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

FOR THE YEAR ENDED 31 MARCH 2006

(CIVIL)

GOVERNMENT OF HARYANA

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COMPTROLLER AND AUDITOR GENERAL OF INDIA
2006

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on...9.3.2007.....

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Presented to the Legislature
of the State of Maryland
at its Session, 1880

REPORT OF THE
COMMISSIONERS AND SURVEYORS
OF THE LANDS

FOR THE YEAR 1879

GOVERNMENT OF MARYLAND

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Audit Report (Civil) for the year ended 31 March 2006

PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution of India.
2. Chapter I and II of this Report respectively contain Audit observations on matter arising from examination of Finance Accounts and Appropriation Account of the State Government for the year ended 31 March 2006.
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 2005-06 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 2005-06 have also been included wherever necessary.

OVERVIEW

OVERVIEW

OVERVIEW

The Report includes two Chapters containing observations on Finance and Appropriation Accounts of the Government of Haryana for the year 2005-06 and three others comprising 6 reviews and 20 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 specific audit methodology adopted for programmes and schemes has been mentioned in the reviews. 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 State had a revenue surplus of Rs 1,213 crore in 2005-06 as compared to a revenue deficit of Rs 258 crore in previous year. The plan expenditure was only 26 *per cent* of total expenditure while the share of capital expenditure was only 11 *per cent*. Salaries, pensions, interest payments and subsidies consumed 61 *per cent* of the revenue receipts of the year. The arrears of revenue which stood Rs 1,432 crore as on 31 March 2006 were increasing year by year, though during 2005-06 there was revenue surplus of Rs 1,213 crore mainly on account of increase in revenue receipts by Rs 2,704 crore.

Return on Government's investments in statutory corporations, companies, cooperative banks and societies was negligible and the Government continued to invest in loss making corporations and companies.

In addition to investment, the Government has also provided loans and advances as well as subsidies to many of these companies, besides giving guarantees for loans raised by them. During 2002-06, the gap between the interest on capital borrowed for investments and returns therefrom has increased.

2. Appropriation and Control over Expenditure

As against the total appropriation of Rs 18,270.25 crore, the actual expenditure during 2005-06 was Rs 17,071.50 crore resulting in final saving of Rs 1,198.75 crore. Supplementary provision of Rs 644.51 crore obtained during the year proved unnecessary in view of final saving. In seven cases, the entire budget provision aggregating to Rs 1,125.46 crore remained unutilised.

The expenditure of the Government exceeded the budget provision during the year in four grants/appropriations by Rs 268.87 crore. Such excesses aggregating to Rs 226.80 crore pertaining to the year 2004-05 had not been regularised (July 2006).

3. Sarva Shiksha Abhiyan

Sarva Shiksha Abhiyan aimed at bringing all children in school, alternate school and back to school camp by 2005 and at increasing the coverage of special focus group (girls and SC/ST children) which were not achieved as 2.88 lakh (6 per cent) children were still out of school in the state as on 31 March 2005 while the number of out of school girls both in general and SC category was higher as compared to boys. Despite huge investments in training of teachers and teaching learning equipment, the quality of educational standards has not improved, as pass percentage in the Class VIII Board examination in some of the schools in test checked districts was very low. Against the approved budget provision of Rs 459.16 crore, only Rs 232.15 crore were spent. There were instances of diversion of funds amounting to Rs 28.29 crore and purchases worth Rs 1.46 crore without sanction. Requirements and printing of textbooks did not match, as a result 23,414 textbooks printed in excess were lying in stock. No Internal Audit system was set up in the Haryana Prathmik Shiksha Pariyojna Parishad. Monitoring of the programme by the General Council and Executive Committee was ineffective.

(Paragraph 3.1)

4. Construction of State Highways, District Roads and Bridges

Construction of quality roads and their maintenance is most essential for connectivity between towns/cities and vital for the success of various development schemes. Performance Audit of Construction of State Highways, District Roads and Bridges brought out weaknesses in programme implementation and execution of works. Due to improper planning, construction of 13 roads and bridges at an estimated cost of Rs 57.04 crore were taken up without getting the trees/electric poles removed/shifted from road alignment areas. Physical targets were not achieved due to deficiencies in execution of bridges and road works like taking up of works and change of specifications without approval/sanctions and delays in completion ranging from 7 to 21 months. An avoidable extra expenditure of Rs 9.09 crore was incurred on repairs to damaged roads due to inadequate drainage system along the roadsides. Delay of more than two years in collection of toll tax on Bahadurgarh-Jhajjar Road resulted in loss of Rs 14.03 crore.

(Paragraph 3.2)

5. Working of Mewat Development Agency

Mewat Development Agency (MDA) was established with the objective to bring about improvement in economic and social conditions of the people of Mewat area through implementation of schemes/programmes formulated by Mewat Development Board. A review study of activities of MDA brought out significant weaknesses in planning, financial management and implementation of various schemes/programmes. The Board failed to recover beneficiaries share of Rs 2.20 crore in the absence of a policy. An expenditure of Rs 2.82 crore was incurred on running of schools which were neither recognised by the Education Department nor affiliated to any School Education Board. Failure to complete civil works within the prescribed time frame deprived the State Government of the benefit of assistance of Rs 3.75 crore from International Fund for Agriculture Development. Of the 637 hectare land reclaimed at a cost of Rs. 50.79 lakh, only 27 hectare land had been handed over to landless farmers. Women literacy rate in Mewat ranged between 15.02 and 34.55 per cent which was very low in comparison to 55.7 per cent at State level. Implementation of the schemes was not got evaluated to assess the impact on economic status and social well being of the people of the area.

(Paragraph 3.3)

6. Food Security, Subsidy and Management of Foodgrains

A review on the procurement of foodgrains and Public Distribution System (PDS), which aims at enhancing food security for the poor, brought to light significant weaknesses in financial management, inefficiencies in procurement, delivery to FCI and distribution of foodgrains to targeted population. The Department suffered a loss of interest of Rs 1.36 crore due to release of advances without making adjustment of previous funds available with Director General, Supplies and Disposal, Kolkata. Government suffered a loss of Rs 141.97 crore on account of damage of wheat due to prolonged storage, failure to clear stock from open storages and improper maintenance. Failure to follow the standard terms and conditions of agreement with rice millers resulted in non-receipt of Custom Milled Rice worth Rs 5.72 crore for more than three years. Moisture gain on 30.21 lakh quintals of wheat was short accounted, indicating misappropriation/pilferage of 23,000 quintal of wheat valuing Rs 1.40 crore. Misappropriation of Rs 1.11 crore was also noticed on account of selling of wheat meant for APL families in open market.

(Paragraph 3.4)

7. Information Technology Audit of Online Treasury Information System

Online Treasury Information System (OTIS) was to enable the departments to exercise control over financial transactions and to keep the expenditure within the budget allocations. It was also to make the flow of information relating to

financial transactions upto date and authentic, leaving no scope for excess or unauthorised drawals, diversion of funds, wrong bookings of expenditure, etc. However, the system was functioning with major design deficiencies such as lack of validation checks in utilisation of Head of accounts by a specific Drawing and Disbursing Officer (DDO), acceptance of wrong code of bills, absence of control over the payment of bills against Letter of Credit system, absence of provision for revalidation of bills, etc. The database showed huge inflation in expenditure figures. Segregation of duties for operation of software was not appropriate which had made it difficult to fix responsibility for errors/misclassification of funds, if any, with concerned Data Entry Operators. Data generated through OTIS had limitations for utilisation as Management Information System by the Departments. Treasuries were not using latest versions of the software uniformly throughout the State. The Department had not prepared and documented a disaster recovery and business continuity plan and back up policy.

(Paragraph 3.5)

8. Internal Control System and Internal Audit Arrangement in Social Justice and Empowerment Department

Internal Control System is an integral process by which an organisation governs its activities to effectively achieve its objectives. It provides an assurance to the management for minimizing the risk of errors, irregularities and protecting resources against loss due to waste, abuse and mismanagement. An audit evaluation of the internal control system and internal audit arrangements in Social Justice and Empowerment Department revealed weaknesses in the internal control mechanism of the Department. 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. Pension amounting to Rs 1.29 crore was disbursed to pensioners without proper identification as required under the rules. Though an Internal audit wing existed, no manual was prepared to regulate its activities. As a result Internal Audit of units was heavily in arrears and settlement of Audit paragraphs, besides the department was denied the valuable inputs of internal audit.

(Paragraph 5.1)

9. 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 embezzlement, losses and wasteful spending of over Rs 29.47 crore as mentioned below:

There was possible embezzlement of Rs 14.38 lakh in revenue department due to non-observance of financial rules and non-exercise of prescribed checks by Drawing and Disbursing Officer. This could have been avoided if the system

of internal audit existed in the office of Deputy Commissioner, Sonipat, which was not existing there.

Excess payment/wasteful and infructuous expenditure of Rs 19.16 crore¹ was noticed in Audit.

These cases of wasteful expenditure included a case of non-availment of Central Excise Deputy exemption in purchase of pipes for water works due to delay in issuance of instructions.

There were violations of contractual obligations, undue favour to contractors and cases of avoidable expenditure amounting to Rs 1.09 crore².

Audit also came across instances of idle investment and blocking of funds involving Rs 9.07 crore³.

¹ Public Works Department (Irrigation Branch): Rs 19.17 lakh; Home Department: Rs 12.63 crore; Town and Country Planning Department (Haryana Urban Development Authority): Rs 40.57 lakh; Women and Child Development Department: Rs 1.57 crore; Health Department (Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences, Rohtak): Rs 21.79 lakh; Education Department (Maharshi Dayanand University, Rohtak): Rs 45.39 lakh; Forest Department: Rs 24.31 lakh; Police Department: Rs 1.80 crore; Transport Department: Rs 31.44 lakh; Planning Department (Chief Planning and Development Officer) and Irrigation Department: Rs 73.52 lakh and Public Works Department (Public Health Branch) Rs 60.23 lakh.

² Town and Country Planning Department (Haryana Urban Development Authority): Rs 52.16 lakh; Public Works Department (Buildings and Roads Branch): Rs 30.72 lakh and Transport Department: Rs 26.16 lakh.

³ Town and Country Planning Department (Haryana Urban Development Authority) and Urban Development Department: Rs 8.09 crore and Transport Department: Rs 97.98 lakh.

CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

CHAPTER I

FINANCES OF THE STATE
GOVERNMENT

CHAPTER I

FINANCES OF THE STATE GOVERNMENT

Summary

Haryana State had a relatively comfortable financial year. There had been revenue surplus of Rs 1,213 crore during the year 2005-06 as compared to revenue deficit of Rs 258 crore during the year 2004-05. Fiscal deficit was decreased from Rs 1,206 crore to Rs 286 crore during the year.

Substantial growth in revenue receipts during the year was due to increase in collection of more receipts under Sales Tax (Rs 844 crore), Stamps and Registration Fee (Rs 613 crore), Urban Development (Rs 396 crore), State Excise (Rs 94 crore), Grants-in-aid from Central Government (Rs 570 crore) and from state share of union taxes and duties. Around 83 *per cent* of the revenue had come from the State's own resources. Sales tax was the major source of the State's own tax revenue and contributed 62 *per cent*. Of non-tax revenue, Urban Development (29 *per cent*), Road Transport (22 *per cent*) and Interest Receipts (18 *per cent*) were the principal contributors.

Overall expenditure of the State increased from Rs 10,424 crore in 2001-02 to Rs 14,429 crore in 2005-06. Revenue expenditure constituted 88 *per cent* of the total expenditure. Revenue expenditure increased during the year mainly due to increase in expenditure on General Education (Rs 267 crore), Power (Rs 209 crore), Social Security and Welfare (Rs 199 crore), Compensation and Assignments to Local Bodies and Panchayati Raj Institutions (Rs 158 crore) and Pensions and other retirement benefits (Rs 131 crore). Capital expenditure increased from Rs 897 crore during 2004-05 to Rs 1,612 crore during 2005-06 mainly due to increase in the expenditure under Major and Medium Irrigation (Rs 185 crore) and Water Supply and Sanitation (Rs 121 crore) apart from less realisation of recoveries under Procurement and Supply of Foodgrains (Rs 207 crore) and Agriculture and Allied activities (Rs 214 crore) as compared to the previous year.

Salaries (Rs 3,893 crore), Interest payments (Rs 2,100 crore), Pensions (Rs 1,033 crore) and Subsidies (Rs 1,466 crore) alone consumed 61 *per cent* of the revenue receipts of the State during the year. The overall fiscal liabilities of the State increased by 59 *per cent* from Rs 17,004 crore in 2001-02 to Rs 27,023 crore in 2005-06. These liabilities as a ratio to GSDP increased from 28 *per cent* in 2001-02 to 29 *per cent* in 2005-06 and stood at 1.95 times its revenue receipts.

1.1 Introduction

1.1.1 This Chapter discusses the financial position of the Government of Haryana based on the analysis of the information contained in the Finance

Accounts. The analysis is based on the trends in receipts and expenditure, the quality of expenditure and the financial management of the State Government.

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 Government. The lay out of the Finance Accounts is depicted in Box 1.

Box 1

Lay out of Finance Accounts

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 summarised statement of capital outlay showing progressive expenditure to the end of 2005-06.

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 borrowings 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, Government companies, 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 2006.

Statement No. 9 shows the revenue and expenditure under different heads for the year 2005-06 as a percentage of total revenue/expenditure.

Statement No. 10 indicates the distribution between 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 detailed account of revenue expenditure by minor heads under non-plan, State plan and centrally sponsored schemes separately and capital expenditure major head wise.

Statement No. 13 depicts the detailed capital expenditure incurred during and to the end of 2005-06.

Statement No. 14 shows the details of investments of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies, etc. up to the end of 2005-06.

Statement No. 15 depicts the capital and other expenditure to the end of 2005-06 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 2006 and the amount of interest received during the year.

Statement No. 19 gives the details of earmarked balances of reserve funds.

1.2 Trend of finances with reference to the previous year

1.2.1 Finances of the State Government during the current year compared to the previous year were as under:

(Rupees in crore)			
2004-05	Sr. No	Major Aggregates	2005-06
11,149	1	Revenue Receipts (2+3+4)	13,853
7,440	2	Tax Revenue	9,079
2,545	3	Non-Tax Revenue	2,458
1,164	4	Other Receipts	2,316
157	5	Non-Debt Capital Receipts	290
157	6	Of which Recovery of Loans	290
11,306	7	Total Receipts (1+5)	14,143
9,806	8	Non-Plan Expenditure (9+11)	10,722
9,954	9	On Revenue Account	10,625
2,235	10	Of which, Interest Payments	2,100
-148	11	On Capital Account	97
97	12	Of which Loans disbursed	137*
2,706	13	Plan Expenditure (14+15)	3,707
1,453	14	On Revenue Account	2,015
1,253	15	On Capital Account	1,692
111	16	Of which Loans disbursed	40
12,512	17	Total Expenditure (8+13)	14,429
1,206	18	Fiscal Deficit (17-15)	286
258	19	Revenue Surplus [1-(14+9)]	1,213
1,029	20	Primary Surplus (10-18)	1,814

* Non-plan capital expenditure is negative due to realization of recoveries more than non-plan capital expenditure.

1.3 Summary of receipts and disbursements

1.3.1 Table 1 summarises the finances of the State Government of Haryana for the year 2005-06 covering revenue receipts and expenditure, capital receipts and expenditure, public debt receipts and disbursements and public account receipts and disbursements made during the year as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table 1 SUMMARY OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2005-06 (Rupees in crore)

2004-05	Receipts	2005-06	2004-05	Disbursements	2005-06		
Section-A: Revenue							
					<u>Non-Plan</u>	<u>Plan</u>	<u>Total</u>
11,149.06	I. Revenue receipts	13,853.31	11,407.10	I. Revenue expenditure	10,625.08	2,014.81	12,639.89
7,440.27	Tax revenue	9,078.65	4,898.10	General Services	4,541.08	38.59	4,579.67
2,544.37	Non-tax revenue	2,458.56	3,218.21	Social Services	2,705.80	1,289.80	3,995.60
619.26	Share of Union Taxes/Duties	1,200.97	3,199.08	Economic Services	3,128.34	686.42	3,814.76
545.16	Grants from Government of India	1,115.13	91.71	Grants-in-aid / Contributions	249.86	-	249.86
Section-B: Capital							
-	II. Misc. Capital Receipts	--	896.92	II. Capital Outlay	- 39.55	1,651.85	1,612.30
157.10	III. Recoveries of Loans and Advances	289.90	208.06	III. Loans and Advances disbursed	136.36	40.31	176.67
4,474.49	IV. Public Debt receipts	3,348.75	3,014.27	IV. Repayment of Public Debt	1,107.51	-	1,107.51
5,973.44	V. Public account receipts	5,460.57	5,031.24	V. Public account disbursements	5,564.32	-	5,564.32
684.36	Opening Balance	1,880.86	1,880.86	Closing Balance	3,732.70	-	3,732.70
22,438.45	Total	24,833.39	22,438.45	Total	21,126.42	3,706.97	24,833.39

Note: Minus expenditure is because of recoveries on capital account.

1.4 Audit methodology

1.4.1 Audit observations on the Finance Accounts bring out the trends in the major fiscal aggregates of receipts and expenditure and from the statements of the Finance Accounts for the year 2005-06 and wherever necessary, show these in the light of time series data and periodic comparisons. Major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and loans and advances, etc. have been presented as percentages to the State's Gross Domestic Product (GSDP) at current market prices. For tax revenues, non-tax revenues, revenue expenditure, etc. buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP. The key indicators adopted for the purpose are (i) Resources by volumes and sources, (ii) Application of resources, (iii) Assets and liabilities and (iv) Management of deficits. Audit observations have also taken into account the cumulative

impact of resource mobilization efforts, debt servicing and corrective fiscal measures. 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.

In addition, the section also contains a paragraph on indicators of financial performance of the Government. Some of the terms used here are explained in *Appendix I*.

1.5 State finances by key indicators

1.5.1 Resources by volumes and sources

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenue, non-tax revenue, State's share of union taxes and duties and grants-in-aid from the Central Government. Capital receipts comprise of miscellaneous capital receipts such as proceeds from disinvestment, if any, recoveries of loans and advances, debt receipts from internal sources viz. market loans, borrowings from financial institutions/commercial banks, etc. and loans and advances from Government of India as well as accruals from Public Account.

Table 2 shows that the total receipts of the State Government for the year 2005-06 were Rs 22,953 crore. Of these, revenue receipts of the State Government were only Rs 13,853 crore, constituting 60 per cent of the total receipts. The balance of receipts came from borrowings and public account receipts.

Table 2 – Resources of Haryana

		(Rupees in crore)
I. Revenue Receipts		13,853
II. Capital Receipts		3,639
a	Miscellaneous Receipts	-
b	Recovery of Loans and Advances	290
c	Public Debt Receipts	3,349
III. Public Account Receipts		5,461
a	Small Savings, Provident Funds, etc.	1,166
b	Reserve Funds	244
c	Deposits and Advances	1,893
d	Suspense and Miscellaneous	- 349
e	Remittances	2,507
Total Receipts		22,953

1.5.2 Revenue receipts

Statement 11 of the Finance Accounts details the Revenue Receipts of the Government. The Revenue Receipts of the State consist mainly of its own

taxes and non-tax revenues, central tax transfers and grants-in-aid from Government of India. Overall revenue receipts, their annual rate of growth, ratio of these receipts to the State's Gross Domestic Product and their buoyancy are indicated in Table 3.

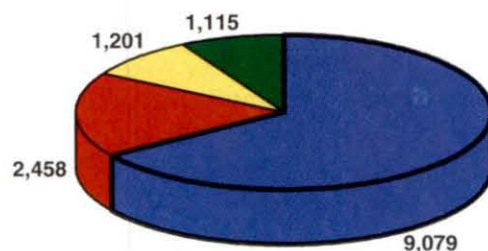
Table 3: Revenue Receipts – Basic Parameters (Values: Rupees in crore and others in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Receipts	7,600	8,657	9,843	11,149	13,853
Own taxes	4,971(65)	5,550(64)	6,348(64)	7,440(67)	9,079(65)
Non-Tax Revenue	1,666(22)	1,808(21)	2,223(23)	2,544(23)	2,458(18)
Central Tax Transfers	450(6)	756(9)	601(6)	619(5)	1,201(9)
Grants-in-aid	513(7)	543(6)	671(7)	545(5)	1,115(8)
Rate of Growth	15.61	13.91	13.70	13.27	24.25
Rate of Growth of own taxes	15.31	11.65	14.38	17.20	22.03
Revenue Receipts/GSDP	12.55	13.08	13.21	13.43	14.83
Revenue Buoyancy	1.561	1.500	1.164	1.085	1.928
Own Tax Buoyancy	1.531	1.257	1.126	1.406	1.751
GSDP Growth	10.00	9.27	11.77	12.23	12.58

Revenue receipts of the State increased by 82 per cent from Rs 7,600 crore in 2001-02 to Rs 13,853 crore in 2005-06. The increase in revenue receipts during the year from Rs 11,149 crore to Rs 13,853 crore was mainly due to increased collection on account of Sales Tax (Rs 844 crore), Stamps and Registration Fee (Rs 613 crore), Grants-in-aid from Central Government (Rs 570 crore), Urban Development (Rs 396 crore) and from state share in union taxes and duties.

While around 83 per cent of the revenue came from the State's own resources, central tax transfers and grants-in-aid as per the Twelfth Finance Commission recommendations together contributed nearly 17 per cent of the total revenue. The increase in the Central Tax transfer was mainly due to (i) increase in the Union Tax under 0021 Taxes on income other than corporation tax and (ii) adjustment of Rs 185 crore of previous year during the year 2005-06 under "share of net proceeds assigned to State". Sales tax was the major source of State's own tax revenue having contributed 62 per cent of the tax revenue followed by stamp duty and registration fee (15 per cent), State excise (12 per cent), taxes on goods and passengers, etc. (8 per cent). Of non-tax revenue sources, Urban Development (29 per cent), Road Transport (22 per cent) and Interest Receipts (18 per cent) were the principal contributors. The high receipts of Rs 548.44 crore under transport during the year were offset by equally high expenditure of Rs 669.75 crore under Transport as Haryana does not have a Road Transport Corporation and the State buses are being run under the Department of Transport directly.

REVENUE RECEIPTS FOR 2005-06
(Rupees in crore)



■ Own Taxes	■ Non-Tax Revenue
■ Central Tax Transfers	■ Grants-in-aid

The arrears of revenue increased by 178 *per cent* from Rs 516 crore in 2001-02 to Rs 1,432 crore¹ at the end of 2005-06. Of these, Rs 279¹ crore (19 *per cent*) were outstanding for a period of more than five years. Arrears were mainly in respect of taxes on sales, trade, etc. (Rs 1,142 crore), tax on entry of goods into local areas (Rs 110 crore), taxes and duties on electricity (Rs 80 crore) and State excise (Rs 40 crore). The deterioration in the position of arrears of revenue would need to be addressed.

The source of receipts under different heads and GSDP during 2001-06 is indicated in Table 4.

Table 4 – Sources of receipts: Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts			Total Receipts	Gross State Domestic Product
		Non-Debt Receipts	Debt Receipts	Accruals in Public Account		
2001-02	7,600	85	3,359	4,914	15,958	60,561
2002-03	8,657	106	3,649	4,921	17,333	66,175
2003-04	9,843	156	6,285	7,662	23,946	73,961
2004-05	11,149	157	4,475	5,973	21,754	83,003
2005-06	13,853	290	3,349	5,461	22,953	93,441

Note: Revised figures of GSDP for the period 2001-02 to 2004-05 and those for 2005-06 adopted as provided by Economic and Statistical Advisor to Government Haryana.

The receipts from Public Debt and Public Account increased by 6 *per cent* from Rs 8,273 crore in 2001-02 to Rs 8,810 crore in 2005-06. While non debt receipts increased by 241 *per cent*, the Public Accounts receipts increased by 11 *per cent* during the above period.

¹ Figures are provisional as supplied by the departments.

1.6 Application of resources

1.6.1 Trend of Growth

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. The total expenditure of the State increased by 38 per cent from Rs 10,424 crore in 2001-02 to Rs 14,429 crore in 2005-06.

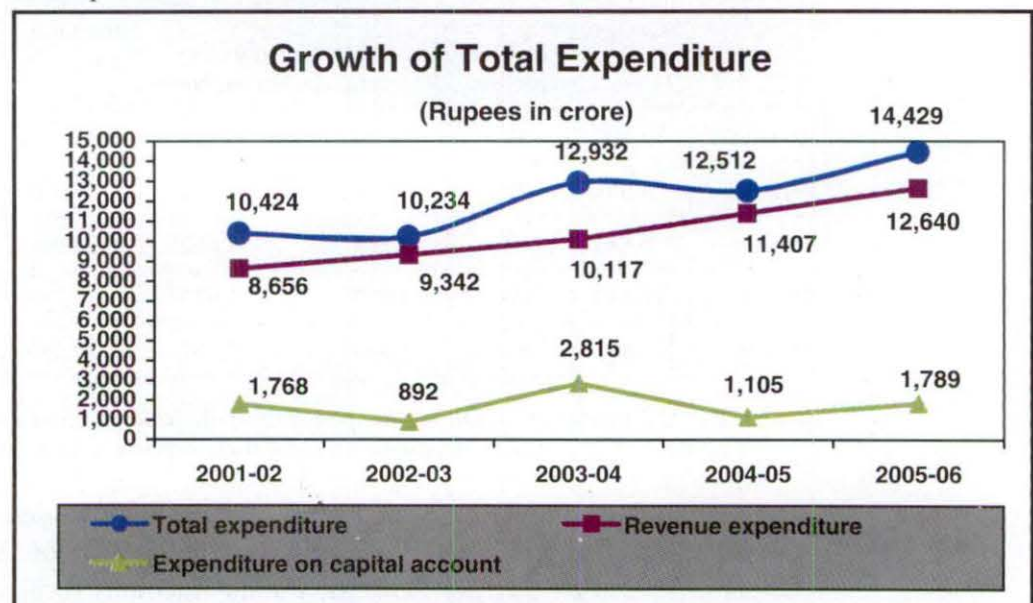
Total expenditure of the State, its annual growth, ratio of expenditure to GSDP and revenue receipts and its buoyancy with regard to GSDP and revenue receipts are indicated in Table-5 below:

Table 5: Total Expenditure – Basic Parameters (Value: Rupees in crore and others in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06
Total Expenditure (TE)	10,424	10,234	12,932	12,512	14,429
Rate of Growth	17.02	-*	26.36	-*	15.32
TE/GSDP	17.21	15.46	17.48	15.07	15.44
Revenue Receipts/TE	72.91	84.59	76.11	89.11	96.00
Buoyancy of total expenditure with reference to					
GSDP	1.702	-	2.064	-	1.218
Revenue Receipts	1.090	-	1.924	-	0.632

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

The increase in total expenditure in the current year was due to increase of Rs 1,233 crore in revenue expenditure and Rs 715 crore in capital expenditure. There was an upward trend in the ratio of revenue receipts to total expenditure from 73 per cent in 2001-02 to 96 per cent in 2005-06. The ratio of this year indicate that only four per cent of the State's total expenditure was being financed from borrowings. On the other hand ratio of total expenditure with GSDP indicated the downward trend from 17.21 per cent in 2001-02 to 15.44 per cent in 2005-06.



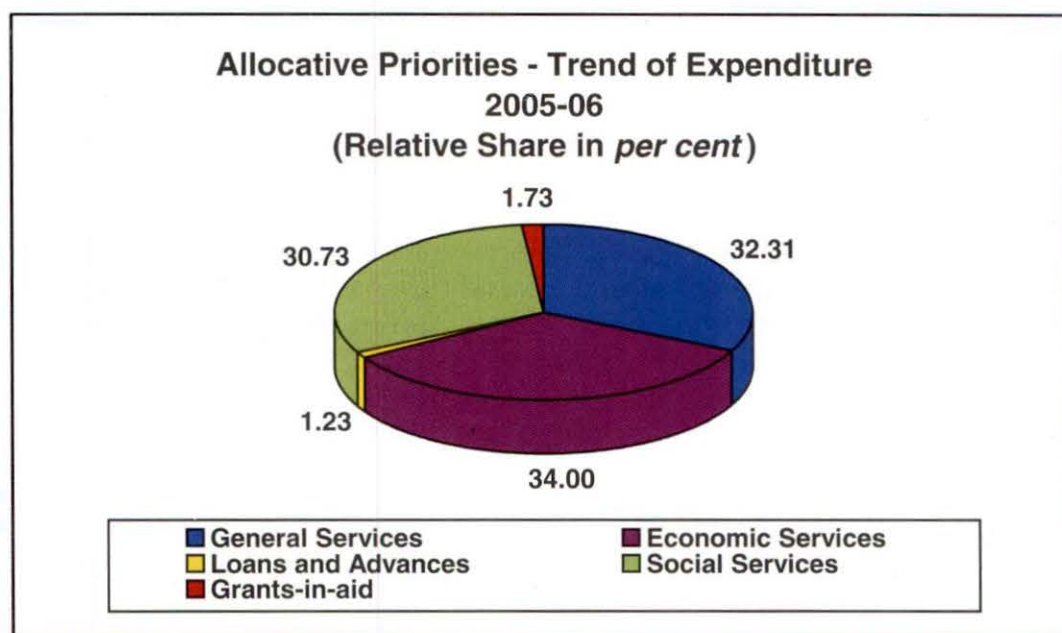
Note: Expenditure on capital account = Capital Expenditure + Disbursement of Loans and Advances.

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 and loans and advances. The relative share of these components in total expenditure is indicated in Table 6.

Table 6: Components of expenditure – Relative Share (in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06
General Services	33.93	39.47	34.29	39.61	32.31
Social Services	27.97	29.55	25.43	28.01	30.73
Economic Services	34.92	26.46	21.13	29.98	34.00
Grants-in-aid	0.29	0.06	0.37	0.73	1.73
Loans and Advances	2.89	4.46	18.78	1.67	1.23

The movement of relative share of these components of expenditure indicated that while the shares of economic services, and general services in total expenditure declined from 35 and 34 per cent in 2001-02 to 34 and 32 per cent respectively in 2005-06, the relative share of social services increased from 28 per cent in 2001-02 to 31 per cent in 2005-06.



1.6.2 Incidence of revenue expenditure

Revenue expenditure had the predominant share in total expenditure. Revenue expenditure is usually incurred to maintain the current level of assets and services. Over all revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and revenue receipts and their buoyancy with both GSDP and revenue receipts are indicated in Table 7.

Table 7: Revenue Expenditure – Basic Parameters (Value: Rupees in crore and others in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Expenditure (RE)	8,656	9,342	10,117	11,407	12,640
Rate of Growth	20.54	7.93	8.30	12.75	10.81
RE/ GSDP	14.29	14.12	13.68	13.74	13.53
RE as per cent of TE	83.04	91.28	78.23	91.17	87.60
RE as per cent to Revenue Receipts	113.89	107.91	102.78	102.31	91.24
Buoyancy of Revenue expenditure with reference to					
GSDP	2.054	0.855	0.650	1.042	0.859
Revenue Receipts	1.316	0.570	0.606	0.961	0.445

Revenue expenditure of the State increased by 46 per cent from Rs 8,656 crore in 2001-02 to Rs 12,640 crore in 2005-06. During the year 2005-06 the revenue expenditure increased by Rs 1,233 crore (11 per cent) over previous year mainly due to more expenditure on general education (Rs 267 crore), power (Rs 209 crore), social security and welfare (Rs 199 crore), compensation and assignments to local bodies and Panchayati Raj Institutions (Rs 158 crore) and pensions and other retirement benefits (Rs 131 crore).

Though the ratio of revenue expenditure to revenue receipts declined during 2001-06, the revenue expenditure continued to grow primarily due to the fact that salaries (Rs 3,893 crore), interest payments (Rs 2,100 crore), pensions (Rs 1,033 crore) and subsidy (Rs 1,466 crore) alone consumed 61 per cent of total revenue receipts of the State during the year.

1.6.3 High salary expenditure

Twelfth Finance Commission had recommended that total salary bill relative to revenue expenditure net of interest payments and pension was to be contained at 35 per cent against which it was above 40 per cent. However, salaries alone accounted for nearly 28 per cent of the revenue receipts of the State. The expenditure on salaries increased by 28 per cent from Rs 3,032 crore in 2001-02 to Rs 3,893 crore in 2005-06 as indicated in the Table 8.

Table 8

(Rupees in crore)

Heads	2001-02	2002-03	2003-04	2004-05	2005-06
Salary expenditure	3,032.18	3,008.46	3,255.96	3,714.10	3,893.35
As percentage of GSDPs	5.01	4.55	4.40	4.47	4.17
As percentage of Revenue Receipts	39.90	34.75	33.07	33.31	28.10

1.6.4 Huge expenditure on pension payments

Pension payments have increased by 57 per cent from Rs 657.05 crore in 2001-02 to Rs 1,033.13 crore in 2005-06. Year-wise break-up of expenditure incurred on pension payments during the years 2001-06 as indicated in Table 9.

Table 9

Year	Expenditure	Percentage of growth over previous year	Percentage to total revenue receipts
	(Rupees in crore)		
2001-02	657.05	15.10	8
2002-03	745.91	13.52	8
2003-04	765.70	2.65	8
2004-05	901.93	17.79	8
2005-06	1,033.13	14.55	7

With the increase in the number of retirees, the pension liabilities were likely to increase further in future. The State Government had not constituted any fund to meet the fast rising pension liabilities of the retired State employees. Considering the rate at which pension liabilities are increasing, reforms in the existing pension schemes assume critical importance.

1.6.5 Interest payments

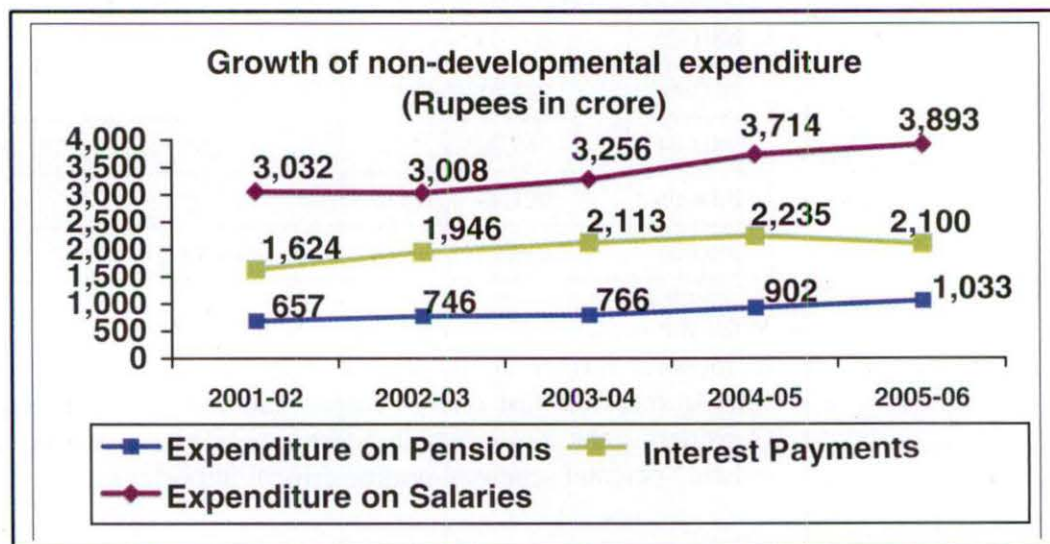
The Twelfth Finance Commission recommended that as a medium term objective, States should endeavour to keep interest payments as a ratio to revenue receipts to 15 per cent by 2009-10. It was, however, observed that interest payments as a percentage of revenue receipts ranged between 15 and 22 during the last five years.

Table 10

Year	Interest Payments	Percentage of interest payment with reference to	
	(Rupees in crore)	Revenue Receipts	Revenue Expenditure
2001-02	1,624	21	19
2002-03	1,946	22	21
2003-04	2,113	21	21
2004-05	2,235	20	20
2005-06	2,100	15	17

In absolute terms, interest payments increased by 29 per cent from Rs 1,624 crore in 2001-02 to Rs 2,100 crore in 2005-06. However, interest payment decreased by six per cent (Rs 135 crore) during the year over previous year due mainly to decrease in the payment of interest on Loans and Advances from Government of India due to consolidation of debt as per the recommendations of Twelfth Finance Commission and implementation of debt swap scheme.

The graph given below indicates the growth of non-development expenditure on salaries, interest and pensions during 2001-02 to 2005-06.



1.6.6 Subsidies by the Government

Though the finances of the State are under strain, State Government has been paying subsidies to the various Nigams, Corporations, etc. During last five years, State Government paid the subsidies under various schemes as under:

Table 11

		(Rupees in crore)				
Sr. No.	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06
1.	Haryana Vidyut Prasaran Nigam Limited	763.54	829.10	923.88	1,102.00	1,392.10
2.	Haryana State Minor Irrigation (Tubewells) Corporation*	85.15	39.31	-	-	-
3.	Others	11.04	15.11	33.56	54.97	73.64
	Total	859.73	883.52	957.44	1,156.97	1,465.74
1.	Percentage Increases (+)/ Decreases (-) over previous years	281	3	8	21	27
2.	Percentage of subsidy with total expenditure	8	9	7	9	10

* Corporation closed in July 2002.

During the current year, subsidies constituted 10 per cent of the total expenditure out of which 95 per cent was paid to Haryana Vidyut Prasaran Nigam Limited alone.

1.7 Expenditure by allocative priorities

1.7.1 Sector-wise analysis of expenditure

The actual expenditure of the State in the nature of plan expenditure, capital expenditure and developmental expenditure emerging from Statements 12 and

13 of Finance Accounts reflects the allocative priorities of the State. Higher the ratio of these components to total expenditure, better is deemed to be the quality of expenditure. Table 12 below gives the percentage share of these components of expenditure in State's total expenditure.

Table 12: Quality of expenditure (per cent to total expenditure)

	2001-02	2002-03	2003-04	2004-05	2005-06
Plan Expenditure	20.14	18.52	16.84	21.62	25.69
Capital Expenditure	14.07	4.26	2.98	7.17	11.17
Developmental Expenditure	62.89	56.01	46.56	57.99	64.73

Expenditure on capital component, which increased by 80 per cent during the year 2005-06, declined from 14 per cent of total expenditure in 2001-02 to 11 per cent in 2005-06. The reason for increase in capital expenditure during the year was mainly due to increase in the expenditure under Major and Medium Irrigation (Rs 185 crore) and Water Supply and Sanitation (Rs 121 crore) apart from less realisation (Rs 40 crore) of recoveries under Procurement and Supply of Foodgrains and Agriculture and Allied activities (Rs 30 crore) as compared to the previous year (Rs 247 crore and Rs 244 crore respectively). Development expenditure increased from 58 per cent in 2004-05 to 65 per cent in 2005-06.

Out of the developmental expenditure (Rs 9,340 crore), Social Services (Rs 4,434 crore) accounted for 47 per cent during the year. "Education, Sports, Art and Cultural", "Health and Family Welfare", "Water Supply, Sanitation, Housing and Urban Development" and "Social Welfare and Nutrition" consumed nearly 95 per cent of the expenditure on social sector.

Table 13: Social Sector expenditure

	(Rupees in crore)				
	2001-02	2002-03	2003-04	2004-05	2005-06
Education, Sports, Art and Cultural	1,480 (2.46)	1,455 (2.21)	1,541 (2.11)	1,681 (2.08)	1,993 (2.13)
Health and Family Welfare	322 (0.53)	351 (0.53)	359 (0.49)	392 (0.48)	467 (0.50)
Water Supply, Sanitation, Housing and Urban Development	488 (0.81)	562 (0.85)	691 (0.95)	644 (0.79)	865 (0.93)
Social Welfare & Nutrition	513 (0.85)	534 (0.81)	572 (0.78)	642 (0.79)	889 (0.95)

* Percentage of GSDP in brackets.

Similarly, the expenditure on Economic Services (Rs 4,906 crore) accounted for 53 per cent of the developmental expenditure. Of this, Energy (Rs 1,693 crore), Irrigation and Flood Control (Rs 966 crore) and Transport (Rs 1,276 crore) accounted for 80 per cent of the expenditure on Economic sector.

Table 14: Economic Sector expenditure

	(Rupees in crore)				
	2001-02	2002-03	2003-04	2004-05	2005-06
Energy	829.54	984.48	1,145.24	1,439.15	1,693.43
Irrigation and flood control	779.44	702.78	640.98	708.22	965.99
Transport	877.67	808.44	993.50	1,132.72	1,275.87

1.7.2 Financial assistance to local bodies and other institutions

Autonomous bodies and authorities perform non-commercial functions of public utility services. These bodies/authorities receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc. to implement various programmes of Government. The grants are given by Government mainly for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

The quantum of assistance provided to different Bodies, etc. during the period of five years ending 2005-06 was as follows:

Table 15

(Rupees in crore)

Sl. No.	Bodies/authorities, etc.	2001-02	2002-03	2003-04	2004-05	2005-06
1.	Universities and Educational Institutions	215.59	190.14	242.31	72.91	244.06
2.	Municipal Corporations and Municipalities	144.03	158.95	175.96	180.00	Nil*
3.	Zila Parishads and Panchayati Raj Institutions	35.77	5.02	59.25	29.42	73.12
4.	Development Agencies	128.32	116.82	114.68	121.28	303.31
5.	Hospitals and other Charitable Institutions	16.04	16.26	10.55	22.32	25.28
6.	Other Institutions (including statutory bodies)	128.71	120.61	124.46	92.19	196.29
	Total	668.46	607.80	727.21	518.12	842.06
	Percentage increase(+)/ decrease (-) over previous year	31	(-) 9	20	(-) 29	63
	Assistance as a percentage of revenue receipts	9	7	7	5	6
	Percentage of assistance to revenue expenditure	8	7	7	5	7

* No grant-in-aid was given under Capital outlay on water supply and sanitation.

1.7.3 Delay in furnishing utilisation certificates

The financial rules require that where grants are given for specific purposes, certificates of utilisation are to be obtained by the departmental officers from the grantees and after verification, these should be forwarded to Accountant General (AG) within 15 months from the date of sanction of the grant unless specified otherwise.

Of 3,486 utilisation certificates due in respect of grants-in-aid of Rs 1,310.93 crore paid during 1991-92 to 2004-05, only 651 utilisation certificates for Rs 326.98 crore were furnished to AG by 30 June 2006 and

2,835 certificates for Rs 983.95 crore were in arrears. Department-wise and age-wise break-up is given in **Appendix II**.

1.7.4 Delay in submission of accounts by Autonomous Bodies

The status of submission of accounts by the autonomous bodies and submission of separate Audit Reports thereon to the State Legislature as of June 2006 is given in **Appendix III**.

1.7.5 Audit arrangements

The audit of local bodies (Zila Parishads, Nagar Palikas and Town Area/Notified Area Committees), Educational Institutions, Panchayati Raj Institutions and others was conducted by the Director, Local Fund Audit, Haryana. Audit of Co-operative Societies is conducted by the Registrar, Co-operative Societies, Haryana.

The accounts of 70 bodies/authorities, which were received for the year 2004-05, attracted audit by Comptroller and Auditor General of India. All of these, 70 bodies/authorities, audit of which was due, were audited during 2005-06.

Three hundred and forty annual accounts of 103 autonomous bodies/authorities for 2005-06 and earlier years had not been received as of July 2006 by the Accountant General (Audit). The details are given in **Appendix IV**. Of these bodies/authorities, 20² Municipal Committees and five³ Aided Colleges did not submit their accounts for five years or more.

1.7.6 Non-furnishing of accounts of utilisation of grants

Out of 225 autonomous bodies to whom various Government departments released grants-in-aid of Rs 339.24 crore during the year 2004-05, as detailed in **Appendix V**, 190 did not render the accounts for the utilisation of grants to the concerned departments as of July 2006.

1.7.7 Misappropriations, defalcations, etc.

The State Government reported 257 cases involving Rs 1.69 crore on account of misappropriations, defalcations, etc. of Government money. These cases pertained to the period from 1971-72 to the end of March 2006 on which final action was pending at the end of June 2006. The department-wise/year-wise and category-wise break-up of pending cases is given in **Appendix VI and VII** respectively.

1.7.8 Write off of losses, etc.

During 2005-06, Rs 2.87 lakh representing losses due to theft, fire and irrecoverable revenue, etc. were written off in two cases by competent authorities as reported to audit. The relevant details are given in Table 16.

² Sr. No. 1 to 7, 9 to 17, 20, 28, 43 and 45 of **Appendix IV**.

³ Sr. No. 70, 73 and 85 to 87 of **Appendix IV**.

Table 16

Sl. No.	Department	Number of cases	Amount (Rupees in lakh)
1.	Education	1	0.08
2.	Finance	1	2.79
	Total	2	2.87

1.8 Assets and liabilities

1.8.1 Financial assets and liabilities

The Government accounting system does not attempt a comprehensive accounting of fixed assets, i.e. land, buildings, etc., owned by the Government. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure. Statement 16 read with details in Statement 17 of Finance Accounts shows the year-end balances under the Debt, Deposit and Remittance heads from which the liabilities and assets are worked out. Statement-I presents an abstract of such liabilities and the assets as on 31 March 2006 compared with the corresponding position on 31 March 2005. While the liabilities in this statement consist mainly of money owed by the State Government such as internal borrowings, loans and advances from the Government of India, small savings, provident funds, deposits and Reserve Fund, etc. the assets are comprised mainly of the capital expenditure and loans and advances given by the State Government. The liabilities of Government of Haryana depicted in the Finance Accounts, however, do not include the pension and other retirement benefits payable to serving and retired State employees. While the financial liabilities of the State Government increased to Rs 27,063.11 crore, the assets declined to Rs 21,396.80 crore during 2005-06. The ratio of assets to liabilities which is 0.79, indicates that about 21 *per cent* of the liabilities are without assets backup. Statement-IV depicts the Time Series Data on State Government Finances for the period 2001-06.

1.8.2 Financial results of irrigation works

The financial results of seven major irrigation projects with a capital outlay of Rs 337.89 crore at the end of March 2006 showed that revenue realised from these projects during 2005-06 (Rs 56.29 crore) was 17 *per cent* of the capital outlay. After meeting the working and maintenance expenditure (Rs 78.58 crore) and interest charges (Rs 17.16 crore), there was a loss of Rs 39.45 crore, which was 12 *per cent* of capital outlay on these projects.

1.8.3 Incomplete projects

As per information received from the State Government, as of 31 March 2006, there were 22 incomplete projects in which Rs 43.65 crore were blocked (Details in *Appendix IV* of Finance Accounts).

1.8.4 Investments and returns

As on 31 March 2006, Government had invested Rs 2,261 crore in Statutory Corporations, Joint Stock Companies and Co-operatives. Government's return on this investment was meagre (less than one *per cent*) as indicated in Table 17 below. Of these, one Statutory Corporation and 14 Government Companies with an aggregate investment of Rs 1,832.69 crore upto 2005-06 were incurring losses and their accumulated losses amounted to Rs 1,504.81 crore as per the accounts furnished by these companies upto 2005-06 (*Appendix VIII*). While the investments increased by 21 *per cent*, their returns declined by 18 *per cent* during the year 2005-06. Thus, Government needs not only to invest the high cost borrowings more judiciously to get better results, but also address the losses on account of such units by their disinvestment.

Table 17: Return on Investment (Rupees in crore)

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing (<i>per cent</i>)
2001-02	2,905.97	0.40	0.01	8.83,9.45 and 10.35
2002-03	3,067.25	1.73	0.06	6.75, 6.80, 6.95 and 7.80
2003-04	1,689.51	4.11	0.24	5.85,5.90,6.20,6.35 and 6.40
2004-05	1,861.34	2.35	0.13	5.60,5.70,6.35,7.02,7.32 and 7.36
2005-06	2,261.44	1.92	0.09	7.33,7.53 and 7.77

1.8.5 Loans and Advances by State Government

In addition to its investment, Government has also been providing loans and advances to many of these bodies. Total outstanding balance of the loans advanced was Rs 3,841 crore as on 31 March 2006 (Table 18). Overall, interest received against these advances was only one *per cent* in 2005-06, which was less than the average rate of interest paid by the State Government for borrowings. Further, in most cases, Government orders sanctioning the loans did not specify the terms and conditions for these loans.

Table 18: Average Interest Received on Loans Advanced by the State Government (Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Opening Balance	1,063	1,279	1,630	3,903	3,954
Amount advanced during the year	301	457	2,429	208	177
Amount repaid during the year	85	106	156	1,57	290
Closing Balance	1,279	1,630	3,903	3,954	3,841
Net Addition (+) / Reduction (-)	216	350	2,273	51	(-) 113
Interest received (Rupees in crore)	8	7	95	206	47
Interest received as <i>per cent</i> to outstanding Loans and Advances	0.63	0.43	2.43	5.21	1.22
Average rate of interest paid by the State	10.50	10.74	10.20	9.62	8.19
Difference between rate of interest paid and received	(-) 9.87	(-) 10.31	(-) 7.77	(-) 1.35	(-) 6.97

Commercial activities

1.8.6 Lack of accountability for the use of public funds in departmental commercial undertakings

Activities of quasi-commercial nature are performed by the departmental undertakings of certain Government departments. These undertakings are to prepare *proforma* accounts in the prescribed format annually showing the results of financial operation so that the Government can assess the results of their working. The Heads of Departments in the Government are to ensure that the undertakings, which are funded by the budgetary release, prepare the accounts on a timely basis and submit the same to Accountant General for audit.

As of March 2006, there were six undertakings/schemes in which Government of Haryana had invested Rs 2,014.05 crore at the end of the financial year up to which their accounts were completed. The department-wise position of preparation of accounts in respect of these undertakings was as per Table 19 below:

Table 19

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	1986-87	NA
Printing and Stationery	1	Text Book Organisation	2003-04	4.14
Transport	1	Haryana Roadways	2001-02	344.44
Animal Husbandry	1	Veterinary Vaccine Institute, Hisar	2002-03	*
Food and Supplies	1	Grain Supply Scheme	2003-04	1,662.94
Total				2,014.05

* Less than Rs 1.00 crore (Rs 0.19lakh).

It would be seen that the two undertakings relating to Agriculture Department had not prepared their accounts for more than 19 years. Accounts of one undertaking each of Transport, Animal Husbandry, Printing and Stationery and Food and Supplies Departments were in arrears by four years, three years and two years respectively.

1.8.7 Management of cash balances

It is generally desirable that State's flow of resources should match its expenditure obligations. However, to take care of any temporary mis-matches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) from Reserve Bank of India has been put

⁴ These schemes are defunct since 1986-87 (Purchase and distribution of pesticides) and 1984-85 (Seed Depot scheme).

in place. Government of Haryana had the WMA limit of Rs 280 crore from 1 April 2005 to 31 March 2006. Details of WMA and overdraft availed by the Government during the last five years are given in Table-20 below. During last two years, the State did not use this mechanism. In a nutshell, the State's cash management in the current year was more prudent. However, the Government raised market loans of Rs 520.81 crore on three occasions.

Table 20: Ways and Means and Overdrafts of the State and Interest paid thereon

(Rupees in crore)

Ways and Means Advances	2001-02	2002-03	2003-04	2004-05	2005-06
Taken in the Year	2,642.96	633.97	238.98	-	-
Outstanding	178.01	--	--	-	-
Interest Paid	6.35	3.04	0.26	-	-
Overdraft					
Taken in the Year	964.01	177.42	--	-	-
Outstanding	406.65	--	--	-	-
Interest Paid	0.80	0.79	--	-	-
Number of Days State was in Overdraft	69	21	--	-	-

Undischarged liabilities

1.8.8 Fiscal liabilities—public debt and guarantees

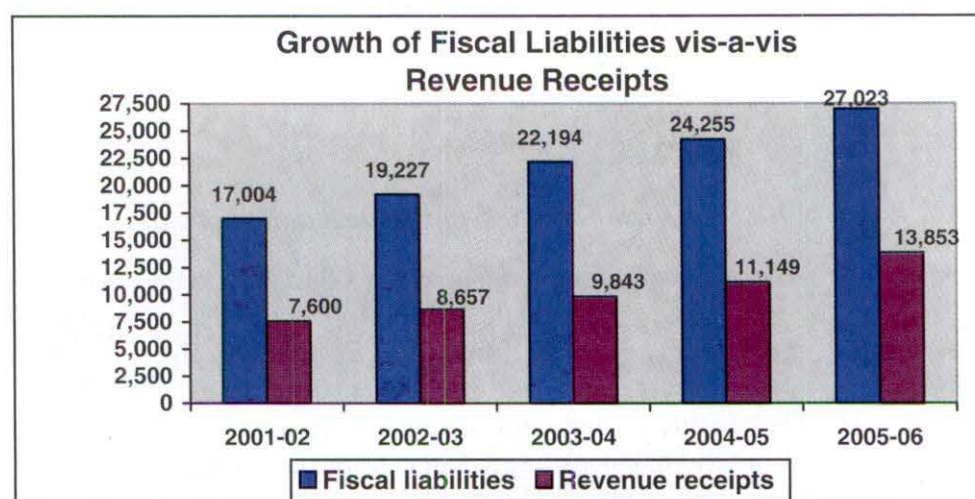
The Constitution of India provides that a State may borrow within the territory of India, upon the security of its consolidated fund, within such limits, as may from time to time, be fixed by an Act of Legislature. However, no such law was passed from the State to lay down any such limit. Statement 4, read with Statements 16 and 17 of Finance Accounts, shows the year-end balances under Debt, Deposit and Remittances heads from which the liabilities are worked out.

It would be observed that the overall fiscal liabilities of the State increased by 59 per cent from Rs 17,004 crore in 2001-02 to Rs 27,023 crore in 2005-06. These liabilities as ratio to GSDP increased from 28 per cent in 2001-02 to 29 per cent in 2005-06 and stood at 1.95 times of its revenue receipts and 2.34 times of its own resources comprised of its own tax and non-tax revenue. Table 21 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP revenue receipts and own resources and buoyancy of these liabilities with respect to these parameters.

Table 21: Fiscal Imbalances–Basic Parameters (Rupees in crore and Ratios in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06
Fiscal Liabilities	17,004	19,227	22,194	24,255	27,023
Rate of Growth	22.09	13.07	15.43	9.29	11.41
Ratio of Fiscal Liabilities to					
GSDP	28.1	29.1	30.0	29.2	28.9
Revenue Receipts	223.7	222.1	225.5	217.6	195.1
Own Resources	256.2	261.3	258.9	242.9	234.2
Buoyancy of Fiscal Liabilities to					
GSDP	2.209	1.410	1.311	0.760	0.907
Revenue Receipts	1.415	0.940	0.538	0.70	0.470
Own Resources	1.432	1.203	0.936	0.563	0.733

In addition to these liabilities, Government had guaranteed loans of its various Corporations and others, which as of 31 March 2006 stood at Rs 5,644 crore. The guarantees are in the nature of contingent liabilities of the State and in the event of non-payment of loans, there may be an obligation on the State to honour these commitments. Currently, the fiscal liabilities including the contingent liabilities considered their ratio to the revenue receipts of the State comes to 2.36. The direct fiscal liabilities of the State have grown much faster as if compared to its rate of growth of GSDP.



Increasing liabilities had raised the issue of sustainability of the finances of the State Government. Fiscal liabilities are considered sustainable if the weighted interest paid on these liabilities is lower than the rate of growth of GSDP.

Debt sustainability with reference to weighted interest rate, GDSP growth rate and interest spread is indicated in Table 22.

Table 22: Debt Sustainability – Interest Rate and GSDP Growth (in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06
Weighted Interest Rate	10.50	10.74	10.20	9.62	8.19
GSDP Growth	10.00	9.27	11.77	12.23	12.58
Interest spread	(-) 0.50	(-) 1.47	1.57	2.61	4.39

Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted

liabilities and interest. Table 23 below gives the position of the receipts and repayments of internal debt over the last five years.

Table 23: Net Availability of Borrowed Funds (Rupees in crore)

Internal Debt	2001-02	2002-03	2003-04	2004-05	2005-06
Receipts	2,459	3,400	5,864	4,178	3,309
Repayments (Principal + Interest)	1,252	1,935	2,820	2,687	2,462
Net Funds Available	1,207	1,465	3,044	1,491	847
Net Funds Available (<i>per cent</i>)	49	43	52	36	26
Loans and Advances from Government of India					
Receipts	339	249	421	296	40
Repayments (Principal + Interest)	913	947	2,684	2,163	310
Net Funds Available	(-) 574	(-) 698	(-) 2,263	(-) 1,867	(-) 270
Net Funds Available (<i>per cent</i>)	(-) 169	(-) 280	(-) 538	(-) 631	(-) 675
Total Public Debt					
Receipts	2,798	3,649	6,285	4,474	3,349
Repayments (Principal + Interest)	2,165	2,882	5,504	4,850	2,772
Net Funds Available	633	767	781	(-) 376	577
Net Funds Available (<i>per cent</i>)	23	21	12	(-) 8	17

The net funds available on account of the internal debt and loans and advances from Government of India after providing for the interest and repayment declined from 23 *per cent* in 2001-02 to 17 *per cent* in 2005-06. However, increase in the availability of funds during the year to 17 *per cent* was because of reduction in repayment of loans and advances from Government of India as a result of consolidation of loans and implementation of debt swapping scheme on the recommendations of Twelfth Finance Commission.

The State Government raised market loans of Rs 521 crore during the year. The average rate of interest on market borrowings during the year was 8.19 *per cent*. The State Government did not use the option of raising the market borrowings at competitive rates through auctions. As on 31 March 2006, 29 *per cent* of the existing market loans of the State Government carried an interest rate exceeding 10 *per cent*. Thus, the effective cost of borrowings on their past loans is much higher than the rate at which they are able to raise resources at present from the market. The maturity profile of the State Government market loans indicate that nearly 27 *per cent* of the total market loans are repayable within next five years while remaining 73 *per cent* loans are required to be repaid within 5 to 10 years.

1.9 Management of deficits

1.9.1 Fiscal imbalances

The deficits in Government accounts represent 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.

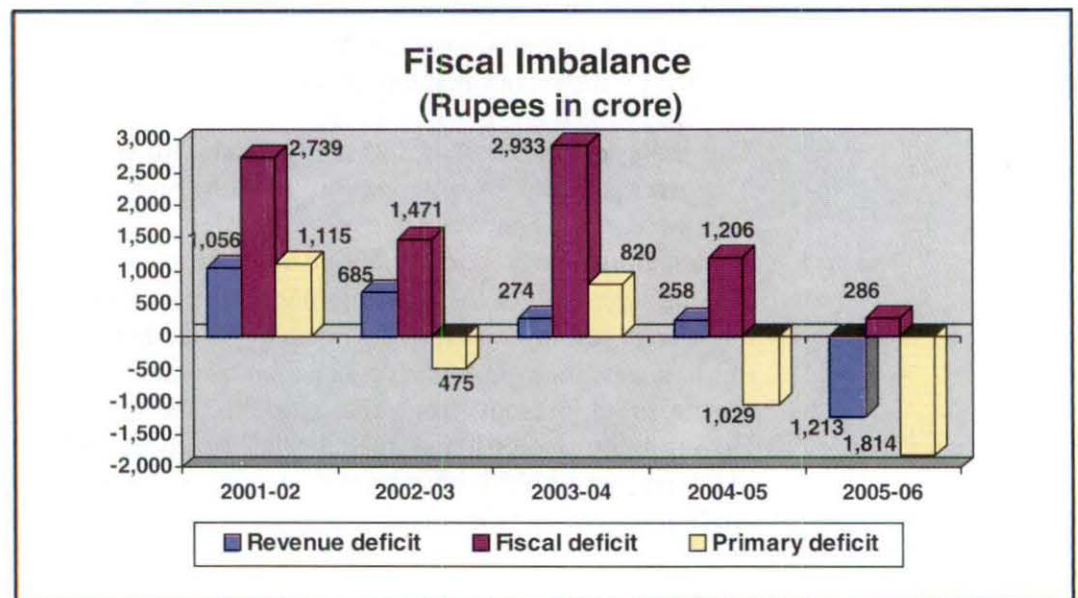
The revenue deficit (Statement 1 of Finance Account) of the State, which is the excess of its revenue expenditure over revenue receipts, decreased from Rs 1,056 crore in 2001-02 to Rs 258 crore in 2004-05. However, during 2005-06 the State Government achieved revenue surplus of Rs 1,213 crore due to increase in the revenue receipts by Rs 2,704 crore. The fiscal deficit, which represents the total borrowings of the Government and its total resource gap, also decreased from Rs 2,739 crore in 2001-02 to Rs 286 crore in 2005-06 as a result of wiping of revenue deficit and achieving revenue surplus as indicated in Table 24.

Table 24: Fiscal Imbalances – Basic Parameters (Value: Rupees in crore and Ratios in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Deficit (RD)(-)/ Revenue surplus (+)	(-) 1,056	(-) 685	(-) 274	(-) 258	(+) 1,213
Fiscal Deficit (FD)	(-) 2,739	(-) 1,471	(-) 2,933	(-) 1,206	(-) 286
Primary Deficit (PD) (-)/ Surplus (+)	(-) 1,115	(+) 475*	(-) 820	(+) 1,029*	(+) 1,814*
RD/GSDP	(-) 1.74	(-) 1.04	(-) 0.37	(-) 0.31	(+) 1.30
FD/GSDP	(-) 4.52	(-) 2.22	(-) 3.97	(-) 1.45	(-) 0.31
PD/GSDP	(-) 1.84	(+) 0.72*	(-) 1.11	(+) 1.24*	(+) 1.94
RD/FD	(+) 38.55	(+) 46.57	(+) 9.34	(+) 21.39	#

* Interest payments were more than fiscal deficit.

Not given on account of revenue surplus.



As proportion to GSDP, fiscal deficit had decreased from 4.52 per cent in 2001-02 to 0.31 per cent in 2005-06.

1.9.2 The Haryana Fiscal Responsibility and Budget Management (FRBM) Act, 2005

The State Government has enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 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 operations of the Government and conduct of fiscal policy in a medium term framework. To give effect to the fiscal management principles as laid down in the Act, and/or the rules framed thereunder prescribed the fiscal targets for the State Government which are as follows:

- i) to reduce revenue deficit by 4.77 per cent of the estimated revenue receipt of the financial year 2005-06 so as to eliminate it by 31st March 2009 and generate revenue surplus thereafter;
- ii) to reduce fiscal deficit by two per cent of the GSDP of the financial year 2005-06 so as to bring it down to not more than three per cent of GSDP by 31st March 2009;
- iii) to ensure within a period of 10 years, that is as on the 31st March 2015, total liabilities do not exceed 40 per cent of the estimated GSDP for that year; and
- iv) to bring down the State Debt including contingent liabilities on account of guarantees at 28 per cent of GSDP by 2009-10.

The State Government has drawn fiscal correction path for the year 2005-06. Targets and achievements of fiscal correction during 2005-06 are given in table 25:

Table 25

Item	Targets	Achievements
	(Rupees in crore)	
Revenue Deficit (-)/ Revenue Surplus (+)	(-) 603.33	(+) 1,213.42
Fiscal Deficit	1,872.54	286
Consolidated Debt including Guarantees	29,740.75	32,667
Interest Payments	2,187.13	2,100
Expenditure on Salaries	3,945.52	3,893.25

Though State Government succeeded in achieving the Revenue Surplus, decreased the Fiscal Deficit and also reduced the rate of growth of revenue expenditure during the year 2005-06 itself, consolidated debt including guarantees still stood at Rs 32,667 crore (34.96 per cent of GSDP) against the target of Rs 29,740.75 crore (31.83 per cent of GSDP) fixed for 2005-06. Thus, out of five parameters as of 2005-06 achievement has been assessed in case of three parameters i.e. reduction of revenue deficit, fiscal deficit and interest payments. The target sets, though were not achieved in respect of two other parameters i.e. reduction of consolidated debt including guarantees and expenditure on salaries.

1.10 Fiscal ratios

1.10.1 The finances of a State should be sustainable, flexible and non-vulnerable. Table 25 below presents a summarised position of Government Finances over 2001-06, with reference to certain key indicators that help to assesses the adequacy and effectiveness of available resources and their applications, highlight areas of concern and capture its important facets.

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 with increase in GSDP. Revenue receipts comprise not only of the tax and non-tax resources of the State but also the transfers from Union Government. These ratios showed a continuous improvement during 2001-06 indicating mobilization of resources and its sustainability.

Various ratios concerning expenditure management of the State indicate the quality of its expenditure and sustainability of these in relation to its resources mobilization. The ratio of revenue expenditure to total expenditure increased from 83 in 2001-02 to 88 in 2005-06 and development expenditure increased from 63 in 2001-02 to 65 in 2005-06. The decline in development expenditure is indicative of State's inadequate ability to sustain the servicing of borrowings and inadequate expansion of development activities.

Table 26: Ratios of Fiscal Efficiency (in per cent)

Fiscal Ratios	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Receipts/GSDP	12.55	13.08	13.31	13.43	14.83
Revenue Buoyancy	1.561	1.500	1.164	1.085	1.928
Own Tax/GSDP	8.21	8.39	8.58	8.96	9.72
Own Tax Buoyancy	1.531	1.257	1.126	1.406	1.751
Expenditure Management					
Total Expenditure/GSDP	17.21	15.46	17.48	15.07	15.44
Revenue Receipts/ Total Expenditure	72.91	84.59	76.11	89.11	96.00
Revenue Expenditure/Total Expenditure	83.04	91.28	78.23	91.17	87.60
Capital Expenditure/Total Expenditure	14.07	4.26	2.98	7.17	11.17
Development Expenditure/Total Expenditure	62.89	56.01	46.56	57.99	64.73
Buoyancy of TE with RR	1.090	(-) 0.131	1.924	(-) 0.245	0.632
Buoyancy of RE with RR	1.316	0.570	0.606	0.961	0.445
Management of Fiscal Imbalance					
Revenue deficit (-)/Surplus (+) (Rs in crore)	(-) 1,056	(-) 685	(-) 274	(-) 258	(+) 1,213
Fiscal deficit (-)/Surplus (+) (Rs in crore)	(-) 2,739	(-) 1,471	(-) 2,933	(-) 1,206	(-) 286
Primary Deficit (-)/Surplus (+) (Rs in crore)	(-) 1,115	(+) 475	(-) 820	(+) 1,029*	(+) 1,814
Revenue Deficit/Fiscal Deficit	(-) 38.55	(-) 46.57	(-) 9.34	(-) 21.39	**
Management of Fiscal Liabilities					
Fiscal Liabilities/GSDP	28.1	29.1	30.00	29.2	28.9
Fiscal Liabilities/RR	223.7	222.1	225.5	217.6	195.1
Buoyancy of FL with RR	1.415	0.940	0.538	0.70	0.470
Buoyancy of FL with own resources	1.432	1.203	0.936	0.563	0.736
Interest Spread	(-) 0.50	(-) 1.47	1.57	2.61	4.39
Net Fund Available	23	21	12	(-) 8	17
Other Fiscal Health Indicators					
Return on Investment	0.40	1.73	4.11	2.35	1.92
BCR (Rs in crore)	213	70	326	786	2,424
Financial Assets/Liabilities	0.68	0.67	0.71	0.72	0.79

* Interest payments were more than fiscal deficit.

** There was revenue surplus during the year 2005-06.

State Government continued to spend high cost borrowings on lower return investments. While investments in statutory corporations, joint stock companies and co-operatives increased by 21 *per cent*, the returns on these investments declined by 18 *per cent* and was only 0.09 *per cent* of investments. Only 48 *per cent* of the borrowings were used for capital formation inspite of revenue surplus. The fiscal deficit decreased by 76 *per cent* as a result of increase in the revenue collection by 24 *per cent*. Fiscal deficit could have been further reduced, had there not been 32 *per cent* increase in arrears of revenue. Though the State Government was able to wipe of the revenue deficit and achieved revenue surplus of Rs 1,213 crore, the expenditure on salaries continued to increase (28 *per cent*) and about 28 *per cent* of the revenue receipts were consumed on payment of salary bills.

STATEMENT-I
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF
HARYANA

(Rupees in crore)

As on 31 March 2005	Liabilities		As on 31 March 2006
15,063.28		Internal Debt	17,374.88
	4,754.85	Market Loans bearing interest	5,141.77
	2.71	Market Loans not bearing interest	2.73
	28.60	Loans from LIC	25.40
	10,277.12	Loans from other Institutions, etc.	12,204.98
2,283.90		Loans and Advances from Central Government	2,213.54
	70.43	Pre 1984-85 Loans	66.96
	246.77	Non-plan Loans	237.90
	1,920.78	Loans for State Plan Schemes	1,863.11
	22.93	Loans for Central Plan Schemes	21.01
	22.99	Loans for Centrally Sponsored Plan Schemes	24.56
10.00		Contingency Fund	10.00
5,238.16		Small Savings, Provident Funds, etc.	5,592.91
1,284.62		Deposits	1,442.64
686.10		Reserve Funds	849.99
403.17		Suspense and Miscellaneous Balances	(-) 420.85
24,969.23			27,063.11
As on 31 March 2005	Assets		As on 31 March 2006
12,230.95		Gross Capital Outlay	13,843.25
	1,861.34	Investments in shares of Companies, Corporations, etc.	2,160.14
	10,369.61	Other Capital Outlay	11,683.11
3,954.29		Loans and Advances	3,841.06
	2,406.08	Loans for Power Projects	2,291.35
	1,303.94	Other Development Loans	1,247.08
	244.27	Loans to Government Servants, etc.	302.63
0.83		Advances	0.84
22.57		Remittance Balances	(-) 21.05
1,880.86		Cash	3,732.70
	0.46	Cash in Treasuries and Local Remittances	0.46
	6.95	Departmental Balances	11.99
	0.09	Permanent Cash Imprest	0.09
	1,912.52	Cash Balance Investment and other Reserve Fund Investment	3,978.71
	(-) 39.16	Deposits with Reserve Bank	(-) 258.55
6,879.73		Deficit on Government Accounts	5,666.31
	258.04	(i) Revenue Surplus of the Current Year	(-) 1,213.42
	6,621.69	(ii) Accumulated deficit up to preceding year	6,879.73
24,969.23		Total	2,7063.11

STATEMENT-II
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE
YEAR 2005-06

(Rupees in crore)

Receipts			Disbursements					
2004-05		2005-06	2004-05		Non-Plan	Plan	Total	
11,149.06	Section A : Revenue							
	I. Revenue Receipts	13,853.31	11,407.10	I. Revenue Expenditure	10,625.08	2,014.81	12,639.89	
7,440.27	Tax Revenue	9,078.65	4,898.10	General Services	4,541.08	38.59	4,579.67	
2,544.37	Non-Tax Revenue	2,458.56	3,218.21	Social Services	2,705.80	1,289.80	3,995.60	
619.26	State's share of Union Taxes and Duties	1,200.97	1,675.04	Education, Sports, Art and Culture	1,638.12	331.65	1,969.77	
84.23	Non-Plan Grants	268.90	380.73	Health and Family Welfare	288.53	160.75	449.28	
200.81	Grants for State Plan Schemes	510.87	384.97	Water Supply, Sanitation, Housing and Urban Development	427.32	56.83	484.15	
260.12	Grants for Central Plan and Centrally Sponsored Plan Schemes	335.36	17.48	Information and Broadcasting	17.05	5.16	22.21	
			49.11	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	23.10	63.60	86.70	
			73.04	Labour and Labour Welfare	75.57	24.52	100.09	
			634.32	Social Welfare and Nutrition	229.79	647.29	877.08	
			3.52	Others	6.32	-	6.32	
			3,199.08	Economic Services	3,128.34	686.42	3,814.76	
			463.34	Agriculture and allied activities	363.61	173.24	536.85	
			164.24	Rural Development	109.28	171.83	281.11	
			445.68	Irrigation and Flood Control	342.04	154.80	496.84	
			1,205.80	Energy	1,395.24	22.74	1,417.98	
			42.98	Industry and Minerals	13.84	105.28	119.12	
			840.43	Transport	888.13	27.24	915.37	
			5.95	Science, Technology and Environment	0.46	8.42	8.88	
			30.65	General Economic Services	15.74	22.87	38.61	
			91.71	Grants-in-aid and Contributions	249.86	-	249.86	
258.04	II. Revenue Deficit carried over to Section B	-		Revenue surplus carried over to Section B	1,213.42	-	1,213.42	
11,407.10	Total Section A	13,853.31	11,407.10		11,838.50	2,014.81	13,853.31	
684.36	Section B - Others			II. Capital Outlay	(-39.55)	1,651.85	1612.30	
	III. Opening Cash Balance including Permanent Advances and Cash Balance investment	1,880.86	896.92	General Services	-	82.17	82.17	
			58.13	Social Services	-	439.11	439.11	
			286.95	Education, Sports, Art and Culture	-	23.00	23.00	
			6.10	Health and Family Welfare	-	17.84	17.84	
			11.40	Water Supply, Sanitation, Housing and Urban Development	-	380.69	380.69	
			258.68	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	-	2.40	2.40	
			0.75	Social Welfare and Nutrition	-	12.12	12.12	
			7.43	Others	-	3.06	3.06	
			2.59	Economic Services	(-39.55)	1,130.57	1091.02	
			551.84	Agriculture and allied activities	(-39.98)	10.31	(-29.67)	
			(-244.08)	Irrigation and Flood Control	-	469.15	469.15	
			262.54	Energy	-	275.45	275.45	
			233.35	Industry and Minerals	-	5.59	5.59	
			2.23	Transport	0.43	360.07	360.50	
			292.29	General Economic Services	-	10.00	10.00	
			5.50					

Audit Report (Civil) for the year ended 31 March 2006

Receipts				Disbursements			
2004-05			2005-06	2004-05			2005-06
157.10	IV. Recoveries of Loans and Advances		289.90	208.06	III. Loans and Advances Disbursed		176.67
7.59	From Power Projects	119.72		22.43	For Power Projects	4.99	
68.73	From Government Servants	83.19		101.10	To Government Servants	141.56	
80.78	From others	86.99		84.53	To others	30.12	
				258.04			
4,474.49	V. Public Debt Receipts		3,348.75	3,014.27	IV. Revenue Deficit brought down	-	-
4,178.37	Internal Debt other than Ways and Means Advances and Overdraft	3,308.60		1,306.54	V. Repayment of Public Debt		1,107.51
	Net transaction under Ways and Means Advances and Overdraft				Internal Debt other than Ways and Means Advances and Overdraft	997.00	
					Net transaction under Ways and Means Advances and Overdraft	-	
296.12	Loans and Advances from Central Government	40.15		1,707.73	Repayment of Loans and Advances to Central Government	110.51	
5,973.44	VI. Public Accounts Receipts		5,460.57	5,031.24	VI. Public Account Disbursements		5,564.32
1,040.22	Small Savings, Provident Fund, etc.	1,165.61		756.01	Small Savings, Provident Fund, etc.	810.85	
196.04	Reserve Funds	243.93		69.05	Reserve Funds	80.04	
2,277.84	Deposits and Advances	1,893.21		2,034.97	Deposits and Advances	1,735.19	
628.60	Suspense and Miscellaneous	(-) 349.11		325.90	Suspense and Miscellaneous	474.93	
1,830.74	Remittances	2,506.93		1,845.31	Remittances	2,463.31	
	VII Revenue Surplus brought down		1,213.42	1,880.86	VII. Cash Balance at end		3,732.70
				0.46	Cash in Treasuries and Local Remittances	0.46	
				(-) 39.16	Deposits with Reserve Bank	(-) 258.55	
				7.04	Departmental Cash Balance including Permanent Advances, etc.	12.08	
				1,912.51	Cash Balance Investment	3,978.71	
11,289.39	Total - Section B		12,193.50	11,289.39	Total		12,193.50

STATEMENT-III
SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2004-05	Sources	2005-06
11,149.06	Revenue Receipts	13,853.31
157.10	Recoveries of Loans and Advances	289.90
1,460.22	Increase in Public debt	2,241.24
942.20	Net Receipts from Public Account -	- 103.75
	284.21 Increase in Small Savings, Provident Funds, etc.	354.76
	242.87 Increase in Deposits and Advances	158.02
	126.99 Increase in Reserve funds	163.89
	302.70 Net effect of Suspense and Miscellaneous transactions	- 824.04
	(-) 14.57 Net effect of Remittance transactions	43.62
13,708.58	Total	16,280.70
2004-05	Application	2005-06
11,407.10	Revenue expenditure	12,639.89
208.06	Lending for development and other purposes	176.67
896.92	Capital expenditure	1,612.30
1,196.50	Increase in cash balance	1,851.84
13,708.58	Total	16,280.70

Explanatory Notes for Statements I, II and III:

1. The abridged accounts in the foregoing Statements have to be read with comments and explanations in the Finance Accounts.
2. Government accounts being mainly on cash basis, the Deficit on Government accounts, as shown in Statement-I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement, etc.
4. There was a difference of Rs 21.94 crore (credit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank" (July 2006).

STATEMENT-IV
TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Part A. Receipts					
1. Revenue Receipts	7,600	8,657	9,843	11,149	13,853
(i) Tax Revenue	4,971 (65)	5,550 (64)	6,348 (64)	7,440(67)	9,079(65)
Taxes on Sales, Trade, etc.	2,945 (59)	3,337 (60)	3,838 (61)	4,761(64)	5,604(62)
State Excise	875 (18)	879 (16)	923 (15)	1,013(14)	1,107(12)
Taxes on Vehicles	104 (2)	114 (2)	132 (2)	140(2)	172(2)
Stamps duty and Registration fees	488 (10)	541 (10)	696(11)	727(10)	1,340(15)
Land Revenue	19	10	20	12	13
Taxes on goods and passengers	499 (10)	653 (12)	660 (10)	705(10)	758(8)
Taxes and duties on Electricity	29 (1)	1	59 (1)	62(1)	62(1)
Other Taxes	12	15	20	20	23
(ii) Non-Tax Revenue	1,666 (22)	1,808 (21)	2,223 (23)	2,544(23)	2,458(18)
(iii) State's share in Union taxes and duties	450(6)	756 (9)	601 (6)	619(6)	1,201(9)
(iv) Grants-in-aid from Government of India	513 (7)	543 (6)	671 (7)	545(5)	1,115(8)
2. Misc. Capital Receipts	--	-	-	-	-
3. Total Revenue and Non debt capital receipt (1+2)	7,600	8,657	9,843	11,149	13,853
4. Recoveries of Loans and Advances	85	106	156	157	290
5. Public Debt Receipts	3,359	3,649	6,285	4,474	3,349
Internal Debt (excluding Ways & Means Advances and Overdrafts)	2,459(73)	3,400 (93)	5,864 (93)	4,178(93)	3,309(99)
Net transactions under Ways and Means Advances and Overdraft	561 (17)	-	-	-	-
Loans and Advances from Government of India ⁵	339 (10)	249 (7)	421 (7)	296(7)	40(1)
6. Total Receipts in the Consolidated Fund (3+4+5)	11,044	12,412	16,284	15,780	17,492
7. Contingency Fund Receipts	-	-	-	-	-
8. Public Accounts receipts	4,914	4,921	7,662	5,973	5,461
9. Total receipts of the State (6+7+8)	15,958	17,303	23,946	21,754	22,953
Part B. Expenditure					
10. Revenue Expenditure	8,656	9,342	10,117	11,407	12,640
Plan	1,197 (14)	1,049 (11)	1,124 (11)	1,453(13)	2,015(16)
Non-plan	7,459 (86)	8,293 (89)	8,993 (89)	9,954(87)	10,625(84)
General Services (including Interests payments)	3,486 (40)	3,995 (43)	4,368 (43)	4,898(43)	4,580(36)
Economic Services	2,415 (28)	2,532 (27)	2,706(27)	3,199(28)	3,815(31)
Social Services	2,725 (32)	2,809 (30)	2,995 (30)	3,218(28)	3,995(32)
Grants-in-aid and contributions	30	6	48	92(1)	250(1)
11. Capital Expenditure	1,467	436	386	897	1,612
Plan	902 (61)	846 (194)	1,054 (273)	1,142(127)	1,652(102)
Non-plan	565 (39)	(- 410 (- 94)	(- 668 (- 173)	(- 245 (- 27)	(- 40 (- 2)
General Services	51 (3)	45 (10)	66 (17)	58(6)	82(5)
Economic Services	1,225 (84)	176 (41)	26 (7)	552(62)	1,091(68)
Social Services	191 (13)	215 (49)	294 (76)	287(32)	439(27)
12. Disbursement of Loans and Advances	301	456	2429	208	177
13. Total (10+11+12)	10,424	10,234	12,932	12,512	14,429
14. Repayments of Public Debt	961	1,932	3,790	3,014	1,107
Internal Debt (excluding Ways and Means Advances and Overdrafts)	737(77)	1,096 (57)	1,733 (46)	1,307(43)	997(90)
Net transactions under Ways and Means Advances and Overdraft	-	585 (30)	-	--	-
Loans and Advances from Government of India	224 (23)	251 (13)	2,057 (54)	1,707(57)	110(10)
15. Appropriation to Contingency Fund	-	-	-	-	-
16. Total disbursement out of Consolidated Fund (13+14+15)	11,385	12,166	16,722	15,526	15,536
17. Contingency Fund disbursements	-	-	-	--	-
18. Public Accounts disbursements	4,243	5,289	6,573	5,031	5,564
19. Total disbursement by the State (16+17+18)	15,628	17,425	23,295	20,557	21,100
Part C. Deficits					
20. Revenue Deficit (-)/Surplus (+) (1-10)	(-1,056)	(-685)	(- 274)	(- 258)	(+ 1,213)
21. Fiscal Deficit (3+4-13)	(-2,739)	(-1,471)	(- 2,933)	(- 1,206)	(- 286)
22. Primary Deficit (-)/surplus (+) (21-23)	(-1,115)	(+475)	(- 820)	1,029	7,814
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	1,624	1,946	2,113	2,235	2,100
24. Arrears of Revenue(Percentage of Tax & non-tax Revenue Receipts)	516(8)	577(8)	851 (6)	1,087 (11)	1,432 (12)
25. Financial Assistance to local bodies etc.	668	608	727	518	842
26. Ways and Means Advances (WMA)/Overdraft availed (days)	299	71	27	-	-
27. Interest on WMA/Overdraft	7.15	3.83	0.26	-	-
28. Gross State Domestic Product (GSDP)⁶	60,561	66,175	73,961	83,003	93,441
29. Outstanding Debt (year end)	17,004	19,227	22,194	24,255	27,023
30. Outstanding guarantees including interest (year end)	8,606	7,990	5,907	4,249	5,644
31. Maximum amount guaranteed (year end)	12,222	12,461	9,457	6,742	8,448
32. Number of incomplete projects	3	6	5	25	22
33. Capital blocked in incomplete projects	2.50	9.50	35.25	105.75	43.65

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

⁵ Includes Ways and Means Advances from GOI.

⁶ Revised figures of GSDP for the period 2001-02 to 2004-05 and those for 2005-06 adopted as provided by Economic and Statistical Advisor to Government Haryana.

CHAPTER-II

APPROPRIATION AND CONTROL OVER EXPENDITURE

CHAPTER IV

APPROPRIATION AND CONTROL
OVER EXPENDITURE

CHAPTER – II

APPROPRIATION AND CONTROL OVER EXPENDITURE

APPROPRIATION ACCOUNTS 2005-06 AT A GLANCE

2.1 Introduction

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

The objective of appropriation audit is to ascertain whether the expenditure actually incurred under various grants was within the authorisation given under the Appropriation Act and that 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 2005-06 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	10,701.44	556.29	11,257.73	10,615.63	(-) 642.10
	11. Capital	2,719.31	42.93	2,762.24	2,983.04	(+) 220.80
	III. Loans and Advances	175.50	43.11	218.61	177.45	(-) 41.16
	Total Voted	13,596.25	642.33	14,238.58	13,776.12	(-) 462.46
Charged	IV. Revenue	2,436.06	2.18	2,438.24	2,184.82	(-) 253.42
	V Capital	10.50	-	10.50	3.05	(-) 7.45
	VI Public Debt	1,582.93	-	1,582.93	1,107.51	(-) 475.42
	Total Charged	4,029.49	2.18	4,031.67	3,295.38	(-) 736.29
Grand Total	17,625.74	644.51	18,270.25	17,071.50	(-) 1,198.75	

The following further points emerge:

- Genuineness of expenditure of Rs 2.61 crore drawn on 124 Abstract Contingent (AC) bills during 2004-05 (50 AC bills for Rs 1.21 crore) and 2005-06 (74 AC bills for Rs 1.40 crore) could not be verified as Detailed Contingent bills were not submitted (July 2006).

- Similarly, Rs 2.73 crore drawn on 140 vouchers could not be verified as the vouchers in support of amounts drawn were not submitted.

2.3 Excesses and savings

2.3.1 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 226.80 crore in respect of five grants for the year 2004-05 was yet to be regularised (July 2006).

2.3.2 Excess expenditure over provisions of 2005-06 requiring regularisation

The excess of Rs 26.99 crore involving two grants under revenue account and Rs 241.88 crore under capital account in respect of three grants/appropriations required regularisation under Article 205 of the Constitution. Details are given below:

Sr. No	Number and name of grants/appropriations	Total grants/appropriations	Actual expenditure	Excess
(In Rupees)				
Revenue (Voted)				
1.	8-Buildings and Roads	3,31,34,20,000	3,57,20,18,000	25,85,98,000
Revenue (Charged)				
2.	3-Home	10,82,88,000	11,95,64,000	1,12,76,000
Total		3,42,17,08,000	3,69,15,82,000	26,98,74,000
Capital (Voted)				
3.	8-Buildings and Roads	3,64,88,50,000	4,38,77,59,000	73,89,09,000
4.	10-Medical and Public Health	3,25,00,00,000	3,74,38,26,000	49,38,26,000
5.	15-Irrigation	6,22,95,01,000	7,41,55,42,000	1,18,60,41,000
Total		13,12,83,51,000	15,54,71,27,000	2,41,87,76,000

Government did not furnish reasons for excess expenditure (July 2006).

2.3.3 Original budget and supplementary provisions

The overall saving of Rs 1,198.75 crore was the net result of saving of Rs 1,467.62 crore (45 cases) of 26 grants/appropriations offset by excess of Rs 268.87 crore in five cases of four grants/appropriations. Savings were mainly under Finance Rs 257.27 crore, Education Rs 152.87 crore and Irrigation Rs 105.43 crore.

Supplementary provisions of Rs 644.51 crore obtained during the year which constituted four *per cent* of the original provision proved unnecessary in view of final saving of Rs 1,198.75 crore.

2.3.4 Excessive/unnecessary/inadequate supplementary provisions

Supplementary provisions of Rs 46.24 crore in three 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	9-Education	2,078.28	44.36	2,122.64	1,969.77	152.87
2	14-Food and Supplies	30.58	0.18	30.76	29.43	1.33
Capital (Voted)						
3	23-Transport	77.71	1.70	79.41	77.43	1.98
Total		2,186.57	46.24	2,232.81	2,076.63	156.18

2.3.5 Unnecessary augmentation of funds

In 11 cases, against additional requirement of Rs 361.54 crore, supplementary provisions of Rs 590.90 crore were obtained resulting in savings (in each case exceeding Rs 50 lakh) aggregating Rs 229.36 crore. Details of these cases are given below:

Sr. No.	Number and name of grants/appropriations	Original grants/appropriations	Supplementary provision	Total	Expenditure	Saving
(Rupees in crore)						
Revenue (Voted)						
1.	1-Vidhan Sabha	12.04	2.26	14.30	13.18	1.12
2.	2-General Administration	184.63	3.36	187.99	186.60	1.39
3.	7-Other Administrative Services	208.40	22.36	230.76	227.76	3.00
4.	13-Social Welfare and Rehabilitation	723.51	123.95	847.46	812.62	34.84
5.	15-Irrigation	1,863.97	136.04	2,000.01	1,894.58	105.43
6.	16-Industries	72.66	65.19	137.85	133.09	4.76
7.	21-Community Development	397.20	130.95	528.15	521.56	6.59
8.	23-Transport	662.23	27.47	689.70	677.72	11.98
Capital (Voted)						
9.	14-Food and Supplies	1,279.11	25.67	1,304.78	1,286.37	18.41
10.	22-Co-operation	9.38	10.54	19.92	19.24	0.68
11.	25-Loans and Advances by State Government	175.50	43.11	218.61	177.45	41.16
Total		5,588.63	590.90	6,179.53	5,950.17	229.36

2.3.6 Substantial savings/excesses

In 32 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 IX. In seven cases¹, the entire provision totalling Rs 1,125.46 crore remained unutilised.

2.3.7 In 16 cases, the final modified grants exceeded the original provision by Rupees five crore or 10 per cent. Huge variation between the original

1 Sr. No. 12, 14, 20, 25, 26, 30 and 32 of Appendix IX.

budget provision and final allotment indicate poor budget projection. Details of these are given in *Appendix X*.

2.3.8 Persistent savings

In one case (Grant No. 18. Animal Husbandry), 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)		
		2003-04	2004-05	2005-06
Revenue (Voted)				
1.	18-Animal Husbandry	24 (33.21)	13 (18.28)	13 (19.85)

Persistent savings indicated inappropriate budget assumptions.

2.3.9 Unsurrendered Savings

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

However, in 11 cases, against the available savings of Rs 1,236.70 crore, only Rs 818.63 crore were surrendered leaving savings of Rs 418.07 crore unsurrendered as given below:

Sr. No.	Name of the grants/appropriations	Saving	Surrender	Saving remained un-surrendered
		(Rupees in crore)		
Revenue (Voted)				
1.	3-Home	69.99	66.96	3.03
2.	6-Finance	45.32	22.62	22.70
3.	9-Education	152.87	74.98	77.89
4.	12-Labour and Employment	96.01	94.80	1.21
5	15-Irrigation	105.43	17.48	87.95
6.	17-Agriculture	9.98	4.05	5.93
7	18-Animal Husbandry	19.85	16.20	3.65
8	20-Forest	8.71	5.99	2.72
Capital (Voted)				
9	25-Loans and Advances by State Government	41.16	38.75	2.41
Revenue (Charged)				
10	6-Finance	211.95	118.96	92.99
Capital (Charged)				
11.	Public Debt	475.43	357.84	117.59
Total		1,236.70	818.63	418.07

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.

2.3.10 *Injudicious surrender of funds*

In 14 cases, the funds were surrendered injudiciously in excess of the available savings as detailed in *Appendix XI*. In such three cases, Rs 103.47 crore² were surrendered despite excess expenditure of Rs 193.84 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 as given in *Appendix XII*.

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 149.99 crore was incurred in 19 cases, as detailed in *Appendix XIII*, 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 1,337.72 crore) exceeded the estimated recoveries (Rs 1,295.69 crore) by Rs 42.03 crore. Though no recovery was provided in the budget estimates in respect of grant number '15-Irrigation' for the year 2005-06, recovery of Rs 82.50 crore was made. Further, in respect of five grants⁴, the actual recoveries (Rs 75.21 crore) were less than the estimated recoveries (Rs 152.94 crore) by Rs 77.73 crore. Details of recoveries are given in *Appendix* of the Appropriation Accounts. Huge variation between the estimated recoveries and actual realisation, indicated faulty budgeting.

² Item no. 5, 10 and 11 of *Appendix XI*.

³ 10-Medical and Public Health (Revenue), 14-Food and Supplies (Capital) and 25-Loans and Advances by State Government (Capital).

⁴ 4-Revenue, 8-Buildings and Roads, 14-Food and supplies, 17-Agriculture and 22-Co-operation.

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 2005-06 were not received in respect of 241 heads/sub-heads against the total of 601 heads/sub-heads of account.

CHAPTER-III

PERFORMANCE APPRAISALS

AUDIT REVIEWS

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CHAPTER II

PERFORMANCE APPRAISALS

AUDIT REVIEWS

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CHAPTER III

PERFORMANCE APPRAISALS

AUDIT REVIEWS

Education Department (Prathmik Shiksha Pariyojna Parishad)

3.1 Sarva Shiksha Abhiyan

Highlights

The main objectives of the programme to bring all children in school, alternate school and back to school camp by 2005 and increasing the coverage of special focus group (girls and SC/ST children) were not achieved as 2.88 lakh (6 per cent) children were still out of school in the state as on 31 March 2005 while the number of out of school girls both in general and SC category was higher as compared to boys. Despite huge investments in training of teachers and teaching learning equipments, the quality of educational standards has not improved, as evident from the pass percentage in the Board examination. Monitoring of the programme by the General Council and Executive Committee was ineffective.

- Against the approved budget provision of Rs 459.16 crore, only Rs 300.39 crore were released by the GOI and the State Government during 2002-05, out of which the Parishad could spend only Rs 232.15 crore (77 per cent) on implementation.

(Paragraph 3.1.6.1)

- There were instances of financial mismanagement by way of diversion of funds amounting to Rs 28.29 crore and purchases worth Rs 1.46 crore made without sanction.

(Paragraphs 3.1.8.1 to 3.1.8.3)

- There was a mismatch between requirements and printing of textbooks, as a result 23,414 textbooks in excess were lying in stock.

(Paragraphs 3.1.10.1)

- No Internal Audit system was set up in the Parishad, resulting in the programme being denied the benefit of valuable inputs regarding financial management and programme implementation.

(Paragraph 3.1.11)

3.1.1 Introduction

Sarva Shiksha Abhiyan (SSA), a comprehensive and integrated programme, was launched by Government of India (GOI) in 2000-01 in partnership with State Governments and Local Self-Governments to attain universal elementary education in the country in a mission mode. It aims at providing useful and relevant education to all children in the age group of 6-14 years by 2010. Besides this the goal was also to bridge all social, regional and gender gaps with the active participation of the community in the management of the schools.

In Haryana, this programme was launched initially in 16 districts from April 2002 and subsequently the remaining three¹ districts were also covered in 2003-04. However, pre-project activities were started in 2001-02.

3.1.2 Objectives of the programme

The main objectives of the programme were:

- to have all children in schools, education guarantee centres, alternate schools, back to school camp, etc. by 2005;
- to ensure that all children complete five years of primary schooling by 2007;
- to ensure that all children complete eight years of elementary schooling by 2010;
- focus on elementary education of satisfactory quality with emphasis on education for life;
- bridge all gender and social category gaps at primary stage by 2007 and at elementary education level by 2010; and
- universal retention of children by 2010.

¹ Bhiwani, Gurgaon and Mahendergarh.

3.1.3 Organisational set up

The Haryana Prathamik Shiksha Pariyojna Parishad (Parishad), registered under the Societies Act 1860, functions as an autonomous body for implementation of SSA. The Parishad had two committees namely, the General Council and the Executive Committee. The General Council headed by the Chief Minister was required to review the implementation of the project and lay down necessary broad guidelines. The Executive Committee headed by Chief Secretary, Haryana Government as Chairman and Financial Commissioner and Principal Secretary, Education Department as Vice-Chairman was to provide directions and guidance for project formulations apart from monitoring and supervising the implementation of the Project. The State Project Director (SPD) was the Chief Executive Officer of the Parishad and Ex-officio Secretary of the General Council as well as of Executive Committee. He was responsible for proper administration of the affairs and funds of the Parishad and implementation of various activities of the Parishad.

At the district level, District Education Officers, who were also functioning as District Project Co-ordinators (DPCs), were responsible to implement, monitor and evaluate the implementation of the programme. The DPCs were assisted by Block Education Officer-cum-Block Resource Co-ordinators (BRC) who were responsible for providing training to teachers, free distribution of textbooks and monitoring school activities. At the village level, Village Education Committees (VECs) were responsible for proper monitoring and supervision in the schools and Village Construction Committees (VCCs) were responsible for carrying out the civil works under the Programme.

3.1.4 Audit objectives

Main objective of the performance audit was to evaluate the performance of the programme in attaining universal elementary education as stipulated. The Audit objectives were to see whether:

- different components of the programme were need based, well designed and relevant to the operational environment prevalent in the State;
- the funds provided under various components were utilised as per the approved plan;
- the enrolment under special focus group (girls and SC/ST children) had reached satisfactory level;
- the quality of educational standards has improved as a result of implementation of SSA; and
- a proper monitoring system was in place and effective.

3.1.5 Audit methodology

Records relating to the implementation of the programme for the period 2002-05² were test checked during April 2005 to July 2005 in the offices of the State Project Director of Parishad and five³ out of districts DPCs, 15 Block Education Officers (BEOs), 15 Alternative and Innovative Education (AIE) centres and 90 Schools in these five districts. The selection of districts was made applying the PPSWR (Probability Proportional to Size with Replacement) method and selection of BEOs and AIE Centres (three in each district) and schools (18 in each district) by applying Simple Random Sampling Without Replacement (SRSWOR) method.

The services of Social and Rural Research Institute (SRI), a specialist unit of IMRB International were commissioned to survey and assess the impact of Sarva Shiksha Abhiyan. All the heads of all schools in the State were requested (January 2006) to provide full co-operation to the representatives of SRI. Sampling methodology/design for the beneficiary assessment are given in *Appendix XIV*. SRI carried out the survey in all the 19 districts covering 285 villages/blocks and 5,882 households during December 2005-February 2006. A summary of their findings has been given in *Appendix XV*. The results of performance audit and survey are discussed in the succeeding paragraphs.

Audit findings

3.1.6 Funding and financial management

3.1.6.1 Budget provisions and expenditure

The Programme cost was to be shared between GOI and the State Government in the ratio of 75:25 in the Xth five year plan (2002-07) and thereafter it would be in the ratio of 50:50 between GOI and the State Government. The GOI released funds directly to the Parishad in two instalments and funds were credited to the bank account of the Parishad.

The details of approved budget, funds released by GOI/State Government and expenditure thereagainst were as under:

(Rupees in crore)

Year	Approved budget	Funds released by GOI	Funds released by State Government	Total	Expenditure
2002-03	81.38	29.16	9.39	38.55	27.37
2003-04	150.94	68.95	22.98	91.93	91.19
2004-05	226.84	126.97	42.94	169.91	113.59
Total	459.16	225.08	75.31	300.39	232.15

² The programme has implemented in the State from April 2002.

³ Ambala, Bhiwani, Faridabad, Sirsa and Yamunanagar.

Against the release of Rs 300.39 crore, only Rs 232.15 crore were spent

Parishad could utilise only 77 per cent of total funds provided under the scheme during the period 2002-05. The reasons for non-utilisation of Rs 68.24 crore were not intimated.

Further, scrutiny revealed that the Government of India/State Government released respective share of funds without indicating component-wise allocation. However, the State Project Director on the basis of Annual Work Plans, made allocation for each component. Allocation made in annual work plan and expenditure incurred under each component during 2002-2005, given in *Appendix XVI*, indicates about 34 per cent of allocated funds were spent on civil works, 18 per cent on teachers salary and for their in house training, 13 per cent on free distribution of books.

3.1.6.2 Delayed release of funds

The GOI was to release its share of the funds in two half-yearly instalments i.e. by 15 April and 15 September. It was, however, observed that first instalment was delayed by a period of 90 and 191 days during the years 2003-04 and 2004-05 respectively. The corresponding State's share was also delayed by 17 to 70 days after the stipulated period of 30 days from the date of Government of India release. Delayed release of funds hampered the smooth implementation of the programme.

3.1.7 Programme Implementation

3.1.7.1 Enrolment of eligible children

As per SSA framework, it was mandatory to track the progress of each and every child and gather information about all children in the age group of 6-14 years. GOI released (2001-03) Rs 1.85⁴ crore as a pre-project grant for carrying out household survey for the identification of eligible children. In the survey conducted, four out of the five districts test checked were covered. In respect of Vth district, the department stated that as the district Bhiwani was covered under the DPEP, the required survey was not conducted. In four districts covered by the survey, out of 9,47,888 eligible children identified during 2001-02 in the age group of 6-14 years, 8,64,725 (91 per cent) were enrolled for elementary education as detailed below:

Against the target of bringing all the children in the age group of 6-14 years in school by 2005, actual achievements were 94 per cent at the end of 2004-05 in the state

Name of districts	Children in the age group of 6-14 years as per Household Survey					Number of children enrolled				
	Non-SC		SC		Total	Non-SC		SC		Total
	Boys	Girls	Boys	Girls		Boys	Girls	Boys	Girls	
Ambala	65,347	53,587	29,623	25,414	1,73,971	63,766	51,879	27,855	23,423	1,66,923
Faridabad	1,69,274	1,36,542	40,908	32,949	3,79,673	1,57,332	1,21,474	36,454	28,097	3,43,357
Sirsa	68,036	56,170	34,726	29,590	1,88,522	61,570	49,450	28,589	22,179	1,61,788
Yamunanagar	80,236	65,855	31,900	27,731	2,05,722	76,094	60,806	30,187	25,570	1,92,657
Total	3,82,893	3,12,154	1,37,157	1,15,684	9,47,888	3,58,762	2,83,609	1,23,085	99,269	8,64,725

⁴ Rs 1.54 crore in 2001-02 and Rs 31 lakh in 2002-03.

Percentage of enrolment of girls was less (89 per cent) as compared to boys (93 per cent). The percentage of enrolment of SC children was less (88 per cent) than the non-SC children (92 per cent).

One of the main objectives of the scheme was to bring all the children in the age group of 6-14 years in schools by 2005. However, after the introduction of SSA in the State, out of total 46.74 lakh eligible children in the age group of 6-14 years, 43.86 lakh (94 per cent) were enrolled in the State and 2.88 lakh (6 per cent) children were out of school as on 31 March 2005. Position of population of children and their enrolment in test checked districts as on 31 March 2005 was as under:

Name of districts	Children in the age group of 6-14 years as per household survey					Number of children enrolled				
	Non-SC		SC		Total	Non-SC		SC		Total
	Boys	Girls	Boys	Girls		Boys	Girls	Boys	Girls	
Ambala	66,389	55,161	30,239	25,417	1,77,206	64,753	53,166	28,526	23,713	1,70,158
Bhiwani	1,44,220	1,19,031	40,072	35,638	3,38,961	1,36,690	1,12,355	35,240	29,604	3,13,889
Faridabad	1,72,288	1,58,514	47,460	40,414	4,18,676	1,63,979	1,48,116	45,939	38,554	3,96,588
Sirsa	70,890	59,275	37,378	31,903	1,99,446	59,710	51,551	33,084	27,400	1,71,745
Yamunanagar	85,505	70,252	34,106	29,501	2,19,364	83,537	68,172	32,712	27,903	2,12,324
Total	5,39,292	4,62,233	1,89,255	1,62,873	13,53,653	5,08,669	433,360	1,75,501	1,47,174	12,64,704

As evident from the above table, out of 13.54 lakh children in the age group of 6-14 years only 12.65 lakh (93 per cent) children were enrolled and 0.88 lakh (7 per cent) children remained out of school as of 31 March 2005. Percentage of students enrolment in Sirsa district was low (86 per cent) as of 31st March 2005 in comparison to other test checked districts. Further, percentage of enrolment of girls (93 per cent) in comparison to boys (94 per cent) and SC children (91 per cent) in comparison to non-SC children (94 per cent) was lower.

Analysis of age wise break up of out of school children as on 31 March 2005 in these five test checked districts revealed that 19,251 girls in the age group of 11 to 14 years were out of school which comprise 53 per cent of the total out of school children.

Though Rs 232.15 crore have been spent in the State under the programme during 2002-05, the number of out of school children in the test checked districts has increased from 83,164 in 2001-02 to 88,949 in 2004-05.

The reasons for large number of eligible children remaining out of school were attributed by the Department to lack of interest, household work, migration, earning compulsions, socio cultural reasons and failure to pass the annual examinations.

The results of SRI survey pointed out that 31.5 per cent of villages and 20 per cent of urban blocks were not covered under Sarva Shiksha Abhiyan. The survey also brought out that about 34 out of every 1,000 children were out of school in the State. Of these, 35 per 1,000 in rural areas and 32 per 1,000 in urban areas were out of school. Among these, 37 per 1,000 were girls and 32 per 1,000 were boys. The survey also highlighted the fact that Scheduled

Castes and Scheduled Tribes (SC/ST) have the highest proportion of out of school children among all social groups. The ratio of out of school children for SC was 69 per 1,000 and for ST it was 196 per 1,000 against 13 per 1,000 of general category. The main reason reported by parents for not enrolling their children in schools was that the child had to look after household chores.

Apart from regular schools, back to school-camps were required to be organised to bring back those children who had dropped out. The survey brought out that about 2.6 per cent of primary schools, 2 per cent of upper primary schools and 4.4 per cent of high schools in the State reported that the school-camps were organised by them.

3.1.8 Major interventions under Sarva Shiksha Abhiyan

3.1.8.1 *Mis-utilisation of teaching-learning equipment funds*

Grant of Rs 25.31 lakh for the purchase of teaching-learning equipment were utilised on purchase of dustbins

Funds to the tune of Rs 50,000 per school were provided for the purchase of teaching-learning equipment (TLE) in upper primary schools. As per the Manual of SSA, teaching-learning material included a wide variety of items such as text-books, teachers' guide, teaching aids, learning aids, etc. which were either directly or indirectly to be used by the teachers/children in the class-room. Further, TLEs were to be purchased as per local specific requirement to be determined by teachers or school Committees.

It was noticed that the Parishad purchased (March 2004) 5,386 dustbins for Rs 25.31 lakh (at the rate of Rs 470 per dustbin) for 2,693 upper primary schools (at the rate of 2 dustbin per school) in violation of the codal provisions. It was, further, noticed that no specific requirements were obtained from teachers or school Committees for this item. Thus, the grant for TLE was not utilised for the purpose for which it was provided.

3.1.8.2 *Teachers' salaries charged to SSA funds without appointment of new teachers under SSA*

Salaries of Rs 28.04 crore charged to SSA funds, though no teachers were appointed under the scheme

According to Manual of Financial Management and Procurement issued by GOI (Ministry of Human Resource Development), the State Governments were to maintain their level of expenditure on elementary education as in 1999-2000. The SSA was not to substitute State funding for elementary education. Further, new teachers were to be appointed for opening of new schools and additional teachers for existing schools. The expenditure on these additional posts was only to be met from SSA funds.

Test-check of records of the Parishad revealed that State Government upgraded 364 branch primary schools to full fledged primary schools and created 728⁵ additional posts of teachers during 2002-04.

⁵ 166 posts in 2002-03 and 562 posts in 2003-04.

Audit observed that no fresh recruitment was made under SSA. However, the additional posts created as a result of upgradation of schools under this programme were filled up by surplus teachers which were already available with State Government. The pay and allowances of these teachers which hitherto was the responsibility of State was also routed through SSA funds by issuance (March 2003) of a direction by Parishad for deposition of salaries of these teachers by all DPCs under the Government receipt head 0202-Education. Thus, during 2002-05, an amount of Rs. 28.04 crore charged to SSA funds was deposited in the Government account for payment of salaries of these teachers. This arrangement of meeting the salaries of teachers from SSA funds was not proper as this was the liability of the State Government as the programme clearly stipulated that the State Government should continue to maintain their level of expenditure on elementary education as was the expenditure in the year 1999-2000.

The SPD, while admitting that the salaries of teachers were being met out from SSA funds, stated that this was as per State Government directions.

3.1.8.3 Irregular purchase of material

As per schedule of delegation of powers approved by Executive Committee, the DPCs were authorised to incur contingent expenditure upto Rs 2,000 at a time and upto Rs 10,000 at a time for organising workshops or on mobilization activities. Beyond this, Additional Deputy Commissioner (ADC), State Project Director (SPD) and Vice-Chairman of the Parishad were competent to sanction the expenditure under different components. In Faridabad district, the DPC made purchases of Rs 1.46 crore beyond his financial competence during the year 2004-05 as discussed below:

(a) Purchases of Rs 1.08 crore were made by DPC, Faridabad out of grants of the various components without obtaining financial sanction of the competent authority as depicted in the following table:

Sr. No.	Name of components	Material purchased	Amount (Rupees in lakh)
1	Innovative activities	Computer material	18.24
2	Management cost	Contingent expenditure	29.66
3	Intervention for disabled children	Wheel chairs	5.00
4	Alternate and innovative education/ Early childhood care and education	Stationery	20.59
5	Teachers training	Books	12.57
6	TLE/TLM	Maps, geometry boxes, etc.	20.22
7	Community mobilisation	Posters/stickers	1.53
Total			107.81

(b) It was further noticed that DPC, Faridabad also sanctioned (2004-05) an expenditure of Rs 20.92 lakh for purchase of teaching-learning kits and Rs 17.26 lakh for purchase of utensils. In all these cases of purchases, though the amount had exceeded his competence but no efforts were made for obtaining required financial sanctions of State Project Director/Vice-Chairman of Parishad.

DPC, Faridabad purchased material worth Rs 1.46 crore without the approval of competent authority

3.1.8.4 Blockage of funds

Science kits worth Rs 1.29 crore were not received till July 2005, though the payment was made in advance in March 2004

The Parishad placed an order (January 2004) with National Council for Educational Research and Training (NCERT), New Delhi for 2,693 Integrated Science Kits (ISK) for upper primary schools under the TLE component. The NCERT demanded the full payment of Rs 1.29 crore in advance for confirmation of the purchase order and stated that kits would be supplied in batches approximately in two years. As the amount was to be utilised by 31 March 2004, the Parishad made an advance payment of Rs. 1.29 crore by means of Bank Draft to the NCERT in March 2004. It was noticed that no science kit had been received so far (July 2005). Thus, due to non-fixation of time schedule for supply of kits and non-inclusion of penalty clause for delay in supply of kits in the purchase order, the receipt of kits had been delayed and the objective of the scheme remained unachieved (July 2005).

3.1.8.5 Purchase of Physics kits

Physics kits worth Rs 81.86 lakh were purchased without assessing any requirement from schools

As per guidelines of Manual on Financial Management and Procurement, TLE items were to be purchased as per local specific requirement to be determined by teachers/school Committees. The Parishad placed an order (April 2003) on a firm for the purchase of 2,693 Physics kits for Rs 40.93 lakh under TLE component. One kit was to be supplied to each of 2,693 schools. Again in December 2003, 5,386 kits (two kits for each school) were ordered for Rs 81.86 lakh to the same firm and for the same schools. Both the lots of kits were received and distributed in the schools in March 2004. Test-check, however, revealed that these kits were purchased without any specific requirement from the teachers/school Committees concerned in disregard to the guidelines of the Programme.

3.1.8.6 Payment of teachers and school grant

Payment of teachers grant and school grant was made to 214 teachers and 75 schools twice during 2002-03

As per norms, teacher grant at the rate of Rs 500 per teacher per year in primary and upper primary school and school grant of Rs 2,000 per year per primary and upper primary school was to be given under the scheme. Test-check of records of Barara-II block of Ambala district revealed that though teacher grant to 214 teachers and school grant to 75 schools aggregating to Rs 2.57 lakh were disbursed under the District Primary Education Programme during the year 2002-03, again, teacher grant and school grant amounting to Rs 2.57 lakh was disbursed to the same teachers and schools of Barara-II block during the same year under SSA programme. This overlapping payment of grant under two different programmes was noticed only in the above block.

3.1.8.7 Expenditure on the construction of building for BRCs

Rupees 23.50 lakh were spent in excess of norms on construction of 20 BRCs

As per SSA norms, expenditure on construction of one BRC building was to be restricted to Rs 6 lakh.

Test-check of records of civil works revealed that an expenditure of Rs 1.43 crore was incurred on the construction of 20 BRC buildings during 2003-05 leading to excess expenditure of Rs 23.50 lakh in comparison to

norms as detailed below:

Name of districts	Number of BRCs constructed	Actual expenditure	Expenditure should have been as per norms	Excess Expenditure
		(Rupees in lakh)		
Hisar	3	23.81	18.00	5.81
Karnal	6	39.08	36.00	3.08
Rohtak	5	40.06	30.00	10.06
Ymunanagar	6	40.55	36.00	4.55
Total	20	143.50	120.00	23.50

The Project Director stated (August 2005) that reasons for excess expenditure would be intimated after ascertaining from concerned DEOs cum DPCs.

Further, guidelines also provide that BRC/CRC should be located in or around the school campus as far as possible. In Ambala district, one BRC-cum-CRC building was constructed at Saha at a cost of Rs 7.76 lakh on the land belonging to the *Mandir* during 2003-04. The department could not take the possession of building because the *Mandir* authorities had occupied the building constructed on their land. Failure of the DPC, Ambala to ensure the transfer of title of the land before starting construction of BRC-cum-CRC building led to unfruitful expenditure of Rs 7.76 lakh.

Construction of BRC/CRC building on land belonging to a *Mandir* led to unfruitful expenditure of Rs 7.76 lakh

3.1.9 Quality of educational standards and research development

3.1.9.1 Quality education not provided in schools

Results of the students of Class I to VII and that of Class VIII in selected schools in five test checked districts were as per details given below:

Name of districts	Session	Class	Pass percentage
Ambala	2002-03 to 2004-05	I to VII	89 to 91
		VIII	34 to 38
Bhiwani	2002-03 to 2004-05	I to VII	86 to 92
		VIII	43 to 79
Faridabad	2002-03 to 2004-05	I to VII	89 to 93
		VIII	15 to 29
Sirsa	2002-03 to 2004-05	I to VII	70 to 84
		VIII	61 to 74
Yamunanagar	2002-03 to 2004-05	I to VII	85 to 87
		VIII	39 to 46

The results from Class I to VII were fairly good, but the pass percentage of class VIII where the examinations were held by State School Education Board was very low and had even dipped to zero *per cent* in two schools. The poor results of Board examination leaves much to be desired about the quality of education being imparted and the system of examination in place for promotion to classes up to VIII.

Quality education was not provided, as results in Education Board examinations were very poor

Electricity is an important facility for improving quality of education. The results of SRI survey, however, revealed that only 42.8 *per cent* primary schools, 69.4 *per cent* upper primary schools and 87.6 *per cent* of high schools had electricity facility.

3.1.10 Coverage of special focus group

3.1.10.1 Distribution of free text-books

Text-books were got printed in excess of requirement

The programme provides distribution of free text-books to all focus group children i.e. all girls and SC/ST children of Government and Government aided schools both at primary and upper primary level with a unit cost of Rs 150 per child. Scrutiny of the records of five test checked districts revealed that 2,882 text-books for the session 2003-04 and 20,532 text-books for the session 2004-05 were lying in stock with Sub Divisional Education Officers, Block Education Officers and with the Headmasters of schools who attributed the reasons as excess supply of text-books and change of syllabus of class VI and VIII for the session 2004-05. Thus, text-books were got printed without assessing the actual requirement.

3.1.10.2 Innovative activity for girls' education

Drawal of funds of Rs 3.03 crore in advance of requirement led to loss of interest of Rs 9.72 lakh

Under the component 'Innovative activities for girls education' of the programme, the Parishad decided (March 2004) to provide bicycles free of cost to all such girls getting admissions in sixth class in Government schools in other villages, if no middle level Government schooling facility was available in their own villages from the session 2004-05. Accordingly the Parishad placed (March 2004) an order through Director Supplies and Disposal for the supply of 19,000 bicycles on M/s Atlas Cycles, Sonipat at Rs 1,595 per bicycle to be supplied within 60 to 90 days from the date of issue of order. Though the payment was to be made at the time of delivery of bicycles after physical verification and inspection, the Parishad got prepared Bank Drafts worth Rs 3.03 crore (Rs 15.95 lakh each for 19 districts) on 31 March 2004. The Parishad kept all these Bank Drafts with them and despatched the draft to each district only on 25 February 2005 after getting the drafts revalidated from bank. Thus, the funds remained out side the Parishad accounts for 11 months resulting in loss of interest of Rs 9.72 lakh (calculated at 3.5 *per cent* per annum).

Rupees 25.70 lakh were spent in excess of norms under girls education project

Further, the expenditure for each innovative project was to be restricted to Rs 15 lakh per year. In Ambala and Yamunanagar districts, against the provision of Rs 15 lakh under girls' education project, Rs 27.89 lakh and Rs 27.81 lakh respectively were spent during 2004-05 leading to excess expenditure of Rs 25.70 lakh in comparison to norms.

3.1.10.3 Custody of computers

Twenty one computers valuing Rs 8.13 lakh were stolen

With a view to provide computer education to the students of upper primary classes, computers along with their accessories were provided to nine schools in each district each year during 2002-2005. However, proper arrangements for the safety of computers were not made before the instalation of computers

in the schools. As a result of this, 21 computers valuing Rs 8.13 lakh had since been stolen (July 2005) from different schools of the three⁶ districts test checked.

3.1.11 Internal Audit

Internal audit was not introduced, though envisaged in the scheme

Manual on Financial Management and procurement stipulated that the Parishad should introduce proper internal audit system to ensure proper utilisation of funds. The internal audit of District Project Officers and sub-district units selected on a percentage basis should be conducted so as to cover all district and sub-district units atleast once in three years. Test-check of records of State Project Director, revealed that no internal audit system was introduced in the Parishad as of August 2005. The SPD of the Parishad stated (September 2005) that the internal audit could not be started as the Finance Department had not provided the adequate staff.

3.1.12 Monitoring

Ineffective monitoring

At the State level, the implementation of the scheme was to be monitored by the General Council and the Executive Committee. The General Council was required to meet twice a year to take stock of the progress of activities of the programme. The Executive Committee was required to meet quarterly to oversee the progress, issue specific guidelines/directions and lay down specific policies for the implementation of the programme. However, General Council held only 2 meetings against requirement of 6 meetings and Executive Committee held 5 meetings against 12 meetings during 2002-05. The programme was, thus, deprived of the benefit of guidelines, directions and policy inputs from the Executive Committee and General Council periodically.

3.1.13 Conclusions

The objective of the programme to bring all children in school, alternate school and back to school camp by 2005 was not achieved as 2.88 lakh (6 per cent) children were still out of school in the state as on 31 March 2005. The objective of increasing the coverage of special focus group (girls and SC/ST children) was also not achieved as the number of out of school girls both in general and SC category was higher as compared to boys. Despite huge investments in training of teachers and teaching learning equipment, the quality of educational standards has not improved, as the pass percentage of the students in the Board examination was below expectations. Monitoring of the programme was ineffective, as the General Council and Executive Committee did not meet periodically as stipulated, as a result, the programme was denied their valuable inputs in terms of guidelines and directions.

⁶ Faridabad, Sirsa and Yamunanagar.

3.1.14 Recommendations

For the successful implementation of SSA, the Government should consider the following measures:

- Teaching learning equipment should be identified so as to ensure optimum utilisation of funds on these items.
- Salaries of only those teachers who were appointed under SSA should be paid from SSA funds.
- An internal audit system should be introduced immediately to ensure effective financial management and achievement of programme objectives.
- General Council and Executive Committee should meet regularly at prescribed intervals to provide necessary inputs for effective implementation of the scheme.

These points were referred to Government (October 2005), reply had not been received (July 2006).

**Public Works Department
(Buildings and Roads Branch)**

3.2 Construction of State Highways, District Roads and Bridges

Highlights

Construction of quality roads and their maintenance is most essential for connectivity between towns/cities and vital for the success of various development schemes. Performance Audit of Construction of State Highways, District Roads and Bridges brought out weaknesses in programme implementation and execution of works. Road works were taken up without first getting the existing utilities removed such as electricity/telephone poles and trees from road alignment areas and without prior site survey/legal acquisition of land. There were cases of non-achievement of physical targets, delay in execution of works, non-levy of penalties on contractors due to non or delay in completion of works and execution of works without technical sanctions and non-collection of toll tax. Besides, there were cases of damage to roads due to improper drainage, purchase of cement at higher rates, use of lower grade bitumen for State Highways and change of road works specifications without authorisation. While substantial expenditure was incurred on improvement of roads, number of road accidents increased in the State. Arrival of agriculture produce in markets declined. Despite the fact that road length per lakh population in Haryana was lower than that of all India, due emphasis was not laid on widening the road network as construction of new roads was negligible.

- Due to improper planning, construction of 13 roads and bridges at an estimated cost of Rs 57.04 crore were taken up during 2002-06 without getting the trees/electric poles removed/shifted from road alignment areas.

(Paragraph 3.2.6.1)

- There was a shortfall of 41 per cent during 2002-06 in achievement of physical targets for strengthening and improvement of roads under Central Road Fund scheme.

(Paragraph 3.2.6)

- In five divisions, completion of 11 works at an estimated cost of Rs 15.82 crore were delayed by 7 to 21 months.

(Paragraph 3.2.6.3)

- Delay of more than two years in collection of toll tax on Bahadurgarh-Jhajjar Road resulted in loss of Rs 14.03 crore.

(Paragraph 3.2.7.2)

- **An avoidable extra expenditure of Rs 9.09 crore was incurred on repairs to damaged roads due to inadequate drainage system along the roadsides.**

(Paragraph 3.2.8.2)

- **Physical targets were not achieved due to deficiencies in execution of bridges and road works like taking up of works and change of specifications without approval/sanctions.**

(Paragraphs 3.2.8.3 and 3.2.8.11)

- **Contrary to EIC's directions to use 60/70-grade bitumen for all operations for State Highways, 80/100-grade bitumen was used in such works valuing Rs 7.08 crore in the test checked divisions.**

(Paragraph 3.2.8.10)

3.2.1 Introduction

Haryana with a total geographical area of 44,212 square kilometres (sq. km.) had a road network of only 5,100 km, when it was formed. This increased to 23,013¹ km as of March 2006. The success of various developmental and welfare programmes and other social services, connectivity of towns/cities is vital for which existence of good quality roads is essential. Over the years, the State has developed an industrial and trade base and, therefore, road transport demand has risen manifold. The traffic growth in the State ranges from 8 to 11 *per cent* per year for different types of vehicles.

The State Government constituted (May 1999) Haryana State Roads and Bridges Development Corporation (the Corporation) to take up projects such as roads, overbridges on Built, Operate and Transfer (BOT) basis, bye passes, improvement of roads and other activities relating to road construction on toll basis. The Corporation raised loan from Housing and Urban Development Corporation (HUDCO), New Delhi for implementation of 'Improvement/upgradation of State Highways (Mini-upgradation) under Haryana Highways Upgradation Project' (HHUP). The Corporation released the loan amount further to Public Works Department (PWD) Buildings and Roads (B&R) as per requirement, for execution of upgradation/improvement of road works as deposit works.

3.2.2 Organisational set up

The Financial Commissioner and Principal Secretary to the Government of Haryana, PWD (B&R) is the administrative head at the Government level and is responsible for implementation of policy decisions, programmes, schemes,

¹ National Highways: 1,083 km, State Highways: 2,537 km, Major District Roads: 1,536 km and Other District Roads: 17,857 km.

etc. The Engineer-in-Chief (EIC), PWD(B&R) is the head of the department and is assisted by four Chief Engineers (CEs), one each for National Highways, Buildings, Roads and Bridges with 13 Circle Offices headed by Superintending Engineers (SEs), and 30² Provincial Divisions headed by Executive Engineers (EEs) who are responsible for execution of construction/maintenance works of roads and bridges at division level.

3.2.3 Scope of audit

Records relating to conception, planning and implementation of the programme pertaining to roads and bridges were test checked in the office of the EIC, PWD (B&R), the Corporation and 10³ selected divisions. The selection of the divisions was made to ensure fair coverage of the road network in the State with due consideration to geographical conditions, road length and expenditure incurred. Test-check covered 1,904.93 km of road length (State Highways: 1,199.62 km and Major District Roads: 705.31 km) spread over in 9 districts and 10 divisions, which was 42 *per cent* of the total length of roads in the State. In addition to the above, records relating to Other District Roads (excluding rural roads constructed/improved under PMGSY and NABARD schemes) and bridges constructed by these Divisions were also test checked. Out of total expenditure of Rs 788.22 crore incurred during 2002-06, expenditure of Rs 245.40 crore (31 *per cent*) was covered in test-check.

3.2.4 Audit objectives

Audit objectives were to assess:

- Efficacy of planning;
- Management of funds and linkage with achievement of physical targets;
- The extent to which connectivity was provided and socio economic benefits attained through implementation of schemes; and
- Whether contract management ensured procurement of quality material in a most economical manner.

² District Ambala (Naraingarh, Ambala Cantt. I and II), District Bhiwani (Bhiwani and Charkhi Dadri), District Faridabad (Faridabad and Palwal), District Fatehabad (Fatehabad), District Gurgaon (Gurgaon I and II), District Hisar (Hansi, Hisar I and II), District Jind (Jind and Narwana), District Jhajjar (Jhajjar), District Karnal (Karnal I and II), District Kaithal (Kaithal), District Kurukshetra (Kurukshetra I), District Mahendergarh (Narnaul), District Mewat (Nuh), District Panchkula (Panchkula), District Panipat (Panipat), District Rewari (Rewari), District Rohtak (Rohtak I), District Sonipat (Sonipat I), District Sirsa (Sirsa I and II), and District Yamunanagar (Yamunanagar).

³ Provincial Divisions, PWD (B&R), Bhiwani, Charkhi Dadri, Fatehabad, Gurgaon-1, Hansi, Jhajjar, Kaithal, Karnal-2, Naraingarh and Sirsa-2.

3.2.5 Audit criteria

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

- Examination of planning and site survey records;
- Land Acquisition Act and procedures adopted;
- Budget and fund management directions and procedures;
- Implementation of schemes and contract management guidelines and procedures; and
- Procurement systems.

Audit findings

3.2.6 Planning and survey

Roads constitute a key infrastructure for economic development. The State Government lays major thrust on improvement, widening and upgradation of the existing road network. Works relating to strengthening, widening and improvement of roads were funded mainly from State budget, Central Road Fund (CRF) and HUDCO loan raised by the Corporation and released to PWD for execution of works as deposit works. The details of construction of new roads, improvement, widening, strengthening, maintenance of existing roads and expenditure incurred thereagainst during 2002-06 were as under:

Head of account			Targets	Achievements	Percentage of shortfall	Expenditure (Rupees in crore)		
			(Length in kilometres)			State highways	District roads	Total
5054 Capital outlay on roads and bridges (State Budget)	New construction	SH & DR	276	248	10			
	Improvement works	DR	1,299	1,069	18	81.73	29.94	111.67
Funded by HUDCO and State Government (HHUP)	Improvement, widening and strengthening works	SH	1,270	906	29			
		DR	4,420	4,068	8	279.37	163.36	442.73
Central Road Fund	Widening and strengthening	SH & DR	1,215	715	41	113.74	44.64	158.38
3054 Roads and Bridges	Roads maintenance		4,900	4,043	17	54.19	21.25	75.44
Total						529.03	259.19	788.22

Audit observed that though there was shortfall of 41 *per cent* in widening and strengthening of road under CRF scheme and 29 *per cent* under HHUP during 2002-06, the expenditure exceeded the provision by 12 *per cent* as discussed in paragraph 3.2.7.1.

The main reasons attributable to shortfalls in achievements were slow progress in execution of works and delay in preparing work cost estimates/floating of tenders, etc.

Works worth Rs 57.04 crore taken up without getting approval from Forest Department for removal of trees

3.2.6.1 Works taken up without proper planning

The State Government has declared roadside land as protected forests under 'The Forest Conservation Act 1980'. As such, prior approval of the Forest Department was necessary for felling/removal of trees standing in protected forest area. Besides, PWD was also to pay tree felling charges and compensatory afforestation charges to the Forest Department. In seven⁴ Provincial Divisions, 13 works (*Appendix XVII*) relating to widening of roads and construction of bridges, awarded at an estimated cost of Rs 57.04 crore during 2002-05, were adversely affected as the concerned divisions did not get Forest Department's prior approval for felling of trees standing on proposed road alignments before actually taking up the works. The department took up the matter only after the works were awarded to the contractors. In eight cases, the Forest Department demanded Rs 3.06 crore from the divisions concerned for removal of trees and afforestation against which the PWD made payment amounting to Rs 2.06 crore during 2003-06. In remaining cases, the demand for funds to meet such expenses had not been received from Forest Department as of March 2006. Hence the trees could not be removed.

Besides, utilities like electric poles on such road alignments were also not got shifted due to delay or non-taking up of the matter timely with the concerned electricity supplying companies. The department also deposited Rs 41.08 lakh in five cases during the period from November 2003 to March 2006 with various Electricity Companies for shifting of electric poles, which had not been shifted so far (June 2006). Instead of providing smooth traffic facilities, the roads became accident prone. Thus, lack of co-ordination among various departments/agencies resulted in delay as well as denial of intended benefits of free flow of traffic to the public.

3.2.6.2 Work taken up without survey

Work for improvement of road taken up without surveying site conditions, delayed its completion

Before preparing detailed cost estimate for a work, proper survey of the site conditions and topography of the area of the proposed road alignment was required. In Provincial Division, Jajjhar, it was noticed that an estimate for Rs 6.77 crore was prepared and got approved for the work "Improvement of Bahadurgarh Charra Dujana Beri Kalanaur Road up to district boundary" without surveying the site conditions. The work was allotted in January 2004 to a contractor at an approximate cost of Rs 5.86 crore and was to be completed by January 2005. However, the cost estimates did not have any provision for providing and laying of Granular Sub Base (GSB) underneath G-II⁵ (stone metal work) and filter media in weep holes on the road as the area was flood prone. Later on, to cover this omission, another estimate for Rs 66.65 lakh was got approved (March 2004) for this item of work, which was got executed at a cost of Rs 48.28 lakh during 2004-05. Thus, non-conducting of site survey led to non-inclusion of the work item 'laying of GSB' in the original cost estimates and thereby delayed

⁴ Provincial Divisions: Fatehabad, Gurgaon, Jhajjar, Kaithal, Karnal, Naraingarh and Sirsa.

⁵ G-II (Grade-II) represents work of stone metal generally of 53 to 22.4 mm size.

the execution of original work which was still in progress and Rs 5.37 crore had been spent (March 2006).

3.2.6.3 *Delay in completion of works*

Time frame prescribed for completion of any work is the essence of a contract. Contractors are required to adhere strictly to the time schedule. Progress of the work should be commensurate with the time allotment.

There was delay in completion of works upto 21 months in test checked cases

During audit, it was noticed that in 5⁶ divisions, 11 road construction works, of which 5 completed and 6 were in progress, involving an estimated cost of Rs 15.82 crore were delayed by 7 to 21 months (*Appendix XVIII*). The concerned EEs or higher competent authorities allowed time extensions usually on the grounds of non-availability of labour due to harvesting season, non-carrying out of bitumenous work in winter season, non-removal of encroachments on some portion of land in villages, change in scope of work, shortage of material, etc.

Reasons like labour not available due to harvesting season and non-carrying out of bitumenous work in winter season were, however, foreseeable and could have been taken into account by the contractors at the time of entering into agreements with the Department. As regards land encroachment and shortage of material, timely steps should have been taken by the divisions before awarding the works. Liquidated damages in six cases were also not levied as brought out in paragraph 3.2.8.3. The delay in completion of works resulted in corresponding delay in providing smooth traffic facility to the public.

3.2.6.4 *Construction of roads without acquisition of land*

Construction of roads without acquisition of land led to payment of compensation at higher rates

As laid down in para 2.92 of Public Works Department Code, no work should be commenced on land, which has not been duly taken over by the department through responsible civil officers. In Provincial Division, Bhiwani, an amount of Rs 86.76 lakh was paid to the land owners in July 2005 for their land taken by the department for the roads from "Rupan to Khera" and "Siwani to Talwandi Badshahpur" which were constructed about 26-30 years ago. The payment was made consequent to the decision of the Civil Judge, Bhiwani in May 1998 on petitions filed by the land owners. The department did not go in for any appeal in the higher court. In order to execute the judgment of the Civil Judge the land was acquired in July 2005 through land awards No. IB&2B of 2005 for Rs 17.62 lakh and Rs 69.14 lakh respectively. Thus, the roads were constructed in contravention of land acquisition rules, without acquiring land. Non-initiating of the land acquisition proceedings, even after the Judgment of the court in May 1998, had resulted in avoidable additional financial burden on the State Exchequer as the award was made on the basis of land compensation rates prevalent in the year 2005 instead of in the year 1998. In absence of details, the exact amount of additional financial burden could not be computed in audit.

⁶ Provincial Divisions (B&R), Fatehabad, Hansi, Jhajjar, Kaithal, and Sirsa II.

Similarly, four⁷ roads were constructed long back in Provincial Division, Charkhi Dadri, but the land for these roads had not been acquired formally till date (March 2006) as required under Land Acquisition Act. Proceedings under Sections 4 and 6 of the Land Acquisition Act for acquisition of land were under process as of March 2006.

Failure to observe the provision of the Land Acquisition Act, may lead to avoidable litigations and also entail extra expenditure towards increased rates of land compensations at a later stage.

3.2.6.5 Commencement of works without acquiring complete stretch of land

During test-check of records, it was noticed that in five Provincial divisions, 18 roads as per details given in *Appendix XIX* were left incomplete with missing links (unconstructed portions) due to non-acquisition of land in certain portions with the result that the objective of providing connectivity through smooth flow of traffic between two destinations could not be achieved. Thus, the roads constructed at a cost of Rs 2.37 crore were not put to proper/effective traffic use.

3.2.6.6 Surplus land not disposed off

As per Haryana Government instructions (May 2001), the surplus land, which cannot be transferred for use by other Departments, Boards, Corporations, should be disposed off in the market through open auction.

Provincial Division No. 1, Gurgaon acquired 0.36 acre land of a farmer in Sohna village in Gurgaon District for construction of road 'Sohna to Daula'. The land was acquired in the year 1986 at a cost of Rs 1.86 lakh after observing legal formalities. Due to change of road alignment, another piece of land of the same villager was acquired at a cost of Rs 0.95 lakh and the road was constructed on this piece of land. The land measuring 0.36 acre acquired initially in the year 1986 thus became surplus and was lying unused with the department. The department had not initiated any effective steps to dispose off the land at market rate as of June 2006.

7

Sr. No.	Name of road	Month of administrative approval	Area (In acre)
1	Road from Dadri Bond road to village Kamod	August 1969	0.14
2	Road from Norangabas to Mai Kalan	April 1985	2.74
3	Road from Bhandwa to Arya Nagar	October 1971	1.81
4	Road from Kishan Pura Middle School Khorra	November 1993.	0.41
		Total	5.10

3.2.7 Financial management

3.2.7.1 Financial outlay and expenditure

Main sources for funding the construction and improvement of roads and bridges were State Government budget, Central Road Fund (CRF) and loan obtained by the Corporation from HUDCO on the guarantee of the State Government. Loans raised by Corporation were further released to PWD which executed the road works as deposit works.

Improvement works for State Highways identified under Haryana Highways Upgradation Project were funded jointly by the Corporation (by raising loan⁸ from HUDCO) and the State Government in the ratio of 80:20. The Government makes provision in the State Budget taking into account the amount of loan deposited by Corporation with the department.

Against the allocations of Rs 702.64 crore (Rs 547.73 crore through annual budgets of the State Government and Rs 154.91 crore due under CRF scheme) made for construction, improvement and maintenance of road works during 2002-06, actual expenditure was Rs 788.22 crore which was in excess over the grant by 12 per cent.

Further, Rs 14.19 crore were spent against the final budget provision of Rs 14.03 crore for construction/ special repair of bridges on State Highways and District Roads during 2002-06.

For construction of bridges, original budget provision of Rs 17 crore was reduced to Rs 7.18 crore during 2002-05 through re-appropriations by the State Government against which only Rs 0.33 crore were utilised as construction of three new bridges at Rewari, Palwal and Ganaur was not taken up. During 2005-06, Rs 13.86 crore were spent against final grant of Rs 6.85 crore. Reasons for excess expenditure over final grant were neither on record nor furnished by the department.

3.2.7.2 Loss due to non-collection of toll tax

Haryana Government declared (September 2003) Bahadurgarh-Jhajjar Road (State Highway No. 22) as toll road. Toll tax was to be collected by the Corporation either themselves or through contractors. A test-check of records of Provincial Division, Jhajjar revealed that collection of toll tax had not been started till March 2006.

The Sub-Divisional Engineer/staff deployed at toll plaza intimated the EE, Provincial Division, Jhajjar that vehicle owners were not ready to pay toll tax and sought police help at toll plaza to ensure tax collection. Though the EE concerned pursued the matter with the district administration and the Superintending Engineer, Rohtak circle, the police arrangements could not be made. The Corporation issued instructions (January 2006) that the divisions should refrain from taking police help on regular payment basis. Tax

Loss of
Rs 14.03 crore due
to non-collection of
toll tax

⁸ During 2000-06, the Corporation raised loan of Rs 268.25 crore from HUDCO for State Highways, of which Rs 264.04 crore were released to Engineer-in-Chief, Public Works Department (Buildings and Roads Branch), Haryana.

collection at this barrier which was estimated to be about Rs 11.23 crore in 2003-05 as approved, had however, not been started so far (June 2006), as a result toll tax to the extent of Rs 14.03 crore⁹ (October 2003 to March 2006) could not be collected.

3.2.7.3. *Deployment of PWD staff for collection of toll tax*

Government decided to levy toll tax at 32 notified points in the State for repayment of loan raised by the Corporation for improvement of roads and bridges. The toll tax was to be collected by the Corporation through contractors. Audit observed that during the period of renewal of contract, etc., the departmental staff of PWD (B&R) was deployed intermittently for collection of toll tax and was paid Rs 1.04 crore as pay and allowances during 2002-06. Since toll collection was the responsibility of the Corporation as the same was being credited to their account, the expenditure on salary of departmental staff deployed for collection of toll tax should also have been born by the Corporation. Besides, the divisions incurred expenditure on construction of toll barriers, printing of toll tickets and travelling expenses of the staff deployed on toll collection duty. However, neither the Department raised any claim on this account nor the Corporation paid to the Department.

Rs 1.04 crore towards salary of PWD staff deployed for collection of toll tax on behalf of the Corporation was not claimed

3.2.8 Implementation of contracts and execution of works

3.2.8.1 *Deficient agreements*

The terms of a contract should be precise and definite. There should be no room left for ambiguity or misconstruction therein. During test-check of records, it was noticed that the agreements with the contractors were executed on the basis of estimated costs worked out in DNIT despite the fact that estimated costs of the project, based on contractors' offered rates, were available with the divisions and could have been mentioned in agreement. Payment to the contractors against their bills were restricted to the amounts mentioned in the agreements till the approvals of higher competent authority were obtained for the extra cost of works i.e. over and above the agreement amount, due to contractors' quoted rates being higher than the departmental rates. Test checked cases of this type are brought out in **Appendix XX**. Such defective agreements lead to delay in settlement of contractors' bills thereby providing an excuse to the contractors to leave the works incomplete.

3.2.8.2 *Inadequate drainage system causing damage to the roads*

During test-check of records in Bhiwani, Hansi and Kaithal Divisions, it was noticed that six roads were improved/reconstructed without making adequate provision for raising of roads, drainage for accumulated water, etc. with the result the rain water and waste water from the adjacent places penetrated into metalled portion of roads from the sides stripping off bitumenous layers, causing heavy damage to the roads. The surface became slushy with numerous undulations on the riding surface leading to settling of the roads at

Inadequate drainage system led to additional expenditure of Rs 9.09 crore

⁹ Rs 14.03 crore worked out on proportionate basis.

many parts. This necessitated framing of new special repair estimates of Rs 8.62 crore and maintenance estimates of Rs 0.47 crore (*Appendix XXI*).

Further, despite huge damages to the roads in these districts, the department had neither made any provision for cross drainage nor any design consultancy was sought from any consultant to prevent such damages.

3.2.8.3 *Liquidated damages not levied*

Where a contractual agency failed to complete the work in accordance with the prescribed time schedule, penal action i.e. levy of liquidated damages under clause 2 of the contract agreement was required to be taken against the contractor. It was, however, noticed that in the cases discussed below, liquidated damages were not levied or recovered:

- In two cases (Sr. No. 6 and 10 of *Appendix XVIII*), the department did not levy liquidated damages of Rs 13.79 lakh for the delay in completion of works. Instead allowed time extension on the grounds like shortage of labour in crop season, shortage of bricks and dismantling of old open type drain, etc. which do not qualify for extension of time. These facts could have been foreseen as these were already in the knowledge of the department as well as the contractor at the time of entering into the contract. Similarly, in another four cases (Sr. No. 1 to 4 of *Appendix XVIII*) though the department did not grant extension of time, liquidated damages amounting to Rs 32.45 lakh (i.e. maximum upto 10 per cent of the estimated cost) were also not levied.
- The EIC allotted the work 'Periodic maintenance of Budhlada-Ratia-Fatehabad-Bhattu-Bhadra Road (67.51 km) to an Ahmedabad based firm in December 2000 at a contract price of Rs 10.74 crore with the condition to reach milestone-I i.e. up to 37 km by 10 August 2001 and the entire work by 10 December 2001. Liquidated damages were to be levied for not adhering to time schedule for milestone-I at Rs 0.78 lakh per day and for whole work at Rs 1.17 lakh per day subject to a maximum of 10 per cent of contract price.

The firm failed to complete the work within stipulated period. The EIC granted extension in time upto 25 December 2001 for milestone-I and upto 31 March 2002 for the entire work on the grounds of not handing over complete site in time to the contractor, earthquake in Gujarat, non-availability of labour due to harvesting season, delay in payment of mobilisation advance, etc. The firm failed to complete the work even upto extended period and sought extension for milestone-I upto 15 May 2002 and for the whole work upto 31 July 2002 on 12 different grounds including the ones on which extension was sought earlier also. The EIC granted extension, although six reasons were not found justifiable by the division/circle. The work was completed by 31 July 2002. Second extension was not justifiable as weather conditions, labour shortage during harvesting seasons, etc. were not unforeseeable events. Thus, due to unjustifiable extension, liquidated damages of Rs 1.07 crore (10 per cent of contract price) could not be recovered from the firm.

- The EIC entered into an agreement with a contractor in June 2004 for construction of two lane bridge on Western Jamuna Canal in km 20 of Karnal-

The divisions concerned did not levy liquidated damages of Rs 46.24 lakh

Irregular time extension led to liquidated damages of Rs 1.07 crore not being levied

Ramba-Indri-Ladwa road at Indri town in Karnal district at an estimated cost of Rs 3.73 crore. The work which was to be completed by 20 April 2005 was executed by Provincial Division-I, Karnal. As per the agreement, the bidder was to take into account generally free flowing canal water conditions in order to arrive at bid price and the methodology of construction in such a manner that the canal regime width was not blocked to obstruct free flow of canal water and any extension of time was not allowable on this account.

As the contractor could complete only 70 per cent of the work by May 2005, the EE recommended to the SE, Karnal Circle for suitable action against the contractor in December 2005. However, SE failed to take any decision as of June 2006, as a result of which penalty of Rs 37.33 lakh (10 per cent of contract agreement) could not be levied so far.

Liquidated damages of Rs 30 lakh not levied despite slow progress of work

- The State Government entered into an agreement with a Mumbai based firm in September 2002 for construction of additional two lane road overbridge at level crossing No. 95-B on Delhi-Ambala Rail line at Kurukshetra, with private financing and toll rights on BOT basis at an estimated cost of Rs 13.86 crore. The construction was required to be completed by 9 April 2004. The firm was authorised to collect toll and retain the amount during the concession period from 10 January 2003 to 25 November 2010. Further, in case of failure in achieving the required progress work and in opening the road to traffic within prescribed time limit, the contractor was to pay liquidated damages at the rate of 0.5 per cent of the project cost per month, subject to maximum upto security deposit amount of Rs 30 lakh. Though the work was still incomplete as of June 2006, the department had not levied liquidated damages even though the EE had recommended (June/July 2004) penalty to the SE.

The Superintending Engineer unauthorisedly deferred the recovery of liquidated damages of Rs 1.26 crore

- The contractual agencies failed to complete the work within the stipulated period in two cases in Provincial Division-II, Sirsa and Fatehabad. Therefore, the concerned EEs invoked provisions of clause 2 of the contract agreement by levying liquidated damages of Rs 1.26 crore, but the recovery of this amount was deferred by the concerned SEs up to March 2006 though he was not competent to defer the recovery as per clause II of the agreement. The contractor has not completed the work even up to June 2006. Thus, deferment of penalty by SE was unauthorized and irregular. Neither the works had been completed nor recoveries made from the contractors as of June 2006.

3.2.8.4 Execution of works without technical sanctions

Para 2.89 of the PWD Code provides that before the commencement of works, detailed cost estimates should be technically sanctioned by the competent authority after satisfying that the proposals are structurally sound and estimates are correct. Test-check of records revealed that eight¹⁰ divisions spent Rs 89.75 crore¹⁰ against 23¹⁰ road improvement works during 2002-06 without getting the estimates technically sanctioned, which was irregular.

¹⁰ Provincial Divisions, PWD (B&R), Bhiwani (3 works): Rs 20.82 crore; Charkhi Dadri (1 work): Rs 1.10 crore; Fatehabad (4 works): Rs 19.24 crore; Hansi (1 work): Rs 5.62 crore; Jhajjar (7 works): Rs 22.53 crore; Kaithal (3 works): Rs 13.27 crore; Karnal (2 works): Rs 6.11 crore and Sirsa (2 works): Rs 1.06 crore.

Thus, these works were taken up by the EEs without ensuring soundness of structures and correctness of estimates. Obtaining technical sanction at this stage would be merely a formality rather than serving the intended purpose.

3.2.8.5 *Paved shoulders on both sides on State Highways not constructed*

As per specifications for improvement (mini upgradation) of State Highways indicated in the project report (September 1999) for raising loan from HUDCO, one metre wide paved shoulders on each side of the State Highways (793.42 km during phase III and IV) were required to be constructed to protect the metalled portion of the roads from penetration of rain water from road sides and to serve as footpath for the public. Test-check of the records of the divisions revealed that neither any provision for paved shoulders was made in the work estimates nor the same were actually constructed though provided in HHU project report, as a result of which not only the public was deprived of the facility of good footpaths on road sides but also has the possibility of seepage of rainwater from the sides of metalled portion of roads. Reasons for non-construction of paved shoulders were neither available on record nor intimated by the department.

3.2.8.6 *Contractor not allowed to start the work*

To increase Inter-State freight transport between Haryana and Rajasthan, metalled width of the 'Hansi-Tosham-Behal-Sodiwas road' was proposed to be widened to seven metres by the Bhiwani and Charkhi Dadri Divisions.

Government accorded administrative approval (October 2004) for Rs 17.76 crore and accordingly tenders were invited in two parts from km 138.40 to 178.50 (estimated cost Rs 9.99 crore) by Bhiwani Division and from km 178.50 to 201.900 (estimated cost Rs 6.12 crore) by Charkhi Dadri Division and the works were allotted to the same contractor in April 2005 and July 2005 respectively.

The contractor, however, was not allowed to start work as per Financial Commissioner and Principal Secretary's verbal orders (orders brought on record in September 2005). Apprehending legal complications, the Engineer-in-Chief proposed (October 2005) to the Financial Commissioner to allow them to start the work but no reply was found on record. Validity of both the contract agreements expired in January 2006. The agreements were also not terminated.

As the work could not be started, the contractor claimed (January 2006) refund of earnest money (Rs 12.24 lakh) with 15 per cent interest and an additional amount equivalent to 10 per cent of the agreement amount towards contractor's profit from Provincial Division, Charkhi Dadri. Possibility of similar claims in Bhiwani division could also not be ruled out. The work has not been awarded to any other contractor so far. As the width of this road was not widened, the purpose of providing Inter-State freight transport facility was not achieved.

The EE, Provincial Division, Charkhi Dadri replied (March 2006) that matter had been referred to higher authorities and final decision would be intimated in due course.

3.2.8.7 *Delay in starting Bridge construction work*

The bridge on Hansi branch canal crossing (RD 18.5) on Kond-Munak-Salwan-Assandh road constructed by Irrigation Department, being old, was completely damaged, as a result of which the traffic was diverted to other village roads from November 2004.

In May 2005, the Government decided that the bridge would be constructed by PWD (B&R). Accordingly, rough cost estimate was administratively approved by Government in August 2005 for Rs 1.31 crore. After three months of the approval, the EE, Provincial Division-II, Karnal awarded (November 2005) the work for preparation and presentation of a project report including survey and investigation to a Delhi based private consultant at a cost of Rs 4.99 lakh. Though the Project Report was to be received within three months, it had not been received from the consultants so far (June 2006). Despite the Government's direction (23 March 2005), the work had not been taken up as of June 2006. Non-taking up the bridge work resulted in diversion of heavy traffic to rural roads causing damages as rural roads were not strong enough to bear the load of heavy traffic of refinery and bottling point located at Panipat. Besides, proper connectivity between towns and villages of both sides of Hansi branch canal could not be provided.

3.2.8.8 *Termination of consultancy service midway*

The EE, Provincial Division-I, PWD (B&R), Gurgaon appointed a Delhi based consultant in December 2003 for providing consultancy service for construction of elevated Highway on Gurgaon Mehrauli Road at Sikandarpur Chowk to facilitate free uninterrupted flow of traffic and for evolving urban transportation plan for the surrounding areas at an agreed cost of Rs 25.03 lakh (including service tax). The consultant was to complete the job within 3½ months i.e. up to 31 March 2004 and payments were to be released in five instalments.

Based on the decision taken in August 2004 at a Committee Meeting under the Chairmanship of the Principal Secretary to the Chief Minister, the EE terminated the agreement in October 2004 without assigning any reasons. Till then the consultant had covered first two stages for which Rs 6.99 lakh (January 2004: Rs 2.33 lakh and March 2004: Rs 4.66 lakh) were paid to him. Since, the agreement was terminated and the consultant did not submit final detailed project report, the expenditure incurred for the first two stages of the consultancy job was rendered unfruitful.

3.2.8.9 *Cost of removing defects in road work not recovered from contractor*

Rupees 16.68 lakh towards cost of removing defects in road works was not recovered from the contractor

In Provincial Division, Hansi, the work for periodical maintenance of Jind-Mundhal-Bhiwani Road was allotted (July 2002) to an Ahmedabad based firm which was damaged at various reaches even before the work was completed. The division asked the agency to remove the defects but the agency did not do so. To keep the road traffic-worthy, the division got the repairs done departmentally at a cost of Rs 16.68 lakh. It was made clear in April 2004 by the Superintending Engineer, Hisar Circle that during discussion in March 2004, the agency had shown unwillingness to repair the road but promised to pay the cost of repair work from their pending dues. The SE also called for (June 2004) the details of repair expenses from the division but no further correspondence was available on record. Final bill of the agency (bill No. 11 for Rs 83.44 lakh) was paid in September 2004 without deducting Rs 16.68 lakh incurred by the division on repair of damaged road. No specific reasons/orders of the competent authority were found on record for non-deduction of the amount.

3.2.8.10 *Use of lower grade bitumen in State Highways works*

The EIC, PWD (B&R), Haryana issued (February 2002) instructions that 80/100 grade bitumen was to be used for construction/repair works of village roads while 60/70 grade bitumen was to be used in all its operations for National/State Highways. Contrary to these instructions, it was noticed that in 3 divisions (Bhiwani, Fatehabad and Hansi), 80/100 bitumen had been provided in the DNIT/Agreements for State Highways works. Bituminous works valuing Rs 7.08 crore (*Appendix XXII*) were, therefore, taken up with lower grade bitumen in violation of departmental instructions which is likely to affect the crust strength of the roads over a period.

3.2.8.11 *Unauthorised change in specifications*

In Provincial Division, Naraingarh, the work of periodic maintenance of Sadhora-Naraingarh-Raipur Rani-Mouli Road (length 38 km) was awarded (August 2002) to a Delhi based contractor for Rs 7.50 crore with intended date of completion as 15 September 2003. The work of Semi Dense Bituminous Concrete (SDBC) on prepared surface (approximate cost Rs 1.80 crore) was to be carried out with Crumb Rubber Modified Bitumen (CRMB) content. However, the Chief Engineer (HHUP) allowed (through verbal orders) the use of 60/70 grade bitumen instead of CRMB. The Engineer-in-Chief did not approve the change of specification and matter was under investigation. Thus, the work was not carried out in accordance with the prescribed specifications and the desired road crust strength could not be achieved. The Executive Engineer concerned intimated that the final decision had not been received (June 2006).

3.2.9 Procurement of material

3.2.9.1 Loss due to failure to include sales tax clause in the contract document

Loss of revenue of Rs 42.32 lakh due to failure to include sales tax clause in the contract document

Under the provisions of Haryana General Sales Tax Act 1973, sales tax on bitumen was leviable at the rate of 10 per cent. In a meeting of Superintending Engineers and Executive Engineers held in August 2001 under the Chairmanship of the Financial Commissioner and Secretary to Government of Haryana, PWD (B&R) Department, it was decided that where the contractors were arranging bitumen at their own level and were paying sales tax at the rate of four per cent, the difference of six per cent would be recovered from their bills. It was also decided that it would be made clear to the contractor in advance and every tender case was to be supported with such undertaking from the concerned agency/contractor.

It was noticed during test-check that in Provincial Divisions, Kaithal and Karnal, the agencies/contractors purchased 5,190.57 MT bitumen during 2002-05 and paid sales tax at the rate of four per cent in case of three¹¹ works but the department failed to recover the difference of six per cent as no such clause for recovery was inserted in the contract agreements/allotment letters of the contractors concerned. This not only led to weak contract management but also caused financial loss of Rs 42.32 lakh to the Government.

3.2.9.2 Supply of portland pozzolona cement instead of ordinary portland cement

Cement worth Rs 23.57 lakh was accepted which was not as per specifications

The Department was using ordinary portland cement for construction of cement concrete (CC) roads. As portland pozzolona cement (PPZ) contains thermal ash content, its use had not been allowed for works executed by PWD. Entire requirement of cement was purchased through the Director, Supplies and Disposals (DS&D), Haryana. The supply orders placed by the Director, DS&D in July 2004 with the supplier agency were for 43 Grade ordinary portland cement (OPC).

It was noticed during audit that, M/s Birla Cement Corporation supplied 19,320 bags (966 MT) of PPZ (which had thermal ash content) valuing Rs 23.57 lakh during September-December 2005 to Provincial Division, Jhajjar instead of Ordinary Portland Cement ordered by the department. The cement was accepted by the division concerned in violation of the terms and conditions of supply order.

3.2.9.3 Purchase of cement at higher rates

Extra expenditure of Rs 19.37 lakh incurred on Purchase of cement at higher rates

The Director, Supplies and Disposals, Haryana, placed orders for supply of 43 grade OPC with M/S Birla Cement Corporation on 15 July 2004 and subsequent supply orders at a rate of Rs 122 per bag. As specified in this

¹¹ Provincial Division, PWD (B&R), Kaithal: (i) Periodical maintenance of Kaithal-Patiala road (Rs 22.59 lakh); (ii) Maintenance of Kaithal-Khanauri road: (Rs 3.52 lakh). Provincial Division, PWD (B&R), Karnal: (iii) Periodical maintenance of Karnal-Ladwa-Shahbad road (Rs 16.21 lakh).

general supply order, PWD divisions concerned were required to place supply orders with the firm supported with photocopy of bank drafts towards 100 per cent cost of cement ordered. The initial rate contract was valid up to 31 July 2005 (extended to November 2005 in September 2005). Expecting escalation in cement rates, the EIC, PWD (B&R) in July 2005, directed all the SEs to send bank drafts for maximum quantity of cement to the firm to secure supply of balance quantity of cement. However, the divisions prepared bank drafts and sent their photo-copies for the supply of 44,246.40 MT cement against the allocated quantity of 53,468 MT i.e. short by 9221.60 MT upto November 2005. Resultantly, the department had to purchase cement at higher rates i.e. Rs 132.50 to 136.00 per bag during the period from July to November 2005 from other suppliers. The department could have saved Rs 19.37 lakh (on 9,221.60 MT), had they placed supply orders for the entire allocated quantity against earlier supply orders placed with the firm.

3.2.10 Impact assessment

Haryana is a predominantly agrarian economy. A reliable system of roads is, therefore, essential for its socio-economic growth. The accessibility to various service institutions/areas is, therefore, vital. Haryana had road length of 133.4 kms per lakh population and 63.8 kms per 100 square km area in the year 2001-02 which was far less than that of all India (238.8 kms per lakh population and 77.6 kms per 100 square kms area) and adjoining State of Punjab (252.6 kms per lakh population and 122.2 kms per 100 square kms area). The department constructed new roads over a length of only 248 kms during 2002-06. However, despite spending huge funds, metalled road length per lakh population decreased to 108 kms in 2004-05 from 109 kms in 2001-02. Thus, there was much scope for construction of new roads in the State. Further, there was a declining trend in arrival of agriculture produce in markets during the period 2001-05. It was noticed that 108.41 lakh tonnes agriculture produce arrived in markets in the year 2004-05 as compared to 118.82 lakh tonnes in 2001-02 i.e. decrease by nine per cent.

During 2001-02, 7,419 road accidents occurred, involving 8,417 vehicles due to which 2,636 persons were killed. However, in 2004-05 the number of road accidents increased to 9,502, involving 10,698 vehicles, as a result of which 3,415 persons were killed. Thus, the objective of providing safe and smooth riding facility through good quality roads was not achieved.

3.2.11 Conclusions

The main objectives of construction, improvement of State Highways, district roads and bridges were to provide connectivity between various towns/cities and smooth/free flow of traffic. Though connectivity between towns/cities in the State had improved considerably, the objective of good quality roads was not fully achieved.

There were deficiencies in plan formulations such as taking up of works without getting clearance from Forest Department, without site survey and legal acquisition of land. The works also got delayed due to delay in procurement of material and removal of encroachment on land, etc.

There were cases of damage to roads due to improper drainage system, non-levy of liquidated damages on contractors for delay/non-completion of works, execution of works without technical sanctions, etc. Further, there were cases where lower grade bitumen was used for State Highways works and specifications for road works were changed without requisite authorisation affecting the quality of roads. There were cases of loss of revenue due to non collection of toll tax on Bahadurgarh-Jhajjar road and non-inclusion of sales tax clause in the contract document. Instances also came to notice of procurement of cement at higher rates and acceptance of cement which was not as per specifications indicating flaws in the procurement system.

Lack of good quality roads affected arrival of agriculture produce in markets which showed a declining trend during 2002-05 in comparison to 2001-02. Besides, road accidents had been increasing every year. Construction of new roads was not given due consideration despite decrease in length of roads per lakh population which was lower than all India figures.

3.2.12 Recommendations

Based on this Performance Audit, the following recommendations are made:

- The planning process should be strengthened to take into account inputs like land acquisition issues and clearances from relevant departments before commencement of works;
- It should be ensured that quality of material and works specifications are not changed without requisite authorisation to ensure that quality of roads are not affected;
- Government should follow the procedure prescribed in the Land Acquisition Act, 1894 for acquisition of complete stretch of land before taking up the works to avoid missing links and incurring extra expenditure;
- A system should be put in place to ensure collection of toll tax at toll barriers; and
- The department should enforce the contractual provisions in regard to levy of liquidated damages strictly besides evolving a system to examine reasons for delay in completion of works and ensure that unwarranted extensions are not granted.

These points were demi-officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Public Works Department (Buildings and Roads Branch) in July 2006; reply had not been received (July 2006).

Revenue Department (Mewat Development Agency)

3.3 Working of Mewat Development Agency

Highlights

Mewat Development Agency (MDA) was established with the objective to bring about improvement in economic and social conditions of the people of Mewat area through implementation of schemes/programmes formulated by Mewat Development Board. A review study of activities of MDA brought out significant weaknesses in planning, financial management and implementation of various schemes/programmes. There were cases of schemes taken up without proper survey, delays in completion of works, abandonment of schemes midway, diversion of funds, wasteful expenditure on partial implementation of schemes and non-utilisation of assets. There was hardly any improvement in the development of education and health sector as women literacy rate was low, drinking water supply and health infrastructure continued to be inadequate. The programme/schemes were neither monitored properly nor was the extent of impact on social and economic status of the people in Mewat area evaluated.

- **The Board failed to recover beneficiaries share of Rs 2.20 crore in the absence of a policy.**

(Paragraph 3.3.5.1)

- **An expenditure of Rs 2.82 crore was incurred on running of schools which were neither recognised by the Education Department nor affiliated to any School Education Board.**

(Paragraph 3.3.7.3)

- **Failure to complete civil works within the prescribed time frame deprived the State Government of the benefit of assistance of Rs 3.75 crore from International Fund for Agriculture Development.**

(Paragraph 3.3.7.1)

- **Of the 637 hectare land reclaimed at a cost of Rs 50.79 lakh, only 27 hectare land had been handed over to landless farmers on lease basis and balance 610 hectare had not been handed over as of June 2006.**

(Paragraph 3.3.8.1)

- Women literacy rate in Mewat ranged between 15.02 and 34.55 per cent which was very low in comparison to 55.7 per cent at State level during 2004-05.

(Paragraph 3.3.9.2)

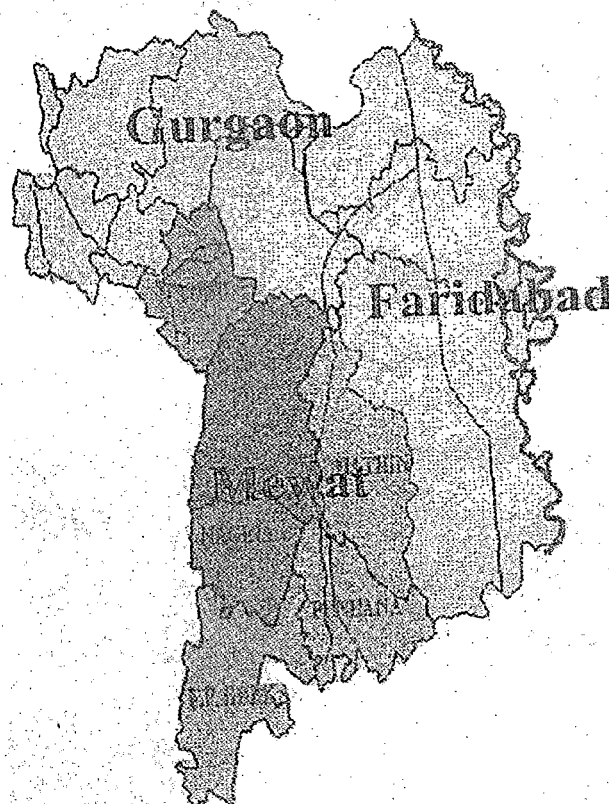
- Mewat Development Agency had never got implementation of the schemes evaluated to assess the extent of improvement brought about in the economic status and social well being of the people of the area.

(Paragraph 3.3.11)

3.3.1 Introduction

The Mewat area has an uneven topography of plain and undulated patches of land dotted with hills and hillocks of Aravali mountain range. Mewat is predominantly rural in its demography, covering an area of 1,874 sq km. The population of nearly 10.21 lakh people inhabit 491 villages and five towns of six blocks comprising Ferozpur Zhirka, Nagina, Tauru, Nuh and Punhana blocks of Gurgaon district and Hathin block of Faridabad district. The main occupation of the people is agriculture or agro-based activities. Mewat has remained a region of backwardness even after independence. The area lags behind the rest of Haryana on almost every yardstick of development indices.

As per 2001 census, women literacy rate in Mewat area was 24.26 per cent (2.13 per cent for Meo women) in comparison to State's literacy rate of 49.77 per cent. Further, infant mortality rate in rural areas in Gurgaon district (including five blocks of Mewat area) was 14.7 per thousand while it was 9.8 per thousand for the State. In Health Sector, Mewat area had an infrastructure of 4 Community Health Centres (CHCs), 15 Primary Health Centres (PHCs) and 76 Sub-Centres at the beginning of 2001-02 which did not undergo any expansion/development till 2005-06.



For the development of Mewat area, State Government constituted Mewat Development Board (The Board) in January 1980. From April 2005, the State Government carved out a new district namely Mewat district comprising of all these six blocks. The Board functioned under the Chairmanship of the Chief Minister and was responsible for making policies, formulation and review of implementation of various developmental schemes in the area. Mainly the schemes relating to soil and water conservation, irrigation, training in off farm activities, education, rural water supply, community development, etc. were being implemented. Mewat Development Agency (MDA) was established (January 1980) for implementing schemes/programmes approved by the Board and to keep a watchful eye on their progress at field level regularly.

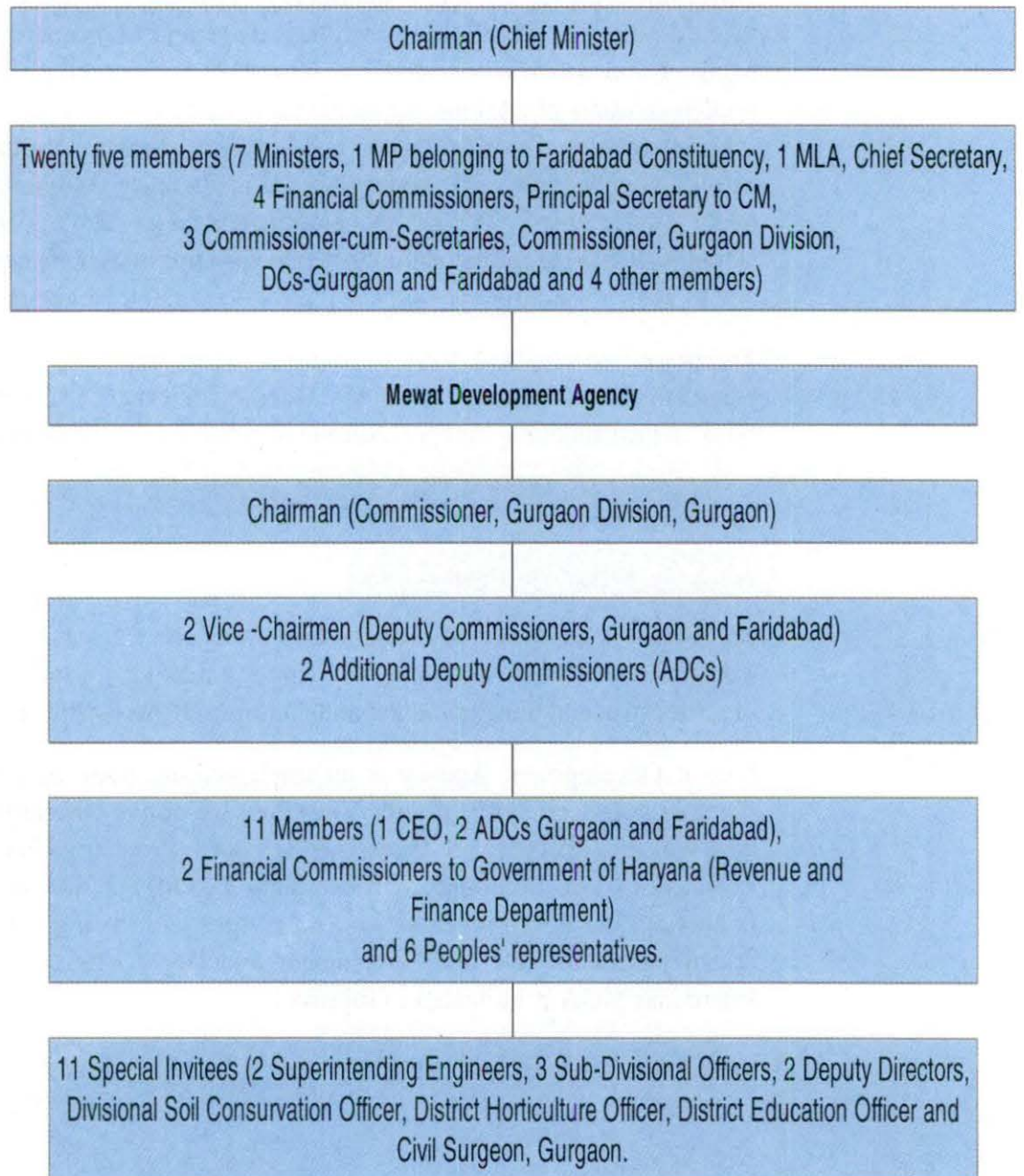
The objectives of MDA were to improve the economic status and social well being of people of the area; promote greater self-reliance on sustainable basis; and broaden the availability of the economic opportunities to the people of the area.

3.3.2 Organisational set up

The Board is an apex body functioning under the Chairmanship of the Chief Minister which has overall charge of policy making, formulation and review of various special developmental and welfare schemes in the area.

Mewat Development Agency is an implementing body of the programmes/schemes approved by the Board. The Chief Executive Officer (CEO), MDA is head of the office, who is assisted by one Project Officer, one Project Economist, one Accounts Officer and 22 Ministerial and other staff. Execution and developmental works/activities were being carried out by the line departments and non-Government agencies. The composition of the Board and MDA is indicated as follows.

Mewat Development Board



3.3.3 Audit objectives

The review of the working of MDA was undertaken for assessing the extent of development brought about in Mewat area. For this purpose, the following audit objectives were adopted to assess:

- Efficacy of planning for various development programmes/schemes;
- Utilisation of funds as per approved plans;
- The efficacy in implementation of schemes;

- Utilisation and maintenance of infrastructure created;
- The extent of improvement in sectors such as women and child health care, female literacy and availability of drinking water; and
- Evaluation and monitoring system.

3.3.4 Audit methodology

Out of total expenditure of Rs 82.40 crore incurred during 2001-06 (civil works Rs 30.36 crore and other components Rs 52.04 crore), records for expenditure of Rs 52.44 crore (64 *per cent*) were test checked in detail in the offices of MDA, Nuh, Public Health Divisions, Nuh and Sohna and Water Services Division, Gurgaon during January to June 2006.

Besides, the records relating to planning, survey, setting up of targets and achievements thereagainst, financial management, utilisation of created assets, impact on upliftment in standard of living, internal control system, etc. were also test checked.

Before taking up the performance audit, a meeting was held in January 2006 with the Chairman and CEO of MDA at Gurgaon and were informed about the audit plan, audit objectives, etc.

Audit findings

3.3.5 Planning of schemes

3.3.5.1 Policy for recovery of Beneficiaries' share not formulated

According to loan agreement with Government of India (GOI) and International Fund for Agriculture Development (IFAD), participating farmers were to contribute 3.2 *per cent* of total project outlay. Accordingly, the Board decided in its 18th meeting (March 2002) to recover contribution from the participating farmers from April 2002 onwards. An amount of Rs 2.20 crore (3.2 *per cent* of total project outlay of Rs 70.19 crore) was recoverable from the participating farmers but no amount had been recovered so far (March 2006). The Board had not formulated any policy regarding the manner in which the amount was to be recovered from the beneficiaries.

Thus, non-formulation of policy for recovery of farmers' share resulted in non-recovery of Rs 2.20 crore from beneficiaries.

3.3.5.2 Non-preparation of layout plans

The Board in its 13th meeting (December 1996) approved construction of MDA complex at Nuh and sanctioned Rupees one crore from State funds

Due to non-formulation of policy, Rs 2.20 crore could not be recovered from beneficiaries

Rupees 50 lakh remained blocked for over four years due to lack of proper planning

under ongoing schemes for construction of office building, residence of CEO and staff quarters at Nuh. Against the sanctioned amount of Rupees one crore, an amount of Rs 50 lakh was released to MDA in 1998-99. The MDA requested (August 1999) the Executive Engineer, Provincial Division, Public Works Department (PWD), Buildings and Roads (B&R), Nuh to prepare layout plan and estimates for the complex.

Test-check of records of Provincial Division, PWD (B&R), Nuh revealed that the Division had never prepared estimates and layout plan of the complex and the amount remained unutilised for more than four years from 1998-99 to 2003-04 (upto September 2003). This amount was diverted (September 2003) to Public Health Department for implementation of schemes for augmentation of drinking water, harvesting and recharging components with the approval of the governing body of MDA.

Thus, due to lack of planning, Rs 50 lakh remained blocked for more than four years.

3.3.5.3 Implementation of scheme without proper survey

Implementation of scheme without proper survey led to wasteful expenditure of Rs 52.08 lakh

Mewat Development Agency proposed in 2004-05 to install 90 television dish antennae in six blocks (15 antennae in each block). The scheme was to be implemented through Non-Government Organisations (NGOs) who after installation of antennae were required to hand over the infrastructure to village level Self Help Groups (SHG) Federations. The contractors of cable operating system were to collect Rs 35 per connection from the SHG members and Rs 75 from the non-SHG members. The SHG Federations were required to pay back 75 per cent of total expenditure to MDA in yearly instalments at the rate of Rs 10,000 and the contractors were required to pay 25 per cent of the profit to SHG Federations. The scheme aimed at disseminating information on marketing facilities, latest farming techniques to farmers and provide access and exposure to the fast growing electronic world.

The CEO, MDA constituted (November 2004) a Committee for the purchase of television dish antennae, which recommended (December 2004) a Delhi based firm out of seven quotations received. Accordingly, 70 dish antennae were purchased (December 2004) at a cost of Rs 52.08 lakh against projected requirement of 90.

It was noticed (June 2006) that the scheme was not running successfully and no revenue was being generated from the scheme. Most of the villagers had black and white TV sets which could not catch all the channels as the network of dish antennae was weak and did not cover the entire village/town. Villagers were not financially sound enough to pay connection fee, etc. Further, no communication expert was involved in the purchase committee to look into the technical aspects of the system. Had the scheme been implemented after conducting proper survey, scheme could have been evolved so as to ensure fulfilment of its objectives. In absence of this, expenditure of this Rs 52.08 lakh was incurred on the scheme which had remained non-functional. The CEO, MDA stated (June 2006) that efforts would be made to make the system functional in future.

3.3.6 Financial management

3.3.6.1 Financial outlay and expenditure

For the implementation of schemes/programmes, State Government released funds to MDA in the form of grants-in-aid. A special programme, called Mewat Area Development Project (MADP), was implemented from 1995-96 for which external aid was provided by International Fund for Agriculture Development (IFAD) under a loan agreement between Government of India (GOI) and IFAD, Rome (Italy). Project cost was to be shared between GOI, State Government and beneficiaries in the ratio of 67.1:29.7:3.2. The State Government allocates funds in its annual budget to meet the annual requirement of expenditure for the project as estimated in the annual work plans. The Director, Agriculture, Haryana is responsible for drawing funds from State Government Account for releasing to MDA which in turn releases these funds to various implementing agencies including line departments. MDA submits the expenditure account directly to GOI (with copy to Haryana Government) which reimburses the amount (from special loan account) to the extent found eligible under IFAD agreement. During 2001-06, Rs 35.08 crore were reimbursed by GOI from IFAD loan. Besides, GOI released funds amounting to Rs 2.94 crore for implementation of Integrated Wasteland Development Programme (IWDP) and Rs 2.89 crore for Area Intensive Programme for Educationally Backward Minorities during 2001-06.

Budget estimates were prepared considering the physical targets projected in the Annual Work Plans. Budget provisions and expenditure during 2001-06 under various schemes were as under:

	(Rupees in crore)					
	2001-02	2002-03	2003-04	2004-05	2005-06	Total
Mewat Area Development Project (funded through IFAD loan)						
Budget provision	16.00	20.54	8.00	1.91	-	46.45
Expenditure	22.19	17.93	7.79	7.56	-	55.47
Other on going Schemes¹ (funded by State Government)						
Budget provision	3.50	4.25	4.35	3.65	8.00	23.75
Expenditure	1.60	2.32	5.67	5.01	6.90	21.50
Integrated Wasteland Development Programme (funded by State Government and GOI)						
Budget provision	-	1.48	-	0.73	0.73	2.94
Expenditure	-	0.55	0.91	0.68	0.45	2.59
Area Intensive Programme for Educationally Backward Minorities (funded by GOI)						
Budget provision	2.50	-	-	0.39	-	2.89
Expenditure	2.49	-	-	0.22	0.13	2.84
Total						
Budget provision	22.00	26.27	12.35	6.68	8.73	76.03
Expenditure	26.28	20.80	14.37	13.47	7.48	82.40

¹ Other schemes were State funded schemes pertaining to education, health, irrigation, housing, public health, agriculture and community works.

Excess expenditure over budget provision under MADP during 2001-02 and 2004-05 was met from unspent balances of Rs 9.39 crore carried over from prior to 2001-02.

3.3.6.2 *Diversion of funds*

Under Area Intensive Programme for Educationally Backward Minorities, GOI, approved Haryana Government's proposals (prepared by MDA) for Rs 5.69 crore for construction of school buildings in Mewat area in the year 2001-02.

First instalment of Rs 2.50 crore was received in 2001-02 by MDA. Out of this grant, the CEO, MDA, released Rs 18.96 lakh in November 2002 to ASCO, Palwal for land filling in Mewat Model School (MMS), Hathin, which was not a part of programme. Out of this, ASCO, Palwal spent Rs 18.03 lakh on land filling which contravened the conditions of grant released by GOI.

3.3.6.3 *Irregular expenditure on salaries*

Mewat Area Development Project (MADP) was funded through IFAD loan, State Government and beneficiaries share. As laid down in the agreement for IFAD loan, the expenditure on salaries was to be excluded from the operational cost of the Project. Thus the expenditure on salary of staff taken on deputation from the line departments should have been borne by the line Departments and not by MDA out of MADP funds. Contrary to this, the Board decided (September 1997) to deploy the staff of Assistant Soil Conservation Officer (ASCO), Ferozpur Jhirka on deputation basis with MDA, exclusively for taking up MADP works and spent Rs 87.11 lakh on their salary during 2001-05 in deviation of the terms and conditions of the loan agreement which was irregular.

The CEO, MDA stated (April 2006) that the decision to depute the ASCO staff with MDA was taken in the Board meeting and hence the expenditure was regular. The reply was not acceptable, as the expenditure on staff salary was not chargeable to MADP funds as per terms and conditions of the loan agreement.

Rupees 87.11 lakh were spent on salaries in violation of terms and conditions of IFAD

3.3.7 **Implementation of schemes/programmes**

3.3.7.1 *Loss of IFAD assistance due to delay in execution of works*

Management of IFAD accorded approval in March 2003 for extension of the MADP from 31 March 2003 to June 2005 subject to the condition that no civil works would be executed during the extended period.

It was noticed that departments executing civil works (i.e. Public Health, Irrigation; Agriculture, etc.) did not complete civil works within the project period i.e. by 31 March 2003. A large number of works were completed during the extended period (2003-05) by spending Rs 5.59 crore. Since the expenditure was incurred after the stipulated period, IFAD did not accept the expenditure as eligible for releasing their share of Rs 3.75 crore (i.e. 67.1 per cent of Rs 5.59 crore). Had MDA planned and monitored the execution of works properly and completed the works within the original

Delay in execution of works resulted in non-availing of the IFAD assistance of Rs 3.75 crore

project period, the State Government could have availed of the benefit of this financial assistance from IFAD. Thus, delay in execution of works deprived MDA of IFAD assistance.

3.3.7.2 *Wasteful expenditure on incomplete pre-schooling education*

Failure to complete the pre-schooling programme resulted in wasteful expenditure of Rs 43.31 lakh

Keeping in view the existing conditions of government schools, quality of education, apathy of the community towards education and high dropout rate in primary schools, MDA decided to start Child Development Programme (CDP) in Mewat area during 2001-02.

Main objective of CDP was to prepare children for formal schooling in the age group of 4-11 years who were out of schools and to minimize the high dropout rate in the schools at primary level. For this, MDA planned to start 60 centres with 60 children for each centre (10 centres in each block). The first batch was to commence from July 2004 and education was to be provided upto December 2004. After completion of 6 months preparatory education at these centres, the children were to be enrolled in Class I in regular schools.

It was noticed in Audit that to prepare 3,600 kids for formal schooling, budget provision of Rs 46.50 lakh was approved in 2004-05 and 60 CDP centres were started from July 2004. In addition to this, MDA planned to start another set of 60 CDP centres to prepare 3,600 more children for formal education. Mewat Development Agency started 120 centres from October 2004 after closing existing 60 operational centres in September 2004 midway after three months on which an expenditure of Rs 43.31 lakh was incurred from July 2004 to September 2004. Scrutiny of attendance records of these children in schools revealed that dropout rate of students who got preparatory education for three months ranged between 60 and 65 per cent, whereas dropout rate was only 5 per cent in respect of children who got preparatory education for six months. Thus, the children who got preparatory education for three months could not be trained and sensitised properly as the programme was designed for six months. Closing of centres midway was thus injudicious and expenditure of Rs 43.31 lakh remained largely wasteful.

The CEO, MDA stated (November 2005) that the first batch was discontinued to prepare more students for pre-schooling. Reply was not acceptable as the syllabus for pr-schooling was for six months and could not be covered in three months.

3.3.7.3 *Irregular expenditure on running of unrecognised schools*

Irregular expenditure of Rs 2.82 crore was incurred on running of unrecognised schools

According to Haryana Education Code, the schools were required to be recognised from competent authority of Education Department to maintain standard of education and other relevant facilities for all round development of students. Haryana School Education Rules, 2003 further laid down that no school in the State was authorised to function, establish or start classes without the prior approval of the Director, Education Department.

It was noticed that three² Mewat Model Schools (MMS), which were being run out of State Government grants, were neither recognised by the competent

² Punhana, Nagina and Hathin.

authority of Education Department nor affiliated to any School Education Board. However, MMS, Punhana was provisionally recognised by Director, Secondary Education, Haryana only with effect from April 2005. A sum of Rs 2.82 crore³ was incurred by these schools during 2001-06 (MMS, Punhana upto 2004-05).

Providing financial aid to unrecognised schools was irregular. Besides, standard of education and other relevant facilities, as envisaged in Haryana Education Code, provided to students could not be ascertained in the absence of recognition of schools by Education Department.

3.3.7.4 Delay in completion of works

As per administrative approval accorded by MDA for execution of works, the works were to be completed within three to six months from the date of administrative approval.

Thirteen MADP works were got executed through Executive Engineers, Public Health Divisions (PH), Nuh and Sohna at a cost of Rs 3.50 crore against the estimated cost of Rs 2.25 crore during 2001-06. Delay in execution of works ranged between 4 and 39 months from the date of administrative approval as per details in *Appendix XXIII*. The delay was attributed (June 2006) by Executive Engineers concerned mainly to non-availability of material and shortage of field staff with the divisions concerned besides non-handing over of sites by village panchayats. The PH Divisions met the excess expenditure over estimates by diverting funds from other sanctioned works without obtaining revised administrative approval from CEO, MDA.

3.3.7.5 Execution of works without technical sanctions

In two divisions, 309 works relating to installation of tubewells and other works for augmentation of water supply (250 works by PH, Nuh and 59 works by PH, Sohna) involving an expenditure of Rs 31.84 crore were executed during 1995-2005 without obtaining technical sanctions from the competent authority⁴ in violation of para 2.89 of Public Works Department Code though administrative approvals had already been obtained. The concerned Executive Engineers, while admitting the lapse (March-April 2006), did not furnish reasons for not obtaining technical approval.

3.3.7.6 Wasteful expenditure on partial implementation of programme

To ensure beneficiary participation in development programmes, particular attention was to be given to Development of Support Communication (DSC). An outlay of Rs 1.22 crore was provided in the approved annual work plan of 1995-96 with the objectives of providing media communication and training

³ Mewat Model School, Punhana Rs 0.81 crore; Mewat Model School, Nagina: Rs 0.77 crore; and Mewat Model School, Hathin: Rs 1.24 crore.

⁴ Power to accord technical sanctions to works:
Upto Rupees one lakh: Executive Engineer; above Rupees one lakh and upto Rs 10 lakh: Superintending Engineer; and beyond Rs 10 lakh: Chief Engineer.

Delay in completion of 13 works ranged between 4 to 39 months

Due to partial implementation of programme, expenditure of Rs 42.50 lakh was rendered wasteful

for selecting appropriate strategies for village development. Institute for Development and Communication (IDC), an NGO located at Chandigarh, was selected as a professional consultant, having a pool of expert human resources for providing specialised services like preparation of village development plan (VDP), training of NGOs, project staff, etc.

It was observed in audit that out of total expenditure of Rs 56.75 lakh under this scheme, IDC spent Rs 42.50 lakh on training (Rs 40.07 lakh) and on publication of a monthly News Letter 'Tabeer' (Rs 2.43 lakh) during 1995-2001. As the NGO did not prepare VDP for more implementation of the programme, the United Nations Office for Project Services-Supervision Mission (UNOPS) recommended discontinuing of the scheme. Accordingly, the scheme was withdrawn from 2001-02. Thus, failure to implement the scheme rendered the entire expenditure of Rs 42.50 lakh as unfruitful.

3.3.7.7 *Engagement of NGO without verifying credentials*

An NGO—Anarde Foundation was engaged (October 2001) for execution of soil conservation works and Rs 10 lakh were released to them for this purpose. Instead of incurring expenditure on civil works viz. check dams, village ponds and percolation embankment as envisaged in the scheme, the NGO spent Rs 3.13 lakh on training, survey and planning. Rupees 4.06 lakh only were spent on civil works and the balance of Rs 2.81 lakh was returned in December 2002 to MDA.

Further, the UNOPS mission pointed out that the civil works of watershed done by the NGO were not found technically sound and advised that the NGO may get technical backup from the line department. The credential and commitment of the NGO was not above board as an inquiry was pending against the NGO in same kind of work of District Rural Development Agency, Gurgaon. Subsequently, the NGO was removed (August 2002) and the soil conservation work remained abandoned.

Thus, selection of NGO without verifying credential rendered the entire expenditure of Rs 7.19 lakh incurred on the component as wasteful.

3.3.8 **Creation and maintenance of assets**

3.3.8.1 *Reclaimed land not handed over to farmers*

Under the waste land management scheme, waste land belonging to Panchayats/farmers was to be reclaimed to make it cultivable and thereafter was to be handed over to farmers/landless labourers of the area.

Waste land measuring 637⁵ hectare was reclaimed by spending Rs 50.79 lakh during 2001-05. But the land had not been handed over to farmers/landless labourers as of April 2006. The reclaimed land was lying unused. Reasons for not handing over the land were neither on record nor intimated by MDA.

⁵ 2001-02: 58 Hectare; 2002-03: 283 Hectare; 2003-04: 62 Hectare; and 2004-05: 234 Hectare.

Out of Land measuring 637 hectare reclaimed at a cost of Rs 50.79 lakh, 610 hectare was lying unused

Thus, due to failure in handing over land to the needy farmers, benefits of the scheme could not be derived even after spending Rs 50.79 lakh which rendered the entire expenditure unfruitful. The CEO, MDA stated (June 2006) that 27 hectare land had been given on lease to landless farmers for two years and balance land would also be given on lease soon.

3.3.8.2 Chilling plant established on the land belonging to Milk Plant

With a view to improving the socio-economic conditions of milk producers, MDA approved (April 2003) a proposal to set up a chilling plant at village Khanpur Ghati.

Land measuring 3.81 acre was provided by the village panchayat for which land compensation was to be paid by the Dairy Development Department.

Test-check of records (November 2005) of MDA and Milk Plant, Ballabgarh revealed that instead of Dairy Development Department making payment for land compensation, Milk Plant, Ballabgarh paid land compensation of Rs 5.64 lakh to the village panchayat and got the land registered in their name. An expenditure of Rs 90.30 lakh was incurred during 2003-05 on construction of building and purchase/installation of machinery out of the funds of MDA. Since the land was in the name of Milk Plant, Ballabgarh, run by Co-operative Milk Producers' Union, ownership of the chilling plant and investment of Rs 90.30 lakh would be at risk in the event of litigation.

Mewat Development Agency while admitting the facts stated (November 2005) that the fact that the land of the chilling plant was in the name of CEO, Milk Plant, Ballabgarh and not in the name of Dairy Development Department was not known to MDA. He further assured that the matter would be taken up with the CEO, Ballabgarh to resolve the issue.

3.3.8.3 Non-utilisation of assets

Mewat Development Agency engaged non-Government Organisation (NGOs) for imparting training to farmers for horticulture and other off farm activities. A sum of Rs 22.74 lakh was spent on this component during 2001-03, but no tangible benefits were derived from this component as discussed below:

- A sum of Rs 14.54 lakh (Rs 1.39 lakh on construction of rooms, Rs 4.19 lakh on purchase of machine, Rs 1.64 lakh on training to farmers and balance of Rs 7.32 lakh on salaries and contingencies) was spent on installation of oil-extraction plant and for imparting training to farmers for extraction of oil from medicinal plants through an NGO during March 2002 to March 2003. Though 393 farmers were trained during this period, the Board decided (January 2003) not to provide funds to the NGOs. As no training was imparted after March 2003, the plant continued to remain idle as of March 2006.
- Two paper recycling plants were installed at a cost of Rs 5.49 lakh at Mewat Model Schools (MMS) at Hathin and Punhana during 2001-02. The plant at Hathin worked during January 2002 to June 2003 and only 41 students were trained while the plant at Punhana worked only during January 2002 to April 2002. Thereafter, the instructors left the job and no training was imparted at these plants. Despite the fact that

Unfruitful expenditure of Rs 22.74 lakh was incurred on off farm activities

above mentioned plants were not in use, another plant was purchased for MMS, Nagina at a cost of Rs 2.71 lakh in April 2003 which also could not be installed because of space shortage in the school. The plant was transferred to MMS, Ferozpur Zhirka in August 2004, where also it was lying idle as of March 2006.

3.3.8.4 Non-maintenance of Asset Register

Under MADP, Rs 27.62 crore⁶ were spent by line departments viz. Irrigation, Public Health and other agencies during 2001-04 (accounts for 2004-06 had not yet been finalised) for construction of boosting stations for water supply, school/college buildings, furniture, milk plant, etc. for creation of durable assets. It was, however, noticed that though MDA was finalising its annual accounts in the format of income and expenditure including schedules for assets and liabilities but these assets were not being reflected and capitalised in accounts as asset register showing details indicating names of departments/agencies (which were in possession of such assets), dates and cost of purchase/creation of assets, etc. was not being maintained.

The CEO, MDA stated (December 2005) that it was not possible to maintain register with such details. The reply was not acceptable as MDA should have maintained the records of assets created by implementing agencies with a view to ascertain the exact position of assets.

3.3.9 Impact on women and child health, literacy and drinking water sectors

3.3.9.1 Non-improvement in women and child health

A project for improving health services in Mewat area was taken up in 2001-02. Test-check of records revealed that against outlay of Rs 3.17 crore, an expenditure of Rs 1.47 crore was incurred on health during 2001-05 from MADP funds as detailed below:

(Rupees in lakh)

Year	Outlay	Expenditure incurred	Savings	Percentage of expenditure incurred
2001-02	81.54	34.07	47.47	42
2002-03	102.50	28.06	74.44	27
2003-04	110.32	45.60	64.72	41
2004-05	22.19	39.69	(-) 17.50	179
Total	316.55	147.42	169.13	47

Besides, an expenditure of Rs 1.05 crore was incurred against the budget provision of Rs 2.60 crore from ongoing State funded schemes during 2001-06.

It was observed that more than 50 per cent of funds under both the components i.e. MADP funds and State Sector remained unutilised. Non-utilisation of funds indicates lack of efforts by the MDA for improving the services under health sector.

⁶ 2001-02: Rs.12.69 crore; 2002-03: Rs 10.73 crore and 2003-04: Rs 4.20 crore.

As per norms for rural population of 5,000, 30,000 and 1,20,000, one Sub Centre, one Primary Health Centre (PHC) and one Community Health Centre (CHC) respectively were required to cater to the health care needs of the people. It was noticed during audit that for the population of 10.11 lakh in 2005-06, available infrastructure was 76 Sub Centres, 15 PHCs and 4 CHCs against the requirement of 202 Sub Centres, 34 PHCs and 8 CHCs which was insufficient to the extent of 62, 56 and 50 *per cent* respectively.

Further, there were large number of vacancies of doctors and para-medical staff as test checked in three blocks as detailed below:

Name of Community Health Centres	Sanctioned post	2002-03		2003-04		2004-05		2005-06	
		Sanctioned post	Vacant post	Sanctioned post	Vacant post	Sanctioned post	Vacant post	Sanctioned post	Vacant post
Nuh (covering Tauru and Nuh Blocks)	Specialist/SMO/MOs	24	14	24	8	24	14	15	12
	Other staff	43	19	77	32	76	28	43	11
Ferozpur Zhirka	Specialist/SMO/MOs	15	8	15	8	15	8	15	8
	Other staff	56	33	55	32	55	32	55	32
Grand Total		138	74	171	80	170	82	128	63

These large number of vacancies affected the health care services in the area as immunization was done on only 66 *per cent* of the pregnant women in five⁷ blocks of Gurgaon district during 2001-06. Forty nine *per cent* of the children born in the area were underweight i.e. below 2,500 gms. Data regarding mortality of pregnant women and the children was not available with the Health department.

Further, only 17 *per cent* deliveries were held in hospitals/medical institutions and rest of the deliveries (83 *per cent*) were done through trained *dais* who were not competent to prescribe medicines. Thus, health care facilities were not adequate in Mewat area.

3.3.9.2 Non-improvement in female literacy rate

As per 1991 census literacy rate in Mewat was extremely low for men (35.5 *per cent*) and appallingly low for women (7.9 *per cent*), a mere 2 *per cent* among Meo-girls. There was high dropout of Meo-girls (84 *per cent*) in schools after primary level. The reasons for the high dropout were attributable to non-availability of middle/senior secondary schools exclusively for girls as there were only eight middle schools for girls out of total of 108 schools in Mewat. Meo culture disapproved sending girls of certain age group to mixed (co-education) schools and also because of travelling long distances outside the village. It was, therefore, of utmost importance to increase the numbers of middle/high schools exclusively for girls to improve the literacy rate and to reduce the high dropout among Meos.

Under MADP, it was decided to support exclusively private middle/high schools for girls. MDA invited applications in 1997-98 from the prospective private schools to provide financial assistance. But as no school fulfilled the criteria⁸ for selection, no funds were spent during 1995-2001 on this

⁷ Ferozpur Jhirka, Nuh, Nagina, Punhana and Tauru.

⁸ School must exist for two years and affiliated, non-political nature of managing board, enrolling of a minimum of 20 girls per class and adequately qualified teaching staff.

component. Thereafter, an in-depth analysis of the education in Mewat to identify the critical gaps for support was got conducted in 1999-2000 through State Council of Educational Research and Training (SCERT), Gurgaon. SCERT identified critical gaps such as sensitisation of local religious leaders for bringing the Meo community in the main stream of education, more female teachers should be appointed as there were only 225 female teachers out of total 1,448 primary teachers in the area. Besides, there was a need to upgrade all co-educational primary schools to middle schools and co-education primary schools having 30 *per cent* girls should have separate girls primary schools.

It was noticed in audit (June 2006) that no efforts were made by MDA to fill up the gaps identified by the SCERT. Instead MDA changed the component of formal education to non-formal education in 2001-02. Under this new component an expenditure of Rs 3.53 crore was incurred on 569 Child Development Project (CDP) centres during 2001-05 for pre-school education.

Though enrolment of girls at primary level was satisfactory (63⁹ *per cent*), it failed to keep pace at middle school level as enrolment of girl children under this category was only 23 *per cent* of eligible girl children. The women literacy rate in Mewat area was 24.26 *per cent* (as per 2001 census). It ranged between 15.02 and 23.68 *per cent* in five blocks and was 34.55 *per cent* in one block (Tauru) during 2004-05. This was lower than women literacy rate of 55.7 *per cent* for whole of the State during this period. As such there was no substantial improvement in literacy for women.

Further, according to survey conducted by the SCERT, Gurgaon (1999-2000), the schools had population pressure of 1,034, 5,556 and 5,217 per school for primary, middle and high school respectively which needed to be reduced. It was, however, noticed during audit that the school population pressure, instead of decreasing, had increased to 1,636, 13,137 and 18,603 per primary, middle and high school respectively by the end of the year 2005-06. Education infrastructure in the area thus remained inadequate which affected the literacy rate and educational development of Mewat adversely.

3.3.9.3 *Inadequate supply of drinking water*

For improving drinking water supply, the annual work plans envisaged raising of water supply level to 40 litre per person per day (lpcd) by the end of the project period i.e. March 2005. Though, Rs 26.32 crore were spent during 2001-05 for increasing the level of water supply by installing 321 tubewells, providing 48 boosting stations and by laying pipelines for water distribution over a length of 659 km, the targeted water supply level of 40 lpcd was not achieved as it remained only 28 lpcd till the end of March 2005.

⁹ As per data collected from Elementary Education Officer-cum-District Project Coordinator, Gurgaon as of May 2006.

3.3.10 Inadequate internal control system

Internal control system safeguards against errors and irregularities in operational and financial matters. It also assures senior management on adequacy of risk management in the department/organization. Internal Control was found deficient in the MDA to the extent that no internal audit system was in vogue in the organisation, no plan of rotation of employees dealing with cash, valuables and store and stock was prepared. Physical verification of store and stock/assets lying with implementing agencies was not carried out regularly, utilisation certificates without verifying the actual records of the implementing agencies were being accepted and contractual staff was deployed on key posts i.e. Administrative Officer, Project Economist, Deputy Superintendent, Accountant, etc. on planning and implementation.

Thus, the internal control system in the MDA which was far from satisfactory needs to be strengthened.

3.3.11 Monitoring and evaluation

At the State level, the implementation of the scheme was to be monitored by the Board and the State Implementation Committee (SIC). The Board was required to meet atleast twice a year and the SIC once in a quarter to take stock of the progress of the activities of the programme. However, the Board held six meetings against the requirement of 10 meetings while SIC did not hold any meeting against the requirement of 20 meetings during 2001-06.

As per agreement between GOI and IFAD, a proposal was to be submitted regarding arrangement and terms of reference for monitoring the activities of the MADP. However, neither any proposal for creation of monitoring mechanism was mooted nor any monitoring cell was created by MDA.

Management information system (MIS) reports were received from the line departments but MDA could not provide any evidence to audit whether these reports were put up to the higher authorities for monitoring and corrective measures.

Out of funds of Rs 10 lakh kept for evaluation study, Rs 9 lakh were released (2004-05) to the Haryana Institute of Public Administration (HIPA) for the purpose but report from HIPA had not been received (May 2006). No evaluation was got conducted from any agency to assess the extent of improvement brought about, if any, in the living standard of the people of Mewat area as a result of implementation of the schemes though evaluation study was mandatory under the agreement with IFAD.

3.3.12 Conclusions

The MDA was not able to meet most of its objectives. Planning was grossly inadequate as unjustified expenditure was incurred on salaries out of MADP funds and the Board failed to formulate any policy to secure recovery of beneficiaries' share in the total project outlay. A scheme for dissemination of

information on marketing facilities and latest farming techniques to farmers through electronic media (television) did not succeed because it was launched without proper survey.

Deficiencies in implementation of programme/schemes led to wasteful expenditure on incomplete pre-schooling education, irregular expenditure on running of unrecognised schools, delay in execution of civil works which deprived MDA of substantial financial aid from IFAD, etc. There were also deficiencies in utilisation and maintenance of created infrastructure/assets such as non-handing over of reclaimed land to landless farmers, non-utilisation of oil extraction plant and paper recycling plants, non-maintenance of assets register, etc.

Infrastructure under health sector such as Sub Centres, Primary Health Centres and Community Health Centres in terms of number was inadequate. Large number of posts of doctors and para-medical staff were vacant. Forty nine *per cent* of the children born in the area were underweight. There was no marked improvement in women literacy rate as it continued to be lower than that of the State. Drinking Water Supply level did not improve as it remained at 28 lpcd at the end of the project period against the target of 40 lpcd despite incurring substantial expenditure for the purpose. These findings indicate that the activities of MDA did not have any significant impact on female literacy rate, women and child health and drinking water.

Though socio-economic improvement in the living standard of Mewat people was the major area of concern, the impact of development schemes was not got evaluated to assess the extent of improvement in this area.

3.3.13 Recommendations

The following recommendations are made:

- Proper survey should be conducted before taking up any scheme/programme to avoid abandonment of schemes mid-way.
- Effective action should be taken to hand over the reclaimed land to landless farmers.
- To improve health indices, Sub Centres, Primary Health Centres and Community Health Centres should be set up according to prescribed population norms and adequate number of doctors/para-medical staff deployed in order to cater to the health care needs of the people of Mewat area.
- More schools for girls at middle and high school level should be opened in order to increase women literacy rate in the area.
- Developmental schemes should be evaluated periodically to assess the impact of these schemes on the living standard and economic status of people of the area.

These points were demi-officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Revenue Department in July 2006; reply had not been received (July 2006).

Food and Supplies Department

3.4 Food Security, Subsidy and Management of Foodgrains

Highlights

A review on the procurement of foodgrains and Public Distribution System (PDS), which aims at enhancing food security for the poor, brought to light significant weaknesses in financial management, inefficiencies in procurement, delivery to Food Corporation of India (FCI) and distribution of foodgrains to targeted population. Also there were cases like losses occurring due to damage of wheat, not following the instructions of FCI in delivering foodgrains, non-supply of rice by the millers after milling paddy, short accounting of moisture gain in wheat. It was also assessed that there was inadequate storage facility, allocated quantities of foodgrains not lifted and wheat meant for Above Poverty Line (APL) families was sold in the open market. Proper monitoring system for watching distribution of foodgrains was also not in place.

- The Department suffered a loss of interest of Rs 1.36 crore due to release of advances without making adjustment of previous funds already available with Director General, Supplies and Disposal, Kolkata.

(Paragraph 3.4.5.1)

- Government suffered a loss of Rs 141.97 crore on account of damage of wheat due to prolonged storage, failure to clear stock from open storages and improper maintenance.

(Paragraph 3.4.6.5)

- Failure to follow the standard terms and conditions of agreement with rice millers resulted in non-receipt of Custom Milled Rice worth Rs 5.72 crore for more than three years.

(Paragraph 3.4.6.3)

- Due to ignoring of moisture gain norms, moisture gain on 30.21 lakh quintal of wheat supplied to FCI was short accounted, indicating misappropriation/pilferage of 23,000 quintal of wheat valuing Rs 1.40 crore.

(Paragraph 3.4.6.6)

- **Misappropriation of Rs 1.11 crore was observed on account of selling of wheat meant for APL families in open market in Karnal district.**

(Paragraph 3.4.7.2)

3.4.1 Introduction

Haryana is a surplus State in production and procurement of foodgrains. State Government is involved in procurement of foodgrains for central pool on Minimum Support Prices (MSP) fixed by Government of India (GOI), directly from the growers to eliminate the chances of distress sale, storage, upkeep and maintenance of stock of foodgrains, delivery to Food Corporation of India (FCI) and operation of sound Public Distribution System (PDS) for supplying essential commodities at reasonable rates to the targeted sections of society. The overall responsibility of procurement of foodgrains under MSP and its distribution through PDS covering targeted sections of society viz. families of Above Poverty Line (APL), Below Poverty Line (BPL) and Antodaya Anna Yojna (AAY) rests with the Food and Supplies Department. The Director, Food and Supplies Department, Haryana exercises general superintendence over other procurement agencies also. The procurement agencies in the State were procuring for central pool in the prescribed ratio; i.e. Food and Supplies Department: 25 per cent, FCI: 15 per cent, Haryana Warehousing Corporation: (HWC): 9 per cent, Haryana State Agriculture Cooperative Federation Limited (HAFED): 33 per cent, Haryana Agro Industries Corporation Limited (HAIC): 9 per cent and Haryana State Federation of Consumers Co-operative Wholesale Stores Limited (CONFED): 9 per cent.

3.4.2 Organisational set up

The Financial Commissioner and Principal Secretary to Government of Haryana, Food and Supplies Department is the Administrative head in the Government and is responsible for formulation of policies and programmes and their implementation by the Department. The Director-cum-Joint Secretary, Food and Supplies Department, exercises general superintendence over functioning of the Department. He is assisted by an Additional Director, a Joint Director, three Deputy Directors and a Joint Controller, Food Accounts. At district level, the activities of the procurement, storage and delivery of wheat and paddy to FCI and public distribution functions are carried out by 20 District Food and Supplies Controllers (DFSCs).

3.4.3 Audit objectives

The objectives of the performance audit were to evaluate and assess:

- the efficiency of financial management;

- the efficiency of the system of procurement of foodgrains;
- the effectiveness of the foodgrains distribution system ; and
- the effectiveness of the working of supervision mechanism of PDS.

3.4.4 Audit coverage

Records relating to implementation of the programme in Food and Supplies Department for the period 2000-06 were test checked between July-September 2005 and February-March 2006 in the office of the Director, Food and Supplies and four¹ district offices (out of 20 districts). In each selected district, three blocks (two from rural and one from urban area) were covered under test-check. Besides, records of 58 Fair Price Shops were also test checked. Some audit observations in other districts have also been incorporated, wherever necessary. Selection of districts, blocks and Fair Price Shops was done by applying Simple Random Sampling Without Replacement Method.

3.4.5 Financial arrangements

Foodgrains procurement activity is financed through cash credit facility sanctioned by Reserve Bank of India to the State Government considering the expected procurement and already available stock of foodgrains. The facility is extended through State Bank of India on hypothecation of food stocks. Test-check of records relating to this aspect brought out the following points:

3.4.5.1 Loss of interest due to non-adjustment of advances

The Department purchases gunny bales from the Director General of Supplies and Disposals (DGS&D), Kolkata for procurement of wheat and paddy. As per policy framed by GOI, the payment for the purchase of gunny bales was to be made in advance on the basis of estimated rates intimated by DGS&D, Kolkata. Adjustment of advances was required to be made on receipt of gunny bales. Scrutiny of records revealed that huge advance payments were made but their adjustments were not reconciled with reference to actual receipt of gunny bales. As a result, outstanding advances accumulated to Rs 11.42 crore at the end of September 2004.

At the instance of audit, reconciliation of account was done by the Department with DGS&D, Kolkata and consequent thereto, Rs 9.84 crore were adjusted in February 2005 and Rs 1.34 crore adjusted in May 2005 against the indent of gunny bales of Rabi 2005. Still an amount of Rs 24 lakh was outstanding as of August 2005. Thus, failure to reconcile adjustment of advance payments resulted in blocking of funds² during April 2001-April 2005 which

The department sustained loss of interest of Rs 1.36 crore due to blocking of funds with DGS&D, Kolkata

¹ Faridabad, Hisar, Jind and Karnal.

² Rs. 5.50 lakh for 43 months, Rs 7.50 lakh for 45 months, Rs 29.42 lakh for 32 months, Rs 35.05 lakh for 39 months, Rs 64.28 lakh for 28 months, Rs 1.58 crore for 2 months and Rs 10 crore for 13 months.

led to loss of interest of Rs 1.36³ crore upto April 2005 (at the rate of 9.1 per cent per annum, the minimum rate of interest charged by SBI on cash credit).

Financial Commissioner and Principal Secretary to Government Haryana, Food and Supplies Department stated (December 2005) that the advances were made on demand from DGS&D, Kolkata as per guidelines of Government of India and gunny bales accounts were being reconciled with Controller of Accounts, DGS&D, Kolkata every year. Reply was not tenable as adjustment of huge advances was done in February and May 2005 only after being pointed out in audit. Thus authenticity of Rs 24 lakh shown as outstanding as of August 2005 was not verifiable in audit.

3.4.5.2 Loss of interest due to delay in deposit of cheques

The department makes procurement of foodgrains by arranging funds on cash credit basis from State Bank of India (SBI). The SBI charges interest at rates fixed by Reserve Bank of India from time to time. Every receipt is required to be deposited in the Bank Account promptly to save burden of interest on cash credit.

Test-check of records of District Food and Supplies Controller, Jhajjar revealed that 34 cheques amounting to Rs 10.56 crore, received from FCI, were deposited in the bank account after a delay of 11 to 116 days during September 2002 to November 2003 because of which the Department suffered a loss of Rs 10.50 lakh towards interest (interest worked out at the rate of interest charged on cash credit by SBI from time to time).

Financial Commissioner and Principal Secretary to Government Haryana, Food and Supplies Department stated (February 2006) that in some cases bank delayed the crediting of funds in Department's account due to non-availability of cash balance in FCI's account; and in respect of remaining cases, action would be taken against the delinquent officials. The reply regarding delay in crediting of cheques by bank was not acceptable since the cheques were actually deposited late by the Department.

Similarly, scrutiny of records of District Food and Supplies Controllers, Sonipat and Kaithal brought out that payments were released by FCI against 278 sale bills after a delay of 11 to 69 days during 2002-04. After allowing the grace period of 10 days, the delay in receipt of payment ranged between 1 and 59 days, which caused loss of interest of Rs 1.04 crore. The Department did not take up the matter with FCI to compensate the loss of interest.

3.4.6 Procurement of foodgrains

The table below indicates production, estimated consumption and procurement

³ Interest calculated after allowing one months grace period for supply of gunny bales.

Late deposit of cheques led to loss of interest of Rs 10.50 lakh

Late release of payments by FCI led to loss of interest of Rs 1.04 crore

by all the procurement agencies during the last six years ending 31 March 2006:

Year	Estimated production in the State		Estimated consumption ⁴ in the State		Surplus available		Targets ⁵ for procurement by State agencies/FCI		Actual ⁵ procurement	
	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice	Wheat	Rice
(Quantity in lakh Metric Tonnes)										
2000-01	96.69	26.95	25.50	2.54	71.19	24.41	50.00	7.00	45.07	8.80
2001-02	94.37	27.36	25.50	2.54	68.87	24.82	65.00	25.00	64.11	10.34
2002-03	91.88	24.68	25.50	2.54	66.38	22.14	60.00	20.00	58.88	10.20
2003-04	90.63	27.93	25.50	2.54	65.13	25.39	55.00	18.00	51.22	6.79
2004-05	90.58	30.23	25.50	2.54	65.08	27.69	55.00	10.00	51.15	10.96
2005-06	90.58	33.05	25.50	2.54	65.08	30.51	55.00	15.00	45.29	15.31
Total	554.73	170.20	153.00	15.24	401.73	154.96	340.00	95.00	315.72	62.40

Of the total procurement, Food and Supplies Department procured 66.06 lakh Metric Tonnes (MTs) of wheat (21 per cent) and 15.22 lakh MTs of rice (24 per cent).

The foodgrains procured under MSP scheme had to be stored for a longer period due to slow movement of stock for supplying to FCI. Test-check of records revealed the following irregularities:

3.4.6.1 Loss due to non-adherence of the instructions of FCI

With a view to save incidental and carryover charges, FCI every year gives directions to procurement agencies for direct delivery of central pool wheat stocks from mandis at those centres where storage space was available with FCI in order to avoid handling and storage charges. In the event of failure of the procurement agencies to follow these instructions, FCI disallows the payment of carryover or incidental charges.

Scrutiny of records of DFSCs of three districts revealed that these offices did not follow the instructions of FCI in supplying the foodgrains directly to FCI from *mandis*, as a result of which FCI disallowed the reimbursement of the carryover charges amounting to Rs 62.55 lakh as detailed below:

Office	Year	Amount of carryover charges disallowed by FCI (Rupees in lakh)
District Food and Supplies Controller, Sirsa	2003-04	20.50
District Food and Supplies Controller, Panipat	2003-04	32.90
	2004-05	3.06
District Food and Supplies Controller, Jhajjar	2002-03	4.09
	2003-04	2.00
Total		62.55

⁴ Worked out on the basis of formula developed by Planning Commission, Government of India.

⁵

	Food and supplies		FCI		HAFED		HWC		HAIC		CONFED	
	T	A	T	A	T	A	T	A	T	A	T	A
Wheat	85.00	66.06	51.00	45.63	112.20	119.74	30.60	32.09	30.60	29.87	30.60	22.3
Rice	23.75	15.22	14.25	4.67	31.35	25.68	8.55	6.18	8.55	5.69	8.55	4.9

T = Targets; A = Actual procurement

FCI disallowed reimbursement of Rs 62.55 lakh due to non-adherence of instructions

Thus, due to failure to observe the instructions of FCI, the Department had to bear loss of Rs 62.55 lakh. Financial Commissioner and Principal Secretary to Government Haryana, Food and Supplies Department stated (March 2006) that appropriate action would be taken against the delinquent officials after getting the matter investigated.

3.4.6.2 *Cost of gunny bales not recovered from other procurement agencies*

Loss of interest of Rs 34.13 lakh due to failure to recover cost of gunny bales from other procurement agencies

The Department purchases gunny bales through Director General of Supplies and Disposal, Kolkata in bulk quantity as per requirement. The Department used to give and take gunny bales to other procurement agencies on loan basis. As on 26 May 2004, 3,948 gunny bales⁶ of 50 kg capacity each bag, valuing Rs 3.75 crore, were outstanding against various procurement agencies. Since the adjustment of gunny bales was not being done, the Director, Food and Supplies Department directed (January 2004) all the DFSCs to recover the cost of gunny bales in cash and not to make any adjustment. Contrary to these instructions, 1,426 gunny bales valuing Rs 1.35 crore were issued to other procurement agencies⁷ during May 2004 to June 2005 without recovering their cost. Resultantly, Rs 3.75 crore remained blocked for one year and the Department sustained a loss of interest of Rs 34.13 lakh⁸ as of May 2005. The loss would further increase if proper action to recover the cost of bales was not taken up promptly.

Financial Commissioner and Principal Secretary to Government Haryana, Food and Supplies Department stated (January 2006) that State agencies gave and took bales from other procuring agencies at the time of need during the procurement of foodgrains to ensure the availability of adequate gunny bags at each centre. However, the reasons for non-recovery of excess gunny bags given on loan to other procuring agencies as per State Government instructions were not intimated.

3.4.6.3 *Millers had not supplied the rice after milling of paddy*

Failure to follow the standard terms of agreement resulted in non-receipt of rice worth Rs 5.72 crore

The Department procures paddy for central pool and delivers rice to FCI after getting it milled from rice millers. The State Government issued (September 2002) instructions that standard agreement must be signed with the millers. Terms and conditions of the standard agreement inter-alia provided that paddy stored in the premises of the millers would be in joint custody of the millers and the Department and in no case paddy should be in exclusive custody of millers. No paddy should be issued for milling without obtaining bank guarantee or advance rice from millers. In the event of failure to supply rice within the stipulated period, the miller would be liable to pay interest at the rate of cash credit limit fixed by SBI. In case a miller fails or neglects to observe or perform any of the obligations under the contract, the department would get the work executed at miller's risk and cost.

⁶ Each gunny bale contains 500 gunny bags.

⁷ HAFED, CONFED, HWC, HAIC and FCI.

⁸ Interest worked out at 9.1 per cent per annum for the year 2004-05.

The DFSC, Kurukshetra entered (October 2002) into agreements with three millers and stored 21,349 MTs of paddy in the premises of millers. The millers were required to deliver 14,304 MTs of rice after milling the paddy to FCI by 28 February 2003. However, the millers delivered only 7,939 MTs of rice to FCI. Since rice was not received in full quantity, the DFSC lodged (May 2003) FIRs against the millers. Meanwhile, FCI granted extension for delivery of rice upto November 2003. Before granting further extension upto November 2004, FCI confirmed (March 2004) that balance quantity of rice was physically available at the premises of the miller but it was not of acceptable quality and required upgradation. The millers deposited only Rs 22.99 lakh between July 2003 and July 2004 but did not deliver 6,365 MTs rice and Rs 5.72 crore (net value) were recoverable from them after adjusting their dues.

It was noticed during Audit that no bank guarantees or advance rice from the rice millers were obtained. Further, the remaining milling work was not got done at the risk and cost of the millers.

The Department appointed (November 2004) an Arbitrator for settlement of disputes between the millers and the Department who held (March 2006) that the millers had misappropriated the rice produced out of paddy supplied by the Department. The Arbitrator gave award (March 2006) in favour of the Department and made the Department entitled to recover Rs 7.96 crore⁹ including interest upto August 2005.

Thus, failure of the Department in obtaining bank guarantee or advance rice from the millers as per the terms of agreements had put the recovery of Rs 7.96 crore including interest (Rs 5.72 crore + interest Rs 2.24 crore) at stake. Further, there was no stock of rice of acceptable quality with the millers for delivery to the Department.

While admitting the fact the Financial Commissioner and Principal Secretary to Government Haryana, Food and Supplies Department stated (December 2005) that the District Food and Supplies Controller, Assistant Food and Supplies Officer, Inspector and Sub-Inspector concerned responsible for the lapses had been suspended and charge-sheeted. Final action was awaited (June 2006).

3.4.6.4 Inadequate storage arrangements

Following table indicates procurement of wheat by the Department, closing

⁹ M/s Nagpal Rice Mill: 4,391 MT: Rs 5.54 crore; M/s Sain Dass Rice Mill: 917 MT: Rs 1.06 crore and M/s Bharat Rice Mill: 1,057 MT: Rs 1.36 crore.

stock and storage capacity with the Department during 2000-06:

Year	Procurement of wheat	Closing stock ¹⁰ as on 31 March	Owned storage capacity		
			Covered	Open	Total
(Quantity in lakh Metric Tonnes)					
2000-01	10.18	7.94	1.46	0.84	2.30
2001-02	14.93	13.88	1.49	0.82	2.31
2002-03	11.03	11.53	1.64	0.82	2.46
2003-04	9.90	3.10	1.64	0.95	2.59
2004-05	10.44	0.17	1.77	0.79	2.56
2005-06	9.58	0.14	1.77	0.79	2.56

Inadequate storage arrangement for foodgrains

Data in the above table indicated that there was need to increase the covered storage capacity to avoid storage losses/damage of wheat as the State was surplus in foodgrain production and the State had high targets for their procurement. The State Government did not prescribe any norms for building storage capacity for procured foodgrains. Due to improper storage, the department suffered a loss of Rs 141.97 crore because of damage of wheat as discussed in paragraph 3.4.6.5.

Financial Commissioner and Principal Secretary to Government Haryana, Food and Supplies Department stated (April 2006) that the quantity and duration of storage of foodgrains depended on FCI. However, efforts would be made to increase the covered storage capacity in collaboration with Central Warehousing Corporation and other procurement agencies.

3.4.6.5 Loss due to damage of wheat

Damage of wheat resulted in loss of Rs 141.97 crore

Due to prolonged storage in the open, three lakh¹¹ MTs of wheat stock, valuing Rs 331.43 crore pertaining to crops for the years from 1998-99 to 2000-01, was damaged which had to be disposed of through auction during 2003-05. Rupees 189.46 crore were realised by disposal of this damaged wheat resulting in net loss of Rs 141.97 crore. Besides, there was shortage of 24,733 MTs¹² wheat valuing Rs 17 crore. Reasons attributable to this loss as analysed in Audit were prolonged storage, failure to implement the First-in-First-out (FIFO) principle in delivery of wheat to FCI, failure to clear or deliver the stock from open storage on priority basis, non-segregation of damaged wheat wherever necessary and improper maintenance of stock. The losses could have been minimized with regular monitoring of foodgrains stock, due concern for their deteriorating quality and timely decision for their disposal.

Though, GOI had asked (February 2004) State Government for furnishing the justification for damage of wheat and consequent loss of Rs 141.97 crore, the department had not investigated the matter so far (June 2006). The Director

¹⁰ The quantities of wheat over and above the department's storage capacity were kept in Government owned Corporations (Central Warehousing Corporation, Haryana Warehousing Corporation, etc.) and private rented godowns/open space.

¹¹ Food and Supplies Department: 1.30 lakh MTs; HAFED: 1.23 lakh MTs; HWC: 0.11 lakh MTs; HAIC 0.23 lakh MTs; and CONFED: 0.13 lakh MTs.

¹² Food and Supplies Department: 11,057 MTs; HAFED: 7,986 MTs; HWC: 647 MTs; HAIC 3,095 MTs and CONFED: 1,948 MTs.

stated (December 2005) that deterioration in the stock was attributable to the prolonged storage coupled with extraordinary volume of inventory of wheat stock and slow despatches as per FCI's directions.

The State Government had taken up (September 2005) the matter for reimbursement of the entire loss (including loss due to shortage of wheat) with GOI; final decision was awaited.

3.4.6.6 Suspected misappropriation/pilferage of wheat due to short accounting of moisture gain

Short accounting of moisture gain led to suspected pilferage of wheat worth Rs 1.40 crore

The Department procures wheat on behalf of FCI for Central pool during the months of April to June each year. Wheat so procured is delivered directly to FCI and in case immediate despatch is not feasible, it is stored in godowns and is delivered on demand. During storage in godowns, the wheat gains weight during the rainy months on account of absorption of moisture. With a view to avoid pilferage of increased weight of wheat, the norms for gain in quantity due to moisture were fixed by State Government in April 1999 at 700 grams, 800 grams and 900 grams per bag of wheat (95 kg) for despatches during July, August and September, respectively, 1,300 grams for despatches from October to December and 1,400 grams for despatches from January to March. The norms for stocks despatched from April of succeeding year till clearance was 1,200 grams. In case of packing in 50 kg per bag the moisture gain would be at 50 per cent of these norms. The Department, however, issued revised lower norms in March 2005 only for the crop year 2001-02 for lustre lost wheat as a special case, according to which, norms for excess in quantity were reduced to 500 gms in July, August and September, 650 gms from October to December, 700 gms from January to March and 600 gms from April of the succeeding year. According to the instructions (January 1989) of Director, Food and Supplies, responsibilities for the shortages were to be fixed, for recovery of loss, on the DFSC, DFSO, AFSO, Inspectors and Sub-Inspectors concerned.

During scrutiny of records of 10¹³ DFSCs, it was noticed that 30.21 lakh qtls of wheat was despatched during the period 1999-2005 whereas according to norms 30.44 lakh qtls wheat was to be despatched after taking into account the requisite moisture gain. The shortage of 23 thousand qtls of wheat valuing Rs 1.40 crore strongly indicated misappropriation/pilferages (*Appendix XXIV*). No responsibility for the shortages was fixed by the Director, Food and Supplies (June 2006).

3.4.7 Public Distribution System of foodgrains

The Public Distribution System (PDS) evolved as a major instrument of the Government's economic strategy for ensuring availability of foodgrains i.e. wheat, rice, sugar, etc. to the public at affordable prices particularly to the weaker sections of the society and to control prices by making goods available at Fair Price Shops (FPSs).

¹³ 1 Faridabad; 2 Fatehabad; 3 Hisar; 4 Jind; 5 Kaithal; 6 Karnal; 7 Panipat; 8 Rewari; 9 Sirsa and 10 Sonipat.

Keeping in view the need for better targeting, the subsidy by increasing the allocation of foodgrains to BPL families, GOI increased the scale of issue to the BPL families from 20 kg to 25 kg from July 2001 and to 35 per kg per family per month with effect from April 2002. The scale of issue under the APL category was fixed at 35 kg per family per month with effect from 01 April 2002.

In order to make the PDS more focused and targeted towards poorest of the poor (about one crore households), GOI launched Antodaya Anna Yojna (AAY) in December 2000. In Haryana, this scheme was started from May 2001. Foodgrains at the rate of 25 kg per family per month (increased to 35 kg from April 2002) at the rate of Rs two per kg for wheat and at the rate of Rs three per kg for rice against the central issue price of Rs 4.15 per kg for wheat and Rs 5.65 per kg for rice was to be provided to the BPL families. After identification of Antodaya families, distinct ration cards known as "Antodaya Ration Cards" were to be issued to these families. On the direction of the Supreme Court in November 2002, GOI expanded AAY to cover an additional 50 lakh BPL families in country.

As per 2001 census, State's population was 2.11 crore and as on August 2004, it rose to 2.30 crore approximately. Number of Fair Price Shops (FPSs) in the State was 9,242 (urban: 2,670 and rural 6,572). There were 41.12 lakh APL cards (1.81 crore population), 5.56 lakh BPL cards (26.74 lakh population) and 2.26 lakh AAY cards (11.45 lakh population) in the State as of March 2006. As per State Government's decision (November 1992), one FPS was to be set up in each village so that consumers did not have to cover long distance to draw their rations. Against the requirement of 6,955 FPSs (one each for 6,955 villages in the State), there were 6,572 FPSs as of March 2006 leaving a small shortage of 383 shops.

List of BPL/AAY beneficiaries not revised since 2002

State Government was required to get the list of BPL and AAY families reviewed every year for the purpose of deletion of ineligible families and inclusion of eligible families. However, the list of BPL/AAY beneficiaries had not been revised since 2002. As per GOI guidelines, 2.26 lakh households were identified (March 2006) against the target of identifying 2.39 lakh AAY household as per the planned third expansion of AAY. The Director, Food and Supplies intimated (July 2006) that the work of revision of BPL/AAY lists was in progress.

3.4.7.1 Allocation and lifting of wheat

Following table indicates category-wise allocation and lifting of wheat during

the last six years ending 2005-06:

Year	Above Poverty Line			Below Poverty Line			Antodaya Anna Yojna		
	Allocation	Lifting	Percentage	Allocation	Lifting	Percentage	Allocation	Lifting	Percentage
	(Quantity in Metric Tonnes)								
2000-01	8640	11	0.1	1,75,920	48,565	28	0	0	0
2001-02	8640	0	0	1,82,541	72,319	40	27,346	23,033	84
2002-03	11,48,838	47,310	4	2,60,892	1,85,980	71	46,968	44,237	94
2003-04	10,14,204	1,00,097	10	2,74,004	2,30,542	84	47,664	46,314	97
2004-05	10,14,204	1,50,821	15	2,57,040	2,18,224	85	71,532	65,730	92
2005-06	8,10,356	14,883	2	1,99,117	1,75,263	88	82,128	76,121	93
Total	40,04,882	3,13,122	8	13,49,514	9,30,893	69	2,75,638	2,55,435	93

An analysis of data given above revealed the following audit observations:

Antodaya Anna Yojna

Short lifting of wheat under AAY by seven per cent

During 2001-06, 2,55,435 MTs of wheat was lifted during 2001-06 for distribution to the AAY beneficiaries against allocation of 2,75,638 MTs of wheat by the GOI, which resulted in short distribution of 20,203 MTs wheat valuing Rs 4.04 crore.

Below Poverty Line families

During 2000-06, 13,49,514 MTs of wheat was released by GOI for BPL families against which 9,30,893 MTs wheat was issued to the BPL beneficiaries. This resulted in less distribution of 4,18,621 MTs of wheat valuing Rs 177.91 crore.

Above Poverty Line families

Negligible lifting of wheat for APL families

Only eight per cent of the total allocated quantity (40.04 MT) was lifted during 2000-06. Obviously, the APL families were not fully depending on the PDS for their foodgrains requirements.

The Government in its reply stated (June 2006) that there was a limited demand for APL wheat in lean months and distribution to BPL/AAY categories was improving from 2002-03 onwards. No reason/justification, however, was furnished for not reducing the allocation under these categories of foodgrains. Since the quantities were not lifted, the stock remained with FCI. Retaining the stock by FCI defeated the basic objective of providing food security to the downtrodden besides involving avoidable expenditure on storage, interest paid to SBI on funds borrowed for procurement, incidental charges, etc.

3.4.7.2 Wheat meant for APL families sold in open market

Selling wheat meant for APL in open market resulted in misappropriation of Rs 1.11 crore

Large scale irregularities were committed in the distribution of wheat meant for APL families by the officials of Food and Supplies Department and CONFED (regulatory authority) during September-December 2004. Departmental enquiry report of the Commissioner, Rohtak Division, based on statements of depot holders (fair price shopkeepers) and beneficiaries of Karnal district revealed that about 55,455.35 quintals wheat meant for APL

people was not actually distributed among card holders but was sold in the open market. The depot holders had prepared bogus records to cover the misuse in connivance with Government officials. As brought out in the inquiry report, official functionaries who were directly responsible for authenticating the record pertaining to distribution of wheat among the depot holders and thereafter cross checking the actual distribution of wheat among card holders, did not perform their duties properly and connived with depot holders. There was a difference of Rs 200 to Rs 250 per quintal between market price and APL price. By selling wheat in the open market, the officers/officials had misappropriated a minimum of Rs 1.11 crore. The delinquent officers/officials¹⁴ had been suspended and charge sheeted (November–December 2005) but no recovery had been made (March 2006).

3.4.7.3 Weaknesses in the delivery system at FPS level

An evaluation conducted by the Programme Evaluation Organisation of the Planning Commission of GOI in March 2005 brought out that more than 55 per cent of foodgrains issued from the central pool meant for BPL families were being pilfered in the State against 36.38 per cent leakage at national level. The study concluded that 55.65 per cent of the subsidized foodgrains issued from the central pool did not reach BPL families in the State due to weaknesses in delivery system at FPS level.

Thus, there is need to look into the diversion and pilferage of foodgrains meant for the needy section of the society.

3.4.7.4 Deficiencies in foodgrains distribution system

In accordance with the guidelines issued by the GOI, it was to be ensured that foodgrains were made available to the beneficiaries during the first week of the month. A scrutiny of records of fair price shops in the test checked districts, however, revealed that foodgrains were being sold to the beneficiaries at the end of the month depriving the families of timely availability of foodgrains.

The State Government had constituted village/ward level (vigilance) committees to oversee the distribution of food items and working of FPSs under PDS. The FPSs were required to obtain monthly certificates in the sale registers from the committee members indicating that food items had been issued properly. During test-check of 58 FPSs¹⁵ by Audit it was noticed that requisite certificate by the committee members was not found recorded on the sale registers of 25¹⁶ FPSs. Availability of stock (12¹⁷ FPSs), issue prices (9¹⁸ FPSs), number of beneficiaries (19¹⁹ FPSs), etc. were also not displayed by the FPS dealers.

¹⁴ DFSO, Karnal, Assistant Food and Supplies Officer, Karnal, two Inspectors, Food and Supplies and two Assistant Food and Supplies Inspectors.

¹⁵ Fardiabad: 12; Hisar: 21; Jind: 13 and Karnal: 12.

¹⁶ Districts Faridabad: 3, Hisar: 10, Jind: 4 and Karnal: 8.

¹⁷ Fardiabad: 3; Hisar: 3; Jind: 5 and Karnal: 1.

¹⁸ Fardiabad: 4 and Jind: 5.

¹⁹ Fardiabad: 4; Hisar: 4; Jind: 3 and Karnal: 8.

3.4.8 Supervision mechanism of PDS

For proper monitoring of the PDS, GOI asked the State Government to constitute Advisory Committees at State, District, Block and Village/Ward levels. It was, however, observed that State, District and Block level committees had not been constituted thus affecting monitoring of the system and redressal of public grievances relating to the working of the FPSs.

As per GOI's guidelines (September 2001), the State Government was required to ensure monitoring of the functioning of PDS at FPSs level through the computer network of National Informatics Centre (NIC) installed in the districts. For this purpose, computerized codes were also to be issued to each FPSs. Scrutiny of records of the offices of DFSCs of districts test checked revealed that no computer network was installed for the purpose.

3.4.9 Conclusions

Aim of the programme was to procure and store foodgrains for central pool at minimum support price in an efficient manner and its distribution to the public particularly to the weaker sections of the society at affordable prices. As brought out in audit, the programme did not function efficiently. There was substantial loss of interest due to failure of the Department in adjustment of advances made for purchase of gunny bales, delay in deposit of cheques in bank account and late receipt of payments from FCI. There were inefficiencies in procurement of foodgrains. The department failed in following the standard terms and conditions of agreements leading to non-receipt of rice from millers. Foodgrains storage arrangements were not satisfactory as storage capacity for foodgrains was inadequate, storage of foodgrains in open and prolonged storage due to non-observance of 'first-in and first-out' principle from stores led to damage of large quantities of wheat, short accounting of moisture gain resulting in pilferage of wheat, etc. Public Distribution System was not effective as allocated quantities of wheat were short lifted under APL, BPL and AAY schemes. Besides, there were cases of issue of foodgrains at the fag end of the month instead of in the first week of month, non-obtaining of certificates by depot holders from village/ward level committees regarding food items having issued to card holders properly, sale of wheat meant for APL in open market, etc. Supervision mechanism of PDS was inadequate as State, District and Block level committees were not constituted and computer networking was not introduced for monitoring the distribution of foodgrains.

3.4.10 Recommendations

With a view to bringing economy and efficiency, following recommendations are made:

- Foodgrains procurement system should be streamlined by enforcing the provisions of agreements regarding bank guarantee or advance rice from millers to avoid any future litigation;

- Covered storage capacity should be increased in view of higher foodgrain procurement targets for the State;
- 'First-in first-out' principle should be strictly followed for delivery of foodgrains from stores to avoid damages;
- List of BPL/AAY beneficiaries should be updated on regular basis to cover poor families; and
- Village/ward level (vigilance) committees should exercise proper control over the functioning of fair price shops; State, District and Block level committees should be constituted immediately to monitor the PDS.
- The system of adjustment of advances made to DGS&D for the purchase of gunny bales should be streamlined by the department to avoid blocking of funds with DGS&D;

These points were referred to Government (October 2005). The replies received thereto had been incorporated in the review. These points had again been referred to Government (May 2006); further replies had not been received (July 2006).

Finance Department
(Directorate of Treasuries and Accounts)

3.5 Information Technology Audit of Online Treasury Information System

Highlights

Online Treasury Information System (OTIS) was to enable the departments to exercise control over financial transactions and to keep the expenditure within the budget allocations. It was also to make the flow of information relating to financial transactions upto date and authentic leaving no scope for excess or unauthorised drawals, diversion of funds, wrong bookings of expenditure, etc. However, the system was functioning with major design deficiencies such as lack of validation checks in utilisation of Head of accounts by a specific Drawing and Disbursing Officer (DDO), acceptance of wrong code of bills, absence of control over the payment of bills against Letter of Credit system, absence of provision for revalidation of bills, etc. The database showed huge inflation in expenditure figures. Segregation of duties for operation of software was not appropriate which had made it difficult to fix responsibility for errors/misclassification of funds, if any, with concerned Data Entry Operators. Data generated through OTIS had limitations for utilisation as Management Information System by the Departments.

- Test checked treasuries were using different versions of the Online Treasury Information (OTIS) software.

(Paragraph 3.5.6.2)

- Due to improper data entry at the bill passing clerk and Treasury Officer levels, the OTIS database depicted an inflated picture of expenditure.

(Paragraph 3.5.7.1)

- The procedure for data entry was not followed in the treasuries. In 23,653 cases, the transaction dates (the date on which the bill was received) were shown the dates later than the voucher dates (the date on which the payment was made).

(Paragraph 3.5.7.3)

- Though required under Treasury Rules, no provision for revalidation of bills was made in the software. As a result, the database showed in 18,043 cases, involving an amount of Rs 103.63 crore, that the banks had made payments after the currency period of ten days of their passing.

(Paragraph 3.5.8.1)

- In the absence of a validation check between the drawing and disbursing officers (DDOs) and head of accounts, a DDO was able to draw and encash bills from a head of account for which he/she was not authorised to operate.

(Paragraph 3.5.8.2)

- In the absence of a proper input control, the OTIS application software was accepting all form codes of bills instead of the form codes which the major head of account was required to process.

(Paragraph 3.5.8.3)

- The Department had not prepared and documented a disaster recovery and business continuity plan and back up policy.

(Paragraph 3.5.9.5)

3.5.1 Introduction

3.5.1.1 Finance Department, Government of Haryana is responsible for fostering fiscal discipline through the Directorate of Treasuries and Accounts in the State through 21 district treasuries and 80 sub-treasuries. The treasuries maintain records of financial transactions and exercise necessary checks on flow of funds. According to the strategic plan, a software 'Online Treasuries Information System (OTIS)' was got developed from National Informatics Centre, Haryana State Unit (NIC, HSU); to automate the treasury operations and was made operational from 2001.

3.5.1.2 The OTIS was designed as a web enabled application with Windows 2000 as operating software and MS SQL server at the backend and MS Visual Basic at the front end to provide online query and access. The first version was prepared and operated in the year 2001 and thereafter changes were also incorporated in the OTIS. The system was, however, stabilized from March 2003.

3.5.2 Organisational set up

Treasuries and Accounts Department is headed by the Director, who is assisted by a Joint Director and a Deputy Director. One System Analyst, one Programmer and two Junior Programmers provide technical assistance for operation of the System at Headquarters. In the field, there are 21 Treasury Officers (TOs) and 80 Assistant Treasury Officers (ATOs) with one Superintendent at each treasury. Technical assistance is provided by a Junior Programmer at each treasury.

3.5.3 Objectives of computerisation

The major objectives of OTIS were to enable:

- the departments to exercise desired control over financial transactions by rational allocation of budget to DDOs, thereby enabling TOs to have a tight control over expenditure to keep it within the budget allocations.
- to make flow of information upto date, authentic and consistent leaving no scope for excess or unauthorised drawals, diversion of funds, wrong bookings, etc.

3.5.4 Scope of Audit

Out of the 21 treasuries and 80 sub-treasuries, five treasuries¹ and 19 sub-treasuries (24 per cent) were covered in Audit. The treasuries were selected based on State's budget and expenditure during 2003-06. In terms of expenditure, the expenditure incurred by these treasuries worked out to 47 per cent of the total expenditure of the State Government.

As the System was stabilized in March 2003, the scope of audit included test-check of data maintained in the treasuries for the period ranging from April 2003 to March 2006 and verification of the controls regarding OTIS.

The data was checked using Audit software tool namely Interactive Data Extraction and Analysis (IDEA).

3.5.5 Audit objectives

The Audit objectives were to assess whether:

- Extent to which hardware that had been procured had been utilised;

¹ Ambala (3), Chandigarh, Hisar (5), Karnal (6), Kurukshetra (5) treasuries and their sub-treasuries in number in brackets.

- The flow of information with respect to expenditure was upto date, authentic and consistent leaving no scope for excess or unauthorised drawals, diversion of funds, wrong booking, etc.;
- Application control specific procedures were in place; and
- General controls had been prescribed and were in place and a documented disaster recovery and business continuity plan was in existence.

Audit findings

3.5.6 Hardware acquisition and system development related issues

3.5.6.1 Investment in Information Technology resources

As per the Financial Rules, no money is to be drawn from the treasury unless it is required for immediate disbursement. However, the Department deposited Rs 6.50 crore (31 March 2001: Rs 3.50 crore; 31 March 2002: Rs 1.00 crore and 31 March 2003: Rs 2.00 crore) with the Haryana State Electronics Development Corporation Limited (HARTRON), the nodal agency for hardware related purchases for State Government departments. Audit observed that the amounts withdrawn and placed at the disposal of HARTRON remained unspent in the years of their drawal and were carried over to subsequent financial years. HARTRON spent (upto June 2006) Rs 5.52 crore² and the balance of Rs 0.98 crore remaining with HARTRON which pertained to release of March 2001 (Rs 0.22 crore), release of March 2002 (Rs 0.20 crore) and release of March 2003 (Rs 0.56 crore).

During scrutiny of records of treasuries test checked and their sub-treasuries, Audit noticed that a large number of PC nodes, servers, UPSs, printers, voltage stabilisers, web cameras, scanners and kerosene oil driven generating sets were either out of order or not put to use (*Appendix XXV*).

3.5.6.2 Lack of change management procedure and simultaneous use of different software versions

Though the Software developed by NIC, Haryana State Unit (HSU) had been in use since the year 2001, the Department did not prepare a documented procedure to control changes in the software and project documents. Record keeping of changes during entire project life cycle and impact analysis of changes incorporated till February 2006 were also found deficient. Audit observed that the Department had incorporated changes in the software nine times since the release of the version 1.5 in February 2002; the latest version released by NIC, HSU was 2.4. These changes were incorporated in the software without following any documented procedure. Audit found that in the

² Out of funds released in March 2001: Rs 3.28 crore; in March 2002: Rs 0.80 crore and in March 2003: Rs 1.44 crore.

Rupees 98 lakh remained unspent with HARTRON as of June 2006

Different versions of OTIS software were used at various treasuries

absence of any written policy/procedure for using the latest version of OTIS and its implementation from a definite date, various treasuries/sub-treasuries in the State were found to be using different versions of the software ranging from OTIS 1.7 to OTIS 2.4.

Thus, in the absence of a written policy/procedures the management was unable to ensure that the latest version of the software was being used at all levels thereby making data recovery and reconstruction difficult in the event of data loss.

3.5.7 Analytical review of data

The data pertaining to OTIS of five treasuries test checked was analysed using IDEA. Major deficiencies in the database and in the functioning of the treasuries are discussed below:

3.5.7.1 *Inflated booking of expenditure in OTIS - database*

Under manual procedure a sequential token number is allotted for passing the bills by bill passing clerk and the TO. The passed bills are returned to the DDOs or their authorized messengers for drawing payments from banks. The bank sends the paid bills to the treasury along with detail of payments on daily basis. The treasury then marks voucher numbers on these paid bills. This ensures a clear trail for the bill from the passing to the payment stage. Under this system, keeping control over expenditure with reference to budget provision of each DDO was difficult as average number of DDOs per treasury was about 356. With the operation of OTIS, the TOs were expected to exercise tight control over expenditure.

One of the objectives of the OTIS was to make flow of information upto date, authentic and consistent leaving no scope for excess or unauthorised drawals, diversion of funds, wrong bookings, etc. However, Audit observed a serious flaw in the software application. The bill passing clerk booked the expenditure against budget provision immediately after passing the bill without waiting for clearance by the TO. Moreover, junior programmers were found running the system, who invariably entered 'Y' (for Yes) in the system showing the bill had been passed by the TO, whereas, in fact it was passed only by the bill passing clerk. In the event of the rejection/raising of objections on the bill by the TO, the bill was again routed, after corrections by the DDO, through the same process of being passed by the bill passing clerk. Resultantly the expenditure was being booked second time for the same expenditure against the budget provisions. Thus, the system was prone to erroneous and inflated booking of expenditure.

In Chandigarh treasury it was observed that due to above lacunae, the cumulative expenditure figures in the database got inflated by Rs 11.27 lakh in 30 cases (April 2004 to January 2006).

Expenditure of Rs 755.20 crore was shown booked in the database though payments for these amounts had not been made

Audit further noticed that in 29,013 number of cases in the five treasuries test checked where the software showed that the TO had passed the bills while no voucher numbers were allotted to these transactions. This indicates that expenditure was booked against the budget provisions but payments were not made. The cumulative expenditure on such transactions in the database was to the tune of Rs 755.09 crore (Ambala: Rs 51.40 crore, Chandigarh : Rs 396.82 crore, Hisar : Rs 93.10 crore, Karnal : Rs 196.40 crore and Kurukshetra : Rs 17.37 crore) during 2004-06. These bills, according to the database, remained unpaid for a period ranging from 8 to 730 days although booking of expenditure under budget provisions having already been made.

3.5.7.2 Mismatch of expenditure data in OTIS database

Head of Account-wise (up to object codes) cumulative expenditure against budget allocations is maintained at each treasury in the database in Budget File. Each TO sends Head-wise expenditure data daily through ISDN lines to the Director, Treasuries and Accounts in as a transaction file of the database. Thus, the expenditure in two sets of files of the database should be equal over the financial year.

A comparison of expenditure figures of transaction file and the budget file for the year 2004-05 revealed that the amounts in both the files were not equal. In Chandigarh, Karnal and Hisar treasuries, there was mismatch between expenditure figures of both the files in respect of 1,235, 1,372 and 612 records respectively.

It was noticed that expenditure figures as per transaction file was more than that of in budget file in 828 records to the extent of Rs 787.48 crore (Chandigarh: 184 records: Rs 371.66 crore, Karnal: 357 records: Rs 67.56 crore and Hisar 287 records: Rs 348.26 crore). Further, cumulative expenditure figure was more than the expenditure figure in Transaction file in 2,391 records to the extent of Rs 1,596.15 crore (Chandigarh 1,051 records: Rs 1,066.80 crore, Karnal 1,015 records: Rs 165.68 crore and Hisar 325 records: Rs 363.67 crore).

Reasons for the same were called for from the respective TOs; their reply had not received (July 2006).

3.5.7.3 Non-entry of bills as per procedure

In the treasuries, receipts are deposited into the treasury branch of the designated banks and the data are sent by the bank branch through ISDN line or in a floppy with bank challans for verification at treasury. For payments, when bills are presented by departments at treasuries, a token number is issued and the bill is passed by TO by signing the pay order and the bill is returned to the department for drawing the payment from bank. After the payments are made by the designated bank, the paid bills are returned to the treasury for verification and marking of voucher numbers.

Thus, the software should not allow voucher date in advance to transaction date except in cases of the Forest Department and Pension Payment through banks, which are not routed through treasuries. However, during analysis of

Expenditure figures as per budget file and transaction file were not matching

OTIS data of five treasuries test checked, it was observed in audit that in a number of cases transaction date (date of token entry) was a later date than the voucher date which indicates that the payment was made by the bank before presenting the bill at the treasury.

In 23,653 cases, the transaction dates were later dates than voucher dates

In the database of treasuries test checked, 25,923 records (Ambala: 4,170, Chandigarh: 3,981, Hisar: 3,699, Karnal: 3,988, Kurukshetra: 10,085) showed the transactions date later than the date of voucher date. In reply to an audit observation, the TO, Kurukshetra intimated that in case of Forest Department and re-imburement of pension to bankers, the transactions took place directly in the bank and hence the token numbers were generated later on to reconcile the accounts. The reply was not convincing because data analysis of all the test checked records showed that only 2,270 (8.76 per cent) out of 25,923 records pertained to Forest Department and pension through banks while the remaining 23,653 records involving Rs 785.17 crore related to Medical, Education, Labour and Employment, Social Security and Welfare, Public Works Department, bills relating to provident fund, etc.

3.5.7.4 *Non-maintenance of details of personal ledger accounts in the application*

Control over drawal of funds from PLAs did not exist

The treasuries are required to maintain Personal Ledger Accounts (PLAs) opened with the approval of the Accountant General (A&E) Haryana. It was noticed in audit that PLAs of personal deposits were not being maintained in the OTIS application database in the treasuries test checked except at Karnal treasury. The PLAs were being maintained manually.

As per rules, while passing bills pertaining to PLA, it should be seen that the funds are available in the account. However, Audit observed that in Karnal treasury, the OTIS application did not have a linkage for checking the amount available in the PLAs before passing the bills. As a result of which, the PLA relating to Chief Executive Officer, Zila Parishad, Karnal and Block Development and Panchayat Officer, Karnal had shown minus balances of Rs 2.88 lakh and Rs 2.07 lakh respectively in the month of March 2006.

3.5.8 Application Controls

Application controls are those built in checks in the software, which ensure that transactions are processed according to the rules and regulations governing them. These are absolutely essential to ensure that the data is accurate and reliable. Audit observed a number of deficiencies in the application controls, which are discussed below:

3.5.8.1 *Provision for revalidation of bills after expiry of the currency period not made*

Control over passing of bills after currency period was lacking in the system

As per Treasury Rule 4.165 relating to currency of payment orders, the payment orders are valid only for a time not exceeding ten days. In case bills are not presented for payment within the currency period of the pay orders, these are to be revalidated by the TO.

During scrutiny of OTIS data, it was noticed that no such provision existed in the software and the bills were being revalidated manually. Test-check of data revealed that in 18,043 cases (involving an amount of Rs 103.63 crore) payments were made by the banks after the period of more than 10 days of their passing and for this no audit trail existed in the database.

Thus, non-incorporation of the revalidation facility in the software restricts the usefulness of the software.

3.5.8.2 Absence of validation check between the DDOs and the Head of Accounts

As per Treasury Rules, the DDOs are authorised to draw payments by presenting bills in a treasury only in respect of those Head of Accounts which they are authorised to operate.

However, it was noticed in audit that a validation check did not exist in the application between the DDOs and the Heads of Accounts, which they are authorised to operate. Checking of the software at Karnal treasury using DDO code 1575 of Horticulture Department revealed that the system accepted the Major Head 2202-General Education though the DDO was concerned with transactions of Horticulture Department. Thus, absence of validation check created a risk of irregular operations of head of accounts by DDOs which may lead to fraudulent drawal of funds.

3.5.8.3 Non-existence of validation check between the form codes and major head of accounts

The bills for payment are presented at a treasury in form of pay bill, Travelling Allowance (TA) bill, medical bill, contingent bill, General Provident Fund (GPF) bill, pension bill, revenue deposit bill, civil court deposit bill, etc. These forms of bills have been assigned different codes in the application.

Audit observed that proper validation linkages were not devised in the application to restrict the transaction in a particular head of account with its respective form code. Test-check of operations of the system revealed:

- (i) Major Heads 8782-Cash remittances and adjustments, 8443-Civil deposits, 2071-Pension and other retirement benefits, 8011-Insurance and Pension Fund and 8449-Other deposits, accepted form codes 01 (TA bill), 02 (medical bill), 03 (pay bill) and 06 (contingent bill).
- (ii) Head of account '2071-Pension and Other Retirement Benefits', accepted form code of pay bill, TA bill, and contingent bill, etc.
- (iii) Head of Account '8005' and '8009' relating to State Provident Fund also accepted the pay bill, TA bill, contingent bill, etc.

In the absence of proper validation checks in the application, there is a risk of payments being drawn against unauthorised form codes resulting in wrong booking of expenditure/drawals in excess of budget provision, etc.

Absence of control over operation of unauthorized head of accounts by DDOs

Validation checks between the form code and major Head of account did not exist in the system

Control over drawal of AC bills without submission of DC bills against earlier AC bills was lacking

3.5.8.4 No provision for adjustment of abstract contingent bills

Treasury Rule 4.49 provides that a certificate should be attached with every Abstract Contingent (AC) bill to the effect that the Detailed Contingent (DC) bills have been submitted to the Controlling Officer in respect of AC bills drawn more than a month before. The DC bill should be submitted to Audit office by the end of the month following the month in which AC bill was drawn.

It was noticed in audit that the application did not provide any information about pending AC bills such as details of DDOs, heads of account and the amount of each such bills. In the absence of provisions for the DC bills (for adjustment of AC bills), the TOs were unable to have a control over AC bills and rights to refusal of payment of AC bills submitted by DDOs even if DC bills for the previous months had not been submitted. This defeats the objective of tight control over the expenditure.

3.5.8.5 Audit trail not properly maintained

There were 52 master database tables and 22 working tables in the application software but important audit trails like 'updated by', 'updated on' and 'updated from' were not incorporated in the software. Moreover, it was observed that though data purge query (for deleting data from various tables) was being run in Ambala and Kurukshetra treasuries, though the time of deletion of data and by whom the data had been deleted along with its authorization were not available in the OTIS database.

Audit also found that in version 2.3 (used by 4 out of 5 treasuries covered in audit, except Hisar), the budget is entered in the budget field as per budget allocation/revised budget allocation, for appropriation and re-appropriation. However, no trail in the OTIS database as to when the original budget allocation/revised budget allocation or changes on account of appropriation/re-appropriation of budget were made along with its authorisation was in existence.

Non-existence of audit trail in regard to deletion of data increased the risk of unauthorised changes in the master file relating to budget, which may result in drawal in excess over budget provision and on account of absence of trail over paying, the possibilities of fraudulent payments remains in existence.

3.5.8.6 Inadequate controls for processing payment of bills against LOC allocation

As per rules in respect of bills of Public Works Department, the Engineer-in-Chief/Superintending Engineer make Letter of Credit (LOC) allocation for a period of time (one month/three month).

In Karnal treasury, it was observed in audit that when bills were passed against the LOC allocation, there was no effect of transactions and the balance amount against allocation remained the same as a result of which, the TOs/ATOs were forced to exercise check on LOC allocation by maintaining manual records thus defeating a major objective of computerization.

3.5.8.7 Inadequate processing controls for payment of bills against Revenue Deposits/Civil Court Deposits

The system of checking of deposits in Revenue Deposits (RD)/Civil Court Deposits (CCD) was not in place

In terms of orders/decisions of civil courts, the amounts are deposited in Government Accounts as CCD under Head of Account 8443 'Civil Deposits'. Bills are submitted in treasury for releasing payments to various beneficiaries as per decisions of the Civil Courts.

During checking of payment of CCD bills at Hisar, treasury and Shahabad (Kurukshetra), assistance treasury, it was noticed that the software did not pass a bill when the correct deposit particulars were entered and screen showed a message that 'this number did not exist'. However, when the date of deposit was changed to 2001 instead of the actual year of deposit, the bill was passed. This showed that the proper process linkage did not exist in the software for releasing payments of bills against a civil deposit amount.

3.5.8.8 Incomplete Master database of Drawing and Disbursing Officers

In 'OTIS', there is a master data file which had been designed for capturing the data about operational DDOs for monitoring DDO-wise budget and expenditure.

The Department had not laid down any procedure for allotting codes to various DDOs in the State. In the absence of a laid down procedure, the TOs/ATOs were allotting codes to various DDOs as per their convenience.

Checking of OTIS data revealed that in a number of cases, the description of the DDO was incomplete. Common DDO-Codes were allotted by the TOs. The TO, Hisar and its Assistant Sub-TOs Adampur, Barwala, Hansi, Narnaund and Uklana Mandi allotted the same code to their different DDOs. This would substantially limit the usefulness of data for MIS purpose.

3.5.9 Major Audit Findings on General Controls

General controls are the policies and procedures, which govern the environment in which Information Technology is used in an organization. The deficiencies noticed were as follows.

3.5.9.1 Lack of Information Technology Security Policy

Treasuries and Accounts Department had not formulated and documented security policy regarding the security of Information Technology (IT) assets, software and data security even after five years of OTIS operation.

3.5.9.2 Inadequate Access Control Mechanism

There was no well-defined and documented password policy. Normal password control procedures like restriction on unsuccessful login attempts by the users or automatic lapse of password after a predefined period and system enforced periodical change of passwords after a certain period were non-

existent. Moreover, the system did not generate any logs to record the number of failed login attempts.

3.5.9.3 Deficiencies in ensuring segregation of duties

The principle of segregation of duties was not adopted

- Audit observed that there was no policy and documentation relating to the procedure for assigning the duties for working on the software. Since the major work was being performed in the field offices (treasuries and sub-treasuries), the TOs assigned duties to various officials working on OTIS. However, it was found that the Junior Programmers, on behalf of the TOs were creating users and assigning rights and privileges to them.

There was no clear segregation of duties in the treasuries. Though a table was maintained in the application for keeping audit trail of system use, its data was erased every month on starting of a new month for verification of bills/receipt challans of the subsequent month. Audit noticed that the application continued to have users with active privileges even after their death, transfer or being on leave. The deficiencies noticed in Chandigarh treasury were as under:

- (i) Shri Kuldeep Kumar expired on 7 January 2006 but his user name was found functional from 8 January 2006 to 19 January 2006 in respect of 446 records.
 - (ii) Smt. Murti Devi was relieved from the treasury on 21 December 2005 but her user name was found functional during the period from 31 December 2005 to 19 January 2006 in respect of 457 records.
 - (iii) Shri Babu Ram was on leave on 6 January 2006 but his user name was found functional on that date in respect of 217 records.
- The OTIS application provides for different roles for the users as per the functioning of the treasury office viz. token entry, bill passing by bill passing clerk, bill passing by TO, payment verification of bill and challan verification. The users had been created for performing specific functions in the OTIS to create a system of checks and balances. However, it was observed in audit that there were interchanges of treasury personnel performing the duties which greatly diluted the responsibility and accountability for duties performed while using the software. Important cases noticed in audit were as follows:
 - (i) Junior Programmers were functioning both as Data Entry Operators and Computer Operator in addition to their own duties at Chandigarh, Karnal and Kurukshetra treasuries.
 - (ii) Bill Passing Clerks were found performing duties of token clerk and TO/Junior Programmers in addition to their duties at Ambala and Karnal treasuries.
 - (iii) The TO, Karnal was performing duties of token clerk, bill passing clerk, Receipt and Payment Assistant in addition to his own duties.
 - (iv) One official at Hisar was using three users' codes in addition to his own user code and was performing duties of Token Clerk and TO/Junior Programmers.

This created an uncontrolled environment in which IT operations were run and completely negated the concept of separation of duties to prevent misuse of the system.

3.5.9.4 *Deletion of data from tables*

In treasuries and sub-treasuries, the first stage of processing a bill is issue of token number and the last stage is issue of voucher number for each bill paid by designated bank(s). The OTIS application allots token numbers and voucher numbers serially. The token number and vouchers should have one to one correspondence as these were to be issued sequentially.

In Chandigarh treasury, it was noticed that there were gaps in the voucher numbers and token numbers and there remained no trail for the transactions, which could have explained the data that have been deleted representing these missing vouchers and tokens numbers.

Since the OTIS software permitted such deletion, it was a serious threat to the security of data and un-authorized deletion of transactions which had wider ramifications particularly in a situation where inadequate access control mechanism and weak segregation of duties exists as discussed in paragraph 3.5.9.2 and 3.5.9.3 creating risk of over payments.

3.5.9.5 *Lack of disaster recovery and business continuity plan*

The OTIS is a critical system relating to processing of various bills, authorizing payments, preparing DDO-wise and Head wise (up to object code) daily receipt and payment accounts and submission of accounts relating to expenditure and receipt on behalf of the State Government (along with vouchers and challans) to the Accountant General (A&E). If the system comes to a halt, bills would not be passed and accounted for in time. Moreover, day-to-day ways and means position will not be readily available to the Finance Department. In the absence of which important decisions of the State Government relating to release of funds are likely to be adversely affected.

- It was observed in audit that the Department had not formulated and documented any Disaster recovery policy. There were no documented procedures indicating frequency for taking back up of data, its storage and frequency of testing/checking. The TOs were taking backups as per their convenience. The back up data was not stored at a separate location in fireproof cabinets and the back up was not tested regularly. The data back up was being stored on the same server and back up CDs in the same location. This defeated the very purpose of keeping back ups.
- Each treasury had two servers with the second server serving as a standby. It was observed that both the servers were located in the same computer room of the treasury office. Thus, in the event of a disaster, the treasuries would not have a fall back/standby options.

Disaster recovery and business continuity plan and back up policy was not formulated

3.5.10 Conclusions

Though the OTIS software has been stated to have been stabilized and in operation in Haryana for the last 3 years, the system was found to be running with major design deficiencies such as absence of validation check between DDO and Head of Account, accepting wrong form codes of bills, inadequate processing control for payment of bill against Letter of Credit and non provision for revalidation of bills. As the system had poor processing controls, the database showed huge inflation in the figures of expenditure. The application was being run in a poorly controlled environment with weak segregation of duties, which in conjunction with lack of audit trails makes it extremely difficult to fix accountability/responsibility on those who had performed duties using the software. The software needs to be improved upon to get the desired benefit out of the computerization efforts.

3.5.11 Recommendations

- The Department should ensure that all the treasuries utilize the latest and comparable version of the software.
- The software application should be improved by incorporating necessary inputs/processing controls which will facilitate revalidation of bills, validation checks between DDOs and Head of accounts, control check for payment of bills against letter of credit allocation.
- Proper segregation of duties should be enforced to prevent frauds and to establish accountability.
- The department should formulate a well defined password policy, data back-up policy and a disaster recovery plan.

The points were referred to the Government (June 2006); reply had not been received (July 2006).

CHAPTER-IV

**TRANSACTION AUDIT
OBSERVATIONS**

AUDIT PARAGRAPHS

Chapter –IV

TRANSACTION AUDIT OBSERVATIONS

AUDIT PARAGRAPHS

4.1 Fraud/misappropriation/embezzlement/losses/overpayment

Revenue Department

4.1.1 Loss due to possible embezzlement

Failure of the Drawing and Disbursing Officer to exercise the prescribed checks led to possible embezzlement of Rs 14.38 lakh by District Nazir in the Office of the Deputy Commissioner, Sonipat.

Financial/Treasury Rules lays down that all monetary transactions relating to withdrawal of funds from treasury, disbursement of payments and moneys received for crediting into the Government accounts require careful scrutiny with vouchers/proper receipts by Drawing and Disbursing Officer (DDO) and proper attestation.

Test-check of records (August 2005) of the office of the Deputy Commissioner, Sonipat (DC) revealed that the DDOs did not observe the rules *ibid* strictly which resulted into embezzlement of huge amount by Nazir-cum-cashier (Nazir) as discussed below:

(a) Sixteen telephone bills amounting to Rs 50,798 for the period between January 2001 and November 2002 already paid were again shown as paid in the cash book in August 2004. Out of the above 16 bills, three bills amounting to Rs 12,353 were shown earlier also as paid in March 2003, thus, three different payments were shown as made against these three bills. Further, three electricity bills amounting to Rs 18,629 already paid in January 2000 were again shown as paid in the cash book in June 2004. Nazir used duplicate bills procured from the departments concerned in support of the duplicate payments and thus embezzled Rs 81,780 (Rs 50,798 plus Rs 12,353 plus Rs 18,629). Further, he made fictitious entries in the cash book, showing payments of Rs 36,586 and Rs 49,175 of miscellaneous contingent bills on 25 August 2003 and 19 December 2003 respectively without any supporting vouchers, whereas these payments had already been made on 07 August 2003 and 05 November 2003 respectively. In fact, no payments in these cases were made and Nazir embezzled Rs 85,761 (Rs 36,586 plus Rs 49,175). On being pointed out in Audit, Rs 1,67,541 (Rs 81,780 plus Rs 85,761) were deposited in the treasury in March 2006 by the defaulter.

(b) Against payment of Rs 1,95,550 for the purchase of service stamps between April 2003 and May 2005, service stamps for Rs 1,24,000 only

were entered in the service stamp stock register and a sum of Rs 71,550 was embezzled. On being pointed out in Audit, the amount of Rs 71,550 was deposited in the treasury in December 2005 by the defaulter.

(c) Thirty-six condemned vehicles and a few miscellaneous items of various departments were auctioned by the DC, Sonipat between March 2003 and August 2004. In contravention of the Government's instructions, 10 *per cent* of the auction money (Rs 1,24,340) was deducted instead of five *per cent*. No receipt (STR 3) had been issued to the successful bidders. The DC stated that no such record was maintained. Nazir did not enter the deducted amount in the cash book. Further, in two cases (auctioned vehicles pertained to DC's office), 90 *per cent* of the auction money, Rs 60,300 (Rs 25,650 and Rs 34,650) were neither entered in the cash book nor deposited into the treasury. Thus, Rs 1,84,640 (Rs 1,24,340 plus Rs 60,300) were embezzled. On being pointed out in Audit, Rs 1,84,640 were deposited in the treasury by the defaulter in April 2006.

(d) The Nazir embezzled Rs 4,83,382 in three cases as under:

(i) An electric meter DC-2/17 installed at Mini Secretariat (DC Office), Sonipat remained out of order for more than two years. Electricity Department continued charging bills between April 2003 and March 2005 at flat rate of Rs 15,985 per month (p.m.). This amount was to be shared by Sub-Divisional Officer (Civil), Sonipat (Rs 3,200 p.m.) and District Transport Officer, Sonipat (Rs 1,280 p.m.). The Nazir collected Rs 1,05,271 in cash from Sub-Divisional Officer (Civil) and District Transport Officer during the said period as confirmed by the offices concerned, but deposited (between July 2003 and March 2005) only Rs 38,426 with the Electricity Department and did not enter the balance amount of Rs 66,845 in the cash book.

(ii) Against the above connection, Rs 5,09,832 were shown as paid in the cash book on 35 occasions to the Electricity Department. But as verified from Electricity Department, Rs 3,76,260 were actually deposited on 24 occasions. So, the Nazir made 11 fictitious entries in the cash book for Rs 1,33,572 (Rs 5,09,832 minus Rs 3,76,260) as neither were claims for this amount raised by the Electricity Department nor was there any evidence of payments made.

(iii) Electricity bills pertaining to two other meters amounting to Rs 2,82,965 were shown as paid in cash book to the Electricity Department between April 2003 and February 2005 but the Electricity Department did not confirm the receipt of these payments.

On being pointed out in Audit, Rs 5,26,000 (Rs 2,43,035 plus Rs 2,82,965) were deposited by the defaulter in the treasury in April 2006 (Rs 42,618 were apparently deposited in excess due to calculation mistake).

(e) Six shops and one cycle stand (two terms) were auctioned on 15 March 2002/16 March 2004 and Rs 80,000 as security were collected on date of auction from successful bidders. Nazir did not account for the security in the cash book. An amount of Rs 5,91,500 realised on account

of auction was also not taken in the cash book. He deposited only Rs 1,40,700 in the treasury upto July 2005 and embezzled the balance amount of Rs 5,30,800. On being pointed out in Audit, Rs 5,07,200 were deposited (Rs 1,00,000 in September/October 2005 and Rs 4,07,200 in April 2006) by the defaulter in the treasury leaving a balance of Rs 23,600.

Thus, Nazir embezzled a total sum of Rs 14,37,913¹. On this being pointed out in Audit, DC intimated (November 2005 to April 2006) that an amount of Rs 14,56,931² had been deposited by the defaulter (excess amount of Rs 19,018 apparently due to calculation mistakes) and supplied the copies of treasury challans in support of the amount deposited, which clearly indicated the Nazir's involvement in these embezzlements.

The embezzlement could have been avoided had the system of internal audit been in existence in the office.

The Financial Commissioner and Principal Secretary to Government Haryana, Revenue Department stated (March 2006) that Commissioner, Rohtak Division has been directed to enquire into the whole matter. Final outcome was awaited (June 2006).

4.2 Excess payment/wasteful/infructuous expenditure

Public Works Department (Irrigation Branch)

4.2.1 *Wasteful expenditure on work requiring clearance from Central Water Commission*

Construction of work without prior clearance of Central Water Commission, rendered expenditure of Rs 19.17 lakh on it as wasteful.

Guidelines issued by Central Water Commission (CWC), Ministry of Water Resources, stipulates that schemes involving inter-state implications should be got examined and cleared by CWC before these are finally approved and sanctioned by State Government.

During floods of 2001, a creek of river Yamuna (near Tajewala Head Works adjoining Uttar Pradesh) deflected towards the right side and submerged several villages situated along the right edge of the river Yamuna. Haryana State Flood Control Board approved (January 2002) a scheme for Rs 30 lakh to protect villages from the river Yamuna. Accordingly, an estimate for Rs 18.61 lakh for extension of Mandewala Bund from RD 19600 to 23600 and allied works was

¹ Sub para (a): Rs 1,67,541; Sub para (b): Rs 71,550; Sub para (c): Rs 1,84,640; Sub para (d): Rs 4,83,382 and Sub para (e): Rs 5,30,800.

² Sub para (a): Rs 1,67,541; Sub para (b): Rs 71,550; Sub para (c): Rs 1,84,640; Sub para (d): Rs 5,26,000 and Sub para (e): Rs 5,07,200.

sanctioned (March 2002). As the scheme had an inter-state implications, the Government of Uttar Pradesh (UP) raised objections on the commencement of work (May 2002) and the case was referred to CWC. In the meantime, Haryana Government decided to stop the work on 30 June 2002 by which time Rs 19.17 lakh had been incurred on the scheme. CWC directed (March 2003) construction of three Bed Bars of low level with changed design. Fresh estimate for Rs 19.34 lakh with changed design was sanctioned (May 2003) which was revised (December 2004) to Rs 31.32 lakh. The work was restarted (May 2003) and completed (February 2004) by spending Rs 31.18 lakh.

Test-check of records (June 2005) of the Executive Engineer, Water Services Division, Jagadhari, revealed that work on the earlier scheme was taken up without prior clearance of CWC and the work continued for three months despite objections raised by Government of UP. The Department did not obtain clearance of CWC on the plea that it was a minor work.

The Engineer-in-Chief, Public Works Department (Irrigation Branch), Haryana stated (January 2006) that work on earlier scheme could not be completed due to intervention of Government of UP and the partly constructed extension of Mandewala Bund was washed away during rainy seasons of 2002 and 2003.

Thus, due to construction of work, which had inter-state implications, without prior clearance of CWC, expenditure of Rs 19.17 lakh, was rendered wasteful as the partly Constructed extension of Mandewala Bund was washed away.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary, Public Works Department (Irrigation Branch) in March 2006; reply had not been received (July 2006).

Home Department

4.2.2 Wasteful expenditure on creation of Haryana State Industrial Security Force

Recruitment of personnel in Haryana State Industrial Security Force without an assessment of demand resulted in wasteful expenditure of Rs 12.63 crore incurred on their pay and allowances.

The State Government created the Haryana State Industrial Security Force (HSISF) through the HSISF Act 2003 (Act) to cope with the demand for protection and security of treasuries, institutions and autonomous bodies and ease the pressure on the Haryana police force which was required for maintaining law and order.

The Director General of Police (DGP) proposed (August 2003) creation of HSISF and requested to State Government to sanction 4,149 posts of different categories based on requirement received from all districts. The State Government accorded sanctions (February and March 2004) for raising of five battalions of HSISF with the conditions that the expenditure incurred on

personnel of HSISF would be recovered by way of user charges from the indenting agencies and the Department would chalk out a plan for proper deployment of force so that there may not be any financial burden on the State exchequer.

Test-check of records (April-December 2005) of Director General of Police, Haryana (DGP), Director, Haryana Police Academy, Madhuban and eight offices³ of Superintendents of Police revealed that selections for recruitment of 60 Sub-Inspectors of HSISF were made (December 2004) by Haryana Staff Selection Commission and 2,960 Constables and 187 Class IV personnel by Selection Boards consisting of Superintendents/Deputy Superintendents of Police authorised by the then DGP. A sum of Rs 12.63 crore was spent towards pay and allowances of these officers/officials from December 2004 to July 2005, but force was never deployed for the purpose for which it was established.

As there was no demand or requisition for deployment of HSISF from any State/Central or Private undertakings nor there was any possibility of any such demand arising in future because of the prohibitive cost of deployment of HSISF vis-à-vis availability of services of private security agencies, the Government repealed the Act in June 2005 and disbanded the HSISF Battalions. Consequently, services of all Sub-Inspectors, Constables and Class IV personnel recruited against HSISF were dispensed with in July 2005.

Audit scrutiny revealed that the Department did not conduct any demand survey of the actual requirement for HSISF personnel. Prior to recruitment the department should have conducted the demand survey and agreements should have been executed with Public Sector Undertakings regarding their deployment, as was being done in the case of Central Industrial Security Force by Government of India.

Thus, decision of the Department to recruit personnel in the HSISF without assessing the demand was injudicious and resulted in wasteful expenditure of Rs 12.63 crore incurred on pay and allowances of the personnel recruited during the training period as the HSISF was disbanded immediately after completing the training course. Moreover, the work pressure on Haryana police force was not eased as the Act enacted for the purpose repealed.

The Financial Commissioner and Principal Secretary, Government of Haryana, Home Department stated (June 2006) that a commission has been constituted to inquire into the irregular creation of HSISF and their findings will be intimated on receipt. Further, progress was awaited (July 2006).

³ Superintendents of Police: Bhiwani, Faridabad, Hisar, Kaithal, Karnal, Panchkula and Sirsa and Superintendent of Police (Commando), Haryana, Karnal.

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

4.2.3 Extra expenditure

Central Excise Duty exemption, available on purchase of pipes for use in Water Works, was not availed, which resulted in an extra expenditure of Rs 40.57 lakh.

Government of India (GOI) Notification No. 06/02-CE dated 01 March 2002 amended by Notification No. 6/2003-CE dated 01 March 2003 exempted all items of machinery and their components required for setting up of water treatment plants intended to make water fit for human or animal consumption, alongwith pipes needed for delivery of water from its source to the plant and from there to the storage facility, from the whole of the Central Excise Duty (CED) subject to the condition that a certificate issued by the concerned Collector/Deputy Commissioner/District Magistrate to the effect that such goods are needed for the intended use, is produced to the concerned Central Excise official.

Test-check of records (November 2005) of the Chief Administrator, Haryana Urban Development Authority, Panchkula (HUDA) revealed that Ductile Iron (DI) Pipes valuing Rs 3.11 crore, including CED, freight and inspection charges were purchased (January-May 2004) for use in the water works, from M/s Electrosteel Castings limited, Kolkata against supply orders placed between November and December 2003 by the Director, Supplies and Disposals, Haryana (DS&D).

Though, the pipes purchased were used for the purpose specified in the exemption notification and thus qualified for exemption, HUDA did not avail of the benefit. The required certificates for availing CED exemption were not submitted to the supplier for claiming CED exemption on the material before taking up the delivery at factory, because the relevant instructions based on GOI notification were circulated belatedly by the Engineer-in-Chief (EIC), HUDA in July 2004 after the receipt of material. Consequently, CED amounting to Rs 40.57 lakh had to be paid by HUDA (August 2004 to December 2004), which could have been avoided.

The Chief Administrator, HUDA who was not aware of GOI notification about the exemption stated (April 2006) that all the aspects were examined by DS&D and High Powered Purchase Committee before placing the supply order to the firm. Reply is not acceptable because such standing instructions of exemption of CED should have been in the notice of HUDA and DS&D before placing the supply order of DI pipes to the supplier firm. Had HUDA and DS&D taken the notice of GOI notification before placing purchase orders, payment of CED amounting to Rs 40.57 lakh could have been saved.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary, Town and Country Planning Department in April 2006; reply had not been received (June 2006).

Women and Child Development Department

4.2.4 Injudicious expenditure incurred on *panjiri*

Preparation and serving of *Panjiri*, not suitable for children in the age group of 6 to 12 months, as per the guidelines, rendered the expenditure of Rs 1.57 crore injudicious.

Guide Book for *Anganwadi* workers issued by Ministry of Human Resource Development, Government of India provides that complementary food for children in the age group between 6 and 12 months should be well cooked and served in mashed form mixed with some oil or ghee and sugar or jaggery. Manual on Integrated Child Development Services (Manual) envisages that the recipe for infants and young toddlers should be powdered and made pulpy by addition of milk, tea or water.

Test-check of records (between December 2005 and March 2006) of six Child Development and Project Officers (CDPOs)⁴ revealed that in contravention of the provisions of Guide Book and Manual, *Panjiri* (food containing wheat and gram flour mixed with sugar and groundnut oil) valuing Rs 1.57 crore was shown as served in solid and dry form to 44,156 children falling under the age group of 6 to 12 months in 708 *Anganwadi* Centre during 2000-06 (upto February 2006) whereas the food should have been served to children in mashed form because it was not digestible in solid form.

On being pointed out in Audit all the six CDPOs stated (December 2005 and March 2006) that the material served to children was selected by Directorate Office. Five CDPOs⁵ confirmed the facts and stated that *Panjiri* was not easily consumable by the children between the age group of 6 and 12 months.

Thus, injudicious expenditure of Rs 1.57 crore was incurred on the preparation and serving of *Panjiri*, not suitable for children in the age group of 6 to 12 months as per laid down guidelines.

The Commissioner and Secretary to Government Haryana, Women and Child Development Department stated (May 2006) that the manufactured *Panjiri* was distributed to the mothers in solid form with the instructions that the *panjiri* be given in semi solid form to infants in the age group of 6 to 18 months after mixing it with boiled water or milk. Reply was not acceptable, as *panjiri* contains big particles, gets easily stuck on the upper palate of the mouth of a child and cannot easily be digested by a child. The contention of audit was confirmed by Director Health Services, Union Territory, Chandigarh.

⁴ CDPOs: Kaithal, Nagina, Narnaul, Pinjore, Rewari and Sohna.

⁵ CDPOs: Kaithal, Nagina, Narnaul, Pinjore and Rewari.

**Health Department
(Pandit Bhagwat Dayal Sharma Post Graduate Institute of
Medical Sciences, Rohtak)**

4.2.5 Unfruitful expenditure on purchase of equipment

Failure of the PGIMS, in getting the equipment in working order within the warranty period, rendered the expenditure of Rs 21.79 lakh unfruitful.

Government sanctioned (March 2002) Rs 21.18 lakh for the purchase of "Mobile C-Arm Image Intensifier TV System" for use in surgical ward of Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences, Rohtak (PGIMS). The Director, Supplies and Disposals, Haryana placed (March 2002) a supply order with an Italian firm (firm) for purchase of the said equipment at a cost of Rs 21.18 lakh (Euro 44673.90). The equipment whose warranty period was two years was required to be installed only after the inspection by a committee. The firm supplied the equipment (October 2002) and installed it in November 2002 after inspection by a Committee, which certified that machine was as per specifications and working satisfactorily. The payment of Rs 21.70 lakh was made (October 2002: Rs 17.37 lakh and January 2003: Rs 4.33 lakh) to the firm.

Test-check of records (March 2006) of Director, PGIMS revealed that the equipment went out of order in April 2004. As the equipment was within warranty period, the firm was asked (April 2004) to rectify the equipment but even after lapse of two years, the firm failed to make the equipment operational (April 2006). Audit observed that no correspondence was made by PGIMS after October 2004 to get the equipment repaired.

On being pointed out in Audit (March 2006), the Head of Surgery Department stated that the Department approached the firm several times for removal of defects and repair of the equipment. The firm sent (April 2004) an engineer for its repairs but instead of repairing the equipment at site, the engineer took two parts of the equipment to get them repaired at his main office.

Thus, failure of the PGIMS, in getting the equipment in working order within the warranty period, rendered the expenditure of Rs 21.79 lakh (including Rs 0.09 lakh LOC opening charges) unfruitful.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Health Department in April 2006; reply had not been received (July 2006).

**Education Department
(Maharshi Dayanand University, Rohtak)**

4.2.6 Unfruitful expenditure on guest house

Due to injudicious decision, expenditure of Rs 45.39 lakh incurred by MDU on construction of VIP guest house was rendered unfruitful.

Keeping in view the immediate requirement, the Vice-Chancellor (VC), Maharshi Dayanand University, Rohtak (MDU) accorded administrative approval (June 1996) for construction of a VIP guest house in MDU at an estimated cost of Rs 45.39 lakh for which Haryana Government released grants for execution of the work. The construction of the VIP guest house was completed in February 2000 by spending Rs 45.39 lakh.

Test-check of records (November 2005) of MDU revealed that the VIP guest house was lying unutilised since its completion, as another guest house (University faculty house) already existed in the University campus. The VC of MDU who had no residence within university campus was residing in the campus of Post Graduate Institute of Medical Sciences, Rohtak (PGIMS), though the Health Department wanted MDU to hand over the building. Consequently, a need was felt for the construction of VC's residence. Just after four months of the completion of VIP guest house, a technical committee considered (June 2000) the conversion of VIP guest house into VC's residence, but found it unsuitable on technical grounds.

Another committee constituted (March 2001) by the VC, to consider the utilisation of the VIP guest house, was of the view that guest house had been lying vacant since its completion as there was no demand of accommodation and thus, recommended that the guest house may be converted into VC's residence with suitable alterations and modifications, administrative approval for Rs 29.76 lakh for which was accorded by the VC (June 2003). The work was allotted to a contractor in July 2003. The work was partially executed at a cost of Rs 38 lakh upto April 2004. The estimated cost was revised to Rs 39.22 lakh (March 2004) and further revision to Rs 60.65 lakh was proposed (April 2004) due to enhancement of work. Enhancement upto Rs 50 lakh was approved in April 2006. The work was held up in April 2004 and was still lying incomplete. The VC was still residing in PGIMS's building.

Thus, the VIP guest house constructed in February 2000 by spending Rs 45.39 lakh was abinitio ill conceived in view of lack of demand and could not be utilised since its inception. Thus, injudicious decision to construct VIP guest house when university faculty house (another guest house) already existed with sufficient capacity and subsequent decision to convert it into VC residence, which had not even been made functional (July 2006), resulted in unfruitful expenditure of Rs 45.39 lakh.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Education Department in April 2006; but reply had not been received (July 2006).

Forest Department

4.2.7 Nugatory expenditure

Non-adherence to provisions of the Industrial Disputes Act, 1947 resulted in payment of idle wages of Rs 24.31 lakh.

Section 25-F of Industrial Disputes Act, 1947 (Act) *inter alia*, lays down that a workman who has been in continuous service for one year can be retrenched, after giving one month's notice in writing, indicating reasons for retrenchment or in lieu thereof payment of one month's wages. Section 25-B of the Act *ibid* provides that a workman shall be deemed to be in continuous service for one year, if the workman has actually worked for not less than 240 days during a period of 12 calendar months.

Test-check of records (May 2002-March 2006) of five⁶ Divisional Forest Officers, revealed that the services of 32 daily-wage workers were terminated by the Department between March 1992 and January 1999 without following the laid down procedure for retrenchment and without assigning any reason even when they had worked for more than 240 days in 12 calendar months. Against these termination orders, daily-wage workers filed cases before the concerned Industrial Tribunal-cum-Labour Courts (ITLCs) with the request for reinstatement with continuity of services and full back wages. The ITLCs announced the award between March 1995 and March 2005 in favour of the workers on the ground that their services were not terminated in accordance with Section 25-F of the Act. The ITLCs ordered the Department to reinduct the workers in service with continuity of service alongwith back wages. Accordingly, State Government accorded sanction (September 1999 to December 2005) of Rs 24.31 lakh⁷ for the payment of back wages for the period March 1992 to May 2003 to the daily-wage workers subject to the condition that whole amount would be recovered from those defaulting officers/officials who terminated their services without taking recourse to Section 25-F of the Act. An amount of Rs 24.31 lakh was paid to the workers during May 1999-January 2006, but neither the defaulters were identified nor the recovery was effected from the concerned officers/officials by the Department (April 2006).

Thus, failure of the Department to adhere to the relevant provisions of the Industrial Disputes Act before terminating the services of daily-wage workers and to (May 2006) effect recovery from the defaulters resulted in an avoidable payment of idle wages of Rs 24.31 lakh.

Conservator of Forest, Rohtak, had appointed (January 2006) an enquiry officer to verify the veracity of the cases in respect of Sonipat division before effecting the recovery from the defaulters. The enquiry officer had submitted (May 2006) the enquiry report to the Conservator of Forest, Rohtak. Further progress was awaited (July 2006). Divisional Forest Officers, Kaithal and Mahindergarh stated (February-March 2006) that action was being taken

⁶ Bhiwani, Kaithal, Mahindergarh, Panipat and Sonipat.

⁷ Bhiwani: Rs 4.22 lakh; Kaithal: Rs 0.49 lakh; Mahindergarh: Rs 12.98 lakh; Panipat: Rs 1.95 lakh and Sonipat: Rs 4.67 lakh.

against the defaulters. Reply from Divisional Forest Officers, Bhiwani and Panipat had not been received (July 2006).

The matter was referred to the Financial Commissioner and Principal Secretary to Government Haryana, Forest Department in April 2006; reply had not been received (July 2006).

Police Department

4.2.8 Unfruitful expenditure on Mobile Forensic Science Units

Rupees 1.80 crore spent on the purchase of 20 vans and laboratory equipment were rendered unfruitful, as Mobile Forensic Science Units were not operational for want of staff and other required equipment.

While conveying the recommendations of XIth Finance Commission, the Ministry of Home Affairs, Government of India advised (September 2000) the Director, State Forensic Science Laboratory (FSL), Madhuban, Haryana to make full use of central funds for creating Mobile Forensic Science Units (MFSUs) for scientific and effective investigation of criminal cases at district level. Accordingly, central assistance of Rs 1.80 crore was provided for establishing 15 MFSUs at each district headquarter. It was also desired to make arrangements for manpower recruitment to man MFSUs to be established in the State. For establishment of each MFSU, one tempo traveller, 6 staff members⁸ and 13 equipment⁹ were required.

As there were 19 districts in the State at that time, the Director, FSL, Madhuban sent (May 2001) the requirement for setting up of 20 MFSUs (one each for 19 districts and one for Government Railway Police, Headquarters) to the Director General of Police, Haryana, Panchkula.

Test-check of records (October 2005) of the Director, FSL revealed that the Department procured 20 tempo travellers (eight in May 2003 and 12 in December 2004) for all the 20 MFSUs at a cost of Rs 1.03 crore and also purchased equipment worth Rs 76.59 lakh (Rs 31.95 lakh during 2002-03 and Rs 44.64 lakh during 2003-04). But, against the requirement of six staff members for each MFSU, only eight Senior Scientific Officers, four Senior Scientific Assistants and four Scientific Assistants (Photography) were put to job in 16 MFSUs and no staff was posted in remaining four MFSUs¹⁰; while no equipment was provided in seven MFSUs¹¹ and only 2-11 equipments were provided (against 13 projected) in 12 MFSUs as required. Thus, neither sufficient staff was posted nor the required equipment were provided in four

⁸ Senior Scientific Officer, Senior Scientific Assistant, Scientific Assistant (Photography), Finger Print Expert (ASI), Laboratory attendant and Constable Driver.

⁹ Ballistic Spot Kit, Blood Detection Kit, Semen Detection Kit, RSP Tool Kit, Investigation Kit, Search light, U V Light, Microscope, Generator Set, Detection Kit, Narcotic Explosive Fire Arm, Camera and Video Camera.

¹⁰ Faridabad, Kaithal, Karnal and Rewari.

¹¹ Bhiwani, Faridabad, Jind, Kaithal, Karnal, Madhuban and Rewari.

MFSUs; no equipment was provided in three other MFSUs. Though, MFSU, Rohtak was provided with the required 13 equipment, but only one staff member (a Senior Scientific Officer) was provided against requirement of six.

The SPs, Faridabad, Kaithal, Karnal and Panchkula admitted (August 2005-February 2006) the facts and stated that the vans remained unused or were used for other purposes because of non-availability of staff to operate MFSUs.

Thus, Rs 1.80 crore spent on the purchase of 20 vans and laboratory equipment was rendered unfruitful, as MFSUs were not operational in any district because of non-recruitment of staff and non-procurement of all the required equipment.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Home Department in March 2006, reply had not been received (June 2006).

Transport Department

4.2.9 Loss due to non-receipt of lease money

The State exchequer suffered a loss of Rs 31.44 lakh by way of lease money due to non-leasing out of the shops.

As per policy guidelines issued by Transport Commissioner (TC), the concerned General Managers (GMs) were empowered to auction shops at Haryana Roadways bus-stands with the assistance of depot level committees consisting of Works Manager, Transport Manager, Accounts Officer and a representative of the District Administration. The auction money of each shop was required to be higher than that of the last year's auction. In case, certain shops could not be auctioned at a higher rate after repeated attempts and the committee was satisfied to accept the bid (lower than the last year), in public interest, the committee may temporarily accept the bid subject to approval of the Government.

Test-check of records (March 2006) revealed that the Ambala depot had earmarked 19 shops/sites at Ambala Cantonment bus-stand to lease out for various Commercial activities. The GM conducted repeated open auctions in March 2004 to lease out shops for a period of two years (April 2004 to March 2006). The highest bids received in respect of fruit shop and restaurant-cum-tea shop was Rs 0.51 lakh and Rs 0.80 lakh per month respectively, the successful bidders deposited the advance rent for one month. As these bids were lower than those of previous year, (Rs 0.76 lakh and Rs 1.39 lakh per month), the GM referred (March/April 2004) the bids to TC for approval. The TC referred (May 2004) the matter to Financial Commissioner and Principal Secretary, Transport Department. As the matter remained under correspondence among the GM, TC and Government, the shops could not be leased out and remained vacant for two years. The advance rent received from the bidders was refunded by the GM in March 2005. The sites were, however, leased out afresh in April 2006.

Thus, due to slackness on the part of Government in according approval for accepting lower bids, the department suffered a loss of Rs 31.44 lakh¹² on account of lease money from April 2004 to March 2006. The Transport Commissioner, while confirming the facts (June 2006) stated that the shops remained vacant as the approval of the Government could not be obtained.

The matter was demi officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Transport Department in May 2006; reply had not been received (July 2006).

Planning Department
(Chief Planning and Development Officer)
and
Irrigation Department

4.2.10 Unfruitful expenditure on incomplete Irrigation projects

The Planning and Irrigation Departments could not install sprinkler sets after the closure of Haryana State Minor Irrigation Tubewells Corporation, which resulted in an unfruitful expenditure of Rs 73.52 lakh.

The Additional Deputy Commissioner-cum-Chief Planning and Development Officer, Panchkula (ADC-Cum-CPDO) sanctioned (April 1999 and April 2000) drilling of five tubewells to provide irrigation water to five villages¹³ in Panchkula district at an estimated cost of Rs 55.62 lakh (revised to Rs 58.03 lakh) under 'Member of Parliament Local Area Development (MPLAD) Scheme'. The work for drilling of tubewells was allotted to Haryana State Minor Irrigation Tubewells Corporation (HSMITC).

Test-check of records (April 2003) of ADC-Cum-CPDO and information collected subsequently in January 2006 revealed that the work of drilling and development of tubewells was completed in May 2001 after incurring an expenditure of Rs 58.03 lakh. As the water yield of these tubewells was low and not found adequate for laying underground pipeline for bringing water to the fields for irrigation purposes, department decided to install sprinkler sets on these tubewells. The ADC-Cum-CPDO released Rs 18.80 lakh during 2001-02 to HSMITC for installation of sprinkler sets. State Government, however, decided subsequently to close the HSMITC with effect

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Description of shops	Period of vacation of shops (April 2004 to March 2006) (Month)	Bid received but not accepted (Rupees in lakh)	Amount
Restaurant-cum-tea shop	24	0.80	19.20
Fruit shop	24	0.51	12.24
Total			31.44

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Bakshiwala, Jallah, Kheranwali, Naggal Rootal and Tirlok Pur.

from 30 June 2002 but an expenditure of Rs 15.49 lakh¹⁴ had already been incurred by that time on incomplete works and the balance amount of Rs 3.31 lakh was lying unspent with HSMITC. The ADC-Cum-CPDO intimated (June 2003/January 2006) that the HSMITC neither installed sprinkler sets, nor handed over charge of incomplete works to any other department. He further added that the sprinkler sets would be installed as and when State Government issues directions for completion of pending incomplete works by another department. Though the matter remained under correspondence between CPDO, HSMITC and Irrigation Department upto September 2004 but no final decision in this regard was taken by the Government. Resultantly, these tubewells could not be commissioned (January 2006). The Deputy Commissioner, Panchkula while confirming the facts, stated (June 2006) that matter was pursued with HSMITC but they could not decide as to which department will execute the pending incomplete works. Reply was not acceptable as the matter was not pursued with higher authorities/Government after September 2004.

Thus, failure of Planning and Irrigation Departments to get the sprinkler sets installed through another agency after the closure of HSMITC and non-pursuance with higher authorities after September 2004 resulted in unfruitful expenditure of Rs 73.52 lakh (drilling and development of tubewells: Rs 58.03 lakh plus sprinkler sets: Rs 15.49 lakh). Besides, purpose of providing irrigation water to the intended area and to the desired level was also defeated.

The matter was demi-officially referred to the Financial Commissioners and Principal Secretaries, Government of Haryana, Planning and Irrigation Departments in May 2006; reply had not been received (June 2006).

Public Works Department (Public Health Branch)

4.2.11 Unfruitful expenditure on Augmentation Water Supply Scheme

Due to non-availability of raw water from Irrigation Department for 'Augmentation Water Supply Scheme', expenditure of Rs 60.23 lakh incurred on the scheme proved unfruitful.

Haryana State Sanitary Board (HSSB) administratively approved (December 1999) a Canal based 'Augmentation Water Supply Scheme, Village Baroda Mor Group of two Number villages' for Rs 45.35 lakh with the objective to increase water supply from 36 litres per capita per day (lpcd) to 55 lpcd, for which an outlet of 2.36 cusecs water was required to be got sanctioned from Irrigation Department. The work was started in November 2000 and completed in March 2005 after spending Rs 60.23 lakh. Before completion of the scheme, another two estimates for Rs 10 lakh and

¹⁴ Four pump sets and pump houses: Rs 6.80 lakh; cost of Mono block pumps: Rs 5.08 lakh; cost of sprinkler sets: Rs 2.24 lakh and purchase of material: Rs 1.37 lakh.

Rs 7 lakh for tubewell based schemes were prepared in June and July 2004 respectively to improve the water supply in these villages, as the sufficient quantity of canal water was not available, but HSSB approved (August 2004) one consolidated scheme for Rs 15 lakh. The work was started in March 2005 and two tubewells were installed in March 2006 after incurring an expenditure of Rs 5.30 lakh pending liability of final bill.

Test-check of records (May 2005) of the Executive Engineer, Public Works Department, Public Health Division, Gohana (EE) revealed that the department failed to supply 55 lpcd of water as canal based scheme was taken up without ensuring availability of raw water from Irrigation Department. The EE stated (May 2006) that the required outlet of 2.36 cusecs water for supply of 55 lpcd had not been sanctioned by Irrigation Department. Reply was not acceptable because the EE never applied for sanction of outlet of 2.36 cusecs water. The Executive Engineer, Gohana Water Services Division, Gohana intimated (May 2006) that if 2.36 cusecs water for Water Supply Scheme, Baroda Mor is made available, it will affect the supplies on outlet situated at tail end. This indicates that sufficient raw water was not available to meet the demand of 2.36 cusecs water. Even after installation of tubewells, status of the water supply was raised to only 40 lpcd from 36 lpcd.

Thus, the expenditure of Rs 60.23 lakh incurred on 'Augmentation Water Supply Scheme' proved largely unfruitful because the scheme was ill conceived as availability of required quantity of raw water was not ensured from Irrigation Department.

The matter was demi-officially referred to the Financial Commissioner and Secretary to Government Haryana, Public Works Department, Public Health Branch in July 2006; but reply had not been received (July 2006).

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

Town and Country Planning Department (Haryana Urban Development Authority)

4.3.1 Non-recovery of award money

Non-pursuance for execution of awards and observance of guidelines for enlistment of contractors led to non-recovery of Rs 19.16 lakh by HUDA.

Guidelines for enlistment of contractors circulated from time to time by Chief Administrator, Haryana Urban Development Authority (HUDA) stipulates that the agency/contractor, desirous of enlistment is required to show its financial soundness by submitting a certificate of immovable property with its market value duly attested by the collector or first class magistrate. The agency is also required to intimate the change, if any, in permanent address and get the enlistment renewed after one/two years after paying the requisite fee.

Test-check of records (January 2006) of the Executive Engineer, HUDA Division, Panipat (EE) revealed that three awards amounting to Rs 19.16 lakh¹⁵ were pronounced in favour of HUDA between June 1999 and December 2001 by the Arbitrators appointed for settlement of disputes between the agencies and HUDA. The EE filed cases in the court of Additional Civil Judge, Panipat for execution of the awards in October 1999, April 2000 and January 2002. The court proceeded for attachment of the property of the contractors and desired (May 2000-September 2002) the EE to supply the list of movable and immovable properties of the respective agencies. As these contractors were enlisted in other circles, the wanting details were not on record. So, the EE requested all Superintending Engineers of HUDA (March 2001-November 2002) to supply the list of movable/immovable property of the contractors concerned which was awaited. Resultantly, the Court's orders were not complied with and wanting details were not submitted to court. Because of lack of pursuance by HUDA, the execution of the awards was still pending in the court (January 2006) for the period ranging from 49 to 76 months. Had the EE followed the prescribed guidelines for enlistment and renewal of contractors and pursued the case vigorously, this situation could have been avoided.

Thus, due to non-observance of guidelines for enlistment of contractors and languid pursuance of the case, recovery of award amounting to Rs 19.16 lakh could not be made by HUDA.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary, Town and Country Planning Department in April 2006; reply had not been received (July 2006).

**Public Works Department
(Buildings and Roads Branch)**

4.3.2 Loss of interest due to heavy unspent balance for purchase of bitumen

Placing huge amount at the disposal of Indian Oil Corporation Limited Refinery resulted in loss of interest of Rs 30.72 lakh.

Financial Rules 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. The Executive Engineer, Provincial Division, Public Works

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Sr. No.	Name of the contractor	Date of announcement of award	Amount (Rs in lakh)
1.	Sh. Dharam Parkash	24 September 1999	12.15
2.	Sh. H. S. Suhag	29 June 1999	6.30
3.	Sh. Dharam Pal	27 December 2001	0.71
		Total	19.16

Department, Buildings and Roads Branch (PWD-B&R), Panipat (EE) was the nodal officer for procurement of bitumen from Indian Oil Corporation Limited Refinery (IOCL) for all the Provincial Divisions of PWD (B&R).

Test-check of records (December 2005) of the EE revealed that the Engineer-in-Chief (EIC) used to place lumpsum amounts at the disposal of the EE for the purchase of bitumen of all the Divisions. The EE, in turn, would deposit the amount in consumer account maintained by IOCL without verifying the available unspent balance and without co-relating with immediate actual requirement of bitumen. It was observed that a sum of Rs 5.10 lakh was lying with IOCL as advance payment on 28 February 2003. Further, Rs 16.49 crore were deposited with IOCL against which bitumen valuing Rs 16.39 crore was received from April 2003 to March 2006. Heavy balances ranging between Rs 14.68 lakh and Rs 6.04 crore remained with IOCL during the period from April 2003 to March 2006. Thus, placing huge amount at the disposal of IOCL without actual requirement of bitumen resulted in loss of interest of Rs 30.72 lakh as detailed in *Appendix XXVI* (calculated on the basis of borrowing rates after excluding one month delivery period for supply of bitumen).

The EE stated (February and May 2006) that the funds were released by EIC on lumpsum basis by considering the probable demand of bitumen for all the divisions in near future which were deposited with IOCL. The EIC, Haryana PWD (B&R), Chandigarh stated (June 2006) that advance payments were made for the requirement of two/three months. The reply was not acceptable as there was no agreement with IOCL for making advance payment for two/three months. Payments were made in advance for the period ranging between 7 and 12 months and unspent balance remained with IOCL ranging between Rs 14.68 lakh and Rs 6.04 crore during the period April 2003 to March 2006. This shows that funds were released to IOCL without assessing the realistic requirement of bitumen. The Department should have reviewed the balances already lying with IOCL before releasing the further amounts.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary, Government of Haryana, Public Works Department (Buildings and Roads Branch) in June 2006; reply had not been received (July 2006).

Transport Department

4.3.3 Avoidable expenditure due to non-adjustment of insurance premium

Insurance of buses likely to be condemned during the year and non-adjustment of the premium against new buses resulted in avoidable expenditure of Rs 26.16 lakh.

Transport Department was getting its buses insured with National Insurance Company Limited (Company). As per policy of the company, the premium paid in respect of those insured buses which were condemned during the same

year could be adjusted against the premium for the insurance of new buses at a nominal fee of Rs 50. Buses likely to be condemned during the year could also be insured only for a part of the year.

Test-check of records (March 2006) of General Manager, Ambala Depot and information collected subsequently (May 2006) from eight depots¹⁶ revealed that the depots while getting the buses insured with the company, did not keep in view the likely condemnation of buses during the year and got them insured for full year. During the period December 2003 to June 2006, 128 buses which remained off the road for two/three quarters during the year after condemnation were got insured by paying premium of Rs 26.23 lakh for the full year, but the premium pertaining to the period after condemnation was not got adjusted against other buses.

Thus, getting insurance of buses for full year, which were likely to be condemned during the year and getting non-adjustment of the premium of condemned buses with new buses from company resulted in avoidable expenditure of Rs 26.16 lakh¹⁷.

The matter was demi officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Transport Department in June 2006; reply had not been received (July 2006).

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

4.3.4 Loss of interest due to delay in adjustment of cost of land

By non-adjusting the cost of land against annual maintenance charges, Haryana Urban Development Authority suffered a loss of Rs 33 lakh due to non-charging of interest on principal amount.

Haryana Urban Development Authority (HUDA) allotted (September 1997) 2.55 acre land to Irrigation Department, Haryana at Panchkula at a cost of Rs 2.12 crore for construction of 'Sinchai Bhawan'. As per terms and conditions of the allotment, the payment was to be made within 30 days from the date of allotment failing which interest at the rate of 18 *per cent* per annum was leviable. Irrigation Department deposited Rs 71.97 lakh in November 1997.

The balance amount of Rs 1.40 crore, as per the decision taken in a meeting under the Chairmanship of Chief Administrator (CA), HUDA, was to be adjusted against the raw water charges and annual maintenance charges payable by HUDA to Irrigation Department. Chief Engineer, HUDA confirmed in the meeting that Rs 1.50 crore were payable to Irrigation

¹⁶ Bhiwani, Fatehabad, Gurgaon, Hisar, Karnal, Panipat, Rewari and Sirsa.

¹⁷ Rupees 26.16 lakh after adjusting Rs 50 per bus on account of fee for adjustment. Ambala: Rs 3.20 lakh; Bhiwani: Rs 2.64 lakh; Fatehabad: Rs 4.38 lakh; Gurgaon: Rs 0.54 lakh; Hisar: Rs 7.37 lakh; Karnal: Rs 3.35 lakh; Panipat: Rs 1.79 lakh; Rewari: Rs 1.54 lakh and Sirsa: Rs 1.35 lakh.

Department upto 31 March 1998 by HUDA on account of annual maintenance/raw water charges.

Test-check of records (January 2004) of Executive Engineer, HUDA Division No. III, Gurgaon (EE) and information collected subsequently (March 2006) revealed that the fact that only Rs 1.08 crore were actually payable to Irrigation Department upto 31 March 1998 on account of annual maintenance charges for the period 1995-98 and no amount was payable on account of raw water charges. Instead of adjusting this amount against the remaining cost of land, EE not only released the amount of Rs 1.08 crore to Irrigation Department, but further paid Rs 1.76 crore on account of annual maintenance charges during 1998-2001. The principal amount of Rs 1.40 crore was adjusted by the EE (Rs 99.37 lakh in April 2003 and Rs 40.57 lakh in September 2003). However, no interest was charged by HUDA for delayed adjustment of the cost of land.

By non-adjusting the cost of land against annual maintenance charges as decided in the meeting held on 23 March 1998, HUDA suffered a loss of Rs 33 lakh due to non-charging of interest on principal amount as per terms and conditions of allotment for the period from September 1997 to March 2001¹⁸.

The matter was semi-officially referred to Financial Commissioner and Principal Secretary, Town and Country Planning Department in January 2006; reply had not been received (July 2006).

4.4 Idle investments/idle establishment/blocking of funds

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

4.4.1 Blockage of funds and loss of interest

Non-finalisation of specifications of 'Hydraulic Platform' and 'Turn Table Ladder' for more than two years resulted in blockage of funds of Rs 8.09 crore and loss of interest of Rs 2.17 crore to HUDA.

In the meeting held on 03 June 2002 under the Chairmanship of Financial Commissioner and Principal Secretary, Town and Country Planning and Urban Development Department, it was decided that for providing fire fighting equipment for high risk buildings in the Urban Estate Gurgaon, Director, Urban Development Department (Director) would procure the fire

¹⁸ Adjustment made in April and September 2003, but interest has been worked out upto March 2001, because from April 2001 amount payable by HUDA to Irrigation Department exceeded the principal amount recoverable from Irrigation Department.

fighting equipment through Director General, Supplies and Disposals (DGS&D) Government of India, New Delhi for which the funds would be provided by Haryana Urban Development Authority (HUDA). Accordingly, the Director sent (September 2002) an indent for the purchase of 'Hydraulic Platform' and 'Turn Table Ladder' to DGS&D alongwith a demand draft for Rs 8.09 crore issued by HUDA.

Test-check of records (September 2003/December 2005) of Chief Administrator, HUDA and information collected from Director revealed that the process of procurement of above fire fighting equipment was held up till August 2003 due to delay in finalisation of technical particulars and specifications of the equipment. As the validity of bank draft had lapsed, the DGS&D returned (July 2003) the draft to Director for revalidation and asked for legible indent and delivery period for supply of equipment. The draft was got revalidated and sent to DGS&D (August 2003) alongwith revised indent and specifications. The DGS&D floated the tenders in August 2003. The matter remained under correspondence between DGS&D and the Director and specifications finalised in October 2004 and were sent by DGS&D to the Director for concurrence. Instead of giving consent, the Director again suggested (February 2005) major changes in the specifications viz. Hydraulic Platform (requirement of CAT and RACK arrangement and requirement of integrated hydraulic tank as part of mainframe) and Turn Table Ladder (by hand and foot arrangement in cage for leveling of cage in emergency), which were termed by DGS&D as restrictive in nature and was biased towards the design of one particular vendor. DGS&D therefore expressed its inability (February 2005) to arrange procurement and asked the Director to make direct procurement. Thereafter, HUDA requested (July 2005) refund of Rs 8.09 crore alongwith interest. The amount of Rs 8.09 crore was refunded (November 2005) to Director by DGS&D intimating that there was no provision for payment of interest under the DGS&D procedure. The fire fighting equipment had not been purchased as of April 2006 and funds were lying with the Urban Development Department.

Thus, non-finalisation of specifications of 'Hydraulic Platform' and 'Turn Table Ladder' in the first instance and change of specifications by the Director and HUDA (February 2005) even after floating the tenders (August 2003) by DGS&D resulted in blockage of funds of Rs 8.09 crore and loss of Rs 2.17 crore¹⁹ on account of interest to HUDA. Besides, Urban Estate, Gurgaon could not be provided with fire fighting equipment even after lapse of more than three years.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary, Town and Country Planning Department and Urban Development Department in April 2006; reply had not been received (July 2006).

¹⁹ Rs 8.09 crore x 7.5/100 x 43 months = Rs 2.17 crore.

Transport Department**4.4.2 Blockage of funds**

Injudicious decision of drawal of funds without immediate requirement resulted in loss of interest of Rs 23.26 lakh besides blockage of Rs 97.98 lakh.

As per Punjab Financial Rules, as applicable to Haryana, no money should be withdrawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw advances from the treasury for execution of works, the completion of which is likely to take a considerable time.

The Government allotted Rs 1.50 crore in March 2002 to Transport Department as additional central assistance for computerisation of Haryana Roadways Depots. The Department released these funds to HARTRON, being a nodal agency for computerisation in the State, (March 2002) without entering into any agreement as to cost, time or scope of work. The Government further sanctioned Rs 1.50 crore (Rs 0.50 crore: March 2003 and Rs 1 crore: March 2005) which were also released immediately to HARTRON without any demand from them. The computerisation was to be taken up in a phased manner. After computerisation of Chandigarh Depot on a pilot basis, two Depots were to be computerised each month so as to complete the entire process within one year.

Test-check of records (October 2005) of Transport Commissioner revealed that Transport Department deposited Rupees three crore with HARTRON between March 2002 and March 2005, but HARTRON spent only Rs 2.02 crore²⁰ (hardware: Rs 1.54 crore; software: Rs 23.09 lakh and manpower: Rs 24.54 lakh) upto February 2006 and balance amount of Rs 97.98 lakh was lying unutilised with HARTRON. Computerisation of Haryana Roadways Depots scheduled to be completed in 2002-03 was not completed so far (March 2006) inspite of lapse of three years.

The Transport Commissioner stated (March 2006) that the amounts were deposited with HARTRON with the approval of the Government against the said project with the understanding that actual amount will be spent with the approval of the Transport Commissioner and the interest accrued to HARTRON on this deposit will be credited to the account of Transport Department. But no interest was credited to the Transport Department (March 2006).

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Year	Amount released	Expenditure
	(Rupees in lakh)	
2001-02	150	43.17
2002-03	50	12.49
2003-04	-	23.60
2004-05	100	115.19
2005-06		7.57
Total	300	202.02

Thus, due to injudicious decision of drawal of funds in advance without immediate requirement resulted in blockage of funds of Rs 97.98 lakh. This also entailed loss of interest of Rs 23.26 lakh, calculated at borrowing rates (March 2006). Besides, the Department was deprived of optimum use of investment of Rs 2.02 crore due to slow process of computerisation as the modules developed and stabhzed by HARTRON had yet to be approved by the department (July 2006). Further, the HARTRON declined to pay the interest on the amount remained with it on the plea that said work was a deposit work and HARTRON was not liable to pay interest.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Transport Department in April 2006; reply had not been received (July 2006).

4.5 Regulatory issues and others

Public Works Department (Irrigation Branch)

4.5.1 *Lack of response 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 inspected, 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 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 2006 to 89 divisions, 25 Superintending Engineer's offices (SE's) and Engineer-in-Chief (EIC) of the Public Works Department (PWD), Irrigation Branch, disclosed that 742 paragraphs of 267 IRs (as per *Appendix XXVII*) remained outstanding at the end of June 2006. Of these, 24 IRs containing 46 paragraphs were more than five years old. Divisional Officers/SE's of 57 divisions, 16 Circles and EIC, failed to submit even the initial replies to 352 paras of 74 IRs issued during April 2005 to March 2006.

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. Even serious irregularities such as loss due to theft, misappropriation and embezzlement amounting to Rupees nine lakh, recoverable amounts of Rs 11.53 crore from officers and contractors due to shortage of material, excess payments and other reasons in respect of PWD Irrigation Branch as categorised in *Appendix XXVIII* remained unsettled as of June 2006.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary, Public Works Department (Irrigation Branch) in May 2006; reply had not been received (July 2006).

Finance Department

4.5.2 Follow-up on Audit Reports

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

A review of the position regarding receipt of Action taken Notes (ATNs) on the paragraphs included in the ARs upto the period ending 31 March 2005 revealed that the ARs for the period 2001-05 were presented to State Legislature in March 2002, March 2003, February 2004, March 2005 and March 2006 respectively. Of the 178 paragraphs and reviews of 31 Administrative Departments included in ARs 2001-05, 21 Administrative Departments had not submitted the ATNs on 75 paragraphs and reviews as per details given in the *Appendix XXIX*. Six Administrative Departments, out of those who have submitted the ATNs have not taken any action to recover the amount of Rs 207.99 crore in respect of 10 paragraphs and reviews as per details given in the *Appendix XXX*.

CHAPTER-V

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ARRANGEMENT

CHAPTER V

INTERNAL CONTROL SYSTEM
AND INTERNAL AUDIT
ARRANGEMENT

CHAPTER-V

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ARRANGEMENT

5.1 Social Justice and Empowerment Department

Highlights

Internal Control System is an integral process by which an organisation governs its activities to effectively achieve its objectives. It provides an assurance to the management for minimizing the risk of errors, irregularities and protecting resources against loss due to waste, abuse and mismanagement. An audit evaluation of the internal control system and internal audit arrangement in Social Justice and Empowerment Department revealed weaknesses in the internal control mechanism of the Department, pertaining to non-compliance with rules, manuals and codes in the areas of financial, administrative and operational controls. Adequate attention was not paid towards conducting internal audit, as periodicity of audit for field units of the department was not prescribed and prompt/due compliance of its audit observations not ensured.

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

(Paragraphs 5.1.6.1 and 5.1.6.2)

- Pension amounting to Rs 1.29 crore was disbursed to pensioners in five test checked districts without proper identification as required under the rules indicating that operational controls were weak.

(Paragraph 5.1.7.1)

- Though an Internal audit wing existed, no manual was prepared to regulate its activities. As a result Internal Audit of units was heavily in arrears and settlement of Audit paragraphs, besides the department was denied the valuable inputs of internal audit.

(Paragraphs 5.1.8.1 and 5.1.8.3)

5.1.1 Introduction

Social Justice and Empowerment Department is implementing social welfare schemes for upliftment, development and rehabilitation of vulnerable groups of the society by giving financial assistance in the shape of pensions to widows, destitute women, handicapped and old persons. Besides, the department provides grants-in-aid to voluntary organisations engaged in the welfare of socially and economically backward women, physically handicapped persons and destitute/orphan/street children. Internal control is

an integral part of an organisation's operations and management and is the principal focus of Internal Audit's attention. Internal Control systems provide an assurance to the management on efficient, effective and economic utilisation of resources. It also ensures that financial interests and resources are safeguarded and reliable information is available to the administration. Internal auditors examine and evaluate the level of compliance to departmental rules and procedures and provide independent assurance to management on the adequacy or otherwise of the existing internal control systems. In Haryana, no independent centrally controlled Internal Audit Organisation exists. However, major departments have Internal Audit System for which Accounts Officers and Section Officers are provided by the State Finance Department, who are entrusted with conducting internal audit of accounts of the department and its subordinate offices.

5.1.2 Organisational set up

The Financial Commissioner and Principal Secretary to Government of Haryana, Social Justice and Empowerment Department (the department) is the administrative head of the department and is responsible for formulation of State Government's policies and programmes relating to the welfare of vulnerable groups of society. The Director, Social Justice and Empowerment Department heads the department as Controlling Officer and is in overall charge for implementation of the various schemes of the department. There are 19 District Social Welfare Officers (DSWOs) who are implementing the departmental schemes at the district level. Besides, there are 10¹ Welfare Institutions in the State, the functioning of which is looked after by respective Superintendents.

For internal audit of the department, one Accounts Officer was posted at Directorate and four Accounts Officers one each in the offices of DSWOs, Gurgaon, Hisar, Kurukshetra and Rohtak at divisional level to conduct internal audit of all the district level offices and Institutions in the State.

5.1.3 Audit objectives

The evaluation of internal control system and internal audit arrangement in the department covered checks on adherence to various control measures envisaged in the codes, manuals, guidelines of schemes and instructions of the Government and to watch the effectiveness of internal audit. For this purpose, the following issues were checked in audit to assess whether:

- budgetary system was properly followed and controls exercised;
- proper system for drawal of funds from treasury, maintenance of cash-book, etc. was followed;

¹ (i) State After Care Home (girls), Karnal; (ii) Mahila Ashram, Karnal; (iii) Mahila Ashram, Rohtak; (iv), Kasturba Sewa Sadan, Faridabad; (v) Government Institute for Blind, Panipat; (vi), Training Institute for Adult Blind, Panipat; (vii) State After Care Home for Boys, Sonipat; (viii) Special Home (for minor children), Sonipat; (ix) Observation Home, Sonipat and (x) Home for Aged and Infirms, Rewari.

- operational controls were exercised; and
- internal audit system was adequate and effective.

5.1.4 Audit coverage

Internal control system and effectiveness of internal audit in Social Justice and Empowerment Department for the period 2001-06 was reviewed during March-May 2006. Records of Directorate and seven², out of 29 field offices, in five³ (out of 20) districts were test checked. The results of review are discussed in the succeeding paragraphs.

Audit findings

5.1.5 Budget and expenditure controls

5.1.5.1 Budget provision and expenditure

Details of budget provision and expenditure during 2001-06 were as under:

(Rupees in crore)

Year	Budget provision			Expenditure			Excess (+) Saving (-)		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
2001-02	301.95	23.68	325.63	297.40	23.45	320.85	(-) 4.55	(-) 0.23	(-) 4.78
2002-03	307.58	28.12	335.70	288.44	27.79	316.23	(-) 19.14	(-) 0.33	(-) 19.47
2003-04	329.58	28.16	357.74	306.20	27.59	333.79	(-) 23.38	(-) 0.57	(-) 23.95
2004-05	329.76	28.07	357.83	370.91	30.63	401.54	(+) 41.15	(+) 2.56	(+) 43.71
2005-06	440.96	36.92	477.88	534.69	38.79	573.48	(+) 93.73	(+) 1.87	(+) 95.60
Total	1709.83	144.95	1854.78	1797.64	148.25	1945.89	(+) 87.81	(+) 3.30	(+) 91.11

The above details show that there were wide variations in the budget allocations and actual expenditure under plan schemes. During the years 2002-04, savings were attributable mainly to less enrolment of old age pensioners and less receipt of applications for grants-in-aid from voluntary organisations. The savings were surrendered through re-appropriations in the month of March. The excess expenditure, which ranged between 12 and 21 per cent during the years 2004-05 and 2005-06 was due to increase in the number of beneficiaries under old age pension schemes, enhancement in the rates of old age/widow/handicapped pensions from Rs 200 to Rs 300 per month from November 2004 and payment of one month's extra pension in November/ December 2005 on occasion of Diwali.

5.1.5.2 Belated submission of budget estimates

According to Punjab Budget Manual as applicable to Haryana State, the head of the Department is required to send schedules of new expenditure (SNE) for plan

² DSWO, Ambala, Gurgaon, Hisar, Kaithal, Panipat, Government Institute for Blind, Panipat and Government Training Institute for Adult Blind, Panipat.

³ Ambala, Gurgaon, Hisar, Kaithal and Panipat.

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schemes to Administrative Department and the budget estimates (BEs) to the Finance Department by 20 September and 25 October respectively every year.

It was, however, noticed that submission of BEs and schedules of new expenditure were delayed by 3 to 32 days and 94 to 225 days respectively by the head of the Department as shown below:

Year	Actual date of submission of BEs to Finance Department	Delay (Number of days)	Actual date of submission of SNEs to Administrative Department	Delay (Number of days)
2001-02	03 November 2000	09	16 February 2001	149
2002-03	26 November 2001	32	30 January 2002	132
2003-04	28 October 2002	03	06 February 2003	139
2004-05	06 November 2003	12	23 December 2003	94
2005-06	09 November 2004	15	02 May 2005	225 ⁴

Audit further observed that since calendar of returns was not being maintained, the department was not able to ensure submission of schedules of new expenditure on due dates. Belated submission of these documents is a constraint for a meaningful and timely scrutiny of estimates at higher level.

5.1.5.3 Rush of expenditure in March

The Budget Manual provides that rush of expenditure in the month of March should be avoided. Expenditure on contingencies should be staggered throughout the year and should not exceed 8.33 per cent of the total budget provision in the month of March.

It was, however, noticed that there was rush of expenditure in the month of March in all the test checked units as per details given below:

Year	Directorate	DSWO, Ambala	DSWO, Gurgaon	DSWO, Hisar	DSWO, Kaithal	DSWO, Panipat	Government Institute for Blind, Panipat	Training Institute for Adult Blind, Panipat
2001-02	11	40	18	10	35	31	19	-
2002-03	18	33	20	20	17	25	15	10
2003-04	18	19	16	28	37	29	20	11
2004-05	26	42	40	15	39	16	20	56
2005-06	33	20	-	13	42	21	29	58

Note: Figures show percentage of expenditure in March with reference to total expenditure during the year.

The expenditure in the month of March in the test checked units ranged between 10 and 58 per cent vis-à-vis department's 12 to 31 per cent which was much beyond the prescribed limits. The Drawing and Disbursing Officers concerned (except Directorate) stated (April/May 2006) that rush of expenditure in the month of March was due to late allotment of funds by the Government. Replies of the DDOs were not factually correct as funds were allocated to them at the beginning of the financial years i.e. usually in April-May by the Directorate office. In view of the above, heavy rush of expenditure towards end of the year could be avoided as heavy expenditure during March generally makes pre-scrutiny of bills more lax and more irregularities are likely to take place in a rush.

⁴ The delay of 225 days was due to Assembly elections in the State. Annual budget for 2005-06 was presented to the Assembly in June 2005 after the new Government was formed.

Expenditure in March ranged between 10 and 58 per cent

5.1.6 Cash control

Audit scrutiny relating to cash controls brought out following shortcomings:

5.1.6.1 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 pivot to an effective internal financial control system. Financial Rules 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. The examination of cash-books for the period 2001-06 maintained in the test checked offices revealed that the totals of cash-book were not found checked by the Head of the office or by an official other than the writer of the cash-book in any of the offices test checked. Non-checking of totals of cash book by the Head of the office or by an official other than its writer was fraught with the risk of mistakes in totals having remained undetected leading to possible misappropriation of funds. DSWOs and Superintendents concerned stated (April-May 2006) that the compliance for removing the deficiency would be made in future.

5.1.6.2 Reconciliation of treasury schedules with cash-book not done

As provided in the Financial Rules, the head of office was required to ensure that all amounts drawn from the treasury were entered in the cash-book. For the purpose, the head of the office/drawing and disbursing officer (DDO) was required to obtain from the treasury by 15th of every month, a list of all bills (treasury schedule) 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 though obtained from the treasury were not reconciled with the cash-book during 2001-2006 by any of the offices test checked except the Government Institute for Blind, Panipat. No certificate regarding reconciliation was found recorded on the treasury schedules in these cases. Non-reconciliation with treasury schedules was fraught with the risk of serious financial irregularities including fraud, embezzlement, etc. remaining undetected. The DSWOs and Superintendents concerned stated (April-May 2006) that compliance would be made in future.

Reconciliation of treasury schedules with cash-book was not done by six offices test checked

5.1.7 Operational Controls

5.1.7.1 Prescribed procedure for disbursement of pension not followed

Haryana Government was providing pension to old age persons, widows and destitute women and handicapped persons. To have a watch over the disbursement of pension and to ensure that it was being disbursed to genuine persons only, following checks were to be exercised by pension disbursing officers:

- (i) Actual Payees Receipts (APR)-cum-feed back form prescribed for monitoring pension disbursement were required to be signed by the pension disbursing officers i.e Circle Revenue Officers, Secretary of Municipal Committee, etc.

Pension amounting to Rs 1.29 crore were disbursed without following prescribed procedure

- (ii) The name of the actual payee was to be written against the thumb impression/signatures of pensioners and every pensioner was to be identified by the *lamberdar/panch/sarpanch/secretary* of Municipal Committee by putting their signatures in token of having identified the pensioner.
- (iii) Every APR was to be checked and signed by the concerned District Social Welfare Officer or Section Officer.

It was noticed that none of the above mentioned checks were exercised in five test checked districts as detailed below:

Sr. No.	District	Period of payment	Number of cases where prescribed procedure not followed	Amount of pension paid (Rupee in lakh)
1	Ambala	November 2004 and March 2005	6,749	17.12
2	Hisar	March 2005 and September 2005	10,081	30.24
3	Kaithal	March 2005 and September 2005	30,235	80.51
4	Gurgaon	February 2006 and March 2006	162	0.49
5	Panipat	February 2006	114	0.34
Total			47,341	128.70

Due to non-exercising of the above checks, it could not be ensured that the pension payments were being disbursed to genuine persons only. There was lack of effective control over disbursement of pension which needed to be looked into to ensure that there were no chances of misappropriation or fraudulent payments of pensions. Even the Internal audit of the department failed to point out these lapses through their reports.

5.1.7.2 Security from the cashier not obtained

As per provisions in the State Treasury Rules, 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. It was noticed that no security from cashiers was obtained in any of the test checked offices. The Director replied (May 2006) that since salary of their employees was paid through bank account, no security was obtained from cashier. Other DSWOs and Superintendents concerned stated (April-May 2006) that there was no permanent post of cashier and any official of the office was given the charge of cash and as such no security was obtained. The reply was not acceptable as any employee, entrusted with receipt and custody of cash, was required to furnish security. In the absence of such security, recovery of cash shortage or misappropriated amount, if any, immediately from the cashier is not possible.

5.1.7.3 System of calendar of dates/events not followed

According to Haryana Government instructions issued in March 1997, each Government office was required to use and attach calendar of dates/events in the prescribed form while submitting the cases to higher authorities to ensure quick disposal of cases and avoid delay in their finalisation. Reasons for delaying the files for more than three days were also to be recorded by the officials concerned. However, these instructions were not followed and the calendar of dates/events was not used in any of the offices test checked. Failure to comply with Government instructions could lead to delay in finalisation of cases. In the absence of this system, the delay in disposal of

cases, if any, could not be brought on record and thus, was not ascertainable for taking remedial measures. The DSWOs and Superintendents concerned, while admitting the facts, stated (April/May 2006) that these instructions would be followed in future.

5.1.7.4 Non-maintenance of calendar of returns/charts of statement

Each Government office was required to maintain calendar of returns/charts of statement to ensure timely submission of returns and statements to the concerned higher authorities. However, the calendar of returns/charts of statements was not maintained in any of the offices test checked. Due to non-maintenance of calendar of returns, the department failed to observe due dates for submission of budget estimates to the State Government as brought out in paragraph 5.1.5.2. All the officers' incharge concerned while admitting the facts stated (April/May 2006) that registers would be maintained in future.

5.1.7.5 Non-maintenance of branch diary

As per instructions issued in March 1989 by Administrative Reforms Department, Government of Haryana, each Government office was required to maintain a central diary as well as branch diary to avoid delay in tracing the letters at any stage later on. After diarising all the letters in central diary, these letters were required to be entered in the branch diary to watch their movement/ disposal. It was noticed that while central diary was maintained, diary at branch level was not maintained in any of the test checked offices. In the absence of branch diary, delay in disposal of letters and their pendency was not being checked by the Head of the Office which weakened this important control system. The officers concerned while admitting the failure, stated (April/May 2006) that branch diaries would be maintained in future.

5.1.7.6 Non-maintenance of complaint register

As per the instructions issued (March 1989) by the Administrative Reforms Department, Government of Haryana, each office was to maintain a complaint register in the prescribed form indicating total number of complaint cases at the beginning of the month, cases received/disposed off during the month and total number of complaints outstanding at the end of each month for monthly review of the complaints. In the offices test checked, however, no such register was maintained, consequently the monthly review of complaint cases could not be carried out by Head of the Office. Scrutiny of Directorate's records disclosed that 16 complaints regarding non-sanction and delay in disbursement of pensions were received during 2001-06 which were forwarded to DSWOs concerned for taking appropriate action but action taken on these complaints could not be watched by the Director in the absence of complaints register. The officers concerned assured (April/May 2006) that complaint register would be maintained in future.

5.1.8 Internal Audit Arrangement

For conducting internal audit in the department, one Accounts Officer at Directorate and four Accounts Officers were posted in the offices of DSWOs at Kurukshetra, Gurgaon, Hisar and Rohtak. Besides, one Section Officer was

posted in each of the remaining DSWOs offices. Test-check of records revealed the following points:

5.1.8.1 Planning and coverage of internal audit

Audit planning not done

The department did not have any manual to facilitate preparation of department's work plans for internal audit and other activities. No audit planning was done to cover all the auditable units in a specific time frame. Further, no roster/programme register was maintained to monitor the coverage of all units for audit. The department had neither fixed any periodicity for audit nor any norms to work out the number of mandays required for audit of each unit.

The Director admitted the fact (May 2006) that no audit planning was made for conducting the audit of units in the field and stated that four programmes were prepared at directorate level and communicated to the concerned Accounts Officers who conducted audit as per these programmes.

Internal audit of 28 out of 30 units was pending

Further, test-check of records revealed that of the 28 units pending for internal audit as of March 2006, audit had not been conducted in two units for more than three years, in 12 units for more than two years and in 14 units for over a year. The Director stated (July 2006) that internal audit could not be conducted on regular basis due to shortage of staff. While agreeing with the handicap of inadequate staff, audit feels that more units could have been covered in a timely manner with proper audit planning with the existing staff.

Internal audit of directorate was not conducted

Internal audit wing did not conduct internal audit of the Directorate during 2001-06. The Director, while admitting the fact, did not furnish the reasons for the same.

Periodicity of internal audit was not fixed and the audit was conducted on adhoc basis as per details given below:

Audit periodicity was not fixed

Sr. No.	Name of unit	Period covered in audit	Months covered
1	DSWO, Ambala	October 2001 to February 2002	5
		March 2002 to June 2002	4
		July 2002 to October 2004	28
2	DSWO, Gurgaon	March 2001 to September 2002	19
		October 2002 to September 2003	12
		April 2003 to August 2005	29
3	DSWO, Hisar	April 2001 to March 2002	12
		April 2002 to June 2002	3
		July 2002 to September 2002	3
		October 2002 to September 2004	24
		October 2004 to December 2004	3
4	DSWO, Kaithal	January 1996 to September 2003	93
		October 2003 to August 2005	23
5	DSWO, Panipat	April 2001 to February 2002	11
		March 2002 to January 2004	23
6	Government Institute for Blind, Panipat	February 1998 to January 2005	84
7	Government Training Institute for Blind, Panipat	February 1998 to December 2004	83

As evident from the details above, audit was not conducted regularly. The period covered in audit ranged between three and 93 months. Out of above

seven units, audit of three units was conducted only once in more than seven years.

5.1.8.2 Training of internal audit staff

Further, no training was imparted to internal audit staff which was essential to equip them and improve their audit skills for discharging their duties efficiently and effectively. The Director stated (August 2006) that the training could not be imparted as no training programme was received from Haryana Institute of Public Administration.

5.1.8.3 Huge pendency of unsettled internal audit paragraphs

Internal audit reports were to be issued by the Director to the respective subordinate offices for rectification of deficiencies who were to report compliance within 30 days.

Audit noticed that there was no system in the form of consolidated unit-wise data regarding number of paragraphs outstanding, amount involved therein, number of paras settled, etc. in the Directorate for watching the clearance of internal audit paragraphs. Scrutiny of Inspection Reports revealed that out of 372 paragraphs issued through 50 IRs of 28 DDOs during 2001-06, only 52 paragraphs were settled while 320 paragraphs were outstanding, of which 188 were more than two years old (March 2006).

Further, no register indicating the date of audit, date of issue of IRs etc. was maintained in the Directorate to watch the timely issue of IRs and receipt of replies thereto.

The number of outstanding paragraphs was increasing every year as detailed below:

Year	No. of paras issued	No. of paras settled	No. of paras outstanding as of March 2006
2001-02	33	9	24
2002-03	83	29	78
2003-04	116	6	188
2004-05	123	8	303
2005-06	17	-	320
Total	372	52	

Increasing trend of outstanding paragraphs indicated poor pursuance of old outstanding observations and also non-compliance by the auditee units. The lack of monitoring and non-arranging of meetings for clearance of audit observations resulted in huge pendency. Thus, internal audit system failed to bring about any useful/qualitative improvement in the functioning of the internal audit mechanism of the department. The benefits of the internal audit report were not fruitfully utilised for rectifying the errors.

5.1.9 Vigilance mechanism

The department did not have any vigilance mechanism to look into complaints against employees and to keep a vigil over the functioning of the department, especially in the identification of old age pensioners. The Director intimated (August 2006) that a vigilance cell would be created as and when such instructions are received from the Government.

Out of 372 paragraphs issued, only 52 paragraphs were settled

5.1.10 Monitoring

The State Government issued (August 1988) instructions for carrying out periodic inspections of subordinate offices by the head of the department (HOD) and of the offices of HOD by the Administrative Secretaries concerned to ensure that proper records were maintained in Government offices. Records in the units test checked showed that neither periodicity nor procedure for such inspections were formulated nor the HOD carried out any inspection during 2001-06 as confirmed by five⁵ out of seven test checked units.

5.1.11 Conclusions

The objective of internal control system was to provide reasonable assurance to the management on efficient, effective and economic utilisation of resources. The system, however, was not functioning effectively. There were deficiencies in budget and expenditure control and funds management as there was rush of expenditure in the month of March making pre-scrutiny of bills more lax, drawal of funds was not being reconciled with treasuries which could lead to serious financial irregularities. Operational Controls were also weak as pensions were being disbursed without identification of pensioners through *lamberdars/panches/sarpanches/secretaries* of Municipal Committees and without authentication of APRs by DSWOs. Calendar of returns was not being maintained to ensure timely submission of returns to higher authorities.

The objective of evolving an internal audit system also largely remained unfulfilled as evidenced from pendency in audit, absence of audit planning and delayed/non-compliance of audit paragraphs resulting in an increase in pending audit paragraphs.

5.1.12 Recommendations

To activate the internal control system and internal audit arrangements, the Government should consider the following recommendations:

- Funds management system needs to be streamlined through regular reconciliation of drawal of funds with treasury to avoid chances of misappropriation;
- System should be introduced to take punitive action against those not adhering to the system of identification of pensioners;
- The department should create a post of cashier;
- Internal Audit Manual should be prepared immediately to ensure effectiveness of Internal Audit and initiate action against those who have not carried out inspections as prescribed;

⁵ DSWOs, Ambala, Gurgaon, Hisar, Kaithal and Panipat.

- Training to internal staff should be imparted so that requisite audit skills are made available to them; and
- Vigilance cell should be created not only to keep a vigil over the functioning of the department but to dispose of vigilance cases expeditiously.

These points were demi-officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Social Justice and Empowerment Department in June 2006; reply had not been received (July 2006).



(Ashwini Attri)
Accountant General (Audit), Haryana

Chandigarh
Dated:

23 NOV 2006

Countersigned



(Vijayendra N. Kaul)
Comptroller and Auditor General of India

New Delhi
Dated:

29 NOV 2006

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NOV 2006

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APPENDICES

APPENDICES

Appendix I
(Refer paragraph 1.4.1; page 5)

Statement showing definitions of terms used in Chapter I

Part A-Government Accounts

I. Structure: The accounts of the State Government are kept in three parts

(i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This fund consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part II. Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund.

Part III. Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes *viz.*, the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government *vis-a-vis* the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B – List of terms used in the Chapter – I and basis for their calculations

Terms	Basis for calculation
Buoyancy of a parameter	$\frac{\text{Rate of Growth of the parameter}}{\text{GSDP Growth}}$
Buoyancy of a parameter (X) with respect to another parameter (Y)	$\frac{\text{Rate of Growth of the parameter (X)}}{\text{Rate of Growth of the parameter (Y)}}$
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount}) - 1] * 100$
Trend/Average	Trend of growth over a period of five years (LOGEST (Amount of 2001-02: Amount of 2005-06)-1)*100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of five years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economics Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2]*100$
Interest spread	GSDP growth – Weighted Interest rates
Interest received as <i>per cent</i> to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2]*100$
Revenue Deficit	Revenue Receipts – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payment
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048–Appropriation for Reduction or Avoidance of Debt

Appendix II

(Refer paragraph 1.7.3; page 15)

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	2001-02	8	58.17	8	58.17	-	-
		2002-03	8	52.26	8	52.26	-	-
		2003-04	7	41.15	7	41.15	-	-
		2004-05	8	39.15	8	39.25	-	-
2	Urban Development	1998-99	17	579.21	2	10.00	15	569.21
		1999-2000	130	704.05	6	26.38	124	677.67
		2000-01	142	1,122.17	10	28.17	132	1094.00
		2001-02	460	1,513.83	3	35.57	457	1478.26
		2002-03	325	3,648.46	26	159.38	299	3489.08
		2003-04	233	3,583.16	31	183.31	202	3399.85
		2004-05	212	4,837.81	18	76.30	194	4761.51
3	Irrigation	1998-99	2	100.00	-	-	2	100.00
		1999-2000	2	120.00	-	-	2	120.00
		2000-01	3	321.68	-	-	3	321.68
		2001-02	3	382.69	-	-	3	382.69
		2002-03	3	1,638.61	2	1,495.61	1	143.00
		2003-04	4	2,932.62	1	650.00	3	2,282.62
		2004-05	10	2,875.12	3	313.26	7	2,561.86
4	Power	2001-02	5	2,537.36	-	-	5	2,537.36
		2002-03	5	1,880.30	-	-	5	1,880.30
		2003-04	8	5,392.87	-	-	8	5,392.87
		2004-05	60	995.38	-	-	60	995.38
5	Agriculture	2004-05	6	1,881.00	-	-	6	1,881.00
6	Rural Employment	2000-01	2	22.36	-	-	2	22.36
		2001-02	12	1,335.62	4	1,257.76	8	77.86
		2002-03	12	116.19	1	13.44	11	102.75
		2003-04	11	1,916.66	2	150.23	9	1,766.43
		2004-05	41	4,518.96	34	3,398.31	7	1,120.65
7	Development and Panchayat	2002-03	3	502.06	-	-	3	502.06
		2003-04	16	10,095.18	-	-	16	10,095.18
		2004-05	14	6,891.70	1	6.80	13	6,884.90
8	Economic and Statistical Advisor	2001-02	10	25.22	-	-	10	25.22
		2002-03	36	12.43	36	12.43	-	-
		2003-04	36	15.00	36	15.00	-	-
		2004-05	36	15.00	7	2.85	29	12.15

Audit Report (Civil) for the year ended 31 March 2006

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)
9	Medical	1991-92	1	5.00	1	5.00	-	-
		1992-93	2	35.00	2	35.00	-	-
		1993-94	13	250.15	13	250.15	-	-
		1994-95	16	232.96	16	232.96	-	-
		1995-96	9	74.82	9	74.82	-	-
		1998-99	2	18.93	2	18.93	-	-
		2002-03	1	100.00	-	-	1	100.00
		2003-04	10	113.98	7	36.20	3	77.78
		2004-05	21	525.36	15	395.68	6	129.68
10	Education	2003-04	282	15,750.52	46	11,837.89	236	3,912.63
		2004-05	13	4,472.25	6	4,252.12	7	220.13
11	Revenue	2001-02	8	372.72	-	-	8	372.72
		2002-03	3	0.45	-	-	3	0.45
		2004-05	5	2.40	5	2.40	-	-
12	Social Security and Welfare	1998-99	1	96.21	1	96.21	-	-
		1999-2000	6	526.32	6	526.32	-	-
		2000-01	13	659.86	3	6.00	10	653.86
		2001-02	8	611.25	2	4.70	6	606.55
		2002-03	18	298.57	7	17.76	11	280.81
		2003-04	53	748.01	30	212.73	23	535.28
		2004-05	28	1,706.66	8	64.00	20	1,642.66
13	Technical Education	2004-05	44	2,474.68	41	1,069.68	3	1,405.00
14	Sports	2001-02	3	23.75	2	22.10	1	1.65
		2002-03	3	36.58	-	16.08	3	20.50
		2003-04	9	239.25	2	90.69	7	148.56
		2004-05	32	341.31	7	20.61	25	320.70
15	Science and Technology	2003-04	4	376.20	-	-	4	376.20
		2004-05	19	379.89	13	131.04	6	248.85
16	Ecology and Environment	2003-04	1	2.41	1	2.41	-	-
		2004-05	5	15.74	-	-	5	15.74
17	Tourism	2004-05	2	42.00	2	42.00	-	-
18	Public Health	2001-02	10	1,331.26	6	770.55	4	560.71
		2002-03	81	3,664.31	41	1,168.48	40	2,495.83
		2003-04	242	11,168.13	8	483.39	234	10,684.74
		2004-05	457	17,999.08	-	-	457	17,999.08
19	Art and Culture	2003-04	1	4.00	1	4.00	-	-
		2004-05	4	3.27	4	3.27	-	-
20	Animal Husbandry	2004-05	16	628.50	16	628.50	-	-

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)
21	Fisheries	2001-02	1	1.45	-	-	1	1.45
		2002-03	19	275.14	-	-	19	275.14
		2004-05	37	354.92	-	-	37	354.92
22	Non-Conventional Sources of Energy	1993-94	1	1.99	-	-	1	1.99
		2003-04	7	163.48	2	19.90	5	143.58
		2004-05	12	108.79	2	1.08	10	107.71
23	Village and Small Scale Industries	1998-99	4	39.41	3	27.56	1	11.85
		1999-2000	4	116.67	4	116.67	-	-
		2000-01	4	131.00	3	130.86	1	0.14
		2001-02	2	64.50	2	64.50	-	-
		2002-03	10	997.55	10	997.55	-	-
		2003-04	4	100.00	4	100.00	-	-
		2004-05	21	662.45	20	652.45	1	10.00
24	Civil Aviation	2004-05	24	40.00	24	40.00	-	-
Total			3,486	1,31,092.66	651	32,697.87	2,835	98,394.79
Say				1,310.93 crore		326.98 crore		983.95 crore

Appendix III

(Refer paragraph 1.7.4; page 15)

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	2003-04 2004-05 2005-06	2002-03	2002-03	2001-02	*
2.	Haryana Labour Welfare Board, Chandigarh	2002-03 to 2006-07	2005-06	2004-05	2004-05	2001-02	*
3.	Haryana Urban Development Authority, Panchkula	2002-03 to 2006-07	2005-06	2004-05	2004-05	2002-03	*
4.	Haryana Housing Board, Panchkula	2004-05 to 2008-09	2005-06	2004-05	2004-05	2003-04	*
5.	Haryana State Agricultural Marketing Board, Panchkula	2000-01 to 2005-06 to 2009-10	2005-06	2004-05	2004-05 SAR under process	Not yet submitted	
6.	Mewat Development Agency, Nuh, (Gurgaon)	2000-01 to 2004-05	2004-05	2003-04	2003-04	Not applicable	Reminder issued on 30.5.06 for further entrustment of audit of its accounts
7.	Haryana State Legal Service Authority, Chandigarh	1996-97 to 2000-01 ¹	2005-06	1996-97 to 2004-05	SAR under process	-	*
8.	Haryana Urdu Akademi, Panchkula	2001-02 to 2005-06	1996-97 to 2004-05	-	-	-	*

* 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.

¹ No further entrustment is required, as the audit is required to be undertaken under section 19(2) of CAG's Act 1971.

Appendix IV

(Refer paragraph 1.7.5; page 15)

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	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
		2005-06	118.21
3.	Municipal Committee, Karnal	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
		2005-06	138.41
4.	Municipal Committee, Narnaul	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

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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		
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		
7.	Municipal Committee, Sonapat	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		
8.	Municipal Committee, Jagadhri	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		
10.	Municipal Committee, Gurgaon	1996-97	31.69
		1997-98	42.78
		1998-99	471.25
		1999-2000	235.76
		2000-01	170.38
		2002-03	34.96
		2003-04	86.01
		2004-05	42.32
2005-06	217.18		

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
11.	Municipal Committee, Yamuna Nagar	1998-99	350.00
		1999-2000	578.66
		2000-01	172.96
		2001-02	273.05
		2002-03	419.51
		2003-04	26.77
		2004-05	43.33
12.	Municipal Committee, Palwal	2005-06	104.61
		1995-96	50.00
		1998-99	30.00
		1999-2000	105.00
		2000-01	62.75
		2003-04	41.49
		2004-05	38.05
13.	Municipal Committee, Charkhi Dadri	2005-06	214.68
		1995-96	33.33
		1999-2000	50.00
		2000-01	43.14
		2001-02	50.00
		2004-05	26.33
14.	Municipal Committee, Rewari	2005-06	53.65
		1996-97	50.00
		1997-98	38.82
		1999-2000	229.73
		2000-01	84.17
		2003-04	48.40
		2004-05	35.70
15.	Municipal Committee, Barwala	2005-06	133.45
		1996-97	33.33
		1999-2000	50.00
		2000-01	31.04
		2001-02	70.54
16.	Municipal Committee, Thanesar	2005-06	40.98
		1997-98	31.81
		1999-2000	26.76
		2000-01	80.81
		2002-03	126.28
		2003-04	31.01
17.	Municipal Committee, Ambala City	2004-05	163.32
		2005-06	89.72
		1998-99	70.25
		2000-01	676.27
		2002-03	145.80
18.	Municipal Committee, Ambala Cantt	2003-04	208.56
		2005-06	148.50
		2002-03	26.43
		2005-06	239.80
19.	Municipal Committee, Kurukshetra	1998-99	33.75
		2005-06	133.48

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
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
21.	Municipal Committee, Gannaur	2002-03	41.16
22.	Municipal Committee, Gohana	2003-04	119.24
		2005-06	69.99
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
28.	Municipal Committee, Sirsa	2001-02	48.66
		2002-03	127.27
		2003-04	26.06
		2004-05	29.47
		2005-06	297.76
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
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
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
		2005-06	43.99
38.	Municipal Committee, Ladwa	2000-01	45.16

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
39.	Municipal Committee, Tohana	2001-02 2005-06	137.98 25.21
40.	Municipal Committee, Meham	2000-01 2003-04 2005-06	31.06 64.41 54.02
41.	Municipal Committee, Sohna	2000-01	37.58
42.	Municipal Committee, Narwana	2000-01 2003-04 2004-05 2005-06	60.58 51.00 48.61 79.92
43.	Municipal Committee, Hansi	2000-01 2001-02 2002-03 2003-04 2004-05 2005-06	108.50 105.25 83.89 138.08 32.70 108.10
44.	Municipal Committee, Mohindergarh	2000-01 2005-06	38.55 61.26
45.	Municipal Committee, Jind	2000-01 2001-02 2002-03 2003-04 2004-05 2005-06	135.63 73.50 57.39 25.01 41.85 133.74
46.	Municipal Committee, Fatehabad	2000-01 2002-03 2004-05 2005-06	50.23 40.16 89.71 222.22
47.	Municipal Committee, Ellenabad	2000-01 2005-06	43.10 41.22
48.	Municipal Council, Panchkula	2001-02 2005-06	116.06 160.54
49.	Municipal Committee, Cheeka	2003-04 2004-05	158.28 81.00
50.	Municipal Committee, Indri	2003-04 2005-06	74.01 54.21
51.	Municipal Committee, Pinjore	2003-04	34.60
52.	Shri Bhuteshwar Temple Tirath, Jind	1994-95	25.29
53.	Aravali Vikas Sangathan, Gurgaon	1995-96	100.00
54.	Software Technology Park of India, New Delhi	2002-03	250.00
55.	Haryana Slum Clearance Board, Chandigarh	1998-99	700.48
56.	Rajay Sainik Vocal Training Centre, Panchkula	1998-99 2003-04	46.25 54.91
57.	District Council for Child Welfare, Rewari	1999-2000	38.75
58.	Fish Farm Development Agency, Gurgaon	2000-01	45.85

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
59.	Charitable Endowment, Haryana, Manimajra	2001-02 2002-03	478.00 478.00
60.	Society for I.T. Initiative fund for e-Governance, Chandigarh	2002-03 2003-04 2004-05	165.55 60.00 25.00
61.	Haryana Energy Development Agency, Chandigarh	2001-02 2002-03 2003-04 2004-05	67.30 41.50 384.37 25.00
62.	Maharaja Aggarsain Institute of Medical Education & Research, Agroha (Hisar)	2003-04 2004-05	69.48 80.00
63.	Board of Trustees (SOS) Childrens Villages Bal Gram Rai (at Chd)	2003-04	240.00
64.	Saket Hospital, Panchkula	2004-05	50.00
65.	Director, Haryana Institute of Rural Development, Nilokheri	2004-05	40.00
66.	Fish Farm Dev. Agency Hisar,	2005-06	42.54
67.	Haryana State Council of Science and Technology	2005-06	170.00
68.	Blood Transfusion Council, Panchkula	2005-06	150.00
Private Aided Colleges			
69.	S.L.D.A.V. College of Education, Ambala City	2003-04 2005-06	33.49 40.93
70.	SM Lubana Khalsa Girls College, Barara (Ambala)	2000-01 2001-02 2002-03 2003-04 2004-05 2005-06	38.20 40.55 33.65 44.20 53.03 49.72
71.	M.P.N. College, Mullana (Ambala)	2005-06	54.29
72.	Maharaja Aggarsein College, Jagadhri	2003-04 2004-05 2005-06	49.13 41.68 44.55
73.	DAV College, Sadhaura	2000-01 2001-02 2002-03 2003-04 2004-05 2005-06	40.70 53.06 50.75 60.23 57.28 65.35
74.	M.L.N. College, Radaur	2005-06	52.31
75.	APJ Saraswati College of Education, Charkhi Dadri	2003-04 2005-06	40.73 43.99
76.	B.L.J. Suiwala College, Tosham	2003-04 2005-06	30.20 30.63
77.	RLS College of Education, Sidhrawali (Gurgaon)	2005-06	50.69
78.	DAV Centenary College, Faridabad	2005-06	66.70
79.	Saraswati Mahila Mahavidyala, Palwal	2005-06	57.30

Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
80.	SD Mahila Mahavidyalya, Hansi	2002-03 2003-04 2004-05 2005-06	54.66 61.26 49.93 56.85
81.	CR College of Education, Hisar	1999-2000 2000-01 2003-04 2004-05	26.40 27.50 31.37 31.44
82.	SD Mahila Mahavidyalya, Narwana (Jind)	2004-05 2005-06	35.39 35.26
83.	DAV College, Pundri (Kaithal)	2005-06	55.91
84.	DAV College, Cheeka (Kaithal)	2005-06	60.31
85.	Kanya Mahavidyalya, Dhand (Kaithal)	1999-2000 2000-01 2001-02 2002-03 2003-04 2004-05 2005-06	31.40 36.05 34.60 40.78 50.24 46.97 55.87
86.	Bhagwan Parshu Ram College, Kurukshetra	1999-2000 2000-01 2002-03 2003-04 2004-05 2005-06	37.30 44.30 44.30 67.43 56.99 68.09
87.	RDS Public Girls College, Rewari	1998-99 1999-2000 2000-01 2001-02 2002-03 2003-04 2004-05 2005-06	39.30 30.40 29.55 38.55 30.42 67.50 43.28 57.92
88.	SP College of Education, Rewari	2003-04 2004-05 2005-06	26.95 26.99 25.33
89.	GB Degree College, Rewari	1996-97 1997-98 1998-99	29.90 31.70 31.30
90.	CR College of Education, Rohtak	2005-06	36.35
91.	MK Jat Kanya Mahavidyalya, Rohtak	2005-06	73.51
92.	Guru Hari Singh Mahavidyalya, Jiwan Nager, Sirsa	2005-06	42.86
93.	Vaish Arya Kanya Mahavidyalya, Bhadurgarh (Jhajjar)	2003-04 2004-05 2005-06	44.02 33.22 36.60
94.	M.A College for Women, Jhajjar	2005-06	56.58

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Sr. No.	Name of the body/authority	Year for which accounts had not been received	Grants received (Rupees in lakh)
95.	TR College of Education, Sonapat	2000-01	29.10
		2003-04	26.09
		2004-05	27.68
		2005-06	31.34
96.	BPS College of Education, Khanpur Kalan	2000-01	26.40
		2003-04	25.00
97.	T.R. Girls College, Sonapat	1999-2000	33.10
		2003-04	46.60
		2004-05	32.85
		2005-06	37.51
98.	DAV College of Education for Women, Karnal	2003-04	118.62
		2005-06	112.25
99.	CIS Kanya Mahavidhalya Fatehpur Pundri (Kaithal)	2004-05	62.01
		2005-06	63.12
100.	DAV College, Naneola (Ambala)	2004-05	26.88
		2005-06	33.52
101.	APJ Saraswati KMV, Charkhi Dadri	2004-05	43.14
		2005-06	43.99
102.	Vaish College of Education, Rohtak	2004-05	26.61
103.	Hindu College of Education, Sonipat	2004-05	41.67
		2005-06	49.22

Appendix-V

(Refer paragraph 1.7.6; page 15)

Details and status of grants-in-aid released by State Government

Sr. No.	Name of the Department	Total number of bodies	Did not render the accounts/ year of accounts	Did not render accounts in prescribed format	Did not utilise 50 per cent of grants given in a year	Which diverted/ misutilised the funds (including grants released by GOI)/amount diverted/misutilised	Defaulted repayment of loans/amount overdue (Rupees in crore)	Which did not maintain cash book/maintained irregularly	Which did not invest its surplus funds/ retained huge balance in cash chest/ average amount of surplus funds	Any other interesting point noticed from the audit of accounts	Grant paid (Rupees in crore)
1	2	3	4	5	6	7	8	9	10	11	12
1.	Medical	12	-	-	-	-	-	-	-	Nil	3.04
2.	Technical Education	9	9	Nil	Nil	Nil	Nil	Nil	Nil	Nil	32.98
3	Sports	8	8	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1.06
4.	Urban Development	69	69	Nil	Nil	Nil	Nil	Nil	Nil	Nil	156.71
5.	Rural Development	19	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	47.79
6.	Education	100	100	Nil	Nil	Nil	Nil	Nil	Nil	Nil	85.76
7.	Science and Technology	2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	7.30
8.	Animal Husbandry	4	4	Nil	Nil	Nil	Nil	Nil	Nil	Nil	4.58
9.	Public Relations & Cultural Affairs	2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	0.02
	Total	225	190	-	-	-	-	-	-	-	339.24

Appendix VI

(Refer paragraph 1.7.7; page 15)

Department-wise/year-wise break-up of the cases in which final action was pending at the end of June 2006

Name of the department	Upto 5 years	5 to 10 years	10 to 15 years	15 to 20 years	20 to 25 years	25 years to more	Total
Animal Husbandry	3 (7.04)	-	3 (3.22)		-		6 (10.26)
Education	13 (4.69)	6 (4.70)	4 (2.30)	3 (1.72)	3 (1.87)	3 (1.80)	32 (17.08)
Fisheries	1 (8.06)	-	-	-	-	-	1 (8.06)
Food and Supplies	-	1 (1.22)	1 (0.27)	2 (4.75)	-	-	4 (6.24)
Forest	1 (0.15)	9 (14.01)	1 (0.55)	6 (1.12)	1 (0.15)	-	18 (15.98)
Irrigation	17 (13.03)	14 (3.33)	21 (4.99)	30 (2.15)	27 (7.53)	2 (0.10)	111 (31.13)
Labour and Employment	-	-	1 (0.02)	1 (0.14)	-	-	2 (0.16)
Medical	4 (2.04)	-	1 (1.50)	2 (11.92)	-	-	7 (15.46)
Police	1 (3.79)	-	-	-	-	-	1 (3.79)
Public Health	5 (3.54)	4 (0.24)	2 (-)	14 (2.22)	10 (1.79)	5 (1.48)	40 (9.27)
Public Relations	1 (0.08)	-	-	-	-	-	1 (0.08)
Public Works (B&R)	5 (0.71)	1 (-)	1 (0.40)	3 (2.35)	1 (0.03)	-	11 (3.49)
Revenue	2 (10.52)	-	-	-	-	-	2 (10.52)
Social Welfare	-	-	-	1 (-)	-	-	1 (-)
Sports and Youth Welfare	1 (0.87)	-	-	-	-	-	1 (0.87)
Technical Education	12 (31.62)	2 (1.22)	1 (0.19)	-	1 (0.03)	-	16 (33.06)
Transport	-	1 (3.16)	-	1 (0.60)	-	1 (0.22)	3 (3.98)
Total	66 (86.14)	38 (27.88)	36 (13.44)	63 (26.97)	43 (11.40)	11 (3.38)	257 (169.43)

(Figures in bracket are Rupees in lakh)

Appendix VII

(Refer paragraph 1.7.7; page 15)

Department-wise details in respect of cases relating to theft, misappropriation/loss of Government material and fire/accident at the end of June 2006

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	3	9.43	3	0.83	-	-
Education	24	12.80	7	4.21	1	0.07
Fisheries	-	-	-	-	1	8.06
Food and Supplies	-	-	-	-	4	6.24
Forest	3	4.70	1	0.15	14	11.13
Irrigation	72	10.46	31	8.72	8	11.95
Labour and Employment	2	0.16	-	-	-	-
Medical and Public Health	4	2.04	1	1.50	2	11.92
Police	-	-	-	-	1	3.79
Public Health	29	4.65	9	3.96	2	0.66
Public Relations	-	-	-	-	1	0.08
Public Works (B&R)	8	1.15	3	2.34	-	-
Revenue	-	-	2	10.52	-	-
Social Welfare	-	-	1	-	-	-
Sports and Youth Welfare	1	0.87	-	-	-	-
Technical Education	13	21.19	2	11.58	1	0.29
Transport	-	-	2	3.38	1	0.60
Total	159	67.45	62	47.19	36	54.79

Appendix VIII

(Refer paragraph 1.8.4; page 17)

Details of Statutory Corporations and Government Companies with Government investments, which are in loss

		Investment (upto 2005-06)	Accumulated Loss	Year of Account
		(Rupees in crore)		
I.	Statutory Corporations			
1	Haryana Financial Corporation, Chandigarh.	35.38	154.17	2005-06
III.	Government Companies			
1	Haryana Dairy Development Corporation Limited, Chandigarh.	5.57	6.74	2000-01
2	Haryana State Minor Irrigation (Tubewells) Corporation Limited, Chandigarh.	10.89	115.37	2000-01
3	Haryana State Handloom and Handicrafts Corporation Limited, Chandigarh.	2.65	5.16	2001-02
4	Haryana Tanneries Limited, Chandigarh.	0.67	10.56	2004-05
5	Haryana Scheduled Castes and Finance Development Corporation Limited, Chandigarh.	28.11	5.74	2001-02
6	Haryana Backward Classes Kalyan Nigam Limited, Chandigarh.	9.71	5.03	2000-01
7	Haryana Vidhyut Prasaran Nigam Limited, Panchkula.	632.33	87.80	2004-05
8	Haryana Power Generation Limited, Panchkula.	731.95	51.91	2003-04
9	Dakshin Haryana Bijli Vitran Nigam Limited, Hisar.	134.74	557.90	2004-05
10	Uttar Haryana Bijli Vitran Nigam Limited, Panchkula.	116.55	471.97	2004-05
11	Pig Iron Project, Hisar.	0.17	0.04	2004-05
12	Haryana State Small Industries and Export Corporation Limited, Chandigarh.	1.81	17.38	2002-03
13	Haryana State Roads and Bridges Development Corporation Limited, Chandigarh.	113.22	14.63	2004-05
14.	Haryana Women Development Corporation Limited, Chandigarh	8.94	0.41	2004-05
Total		1,832.69	1,504.81	

Appendix IX

(Refer paragraph 2.3.6; page 33)

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	2071-Pensions and other Retirement Benefits 01-Civil- 104-Gratutities	258.25	102.60 (39.72)
2.		2049-Interst payments 04-Interest on Loans and Advances from Central Government 101-Interest on Loans for State/Union Territory Plan Schemes 99-Block Loans	340.95	159.22 (46.69)
3.		104-Interest on Loans for Non-Plan Schemes 99- Small Saving Collections	23.80	20.66 (86.80)
4.		01 Interest on Internal Debt 200- Interest on Other Internal Debt 95-Loans from State Bank of India and other Banks	80.00	61.19 (76.48)
5.	8-Buildings and Roads	3054-Roads and Bridges 03-State Highways 337-Road Works	45.36	21.99 (48.47)
6.		2059-Public Works 80-General 053-Maintenance and Repairs 99-Maintenance and Repairs	31.30	14.78 (47.22)
7.		4059-Captital Outlay on Public Works 01-Office Buildings 051-Construction 99-District Administration	22.80	16.00 (70.17)
8.	9-Education	2202-General Education 01-Elementary Education 101-Government Primary Schools 98-Middle Education Classes VI to VIII	325.36	36.55 (11.23)
9.		03-University and Higher Education 103-Government Colleges and Institutes 99-Institutes	83.24	31.32 (37.62)
10.	10-Medical and Public Health	2215-Water Supply and Sanitation 01-Water Supply 101-Urban Water Supply Programmes 99-Maintenance of Urban Water Supply and Sewerage 99-Energy Charges	73.40	28.58 (38.93)
11.	11-Urban Development	2217- Urban Development 80-General 800-Other Expenditure 85-Grants-in-aid for improvement of Urban Infrastructure	47.30	37.84 (80)
12.		91-Grant to Municipal Committees for Slum Development Programme (SDP)	10.47	10.47 (No expenditure)

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Sr. No.	Number and name of grants/ appropriations	Major/Minor Head of Account, etc.	Original provision	Savings (per cent)
			(Rupees in crore)	
13.	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	107.15	84.88 (79.21)
14.	13-Social welfare and Rehabilitation	2236-Nutrition 02-Distribution of Nutritious food and Beverages 101-Special Nutritious Programmes 96-Nutrition Component	55.37	55.37 (No expenditure)
15.	14-Food and Supplies	4408-Capital Outlay on Food Storage and Warehousing 01-Food 101-Procurement and Supply 97-Interest on Capital	100.00	74.03 (74.03)
16.	15-Irrigation	2700-Major Irrigation 02-Western Jamuna Canal Project (Commercial) 001-Direction and Administration 98-Execution Irrigation	108.52	106.13 (97.79)
17.		96-Special Revenue Staff	19.26	18.88 (98)
18.		99-Supervision Charges	12.61	12.49 (99.04)
19.		101-Maintenance and Repair 98-Other Maintenance expenditure	16.00	11.36 (71)
20.		05-Jawahar Lal Nehru Project (Commercial) 101-Maintenance and Repairs	17.98	17.98 (No expenditure)
21.		18-Non-Commercial Irrigation Projects 001-Direction and Administration 97-Execution Irrigation	29.72	11.54 (38.82)
22.		2801-Power 05-Transmission and Distribution 800-Other Expenditure 98-Accelerated Development Programme	33.91	15.18 (44.76)
23.		2700-Major Irrigation 01-Multipurpose River Projects (Commercial) 001-Direction and Administration 97-Execution Irrigation	19.69	10.22 (51.90)
24.		4801-Capital Outlay on Power Projects 05- Transactions and Distribution 190-Improvement in Public Sector and Other Undertakings 98-Equity Capital Haryana Power Generation Corporation Limited	375.45	100.00 (26.63)
25.		4700-Capital Outlay on Major Irrigation 13-Modernisation and Lining of Canal System 800-Other Expenditure 98-Contruction of Canals	11.00	11.00 (No expenditure)
26.	Public Debt	6003-Internal Debt of the State Government 110-Ways and Means Advances from the Reserve Bank of India	1,000.00	1,000.00 (No expenditure)
27.		107-Loans from State Bank of India and Other Banks	1,000.00	295.00 (29.50)

Sr. No.	Number and name of grants/appropriations	Major/Minor Head of Account, etc.	Original provision	Savings (<i>per cent</i>)
			(Rupees in crore)	
28.		6004-Loans and Advances from the Central Government	159.51	69.75 (43.72)
29.		02-Loans for State/Union Territory Plan Schemes 101-Block Loans		
		01-Non-Plan Loans	26.05	15.78 (60.57)
		102-Share of Small Savings Collections		
30.	25-Loans and Advances by State Government	6801-Loans for Power Projects	15.64	15.64 (No expenditure)
		205-Transmission and Distribution		
		95-Loans for Accelerated Power Development Programme (APDP)		
31.		93-Loans from NABARD Power Projects	20.00	15.01 (75.05)
32.		6702-Loans for Minor Irrigation	15.00	15.00 (No expenditure)
		800-Other Loans-		
		99-Loans to MITC for payment of compensation to its retrenched employees		

Appendix X
(Refer paragraph 2.3.7; page 34)

Statement of various grants/appropriations where variation between original provision and final budget grant was more than Rupees five crore and 10 per cent of original provision

Sr. No.	Number and name of grants/appropriations	Head of account	Budget provision		
			Original	Final	Percentage of variation
			(Rupees in crore)		
1.	2-General Administration	2013-Council of Ministers 105-Discretionary grant by Ministers	3.43	10.20	197.38
2.	4-Revenue	02-Floods, Cyclones, etc. 101-Gratuitious Relief 97-Supply of Seeds, Fertilizers and Agricultural Implements	1.00	6.74	574.00
3.	6-Finance	2071-Pensions and other Retirement Benefits 01-Civil 102-Commutated Value of Pensions	92.33	150.00	62.46
4.		105-Family Pensions	72.58	97.00	33.65
5.	8-Buildings and Roads	3054-Roads and Bridges 04-District and other Roads 337-Road works 98-Rural Roads	79.68	113.40	42.33
6.		2059-Public Works 80-General 799-Suspense	0.50	18.50	3,600.00
7.		5054-Capital Outlay on Roads and Bridges 03-State Highways 337-Road works	10.00	27.15	171.50
8.	9-Education	2202-General Education 02-Secondary Education 109-Government Secondary Schools 97-Implementation of +2 pattern	16.66	32.05	92.38
9.	10-Medical and Public Health	2210-Medical and Public Health 01-Urban Health Services-Allopathy 110-Hospital and Dispensaries 96-Improvement and Expansion of Hospitals	2.00	9.77	388.50
10.		80-Improvement and Establishment of Psychiatric Services (Mental Health Programme) at Hisar, Gurgaon	0.05	5.93	11,760.00
11.	13-Social Welfare and Rehabilitation	2236-Nutrition 02-Distribution and Nutritious Food and Beverages 101-Special Nutritious Programmes 95-Supplementary Nutritious Programmes	9.52	40.63	326.79
12.		83-Administrative Subsidy to Haryana Schedule Castes Finance and Development Corporation	0.50	5.92	1,084.00

Appendices

Sr. No.	Number and name of grants/appropriations	Head of account	Budget provision		
			Original	Final	Percentage of variation
			(Rupees in crore)		
13.	15-Irrigation	2700-Major Irrigation 05-Jawahar Lal Nehru Project (Commercial) 101-Maintenance and Repairs	17.98	28.67	59.45
14.		4700-Capital Outlay on Major Irrigation 15-Lining of Channels 800-Other Expenditure 97-BML-Hansi Branch-Butana Branch Multipurpose Link Channel	75.00	96.40	28.53
15.	17-Agriculture	2705-Command Area Development 102-Shivalik Development Board 99-Grants-in-aid for Development of Shivalik Area	8.00	18.00	125.00
16.	25-Loans and Advances by State Government	7610-Loans to Government Servants, etc. 800-Other Advances 97-Advances for Celebration of Marriages	9.00	36.12	301.33

Appendix XI
(Refer paragraph 2.3.10; page 35)

Details of surrender in excess of actual savings in the grants

Sr. No.	Name of the grant	Savings (-) /Excess (+)	Amount surrendered	Excess fund surrendered
		(Rupees in crore)		
Revenue (Voted)				
1.	1-Vidhan Sabha	(-) 1.12	1.14	0.02
2.	2-General Administration	(-) 1.39	2.52	1.13
3.	4-Revenue	(-) 24.01	24.63	0.62
4.	5-Excise and Taxation	(-) 0.90	1.27	0.37
5.	8-Buildings and Roads	(+) 25.86	0.04	25.90
6.	10-Medical and Public Health	(-) 9.62	20.37	10.75
7.	11-Urban Development	(-) 52.53	52.68	0.15
8.	13-Social Welfare and Rehabilitation	(-) 34.84	35.70	0.86
9.	19-Fisheries	(-) 1.45	1.47	0.02
Capital (Voted)				
10.	10-Medical and Public Health	(+) 49.38	76.52	125.90
11.	15-Irrigation	(+) 118.60	26.91	145.51
Revenue (Charged)				
12.	1-Vidhan Sabha	(-) 0.03	0.04	0.01
13.	2-General Administration	(-) 0.13	0.31	0.18
14.	15-Irrigation	(-) 0.01	0.61	0.60
Total		(+) 67.81	244.21	312.02

Appendix XII

(Refer paragraph 2.3.11; page 35)

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	Actual expenditure	Excess (+)/ Saving (-)
			O: Original S: Supplementary R: Reappropriation		
(Rupees in crore)					
Injudicious re-appropriations					
1.	2-General Administration	2013-Council of Ministers 800-Other Expenditure 99-Maintenance of the Ministers Residence/Office	(O) 2.92 (R) (-) 0.01 2.91	4.31	(+) 1.40
2.	3-Home	2055-Police 104-Special Police 99-Haryana Armed Police	(O) 85.13 (R) (-) 27.68 57.45	55.71	(-) 1.74
3.		2014-Administration of Justice 102-High Court 98-Establishment 98-Establishment Expenses	(O) 9.69 (R) (-) 0.02 9.67	10.84	(+) 1.17
4.	4-Revenue	2245-Relief on account of Natural Calamities 02-Flood, Cyclones etc. 282-Public Health 98-Public Health	(O) 2.50 (R) (-) 2.00 0.50	1.71	(+) 1.21
5.	6-Finance	2071-Pensions and other Retirement Benefits 01-Civil 104-Gratuities	(O) 258.25 (R) (-) 93.25 165.00	155.65	(-) 9.35
6.		101-Superannuation and Retirement Allowances	(O) 648.71 (R) (-) 6.21 642.50	637.33	(-) 5.17
7.		2071-Pensions and other Retirement Benefits 01-Civil 102-Commutated Value of Pensions	(O) 92.33 (R) 57.67 150.00	145.12	(-) 4.88
8.		Family Pensions	(O) 72.58 (R) 24.42 97.00	93.93	(-) 3.07

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Sr. No.	Grant No.	Major Head of account and sub-head	Provision	Actual expenditure	Excess (+)/ Saving (-)
			O: Original S: Supplementary R: Reappropriation		
(Rupees in crore)					
9.		2049-Interest Payments 04-Interest on Loans and Advances from Central Government 101-Interest on Loans for State/Union Territory Plan Schemes 99-Block Loans	(O) 340.95 (R) (-) 122.63 218.32	181.73	(-) 36.59
10.		104-Interest on Loans for Non-Plan Schemes 99-Small Saving Collections	(O) 23.80 (R) (-) 0.07 23.73	3.14	(-) 20.59
11.		01-Interest on Internal Debt 200-Interest on Other Internal Debts 95-Loans from State Bank of India and Other Banks	(O) 80.00 (R) (-) 58.00 22.00	18.81	(-) 3.19
12.		96-Loans from National Rural Credit (LTO) Fund of the NABARD	(O) 49.19 (R) (-) 1.18 48.01	44.77	(-) 3.24
13.		2049-Interest payments 01-Interest on Internal Debt 200- Interest on Other Internal Debts 92-Interest on Loans from NCRPB	(O) 9.62 (R) (-) 1.99 7.63	9.77	(+) 2.14
14.	8-Buildings and Roads	3054-Roads and Bridges 04-District and Other Roads 337-Road Works 98-Rural Roads	(O) 79.68 (R) 33.72 113.40	110.36	(-) 3.04
15.		2059- Public Works 80-General 001-Direction and Administration 799-Suspense	(O) 0.50 (R) 18.00 18.50	22.24	(+) 3.74
16.		2059-Public Works 80-General- 053-Maintenance and Repairs 99- Maintenance and Repairs	(O) 31.30 (R) (-) 13.46 17.84	16.52	(-) 1.32

Sr. No.	Grant No.	Major Head of account and sub-head	Provision	Actual expenditure	Excess (+)/ Saving (-)
			O: Original S: Supplementary R: Reappropriation		
(Rupees in crore)					
17.		5054-Capital Outlay on Roads and Bridges 03-State Highways 337-Roadworks	(O) 10.00 (R) 17.15 27.15	72.77	(+) 45.62
18.		101-Bridges	(O) 8.00 (R) (-) 1.15 6.85	13.86	(+) 7.01
19.		04-District and Other Roads 337-Road Works 99-District Roads	(O) 47.99 (R) (-) 8.39 39.60	54.66	(+) 15.06
20.		98-Rural Roads	(O) 184.21 (R) (-) 1.81 182.40	180.74	(-) 1.66
21.	9-Education	2202-General Education 01-Elementary Education 101-Government Primary Schools 99-Classes I to V	(O) 432.43 (S) 11.62 (R) (-) 2.22 441.83	390.80	(-) 51.03
22.		98-Middle Education Classes VI to VIII	(O) 325.36 (R) (-) 28.91 296.45	288.81	(-) 7.64
23.		03-University and Higher Education 103-Government College and Institutes 99-Institutes	(O) 83.25 (R) (-) 26.55 56.70	51.92	(-) 4.78
24.	10-Medical and Public Health	2215-Water Supply and Sanitation 01-Water Supply 101-Urban Water Supply Programmes 99-Maintenance of Urban Water Supply and Sewerage 99-Energy Charges	(O) 73.40 (R) (-) 9.40 64.00	44.82	(-) 19.18
25.		2210-Medical and Public Health 01-Urban Health Services-Allopathy 800-Other Expenditure 99-Minor Works	(O) 7.00 (R) (-) 1.68 5.32	3.67	1.65
26.		03-Rural Health Services-Allopathy 99-Continuance of Rural Hospital and Dispensaries	(O) 19.74 (R) (-) 0.69 19.05	17.53	(-) 1.52

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Sr. No.	Grant No.	Major Head of account and sub-head	Provision	Actual expenditure	Excess (+)/ Saving (-)
			O: Original S: Supplementary R: Reappropriation		
(Rupees in crore)					
27.		2211-Family Welfare 103-Maternity and Child Health 99-Immunisation Programme	(O) 7.61 (R) 0.87 8.48	21.68	(+) 13.20
28.		2215-Water Supply and Sanitation 01-Water Supply 102-Rural Water Supply Programme 97- Rural Water Supply Programme	(O) 96.97 (R) (-) 7.55 89.42	107.65	(+) 18.23
29.		799-Suspense	(O) 0.02 (R) 0.13 0.15	7.72	(+) 7.57
30.		95-Accelerated Rural Water Supply Programme	(O) 2.00 (R) 1.50 3.50	0.26	(-) 3.24
31.		2210-Medical and Public Health 01-Urban Health Services –Allopathy 110-Hospitals and Dispensaries 99-Hospitals	(O) 56.08 (R) 1.95 58.03	56.85	(-) 1.18
32.		4215-Capital Outlay on Water Supply and Sanitation 01-Water Supply 102- Rural Water Supply 87-National Capital Region	(O) 52.40 (R) (-) 6.73 45.67	42.62	(-) 3.05
33.		101-Urban Water Supply 99-Urban Water Supply	(O) 29.00 (R) 0.46 29.46	60.83	(+) 31.37
34.		102- Rural Water Supply 88-Swajaldhara	(O) 6.00 (R) (-) 2.16 3.84	1.10	(-) 2.74
35.		93-Rural Water Supply	(O) 130.00 (R) (-) 31.27 98.73	151.17	(+) 52.44
36.		99-Accelerated Water Supply	(O) 18.00 (R) (-) 1.94 16.06	27.83	(+) 11.77
37.		96-Deseret Development Programme	(O) 10.00 (R) (-) 9.22 0.78	9.50	(+) 8.72

Sr. No.	Grant No.	Major Head of account and sub-head	Provision O: Original S: Supplementary R: Reappropriation	Actual expenditure	Excess (+)/ Saving (-)
			(Rupees in crore)		
38.		101-Urban Water Supply 94-National Capital Region	(O) 27.60 (R) (-) 9.00 18.60	33.75	(+) 15.15
39.		02- Sewerage and Sanitation 101-Urban Sanitation Services 92-Sewerage Treatment YAP	(O) 17.00 (R) (-) 14.53 2.47	8.31	(+) 5.84
40.		95-Sewerage Treatment 99- Sewerage Treatment YAP	(O) 2.00 (R) (-) 1.55 0.45	7.53	(+) 7.08
41.	15-Irrigation	2700-Major Irrigation 02-Western Jamuna Canal Project (Commercial) 001-Direction and Administration 98-Execution Irrigation	(O) 108.52 (R) 5.89 114.41	83.93	(-) 30.48
42.		96-Special Revenue Staff	(O) 19.26 (R) 0.17 19.43	14.13	(-) 5.30
43.		99-Supervision Irrigation	(O) 12.61 (R) (-) 2.63 9.98	8.48	(-) 1.50
44.		101-Maintenance and Repairs 98-Other Maintenance Expenditure	(O) 15.99 (R) (-) 1.48 14.51	4.63	(-) 9.88
45.		05-Jawahar Lal Nehru Project (Commercial) 101-Maintenance and Repairs	(O) 17.98 (R) 10.69 28.67	Nil	(-) 28.67
46.		18-Non-Commercial Irrigation Projects 001-Direction and Administration 97-Execution Irrigation	(O) 29.71 (R) 0.11 29.82	18.18	(-) 11.64
47.		01-Multipurpose River Projects (Commercial) 001-Direction and Administration 95-Special Revenue Staff	(O) 11.81 (R) (-) 2.02 9.79	1.87	(-) 7.92

Audit Report (Civil) for the year ended 31 March 2006

Sr. No.	Grant No.	Major Head of account and sub-head	Provision	Actual expenditure	Excess (+)/ Saving (-)
			O: Original S: Supplementary R: Reappropriation		
(Rupees in crore)					
48.		80-General 001-Direction and Administration 99-Chief Engineer's Common Establishment	(O) 12.99 (R) (-) 1.92 11.07	8.18	(-) 2.89
49.		800-Other Expenditure 98-Improvement, Upgradation, Operation and Maintenance	(O) 20.00 (R) (-) 2.40 17.60	18.98	(+) 1.38
50.		2701-Medium Irrigation 08-Jui Canal Project 800-Other Expenditure 98-Energy Charges	(O) 11.25 (R) (-) 5.97 5.28	4.08	(-) 1.20
51.		2700-Major Irrigation 02-Western Jamuna Canal Project (Commercial) 800-Other Expenditure 98-Energy Charges	(O) 8.60 (R) 2.50 11.10	36.48	(+) 25.38
52.		01-Multipurpose River Projects (Commercial) 101-Maintenance and Repairs 98-Other Maintenance Expenditure	(O) 12.48 (R) 4.18 16.66	20.76	(+) 4.10
53.		2701-Medium Irrigation 10-Sewani Lift Irrigation Project (Commercial) 101-Maintenance and Repairs 98-Other Maintenance Expenditure	(O) 1.00 (R) 0.42 1.42	3.35	(+) 1.93
54.		08-Jui Canal Project 101-Maintenance and Repairs 98-Other Maintenance Expenditure	(O) 1.50 (R) (-) 0.30 1.20	2.45	(+) 1.25
55.		2700-Major Irrigation 01-Multipurpose River Projects (Commercial) 001-Direction and Administration 97-Execution Irrigation	(O) 19.69 (R) 3.05 22.74	9.47	(-) 13.27

Sr. No.	Grant No.	Major Head of account and sub-head	Provision	Actual expenditure	Excess (+)/ Saving (-)
			O: Original S: Supplementary R: Reappropriation		
(Rupees in crore)					
56.		4701-Capital Outlay on Medium Irrigation 07-Improvement of Old/Existing Channels under NABARD 800-Other Expenditure 98-Construction of Canals	(O) 105.00 (R) 6.00 111.00	187.40	(+) 76.40
57.		4700-Capital Outlay on Major Irrigation 15-Lining of Channels 800-Other Expenditure 97-BML-Hansi-Butana Branch Multipurpose Link Channel	(O) 75.00 (R) 21.40 96.40	117.26	(+) 20.86
58.		03-Gurgaon Canal Project (Commercial) 800-Other Expenditure 98-construction of Canals	(O) Nil (R) 9.00 9.00	12.66	(+) 3.66
59.		4711-Capital Outlay on Flood Control Projects 01-Flood Control 201-Drainage and Flood Control Project	(O) Nil (R) 20.00 20.00	35.77	(+) 15.77
60.		4700-Capital Outlay on Major Irrigation 13-Modernisation and Lining of Canal System 800-Other Expenditure 98-Construction of Canals	(O) 11.00 (R) 1.18 12.18	Nil	(-) 12.18
61.		4700-Capital Outlay on Major Irrigation 14-Dadupur Nalvi Irrigation Project 800-Other Expenditure 98-Construction of Canals	(O) Nil (R) 20.00 20.00	Nil	(-) 20.00
62.		4701-Capital Outlay on Medium Irrigation 80-General 800-Other Expenditure 98-Payment of Land Compensation	(O) 6.50 (R) (-) 3.28 3.22	Nil	(-) 3.22

Audit Report (Civil) for the year ended 31 March 2006

Sr. No.	Grant No.	Major Head of account and sub-head	Provision	Actual expenditure	Excess (+)/ Saving (-)
			O: Original S: Supplementary R: Reappropriation		
(Rupees in crore)					
63.	17-Agriculture	2415-Agricultural Research and Education 01-Crop Husbandry 277-Education 99-Grant-in-aid to Agriculture University	(O) 103.84 (R) 0.46 104.30	99.01	(-) 5.29
64.	18-Animal Husbandry	2403-Animal Husbandry 102-Cattle and Buffalo Development 79-National Project for Cattle and Buffalo Breeding	(O) 6.00 (R) (-) 2.40 3.60	Nil	(-) 3.60
65.		101-Veterinary Services and Animal Health 95-Continuance of Veterinary Hospital and Dispensaries	(O) 19.41 (R) 3.39 22.80	25.52	(+) 2.72
66.		93-Coverion of Veterinary Dispensaries/Stockmen Centres into Hospital-cum-Breeding Centres	(O) 13.37 (R) 3.56 16.93	15.41	(-) 1.52
67.	20-Forest	2406-Forestry and Wildlife 01-Forestry 102-Social and Farm Forestry 70-Intigrated Natural Resource Development and Poverty Reduction Project	(O) 56.11 (R) (-) 5.11 51.00	48.50	(-) 2.50
68.	Public Debt	6003-Internal Debt of State Government 107-Loans from the State Bank of India and other Banks	(O) 1,000.00 (R) (-) 295.00 705.00	706.00	(+) 1.00
69.		6004-Loans and Advances from the Central Government 102-Loans for State/ Union Territory Plan Schemes 101-Block Loans	(O) 159.50 (R) (-) 61.12 98.38	89.76	(-) 8.62

Sr. No.	Grant No.	Major Head of account and sub-head	Provision	Actual expenditure	Excess (+)/ Saving (-)
			O: Original S: Supplementary R: Reappropriation		
(Rupees in crore)					
70.		6003-Internal Debt of the State Government 109-Loans from other Institutions 97-Loans from NCRPB for upgradation of Roads (B&R)	(O) 6.35 (R) (-) 3.10 3.25	6.76	(+) 3.51
71.	25-Loans and Advances by State Government	7610-Loans to Government Servants, etc. 201-House Building Advances 99-Advances to Government Servants other than All India Services Officers	(O) 57.20 (R) 3.00 60.20	58.71	(-) 1.49

Appendix XIII

(Refer paragraph 2.3.12; page 35)

Cases where expenditure was incurred without any provision of funds

Sr. No.	Number and name of the Grant	Head of account	Expenditure (Rupees in crore)
1.	8-Buildings and Roads	3054-Roads and Bridges 80-General 797-Transfers to/from Reserve Fund/Deposit Account 99-Transfers to/from Central Road Fund-Inter Account Transfer	26.19
2.		2059-Public Works 80-General 51-Constructon 93-Public Works	0.09
3.		5054-Capital Outlay on Roads and Bridges 03-State Highways 337-Road Works 98-Widening, Strengthening and Raising Ambala-Jagadhari Road	0.46
4.		4059-Capital Outlay on Public Works 80-General 051-Constructon 94-Minister Car Section	0.30
5.	10-Medical and Public Health	2215-Water supply and Sanitation 02-Sewerage and Sanitation 107-Sewerage Services 99-Sewerage Services	6.22
6.	15-Irrigatin	2700-Major Irrigation 80-General 001-Direction and Administration 97-Execution Irrigation	75.14
7.		95- Special Revenue Staff	12.72
8.		98-Supervision Irrigation	8.04
9.		799-Suspense 99- Suspense	0.55
10.		04-Loharu Canal Project (Commercial) 001-Direction and Administration 98-Execution Irrigation	5.62
11.		96-Special Revenue Staff	0.90
12.		94-Chief Engineer Irrigation	0.30
13.		99-Supervision Irrigation	0.28
14.		18-Non-Commercial Irrigation Projects 001-Direction and Administration 95- Special Revenue Staff	4.11
15.		101-Maintenance and Repairs 98-Other Maintenance Expenditure	3.92
16.		05-Jawahar Lal Nehru Project (Commercial) 001-Direction and Administration 98-Execution Irrigation	0.73
17.		2701-Medium Irrigation 10-Sewani Lift Irrigation Project (Commercial) 001-Direction and Administration 97-Execution Irrigation	0.84

Appendices

Sr. No.	Number and name of the Grant	Head of account	Expenditure (Rupees in crore)
18.		08-Jui Canal Project (Commercial) 001-Direction and Administration 97-Execution Irrigation	0.53
19.		4701-Capital Outlay on Medium Irrigation 01-Major Irrigation (Commercial) 800-Other Expenditure 99-Payment of Enhanced land compensation under court order	3.05
Total			149.99

Appendix XIV

(Refer paragraph 3.1.5; page 40)
Sampling Plan (Design and Estimation Procedure)

Sampling Methodology

A stratified multi-stage design was adopted for the survey. The first stage units (FSU) were the villages in the rural sector and Urban Frame Survey (UFS) blocks in the urban sector.

Within each district of a State/Union Territory, two basic strata were formed. (i) rural stratum comprising of all rural areas of the district and (ii) urban stratum comprising of all the urban areas of the district. However, if there were one or more towns with population 10 lakh or more as per population census 2001 in a district, each were considered as another basic stratum.

Selection of Primary Sampling Units

Rural Units: The villages for each district were selected through Probability Proportion to Size With Replacement (PPS) from the sampling frames.

Urban Units: The list of blocks for each district was then selected through Simple Random Sampling Without Replacement (SRSWOR) from the sampling frames.

Sampling Design: Rural Sampling

Selection of hamlet groups

The first task was to ascertain the exact boundaries of the PSU, by discussing the layout of the village with the key informants of the village. After identifying the boundaries and layout of the village, if the population of the village was found to be more than 600, it was divided into suitable number of "hamlet groups". The number of hamlet groups formed, based on the population of the village, was as follows:

Village population	Number of hamlet groups formed
Less than 600	1
600-1,199	3
1,200-1,799	5
1,800-2,399	6 and so on....

The hamlet groups thus formed had more or less an equal population size (i.e., the population across hamlets stays more or less same)

Sampling Design: Urban Sampling

Selection of sub-blocks

The first task was to ascertain the exact boundaries of the UFS Block as per the NSS Maps. After identifying the boundaries and layout of the block, if the population of the block was found to be more than 600, it was divided into suitable number of "hamlet groups". Else, the entire block was listed. The number of sub-blocks framed, based on the population of the village, was as follows:

PSU population	Number of hamlet groups formed
Less than 600	1
600-1,199	3
1,200-1,799	5
1,800-2,399	6 and so on....

The sub-blocks thus, formed had more or less equal the population. Preference was given to sub-blocks having slum areas. If there were more than one slum sub-blocks, then the second sub-block was selected on a random basis. In a case where there was some slum clusters in the selected UFS (which incidentally was not a slum UFS), a minimum of 50 *per cent* of the household interviews were conducted in these clusters (subject to the availability of eligible households).

Sampling Design: Sampling of Schools

The government schools (with primary/upper primary sections) in the selected UFS blocks/villages were identified. However, if there were no sufficient number in such areas, then the schools that were accessed by the children living in the selected UFS blocks/villages were selected through random sampling.

Estimation Procedure (Rural)

Notation:

i = subscript for i -th PSU [Village (Panchayat Ward)/Block]

j = subscript for j -th USU [Household]

Z = Population of Rural areas in district

H = Total number of listed households in the village/block

h = Number of eligible households in the village/block

z = Size of the sampled village used for selection

n = Number of sampled villages in a district

$B^* =$ Number of hamlet groups formed in a village; $B^* = 1$ if the number of hamlet groups formed is 1 and $B^* = B/2$ if the number of hamlet groups is greater than 1

^

$Y =$ Estimate of population total Y for the characteristics y

Formula for Estimation of aggregates at Stratum Level for Rural

$$\hat{Y} = Z \sum_{i=1}^n \frac{H_j B^*_{*i}}{h_{jz}} y_{ij}$$

Estimation Procedure – Urban

Notation:

$i =$ subscript for i -th PSU [Village (Panchayat Ward)/Block]

$j =$ subscript for j -th USU [Household]

$N =$ Number of NSSO blocks in district

$n =$ Number of sampled blocks in district

$H =$ Total number of listed households in the village/block

$h =$ Number of eligible households in the village/block

$B^* =$ Number of sub blocks formed; $B^* = 1$ if the number of sub blocks formed is 1 and $B^* = B/2$ if the number of sub blocks formed is greater than 1

$Y =$ Estimate of population total Y for the characteristics y

Formula for Estimation of aggregates at Stratum Level for Rural

$$\hat{Y} = N \sum_{i=1}^n \frac{H_j B^*_{*i}}{h_j} y_{ij}$$

The overall estimate for the State obtained by summing the stratum estimates over all the strata.

Estimates of Error

The estimated variance of the above estimates would be

$$\text{Var}(\hat{Y}) = \sum_s \text{Var}(\hat{Y}_s) = \sum_s \sum_i \text{Var}(\hat{Y}_{si})$$

Relative Standard Error

$$\hat{RSE}(Y) = \sqrt{\hat{Var}(Y)/\hat{Y}} \times 100$$

Separate variances would be calculated for strata with PPSWR selection for first stage and SRSWOR.

Appendix XV

(Refer paragraph 3.1.5; page 40)

Summary of findings of SRI

(i) *School survey*

Average attendance of the enrolled children

Average attendance in primary schools amongst males was found to be 75.3 per cent and amongst females the attendance was 78.5 per cent. In upper primary schools the attendance among males was 71.5 per cent and amongst females the attendance was 84.3 per cent. The attendance in high schools reported for males was 61.3 per cent and amongst females it was 79.8 per cent.

Type of the school building

Majority of the primary schools had pucca buildings in the State. 0.8 per cent of the primary schools were observed having a kutcha building, 1 per cent had a semi-pucca building and another 97.9 per cent had a pucca building.

The pattern was observed to be very similar even among the upper primary schools, with 93.9 per cent of the schools having a pucca building, 6.1 per cent having kutcha building.

Amongst the high schools with a upper primary section, 99.3 per cent had pucca buildings whereas 0.7 per cent had a kutcha building.

Schools facilities

An attempt was also made to assess the infrastructural facilities across the schools covered. 89.6 per cent of the primary schools, 89.8 per cent of the upper primary and 97.8 per cent of the high schools with upper primary had compound walls. Designated playgrounds were present in only 67.1 per cent of the primary schools, 71.4 per cent of the upper primary and 88.3 per cent of the high schools with upper primary. Toilets were present in 86.7 per cent of the primary schools, 93.9 per cent of the upper primary schools and 88.3 per cent of the high schools with upper primary. Separate toilet for girls was present in 74.2 per cent of the primary schools, 81.6 per cent of the upper primary schools and 83.2 per cent of the high schools with upper primary. 71.8 per cent of the primary schools, 81.6 per cent of the upper primary schools and 93.4 per cent of the high schools with upper primary had separate toilets for the teachers. Drinking water supply was present among 94 per cent of the primary schools, 89.8 per cent of the upper primary schools and 94.9 per cent of the high schools with upper primary. 42.8 per cent of the primary schools, 69.4 per cent of the upper primary schools and 87.6 per cent of the high schools with upper primary had electricity connection.

Grants and schemes under SSA

It was found that 100 per cent of primary schools, upper primary schools and high schools with upper primary received SSA grants. School Grant of Rs 2,000 was found to be received by 99 per cent primary schools and 100 per cent upper primary and high schools with upper primary received the same.

99.2 per cent of primary schools, 100 per cent of upper primary and 99.3 per cent of the high schools with upper primary sections received the teachers' grant of Rs 500 per year. 4.7 per cent of primary schools said that they received grants for disabled children. The percentage of schools who received this grant was reported to be 4.1 per cent for upper primary and 8.8 per cent of high schools with upper primary.

School committee

It was found that about 66.1 per cent of primary schools reported having school committees. 8.6 per cent of upper primary schools reported having such committees and the percentage was 23.9 per cent for high schools with upper primary.

Joint bank account

In about 61.2 per cent of primary schools, 7.9 per cent of upper primary and 22.5 per cent of high schools, the committees had joint bank accounts with the headmaster.

Mid-day meal

With regard to the schemes operated under SSA it was found that the mid-day meal scheme and free text books for girls and SC/ST were implemented the most. 99.7 per cent of the primary schools, 40.8 per cent of upper primary schools and 14.6 per cent of the high schools reported implemented the mid-day meal scheme.

Free text books for girls

Free text books for girls were reportedly given in 95.6 per cent of primary schools, 98 per cent of upper primary and 87.6 per cent of high schools.

Free text books for SC/ST students

98.7 per cent primary, 98 per cent upper primary and 97.8 per cent high schools said that free text books were given to SC/ST students.

Activities undertaken under SSA

Survey found that almost all the activities under SSA were undertaken by department. Repairing of existing structures was most commonly undertaken by 60.8 per cent of the primary schools, 63.3 per cent of the upper primary schools and 64.2 per cent of high schools with upper primary.

The activity, least undertaken was construction of girls' toilets, as only 8.8 *per cent* of the primary schools, 2.1 *per cent* of the upper primary schools and 4.9 *per cent* of the high schools with upper primary had taken it up.

Teaching aids

Blackboards, chalk and dusters and posters/globes/maps, etc. were most commonly used as teaching aids. 99.2 *per cent* of the primary schools, 100 *per cent* of the upper primary and 99.3 *per cent* of the high schools with upper primary reported blackboard usage.

(ii) *Household survey*

Out of school children

The study estimates 45.16 lakh children in age the group 6 to 14 of which 1.55 lakh were reportedly out-of-school. Thus, there were 34 children out-of-school per thousand.

In the age group 6 to 14, of the total 45.16 lakh, there were 25.21 lakh boys, 19.95 lakh girls. Of the boys, 0.81 lakh were reportedly out-of school. Among girls, 0.74 lakh were observed to be out-of-school. Thus, the proportion of those out-of-school was higher among girls (37 per thousand girls) compared to boys (32 per thousand boys).

In urban areas, in the 6 to 14 age group, 32 out of 1,000 children were reportedly out-of-school.

In rural areas, 35 out of 1,000 children were reportedly out-of-school.

The estimated proportion of children who were out-of-school was highest among ST (196 per thousand) followed by SC (69 per thousand), OBC (28 per thousand) and General category (13 per thousand).

When looked from gender perspective, in different social groups, the proportion of girls who were out-of-school per thousand was much higher compared to boys.

In different social groups, the proportion of the children who were out-of-school per thousand was much higher in rural areas as compared to urban areas.

Analysis by disability shows that across disabilities, the estimated proportion of out-of-school children (754 per thousand) was much markedly higher than the proportion of all children aged 6 to 14 who were out-of-school (34 per thousand).

Children with mental disability and speech disabled were the worst sufferers as 100 *per cent* children were out-of-school followed by visual disabled (594 per thousand).

Coverage of SSA

In term of the aspects of school coverage, data at the overall level of rural areas indicates that there were around 31.5 *per cent* of the habitations/villages which did not have a school/Alternative schooling facility within a distance of one kilometer radius.

The aggregate data at the level of urban slums indicates that there were around 20 *per cent* habitations without a school/Alternative schooling facility within a distance of one kilometer radius.

Reasons for non-enrollment and non-attendance

The main reason reported by parents for not enrolling their children in schools was that the child had to look after household chores and the same reasons was cited for not sending them to school in Haryana.

Willingness to go to school

At an aggregate, 48 *per cent* of the children currently out-of-school do not want to go to school again.

Appendix XVI

(Refer to paragraph 3.1.6.1; page 41)

Statement showing component-wise budget provision and expenditure

Sr. No.	Name of the Component	Budget	Expenditure	Percentage with respect to total expenditure
1.	Teachers Salary	41.01	28.04	12.08
2.	Block Resource Centre	40.62	7.33	3.16
3.	Cluster Resource Centre	4.13	0.51	0.22
4.	Civil Work	125.16	79.00	34.03
5.	Intervention for out of School children	38.07	0.81	0.35
6.	Free Text Books	46.74	30.32	13.06
7.	Innovative activities	29.29	17.10	7.37
8.	Intervention for disabled children	8.54	2.08	0.90
9.	Intervention for girls education	6.40	3.24	1.40
10.	Maintenance grant	16.70	16.54	7.12
11.	Management	20.23	7.25	3.12
12.	Research and evaluation	5.51	0.18	0.08
13.	School grant	6.59	5.94	2.56
14.	Teachers grant	9.17	7.29	3.14
15.	T.L.E.	34.09	13.30	5.73
16.	Teachers Training	26.05	13.02	5.61
17.	Community Mobilization	0.86	0.20	0.09
	Total	459.16	232.15	

Appendix XVII
(Refer paragraph 3.2.6.1; page 54)

Statement showing details of roads where works were delayed due to non-removal of trees and other utilities

Sr. No.	Name of the division	Name of work	Estimated cost	Date of allotment	Due date of completion	Amount paid to Forest Department (Month)	Amount paid to Electricity Department (Month)	Status of work	Remarks	
										(Rupees In lakh)
1	Fatehabad	1.	Four lanning of Fatehabad Bhuna Road KM 0 to 0.75.	112.81	1.9.2004	7.3.2005	38.73 (March 2005)		Completed	Permission from Government of India awaited. Trees yet to be removed.
		2.	Four lanning of Fatehabad Ratia Road.	98.08	25.12.04	24.6.2005	26.49 (March 2005)		Completed	Same as above.
		3.	Constructing Approaches to the Bridge, widening and strengthening Budladha Ratia Road.	85.35	5.12.03	4.6.2004	-		Work in progress	Payment yet to be made, trees not removed.
2	Gurgaon	4.	Improvement of Gurgaon, Bahadurgarh Road section Chandu Iqbalpur.	403.00	28.6.2005	28.10.2005	50.00 (December 2005)		Completed	Rs. 50 lakh paid, against the demand of Rs. 141.78 lakh. Trees not removed.
3	Jhajjar	5.	Widening and strengthening of Bahadurgarh - Badli Road.	1500.00	25.10.2005	31.8.2006	-		Work in progress-	Permission applied for, payment yet to be made.
		6.	Widening and strengthening of Bahadurgarh-Nazafgarh Road KM 0 to 2.87.	280.00	21.10.2005	28.2.2006	-	6.45 (March 2006)	Work in progress	Same as above.
		7.	Widening and strengthening of Badli Iqbalpur Road.	650.00	16.12.2005	1.5.2006	-		Work in progress	Same as above.
4	Kaithal	8.	Improvement of Asandh Rajounth Road KM 197.600 to 199.500.	158.00	30.11.2004	28.2.2005	10.96 (June 2005)	0.76 (June 2005)	Work in progress	Permission from Government of India not yet received.
5	Karnal	9.	Construction of Railway overbridge including approaches on Karnal Kachhwa Road.	979.00	13.7.2005	22.8.2006	12.67 (September 2005)	7.56 (October 2005)	Work in progress	Permission of Government of India received in May 2006 but trees yet to be removed.

Sr. No.	Name of the division	Name of work	Estimated cost	Date of allotment	Due date of completion	Amount paid to Forest Department (Month)	Amount paid to Electricity Department (Month)	Status of work	Remarks
		10.	373.27	21.6.2004	30.4.2005	-		Work in progress	Permission applied for. Payment yet to be made.
6	Naraingarh	11.	750.00	16.9.2002	15.9.2003	21.15 (March 2004)	5.33 (November 2003 to March 2004)	Completed	Trees not removed (June 2006).
7	Sirsa	12.	76.06	14.10.2004	13.1.2.2004	-		Completed	Permission applied for. No payment made.
		13.	238.09	22.11.2004	21.8.2005	46.27 (March 2005 to July 2005)	20.98 (December 2004 to March 2005)	Completed	Permission awaited.
Total			5703.66			206.27	41.08		

Appendix XVIII
(Refer paragraphs 3.2.6.3 and 3.2.8.3; page 55 and 59)
Statement showing cases of time overrun in test checked divisions

Sr. No.	Name of Provincial division PWD (B&R)	Name of work	Estimated cost (Rupees in lakh)	Schedule Date of start	Due date of completion	Status of work	Period of Delay (In months)	Expenditure incurred (Rupees in lakh)	Remarks
1.	Fatehabad	1. Construction of Bridge/Single span on Bhakra main branch crossing Budhladha Ratia road (SH 21).	57.84	26 April 2004	25 October-2004	Work in progress	17	54.09	Time extension applied for.
		2. Constructing Approaches to the Bridge, Widening/Strengthening on Budhladha Ratia road.	83.35	15 December 2003	14 June 2004	Work in progress	21	57.15	Time extension applied for.
		3. Constructing Footh path kerb and channel on Tohana Akalgarh road, km 0 to 1.995.	30.91	25 December 2004	24 April 2005	Completed in December 2005	8	25.04	Time extension applied for.
2.	Hansi	4. Improvement of Hansi Barwala road by providing raising reconstruction in Hisar district.	152.45	30 December 2004	29 June 2005	Work in progress.	9	154.69	Time extension not received after December 2005.
3.	Jhajjar	5. Improvement of Bahadurgarh Charra Dujana Beri Kalanaur road upto district boundary.	586.00	12 January 2004	11 January 2005	Work in progress	15	537.29	Late allotment of G.S.B. work, Bitumenous work could not be carried out in winter. Non-removal of encroachment of land in village portion, shortage of cement.
		6. Providing and Laying of GSB under neath G-II and filter media as weep holes in berms on Bahadurgarh Chhara Dujana Beri Kalanaur upto district boundary in km 20 to 40.60.	33.40	20 May 2004	19 August 2004	Completed in March 2005	7	26.66	Shortage of labour in crop seasons.

Sr. No.	Name of Provincial division PWD (B&R)	Name of work	Estimated cost (Rupees in lakh)	Schedule Date of start	Due date of completion	Status of work	Period of Delay (In months)	Expenditure incurred (Rupees in lakh)	Remarks
		7. Bahadurgarh Nahar road	225.00	20 August 2001	20 August 2002	Completed in March 2003	7	215.40	Shortage of labour, strike of transporters and labour in quarry.
4.	Kaithal	8. Improvement by providing Four Lane on Assandh Rajaund Kaithal road (SH No.11) Km 197.6 to 199.500 in Kaithal.	158.00	30 November 2004	28 February 2005	Work in progress	13	91.95	Due to election code of conduct, poles and trees falling on the alignment of the road.
		9. Providing and Strengthening with paver and 25 mm thick SDBC on Kaithal Jind Road in city area Panchayat Bhawan to Pehowa Chowk in Kaithal District R.D. 199.930 to 200.530 and 200.825 to 201.300.	82.00	07 May 2004	06 August 2004	Completed in February 2006	19	71.04	Extension sought upto 20 February 2006 due to allotment of CC work to another agency.
		10. Laying CC pavement on Kaithal Jind road in city area Panchayat Bhawan to Pehowa Chowk in Kaithal District R.D. 199.500 to 199.930 and 200.530 to 200.825.	104.50	30 July 2004	29 January 2005	Completed in March 2006	14	91.95	Due to shortage of Bricks and dismantling of old open type drain.
5.	Sirsa	11. Four lanning of Sirsa Ottu Rania Dabwali Road km 18.50 to 20.60.	68.79	31 May 2004	30 November 2004	Work in progress	15	40.48	Due to addition of BUSG work for which additional tender was invited.
Total			1,582.24						

Appendix XIX
(Refer paragraph 3.2.6.5; page 56)

Statement showing details of roads lying incomplete (with missing links) due to non-acquisition of land

Sr. No.	Name of Provincial Division PWD (B&R)	Name of the road constructed	Total length of road	Length constructed	Missing Link stretch	Expenditure incurred up to March 2006
			(In kilometre)			(Rupees in lakh)
1	Bhiwani	1. Ajitpura to Kitlana	4.20	2.40	1.80	5.43
		2. Sandhwa to Kheriwas	4.50	2.50	2.00	7.35
		3. Bijlanwas to Kunal	3.62	3.42	0.20	17.43
		4. Pur to Dhanana	8.01	2.81	5.20	7.26
2	Charkhi Dadri	5. Mirch to Misri	3.00	1.65	1.35	22.13
		6. Ramalwas to Chandni road	3.00	0.90	2.10	6.65
		7. Fatehagarh to Madh Madhvi road	5.23	4.73	0.50	14.57
		8. Sanwer Jhinjar to Bhagesri	3.77	2.47	1.30	18.01
3	Hansi	9. Kharkhara to Kundan Pura	8.70	2.84	5.86	16.46
		10. Datta to Bijanakhara	5.90	3.00	2.90	19.08
		11. Moth to Datta	8.80	*	8.80	6.49
		12. Bhakhlana to Uglana	3.25	2.00	1.25	9.34
		13. Bhiwani Jind road to Village Khanda Kheri	1.32	0.90	0.42	8.34
		14. Narnaund to Thurana (Section Narnaund to Majra)	6.12	5.50	0.62	38.94
4	Jhajjar	15. Bahadurgarh Chara road to Pelia Johr.	2.25	2.00	0.25	6.49
		16. Rewari Khera to Kheri Asra road	3.96	2.59	1.37	12.21
		17. Khundan to Sarola road	2.70	1.00	1.70	6.95
5	Kaithal	18. Sewan to Kheri Gulamali road	5.90	3.00	2.90	13.45
Total			84.23	43.71	40.52	236.58

* Only earthwork and stone metal work done.

Appendix XX
(Refer paragraph 3.2.8.1; page 58)

Statement showing details of cases where the amount of agreement varied from the actual cost of work to be executed by the contractor

Sr. No.	Name of Division		Name of work	Estimated cost on which agreement was made	Cost of work required to be executed as per rates quoted by contractor	Allotment
1.	Bhiwani	1.	Work of the annual maintenance (By Providing 20 mm thick premix carpet with paver) in Siwani Singhani Road Km 64.36 to 74.26 in Bhiwani district.	34.10	35.28	Allotted vide No. 1936 dated 9.3.06
		2.	S/R of Jind Bhiwani road by providing surface dressing Km 83.87 to 88.80, 91.80 to 92.70, 93.85 to 95.00, 96.60 to 97.75 in Hisar District.	13.72	14.94	3450 dated 11.11.05
2.	Fatehabad	3.	Providing and laying surface dressing on Budladha Ratia Fatehabad Bhattu Bhadra Road (SH-21).	49.41	53.57	Allotted vide No. 3509 dated 30.11.05
3.	Hansi	4.	Hansi Jind road by providing removing of slush/slips raising and reconstruction in km 5 to 30.805 various roads in Narnaund Town in Hisar District.	237.85	269.29	Allotted vide No. 78 dated 10.1.06
4.	Kaithal	5.	Improvement by providing strengthening and Hard shouldering on Ambala Hisar road in Km 123.18 to 125.28 in Kaithal District.	85.00	89.18	No. 263 dated 10.3.05
		6.	Reconstruction on Kaithal Karnal road Km 46.50 to 48.75 in Kaithal District.	81.70	91.06	Agreement No 5 of 2004-05 (HHUP II)
		7.	Laying CC pavement on Kaithal Jind road in city area Panchayat Bhawan to Pehowa Chowk in Kaithal District km 199.50 to 199.93 and 200.53 to 200.825.	104.50	125.77	SE Jind No R/5376 dated 26.7.04
		8.	Providing and strengthening with lean Bitumen Macadam and 25 mm thick SDBC on Kaithal Jind Road in city area Panchyat Bhawan to Pehowa Chowk in Kaithal District (RD 199.930 to 200.530 and 200.825 to 201.2300).	82.00	85.13	No. 5618 dated 7.5.04
5.	Naraingarh	9.	Periodic maintenance of Sadhaura Naraingarh Raipur Rani Mouli road (Length 38.00 Km).	750.02	790.58	Agreement No. HHUP/M-25
Total				1,438.30	1,554.80	

Appendix XXI
(Refer paragraph 3.2.8.2; page 59)

Statement showing details of cost estimates upon roads damaged due to rain water

Sr. No.	Name of the division	Name of the road	Estimate sanction No. Date	Agreement Number	Estimated cost on Major Repairs	Estimated cost of maintenance	Remarks/Details of improvement made originally	
					(Rupees in lakh)			
1	Bhiwani	Bhiwani Jind Road	1.	Administrative Approval vide Commissioner NO .9/366/03	1 of 2005-06	95.31	4.77	Strengthened in HHUP Ph-1 2001-02
			2.	B&R (W) dt.14.12.04 EIC/107/RII-5/2753dt.30.6.05		61.61		
2	Hansi	Hansi Barwala Road	3.	117/R II-64/2329R-II dt. 26.5.2005	33 of 2004-05	164.99	11.13	Strengthened in HHUP Agreement M-16 (2001-02) at a cost of Rs 626.98 lakh
		Hansi Jind Road	4.	88(R II) 2005/6873 R II dt. 16.11.05	42 of 2005-06	244.82	16.64	Improvement under CRF scheme vide HR/2001-02 for Rs 289.27 lakh
		Bhiwani Jind Road	5.	EIC (H) No 90-R II 2005/6339 R II dt. 30.9.05	2005-06	211.72	14.06	Roads improvement under HHUP in 2003-04 completed in March 2004
3	Kaithal	Karnal Kaithal Road Km 46.50 to 48.750	6.	HHUP II/32 dt. 15.1.04	5 of 2004-05	83.86		Strengthened under HHUP vide Agreement No. M-I(2003-04) completed in April 2002 at a cost of Rs. 1173.32 lakh
Total						862.31 (A)	46.60(B)	

Grand total (A+B)= 908.91 lakh

Appendix XXII
(Refer paragraph 3.2.8.10; page 63)

Statement showing details of bituminous work with 80/100 grade bitumen on State Highways

Sr. No.	Name of Provincial Division PWD (B&R)	Name of the Work	Cost of bituminous item of work (Rupees in lakh)
1	Bhiwani	1. Providing 20 mm thick premix carpet with paver on Siwani singhani road km 64.36 to 74.26.	35.28
		2. Special Repair (S/R) by providing raising in Km 82.40 to 83.87 reconstruction by removing shush in various reaches km 89.75 to 101.74 of Jind Bhiwani road (SH-14).	170.59
		3. S/R of Jind Bhiwani road by providing surface dressing km 88.87 to 88.80, 9.80 to 92.70,93.85 to 95.00 and 96.60 to 97.75.	14.94
		4. S/R of Hansi Barwala Road by providing surface dressing in km 152.00 to 153.60,157.00 to 158.075,159.75 to 160.00 and 164.00 in Hisar district.	5.80
		5. Hansi Barwala Road by providing raising in km 154.47 to 155.91,158.075 to 159.335, 164.49 to 166.125 and reconstruction in stretches in km 153.00 to 154.47 and 155.91 to 158.075 in Hisar district.	63.27
2	Fatehabad	6. Constructing approaches to the bridges on Budladha Ratia road.	26.71
		7. Providing four lanning on Fatehabad Bhuna road.	54.37
		8. Providing surface dressing on Budladha Ratia road.	53.57
3	Hansi	9. S/R of Hansi Jind Road by providing surface dressing in km 1.50 to 5.00, 7.00 to 8.50,12.15 to 14.00,19.90 to 21.00,24.00 to 26.40,27.00 to 29.40 and 29.80 to 30.30 in Hansi district.	18.32
		10. Hansi Jind Road by providing removing of slush/slips/ raising and reconstruction in km 5.00 to 29.775 (various reaches) and raising in km 19.20 to 19.92,30.415 to 30.805 and widening in km 21.160 to 23.530 in Narnaund town.	103.39

		11.	S/R by providing raising in km 82.40 to 83.87 /Reconstruction by removing slush RD 89.75 to 90.15,93.40 to 93.50,97.70 to 97.80,88.00 to 89.75,92.70 to 93.40,93.50 to 94.00,966.70 to 97.70, 97.80 to 98.20,99.00 to 99.30,99.70 to 100.30,100.60 to 100.67,100.96 to 101.74 of Jind Bhiwani road.	147.40
		12.	Providing surface dressing using pre-coated aggregate with bitumen renewal coat.	14.06
Total				707.70

Appendix XXIII
(Refer paragraph 3.3.7.4; page 76)

Details of works executed where expenditure was more than the estimates due to delay in completion of works

Sr. No.	Name of work	Estimated cost	Actual expenditure	Excess expenditure	Month of start of work	Month of completion of work	Delay more than 6 months (In months)
		(Rupees in lakh)					
Public Health Division, Nuh							
1.	Construction of Boosting Station, Baroji	25.60	34.38	8.78	March 2001	December 2003	27
2.	Providing and laying pipeline, Firozpur Jhirka	24.40	33.25	8.85	April 2001	December 2003	26
3.	Providing and Installation of one tubewell, Pathkhori	12.50	21.20	8.70	May 2001	October 2003	23
4.	Construction of Boosting Station, Khanpur Ghati	14.61	20.72	6.11	October 2001	May 2004	23
5.	Augmentation of water supply scheme, Sudaka	7.36	25.55	18.19	November 2002	December 2003	7
6.	Augmentation of water supply scheme, Meoli	70.00	103.93	33.93	June 04	November 2005	11
Public Health Division, Sohna							
7.	Augmentation of Water Supply scheme, Mandkas	15.46	23.28	7.82	April 99	March 2002	29
8.	Providing and installation of tubewell, Kherki	4.28	7.56	3.28	April 2001	March 2002	5
9.	Augmentation of water supply scheme, Mandkola Group	26.88	42.73	15.85	April 1999	March 2002	29
10.	Augmentation of water supply scheme, Kherki	3.20	5.10	1.90	September 1999	December 2002	33
11.	Augmentation of water supply scheme, Akbarpur	9.85	17.06	7.21	August 2001	March 2004	25
12.	Augmentation of water supply scheme, Gurnawat	3.62	5.18	1.56	June 2001	April 2002	4
13.	Providing and installation of tubewell, Udaka	7.30	10.27	2.97	April 99	January 2003	39
Total		225.06	350.21	125.15			

Appendix XXIV

(Refer paragraph 3.4.6.6; page 92)

Statement showing pilferage of wheat due to short accounting of moisture gain during the period 1999-2005

	Quantity despatched	Quantity to be despatched	Wheat less despatched	Amount
	(Quintal)			(Rupees in lakh)
Faridabad	52,353.63	52,609.60	255.97	1.61
Fatehabad	2,84,584.71	2,85,864.11	1,279.40	7.88
Hisar	2,27,529.59	2,32,545.57	5,015.98	30.50
Jind	2,44,732.52	2,46,144.04	1,411.52	8.53
Kaithal	9,64,422.75	9,72,346.93	7,924.18	47.52
Karnal	5,19,326.72	5,22,779.14	3,452.42	20.91
Panipat	66,993.39	67,383.12	389.73	02.42
Rewari	1,26,245.71	1,27,008.00	762.29	4.65
Sirsa	2,83,349.29	2,84,701.47	1,352.18	8.33
Sonipat	2,51,473.79	2,52,736.42	1,262.63	7.76
Total	30,21,012.08	30,44,118.40	23,106.32	140.11

Appendix XXV
(Referred to in para 3.5.6.1; page 101)

Details of Hardware which were either out of order or not put to use

- In all the 19 sub-treasuries, test checked kerosene oil driven generating sets (19) were not put to use due to non-availability of kerosene oil.
- Web cameras and scanners were purchased for completing master database of DDOs, pensioners and messengers by adding their photographs and signatures in the database. Kurukshetra treasury and its sub-treasuries were in the process of building their master database. However, other four treasuries and their sub-treasuries were not using the web-cameras (18) and scanners (18).
- In Ambala, one node each at Ambala Cantonment, Barara and Naraingarh sub-treasuries were not working out of three nodes provided at each of these sub-treasuries. UPS was out of order in Ambala Cantonment sub-treasury.
- In Karnal district, servers were not working at Gharaunda (since January 2006) and Assandh sub-treasuries (for the last 3 years). The UPSs were not working at Indri, Gharaunda, Nissing (for more than one year) and Assandh (for more than 4 years) sub-treasuries. Printer was out of order at Indri and Gharaunda sub-treasuries. One node each was not working in Gharaunda, Nissing and Assandh sub-treasuries out of three nodes provided at each of these sub-treasuries.
- In Kurukshetra district, generators were out of order in Ladwa (since April 2005) and Pehowa sub-treasuries and voltage stabilizer were out of order at Pehowa sub-treasury.
- In Hisar treasury two nodes were out of order out of nine. One node each in Adampur, Barwala and Uklana Mandi sub-treasuries were out of order out of three nodes provided at each of these sub-treasuries. Printers were out of order at Uklana Mandi and Narnaund sub-treasuries. UPS was out of order for about two years at Narnaund sub-treasury.

Appendix XXVI

(Refer paragraph 4.3.2; page 127)

Statement showing calculations of interest on unspent balance for the period April 2003 to March 2006

Sr. No.	Month	Unspent balance (In Rupees)	Unspent balance after one month (In Rupees)	Rate of interest (In per cent)	Amount of interest (In Rupees)
1	March 2003	5,09,916	-	-	-
2	April 2003	42,04,842	-	6.40	-
3	May 2003	2,26,52,526	-	6.40	-
4	June 2003	2,22,30,238	2,22,30,238 (10 Days)	6.35	38,674
5	July 2003	2,04,01,407	2,04,01,407	6.20	1,05,407
6	August 2003	1,53,32,170	1,53,32,170	6.20	79,216
7	September 2003	1,50,91,481	1,50,91,481	6.20	77,973
8	October 2003	1,20,88,572	1,20,88,572	5.85	58,932
9	November 2003	1,02,20,955	1,02,20,955	5.85	49,827
10	December 2003	98,04,456	98,04,456	5.85	47,797
11	January 2004	83,64,763	83,64,763	5.85	40,778
12	February 2004	39,09,091	39,09,091	5.90	19,220
13	March 2004	30,74,452	30,74,452	5.90	15,116
14	April 2004	6,03,84,742	29,52,173	5.60	13,777
15	May 2004	5,50,24,722	5,50,24,722 (21 Days)	5.60	1,77,285
16	June 2004	5,09,38,832	5,09,38,832	5.70	2,41,959
17	July 2004	4,93,68,658	4,93,68,658	5.70	2,34,501
18	August 2004	4,77,92,758	4,77,92,758	6.35	2,52,903
19	September 2004	4,48,59,407	4,48,59,407	6.35	2,37,381
20	October 2004	3,45,23,407	3,45,23,407	6.35	1,82,686
21	November 2004	3,86,84,587	2,41,08,067	7.36	1,47,863
22	December 2004	3,34,23,625	1,88,47,645 1,45,75,980 (28 Days)	7.32	1,14,970 81,849
23	January 2005	2,79,56,277	2,79,56,277	7.02	1,63,544
24	February 2005	2,28,06,568	2,28,06,568	7.02	1,33,418
25	March 2005	1,44,99,300	1,44,99,300	7.02	84,821
26	April 2005	1,16,26,800	1,16,26,800	7.02	68,017
27	May 2005	37,64,220	37,64,220	7.02	22,021
28	June 2005	90,91,231	-	7.02	-
29	July 2005	62,25,857	62,25,857 (7 Days)	7.02	8,382
30	August 2005	1,39,34,337	-	7.02	-
31	September 2005	4,73,05,544	1,12,06,564	7.02	65,558
32	October 2005	3,99,17,579	38,18,599 3,60,98,980 (2 Days)	7.02	22,338 13,885
33	November 2005	2,57,41,011	2,57,41,011	7.02	1,50,585
34	December 2005	82,01,375	82,01,375	7.02	47,978
35	January 2006	73,86,375	73,86,375	7.02	43,120
36	February 2006	37,81,737	37,81,737	7.02	22,123
37	March 2006	14,68,294	-	7.02	8,590
Total					30,72,494

Appendix XXVII
(Refer paragraph 4.5.1; page 132)

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	1	2	0.004
2.	1999-2000	5	12	0.13
3.	2000-01	18	32	32.15
4.	2001-02	19	31	8.07
5.	2002-03	35	60	54.13
6.	2003-04	46	91	63.41
7.	2004-05	53	154	205.94
8.	2005-06	90	360	1,465.72
Total		267	742	1,829.554

Appendix XXVIII
(Refer paragraph 4.5.1; page 132)

Details of serious irregularities pointed out through outstanding Inspection Reports.

Sr. No.	Name of irregularities	Number of paragraphs	Amounts (Rupees in crore)
1.	Loss due to the theft, misappropriation and embezzlement	4	0.09
2.	Recoverable amount from contractors/agencies on account of excess payments, excess issue of material, cost of work done at the risk and cost, non-recovery of sales tax and income tax and liquidated charges	29	5.92
3.	Recoverable amount on account of shortage/excess payments from Government officials	66	5.61
4.	Non-observance of rules relating to custody and handling of cash, reconciliation of withdrawal from treasuries, maintenance of cash books and irregular utilisation of departmental receipts and non-observance of codal provisions	278	77.55
5.	Extra and avoidable expenditure, excess expenditure incurred on deposit works, non-reimbursement of funds, liabilities of Government, irregular, unauthorised and infructuous expenditure	242	506.12
6.	Irregular/injudicious purchases	4	0.01
7.	Undue financial aid to contractors	6	1.03
8.	Execution of sub-standard works	5	2.50
9.	Blocking of funds	7	5.34
10.	Non-accounting/short receipts of materials	16	0.11
11.	Non-preparation of tools and plant (T&P) returns, non-checking of manufacturing accounts and under-utilisation of machinery	16	3.03
12.	Unsanctioned estimates and loss of measurement books	13	47.21
13.	Non-adjustment under Stock/Suspense, Other Sub-head/Cash Settlement Suspense Account	50	113.96
14.	Recoverable amount from other Departments on account of water charges	6	1,061.07
	Total	742	1,829.55

Appendix XXIX
(Refer paragraph 4.5.2; page 133)

Statement showing the names of departments where Action Taken Notes were awaited

Sr. No.	Name of Administrative Department	Year of Audit Report	Para Number	Number of paragraphs
1.	Agriculture	2001-02	6,4,	1
		2002-03	4.4.4	1
		2004-05	4.2.2,4.2.6,4.5.1	3
2.	Development and Panchayat	2003-04	5.1	1
3.	Education	2002-03	4.1.1	1
		2003-04	4.3.11, 4.3.12	2
4.	Finance	2003-04	4.1.3,4.5.4,4.5.5	3
		2004-05	4.2.8,4.5.3	2
5.	Forest	2002-03	4.2.3, 4.3.1	2
		2004-05	4.3.3	1
6.	Food and Supplies	2004-05	3.3,4.3.4	2
7.	General	2000-01	3.18	1
		2001-02	3.11b	1
		2002-03	4.9.1, 4.9.2, 4.9.3	3
8.	Irrigation	2000-01	4.1,4.5	2
		2002-03	4.2.4,4.3.2, 4.6.4	3
		2003-04	4.2.1, 4.3.10	2
		2004-05	3.2,4.4.3	2
9.	Industries	2002-03	4.6.2	1
10.	Jail	2000-01	3.9,3.10,3.11	3
11.	Medical and Public Health	2003-04	4.4.1	1
12.	PWD (PH)	2000-01	4.2,4.8,4.9,4.10,4.11	5
		2001-02	4.5,4.6,5.1	3
		2002-03	4.1.3,4.3.3,4.3.4	3
		2003-04	3.2, 4.3.3, 4.3.4, 4.3.6	4
		2004-05	4.2.3,4.2.4,4.3.2,4.5.2	4
13.	PWD (B&R)	2004-05	4.3.1	1
14.	Revenue	2000-01	3.13	1
15.	Rural Development (DRDA)	2004-05	4.1.1,4.2.7,4.4.1	3
16.	Town and Country Planning (HUDA)	2001-02	3.9	1
		2003-04	4.1.1, 4.3.1	2
		2004-05	3.1,4.2.1	2
17.	Transport	2003-04	4.3.8	1
		2004-05	4.2.5,4.4.2,4.4.4	3
18.	Home (Police)	2004-05	5.1	1
19.	Animal Husbandry	2003-04	3.1	1
20.	Family Welfare	2004-05	4.5.2	1
21.	Technical Education	2004-05	4.3.2	1
Total				75

Appendix XXX

(Refer paragraph 4.5.2; page 133)

List of paragraphs where recovery has been pointed out but no action has been taken by the Administrative Departments

Sr. No.	Name of Administrative Department	Year of Audit Reports	Paragraph Number	Amount (Rupees in lakh)
1.	Agriculture	2000-01	6.3	40.45
			6.6	30.60
2.	Animal Husbandry	2000-01	3.4	21.96
		2001-02	6.3	747.00
3.	Finance	2001-02	3.3	19.86
4.	Food and Supplies	2002-03	4.6.8	80.30
5.	Rural Development (DRDA)	2001-02	6.1.11	1.87
		2003-04	4.5.1	273.00
6.	Town and Country Planning (HUDA)	2000-01	3.16	15,529.00
		2001-02	6.10	4,055.00
Total			10	20,799.04

