 2,893.39⁶ quintals of seeds remained surplus between 2002-06. This was sold as grain at lower rates, causing a loss of Rs 42.02 lakh to the University.

The Director, Farm stated (May 2007) that despite hard efforts, the surplus seeds could not be disposed of as seeds. Further, the crop of wheat variety WH 711 failed due to development of Karnal Bunt disease. The reply was not convincing as sale of seeds as grains had become a regular feature and needed to be looked into.

3.1.8.9 Seeds Farm not fully developed

University failed to develop Dr. Ram Dhan Singh Seeds Farm as model seeds farm as envisaged.

The State Government allotted (May 1998) 4,020 acres land on lease to the University for development of Dr. Ram Dhan Singh (RDS) Seeds Farm. The land was to be developed into a model seeds farm for production of quality seeds of major food, fodder, pulses and vegetable crops, production of quality planting materials of horticultural crops and training rural youth for taking up the seed production as an enterprise. The university received Rs 10.74 crore between 2000-01 and 2005-06 for the development of the farm from various sources.

Out of 4,020 acres land, an average area of 1,565 acres for *kharif* crops and 518 acres for *rabi* crops remained under cultivation during 2002-06.

Grant of Rs 16 lakh released to provide training to rural youths from ICAR was diverted to the Department of Seed Science Technology. Training to rural youths interested in taking up seed production as enterprise was also not imparted. As such none of the objectives mentioned in the Project was achieved.

The University replied (May 2007) that the Farm could not be fully developed due to shortage of irrigation water/channels, supervisory and field staff and tractors and machinery. The reply was not acceptable as the Irrigation Department had already sanctioned water in July 2003 but construction of the minor from boundary to the inner area and construction of *pucca* water channels was not completed (May 2007). Further there was no shortage of staff and the university had received adequate funds for purchase of equipments and machinery.

⁶ 2002-03: 154.85 quintals; 2003-04: 1,651.08 quintals; 2004-05: 374.80 quintals; and 2005-06: 712.66 quintals.

3.1.9 Extension activities

3.1.9.1 Non-setting up of soil testing laboratories

Scrutiny of records of Krishi Vigyan Kendras (KVKs) under the control of Director, Extension Education revealed that laboratory equipments, chemicals, glassware and plastic wares worth Rs 81.28 lakh were purchased during February/March 2005 and March 2006 by nine KVKs⁷ for use in their Soil Testing Laboratories (STLs).

Eleven KVKs⁸ drew temporary advances (Rs 3.20 lakh each) of Rs 35.20 lakh during February-April 2005 and deposited the same with the Engineering Unit of the University for setting up STLs in their *Kendras*. No STL had been set up (March 2007). Thus, equipments, chemicals, glass and plastic wares worth Rs 81.28 lakh could not be put to use. Besides, the objectives of getting test reports for conducting experiments and trials in fields could not be achieved.

3.1.9.2 Trainings under extension activity

The purpose of extension education is to disseminate the latest technologies and particularly the new research findings by the University on agricultivation through practical trainings, seminars, melas, radio talks, etc. Therefore, these trainings and the areas needing extension of new technologies are required to be carefully planned centrally after due deliberations and their impact assessed after completion of the programme.

Targets for none of the KVKs were defined and fixed centrally at the University level. Each was left free to decide their annual targets of trainings.

3.1.10 Estate management and other points of interest

3.1.10.1 Estate management

The campus of the University is spread over an area of 2,918 hectares of land at Hisar and over 544 hectares at other stations in the State. The University has been purchasing land for academic, research and extension activities. Audit scrutiny of records of Estate Officer disclosed the following points:

- Land measuring 346 acres, 4 kanal and 13 marlas purchased by the University had not been transferred in the name of the University through mutation. In the absence of title of the land, possession of the land measuring three kanals and six marlas, valuing Rs 63.93 lakh transferred

⁷ Damla (Yamunanagar), Jind, Kaithal, Kurukshetra, Mahendergarh, Rohtak, Sirsa, Sonipat and Ujha (Panipat).

⁸ Damla (Yamunanagar), Faridabad, Jind, Kaithal, Kurukshetra, Mahendergarh, Rohtak, Sirsa, Sonipat, Sadalpur and Ujha (Panipat).

- by Government Livestock Farm (GLF) in favour of the University in 1971 could not be taken as IOC had set up a petrol pump on the land and the rent was being retained by the GLF.
- Land measuring 141 *kanals* and 13 *marlas* pertaining to the University was encroached upon in 1970 by outside labourers and some class IV officials of the University. These labourers constructed *Kuchhi Jhuggies* and *Pucca* houses on the said land. No efforts were made by the University to evict the labourers from the land.
 - The Government had transferred 25 *acres* of land at Rohtak on lease basis for 20 years commencing from 1988-89. As per orders of the State Government, the deed was terminated in September 2002 much before the expiry of the lease period. Though the University had created one Type 9 house, three stores, shed and threshing floor over the leased land in 1988-89 at a cost of Rs 11.20 lakh, it had not claimed any compensation from the Government.
 - A lease deed was signed on 24 March 1988 between Deputy Director, Agriculture, Gurgaon and Deputy Estate Officer of the University for acquiring 46 *acres*, 6 *kanals*, 15 *marlas* of land situated at Gurgaon on lease for a period of 99 years commencing from 1971-72. The University established (i) Krishi Vigyan Kendra (KVK), (ii) Research Project, (iii) Horticulture Orchard, (iv) Diseases investigating laboratory (v) Residences, Rest House, store, tubewells, channels, fencing, etc. The land lease deed was terminated on 11 September 2002 by the State Government and the KVK was closed. The University sought (July 2001) compensation of Rs 115.83 crore for establishing new KVK. But no compensation had, however, been paid as of May 2007.
 - The building of KVK was let out (November 2002) to Deputy Excise and Taxation Officer, Gurgaon at the monthly rent of Rs 1.04 lakh. Out of total rent of Rs 53.47 lakh for the period from November 2002 to February 2007, Rs 38.14 lakh were in arrears.
 - Out of the structures constructed, there were residential houses also for the staff of the KVK. Since most of the staff had been posted on different and far off stations, 11 houses of Type 11 and 14 had been lying vacant (April 2007) since the period between August 2002 and August 2003.

3.1.10.2 Execution of works

The University had a separate Engineering Wing for construction and maintenance works of the University. It also undertakes works of other agencies as Deposit Works. Scrutiny of records disclosed the following points:

Rupees 14.20 crore were spent on establishment of construction wing in excess of norms.

- The system of obtaining technical sanction before start of work as envisaged under para 2.89 of PWD Code was not prevalent in any of the divisions.
- Accounts of forty works valuing Rs 95.20 lakh completed between 1972 and 1984, were not closed as required under the codal provisions. As such the works divisions had not ensured the completion of works with their full scope and accounting of material supplied at site.
- Public Works Department Code provides that unless the Government directs other wise the provision to be made for establishment expenditure should not exceed 25 *per cent* of the works expenditure. Of the total expenditure of Rs 60.30 crore of works divisions during 2002-07, Rs 29.28 crore was on establishment which was 48 *per cent* of the works expenditure instead of envisaged 25 *per cent*. Re-structuring Committee also recommended (2001-02) downsizing the engineering unit by at least 50 *per cent* of its present strength.
- Engineering Wing of the University constructed the buildings of Chaudhary Devi Lal Memorial Engineering College at Panniwala Mota (Sirsa) during 2002-06 at a cost of Rs 13.53 crore. The University levied the departmental charges at the rate of five *per cent* instead of seven *per cent*, as per PWD instructions (May 1972), resulting in less levy of departmental charges amounting to Rs 27.06 lakh.

3.1.10.3 Other activities

- Stock taking/physical verification of the books of departmental libraries at College of Agriculture, Kaul (Kurukshetra) and Regional Research Centre, Bawal (Rewari) was not conducted during 2002-07. In the absence of stock taking, exact number of missing books could not be ascertained. The librarian intimated (March 2007) that though physical verification/stock-taking of the main library was conducted in August 1999 and January-March 2004 but report regarding missing books could not be finalised due to shortage of staff.
- In Nehru Library of the University, journals worth Rs 7.91 lakh had not been received from the agencies concerned as of March 2007, though advance payments were made to suppliers between March 2005 and October 2006.
- In three⁹ KVKs and the University farm at Hisar, out of the total cultivable area of 417.05 hectares, fallow land area ranged between 54.49 and 94.69 hectares in respect of *rabi* crops and 60.58 hectares and 126.46 hectares in respect of *kharif* crops during the period 2002-03 to 2006-07. Thus,

⁹ Mohindergarh, Padupindara (Jind) and Sonipat.

The University incurred losses of Rs 98.41 lakh in running the University press.

immediate steps need to be taken to bring the land under cultivation in order to generate income for the University.

- The printing press of the University suffered heavy losses (Rs 98.41 lakh) in its functioning and maintenance during 2002-06. The expenditure incurred during these years on contingencies and salaries of the staff deployed for running the press was far in excess of the income. Further, the University spent Rs 7.96 lakh on getting the printing of books done from the market. The Restructuring Committee had already recommended (2001-02) the winding up of the Press.

3.1.11 Conclusions

The University was established in February 1970 with the main objectives to impart education in agricultural, veterinary and animal sciences, prosecution of research and to undertake the extension of such sciences to the rural people in the State. The University failed to prepare the balance sheet which could have given a clear picture of its fixed assets and liabilities. Academic activities fell short of required standards because of shortage of teachers, shortfall in enrolment of students and high dropout rate. The objective of enhancing the productivity was not fully achieved as over all production of main crops had shown a downward trend, besides an increasing trend in undersize grains and decrease in contributions to State seed chain. Non-development of Ram Dhan Singh Seeds Farm fully, non-fixing of targets regarding holding of training at directorate level showed the deficiencies in the area of extension work. Land measuring 346 acres 4 kanal and 13 marlas has not been got transferred in the name of the University through mutation.

3.1.12 Recommendations

Based on the performance review, following recommendations are made:

- The University should take immediate steps to prepare its balance sheet to know the exact status of its assets and liabilities;
- A system should be evolved to watch the adjustment of advances. Recovery should be made from the officials concerned if adjustment vouchers are not submitted within the specific period;
- The staff strength of teachers should be reviewed;
- Research activities need to be geared up to increase the productivity of various crops;

- Good quality seed production needs to be increased by putting all the inputs properly;
- The utilisation of entire land in the possession of the University needs to be re-assessed so as to use the land for cultivation at an optimum level; and
- The strength of construction wing needs to be downsized and University press should be wound up as per recommendation of the Restructuring Committee.

These points were reported to the Government (June 2007); the replies of the University Authorities as endorsed (August 2007) by the Financial Commissioner and Principal Secretary, Government of Haryana, Agriculture Department have been incorporated at appropriate places.

Water Supply and Sanitation Department

3.2 Urban and Rural Water Supply Schemes

Highlights

Performance Audit of Urban and Rural Water Supply Schemes brought out weaknesses in planning and implementation of schemes, execution of works, deficiencies in supply of quality water and water testing arrangements. Priority was not given to supply water to villages deficient in water supply. Though there were 1,971 villages deficient in water supply in December 2004 yet 510 villages covered were those villages which were not deficient in water supply. For 868 villages deficient in water supply, supply of potable drinking water still remained a distant dream. Further, the Department had not formulated any plan for water source sustainability although there was indiscriminate extraction of ground water in the State. Monitoring and surveillance arrangements over planning and implementation of schemes were not efficient.

- **Out of 1,971 villages deficient in water supply in December 2004, 868 villages remained deficient as of March 2007. Priority was not given to supply water to deficient villages as 510 those villages were covered during 2005-07 which were not deficient in water supply.**

(Paragraph 3.2.7.2)

- **Taking up of the water supply schemes of Narnaul town, Makrana group of villages and Nangal Dargu group of villages without ensuring availability of raw water resulted in wasteful expenditure/blocking of funds of Rs 5.47 crore.**

(Paragraphs 3.2.7.3 and 3.2.7.7)

- **Delay in taking up the matter of outlet of raw water with Irrigation Department deprived the habitants of Kalayat town of supply of safe drinking water despite spending Rs 4.99 crore.**

(Paragraph 3.2.7.8)

- **Eighty seven water supply schemes completed 4 to 37 months back at a cost of Rs 15.59 crore remained non-functional for want of electric connections.**

(Paragraph 3.2.8.5)

- **Against the norms of installation of 24,179 stand posts in eight districts test checked, 91,779 stand posts were provided leading to wastage of water and substantial loss to Government.**

(Paragraph 3.2.8.8)

- **Against the target of testing 1.62 lakh samples of water, only 0.48 lakh (29 per cent) samples were collected and tested in seven laboratories, of which 14 per cent were found unfit. Further, as per data of Health Department, out of 35,671 samples checked, 11,661 samples (33 per cent) were found unfit for human consumption.**

(Paragraph 3.2.10.1)

- **Monitoring, surveillance and information system for planning and to watch the implementation of various water supply schemes was not effective in the Department.**

(Paragraphs 3.2.11.1 and 3.2.11.2)

3.2.1 Introduction

Water is essential to sustain life and has a direct bearing on the health of human beings. Success of socio-economic development depends on the availability of safe and potable drinking water. Main source of drinking water in the State is ground water and surface water in areas where ground water is not potable. Norms of supply of water in rural area were 40 LPCD¹⁰ where water was supplied through stand posts and 70 LPCD for supply through house service connections. The norms were increased in August 1986 to 70 LPCD in rural areas of desert prone districts¹¹ to take care of water supply to cattle also. In urban areas, the norms were 110 LPCD for smaller towns and 180 LPCD for towns with population more than 30,000.

Out of 6,759 villages in the State, 2,695 villages were deficient in water supply to a minimum level of 40 LPCD as of April 2002. During 2002-07, water supply facilities were upgraded in 3,379 villages. However, 868 villages still remained deficient in water supply.

Water supply schemes in villages were being implemented under centrally sponsored Accelerated Rural Water Supply Programme (ARWSP), Desert Development Programme (DDP) and State funded Minimum Needs Programme (MNP). Besides, loans were availed from National Agriculture Bank for Rural Development (NABARD) and National Capital Region Planning Board (NCRPB). For water supply facilities in towns having population of less than

¹⁰ Litres per capita per day.

¹¹ Bhiwani, Fatehabad, Hisar, Jhajjar, Mohindergarh, Rewari, Rohtak and Sirsa.

20,000 (as per 1991 census), centrally sponsored Accelerated Urban Water Supply Programme (AUWSP) was introduced in March 1994.

3.2.2 Organisational set up

The Haryana State Sanitary Board (the Board) looks after the formulation of policies/schemes and allocation of funds relating to water supply and monitoring their implementation. The Commissioner and Secretary to Government Haryana, Water Supply and Sanitation (WSS) Department is the administrative head at Government level and is responsible for implementation of policy decisions, programmes, schemes, etc. The Engineer-in-Chief (EIC), WSS Department, Panchkula is over all incharge of the schemes and is assisted by 3 Chief Engineers (CE), 16 Superintending Engineers (SE) and 59 Executive Engineers (EE).

3.2.3 Audit objectives

The audit objectives were to assess whether:

- the funds received were utilized in economical and efficient manner and for the intended purposes;
- the planning was efficient and effective;
- the targets for completion of works were achieved in time;
- the coverage under drinking water supply schemes was adequate and feasible;
- the rules, regulations/instructions of Government regarding execution of works were strictly followed;
- the quality control standards for providing safe drinking water to inhabitants were maintained; and
- the monitoring and information mechanism was in place.

3.2.4 Audit criteria

For the achievement of audit objectives following criteria were adopted:

- adherence of provisions of budget manual and financial rules;
- adherence of scheme guidelines;

Committees (VLC) and Rupees one crore was kept in the bank which remained unutilised (April 2007). However, the works were completed in 90 villages as of March 2007. The GOI had not released the balance grant of Rs 5.64 crore due to slow progress of work.

The EE, WSS Division No. II, Karnal intimated (March 2007) that only 93 villages could be covered and rest of the villages did not agree to adopt the scheme. Thus, failure of the department to involve the users in implementing the scheme had resulted in partial implementation of the scheme, besides non-availing of central assistance of Rs 5.64 crore.

3.2.8.2 Swajaldhara programme was introduced by GOI in 2002 on the pattern of Sector Reform Project. Under this project, 148 Drinking Water Schemes were approved during 2002-06 at an estimated cost of Rs 14.68 crore. Rupees 6.97 crore were released by GOI during 2002-06, out of which Rs 6.89 crore were spent and only 25 schemes were completed (July 2007) at a cost of Rs 2.34 crore. No further funds were released by GOI due to non-submission of utilisation certificates and audit and inspection reports by VLCs. The Department stated that the inhabitants did not prefer the scheme in which users had to contribute the share of expenditure. However, in other villages water was being supplied by the department free of cost.

3.2.8.3 *Sub-standard execution of work*

Sub-standard execution of works deprived the inhabitants of safe drinking water.

To supply potable drinking water to three villages of Seehma group (Mahendragarh district), a water work was completed in December 2003 at a cost of Rs 1.39 crore. The water tank developed defects after commissioning and finally collapsed (August 2004). Departmental investigation found that the tank was not constructed as per structural design and drawings. The work for reconstruction of the tank was awarded (January 2006) at the risk and cost of the contractor but the second agency had not started the work till March 2007.

No action for substandard work was taken against any official at fault. The EE, WSS Division, Narnaul stated (April 2007) that water supply was being made through direct pumping to one village while no supply was made to other villages. Thus due to substandard work, benefits of the scheme could not be derived fully.



Collapsed clear water tank at water works Seehma



Incomplete second clear water tank at water works Seehma

3.2.8.4 *Blocking of Government money on unproductive scheme*

A water supply augmentation scheme for five villages of Rojhuwas group was approved (July 2002) for Rs 1.44 crore, for overcoming the acute water shortage faced by them. The work of construction of water works structures was completed (March 2005) and distribution lines were partially laid. Neither the work of construction of Overhead Service Reservoir (OHSR) was taken up nor the electricity connection was obtained. Thus, even after passage of five years from the approval of the project the benefits have not reached the inhabitants, though Rs 98.68 lakh were spent (February 2007).

Due to non-completion of scheme as per design, it remained non-functional.

The EE, WSS Division, Rewari stated (May 2007) that the scheme had been commissioned with a generating set. The reply was not tenable as it would not serve the desired purpose without the construction of OHSR and laying of distribution line. Moreover, a scheme of this magnitude cannot be sustained with a generating set for long.

3.2.8.5 *Delay in commissioning of schemes in the absence of electric connections*

Eighty seven schemes completed at a cost of Rs 15.59 crore remained non-functional for want of electric connections.

Eighty seven augmentation/new water supply schemes completed between February 2004 and November 2006 at a cost of Rs 15.59 crore could not be made functional for want of electric connections as detailed below:

Water Supply and Sanitation Division	Number of schemes	Connection applied between the period	Expenditure (Rupees in lakh)	Period for which connections are pending (in months)
Rewari	20	February 2004 to May 2006	508.81	10 to 37
Hisar -II	16	December 2005 to July 2006	550.71	9 to 15
Naraingarh	50	October 2005 to November 2006	476.57	4 to 18
Ambala Cantt.	1	October 2006	23.08	6
Total	87		1,559.17	

No efforts at the higher level seems to have been made to get the connections released though a period of 4 to 37 months had passed since the divisions concerned applied for the release of electric connections. As a result of this the schemes remained non-functional, thereby, depriving the inhabitants of supply of safe drinking water.

3.2.8.6 *Failure to supply potable water due to delay in the completion of the scheme*

The Board approved (June 1997) a canal based water supply scheme to Baproli group of 11 villages in Mahendragarh district for Rs 1.05 crore. Due to non-availability of assured raw water the scheme could not be started. In December 2002, the scheme was bifurcated in two parts (Jakhani group of six villages and Khatoti Khurd group of five villages). The work of construction of structures at

- State Government's policy for drinking water and targets fixed;
- rules, regulations and instructions of Government for execution of work; and
- reports of water testing laboratories.

3.2.5 Scope of Audit and methodology

Implementation of the various programmes/schemes for the period from April 2002 to March 2007 was reviewed through test-check of records in the offices of the Board, the EIC and 13¹² (out of 44) divisions located in 10¹³ (out of 20) districts. Divisions for test-check were selected on the basis of geographical location and expenditure incurred. An introductory meeting was held in February 2007 with Commissioner and Secretary, Government of Haryana, Water Supply and Sanitation Department in which important issues regarding implementation of various water supply schemes, audit objectives and audit criteria were discussed. Exit conference was held in August 2007 with the Engineer-in-Chief to discuss the audit findings and their views were considered while finalising the review report.

Audit findings

3.2.6 Financial management

3.2.6.1 Funding pattern

ARWSP is fully financed by GOI while for AUWSP, GOI finances 50 per cent of the estimated cost of the schemes and the State Government contributes balance 50 per cent. Under NABARD aided projects sanctioned under Rural Infrastructural Devolvement Fund (RIDF) - VI to IX, 90 per cent of the cost was released by NABARD as loan and 10 per cent was contributed by the State Government as State share whereas under RIDF-X started in October 2004, the ratio was changed to 85:15. In NCRPB aided projects, 75 per cent of the project cost is released as loan and the State Government contributes 25 per cent of the cost. Minimum Need Programme (MNP) is fully funded by State Government.

¹² Water Supply and Sanitation Division, Ambala, Bhiwani I & II, Gurgaon, Hansi, Hisar I, Kaithal, Karnal-I, Narnaul, Naraingarh, Panchkula, Rewari and Sirsa-I.

¹³ Ambala, Bhiwani, Gurgaon, Hisar, Kaithal, Karnal, Mahendragarh, Panchkula, Rewari and Sirsa.

3.2.6.2 Financial outlay and expenditure

Year-wise position of budget provision and expenditure incurred was as under:

Year	Rural Water Supply			Urban Water Supply			Total		
	Budget allotment	Expenditure	Excess(+)/ Savings(-)	Budget allotment	Expenditure	Excess(+)/ Savings(-)	Budget allotment	Expenditure	Excess(+)/ Savings(-)
(Rupees in crore)									
2002-03	115.57	118.68	3.11	35.19	52.26	17.07	150.76	170.94	20.18
2003-04	136.24	131.99	(-)4.25	60.32	122.91	62.59	196.56	254.90	58.34
2004-05	134.21	184.26	50.05	59.10	44.36	(-)14.74	193.31	228.62	35.31
2005-06	165.50	232.22	66.72	48.06	94.58	46.52	213.56	326.80	113.24
2006-07	274.05	274.50	0.45	70.55	77.78	7.23	344.60	352.28	7.68
Total	825.57	941.65	116.08	273.22	391.89	118.67	1,098.79	1,333.54	234.75

The expenditure exceeded the budget provision to the extent of Rs 234.75 crore during 2002-07. The excess expenditure was partly due to levy of seven *per cent* PWD charges on the works, three *per cent* storage charges on the material issued from the reserve stock which were not taken into account while framing budget estimates.

3.2.6.3 Avoidable payment of interest

Augmentation of water supply and sewerage scheme for Hisar town was approved (September 2002) by the National Capital Region Planning Board (NCRPB) at a cost of Rs 15.93 crore (Rs 11.95 crore as loan and Rs 3.98 crore as State share). Haryana Urban Development Authority (HUDA) was nominated as nodal agency for receiving and repayment of loan. The terms of loan inter-alia provided rebate in interest at 0.25 *per cent* if interest was paid on due date and penal interest at 2.75 *per cent* on interest payable for delay in payment.

Non-release of State share led to payment of interest without utilisation of loan.

It was noticed that the department failed to deposit the State share amounting to Rs 75 lakh in time (nine months delay) as a result of which HUDA did not release the amount to the department. Consequently the department had to pay interest amounting to Rs 21.82 lakh without utilising the loan. Besides, the department could not avail the rebate of Rs 2.20 lakh and paid a penal interest of Rs 0.99 lakh.

The EE, Water Supply and Sanitation Division-I, Hisar stated (July 2007) that the State share and payment of loan instalment could not be released due to delay in release of funds by the Finance Department. Thus, there was a need to streamline the system of release of funds by the Finance Department to avoid loss to the Government.

3.2.6.4 Blocking of funds

Funds of Rs 1.07 crore of Central assistance were not utilised.

In order to provide 70 LPCD water to the inhabitants of village Bhavdeen, Nagoki group of three villages and Kirarkot, the Board approved (March 2003) estimates for independent water works. All the works were approved under DDP and Rs 1.07 crore were received between March 2003 and February 2004. However,

the entire amount remained unutilised (May 2007), and the project was taken up under a loan from NABARD for Rs 2.29 crore and the funds from GOI remained unutilised. Taking up the scheme under NABARD also involved payment of Rs 24.66 lakh as interest.

The Member Secretary of the Board intimated (July 2007) that as the funds available under DDP were not sufficient, the above mentioned independent water works schemes were taken up under NABARD. The reply was not tenable as work on these schemes was not started and the allotted funds remained unutilised.

3.2.7 Planning and survey

3.2.7.1 Non-adoption of water sustainability measures

According to study undertaken by Department of Drinking Water Supply, Ministry of Rural Development, Government of India, about 85 *per cent* of the drinking water needs are met from ground water although only five *per cent* ground water extraction is needed for domestic water supply. Rising demand for water is putting enormous stress on easily and economically exploitable water resources especially ground water. The State is in a disadvantageous position with regard to rainfall, surface water quantum and ground water quality. The ground water exploitation is highest in six¹⁴ districts. It, therefore, becomes necessary to focus attention on projects relating to source sustainability through rainwater harvesting, artificial recharging, etc.

It was noticed that the department had not formulated any plan for water source sustainability and Rs 9.48 crore (five *per cent* of ARWSP funds) earmarked exclusively for such projects by GOI were not used for the purpose.

3.2.7.2 Physical targets and achievements

Details of physical targets vis-à-vis achievements in terms of number of villages to be covered under various rural water supply schemes during 2002-07

¹⁴ Jhajjar, Karnal, Kurukshetra, Panipat, Rewari and Yamunanagar.

are tabulated below:

Name of Scheme	(Number of villages)											
	2002-03		2003-04		2004-05		2005-06		2006-07		Total	
	T	A	T	A	T	A	T	A	T	A	T	A
Augmentation Water Supply*	-	-	-	-	50	71	90	191	50	180	190	442
NABARD	200	184	210	186	250	127	350	142	200	96	1,210	735
Prime Minister Gramodaya Yojana	40	18	25	12	20	10	0	0	0	0	85	40
ARWSP	150	178	120	146	130	120	80	78	100	235	580	757
DDP	50	35	45	38	45	19	20	14	25	25	185	131
ACA (earlier MNP)	210	321	70	175	30	103	60	72	100	199	470	870
NCR*	-	-	-	-	0	23	240	215	250	166	490	404
Total	650	736	470	557	525	473	840	712	725	901	3,210	3,379

Note: 'T' – Targets, 'A' – Achievements.

* State funded Augmentation Water Supply and NCR (Rural) Schemes were started from 2004-05.

NABARD aided schemes indicated declining trend in achievement.

As evident from the above table, there was a declining trend in achieving the targets under NABARD aided schemes. The shortfall in achievement which increased from 8 per cent in 2002-03 to 52 per cent in 2006-07 despite availability of funds was attributed to shortage of pipes and cement, slow progress of works, non-release of electricity connections by electricity supplying companies, etc.

The shortfall in achievement of targets under Prime Minister Gramodaya Yojna (PMGY), DDP and NCRPB aided projects was 53, 29 and 18 per cent respectively. Audit scrutiny disclosed that shortfalls in achievements were mainly due to less allocation of funds, delay in execution of works by the Divisions, non-release of electric connections by electricity supplying companies.

Priority was not given to deficient villages for providing potable drinking water.

As per records of the department, 1,971 villages were deficient in water supply (below the designated norm of 40 LPCD) in December 2004, out of which 868 villages remained deficient as of March 2007. The majority of these villages were from the water starved areas of desert prone districts. It was observed that water supply was provided to 1,613 villages during 2005-07, out of which 510 villages were those which were not deficient in water supply. Thus, priority was not given to those 868 villages which were deficient in water supply.

In order to ascertain reliable information on the status of supply of drinking water, GOI directed the State Government (October 2001) to conduct a survey of habitations to be completed by March 2003. It was noticed that neither the DCs nor the *panchayats* whose involvement was essential were consulted/involved in conducting the survey. The work was started in November 2002 but the survey report had not yet been finalised (July 2007) by the State Government. The data

of drinking water deficient villages with the department, on which the entire planning of water supply programme was based, therefore, lacked a reliable basis.

Yearly targets were not fixed under AUWSP. However, period for completion of schemes was three years. Out of 52 eligible towns under the scheme, GOI approved schemes for 38 towns at an estimated cost of Rs 79.69 crore, against which Rs 75.19 crore were spent and only 22 schemes were completed. While seven were completed within stipulated period of three years, remaining 15 were completed in a time span of 4 to 11 years leading to cost over run of Rs 2.32 crore. Among balance 16 schemes, 9 remained incomplete even after 4 to 7 years of their commencement on which Rs 22.93 crore had been spent against the estimated cost of Rs 23.76 crore.

Rural Water Supply Schemes

3.2.7.3 Taking up of schemes without ensuring availability of raw water

An expenditure of Rs 1.18 crore rendered wasteful because of non-commissioning of scheme due to wrong selection of source of water.

In order to supply 70 LPCD water to the Makrana group of villages in Bhiwani district, a water supply scheme was started in June 2000 and completed in July 2004 at a cost of Rs 81.59 lakh. Thereafter, the Irrigation Department showed their inability to provide raw water as the scheme was constructed at tail end of minor where water was not reaching. In February 2006 another estimate for Rs 30 lakh was sanctioned to obtain water from other channel. After incurring an expenditure of Rs 9.78 lakh, the work was stopped due to resistance from inhabitants of nearby villages.

Similarly, another scheme of water supply to Nangal Dargu group of 6 villages in Narnaul district was completed in March 2001 at a cost of Rs 98.12 lakh. The scheme could not be made functional due to non-availability of raw water. The above audit finding was also included in the Comptroller and Auditor General's Report for the year ending March 2001. Thereafter, an expenditure of Rs 24.28 lakh was incurred on the work to obtain raw water from another point of the same minor. Even then the scheme could not be made functional as no water was available at that point also. Though the scheme was not functional, a sum of Rs 2.64 lakh had been spent on payment of minimum electricity charges upto March 2007.



Dry outlet for water works at Nangal Dargu



Empty storage and sedimentation tank at Nangal Dargu water works

Thus, construction of water works without ensuring actual availability of raw water in the channels had resulted in non-commissioning of the schemes, besides rendering the entire expenditure of Rs 1.18 crore wasteful.

3.2.7.4 Improper survey and design of structures

Improper survey and design of structures led to abnormal delay in commissioning the scheme.

The Board approved (April 1999) the work of augmentation of the Water Supply Scheme of Bass Group of four villages for Rs 1.77 crore. The work of construction of water works was allotted (November 2000) for Rs 68.80 lakh with completion time of 12 months. The scope the work was enhanced (September 2003) to Rs 90.72 lakh due to change in design of inlet channel and increase in size of structures because of rise in spring level. The agency completed the work worth Rs 0.79 crore upto September 2005. Further, the work of laying of partial distribution line allotted in January 2005 had also been lying incomplete after spending Rs 0.73 crore. After incurring an expenditure of Rs 1.52 crore the scheme remained unoperative (March 2007). Thus, improper survey and design and not taking action against the contractor for not completing the work in time had rendered the expenditure of Rs 1.52 crore unfruitful, besides depriving the inhabitants of the benefits of the scheme even after seven years of its approval.

The EE, WSS Division, Hansi stated (May 2007) that the scheme had been commissioned in February 2007. The reply was not correct as the division applied for release of electric connection only in May 2007, the work of construction of water works was incomplete and almost half of the distribution lines were to be laid.

3.2.7.5 Under-utilisation of structures due to ill planning

Due to defective planning structures created at a cost of Rs 88.16 lakh could not be utilised fully.

The Board approved (November 1999) a scheme to supply potable drinking water to Jatai and Dhani Sukhpura villages for an estimated cost of Rs 56 lakh which was revised to Rs 1.21 crore (February 2004) due to increase in scope of work and rise in prices. An expenditure of Rs 88.16 lakh was incurred on the work upto January 2007.

Water supply was released to Jatai village but water to Dhani Sukhpura could not be released as main distribution line from water works Jatai to Dhani Sukhpura was not laid. The EE, WSS Division, Bhiwani stated (February 2007) that due to long distance between the two villages the pipeline was not laid and water supply to Dhani Sukhpura was given through tubewell. The reply was not tenable as the department at the time of framing the estimate knew the distance between the two villages. Thus, due to defective planning, the structures could not be fully utilised and Dhani Sukhpura village was, thus, still being supplied non-potable water.

Urban Water Supply Schemes

3.2.7.6 Extra burden on State exchequer due to unrealistic estimate

GOI approved a canal based water supply scheme for Ambala Sadar and released (November 2001) Rs 15.03 crore as Special Central Assistance for construction of

water works. Only Rupees five lakh were provided in the detailed project report for payment to Railways for making causeway against the actual estimated cost of Rs 3.45 crore. Inordinate delay in execution of the works led to cost escalation with the result that the estimate had to be increased by Rs 9.10 crore.

Due to unrealistic estimates and inordinate delay in execution of works, the State had to bear extra financial burden of Rs 9.10 crore.

For making causeway, the matter was taken up with Railways in August 2005 and a sum of Rs 2.22¹⁵ crore was deposited with the Railways during 2005-07. However, the Railways had not executed the work (April 2007). An expenditure of Rs 18.58 crore had been spent on the work upto April 2007 but the scheme was lying incomplete. Thus, due to preparation of unrealistic estimate coupled with delay in execution of works and in taking up the matter for construction of causeway with Railways late, State exchequer had to bear additional burden of Rs 9.10 crore as the GOI would not provide any additional central assistance for this scheme. The residents, too, were deprived of the benefits of this scheme.

3.2.7.7 Taking up of schemes without ensuring availability of raw water

Taking up schemes without ensuring availability of raw water and permission from Forest Department led to blocking of funds of Rs 4.29 crore.

The Board approved (July 1996) a canal-based scheme for renovation of water supply of Narnaul town for Rs 2.50 crore. The work of construction of Storage and Sedimentation Tank was awarded (September 2002) to an agency for Rs 86.20 lakh with a completion period of 12 months. Due to change in design, the scope of work was enhanced to Rs 1.05 crore which was not approved by EIC (April 2007). The agency had executed the work of Rs 86.17 lakh upto July 2006. The estimate of the scheme was revised (May 2006) to Rs 4.85 crore due to change of source of raw water. The work of construction of inlet channel started in July 2006 and Rs 22.36 lakh were spent on the work but it could not be completed in the absence of permission from the Forest Department. An expenditure of Rs 4.29 crore was incurred on the scheme (February 2007) but it remained non-functional as of April 2007.



Incomplete inlet channel from Neerpur Minor to Narnaul water works



Empty storage and sedimentation tank at Narnaul water works

¹⁵ February 2006: Rs 2.42 lakh; June 2006: Rs 55.08 lakh; and September 2006: Rs 164.87 lakh.

The EE, WSS Division, Narnaul stated (April 2007) that source of raw water had to be changed as the capacity of minor from where raw water was initially planned was not adequate. Thus, the scheme was taken up without ensuring the availability of water in adequate quantity.

3.2.7.8 *Delay in taking up the matter of outlet for raw water*

Delay in taking up the matter of outlet for raw water deprived the habitants of supply of safe drinking water.

As the underground water of the area contains excessive fluorides and is unfit for drinking, a scheme, Augmentation Water Supply, Kalayat town was sanctioned (September 2002) by GOI at a cost of Rs 5.44 crore. The work was started (February 2003) and an expenditure of Rs 4.99 crore was incurred upto March 2007 by EE, WSS Division, Kaithal but the works of construction of structures at water works and laying of distribution system were not completed (May 2007).

It was noticed that the site of the work was changed before execution of works, as the original site was flood prone and required a lot of earth filling and EE concerned requested the Irrigation Authorities (February 2004) for change of raw water outlet. To carry additional discharge from the changed site, the irrigation authorities demanded Rs 98.56 lakh for remodelling the distributory, payment of which was made in December 2005. The work of remodelling had not been completed by the Irrigation Department (June 2007). Thus, delay in taking up the matter of outlet for raw water for the changed site coupled with delay in completion of works resulted in non-commissioning of the water supply scheme even after more than four years of the start of the scheme.

3.2.8 **Implementation of schemes and execution of works**

Rural Water Supply Schemes

3.2.8.1 *Non-availing of Central assistance due to non-participation of community*

To institutionalise community participation in rural water supply programme to ensure sustainability of systems and resources, a Sector Reform project was introduced by GOI in April 1999. Under the project, 10 *per cent* capital cost was to be contributed by the users and 90 *per cent* by the GOI. On completion of scheme, operation and maintenance cost was to be borne by the users. A project was sanctioned (February 2000) by GOI for Karnal district to cover all the 415 villages of the district. Rupees 8.45 crore out of central share of Rs 14.09 crore was released to District Water and Sanitation Mission in March 2000 and June 2003. Further, users contributed Rs 83.43 lakh and interest amounting to Rs 42.22 lakh was also earned.

It was noticed that out of 415 villages, work in only 93 villages was taken up, for which Rs 7.86 crore were released to the Village Water and Sanitation

water works of Jakhani group was completed (August 2006) at a cost of Rs 44.63 lakh. In May 2006 the estimate of the work was revised to Rs 1.73 crore mainly due to cost escalation against which an expenditure of Rs 1.75 crore had been incurred but the scheme remained non-functional till April 2007 due to non-completion of works of distributing system.

There was inordinate delay in completing the work despite the fact that the water which was being supplied to inhabitants contained excessive fluorides. Besides, no proposal was made for water supply for remaining five villages of Khatoti Khurd group. The EE, WSS Division, Narnaul stated (April 2007) that the work of laying distribution system was in progress and the scheme would be made functional shortly.

3.2.8.7 *Execution of works without technical sanctions and excess expenditure over estimates*

Provision of Para 2.89 of the PWD Code provides commencement of works only after detailed cost estimates are technically sanctioned by the competent authority after satisfying that the proposals are structurally sound and estimates are correct. In 10¹⁶ divisions test checked, an amount of Rs 54.97 crore was spent on 52 works during 2002-07 without getting the estimates sanctioned.

Audit in 11¹⁷ divisions test-checked further observed that an expenditure of Rs 7.89 crore was incurred in 58 works in excess of sanctioned estimates. The revised estimates for these works were neither prepared nor were approvals obtained from the competent authority.

In six water supply schemes under AUWSP, an excess expenditure of Rs 2.41 crore was incurred. As the excess expenditure was not shared by GOI (50 per cent share), the State Government had to bear the entire excess expenditure from its own resources. The EIC intimated (November 2006) that action would be taken against the defaulters.

3.2.8.8 *Excess installation of stand posts*

As per norms of the department, a stand post was to be provided for an average population of 100 persons. A review of the position of stand posts required as per

Against the norm of providing 24,179 stand posts, 91,779 stand posts were provided leading to wastage of water and substantial loss to Government.

¹⁶ Water Supply and Sanitation Divisions: Ambala Cantt. (1 work): Rs 0.54 crore; Bhiwani-I (1 work): Rs 1.15 crore; Bhiwani-II (12 works): Rs 4.22 crore; Hansi (6 works): Rs 5.13 crore; Hisar-I (2 works): Rs 1.29 crore; Kaithal (1 work): Rs 2.59 crore; Narnaul (9 works): Rs 13.07 crore; Panchkula (3 works): Rs 3.32 crore; Rewari (10 works): Rs 11.46 crore and Sirsa-I (7 works): Rs 12.20 crore.

¹⁷ Water Supply and Sanitation Divisions: Ambala Cantt. (12 works): Rs 0.60 crore; Bhiwani-I (3 works): Rs 0.81 crore; Gurgaon (2 works): Rs 0.46 crore; Hansi (5 works): Rs 0.71 crore; Hisar-I (3 works): Rs 0.36 crore; Kaithal (3 works): Rs 0.44 crore; Karnal-II (5 works): Rs 0.13 crore; Naraingarh (3 works): Rs 0.34 crore; Narnaul (2 works): Rs 0.44 crore; Rewari (11 works): Rs 1.20 crore and Sirsa-I (9 works): Rs 2.40 crore.

norms vis-à-vis actually installed in respect of eight¹⁸ divisions disclosed that against the requirement of 24,179 stand posts, 91,779 stand posts were provided, which was about 280 *per cent* more than the norms.

The excess installation of stand posts not only caused short supply of drinking water at the tail end, drainage problem and unhygienic conditions but also caused wastage of drinking water worth Rs 100 crore (approx.) annually as 70 *per cent* of potable water supplied through stand posts goes waste. Besides this, the water supply schemes had to be augmented involving huge expenditure as due to excess stand posts the supply at the last end of scheme decreased considerably.

Urban Water Supply Schemes

3.2.8.9 Defective execution of work

GOI sanctioned (June 2002) augmentation of Water Supply Scheme for Punhana town (District Gurgaon) at a cost of Rs 1.65 crore. The scheme was to be completed within two years. The work on the scheme was started in August 2002 and was shown as completed at a cost of Rs 1.86 crore in August 2005 after incurring an excess expenditure of Rs 0.21 crore. Audit observed that though the SE, Mewat circle had reported (June 2006) major defects in execution of works and heavy leakages in the rising main, the EE, WSS Division, Nuh in response to audit observations claimed (April 2007) that the scheme had been commissioned. The reply was not tenable as another estimate for Rs 86.20 lakh was prepared for completion of balance work and to make the scheme functional as per design.

3.2.9 Other points

3.2.9.1 Extra expenditure on electricity charges

As per instruction of the electricity company, a High Tension (H.T.) connection for load above 70 KV is required to be obtained by the consumer on 11 KV pressured (H.T.) supply. In the event of failure to adhere to the instructions, a surcharge (called LT surcharge) of 25 *per cent* of the energy charges was payable by consumer. Further, in case, the demand of a consumer exceeded by more than five *per cent* of his agreed contract demand, a surcharge of 25 *per cent* on energy charges was charged (MDI penalty). A consumer was also required to maintain a power factor equal to 90 *per cent*, failing which penalty at the rate of one *per cent* for each one *per cent* fall in power factor was to be imposed upto 80 *per cent* and at the rate of two *per cent* for each one *per cent* falling power factor below 80 *per cent* of energy charges was to be levied.

Due to non-following the instructions of Electricity Company, the department had to pay additional energy charges of Rs 3.12 crore.

¹⁸ Water Supply and Sanitation Divisions, Ambala Cantt., Bhiwani-II, Hansi, Hisar-I, Hisar-II, Kaithal, Naraingarh and Narnaul.

It was noticed that the instructions of the electricity company were not adhered to and the company levied additional LT surcharge and penalty on various electric connections as a result of which four divisions had to pay additional energy charges amounting to Rs 3.12 crore as detailed below:

Name of WSS Division	Period	Energy charges	MDI Penalty	LT Surcharge	PF Penalty	Extra payment
		(Rupees in lakh)				
Ambala Cantt.	August 2002 to December 2006	242.05	64.84	20.32	52.66	137.82
Sirsa	March 2003 to November 2006	68.29	14.85	17.07	5.61	37.53
Bhiwani-II	May 2005 to September 2006	302.91	32.66	75.72	24.65	133.03
Kaithal	September 2005 to August 2006	20.14	0.00	0.00	3.12	3.12
		633.39	112.35	113.11	86.04	311.50

The extra expenditure could have been avoided had the connections been taken on HT (11 KV pressure) supply, contract demand been got extended and power factor been maintained by installation of capacitors as per instructions of the electricity company.

3.2.9.2 Excess consumption of pipes

The works of augmentation of water supply scheme in Birhera and Mushaidpur group of villages were sanctioned (May 2002) under NABARD loan. Work on the schemes was started in January 2004 and expenditure of Rs 2.39 crore and Rs 3.08 crore was incurred on respective schemes upto February 2007. Estimates provided laying of distribution lines in the villages. Quantity of pipe to be used was assessed as per detailed hydraulic survey of the area.

It was noticed that pipes of various diameters were used in excess of the provisions made in the sanctioned estimates. Excess pipes valuing Rs 9.24 lakh and Rs 11.31 lakh were used in Birhera group and Mushaidpur group respectively. The EE, WSS Division, Gurgaon stated (May 2007) that the pipelines were laid as per site requirements and in public interest. The reply was evasive as the quantities of pipes provided in the estimates were on the basis of hydraulic survey of the area. Therefore, excess utilisation was not justified.

3.2.9.3 Purchase of cement at higher rates

Director, Supplies and Disposals, Haryana placed two supply orders with a firm in July 2004 and September 2005 for supply of cement to WSS Department. According to terms of supply order, the consignee was to send photocopies of the demand drafts for 100 per cent payment of the value of the cement before 31 July 2005 and 31 March 2006. It was noticed that four¹⁹ divisions did not

¹⁹ Water Supply and Sanitation Divisions: Bhiwani-II, Hisar-I, Narwana and Tosham.

prepare the demand drafts within the prescribed period though the LOC for purchase of cement was released by EIC well before the due date. As such photocopies of the drafts could not be sent to the cement company within the prescribed period and the company did not supply cement. Thereafter rates of cement increased and divisions purchased the cement at higher rates which resulted into an excess expenditure of Rs 13.38 lakh.

3.2.9.4 Inventory of assets

A complete inventory of drinking water sources created under different programmes like ARWSP, MNP, etc. was to be maintained by each village *panchayat*, block and district. But in the test checked divisions, inventory was neither being maintained by village *panchayats* nor by the divisions. In the absence of inventory of assets, the actual availability of the assets created could not be vouchsafed in audit.

3.2.10 Quality control assessment

3.2.10.1 Water quality and testing

According to guidelines of World Health Organisation (WHO), every effort was to be made to achieve drinking water quality as high as practicable. Protection of water supplies from contamination was the first line of defence. Failure to provide adequate protection and effective treatment would expose the community to the risk of outbreaks of intestinal and other infectious diseases.

In order to provide safe drinking water, the department set up water testing laboratories in each district with the financial assistance of GOI. A target of testing of 20 water samples per day per laboratory was fixed. As such minimum of 4800 (20 x 240 working days) water samples were required to be checked by each laboratory in a year. Water samples tested and those not found potable during the period 2002-07 in seven²⁰ laboratories test checked was as under:

Laboratory situated at	Samples to be checked	Samples checked	Shortfall	Percentage shortfall	Found unfit	Percentage unfit samples
Narnaul	24,000	1,072	22,928	96	262	24
Rewari	24,000	2,932	21,068	88	849	29
Gurgaon	23,600	7,223	16,377	69	1,163	16
Bhiwani	23,200	14,421	8,779	38	1,985	14
Ambala	22,800	13,988	8,812	39	2,111	15
Kaithal	22,000	1,665	20,335	92	0	0
Hisar	22,400	6,271	16,129	72	109	2
Total	1,62,000	47,572	1,14,428	71	6,479	14

²⁰

Ambala, Bhiwani, Gurgaon, Hisar, Kaithal, Mahendragarh and Rewari.

Overall shortfall in testing of water samples was 71 per cent with 88 and 96 per cent in fluoride affected districts of Rewari and Narnaul.

Against the target of testing 1.62 lakh samples, only 0.48 lakh samples were tested during 2002-07. The shortfall in testing of samples was 88 and 96 per cent in fluoride affected districts of Rewari and Narnaul respectively. Further, out of 47,572 samples tested, water in 6,479 samples was found unfit for human consumption.

No system for collecting of water samples was evolved so that samples of all the water supply schemes could be tested. Samples for checking were collected only from the water treatment plant of Kaithal town in Kaithal district.

Acute shortage of chemists resulted in shortfall in testing of water samples.

In 19 laboratories of the department in the State, only seven chemists were covering all the laboratories in the State by rotation. Shortage of chemists was also a constraint in testing the samples as per targets.

Thirty three per cent samples checked by Health Department, were found unfit for human consumption.

Health Department also conducts tests of water samples from time to time. Chief Medical Officers of five²¹ districts test checked, reported that out of 35,671 samples checked, 11,661 samples (33 per cent) were found unfit for human consumption and 2,28,269 cases of Diarrhea, 1,474 cases of Jaundice, 2,209 cases of Enteric Fever and five cases of Meningitis were noticed due to consumption of contaminated water during 2002-05.

The high percentage of unfit samples indicated supply of poor quality of water which resulted in high incidence of water borne diseases. Thus, there was a need to bring about improvement in the quality of water supply for human consumption. Further, system of collecting water samples needed to be evolved so that samples of all the water supply schemes are collected and tested to ensure supply of safe and potable drinking water throughout the State.

3.2.11 Monitoring, information system and evaluation

3.2.11.1 Monitoring and Surveillance Programme

According to guidelines of WHO, the goal of water supply programmes is to ensure that convenient and year round access to adequate quantities of good quality water is available to all. To achieve this, water supply programmes need to contain a component of consumer information and education, which should aim to create proper surveillance of sources, an awareness of water quality and its relationship to health among those served by the water supply system. For this purpose and to provide effective water quality monitoring and surveillance programme including HRD activities, GOI released a sum of Rs 1.27 crore to the State Government in 2005-06. Further, the Board allocated these funds to various divisions in March 2006 (Rs 83.98 lakh) and May 2006 (Rs 43.49 lakh).

²¹ Bhiwani, Hisar, Kaithal, Karnal and Sirsa.

No action plan was prepared by the divisions test checked for monitoring and surveillance activities and the funds were not spent for the purpose except by WSS Division, Kaithal which spent Rs 1.72 lakh for the purpose.

3.2.11.2 Monitoring and evaluation

The monitoring and investigation cell was functioning in the department in the office of EIC. The periodical progress reports received by the cell from the field officers were neither scrutinised nor any remedial measures taken in respect of schemes showing deficient progress. Further, the Board had not fixed any time frame for completion of schemes with the result a large number of schemes had been lying incomplete for long. No evaluation was conducted to ascertain the impact of water supply schemes in the State.

3.2.12 Conclusions

Main aim of the water supply schemes was to provide safe and potable drinking water. The Department had not formulated any plan for water source sustainability although there was indiscriminate extraction of ground water in the State. Besides, there were cases of preparation of unrealistic estimates, taking up of schemes without ensuring availability of raw water, improper survey and design of structures, underutilisation of structures, etc. leading to non/delay in commissioning of schemes. Deficiencies in implementation of schemes and execution of works led to non-availing of central assistance, extra expenditure, blocking of funds, delay in commissioning of schemes, supply of non-potable water, deprivation of inhabitants of safe drinking water, etc. Stand posts for water supply were installed about three times of the norms leading to wastage of water and substantial loss to Government. The quality of water supply was not ensured as only 30 per cent of the targeted samples were collected and tested, of which 14 per cent were found unfit while Health Department reported 33 per cent of samples unfit for human consumption.

3.2.13 Recommendations

- The Department should formulate proper plan for water source sustainability;
- Planning should consider giving priority to supply water to those villages which are deficient in water supply;
- Schemes should be taken up only after proper survey and design and ensuring the availability of raw water from the source to avoid cost escalation and delays in commissioning;

- The vigilance mechanism and monitoring system should be strengthened to avoid defective/sub-standard and delayed execution of works;
- Installation of stand posts should be controlled to keep them within the norms;
- The matter regarding electricity connections needed to be pursued with the electricity supplying companies at higher level so that water works do not remain un-commissioned for want of electricity connections; and
- Water quality testing system needed to be geared up to ensure supply of safe and potable drinking water to inhabitants.

These points were demi-officially reported to Commissioner and Secretary to Government of Haryana, Water Supply and Sanitation Department in June 2007; their reply had not been received (August 2007).

**Environment Department
(Haryana State Pollution Control Board)**

3.3 Waste Management

Highlights

Performance Audit on "Waste Management" brought out department's/Board's failure in assessing the updated quantity of waste being generated in the State, non-projection of growth of waste based on growth of population, consumption pattern and industrial growth, absence of strategy to prevent or to reduce generation of waste, etc. Only 24 per cent of the hazardous waste generation units, 40 per cent of bio-medical wastes facilities and none of the municipal solid waste operators had obtained authorisation for the disposal of wastes from the State Pollution Control Board. Large quantities of hazardous waste was being piled up in pits, bio-medical waste was not being segregated, stored and disposed off by health institutions as per prescribed Rules. Municipal solid waste, sewage and treated effluent was being disposed of on the banks of a Nallah, in drains and in the open causing pollution. The Board had not taken effective steps against the defaulting individuals/organisations and there was little deterrence against violations.

- **The Environment Department and the State Pollution Control Board had neither assessed the latest figure of waste being generated nor projected the growth of waste based on growth of population, consumption patterns and industrial growth. Further, no strategy existed to prevent or to reduce the generation of waste.**

(Paragraph 3.3.7)

- **Out of 106 operators of municipal solid waste, none had qualified for authorisation under Municipal Solid Waste (Management and Handling) Rules 2000.**

(Paragraph 3.3.8.1)

- **Solid waste of Udyog Vihar, Gurgaon was disposed of on the bank of a Nallah, while waste of industrial estate, Barwala, Kundli and Manesar was being disposed of in the open at unauthorised places. Sewage of Hisar town was being thrown in the unauthorised places while treated effluent of Panipat was being discharged in Nohra Drain causing water and air pollution.**

(Paragraph 3.3.8.3)

- **A project 'Modernisation of Municipal Solid Waste Management' for 16 towns of National Capital Region was left incomplete after spending Rs 20.98 crore for want of funds.**

(Paragraph 3.3.8.4)

- **For disposal of bio-medical waste, out of 1,709 health care facilities, 682 (40 per cent) were not granted authorisation by the State Pollution Control Board. Segregation, storage and disposal of waste was not being done in health institutions as per prescribed Rules.**

(Paragraphs 3.3.9.1 and 3.3.9.2)

- **Out of 1,342 hazardous waste generating units, only 322 (24 per cent) units were granted authorisation for disposal of waste. 26,870.4 tonnes of hazardous waste had been piled up in pits in the absence of common treatment, storage and disposal facility.**

(Paragraphs 3.3.10.1 and 3.3.10.2)

3.3.1 Introduction

Wastes are threat to the environment and human health if not handled or disposed off properly. Surface water contamination takes place when wastes reach water bodies while ground water gets contaminated when residues from waste percolate into the ground water. Soil contamination as a result of waste can harm plants on taking up contaminants from their roots. Emissions from incinerators or other waste burning devices and landfills can also cause air contamination. For the protection and improvement of environment and to prevent hazards to human beings, other living creatures, plants and property, the Parliament enacted the Environment (Protection) Act in 1986 (the Act). Relevant rules were framed under the Act to manage and handle different kinds of wastes viz. hazardous waste, bio-medical waste and solid waste, in the years 1989, 1998 and 2000 respectively.

3.3.2 Organisational set up

The Commissioner and Secretary to the Government of Haryana, Environment Department is the administrative head in the Government for formulating the policies. The Director, Environment Department is responsible for implementation of policies, programmes, etc. The Haryana State Pollution Control Board (the Board), constituted in September 1974, was entrusted with the responsibility of implementation of the provisions of the Act and Rules. The Commissioner and Secretary to the Government of Haryana, Environment

Department is also the Chairman of the Board. The Board has a Member Secretary and five members representing the State Government. Nine Regional Environmental Engineers also assist the Chairman for smooth functioning of the Board.

3.3.3 Audit objectives

The Audit Objectives were to assess whether:

- the quantum of waste being generated in the State has been accurately assessed and have the risks to environment and health posed by waste been identified;
- the policies on waste management reflected the priority of waste reduction and waste minimisation as against waste disposal;
- the various agencies involved in the process were identified and allocated clear responsibility and accountability for waste management;
- the compliance to laws regulating municipal solid waste, bio-medical and hazardous waste was taking place and whether the monitoring mechanism was effective in checking non-compliance; and
- the funding and infrastructure was adequate for the implementation of rules on waste management and whether the funds/infrastructure had been used economically, efficiently and effectively.

3.3.4 Audit criteria

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

- Adherence to rules relating to the bio-medical waste, hazardous waste and municipal solid waste;
- Policies, directions, legislation and practices for management of waste; and
- Adherence to system of periodic monitoring in the Board relating to management of waste.

3.3.5 Audit coverage and methodology

Records for the period 2002-07 were test checked during March 2007-May 2007 in the offices of the Board, Directors of Environment and Urban Development Departments, Chief Administrator of Slum Clearance Board, Managing Director, Haryana State Industrial Infrastructure Development Corporation (HSIIDC), Director General Health Services (DGHS) and 24²² field offices (out of 135 offices). An introductory meeting was held in March 2007 with senior officials of the Board in which important issues regarding audit plan, audit objective and audit criteria were discussed. Results of the test-check are embodied in the succeeding paragraphs.

Audit findings

3.3.6 Financial arrangement and expenditure

Negligible expenditure was incurred on waste management.

The Board spent Rs 47.11 crore on various activities such as water pollution control, air pollution control and waste management against the receipt of Rs 91.76 crore during 2002-07. Of the total expenditure, Rs 31.05 crore (66 *per cent*) were spent on establishment and office expenses, Rs 1.40 crore (three *per cent*) on items such as vehicles, computers, furniture, laboratory equipments, etc. and Rs 12.66 crore (27 *per cent*) on construction of building, loans and advances and Rupees two crore (four *per cent*) on waste management activities.

Against the budget provision of Rs 1.85 crore, the Environment Department spent Rs 1.76 crore during 2002-07. Out of this, Rs 1.16 crore (66 *per cent*) were spent on salaries, Rs 0.50 crore (28 *per cent*) on installation of Common Effluent Treatment Plant, Rs 0.06 crore (three *per cent*) on environment education and awareness and Rs 0.04 crore (three *per cent*) only on waste management.

Thus, the Board and the Department spent negligible funds on waste management during 2002-07.

²² Municipal Councils: Karnal, Panipat, Thanesar and Yamunanagar; Municipal Committees: Pinjore, Kalka, Ladwa, Jagadhari, Nilokheri, Taraori, Gharounda and Samalkha; Industrial Estates: Barwala and Yamunanagar; Estate Offices of HUDA: Kurukshetra, Jagadhari and Panipat; Civil Surgeons: Ambala, Panipat, Panchkula and Yamunanagar; Regional Offices of the Board: Panchkula, Panipat and Yamunanagar.

3.3.7 Assessment of waste and risks associated with it

As per Environment Report of Haryana State, the Environment Department had assessed the following quantity and type of waste generated during the year 2004-05:

i)	Municipal Solid Waste	3,578.30 tonnes per day
ii)	Industrial Hazardous Waste	63,707 tonnes per year
iii)	Bio-Medical Waste	311 tonnes per year

The Environment Department and the Board had not assessed correctly the quantity and type of waste generated during the year 2005-06 and 2006-07. No system to assess the quantity of waste being generated during these years was in place. Further segregation of waste, for example segregation of municipal waste into biodegradable, plastic, etc. was not being done which was essential to determine the method of treatment/disposal of such waste. No projections about the growth of waste based on growth of population, consumption patterns and industrial growth had been made. Besides no assessment had been made to determine the current capacity to handle waste or the capacity that needed to be created for handling the increasing quantity of the waste.

Further, risks to surface and ground water, ambient air and soil as a result of improper management of waste had also not been assessed. More importantly, no strategy had been made to reduce the generation of waste so that waste disposal is manageable according to provisions of the 'Act'.

3.3.8 Solid waste management

3.3.8.1 Grant of authorisation

Out of 106 operators of municipal solid waste, none had qualified for authorisation.

The Municipal Solid Waste (Management and Handling) Rules 2000 provide that the Municipal Authority or an operator of a facility shall obtain authorisation for setting up of Waste Processing and Disposal facility including landfills from the Board. The Rules further provide the method to be adopted by the authorities for proper storage, collection, segregation, processing, transportation and final disposal of municipal solid waste.

It was noticed that there were 106²³ units working as operators of the facilities, but none of them qualified for authorisation for the purpose. Audit further observed that though the Municipal Committees (MCs) had submitted the application forms but criteria for scientific method of collection, transportation and disposal had not been fulfilled by any of the MCs. Show cause notices were issued to MCs but no legal or other action had been taken against them for

²³ 75 Municipal Authorities, 14 units of HSIIDC and 17 Estate Offices of HUDA.

non-compliance of rules. Further, the Board sent (November 2006) a case for prosecution against the responsible officers/persons in respect of MC, Thanesar to the Government in Environment Department but the Government had not taken any decision (May 2007).

Out of 75 MCs, only Sirsa MC had sanitary landfill and compost plant.

Schedule I of the Rules *ibid* prescribed time schedule for improvement of existing landfill sites as per provisions of these rules, identification of landfill sites for future use and making site(s) ready for operation, setting up of waste processing and disposal facilities by 31 December 2001, 31 December 2002 and 31 December 2003 respectively. Twenty three out of 75 MCs had not even identified the sites for landfills, 20 MCs had identified the sites but had not acquired the land and 31 MCs had acquired the sites but had not constructed sanitary landfill and compost plant. Sanitary landfill and compost plant was in operation only in Sirsa municipal area.

3.3.8.2 Non-compliance of Solid Waste Management Rules

For the disposal of solid waste, the municipal bodies were required to obtain authorisation from the Board, prepare action plan and to make compost to process waste, installation of bins, provision for transportation of waste, notify a schedule for collection of waste, conducting of awareness programme, etc.

None of 17 units test checked had obtained authorisation for disposal of waste from the Board. Sixteen units had not prepared any action plan for disposal of solid waste and also did not process waste into compost. Fifteen units handled the waste manually and had not identified places for installation of bins. Fourteen units did not possess sufficient facilities for transportation of waste, had not notified a schedule for collection of waste and had not conducted awareness programmes for segregation of wastes and promotion of recycling of wastes. Thirteen units did not paint the bins according to the prescribed scheme while 10 units were not collecting waste from house to house. In ten units, waste was stored in the open and covered vehicles were not being used for transportation of waste. Seven units had not provided disposal sites. Thus, non-compliance of Municipal Solid Waste Rules led to unhygienic and unsanitary conditions. The Board also failed to enforce the rules in this regard.

3.3.8.3 Unauthorised disposal of waste

In the absence of an integrated and concerted strategy to collect, transport and dispose off waste in a scientific way, solid waste was being managed in most places in an *ad hoc* manner resulting in its disposal at unauthorised sites. Some of the cases noticed are as under:

Solid waste of Udyog Vihar, Gurgaon was being disposed of on the bank of nallah.

* The sub-office of HSIIDCL at Gurgaon, which was responsible for Solid Waste Management in the Industrial Estate at Gurgaon, emphasised the need of land for disposal of solid waste generated by industrial units of Udyog Vihar, Gurgaon. The space was to be provided by HUDA. However, the solid waste was being disposed of on the bank of a Nallah at Delhi-Haryana Border near

National Highway-8. The residents of surrounding areas objected the dumping of solid waste at unauthorised sites which was posing health risks, the Board did not initiate any action against the defaulters for not making arrangements for disposal of solid waste as per Rules.

Solid waste/garbage of Industrial Estates, Barwala, Kundli and Manesar was being disposed of in the open at unauthorised places.

* Non-biodegradable/inert waste was to be dumped at a designated landfill site and biodegradable waste was to be treated by composting in a systematic and scientific manner while disposing. However, in the Industrial Estate, Barwala (district Panchkula) the solid waste/garbage was being disposed of in pits/holes near Tangri River. Similarly, in Industrial Estates, Kundli (district Sonipat) and Manesar (district Gurgaon), the Solid waste was being disposed of in low lying vacant areas. The Board had not initiated any action against the defaulters for disposal of solid waste/garbage in the open areas.

Sewage of Hisar town was being thrown in unauthorised places.

* The work of providing external sewerage for disposal of sewage of Sectors 27 and 28-A, Hisar to abandoned Deva Distributary was allotted (April 2004) to a contractor. The work was to be completed within six months. Upto July 2005, approximately 35 *per cent* work was completed at a cost of Rs 55.59 lakh. Thereafter, the work of laying of pipe line was stopped by the villagers as the land from where the pipe line was passing belonged to them.

Despite objections of nearby residents, the sewage continued to be thrown along Balsamand Distributary and along Hisar-Bhiwani Railway line in the open which was polluting the environment and possibility of breakout of epidemics in the surrounding areas could not be ruled out. The Executive Engineer of the Division intimated (May 2007) that approval for alternate alignment was pending (May 2007) with the Engineer-in-Chief, HUDA, Panchkula. Thus, the work was held up due to improper planning.

* The treated effluent from the 10 MLD Sewage Treatment Plant (STP) in Panipat was being discharged into the Nohra Drain despite the stay order obtained by the villagers of Binjhol from the district court Panipat against the discharge of treated effluent. Upstream of the point where treated effluent was joining Nohra Drain, the drain was being polluted by dying units also. The Board had not initiated any action against the defaulters to prevent pollution.

* Out of three test checked regional offices of the Board, in two²⁴ regional offices, only 285.50 tonnes of solid waste was collected against generation of 347.50 tonnes per day. The shortfall in collection of solid waste by 18 *per cent* in these two regions is likely to lead to piling of garbage at unauthorised sites.

3.3.8.4 Incomplete projects and unfruitful investments

Projects undertaken for the creation of facilities and infrastructure are marred by half hearted resolve besides the lack of a proper system for managing waste, and

²⁴

Panipat and Yamunanagar.

investments made could not bear fruition. The following cases are illustrative of this.

A project for modernisation of municipal solid waste management was left incomplete after spending Rs 20.98 crore.

* National Capital Region Planning Board (NCRPB) had sanctioned the Project for modernization of solid waste management and repair of roads in 16²⁵ towns falling under NCR at a cost of Rs 56.56 crore with loan component Rs 42.42 crore (75 per cent) and the municipal share Rs 14.14 crore (25 per cent). The project which started in March 2001 was to be completed in June 2002. Loan amounting to Rs 21.21 crore was released between March 2001 and July 2002 (Rs 4.24 crore in March 2001 and Rs 16.97 crore in July 2002) against which an expenditure of Rs 20.98 crore was incurred up to September 2006. Physical progress reports (upto June 2006) showed that construction work of road was completed up to 60 per cent, purchase of vehicles and equipments for transportation of solid waste upto 80 per cent. Land was purchased in five urban centres for installation of treatment plant. Thereafter, there had been no further progress of the project work as the Board did not take the balance loan amounting to Rs 21.21 crore. The Chief Administrator, Slum Clearance Board informed (September 2005) the Chief Co-ordination Planner NCR Cell, that there was no possibility to raise the balance loan for the project as the Municipal Committees were not in a position to repay the loans. The project remained incomplete (July 2007) and also the objective of the project could not be achieved.

In six MCs, 921 hand carts and 38 tricycles costing Rs 44.43 lakh had been lying unused since their purchase in 2003-04.

* The Chief Administrator, Slum Clearance Board Haryana, Chandigarh purchased hand carts (wheel barrows) and tricycles for transportation of garbage during the year 2003-04 without obtaining the requisition from the MCs. These items were to be distributed to MCs under Municipal Solid Waste Management Scheme.

In six²⁶ MCs, 921²⁷ hand carts and 38²⁸ tricycles valuing Rs 44.43 lakh had been lying unused since their purchase. The MCs, Thanesar and Yamunanagar replied (May 2007) that the matter to transfer the surplus equipments to other MCs was taken up with the Slum Clearance Board in January-February 2005 but no action had been taken by the Board so far (May 2007).

* The State Government sanctioned grant of Rs 54 lakh to two Municipal Committees (Yamunanagar: Rs 14 lakh in June 2005 and Taraori: Rs 40 lakh in March 2006) for development of Vermin Composting and Segregation Yard and Sanitary Landfill sites for urban solid waste management. However, even after lapse of more than one to two years, the grant had not been utilised (May 2007).

²⁵ Bahadurgarh, Bawal, Gannaur, Gohana, Gurgaon, Hodel, Jhajjar, Meham, Nuh, Palwal, Panipat, Samalkha, Sohna, Sonipat, Rewari and Rohtak.

²⁶ Jagadhari, Karnal, Panipat, Samalkha (Panipat), Thanesar (Kurukshetra), and Yamunanagar.

²⁷ Jagadhari: 145; Karnal: 136; Panipat: 186; Samalkha (Panipat): 17; Thanesar (Kurukshetra): 195; and Yamunanagar: 242.

²⁸ Jagadhari: 16; and Thanesar (Kurukshetra): 22.

3.3.9 Bio-medical waste management

3.3.9.1 Grant of authorisation

As per provisions of Bio-Medical Waste (Management and Handling) Rules 1998, every occupier generating, collecting, receiving, storing, transporting, disposing or handling bio-medical waste was to obtain authorisation from the Board. The occupier was to submit an annual report to the Board in Form 2 by 31 January every year stating the categories and quantities of bio-medical wastes handled during the preceding year.

682 health care facilities were denied/refused authorisation for disposal of bio-medical waste.

Out of 1,709 Health Care Facilities (HCFs) identified as of 31 March 2006 by the Board, 1,708 HCFs (except one) applied for authorisation but the Board had not granted authorisation to 682 HCFs due to non-compliance with Rules. Out of 1,709 HCFs, 1,037 were utilising services of Common Bio-Medical Waste Treatment Facility (CBWTF) provided by private service providers. Besides, 33 HCFs had installed incinerators but these were without Air Pollution Control Device (APCD). The Board was not aware of the status of disposal of bio-medical waste generated by remaining 639 units. The Board had issued show cause notices to the 683 defaulting HCFs. No penal action/prosecution was initiated against the defaulters (May 2007).

3.3.9.2 Non-segregation, storage and disposal of bio-medical waste

Segregation, storage and disposal of bio-medical waste was not being done in health institutions as per Rules.

Rule 5 of Bio-Medical Waste (Management and Handling) Rules 1998 provides that bio-medical waste shall be treated and disposed of in accordance with the provisions of Schedule-I and in compliance with the standards prescribed in Schedule-V. In schedule-I various kinds of treatments such as incineration, deep burial, local autoclaving, micro-waving, disinfection, etc. have been prescribed for various categories of wastes i.e. human anatomical waste, animal waste, micro-biology and bio-technology waste, etc. It was noticed that the bio-medical waste was not being managed in accordance with the rules in health institutions. As the segregation, storage and disposal of bio-medical waste was not done properly, Director General Health Services (DGHS) issued (February 2005) instructions to all the health institutions in the State for compliance of rules in this regard. The District Health Officers in each district were made nodal officers for bio-medical waste management and were required to send the consolidated report by seventh eighth of every month. As no compliance was made, the DGHS reiterated these directions in December 2005.

Further, Advisory Committee, constituted for management of bio-medical waste, also pointed out (July 2006) that bio-medical waste was not being handled properly by Health Institutions. The DGHS conveyed (July 2006) to all the Civil Surgeons in the State that the Board during inspection of various health institutions in six²⁹ districts had pointed out that: (a) proper segregation system was not being followed as could be seen from the fact that containers of different

²⁹ Ambala, Bhiwani, Hisar, Kaithal, Panchkula and Yamunanagar.

colours were available but were not placed properly with the result all types of waste was being disposed of in the same container; (b) needle destroyers were found locked in the *almirahs* of staff nurses/pharmacists and were not being used; (c) at some places staff nurses were not aware of the need to segregate waste; (d) direction for proper disposal of Bio-Medical Waste was not found displayed at the point of generation of waste; and (e) in the laboratories needle destroyers were not being used, slides were not disinfected and one slide was being used for preparing many smears without being washed/discarded, sputum collecting containers were not being treated as per directions.

Thus, management of these institutions did not ensure proper handling of bio-medical wastes. The Board during surprise check (October 2006) of Health Institutions again observed these shortcomings. The DGHS reiterated (April 2007) the instructions regarding the compliance of guidelines for bio-medical wastes. The Board, however, did not take action against the defaulting institutions. Thus, there was a need to bring about improvement in compliance of Rules to control pollution in Health Institutions.

3.3.9.3 Non-compliance in disposal of treated needles and broken vials

Government of India decided to introduce Auto Disable (AD) syringes, under Universal Immunization Programme (UIP) instead of glass or disposable syringes to minimize the risk of reuse of syringes that might transmit infections. Such waste generated in urban areas was to be conveniently treated. The CPCB in a case study in September 2004 concluded that the treated needles/broken vials ought to be disposed of in a circular or rectangular pit. However, no clause in this regard was included in the contract agreement with the service provider for collection and disposal of waste. As such proper disposal of treated needles/broken vials had not been ensured by the Health Department.

3.3.9.4 Advisory Committee on Bio-Medical Wastes

The State Government constituted an Advisory Committee on bio-medical waste in July 1999 to monitor the compliance of Rules. The MOEF recommended (July 2004) participation of the representative of people's body, *Panchayats*, etc. in the Advisory Committee for close monitoring of the implementation of Rules.

However, no such member of the *Panchayats*/representatives of people's body had been included in the Committee.

3.3.10 Hazardous waste management

Certain industries generate wastes that are highly toxic in nature and requires adequate control and careful handling. These are termed hazardous waste.

3.3.10.1 Authorisation for disposal of hazardous waste

Hazardous Waste (Management and Handling) Rules 1989 provide that the hazardous waste shall be collected, treated, stored and disposed of only in such facilities as may be authorised for the purpose. Every occupier generating hazardous waste and having disposal facilities was required to obtain authorisation from the Board. Rule 9 of the Rules *ibid* further provided that occupier was to maintain records of such disposal operations at the facility and submit annual return to the Board.

Out of 1,342 hazardous waste generating units, only 322 units were granted authorisation for disposal of waste.

The Board had identified 1,342 units as hazardous waste generating units upto March 2006, of which 1,176 units had applied for authorisation, but 441 units were refused/denied authorisation due to non-compliance with Rules. The cases for grant of authorisation of 413 facilities were under process with the Board and the remaining 166 units had not applied for authorisation. Three hundred twenty two units to whom authorisation was granted had not submitted annual returns to the Board as required under the Rules.

The Board had not initiated any legal or other action against the defaulters for enforcing compliance with the Rules.

3.3.10.2 Unsafe storage of hazardous waste

Huge quantities of hazardous waste had been piled up in the pits.

There is no Common Treatment, Storage and Disposal Facility (TSDF) in the State. As per datasheet sent (January 2004) to Central Pollution Control Board by the Board, 26,870.4 tonnes of hazardous waste had piled up in the State which was stored in the pits temporarily within the premises of hazardous waste generating units. The temporary storage of hazardous waste in the storage pits of the units was unsafe and might lead to environmental degradation.

On the behest of the Board, Environment Management Society was formed in January 2002 by the industrial units generating waste for setting up hazardous waste common treatment, storage and disposal facility over an area of 31 acres of Faridabad Municipal Corporation at village Palli in Faridabad district. The Board released (2005-06) Rupees two crore to the society for the purpose. There was, however, no progress (July 2007) due to pendency of a land dispute case in Punjab and Haryana High Court.

3.3.10.3 Sale of used oil to unauthorized dealer

DHBVNL sold used transformed oil to unregistered recycler in violation of Rules.

Rule 20 of the Hazardous Wastes (Management and Handling) Amendment Rules 2002 provide that major users of transformer oil shall auction/sell used oil only to the registered recyclers and were required to maintain a record of such sale and make these records available to the Board apart from submitting a half yearly return of sale by 30 June and 31 December every year.

The Board had neither evolved any system to identify the major oil users generating waste nor were those units filing half yearly returns to the Board.

Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL), Hisar sold 510 kilolitres used oil to a Meerut based firm through auction in July 2005 in which 19 bidders participated. As the firm was not registered as a recycler/re-processor under the Rules, the sale of used oil to the unregistered unit was objected to by the GOI in August 2005. The Environment Engineer, Hisar region in response to the Board's query reported (August 2005) that the firm did not have the proof regarding registration under Rule 19 of the Rules *ibid*. The Board had not taken any legal or other action against DHBVNL so far (June 2007). Thus, the Board had not exercised adequate control to implement the provisions of the Act and Rules in this regard.

3.3.10.4 Inadequate inspection of industries/units

The Environment (Protection) Act, 1986 and Rules framed thereunder lay down that the officers of the Board were required to visit industrial units regularly and ascertain that the programmes of Waste Management were being implemented satisfactorily. GOI too issued guidelines for regular inspection of industries/units from time to time. But the Board had not fixed norms/targets for inspection of industries. Further, inspection of industrial units was not conducted regularly. Only four units were inspected by the Board during 2005-06.

3.3.11 Ineffective co-ordination among various departments

Effective implementation of Environmental Pollution Act 1986 and rules thereunder called for co-ordination among the various departments/organisations viz. Urban Local Bodies and Industries and Commerce Departments, HUDA, HSIIDCL for ensuring the enforcement of the provisions of the Act and Rules. The Board responsible for maintaining pollution free environment did not co-ordinate with these departments/organisations to obtain the upto date information for waste management. The Board confined its activities to only communicating the Government orders/instructions to various departments but failed to take follow up actions for the control of pollution.

3.3.12 Training and orientation

According to National Conservation Strategy and policy statement on Environment and Development, the available management resources in the enterprises/projects would be oriented towards environment considerations and expertise to be developed through appropriate programme. Formal education and training programme in specialized areas of pollution control and environment management would be a continuing need.

Against the budget allocation of Rs 61 lakh, only Rs 6.30 lakh were spent during 2002-07 (upto January 2007) on training. The year-wise total number of seminars

and trainings proposed and actually held were not made available to audit though called for (March 2007).

Thus, the Board had paid little attention towards training programme and as such the requisite expertise in the field of waste management could not be developed.

3.3.13 Evaluation

Though the Board was functioning since 1974, no internal or external evaluation study of the activities relating to waste management was ever conducted by the Board.

3.3.14 Conclusions

Waste management in the State was neither efficient nor effective. The Department/Board failed in assessing the updated quantity of waste being generated in the State, projecting the growth of waste based on growth of population, consumption pattern and industrial growth and to formulate the strategy to prevent or to reduce generation of waste. Only 24 *per cent* of the hazardous waste generation units, 40 *per cent* of bio-medical waste facilities and none of the municipal solid waste operators had obtained authorisation from the State Pollution Control Board. Large quantities of hazardous waste was being piled up in pits while the bio-medical waste was not being segregated, stored and disposed of by health institutions as per prescribed Rules. Municipal solid waste, sewage and treated effluent was being unauthorisedly disposed of on the banks of a Nallah, in drains and in the open, causing pollution. The Board failed to take action against the defaulting individuals/organizations to make the implementation of the provisions of Environment Protection Act 1986 and Rules framed thereunder effective.

3.3.15 Recommendations

- The Department and the Board should assess the amount of different kinds of wastes being generated and formulate strategy for reduction in generation of waste and management considering environmental hazard of different types of waste;
- Hazardous waste common treatment, storage and disposal facilities needs to be set up by involving industrial units;
- A proper system should be put in place to ensure proper disposal of bio-medical waste by health institutions;

- A comprehensive plan should be prepared for disposal of municipal solid waste as per Rules in consultation with Urban Development Department; and
- The Board should take appropriate action against the persons/ organisations contravening the provisions of the Act, Rules, Orders, Directions, etc.

These points were demi-officially reported to the Commissioner and Secretary to Government in Environment Department in July 2007; their reply had not been received (August 2007).

**Education Department
(Directorate of Elementary Education)**

3.4 Nutritional Support to Primary Education

Highlights

Main objective of the National Programme for Nutritional Support to Primary Education to boost universalisation of primary education was not achieved as there was no improvement in enrolment of students in primary classes. Performance audit of the programme brought out deficiencies in financial management and programme implementation as there were cases of unspent funds being kept in banks, incorrect reporting of enrolment figures to Government of India, providing of meals in inadequate quantities to students, non-supply of meals to students on all the school days, lack of infrastructure such as pucca kitchen, cooking gas facility, utensils for serving meal, etc. Most of the schools reported that programme had affected teaching and learning. Besides, little attention was paid towards training to inculcate the habit of hygiene and cleanliness. The programme was also not monitored properly as Steering-cum-Monitoring Committees were not formed in most of the districts and blocks.

- **Programme funds amounting to Rs 5.72 crore remained unspent in bank accounts in five test checked districts.**

(Paragraph 3.4.6.2)

- **There was no noticeable improvement in overall enrolment of students in primary classes during 2002-07.**

(Paragraph 3.4.7.1)

- **In four test checked districts, students were provided 42 to 49 grams of foodgrains against the norm of 100 grams during 2004-07. Besides 364 Alternative and Innovative Education Centres in three districts test checked were not providing meals to students.**

(Paragraphs 3.4.8.1 and 3.4.8.2)

- **Out of 2,476 schools test checked, 2,185 schools were not served meals for two to five days in a month of 20 days during 2004-07.**

(Paragraph 3.4.8.4)

- **Eighty eight per cent of the schools test checked reported that serving and consumption of meals took more than the prescribed time of 40 minutes while 92 per cent schools reported that the programme was affecting teaching and learning.**

(Paragraph 3.4.8.5)

- **In 98 per cent of test checked schools, pucca kitchens were not available while in 82 per cent schools meal was prepared in the open.**

(Paragraph 3.4.9)

- **Block level Steering-cum-Monitoring Committees to monitor the implementation of the programme were not formed in test checked districts while district level committees were formed in two out of five districts.**

(Paragraph 3.4.11)

3.4.1 Introduction

The National Programme for Nutritional Support to Primary Education (NSPE) popularly known as Mid-Day Meal Scheme was launched as a centrally sponsored scheme on 15 August 1995 across the country for providing cooked meal to students of all primary schools run by Government, local bodies or aided by Government. Distribution of cooked meals was stopped in the State from July 1996 as the State Government viewed the scheme as having an adverse effect on the studies of children since most of the time of teachers was being consumed in making arrangements for preparation and serving of cooked food. Thereafter, the Department began to distribute foodgrains to students. However, distribution of cooked meals to students was restarted from August 2004 in compliance of the Hon'ble Apex Court's directions dated 20 April 2004.

The main objective of the programme was to boost universalisation of primary education by increasing enrolment, retention and attendance, and simultaneously impacting on nutrition of students in primary classes. The scheme provided for free meals with 300 calories and 8-12 grams of protein which was increased (September 2006) to 450 calories, 12 grams of proteins and adequate quantities of micronutrients like iron, folic acid, vitamin A, etc.

3.4.2 Organisational set up

The Financial Commissioner and Principal Secretary to Government of Haryana, Education Department was administrative head of the Department and was responsible for implementation of Government's policies and programmes. The Director, Elementary Education (DEE) was in overall charge for implementation

and monitoring of the programme and was assisted by an Additional Director and an Assistant Director at Directorate. District Elementary Education Officers (DEEO) at district level, Block Education Officers (BEOs) at block level and Head Teachers at school level were responsible for providing cooked meals to students.

3.4.3 Audit objectives

The main objectives of audit were to assess whether:

- Funds provided under the scheme were utilised economically and efficiently;
- The scheme achieved its principal objective of supporting the universalisation of primary education by improving enrolment, attendance and retention for the children in general and in particular belonging to disadvantaged section apart from improving the nutritional status of the children;
- The scheme contributed to enhancement in the learning level of the children where the nutritional support was provided;
- Implementation of the programme was carried out through well designed implementation procedure, determination of norms for expenditure met from other centrally sponsored schemes; and
- Efficient reporting, inspection and monitoring system was in place.

3.4.4 Performance indicators and audit criteria

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

- Statistics on enrolment, retention and attendance in schools;
- Meals served to students had nutrient value as per norms;
- Utilisation of funds as per prescribed norms; and
- Relevant guidelines of the Government.

3.4.5 Audit coverage and methodology

Records relating to the implementation of the programme for the period 2002-07 were test checked during February-June 2007 in the offices of DEE, five³⁰ of the 20 DEEOs, 32³¹ of 119 BEOs and 2,476³² of 9,343 primary schools in the State. An introductory meeting was held in February 2007 with senior officials of the Elementary Education Department in which important issues regarding audit plan, audit objectives and audit criteria were discussed.

Audit findings

3.4.6 Financial management

3.4.6.1 Funding pattern

The programme provided for 100 *per cent* central assistance to meet economic cost of foodgrains and their transportation from Food Corporation of India (FCI) godown to schools at the prescribed rates³³. Central assistance at the rate of Rupee one per child per school day to meet cooking cost from 1 September 2004 to 15 June 2006 and thereafter at the rate of Rs 1.50 per child per school day was provided. Apart from the above, assistance for management, monitoring and evaluation at the rate of 1.8 *per cent* of total assistance on free foodgrains, transport cost and cooking cost was provided with effect from 16 June 2006.

State Government prescribed norms for cooking cost at the rate of Rs 1.43 per child per school day that was revised (June 2006) to Rs 2.07 per child per school day. Balance of the cooking cost, after deducting central assistance, at the rate of Rs 0.43 per child per school day upto 15 June 2006 and thereafter at the rate of Rs 0.57 per child per school day was to be met by the State Government from its own resources.

3.4.6.2 Budget provision and expenditure

Budget estimates, revised estimates and expenditure during the period 2003-07

³⁰ Faridabad, Hisar, Jind, Karnal and Yamunanagar.

³¹ Faridabad (5), Hisar (8), Jind (7), Karnal (6) and Yamunanagar (6).

³² Faridabad (432), Hisar (459), Jind (465), Karnal (495) and Yamunanagar (625).

³³ Rupees 50 per quintal revised to Rs 75 per quintal from 1 October 2004.

was as under:

Year	Budget provision				Expenditure*
	Centre		State		
	Original estimates	Revised estimates	Original estimates	Revised estimates	
	(Rupees in crore)				
2003-04	-	-	50.00	2.89	2.89
2004-05	-	-	35.00	41.24	41.24
2005-06	21.89	34.64	35.63	21.00	55.64
2006-07	35.00	49.59	22.52	21.00	70.59
Total	56.89	84.23	143.15	86.13	170.36

* The expenditure does not include the cost of foodgrains.

The savings during the year 2003-04 were mainly due to non-distribution of cooked meals to the students during the year. Scrutiny of the records of DEEOs test checked further revealed that funds were drawn in lumpsum by them and kept in bank accounts for further disbursements to BEOs and schools. The entire funds were shown as having been spent. In these districts a sum of Rs 5.72 crore was lying unspent in bank accounts as on 31 March 2007 as detailed below:

Details of offices	2003-04	2004-05	2005-06	2006-07
	(Rupees in lakh)			
Five DEEOs	81.95	402.93	403.10	429.87
18 BEOs ³⁴	1.74	12.94	15.73	54.30
2,086 schools ³⁵	1.09	12.83	62.48	87.98
Total	84.78	428.70	481.31	572.15

A sum of Rs 5.72 crore was lying unspent in bank accounts in test checked districts.

Unspent balances with the implementing agencies had been increasing and rose to Rs 5.72 crore at the end of 2006-07 from Rs 0.85 crore in 2003-04 as the DEE had taken the entire allocations granted to districts as expenditure incurred and also reported the same to GOI because DEEOs failed to furnish the information regarding district wise expenditure vis-à-vis number of beneficiaries under the programme. Further, of the total allocations of Rs 35.62 crore to test checked districts during 2003-07, 16 per cent of allocations remained unspent and expenditure was inflated by that amount. The DEEOs concerned while admitting the fact stated (March-June 2007) that the amounts were kept in the bank accounts and would be deposited in treasury at the end of the financial year in future. Keeping of funds in bank accounts outside the Government Account was in violation of Rule 2.10 (b) 5 of Punjab Financial Rules, which stipulate that any unspent amount which is not required for immediate disbursement should immediately be deposited in the Government Account.

³⁴ Faridabad (2), Hisar (7), Jind (1), Karnal (4) and Yamunanagar (4).

³⁵ Faridabad (295), Hisar (429), Jind (327), Karnal (435) and Yamunanagar (600).

3.4.6.3 Incorrect reporting of enrolment leading to excess claim of central assistance

Incorrect reporting of enrolment led to excess claim of central assistance of Rs 99.20 lakh.

A test-check of the records of primary Government aided schools including Alternative and Innovative Education (A&IE) centres of three³⁶ districts revealed that enrolment of students was shown in excess of actual enrolment while sending demand to GOI for funds to meet the cooking cost as detailed below:

	Karnal	Yamunanagar	Jind	Total	Attendance rate (in per cent)	Number of child days excess shown (in lakh)	Financial assistance excess claimed (Rs in lakh)
(Enrolment of students)							
01 September 2004 to 31 March 2005 (149 days)							
As per DEE	1,02,647	66,257	1,10,138	2,79,042	87	34.10	34.10
As compiled from school records	86,919	63,810	1,02,006	2,52,735			
Excess shown	15,728	2,447	8,132	26,307			
01 April 2005 to 31 March 2006 (230 days)							
As per DEE	93,332	67,370	1,12,837	2,73,539	87	44.18	44.18
As compiled from school records	86,767	63,440	1,01,255	2,51,462			
Excess shown	6,565	3,930	11,582	22,077			
01 April 2006 to 15 June 2006 (37 days)							
As per DEE	88,131	65,501	1,08,065	2,61,697	87	2.18	2.18
As compiled from school records	83,682	64,902	1,06,345	2,54,929			
Excess shown	4,449	599	1,720	6,768			
16 June 2006 to 31 March 2007 (205 days)							
As per DEE	88,131	65,501	1,08,065	2,61,697	90	12.49	18.74
As compiled from school records	83,682	64,902	1,06,345	2,54,929			
Excess shown	4,449	599	1,720	6,768			
Total							99.20

Enrolment of students was shown in excess of actual enrolment which led to excess claim of assistance of Rs 99.20 lakh from GOI.

3.4.7 Impact on universalisation of primary education

3.4.7.1 No improvement in enrolment

There was no improvement in enrolment of students as a result of implementation of the programme.

One of the objectives of the programme was to support the universalisation of the primary education by increasing enrolment and bringing dropout rate to a minimum and attendance to a maximum level. Position of enrolment of students

³⁶ Jind, Karnal and Yamunanagar.

for the period 2002-07 was as under:

Year	Enrolment of students (in lakh)	Percentage increase (+) decrease (-) in enrolment over the preceding year's enrolment
2002-03	15.38	(-) 5
2003-04	15.79	(+) 3
2004-05	16.28	(+) 3
2005-06	16.46	(+) 1
2006-07	16.13	(-) 2

The position of enrolment during 2002-07 had remained nearly the same. According to Census 2001, total population of children in the age group of 6-11 years was 31.65 lakh in the State whereas enrolment of children during 2002-07 was around 16 lakh. Thus, a large number of children were out of school in the State. As such the programme had not made a noticeable contribution towards increasing the enrolment of the students.

Audit observed from the records of Jind, Karnal and Yamunanagar districts that there were variations in enrolment of students as per records maintained by DEE, DEEOs and actual number worked out by audit on the basis of records of schools as detailed below:

Enrolment of students in various districts (In lakh)

District	As per DEE	As per DEEOs	As compiled from school records
2004-05			
Jind	1.10	1.10	1.02
Karnal	1.03	0.83	0.87
Yamunanagar	0.66	0.67	0.64
Total	2.79	2.60	2.53
2005-06			
Jind	1.13	0.97	1.01
Karnal	0.93	0.77	0.87
Yamunanagar	0.67	0.67	0.63
Total	2.73	2.41	2.51
2006-07			
Jind	1.08	0.95	1.06
Karnal	0.88	0.83	0.84
Yamunanagar	0.66	0.62	0.65
Total	2.62	2.40	2.55

The matter is a cause of concern as in the absence of reliable data, adequate planning and effective implementation of the scheme is hampered.

3.4.7.2 Retention

There was no any improvement in retention of students as dropout rate remained almost the same during 2002-07.

The percentage of dropout of students in primary classes in a few schools of Karnal, Yamunanagar, Hisar and Jind districts are detailed below:

	Jind	Karnal	Yamunanagar	Hisar	Total
2002-03					
Number of schools	18	56	15	38	127
Enrolment at the beginning of the year	3,325	9,438	1,921	8,917	23,601
Enrolment at the end of the year	2,955	8,325	1,762	8,394	21,436
Percentage of dropout	11	12	8	6	9
2003-04					
Number of schools	30	53	11	45	139
Enrolment at the beginning of the year	5,965	9,299	1,034	10,085	26,383
Enrolment at the end of the year	5,601	8,584	989	9,050	24,224
Percentage of dropout	6	8	4	10	8
2004-05					
Number of schools	33	67	16	36	152
Enrolment at the beginning of the year	6,408	13,281	1,734	8,736	30,159
Enrolment at the end of the year	5,789	12,122	1,572	7,939	27,422
Percentage of dropout	10	9	9	9	9
2005-06					
Number of schools	26	62	18	36	142
Enrolment at the beginning of the year	4,328	11,431	2,058	6,965	24,782
Enrolment at the end of the year	4,051	10,403	1,924	6,185	22,563
Percentage of dropout	6	9	7	11	9
2006-07					
Number of schools	15	73	15	47	150
Enrolment at the beginning of the year	3,301	13,461	1,410	8,575	26,747
Enrolment at the end of the year	3,011	12,451	1,347	7,717	24,526
Percentage of dropout	9	8	4	10	9

The objective of the scheme was to increase the retention of students by arresting growth of the dropout rate. However, the data indicate that there has not been any improvement in retention as the dropout rate has remained almost same in all the years.

not complied with in 796 schools (50 per cent) for one year, in 574 schools (36 per cent) for two years and in 219 schools (14 per cent) for all the three years.

3.4.8.5 Adverse effect on teaching and learning

As per instructions from GOI (December 2004), the programme was to be implemented in such a manner that it did not effect the duration or quality of actual teaching and learning in schools. Further, teachers were not to be assigned responsibility connected with the programme except testing of food and supervision of actual serving so that students consumed their meals hygienically. It was to be so organised that the entire process of serving and consumption of meals did not take more than 30-40 minutes.

Eighty eight per cent schools reported serving and consumption of meals took more than the prescribed time of 40 minutes.

A scrutiny of the records of schools in the test checked districts, however, showed that head teachers were assigned responsibilities of receipt and safe storage of foodgrains and other ingredients and maintenance of their records in all the schools. Out of 2,476 schools, 2,190 schools (88 per cent) reported that process of serving and consumption of meals took more than 40 minutes and 2,288 schools reported (92 per cent) that programme was affecting teaching and learning.

3.4.8.6 Unauthorised utilisation of mid-day meal packets

A Non-Government Organisation (NGO) started centralised kitchen for 72 primary schools in urban areas of Faridabad district. The NGO prepared 11.04 lakh packets of lunch out of 539.01 quintals of foodgrains provided by the State Government during December 2006 to March 2007 and distributed 10.13 lakh packets to students resulting in excess preparation of 0.91 lakh packets of packed lunch which were reportedly distributed to the poor persons. Thus, 42.86⁴³ quintals of foodgrains supposedly consumed for preparation of 0.91 lakh packets of packed lunch was not utilised for mid-day meal for students.

Besides the NGO used only 47 grams of foodgrains in preparation of one day's meals per student against the norm of 100 grams. Thus, the NGO had not prepared the meals in requisite quantity and as a result the students were not served meals with proper nutrition.

3.4.9 Inadequate Infrastructure

Infrastructure includes kitchen cum store, cooking device, container for storage of foodgrains and utensils for cooking and serving. As per GOI instructions (December 2004), smokeless chullahs were to be used to the extent possible.

⁴³ $\frac{51,725 \text{ KG}}{11,04,000} = 47 \text{ gram} \times 91,199 = 42,86,353 \text{ i.e. } 42.86 \text{ quintals.}$

Further, use of firewood was to be discouraged in the interest of environmental protection.

The second Mid-Day Meal Programme Approval Board (the Board) under the Chairmanship of Secretary, Elementary Education and Literacy, GOI in its meeting held in April 2006 pointed out that lack of *pucca* kitchen sheds was the main issue affecting the programme as out of 9,343 schools in the State only 267 schools had *pucca* kitchen sheds. Firewood was the main source for preparation of meals in the schools despite the instructions of GOI to discourage its use in the interest of environment protection.

Pucca kitchen was not available in 2,420 schools (98 per cent) in test checked districts and in 2,034 schools (82 per cent) food was prepared in the open while cooking gas facility was available only in 128 schools. Utensils for cooking were available in the test checked districts (except 31 schools in Yamunanagar district) but spoons and plates were not provided to students for taking meals in a proper manner in Faridabad, Jind, Karnal and Yamunanagar districts. Separate store room was not available in any of the schools in test checked districts. Storage containers for foodgrains were provided to 1,088 schools in Yamunanagar and Hisar districts, of which 863 schools reported that storage capacity of containers was inadequate. Thus, there was lack of adequate infrastructure in schools for smooth implementation of the programme.

Further, due to absence of separate storerooms, buffer stock of foodgrains could not be kept leading to interruption in supply of cooked meals.

3.4.10 Health and hygiene

An objective of the scheme was to provide nutrition to students in primary classes. Guidelines of GOI (December 2004) envisaged that State Government would issue detailed guidelines for administration of six monthly dose for deworming and vitamin 'A' supplementation, weekly iron and folic acid supplement, zinc and other appropriate supplementation depending on common deficiencies found in local areas. Guidelines also emphasised that all persons engaged in handling ingredients and in cooking and serving the mid-day meal should be trained in hygienic habits. The Board in its meeting held in April 2006 also stressed the need for developing manuals for training the teachers on issues of hygiene, cleanliness, quality, etc.

A test-check of the records of DEEOs revealed that no weekly iron and folic acid supplements were provided in any of the schools while monthly dose for deworming was provided from 2005-06. No training camps were organised to train cooks, helpers and other functionaries in hygienic habits and no manuals were framed for training of teachers for the programme.

Out of 9,343 schools in the State only 267 schools had *pucca* kitchen sheds.

***Pucca* kitchens were not available in 98 per cent schools while in 82 per cent schools meals was prepared in the open.**

No training camps were organised for the persons engaged in implementation of the programme to inculcate hygienic habits.

3.4.11 Management, monitoring and evaluation

District and block level Steering-cum-Monitoring Committees were not formed except district level committees in Faridabad and Jind.

Targets for inspections to watch effective implementation of the programme were not fixed.

To oversee the management and monitoring of the programme, the scheme envisages setting up of Steering-cum-Monitoring Committees (SMCs) at State, district and block levels. The DEE in the evaluation report to GOI (March 2007) confirmed the formation of SMCs at districts and block levels in the entire State. Test-check of records, however, disclosed that SMCs at State level had been set up but no SMCs at block level had been formed and district level SMCs were formed only in Jind and Faridabad districts of the test checked districts.

State Government was required to issue guidelines for inspection of overall quality of mid-day meal including nutrition status, attendance status and retention status at various levels such as *panchayat*, municipality, officers of State Government, nutrition experts, etc. State Government was also to fix monthly targets of inspections to watch implementation of the programme in the schools in a proper manner. Suitable inspection rosters were to be prepared for each block/town/city and their implementation was to be monitored in every meeting of SMC at block, district and State level. No targets were fixed for the inspection at various levels to watch the effective implementation of programme. Even inspection rosters were not prepared. Guidelines and modalities for inspection of quality of programme implementation were also not framed by State Government.

Further, Financial Commissioner and Principal Secretary to Government of Haryana had not evolved any management information system in the form of periodical returns from field offices to have a control over the implementation of the programme.

3.4.12 Conclusions

The programme implementation was weak. Main objective of universalisation of primary education was not achieved as there was no noticeable improvement in overall enrolment of students. There were cases of deficiencies in financial management such as keeping of unspent funds in banks, incorrect reporting of enrolment figures to Government of India leading to excess claim of central assistance, etc. Besides, there were cases of providing of meals in inadequate quantities to students, non-supply of meals to students on all the school days, lack of infrastructure such as *pucca* kitchen, cooking gas facility, utensils for serving meals, etc. which indicated tardy implementation of the programme. Arranging of cooked meal by school authorities had affected teaching and learning. Little attention was paid towards training to inculcate the habit of hygiene and cleanliness. The programme was also not monitored properly as SMCs were not formed in most of the districts and blocks.

3.4.13 Recommendations

- Regular supply of meals in adequate quantity should be ensured. Buffer stock of foodgrains for one month's meals should be kept in schools to avoid interruption in providing meals to the students.
- Adequate infrastructure viz *pucca* kitchen, store, storage container, utensils, etc. should be provided to schools.
- District and block level Steering-cum-Monitoring Committees should be formed in all the districts to effectively monitor the implementation of the programme.

These points were demi-officially reported to the Financial Commissioner and Principal Secretary to Government of Haryana, Education Department in July 2007; their reply had not been received (August 2007).

CHAPTER-IV

AUDIT OF TRANSACTIONS

Chapter -IV

AUDIT OF TRANSACTIONS

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

4.1 Fraud/misappropriation/embezzlement/losses detected in audit

Food and Supplies Department

4.1.1 Loss due to lack of supervision and improper storage of wheat stock

Improper storage, lack of supervision and non-conducting of physical verification of wheat stock resulted in loss of Rs 3.35 crore.

The Food and Supplies Department procures foodgrains for Central Pool of Fair Average Quality on minimum support price and delivers it to the Food Corporation of India (FCI). The Department was responsible for its custody in terms of quality and quantity till its delivery to FCI. Physical verification of stock was required to be conducted twice a year by the District Food and Supplies Officer/Assistant Food and Supplies Officer. Monthly returns in Form PR-38 and PR-35 indicating the quality/quantity of stock and shortage/excess of stock respectively were also required to be submitted to the Directorate office.

During test-check of records of District Food and Supplies Controller, Panipat in September 2004, blockade of funds due to non-delivery of 4,020 MT wheat valuing Rs 2.52 crore to the FCI was observed. As the Department did not produce the basic records¹, the loss on account of shortage/mis-appropriation could not be quantified. However, the Department in response to audit observation, carried out physical verification of stock (April 2005) which showed 2,514 MT of damaged wheat pertaining to crop years *Rabi*-2002, 2003 and 2004 and shortage of 949 MT wheat. The damaged wheat was finally auctioned (March-April 2006) to the private parties for Rs 56.06 lakh. The economic cost of 3,463 MT (2,514 MT+949 MT) wheat worked out to Rs 3.91 crore. Thus, improper maintenance of stock, prolonged storage of wheat and failure in delivering of stock on first-in-first-out (FIFO) principle coupled with lack of supervision by the controlling officers and non-conducting of physical

¹ PR-38 indicating quality and quantity of stock, PR-35 showing the shortage/excess of stock.

verification of stock resulted in a loss of Rs 3.35 crore (Rs 3.91 crore-Rs 0.56 crore) to the Department.

While accepting the facts, Financial Commissioner and Principal Secretary to Government of Haryana, Food and Supplies Department in his reply stated (August 2007) that physical verification could not be completed in time due to non-cooperation of staff posted at Procurement Centre and monthly return in Form PR-35 was not sent by the DFSC as stock was not despatched to FCI. A team of high ranking officers of head office was constituted (February 2007) for physical verification of stocks, inspection of record and to point out irregularities. The team reported shortage in the stock and also damage to a major portion of the stock. Disciplinary proceedings had been initiated against the defaulting officials for their negligence, the final outcome of which was pending.

4.2 Excess payment/wasteful/infructuous expenditure

Public Works Department (Irrigation Branch)

4.2.1 Unfruitful expenditure due to non-construction of watercourses

Due to non-construction of watercourses the expenditure of Rs 4.34 crore incurred on construction of five channels was rendered unfruitful.

State Government approved (March 1999) Rewari Lift Irrigation Project (consisting of 15 irrigation channels) under Rural Infrastructure Development Fund IV (RIDF IV) of National Bank for Agriculture and Rural Development (NABARD) for Rs 46.50 crore for irrigating 74,083 *acres* of Cultivable Command Area (CCA).

Test-check of records (June 2006) of the Executive Engineer, Rewari Lift Irrigation Water Services Division, Jhajjar revealed that five² Irrigation channels which were constructed between May 2001 and July 2004 at a cost of Rs 4.34 crore were either not being used or being used very marginally since their completion. Against the creation of irrigation potential for 17,641 *acres* of land, only 8 to 10 *acres* were irrigated during 2005-07.

Thus, due to inaction on the part of Irrigation Department, the watercourses could not be constructed, as a result of which, the irrigation potential created was not utilised and the expenditure of Rs 4.34 crore incurred thereon rendered unfruitful.

The Executive Engineer of the Division while admitting the facts stated (January 2007) that less area was irrigated due to non-construction of watercourses by the farmers and water released was being used for drinking and

² Gurana sub-minor, Muzaphara sub-Minor, Faridpur sub-Minor, Daultabad Minor and Hansawas Minor.

filling of village ponds for cattles. The reply was not acceptable as the scheme was conceived for irrigation purposes. The watercourses were required to be constructed by the Command Area Development Authority and maintained by the farmers.

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

Town and Country Planning Department (Haryana Urban Development Authority), Public Works Department (Irrigation and Public Health Branches) and Home Department

4.2.2 *Extra expenditure on account of delayed payment of land compensation and interest thereon*

Determination of the value of the land at higher rates in violation of provisions of the Land Acquisition Act, delay in announcement of awards and erroneous calculation of interest resulted in extra expenditure of Rs 11.55 crore.

Land Acquisition Act, 1894 (the Act) provides that the Land Acquisition Collector (LAC) shall make an award for land compensation in accordance with the value of land on the date of publication of notification under Section 4 of the Act. In addition, an amount calculated at the rate of 12 *per cent* per annum from the date of notification to the date of award and 30 *per cent* solatium on the market value is also payable under Section 23(1) and 23 (2) of the Act *ibid*. Further, Section 48 of the Act provides that whenever the Government withdraws from any acquisition, the collector shall determine the amount of compensation due to damage suffered by the owner in consequence of the notice or of any proceedings thereunder. Audit observed cases of extra expenditure, loss on account of payment of interest on land compensation, etc. in four offices amounting to Rs 11.55 crore as detailed below:

Brief of the case	Rupees in crore
I. Haryana Urban Development Authority	
(a) Notifications under Sections 4 and 6 of the Act for acquisition of 101.86 <i>acre</i> land of five villages ³ of Gurgaon district for development of Urban Estate were issued (June 2003 and June 2004). Haryana Urban Development Authority (HUDA) deposited (October 2004) Rs 15.26 crore as worked out by the LAC Gurgaon on the basis of prevailing rate ranging between Rs 2.80 lakh and Rs 12 lakh per <i>acre</i> applicable with effect from February 2002, 30 <i>per cent</i> solatium and additional amount at the rate of 12 <i>per cent</i> per annum admissible under the Act. However, before the award could be announced, the Divisional Level Price Fixation Committee, Gurgaon enhanced the compensation rate of land of the area to Rs 15 lakh per <i>acre</i> in July 2005 and LAC Gurgaon demanded (August 2005) an additional amount of Rs 8.74 crore for announcing the	9.16

³ Wazirabad, Tigra, Samaspur, Badshapur and Ghatta.

<p>award. HUDA deposited the claimed amount in December 2005.</p> <p>The LAC while ignoring the rate prevailing at the time of publication of notification under Section 4 of the Act and announced (December 2005) five awards amounting to Rs 23.18 crore at the Divisional Level Price Fixation Committee's rate of Rs 15 lakh per <i>acre</i> plus 30 <i>per cent</i> solatium and additional amount at the rate of 12 <i>per cent</i> per annum on the value of land, for acquisition of land measuring 96.14 <i>acre</i>.</p> <p>Thus, determination of the value of the land at higher rates in violation of provisions of the Act resulted in extra expenditure of Rs 9.16 crore to HUDA.</p>	
<p>(b) Notifications under Sections 4 and 6 of the Act were issued in October 1982 and October 1983 respectively to acquire 239.23 <i>acre</i> land in village Khairpur (District Sirsa) for development of sector 19 and 20 of Urban Estate, Sirsa. However, before the announcement of the award it was decided to acquire the land in phases. Consequently, the award for 48.42 <i>acre</i> land was announced in May 1984 and the balance land was withdrawn from acquisition.</p> <p>Notifications for acquisition of 268.49 <i>acre</i> land (including 190.81 <i>acre</i> land withdrawn from acquisition in May 1984) under Sections 4 and 6 of the Act were again issued in November 1992 and November 1993 respectively. However, this time again only 118.90 <i>acre</i> land was acquired (November 1995).</p> <p>Six farmers whose land was withdrawn from acquisition in May 1984 and November 1995 filed an appeal (August 2000) before the Additional District Judge (ADJ), Sirsa praying for the compensation for the loss due to repeated withdrawals from acquisition of their land. The Court awarded (September 2004) compensation of Rs 19.46 lakh to the land owners which was paid by HUDA in December 2005.</p>	0.19
<p>2. Kaithal Water Services Division, Kaithal</p>	
<p>Notification under Section 4 of the Act for acquisition of 28.18 <i>acre</i> land of six⁴ villages of Kaithal and Kurukshetra Districts for construction of Deora Minor from RD 0 to 23,300 was issued in December 2004. Declaration under Section 6 of the Act <i>ibid</i> was made in March 2005.</p> <p>The LAC, Public Works Department (Irrigation Branch), Ambala announced five awards (between January and March 2006) for the land pertaining to five⁵ villages measuring 26.58 <i>acre</i> at the rate of Rupees five lakh per <i>acre</i> instead of collector's rates of Rs 2.40 lakh (Kaithal) and Rupees three lakh (Kurukshetra) per <i>acre</i> prevailing at the time of publication of notification under Section 4 of the Act. The compensation amounting to Rs 1.91 crore which included 30 <i>per cent</i> solatium and other allowances admissible under the Act from the date of notification under Section 4 of the Act to the date of Award was paid between January 2005 and September 2006. The difference between the collector rates and the awarded rates worked out to Rs 94.96 lakh.</p> <p>Thus, announcement of awards by LAC at higher rates than the collector rates prevalent at the time of publication of notification under Section 4 in violation of provisions of the Act had resulted in extra financial burden of Rs 94.96 lakh on the State exchequer.</p>	0.95
<p>3. Public Health Division No. 1, Sonipat</p>	
<p>The LAC, Gurgaon announced (February 1995) the award for acquisition of 38 <i>acre</i> 6 <i>kanal</i> land in village Dhanwapur for Rs 1.97 crore for construction of 71 million litre per day capacity (MLD) Sewerage Treatment Plant (STP) for Gurgaon. The Additional District Judge, Gurgaon (ADJ) in response to landowners appeal enhanced the land compensation (November 1998) by Rs 240 per square yard plus other compensation provided in the Act.</p> <p>The Department did not pay the enhanced land compensation and filed the stay petition in the Hon'ble High Court. Consequently the land owners filed execution petition in the court of ADJ Gurgaon. The Hon'ble ADJ observed (July 1999) that Hon'ble High Court had not granted stay</p>	0.46

⁴ District Kaithal: Balwanti, Deora, Jaswanti, Keorak and Nauch; District Kurukshetra: Thana.

⁵ District Kaithal: Balwanti, Jaswanti, Keorak and Nauch District Kurukshetra: Thana.

<p>and suggested three alternatives to the Department; (i) to make payment in the court with a request that the payment should not be disbursed to the land owners till the decision of the Hon'ble High Court, or (ii) to make payment to the land owners against bank guarantee/security, or (iii) to make payment in part with the commitment to make the balance payment in a specified period. The Department did not act on any of the above alternatives. The Hon'ble High Court granted stay (July 1999) on the execution of orders of the Hon'ble ADJ. However, the stay was vacated in December 2003. Part payment of enhanced compensation amounting to Rs 4.44 crore (between July 2004 and September 2006) including interest amounting to Rs 2.15 crore was paid to the land owners.</p> <p>Net loss on account of interest payment, after deducting the amount of interest that had been saved by retaining the fund with the Government, worked out to Rs 45.91 lakh.</p>	
<p>4. Superintendent of Police, Panchkula</p>	
<p>The State Government issued notifications (August 1997 and August 1998) under Sections 4 and 6 of the Act for acquisition of 53 acre 4 kanal and 4 marla land of villages Naggal Moginand and Bana Madanpur (Panchkula) for the construction of building of Police Line, Panchkula and quarters for police personnel. The LAC, Panchkula announced (July 2000) the award for Rs 2.16 crore. Aggrieved with the award of LAC, the land owners filed (February 2001) an appeal with ADJ, Panchkula for enhancement of land compensation. The Court awarded (November 2004) the land compensation at the flat rate of Rs 6.44 lakh per acre. The Department filed (March 2005) stay petition against the judgement in Hon'ble High Court which was dismissed (April 2005). The Department deposited an amount of Rs 6.18 crore⁶ (enhanced land compensation, 30 per cent solatium and additional amount at the rate 12 per cent per annum: Rs 3.46 crore and interest Rs 2.72 crore) between November 2005 and December 2006.</p> <p>Had the Department made the payment of enhanced land compensation immediately after the stay application was dismissed by Hon'ble High Court in April 2005 instead of making payment during the period between November 2005 and December 2006, the Department could have avoided the payment of interest amounting to Rs 46 lakh at the rate of 15 per cent for the intervening period.</p> <p>Further, LAC, Panchkula had asked department (August 2006) to deposit additional amount of Rs 1.17 crore on account of interest calculated as it was not calculated correctly in the initial payment. The department without any verification of the claim deposited the amount in the Court. However, audit observed that the LAC, Panchkula worked out the interest on the entire amount including principal amount of enhanced land compensation whereas, interest was payable upto the date on which principal amount of enhanced land compensation, solatium and additional amount was paid. The correct amount of interest worked out to Rs 2.02 crore, whereas and the Department had paid Rs 2.35 crore. This has resulted in excess payment of interest of Rs 0.33 crore to the landowners.</p>	0.79
<p>Total</p>	<p>11.55</p>

6

Date of payment	Land enhanced compensation, solatium and additional amount	Interest	Total
(Rupees in crore)			
26 November 2005	2.75	1.17	3.92
	0.59	0.25	0.84
7 April 2006	0.12	0.11	0.23
4 July 2006	0.01	0.01	0.02
5 December 2006	(-) 0.01	1.18	1.17
Total	3.46	2.72	6.18

All the above points were demi-officially reported to the Financial Commissioners and Principal Secretaries to Government of Haryana of the Departments concerned (between March and May 2007), their reply had not been received (August 2007).

Environment Department (Haryana State Pollution Control Board)

4.2.3 Inadmissible reimbursement of conveyance allowance

Inadmissible reimbursement of conveyance allowance amounting to Rs 48.51 lakh was made by Haryana State Pollution Control Board to its employees in violation of State Government instructions.

The State Government issued (October 1998) instructions to all the Departments/ State Public Enterprises/Institutions that Dearness Allowance, House Rent Allowance, City Compensatory Allowance, Conveyance Allowance, Medical Allowance, Travelling Allowances and other incentives granted to the employees of all State Enterprises/Institutions should not under any circumstances exceed those admissible to the State Government employees. No conveyance allowance was admissible to State Government employees except to blind and orthopedically handicapped employees.

Test-check of records (May-June 2006) of Haryana State Pollution Control Board (HSPCB) showed that the Board of Directors in their 121st meeting held in March 2002 approved the scheme of reimbursement of conveyance allowance to its employees in violation of aforesaid instructions at the following rates:

Basic pay	Type of vehicle	Monetary/Petrol per month
Rs 3,000 (pre-revised) and above	Car	50 litres
Rs 1,200 (pre-revised) and above	Scooter/Motor Cycle	25 Litres
No pay limit	Moped	12 litres
Other not covered by any of the above	For Public Transport.	Rs 140

Consequently, HSPCB reimbursed conveyance allowance amounting to Rs 48.51 lakh to its employees during the period from April 2002 to October 2006.

Thus, the reimbursement of the conveyance charges of the employees by HSPCB was inadmissible and in contravention to the instructions of the Government.

The Commissioner and Secretary to Government of Haryana, Environment Department stated (December 2006) that HSPCB was a corporate body constituted under the Act of Government and internal management of its resources was well within the domain of the HSPCB. Management while adopting agenda item of conveyance allowance had not envisaged the concurrence of the Finance Department.

The Reply was not tenable as the instructions of the Government issued in October 1998 were applicable in respect of all the State Enterprises/Institutions

irrespective of whether those were constituted under the Act of the Government or otherwise.

Transport Department

4.2.4 Avoidable excess payment of additional passenger tax

Operating of buses on temporary permits by making payment on 28 days basis instead of quarterly basis by five depots of Haryana Roadways in Uttar Pradesh territory resulted in avoidable excess payment of additional passenger tax of Rs 33.01 lakh.

Haryana Roadways was operating its buses in Uttar Pradesh (UP) on some routes continuously without mutual agreement by obtaining temporary permits and paying additional passenger tax at the rate of Rs 400 per seat for each spell of 28 days. As per amendment made (August 2004) in Section 6 of Motor Vehicle Taxation Act, 1997 by UP Government, additional passenger tax was payable at the rate of Rs 882 per seat per quarter in cases where there was no mutual agreement between the States for operating the buses in their territories.

Test-check of records (April-August 2006) and further information collected (March-April 2007) revealed that five⁷ depots of Haryana Roadways operated their buses between August 2004 and April 2007 on temporary permits by making payments on 28 days basis instead of quarterly basis and paid Rs 1.03 crore as additional passenger tax at the rate of Rs 400 per seat. Had these depots made payments at the rate of Rs 882 per seat per quarter, an amount of Rs 33.01 lakh⁸ could have been saved.

Thus, payment of additional passenger tax on 28 days basis instead of quarterly basis in UP territory without mutual agreement resulted in avoidable excess payment of Rs 33.01 lakh.

On being pointed out in audit, the Transport Commissioner stated (June 2007) that five depots, which had paid additional passenger tax at the rate of Rs 400 per seat per month in UP, did not receive the revised list of rates of Rs 882 per seat per quarter. He further justified that as the revenue realised from these routes was much higher than that of the routes operated within Haryana, there was no loss to the Government.

The reply was not tenable, as the Department should have provided the revised list of rates to these depots in time to avoid excess payment of additional Passenger tax. The depots could have earned more revenue if the tax had been paid at revised rates.

⁷ Ambala, Chandigarh, Karnal, Kurukshetra and Yamunanagar.

⁸ Ambala: Rs 2.21 lakh, Chandigarh: Rs 7 lakh, Karnal: Rs 4.43 lakh, Kurukshetra: Rs 8.01 lakh and Yamunanagar: Rs 11.36 lakh.

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

4.3 Violation of contractual obligations, undue favour to contractors and avoidable expenditure

Public Works Department (Buildings and Roads Branch)

4.3.1 Avoidable expenditure on premature laying of carpet on road

Premature laying of carpet on the road from Ladwa-Pipli (km 59 to 75.80) by Provincial Division II, Kurukshetra had resulted in avoidable expenditure of Rs 5.96 crore.

According to norms fixed by the department, renewal coat on roads is laid after an interval of five years where bitumen has been used. Accordingly, every year certain stretches of a road are selected in such a manner that the work of renewal coat on the entire length of the road is completed within a cycle of five years.

Test-check of records (November 2005) of Provincial Division II, Kurukshetra revealed that the work of periodic maintenance of Yamunanagar-Pehowa road (Length: 72.34 kms) involving 50 mm thick bitumen macadam (BM) of periodic maintenance, bituminous tack coat, 20 mm type A seal surfacing lean bitumen macadam (LBM) and prime coat was executed under Haryana Highways Upgradation Project (HHUP) between November 2000 and May 2003 at a cost of Rs 10.19 crore. This work included the stretch of km 59 to 75.80 (16.80 km) from Ladwa to Pipli where the work was executed between March 2002 and September 2002.

The work for improvement by providing and laying tack coat over existing black top surface, 75 mm thick compact LBM, 75 mm thick compact BM, 20 mm thick premix carpet, and type B seal coat on the road from km 59 to 75.80 (from Ladwa to Pipli) was again allotted in December 2004 at a tendered cost of Rs 4.80 crore. The work was completed (March 2006) after spending Rs 5.96 crore. Thus, premature laying of carpet on the road before the expiry of the prescribed period of five years in contravention to the norms fixed by the department had resulted in avoidable expenditure of Rs 5.96 crore.

The Engineer-in-Chief, Public Works Department (Buildings and Roads Branch) stated (May 2006) that traffic intensity as per census of May 2004 on this road was 16,082 vehicles per day including 2,264 heavy vehicles which had increased due to introduction of toll tax barrier on Grand Trunk Road near Karnal and majority of heavy vehicles had started using this road for going to Karnal via Ladwa-Indri. As the earth on this road patch was clayey, the heavy intensity of

traffic and advent of heavy axle load caused cracks on the surface and as such the strengthening of this road was necessary. Reply was not acceptable as the traffic census report showed that the traffic intensity had in fact decreased from 21,270 to 16,082 vehicles per day and heavy traffic had also decreased from 3,763 to 2,264 vehicles per day during the period between May 2002 and May 2004.

The matter was demi-officially reported to the Financial Commissioner and Principal Secretary to Government of Haryana, Public Works Department (Buildings and Roads Branch) in March 2007; reply had not been received (August 2007).

Agriculture Department (Haryana State Agricultural Marketing Board)

4.3.2 Avoidable payment due to injudicious auction of plots

Auction of plots without taking cognisance of High Court orders by Haryana State Agricultural Marketing Board has resulted in avoidable payment of interest amounting to Rs 1.67 crore and blockade of Rs 17.06 crore.

Haryana Urban Development Authority (HUDA) allotted 19.68 *acres* of land in Mandi Township, Kaithal in September 2001 to Haryana State Agricultural Marketing Board (HSAMB)/Market Committee (MC) Kaithal for Rs 17.06 crore for extension of existing Grain Market in Kaithal.

A test-check of records (November 2006) of HSAMB showed that MC, Kaithal carved out 117 shop plots and 126 booth plots in the entire land of 19.68 *acres*. The residents of the adjoining areas had filed a case before Punjab and Haryana High Court challenging the action of HSAMB and prayed for restraining them in any manner from changing the land use. The High Court passed (26 November 2001) an interim order directing that auction, if any, held during the pendency of the writ petition would be subject to the orders to be passed in the case. Without taking any cognisance of the interim orders passed by the court, the M.C. Kaithal held (28 November 2001 and 08 January 2002) an open auction of shop/booth plots and sold 74 plots (41 shop plots and 33 booth plots) for Rs 13.50 crore. The successful bidders deposited Rs 3.38 crore, being 25 *per cent* of the bid cost at the spot. However, the HSAMB/MC, Kaithal neither issued allotment letters to the successful bidders nor started any development work on the land owing to the issue of interim orders of the High Court. Consequently, some of the allottees filed a Civil Writ Petition in 2003 before the High Court for refund of 25 *per cent* bid money along with 24 *per cent* interest from the date of deposit. The High Court directed (August 2005) HSAMB to refund the deposits made along with interest at the same rates at which HSAMB charged interest on delayed payments. In compliance of the orders of High Court, MC Kaithal refunded (October 2006) the amount of Rs 2.14 crore along with interest amounting to Rs 2.44 crore (calculated at the rate of 15 *per cent* half yearly plus

4 per cent penal interest per annum upto September 2006) to the allottees, who had filed the Writ Petition.

Thus, proceeding with the auction of plots when the matter was sub-judice, resulted in avoidable payment of net interest amounting to Rs 1.67 crore (Rs 2.44 crore minus Rs 0.77 crore, the interest earned by the HSAMB on its bank deposits at the rate of six per cent⁹ taken into consideration). As the proposed grain market has not yet been established, the amount of Rs 17.06 crore spent on purchase of land also lies blocked since 2001.

Financial Commissioner and Principal Secretary to Government Haryana Agriculture Department in his reply stated (May 2007) that neither the development works could be started and nor the allotment letters were issued because of interim orders of High Court. Consequently as per direction of Hon'ble High Court, the Board/MC Kaithal refunded the amount and paid interest of Rs 2.44 crore. The fact remains that the auction of plots taken up without taking into account interim orders of the High Court resulted in avoidable payment of interest amounting to Rs 1.67 crore.

Education Department

4.3.3 Extra expenditure on uneconomic hiring of vehicles

Hiring of vehicles on a monthly basis with a high minimum contracted running, instead of hiring them for each inspection resulted in an extra expenditure of Rs 46.45 lakh.

With a view to improve the supervisory structure and quality of education in the State, the State Government ordered (September 2005) the functional integration of Departments of Primary Education, Secondary Education and Sarva Shiksha Abhiyan into a unified Directorate of School Education. In the consequent restructuring of field offices, the Block Education Officers (BEOs) were made the Inspecting Officers for schools in the block. An amount of Rs 1.16 crore was sanctioned by the State Government (December 2005) for hiring of vehicles for the 116 BEOs to be used by them during 2005-06 for inspecting the schools in their respective blocks. This arrangement was to be reviewed in April 2006 before its further continuation during the year 2006-07. On the basis of bids invited by various District Education Officers, the Director of School Education fixed (December 2005) the tentative monthly rate of Rs 17,000, Rs 18,000 and Rs 16,000 for the hiring of Tata Sumo, Qualis and Mahindra Jeep respectively for a minimum running of 3,000 kilometers per month. The basis on which the monthly running of 3,000 kilometers had been arrived at, was not on record.

⁹ Taken as average rate of interest (8.25 to 5.50 percent) allowed by banks on deposits for the period three years and more and investment made by HSAMB during the year 2002 at the rate of five per cent.

However, given that the average area of a block in the State was 376 sq. km¹⁰, this mileage was on higher side.

In a sample of 39 BEOs in 12 districts¹¹ subjected to audit scrutiny (February-May 2007), it was found that during 2005-06 the distance covered per month ranged from 309 km to 2,640 km and Rs 12.78 lakh was paid towards the hiring of these vehicles. Even though this arrangement was to be reviewed in April 2006, no such review was done and an amount of Rs 2.43 crore was sanctioned (November 2006) for hiring of vehicles by 119 BEOs during 2006-07. The distance covered during 2006-07 in the sampled blocks ranged from 64 km to 2,203 km and the expenditure incurred was Rs 64.76 lakh. Not only did the vehicles run for a distance much less than that contracted, even this running was not restricted to inspection of schools for which the vehicles had been hired. Thirty three *per cent* of the total running of vehicles during 2005-06 and 2006-07 was for sundry jobs and for private purpose. Twenty one BEOs hired vehicles for the month of June 2006 during which the schools remained closed for summer vacations. In Palwal, having highest number of schools and largest area in the State, the average distance covered in a month for inspection of schools was less than 1,000 km.

The BEOs covered only 5,18,090 km (92,646 km in 2005-06 and 4,25,444 km in 2006-07) as against the contracted 13,84,414 km. Had the Department hired vehicles for individual inspections on a per-km basis instead of hiring on monthly basis, Rs 46.45 lakh (Rs 77.54 lakh paid as hire charges minus Rs 31.09 lakh worked out at the rate of Rs 6 per km for 5,18,090 km) could have been saved in the 39 blocks test checked. This saving would be much more if all the blocks in the State were considered.

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

Agriculture Department (Haryana State Agricultural Marketing Board)

4.3.4 *Loss due to non-charging of interest from allottees*

Non-charging of interest from allottees from the date of issue of allotment letter to the date of issue of completion certificate by Market Committee, Assandh has resulted in loss of interest amounting to Rs 37.97 lakh.

The instructions of Chief Administrator, Haryana State Agricultural Marketing Board (HSAMB) Panchkula issued in August 1987 provided that in case, an

¹⁰ Total area of the State of Haryana (44,212 sq. km) divided by the number of blocks in the State (116 in the year 2005-06 and 119 in 2006-07).

¹¹ Ambala, Bhiwani, Faridabad, Jhajjar, Kaithal, Karnal, Kurukshetra, Panipat, Rewari, Rohtak, Sonapat and Yamunanagar.

allottee of plot of shop/booth completes construction according to the approved plan/map and also shifts his business to the said premises within the specified period of two years, the allottee was entitled to a concession in the shape of waving off interest on instalments for the remaining period. As such, interest in such cases was to be charged up to the date of issue of completion certificate of the building provided the remaining instalments were paid on the due dates without any default.

It was observed during test-check (November 2006) of records of Market Committee (MC), Assandh that auction of 27 plots was held in August 2001 and allotment letters were issued in December 2001. As per allotment letter, 25 per cent of the cost of the plot was to be paid at the time of auction and balance 75 per cent either within 30 days from the date of issue of the allotment letter or in six half yearly instalments with 15 per cent interest thereon from the date of issue of allotment letter. As the plot holders completed the construction work on these plots within two years and also got the completion certificates issued between May 2002 and September 2003, they were entitled for waiving off interest from the date of issue of completion certificates. However, the interest from the issue of allotment letters to the date of completion was payable by them. MC, Assandh did not charge any interest from the allottees from the date of issue of allotment letter to the date of issue of completion certificate, as a result of which, the MC, had forgone interest amounting to Rs 37.97 lakh.

Thus, non-charging of interest from the date of issue of allotment letter to the date of issue of completion certificate resulted in loss of interest amounting to Rs 37.97 lakh.

The Executive Officer-cum-Secretary, MC, Assandh replied (May 2007) that notices for recovery of balance interest of plots have already been issued and in case of any default, the same would be recovered through Land Revenue Act.

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

Foods and Supplies Department

4.3.5 Loss due to non-recovery of transportation charges

Failure of Food and Supplies Department to recover transportation charges from millers has resulted in loss of Rs 28.89 lakh to the State Government on transportation of paddy.

Government of India Ministry of Consumer Affairs, Food and Public Distribution fixed rates of custom milled rice delivered to the Central Pool which included the milling charges of Rs 15 and Rs 20 per quintal for *kharif* 2004-05 and Rs 15 and Rs 25 per quintal for *kharif* 2005-06 for Raw Rice and Par-boiled Rice

respectively. Milling charges so fixed were inclusive of transportation charges of paddy upto eight kilometres on each side from purchase centre to mills and from mills to Food Corporation of India (FCI) godowns. Government of India (GOI) had clarified (July 2006) that transportation charges upto eight kilometres for delivery of rice from mills to FCI godowns or State godowns were included into milling charges.

Test-check of records (November 2006) of District Food and Supplies Controller, Fatehabad showed that an expenditure of Rs 61.54 lakh was incurred during 2004-06 on transportation of 36,694 MT paddy from *mandis* to the premises of millers. Of this, an amount of Rs 28.89 lakh being the transportation charges upto eight kilometres was recoverable from millers. But the department did not recover the same from them.

The Financial Commissioner and Principal Secretary to Government of Haryana, Food and Supplies Department stated (August 2007) that on the request of Haryana Rice Millers and Dealers Association, GOI was requested to issue revised sanction without inclusion of transportation charges in the milling charges from *mandis* to mill premises. The GOI clarified (July 2006) that in case of paddy directly delivered from *mandis*/purchase centres to mills, reference point was to be taken as *mandis*/purchase centre by the millers. However, if Government procuring agencies were taking paddy from *mandis*/purchase centres and stocking it at another place before sending the same for milling to mills, agencies stocking point would be taken as reference point for taking into account distance of eight kilometres. The State Government decided that mill premises should be considered as first storage point and the action with regard to payment of transportation charges from *mandis*/purchase centres to first storage point should be taken. The reply was not tenable, as the decision of the State Government was not in line with the direction of the GOI, as the milling charges had been fixed by the Government of India after including transportation charges upto eight kilometres only.

Thus, failure of Food and Supplies Department to recover transportation charges from millers resulted in loss of Rs 28.89 lakh to the State Government on transportation of paddy due to excess payment of milling charges.

Excise and Taxation, Home and Health Departments

4.3.6 Avoidable payment due to non-insurance of vehicles

Due to non-insurance of Government vehicles as per instructions of Transport Department, the Departments had to pay Rs 16.82 lakh as compensation to accident victims.

The Commissioner and Secretary to Government of Haryana, Transport Department issued (January 1997) instructions that all Government vehicles should be compulsorily got insured. It was further decided (January 2000)

that Government vehicles should invariably be insured against 'Third Party Risk' (TPR).

Test-check of records (between October 2005 and July 2006) of three Government offices showed that Government vehicles were not insured against TPR and Government had to pay compensation of Rs 16.82 lakh to the injured persons and next to the kin of the diseased as tabulated below:

Brief of the case	Rupees in lakh
1. Deputy Excise and Taxation Commissioner, Ambala	
A jeep of the office met with an accident (July 1999) with a scooter and the person driving the scooter was killed. The Motor Accident Claim Tribunal (MACT) while deciding the appeal filed (October 1999) by widow of the deceased, announced award of Rs 10.83 lakh (subsequently revised to Rs 11.84 lakh) with interest, payable by driver and Government in equal share. The Department had paid (February 2002-April 2004) the compensation of Rs 14.93 lakh including interest of Rs 3.09 lakh. The driver filed an appeal for non-recovery of his share with Civil Judge (Junior Division), Ambala and the case was decided (March 2007) in his favour. The Department filed an appeal against the said order in the Court of Hon'ble District Judge, Ambala. The final decision of the Hon'ble Court was awaited (July 2007).	7.47
2. Superintendent of Police, Rewari	
A bus of the office met with an accident (March 1999) with a Maruti Van. One person was killed on the spot and two other persons sustained grave injuries. Family of the deceased and an injured person filed appeals (August 1999 and October 2000) with MACT for compensation. The MACT announced (August 2002 and September 2003) an award of Rs 3.36 lakh (deceased case) and Rs 1.59 lakh (injured case) with interest. The Department paid (between February 2003 and April 2004) compensation amounting to Rs 6.26 lakh including interest.	6.26
3. Community Health Centre, Pataudi	
A person lost his eyesight in an accident in February 2001 with a mini bus of the Centre. The MACT awarded (November 2003) compensation of Rs 4.74 lakh plus interest. The compensation was to be paid in equal shares by driver and the Department. The Department accordingly paid (September 2004) Rs 3.09 lakh including interest as its share of compensation.	3.09
Total	16.82

These points were demi-officially reported to the Financial Commissioners and Principal Secretaries to Government of Haryana of the Departments concerned in May 2007; their reply had not been received (August 2007).

4.4 Idle investments/idle establishment/blocking of funds

Transport Department

4.4.1 Loss of revenue due to non-operation of buses

Failure of Department to arrange tyres for operation of buses resulted in loss of Rs 1.05 crore besides depriving the facility of transport to public.

Haryana Roadways had a fleet strength of approximately 3,300 buses. The requirement to replace the worn out tyres is partially met by procuring new tyres and partially by retreading old tyres. The Roadways has been operating three retreading plants at Karnal, Hisar and Gurgaon with retreading capacity of 4,000 tyres per month. The Department has not fixed any norms for procuring material for retreading of tyres. The monthly requirement of tread rubber is being met through annual contracts from private firms.

Test-check of records (October 2006 to February 2007) of three depots (Jind, Ambala and Sirsa) revealed that these depots received 5,160 tyres between April 2006 and January 2007 from the Retreading Plants against the requirement of 7,150 tyres with the result that 49 buses remained off road for the period ranging from 23 to 306 days due to non-availability of tyres during this period. Hence, these depots sustained an estimated loss of Rs 1.05 crore due to non-operation of buses. Though the General Managers of Haryana Roadways, Jind and Sirsa had repeatedly requested the Transport Commissioner (TC) for tyres yet no concrete and prompt action was taken in this regard with the result these buses could not be operated for want of tyres.

Thus, failure of Department to make timely arrangement of tyres for operation of buses resulted in loss of Rs 1.05 crore besides depriving the facility of transport to public.

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

General Administration Department (Haryana Institute of Public Administration)

4.4.2 Under utilisation of Centre for Entrepreneurship Development

Non-conducting of activities as envisaged in the concept paper resulted into under utilisation of Centre for Entrepreneurship Development established at a cost of Rs 80 lakh.

In order to accelerate the growth of Industries, generate employment and utilise fully the human potential in the State of Haryana, a Centre for Entrepreneurship

Development (CED) was set up (January 2003) at Haryana Institute of Public Administration (HIPA) Gurgaon with grants-in-aid of Rs 1.04 crore received from Central Government (Rs 0.50 crore in April 1997) and State Government (Rs 0.54 crore in March 1997). CED was to undertake various activities viz. launching of two Diploma programmes of three months duration, short term training programmes/seminars/workshops aimed at training entrepreneurs to set up their own units for self employment, carry out research studies to identify the problems and suggest remedial measures, etc. Recurring expenditure on the staff and contingency was to be met from the receipts of the CED viz. fees, research, consultancy and other grants. An amount of Rs 67 lakh was spent on the construction of building and Rs 13.46 lakh on purchase of equipments.

Test-check of records of HIPA in March 2006 showed that CED had arranged only 41 short term training programmes during May 2003 to February 2007 against the envisaged programmes detailed above. The Chief Secretary attributed (July 2007) the reasons for conducting less number of training programmes to paucity of funds for employing staff and faculty members. He further stated that the Diploma courses could not be conducted due to inadequate response as these courses were not recognised for employment purposes and also because of competition from other institutions offering recognised courses. The contention of the Chief Secretary was not acceptable as the circumstances brought out in reply were known even at the time of conceiving the idea of construction of Centre and should have been factored in at that stage. Because of this poor planning, the CED was unable to generate income required for meeting its recurring expenditure and for inducting fresh faculty, which in turn resulted in its under utilisation. Further, even though it was meant to be self sustaining, the CED was likely to become a permanent financial liability on the State exchequer because of its inability to raise its own resources.

**Town and Country Planning Department
(Haryana Urban Development Authority)**

4.4.3 Unfruitful expenditure on incomplete work

Failure of Executive Engineer, HUDA, Rewari to comply with the provision of Rule 82 of Indian Electricity Rules, 1956 before the allotment of the work and delay in the preparation of revised estimate/DNIT of balance work resulted in unfruitful expenditure of Rs 24.20 lakh on incomplete school building.

Construction of habitable structures in the vicinity of High Tension (HT) conductors is prohibited if it contravenes the provision of Rule 80 of the Indian Electricity Rules, 1956. HT line has to be got shifted as required under Rule 82 of the Rules *ibid* before undertaking the construction of the structure.

Executive Engineer, HUDA, Rewari (EE) allotted (July 2003) the work 'construction of Primary School in Sector 1, Part I, Narnaul' to a contractor for Rs 20.20 lakh with the condition to complete the work within eight months.

Test-check of the records (February 2007), however, revealed that 33 KV HT line passing over the school site was not shifted before the work was allotted to the contractor (July 2003) by EE. The contractor started the work and completed 75 per cent of the work with an expenditure of Rs 24.20 lakh. Thereafter, the work was finally stopped (March 2006) by EE, HUDA, Rewari to avoid any untoward incident due to passing of HT line over the school site. The scope of work was also increased from Rs 20.20 lakh to Rs 25.25 lakh as the quantities of steel, concrete and brick work executed at site as per structural design (October 2003) were more than those provided in Detailed Notice Inviting Tenders (DNIT) (approved in April 2003). Enhancement case was submitted (January 2005) for approval of the competent authority but the same had not been approved so far (July 2007). The revised estimate and DNIT of the balance work, which were pre-requisite for reallocation of work, were not prepared (July 2007).

The EE stated (April and May 2007) that at the time of taking up the work initially, the seismic effect had not been taken care of in the structural design. This was done later, which resulted in an increase in the scope of work with consequent increase in the cost. Since the revised estimate had not yet been approved, the contractor had executed work upto the agreement amount and refused to execute the work beyond it. The revised estimate and DNIT for the balance work were under preparation. He, further, stated that efforts were being made for getting the HT line shifted from the site. Thus, the EE accepted the fact that the work could not be restarted (April and July 2007) due to non-removal of HT line and non-preparation of revised estimate and DNIT for the balance work.

Thus, failure of EE to comply with provision of Rule 82 of Indian Electricity Rules, 1956 before the allotment of the work and delay in the preparation of revised estimate/DNIT of balance work resulted in unfruitful expenditure of Rs 24.20 lakh on construction of the school building.

The matter was demi-officially reported to the Financial Commissioner and Principal Secretary to Government of Haryana, Town and Country Planning Department in April 2007; reply had not been received (August 2007).

4.5 Regulatory issues and others

Revenue Department

4.5.1 Loss on interest under the Calamity Relief Fund

Delay in investment of Calamity Relief Fund in Fixed Deposits resulted in loss of Rs 1.80 crore on account of interest.

On the recommendation of the Twelfth Finance Commission, the operation of the scheme for "Constitution and Administration of the Calamity Relief Fund" was further extended (5 July 2005) from the financial year 2005-06 to the end of the financial year 2009-10. The funds were to be used for meeting the expenditure for providing immediate relief to the victims of cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst and pest attack. Under the Scheme, the Government of India was to contribute 75 per cent of total yearly allocation in the form of non-plan grant and the State Government concerned was to contribute the balance of 25 per cent. As per scheme for 2000-05, the unspent balance in the Fund as at the end of the financial year 2000-05 was available to the State Government for being used as a resource for the next plan.

Test-check of records (February 2007) of Under Secretary Revenue (General), Haryana revealed that Rs 253.56 crore balance of the scheme 2000-05 was deposited by the Department in Government account between April 2005 and August 2005. The Calamity Relief Fund was extended by the Government of India (GOI) from the financial year 2005-06 to the end of financial year 2009-10. The State Government received guidelines of GOI for extension of the scheme in August 2005. Accordingly, the State Government withdrew the amount of Rs 253.56 crore from the Treasury on the consent given by the Finance Department (November 2005) and invested it in Fixed Deposits Receipt (FDR) in January 2006 (Rs 25 crore) and March 2006 (Rs 228.56 crore).

Had the Government invested the above amounts in FDR immediately on receipt of guidelines for continuation of CRF scheme, more interest of Rs 1.80 crore could have been earned for the period from 1 September 2005 to 1 March 2006 (after reducing the amount of interest earned on Treasury Bills by the Government).

The Financial Commissioner and Principal Secretary, Government of Haryana, Revenue Department stated (July 2007) that the amount of Rs 253.56 crore was deposited in the State budget head due to the position as dictated in the scheme that the unspent balance in the fund as at the end of financial year 2000-05 would be available to the State Government for being used as a resource for the next plan.

The reply was not acceptable as the unspent balance in the fund at the end of financial year 2000-05 was to be utilised as a resource for the next plan of CRF and not the next plan of the State Government.

Home Department and Sports and Youth Affairs Department

4.5.2 Non-realisation of Central share of assistance

- (a) **Inordinate delay in submission of reimbursement claims for the Central share of assistance led to non-realisation of Rs 12.89 crore, with a concomitant loss of interest of Rs 4.52 crore to State exchequer.**

As per para 7.3 of Compendium of Instructions of Home Guards 25 *per cent* of Central share of assistance for raising, training and equipping Home Guards is paid by Government of India (GOI). State Governments were required to submit quarterly claims for reimbursement of expenditure on authorised items at the end of each of the first three quarters i.e. in July, October and January on the basis of departmental figures of expenditure and the claims for the fourth quarter i.e. final claim was to be submitted along with audit certificate covering whole year's expenditure.

It was noticed (July 2006) during audit of accounts of the Commandant General, Home Guards and Director, Civil Defence Haryana that the Department had incurred an expenditure of Rs 51.55 crore on raising, training and equipping Home Guards but the claims worth Rs 12.89 crore representing 25 *per cent* of Central share pertaining to the period 1998-99 to 2005-06 had been pending for realisation. The GOI, Ministry of Home Affairs while stressing timely submission of claims had stated in October 1998 that non-submission of claims particularly for fourth quarter resulted in pendency and surrender of funds. Again, GOI pointed out (July 2004) that claims for the fourth quarter along with Audit Certificates for the years 1998-2001 were awaited.

The Department stated (May 2007) that claims on the basis of Audit Certificates issued (December 2006) by Accountant General (Audit) Haryana had been submitted to GOI (January 2007) but no amount had been reimbursed by the latter (May 2007).

Thus, due to inordinate delay in submission of reimbursement claims, Central share of assistance worth Rs 12.89 crore could not be realised. In addition, the delay in preferring claims had already caused an interest loss of Rs 4.52 crore¹² to the State finances up to the close of financial year 2006-07. This loss will continue to accumulate till the amount is actually realised from GOI.

¹² Calculated at the average borrowing rate of the Government of Haryana during the period the claims remained outstanding.

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

- (b) **Due to non-provision of adequate funds in time by the State Government the Tejli Sports Complex remained incomplete for more than five years and deprived of Central Assistance of Rs 60 lakh.**

The Government of India (GOI) implemented (1997) the scheme, "Creation of Sports Infrastructure", under which financial assistance was to be shared between the Union Government and the State Government concerned in the ratio of 50:50. The central assistance in the case of Indoor Stadium/Facility where estimated cost was Rs 1.20 crore or more was to be restricted to Rs 60 lakh. The State Government was to collect 50 per cent of its share from local sources (grantee). The central assistance was to be sanctioned to the projects for which the availability of funds required was to be assured by the State Government to the satisfaction of the Union Government. The share of the State Government and the grantee was required to be spent first fully before the release of central assistance.

Test-check of records (April 2007) of the Director, Sports and Youth Affairs Department revealed that the GOI approved (November 2002) administratively the project "Construction of Multipurpose Hall in Tejli Sports Complex" at Yamunanagar for Rs 1.72 crore. The State Government released (between 1997-98 and 2001-02) Rs 45 lakh and the District, Sports Council could manage Rupees two lakh only. An expenditure of Rs 47 lakh was incurred (March 2003) on the execution of work upto the plinth level and column upto the door level. The progress report was sent (April 2003) to GOI for release of central share of Rs 60 lakh which was not released on the ground that the State Government had not spent 50 per cent of Rs 1.72 crore. The construction work was held up since April 2003 due to non-provision of adequate funds by the State Government. However, in the last quarter of the year 2005-06 the State Government released Rs 60.68 lakh for completion of the balance work. Tenders were invited and opened (April 2007) though the work was yet to be allotted (May 2007).

In the meantime, GOI transferred (April 2005) the scheme to the State sector for implementation directly by the concerned States. On being pointed out in Audit, the Commissioner and Secretary to Government of Haryana, Sports and Youth Affairs Department stated (June 2007) that tenders had been invited (April 2007 and May 2007) and after spending of 50 per cent on the project the progress report would be sent to GOI for releasing the central assistance of Rs 60 lakh. The reply of the Department was not tenable because the scheme had already been discontinued by the GOI and no budget provision was made by GOI for old liabilities in the annual plan for the years 2005-06 to 2007-08 and there was, thus, no likelihood of release of central assistance by GOI in the future.

1.72
2 lakh
86 lakh

47 lakh

45
60-68
105-68
+ 2
107-68

Present
Status

Thus, even after spending Rs 47 lakh, the Tejli Sports Complex remained incomplete for more than five years due to delay in funding by the State Government. Consequently, the State had to forego the central assistance of Rs 60 lakh besides being deprived of the benefits of the Sports Complex. The amount of Rs 47 lakh invested in the complex had also stayed blocked for more than four years.

Health Department

4.5.3 Unauthorised retention of departmental receipts outside the Consolidated Fund of the State

By keeping a huge amount of Rs 28.17 crore out of Consolidated Fund of the State, the Department violated the Treasury Rules and general Principles of Budgeting.

Treasury Rules provide that all moneys received by or tendered to Government or public moneys raised or received by the State Government shall without undue delay be paid in full into the treasury or into the bank and shall be included in the Consolidated Fund of State. No Department of the Government may require that any moneys received by it on account of the revenues of the State be kept out of the Consolidated Fund of State.

Test-check of records (January-December 2005) of the General Hospitals/Community Health Centers and information collected (between May 2006 and June 2007) from the Project Director, Sector Investment Programme, Panchkula (Director) revealed that the user charges amounting to Rs 28.17 crore¹³ received during 16 January 2004 to 31 March 2007 were deposited in the Saving Bank accounts of the District Health and Family Welfare Societies/Swasthya Kalyan Samities instead of depositing into Treasury/Bank.

On being pointed out (February 2006) the Director stated (March and August 2006) that the State Government, with the concurrence of Finance

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Period	Receipt Collected (Rupees in Crore)
January 2004 to March 2004	1.31
April 2004 to March 2005	7.82
April 2005 to March 2006	7.50
April 2006 to March 2007	11.54
Total	28.17

Department, had accorded sanction in January 2004 for retention of user charges for repair, maintenance and up keep of health institutions, etc. The State Government was also requested for issue of amendment as clause (m) under clause (1) of Rule 7.2 of the Punjab Treasury Rules and Subsidiary Rules issued thereunder which was under consideration with the Government. The Financial Commissioner and Principal Secretary to Government of Haryana, Finance Department while endorsing the views of the Director stated (September 2006) that the process for amendment of Rule 7.2 of Punjab Treasury Rules had been initiated by them.

The reply was not acceptable as the sanction of the Health/Finance Department to keep the receipts out of the Government account contravened the provisions of the Treasury Rules and also did not have the approval of the State Legislature. Insertion of clause (m) under clause (1) of Rule 7.2 of the Punjab Treasury Rules and Subsidiary Rules also would not suffice as these exceptions pertain only to use of departmental receipts for departmental expenditure and do not allow any receipt to be kept out of the Consolidated Fund of the State. Infact, the proviso under Rule 7 (2) specifically states that the authority given to appropriate departmental receipts for departmental expenditure shall not be construed as authority to keep the Departmental receipts and expenses defrayed there from outside the account of the payment into and the withdrawals from the Consolidated Fund of the State. Thus, retention of Rs 28.17 crore outside the Consolidated Fund of the State was in violation of the basic financial principles laid down in the provisions of the Treasury Rules.

Public Works Department (Buildings and Roads Branch)

4.5.4 Non- claiming of reimbursement of expenditure on casual/regular work charged establishment

Failure of the department in claiming the reimbursement of expenditure incurred on casual/regular work charged establishment from Ministry of Road Transport and Highways led to non-realisation of Rs 9.91 crore with an attendant loss of interest of Rs 1.04 crore to the State exchequer.

Government of India, Ministry of Road Transport and Highways (MORTH) clarified (16 August 2002) that expenditure on work charged establishment meant to cover non supervisory staff (whether regular or casual) employed specifically for execution of work such as traffic regulation, road diversion, maintenance, watch and ward of stores and field offices, collection and handling of samples of materials and survey works, etc. was admissible for reimbursement from MORTH.

A sample check between December 2005 and May 2007 of the records of four divisions, viz. Provincial Division No-III, Rohtak (XEN Rohtak), Provincial Division No-III, Karnal (XEN Karnal), Provincial Division No-II Hisar (XEN

Hisar) and ADB Project Division No-I Faridabad (XEN Faridabad), disclosed that work-charged non supervisory staff was deployed to perform the duties of maintenance and repairs of National Highways, diversion of roads, watch and ward of stores of field offices, etc. Though an expenditure of Rs 9.91 crore (Rohtak: Rs 3.48 crore, Karnal: Rs 1.73 crore, Hisar: Rs 4.50 crore and Faridabad: Rs 0.20 crore) was incurred on their pay and allowances between the period August 2002 and March 2007, none of the XENs had claimed reimbursement from the MORTH.

On being pointed out in Audit, the XEN Karnal admitted the facts and stated (April 2007) that claims had been prepared and submitted (January 2006) to the Superintending Engineer (National Highway Circle), Karnal/Engineer-in-Chief, Public Works Department, Buildings and Roads Branch (EIC) for onward submission to MORTH whereas XEN Rohtak stated (December 2006) that claim had been submitted (October 2006) to Accountant General (Accounts and Entitlement) who had returned the matter to EIC (May 2007) on the ground that it was outside his domain to claim such reimbursements on behalf of the State Government. The XENs Hisar and Faridabad stated (April 2007) that no reimbursement claims had been submitted for reimbursement.

It was clear from the replies that the action to seek reimbursement at this belated stage was also initiated at the instance of Audit.

Thus, failure of the Department in claiming the reimbursement of expenditure from MORTH, incurred on above work charged establishment, resulted in an extra burden of Rs 9.91 crore on the State exchequer. Concomitantly, there was an opportunity cost of this failure also as the State finances suffered and continue to suffer loss of interest due to the delay/failure in claiming reimbursement. This loss amounted to Rs 1.04 crore till the end of the year 2006-07, calculated at the average rate of borrowing of the State Government during this period.

The matter was demi-officially reported to the Financial Commissioner and Principal Secretary to Government of Haryana, Public Works Department (Buildings and Roads Branch) in March 2007; reply had not been received (August 2007).

Public Works Department (Irrigation Branch)

4.5.5 Loss of interest due to heavy unspent balance

Keeping the huge amount outside the Government accounts resulted in loss of interest of Rs 17.70 lakh.

Punjab Financial Rules, as applicable to Haryana, provide that money should not be drawn unless required for immediate disbursement. It is not permissible to draw advances for the execution of works, the completion of which is likely to take a considerable time. Regarding deposit works, Public Works Department

code provides that the gross estimated cost of the work should be recovered in advance either in lump sum or in instalments as authorised by the Government. The amount so received is to be credited to the Head-“Public Works Deposits” and subsequent expenditure debited to it out of funds released by the Government through Letter of Credit (LOC).

Test-check of accounts (February-March 2007) of the three Divisions¹⁴ revealed that the amounts were drawn from treasury for execution of flood protection works, rehabilitation of watercourses, land payment of various drains and deposit works of Public Health Department. The amounts so drawn were not immediately required and were kept in banks in salary account, current accounts and in the shape of banker cheques. Heavy balances ranging between Rs 5.49 lakh and Rs 1.48 crore remained with the Divisions during the period from April 2005 to March 2007.

The Executive Engineer (EE), Hansi Water Services Division, Hansi stated (March 2007) that validity period of LOC was short and the amount was drawn and kept in salary account. Reply was not acceptable because drawal of funds to avoid lapse of LOC was not permissible as per Haryana Government’s instructions dated 2 July 1972. The EE, Jhajjar Water Services Division, Jhajjar stated (March 2007) that heavy cash balance was due to delay in approval of flood control schemes and Drain number 8 could not be brought to design due to its continuous running. Reply was not acceptable as drawal of funds without the approval of schemes was irregular. The EE Sampla Water Services Division, Rohtak intimated (July 2007) that land payments were made to District Revenue Officer after clearance of departmental action and payments for deposit works were made after execution of these works. Reply was not acceptable, because the drawal of funds in anticipation of requirement was in contravention of Financial Rules. Funds should have been drawn after completing departmental action and execution of works.

Thus, keeping the huge amount outside the Government accounts during the period from April 2005 to March 2007 resulted in a loss of interest of Rs 17.70 lakh¹⁵ at the prevailing Treasury Bills interest rate of 5.20 per cent.

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

¹⁴ Hansi Water Services Division, Hansi, Jhajjar Water Services Division, Jhajjar and Sampla Water Services Division, Rohtak.

¹⁵ Hansi Water Services Division, Hansi: Rs 2.67 lakh, Jhajjar Water Services Division, Jhajjar: Rs 9.84 lakh and Sampla Water Services Division, Rohtak: Rs 5.19 lakh.

General Administration**4.5.6 Irregular expenditure on operation of excess ex-cadre posts**

One to four excess ex-cadre posts in the Chief Secretary's grade had been operated without the approval of Government of India involving irregular expenditure of Rs 55.13 lakh incurred on their pay and allowances.

According to provisions of Rule 9(7) of the Indian Administrative Services (Pay) Rules, the State Government can operate ex-cadre posts equal to the number of sanctioned cadre posts in the Chief Secretary's grade of Rs 8,000 (revised to Rs 26,000 with effect from January 1996). The number of such ex-cadre posts can exceed the prescribed limit only with the approval of Government of India (GOI)

Test-check of records (January 2006) of the Department of General Administration of Civil Secretariat disclosed that against the sanctioned posts of one to two in the grade of Rs 8,000/ Rs 26,000, three to six posts were created and operated during the period from April 1995 to December 2005 without obtaining prior permission of GOI. The State Government had taken up (July 2003) the matter with GOI for grant of permission for creation of excess ex-cadre posts in view of exigencies of requirement in public interest which was under pursuance with GOI (May 2007). Thus, one to four¹⁶ excess ex-cadre posts in the grade operated without the approval of GOI resulted in irregular expenditure of Rs 55.13 lakh incurred on their pay and allowances.

The Chief Secretary to Government of Haryana intimated (May 2007) that the matter regarding ex-post facto sanction for creation of ex-cadre posts had been taken up with GOI. This shows that the ex-cadre posts had been created and operated without the approval of GOI as required under the rules *ibid*.

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Period	Sanctioned cadre posts	Total ex-cadre posts created	Excess ex-cadre posts
01 April 1995 to 17 September 1995	1	3	2 (Two)
18 September 1995 to 26 September 1996	1	4	3 (Three)
27 September 1996 to 31 January 1997	2	3	1 (One)
01 February 1997 to 28 February 1997	2	3	1 (One)
14 September 1999 to 31 August 2000	2	4	2 (Two)
01 January 2001 to 28 February 2001	2	6	4 (Four)
01 March 2001 to 28 February 2002	2	4	2 (Two)
01 April 2002 to 31 March 2003	2	5	3 (Three)
01 April 2003 to 31 March 2004	2	3	1 (One)
25 February 2005 to 31 March 2005	2	3	1 (One)
19 May 2005 to 31 December 2005	2	4	2 (Two)

Finance Department

4.5.7 Overpayment of pensionary benefits

Failure of Treasury Officers/Banks in ensuring the proper checks as required under financial rules and orders resulted in overpayment of pensionary benefits amounting to Rs 23.96 lakh.

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

Inspection of 21 District Treasuries including Sub-Treasuries conducted by Accountant General (Accounts and Entitlement), Haryana and of 31 branches of nationalised banks conducted by Accountant General (Audit), Haryana during 2005-07 showed an overpayment of pensionary benefits amounting to Rs 23.96 lakh to 209 pensioners/family pensioners as discussed below:

- The State Government had clarified (April 2005) that the benefit of Dearness Pension (DP) and Dearness Relief (DR) was not payable on Family Pension to the employees appointed on compassionate grounds due to death of employees. However, Government extended the benefit of DR and DP to such family pensioners with effect from 12 December 2005. TOs/Banks made inadmissible payment of DR/DP to 77 such family pensioners amounting to Rs 7.88 lakh between April 2005 and December 2005.
- According to State Civil Services Rules, higher rate of family pension was payable from the date following the date of death of employee/pensioner for a period of seven years or to the date on which he would have attained the age of 65 years had he survived, whichever was earlier. Thereafter, normal rate of family pension was payable to them. However, 74 family pensioners were paid family pension at higher rates beyond the periods prescribed under the Rules which resulted in overpayment Rs 7.77 lakh to them.
- According to State Civil Services Rules, the amount of commutation was to be reduced from the amount of pension from the date of payment of the commuted value of the pension to the pensioners or three months after the issue of authority asking the pensioners to collect the commuted value of pension which ever was earlier. Contrary to this, full pension was paid to 19 pensioners without reducing the amount of commutation after the payment of commuted value of the pension, which resulted in overpayment of Rs 1.83 lakh.
- Overpayment amounting to Rs 3.79 lakh was made to 31 pensioners due to mistakes in calculating the amount of pension. Besides, due to reduction of gratuity amount on account of revision of pay retrospectively and payment of amount in excess of authorised amount, an overpayment of Rs 2.69 lakh was

made in eight cases which was required to be recovered from the pensioners. But the TOs concerned had not recovered the overpayments as of May 2007.

The matter was reported to Financial Commissioner and Principal Secretary, Finance Department in May 2007; reply had not been received (August 2007).

4.6 General

Health Department

4.6.1 *Non-responsiveness to audit findings and observations resulting in erosion of accountability*

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

A review of IRs issued upto March 2007 of various offices of 19 districts and 5 miscellaneous offices of Health Department disclosed that 1,336 paragraphs of 701 IRs (*Appendix XIX*) remained outstanding at the end of June 2007. Of these, 292 IRs containing 438 paragraphs were more than 5 years old.

The Administrative Secretary of the Department, who was informed of the position through half yearly reports, failed to ensure prompt and timely action by the departmental officers. Out of total irregularities of Rs 56.41 crore as detailed in *Appendix XX* which had not been settled as on 30 June 2007, serious irregularities such as non-recovery/short recovery of excess payment of pay and allowances, amount of sale of land, interest, etc. and outstanding recovery of loan/seed and margin money, etc. were for Rs 2.21 crore.

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

- **The State was deprived of central share of Rs 91 lakh due to inordinate delay in releasing State share under 'Market Development Assistance Scheme', which occurred due to non-providing of budget for the State share.**

(Paragraph 5.1.7.1)

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

(Paragraph 5.1.8.7)

5.1.1 Introduction

Industries and Commerce Department is implementing various schemes for development of large, medium, small scale and cottage industries. The Department also provides testing facilities and technical guidance to industrial units to enable them to evaluate their products according to prescribed standards. Besides, the Department provides guidance to all categories of entrepreneurs regarding various facilities offered by the Government and about the procedures involved in setting up of industrial units.

5.1.2 Organizational set up

The Financial Commissioner and Principal Secretary to Government of Haryana, Industries and Commerce Department is the administrative head of the Department and is responsible for implementation of State Government's policies and programmes relating to various industrial development schemes. The Director, Industries and Commerce Department heads the department as Controlling Officer and is the overall in charge for implementation of various schemes. At district level, the General Manager (GM) heads each District Industries Centre (DIC). Besides, there are 17 other offices such as Quality Marking Centres (QMCs), Heat Treatment Centre, Registration of Firms and Societies, etc.

5.1.3 Audit objectives

Audit objectives were to see:

- Budgetary and financial controls;
- Operational controls to achieve the objectives of the Department; and
- Monitoring including internal audit and vigilance arrangements.

5.1.4 Audit coverage

This review covering the period 2002-07 was conducted during January-March 2007. Records of Directorate and eight¹ out of 37 field offices were test checked. The results of review are discussed in the succeeding paragraphs.

Audit findings

5.1.5 Compliance with State Financial Rules and instructions in the Budget Manual

5.1.5.1 Budget provision and expenditure

Details of budget estimates, revised estimates and expenditure under plan and non-plan during 2002-07 were as under:

Year	Budget estimates (BE)		Revised estimates (RE)		Expenditure		Percentage of excess /less expenditure with respect to BE		Percentage of excess/less expenditure with respect to RE	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
	(Rupees in crore)									
2002-03	9.92	5.55	11.66	6.98	11.14	6.95	(+) 12	(+) 25	(-) 4	-
2003-04	11.46	5.40	9.96	5.49	8.79	5.44	(-) 23	(+) 1	(-) 12	(-) 1
2004-05	10.38	5.26	30.75	5.65	26.45	5.74	(+) 155	(+) 9	(-) 14	(+) 2
2005-06	34.84	5.66	90.82	5.92	88.77	5.84	(+) 155	(+) 3	(-) 2	(-) 1
2006-07	41.09	5.90	140.89	6.24	136.60	6.30	(+) 232	(+) 7	(-) 3	(+) 1
Total	107.69	27.77	284.08	30.28	271.75	30.27	152	9	(-) 4	-

Note: Figures for the year 2006-07 are provisional.

¹ General Managers, District Industries Centre: Ambala, Faridabad, Hisar, Panipat and Yamunanagar; Chief Inspector of Boilers (Haryana): Chandigarh; Quality Marking Centre (Electrical Goods): Faridabad and Quality Marking Centre (Engineering Goods): Jagadhari.

Budget was not prepared on realistic basis as there were wide variations between budget estimates and actual expenditure.

Wide variations between original budget estimates and actual expenditure during 2004-07 under plan schemes indicate that the budget was not being prepared on realistic basis.

The Director stated (April 2007) that supplementary provisions were made during 2004-07 for discharging the liabilities of capital investment subsidy and subsidy on purchase of generating sets and to make payment to land owners whose land was acquired for construction of Express Highway Project. The reply was not tenable as subsidy on capital investment and generating sets had been pending since 1995-96. According to Budget Manual (Paragraphs 12.11 to 12.16), each disbursing officer was to maintain a Liability Register, details of which were to be sent to the controlling officer to facilitate him in the preparation of correct budget estimates. However, no such Liability Register was maintained in the Department and provision for these liabilities could not be made in the original budget estimates. Further, provision was not made in the original budget for payment of land compensation though land acquisition proceedings were in process in the Department. Thus, due to non-maintenance of Liability Register, the Department could not factor these elements in the budget which resulted in wide variation between budget projections and actual expenditure.

5.1.5.2 Rush of expenditure in March

Expenditure in March ranged between 11 and 98 per cent.

Punjab Budget Manual as applicable to Haryana State (Paragraph 1.34) provides that expenditure on contingencies should be staggered throughout the year and should not exceed 8.33 per cent of the total budget provision in the month of March.

It was, however, noticed that there was rush of expenditure in the month of March in the test checked offices as per details given below:

Year	DIC Ambala	DIC Faridabad	DIC Hisar	DIC Panipat	DIC Yamunanagar	Chief Inspector of Boilers	Q M C (Electrical Goods) Faridabad	Q M C (Engineering Goods) Jagadhari
2002-03	15	53	37	26	41	11	98	84
2003-04	-	33	15	17	27	-	63	58
2004-05	16	38	35	22	37	26	69	49
2005-06	20	41	15	28	34	36	70	31
2006-07	27	35	14	25	25	42	72	27

Note: Figures show percentage of expenditure in March with reference to total expenditure during the year.

The expenditure in the month of March ranged between 11 and 98 *per cent* during 2002-07 which was much beyond the prescribed limit of 8.33 *per cent*. Thus, the Department failed to follow the control system as envisaged in the budget manual. The General Manager, DIC Yamunanagar and Deputy Director, QMC (Electrical Goods) Faridabad stated (April-May 2007) that rush of expenditure in the month of March was due to receipt of budget/sanctions from the Directorate at the fag end of the year.

5.1.5.3 *Non-maintenance of expenditure control register*

The Director did not maintain the expenditure control register.

According to State Budget Manual [Paragraphs 12.3(1) and 12.10(b)], the Head of Department/Controlling Officer was responsible for monitoring the progress of expenditure in respect of all the Drawing and Disbursing Officers (DDOs) in the department. With a view to ensure proper control over the expenditure the Controlling Officer was required to maintain Form BM-28 indicating DDO wise allotment of funds and actual expenditure under each unit of appropriation/sub-heads, etc. It was noticed that though all the DDOs of the Department were sending expenditure statements in Form BM-26 and BM-29 in the Directorate but required expenditure control register in Form BM-28 had not been maintained at the Directorate. Thus, the Directorate was not enforcing prescribed expenditure control mechanism. The Director while admitting the facts stated (February 2007) that the register of expenditure would be maintained in future.

5.1.5.4 *Deficiencies in the maintenance of Cash-book*

A sound financial control system must ensure that no financial transaction is handled by only one person from beginning to end. This principle, called segregation of duties, is pivotal to an effective internal financial control system. State Financial Rules [Rule 2.2(iii)] provide that each head of office should check the totals of cash-book or get it checked from a responsible subordinate other than the writer of the cash-book and record a certificate in the cash-book to this effect. Further, Rule 2.2(iv) provides that at the end of each month, the head of the office should verify the cash balance in the cash-book and record a signed and dated certificate to that effect.

The examination of cash-book for the period 2002-07 maintained in the Directorate, however, revealed that the totals of cash-book had not been checked by the head of the office or by an official other than the writer of the cash-book. Further, closing balances for the period 2002-07 of the cash-book of Directorate and cash-book of DIC, Panipat for the period from January 2003 to February 2005 had neither been verified nor signed by any body with dated certificate in the cash-book. This is fraught with the risk of mistakes in totals remaining

undetected leading to possible misappropriation of funds. It is suggested that the codal provisions must be adhered to in the interest of financial discipline.

5.1.5.5 Reconciliation of treasury schedules with cash-book not done

Reconciliation of treasury schedules with cash-book was not done by six offices test checked.

As provided in the Financial Rules (Rule 2.31), the Head of Office is required to ensure that all amounts drawn from the treasury are entered in the cash-book. For the purpose, the head of the office/DDO should obtain from the treasury by 15th of every month, a list of all bills (treasury schedules) drawn by him during the previous month and trace all the amounts in the cash-book and record a certificate on the list of treasury schedules to that effect. It was noticed that treasury schedules obtained from the treasury were not reconciled with the cash-book during 2002-2007 by six² out of nine offices test checked. Besides, no certificate regarding reconciliation had been found recorded on the treasury schedules in these cases. Non-reconciliation of cash-book with treasury schedules is fraught with the risk of serious financial irregularities including fraud, embezzlement, etc. remaining undetected. The incharges of five³ offices while admitting the lapses stated (February/March 2007) that necessary compliance would be made in future.

5.1.5.6 Drawal of funds in advance of requirement

State Financial Rules (Rule 2.10(b)5) provide that no money should be drawn from the treasury unless it is required for immediate disbursement or recoupment of the amount paid out of permanent advance. Further, the drawal of advance from the treasury for execution of works, the completion of which is likely to take considerable time, just to avoid the lapse of budget grant is not permissible. Retention of Government funds outside the Government account is also irregular.

Funds amounting to Rs 2.67 crore were drawn in advance of requirement.

- The audit scrutiny revealed that the Department had made a provision of Rs 2.20 crore in the budget for the year 2005-06 under Industrial Infrastructure Upgradation Scheme (IIUS). According to terms of sanction, the DDO of the Directorate after drawing the entire amount (January 2006) placed the same at the disposal of Investment Promotion Centre (IPC). The amount was kept in the bank in the shape of Fixed Deposit Receipts (FDRs). Scrutiny of records further revealed that the work under the scheme had not been started mainly due to non-arranging of the land by Panipat Industry Cluster Development Society and the amount was lying unspent (March 2007).

² Directorate, GM, DICs, Faridabad, Panipat, Yamunanagar, Deputy Director, QMC (Electrical Goods), Faridabad and Deputy Director, QMC (Engineering Goods), Jagadhari.

³ Directorate, GM, DICs, Faridabad, Panipat, Deputy Director, QMC (Electrical Goods), Faridabad and Deputy Director, QMC (Engineering Goods), Jagadhari.

Similarly, the Director had drawn Rs 46.50 lakh (Rs 21 lakh in March 2005 and Rs 25.50 lakh in March 2006) for modernisation/expansion of QMCs and placed the amount at the disposal of IPC which kept the amount in a bank in the shape of FDRs. An amount of Rs 14.33 lakh had only been spent and the balance amount of Rs 32.17 lakh was lying unspent with the IPC (June 2007).

The funds were, thus, drawn in advance without immediate requirement in violation of the Financial Rules. The orders of the Government to draw the amount from the treasury and to place the same at the disposal of IPC was an override of controls provided in Financial Rules.

Funds of Rs 27.22 lakh were kept outside the Government Account.

- A provision of Rs 2.48 crore was made in the budget for the year 2005-06 for disbursement of cash subsidy to the units under the Rural Industries Scheme. An amount of Rs 1.93 crore⁴ was drawn between December 2005 and February 2006 for disbursement of subsidy. Of this, Rs 27.22 lakh were not disbursed as the units were found ineligible for the subsidy and the GMs concerned returned the same to Directorate in March 2006 and May 2006. This was deposited in treasury in July and September 2006.

Due to drawal of funds without verifying the status of units and inordinate delay in redepositing the money into the treasury, Rs 23.02 lakh remained outside the Government account for seven months and Rs 4.20 lakh for nine months.

The Director replied (March 2007) that the GMs concerned had been called upon to explain the reasons for the lapses and the dealing hand concerned would also be directed to deposit the unspent funds immediately after their receipt in future.

Unspent balance of Rs 5.84 lakh of various schemes lying in bank account.

- Unspent funds under various schemes amounting to Rs 5.84 lakh were lying in the bank account as detailed below:

Sr. No.	Name of the scheme	Amount (Rupees in lakh)	Month from which lying unspent
1	Award to women entrepreneurs	0.98	April 1994
2	Modernisation of Quality Marking Centre	1.56	May 2000
3	Nucleus cell	0.29	March 1995
4	Export Award Scheme	1.01	April 2002
		1.40	October 2004
		0.60	March 2005
Total		5.84	

No action was taken by the department to utilise the amount or to refund the same in Government Account.

⁴ December 2005: Rs 1.74 crore and February 2006 Rs 0.19 crore.

5.1.5.7 Non-cancellation of paid vouchers

The State Financial Rules [Rules 2.21(5) and 8.13] provide that all paid vouchers must be stamped as "Paid and cancelled" so as to avoid their misuse again for presenting fraudulent claims. Further, as per these rules, contingent sub-vouchers for items not exceeding Rs 1,000 are retained in the offices of drawing officers.

It was, however, noticed in audit that paid vouchers retained in the offices had not been marked as "Paid and cancelled" as per the requirement of Financial Rules by seven⁵ out of nine offices test checked. Incharges of six⁶ offices while admitting the lapse stated (February-March 2007) that compliance would be made in future. Flaunting of established financial rules may result in fraud, misappropriation, etc.

5.1.5.8 Physical verification of stores and stock

State Financial Rules (Rule 15.16) provide that physical verification of all stores and stocks should be done atleast once every year and results of such verification are required to be recorded in stores and stock books for taking corrective measures. It was, however, noticed that five⁷ out of nine offices test checked had not carried out physical verification of stores and stock. Four⁸ offices assured (February-March 2007) that compliance would be made in future.

5.1.6 Compliance with State Treasury Rules

5.1.6.1 Security from the cashier not obtained

As per provisions in the State Treasury Rules (Rule 3.5), employees entrusted with the receipt and custody of cash are required to furnish security of an amount not less than 10 *per cent* of the maximum amount to be handled by them. Audit observed that no security from cashiers had been obtained in any of the test checked offices.

Director stated (March 2007) that salaries of employees of directorate as well as of field offices were being paid through Bank account and there was no

⁵ Directorate, GM, DICs, Faridabad, Hisar, Panipat, Yamunanagar, Deputy Director, QMC (Electrical Goods), Faridabad and Deputy Director, QMC (Engineering Goods), Jagadhari.

⁶ Directorate, GM, DICs, Faridabad, Hisar, Panipat, Deputy Director, QMC (Electrical Goods), Faridabad and Deputy Director, QMC (Engineering Goods), Jagadhari.

⁷ Directorate, GM, DICs, Faridabad, Panipat, Yamunanagar and Deputy Director, QMC (Engineering Goods), Jagadhari.

⁸ Directorate, GM, DICs, Faridabad, Panipat and Deputy Director, QMC (Engineering Goods), Jagadhari.

sanctioned permanent post of cashier in the Directorate and field offices. Any official could be given the charge of maintenance of cash-book. Therefore, cash security was neither required nor was obtained from the cashier. The reply was not tenable as security should have been obtained from the official holding the charge of the cashier. Further, the cashier also handles all other cash transactions relating to contingent bills, etc. and in the absence of such security, immediate recovery of cash shortage or misappropriated amount, if any, from the cashier is not possible.

5.1.7 Operational controls

5.1.7.1 *Non-receipt of Central share due to delay in release of State share*

The State was deprived of the Central share of Rs 0.91 crore due to delay in release of State share.

Under Market Development Assistance (MDA) scheme, financial assistance at the rate of eight *per cent* of the sale of handloom products was to be provided to State agencies and cooperative societies. The scheme had been discontinued from April 2000 and the claims of financial assistance of State agencies as well as primary co-operative societies for the period 1995-2000 had been pending.

The Government of India (GOI), Ministry of Textiles directed (August 2004) all the State Governments to send pending MDA claims to them by 1 November 2004 along with matching State share sanction orders, component-wise expenditure certificates and utilisation certificates for earlier releases of Central share. The GOI had also emphasised not to send claims where State Government had not released their matching share. During audit, it was, however, observed that a claim for Central share of Rs 1.24 crore was sent to GOI in November 2004 which was returned (January 2005) mainly because of non-submission of certified utilisation certificates with the claim and non-release of State share by the State Government. It was observed that State share could not be released as no budget provision was made for the purpose during 2000-05. Subsequently, State Government sanctioned Rs 1.24 crore as State share, out of which Rs 0.91 crore were drawn (March 2005) and paid to the beneficiaries. Thereafter, the claim was again submitted (March 2005) with GOI but the same was rejected (December 2006) on the ground that the State Government had not released their matching share in time. Thus, due to not making provision in the budget, the release of funds was delayed and the State Government could not receive the central share of Rs 0.91 crore.

5.1.8 Monitoring including Internal Audit and Vigilance Arrangements

5.1.8.1 Non-maintenance of calendar of returns/charts of statement

According to instructions (April 1989) of Administrative Reforms Department, each Government Office is required to prepare calendar of returns/charts of statement to ensure timely submission of returns and statements to the concerned higher authorities. It was observed that the calendar of returns/charts of statements was not prepared in any of the offices test checked. The Director while admitting the fact stated (July 2007) that required registers would be maintained in future at Directorate as well as in field offices.

5.1.8.2 System for monitoring disposal of files not adhered

Haryana Government instructions issued in 1956 (and periodically reiterated), require each Government office to attach a calendar of dates/of disposal with each file (in prescribed form) so that the time taken at each stage could become clear and delay avoided. Moreover, the reasons for delaying the files for more than three days are also to be recorded by the officials concerned. Audit scrutiny, however, disclosed that these instructions were not being followed and the calendar of dates was not being used in any of the offices test checked. In the absence of this system, the delay in disposal of cases, if any, could not be brought on record and it would be difficult to take remedial measures. The Director while admitting the facts stated (July 2007) that instructions would be followed in future at Directorate as well as in field offices.

5.1.8.3 Non-recording of disposal of letters

Administrative Reforms Department, Government of Haryana issued instructions (March 1989) that each Government office is required to maintain a Central Diary as well as Branch Diary to avoid delay in tracing the letters at any stage. After diarising all the letters in Central Diary, these letters should be entered in the Branch Diary to watch their movement/disposal. It was, however, noticed that central/sectional diaries were maintained in the offices test checked but disposal of letters was not marked in the diary by any of the dealing assistants. In the absence of compliance of controls in disposal of letters and their pendency was not being checked by Head of the Offices. The Director while admitting the fact stated (July 2007) that compliance would be done in future at Directorate as well as in field offices.

5.1.8.4 *Non- maintenance of complaint register*

Administrative Reforms Department, Government of Haryana, issued instructions (March 1989) that a complaint register is required to be maintained in the prescribed form indicating total number of cases at the beginning of the month, cases received during the month, cases disposed of and total number of cases outstanding at the end of each month in the Government offices for monthly review of complaints. It was, however, seen during audit that no such register was being maintained in the offices test checked; as a result of which, the monthly review of complaint cases could not be carried out by the head of offices. The Director assured (July 2007) that the complaint register would be maintained in future at Directorate as well as in field offices.

5.1.8.5 *Lack of inspection of offices*

The Chief Secretary, Government of Haryana issued instructions in August 1988 that periodic inspections of sub-offices should be carried out by Heads of Department and offices of Heads of Department by the Administrative Secretaries. It was noticed that periodic inspections had not been carried out either by the Administrative Secretary or by the head of the department during 2002-07 as no records viz. inspection notes, evaluation/monitoring reports, etc. relating to periodic inspections were made available to audit. As such, it is suggested that Chief Secretary's instructions should be followed in letter and spirit for ensuring effective monitoring of the Department's operations.

5.1.8.6 *Non-preparation of annual administrative report*

As per Government instructions (July 1991), Annual Administrative Report showing the annual activities of the department is to be prepared and placed before the Council of Ministers every year. It was, however, noticed that the Department had not prepared Administrative Reports for the years 2004-2007. In the absence of Annual Administrative Reports, the activities/performance of the Department during the year could not be made public.

5.1.8.7 *Internal audit arrangement*

One Accounts Officer and one Section Officer were posted by the State Finance Department and their main duty was to conduct internal audit of the accounts kept in the office of head of department and its subordinate offices in the field.

These officers never conducted internal audit of the Directorate and its subordinate offices. This negated the purpose of their deployment and denied the management of an independent internal feedback on operations.

Internal audit was not conducted, despite the audit staff being in position.

5.1.8.8 Vigilance arrangements

No vigilance cell is in existence in the Department as Haryana Government have not issued any instruction to create vigilance cell whereas Vigilance Department of neighbouring State of Punjab had made it mandatory to create Vigilance Wing in each Department. The Director intimated (April 2007) that a vigilance cell would be created as and when such instructions are received from the Government.

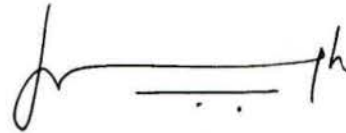
5.1.9 Conclusions

There were non-compliance of budget and expenditure controls and funds management. There were wide variations between original budget provision and actual expenditure, funds were drawn from treasury without immediate requirement, rush of expenditure in the month of March making thorough pre-scrutiny of bills difficult and drawal of funds was not being reconciled with treasuries which could lead to serious financial irregularities. Calendar of returns was not being maintained to ensure timely submission of returns to higher authorities, system of monitoring for disposal of files to avoid delay was not adhered to, disposal of letters was not being recorded in the dairies to watch their disposal and pendency, etc. As such prescribed monitoring mechanism for controlling various activities was weak. Moreover, the internal audit system also remained non-functional despite audit staff being in position.

5.1.10 Recommendations

- The department should maintain the Liability Register so that liabilities could be factored while framing budget estimates. The system of regular reconciliation of drawal of funds with treasury to avoid chances of misappropriation should be streamlined;
- The department should create a post of cashier;
- The monitoring systems such as preparation of calendar of returns, calendar of dates for disposal of files, recording of disposal of letters in dairies, etc. should be enforced so that information can reach the management in time for necessary action; and
- Internal Audit system should be strengthened and Vigilance Cell should be created to keep a vigil over the Directorate and field offices.

These points were reported demi-officially to the Financial Commissioner and Principal Secretary to Government of Haryana, Industries and Commerce Department in May 2007; their reply had not been received (August 2007).



(Jagbans Singh)

Accountant General (Audit), Haryana

Chandigarh

Dated:

03 DEC 2007

Countersigned



(Vijayendra N. Kaul)

Comptroller and Auditor General of India

New Delhi

Dated:

14 DEC 2007

APPENDICES

Part B
Layout of Finance Accounts
(Reference: Paragraph 1.1 Page 1)

Statement	Lay Out
Statement No.1	Presents the summary of transactions of the State Government –receipts and expenditure, revenue and capital, public debt receipts and disbursements etc in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No.2	Contains the summarized statement of capital outlay showing progressive expenditure to the end of 2006-07.
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
Statement No.4	Indicates the summary of debt position of the State which includes borrowing from internal debt, Government of India, other obligations and servicing of debt.
Statement No. 5	Gives the summary of loans and advances given by the State Government during the year repayments made, recoveries in arrears, etc.
Statement No.6	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No.7	Gives the summary of cash balances and investments made out of such balances.
Statement No.8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2007.
Statement No.9	Shows the revenue and expenditure under different heads for the year 2006-07 as a percentage of total revenue/expenditure.
Statement No.10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No.11	Indicates the detailed account of revenue receipts by minor heads.
Statement No.12	Provides accounts of revenue expenditure by minor heads under non-plan and plan separately and capital expenditure by major head wise.
Statement No.13	Depicts the detailed capital expenditure incurred during and to the end of 2006-07.
Statement No.14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc up to the end of 2006-07.
Statement No.15	Depicts the capital and other expenditure to the end of 2006-07 and the principal sources from which the funds were provided for that expenditure.
Statement No.16	Gives the detailed account of receipts disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.
Statement No.17	Presents detailed account of debt and other interest bearing obligations of the Government of Haryana.
Statement No.18	Provides the detailed account of loans and advances given by the Government of Haryana, the amount of loan repaid during the year, the balance as on 31 March 2007.
Statement No.19	Gives the details of earmarked balances of reserve funds.

Part C

List of terms used in the Chapter I and basis of their calculation

(Reference: Paragraph 1.2 Page 4)

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/ GSDP Growth
Buoyancy of a parameter (X) With respect to another parameter (Y)	Rate of Growth of parameter (X)/ Rate of Growth of parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount} / \text{Previous year Amount}) - 1] * 100$
Development Expenditure	Social Services + Economic Services
Average interest paid by the State	Interest payment / $[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$
Weighted Interest Rate (I_w)	$I_w = \sum_i^n I_i W_i$, where I_i is the rate of interest on the i^{th} stock of debt and W_i is the share of i^{th} stock in the total debt stock of the State.
Interest spread	GSDP growth – Weighted Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	Interest Received $[(\text{Opening balance} + \text{Closing balance of Loans and Advances}) / 2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest payments
Balance from Current Revenue (BCR)	Revenue Receipts minus all Plan grants and Non-plan Revenue Expenditure excluding expenditure recorded under the major head 2048 – Appropriation for reduction of Avoidance of debt

APPENDIX II
(Refer paragraph 1.2; page 4)
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
HARYANA

(Rupees in crore)

As on 31 March 2006	<u>Liabilities</u>		As on 31 March 2007
17,374.88		Internal Debt	18,363.23
	5,141.77	Market Loans bearing interest	4,994.44
	2.73	Market Loans not bearing interest	2.65
	25.40	Loans from LIC	22.23
	12,204.98	Loans from other Institutions, etc.	13,343.91
2,213.54		Loans and Advances from Central Government	2,123.32
	66.96	Pre 1984-85 Loans	0.43
	237.90	Non-plan Loans	39.69
	1,863.11	Loans for State Plan Schemes	2,035.11
	21.01	Loans for Central Plan Schemes	19.10
	24.56	Loans for Centrally Sponsored Plan Schemes	28.99
10.00		Contingency Fund	10.00
5,592.91		Small Savings, Provident Funds, etc.	5,957.73
1,442.64		Deposits	1,820.38
849.99		Reserve Funds	1,082.33
27,483.96			29,356.99
As on 31 March 2006	<u>Assets</u>		As on 31 March 2007
13,843.25		Gross Capital Outlay	16,270.85
	2,160.14	Investments in shares of Companies, Corporations, etc.	3058.05
	11,683.11	Other Capital Outlay	13212.80
3,841.06		Loans and Advances	1,825.04
	2,291.35	Loans for Power Projects	262.79
	1,247.08	Other Development Loans	1,203.85
	302.63	Loans to Government Servants, etc.	358.40
0.84		Advances	0.87
420.85		Suspense and Miscellaneous Balances	42.94
-21.05		Remittance Balances	-5.42
3,732.70		Cash	7,146.68
	0.46	Cash in Treasuries and Local Remittances	0.54
	11.99	Departmental Balances	7.46
	0.09	Permanent Cash Imprest	0.09
	3,978.71	Cash Balance Investment and other Reserve Fund Investment	7,138.32
	(-) 258.55	Deposits with Reserve Bank	0.27
5,666.31		Deficit on Government Accounts	4,076.03
	(-) 1,213.42	(i) Revenue Surplus of the Current Year	(-) 1,590.28
	6,879.73	(ii) Accumulated deficit up to preceding year	5,666.31
27,483.96		Total	29,356.99

APPENDIX III
(Refer paragraph 1.2; page 4)
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2006-07
(Rupees in crore)

Receipts			Disbursements				
2005-06		2006-07	2005-06		2006-07	2005-06	2006-07
	Section A: Revenue		Total			Non-Plan	Plan
13,853.31	I. Revenue Receipts	17,952.43	12,639.89	I. Revenue Expenditure	13,908.03	2,454.12	16,362.15
9,078.65	Tax Revenue	10,927.76	4,579.67	General Services	4,807.85	37.20	4,845.05
2,458.56	Non-Tax Revenue	4,590.76	3,995.60	Social Services	3,030.48	1,584.92	4,615.40
1,200.97	State's share of Union	1,295.64	1,969.77	Education, Sports, Art and Culture	1,829.24	462.84	2,292.08
268.90	Taxes and Duties			Health and Family Welfare	304.28	162.28	466.56
	Non-Plan Grants	129.73	449.28	Water Supply, Sanitation, Housing and Urban Development	467.67	87.89	555.56
510.87	Grants for State Plan Schemes	630.28	484.15	Information and Broadcasting	17.82	5.14	22.96
335.36	Grants for Central Plan and Centrally Sponsored Plan Schemes	378.26	22.21	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	32.15	91.80	123.95
			86.70	Labour and Labour Welfare	74.78	29.31	104.09
			100.09	Social Welfare and Nutrition	300.61	745.66	1,046.27
			877.08	Others	3.93	-	3.93
			6.32	Economic Services	5,794.89	832.00	6,626.89
			3,814.76	Agriculture and allied activities	387.22	237.69	624.91
			536.85	Rural Development	149.89	175.51	325.40
			281.11	Irrigation and Flood Control	437.52	114.46	551.98
			496.84	Energy	3,758.36	4.00	3,762.36
			1,417.98	Industry and Minerals	16.84	144.69	161.53
			119.12	Transport	1,028.59	127.15	1,155.74
			915.37	Science, Technology and Environment	0.48	7.89	8.37
			8.88	General Economic Services	15.99	20.61	36.60
			38.61	Grants-in-aid and Contributions	274.81	--	274.81
			249.86	Revenue surplus carried over to Section B	1,590.28	-	1,590.28
	II. Revenue Deficit carried over to Section B	-	1,213.42				
13,853.31	Total Section A	17,952.43	13,853.31		15,498.31	2,454.12	17,952.43
	Section B - Others			II. Capital Outlay	(-) 58.61	2,486.21	2,427.60
1,880.86	III. Opening Cash Balance including Permanent Advances and Cash Balance investment	3,732.70	1,612.30	General Services	-	89.90	89.90
			82.17	Social Services	-	649.35	649.35
			439.11	Education, Sports, Art and Culture	-	37.99	37.99
			23.00	Health and Family Welfare	-	21.23	21.23
			17.84	Water Supply, Sanitation, Housing and Urban Development	-	571.87	571.87
			380.69	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	3.00	3.00
			2.40	Social Welfare and Nutrition	-	8.86	8.86
			12.12	Others	-	6.40	6.40
			3.06	Economic Services	(-) 58.61	1,746.96	1,688.35
			1091.02	Agriculture and allied activities	(-) 60.99	8.09	(-) 52.90
			(-) 29.67	Irrigation and Flood Control	-	556.41	556.41
			469.15	Energy	-	785.80	785.80
			275.45	Industry and Minerals	-	4.03	4.03
			5.59	Transport	2.38	376.63	379.01
			360.50	General Economic Services	-	16.00	16.00
			10.00				

Appendix VII

(Refer paragraph 1.5.5; page 21)

Details of utilisation certificates required, received and outstanding

Sr. No.	Name of the department	Year	Utilisation certificates due		Utilisation certificates received		Utilisation certificates outstanding	
			Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)
1	Housing	2005-06	8	35.51	8	35.51	0	0.00
2	Urban Development	1998-99	15	569.21	0	0.00	15	569.21
		1999-2000	124	677.67	9	45.90	115	631.77
		2000-01	132	1,094.00	0	0.00	132	1,094.00
		2001-02	457	1,478.26	0	0.00	457	1,478.26
		2002-03	299	3,489.08	6	56.50	293	3,432.58
		2003-04	202	3,399.85	16	180.83	186	3,219.02
		2004-05	194	4,761.51	77	469.98	117	4,291.53
		2005-06	561	10,127.05	141	893.25	420	9,233.80
3	Irrigation	1998-99	2	100.00	2	100.00	0	0.00
		1999-2000	2	120.00	2	120.00	0	0.00
		2000-01	3	321.68	3	321.68	0	0.00
		2001-02	3	382.69	3	382.69	0	0.00
		2002-03	1	143.00	1	143.00	0	0.00
		2003-04	3	2,282.62	1	143.00	2	2,139.62
		2004-05	7	2,561.86	1	143.00	6	2,418.86
		2005-06	12	7,213.77	3	2,743.94	9	4,469.83
4	Power	2001-02	5	2,537.36	0	0.00	5	2,537.36
		2002-03	5	1,880.30	0	0.00	5	1,880.30
		2003-04	8	5,392.87	0	0.00	8	5,392.87
		2004-05	60	995.38	0	0.00	60	995.38
		2005-06	2	1,873.50	0	0.00	2	1,873.50
5	Agriculture	2004-05	6	1,881.00	6	1,881.00	0	0.00
		2005-06	20	9,480.00	20	9,480.00	0	0.00
6	Rural Development	2000-01	2	22.36	2	22.36	0	0.00
		2001-02	8	77.86	7	64.33	1	13.53
		2002-03	11	102.75	10	101.06	1	1.69
		2003-04	9	1,766.43	9	1,766.43	0	0.00
		2004-05	7	1,120.65	0	0.00	7	1,120.65
		2005-06	248	3,617.80	121	698.63	127	2,919.17
7	Development and Panchayat	2002-03	3	502.06	0	0.00	3	502.06
		2003-04	16	10,095.18	0	0.00	16	10,095.18
		2004-05	13	6,884.90	0	0.00	13	6,884.90
		2005-06	44	15,811.82	3	100.84	41	15,710.98
8	Economical and Statistical Advisor	2001-02	10	25.22	10	25.22	0	0.00
		2004-05	29	12.15	18	10.15	11	2.00
		2005-06	60	20.83	11	8.84	49	11.99
9	Medical	2002-03	1	100.00	0	0.00	1	100.00
		2003-04	3	77.78	1	69.47	2	8.31
		2004-05	6	129.68	5	73.20	1	56.48
		2005-06	15	1,047.99	10	836.38	5	211.61
10	Education	2003-04	236	3,912.63	230	3,860.29	6	52.34
		2004-05	7	220.13	4	174.38	3	45.75
		2005-06	305	20,992.22	275	13,261.85	30	7,730.37

Sr. No.	Name of the department	Year	Utilisation certificates due		Utilisation certificates received		Utilisation certificates outstanding	
			Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)	Items	Amount (Rs in lakh)
11	Revenue	2001-02	8	372.72	8	372.72	0	0.00
		2002-03	3	0.45	3	0.45	0	0.00
		2005-06	6	27.70	6	27.70	0	0.00
12	Social Security and Welfare	2000-01	10	653.86	0	0.00	10	653.86
		2001-02	6	606.55	0	0.00	6	606.55
		2002-03	11	280.81	0	0.00	11	280.81
		2003-04	23	535.28	2	9.90	21	525.38
		2004-05	20	1,642.66	2	67.70	18	1,574.96
		2005-06	74	1,480.26	1	40.27	73	1,439.99
13	Technical Education	2004-05	3	1,405.00	2	530.00	1	875.00
		2005-06	43	3,298.27	43	3,298.27	0	0.00
14	Sports	2001-02	1	1.65	1	1.65	0	0.00
		2002-03	3	20.50	3	20.50	0	0.00
		2003-04	7	148.56	7	148.56	0	0.00
		2004-05	25	320.70	23	289.71	2	30.99
		2005-06	7	100.15	3	61.65	4	38.50
15	Science and Technology	2003-04	4	376.20	0	0.00	4	376.20
		2004-05	6	248.85	0	0.00	6	248.85
		2005-06	7	224.14	0	0.00	7	224.14
16	Ecology and Environment	2004-05	5	15.74	0	0.00	5	15.74
17	Tourism	2005-06	8	42.00	8	42.00	0	0.00
18	Public Health	2001-02	4	560.71	1	231.37	3	329.34
		2002-03	40	2,495.83	36	799.30	4	1,696.53
		2003-04	234	10,684.74	41	1,508.82	193	9,175.92
		2004-05	457	17,999.08	99	3,735.80	358	14,263.28
19	Art and Culture	2005-06	4	15.27	1	0.27	3	15.00
20	Animal Husbandry	2005-06	13	469.25	13	469.25	0	0.00
21	Fisheries	2001-02	1	1.45	1	1.45	0	0.00
		2002-03	19	275.14	18	274.86	1	0.28
		2004-05	37	354.92	17	305.53	20	49.39
		2005-06	54	352.59	0	0.00	54	352.59
22	Non-Conventional Sources of Energy	1993-94	1	1.99	0	0.00	1	1.99
		2003-04	5	143.58	5	143.58	0	0.00
		2004-05	10	107.71	7	93.07	3	14.64
		2005-06	25	397.56	16	326.70	9	70.86
23	Village and Small Scale Industries	1998-99	1	11.85	1	11.85	0	0.00
		2000-01	1	0.14	0	0.00	1	0.14
		2004-05	1	10.00	1	10.00	0	0.00
		2005-06	21	7,538.80	7	385.90	14	7,152.90
24	Civil Aviation	2005-06	24	39.50	24	39.50	0	0.00
Total Say			4,396	1,82,600.77 Rs 1,826.01 crore	1,415	51,462.04 Rs 514.62 crore	2,981	1,31,138.73 Rs 1,311.39 crore

Appendix VIII
(Refer paragraph 1.5.6; page 21)

Statement showing names of bodies and authorities, the accounts of which had not been received

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
1.	Municipal Committee, Bahadurgarh	1986-87	35.93
		1993-94	34.08
		1996-97	50.00
		1997-98	25.95
		1999-2000	49.50
		2000-01	48.93
		2003-04	304.10
		2004-05	33.12
		2005-06	221.34
2.	Municipal Committee, Bhiwani	2006-07	51.00
		1987-88	36.40
		1988-89	33.25
		1989-90	36.00
		1995-96	50.00
		1997-98	27.56
		1998-99	72.00
		1999-2000	1,156.87
		2000-01	247.58
		2002-03	169.48
		2003-04	182.25
		2004-05	47.90
3.	Municipal Committee, Karnal	2005-06	118.21
		2006-07	32.53
		1982-83	7.00
		1988-89	32.61
		1997-98	36.12
		1998-99	26.25
		2000-01	60.08
		2001-02	57.73
		2002-03	62.67
		2003-04	39.84
		2004-05	52.72
4.	Municipal Committee, Narnaul	2005-06	138.41
		2006-07	52.51
		1988-89	25.30
		1989-90	28.63
		1997-98	36.12
		1998-99	26.25
		2000-01	60.08
		2001-02	75.88
		2004-05	49.30
2005-06	192.58		
2006-07	201.00		

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
5.	Municipal Committee, Rohtak	1987-88	34.00
		1988-89	37.61
		1989-90	32.35
		1996-97	25.08
		1997-98	78.44
		1999-2000	266.56
		2000-01	197.41
		2001-02	101.20
		2002-03	155.48
		2003-04	162.45
		2004-05	140.58
		2005-06	301.32
2006-07	219.58		
6.	Municipal Corporation, Faridabad	1995-96	39.38
		1996-97	50.00
		1997-98	30.00
		1998-99	669.00
		1999-2000	394.00
		2000-01	111.61
		2002-03	93.29
		2003-04	175.14
		2004-05	121.80
		2005-06	404.28
2006-07	202.45		
7.	Municipal Committee, Sonipat	1997-98	69.93
		1998-99	326.25
		1999-2000	263.23
		2000-01	167.82
		2002-03	132.73
		2003-04	70.77
		2004-05	50.43
		2005-06	206.72
2006-07	41.25		
8.	Municipal Committee, Jagadhari	2004-05	33.46
		2005-06	54.92
9.	Municipal Committee, Panipat	1996-97	65.00
		1998-99	528.00
		1999-2000	306.30
		2000-01	146.26
		2002-03	55.65
		2003-04	78.09
		2004-05	57.06
		2005-06	238.95
2006-07	50.23		

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
10.	Municipal Committee, Gurgaon	1996-97 1997-98 1998-99 1999-2000 2000-01 2002-03 2003-04 2004-05 2005-06 2006-07	31.69 42.78 471.25 235.76 170.38 34.96 86.01 42.32 217.18 38.72
11.	Municipal Committee, Yamunanagar	1998-99 1999-2000 2000-01 2001-02 2002-03 2003-04 2004-05 2005-06 2006-07	350.00 578.66 172.96 273.05 419.51 26.77 43.33 104.61 36.40
12.	Municipal Committee, Palwal	1995-96 1998-99 1999-2000 2000-01 2003-04 2004-05 2005-06	50.00 30.00 105.00 62.75 41.49 38.05 214.68
13.	Municipal Committee, Charkhi Dadri	1995-96 1999-2000 2000-01 2001-02 2004-05 2005-06 2006-07	33.33 50.00 43.14 50.00 26.33 53.65 71.05
14.	Municipal Committee, Rewari	1996-97 1997-98 1999-2000 2000-01 2003-04 2004-05 2005-06	50.00 38.82 229.73 84.17 48.40 35.70 133.45
15.	Municipal Committee, Barwala	1996-97 1999-2000 2000-01 2001-02 2005-06	33.33 50.00 31.04 70.54 40.98

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
16.	Municipal Committee, Thanesar	1997-98	31.81
		1999-2000	26.76
		2000-01	80.81
		2002-03	126.28
		2003-04	31.01
		2004-05	163.32
		2005-06	89.72
		2006-07	51.00
17.	Municipal Committee, Ambala City	1998-99	70.25
		2000-01	676.27
		2002-03	145.80
		2003-04	208.56
		2005-06	148.50
		2006-07	26.70
18.	Municipal Committee, Ambala Cantt.	2002-03	26.43
		2005-06	239.80
19.	Municipal Committee, Kurukshetra	1998-99	33.75
		2005-06	133.48
		2006-07	180.00
20.	Municipal Committee, Kaithal	1998-99	62.25
		1999-2000	638.42
		2000-01	98.95
		2003-04	198.12
		2004-05	33.98
		2005-06	103.66
		2006-07	176.00
21.	Municipal Committee, Gannaur	2002-03	41.16
		2006-07	40.00
22.	Municipal Committee, Gohana	2003-04	119.24
		2005-06	69.99
		2006-07	116.98
23.	Municipal Committee, Bawani Khera	1998-99	32.03
		1999-2000	40.00
24.	Municipal Committee, Kharkhoda	1998-99	50.00
		2005-06	46.41
25.	Municipal Committee, Pehowa	1999-2000	36.16
		2000-01	41.81
		2001-02	32.67
		2002-03	50.00
26.	Municipal Committee, Jhajjar	1999-2000	180.00
		2004-05	21.48
		2005-06	169.09
27.	Municipal Committee, Safidon	2000-01	81.62
		2003-04	110.28
		2004-05	95.15

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
28.	Municipal Committee, Sirsa	2001-02	48.66
		2002-03	127.27
		2003-04	26.06
		2004-05	29.47
		2005-06	297.76
		2006-07	30.85
29.	Municipal Committee, Dabwali	2002-03	140.23
		2003-04	158.58
30.	Municipal Committee, Taoru	1999-2000	40.00
		2005-06	59.95
31.	Municipal Committee, Uchana	1999-2000	30.00
		2006-07	46.22
32.	Municipal Committee, Asandh	1999-2000	120.00
		2003-04	74.54
		2004-05	44.06
33.	Municipal Committee, Naraingarh	1999-2000	34.79
		2002-03	59.62
		2005-06	70.10
34.	Municipal Committee, Kalanaur	1999-2000	40.00
		2005-06	42.32
		2006-07	47.07
35.	Municipal Committee, Tosham	1999-2000	28.40
36.	Municipal Committee, Ratia	1999-2000	30.00
		2005-06	141.32
37.	Municipal Committee, Shahabad	2000-01	73.04
		2003-04	158.64
38.	Municipal Committee, Ladwa	2000-01	45.16
		2006-07	44.74
39.	Municipal Committee, Tohana	2001-02	137.98
		2005-06	25.21
40.	Municipal Committee, Meham	2000-01	31.06
		2003-04	64.41
		2005-06	54.02
		2006-07	40.00
41.	Municipal Committee, Sohna	2000-01	37.58
42.	Municipal Committee, Narwana	2000-01	60.58
		2003-04	51.00
		2004-05	48.61
		2005-06	79.92
		2006-07	84.68

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
43.	Municipal Committee, Hansi	2000-01	108.50
		2001-02	105.25
		2002-03	83.89
		2003-04	138.08
		2004-05	32.70
		2005-06	108.10
		2006-07	51.17
44.	Municipal Committee, Mohindergarh	2000-01	38.55
		2005-06	61.26
45.	Municipal Committee, Jind	2000-01	135.63
		2001-02	73.50
		2002-03	57.39
		2003-04	25.01
		2004-05	41.85
		2005-06	133.74
		2006-07	26.35
46.	Municipal Committee, Fatehabad	2000-01	50.23
		2002-03	40.16
		2004-05	89.71
		2005-06	222.22
		2006-07	33.33
47.	Municipal Committee, Ellenabad	2000-01	43.10
		2005-06	41.22
48.	Municipal Council, Panchkula	2001-02	116.06
		2005-06	160.54
		2006-07	27.04
49.	Municipal Committee, Cheeka	2003-04	158.28
		2004-05	81.00
50.	Municipal Committee, Indri	2003-04	74.01
		2005-06	54.21
		2006-07	46.51
51.	Municipal Committee, Pinjore	2003-04	34.60
52.	Municipal Committee, Bawal	2006-07	40.00
53.	Municipal Committee, Hisar	2006-07	49.28
54.	Municipal Committee, Hodal	2006-07	40.00
55.	Municipal Committee, Kalka	2006-07	25.06
56.	Municipal Committee, Kalayat	2006-07	47.05
57.	Municipal Committee, Nuh	2006-07	40.00
58.	Municipal Committee, Pundri	2006-07	47.07
59.	Municipal Committee, Pinjore	2006-07	73.93
60.	Shri Bhuteshwar Temple Tirath, Jind	1994-95	25.29
61.	Aravali Vikas Sangathan, Gurgaon	1995-96	100.00
62.	Software Technology Park of India, New Delhi	2002-03	250.00

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
63.	Haryana Slum Clearance Board, Chandigarh	1998-99	700.48
64.	District Council for Child Welfare, Rewari	1999-2000	38.75
65.	Fish Farm Development Agency, Gurgaon	2000-01	45.85
66.	Charitable Endowment, Haryana, Manimajra	2001-02 2002-03	478.00 478.00
67.	Society for I.T. Initiative fund for e-Governance, Chandigarh	2002-03 2003-04 2004-05	165.55 60.00 25.00
68.	Haryana Energy Development Agency, Chandigarh	2001-02 2002-03 2003-04 2004-05	67.30 41.50 384.37 25.00
69.	Board of Trustees (SOS) Childrens Villages Bal Gram Rai (at Chandigarh)	2003-04	240.00
70.	Saket Hospital, Panchkula	2004-05	50.00
71.	Director, Haryana Institute of Rural Development, Nilokheri	2004-05	40.00
72.	Fish Farm Development Agency Hisar	2005-06	42.54
73.	Haryana State Council of Science and Technology	2005-06	170.00
74.	Blood Transfusion Council, Panchkula	2005-06	150.00
75.	Haryana Rajya Sainik Board, Panchkula	2006-07	30.00
76.	Non-Conventional Energy Sources, Haryana, Chandigarh	2006-07	49.89
77.	Director of Electronics, Haryana, Chandigarh	2006-07	378.00
Private Aided Colleges			
78.	S.L.D.A.V. College of Education, Ambala City	2005-06 2006-07	40.93 46.25
79.	SM Lubana Khalsa Girls College, Barara (Ambala)	2006-07	56.95
80.	M.P.N. College, Mullana (Ambala)	2005-06 2006-07	54.29 58.40
81.	Maharaja Aggarsein College, Jagadhari	2003-04 2004-05 2005-06 2006-07	49.13 41.68 44.55 53.10
82.	DAV College, Sadhaura, Yamunanagar	2006-07	55.25
83.	APJ Saraswati College of Education, Charkhi Dadri	2003-04 2005-06 2006-07	40.73 43.99 28.20

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
84.	B.L.J. Suiwala College, Tosham (Bhiwani)	2003-04 2005-06 2006-07	30.20 30.63 38.10
85.	RLS College of Education, Sidhrawali (Gurgaon)	2006-07	50.55
86.	DAV Centenary College, Faridabad	2005-06 2006-07	66.70 73.90
87.	Saraswati Mahila Mahavidyala, Palwal	2005-06 2006-07	57.30 53.55
88.	SD Mahila Mahavidyalya, Hansi (Hisar)	2002-03 2003-04 2004-05 2005-06 2006-07	54.66 61.26 49.93 56.85 67.25
89.	CR College of Education, Hisar	2004-05 2006-07	31.44 37.85
90.	SD Mahila Mahavidyalya, Narwana (Jind)	2006-07	36.55
91.	DAV College, Pundri (Kaithal)	2006-07	59.78
92.	DAV College, Cheeka (Kaithal)	2006-07	69.23
93.	Kanya Mahavidyalya, Dhand (Kaithal)	2006-07	61.05
94.	Bhagwan Parshu Ram College, Kurukshetra	1999-2000 2000-01 2002-03 2003-04 2004-05 2005-06 2006-07	37.30 44.30 44.30 67.43 56.99 68.09 76.60
95.	RDS Public Girls College, Rewari	2004-05 2005-06 2006-07	43.28 57.92 60.10
96.	SP College of Education, Rewari	2003-04 2004-05 2005-06 2006-07	26.95 26.99 25.33 33.25
97.	CR College of Education, Rohtak	2006-07	41.65
98.	MK Jat Kanya Mahavidyalya, Rohtak	2006-07	78.95
99.	Guru Hari Singh Mahavidyalya, Jiwan Nager, Sirsa	2006-07	40.85
100.	Vaish Arya Kanya Mahavidyalya, Bhadurgarh (Jhajjar)	2006-07	33.05
101.	M.A College for Women, Jhajjar	2006-07	61.10

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
102.	TR College of Education, Sonipat	2000-01	29.10
		2003-04	26.09
		2004-05	27.68
		2005-06	31.34
		2006-07	32.75
103.	CIS Kanya Mahavidhalya Fatehpur Pundri (Kaithal)	2005-06	63.12
		2006-07	70.10
104.	DAV College, Naneola (Ambala)	2006-07	32.75
105.	APJ Saraswati KMV, Charkhi Dadri	2006-07	49.35
106.	Vaish College of Education, Rohtak	2004-05	26.61
107.	MLN College, Yamunanagar	2006-07	208.60
108.	KM College of Education, Bhiwani	2006-07	30.98
109.	Dr. Ganesh Dass DAV College of Education, Karnal	2006-07	36.40
110.	Vaish girls College, Smalkha	2006-07	28.45
111.	Vaish College, Rohtak	2006-07	113.55
112.	Hindu College of Education, Sonipat	2006-07	47.75
113.	TR Girls College, Sonipat	2006-07	37.70
114.	Kanya Mahavidyalaya, Kharkhoda	2006-07	27.75

Appendix IX

(Refer paragraph 1.5.7; page 22)

Details with status of accounts submitted by Autonomous Bodies to State Legislature

Sr. No.	Name of the body	Period of entrustment of audit of accounts to CAG	Year for which accounts due	Year upto which accounts submitted	Year upto which Audit Report issued	Year upto which Audit Report submitted to State Legislature	Reasons for non-finalisation of Audit Reports
1.	Haryana Khadi and Village Industries (Board), Manimajra, Chandigarh	2002-03 to 2006-07	2005-06 to 2006-07	2004-05	2002-03	2002-03	*
2.	Haryana Labour Welfare Board, Chandigarh	2002-03 to 2007-08	2005-06 to 2006-07	2004-05	2004-05	2004-05	*
3.	Haryana Urban Development Authority, Panchkula	2002-03 to 2006-07	2006-07	2005-06	2005-06	2004-05	-
4.	Haryana Housing Board, Panchkula	2004-05 to 2008-09	2006-07	2005-06	2005-06	2003-04	*
5.	Haryana State Agricultural Marketing Board, Panchkula	2005-06 to 2009-10	2006-07	2005-06	2004-05	Not yet submitted	
6.	Mewat Development Agency, Nuh, (Gurgaon)	2005-06 to 2009-10	2004-05 to 2006-07	2003-04	2003-04	Not applicable	-
7.	Haryana State Legal Service Authority, Chandigarh	1996-97 ³ to 2000-01 ²	2006-07	2005-06	2005-06	-	*
8.	Haryana Urdu Akademi, Panchkula	2001-02 to 2005-06	1996-97 to 2005-06	-	-	-	-

* Matter reported to the Financial Commissioner and Principal Secretary to Government Haryana, Finance Department for submission of approved accounts/non-laying of certified accounts on the table of State Legislature.

3 No further entrustment is required, as the audit is required to be undertaken under section 19(2) of CAG's Act, 1971.

Appendix X1 (B)

(Refer paragraph 1.6; page 22)

Department-wise details in respect of cases relating to theft, misappropriation/loss of Government material and fire/accident at the end of June 2007

Name of the Department	Theft cases		Misappropriation/loss of Government material		Fire/Accident	
	Number of cases	Amount (Rs in lakh)	Number of cases	Amount (Rs in lakh)	Number of cases	Amount (Rs in lakh)
Animal Husbandry	2	2.93	4	7.33	-	-
Education	26	15.28	8	5.51	1	0.07
Fisheries	-	-	-	-	1	8.06
Forest	3	4.70	1	0.15	14	11.13
Irrigation	62	11.34	27	8.48	6	11.95
Labour and Employment	2	0.16	-	-	-	-
Medical and Public Health	2	2.04	3	1.50	2	11.92
Police	-	-	-	-	1	3.79
Public Health	8	1.79	2	2.76	-	-
Public Relations	3	4.32	-	-	1	0.08
Public Works (B&R)	3	0.71	2	-	-	-
Revenue	-	-	2	10.52	-	-
Social Welfare	-	-	1	-	-	-
Sports and Youth Welfare	1	0.87	-	-	-	-
Technical Education	16	52.32	3	11.82	-	-
Transport	1	0.36	2	3.21	1	0.60
Women and Child welfare	1	0.12	-	-	-	-
Total	130	96.94	55	51.28	27	47.60

Appendix XII

(Refer paragraph 1.7.2.1; page 23)

Statement showing department-wise position of arrear of proforma accounts and investments made by Government

Department	No. of undertakings/ schemes under the department	Accounts not finalised (name of undertakings/ schemes)	Year upto which accounts finalised	Investment as per last accounts (Rupees in crore)
Agriculture	2	(i) Purchase and Distribution of Pesticides ⁴	1985-86	2.53
		(ii) Seed Depot Scheme ⁴	1987-88	NA
Printing and Stationery	1	Text Book Organisation	2003-04	(-) 0.41
Transport	1	Haryana Roadways	2001-02	344.44
Animal Husbandry	1	Veterinary Vaccine Institute, Hisar	2002-03	*
Food and Supplies	1	Grain Supply Scheme	2004-05	1,337.98
Total				1,684.54

* Less than Rs. 1.00 crore (Rs 0.19 lakh)

⁴ These schemes are defunct since 1986-87 (Purchase and distribution of pesticides) and 1984-85 (Seed Depot scheme).

Appendix XIII

(Refer paragraph 1.7.2.2; page 24)

Details of Statutory Corporations and Government Companies with Government investments, which are in loss

		Investment (upto 2006-07)	Accumulated Loss	Year of Account
		(Rupees in crore)		
I.	Statutory Corporations			
1	Haryana Financial Corporation, Chandigarh.	35.38	147.80	2006-07
II.	Government Companies			
1.	Haryana State Minor Irrigation (Tube wells) Corporation Limited, Chandigarh.	10.89	198.11	2002-03
2.	Haryana State Handloom and Handicrafts Corporation Limited, Chandigarh.	2.65	6.00	2004-05
3.	Haryana Tanneries Limited, Chandigarh.	1.17	10.56	2005-06
4.	Haryana Scheduled Castes and Finance Development Corporation Limited, Chandigarh.	18.64	2.18	2002-03
5.	Haryana Backward Classes and Economically Weaker Section Kalyan Nigam Limited, Chandigarh.	12.66	6.34	2001-02
6.	Haryana Vidhyut Prasaran Nigam Limited, Panchkula.	803.79	201.58	2005-06
7.	Haryana Power Generation Limited, Panchkula.	1,292.09	86.94	2004-05
8.	Dakshin Haryana Bijli Vitran Nigam Limited, Hisar.	236.39	601.11	2005-06
9.	Uttar Haryana Bijli Vitran Nigam Limited, Panchkula.	161.10	758.41	2005-06
10.	Pig Iron Project, Hisar.	0.17	0.04	2004-05
11.	Haryana State Small Industries and Export Corporation, Ltd. Chandigarh.	1.81	20.29	2003-04
12.	Haryana State Roads and Bridges Development Corporation Limited, Chandigarh.	113.70	41.60	2005-06
Total		2,690.16	2,080.96	

Appendix XIV
(Refer paragraph 2.3.2; page 39)

Statement of various grants/appropriations where expenditure fell short by more than Rs 10 crore in each case and also by more than 10 per cent of the provision

Sr. No.	Number and name of grants/appropriations	Major/Minor Head of Account, etc.	Original provision	Savings (per cent)
			(Rupees in crore)	
1.	6-Finance	2049-Interst payments 04-Interest on Loans and Advances from Central Government 101-Interest on Loans for State/Union Territory Plan Schemes 109-Interest on State Plan Loans consolidated in terms of recommendations of 12 th Finance Commission	142.25	20.78 (14.61)
2.	8-Buildings and Roads	2059-Public Works 60-Other Buildings 053-Maintenance and Repairs 99- Maintenance and Repairs	78.03	78.03 (No Expenditure)
3.		3054-Roads and Bridges 04-District and other Roads 337-Road Works 99-District Roads	35.10	17.15 (48.86)
4.		4059-Captital Outlay on Public Works 60-Other Buildings 051-Construction 96-Jails	24.53	11.25 (45.86)
5.		9-Education	2202-General Education 03-University and Higher Education 103-Government Colleges and Institutes 99-Institutes	78.76
6.	10-Medical and Public Health	4215-Capital Outlay on Water Supply and Sanitation 01-Water Supply 102-Rural Water Supply 93- Rural Water Supply	127.62	16.89 (13.23)
7.		02-Sewerage and Sanitation 101-Urban Sanitation Services 92-Sewerage Treatment YAP	20.50	12.55 (61.22)
8.	11-Urban Development	2217-Urban Development 80-General 800-Other Expenditure 79-Urban Infrastructure Development Scheme for Small and Medium Town	33.84	33.84 (No Expenditure)
9.		80-Jawahar Lal Nehru National Urban Renewal Mission	20.77	13.50 (65.00)
10.	12-Labour and Employment	2230- Labour and Employment 02-Employment Service 101- Employment Services 92-Staff for Employment Exchange and Unemployment Allowance to Un-educated Youths	36.05	20.03 (55.56)

			Budget provision		
			Original	Final	Percentage
14.		95-Edusat Project for Elementary Education	10.00	16.79	67.90
15.		02-Secondary Education	10.50	29.36	179.62
		109-Government Secondary Schools			
		89-Edusat Project for Secondary Education			
16.		053-Maintenance of Buildings	12.00	18.59	54.92
		99-Addition and Alterations in Government Schools			
17.		03-University and Higher Education	Nil	14.70	-
		102-Assistance to Universities			
		92-Setting up of Bhagat Phool Singh Women University at Khanpur Kalan (Sonipat)			
18.		104-Assistance to Non-Government Colleges and Institutes	6.50	12.07	85.69
		98-Introduction of pension scheme for Non-Government aided colleges			
19.	10-Medical and Public Health	2215-Water Supply and Sanitation	95.70	112.20	17.24
		01-Water Supply			
		102-Rural Water Supply Programme			
		97- Rural Water Supply Programme			
20.		2210-Medical and Public Health	2.00	14.00	600.00
		01-Urban Health Services-Allopathy			
		110-Hospitals and Dispensaries			
		96-Improvement and Expansion of Hospitals			
21.		4215-Capital Outlay on Water Supply and Sanitation	78.20	99.87	27.71
		01-Water Supply			
		102-Rural Water Supply			
		87-National Capital Region			
22.		96-Desert Development Programme	6.00	13.70	128.33
23.		98-Accelerated Rural Water Supply	31.50	49.50	57.14
24.	12-Labour and Employment	2230- Labour and Employment	Nil	5.56	-
		03-Training			
		003-Training of Craftsmen and Supervisors			
		69-Grants-in-aid to Societies			
25.	13-Social Welfare and Rehabilitation	2225-Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	5.82	15.80	171.48
		01-Welfare of Schedules Castes			
		277-Education			
		95-Scholarship/opportunity to Scheduled Castes Students studying in 6 th to 8 th Classes			
26.		91-Award of stipend reimbursement of tuitions and exam fee for SC students in 9 th to 12 th Classes	6.20	11.29	82.10
27.		800-Other Expenditure	8.13	22.26	173.80
		82-Indira Gandhi Priyadarshani Vivah Shagun Yojna			
28.		03-Welfare of Backward Classes	2.30	10.41	352.61
		277-Education			
		99-Award of Stipends-Reimbursement of tuition fee to Backward Classes Students (College Stage)			

			Budget provision		
			Original	Final	Percentage
29.		2236-Nutrition 02-Distribution of nutritious food and beverages 101-Special Nutrition Programmes 95-Supplementary Nutrition Programmes	57.56	68.11	18.33
30.	15-Irrigation	2700-Major Irrigation 01-Multipurpose River Project (Commercial) 001-Direction and Administration 97-Execution Irrigation	21.34	27.91	30.79
31.		05-Jawahar Lal Nehru Project (Commercial) 800-Other Expenditure 98-Energy Charges	20.20	59.50	194.55
32.		04-Loharu Canal Project (Commercial) 800-Other Expenditure 98-Energy Charges	12.13	22.83	88.21
33.		4801-Capital Outlay on Power Projects 05-Transmission and Distribution 190-Investments in Public Sector and other undertakings 98-Equity Capital Haryana Power Generation Corporation Ltd.	418.00	785.40	87.89
34.	18-Animal Husbandry	2403- Animal Husbandry 101-Veterinary Services and Animal Health 93-Conversion of Veterinary Dispensaries/ Stockmen Centres into Hospital-Cum-Breeding Centres	16.41	21.82	32.97
35.	24-Tourism	5452-Capital Outlay on Tourism 80-General 800-Other Expenditure 98-Tourist Facilities at Suraj Kund	4.10	12.11	195.37
36.	Public Debt	6003-Internal Debt of State Government 101-Market Loans 99-Market Loans bearing interest 83-13.75 per cent Haryana Development Loans 2007	Nil	13.39	-
37.	25-Loans and Advances by State Government	6851-Loans for Village and Small Industries 102-Small Scale Industries 99-Interest free loans in lieu of deferred sales tax	0.001	19.49	-
38.		7610-Loans to Government Servants etc. 201-House Building Advances 99-Advances to Government Servants other than All India Services Officers	57.20	67.68	18.32
39.		800-Other Advances 97-Advances for celebration of marriages	30.00	36.85	22.83

Appendix XVI
(Refer paragraph 2.3.10; page 42)

Details of surrender in excess of actual savings in the grants

Sr. No.	Name of the grant	Savings (-)/Excess (+)	Amount surrendered	Excess fund surrendered
Revenue (Voted)				
1.	3-Home	(-) 31.13	31.45	0.32
2.	4-Revenue	(-) 11.01	11.24	0.23
3.	6-Finance	(+) 16.26	5.53	21.79
4.	8-Buildings and Roads	(+) 140.25	3.75	144.00
5.	11-Urban Development	(-) 55.30	55.41	0.11
6.	13-Social Welfare and Rehabilitation	(-) 34.34	36.96	2.62
7.	20-Forest	(+) 23.26	10.35	33.61
Capital (Voted)				
8.	10-Medical and Public Health	(+) 139.77	32.63	172.40
Revenue (Charged)				
9.	Public Debt	(-) 684.02	798.82	114.80
Total		(-) 496.26	986.14	489.88

Appendix XVII
(Refer paragraph 2.3.11; page 42)

**Cases of injudicious reappropriation of funds resulting in excesses/savings`
by more than Rupees one crore in each case**

Sr. No.	Grant No.	Major Head of account and sub-head	Provision O: Original	Actual expenditure	Excess (+)/ Saving (-)
			S: Supplementary R: Reappropriation		
(Rupees in crore)					
Injudicious reappropriations					
1.	4-Revenue	2245-Relief on account of Natural Calamities 02-Flood, Cyclones etc. 101-Gratuitous Relief 122-Repairs and restoration of damaged irrigation and flood control works	(O) 10.00 (R) 15.00 25.00	13.23	(-) 11.77
2.	6-Finance	2049-Interest Payments 01-Interest on Internal Debt 200-Interest on Other Internal Debts 96-Loans from National Rural Credit (LTO) fund of the NABARD	(O) 54.63 (R) (-) 6.08 48.55	46.84	(-) 1.71
3.		101-Interest on Market Loans 99- Interest on Market Loans bearing interest	(O) 456.09 (R)(-) 31.51 424.58	418.29	(-) 6.28
4.		04-Interest on Ways and Means Advances from Reserve Bank of India 101-Interest on Loans for State/Union Territory Plan Schemes 109-Interest on State Plan Loans Consolidated in terms of recommendations of 12 th Finance Commission	(O) 142.25 (R)(-) 4.50 137.75	116.97	(-) 20.78
5.		03-Interest on Small Savings, Provident Funds, etc. 104-Interest on State Provident Funds 99- Interest on State Provident Funds to Government servants other than All India Services Officers	(O) 453.66 (R) (-) 6.60 447.06	435.31	(-) 11.75

Sr. No.	Grant No.	Major Head of account and sub-head	Provision O: Original	Actual expenditure	Excess (+)/ Saving (-)
			S: Supplementary R: Reappropriation		
(Rupees in crore)					
6.		01-Interst on Internal Debt 123-Interest on Special Security issued to National Small Savings Fund of the Central Government by State Government 93-Interest on Small Savings Collection	(O) 890.42 (R) 58.89 949.31	980.16	(+) 30.85
7.		200-Interest on Other Internal Debts 92-Interest on Loans from NCRPB	(O) 11.65 (R) 6.02 17.67	13.02	(-) 4.65
8.	8-Buildings and Roads	3054-Roads and Bridges 04-District and Other Roads 337-Road Works 98-Rural Roads	(O) 82.19 (R) 26.37 108.56	165.29	(+) 56.73
9.		2059- Public Works 80-General 053-Maintenance and Repairs 99- Maintenance and Repairs	(O) 39.25 (R) 1.81 41.06	118.13	(+) 77.07
10.		60-Other Buildings 80-General 799-Suspance	(O) 0.50 (R) 1.50 2.00	(-) 4.19	(-) 6.19
11.		3054-Roads and Bridges 04- District and Other Roads 337-Road Works 96-Grants-in-Aid to HUDCO for repayment of Road Works due to shortfall in Toll Collection	(O) Nil (R) 30.12 30.12	Nil	(-) 30.12
12.		99-District Roads	(O) 35.10 (R) (-) 10.82 24.28	17.95	(-) 6.33
13.		80-General 001-Direction and Administration 99-Pro-rate transfer of Establishment Charges transferred from Major Head 2059-Public Works	(O) 78.32 (S) 5.93 84.25	70.58	(-) 13.67

Sr. No.	Grant No.	Major Head of account and sub-head	Provision O: Original	Actual expenditure	Excess (+)/ Saving (-)
			S: Supplementary R: Reappropriation		
(Rupees in crore)					
14.		2216-Housing 05-General Pool Accommodation 053-Maintenance and Repairs 99-Other Maintenance Expenditure 88-General Maintenance and Repair	(O) 4.00 (S) 10.49 (R) (-) 0.48 14.01	12.49	(-) 1.52
15.		3054-Roads and Bridges 03-State Highways 337-Road Works	(O) 75.39 (R) (-) 15.05 60.34	70.79	(+) 10.45
16.		5054-Capital outlay on Roads and Bridges 03-State Highways 337-Road Works	(O) 10.00 (R) 32.99 42.99	94.97	(+) 51.98
17.		4059-Capital Outlay on Public Works 01-Office Buildings 051-Construction 99-District Administration	(O) 13.07 (R) (-) 0.58 12.49	26.87	(+) 14.38
18.		60-Other Buildings 051-Construction 72-Treasury and Accounts Administration	(O) 0.05 (R) (-) 0.05 Nil	9.21	(+) 9.21
19.		4202-Capital Outlay on Education, sports, Art and Culture 01-General Education 203-University and Higher Education 99-College Buildings	(O) 12.00 (R) 2.49 14.49	15.66	(+) 1.17
20.		5054-Capital Outlay on Roads and Bridges 04-District and Other Roads 337-Road Works 98-Rural Roads	(O) 174.51 (R) (-) 14.48 160.03	157.52	(-) 2.51
21.		4059-Capital Outlay on Public Works 60-Other Buildings 051-Construction 96-Jails	(O) 24.53 (R) 3.62 28.15	13.28	(-) 14.87
22.		98-Adminsitration of Justice	(O) 9.00 (R) 3.60 12.60	3.87	(-) 8.73

Sr. No.	Grant No.	Major Head of account and sub-head	Provision O: Original	Actual expenditure	Excess (+)/ Saving (-)
			S: Supplementary R: Reappropriation		
(Rupees in crore)					
40.	12-Labour and Employment	2230-Labour and Employment 02-Employment Service 101-Employment Services 92-Staff for Employment Exchange and Unemployment allowance to un-educated youths	(O) 36.05 (R)(-) 17.75 18.30	16.02	(-) 2.28
41.	13-Social Welfare and Rehabilitation	2236-Nutrition 02-Distribution of Nutritious Food and Beverages 101-Special Nutrition Programmes 95-Supplementary Nutrition Programme	(O) 57.56 (S) 21.03 (R)(-) 10.48 68.11	72.74	(+) 4.63
42.	15-Irrigation	2700-Major Irrigation 02-Western Jamuna Canal (Commercial) 001-Direction and Administration 98-Execution Irrigation	(O) 113.92 (S) 2.50 (R) 8.14 124.56	77.88	(-) 46.68
43.		96-Special Revenue Staff	(O) 20.50 (R) (-) 3.22 17.28	13.48	(-) 3.80
44.		99- Supervision Irrigation	(O) 13.40 (R)(-) 2.80 10.60	8.44	(-) 2.16
45.		01-Multi Purpose River Project (Commercial) 001-Direction and Administration 97-Execution Irrigation	(O) 21.34 (S) 0.66 (R) 5.90 27.90	5.64	(-) 22.26
46.		97-Special Revenue Staff	(O) 12.43 (R) (-) 2.23 10.20	1.14	(-) 9.06
47.		80-General 001-Direction and Administration 99-Chief Engineers Common Establishment	(O) 13.47 (R) 1.18 14.65	7.75	(-) 6.90
48.		2701-Medium Irrigation 08-Jui Canal Project 800-Other Expenditure 98-Energy Charges	(O) 12.65 (R)(-) 0.08 12.57	9.90	(-) 2.67
49.		2700-Major Irrigation 05-Jawahar Lal Nehru Project (Commercial) 800-Other Expenditure 98-Energy Charges	(O) 20.20 (R) 39.30 59.50	68.21	(+) 8.71

Sr. No.	Grant No.	Major Head of account and sub-head	Provision O: Original	Actual expenditure	Excess (+)/ Saving (-)
			S: Supplementary R: Reappropriation		
(Rupees in crore)					
50.		80- General		26.41	(+) 9.68
		800-Other Expenditure	(O) 20.00		
51.		98-Improvement, Upgradation, Operation and Maintenance	(R)(-) 3.27	26.81	(+) 3.98
		04-Loharu Canal Project (Commercial)	(O) 12.13		
		800-Other Expenditure	(S) 10.70		
52.		98-Energy Charges	22.83	10.12	(+) 1.04
		2701-Medium Irrigation	(O) 9.56		
53.		10-Sawani Lift Irrigation Project (Commercial)	(R)(-) 0.48	114.42	(+) 85.33
		800-Other Expenditure	9.08		
		98-Energy Charges			
54.		4700-Capital Outlay on Major Irrigation	(O) 28.27	149.22	(+) 53.73
		16-Rehabilitation of Existing Channels/Drainage System	(R) 0.82		
		800-Other Expenditure	29.09		
55.		98-Construction of canals	(O) 100.00	13.26	(+) 5.36
		15-Lining of Canals	(R)(-) 4.51		
		800-Other Expenditure	95.49		
56.		97-BML-Hansi Branch-Butana Branch	95.49	180.43	(+) 49.71
		Multipurpose Link Channel			
		05-Jawahar Lal Nehru Project (Commercial)	(O) 10.00		
57.		800-Other Expenditure	(R)(-) 2.10	58.49	(+) 43.49
		98-Dam and Appurtenant Works	7.90		
57.		4701-Capital Outlay on Major and Medium Irrigation	(O) 133.89	58.49	(+) 43.49
		07-Improvement of old/ existing Channels Under NABARD	(R)(-) 3.17		
		800-Other Expenditure	130.72		
57.		98-Construction of Canal		58.49	(+) 43.49
		4711-Capital Outlay on Flood Control Projects	(O) 17.00		
		01-Flood Control	(R)(-) 2.00		
		201-Drainage and Flood Control Project	15.00		
57.		99-Flood Protection and Disaster Preparedness		58.49	(+) 43.49

Appendix XVIII

(Refer paragraph 2.3.12; page 42)

Cases where expenditure was incurred without any provision of funds

Sr. No.	Number and name of the Grant	Head of account	Expenditure (Rupees in crore)
1.	4-Revenue	2245-Relief on account of Natural Calamities 282- Public Health 102-Drinking Water Supply	0.16
2.	8-Buildings and Roads	3054-Roads and Bridges 80-General 797-Transfers to/from Reserve Fund/Deposit Accounts 99-Transfers to/from Central Road Fund-Inter Account Transfer	125.10
3.		800-Other expenditure 99- Other expenditure	4.11
4.		5054-Capital Outlay on Roads and Bridges 04-District and Other Roads 101-Bridges 98-Rural Roads	0.36
5.		4059-Capital Outlay on Public Works 60-Other Buildings 051-Construction 72-Treasury and Accounts Administration	9.21
6.		4235- Capital Outlay on Social Security and Welfare 02-Social Welfare 101-Welfare of Handicapped 95-State Level Project/Home for Mentally Handicapped	0.11
7.		5054-Capital Outlay on Roads and Bridges 80-General 004-Research 99-Research	0.03
8.		03-State Highways 101-Bridges	27.06
9.		15-Irrigation	2700-Major Irrigation 01-Multipurpose River Project (Commercial) 001-Direction and Administration 99-Chief Engineer
10.		18-Non-Commercial Irrigation Project 001-Direction and Administration 95-Special Revenue staff	1.14
11.		101-Maintenance and Repairs 98-Other Maintenance Expenditure	1.02
12.		02-Western Jamuna Canal Project (Commercial) 799-Suspense	0.70
13.		2701-Medium Irrigation 08-Jui Canal Project 799-Suspense	0.80
14.		10-Sewani Lift Irrigation Project (Commercial) 799-Suspense 99-Irrigation	0.63

Sr. No.	Number and name of the Grant	Head of account	Expenditure (Rupees in crore)
15.		4700- Capital Outlay on Major Irrigation 04-Loharu Canal Project (Commercial) 800-Other expenditure 98-Construction of Canal	0.19
16.		07-Satluj Yamuna Link Project 800-Other expenditure 98- Construction of Canal	0.97
17.	Public Debt	6003-Internal Debt of the State Government 106-Compensation and other Bonds 99-8.5 per cent Tax Free special Bonds of the State Government (Power Bonds) 98-8.5 per cent Haryana Government Power Bonds April 2007	101.11
Total			273.05

Appendix XIX

(Refer paragraph 4.6.1; page 137)

Statement showing the year-wise break up of outstanding Inspection Reports and Paragraphs

Sr. No.	Year	Inspection Reports	Paragraphs	Amount (Rupees in crore)
1	1998-99	50	78	1.19
2	1999-00	74	116	2.73
3	2000-01	94	141	2.99
4	2001-02	74	103	2.52
5	2002-03	79	119	4.80
6	2003-04	65	113	4.15
7	2004-05	83	163	10.69
8	2005-06	117	325	20.73
9	2006-07	65	178	6.61
Total		701	1,336	56.41

Appendix XX

(Refer paragraph 4.6.1; page 137)

Details of serious irregularities pointed out through outstanding Inspection Reports

Sr. No.	Nature of irregularities	Number of paragraphs	Amount (Rupees in crore)	Period
1	Non-obtaining/non-production of utilisation certificate and wanting actual payees receipts from firms/departments	76	3.55	April 1998 to March 2007
2	Non-recovery/short recovery and outstanding recovery of loan/seed and margin money/interest free loan/subsidy.	35	2.21	April 1998 to March 2007
3	Excess/irregular/wasteful/avoidable expenditure on pay and allowances.	284	5.30	April 1998 to March 2007
4	Irregular/wasteful/unfruitful expenditure	165	8.71	April 1998 to March 2007
5	Non-production/Non-maintenance of records.	52	0.71	April 1998 to March 2007
6	Non-condemnation of old/ unserviceable articles/vehicles and non-disposal of condemned store articles/vehicles.	90	0.83	April 1998 to March 2007
7	Irregular/retention/drawl/Misutilisation/ Non-utilisation of Government money/ funds/loans/blockade of Government funds and excess expenditure over budget.	99	13.13	April 1998 to March 2007
8	Non-adjustment of advance payments/ advances.	22	4.07	April 1998 to March 2007
9	Miscellaneous irregularities/cash book.	513	17.90	April 1998 to March 2007
Total		1,336	56.41	

E R R A T A

Page No.	Line No.	For	Read
ix	13 from bottom	the	to be deleted
x	3 from bottom	was	were
xi	21 from bottom	environment	the environment
xi	9 from bottom	being	also being
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27	11	of current years	to be deleted
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35	3 rd from bottom	returns	return
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42	10	indicate	indicates
47	7	extension	extension activities
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47	18	audit	the audit
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55	3	seed	seeds
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69	19	other	an other
70	8	scope	scope of
70	23	ill	defective
75	19	observed	revealed
76	11 from bottom	instruction	instructions
80	13 from bottom	were installed	installed were
87	6 from bottom	are	were
88	1	The	Though
91	18	Disable	Disposable
92	15 from bottom	on	at
96	5	Main	The main
96	14	programme	the programme
97	19 from bottom	meal	meals
98	13	section	sections
104	2 nd from bottom	was	were
106	16	programme	the programme
108	5	districts	district
121	14	purpose	purposes
146	10	Flaunting	Flouting

