



सत्यमेव जयते

GOVERNMENT OF HARYANA

AUDIT REPORT

1970



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PREFATORY REMARKS

This Audit Report is prepared both in Hindi and English for submission to the Governor under Article 151 of the Constitution. It mainly relates to matters arising from the Appropriation Accounts for 1968-69 together with other points arising from audit of the financial transactions of the Government of Haryana. It also includes--

- (i) certain points of interest arising from the Finance Accounts for 1968-69 and
- (ii) matters relating to certain statutory and autonomous bodies, the accounts of which are audited by the Indian Audit and Accounts Department.

2. The financial irregularities, losses, etc., commented upon in the Report relate to cases which came to the notice of Audit during 1968-69 as well as those which had come to notice in earlier years but could not be dealt with in the previous Audit Reports; matters relating to the period subsequent to 1968-69 have also been included, wherever considered necessary.

3. The points brought out in this Report are those which have come to notice during the course of test audit of the accounts of the Departments. They are not intended to convey or to be understood as conveying any general reflection on the financial administration by the Departments Authorities concerned.



CHAPTER I

GENERAL

1. Budget and actuals

The budget estimates and actuals of revenue receipts, expenditure met from revenue and the net revenue surplus/deficit for 1968-69 with corresponding figures for 1967-68 are given below:—

Year	Budget	Actual	Variation	
			Amount	Per-centage
(In crores of rupees)				
<i>Revenue receipts</i>				
1967-68	57.89	61.77	+3.88	7
1968-69	69.66	78.61	+8.95	13
<i>Expenditure met from revenue</i>				
1967-68	59.41	55.53	—3.88	7
1968-69	71.70	67.70	—4.00	6
<i>Revenue surplus (+) deficit (—)</i>				
1967-68	—1.52	+6.24		
1968-69	—2.04	+10.91		

The original budget anticipated a deficit of Rs. 2.04 crores on revenue account; the year, however, ended with a revenue surplus of Rs. 10.91 crores.

The estimates of revenue receipts and expenditure shown above do not take into account revenue from additional taxation levied and supplementary grants for expenditure obtained during the course of these years. If they are also taken into account the position would be as follows:—

Year	Addi-tional taxation	Supple-mentary grants	Total Revised Budget	
			Receipt*	Expendi-ture
(In crores of rupees)				
1967-68	3.99	3.21	61.88	62.62
1968-69	0.29	2.40	69.95	74.10

*Figures under this column exclude amounts reflected in the revised budget estimates prepared after taking into account more collections than originally anticipated.

2. Revenue receipts

(a) The revenue receipts in 1968-69 (Rs. 78.61 crores) were Rs. 16.81 crores more than in 1967-68 (Rs. 61.77 crores) as below:

	Actuals		Increase
	1967-68	1968-69	
	(In crores of rupees)		
<i>(i) Revenue raised by the State Government—</i>			
(a) Taxes, duties and other principal heads of revenue	26.31	34.72	8.38
(b) Other receipts, such as water rates, rents of buildings, etc.	21.97	28.56	6.59
<i>(ii) Receipts from Central Government—</i>			
(a) State's share of divisible Central taxes	7.20	8.74	1.54
(b) Grants-in-aid	6.26	6.59	0.33
Total	61.77	78.61	16.84

The receipts of Rs. 15.33 crores from the Central Government in 1968-69 were 24 per cent of the total receipts of the State for the year. The corresponding receipts from Central Government in 1967-68 were Rs. 13.16 crores (28 per cent). The increase during 1968-69 was mainly due to increase in the State's share of the proceeds of divisible taxes.

The increase of Rs. 14.97 crores in the revenue raised by the State Government during 1968-69 occurred mainly under:—

Head of Account	Increase (In crores of rupees)	Remarks
State excise duties	2.15	Due to high bids of excise vendors.
Sales tax	3.30	Mainly due to increase in business activities, rise in prices and sale of commodities.
Other taxes and duties	1.55	Mainly due to more collections from entertainment tax etc. and other items i.e. taxes on passengers and goods and on immovable properties.

Stamps	1.06	Mainly due to larger sale of stamps.
Interest	2.05	Mainly due to accrual of interest on additional loans granted to (i) Commercial departments (Rs. 1.10 crores) (ii) Cultivators for the purchase of fertilizers (Rs. 0.19 crore) and (iii) The Haryana State Electricity Board (Rs. 0.76 crore).
Irrigation, etc., Works (Commercial)	0.79	Mainly due to extension of irrigation to new areas.
Road and Water Transport Schemes	1.53	Mainly due to additional routes having been taken over by the State transport and increased service on the existing routes.
Miscellaneous	1.02	Mainly due to income from State lotteries (Rs. 0.67 crore), sale of evacuee properties (Rs. 0.06 crore) and recoveries from the Government of India on account of rice procurement work (Rs. 0.29 crore).

(b) *Taxation Changes during the year*—Except that surcharge of 50 per cent on land revenue and property tax for development of Kurukshetra was continued for one more year, there were no significant changes in taxation during the year.

(c) *Arrears in collection of revenue and other receipts*—According to information furnished by some departments, the arrears, at the end of March 1969, in collection of some of the more important items of revenue and other receipts were Rs. 1.80 crores as shown below:—

Department	Amount outstanding (Rs. crores)	Nature of revenue and other receipts
Excise and Taxation	1.56	Sales tax: Rs. 0.24 crore; excise duties: Rs. 1.26 crores; other taxes: Rs. 0.06 crore.

Revenue	0.10	Land revenue: Rs. 0.03 crore; <i>Abiana</i> and betterment charges : Rs. 0.02 crore. The amounts include Rs. 0.04 crore of irrecoverable land revenue, <i>abiana</i> and betterment charges awaiting write-off.
Police	0.02	Recoveries for additional (punitive) police posts located in disturbed areas.
Chief Electrical Inspector	0.02	Electricity duty and inspection fees.

Information about the extent of arrears is awaited from the following departments (November 1969) :—

1. Education
2. Forest
3. Agriculture
4. Public Works
5. Housing

3. Expenditure on revenue account

During 1968-69 the expenditure on revenue account (Rs. 67.70 crores) increased by Rs. 12.17 crores (22 per cent) over that in 1967-68 (Rs. 55.53 crores). A comparative analysis of the increase is given below :—

	Expenditure		Increase
	1967-68	1968-69	
	(In crores of rupees)		
Collection of taxes etc.	1.25	1.38	0.13
Debt Services	13.28	15.23	1.95

Mainly due to large provision for more transfer to sinking fund for amortisation of loans obtained from Government of India for Bhakra Nangal project and payment of more interest charges on loans from (a) Government of India, (b) market loans, and (c) miscellaneous loans.

Administrative Services	5.93	6.46	0.53
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Social and developmental services—

Education	10.66	14.12	3.46
	Mainly due to additional intake in existing classes of the schools and colleges in the State resulting in more expenditure on (a) salaries and dearness allowance of teachers and (b) buildings and equipments.		
Agriculture	2.16	2.71	0.55
Health Services (Medical and public health)	3.27	3.97	0.70
Other social and developmental services	4.23	4.73	0.50
Multi-purpose river schemes, irrigation etc.	6.20	7.59	1.39
	Mainly due to larger expenditure on (a) works, (b) payment of interest charges and (c) enhancement of dearness allowance.		
Public Works (including roads) and schemes of miscellaneous public improvements	2.01	2.21	0.20
Transport and communications ..	2.83	4.11	1.28
	The increase is mainly due to maintenance and operational expenditure of an expanding fleet and introduction of new routes.		
Miscellaneous	3.71	5.19	1.48
	The increase is mainly due to payment of grant to the Kurukshetra Development Board (Rs. 10 lakhs), contribution towards special fund for reconstruction and rehabilitation of ex-service-men and expenditure on construction of storage godowns.		
Total	55.53	67.70	12.17

Expenditure on social and developmental services constituted 38 per cent of the total expenditure on revenue account.

4. Expenditure outside the revenue account

(a) The expenditure recorded outside the revenue account includes, besides capital expenditure, amounts disbursed by Government as loans and advances.

The following table compares the expenditure on capital account during 1967-68 and 1968-69 with the provision of funds :—

Year	Budget	Actual	Variation	
			Amount	Percentage
(In crores of rupees)				
1967-68	8.55	9.39	+0.84	10
1968-69	2.58	6.67	+4.09	159

The figures shown above under the column 'Budget' are the original budget estimates. Supplementary grants of Rs. 1.84 crores and Rs. 2.13 crores were subsequently obtained during 1967-68 and 1968-69 respectively.

(b) An analysis of expenditure outside the revenue account during 1967-68 and 1968-69 with progressive outlay upto 1968-69 is given below :—

	(In crores of rupees)		
	During 1967-68	During 1968-69	Progressive outlay upto 1968-69*
I. Capital expenditure on—			
(i) Social and developmental services—			
(a) Industrial and economic development	2.37	1.18	5.61
(b) Agricultural improvement and research	0.23	0.14	0.93
(ii) Multi-purpose river schemes and irrigation works, etc.—			
(a) Multi-purpose river schemes	-0.09	1.84	0.39†
(b) Irrigation works (Commercial)	3.13	3.84	27.64
(iii) Public Works and schemes of miscellaneous public improvements	0.91	0.83	1.70
(iv) Transport and communications, road and water transport schemes	0.58	0.58	4.18
(v) Miscellaneous—			
(a) Schemes of Government trading	2.25	-1.74‡	-0.24
(b) Other miscellaneous expenditure	0.01	..	0.96

*The figures in this column take into account the progressive capital expenditure so far allocated to the State of Haryana.

†Progressive expenditure is less than the expenditure during 1968-69 because of *minus* expenditure of Rs. 1.45 crores to the end of 1967-68.

‡*Minus* expenditure is due to excess of receipts over expenditure.

II. Loans and advances (net—, i.e., after taking recoveries into account) ..	9.13	10.32	38.35
Total ..	18.52	16.99	79.52

The sources from which expenditure outside the revenue account was met during 1967-68, 1968-69 and upto 1968-69 are shown below :—

(In crores of rupees)

	During 1967-68	During 1968-69	Progressive upto 1968-69*
I. Net additions to—			
(i) Market loans (permanent debt) ..	2.83	3.03	5.86
(ii) Loans from Central Government ..	-2.97	4.31	1.53.21
(iii) Loans from other sources ..	0.90	0.44	5.04
(iv) Unfunded debt ..	0.39	0.43	3.22
II. Other Capital receipts—			
(Mainly excess of deposits etc., received by Government over repayment on that account) ..	6.33	3.16	30.02
III. Increase(—) decrease (+) in cash balance and investment of cash balances ..	+4.80	-5.39	-2.64
IV. Revenue surplus ..	6.24	10.91	22.34
Grand Total ..	18.52	16.99	2,17.05

The difference of Rs. 0.10 crore between the total expenditure and the total resources represents amount adjusted under Miscellaneous Government Account (Rs. 0.79 crore) and Inter-State Settlement (Rs. 0.69 crore).

*The figures in this column take into account the progressive capital expenditure so far allocated to the State of Haryana.

5. Loans and advances by the State Government

(a) Budget estimates and actuals of loans and advances by the State Government and recoveries thereof during 1967-68 and 1968-69 are given below:—

Year	Budget	Actual	Variation	
			Amount	Percentage
(In crores of rupees)				
<i>Disbursements</i>				
1967-68	18.38	14.59	-3.79	21
1968-69	16.70	16.68	-0.02	0.1
<i>Recoveries</i>				
1967-68	7.29	5.46	-1.83	25
1968-69	7.16	6.36	-0.80	11
<i>Net outgo</i>				
1967-68	11.09	9.13		
1968-69	9.54	10.32		

The budget estimates of disbursements shown above do not include supplementary grants of Rs. * (token) and Rs. 0.48 crore subsequently obtained during 1967-68 and 1968-69 respectively.

(b) Loans and advances given by the State Government and outstanding at the end of March 1969 were Rs. 38.35† crores as shown below:—

(In crores of rupees)			
(i) Loans to Municipalities, etc.	..	..	1.81
(ii) Advances to cultivators	..	..	9.69
(iii) Loans under housing schemes	..	..	4.33
(iv) Loans to State Electricity Board	..	..	19.52
(v) Loans and Advances to displaced persons	..	..	0.88
(vi) Other loans	..	..	2.12
Total	..	..	38.35

*Rs. 10.

†This includes amounts adopted *pro forma* on account of allocation of balances of the composite Punjab State outstanding on 31st October 1966. The allocation is provisional.

6. Recoveries in arrears

(i) *Loans the detailed accounts of which are maintained by departmental officers*—The departmental officers are required to furnish to Audit by 10th August every year statements of arrears in recovery of loans. Against 122 statements due from twenty-four departmental officers, only six have been received so far (November 1969). According to those statements, recovery of Rs. 1,23.72 lakhs was over-due at the end of March 1969 as shown below:—

Loan	Amount overdue (In lakhs of rupees)		
	Principal	Interest	Total
Loans under the Land Improvement Act XIX of 1883 (Ordinary)	1.39	0.34	1.73
Loans under the Agriculturists' Loans Act XII of 1884 (Ordinary)	16.59	0.61	17.20
Advances for sinking of percolation wells	1.34	1.09	2.43
Loans for purchase of pumping sets	1.06	0.37	1.43
Advances for sinking of tubewells	0.70	0.88	1.58
Loans for nitrogenous fertilizers	3.51	0.30	3.81
Loans for phosphatic fertilizers	2.92	0.18	3.10
Repair of houses in urban areas	0.89	0.16	1.05
Loans to harijans for purchase of evacuee land	3.95	2.88	6.83
Loans under the national extension scheme	2.18	0.91	3.09
Loans under the Co-operative Credit Societies Act, 1912	2.82	2.86	5.68
Loans under the Punjab State Act to Industries Act, 1935	17.21	7.52	24.73
Loans under Low Income Housing Scheme	10.77	28.96	39.73
Loans under Middle Income Housing Scheme	3.25	4.99	8.24
Other loans and advances	1.47	1.62	3.09
Total	70.05	53.67	1,23.72

(ii) *Loans the detailed accounts of which are maintained in the Audit Office*—At the end of March 1969 recovery of Rs. 12.24 lakhs—Principal Rs. 4.15 lakhs and interest Rs. 8.09 lakhs—was overdue from municipalities. Of that, recovery of Rs. 1.06 lakhs (principal Rs. 0.47 lakh and interest Rs. 0.59 lakh) was overdue for more than three years.

7. Public debt and other obligations

(a) In 1968-69 the outstanding public debt increased by Rs. 7.78 crores as shown below:—

	Debt		Net
	Raised	Discharged	increase+ decrease—
(In crores of rupees)			
(i) Permanent debt	3.03	..	+3.03
(ii) Floating debt	19.48	19.48	..
(iii) Loans from Central Government	22.59	18.28	+4.31
(iv) Loans from autonomous bodies ..	0.79	0.35	+0.44
Total Public debt	45.89	38.11	+7.78

During the year a loan of Rs. 3.03 crores bearing 5½ per cent interest was raised by the State Government at 2 per cent discount and was realised in cash. This is redeemable at par in 1980.

The outstanding public debt was Rs. 1,64.11 crores at the end of March 1969 as follows:—

	Balance on 1st April 1968	Net increase+ decrease— (during the year)	Balance on 31st March 1969
(In crores of rupees)			
(i) Open market loans	2.83	+3.03	5.86
(ii) Loans from the Central Govern- ment	1,48.90	+4.31	1,53.21*
(iii) Loans from autonomous bodies ..	4.60(A)	+0.44	5.04*
Total	1,56.33	+7.78	1,64.11

Under the Punjab Re-organisation Act, the public debt of the composite State of Punjab (attributable to loans raised by issue of Government securities) outstanding on 31st October 1966 became the debt of the State of Punjab and

(A) Includes Rs. 0.52 crore adopted *pro forma* in 1968-69 on allocation of share of loans of composite Punjab State outstanding on 31st October 1966.

*These include amounts adopted *pro forma* on account of allocation of balances of the composite Punjab State outstanding on 31st October 1966. The allocation is provisional.

the State of Haryana is to pay to the State of Punjab its share of the amount due from time to time for servicing and repayment of that debt.

During the year Rs. 0.69 crore were paid to Punjab Government as State's share towards debt liability.

(b) *Other debt and obligations*—In addition to public debt, the unfunded debt (comprising mainly the provident fund balances of Government servants) and balances at the credit of earmarked funds as also certain deposits to the extent they have not been invested separately, constitute liabilities of Government. Taking the public debt and these liabilities together, the debt position of Government at the end of March 1968 and 1969 was as under:—

	Total debt on 31st March	
	1968	1969
	(In crores of rupees)	
Public debt	1,55.81	1,64.11
Unfunded debt	2.79	3.22*
Depreciation reserves and other earmarked funds ..	18.99	27.03*
Deposits of local funds and civil deposits	4.30	6.68*
Total	1,81.89	2,01.04

(c) *Ways and means advances, overdrafts and short-term loans*—Under an agreement with the Reserve Bank of India, Government of Haryana has to maintain with the Bank a minimum balance of Rs. 15 lakhs on all days. When the balance falls below the agreed minimum, the deficiency is made good by the Bank by giving ordinary and special ways and means advance according to limits fixed by it from time to time (Rs. 45 lakhs as ordinary and Rs. 90 lakhs as special ways and means advance) or by selling Government of India treasury bills held by the State Government. If, even after taking these advances, the State Government is not able to maintain the minimum balance, the Bank allows the State Government overdrafts.

The ways and means advances and overdrafts obtained by the State Government during 1967-68 and 1968-69 and interest paid therefor are given below:—

	Amount obtained and repaid during		Interest paid during	
	1967-68	1968-69	1967-68	1968-69
	(In lakhs of rupees)			
Ways and means advances	4,51.00	11,32.00	0.61	4.72
Overdrafts	59.99	8,16.20	0.03	0.91

*These include amounts adopted *pro forma* on account of allocation of balances of the composite Punjab State outstanding on 31st October 1966. The allocation is provisional.

8. Service of debt

The table below shows the net burden (on revenue) of interest charges on debt and other obligations during 1967-68 and 1968-69 :—

	1967-68	1968-69
	(In crores of rupees)	
(1) Interest paid on debt and other obligations ..	7.39	8.11
(2) Deduct—		
(i) Interest realised on loans and advances given by Government	3.98	4.89
(ii) Interest realised on investment of cash balance ..	0.12	0.17
(iii) Interest credited to revenue by debit to projects, etc., in the capital section ..	0.31	0.37
(3) Net amount of interest charges	2.98	2.68
Percentage of gross interest to total revenue receipts	11.96	10.32
Percentage of net interest to total revenue receipts ..	4.82	3.41

There were in addition receipts and adjustments totalling Rs. 4.52 crores as interest received from commercial departments etc. Government also received Rs. 2.11 lakhs as dividend on investments in commercial undertakings.

9. Amortisation arrangements

The following arrangements made by the composite State of Punjab for amortisation of loans raised in the open market and loans received from Central Government have been continued by Haryana Government :—

Open Market loans

(i) *Depreciation funds*—A sum equal to 1½ per cent of open market loans is set apart to form a depreciation fund for purchasing securities of the loans for cancellation.

(ii) *Sinking fund*—In addition to the annual contribution to the respective depreciation funds, an annual contribution (at rates decided by the State Government from time to time) is made to a general sinking fund for amortisation of loans.

The balances in these funds at the commencement and close of the year are given below :—

Name of fund	Balance on 1st April 1968	Addition	With-drawals	Balance on 31st March 1969
(In lakhs of rupees)				
Depreciation funds	47.82	15.41	11.28	51.95*
Sinking fund	2,61.56	88.01	67.75	2,81.82*
Total	3,09.38	1,03.42	79.03	3,33.77

*These include amounts adopted *pro forma* on account of allocation of balances of the composite Punjab State outstanding on 31st October 1966. The allocation is provisional.

Out of the total balance in the sinking fund, Rs. 13.47 lakhs were invested at the end of March 1969 in securities of Government of India.

Loans from Central Government

The balance of loans from the Central Government at the end of 1968-69 was Rs. 1,53.21 crores. The State Government has made amortisation arrangements for repayment of certain of those loans as shown below :—

Sinking fund	Balance on 1st April 1968	Addition	Withdrawals	Balance on 31st March 1969
	(In lakhs of rupees)			
1. Loans received for Bhakra Nangal project ..	13.13.30	6.09.42	..	19.22.72*
2. Loans received out of consolidated open market borrowings by the Government of India ..	40.54	11.87	..	52.41*
Total ..	13,53.84	6,21.29	..	19,75.13

Out of the balance in these sinking funds Rs. 2,56.71 lakhs and Rs. 53.03 lakhs respectively were invested (at the end of March 1969) in the securities of Government of India and other State Governments.

10. Guarantees given by Government to State corporations, local bodies and other institutions

Government has given guarantees to third parties for repayment of loans, bonds and payment of interest thereon, payment of share capital and payment of dividend thereon, cash credits etc. on behalf of Government companies, joint stock companies and corporations. Brief particulars of the guarantees are given below (further details are given in statement no. 6 of Finance Accounts 1968-69):—

In whose favour guarantee given	Maximum amount guaranteed	Amount guaranteed outstanding on 31st March 1969
	(In crores of rupees)	
Statutory corporations and boards ..	10.59	8.93
Co-operative banks ..	20.56	9.75
Co-operative societies ..	13.39	5.05
Local bodies ..	0.77	0.52
Private companies ..	0.14	0.09
Total ..	45.45	24.34

*These include amounts adopted *pro forma* on account of allocation of balances of the composite Punjab State outstanding on 31st October 1966. The allocation is provisional.

These guarantees constitute a contingent liability on the Consolidated Fund of the State.

11. Investments of Government

In 1968-69 Government invested Rs. 1.19 crores in commercial and industrial undertakings (Rs. 5.00 lakhs) and co-operative institutions (Rs. 1,14.49 lakhs).

The total investment of Government in the share capital and debentures of different concerns at the end of 1967-68 and 1968-69 were Rs. 4.44 crores and Rs. 5.64 crores. The dividend and interest received therefrom was Rs. 1.63 lakhs (0.36 per cent) and Rs. 2.11 lakhs (0.37 per cent) respectively. Further details are given below :—

	1967-68			1968-69		
	Number of concerns	Investment	Dividend/Interest received	Number of concerns	Investment	Dividend/Interest received
(In lakhs of rupees)						
(i) Government companies	6	1,25.10	..	6	1,30.10	..
(ii) Joint-stock companies and partnerships ..	16	69.10	1.15	16	69.10	1.54
(iii) Co-operative institutions	873	2,49.85	0.48	876	3,64.34	0.57
Total	895	4,44.05	1.63	898	5,63.54	2.11

12. Grants-in-aid

During 1968-69 Rs. 2,82.57 lakhs were paid as grants to local bodies and other institutions (excluding zila parishads and panchayat samitis). The financial rules of Government require that certificate of proper utilisation of grants by the grantees should be sent by departmental officers to the Accountant General within a reasonable time. Of the grants paid in 1968-69, utilisation certificates for Rs. 1,50.26 lakhs (57 cases) due on 30th September 1969 have not been furnished (October 1969).

Similarly, 457 certificates for Rs. 2,16.64 lakhs paid during 1956-57 to 1967-68 have not been furnished to Audit (October 1969). The departments with heavy outstandings and the years in which the grants were paid are mentioned in appendix I. Certificates for Rs. 25.09 lakhs (215 cases) were awaited for more than three years.

80 per cent of the certificates are due from the following departments :—

Department	Number of certificates	Amount (In lakhs of rupees)
Education	179	1,91.47
Social Welfare	108	7.27
Housing and Local Government	53	19.12
Medical and Health	42	3.72
Sports	31	1.08
Total	413	2,22.66

13. Democratic decentralisation

Rs. 70.57 lakhs were paid as grants to panchayati raj institutions, viz., zila parishads and panchayat samitis, in 1968-69. Audit of the accounts of those bodies is conducted by the Examiner, Local Fund Accounts, an officer of the State Government. Of the grants paid during 1968-69, utilisation certificates for Rs. 29.07 lakhs (141 cases) became due by the end of September 1969 and were awaited (October 1969).

Similarly, utilisation certificates for Rs. 3,32.83 lakhs (1,305 cases) paid as grants during 1961-62 to 1967-68, were awaited (October 1969). Of those, 992 certificates for Rs. 2,07.13 lakhs were awaited for more than three years.

The accounts maintained by the panchayat samitis and zila parishads do not show expenditure scheme-wise and grant-wise. The Examiner, Local Fund Accounts could not, therefore, ascertain whether :—

- (i) the expenditure was incurred on the schemes and for the purposes for which the grants had been paid, and
- (ii) there was any unspent balance, and, if so, whether that had been spent in subsequent years or adjusted against the grants paid during subsequent years.

Government had stated in May 1968 that the accounts would be reconstituted to enable the Examiner, Local Fund Accounts to issue separate utilisation certificates scheme-wise and grant-wise, but this has not been done so far (September 1969).

14. Unspent balance of grants paid to local bodies etc.

The total amount of unspent balances on 31st March 1969 was being ascertained (October 1969) by the Examiner. According to information furnished by him, Rs. 1,23.97 lakhs remained unutilised on 31st March 1968 out of grants

given to local bodies to the end of March 1968. Year-wise analysis of the unspent balances is given below :—

Unspent amounts on 31st March 1968 and how long unspent

Department which paid the grants					Total
	For more than 10 years	More than 5 but less than 10 years	More than 3 but less than 5 years	Less than 3 years	
					(In lakhs of rupees)
Education			0.15	2.41	2.56
Health		0.29	0.13	2.11	2.53
Local Self Government	0.13	0.21	0.19	0.16	0.69
Miscellaneous departments—					
Communication Board, Sanitary Board, etc.	2.77	24.64	52.74	38.04	1,18.19
Total	2.90	25.14	53.21	42.72	1,23.97

Out of the above unspent balances, Rs. 0.04 lakh were refunded by local bodies during 1967-68 and 1968-69.

The unspent balances include Rs. 16.60 lakhs deposited by the local bodies with the Public Works department for execution of works; the accounts of expenditure out of these deposits have not been rendered by the Public Works department to the local bodies (September 1969).

15. Financial results of irrigation schemes

The table below compares the net return in 1968-69 from the irrigation projects of which capital and revenue accounts are kept :—

	Productive	Unproductive
	Three	Two
Number of projects	Three	Two
Progressive capital outlay (in lakhs of rupees)	16,69.58	1,25.05
Total revenue receipts (in lakhs of rupees)	1,72.34	0.71
Direct working expenses (in lakhs of rupees)	86.44	10.25
Net revenue before charging interest on capital (in lakhs of rupees)	+85.90	-9.54

Return as percentage of outlay	..	..	..	+5.14%	-3.63%
Interest on capital (in lakhs of rupees)	..	..	..	78.25	4.47
Net profit (+)/loss (-) after meeting interest on capital (in lakhs of rupees)	..	..	..	+7.65	-14.01
Net return (+)/deficit (-) (after meeting interest) as percentage of capital outlay	..	..	..	+0.46	-11.20

CHAPTER II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

16. Summary

The following table compares the expenditure during 1968-69 with the total of voted grants and charged appropriations for that year :—

		Total grants/ appropria- tions	Actual expendi- ture	Saving (—) Excess (+)	Percentage of saving/ excess
(In crores of rupees)					
Voted—					
Original	1,30.87	}	1,35.71	1,14.84	—20.87
Supplementary	4.84				
Charged—					
Original	58.24	}	58.41	54.27	—4.14
Supplementary	0.17				
Total—					
Original	1,89.11	}	1,94.12	1,69.11	—25.01
Supplementary	5.01				

The saving of Rs. 25.01 crores was the net result of saving of Rs. 26.39 crores in sixty-seven grants/appropriations and excess of Rs. 1.38 crores in eleven grants/appropriations.

17. Supplementary grants/appropriations

In 1968-69 supplementary provision of Rs. 5.01 crores was obtained under eighteen grants and ten appropriations. It would be seen from appendix II that :—

- (i) in the case of seven grants and one appropriation, the supplementary provision, exceeding Rs. one lakh in each case, proved excessive; against the total supplementary provision of Rs. 2,32.88 lakhs in these cases, the amount actually utilised was Rs. 3.85 lakhs.
- (ii) the supplementary provision proved substantially inadequate in one grant; the final uncovered excess was Rs. 19.42 lakhs.

18. Excesses over grants appropriations

Excess over voted grants appropriations

(a) *Voted grants*—The following five cases of excess over voted grant require to be regularised under Article 205 of the Constitution:—

(‘O’ wherever it appears below stands for original grant/appropriation and ‘S’ stands for supplementary grant or appropriation).

Serial no.	Grant	Total grant	Expenditure	Excess
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	Rs.	Rs.	Rs.	Rs.
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1. 13—Supplies and Disposals—

O	2,69,300	} 2,69,300	2,73,339	4,039
S				

Excess occurred under “A—Purchase Organisation” (expenditure : Rs. 2.60 lakhs; total provision: Rs. 2.52 lakhs). Reasons for the excess are awaited.

2. 27—Irrigation (Works)—

O	2,72,51,860	} 2,72,51,870	3,17,61,385	45,09,515
S	10			

Excess occurred mainly under “43—Irrigation etc. (Commercial) Productive—A—2—Maintenance and Repairs” (expenditure : Rs. 89.77 lakhs; total provision : Rs. 71.73 lakhs), “(ii)—Interest” (expenditure : Rs. 1,92.68 lakhs; total provision : Rs. 1,16.19 lakhs) and “B-2 Maintenance and Repairs” (expenditure: Rs. 15.09 lakhs; provision: Rs. 10.20 lakhs). In addition Rs. 2.74 lakhs were also spent without any provision under “A—I—Works”. These were partly offset by saving under other group heads. Reasons for the excess are awaited.

3. 28—Charges on Irrigation

Establishment—

O	1,19,25,320	} 1,28,69,545	1,48,11,526	19,41,981
S	9,44,225			

Excess occurred mainly under “A-7—Special Revenue” (expenditure : Rs. 38.24 lakhs; total provision: Rs. 26.32 lakhs), “0-4—Executive” (expenditure : Rs. 19.70 lakhs; total provision : Rs. 5.08 lakhs) and “0-7—Special revenue” (expenditure : Rs. 2.95 lakhs; provision:Rs. 0.48 lakh). These were partly offset by saving under other group heads. Reasons for the excess are awaited.

4. 30—Charges on Public Works Department, Buildings and Roads Establishment—

O	55,51,180	} 65,70,390	68,35,006	2,64,616
S	10,19,210			

Excess occurred mainly under "A-Establishment-A-8-Lump sum charges creditable to other Governments-A-8(i) Public Health Circle for works done for Public Works" (expenditure: Rs. 13.18 lakhs; provision: Rs. 6.50 lakhs). Reasons for the excess are awaited. The excess was partly offset by saving under other group heads.

5. 45—Irrigation (Capital)—

O	2,63,84,500	}	3,32,43,880	3,33,35,188	91,308
S	68,59,380				

Excess occurred mainly under "A-Irrigation Works—(i) Productive Open Canals-B-Works" (expenditure: Rs. 1,47.21 lakhs; total provision: Rs. 1,30.44 lakhs). Also Rs. 4.34 lakhs were spent under "T-Suspense" but no provision had been made under this head. Reasons for the excess are awaited. The excess was partly offset by saving under certain other group heads.

(b) *Excess over charged appropriations*—The excess over charged appropriation in the following three cases also requires regularisation:—

Appropriation	Total appropriation	Expenditure	Excess		
Rs.	Rs.	Rs.	Rs.		
1. 12—Police—					
O	1,000	}	1,000	1,738	738
S	..				

Excess occurred under "A—Superintendence" (expenditure: Rs. 533 against 'nil' provision), "B-District Executive Force" (expenditure: Rs. 673; provision: Rs. 650) and "E-Criminal Investigation Department" (expenditure: Rs. 532; provision: Rs. 350). Reasons therefor are awaited.

2. 27—Irrigation (Works)—

O	..	}	25,000	25,090	90
S	25,000				

3. 29—Public Works—

O	75,000	}	75,000	1,21,074	46,074
S	..				

Excess occurred mainly under "F-General Administration" (expenditure: Rs. 0.75 lakh; provision: Rs. 0.27 lakh). Reasons therefor are awaited.

(c) In addition to the above charged expenditure incurred without appropriation in the following three cases also requires regularisation:—

<i>Appropriation</i>	<i>Expenditure</i>	<i>Remarks</i>
	Rs.	
1. 28—Charges on Irrigation Establishment	36,926	This represents amounts debited under various sub-heads of the grant as a result of <i>pro rata</i> distribution of establishment charges.
2. 45—Irrigation (Capital)	72,173	Expenditure was incurred under "Drainage Flood Control and Antiwater Logging Schemes-Irrigation Works (un-productive) AA-Works (Rs. 71,962) and BB—Tools and Plant (Rs. 211)" mainly on account of payment of land compensation.
3. Inter State Settlement	68,90,536	The expenditure represents adjustment of the share of Haryana State in repayment (by the Government of Punjab) of 4 per cent Punjab Loan 1968 on its maturity (in accordance with section 54 (1) of Punjab Re-organisation Act 1966). The provision for this liability was made erroneously under "Public Debt" instead of under this appropriation. This was brought to the notice of Government in February 1969.

19. Unutilised provision

(a) It would be seen from appendix III that there were twenty-nine cases (with total provision exceeding Rs. one lakh in each case) in which the saving exceeded ten per cent of the total grant/appropriation. In sixteen of them, the savings ranged between 21 and 100 per cent.

(b) Major cases of non-utilisation of provision for different groups of Government activity are given below :—

(In crores of rupees)

	Total grant/appropriation	Saving	Percentage
<i>Expenditure met from Revenue—</i>			
Administrative Services	8.56	1.39	16

Saving was mainly due to vacancies (Rs. 1.17.80 lakhs), economy measures (Rs. 5.50 lakhs), and non-implementation of the scheme for the benefit of backward classes (Rs. 1.95 lakhs).

Social and Developmental Services	29.05	3.50	12
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Saving mainly occurred in the Education, Medical, Public Health, Agriculture, Animal Husbandry and Community Development Departments. The saving was mainly due to vacancies (Rs. 49.73 lakhs), economy measures (Rs. 85.40 lakhs), non-purchase of equipment/machines (Rs. 1.75 lakhs), non/late implementation of certain schemes (Rs. 36.17 lakhs), non-payment of grant to the Punjab Agricultural University (Rs. 2.12 lakhs), less payment of subsidy to societies not qualifying for such assistance and non-execution of certain works due to lesser allocation of grants by Government of India (Rs. 30.61 lakhs).

Other Services	19.44	2.99	15
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Saving occurred mainly in the Stationery and Printing, Forest and Public Works Departments. The saving was mainly due to non-supply of stationery (Rs. 6.39 lakhs), less payment of compensations for the land acquired due to non-receipt of awards (Rs. 1.74 lakhs), non-receipt of administrative approvals for execution of works and transfer of works relating to drought affected area roads to the capital major head (Rs. 83.79 lakhs).

Expenditure outside the Revenue Account

State Trading	36.86	10.73	29
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Saving was mainly due to revision of original targets of procurement and storage of foodgrains necessitated by changes in the food zones (Rs. 7.41.17 lakhs), non-receipt of debits for imported wheat and short supply of fertilizers and pesticides by the suppliers (Rs. 2.55.12 lakhs).

Works	16.88	2.49	15
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Saving mainly occurred under (i) "42-Capital Outlay on Schemes of Agricultural Improvement and Research-Scheme for the establishment of rural creameries in various milk pockets" (Rs. 9.28 lakhs), (ii) "43-Capital Outlay on Industrial and Economic Development- D-Investment in Cooperative Societies" (Rs. 8.60 lakhs), (iii) "44-Capital Outlay on Multi-purpose River Schemes-II-Nangal Hydro Electric Schemes" (provision: Rs. 2,25.00 lakhs; expenditure: Rs. 1,22.37 lakhs) and (iv) "46-Capital Outlay on Public Works-6-R-Industries" (provision: Rs. 9.00 lakhs; expenditure: Rs. 2.33 lakhs). The saving was mainly due to non-placement of order for supply of dairy machine/equipment (Rs. 9.26 lakhs), less receipt of funds from Reserve Bank of India (Rs. 14.90 lakhs), non-qualification of stores/mills/federation for financial assistance on matching basis (Rs. 3.75 lakhs) and non-availability of land for construction works (Rs. 0.49 lakh).

20. Control over expenditure

The object of control over expenditure in this context is to secure as close an approximation as possible between the actual expenditure and the final

grant/appropriation under each sub-head of grant/appropriation; this is secured by:—

- (i) sanctioning reappropriations of funds from sub-heads of grants/appropriations where saving is anticipated to other sub-heads in the same grant/appropriation where there is need for additional funds,
- (ii) obtaining supplementary grants or appropriations, wherever necessary and
- (iii) effecting surrender of surplus funds under any sub-head as soon as savings can be foreseen.

As will be seen from paragraph 18 above, excess of Rs. 1,38.58 lakhs remained uncovered in eleven grants/appropriations.

Cases where additional funds provided in the course of the year by supplementary provision proved substantially excessive or inadequate have been mentioned in paragraph 17 above.

21. Surrender of anticipated saving

The rules require that the unutilised amounts should be surrendered as soon as the possibility of saving is anticipated. Surrenders were, however, made mostly in the last month of the year. Out of Rs. 23.54 crores surrendered, Rs. 23.50 crores (99.83 per cent) were surrendered only in March 1969.

Important instances of defective control over expenditure in individual group heads within the grants/appropriations have been mentioned in the Appropriation Accounts.

22. Advances from Contingency Fund

The object of the Contingency Fund is to enable Government to meet unforeseen expenditure pending authorisation of such expenditure by the Legislature.

Forty-three sanctions were issued by Government during 1968-69 for advancing Rs. 1,47.01 lakhs from the Contingency Fund in all. In the following cases Government could have foreseen the expenditure and funds could have been provided in the budget estimates. Sanction of advances from the Contingency Fund in these cases was not in accordance with Article 267(2) of the Constitution according to which that Fund is intended only for meeting "unforeseen expenditure".

Advance from the Contingency Fund (Rs. lakhs)	Month in which sanctioned	Remarks
(i) 1.00	May 1968	The amount was sanctioned to meet the expenditure on five temporary posts of Additional District and Session Judges and their staff which were continuing from the previous year. The amount was recouped to the Fund in August 1968.

October 1968

(ii) 0-56

The administrative approval for the work (construction of a high level bridge over Shahzadpur *nadi*) had been accorded in November 1965 and construction started in February 1968. The amount was recouped to the Fund in December 1968.

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CHAPTER III
CIVIL DEPARTMENTS
INDUSTRIES

23. Purchase of polythene bags

In December 1966 an indent for supply of 14,650 kilogram polythene bags (desired to be completed in the same month but subsequently changed to February 1967) was placed by the Chief Conservator of Forests, Haryana. The Stores Purchase Organisation issued a notice inviting tender on 16th December 1966, the last date for receipt of tenders being 7th January 1967. The notice indicated that supplies would have to be made within two weeks of the date the order was placed. Firm 'A', which had tendered Rs. 8.65 per kilogram, backed out on the ground that the supply order issued on 18th February 1967 provided for one-third supply immediately and the balance later on against its offer of supply within 5-10 weeks. The indenting department was then permitted to make purchases locally to meet urgent requirements and simultaneously another order for supply at Rs. 8.78 per kilogram with period of supply as 5 to 7 weeks was issued to firm 'B' (the next lowest tenderer) on 6th March 1967 which also declined to execute the order in 5 to 7 weeks but offered to effect supply in six equal instalments from April to September 1967. Tenders were re-invited. Ultimately, an order dated 8th June 1967 followed by a repeat order dated 30th August 1967 for 8,325 kilograms each at Rs. 11.89 per kilogram was placed on firm 'C' stipulating two months as the delivery period ; the supply was completed between August 1967 and April 1968.

The purchase from firm 'C' resulted in extra expenditure of Rs. 55,564. The indenting department is yet to intimate the extra expenditure incurred on local purchases to meet urgent requirements.

The State Government stated in May 1969 that "the over-all delivery period quoted by firm 'A' was accepted, but the condition of one-third supply immediately on receipt of supply order was introduced keeping in view the public interest because it was anticipated that but for emergent supply, the planting season may not expire".

24. Government tanning institute, Rewari

It was decided in 1960 to convert the Industrial School, Rewari, which was imparting training in foot-wear, leather goods, etc., into a tanning institute by introducing two diploma courses of two years duration each in foot-wear and leather technology with an annual intake of fifteen and ten trainees. The latter course was to be followed by one year's apprenticeship in an approved tannery. The former course was to start from 1965-66 and the latter from 1964-65.

The following points relating to the tanning (leather technology) section have been noticed in audit:—

- (i) Administrative approval for construction of building to house the tanning section was accorded in August 1962. Rs. 0.16 lakh were

spent between March 1968 and March 1969 for construction of tanning pits etc., which were originally not included in the estimate. The department held in May 1965 that in the absence of the pits hardly any training could be imparted and that caused delay in starting the institute. The section started functioning in July 1966.

- (ii) Basic facilities, pre-requisite for the tanning course, were not available till 1968. The institute was situated at a site where only brackish water was available whereas sweet water was necessary. This was known in November 1961 before the land was acquired (December 1961). Water supply which had to be arranged from a distance was obtained only in January 1968. Because motor-wiring was originally not included in the estimate, power for operation of motors was not supplied even upto the time the tanning (leather technology) section was closed in March 1969.
- (iii) The number of persons trained and the percentage of shortfall compared with what was contemplated are given below :—

Year	Actual number of trainees		Percentage of shortfall compared with what was contemplated	
	First Year's course	Second Year's course	First Year's course	Second Year's course
1966-67	5	..	50	..
1967-68	6	5	40	50
1968-69	2	3	80	70

- (iv) Machines and equipment worth Rs. 0.78 lakh were still (October 1969) awaiting disposal. Out of that, machines worth Rs. 0.39 lakh, purchased mainly at the end of March in the years 1962 to 1968, were lying packed or uncommissioned.
- (v) In November 1968 the working group of Government of India on technical education observed that the employment potential in the field was discouraging. The leather technology section of the institute was closed from March 1969. Rs. 6.33 lakhs were spent in all (upto August 1969) on this section.

25. Rural industrial development centres

In March 1965 a centre was established in the rural industrial estate at Dadupur to provide technical assistance and common service facilities to small-scale manufacturers on payment of charges at prescribed rates. A training programme was introduced in December 1966 for persons sponsored by the Block Development and Panchayat Officers. To make training production-

oriented, a programme of production was also introduced simultaneously. The following points were noted in audit :—

- (1) Machinery purchased in March 1965 for Rs. 0.26 lakh was not commissioned until December 1966 as location of the centre was not decided and electric connection was not available.
- (2) No targets were laid down for imparting training, rendering service facilities or for producing goods. During April 1965 to April 1967 no service facilities were provided. The number of trainees in 1966-67 was four and in 1967-68 sixteen. There was no trainee in 1968-69. The department informed Audit in June 1969 that the number of trainees was less during 1966-67 as electric connection was made available in December 1966 only and also because due publicity could not be given.

During April 1967 to September 1968 the centre produced goods for Rs. 1,007 and recovered Rs. 684 for services rendered.

Rs. 0.76 lakh were spent (including Rs. 0.32 lakh on pay and allowances of the staff) till the closure of the centre in January 1969. The department informed Audit (May 1968) that the services of the staff were utilised for inspection, installation and safety of the machinery.

In another such centre initially proposed to be established at Gharaunda, the machinery purchased in February—April 1965 for Rs. 0.40 lakh was commissioned in September 1967 at Kohand. Neither were service facilities provided nor was any training imparted during February 1965 to September 1967. Rs. 0.60 lakh were spent (including Rs. 0.18 lakh on pay and allowances of the staff of the centre). This centre was closed in January 1969.

26. Cottage industries emporia

A review of three emporia conducted in July/August 1969 disclosed the following:—

- (a) No *pro forma* accounts (showing the total expenditure, income realised and the value of property/assets in hand) to show the financial results of the Ambala emporium which has been functioning since April 1960 have been prepared.
- (b) Rs. 0.41 lakh were spent on rent and salaries of the staff of the emporia in New Delhi and Chandigarh for the periods these did not function. The building for the emporium in New Delhi was taken on rent in February 1968 and the staff was employed in May 1968 but the emporium has not started functioning (August 1969). Goods worth Rs. 41,645 were purchased during January—March 1969 without sanction of the Finance Department. Premises for the emporium at Chandigarh were acquired in January 1968 at a monthly rent of Rs. 808 while the staff was engaged in February 1967. The emporium started functioning from February 1969 only.

A payment of Rs. 4,000 was made by the Sales Manager during March 1969 and April 1969 for goods worth Rs. 2,807 received on consignment basis.

(c) *Ambala emporium*

- (i) Articles worth Rs. 0.31 lakh which were shop-soiled, were assessed at Rs. 0.21 lakh. A part of these articles was disposed of for Rs. 0.17 lakh during 1968-69 and 1969-70. The balance (assessed value : Rs. 0.04 lakh) is still awaiting disposal (November 1969).
- (ii) At the end of June 1969 recovery of Rs. 0.33 lakh was outstanding on account of credit sales, of that, Rs. 0.12 lakh pertained to 1961-62 to 1966-67.

27. Purchase of woollen serge

For supply of 16,135 metres of woollen serge to the police department, the Stores Purchase Organisation invited tenders in June 1967. The lowest tender of Rs. 27.25 per metre (the sample had also been approved by the department) was rejected as the tenderer could supply only 8,000 metres from ready stock. The second lowest tender of Rs. 28.89 per metre was accepted. The supply order (October 1967) required delivery of cloth within two months as against five months quoted in the tender; the tenderer expressed (October 1967) his inability to execute the order within two months. Meanwhile, the firm whose quotation was the lowest (Rs. 27.25 per metre) had also sold its stock. A special Purchase Committee constituted in November 1967 purchased the cloth at rates between Rs. 31 and Rs. 34.95 per metre. Rs. 0.51 lakh could have been saved had the department placed the order with the lowest tenderer for 8,000 metres.

AGRICULTURE

28. Purchase of hybrid bajra seed

For improvement of crops by bringing more areas under hybrid varieties programme, the department paid in February—April 1967 Rs. 3.43 lakhs as advance to the National Seed Corporation of India for purchase of hybrid bajra seed. In May 1967 procurement and distribution of the seeds was transferred to the Haryana State Co-operative Supply and Marketing Federation.

The Federation received from National Seed Corporation about 1,000 quintals of hybrid bajra seed worth Rs. 9.75 lakhs for sowing *kharif* crop of 1967. The Federation could not sell the entire quantity of the seed; and about what was sold (583 quintals) there were complaints (from farmers and others) of admixture/adulteration of seed and consequent poor performance thereof. In September 1967 the State Government brought those complaints to the notice of Government of India, who agreed to appoint a committee to investigate the complaints and arrange with the supplier to take back the balance quantity of seed in case the poor performance was found to be due to defective seed. Such a committee was, however, not formed and instead a survey was conducted in October 1967 by a representative of the National Seed Corporation and an officer of the department in a district which had not been

selected for the hybrid variety programme and from which no complaints had been received. The representative of the Corporation alone gave a report which did not indicate any defect in the quality of the seed. Comments of the Director of Agriculture on this report, called for by the State Government in January 1968, are yet to be received (August 1969).

In the mean time, in December 1967 Government decided to take back the scheme for departmental implementation and took back 413 quintals of hybrid bajra seed (out of the balance quantity of 417 quintals) lying unsold with the Federation and got it re-certified for *kharif* 1968 and 1969 but could not sell it as it was found to be below the prescribed standard of germination. Seeds worth Rs. 2.84 lakhs have remained unsold because it was treated with poisonous chemicals. The amount spent on account of re-certification/transportation could not be ascertained.

The following further points were also noticed :—

(i) Out of Rs. 3.43 lakhs paid by the department to the National Seed Corporation before transfer of the scheme to the Federation, Rs. 0.67 lakh still remain to be refunded.

(ii) 151 quintals of hybrid bajra seed costing Rs. 1.21 lakhs left over in four seed depots after the sowing period of *kharif* 1968, are yet to be disposed of (August 1969).

29. Agricultural seed and demonstration farms

The district agricultural seed and demonstration farm, Ambala (100 acres) suffered losses of Rs. 0.08 lakh and Rs. 0.13 lakh during 1964-65 and 1965-66. In 1966-67 the Nasirpur farm (25 acres) was merged with the Ambala farm. Losses of Rs. 0.27 lakh and Rs. 0.24 lakh again occurred in 1966-67 and 1967-68. The department attributed the losses mainly to non-provision of adequate irrigation facilities.

Rs. 17,633 were drawn from a treasury in February/March 1963 for boring of a tubewell at Nasirpur farm. Boring of the tubewell started in August 1963 was completed in 1965-66, but the tubewell has not been commissioned for want of electric motor and energy (June 1969). Rs. 26,100 were drawn from the treasury in March 1965 for boring a tubewell at Ambala farm. The boring was started in March 1966 and completed in 1966-67 at a cost of Rs. 9,230 but the tubewell is still (June 1969) to be commissioned because the turbine pump purchased at a cost of Rs. 6,900 in March 1969 has not been installed and power is also yet to be supplied (June 1969).

The matter was brought to the notice of Government in May 1969; reply is awaited (December 1969).

30. Seed processing plant

For processing, testing and certifying seeds of various foodgrain crops, establishment of a seed processing plant at Hissar at a total cost of Rs 3.16 lakhs was proposed by the department in 1967. In November 1967, it was deci-

ded that the plant should be set up at Karnal instead of Hissar because a similar plant was already working there. In the budget estimates for 1967-68 provision for the building (Rs. 1.50 lakhs) was made under a wrong head, resulting in lapse of funds and non-construction of the building. Funds provided in 1967-68 for purchase of the plant (Rs. 0.80 lakh) also lapsed; the Controller of Stores could not procure it against the indent placed in March 1968. No funds were provided in 1968-69 either for construction of the building or for purchase of the plant.

The Director of Agriculture intimated the State Government in January 1969 that the scheme had been dropped as the seed certification, processing and testing work would be done by the National Seed Corporation for the next two to three years. Rs. 0.67 lakh (establishment: Rs. 0.16 lakh; purchase and maintenance of a truck etc: Rs. 0.51 lakh) were spent from December 1967 to July 1969. The Director of Agriculture informed the State Government in April 1969 that since no seed processing plant was to be installed the post of the Seed Processing and Testing Officer was no longer necessary.

The truck was used (without a regular driver) for only 98 days from June 1968 to August 1969 and for the rest of the time it remained idle. The truck was reported to have been transferred to Hissar in September 1969 for use in another work.

31. Suspected fraud in purchase of seeds

In July 1968 Agriculture department reported that Government had been defrauded of Rs. 0.65 lakh in purchase of gram (4,350 quintals) and wheat (500 quintals) seed from a firm in two districts in June 1965 and April 1967. The *modus operandi* was (i) purchase of inferior quality against payments made for better quality of seeds, (ii) payment of higher rates to the firm by departmental officers on the strength of irregular/forged market rate certificates and (iii) payment of excessive transport charges on forged bills etc. Results of investigation by the Vigilance department are awaited (December 1969).

ANIMAL HUSBANDRY

32. Registration of top quality animals and grant of subsidy

To check the high rate of export of quality milch animals from the breeding tracts of the State, registration of top quality animals and payment of subsidy (to dissuade the breeders from selling high milk-yielding animals to more remunerative markets outside the State) was sanctioned in June 1966. A similar scheme was launched in the Third Plan period and the irregularities connected with that were mentioned in paragraph 24 of the Audit Report 1964 of the composite State of Punjab. Emphasis was to be laid on registration of high milk-yielding animals after detailed survey of pockets in which they were found and from which they were exported.

Upto March 1969 Rs. 1.29 lakhs were spent on the present scheme (pay and allowances: Rs. 0.72 lakh; contingencies: Rs. 0.57 lakh). The table

below shows how many quality animals were to be registered and how many were actually registered etc:—

	Target			Actual		
	1966-67	1967-68	1968-69	1966-67	1967-68	1968-69
(a) Registration of quality animals						
(i) Cows and buffaloes	525	..	..	32	..	..
(ii) Calves	172	..	..	Nil	..	..
(b) One day cattle shows	..	70	24	..	Nil	Nil
(c) District shows	..	7	1	..	Nil	Nil
(d) State cattle shows	..	1	1	..	Nil	1
(e) Milk-yield competitions	..	82	34	..	Nil	Nil
(f) Production incentive and bonus in lieu of subsidy	..	400	71	..	Nil	Nil

In November 1966 Government reviewed the scheme and it was found that export of cattle from the State could not be much checked as the funds provided were too meagre. It was decided in December 1966 not to give any subsidy but to provide incentives through cattle shows and milk-yield competitions as well as by grant of production bonus. In January 1969 the scheme was dropped.

Government stated (June 1969) that the scheme was dropped because:—

- (i) "The amount of incentive was too small to the number of breeders of good quality animals who sell them for export".
- (ii) "For the overall improvement of cattle breed, key village Artificial Insemination Centres were already working"; and
- (iii) "The scheme was merely providing incentives and no practical field work or utility was coming as a result of expenditure under the scheme".

The department participated in the Regional cattle show at Rohtak and the All-India cattle show at Bangalore held in March 1968 and during December 1968 to January 1969. Advance of Rs. 18,000 was drawn in March 1968 and December 1968 for transportation and feeding of animals and other charges; the adjustment accounts for the amount are awaited (June 1969).

After Government had decided in January 1969 to drop the scheme, in March 1969 the department held a cattle show at Dadri. Rs. 20,000 were spent, the adjustment accounts for which are awaited (June 1969). Of that

Rs. 2,665 were spent on transportation of livestock belonging to private persons to the show, while Government had been informed by the department that such charges would be borne by the breeders.

33. Milk supply

The Forest Department decided in February 1964 that the Government livestock farm, Hissar, should supply milk to the Modern Dairy, Hissar, (a unit of the Punjab Dairy Development Corporation Ltd.) at rates to be determined each year. The rates determined in 1964 were revised only in May 1967; from May 1966 to May 1967 milk was supplied to the Corporation at rates lower than those at which it was procured by the Corporation from sources other than the Hissar farm and Government progeny testing farm, Hissar. Computed with reference to the rates paid by the Corporation to other agencies, Rs. 0.55 lakh were less paid to the two Government farms.

In December 1968 it was decided by the Animal Husbandry department that claim for the amount paid less to the Government farms should be preferred against the Corporation. No claim has so far (December 1969) been preferred.

MEDICAL

34. National trachoma control programme

This programme was started in the State in June 1963 to reduce gradually the prevalence of trachoma and incidence of associated infection. The programme was to be implemented in three phases, namely, a preparatory phase of two months, an attack phase lasting for about ten months during which every child below the age of ten in the rural areas was to receive sixty local applications of eye-ointment (besides free distribution of ointment tubes for use by higher age groups) followed immediately by consolidation/maintenance phase activities intended to consolidate the gains of the attack phase. The eye-ointment was supplied free of cost by the United Nations International Children Education Fund. Government of India was to provide cent per cent financial assistance upto 1966-67 and 75 per cent thereafter. Total expenditure incurred to the end of March 1969 was Rs. 22.64 lakhs in five districts.

For the operations each area was divided into a number of sectors. According to Government of India plan of action, the consolidation/maintenance phase was to follow immediately the attack phase was over in a sector, but this was not done in two districts, where the attack phase was over in 1966-67 and 1967-68, on the ground that there were no such instructions from the Director, Health Services. Rs. 3.58 lakhs were spent (pay and allowances: Rs. 3.45 lakhs; contingencies: Rs. 0.13 lakh) in those two districts on the programme. According to Government of India experts, undue delay in implementation of consolidation phase activities could result in loss of gains achieved during the attack phase. The Director of Health Services intimated (July 1969) that the pattern followed by Punjab and later by Haryana did not include provision of consolidation activities till the attack phase was finished in the entire district.

Out of the total 2.013 million population of two districts (other than the two districts where it was given up), 0.671 million was estimated to be covered by the attack phase during 1966-67 and the remaining 1.342 million during subsequent years. Complete information about the number of children actually covered was not made available to Audit except for one district in which the children covered were less than the target by 34 per cent, 47 per cent and 32 per cent in 1966-67, 1967-68 and 1968-69 respectively.

It was also noticed that 0.24 lakh eye-ointment tubes worth Rs. 0.28 lakh with effectivity dates expiring in March-April 1969 were received in February/May 1969 by the Chief Medical Officer, Karnal, from the Chief Medical Officer, Gurgaon. Of those, 0.21 lakh tubes were issued to primary health centres after their expiry dates, while 0.03 lakh tubes were still in stock. Originally, those tubes were received by the department in June-July 1967. How many tubes were lying with the Chief Medical Officer, Gurgaon, could not be ascertained. It has been explained by the Director, Health Services that under such schemes, where huge quantities of medicines are distributed in the rural areas which are not easily approachable, some stocks of this nature cannot be avoided.

35. Blood transfusion organisation

For supplying blood to Defence Services personnel in the event of emergency and meeting blood transfusion needs of civilian population, collection of blood was started in 1963-64. Two main depots and eight sub-depots were established (in the area now forming part of Haryana) for registration of donors, grouping, matching and collection of blood. In addition, doctors and staff were to be trained in blood transfusion process. Blood collected at the depots was to be converted into dry plasma to meet demands from Defence authorities or, alternatively, to be used for treatment of the general public.

In March 1967 up-grading of the existing sub-depots at Ambala, Karnal and Hissar was also taken in hand on cent per cent Central financial assistance which was subsequently reduced to 50 per cent during 1968-69.

The following points have been noticed:—

(i) Physical targets for the scheme were not fixed. The Director, Health Services, stated (September 1969) that the scheme had served its purpose by providing facilities which could be made use of as and when demand for fresh blood arose. He further stated that the purpose of the scheme was not to collect blood which was not required for immediate use as stored blood becomes useless after some time and transportation of blood for conversion into dry plasma also spoils it and, therefore, collection of blood for conversion into dry plasma was not concentrated upon. This, however, is not in conformity with the original scheme. Further, facilities for registration of donors and blood grouping/matching were already available at civil hospitals even before the scheme was launched.

(ii) The working results of four out of the eight sub-depots were as under:—

Sub-depot	Period	Donors registered	Number of cases of blood		Blood collected in bottles (1 bottle = 375 cc.)	Personnel trained	Expenditure on pay and allowances and contingency
			grouping	matching			
Bhiwani	August 1964 —March 1969	159	152	152	13	nil	0.20
Narnaul	1964-65 to September 1968	1,097	1,097	13	3.36	nil	0.26 (upto March 1969).
Panipat	March 1965 to March 1969	956	1,063	22	14	nil	0.18
Rewari	1965-66 to March 1969	1,643	56	..	60	nil	0.26
	Total	3,855	2,368	187	90.36	..	0.90

(Rs. lakhs)

The services of the staff employed in three of the sub-depots; information about which could be collected, were partly utilised under the scheme and partly for other hospital work; this was not envisaged in the scheme.

The department had observed in May 1965 that people donated blood for military personnel in actual emergency but were not willing to donate blood voluntarily for use of civilians in the hospitals.

(iii) The department purchased three chassis for Rs. 1.23 lakhs in March 1968; those were lying un-used due to non-fabrication of the bodies (for want of funds) (August 1969).

36. National malaria eradication programme

To extirpate malaria the National Malaria Eradication programme was implemented in the State in four phases, viz., preparation, attack, consolidation and maintenance. The programme was operative for eight years from 1958.

An independent appraisal team was to recommend entry of the units into consolidation/maintenance phase after evaluating the work done.

This was a centrally-sponsored scheme in which equipment and insecticides were supplied by the Central Government and the operational cost was met by the State Government.

The following points were noticed in Audit :—

(1) According to the original schedule, spraying was to be stopped in Hissar unit from April 1963. In February 1963 the unit was disqualified by the Government of India even for independent appraisal owing to the continuation of active transmission, presence of large number of positive cases, unstable surveillance, etc. Spraying was continued during 1963-64 at a cost of Rs 5.51 lakhs (cost of D.D.T. Rs. 4.60 lakhs and pay and allowances of seasonal operational staff Rs. 0.91 lakh).

(2) Entry of consolidation sub-unit Sonapat of Rohtak unit, into the maintenance phase (which was to be from April 1965) was rejected by the independent appraisal team owing to poor average blood examination rate during the previous three years and not having completed the earlier stages satisfactorily. In March 1966 entry of three sub-units of Rohtak unit (including Sonapat) into the maintenance phase from April 1966 was again rejected for entry as surveillance was not found to have been properly established due to frequent changes of surveillance staff and absence of full time Unit Officer since April 1965. Entry of the sub-units into maintenance phase from April 1967 was recommended (February 1967) but the change over was actually effected from October 1967 because sanction of the State Government was received in September 1967. The extra operational cost during April 1967 to September 1967 was about Rs.1.11 lakhs.

(3) The appraisal team of Government of India recommended entry of the following consolidation units into maintenance phase on the dates noted against each. There was, however, delay in the actual entry into the maintenance phase as shown below :—

Number of units recommended	Recommended for entry from	Actual date of entry
1.75	Ist July 1964	Ist January 1965
0.47	Ist April 1965	Ist December 1965
0.50	Ist April 1966	Ist August 1966

The delay was attributed by Government to the time taken in issue of Government sanctions, reduction of staff and consequent re-arrangements for postings and transfers and adjustment of staff according to the pattern of staff prescribed for the maintenance phase. The extra operational cost during the period of delay was Rs. 0.87 lakh.

EDUCATION

37. Alleged embezzlement of Government money

A test-audit of the accounts of Government High School, Chulkana, conducted in May 1967 disclosed that out of the amounts drawn from the treasury during January-October 1966 on contingent and pay bills, Rs. 8,101 were not shown in the cash book as having been disbursed. The cash balances were neither struck therein nor physically verified. The headmaster had been transferred to another school in September 1966. He had, however, proceeded on transfer without handing over complete charge and also without rendering accounts to his successor.

The District Education Officer, Rohtak, after detailed investigation, reported in April 1968 that the headmaster had *prima facie* embezzled Rs. 10,599 in Chulkana School. He also reported that after his transfer in September 1966, Rs. 3,141 were also embezzled by him from the second school during May-October 1967.

The fund accounts of the school were audited in July 1968 by the Examiner Local Fund Accounts disclosing that the headmaster had apparently embezzled Rs. 3,487 out of the school funds too.

In June 1968 the department asked the headmaster to deposit the amount but he did not comply. The department intimated in November 1969 that the police authorities have been asked to register a case against the headmaster for judicial trial. The headmaster is under suspension from October 1967.

38. Taking over of a privately managed school

The Education department took over a privately managed high school in district Gurgaon in November 1961. As the finances of the school were poor, its management was not in a position to pay to Government three years' (from the date of taking over of the school) deficit in income over expenditure in advance which was one of the conditions for taking over of privately managed schools. The management, however, offered to transfer to Government $7\frac{1}{2}$ acres of agricultural land valued at Rs. 35,000 yielding an annual income of Rs. 1,400. A gift deed transferring to Government all the properties (including $7\frac{1}{2}$ acres of agricultural land) of the school was made on 18th February 1961 and registered on 13th December 1961. The land was not, however, taken over nor was the ownership of the land established beyond doubt.

In 1962-63 the sarpanch of the village took forcible possession of the agricultural land and leased it out at Rs. 1,600 per annum. In September 1968 the Deputy Commissioner, Gurgaon, advised the department to seek remedy in court of law. Action to move the court was initiated only in April 1969; but the suit is still to be filed (November 1969).

The delay in taking possession has resulted in loss of revenue of Rs. 11,200 (approximately) upto March 1969.

FOREST

39. Purchase of tractors

On 20th January 1967 the Forest department placed an indent with the Controller of Stores for supply of eight tractors (Escort 37). On 9th February 1967 the latter placed a supply order with a Faridabad firm against the rate contract of the Director General of Supplies and Disposals. That rate contract was valid upto 28th February 1967. The firm declined (February 1967) to supply the tractors as the Controller of Stores was not a direct demanding officer for that rate contract. The Divisional Forest Officer, Gurgaon, who was a direct demanding officer, then placed a supply order on that firm on 28th February 1967. The firm refused to supply the tractors at the stipulated rate and demanded increased rates due to devaluation.

In March 1967 the Directorate General of Supplies and Disposals informed the Chief Conservator of Forests that, according to the contract, the firm was not entitled to any increase in price due to devaluation. The supply order was cancelled by the department at the risk and cost of the firm and a fresh order placed on the same firm in March 1967. Rs. 1.45 lakhs were paid to the firm for the (second) order against the earlier rate contract amount of Rs. 1.18 lakhs. Rs. 0.27 lakh due from the firm under the risk and cost clause of the contract have not been recovered (August 1969).

FOOD AND SUPPLIES

40. Provincial Reserve Stocks of foodgrains

In August 1968 the provincial reserve stocks of 17,421 quintals of wheat and 6,451 quintals of rice lying stored in privately hired godowns and Government under-bins at Kaithal were damaged by floods. Out of those, 14,502 quintals of wheat and 5,560 bags of rice were got reconditioned during August-September 1968 and made fit for human consumption. The department spent Rs. 0.43 lakh on removal of unaffected bags from flooded godowns, segregation of sound grains, drying and salvage operations. In November 1968 Government declared 4,324 quintals of damaged grain worth Rs. 3.99 lakhs as unserviceable and decided in January 1969 to sell the unserviceable stock to a firm which has lifted 2,177 quintals so far (June 1969) on payment of Rs. 10,540. Rs. 14,790 were spent upto March 1969 as hire charges of godowns in which the damaged stock is stored. Rs. 5,304 were also spent as incidental expenses for delivering the damaged stock to the firm *f.o.r.* station of despatch.

It was noticed that while storage capacity of 13,613 bags was available in Government godowns, at the same station, these were stored in privately hired godowns and Government under-bins where flood waters entered and damaged the stocks.

The Government intimated in December 1969 that after the procurement (directly by the department) of wheat was stopped on 3rd July 1968, the procurement operations continued even thereafter through the Haryana Co-operative Supply and Marketing Federation and the personnel and labour deployed by the department on the procurement operations remained busy in assisting the Federation.

WELFARE OF SCHEDULED CASTES AND BACKWARD CLASSES

41. Land purchase scheme

For raising the economic standards of those belonging to the scheduled castes and ex-criminal tribes, in 1957 Government of India approved allotment of five acres of agricultural land (estimated cost : Rs. 4,500) to each such family. In paragraph 33 of the Audit Report 1963 of the composite State of Punjab and paragraph 28 of the Audit Report 1968 mention was made of certain irregularities in that connection. In a further review the following points were noticed :—

- (i) A minimum area of 5 acres is considered as a viable unit under the scheme. In three districts the land given to twenty-seven individuals was less than the minimum. In those cases Rs. 53,955 were irregularly paid as subsidy.
- (ii) In Narnaul district Rs. 14,000 sanctioned as subsidy during 1958-59 to 1963-64 in favour of seven individuals at Rs. 2,000 each were paid to the landowners on execution of sale agreements; sale deeds, however, still remain to be registered in four cases (November 1969) as the beneficiaries have not contributed the balance amount as the Land Mortgage Bank did not give loan. Possession of land for which subsidy of Rs. 7,290 was paid has also not been taken (November 1969).

PRISONS

42. Judicial lock-up Jagadhri

A building constructed at Jagadhri at a cost of Rs. 20,000 in March 1960 for use as judicial lock-up is lying vacant. The Deputy Commissioner, Ambala stated that the building was not used as judicial lock-up as a boundary wall had not been provided. The Sub-Divisional Officer (Civil), Jagadhri stated in February 1969 that non-functioning of this judicial lock-up necessitated maintenance of persons under trial in Ambala Central Jail and taking them to the courts at Jagadhri and back resulting in expenditure of Rs. 1,000 (approximately) every month on travelling allowance and other incidental expenses.

Even though the lock-up was not functioning, a turnkey was appointed for the judicial lock-up in March 1966 (his services were terminated on 28th February 1969). This resulted in infructuous expenditure of Rs. 4,162.

COLONIZATION

43. Development of new mandies

For providing increased facilities for marketing of surplus agricultural produce, establishment of new *mandies* or townships was started in 1954-55. In paragraphs 34 and 38 of the Audit Reports 1963 and 1966 of the composite State of Punjab mention was made of certain irregularities in that connection. The Public Accounts Committee of the composite State of Punjab had in its Report of February 1964 recommended appointment of a high powered committee to investigate the reasons for selection of non-essential *mandies*, study the economics of the scheme, suggest ways and means for attracting

purchasers and prescribe realistic and essential scale of development. The committee has not been appointed so far (November 1969).

3,603 acres were acquired for seventeen *mandies*, out of which till March 1969, 1,194 acres in sixteen *mandies* were developed into 7,140 plots. Out of the latter, 4,221 plots have been sold. Information about development and sale in one *mandi* was not made available. Percentage of developed plots sold is still below 40 per cent in certain *mandies*, as given below:—

Mandi	Number of plots laid.	Year in which laid	Number of plots		Percentage of plots unsold
			Sold	Resumed after sale	
Bhiwani Khera	511	1956	125	38	87
Dabwali	295	1968	..	..	100
Barwala	160	1968	..	..	100
Kaithal	21	1957	1	..	95
	536	1958	174	..	68
	302	1969	..	..	100
Tohana	256	1963	..	..	100

The position category-wise in the *mandies* mentioned above is as follows:—

Classification of plots	Number of plots		Percentage of unsold plots
	Developed	Sold	
Industrial	255	1	99.61
Residential	1,325	210	84.15
Shops, booths and shops-cum-flats	1,158	608	47.50

Realisation of the sale price continues to be in arrears. The amount recoverable in instalments upto March 1969 was Rs. 258 lakhs. Out of that, recovery of Rs. 24.71 lakhs was overdue as follows:—

Year in which recovery was due	Amount (Rs. in lakhs)
Between 1958-59 and 1963-64	1.48
1964-65	1.23
1965-66	0.30
1966-67	8.51
1967-68	8.55
1968-69	4.64
Total	24.71

It has been explained that Rs. 20.72 lakhs relate to Hissar *mandi* for which new settlement with the bidders is under consideration.

Other points of interest noticed were :—

- (i) In Guhla and Fatehabad *mandies*, 55 and 60 cases of encroachment of land were detected during 1967-68 and 1968-69. Recovery of Rs. 3.15 lakhs as rent (Rs. 0.75 lakh) and damages (Rs. 2.40 lakhs) was outstanding against the unauthorised occupants (March 1969).
- (ii) No *pro forma* accounts of the scheme have yet been prepared by the department to ascertain its working results.

GENERAL

44. Misappropriations and defalcations, etc.

One hundred and ninety cases of misappropriations (Rs. 15.56 lakhs) were pending finalisation at the end of March 1969 as shown in appendices IV and V. Of that, eighty-three cases (Rs. 5.17 lakhs) were pending for more than five years. The departments of Irrigation, Buildings and Roads, Education, Agriculture and Public Health account for 77 per cent of the total number of pending cases. An analysis of cases pending in those five departments is given below:—

Reasons	Irrigation		Buildings and Roads		Education		Agriculture		Public Health	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Pending for want of recovery	1	811	9	31,917	7	43,253	10	1,41,737	1	1,650
Pending for finalisation of departmental enquiry	64	2,41,920	35	2,15,506	4	38,070	2	10,130	11	1,39,174
Pending in court	..	..	..	..	2	6,875	..	..	..	..
Total	65	2,42,731	44	2,47,423	13	88,198	12	1,51,867	12	1,40,824

45. Writes-off of losses, revenue, etc.

In ~~21,629~~^{32,001} cases, losses due to theft, fire, etc., irrecoverable revenue, duties, advances etc., were written off or revenue remitted or claims to revenue abandoned during the year. Details are given in appendix ~~VI on page 91.~~

CHAPTER IV

WORKS EXPENDITURE

IRRIGATION

46. Sheikhpura silting tank

To transfer silt from the canal to the tank and also to reclaim 200 acres of water-logged land (by raising its level with fresh silt), construction of Sheikhpura silting tank on the main line lower of the Western Jamuna canal at an estimated cost of Rs. 6.71 lakhs was taken up in Dadupur Division in March 1960. The reclaimed land was expected to yield additional revenue of Rs. 1,000 per acre per annum. In the original estimate submitted by the department in October 1958 it was provided that since the tank was to be used for only four years, instead of acquiring the land (for the tank) permanently compensation at the nominal rate of Rs. 7 per acre per annum be paid for the four years for 610 acres of land. The work continued to be done until April 1964 though the issue of compensation to the landowners was still undecided. In May 1964 the department stopped execution of the work and also decided that since construction of the tank was to benefit the landowners by reclaiming their water-logged lands, the *zamindars* should give land free of cost. The landowners, however, did not agree to surrender their land unless some alternative land was allotted to them without charging any rent.

The work stopped in May 1964 has not been resumed (July 1969). The expenditure of Rs. 1.77 lakhs incurred has, thus, proved infructuous.

47. Excess payments to contractors

Earthwork in fourteen reaches of Indri drain of Karnal Drainage Division was allotted to five contractors during August-December 1968. On the basis of measurements recorded by the Sectional Officers and checked by the Sub-Divisional Officers, Rs. 58,794 were paid to them upto March 1969 for 24.84 lakh cubic feet of earthwork.

On a complaint received in December 1968 an inquiry was ordered by Government in January 1969. In January-February 1969 check-measurements of the works conducted by the Executive Engineer and two independent Sub-Divisional Officers showed that the contractors had executed only 10.82 lakh cubic feet of earthwork for which Rs. 25,882 only were due to them. Rs. 32,912 were, thus, overpaid to the contractors. After adjusting Rs. 17,146 lying as security deposits and other amounts due to the contractors the balance of Rs. 15,766 still remains to be recovered.

The case is being investigated by the State Vigilance department; results of the inquiry are awaited (November 1969).

48. Compensation for damage to property

In July 1961, as a result of some changes in the original alignment of drain no. 8 near village Kundli a portion of the drain constructed beyond a particular point was abandoned. Drain no. 8 ran for some distance along the alignment of the partially constructed drain no. 6, and then took off on its new alignment towards the river. The point of parting of the two alignments was sealed by an earthen dam. The portion of the abandoned drain no. 8 (beyond the earthen dam mentioned above) was again sealed by another earthen dam at the junction of drain no. 6 and the abandoned portion of drain no. 8 (some distance down-stream).

Apprehending a cut by Rohtak Drainage Division in the embankment of drain no. 8 to check overflow of the drain due to heavy rains during July-August 1963 the Executive Engineer, Delhi Western Jamuna canal sent a canal wire to the former on 13th August 1963 not to resort to any cut as discharge of water in the partially constructed drain no. 6 was likely to damage lands and properties in the adjoining villages. A cut was, however, made in the first earthen bund by Rohtak Drainage Division on 17th August 1963 which resulted in increasing the discharge in drain no. 6 to 800 cusecs against its capacity of 200 cusecs only.

Fearing damage to their properties and lands, the residents of village Kundli are stated to have made a cut on the night of 17th-18th August 1963 in the second earthen bund sealing the abandoned portion of drain no. 8. The cut in the second bund inundated the property and farm of one landowner in the area. The cut was not set right but instead water was allowed to run for 23 days. In June 1964, the Superintending Engineer, Western Jamuna canal Delhi had, under orders of the Chief Engineer, prepared an estimate of Rs. 29,287 for damages to the property of the said landowner.

In October 1965 the landowner filed a suit for damages to his property for Rs. 25,000 with costs. In February 1968 the court awarded payment of Rs. 25,000 as compensation with cost to the plaintiff and observed that the damages had occurred due to the cut made in the drain by the Sub-Divisional Officer without obtaining the orders of the competent authority and also the State had owned its responsibility for the damage by implication as the Superintending Engineer had framed an estimate in June 1964 to cover compensation for the loss suffered by the landowner. An appeal against the court's award was filed in the High Court in July 1968. The appeal was, however, withdrawn.

The matter was brought to the notice of Government in May 1969; Government intimated (in November 1969) that according to the Assistant Legal Remembrancer, Government case in the lower court had failed due to the following reasons :-

- (i) the best possible and important point of defence that the damage to the land in question had been caused by the act of villagers who, out of panic, made a cut in the second earthen bund, had not been taken up in the written statement.

- (ii) the administrative department had not been taking any interest in the defence of the case. Lack of co-ordination had, in fact, made the task of the District Attorney more difficult. The record keeper of the office of the Superintending Engineer had produced certain important inter-departmental communications without consulting the District Attorney. Certain portions of these communications carried the impression that Government officers were negligent in making a cut in the drain in question and that the State was admittedly liable for the loss caused to the plaintiff. Privilege could have been claimed in respect of these documents.
- (iii) an estimate of Rs. 29,287 representing loss caused to the landowner was also prepared by the Executive Engineer and the Chief Engineer was requested to sanction it.

49. Boulder stone

Tenders were invited by Ambala Drainage Division (now defunct) in October 1968 on through rate basis (material and labour) for three flood protection works (estimated cost : Rs. 6.90 lakhs). The lowest tenders were higher than the rates approved by the Superintending Engineer. The latter rates were later enhanced and the Superintending Engineer approved the lowest tenders. Prior to the enhancing of the rates, the Superintending Engineer had issued instructions that the boulder stones supplied were to be stacked, measured and check-measured after deduction of voids in accordance with P.W.D. specifications. When the Executive Engineer pointed out that stacking and rehandling of stores would mean extra expenditure to the contractor, the Superintending Engineer agreed to reimburse the additional cost. This was, however, not acceptable to the contractor. In January 1969 the Executive Engineer re-invited tenders for labour and supply items separately. The lowest tendered rates were Rs. 1.04 lakhs above the original tenders. The Superintending Engineer did not accept the lowest tendered rates and went in for second re-tendering. Again, the same tenderer turned out to be the lowest but higher by Rs. 0.46 lakh as compared to the original tenders and lower by Rs. 0.58 lakh as compared to the second tenders. The Superintending Engineer also made the work date-bound—to be completed by 30th June 1969. The work executed was to be measured on 30th June 1969 and 30 per cent cut was to be imposed on the unfinished items of work. Even after extending the date of completion upto 15th July 1969, the work could not be completed and 30 per cent cut (Rs. 0.76 lakh) on the incomplete items of work (including cost of unused material) was imposed. After adjusting Rs. 0.37 lakh due to the contractor (security deposits: Rs. 0.20 lakh; work done: Rs. 0.17 lakh) the balance of Rs. 0.39 lakh is recoverable (August 1969).

The Chief Engineer held (in November 1969) that the Punjab P.W.D. specifications provide that the boulders should be stacked compactly on level ground on stacks of not more than 3 feet in height or such other height as may be prescribed by the Executive Engineer and that the actual dimensions of stacks should be measured and the total quantity reduced by 1/7th to arrive at the net quantities for payment. Accordingly, the boulder was required to be stacked by the contractor even when the work was to be done on through rate basis.

Re-tendering has resulted in actual extra expenditure of Rs. 0.21 lakh on the basis of work done by the contractor (August 1969). Work for Rs. 1.96 lakhs was still incomplete (November 1969). The department decided in October 1969 to execute the work departmentally.

50. Irrigation of land between irrigation boundary of Delhi and Jamuna river

Five channels were constructed at a cost of Rs. 16.64 lakhs in 1954-55 for providing irrigation facilities in 95,703 acres of land in the area between the irrigation boundary of Delhi and Jamuna river. According to the project estimate of 1954, the area expected to be brought under irrigation in 1955-56 was 15 per cent and this was to increase to 50 per cent by 1959-60. As, however, the channels were actually made perennial from 1962-63 instead of 1958-59, the increase in the irrigated area to 50 per cent was then expected to be attained from 1963-64 onwards. However, the irrigated area increased by 17 per cent only by 1968-69. The revenue assessed during 1960-61 to 1968-69 was Rs. 7.70 lakhs against the anticipated revenue of Rs. 33.16 lakhs. The expenditure on the maintenance and repair of the channels was Rs. 6.20 lakhs.

The shortfall in achievement was attributed by the Superintending Engineer (June 1969) to the following :—

(a) Due to paucity of time, the department had prepared the estimate on the basis of Survey of India map and actual level survey was not done and thus the unsuitability of the area for canal irrigation could not be visualised;

(b) While proposing construction of the channels, the department had not taken into consideration :—

- (i) the annual rainfall in the area ;
- (ii) that a water course should normally irrigate 300 acres of land, whereas due to the terrain a water course could not carry water more than one furlong or two ;
- (iii) that cultivators mainly with small holdings were unwilling to spare land for water channels, even where technically feasible;
- (iv) that the villagers were not interested to obtain water from channels, as the area was subject to overspill from the river and could be irrigated by inundation ;
- (v) assessment of the actual performance of flood channels upto the date of preparation of the revised estimates in 1958-59 for their conversion into perennial channels.

The Superintending Engineer added that supply of water available during the monsoon did not justify the project but the idea was to create irrigation potential at whatever cost.

51. Purchase of wire

In May 1968 the Controller of Stores entered into a rate contract with a firm for supply of galvanised iron wire during May 1968 to April 1969. In July 1968 an order for supply of 100 tonnes of wire was placed

on the firm by the Executive Engineer, Ambala Drainage Division (now defunct). The full quantity of 100 tonnes was accepted by the Executive Engineer after inspection of the material by a representative of the Controller of Stores in July 1968, though only 8 per cent of the material was stamped as accepted. 90 tonnes of wire were actually received during August-November 1968. On the basis of goods receipts (which did not cover risk during transit) instead of railway receipts for goods booked at railway risk as required under the rate contract, the Executive Engineer in August 1968 paid Rs. 1.37 lakhs being 90 per cent of the price of the full quantity of 100 tonnes. Thirteen tonnes of wire (value : Rs. 19,750) were found defective and had not been replaced so far (August 1969).

In August 1969 the Superintending Engineer intimated that the Executive Engineer, Ambala Drainage Division, (now defunct) was responsible for the irregular payment. The Controller of Stores intimated in August 1969 that as the firm was neither making good the short supply nor replacing the defective wire, he was effecting the purchase at the firm's risk and expense.

52. Over issue of coal and extra expenditure

In Construction Division No. III, Panipat, a contract for supply of 80 lakhs tiles and 0.5 lakh bricks was entered into with a contractor in November 1967. According to the contract, the department was to supply coal for burning tiles and bricks; coal consumed by the contractor in excess of the limit specified was to be charged for at penal rates specified in the contract. 703 tonnes of coal were supplied to the contractor for the purpose during March to May 1968. The contractor supplied 11.42 lakhs tiles and 0.5 lakh bricks for which 355 tonnes of coal were to be consumed and returned only 6 tonnes (instead of 348 tonnes) of coal. Thus, 342 tonnes of coal were issued in excess for which recovery at penal rates was due from the contractor. Out of that, recovery for 102 tonnes was, however, effected at the normal rate only. Rs. 43,667 are, therefore, still recoverable from him. The department intimated (June 1969) that it proposed to adjust Rs. 32,448 (security deposit : Rs. 6,869; other amounts due to the contractor: Rs. 25,579) against this recovery.

In addition, the department spent Rs. 0.18 lakh (difference in rate for purchase of tiles short supplied by the contractor : Rs. 0.13 lakh; extra carriage charges etc.: Rs. 0.05 lakh) more in obtaining the balance quantity of tiles from another agency at higher rates.

The matter was brought to the notice of Government in May 1969; the Chief Engineer intimated in November 1969 that the case was being referred to arbitration (required under the agreement).

BUILDINGS AND ROADS

53. Restoration of damages and strengthening of Grand Trunk road

Restoration of damages to Grand Trunk road (mile 18 to 38) was taken up by Karnal Provincial Division in August-September 1964 (in anticipation of sanction to the estimate). The estimate was returned unsanctioned by the Superintending Engineer in August 1965 on the ground that the work having been

completed, the estimate should be prepared on the basis of actual expenditure. Accordingly, an estimate of Rs. 3.99 lakhs was prepared by the Executive Engineer in February 1966 on the basis of actual expenditure. Strengthening of the road was also undertaken in February 1965 and completed in March 1966.

A comparison of the quantities of work done and the material paid for, as shown in the paid vouchers and in the estimate prepared after completion of the work, disclosed that material worth Rs. 0.66 lakh had been consumed in excess of requirement on the first work as shown below :—

- (a) For 1.40 lakh cubic feet of brick soling done and paid for, the number of bricks (calculated at 1350 bricks per hundred cubic feet, as laid down in the common schedule of rates), works out to 18.86 lakhs. Against that, 19.61 lakhs bricks were consumed; the excess consumption of 0.75 lakh bricks worth Rs. 0.04 lakh was shown through interpolations in the record measurements and short accountal in the road metal returns.
- (b) Against 0.52 lakh cubic feet of stone metal purchased through contractors and shown as used, only 0.15 lakh cubic feet were required to be consumed in consolidation work. The excess consumption of 0.37 lakh cubic feet of metal worth Rs. 0.30 lakh could not be justified.
- (c) Out of 0.51 lakh cubic feet of bajri purchased and shown as used, only 0.05 lakh cubic feet were required to be consumed in tarring work done by road roller in a section; the remaining 0.46 lakh cubic feet of bajri worth Rs. 0.32 lakh were, therefore, consumed in excess.

The following points relating to both the works were also noticed :—

- (i) Road-roller was not used by the contractors for preparation of sub-grade and rolling over brick-soling; corresponding deduction (provided) therefor from the full rates for those items was not made while making payments to the contractors which resulted in over-payment of Rs. 0.09 lakh.
- (ii) In mile 37/8 of the road, consolidation of road metal was carried out during October-November 1964; measurements relating to the preparation of 0.15 lakh square feet of sub-grade and laying of 0.06 lakh cubic feet of brick soling (which could only precede consolidation of road metal) were recorded subsequently in March 1965. Besides, entries relating to consolidation of 0.04 lakh cubic feet of road metal were again recorded during April 1965. The expenditure on these items was Rs. 0.09 lakh.

The matter was brought to the notice of Government in April 1968. In July 1969 the Executive Engineer intimated that a Sectional Officer was proposed to be charge-sheeted but this has not been done so far (October 1969). The other Sectional Officer and a Sub-Divisional Engineer who also were in-charge of the work have, however, since retired.

54. Extra expenditure

Tenders for construction of principal's residence and B-type houses for professors were invited by Kurukshetra Construction Division on 15th April 1968. Only one tender, quoting the rate of 29.50 per cent above the common schedule of rates and valid for 30 days, was received. The tender recommended by the Executive Engineer on 17th April 1968 was, however, accepted by the Chief Engineer on 6th May 1968 and allotment of work in favour of the contractor was approved by the Superintending Engineer on 10th May 1968. On 13th May 1968, i.e., one day before expiry of the validity date the department conveyed, by a letter sent under postal certificate, its acceptance of the tender. The contractor refused to execute the work on the ground that his tender was valid upto 13th May 1968 by which date he had not received the letter of acceptance. Tenders were re-invited in September 1968 and the work was allotted at 49.61 per cent above the common schedule of rates resulting in extra expenditure of Rs. 0.19 lakh.

The matter was brought to the notice of the department in April 1969; reply is awaited (December 1969).

PUBLIC HEALTH

55. Purchase of pipes and lead

In Ambala Public Health Division, no reserve limit of stock was sanctioned but in the following cases pipes and pig lead were purchased for certain un-sanctioned works and they remained largely unused :—

- (i) Pipes worth Rs. 15.23 lakhs were purchased during 1962-63 to 1965-66 (the maximum purchases were made in 1965-66). In September 1967 the Executive Engineer of the Division informed the Executive Engineers of other divisions that these pipes were available with him for transfer to other divisions. Pipes worth Rs. 4.15 lakhs were transferred to other divisions during November 1967 to February 1968. The exact extra expenditure on carriage of the pipes to other divisions could not be ascertained but calculated at the rates payable to public carriers, the cost of transport would have been Rs. 0.19 lakh (approximately). Pipes worth Rs. 4.04 lakhs were still (October 1969) lying in stores in the Ambala Public Health Division.

- (ii) In August 1966 the Chief Engineer approached the Government of India for procurement of 515 tonnes of pig lead for use on works of the Public Health department which were stated to be receiving a serious set-back for want of this commodity. During February to April 1967, 114 tonnes of lead (value: Rs. 5.32 lakhs) were received from a firm in this division and remained unutilised till November 1967. Out of that 72 tonnes were transferred to other divisions and three tonnes to its own sub-divisions during December 1967 to June 1969. The remaining 30 tonnes (value : Rs. 1.35 lakhs) were still in stock in the Ambala Public Health Division (October 1969).

The department attributed (June 1969) non-utilisation of the material to non-sanction of works due to paucity of funds, suspension of the Fourth Five Year Plan and re-organisation of the State.

CHAPTER V

STORES AND STOCK ACCOUNTS

56. Synopsis of important accounts

A synopsis of the important stores and stock accounts (other than those relating to Government commercial and quasi-commercial departments/undertakings) for 1968-69 is given below:—

Serial no.	Department/Stores	Opening balance	Receipts	Issues	Closing balance
(In lakhs of rupees)					
1.	Stamps—				
	Revenue-judicial and non-judicial ..	9,95.92	6,33.69	6,12.87	10,16.74
2.	Jails—				
	(a) Raw Materials ..	3.50	4.45	4.48	3.47
	(b) Manufactured goods ..	1.62	6.98	5.81	2.79
3.	Public Relations—				
	Stores, films and vans etc.	2.05	3.18	1.83	3.40
4.	Police—				
	(a) Clothing and equipment ..	13.26	14.89	16.68	11.47
	(b) Stationery and other miscellaneous articles ..	2.23	1.41	1.11	2.53
5.	Printing and Stationery—				
	(a) Government publications (including gazettes)	3.13	2.21	1.78	3.56
	(b) Typewriter workshop ..	0.14	0.04	0.05	0.13
	(c) Stationery ..	4.76	7.03	11.01	0.78
6.	Irrigation—				
	(a) Bhakra canals—				
	Building materials, timber, fuel, lubricants, paints, electrical goods, etc. ..	39.11	7.64	10.99	35.76
	(b) Other than Bhakra canals—				
	Cement, iron, bricks and miscellaneous stores etc. ..	1,28.73	2,57.52	2,50.93	1,35.32

A—The difference in the closing balance of 1967-68 and opening balance of 1968-69 is due to the *pro forma* addition of stock transferred from a division in Punjab State to a division in Haryana State.

7. Buildings and Roads—				
Iron, cement, bricks, stone, timber, pipes etc. ..	62.26	1,37.62	1,48.83	51.05
8. Public Health—				
Iron, cement, bricks, stone, timber, pipes etc. ..	92.11	1,51.54	1,60.00	83.65

The store account of Medical department for 1968-69 has not been received (October 1969).

57. Minus balances in stock registers

A *minus* balance in the stock register shows the possibility of inaccuracies in the stock account. Unless the *minus* balances are reconciled and adjusted, the correctness of the stock account cannot be ensured. There were large *minus* balances at the end of March 1969 as shown below :—

Serial no.	Department	Number of divisions and the amount of <i>minus</i> balance at the end of March 1969	
		Number of divisions	Amount (Rs. lakhs)
1.	Irrigation other than Bhakra canals	5	2.62
2.	Buildings and Roads	3	8.06
3.	Public Health	1	0.22

58. Reserve limit of stock

According to the rules of the Public Works department, the value of stores held in stock by a division should not exceed the limit prescribed by Government for that purpose. Of fifty-five divisions holding stock, the ceiling limits were not prescribed for forty-two divisions during 1968-69.

59. Non-completion of half yearly stock registers

The rules require that the stock registers in Public Works divisions should be closed at the end of each half year and reviewed by the Divisional Officer to see that the stock consists only of serviceable and necessary articles and that the stores are priced at the prevailing market rates. The registers have not, however, been closed in a large number of divisions for the past several years although, to expedite clearance of the arrears, the former Government of Punjab had granted relaxation in May 1950, September 1957, June 1960 and

October 1960 in exhibiting the value of stores in the stock registers. The arrears in completion of these registers at the end of March 1969 and the preceding two years are shown below :—

Serial no.	Department	Number of half-yearly registers in arrears at the end of			Number of divisions in which the arrears existed in 1968-69	Earliest year to which the arrears on 31st March 1969 pertain	Period upto which relaxation in the pricing of stock returns was allowed
		1966-67	1967-68	1968-69			
1. Irrigation—							
	(a) Bhakra canals	23	16	12	5	March 1967	September 1963
	(b) Other than Bhakra canals	120	146	125	21	September 1956	March 1950
2.	Buildings and Roads	92	108	70	12	September 1957	March 1961
3.	Public Health	89	110	81	5	March 1951	March 1961

60. Physical verification of stores

The stores are required to be physically verified periodically by responsible officers independent of the stock-holders. The results of physical verification of stores during 1968-69 were not intimated to Audit by forty-four divisions as shown below (out of the total number of fifty-five divisions) :—

1. Irrigation—							
	(a) Bhakra canals	..	..	..	..	..	6
	(b) Other than Bhakra canals	..	..	..	..	..	18
2.	Buildings and Roads	..	..	..	..	..	13
3.	Public Health	..	..	..	..	..	7
	Total	..	..	..	..	..	44

In one division of Public Health where the stock verification was conducted, stores worth Rs. 0.19 lakh were found surplus.

61. Delay in investigation and fixing responsibility involving shortages and loss of stores

In the following two cases, there has been delay in investigation of shortage and loss of stores etc., valued at Rs. 0.45 lakh:—

Name of division, amount of shortage and when noticed	Remarks
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BUILDINGS AND ROADS

<p>(I) Ambala Provincial Division Rs. 0.18 lakh September 1967</p>	<p>In February-March 1963 2,217 bags of cement (value : Rs. 0.18 lakh) were issued in Ambala Provincial Division against two indents for use on an unsanctioned work. In 1964-65 the value of that cement was transferred against a sanctioned work. The latter work was completed in January 1966 at a cost of Rs. 79,400 (sanctioned estimate : Rs. 61,700). While investigating the cause of excess over the sanctioned estimate, the Divisional Officer detected in September 1967 that (a) 2,217 bags of cement had neither been utilised on the work nor transferred elsewhere, (b) one of the indents did not bear acknowledgement of the receiving official while the second indent (together with connected material-at-site account register) was missing and (c) the issue of cement in February—March 1963 represented only a paper transaction with a view to utilising the budget grant.</p> <p>The case was reported by the Executive Engineer to the Superintending Engineer in November 1967 with the observation that “the connected records appear to have been deliberately mis-placed by some interested persons”. The Superintending Engineer held two Sectional Officers responsible for the loss and ordered in March 1968 that disciplinary action be taken against them. He also directed the Executive Engineer to fix responsibility for the loss of records. The Executive Engineer informed the Superintending Engineer in June 1969 that (i) the officials were negligent in</p>
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maintenance of the records, and (ii) responsibility for the loss of cement could not be fixed in the absence of the relevant records which remained untraced.

The matter was brought to the notice of Government in July 1968; reply is awaited (December 1969).

IRRIGATION

(II) Western Jamuna Canal
Feeder/Gurgaon Canal Project
Mechanical Division
Rs. 27,136
June-July 1968.

The departmental rules require maintenance of material-at-site accounts and also verification at least once a year of the unused balance of materials debited direct to works. Six works on Narwana-Barwala-Karnal link were completed in Western Jamuna Canal Feeder/Gurgaon Canal Project Mechanical Division during December 1963 to June 1966. The accounts of the material issued from departmental stores for consumption on the works were not maintained by a Sectional Officer during his incumbency from May 1964 to July 1966. Physical verification of the material lying at the site of the works was also not conducted. The material-at-site accounts of the works got completed after two years in June-July 1968 showed that stores worth Rs. 27,136 were short.

As a result of investigation, show-cause notices were issued to the Sectional Officer in August 1968, which are yet (November 1969) to be served on him through the Chief Engineer, Irrigation Works, Punjab (the Sectional Officer had been allocated to Punjab State on re-organisation of the erstwhile Punjab State).

CHAPTER VI

RECEIPTS

62. Sales tax receipts

The sales tax receipts during the year 1968-69 were Rs. 12.84 crores.

The test audit conducted from September 1968 to August 1969 revealed under-assessment and evasion of tax (Rs. 1,64,827) as indicated below:—

63. Under-assessment of tax

(i) Central Sales Tax Act, 1956

**Non-levy of Central Sales Tax on sales made to unregistered dealers:
Rs. 52,107**

By a notification issued by the State Government on 5th November 1966, selling dealers of Haryana State were exempted from the payment of tax under Central Sales Tax Act, 1956, in respect of sales to be made by them in the course of inter-State Trade or Commerce to registered dealers of Punjab or of Union Territory of Chandigarh, subject to the production of a specified declaration by the purchasing dealer. An exemption of Rs. 5,21,075 was allowed by the Assessing Authority in March 1968 to an assessee on the basis of declarations obtained by the latter from a purchasing dealer in Punjab who was not a registered dealer as his Registration Certificate had been cancelled about one year before these sales were made to him.

An under-assessment of Rs. 52,107 connected with sales made to this purchasing dealer was pointed out in April 1969. The case has been moved by the Department for *suo motu* action in May 1969.

(ii) Punjab General Sales Tax Act, 1948

(a) Suspected evasion of tax

Section 5(2) (a) (ii) of the Punjab General Sales Tax Act, 1948; *inter alia*, provides for deductions allowable on goods sold to a registered dealer if he produces a declaration, duly filled in and signed by another registered dealer to whom the goods are sold.

A dealer was allowed deductions for goods sold by him worth Rs. 48,350 involving a tax concession of Rs. 2,901 by accepting declaration forms subject to their further verification from the purchasing firms. Communications issued in September and November 1965 to the Assessing Authorities of the purchasing firms still remain to be replied satisfactorily.

In July 1968 it was pointed out that the genuineness of the purchasing firms had not been verified by the department during all the years from 1965 onwards and this had increased the chance for tax amounting to Rs. 2,901 being evaded. The Excise and Taxation Officer having accepted these facts

referred the case to the Excise and Taxation Commissioner, Haryana for taking *suo motu* action under section 21 of the Act.

(b) Under-assessment of tax

(1) Section 5(2) (a) (ii) of Punjab General Sales Tax Act, 1948, provides, *inter alia*, for exemption from tax of goods sold to a registered dealer for re-sale. A dealer claimed deductions during 1965-66 to the extent of Rs. 1,90,179 for goods sold to registered dealers, including sales for Rs. 1,67,157 to a dealer registered in another district. The alleged purchaser had (according to his own affidavit) discontinued his business during the year 1963-64 and had made no purchases on the authority of Registration Certificate during the year 1965-66. This information was supplied to the assessing authority well before the assessment in September 1966. Failure of the assessing authority to take note of this information has resulted in under-assessment of sales tax of Rs. 10,029. The Excise and Taxation Officer has accepted the short-levy of tax in March 1969. The Government informed in September 1969 that *suo motu* action was being taken.

(2) The Punjab General Sales Tax Act, 1948 provides, *inter alia*, exemption from levy of sales tax on certain purchases made by a dealer from the cultivators direct. During 1963-64 and 1964-65, a dealer was allowed exemption of tax on goods valued at Rs. 2,07,441 and Rs. 3,18,429 respectively sent by him on consignment basis on the plea that the goods were purchased by him from the cultivators direct. It was noticed (July 1968) that goods worth Rs. 1,53,988 and Rs. 51,760 had been purchased on the authority of Registration Certificate and not from the cultivators and, thus, the dealer was not entitled to exemption from the levy of sales tax for these amounts. Deductions allowed for these amounts resulted in short levy of tax amounting to Rs. 3,085.

The Government intimated in November 1969 that the case was being referred for taking *suo motu* action against the dealer.

**(c) Short assessment of sales tax on the opening stock of vegetable ghee :
Rs. 2,382**

From 1st April 1966, vegetable ghee, even if purchased on the authority of a Registration Certificate, was to be taxed at the first stage of its sale in the State. The department clarified in November 1967 that the opening balance of stock with the dealers as on 1st April 1966 was also to be taken into account.

In March 1969 it was noticed that the opening stock of vegetable ghee with four dealers as on 1st April 1966 had not been taxed thus resulting in under-assessment of Rs. 2,382. The Excise and Taxation Officer intimated in August 1969 that Rs. 1,743 had been realised from one of the dealers and that the cases of the other three dealers had been referred to the Excise and Taxation Commissioner for *suo motu* action.

(d) Taxable goods treated as tax free

Section 5(2) (a) (i) of Punjab General Sales Tax Act, 1948 provides, *inter alia*, for deductions from gross turnover of goods declared as tax free. The list of tax free goods under the above provision did not include 'Rice Polish'. The Department issued executive instructions in August 1965 clarifying that 'Rice Polish' was not exempted from tax and was to be assessed at general rate of sales tax.

In three cases it was seen (December 1967) that 'Rice Polish' had been wrongly exempted from tax in the assessments made between September 1966 and March 1967. On this being pointed out the department created an additional demand of Rs. 3,974 in March 1969.

64. Assessment escaped from sales tax—Rs. 14,791

A Limited Company registered with Sales Tax authorities, entered into partnership with two persons in July 1958 and started business with changed name and style without getting the latter concern registered with Sales Tax Department. For the assessment year 1960-61, the assessing authority treated the registered and unregistered firms as separate and framed two assessments for these two concerns, creating demands of Rs. 14,791 under the Punjab and Central Sales Tax Acts. On an appeal having been filed by the assessee, the Appellate authority directed in January 1965 that sales of both the firms should be taken collectively and assessments made properly. Thereafter, no action to frame the assessment for the year 1960-61, involving tax effect of Rs. 14,791 was taken until May 1968, when the file of the assessee was found by Audit to have been consigned to records.

The Department intimated in February 1969 that the firm had been closed down long ago, but they had remanded the case for a re-assessment.

65. Under-assessment of tax due to incorrect computation of deductions from gross turnover

Section 5(2) (a) (ii) of the Punjab General Sales Tax Act provides for deductions from gross turnover of sales made by a dealer to registered dealers in the State. In support of these sales, lists giving the dates on which goods were sold, names and addresses of the dealers to whom these were sold, their Registration Certificate numbers and the amounts of these sales, are to be appended to the returns. Similarly, dealers claiming deductions under section 5 (2) (a) (v) of the Central Sales Tax Act in respect of sales made by them in the course of inter-State Trade or Commerce, are to append lists to their returns giving therein, *inter alia*, the dates of sales, description of goods sold, names and addresses of purchasing dealers together with the number and date of 'C' forms issued by them, if any, and the value of goods sold.

It was noticed in February 1969 that in the case of a dealer :—

- (i) deductions allowed during the years 1965-66 and 1966-67 under the Punjab General Sales Tax Act were inflated by mistakes in the totalling in the lists furnished thus resulting in less realisation of sales tax to the extent of Rs. 5,800; and
- (ii) during the same period, the value of prescribed declarations furnished with the lists to avail of the benefit of levy of the concessional rate of tax under the Central Sales Tax Act, 1956, was also inflated by mistakes in the totalling. The dealer, thus paid less tax to the extent of Rs. 9,670 under the Central Sales Tax Act.

In March 1969, the department accepted both discrepancies and has taken up the case for raising the additional demand.

66. Mis-use of Registration Certificate resulting in evasion of tax

A registered dealer purchased free of tax goods worth Rs. 1,42,758 and Rs. 10,87,565 during the years 1960-61 and 1961-62 respectively on the strength of his Registration Certificate. The department cancelled his Registration Certificate on 1st February 1962 for the reason that he had been signing declaration forms without taking delivery of the goods shown therein. It was decided on 23rd October 1963 that the case might be filed without creating any demand against the purchasing dealer on the ground that he was a bogus dealer, had gone underground and the purchases made by him had been taxed in the hands of selling dealers.

Two of the selling dealers were, however, subsequently allowed refunds amounting to Rs. 3,186 by the Revisional Authorities on the legally-valid declaration certificates issued by the purchaser. Other cases in which similar refunds might have been allowed by the Revisional Authorities could not be ascertained in Audit. The amount of tax involved on the total purchases of Rs. 12,30,323 is Rs. 60,088.

The above loss of revenue was noticed in September 1968. The State Government intimated in September 1969 that the Excise and Taxation Commissioner had called for the cases to take *suo motu* action and create demands against the selling dealers.

67. Arrears in assessment and collection of sales tax

(a) Arrears in assessments—The progress of assessment of sales tax during the years 1967-68 and 1968-69 was as under :—

Year	Total number of assessment cases	Number of assessments completed			Number of assessments pending at the end of the year
		Out of current	Out of arrears	Total	
1967-68	48,486	26,140	10,194	36,334	12,152 (25 per cent)
1968-69	48,849	26,054	10,360	36,414	12,435 (25 per cent)

The following is the year-wise break-up of the outstanding cases:—

Year	Cases pending assessment at the end of	
	March 1968	March 1969
1961-62	2	2
1962-63	4	4
1963-64	43	4
1964-65	260	31
1965-66	2,511	187
1966-67	9,332	2,092
1967-68 .. .. .	..	10,115
Total	12,152	12,435

The approximate amount of tax involved in these cases could not be ascertained.

(b) **Arrears in collection**—The sales tax assessed but not realised amounted to Rs. 23·65 lakhs at the end of 1968-69.

The following is the year-wise break-up of the amount outstanding for recovery:—

Period	Outstanding on 31st March 1969 (In lakhs of rupees)
Upto 1960-61	1·91
1961-62	1·72
1962-63	0·61
1963-64	0·12
1964-65	0·46
1965-66	1·46
1966-67	3·85
1967-68	3·88
1968-69	9·64
Total	23·65

(ii) The position regarding the recovery of outstanding revenue as reported by the department was as follows :—

Particulars	Outstanding on	
	31st March 1968	31st March 1969
	(In lakhs of rupees)	
Collection stayed by —		
(a) Appellate authorities	0.04	4.66
(b) Revisional authorities	2.19	..
(c) Supreme Court, High Court and Civil Courts	10.37	12.56
(d) Government .. .. .	..	0.08
Total	12.60	17.30

(c) Abandonment of claims—During 1968-69, sales tax aggregating Rs. 0.47 lakh was written off/remitted in 7 cases as indicated below :—

Particulars	No. of cases	Amount (In lakhs of rupees)
(i) Non-availability of adequate movable or immovable property	5	0.40
(ii) Assesseees not traceable	1	..
(iii) Other reasons	1	0.07
Total	7	0.47

FOREST

68. Lease of bhabbar grass producing area

A forest area comprising two units covering 2,155 and 2,106 acres which produces 'Bhabbar' grass was leased out for the year 1956-57 to certain 'Ban Making' Industrial Co-operative Societies at a reduced rate of Rs. 3,000 per annum for each unit as against the average sale rate of Rs. 16,868 in the preceding years. This lease was extended after 1956-57 by Government from time to time upto 1966-67.

From 1958 onwards, departmental authorities had been reporting to Government that the co-operative societies were, more or less, 'Ban' supplying agencies, that the real 'Ban' makers derived very little benefit and there was avoidable loss of public revenues in the grant of lease at a concessional rate. By 1964, it was reported that the accounts of the societies indicated that they were not properly managed. Almost every year, it was recommended that the area be leased by open auction. In October 1964, Government decided to lease out this area by open auction from 1965-66 but the lease was again extended for 1965-66 at the same rate. Again in October 1966, Government indicated that as suggested by the Chief Conservator, lease by open auction would be resorted to. This decision was revised in December 1966 and the lease for 1966-67 was given to the same bodies but at an increased rate of Rs. 5,000 per society. The open auction for 1967-68 fetched Rs. 37,700.

The lease at concessional rate had over the eleven years led to loss of revenue. Government have expressed (in June 1969) their inability to give the reasons for continuing the lease at concessional rates, as the relevant files were stated to be with the Punjab Government and "could not be made available easily".

CHAPTER VII

GOVERNMENT COMMERCIAL AND TRADING ACTIVITIES

SECTION A—GENERAL

69. This Chapter deals with the results of the audit of—

- (i) Statutory Board/Corporations,
- (ii) Government Companies,
- (iii) Government Commercial/Quasi-Commercial Departmental Undertakings, and
- (iv) Investments and guarantees by the State Government.

SECTION B—STATUTORY BOARD AND CORPORATIONS

HARYANA STATE ELECTRICITY BOARD

70. General

The Haryana State Electricity Board was formed on the 3rd May 1967 consequent upon the re-organisation of the erstwhile Punjab State Electricity Board. A mention was made in paragraph 52 of the Audit Report 1969 that the annual accounts of the Board for the year 1967-68 had not been prepared. The accounts of the Board for the years 1967-68 and 1968-69 have since been certified and Reports thereon together with separate Audit certificates forwarded to the Government for being presented to the State Legislature in terms of Section 69(4) of the Electricity Supply Act, 1948.

In the first year's accounts of the Board, the value of assets and liabilities were taken *pro rata* on the basis of percentages specified by the Government of India, Ministry of Irrigation and Power. The valuation of assets and liabilities adopted therein is provisional.

71. Working results

The accounts of the Board for the years 1967-68 and 1968-69 indicate the following working results :—

	(Rupees in lakhs)	
	1967-68	1968-69
1. Capital invested		
(a) Capital liabilities	7,414	9,330
	7,151	8,325
(b) Reserves (General Reserve, Bond Redemption Fund and Surplus)	172	247

2. Working results

(a) gross revenue	759	1,120
(b) working expenses	381	565
(c) net surplus before charging interest	378	555
(d) interest charges	328	480

Though the accounts of the Board show a profit of Rs. 50 lakhs during 1967-68 and Rs. 75 lakhs during 1968-69 but in view of the several observations in the separate Audit Reports on the accounts of the Board for those years, the working of the Board during 1967-68 should be deemed to have resulted in a loss of Rs. 3 lakhs and a profit of Rs. 46 lakhs during 1967-68 and 1968-69 respectively.

72. Power supply and utilisation

Out of 918 million Kwts. generated and/or obtained from Bhakra Management Board during 1968-69, only 662 million Kwts. were actually sold. Loss in transmission and distribution was thus 27.8 per cent against 16.6 per cent during 1967-68.

The assets of the Board include the Thermal Power Station at Faridabad and 1/3rd of a Thermal Power Station of the Delhi Electric Supply Undertaking. From the statement given below, it may be seen that the substantial portion of the capacity of these two plants has not been utilised :—

(capacity in million Kwts)

Name of the Plant	Maximum generating effective capacity	Actually generated
I.P. Station New Delhi	342	47.89
Faridabad	52	9.24

73. Other points of interest

(a) The following irregularities were noticed during the course of audit of the accounts of the Board :—

- (i) The accounts of the Board are not compiled on commercial system of accounts as envisaged in the form of accounts prescribed by the Comptroller and Auditor General of India under Section 69(1) of the Electricity Supply Act, 1948.
- (ii) Except for revenue on account of the sale of power and miscellaneous charges, the accounts are maintained on cash basis.

- (iii) The figures appearing in the accounts are not always based on the reconciled figures appearing in the detailed books of the Board.
- (iv) Detailed stock registers in many instances have not been checked and reconciled for several years. The value of stores appearing in the accounts could not, therefore, be reconciled with values appearing in the detailed stock registers.
- (v) Annual physical verification of stores was conducted only in respect of 37 units out of 113 units during 1968-69. Of the remaining 76 stock holding units yet to be physically verified, physical verification of 35 units has not been conducted since the formation of the Board.
- (vi) The property plant register has not been maintained nor have the articles of plant and machinery been physically verified in the divisions since the formation of the Board.
- (vii) Tools and Plant returns are required to be submitted to the Chief Accounts Officer annually. 237 such reports due from 23 divisions for the period from April 1961 to March 1968 had not been submitted at all till the end of March 1969.

(b) *Loss due to thefts*—327 cases of thefts of materials from stores and transmission lines were reported upto the period ending 31st March 1969. The value of materials lost in 272 cases amounted to Rs. 2.90 lakhs. The value of materials lost in the remaining 55 cases is yet to be determined. 218 cases were still under departmental or Police investigation.

(c) *Idle or unutilised machinery*—Plant and Machinery worth Rs. 1.31 lakhs taken over from 4 private Electricity Supply Companies under the Indian Electricity Act of 1910 are lying idle for periods ranging from 5 to 15 years. In addition to the two Thermal Power Plants mentioned in paragraph 93 (b) of Audit Report 1967 of the composite State of Punjab, two diesel generating sets taken over from the Development Board (free of cost) are still (November 1969) lying idle.

74. Surplus and obsolete stores

Under the financial rules applicable to the Board, stock registers in the divisions are required to be closed at the end of each half year and reviewed by the Divisional Officer to see that the ceiling limits of stock have not been exceeded and such stock consists only of serviceable and necessary material. In 189 cases, half yearly stock returns had not been prepared in 21 divisions (September 1969). A test check of the stores accounts conducted during the years 1966-67 and 1967-68 revealed that in 15 divisions, stores worth Rs. 26.16 lakhs were lying unused/surplus to the requirements. Stores valued at Rs. 16.74 lakhs, Rs. 5.96 lakhs and Rs. 3.46 lakhs had not been drawn upon for over 1 year, 3 years and 5 years, respectively. Besides, stores worth Rs. 4.20 lakhs were unserviceable/obsolete.

75. Irregularities in store's accounts

Mention was made in paragraph 53 of the Audit Report 1968 and paragraph 57 of the Audit Report 1969 of certain cases of shortages etc. of stores. Further shortages of Rs. 3.02 lakhs as detailed below were also noticed which are yet to be investigated and regularised :—

	(Rupees in lakhs)				
	1965-66	1966-67	1967-68	1968-69	1969-70
Shortages noticed as a result of physical verification	..	..	0.84 (two divisions)	1.35 (five divisions)	0.12 (one division)
Excess drawal of material for works by subordinate officers without making good the shortages	..	..	..	0.59 (one division)	..
Non-accountal of materials received	0.04 (one division)	0.07 (one division)	..	..	..

76. Material-at-site accounts

Material-at-site accounts are required to be prepared in respect of each work estimated to cost more than Rs. 50,000. As these accounts fell into arrears, this limit was raised by the composite Punjab State Electricity Board to Rs. one lakh in November 1965 in respect of works executed before 31st March 1964. A test check of such works executed upto end of 1967-68 in 14 Divisional Offices of the Board during 1968-69 revealed that such accounts had not been prepared in 107 cases (March 1969). In 53 cases, material worth about Rs. 1.28 crores was issued upto March 1969, the value of the material issued in 54 cases had not been worked out and made available to Audit.

77. Arrears of revenue

In paragraph 139 (d) of the Audit Report 1966 of the composite State of Punjab, mention was made of the arrears of electricity charges relating to the composite Punjab State Electricity Board. An amount of Rs. 63.67 lakhs was

due from 30,601 consumers to the Haryana State Electricity Board as at the end of June 1969 as per details below :—

Sl. no.	Detail	No. of consu- mers	Amount (In lakhs of rupees)
1	General Consumers	24,339	7.26
2	Industrial Consumers	1,487	34.37
3	Tubewell Connections	4,729	17.83
4	Municipalities and Panchayats	36	1.07
5	Licencees	9	3.13
6	Other parties	1	0.01
	Total	30,601	63.67

The above amount includes about Rs. 4 lakhs outstanding against 3,919 consumers for more than three years. Power supply to 11,731 consumers had been disconnected by the Board for non-payment of dues, Rs. 21.72 lakhs were due from such consumers after adjustment of security deposits furnished by them. No action to disconnect supply was taken against 18,870 consumers from whom about Rs. 42.00 lakhs are due (October 1969).

78. Non-recovery of periodical inspection charges

The periodical inspection/testing of low tension electric installations at the consumers' premises at intervals not exceeding five years as contemplated in Rule 46 of the Indian Electricity Rules, 1956 was entrusted by the State Government to the Board. The Government of Punjab, Irrigation and Power Department in their order dated 2nd February 1960 prescribed the inspection fees (chargeable under the Rules) for various types of installations, the non-payment of which in time can result in disconnection after prescribed notice being given under the Rules.

It was, however, observed in ten Divisional Offices during 1968-69 that out of 85,201 low tension consumers, the periodical inspection of 70,318 consumers had not been carried out. Notices were issued only to 17,540 consumers of whom only 15,183 deposited the prescribed inspection fee of Rs. 2. Inspections in only 14,883 cases out of 15,183 were carried out. This resulted in non-realisation of revenue of Rs. 1.40 lakhs due to the Board.

79. Non-recovery of securities and sureties

Security deposits and surety or fidelity bonds amounting to Rs. 6.15 lakhs were not obtained in thirteen divisions from 429 persons entrusted with the handling of stores and cash.

80. Payment of compensation

During the period from January 1967 to May 1969, the Board sanctioned compensations aggregating Rs. 1,21,480 in 29 cases of fatal/non-fatal accidents. The investigating officers of the Board/Electrical Inspectors

of the Government held that the accidents occurred because of (i) negligence of staff in 13 cases involving Rs. 60,137 (ii) defective/poor electric maintenance system in 13 cases involving Rs. 40,343 (iii) non-provision and non-utilisation of safety precautions in one case involving Rs. 7,000 and (iv) miscellaneous reasons in 2 cases involving Rs. 14,000. The Chief Electrical Inspector to the Government held that in 25 out of the cases mentioned above provisions of the Indian Electricity Rules, 1956 were infringed. Action against the official(s) at fault has not, however, been taken so far in 11 cases (November 1969). In one case penalty is to be levied on the consumer. Four cases of accidents involving Rs. 11,993 have not yet been investigated by the Chief Electrical Inspector (November 1969).

81. Infructuous expenditure

On 4th December 1965 the Chief Engineer (South) had, *inter alia*, approved the laying of 66 K. V. line with ACSR conductor copper equivalent 0.15 square inch from Dhulkote to Shahbad and Pipli and also erection of 66 K. V. Sub-Stations at both these places. Estimate for construction of this line from Shahbad to Pipli at a cost of Rs. 5,69,988 framed by the Executive Engineer, Jagadhri Division, Yamunanagar in July 1966, however, provided for ACSR conductor copper equivalent 0.10 square inch on single poles; this estimate was also approved by the Chief Engineer (July 1966). The work on this estimate was started in August 1966. Subsequently as the ACSR conductor of 0.10 square inch size was found to be small and expected to result in higher transmission losses, it was decided in August 1967 to construct the line with 0.15 square inch ACSR conductor as originally approved by the Chief Engineer. As a result, the work already completed was dismantled after incurring an expenditure of Rs. 19,951 (Rs. 12,658—Pay of work-charged labour, Rs. 883—transportation of material, Rs. 6,410—cost of dismantlement) which has become infructuous.

82. Incorrect estimation resulting in loss

According to the instructions issued by the Board, expenditure on irrigation tubewell connections is considered financially justified if it does not exceed a fixed amount per B. H. P. of connected load. Any expenditure in excess of this limit is required to be recovered from the consumer in such proportion of it as the cost of the service line bears to the cost of the service connection.

A test check revealed that in 29 cases in 4 offices, the estimated cost of the power lines was less than the justified cost. On execution, the actual cost was, however, found to be in excess of the justified cost in these cases. No watch was kept over the progress of expenditure and before giving the service connection no action was taken to raise a revised demand against the consumer for the excess over the justified cost. No recovery could, therefore, be made from the consumers and this resulted in a loss of Rs. 1,26,549 (approximately) to the Board.

The matter was brought to the notice of the Government in May 1969; intimation regarding fixation of responsibility for this loss and the steps, if any, taken to recover the same are still awaited (September 1969).

83. Outstanding audit objections

29,289 audit objections (Rs. 25.69 crores) raised by the Chief Accounts Officer, Haryana State Electricity Board, were outstanding on 30th September 1969 against 21,875 objections (Rs. 14.95 crores) outstanding on 30th November 1968. The details are given below:-

Particulars	Year of earliest outstanding objection	Amount (Rs. crores)
(a) Want of sanctions	1952-53	20.49
(b) Excess over estimates	1967-68	0.64
(c) Want of payees' receipts	1958-59	4.45
(d) Other reasons	1966-67	0.11
	Total	25.69

Position with regard to the outstanding inspection reports issued by Audit is indicated in paragraph 100 of Chapter VIII.

84. Statutory Corporations

As on 31st March 1969, there were two Statutory Corporations in the State. Government investment in the share capital of the Corporations was Rs. 51.37 lakhs with a return of Rs. 0.80 lakh only during 1968-69, as detailed below :-

	Investment	Return on investment
	(Rupees in lakhs)	
Haryana State Warehousing Corporation ..	10.05	..
Haryana Financial Corporation ..	41.32	0.80

The accounts of the Haryana State Warehousing Corporation for the years ending 31st March 1968 and 31st March 1969 had not been prepared (October 1969). The working results of the Haryana Financial Corporation for the year 1968-69 are indicated in appendix VII.

SECTION C—GOVERNMENT COMPANIES

85. There were five Government Companies in the State as on 31st March 1969. Government investment in the share capital of these Companies as on that date amounted to Rs. 1,31.64 lakhs (without any return there against) as indicated below:-

	(In lakhs of rupees)
1. Haryana State Small Scale Industries and Export Corporation Limited	20.00
2. Haryana State Industrial Development Corporation Limited	36.25
3. Haryana Agro-Industries Corporation Limited	53.87
4. Pig Iron Project, Hissar	16.52
5. Haryana Harijan Finance and Development Corporation	5.00

The annual accounts for the year 1968-69 had not been received from any of these Companies. A synoptic statement of the financial results of the Companies whose accounts for the year 1967-68 were received after finalisation of the last Audit Report is given in appendix VIII.

SECTION D—GOVERNMENT COMMERCIAL/QUASI-COMMERCIAL DEPARTMENTAL UNDERTAKINGS

86. On 31st March 1969, there were nine departmentally managed Commercial and Quasi-Commercial Undertakings in the State as per appendix IX. The *pro forma* accounts of these undertakings are required to be finalised by the departmental authorities by the middle of July each year for incorporation in the State Audit Report. However, none of these undertakings except one viz., Provincial Reserve Food Scheme had submitted the *pro forma* accounts (given in appendix X) for the year ending 31st March 1969 till the end of October 1969. Financial results of some of the undertakings during 1967-68 of which *pro forma* accounts were received subsequent to the finalisation of the last Audit Report are given in appendix X.

COOPERATIVE

87. Financial assistance to primary agricultural co-operative societies

Under the rules governing the grant of financial assistance to primary agricultural co-operative societies, assistance is admissible to the societies for the construction of godowns in the form of a subsidy upto 25 per cent and loan carrying interest at the rate determined by the competent authority

from time to time upto 75 per cent, (limited to a maximum of Rs. 2,500 and Rs. 7,500 respectively) of the cost of the godown. 50 per cent of the assistance is released when the Registrar Co-operative Societies approves the grant of such assistance and the balance 40 and 10 per cent is to be released when the construction of a godown reaches upto plinth level and roof level, respectively. Construction of a godown is, ordinarily, expected to be completed within 12 months of the receipt of the assistance, but the period could be extended upto 6 months by the Registrar, as a very special case.

During the years 1964-65 to 1966-67, Rs. 14.52 lakhs were disbursed to 176 societies for the specified purpose. Out of these, eight societies did not utilise Rs. 0.48 lakh (subsidy :Rs. 0.12 lakh; loan : Rs. 0.36 lakh) and ultimately refunded the same in full. 38 societies which received Rs. 2.12 lakhs (subsidy : Rs. 0.55 lakh; loan : Rs. 1.57 lakhs) have not started construction of their godowns and nine societies in respect of Rs. 0.96 lakh (subsidy :Rs. 0.25 lakh; loan : Rs. 0.71 lakh) have not completed the construction (July 1969). Four societies were given Rs. 0.45 lakh instead of Rs. 0.23 lakh admissible under the rules.

88. Locking up of Government funds

Three schemes, mentioned below, approved by the National Co-operative Development Corporation for the year 1966-67 at an initial cost of Rs.4.21 lakhs were entrusted to the Haryana State Co-operative Supply and Marketing Federation Limited Chandigarh for implementation. The funds were drawn by the Registrar Co-operative Societies Haryana on 31st March 1967. The following points were noticed in audit:-

(i) *Setting up of pesticides formulation unit*—Rs. 1,99,600 (grant: Rs. 18,350; loan : Rs. 1,81,250) drawn on 31st March 1967 to meet the initial requirements of construction of Workshop, capital participation, margin money and managerial subsidy were released to the Federation on the same date through State Co-operative Bank, Chandigarh. The amount was not utilised by the Federation and orders were issued by the Registrar Co-operative Societies on 18th February 1969 that the financial assistance would be withdrawn after a period of three months if the plant was not installed within that period. The plant was not installed. The amount has now been refunded (November 1969).

(ii) *Establishment of a unit for fabrication of agricultural implements*—Rs. 47,000 (loan : Rs. 34,375; grant : Rs. 12,625) drawn on 31st March 1967 were released to the Thanesar Co-operative Marketing-cum-processing Society on 25th April 1967. The utilisation certificate was to be furnished by 30th June 1967. Share capital (Rs. 25,000) provided by Government and meant for the purchase of machinery and equipment has not been utilised so far (June 1969). The society has also not provided "margin money" (Rs. 10,000 to Rs. 15,000) from its own resources as envisaged in the scheme to raise loans as working capital from the Central Co-operative Bank/State Bank of India.

(iii) Organisation of a seed producers Co-operative-cum-scale Society, Pipli— Out of Rs. 1,74,000 (loan : Rs. 1,47,000; grant: Rs. 27,000) placed in a joint account with the Central Co-operative Bank Limited Karnal in April 1967, Rs. 99,000 were released to the society from June 1967 to April 1968. Out of this, Rs. 31,400 have been utilised on the purchase of land for the construction of Workshop, for machinery and subsidy for staff, and the balance of Rs. 67,600 remains un-utilised so far (June 1969).

TRANSPORT

89. Extra expenditure due to non-availing of rebate

According to an offer made by the Indian Oil Corporation Limited to the Association of State Road Transport Undertakings, the Corporation offered the following concessions on the purchase of high speed diesel oil by the State Transport Undertakings :—

- (i) Rebate of Rs. 2 per kilo litre against a long term contract to be effective from the date from which the undertaking, after giving a commitment, actually commences to draw all its requirements; and
- (ii) A special rebate of Rs. 2 per kilo litre for all quantities purchased by the undertaking after giving categorical commitment that the entire requirements for the subsequent three years would be drawn from the Corporation without calling for any tenders.

The above proposals, circulated by the Association of the State Road Transport Undertakings on 29th May 1968 remained under consideration of the Department upto March 1969. The Department requested the Corporation only on 5th June 1969 to extend the above concession to the Haryana Roadways with effect from 1st January 1969.

Delay in consideration of these proposals had resulted in avoidable extra expenditure of Rs. 0.27 lakh to the Haryana Roadways upto December 1968 by way of rebate not availed of. The Indian Oil Corporation has yet (27th November 1969) to agree to give the concession.

SECTION E—INVESTMENTS AND GUARANTEES BY THE STATE GOVERNMENT

90. The total amount invested by Government in a Central Government Company, 11 private companies and 925 co-operative institutions as on 31st March 1969 amounted to Rs. 5,59.59 lakhs and the return on these investments received during 1968-69 amounted to Rs. 1.70 lakhs.

INDUSTRIES DEPARTMENT

91. Investments

The investment of Rs. 1,14.53 lakhs in 11 private concerns included investments worth Rs. 1,04.62 lakhs (9 concerns) inherited from the erstwhile Punjab State, the division of which is yet to be finalised (October 1969).

The Haryana State invested a sum of Rs. 9.91 lakhs after re-organisation (Rs. 8.47 lakhs during 1967-68 and Rs. 1.44 lakhs during 1968-69). The non-finalisation of the division of inherited investments had resulted in accumulation of dividend/interest (Rs. 17.15 lakhs) and redemption of shares to the tune of Rs. 6.60 lakhs.

Besides, the Government advanced a sum of Rs. 23.28 lakhs (Rs. 18.28 lakhs during 1967-68 and Rs. 5 lakhs during 1968-69) to the Haryana State Industrial Development Corporation for under-writing the shares of Joint Stock Companies in private sector. However, to end of March 1969, the Corporation took up shares in one case only of the value of Rs. 5.76 lakhs, under the under-writing obligation. The actual investment made was only Rs. 1.44 lakhs. The interest received by the Corporation on the amount lying with them which was payable to the Government had not been recovered so far (November 1969).

In a joint meeting held between the representatives of Punjab and Haryana Governments, it was decided that the Punjab Government would pay in cash the amount representing the value of shares (worked out on population basis) held by the Government of Haryana as on the day of re-organisation i.e., 1st November 1966 plus 5½ per cent interest accrued thereon (both aggregating Rs. 27.34 lakhs) in respect of Punjab State Small Scale Industries Corporation, Punjab State Industrial Development Corporation and Punjab Export Corporation. The payment is yet (November 1969) to be made by the Punjab Government.

Consequent on a decision to under-write cumulative preference shares of a private company to the extent of Rs. 10 lakhs, the State Government paid Rs. 4.98 lakhs in 1967-68 towards share application and allotment money in respect of 9,957 shares. The company in its extra-ordinary general meeting held in December 1968, however, decided to wind it up voluntarily and accordingly a liquidator for the purpose had been appointed.

The Haryana State inherited an investment of Rs. 9,99,500 made by the erstwhile Punjab State in another private company during the years 1965-66 and 1966-67. As per report of the company auditors (July 1968) on the accounts of the company for the year ended 31st October 1967, the Directors of the company had resolved to surrender possession of their own land (book value Rs. 14.25 lakhs) to the Government; this offer was, however, subsequently withdrawn. Machinery worth Rs. 12.35 lakhs was lying in a bonded warehouse for the last three years and the company had a cash balance of Rs. 9,839 only. With this weak financial position, the company was not able to start functioning. There was nothing on record (June 1969) to show that the Government had taken any action to secure their interests.

92. Other investments

The erstwhile Punjab State made investments of Rs. 475 lakhs in the Government companies and other private institutions. The question regarding bifurcation of these investments was still (October 1969) under correspondence.

COOPERATIVE DEPARTMENT

93. Financial assistance

Government investment in the share capital of the co-operative institutions at the close of the years ended 1967-68 and 1968-69 was as under :—

Year	Number of institutions	Amount (In lakhs of rupees)
1967-68	922	3,22.59
1968-69	925	4,41.32

The investment made during the year 1968-69 amounted to Rs. 1,21.41 lakhs and the retirement of shares effected during the year by 6 institutions amounted to Rs. 2.68 lakhs only.

The amount of loans and subsidies paid by the Government to the various co-operative institutions during the years 1967-68 and 1968-69 stood as under :—

Year	Balance at the end of previous year	Amount of loans disbursed during the year	Repayment during the year	Balance at the end of the year	Grant of subsidies during the year
(In lakhs of rupees)					
1967-68	53.53	48.76	37.01	65.28	9.70
1968-69	65.28	85.62	85.96	64.94	21.16

The principal and interest overdue on 31st March 1968 were Rs. 9.44 lakhs and Rs. 5.01 lakhs respectively.

94. Dividends received by the Government

Dividends received during the year 1968-69 from 6 institutions amounted to Rs. 0.63 lakh.

95. Completion of audit

In accordance with the provisions of the Co-operative Societies Act, the accounts of co-operative institutions are required to be audited once in each year by auditors (including departmental auditors under the Chief Auditor Co-operative Societies) appointed by the Registrar, Co-operative Societies.

The accounts of 987 societies (as per details below) remained unaudited as on 30th June 1968 :—

Accounts upto the co-operative year	Number of societies
1966-67	471
1967-68	516

96. Review on the working of Co-operative Banks

(a) There were 9 Central Co-operative Banks in the State on 30th June 1968 which acted as financing agencies of primary societies. Besides these Banks, there were 2 apex institutions namely Haryana State Co-operative Bank and Haryana State Land Mortgage Bank. The former provided medium and long term loans to the co-operative institutions while the latter provided long term finance to the agriculturists. The details of investments made and loans given by Government in these institutions on 30th June 1968 and the profits earned during the year ended on that date are given below:—

Sl. no.	Particulars	Total paid up capital	Government investment in share capital	Net profit	Reserve fund	Loans by Government
(Rupees in lakhs)						
1.	9 Central Co-operative Banks ..	1,87.29	55.98	19.41	34.55	1.92
2.	Haryana State Co-operative Bank	91.39	45.90	9.87	6.84	2.86
3.	Haryana State Land Mortgage Bank ..	38.71	19.28	0.73	1.24	54.68

The net profit mentioned above included Rs. 0.16 lakh paid by Government as subsidy for various purposes to 4 out of 9 Central Co-operative Banks. In all the eleven banks, loans and interests overdue as on 30th June 1968 amounted to Rs. 2,84.89 lakhs and Rs. 36.72 lakhs respectively. The overdue loans included Rs. 51.50 lakhs outstanding for more than 3 years in respect of ten banks. In eight Central Co-operative Banks only, there were 2,574 defaulting societies out of 5,995 indebted societies. In 7 Central Co-operative Banks, the bad and doubtful debts, as estimated by the departmental auditors in accordance with the instructions issued by the Registrar Co-operative Societies, stood at Rs. 62.53 lakhs against the provision of Rs. 28.89 lakhs made therefor. The dues from the societies under liquidation/winding up amounted to Rs. 49.31 lakhs (on 30th June 1968) which were considered as bad by the departmental auditors.

(b) *Investment in Debentures of Land Mortgage Bank*

Pursuant to an under-writing obligation the Government invested Rs. 1,28.08 lakhs in different series of ordinary and special debentures floated by the Haryana State Land Mortgage Bank (during May 1967 to March 1969). According to the Prospectus issued by the Bank, different series carried different rates of discount and interest. Complete records to show the total debentures under-written and invested in the first or second set of a particular series were not, however, maintained. In the absence of such records, it could not be ascertained as to how much interest/discount accrued due and was realised on the debentures issued in a particular set. In addition, the brokerage and underwriting commission at the rate of 1/8 per cent and 5/8 per cent respectively were payable to the Government by the Bank. Neither recovery/adjustment for these items was made nor were Government orders waiving/foregoing these charges shown to Audit.

As against the investment in debentures of Rs. 1,28.08 lakhs, debenture scripts for Rs. 47.95 lakhs had only been received.

The department stated (December 1969) that debenture scripts for Rs. 80.13 lakhs were not issued by the State Land Mortgage Bank because the same were under print.

97. Review on the working of Co-operative Societies.

(A) A review of the audited accounts and reports of certain selected societies revealed the following irregularities:—

(i) *Embezzlements/Misappropriations in Co-operative Societies*—Departmental auditors detected embezzlements/misappropriations of cash/sale proceeds and stock of Rs. 6.28 lakhs in 195 Co-operative Marketing and District Wholesale societies. These cases were pending since 1965-66 but no action had been taken in a majority of cases and where taken, it was either inadequate or the details thereof were not known.

(ii) *Mis-utilisation of financial assistance by Co-operative Societies*—According to the departmental audit reports, financial assistance (Rs. 1.22 lakhs) given to 21 societies had not been utilised for the purpose for which it was given. The period during which financial assistance had been given was, however, not indicated in the audit reports.

(iii) *Certificates of utilisation awaited*—Certificates of utilisation of subsidy assistance amounting to Rs. 2.05 lakhs pertaining to the years 1960-61 to 1967-68 were still (May 1969) awaited by the department from 406 societies.

(iv) *Winding up of Co-operative Societies*—Upto March 1969, 1405 societies were in the winding up process. 105 and 215 societies had actually been wound up during 1967-68 and 1968-69, respectively. 265 societies had gone into liquidation during 1968-69. A sum of Rs. 4.19 lakhs was due to Government from societies under the winding up process. Government investment in societies under liquidation could not be ascertained.

(v) *Non-approval of Draft Administrative Rules*—The draft administrative rules governing the grant of financial assistance to various co-operative societies had not been approved by the Government (December 1969).

(vi) Working of co-operative consumers stores—(a) There were 9 central co-operative consumers stores under the centrally sponsored scheme in the State as on 30th June 1968. Besides these, there were 13 primary co-operative consumers stores and one apex institution namely the Haryana State Consumer Stores Federation. The accounts of the Federation in which Government had invested Rs. 2.9 lakhs as share capital and gave Rs. 0.37 lakh as subsidy on 30th June 1968 were not audited so far (July 1969). The financial results of some of the 9 central co-operative consumers stores have already been reported in paragraph 60 of the Audit Report, 1969. The over-all financial results of all these 9 stores are tabulated below :—

Sl. no.	Year of account	Total paid-up share capital	Government investment			Reserve fund	Net loss
			Share capital	Loan	Subsidy		

(Rupees in lakhs)

1.	1966-67	9.43	5.50	19.41	0.24	0.20	2.09
2.	1967-68	11.58	7.50	24.29	0.95	0.23	4.19

The review of the audited accounts of these stores and reports thereon revealed the followings:—

(1) Accumulated loss upto the year ended 30th June 1968 amounted to Rs. 6.09 lakhs out of which Rs. 4.29 lakhs pertained to 3 stores having a paid-up capital of Rs. 3.37 lakhs.

(2) Shortages against salesmen (Rs. 2.69 lakhs on 30th June 1968) were still (June 1969) awaiting adjustment.

(3) In 6 stores, there were unsaleable old stocks and damaged stock worth Rs. 1.48 lakhs and Rs. 0.25 lakh, respectively on 30th June 1968.

(4) Rs. 0.72 lakh were alleged to have been misappropriated by the staff in 3 stores.

(b) Conversion of Government fair price shops in Chandigarh into consumers stores—The Director Food and Supplies Punjab informed the Director Food and Supplies Haryana that on the eve of bifurcation of erstwhile Punjab State, stock articles (including furniture and fixtures) worth Rs. 6.98 lakhs were transferred to Ambala Co-operative Consumers Stores with effect from 1st November 1966. This amount was to be treated as a loan to the consumers stores carrying interest at 6 per cent per annum and was repayable after one year. The consumers stores had not accepted this liability. On the other hand, discrepancies had been pointed out involving an amount of Rs. 2.58 lakhs (including unsaleable cloth worth Rs. 2 lakhs). Till the date of audit (June 1969) the consumers stores had repaid a sum of Rs. 1.35 lakhs only. Interest thereon was still (June 1969) to be paid.

(B) Working of co-operative sugar mills

(1) There were 2 co-operative sugar mills in the State on 30th June 1968. The details of working in respect of one mill together with capital structure etc. for the last two years ended 30th June 1968 are compared below:—

Sl. no.	Particulars	Haryana Co-operative Sugar Mills Ltd. Rohtak	
		(Rupees in lakhs)	
		1966-67	1967-68
1.	Paid up capital	56.01	56.02
2.	Government investment in share capital ..	20.00	20.00
3.	Statutory Reserve .. .. .	..	..
4.	<i>Long term loans</i>		
	Industrial Finance Corporation	15.62	10.32
	Central Co-operative Bank, Rohtak ..	5.00	..
5.	Cumulative Profit(+)/	+32.78	+40.45
	Loss(—)	—30.71	—30.71
6.	Profit(+)/Loss(—) during the year	—2.67	+7.67
	Cane crushed and recovery (In lakhs of quintals)		
7.	Cane crushed	9.29	10.02
8.	Percentage of recovery	8.04%	7.67%

Certain common irregularities brought out in the departmental audit reports are mentioned below:—

(i) Employment of excessive staff.

(ii) Non-observance of proper procedure for sale of sugar.

(iii) In some cases, contracts for execution of works and purchase of materials involving substantial amounts were made on the basis of limited tender system i.e. without giving wider publicity through standard news-papers,

(2) *Haryana Co-operative Sugar Mills Limited Rohtak—*

(i) The management of the Co-operative Sugar Mills Rohtak completed first phase of expansion by incurring an expenditure of about Rs. 16 lakhs (upto 30th June 1968) against an estimated cost of Rs. 8.50 lakhs. The maximum crushing capacity after first phase of expansion was expected to be 1,300—1,350 tonnes per day. But the following data would reveal that even the original installed capacity (i.e. capacity before expansion) was not being utilised fully:—

Sl. no.	Yearly season	Installed capacity	Actually crushed	Short fall in percentage
(In hundreds of tonnes)				
1.	1966-67	1,200	929	23
2.	1967-68	1,200	1,002	17
3.	1968-69	1,200	1,083	10

(ii) An employee of the Mills had misappropriated Rs. 0.31 lakh. The departmental auditors considered that there was no possibility of any recovery as he did not own any property.

CHAPTER VIII

OUTSTANDING AUDIT OBJECTIONS AND INSPECTION REPORTS

98. Outstanding audit objections

The irregularities and defects noticed in audit are reported to departmental authorities. Periodical reports of outstanding audit objections are also forwarded to the heads of departments for taking necessary steps to expedite their settlement. The financial rules of Government require the departmental officers to attend to the audit objections promptly; the Public Accounts Committee has also been repeatedly stressing the need for quick disposal of the objections.

The number of outstanding audit objections pertaining to the period upto 31st March 1969 awaiting settlement on 30th September 1969 was 11,258 (money value: Rs. 13.94 crores). The table below shows the number and amount of outstanding objections shown in this Audit Report and the previous Audit Report :—

Audit Report	Number of objections	Amount (In lakhs of rupees)
1969	9,422*	8,80.32*
1970	11,258*	13,94.27*

Year-wise analysis of the audit objections issued upto 31st March 1969 which were not settled upto 30th September 1969 is given below :—

Year in which objections were issued	Number of objections	Amount (Rs. lakhs)
1965-66 and earlier years	3,119	1,97.63
1966-67	1,124	2,10.14
1967-68	2,464	2,93.00
1968-69	4,551	6,93.50
Total	11,258	13,94.27

It will be seen that 3,119 objections (amount : Rs. 1,97.63 lakhs) were over three years old. An analysis of the outstanding objections by the departments is shown in appendix XI.

*These figures exclude information relating to Haryana State Electricity Board which have been incorporated in Chapter VII.

99. Want of detailed contingent bills, vouchers and/or payees' stamped receipts
(Rs. 6,07.31 lakhs)

Rs. 6,07.31 lakhs include the amount under objection for want of detailed contingent bills etc. Such amount under objection represents expenditure incurred from advances for contingent expenditure for which detailed bills, duly countersigned by the controlling authority, (required to be furnished to Audit within 15 days of the close of the month in which abstract bills are drawn from the treasury) have not been furnished. Inordinate delay in furnishing the detailed bills to Audit results in the entire expenditure escaping audit for long.

This amount also includes objections relating to expenditure which could not be admitted in audit owing to non-submission by the disbursing officer of vouchers, supporting accounts and/or stamped receipts of the payees. Consequently, it has not been possible to complete audit of that expenditure; non-submission or delay in submission of the records may result in misappropriations, unauthorised expenditure etc., remaining undetected for long.

100. Outstanding inspection reports

Settlement of 3,840 inspection reports containing 19,202 paragraphs issued upto 31st March 1969 was outstanding at the end of September 1969. Year-wise analysis is given below:—

Year in which inspection reports were issued	Number of outstanding	
	Reports	Paragraphs included in the reports
1965-66 and earlier years	2,224	8,676
1966-67	453	2,477
1967-68	522	3,964
1968-69	641	4,085
Total	3,840	19,202

It would be seen that 2,224 inspection reports containing 8,676 paragraphs were pending for over three years.

The table below compares the number of outstanding inspection reports/ paragraphs with that shown in the last Audit Report :—

	Audit Report	
	1969	1970
Number of inspection reports outstanding ..	3,540	3,840
Number of paragraphs in these reports ..	18,096	19,202

The details of departments with comparatively heavy outstanding are given in appendix XII.

The number of inspection reports for which even the first replies were not received upto 30th September 1969 was 386; in 60 cases, first replies had not been furnished for over two years, and in 174 cases for ~~one~~ year.

Important types of irregularities noticed in local inspections conducted during 1968-69 are briefly given in appendix XIII.

CHAPTER IX

OTHER TOPICS OF INTEREST

101. Provisional payments for long period

Payments of pay and allowances have been made provisionally to ninety-one gazetted officers.

Eighty-seven of them were appointed or promoted to gazetted posts before obtaining approval of the Public Service Commission and three were appointed against posts for which sanctions are still (November 1969) awaited. One of the officers was promoted to a gazetted post in August 1966 and retired from service in June 1969 but approval of the Public Service Commission was received in October 1969. The provisional payments made upto September 1969 were Rs. 9.00 lakhs and the periods thereof ranged between three to seventy-seven months.



(A. C. BOSE)

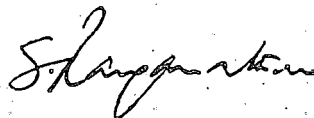
Accountant General, Haryana

SIMLA;

Dated

17 FEB 1970

Countersigned



(S. RANGANATHAN)

Comptroller and Auditor General of India

NEW DELHI;

Dated

11 FEB 1970



APPENDICES

APPENDIX I

(Reference : paragraph 12, page 14)

UTILISATION CERTIFICATES OF GRANTS-IN-AID AWAITED AT THE END OF OCTOBER 1969

Serial no.	Department	Year	Number of certificates outstanding	Amount (Rs. lakhs)
1	Education	1965-66	66	4.58
		1966-67	35	18.51
		1967-68	32	37.44
		1968-69	46	1,30.94
			179	191.47
2	Social Welfare	1963-64 and earlier years	21	2.61
		1964-65	5	0.01
		1965-66	14	0.54
		1966-67	31	1.40
		1967-68	36	2.26
		1968-69	1	0.45
			108	7.27
3	Housing and Local Government	1963-64	4	3.57
		1964-65	17	1.45
		1965-66	18	1.73
		1966-67	2	0.40
		1967-68	9	1.57
		1968-69	3	10.40
			53	19.12
4	Medical and Health	1965-66	28	2.03
		1966-67	4	0.11
		1967-68	10	1.58
			42	3.72
5	Sports	1963-64 and earlier years	7	0.39
		1966-67	5	0.17
		1967-68	19	0.52
			31	1.08
6	Transport— (Civil Aviation)	1964-65	1	0.20
		1965-66	2	0.36
		1966-67	6	0.78
		1967-68	4	0.80
		1968-69	4	0.32
			17	2.46

APPENDIX II

(Reference : paragraph 17, page 18)

**CASES IN WHICH SUPPLEMENTARY GRANTS/APPROPRIATIONS PROVED
SUBSTANTIALLY EXCESSIVE/INADEQUATE**

Serial no.	Number and name of grant/appropriation	Original grant/ appropriation	Supple- mentary grant/ appro- priation	Final grant/ appro- priation	Expen- diture	Saving	Per- cent- age
(In lakhs of rupees)							
<i>I—Cases in which supplementary grants/appropriations proved to be substantially excessive</i>							
<i>Administrative Services</i>							
1	9—General Administration Charged	8.76	4.37	13.13	10.06	3.07	23
<i>Social and Developmental Services</i>							
2	21—Cooperation ..	57.19	28.00	85.19	65.90	19.29	23
<i>Transport and Communication</i>							
3	32—Road and Water Transport Schemes	4,19.31	30.00	4,49.31	4,11.14	38.17	8
<i>Miscellaneous</i>							
4	34—Pensions and Other Retirement Benefits ..	71.95	19.48	91.43	65.84	25.59	28
5	37—Forest ..	69.90	6.88	76.78	66.96	9.82	13
<i>Capital Miscellaneous</i>							
6	43—Capital Outlay on Industrial and Economic Development	1,05.09	55.94	1,61.03	1,26.49	34.54	21
7	44—Capital Outlay on Multi-purpose River Schemes	7,40.00	58.00	7,98.00	7,04.92	93.08	12
8	47—Capital Outlay on Road and Water Transport Schemes ..	33.12	30.21	63.33	57.86	5.47	9
<i>II—Case in which supplementary grant/appropriation proved inadequate</i>							
<i>Public Works (including Roads) and Schemes of Miscellaneous Public Improvement</i>							
	28—Charges on Irrigation Establishment	1,19.26	9.44	1,28.70	1,48.12	19.42	15

APPENDIX III

(Reference : paragraph 19, page 21)

SAVINGS UNDER GRANTS AND APPROPRIATIONS

(In lakhs of rupees)

Serial no.	Number and name of grant/appropriation	Original/Supplementary grant/appropriation	Total grant/appropriation	Expenditure	Saving	Percentage of saving
------------	--	--	---------------------------	-------------	--------	----------------------

I—Cases of saving of 20 per cent or more of the total grant/appropriation

Administrative Services

1	9—General Administration						
	Charged O	8.76	13.13	10.06	3.07	23	
	S	4.37					
2	12—Police	O	5,03.53	5,03.53	3,85.01	1,18.52	24
3	14—Miscellaneous Departments	O	20.20	20.20	14.06	6.14	30

Public Works (including Roads) and Schemes of Miscellaneous Public Improvements

4	29—Public Works	O	2,78.70	2,78.70	2,08.09	70.61	25
5	31—Capital Outlay on Public Works	O	64.64	64.64	..	64.64	100

Other Services

6	25—Miscellaneous Social and Developmental Organisations	O	24.55	24.55	19.17	5.38	22
7	34—Pensions and Other Retirement Benefits	O	71.95	91.43	65.84	25.59	28
	S	19.48					

Social and Developmental Services

8	19—Agriculture	O	3,91.18	3,91.18	2,70.65	1,20.53	31
9	21—Cooperation	O	57.19	85.19	55.90	19.29	23
	S	28.00					
10	22—Industries	O	1,02.55	1,02.55	76.02	26.53	26
11	23—Community Development Projects, National Extension Service and Local Development Works	O	1,50.48	1,50.48	1,12.20	38.28	25

Capital Miscellaneous

12	42—Capital Outlay on Schemes of Agricultural Improvement and Research ..	O	25.63	25.63	17.14	8.49	33
13	43—Capital Outlay on Industrial and Economic Development	O	1,05.09	} 1,61.03	1,26.49	34.54	21
		S	55.94				
14	46—Capital Outlay on Public Works ..	O	3.74	3.74	0.32	3.42	91
15	48—Payment of Commuted Value of Pensions	O	0.90	} 1.40	0.48	0.92	66
		S	0.50				
16	49—Capital Outlay on Schemes of Government Trading ..	O	36,86.29	36,86.29	26,13.71	10,72.58	29

*II—Cases of saving of 10 per cent or more but within 20 per cent of the total grant**Other Services*

1	1—Land Revenue ..	O	1,04.97	1,04.97	91.82	13.15	13
2	2—State Excise Duties	O	9.32	9.32	7.81	1.51	16
3	5—Other Taxes and Duties ..	O	17.12	17.12	15.01	2.11	12
4	26—Multi-purpose River Schemes ..	O	3,99.48	3,99.48	3,58.73	40.75	10
5	33—Famine Relief ..	O	1,10.03	1,10.03	88.34	21.69	20
6	36—Stationery and Printing ..	O	34.86	34.86	28.08	6.78	19
7	37—Forest ..	O	69.90	} 76.78	66.96	9.82	13
		S	6.88				

Social and Developmental Services

8	18—Public Health ..	O	2,25.43	2,25.43	1,87.19	38.24	17
9	20—Animal Husbandry	O	1,29.41	1,29.41	1,08.40	21.01	16
10	24—Labour and Employment ..	O	1,15.78	1,15.78	94.00	21.78	19

Other Items

11	41—Expenditure connected with National Emergency ..	O	3.39	3.39	2.76	0.63	19
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Capital Miscellaneous

12	44—Capital Outlay on Multi-purpose River Schemes ..	O	7,40.00	} 7,98.00	7,04.92	93.08	12
		S	58.00				
13	46—Capital Outlay on Public Works ..	O	6,34.55	6,34.55	5,31.50	1,03.05	16

APPENDIX IV

(Reference : paragraph 44 , page 49)

MISAPPROPRIATIONS AND DEFALCATIONS IN WHICH DEPARTMENTAL ACTION AND CRIMINAL PROSECUTION HAVE BEEN COMPLETED BUT RECOVERY WAS PENDING ON 31ST MARCH 1969

Serial Department no.	Cases pertaining to						
	1963-64 and earlier years		1964-65 to 1968-69		Total		
	Number	Amount	Number	Amount	Number	Amount	
		Rs.		Rs.		Rs.	
1	Transport ..	..	..	14	17,321	14	17,321
2	Agriculture ..	3	4,732	7	1,37,005	10	1,41,737
3	Buildings and Roads ..	4	21,262	5	10,655	9	31,917
4	Education ..	4	11,548	3	31,705	7	43,253
5	Fisheries ..	..	..	3	3,964	3	3,964
6	Industries ..	2	24,107	..	..	2	24,107
7	Labour and Employment	2	5,150	..	..	2	5,150
8	Public Health ..	..	..	1	1,650	1	1,650
9	Irrigation ..	1	811	..	..	1	811
10	Other departments ..	..	..	3	5,741	3	5,741
	Total	16	67,610	36	2,08,041	52	2,75,651

APPENDIX V

(Reference : paragraph 44, page 40)

MISAPPROPRIATIONS, DEFALCATIONS, ETC., UNDER DEPARTMENTAL INVESTIGATION OR CRIMINAL PROSECUTION ON 31ST MARCH 1969

Serial no.	Department	Departmental Investigation				Criminal prosecution				Grand Total	
		Cases pertaining to				Cases pertaining to					
		1963-64 and earlier years		1964-65 to 1968-69		1963-64 and earlier years		1964-65 to 1968-69			
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
		Rs.	Rs.			Rs.	Rs.			Rs.	
1	Irrigation	28	73,651	36	1,68,269	..	..	..	..	64	2,41,920
2	Buildings and Roads	23	1,39,319	12	76,187	..	..	..	..	35	2,15,506
3	Public Health	6	62,795	5	76,379	..	..	..	..	11	1,39,174
4	Education	3	36,490	1	1,580	1	3,875	1	3,000	6	44,945
5	Food and Supplies .. ..	..	..	4	4,20,343	..	..	..	..	4	4,20,343
6	Transport .. ..	..	..	3	20,644	..	..	..	..	3	20,644
7	Development and Panchayat .. ..	..	..	..	..	1	13,344	2	6,000	3	19,344
8	Cooperative	1	1,811	1	15,700	..	..	..	..	2	17,511
9	Agriculture	1	2,780	1	7,350	..	..	..	..	2	10,130
10	Excise and Taxation	1	91,851	..	..	..	..	..	..	1	91,851
11	Other departments	2	23,611	3	3,607	..	..	2	32,165	7	59,383
	Total	65	4,32,308	66	7,90,059	2	17,219	5	41,165	138	12,80,751

APPENDIX VI

(Reference : paragraph 45, page 40)

**CASES OF LOSS, THEFT, FIRE, ETC., IRRECOVERABLE REVENUE,
DUTIES, ADVANCES, ETC. REMISSIONS OF REVENUE, ETC.,
WRITTEN OFF/WAIVED DURING THE YEAR.**

Department	Writes-off of losses, irrecoverable revenue, duties, advances, etc.		Remission of revenue and abandonment of claim to revenue (other than land revenue)	
	Number of cases	Amount	Number of cases	Amount
		Rs.		Rs.
Irrigation	4	11,046	19,620	9,10,197
Rehabilitation	1,684	54,634	..	..
Food and Supplies	222	48,525	..	..
Animal Husbandry	68	14,174	..	..
Police	10	8,178	..	..
Transport	5	8,229	..	..
Labour and Employment	4	2,679	..	..
Other departments	7	1,773	5	14,157
Total	2,004	1,49,238	19,625	9,24,354

APPENDIX VII

(Reference : paragraph 84, page 67)

FINANCIAL RESULTS OF STATUTORY CORPORATION

1 Name of the Corporation	..	..	..	..	The Haryana Financial Corporation, Chandigarh.
2 Year of incorporation	..	..	..	..	1967
3 Period of accounts	..	..	..	..	1st April 1968 to 31st March 1969.
					(In lakhs of rupees)
4 Total capital invested	..	..	..	..	*603.79
5 Profit (+)/Loss(-)	..	..	..	..	+17.83
6 Total interest charged to Profit and Loss account				..	24.96
7 Interest on long term loans	..	..	..	..	24.96
8 Total return on capital invested (5+7)			..	..	42.79
9 Percentage of total return on capital invested				..	7.03

*Capital invested represents paid-up capital plus long term loans plus Free Reserves.

APPENDIX VIII

(Reference: paragraph 85, page 68)

FINANCIAL RESULTS OF GOVERNMENT COMPANIES

1. Name of the Company	The Haryana State Small Scale Industries and Export Corporation.	The Haryana Agro-Industries Corporation.
2 Year of incorporation	1967	1967
3 Period of accounts	19th July 1967 to 30th June 1968	30th March 1967 to 30th June 1968
(In lakhs of rupees)		
Total capital invested	20.32*	54.74*
5 Profit (+)/Loss (-)	+0.74	+2.24
6 Total interest charged to Profit and Loss account	..	..
7 Interest on long term loans	..	..
8 Total return on capital invested (5+7)	0.74	2.24
9 Percentage of total return on capital invested	3.64	4.09
10 Capital employed**	20.26	55.00
11 Total return on capital employed (5+6)	0.74	2.24
12 Percentage of total return on capital employed	3.65	4.07

*Capital invested represents paid-up capital plus long term loans plus Free Reserves.

**Capital employed represents Net Fixed Assets (excluding Capital work-in-progress) plus or minus Working Capital.

APPENDIX IX

(Reference : paragraph 86, page 68)

PARTICULARS OF COMMERCIAL/QUASI-COMMERCIAL UNDERTAKINGS

- 1*Engineering Workshop, Nilokheri.
- 2 Purchase and distribution of Fertilizers.
- 3 Seed Depots Scheme.
- 4 Haryana Roadways.
- 5 Government Live Stock Farm, Hissar.
- 6 Anti-Rabic Vaccine Institute (B.P. Section) Hissar.
- 7 Colonization Scheme.
- 8 Provincial Reserve Food Scheme.
- 9 Purchase and distribution of Pesticides.

*This has been declared non-commercial with effect from 1st July 1968.

APPENDIX X

(Reference : paragraph 86, page 68)

FINANCIAL RESULTS OF THE COMMERCIAL/QUASI-COMMERCIAL DEPARTMENTAL UNDERTAKINGS

Serial no.	Name of the concern	Period of accounts	(Rupees in lakhs)						
			Government capital	Mean Capital excluding interest on Capital	Block Assets	Cumulative depreciation	Turn over	Profit(+) Loss(-)	Percentage of profit on mean capital
1	Purchase and distribution of Fertilizers	1st November 1966 to 31st March 1967	..	..	..	..	92.47	+0.91	..
2	Anti-Rabic Vaccine Institute (B. P. Section) Hissar	1st April 1967 to 31st March 1968	0.13	..	0.07	0.19	0.60	-0.05	..
3	Government Live Stock Farm Hissar	1st April 1967 to 31st March 1968	36.48	..	35.02	..	..	+0.64	1.36
4	Haryana Roadways*	1st April 1967 to 31st March 1968	2.77.00	2.16.14	2.48.00	1.11.00	3.70.00	+59.00	27.31
5	Provincial Reserve Food Scheme	1st April 1968 to 31st March 1969	..	..	..	..	19.16.70	+84.18	..

*Notes :

(i) Neither the General Ledger nor the Journal was maintained in any of the units of the Roadways which contravened the instructions contained in paragraphs 42 and 43 of the Accounting Procedure. In the absence of these records the accuracy of the outstanding liabilities and those of Sundry Debtors could not be vouch-safed in audit.

(ii) The value of stores consumed had not been worked out independently with reference to actual issues as per the Stores Ledgers but had been arrived at after deducting the total value of closing balance from the opening balance and adding fresh-purchases to it.

(iii) Neither the inventories of Tools and Plant had been prepared nor physical verification thereof conducted during the year. In the absence of proper inventories the accuracy of the figures could not be verified.

(iv) In one of the Depots, pre-paid expenses included over Rs. 15,000 on account of (i) suspected double payments (ii) non-recovery of the cost of goods returned to the suppliers and (iii) non-adjustment of credit notes received from the suppliers.

(v) Inter-Unit Transfers have not been reconciled and have been excluded from the consolidated accounts with the result that the figures of Sundry Debtors and net profit had been inflated to the tune of Rs. 1.09 lakhs.

APPENDIX

(Reference : paragraph

AUDIT OBJECTIONS ISSUED UPTO 31ST MARCH 1969

Serial no.	Department	Want of sanctions to establishments or continuance of establishment		Want of sanctions to miscellaneous and contingent expenditure		Want of sanctions to estimates or excess over sanctioned estimates		Want of detailed contingent bills, vouchers, payees receipts, stamped acknowledgements or other documents	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
1	Public Works Departments-								
(i)	Irrigation ..	22	0.17	..	..	..	..	1,015	13.20
(ii)	Buildings and Roads ..	..	..	9	0.12	..	..	1,002	1,56.62
(iii)	Public Health ..	16	0.27	..	..	..	..	450	7.50
2	Education ..	85	1.02	89	2.01	..	..	243	5.57
3	Medical and Health ..	118	1.35	23	0.33	..	..	1,572	45.86
4	Revenue ..	73	0.80	8	0.47	..	..	408	86.63
5	Transport ..	..	..	4	0.29	1	(D)	466	1,43.32
6	Agriculture ..	..	..	24	0.76	4	0.19	440	55.73
7	Animal Husbandry ..	34	0.90	..	..	..	..	262	19.99
8	Industries ..	..	..	10	0.05	..	..	192	26.29
9	Jails ..	..	..	64	0.89	..	..	123	5.76
10	Police ..	6	0.28	24	1.40	..	..	118	3.23
11	Labour and Employment ..	1	(E)	32	0.78	..	..	79	2.32
12	Excise and Taxation ..	43	0.40	..	..	..	..	23	0.64
13	Development and Panchayats ..	..	..	6	0.09	..	..	55	1.95
14	Forest ..	..	..	36	5.27	..	..	72	4.68
15	Co-operative ..	1	0.01	29	0.17	..	..	47	20.34
16	Finance ..	6	0.05	2	(H)	..	..	1	(I)
17	Other departments	20	0.34	29	0.62	..	..	203	7.65
	Total ..	425	5.62	389	13.25	5	0.19	6,771	6,07.31

(A) Rs. 70 (B) Rs. 150 (C) Rs. 343 (D) Rs. 187 (E) Rs. 18 (F) Rs. 197 (G) Rs. 340

XI

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BUT NOT SETTLED UP TO THE END OF SEPTEMBER 1969

Recoverable advances not recovered and adjusted within the prescribed period		Want of agreements		Non-recovery of overpayments or amounts disallowed in audit		Other Reasons		Total	
Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
576	0.62	57	25.70	3	(A)	452	1,78.58	2,125	2,18.27
136	0.30	70	1,05.63	..	..	38	1,58.90	1,275	4,21.57
3	(B)	42	34.62	..	..	180	2,55.65	691	2,98.04
354	0.50	..	..	41	0.03	271	0.18	1,083	9.31
211	0.24	..	..	22	0.01	24	0.08	1,970	47.90
69	0.09	..	..	4	(C)	39	0.06	601	88.05
73	0.12	..	..	..	..	8	0.13	552	1,43.86
5	0.01	..	..	..	..	12	0.11	485	56.80
4	(G)	..	..	..	..	33	2.20	333	23.18
84	0.22	..	..	..	..	14	0.14	300	26.70
53	0.04	..	..	..	..	11	0.03	231	6.72
67	0.09	..	..	..	..	19	0.75	234	5.75
78	0.07	..	..	..	..	17	0.08	207	3.25
106	0.10	..	..	..	..	21	0.03	193	1.17
106	0.13	..	..	3	(F)	4	0.05	174	2.22
39	0.03	..	..	..	..	20	0.08	167	10.06
6	0.04	..	..	..	..	8	0.03	91	20.59
50	1.00	..	..	..	..	23	0.72	82	1.77
149	0.32	..	..	5	(J)	38	0.10	444	9.06
2,169	3.92	169	1,65.95	78	0.04	1,252	5,97.99	11,258	13,94.27

(In lakhs of rupees)

(H) Rs. 23 (I) Rs. 217 (J) Rs. 102

APPENDIX XII

(Reference : paragraph 100, page 80)

OUTSTANDING INSPECTION REPORTS/PARAGRAPHS

Serial no.	Department	Number of reports and paragraphs therein outstanding for								Total		
		5 years or more		More than 2 years but less than 5 years		2 years or less		Reports	Para- graphs			
		Reports	Para- graphs	Reports	Para- graphs	Reports	Para- graphs					
1.	Public Works—											
	(i) Irrigation	77	255	123	663	103	1,388	303	2,306			
	(ii) Buildings and Roads	51	203	55	325	51	507	157	1,035			
	(iii) Public Health	19	77	30	215	28	339	77	631			
2	Education	209	500	220	765	329	1,990	758	3,255			
3	Haryana State Electricity Board	98	748	75	864	80	982	253	2,594			
4	Industries	108	217	50	154	66	240	224	611			
5	Medical and Health	123	424	65	260	34	248	222	932			
6	Agriculture	57	167	48	197	62	375	167	739			
7	Rehabilitation	48	76	35	59	12	13	95	148			
8	Industrial Training	39	83	37	125	19	93	95	301			
9	Housing	38	98	30	107	11	39	79	244			
10	Co-operative	20	44	27	101	31	100	78	245			

APPENDIX XIII

(Reference : paragraph 100, page 80)

IMPORTANT IRREGULARITIES NOTICED IN LOCAL AUDIT AND INSPECTION DURING 1968-69

Type of irregularity	Number of offices in which the irregularity was noticed
<i>1. Public Works Offices</i>	
(1) Non-maintenance of register of works by sub-heads	14
(2) Improper non-maintenance of material-at-site accounts	22
(3) Delay in closing of manufacture accounts	27
(4) Non-preparation of annual returns of tools and plant	28
(5) Non-preparation of annual certificate of balances	22
(6) Heavy balances and other arrears in suspense registers	23
(7) Defective maintenance of cash book	34
(8) Non-realisation of security deposits from officials handling cash/stores	25
(9) Half-yearly check of measurement books not conducted	27
(10) Non-revision of standard rent of buildings	10
(11) Details of contractors closing balances not worked out in works abstracts/irregular maintenance of contractors' ledger	10
<i>2. Civil and Commercial departments</i>	
(1) Non-realisation of security from officials handling cash/stores	30
(2) Defective maintenance of cash book (including erasures and overwritings, non-checking of totals, physical verification of cash and surprise verification of cash not conducted)	52
(3) Non-observance of rules for reconciliation of withdrawals from and remittances into treasury	29
(4) Non-observance of rules for annual physical verification of stores	37

