EPITOME OF
CAG's REPORTS

ON

THE GOVERNMENT OF HARYANA

FOR THE YEAR ENDED 31 MARCH 2012

Principal Accountant General (Audit) Haryana, Chandigarh

CONTENTS

PREFACE

This brochure presents, at a glance, the contents of the Reports {State Finances, Revenue Sector, Public Sector Undertakings (Social, General and Economic Sectors), Social, General and Economic Sectors (Non- Public Sector Undertakings) and District Audit Gurgaon} of the Comptroller and Auditor General of India relating to the Government of Haryana for the year ended 31 March 2012. These Reports contain major findings of audit of the financial transactions of Government of Haryana, Government Companies and Statutory Corporations.

In accordance with Article 151 of the Constitution, the Comptroller and Auditor General of India forwards the Audit Reports on the accounts as well as on the points noticed during the audit of financial transactions of the State Government to the Governor, who causes them to be laid on the table of *Vidhan Sabha*.

The Reports of the Comptroller and Auditor General of India on the transactions of the State Government presented to the *Vidhan Sabha* stand referred to the Public Accounts Committee (PAC) in respect of State Finances, Revenue Sector, Social, General and Economic Sectors (Non-PSUs) and District Audit and Committee on Public Undertakings (COPU) in respect of Public Sector Undertakings (Social, General and Economic Sectors). The Government departments are to submit *suo moto* Action Taken Notes on all audit paragraphs and reviews to the Committees, duly vetted by Audit. The Committees select some of the paragraphs/reviews for detailed examination after which a report containing their observations and recommendations is presented to *Vidhan Sabha*.

The draft of the paragraphs/reviews included in the Audit Reports is always forwarded to the Secretary of the concerned department for his comments so that the views of the Government are incorporated in the Audit Reports before their presentation to the *Vidhan Sabha*. The Finance Department has prescribed that the draft paragraphs concerned should be disposed of as expeditiously as possible and the comments of the concerned department intimated to Audit within a period not exceeding six weeks. In a large number of cases, however, the departments did not abide by the provision about furnishing the comments on the draft paragraphs within the stipulated time.

This brochure contains only summarised version of the more important issues included in the Audit Reports. While it has been our endeavour to keep the contents of this document as close to the original Reports as possible, the original Reports ought to be referred to for detailed facts and figures. The names and telephones numbers of the officers who could be contacted for any clarification in respect of Audit Report are on the inner page of the rear cover of this publication.

Audit Report on State Finances

This Report includes three chapters containing observations on the Finances of the State Government, Financial Management and Budgetary Control and Financial Reporting of the Government of Haryana for the year 2011-12.

HIGHLIGHTS

- *The fiscal positions of the State, viewed in terms of the trends in the fiscal parameters, i.e. revenue, fiscal and primary deficit which indicated the overall fiscal imbalances of the State stood at ₹ 1,457 crore, ₹ 7,153 crore and ₹ 3,152 crore respectively at the end of 2011-12. The target of zero revenue deficit for 2011-12 as per recommendation of Thirteenth Finance Commission, could not be achieved.*
- *Salary and wages, pension, interest payments and subsidies constituted about 83 per cent of Non-Plan Revenue Expenditure during 2011-12.*
- *Out of the total subsidies (₹ 3,853 crore), 93 per cent (₹ 3,585 crore) were for power and energy sector.*
- *The return on Government's investments in Statutory Corporations, Rural Banks, Joint Stock Companies and Co-operatives was 0.02 per cent in 2011-12 whereas the average rate of interest on Government borrowing was 9.73 per cent.*
- *Outstanding fiscal liabilities of the Government increased by 17.84 per cent from ₹ 46,282 crore in 2010-11 to ₹ 54,540 crore in 2011-12 and stood at 1.78 times of revenue receipts.*
- *Slow progress in implementation of various social and developmental programmes in the State, left overall savings of ₹ 9,450.85 crore even after offsetting the excess of ₹ 263.45 crore.*
- *In 12 cases, ₹ 5,441.23 crore were surrendered (excess of ₹ 50 lakh or more in each case) including an excess surrender of ₹ 861.36 crore, than actual savings indicating inadequate budgetary control in these departments.*
- *Out of total savings of ₹ 3,451.81 crore in 18 cases (savings of one crore and above), savings of ₹ 847.76 crore were not surrendered.*
- *In 41 cases (surrender of funds in excess of ₹ 10 crore), ₹ 9,715.55 crore were surrendered on the last two working days of the financial year.*
- *The Government's compliance with various rules, procedures and directives was lacking in various departments, as evidenced by the inordinate delays occurred in furnishing utilization certificates against loans and grants by various grantee institutions. Submission of Annual Accounts by autonomous bodies and departmentally managed commercial undertakings were also delayed. Probing the instances of losses and misappropriations are continuing for longer periods. Substantial amounts of receipt and expenditure were classified under omnibus minor head '800-Other Receipts/Expenditure' during 2011-12 which should be avoided for greater transparency in financial reporting.*

Summary of Finance Accounts

Receipts and disbursement for the year 2011-12

(₹ in crore)

Receipts				Disbursements			
	2010-11	2011-12		2010-11	2011-12		
					Non-Plan	Plan	Total
Revenue Section – A:							
Revenue Receipts	**25,563.67**	**30,557.59**	**Revenue Expenditure**	**28,310.19**	**24,222.90**	**7,791.99**	**32,014.89**
Tax revenue	16,790.37	20,399.46	General Services	9,328.14	10,155.47	64.36	10,219.83
Non-tax revenue	3,420.93	4,721.65	Social Services	10,904.08	7,092.54	5,549.13	12,641.67
Share of Union Taxes/Duties	2,301.75	2,681.55	Economic Services	7,996.73	6,875.47	2,178.50	9,053.97
Grants from Government of India	3,050.62	2,754.93	Grants-in-aid and Contributions*	81.24	99.42	-	99.42
Section – B : Capital							
Miscellaneous Capital Receipts	**8.00**	**9.24**	**Capital Outlay**	**4,031.10**	**1,018.17**	**4,354.17**	**5,372.34**
Recoveries of Loans and Advances	**233.05**	**294.12**	**Loans And Advances Disbursed**	**721.87**	**262.86**	**364.21**	**627.07**
Public Debt Receipts**	**9,842.73**	**10,766.83**	**Repayment of Public Debt****	**3,971.08**	**-**	**-**	**4,037.14**
Contingency Fund	**192.83**	**167.52**	**Contingency Fund**	**192.83**	**-**	**-**	**167.52**
Public Account Receipts	**16,594.62**	**19,259.75**	**Public Account Disbursements**	**15,324.41**	**-**	**-**	**17,051.18**
Opening Cash Balance	**493.42**	**376.84**	**Closing Cash Balance**	**376.84**	**-**	**-**	**2,161.75**
Total	**53,928.32**	**61,431.89**	**Total**	**53,928.32**			**61,431.89**

(Source: State Finance Accounts of the respective years.)

* Compensation and assignment to local bodies and *Panchayati Raj* Institutions.

** Excluding transactions of Ways and Means Advances i.e. ₹ 974.27 crore receipt and ₹ 974.27 crore payment.

Summarised position of actual expenditure vis-à-vis original/ supplementary provisions

(₹ in crore)

	Nature of expenditure	Original grant/ Appropriation	Supplementary grants/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
Voted	I Revenue	30,474.17	2,159.13	32,633.30	27,891.42	(-) 4,741.88
	II Capital	9,017.58	633.21	9,650.79	8,805.08	(-) 845.71
	III Loans and Advances	956.90	202.88	1,159.78	627.07	(-) 532.71
Total Voted		**40,448.65**	**2,995.22**	**43,443.87**	**37,323.57**	**(-) 6,120.30**
Charged	IV Revenue	4,586.12	14.28	4,600.40	4,224.51	(-) 375.89
	V Capital	50.00	30.00	80.00	69.60	(-) 10.40
	VI Public Debt repayments	6,666.12	1,289.55	7,955.67	5,011.41	(-) 2,944.26
Total Charged		**11,302.24**	**1,333.83**	**12,636.07**	**9,305.52**	**(-) 3,330.55**
Appropriation to Contingency Fund (if any)		-	-	-	-	-
Grand Total		**51,750.89**	**4,329.05**	**56,079.94**	**46,629.09**	**(-) 9,450.85**

Note: The expenditure shown above are gross figures without taking into account the recoveries adjusted in the accounts as reduction of expenditure under Revenue Heads (₹ 101.04 crore) and Capital Heads (₹ 3,502.35 crore).

TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(₹ in crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
Part A. Receipts					
1. Revenue Receipts	**19,751**	**18,452**	**20,993**	**25,564**	**30,558**
(i) Tax Revenue	**11,618(59)**	**11,655(63)**	**13,220(63)**	**16,790 (66)**	**20,399(67)**
Taxes on Sales, Trade, etc.	7,721(67)	8,155(70)	9,032(68)	11,082 (66)	13,384(66)
State Excise	1,379(12)	1,419(12)	2,059(16)	2,366 (14)	2,832(14)
Taxes on Vehicles	234(2)	239(2)	277(2)	457 (3)	740(4)
Stamps duty and Registration fees	1,763(15)	1,326(12)	1,294(10)	2,319 (14)	2,793(14)
Land Revenue	9 (-)	9(-)	9	10	11
Taxes on goods and passengers	379(3)	370(3)	392(3)	387 (2)	429(2)
Taxes and duties on Electricity	108(1)	106(1)	120(1)	130 (1)	166
Other Taxes	25	31	37	39	44
(ii) Non-Tax Revenue	**5,097(26)**	**3,238(18)**	**2,741(13)**	**3,421 (13)**	**4,722(15)**
(iii) State's share in Union taxes and duties	**1,634(8)**	**1,725(9)**	**1,775(8)**	**2302 (9)**	**2,682(9)**
(iv) Grants-in-aid from Government of India	**1,402(7)**	**1,834(10)**	**3,257(16)**	**3,051 (12)**	**2,755(9)**
2. Miscellaneous Capital Receipts	**10**	**7**	**9**	**8**	**9**
3. Recoveries of Loans and Advances	**214**	**352**	**213**	**233**	**294**
4. Total Revenue and Non debt capital receipt (1+2+3)	**19,975**	**18,811**	**21,215**	**25,805**	**30,861**
5. Public Debt Receipts	**844**	**3,888**	**8,455**	**9,843**	**10,767**
Internal Debt (excluding Ways and Means Advances and Overdrafts)	776(92)	3,822(98)	8,320(98)	9,535 (97)	10,669(99)
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	
Loans and Advances from Government of India	68(8)	66(2)	135(2)	308 (3)	98(1)
6. Total Receipts in the Consolidated Fund (4+5)	**20,819**	**22,699**	**29,670**	**35,648**	**41,628**
7. Contingency Fund Receipts	**-**	**-**	**-**	**193**	**168**
8. Public Accounts receipts	**9,433**	**12,308**	**15,789**	**16,595**	**19,260**
9. Total receipts of the State (6+7+8)	**30,252**	**35,007**	**45,459**	**52,436**	**61,056**
Part B. Expenditure/disbursement					
10. Revenue Expenditure	**17,527**	**20,534**	**25,257**	**28,310**	**32,015**
Plan	3,176(18)	3,918(19)	5,715(23)	6,251 (22)	7,792(24)
Non-plan	14,351(82)	16,616(81)	19,542(77)	22,059 (78)	24,223 (76)
General Services (including Interests payments)	5,230(30)	6,024(30)	7,755(31)	9,328 (33)	10,220 (32)
Economic Services	6,222(35)	7,035(34)	7,530(30)	7,997 (28)	9,054 (28)
Social Services	5,739(33)	7,259(35)	9,902(39)	10,904 (39)	12,641 (39)
Grants-in-aid and contributions	337(2)	216(1)	70(-)	81 (-)	99
11. Capital Expenditure	***3,426***	***4,502***	***5218***	***4,031***	***5,372***
Plan	3,411(100)	3,990(89)	4,203(81)	3,845 (95)	4,354 (81)
Non-plan	15	512(11)	1,015(19)	186 (5)	1,018 (19)
General Services	171(5)	195(4)	187(4)	199 (5)	235 (5)
Economic Services	2,333(68)	3,198(71)	3,961(76)	2,602 (65)	3,770 (70)
Social Services	922(27)	1,109(25)	1,070(20)	1,230 (31)	1,367 (25)
12. Disbursement of Loans and Advances	***286***	***332***	***830***	***722***	***627***
13. Total (10+11+12)	***21,239***	***25,368***	***31,305***	***33,063***	***38,014***
14. Repayments of Public Debt	***841***	***1,292***	***2,746***	***3,971***	***4,037***
Internal Debt (excluding Ways and Means Advances and Overdrafts)	728(87)	1,178(91)	2,576(94)	3,846 (97)	3,812 (94)
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	
Loans and Advances from Government of India	113(13)	114(9)	170(6)	125 (3)	225 (6)
15. Appropriation to Contingency Fund	-	-	-	***190***	-
16. Total disbursement out of Consolidated Fund (13+14+15)	***22,080***	***26,660***	***34,051***	***37,224***	***42,051***
17. Contingency Fund disbursements	-	-	-	***3***	***168***
18. Public Accounts disbursements	***8,818***	***11,442***	***14,320***	***15,324***	***17,051***
19. Total disbursement by the State (16+17+18)	***30,898***	***38,102***	***48,371***	***52,551***	***59,270***

	2007-08	2008-09	2009-10	2010-11	2011-12
Part C. Deficits/Surplus					
20. Revenue Deficit (-)/Surplus (+) (1-10)	**(+) 2,224**	**(-)2,082**	**(-)4,264**	**(-)2,746**	**(-) 1,457**
21. Fiscal Deficit(-)/Surplus(+) (4-13)	**(-) 1,264**	**(-)6,557**	**(-)10,090**	**(-)7,258**	**(-) 7,153**
22. Primary Deficit (-)/surplus (+) (21+23))	**(+) 1,082**	**(-)4,218**	**(-)7,353**	**(-)3,939**	**(-) 3,152**
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	**2,346**	**2,339**	**2,737**	**3,319**	**4,001**
24. Financial Assistance to local bodies etc.	**1,572**	**2,053**	**1,947**	**2,223**	**3,306**
25. Ways and Means Advances (WMA)/Overdraft availed (days)	**-**	**92(5)**	**170(7)**	**670(8)**	**974(11)**
26. Interest on WMA/Overdraft[1]	**-**	**0.04**	**0.05**	**1.16**	**1.51**
27. Gross State Domestic Product (GSDP)[2]	**1,51,607**	**1,82,502**	**2,22,031**	**2,64,149**	**3,09,326**
28. Outstanding Fiscal liabilities (year end)	**29,118**	**32,278**	**39,337**	**46,282**	**54,540**
29. Outstanding guarantees including interest and guarantee fee (year end)	**4,402**	**4,575**	**4,536**	**4,528**	**5,608**
30. Maximum amount guaranteed (year end)	**6,341**	**5,188**	**4,757**	**5,515**	**10,690**
31. Number of incomplete projects	**23**	**29**	**15**	**21**	**8**
32. Capital blocked in incomplete projects (₹ in crore)	**74.74**	**85.60**	**30.00**	**41**	**186**
Part E: Fiscal Health Indicators					
I Resource Mobilisation					
Own Tax revenue/GSDP	0.077	0.064	0.060	0.063	0.066
Own Non-Tax Revenue/GSDP	0.034	0.018	0.012	0.013	0.015
Central Transfers/GSDP	0.011	0.009	0.008	0.009	0.009
II Expenditure Management					
Total Expenditure/GSDP	0.140	0.139	0.141	0.125	0.123
Total Expenditure/Revenue Receipts	1.075	1.375	1.491	1.293	1.244
Revenue Expenditure/Total Expenditure	0.825	0.809	0.807	0.856	0.842
Expenditure on Social Services/Total Expenditure	0.314	0.330	0.364	0.374	0.368
Expenditure on Economic Services/Total Expenditure	0.409	0.409	0.374	0.329	0.337
Capital Expenditure/Total Expenditure	0.161	0.177	0.167	0.122	0.141
Capital Expenditure on Social and Economic Services/Total Expenditure.	0.153	0.170	0.161	0.116	0.135
III Management of Fiscal Imbalances					
Revenue deficit (surplus)/GSDP	0.015	(-) 0.011	(-)0.019	(-)0.010	(-) 0.005
Fiscal deficit/GSDP	(-) 0.008	(-) 0.036	(-)0.045	(-)0.027	(-) 0.023
Primary Deficit (surplus) /GSDP	0.007	(-) 0.023	(-)0.033	(-)0.015	(-) 0.010
Revenue Deficit/Fiscal Deficit	(-) 1.759	0.318	0.423	0.378	0.204
Primary Revenue Balance/GSDP	0.005	(-) 0.022	(-)0.033	(-)0.021	(-) 0.012
IV Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	0.192	0.177	0.177	0.180	0.176
Fiscal Liabilities/RR	1.474	1.749	1.187	1.811	1.785
Primary deficit vis-à-vis quantum spread	0.409	(-) 1.437	(-) 4.181	(-) 1.004	0.924
Debt Redemption (Principal +Interest)/ Total Debt Receipts	1.338	0.897	0.740	0.831	0.810
V Other Fiscal Health Indicators					
Return on Investment	6.05	8.27	9.60	2.48	1.64
Balance from Current Revenue (₹ in crore)	4,300	572	(-)117	2,326	4,977
Financial Assets/Liabilities	0.94	0.88	0.80	0.77	0.78

1 Interest of ₹ 1.51 crore at the rate of 5.25 to 11.25 *per cent* was paid on ways and means advances.

2 GSDP figures at current prices as communicated by the Directorate of Economic and Statistical Analysis, Haryana. Figures of GSDP for 2009-10 are on provisional estimates, 2010-11 are quick estimates and 2011-12 advance estimates.

I.	FINANCES OF THE STATE GOVERNMENT
Fiscal deficit, Revenue deficit and Primary deficit	The fiscal positions of the State, viewed in terms of the trends in the fiscal parameters, i.e. revenue, fiscal and primary deficit which indicated the overall fiscal imbalances of the State stood at ₹ 1,457 crore, ₹ 7,153 crore and ₹ 3,152 crore respectively at the end of 2011-12. The target of zero revenue deficit for 2011-12 as per recommendation of Thirteenth Finance Commission, could not be achieved.
Revenue Receipts	Revenue Receipts increased from ₹ 25,564 crore in 2010-11 to ₹ 30,558 crore in 2011-12. Share of tax revenue (₹ 20,399 crore) and non-tax revenue (₹ 4,722 crore) in total revenue receipts was 67 and 15 *per cent* respectively during 2011-12. State's share of union taxes and duties and grants-in-aid from Central Government contributed ₹ 5,437 crore (18 *per cent*) during the year.
Tax Revenue and Non-Tax Revenue	Tax revenue increased by ₹ 3,609 crore (22 *per cent*) during 2011-12 and non-tax revenue increased by ₹ 1,301 crore (38 *per cent*) during the same period due to increase in receipts under 'Animal Husbandry' and 'Major and Medium Irrigation'. Own tax revenue fall short by 1.70 *per cent* of targets fixed for 2011-12 by fiscal correction path (FCP) but was higher by 1.13 *per cent* and two *per cent* of the target fixed by Thirteenth Finance Commission (ThFC) and State Government's Medium Term Fiscal Planning Statement (MTFPS) respectively. Whereas non-tax revenue was lower by 65 *per cent* than the target fixed by ThFC but was higher by three *per cent* and 10 *per cent* than the projections made in FCP and MTFPS respectively.
Expenditure of the State Government	The total revenue and capital expenditure including loans and advances increased from ₹ 33,063 crore in 2010-11 to ₹ 38,014 crore in 2011-12 registering an increase of 15 *per cent*. Revenue expenditure constituted 84 *per cent* of total expenditure during 2011-12. Capital expenditure (excluding loans and advances) which was only 14 *per cent* of total expenditure increased by 33 *per cent* from ₹ 4,031 crore in 2010-11 to ₹ 5,372 crore in 2011-12. Expenditure on disbursement of loans and advances decreased from ₹ 722 crore in 2010-11 to ₹ 627 crore in 2011-12. The Non-Plan revenue expenditure at ₹ 24,223 crore in 2011-12 was higher than the normative assessment of ThFC and projections made in FCP but was within the projections made by Government in MTFPS.
Interest Payments	Interest payments of ₹ 4,001 crore in 2011-12 consumed 13 *per cent* of revenue receipts and constituted 12 *per cent* of revenue expenditure of the State Government.
Non-developmental expenditure	Huge expenditure on salaries (₹ 9,960 crore), pensions (₹ 3,204 crore), interest payments (₹ 4,001 crore) and subsidies (₹ 3,853 crore) during the current year consumed 69 *per cent* of revenue receipts against 52 *per cent* projected in the FCP.
Insignificant returns on Investments	Government received dividend of only 0.02 *per cent* (₹ 1.64 crore) during 2011-12 on the total investment of ₹ 6,981.91 crore in Statutory Corporations, Government Companies, Co-operative banks and societies, etc. Twelve Government Companies with the aggregate investment of ₹ 6,558 crore upto 2011-12, had accumulated loss to ₹ 7,203 crore as per accounts furnished by these Companies upto 2011-12.

Total indebtedness	The total indebtedness of the State Government increased by 87 *per cent* from ₹ 29,118 crore in 2007-08 to ₹ 54,540 crore in 2011-12. These liabilities as ratio to Gross State Domestic Product slightly decreased from 0.192 in 2007-08 to 0.176 in 2011-12 and stood at 1.78 times of revenue receipts.
II FINANCIAL MANAGEMENT AND BUDGETARY CONTROL	
Excess expenditure not regularised	Excess expenditure of ₹ 964 crore over the amounts sanctioned during 2008-11 was not regularised in terms of Article 205 of the Constitution of India. Excess expenditure of ₹ 263 crore incurred during 2011-12 also required regularisation under Article 205 of the Constitution.
Unnecessary/ excessive supplementary grants	Supplementary provisions of ₹ 2,414.11 crore obtained in 25 cases during the year proved unnecessary as the expenditure in each case was less than the original provision. Injudicious reappropriation proved excessive by ₹ 2,321.69 crore in 70 cases and insufficient by ₹ 1,228.72 crore in 49 cases.
Expenditure without provision	Expenditure of ₹ 579.75 crore was incurred without any provision made either in the original estimate/ supplementary demands or by way of reappropriation orders.
Surrender in excess of actual savings/ anticipated savings not surrendered	In 12 cases, ₹ 5,441.23 crore was surrendered against the actual savings of ₹ 4,579.87 crore, resulting in excess surrender of ₹ 861.36 crore. In another 18 cases, out of total savings of ₹ 3,451.81 crore, ₹ 847.76 crore was not surrendered. Whereas, in 41 cases ₹ 9,715.55 crore were surrendered on last two working days of March 2012.
Drawal of funds to avoid lapse of budget grant	Sixteen Drawing and Disbursing Officers had drawn ₹ 30.26 crore which were neither fully spent for the specific purposes nor remitted to Government account before the closure of the financial year.
III FINANCIAL REPORTING	
Delay in furnishing utilisation certificates	Although the 1,253 utilisation certificates for the period from 2008-09 to 2010-11 for ₹ 1,148.60 crore were awaited from Rural Development, Education, Sports, Social Justice and Empowerment, Urban Development and Industries departments, fresh grants were disbursed without ascertaining proper utilisation of earlier grants.
Non-submission/delay in submission of accounts	Five hundred thirty three annual accounts pertaining to 187 Autonomous Bodies/Authorities to whom the grants of ₹ 2,005.40 crore were released between 1982-83 and 2011-12 were not submitted to Principal Accountant General (Audit) Haryana. As a result, it could not be ascertained whether they attract the provision of audit by Comptroller and Auditor General of India.
Theft, losses and defalcation, etc.	There was inordinate delay in deciding the cases of theft, losses and defalcation, etc. which ranged between 1 and more than 25 years.
Operation of omnibus Minor Head 800	Substantial amounts of receipt of (₹ 4,521.59 crore i.e. 15 *per cent* of total receipts) and expenditure (₹ 5,661.35 crore i.e. 15 *per cent* of total expenditure) were classified under omnibus minor head '800-Other Receipts/Expenditure during 2011-12, effecting the transparency in financial reporting.

Audit Report No. 1 of 2013
Revenue Sector

This Report contains 18 paragraphs and two performance audits on "Assessment, Levy and Collection of tax on Works Contracts" and "Receipts from Passengers and Goods Tax" involving tax effect of ₹ 1,746.01 crore. The Departments/Government have accepted audit observations involving ₹ 1,745.93 crore of which ₹ 0.62 crore has been recovered.

Highlights

- *Incorrect application of rate of tax in respect of unclassified item resulted in under assessment of tax of ₹ 8.82 crore including interest of ₹ 3.81 crore.*
- *The Department did not take action to recover the differential amount of license fee from 17 defaulting allottees of retail liquor outlets, after re-auction of vends at the risk and cost clause of the contract conditions, depriving the Government of revenue of ₹ 2.67 crore.*
- *Non-levy of interest on delayed payment of monthly instalment of license fee by 97 licensees for the year 2010-11, resulted in loss of ₹ 1.06 crore to Government exchequer.*
- *The Department did not take action under the Rules to recover license fee from the defaulting 10 licensees of retail liquor outlets resulting in short recovery of license fee and interest of ₹ 1.02 crore.*
- *Misclassification of instruments by the Department resulted in short levy of Stamp duty of ₹ 1.33 crore.*
- *Short levy of Stamp duty of ₹ 2.22 crore on sale deeds of plots with an area less than 1,000 square yards due to application of incorrect rates of agriculture land instead of residential land.*
- *Bid money of ₹ 33.51 lakh was neither deposited regularly nor demanded by five Regional Transport Authorities from the owners of 20 transport co-operative societies for the years 2009-10 and 2010-11.*
- *The Department failed to take timely action to recover the balance bid money from the contractors resulting in short realisation of bid money of ₹ 3.84 crore including interest of ₹ 80.10 lakh.*

Trend of revenue receipts

The total revenue receipts of the Government of Haryana for the year 2011-12 were ₹ 30,557.59 crore against ₹ 25,563.68 crore during 2010-11. The revenue raised by the State Government from its own resources during the year 2011-12 was ₹ 25,121.11 crore comprising tax revenue of ₹ 20,399.46 crore and non-tax revenue of ₹ 4,721.65 crore against ₹ 16,790.37 crore and ₹ 3,420.94 crore respectively during the previous year 2010-11.

Sales tax receipts of ₹ 13,383.69 crore and road transport receipts of ₹ 852.96 crore contributed 66 *per cent* and 18 *per cent* of the tax and non-tax revenue respectively.

Audit observations

Inspection reports containing 4,507 audit observations with money value of ₹ 1,023.95 crore (issued upto December 2011) were outstanding for want of final replies from the departments at the end of June 2012.

Compliance with the earlier Audit Reports

The Government/Departments accepted audit observations amounting to ₹ 753.85 crore out of ₹ 1,284.73 crore included in the Reports of the Comptroller and Auditor General of India (Revenue Sector) for the years 2006-07 to 2010-11, of which an amount of ₹ 325.31 crore (43 *per cent*) of the accepted money value was recovered till 31 March 2012.

Results of audit

Test check of the records of 280 units of Sales Tax/VAT, Stamp Duty and Registration Fee, State Excise, Motor Vehicles and other Departmental offices conducted during the year 2011-12 revealed under assessments/short levy/loss of revenue amounting to ₹ 2,866.67 crore in 9,130 cases.

SYSTEM APPRAISAL/PERFORMANCE AUDITS

Assessment, Levy and Collection of tax on Works Contracts

- Failure of the Department to analyse the available information and institute a system of exchange of inter Departmental database resulted in non-realisation of revenue of ₹ 283.88 crore from unregistered works contractors and short deduction of WCT of ₹ 88.26 crore by contractees.
- Failure of the Department to levy additional tax for misuse of declaration forms resulted in short levy of tax of ₹ 4.00 crore.
- Non observation of guidelines of the Department by the assessing authorities (AAs) resulted in non-levy of tax and penalty of ₹ 1,303.16 crore.
- Allowance of inadmissible deductions from gross turnover resulted in short realisation of tax of ₹ 9.17 crore.
- Wrong classification of transactions of sale as works contract resulted in short realisation of tax of ₹ 22.47 crore.
- Non-levy of penalty for non-filing of returns resulted in short levy of tax of ₹ 1.36 crore.

Receipts from Passengers and Goods Tax

- Though responsibility for the collection of passenger Tax in the case of Auto rickshaws was entrusted to Regional Transport Authorities (RTAs) of the district concerned, details relating thereto were not transferred to Regional Transport Authorities by the eight out of 10

Deputy Excise and Taxation Commissioners (DETCs) offices test checked.

- DETCs offices were not aware of the amount of tax to be charged on six seater maxi cabs /taxies as PPGT Act and rules made thereunder does not prescribe the same.
- Lack of co-ordination between RTAs and DETCs offices resulted in evasion of Passenger Tax of ₹ 91.93 lakh in the case of 368 maxi cab/taxi.
- Absence of co-ordination between RTAs and DETCs offices resulted in evasion of Passenger Tax by the owners of 1,305 school buses out of 2,453 school buses registered by the RTAs of nine districts during 2006-11.
- Passenger Tax amounting to ₹ 49.88 lakh, interest of ₹ 20.07 lakh and penalty was not recovered in 309 cases of maxi cabs/taxies.
- The Department did not recover the Passenger Tax amounting to ₹ 17.08 lakh and interest of ₹ 2.71 lakh in the case of buses owned by co-operative societies in four districts.
- Goods Tax in 10 DETCs offices amounting to ₹ 3.15 crore and interest of ₹ 1.18 crore was not recovered in 2,630 cases.
- The Department did not recover Passenger Tax of ₹ 34.28 lakh including interest of ₹ 13.23 lakh in 81 cases out of 560 cases assessed.

Important audit findings included as paragraphs

TAX RECEIPTS

Sales tax/VAT (Excise and Taxation Department)

Failure of the Assessing Authorities to cross verify the transactions of sales and purchases from the Departmental authorities within Haryana before finalising the assessments led to evasion of VAT amounting to ₹ 1.26 crore (including penalty of ₹ 94.53 lakh).

Stamp Duty (Revenue and Disaster Management Department)

Undervaluation of immovable properties in conveyance deeds resulted in evasion of Stamp Duty of ₹ 23.92 lakh.

Taxes on Vehicles, Goods and Passengers (Excise and Taxation Department)

Bid money of ₹ 33.51 lakh was neither deposited regularly nor demanded by five Regional Transport Authorities from the owners of 20 transport co-operative societies for the years 2009-10 and 2010-11.

Audit Report No. 2 of 2013 - Public Sector Undertakings (Social, General and Economic Sectors)

This Report contains a general overview of Government companies and performance audits on:

(i) Haryana Vidyut Prasaran Nigam Limited

(ii) Haryana State Industrial and Infrastructure Development Corporation Limited

This report also contains two theme paras and 12 paragraphs including a para on follow-up action on Audit Reports based on test check of the records of Government companies.

1. Highlights

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by Comptroller and Auditor General of India. These accounts are also subject to supplementary audit conducted by Comptroller and Auditor General of India. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2012, the State of Haryana had 22 working Public Sector Undertakings, (20 companies and two Statutory corporations) and seven non-working Public Sector Undertakings (all companies). The State working Public Sector Undertakings (PSUs), which employed 0.36 lakh employees, had registered a turnover of ₹ 21,465.56 crore for 2011-12 as per their latest finalised accounts. This turnover was equal to 6.99 *per cent* of State Gross Domestic Product indicating an important role played by PSUs in the economy. However, the working PSUs incurred a loss of ₹ 2,541.24 crore for 2011-12 while all the PSUs had overall accumulated losses of ₹ 8,622.09 crore.

Investments in PSUs

As on 31 March 2012, the investment (capital and long term loans) in 29 PSUs was ₹ 30,881.66 crore. It grew by 150.84 *per cent* from ₹ 12,311.41 crore in 2006-07. Power Sector accounted for nearly 94 *per cent* of total investment in 2011-12. The Government contributed ₹ 8,047.35 crore towards equity, loans and grants/ subsidies during 2011-12.

Performance of PSUs

During the year 2011-12, out of 22 working PSUs, 17 PSUs earned profit of ₹ 298.80 crore and five PSUs incurred loss of ₹ 2,840.04 crore. The major contributors to profit were Haryana Vidyut Prasaran Nigam Limited (₹ 140.07 crore) and Haryana State Industrial and Infrastructure Development Corporation Limited (₹ 69.95 crore). The heavy losses were incurred by Uttar Haryana Bijli Vitran Nigam Limited (₹ 2,011.24 crore) and Dakshin Haryana Bijli Vitran Nigam Limited (₹ 794.22 crore).

The losses are mainly attributable to various deficiencies in the functioning of PSUs. A review of latest three years Audit Reports of Comptroller and Auditor General shows that the State PSUs losses of ₹ 3,261.79 crore and infructuous investments of ₹ 247.16 crore were controllable with better management. Hence, there is tremendous scope to improve the functioning and minimise/ eliminate losses. The PSUs can discharge their role efficiently when they are financially self-reliant. There is a need for professionalism and accountability in the functioning of PSUs.

Quality of accounts

The quality of accounts of PSUs needs improvement. Twenty two accounts finalised during the year received qualified certificates. There were 29 instances of non-compliance with Accounting Standards in these accounts.

Reports of Statutory Auditors on internal control of the companies indicated several weak areas.

Arrears in accounts and winding up

Seventeen working PSUs had arrears of 29 accounts as of September 2012. The arrears need to be cleared by setting targets for PSUs for timely preparation of accounts. There were seven non-working companies. As no purpose is served by keeping these PSUs in existence, they need to be wound up quickly.

(Chapter 1)

2. Performance Audits relating to Government companies

Performance audits relating to '**Haryana Vidyut Prasaran Nigam Limited**' and **'Haryana State Industrial and Infrastructure Development Corporation Limited'** were conducted. Executive summary of Audit findings is given below:

Haryana Vidyut Prasaran Nigam Limited

The Transmission of electricity and Grid operations in Haryana are managed and controlled by Haryana Vidyut Prasaran Nigam Limited (Company) which is mandated to provide an efficient, adequate and properly coordinated grid management and transmission of energy. The activities of Company include construction of Extra High Tension (EHT) transmission network, i.e., 400 KV to 66 KV level Sub-stations (SSs) and lines. The Company had 337 numbers SSs with installed capacity of 27,062 Mega Volt Ampere (MVA) and transmission lines of 11,213.65 Circuit Kilo Meters (CKM) as on 31 March 2012. The performance audit of the Company for the period from 2007-08 to 2011-12 was conducted to assess the economy, efficiency and effectiveness of its operations and ability to meet the objectives of its establishment.

Planning and Development

The Company constructed 92 EHT SSs (63 *per cent*) against the target of 146 SSs during 2007-08 to 2011-12. The shortfall was attributable to non conducting proper walkout surveys, Right of Way problems, delay in obtaining clearances from Forest Department, Railway Department and delays by the contractors in executing the works. The Company could not complete its projects as per schedule. The time overrun ranged between 3 and 41 months. The delays caused loss of envisaged benefits of ₹ 36.21crore in the shape of additional revenue and suffered iron losses of ₹ 0.36 crore as SSs remained idle. The mismatch between the completion of generation capacity and evacuation system in two cases resulted in extra expenditure of ₹ 39 lakh besides evacuating the power through alternative system and failure to provide timely quality power to consumers. Construction of SS at Batta without load requirement resulted in unfruitful expenditure of ₹ 26.47 crore.

Performance of Transmission system

The Company could not control the transmission losses as it increased from 2.5 *per cent* in 2008-09 to 2.76 *per cent* in 2011-12 valuing ₹ 225.85 crore as against the norms of HERC of 2.1 *per cent.*

Grid Management and Disaster management

The Company had 219 SSs, of which only 43 SSs were provided with Remote Terminal Units for recording real time data for efficient Energy Management System. CERC imposed penalty of ₹ 8 lakh on violation of grid discipline during April 2010. The Company was not maintaining proper records of backing down instructions and had not evolved any mechanism to watch the compliance of backing down messages issued. Due to non implementation of backing down messages DISCOMs had to suffer loss of ₹ 4.84 crore. There was inadequate

Disaster Management System in place at Transmission Circle (TC), Rohtak as it had not carried out any mock drill during 2007-12. However, TC, Karnal conducted the exercise during last two years ending March 2012.

Financial Management

The Company was in profit during the performance audit period and it earned a profit of ₹ 140.07 crore in 2011-12. The Company had to bear additional interest burden of ₹ 0.94 crore due to drawl of loan at a higher rate of interest. Delay in lodging claim with HUDA, resulted in blocking up of funds of ₹ 223.88 crore and annual interest burden of ₹ 20.28 crore.

Tariff fixation

The Company had to bear interest burden of ₹ 218.81 crore on the loan drawn for unapproved capital work, which was disallowed by HERC.

Monitoring and Control

The performance report of SSs and lines are not submitted to the BoD. Internal audit of the Company is in arrear since 2009-10. Though the Company had constituted an Audit Committee, the periodicity of their meetings were not in tune in terms of their Business Rules (Audit Committee) 2009 of the Company.

Conclusion and Recommendations

There was delay in completion of transmission projects. The transmission losses were in excess of HERC norms. Recovery from HUDA was not pursued effectively. HERC disallowed interest on loans for unapproved works. The performance appraisal contains four recommendations to improve the performance of the Company.

(Chapter 2.1)

Haryana State Industrial and Infrastructure Development Corporation Limited

Haryana State Industrial and Infrastructure Development Corporation Limited (Company) was incorporated in 1967 for promoting medium/large scale industries and developing industrial estates in the State. The Company had 17 field offices spread over in the State to carry out its activities. The Company has developed 25,725 acre area in the State up to 31 March 2012.The Company has earned profit from its activities during all the years covered under performance audit.

Financing Activity

The Company disbursed ₹ 239.73 crore loans against sanctioned amount of ₹ 467.28 crore during 2006 -11 representing shortfall of 48.70 *per cent*. The percentage of recovery against net amount recoverable ranged between 47.58 and 62.60 during 2006-11. No separate targets were fixed for recovery of old dues. The Company settled 34 cases sacrificing ₹ 181.20 crore under OTS.

Acquisition of Land

For development of industrial estates in the State, the Company acquired 10,279 acre land at a cost of ₹ 4,542.27 crore during 2006-11. Due to non-compliance of the provisions of Land Acquisition Act, 1894, the Company had to pay extra payment of interest ₹ 1.58 crore on acquisition of land. The Company suffered a loss of ₹ 8.98 crore as land acquired was not free from encumbrances. The Company also suffered a loss of ₹ 1.71 crore due to delay in taking possession of land.

Development of Land

The Company did not fix physical targets for development of land during 2006-11. The Company developed 25,725 acre area out of which 87.37 *per cent* area fell within National Capital Region which impeded balanced industrial growth in the State. The Company suffered a loss of ₹ 2.19 crore due to non-obtaining of exemption of excise duty on DI pipes.

Fixation of price

The Company did not fix physical targets for allotment of plots during 2007-12. Out of 14,297 plots/sheds carved up to March 2012, 2,390 plots/sheds were lying vacant. Due to allotment of additional land at old rate the Company suffered a loss of ₹ 6.84 crore and due to non-resumption of plot it suffered a loss of ₹ 2.33 crore.

Mega Projects

The Company has been implementing a number of mega infrastructure projects in the State. Against completion by 29 July 2009 of Kundli-Manesar-Palawl (KMP) Expressway the concessionaire could achieve physical progress of 66.86 *per cent* and financial progress of 77 *per cent* up to 31 March 2012. The Company imposed a penalty of ₹ 17.88 crore on the firm but no amount had been recovered up to October 2012. Reliance Haryana SEZ Limited failed to set up SEZ in Gurgaon within the specified period and offered to return land 1,383.68 acre at ₹ 1,172 crore which was taken from the Company at a cost of ₹ 399.85 crore. Due to wrong valuation of land by consultant and non examination of the same by the Company before selling to M/s DLF Limited, the Company suffered loss of ₹ 438.91crore.

Conclusions and Recommendations

The Company did not achieve targets in sanction and disbursement of loans. The percentage of recovery against net amount recoverable ranged between 47.58 and 62.60 *per cent*. Out of 34 cases settled under OTS, 17 cases were settled only for ₹ 23.03 crore against outstanding dues of ₹ 127.48 crore whereas market value of the assets of these Unit was ₹ 56.91 crore. The Company did not fix physical targets for development of industrial estates and system for identification of land for acquisition was faulty which resulted in blockage of funds. The Performance Audit contains five recommendations to improve the performance of the Company.

(Chapter 2.2)

3. Thematic Audit

Thematic audits included in this Report highlight the deficiencies in the management of PSUs, which resulted in non safeguarding the financial interest of the organisations.

Loss of ₹ 24.99 crore in five cases due to non-safeguarding the financial interests of organisation.

(Paragraphs 3.1.4, 3.1.6, 3.2.8, 3.2.9 and 3.2.10)

4. Audit of Transactions

Transaction audit observations included in this Report highlight deficiencies in the management of PSUs, which resulted in serious financial implications. The irregularities pointed out are broadly of the following nature:

Loss of ₹ 29.97 crore in four cases due to non compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraphs 4.4, 4.5, 4.6, and 4.10)

Loss of ₹ 8.39 crore in seven cases due to non-safeguarding the financial interests of organisation.

(Paragraphs 4.1, 4.2, 4.3, 4.7, 4.8, 4.9 and 4.11)

Audit Report No. 3 of 2013
Social, General and Economic Sectors (Non-PSUs)

This Report includes five Chapters comprising four performance audit, four thematic audit, 21 paragraphs and one Chief Controlling Officer based audit of a Government Department prepared on the basis of performance audit of certain selected programmes, functioning of Government departments as well as audit of the financial transaction of the Government.

Highlights

- *There was inordinate delay in notification of Haryana Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2005, constitution of Workers Welfare Board and Advisory Committee. Only ₹15.11 crore was spent during 2007-12 as against the availability of ₹634.71 crore. Contractors who employed construction workers were not registered and workers were not motivated to renew their registrations. Statutory schemes such as Pension, Family Pension, Disability Pension, etc. and also certain other schemes such as, Free Travelling Facility for Construction Workers and Students, Coverage of Chronic Diseases which were formulated by the Board were not implemented. There was acute shortage of staff in the Board which resulted in inadequate monitoring at the Board level. There was no internal audit system in the Board.*
- *Performance audit of the Irrigation Department brought out lack of planning, non-achievement of targets of covering of area under irrigation, despite spending ₹ 7,731.73 crore, inadequate control over expenditure, slow and tardy implementation of schemes, etc. Besides, there were instances of lack of co-ordination with line departments, splitting of works, inadequate control over disposal of sewage and effluent discharge in canals, execution of sub-standard works, etc.*
- *The Government acquires land from private landowners for public purposes under the Land Acquisition Act, 1894. In the process of acquisition of land, various provisions of Land acquisition Act, 1894 were not adhered to which resulted in judicial interventions to resolve the disputes relating to land acquisition. The Government released the notified land from the acquisition process in violation of the Land Acquisition Act which adversely affected the development plans of HUDA. Further, due to deficiencies in the process of land acquisition, the concerned Departments had to make extra payment on account of interest, bear loss of interest due to parking of funds outside the Government account, etc. Besides, there were cases of grant of permission to sell industrial plot in violation of terms and conditions. Proper mechanism was not evolved to watch recovery of external development charges.*
- *Performance audit of the Mahatama Gandhi National Rural Employment Guarantee Scheme revealed significant improvement in the lives of workers with stability and assured income to some extent. However, there were shortcomings such as delayed payment of wages, preparation of bogus muster rolls, double payment of wages, etc.*

- *Discretionary grants amounting to ₹ 12.97 crore, sanctioned by Chief Minister, Deputy Chief Minister, Ministers, Speaker, Deputy Speaker, Chief Parliamentary Secretaries and Parliamentary Secretaries, were irregularly released to same institutions repeatedly. Twenty two grants amounting to ₹ 1.93 crore were released for purposes not falling under the policy guidelines.*
- *There was haphazard development of unauthorised colonies around towns/cities as the extant provisions in the Acts and Rules to control unauthorised colonies were not being enforced by various departmental authorities.*
- *Faulty identification of beneficiaries resulted in payment of old age samman allowance amounting to ₹ 16.73 crore to ineligible persons.*
- *Due to lack of co-ordination between Jail and Police Department, prisoners released on parole/furlough remained at large, who were involved in heinous crimes.*
- *Embezzlement of ₹ 18.46 lakh occurred in District Red Cross Society, Mewat at Nuh due to absence of internal control.*
- *Embezzlement of ₹ 10.30 lakh occurred in Public Health Engineering Divisions, Panipat and Mohindergarh due to failure in exercising necessary checks as provided in financial rules.*
- *In Ghaggar Water Services Division, Panchkula, earth excavated from the foundation was not used in embankments of Kaushalya Dam resulting in extra expenditure of ₹ 1.92 crore.*
- *Payment of idle wages amounting to ₹ 2.22 crore, made to Law Officers engaged without assessing workload.*
- *An extra expenditure of ₹ 2.26 crore was incurred by the Transport Department on purchase of 337 Tata make buses due to non-consideration of negotiated rates.*
- *Lack of monitoring by the UTKARSH Society led to non-functioning of 56 per cent terminals installed by spending ₹ 90.59 crore under EDUSAT programme.*
- *Non-deposit of funds in Government Account by Public Health Engineering Department resulted in loss of interest of ₹ 1.30 crore besides additional loss of ₹ 1.15 crore by keeping the funds in non-interest earning account in Bank.*
- *The Chief Controlling Officer based audit of Technical Education Department brought out deficiencies in planning, financial management, implementation of the schemes, keeping of funds of ₹ 14.53 crore outside the Government Account and inadequate infrastructure for classrooms, hostels, etc. Delay in setting up of new polytechnics and construction of SC hostels, non-providing of book-bank facility, non supply of free books to SC students impeded the process of achievement of the schemes. Improper selection of coaching institute resulted in discontinuation of the programme midway. Payment of ₹ 15.88 crore was made to the Institute without following proper procedure. Poor monitoring by the Department facilitated many lapses which benefited the service provider.*

I Performance Audit of programmes/departments

1. Haryana Building and Other Construction Workers Welfare Board

The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Building and Other Construction Workers Welfare Cess Act, 1996 were enacted by Government of India with a view to regulate the employment and conditions of service of building and other construction workers. The State Government was required to implement various welfare schemes for the registered workers. The functioning of the Haryana Building and Other Construction Workers Welfare Board and implementation of the provisions of the Acts was deficient.

Major Audit Findings

Delay in implementation of the provisions of the Act	There was delay of nine years in issuing notification about Haryana Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2005, constitution of Haryana Building and Other Construction Workers Welfare Board and State Advisory Committee.
Income and expenditure of the Board	As against the total receipt of ₹ 634.71 crore, only an expenditure of ₹ 15.11 crore was incurred during 2007-12.
Delayed/non-deposit of Cess	Cess amounting to ₹ 1.50 crore collected by six Public Health Engineering Divisions was not deposited with the Board. Out of this, ₹ 70.05 lakh was deposited in the State Receipt head.
Registration of establishments and building workers	There was lack of initiative for registration of contractors as employers of construction workers and motivation for renewal of membership of registered workers.
Implementation of the schemes	Statutory schemes such as pension, family pension, disability pension, etc. and also certain schemes such as free travelling facility for construction workers and students, coverage of chronic diseases formulated by the Board were not implemented.
Shortage of staff	There was acute shortage of staff in the Board which was inadequate for the implementation of the provisions of the Act.
Inadequate monitoring and evaluation and Internal Audit System	Monitoring at the State level was not adequate as annual budget and returns were not submitted by the Board to the Government. There was no internal audit system in the Board.

2. Working of Irrigation Department

Haryana is primarily an agrarian economy State. The total agricultural area in the State is 38.09 lakh hectare. Canal irrigation is provided to 21.13 lakh hectare as against the total irrigation potential area of 29.78 lakh hectares in the State. Performance audit of the Irrigation Department brought out lack of

planning, non-achievement of targets of covering of area under irrigation, inadequate control over expenditure, slow and tardy implementation of schemes, etc. Besides, there were instances of lack of co-ordination with line Departments, splitting of works, inadequate control over disposal of sewage and effluent discharge in canals, execution of sub-standard works, etc.

Major Audit Findings

Targets and achievements	Against the target of covering 1140.38 thousand hectare area, only 104.18 thousand hectare area was covered under irrigation during 2007-12.
Central assistance for flood	Due to delay in revising the scheme of flood protection works along river Yamuna, the State Government did not avail of Central Assistance of ₹ 83.40 crore.
Non-receipt of share from other States	Delay in submitting the case to Central Water Commission for finalisation of the cost of Hathnikund Barrage resulted in non-receipt of share amounting to ₹ 122.52 crore from member States.
Unfruitful expenditure on Dadupur-Nalvi Irrigation Project	Dadupur-Nalvi Irrigation Project on which an expenditure of ₹ 126.11 crore was incurred remained non-functional as water would be available to farmers only during rainy season when they did not require water.
Unfruitful expenditure	An expenditure of ₹ 13.11 crore incurred on increasing the capacity of canals proved unfruitful, as irrigated area had not increased.
Non-recovery of unspent amount from LAOs	No system was evolved by the department to ascertain the unspent balances lying with Land Acquisition Officers, as a result of which ₹ 4.92 crore remained blocked with them.

3. Land Acquisition and Allotment

The Government acquires land from private landowners for public purposes under the Land Acquisition Act, 1894. The Government released the notified land from the acquisition process in violation of the Land Acquisition Act, which adversely affected the development plans of HUDA. Further, due to deficiencies in the process of land acquisition, the concerned Departments had to make extra payment on account of interest, bear loss of interest due to parking of funds outside the Government account, etc. Besides, there were cases of grant of permission to sell industrial plot in violation of terms and conditions.

Major Audit Findings

Delay in payment of enhanced land compensation	Delay in making payment of enhanced land compensation resulted in avoidable payment of interest of ₹ 5.15 crore.
Release of land in violation of provisions of the Act	Release of land from the process of acquisition to individuals, builders, trusts, etc. in violation of provisions of Land Acquisition Act was observed.
Irregular transfer of plot	Transfer of an industrial plot was allowed by HUDA in violation of Government policy.

Recovery of external development charges	There was absence of mechanism in the Estate Offices of HUDA to watch recovery of external development charges in the cases of release of land.
Payments made without updating the revenue records	Land compensation amounting to ₹ 6.49 crore was paid to 12 persons who were not owners of land while ₹ 1.55 crore was paid to 15 persons in excess of their entitlements.
Parking of funds outside the Government account	Parking of funds outside the Government Account resulted in loss of interest of ₹ 1.56 crore.

4. Mahatma Gandhi National Rural Employment Guarantee Scheme

National Rural Employment Guarantee Act (NREGA) was notified by the Government of India (GOI) in September 2005 with the objective of enhancing security of livelihood in rural areas by providing 100 days guaranteed employment, besides creating durable community asset. Performance audit of the scheme revealed significant improvement in the lives of workers with stability and assured income to some extent. However, there were shortcomings such as delayed payment of wages, preparation of bogus muster rolls, double payment of wages, etc.

Major Audit Findings

Short release of State share	Difference in wages of the scheme notified by GOI and State Government amounting to ₹ 10.06 crore was not contributed by the State Government due to which large number of beneficiaries were deprived of benefits of the scheme.
Physical performance was not adequate	Only 23 to 42 *per cent* job card holders were provided employment, out of which only one to five *per cent* were provided guaranteed employment for 100 days.
Fictitious engagement of workers	In two villages, fictitious engagement of workers involving payment of wages amounting to ₹ 2.60 lakh was noticed.
Deficient maintenance of muster rolls	In 25 cases tampering of muster rolls by way of cutting, overwriting, erasing, etc. and in 11 cases various deficiencies such as non-recording of Bank Account number in the muster roll, mismatch of names of beneficiaries in muster roll and MIS report, non-recording of muster roll numbers in MIS, etc. were noticed in audit.
Non-creation of durable assets	An amount of ₹ 138.92 lakh spent on earthen roads which were neither durable nor accessible in all weathers. An expenditure of ₹ 81.45 lakh was incurred on digging and deepening of 19 ponds which were without water. ₹ 80.15 lakh were spent on Cement Concrete/Interlocking Paver Block streets by 16 GPs which were impermissible under the Act.
Plantation not carried out and excess expenditure	The Forest Department had shown an amount of ₹ 23.82 lakh as spent on afforestation but no plantation was carried out. An excess expenditure of ₹ 62.05 lakh was incurred on development of herbal parks.

II THEMATIC AUDIT

Development and Panchayats Department	
Irregularities in disbursement and utilisation of discretionary grants	Discretionary grants amounting to ₹ 12.97 crore, sanctioned by Chief Minister, Deputy Chief Minister, Ministers, Speaker, Deputy Speaker, Chief Parliamentary Secretaries and Parliamentary Secretaries, were irregularly released to same institutions repeatedly. Twenty two grants of ₹ 1.93 crore were released for purposes not falling under the policy guidelines. In 23 cases, grants of ₹ 1.62 crore were utilised for works other than for which these were sanctioned. Sixteen grants of ₹ 1.60 crore were not fully utilised. Utilisation certificates had not been obtained in 89 *per cent* cases.
Town and Country Planning, Police, Urban Local Bodies, Revenue, Public Health Engineering, Panchayat and Development and Power Departments	
Growth of unauthorised colonies	There was haphazard development of unauthorised colonies around towns/cities. Extant provisions in the Acts and Rules to control unauthorised colonies were not being enforced by various departmental authorities as the sale deeds of land were being registered, water supply and electricity connections were released without obtaining No Objection Certificate from Town And Country Planning Department/Municipal Committees/Corporations. The Police Department had also not taken action as provided in the rules to prevent the haphazard development of unauthorised colonies.
Social Justice and Empowerment Department	
Old Age Samman Allowance Scheme	Faulty identification of beneficiaries resulted in payment of old age samman allowance amounting to ₹ 16.73 crore to ineligible persons.
Home Department	
Prisoners released on parole/furlough	Due to lack of co-ordination between Jail and Police Departments, 68 prisoners released on parole/furlough during 2007-11 remained at large, of which 49 were involved in heinous crimes. In 28 cases, the first information reports were registered after delay of 11 to 224 days and in 31 cases, surety bonds of ₹ 85.50 lakh were not forfeited.

III AUDIT OF TRANSACTIONS

Health and Family Welfare Department (District Red Cross Society)	
Embezzlement due to inadequate internal control	Embezzlement of ₹ 18.46 lakh occurred in District Red Cross Society, Mewat at Nuh due to non-observance of the provisions of financial rules in receipt and deposit of service charges levied for issue of registration certificates of vehicles and driving licenses.

Public Health Engineering Department	
Embezzlement due to exercising inadequate monitoring and financial control	Failure of the Executive Engineer/Sub-Divisional Engineer, Public Health Engineering Divisions, Panipat and Mahendergarh in exercising necessary checks as provided for in financial rules facilitated embezzlement of ₹ 10.30 lakh in collection and deposit of water and sewerage charges.
Irrigation Department	
Extra avoidable expenditure due to non-use of excavated earth in dam embankments	Non-use of earth excavated from foundation in embankments of Kaushalya Dam resulted in extra expenditure of ₹ 1.92 crore.
Education, Labour, Horticulture, Renewable Energy and Transport Departments	
Irregular drawal of funds	Education, Labour, Horticulture, Renewable Energy and Transport Departments drew funds of ₹ 228.38 crore at the strength of budgetary allocations and transferred them to the societies which kept the funds outside the Government accounts resulting in violation of financial rules.
Legislative Department (Haryana Vidhan Sabha)	
Irregularities in payment of Free Travel Facility	Fifteen members of Haryana Vidhan Sabha preferred travelling allowance bills for the same period during which they had claimed ₹ 23.20 lakh for free travel facility. Twenty six members were paid free travel facility twice in a financial year resulting in excess payment of ₹ 50.73 lakh. Twenty four members and their family members performed more than one journey in a year and had drawn ₹ 47.61 lakh for subsequent journeys.
Administration of Justice Department (Advocate General)	
Faulty selection of Law Officers	Engagement of Law Officers without assessing workload and without inviting applications resulted in payment of idle wages of ₹ 2.22 crore.
Public Works Department (Buildings and Roads)	
Avoidable expenditure on reconstruction of a portion of road	Expenditure on the same road by PWD and Haryana State Roads and Bridges Development Corporation Limited on widening and strengthening resulted in avoidable expenditure of ₹ 1.03 crore.
Public Health Engineering Department	
Avoidable expenditure on purchase of costly material	The Engineer-in–Chief, Public Health Engineering Department procured high cost stainless steel cage type vee wire wound (SS) screen instead of low cost low carbon galvanized cage type vee wire wound (LCG) screen resulting in avoidable expenditure of ₹ 89 lakh.

Food and Supplies Department	
Loss due to procurement of wheat with lustre loss	District Food and Supplies Controllers, Kaithal and Kurukshetra procured wheat with lustre loss for Food Corporation of India on which a cut of ₹ 1.46 crore was imposed on refund resulting in loss to the State Government.
Transport Department	
Extra expenditure on purchase of bus chassis	Due to non-consideration of negotiated rates, an extra expenditure of ₹ 2.26 crore was incurred on purchase of 337 Tata make bus chassis.
Town and Country Planning Department (Haryana Urban Development Authority)	
Non-recovery of lease rent from petrol pumps	Due to failure on the part of four Estate Officers in recovery of rent due, revision of rent after three years, non-charging of rent for additional filling points of petrol pumps installed subsequently, HUDA was deprived of the revenue of ₹ 5.25 crore
Education Department	
Non-functioning of terminals installed under EDUSAT programme	Lack of monitoring by UTKARSH Society led to non-functioning of 56 *per cent* terminals installed by spending ₹ 90.59 crore under EDUSAT programme besides non-supply of equipment by ISRO, blockade of funds meant for repair of ROTs and non-availability of whereabouts of 93 ROTs.
Public Health Engineering Department	
Loss of interest due to non-deposit of amounts in Government account	The Government sustained loss of interest of ₹ 1.30 crore due to non-transfer of funds into Government account. Besides, there was a loss of interest of ₹ 1.15 crore due to keeping the funds provided by Government of India in non-interest earning account in Bank.
Unfruitful expenditure on construction of storm water drain	Public Health Engineering Division No. 1, Kaithal spent an amount of ₹ 1.55 crore on construction of storm water drain and pump house in Pundri Town without making proper arrangement for disposal of waste water, rendering the expenditure incurred unfruitful.
Unfruitful expenditure on sewerage scheme of Ambala City	Commencement of work on sewerage scheme in Ambala City without obtaining permission from National Highway Authority of India to lay trunk sewer along National Highway-1, resulted in unfruitful expenditure of ₹ 9.42 crore.

Public Works Department (Building and Roads)	
Unfruitful expenditure on incomplete building	Incorrect preparation of estimates and starting the construction of a building without inspecting the site to ascertain the field conditions and scope of work resulted in unfruitful expenditure of ₹ 88.89 lakh as the building of Zila Sainik Rest House, Yamunanagar remained incomplete.
Transport Department	
Under utilisation of buses for want of drivers and conductors	Procurement of buses without making arrangement of staff for their operation resulted in their underutilisation to the extent of 53 *per cent* besides non-achievement of the objectives of JnNURM.
Agriculture Department (Haryana State Agricultural Marketing Board)	
Blockade of funds on construction of incomplete buildings of Agro Malls due to ill planning	The Haryana State Agricultural Marketing Board started construction of four Agro Malls at Panchkula, Karnal, Panipat and Rohtak without finalising their detailed project reports and drawings with the result that the buildings remained incomplete leading to blocking of ₹ 132.52 crore.
Town and Country Planning Department (Haryana Urban Development Authority)	
Undue benefit to contractors due to refund of cess	Refund of labour cess to contractors resulted in additional expenditure of ₹ 63.62 lakh to Haryana Urban Development Authority besides undue financial aid to the contractors.
Undue favour to the Society	A school building at Rohtak constructed at a cost of ₹ 11.09 crore was leased out to an Educational Society at a token lease amount of ₹ 100 per annum resulting in undue favour to the Society.
Town and Country Planning Department	
Grant of licenses to private colonizers	Due to non-renewal of licenses, renewal fee amounting to ₹ 1.86 crore remained unrecovered from colonizers. Further, absence of system to watch revalidation of bank guarantees resulted in expiry of bank guarantees of ₹ 1.92 crore.

IV CHIEF CONTROLLING OFFICER BASED AUDIT

Technical Education Department

Technical education plays vital role in the socio-economic development of a State. The Technical Education Department is responsible for providing trained manpower in various fields of engineering and technology encompassing diploma, degree and postgraduate level to meet the requirements of industries as well as other sectors. Audit of the department

brought out deficiencies in planning, financial management, implementation of the schemes and inadequate infrastructure for classrooms, hostels, etc. There are many areas of concern and issues requiring urgent attention of the Department.

Major Audit Findings

Parking of funds outside the Government Account	An amount of ₹ 14.53 crore, drawn by polytechnics without immediate requirement, remained outside the Government Account.
Grants-in-aid released in excess of requirement	Out of the Grant-in-aid of ₹ 27 crore release to an engineering college during 2007-12, a sum of ₹ 12.22 crore (45 *per cent*) was lying unutilised.
Post Matric Scholarship Scheme	Maintenance allowance of ₹ 17.17 lakh was paid to students in excess of their entitlement.
Faculty Development Programme	An amount of ₹ 3.09 crore provided for Faculty Development Programme was diverted towards payment of salary to guest teachers.
Special coaching for competition for SC Students	An amount of ₹ 15.88 crore on account of pre-admission coaching for entrance to All India Engineering Entrance Examination and Diploma Entrance Test was released without following proper procedure. Poor monitoring by the Department facilitated many lapses which benefited the service provider.
Under-utilisation of staff	The department had not prepared any plan to utilize the services of teaching staff of closed vocational institutions.

Audit Report No. 4 of 2013
District Audit Gurgaon

Recognising the importance accorded by the Planning Commission, Government of India adopted district-centric approach to devolution of finances for integrated local area development of a District. A district-centric audit of Gurgaon was carried out to assess the status and impact of implementation of various socio-economic developmental activities in the district during 2007-12 and also to evaluate whether the quality of life of the people in the district has improved.

Highlights

- The District Planning Committee (DPC) had not prepared integrated District Plan to cover all the activities for overall development of the district.
- The district was short of health centres, minimum infrastructure, doctors, etc.
- The funds amounting to ₹ 83.06 lakh allocated for bridge courses for out of school children during the period 2009-12 were not utilized by the DPC.
- Audit observed deficiencies in availability of infrastructure/facilities in Primary/Upper Primary Schools.
- Fifty villages were not provided a minimum of 40 litres per capita per day of drinking water.
- Sewerage facilities were provided in three towns viz. Gurgaon, Haily Mandi and Sohna and were not provided in two towns viz. Pataudi and Farukh Nagar.
- Solid Waste Treatment Plant was not provided in Sohna town.
- Conditions of roads in 11 villages out of physically verified 21 villages were unsatisfactory due to water logging.
- There were deficiencies in the public distribution system such as non-detection of bogus ration cards, delays in distribution of foodgrains to beneficiaries, lack of supervision, etc.
- There was shortage of staff in various cadres, acute shortage of weaponry and vehicles and residential accommodations for the police personnel.
- All the services as envisaged at e-Disha centre were not being provided and the citizens had to visit different places.

Major Audit Findings

Planning

- District Planning Committee (DPC) was constituted in November 2007 and held only six meetings against the requirements of 17 meetings during 2007-12.
- The DPC approved District Development Plan without considering the totality of other available resources, especially on Centrally Sponsored Schemes.
- In the absence of an integrated district plan and inputs from blocks and Gram Panchayats for various activities, the felt needs of the society within the district could not be addressed adequately.

Financial Management and Accounting Framework

- As against the provision of ₹ 298 crore, ₹ 259.04 crore was spent during 2007-12 and ₹ 38.96 crore remained unspent with the implementing agencies.
- The funds were shown as expended as soon as these were released to the next level i.e. the District Rural Development Agency (DRDA), showed utilisation of funds as soon as these were released to the blocks and the blocks, in turn, showed utilisation on release to GPs, without ensuring the actual utilisation of funds.

Social Services

Health

- The District Health and Family Welfare (DHFW) Society was required to prepare a perspective plan for the entire mission period (2005-12) and Annual Plans for the district with inputs from the lower tiers of the Government. District Health plans were prepared only for the year 2009-10 and 2010-11 and perspective plan was not prepared for the entire mission period.
- There was shortage of infrastructure to the extent of 77 *per cent* in the case of CHCs; 74 *per cent* for PHCs; 75 *per cent* for SCs.
- Targets in respect of total sterilization for the period 2007-12 were not achieved.
- Medical Termination of Pregnancy facilities were not available in sub-divisional hospital, Haily Mandi and Community Health Centre, Pataudi.

Education

- The funds amounting to ₹ 83.06 lakh allocated for bridge courses for out of school children during the period 2009-12 were not utilized by the DPC, Gurgaon.
- Audit observed deficiencies in availability of infrastructure/facilities in Primary/Upper Primary Schools.

Water supply

- All the villages in the district were being provided drinking water. However, water supply in fifty villages was less than the prescribed norm of 40 litre per capita per day.
- The quality of water to the habitations was not being ensured by conducting the required water sample tests. Resultantly, substantial numbers of cases of water borne diseases were noticed in the district.
- Due to absence of electric connection, there was delay in commissioning of 35 augmentation water supply schemes rendering them non-functional thereby depriving inhabitants of supply of adequate quantity of safe drinking water.

Sanitation Facilities

Sewerage facilities were provided in three towns viz. Gurgaon, Haily Mandi and Sohna and were not provided in two towns viz. Pataudi and Farukh Nagar.

Employment generation

The Mahatma Gandhi National Rural Employment Guarantee Scheme is being implemented in the district since April 2008. The basic objective of the scheme is to enhance security of livelihood in rural areas by providing at least 100 days of guaranteed wage employment besides creating durable community assets, empowering rural women and fostering social equity among others.

Audit Observations

- District Perspective Development Plans was not prepared by District Rural Development Agency.
- In Sohna Block, there was variation of closing balances between the records of Additional Deputy Commissioner and Block Development and Panchayat Officer.
- Against the guaranteed employment of 100 days per year per household, actual employment provided ranged between 29 and 41 days during 2008-12.

Swaranjayanti Gram Swarozgar Yojna

Swarnjayanti Gram Swarozgar Yojna was launched in April 1999 with the aim of converting all aspects of self employment such as organization of the poor into SHGs for training, credit mobilization, technology improvement, infrastructure development and market linkage.

Audit Observations

- An amount of ₹ 21.85 lakh was lying unutilised which was released for construction of haats.
- Only 36 *per cent* of Self Help Groups (SHGs) took up economic activities upto March 2012. The poor performance of the SHGs shows lack of proper follow up of their projects by DRDA.

Indira Awas Yojna

The objective of the Indira Awas Yojna is primarily to help construction/ upgradation of dwelling units of members of SC/ST, freed bonded labourers and others below the poverty line non-SC/ST rural households by providing them a lump-sum financial assistance.

Audit Observations

- In Gurgaon and Sohna blocks, the funds received had been shown as utilised in the statement of respective years sent to Government but unspent balances were lying in these blocks which shows reporting of incorrect expenditure to the Government.
- All the dwelling units were shown as completed whereas audit analysis of the selected blocks revealed that 33 beneficiaries had not completed their dwelling units. This reflects the poor monitoring of the scheme.

Economic Services

Roads

The district has well connected all weather roads. Road length of the district as on March 2012 was 720 kms and all the villages were connected with metallic roads. However, condition of roads in 11 villages, out of physically verified 21 villages, were unsatisfactory due to water logging.

Public Distribution System

Main objective of the Public Distribution System is to ensure regular supply of essential commodities at reasonable prices, particularly to the weaker sections of the society/community as well as for enhancing the food security for the poor.

Audit Observations

- No wheat was lifted against the allocation of 5,364 MT.
- Against 1,90,095 families in the district, the District Food and Supply Controller office had issued 2,39,068 ration cards to beneficiaries under the three categories i.e. Above Poverty Line, Below Poverty Line and Antyodaya Anna Yojana in the district. As such, there were 48,973 bogus ration cards in the district as of July 2012.

General Services

Police Services

Police Department plays an important role in the maintenance of law and order in the District. The Commissioner of Police, Gurgaon is entrusted with the task of preventing and detecting crime and maintenance of law and order in the district. There was shortage of staff in various cadres, acute shortage of weaponry and vehicles and residential accommodations for the police personnel.

e-Governance

e-DISHA is an IT driven electronic interface between the Government and the citizens. The District level e-Disha centre was to provide services relating to driving license; arms license; vehicle registration; issue of birth and death certificates; receipt of applications for several social welfare schemes; quick redressal of citizens grievances and touch screen kiosks for revenue records and house tax data queries. It was observed that services regarding issue of birth and death certificates; receipt of applications for several social welfare schemes and house tax data queries were not being provided in the centre.